

SURTECO

SOCIETAS EUROPAEA

REPORT FOR THE FIRST THREE QUARTERS

2016

Q3



1 January to 30 September

DEAR SHAREHOLDERS,
PARTNERS AND FRIENDS
OF OUR COMPANY

MACROECONOMIC AND SECTOR-SPECIFIC FRAMEWORK CONDITIONS

SLIGHT WEAKENING OF ECONOMY IN INDUSTRIAL COUNTRIES

The International Monetary Fund (IMF) slightly reduced its forecasts for the development of the global economy by 0.1 % to 3.1 % in its latest World Economic Outlook (WEO) dated October 2016 compared with the April forecast. The reasons for the rather more pessimistic assessment compared with the spring are specifically an easing of dynamic economic performance in the USA and uncertainties surrounding the decision on Brexit. The rise in global economic output is likely to be primarily fuelled by the gathering pace of dynamic performance in the emerging economies where accelerated growth of 4.2 % (previous year: 4.0 %) is expected for the first time in six years. Compared with this, the economic development in the industrialized countries will slow down. According to the IMF's correction to its April forecast for the USA, it will go down from +2.4 % to +1.6 % (previous year: +2.6 %). The eurozone is also unlikely to achieve the result for the previous year (+2.0 %) with growth of 1.7 %. At country level, the IMF

predicts growth of gross domestic product amounting to 1.7 % in Germany, 1.3 % in France, and 0.8 % in Italy. Above-average growth is projected for Spain at 3.1 %.

The economy in China will continue to cool down (6.6 % growth compared with 6.9 % in 2015), while the recession in Russia is likely to be significantly less severe at -0.8 % than in 2015 (-3.7 %). The European emerging economies can anticipate economic expansion of 3.3 % overall.

LIGHT AND SHADE IN THE FURNITURE INDUSTRY

The furniture industry is the most important group of customers for SURTECO and according to reports from the sector association for the German furniture industry (VDM), significant growth was posted during the first six months of 2016. Sales of €8.9 billion increased earnings for the first half year to 4.9 % above the level for the equivalent year-earlier period and this exceeded the level for 2008 before the onset of the financial crisis. In particular, the manufacturers of kitchen furniture reported a dynamic rise in sales of 7.2 % to €2.4 billion on account of the good construction activity. Driven by positive momentum coming primarily from Europe and North America, nearly 60 % of the sales in the German furniture industry (€5.2 billion) were generated from exports (+2 %). However, the development of sales in the United Kingdom, which ranked among the most important growth markets in the sector during recent years, was more reserved than in the previous year. According to the sector association, muted consumer sentiment and the fall in value of sterling due to the impending Brexit were the prime causes. Sustained import pressure also exerted a negative impact on the German furniture industry, and this is meanwhile increasingly also penetrating the higher price segments. Consequently, imports

during the first half year rose by 1.8 % to €6.4 billion. The associated on-going downward pressure on prices resulting from this direct competition from abroad resulted in further bankruptcies of even longstanding traditional and well-established furniture manufacturers during the first half of 2016. Sector association VDM is assuming that the dynamic performance of exports will ease during the second half of the year, and that the rise in sales in the German furniture industry will be 3.5 % for the year overall, also due to weakening sentiment in the consumer climate.

SALES AND BUSINESS PERFORMANCE

SALES GROWTH MAINLY IN EXPORT BUSINESS

During the first three quarters of the current business year, the SURTECO Group increased its sales revenues by 1 % to a respectable €490.9 million (previous year: €483.9 million). However, domestic business in the months from January to September 2016 remained at the level of the previous year (€136.3 million) with a value of €136.4 million. Conversely, foreign sales rose by a total of 2 % to €354.5 million (previous year: €347.6 million). Growth of 4 % was generated in the rest of Europe despite difficult framework conditions in Russia and Turkey. Development in Australia continued on a positive trajectory with a sales increase of 12 %. Business in North America fell back by 2 % and in South America by 11 %. Performance in the Asia regions also declined (-9 %), although the situation became significantly less tense in the third quarter. The foreign sales ratio rose slightly to 72.2 % (previous year: 71.8 %) during the period under review.

STRATEGIC BUSINESS UNIT PAPER

After sales with decorative prints were impacted negatively in the course of the relocation of printing facilities during the previous year, business with decor papers rose during the third quarter of 2016, after the project had been concluded. Aggregated sales revenues with decor papers rose by 11 % in the months January to September. Growth was also achieved in sales with fully impregnated papers (+6 %) and with release papers (+21 %). Conversely, the demand for paper-based edgebandings (-14 %), pre-impregnated finish foils (-7 %) and impregnates (-7 %) declined. Overall, the paper business unit generated sales amounting to € 298.4 million (previous year: € 298.7 million) in the first three quarters of 2016. However, business in the domestic market fell by 5 % to € 76.0 million (previous year: € 80.1 million). By contrast, growth of 4 % was achieved in the rest of Europe. Business development was also positive in the relatively small-volume paper market in Australia with a rise of 60 %. Sales went down in North and South America (-3 %) and in Asia (-10 %). Export business during the first three quarters rose by 2 % to € 222.4 million.

STRATEGIC BUSINESS UNIT PLASTICS

The Strategic Business Unit Plastics succeeded in continuing the positive development achieved during the first half of the year in the third quarter of 2016. Sales revenues amounting to € 192.5 million in the months from January to September 2016 consequently rose by 4 % compared with the equivalent year-earlier period. Apart from technical extrusions (profiles) (-2 %) and roller-shutter systems (-12 %), all product segments in the plastics business unit underwent an increase. A rise of 2 % was booked for thermoplastic

edgebandings, and plastic foils went up by 4%. Double-digit increases were even achieved with skirtings and related products (+16 %). Sales of goods held for resale advanced by 1 %. As far as the country groups were concerned, growth was generated in the rest of Europe (+4 %), in Germany (+7 %) and in Australia (+9 %). Reductions were only reported in Asia (-8 %) and in North and South America (-2 %) in common with the paper business unit. Overall, sales revenues outside Germany rose by 2 % to € 132.1 million in the first three quarters of the current business year.

EXPENSES

While raw materials prices essentially remained constant in the two Strategic Business Units, the cost of materials ratio (proportion of the cost of materials in relation to sales) improved slightly as the current business year progressed. However, compared with the year-earlier value of 50.2 %, the ratio rose by 0.8 percentage points to 51.0 % in the first three quarters. Overall, the cost of materials amounted to € 256.8 million (previous year: € 245.6 million). Over the same period, personnel expenses came down from € 123.4 million to € 119.0 million. This also reflects the gradual reduction of the surplus personnel in the paper business unit resulting from the relocation, along with the removal of expenses for the provisions to cover the social compensation plan amounting to € 3.2 million from the previous year. The corresponding ratio (personnel expenses/total output) fell by 1.6 percentage points to 23.6 %. The other operating expenses also fell back following the successful conclusion of the merger for decorative printing operations. In the first nine months, they amounted to € 74.6 million

after € 77.1 million in 2015. This amount includes integration expenses of € 2.2 million (previous year: € 6.5 million).

GROUP RESULTS

AS FORECAST OPERATING RESULT SIGNIFICANTLY IMPROVED

On the basis of the total output for the SURTECO Group amounting to € 504.0 million (previous year: € 488.8 million) and taking account of the expense positions totalling € 450.4 million (previous year: € 446.1 million) and other operating income of € 2.0 million (previous year: € 7.0 million), the operating result (EBITDA) went up by 12 % to € 55.6 million (previous year: € 49.8 million) in the months from January to September 2016. Slightly lower depreciation and amortization compared with the previous year (€ -25.0 million in 2016, after € -25.8 million in 2015) led to earnings before financial result and income tax (EBIT) amounting to € 30.6 million (previous year: € 24.0 million). In the current business year, the financial result was € -5.6 million, although the year-earlier value amounting to € -4.0 million still included significant positive currency effects. Overall, earnings before income tax (EBT) went up by 25 % compared with the previous year and reached € 25.0 million (Q 1-3 2015: € 20.0 million). After deduction of € 8.3 million (previous year: € 5.9 million) income tax, the SURTECO Group generated net income of € 16.7 million (previous year: € 14.1 million). Consolidated net profit came to € 16.8 million (previous year: € 14.2 million). Earnings per share of € 1.08 (previous year: € 0.91) were calculated based on an unchanged volume of 15,505,731 no-par-value shares.

RESULT OF THE STRATEGIC BUSINESS UNITS

In the first nine months of 2016, the Strategic Business Unit Paper generated an EBIT of € 17.4 million. The EBIT of the previous year of € 14.2 million was influenced by expenses for a provision to cover the social compensation plan amounting to € 3.2 million.

The EBIT of the Strategic Business Unit Plastics grew from € 14.6 million in the previous year to € 18.1 million in the first three quarters of 2016 primarily due to the increase in business activity and efficiency improvements on the operational side.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

On 30 September 2016, the balance sheet total of the SURTECO Group increased by € 20.3 million (+3 %) to € 676.0 million by comparison with 31 December 2015 (€ 655.7 million).

On the assets side of the balance sheet, cash and cash equivalents posted an increase of € 13.3 million to € 78.9 million after € 65.6 million on 31 December 2015. This was essentially due to current business operations and the use of borrowing in accordance with what was planned. Trade accounts receivable on the closing date also increased by € 7.5 million to € 64.4 million (31 December 2015: € 56.9 million). The build-up in inventory levels to 30 September 2016 by € 11.1 million to € 124.4 million (31 December 2015: € 113.3 million) was carried out to achieve shorter delivery times in the context of the current development of business. By contrast, there is a decline in current income tax assets by € 4.7 million to

€ 1.6 million on the closing date (31 December 2015: € 6.3 million) on account of a trade and corporate income tax rebate for previous years. Overall, current assets increased by € 28.2 million (+11 %) to € 279.4 million after € 251.2 million at 31 December 2015. The non-current assets came down compared to this by € 7.9 million (-2 %) to € 396.6 million on 30 September 2016 (31 December 2015: € 404.5 million). The fall in intangible assets by € 2.6 million to € 19.6 million in comparison with 31 December 2015 was primarily caused by the scheduled depreciation and amortization which was not balanced by any significant additions during the reporting period. As a result of the disposal of the shareholding in SAUERESSIG Design Studio GmbH during the third quarter, investments accounted for using the equity method came down by € 1.1 million to € 2.2 million after € 3.3 million at year-end 2015. The market valuation of interest hedging instruments resulted particularly in the reduction of other non-current financial assets by € 1.5 million to € 12.8 million after € 14.3 million at 31 December 2015.

On the liabilities side, the main impact was caused by a rise in short-term and long-term financial liabilities by € 13.0 million from € 192.2 million at 31 December 2015 to € 205.2 million. This increase is due in particular to drawing down lines of credit during the reporting period. Trade accounts payable increased by € 6.0 million to € 54.7 million by comparison with 31 December 2015 (€ 48.7 million) on account of the reporting date. An adjustment of the discount rate during the course of the year meant that pensions and other personnel-related obligations rose by € 1.4 million to € 14.2 million on the reporting date. This contrasts with a decline in short-term provisions by € 4.3 million to € 3.9 million after € 8.2 million on 31 December 2015. This was mainly caused by

utilizing the restructuring provision set aside in the previous year. Equity was almost unchanged at € 334.4 million on 30 September 2016. The equity ratio is currently 49.5 % and is therefore 1.5 percentage points lower than on 31 December 2015 with a ratio of 51.0 % due to the increase in the balance sheet total.

On 30 September 2016, net financial debt came down slightly to € 126.3 million compared with € 126.6 million on 31 December 2015. The level of debt therefore remains unchanged at 38 % on the reporting date (31 December 2015: 38 %). Free cash flow in the first three quarters of 2016 at € 13.5 million was essentially below the value for the equivalent year-earlier period in 2015 of € 37.7 million on account of an increase in assets and liabilities (net).

CALCULATION OF FREE CASH FLOW

€ million	1/1-30/9/ 2015	1/1-30/9/ 2016
Cash flow from current business operations	52.8	37.0
Purchase of property, plant and equipment	-23.8	-23.2
Purchase of intangible assets	-1.0	-0.3
Proceeds from the disposal of property, plant and equipment	9.7	0.0
Cash flow from investment activities	-15.1	-23.5
Free cash flow	37.7	13.5

RESEARCH AND DEVELOPMENT

The Research and Development Department of the Strategic Unit Plastics succeeded in enriching the product portfolio of the plastics line by a new version of high-gloss edgings during the period under review. This involved development of a high-gloss surface with premium quality characteristics at moderate production costs being developed for an edging based on polypropylene (PP) being developed using a modified varnish application procedure. This product offers the kitchen furniture industry a cost-effective but premium quality alternative in the segment of high-gloss edgings. The Strategic Business Unit Paper has also been investigating new surface characteristics for its products. The paper business unit has been carrying out research into a paper-based foil specifically for the door industry with a deep matt finish and featuring enhanced scratch resistance, low gloss friction and appealing haptic touch. A surface material for flooring was also the focus of research. The objective was for manufacturers to be able to process the material using their existing production facilities while the material itself would have improved haptic and acoustic properties compared with conventional laminate.

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 2015. The identified individual risks are also allocated to damage and probability classes on account of their expected gross financial burden to EBT for the current and subsequent years on the basis of the following tables.

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

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

At the end of the third quarter of 2016, three additional significant individual risks were identified in the Strategic Business Unit Paper by comparison with the Risk and Opportunities Report in the Annual Report 2015. These risks were all allocated to damage class 1 with a probability class 4. In contrast, two risks in damage class 4 and the probability class 1 and one risk in damage class 1 and the probability class 4 were eliminated in the Strategic Business Unit Paper. A risk in damage class 1 and the probability class 4 was removed in the Strategic Business Unit Plastics.

OUTLOOK FOR THE FISCAL YEAR 2016

Although the forecasts for the market and sector environment tend towards reserved for the remainder of the business year, the Board of Management reaffirmed its forecasts from the last Annual Report subject to stable raw materials prices and exchange rates. Group sales are therefore projected to increase to slightly above the year-earlier value (€ 638.4 million). The EBIT of the group is expected to be in the middle to lower range of the forecast span between € 38 to € 42 million (2015: € 31.1 million). EBIT of the Strategic Business Unit Paper should increase substantially and EBIT of the Strategic Business Unit Plastics is likely to undergo a significant rise.

SURTECO SHARES

The price of the SURTECO share posted a significant upward trend in the third quarter of 2016. Starting out from nearly € 20.00 at the beginning of the quarter, the share initially tracked the SDAX, but at the beginning of August it clearly started to outperform the trend of the Small Cap Index on the back of expectations for positive half-year figures. Up to the middle of the month, the share gained significant value and then continued in a sideways move up until the end of September. The share reached its high for the third quarter of € 23.40 on 7 September, while the high for the year so far was € 23.85 on 23 May 2016. On 30 September the share finished trading at € 22.80 with an increase of 13 % during the quarter under review and an increase of around 10 % since the beginning of the year. By the editorial deadline of this quarterly report at the end of October, the share price was in the region of this level.

The market capitalisation of SURTECO SE increased significantly to € 353.5 million at the end of the quarter on account of the positive price performance. The proportion of shares held by the founding shareholders increased slightly to 55.4 %. Based on the definition of the German Stock Exchange (Deutsche Börse), the free float is 44.6 %.

January - September 2016

Number of shares	15,505,731
Free float in %	44.6
Price on 4/1/2016 in €	20.78
Price on 30/9/2016 in €	22.80
High in €	23.85
Low in €	17.60
Market capitalization as at 30/9/2016 in € million	353.5

Share price performance
January - September 2016 in €



QUARTERLY FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(SHORT VERSION)

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SURTECO GROUP

€ 000s	Q3		Q1-3	
	1/7/-30/9/ 2015	1/7/-30/9/ 2016	1/1/-30/9/ 2015	1/1/-30/9/ 2016
Sales revenues	156,755	153,267	483,910	490,954
Changes in inventories	831	6,104	1,708	10,335
Own work capitalized	1,329	873	3,202	2,692
Total output	158,915	160,244	488,820	503,981
Cost of materials	-80,152	-81,192	-245,591	-256,783
Personnel expenses	-41,288	-38,236	-123,364	-118,960
Other operating expenses	-25,374	-23,994	-77,097	-74,571
Other operating income	3,091	503	6,998	1,965
EBITDA	15,192	17,325	49,766	55,632
Depreciation and amortization	-8,875	-8,291	-25,763	-25,003
EBIT	6,317	9,034	24,003	30,629
Financial result	-3,032	-1,217	-3,962	-5,612
EBT	3,285	7,817	20,041	25,017
Income tax	-738	-3,105	-5,896	-8,275
Net income	2,547	4,712	14,145	16,742
Of which:				
Owners of the parent (consolidated net profit)	2,547	4,746	14,166	16,775
Non-controlling interests	0	-34	-21	-33
Basic and diluted earnings per share in €	0.16	0.31	0.91	1.08
Number of shares	15,505,731	15,505,731	15,505,731	15,505,731

STATEMENT OF COMPREHENSIVE INCOME

SURTECO GROUP

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€ 000s	Q3		Q1-3	
	1/7/-30/9/ 2015	1/7/-30/9/ 2016	1/1/-30/9/ 2015	1/1/-30/9/ 2016
Net income	2,547	4,712	14,145	16,742
Components of comprehensive income not to be reclassified to the income statement	0	0	0	-760
Net gains / losses from hedging of net investment in a foreign operation	1	759	191	708
Exchange differences translation of foreign operations	-3,085	-1,443	-1,195	-4,048
Financial instruments available-for-sale	489	-341	941	-191
Components of comprehensive income that may be reclassified to the income statement	-2,595	-1,025	-63	-3,531
Other comprehensive income for the period	-2,595	-1,025	-63	-4,291
Comprehensive income	-48	3,687	14,082	12,451
Owner of the parent (consolidated net profit)	-48	3,719	14,103	12,495
Non-controlling interests	0	-32	-21	-44

SURTECO GROUP

€ 000s	31/12/2015	30/9/2016
ASSETS		
Cash and cash equivalents	65,654	78,904
Trade accounts receivable	56,861	64,385
Inventories	113,252	124,400
Current income tax assets	6,247	1,586
Other current non-financial assets	5,600	6,081
Other current financial assets	3,632	4,038
Current assets	251,246	279,394
Property, plant and equipment	244,933	244,300
Intangible assets	22,228	19,635
Goodwill	111,359	111,340
Investments accounted for using the equity method*)	3,281	2,184
Financial assets	21	21
Non-current income tax assets	154	154
Other non-current financial assets	14,269	12,800
Deferred taxes	8,236	6,208
Non-current assets	404,481	396,642
	655,727	676,036

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

SURTECO GROUP

€ 000s	31/12/2015	30/9/2016
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term financial liabilities	4,970	5,998
Trade accounts payable	48,728	54,687
Income tax liabilities	3,511	5,011
Short-term provisions	8,205	3,885
Other current non-financial liabilities	2,507	3,610
Other current financial liabilities*)	24,625	28,329
Current liabilities	92,546	101,520
Long-term financial liabilities	187,272	199,160
Pensions and other personnel-related obligations	12,750	14,159
Deferred taxes	28,778	26,770
Non-current liabilities	228,800	240,089
Capital stock	15,506	15,506
Capital reserve	122,755	122,755
Retained earnings*)	178,164	179,200
Consolidated net profit*)	17,721	16,775
Capital attributable to owners of the parent	334,146	334,236
Non-controlling interests	235	191
Equity	334,381	334,427
	655,727	676,036

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

CONSOLIDATED CASH FLOW STATEMENT

SURTECO GROUP

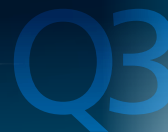
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€ 000s	Q1-3	
	1/1/-30/9/ 2015	1/1/-30/9/ 2016
Earnings before income tax	20,041	25,017
Reconciliation to cash flow from current business operations	20,676	26,579
Internal financing	40,717	51,596
Change in assets and liabilities (net)	12,115	-14,559
Cash flow from current business operations	52,832	37,037
Cash flow from investment activities	-15,071	-22,326
Cash flow from financial activities	-19,315	-1,629
Change in cash and cash equivalents	18,446	13,082
Cash and cash equivalents		
1 January	43,060	65,654
Effect of changes in exchange rate on cash and cash equivalents	343	168
30 September	61,849	78,904

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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SURTECO GROUP

€ 000s	Capital stock	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*)			
31 December 2014	15,506	122,755	495	-1,681	-6,330	171,566	18,464	326	321,101
Adjusted on the basis of IAS8*)	0	0	0	0	0	-545	0	0	-545
1 January 2015	15,506	122,755	495	-1,681	-6,330	171,021	18,464	326	320,556
Net income	0	0	0	0	0	0	14,166	-21	14,145
Other comprehensive income	0	0	941	0	-1,051	0	0	47	-63
Comprehensive income	0	0	941	0	-1,051	0	14,166	26	14,082
Dividend payout SURTECO SE	0	0	0	0	0	0	-10,854	0	-10,854
Allocation to retained earnings	0	0	0	0	0	7,610	-7,610	0	0
Changes in equity	0	0	0	0	0	7,610	-18,464	0	-10,854
30 September 2015	15,506	122,755	1,436	-1,681	-7,381	178,631	14,166	352	323,784
31 December 2015	15,506	122,755	481	-1,770	822	179,176	17,695	235	334,900
Adjusted on the basis of IAS8*)	0	0	0	0	0	-545	26	0	-519
1 January 2016	15,506	122,755	481	-1,770	822	178,631	17,721	235	334,381
Net income	0	0	0	0	0	0	16,775	-33	16,742
Other comprehensive income	0	0	-191	-760	-3,328	0	-1	-11	-4,291
Comprehensive income	0	0	-191	-760	-3,328	0	16,774	-44	12,451
Dividends - Outstanding payments	0	0	0	0	0	-12,405	0	0	-12,405
Allocation to retained earnings	0	0	0	0	0	17,720	-17,720	0	0
Changes in equity	0	0	0	0	0	5,315	-17,720	0	-12,405
30 September 2016	15,506	122,755	290	-2,530	-2,506	183,946	16,775	191	334,427

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

SURTECO GROUP

BY STRATEGIC BUSINESS UNITS

Sales revenues				
€ 000s	SBU Paper	SBU Plastics	Recon- ciliation	SURTECO Group
1/1/-30/9/2016				
External sales	298,417	192,537	0	490,954
Internal sales	1,113	12	-1,125	0
Total sales	299,530	192,549	-1,125	490,954
1/1/-30/9/2015				
External sales	298,678	185,232	0	483,910
Internal sales	749	1,156	-1,905	0
Total sales	299,427	186,388	-1,905	483,910
Segment earnings				
€ 000s	SBU Paper	SBU Plastics	Recon- ciliation	SURTECO Group
1/1/-30/9/2016				
EBIT	17,376	18,093	-4,840	30,629
1/1/-30/9/2015				
EBIT	14,207	14,599	-4,803	24,003

SURTECO GROUP

BY REGIONAL MARKETS**Sales revenues SURTECO Group**

€ 000s	1/1/-30/9/2015	1/1/-30/9/2016
Germany	136,329	136,414
Rest of Europe	210,328	218,734
America	98,753	96,022
Asia, Australia, Others	38,500	39,784
	483,910	490,954

Sales revenues SBU Paper

€ 000s	1/1/-30/9/2015	1/1/-30/9/2016
Germany	80,140	76,047
Rest of Europe	143,300	149,295
America	65,963	64,031
Asia, Australia, Others	9,275	9,044
	298,678	298,417

Sales revenues SBU Plastics

€ 000s	1/1/-30/9/2015	1/1/-30/9/2016
Germany	56,189	60,367
Rest of Europe	67,028	69,439
America	32,790	31,991
Asia, Australia, Others	29,225	30,740
	185,232	192,537

ACCOUNTING PRINCIPLES

The consolidated financial statements of the SURTECO Group for the period ended 31 December 2015 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 2016 as in the preparation of the consolidated financial statements for the business year 2015.

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 2015 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 2016 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 2016, 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 2016 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 2015.

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

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

We draw your attention to the fact that differences may occur when using rounded amounts and percentages on account of commercial rounding. These interim financial statements and the interim report have not been audited and they have not been subject to an audit review by an auditor.

GROUP OF CONSOLIDATED COMPANIES

As at 30 September 2016, 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.

ADJUSTMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS IN CONFORMITY WITH IAS 8

In conjunction with the preparation of the interim report as at 30 September 2016, retrospective adjustments were made in conformity with IAS 8. The purchasing options defined in an agreement relating to share acquisition of an at-equity shareholding on 1 January 2005 were not correctly presented in the balance sheet. As a result, the recognition of the financial liabilities as at 1 January 2015 was too low by € 000s 145 and at 31 December 2015 by € 000s 119. Recognition of the related comparison values of the at-equity shareholding as at 1 January 2015 and 31 December 2015 was too high by € 000s 400.

The adjustments in conformity with IAS 8 were carried out in the consolidated equity. The relevant comparison information was adjusted and identified in these interim financial statements.

FAIR VALUE INFORMATION FOR FINANCIAL INSTRUMENTS

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

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

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

LEVEL 3 – Unobservable input factors.

The fair value of forward exchange contracts and cross-currency swaps of SURTECO SE is determined using the discounted cash flow method with recourse to current market parameters. The bankers determine the fair values on the basis of specific assumptions and valuation methods which can take account of the influence of market, liquidity, credit and operational risks and can be derived entirely or partly from external sources (which are regarded as reliable) and market prices.

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

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

Further information about the measurement of fair value and about financial instruments is provided in the notes to the consolidated financial statements as at 31 December 2015.

€ 000s	Category acc. IAS 39	FAIR VALUE / BOOK VALUE					
		31/12/2015			30/9/2016		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets from derivative financial instruments							
with hedge relationship	n.a.	0	12,884	0	0	10,906	0
without hedge relationship	FAaFV	0	0	0	0	0	0
Liabilities from derivative financial instruments							
with hedge relationship	n.a.	0	0	0	0	0	0
without hedge relationship*)	FLaFV	0	0	119	0	0	0

Key to abbreviations

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

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

DIVIDEND PAYOUT FOR THE BUSINESS YEAR 2015

The Annual General Meeting of SURTECO SE held on 30 June 2016 resolved to pay out a dividend for the business year 2015 amounting to € 0.80 for each no-par-value share. The payout sum amounting to € 12,404,584.80 was paid out on 1 July 2016.

REPORT ON IMPORTANT TRANSACTIONS WITH RELATED PARTIES

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

EVENTS AFTER THE BALANCE SHEET DATE

After 30 September 2016 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ABBREVIATED)

SURTECO SE
REPORT FOR THE FIRST THREE QUARTERS 2016

Q3

1 JANUARY - 30 SEPTEMBER 2016

CALCULATION OF INDICATORS

Cost of materials ratio in %	Cost of materials/Total output
Earnings per share in €	Consolidated net profit/Number of shares
EBIT	Earnings before financial result and income tax
EBIT margin in %	EBIT/Sales revenues
EBITDA	Earnings before financial result, income tax and depreciation and amortization
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 receivable + Inventories - Trade accounts payable

FINANCIAL CALENDAR

22 November 2016	German Equity Forum, Frankfurt
28 April 2017	Annual Report 2016
15 May 2017	Report for the first three months January - March 2017
29 June 2017	Annual General Meeting

SURTECO

SOCIETAS EUROPAEA

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DEUTSCHE BÖRSE



PRIME STANDARD



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