

Berentzen-Gruppe (BEZ GY) | Consumer Goods

September 27, 2022

Feedback from virtual CMD

We confirm our Buy recommendation: Today, Berentzen gave a confident presentation at the virtual CMD. Key focus was again on the long-term growth strategy: the ongoing liqueur offensive, an increased focus on premium private labels, the expansion of the Mio Mio brand and further innovations in the fresh juice systems segment - all these factors should drive growth in the future. These factors have already made a significant contribution to sales growth in H1/2022. The highlight in the Berentzen portfolio remains Mio Mio - the recent launch of two new flavours and the introduction in restaurants should further accelerate sales momentum in H2/2022. For FY 2022, management expects Mio Mio sales of EUR 17m - implying y-o-y sales growth of 25% (vs. 16% y-o-y in H1/2022). As usual, management did not comment on current trading. Nevertheless, the company clearly confirmed its FY 2022 guidance, which was only adjusted upwards in July. Hence, we are confident that the good momentum from H1/2022 will continue into Q3/2022. Minor uncertainties exist in the fresh juice systems segment given a lower willingness to invest of food retailers and hotels. However, management does not see any impact on the operating business to date. The shares are trading at 3x FY 2022 EBITDA which remains attractive - also in view of our FY 2022 dividend estimate of EUR 0.22, which corresponds to a dividend yield of 4%.

Changes in estimates: Our FY 2022 estimates are in line with the company guidance. We have slightly decreased our FY 2023 margin estimates reflecting the uncertain macro environment. Our mid- to long-term estimates remain broadly unchanged.

Fundamentals (in EUR m) ¹	2019	2020	2021	2022e	2023e	2024e
Sales	167	155	146	163	171	177
EBITDA	18	14	15	15	17	20
EBIT	10	5	7	7	8	11
EPS adj. (EUR)	0.52	0.13	0.39	0.39	0.49	0.66
DPS (EUR)	0.28	0.13	0.22	0.22	0.27	0.36
BVPS (EUR)	5.24	5.05	5.20	5.38	5.65	6.03
Net Debt incl. Provisions	-3	-7	-9	-4	-8	-13
Ratios ¹	2019	2020	2021	2022e	2023e	2024e
EV/EBITDA	3.4	3.2	3.3	3.0	2.5	1.9
EV/EBIT	6.3	8.8	7.6	6.9	5.2	3.6
P/E adj.	13.0	42.0	16.3	13.8	11.1	8.2
Dividend yield (%)	4.1	2.3	3.5	4.0	5.0	6.7
EBITDA margin (%)	11.0	9.1	10.5	9.5	10.1	11.2
EBIT margin (%)	5.9	3.3	4.6	4.2	4.8	6.0
Net debt/EBITDA	-0.1	-0.5	-0.6	-0.3	-0.5	-0.7
PBV	1.3	1.1	1.2	1.0	1.0	0.9

¹Sources: Bloomberg, Metzler Research

Buy

 **unchanged**

Price* EUR 5.42

Price target EUR 7.60 (8.00)

* XETRA trading price at the close of the previous day unless stated otherwise in the Disclosures

Market Cap (EUR m) ¹	51
Enterprise Value (EUR m) ¹	47
Free Float (%) ¹	79.4

Price (in EUR)¹



Performance (in %) ¹	1m	3m	12m
Share	-15.6	-14.8	-11.7
Rel. to Prime All Share	-9.5	-6.8	16.0

Changes in estimates (in %) ¹	2022e	2023e	2024e
Sales	0.0	0.9	1.2
EBIT	-2.6	-9.4	-1.6
EPS	-1.9	-11.4	-1.9

Sponsored Research



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Valuation - new PT of EUR 7.60

We continue to value Berentzen shares based on our DCF approach. In general, our DCF approach includes three stages: Phase I includes our detailed estimates starting from FY 2022 to FY 2026. Phase II is the transition phase (FY 2027 to FY 2029). Our terminal value calculation is finally based on our FY 2029 estimates.

Mainly driven by an updated risk-free rate (new: 2.0% vs. old: 1.5%), our PT slightly declines to now EUR 7.60:

DCF valuation derives a PT of EUR 7.60

Company	FY22e	FY23e	FY24e	FY25e	FY26e	FY27e	FY28e	FY29e	TV-year
Revenue	163	171	177	182	186	189	191	192	
Y-o-y (in %)	11.6	4.8	3.6	2.6	2.3	1.5	1.0	0.5	
EBIT	7	8	11	12	13	13	14	14	
Margin (in %)	4.2	4.8	6.0	6.5	6.9	7.1	7.1	7.2	
Taxes	2	3	3	3	4	4	4	4	
D&A	9	9	9	9	10	8	8	8	
Gross cash flow	13	15	17	18	19	17	17	17	
Capex	8	7	7	7	7	8	8	8	
Change in NWC	-2	-1	-1	-1	-1	-2	-2	-2	
Free cash flow	3	7	9	10	11	7	7	7	70
Present value FCF	2	5	6	6	6	4	3	4	31

Implied equity value and fair value per share		Assumptions	
Enterprise value (beg. FY 2022)	67	Beta	1.5
Net debt (incl. pensions)	-4	Risk-free rate (%)	2.0
Equity value	71	Risk premium (%)	6.5
Fair value share price	7.6	WACC (%)	10.9

Source: Metzler Research

Sensitivity analysis

In EUR m

EBIT margin (in %)	Terminal sales growth (in %)				
	0.1	0.3	0.5	0.7	0.9
6.4	7.0	7.1	7.1	7.2	7.2
6.8	7.2	7.3	7.3	7.4	7.5
7.2	7.4	7.5	7.6	7.7	7.7
7.6	7.7	7.7	7.8	7.9	8.0
8	7.9	8.0	8.1	8.1	8.2

Sources: Metzler Research

company note

Key Data

Company profile

CEO: Oliver Schwegmann

CFO: Ralf Bruehoefner

Haselünne, Germany

Berentzen, headquartered in Haselünne (Germany) is a leading beverage company in Germany and one of the oldest producers of spirits with a history going back to 1758. The business activities of the company include the production and distribution of spirits, non-alcoholic beverages, fresh juice systems as well as tourist and event activities at the Berentzen-Hof in Haselünne

Major shareholders

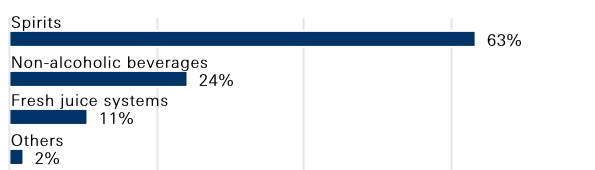
Monolith Investment Management BV (5.2%), MainFirst Bank AG (8.5%), Lazard Frères Gestion SAS (5.1%)

Key figures

P&L (in EUR m)	2019	%	2020	%	2021	%	2022e	%	2023e	%	2024e	%
Sales	167	3.2	155	-7.7	146	-5.5	163	11.6	171	4.8	177	3.6
Gross profit on sales	75	4.2	68	-8.6	68	0.3	75	9.9	80	6.3	84	4.9
Gross margin (%)	44.6	1.0	43.4	-2.7	46.9	7.9	46.1	-1.5	46.8	1.4	47.4	1.2
EBITDA	18	6.0	14	-23.6	15	9.5	15	0.6	17	12.3	20	14.7
EBITDA margin (%)	11.0	2.6	9.1	-17.3	10.5	15.9	9.5	-9.9	10.1	7.1	11.2	10.7
EBIT	10	0.1	5	-48.0	7	31.4	7	1.5	8	20.9	11	28.3
EBIT margin (%)	5.9	-3.0	3.3	-43.6	4.6	39.0	4.2	-9.1	4.8	15.3	6.0	23.8
Financial result	-3	-10.0	-3	-9.2	-1	50.5	-1	-4.4	-1	-0.9	-1	0.6
EBT	7	-3.1	2	-68.7	5	135.0	5	0.7	7	26.4	9	34.6
Taxes	2	0.5	1	-55.1	2	60.2	2	1.0	2	30.5	3	34.6
Tax rate (%)	31.6	n.a.	45.3	n.a.	30.9	n.a.	31.0	n.a.	32.0	n.a.	32.0	n.a.
Net income	5	-4.6	1	-75.0	4	197.0	4	0.6	5	24.5	6	34.6
Minority interests	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Net Income after minorities	5	-4.6	1	-75.0	4	197.0	4	0.6	5	24.5	6	34.6
Number of shares outstanding (m)	9	0.0	9	0.0	9	0.0	9	0.0	9	0.0	9	0.0
EPS adj. (EUR)	0.52	-4.6	0.13	-74.9	0.39	195.5	0.39	0.8	0.49	24.5	0.66	34.6
DPS (EUR)	0.28	0.0	0.13	-53.6	0.22	69.2	0.22	-1.9	0.27	24.5	0.36	34.6
Dividend yield (%)	4.1	n.a.	2.3	n.a.	3.5	n.a.	4.0	n.a.	5.0	n.a.	6.7	n.a.
Cash Flow (in EUR m)	2019	%	2020	%	2021	%	2022e	%	2023e	%	2024e	%
Gross Cash Flow	15	6.4	12	-23.3	13	13.4	13	0.4	15	10.3	17	12.3
Increase in working capital	-5	n.a.	-5	n.a.	-0	n.a.	2	n.a.	1	n.a.	1	n.a.
Capital expenditures	7	6.0	5	-27.0	7	44.4	8	12.2	7	-16.1	7	3.6
D+A/Capex (%)	124.1	n.a.	177.2	n.a.	119.0	n.a.	106.0	n.a.	133.3	n.a.	131.8	n.a.
Free cash flow (Metzler definition)	13	n.m.	12	-9.5	6	-49.3	3	-55.2	7	146.6	9	26.3
Free cash flow yield (%)	20.7	n.a.	23.2	n.a.	10.2	n.a.	5.4	n.a.	13.3	n.a.	16.7	n.a.
Dividend paid	3	27.2	3	0.0	1	-53.6	2	69.3	2	-1.9	3	24.5
Free cash flow (post dividend)	11	596.6	9	-11.9	5	-48.0	1	-86.3	5	604.4	6	27.1
Balance sheet (in EUR m)	2019	%	2020	%	2021	%	2022e	%	2023e	%	2024e	%
Assets	152	4.6	145	-4.3	142	-2.1	145	2.3	151	3.6	157	3.9
Goodwill	6	0.0	6	0.0	6	0.0	6	0.0	6	0.0	6	0.0
Shareholders' equity	49	3.8	47	-4.0	49	3.4	50	3.3	53	5.1	57	6.9
Equity/total assets (%)	32.4	n.a.	32.5	n.a.	34.4	n.a.	34.7	n.a.	35.2	n.a.	36.2	n.a.
Net Debt incl. Provisions	-3	-211.6	-7	-169.0	-9	-24.4	-4	53.4	-8	-97.0	-13	-63.6
thereof pension provisions	10	-0.9	9	-9.8	9	-2.7	7	-19.0	7	0.0	7	0.0
Gearing (%)	-5.4	n.a.	-15.1	n.a.	-18.1	n.a.	-8.2	n.a.	-15.3	n.a.	-23.5	n.a.
Net debt/EBITDA	-0.1	n.a.	-0.5	n.a.	-0.6	n.a.	-0.3	n.a.	-0.5	n.a.	-0.7	n.a.

Structure

Revenue by segment 2021



Sources: Bloomberg, Metzler Research

company note

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Recommendation history

Recommendations for each financial instrument or issuer - mentioned in this document - published by Metzler in the past twelve months

Date of dissemination	Metzler recommendation *		Current price **	Price target *	Author ***
	Previous	Current			
Issuer/Financial Instrument (ISIN): Berentzen-Gruppe (DE0005201602)					
13.07.2022	Buy	Buy	6.40 EUR	8.00 EUR	Diedrich, Tom
14.06.2022	Buy	Buy	6.46 EUR	7.80 EUR	Diedrich, Tom
03.05.2022	Buy	Buy	6.42 EUR	7.80 EUR	Diedrich, Tom
28.03.2022	Buy	Buy	6.40 EUR	7.80 EUR	Diedrich, Tom
04.02.2022	Buy	Buy	6.46 EUR	7.80 EUR	Diedrich, Tom
11.10.2021	Buy	Buy	6.28 EUR	7.80 EUR	Diedrich, Tom

* Effective until the price target and/or investment recommendation is updated (FI/FX recommendations are valid solely at the time of publication)

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Berentzen-Gruppe

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Compiled: September 27, 2022 03:25 PM CEST

Initial release: September 27, 2022 03:25 PM CEST

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