

# Report for the first quarter 2019

# Q1



1 January to 31 March

**SURTECO**  
GROUP



we create.  
we innovate.

€ million	1/1/-31/3/ 2018	1/1/-31/3/ 2019	Δ %
Sales revenues	186.7	<b>181.9</b>	-3
of which			
- Germany	49.0	<b>47.7</b>	-3
- Foreign	137.7	<b>134.2</b>	-3
EBITDA	23.5	<b>22.5</b>	-4
EBITDA margin in %	12.6	<b>12.4</b>	
EBIT	13.4	<b>11.6</b>	-14
EBIT margin in %	7.2	<b>6.4</b>	
EBT	11.0	<b>10.6</b>	-4
Consolidated net profit	8.0	<b>7.6</b>	-4
Earnings per share in €	0.51	<b>0.49</b>	-4
Number of shares	15,505,731	<b>15,505,731</b>	

	31/3/2018	31/3/2019	Δ %
Net financial debt in € million	205.2	<b>211.0</b>	+3
Level of debt in %	59	<b>58</b>	-1 pts.
Equity ratio in %	40.9	<b>41.6</b>	+0.7 pts.
Number of employees	3,331	<b>3,286</b>	-1

	31/12/2018	31/3/2019	Δ %
Net financial debt in € million	197.5	<b>211.0</b>	+7
Level of debt in %	56	<b>58</b>	+2 pts.
Equity ratio in %	41.8	<b>41.6</b>	-0.2 pts.
Number of employees	3,304	<b>3,286</b>	-1



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PARTNERS AND FRIENDS  
OF OUR COMPANY

## Macroeconomic and sector-specific framework conditions

### **Slowdown in growth in large parts of the world**

Analyzing global economic development offers a good indicator for the operating activity of the SURTECO Group because dynamic economic performance determines the procurement and investment affinity of customers and therefore exerts an impact on our products and solution offerings. Europe, North and South America, and Australia are the key geographical markets for SURTECO. The proportion of these regions, including Germany, equates to 96 % of Group sales. According to information from the International Monetary Fund (IMF), global economic growth will slow down to 3.3 % over the course of 2019 compared with 3.6 % in the previous year. In April 2019, the IMF therefore reduced its expectations for the current year by 0.2 percentage points by comparison with the forecast it made in January. The reasons for this scaling-back are diverse and they are based on lower growth expectations in economic regions like the eurozone, Latin America, the USA, Canada and Australia.

Growth is projected to continue much stronger in the emerging economies and developing countries than in developed markets. Projected growth for the developed economies in 2019 is 1.8 % while growth in the emerging economies and developing countries is anticipated at 4.4 %.

In 2019, growth in the US economy is likely to continue its above-average development compared with other developed countries, even though growth is expected to ease from 2.9 % to 2.3 %. The prospects for the eurozone at 1.3 % are still more reserved than in the previous year (1.8 %). Growth in Germany continues to be at a very low level with an anticipated increase of 0.8 % (2018: 1.5 %). In France, the weakening at 1.3 % (from 1.5 %) is less severe. The economy in Italy is likely to stagnate (+0.1 % after +0.9 %), while although the economy in Spain is on the wane, it is undergoing significantly more robust performance (+2.1 % after +2.5 %). The economy in the United Kingdom is likely to suffer due to the uncertainty caused by Brexit and it looks set to post low growth of 1.2 % (2018: +1.4 %). The countries in Central and Eastern Europe are projected to experience a significant weakening with forecast growth of just 0.8 % after 3.6 %. Asia with growth of 6.3 % will remain the growth engine of the global economy, even though growth rates in China will continue to recede from 6.6 % to 6.3 %. Out of the other BRIC countries, Brazil (+2.1 % after +1.1 %) is likely to make headway, while a decline in growth is expected for Russia (+1.6 % after +2.3 %). India's economy is a highlight with an expected increase to 7.3 % after 7.1 % in the previous year.<sup>1</sup>

## Sales and business performance

Against the background of the current sluggish dynamic business environment in important geographical markets for the SURTECO Group, business development in the first quarter of 2019 remained below the high level of the previous year in line with expectations, although it was above the level of the previous three quarters. The fall in sales affected

the Business Units (BU) Decoratives and Technicals, while the Business Unit Profiles – supported by its broadly-based customer structure in a diverse range of sectors – succeeded in increasing business transactions compared with the year-earlier quarter. Across the Group, sales during the months from January to March 2019 fell back by 3 % to € 181.9 million (Q1 2018: € 186.7 million). Easing of economic growth was clearly tangible in Germany (-3 %) and in the rest of Europe (-5 %). Sales in North and South America were increased by 7 %, supported by positive exchange-rate effects. The sales increase in Australia amounting to 5 % resulted purely from organic growth. Sales in Asia eased slightly by 3 %. Total foreign sales revenues amounting to € 134.2 million were generated (2018: € 137.7 million). The foreign sales ratio remained constant at 73.8 % in the first quarter of 2019 compared with the year-earlier value.

## Decoratives

The Business Unit Decoratives operates primarily in the wood-based sector, including the furniture, door and flooring industry. The Business Unit also supplies the caravan industry. The manufactured products are therefore integrated into long-life products that are sensitive to cyclical economic conditions. Insofar, the slackening of dynamic economic performance in European markets was significantly tangible in the business development of the Business Unit Decoratives. Hence, sales in the domestic market therefore came down by 4 % and fell by 8 % in the rest of Europe, whereas business went up in North and South American (+12 %) and in Australia (+6 %). Conversely, sales revenues in Asia were 10 % below the year-earlier level. Overall, the Business

Unit Decoratives generated sales revenues amounting to € 129.4 million after € 133.8 million in the first quarter of 2018. Edgebandings is the product group in the Business Unit Decoratives with the strongest sales and these items are manufactured from both paper and plastic. In the first quarter of 2019, business with these products was reduced by 7 % compared with the year-earlier period, primarily on account of a declining demand for plastic edgings in Europe. Business with decor papers was also reduced by 7 % owing to falling production of laminate flooring in Europe. By contrast, business developed positively with fully impregnated finish foils (+1 %), pre-impregnates (+4 %) and with release papers (+6 %).

### Profiles

The Business Unit Profiles operates in a wide range of different sectors with skirtings for professional floorlayers and for building and DIY stores, and with technical extrusions (profiles) made of plastic for all areas of industrial application. On the back of this high level of sector differentiation and expanded sales capacities, the Business Unit Profiles succeeded in increasing its sales revenues by 9 % to € 24.6 million (2018: € 22.6 million) compared with the year-earlier period during the first quarter of 2019. Sales in the most important geographical market Germany rose by 6 % and in the rest of Europe by 11 %. An increase of 11 % was achieved with skirtings and associated products in the first quarter of 2019 and business with technical extrusions increased by 6 % in comparison with the year-earlier quarter. Sales with commercial products, which are supplied in conjunction with skirtings, went up by 5 % in the first three months of 2019.

### Technicals

Specialist manufacturers and niche providers come together in the Business Unit Technicals, for example for individual orders or for contract manufacture serving the furniture industry, ship construction or for other industrial applications such as plastic foils for further processing to manufacture carpets. In the wake of the decline in global economic performance, the sales revenues of the Business Unit Technicals fell back by 8 % and reached a value of € 27.9 million after € 30.4 million in the first quarter of 2018. Business with impregnates that are also used in the ailing laminate flooring sector was reduced by 12 % compared with the previous year. However, business with foils for specialist and niche markets was 21 % below the previous year. Nevertheless, sales with plastic foils (+4 %) and specialist edgebandings (+3 %) were increased compared with the previous year. The most important geographical market of the Business Unit Technicals is in Europe (not including Germany) where business transactions decreased by 7 % compared with the previous year, and in North America with a drop of 7 % and in Germany with a drop of 13 %.

### Expenses

The most important raw materials in the SURTECO Group are technical raw papers, plastics and chemical additives. The Business Units Decoratives and Technicals essentially use these three raw materials, while the Business Unit Profiles mainly processes plastic. Following the consistent increase in costs for these raw materials during the business year 2018, the situation eased somewhat at the beginning of 2019, however prices continued to be at a very high level and in part

even exceeding the levels of the equivalent year-earlier period. Furthermore, a slight increase in energy costs was posted in the first quarter of 2019. The cost of materials ratio in the Group at 48.9 % was consequently slightly above the year-earlier value of 48.8 %. Total cost of materials came down on account of the lower total output from € 91.4 million in the previous year to € 89.2 million in the months from January to March 2019. Personnel expenses in the first quarter of 2019 rose slightly to € 47.3 million after € 46.7 million in the previous year, essentially owing to an increase in wages and salaries in May 2018 under a collective agreement. Accordingly, the personnel expense ratio increased in connection with the lower total output from 24.9 % to 25.9 %. As a result of cost-reduction measures already introduced in the business year 2018, other operating expenses of € 26.9 million in the previous year fell back to € 24.4 million in the first quarter of 2019. As a percentage of total output, other operating expenses decreased by one percentage point compared the previous year to 13.3 %.

## Group results

On the basis of the slight reduction in sales revenues, and virtually static own work capitalized and almost unchanged inventories compared with the year-earlier quarter, the total output of the Group came down by 3 % to € 182.5 million (2018: € 187.5 million). Deducting expense items totalling € 160.9 million (2018: € 165.0 million) and including other operating income amounting to € 0.8 million (2018: € 1.0 million), yielded an operating result (EBITDA) amounting to € 22.5 million after € 23.5 million in the previous year. The improvements in other operating expenses could not compensate the pro rata increased costs of materials

and personnel costs so that the EBITDA margin of 12.6 % in the year-earlier quarter fell back slightly to 12.4 %. Scheduled depreciation and amortization of € 10.9 million after € 10.1 million in the previous year resulted in earnings before financial result and income tax (EBIT) of € 11.6 million after € 13.4 million in the first quarter of 2018. The exchange rate effect from the balance sheet valuation and reduced interest expense are reflected in the financial result of € -1.0 million (2018: € -2.4 million). The pretax result (EBT) from the first quarter of 2019 was therefore € 10.6 million after € 11.0 million in the previous year. After deduction of € 2.9 million (2018: € 2.9 million) income tax and non-controlling interests of € 0.1 million (2018: € 0.1 million), a consolidated net profit of € 7.6 million (2018: € 8.0 million) remained for the months January to March 2019. The number of shares continued constant at 15,505,731 compared with the previous year so that earnings per share of € 0.49 (2018: € 0.51) were calculated.

## Result of the Strategic Business Units

The reduction in sales revenues for the Business Unit Decoratives owing to the demand situation combined with the increased cost of materials and personnel costs were reflected in segment EBIT of € 9.4 million in the first quarter of 2019 (2018: € 10.9 million). While EBIT of the Business Unit Technicals also decreased as a consequence of falling sales and the decline of positive PPA effects from € 1.8 million in the previous year to € 1.0 million, conversely the Business Unit Profiles increased its EBIT from € 2.6 million in the previous year to € 2.8 million.

## Net assets, financial position and results of operations

On the balance sheet date of the first quarter in 2019, the balance sheet total of the Group increased by 4 % to € 874.5 million (31 December 2018: € 844.5 million). As far as the current assets on the assets side of the balance sheet were concerned, the trade accounts receivable essentially went up to € 78.8 million (31 December 2018: € 57.5 million) and inventories rose to € 130.5 million after € 127.0 million at year-end 2018, while cash and cash equivalents fell by € 4.8 million to € 116.1 million. Overall, the current assets amounted to € 360.7 million on the balance sheet date after € 343.7 million on 31 December 2018. The increase in non-current assets from € 500.8 million on 31 December 2018 to € 513.7 million on the balance sheet date essentially reflects higher property, plant and equipment (€ 265.4 million after € 255.8 million) on account of the new accounting standard IFRS 16 [Detailed explanations on IFRS 16: see Annual Report 2018]. The intangible assets are reduced on account of scheduled amortization from € 59.3 million on 31 December 2018 to € 57.9 million at the end of the first quarter of 2019. On the liabilities side of the balance sheet, trade accounts payable under current liabilities went up from € 65.1 million to € 71.1 million and short-term financial liabilities rose from € 65.9 million to € 69.0 million. Overall, current liabilities went up from € 177.9 million at year-end 2018 to € 190.7 million. Non-current liabilities also increased essentially on account of the new accounting standard from € 313.4 million to € 319.8 million. Equity increased from € 353.2 million on 31 December 2018 to € 364.0 million. Owing to the stronger increase in balance sheet total, the equity ratio at 41.6 % on 31 March 2019 was slightly below the value of 41.8 %

on 31 December 2018. Net financial debt increased to € 211.0 million (31 December 2018: € 197.5 million) and the level of debt to 58 % (31 December 2018: 56 %). The cash flow from current business operations improved in the first quarter of 2019 to € 6.2 million after € -3.7 million in the previous year. Deduction of cash flow from investment activities of € -8.7 million (2018: € -9.2 million) yielded free cash flow of € -2.5 million in the first quarter of 2019 after free cash flow of € -12.9 million in the previous year.

### CALCULATION OF FREE CASH FLOW

€ million	1/1/-31/3/ 2018	1/1/-31/3/ 2019
<b>Cash flow from current business operations</b>	<b>-3.7</b>	<b>6.2</b>
Purchase of property, plant and equipment	-9.0	-7.2
Purchase of intangible assets	-0.4	-0.4
Losses from disposal of fixed assets	0.0	-1.3
Dividend received	0.2	0.2
<b>Cash flow from investment activities</b>	<b>-9.2</b>	<b>-8.7</b>
<b>Free cash flow</b>	<b>-12.9</b>	<b>-2.5</b>

## Risk and opportunities report

SURTECO GROUP SE with its Business Units Decoratives, Profiles and Technicals 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 that forms part of the Annual Report 2018. The identified individual risks are allocated to damage and probability classes on the basis of their expected gross financial burden to EBT for the current and subsequent years on the basis of the following tables. From the business year 2019, the damage classes were adjusted appropriately to the new corporate structure.

Damage class	Qualitative	Quantitative
1	Minor	> € 1.0 - 2.0 million
2	Moderate	> € 2.0 - 3.0 million
3	Major	> € 3.0 - 4.5 million
4	Threat to existence as a going concern	> € 4.5 million

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

In the first quarter of 2019, three risks with a damage class 1 and a probability class 3 were identified in the Business Unit Decoratives and one risk was identified with a damage class 1 and probability class 4. No individual risks above the threshold of € 1.0 million were identified in the Business Units Technicals und Profiles.

## Outlook for fiscal year 2019

In line with expectations, the business year 2019 started with noticeable restraint in a majority of our relevant markets. Assuming that the economy in Germany and in Europe does not slide into recession as the year proceeds, the forecasts from the Annual Report 2018 are confirmed. According to these predictions, sales revenues at Group level should be in the range of € 670 million to € 700 million, sales at the Business Units Decoratives and Technicals should come down slightly and sales in the Business Unit Profiles should increase slightly.

From the second half-year in 2019, the initial effects derived from the optimization programme initiated in 2018 will be reflected in the results. Furthermore, the one-off expenses amounting to € 6.1 million set aside for this programme will disappear in 2019. Group EBIT in the range € 38 to € 40 million is therefore expected for the business year 2019. The earnings of the Business Unit Decoratives should be significantly above the reported year-earlier value and the earnings for the Business Units Profiles and Technicals are projected to be slightly above the year-earlier level. Furthermore, this forecast also includes a planned disposal of a business segment.



## SURTECO shares

During the first quarter of 2019, the SURTECO share largely underwent above-average development. In the period from the last trading day of the previous year on 28 December 2018 to the last trading day in the first quarter on 29 March 2019, the share price increased from € 22.30 to € 25.00. This resulted in a positive quarterly performance of 12 %. Over the same period, the German DAX lead index posted an increase of 9.1 % to 11,526 points. The SDAX Small-Cap Index rose from 9,509 points to 10,932 points and thus marked a gain of 15 %. The SURTECO share reached a quarterly low of € 22.25 on 3 January 2019. It subsequently experienced a rapid catch-up race until it reached the high for the quarter of € 26.95 on 24 January 2019. The share price stabilized over the course of the subsequent weeks and since 4 February 2019 has not posted prices below € 25.00. Against this background, the market capitalization of SURTECO GROUP SE climbed to € 387.6 million based on an unchanged number of shares of around 15.5 million no-par-value shares at the end of March 2019. 24.1 % of the shares are in free float. The majority of the shares amounting to 57.9 % continue to be in the hands of the company's founding shareholders.

Shareholders will find additional information including the latest share analyses and valuations by major financial institutions on the Internet page: [www.surteco-group.com](http://www.surteco-group.com) under the category "Investor Relations".

### January - March 2019

Number of shares	15,505,731
Free float in %	24.1
Price on 28/12/2018 in €	22.30
Price on 29/3/2019 in €	25.00
High in €	26.95
Low in €	22.25
Market capitalization as 29/3/2019 in € million	387.6

### Share price performance January – March 2019 in €



SURTECO GROUP

€ 000s	1/1/-31/03/ 2018	1/1/-31/03/ 2019
<b>Sales revenues</b>	<b>186,748</b>	<b>181,906</b>
Changes in inventories	-495	-576
Own work capitalized	1,252	1,212
<b>Total output</b>	<b>187,505</b>	<b>182,542</b>
Cost of materials	-91,411	-89,230
Personnel expenses	-46,691	-47,283
Other operating expenses	-26,900	-24,359
Other operating income	952	815
<b>EBITDA</b>	<b>23,455</b>	<b>22,485</b>
Depreciation and amortization	-10,050	-10,924
<b>EBIT</b>	<b>13,405</b>	<b>11,561</b>
Financial result	-2,435	-989
<b>EBT</b>	<b>10,970</b>	<b>10,572</b>
Income tax	-2,928	-2,854
<b>Net income</b>	<b>8,042</b>	<b>7,718</b>
Of which		
Owners of the parent (consolidated net profit)	7,980	7,643
Non-controlling interests	62	75
Basic and diluted earnings per share in €	0.51	0.49
Number of shares	15,505,731	15,505,731

# Statement of Comprehensive Income

REPORT FOR THE FIRST QUARTER 2019

# Q1

SURTECO GROUP

€ 000s	1/1/-31/03/ 2018	1/1/-31/03/ 2019
<b>Net income</b>	<b>8,042</b>	<b>7,718</b>
<b>Components of comprehensive income not to be reclassified to the income statement</b>	<b>0</b>	<b>0</b>
Net gains/losses from hedging of net investment in a foreign operation	-534	-220
Exchange differences for translation of foreign operations	-2,354	3,247
Financial instruments available-for-sale	0	0
<b>Components of comprehensive income that may be reclassified to the income statement</b>	<b>-2,888</b>	<b>3,027</b>
<b>Other comprehensive income for the period</b>	<b>-2,888</b>	<b>3,027</b>
<b>Comprehensive income</b>	<b>5,154</b>	<b>10,745</b>
Owners of the parent (consolidated net profit)	5,092	10,670
Non-controlling interests	62	75

# Consolidated Balance Sheet

SURTECO GROUP

REPORT FOR THE FIRST QUARTER 2019

# Q1

€ 000s	31/12/2018	31/03/2019
<b>ASSETS</b>		
Cash and cash equivalents	120,954	116,102
Trade accounts receivable	57,519	78,787
Receivables from affiliated enterprises	676	963
Inventories	126,969	130,549
Current income tax assets	5,442	5,638
Other current non-financial assets	7,690	5,789
Other current financial assets	7,378	5,545
Assets available for sale	17,124	17,364
<b>Currents assets</b>	<b>343,752</b>	<b>360,737</b>
Property, plant and equipment	255,751	265,433
Intangible assets	59,329	57,934
Goodwill	162,864	162,931
Assets accounted for using the equity method	2,378	2,577
Financial assets	30	36
Other non-current non-financial assets	54	66
Other non-current financial assets	2,098	6,436
Deferred taxes	18,285	18,334
<b>Non-current assets</b>	<b>500,789</b>	<b>513,747</b>
	<b>844,541</b>	<b>874,484</b>

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# Consolidated Balance Sheet

SURTECO GROUP

REPORT FOR THE FIRST QUARTER 2019

Q1

€ 000s	31/12/2018	31/03/2019
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Short-term financial liabilities	65,905	68,995
Trade accounts payable	65,078	71,138
Contractual liabilities in accordance with IFRS 15	165	8
Income tax liabilities	3,096	4,178
Short-term provisions	11,598	11,603
Other current non-financial liabilities	2,468	2,937
Other current financial liabilities	29,578	31,889
<b>Current liabilities</b>	<b>177,888</b>	<b>190,748</b>
Long-term financial liabilities	252,584	258,145
Pensions and other personnel-related obligations	12,828	12,791
Long-term provisions	5	168
Other non-current non-financial liabilities	18	30
Deferred taxes	48,013	48,652
<b>Non-current liabilities</b>	<b>313,448</b>	<b>319,786</b>
Capital stock	15,506	15,506
Capital reserve	122,755	122,755
Retained earnings	193,093	214,750
Consolidated net profit	18,630	7,643
<b>Capital attributable to owners of the parent</b>	<b>349,984</b>	<b>360,654</b>
Non-controlling interests	3,221	3,296
<b>Equity</b>	<b>353,205</b>	<b>363,950</b>
	<b>844,541</b>	<b>874,484</b>

# Consolidated Cash Flow Statement

REPORT FOR THE FIRST QUARTER 2019

# Q1

SURTECO GROUP

€ 000s	1/1/-31/03/ 2018	1/1/-31/03/ 2019
<b>Earnings before income tax</b>	<b>10,970</b>	<b>10,572</b>
Reconciliation to cash flow from current business operations	14,013	13,072
<b>Internal financing</b>	<b>24,983</b>	<b>23,644</b>
Changes in assets and liabilities (net)	-28,667	-17,481
<b>Cash flow from current business operations</b>	<b>-3,684</b>	<b>6,163</b>
Cash flow from investment activities	-9,232	-8,736
Cash flow from financial activities	-2,518	-1,995
<b>Change in cash and cash equivalents</b>	<b>-15,434</b>	<b>-4,568</b>
<b>Cash and cash equivalents</b>		
1 January	133,373	120,954
Effect of changes in exchange rate on cash and cash equivalents	-537	-284
<b>31 March</b>	<b>117,402</b>	<b>116,102</b>

# Consolidated Statement of Changes in Equity

REPORT FOR THE FIRST QUARTER 2019

Q1

SURTECO GROUP

€ 000s	Capital stockl	Capital reserve	Retained earnings				Consolidated net profit	Non-controlling interests	Total
			Fair value measurement for financial instruments	Other comprehensive income	Currency translation adjustments	Other retained earnings			
<b>1 January 2018</b>	<b>15,506</b>	<b>122,755</b>	<b>0</b>	<b>-1,923</b>	<b>-8,768</b>	<b>192,552</b>	<b>26,192</b>	<b>2,922</b>	<b>349,236</b>
Net income	0	0	0	0	0	0	7,980	62	8,042
Other comprehensive income	0	0	0	0	-2,888	0	0	0	-2,888
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,888</b>	<b>0</b>	<b>7,980</b>	<b>62</b>	<b>5,154</b>
Allocation to retained earnings	0	0	0	0	0	26,192	-26,192	0	0
Other changes	0	0	0	0	0	-4,473	0	0	-4,473
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,192</b>	<b>-26,192</b>	<b>0</b>	<b>0</b>
<b>31 March 2018</b>	<b>15,506</b>	<b>122,755</b>	<b>0</b>	<b>-1,923</b>	<b>-11,656</b>	<b>218,744</b>	<b>7,980</b>	<b>2,984</b>	<b>354,390</b>
<b>1 January 2019</b>	<b>15,506</b>	<b>122,755</b>	<b>0</b>	<b>-2,148</b>	<b>-9,674</b>	<b>204,915</b>	<b>18,630</b>	<b>3,221</b>	<b>353,205</b>
Net income	0	0	0	0	0	0	7,643	75	7,718
Other comprehensive income	0	0	0	0	3,027	0	0	0	3,027
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,027</b>	<b>0</b>	<b>7,643</b>	<b>75</b>	<b>10,745</b>
Allocation to retained earnings	0	0	0	0	0	18,630	-18,630	0	0
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,630</b>	<b>-18,630</b>	<b>0</b>	<b>0</b>
<b>31 March 2019</b>	<b>15,506</b>	<b>122,755</b>	<b>0</b>	<b>-2,148</b>	<b>-6,647</b>	<b>223,545</b>	<b>7,643</b>	<b>3,296</b>	<b>363,950</b>

SURTECO GROUP

## Sales revenues

€ 000s	Decoratives	Profiles	Technicals	Recon- ciliation	SURTECO Group
<b>1/1/-31/3/2019</b>					
External sales	129,365	24,648	27,893	0	181,906
Internal sales	5,065	301	956	-6,322	0
<b>Total sales</b>	<b>134,430</b>	<b>24,949</b>	<b>28,849</b>	<b>-6,322</b>	<b>181,906</b>
<b>1/1/-31/3/2018</b>					
External sales	133,835	22,556	30,357	0	186,748
Internal sales	4,815	341	1,092	-6,248	0
<b>Total sales</b>	<b>138,650</b>	<b>22,897</b>	<b>31,449</b>	<b>-6,248</b>	<b>186,748</b>

## Segment earnings

€ 000s	Decoratives	Profiles	Technicals	Recon- ciliation	SURTECO Group
<b>1/1/-31/3/2019</b>					
<b>EBIT</b>	<b>9,370</b>	<b>2,843</b>	<b>1,048</b>	<b>-1,700</b>	<b>11,561</b>
<b>1/1/-31/3/2018</b>					
<b>EBIT</b>	<b>10,875</b>	<b>2,588</b>	<b>1,776</b>	<b>-1,834</b>	<b>13,405</b>



SURTECO GROUP

## Sales revenues SURTECO Group

€ 000s	1/1/-31/3/2018	1/1/-31/3/2019
Germany	49,005	47,722
Rest of Europe	89,086	84,202
America	33,661	36,106
Asia, Australia, Others	14,996	13,876
	<b>186,748</b>	<b>181,906</b>

## Sales revenues Decoratives

€ 000s	1/1/-31/3/2018	1/1/-31/3/2019
Germany	30,416	29,114
Rest of Europe	64,639	59,731
America	25,188	28,148
Asia, Australia, Others	13,592	12,372
	<b>133,835</b>	<b>129,365</b>

## Sales revenues Profiles

€ 000s	1/1/-31/3/2018	1/1/-31/3/2019
Germany	12,682	13,483
Rest of Europe	9,792	10,848
America	10	122
Asia, Australia, Others	72	195
	<b>22,556</b>	<b>24,648</b>

## Sales revenues Technicals

€ 000s	1/1/-31/3/2018	1/1/-31/3/2019
Germany	5,907	5,125
Rest of Europe	14,655	13,623
America	8,463	7,836
Asia, Australia, Others	1,332	1,309
	<b>30,357</b>	<b>27,893</b>

## Accounting principles

The consolidated financial statements of the SURTECO Group for the period ended 31 December 2018 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 2019 as in the preparation of the consolidated financial statements for the business year 2018.

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 2018 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 2019 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 2019, 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 2019 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 2018.

The overall business 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.

The year-earlier values of the segments were calculated on a pro-forma basis for the new Group structure.

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 2019, the SURTECO Group interim consolidated financial statements include SURTECO GROUP SE and all the major companies which are material for the net assets, financial position and results of operations in which SURTECO GROUP SE holds a controlling interest.

## 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 2019 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 the individual assets or liabilities.

Cost of materials ratio in %	$\text{Cost of materials} / \text{Total output}$
Earnings per share in €	$\text{Consolidated net profit} / \text{Number of shares}$
EBIT	Earnings before financial result and income tax
EBIT margin in %	$\text{EBIT} / \text{Sales revenues}$
EBITDA	Earnings before financial result, income tax and depreciation and amortization
EBITDA margin in %	$\text{EBITDA} / \text{Sales revenues}$
Equity ratio in %	$\text{Equity} / \text{Balance sheet total}$
Gearing (debt level) in %	$\text{Net debt} / \text{Equity}$
Market capitalization in €	$\text{Number of shares} \times \text{Closing price on the balance sheet date}$
Net debt in €	$\begin{aligned} &\text{Short-term financial liabilities} \\ &+ \text{Long-term financial liabilities} \\ &- \text{Cash and cash equivalents} \end{aligned}$
Personnel expense ratio in %	$\text{Personnel costs} / \text{Total output}$
Working capital in €	$\begin{aligned} &\text{Trade accounts receivable} + \text{Inventories} \\ &- \text{Trade accounts payable} \end{aligned}$

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**27 June 2019**

Annual General Meeting

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**02 July 2019**

Dividend payment

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**14 August 2019**

Six-month report January – June 2019

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**14 November 2019**

Nine-month report January – September 2019

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## Contact

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# SURTECO GROUP

we create.  
we innovate.



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