

Numbers in-line, outlook unchanged

Surteco reports unspectacular Q3 numbers today, that were broadly in-line with our expectations. As anticipated, adjusted EBITDA slightly increased yoy, mainly driven by the segments Surfaces and North America. The company sticks to its full year outlook, which points at revenues of EUR 860-880m and adj. EBITDA of EUR 85-95m. The lower bound of the latter interval appears conservative after an adj. EBITDA of EUR 77m after 9 months. We have a buy rating on the stock, PT EUR 25.

SURTECO GROUP (EURm)	Q3 2023	Actual		Estimates		Pareto (pre Q3)		Cons. (pre Q3)	
		Q3 2024	yoy (%)	Pareto	Dev (%)	2024e	2025e	2024e	2025e
Revenues	208	215	3	217	-1.0	893	960	880	924
Surfaces	66	69	4						
Edgebands	38	38	2						
Profiles	33	33	0						
North America	62	68	10						
Asia / Pacific	13	12	-11						
Reconciliation	-4	-5	23						
Cost of materials	-105	-108	4	-107	1.2	-429	-470		
Personnel expenses	-61	-57	-6	-58	-2.0	-233	-240		
Other	-31	-32	1	-31	1.2	-125	-130		
Adjusted EBITDA	19	20	6	21	-4.6				
EBITDA Margin	9.1%	9.3%	19 BP	9.6%	-35 BP				
Surfaces	3.9	5.3	34						
Edgebands	7.4	6.7	-9						
Profiles	6.0	4.8	-21						
North America	2.8	3.7	32						
Asia / Pacific	2.2	1.7	-24						
Reconciliation	-3.5	-2.2	-36						
EBITDA	11	20	76	21	-4.6	107	120	105	120
EBITDA Margin	5.4%	9.3%	382 BP	9.6%	-35 BP	11.9%	12.5%	11.9%	13.0%
D&A	-15	-15	1	-15	0.0	-60	-60	-61	-61
EBIT	-4	5	nm	6	-16.5	47	61	44	59
EBIT Margin	-1.7%	2.3%	397 BP	2.7%	-42 BP	5.2%	6.3%	5.0%	6.4%

Source: Pareto, Company

More first insights from the report:

- Cost of materials (plastics, paper) were sharply up to 50% of output, which compares to 46.9% in Q2. Our long-term estimate stands at 49% of output.
- According to our calculations, net debt to EBITDA stood at 317/96=3.3x after Q3, which compares to 4.3x at the end of last year. So, the intended deleveraging seems to make good progress.

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