

REPORT FOR THE FIRST THREE QUARTERS

2012

1 January to
30 September

Q3



SURTECO

SOCIETAS EUROPAEA

SPECIALISTS
FOR SURFACE
TECHNOLOGIES

OVERVIEW

SURTECO GROUP

Q3

€ 000s	1/7/-30/9/ 2011*	1/7/-30/9/ 2012	Variation in %
Sales revenues	101,334	102,056	+1
of which			
- Germany	33,739	30,986	-8
- Foreign	67,595	71,070	+5
EBITDA	13,266	14,434	+9
EBITDA margin in %	13.1	14.1	
EBIT	7,809	8,741	+12
EBIT margin in %	7.7	8.6	
EBT	5,995	6,586	+10
Consolidated net profit	3,937	5,344	+36
Earnings per share in €	0.36	0.48	+33

Q1-3

	1/1/-30/9/ 2011*	1/1/-30/9/ 2012	Variation in %
Sales revenues	312,919	312,978	-
of which			
- Germany	102,652	99,170	-3
- Foreign	210,267	213,808	+2
EBITDA	45,032	40,959	-9
EBITDA margin in %	14.4	13.1	
EBIT	28,945	24,216	-16
EBIT margin in %	9.2	7.7	
EBT	18,581	18,066	-3
Consolidated net profit	12,089	13,145	+9
Earnings per share in €	1.09	1.19	+9

30/9/2011*

30/9/2012

Variation
in %

	30/9/2011*	30/9/2012	Variation in %
Net financial debt in € 000s	128,981	114,990	-11
Gearing (level of debt) in %	60	51	-15
Equity ratio in %	45.6	47.7	+5
Number of employees	2,075	2,004	-3

31/12/2011

30/9/2012

Variation
in %

	31/12/2011	30/9/2012	Variation in %
Net financial debt in € 000s	125,786	114,990	-9
Gearing (level of debt) in %	58	51	-12
Equity ratio in %	44.9	47.7	+6
Number of employees	2,005	2,004	-

* Adjusted on the basis of IAS 8

DEAR SHAREHOLDERS, PARTNERS AND FRIENDS OF OUR COMPANY

GLOBAL ECONOMIC GROWTH EASES SIGNIFICANTLY

The International Monetary Fund (IMF) published its outlook on the development of the global economy during 2012 in mid-October and highlighted the increasing risks for the global economy. According to the report, the global economy is likely only to expand by 3.3 % this year. In July, the IMF was still talking in terms of growth amounting to 3.5 %. Negative impacts are being created in particular by the euro-zone with its ongoing unsolved problems of government debt. The economies of countries particularly affected by the crisis like Italy and Spain are having to battle with drastic cutbacks as a result of the savings programmes. The effects on the economies of these countries are correspondingly negative. Meanwhile, these economies are projected to shrink by between -1.5 % and -2.3 %. Overall, the IMF expects the economy in the euro-zone to shrink by 0.4 %. Germany's economy remains the only ray of sunshine since it is likely to expand by 0.9 %. Among the industrialised countries, the USA and Japan are projected to have the highest growth rates. According to forecasts by the IMF, both economies are forecast to increase by 2.2 % in 2012.

Dynamic growth in the emerging countries is continuing to ease. Overall, the IMF experts are assuming a 5.3 % increase in the gross domestic product of the emerging economies for 2012. However, the economic slowdown is very tangible. Although China's economic output will once again increase by 7.8 % in 2012, this is significantly below the growth rates of previous years. Lower increases are also expected for the other BRIC countries: Brazil +1.5 %, Russia +3.7 % and India +4.9 %.

The IMF believes that the main risks for further development of the global economy are defined by the uncertainty about the outcome of the debt crisis in the euro-zone. While there remains an absence of confidence in the European Stability Mechanism (ESM) rescue fund as a platform to provide a sustainable solution to the crisis, the uncertainty will continue in the markets, and the financial markets and real economy will continue to hold their breath. If the ESM proves successful as an effective protective mechanism for the countries and banks affected by the crisis, the IMF believes that there will be a slight economic upturn for Europe in 2013 and corresponding global growth of 3.6 %. However, a great deal will also depend on whether European states in crisis like Greece will be in a position to meet the tough conditions for making savings to reduce their debt mountains.

SECTOR GROWTH FROM THE FIRST HALF-YEAR IS EASING AS WE APPROACH THE END OF THE YEAR

The development in the furniture industry and wood-based sector is the major factor influencing the demand for SURTECO products because customers from this sector rank among the primary purchasers for SURTECO products. The confidence levels of German consumers have fuelled growth in the domestic furniture industry during the first half of 2012. While export business is somewhat weak on account of the European debt crisis, consumers in Germany are buttressing the furniture sector and wood-based industry. Domestic business was supported during the first half of 2012 by a very robust demand for residential accommodation, the good situation in the employment market, historically low interest rates and the desire of consumers to invest

in long-term assets. This included an appetite for upgrading the interior of their homes. The conclusion of the Federation of the German Wood and Furniture Industry was therefore positive for the first half-year of 2012. However, this dynamic development did not continue. After the federation was still forecasting sales growth of 3 % to the end of the year in August, this value was corrected downwards to 2 %. A marked decline in exports to the euro-zone, and a decrease in orders in Germany persuaded the federation to take this step. The SURTECO Group also identified a significant weakening of demand in the sector at the end of the third quarter and expects that this trend will continue to gather pace until the end of the year.

ROBUST BUSINESS PERFORMANCE AT SURTECO

The Group bucks the trend of difficult framework conditions

SURTECO succeeded in bucking the significant cool-down in the global economy with stable sales development. Gradual past expansion of exports as a proportion of total sales proved a real benefit at this juncture. Foreign sales increased during the third quarter and during the period from January to September compared with developments in the previous year. Enhanced commitment on the North American continent contributed to this development. This positive aspect contrasted with declining business in the domestic market particularly during the third quarter. The development of the Strategic Business Units (SBU) varied over the course of the year. While sales of the Strategic Business Unit Paper eased by 2 % compared with the previous year, the Strategic Business Unit Plastics increased its business by 1%.

The consolidated net profit was impacted negatively by the ongoing high cost of materials and the provision made during the second quarter for a restructuring measure of the Strategic Business Unit Paper, but the level for the previous year was maintained. A notable improvement in earnings was achieved during the third quarter due to the absence of one-off expenses in the equivalent year-earlier period.

Merger of sites forming part of the Strategic Business Unit Paper in the USA

The company has decided to merge the American facilities of the Strategic Business Unit Paper BauschLinnemann North America Inc., Greensboro, and BauschLinnemann South Carolina LLC, Myrtle Beach, during the course of the business year 2013 at a new location in Myrtle Beach. The objective is to achieve synergy effects by bundling the production and sales activities and achieve further penetration in the North American market as a result.

SALES AND MARKETS

FOREIGN SALES INCREASED

Sales at the SURTECO Group amounted to € 313.0 million at the close of the third quarter in 2012 and were almost the same as the corresponding year-earlier figure (€ 312.9 million). Business within Germany eased by 3 % during this period compared with 2011 and reached € 99.2 million. However, this decline was balanced by growth in foreign business. The sales volume abroad increased by 2 % to € 213.8 million, which was primarily due to gains in Eastern Europe (+8 %) and North America (+22 %) – mainly owing to the enhanced activities of the SBU Paper. Falls of 16 % were posted in Asia due to the closure of the Chinese site last year and the economic slowdown in Asia. The proportion of foreign sales to total sales increased during the first three quarters by one percentage point to 68 %.

STRATEGIC BUSINESS UNIT PLASTICS

The Strategic Business Unit Plastics also grew in the third quarter with plastic edgings – the product with the strongest sales in this business unit. Sales in this product segment during the first three quarters grew by 4 % or € 4.6 million compared with the equivalent year-earlier period. Sales in the product groups plastic foils, skirtings, technical extrusions (profiles) and claddings were in the region of the previous year for the months of January to September. Overall, the Strategic Business Unit had generated sales of € 182.5 million (+1 %) after nine months. € 56.7 million (+1 %) were attributable to Germany and € 125.8 million (+2 %) to foreign business.

STRATEGIC BUSINESS UNIT PAPER

A trend in the Strategic Business Unit Paper is emerging for substitution of high-quality fully impregnated materials with lower-cost pre-impregnated materials. While sales revenues for pre-impregnated materials increased by 11 % during the first three quarters, business with fully impregnated materials eased so that sales with flat foils declined overall by 4 %. In line with expectations, business with laminates fell back (-12 %), because discontinuation of this product was announced for the end of this year. Gains in edgings (+2 %) and decorative prints (+10 %) were unable to balance out the falls completely, so that sales revenues amounting to € 130.5 million during the first three quarters of 2012 lagged 2 % behind the figure for the previous year.

Several domestic customers of the Business Unit Paper are struggling with an unsatisfactory order situation. This was evident in sales within Germany for the first nine months amounting to € 42.5 million (-9 %). On the other hand, foreign sales went up by 2 % to € 88.0 million. The markets in Eastern Europe (+26 %) and North America (+46 %) were prime growth drivers and more than counterbalanced the decline in sales posted in Asia (-18 %).

EXPENSES

COST OF MATERIALS AND PERSONNEL EXPENSES INCREASED

Personnel expenses totalled € 82.5 million at the close of the third quarter of 2012. This amounts to € 4.5 million or 6 % more than in the equivalent period during the previous year. The increase was essentially caused by a collective payscale increase in wages and salaries of 3.5 % from May 2012 and a provision for restructuring expenses amounting to € 1.7 million from the second quarter. The personnel expense ratio increased by 1.2 percentage points to 25.9 %.

Prices for the most important raw materials used by the Strategic Business Unit Paper were extremely volatile in the third quarter of the year under review. The total cost of materials rose by 2 % compared with the previous year to € 147.7 million during the first three quarters of 2012. The proportion of the cost of materials at 46.4 % was slightly higher than the value for the previous year by 0.3 percentage points.

Other operating expenses were reduced by 1 % and amounted to € 49.0 million (January – September 2011: € 49.6 million).

EARNINGS

The operating result (EBITDA) for the third quarter of 2012 was € 14.4 million and consequently 9 % higher than in the equivalent year-earlier period despite an increase in the cost of materials and personnel expenses. The increase is essentially due to one-off expenses amounting to € 2 million

arising from preparations made for an acquisition in the third quarter of 2011 that ultimately failed to materialize.

The material prices and the increased personnel expenses accumulated to the months of January to September are reflected in the EBITDA. After nine months, this amounted to € 41.0 million, which was 9 % below the value for the previous year of € 45.0 million. The EBITDA margin at 13.1 % therefore remained 1.3 percentage points below the value for 2011.

Earnings Before Interest and Tax (EBIT) fell by 16 % to € 24.2 million. The EBIT margin was at 7.7 % (2011: 9.2 %).

The significantly improved financial result for the months of January to September amounting to € -6.2 million (2011: € -10.4 million) is due to the fact that an impairment on financial investments amounting to € 3.2 million had to be carried out in the previous year. The pre-tax result (EBT) therefore amounted to a value of € 18.1 million (2011: € 18.6 million).

Income tax came down by € 1.4 million for a number of reasons including the fact that the impairment on financial investments in the previous year could not be set off against tax. Consequently, the consolidated net profit rose by 9 % to € 13.1 million (2011: € 12.1 million). This yields earnings per share of € 1.19 (2011: € 1.09) based on 11,075,522 no-par-value shares issued.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The balance sheet total was € 475.4 million (31 December 2011: € 482.1 million) on 30 September 2012. The balance sheet total fell by 1 %. There were a number of changes in current and non-current assets and liabilities. Current assets fell by € 9.4 million, while non-current assets increased by € 2.7 million. Current and non-current liabilities were recorded at € 248.5 million, representing a reduction of 6 % compared with 31 December 2011. This exerted a positive effect on the equity ratio, which improved by 2.8 percentage points to 47.7 % compared with year-end 2011.

Cash and cash equivalents came down by € 16.7 million at the end of the third quarter to € 50.0 million (31 December 2011: € 66.7 million). This is due to the increase in working capital to € 93.2 million. Short-term and long-term financial liabilities amounting to € 27.6 million were also reduced. Net debt was reduced by € 10.8 million to € 115.0 million in the third quarter (31 December 2011: € 125.8 million). The reduction in debt and the increase in equity exerted an effect on gearing (level of debt) so that by comparison with year-end 2011, an improvement of 7 percentage points to 51 % was achieved at the end of 2011.

Compared with 30 September 2011, cash flow from current business operations went up by € 7.2 million to € 33.8 million at 30 September 2012. Since investments were made at the level of the previous year, free cash flow improved by € 7.1 million to € 19.7 million.

CALCULATION OF FREE CASH FLOW

€ 000s	1/1/-30/9/ 2011	1/1/-30/9/ 2012
Cash flow from current business operations	26,562	33,761
Acquisition of property, plant and equipment	-10,280	-12,062
Acquisition of intangible assets	-3,721	-526
Acquisition of companies	0	-1,575
Dividends received	0	55
Cash flow from investment activities	-14,001	-14,108
Free cash flow	12,561	19,653

RESEARCH AND DEVELOPMENT

HIGHLY RESISTANT SUPERMATT EDGING WITH NANOTECHNOLOGY

The Strategic Business Unit Plastics has been consistently developing its comprehensive product portfolio for supermatt applications and has achieved results promising great potential with some completely new innovations. The problematic issues associated with matt surfaces are related to greater or lesser sensitivity to finger prints and mechanical influences, known as sensitivity to marking. The Strategic Business Unit Plastics has solved this problem by using modern nanotechnology. The plastic edgebandings manufactured using this production technology feature a symbiosis between a supermatt surface that

combines this finish with a high level of resistance to marking. The very high scratch resistance offers furniture manufacturers dependable processing and gives consumers an item of furniture that has a long life and is easy to look after. Apart from the mechanical and visual properties – which are particularly attractive in combination with the latest decorative designs – this surface also has a velvet haptic finish. Furniture designers therefore have an innovative product at their disposal for the increasing trend towards matt surfaces. This premium edging was developed for all standard commercial materials and is also supplied as a Fusion Edge on a polypropylene (PP) base for jointless processing.

Haptic surfaces create an authentic appearance for interior furnishings and ensure a surface experience that is versatile and pleasant to the touch. It is therefore logical to continue textures from the surface on the narrow side of a workpiece. In order to achieve this, the Strategic Business Unit Paper has developed the texture match for surface and edging material. The possibility of being able to source a perfect match of decor and textures for surface and edge coating “from a single source” has proved extremely popular in the marketplace. The design and development departments are working consistently at developing an innovative and competitive composite match with new decors and textures.

SURTECO SHARES

The price of the SURTECO share posted a significant increase in value by approximately 19 % during the third quarter of 2012. The driving factors here were the robust operating development after the first six months and a general recovery in stock-exchange prices. During the period from July to September 2012, the German DAX lead index rose by around 12 %, whereas the SDAX small-cap index rose by just 4 %. The SURTECO share price climbed to around € 20 by the beginning of August and varied fairly consistently around this value for the rest of the quarter. The share ended trading at the end of the first three quarters on 28 September at € 20.40.

The market capitalization of SURTECO SE was € 225.9 million at the end of September 2012 based on an unchanged number of shares at 11,075,522. The percentage of shares in free float also continues unchanged at 22.6 %.

January - September 2012

Number of shares	11,075,522
Free float in %	22.6
Price on 2/1/2012 in €	17.10
Price on 28/9/2012 in €	20.40
High in €	24.16
Low in €	16.45
Market capitalization as at 28/9/2012 in € 000s	225,941

Share price performance January - September 2012 in €



OUTLOOK FOR THE FISCAL YEAR 2012

Already at the end of the third quarter, we were able to identify a significant weakening of demand in our markets. In our opinion, this is likely to continue at least until the end of the year, particularly since the unsolved government debt crisis is responsible for lack of confidence in European markets, and the German economy – which has so far resisted the impact of the crisis – appears to be no longer immune from its effects. The easing of dynamic performance in the economies of Asia is becoming increasingly tangible for our companies. We are therefore assuming that sales for the SURTECO Group in the business year 2012 will at best achieve the value for the previous year (€ 408.8 million).

Earnings will be impacted by competitive pressure and the high cost of materials. One-off expenses for the restructuring measure in the Strategic Business Unit Paper will also reduce earnings. Assuming that the economic prospects will continue to weaken, we confirm our assessment made at the end of the first half of the year that this year's pre-tax result will just fall short of the result in the year 2011 (€ 22.9 million).

QUARTERLY FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT
 SURTECO GROUP

(SHORT VERSION)

Q3

REPORT FOR THE FIRST THREE QUARTERS 2012 SURTECO SE

€ 000s	Q3		Q1-3	
	1/71-30/9/ 2011*	1/71-30/9/ 2012	1/11-30/9/ 2011*	1/11-30/9/ 2012
Sales revenues	101,334	102,056	312,919	312,978
Changes in inventories	642	1,388	1,948	3,791
Own work capitalized	240	522	743	1,600
Total	102,216	103,966	315,610	318,369
Cost of materials	-47,294	-47,991	-145,434	-147,720
Personnel expenses	-24,870	-25,783	-77,971	-82,512
Other operating expenses	-17,554	-16,463	-49,611	-49,003
Other operating income	768	705	2,438	1,825
EBITDA	13,266	14,434	45,032	40,959
Depreciation and amortization	-5,457	-5,693	-16,087	-16,743
EBIT	7,809	8,741	28,945	24,216
Financial result	-1,814	-2,155	-10,364	-6,150
EBT	5,995	6,586	18,581	18,066
Income tax	-2,040	-1,228	-6,492	-5,116
Net income	3,955	5,358	12,089	12,950
Group share (consolidated net profit)	3,937	5,344	12,082	13,145
Non-controlling interests	18	14	7	-195
Basic and diluted earnings per share in €	0.36	0.48	1.09	1.19
Number of shares	11,075,522	11,075,522	11,075,522	11,075,522

STATEMENT OF COMPREHENSIVE INCOME

SURTECO GROUP

Q3

€ 000s	1/7/-30/9/ 2011*	1/7/-30/9/ 2012
Net income	3,955	5,358
Difference from currency translation	1,756	-1,716
Financial instruments available-for-sale	491	588
Other Comprehensive Income for the period	2,247	-1,128
Total Comprehensive Income	6,202	4,230
Group share	6,184	4,216
Non-controlling interests	18	14

Q1-3

€ 000s	1/1/-30/9/ 2011*	1/1/-30/9/ 2012
Net income	12,089	12,950
Difference from currency translation	-1,836	2,033
Financial instruments available-for-sale	1,158	409
Other Comprehensive Income for the period	-678	2,442
Total Comprehensive Income	11,411	15,392
Group share	11,404	15,587
Non-controlling interests	7	-195

CONSOLIDATED BALANCE SHEET

SURTECO GROUP

€ 000s	31/12/2011	30/9/2012
ASSETS		
Cash and cash equivalents	66,739	49,962
Trade accounts receivable	40,837	46,860
Inventories	61,250	70,343
Current income tax assets	5,641	1,534
Other current assets	12,669	9,041
Current assets	187,136	177,740
Property, plant and equipment	160,200	159,164
Intangible assets	12,065	12,706
Goodwill	112,428	113,094
Investments in associated enterprises	1,804	1,879
Financial assets	638	187
Non-current tax assets	537	537
Other non-current assets	469	1,921
Other non-current financial assets	3,929	4,763
Deferred taxes	2,929	3,428
Non-current assets	294,999	297,679
	482,135	475,419

CONSOLIDATED BALANCE SHEET

SURTECO GROUP

€ 000s	31/12/2011	30/9/2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term financial liabilities	29,634	3,151
Trade accounts payable	20,117	24,002
Income tax liabilities	2,903	1,910
Short-term provisions	2,175	4,093
Other current liabilities	16,303	22,695
Current liabilities	71,132	55,851
Long-term financial liabilities	162,891	161,801
Pensions and other personnel-related obligations	9,876	9,718
Deferred taxes	21,732	21,138
Non-current liabilities	194,499	192,657
Capital stock	11,076	11,076
Capital reserve	50,416	50,416
Retained earnings	141,920	151,861
Consolidated net profit	12,484	13,145
Capital attributable to shareholders	215,896	226,498
Non-controlling interests	608	413
Equity	216,504	226,911
	482,135	475,419

CONSOLIDATED CASH FLOW STATEMENT

SURTECO GROUP

Q1-3

€ 000s	1/1/-30/9/ 2011*	1/1/-30/9/ 2012
Earnings before income tax and non-controlling interests	18,581	18,066
Reconciliation to cash flow from current business operations	18,679	15,625
Internal financing	37,260	33,691
Change in assets and liabilities (net)	-10,698	70
Cash flow from current business operations	26,562	33,761
Cash flow from investment activities	-14,001	-14,108
Cash flow from financial activities	-31,055	-36,741
Change in cash and cash equivalents	-18,494	-17,088
Cash and cash equivalents		
1 January	62,395	66,739
Effect of changes in exchange rate on cash and cash equivalents	-369	311
30 September	43,532	49,962

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SURTECO GROUP

€ 000s	Retained earnings								Total
	Capital stock	Capital reserve	Fair value measurement for financial instruments	Other comprehensive income	Currency translation adjustments	Other retained earnings	Consolidated net profit	Non-controlling interests	
31 December 2010*	11,076	50,416	1,975	107	-3,509	130,462	21,754	688	212,969
Dividend payout	0	0	0	0	0	0	-9,968	0	-9,968
Net income	0	0	0	0	0	0	12,046	7	12,053
Other changes	0	0	1,158	0	-1,837	11,737	-11,737	1	-678
30 September 2011	11,076	50,416	3,133	107	-5,346	142,199	12,095	696	214,376
Adjusted on the basis of IAS 8	0	0	0	0	0	0	36	0	36
30 September 2011 after adjustment	11,076	50,416	3,133	107	-5,346	142,199	12,131	696	214,412
31 December 2011	11,076	50,416	1,953	368	-2,649	142,248	12,484	608	216,504
Dividend payout	0	0	0	0	0	0	-4,984	0	-4,984
Net income	0	0	0	0	0	0	13,145	-195	12,950
Acquisition of non-controlling interests	0	0	0	0	0	-98	0	0	-98
Other changes	0	0	409	0	2,130	7,500	-7,500	0	2,539
30 September 2012	11,076	50,416	2,362	368	-519	149,650	13,145	413	226,911

* Adjusted on the basis of IAS 8

SEGMENT REPORTING

SURTECO GROUP

REPORT FOR THE FIRST THREE QUARTERS 2012 SURTECO SE

BY STRATEGIC BUSINESS UNITS

Sales revenues				
€ 000s	SBU Plastics	SBU Paper	Recon- ciliation	SURTECO Group
1/1/-30/9/2012				
External sales	182,543	130,435	0	312,978
Internal sales	411	848	-1,259	0
Total sales	182,954	131,283	-1,259	312,978
1/1/-30/9/2011				
External sales	179,955	132,964	0	312,919
Internal sales	630	2,167	-2,797	0
Total sales	180,585	135,131	-2,797	312,919

Segment earnings (EBT)		
€ 000s	1/1/-30/9/2011*	1/1/-30/9/2012
SBU Plastics	16,650	15,261
SBU Paper	14,150	9,821
Reconciliation	-12,219	-7,016
EBT	18,581	18,066

SEGMENT REPORTING

SURTECO GROUP

BY REGIONAL MARKETS

Sales revenues SURTECO Group		
€ 000s	1/1/-30/9/2011	1/1/-30/9/2012
Germany	102,652	99,170
Rest of Europe	136,538	135,371
America	36,083	43,551
Asia, Australia, Others	37,646	34,886
	312,919	312,978

Sales revenues SBU Plastics		
€ 000s	1/1/-30/9/2011	1/1/-30/9/2012
Germany	56,090	56,725
Rest of Europe	69,391	69,282
America	26,042	28,707
Asia, Australia, Others	28,432	27,829
	179,955	182,543

Sales revenues SBU Paper		
€ 000s	1/1/-30/9/2011	1/1/-30/9/2012
Germany	46,562	42,445
Rest of Europe	67,147	66,089
America	10,041	14,844
Asia, Australia, Others	9,214	7,057
	132,964	130,435

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (ABBREVIATED)

ACCOUNTING PRINCIPLES

The consolidated financial statements of SURTECO SE for the period ended 31 December 2011 were prepared in accordance with the regulations of the International Financial Reporting Standards (IFRS), as they were adopted by the EU. This interim report as at 30 September 2012 has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting". As a matter of principle, the same accounting and valuation principles as in the preparation of the consolidated financial statements for the business year 2011 are applied in drawing up the interim financial report for the quarter ended 30 September 2012. If the standards adopted by the IASB had to be applied from 1 January 2012, they were taken account of in this interim report if they exert effects on the SURTECO Group. The mandatory standards and interpretations to be applied as from 1 January 2012 exerted no material effect on the net assets, financial position and results of operations of the Group.

We refer readers to the consolidated financial statements of SURTECO SE for the period ending 31 December 2011 in respect of further information on the details of the accounting and valuation methods used. The Group currency is denominated in euros (€). All amounts are specified in thousand euros (€ 000s).

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

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.

SURTECO France S.A.S., as subsidiary of SURTECO SE, acquired the plastics and veneer edging business of its French competitor Sodimo in Bohal in an asset deal on 4 January 2012. Since the acquisition, the integration is carried in the consolidated financial statements for the first time.

SURTECO intends to continue expanding business in France through the acquisition of the customer base, various long-term tangible assets and inventories. A purchase price of € 000s 1,600 was agreed with € 000s 200 (fair value) being a conditional payment depending on income. This payment is to be made within a period of 15 months. The amount of € 000s 77 was paid off by 30 September 2012. In accordance with the purchase price allocation under IFRS 3, € 000s 1,360 were allocated to the customer base, € 000s 200 to inventories and € 000s 40 to machinery. No value was attributed to the company name. Other assets and liabilities were not assumed. Goodwill was not identified. The purchase price allocation was carried out in full at the asset values taken over at fair value.

The acquired business contributed € 000s 1,268 to sales and € 000s 90 to the consolidated net profit in the first three quarters of 2012.

On 30 April 2012, BauschLinnemann North America Inc. acquired 10 % of the shares in BauschLinnemann South Carolina LLC. Since this point 80 % of the shares have been included in the consolidated financial statements.

SUPPLEMENTARY INFORMATION ON THE INCOME STATEMENT/BALANCE SHEET

Personnel expenses include an expense amounting to € 1.7 million for a restructuring programme carried out by the Strategic Business Unit Paper. The corresponding amount was included in short-term provisions in the second quarter.

DIVIDEND FOR FISCAL 2011

The Annual General Meeting of SURTECO SE passed a resolution on 22 June 2012 to pay out a dividend for the business year 2011 amounting to € 0.45 for each no-par-value share. The payout amounted to a total of € 4,983,984.90.

ADJUSTMENT TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IAS 8

A non-standard accounting treatment of special-purpose leasing companies made in the course of drawing up the consolidated financial statements as at 31 December 2011 was adjusted retroactively. All effects were taken account of in the financial statements for 2011. The corresponding quarterly figures for the business year 2011 were adjusted in the report. This is the primary reason for the increase in the net income for the first three quarters of 2011 by € 000s 36 (3rd quarter 2011: € 000s 12) to € 000s 12,089 (3rd quarter 2011: € 000s 3,955). Further information on this matter is provided in the consolidated financial statements for SURTECO SE for the period to 31 December 2011, Notes to the Consolidated Financial Statements VIII. "Adjustment to the consolidated financial statements in accordance with IAS 8".

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 30 September 2012 when this Report went to press, there were no other events or developments that could lead to a significant change in the recognition or valuation of individual assets or liabilities.

Calculation of indicators

Cost of materials ratio in %	Cost of materials/Total output
Earnings per share in €	Consolidated net profit/Number of shares
EBIT margin in %	EBIT/Sales revenues
EBITDA margin in %	EBITDA/Sales revenues
Equity ratio in %	Equity/Balance sheet total
Gearing (debt level) in %	Net debt/Equity
Market capitalization in €	Number of shares x Closing price on the balance sheet date
Net debt in €	Short-term financial liabilities + Long-term financial liabilities - Cash and cash equivalents
Personnel expense ratio in %	Personnel costs/Total output
Working capital in €	Trade accounts receivables + Inventories - Trade accounts payable

FINANCIAL CALENDAR

30 April 2013	Annual Report 2012
15 May 2013	Three-month report January – March 2013
28 June 2013	Annual General Meeting at the Sheraton Munich Arabellapark Hotel
1 July 2013	Dividend payout

REPORT FOR THE FIRST THREE QUARTERS 2012

TICKER SYMBOL: SUR
ISIN: DE0005176903

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CONTACT

SURTECO SE

Andreas Riedl

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

Martin Miller

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

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

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SURTECO

SOCIETAS EUROPAEA

Johan-Viktor-Bausch-Str. 2
86647 Buttenwiesen-Pfaffenhofen
Germany