

REPORT FOR THE FIRST QUARTER

1 January to
31 March

2014
Q1

SURTECO

SOCIETAS EUROPAEA

SPECIALISTS
FOR
SURFACE
TECHNOLOGIES

OVERVIEW

SURTECO GROUP

€ 000s

Sales revenues

of which
- Germany
- Foreign

EBITDA

EBITDA margin in %

EBIT

EBIT margin in %

EBT

Consolidated net profit

Earnings per share in €

Number of shares

Net financial debt in € 000s

Gearing (level of debt) in %

Equity ratio in %

Number of employees

Net financial debt in € 000s

Gearing (level of debt) in %

Equity ratio in %

Number of employees

* Adjusted on the basis of IFRS 11 and IAS 28

Q1

1/1/-31/3/ 2013*	1/1/-31/3/ 2014	Variation in %
98,735	160,054	+62
32,241	48,403	+50
66,494	111,651	+68
13,202	21,755	+65
13.4	13.6	
7,949	12,104	+52
8.1	7.6	
6,101	9,596	+57
3,967	6,702	+69
0.36	0.43	+19
11,075,522	15,505,731	

31/3/2013*	31/3/2014	Variation in %
101,449	146,793	+45
44	47	+3 pts.
47.6	48.8	+1.2 pts.
1,917	2,666	+39

31/12/2013*	31/3/2014	Variation in %
151,216	146,793	-3
49	47	-2 pts.
49.7	48.8	-0.9 pts.
2,664	2,666	-

DEAR SHAREHOLDERS, PARTNERS AND FRIENDS OF OUR COMPANY

MACROECONOMIC AND SECTOR SPECIFIC FRAMEWORK CONDITIONS

RETURN OF OPTIMISM

After a year characterized by a spate of regular downward corrections for economic expectations, the International Monetary Fund (IMF) is now significantly more optimistic about the future. In its latest forecast from April 2014, the IMF is assuming global economic growth of 3.6 % for the current year. The primary reason cited for this expectation relates to an improved economic situation in the industrial nations. Following two years of recession, the IMF is once again predicting an increase in economic output of 1.2 % for the eurozone. The move into positive territory will mainly be powered by the German economy, which according to the IMF forecast is likely to increase by 1.7 %. The forecasts for France (+1.0 %), Spain (+0.9 %) and Italy (+0.6 %) have also improved. Particularly good prospects have been attributed to the US economy where growth of 2.8 % is expected. The IMF is forecasting an increase of 4.9 % for the group of emerging economies and developing countries in 2014, with China remaining the driving force through growth of 7.5 %.

The IMF has indicated that the expected economic recovery remains muted and uneven. It predicts that there will still be an ongoing risk of new crises breaking. The IMF considers low inflation to be the main risk factor, and in particular highlights

the danger of inflation tipping into deflation in the eurozone. The IMF continued by saying that a positive trajectory would depend above all on the central banks, and most importantly the US Federal Reserve: it would be important for them not to run down their measures to support the economy too quickly.

WEAK DEVELOPMENT IN THE FURNITURE INDUSTRY AT THE START OF 2014

Companies from the furniture industry and the wood-based sector are the most important group of customers for the SURTECO Group. The most important associations for the German wood and furniture industries (HDH and VDM) identified a significant downturn in sales for the furniture industry in the year 2013, and this development continued at the beginning of the year. According to information from the industry association, sales in the furniture industry declined by 3.3 % in January 2014 compared with the equivalent year-earlier period. There was also a decline in demand from Germany and from foreign customers. Apart from kitchen furniture, which increased due to the buoyant construction sector, all segments made a negative start in the new business year.

The Association of the German Furniture Industry (VDM) is only expecting stable sales at the level of the previous year for the German furniture industry in 2014. The association bases its assessment on the core markets of German furniture manufacturers abroad continuing to experience weak development. Furthermore, consumers have less disposable income to spend on furniture. The forecast of zero growth is accompanied by the expectation that the setbacks from the previous year will not be balanced by the economy gathering pace.

SALES AND BUSINESS PERFORMANCE

SALES INCREASE THROUGH ACQUISITION AND ORGANIC GROWTH

The sales revenues of the SURTECO Group rose in the first quarter of the business year 2014 by 62 % to € 160.1 million compared with the equivalent year-earlier period (Q1 2013: € 98.7 million). A key reason for this increase was consolidation of the SÜDDEKOR companies which were taken over in December 2013. However, organic growth also generated gains in sales revenues contrary to the general trend within the sector. Sales increases were achieved in the business lines where there was no overlap with the SÜDDEKOR Group, such as edgebandings based on paper and plastics, and skirtings. The acquisition has meant that sales in all key country groups, with the exception of Australia, have increased on the back of the acquisition. Up to now, Australia has played a secondary role for the SÜDDEKOR companies and the declines in this market are almost exclusively due to negative exchange-rate effects. The foreign sales ratio increased by three percentage points to 70 % compared with the equivalent year-earlier value.

STRATEGIC BUSINESS UNIT PLASTICS

The Strategic Business Unit Plastics started the year 2014 with robust business development. Although the general market environment was tense and the cladding business was sold in December 2013, the Strategic Business Unit generated sales revenues amounting to € 57.7 million in the first quarter of 2014 compared with € 57.6 million in the equivalent year-earlier

period. Growth in edgebandings (+2 %), skirtings (+14 %) and technical extrusions (+9 %) almost balanced out the missing sales with cladding elements amounting to € 1.6 million and falls in plastic foils (-1 %), roller-shutter systems (-7 %) and ranges for home-improvement stores (-6 %). The sales with cladding systems were missing for the first time. Business in the domestic market rose by 2 % to € 18.5 million. Sales in Europe (without Germany) were increased by 4 %. Developments in the USA and Canada were surprisingly muted. Business in these markets declined by 9 % on account of exchange-rate effects but also due to the industrial environment, which was negatively impacted by the adverse weather conditions. Sales in Asia rose by 11 %, whereas in Australia falls of 12 % were recorded due to unfavourable exchange-rate conditions with the euro.

STRATEGIC BUSINESS UNIT PAPER

As a result of the additional sales generated from the companies taken over last December as well as from organic growth amounting to 3 %, sales in the Strategic Business Unit Paper rose by 149 % to the amount of € 102.4 million in the first quarter of 2014. The product portfolio of the new companies overlaps the range supplied by the existing companies in the areas of decorative printing and preimpregnated finish foils. Sales rose by 501 % to € 29.4 million for decorative printing and by 71 % to € 15.4 million for impregnated materials. Impregnates and release papers were new products in the range and they contributed € 22.9 million and € 3.3 million respectively to sales. There were no acquisition effects for melamine edgebandings and fully impregnated finish foils. Although the furniture and wood-based industry was generally weak, some of our

businesses bucked this trend with edgebandings putting on 20 % growth and fully impregnated papers increasing by 4 % compared with the equivalent year-earlier quarter. Sales for other products and goods held for resale increased by 195 % to € 1.6 million, because the services and products of the design studio we acquired were included here. The companies we took over drove up sales revenues in all the relevant groups of countries, and the operating business of the Strategic Business Unit Paper was also impacted by the unusually restrained demand on the North American continent. Sales amounting to € 29.9 million were generated in the internal market, which corresponds to an increase of 112 %. In Europe (not including Germany), sales increased by 156 %, in North and South America by 235 %, in Asia by 195 % and in Australia by 2 %.

EXPENSES

ACQUISITION PUTS PRESSURE ON COST OF MATERIALS RATIO

The cost of materials is the most important expense item for the SURTECO Group and this key indicator increased as a result of the consolidation of the SÜDDEKOR companies from € 44.4 million in 2013 to € 84.6 million in the first quarter of 2014. The cost of materials ratio therefore increased by 6.6 percentage points compared with the equivalent year-earlier figure to 51.2 %. This increase was due exclusively to acquisition-related shifts in product mix within the Strategic Business Unit Paper, even though the prices of the most important raw materials effectively remained stable during the first three months.

The procurement situation during the first three months of the new business year eased slightly for the most important raw materials like ABS (acrylonitrile butadiene styrene) and PVC (polyvinyl chloride), although prices continued at a high level. Personnel expenses rose due to the acquisition to € 38.2 million in the first quarter of 2014 after € 26.7 million in the equivalent year-earlier period. The personnel expense ratio is calculated from the proportion of personnel costs to total output and this ratio fell by 3.8 % to 23.1 %.

Other operating expenses also rose as a result of the acquisition from € 15.6 million in 2013 to € 21.8 million during the months from January to March 2014.

GROUP RESULTS

During the months from January to March 2014, total output amounted to € 165.4 million after € 99.4 million in the same quarter for the previous year. If the costs analysed in the expenses section and the other operating income amounting to € 1.0 million are included, an operating result (EBITDA) of € 21.8 million is generated after € 13.2 million in the previous year. This corresponds to an increase of 65 %. The Strategic Business Unit Paper reported as a result of the acquisition a higher amount for property, plant and equipment and this led to a corresponding increase in depreciation and amortization to € -9.7 million in the first quarter of 2014 after € -5.3 million in the previous year. EBIT increased by 52 % to € 12.1 million. The financial result rose by 36 % to € -2.5 million, essentially due to interest expenses for the leasing liabilities taken over for the SÜDDEKOR

companies. Consolidated net profit rose from € 4.0 million in the previous year to € 6.7 million in the first quarter of 2014. This yields earnings per share amounting to € 0.43 based on 15,505,731 no-par-value shares. Earnings per share of € 0.36 in the previous year were based on 11,075,522 no-par-value shares.

RESULT OF THE STRATEGIC BUSINESS UNITS

The Strategic Business Unit Plastics increased pre-tax earnings (EBT) to € 5.4 million (equivalent year-earlier period: € 4.1 million) in the first quarter of 2014.

Primarily as a result of the effects arising from the takeover of the SÜDDEKOR companies, pretax earnings at the Strategic Business Unit Paper rose from € 4.4 million in the quarter for the previous year to the current level of € 6.6 million.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The balance sheet total of the SURTECO Group increased to € 640.6 million (31 December 2013: € 626.7 million) on 31 March 2014, mainly influenced by an increase in working capital from € 120.2 million to € 129.4 million. This was primarily due to the expansion of the business during the first quarter.

Current liabilities increased to € 247.3 million (31 December 2013: € 228.1 million). An increase in trade accounts receivable amounting to € 24.8 million contrasted here with a fall in cash and cash equivalents of € 5.3 million. In the case of non-current assets amounting to € 393.2 million on 31 March 2014 the reduction of € 5.4 million was due to scheduled depreciation on property, plant and equipment. Canplast Mexico S.A. was previously consolidated proportionately and due to changed IFRS standards it has now been reported under investments in associated enterprises, resulting in an increase of € 1.5 million compared with the published Annual Report 2013.

Key changes on the liabilities side resulted in an increase in current liabilities of € 13.8 million. While short-term financial liabilities fell back by € 9.3 million, trade accounts payable went up by € 17.8 million, largely as a result of the adjustment of payment conditions for suppliers of the SÜDDEKOR companies acquired in 2013.

The equity ratio came down slightly to 48.8 % compared with the last balance sheet date (31 December 2013: 49.7 %). The level of debt (gearing) of the SURTECO Group improved by 2 percentage points to 47 % and the net financial debt fell by € 4.4 million to € 146.8 million.

SURTECO SE

REPORT FOR THE FIRST QUARTER

1 JANUARY - 31 MARCH 2014

The increased sales revenues resulted in a higher cash flow from current business operations of € 9.9 million after € 7.1 million in 2013 with a virtually constant level of investment activity. Free cash flow increased during the first quarter of 2014 by € 2.9 million to € 6.7 million compared with the corresponding year-earlier period.

CALCULATION OF FREE CASH FLOW

€ 000s	1/1/-31/3/ 2013	1/1/-31/3/ 2014
Cash flow from current business operations	7,114	9,915
Purchase of property, plant and equipment	-2,568	-3,097
Purchase of intangible assets	-510	-70
Acquisition of companies	-281	0
Cash flow from investment activities	-3,359	-3,167
Free cash flow	3,755	6,748

RESEARCH AND DEVELOPMENT

The research and development departments of the SURTECO Group are not only concerned with the development of products for new applications. Our teams are also continually searching for alternative raw materials and additives for production. Another important strand to our research is the continuous qualitative improvement in the existing product range and expansion by new, more sophisticated versions of products.

This research work led to the development of two new versions of plastic skirtings in the Strategic Business Unit Plastics. The new cube-shaped core skirting provides an alternative to conventional, foil-wrapped MDF skirtings. The special feature of this new skirting is the complete plastic wrapping for the wooden core which gives the skirting much higher resistance. The system also has flexible lips to provide a flush seal with the floor and the wall. A skirting was also developed to meet the particularly stringent hygienic requirements for example in hospitals by providing a seamless wall seal where floor coverings extend up walls. The skirting features a special extension system which cushions movements of the floor covering and thereby reduces the risk of stress cracks.

Research and development work in the Strategic Business Unit Paper has yielded a further expansion of our expertise in digital printing. Two new digital printing facilities at two sites will enable us to respond faster and more flexibly to customers' requirements in the sampling process.

RISK AND OPPORTUNITIES REPORT

SURTECO SE with its strategic Business Units Plastics and Paper is exposed to a large number of risks on account of global activities and intensification of competition. A detailed description of the Risk Management System is provided in the Risk and Opportunities report provided in our Annual Report 2013.

During the first quarter of 2014, there were no significant changes to the risks and opportunities recorded and no risks were identified which could pose a threat to the continued existence of the company as a going concern.

The overall risk assessment did not essentially change during the first quarter of 2014 compared with the year 2013.

OUTLOOK FOR THE FISCAL YEAR 2014

The framework conditions for the SURTECO Group are likely to remain stable at the level of 2013 in the business year 2014. Although the economic expectations in Southern Europe are currently giving some cause for hope, the confused situation in Ukraine is leading to uncertainties in the Eastern European market.

SURTECO continues to project sales revenues for the Group in the region of € 630 million to € 640 million for the year 2014. Assuming that procurement prices will remain stable, the SURTECO Group can anticipate a slight increase in earnings before taxes (EBT) compared with the value for 2013 (€ 28.1 million). It is important to take into account here that on the one hand the SÜDDEKOR companies are being first-time consolidated over an entire year and on the other hand that one-off effects from goodwill and purchase price allocation in the year 2013 will no longer apply.

The sales and earnings forecasts provided in the Annual Report 2013 are also confirmed for the plastic and paper segments.

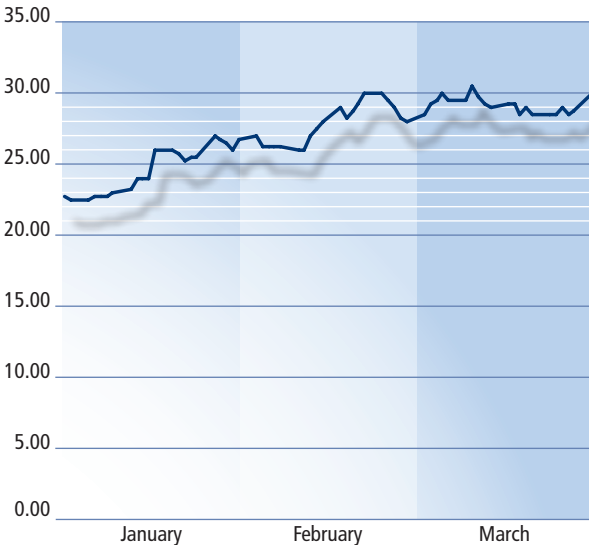
SURTECO SHARES

Following an impressive rally at the end of the year and an increase of 35.6 % over the year 2013, the SURTECO share succeeded in continuing this positive development in the first quarter of 2014. Up until the end of February, the share continued its upward trajectory before marking time at this high level until the end of March. Share movement took place in a range between € 22.43 on 6 January 2014 and the high of € 30.38 on 11 March 2014. On the last day of the reporting period, 31 March 2014, the share ended trading at € 30.00. Owing to the acquisition of the SÜDDEKOR Group and the capital increase in 2013, the significantly increased trading volume and the high market capitalization in March 2014 paved the way for a listing in the SDAX Index of the German Stock Exchange (Deutsche Börse). During the first quarter, the share price increased overall by 30.2 %. This increase significantly outperformed the German SDAX comparator index, which went up by 5.6 % in the same period. At the end of March 2014, the market capitalization of SURTECO SE increased to € 465.2 million based on a total of 15,505,731 no-par-value shares. The proportion of shares in free float is 45.4 %.

January - March 2014

Number of shares	15,505,731
Free float in %	45.4
Price on 2/1/2014 in €	22.70
Price on 31/3/2014 in €	30.00
High in €	30.38
Low in €	22.43
Market capitalization as at 31/3/2014 in € 000s	465,172

Share price performance January - March 2014 in €



€ 000s

Sales revenues

Changes in inventories

Own work capitalized

Total output

Cost of materials

Personnel expenses

Other operating expenses

Other operating income

EBITDA

Depreciation and amortization

EBIT

Financial result

EBT

Income tax

Net income

Group share (consolidated net profit)

Non-controlling interests

Basic and diluted earnings
per share in €

Number of shares

Q1

	1/1/-31/3/ 2013*	1/1/-31/3/ 2014
	98,735	160,054
	174	3,842
	492	1,458
	99,401	165,354
	-44,373	-84,649
	-26,738	-38,173
	-15,614	-21,757
	526	980
	13,202	21,755
	-5,253	-9,651
	7,949	12,104
	-1,848	-2,508
	6,101	9,596
	-2,130	-2,917
	3,971	6,679
	3,967	6,702
	4	-23
	0.36	0.43
	11,075,522	15,505,731

STATEMENT OF COMPREHENSIVE INCOME

SURTECO GROUP

€ 000s

Net income

Exchange differences translation of
foreign operations

Financial instruments available for sale

Components of comprehensive income to be reclassified to the income statement

Other comprehensive income for the period

Comprehensive income

Group share

Non-controlling interests

Q1

	1/1/-31/3/ 2013	1/1/-31/3/ 2014
	3,971	6,679
	2,341	-5,540
	375	-282
	2,716	-5,822
	2,716	-5,822
	6,687	857
	6,683	880
	4	-23

CONSOLIDATED BALANCE SHEET

SURTECO GROUP

€ 000s

ASSETS

Cash and cash equivalents

Trade accounts receivable

Inventories

Current income tax assets

Other current assets

Assets held for sale

Current assets

Property, plant and equipment

Intangible assets

Goodwill

Investments in associated enterprises

Financial assets

Non-current tax assets

Other non-current assets

Deferred taxes

Non-current assets

	31/12/2013*	31/3/2014
	51,124	45,852
	54,750	79,558
	102,925	105,083
	6,503	5,779
	12,028	10,354
	721	721
	228,051	247,347
	244,773	238,469
	29,734	28,219
	111,330	112,438
	3,282	3,328
	22	23
	407	407
	1,507	1,844
	7,616	8,514
	398,671	393,242
	626,722	640,589

CONSOLIDATED BALANCE SHEET

SURTECO GROUP

€ 000s

LIABILITIES AND SHAREHOLDERS' EQUITY

Short-term financial liabilities

Trade accounts payable

Income tax liabilities

Short-term provisions

Other current liabilities

Current liabilities

Long-term financial liabilities

Pensions and other personnel-related obligations

Other non-current financial liabilities

Deferred taxes

Non-current liabilities

Capital stock

Capital reserve

Retained earnings

Consolidated net profit

Capital attributable to shareholders

Non-controlling interests

Equity

* Adjusted on the basis of IFRS 11 and IAS 28

	31/12/2013*	31/3/2014
	55,600	46,273
	37,479	55,254
	1,198	4,067
	3,330	4,103
	29,924	31,626
	127,531	141,323
	146,740	146,372
	10,967	11,471
	561	995
	29,491	28,139
	187,759	186,977
	15,506	15,506
	122,798	122,798
	150,887	166,964
	21,899	6,702
	311,090	311,970
	342	319
	311,432	312,289
	626,722	640,589

CONSOLIDATED CASH FLOW STATEMENT

SURTECO GROUP

€ 000s

Earnings before income tax and non-controlling interests

Reconciliation to cash flow from current business operations

Internal financing

Change in assets and liabilities (net)

Cash flow from current business operations

Cash flow from investment activities

Cash flow from financial activities

Change in cash and cash equivalents

Cash and cash equivalents

1 January

Effect of changes in exchange rate on cash and cash equivalents

31 March

Q1

	1/1/-31/3/ 2013	1/1/-31/3/ 2014
	6,101	9,596
	4,800	4,770
	10,901	14,366
	-3,787	-4,451
	7,114	9,915
	-3,359	-3,167
	-2,211	-12,021
	1,544	-5,273
	61,386	51,124
	315	1
	63,245	45,852

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SURTECO GROUP

€ 000s	Capital stock	Capital reserve	Fair value measurement for financial instruments
31 December 2012	11,076	50,416	1,260
Adjustment on the basis of IFRS 11 and IAS 28	0	0	0
1 January 2013 after adjustment	11,076	50,416	1,260
Net income	0	0	0
Acquisition of shares of non-controlling interests	0	0	0
Other changes	0	0	375
31 March 2013	11,076	50,416	1,635
31 December 2013	15,506	122,798	767
Adjustment on the basis of IFRS 11 and IAS 28	0	0	0
31 December 2013 after adjustment	15,506	122,798	767
Net income	0	0	0
Acquisition of shares of non-controlling interests	0	0	0
Other changes	0	0	-282
31 March 2014	15,506	122,798	485

Retained earnings

Other comprehensive income	Currency translation adjustments	Other retained earnings	Consolidated net profit	Non-controlling interests	Total
-652	-3,998	149,748	15,028	300	223,178
0	0	587	0	0	587
-652	-3,998	150,335	15,028	300	223,765
0	0	0	3,967	4	3,971
0	0	0	0	-281	-281
0	2,341	15,028	-15,028	0	2,716
-652	-1,657	165,363	3,967	23	230,171
-726	-9,331	159,792	21,899	342	311,047
0	0	385	0	0	385
-726	-9,331	160,177	21,899	342	311,432
0	0	0	6,702	-23	6,679
0	0	0	0	0	0
0	-5,540	21,899	-21,899	0	-5,822
-726	-14,871	182,076	6,702	319	312,289

SEGMENT REPORTING

SURTECO GROUP

BY STRATEGIC BUSINESS UNITS

Sales revenues

€ 000s

1/1/-31/3/2014

External sales

Internal sales

Total sales

1/1/-31/3/2013

External sales

Internal sales

Total sales

Segment earnings (EBT)

€ 000s

SBU Plastics

SBU Paper

Reconciliation

EBT

SBU Plastics	SBU Paper	Recon- ciliation	SURTECO Group
57,661	102,393	0	160,054
330	270	-600	0
57,991	102,663	-600	160,054
57,629 *	41,106	0	98,735 *
264	284	-548	0
57,893 *	41,390	-548	98,735 *

1/1/-31/3/2013	1/1/-31/3/2014
4,114	5,398
4,408	6,609
-2,421	-2,411
6,101	9,596

SEGMENT REPORTING

SURTECO GROUP

BY REGIONAL MARKETS

Sales revenues SURTECO Group

€ 000s

Germany

Rest of Europe

America

Asia, Australia, Others

Sales revenues SBU Plastics

€ 000s

Germany

Rest of Europe

America

Asia, Australia, Others

Sales revenues SBU Paper

€ 000s

Germany

Rest of Europe

America

Asia, Australia, Others

1/1/-31/3/2013*

1/1/-31/3/2014

32,241

48,403

42,641

75,641

13,839

24,344

10,014

11,666

98,735

160,054

1/1/-31/3/2013*

1/1/-31/3/2014

18,107

18,473

21,968

22,770

8,970

8,014

8,584

8,404

57,629

57,661

1/1/-31/3/2013

1/1/-31/3/2014

14,134

29,929

20,673

52,870

4,869

16,330

1,430

3,264

41,106

102,393

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ABBREVIATED)

REPORT FOR THE FIRST QUARTER

1 JANUARY - 31 MARCH 2014

ACCOUNTING PRINCIPLES

The consolidated financial statements of the SURTECO SE for the period ended 31 December 2013 are prepared in accordance with the regulations of the International Financial Reporting Standards (IFRS) as they were adopted by the EU, in the version valid on the closing date for the accounting period. As a matter of principle, the same accounting and valuation principles were used for the preparation of this interim report as at 31 March 2014 as in the preparation of the consolidated financial statements for the business year 2013.

The objective and purpose of interim reporting is to provide an information tool building on the consolidated financial statements and we therefore refer to the standards and interpretations applied in the valuation and accounting methods used in the preparation of the consolidated statements of SURTECO SE for the period ending 31 December 2013. The comments included in this report also apply to the quarterly financial statements and the half-yearly financial statement for the year 2014 if no explicit reference is made to them.

The regulations of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" for interim financial statements and the German Accounting Standard (DRS) 16 "Interim Reporting (Zwischenberichterstattung)" were applied for this interim report.

Where the standards adopted by the IASB had to be applied from 1 January 2014, they were taken into account in this interim report if they exert effects on the SURTECO Group.

The preparation of the interim report requires assumptions and estimates to be made by the management. This means that there may be

deviations between the values reported in the interim report and the actual values achieved.

The mandatory standards and interpretations to be applied for the first time in the business year as from 1 January 2014 exerted no material effect on the net assets, financial position and results of the Group.

IFRS 11 "Joint arrangements" replaces IAS 31 "Interests in joint ventures" and discontinues the previous option of consolidating joint ventures proportionately. The investment in a joint venture will now be reported in accordance with the equity method taking into account the regulations of the amended IAS 28 "Investment in Associates and Joint Ventures". The first-time application of IFRS 11 and IAS 28 is mandatory in the EU for business years which begin on or after 1 January 2014. Earlier application is permissible. The SURTECO Group has been applying these standards since 1 January 2014 taking the transitional regulations into account.

The overall activities of the SURTECO Group are typically not subject to significant seasonal conditions.

The Group currency is denominated in euros (€). All amounts are specified in thousand euros (€ 000s), unless otherwise indicated.

These interim financial statements and the interim report have not been audited and they have not been subject to an audit review by an auditor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ABBREVIATED)

REPORT FOR THE FIRST QUARTER

1 JANUARY - 31 MARCH 2014

GROUP OF CONSOLIDATED COMPANIES

The SURTECO Group interim consolidated financial statements include all domestic and foreign companies which are material for the net assets, financial position and results of operations in which SURTECO SE holds a direct or indirect majority of the voting rights.

The joint venture company of the Strategic Business Unit Plastics, Canplast Mexico S.A. de C.V., Chihuahua, Mexico, was consolidated proportionately in previous years whereas it is now reported using the equity method in accordance with IFRS 11.

When changing from proportionate consolidation to the equity method, the investment in the joint venture company was recognized at the beginning of the immediately preceding business year (1 January 2013) as the total amount of the book values of the assets and liabilities, which were previously consolidated proportionately by the Group. These are the acquisition costs of the investment in the joint venture company for application of the equity method.

The following adjustments were made in the income statement for the first quarter of 2013: Reduction of sales revenues by € 000s 495, decrease in EBITDA by € 000s 90, fall in EBIT by € 000s 85 and increase in the financial result by € 000s 85.

The following adjustments were carried out in the balance sheet for the period ended 31 December 2013: Reduction in current assets by € 000s 1,047, rise in non-current assets by € 000s 1,302, reduction in current liabilities by € 000s 130 and increase in equity by € 000s 385.

The balance sheet as at 31 December 2012 were adjusted as at 1 January 2013 as follows: Increase in equity by € 000s 587.

This change in the group of consolidated companies does not exert a substantial effect on the net assets, financial position and results of operations of the Group.

FAIR VALUE INFORMATION FOR FINANCIAL INSTRUMENTS

The following table shows the financial instruments reported at fair value and classified according to a fair value hierarchy. The individual levels within the hierarchy are defined as follows:

LEVEL 1 – Unadjusted quoted prices in active markets for identical assets and liabilities, where the entity drawing up the financial statements must have access to these active markets on the valuation date.

LEVEL 2 – Directly or indirectly observable input factors which cannot be classified under Level 1.

LEVEL 3 – Unobservable input factors.

The measurement of financial derivatives is based on the valuations of banking partners. The bankers determine the fair values on the basis of specific assumptions and valuation methods which can take account of the influence of market, liquidity, credit and operational risks and can be derived entirely or partly from external sources and market prices (which are regarded as reliable).

During the course of this reporting period and in the comparison period, there were no reclassifications between the measurement categories or reclassification within the fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ABBREVIATED)

REPORT FOR THE FIRST QUARTER

1 JANUARY - 31 MARCH 2014

€ 000s	Category acc. IAS 39
Assets from derivative financial instruments	
with hedge relationship	n.a.
without hedge relationship	FAaFV
Liabilities from derivative financial instruments	
with hedge relationship	n.a.
without hedge relationship	FLaFV

Key to abbreviations

FAaFV	Financial Assets at Fair Value through profit/loss
FLaFV	Financial Liabilities at Fair Value through profit/loss

In the case of financial instruments which are not valued at fair values but are reported on the basis of other valuation concepts, the fair values correspond to the book values.

Further information about the measurement of fair value and about financial instruments is provided in the notes to the consolidated financial statements as at 31 December 2013.

REPORT ON IMPORTANT TRANSACTIONS WITH RELATED PARTIES

During the period under review, the companies of the Group undertook no business transactions with related parties that could have exerted a material influence on the net assets, financial position and results of operations of the Group.

FAIR VALUE / BOOK VALUE

31/12/2013

31/3/2014

Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
0	0	0	0	0	0
0	14	0	0	0	0
0	561	0	0	945	0
0	0	0	0	2	0

EVENTS AFTER THE BALANCE SHEET DATE

On 7 May 2014, SURTECO announced the concentration of the decor printing activities following integration of SÜDDEKOR at the Buttenwiesen site. The printing activities are to be relocated from SÜDDEKOR at Plant I in Laichingen to Buttenwiesen. The other divisions of the SÜDDEKOR Group are not affected by this decision. The completion of implementation for this measure is projected for 2016.

After 31 March 2014 up to the date when this report went to press, there were no further events or developments that would be likely to lead to a significant change in the recognition or valuation of individual assets or liabilities.

SURTECO SE

REPORT FOR THE FIRST QUARTER

1 JANUARY - 31 MARCH 2014

Calculation of indicators

Cost of materials ratio in %

Earnings per share in €

EBIT margin in %

EBITDA margin in %

Equity ratio in %

Gearing (debt level) in %

Market capitalization in €

Net debt in €

Personnel expense ratio in %

Working capital in €

FINANCIAL CALENDAR

27 June 2014

30 June 2014

14 August 2014

14 November 2014

Cost of materials/Total output

Consolidated net profit/Number of shares

EBIT/Sales revenues

EBITDA/Sales revenues

Equity/Balance sheet total

Net debt/Equity

Number of shares x Closing price on the balance sheet date

Short-term financial liabilities + Long-term financial liabilities - Cash and cash equivalents

Personnel costs/Total output

Trade accounts receivables + Inventories - Trade accounts payable

Annual General Meeting at the Sheraton Munich Arabellapark Hotel

Dividend payout

Six-month report January - June 2014

Nine-month report January - September 2014

Q1

Ticker Symbol: SUR
ISIN: DE0005176903

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