BERENTZEN-GRUPPE AKTIENGESELLSCHAFT

INTERIM REPORT Q1 / 2018

BERENTZEN-GRUPPE
Durst auf Leben

Content

Overview Q1/2018

The Berentzen Group: Lower consolidated revenues, higher consolidated EBIT, earnings forecasts for the Group confirmed.

Q1/2018	• Consolidated revenues: EUR 36.5 million (EUR 38.9 million). • Consolidated EBIT: EUR 1.7 million (EUR 1.6 million). • Consolidated EBITDA: EUR 3.5 million (EUR 3.2 million). • Operating cash flow: EUR 2.7 million (EUR 2.2 million). • Equity ratio: 36.0% (25.5%).
Outlook	• Group: Earnings forecasts for the 2018 financial year reaffirmed.

(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 2018 financial year, the Berentzen Group has been applying the financial reporting standard IFRS 15 (Revenue from Contracts with Customers). The figures for the equivalent period last year were adjusted in line with a full retrospective presentation.

		Q1/2018	Q1/2017	Change
Consolidated revenues excl. alcohol tax	**EUR'000**	**36,549**	**38,949**	**- 6.2 %**
Spirits segment	EUR'000	19,604	20,308	- 3.5 %
Non-alcoholic Beverages segment	EUR'000	10,377	11,271	- 7.9 %
Fresh Juice Systems segment	EUR'000	4,714	5,558	- 15.2 %
Other segments	EUR'000	1,854	1,812	+ 2.3 %
Consolidated EBITDA	**EUR'000**	**3,487**	**3,241**	**+ 7.6 %**
Consolidated EBITDA margin	**%**	**9.5**	**8.3**	**+ 1.2 PP [1)]**
Consolidated EBIT	**EUR'000**	**1,718**	**1,556**	**+ 10.4 %**
Consolidated EBIT margin (operating margin)	**%**	**4.7**	**4.0**	**+ 0.7 PP [1)]**

1) PP = percentage points.

The Berentzen Group generated consolidated revenues of EUR 36.5 million (EUR 38.9 million) in the first three months of the 2018 financial year. This is equivalent to a fall in revenue of 6.2%.

In the *Spirits* segment, revenues saw a slight decline of 3.5%. In this context, the sales volume of the umbrella brands *Berentzen* and *Puschkin* increased once again in comparison to the equivalent period of the previous year, however, the other branded business, especially with classical spirits, saw declines in sales. Stability was the main characteristic with regard to the sales volume in the business with branded dealer and private-label products. The revenues in the *Other Segments*, which essentially include the international business with branded spirits, saw growth of 2.3%, a figure slightly up on the equivalent period last year. The *Non-alcoholic Beverages* segment reported a decline in revenues of 7.9%. In this respect, it was the business with contract bottling, especially for the PepsiCo Group that experienced a significant decline; this business plays a rather subordinate role from an earnings perspective. In contrast, the sales volume of the beverages marketed under the proprietary *Mio Mio* brand increased by 37% in comparison to the equivalent period last year, a very pleasing development. The *Fresh Juice Systems* segment recorded a significant fall in sales of 15.2% in the first quarter of 2018. In this context, sales of fruit presses were substantially down on the previous-year level. This was mainly due to a significantly lower sales volume on the important French market, whereas there were positive developments in what is known as the German-speaking area and the USA. The dynamic growth on these and other markets was not sufficient, however, to compensate for the aforementioned effect. In addition, the trade with oranges was characterised by a lower sales volume.

Despite the contraction in the business volume, the consolidated EBIT remained robust in the first quarter of 2018: standing at EUR 1.7 million (EUR 1.6 million). The consolidated EBITDA based on this figure came to EUR 3.5 million (EUR 3.2 million). This situation arose from a higher gross profit margin as a consequence of an improved product and segment mix, higher other operating income and a slight decrease in the level of overheads thanks to lower personnel expenses, among other factors. This was also sufficient to compensate for higher marketing expenditure.

(1.3) Cash flows and financial position

Cash flows

		Q1/2018	Q1/2017	Change
Operating cash flow	**EUR'000**	**2,749**	**2,223**	**+ 526**
Cash flow from operating activities	**EUR'000**	**-14,134**	**-11,449**	**- 2,685**
Cash flow from investing activities	**EUR'000**	**-1,899**	**-525**	**- 1,374**
Cash flow from financing activities	**EUR'000**	**0**	**0**	**+ 0**
Cash and cash equivalents at the beginning of the period	**EUR'000**	**18,435**	**67,084**	**- 48,649**
Cash and cash equivalents at the end of the period	**EUR'000**	**2,402**	**55,110**	**- 52,708**

The total funding of the Berentzen Group presented in the Annual Report for the 2017 financial year remains unchanged as of the end of the interim reporting period. In the context of the year-ago comparisons presented here, it should be noted, however, that the surplus liquidity generated from the Berentzen bond 2012/2017 of EUR 50.0 million repaid in October 2017 still had a significant impact on cash and cash equivalents as of the end of the first quarter of 2017.

The operating cash flow, which excludes changes in working capital and hence documents the impact of operating profitability on the change in cash, increased to EUR 2.7 million (EUR 2.2 million) essentially on account of the higher consolidated EBITDA.

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 14.1 million (EUR 11.4 million) arose in the first quarter of 2018 mainly on account of a decrease in alcohol tax liabilities and in other liabilities due to seasonal factors.

The Group's investing activities – notably including payments for investments in property, plant and equipment – led to a net cash outflow of EUR 1.9 million (EUR 0.5 million). This higher level of cash outflow was mainly due to investments in empty bottle containers and crates and the refurbishment of a glass recycling facility in the *Non-alcoholic Beverages* segment.

Financing activities did not give rise to any net cash outflow, as was already the case in the equivalent period last year.

All in all, cash and cash equivalents totalled EUR 2.4 million (EUR 55.1 million) as of the end of the interim reporting period, of which EUR 0.3 million (EUR 27.8 million) relates to receivables from the customer settlement accounts maintained with banks that are used for settlement under two factoring agreements.

Financial position

		3/31/2018	3/31/2017	Change
Equity ratio	**%**	**36.0**	**25.5**	**10.5 PP [1)]**
Dynamic gearing ratio	**Ratio**	**0.33**	**-0.25**	**0.58**

1) PP = percentage points.

The Group's asset and capital structure remains robust overall. The accounting parameters relevant to the equity ratio decreased due to the changes to the funding structure of the Berentzen Group that took place over the course of the 2017 financial year. As a consequence, the equity ratio improved significantly to 36.0% (25.5%) as of the end of the first quarter of 2018. At 0.33 (-0.25), the dynamic gearing ratio is now a positive figure. This means that non-current and current financial liabilities exceed cash and cash equivalents and that, in this respect, net debt is recorded on the face of the statement of financial position. This development arises from working capital cash flows caused by reporting-date effects but remains within the Group's expectations. 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 2017 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 2018 financial year as described in the Annual Report for the 2018 financial year, there were no significant changes in the first quarter of the 2018 financial year. This includes the overall assessment opportunities and risks described therein.

(4) Outlook

		2017	Forecast for the 2018 financial year in the 2017 Forecast Report	Forecast for the 2018 financial year Q1/2018
Consolidated revenues	**EURm**	**160.4**	**170.1 to 178.9**	**unchanged**
Consolidated EBIT	**EURm**	**9.2**	**9.6 to 10.6**	**unchanged**
Consolidated EBITDA	**EURm**	**16.4**	**17.2 to 19.0**	**unchanged**

As of the end of the first quarter of 2018, the Berentzen Group reaffirms the forecasts made in the Annual Report for the 2017 financial year on the development of the Group's financial performance for the 2018 financial year. It should be noted here that the first-time application of IFRS 15 led to an earnings-neutral reduction in consolidated revenues of EUR 11.7 million for the 2017 financial year. In this respect, all other income-related performance indicators remain unaffected by this shift.

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 2017 Annual Report for the 2018 financial year have changed substantially. To summarize, the aforementioned improvement in the financial performance of the corporate group continues to be expected in the 2018 financial year.

In each case, the forecasts are based on a corporate structure unchanged in comparison to the 2017 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 risk in the Annual Report for the 2017 financial year and also such opportunities and risks which were not identifiable when the present Interim Report was prepared may likewise have an impact on the forecast.

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Financial Calendar 2018

January 11/12, 2018	ODDO BHF Forum in Lyon, France, Lyon Convention Center
February 1, 2018	Publication of preliminary business figures 2017
March 15, 2018	Publication of consolidated and separate financial statements and 2017 Annual Report
April 26, 2018	Publication of the Q1/2018 Interim Report
May 3, 2018	Annual general meeting in Hanover, Germany, Hannover Congress Centrum (HCC), Glashalle
May 15/16, 2018	Equity Forum Spring Conference 2018 in Frankfurt/Main, Germany, Marriott Hotel Frankfurt
August 14, 2018	Publication of the 2018 Group Semiannual Report
September 26/25, 2018	Berenberg & Goldman Sachs Seventh German Corporate Conference in Munich, Germany, INFINITY Hotel & Conference Resort Munich
October 25, 2018	Publication of the Q3/2018 Interim Report
November 26/27, 2018	Deutsches Eigenkapitalforum in Frankfurt/Main, Germany, Sheraton Frankfurt Airport Hotel & Conference Center

[1] As of April 26, 2018. The financial calendar is provided for information purposes only and will be regularly updated. It is subject to change.

Disclaimer

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