

2023

# Q1

Report for the  
first three months

1 January to 31 March

**SURTECO**

€ million	Q 1		Δ %
	1/1/-31/3/ 2022	1/1/-31/3/ 2023	
Sales revenues	213,0	205.7	-3
of which			
- Germany	56.1	47.7	-15
- Foreign	156.9	158.0	+1
EBITDA	31.1	19.1	-38
EBITDA margin in %	14.6	9.3	
EBIT	20.2	7.6	-62
EBIT margin in %	9.5	3.7	
EBT	19.4	5.1	-73
Consolidated net profit	13.6	3.6	-73
Earnings per share in €	0.88	0.23	-73
Number of shares	15,505,731	15.505.731	

	31/3/2022	31/3/2023	Δ %
Net financial debt in € million	155.9	396.1	+154
Level of debt in %	36	90	+54 pts
Equity ratio in %	52.7	39.6	-13.1 pts
Number of employees	3,197	3,844	+20

	31/12/2022	31/3/2023	Δ %
Net financial debt in € million	152.8	396.1	+159
Level of debt in %	36	90	+54 pts
Equity ratio in %	50.0	39.6	-10.4 pts
Number of employees	3,052	3,844	+26

## Economic report

### SURTECO Group

The sales revenues of the SURTECO Group fell by 3 % during the first quarter of 2023 compared with the previous year to € 205.7 million (Q1-2022: € 213.0 million). The sales contributions from the acquired divisions of Omnova as of 1 March 2023 counteracted this downturn in the face of significantly weaker demand compared with the equivalent year-earlier period. Earnings before financial result and income tax (EBIT) for the Group fell during the first three months by 62 % to € 7.6 million in 2023 after € 20.2 million in the previous year. Alongside the shortfall in capacity utilization, the main contributing factors influencing this were an increase in the personnel expense ratio, expenses in connection with the acquisition of Omnova and higher depreciation and amortization.

### SURFACES

The Segment SURFACES encompasses the surface activities of the Group including melamine edgebandings in Europe and South America. Owing to the downturn in demand resulting from a strong increase in inflation and the restrained economic prospects, particularly in Europe, sales of the segment at € 75.1 million fell by 12 % in comparison with the pro-forma sales in the first quarter of 2022 amounting to € 85.0 million. Consequently, EBIT for the segment came down from a pro-forma value of € 6.2 million in the previous year to € -0.3 million in the first quarter of 2023.

### EDGEBANDS

The Segment EDGEBANDS comprises all the plastic edging activities of the Group in Europe and South America. On the

basis of pro-forma sales of € 48.4 million in the first quarter of 2022, sales fell by 18% to € 39.8 million in the first three months of 2023. EBIT at € 5.3 million was 21 % below the pro-forma value of € 6.7 million for 2022.

### PROFILES

The Segment PROFILES bundles the activities in Europe and South America with technical extrusions (profiles), skirtings and associated products. Sales in the first three months of 2023 in the amount of € 39.1 million were 6 % below the pro-forma sales of € 41.7 million in 2022. EBIT at € 4.6 million was also moderately below the pro-forma EBIT of € 5.0 million in 2022.

### NORTH AMERICA

The NORTH AMERICA segment includes the activities with all the products of the Group in this region. Sales of the acquired divisions of Omnova are allocated to this segment, including the plant in Thailand. Hence, the sales of the segment increased by 62 % to € 38.9 million in the first quarter of 2023 after pro-forma sales of € 24.0 million in the previous year. As a result of one-off acquisition expenses, EBIT amounted to € 0.1 million following a pro-forma result of € 2.1 million in the previous year.

### ASIA / PACIFIC

The Segment ASIA / PACIFIC encompasses business with all product groups in the area Asia, Australia and Oceania. On the basis of pro-forma sales of € 13.9 million in the previous year, sales for this segment fell back by 9 % to € 12.7 million. EBIT amounted to € 2.1 million after pro-forma EBIT of € 2.8 million in the first three months of 2022.

## Net assets, financial positions and results of operations

### Balance sheet structure of the SURTECO Group

€ million	31/12/ 2022	31/3/ 2023
<b>ASSETS</b>		
Current assets	341.8	390.5
Non-current assets	510.0	726.6
<b>Balance sheet total</b>	<b>851.8</b>	<b>1.117.1</b>
<b>LIABILITIES</b>		
Current liabilities	114.7	360.5
Non-current liabilities	311.0	314.4
Equity	426.1	442.2
<b>Balance sheet total</b>	<b>851.8</b>	<b>1.117.1</b>

In the first quarter of 2023, total output of the Group fell by 6 % to € 205.3 million compared with the previous year (Q1-2022: € 218.2 million). While the ratio of the cost of materials as a function of total output improved from 51.4 % in the previous year to 49.5 %, the personnel expense ratio rose from 21.4 % in the previous year to 26.0 % and the ratio of other operating expenses to total output went up from 13.9 % to 16.2 % in 2023. In absolute terms, the expense items totalled € 188.2 million after € 189.3 million in the previous year. Overall, earnings before financial result, income tax and depreciation and

amortization (EBITDA) fell back from € 31.1 million in the previous year to € 19.1 million in the first quarter of 2023. Slightly increased amortization and depreciation of € -11.5 million (Q1-2022: € -10.9 million) yield an EBIT of € 7.6 million (Q1-2022: € 19.4 million). Income tax amounted to € -1.5 million (Q1-2022: € -5.8 million) and the financial result was € -2.4 million (Q1-2022: € -0.8 million). Consolidated net profit in the first quarter of 2023 was therefore € 3.6 million after € 13.6 million in the previous year.

### Calculation of free cash flow

€ million	1/1/-31/3/ 2022	1/1/-31/3/ 2023
<b>Cash flow from current business operations</b>	<b>11.8</b>	<b>1.0</b>
Acquisition of business	0	-230.4
Purchase of property, plant and equipment	-8.3	-5.3
Purchase of intangible assets	-1.0	-0.4
Proceeds from disposal of property, plant and equipment	-0.3	0
<b>Cash flow from investment activities</b>	<b>-9.6</b>	<b>-236.1</b>
<b>Free cash flow</b>	<b>2.2</b>	<b>-235.1</b>

Essentially owing to the acquisition of the divisions of Omnova and the financing of borrowings, the balance sheet total of the Group increased from € 851.8 million at year-end 2022 to € 1,117.1 million at 31 March 2023. Current assets rose from € 341.8 million at year-end 2022 to € 390.5 million

and non-current assets increased from € 510.0 million to € 726.6 million. On the liabilities side of the balance sheet, current liabilities went up to € 360.5 million (31 December 2022: € 114.7 million), non-current liabilities increased to € 314.4 million (31 December 2022: € 311.0 million) and equity rose to € 442.2 million (31 December 2022: € 426.1 million) on the balance sheet date for the first quarter of 2023. Owing to the substantially increased balance sheet total, the equity ratio fell from 50.0 % at year-end 2022 to 39.6 % on 31 March 2023. Net financial debt increased from € 152.8 million to € 396.1 million, which results in a level of debt of 90 % (31 December 2022: 36 %).

On the basis of the lower pre-tax result, cash flow from current business operations in the first quarter of 2023 was € 1.0 million after € 11.8 million in the year-earlier quarter. As a result of the acquisition of the Omnova divisions, cash flow from investment activities was € -236.1 million after € -9.6 million in the previous year. The free cash flow consequently amounts to € -235.1 million in the first quarter of 2023 after € 2.2 million in the previous year.

All of the above amounts have been provisionally valued pending a full independent valuation in respect of the Omnova acquisition.

## Outlook for the business year 2023

Restrained demand in the first quarter was within the estimate of the management and this trend is expected to continue at least until the middle of the year. Insofar, the forecast in the Annual Report 2022 is confirmed. Accordingly, Group sales for the year 2023 overall are projected to be in the corridor between € 920 million and € 950 million and Group EBIT is expected to be between € 45 million and € 55 million.

## Income Statement

€ 000s	Q 1	
	1/1/-31/3/ 2022	1/1/-31/3/ 2023
<b>Sales revenues</b>	<b>213,047</b>	<b>205,675</b>
Changes in inventories	4,002	-1,097
Own work capitalized	1,145	694
<b>Total output</b>	<b>218,194</b>	<b>205,272</b>
Cost of materials	-112,239	-101,528
Personnel expenses	-46,758	-53,430
Other operating expenses	-30,317	-33,197
Other operating income	2,178	2,004
<b>EBITDA</b>	<b>31,058</b>	<b>19,121</b>
Depreciation and amortization	-10,852	-11,533
<b>EBIT</b>	<b>20,206</b>	<b>7,588</b>
Financial result	-823	-2,439
<b>EBT</b>	<b>19,383</b>	<b>5,149</b>
Income tax	-5,812	-1,521
<b>Consolidated net profit</b>	<b>13,571</b>	<b>3,628</b>
Basic and undiluted earnings per share in €	0.88	0.23
Number of shares	15,505,731	15,505,731

## Consolidated Balance Sheet

€ 000s	31/12/2022	31/3/2023*
<b>Assets</b>		
Cash and cash equivalents	117,752	82,388
Trade accounts receivable	61,391	115,043
Inventories	142,129	173,175
Current income tax assets	5,901	5,510
Other current non-financial assets	9,272	10,477
Other current financial assets	5,371	3,900
<b>Current assets</b>	<b>341,816</b>	<b>390,493</b>
Property, plant and equipment	251,193	283,360
Intangible assets	43,832	113,017
Rights of use	32,112	35,544
Goodwill	161,979	275,314
Financial assets	10	10
Non-current income tax assets	4,507	4,507
Other non-current non-financial assets	855	101
Other non-current financial assets	1,353	800
Deferred taxes	14,202	13,974
<b>Non-current assets</b>	<b>510,043</b>	<b>726,627</b>
	<b>851,859</b>	<b>1,117,120</b>

\* Preliminary before final valuation of Omnova acquisition

## Consolidated Balance Sheet

€ 000s	31/12/2022	31/3/2023*
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Short-term financial liabilities	9,510	215,664
Trade accounts payable	60,946	101,711
Contractual liabilities in accordance with IFRS 15	4	4
Income tax liabilities	9,260	1,714
Short-term provisions	6,021	4,753
Other current non-financial liabilities	3,939	4,825
Other current financial liabilities	25,012	31,812
<b>Current liabilities</b>	<b>114,692</b>	<b>360,483</b>
Long-term financial liabilities	261,001	262,834
Pensions and other personnel-related obligations	9,548	11,849
Long-term provisions	140	140
Other non-current non-financial liabilities	90	76
Other non-current financial liabilities	15	15
Deferred taxes	40,299	39,517
<b>Non-current liabilities</b>	<b>311,093</b>	<b>314,431</b>
Capital stock	15,506	15,506
Capital reserve	122,755	122,755
Retained earnings	262,580	299,935
Consolidated net profit	25,233	3,628
<b>Capital attributable to owners of the parent</b>	<b>426,074</b>	<b>441,824</b>
Non-controlling interests	0	382
<b>Equity</b>	<b>426,074</b>	<b>442,206</b>
	<b>851,859</b>	<b>1,117,120</b>

\* Preliminary before final valuation of Omnova acquisition



## Consolidated Cash Flow Statement

€ 000s	Q 1	
	1/1/-31/3/ 2022	1/1/-31/3/ 2023
<b>Earnings before income tax</b>	<b>19,383</b>	<b>5,149</b>
Reconciliation to cash flow from current business operations	12,725	9,519
<b>Internal financing</b>	<b>32,108</b>	<b>14,668</b>
Change in assets an liabilities (net)	-20,271	-13,674
<b>Cash flow from current business operations</b>	<b>11,837</b>	<b>994</b>
Cash flow from investment activities	-9,590	-236,149
Cash flow from financial activities	-25,574	199,925
<b>Change in cash and cash equivalents</b>	<b>-23,327</b>	<b>-35,230</b>
<b>Cash and cash equivalents</b>		
1 January	73,056	117,752
Effects of changes in the exchange rate on cash and cash equivalents	-955	-134
<b>31 Mach</b>	<b>48,774</b>	<b>82,388</b>

## Segment Reporting

### Sales revenues

€ 000d	Surfaces	Edgebands	Profiles	North America	Asia / Pacific	Reconciliation	SURTECO Group
<b>1/1/-31/3/2023</b>							
External sales	75,115	39,802	39,122	38,944	12,692		205,675
Internal sales	3,136	553	3	0	0	-3,692	-
<b>Total sales</b>	<b>78,251</b>	<b>40,355</b>	<b>39,125</b>	<b>38,944</b>	<b>12,692</b>	<b>-3,692</b>	<b>205,675</b>
<b>1/1/-31/3/2022*</b>							
External sales	85,022	48,384	41,724	24,007	13,909		213,047
Internal sales	3,648	685	26	0	0	-4,358	-
<b>Total sales</b>	<b>88,670</b>	<b>49,069</b>	<b>41,750</b>	<b>24,007</b>	<b>13,909</b>	<b>-4,358</b>	<b>213,047</b>

### Segment earnings

€ 000s	Surfaces	Edgebands	Profiles	North America	Asia / Pacific	Reconciliation	SURTECO Group
<b>1/1/-31/3/2023</b>							
<b>EBIT</b>	<b>-290</b>	<b>5,287</b>	<b>4,584</b>	<b>122</b>	<b>2,082</b>	<b>-4,197</b>	<b>7,588</b>
<b>1/1/-31/3/2022*</b>							
EBIT	6,183	6,665	4,967	2,081	2,816	-2,506	20,206

\* For Business Units Pro Forma

## 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 2023	Annual general meeting
12 June 2023	Dividend payout
31 July 2023	Six-Month Report January - June 2023
27 October 2023	Nine-Month Report January - September 2023

# Q1

## Contact

Martin Miller  
Investor Relations and Press Office  
T: +49 8274 9988-508  
F: +49 8274 9988-515  
ir@surteco.com  
www.surteco.com

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

Ticker Symbol: SUR  
ISIN: DE0005176903



# SURTECO