Report for the first half year 2018 Q2

1 January to 30 June

SURTECO GROUP

we create.
we innovate.

€ million	1/4/-30/6/ 2017	1/4/-30/6/ 2018	Δ %	1/1/-30/6/ 2017	1/1/-30/6/ 2018	Δ %
		Q2			Q1-2	
Sales revenues	164.3	**178.5**	+9	334.0	**365.2**	+9
of which						
- Germany	43.5	**41.4**	-5	89.8	**90.4**	+1
- Foreign	120.8	**137.1**	+13	244.2	**274.8**	+13
EBITDA	17.5	**20.3**	+17	37.1	**43.8**	+18
EBITDA margin in %	10.6	**11.4**		11.1	**12.0**	
EBIT	8.6	**10.1**	+18	19.3	**23.5**	+22
EBIT margin in %	5.2	**5.7**		5.8	**6.4**	
EBT	5.6	**10.0**	+77	14.5	**21.0**	+44
Consolidated net profit	3.8	**7.1**	+89	10.0	**15.1**	+51
Earnings per share in €	0.24	**0.46**	+89	0.64	**0.97**	+51
Number of shares	15,505,731	**15,505,731**		15,505,731	**15,505,731**	

	30/6/2017	30/6/2018	Δ %	31/12/2017	30/6/2018	Δ %
Net financial debt in € million	114.4	**200.5**	+75	190.0	**200.5**	+6
Level of debt in %	34	**57**	+23 pts.	54	**57**	+3 pts.
Equity ratio in %	49.2	**40.4**	-8.8 pts.	41.4	**40.4**	-1.0 pts.
Number of employees	2,866	**3,347**	+17	3,295	**3,347**	+2

DEAR SHAREHOLDERS, PARTNERS AND FRIENDS OF OUR COMPANY

Renaming of SURTECO SE as SURTECO GROUP SE

A consistent focus on customer needs will be part of the growth strategy SURTECO 2025+. Furthermore, a realignment from the previous product focus to sector orientation includes the merger of the subsidiary companies BauschLinnemann GmbH, Döllken-Kunststoffverarbeitung GmbH and SURTECO DECOR GmbH to form a new unit under the name SURTECO GmbH. These companies were previously under separate management. The Annual General Meeting held on 28 June 2018 passed a resolution renaming SURTECO SE with a large majority in order to avoid overlaps and highlight the function of the holding company with respect to a group of complementary companies. With effect from 4 July 2018, the company has been rebranded under the name SURTECO GROUP SE.

Macroeconomicand sector-specific framework conditions

Global economy continues to be robust in 2018 but EU states weaken

General economic development serves as an indicator of sales development for SURTECO, since experience indicates that economic growth affects the investment appetite of consumers for major-value assets such as furniture and therefore impacts indirectly on our customers and in turn on us. The main customer sectors are the wood-processing and furniture industry. The Group also supplies other industries, notably the caravan industry and the cruise-ship industry.

In its latest forecast update in July 2018, the International Monetary Fund (IMF) regards the global economy as being in the course of a robust upswing in spite of increasing risks as a result of the threat of restrictions on trade. Experts therefore anticipate global economic growth of 3.9 % for this year. The developed economies look set to expand by 2.4 % and the economies in the emerging markets and developing countries might hope for a more dynamic increase in economic output of 4.9 %.

An increase of 2.9 % is expected for the US economy on the back of economic programmes and the latest tax reform. Although the eurozone is projected to achieve growth of 2.2 %, this is below the previous estimate of plus 2.4 % on account of the reserved development during the first months of 2018. The IMF predicts easing in all the important EU countries: Germany (+2.2 %, to date +2.5 %), France (+1.8 %, to date +2.1 %) and Italy (+1.2 %, to date +1.5 %), while unchanged growth of +2.8 % continues to be expected for Spain. In the United Kingdom, the uncertainties relating to Brexit are exerting an increasingly noticeable negative impact. Consequently, only moderate growth of 1.4 % (to date +1.6 %) has been forecast. By contrast, economic output in Central and Eastern Europe is projected to rise by 4.3 %. Within the BRIC countries, China is continuing to play a dominant role with an increase of 6.6 %. Growth in Brazil was previously estimated at +2.3 % but it is now projected to ease to +1.8 %. Russia's gross national product continues to be robustly positive at 1.7 % in spite of the sustained sanctions imposed by the western world.

Sales and business performance

After a rise in business volume of 10 % during the first quarter of 2018, sales revenues of the SURTECO Group rose by 9 % compared with the equivalent year-earlier period during the months of April to June. Accumulated sales in the first half of 2018 therefore increased by 9 % to € 365.2 million (H1 2017: € 334.0). This increase resulted on the one hand from the contribution to sales by the Probos companies acquired in June 2017 and on the other hand from organic growth in the plastics line of business, while the paper segment was characterized by a slight decline in business performance. Negative exchange-rate effects amounting to approximately € 10 million precluded stronger growth at Group level. Accordingly, the sales would have increased to around € 375 million if exchange rates had remained at the year-earlier level. Revenues in Germany went up by 1 % from € 89.8 million in the previous year to € 90.4 million and in the rest of Europe (not including Germany) sales rose by 14 %. The exchange-rate effects already referred to were reflected by the 15 % drop in sales on the North American market. However, this was also an indication of a challenging market situation in the USA for impregnated products. The acquired Probos companies include a production plant in Brazil, and business in South America increased virtually fivefold. Sales revenues from organic growth went up in Australia (+6 %) and particularly in Asia (+30 %). Overall, foreign sales increased by 13 % to € 274.8 million in the first half year of 2018 after € 244.2 million in the previous year. As a result, the foreign sales ratio rose by 2.1 percentage points to 75.2 %.

Strategic Business Unit Paper

The sales development of the Strategic Business Unit Paper demonstrated tangible volatility on the demand side in the first half of 2018 and performance was subject to significantly negative exchange-rate effects. Subsequent to sales from decorative printing rising by 3 % in the first quarter, development fell back by 6 % in the second quarter compared with the year-earlier period. An overall drop of 1 % resulted for the months between January and June. Sales with fully impregnated finish foils rose by 4 % in the first half year, while business with pre-impregnated finish foils remained at the level of the previous year. As a result of the ongoing sustained trend towards solid-colour decors in single colours, sales with paper-based edgebandings eased by 4 % in the first two quarters of 2018 compared with the equivalent year-earlier period. Business with impregnated products was 8 % lower than in the previous year. By contrast, sales with release papers underwent gratifying development. In the first half of 2018, this figure was 22 % above the equivalent year-earlier value. In the first half year, the Strategic Business Unit Paper generated sales revenues totalling € 184.6 million after € 188.1 million in the previous year. After adjustment for currency effects, sales revenues at the year-earlier level would have been achieved (around € 189 million).
Domestic business in the paper line fell back by 2 % in the first half of 2018 compared with 2017 and reached € 46.6 million (H1 2017: € 47.5 million). In the Rest of Europe (not including Germany), the business volume rose by 4 %, whereas in North and South America business went down by 20 %. This was due to negative effects arising from the weakness of the US dollar and reserved demand for impregnated products in the American market. In Asia (+41 %) and Australia (+46 %), sales rose significantly, however this was from a relatively low starting platform. Foreign sales eased overall by 2 % and achieved a value of € 138.0 million (H1 2017: € 140.6 million).

Strategic Business Unit Plastics

As a result of the takeover of the Probos companies in June of last year, but also due to organic growth generated in business with skirtings, finish foils and technical extrusions (profiles), the Strategic Business Unit Plastics increased its sales revenues by 24 % to € 180.6 million (2017: € 145.9 million) in the first half of 2018. Adjusted by negative exchange rate effects, sales in the plastics line underwent even more robust growth to approximately € 186 million. Sales with plastic edgebandings increased acquisition-related by 41 %. The business with skirtings and associated products expanded by 6 % and sales with plastic-based finish foils increased by 3 %. The business with technical extrusions (profiles) and with goods held for resale each increased by 2 %. Sales in Germany increased by 4 % and the Rest of Europe (not including Germany) by 28 %. Similar to the paper line, the business in North America was impacted by negative exchange rate effects. That was the reason for a fall in the USA and Canada totalling 6 % overall. However, this was more than compensated by the additional business in South America resulting from the Probos acquisition. Consequently, the combined sales generated in North and South America during the months from January to June 2018 increased by 54 % compared with the equivalent year-earlier period. The business development in Asia and Australia also underwent gratifying development. An increase of 24 % and 5 % respectively was generated in these regions. Overall, foreign sales rose by 32 % to € 136.8 million after € 103.6 million in the previous year.

Expenses

Increased costs for the procurement of raw materials exerted a negative impact in the two Strategic Business Units during the first half of 2018. Particularly in the paper line, an unfavourable product mix with a higher proportion of materials also increased the ratio. It was not possible to compensate these two effects through additional increases in productivity. Hence, the group-wide cost of materials ratio (cost of materials / total output) rose from 47.7 % in the first half of 2017 to 49.1 % in the reporting period. In June of last year, the absolute total for costs of materials increased to € 180.9 million (H1 2017: € 158.6 million) owing to the acquired companies. Conversely, an improvement in the personnel expenses ratio emerged both in the plastics lines and in the paper lines. The accumulated expenses came down from 26.3 % in the year-earlier period to 24.9 % in the months from January to June 2018. Total personnel expenses amounted to € 91.9 million after € 87.3 million in 2017. The ratio of other operating expenses at 14.5 % was also reduced compared with the year-earlier value of 15.4 %. Overall, other operating expenses amounted to € 53.3 million (2017: € 51.2 million).

Group results

The total output of the Group rose by 11 % compared with the year-earlier period to the current level of € 368.3 million in the first two quarters of 2018. After taking into account the cost of materials, personnel and other operating expenses amounting to a total of € 326.1 million (2017: € 297.1 million) and operating income amounting to € 1.6 million (2017: € 1.9 million), the Group generated an operating result (EBITDA) of € 43.8 million after € 37.1 million in the previous year (+18 %). The earnings before financial result and income tax (EBIT) increased by 22 % after acquisition-related higher depreciation and amortization amounting to € -20.3 million (2017: € -17.8 million) to € 23.5 million (2017: € 19.3 million). On the basis of the balance sheet date valuation of group-wide liabilities, the financial result at € -2.6 million was significantly below the year-earlier value of € -4.8 million. The pre-tax result (EBT) therefore rose disproportionately by 44 % to € 21.0 million (2017: € 14.6 million). After deduction of income tax amounting to € -5.7 million (2017: € -4.6 million) and taking into account non-controlling interests, consolidated net profit of € 15.1 million remains after € 10.0 million in the previous year. Based on an unchanged volume of 15.5 million no-par-value shares, earnings per share at the SURTECO Group increased by 51 % to € 0.97 (2017: € 0.64) in the first half of 2018.

Result of the Strategic Business Units

Significantly higher costs of materials by comparison with the previous year and a slight easing of business development meant that EBIT of the Strategic Business Unit Paper at € 10.9 million was below the level for the previous year of € 13.0 million. By contrast, EBIT of the Strategic Business Unit Plastics rose significantly from € 11.2 million in 2017 to € 16.1 million in the first half of 2018. The Probos companies acquired in June 2017 made a significant contribution to this increase.

Net assets, financial position and results of operations

The balance sheet total of the SURTECO Group rose by 3 % to € 867.6 million compared with year-end 2017 (€ 842.6 million). Since the equity capital only rose slightly with € 350.4 million (31 December 2017: € 349.2 million) at the half-year reporting date, the equity ratio eased from 41.4 % at year-end 2017 to a still respectable level of 40.4 %.

On the assets side of the balance sheet, cash and cash equivalents at € 120.8 million were below the comparative value on 31 December 2017 on account of reduced factoring from January 2018, while trade accounts receivables at € 88.6 million were above the figure for December 2017 for the same reason. Inventories increased from € 119.7 million to € 125.2 million. Overall, current assets rose by 7 % to € 350.6 million (31 December 2017: € 326.2 million). In the case of non-current assets, property, plant and equipment increased to € 262.9 million after € 258.2 million at year-end 2017 on the basis of investments. By contrast, intangible assets fell from € 66.7 million to € 62.7 million. Non-current assets at € 517.0 million therefore remained around the level of the 2017 balance sheet date (€ 516.4 million).

On the liabilities side of the balance sheet, current liabilities went up from € 106.4 million at year-end 2017 to € 130.9 million at 30 June 2018. Trade accounts liabilities increased (€ 69.3 million after € 63.2 million at year-end 2017) and – owing to the dividend payment in July 2018 – other current financial liabilities (€ 43.6 million after € 26.2 million). At € 315.5 million, long-term financial liabilities eased slightly compared with year-end 2017 (€ 317.7 million), whereas deferred taxes underwent a slight increase to € 53.4 million (31 December 2017: € 52.0 million). Overall, non-current liabilities at € 386.3 million remained roughly at the level of year-end 2017 (€ 386.9 million).

At the half-year reporting date, net financial debt was at € 200.5 million after € 190.0 million on 31 December 2017 and the level of debt (gearing) rose from 54 % to 57 %. The cash flow from current business activities of € 14.7 million (H1 2017: € 35.0 million) was impacted during the first half of 2018 by the change in net assets and liabilities amounting to € -27.3 million (H1 2017: € 4.1 million), essentially resulting from the reduced factoring activity. Investments in technical equipment are reflected in the cash flow from investment activities of € -21.2 million (H1 2017: € -15.0 million). As a consequence, free cash flow in the first half of 2018 at € -6.5 million was below the year-earlier value of € 20.0 million.

Calculation of free cash flow

€ million	1/1/-30/6/ 2017	1/1/-30/6/ 2018
Cash flow from current business operations	**35.0**	**14.7**
Purchase of property, plant and equipment	-14.4	-20.4
Purchase of intangible assets	-0.6	-1.0
Dividend received	0.0	0.2
Cash flow from investment activities	**-15.0**	**-21.2**
Free cash flow	**20.0**	**-6.5**

Research and development

The research and development departments (R+D) of the SURTECO Group work locally at the individual production sites to achieve continuous improvement of the existing product portfolio and on production processes. They also carry out research into new products, new areas of application and alternative raw materials. The acquisition of the production companies in the Probos Group in June of the previous year increased the number of R+D employees in the Group to a total of 209 at the half-year reporting date (2017: 169 employees).

During the first half of 2018, the R+D activities in the plastics line concentrated on research into alternative raw materials designed to achieve reduced emissions, developments of new production techniques for haptic surface textures and advanced development of existing products for new application options.

In the Strategic Business Unit Paper, research was similarly carried out into alternative raw materials and also into the reduction of complexity in chemical formulations, alongside the day-to-day research into new products.

Risk and opportunities report

The SURTECO Group 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 that forms part of our Annual Report 2017. The identified individual risks are allocated to damage and probability classes on the basis 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 - 0.75 million
2	Moderate	> € 0.75 - 1.5 million
3	Major	> € 1.5 - 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 %

In the months January to June 2018, two new procurement risks were identified in the Strategic Business Unit Paper compared with year-end 2017. The risks were assigned to a probability class 4 and a damage class 2 and 3. Two market risks were identified with a probability class 4 and damage class 2. In the Strategic Business Unit Plastics, a new market risk has been identified since 31 December 2017 with a probability class 2 and a damage class 1, but a procurement risk of probability class 4 and damage class 1 was classified as below the reporting threshold of € 000s 500.

Outlook for fiscal year 2018

Although sales revenues increased by 9 percent and the EBIT by 22 percent compared to the same period of the previous year due to the acquisition of the Probos-Group, the management board has adjusted the forecast for the full year 2018 against the background of increasingly difficult framework conditions. In particular continuing high raw material prices and a product mix with higher material usage mean, that the earnings target of € 49 to 53 million in 2018 (EBIT 2017: € 44,7 million) is no longer expected to be achievable. Now, EBIT is expected to be in the range of slightly to significantly below € 49 million. Based on an assessment of the business development in July and August 2018, the planned sales target of € 725 to 750 million is also uncertain due to a volatile development of certain customer industries, but also due to continuing unfavourable exchange rates.

SURTECO shares

In the first half of 2018, the SURTECO share reflected the market in Germany overall and underwent a drop of 4.7 % to a closing price of € 25.15. It is important to bear in mind here that the last trading day of the reporting period was the ex-dividend date for a dividend of € 0.80 per share. A key factor for the reserved behaviour of investors in the capital markets related to the uncertainties engendered by concerns about rising interest rates and impending trade wars, and the strong euro during the first half of the year. On 2 January, SURTECO started the year at € 26.40 and reached the high for the quarter at € 28.55 on 19 January. The generally weaker and increasingly volatile stock exchanges then experienced a spate of

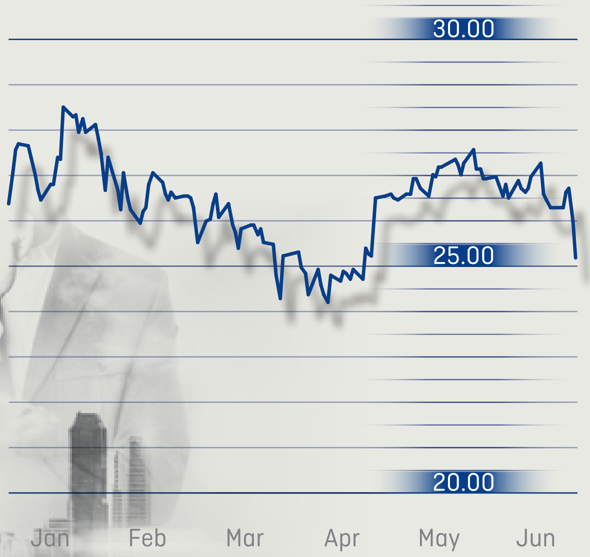
profit-taking with a fall to € 24.25. The announcement of the provisional annual figures for 2017, the balance sheet press conference and the positively perceived figures for the first quarter published in the middle of May drove the SURTECO share price back to above € 27.00. At the end of the quarter, individual bouts of profit-taking and a generally reserved demand for shares dominated the price performance.
At the end of June 2018, the market capitalization of SURTECO GROUP SE was € 390.0 million for an unchanged number of shares amounting to around 15.5 million no-par-value shares. Around 44.5 % of the shares continue to be in free float. The other shares remain in the hands of the founding shareholders of the company.

Additional service for investors

Since June 2018, SURTECO has offered its shareholders an additional new service on the Internet portal: www.surteco-group.com under the category "Investor Relations/Research". From now on, you will regularly find the latest share analyses and valuations by the following three leading financial institutions: Hauck & Aufhäuser, equinet Bank and Sphene capital. These institutions currently value the share at prices between € 30.50 and € 41.00. Important note: SURTECO states explicitly that the company is unable to accept any responsibility for the accuracy of the content of these studies and the statements contained therein do not represent any invitation whatsoever from the perspective of SURTECO to purchase shares.

January - June 2018	
Number of shares	15,505,731
Free float in %	44.5
Price on 2/1/2018 in €	26.40
Price on 29/6/2018 in €	25.15
High in €	28.55
Low in €	24.15
Market capitalization as at 29/6/2018 in € million	390

Price performance January – June 2018 in €



Quarterly financial statements
Income statement (Short version)

SURTECO GROUP

€ 000s	Q2 1/4/-30/6/ 2017	Q2 1/4/-30/6/ 2018	Q1-2 1/1/-30/6/ 2017	Q1-2 1/1/-30/6/ 2018
Sales revenues	**164,322**	**178,467**	**334,044**	**365,215**
Changes in inventories	-1,936	1,240	-4,201	745
Own work capitalized	1,339	1,057	2,485	2,309
Total output	**163,725**	**180,764**	**332,328**	**368,269**
Cost of materials	-78,111	-89,468	-158,643	-180,879
Personnel expenses	-43,362	-45,190	-87,253	-91,881
Other operating expenses	-25,959	-26,399	-51,248	-53,299
Other operating income	1,133	626	1,889	1,578
EBITDA	**17,426**	**20,333**	**37,073**	**43,788**
Depreciation and amortization	-8,855	-10,216	-17,762	-20,266
EBIT	**8,571**	**10,117**	**19,311**	**23,522**
Financial result	-2,917	-123	-4,757	-2,558
EBT	**5,654**	**9,994**	**14,554**	**20,964**
Income tax	-1,948	-2,809	-4,618	-5,737
Net income	**3,706**	**7,185**	**9,936**	**15,227**
Of which				
Owners of the parent (consolidated net profit)	3,753	7,106	9,965	15,086
Non-controlling interests	-47	79	-29	141
Basic and diluted earnings per share in €	0.24	0.46	0.64	0.97
Number of shares	15,505,731	15,505,731	15,505,731	15,505,731

Statement of Comprehensive Income

SURTECO GROUP

	Q2		Q1-2	
€ 000s	1/4/-30/6/ 2017	1/4/-30/6/ 2018	1/1/-30/6/ 2017	1/1/-30/6/ 2018
Net income	**3,706**	**7,185**	**9,936**	**15,227**
Components of comprehensive income not to be reclassified to the income statement	**0**	**0**	**0**	**0**
Net gains/losses from hedging of net investment in a foreign operation	-143	-166	-95	-700
Exchange differences for translation of foreign operations	-7,087	2,686	-5,540	332
Financial instruments available-for-sale	-368	0	-145	0
Components of comprehensive income that may be reclassified to the income statement	**-7,598**	**2,520**	**-5,780**	**-368**
Other comprehensive income for the period	**-7,598**	**2,520**	**-5,780**	**-368**
Comprehensive income	**-3,892**	**9,705**	**4,156**	**14,859**
Owners of the parent (consolidated net profit)	-3,842	9,626	4,190	14,718
Non-controlling interests	-50	79	-34	141

€ 000s	31/12/2017	30/6/2018
ASSETS		
Cash and cash equivalents	133,373	120,793
Trade accounts receivable	57,826	88,564
Receivables from affiliated enterprises	731	1,212
Inventories	119,732	125,158
Current income tax assets	1,377	1,870
Other current non-financial assets	9,457	9,050
Other current financial assets	3,666	3,969
Currents assets	**326,162**	**350,616**
Property, plant and equipment	258,208	262,941
Intangible assets	66,676	62,733
Goodwill	163,303	162,787
Investments accounted for using the equity method	1,988	2,037
Financial assets	830	856
Other non-current non-financial assets	69	60
Other non-current financial assets	6,333	6,591
Deferred taxes	19,027	18,974
Non-current assets	**516,434**	**516,979**
	842,596	**867,595**

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€ 000s	31/12/2017	30/6/2018
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term financial liabilities	5,656	5,700
Trade accounts payable	63,174	69,326
Liabilities to affiliated companies	3	0
Income tax liabilities	3,154	4,248
Short-term provisions	3,966	4,162
Other current non-financial liabilities	4,241	3,863
Other current financial liabilities	26,234	43,583
Current liabilities	**106,428**	**130,882**
Long-term financial liabilities	317,662	315,543
Pensions and other personnel-related obligations	12,814	12,875
Long-term provisions	0	6
Other non-current non-financial liabilities	41	29
Other non-current financial liabilities	4,372	4,430
Deferred taxes	52,043	53,408
Non-current liabilities	**386,932**	**386,291**
Capital stock	15,506	15,506
Capital reserve	122,755	122,755
Retained earnings	181,861	194,012
Consolidated net profit	26,192	15,086
Capital attributable to owners of the parent	**346,314**	**347,359**
Non-controlling interests	2,922	3,063
Equity	**349,236**	**350,422**
	842,596	**867,595**

Consolidated Cash Flow Statement

SURTECO GROUP

€ 000s	Q1-2 1/1/-30/6/ 2017	 1/1/-30/6/ 2018
Earnings before income tax	**14,554**	**20,964**
Reconciliation to cash flow from current business operations	16,297	20,952
Internal financing	**30,851**	**41,916**
Changes in assets and liabilities (net)	4,138	-27,250
Cash flow from current business operations	**34,989**	**14,666**
Cash flow from investment activities	-15,032	-21,169
Cash flow from financial activities	-6,982	-5,502
Change in cash and cash equivalents	**12,975**	**-12,005**
Cash and cash equivalents		
1 January	60,416	133,373
Effect of changes in exchange rate on cash and cash equivalents	203	-575
30 June	**73,594**	**120,793**

Consolidated Statement of Changes in Equity

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			
1 January 2017	**15,506**	**122,755**	**86**	**-1,977**	**-620**	**183,947**	**23,867**	**2,988**	**346,552**
Net income	0	0	0	0	0	0	9,965	-29	9,936
Other comprehensive income	0	0	-145	0	-5,630	0	0	-5	-5,780
Comprehensive income	**0**	**0**	**-145**	**0**	**-5,630**	**0**	**9,965**	**-34**	**4,156**
Dividends - Outstanding payments	0	0	0	0	0	-12,405	0	0	-12,405
Allocation to retained earnings	0	0	0	0	0	23,867	-23,867	0	0
Changes in equity	**0**	**0**	**0**	**0**	**0**	**11,462**	**-23,867**	**0**	**-12,405**
30 June 2017	**15,506**	**122,755**	**-59**	**-1,977**	**-6,250**	**195,409**	**9,965**	**2,954**	**338,303**
1 January 2018	**15,506**	**122,755**	**0**	**-1,923**	**-8,768**	**192,552**	**26,192**	**2,922**	**349,236**
Net income	0	0	0	0	0	0	15,086	141	15,227
Other comprehensive income	0	0	0	0	-368	0	0	0	-368
Comprehensive income	**0**	**0**	**0**	**0**	**-368**	**0**	**15,086**	**141**	**14,859**
Dividends - Outstanding payments	0	0	0	0	0	-12,405	0	0	-12,405
Allocation to retained earnings	0	0	0	0	0	26,192	-26,192	0	0
Other changes	0	0	0	0	0	-1,268	0	0	-1,268
Changes in equity	**0**	**0**	**0**	**0**	**0**	**12,519**	**-26,192**	**0**	**-13,673**
30 June 2018	**15,506**	**122,755**	**0**	**-1,923**	**-9,136**	**205,071**	**15,086**	**3,063**	**350,422**

Segment Reporting

by Strategic Business Units

SURTECO GROUP

Sales revenues

€ 000s	SBU Paper	SBU Plastics	Recon-ciliation	SURTECO Group
1/1/-30/6/2018				
External sales	184,644	180,571	0	365,215
Internal sales	345	2	-347	0
Total sales	**184,989**	**180,573**	**-347**	**365,215**
1/1/-30/6/2017				
External sales	188,155	145,889	0	334,044
Internal sales	359	3	-362	0
Total sales	**188,514**	**145,892**	**-362**	**334,044**

Segment earnings

€ 000s	SBU Paper	SBU Plastics	Recon-ciliation	SURTECO Group
1/1/-30/6/2018				
EBIT	**10,918**	**16,079**	**-3,475**	**23,522**
1/1/-30/6/2017				
EBIT	**13,003**	**11,183**	**-4,875**	**19,311**

Sales revenues SURTECO Group

€ 000s	1/1/-30/6/2017	1/1/-30/6/2018
Germany	89,825	90,422
Rest of Europe	151,056	171,869
America	67,658	71,527
Asia, Australia, Others	25,505	31,397
	334,044	**365,215**

Sales revenues SBU Paper

€ 000s	1/1/-30/6/2017	1/1/-30/6/2018
Germany	47,527	46,626
Rest of Europe	91,284	95,293
America	44,615	36,086
Asia, Australia, Others	4,729	6,639
	188,155	**184,644**

Sales revenues SBU Plastics

€ 000s	1/1/-30/6/2017	1/1/-30/6/2018
Germany	42,298	43,796
Rest of Europe	59,772	76,576
America	23,043	35,441
Asia, Australia, Others	20,776	24,758
	145,889	**180,571**

Accounting principles

The consolidated financial statements of the SURTECO Group for the period ended 31 December 2017 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 June 2018 as in the preparation of the consolidated financial statements for the business year 2017.
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 2017 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 2018 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 2018, 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 2018 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 2017. No significant effects on the financial statements for the Group result from the first-time application of the standards IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" from 1 January 2018. Reference is made to the notes to the consolidated financial statements on 31 December 2017 for further explanations.

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 June 2018, the SURTECO Group interim consolidated financial statements include SURTECO GROUP SE and all the major companies which are material for the net assets, financial position and results of operations in which SURTECO GROUP SE holds a controlling interest.

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 June 2018 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 the individual assets or liabilities.

Approval of the interim consolidated financial statements for publication

The Management Board has approved this set of interim consolidated financial statements for publication as a result of the resolution of 10 August 2018.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group in the remaining business year.

Buttenwiesen, 10 August 2018

The Board of Management

Dr.-Ing. Herbert Müller   Andreas Riedl

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
Level of debt 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

14 November 2018	Nine-month report January – September 2018
30 April 2019	Annual report 2018
15 May 2019	Three-month report January – March 2019
27 June 2019	Annual General Meeting

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SURTECO GROUP

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we innovate.

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