

REPORT FOR THE FIRST QUARTER

2009

SPECIALISTS
FOR SURFACE
TECHNOLOGIES

Q1



SURTECO

SOCIETAS EUROPAEA

1 January to 31 March

OVERVIEW

SURTECO GROUP

Q1

€ 000s	1/1/-31/3/ 2008	1/1/-31/3/ 2009	Variation in %
Sales revenues	108,568	84,912	-22
of which			
- Germany	38,937	33,286	-15
- Foreign	69,631	51,626	-26
EBITDA	19,918	13,636	-32
EBITDA margin in %	18.3	16.1	
EBIT	14,912	8,610	-42
EBIT margin in %	13.7	10.1	
EBT	12,127	552	-95
Consolidated net profit	8,182	-1,353	-117
Earnings per share in €	0.74	-0.12	-117
	31/3/2008	31/3/2009	
Net financial debt	156,396	153,600	-2
Gearing (debt ratio) in %	80	87	+9
Equity ratio in %	38.3	38.2	-
Number of employees	2,185	2,046	-6

4 DEAR SHAREHOLDERS, PARTNERS AND FRIENDS OF OUR COMPANY

DEEP GLOBAL RECESSION

The experts at the International Monetary Fund (IMF) present a very pessimistic picture in their Global Economic Outlook published in mid-April. According to this report, almost all the sectors in the global real economy are now in a deep recession. The IMF reports a drop of 1.3 % in global economic output. The slump is the worst in more than 60 years, and it is supposed to have hit countries dependent on exports such as Germany and Japan the hardest. A fall in gross domestic product of 6.0 % is projected for Germany in 2009, while a figure of 6.2 % is being predicted for Japan. The experts are hardly more optimistic for the Euro-zone, where they project a drop of 4.2 %. Overall, the industrialized countries have to anticipate a negative impact of 3.8 %. It is also unlikely that the emerging economies will be in a position to deliver positive economic stimulus. The IMF is predicting a very meagre increase of 1.6 %, although relatively respectable growth of 6.5 % is forecast to continue for the East Asia region and China in 2009. However, this is significantly down on the double-digit growth rates generated in previous years. Central and Eastern Europe are suffering from a shortfall in income from the raw-materials and energy sectors and are also having to deal with a fall of 3.7 %. The statistics are even more dramatic if you focus exclusively on global trade. The IMF is expecting a dramatic decline of 11 % for the business year 2009.

The large number of economic stimulus packages and the massive interventions by the central banks in the area of money supply and interest-rate reductions are expected to generate moderate growth of 1.9 % for the global economy in 2010. However,

the industrialized countries will be confronted with stagnation and the euro-zone including Germany will experience a further retreat. The IMF is only predicting a genuine turnaround once there are signs of an end to the crisis in the financial sector and more efficient allocation of credit generates an upturn in demand in the real economy.

FURNITURE AND WOOD-BASED INDUSTRY FACES DIFFICULT YEAR

The forecasts for the furniture industry and wood-based sector are hedged by a large number of uncertainties for 2009. The Association of the German Wood-based Materials Industry (VHI) had not published any precise statements on development in the industry by mid-April. According to statements by the lobby group, 2009 will undoubtedly be a difficult year for the sector. The difficult situation was already reflected in a meltdown for orders booked in some areas during the fourth quarter of 2008. This trend is likely to have continued into early 2009, although consumption in Germany remained at an unexpectedly high level, surprising many experts there. The crisis is also likely to impact negatively on exports, diverging in this respect from previous years. The effects of the financial crisis have meanwhile impacted on virtually all regions and sectors, affecting the traditional industrialized nations and increasingly also the emerging economies in Eastern Europe. This development has led to significant reductions in production capacity in many companies in the furniture and wood-based industry, with drastic cutbacks at some companies. Short-time working and job cuts have been implemented across the sector. Credit insurer Euler Hermes Kreditversicherung is predicting an increasingly competitive environment and ongoing downward pressure on

prices in the furniture industry during the course of 2009. The economic situation is likely to entail a corresponding risk of insolvency within the sector in view of the bleak economic indicators.

SURTECO: FURTHER DECLINE IN DEMAND DURING THE FIRST QUARTER

After a weak final quarter in the previous year, the surface manufacturer experienced an ongoing decline in orders booked at the beginning of 2009. Increased consumer restraint was particularly noticeable in the manufacture of furniture and interior fittings. The number of new-build apartments continues to stagnate at a low level. Many consumers have postponed purchases of replacements for furnishings and fittings in their homes, often in order to take advantage of the government incentives to stimulate growth in the German automobile market.

Utilization of capacity in production at the SURTECO companies was correspondingly unsatisfactory during the first quarter. In addition to short-time working in many areas, the announced programme of job cuts (320 employees) was initiated.

The adjustments in personnel levels were accompanied by consistent continuation of all cost-cutting and adjustment programmes.

LONG-TERM GROWTH STRATEGY

SURTECO SE has the potential to benefit long-term from the change in framework conditions resulting from the crisis. The Group will make use of all the opportunities presented to strengthen market and technology leadership. The technical and economic conditions are in place. The key indicators present a very robust profile even in this

crisis – the longest and most sustained crisis in the history of the company. They constitute the basis for continuing the trajectory of strategic growth consistently and sustainably over the long term.

SALES AND MARKETS

SALES SLOWDOWNS IN GERMANY AND ABROAD

Sales revenues for the SURTECO Group in the first quarter of 2009 amounted to € 84.9 million. They fell short of the equivalent year-earlier figure by € 23.7 million or 22 %. The volume of sales in the German market fell by 14 % to € 33.3 million (2008: € 38.9 million). Even more significant was the collapse in foreign business. The Group lost 26 % of foreign sales and generated € 51.6 million compared with € 69.6 million in the first quarter of 2008. Accordingly, the share of foreign sales in total sales came down by three percentage points to 61 % during the first three months of the current business year.

Significant order slowdowns are reported in virtually all product areas. In some cases, orders booked in the first quarter of 2009 fell short of the first quarter of 2008, which was not yet affected by the crisis, by as much as 30 %.

STRATEGIC BUSINESS UNIT PLASTICS

The full impact of the sales crisis was experienced by all the companies in the SBU Plastics during the first quarter of 2009. The weak demand was reflected in a 20 percent reduction in sales. Sales in the plastics segment amounted to € 53.7 million (2008: € 67.2 million) during the first three months of the business year 2009. While sales in Germany came out 12 % lower at € 20.0 million,

the setbacks in foreign business amounted to € 10.8 million or 24 %. Business in European countries outside Germany underperformed. The same picture emerged in the countries in Asia that are still projected as growth markets over the long term.

STRATEGIC BUSINESS UNIT PAPER

The SBU Paper is now in a third year of very intense competition and is experiencing an extremely adverse economic environment, particularly in Europe and North America. Once again, the sales problems intensified with the onset of the financial crisis at the end of 2008. Overall, the paper division lost 25 % percent of the sales volume at € 31.2 million compared with the first quarter of the previous year. The Strategic Business Unit, which includes the companies BauschLinnemann GmbH and decorative design printer Bausch Decor GmbH, generated sales of € 13.3 million with German customers, 19 % down on the equivalent year-earlier figure. Business with foreign customers was 29 % below the comparable value for 2008 at € 17.9 million. A dearth of new-build activity and postponement of replacement purchases for furniture fostered a major collapse in demand which impacted particularly negatively in key markets for the SBU Paper. European countries including domestic customers represent 88 % of the sales volume of the SBU Paper.

EXPENSES

PRICE REDUCTIONS VERSUS PRODUCT MIX

The significant reductions in price were already exerting a positive effect in the chemicals sector during the second half of 2008. Price reductions in the first quarter 2009 were achieved for the raw materials PVC and ABS used in the Strategic Business Unit Plastics and for many chemical raw materials that make up the products in the SBU Paper. The majority of the price reductions in raw materials were offset by reduced order batch sizes and changes in the product mix. The proportion of cost of materials in relation to sales was 42.9 % and this remained at the level of the previous year. Personnel expenses at € 21.4 million were € 5.2 million or 19 % lower than the year-earlier value in 2008. The announced job cuts amounting to around 15 % of the workforce will have been completed by the end of the year. On 31 March 2009, the SURTECO Group had a headcount totalling 2,046 employees (-6 %). Other operating expenses amounted to € 14.5 million (1st quarter of 2008: 16.7 million).

EARNINGS

WEAK SALES CUT EARNINGS

32 % lower operating earnings were generated as a result of the decline in sales during the period under review. EBITDA came down from € 19.9 million (1st quarter of 2008) to € 13.6 million. The EBITDA margin fell by 2.2 percentage points to 16.1 %. Depreciations amounting to € 5.0 million remained at the level of the equivalent period in the previous year and EBIT went down to € 8.6 million

(-42 %). The EBIT margin based on sales during the first quarter of 2009 was 10.1 % (2008: 13.7 %). The financial result was € -8.1 million. The amount includes a further EBT-effective impairment of € 6.0 million on account of the negative performance of the share price for the package of shares held by SURTECO SE in Pfeleiderer AG based in Neumarkt. This reduced pre-tax earnings to just € 0.6 million. Since the impairment recognized in the financial result cannot be set against taxes, tax expenses exceed EBT so that a negative consolidated net profit of € -1.4 million (2008: € 8.2 million) is to be recorded. Accordingly, earnings per share changed from € 0.74 to € -0.12.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The balance sheet total fell in particular as a result of the decline in sales volume by € 25.6 million to € 464.4 million. A key determining factor for this decline was intensified working capital management (working capital -13.6 % compared with 31 December 2008). In view of weak business development in the first quarter of 2009, investments of only € 1.9 million were implemented. The deterioration in the position of financial assets resulted from the impairment carried out on the package of shares in Pfeleiderer AG, Neumarkt. Despite these factors, the debt level (gearing) has been improved by scheduled loan repayments and positive generation of liquidity by 8 percentage points to 87 % compared with 31 December 2008. The equity ratio increased by 1.4 percentage points to 38.2 % compared with the closing balance for 2008.

CALCULATION OF FREE CASH FLOW

€ 000s	1/1 - 31/3/2008	1/1 - 31/3/2009
Cash inflow from operating activities	18,313	21,946
Tax payments	956	-810
Cash outflow from current business operations	19,269	21,136
Cash outflow from investment activities (without financial investments)	-4,883	-1,913
Free cash flow	14,386	19,223

The cash inflow from operating activities increased by 19.8 percent compared with the previous year as a result of the improvement in working capital relations. The higher free cash flow generated by a restrained policy of investment activity was used to reduce the level of short-term and long-term liabilities.

RESEARCH AND DEVELOPMENT

NEW STRIKING TEXTURES FOR EXCEPTIONAL VISUAL AND HAPTIC EFFECTS

New colour and decorative design create an increasingly important role for the surface properties of an edging tape in conjunction with the surface for furniture design. Embossing plays an important role for the visual appearance and most importantly for the haptic effect. A striking example is provided by the SBU Plastics with the new texture of "Crushed Stone" provided by the characteristic interplay of matt and gloss elements. The marked, tangibly grainy surface

gives stone reproductions in particular a realistic, natural appearance. But single-colour edging tapes are also becoming noticeably more vibrant as a result of the iridescent effect of "Crushed Stone".

SBU Plastics has expanded its ex-stock range for plastic edging tapes to include thin edgings in order to meet the rising demand. The benefit obtained from the additional use of relatively thin edgings therefore becomes a critical factor because surface materials with the same design can be accessed at short notice in a range of wall thicknesses on account of the design match of thin and thick edgings in one piece of furniture. The plastic ABS can be used as a material for thin edgings and has a positive ecological footprint. The superior ABS edgings also meet the high quality standard in the thin format with a precise print image, natural textures, excellent covering properties and a high level of heat resistance.

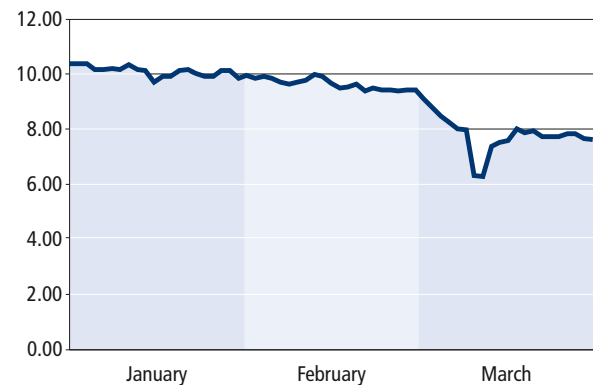
The research department of the SBU Paper is continuing to work on optimizing the finish surface Corulan. The special feature of Corulan is its outstanding abrasion values, which make the product ideal for flooring manufacture, home furnishings and the caravan sector. Another advantage of the new surface is the coordination of decorative design in the different areas of application. For example, the flooring and the matching transition rails, skirtings and panelling can be coordinated in the same colour scheme and decorative design. Rationalization effects are generated for processors carrying out further refinement because specific operations can be eliminated compared with conventional procedures. This can lead to reductions in production time and lower costs.

Surface variants with high-gloss finish and with pore structure are currently in the testing phase. All Corulan coating materials benefit from the

outstanding print quality in conjunction with special finish varnishes which lend the product an exceptionally pleasing quality in terms of haptic effects and visual profile.

SURTECO SHARES

Share price performance January - March 2009 in €



Januar - March 2009

Number of shares	11,075,522
Free float in %	23.7
Price on 2/1/2009 in €	10.20
Price on 31/3/2009 in €	7.60
High in €	10.20
Low in €	6.35
Market capitalization as at 31/3/2009 in € 000s	84,174

OUTLOOK FOR THE FISCAL YEAR 2009

After the weakness of demand intensified further in the industrial sectors important for SURTECO during the first quarter, it is likely that the consequences of the crisis will continue to compromise business activity into the year 2010. Making any form of concrete forecast is extremely difficult in view of the economic uncertainties worldwide.

SURTECO SE has taken appropriate measures in order to adapt the company to the changing framework conditions early on. Apart from reducing the size of the workforce, the cost-reduction measures are being intensified and investment projects are being subjected to rigorous scrutiny before they are implemented.

The pressure towards consolidation in the industry will intensify in the wake of this global economic crisis. SURTECO SE is in a position to take advantage of any opportunities that arise thanks to a robust financial structure.

CONSOLIDATED INCOME STATEMENT

SURTECO GROUP

€ 000s	Q1	
	1/1-31/3/ 2008	1/1-31/3/ 2009
Sales revenues	108,568	84,912
Changes in inventories	-1,170	-2,209
Own work capitalized	240	147
Total	107,638	82,850
Cost of materials	-45,824	-35,517
Personnel expenses	-26,581	-21,401
Other operating expenses	-16,655	-14,514
Other operating income	1,340	2,218
EBITDA	19,918	13,636
Depreciation and amortization	-5,006	-5,026
EBIT	14,912	8,610
Financial result	-2,785	-8,058
EBT	12,127	552
Income tax	-3,945	-1,905
Net income	8,182	-1,353
of which consolidated net profit	8,182	-1,353
of which minority interests	0	0
Basic and diluted earnings per share in €	0.74	-0.12
Number of shares issued	11,075,522	11,075,522

CONSOLIDATED BALANCE SHEET

SURTECO GROUP

€ 000s	31/12/2008	31/3/2009
ASSETS		
Cash and cash equivalents	60,468	55,557
Trade accounts receivable	34,465	31,522
Inventories	59,759	55,185
Current income tax assets	6,912	4,853
Other current assets	10,050	7,334
Current assets	171,654	154,451
Property, plant and equipment	175,840	173,775
Intangible assets	8,471	8,376
Goodwill	108,227	108,018
Investments in associated enterprises	1,683	1,683
Financial assets	10,804	4,296
Non-current tax assets	1,233	1,233
Other non-current assets	6,768	7,172
Deferred taxes	5,393	5,436
Non-current assets	318,419	309,989
	490,073	464,440

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CONSOLIDATED BALANCE SHEET

SURTECO GROUP

€ 000s	31/12/2008	31/3/2009
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term financial liabilities	35,239	22,884
Trade accounts payable	18,290	21,198
Income tax liabilities	3,131	2,159
Short-term provisions	8,933	7,647
Other current liabilities	14,441	14,449
Current liabilities	80,034	68,337
Long-term financial liabilities	196,512	186,273
Pensions and similar obligations	9,589	9,816
Deferred taxes	23,422	22,822
Non-current liabilities	229,523	218,911
Capital stock	11,076	11,076
Reserves	162,711	160,740
Consolidated net profit	6,754	5,401
Capital attributable to shareholders	180,541	177,217
Minority interests	-25	-25
Equity	180,516	177,192
	490,073	464,440

CONSOLIDATED CASH FLOW STATEMENT

SURTECO GROUP

€ 000s	Q1	
	1/1/-31/3/2008	1/1/-31/3/2009
Earnings before income tax and minority interests	12,127	552
Reconciliation to cash flow from current business operations	5,459	5,004
Internal financing	17,586	5,556
Change in assets and liabilities (net)	1,683	15,580
Cash flow from current business operations	19,269	21,136
Cash flow from investment activities	-26,695	-1,914
Cash flow from financial activities	-20,892	-24,133
Change in cash and cash equivalents	-28,318	-4,911
Cash and cash equivalents		
1 January	97,782	60,468
Effect of changes in exchange rate on cash and cash equivalents	0	0
31 March	69,464	55,557

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ 000s	Capital stock	Additional capital paid in	Fair value measurement for financial instruments	Retained Earnings			Consolidated net profit	Minority interests	Total
				Other comprehensive income	Currency translation adjustments	Other retained earnings			
31 December 2007	11,076	50,416	3,436	45	-10,944	100,011	31,615	0	185,655
Dividend payout	0	0	0	0	0	0	8,182	0	8,182
Other changes	0	0	2,865	0	356	-2,094	0	0	1,127
31 March 2008	11,076	50,416	6,301	45	-10,588	97,917	39,797	0	194,964
31 December 2008	11,076	50,416	6,431	650	-18,080	123,294	6,754	-25	180,516
Dividend payout	0	0	0	0	0	0	-1,353	0	-1,353
Other changes	0	0	-2,420	0	662	-213	0	0	-1,971
31 March 2009	11,076	50,416	4,011	650	-17,418	123,081	5,401	-25	177,192

SURTECO GROUP

STATEMENT OF COMPREHENSIVE INCOME

SURTECO GROUP

€ 000s	Q1	
	1/1/-31/3/2008	1/1/-31/3/2009
Net income	8,182	-1,353
Currency changes	356	662
Market value of financial assets and cash flow hedges	2,865	-2,420
Comprehensive income	11,403	-3,111
of which group share	11,403	-3,111
of which minority shareholders	0	0

SEGMENT REPORTING

SURTECO GROUP

BY STRATEGIC BUSINESS UNITS

Sales revenues

€ 000s	SBU Paper	SBU Plastics	Recon- ciliation	SURTECO Group
1/1/-31/3/2008				
External sales	41,371	67,197	0	108,568
Internal sales	336	326	-662	0
Total sales	41,707	67,523	-662	108,568
1/1/-31/3/2009				
External sales	31,175	53,737	0	84,912
Internal sales	217	97	-314	0
Total sales	31,392	53,834	-314	84,912

Segment earnings (EBT)

€ 000s	1/1/-31/3/2008	1/1/-31/3/2009
SBU Plastics	9,674	5,158
SBU Paper	4,864	2,276
Reconciliation	-2,411	-6,882
	12,127	552

SEGMENT REPORTING

SURTECO GROUP

BY REGIONAL MARKETS

Sales revenues SURTECO Group		
€ 000s	1/1-31/3/2008	1/1-31/3/2009
Germany	38,936	33,286
Rest of Europe	47,973	34,015
America	12,529	10,659
Asia, Australia, Others	9,130	6,952
	108,568	84,912

Sales revenues SBU Plastics		
€ 000s	1/1-31/3/2008	1/1-31/3/2009
Germany	22,664	20,023
Rest of Europe	27,878	19,839
America	9,710	8,238
Asia, Australia, Others	6,945	5,637
	67,197	53,737

Sales revenues SBU Paper		
€ 000s	1/1-31/3/2008	1/1-31/3/2009
Germany	16,272	13,263
Rest of Europe	20,095	14,176
America	2,819	2,421
Asia, Australia, Others	2,185	1,315
	41,371	31,175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (ABBREVIATED)

ACCOUNTING PRINCIPLES

The consolidated financial statements of SURTECO SE for the period ending 31 December 2008 were prepared in accordance with the regulations of the International Financial Reporting Standards (IFRS) applicable on the balance-sheet date, as they were adopted by the EU. This report has been prepared in accordance with the reporting principles of the International Accounting Standard (IAS) 34 "Interim Financial Reporting". The same accounting and valuation principles as in the preparation of the consolidated financial statements for the business year 2008 are applied in drawing up the interim financial report for the quarter ended 31 March 2009. If the standards adopted by the IASB had to be applied from 1 January 2009, they were taken account of in this interim report if they exert effects on the SURTECO Group.

We refer readers to the consolidated financial statements of SURTECO SE for the period ending 31 December 2008 in respect of further information on the details of the accounting and valuation methods used. The group currency is denominated in euros. All amounts are specified in thousand euros (€ 000s) unless otherwise stated.

GROUP OF CONSOLIDATED COMPANIES

The SURTECO interim consolidated financial statements include all domestic and foreign companies in which SURTECO holds a direct or indirect majority of the voting rights.

REPORT ON IMPORTANT TRANSACTIONS WITH RELATED PARTIES

During the period under review, the company had no business transactions with affiliated persons that could have exerted a material influence on the net assets, financial position and results of operations of the company, nor did the company conclude any such transactions at standard commercial conditions.

Calculation of indicators:

Cost of materials ratio in %	Cost of materials/Total output
EBIT margin in %	EBIT/Sales revenues
EBITDA margin in %	EBITDA/Sales revenues
Equity ratio in %	Equity/Balance sheet total
Earnings per share in €	Consolidated net profit/Number of shares
Gearing (debt level) in %	(Short-term and long-term debt less cash and cash equivalents)/Equity
Market capitalization	Number of shares x Closing price on the balance-sheet date
Net debt in €	(Short-term debt + long-term debt) less (Cash and cash equivalents)
Personnel expense ratio in %	Personnel expenses/Total output
Return on sales in %	(Consolidated net profit + income tax)/Sales
Working capital in €	(Trade receivables + inventories) less (Trade liabilities + short-term accrued reserves)

FINANCIAL CALENDAR

19 June 2009	Annual General Meeting Hotel The Westin Grand Munich Arabellapark
22 June 2009	Dividend payout
11 August 2009	Six-month report January - June 2009
11 November 2009	Nine-month report January - September 2009

REPORT FOR THE FIRST QUARTER 2009

TICKER SYMBOL: SUR
ISIN: DE0005176903

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Andreas Riedl
Chief Financial Officer
Phone +49 (0) 8274 9988-563

Günter Schneller
Investor Relations and Press Officer
Phone +49 (0) 8274 9988-508

Fax +49 (0) 8274 9988-515
E-Mail ir@surteco.com
Internet www.surteco.com

SURTECO

SOCIETAS EUROPAEA

Johan-Viktor-Bausch-Straße 2
86647 Buttenwiesen-Pfaffenhofen
Germany