



SURTECO

We make rooms
worth living in.

Report for the first three quarters
1 January to 30 September 2024

OVERVIEW

€ million	Q3			Q1-3		
	1/7/-30/9/ 2023	1/7/-30/9/ 2024	Δ %	1/1/-30/9/ 2023	1/1/-30/9/ 2024	Δ %
Sales revenue	208.6	214.7	+3	637.3	662.2	+4
EBITDA	11.3	19.8	+75	46.7	76.1	+63
EBITDA-margin in %	5.4	9.2	+3.8 pts.	7.3	11.5	+4.2 pts.
EBITDA adjusted	18.9	19.8	+5	64.0	76.8	+20
EBITDA-margin adjusted in %	9.1	9.2	+0.1 pts.	10.0	11.6	+1.6 pts.
Depreciation and amortization	-14.8	-15.3	-4	-42.6	-45.6	-7
EBIT	-3.5	4.4	+226	4.1	30.5	+644
EBIT-margin in %	-1.7	2.1	+3.8 pts.	0.6	4.6	+4.0 pts.
Financial result	-3.8	-7.4	-96	-8.6	-14.0	-63
EBT	-7.4	-3.0	+59	-4.5	16.5	+467
Consolidated net profit / loss	-9.3	-6.0	+35	-13.3	7.8	+158
Earnings per share in €	-0.6	-0.39	+35	-0.86	0.50	+158
Number of shares	15,505,731	15,505,731		15,505,731	15,505,731	

	30/9/2023	30/9/2024	Δ %
Net financial debt in € million	378.3	349.0	-8
Level of debt in %	94.0	88.3	-5.7 pts.
Equity ratio in %	37.2	38.3	+1.1 pts.
Number of employees	3,825	3,724	-3

	31/12/2023	30/9/2024	Δ %
Net financial debt in € million	359.3	349.0	-3
Level of debt in %	91.5	88.3	-3.2 pts.
Equity ratio in %	37.7	38.3	+0.6 pts.
Number of employees	3,685	3,724	+1

Quarterly release SURTECO Group January – September 2024

Economic report

SALES AND BUSINESS PERFORMANCE SURTECO GROUP

During the first three quarters of 2024, sales revenues of the SURTECO Group increased by 4 % to € 662.2 million (2023: € 637.3 million). A key factor here related to the acquired divisions of Omnova, which were consolidated in the current reporting period for a total of nine months (2023: seven months). After adjustment for these sales, a slight drop in sales of -1 % reflected the ongoing subdued demand in our sectors. Hence, during the first three quarters of 2024, business in Germany fell by -4 % compared with the previous year. In the rest of Europe (not including Germany) business was subject to a drop of -3 %. On the back of the acquisition of Omnova, sales increased by 19 % in North America and South America and also rose in Asia, Australia and other markets by 1 % compared with the previous year.

SURFACES

The surface activities of the Group, including melamine edgebandings in Europe and South America, are grouped together in the Segment Surfaces. The sales revenues of the segment increased slightly in the first three quarters of 2024 to € 206.0 million after € 205.0 million in the year-earlier period. After business in the segments eased further in the first half of the year by -1 %, a modest improvement by 1 % was achieved during the months from January to September despite the ongoing restrained demand in Germany and Europe.

EDGEBANDS

The Segment Edgebands comprises all the plastic edging activities of the Group in Europe and South America. Owing to the ongoing weak demand in Europe, segment sales of € 114.7 million generated in the months from January to September 2024 were -2 % below the year-earlier level of € 117.0 million.

PROFILES

The Segment Profiles bundles the activities with technical extrusions (profiles), skirtings and associated products in Europe and South America. At € 100.3 million, the segment sales in the first three quarters of 2024 were -5 % below the value of € 105.9 million in the previous year. This fall is likewise attributed to faltering of the construction and refurbishment industries in Germany and Europe.

NORTH AMERICA

The Segment North America includes the activities with all the products of the Group in this region. Sales in the acquired divisions of Omnova are allocated to this segment and they include the manufacturing facility in Thailand. Sales of the segment increased by 20 % to € 205.1 million in the first three quarters of 2024 after € 170.5 million in the equivalent year-earlier period.

ASIA / PACIFIC

The Segment Asia / Pacific encompasses business with all product groups in the area of Asia, Australia and Oceania. During the months from January to September 2024, the Asian market was similarly impacted by a downward trend in demand. As a consequence, sales eased by -7 % to € 36.2 million (2023: € 39.0 million).

Net assets, financial position and result of operations

BALANCE SHEET PERFORMANCE / CASH FLOW STATEMENT

On 30 September 2024, the balance sheet total of the Group amounted to €1,033.2 million after € 1,041.8 million at year-end 2023. Current assets increased from € 342.8 million at year-end 2023 to € 361.7 million on the balance sheet date. Reduced cash and cash equivalents resulting from repayment of financial liabilities were offset by higher trade accounts receivable and increased inventories. Non-current assets fell back primarily as a result of scheduled depreciation and amortization on assets from € 699.0 million at year-end 2023 to € 671.5 million on 30 September 2024. On the liabilities side of the balance sheet, current liabilities fell from € 199.9 million at year-end 2023 to € 197.9 million at the end of the third quarter of 2024 on account of settlement of financial liabilities. Non-current liabilities at € 440.0 million remained slightly below the level of year-end 2023 at € 449.0 million. Equity rose from € 392.9 million at year-end 2023 to the current level of € 395.3 million and the corresponding ratio (equity / balance sheet total) increased from 37.7 % to 38.3 % on 30 September 2024. After acquisition-related free cash flow of € -197.0 million in the first three quarters of the previous year, the value increased to € 23.8 million in the reporting period.

Abberivated balance sheet of the SURTECO Group

€ million	31/12/2023	30/9/2024
ASSETS		
Current assets	342.8	361.7
Non-current assets	699.0	671.5
Balance sheet total	1,041.8	1,033.2
LIABILITIES		
Current liabilities	199.9	197.9
Non-current liabilities	449.0	440.0
Equity	392.9	395.3
Balance sheet total	1,041.8	1,033.2

GROUP RESULTS

In the first three quarters of 2024, purchase prices of the most important raw materials for the Group were on average below the year-earlier level, essentially owing to weakness in the economy. In conjunction with improvements generated from the Performance Plus programme, the cost of materials ratio came down from 50.7 % in the previous year to 48.3 % during the reporting period. Personnel costs in relation to total output came down slightly from 26.5 % in the previous year to 25.9 % in the nine months from January to

September 2024. The ratio of other operating expenses eased primarily owing to the decline in acquisition-related one-off costs from 16.2 % in the previous year to 15.2 %. Overall, the expense items amounted to € -598.6 million compared to € -591.9 million in the previous year. On the basis of a total output of € 669.5 million (2023: € 633.7 million) and other operating income of € 5.3 million (2023: € 4.9 million), earnings before financial result, income tax and depreciation and amortization (EBITDA) rose by 63.1 % to € 76.1 million (2023: € 46.7 million). The EBITDA-margin (EBITDA/Sales) amounted to 11.5 % after 7.3 % in the previous year. Taking account of one-off expenses, adjusted EBITDA amounted to € 76.8 million in the first three quarters of 2024 after € 64.0 million in the previous year. The corresponding margin was 11.6 % (2023: 10.0 %). Amortization and depreciation at € -45.6 million were above the year-earlier value of € -42.6 million, primarily due to the purchase price allocation (PPA) arising from the Omnova acquisition. As a result, earnings before financial result and income tax (EBIT) of the Group amounted to € 30.5 million in the first three quarters of 2024 after € 4.1 million in the previous year. As a ratio of sales, the EBIT margin was 4.6 % (2023: 0.6 %). Interest expenses rose as a result of taking on outside capital for the acquisition of the Omnova divisions. Hence, the financial result amounted to € -14.0 million after € -8.6 million in the previous year. Overall, earnings before income tax (EBT) rose to € 16.5 million (2023: € -4.5 million). After deduction of € -8.9 million (2023: € -8.8 million) income tax and minority interests of € 0.1 million (2023: € 0.1 million), consolidated net profit amounts to € 7.8 million after a loss of € -13.3 million in the previous year. On the basis of the unchanged amount of 15,505,731 no-par value shares, the earnings per share amounted to € 0.50 in the nine months from January to September 2024 after € -0.86 in the previous year.

Calculation of free cash flow

€ million	1/1/-30/9/ 2023	1/1/-30/9/ 2024
Cash flow from current business operations	78.9	44.4
Acquisition of business	-246.6	-6.3
Purchase of property, plant and equipment	-28.3	-15.3
Purchase of Intangible assets	-1.0	-0.6
Proceeds from disposal of property, plant and equipment	0.0	1.6
Cash flow from Investment activity	-275.9	-20.6
Free cash flow	-197.0	23.8

RESULT OF THE SEGMENTS

Adjusted EBITDA of € 21.2 million meant that earnings for the Segment Surfaces during the first three quarters of 2024 were above the year-earlier figure of € 11.2 million owing to improvements in the cost positions. The adjusted EBITDA of Edgebands at € 21.4 million was slightly below the level of € 22.1 million reported in the previous year. Primarily due to volume effects, adjusted EBITDA of Profiles at € 14.0 million was below the year-earlier value of € 17.5 million. As a result of the acquired divisions of Omnova, adjusted EBITDA for the Segment North America rose from € 12.3 million in the previous year to € 21.7 million in the first three quarters of 2024. Adjusted EBITDA of Asia / Pacific eased to € 5.4 million (2023: € 6.9 million), primarily on account of volume effects.

Outlook for the business year 2024

The demand in the most important sales markets of the Group has become even more significantly subdued compared with the first half year of 2024. This is likely to be due in particular to the very restrained construction activity being experienced. Consequently, there is an absence of significant stimuli resulting from downstream procurement of furniture and fittings. This situation is exacerbated by geopolitical uncertainties that can also lead to fluctuations in prices for raw materials. An improvement in the economic framework conditions is not expected in the near future.

As a result of the very difficult market conditions, Group sales will therefore be in the range between € 860 million and € 880 million, and adjusted EBITDA is anticipated to be between € 85 million and € 95 million. This is within the bounds of the forecast from the Annual Report for 2023.

Income Statement

€ 000s	Q3		Q1-3	
	1/7/-30/9/ 2023	1/7/-30/9/ 2024	1/1/-30/9/ 2023	1/1/-30/9/ 2024
Sales revenues	208,593	214,683	637,346	662,235
Changes in inventories	-1,415	878	-5,673	4,884
Own work capitalized	620	826	2,052	2,349
Total output	207,797	216,387	633,725	669,468
Cost of materials	-104,529	-108,187	-321,152	-323,572
Personnel expenses	-60,697	-56,885	-167,991	-173,255
Other operating expenses	-32,304	-32,710	-102,791	-101,790
Other operating income	1,068	1,143	4,868	5,256
EBITDA	11,335	19,749	46,659	76,107
Depreciation and amortization	-14,853	-15,338	-42,593	-45,613
EBIT	-3,518	4,411	4,066	30,494
Financial result	-3,848	-7,435	-8,575	-13,997
EBT	-7,365	-3,024	-4,509	16,497
Income tax	-1,906	-3,018	-8,843	-8,862
Net income	-9,271	-6,042	-13,352	7,635
Non-controlling interests	10	0	69	144
Consolidated net profit / loss	-9,261	-6,042	-13,283	7,779
Basic and undiluted earnings per share in €	-0.60	-0.39	-0.86	0.50
Number of shares	15,505,731	15,505,731	15,505,731	15,505,731

Consolidated Balance Sheet

€ 000s	31/12/2023	30/9/2024
ASSETS		
Cash and cash equivalents	111,811	103,152
Trade accounts receivable	72,802	85,718
Inventories	139,692	154,003
Current income tax assets	4,795	2,119
Other current non-financial assets	7,943	8,329
Other current financial assets	5,767	7,690
Assets held for sale	0	675
Current assets	342,810	361,685
Property, plant and equipment	310,554	293,626
Intangible assets	107,887	96,495
Rights of use	34,740	35,295
Goodwill	223,437	222,481
Investments in associates	399	392
Financial assets	1	1,618
Non-current income tax assets	4,507	4,507
Other non-current non-financial assets	443	391
Other non-current financial assets	209	263
Deferred taxes	16,801	16,433
Non-current assets	698,978	671,502
	1,041,788	1,033,187
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term financial liabilities	68,678	57,496
Trade accounts payable	83,322	88,501
Contract assets under IFRS 15	4	4
Income tax liabilities	2,390	2,352
Short-term provisions	4,512	7,273
Other current non-financial liabilities	3,776	3,600
Other current financial liabilities	37,188	38,669
Current liabilities	199,870	197,895
Long-term financial liabilities	402,432	394,673
Pensions and other personnel-related obligations	11,451	12,520
Long-term trade accounts payable	0	71
Long term provisions	133	164
Other non-current non-financial liabilities	40	33
Other non-current financial liabilities	15	15
Deferred taxes	34,947	32,537
Non-current liabilities	449,018	440,013
Capital stock	15,506	15,506
Capital reserve	122,755	122,755
Retained earnings	266,658	249,110
Consolidated net profit/loss	-12,289	7,780
Capital attributable to owners of the parent	392,630	395,150
Non-controlling interests	270	129
Equity	392,900	395,279
	1,041,788	1,033,187

Consolidated Cash Flow Statement

€ 000s	Q1-3	
	1/1/-30/9/ 2023	1/1/-30/9/ 2024
Earnings before income tax	-4,509	16,498
Reconciliation of cash flow from current business operations	36,306	49,587
Internal financing	31,797	66,085
Changes in assets and liabilities (net)	47,144	-21,711
Cash flow from current business operations	78,941	44,374
Cash flow from investment activities	-275,863	-20,622
Cash flow from financial activities	176,275	-32,909
Change in cash and cash equivalents	-20,647	-9,157
Cash and cash equivalents		
1 January	117,752	111,811
Effects of changes in the exchange rate on cash and cash equivalents	20	498
30 September	97,125	103,152

Segment reporting

With effect from the business year 2023, the management of the company and hence the segment reporting will be carried out through the segments "Surfaces", "Edgebands" and "Profiles", which encompass the regions Europe and South America, and through the regional segments "North America" and "Asia / Pacific". The segments are organized across the companies on the basis of the sales markets. All surface activities including melamine edgings in Europe and South America are situated in Surfaces. The Segment Edgebands bundles the activities with plastic edgebandings in these regions, while the Segment Profiles concentrates on skirtings and technical extrusions (profiles). The regional segments comprise all activities in the relevant geographical markets irrespective of the specific products.

€ 000s	BU Surfaces	BU Edgebands	BU Profiles	BU North America	BU Asia Pacific	Reconciliation	SURTECO Group
1/1/-30/9/2024							
External sales	206,032	114,691	100,290	205,065	36,157	0	662,235
Internal sales with the SURTECO Group	13,367	1,339	83	0	0	-14,789	0
Total sales	219,399	116,030	100,373	205,065	36,157	-14,789	662,235
Segment earnings (EBITDA adjusted)	21,171	21,387	13,981	21,680	5,398	-6,824	76,793
1/1/-30/9/2023							
External sales	204,974	116,984	105,852	170,526	39,010	0	637,346
Internal sales with the SURTECO Group	10,944	807	275	26	19	-12,071	0
Total sales	215,918	117,791	106,127	170,552	39,029	-12,071	637,346
Segment earnings (EBITDA adjusted)	11,219	22,078	17,490	12,327	6,892	-6,020	63,986

Segment reporting by regional markets

Sales revenues € 000s	BU Surfaces	BU Edgebands	BU Profiles	BU North America	BU Asia Pacific	SURTECO Group
1/1/-30/9/2024						
Germany	58,836	19,856	46,180	0	0	124,872
Rest of Europe	140,004	48,613	53,355	1,272	0	243,244
America	2,631	40,041	5	188,274	285	231,236
Asia, Australia, Others	4,561	6,181	750	15,519	35,872	62,883
	206,032	114,691	100,290	205,065	36,157	662,235
1/1/-30/9/2023						
Germany	56,716	22,643	50,547	0	0	129,906
Rest of Europe	143,239	51,138	55,062	1,010	0	250,449
America	1,614	39,251	30	153,539	447	194,881
Asia, Australia, Others	3,405	3,952	213	15,977	38,563	62,110
	204,974	116,984	105,852	170,526	39,010	637,346

Calculation of indicators

EBITDA adjusted	Earnings before financial result, income tax and depreciation and amortization - extraordinary effects
EBIT	Earnings bevor financial result and income tax
EBIT margin in %	EBIT/Sales
EBITDA margin in %	EBITDA/Sales
Equity ratio in %	Equity/Total equity (= balance sheet total)
Earnings per share in €	Consolidated net profit/Weighted average of the issued shares
Free cash flow in €	Cash flow from current business operations - (Acquisition of property, plant and equipment + Acquisition of intangible assets + Acquisition of companies + Proceeds from disposal of property, plant and equipment + Dividends received)
Leverage	Net dept/EBITDA adjusted for the last 12 month
Cost of materials ratio in %	Cost of materials/Total output
Net debt in €	Short-term financial liabilities + Long-term financial liabilities - Cash and cash equivalents
Debt-service coverage in %	(Consolidated net profit + Depreciation and amortization) / Net debt
Personnel expense ratio in %	Personnel expenses/Total output
Level of debt in %	Net debt/Equity
Working Capital in €	(Trade accounts receivable + Inventories) - Trade accounts payable
Interest cover factor	EBITDA/Interest (net) (Interest income - Interest expenses)

Contact

Martin Miller
Investor Relations
T: +49 8274 9988-508
ir@surteco.com

SURTECO GROUP SE
Johan-Viktor-Bausch-Straße 2
86647 Buttenwiesen
Germany

ISIN: DE0005176903

www.surteco.com