

Berentzen-Gruppe Aktiengesellschaft

Outperform → | Target price : 9.00 €

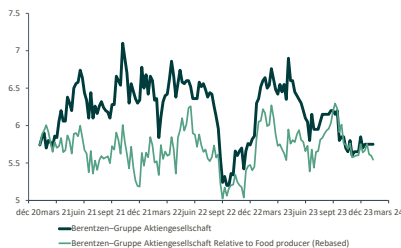
Price (08/02/2024) : 5.75 € | Upside : 57%

Revision 12/23e 12/24e
EPS

“Building Berentzen 2028” – Profitable growth ahead

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Sources : ODDO BHF Securities, SIX

| Share data | | | |
|--------------------------|--------|--------|--------|
| BEZ3 GR BEZ.DE | | | |
| Market Cap (€m) | | | 55 |
| Enterprise value (€m) | | | 78 |
| Extrema 12 months (€) | 5.55 | - | 6.90 |
| Free Float (%) | | | 73.8 |
| Performance (%) | | | |
| | 1m | 3m | 12m |
| Absolute | -2.5 | 0.9 | -13.7 |
| Perf. rel. Country Index | -4.0 | -7.7 | -18.5 |
| Perf. rel. Food producer | -4.6 | -1.3 | -11.3 |
| P&L | | | |
| | 12/23e | 12/24e | 12/25e |
| Sales (€m) | 186 | 191 | 197 |
| EBITDA (€m) | 15.7 | 16.1 | 16.5 |
| Current EBIT (€m) | 7.1 | 7.5 | 7.9 |
| Attr. net profit (€m) | 2.6 | 2.8 | 3.1 |
| Adjusted EPS (€) | 0.28 | 0.29 | 0.33 |
| Dividend (€) | 0.20 | 0.22 | 0.25 |
| P/E (x) | 22.3 | 19.5 | 17.5 |
| P/B (x) | 1.1 | 1.0 | 1.0 |
| Dividend Yield (%) | 3.2 | 3.8 | 4.3 |
| FCF yield (%) | ns | 5.5 | 6.5 |
| EV/Sales (x) | 0.42 | 0.38 | 0.37 |
| EV/EBITDA (x) | 4.9 | 4.6 | 4.4 |
| EV/Current EBIT (x) | 10.9 | 9.8 | 9.3 |
| Gearing (%) | 24 | 24 | 24 |
| Net Debt/EBITDA (x) | 0.8 | 0.8 | 0.8 |

Next Events

| | |
|------------|------------|
| 28/03/2024 | FY Results |
| 07/05/2024 | Q1 Results |
| 14/08/2024 | Q2 Results |
| 23/10/2024 | Q3 Results |

Mid-term targets 2028 – above our estimates

Berentzen has published mid-term targets for 2028 which are above our estimates (cons not available). The company is targeting 2028 revenue of € 235m (CAGR +4.8%) vs ODDO BHF € 215m, EBITDA of € 28m (CAGR +11.7%) vs ODDO BHF € 19.7m and EBIT of € 18m (CAGR +18.5%) vs ODDO BHF € 11.1m. CAGR is based on 2028 targets vs 2023 preliminary numbers. Over the same period, margins should increase to 12% for EBITDA (ODDO BHF 9.2%) and 8% for EBIT (ODDO BHF 5.1%). The margin targets are significantly above our estimates and previous peak levels seen at the company (6.0% for EBIT in 2018 and 11.0% for EBITDA in 2019). The improvements are expected to come from differentiation (strong brands, brand and product innovations) and cost leadership (efficient processes and structures). The focus remains on the German market and mainly democratic mass market channels.

Five pillars for sustainable success

Reshape and make more profitable the non-alcoholic beverages segment

Berentzen will strive for a highly profitable portfolio (full focus on Mio Mio) and will discontinue low-margin products. Efficiency measures across the entire supply chain and new energy concepts for more independent and further CO₂ reduction also play a part in the strategy.

Increase the value of core brands

Approx. € 40m (or ca. 87%) of the overall growth of 2028 consolidated revenue is projected to come from the core brands Mio Mio, Berentzen and Puschkin. The company expects to outgrow the market for spirits (CAGR market +3.1% vs +12.5% for Berentzen and Puschkin, 2022 to 2028e) and soft drinks (CAGR market +1.8% vs 16.0% for Mio Mio, 2023 to 2028e) in Germany. Growth will be driven by product innovations and the strengthening of the salesforce and commercial capabilities to lift up distribution levels (i.e. closing the historic north-south divide in distribution).

Run a highly efficient private label spirits business

In times of inflation and consumer restraint, the importance of private labels has grown. All price segments of private label gain market shares against branded products. Berentzen expands the focus of private label spirits and leverages the full market potential by covering all price segments.

Bring growth to new ventures

Citrocasa is already a reliable and profitable contributor to earnings and cash with further growth prospects. Within the 2028 strategy, the company will accelerate the business development of Citrocasa (i.e. launch of an innovative new generation juicer in Q2 2024, rebuild the sales organisation in Germany).

Take responsibility for people, planet and products

New ESG Strategy 2024-2028 with sustainable building blocks and ESG-KPIs.

Ambitious strategic goals

In our view, the financial targets are certainly achievable. However, there is a lot of detailed information to digest from the presentation and we expect the share price to trend positively over time rather than an imminent rise. We reiterate our Outperform rating.

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BEZ.DE | BEZ3 GR
Beverages | Germany

Outperform
Upside 56.52%

Price 5.75 €
TP 9.00 €

| PER SHARE DATA (€) | 12/18 | 12/19 | 12/20 | 12/21 | 12/22 | 12/23e | 12/24e | 12/25e |
|--|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|
| Adjusted EPS | 0.52 | 0.47 | 0.07 | 0.30 | 0.35 | 0.28 | 0.29 | 0.33 |
| Reported EPS | 0.55 | 0.52 | 0.13 | 0.39 | 0.22 | 0.28 | 0.29 | 0.33 |
| Growth in adjusted EPS | ns | -9.5% | -84.8% | ns | 14.3% | -19.6% | 6.3% | 11.3% |
| Net dividend per share | 0.28 | 0.28 | 0.13 | 0.22 | 0.22 | 0.20 | 0.22 | 0.25 |
| FCF to equity per share | -0.10 | 1.03 | 0.91 | 0.34 | -0.44 | -0.86 | 0.32 | 0.38 |
| Book value per share | 5.05 | 5.24 | 5.03 | 5.20 | 5.33 | 5.39 | 5.48 | 5.58 |
| Number of shares market cap (m) | 9.60 | 9.60 | 9.60 | 9.60 | 9.60 | 9.60 | 9.60 | 9.60 |
| Number of diluted shares (m) | 9.60 | 9.60 | 9.60 | 9.60 | 9.60 | 9.60 | 9.60 | 9.60 |
| VALUATION (€m) | 12/18 | 12/19 | 12/20 | 12/21 | 12/22 | 12/23e | 12/24e | 12/25e |
| 12m highest price (€) | 8.55 | 7.20 | 7.70 | 7.10 | 6.90 | 6.90 | 5.90 | |
| 12m lowest price (€) | 6.10 | 5.86 | 4.95 | 5.66 | 5.00 | 5.55 | 5.60 | |
| (*) Reference price (€) | 7.36 | 6.48 | 5.89 | 6.22 | 6.17 | 6.19 | 5.75 | 5.75 |
| Capitalization | 70.7 | 62.2 | 56.5 | 59.7 | 59.3 | 59.4 | 55.2 | 55.2 |
| Restated Net debt | -7.6 | -12.5 | -16.0 | -17.5 | -9.6 | 12.3 | 12.5 | 12.4 |
| Minorities (fair value) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial fixed assets (fair value) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Provisions | 9.5 | 9.3 | 8.6 | 8.0 | 5.8 | 5.8 | 5.8 | 5.8 |
| Enterprise Value | 72.7 | 58.9 | 49.1 | 50.2 | 55.4 | 77.5 | 73.5 | 73.4 |
| P/E (x) | 14.2 | 13.8 | 82.5 | 20.6 | 17.9 | 22.3 | 19.5 | 17.5 |
| P/CF (x) | 5.8 | 4.8 | 7.8 | 13.1 | 4.4 | 10.6 | 6.3 | 4.2 |
| Net Yield | 3.8% | 4.3% | 2.2% | 3.5% | 3.6% | 3.2% | 3.8% | 4.3% |
| FCF yield | ns | 15.9% | 15.5% | 5.5% | ns | ns | 5.5% | 6.5% |
| P/B incl. GW (x) | 1.46 | 1.24 | 1.17 | 1.20 | 1.16 | 1.15 | 1.05 | 1.03 |
| P/B excl. GW (x) | 1.46 | 1.24 | 1.17 | 1.20 | 1.16 | 1.15 | 1.05 | 1.03 |
| EV/Sales (x) | 0.45 | 0.35 | 0.32 | 0.34 | 0.32 | 0.42 | 0.38 | 0.37 |
| EV/EBITDA (x) | 4.2 | 3.2 | 3.5 | 3.3 | 3.3 | 4.9 | 4.6 | 4.4 |
| EV/Current EBIT (x) | 7.4 | 6.0 | 9.4 | 7.5 | 6.7 | 10.9 | 9.8 | 9.3 |
| (*) historical average price | | | | | | | | |
| PROFIT AND LOSS (€m) | 12/18 | 12/19 | 12/20 | 12/21 | 12/22 | 12/23e | 12/24e | 12/25e |
| Sales | 162 | 167 | 155 | 146 | 174 | 186 | 191 | 197 |
| EBITDA | 17.3 | 18.4 | 14.1 | 15.4 | 16.7 | 15.7 | 16.1 | 16.5 |
| Depreciations | -7.5 | -8.5 | -8.9 | -8.6 | -8.3 | -8.6 | -8.6 | -8.6 |
| Current EBIT | 9.8 | 9.8 | 5.2 | 6.7 | 8.3 | 7.1 | 7.5 | 7.9 |
| Published EBIT | 9.0 | 8.7 | 3.7 | 6.7 | 5.8 | 5.6 | 5.9 | 6.3 |
| Net financial income | -1.6 | -1.5 | -1.5 | -1.4 | -1.7 | -1.9 | -1.9 | -1.9 |
| Corporate Tax | -2.3 | -2.3 | -1.0 | -1.6 | -2.1 | -1.1 | -1.2 | -1.3 |
| Net income of equity-accounted companies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit/loss of discontinued activities (after tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Minority interests | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Attributable net profit | 5.2 | 4.9 | 1.2 | 3.7 | 2.1 | 2.6 | 2.8 | 3.1 |
| Adjusted attributable net profit | 4.9 | 4.4 | 0.7 | 2.8 | 3.2 | 2.6 | 2.8 | 3.1 |
| BALANCE SHEET (€m) | 12/18 | 12/19 | 12/20 | 12/21 | 12/22 | 12/23e | 12/24e | 12/25e |
| Goodwill | 6.1 | 6.1 | 6.1 | 6.1 | 6.1 | 6.1 | 6.1 | 6.1 |
| Other intangible assets | 6.0 | 5.6 | 4.7 | 3.7 | 3.3 | 2.8 | 2.4 | 2.0 |
| Tangible fixed assets | 45.8 | 45.4 | 42.2 | 43.5 | 44.4 | 47.3 | 49.6 | 51.8 |
| WCR | 37.8 | 33.9 | 27.3 | 20.2 | 28.5 | 32.3 | 28.7 | 28.6 |
| Financial assets | 1.9 | 2.8 | 4.0 | 4.1 | 4.6 | 20.7 | 23.6 | 22.7 |
| Ordinary shareholders equity | 47.4 | 49.2 | 47.2 | 48.9 | 50.1 | 50.6 | 51.5 | 52.4 |
| Minority interests | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Shareholders equity | 47.4 | 49.2 | 47.2 | 48.9 | 50.1 | 50.6 | 51.5 | 52.4 |
| Non-current provisions | 57.7 | 57.0 | 53.0 | 46.2 | 46.4 | 46.4 | 46.4 | 46.4 |
| Net debt | -7.6 | -12.5 | -16.0 | -17.5 | -9.6 | 12.3 | 12.5 | 12.4 |
| CASH FLOW STATEMENT (€m) | 12/18 | 12/19 | 12/20 | 12/21 | 12/22 | 12/23e | 12/24e | 12/25e |
| EBITDA | 17.3 | 18.4 | 14.1 | 15.4 | 16.7 | 15.7 | 16.1 | 16.5 |
| Change in WCR | -6.5 | 4.0 | 6.5 | 7.2 | -8.4 | -3.8 | 3.6 | 0.0 |
| Interests & taxes | 1.3 | -1.0 | -2.5 | 0.3 | -0.2 | 0.0 | 0.0 | 0.0 |
| Others | -6.6 | -4.8 | -4.5 | -11.2 | -3.2 | -10.2 | -7.5 | -3.8 |
| Operating Cash flow | 5.6 | 16.6 | 13.6 | 11.6 | 4.9 | 1.7 | 12.2 | 12.8 |
| CAPEX | -6.5 | -6.9 | -5.0 | -8.4 | -9.0 | -9.8 | -9.2 | -9.2 |
| Free cash-flow | -0.9 | 9.7 | 8.6 | 3.2 | -4.1 | -8.1 | 3.0 | 3.5 |
| Acquisitions / disposals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividends | -2.1 | -2.6 | -2.6 | -1.2 | -2.1 | -2.1 | -1.9 | -2.1 |
| Net capital increase | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | 0.0 | -0.7 | -1.2 | -1.2 | -1.3 | -1.3 | -1.3 | -1.3 |
| Change in net cash | -3.1 | 4.9 | 3.5 | 1.5 | -7.9 | -21.9 | -0.3 | 0.1 |
| GROWTH MARGINS PRODUCTIVITY | 12/18 | 12/19 | 12/20 | 12/21 | 12/22 | 12/23e | 12/24e | 12/25e |
| Sales growth | 1.1% | 3.2% | -7.7% | -5.5% | 19.2% | 6.5% | 3.0% | 3.0% |
| Lfl sales growth | - | - | - | - | - | - | - | - |
| Current EBIT growth | 6.3% | 0.1% | -46.9% | 28.8% | 24.2% | -14.9% | 5.4% | 6.0% |
| Growth in adjusted EPS | ns | -9.5% | -84.8% | ns | 14.3% | -19.6% | 6.3% | 11.3% |
| Net margin | 3.0% | 2.6% | 0.4% | 1.9% | 1.9% | 1.4% | 1.4% | 1.6% |
| EBITDA margin | 10.7% | 11.0% | 9.1% | 10.5% | 9.6% | 8.4% | 8.4% | 8.4% |
| Current EBIT margin | 6.0% | 5.9% | 3.4% | 4.6% | 4.8% | 3.8% | 3.9% | 4.0% |
| CAPEX / Sales | -4.2% | -4.3% | -3.3% | -5.8% | -5.2% | -5.3% | -4.8% | -4.7% |
| WCR / Sales | 23.3% | 20.2% | 17.7% | 13.8% | 16.4% | 17.4% | 15.0% | 14.5% |
| Tax Rate | 27.5% | 27.5% | 27.4% | 30.9% | 31.1% | 21.4% | 21.4% | 22.0% |
| Normative tax rate | 30.0% | 30.0% | 30.0% | 30.0% | 30.0% | 30.0% | 30.0% | 30.0% |
| Asset Turnover | 1.7 | 1.8 | 1.8 | 1.9 | 2.2 | 2.2 | 2.2 | 2.2 |
| ROCE post-tax (normative tax rate) | 7.4% | 7.4% | 4.3% | 6.1% | 7.5% | 5.8% | 6.0% | 6.3% |
| ROCE post-tax hors GW (normative tax rate) | 7.9% | 7.9% | 4.6% | 6.6% | 8.1% | 6.3% | 6.4% | 6.8% |
| ROE | 10.6% | 9.2% | 1.4% | 5.9% | 6.6% | 5.2% | 5.4% | 5.9% |
| DEBT RATIOS | 12/18 | 12/19 | 12/20 | 12/21 | 12/22 | 12/23e | 12/24e | 12/25e |
| Gearing | -16% | -25% | -34% | -36% | -19% | 24% | 24% | 24% |
| Net Debt / Market Cap | -0.11 | -0.20 | -0.28 | -0.29 | -0.16 | 0.21 | 0.23 | 0.23 |
| Net debt / EBITDA | -0.44 | -0.68 | -1.13 | -1.14 | -0.58 | 0.78 | 0.78 | 0.75 |
| EBITDA / net financial charges | 11.1 | 11.9 | 9.6 | 10.9 | 10.0 | 8.4 | 8.4 | 8.6 |

Sources: ODDO BHF Securities, SIX



• **Valuation method**

Our target prices are established on a 12-month timeframe and we use three valuation methods to determine them. First, the discounting of available cash flows using the discounting parameters set by the Group and indicated on ODDO BHF' website. Second, the sum-of-the-parts method based on the most pertinent financial aggregate depending on the sector of activity. Third, we also use the peer comparison method which facilitates an evaluation of the company relative to similar businesses, either because they operate in identical sectors (and are therefore in competition with one another) or because they benefit from comparable financial dynamics. A mixture of these valuation methods may be used in specific instances to more accurately reflect the specific characteristics of each company covered, thereby fine-tuning its evaluation.

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The opinions expressed in the financial analysis are opinions as per a particular date, i.e. the date indicated in the financial analysis. The recommendation (cf. explanation of the recommendation systematic) can change owing to unforeseeable events which may, for instance, have repercussions on both the company and on the whole industry.

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Outperform: performance expected to exceed that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Neutral: performance expected to be comparable to that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Underperform: performance expected to fall short of that of the benchmark index, sectoral (large caps) or other (small and mid caps).

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Recommendation and target price changes history over the last 12 months for the company analysed in this report

| Date | Reco | Price Target (EUR) | Price (EUR) | Analyst |
|----------|------------|--------------------|-------------|-------------------|
| 17/10/23 | Outperform | 9.00 | 6.10 | Klaus Breitenbach |
| 30/05/23 | Outperform | 10.00 | 6.50 | Klaus Breitenbach |

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Recommendation split

| | | Outperform | Neutral | Underperform |
|------------------------------|-------|------------|---------|--------------|
| Our whole coverage | (680) | 52% | 38% | 10% |
| Liquidity providers coverage | (80) | 51% | 39% | 10% |
| Research service coverage | (51) | 67% | 20% | 14% |
| Investment banking services | (32) | 53% | 44% | 3% |

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