

STEICO SE

Consolidated interim report on Q1 2021

The green share

Q1 2021

- Sales soar in first quarter. EBIT more than doubles.

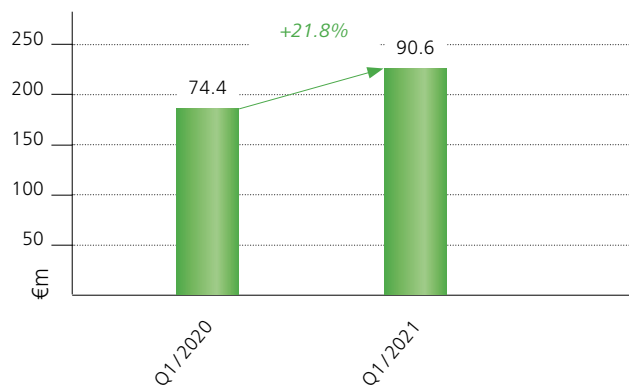


Natural building products for **healthier living**

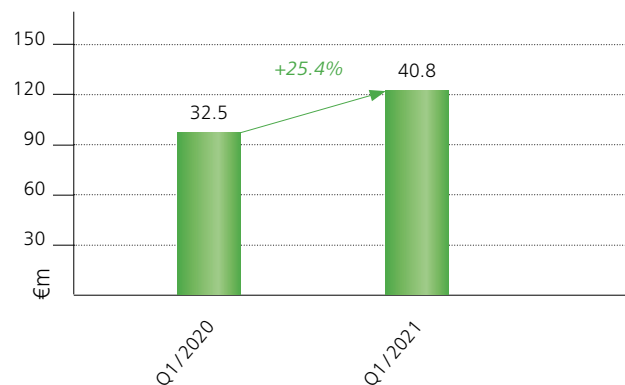
Overview

Sales soar in Q1. EBIT more than doubles.

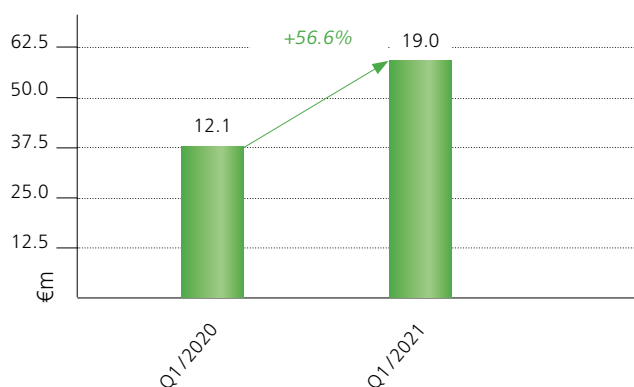
Q1 2021: Revenue growth in € millions



Q1 2021: Gross earnings growth in € millions



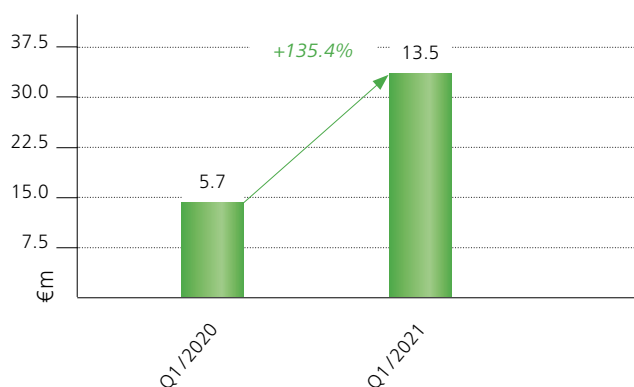
Q1 2021: EBITDA growth in € millions



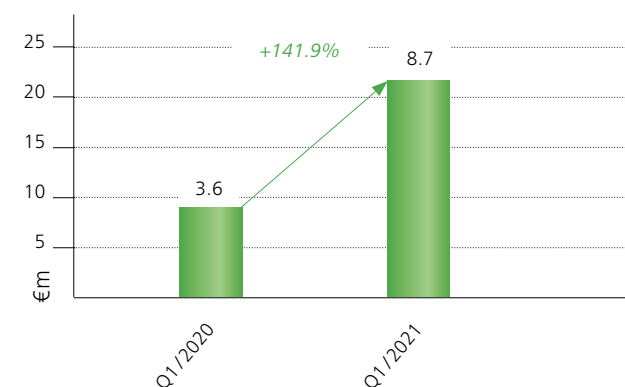
Q1 2021: EBIT growth in € millions



Q1 2021: EBT growth in € millions



Q1 2021: Profit for the period growth in € millions



ADDITIONAL KPIS

	Q1 2021	Q1 2020
1. Total operating revenue in € millions	€ 88.3 million	€ 72.5 million
2. EBITDA margin as a percentage of total operating revenue	21.5%	16.7%
3. EBIT margin as a percentage of total operating revenue	15.6%	8.3%
4. Equity ratio (as of 31 March or 31 December)	52.0%	49.7%

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

Building and insulating with wood is more attractive than ever. As a result, the dynamic increase in demand continued in the first quarter of 2021. The STEICO Group recorded a 21.8% surge in sales to € 90.6 million, with a simultaneous disproportionately high increase in earnings. EBIT rose by 128.9% to € 13.8 million, while net income for the period, at € 8.7 million, was 141.9% higher than in the same quarter of the previous year. STEICO thus recorded by far the most successful first quarter in the company's history.

In order to continue to meet the increasing demand, STEICO is currently pursuing the largest investment program in the company's history. With a focus on wood fiber insulating materials, capacities are not only being expanded at the existing locations. In Gromadka, Poland, STEICO is also investing in the construction of a completely new insulation materials plant.

Management remains very optimistic about the full year 2021 and believes the Group is excellently positioned to continue its growth. As a result of the excellent start to the year, expectations for the year as a whole are being adjusted upwards. Unless there are additional negative effects from developments in the pandemic, the Board of Directors believes that in 2021 revenues will lift by more than 15% with an EBIT ratio of between 13.0% and 15.0% (in terms of total operating revenue).

Company profile

The STEICO Group 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 fiber insulation panels, composite thermal insulation systems, insulation panels with a reinforcing effect, as well as cavity wall insulation made of wood fibers and cellulose.

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

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I. ECONOMIC CONDITIONS

1. ECONOMIC DEVELOPMENT

After the severe economic crisis due to COVID-19, the EU Commission expects growth to return in the spring. Overall, economic output in the eurozone is expected to rise by 3.8 percent this year, and by 3.7 percent in the European Union as a whole.¹ European construction activity is also picking up after the COVID-19 induced slump. Current data is available for January 2021. Compared to December 2020, production in the construction sector increased by 0.8% in the eurozone and 0.9% in EU.²

In Germany, too, the construction industry continues to show a positive trend. Sales in the construction sector fell 15.6% higher in January 2021 compared with January 2020. However, the sharp decline in sales is partly due to pull-forward effects resulting from the expiry of the temporary VAT cut at the end of 2020. This is also suggested by the exceptionally high sales in December 2020, which were 18.0% higher than the sales in the same month of the previous year.³

The timber construction sub-segment continues to enjoy very positive growth. The BDF (Bund Deutscher Fertigbau) reports a prefabricated construction quota for single and two-family houses of 22.2% for 2020 as a whole. The share of pre-fabricated houses in 2019 as a whole totaled 20.8%. Prefabricated buildings are mainly made of wood.

In France, the new construction sector in particular suffered from the COVID-19 crisis. About 351,000 residential housing starts were recorded in 2020, down 22% from 2019. However, the French Construction Industry Federation (FFB) expects a boost in construction activity as a result of rising renovation activity. As part of the large-scale economic development programme "France Relance" (New Start France), attractive subsidies for energy-efficient renovations have been available since September 2020.⁴

Following a 14% decline in construction activity in 2020 in the UK, the most important market for I-joists, the figures now suggest a turnaround. February 2021 construction sales were up 1.6% year-over-year.⁵

1 Source: European Economic Forecast; Institutional Paper dated 11 February 2021

2 Source: Eurostat; Euroindikatoren 33/2021 dated 17 March 2021

3 Source: Destatis, press release 178 dated 9 April 2021

4 Source: FFB Federation Francaise du Batiment; press conference on 23 March 2021

5 Source: Office for National Statistics; Statistical bulletin dated 13 April 2021

II. COURSE OF BUSINESS

1. COUNTRY DEVELOPMENT (SELECTED MARKETS)

Compared to the previous year's figures, it should be noted that the first quarter of 2020 was only slightly affected by the spreading COVID-19 pandemic. The strongest effects from COVID-19 were only felt in the second quarter of 2020.

Germany

During the first three months, revenues in Germany lifted by 35.6% to €37.7 million (previous year: € 27.8 million). The increase can be attributed to several factors: the general trend towards more ecological building products is receiving broad political support. In addition, the German government's climate package promotes energy-efficient construction and renovation. As a result, timber construction is booming, but there is also increasing demand for renovation work. The increase in sales is primarily driven by wood fiber insulation materials.

France

During the first three months, revenues in France lifted by 29.5% to €13.1 million (previous year: € 10.1 million). At the end of 2020 the French government put an extensive subsidy programme in place for energy-efficient building refurbishment in order to support the economy after the COVID-19 crisis and at the same time achieve the climate targets.

United Kingdom

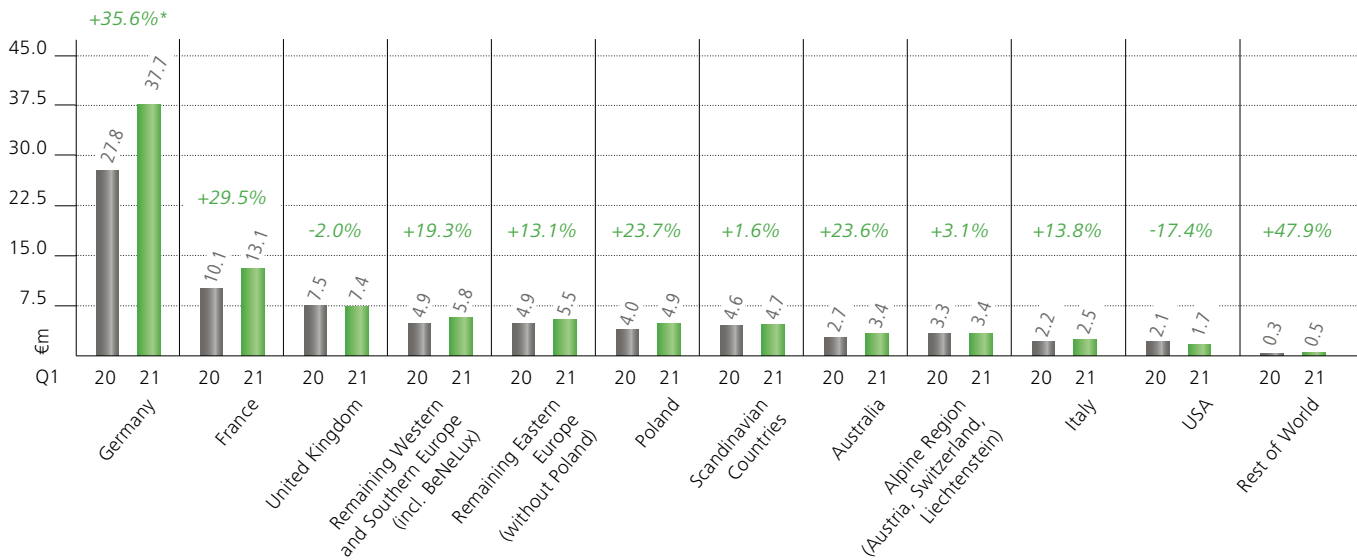
In the first quarter, revenues in the United Kingdom were down by 2% compared with the previous year at € 7.4 million (previous year: € 7.5 million). In the first quarter of 2021, construction activity in the UK was still partially affected by the Corona restrictions. A further recovery is also expected in the UK in the coming quarters. The United Kingdom is traditionally the most important market for I-joists.

Summary

Almost all markets show clear growth impulses after 2020, which was a difficult year. Management is confident that this broad-based growth will continue throughout the year.

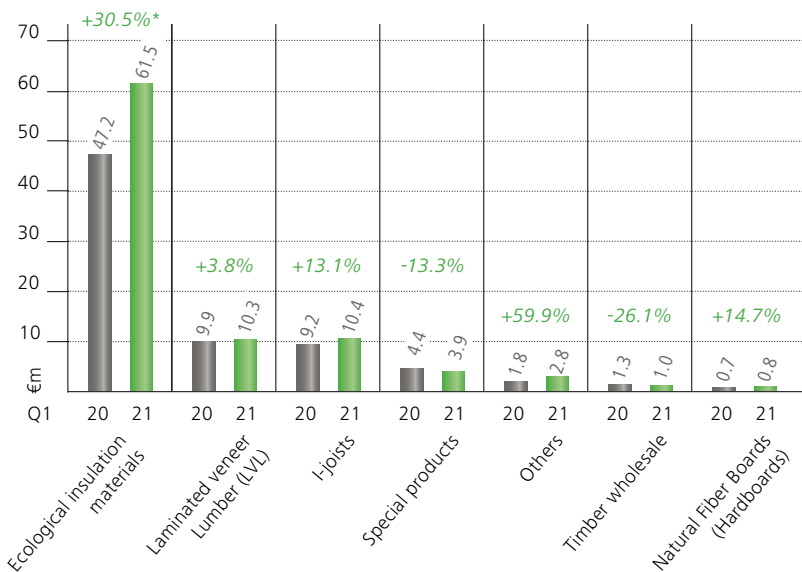
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Q1 2021: Development Sales by Markets in € million



Q1 2021: Development Sales by Product Groups in € million

* growth rates from Q1 2020 to Q1 2021



2. SEGMENT GROWTH

Environmentally friendly insulation materials

During the first three months, revenues with wood-fibre insulation materials lifted by 30.5% to € 61.5 million (previous year: € 47.2 million).

Despite a significant increase in production capacity compared with the previous year, it was not yet possible to achieve a sustained reduction in delivery times. Very dynamic demand behaviour can still be seen. By making further production capacities available in the course of the year,

management expects the delivery situation to normalize in the course of the second half of the year.

LVL, Laminated Veneer Lumber

During the first quarter of 2021, revenues with laminated veneer lumber lifted by 3.8% to € 10.3 million (previous year: € 9.9 million). STEICO's production facilities are now operating at full capacity. The Group intends to increase sales further by optimising its product range and production.

I-joists

During the first quarter of 2021, revenues with I-joists lifted by 13.1% to € 10.4 million (previous year: € 9.2 million).

I-joists benefited from a revival in exports to Australia. In addition, several Central European markets, especially Germany, are characterized by an increasing shortage of conventional timber construction products such as structural solid wood. As a result, STEICO's I-joists are experiencing stronger demand as an alternative product.

Production of prefabricated components

Production of prefabricated components continues to record positive growth. As the contribution to sales is currently still low, these activities are currently still reported under the collective item "Other".

STEICO's prefabricated 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. The STEICO Group will not operate as a house construction company itself.

3. UNDERLYING CONDITIONS FOR PRODUCTION AND SALES

Capacity expansions for wood fibre insulating materials

STEICO is currently pursuing the largest investment program in the company's history. In order to further expand the Group's global market leadership in wood-fiber insulating materials, investment activities are currently focused on this segment.

STEICO is building a new insulation plant with three production lines at the recently acquired site in Gromadka (PL). The total annual capacity will be around 1.5 million m³. Capital expenditure totals around € 75 million. The plant is expected to go live at the end of 2022.

At the Casteljaloux and Czarna Woda sites, one new production plant for wood fiber insulating materials at each site is expected to be commissioned in the second half of the year.

As a result of projects already completed, production volumes have already been significantly increased compared with the previous year. Ongoing conversions of existing plants should ensure that additional volumes are available before the end of the year.

Growth in purchase prices

The general price increases for structural timber have so far only had a minor impact on the procurement of raw timber. Particularly for the production of wood fiber insulating materials, wood qualities are needed that are little affected by the current price increases. The Polish State Forest as the main supplier has made moderate price increases in the usual range.

On the other hand, significant cost increases were observed for a number of additives in the first quarter. Management

is confident that it will be able to compensate for the cost increases by raising sales prices.

III. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

1. RESULTS OF OPERATIONS

Revenue improved by 21.8% to € 90.6 million in the first quarter of 2021. Total operating revenues amounted to € 88.3 million.

Gross profits for the first quarter totaled € 40.8 million, up 25.4% year-on-year (Q1 2020: € 32.5 million). The positive development is due, among other things, to economies of scale as a result of high capacity utilization.

EBITDA was up by 56.6% to € 19.0 million in the first quarter (previous year: € 12.1 million). This was due in particular to a disproportionately low increase in other operating expenses. The EBITDA margin in the first quarter amounted to 21.5% (in terms of total operating revenue).

EBIT totaled € 13.8 million in the first three months, up 128.9% (Q1 2020: € 6.0 million). The EBIT margin amounted to 15.6% (in terms of total operating revenue).

EBT for the first quarter totaled € 13.5 million, up 135.4% year-on-year (Q1 2020: € 5.7 million).

Net income for the period in Q1 totaled € 8.7 million and was thus up by 141.9% (Q1 2020: € 3.6 million).

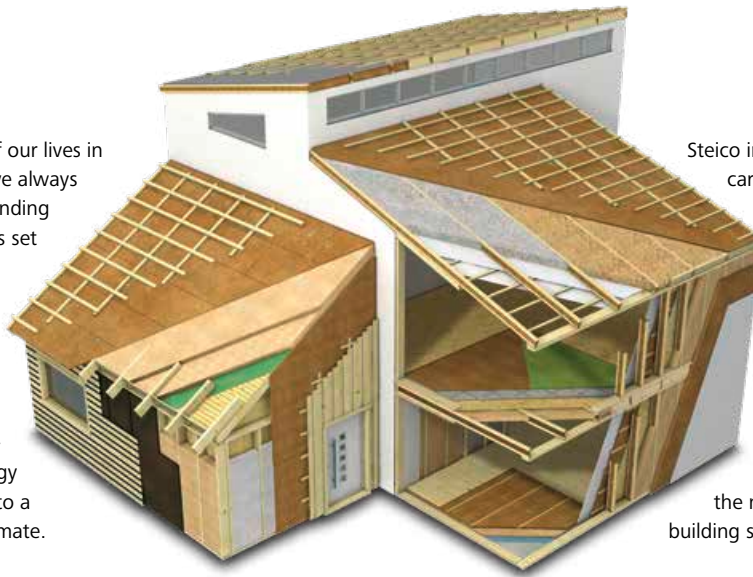
2. OUTLOOK

Management remains very optimistic about the 2021 as a whole and believes the Group is excellently positioned to continue its growth. As a result of the excellent start to the year, expectations for the year as a whole are being adjusted upwards.

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Interim Report Q1 2021

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



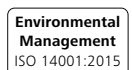
Insulation for healthy living



Strong quality control



Compatible insulation and structural building systems



STEICO
engineered by nature

STEICO SE • Otto-Lilienthal-Ring 30 • 85622 Feldkirchen (GER)
Tel.: +49-89-99 15 51-0 • Fax: +49-89-99 15 51-700
Internet: www.steico.com • E-mail: info@steico.com