

Surteco Group SE

Germany - Others



HAUCK & AUFHÄUSER
PRIVATBANKIERS SEIT 1796

Hold (old: Hold)

Price target: EUR 24.50 (old: EUR 24.50)

Price: EUR 23.10 **Next result:** Q3 2019 14.11.19
Bloomberg: SUR GR **Market cap:** EUR 355.9 m
Reuters: SURG.DE **Enterprise Value:** EUR 532.7 m

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Macro challenges prevail // Q2 as expected; chg. est.

As already witnessed with Q1 2019 numbers, Q2 continued to be burdened by the challenging macroeconomic environment in Surteco's key end markets. **Group sales decreased by 4.3% yoy to € 171m.** While Profiles grew by 5% yoy to € 23m, Decoratives (-3.5% yoy to € 124m) and Technicals (-15% yoy to € 24m) suffered from significantly weakening demand for laminate and furniture.

The group's EBIT showed a similar picture with high raw material prices continuing to weigh on profitability. Consequently, **EBIT decreased by 14% yoy**, with Technicals being the main contributor to this trend (-92% yoy to € 0.1m).

Surteco SE	Q2 2019	Q2 2019 est	Q2 2018	yoy	Q1 2019	qoq	H1 2019	H1 2019 est	H1 2018	yoy
Sales	170.8	173.0	178.5	-4.3%	181.9	-6.1%	352.7	354.9	365.2	-3.4%
Decoratives	124.3	125.5	128.8	-3.5%	129.4	-3.9%	253.7	254.9	262.6	-3.4%
Technicals	23.9	24.5	28.2	-15.2%	27.9	-14.3%	51.8	52.4	58.5	-11.5%
Profiles	22.6	23.0	21.5	5.1%	24.6	-8.1%	47.2	47.6	44.1	7.0%
EBIT	8.7	9.1	10.1	-13.9%	11.6	-25.0%	20.2	20.7	23.5	-14.0%
EBIT margin	5.1%	5.3%	5.7%	-0.6 pp	6.4%	-1.3 pp	5.7%	5.8%	6.4%	-0.7 pp
Decoratives	7.9	8.1	8.3	-4.8%	9.4	-16.0%	17.3	17.5	19.2	-9.9%
Technicals	0.1	0.5	1.3	-92.3%	1.0	-90.0%	1.1	1.5	3.1	-64.5%
Profiles	2.2	2.0	2.1	4.8%	2.8	-21.4%	5.0	4.8	4.7	6.4%
EPS	0.32	0.33	0.46	-30.4%	0.51	-37.3%	0.83	0.84	0.97	-14.4%

Source: Company data; Hauck & Aufhäuser

Sale of a US subsidiary to boost Q3 cash flow. Shortly after the end of the second quarter, Surteco sold its US impregnating business. In our view, the company should have received roughly € 16m for the slightly lossmaking subsidiary with € 33m sales (eH&A). Accordingly, we would expect Surteco to report a strong cash flow in Q3.

FY 2019 guidance remains in reach. As a result of the successful sale of the US impregnating business, management adjusts its FY 2019E sales guidance, now expecting € 655 to 685m (old: € 670 to € 700m). Furthermore, management leaves its FY EBIT target unchanged at € 38 to 40m. In our view, the upper end should be achievable (eH&A € 40.8m) thanks (1) some cost benefits from the optimization program and (2) the absence of one-offs related to the build-up of provisions (c. € 6.1m).

Action: Changes in estimates to reflect the US sale and current op. developments.

As positive catalysts (e.g. normalizing demand or decreasing raw material prices) are not in sight, **Surteco remains a HOLD with a € 24.5 PT**, based on DCF.

Y/E 31.12 (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Sales	638.4	639.8	689.7	699.0	681.5	687.0	695.2
Sales growth	3 %	0 %	8 %	1 %	-3 %	1 %	1 %
EBITDA	65.0	74.3	83.1	72.8	85.8	88.8	89.7
EBIT	31.1	40.9	44.7	32.2	40.4	46.7	48.3
Net income	17.7	23.9	26.3	18.9	23.9	29.4	30.7
Net debt	126.6	135.6	189.9	197.5	164.2	147.4	132.7
Net gearing	37.9 %	39.5 %	54.8 %	56.4 %	44.7 %	38.2 %	33.1 %
Net Debt/EBITDA	1.9	1.8	2.3	2.7	1.9	1.7	1.5
EPS pro forma	1.62	1.64	2.08	1.54	1.86	2.20	2.30
CPS	2.74	2.03	3.52	2.62	3.09	3.27	3.28
DPS	0.80	0.80	0.80	0.61	0.77	0.95	0.99
Dividend yield	3.5 %	3.5 %	3.5 %	2.7 %	3.4 %	4.1 %	4.3 %
Gross profit margin	49.8 %	50.0 %	51.6 %	50.5 %	50.9 %	51.3 %	51.3 %
EBITDA margin	10.2 %	11.6 %	12.0 %	10.4 %	12.6 %	12.9 %	12.9 %
EBIT margin	4.9 %	6.4 %	6.5 %	4.6 %	5.9 %	6.8 %	6.9 %
ROCE	5.7 %	7.4 %	7.2 %	4.6 %	5.7 %	6.6 %	6.6 %
EV/sales	0.8	0.8	0.8	0.8	0.8	0.8	0.7
EV/EBITDA	7.6	6.8	6.7	7.8	6.2	5.8	5.6
EV/EBIT	15.9	12.3	12.5	17.6	13.2	11.1	10.4
PER	14.2	14.0	11.0	14.9	12.3	10.4	10.0
Adjusted FCF yield	7.2 %	8.5 %	9.9 %	8.3 %	11.3 %	11.9 %	12.5 %

Source: Company data, Hauck & Aufhäuser Close price as of: 21.08.2019



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 27.50 / 19.88

Price/Book Ratio: 1.0

Relative performance (SDAX):

3 months -6.5 %

6 months -

12 months -

Changes in estimates

		Sales	EBIT	EPS
2019	old:	700.4	41.0	1.91
	Δ	-2.7%	-1.5%	-2.7%
2020	old:	706.0	47.3	2.27
	Δ	-2.7%	-1.3%	-2.9%
2021	old:	714.4	49.1	2.38
	Δ	-2.7%	-1.7%	-3.3%

Key share data:

Number of shares: (in m pcs) 15.5

Authorised capital: (in € m) 7.7

Book value per share: (in €) 23.7

Ø trading volume: (12 months) 12,917

Major shareholders:

Founding families 57.1 %

Kaindl Flooring 12.3 %

Rudolf Ostermann 5.7 %

Lazard 5.1 %

Company description:

Leading global manufacturer of decorative surface coatings (i.e. edgebandings, finish foils) processed mainly by the flooring, wood-based and furniture industry.

Financials

Profit and loss (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Net sales	638.4	639.8	689.7	699.0	681.5	687.0	695.2
<i>Sales growth</i>	3.2 %	0.2 %	7.8 %	1.4 %	-2.5 %	0.8 %	1.2 %
Increase/decrease in finished goods and work-in-process	4.0	9.3	3.2	7.5	3.7	3.8	3.8
Total sales	642.4	649.1	692.9	706.5	685.3	690.7	699.0
Other operating income	7.5	6.5	4.5	4.3	4.5	4.5	4.6
Material expenses	322.7	324.6	335.0	349.6	336.7	336.6	340.6
Personnel expenses	161.9	158.0	174.5	185.3	170.4	170.4	172.4
Other operating expenses	100.2	98.7	104.8	103.0	96.9	99.5	100.8
Total operating expenses	577.4	574.8	609.8	633.7	599.5	602.0	609.3
EBITDA	65.0	74.3	83.1	72.8	85.8	88.8	89.7
Depreciation	28.1	27.5	29.8	29.9	33.5	32.2	33.2
EBITA	36.8	46.8	53.3	42.9	52.3	56.6	56.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	5.7	6.0	8.7	10.7	11.9	9.9	8.3
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	31.1	40.9	44.7	32.2	40.4	46.7	48.3
Interest income	0.9	0.7	0.6	1.4	0.9	1.1	1.2
Interest expenses	9.2	8.8	8.4	7.5	8.6	7.5	7.4
Other financial result	4.0	2.3	-3.4	1.0	0.0	0.0	0.0
Financial result	-4.3	-5.8	-11.2	-5.1	-7.6	-6.4	-6.2
Recurring pretax income from continuing operations	26.8	35.0	33.5	27.1	32.8	40.3	42.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	26.8	35.0	33.5	27.1	32.8	40.3	42.1
Taxes	9.2	11.3	7.2	8.2	8.9	10.9	11.4
Net income from continuing operations	17.6	23.7	26.3	18.9	23.9	29.4	30.7
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	17.6	23.8	26.3	18.9	23.9	29.4	30.7
Minority interest	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	17.7	23.9	26.3	18.9	23.9	29.4	30.7
Average number of shares	15.5	15.5	15.5	15.5	15.5	15.5	15.5
EPS reported	1.14	1.54	1.70	1.22	1.54	1.90	1.98

Profit and loss (common size)	2015	2016	2017	2018	2019E	2020E	2021E
Net sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase/decrease in finished goods and work-in-process	0.6 %	1.5 %	0.5 %	1.1 %	0.6 %	0.6 %	0.6 %
Total sales	100.6 %	101.5 %	100.5 %	101.1 %	100.6 %	100.6 %	100.6 %
Other operating income	1.2 %	1.0 %	0.7 %	0.6 %	0.7 %	0.7 %	0.7 %
Material expenses	50.5 %	50.7 %	48.6 %	50.0 %	49.4 %	49.0 %	49.0 %
Personnel expenses	25.4 %	24.7 %	25.3 %	26.5 %	25.0 %	24.8 %	24.8 %
Other operating expenses	15.7 %	15.4 %	15.2 %	14.7 %	14.2 %	14.5 %	14.5 %
Total operating expenses	90.4 %	89.8 %	88.4 %	90.7 %	88.0 %	87.6 %	87.6 %
EBITDA	10.2 %	11.6 %	12.0 %	10.4 %	12.6 %	12.9 %	12.9 %
Depreciation	4.4 %	4.3 %	4.3 %	4.3 %	4.9 %	4.7 %	4.8 %
EBITA	5.8 %	7.3 %	7.7 %	6.1 %	7.7 %	8.2 %	8.1 %
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.9 %	0.9 %	1.3 %	1.5 %	1.7 %	1.4 %	1.2 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT (inc revaluation net)	4.9 %	6.4 %	6.5 %	4.6 %	5.9 %	6.8 %	6.9 %
Interest income	0.1 %	0.1 %	0.1 %	0.2 %	0.1 %	0.2 %	0.2 %
Interest expenses	1.4 %	1.4 %	1.2 %	1.1 %	1.3 %	1.1 %	1.1 %
Other financial result	0.6 %	0.4 %	-0.5 %	0.1 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	4.2 %	5.5 %	4.9 %	3.9 %	4.8 %	5.9 %	6.1 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	4.2 %	5.5 %	4.9 %	3.9 %	4.8 %	5.9 %	6.1 %
Tax rate	34.5 %	32.3 %	21.4 %	27.0 %	27.0 %	27.0 %	27.0 %
Net income from continuing operations	2.8 %	3.7 %	3.8 %	2.7 %	3.5 %	4.3 %	4.4 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	2.8 %	3.7 %	3.8 %	2.7 %	3.5 %	4.3 %	4.4 %
Minority interest	neg.	neg.	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net profit (reported)	2.8 %	3.7 %	3.8 %	2.7 %	3.5 %	4.3 %	4.4 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Intangible assets	133.6	152.9	230.0	222.2	212.2	204.2	197.9
Property, plant and equipment	244.9	245.6	258.2	255.8	245.3	253.1	259.4
Financial assets	3.3	1.7	2.8	19.5	19.5	19.5	19.5
FIXED ASSETS	381.8	400.3	491.0	497.5	477.0	476.8	476.8
Inventories	113.3	119.6	119.7	127.0	126.2	127.2	128.7
Accounts receivable	56.4	52.1	57.8	57.5	57.9	58.3	59.0
Other current assets	30.4	35.0	21.6	23.3	21.4	21.5	21.8
Liquid assets	65.7	60.4	133.4	121.0	159.9	176.7	191.4
Deferred taxes	8.2	6.5	19.0	18.3	18.8	19.0	19.2
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	273.9	273.6	351.6	347.1	384.1	402.7	420.1
TOTAL ASSETS	655.7	673.9	842.6	844.5	861.1	879.5	897.0
SHAREHOLDERS EQUITY	334.2	343.6	346.3	350.0	367.5	385.4	401.3
MINORITY INTEREST	0.2	3.0	2.9	3.2	3.3	2.9	2.9
Long-term debt	187.3	123.6	317.7	252.6	258.1	258.1	258.1
Provisions for pensions and similar obligations	12.8	13.0	12.8	12.8	12.7	12.8	12.9
Other provisions	8.2	3.6	4.0	11.6	3.9	4.0	4.0
Non-current liabilities	208.2	140.2	334.4	277.0	274.7	274.9	275.1
short-term liabilities to banks	5.0	72.4	5.7	65.9	65.9	65.9	65.9
Accounts payable	48.7	48.9	63.2	65.1	63.5	64.0	64.7
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	30.6	31.2	38.0	35.3	37.6	37.9	38.4
Deferred taxes	28.8	34.6	52.0	48.0	48.7	48.7	48.7
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	113.1	187.1	158.9	214.3	215.6	216.4	217.6
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	655.7	673.9	842.6	844.5	861.1	879.5	897.0

Balance sheet (common size)	2015	2016	2017	2018	2019E	2020E	2021E
Intangible assets	20.4 %	22.7 %	27.3 %	26.3 %	24.6 %	23.2 %	22.1 %
Property, plant and equipment	37.4 %	36.4 %	30.6 %	30.3 %	28.5 %	28.8 %	28.9 %
Financial assets	0.5 %	0.3 %	0.3 %	2.3 %	2.3 %	2.2 %	2.2 %
FIXED ASSETS	58.2 %	59.4 %	58.3 %	58.9 %	55.4 %	54.2 %	53.2 %
Inventories	17.3 %	17.7 %	14.2 %	15.0 %	14.7 %	14.5 %	14.4 %
Accounts receivable	8.6 %	7.7 %	6.9 %	6.8 %	6.7 %	6.6 %	6.6 %
Other current assets	4.6 %	5.2 %	2.6 %	2.8 %	2.5 %	2.4 %	2.4 %
Liquid assets	10.0 %	9.0 %	15.8 %	14.3 %	18.6 %	20.1 %	21.3 %
Deferred taxes	1.3 %	1.0 %	2.3 %	2.2 %	2.2 %	2.2 %	2.1 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	41.8 %	40.6 %	41.7 %	41.1 %	44.6 %	45.8 %	46.8 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	51.0 %	51.0 %	41.1 %	41.4 %	42.7 %	43.8 %	44.7 %
MINORITY INTEREST	0.0 %	0.4 %	0.3 %	0.4 %	0.4 %	0.3 %	0.3 %
Long-term debt	28.6 %	18.3 %	37.7 %	29.9 %	30.0 %	29.3 %	28.8 %
Provisions for pensions and similar obligations	1.9 %	1.9 %	1.5 %	1.5 %	1.5 %	1.5 %	1.4 %
Other provisions	1.3 %	0.5 %	0.5 %	1.4 %	0.5 %	0.4 %	0.4 %
Non-current liabilities	31.8 %	20.8 %	39.7 %	32.8 %	31.9 %	31.3 %	30.7 %
short-term liabilities to banks	0.8 %	10.7 %	0.7 %	7.8 %	7.7 %	7.5 %	7.3 %
Accounts payable	7.4 %	7.3 %	7.5 %	7.7 %	7.4 %	7.3 %	7.2 %
Advance payments received on orders	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	4.7 %	4.6 %	4.5 %	4.2 %	4.4 %	4.3 %	4.3 %
Deferred taxes	4.4 %	5.1 %	6.2 %	5.7 %	5.6 %	5.5 %	5.4 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	17.2 %	27.8 %	18.9 %	25.4 %	25.0 %	24.6 %	24.3 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck & Aufhäuser

Surteco Group SE

Cash flow statement (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Net profit/loss	22.2	32.4	24.3	18.9	23.9	29.4	30.7
Depreciation of fixed assets (incl. leases)	28.1	27.5	29.8	29.9	33.5	32.2	33.2
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	5.7	6.0	8.7	10.7	11.9	9.9	8.3
Others	-7.2	0.3	-10.0	-1.7	-0.2	0.1	0.2
Cash flow from operations before changes in w/c	48.9	66.1	52.8	57.8	69.1	71.6	72.3
Increase/decrease in inventory	-5.4	-5.1	-0.1	-7.2	0.8	-1.0	-1.5
Increase/decrease in accounts receivable	3.6	7.7	-5.9	0.3	-0.4	-0.5	-0.7
Increase/decrease in accounts payable	6.9	-1.2	14.3	1.9	-1.6	0.5	0.8
Increase/decrease in other working capital positions	8.5	-16.1	13.4	7.9	0.0	0.0	0.0
Increase/decrease in working capital	13.6	-14.7	21.7	2.9	-1.2	-1.0	-1.5
Cash flow from operating activities	62.5	51.4	74.6	60.7	67.9	70.6	70.9
CAPEX	31.6	34.5	42.7	47.5	41.9	41.9	41.4
Payments for acquisitions	0.0	21.4	74.1	2.5	-17.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	3.2	1.5	1.4	0.5	0.0	0.0	0.0
Cash flow from investing activities	-28.5	-54.3	-115.5	-49.5	-24.9	-41.9	-41.4
Cash flow before financing	34.0	-3.0	-40.9	11.2	43.0	28.7	29.4
Increase/decrease in debt position	-0.2	10.7	127.3	-4.8	5.6	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	10.9	12.4	12.4	12.4	9.5	12.0	14.7
Others	0.0	0.0	0.0	-7.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.5	-0.7	-1.0	0.5	0.0	0.0	0.0
Cash flow from financing activities	-11.1	-1.7	114.9	-24.2	-3.9	-12.0	-14.7
Increase/decrease in liquid assets	22.5	-5.4	73.0	-12.4	39.1	16.8	14.7
Liquid assets at end of period	65.7	60.4	133.4	120.9	160.1	176.8	191.5

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Domestic	183.2	183.0	175.7	178.0	173.6	175.0	177.1
yoy change	2.9 %	-0.1 %	-4.0 %	1.4 %	-2.5 %	0.8 %	1.2 %
Rest of Europe	299.4	300.7	315.2	319.5	311.5	314.0	317.8
yoy change	3.4 %	0.4 %	4.8 %	1.4 %	-2.5 %	0.8 %	1.2 %
NAFTA	105.3	106.2	140.7	142.6	139.1	140.2	141.9
yoy change	3.2 %	0.8 %	32.5 %	1.4 %	-2.5 %	0.8 %	1.2 %
Asia Pacific	47.9	48.6	52.2	52.9	51.5	51.9	52.6
yoy change	9.0 %	1.6 %	7.3 %	1.4 %	-2.5 %	0.8 %	1.2 %
Rest of world	2.6	1.3	5.9	6.0	5.8	5.9	6.0
yoy change	-48.4 %	-49.9 %	361.6 %	1.4 %	-2.5 %	0.8 %	1.2 %
TTL	638.4	639.8	689.7	699.0	681.5	687.0	695.2
yoy change	3.2 %	0.2 %	7.8 %	1.4 %	-2.5 %	0.8 %	1.2 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
P&L growth analysis							
Sales growth	3.2 %	0.2 %	7.8 %	1.4 %	-2.5 %	0.8 %	1.2 %
EBITDA growth	3.4 %	14.4 %	11.8 %	-12.4 %	17.9 %	21.9 %	4.6 %
EBIT growth	12.7 %	31.4 %	9.3 %	-27.9 %	25.5 %	45.0 %	19.4 %
EPS growth	-3.9 %	35.1 %	10.2 %	-28.1 %	26.5 %	55.5 %	28.3 %
Efficiency							
Total operating costs / sales	90.4 %	89.8 %	88.4 %	90.7 %	88.0 %	87.6 %	87.6 %
Sales per employee	234.1	233.8	223.1	222.8	214.0	212.5	211.9
EBITDA per employee	23.8	27.2	26.9	23.2	26.9	27.5	27.3
Balance sheet analysis							
Avg. working capital / sales	19.4 %	19.0 %	17.2 %	16.7 %	17.6 %	17.5 %	17.5 %
Inventory turnover (sales/inventory)	5.6	5.3	5.8	5.5	5.4	5.4	5.4
Trade debtors in days of sales	32.2	29.7	30.6	30.0	31.0	31.0	31.0
A/P turnover [(A/P*365)/sales]	27.9	27.9	33.4	34.0	34.0	34.0	34.0
Cash conversion cycle (days)	105.2	109.2	92.2	94.6	99.0	99.6	99.6
Cash flow analysis							
Free cash flow	30.9	16.9	31.8	13.2	26.0	28.7	29.4
Free cash flow/sales	4.8 %	2.6 %	4.6 %	1.9 %	3.8 %	4.2 %	4.2 %
FCF / net profit	174.5 %	70.7 %	121.0 %	69.5 %	108.7 %	97.6 %	95.8 %
Capex / depre	93.4 %	103.0 %	111.0 %	117.2 %	92.3 %	99.6 %	100.0 %
Capex / maintenance capex	148.4 %	157.5 %	204.0 %	225.1 %	200.0 %	200.0 %	197.7 %
Capex / sales	5.0 %	5.4 %	6.2 %	6.8 %	6.1 %	6.1 %	6.0 %
Security							
Net debt	126.6	135.6	189.9	197.5	164.2	147.4	132.7
Net Debt/EBITDA	1.9	1.8	2.3	2.7	1.9	1.7	1.5
Net debt / equity	0.4	0.4	0.5	0.6	0.4	0.4	0.3
Interest cover	3.4	4.6	5.3	4.3	4.7	6.2	6.5
Dividend payout ratio	70.1 %	51.9 %	47.1 %	50.0 %	50.0 %	50.0 %	50.0 %
Asset utilisation							
Capital employed turnover	1.2	1.1	1.0	1.0	1.0	0.9	0.9
Operating assets turnover	1.7	1.7	1.9	1.9	1.9	1.8	1.8
Plant turnover	2.6	2.6	2.7	2.7	2.8	2.7	2.7
Inventory turnover (sales/inventory)	5.6	5.3	5.8	5.5	5.4	5.4	5.4
Returns							
ROCE	5.7 %	7.4 %	7.2 %	4.6 %	5.7 %	6.6 %	6.6 %
ROE	5.3 %	7.0 %	7.6 %	5.4 %	6.5 %	7.6 %	7.7 %
Other							
Interest paid / avg. debt	4.8 %	4.5 %	3.2 %	2.3 %	2.7 %	2.3 %	2.3 %
No. employees (average)	2727	2736	3091	3137	3184	3232	3281
Number of shares	15.5	15.5	15.5	15.5	15.5	15.5	15.5
DPS	0.8	0.8	0.8	0.6	0.8	0.9	1.0
EPS reported	1.14	1.54	1.70	1.22	1.54	1.90	1.98
Valuation ratios							
P/BV	1.1	1.0	1.0	1.0	1.0	0.9	0.9
EV/sales	0.8	0.8	0.8	0.8	0.8	0.8	0.7
EV/EBITDA	7.6	6.8	6.7	7.8	6.2	5.8	5.6
EV/EBITA	13.5	10.8	10.5	13.2	10.2	9.1	8.9
EV/EBIT	15.9	12.3	12.5	17.6	13.2	11.1	10.4
EV/FCF	16.0	29.8	17.5	43.0	20.5	18.0	17.0
Adjusted FCF yield	7.2 %	8.5 %	9.9 %	8.3 %	11.3 %	11.9 %	12.5 %
Dividend yield	3.5 %	3.5 %	3.5 %	2.7 %	3.4 %	4.1 %	4.3 %

Source: Company data, Hauck & Aufhäuser

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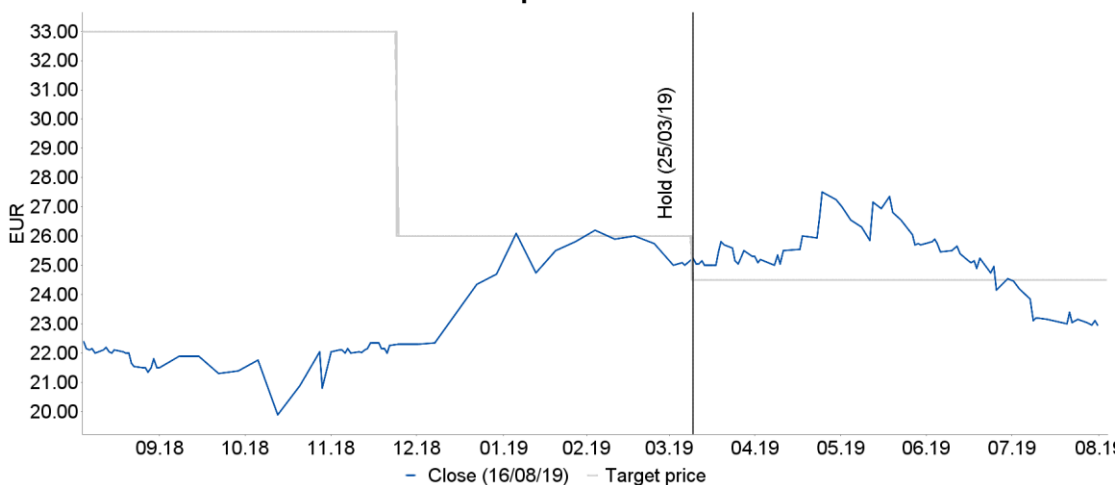
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Company	Disclosure
Surteco Group SE	2, 8

Historical target price and rating changes for Surteco Group SE in the last 12 months

Price and Rating History
Surteco Group SE as of 19/08/19

Initiation coverage
02-March-15



Company	Date	Analyst	Rating	Target price	Close
Surteco Group SE	06.06.2019	Sandherr, Christian	Hold	EUR 24,50	EUR 26,80
	26.03.2019	Sandherr, Christian	Hold	EUR 24,50	EUR 25,05
	10.12.2018	Sandherr, Christian	Buy	EUR 26,00	EUR 22,30
	19.09.2018	Sandherr, Christian	Buy	EUR 33,00	EUR 21,50
	19.09.2018	Sandherr, Christian	Buy	EUR 33,00	EUR 21,50

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