Improving profitability despite low revenue base

Surteco reported sales of EUR 204m for Q3 2025, slightly down from EUR 215m in Q3 2024, mainly due to the discontinuation of the impregnates business in May, but also due to weak demand and negative exchange-rate effects. Demand from the furniture industry remains lackluster. Adjusted EBITDA was up year-on-year in the quarter from EUR 20m to EUR 23m, supported by a lower material cost quota. Due to ongoing strict cost discipline, the adjusted EBITDA forecast for the full year is confirmed, with attainment targeted at the lower end of the range between EUR 85m and EUR 105m. The forecast sales of between EUR 850m and EUR 900m are expected to be at the lower end of the range or even slightly below it, owing to persistently weak demand and continued negative exchange-rate effects. We consider Surteco an interesting name to play a recovery in furniture demand in Germany at an attractive entry point. Buy, PT EUR 25.

	Actual			Estimates	
SURTECO GROUP (EURm)	**Q3 2024**	**Q3 2025**	**yoy (%)**	**Pareto**	**Dev (%)**
Revenues	**215**	**204**	**-5**	**209**	**-2.6**
Surfaces	*69*	*64*	*-7*		
Edgebands	*38*	*36*	*-7*		
Profiles	*33*	*34*	*5*		
North America	*68*	*64*	*-6*		
Asia / Pacfiic	*12*	*11*	*-4*		
Reconciliation	*-5*	*-5*	*9*		
Cost of materials	-108	-97	-10	-102	-5.0
Personnel expenses	-57	-54	-4	-57	-5.2
Other	-30	-29	-2	-28	3.9
Adjusted EBITDA	**20**	**23**	**14**	**21**	**7.0**
EBITDA Margin	9.2%	11.1%	184 BP	10.1%	100 BP
Surfaces	*5.3*	*4.3*	*-18*		
Edgebands	*6.7*	*6.4*	*-4*		
Profiles	*4.8*	*5.7*	*19*		
North America	*3.7*	*5.4*	*47*		
Asia / Pacfiic	*1.7*	*1.6*	*-4*		
Reconciliation	*-2.3*	*-0.9*	*-61*		
EBITDA	**20**	**23**	**14**	**21**	**7.5**
EBITDA Margin	9.2%	11.1%	189 BP	10.1%	105 BP
D&A	-15	-14	-7	-14	-0.7
EBIT	**4**	**8**	**88**	**7**	**25.2**
EBIT Margin	2.1%	4.1%	203 BP	3.2%	91 BP

Source: Pareto, Company

More first insights:

- Expected revenue of just below EUR 850m for the full year means Q4 revenue of approximately EUR 200m, which compares with EUR 195m in 2024.
- To reach EUR 85m of adjusted EBITDA in 2025, Surteco must generate EUR 12m in the final quarter, which looks realistic in view of the EUR 19m achieved in Q4 2024. All in all, we consider the EBITDA guidance to be achievable.

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