

SURTECO

SOCIETAS EUROPAEA

REPORT FOR THE FIRST QUARTER 2017 **Q1**



1 January to 31 March

OVERVIEW

SURTECO GROUP

€ million

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 € million

Level of debt in %

Equity ratio in %

Number of employees

Net financial debt in € million

Level of debt in %

Equity ratio in %

Number of employees

Q1

| 1/1/-31/3/ 2016 | 1/1/-31/3/ 2017 | Δ % |
|--------------------|-----------------------|----------|
| 170.2 | 169.7 | - |
| 49.4 120.8 | 46.3 123.4 | -6 +2 |
| 18.9 11.1 | 19.6 11.6 | +4 |
| 10.4 6.1 | 10.7 6.3 | +3 |
| 7.2 | 8.9 | +24 |
| 5.3 | 6.2 | +17 |
| 0.34 | 0.40 | +17 |
| 15,505,731 | 15,505,731 | |

| 31/3/2016 | 31/3/2017 | Δ % |
|-----------|--------------|-----------|
| 119.0 | 126.3 | +6 |
| 35 | 36 | +1 pts. |
| 50.9 | 51.1 | +0.2 pts. |
| 2,708 | 2,871 | +6 |

| 31/12/2016 | 31/3/2017 | Δ % |
|------------|--------------|-----------|
| 135.6 | 126.3 | -7 |
| 39 | 36 | -3 pts. |
| 51.4 | 51.1 | -0.3 pts. |
| 2,833 | 2,871 | +1 |



1 JANUARY - 31 MARCH 2017



DEAR SHAREHOLDERS,
PARTNERS AND FRIENDS
OF OUR COMPANY

MACROECONOMIC AND SECTOR-SPECIFIC FRAMEWORK CONDITIONS

GLOBAL ECONOMY IS SET TO GROW RATHER MORE DYNAMICALLY IN 2017 THAN IN THE PREVIOUS YEAR

The latest forecast in April 2017 by the International Monetary Fund (IMF) for 2017 anticipates global economic growth of 3.5 %. This prediction is slightly more dynamic than growth in the previous year (+3.1 %) and compared with the previous publication in January 2017 (+3.4 %). The slight acceleration relates to the developed economies with +2.0 % and the emerging markets and developing countries (+4.5 %). The IMF predicts growth of 1.7 % for the eurozone. Germany is the biggest economy in the eurozone and is expected to have an increase of 1.6 %. The experts also predict further growth for France (1.4 %), Italy (0.8 %) and Spain (2.6 %). In spite of the Brexit decision, the IMF still predicts sound growth of 2.0 % for the UK. The gross national product of the USA is likely to be significantly more buoyant than in 2016 (+1.6 %) with an increase of 2.3 %. Stable dynamic growth is forecast for Asia (+6.4 %) compared with the previous year. China will once again be the engine of growth (+6.6 %). Thanks to the slight resurgence of the Russian economy (+1.4 % after -0.2 % in 2016), robust growth is also anticipated for Central and Eastern Europe (+3.0 %).

IMF GROWTH FORECASTS FOR 2017 IN %

World

Germany

Eurozone

Central and Eastern Europe

USA

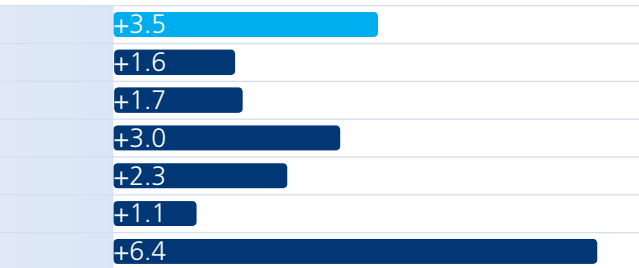
Latin America

Asia

Source: International Monetary Fund (IMF), World Economic Outlook, Update April 2017.

FURNITURE INDUSTRY CAN EXPECT AN INCREASE OF 2 %

The German furniture industry is one of the most important customer groups for the SURTECO Group and according to the sector association for the German furniture industry (VDM) the industry can look forward to an increase in sales of up to 2 % for the year 2017. The platform for the solid growth expectations in 2017 is the economic growth predicted for EU countries that are particularly important for SURTECO. The demand for furniture will be defined by a positive climate for consumption and an ongoing upswing in the construction sector spurred by the environment of low interest rates. The VDM is anticipating positive impulses for Germany from the domestic market and a continuing rise in export demand from foreign markets. However, the sustained high level of import pressure and increased trends in the direction of protectionism for markets in some countries could exert a negative



impact. Moreover, there are uncertainties about the potential negative effects arising from Brexit for business with the market in the United Kingdom. Conversely, the situation in Eastern Europe shows signs of easing tension driven by a modest upward development in Russia.

SALES AND BUSINESS PERFORMANCE

During the months from January to March 2017, sales development in the SURTECO Group presents a divided picture. While demand in the paper segment continued to languish below the quarter in the previous year as a result of purchase orders brought forward last year, the Strategic Business Unit Plastics succeeded in significantly increasing its business on the back of sales generated by the Nenplas Group, which was acquired in December 2016, and by organic growth. Overall, the sales of the Group at € 169.7 million remained

at the level of the € 170.2 million in the previous year. As part of this figure, domestic business eased by 6 % to € 46.3 million (2016: € 49.4 million). Sales in the rest of Europe remained at the level of the previous year. Conversely, business in the two Strategic Business Units rose in North and South America and an increase of 6 % was generated at Group level on the American continent. Growth in Australia reached double digits at 12 %. By contrast, a decline of 14 % was posted at Group level in Asia, although this fall was exclusively due to the paper segment. Foreign sales revenues rose by 2 % to € 123.4 million (2016: € 120.8 million). The foreign sales ratio increased accordingly from 71 % in the previous year to 73 %.

STRATEGIC BUSINESS UNIT PAPER

The restrained demand for paper-based products already identifiable in the third and fourth quarter of 2016 continued in the first quarter of the business year 2017. The European laminate flooring and modular-furniture sector is especially important for the paper segment and no perceptible stimuli were identifiable for this sector at the beginning of the year. Furthermore, volume business with weak margins was discontinued compared with the equivalent year-earlier period. Sales at € 97.0 million during the first three months of 2017 therefore remained 9 % below the level of the previous year (€ 106.8 million). This fall was essentially reflected in decor papers (-22 %) and pre-impregnates (-18 %). However, business with impregnated products also eased by 9 %. Fully impregnated finish foils developed positively (+9 %) and release papers posted growth of 27 %. Sales with paper-based edgebandings remained at the level of the equivalent year-earlier

quarter. The sales development is reflected in nearly all country groups. Business in Germany was 14 % below the year-earlier levels and in the rest of Europe it was 12 % below year-earlier levels. Sales of 2 % in total means that a very low proportion of the sales in the paper segment are generated in Australia (-43 %) and in Asia (-30 %). By contrast, the business in North and South America presented a positive picture with growth of 6 %.

STRATEGIC BUSINESS UNIT PLASTICS

The Strategic Business Unit Plastics started the business year 2017 with significant sales growth. Accordingly, business in the first quarter of 2017 rose by 15 % to the current level of € 72.7 million (2016: € 63.4 million). The sales generated by the Nenplas Group, which was acquired in December 2016, accounted for a significant proportion of this growth. Since this business is generated with technical extrusions (profiles), the sales development of this product segment proceeded extremely dynamically at +153 % compared with the previous year. Business with the core product groups of plastic edgings (+8 %) and skirtings (+10 %) also underwent outstanding development. Only plastic foils and roller-shutter systems recorded values below the previous year at -2 % and -7 %. Sales revenues in Germany rose by 4 % compared with the comparable year-earlier period. An increase in sales of 30 % was also achieved in the rest of Europe on account of the sales generated by the Nenplas Group. Business in Australia also recorded double-digit growth figures with an increase of 17 %. Growth of 2 % was generated in Asia and 7 % in North and South America.

EXPENSES

After the concentration of decorative printing locations in Germany had been successfully completed in the third quarter of 2016, productivity improved in the first three months of 2017 and the cost of materials consequently also improved significantly in the Strategic Business Unit Paper compared with the year-earlier period. This trend was counteracted by price increases for the intermediate product titanium dioxide. Although it is only sourced in low volumes directly by the Group, it forms an important component for the raw papers and chemical additives required and it therefore exerts a time-delayed negative impact on purchase prices in the paper segment. The cost of materials for the Strategic Business Unit Plastics increased at the beginning of the new business year on account of significant price increases for the important raw material ABS (acrylonitrile butadiene styrene) to a historic high level. At Group level, the savings in the paper sector outweighed the downside. The cost of materials came down from € 87.5 million in the previous year to € 80.5 million in the first quarter of 2017. As a result, the cost of materials ratio was reduced from 51.0 % in the previous year to 47.8 %. The personnel expenses increased by € 3.5 million compared with the equivalent year-earlier period to € 43.9 million, essentially on account of the increased personnel strength in the Group as a result of the acquisition. The personnel expenses ratio is defined as the ratio of personnel expenses to total output and it rose from 23.5 % in the previous year to 26.0 % in the period under review. Other operating expenses at € 25.3 million remained approximately at the level of the previous year of € 25.4 million.

GROUP RESULTS

After a figure of € 171.5 million in the previous year, the total output of the SURTECO Group amounted to € 168.6 million in the first quarter of 2017. After taking account of the expense items totalling € 149.7 million (2016: € 153.3 million) and other operating income in the amount of € 0.7 million (2016: € 0.6 million), the Group generated earnings before financial result, income tax and depreciation and amortization (EBITDA) of € 19.6 million (2016: € 18.9 million). Depreciation and amortization at Group level increased to € 8.9 million after € 8.4 million in the previous year, essentially due to depreciation and amortization arising from the purchase price allocation of the Nenplas Group. As a result of this, earnings before financial result and income tax (EBIT) only improved by 3 % to € 10.7 million (2016: € 10.4 million). In the previous year, the financial result was impacted by negative currency effects, so that the financial result improved to € -1.8 million (2016: € -3.2 million). Earnings before income tax (EBT) rose significantly as a result of this by 24 % to € 8.9 million (2016: € 7.2 million). After income tax amounting to € -2.7 million (2016: € -1.9 million) the consolidated net profit amounted to € 6.2 million after € 5.3 million in the first quarter of 2016. Earnings per share of € 0.40 (2016: € 0.34) increased by 17 % based on an unchanged volume of 15,505,731 no-par-value shares issued.

RESULT OF THE STRATEGIC BUSINESS UNITS

EBIT of the Strategic Business Unit Paper rose significantly from € 5.6 million in the previous year to € 7.6 million in the first quarter of 2017 primarily on account of productivity increases after the merger of the German decorative printing facilities had been completed. On the other hand, EBIT of the Strategic Business Unit Plastics fell mainly due to price increases for raw materials from € 6.4 million in the previous year to € 5.4 million in the months between January and March 2017.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The balance sheet total of the SURTECO Group at € 693.3 million on 31 March 2017 rose by 3 % compared with 31 December 2016 (€ 673.9 million). On the assets side of the balance sheet, the rise in cash and cash equivalents by € 7.1 million and trade accounts receivable by € 15.7 million essentially resulted in an increase in current assets from € 261.3 million at year-end 2016 to € 283.1 million at the end of the first quarter. By contrast, non-current assets for the quarter fell back on account of a decrease in property, plant and equipment by € 1.2 million and intangible assets by € 1.5 million from € 412.6 million to € 410.1 million on the balance sheet date. Current liabilities on the liabilities side of the balance sheet were defined by a rise in trade accounts payable of € 6.8 million, the rise in other current financial liabilities of € 5.0 million and an increase in income tax liabilities of € 2.3 million. Overall, current liabilities amounted to € 165.7 million

on 31 March 2017 after € 151.8 million on 31 December 2016. Non-current liabilities at € 173.0 million (31 December 2016: € 175.5 million) eased slightly, essentially due to a reduction in deferred tax liabilities by € 1.7 million. An increase of 2 % meant that equity was valued at € 354.6 million at the end of the first quarter of 2017 compared with € 346.6 million on 31 December 2016. The equity ratio was therefore 51.1 % (31 December 2016: 51.4 %). On account of the improved net financial debt amounting to € 126.3 million (31 December 2016: € 135.6 million), the level of debt (gearing) came down from 39 % to 36 %. Cash flow from current business operations at € 16.8 million in the first quarter of 2017 was significantly above the equivalent year-earlier value of € 8.7 million. If the cash flow from investment activities amounting to € -6.1 million (year-earlier quarter: € -2.6 million) is deducted, free cash flow of € 10.7 million (2016: € 6.1 million) results for the months from January to March 2017.

CALCULATION OF FREE CASH FLOW

| € million | 1/1-31/3/ 2016 | 1/1-31/3/ 2017 |
|---|-------------------|-------------------|
| Cash flow from current business operations | 8.7 | 16.8 |
| Purchase of property, plant and equipment | -2.4 | -5.8 |
| Purchase of intangible assets | -0.2 | -0.3 |
| Cash flow from investment activities | -2.6 | -6.1 |
| Free cash flow | 6.1 | 10.7 |

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. The detailed description of the Risk Management System is provided in the Risk and Opportunities Report given in our Annual Report 2016. The identified individual risks are also allocated to damage and probability classes on account of their expected gross financial burden to EBT for the current and subsequent years on the basis of the following tables.

| Damage class | Qualitative | Quantitative |
|--------------|--|----------------------------------|
| 1 | Minor | > € 0.5 million - € 0.75 million |
| 2 | Moderate | > € 0.75 million - € 1.5 million |
| 3 | Major | > € 1.5 million - € 3.0 million |
| 4 | Threat to existence as a going concern | > € 3.0 million |

| Probability class | Qualitative | Quantitative |
|-------------------|-------------|--------------|
| 1 | Slight | 0 - 24 % |
| 2 | Moderate | 25 - 49 % |
| 3 | Likely | 50 - 74 % |
| 4 | Very likely | 75 - 100 % |

During the first quarter of 2017, the risk potential for procurement risks increased on account of the tense situation in the procurement market. As a consequence, two new procurement risks were identified in the Strategic Business Unit Paper with damage class 1 and probability class 4 and one risk with damage class 3 and probability class 4 compared with year-end 2016. During the first quarter of 2017, the Strategic Business Unit Plastics identified one new procurement risk with damage class 4 and probability class 4 and a regulatory risk with damage class 2 and probability class 3.

OUTLOOK FOR THE FISCAL YEAR 2017

For the business year 2017, the company is currently assuming that there will be an upturn in sales for the paper sector during the second half of the year. Consequently, there is a continued expectation that the Strategic Business Paper will maintain sales at the level of the previous year. The acquisition and organic growth raises the prospect of a significant increase in sales in the Strategic Business Unit Plastics. Overall, slightly increasing sales are anticipated for the Group in 2017. The SURTECO Group is assuming EBIT in the range of € 42 - 46 million, with earnings for the Strategic Business Unit Paper increasing slightly and earnings for the Strategic Business Unit Plastics increasing significantly compared with the previous year.

SURTECO SHARES

In the first quarter of the year 2017, the share price of SURTECO SE remained relatively stable for the most part in a price corridor of € 23 to 24. The generally positive economic stimuli were however inhibited by uncertainties concerning the very significant increase in the prices of raw materials. The price performance in the first quarter therefore lagged -2 % behind the performance of the German lead index DAX (+7 %) and the SDAX small-cap index (+6 %). Publication of the preliminary figures for the business year 2016 on 24 March 2017 did nothing to change this position. The share reached a high for the quarter on 13 February at € 24.75. Only one week before, the share had posted a low at € 22.65. The closing price for the quarter was € 23.20.

The market capitalization of SURTECO SE amounted to € 359.7 million on 31 March 2017. In view of the relatively stable price at the end of the quarter, the share price therefore only underwent a slight change compared with the year-end price for 2016. Based on the definition of the German Stock Exchange (Deutsche Börse) the free float is 44.6 %.

January - March 2017

| | |
|---|------------|
| Number of shares | 15,505,731 |
| Free float in % | 44.6 |
| Price on 2/1/2017 in € | 24.22 |
| Price on 31/3/2017 in € | 23.20 |
| High in € | 24.75 |
| Low in € | 22.65 |
| Market capitalization as at 31/3/2017 in € million | 359.7 |

SHARE PRICE PERFORMANCE

January - March 2017 in €



QUARTERLY FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

SURTECO GROUP

€ 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

Of which:

Owners of the parent (consolidated net profit)

Non-controlling interests

Basic and diluted earnings per share in €

Number of shares

Q1

| 1/1/-31/3/ 2016 | 1/1/-31/3/ 2017 |
|--------------------|--------------------|
| 170,209 | 169,722 |
| 516 | -2,265 |
| 824 | 1,146 |
| 171,549 | 168,603 |
| -87,489 | -80,532 |
| -40,385 | -43,891 |
| -25,441 | -25,289 |
| 633 | 756 |
| 18,867 | 19,647 |
| -8,426 | -8,907 |
| 10,441 | 10,740 |
| -3,240 | -1,840 |
| 7,201 | 8,900 |
| -1,874 | -2,670 |
| 5,327 | 6,230 |
| | |
| 5,319 | 6,212 |
| 8 | 18 |
| 0.34 | 0.40 |
| 15,505,731 | 15,505,731 |

STATEMENT OF COMPREHENSIVE INCOME

SURTECO GROUP

€ 000s

Net income

Components of comprehensive income not to be reclassified to the income statement

Net gains / losses from hedging of net investment
in a foreign operation

Exchange differences translation of foreign operations

Financial instruments available-for-sale

Components of comprehensive income that may be reclassified to the income statement

Other comprehensive income for the period

Comprehensive income

Owners of the parent (consolidated net profit)

Non-controlling interests

Q1

| | 1/1/-31/3/ 2016 | 1/1/-31/3/ 2017 |
|--|--------------------|--------------------|
| | 5,327 | 6,230 |
| | 0 | 0 |
| | -58 | 48 |
| | -3,341 | 1,547 |
| | 208 | 223 |
| | -3,191 | 1,818 |
| | -3,191 | 1,818 |
| | 2,136 | 8,048 |
| | 2,126 | 8,032 |
| | 10 | 16 |

CONSOLIDATED BALANCE SHEET

SURTECO GROUP

€ 000s

ASSETS

Cash and cash equivalents

Trade accounts receivable

Receivables from affiliated enterprises

Inventories

Current income tax assets

Other current non-financial assets

Other current financial assets

Current assets

Property, plant and equipment

Intangible assets

Goodwill

Investments accounted for using the equity method

Financial assets

Other non-current financial assets

Deferred taxes

Non-current assets

| | 31/12/2016 | 31/3/2017 |
|--|----------------|----------------|
| | | |
| | 60,416 | 67,544 |
| | 52,072 | 67,764 |
| | 626 | 794 |
| | 119,596 | 118,901 |
| | 2,318 | 2,131 |
| | 6,607 | 6,364 |
| | 19,650 | 19,624 |
| | 261,285 | 283,122 |
| | | |
| | 245,628 | 244,445 |
| | 34,109 | 32,610 |
| | 118,828 | 119,019 |
| | 1,694 | 1,595 |
| | 21 | 21 |
| | 5,778 | 5,883 |
| | 6,526 | 6,564 |
| | 412,584 | 410,137 |
| | 673,869 | 693,259 |

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 non-financial liabilities

Other current financial 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 owners of the parent

Non-controlling interests

Equity

| 31/12/2016 | 31/3/2017 |
|----------------|----------------|
| | |
| 72,357 | 71,133 |
| 48,888 | 55,666 |
| 2,639 | 4,977 |
| 3,583 | 3,755 |
| 2,655 | 3,468 |
| 21,650 | 26,670 |
| 151,772 | 165,669 |
| | |
| 123,629 | 122,686 |
| 13,030 | 13,084 |
| 4,300 | 4,300 |
| 34,586 | 32,920 |
| 175,545 | 172,990 |
| | |
| 15,506 | 15,506 |
| 122,755 | 122,755 |
| 181,436 | 207,123 |
| 23,867 | 6,212 |
| 343,564 | 351,596 |
| 2,988 | 3,004 |
| 346,552 | 354,600 |
| 673,869 | 693,259 |

CONSOLIDATED CASH FLOW STATEMENT

SURTECO GROUP

€ 000s

Earnings before income tax

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/ 2016 | 1/1/-31/3/ 2017 |
|--------------------|--------------------|
| 7,201 | 8,900 |
| 2,860 | 11,228 |
| 10,061 | 20,128 |
| -1,312 | -3,299 |
| 8,749 | 16,829 |
| -2,648 | -6,090 |
| -2,186 | -3,324 |
| 3,915 | 7,415 |
| | |
| 65,654 | 60,416 |
| -16 | -287 |
| 69,553 | 67,544 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SURTECO GROUP

| € 000s | Capital stock | Capital reserve | Fair value measurement for financial instruments |
|--|---------------|-----------------|--|
| 31 December 2015 | 15,506 | 122,755 | 481 |
| Adjusted on the basis of IAS 8 *) | 0 | 0 | 0 |
| 1 January 2016 | 15,506 | 122,755 | 481 |
| Net income | 0 | 0 | 0 |
| Other comprehensive income | 0 | 0 | 208 |
| Comprehensive income | 0 | 0 | 208 |
| Allocation to retained earnings | 0 | 0 | 0 |
| Changes in equity | 0 | 0 | 0 |
| 31 March 2016 | 15,506 | 122,755 | 689 |
| 31 December 2016 | 15,506 | 122,755 | 86 |
| Net income | 0 | 0 | 0 |
| Other comprehensive income | 0 | 0 | 223 |
| Comprehensive income | 0 | 0 | 223 |
| Allocation to retained earnings | 0 | 0 | 0 |
| Changes in equity | 0 | 0 | 0 |
| 31 March 2017 | 15,506 | 122,755 | 309 |

*) Comparison values adjusted on the basis of IAS 8 (see abbreviated Notes to the Consolidated Financial Statements section „Adjustment to the Consolidated Financial Statements in accordance with IAS 8“).

| Retained earnings | | | Consi- dated net profit | Non- controlling interests | Total |
|---------------------------------------|---|-------------------------------|-------------------------------|----------------------------------|----------------|
| Other compre- hensive income | Currency translation adjust- ments | Other retained earnings | | | |
| -1,770 | 822 | 179,176 | 17,695 | 235 | 334,900 |
| 0 | 0 | -545 | 26 | 0 | -519 |
| -1,770 | 822 | 178,631 | 17,721 | 235 | 334,381 |
| 0 | 0 | 0 | 5,319 | 8 | 5,327 |
| 0 | -3,401 | 0 | 0 | 2 | -3,191 |
| 0 | -3,401 | 0 | 5,319 | 10 | 2,136 |
| 0 | 0 | 17,695 | -17,695 | 0 | 0 |
| 0 | 0 | 17,695 | -17,695 | 0 | 0 |
| -1,770 | -2,579 | 196,326 | 5,345 | 245 | 336,517 |
| -1,977 | -620 | 183,947 | 23,867 | 2,988 | 346,552 |
| 0 | 0 | 0 | 6,212 | 18 | 6,230 |
| 0 | 1,597 | 0 | 0 | -2 | 1,818 |
| 0 | 1,597 | 0 | 6,212 | 16 | 8,048 |
| 0 | 0 | 23,867 | -23,867 | 0 | 0 |
| 0 | 0 | 23,867 | -23,867 | 0 | 0 |
| -1,977 | 977 | 207,814 | 6,212 | 3,004 | 354,600 |

SEGMENT REPORTING

SURTECO GROUP

BY STRATEGIC BUSINESS UNITS

Sales revenues

€ 000s

1/1/-31/3/2017

External sales

Internal sales

Total sales

1/1/-31/3/2016

External sales

Internal sales

Total sales

Segment earnings

€ 000s

1/1/-31/3/2017

EBIT

1/1/-31/3/2016

EBIT

| SBU Paper | SBU Plastics | Reconciliation | SURTECO Group |
|-----------|--------------|----------------|---------------|
|-----------|--------------|----------------|---------------|

| | | | |
|--------|--------|---|---------|
| 96,965 | 72,757 | 0 | 169,722 |
|--------|--------|---|---------|

| | | | |
|-----|---|------|---|
| 228 | 2 | -230 | 0 |
|-----|---|------|---|

| | | | |
|---------------|---------------|-------------|----------------|
| 97,193 | 72,759 | -230 | 169,722 |
|---------------|---------------|-------------|----------------|

| | | | |
|---------|--------|---|---------|
| 106,774 | 63,435 | 0 | 170,209 |
|---------|--------|---|---------|

| | | | |
|-----|---|------|---|
| 285 | 4 | -289 | 0 |
|-----|---|------|---|

| | | | |
|----------------|---------------|-------------|----------------|
| 107,059 | 63,439 | -289 | 170,209 |
|----------------|---------------|-------------|----------------|

| SBU Paper | SBU Plastics | Reconciliation | SURTECO Group |
|-----------|--------------|----------------|---------------|
|-----------|--------------|----------------|---------------|

| | | | |
|--------------|--------------|---------------|---------------|
| 7,562 | 5,434 | -2,256 | 10,740 |
|--------------|--------------|---------------|---------------|

| | | | |
|--------------|--------------|---------------|---------------|
| 5,608 | 6,379 | -1,546 | 10,441 |
|--------------|--------------|---------------|---------------|

SEGMENT REPORTING

SURTECO GROUP

BY REGIONAL MARKETS

Sales revenues SURTECO Group

€ 000s

Germany

Rest of Europe

America

Asia, Australia, Others

Sales revenues SBU Paper

€ 000s

Germany

Rest of Europe

America

Asia, Australia, Others

Sales revenues SBU Plastics

€ 000s

Germany

Rest of Europe

America

Asia, Australia, Others

| 1/1/-31/3/2016 | 1/1/-31/3/2017 |
|----------------|----------------|
| 49,423 | 46,337 |
| 76,046 | 76,383 |
| 32,654 | 34,656 |
| 12,086 | 12,346 |
| 170,209 | 169,722 |

| 1/1/-31/3/2016 | 1/1/-31/3/2017 |
|----------------|----------------|
| 28,285 | 24,446 |
| 52,964 | 46,490 |
| 22,289 | 23,526 |
| 3,236 | 2,503 |
| 106,774 | 96,965 |

| 1/1/-31/3/2016 | 1/1/-31/3/2017 |
|----------------|----------------|
| 21,138 | 21,891 |
| 23,082 | 29,893 |
| 10,365 | 11,130 |
| 8,850 | 9,843 |
| 63,435 | 72,757 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ABBREVIATED)

ACCOUNTING PRINCIPLES

The consolidated financial statements of the SURTECO Group for the period ended 31 December 2016 were 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 2017 as in the preparation of the consolidated financial statements for the business year 2016.

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 the SURTECO Group for the period ending 31 December 2016 for further information. The comments included in this report also apply to the quarterly financial statements and the half-yearly financial statements for the year 2017 if no explicit reference is made to them.

The regulations of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" for abbreviated 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 2017, 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 2017 were taken into account when drawing up the interim financial statements. The application of these IFRS regulations exerted no material effect on the net assets, financial position and results of the Group. Furthermore, reference is made to the explanations on the applicable standards provided in the notes to the consolidated financial statements on 31 December 2016.

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.

We draw your attention to the fact that differences may occur when using rounded amounts and percentages on account of commercial rounding. 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.

GROUP OF CONSOLIDATED COMPANIES

As at 31 March 2017, the SURTECO Group interim consolidated financial statements include SURTECO SE and all the major companies which are material for the net assets, financial position and results of operations in which SURTECO SE holds a controlling interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ABBREVIATED)

ADJUSTMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IAS 8

Reference is made to the notes for the consolidated financial statements as at 31 December 2016, for the adjustments carried out in the comparative period 2015 in accordance with IAS 8.

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:

| € 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 |

1 JANUARY - 31 MARCH 2017

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 fair value of forward exchange contracts and cross-currency swaps of SURTECO SE is determined using the discounted cash flow method with recourse to current market parameters. The bankers determine the fair values on the basis of specific assumptions and valuation methods

FAIR VALUE / BOOK VALUE

31/12/2016

31/3/2017

| Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
|---------|---------|---------|---------|---------|---------|
| 0 | 14,536 | 0 | 0 | 14,149 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ABBREVIATED)

which can take account of the influence of market, liquidity, credit and operational risks and can be derived entirely or partly from external sources (which are regarded as reliable) and market prices.

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

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 2016.

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.

EVENTS AFTER THE BALANCE SHEET DATE

After 31 March 2017 up to the date when this report went to press, there were no events or developments that would be likely to lead to a significant change in the recognition or valuation of individual assets or liabilities.

CALCULATION OF INDICATORS

Cost of materials ratio in %

Earnings per share in €

EBIT

EBIT margin in %

EBITDA

EBITDA margin in %

Equity ratio in %

Gearing (debt level) in %

Market capitalization in €

Net debt in €

Personnel expense ratio in %

Working capital in €

1 JANUARY - 31 MARCH 2017

Cost of materials/Total output

Consolidated net profit/Number of shares

Earnings before financial result and income tax

EBIT/Sales revenues

Earnings before financial result, income tax and depreciation and amortization

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 receivable + Inventories - Trade accounts payable



FINANCIAL CALENDAR

29 June 2017

4 July 2017

14 August 2017

14 November 2017

Annual General Meeting

Dividend payment

Six-month report January – June 2017

Nine-month report January – September 2017

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SURTECO SE

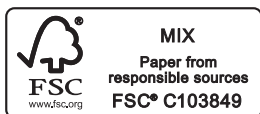
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