

# REPORT FOR THE FIRST THREE QUARTERS

1 January to

30 September

## 2015

SPECIALISTS  
FOR  
SURFACE  
TECHNOLOGIES

# SURTECO

SOCIETAS EUROPAEA

## Q3

2015

# OVERVIEW

SURTECO GROUP

€ 000s

Sales revenues

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of which

- Germany

- Foreign

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EBITDA

EBITDA margin in %

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EBIT

EBIT margin in %

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EBT

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Consolidated net profit

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Earnings per share in €

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Number of shares

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Net financial debt in € 000s

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Gearing (level of debt) in %

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Equity ratio in %

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Number of employees

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1/7/-30/9/ 2014	1/7/-30/9/ 2015	Δ %	1/1/-30/9/ 2014	1/1/-30/9/ 2015	Δ %
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Q3			Q1-3		
154,797	<b>156,755</b>	+1	470,098	<b>483,910</b>	+3
43,382	<b>44,440</b>	+2	135,474	<b>136,329</b>	+1
111,415	<b>112,315</b>	+1	334,624	<b>347,581</b>	+4
17,560	<b>15,192</b>	-13	57,198	<b>49,766</b>	-13
11.3	<b>9.7</b>		12.2	<b>10.3</b>	
8,973	<b>6,317</b>	-30	30,622	<b>24,003</b>	-22
5.8	<b>4.0</b>		6.5	<b>5.0</b>	
9,659	<b>3,285</b>	-66	27,467	<b>20,041</b>	-27
6,425	<b>2,547</b>	-60	19,255	<b>14,166</b>	-26
0.41	<b>0.16</b>	-60	1.24	<b>0.91</b>	-26
15,505,731	<b>15,505,731</b>		15,505,731	<b>15,505,731</b>	

30/9/2014	30/9/2015	Δ %	31/12/2014	30/9/2015	Δ %
151,804	<b>128,952</b>	-15	145,839	<b>128,952</b>	-12
48	<b>40</b>	-8 pts.	45	<b>40</b>	-5 pts.
49.6	<b>49.0</b>	-0.6 pts.	50.4	<b>49.0</b>	-1.4 pts.
2,698	<b>2,738</b>	+1	2,705	<b>2,738</b>	+1

# DEAR SHAREHOLDERS, PARTNERS AND FRIENDS OF OUR COMPANY

## MACROECONOMIC AND SECTOR-SPECIFIC FRAMEWORK CONDITIONS

### UNCERTAINTIES ABOUT THE GLOBAL ECONOMY INCREASE

In its update on the development of the global economy in October 2015, the International Monetary Fund (IMF) highlighted increasing risks on account of the continuing slowdown in the Chinese economy and the increasing uncertainties about the impact of the effects of the impending increase in the base rate for interest in the USA. Accordingly, the experts revised their forecast for global economic growth from plus 3.3 % to plus 3.1 % compared with July 2015. While the developed economies can anticipate a slight increase in the growth dynamic of 2.0 % compared with 2014 (+1.8 %), expansion is slowing in the emerging markets and developing countries from plus 4.6 % in 2014 to 4.0 %.

Growth in the US economy is likely to be 2.6 %. The eurozone will continue to benefit from the weakness of the euro and can expect economic growth of 1.5 %. Development in the most important EU countries continued to converge in an upward

trend: Germany (+1.5 %), France (+1.2 %), Italy (+0.8 %) and Spain (+3.1 %). China's economic boom (+6.8 %) is weakening and this is also the case for the surrounding countries. Russia (-3.8 %) is currently in a deep recession as a result of the sanctions in the wake of the Ukraine crisis, as is Brazil (-3.0 %). According to the IMF, economic development in the emerging economies could continue to come under pressure because of the rise in interest rates anticipated from the US Federal Reserve during the 4th quarter of 2015. Today, investors have already started to withdraw large amounts of money from this region.

#### **DYNAMIC DEVELOPMENT IN THE FURNITURE INDUSTRY SLOWS DOWN IN THE SECOND HALF OF 2015**

The most important group of customers for the SURTECO Group remains companies from the furniture and wood-based industry. After the sector was still projecting growth of 1.5 % for the year 2015 until the middle of the year, retrospective analysis for the first half of 2015 showed a surprisingly positive increase in sales of 4.6 %. From January to June, the low interest rates and the good economic development in Germany gave consumption a powerful impetus and fuelled a high level of construction activity. Exports also benefited from an upswing in important sales markets and the weakness of the euro.

However, the Association of the German Furniture Industry (VDM) has a much more sceptical perspective on the second half of the year. From July to December, the association is predicting that the construction sector will contract and a negative trend is also likely to set in for exports. This is due to increasing uncertainties across the world, although a moderate sales increase of 1.7 % was posted in July compared with the

equivalent year-earlier month. The VDM therefore forecasts sector growth of around 3 % in the furniture industry for the year 2015 as a whole.

## **SALES AND BUSINESS PERFORMANCE**

### **BUSINESS VOLUME CONTINUES TO BE ABOVE THE LEVEL FOR THE PREVIOUS YEAR**

During the first three quarters of the business year 2015, sales revenues for the SURTECO Group amounting to € 483.9 million were 3 % above the equivalent year-earlier value of € 470.1 million. The increase was mainly due to stable domestic business and very satisfactory business performance in America and Australia. The strong growth of 27 % in America was primarily currency driven but the American companies also showed a significantly positive development in local currency. The rise in sales revenues of 11 % in Australia was almost exclusively generated by organic growth. Business in Asia remains at the level of the previous year owing to the weakened growth dynamic in this region. In Europe (not including Germany), a decline of 4 % was experienced. Nevertheless, sales in Germany rose by 1 % to a respectable € 136.3 million. Overall, foreign business reached a volume of € 347.6 million (year-earlier period: € 334.6 million). The foreign sales ratio therefore rose by 0.6 percentage points to 71.8 %.

### **STRATEGIC BUSINESS UNIT PLASTICS**

After nine months of the current business year, sales growth of 7 % compared with the equivalent year-earlier period was recorded for the Strategic Business Unit Plastics. Business with skirtings

rose by 24 %, while business with roller-shutter systems rose by 6 %, business with thermoplastic edgebandings by 5 %, business with technical extrusions (profiles) by 2 % and business with plastic foils by 1 %, although the plastic-foil business underwent significantly stronger increase in local currency. Sales of goods held for resale and other proceeds increased by 24 %. The positive business development was supported by stable demand in Germany and Western Europe, and a good economy in North America and Australia. In Turkey and Russia, the tense political situation led to shrinking markets, and the Asian regions also experienced a decline in demand. However, Asia only represented a minimal proportion of 7 % in the foreign sales of € 129.0 million (2014: € 120.4 million) in the months of January to September. Domestic business rose to € 56.2 million (2014: € 52.0 million). The plastics business line generated total sales of € 185.2 million after € 172.4 million in the equivalent year-earlier period.

## STRATEGIC BUSINESS UNIT PAPER

In the Strategic Business Unit Paper, the relocation of the printing machines to Bittenwiesen-Pfaffenhofen continued to impact negatively on the production of decorative prints. During the first three quarters of 2015, this led to a decline of 6 % in sales for this product segment compared with the equivalent year-earlier period. Conversely, sales growth was generated with release papers (+6 %), pre-impregnated and fully impregnated finish foils (+5 % and +3 % respectively) and edgebandings based on paper (+2 %). The business with impregnates remained at the level of the previous years. Total sales revenues for the segment amounting to € 298.7 million were at the level of the previous year during the months

of January to September (Q1-3 2014: € 297.7 million). Domestic business at € 80.1 million eased by 4 % (Q1-3 2014: € 83.5 million) and foreign sales rose from € 214.2 million to € 218.6 million during the period under review.

## **EXPENSES**

### **COST OF MATERIALS STABLE PROVISIONS OF € 3.2 MILLION FOR SOCIAL PLAN EXPENSES**

Purchase prices for the most important raw materials of both Strategic Business Units continued to remain at a very high level during the third quarter of 2015. This development was countered by synergies from standardisation of printing inks and varnish, alongside economics of scale in the purchase of materials which were achieved from integration of the Süddekor companies. This enabled the proportion of cost of materials in relation to sales (material costs/total output) to be lowered to 50.2 % during the first three quarters of 2015 (year-earlier period: 50.9 %). On the back of the higher total output, the cost of materials rose in the sum of € 244.2 million in the previous year to € 245.6 million.

At the end of the business year 2014, costs from a social compensation plan and the settlement of interests for the employees affected by the concentration of decorative printing activities anticipated in the financial statements were calculated at € 9.4 million and accrued. The number of employees who would want to move from the Laichingen site to Buttenwiesen located some 100 kilometres away could only be estimated at



this point. It only emerged during the third quarter of the current business year that significantly fewer employees would accept the offer to move than had originally been expected and instead opted to leave the company and take the severance payment. The final expenses incurred for the settlement payments arising from the social compensation plan, settlement of interests and social pay agreement for the affected employees were calculated on the basis of this information. As a result, there was an additional provision requirement of € 3.2 million, which impacted negatively on the personnel expenses as at 30 September 2015. There also continues to be a temporary personnel surplus in the paper lines for timely implementation of the site concentration. Total personnel expenses at the SURTECO Group rose from € 115.0 million in the equivalent year-earlier period to € 123.4 million. Personnel expenses are calculated from the ratio of personnel expenses to total output and they increased by 1.2 percentage points to 25.2 %.

Other operating expenses at € 77.1 million were significantly above the value for the year-earlier period amounting to € 67.1 million. Expenses for the integration project of the Strategic Business Unit Paper were essentially responsible for this. During the months of January to September, € 6.5 million were expended for this. However, higher other operating expenses were also incurred in the plastics line on account of the increased sales and for raising the quality of service.

## GROUP RESULTS

On the basis of a total output of € 488.8 million after € 479.9 million in the equivalent year-earlier period, the SURTECO Group generated EBITDA of € 49.8 million (2014: € 57.2 million) in the months January to September 2015. This fall is mainly explained by the expenses incurred for the social compensation plan (€ 3.2 million) and other operating expenses for the integration project (€ 6.5 million). Total expenses amounted to € 446.1 million (2014: € 426.3 million). This contrasted with an increase of € 3.4 million in other operating income amounting to € 7.0 million. The increase compared with the previous year is mainly attributable to the disposal of the Biscoe/USA site and the sale of a parcel of land in Germany not required for business operations. Depreciation and amortisation amounting to € -25.8 million, after € -26.6 million in the previous year result in earnings before the financial result and taxes (EBIT) of € 24.0 million (2014: € 30.6 million). The considerable volatility of exchange rates between foreign currencies and the euro over the past 12 months is reflected in the financial result. During the first quarter of 2015, the financial result was still at € 1.8 million after € -2.5 million in the previous year. In the first three quarters of 2015, a financial result of € -4.0 million manifested itself after € -3.2 million in the equivalent year-earlier period. Accordingly, the pre-tax result was € 20.0 million after € 27.5 million in 2014. Earnings per share of € 0.91 (2014: € 1.24) were calculated based on an unchanged volume of 15,505,731 no-par-value shares issued.

## RESULT OF THE STRATEGIC BUSINESS UNITS

The pre-tax result (EBT) of the Strategic Business Unit Plastics was € 14.3 million in the months January to September 2015, which was at the level of the previous year (€ 14.2 million). As in the first half of 2015, shifts in the product mix and prices of raw materials at a high level prevented a transfer of the increased business volume to the result.

Mainly on account of one-off effects for the integration project referred to above amounting to a total of € 9.7 million, EBT of the Strategic Business Unit Paper at € 13.5 million in the first three quarters of 2015 was significantly below the value for the previous year (Q1-3 2014: € 20.1 million).

## CONCENTRATION OF DECORATIVE PRINTING ACTIVITIES ABOUT TO BE CONCLUDED

During the period under review, significant progress was made with the concentration of decorative printing activities in Germany at the Buttenwiesen-Pfaffenhofen site. After two other printing lines were relocated and went into operation in October, a total of eight printing lines, including four relocated ones, are now producing in Buttenwiesen-Pfaffenhofen. Work has already started on relocation of the last remaining line. The relocation and restructuring of the site is therefore proceeding according to plan. However, as has already been outlined, it was necessary to absorb higher costs than had originally been anticipated. Together with the provisions from the previous year 2014, costs amounting to € 19.1 million have been incurred so far. They include unplanned refurbishment and

construction operations, as well as higher costs for the social compensation plan since fewer employees than expected accepted the offer of a change in location. Since the relocation measures will soon come to an end, the surplus personnel will gradually be reduced over the coming months by approximately 100 employees.

## **NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS**

Compared with 31 December 2014, the balance sheet total of the SURTECO Group went up by 4 % to € 662.1 million at 30 September 2015. On the assets side, cash and cash equivalents in particular went up to € 61.8 million, after € 43.1 million at the end of 2014. Trade accounts receivable also rose during this period by € 7.7 million to € 69.4 million. Other current non-financial assets were € 2.9 million below the value at year-end 2014 and amounted to € 6.3 million at the end of the third quarter of 2015. Already in the first quarter of 2015, the assets held for sale amounting to € 7.3 million, were already derecognized in the first quarter of 2015 following the sale of the Biscoe/USA site. Overall, the current assets rose from € 242.4 million on 31 December 2014 to € 259.5 million on 30 September 2015. However, non-current assets only went up slightly by 2 % to € 402.7 million after € 394.3 million at the end of 2014. An increase in property, plant and equipment by € 3.3 million to € 240.5 million and other non-current financial assets by € 5.4 million to € 13.6 million from the valuation of hedging instruments compared with reduced intangible assets of € 23.3 million after € 26.3 million at the close of 2014.

On the liabilities side, most importantly current liabilities rose from € 91.5 million at year-end 2014 to € 105.4 million on 30 September 2015. Trade accounts payable essentially rose by € 9.3 million to € 54.6 million and other current non-financial liabilities went up by € 7.7 million to € 10.9 million. Higher financial liabilities of € 4.4 million and higher deferred tax liabilities of € 4.2 million resulted in an increase in non-current liabilities by € 8.4 million to € 232.4 million compared with 31 December 2014. Total equity increased slightly by € 3.2 million to € 324.3 million on the balance sheet date for the quarter. The equity ratio eased by 1.4 percentage points and amounted to 49.0 % on 30 September 2015.

The positive development of liquid assets resulting from strict working capital management, other income, in particularly from the sale of the site in Biscoe/USA during the first quarter and capital flow from operating business, exerted a positive effect on the net financial debt and the level of debt (gearing). The net financial debt was therefore reduced from € 145.8 million to € 129.0 million and gearing from 45 % at year-end 2014 to 40 % on 30 September 2015. The working capital was reduced to € 126.6 million (31.12.2014: € 126.9 million), following the value of € 135.5 million posted at the half year 2015.

The proceeds generated from the sale of property, plant and equipment and slightly higher investments combined with higher cash flow from current business activities during the first three quarters of the current business year to generate a significant increase in free cash flow to € 37.8 million after € 15.7 million in the corresponding year-earlier period.

## CALCULATION OF FREE CASH FLOW

€ 000s	1/1/-30/9/ 2014	1/1/-30/9/ 2015
<b>Cash flow from current business operations</b>	<b>38,192</b>	<b>52,832</b>
Purchase of property, plant and equipment	-22,042	-23,808
Purchase of intangible assets	-490	-1,011
Proceeds from the disposal of property, plant and equipment	0	9,748
<b>Cash flow from investment activities</b>	<b>-22,532</b>	<b>-15,071</b>
<b>Free cash flow</b>	<b>15,660</b>	<b>37,761</b>

## RESEARCH AND DEVELOPMENT

A staff of 155 employees (2014: 150 employees) currently work on research in the two Strategic Business Units at the SURTECO Group. They focus on research into alternative raw materials, further improvement in product quality and process safety, and on development of new products and product versions.

The focus in the Strategic Business Unit Paper during the period under review was on advanced development of super-matt surfaces with anti-finger-print effect. This surface version has already become very successfully established in the marketplace since intensive research work solved the problem of marking sensitivity very effectively – in particular marks from finger prints. The Research and Development Department is carrying out intensive work on transferring this attribute to other products with other materials and alternative haptic properties.

Research into alternative raw materials for further optimisation of product quality and production workflows was driven forward in the plastic line during the third quarter of 2015. For example, a new substrate material was successfully tested for plastic edging production and released for series production. The efficiency of the production process was further improved while maintaining a uniform level of quality for the end product.

## **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 2014.

One risk in the paper line designated with damage class 4 and probability class 4 described in the half-year report was eliminated during the third quarter of 2015 due to the occurrence and the necessary provision in the personnel sector from the risk inventory. During the period under review compared with the half-year report, an additional risk was recorded in damage class 1 and probability class 4 for the Strategic Business Unit Plastics. Otherwise, exposure to the risks described in the half-year report has continued.

The overall risk assessment has not undergone any major change compared with the first half year 2015.



## **OUTLOOK FOR THE FISCAL YEAR 2015**

The company is continuing to confirm the adjusted forecast from the half-year report for the business year 2015. This continues to project a modest increase in sales revenues for the two strategic business units and hence also at Group level.

The forecast for a slightly increasing pre-tax result (EBT) for the Strategic Business Unit Plastics continues to be assumed subject to stable prices for raw materials and the EBT of the Strategic Business Unit Paper is likely to be significantly above the value posted for the previous year. An EBT continues to be forecast for the SURTECO Group which is significantly above the amount of € 22.3 million posted for the previous year.

## **SURTECO SHARES**

On account of the necessary adjustment to earnings for this business year at the beginning of August 2015, the SURTECO share also posted a markedly negative performance in the third quarter of 2015. This measure led to equity analysts partly reducing their price targets. The exit from the SDAX Small Cap Index in the summer and the generally weaker stock exchange development exerted a negative impact on price development particularly at the end of the quarter under review. Accordingly, after a high for the year of € 27.77, the share finished trading at a price of € 17.43 on 30 September 2015. However, by the editorial deadline for this quarterly report, the share price had stabilized at prices around € 18. Nevertheless, the first nine months of 2015 saw the share certificates undergoing a tough fall in price of around one quarter, although this was ameliorated somewhat by the dividend payout amounting to € 0.70. The fall in price meant that the market capitalization of SURTECO SE based on a total of around 15.5 million no-par-value shares fell to € 270.3 million. The proportion of shares in free float remains unchanged at 45.4 %.

**January - September 2015**

Number of shares	15,505,731
Free float in %	45.35
Price on 2/1/2015 in €	23.81
Price on 30/9/2015 in €	17.43
High in €	27.77
Low in €	17.43
Market capitalization as at 30/9/2015 in € 000s	270,265

**Share price performance  
January - September 2015 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

Q3		Q1-3	
1/7/-30/9/ 2014	1/7/-30/9/ 2015	1/1/-30/9/ 2014	1/1/-30/9/ 2015
<b>154,797</b>	<b>156,755</b>	<b>470,098</b>	<b>483,910</b>
655	831	6,096	1,708
1,162	1,329	3,705	3,202
<b>156,614</b>	<b>158,915</b>	<b>479,899</b>	<b>488,820</b>
-79,542	-80,152	-244,203	-245,591
-37,747	-41,288	-115,013	-123,364
-23,236	-25,374	-67,115	-77,097
1,471	3,091	3,630	6,998
<b>17,560</b>	<b>15,192</b>	<b>57,198</b>	<b>49,766</b>
-8,587	-8,875	-26,576	-25,763
<b>8,973</b>	<b>6,317</b>	<b>30,622</b>	<b>24,003</b>
686	-3,032	-3,155	-3,962
<b>9,659</b>	<b>3,285</b>	<b>27,467</b>	<b>20,041</b>
-3,228	-738	-8,208	-5,896
<b>6,431</b>	<b>2,547</b>	<b>19,259</b>	<b>14,145</b>
6,425	2,547	19,255	14,166
6	0	4	-21
0.41	0.16	1.24	0.91
15,505,731	15,505,731	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

Owner of the parent  
(consolidated net profit)

Non-controlling interests

Q3		Q1-3	
1/7/-30/9/ 2014	1/7/-30/9/ 2015	1/1/-30/9/ 2014	1/1/-30/9/ 2015
<b>6,431</b>	<b>2,547</b>	<b>19,259</b>	<b>14,145</b>
<b>-1,087</b>	<b>0</b>	<b>-1,387</b>	<b>0</b>
47	1	-632	191
2,429	-3,085	-2,134	-1,195
113	489	-500	941
<b>2,589</b>	<b>-2,595</b>	<b>-3,266</b>	<b>-63</b>
<b>1,502</b>	<b>-2,595</b>	<b>-4,653</b>	<b>-63</b>
<b>7,933</b>	<b>-48</b>	<b>14,606</b>	<b>14,082</b>
7,926	-48	14,601	14,103
7	0	5	-21

# CONSOLIDATED BALANCE SHEET

SURTECO GROUP

€ 000s

## ASSETS

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Cash and cash equivalents

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Trade accounts receivable

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Inventories

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Current income tax assets

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Other current non-financial assets

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Other current financial assets

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Assets held for sale

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### Current assets

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Property, plant and equipment

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Intangible assets

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Goodwill

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Investments accounted for using the equity method

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Financial assets

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Non-current income tax assets

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Other non-current financial assets

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Deferred taxes

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### Non-current assets

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	31/12/2014	30/9/2015
	43,060	61,849
	61,670	69,357
	110,638	111,872
	8,025	8,161
	9,171	6,301
	2,524	1,924
	7,329	0
	<b>242,417</b>	<b>259,464</b>
	237,198	240,486
	26,266	23,324
	110,808	110,743
	3,545	3,844
	21	21
	282	282
	8,182	13,564
	7,950	10,398
	<b>394,252</b>	<b>402,662</b>
	<b>636,669</b>	<b>662,126</b>

# CONSOLIDATED BALANCE SHEET

SURTECO GROUP

€ 000s

## LIABILITIES AND SHAREHOLDERS' EQUITY

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Short-term financial liabilities

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Trade accounts payable

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Income tax liabilities

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Short-term provisions

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Other current non-financial liabilities

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Other current financial liabilities

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### Current liabilities

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Long-term financial liabilities

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Pensions and other personnel-related obligations

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Deferred taxes

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### Non-current liabilities

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Capital stock

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Capital reserve

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Retained earnings

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Consolidated net profit

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### Capital attributable to owners of the parent

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Non-controlling interests

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### Equity

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	31/12/2014	30/9/2015
	5,563	3,029
	45,359	54,644
	2,968	3,257
	12,052	13,412
	3,220	10,943
	22,383	20,127
	<b>91,545</b>	<b>105,412</b>
	183,336	187,772
	12,738	12,446
	27,949	32,167
	<b>224,023</b>	<b>232,385</b>
	15,506	15,506
	122,755	122,755
	164,050	171,550
	18,464	14,166
	<b>320,775</b>	<b>323,977</b>
	326	352
	<b>321,101</b>	<b>324,329</b>
	<b>636,669</b>	<b>662,126</b>

# CONSOLIDATED CASH FLOW STATEMENT

SURTECO GROUP

€ 000s

## Earnings before income tax

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Reconciliation to cash flow from current business operations

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## Internal financing

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Change in assets and liabilities (net)

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## Cash flow from current business operations

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Cash flow from investment activities

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Cash flow from financial activities

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## Change in cash and cash equivalents

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## Cash and cash equivalents

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1 January

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Effect of changes in exchange rate on cash and cash equivalents

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**30 September**

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**Q1-3**

	1/1/-30/9/ 2014	1/1/-30/9/ 2015
	<b>27,467</b>	<b>20,041</b>
	23,526	20,676
	<b>50,993</b>	<b>40,717</b>
	-12,801	12,115
	<b>38,192</b>	<b>52,832</b>
	-22,532	-15,071
	-31,280	-19,315
	<b>-15,620</b>	<b>18,446</b>
	51,124	43,060
	724	343
	<b>36,228</b>	<b>61,849</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SURTECO GROUP

€ 000s	Capital stock	Capital reserve	Fair value measurement for financial instruments
<b>31 December 2013</b>	<b>15,506</b>	<b>122,798</b>	<b>767</b>
Net income	0	0	0
Other comprehensive income	0	0	-500
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-500</b>
Dividend payout SURTECO SE	0	0	0
Allocation to retained earnings	0	0	0
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>30 September 2014</b>	<b>15,506</b>	<b>122,798</b>	<b>267</b>
<b>31 December 2014</b>	<b>15,506</b>	<b>122,755</b>	<b>495</b>
Net income	0	0	0
Other comprehensive income	0	0	941
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>941</b>
Dividend payout SURTECO SE	0	0	0
Allocation to retained earnings	0	0	0
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>30 September 2015</b>	<b>15,506</b>	<b>122,755</b>	<b>1,436</b>

Retained earnings			Consolidated net profit	Non-controlling interests	Total
Other comprehensive income	Currency translation adjustments	Other retained earnings			
<b>-726</b>	<b>-9,307</b>	<b>159,769</b>	<b>21,876</b>	<b>342</b>	<b>311,025</b>
0	0	0	19,255	4	19,259
-1,387	-2,766	0	0	0	-4,653
<b>-1,387</b>	<b>-2,766</b>	<b>0</b>	<b>19,255</b>	<b>4</b>	<b>14,606</b>
0	0	0	-10,079	0	-10,079
0	0	11,797	-11,797	0	0
<b>0</b>	<b>0</b>	<b>11,797</b>	<b>-21,876</b>	<b>0</b>	<b>-10,079</b>
<b>-2,113</b>	<b>-12,073</b>	<b>171,566</b>	<b>19,255</b>	<b>346</b>	<b>315,552</b>
<b>-1,681</b>	<b>-6,330</b>	<b>171,566</b>	<b>18,464</b>	<b>326</b>	<b>321,101</b>
0	0	0	14,166	-21	14,145
0	-1,051	0	0	47	-63
<b>0</b>	<b>-1,051</b>	<b>0</b>	<b>14,166</b>	<b>26</b>	<b>14,082</b>
0	0	0	-10,854	0	-10,854
0	0	7,610	-7,610	0	0
<b>0</b>	<b>0</b>	<b>7,610</b>	<b>-18,464</b>	<b>0</b>	<b>-10,854</b>
<b>-1,681</b>	<b>-7,381</b>	<b>179,176</b>	<b>14,166</b>	<b>352</b>	<b>324,329</b>

# SEGMENT REPORTING

SURTECO GROUP

## BY STRATEGIC BUSINESS UNITS

### Sales revenues

€ 000s

1/1/-30/9/2015

External sales

Internal sales

**Total sales**

1/1/-30/9/2014

External sales

Internal sales

**Total sales**

### Segment earnings

€ 000s

1/1/-30/9/2015

**EBT**

1/1/-30/9/2014

**EBT**



SBU Plastics	SBU Paper	Recon- ciliation	SURTECO Group
185,232	298,678	0	483,910
1,156	749	-1,905	0
<b>186,388</b>	<b>299,427</b>	<b>-1,905</b>	<b>483,910</b>

172,395	297,703	0	470,098
299	623	-922	0
<b>172,694</b>	<b>298,326</b>	<b>-922</b>	<b>470,098</b>

SBU Plastics	SBU Paper	Recon- ciliation	SURTECO Group
<b>14,337</b>	<b>13,502</b>	<b>-7,798</b>	<b>20,041</b>

<b>14,196</b>	<b>20,082</b>	<b>-6,811</b>	<b>27,467</b>
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# SEGMENT REPORTING

SURTECO GROUP

## BY REGIONAL MARKETS

### Sales revenues SURTECO Group

€ 000s

Germany

Rest of Europe

America

Asia, Australia, Others

### Sales revenues SBU Plastics

€ 000s

Germany

Rest of Europe

America

Asia, Australia, Others

### Sales revenues SBU Paper

€ 000s

Germany

Rest of Europe

America

Asia, Australia, Others

1/1/-30/9/2014	1/1/-30/9/2015
135,474	136,329
219,987	210,328
77,570	98,753
37,067	38,500
<b>470,098</b>	<b>483,910</b>

1/1/-30/9/2014	1/1/-30/9/2015
52,020	56,189
67,127	67,028
25,784	32,790
27,464	29,225
<b>172,395</b>	<b>185,232</b>

1/1/-30/9/2014	1/1/-30/9/2015
83,454	80,140
152,860	143,300
51,786	65,963
9,603	9,275
<b>297,703</b>	<b>298,678</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ABBREVIATED)

## ACCOUNTING PRINCIPLES

The consolidated financial statements of the SURTECO Group for the period ended 31 December 2014 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 30 September 2015 as in the preparation of the consolidated financial statements for the business year 2014.

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 2014 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 2015 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 2015, 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 2015 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 2014.

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

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

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

## GROUP OF CONSOLIDATED COMPANIES

As at 30 September 2015, 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.

## 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:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ABBREVIATED)

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

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

**LEVEL 3** - Unobservable input factors.

The measurement of financial derivatives is based on the valuations of banking partners. The bankers determine the fair values on the basis of specific assumptions and valuation methods which can take account of the influence of market,

€ 000s	Category acc. IAS 39
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## 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

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.

FAIR VALUE / BOOK VALUE					
31/12/2014			30/9/2015		
Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
0	6,065	0	0	11,957	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)

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 2014.

## DIVIDEND FOR FISCAL 2014

The Annual General Meeting of SURTECO SE passed a resolution on 26 June 2015 to pay out a dividend for the business year 2014 amounting to € 0.70 for each no-par-value share. The payout amounted to a total of € 10,854,011.70.



## 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 2015 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 %

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Earnings per share in €

---

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 €

---

## **FINANCIAL CALENDAR**

23 November 2015

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29 April 2016

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13 May 2016

---

30 June 2016

---

12 August 2016

Cost of materials/Total output

---

Consolidated net profit/Number of shares

---

EBIT/Sales revenues

---

Earnings before financial result and income tax

---

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

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German Equity Forum 2015 in Frankfurt

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Annual Report 2015

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Three-month report January - March 2016

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Annual General Meeting

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Six-month report January - June 2016

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**ISIN: DE0005176903**

# SURTECO

SOCIETAS EUROPAEA

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**DEUTSCHE BÖRSE**



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