

Despite COVID-19: profitable growth will continue.

Corporate News
14. October 2020

Feldkirchen (Munich), 14. October 2020 – The STEICO Group (ISIN DE000A0LR936) published its interim report on Q3 2020 today.

9-month development

KPI	9M 2020	9M 2019
Revenues	227.2 €m	215.3 €m
Total operating revenue (TOR)	222.3 €m	215.9 €m
EBITDA	41.5 €m	45.0 €m
EBITDA margin as a percentage of TOR	18.7 %	19.7 %
EBIT	24.5 €m	26.8 €m
EBIT margin as a percentage of TOR	11.0 %	11.3 %
Net income for the period	16.8 €m	19.6 €m
Equity ratio in % (30.09.2020 compared to 31.12.2019)	49.9%	53.7 %

The STEICO Group continued its growth in the first nine months of 2020 despite the activities to slow the spread of COVID-19. Revenue in the first nine months improved by 5.5 % to € 227.2 million.

With regard to the results, it should be noted that the third quarter of the previous year was characterized by a positive one-off effect in the form of a state subsidy amounting to € 2.4 million. In view of the impact of COVID-19, it was nevertheless possible to achieve a solid development of earnings. EBITDA was down 7.7 % year-on-year to € 41.5 million (-2.6 % adj.) EBIT totalled € 24.5 million, down 8.8 % (+/- 0 % adj.) Net income for the period was down 14.2 % year-on-year at € 16.8 million (-2.3 % adj.)

The slight decline in the 9-month results is still a result of the lockdown phase in spring. After initial easing, most sales markets stabilized and were able to continue the previous year's development

thanks to catch-up effects. In fact, the third quarter marked new records in terms of both sales and earnings (after eliminating the special effect in the previous year).

Isolated view of the third quarter 2020

In the third quarter of 2020, the STEICO Group was able to lift its revenues in total by 9.6 % to € 83.0 million despite the COVID-19 restrictions (previous year: € 75.7 million) – the highest ever revenues recorded in a single quarter.

Despite the previous COVID-19 restrictions and those which continue to apply, earnings also recorded very pleasing growth.

Gross profits in Q3 totaled € 39.1 million and were thus up by 3.4 % (Q3 2019: € 37.8 million).

EBITDA in Q3 totaled € 17.8 million and was thus 6.2 % lower than in the previous year (Q3 2019: € 19.0 million). The EBITDA margin in the third quarter amounted to 22.2 %.

EBIT in Q3 totaled € 12.3 million, down 6.6 % (Q3 2019: € 13.1 million). The EBIT margin in the third quarter amounted to 15.3 %.

EBT in Q3 totaled € 11.9 million, down 7.0 % (Q3 2019: € 12.8 million).

Gross profits in Q3 totaled € 9.3 million and were thus down by 10.6 % (Q3 2019: € 10.4 million).

Adjusted view of the third quarter

In order to better assess the purely operational growth, the positive one-off effect of the prior-year quarter was eliminated in the following earnings analysis.

The adjusted gross profit for the third quarter amounted to € 35.8 million. Net income for the period was thus up 9.5 % year-on-year at € 39.2 million.

Adjusted EBITDA for the previous year amounted to € 16.6 million in the third quarter. Q3-EBITDA was thus up 7.2 % year-on-year at € 17.8 million.

Adjusted EBIT for the previous year amounted to € 10.8 million in the third quarter. Q3-EBIT was thus up 13.9 % year-on-year at € 12.3 million.

Adjusted EBT for the previous year amounted to € 10.4 million in the third quarter. Q3-EBT was thus up 14.4 % year-on-year at € 11.9 million.

The adjusted net income for the period for the third quarter amounted to € 8.0 million. Net income for the period in Q3 was thus up 16.3 % year-on-year at € 9.3 million.

After elimination of the positive one-off effect from the previous year, the third quarter of 2020 also marks new record results.

Outlook

The Board of Directors expects growth to continue in the fourth quarter – provided that neither tightened COVID-19 restrictions nor an early onset of winter inhibit business activity.

Due to the positive development, the company's management is raising its forecast for the whole of 2020. Revenue is expected to grow by between 5.0 % and 7.0 % year-on-year, with the EBIT ratio expected to be between 10.5 % and 11.5 % (in relation to total operating revenue).

The Board of Directors is also taking a positive view of 2021, even though the COVID-19 pandemic will continue to be a major challenge. Thanks to trend towards natural construction materials and the strong growth in timber construction, growth is expected to continue with sustained good profitability.

Company profile

STEICO develops, produces and markets ecological construction products made of renewable raw materials. STEICO is the global market leader for wood fiber insulation materials.

STEICO is positioned as a system provider for ecological residential construction and is the only manufacturer in the industry to offer an integrated wooden construction system in which innovative wooden construction components and ecological insulation material supplement each other.

Laminated veneer lumber and I-joists form the structural components of the system. The insulation materials include flexible and stable wood fiber insulation panels, facade insulation materials, as well as cavity wall insulation made of wood fibers and cellulose. Sealing products for the building shell complete the overall system.

The STEICO Group offers its customers a unique range of products through to the prefabrication of complete components for timber element construction.

The Munich-based company's products are used in new construction and when renovating roofs, walls, ceilings, floors and facades. STEICO's products allow the construction of future-proof, healthy buildings with a particularly high quality

of living and a healthy atmosphere. STEICO's products offer reliable protection against cold, heat and also noise, and they permanently improve the building's energy efficiency.

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