

Berentzen-Gruppe (BEZ GY) | Consumer Goods

March 28, 2022

Back onto the growth path

We confirm our Buy recommendation: FY 2021 results were in line with the preliminary financials already presented in February. The FY 2022 guidance remains an optimistic signal in our view: After a year dominated by the pandemic and a corresponding sales decline, the company now expects sales growth of between 5% and 11% in the current year, highlighting that Berentzen is pursuing a clear plan with regard to the most recently defined growth initiatives. We believe that all segments should contribute to this. However, we see the greatest potential in the non-alcoholic beverages segment for three reasons. First, the comparable base is relatively low due to the weak summer last year. Secondly, we are convinced that the highlight brand Mio Mio can further accelerate growth momentum in 2022 - driven by new flavours & the recent introduction into the gastronomy sector. Thirdly, collaborations with artists in the soft drinks area provide further upside. Uncertainties clearly exist on the earnings side, as input costs (for glass and distillates, among other things) have recently risen considerably. However, we are optimistic that Berentzen will be able to offset most of these costs via price negotiations with food retailers. The shares are trading at 3x EBITDA which is attractive - also in light of the proposed dividend of EUR 0.22 (yield of 3.5%).

Changes in estimates: While our topline estimates remain unchanged, we have slightly reduced our earnings estimates, reflecting a tougher procurement environment. We now also depict our FY 2024 estimates.

Valuation: We rolled over our DCF model to the FY 2022-FY 2029 period. Our PT remains unchanged.

Fundamentals (in EUR m) ¹	2019	2020	2021	2022e	2023e	2024e
Sales	167	155	146	157	163	168
EBITDA	18	14	15	15	18	20
EBIT	10	5	7	6	9	10
EPS adj. (EUR)	0.52	0.13	0.39	0.33	0.53	0.63
DPS (EUR)	0.28	0.13	0.22	0.18	0.30	0.36
BVPS (EUR)	5.24	5.05	5.20	5.31	5.65	5.99
Net Debt incl. Provisions	-3	-7	-9	-5	-9	-14
Ratios ¹	2019	2020	2021	2022e	2023e	2024e
EV/EBITDA	3.4	3.2	3.3	3.7	2.9	2.3
EV/EBIT	6.3	8.8	7.6	9.2	5.8	4.5
P/E adj.	13.0	42.0	16.3	19.7	12.1	10.1
Dividend yield (%)	4.1	2.3	3.5	2.9	4.7	5.6
EBITDA margin (%)	11.0	9.1	10.5	9.5	10.9	11.6
EBIT margin (%)	5.9	3.3	4.6	3.8	5.4	6.1
Net debt/EBITDA	-0.1	-0.5	-0.6	-0.4	-0.5	-0.7
PBV	1.3	1.1	1.2	1.2	1.1	1.1

¹Sources: Bloomberg, Metzler Research

Buy

 **unchanged**

Price* **EUR 6.40**

Price target **EUR 7.80 (unchanged)**

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

Market Cap (EUR m) ¹	60
Enterprise Value (EUR m) ¹	55
Free Float (%) ¹	79.4



Performance (in %) ¹	1m	3m	12m
Share	1.9	0.6	9.2
Rel. to Prime All Share	3.0	12.6	11.8

Changes in estimates (in %) ¹	2022e	2023e	2024e
Sales	0.1	0.4	0.0
EBIT	-9.0	-1.7	0.0
EPS	-5.4	4.4	0.0

Sponsored Research



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Recap FY 2021 results

Most recently, Berentzen presented its FY 2021 results which were in line with the prelims already presented in February - please find more detailed information in our latest report "With an optimistic topline outlook into 2022":

An optimistic topline guidance for FY 2022

EUR m

	Reported						FY 2021 Guidance	Metzler Q4 2021e	Metzler FY 2021e	FY 2022 Guidance	Metzler FY 2022e	Consensus FY 2022e
	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021						
Sales	154.6	31.4	36.3	38.1	40.3	146.1	145-150	41.3	147.1	154-162	156.6	158
Growth y-o-y (in %)	-7.6	-13.2	-2.8	-3.5	-3.1	-5.5	(-6.2) - (-3.0)	-0.7	-4.8	5.4-10.9	7.2	8.1
EBITDA	14.1	2.7	4.4	4.8	3.5	15.4	15-16	3.6	15.5	14-17	14.9	15.8
Margin (in %)	9.1	8.5	12.2	12.6	8.7	10.5	10.3-10.7	8.8	10.6	9.1-10.5	9.5	10.0
EBIT	5.2	0.5	2.1	2.5	1.6	6.7	6-7	1.5	6.6	5-8	6.0	6.9
Margin (in %)	3.4	1.5	5.9	6.6	4.0	4.6	4.1-4.7	3.7	4.5	3.2-4.9	3.8	4.4

Source: Metzler Research, Bloomberg, Company data

Valuation - unchanged PT of EUR 7.80

We continue to value Berentzen shares based on our DCF approach. In general, our DCF approach includes 3 stages. Phase I includes our detailed estimates starting from FY 2022 to FY 2026. Phase II is the transition phase (FY2027e to FY 2029e). Our terminal value calculation is finally based on our FY 2029 estimates. Despite updated estimates, our PT remains unchanged at EUR 7.80:

DCF valuation derives a PT of EUR 7.8

Company	FY22e	FY23e	FY24e	FY25e	FY26e	FY27e	FY28e	FY29e	TV-year
Revenue	157	163	168	173	177	179	181	182	
Y-o-y (in %)	7.2	4.0	3.3	2.6	2.3	1.5	1.0	0.5	
EBIT	6	9	10	12	12	13	13	13	
Margin (in %)	3.8	5.4	6.1	6.9	7.1	7.1	7.1	7.1	
Taxes	2	3	3	3	4	4	4	4	
D&A	9	9	9	9	9	7	7	7	
Gross cash flow	13	15	16	18	18	16	16	16	
Capex	6	7	7	7	7	7	7	7	
Change in NWC	-2	-2	-1	-1	-1	-3	-3	-3	
Free cash flow	5	7	9	10	10	6	6	6	63
Present value FCF	4	6	6	7	6	3	3	3	30
Implied equity value and fair value per share					Assumptions				
Enterprise value (beg. FY 2022)	68				Beta	1.5			
Net debt (incl. pensions)	-5				Risk-free rate (%)	1.0			
Equity value	73				Risk premium (%)	6.5			
Fair value share price	7.8				WACC (%)	10.0			

Source: Metzler Research

Sensitivity analysis

In EUR m

		Terminal sales growth (in %)				
		0.1	0.3	0.5	0.7	0.9
EBIT margin (in %)	6.3	7.2	7.2	7.3	7.4	7.4
	6.7	7.4	7.5	7.5	7.6	7.7
	7.1	7.7	7.7	7.8	7.9	8.0
	7.5	7.9	8.0	8.1	8.1	8.2
	7.9	8.2	8.2	8.3	8.4	8.5

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

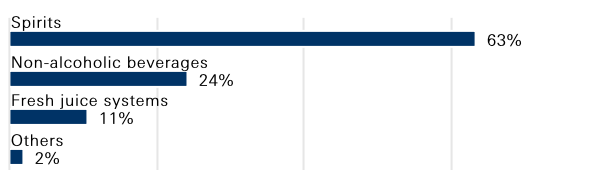
Monolith Investment Management BV (5.2%), MainFirst Bank AG (8.5%), Lazard Frères Gestion SAS (5.1%)

Key figures

P&L (in EUR m)	2019	%	2020	%	2021	%	2022e	%	2023e	%	2024e	%
Sales	167	3.2	155	-7.7	146	-5.5	157	7.2	163	4.0	168	3.3
Gross profit on sales	75	4.2	68	-8.6	68	0.3	73	6.5	77	5.3	80	4.5
Gross margin (%)	44.6	1.0	43.4	-2.7	46.9	7.9	46.6	-0.6	47.2	1.2	47.7	1.2
EBITDA	18	6.0	14	-23.6	15	9.5	15	-2.7	18	18.4	20	10.3
EBITDA margin (%)	11.0	2.6	9.1	-17.3	10.5	15.9	9.5	-9.2	10.9	13.9	11.6	6.7
EBIT	10	0.1	5	-48.0	7	31.4	6	-11.1	9	47.2	10	16.5
EBIT margin (%)	5.9	-3.0	3.3	-43.6	4.6	39.0	3.8	-17.0	5.4	41.6	6.1	12.8
Financial result	-3	-10.0	-3	-9.2	-1	50.5	-1	-4.4	-1	-0.5	-1	0.6
EBT	7	-3.1	2	-68.7	5	135.0	4	-15.2	7	62.6	9	20.0
Taxes	2	0.5	1	-55.1	2	60.2	1	-12.3	2	62.6	3	20.0
Tax rate (%)	31.6	n.a.	45.3	n.a.	30.9	n.a.	32.0	n.a.	32.0	n.a.	32.0	n.a.
Net income	5	-4.6	1	-75.0	4	197.0	3	-16.5	5	62.6	6	20.0
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	3	-16.5	5	62.6	6	20.0
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	0.33	-16.5	0.53	62.6	0.63	20.0
DPS (EUR)	0.28	0.0	0.13	-53.6	0.22	69.2	0.18	-16.5	0.30	62.6	0.36	20.0
Dividend yield (%)	4.1	n.a.	2.3	n.a.	3.5	n.a.	2.9	n.a.	4.7	n.a.	5.6	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	-1.9	15	14.2	16	9.1
Increase in working capital	-5	n.a.	-5	n.a.	-0	n.a.	2	n.a.	2	n.a.	1	n.a.
Capital expenditures	7	6.0	5	-27.0	7	44.4	6	-13.8	7	4.0	7	3.3
D+A/Capex (%)	124.1	n.a.	177.2	n.a.	119.0	n.a.	143.3	n.a.	136.8	n.a.	137.8	n.a.
Free cash flow (Metzler definition)	13	n.m.	12	-9.5	6	-49.3	5	-25.6	7	48.7	9	28.0
Free cash flow yield (%)	20.7	n.a.	23.2	n.a.	10.2	n.a.	7.6	n.a.	11.2	n.a.	14.4	n.a.
Dividend paid	3	27.2	3	0.0	1	-53.6	2	69.3	2	-16.5	3	62.6
Free cash flow (post dividend)	11	596.6	9	-11.9	5	-48.0	2	-49.3	5	103.0	6	16.2
Balance sheet (in EUR m)	2019	%	2020	%	2021	%	2022e	%	2023e	%	2024e	%
Assets	152	4.6	145	-4.3	142	-2.1	143	0.5	148	3.9	154	3.4
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	2.0	53	6.5	56	5.9
Equity/total assets (%)	32.4	n.a.	32.5	n.a.	34.4	n.a.	34.9	n.a.	35.8	n.a.	36.6	n.a.
Net Debt incl. Provisions	-3	-211.6	-7	-169.0	-9	-24.4	-5	40.7	-9	-80.6	-14	-52.5
thereof pension provisions	10	-0.9	9	-9.8	9	-2.7	9	0.0	9	0.0	9	0.0
Gearing (%)	-5.4	n.a.	-15.1	n.a.	-18.1	n.a.	-10.5	n.a.	-17.9	n.a.	-25.7	n.a.
Net debt/EBITDA	-0.1	n.a.	-0.5	n.a.	-0.6	n.a.	-0.4	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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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)					
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
12.08.2021	Buy	Buy	6.44 EUR	7.50 EUR	Diedrich, Tom
06.05.2021	Buy	Buy	6.10 EUR	7.20 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)

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

*** All authors are financial analysts

Berentzen-Gruppe

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Compiled: March 28, 2022 07:58 AM CEST

Initial release: March 28, 2022 07:58 AM CEST

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	Stephan Bauer	Industrial Technology	4363
	Stephan Bonhage	Small/Mid Caps, Construction	525
	Tom Diedrich	Media, Retail	239
	Alexander Neuberger	Industrial Technology, Small/Mid Caps	4366
	Holger Schmidt	Software, Technology, Telecommunications	4360
	Jochen Schmitt	Financials, Real Estate	4359
	David Varga	Basic Resources	4362
	Jürgen Pieper	Automobiles, Senior Advisor	529
	Hendrik König	Strategy / Quantitative Research	4371
	Sergii Piskun	Quantitative Research	237
	Eugen Keller	Head of FI/FX Research	329
	Cem Keltek	FI/FX Strategy	527
	Juliane Rack	FI/FX Strategy	1748
	Sebastian Sachs	FI/FX Strategy	526
Equities	Mustafa Ansary	Head of Equities	351
		Head of Equity Sales	
Sales	Eugenia Buchmüller		238
	Uwe Hohmann		366
	Hugues Jaouen		4173
	Alexander Kravkov		4172
	Jasmina Schul		1766
Trading	Sven Knauer	Head of Equity Trading	245
	Kirsten Fleer		246
	Stephan Schmelzle		247
	Thomas Seibert		228
Corporate Solutions	Dr. Karsten Iltgen	Head of Corporate Solutions	510
	Thomas Burkart		511
	Adrian Takacs		512

company note

Fixed Income (FI)	Sebastian Luther	Head of Fixed Income	688
FI Sales	Minush Nori	Head of Fixed Income Sales	689
	Silke Amelung		289
	Claudia Ruiu		683
	Gloria Traidl		280
FI Trading/ALM	Sven Klein	Head of ALM	686
	Bettina Koch		291
	Susanne Kraus		658
	Christian Bernhard	Head of Fixed Income Trading	266
	Dirk Lagler		685
Foreign Exchange (FX)	Özgür Atasever	Head of Foreign Exchange	281
FX Sales	Tobias Martin	Head of FX Sales & Trading	614
	Thomas Rost	FX Senior Advisor	292
	Steffen Völker		293
FX Trading	Rainer Jäger		276
	Andreas Zellmann		610
Currency Management	Dominik Müller	Head of Currency Management	274
CM Advisory	Jens Rotterdam		282
	Achim Walde		275
	Harwig Wild		279
CM Operations	Simon Wesch	Head of Operations	350
	Christopher Haase		1617
	Florian Konz		1773