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: 2022

Q1

Report for the
first three month

1 January to 31 March

SURTECO

€ million	Q 1		
	1/1/-31/3/ 2021	1/1/-31/3/ 2022	Δ %
Sales revenues	188.5	213,0	+13
of which			
- Germany	51.5	56.1	+9
- Foreign	137.0	156.9	+15
EBITDA	31.9	31.1	-3
EBITDA margin in %	16.9	14.6	
EBIT	21.5	20.2	-6
EBIT margin in %	11.4	9.5	
EBT	20.4	19.4	-5
Consolidated net profit	14.3	13.6	-5
Earnings per share in €	0.92	0.88	-5
Number of shares	15,505,731	15,505,731	
	31/3/2021	31/3/2022	Δ %
Net financial debt in € million	147.4	155.9	+6
Level of debt in %	38	36	-2 pts
Equity ratio in %	46.1	52.7	+6.6 pts
Number of employees	3,125	3,197	+2
	31/12/2021	31/3/2022	Δ %
Net financial debt in € million	152.6	155.9	+2
Level of debt in %	37	36	-1 pts
Equity ratio in %	52.0	52.7	+0.7 pts
Number of employees	3,165	3,197	+1

Economic report

Sales and Business Performance

In the first quarter of 2022, no significant impacts resulting from the conflict between Russia and Ukraine were evident yet on sales and business performance in the SURTECO Group. Sales throughout the Group increased by +13 % to € 213.0 million after € 188.5 million in the previous year. Sales in Germany went up by +9 % while business in the rest of Europe grew by +13 %. Sales in North and South America rose by +22 % and by +8 % in Asia, Australia and other markets. The foreign sales ratio increased by one percentage point to 74 % compared with the year-earlier quarter.

DECORATIVES

Buoyed by adjustments in sales prices on the back of increased raw materials prices, sales in the Segment Decoratives rose by + 11 % to € 151.6 million (2021: € 136.6 million) in the first quarter of 2022. All product groups of the segment posted growth contributing to this upward trend. Hence, business with decorative printing and finish foils went up by +4 % in each case, with edgebandings going up by +16 % and other products and commercial products by +13 %.

PROFILES

During the first quarter of 2022, sales in the Segment Profiles increased by +22 % to € 40.3 million (2021: € 33.0 million). This growth was generated in the context of a stable construction industry both by price adjustments and by growth in operational volume. Sales with skirtings increased by +9 % and with technical extrusions (profiles) by +28 % compared with the equivalent year-earlier quarter.

TECHNICALS

In the months from January to March 2022, sales in Technicals increased by +12 % to € 21.2 million (2021: € 18.9 million). While sales with edgebandings fell back by -5 %, business with finish foils rose by +14 % and with impregnates by +17 %.

Group Results

The total output of the Group increased in the first quarter of 2022 to € 218.2 million after € 192.2 million in the previous year. Continuing high purchase prices for the most important raw materials led to an increase in the cost of materials from € -91.4 million in 2021 to € -112.2 million. The cost of materials ratio went up from 47.6 % in the previous year to 51.4 % in the first quarter of 2022. Conversely, the personnel expense ratio eased from 23.3 % in the previous year to 21.4 %. In absolute terms, personnel expenses at € -46.8 million were slightly above the year-earlier value of € -44.8 million. Owing to the rise in total output, other operating expenses also went up to € -30.3 million (2021: € -26.6 million), maintaining a virtually constant ratio of 13.9 % (2021: 13.8 %). In conjunction with other operating income in the amount of € 2.2 million (2021: € 2.5 million), earnings before financial result, income tax and depreciation and amortization (EBITDA) at € 31.1 million was -3 % below the year-earlier value of € 31.9 million. Depreciation and amortization amounted to € -10.9 million (2021: € -10.4 million) and this yields earnings before financial result and income tax (EBIT) of € 20.2 million for the first quarter of 2022 after € 21.5 million in the previous year. The financial result amounted to € -0.8 million (2021: € -1.1 million). Consequently, pretax profit (EBT) amounted to € 19.4 million (2021: € 20.4 million). Deducting income taxes of € -5.8 million (2021: € -6.1 million), SURTECO generated a consolidated net profit of € 13.6 million in the first three months of 2022 after € 14.3 million in the year-earlier period.

Result of the Business Units

Primarily owing to increased purchase prices for the most important raw materials, EBIT in the Segment Decoratives came down from € 18.3 million in the previous year to € 16.8 million in the first quarter of 2022. In the Segment Profiles, the substantially increased business activity more than compensated for the increase in the cost of materials. Hence, the segment EBIT rose from € 3.1 million in the previous year to the current level of € 4.8 million. Conversely, the high cost of materials exerted an impact in Technicals. EBIT eased from € 2.3 million in the previous year to € 1.1 million in the first quarter of 2022.

Net assets, financial positions and results of operations

Balance sheet structure of the SURTECO Group

€ million	31/12/ 2021	31/3/ 2022
ASSETS		
Current assets	303.5	324.1
Non-current assets	491.6	496.1
Balance sheet total	795.1	820.2
LIABILITIES		
Current liabilities	204.1	210.4
Non-current liabilities	177.3	177.7
Equity	413.7	432.1
Balance sheet total	795.1	820.2

At 31 March 2022, the balance sheet total of the SURTECO Group went up to € 820.2 million after € 795.1 million on 31 December 2021. In spite of settlements of financial debts in the first quarter of 2022, which led to a decrease in cash and cash equivalents, current assets rose to € 324.1 million (31 December 2021: € 303.5 million) owing to increased receivables and inventories. Non-current assets at € 496.1 million were only slightly above the level of year-end 2021 (€ 491.6 million). On the liabilities side of the balance sheet, current liabilities rose to € 210.4 million (31 December 2021: € 204.1 million) on account of higher trade accounts payable.

At € 177.7 million, non-current liabilities on 31 March 2022 remained at approximately the level of year-end 2021 (€ 177.3 million). Equity rose to € 432.1 million (31 December 2021: € 413.7 million) and hence more than the balance sheet total. The equity ratio on the balance sheet date of the first quarter of 2022 was therefore 52.7 % (31 December 2021: 52.0 %). Net financial debt went up slightly to € 155.9 million (31 December 2021: € 152.6 million) and the net level of debt improved to 36 % after 37 % at year-end 2021. Starting from a cash flow from current business operations of € 11.8 million (2021: € 8.4 million), free cash flow in the first quarter of 2022 was € 2.2 million (2021: € -1.0 million).

Calculation of free cash flow

€ million	1/1/-31/3/ 2021	1/1/-31/3/ 2022
Cash flow from current business operations	8.4	11.8
Purchase of property, plant and equipment	-9.6	-8.3
Purchase of intangible assets	-0.9	-1.0
Proceeds from disposal of property, plant and equipment	1.2	-0.3
Liquidation of companies	-0.1	0.0
Cash flow from investment activities	-9.4	-9.6
Free cash flow	-1.0	2.2

Outlook for the business year 2022

In the first quarter of 2022, no significant impacts from the conflict between Russia and Ukraine or other macroeconomic framework conditions were tangible yet in business performance. However, the uncertainties are already being reflected in incoming orders. The company is hence assuming a slight fallback in sales for the Segments Decoratives and Technicals in the business year 2022. In Profiles, sales are likely to be approximately at the level of the previous year. Sales across the Group are projected to be between € 730 million and € 750 million.

Group EBIT is likely to be in the range between € 55 million and € 65 million. A slight decline in EBIT is anticipated for Decoratives and Technicals, while segment EBIT for Profiles is expected to remain at the level of the previous year.

However, owing to the dramatic conflict between Russia and Ukraine, the capability for making projections about the future is significantly restricted.

Income Statement

€ 000s	Q 1	
	1/1/-31/3/ 2021	1/1/-31/3/ 2022
Sales revenues	188,480	213,047
Changes in inventories	2,810	4,002
Own work capitalized	904	1,145
Total output	192,194	218,194
Cost of materials	-91,422	-112,239
Personnel expenses	-44,798	-46,758
Other operating expenses	-26,578	-30,317
Other operating income	2,543	2,178
EBITDA	31,939	31,058
Depreciation and amortization	-10,395	-10,852
EBIT	21,544	20,206
Financial result	-1,148	-823
EBT	20,396	19,383
Income tax	-6,141	-5,812
Consolidated net profit	14,255	13,571
Basic and undiluted earnings per share in €	0.92	0.88
Number of shares	15,505,731	15,505,731

Consolidated Balance Sheet

€ 000s	31/12/2021	31/3/2022
Assets		
Cash and cash equivalents	73,056	48,774
Trade accounts receivable	74,515	105,378
Inventories	140,900	153,606
Current income tax assets	2,745	1,779
Other current non-financial assets	9,156	10,310
Other current financial assets	3,136	4,228
Current assets	303,508	324,075
Property, plant and equipment	241,527	244,526
Rights of use	27,769	29,776
Intangible assets	46,822	45,976
Goodwill	162,911	163,145
Financial assets	10	10
Non-current income tax assets	4,507	4,507
Other non-current non-financial assets	148	169
Other non-current financial assets	1,358	1,362
Deferred taxes	6,590	6,638
Non-current assets	491,642	496,109
	795,150	820,184

Consolidated Balance Sheet

€ 000s	31/12/2021	31/3/2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term financial liabilities	92,784	71,397
Trade accounts payable	63,582	82,386
Contractual liabilities in accordance with IFRS 15	4	4
Income tax liabilities	10,692	12,981
Short-term provisions	7,047	6,924
Other current non-financial liabilities	3,276	4,654
Other current financial liabilities	26,758	32,012
Current liabilities	204,143	210,358
Long-term financial liabilities	132,827	133,319
Pensions and other personnel-related obligations	11,888	11,867
Long-term provisions	505	506
Other non-current non-financial liabilities	107	121
Other non-current financial liabilities	39	28
Deferred taxes	31,959	31,850
Non-current liabilities	177,325	177,691
Capital stock	15,506	15,506
Capital reserve	122,755	122,755
Retained earnings	227,615	280,303
Consolidated net profit	47,806	13,571
Equity	413,682	432,135
	795,150	820,184

Consolidated Cash Flow Statement

€ 000s	Q 1	
	1/1/-31/3/ 2021	1/1/-31/3/ 2022
Earnings before income tax	20,396	19,383
Reconciliation to cash flow from current business operations	10,504	12,725
Internal financing	30,900	32,108
Change in assets an liabilities (net)	-22,459	-20,271
Cash flow from current business operations	8,441	11,837
Cash flow from investment activities	-9,381	-9,590
Cash flow from financial activities	14,998	-25,574
Change in cash and cash equivalents	14,058	-23,327
Cash and cash equivalents		
1 January	133,466	73,056
Effects of changes in the exchange rate on cash and cash equivalents	-256	-955
31 Mach	147,268	48,774

Segment Reporting

Sales revenues

€ 000s	Decoratives	Profiles	Technicals	Reconcilia- tion	SURTECO Group
1/1/-31/3/2022					
External sales	151,581	40,251	21,215		213,047
Internal sales	3,737	437	1,307	-5,481	-
Total sales	155,318	40,688	22,522	-5,481	213,047
1/1/-31/3/2021					
External sales	136,633	32,969	18,878	-	188,480
Internal sales	4,731	461	1,194	-6,386	-
Total sales	141,364	33,430	20,072	-6,386	188,480

Segment earnings

€ 000s	Decoratives	Profiles	Technicals	Reconcilia- tion	SURTECO Group
1/1/-31/3/2022					
EBIT	16,770	4,834	1,107	-2,505	20,206
1/1/-31/3/2021					
EBIT	18,312	3,078	2,306	-2,152	21,544

Segment Reporting

By regional markets

Sales revenues SURTECO Group

€ 000s	1/1/-31/3/2021	1/1/-31/3/2022
Germany	51,468	56,076
Rest of Europe	89,018	100,863
America	31,909	38,784
Asia, Australia, Others	16,085	17,324
	188,480	213,047

Sales revenues Decoratives

€ 000s	1/1/-31/3/2021	1/1/-31/3/2022
Germany	28,615	29,322
Rest of Europe	61,218	67,430
America	31,858	38,702
Asia, Australia, Others	14,942	16,127
	136,633	151,581

Sales revenues Profiles

€ 000s	1/1/-31/3/2021	1/1/-31/3/2022
Germany	18,522	21,219
Rest of Europe	14,256	18,722
America	2	1
Asia, Australia, Others	189	309
	32,969	40,251

Sales revenues Technicals

€ 000s	1/1/-31/3/2021	1/1/-31/3/2022
Germany	4,331	5,535
Rest of Europe	13,544	14,711
America	49	81
Asia, Australia, Others	954	888
	18,878	21,215

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/Total capital (= balance sheet total)
Level of debt (gearing) 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

7 June 2022	Annual general meeting
10 June 2022	Dividend payout
29 July 2022	Six-Month Report January - June 2022
28 October 2022	Nine-Month Report January - September 2022

Q1

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