

BERENTZEN-GRUPPE AKTIENGESELLSCHAFT

INTERIM REPORT Q1 / 2019



BERENTZEN-GRUPPE
Durst auf Leben

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Overview Q1/2019

Berentzen Group: Consolidated revenues slightly higher, consolidated EBIT stable, earnings forecasts for the Group confirmed.

Q1/2019

- Consolidated revenues: EUR 36.9 million (EUR 36.5 million).
- Consolidated EBIT: EUR 1.7 million (EUR 1.7 million).
- Consolidated EBITDA: EUR 3.7 million (EUR 3.5 million).
- Operating cash flow: EUR 1.7 million (EUR 2.7 million).
- Equity ratio: 36.9% (36.0%).

Outlook

- Group: Earning forecasts for the 2019 financial year confirmed.

(1) Business performance and financial position

(1.1) Significant events during the reporting period

There were no events of significance for the business performance or the financial performance, cash flows and financial position of the Berentzen Group during the reporting period.

(1.2) Financial performance

Since the beginning of the 2019 financial year, the Berentzen Group has been applying the financial reporting standard IFRS 16 (Leases). The comparative information for the 2018 financial year was not adjusted pursuant to the modified retrospective approach.

		Q1/2019	Q1/2018	Change
Consolidated revenues excl. alcohol tax	EUR'000	36,914	36,549	+ 1.0 %
Spirits segment	EUR'000	18,859	19,604	- 3.8 %
Non-alcoholic Beverages segment	EUR'000	11,137	10,377	+ 7.3 %
Fresh Juice Systems segment	EUR'000	5,094	4,714	+ 8.1 %
Other segments	EUR'000	1,824	1,854	- 1.6 %
Consolidated EBITDA	EUR'000	3,684	3,487	+ 5.6 %
Consolidated EBITDA margin	%	10.0	9.5	+ 0.5 PP ¹⁾
Consolidated EBIT	EUR'000	1,732	1,718	+ 0.8 %
Consolidated EBIT margin (return on sales)	%	4.7	4.7	- 0.0 PP ¹⁾

¹⁾ PP = percentage points.

The Berentzen Group generated consolidated revenues of EUR 36.9 million (EUR 36.5 million) in the first three months of the 2019 financial year. This is equivalent to a rise in revenue of 1.0%.

In the *Spirits* segment, revenues saw a decline of 3.8%. While the combined sales volume of the umbrella brands of *Berentzen* and *Puschkin* increased slightly in comparison to the equivalent period of the previous year, the other branded business, especially with classical spirits, saw slight declines in sales, however. Sales volume in the business with branded dealer and private-label products remained slightly below the level of the equivalent period last year. The revenues of the *Other Segments* that notably include the international business with branded spirits similarly saw a slight decline of 1.6%. The *Non-alcoholic Beverages* segment saw clearly positive developments with revenue growth of 7.3%. This was, once again, mainly due to the rise in sales volume of 33.0% on the equivalent period last year relating to the beverages marketed under the proprietary *Mio Mio* brand as well as similarly pleasing developments in the sales volume in the business with mineral water. In addition, both product categories saw revenues rising even faster than the growth in sales. The *Fresh Juice Systems* segment recorded a significant increase in revenues of 8.1% in the first quarter of 2019. In this context, sales of fruit presses were significantly up on the level seen in the equivalent period last year. The decisive factor in this development was a significant increase in sales in what is known as the German-speaking area, whereas the French and US markets were characterised by a lower sales volume. Alongside this, the sales business with oranges and bottling systems saw slightly or clearly positive growth, respectively.

Consolidated EBIT was stable in the first quarter of 2019, standing at EUR 1.7 million (EUR 1.7 million). This development arises from a higher gross profit margin as a consequence of an improved product and segment mix in conjunction with, at the same time, lower other operating income and a slight increase in the level of overheads, specifically due to a rise in personnel expenses.

The consolidated EBITDA based on the above consolidated EBIT increased to EUR 3.7 million (EUR 3.5 million). The main reason for the rise in consolidated EBITDA with consolidated EBIT remaining stable arises from the first-time application of IFRS 16 in combination with a higher level of amortisation of rights of use.

(1.3) Cash flows and financial position*Cash flows*

		Q1/2019	Q1/2018	Change
Operating cash flow	EUR'000	1,678	2,749	- 1,071
Cash flow from operating activities	EUR'000	-9,629	-14,134	+ 4,505
Cash flow from investing activities	EUR'000	-1,064	-1,899	+ 835
Cash flow from financing activities	EUR'000	-128	0	- 128
Cash and cash equivalents at the beginning of the period	EUR'000	15,459	18,435	- 2,976
Cash and cash equivalents at the end of the period	EUR'000	4,638	2,402	+ 2,236

The total funding of the Berentzen Group presented in the Annual Report for the 2018 financial year remains essentially unchanged at the end of the interim reporting period.

The operating cash flow, which excludes changes in working capital and hence documents the impact of operating profitability on the change in cash, amounted to EUR 1.7 million in the first three months of the 2019 financial year (EUR 2.7 million). The lower level of cash inflow was caused by a detrimental balance of payments in connection with income taxes.

The cash flow from operating activities also encompasses changes in working capital. With individual asset and liability items moving in opposite directions within the total as of the reporting date, a net cash outflow of EUR 9.6 million (EUR 14.1 million) arose in the first quarter of 2019 mainly on account of a decrease in alcohol tax liabilities and in other liabilities due to seasonal factors.

The Group's investing activities – including but not limited to payments for investments in property, plant and equipment – led to a net cash outflow of EUR 1.1 million (EUR 1.9 million). In this context, the cash outflow was once again essentially attributable to investments in empty bottle containers and crates in the *Non-alcoholic Beverages* segment. Extensive investments in the refurbishment of a glass recycling facility were made in the equivalent period last year.

In the first quarter of 2019, financing activities gave rise to a cash outflow of EUR 0.1 million in connection with the repayment of lease liabilities pursuant to IFRS 16. As application of this new financial reporting standard did not become mandatory until the beginning of the 2019 financial year, there was no net cash outflow in the equivalent period last year.

All in all, cash and cash equivalents totalled EUR 4.6 million (EUR 2.4 million) at the end of the interim reporting period, of which EUR 2.5 million (EUR 0.3 million) relates to receivables from the customer settlement accounts maintained with banks that are used for settlement under two factoring agreements.

Financial position

		3/31/2019	3/31/2018	Change
Equity ratio	%	36.9	36.0	+ 0.9 PP ¹⁾
Dynamic gearing ratio	Ratio	0.25	0.33	- 0.08

¹⁾ PP = percentage points.

The Group's asset and capital structure remains robust overall. In this context, the equity ratio improved slightly to 36.9% (36.0%) as of the end of the first quarter of 2019. At 0.25 (0.33), the dynamic gearing ratio changed only immaterially in comparison to the equivalent period of the previous year. This means that the Berentzen Group maintains a good ability to service its debt.

(2) Report on subsequent events

No events that could have a significant impact on the future business performance and the financial performance, cash flows and financial position of the Berentzen Group occurred after the end of the reporting period.

(3) Report on opportunities and risks

The primary risks consolidated into categories that could have significant detrimental effects on the Group's business activities and its financial performance, cash flows and financial position are presented in the Berentzen Group Annual Report for the 2018 financial year together with the greatest opportunities and the structure of the risk management system.

Compared with the opportunities and risks regarding the anticipated development of the corporate group in the remaining nine months of the 2019 financial year as described in the Annual Report for the 2018 financial year, there were no significant changes in the first quarter of the 2019 financial year. This includes the overall assessment of opportunities and risks described therein.

(4) Outlook

		2018	Forecast for the 2019 financial year in the 2018 forecast report	Forecast for the 2019 financial year Q1/2019
Consolidated revenues	EURm	162.2	164.7 to 173.4	Unchanged
Consolidated EBIT	EURm	9.8	9.0 to 10.0	Unchanged
Consolidated EBITDA	EURm	17.3	17.0 to 18.8	Unchanged

At the end of the first quarter of 2019, the Berentzen Group reaffirms the forecasts made in the Annual Report for the 2018 financial year with regard to a positive development of the Group's financial performance for the 2019 financial year.

All in all, the Berentzen Group does not have any new information suggesting that the forecasts and other statements regarding the anticipated development of the corporate group made in the 2018 Annual Report for the 2019 financial year have changed substantially. In this respect, the challenges in the individual segments outlined in that Report remain unchanged as does the necessity to optimise overheads to improve portfolio and performance efficiency in the *Non-alcoholic Beverages* segment and the planned successes from the initial marketing of numerous product innovations.

In each case, the forecasts are based on the structure of corporate units within the Group remaining unchanged in comparison to the 2018 financial year and are, furthermore, dependent on the general economic and industry-specific environment. The opportunities and risks described in the Report on opportunities and risks in the Annual Report for the 2018 financial year and also such opportunities and risks which were not identifiable when the present Interim Report was prepared may similarly have an impact on the forecast.

Information about the publisher

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Financial Calendar 2019

January 10/11, 2019	ODDO BHF Forum in Lyon, France
February 5, 2019	Publication of preliminary business figures 2018
March 21, 2019	Publication of consolidated and separate financial statements and 2018 Annual Report
May 7, 2019	Publication of the Q1/2019 Interim Report
May 14/15, 2019	Equity Forum Spring Conference 2019 (DVFA) in Frankfurt/Main, Germany
May 22, 2019	Annual general meeting in Hanover, Germany
August 13, 2019	Publication of the 2019 Group Semiannual Report
September 23-25, 2019	Berenberg and Goldman Sachs Eighth German Corporate Conference in Munich, Deutschland
October 24, 2019	Publication of the Q3/2019 Interim Report

At May 7, 2019. The financial calendar is provided for information purposes only and will be regularly updated. It is subject to change.

Disclaimer

This report also contains forward-looking statements. These are based on management assumptions, estimates and expectations at the time of this report's publication regarding future company-related developments. They therefore carry risks and uncertainties which are named and explained, particularly (but not exclusively) as part of the management report within the risk and opportunities report and the forecast report. Events and results that actually occur thereafter may therefore significantly differ from the forward-looking statements, both positively and negatively. Many uncertainties and resulting risks are characterised by circumstances that are beyond the control and influence of Berentzen-Gruppe Aktiengesellschaft and cannot be estimated with certainty. These include changing market conditions and their economic development and effect, changes in financial markets and exchange rates, the behaviour of other market actors and competitors and legal changes or political decisions by regulatory and governmental authorities. With regard to the forward-looking statements, unless otherwise required by law, Berentzen-Gruppe Aktiengesellschaft assumes no obligation to make any corrections or adjustments based on facts arising after the time of this report's publication. No guarantee or liability, neither expressed nor implied, is assumed for the currency, accuracy or completeness of the forward-looking statements. The trademarks and other brand names that are used in this report and may be protected by third parties are governed by the provisions of the applicable trademark law and the rights of the registered owners. The copyright and reproduction rights for trademarks and other brand names created by Berentzen-Gruppe Aktiengesellschaft itself remain with the company unless it expressly agrees otherwise.

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