

Buy (old: Buy)

Price target: EUR 26.00 (old: EUR 33.00)

Price: EUR 22.25 **Next result:** Q4: 30.04.19
Bloomberg: SUR@GR **Market cap:** EUR 343.1 m
Reuters: SURG.DE **Enterprise Value:** EUR 565.4 m

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Christian Sandherr
Analyst

Christian.Sandherr@ha-ib.de
Tel.: +49 (40) 4143885 79

CFO delivers confident message on margin expansion; chg

After meeting with the CFO, we see the company taking right measures for gradual margin expansion. Yet, our estimates require trimming due to a challenging macro environment alongside expected higher raw material prices for at least another year.

Under the name of "Strategy 2025+", management has recently announced the implementation of a long overdue change of its business setup; away from a product-oriented approach and towards customer-based solutions. In detail, sales employees will be allocated to a customer group (e.g. kitchens, doors or mobile homes) and sell the whole product range (paper and plastics) instead of the other way around.

In our view, Surteco should hence be able to leverage its customer base by increasing the degree of cross-selling (paper and plastic solutions). As of today, 30% of customers buy both, paper and plastic based products from Surteco, which should increase to at least 40% over time (eH&A). The resulting synergies are seen to increase the group's profitability going forward.

As part of the changing setup, Surteco will adapt its segment reporting accordingly. Starting Q1 '19, its currently two segments (Paper and Plastics) will be reclassified as (1) Surteco GmbH, the design driven unit producing surface coatings (c. € 500m sales), (2) Döllken Profiles (c. € 80m sales) with highly profitable, double-digit growth and targeted mid-term sales of € 200m largely through plastic profiles and (3) Surteco Beteiligungen, the cash cows of the group (e.g. decor solutions for ship and melamine coating) with combined sales of roughly € 100m.

Interestingly, two of Surteco's clients (Rudolf Ostermann and Kaindl Flooring) purchased a combined 15.5% of the outstanding shares during the past few weeks.

Action: We slightly cut our top-line estimates to account for macroeconomic slowdown in Surteco's key markets. Moreover, we trim our margin expectations for the short- to mid-term, driven by higher input costs and the company's partially limited ability to pass these on to customers. We also included € 7m one-off expenses for Q4 '18, attributable to the announced optimization programme.

We do not think that the recent headwinds stemming from higher input costs and an economic slowdown **change the company's long-term margin potential** and still estimate that Surteco should be able to sustainably lift its EBITDA margin above 13%, supported by planned operational improvements. As this does not seem to be reflected in the current valuation, we **reiterate BUY with a decreased € 26PT** based on DCF.

Y/E 31.12 (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
Sales	618.5	638.4	639.8	689.7	690.0	703.8	714.4
Sales growth	54 %	3 %	0 %	8 %	0 %	2 %	1 %
EBITDA	62.8	65.0	74.3	83.1	74.5	86.3	96.5
EBIT	27.6	31.1	40.9	44.7	32.5	43.4	54.9
Net income	18.4	17.7	23.9	26.3	18.0	26.6	36.2
Net debt	145.8	126.6	135.6	189.9	209.5	190.6	167.6
Net gearing	45.5 %	37.9 %	39.5 %	54.8 %	59.5 %	51.7 %	42.9 %
Net Debt/EBITDA	2.3	1.9	1.8	2.3	2.8	2.2	1.7
EPS pro forma	1.73	1.62	1.64	2.08	1.48	2.03	2.65
CPS	1.70	2.74	2.03	3.52	0.82	3.02	3.60
DPS	0.70	0.80	0.80	0.80	0.58	0.86	1.17
Dividend yield	3.2 %	3.6 %	3.6 %	3.6 %	2.6 %	3.9 %	5.3 %
Gross profit margin	49.4 %	49.8 %	50.0 %	51.6 %	50.7 %	51.0 %	51.8 %
EBITDA margin	10.2 %	10.2 %	11.6 %	12.0 %	10.8 %	12.3 %	13.5 %
EBIT margin	4.5 %	4.9 %	6.4 %	6.5 %	4.7 %	6.2 %	7.7 %
ROCE	5.2 %	5.7 %	7.4 %	7.2 %	4.7 %	6.4 %	8.0 %
EV/sales	0.8	0.8	0.8	0.8	0.8	0.8	0.7
EV/EBITDA	8.0	7.4	6.6	6.6	7.6	6.3	5.4
EV/EBIT	18.2	15.5	12.0	12.2	17.4	12.6	9.5
PER	12.8	13.7	13.5	10.6	15.0	10.9	8.4
Adjusted FCF yield	7.8 %	7.4 %	8.8 %	10.2 %	8.7 %	10.5 %	12.4 %

Source: Company data, Hauck & Aufhäuser Close price as of: 07.12.2018



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 28.55 / 20.80

Price/Book Ratio: 1.0

Relative performance (SDAX):

3 months -
6 months -
12 months -

Changes in estimates

		Sales	EBIT	EPS
2018	old:	705.0	45.0	2.06
	Δ	-2.1%	-27.6%	-28.5%
2019	old:	719.1	49.4	2.32
	Δ	-2.1%	-12.2%	-12.5%
2020	old:	729.9	60.1	2.90
	Δ	-2.1%	-8.7%	-8.7%

Key share data:

Number of shares: (in m pcs) 15.5
 Authorised capital: (in € m) 7.7
 Book value per share: (in €) 22.7
 Ø trading volume: (12 months) 12,917

Major shareholders:

Founding families 55.5 %
 Kaindl Flooring 12.3 %
 Lazard 5.3 %
 Rudolf Ostermann 3.2 %
 Axxion 2.9 %

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)	2014	2015	2016	2017	2018E	2019E	2020E
Net sales	618.5	638.4	639.8	689.7	690.0	703.8	714.4
<i>Sales growth</i>	53.8 %	3.2 %	0.2 %	7.8 %	0.1 %	2.0 %	1.5 %
Increase/decrease in finished goods and work-in-process	9.0	4.0	9.3	3.2	3.8	3.9	3.9
Total sales	627.5	642.4	649.1	692.9	693.8	707.7	718.3
Other operating income	5.3	7.5	6.5	4.5	4.5	4.6	4.7
Material expenses	317.2	322.7	324.6	335.0	342.4	346.6	346.5
Personnel expenses	159.8	161.9	158.0	174.5	172.5	175.2	176.4
Other operating expenses	92.9	100.2	98.7	104.8	108.9	104.2	103.6
Total operating expenses	564.6	577.4	574.8	609.8	619.3	621.4	621.8
EBITDA	62.8	65.0	74.3	83.1	74.5	86.3	96.5
Depreciation	28.6	28.1	27.5	29.8	29.9	31.3	32.0
EBITA	34.2	36.8	46.8	53.3	44.7	54.9	64.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	6.6	5.7	6.0	8.7	12.1	11.5	9.6
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	27.6	31.1	40.9	44.7	32.5	43.4	54.9
Interest income	0.7	0.9	0.7	0.6	0.8	0.6	0.6
Interest expenses	10.4	9.2	8.8	8.4	8.7	7.6	5.9
Other financial result	4.3	4.0	2.3	-3.4	0.0	0.0	0.0
Financial result	-5.4	-4.3	-5.8	-11.2	-7.9	-7.0	-5.4
Recurring pretax income from continuing operations	22.2	26.8	35.0	33.5	24.6	36.4	49.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	22.2	26.8	35.0	33.5	24.6	36.4	49.6
Taxes	3.8	9.2	11.3	7.2	6.7	9.8	13.4
Net income from continuing operations	18.4	17.6	23.7	26.3	18.0	26.6	36.2
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	18.4	17.6	23.8	26.3	18.0	26.6	36.2
Minority interest	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0
Net profit (reported)	18.4	17.7	23.9	26.3	18.0	26.6	36.2
Average number of shares	15.5	15.5	15.5	15.5	15.5	15.5	15.5
EPS reported	1.19	1.14	1.54	1.70	1.16	1.71	2.33

Profit and loss (common size)	2014	2015	2016	2017	2018E	2019E	2020E
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 %	0.6 %	1.5 %	0.5 %	0.6 %	0.6 %	0.6 %
Total sales	101.5 %	100.6 %	101.5 %	100.5 %	100.6 %	100.6 %	100.6 %
Other operating income	0.9 %	1.2 %	1.0 %	0.7 %	0.7 %	0.7 %	0.7 %
Material expenses	51.3 %	50.5 %	50.7 %	48.6 %	49.6 %	49.3 %	48.5 %
Personnel expenses	25.8 %	25.4 %	24.7 %	25.3 %	25.0 %	24.9 %	24.7 %
Other operating expenses	15.0 %	15.7 %	15.4 %	15.2 %	15.8 %	14.8 %	14.5 %
Total operating expenses	91.3 %	90.4 %	89.8 %	88.4 %	89.7 %	88.3 %	87.0 %
EBITDA	10.2 %	10.2 %	11.6 %	12.0 %	10.8 %	12.3 %	13.5 %
Depreciation	4.6 %	4.4 %	4.3 %	4.3 %	4.3 %	4.5 %	4.5 %
EBITA	5.5 %	5.8 %	7.3 %	7.7 %	6.5 %	7.8 %	9.0 %
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	1.1 %	0.9 %	0.9 %	1.3 %	1.8 %	1.6 %	1.3 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT (inc revaluation net)	4.5 %	4.9 %	6.4 %	6.5 %	4.7 %	6.2 %	7.7 %
Interest income	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	1.7 %	1.4 %	1.4 %	1.2 %	1.3 %	1.1 %	0.8 %
Other financial result	0.7 %	0.6 %	0.4 %	-0.5 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	3.6 %	4.2 %	5.5 %	4.9 %	3.6 %	5.2 %	6.9 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	3.6 %	4.2 %	5.5 %	4.9 %	3.6 %	5.2 %	6.9 %
Tax rate	16.9 %	34.5 %	32.3 %	21.4 %	27.0 %	27.0 %	27.0 %
Net income from continuing operations	3.0 %	2.8 %	3.7 %	3.8 %	2.6 %	3.8 %	5.1 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	3.0 %	2.8 %	3.7 %	3.8 %	2.6 %	3.8 %	5.1 %
Minority interest	0.0 %	neg.	neg.	0.0 %	0.0 %	0.0 %	0.0 %
Net profit (reported)	3.0 %	2.8 %	3.7 %	3.8 %	2.6 %	3.8 %	5.1 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
Intangible assets	137.1	133.6	152.9	230.0	219.8	210.2	202.6
Property, plant and equipment	237.2	244.9	245.6	258.2	266.3	271.9	277.4
Financial assets	3.6	3.3	1.7	2.8	2.8	2.8	2.8
FIXED ASSETS	377.8	381.8	400.3	491.0	488.9	484.9	482.8
Inventories	110.6	113.3	119.6	119.7	119.8	122.2	124.0
Accounts receivable	61.7	56.4	52.1	57.8	85.1	86.8	88.1
Other current assets	35.5	30.4	35.0	21.6	21.6	22.1	22.4
Liquid assets	43.1	65.7	60.4	133.4	113.8	72.8	95.7
Deferred taxes	8.0	8.2	6.5	19.0	19.0	19.4	19.7
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	258.8	273.9	273.6	351.6	359.3	323.2	350.0
TOTAL ASSETS	636.7	655.7	673.9	842.6	848.2	808.1	832.8
SHAREHOLDERS EQUITY	320.8	334.2	343.6	346.3	351.9	368.3	390.3
MINORITY INTEREST	0.3	0.2	3.0	2.9	2.9	3.0	3.0
Long-term debt	183.3	187.3	123.6	317.7	317.7	257.7	257.7
Provisions for pensions and similar obligations	12.7	12.8	13.0	12.8	12.8	13.1	13.3
Other provisions	12.1	8.2	3.6	4.0	4.0	4.0	4.1
Non-current liabilities	208.1	208.2	140.2	334.4	334.5	274.8	275.0
short-term liabilities to banks	5.6	5.0	72.4	5.7	5.7	5.7	5.7
Accounts payable	45.4	48.7	48.9	63.2	63.2	64.5	65.4
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)	28.6	30.6	31.2	38.0	38.1	38.8	39.4
Deferred taxes	27.9	28.8	34.6	52.0	52.1	53.1	53.9
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	107.4	113.1	187.1	158.9	159.0	162.1	164.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	636.7	655.7	673.9	842.6	848.2	808.1	832.8

Balance sheet (common size)	2014	2015	2016	2017	2018E	2019E	2020E
Intangible assets	21.5 %	20.4 %	22.7 %	27.3 %	25.9 %	26.0 %	24.3 %
Property, plant and equipment	37.3 %	37.4 %	36.4 %	30.6 %	31.4 %	33.6 %	33.3 %
Financial assets	0.6 %	0.5 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %
FIXED ASSETS	59.3 %	58.2 %	59.4 %	58.3 %	57.6 %	60.0 %	58.0 %
Inventories	17.4 %	17.3 %	17.7 %	14.2 %	14.1 %	15.1 %	14.9 %
Accounts receivable	9.7 %	8.6 %	7.7 %	6.9 %	10.0 %	10.7 %	10.6 %
Other current assets	5.6 %	4.6 %	5.2 %	2.6 %	2.6 %	2.7 %	2.7 %
Liquid assets	6.8 %	10.0 %	9.0 %	15.8 %	13.4 %	9.0 %	11.5 %
Deferred taxes	1.2 %	1.3 %	1.0 %	2.3 %	2.2 %	2.4 %	2.4 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	40.7 %	41.8 %	40.6 %	41.7 %	42.4 %	40.0 %	42.0 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	50.4 %	51.0 %	51.0 %	41.1 %	41.5 %	45.6 %	46.9 %
MINORITY INTEREST	0.1 %	0.0 %	0.4 %	0.3 %	0.3 %	0.4 %	0.4 %
Long-term debt	28.8 %	28.6 %	18.3 %	37.7 %	37.5 %	31.9 %	30.9 %
Provisions for pensions and similar obligations	2.0 %	1.9 %	1.9 %	1.5 %	1.5 %	1.6 %	1.6 %
Other provisions	1.9 %	1.3 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %
Non-current liabilities	32.7 %	31.8 %	20.8 %	39.7 %	39.4 %	34.0 %	33.0 %
short-term liabilities to banks	0.9 %	0.8 %	10.7 %	0.7 %	0.7 %	0.7 %	0.7 %
Accounts payable	7.1 %	7.4 %	7.3 %	7.5 %	7.5 %	8.0 %	7.9 %
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)	4.5 %	4.7 %	4.6 %	4.5 %	4.5 %	4.8 %	4.7 %
Deferred taxes	4.4 %	4.4 %	5.1 %	6.2 %	6.1 %	6.6 %	6.5 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	16.9 %	17.2 %	27.8 %	18.9 %	18.7 %	20.1 %	19.7 %
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)	2014	2015	2016	2017	2018E	2019E	2020E
Net profit/loss	12.5	22.2	32.4	24.3	18.0	26.6	36.2
Depreciation of fixed assets (incl. leases)	28.6	28.1	27.5	29.8	29.9	31.3	32.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	6.6	5.7	6.0	8.7	12.1	11.5	9.6
Others	-2.2	-7.2	0.3	-10.0	0.0	0.3	0.2
Cash flow from operations before changes in w/c	45.5	48.9	66.1	52.8	60.0	69.7	77.9
Increase/decrease in inventory	-5.2	-5.4	-5.1	-0.1	-0.1	-2.4	-1.8
Increase/decrease in accounts receivable	-5.5	3.6	7.7	-5.9	-27.2	-1.7	-1.3
Increase/decrease in accounts payable	6.1	6.9	-1.2	14.3	0.0	1.3	1.0
Increase/decrease in other working capital positions	5.4	8.5	-16.1	13.4	0.0	0.0	0.0
Increase/decrease in working capital	0.9	13.6	-14.7	21.7	-27.3	-2.8	-2.2
Cash flow from operating activities	46.4	62.5	51.4	74.6	32.7	66.8	75.8
CAPEX	29.2	31.6	34.5	42.7	39.9	38.9	39.5
Payments for acquisitions	0.0	0.0	21.4	74.1	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	1.8	3.2	1.5	1.4	0.0	0.0	0.0
Cash flow from investing activities	-27.4	-28.5	-54.3	-115.5	-39.9	-38.9	-39.5
Cash flow before financing	19.0	34.0	-3.0	-40.9	-7.2	28.0	36.3
Increase/decrease in debt position	-17.5	-0.2	10.7	127.3	0.0	-60.0	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	10.1	10.9	12.4	12.4	12.4	9.0	13.3
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.6	-0.5	-0.7	-1.0	0.0	0.0	0.0
Cash flow from financing activities	-27.6	-11.1	-1.7	114.9	-12.4	-69.0	-13.3
Increase/decrease in liquid assets	-8.0	22.5	-5.4	73.0	-19.6	-41.0	23.0
Liquid assets at end of period	43.1	65.7	60.4	133.4	113.8	72.8	95.8

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
Domestic	178.1	183.2	183.0	175.7	175.7	179.3	181.9
yoy change	47.3 %	2.9 %	-0.1 %	-4.0 %	0.1 %	2.0 %	1.5 %
Rest of Europe	289.4	299.4	300.7	315.2	315.4	321.7	326.5
yoy change	59.5 %	3.4 %	0.4 %	4.8 %	0.1 %	2.0 %	1.5 %
NAFTA	102.0	105.3	106.2	140.7	140.8	143.6	145.8
yoy change	67.8 %	3.2 %	0.8 %	32.5 %	0.1 %	2.0 %	1.5 %
Asia Pacific	43.9	47.9	48.6	52.2	52.2	53.2	54.0
yoy change	17.5 %	9.0 %	1.6 %	7.3 %	0.1 %	2.0 %	1.5 %
Rest of world	4.9	2.6	1.3	5.9	5.9	6.0	6.1
yoy change	43.7 %	-48.4 %	-49.9 %	361.6 %	0.1 %	2.0 %	1.5 %
TTL	618.5	638.4	639.8	689.7	690.0	703.8	714.4
yoy change	53.1 %	3.2 %	0.2 %	7.8 %	0.1 %	2.0 %	1.5 %

Source: Company data, Hauck & Aufhäuser

Surteco Group SE

Key ratios (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
P&L growth analysis							
Sales growth	53.8 %	3.2 %	0.2 %	7.8 %	0.1 %	2.0 %	1.5 %
EBITDA growth	5.3 %	3.4 %	14.4 %	11.8 %	-10.3 %	15.7 %	29.5 %
EBIT growth	-25.4 %	12.7 %	31.4 %	9.3 %	-27.1 %	33.3 %	68.7 %
EPS growth	-35.9 %	-3.9 %	35.1 %	10.2 %	-31.7 %	47.7 %	101.1 %
Efficiency							
Total operating costs / sales	91.3 %	90.4 %	89.8 %	88.4 %	89.7 %	88.3 %	87.0 %
Sales per employee	235.3	234.1	233.8	223.1	219.9	221.0	221.0
EBITDA per employee	23.9	23.8	27.2	26.9	23.8	27.1	29.8
Balance sheet analysis							
Avg. working capital / sales	20.0 %	19.4 %	19.0 %	17.2 %	18.6 %	20.3 %	20.2 %
Inventory turnover (sales/inventory)	5.6	5.6	5.3	5.8	5.8	5.8	5.8
Trade debtors in days of sales	36.4	32.2	29.7	30.6	45.0	45.0	45.0
A/P turnover [(A/P*365)/sales]	26.8	27.9	27.9	33.4	33.4	33.4	33.4
Cash conversion cycle (days)	111.5	105.2	109.2	92.2	105.3	105.8	106.7
Cash flow analysis							
Free cash flow	17.2	30.9	16.9	31.8	-7.2	28.0	36.3
Free cash flow/sales	2.8 %	4.8 %	2.6 %	4.6 %	-1.0 %	4.0 %	5.1 %
FCF / net profit	93.4 %	174.5 %	70.7 %	121.0 %	neg.	105.2 %	100.3 %
Capex / depn	82.9 %	93.4 %	103.0 %	111.0 %	94.9 %	90.8 %	95.0 %
Capex / maintenance capex	133.7 %	148.4 %	157.5 %	204.0 %	189.8 %	184.7 %	187.5 %
Capex / sales	4.7 %	5.0 %	5.4 %	6.2 %	5.8 %	5.5 %	5.5 %
Security							
Net debt	145.8	126.6	135.6	189.9	209.5	190.6	167.6
Net Debt/EBITDA	2.3	1.9	1.8	2.3	2.8	2.2	1.7
Net debt / equity	0.5	0.4	0.4	0.5	0.6	0.5	0.4
Interest cover	2.7	3.4	4.6	5.3	3.7	5.7	9.3
Dividend payout ratio	58.9 %	70.1 %	51.9 %	47.1 %	50.0 %	50.0 %	50.0 %
Asset utilisation							
Capital employed turnover	1.2	1.2	1.1	1.0	1.0	1.1	1.1
Operating assets turnover	1.7	1.7	1.7	1.9	1.7	1.7	1.7
Plant turnover	2.6	2.6	2.6	2.7	2.6	2.6	2.6
Inventory turnover (sales/inventory)	5.6	5.6	5.3	5.8	5.8	5.8	5.8
Returns							
ROCE	5.2 %	5.7 %	7.4 %	7.2 %	4.7 %	6.4 %	8.0 %
ROE	5.7 %	5.3 %	7.0 %	7.6 %	5.1 %	7.2 %	9.3 %
Other							
Interest paid / avg. debt	5.3 %	4.8 %	4.5 %	3.2 %	2.7 %	2.6 %	2.0 %
No. employees (average)	2628	2727	2736	3091	3137	3184	3232
Number of shares	15.5	15.5	15.5	15.5	15.5	15.5	15.5
DPS	0.7	0.8	0.8	0.8	0.6	0.9	1.2
EPS reported	1.19	1.14	1.54	1.70	1.16	1.71	2.33
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	8.0	7.4	6.6	6.6	7.6	6.3	5.4
EV/EBITA	14.7	13.1	10.5	10.2	12.7	10.0	8.1
EV/EBIT	18.2	15.5	12.0	12.2	17.4	12.6	9.5
EV/FCF	29.2	15.6	29.1	17.1	-79.1	19.6	14.4
Adjusted FCF yield	7.8 %	7.4 %	8.8 %	10.2 %	8.7 %	10.5 %	12.4 %
Dividend yield	3.2 %	3.6 %	3.6 %	3.6 %	2.6 %	3.9 %	5.3 %

Source: Company data, Hauck & Aufhäuser

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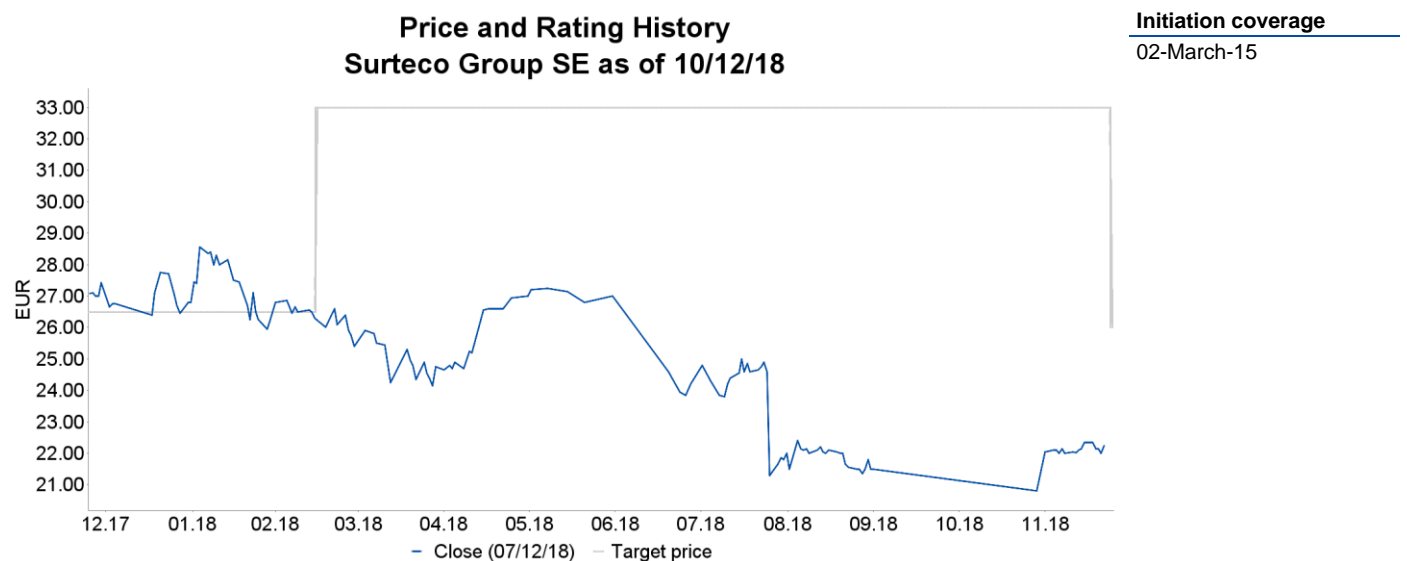
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Company	Disclosure
Surteco Group SE	2

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	19.09.2018	Sandherr, Christian	Buy	EUR 33,00	EUR 21,50
	19.09.2018	Sandherr, Christian	Buy	EUR 33,00	EUR 21,50
	15.08.2018	Cohrs, CFA, Gunnar	Buy	EUR 33,00	EUR 21,80
	16.05.2018	Cohrs, CFA, Gunnar	Buy	EUR 33,00	EUR 27,00
	02.03.2018	Cohrs, CFA, Gunnar	Buy	EUR 33,00	EUR 26,30

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Contacts: Hauck&Aufhäuser Privatbankiers AG

Hauck & Aufhäuser Research

Hauck & Aufhäuser
Privatbankiers AG
Mittelweg 16/17
20148 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 93
Fax: +49 (0) 40 414 3885 71
Email: research@ha-ib.de
www.ha-research.de

Tim Wunderlich, CFA
Head of Transactional Research
Tel.: +49 40 414 3885 81
E-Mail: tim.wunderlich@ha-ib.de

Henning Breiter
Head of Research
Tel.: +49 40 414 3885 73
E-Mail: henning.breiter@ha-ib.de

Marie-Thérèse Grübner
Head of Corporate Brokerage
Tel.: +49 40 450 6342 3097
E-Mail: marie-therese.gruebner@ha-ib.de

Carlos Becke
Analyst
Tel.: +49 40 414 3885 74
E-Mail: carlos.becke@ha-ib.de

Simon Bentlage
Analyst
Tel.: +49 40 4506342 3096
E-Mail: simon.bentlage@ha-ib.de

Frederik Bitter
Analyst
Tel.: +44 203 9473 247
E-Mail: frederik.bitter@ha-ib.de

Robin Brass, CFA
Analyst
Tel.: +49 40 414 3885 76
E-Mail: robin.brass@ha-ib.de

Christian Glowa
Analyst
Tel.: +49 40 414 3885 95
E-Mail: christian.glowa@ha-ib.de

Pierre Gröning
Analyst
Tel.: +49 40 450 6342 30 92
E-Mail: pierre.groening@ha-ib.de

Aliaksandr Halitsa
Analyst
Tel.: +49 40 414 3885 83
E-Mail: aliaksandr.halitsa@ha-ib.de

Alina Köhler
Analyst
Tel.: +49 40 4506342 3095
E-Mail: alina.koehler@ha-ib.de

Christian Salis
Analyst
Tel.: +49 40 414 3885 96
E-Mail: christian.salis@ha-ib.de

Christian Sandherr
Analyst
Tel.: +49 40 414 3885 79
E-Mail: christian.sandherr@ha-ib.de

Julius Stinauer
Analyst
Tel.: +49 40 414 3885 84
E-Mail: julius.stinauer@ha-ib.de

Hauck & Aufhäuser Sales

Toby Woods
Sales
Tel.: +44 203 9473 245
E-Mail: toby.woods@ha-ib.de

Christian Alisch
Sales
Tel.: +49 40 414 3885 99
E-Mail: christian.alisch@ha-ib.de

Vincent Bischoff
Sales
Tel.: +49 40 414 3885 88
E-Mail: vincent.bischoff@ha-ib.de

Alexander Lachmann
Sales
Tel.: +41 43 497 30 23
E-Mail: alexander.lachmann@ha-ib.de

Hugues Madelin
Sales
Tel.: +33 1 78 41 40 62
E-Mail: hugues.madelin@ha-ib.de

Marc Niemann
Sales
Tel.: +49 40 414 3885 91
E-Mail: marc.niemann@ha-ib.de

Christian Schwenkenbecher
Sales
Tel.: +44 203 9473 246
E-Mail: christian.schwenkenbecher@ha-ib.de

Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser
Privatbankiers AG
Mittelweg 16/17
20148 Hamburg
Germany

Tel.: +49 40 414 3885 75
Fax: +49 40 414 3885 71
Email: info@hauck-aufhaeuser.com
www.hauck-aufhaeuser.com

Mirko Brueggemann
Trading
Tel.: +49 40 414 3885 75
E-Mail: mirko.brueggemann@hauck-aufhaeuser.com

Christian von Schuler
Trading
Tel.: +49 40 414 3885 77
E-Mail: christian.schuler@hauck-aufhaeuser.com

Fin Schaffer
Trading
Tel.: +49 40 414 3885 98
E-Mail: fin.schaffer@hauck-aufhaeuser.com

Kathleen Jonas
Middle-Office
Tel.: +49 40 414 3885 97
E-Mail: kathleen.jonas@hauck-aufhaeuser.com

Carolin Weber
Middle-Office
Tel.: +49 40 414 3885 87
E-Mail: carolin.weber@hauck-aufhaeuser.com