

: 2021

Q1

Report for the
first three month

1 January to 31 March

SURTECO

€ million	Q 1		Δ %
	1/1/-31/3/ 2020	1/1/-31/3/ 2021	
Sales revenues	171.6	188.5	+10
of which			
- Germany	47.1	51.5	+9
- Foreign	124.5	137.0	+10
EBITDA	23.9	31.9	+34
EBITDA margin in %	13.9	16.9	
EBIT	13.4	21.5	+61
EBIT margin in %	7.8	11.4	
EBT	12.8	20.4	+60
Consolidated net profit	8.9	14.3	+60
Earnings per share in €	0.57	0.92	+60
Number of shares	15,505,731	15,505,731	
	31/3/2020	31/3/2021	Δ %
Net financial debt in € million	184.8	147.4	-20
Level of debt in %	52	38	-14 pts
Equity ratio in %	43.4	46.1	+2.7 pts
Number of employees	3,183	3,125	-2
	31/12/2020	31/3/2021	Δ %
Net financial debt in € million	144.7	147.4	+2
Level of debt in %	39	38	-1 pts
Equity ratio in %	46.7	46.1	-0.6 pts
Number of employees	3,052	3,125	+2

Economic report

Sales and Business Performance

The gratifyingly good business development of the SURTECO Group in the last half of the previous year continued in the first quarter of 2021. Sales at € 188.5 million in January to March 2021 were 10 % above the year-earlier value of € 171.6 million. Domestic sales increased by 9 % and sales in the rest of Europe (not including Germany) went up by 7 % compared with the year-earlier quarter. Sales in North and South America rose by 15 % and in Asia, Australia and other markets by 19 %. The foreign sales ratio at 73 % continues unchanged compared to the year-earlier quarter.

DECORATIVES

During the first quarter of 2021, sales in the Segment Decoratives at € 136.6 million rose by 9 % compared with the year-earlier value of € 125.7 million. This increase was achieved through improvements in all product groups. Accordingly, business with finish foils increased by 2 %, with decorative printing by 9 %, with edgebandings by 10 % and with other products and commercial products by 15 % compared with year-earlier values.

PROFILES

During the months January to March 2021, the Segment Profiles succeeded in increasing business by 24 % to € 33.0 million (2020: € 26.6 million). While business with skirtings rose by 34 % and with technical extrusions (profiles) by 30 %, sales with commercial products and other products fell back by 67 % owing to the switchover to in-house production for some technical extrusions.

TECHNICALS

In the first quarter of 2021, sales in Technicals at € 18.9 million were 2 % below the year-earlier value of € 19.3 million. This is essentially based on a decline of 10 % for finish foils, while business with impregnates went up by 2 % and with edgebandings by 12 %.

Group Results

The total output of the Group increased from € 174.0 million in the first quarter of 2020 to € 192.2 million in the first quarter of 2021. Over this period, the cost of materials increased from € 79.7 million to € 91.4 million. Essentially owing to increased material prices, particularly in the area of plastics, the cost of materials ratio (cost of materials / total output) increased from 45.8 % to 47.6 %. Personnel expenses at € 44.8 million were below the year-earlier value of € 45.9 million and the personnel expense ratio (personnel expenses / total output) fell from 26.4 % in the previous year to 23.3 %. Other operating expenses amounted to € 26.6 million (2020: € 25.5 million). Consequently, earnings before financial result, income tax and depreciation and amortization (EBITDA) rose from € 23.9 million in the previous year to € 31.9 million in the first quarter of 2021. The EBITDA margin (EBITDA/sales) increased from 13.9 % to 16.9 %. Depreciation and amortization amounting to € 10.4 million was slightly below the year-earlier value of € 10.5 million. Earnings before financial result and income tax rose by 61 % compared with the previous year in the first quarter of 2021 to € 21.5 million (2020: € 13.4 million). Deducting the financial result of € -1.1 million (2020: € -0.6 million) yields a pretax profit of € 20.4 million after € 12.8 million. Taxes amounted to € -6.1 million (2020: € -3.8 million). Overall, SURTECO generated a consolidated net profit of € 14.3 million

in the first quarter of 2021 after € 8.9 million in the previous year. Earnings per share went up from € 0.57 to € 0.92.

Result of the Business Units

EBIT of the Segment Decoratives increased essentially on the back of the increased business volume and lower personnel expenses in the first quarter of 2021 to € 18.3 million after € 10.2 million in the previous year, while EBIT of the Segment Profiles eased slightly from € 3.4 million to € 3.1 million due to higher material prices and startup costs for the new central logistics warehouse during this period. In the Segment Technicals, EBIT rose from € 1.9 million in the previous year to € 2.3 million.

Net assets, financial positions and results of operations

Balance sheet structure of the SURTECO Group

€ million	31/12/ 2020	31/3/ 2021
ASSETS		
Current assets	310.6	357.2
Non-current assets	488.2	491.2
Balance sheet total	798.8	848.4
LIABILITIES		
Current liabilities	146.7	196.1
Non-current liabilities	278.8	261.4
Equity	373.3	390.9
Balance sheet total	798.8	848.4

By 31 March 2021, the balance sheet total at € 848.4 million had increased by 6 % compared with 31 December 2020. A key reason for this is the early settlement of a tranche from the promissory note loan. While € 30 million from a loan with a more favourable interest rate is already reflected in cash and cash equivalents during the first quarter, the repaid amount of € 45 million is only returned after the balance sheet date. Furthermore, the extension of the balance sheet total as of 31 March 2021 is due to an increase in short-term receivables. Hence the current assets rose from € 310.6 million at year-end 2020 to € 357.2 million, and non-current assets from € 488.2 million to € 491.2 million. On the liabilities side

of the balance sheet, current liabilities increased from € 146.7 million at year-end 2020 to € 196.1 million, while non-current assets fell back from € 278.8 million to € 261.4 million. The changes in current and non-current liabilities result from the refinancing that began in March 2021. Equity increased from € 373.3 million to € 390.9 million. Owing to the simultaneously increased balance sheet total, the equity ratio decreased slightly from 46.7 % at year-end 2020 to 46.1 % on 31 March 2021. After the first quarter of 2021, free cash flow amounted to € -1.0 million following € -5.3 million in the previous year.

Outlook for the business year 2021

The company anticipates an increase in sales at Group level to between € 650 million and € 675 million for the business year 2021.

Group EBIT is expected in the corridor between € 47 million and € 52 million.

Calculation of free cash flow

€ million	1/1/-31/3/ 2020	1/1/-31/3/ 2021
Cash flow from current business operations	5.1	8.4
Purchase of property, plant and equipment	-10.3	-9.6
Purchase of intangible assets	-0.8	-0.9
Proceeds from disposal of property, plant and equipment	0.5	1.2
Dividends received	0.2	0.0
Liquidation of companies	0.0	-0.1
Cash flow from investment activities	-10.4	-9.4
Free cash flow	-5.3	-1.0

Income Statement

€ 000s	Q 1		
	1/1/-31/3/ 2020	1/1/- 31/3/ 2021	Δ %
Sales revenues	171,643	188,480	10%
Changes in inventories	1,169	2,810	
Own work capitalized	1,192	904	
Total output	174,004	192,194	10%
Cost of materials	-79,734	-91,422	15%
Personnel expenses	-45,854	-44,798	-2%
Other operating expenses	-25,522	-26,578	4%
Other operating income	979	2,543	160%
EBITDA	23,873	31,939	34%
Depreciation and amortization	-10,493	-10,395	-1%
EBIT	13,380	21,544	61%
Financial result	-597	-1,148	92%
EBT	12,783	20,396	60%
Income tax	-3,817	-6,141	61%
Net income	8,966	14,255	59%
Of which:			
Owners of the parent (consolidated net profit)	8,886	14,255	60%
Non-controlling interests	80	0	
Basic and undiluted earnings per share in €	0.57	0.92	60%
Number of shares	15,505,731	15,505,731	

Consolidated Balance Sheet

€ 000s	31/12/2020	31/3/2021
Assets		
Cash and cash equivalents	133,466	147,268
Trade accounts receivable	53,794	80,236
Inventories	109,273	116,687
Current income tax assets	779	945
Other current non-financial assets	6,522	6,969
Other current financial assets	6,719	5,075
Current assets	310,553	357,180
Property, plant and equipment	236,215	239,990
Rights of use	35,552	34,515
Intangible assets	48,738	48,141
Goodwill	162,902	163,026
Financial assets	10	10
Other non-current non-financial assets	126	132
Other non-current financial assets	274	278
Deferred taxes	4,406	5,127
Non-current assets	488,223	491,219
	798,776	848,399

Consolidated Balance Sheet

€ 000s	31/12/2020	31/3/2021
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term financial liabilities	40,594	74,601
Trade accounts payable	63,423	70,530
Contractual liabilities in accordance with IFRS 15	4	4
Income tax liabilities	2,598	7,825
Short-term provisions	10,791	8,820
Other current non-financial liabilities	3,482	4,872
Other current financial liabilities	25,780	29,455
Current liabilities	146,672	196,107
Long-term financial liabilities	237,585	220,064
Pensions and other personnel-related obligations	13,245	13,314
Long-term provisions	449	450
Other non-current non-financial liabilities	147	156
Deferred taxes	27,349	27,377
Non-current liabilities	278,775	261,361
Capital stock	15,506	15,506
Capital reserve	122,755	122,755
Retained earnings	201,381	238,415
Consolidated net profit	33,687	14,255
Equity	373,329	390,931
	798,776	848,399

Consolidated Cash Flow Statement

€ 000s	Q 1	
	1/1/-31/3/ 2020	1/1/- 31/3/ 2021
Earnings before income tax	12,783	20,396
Reconciliation to cash flow from current business operations	2,784	10,504
Internal financing	15,567	30,900
Change in assets an liabilities (net)	-10,485	-22,459
Cash flow from current business operations	5,082	8,441
Cash flow from investment activities	-10,403	-9,381
Cash flow from financial activities	26,329	14,998
Change in cash and cash equivalents	21,008	14,058
Cash and cash equivalents		
1 January	83,579	133,466
Effects of changes in the exchange rate on cash and cash equivalents	1,553	-256
31 Mach	106,140	147,268

Segment Reporting

Sales revenues

€ 000s	Decoratives	Profiles	Technicals	Reconcil- iation	SURTECO Group
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
1/1/-31/3/2020					
External sales	125,709	26,645	19,289	-	171,643
Internal sales	4,554	283	848	-5,685	-
Total sales	130,263	26,928	20,137	-5,685	171,643

Segment earnings

€ 000s	Decoratives	Profiles	Technicals	Reconcil- iation	SURTECO Group
1/1/-31/3/2021					
EBIT	18,312	3,078	2,306	-2,152	21,544
1/1/-31/3/2020					
EBIT	10,246	3,362	1,903	-2,131	13,380

Segment Reporting

By regional markets

Sales revenues SURTECO Group

€ 000s	1/1/-31/3/2020	1/1/- 31/3/2021
Germany	47,051	51,468
Rest of Europe	83,239	89,018
America	27,792	31,909
Asia, Australia, Others	13,561	16,085
	171,643	188,480

Sales revenues Decoratives

€ 000s	1/1/-31/3/2020	1/1/- 31/3/2021
Germany	27,763	28,615
Rest of Europe	58,067	61,218
America	27,445	31,858
Asia, Australia, Others	12,434	14,942
	125,709	136,633

Sales revenues Profiles

€ 000s	1/1/-31/3/2020	1/1/- 31/3/2021
Germany	14,710	18,522
Rest of Europe	11,675	14,256
America	135	2
Asia, Australia, Others	125	189
	26,645	32,969

Sales revenues Technicals

€ 000s	1/1/-31/3/2020	1/1/- 31/3/2021
Germany	4,578	4,331
Rest of Europe	13,497	13,544
America	212	49
Asia, Australia, Others	1,002	954
	19,289	18,878

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

23 June 2021	Annual general meeting
28 June 2021	Dividend payout
30 July 2021	Six-Month Report January - June 2021
29 October 2021	Nine-Month Report January - September 2021

Q1

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