

STEICO SE: Second Laminated Veneer Lumber line (LVL) produces first board.

Press release
13 September 2017

- **Construction work more than nine weeks ahead of schedule**
- **Increased production capacity meets with high demand**

Feldkirchen (Munich), 13 September 2017 – The STEICO Group (ISIN DE000A0LR936) produced the first Laminated Veneer Lumber (LVL) board at its new, second production line in Czarna Woda (Poland) yesterday. The line has been installed in record time, with construction work more than nine weeks ahead of schedule. Regular operations are expected to start during the first half of 2018.

The new line will double the production capacity for Laminated Veneer Lumber from a current total of around 80,000 cbm/year to around 160,000 cbm/year. STEICO took its first line for Laminated Veneer Lumber into operation at the start of 2016. As a result of the high demand for this highly resilient engineered wood product, STEICO already resolved to double capacity in August 2016.

The second line is also being installed in the facility in Czarna Woda (PL). Thanks to forward-looking planning when building the first line the total capital expenditure for the second line is around € 45 million, around € 15 million lower than for the construction of the first line. This should also benefit its future profitability. The line is being financed via the existing syndicated loan agreement.

Installing the second production line will also allow economies of scale to be realised in production, for example via longer product series and correspondingly shorter refit times. Using left over wood from LVL production will also benefit the production of wood fibre insulation materials at the same location. Last but not least, STEICO expects that the use of bark and production residues will allow the majority of production heat and steam to be produced in the company's two own biomass power plants. In addition, STEICO is exempt from Polish income tax for ten years due to its use of a special economic zone in Czarna Woda.

Broad range of uses, high demand

Laminated Veneer Lumber is a highly durable wooden material which combines the characteristics of wood as a natural product with those of an industrial precision-made material. Laminated veneer lumber can bear great loads, and is also characterised by its dimensional stability - it does not warp like solid wood and it mostly does not swell or shrink. As a result, laminated veneer lumber can be used in a wide variety of applications. It is used as a component for STEICO's I-joists, and it is also an innovative wooden material for state-of-the-art wood construction. In addition, it is also used in various industrial applications, for example in the door industry.

By expanding its production capacity, STEICO is laying the foundations for further high-margin growth and is reinforcing its position as a system provider for innovative wood construction solutions.

The full press release can be downloaded from www.steico.com/ir.

Company profile:

STEICO develops, produces and markets ecological construction products made of renewable raw materials. STEICO is the European 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 insulation material and construction components supplement each other. These include flexible and stable wood fiber insulation panels, composite thermal insulation systems, insulation panels with a reinforcing effect, as well as cavity wall insulation made of wood fibers and cellulose.

The construction elements comprise I-joists and laminated veneer lumber. In addition, the STEICO group also produces hardboards (Natural Fibre Boards) and operates in the wood trade.

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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