

SURTECO

SOCIETAS EUROPAEA

REPORT FOR THE FIRST THREE QUARTERS 2017

Q3



1 January to 30 September

OVERVIEW

SURTECO GROUP

€ million

Sales revenues

of which

- Germany

- Foreign

EBITDA

EBITDA margin in %

EBIT

EBIT margin in %

EBT

Consolidated net profit

Earnings per share in €

Number of shares

Net financial debt in € million

Level of debt in %

Equity ratio in %

Number of employees

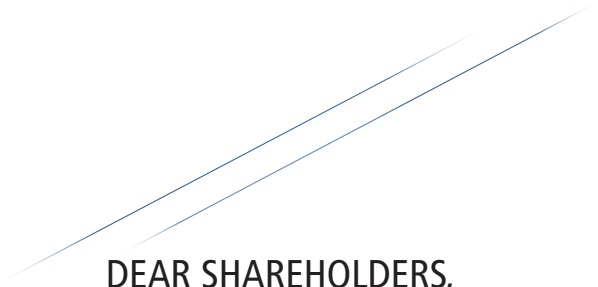
1/7/-30/9/ 2016	1/7/-30/9/ 2017	Δ %	1/1/-30/9/ 2016	1/1/-30/9/ 2017	Δ %
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Q3			Q1-3		
153.2	182.3	+19	490.9	516.4	+5
41.8	44.2	+6	136.4	134.1	-2
111.4	138.1	+24	354.5	382.3	+8
17.3	25.1	+45	55.6	62.1	+12
11.3	13.7		11.3	12.0	
9.0	14.4	+59	30.6	33.7	+10
5.9	7.9		6.2	6.5	
7.8	11.6	+48	25.0	26.2	+5
4.8	8.5	+79	16.8	18.4	+10
0.31	0.55	+79	1.08	1.19	+10
15,505,731	15,505,731		15,505,731	15,505,731	

30/9/2016	30/9/2017	Δ %	31/12/2016	30/9/2017	Δ %
126.3	210.2	+66	135.6	210.2	+55
38	61	+23 pts.	39	61	+22 pts.
49.5	46.9	-2.6 pts.	51.4	46.9	-4.5 pts.
2,715	3,342	+23	2,833	3,342	+18



1 JANUARY - 30 SEPTEMBER 2017



DEAR SHAREHOLDERS,
PARTNERS AND FRIENDS
OF OUR COMPANY

MACROECONOMIC AND SECTOR-SPECIFIC FRAMEWORK CONDITIONS

GLOBAL UPSWING CONTINUES

After robust development during the first half of the year, the International Monetary Fund (IMF) forecast a slight acceleration of growth in the global economy to +3.6 % for the entire year 2017. The IMF's latest publication "World Economic Outlook" from October 2017 has therefore corrected upwards its statement issued in July by 0.1 percentage points. This positive development is due to a further recovery in the developed economies. The initial more sceptical view of the US economy is gradually being put into context. The July estimate was therefore accordingly increased by 0.1 percentage points to +2.2 %. The positive development for the eurozone during the first half year is continuing. The IMF is here forecasting growth of +2.1 % and thereby increasing the previous forecast by 0.2 percentage points. This development is favoured by an acceleration of exports and increased domestic demand. Germany (+2.0 % by contrast with +1.8 %), France (+1.6 % by contrast with +1.5 %), and Italy (+1.5 % by contrast with +1.3 %) are therefore demonstrating increasingly dynamic growth. In spite of uncertainties relating

to Brexit, an increase of +1.7 % is anticipated for the United Kingdom. According to the IMF, the emerging economies and developing countries can hope for expansion of 4.6 %, associated with an ongoing strong economy in China (+6.8 %). In Russia, the recovery is continuing with +1.8 % (previously +1.4 %). This development is also reflected in the forecast for the region of Central and Eastern Europe (+4.5 % after previously +3.5 %). The experts have also gained in confidence for Latin America (+1.2 %, previously +1.0 %) and in particular Brazil (+0.7 %, previously +0.3 %).

The IMF reported that the main risks were in the ongoing difficulty of predicting the regulatory and fiscal policy in the USA, the continuing negotiations between the United Kingdom and the EU in relation to the impending Brexit, and the tighter monetary policy for the eurozone in future.

GERMAN FURNITURE INDUSTRY WITH MODERATE GROWTH

The furniture industry is one of the most important groups of customers for SURTECO. This sector enjoyed a moderate increase in growth of 0.5 % to around € 9 billion compared with the equivalent year-earlier period. It has therefore been able to continue the positive development of previous years in the first half year of 2017. This was reported by the sector association for the German furniture industry (VDM). The business climate in the furniture industry once again underwent an overall slight improvement in the third quarter. This development is primarily due to the upturn in foreign business by 1.7 % overall. According to the VDM, the most important growth markets are Poland, China and Denmark. In each case, exports to these countries manifested significant growth in the first half of 2017. By

contrast, the consequences of Brexit are evidenced in a decline of 3.2 % in furniture exports to the United Kingdom. The return to more optimistic expectations for the economy overall is offset by the depressed state of the construction industry for the second half of the year. Overall, the VDM therefore assumes that the sector is continuing to have modest growth and that sales in the German furniture industry can continue to grow by 1 % in the year 2017 overall.

SALES AND BUSINESS PERFORMANCE

SALES INCREASE BY 19 % IN THE THIRD QUARTER

In July 2017, SURTECO completed the acquisition of the Portuguese Probos Group. This company specializes in the production of PVC plastic edgebandings with production facilities in Brazil, at the headquarters in Portugal and at other sales and assembly locations in Mexico, the USA, the United Kingdom and Germany. This acquisition has significantly expanded the regional presence especially in the strategically important markets of South and Central America, and strengthened the market position in the product segment of plastic edgebandings.

In the third quarter of 2017, these new Group companies contributed to the overall positive business development of the SURTECO Group with sales amounting to € 18.2 million. The Strategic Business Unit Plastics generated organic growth even without the acquired activities in the third quarter. After a downturn in two consecutive quarters in the Strategic Business Unit Paper, a positive sales development was achieved in the months of July to September by comparison with the quarter in the previous year.

Sales revenues at Group level increased by 19 % to € 182.3 million in the third quarter, and by 5 % to € 516.4 million in the months from January to September 2017. Domestic business at € 134.1 million was slightly below the value for the previous year of € 136.4 million. The Nenplas Group was taken over in December of last year and the Probos Group has been part of SURTECO since July 2017. Both groups generate their sales primarily abroad. Business in the rest of Europe (without Germany) therefore increased by 8 %. In South America, the acquired production and sales companies in Brazil generated a sustained increase in business. This resulted in a sales increase totaling 10 % in North and South America. Business in Australia went up organically by 8 % in the first three quarters of 2017. A decline of 4 % was posted only in Asia during this period. The acquired companies increased the foreign sales ratio from 72.2 % in the previous year to 74.0 %.

STRATEGIC BUSINESS UNIT PAPER

After business development remained below the values for the previous year during the first two quarters of 2017, sales development in the paper line went up by 3 % to € 92.2 million in a year-on-year comparison during the months of July to September 2017. This is due to a normalization of the situation for capacity utilization after the relocation of German decor printing activities was completed during the previous year. The decline in sales posted during the months of January to September was therefore only -6 %, following on from a drop of 10 % during the first half year of 2017. The biggest deviation therefore continued to be in business with decorative printing which posted a decline of 21 %. Preimpregnated finish foils (-7 %) and impregnated products (-6 %)

remained below the values for the previous year. Sales generated with paper-based edgebandings almost exactly equalled the year-earlier figures. Business with fully impregnated finish foils (+8 %) and with release papers developed positively. The latter experienced growth of 37 % on the back of new products. After the first three quarters of the current business year, the Strategic Business Unit Paper reported sales revenues amounting to € 280.3 million (2016: € 298.4 million). The decline of sales in Germany was -8 %, in the rest of Europe (not including Germany) -7 % and in the continent of North and South America -1 %. The paper segment in the Asia-Pacific regions has relatively low sales. This explains the percentage decline in this region of 24 %.

STRATEGIC BUSINESS UNIT PLASTICS

Supported by the acquisitions of the Nenplas Group in December of last year and the Probos Group in July 2017, sales of the Strategic Business Unit Plastics in the first three quarters rose by € 43.5 million to € 236.0 million (+23 %) in the current business year. The newly acquired companies contributed sales totalling € 33.2 million to this result. However, organic growth was also achieved. Since the Probos companies are also operating in the product segment of plastic-based edgebandings, sales revenues in this segment underwent an above-average increase of 23 % compared with the previous year during the months from January to September. This is in any case the segment with the strongest sales. The increase of 169 % for technical extrusions (profiles) is based on consolidation of the Nenplas Group. The Strategic Business Unit generated a sales increase of 5 % with skirtings and associated products, whereas a slight decline

of 1 % was posted for plastic foils. The Probos Group with its production facilities in Brazil and Portugal made a substantial contribution to an increase in sales of 30 % on the North and South American Continent. The Probos Group and the Nenplas Group operating in the United Kingdom combined to contribute a sales increase of 40 % in the rest of Europe (not including Germany). A rate of increase of 6 % was achieved both in domestic business and in Asia. In Australia, business once again experienced double-digit growth of +12 %.

EXPENSES

In the first three quarters of the current business year, the cost of materials at the SURTECO Group amounted to € 247.9 million. This was below the value of € 256.8 million for the previous year, although the purchase prices for raw materials increased significantly at the two Strategic Business Units in the business year 2017 and the cost of materials for the Nenplas Group acquired at the end of 2016 and the Probos companies acquired in July 2017 were included for the first time. The key reasons for the fall in the cost of materials were the above-average level of purchase orders for decorative papers during the first half of the previous year and the gradual improvement in efficiency and productivity following the successfully completed concentration of decor printing activities in Germany and shifts in the product mix. However, this should not hide the fact of the tangible additional burden arising from the increase in the prices of raw materials in the paper and plastics segments. The cost of materials ratio – the ratio of the cost of materials to total output – fell

from 51.0 % in the previous year to the current value of 47.9 % in the months from January to September 2017.

Consolidation of the new companies was reflected in the personnel expenses, which rose in the first three quarters from € 119.0 million in the previous year to € 131.3 million in 2017. The personnel expense ratio – defined as the ratio of personnel expenses to total output – rose from 23.6 % to 25.4 % essentially on account of tariff increases.

Other operating expenses rose from € 74.6 million in 2016 to € 78.5 million in the current business year primarily on account of the consolidation of the new companies and the costs associated with the acquisition of the Probos Group.

GROUP RESULTS

The development of the total output during the first three quarters was influenced by the additional sales revenues derived from the acquired companies and from the reduction of inventories amounting to € 2.9 million after stockpiling of inventories in the amount of € 10.3 million in the previous year. The total output therefore rose by 3 % from € 504.0 million in the previous year to the current level of € 517.1 million. Expense items totalling € 457.7 million (2016: € 450.4 million) and other operating income amounting to € 2.7 million (2016: € 2.0 million) yielded a 12 % rise in operating result (EBITDA) at the SURTECO Group during the first three quarters to € 62.1 million (2016: € 55.6 million). Acquisition-related increases in depreciation and amortization amounting to € 28.4 million after € 25.0 million in the previous year meant that earnings before

financial result and income tax (EBIT) were only 10 % higher at € 33.7 million after € 30.6 million in the previous year. The financial result of € -7.5 million after € -5.6 million in the previous year was impacted by negative currency effects on the valuation for the reporting date and as a result of interest and similar expenses occasioned by acquisition financing. Insofar, the pre-tax result (EBT) only went up by 5 % to € 26.2 million (2016: € 25.0 million). After deduction of income tax amounting to € 7.8 million (2016: € 8.3 million), the result for the period was € 18.3 million after € 16.7 million in the previous year. Consolidated net profit amounted to € 18.4 million (2016: € 16.8 million) in the months from January to September. This yielded earnings per share of € 1.19 (2016: € 1.08) based on an unchanged amount of 15,505,731 no-par-value shares.

RESULT OF THE STRATEGIC BUSINESS UNITS

EBIT for the Strategic Business Unit Paper increased by 17 % to € 20.3 million (2016: € 17.4 million) during the first three quarters as a result of increasingly achieving efficiency gains as a result of increased efficiency due to concentration of the decorative printing activities in Germany. EBIT for the Strategic Business Unit Plastics amounting to € 18.7 million (2016: € 18.1 million) was negatively impacted by an additional burden of acquisition costs within the Group for the acquisition of the Probos Group amounting to € 1.8 million.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The balance sheet total of the SURTECO Group as at 30 September 2017 was significantly influenced by the acquisition of the Probos Group financed through borrowing funds in July 2017 and the repayment of a tranche from the private placement in the USA (USPP). As at the balance sheet date, the balance sheet total of the SURTECO Group rose by 9 % to € 736.2 million compared with 31 December 2016 (€ 673.9 million). The equity capital amounted to € 345.1 million after € 346.6 million on 31 December 2016. As a result, the equity ratio came down to 46.9 % (31 December 2016: 51.4 %).

Cash and cash equivalents came down by € 39.1 million essentially as a result of the repayment of the USPP and other current financial assets by € 15.0 million, whereas trade account receivables went up by € 30.4 million. Overall, this resulted in a reduction in current assets to € 243.7 million as at 30 September 2017. Property, plant and equipment, intangible assets and goodwill rose essentially due to acquisitions so that non-current assets increased to € 492.6 million (31 December 2016: € 412.6 million) on the balance sheet date. Short-term financial liabilities went up by € 38.8 million as a result of taking out bridging finance for the Probos acquisition while at the same time repaying the tranche of 70 million US dollars from the USPP. Trade accounts payable went up by € 17.3 million and other current financial liabilities increased by € 7.9 million. Overall, current liabilities stood at € 221.7 million on 30 September 2017 after € 151.8 million on 31 December 2016. Non-current liabilities fell slightly to € 169.5 million (31 December 2016: € 175.5 million). Here it should be noted that the bridging finance was fully

funded through an assignable loan in the fourth quarter (->Events after the balance sheet date). Net financial debt increased to € 210.2 million (31 December 2016: € 135.6 million) on account of the acquisition and correspondingly the level of debt (gearing) rose from 39 % to 61 %.

Cash flow from current business operations at € 44.2 million in January to September 2017 was € 7.2 million above the value for the previous year. Deducting the acquisition-related higher cash flow from investment activities amounting to € -102.2 million (2016: € -23.5 million) yields a free cash flow of € -58.0 million after € 13.5 million in the previous year.

CALCULATION OF FREE CASH FLOW

€ million	1/1/-30/9/ 2016	1/1/-30/9/ 2017
Cash flow from current business operations	37.0	44.2
Purchase of property, plant and equipment	-23.2	-24.0
Purchase of intangible assets	-0.3	-0.9
Proceeds from the disposal of property, plant and equipment	0.0	-0.4
Acquisition of companies	0.0	-82.8
-net of cash acquired	0.0	5.9
Cash flow from investment activities	-23.5	-102.2
Free cash flow	13.5	-58.0

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 2016.

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 %

During the months of January to September 2017, the overall potential for risks mainly in the area of procurement risks for important raw materials increased on account of significant price increases by comparison with the risk and opportunities report in the Annual Report 2016. In the Strategic Business Unit Paper, a new procurement risk with damage class 1 and probability class 4 was identified and a new market risk with damage class 1 and probability class 4. In the Strategic Business Unit Plastics, a new procurement risk with damage class 1 and probability class 4 was identified. By contrast, the probability class of two market risks in the Strategic Business Unit Plastics decreased from 3 to 2 while the damage class remained at 1 and 2 respectively. A procurement risk in the Strategic Business Unit Plastics was reduced in the damage class from 3 to 2 while the probability class remained at 3.

OUTLOOK FOR THE FISCAL YEAR 2017

The management is continuing to assume that the SURTECO Group will substantially increase sales revenues compared with the previous year. The sales revenues for the Strategic Business Unit Plastics are projected to rise substantially by comparison with the year-earlier value on the back of acquired activities and organic growth. The company continues to expect sales revenues at the Strategic Business Unit Paper to be significantly lower than in 2016 for the year as a whole. The existing forecasts for earnings were also confirmed. EBIT for the Strategic Business Unit Paper should therefore be slightly above the year-earlier value and EBIT for the Strategic Business Unit Plastics is projected to grow substantially. EBIT of the SURTECO Group should continue to be in the projected range of € 42 to 46 million.

SURTECO SHARES

Buoyed by a significant improvement in cash flow and the successful takeover of the Probos Group, the price of the SURTECO share underwent positive development in the third quarter of 2017 in the context of a general improvement in stock-market fortunes. Starting from slightly below € 24 at the beginning of the quarter, the share initially moved sideways in July. In the subsequent volatile period, a low in the quarter under review was reached on 14 August at € 23.70. Following the publication of the half-year results for 2017, the price then moved over to a consistent upward trajectory. The SURTECO share reached a high of € 26.25 on 21 September and finally finished trading at € 25.85 on 29 September. This is equivalent to a price increase of 9 % in the third quarter. The DAX and SDAX comparative indexes increased by around 10 % and 4 % respectively during the same quarter.

The market capitalization of SURTECO SE increased on account of the positive price performance to € 400.8 million on 29 September 2017. According to the definition by the German Stock Exchange (Deutsche Börse), the proportion of shares in free float remained stable at around 44.5 %.

January - September 2017

Number of shares	15,505,731
Free float in %	44.5

Price on 2/1/2017 in €	24.22
Price on 29/9/2017 in €	25.85

High in €	26.25
Low in €	22.40

Market capitalization as at 29/9/2017 in € million	400.8
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SHARE PRICE PERFORMANCE January - September 2017 in €



QUARTERLY FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

SURTECO GROUP

€ 000s

Sales revenues

Changes in inventories

Own work capitalized

Total output

Cost of materials

Personnel expenses

Other operating expenses

Other operating income

EBITDA

Depreciation and amortization

EBIT

Financial result

EBT

Income tax

Net income

Of which:

Owners of the parent
(consolidated net profit)

Non-controlling interests

Basic and diluted earnings
per share in €

Number of shares

Q3		Q1-3	
1/7/-30/9/ 2016	1/7/-30/9/ 2017	1/1/-30/9/ 2016	1/1/-30/9/ 2017
153,267	182,328	490,954	516,372
6,104	1,266	10,335	-2,934
873	1,202	2,692	3,686
160,244	184,796	503,981	517,124
-81,192	-89,214	-256,783	-247,857
-38,236	-44,020	-118,960	-131,273
-23,994	-27,271	-74,571	-78,519
503	761	1,965	2,650
17,325	25,052	55,632	62,125
-8,291	-10,680	-25,003	-28,442
9,034	14,372	30,629	33,683
-1,217	-2,768	-5,612	-7,525
7,817	11,604	25,017	26,158
-3,105	-3,208	-8,275	-7,826
4,712	8,396	16,742	18,332
4,746	8,482	16,775	18,447
-34	-86	-33	-115
0.31	0.55	1.08	1.19
15,505,731	15,505,731	15,505,731	15,505,731

STATEMENT OF COMPREHENSIVE INCOME

SURTECO GROUP

€ 000s

Net income

Components of comprehensive income not to be reclassified to the income statement

Net gains/losses from hedging of net investment in a
foreign operation

Differences of exchange translation of foreign operations

Financial instruments available-for-sale

Components of comprehensive income that may be reclassified to the income statement

Other comprehensive income for the period

Comprehensive income

Owners of the parent
(consolidated net profit)

Non-controlling interests

Q3		Q1-3	
1/7/-30/9/ 2016	1/7/-30/9/ 2017	1/1/-30/9/ 2016	1/1/-30/9/ 2017
4,712	8,396	16,742	18,332
0	820	-760	820
759	12	708	-83
-1,443	1,081	-4,048	-4,459
-341	59	-191	-86
-1,025	1,152	-3,531	-4,628
-1,025	1,972	-4,291	-3,808
3,687	10,368	12,451	14,524
3,719	10,450	12,495	14,640
-32	-82	-44	-116

CONSOLIDATED BALANCE SHEET

SURTECO GROUP

€ 000s

ASSETS

Cash and cash equivalents

Trade accounts receivable

Receivables from affiliated enterprises

Inventories

Current income tax assets

Other current non-financial assets

Other current financial assets

Current assets

Property, plant and equipment

Intangible assets

Goodwill

Investments accounted for using the equity method

Financial assets

Other non-current financial assets

Deferred taxes

Non-current assets

	31/12/2016	30/9/2017
	60,416	21,338
	52,072	82,434
	626	739
	119,596	124,441
	2,318	3,109
	6,607	6,959
	19,650	4,641
	261,285	243,661
	245,628	255,347
	34,109	62,716
	118,828	162,087
	1,694	1,669
	21	35
	5,778	6,332
	6,526	4,394
	412,584	492,580
	673,869	736,241

CONSOLIDATED BALANCE SHEET

SURTECO GROUP

€ 000s

LIABILITIES AND SHAREHOLDERS' EQUITY

Short-term financial liabilities

Trade accounts payable

Income tax liabilities

Short-term provisions

Other current non-financial liabilities

Other current financial liabilities

Current liabilities

Long-term financial liabilities

Pensions and other personnel-related obligations

Other non-current financial liabilities

Deferred taxes

Non-current liabilities

Capital stock

Capital reserve

Retained earnings

Consolidated net profit

Capital attributable to owners of the parent

Non-controlling interests

Equity

	31/12/2016	30/9/2017
	72,357	111,141
	48,888	66,153
	2,639	6,518
	3,583	4,578
	2,655	3,728
	21,650	29,535
	151,772	221,653
	123,629	120,356
	13,030	12,930
	4,300	4,300
	34,586	31,864
	175,545	169,450
	15,506	15,506
	122,755	122,755
	181,436	185,558
	23,867	18,447
	343,564	342,266
	2,988	2,872
	346,552	345,138
	673,869	736,241

CONSOLIDATED CASH FLOW STATEMENT

SURTECO GROUP

€ 000s

Earnings before income tax

Reconciliation to cash flow from current business operations

Internal financing

Change in assets and liabilities (net)

Cash flow from current business operations

Cash flow from investment activities

Cash flow from financial activities

Change in cash and cash equivalents

Cash and cash equivalents

1 January

Effect of changes in exchange rate on cash and cash equivalents

30 September

Q1-3

	1/1/-30/9/ 2016	1/1/-30/9/ 2017
	25,017	26,158
	26,579	29,310
	51,596	55,468
	-14,559	-11,263
	37,037	44,205
	-22,326	-102,196
	-1,629	19,463
	13,082	-38,528
	65,654	60,416
	168	-550
	78,904	21,338

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SURTECO GROUP

€ 000s	Capital stock	Capital reserve	Fair value measurement for financial instruments
31 December 2015	15,506	122,755	481
Adjusted on the basis of IAS 8 *)	0	0	0
1 January 2016	15,506	122,755	481
Net income	0	0	0
Other comprehensive income	0	0	-191
Comprehensive income	0	0	-191
Dividend payout SURTECO SE	0	0	0
Allocation to retained earnings	0	0	0
Changes in equity	0	0	0
30 September 2016	15,506	122,755	290
31 December 2016	15,506	122,755	86
Net income	0	0	0
Other comprehensive income	0	0	-86
Comprehensive income	0	0	-86
Dividend payout SURTECO SE	0	0	0
Allocation to retained earnings	0	0	0
Other changes	0	0	0
Changes in equity	0	0	0
30 September 2017	15,506	122,755	0

*) Comparison values adjusted on the basis of IAS 8 (see abbreviated Notes to the Consolidated Financial Statements section "Adjustment to the Consolidated Financial Statements in accordance with IAS 8").

Retained earnings			Consolidated net profit	Non-controlling interests	Total
Other comprehensive income	Currency translation adjustments	Other retained earnings			
-1,770	822	179,176	17,695	235	334,900
0	0	-545	26	0	-519
-1,770	822	178,631	17,721	235	334,381
0	0	0	16,775	-33	16,742
-760	-3,328	0	-1	-11	-4,291
-760	-3,328	0	16,774	-44	12,451
0	0	-12,405	0	0	-12,405
0	0	17,720	-17,720	0	0
0	0	5,315	-17,720	0	-12,405
-2,530	-2,506	183,946	16,775	191	334,427
-1,977	-620	183,947	23,867	2,988	346,552
0	0	0	18,447	-115	18,332
820	-4,541	0	0	-1	-3,808
820	-4,541	0	18,447	-116	14,524
0	0	-12,405	0	0	-12,405
0	0	23,867	-23,867	0	0
0	0	-3,533	0	0	-3,533
0	0	7,929	-23,867	0	-15,938
-1,157	-5,161	191,876	18,447	2,872	345,138

SEGMENT REPORTING

SURTECO GROUP

BY STRATEGIC BUSINESS UNITS

Sales revenues

€ 000s

1/1/-30/9/2017

External sales

Internal sales

Total sales

1/1/-30/9/2016

External sales

Internal sales

Total sales

Segment earnings

€ 000s

1/1/-30/9/2017

EBIT

1/1/-30/9/2016

EBIT

SBU Paper	SBU Plastics	Reconciliation	SURTECO Group
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280,332	236,040	0	516,372
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591	4	-595	0
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280,923	236,044	-595	516,372
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298,417	192,537	0	490,954
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1,113	12	-1,125	0
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299,530	192,549	-1,125	490,954
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SBU Paper	SBU Plastics	Reconciliation	SURTECO Group
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20,313	18,655	-5,285	33,683
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17,376	18,093	-4,840	30,629
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SEGMENT REPORTING

SURTECO GROUP

BY REGIONAL MARKETS

Sales revenues SURTECO Group

€ 000s

Germany

Rest of Europe

America

Asia, Australia, Others

Sales revenues SBU Paper

€ 000s

Germany

Rest of Europe

America

Asia, Australia, Others

Sales revenues SBU Plastics

€ 000s

Germany

Rest of Europe

America

Asia, Australia, Others

1/1/-30/9/2016	1/1/-30/9/2017
136,414	134,048
218,734	236,055
96,022	105,204
39,784	41,065
490,954	516,372

1/1/-30/9/2016	1/1/-30/9/2017
76,047	70,326
149,295	139,154
64,031	63,620
9,044	7,232
298,417	280,332

1/1/-30/9/2016	1/1/-30/9/2017
60,367	63,722
69,439	96,901
31,991	41,584
30,740	33,833
192,537	236,040

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ABBREVIATED)

ACCOUNTING PRINCIPLES

The consolidated financial statements of the SURTECO Group for the period ended 31 December 2016 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 2017 as in the preparation of the consolidated financial statements for the business year 2016.

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 2016 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 2017 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 2017, 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 2017 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 2016.

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 2017, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ABBREVIATED)

ADJUSTMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IAS 8

Reference is made to the notes for the consolidated financial statements as at 31 December 2016, for the adjustments carried out in the comparative period 2015 in accordance with IAS 8.

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:

€ 000s	Category acc. IAS 39
Assets from derivative financial instruments	
with hedge relationship	n.a.
without hedge relationship	FAaFV
Liabilities from derivative financial instruments	
with hedge relationship	n.a.
without hedge relationship	FLaFV

Key to abbreviations

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

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.

FAIR VALUE / BOOK VALUE

31/12/2016

30/9/2017

Level 1

Level 2

Level 3

Level 1

Level 2

Level 3

0 14,536 0

0 0 0

0 0 0

0 0 0

0 0 0

0 0 0

0 0 0

0 0 0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ABBREVIATED)

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 2016.

DIVIDEND PAY-OUT FOR THE BUSINESS YEAR 2016

The Annual General Meeting of SURTECO SE held on 29 June 2017 resolved to pay out a dividend for the business year 2016 amounting to € 0.80 for each no-par-value share. The payout sum amounting to € 12,404,584.80 was paid out on 4 July 2017.

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

In October 2017, SURTECO successfully placed an assignable loan with a total volume of € 200 million. The issue volume is distributed over terms of 5, 7 and 10 years, primarily with fixed interest rates. The company is using the funds to refinancing the acquisition cost for the Portuguese Probos Group and for repaying a tranche from the US private placement in August, as well as for general finance within the company.

After 30 September 2017 up to the date when this report went to press, there were no further events or developments that would be likely to lead to a significant change in the recognition or valuation of individual assets or liabilities.

CALCULATION OF INDICATORS

Cost of materials ratio in %

Earnings per share in €

EBIT

EBIT margin in %

EBITDA

EBITDA margin in %

Equity ratio in %

Gearing (debt level) in %

Market capitalization in €

Net debt in €

Personnel expense ratio in %

Working capital in €

FINANCIAL CALENDAR

28 November 2017

30 April 2018

15 May 2018

28 June 2018

Cost of materials/Total output

Consolidated net profit/Number of shares

Earnings before financial result and income tax

EBIT/Sales revenues

Earnings before financial result and
income tax

EBITDA/Sales revenues

Equity/Balance sheet total

Net debt/Equity

Number of shares x Closing price on the balance
sheet date

Short-term financial liabilities + Long-term financial
liabilities – Cash and cash equivalents

Personnel costs/Total output

Trade accounts receivable + Inventories –
Trade accounts payable

German Equity Forum, Frankfurt

Annual Report 2017

Report for the first three months
January – March 2018

Annual General Meeting

SURTECO

SOCIETAS EUROPAEA

Q3

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SURTECO SE

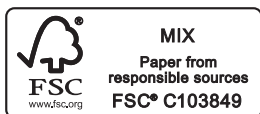
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Germany

Ticker Symbol: SUR

ISIN: DE0005176903



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