

# STEICO SE

Consolidated interim report on Q1 2019

The green share

# Q1 2019

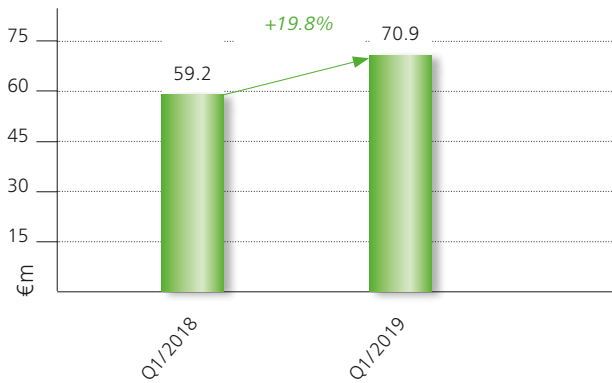
- Positive first quarter with significant jump in sales and earnings



**Natural** building products for **healthier living**

## Positive first quarter with significant jump in sales and earnings

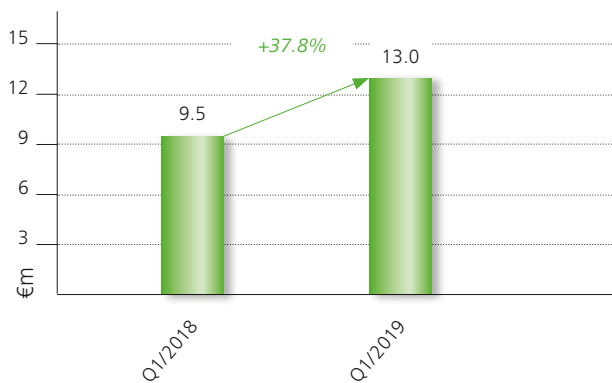
Revenue growth in € millions



Gross earnings growth in € millions



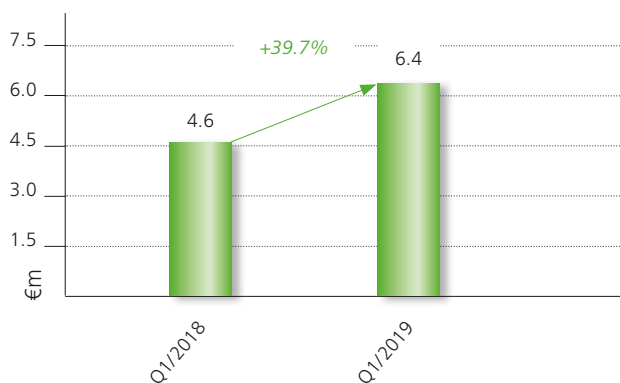
EBITDA growth in € millions



EBIT growth in € millions



EBT growth in € millions



Growth in profit for the period in € millions



### ADDITIONAL KPIS

	31 March 2019	31 March 2018
1. Total operating revenue in € millions	€ 70.8 million	€ 58.1 million
2. EBITDA margin as a percentage of total operating revenue	18.4%	16.3%
3. EBIT margin as a percentage of total operating revenue	9.4%	8.3%
4. Equity ratio (31.03.19 / 31.12.18)	51.8%	53.9%

Percentage increases calculated based on non-rounded original values.

As a result of reclassifications there are minor differences compared to the previous year's figures.

The STEICO Group once again recorded new records for its revenues and earnings in the first quarter of 2019.

Revenue improved by 19.8% to € 70.9 million. The increase in revenues was primarily driven by environmentally friendly insulation materials and laminated veneer lumber.

Earnings increased at an above-average rate in the first quarter. EBITDA improved by 37.8% to € 13.0 million and EBIT lifted by 37.5% to € 6.6 million.

The very pleasing growth, however, contrasts with a relatively weak first quarter of 2018. In addition, due to a price increase effective from 1 March 2019, it is to be expected that the first two months of the past quarter will also be marked by pull-forward effects.

The management is very positive about 2019 as a whole. Both Germany and the other core markets are characterised by stable construction activity 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 lumber, the STEICO Group is excellently positioned to continue its growth. The Board of Directors therefore confirms the outlook for 2019 with revenue growth above 10% and 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.

## ECONOMIC CONDITIONS

Current statistics from Eurostat<sup>1</sup>, the European statistics service, are available through to January 2019. Compared to January 2018 production in the construction sector (structural engineering) increased by 0.1% in the eurozone and 0.8% in EU28. This means that the growth momentum of the past quarters has cooled slightly, but production in the construction industry is still at a high level.

In Germany, the construction sector continues to enjoy positive growth. Figures from the Federal Statistical Office (Destatis) are available through to January 2019. Sales in the construction sector were 6.2% higher in January 2019 than in January 2018.<sup>2</sup> Order intake was even 11.6% higher than in the same month of the previous year.<sup>3</sup> At the same time, 9.1% more building permits were issued in January 2019 than in the same month last year.<sup>4</sup> 23.700 building permits issued represent the highest figure since 2004. Building permits for single-family houses increased by 5.6%.

On the whole, the German construction sector continues to enjoy a healthy market environment at a high level.

## COMPANY GROWTH Q1

### Growth for environmentally friendly insulation materials

The price pressure which had characterised the market over the past few years continued to decrease. This is due to the continuing rise in demand for ecological insulating materials and also to the consolidation processes in the industry. For example, a smaller German competitor left the market at the end of 2018. In addition, at the beginning of 2019, a French competitor announced that it would cease production in Switzerland in the first half of 2019. Management believes that this will allow STEICO to increase its market share.

Corresponding production capacities in the insulating materials sector are available for the expected growth. In 2018, a new line for solid wood fibre insulation materials (dry process) was put into operation. At the same time, in 2018, a new line for flexible wood fibre insulation materials was put into operation. This line is currently being expanded to include possibilities for the production of particularly thick insulation thicknesses.

1 Eurostat; Press release 51/2019 dated 19.03.2019

2 Destatis; Press release 140 dated 10.04.2019

3 Destatis; Press release 110 dated 22.03.2019

4 Destatis; Press release 138 dated 08.04.2019

In the first half of 2019, the relocation of a production plant for solid wood fiber insulating materials from the wet process from the Casteljaloux site to the Czarna Woda site is to be completed.

### Growth for I-joists

Sales of I-joists increased in the UK in the first quarter despite the uncertainties surrounding the Brexit process. I-joists can also achieve increasing growth rates on the Continental European markets, albeit from a lower level.

### Growth for laminated veneer lumber

Both production lines for laminated veneer lumber are running at high capacity. The targeted output quantities could not be fully utilised in 2018 due to technical aspects during the commissioning phase, however the company's management believes that there will be a significant increase in the output quantity in 2019.

### New revenue record

The STEICO Group was able to continue its growth in the first quarter and record new record-breaking figures. Revenue improved by 19.8% to € 70.9 million. Total operating revenue amounted to € 70.8 million.

### Earnings

Earnings increased at an above-average rate in the first quarter.

Gross profits amounted to € 29.2 million (Q1 2018: € 25.3 million). This corresponds to an increase of 15.4%.

EBITDA totaled € 13.0 million (Q1 2018: € 9.5 million), up by 37.8%. The EBITDA margin is 18.4% (previous year: 16.3%).

EBIT totaled € 6.6 million (Q1 2018: € 4.8 million) and is thus up by 37.5%. The EBIT margin is 9.4% (previous year: 8.3%).

Earnings before taxes (EBT) amounted to € 6.4 million (Q1 2018: € 4.6 million). This corresponds to an increase of 39.7%.

Net income for the period was at € 4.6 million which is 46.7% higher than in the previous year (€ 3.2 million).

The very pleasing growth, however, contrasts with a relatively weak first quarter of 2018. In addition, due to a price increase effective from 1 March 2019, it is to be expected that the first two months of the past quarter will also be marked by pull-forward effects.

## MAJOR EVENTS

There were no major events in the first quarter of 2019.

## OUTLOOK

The management is very positive about 2019 as a whole. Both Germany and the other core markets are characterised by stable construction activity 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 confirms the outlook for 2019 with revenue growth above 10% and an EBIT ratio of between 9% and 10% (in terms of total operating revenue).

## STEICO'S SHARES / INVESTOR RELATIONS

### Performance in Q1

STEICO's shares started the first quarter with a Xetra closing price of € 19.12 on 2 January 2019, which was their lowest price in this period. During the course of January the price of the shares increased significantly, and reached the € 23.45 on 18 January, the high for this reporting period.

After a temporary setback in February, the share price settled at a level between € 22 and € 23. STEICO's shares closed at a price of € 22.20 in Xetra trading on 29 March. This corresponds to an increase of 15.6% in the first quarter of 2019.

### Previous activities

STEICO presented the company to institutional investors at the 22nd ODDO Forum in Lyon (France) on 10/11 January.

STEICO presented the company to institutional investors at the 3rd STEICO Capital Markets Day at STEICO's headquarters in Feldkirchen on 14 January.

STEICO presented the company to institutional investors and analysts at the "HSBC SRI/ESG Conference" in Frankfurt am Main on 6 February.

On 19/20 February STEICO presented the company to a broad audience of national and international investors and analysts at the 3<sup>rd</sup> 12th German Conference" of ODDO BHF.

On 1 May STEICO's 2018 annual report was published simultaneously with this interim report.

### Corporate diary for the coming months

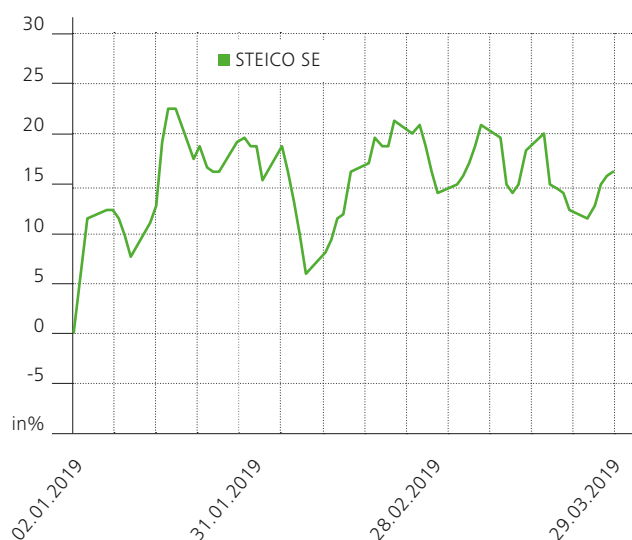
The General Meeting of STEICO SE is expected to be held at STEICO's headquarters in Feldkirchen on 27 June.

On June 28, STEICO will present itself to institutional investors at the Warburg Highlights 2019 Conference (Hamburg).

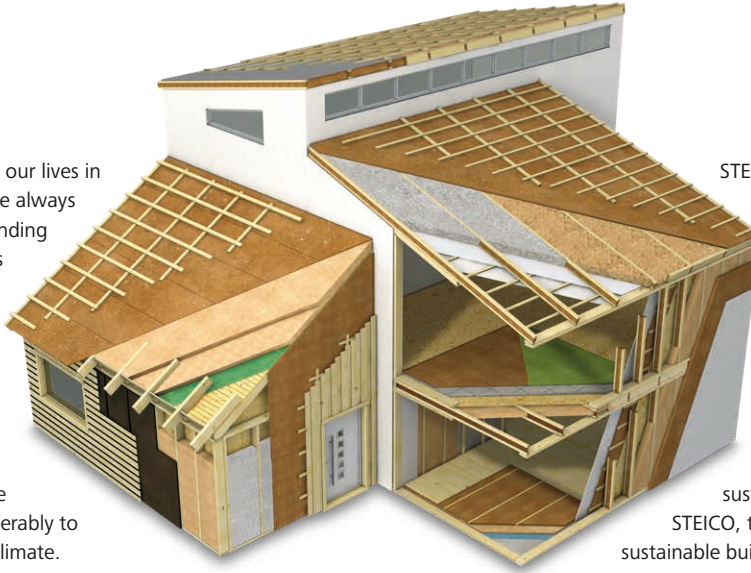
STEICO's semi-annual report will be published in July, and publication of the Q3 report is planned for October.

Current dates can be found online at [www.steico.com/IR](http://www.steico.com/IR).

STEICO's shares: Development Q1 2019



We spend approx. 80 % of our lives in enclosed rooms. But are we always aware what we are surrounding ourselves with? STEICO has set itself the target of developing building products which consider the needs of both man and nature. Our products are therefore produced using sustainable natural materials. They help reduce energy use and add considerably to a natural healthy internal climate.



STEICO insulation and construction materials, carry a number of distinguished 'seals of approval' which is a sign of high quality, healthy and functional building products. The raw materials used in STEICO products are certified by FSC® (Forest Stewardship Council®) and PEFC® (Programme for the Endorsement of Forest Certification®), ensuring a traceable and fully sustainable usage of the raw materials. STEICO, the number 1 choice for your sustainable building solutions.

## Natural insulation and construction systems for new builds and renovations – roof, ceiling, wall and floor



Renewable raw materials without harmful additives



Excellent cold protection in winter



Excellent summer heat protection



Energy saving and increased property worth



Weather tight and breathable



Excellent Fire Protection



Excellent sound protection



Environmentally friendly and recyclable



Light and easy to handle



Insulation for healthy living



Strong quality control



Compatible insulation and structural building systems



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