Berentzen-Gruppe Aktiengesellschaft

Interim Report Q3 / 2016

This version of the Q3/2016 Interim Report is provided for the convenience of our English-speaking readers. It has been translated from the original German version, which takes precedence in all respects.

Content

Overview of Q3/2016

Berentzen Group: higher consolidated revenues and consolidated EBIT, main earnings forecasts for the Group reaffirmed.

Q3/2016

- Good performance in the third quarter of 2016: business scope expanded and further improvement in earnings position
- Consolidated revenues: EUR 124.7 million (EUR 115.5 million)
- Adjusted consolidated EBIT: EUR 7.0 million (EUR 4.7 million)
- Adjusted consolidated EBITDA: EUR 12.0 million (EUR 10.7 million)
- Operating cash flow: EUR 10.5 million (EUR 7.9 million)
- Adjusted consolidated equity ratio: 37.8% (36.0%)
- Changes in the shareholder structure

Outlook

- Group: main earnings forecasts for the 2016 financial year reaffirmed

(1) Business performance and economic position

(1.1) Significant events during the reporting period

There were changes to the shareholder structure of Berentzen-Gruppe Aktiengesellschaft during the course of the reporting period. Up until spring 2016, the AURELIUS Group directly and indirectly held a majority interest in Berentzen-Gruppe Aktiengesellschaft through AURELIUS Equity Opportunities SE & Co. KGaA (formerly known as AURELIUS SE & Co. KGaA), Grünwald. The companies of the AURELIUS Group sold shares of common stock of Berentzen-Gruppe Aktiengesellschaft equivalent to around 21.9% at the beginning of March 2016 and a further tranche equivalent to around 10.4% at the end of April 2016 to institutional investors. During the course of September 2016, the AURELIUS Group successively sold all of its remaining interest in Berentzen-Gruppe Aktiengesellschaft, representing around 18.8% of the capital stock. This means it is no longer a shareholder of the Company. In accordance with the assessment of control under the applicable International Financial Reporting Standards (IFRS) based not solely on the criterion of voting rights or the majority of voting rights, Berentzen-Gruppe Aktiengesellschaft remains a company under the indirect control of AURELIUS Equity Opportunities SE & Co. KGaA.

With regard to the future funding concept of the Berentzen Group, among other things, factoring represents an important instrument securing the external funding of current assets. In September 2016, it proved possible to prematurely extend two existing factoring agreements by three years to March 31, 2021. In this context, the total funding volume available to the Berentzen Group under these funding agreements was increased from EUR 45.0 million previously to EUR 50.0 million.

(1.2) Financial performance

		Q3/2016	Q3/2015	Change
Consolidated revenues excl. spirits tax	EURm	124.7	115.5	+ 8.0 %
Spirits segment	EURm	73.2	69.8	+ 4.9 %
Non-alcoholic Beverages segment	EURm	36.0	33.4	+ 7.8 %
Fresh Juice Systems segment	EURm	15.5	12.3	+ 26.0 %
Total operating performance	EURm	127.7	118.7	+ 7.6 %
Consolidated EBITDA [1]	EURm	12.0	10.7	+ 12.1 %
Consolidated EBITDA margin [1]	%	9.6	9.3	+ 0.3 PP [2]
Consolidated EBIT [1]	EURm	7.0	4.7	+ 48.9 %
Consolidated EBIT margin (operating margin) [1]	%	5.6	4.1	+ 1.5 PP [2]

[1] Adjusted for non-recurring items.

[2] PP = percentage points.

The Berentzen Group generated consolidated revenues of EUR 124.7 million (EUR 115.5 million) in the first nine months of the 2016 financial year. This represents an increase of 8.0%.

Revenues in the Spirits segment increased by 4.9% over the equivalent period last year on the back of a strong performance in the domestic branded business together with activities involving dealer and private-label products, although international activities involving branded spirits did decline slightly. The Non-alcoholic Beverages segment also performed well to record an increase of 7.8%, with an improvement in the franchise business with Sinalco branded beverages and an extremely good performance by the drinks marketed under the proprietary *Mio Mio* brand worthy of special note. The Fresh Juice Systems segment performed extremely well, reporting a 26.0% increase in revenues, with all the main system components contributing to the total.

Including the change in inventories, the Group's total operating performance amounted to EUR 127.7 million (EUR 118.7 million).

With the gross profit margin remaining constant, the expansion of the business volume led to an improved gross profit overall compared with the equivalent period last year.

The consolidated EBIT adjusted for non-recurring times amounted to EUR 7.0 million (EUR 4.7 million), while the related adjusted consolidated EBITDA totalled EUR 12.0 million (EUR 10.7 million).

The positive development in the results variables EBIT and EBITDA in the first nine months of the 2016 financial year can be attributed to the cited increase in total operating performance and gross profit set against operating costs that are only slightly higher in parallel. Other operating income returned to an average level during the reporting period after benefiting in the year-ago period from an overrun in connection with the change of franchiser at December 31, 2014 in the Non-alcoholic Beverages segment to record a higher level. The negative effects of this, coupled with the temporary increase in spending on trade advertising and higher personnel expenses, were largely offset by lower amortisation and depreciation.

(1.3) Cash flows and financial position

Cash flows

		Q3/2016	Q3/2015	Change
Operating cash flow	EURm	10.5	7.9	+ 2.6
Cash flow from operating activities	EURm	0.4	19.1	- 18.7
Cash flow from investing activities	EURm	- 3.6	- 4.4	+ 0.8
Cash flow from financing activities	EURm	- 2.2	- 2.5	+ 0.3
Cash and cash equivalents at the start of the period	EURm	63.1	41.0	+ 22.1
Cash and cash equivalents at the end of the period	EURm	57.8	53.2	+ 4.6

At the end of the reporting period, there was a change in the total funding of the Berentzen Group as presented in the Annual Report for the 2015 financial year with regard to the funding of current assets. This involved an increase from EUR 45.0 million to EUR 50.0 million in the total volume of funding available to the Berentzen Group under two factoring agreements, achieved by prematurely extending contracts in September 2016. Apart from this modification, the funding structure remains essentially unchanged.

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 10.5 million (EUR 7.9 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, a net cash inflow of EUR 0.4 million (EUR 19.1 million) arose in the first nine months of the 2016 financial year. Changes in connection with the payment cycle of spirits tax liabilities at year-end of the previous financial year in each case were the main factor influencing this. The change in spirits tax liabilities caused a net cash outflow of EUR 9.6 million, whereas this resulted in a net cash inflow of EUR 8.3 million in the equivalent period last year.

The Group's investing activities – notably including payments for investments in property, plant and equipment – led to a net cash outflow of EUR 3.6 million (EUR 4.4 million). In the equivalent quarter last year, the total included EUR 1.3 million from payments for variable, profit-related purchase price components in connection with the acquisition of T M P Technic-Marketing-Products GmbH completed in the fourth quarter of 2014.

Financing activities gave rise to a net cash outflow of EUR 2.2 million (EUR 2.5 million), of which EUR 1.9 million (EUR 1.5 million) result from the dividend payout and EUR 0.3 million (EUR 1.0 million) from payments made in connection with the share buy-back programme initiated by Berentzen-Gruppe Aktiengesellschaft in July 2015 and terminated in May 2016.

Cash and cash equivalents amounted to EUR 57.8 million (EUR 53.2 million) at the end of the reporting period, of which EUR 28.2 million (EUR 29.4 million) relates to receivables from the customer settlement accounts maintained with banks that are used to settle two factoring agreements.

Financial position

		9/30/2016	9/30/2015	Change
Adjusted consolidated equity ratio [2]	%	37.8	36.0	1.8 PP [1]
Net debt	%	-16.5	-5.4	- 11.1 PP [1]
Working capital	EURm	-8.9	-5.8	- 3.0

[1] PP = percentage points.

[2] Year-ago figure adjusted.

The Group's asset and capital structure remains solid overall. The consolidated equity ratio adjusted for cash and cash equivalents increased by 1.8 percentage points at September 30, 2016. The positive development in net debt is attributable to a better liquidity base in the form of cash and cash equivalents compared with the equivalent period last year. The change in working capital stems mainly from the increase in spirits tax liabilities due to higher revenues from spirits compared with the equivalent period last year.

(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 risks and opportunities

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 together with the greatest opportunities and the structure of the risk management system in the Berentzen Group Annual Report for the 2015 financial year and the 2016 Group Half-yearly Financial Report.

Compared with the opportunities and risks regarding the anticipated development of the corporate group in the remaining three months of the 2016 financial year as described in the 2016 Group Half-yearly Financial Report, there were no significant changes in the third quarter of the 2016 financial year. This includes the overall assessment opportunities and risks described therein.

(4) Outlook

		2015	Forecast for the 2016 financial year in the 2015 Forecast Report	Forecast for the 2016 financial year Q3/2016
Total operating performance	EURm	159.0	Considerable increase	Considerable increase
Consolidated EBIT [1]	EURm	7.6	Sharp increase	Sharp increase
Consolidated EBITDA [1]	EURm	15.7	Sharp increase	Sharp increase

[1] Adjusted for non-recurring effects.

The forecasts for the 2016 financial year given in the Annual Report for the 2015 financial year are each based on an unchanged corporate structure compared with the 2015 financial year and do not include any non-recurring items relevant for the forecasts.

Building on the assumption of organic development in the corporate group accordingly, the Berentzen Group reaffirms the main forecasts for the development of the Group's financial performance it made in the Annual Report for the 2015 financial year.

All in all, the Berentzen Group does not have any new information suggesting that the main forecasts and other statements regarding the anticipated development of the corporate group made in the 2015 Annual Report for the 2016 financial year and confirmed in the 2016 Group Half-yearly Financial Report have changed substantially. To summarize, a tangible improvement in the financial performance of the corporate group continues to be expected in the 2016 financial year.

The actual business performance is dependent upon the general economic and industry-specific environment and may be negatively affected by more strongly adverse changes in the underlying conditions described. Both positive and negative deviations from the forecast may also result from not only the opportunities and risks described in the Report on opportunities and risk in the Annual Report for the 2015 financial year but also such opportunities and risks as were not identifiable when the present Interim Report was prepared.

Published by

Berentzen-Gruppe Aktiengesellschaft
Ritterstraße 7
49740 Haselünne
Germany
Phone: +49 (0) 5961/502-0
Fax: +49 (0) 5961/502-268
Internet: www.berentzen-gruppe.de/en/

Publication date: October 27, 2016

Public Relations / Press
Antje Schwindeler
Phone: +49 (0) 5961/502-215
Fax: +49 (0) 5961/502-373
Email: pr@berentzen.de

Investor Relations
Jochen Klein
Phone: +49 (0) 5961/502-219
Fax: +49 (0) 5961/502-550
Email: ir@berentzen.de

Further information about the Berentzen Group

Besides the present Interim Report, the following information about the Berentzen Group and Berentzen-Gruppe Aktiengesellschaft is also available on www.berentzen-gruppe.de/en/investors/:

Annual Reports including consolidated financial statements and annual financial statements
Group Half-yearly Financial Reports
Group Interim Reports
Corporate Governance reports / corporate governance declarations
Declarations of conformity by Berentzen-Gruppe Aktiengesellschaft with the German Corporate Governance Code
Ad hoc announcements
Director's Dealings
Relevant corporate press releases

2016 financial calendar

March 24, 2016	Publication of the 2015 consolidated/annual financial statements and Annual Report
May 11, 2016	Publication of the Q1/2016 Interim Report
May 12, 2016	Annual General Meeting in Munich
August 15, 2016	Publication of the 2016 Group Half-yearly Financial Report
October 27, 2016	Publication of the Q3/2016 Interim Report

Berentzen-Gruppe Aktiengesellschaft
Ritterstraße 7
49740 Haselünne
Germany
Phone: +49 (0) 5961/502-0
Fax: +49 (0) 5961/502-268
Email: berentzen@berentzen.de
Internet: www.berentzen-gruppe.de/en/