

STEICO SE

Half-Year Report 2020

The green share

6MM 2020

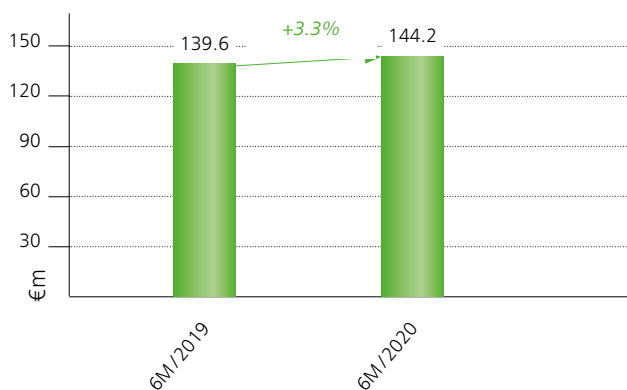
Sales growth and solid earnings despite corona restrictions



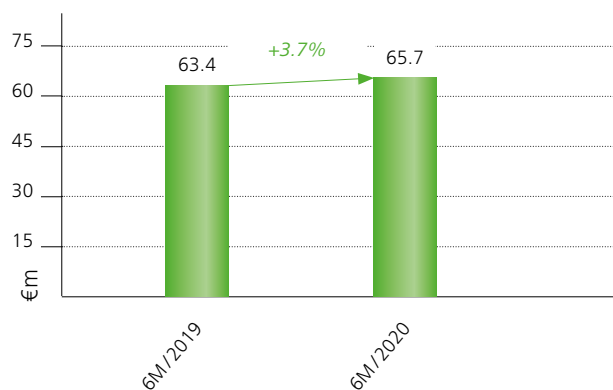
Natural building products for **healthier living**

Sales growth and solid earnings despite corona restrictions

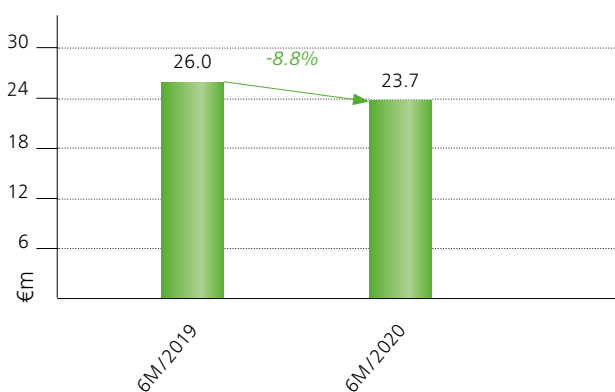
H1 Revenue growth in € millions



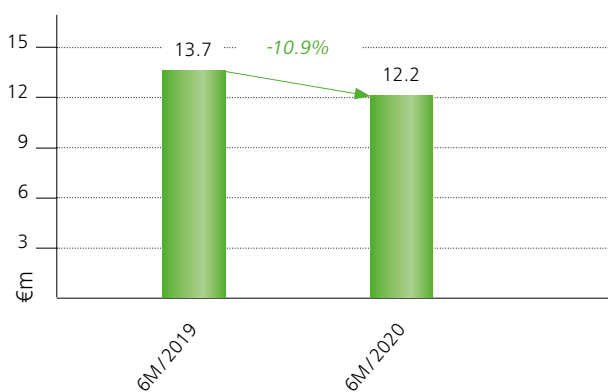
H1 Gross earnings growth in € millions



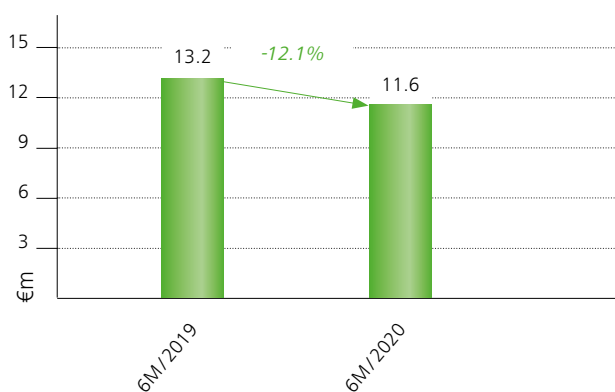
H1 EBITDA growth in € millions



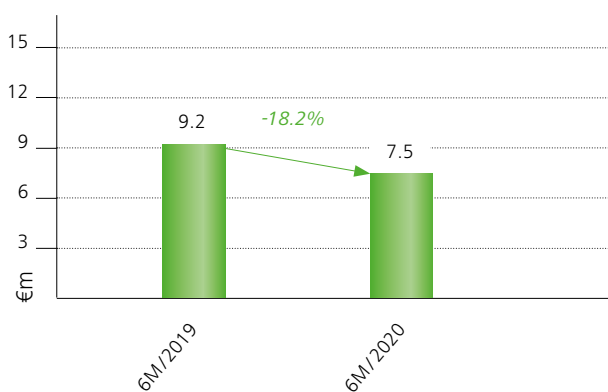
H1 EBIT growth in € millions



H1 EBT growth in € millions



H1 profit for the period growth in € millions



ADDITIONAL KPIS

	H1 2020	FY 2019	H1 2019
1. Total operating revenue in € millions	€ 142.3 million	€ 287.8 million	€ 140.5 million
2. EBITDA margin as a percentage of total operating revenue	16.6%	19.7%	18.5%
3. EBIT margin as a percentage of total operating revenue	8.6%	11.3%	9.8%
4. Equity ratio (as of June 30 or December 31)	50.0%	53.7%	51.8%

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

Despite the restrictions on public life as a result of the corona pandemic, the STEICO Group is able to continue its growth. Revenue improved by 3.3% to € 144.2 million in the first six months of 2020. The positive development in core markets such as Germany and the Alpine region compensated for declining sales in markets such as the UK and Australia.

As a result of the impact of the pandemic, earnings are slightly below the previous year but are very solid. EBITDA totaled € 23.7 million, down 8.8%. The EBITDA margin is 16.6%. EBIT in the first six months totaled € 12.2 million and was thus down by 10.9% compared to the previous year. The EBIT margin amounted to 8.6%.

The STEICO Group is continuing to invest in expanding its production capacities in order to continue to meet growing demand in future. At the Czarna Woda site (Poland), another plant for stable wood fiber insulation materials from the wet process is being built, while at the Casteljalous site (France), a plant for stable wood fiber insulation materials from the dry process is planned.

The management continues to take a positive view of the second half of 2020. The European construction industry is still characterized by a high degree of stability – in addition, the second half of the year is likely to be characterized by positive growth impetus and catch-up effects as a result of the easing of corona restrictions currently being implemented in many countries.

For 2020, the Board of Directors continues to expect revenues to be between the previous year's level and plus 5% growth. Due to the current positive growth it is forecasting an EBIT ratio of between 8.5% and 9.5% (in terms of total operating revenue).

Company profile

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

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

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

Sealing products for the building shell complete the overall system.

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

The Munich-based company's products are used in new construction and when renovating roofs, walls, ceilings, floors and facades. STEICO's products allow the construction of future-proof, healthy buildings with a particularly high quality of living and a healthy atmosphere. STEICO's products offer reliable protection against cold, heat and also noise, and they permanently improve the building's energy efficiency.

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.

Growth of STEICO's shares

A. SHARE PRICE GROWTH IN 2020

STEICO's shares started the year with a Xetra closing price of € 28.50 on 2 January 2020. During the following weeks, the price of the shares increased significantly, and peaked for the reporting period at € 36.20 on 20 February. This corresponds to an increase of 27.0%. When numerous restrictions were imposed on public life throughout Europe at the start of March, STEICO's shares were unable to escape the general slump on the stock markets, and fell to an annual low of € 18.25 on 18 March 2020.

However, it was possible to compensate for the majority of the losses in the following weeks. STEICO's shares closed at a price of € 33.50 in Xetra trading on 30 June. This corresponds to an increase of 17.5% in the first half of 2020.

STEICO's shares: development H1 2020



B. INVESTOR RELATIONS

As was the case in previous years, STEICO SE engaged in open and direct communication with the capital markets in 2020, and is in close contact with its shareholders. 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. Information on key events is disseminated via a well-known institution to comply with publicity obligations.

C. CAPITAL MARKET DIARY 2020

9/10 January 2020	STEICO presented the company to institutional investors at the 23rd Oddo Forum, held by ODDO BHF in Lyon (France)
3 February 2020	Publication of provisional figures for 2019
11 February 2020	STEICO presented the company to institutional investors at the "HSBC ESG Conference" (Frankfurt am Main)
13 February 2020	STEICO presented the company to institutional investors at the "Montega Fokus Investment Day".
28 April 2020	Publication of the 2019 STEICO annual report
28 April 2020	Publication of STEICO's 2020 Q1 report
16 June 2020	STEICO presented the company to institutional investors (virtual roadshow with Metzler)
25 June 2020	STEICO SE's 2020 Ordinary General Meeting
16 July 2020	Publication of STEICO's 2020 semi-annual report
2 September 2020	STEICO will present the company to institutional investors at the "Commerzbank Corporate Conference" (Frankfurt am Main)
23 September 2020	STEICO will present the company to institutional investors at the "Berenberg and Goldman Sachs Ninth German Corporate Conference" (virtual conference)
October 2020	STEICO will present the company to institutional investors at the "Fachkonferenz Technologie der Börse München"
October 2020	Publication of STEICO's 2020 Q3 report

Current dates for the capital markets are published online at www.steico.com/ir.

Group management report for STEICO SE as of 30 June 2020

A. FOUNDATIONS

I. STEICO SE'S BUSINESS MODEL

1. OVERVIEW

The STEICO Group develops, produces and markets ecological construction products made of renewable raw materials. STEICO is, in its own opinion, the European market leader in the wood-fibre insulation materials segment compared to the relevant competitors.

STEICO is positioned as a system provider for ecological residential construction and, compared to the relevant competitors, it is the only manufacturer in the industry to offer an integrated wooden construction system in which insulation material and wooden construction components supplement each other. These include flexible wood fiber insulation materials, stable wood fiber insulation boards, wood fiber insulation boards for facade insulation ("ETICS"), cavity 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 H1 2020 the bulk of revenues (65.6%) was recorded with environmentally friendly wood-fibre insulation materials and cavity 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 cavity 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 (flange material).

Timber wholesale

The STEICO Group operates in wood 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 wood 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 (hardboards)

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 various peripheral activities, such as ETICS accessories, vapour barriers and other accessories such as tools for processing insulation material.

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.

Building element production

In 2020, STEICO SE entered the market with its "Element Production" division. This involves refining individual STEICO products (construction materials and insulating materials) to form complete components such as roof, wall and ceiling elements according to customer specifications. These elements allow work on the construction site to progress particularly rapidly.

Automation and prefabrication of end-to-end components are ongoing trends in the construction industry.

Prefabrication / element production has been practised by STEICO SE's customers for a long time, but is often labour-intensive manual work. STEICO's prefabrication is based on a high degree of automation, which is associated with increases in speed and precision. The offering is geared to timber construction and prefabricated house companies, which can thus achieve advantages in terms of personnel deployment, economic efficiency and construction speed. STEICO SE will not operate as a house construction company itself.

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).

Other key customer groups include:

- Craftsmen and wood construction companies which process the group's products.
- Architects and planners, who take decisions to use STEICO's products when planning buildings.
- Private and institutional builders who use STEICO's products in their buildings.

Group management report for STEICO SE as of 30 June 2020

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

- 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 cavity insulation
- Developing and optimising wet method wood fibre insulation materials
- 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
- Research to optimise the emission behaviour for wood fibre insulation materials and wooden 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

Current data from the European statistics authority Eurostat are currently only available up to April 2020 and thus paint an incomplete picture showing the peak of the corona pandemic in Europe.

In Germany statistics data is also only available through to April 2020. However, since construction activity in Germany was hardly affected even during the contact restrictions, growth has been recorded here. From January to April revenues in the construction sector lifted by 7.0% compared to the same period of the previous year. In the particularly relevant sub-segment of roofing and carpentry, sales growth of 11.0% was even reported within the comparable period.¹

The number of building permits – an important early indicator of future construction activity – also rose again in Germany. Planning permission for residential accommodation was up by 4.7% from January to April 2020 compared to the same period of the previous year. The approval figures for single-family houses were 1.3% higher than in the same period of the previous year, and for semi-detached houses the figure was even 14.3%. The number of new permits is still higher than the number of completions, so that the so-called construction backlog has increased further.²

The upward trend in the timber construction/pre-fab segment continues unabated. The Bundesverband deutscher Fertigbau (Federal Association of German Prefabricated Buildings) even reports a pre-fabricated construction rate of over 23.1%, up by 11.1% compared to 2019 as a whole.³

2. COMPETITION

With regard to wood-fibre insulation materials, the most important competitors in the opinion of the company's management were Soprema with its Pavatex brand (France), Gutex (Germany), bestwood Schneider (Germany), Hunton (Norway) and Fibris (Poland).

¹ Source: Destatis, press release 259 dated 10 July 2020

² Source: Destatis, press release 222 dated 19 June 2020

³ Source: Bundesverband Deutscher Fertigbau e.V., press release dated 11 June 2020

Group management report for STEICO SE as of 30 June 2020

STEICO SE's management believes that 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 were Metsä (Finland), Stora Enso (Finland), Pollmeier (Germany), as well as MLT/Taleon Terra (Russia).

II. COURSE OF BUSINESS

1. KEY EVENTS IN THE FIRST SIX MONTHS OF 2020

Influence of Corona/Covid 19

As a result of the global spread of the new corona virus, the STEICO Group faced challenges in the second quarter as a result of restrictions in public life. At times, individual markets were only accessible to a limited extent.

As a result, on 19 March 2020, the STEICO Group announced that production at the French plant in Casteljalous had to be temporarily suspended. However, after construction activity in France was quickly resumed, production was restarted on 7 April.

Production in Poland, on the other hand, was maintained throughout.

As a result of the corona restrictions, the Board of Directors also assumed subdued growth in 2020 and on 24 April 2020 adjusted its forecast – with revenue between the previous year's level and 5% growth and an EBIT ratio between 7.5% and 8.5%.

At the time of writing, the corona restrictions have been significantly relaxed in most markets, so that construction activity is almost unrestricted (for further information, see B.II.3. Course of business). By now the positive business development allows prospects of an EBIT ratio between 8.5% and 9.5% for 2020 as a whole.

Fortunately, no cases of Corona have been recorded in the STEICO Group up to now. Corresponding protection concepts have been put in place in the individual companies.

2. UNDERLYING CONDITIONS FOR PRODUCTION AND SALES

Production of laminated veneer lumber (LVL)

The production of laminated veneer lumber is stable and both plants can report high capacity utilization in regular operation.

Production of wood fiber insulation materials

Demand for wood fiber insulation materials continues to rise. The STEICO Group is reacting to this by adjusting its production capacities.

At the Czarna Woda site, a further production line for wood fiber insulation materials using the wet process is being built. The main plant components have been purchased second hand. It is planned to go live at the start of 2022. Production volumes are to be increased continuously to up to 135,000 m³. As the eighth line for wood fiber insulating materials using the wet process, the line will produce specialized insulating boards in specific thickness ranges, thus helping to boost efficiency in STEICO's production mix.

At the Casteljalous site, a production line for wood fiber insulation materials using the dry process is to be built. This is mostly a new line. It is planned to go live at the start of 2021. Production volumes are to be increased continuously to up to 200,000 m³. Wood fibre insulation materials from the dry process are used in particular in the building shell (roof and façade), with a growing market potential for these products being seen in France. Production at the Casteljalous site is particularly advantageous due to logistical advantages, high volumes and shorter distances to customers.

Production of prefabricated timber construction elements

The first projects are being manufactured on the production lines for prefabricated timber construction elements. After market entry was delayed in the first half of the year – partly due to corona restrictions - dynamic growth is expected for the second half of the year.

STEICO's element production is based on a high degree of automation, which is associated with increases in speed and precision. The offering is geared to timber construction and prefabricated house companies, which can thus achieve advantages in terms of personnel deployment, economic efficiency and construction speed. STEICO SE will not operate as a house construction company itself.

Group management report for STEICO SE as of 30 June 2020

Energy costs

The transition from coal to biomass (for the provision of heat and steam for production) has been completed, so that regular operation in the plants can be carried out entirely using renewable energy sources. A biomass pelletising plant is currently being built in order to be able to operate existing coal-fired boilers with biomass, so that coal as a reserve energy source will no longer have to be used even if the biomass boilers are overhauled.

Thanks to the conversion, the STEICO Group is making a significant contribution to climate protection and is less dependent on price increases for coal and CO₂-Certificates, so that the cost increases in the energy sector were largely stabilised.

Sales in France, the second largest market, declined slightly by -1.6% to € 20.0 million. This is due in particular to the temporary restriction of public life as a result of the corona pandemic at the beginning of the second quarter. In June, however, France showed clear signs of recovery.

In the United Kingdom, the STEICO Group's third largest market, revenues declined by 37.4% to € 10.3 million despite the insecurities surrounding Brexit. This is due in particular to the very strict lockdown in the wake of the corona pandemic, which was only relaxed in the course of June and had a strong impact on construction activity.

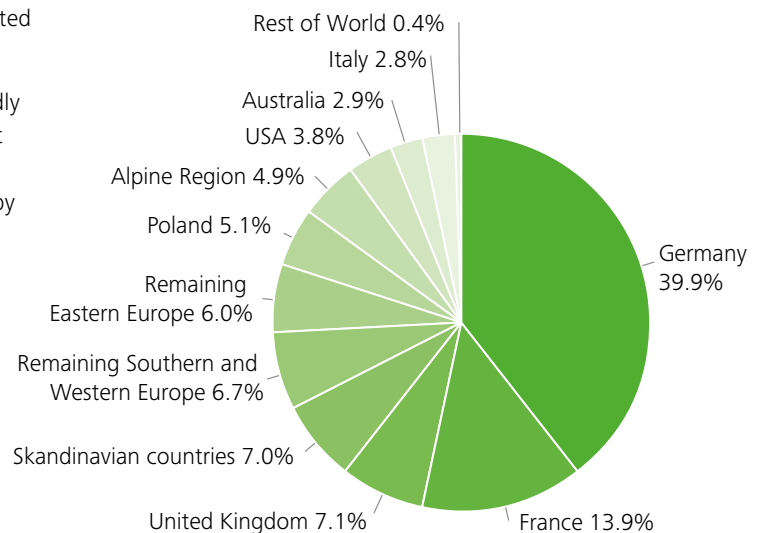
3. COURSE OF BUSINESS⁴

During the first six months the STEICO Group's revenues lifted by 3.3%.

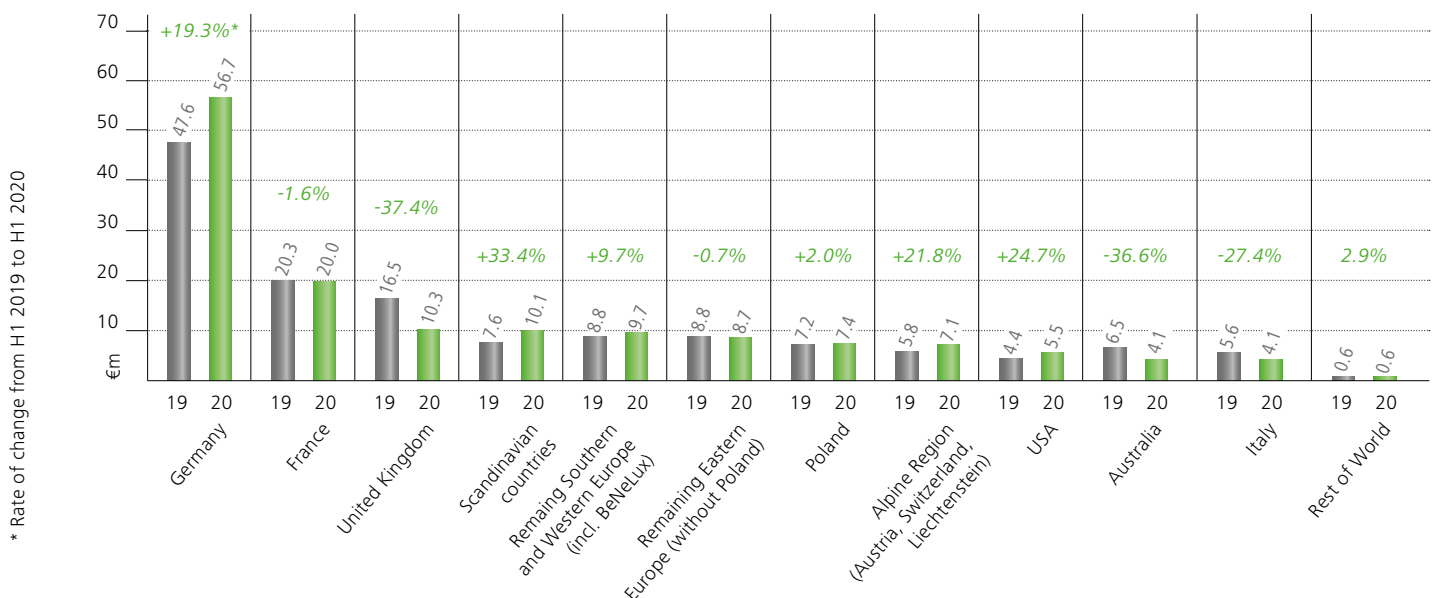
In the core market Germany, construction activity was hardly affected by the corona pandemic. Revenues on this market lifted by 19.3% to € 56.7 million. The situation was similar in the Alpine countries (AT, CH, LI), where sales increased by 21.8% to € 7.1 million.

⁴ All of the change rates have been calculated based on non-rounded figures.

H1 2020: Ratio revenues by markets



H1 2020: Development sales by markets in € million



* Rate of change from H1 2019 to H1 2020

Group management report for STEICO SE as of 30 June 2020

Revenues on the Scandinavian market lifted by 33.4% to € 10.1 million. A significant proportion of revenues are generated with distributors who continue to export STEICO products, for example to countries in the Middle East.

In the remaining countries of Western and Southern Europe, sales increased by 9.7% to € 9.7 million. The increase is driven in particular by the BeNeLux countries, where corona restrictions were not as strict as in Southern European countries.

STEICO's production at its Polish locations was not impacted by corona restrictions. Nevertheless, restrictions in public life led to a temporarily more difficult sales situation. In Eastern European countries (excluding Poland) sales fell by 0.7% to € 8.7 million. In Poland, revenues increased by 2.0% to € 7.3 million.

The USA are shown separately as a sales market for the first time due to its increasing importance. The company mainly sells special products that are used, for example, in road construction. Revenues on this market lifted by 24.7% to € 5.5 million.

Due to the corona pandemic, it was temporarily not possible to supply the Australian market. Accordingly, sales fell by 36.6% to € 4.1 million. The main products supplied to Australia are laminated veneer lumber (LVL) and I-joists.

Within the Italian market, STEICO products are primarily sold in the northern regions. Some of these regions were particularly affected by the corona pandemic. A decline in sales of 27.4% to € 4.1 million had to be recorded.

4. GROWTH IN THE PRODUCT SEGMENTS

The trend towards ecological building products and timber construction continues unabated in all sales markets. Revenue declines in individual markets are mainly due to corona restrictions in the second quarter.

In the ecological insulating materials segment, an increase in sales of 10.3% to € 94.6 million was achieved in the first half of the year – proof of the continuing attractiveness of ecological building products.

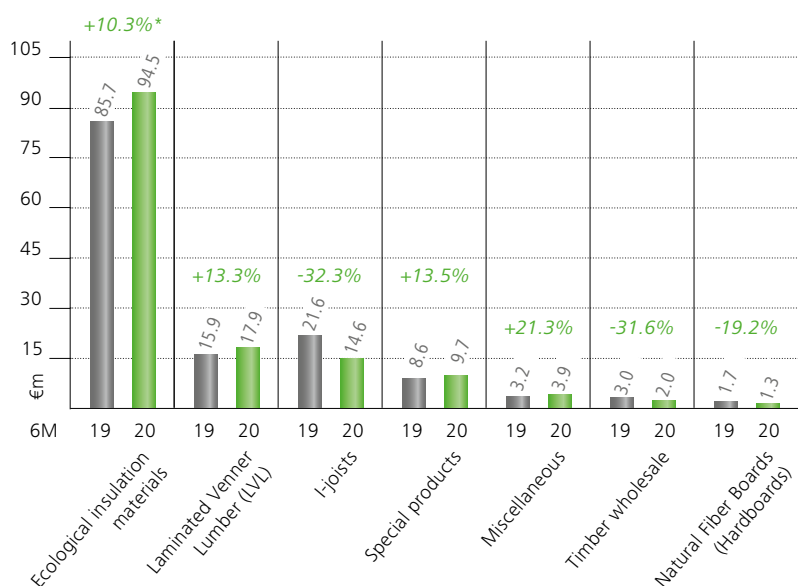
Sales of laminated veneer lumber increased by 13.3% to € 18.0 million.

In contrast, sales of I-joists declined by 32.3% to € 14.6 million. This was primarily due to the more difficult supply of the markets in Great Britain and Australia as a result of corona restrictions.

Sales of special products were up by 13.5% to € 9.8 million, a development that is largely characterised by the sales markets in the USA and the Scandinavian countries.

The Miscellaneous segment grew in the first six months by 21.3% to € 3.9 million.

H1 2020: Development sales by product groups in € million



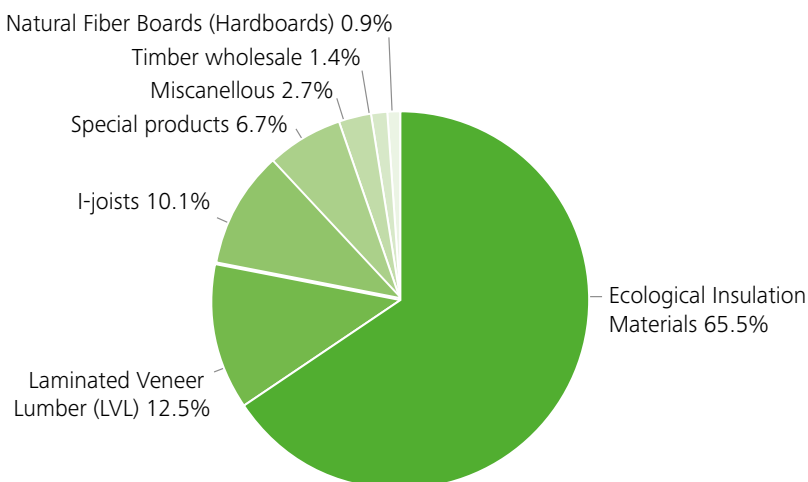
* Rate of change from H1 2019 to H1 2020

Group management report for STEICO SE as of 30 June 2020

The timber wholesale segment fell by 31.6% to € 2.0 million. This development is largely influenced by the corona restrictions in the UK. On the UK market STEICO operates a timber wholesale and sells products to supplement its I-joists.

Sales of natural fibreboards (hardboard) declined by 19.2% to € 1.3 million. In particular, this development reflects the fact that fibreboards are increasingly being used within the company as a component for I-joists and that sales to third parties are of no strategic importance.

H1 2020: Ratio revenues by products



III. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

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

1. RESULTS OF OPERATIONS

In total, the STEICO Group's revenues lifted by 3.3% to € 144.2 million in the first half of the year (previous year: € 139.6 million) which is due to both the high demand for environmentally friendly insulation materials as well as the increases in laminated veneer lumber.

In the first half of the year, there was a reduction of € 1.9 million in inventories of finished and unfinished goods. Stocks that were built up as planned during the winter months are sold off continuously during the construction season. Total operating revenue amounted to € 142.3 million (previous year: € 140.5 million).

At 55.6%, the cost of materials ratio has returned to normal following an increase in the first half of 2019 (57.0%). The transition in heat production from coal to biomass has had an impact here.

The personnel expenses ratio in the first six months was 17.8% (previous year: 17.3%) and thus grew at a higher than average rate.

Amortisation of intangible fixed assets and depreciation of tangible fixed assets amounted to € 11.5 million (previous year: € 12.2 million). It should be noted that this item rose sharply in the previous year due to a special effect. In addition, the rise in the price of CO₂ certificates has had a significant impact on this item. The costs for the requisite CO₂ certificates are capitalized as other assets upon acquisition. When the CO₂ certificates are later consumed, a corresponding write-down is made, which increases this item. By switching from coal to biomass, this effect will no longer be noticeable in 2020, as significantly fewer CO₂ certificates will be needed.

Other operating expenses totalled € 16.7 million on 31 December 2019 (previous year: € 13.1 million). The margin is 11.7% (previous year: 9.3%). This increase is due to factors including higher expenses from exchange rate differences.

The financial result totals € -0.6 million (previous year: € -0.5 million). Consolidated net income for the first six months totalled € 7.5 million (previous year: € 9.2 million).

Group management report for STEICO SE as of 30 June 2020

Q2 – viewed in isolation

Revenues of € 69.7 million were recorded in the second quarter (previous year: € 68.6 million) This corresponds to an increase of 1.6%. Total operating revenues amounted to € 69.8 million (previous year: € 69.7 million)

Gross profits amounted to € 31.9 million (previous year: € 32.9 million).

EBITDA in the second quarter fell by 10.4% to € 11.6 million (previous year: € 12.9 million). EBIT fell by 12.5% to € 6.2 million (previous year: € 7.1 million). The EBITDA margin is 16.6% (previous year: 18.6%), the EBIT margin is 8.9% (previous year: 10.1%).

2. FINANCIAL POSITION AND NET ASSETS

Total assets increased slightly as of 30 June 2020 to around € 365.3 million compared to 31 December 2019 (€ 354.6 million).

In line with the ongoing investment projects, property, plant and equipment increased to € 251.3 million (31 December 2019: € 249.4 million).

The increase in receivables and other assets to € 47.8 million is due to the higher order volumes in the summer months, as was also the case in previous years (31 December 2019: € 34.3 million).

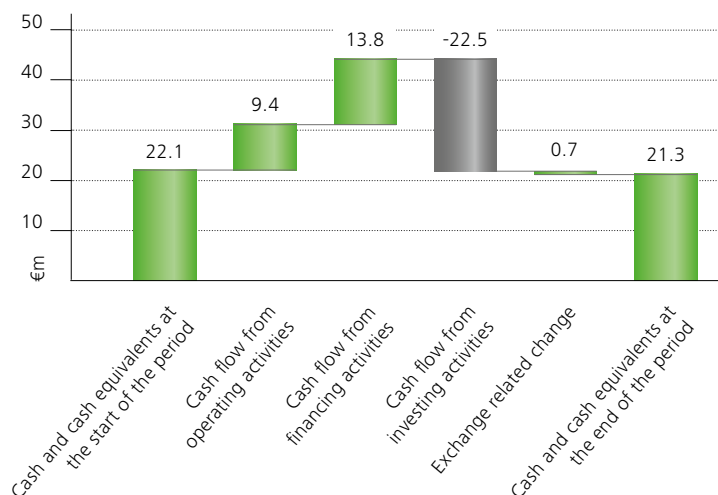
On 30 June 2020 the item cash in hand and bank balances amounted to € 21.3 million (31 December 2019: € 22.1 million). This downturn is due to the ongoing capital expenditure.

Equity and liabilities are characterised by an increase in liabilities to banks to € 126.1 million (31 December 2019: € 107.8 million). This is due to the ongoing investment projects, which are financed via the existing syndicated credit agreement.

On 30 June 2019 equity amounted to € 182.6 million (31 December 2019: € 190.3 million). This corresponds to an equity ratio of around 50.0% (31 December 2019: 53.7%). The lower equity ratio is solely due to the change in the PLN/EUR exchange rate compared with the 2019 balance sheet date.

3. LIQUIDITY

H1 2020: Cash flows in € millions



Cash flow from operating activities

During the past six months, the STEICO Group recorded a cash flow from operating activities of € 9.4 million (2019 as a whole: € 43.4 million). During the first six months of the year the cash flow from operating activities is generally impacted by a particularly high level of trade receivables and, as a result, the high volume of business due to construction activities in the summer months.

Cash flow from investing activities

The cash flow from investing activities totaled € -22.5 million in the first six months of 2020 (2019 as a whole: € -49.5 million) and is mostly due to payments made for investments in property, plant and equipment. The largest blocks of investment in this context are expenditures for the expansion of element production, the construction of an electric turbine and measures to increase capacity and efficiency.

Group management report for STEICO SE as of 30 June 2020

Cash flow from financing activities

The cash flow from financing activities was positive in the first six months at € 13.8 million (2019 as a whole: € 8.9 million). This item is characterised by receipts and payments from funds from the syndicated loan to finance investment projects and dividend payments.

As of 30 June 2020 the STEICO Group's cash and cash equivalents totaled € 21.3 million (start of the period: € 22.1 million). This is deposited in current accounts. The group pursues a risk-minimising investment approach which ensures that liquidity is guaranteed until it is used for further investments.

IV. 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. This includes the sustainable procurement of raw materials as well as the conversion of the internal energy supply from fossil to renewable energy sources. Detailed information on the STEICO Group's environmental protection activities can be found in the STEICO Sustainability Report at www.steico.com or in the STEICO Annual Report 2019.

Staff

As of 30 June 2020 the STEICO Group had an average of 1,807 employees (without suspended employees) (previous year: 1,778). 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

There were no special events between 30 June 2020 and the date on which this report was published.

D. OPPORTUNITY AND RISK REPORT, FORECAST

The comments in the opportunity and risk report and in the forecast are, by their very nature, associated with a certain degree of forecasting uncertainty. Please refer to STEICO's 2019 Annual Report for a detailed presentation of risks and opportunities.

I. FORECAST

The management continues to take a positive view of the second half of 2020. The European construction industry is still characterized by a high degree of stability – in addition, the second half of the year is likely to be characterized by positive growth impetus and catch-up effects as a result of the easing of corona restrictions currently being implemented in many countries.

For 2020, the Board of Directors continues to expect revenues to be between the previous year's level and plus 5% growth. Due to the current positive growth it is forecasting an EBIT ratio of between 8.5% and 9.5% (in terms of total operating revenue).

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Consolidated income statement 1 January - 30 June 2020

	6M 2020	6M 2019
	€	€
1. Revenues	144.163.570,43	139.571.990,17
2. Increase in finished goods and work in progress	-1.941.333,65	867.256,15
3. Other own work capitalised	75.125,19	27.197,94
	142.297.361,97	140.466.444,26
4. Other operating income	2.559.599,78	3.010.142,04
	144.856.961,75	143.476.586,30
5. Cost of materials		
a) Cost of raw materials, consumables and supplies and for purchased goods	-78.988.477,29	-79.707.616,05
b) Cost of purchased services	-171.117,18	-411.627,67
6. Gross profits	65.720.108,52	63.357.342,58
7. Personnel expenses		
a) Wages and salaries	-20.415.662,93	-19.657.107,08
b) Social security and expenses for retirement benefits	-4.918.184,37	-4.613.897,39
8. Amortization of intangible fixed assets and depreciation of tangible fixed assets	-11.485.329,75	-12.276.188,07
9. Other operating expenses	-16.667.785,00	-13.105.112,51
10. EBIT	12.210.405,23	13.705.037,53
11. Other interest and similar income	251.445,23	386.367,50
12. Interest and similar expenses	-853.736,48	-883.217,45
13. Financial result	-602.291,25	-496.849,95
14. Earnings before taxes	11.608.113,98	13.208.187,58
15. Income taxes	-2.843.100,04	-2.855.275,30
16. Earnings after taxes	8.765.013,94	10.352.912,28
17. Other taxes	-1.275.277,63	-1.195.503,50
18. Consolidated net income for the period	7.489.736,31	9.157.408,78
19. Profit carried forward from previous year	67.425.018,21	48.158.835,09
20. Consolidated profits	74.914.754,52	57.316.243,87

STEICO Consolidated Balance Sheet as of 30 June 2020

ASSETS

	30 June 2020	30 June 2019
	€	€
A, NON-CURRENT ASSETS		
I, Intangible assets		
1, Acquired concessions, industrial property rights and similar rights and assets as well as licenses for such rights and assets,	871,637.29	1,872,870.59
	871,637.29	1,872,870.59
II, Property, plant and equipment		
1, Land, land rights and buildings including buildings on third-party land	69,283,819.94	60,229,003.77
2, Technical plant and machinery	106,282,594.08	114,088,461.58
3, Other assets, operating and office equipment	2,222,485.95	2,504,605.93
4, Advances made and assets under construction	73,556,548.79	59,487,698.36
	251,345,448.76	236,309,769.64
III, Financial assets		
1, Interests in affiliated companies	2,004.04	2,101.38
2, Loans to affiliated companies	13,913.82	29,414.53
3, Other loans	8,000.00	211,700.00
	23,917.86	243,215.91
	252,241,003.91	238,425,856.14
B, CURRENT ASSETS		
I, Inventories		
1, Raw materials, consumables and supplies	19,908,720.24	17,981,799.56
2, Work in progress	1,317,966.67	2,033,544.00
3, Finished goods and merchandise	18,301,253.20	15,538,536.24
4, Advance payments made	137,308.50	42,004.58
	39,665,248.61	35,595,884.38
II, Receivables and other assets		
1, Trade receivables	30,627,437.41	28,613,388.82
2, Receivables from affiliated companies	1,723.11	301.14
3, Other assets	17,187,172.35	17,078,506.58
	47,816,332.87	45,692,196.54
III, Securities		
Other securities	385,655.41	137,419.15
IV, Cash in hand and bank balances		
	21,292,087.42	16,914,353.73
	109,159,324.31	98,339,853.80
C, DEFERRED INCOME		
	3,149,780.87	3,303,261.20
D, DEFERRED TAX ASSETS		
	711,629.59	1,176,375.47
	365,261,738.68	341,245,346.61

STEICO Consolidated Balance Sheet as of 30 June 2020

EQUITY AND LIABILITIES

	30 June 2020	30 June 2019
	€	€
A. EQUITY		
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	-18.387.911,23	-6.726.090,99
V. Consolidated profits	74.914.754,52	57.316.243,87
	182.572.231,89	176.635.541,48
B. PROVISIONS		
1. Provisions for pensions and similar obligations	2.496.091,05	3.215.365,33
2. Provisions for taxes	2.654.417,20	2.368.790,33
3. Other provisions	12.382.484,98	11.392.578,59
	17.532.993,23	16.976.734,25
C. LIABILITIES		
1. Liabilities to banks	126.103.613,00	110.505.682,00
2. Advance payments received on account of orders	51.476,77	32.073,69
3. Trade payables	17.580.536,32	19.164.690,19
Liabilities to affiliated companies	6.030.000,00	0,00
4. Other liabilities	14.297.004,58	16.582.740,68
	164.062.630,67	146.285.186,56
D. PREPAID EXPENSES		
	38.237,89	6.701,53
E. DEFERRED TAX LIABILITIES		
	1.055.645,00	1.341.182,79
	365.261.738,68	341.245.346,61

STEICO Consolidated cash flow statement for H1 2020

	01.01.-30.06.2020	01.01.-31.12.2019
	€	€
I. CASH FLOW FROM OPERATING ACTIVITIES		
1. Earnings for the period (consolidated net income/loss)	7,489,736.31	22,787,040.87
2. +/- Amortization/depreciation of non-current assets	11,485,329.75	24,223,735.44
3. +/- Increase/decrease in provisions	2,675,990.31	-261,326.74
4. +/- Other non-cash expense/income	-75,125.19	-129,394.58
5. +/- Increase/decrease in inventories, trade receivables and other assets that are not allocated to investing or financing activities	-10,294,554.39	-10,257,315.19
6. +/- Increase/decrease in trade payables and other liabilities that are not allocated to investing or financing activities	-1,360,359.50	5,230,133.88
7. +/- Gains/losses from the disposal of non-current assets	16,653.29	-48,905.46
8. +/- Interest expense/income	602,291.25	1,057,809.23
9. +/- Income tax expense/income	2,843,100.04	6,118,284.98
10. +/- Income tax payments	-3,970,773.54	-5,358,499.50
11. = Cash flow from operating activities	9,412,288.33	43,361,562.93
II. CASH FLOW FROM INVESTING ACTIVITIES		
1. - Payments made for investments in intangible non-current assets	-707,579.63	-3,478,144.25
2. + Proceeds received from disposals of items of property, plant and equipment	36,589.45	147,919.73
3. - Payments made for investments in property, plant and equipment	-22,236,809.08	-46,814,788.64
4. + Proceeds received from disposals of financial assets	167,228.47	36,471.53
5. - Payments made for investments in financial assets	0.00	-4,884.62
6. + Interest received	251,445.23	654,565.24
7. = Cash flow from investing activities	-22,489,125.56	-49,458,861.01
III. CASH FLOW FROM FINANCING ACTIVITIES		
1. + Proceeds received from taking out (financial) loans	24,667,652.00	27,105,387.00
2. - Payments made from redeeming bonds and (financial) loans	-6,337,554.00	-12,903,680.00
3. - Interest paid	-1,007,016.74	-1,817,871.44
4. - Dividends paid to shareholders of the parent company	-3,520,866.26	-3,520,866.25
5. = Cash flow from financing activities	13,802,215.00	8,862,969.31
IV. CASH AND CASH EQUIVALENTS		
1. Net change in cash and cash equivalents	-1,555,175.55	2,765,671.23
2. +/- Exchange-rate related change in cash and cash equivalents	22,121,885.20	592,344.10
3. + Cash and cash equivalents - start of period	21,292,087.42	18,763,869.87
4. = Cash and cash equivalents - end of period	21,292,087.42	22,121,885.20

STEICO Notes to the consolidated financial statements

I. GENERAL INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. LEGAL FOUNDATIONS

The regulations set out in Sections 294 ff. of the Handelsgesetzbuch (HGB - German Commercial Code) apply for the consolidated financial statements. The consolidated financial statements are prepared based on legal requirements.

2. 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.

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.

Low-value items of property, plant and equipment 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 in connection with Section 306 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.

STEICO Notes to the consolidated financial statements

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

3. 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 the historical rate.

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 30 June 2020:	4.45600
Average rate in H1 2020:	4.43608

The exchange rates for GBP/€ are:

Closing rate on 30 June 2020:	0.91243
Average rate in H1 2020:	0.87583

4. SUPERVISORY BOARD

STEICO's Supervisory Board comprises 4 members.

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

Professor Dr. h. c. Heinrich Köster, Stephanskirchen, Deputy Chairman of the Supervisory Board, President of the Rosenheim University of Applied Sciences

Ms Katarzyna Schramek, Munich, attorney

Dr. Jürgen Klass, Munich, attorney

5. DIRECTORS

STEICO SE's Board of Directors comprises 6 members.

Mr. Udo Schramek, Munich, Chairman and Managing Director of STEICO SE - responsible for R&D, quality assurance, marketing, purchasing, business sector development, application technology, IT, legal and HR.

Mr. Uwe Lange, Berga, Managing Director for line construction and investment project management.

Mr. Thorsten Leicht, Landshut Managing Director for Processes and Quality Management, Production, Quality and Sustainability Management

Dr. David Meyer, Munich, Managing Director for finance, accounting & controlling and investor relations.

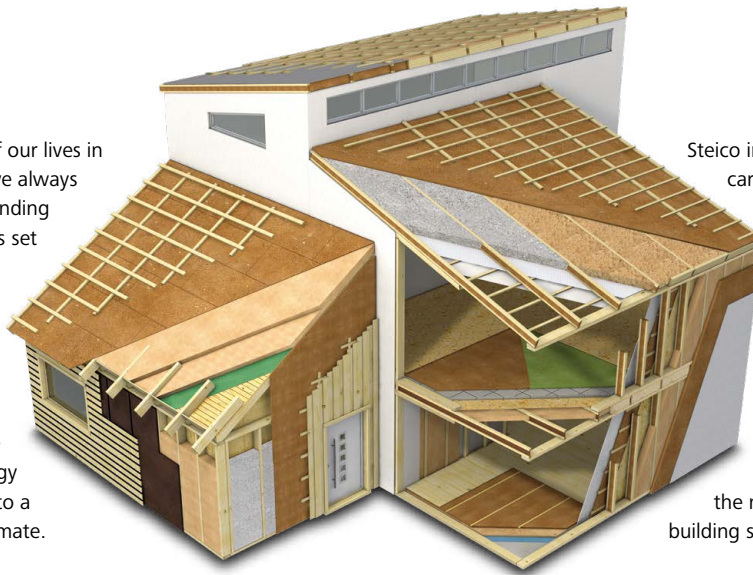
Mr. Milorad Rusmir, Kirchheim, Managing Director for wood wholesale

Mr. Tobias Schindler, Sistrans (Austria), Managing Director for Sales.

STEICO Half-Year Report

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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



STEICO
engineered by nature

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