

Surteco Group SE

Germany - Others



HAUCK & AUFHÄUSER
Investment Banking

Hold (old: Hold)

Price target: EUR 22.00 (old: EUR 22.00)

Price: EUR 22.90 **Next result:** Q3 2020 13.11.20
Bloomberg: SUR GR **Market cap:** EUR 306.2 m
Reuters: SURG.DE **Enterprise Value:** EUR 476.7 m

14-August-20

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Q2 weak, yet it should mark the trough

Topic: As expected, Surteco reported a weak Q2 amid COVID-19, yet showed first signs of operational improvements thanks to initiated countermeasures and beneficial raw material price developments.

Surteco Group SE	Q2 2020	Q2 2020 est	Q2 2019	yoy	Q1 2020	qoq	H1 2020	H1 2020 est	H1 2019	yoy
Sales	125.4	127.0	170.8	-27%	170.6	-26%	297.1	298.7	352.7	-16%
Decoratives	88.9	123.0	124.3	-28%	125.7	-29%	214.6	248.7	253.7	-15%
Technicals	13.6	21.0	23.9	-43%	19.3	-30%	32.9	40.3	51.8	-36%
Profiles	23.0	24.0	22.6	2%	26.6	-14%	49.6	50.6	47.2	5%
EBIT	1.0	1.3	8.7	-89%	13.4	-93%	14.4	14.7	20.2	-29%
EBIT margin	0.8%	1.0%	5.1%	-4.3 pp	7.9%	-7.1 pp	4.8%	4.9%	5.7%	-0.9 pp
EPS	0.05	0.05	0.32	-84%	0.57	-91%	0.62	0.62	0.82	-24%

Q2 sales decreased 27% yoy to € 125m (-20% organically); H1 -11% organically. While Profiles proved itself as resilient (+2% yoy), the segments Decoratives and Technicals suffered from a sharp decrease of demand; sales -28% yoy and -43% yoy respectively. As a result of lower sales volumes and the associated negative operating leverage, **EBIT was down 91% yoy to € 1m**; H1 at € 14.4m. Favorably, Surteco benefitted from decreasing raw material prices (gross margin +5pp yoy to 55%) and savings for personal expenses thanks to short-time work and headcount reductions (-136 FTE yoy).

Given the still limited visibility management was not able to provide a precise FY guidance. Despite the fact that Q3/4 should show some sequential improvements, management expects **FY results to come in significantly below the old targets of € 675m to 700m sales and € 40 to 45m EBIT**; eH&A € 584 sales and € 24.5m EBIT.

In the mid-term, management expects to improve Surteco's profitability notably, resulting in an EBIT of € 55 to 65m, which should yield upside to our estimates and eCons (€ 46m by 22E). The successful execution on those targets is dependent on:

- **Ongoing internal consolidation** of underutilized/inefficient production sites coupled with further selective headcount reductions
- **Decreasing dependency on wood-based materials** and the furniture industry by **strengthening Profiles and Technicals**, potentially through bolt-on acquisitions
- **Improving its geographical presence** in underpenetrated regions (i.e. Asia)

For the time being, we regard the **current valuation as fair** and hence **reiterate to HOLD with an unchanged € 22 PT** based on DCF.

Y/E 31.12 (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
Sales	639.8	689.7	699.0	675.3	584.1	622.1	668.7
Sales growth	0 %	8 %	1 %	-3 %	-14 %	6 %	8 %
EBITDA	74.3	83.1	72.8	66.3	66.7	77.2	87.0
EBIT	40.9	44.7	32.2	21.1	24.5	36.0	46.3
Net income	23.9	26.3	18.9	9.4	13.3	21.5	28.7
Net debt	135.6	189.9	197.5	179.9	159.6	151.4	141.3
Net gearing	39.5 %	54.8 %	56.4 %	51.2 %	42.3 %	38.8 %	34.7 %
Net Debt/EBITDA	1.8	2.3	2.7	2.7	2.4	2.0	1.6
EPS pro forma	1.64	2.08	1.54	0.92	1.17	1.70	2.17
CPS	1.15	2.33	1.30	2.51	1.59	0.96	1.34
DPS	0.80	0.80	0.55	0.31	0.43	0.69	0.93
Dividend yield	4.1 %	4.1 %	2.8 %	1.6 %	2.2 %	3.5 %	4.7 %
Gross profit margin	50.0 %	51.6 %	50.5 %	51.8 %	53.5 %	-0.2 %	-0.1 %
EBITDA margin	11.6 %	12.0 %	10.4 %	9.8 %	11.4 %	12.4 %	13.0 %
EBIT margin	6.4 %	6.5 %	4.6 %	3.1 %	4.2 %	5.8 %	6.9 %
ROCE	7.4 %	7.2 %	4.6 %	3.1 %	3.6 %	5.4 %	6.9 %
EV/sales	0.7	0.7	0.7	0.7	0.8	0.8	0.7
EV/EBITDA	6.1	6.1	7.1	7.5	7.1	6.1	5.3
EV/EBIT	11.1	11.4	16.0	23.7	19.4	13.0	9.9
PER	12.0	9.5	12.9	21.4	16.9	11.6	9.1
Adjusted FCF yield	6.5 %	7.3 %	5.0 %	3.1 %	4.3 %	6.2 %	8.2 %

Source: Company data, Hauck & Aufhäuser Close price as of: 13.08.2020



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 24.10 / 15.04

Price/Book Ratio: 0.9

Relative performance (SDAX):

3 months -3.8 %

6 months 6.5 %

12 months -17.6 %

Changes in estimates

		Sales	EBIT	EPS
2020	old:	584.1	24.5	1.17
	Δ	-	-	-
2021	old:	622.1	36.0	1.70
	Δ	-	-	-
2022	old:	668.7	46.3	2.17
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs) 15.5

Authorised capital: (in € m) 7.7

Book value per share: (in €) 24.3

Ø trading volume: (12 months) 12,917

Major shareholders:

Founding families 58.5 %

Kaindl Flooring 15.2 %

Rudolf Ostermann 5.7 %

Lazard 4.7 %

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)	2016	2017	2018	2019	2020E	2021E	2022E
Net sales	639.8	689.7	699.0	675.3	584.1	622.1	668.7
<i>Sales growth</i>	0.2 %	7.8 %	1.4 %	-3.4 %	-13.5 %	6.5 %	7.5 %
Increase/decrease in finished goods and work-in-process	9.3	3.2	7.5	1.5	3.2	3.4	3.7
Total sales	649.1	692.9	706.5	676.8	587.3	625.5	672.4
Other operating income	6.5	4.5	4.3	4.9	3.8	4.1	4.4
Material expenses	324.6	335.0	349.6	326.5	273.4	289.9	311.6
Personnel expenses	158.0	174.5	185.3	186.2	158.9	166.7	175.9
Other operating expenses	98.7	104.8	103.0	102.7	92.2	95.8	102.3
Total operating expenses	574.8	609.8	633.7	610.5	520.6	548.3	585.4
EBITDA	74.3	83.1	72.8	66.3	66.7	77.2	87.0
Depreciation	27.5	29.8	29.9	33.3	31.2	31.2	31.2
EBITA	46.8	53.3	42.9	33.0	35.5	46.0	55.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	6.0	8.7	10.7	11.9	11.0	10.0	9.5
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	40.9	44.7	32.2	21.1	24.5	36.0	46.3
Interest income	0.7	0.6	1.4	0.5	0.6	0.7	0.8
Interest expenses	8.8	8.4	7.5	7.3	6.1	6.0	6.0
Other financial result	2.3	-3.4	1.0	2.0	0.0	0.0	0.0
Financial result	-5.8	-11.2	-5.1	-4.9	-5.5	-5.3	-5.2
Recurring pretax income from continuing operations	35.0	33.5	27.1	16.2	19.0	30.7	41.0
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	35.0	33.5	27.1	16.2	19.0	30.7	41.0
Taxes	11.3	7.2	8.2	6.5	5.7	9.2	12.3
Net income from continuing operations	23.7	26.3	18.9	9.8	13.3	21.5	28.7
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	23.8	26.3	18.9	9.8	13.3	21.5	28.7
Minority interest	-0.1	0.0	0.0	0.3	0.0	0.0	0.0
Net profit (reported)	23.9	26.3	18.9	9.4	13.3	21.5	28.7
Average number of shares	15.5	15.5	15.5	15.5	15.5	15.5	15.5
EPS reported	1.54	1.70	1.22	0.61	0.86	1.38	1.85

Profit and loss (common size)	2016	2017	2018	2019	2020E	2021E	2022E
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	1.5 %	0.5 %	1.1 %	0.2 %	0.6 %	0.6 %	0.6 %
Total sales	101.5 %	100.5 %	101.1 %	100.2 %	100.6 %	100.6 %	100.6 %
Other operating income	1.0 %	0.7 %	0.6 %	0.7 %	0.7 %	0.7 %	0.7 %
Material expenses	50.7 %	48.6 %	50.0 %	48.3 %	46.8 %	46.6 %	46.6 %
Personnel expenses	24.7 %	25.3 %	26.5 %	27.6 %	27.2 %	26.8 %	26.3 %
Other operating expenses	15.4 %	15.2 %	14.7 %	15.2 %	15.8 %	15.4 %	15.3 %
Total operating expenses	89.8 %	88.4 %	90.7 %	90.4 %	89.1 %	88.1 %	87.5 %
EBITDA	11.6 %	12.0 %	10.4 %	9.8 %	11.4 %	12.4 %	13.0 %
Depreciation	4.3 %	4.3 %	4.3 %	4.9 %	5.3 %	5.0 %	4.7 %
EBITA	7.3 %	7.7 %	6.1 %	4.9 %	6.1 %	7.4 %	8.3 %
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.9 %	1.3 %	1.5 %	1.8 %	1.9 %	1.6 %	1.4 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT (inc revaluation net)	6.4 %	6.5 %	4.6 %	3.1 %	4.2 %	5.8 %	6.9 %
Interest income	0.1 %	0.1 %	0.2 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	1.4 %	1.2 %	1.1 %	1.1 %	1.0 %	1.0 %	0.9 %
Other financial result	0.4 %	-0.5 %	0.1 %	0.3 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	5.5 %	4.9 %	3.9 %	2.4 %	3.3 %	4.9 %	6.1 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	5.5 %	4.9 %	3.9 %	2.4 %	3.3 %	4.9 %	6.1 %
Tax rate	32.3 %	21.4 %	30.2 %	39.9 %	30.0 %	30.0 %	30.0 %
Net income from continuing operations	3.7 %	3.8 %	2.7 %	1.4 %	2.3 %	3.4 %	4.3 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	3.7 %	3.8 %	2.7 %	1.4 %	2.3 %	3.4 %	4.3 %
Minority interest	neg.	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net profit (reported)	3.7 %	3.8 %	2.7 %	1.4 %	2.3 %	3.4 %	4.3 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	152.9	230.0	222.2	216.6	207.3	199.0	191.3
Property, plant and equipment	245.6	258.2	255.8	236.9	245.7	254.0	261.6
Financial assets	1.7	2.8	19.5	34.0	34.0	34.0	34.0
FIXED ASSETS	400.3	491.0	497.5	487.5	486.9	486.9	486.9
Inventories	119.6	119.7	127.0	123.1	106.4	113.4	121.9
Accounts receivable	52.1	57.8	57.5	52.6	45.5	48.5	52.1
Other current assets	35.0	21.6	23.3	24.8	18.5	19.7	21.1
Liquid assets	60.4	133.4	121.0	83.6	103.9	112.1	122.1
Deferred taxes	6.5	19.0	18.3	8.8	16.1	17.2	18.4
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	273.6	351.6	347.1	292.8	290.5	310.7	335.7
TOTAL ASSETS	673.9	842.6	844.5	780.3	777.4	797.8	822.8
SHAREHOLDERS EQUITY	343.6	346.3	350.0	351.1	376.9	390.5	407.2
MINORITY INTEREST	3.0	2.9	3.2	3.5	2.5	2.6	2.8
Long-term debt	123.6	317.7	252.6	254.5	254.5	254.5	254.5
Provisions for pensions and similar obligations	13.0	12.8	12.8	13.8	10.9	11.6	12.4
Other provisions	3.6	4.0	11.6	20.1	3.4	3.6	3.8
Non-current liabilities	140.2	334.4	277.0	288.4	268.7	269.7	270.8
short-term liabilities to banks	72.4	5.7	65.9	8.9	8.9	8.9	8.9
Accounts payable	48.9	63.2	65.1	62.9	54.4	57.9	62.3
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)	31.2	38.0	35.3	31.6	32.2	34.3	36.9
Deferred taxes	34.6	52.0	48.0	33.8	33.8	33.8	33.8
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	187.1	158.9	214.3	137.2	129.3	135.0	141.9
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	673.9	842.6	844.5	780.3	777.4	797.8	822.8

Balance sheet (common size)	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	22.7 %	27.3 %	26.3 %	27.8 %	26.7 %	24.9 %	23.3 %
Property, plant and equipment	36.4 %	30.6 %	30.3 %	30.4 %	31.6 %	31.8 %	31.8 %
Financial assets	0.3 %	0.3 %	2.3 %	4.4 %	4.4 %	4.3 %	4.1 %
FIXED ASSETS	59.4 %	58.3 %	58.9 %	62.5 %	62.6 %	61.0 %	59.2 %
Inventories	17.7 %	14.2 %	15.0 %	15.8 %	13.7 %	14.2 %	14.8 %
Accounts receivable	7.7 %	6.9 %	6.8 %	6.7 %	5.9 %	6.1 %	6.3 %
Other current assets	5.2 %	2.6 %	2.8 %	3.2 %	2.4 %	2.5 %	2.6 %
Liquid assets	9.0 %	15.8 %	14.3 %	10.7 %	13.4 %	14.0 %	14.8 %
Deferred taxes	1.0 %	2.3 %	2.2 %	1.1 %	2.1 %	2.2 %	2.2 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	40.6 %	41.7 %	41.1 %	37.5 %	37.4 %	39.0 %	40.8 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	51.0 %	41.1 %	41.4 %	45.0 %	48.5 %	48.9 %	49.5 %
MINORITY INTEREST	0.4 %	0.3 %	0.4 %	0.5 %	0.3 %	0.3 %	0.3 %
Long-term debt	18.3 %	37.7 %	29.9 %	32.6 %	32.7 %	31.9 %	30.9 %
Provisions for pensions and similar obligations	1.9 %	1.5 %	1.5 %	1.8 %	1.4 %	1.4 %	1.5 %
Other provisions	0.5 %	0.5 %	1.4 %	2.6 %	0.4 %	0.4 %	0.5 %
Non-current liabilities	20.8 %	39.7 %	32.8 %	37.0 %	34.6 %	33.8 %	32.9 %
short-term liabilities to banks	10.7 %	0.7 %	7.8 %	1.1 %	1.1 %	1.1 %	1.1 %
Accounts payable	7.3 %	7.5 %	7.7 %	8.1 %	7.0 %	7.3 %	7.6 %
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)	4.6 %	4.5 %	4.2 %	4.1 %	4.1 %	4.3 %	4.5 %
Deferred taxes	5.1 %	6.2 %	5.7 %	4.3 %	4.3 %	4.2 %	4.1 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	27.8 %	18.9 %	25.4 %	17.6 %	16.6 %	16.9 %	17.2 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
Net profit/loss	32.4	24.3	18.9	9.8	13.3	21.5	28.7
Depreciation of fixed assets (incl. leases)	27.5	29.8	29.9	33.3	31.2	31.2	31.2
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	6.0	8.7	10.7	11.9	11.0	10.0	9.5
Others	0.3	-10.0	-1.7	7.1	-2.9	0.7	0.9
Cash flow from operations before changes in w/c	66.1	52.8	57.8	62.0	52.6	63.4	70.3
Increase/decrease in inventory	-5.1	-0.1	-7.2	3.9	16.6	-6.9	-8.5
Increase/decrease in accounts receivable	7.7	-5.9	0.3	5.4	7.1	-3.0	-3.6
Increase/decrease in accounts payable	-1.2	14.3	1.9	-2.2	-8.5	3.5	4.3
Increase/decrease in other working capital positions	-16.1	13.4	7.9	14.9	-1.0	-1.0	-1.0
Increase/decrease in working capital	-14.7	21.7	2.9	22.1	14.2	-7.3	-8.8
Cash flow from operating activities	51.4	74.6	60.7	84.0	66.8	56.0	61.5
CAPEX	34.5	42.7	47.5	36.4	41.6	41.2	40.7
Payments for acquisitions	21.4	74.1	2.5	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	1.5	1.4	0.5	0.2	0.0	0.0	0.0
Cash flow from investing activities	-54.3	-115.5	-49.5	-36.1	-41.6	-41.2	-40.7
Cash flow before financing	-3.0	-40.9	11.2	47.9	25.2	14.8	20.8
Increase/decrease in debt position	10.7	127.3	-4.8	-69.4	0.0	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	12.4	12.4	12.4	8.5	4.9	6.7	10.7
Others	0.0	0.0	-7.0	-6.8	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.7	-1.0	0.5	-0.6	0.0	0.0	0.0
Cash flow from financing activities	-1.7	114.9	-24.2	-84.7	-4.9	-6.7	-10.7
Increase/decrease in liquid assets	-5.4	73.0	-12.4	-37.4	20.3	8.2	10.1
Liquid assets at end of period	60.4	133.4	120.9	83.6	103.9	112.0	122.1

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
Domestic	183.0	175.7	178.0	172.0	148.8	158.4	170.3
yoy change	-0.1 %	-4.0 %	1.4 %	-3.4 %	-13.5 %	6.5 %	7.5 %
Rest of Europe	300.7	315.2	319.5	308.6	267.0	284.3	305.7
yoy change	0.4 %	4.8 %	1.4 %	-3.4 %	-13.5 %	6.5 %	7.5 %
NAFTA	106.2	140.7	142.6	137.8	119.2	126.9	136.5
yoy change	0.8 %	32.5 %	1.4 %	-3.4 %	-13.5 %	6.5 %	7.5 %
Asia Pacific	48.6	52.2	52.9	51.1	44.2	47.0	50.6
yoy change	1.6 %	7.3 %	1.4 %	-3.4 %	-13.5 %	6.5 %	7.5 %
Rest of world	1.3	5.9	6.0	5.8	5.0	5.3	5.7
yoy change	-49.9 %	361.6 %	1.4 %	-3.4 %	-13.5 %	6.5 %	7.5 %
TTL	639.8	689.7	699.0	675.3	584.1	622.1	668.7
yoy change	0.2 %	7.8 %	1.4 %	-3.4 %	-13.5 %	6.5 %	7.5 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
P&L growth analysis							
Sales growth	0.2 %	7.8 %	1.4 %	-3.4 %	-13.5 %	6.5 %	7.5 %
EBITDA growth	14.4 %	11.8 %	-12.4 %	-8.9 %	-8.3 %	16.4 %	30.4 %
EBIT growth	31.4 %	9.3 %	-27.9 %	-34.4 %	-23.8 %	70.3 %	88.5 %
EPS growth	35.1 %	10.2 %	-28.1 %	-50.2 %	-29.6 %	127.6 %	115.4 %
Efficiency							
Total operating costs / sales	89.8 %	88.4 %	90.7 %	90.4 %	89.1 %	88.1 %	87.5 %
Sales per employee	233.8	223.1	222.8	212.1	180.7	189.6	200.8
EBITDA per employee	27.2	26.9	23.2	20.8	20.6	23.5	26.1
Balance sheet analysis							
Avg. working capital / sales	19.0 %	17.2 %	16.7 %	17.2 %	18.6 %	17.4 %	15.7 %
Inventory turnover (sales/inventory)	5.3	5.8	5.5	5.5	5.5	5.5	5.5
Trade debtors in days of sales	29.7	30.6	30.0	28.4	28.4	28.4	28.4
A/P turnover [(A/P*365)/sales]	27.9	33.4	34.0	34.0	34.0	34.0	34.0
Cash conversion cycle (days)	109.2	92.2	94.6	95.7	97.9	98.2	98.2
Cash flow analysis							
Free cash flow	16.9	31.8	13.2	47.7	25.2	14.8	20.8
Free cash flow/sales	2.6 %	4.6 %	1.9 %	7.1 %	4.3 %	2.4 %	3.1 %
FCF / net profit	70.7 %	121.0 %	69.5 %	505.6 %	189.1 %	69.1 %	72.4 %
Capex / depre	103.0 %	111.0 %	117.2 %	80.5 %	98.7 %	100.0 %	100.0 %
Capex / maintenance capex	94.0 %	106.1 %	110.9 %	74.4 %	94.8 %	95.8 %	95.5 %
Capex / sales	5.4 %	6.2 %	6.8 %	5.4 %	7.1 %	6.6 %	6.1 %
Security							
Net debt	135.6	189.9	197.5	179.9	159.6	151.4	141.3
Net Debt/EBITDA	1.8	2.3	2.7	2.7	2.4	2.0	1.6
Net debt / equity	0.4	0.5	0.6	0.5	0.4	0.4	0.3
Interest cover	4.6	5.3	4.3	2.9	4.0	6.0	7.7
Dividend payout ratio	51.9 %	47.1 %	45.1 %	51.7 %	50.0 %	50.0 %	50.0 %
Asset utilisation							
Capital employed turnover	1.1	1.0	1.0	1.0	0.9	0.9	1.0
Operating assets turnover	1.7	1.9	1.9	1.9	1.7	1.7	1.8
Plant turnover	2.6	2.7	2.7	2.9	2.4	2.4	2.6
Inventory turnover (sales/inventory)	5.3	5.8	5.5	5.5	5.5	5.5	5.5
Returns							
ROCE	7.4 %	7.2 %	4.6 %	3.1 %	3.6 %	5.4 %	6.9 %
ROE	7.0 %	7.6 %	5.4 %	2.7 %	3.5 %	5.5 %	7.0 %
Other							
Interest paid / avg. debt	4.5 %	3.2 %	2.3 %	2.5 %	2.1 %	2.3 %	2.3 %
No. employees (average)	2736	3091	3137	3184	3232	3281	3330
Number of shares	15.5	15.5	15.5	15.5	15.5	15.5	15.5
DPS	0.8	0.8	0.5	0.3	0.4	0.7	0.9
EPS reported	1.54	1.70	1.22	0.61	0.86	1.38	1.85
Valuation ratios							
P/BV	0.9	0.9	0.9	0.9	0.8	0.8	0.8
EV/sales	0.7	0.7	0.7	0.7	0.8	0.8	0.7
EV/EBITDA	6.1	6.1	7.1	7.5	7.1	6.1	5.3
EV/EBITA	9.7	9.5	12.0	15.2	13.4	10.2	8.2
EV/EBIT	11.1	11.4	16.0	23.7	19.4	13.0	9.9
EV/FCF	26.9	16.0	39.2	10.5	18.9	31.7	22.1
Adjusted FCF yield	6.5 %	7.3 %	5.0 %	3.1 %	4.3 %	6.2 %	8.2 %
Dividend yield	4.1 %	4.1 %	2.8 %	1.6 %	2.2 %	3.5 %	4.7 %

Source: Company data, Hauck & Aufhäuser

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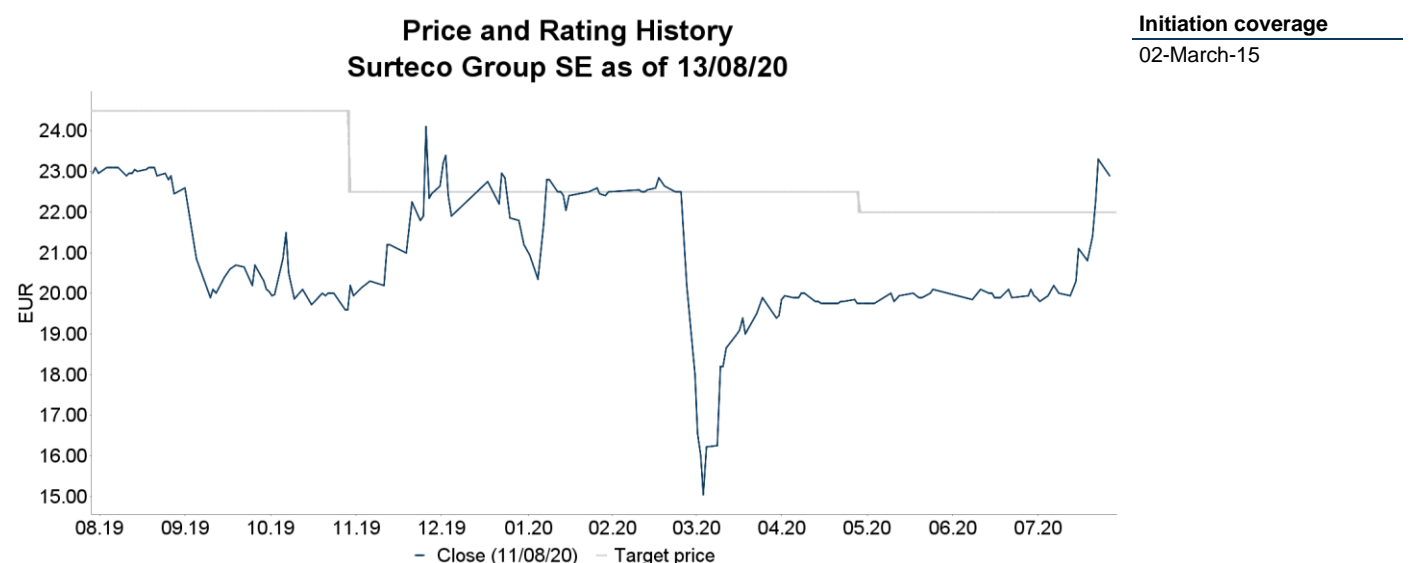
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Company	Disclosure
Surteco Group SE	2, 8

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



Company	Date	Analyst	Rating	Target price	Close
Surteco Group SE	20.05.2020	Sandherr, Christian	Hold	EUR 22.00	EUR 19.75
	15.11.2019	Sandherr, Christian	Hold	EUR 22.50	EUR 19.94
	22.08.2019	Sandherr, Christian	Hold	EUR 24.50	EUR 23.10
	22.08.2019	Sandherr, Christian	Hold	EUR 24.50	EUR 23.10

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Date of publication creation: 14/08/2020 07:55 AM

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