

**STEICO SE**

2018 annual report

The green share

2018

Sustainable growth with high profitability

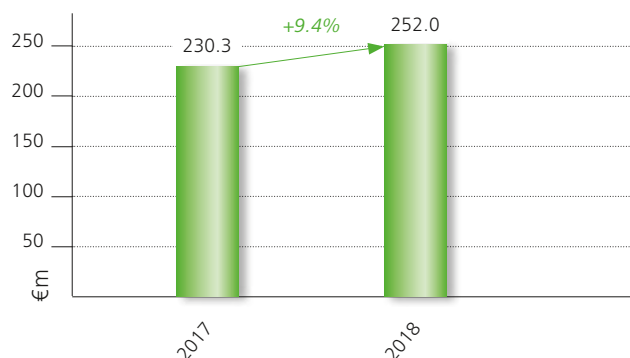


Natural building products for healthier living

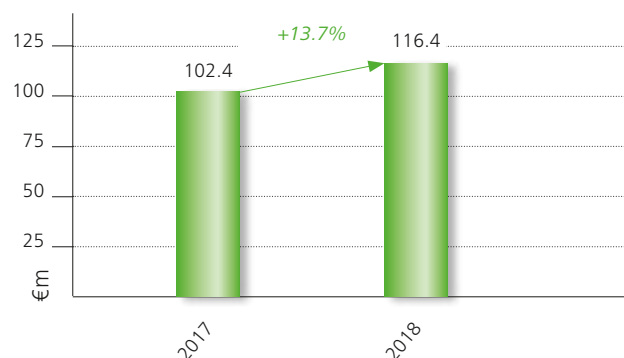
# Overview

## Sustainable growth with high profitability

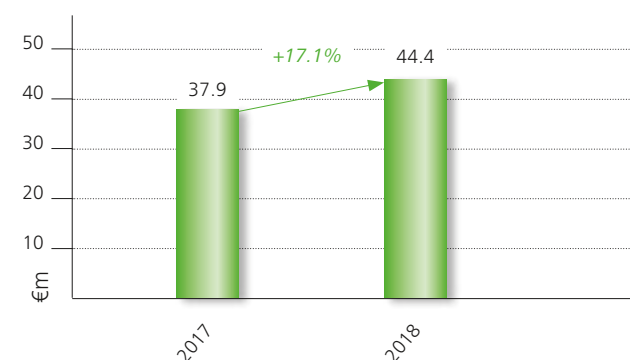
Revenue growth in € millions



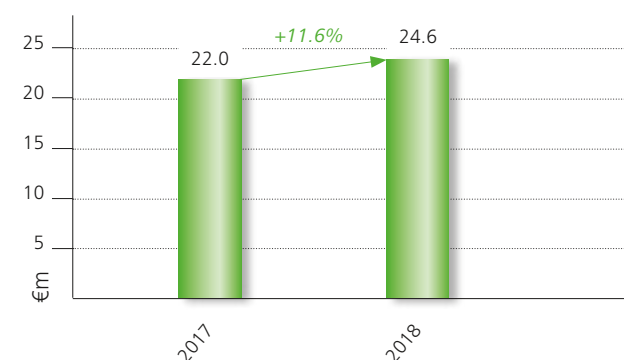
Gross earnings growth in € millions



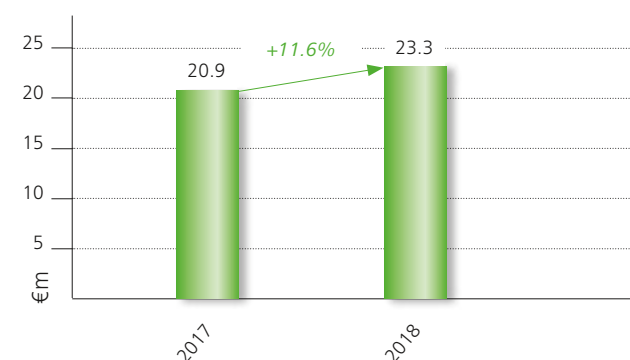
EBITDA growth in € millions



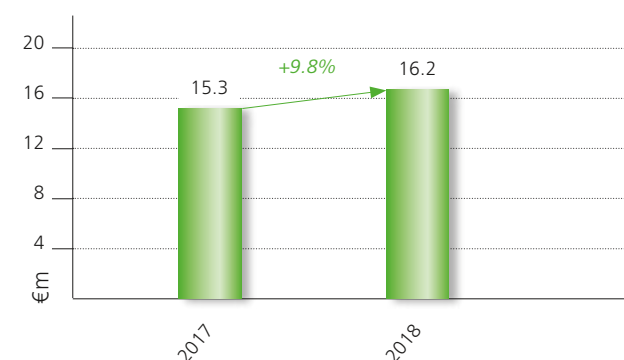
EBIT growth in € millions



EBT growth in € millions



Growth in profit for the period in € millions



### ADDITIONAL KPIS

	2018	2017
1. Total operating revenue in € millions	€ 254.1 million	€ 232.3 million
2. EBITDA margin as a percentage of total operating revenue	17.5%	16.3%
3. EBIT margin as a percentage of total operating revenue	9.7%	9.5%
4. Equity ratio (as of 31 Dec.)	53.7%	53.9%

Percentage increases and margins calculated based on non-rounded figures.

With revenue up 9.4% to € 252.0 million in 2018, STEICO was able to continue its growth story and once again reports the most successful year in the company's history. Earnings even increased at an above average rate to new record levels. EBITDA improved by 17.1% to € 44.4 million and EBIT lifted by 11.6% to € 24.6 million.

In particular, wood fibre insulating materials (+10.6%) and laminated veneer lumber (LVL) (+46.3%) were the driving forces behind the positive growth. Even stronger growth would have been possible for LVL. However, technical aspects had a dampening effect on the output volume of the second LVL production line in the first months of the start-up phase. We expect to be able to fully exploit these capacities in 2019.

Management is very positive about 2019. Both Germany and the other core markets are characterised by stable construction activity at a high level and a dynamic timber construction sector. On the other hand there is still uncertainty concerning the further development of the "Brexit", which is being closely monitored by STEICO's management.

Thanks to new capacities for wood fibre insulating materials and capacity reserves for laminated veneer timber, the STEICO Group is excellently positioned to continue its growth.

The Board of Directors therefore believes that revenues will lift by more than 10% with an EBIT ratio of between 9% and 10% (in terms of total operating revenue).

#### Company profile

STEICO develops, produces and markets ecological construction products made of renewable raw materials. STEICO is the European market leader in the wood-fibre insulation materials segment.

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 fibre insulation panels, composite thermal insulation systems, insulation panels with a reinforcing effect, as well as air injected insulation made of wood fibres and cellulose.

The construction elements comprise I-joists and laminated veneer lumber. In addition, the STEICO group also produces fibreboard 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.

#### Disclaimer

This document is a translated version of the German original document. The translation has been prepared with utmost care. However, only the German original document is binding.

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Dear business partners,  
dear shareholders,



Udo Schramek

CEO

the STEICO Group can look back on a successful fiscal year 2018 – and we are working intensively to continue our on-track growth in 2019.

In fact, we are looking very positively to 2019. More and more people are placing their trust in wood, a renewable building material, and are thus increasing demand for STEICO's innovative and ecological products. Many timber construction companies therefore report well-filled order books.

At the same time, the technical aspects of timber construction are developing rapidly. Timber construction is a pioneer in the field of digitization, and state-of-the-art manufacturing concepts such as element construction allow process optimization along the entire value chain.

STEICO is now going one step further. We are currently building a highly automated element production plant at our Czarnków site - not to build our own, but to provide our timber construction partners with another new offer: the production of roof, wall and ceiling elements according to our customers' individual plans. Manufactured with the highest precision and profitability on an industrial scale. We are currently developing this offer for the Eastern European markets, especially Poland, where the desire for an end-to-end system offering is particularly pronounced.

STEICO is transforming itself once again: from a system supplier to a component partner. We are confident that this form of verticalisation will enable us to establish another pillar for future growth

At the same time, we are working intensively on many projects so that we can continue to operate successfully in the future. We are investing massively in biomass in order to become independent of fossil fuels. We are creating new capacity to meet the increasing demand. We are developing new products and solutions to ensure that our innovations continue to convince the market in future. Last but not least, we are investing in the STEICO team. In 2018, the number of employees in the STEICO Group grew to over 1,700 for the first time, enabling us to offer our customers even better advice and even more competent service.

As mentioned above, we are optimistic about the future - despite a clouding in the economic outlook. We owe the fact that we are allowed to do this above all to our customers and employees. Many thanks to our partners for choosing STEICO products on a daily basis. And special thanks to our employees for making this success possible with their daily commitment.

Yours sincerely,

A handwritten signature in green ink, consisting of a large, stylized 'U' followed by a horizontal line and a small flourish at the end.

Udo Schramek

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# Report by the Supervisory Board

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Dear business partners,  
dear shareholders,

STEICO's success in the 2018 fiscal year was also driven by the continuing strong economy in the construction sector and growing awareness of ecologically sustainable construction. We regard ourselves as pioneers in our market segment, which we are increasingly leading out of its niche existence. The expansion of our production portfolio to include prefabricated timber construction elements, which is currently being erected at the Czarnków site, offers further proof of this. Stable forecasts for the timber construction sector are offset by an increasing shortage of skilled workers, which can be countered effectively with a higher degree of prefabrication. We see great potential for this on Eastern European markets in particular.

At the same time, we feel particularly committed to the idea of sustainability and are making great efforts to make our production ever more environmentally friendly. For example, over the past three years we have been able to reduce energy generation from coal by 30%. At the same time, energy production from biomass was increased by 79%. STEICO is also investing in the installation of an electric turbine that will allow a significant proportion of electricity to be generated from biomass in a climate-friendly manner.

The company's continuing success goes hand-in-hand with a growing responsibility – which we are happy to take on. Thanks to a large number of investments and process optimisations initiated and conscientiously pursued by the Supervisory Board, we have also positioned ourselves optimally for future challenges in the current financial year as well.

However, the employees of the STEICO Group, to whom I would like to express my sincere thanks on behalf of the Supervisory Board for their commitment over the past year, were and are a further guarantee of the company's success.

## MANAGEMENT AND MONITORING BY THE SUPERVISORY BOARD

In 2018 the Supervisory Board fully performed all of its tasks and obligations required by the law and the articles of association. It defined the fundamental principles of its activities and monitored their implementation. The Supervisory Board was included directly in decisions which were of fundamental importance for the company. To the extent that approval by the Supervisory Board was required for decisions or activities by the company's management according to the law, the articles of association or the by-laws, the corresponding resolutions were only passed

after these issues had been discussed in detail with the managing directors.

The managing directors reported regularly, in good time and in detail to the Supervisory Board according to Section 40 (6) of the SEAG in connection with Section 90 of the AktG on the course of business and the general position of the company and the group and their profitability. In addition, in-depth discussions were held in particular concerning business policy and the company's strategic further development. The Supervisory Board was also informed about the risk position and risk management.

The managing directors regularly submitted an in-depth report on the course of business, including the growth of revenues, earnings and liquidity, and also on the position of the company and the group companies. The reports were available for each member of the Supervisory Board and were discussed in joint meetings. Differences in the course of business were discussed in detail. The managing directors provided additional information at the Supervisory Board's request. The Supervisory Board was also consulted on special transactions which were of major importance for the company. In addition, the Chairman of the Supervisory Board was in regular contact with the managing directors and received regular reports on the company's growth and he reported to the Supervisory Board on the information obtained.

## KEY AREAS OF DISCUSSION IN THE SUPERVISORY BOARD

In fiscal year 2018 the Supervisory Board held five face-to-face meetings and in three cases it passed a resolution outside of a meeting. The attendance rate for meetings of the Supervisory Board was 100%. The managing directors participated in the Supervisory Board meetings to the extent not otherwise determined by the Chairman of the Supervisory Board.

At the first meeting of the financial year on 1 March 2018, the Supervisory Board decided, among other things, to invest in the expansion of the office building in Feldkirchen.

In its meeting on 26 April 2018 the Supervisory Board dealt, in particular, with STEICO SE's annual financial statements, the dependent companies report and the consolidated financial statements as of 31 December 2017 as well as the respective management reports. This meeting also dealt with the report of the Supervisory Board for fiscal year 2017. In

In addition the proposed resolutions for the company's ordinary general meeting on 21 June 2018 were passed.

In its meeting on 21 June 2018, among others, the Supervisory Board revised the schedule for the distribution of business between the managing directors as a result of the staff change in the Production division.

The last meeting on 13 December 2018 dealt with issues including an in-depth discussion of the risk management report by the managing directors, which forms part of the early warning system set up according to Section 22 (3) of the SEAG. In so doing, the Supervisory Board confirmed that risks which could endanger the company's continued existence can be recognised at an early stage, however that there were no such risks.

Decisions taken outside the meetings were taken on investments in production equipment for element production and in a biomass steam boiler for the Czarnków site.

#### AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements and the managing report as well as the consolidated financial statements and group management report as of 31 December were prepared by the managing directors according to the regulations of the Handelsgesetzbuch (HGB - German Commercial Code). The firm of auditors Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, audited the annual financial statements and management report of the company as well as the consolidated financial statements and group management report, discussed this in the audit reports and issued both the annual financial statements as well as the consolidated financial statements with an unqualified auditor's opinion. Performance of the audit and the audit reports correspond to the statutory requirements in Sections 317, 321 of the HGB. The company's annual financial statements and management report and the group's consolidated financial statements and group management report as well as the proposal by the managing directors for the use of the profits and the auditors reports by the auditors were passed on to the Supervisory Board in good time. The auditors participated in the meeting to discuss the financial statements and responded extensively to questions and reported in detail on the course and results of the audit of the annual financial statements and consolidated financial statements.

The Supervisory Board reviewed the annual financial statements, the consolidated financial statements and the associated management reports. As there were no objections, the board concurred with the results of the audit by the auditors and approved the annual financial statements and consolidated financial statements. The annual financial statements were thus adopted. The Supervisory Board also approved the management reports.

The Supervisory Board reviewed the proposal for the appropriation of profits while considering the company's financial position and the expectations of shareholders and the capital market, and discussed this with the managing directors. It then concurred with the managing directors' proposals for the appropriation of profits.

#### STAFF CHANGES

Mr. Steffen Zimny retired from the Board of Directors in April. Responsibility for production was transferred to Mr. Holger Jödecke, who was responsible for HR and Organisational Development and Business Process Management in the Board of Directors at that time. There were no other staff changes to the Supervisory Board or the managing directors in the year under review.

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# Report by the Supervisory Board

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## AFFILIATED COMPANIES REPORT

The managing directors prepared the report on affiliated companies (dependent parties report) for fiscal year 2018. Accordingly, the company received reasonable compensation in each case for the transactions presented with affiliated companies.

The dependent parties report was audited by the auditor and issued with the following unqualified auditor's opinion:

"After our proper audit and assessment we confirm that

1. The facts in the report are correct and
2. The company's payments for the transactions listed in the report were not unreasonably high."

Both the dependent parties report and also the audit report were received by the Supervisory Board in good time. As a result of its own review the Supervisory Board concurred with the auditor's opinion and approved the dependent parties report.

Feldkirchen, 30 April 2019



Udo Schramek  
Chairman of STEICO SE's Supervisory Board



## Growth of STEICO's shares

### A. SHARE PRICE GROWTH IN 2018

STEICO's shares started the year with a price of € 21.75 on 2 January (Xetra closing price). From the start of the second quarter, the share price increased significantly and reached its high for the year of € 28.30 on 14 June 2018. This corresponds to an increase of 30.1%.

During the remainder of the year, however, the shares were unable to buck the general market trend and continuously lost value. Especially at the end of the year, the shares again lost significantly in value.

STEICO's shares closed in Xetra trading at a price of € 19.60 in Xetra trading on 28 December, also marking the lowest share price for the year. This meant that STEICO shares had to record a discount of 9.9% in 2018.

STEICO's shares: Development 2018



### B. INVESTOR RELATIONS

As was the case in previous years, STEICO SE engaged in open and direct communication with the capital markets in 2018, and was also in close contact with its shareholders. In 2018, in addition to the transparency policies for the Basic Board and m:access, STEICO SE fulfilled its publication requirements, for example with end-to-end communication in German and English and the regular publication of quarterly reports. In addition, up-to-date press releases and financial reports are also always published on the Web site [www.STEICO.com/ir](http://www.STEICO.com/ir). Information on key events is disseminated via a well-known institution to comply with publicity obligations.

### C. CAPITAL MARKET DIARY 2018

11/12 January 2018	STEICO presented the company at the 21st Oddo Forum, held by ODDO BHF in Lyon (France)
5 February 2018	Publication of provisional figures for 2017
6 February 2018	STEICO presented the company at the HSBC SRI Conference (Frankfurt am Main)
21/22 February 2018	STEICO presented the company at the "12th German Conference" by ODDO BHF
26 April 2018	Publication of the 2017 STEICO annual report
26 April 2018	Publication of STEICO's 2018 Q1 report
15 May 2018	STEICO presented the company to institutional investors in Brussels (roadshow with ODDO BHF)
23 May 2018	STEICO presented the company to institutional investors in Frankfurt/Main (roadshow with Commerzbank)
5 June 2018	STEICO presented the company to institutional investors in Zurich (roadshow with ODDO BHF)
6 June 2018	STEICO presented the company at the ODDO BHF Nextcap Forum (Paris)
21 June 2018	2017 ordinary general meeting
19 July 2018	Publication of STEICO's 2017 semi-annual report
25 September 2018	STEICO presented the company at Mandarin Gestion Conference (Munich)
26 September 2018	STEICO presented itself at the Berenberg Goldman Sachs Seventh German Corporate Conference (Munich)
17 October 2018	Publication of STEICO's 2018 Q3 report
18 October 2018	STEICO presented the company at Munich Stock Exchange's "Specialist Conference for Technology"
15 November 2018	STEICO presented the company to institutional investors in Frankfurt/Main (roadshow with Commerzbank)
19 November 2018	STEICO presented the company to institutional investors in London (roadshow with Warburg)

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# Sustainability in the STEICO Group

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## A. INTRODUCTION

STEICO has always lived sustainability. Our roots as a manufacturer of wood fibre insulating materials go back decades. In the 1990s, when the awareness for energy-efficient building was only just beginning to develop, we were already serving an ecologically oriented clientele with insulating materials made from renewable raw materials. STEICO was one of the first companies to have its entire product range FSC-certified and the biological building properties of its products independently tested and evaluated.

STEICO has now grown out of its former niche - and the importance of sustainability has also changed in recent years. The interest in sustainability has simultaneously become both broader and deeper. In addition to the environment and climate, sustainability also includes social responsibility and concern for the future effects of our actions today. Our customers demand sound and comprehensive information in order to form their own opinions about our products and our behaviour. This gives rise to a responsibility for STEICO that we are happy to take on.

At STEICO, we understand sustainability to be the interplay of economy, ecology and social aspects. This idea is firmly anchored in our corporate strategy. We want to be economically successful in manufacturing environmentally compatible insulating materials and at the same time live up to our social responsibility towards employees and society. STEICO's products are building materials of the future due to their organic nature, and they enable ecological building as part of the sustainable development of our society. We are creating jobs and added value with our ongoing growth. In doing so, we always ensure the long-term loyalty and health of our employees and take appropriate measures.

In this first Sustainability Report, we aim to provide transparent explanations of our business. We want to point out developments and continue them into the future. It is our aim to further develop this report year after year and to enrich it with additional topics. This first step should result in a comprehensive documentation of our activities for more sustainability.

We hope that this report will be a helpful contribution to our customers and partners.

## B. ECOLOGY

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### I. THE FOREST AND RAW MATERIALS

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#### 1. PROCUREMENT

The most important raw material for STEICO products is fresh, untreated softwood. STEICO does not use any waste or recycled wood as this could be contaminated with chemicals.

STEICO's production plants are located in wooded areas, so that we can keep transport distances short, usually less than 150 km. For our wood fibre insulating materials and Natural Fibre Boards (hard fibre boards) we do not need special wood qualities, because the wood is defibred in production. This so-called weak wood accumulates for example during forest maintenance and is not suitable for processing in sawmills.

Various log diameters are used for the production of laminated veneer lumber, and the logs are mainly delivered in short lengths. This provides the forestry offices with an optimal opportunity to combine STEICO materials with the supply of high quality timber for other clients.

For the cellulose insulating material STEICO*flor*, STEICO obtains defined used paper qualities which are converted into insulating flakes. Since most of the energy consumed is already used in the production of the paper, the production of cellulose insulation material is particularly environmentally friendly.

#### 2. ENVIRONMENTAL CERTIFICATION

The wood that STEICO uses in production originates from sustainably managed forests, which are 100% certified according to the well-known organisations FSC® (Forest Stewardship Council) or PEFC® (Programme for the Endorsement of Forest Certification Schemes). This not only ensures that the forests are managed sustainably, but also that social standards are adhered to through certification.

STEICO does not use any wood of unclear origin or from protected forests and complies with all EUTR (EU Timber Regulation) rules.

All STEICO products (wood fibre insulating materials, cellulose insulating materials, I-joists, laminated veneer lumber) carry at least one of the certifications mentioned or are available according to both standards.

### 3. CO<sub>2</sub> STORAGE WOOD

As wood grows, the climate-damaging gas carbon dioxide (CO<sub>2</sub>) is extracted from the atmosphere. During photosynthesis, trees split CO<sub>2</sub> into carbon (C) and oxygen (O<sub>2</sub>). Carbon is stored in the wood and oxygen is released into the atmosphere. One cubic metre (m<sup>3</sup>) of wood therefore contains around 1 tonne (t) of CO<sub>2</sub>. This CO<sub>2</sub> also remains bound in processed wood products, e.g. in STEICO wood fibre insulating materials and construction products.

Assuming that around 100 m<sup>3</sup> of wood is used for a single-family house built using timber construction, this corresponds to around 100 t CO<sub>2</sub> which is removed from the atmosphere (whereby the positive effects of wood fibre insulating materials on the reduction of heating energy have not yet been taken into account).

Particularly when wood is used as a building material, CO<sub>2</sub> is removed from the atmosphere for a particularly long time - namely during the entire service life of the building, e.g. around 60 to 100 years for single-family houses. Only at the end of the building's service life is the CO<sub>2</sub> released back into the atmosphere when the wood decomposes or is burned.

For example, the use of wood products in construction is not a panacea for the climate – but it is an essential contribution to gaining time for the climate-friendly transformation of our society.

In 2018, the STEICO Group processed around 934,875 m<sup>3</sup> of fresh wood from sustainable forestry. This means that almost a million tons of CO<sub>2</sub> are stored and removed from the atmosphere in STEICO's annual production.

### 4. ENVIRONMENTAL PRODUCT DECLARATION (EPD)

An Environmental Product Declaration (EPD) is a type III environmental declaration. This provides quantified environment-related information from the life cycle of a product or service in order to enable comparisons between products or services with the same function.

The STEICO Group has EPDs for laminated veneer lumber and the insulating material STEICO*flex* from French production. An EPD for I-joists is about to be released and further EPDs are in preparation.

## II. PRODUCTION

### 1. USE OF ENERGY IN PRODUCTION

Like every manufacturing company, STEICO needs energy in its production. As the energy consumption in the production plants is considerably higher than at the sales and administration locations, the focus is on the production locations. Electricity and heat/steam are required in particular for the production of STEICO products. Heat and steam are generated from biomass, gas and coal as energy sources.

Electricity is purchased at the respective locations and its production corresponds to the national electricity mix of the country of production.

Heat and steam are generated locally. For this purpose, STEICO maintains appropriate boiler systems that can be operated with coal, gas and/or biomass. In the energy mix, most of the energy is used to generate heat and steam.

STEICO has three measures in place to improve energy efficiency:

- Reducing the use of the fossil fuel coal
- Shifting the distribution in the energy mix by using renewable energy sources such as biomass
- Increasing energy efficiency

At least one biomass boiler is currently installed at each production site. The fifth biomass boiler is currently being completed. At the same time, an existing coal boiler will be converted to biomass. Production residues are used as energy sources for the biomass boilers, e.g. the bark content of the wood. Another part is bought in.

STEICO is also investing in the installation of an electric turbine that will allow a significant proportion of electricity to be generated from biomass in a climate-friendly manner. The turbine is scheduled to go live in 2020.

# Sustainability in the STEICO Group

## STEICO Group: Energy consumption and changes

Energy source [MWh]	2016 Share [%]	2017 Share [%]	2018 Share [%]	Change 2018/2016 [%]
Electricity	15%	16%	16%	+12%
Coal	59%	52%	40%	-30%
Gas	5%	7%	7%	+60%
Biomass	21%	25%	36%	+79%

In comparison to 2016, 2018 was a year in which the STEICO Group was able to **reduce energy generation from coal by 30%**. At the same time, energy production from **biomass was increased by 79%**.

In addition to the increased use of biomass, **energy efficiency was increased by 17%**.

It is planned to discontinue the use of fossil fuels, especially coal, as far as possible. The Czarna Woda site is to be converted to biomass as an energy source for regular production from July 2019. The Czarnków site is to be operated in regular biomass operation from September 2019. Coal is to be kept at both locations only as a reserve energy source.

## 2. ENERGY CONSUMPTION IN ADMINISTRATION

In the administration area, STEICO is also making extensive investments to reduce energy consumption. The headquarters in Feldkirchen, for example, are built using STEICO's own construction system and are characterised by their high energy efficiency, which almost corresponds to the passive house standard. The integrated photovoltaic modules mean more energy is generated over the year than the building needs (so-called plus-energy house).

## 3. CARBON ACCOUNTING

By analysing the carbon footprint (CO<sub>2</sub>), it is possible to identify reduction potential, develop appropriate activities and define climate protection targets. The STEICO Group's corporate carbon footprint includes seven locations in four different countries. In Germany and Great Britain these are purely administrative locations, in Poland and France both administrative locations and plants. The emissions of the sales employees in the external sales force of all countries are also included in the calculation.

In 2018, STEICO's business activities caused a total of 376,343.4 tons of CO<sub>2</sub> emissions throughout the Group. Of this total, 208,005.5 t are direct CO<sub>2</sub> emissions (Scope 1) and 168,337.9 t of CO<sub>2</sub> are indirect emissions from grid-bound energy (Scope 2). The largest source of emissions is the energy source for the production of steam and heat for

the production process with 54.6%. The second largest item is emissions from electricity with 44.7%. Emissions from the vehicle fleet came in third place with 0.7%. 99.8% of the STEICO Group's emissions are generated in the plants, while the administrative locations are only responsible for a small proportion of the emissions. The STEICO Group headquarters in Feldkirchen produces no emissions thanks to its own solar power production and the use of heat pump heating.

## 2018: CO<sub>2</sub> emissions

	Emission source	t CO <sub>2</sub>	[%]
Scope 1	Heating energy	205,313.2 t	54.6%
	Vehicle fleet	2,692.3 t	0.7%
<b>Sub-total Scope1</b>		<b>208,005.5 t</b>	<b>55.3%</b>
Scope 2	Electricity	168,337.9 t	44.7%
<b>Total</b>		<b>376,343.4 t</b>	

The calculation was based on the guidelines of the Greenhouse Gas Protocol.

### Scope 1

Scope 1 shows all CO<sub>2</sub> emissions that can be controlled directly by the company drawing up the balance sheet (direct CO<sub>2</sub> emissions). This includes the combustion of fossil fuels (mobile and stationary), CO<sub>2</sub> emissions from chemical and physical processes and refrigerant leaks from air conditioning systems.

### Scope 2

Scope 2 shows indirect CO<sub>2</sub> emissions caused by the combustion of fossil fuels during the production of electricity, heat, cooling and steam by external energy suppliers. Disclosing these in a separate category avoids double counting when comparing CO<sub>2</sub> emissions from different companies.

CO<sub>2</sub> emissions from production are offset by CO<sub>2</sub> storage in the wood used in STEICO products.

## 2018: Comparison of CO<sub>2</sub> emissions / CO<sub>2</sub> storage

CO <sub>2</sub> emissions Scope 1+2	Wood used	CO <sub>2</sub> storage in wood used	Positive difference
376,343 t	934,875 m <sup>3</sup>	934,875 t	558,532 t
100%		248%	148%

**The wood used in annual production for STEICO products stores more than twice as much CO<sub>2</sub> as was released during manufacture.** Positive effects of CO<sub>2</sub>-avoidance through the use of STEICO insulating materials is not taken into account.

STEICO's declared goal is to continue to significantly reduce CO<sub>2</sub> emissions in the coming years. This will be achieved in particular by switching to biomass for the generation of

steam and heat in production in order to be able to dispense with the use of fossil fuels in the long term. The electric turbine which is to be installed on one of the biomass boilers will also help to reduce CO<sub>2</sub> emissions from the use of electricity.

### III. RESOURCE EFFICIENCY

STEICO relies on large, integrated locations that enable high production efficiency. For example, several production plants can be supplied with heat and steam via a few central boiler plants. In addition, STEICO's production cycles focus on avoiding waste and using resources intelligently.

#### 1. WOOD-FIBRE INSULATION MATERIALS

Wood components that are unsuitable for production, e.g. the bark, are used to generate energy in the plant's own biomass boilers. Products that are outside the specifications can be returned to the production process. Otherwise, they can also be used to generate energy in the biomass boilers.

#### 2. LAMINATED VENEER LUMBER

Approximately 2.3m<sup>3</sup> of roundwood is required for the production of 1m<sup>3</sup> veneer laminated timber. The round wood is peeled into veneers, from which the laminated veneer boards are made. During the processing of round wood, around 0.6m<sup>3</sup> of bark and non-recyclable wood components are produced. These are used to produce steam and heat in the biomass boiler. Since not every veneer ribbon is suitable for the production of laminated veneer lumber, 0.5m<sup>3</sup> of unusable veneer is produced, which can, however, be further processed into wood fibre insulation materials at the same location. The trunk's core cannot be peeled into veneer for technical production reasons. A round residual core of 0.2m<sup>3</sup> remains. This residual wood is sawn into strips on our own plant, and used to make STEICO transport pallets.

In this way, STEICO ensures 100% use of its wood resources. At the same time, the energy from the by-products can be used to cover the energy requirements of the Czarna Woda production site to such an extent that regular operation on a biomass basis is planned from July 2019. Coal will then only be held temporarily as a reserve energy source.

#### 3. WATER

Water is a valuable commodity that is needed in large quantities for our production. At STEICO, we therefore strive

to make the best possible use of water as a resource, to avoid waste water and to reduce water consumption.

We have already established a closed water cycle at our plant in Czarnków. In the first step, fresh water is used for the production of steam and heat, which are fed directly into the production process. The resulting industrial water is then used for the production of wood fibre insulation materials. Some of the water evaporates during the drying process and is replenished with industrial water from steam and heat production, so that all the water that we obtain for our production is reused several times and fed back into production again and again.

At our plant in Czarna Woda, production water is biologically treated. At the same time, investments are being made to install closed water cycles. The amount of water used for biological treatment has already been significantly reduced by two thirds - from 58% in 2016 to 13% in 2018 (compared to the fresh water used). At the same time, the efficiency of water as a resource compared to the production volume was increased by 6%.

### C. ECONOMY

#### I. GROWTH

The STEICO Group has recorded steady growth in recent years. Acting sustainably while being aware of values is a key part of our success.

- Larger production sites can be operated more efficiently. The energy used decreases in relation to the output quantity.
- Growth enables investments in energy-efficient production facilities.
- Larger companies that demand certified timber are strengthening efforts towards sustainable forest management.
- STEICO insulation materials are environmentally friendly in and of themselves, as they save considerably more energy during their lifecycle than is required for their manufacture. That is why growth in this area does not lead to an increasing burden on the climate.
- Growth creates jobs. With an average of 1,627 employees, the STEICO Group employed 249 more people in 2018 than in 2016 (1,378 employees).

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## II. PRODUCTS

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Insulation materials are classic products for improving the energy efficiency of buildings and are known to contribute to protecting the climate and the environment. Laminated veneer lumber and I-joists are also characterised by sustainability and environmental protection aspects in use.

### 1. ENVIRONMENTALLY FRIENDLY INSULATION MATERIALS

Insulation materials play a key role in determining a building's energy efficiency. Due to their insulating effect, they significantly reduce the amount of heating energy required. STEICO wood fibre insulation materials and cellulose insulation are characterised by particularly low thermal conductivity. The lower the thermal conductivity, the better the insulating effect. The thermal conductivity is given as the so-called Lambda value ( $\lambda$ ). With  $\lambda_D$  0.036, the flexible wood fibre insulation mat STEICO *flex* has the lowest thermal conductivity of natural insulating materials. With  $\lambda_D$  0.037 the facade insulation board STEICO *protect 037* has the lowest thermal conductivity for stable wood fibre insulation boards. The cellulose insulation STEICO *floc* with  $\lambda_D$  0.038 also offers one of the best values in its category.

As part of the STEICO construction system, the main STEICO insulating materials are certified as components suitable for passive houses. This means that they are suitable for use in buildings which, due to their high energy efficiency, can cover their heating requirements without traditional heating.

The STEICO Group currently produces about 2.5 million m<sup>3</sup> ecological insulating materials. Assuming a quantity of about 75 m<sup>3</sup> of insulating material required for state-of-the-art insulation for a single-family house in timber construction, more than 33,000 single-family houses can be insulated per year. STEICO is thus making a contribution to the energy revolution and to a climate-neutral building stock.

### 2. I-JOISTS

STEICO's I-joists have the shape (geometry) of an H beam or a double T beam. In contrast to a solid wood beam with a rectangular shape, the middle section of the I-joist is much slimmer, and it is thus made with comparatively little material. This saving in solid material is filled with insulating material in timber frame construction. In a roof construction, for example, this shifts the ratio between the proportion of insulating material and the proportion of supporting structure in favour of the insulating material. A higher proportion of insulating material in turn means a higher energy efficiency of the entire component. By using STEICO I-joists, the energy efficiency of a component can be improved by up to 15% (compared to the use of solid wood cross sections).

In this way, I-joists have special significance in low-energy and passive houses and contribute to avoiding heating energy in these buildings.

### 3. LAMINATED VENEER LUMBER

Laminated veneer lumber is an industrially produced wood-based material with a particularly high load-bearing capacity. The use of energy in its production is offset by the particularly efficient use of wood as a raw material (cf. B. III. 2.). When producing laminated veneer lumber, formats can be produced that cannot be reproduced by naturally grown wood (boards up to 2.5m wide, 90mm thick and 18m long).

In addition, the high strength of laminated veneer lumber allows a particularly slender design of the load-bearing structures, which means that construction can be carried out with less material overall.

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## III. DISPOSAL

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From processing residues to materials arising during dismantling: STEICO wood fibre insulating materials, I-joists and laminated veneer lumber can be disposed of in the same way as untreated wood (waste code AVV/EAK 030105/170201).

STEICO cellulose insulation can be disposed of in the same way as waste paper (waste code AVV/EAK 170604/170904).

In Germany, STEICO offers its customers a collection service for packaging material in cooperation with a national waste disposal company.

## D. SOCIAL AFFAIRS

Committed employees are an important key factor for economic success at STEICO. It is therefore of particular concern to us to keep our staff's motivation and health at a high level and to establish a strong bond with the company in order to secure its long-term success.

### 1. DIVERSITY

STEICO is an international group and employs people from different cultural backgrounds and maintains business relationships in many countries. In doing so, we actively strive for respectful interaction and mutual understanding of intercultural differences.

### 2. GENDER EQUALITY

Many careers in the construction industry are still mostly dominated by men. STEICO sees an equal relationship between the sexes as a matter of course and promotes the development of women at all hierarchical levels.

2018: Percentage of women (as of 31 Dec. 2018)

Type of employment	Total number of employees	Number of women	Share of women [%]	Percentage of women in management positions [%]
Production	1515	287	19%	15%
Administration	185	81	44%	47%
<b>Total</b>	<b>1700</b>	<b>368</b>	<b>22%</b>	<b>23%</b>

### 3. COMPATIBILITY OF FAMILY AND CAREER

To make it easier for women in particular to return to work after parental leave, we at STEICO offer individual working time models that are tailored to the needs of the individual and take family requirements into account.

### 4. INDIVIDUAL WORKING TIME MODELS

We generally offer individual working time models to all employees who are unable or unwilling to work full-time. This enables us to make the best possible use of everyone's potential and keep important expertise within the company. In Feldkirchen, for example, 26% of our workforce use the option of individual part-time models.

### 5. TRAINING AND CONTINUED PROFESSIONAL DEVELOPMENT

All employees of the STEICO Group have access to a wide range of opportunities for personal and professional development. This offer ranges from selective further

training measures to extensive education and continued professional development programmes.

### 6. CO-DETERMINATION

At all our locations, we offer employees the opportunity to participate actively in the development of the company, e.g. through a company suggestion scheme. In addition to an employee representative body, which decides on the expenditure of the social fund, there is a works council at our production sites which represents the interests of the workforce.

### 7. DISCOUNTS

STEICO Group employees can purchase products from our own production at favorable conditions.

## E. CLOSING REMARKS

STEICO aims to operate sustainably and to live up to our responsibility for the environment and society. This report lays the foundation for transparent communication on sustainability. We will continue to expand and intensify this commitment in the coming years.

## A. FOUNDATIONS

### I. STEICO SE'S BUSINESS MODEL

#### 1. OVERVIEW

STEICO develops, produces and markets ecological construction products made of renewable raw materials. STEICO is the European market leader in the wood-fibre insulation materials segment.

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 wood fiber insulation materials, stable wood fiber insulation boards, wood fiber insulation boards for facade insulation ("WDVS"), air injected insulation made of wood-fibre and cellulose as well as system products to insulate building shells. Construction elements comprise I-joists and laminated veneer lumber. In addition, the STEICO group also produces Natural Fibre Boards and operates in the wood wholesale trade. The product range in the United Kingdom also include products for ceiling and floor construction.

The STEICO Group's production equipment can also be used to produce a wide variety of specialty products such as door panels, pin-boards, etc. which are sold to various industrial customers.

#### 2. THE STEICO GROUP'S PRODUCTS AND SERVICES

The STEICO Group is a system provider for natural construction products for insulation and construction. The core range comprises "natural wood-fibre insulation materials". In 2018 the bulk of revenues (62.2%) was recorded with environmentally friendly wood-fibre insulation materials and air injected insulation for building and floor insulation.

The STEICO Group's current range of products and services comprises:

##### Wood-fibre insulation materials

STEICO insulation materials are made of fresh soft wood. They are used in new buildings and renovation work, protecting against the cold, heat and noise.

Wood-fibre insulation materials are produced by the subsidiaries using various methods - both the wet and the dry method. Both methods break down wood into individual fibres using steam and mechanical treatment. The

fundamental difference between the two methods is that wet fibres are processed (formed to make boards) in the wet method, and in the dry method the fibres are dried before forming the boards. The dry method can be used to produce fibres for air injected insulation, flexible (compressible) mats or stable insulation boards.

##### Air injected insulation

Air injected insulation is made of loose insulation fibres or insulation flakes which are blown into construction cavities at high pressure, where they then compress. The STEICO Group produces and sells air injected insulation material made of wood fibres and also cellulose flakes.

##### Construction products I-joists

I-joists are supporting components which are optically very similar to traditional double-T-joists. They comprise two "belts" (square timber posts made of laminated veneer lumber) which are connected using a fibreboard. Some of the bridge material is purchased (OSB: Oriented Strand Board), but the majority is produced in-house (Natural Fiber Boards). STEICO's I-joists offer an alternative to standard construction products such as construction lumber or laminated timber in terms of both their price and energy consumption.

##### Construction products: LVL, Laminated Veneer Lumber

Laminated veneer lumber is a high-performance wood material and comprises several layers of wood laminate glued together. It is characterised by its particularly high rigidity and ability to bear loads, while simultaneously offering high dimensional stability. Laminated veneer lumber is used both in the construction industry and also in industrial applications (for example to produce doors and furniture). It is also a key component for I-joists (belt material).

##### Timber wholesale

The STEICO Group operates in timber product wholesale in Germany. These products stem from the company's former orientation and these operations are being continued with a lower number of employees. The company generates revenues with wood products which are mostly imported from south-eastern European countries and Poland. Clients are the timber wholesale trade and furniture industry in Germany. The range of merchandise spans sawn timber through to semi-finished products for furniture making (e.g. products cut to customer specifications).

STEICO UK Ltd. runs wholesale operations in the United Kingdom with wood and wooden composite boards to supplement its sales of I-joists. It has become standard practice on the UK market for construction companies to



offer end-to-end ceiling systems - including planning, the supporting structure (I-joists) and wooden composite boards to construct the floor - all from a single source.

### Special products

The special products segment bundles all of the products that the group produces itself which are not directly allocable to the construction sector. These include, for example, fibreboards for pinboards or door fills, as well as other products for industrial applications.

### Natural fibre boards

The production of natural fibre boards is similar to the production of wood-fibre insulation materials made using the wet method. The difference is that wet fibres are pressed to form stable boards using particularly high pressure. Natural fibre boards are used in the furniture industry. Natural fibre boards are used in the furniture industry where they are used, for example, to form the backs of cupboards or the bottoms of drawers. In addition, they are used as standard construction boards on many markets, for example for roof boards. Within the STEICO Group, natural fibre boards are a key component in the production of I-joists, where they form the so-called bar. Sales to external customers is no longer of any strategic importance due to the low margins.

### Miscellaneous

The Miscellaneous segment bundles all of the products that the group produces itself which are not directly allocable to the construction sector. These include, for example, fibreboards for industrial applications..

### Services

STEICO offers a range of supplementary services, such as its "STEICO Academy" seminars. These seminars train craftsmen, architects, trade representatives and also people building their own home in how to use the STEICO construction system. In addition STEICO has its own department for technical advice for craftsmen, planners and builders. As a rule services are performed free of charge.

## 3. PROCUREMENT

The fresh wood required to produce wood fibre products is mostly procured in Poland from the Polish State Forest. In France wood is procured on the free wood market. The wood is sourced from sustainably managed forests from the region surrounding the production facilities.

## 4. SALES AND CUSTOMERS

The STEICO Group's customers are mostly broken down into the customer groups of wood and construction materials traders, wood construction companies (such as pre-fabricated home construction companies) and DIY stores (in some cases via distributors) as well as industrial customers (e.g. manufacturers of laminated/parquet flooring, furniture manufacturers, construction material manufacturers). The STEICO Group aims to ensure a broad customer base in order to avoid dependencies on individual customers. 3.2% of revenues were generated with the largest customer in 2018 (previous year: 3.1%). 20.1% of revenues were generated with the ten largest customers in 2017 (previous year: 18.4%). The company's management believes that it is thus not especially dependent on a single individual customer.

## II. CONTROL SYSTEM AND SHAREHOLDER SYSTEM

STEICO SE is responsible for sales management, marketing, investments, product development, finance and financial control in its position as the group's holding company. 61.1% of shares are held by the CEO/managing director Mr. Udo Schramek, and the remaining 38.9% is in free float.

## III. RESEARCH AND DEVELOPMENT

R&D activities in fiscal year 2018 focused on optimising product characteristics for wood fibre insulation boards as well as developing new products as part of the product range, in particular:

- Supporting research work in parallel to operating the Group's own production line for laminated veneer lumber
- Research activities to develop formaldehyde-free binding agents for wood materials and other adhesives
- Further development of cellulose air injected insulation
- Developing and optimising wet method wood fibre insulation materials

# Group management report for STEICO SE as of 31 December 2018

- Developing and optimising dry method wood fibre insulation materials
- Research to optimise the fire and mouldering performance for STEICO's insulation materials
- Research to optimise the heat conduction properties for STEICO's insulation materials
- Development and pre-production of full wall, roof and ceiling elements produced using the STEICO construction system

Future R&D work will continue to focus on building the integrated construction system.

## B. ECONOMIC REPORT

### I. OVERALL ECONOMIC AND INDUSTRY-SPECIFIC UNDERLYING CONDITIONS

#### 1. ECONOMIC TREND

According to a quick estimate by the European Statistics Office Eurostat, gross domestic product in 2018 grew by 1.8% in the Eurozone and by 1.9% in the EU28 countries. As a result the European Economy has been able to continue its positive growth.<sup>1</sup>

Average production in the construction sector grew by 1.7% in 2018 compared to 2017 in the Eurozone and by 2.0% on the EU28 countries. This means that the momentum in building construction has weakened somewhat compared to the previous year. The experts from the market research institute Euroconstruct paint a similar picture. The construction industry is expected to grow by 2.8% in 2018 in the 19 European countries covered by Euroconstruct. On the other hand, a somewhat weaker pace of growth is expected for the following years. Nevertheless, the European construction industry remains at a high level and is one of the economic growth drivers.<sup>2</sup>

DESTATIS, the German Federal Statistical Office, reports a 4% increase in sales in building construction for 2018 compared to 2017. The sub-segment for carpentry and timber engineering, which is particularly relevant for the STEICO Group, even recorded sales growth of 5.5%.<sup>3</sup>

1 Source: Eurostat, 19 February 2019

2 Source: Eurostat, 17 February 2019

3 Source: Eurostat, 8 March 2019

#### 2. COMPETITION

With regard to wood-fibre insulation materials, the most important competitors in 2018 in the opinion of the company's management were Soprema with its Pavatex brand (France), Gutex (Germany), Homatherm (Germany - after bankruptcy now a brand of HOMANIT Building Materials), bestwood Schneider (Germany), Hunton (Norway) and Skano (Estonia).

Consolidation on the market for wood-fiber insulation materials is continuing. At the end of 2018, the competitor Homanit Building Materials (brand and former company name: Homatherm) discontinued its business operations. At the beginning of 2019, the competitor Soprema announced the discontinuation of Pavatex production at its Swiss site in Cham. The resulting lower competitive pressure is enabling the STEICO Group to compensate for increased input costs for the first time in years by implementing a moderate price increase across the entire product range as of 1 March 2019.

In terms of fibreboards, in STEICO's view the most important competitors in 2018 were Fibris (Poland), Homanit (Poland), Woodway Group (Russia), Huntonit (Norway) and Finnish Fibreboard (Finland).

STEICO SE's management believes that in 2018 its key competitors for I-joists are Metsä (Finland), Masonite (Sweden), as well as James Jones (United Kingdom).

The most important competitors for laminated veneer lumber in 2018 were Metsä (Finland), Stora Enso (Finland), Pollmeier (Germany), as well as MLT/Taleon Terra (Russia).

### II. COURSE OF BUSINESS

#### 1. KEY EVENTS IN 2018

##### New head of production

On 25 April 2018 the Supervisory Board announced the revocation of Mr. Steffen Zimny's appointment to the Board of Directors with immediate effect. Mr. Zimny had been responsible for production in STEICO SE's Board of Directors. Mr. Holger Jödecke, who has been a member of STEICO SE's board since March 2017, has taken over responsibility for Production.

##### Rising costs for energy and CO<sub>2</sub> certificates

During the course of 2018, the prices for emission certificates in EU emissions trading more than tripled. This had a disproportionate impact on both EBITDA and EBIT - due to

amortisation of CO<sub>2</sub> certificates already acquired. STEICO has been investing intensively in the use of biomass for years in order to counteract the rising costs of fossil fuels. For example, the use of coal has already been significantly reduced. Current investment projects include the construction of a fifth biomass boiler, the conversion of an existing coal boiler to biomass and the planned installation of a turbine for electricity generation.

#### **Increasing proportion of Natural Fiber Boards (hard fiber) as a component of I-joists**

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In addition to Natural Fiber Boards from our own production, other wood-based materials can also be used as web material for the joists. In recent years, larger quantities of OSB (Oriented Strand Board) joists have been sold. In 2018, however, there was a significant shift from OSB to Natural Fiber Boards. The above average use of Natural Fiber Boards as a component of I-joists explains the different growth in the production quantities and sales of Natural Fiber Boards.

# Group management report for STEICO SE as of 31 December 2018

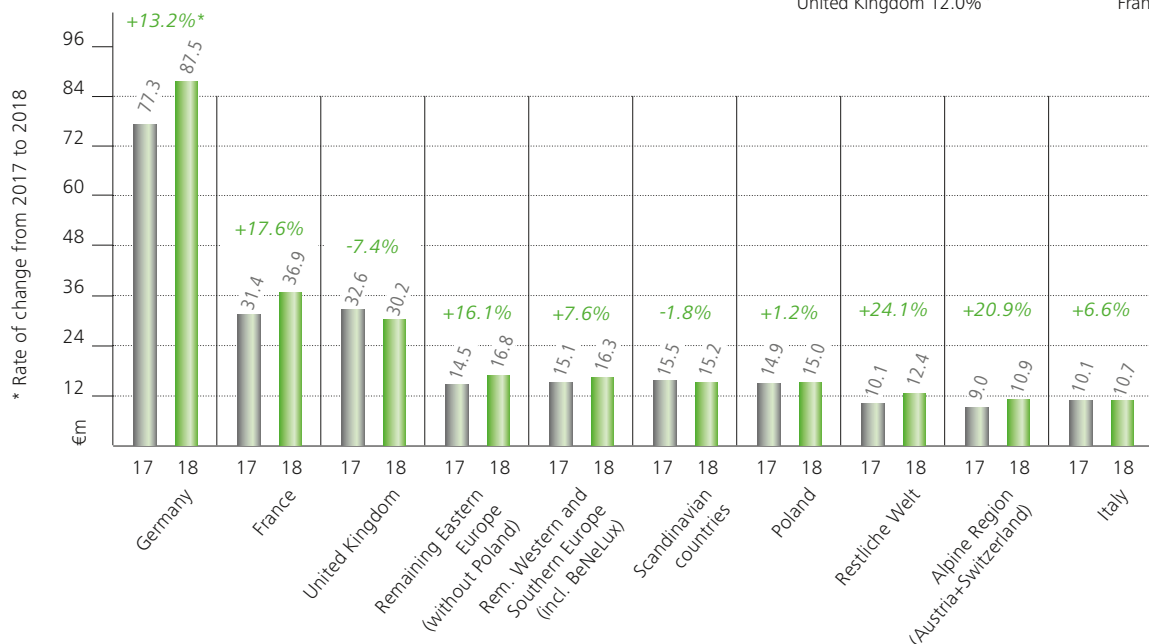
## 2. COURSE OF BUSINESS

In 2018 the STEICO Group was able to once again record revenue growth on most of its sales markets. It recorded substantial growth in two large continental European economies in Germany and France. France grew by 17.6%, establishing itself as the second-largest sales market. Germany, on the other hand, increased by 13.2%.

Sales in the United Kingdom fell by 7.4%. This is due to the bad weather at the beginning of the year, which significantly slowed down construction activity. In addition, the timber trading sector declined significantly. In the past, STEICO supported the sales of I-joists in the United Kingdom by offering complete "ceiling sets" for ceiling construction. In addition to I-joists, these also included adhesive materials and wood-based panels (chipboard or plywood panels) for floor superstructures. The wood-based panels were purchased in the Eurozone and sold in the United Kingdom. Due to the devaluation of the British pound as a result of the Brexit decision, the procurement costs of wood-based panels became more expensive for customers in the United Kingdom. As a result, many customers have decided to purchase wood-based panels directly from the respective manufacturers, which has reduced STEICO's sales of merchandise. In contrast, sales of I-joists in the United Kingdom even recorded slight growth.

The regions of the rest of Eastern Europe (excluding Poland) with a plus of 16.1%, the Alpine region (Austria, Switzerland,

**2018: 2018: Development revenues by market in € millions (252.0 Mio. € total)**



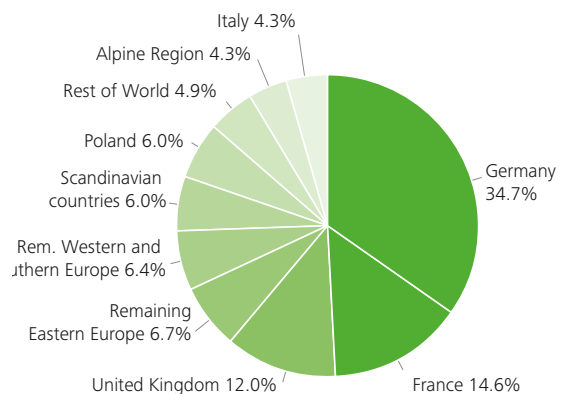
Liechtenstein) and the rest of the world with a growth rate of 20.9% were also able to show pleasing growth rates. In particular, the individual markets of Australia and South Africa grew positively.

Sales in the Scandinavian countries declined slightly by -1.8%. However, STEICO products are also being sold on a larger scale in Middle Eastern countries via distributors in the Scandinavian countries. The decline in sales is attributable in particular to weaker demand from these markets.

In total, the STEICO Group's revenues lifted by 9.4% to € 252.0 million (previous year: € 230.3 million).

In 2018 the STEICO Group recorded around 65.3% of its revenues outside its home market of Germany (previous year: 66.4%).

### 2018: Revenues by market



### 3. GROWTH IN THE PRODUCT SEGMENTS

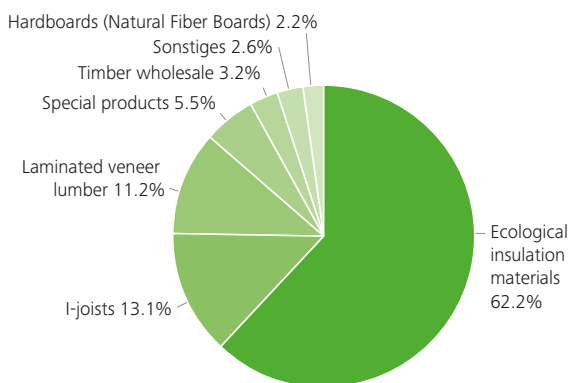
The sale of environmentally friendly insulation materials as well as air injected insulation and flooring constitutes STEICO's core business and contributed around 62.2% of the Group's total revenues in 2018 at € 156.6 million (previous year: € 141.7 million). This corresponds to an increase of 10.5%.

The sale of I-joists (construction products) was up slightly in 2018. As a result these products accounted for € 33.0 million of revenues or around 13.1% (previous year: € 32.0 million). This corresponds to an increase of 3.1%. In the United Kingdom, the main sales market for I-joists, a slight increase was recorded in terms of both volume and sales.

In addition, the sales markets in continental Europe and overseas also developed positively. In contrast to previous years, considerably more I-joists were sold with web material made from Natural Fiber Boards (hard fiber boards) produced in-house than with purchased wood-based materials such as OSB.

The sale of laminated veneer lumber contributed around 11.2% to total revenues in 2018 (€ 28.3 million; previous year: € 19.4 million). This corresponds to an increase of 45.9%. The increase in sales reflects the high demand for laminated veneer lumber, which was better served with the commissioning of the second production line at the end of 2017. Management expects further sales growth in 2019 due to further planned increases in production volumes.

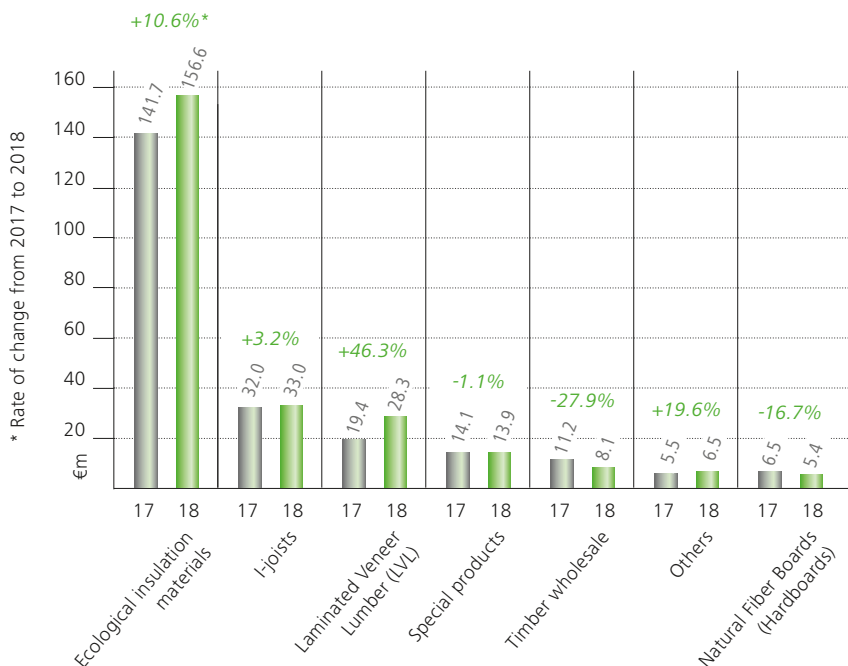
2018: Revenues by product segment



The Special Products segment almost matched the previous year's level and contributed € 13.9 million to total sales (previous year € 14.1 million). This thus accounts for 5.5% of sales and corresponds to a decrease of 1.4%.

Business with fibreboards (Natural Fibre Boards) was weaker in 2018 than in the previous year. Sales in this segment contributed around 2.2% to total revenues (€ 5.4 million; previous year: € 6.5 million). This corresponds to a decrease of 16.9%. This development reflects, among other things, the fact that the sale of hard fiberboards is no longer a strategic business area for the STEICO Group. In addition, hard fibre board is increasingly being used internally as a component of I-joists.

2018: 2018: Development revenues by products in € millions (252.0 Mio. € total)



The timber wholesale segment recorded a significant decline in sales. Timber wholesale contributed € 8.1 million to total revenues in 2018 (previous year: € 11.2 million). This corresponds to 3.2% of sales and a decrease of 27.7%. This downturn is due, in particular, the current reserved demand on the UK market.

In the "Miscellaneous" segment revenues of € 6.5 million were recorded in 2017 (previous year: € 5.5 million) This corresponds to an increase of 18.2%.

## 4. PRODUCTION

Due to changes in the allocation of individual products, there have been some minor changes in the previous year's figures.

### Wood-fibre insulation materials

On 31 December 2018 the STEICO Group had a total of seven state-of-the-art production lines for the production of stable wood-fibre insulation materials using the wet method. The output quantity was 165,313t (previous year: 164,375t). This corresponds to an increase of 0.6%. Four of the lines are installed in Czarnków and two lines are installed in Czarna Woda. A further line, which was previously located at the facility in Casteljaloux has been moved to Poland and is just about to go live.

Two further lines produce stable insulation material using the dry method. In 2018 a total of 54,793t of these products were produced (previous year: 52,999t). This corresponds to an increase of 3.4%. These lines are installed in the Czarnków facility.

As of 31 December 2018 four lines produced flexible wood-fibre insulation boards as well as cavity insulation made of wood fibres. Three of these lines are installed in the Czarnków facility, one is located in Casteljaloux. Two further lines produce cellulose cavity insulation at the facility in Czarnków. In 2018 a total of 69,139t of this cavity insulation material was produced (previous year: 51,179t). This corresponds to an increase of 35.1%.

In total, in 2018 294,365t of wood-fibre and cellulose insulation material was produced (previous year: 268,553t). This corresponds to an increase of 9.6% and proves the continuing trend to environmentally-friendly insulation materials. Hemp insulation materials are not listed due to their minor importance.

### Fibreboards

Two production lines in Czarna Woda continue to produce fibreboards. These lines primarily cover the requirements for fibreboards as a component of I-joists. In 2018, 36,623t were produced (previous year: 34,086t). This corresponds to an increase of 7.4%. The fact that the higher quantity produced is not also reflected in sales for hard fibreboards (see II.3.) is due to a significantly larger quantity of hard fibreboards being used as a component of I-joists in 2018 than in the previous years.

### I-joists

I-joists are produced in a production line in the Czarnków facility. Around 9,685trm (thousand running meters) were produced in 2018 (previous year around 9,007trm). This corresponds to an increase of 7.5%. In 2018, significantly more natural fibre boards were used as material for I-joists than in the past.

### Laminated veneer lumber

Laminated veneer lumber is produced on two lines in the Czarna Woda facility. The second line went live in the fourth quarter of 2017 and was still in the start-up phase in 2018. In 2018 a total of 112,967 cbm of this lumber material was produced (previous year: 79,306 cbm). This corresponds to an increase of 42.4%.

### Growth in production quantities for the STEICO Group

	STEICO Group 2018	STEICO Group 2017
<b>Insulation materials (total)</b>	<b>294,365</b>	<b>270,650</b>
Wood-fibre products and insulation boards (wet method) [t]	165,313	164,375
Stable wood-fibre insulation boards (wet method) [t]	54,793	52,999
Wood fibres and flexible wood-fibre insulation boards (dry method) and cellulose cavity insulation [t]	69,139	51,179
<b>Fibreboards [t]</b>	<b>36,623</b>	<b>34,086</b>
<b>I-joists (trm)</b>	<b>9,685</b>	<b>9,007</b>
<b>Laminated veneer lumber [cbm]</b>	<b>112,967</b>	<b>79,306</b>

## III. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

### 1. RESULTS OF OPERATIONS

As a leading production and marketing company for wood-fibre insulation materials in Europe the STEICO Group has been able to once again increase its revenues year-on-year. Revenues in the past fiscal year increased by 9.4% from € 230.3 million in 2017 to € 252.0 million.

The cost of materials ratio fell in 2018 to 56.1% (previous year: 58.4%) which is due to savings resulting from the excellent capacity uptake and also the company's own production of laminated veneer lumber. The personnel expenses ratio in 2018 was 17.3% (previous year: 17.2%) and is thus slightly higher than the previous year's level. This is due to the strategic staff increases for further growth and also the higher wage and salary costs, for example in Poland.

**Other operating expenses**

In € thousand	2018	2017
Write-downs of receivables	17	93
Building costs, rent, cleaning	1,086	807
Insurance, contributions, fees	2,835	2,618
Repairs and maintenance	4,715	4,111
Vehicle costs	3,216	2,699
Sales costs, advertising and travel expenses	3,526	3,393
Commission expenses	268	222
Operating costs	2,043	1,807
Administrative costs, IT	2,142	1,927
Telecommunication	225	254
Legal and consulting costs, court costs	651	598
Costs of preparing the annual financial statements	172	171
Currency translation and incidental costs for payments	2,652	2,800
Miscellaneous other operating expenses	4,474	3,162
<b>Total</b>	<b>28,022</b>	<b>24,662</b>

Other operating expenses amounted to € 28.0 million (previous year € 24.7 million) and developed disproportionately to the increase in total operating revenue, which is attributable in particular to the increase in other operating expenses. Exchange rates also impacted earnings as follows: Currency translation differences totalled around € 2,849 thousand under other operating income. This is offset by expenses from currency translation under other operating expenses of around € 2,317 thousand.

The financial result in 2018 was negative at € 1.2 million (previous year: € 1.1 million) and is mostly governed by the interest expenses due to financing the ongoing investment activities as part of the current syndicated credit agreement.

Last year's results are substantially in line with the original expectations. Both EBITDA and EBIT recorded above-average growth.

EBITDA was up 17.1% from € 37.9 million in the previous year to € 44.4 million. EBIT was 11.8% higher than in the previous year (€ 22.0 million) at € 24.6 million. The improvement in earnings is mostly due to the excellent operating output as well as the continued high capacity uptake for the production lines.

Total earnings (consolidated profits) amounted to € 16.2 million in 2017 (previous year: € 15.3 million). This corresponds to an increase of 5.9%.

**2. FINANCIAL POSITION AND NET ASSETS**

Total assets increased substantially as of 31 December 2018 to around € 313.1 million compared to 31 December 2017 (€ 298.7 million). Property, plant and equipment has increased to € 221.0 million (previous year: € 200.5 million), which is mostly due to the installation of another biomass boiler.

Inventories, on the other hand, rose at a disproportionately low rate, mainly due to optimized inventory management. Inventories totalled € 37.0 million on 31 December 2018 (previous year: € 35.0 million).

Receivables and other assets fell, despite higher sales, and totalled € 32.9 million (Q1 2017: € 34.0 million). This is due to factors including optimized receivables management and a downturn in other assets.

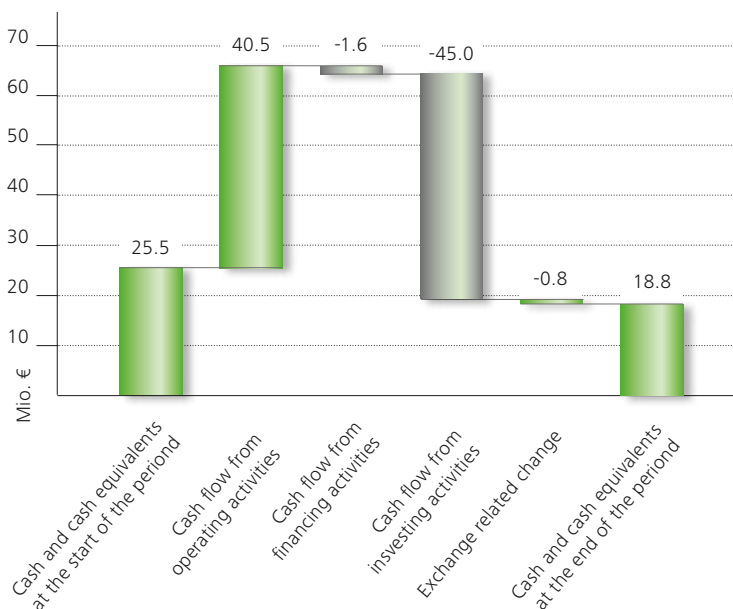
On 31 December 2018 the item cash in hand and bank balances amounted to € 18.8 million (31 December 2017: € 25.5 million). The decline is mainly attributable to the use of funds for further investments in property, plant and equipment.

On 31 December 2018 equity amounted to € 168.1 million (31 December 2017: € 161.0 million). This corresponds to an equity ratio of around 53.7%, slightly lower than the previous year's figure.

On the balance sheet date the group companies had free credit lines available of more than € 17.7 million at standard market conditions. In addition, a credit limit for currency forwards was granted in order to be able to perform the hedging transactions required for operating business.

## 3. LIQUIDITY

### 2018: Cash flows in € millions



#### Cash flow from operating activities

During the past fiscal year, the STEICO Group recorded a cash flow from operating activities of € 40.5 million (previous year: € 25.5 million). This increase is mostly due to trade accounts receivable as well as other assets which are not allocated to investing or financing activities, and also to the higher level of write-downs year-on-year.

#### Cash flow from investing activities

The cash flow from investing activities totaled € -45.0 million (previous year: € -46.0 million) and is mostly due to payments made for investments in property, plant and equipment. The investments for setting up a new biomass boiler account for the largest block of capital expenditure in 2018.

#### Cash flow from financing activities

The cash flow from financing activities is negative at € 1.6 million (previous year: € +27.6 million). It should be noted here that 2017 was still marked by the inflow of proceeds from the capital increase.

As of 31 December 2018 the STEICO Group's cash and cash equivalents totaled € 18.8 million (previous year: € 25.5 million), which are deposited in overnight money, fixed accounts and current accounts. The group pursues a risk-minimising investment approach which ensures that liquidity is guaranteed until it is used for further investments.

The planned total investment volume in 2019 is approx. € 35 million. The existing cash and cash equivalents and the net proceeds from the cash flow from operating activities as well as bank loans are used to finance this capital expenditure.

#### Summary of the economic position

In 2018 the STEICO Group's revenue growth was 9.4% and lower than the original expectations of around 15%. However, this is not due to a decline in demand for the ecological core products of the STEICO Group. One of the decisive factors was the loss of timber trading revenues in the United Kingdom. In addition, technical challenges still arose during the commissioning phase of the second production plant for laminated veneer lumber, so that the originally planned output quantities could not be achieved.

In terms EBIT, growth in the upper single-digit to low double-digit percentage range was originally forecast for 2018. The actual growth of 11.8% is in line with these expectations. The positive development was supported by both ecological insulating materials and construction products.

The STEICO Group enjoys a unique position as a system provider for environmentally-friendly construction, its extensive product range and its large, integrated production facilities - which means that it is excellently positioned for further growth. Both the income statement and also the balance sheet show a healthy group of companies with enormous growth potential. In addition, the STEICO Group's business success continues to depend on advantageous currency hedging for PLN/€. In fiscal year 2018 there was average hedging for the majority of goods purchased in PLN that was higher than the exchange rate in calculations of PLN 4.30/€. In total the STEICO Group has a future-oriented business model and solid finances, and in the view of the company's management it will continue its on-track growth over the long term.



## IV. FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

### 1. THE STEICO GROUP'S FINANCIAL INDICATORS AT A GLANCE:

In € thousand	2018	2017
Revenues	251,957	230,307
Total operating revenue	254,122	232,284
Gross profits	116,475	102,424
Personnel expenses	44,047	39,857
EBITDA	44,406	37,906
EBIT	24,563	22,019
Financial result	-1,227	-1,131
Earnings before taxes	23,336	20,888
Consolidated net income	16,160	15,267
Net change in cash and cash equivalents	-6,010	7,071
Total assets	313,086	298,705

In particular revenues and EBIT are used as indicators for the internal control of the group

### 2. NON-FINANCIAL PERFORMANCE INDICATORS

#### Environmental protection

As a sales company with an extensive product range of environmentally friendly products, the STEICO Group attaches great importance to having a low environmental impact and saving natural resources. The wood from which STEICO's products are made originates from sustainably managed forests, which are mostly certified according to the well-known organisations FSC® (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification Schemes).

The IBR® seal means that STEICO's insulation materials have a recognised seal of quality for environmentally friendly, safe and functional construction products. In addition, STEICO SE holds an environmental product declaration (EPD) for wood fibre insulation materials which offers additional proof of its dedication to sustainability.

Products from STEICO's range are tested regularly by the well-known consumer magazine ÖKO-TEST and have always received the grade of "very good" in the past. In the last test in August 2017 the product "STEICOzell" once again received a grade of "excellent".

Protecting the environment is one of the key basic pillars of STEICO's corporate philosophy. The STEICO Group uses its activities and awards to show that growth and sustainability

can go hand in hand and thus reinforces its position as one of the leading companies for environmentally friendly construction products.

#### Staff

In 2018 the STEICO Group had an average of 1,628 employees (without suspended employees) (previous year: 1,540). The STEICO Group's employees play a key role in the group's long-term success. STEICO companies aim to acquire highly qualified staff and keep them in the group. This is based on an open corporate culture, which is based on flat hierarchies, respect and a willingness to perform. Training activities are actively promoted to reinforce employee loyalty.

### C. REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

No particular events occurred between the balance sheet date and preparation of the STEICO Group's consolidated financial statements.

### D. OPPORTUNITY AND RISK REPORT, FORECAST

The following comments in the opportunity and risk report and in the forecast are, by their very nature, associated with a certain degree of forecasting uncertainty.

#### I. RISK MANAGEMENT SYSTEM

Entrepreneurial activities are always associated with risks. As a result, consciously entering into risks is a necessary pre-requisite for the company's overall success. This means that the STEICO Group has a risk management system which recognises risks at an early stage, allowing countermeasures to be put in place in good time. Risks from production and procurement are primarily to be found with the subsidiaries STEICO Spółka z o.o. (Poland), STEICO Joist Spółka z o.o. (Poland) and STEICO Casteljalous S.A.S. (France), however these can have a direct impact on STEICO SE: Risks are monitored and controlled at the subsidiaries. Changes or critical developments are reported to STEICO SE's management. The risk management system is constantly tested to make sure that this is up to date and adjusted if required in order to meet the requirements for a company listed in OTC trading and the requirements of the German Public Limited Companies Act.

## II. RISKS OF FUTURE GROWTH

### 1. DEPENDENCY ON THE ECONOMY AND THE GROWTH OF THE CONSTRUCTION AND CONSTRUCTION MATERIALS INDUSTRY.

As a company in the construction materials industry the STEICO Group depends on factors including overall economic development and also the growth of the European construction industry. The STEICO Group operates on a niche market which has proved to be very robust in the past with regard to economic fluctuations - however an ongoing recession on key markets or a longer-term downturn in construction activities could depress the group's revenues and earnings.

### 2. PRODUCTION RISKS

As a production and distribution company, the STEICO Group depends on the reliable operation of the installed production equipment and taking new production lines into operation smoothly at the manufacturing subsidiaries. Risks that could impact production include, in particular, force majeure as a result of fire or flooding, technical failure or the failure to obtain or withdrawal of licenses from the authorities to operate the equipment. Environmental pollution from emissions or disruptions to operations and thus the resulting downtime for equipment cannot be ruled out. The STEICO Group combats these risks with regular maintenance, precautionary construction and organisational activities and it has also concluded corresponding insurance policies. In addition it is in close contact with the licensing authorities.

### 3. LOCATION RISKS

In 2018 the STEICO Group had manufacturing activities at three locations and thus used various location advantages. Depending on its position, the choice of a location can also be associated with risks, for example exchange rate fluctuations or regionally higher prices for raw materials and energy. As the STEICO Group produces light, high-volume insulation material, the proximity of its production facilities and sales markets is a key strategic success factor. Setting up new locations - by developing locations or making acquisitions - to ensure future growth can, however, also be associated with risks, for example with financing risks, personnel risks, production or organisational risks.

### 4. RISKS FROM INVESTMENTS BY OTHER MANUFACTURERS

The STEICO Group operates in a dynamic market

environment. As the leading company for wood fibre insulation materials, the STEICO Group is thus in constant competition with other European manufacturers. Extensive new investments by competitors to build up additional capacity could lead to price reductions over the medium term, or lower uptake for STEICO's production capacity. This, in turn, could depress the STEICO Group's profits. However, STEICO has been able to establish substantial barriers in order to protect and expand its position on the market. These include, for example, an efficient sales organisation with access to the key sales markets and market entry barriers for its manufacturing subsidiaries such as production and development expertise, the most extensive product range in the industry, a large number of construction supervision licenses as well as a modern fleet of equipment with production capacity that can be used flexibly.

### 5. EXCHANGE RATE RISKS

There are exchange rate risks as the STEICO Group mostly produced its goods in 2018 in Poland and thus in the Zloty currency zone. As its products are sold internationally and thus invoiced in euros as well as in other currencies, for example sterling and US dollars, exchange rate fluctuations could thus have a negative impact on the STEICO Group. The STEICO Group observes and evaluates exchange rate fluctuations as part of its risk management system and performs exchange rate hedging on a regular basis with the aim of creating the most stable basis for calculations possible for the STEICO Group.

### 6. DEPENDENCIES/RISKS FROM EXCHANGE RATE HEDGING

The exchange rate hedges use structured currency forwards in PLN, sterling and US dollars with, in some cases, variable nominals, exchange rate swaps and interest rate swaps with currency options. These offer the opportunity of lower priced exchange rate hedging compared to traditional transactions. At the same time, these can result in income and liquidity risks for the STEICO Group in line with the complex structure of the contracts' content, or also the removal of hedged quantities on the other hand, which could occur depending on the respective development of the exchange rate in particular between the Polish Zloty as the key foreign currency on the procurement side, and Euros.

### 7. RISKS FROM COMPETITION WITH OTHER MANUFACTURERS AND DUE TO PRODUCT LIABILITY

Lower revenues could result if existing customers decide to use competitors' products. This could be primarily due

to delivery bottlenecks or quality defects, as well as an incorrect product or price policy. However, forward-looking production planning, a well-functioning logistics system, in-depth quality management (ISO 9001:2015 certification for STEICO Spółka z o.o) as well as in-depth observation of market developments minimise these risks. In addition there is insurance in the event of product liability for all of the companies in the STEICO Group.

#### 8. RISKS OF DEPENDENCIES ON KEY CUSTOMERS

The risk of customer dependencies is limited by the large number of customers and their balanced share of total revenues. For example, during the year under review no single customer accounted for more than 3.2% of the STEICO Group's total revenues. The STEICO Group recorded 20.1% of its revenues with its ten largest customers, which means that there is also no dependency on a single customer in this regard.

#### 9. RISKS FROM SUPPLIER DEPENDENCIES

In addition to the products it produces itself, the STEICO Group sells a range of merchandise, for example products for sealing the building shell. It is not possible to change suppliers quickly for all of the products. As a result, difficulties encountered by the manufacturer in making deliveries could impact the company's success. Management constantly observes business relationships with STEICO's partners and if required it reviews alternatives, for example procuring replacements or producing the items in house. This aims to ensure that the loss of individual suppliers does not have any long-term negative impact.

#### 10. RISKS FROM LOST RECEIVABLES

Defaults on receivables constitute an additional operating risk which could restrict the group's liquidity. However, outstanding receivables are mostly hedged under a credit sale insurance policy, which minimises this risk. There were no notable receivables defaults in 2018.

#### 11. RISKS FROM FINANCING REQUIREMENTS

In order to realise the growth planned by management, financing is also required in addition to the profits recorded and the cash and cash equivalents available. The provision and receipt of this financing is subject to various risks, such as creditworthiness and the capital markets risk. As a rule, investment projects are only released when financing has been secured. Delays in the procurement of suitable financing for investment projects in future could lead to delays in or the discontinuation of planned investment projects.

#### 12. DEPENDENCY ON PERSONS IN KEY POSITIONS

In order to reach its entrepreneurial targets, it is of key importance for the STEICO Group to acquire and retain qualified staff. This relates to both executive positions and also, in particular, qualified staff in the respective departments. The STEICO Group aims to transfer key employees' experience and contacts to other employees and it is in constant contact with various institutions, for example with educational establishments, in order to acquire qualified staff.

#### 13. RISKS FROM THE ORGANISATIONAL AND WORK-FLOW STRUCTURE

As part of the constant expansion of its business and its internationalisation the STEICO Group believes that it is exposed to increasing complexity. This relates to both administration and also its organisational structures. In order to also ensure smooth business processes in future, responsibilities and work-flows are reviewed regularly and, if necessary, staff structures are realigned. This is coupled with increased administration requirements as part of the listing on the Frankfurt and Munich stock exchanges. This is associated with reporting and publication requirements. Failure to uphold these could result in, for example, penalisation under stock market law. In order to combat this risk, the STEICO Group has put the requisite organisational processes in place and created clear responsibilities.

#### 14. RISKS FROM LITIGATION

Potential litigation could also constitute a risk for the operating result. However, there were no ongoing cases in 2018 which could have a negative impact on the course of the STEICO Group's business or which could have a future negative impact.

## III. OPPORTUNITIES FROM FUTURE GROWTH

Based on the broad product range and the ongoing product developments the STEICO Group is planning to further expand its revenues and market shares in the coming years. In so doing, in the opinion of the company's management, it can benefit from the following central development opportunities:

### 1. OPPORTUNITIES DUE TO GROWING DEMAND FOR NATURAL INSULATION MATERIALS

As the European market leader for environmentally friendly insulation materials made of wood fibres STEICO SE is benefiting to a particularly great extent from the continued increase in demand for environmentally friendly insulation materials. The wide ranging physical advantages for construction such as protection from summer heat, vapour permeability and protection from damage from damp are being focused on by builders. In addition, throughout Europe, requirements for energy efficiency in buildings are constantly being heightened. The company's management believes that there is particular market potential in the increasing energy-related renovation of existing buildings. The EU Buildings Directive was revised in 2018. In addition to a further improvement in energy standards for new buildings, the focus is also on increasing the quota for energy-related refurbishments.

### 2. OPPORTUNITIES DUE TO GROWING DEMAND FOR CONSTRUCTIVE BUILDING PRODUCTS

The STEICO Group also operates on the market for constructive building elements by selling I-joists and laminated veneer lumber. These products are used as replacements for structural timber and glued laminated timber and are an economic alternative - for both timber frame construction and also in concrete structures, for example for ceiling constructions or for facade renovation. As a result of their product characteristics (including reducing thermal bridges, dimensional stability, low own weight and excellent static properties) STEICO's construction products are used in walls, roofs, ceilings and floors. At the same time, they are designed to be used with STEICO's insulation products, which means that we can offer customers an optimised construction and insulation system - almost the entire building shell from a single source.

STEICO has a unique position in the industry with its own construction system, it develops new sales markets and at the same time it reduces its dependency on individual segments. There are additional advantages for customers,

such as the possibility to optimise freight thanks to mixed loads of insulation and construction materials.

### 3. OPPORTUNITIES DUE TO EXTENSIVE VERTICAL INTEGRATION

The STEICO Group sells merchandise as a supplement to the goods it produces itself on several markets. At present these products are air sealant films and components for composite thermal insulation systems. STEICO checks these goods constantly for their revenue and earnings growth as well as their importance in the STEICO construction system. Wherever it appears to be pertinent over the long term, STEICO invests in its own production, as is the case, for example, for laminated veneer lumber, in order to reduce dependencies and improve margins.

### 4. OPPORTUNITIES DUE TO THE INTRODUCTION OF NEW PRODUCTS.

As an innovative, high-growth company STEICO constantly further develops its product range. In addition to further developing its integrated construction and insulation system the focus is also on specialty and industrial products which can be produced using STEICO's production equipment. In the opinion of the company's management, this opens up further areas of application, allowing the product range to be supplemented by additional, high-margin products.

### 5. OPPORTUNITIES FROM FURTHER INTERNATIONALISATION

In addition to expanding the product range, internationalisation also offers opportunities for increasing revenues. In 2018 the STEICO Group recorded around 65.3% of its revenues outside its home market of Germany. In the short term, German-speaking countries, France and the USA in particular offer opportunities for growth. Over the long term the Eastern European countries could develop to become an attractive market for STEICO's product ranges for insulation materials and I-joists. The planned establishment and expansion of sales channels and the expanded production capacity will thus allow new growth potential to be developed.

### 6. OPPORTUNITIES FROM PROCESS OPTIMISATION AND INCREASES TO EFFICIENCY

The STEICO Group constantly reviews its processes for procurement, production, administration and sales and optimises these to generate further improvements in efficiency as well as to gain synergy effects. For example, STEICO constantly invests in automating production and

in digitalisation, process optimisation and making its administrative structures even leaner, with the aim of establishing STEICO as the industry-wide cost leader.

Feldkirchen, 12 April 2019

Udo Schramek      Holger Jödecke      Uwe Klaus Lange

Dr. David Meyer      Milorad Rusmir      Heiko Seibert

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#### IV. FORECAST

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The management is very positive about 2019. Both Germany and the other core markets are characterised by stable construction activity at a high level and a dynamic timber construction sector. On the other hand there is still uncertainty concerning the further development of the "Brexit", which is being closely monitored by STEICO's management.

Thanks to new capacities for wood fiber insulating materials and capacity reserves for laminated veneer timber, the STEICO Group is excellently positioned to continue its growth. The Board of Directors therefore believes that revenues will lift by more than 10% with an EBIT ratio of between 9% and 10% (in terms of total operating revenue).

The company management sees the basis for this in the newly created production capacities, which underpin further growth. These include the new production facilities for flexible wood fiber insulating materials and for solid wood fiber insulating boards (dry method), which went into operation in 2018. In addition, laminated veneer lumber production also offers capacity reserves.

The company's management believes that the market will continue to revitalise as a result of European law. The EU Buildings Directive was revised in 2018. The new Directive on Energy Performance in Buildings (EPBD 2018) aims, inter alia, to accelerate the energy-efficient refurbishment of existing buildings and to make new buildings even more energy-efficient. This will set the energy standards for buildings until 2030, which should lead to further demand for insulation materials.

The company's management expects additional growth potential from the continued internationalisation of its business as well as the ongoing development of special products.

In terms of currencies, the operational forecast for 2019 is for goods to be purchased in the Polish facilities with an average PLN/€ exchange rate of 4.26 to 4.30. Currency hedges ensure that the requisite quantities of PLN can be acquired at an average exchange rate significantly higher than PLN/€ 4.30.

# STEICO Group consolidated income statement

## 1 January - 31 December 2018

	2018	2017
	€	€
1. Revenues	251,956,843.30	230,307,079.65
2. Increase in finished goods and work in progress	2,094,901.93	1,347,405.18
3. Other own work capitalised	69,901.20	629,355.29
	<b>254,121,646.43</b>	<b>232,283,840.12</b>
4. Other operating income		
- of which from currency translation: € 2,849 thousand (previous year: € 3,197 thousand)	4,808,905.16	5,835,397.43
	<b>258,930,551.59</b>	<b>238,119,237.55</b>
5. Cost of materials		
a) Cost of raw materials, consumables and supplies and for purchased goods	-141,154,140.12	-134,327,677.13
b) Cost of purchased services	-1,301,803.83	-1,367,064.63
<b>6. Gross profits</b>	<b>116,474,607.64</b>	<b>102,424,495.79</b>
7. Personnel expenses		
a) Wages and salaries	-35,538,735.40	-32,329,514.12
b) Social security and expenses for retirement benefits		
- of which for retirement benefits: € 827 thousand (previous year: € 645 thousand)	-8,508,062.86	-7,527,258.47
8. Amortisation of intangible fixed assets and depreciation of tangible fixed assets	-19,842,802.23	-15,886,934.71
9. Other operating expenses		
- of which from currency translation: € 2,317 thousand (previous year: € 1,934 thousand)	-28,021,924.39	-24,661,567.92
<b>10. EBIT</b>	<b>24,563,082.76</b>	<b>22,019,220.57</b>
11. Other interest and similar income	552,401.09	566,905.16
12. Interest and similar expenses	-1,778,699.35	-1,698,171.10
<b>13. Financial result</b>	<b>-1,226,298.26</b>	<b>-1,131,265.94</b>
<b>14. Earnings before taxes</b>	<b>23,336,784.50</b>	<b>20,887,954.63</b>
15. Income taxes	-5,000,484.63	-3,693,907.90
<b>16. Earnings after taxes</b>	<b>18,336,299.87</b>	<b>17,194,046.73</b>
17. Other taxes	-2,176,202.41	-1,926,916.02
<b>18. Consolidated net income</b>	<b>16,160,097.46</b>	<b>15,267,130.71</b>
19. Profit carried forward from previous year	35,519,612.38	23,210,009.32
<b>20. Consolidated profits</b>	<b>51,679,709.84</b>	<b>38,477,140.03</b>

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# STEICO Consolidated Balance Sheet as of 31 December 2018

## ASSETS

	31 Dec. 2018	31 Dec. 2017
	€	€
<b>A. NON-CURRENT ASSETS</b>		
<b>I. Intangible assets</b>		
1. Acquired concessions, industrial property rights and similar rights and assets as well as licenses for such rights and assets.	1,248,923.87	1,486,642.13
2. Advance payments made	186,648.66	112,811.98
	<b>1,435,572.53</b>	<b>1,599,454.11</b>
<b>II. Property, plant and equipment</b>		
1. Land, land rights and buildings including buildings on third-party land	59,399,792.42	58,131,637.96
2. Technical plant and machinery	117,811,554.29	114,561,500.50
3. Other assets, operating and office equipment	2,497,207.98	2,238,882.29
4. Advances made and assets under construction	41,301,431.22	25,560,606.86
	<b>221,009,985.91</b>	<b>200,492,627.61</b>
<b>III. Financial assets</b>		
1. Interests in affiliated companies	2,076.07	2,137.90
2. Loans to affiliated companies	9,531.78	8,618.62
3. Other loans	211,700.00	211,700.00
	<b>223,307.85</b>	<b>222,456.52</b>
	<b>222,668,866.29</b>	<b>202,314,538.24</b>
<b>B. CURRENT ASSETS</b>		
<b>I. Inventories</b>		
1. Raw materials, consumables and supplies	20,143,087.22	19,701,537.91
2. Work in progress	1,570,822.17	1,551,738.21
3. Finished goods and merchandise	15,145,583.93	13,642,413.78
4. Advance payments made	132,325.48	117,593.61
	<b>36,991,818.80</b>	<b>35,013,283.51</b>
<b>II. Receivables and other assets</b>		
1. Trade receivables	20,967,996.79	20,878,931.17
2. Receivables from affiliated companies	11,454.86	8,119.62
3. Other assets	11,919,211.65	13,076,691.51
	<b>32,898,663.30</b>	<b>33,963,742.30</b>
<b>III. Securities</b>		
Other securities	3,354.07	43,247.15
<b>IV. Cash in hand and bank balances</b>		
	<b>18,763,869.87</b>	<b>25,528,972.69</b>
	<b>88,657,706.04</b>	<b>94,549,245.65</b>
<b>C. DEFERRED INCOME</b>	<b>571,312.01</b>	<b>783,434.02</b>
<b>D. DEFERRED TAX ASSETS</b>	<b>1,187,706.66</b>	<b>1,057,860.97</b>
	<b>313,085,591.00</b>	<b>298,705,078.88</b>



## EQUITY AND LIABILITIES

	31 Dec. 2018	31 Dec. 2017
	€	€
<b>A. EQUITY</b>		
I. Subscribed capital	14,083,465.00	14,083,465.00
II. Additional paid-in capital	104,911,923.60	104,911,923.60
III. Retained earnings Other retained earnings	7,050,000.00	7,050,000.00
IV. Difference in equity from currency translation	-9,615,513.60	-3,510,567.38
V. Consolidated profits	51,679,709.84	38,477,140.03
	<b>168,109,584.84</b>	<b>161,011,961.25</b>
<b>B. PROVISIONS</b>		
1. Provisions for pensions and similar obligations	3,160,755.93	2,654,868.25
2. Provisions for taxes	3,212,869.37	2,495,304.17
3. Other provisions	9,561,933.76	8,794,599.06
	<b>15,935,559.06</b>	<b>13,944,771.48</b>
<b>C. LIABILITIES</b>		
1. Liabilities to banks	93,571,808.00	90,651,559.11
2. Advance payments received on account of orders	168,524.05	129,592.50
3. Trade payables	24,132,879.29	22,715,554.38
4. Other liabilities - of which from taxes: € 2,952 thousand (previous year: € 1,798 thousand) - of which for social security: € 2,146 thousand (previous year: € 2,464 thousand)	9,819,457.01	8,807,131.88
	<b>127,692,668.35</b>	<b>122,303,837.87</b>
<b>D. DEFERRED INCOME</b>		
	6,620.83	6,818.01
<b>E. DEFERRED TAX LIABILITIES</b>		
	1,341,157.92	1,437,690.27
	<b>313,085,591.00</b>	<b>298,705,078.88</b>

# STEICO Consolidated cash flow statement for fiscal year 2018

	2018	2017
	€	€
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>		
1. Earnings for the period (consolidated net income/loss)	16,160,097.46	15,267,130.71
2. +/- Amortization/depreciation of non-current assets	19,842,802.23	15,886,934.71
3. +/- Increase/decrease in provisions	1,193,811.38	957,107.51
4. +/- Other non-cash expense/income	-69,901.20	-629,355.29
5. +/- Increase/decrease in inventories, trade receivables and other assets that are not allocated to investing or financing activities	-661,441.20	-11,856,304.77
6. +/- Increase/decrease in trade payables and other liabilities that are not allocated to investing or financing activities	2,468,384.41	3,893,269.12
7. +/- Gains/losses from the disposal of non-current assets	56,716.11	179,994.05
8. +/- Interest expense/income	1,039,876.04	1,026,857.94
9. +/- Income tax expense/income	5,000,484.63	3,693,907.90
10. +/- Income tax payments	-4,509,297.47	-2,925,601.98
<b>11. = Cash flow from operating activities</b>	<b>40,521,532.39</b>	<b>25,493,939.90</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>		
1. - Payments made for investments in intangible non-current assets	-1,677,122.98	-1,168,749.03
2. + Proceeds received from disposals of items of property, plant and equipment	1,729,474.91	243,289.63
3. - Payments made for investments in property, plant and equipment	-45,585,553.06	-45,626,564.92
4. + Proceeds received from disposals of financial assets	0.00	0.01
5. - Payments made for investments in financial assets	-1,171.40	0.00
6. + Interest received	552,401.09	566,905.16
<b>7. = Cash flow from investing activities</b>	<b>-44,981,971.44</b>	<b>-45,985,119.15</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>		
1. Proceeds received from additions to equity by shareholders of the parent company	0.00	24,966,142.45
2. + Proceeds received from taking out (financial) loans	16,042,500.89	16,500,044.11
3. - Payments made from redeeming bonds and (financial) loans	-13,122,252.00	-9,997,246.00
4. - Interest paid	-1,512,866.13	-1,601,883.10
5. - Dividends paid to shareholders of the parent company	-2,957,527.65	-2,304,567.00
<b>6. = Cash flow from financing activities</b>	<b>-1,550,144.89</b>	<b>27,562,490.46</b>
<b>IV. CASH AND CASH EQUIVALENTS</b>		
1. Net change in cash and cash equivalents	-6,010,583.94	7,071,311.21
2. +/- Exchange-rate related change in cash and cash equivalents	-754,518.88	847,580.07
3. + Cash and cash equivalents - start of period	25,528,972.69	17,610,081.41
<b>4. = Cash and cash equivalents - end of period</b>	<b>18,763,869.87</b>	<b>25,528,972.69</b>

# STEICO consolidated statement of changes in equity for fiscal year 2018

	S subscribed capital	Reserves		Difference in equity from currency translation	Consolidated profits	Consolidated equity
		Additional paid-in capital	Other retained earnings			
	€	€	€	€	€	€
<b>On 1 January 2017</b>	12,803,150.00	81,226,096.15	7,050,000.00	-12,489,603.39	25,514,576.32	114,104,219.08
Dividends paid					-2,304,567.00	-2,304,567.00
Capital increase	1,280,315.00	23,685,827.45				24,966,142.45
Currency translation				8,979,036.01		8,979,036.01
Consolidated net income					15,267,130.71	15,267,130.71
<b>On 31 December 2017</b>	14,083,465.00	104,911,923.60	7,050,000.00	-3,510,567.38	38,477,140.03	161,011,961.25
<b>On 31 December 2018</b>	14,083,465.00	104,911,923.60	7,050,000.00	-3,510,567.38	38,477,140.03	161,011,961.25
Dividends paid					-2,957,527.65	-2,957,527.65
Currency translation				-6,104,946.22		-6,104,946.22
Consolidated net income					16,160,097.46	16,160,097.46
<b>On 31 December 2018</b>	14,083,465.00	104,911,923.60	7,050,000.00	-9,615,513.60	51,679,709.84	168,109,584.84

# STEICO Notes to the consolidated financial statements as of 30 June 2018

## I. GENERAL INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. LEGAL FOUNDATIONS

The regulations set out in Sections 290 ff. of the Handelsgesetzbuch (HGB - German Commercial Code) apply for the consolidated financial statements. The consolidated financial statements are prepared based on legal requirements.

STEICO SE is registered in the commercial register at Munich Local Court with number HRB 195871.

The company's registered office is Otto-Lilienthal-Ring 30, 85622 Feldkirchen.

### 2. GROUP STRUCTURE AND GROUP OF CONSOLIDATED COMPANIES

STEICO SE is obliged to prepare consolidated financial statements. With regards to consolidation STEICO SE follows the provisions of Sections 290 ff of the HGB. The balance date for the consolidated financial statements is the balance date for the annual financial statements for the parent company (Section 299 (1) of the HGB). The annual financial statements for the companies included in the consolidated financial statements were also prepared as of the 31 December 2017 (Section 299 (2) of the HGB). The consolidated financial statements were prepared using the annual financial statements for the companies included in consolidation. Seven (previous year: seven) subsidiaries are fully consolidated in the consolidated financial statements. Seven (previous year: seven) affiliated companies were not included in consolidation.

### 3. CONSOLIDATED ACCOUNTING AND VALUATION METHODS

The Group applies the principles of the German Commercial Code for its accounting and valuation methods. According to Section 308 (1) of the HGB, the assets and liabilities included on the consolidated balance sheet are subject to a uniform valuation in line with the valuation methods which apply for the parent company's annual financial statements.

The consolidated balance sheet and consolidated income statement are classified according to Sections 266, 275 (2) of the HGB in connection with Section 298 of the HGB.

The following individual accounting and valuation methods were applied:

Internally generated intangible assets are capitalised at cost and subject to scheduled amortisation over their expected useful lives. Patents, concessions, licenses and software are written down over 2-5 years, rights of usufruct are written down over 20 years.

Property, plant and equipment is valued at cost according to Section 253 of the HGB in connection with Section 255 of the HGB, less scheduled depreciation in line with the standard useful lives in the industry. During the year under review interest for borrowing which serves to finance technical equipment and machinery and which is due to their period of manufacture in the amount of € 0 thousand is capitalised as a component of manufacturing costs.

Buildings are depreciated using the straight-line method, with both the straight-line and declining balance methods being used for machines. Office equipment and IT hardware is written down using both the straight-line and declining balance methods. Movable fixed assets are depreciated over their useful lives of 3-19 years and buildings and outdoor facilities over 33 and 19 years, respectively.

Low-value items of property, plant and equipment with acquisition costs of up to € 410 have been written off immediately through profit and loss since 1 January 2011.

As a rule, financial assets are carried at cost or, in the event of permanent impairment, at their lower fair value on the balance sheet date.

If the reasons for maintaining a lower carrying amount no longer apply, these are written up according to Section 253 (5) sentence 1 of the HGB.

Inventories are measured at cost. Items with impaired marketability are written down to their lower fair value.

As a rule, receivables and other assets are carried at face value.

In order to cover the risk of default, individual and lump-sum write-downs are formed for receivables to the extent required. When forming individual write-downs, the company takes into account the fact that some receivables are covered by commercial credit insurance.

Securities under current assets are carried at acquisition cost or at their lower fair value.

Cash in hand and bank balances are carried at face value.

Expenses prior to the balance sheet date that relate to expenses for a limited period after the balance sheet date are carried as prepaid expenses. The accounting option offered in Section 250 (3) Sentence 1 of the HGB to form a discount

has been used. The item is reversed using the straight-line method in line with time.

Deferred tax assets result from temporary differences between tax losses carried forwards and consolidation. The tax relief resulting at an individual company level has been capitalised according to the option offered in Section 274 of the HGB.

Provisions for pensions are calculated on the balance sheet date in line with Section 253 (2) of the HGB using the projected unit credit method based on an average market interest rate and an assumed residual period of 15 years. This is announced by Deutsche Bundesbank in line with the corresponding legal provisions. On the balance sheet date this liability was netted with the re-insurance in line with Section 246 (2) Sentence 2 of the HGB. The netted assets are valued at fair value according to Section 253 (1) Sentence 4 of the HGB.

Provisions for taxes and all other provisions are formed for all recognizable risks and uncertain liabilities in the amount required for fulfillment according to prudent commercial judgement. The amount required for fulfillment is calculated taking future price and cost increases into account.

Provisions with a remaining term of more than one year are discounted over their remaining term in line with the average market interest rate for the past seven fiscal years (Section 253 (2) Sentence 1 of the HGB).

Liabilities are included at their repayment amounts.

Deferred tax liabilities result from temporary differences to the carrying amounts in the tax base for the companies included.

#### 4. CURRENCY TRANSLATION

Receivables and liabilities denominated in foreign currencies are translated using the exchange rate on the date of the transaction. Assets and liabilities denominated in foreign currencies with a residual period of less than one year are subsequently valued on the balance sheet date using the average spot exchange rate on the balance sheet date.

Foreign statements prepared in foreign currencies for the Group's subsidiaries in Poland and England are translated using the "modified balance sheet date method" set out in Section 308a of the HGB.

- With the exception of equity, items on the balance sheet are translated using the rate on the balance sheet date;
- Items in the income statement are translated using the average exchange rate for the fiscal year;

- Equity is translated using historical exchange rates.

The parent company's functional currency is the group's currency (euros).

Differences in the consolidation of liabilities resulting from exchange rates are taken directly to equity under Currency translation differences.

#### The exchange rates for PLN/€ are:

Closing rate on 31 December 2018:	4.30140
Average rate in 2018:	4.26839

#### The exchange rates for PLN/€ are:

Closing rate on 31 December 2018:	0.89453
Average rate in 2018:	0.88595

#### 5. CAPITAL CONSOLIDATION (SECTIONS 301, 309 OF THE HGB)

The capital of STEICO Sp. z o.o, SW Solar Czarna Woda Sp. z o.o., STEICO CEE Sp. z o.o, STEICO France SAS and STEICO UK Ltd. was consolidated according to Section 301 (1) No. 1 of the HGB according to the so-called book-value method. The capital of STEICO Casteljaloux SAS and STEICO JOIST Sp. z o.o was consolidated according to Section 310 (1) sentence 2 of the HGB according to the so-called revaluation method.

#### 6. CONSOLIDATION OF INTERCOMPANY BALANCES (SECTION 303 OF THE HGB)

For the consolidation of intercompany balances the receivables and liabilities between the group companies were netted. Any exchange rate differences occurring during the consolidation of debt were taken directly to equity.

#### 7. TREATMENT OF INTERCOMPANY PROFITS (SECTION 304 OF THE HGB)

Intercompany profits from deliveries and services which are not realised from a Group perspective are eliminated in the consolidated financial statements.

#### 8. CONSOLIDATION OF INCOME AND EXPENSE

As part of the consolidation of income and expense all of the intra-group revenues from deliveries effected and services provided and other performance relationships are eliminated.

# STEICO Notes to the consolidated financial statements as of 31 December 2018

## II. INFORMATION ON THE CONSOLIDATED BALANCE SHEET

### 1. NON-CURRENT ASSETS

The changes in non-current assets in fiscal year 2018 can be seen in the statement of changes in non-current assets below (Section 284 (3) of the HGB).

#### Statement of changes in non-current assets

	Balance as of 1 January 2018 €	Acquisition and historical cost				Exchange rate diff. 2018 €	Balance as of 31 December 2018 €
		Additions 2018 €	Disposals 2018 €	Reclassifications 2018 €			
<b>I. INTANGIBLE ASSETS</b>							
1. Acquired concessions, industrial property rights and similar rights and assets as well as licenses for such rights and assets.	7,704,135.50	1,603,286.30	86,905.88	0.00	-102,582.89	9,117,933.03	
2. Advance payments made	112,811.98	73,836.68	0.00	0.00	0.00	186,648.66	
<b>Total intangible assets</b>	<b>7,816,947.48</b>	<b>1,677,122.98</b>	<b>86,905.88</b>	<b>0.00</b>	<b>-102,582.89</b>	<b>9,304,581.69</b>	
<b>II. PROPERTY, PLANT AND EQUIPMENT</b>							
1. Land, land rights and buildings including buildings on third-party land	76,788,349.64	5,611,573.90	264,260.30	-1,348.81	-1,878,980.40	80,255,334.03	
2. Technical plant and machinery	203,619,611.62	21,937,060.00	4,372,981.21	239,643.29	-5,452,190.18	215,971,143.52	
3. Other assets, operating and office equipment	5,562,190.78	275,315.69	407,967.71	897,407.56	-112,111.47	6,214,834.85	
4. Advances made and assets under construction	25,560,606.86	17,831,504.66	104,165.32	-1,135,702.04	-850,812.93	41,301,431.24	
<b>Total property, plant and equipment</b>	<b>311,530,758.91</b>	<b>45,655,454.25</b>	<b>5,149,374.54</b>	<b>0.00</b>	<b>-8,294,094.98</b>	<b>343,742,743.64</b>	
<b>III. FINANCIAL ASSETS</b>							
1. 1. Investments in affiliated companies	534,122.58	0.00	0.00	0.00	-15,447.25	518,675.33	
2. Loans to affiliated companies	32,576.01	1,171.40	0.00	0.00	-951.11	32,796.30	
3. Other loans	211,700.00	0.00	0.00	0.00	0.00	211,700.00	
<b>Total financial assets</b>	<b>778,398.59</b>	<b>1,171.40</b>	<b>0.00</b>	<b>0.00</b>	<b>-16,398.36</b>	<b>763,171.63</b>	
<b>Total non-current assets</b>	<b>320,126,104.98</b>	<b>47,333,748.63</b>	<b>5,236,280.42</b>	<b>0.00</b>	<b>-8,413,076.23</b>	<b>353,810,496.96</b>	

Balance as of 1 January 2018 €	Accumulated amortization/depreciation				Balance as of 31 December 2018 €	Carrying amounts	
	Additions 2018 €	Disposals 2018 €	Exchange rate diff 2018 €	Balance as of 31 December 2018 €		Carrying amount 31 December 2018 €	Carrying amount 31 December 2017 €
6,217,493.37	1,827,554.18	78,525.91	-97,512.48	7,869,009.16	1,248,923.87	1,486,642.13	
0.00	0.00	0.00	0.00	0.00	186,648.66	112,811.98	
<b>6,217,493.37</b>	<b>1,827,554.18</b>	<b>78,525.91</b>	<b>-97,512.48</b>	<b>7,869,009.16</b>	<b>1,435,572.53</b>	<b>1,599,454.11</b>	
18,656,711.68	2,843,417.54	142,891.23	-501,696.38	20,855,541.61	59,399,792.42	58,131,637.96	
89,058,111.12	14,335,900.70	2,849,348.85	-2,385,073.74	98,159,589.23	117,811,554.29	114,561,500.50	
3,323,308.49	835,929.81	379,323.42	-62,288.01	3,717,626.87	2,497,207.98	2,238,882.29	
0.00	0.00	0.00	0.00	0.00	41,301,431.22	25,560,606.86	
<b>111,038,131.29</b>	<b>18,015,248.05</b>	<b>3,371,563.50</b>	<b>-2,949,058.13</b>	<b>122,732,757.71</b>	<b>221,009,985.91</b>	<b>200,492,627.61</b>	
531,984.68	0.00	0.00	-15,385.43	516,599.25	2,076.07	2,137.90	
23,957.39	0.00	0.00	-692.87	23,264.52	9,531.78	8,618.62	
0.00	0.00	0.00	0.00	0.00	211,700.00	211,700.00	
<b>555,942.07</b>	<b>0.00</b>	<b>0.00</b>	<b>-16,078.30</b>	<b>539,863.77</b>	<b>223,307.85</b>	<b>222,456.52</b>	
<b>117,811,566.73</b>	<b>19,842,802.23</b>	<b>3,450,089.41</b>	<b>-3,062,648.91</b>	<b>131,141,630.64</b>	<b>222,668,866.29</b>	<b>202,314,538.24</b>	

# STEICO Notes to the consolidated financial statements as of 31 December 2018

## 2. FINANCIAL ASSETS

The disclosure of interests in affiliated companies as well as loans to affiliated companies relates to several affiliated wind farm companies in Poland.

## 3. CURRENT ASSETS

### Inventories

The standard industry reservation of ownership applies to the stocks of raw materials, consumables and supplies and merchandise.

### Receivables and other assets

All receivables and other assets have a residual term of less than one year.

Other assets in the amount of € 11,919 thousand (previous year: € 13,077 thousand) includes VAT receivables in the amount of € 10,136 thousand (previous year: € 11,164 thousand), receivables from tax refunds in the amount of € 776 thousand (previous year: € 1,208 thousand), receivables from employees in the amount of € 300 thousand (previous year: € 268 thousand) and other assets in the amount of € 707 thousand (previous year: € 437 thousand).

## 4. PREPAID EXPENSES

Prepaid expenses include a difference according to Section 250 (3) of the HGB in the amount of € 323 thousand (previous year: € 551 thousand).

## 5. DEFERRED TAXES

On the balance sheet, deferred tax assets of € 1,188 thousand (previous year: € 1,058 thousand) were disclosed. In addition, there were deferred tax liabilities of € 1,341 thousand (previous year: € 1,438 thousand). These resulted from losses carried forwards and temporary differences to the tax base for the consolidated individual companies and are reflected in the following items on the balance sheet:

Balance sheet items in € thousand	Deferred tax assets	Deferred tax liabilities
Land	0	605
Buildings	0	303
Technical plant and machinery	104	388
Inventories	160	0
Trade receivables	47	4
Provisions for pensions	380	39
Other provisions	112	1
Other liabilities	208	0
Trade payables	0	1

Balance sheet items in € thousand	Deferred tax assets	Deferred tax liabilities
Tax loss carried forward	179	0
<b>Total</b>	<b>1,188</b>	<b>1,341</b>

Deferred taxes for the individual companies and for consolidation activities were identified using the country-specific tax rate for the companies included in which the temporary differences are to be balanced out in the coming years.

## 6. EQUITY

STEICO SE's share capital on 31 December 2018 totaled € 14,083 thousand. It comprises 14,083,465 no-par value bearer shares.

The Annual General Meeting held on 21 June 2018 resolved to cancel Authorised Capital 2015/I in the amount of €5,121 thousand and to create new Authorised Capital 2018/I in the amount of €7,042 thousand.

Authorised capital totaled € 7,042 thousand on 31 December 2018. The managing directors are authorised, until 20 June 2023 and with the approval of the Supervisory Board, to increase the share capital of STEICO SE within five years of the authorised capital being entered in the commercial register by a total of up to € 7,042 thousand via one or several issues of no-par value bearer shares with a theoretical interest of € 1.00 in the share capital against cash and/or non-cash contributions (Authorised Capital 2018/I).

### Information on the majority shareholder according to Section 160 (1) No. 8 of the AktG.

In 2006 STEICO SE received the following notice from Schramek GmbH, Feldkirchen:

"According to Section 20 (1) and (4) of the AktG, we herewith inform you that we hold a direct majority interest in your company."

### Difference in equity from currency translation

The difference in equity from currency translation in the amount of € -9,616 thousand (previous year: € -3,511 thousand) mostly comprises the currency translation effects from the subsequent consolidation of the Polish subsidiaries and the UK subsidiary from the currency translation for the 2018 financial statements according to the modified closing price method as well as netting differences from the consolidation of intercompany balances.



## 7. PROVISIONS

### Provisions for pensions

The projected unit credit method was used to identify the actuarial amount to be carried as a liability. The interest rate, based on the corresponding average market interest rates for the past ten years, amounted to 3.21%; the interest rate from the past seven years is 2.32% ; the difference in the amount of EUR 200 thousand is subject to the distribution block according to Section 253 (6) of the HGB. A salary trend did not have to be considered due to the contractual agreement with STEICO SE; a salary trend of 2.0% or 2.5% was used for the subsidiaries. In addition, standard mortality tables in the respective countries were used.

The plan assets at STEICO SE available to secure pension entitlements were netted on 31 December 2018 at the fair value (extrapolated cost) in the amount of € 604 thousand with the amount of the actuarial commitment for STEICO SE in the amount of € 1,462 thousand. Income of € 57 thousand was netted with expenses of € 197 thousand.

The plan assets are a re-insurance policy with Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft, which cannot be accessed by any of the other creditors as a result of a contractual agreement, and which serves exclusively to meet liabilities from the pension obligation.

### Provisions for taxes

Provisions for taxes were formed in the amount of the anticipated tax payments and relate to income taxes for 2017 and 2018.

### Other provisions

Other provisions in the amount of € 9,562 thousand (previous year: € 8,795 thousand) includes a provision for anniversary payments in the amount of € 242 thousand (previous year: € 297 thousand), provisions for bonus payments to customers in the amount of € 4,298 thousand (previous year: € 3,785 thousand), provisions for vacation entitlements in the amount of € 1.004 thousand (previous year: € 929 thousand), provisions for outstanding invoices in the amount of € 716 thousand (previous year: € 944 thousand) and the provision for preparation of the financial statements in the amount of € 116 thousand (previous year: € 113 thousand).

## 8. LIABILITIES

In € thousand (previous year)	Total	Thereof with a remaining term of		
	31 Dec. 2018	of up to 1 year	from 1 - 5 years	more than 5 years
Liabilities to banks (previous year)	93,572 (90,652)	19,688 (13,122)	72,884 (77,529)	1,000 (0)
Advance payments received from orders (previous year)	168 (130)	168 (130)	0 (0)	0 (0)
Trade payables (previous year)	24,133 (22,715)	24,133 (22,715)	0 (0)	0 (0)
Other liabilities (previous year)	9,820 (8,807)	9,707 (8,588)	113 (219)	0 (0)
Total (previous year)	127,693 (122,304)	53,696 (44,555)	72,997 (77,749)	1,000 (0)

The other short and medium term liabilities to banks in the amount of € 85.3 million are uncollateralised as part of the syndicated credit agreement concluded in July 2014 and amended in September 2016 as well as bilateral loan, with both STEICO SE as well as the Polish production companies STEICO Sp. z.o.o. and STEICO JOIST Sp. z.o.o. as well as the French production company STEICO Casteljaloux SAS being included as borrowers and guarantors. Other medium-term liabilities to banks in the amount of € 5 million relate to an unsecured bilateral loan. A medium-term liability in the amount of € 2.2 million and a long-term liability in the amount of € 1 million are collateralised via a land charge for UniCredit Bank AG entered in the land register.

Trade payables are not collateralised, with the exception of reservations of ownership standard in the industry.

Other liabilities include liabilities in the amount of € 2,010 thousand (previous year: € 2,015 thousand)

# STEICO Notes to the consolidated financial statements as of 31 December 2018

## III. INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

The total cost (nature of expense) method was applied in the preparation of the income statement.

### 1. REVENUES

Revenues are broken down as follows:

#### Revenues by geographic markets according to Section 285 (4) of the HGB (in € thousand)

In € thousand	2018
Germany	87,509
Other EU countries	135,659
Rest of world	28,789
<b>Total</b>	<b>251,957</b>

#### Revenues by activity according to Section 285 (4) of the HGB (in € thousand)

In € thousand	2018
Wood-fibre insulation materials	156,641
Construction products (joists)	33,025
Special products	13,917
Wood wholesale	8,087
Fibreboards	5,432
Construction products (Laminated veneer lumber)	28,327
Miscellaneous	6,528
<b>Total</b>	<b>251,957</b>

### 2. OTHER OWN WORK CAPITALISED

Other own work capitalised in 2018 amounted to € 70 thousand (previous year: € 629 thousand) This disclosure mostly relates to intercompany performance in connection with the creation of machinery and equipment

### 3. OTHER OPERATING INCOME

In € thousand	2018
Exchange rate gains	2,849
Income from the sale of CO <sub>2</sub> emission rights	148
Income from insurance refunds	61
Offsetting non-cash payments	321
Income from the reversal of provisions	620
Income from the sale of property, plant and equipment	44
Other operating income	766
<b>Total</b>	<b>4,809</b>

### 4. OTHER OPERATING EXPENSES

In € thousand	2018
Write-downs of receivables	17
Building costs, rent, cleaning	1,086
Insurance, contributions, fees	2,835
Repairs and maintenance	4,715
Vehicle costs	3,216
Sales costs, advertising and travel expenses	3,526
Commission expenses	268
Operating costs	2,043
Administrative costs, IT	2,142
Telecommunication	225
Legal and consulting costs, court costs	651
Costs of preparing the annual financial statements	172
Exchange rate differences and costs of payment transactions	2,652
Miscellaneous other operating expenses	4,474
<b>Total</b>	<b>28,022</b>

The total amount of research and development costs for the fiscal year for the companies included in the consolidated financial statements totaled € 391 thousand. Other operating expenses include non-period expense which is of minor importance.

### 5. INTEREST RESULT

Interest expenses include expenses from discounting provisions in the amount of € 186 thousand (previous year € 151 thousand).

### 6. TAXES

Income taxes total € 5,000 thousand (previous year: € 3,694 thousand). This includes effective tax expenses of € 5,227 thousand (previous year: € 3,730 thousand), deferred tax liabilities of € 0 thousand (previous year: € 73 thousand) and deferred tax assets of € 227 thousand (previous year: € 109 thousand). Other taxes in the amount of € 2,176 thousand (previous year: € 1,927 thousand) mostly relate to property taxes in Poland and non-income related taxes in France.

#### IV. INFORMATION ON THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement shows how cash in the group has changed during the course of the reporting year due to net cash inflows and outflows.

Other non-cash expense/income relates to own work capitalised.

Cash and cash equivalents can be found directly in the balance sheet item "cash in hand and bank balances" and exclusively comprises cash in hand and bank balances. There are no restrictions on disposal. Three are non non-cash investments or financing or business transactions.

#### V. OTHER DISCLOSURES

##### 1. AUDITOR'S FEE

Information on the total fee charged by the auditor for the consolidated financial statements for fiscal year 2018 according to Section 314 (1) No. 9 of the HGB:

- a. auditing services: € 79.5 thousand
- b. Other services: € 13.5 thousand

##### 2. OTHER FINANCIAL OBLIGATIONS

Other key financial obligations include:

In € thousand	2018
Obligation from usufructuary rights (overall obligation of remaining term)	1,900
Obligations from rental agreements	487
Obligations from leasing	6,416
Obligations from contractually ordered capital expenditure	20,199
<b>Total</b>	<b>29,002</b>

Liabilities denominated in foreign currencies were translated using the average rate of exchange on the balance sheet date (PLN/€ 4.30140 GBP/€ 0.89453).

There are leasehold and usufructuary rights at STEICO Sp. z o.o for land with a term through to 2089. In the above list the respective overall obligations at the end of the term are shown based on the current conditions. The conditions may change over time.

The contractually ordered capital expenditure relates to property, plant and equipment (new construction and expansion of production capacity).

#### 3. DERIVATIVE FINANCIAL INSTRUMENTS AND VALUATION UNITS

As part of its ordinary business activities the Group is exposed to relevant exchange rate and interest risks. This mostly relates to future purchases of raw materials, consumables and supplies in PLN, in particular wood, electricity and coal or gas, as well as personnel expenses in PLN. In addition, this relates to future financial receivables from the sale of merchandise in GBP and USD. In addition, there are risks from variable interest loans.

The financial instruments used for hedging are structured currency forwards in PLN, sterling and US dollars with, in some cases variable nominal exchange rate options, interest rate swaps with an exchange rate option and three interest rate swaps for the three-month EURIBOR.

On the balance sheet date there were exchange rate transactions in PLN, GBP and USD with a nominal volume of up to PLN 4,631.20 million, up to GBP 10.00 million, and up to USD 19.40 million. Of the existing 88 transactions, 41 transactions have a negative present value of € 5.94 million. The remaining 47 transactions have a positive present value of € 6.82 million. In addition, there were four interest rate swaps on the 3-month EURIBOR or a fixed interest rate for an amount of two times € 10 million, one time € 12.50 million and one time € 4.00 million. These have a negative present value of € 171 thousand. In order to determine the present values valuations by banks were used which identified the market values using recognised, internal valuation methods (mark to model valuation) based on current market data.

The option was used to verify certain economic hedge relationships by forming valuation units.

In so doing, micro-valuation units are formed between (structured) currency forwards and future purchases of goods in PLN (highly probable transactions).

On the balance sheet date 53 (structured) currency forwards with a negative present value of € 4.05 million and a nominal volume of up to PLN 1,681.05 million were included in the valuation units. The highly probable transactions are the future purchase of goods and personnel expenses for the Polish subsidiaries STEICO Sp. z o.o and STEICO JOIST Sp. z o.o., which will take place between 1/19 and 9/21 and which will compensate for each other with regard to exchange rate effects with hedge transactions with congruent terms and volumes.

As a result of the business model, the business forecast and the business volumes performed in the past these are to be regarded as being highly probable to secure.

# STEICO Notes to the consolidated financial statements as of 31 December 2018

In addition, micro-valuation units are formed between three structured interest rate swaps (negative fair value: € 170 thousand) and liabilities to hedge the risk of changes to the interest rate (EURIBOR) for three bullet investment loans. These relate to quarterly interest payments through to 3 July 2019, 3 September 2021 and 7 October 2021 for a base amount of two times € 10 million and one time € 12.5 million.

These are shown on the balance sheet using the freeze method. Effectiveness is determined based on a critical term match.

#### 4. AMOUNTS TO BE ASSIGNED TO A DIFFERENT FISCAL YEAR

According to Section 285 No. 32 of the HGB, income in the amount of € 620 thousand from the reversal of provisions and in the amount of € 44 thousand from the disposal of property, plant and equipment is to be allocated to a different fiscal year.

#### 5. THERE WERE NO EVENTS OF PARTICULAR IMPORTANCE THAT OCCURRED AFTER THE BALANCE SHEET DATE.

No particular events occurred between the balance sheet date and preparation of the STEICO Group's consolidated financial statements.

#### 6. PROPOSAL FOR THE APPROPRIATION OF EARNINGS.

The managing directors propose that STEICO SE's net profits for fiscal year 2018 in the amount of € 20,538,585.57 be used to disburse a dividend of € 0.25 per dividend-entitled share. This corresponds to an amount of € 3,520,866.25, with the remaining amount of € 17,017,719.32 being carried forward to new account.

#### 7. SUPERVISORY BOARD

STEICO's Supervisory Board comprises 4 members.

Mr. Udo Schramek, Munich, Chairman, Managing Director and Chairman of the Supervisory Board

Mr. Uto Baader, Munich, banker, Deputy Chairman of the Supervisory Board

Ms Katarzyna Schramek, Munich, attorney

Dr. Jürgen Klass, Munich, attorney

According to the company's articles of association, in 2018 a total of € 90 thousand was paid to the members of the Supervisory Board.

#### 8. DIRECTORS

Mr. Udo Schramek, Munich, Chairman and Managing Director of STEICO SE

Managing director for Auditing, Marketing, Legal & HR, Research & Development, Technology, Quality Assurance, IT and Purchasing, since 21 June 2018 also responsible for Legal & HR and IT.

Mr. Holger Jödecke, Munich, Managing Director for Processes and Quality Management, Legal, Personnel and IT, since 21 June 2018 also responsible for Production, Quality and Sustainability Management

Mr. Uwe Klaus Lange, Berga, Managing Director for Investments and Equipment Technology

Dr. David Meyer, Munich, Managing Director for Finance, Accounting & Controlling

Mr. Milorad Rusmir, Kirchheim, Managing Director for Wood Wholesale

Mr. Heiko Seibert, Koblenz, Managing Director for Sales and Training

Mr. Steffen Zimny, Lubasz, Managing Director for Production (to 25 April 2018)

The directors received remuneration of € 4,756 thousand for their activities in 2018.

## 9. EMPLOYEES

The Group had an average of 1,628 employees in fiscal year 2018.

Division	Number of employees
Production	1,060
Sales	90
Administration	427
Assistants, temporary staff	51
<b>Total</b>	<b>1,628</b>

## 10. PARENT COMPANY AND GROUP COMPANIES INCLUDING LIST OF EQUITY INTERESTS

Name and registered office of parent company:

STEICO SE  
Otto-Lilienthal-Ring 30  
85622 Feldkirchen

The following subsidiaries are included in the consolidated financial statements:

Name	Registered office	Amount of participating interest
STEICO Sp. z o.o.	Czarnków, Poland	100%
SW Solar Czarna Woda Sp. z o.o.	Czarnków, Poland	100%
STEICO CEE Sp. z o.o.	Czarnków, Poland	100%
STEICO JOIST Sp.z o.o.	Czarnków, Poland	100%
STEICO UK Ltd.	Caddington, United Kingdom	100%
STEICO France SAS	Brumath, France	100%
STEICO Casteljaloux SAS	Casteljaloux, France	100%

The information is based on the last fiscal year 2018 and on 31 December 2018.

In addition, there are the following affiliated companies:

Company	Registered office	Interest	Equity	2018 Result
STEICO Windpark Sp. z o.o.	Czarnków, Poland	61%	€ 692 thousand	€ 0 thousand
SW Szydłowo Sp. z o.o.	Czarnków, Poland	100%	€ -5 thousand	€ -1 thousand
SW Huta I Sp. z o.o.	Czarnków, Poland	100%	€ -2 thousand	€ -1 thousand
SW Huta II Sp. z o.o.	Czarnków, Poland	100%	€ -1 thousand	€ -1 thousand
SW Lubasz I Sp. z o.o.	Czarnków, Poland	100%	€ 1 thousand	€ -1 thousand
SW Lubasz II Sp. z o.o.	Czarnków, Poland	100%	€ -1 thousand	€ -1 thousand

Company	Registered office	Interest	Equity	2018 Result
STEICO-ENERGIA Sp. z o.o.	Czarnków, Poland	100%	€ -4 thousand	€ -1 thousand

The affiliated companies are not fully consolidated due to the minor importance of the individual companies and the companies together according to Section 296 (2) of the HGB.

They are not carried at equity due to their minor importance according to Section 311 (2) of the HGB.

Feldkirchen, 12 April 2019

Udo Schramek     Holger Jödecke     Uwe Klaus Lange

Dr. David Meyer     Milorad Rusmir     Heiko Seibert

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# Independent auditor's opinion

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## To STEICO SE, Feldkirchen

### Audit opinions

We have audited the consolidated financial statements of STEICO SE, Feldkirchen, and its subsidiaries (the Group), comprising the consolidated balance sheet as of December 31, 2018, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the fiscal year from January 1 to December 31, 2018, and the notes to the consolidated financial statements, including a description of the accounting policies used. In addition, we have also audited the group management report for STEICO SE, Feldkirchen, for the fiscal year from 1 January to 31 December 2018.

### According to our assessment based on the findings gained in the audit

- these accompanying consolidated financial statements comply in all material respects with German commercial law and provide a true and fair view of the net assets and financial position of the Group as of 31 December 2018 and of its results of operations for the fiscal year from 1 January to 31 December 2018 in accordance with German principles of proper accounting and
- the group management report accurately presents the Group's position as a whole. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with Section 322 (3) Sentence 1 of the HGB we declare that our audit did not lead to any objections concerning the proper nature of the consolidated financial statements and the group management report.

### Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 of the HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). According to these rules and principles our responsibility is further described in the section "Responsibility of the auditor for the audit of the consolidated financial statements and the group management report" in our audit opinion. We are independent of the Group companies in accordance with German commercial law and professional regulations and

have fulfilled our other German professional obligations in accordance with these requirements. We are of the opinion that the audit evidence we have obtained provides a sufficient and reasonable basis for our audit opinions on the consolidated financial statements and the group management report.

### Other information

The managing directors are responsible for the other information. The other information comprises

- the remaining parts of the annual report, with the exception of the audited consolidated financial statements and group management report as well as our audit opinion.

Our audit opinions on the consolidated financial statements and the group management report do not extend to the other information and, accordingly, we do not express an opinion or any other form of audit conclusion thereon.

In connection with our audit of the consolidated financial statements, we are responsible for reading the other information and assessing whether the other information

- has material discrepancies with the consolidated financial statements, the group management report or with the knowledge acquired during the audit, or
- appear to be presented incorrectly in some other way.

Responsibility of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements, which comply in all material respects with German commercial law and also for the consolidated financial statements providing a true and fair view of the net assets, financial position and results of operations of the Group in accordance with German principles of proper accounting. In addition, the executive directors are responsible for internal controls, which they have determined as being necessary in line with the German principles of proper accounting in order to allow the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing matters relating to the continuing operation of the entity, if relevant. In addition, they are responsible for accounting for continuing operations on the basis of the same accounting policy, except to the extent that this is contrary to fact or law.

In addition, the executive directors are responsible for preparing the group management report, which, on the whole, must accurately represent the group's situation, and which also is in line with the consolidated financial statements in all material respects, corresponds to German legal requirements and accurately presents the opportunities and risks of future growth. Furthermore, the executive directors are responsible for the preventative activities and measures (systems) that they have deemed necessary to permit the preparation of a group management report in accordance with the applicable German legal requirements and to provide sufficient and suitable evidence for the statements in the group management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for preparation of the consolidated financial statements and the group management report.

Responsibility of the auditor for the audit of the consolidated financial statements and the group management report

We aim to obtain sufficient certainty as to whether the consolidated financial statements as a whole is free from material - whether intentional or not - material misstatements, and whether the group management report, on the whole, accurately represents the group's situation, and is also in line with the consolidated financial statements and the findings obtained during the audit in all material respects, corresponds to German legal requirements and accurately presents the opportunities and risks of future growth, and also to issue an auditor's opinion which includes our audit opinions on the consolidated financial statements and group management report.

Sufficient certainty is a high degree of certainty, but does not guarantee that the audit, conducted in accordance with Section 317 of the HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) always uncovers any material misstatements. Misstatements can result from violations or inaccuracies and are regarded as material if it could reasonably be expected that they will individually or collectively influence the economic decisions of users made

on the basis of these consolidated financial statements and the group management report.

During the audit, we exercise our best judgment and maintain a critical attitude. In addition

- we identify and evaluate the risks of material misstatement, whether intentional or not, of the consolidated financial statements and the group management report, plan and perform audit procedures in response to those risks, and obtain audit evidence sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements will not be detected is greater for violations than for inaccuracies, as violations may involve fraudulent collusion, falsification, intentional incompleteness, misrepresentation, or the overriding of internal controls.
- we gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the precautions and measures relevant to the audit of the group management report to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- we assess the appropriateness of the accounting policies adopted by the executive directors and the reasonableness of the estimates and related disclosures presented by the executive directors.
- we draw conclusions as to the appropriateness of the accounting policies adopted by the executive directors for the continuing operations of the company and, on the basis of the audit evidence obtained, whether there is significant uncertainty about events or circumstances that could give rise to material doubts about the Group's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to point out, in our auditor's opinion, the respective information in the consolidated financial statements and the group management report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. Future events or circumstances may, however, result in the Group no longer being able to continue its business activities.
- we assess the overall presentation, the structure and content of the consolidated financial statements including the notes as well as whether the consolidated financial statements present a true and fair view of the underlying business transactions and events so that the consolidated financial statements present a true and fair view of the

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## Independent auditor's opinion

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financial position, net assets and results of operations for the group while observing the German principles of proper accounting.

- we obtain sufficient suitable audit evidence for the accounting information of the companies or business activities within the Group to express an opinion on the consolidated financial statements and the group management report. We are responsible for the direction, monitoring and performance of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- we assess the consistency of the group management report with the consolidated financial statements, its legal pronouncements and the presentation of the group's situation that it offers.
- we perform audit procedures on the forward-looking statements in the group management report as presented by the executive directors. On the basis of sufficient and suitable audit evidence, we particularly verify the significant assumptions on which the forward-looking statements of the executive directors are based and assess the proper derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit and significant findings of the audit, including any deficiencies in the internal control system that we identify during our audit.

Munich, 29 April 2019

Deloitte GmbH  
Wirtschaftsprüfungsgesellschaft

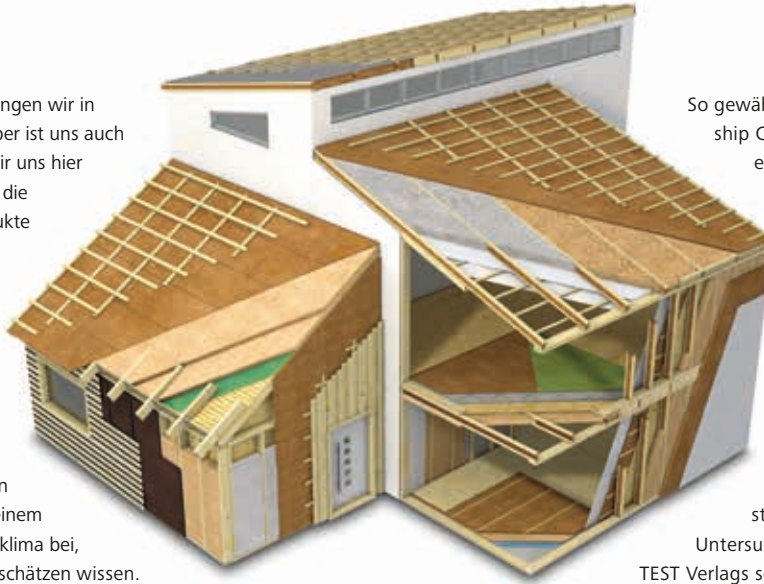
(Robert Aumann)  
Auditor

(Christoph Zelaskowski)  
Auditor



80% unseres Lebens verbringen wir in geschlossenen Räumen. Aber ist uns auch immer bewusst, mit was wir uns hier umgeben? STEICO hat sich die Aufgabe gestellt, Bauprodukte zu entwickeln, die die Bedürfnisse von Mensch und Natur in Einklang bringen. So bestehen unsere Produkte aus nachwachsenden Rohstoffen ohne bedenkliche Zusätze. Sie helfen, den Energieverbrauch zu senken und tragen wesentlich zu einem dauerhaft gesunden Wohnklima bei, das nicht nur Allergiker zu schätzen wissen.

Ob Konstruktionsmaterialien oder Dämmstoffe: STEICO Produkte tragen eine Reihe angesehener Qualitätssiegel.



So gewährleisten die FSC®- (Forest Stewardship Council®) und PEFC®-Zertifikate eine nachhaltige, umweltgerechte Nutzung des Rohstoffs Holz.

Die anerkannten Prüfsiegel des IBR® (Institut für Baubiologie Rosenheim) und die Mitgliedschaft beim IBU (Institut für Bauen und Umwelt e.V.) bestätigen den STEICO Produkten, dass sie baubiologisch unbedenklich sind und gleichzeitig den Schutz der Umwelt sicherstellen. Auch bei unabhängigen Untersuchungen wie denen des ÖKO-TEST Verlags schneiden STEICO Produkte regelmäßig mit „sehr gut“ ab. So bietet STEICO Sicherheit und Qualität für Generationen.

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## Das natürliche Dämm- und Konstruktionssystem für Sanierung und Neubau – Dach, Decke, Wand und Boden.



Nachwachsende Rohstoffe ohne schädliche Zusätze



Hervorragender Kälteschutz im Winter



Exzellenter sommerlicher Hitzeschutz



Spart Energie und steigert den Gebäudewert



Regensichernd und diffusions-offen



Guter Brandschutz



Erhebliche Verbesserung des Schallschutzes



Umweltfreundlich und recycelbar



Leichte und angenehme Verarbeitung



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DAS NATURBAUSYSTEM