

STEICO SE

Consolidated interim report on Q1 2022

The green share

Q1 2022

- Successful start to the year in a more demanding environment



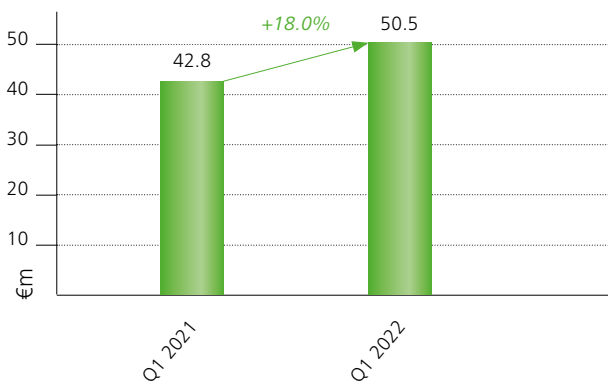
Natural building products for **healthier living**

Successful start to the year in a more demanding environment

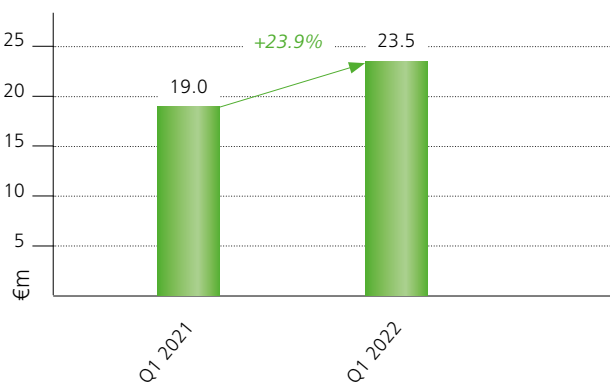
Q1 2022 **Revenue** growth in € millions



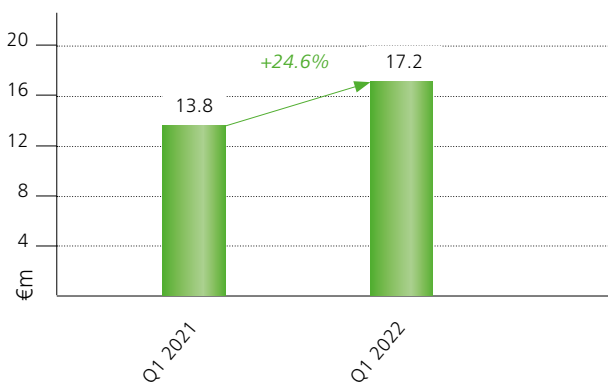
Q1 2022 **Gross Earnings** growth in € millions



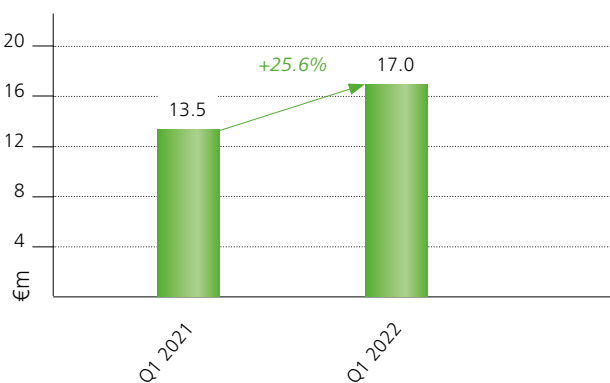
Q1 2022 **EBITDA** growth in € millions



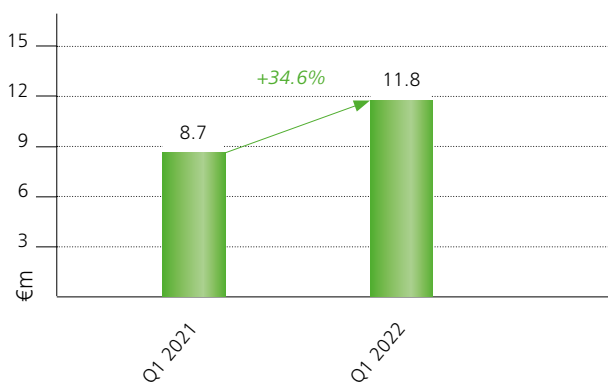
Q1 2022 **EBIT** growth in € millions



Q1 2022 **EBT** growth in € millions



Q1 2022 **Profit for the Period** growth in € millions



ADDITIONAL KPIS

	Q1 2022	Q1 2021
1. Total operating revenue in € millions	€ 115.8 million	€ 87.9 million
2. EBITDA margin as a percentage of total operating revenue	20.3%	21.6%
3. EBIT margin as a percentage of total operating revenue	14.9%	15.7%
4. Equity ratio (as of 31 March 2022 / 31 December 2021)	50.6%	54.5%

Percentage increases and margins calculated based on non-rounded figures. As a result of reclassifications there may be minor differences compared to the previous year's figures.

As a result of the war between Russia and Ukraine, and also the problems in global supply chains, insecurity on the market increased substantially. In particular, higher inflation has caused construction work to become increasingly expensive.

In spite of this, however, the STEICO Group recorded a successful start to the year. The first quarter of 2022 was characterised by constant high demand for STEICO's environmentally friendly insulation materials and timber construction products.

As a result, revenue in the first quarter improved by 27.9% compared to the previous year to € 115.9 million. EBITDA totaled € 23.5 million and was thus 23.9% higher than in the previous year. EBIT was up 24.6% year-on-year at € 17.2 million.

The STEICO Group's constant increases to its capacity reserves mean that the Group is excellently positioned to continue its growth. Unless there are additional negative effects from developments in the economy, the COVID-19 pandemic and the Russia-Ukraine conflict, the Executive Board believes that in 2022 turnover will lift by more than 20% with an EBIT ratio of between 13% and 15% (in terms of total operating revenue).

Company profile

STEICO develops, produces and markets ecological construction products made of renewable raw materials and is the global market leader for wood fibre 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 fibre insulation panels, facade insulation materials, as well as cavity wall insulation made of wood fibres 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.

I. ECONOMIC CONDITIONS

1. ECONOMIC DEVELOPMENT

The war between Russia and Ukraine as well as continuing problems in the supply chain as a result of the COVID-19 pandemic have created significant uncertainties for the global economy. Inflation has increased substantially as a result. Annual inflation in the Eurozone in March 2022 was estimated at 7.5%, compared to 5.9% in February.¹ This was also felt in the construction sector. House prices, measured using the House Price Index (HPI) increased in the fourth quarter of 2021 compared to the same quarter of the previous year - by 9.4% in the Eurozone and by 10.0% in the EU. This is the highest annual increase in the Eurozone since 2005, when information about house prices started to be recorded.²

The German council of experts for the analysis of overall economic growth has already substantially downgraded the economic outlook for Germany. GDP is expected to grow by 1.8%³ (previously 2.7%).⁴

In spite of this, however, the construction sector continues to enjoy robust growth. A total of 57,713 residential construction permits were issued from January to February 2022. This figure is practically unchanged year-on-year (January to February 2021: 57,712 construction permits).⁵ At present the stable trend from 2021 is continuing. 2.6% more residential units than in the previous year were approved.⁶ In addition, the number of construction permits has been increasing at a faster rate than the number of finished properties for several years to create a (so-called construction backlog),⁷ which should further support the construction sector.

In France the number of construction permits has increased greatly over the three-month period from December 2021 to February 2022. This figure is up by 10.1% compared to the previous three months.⁸ This is due to factors including orders being pulled forward due to heightened building regulations. The new building regulations (RE2020) include, for the first time, regulations on summer heat protection as well as construction products which save CO₂, which should benefit STEICO over the long term.

In the United Kingdom, the most important sales market for I-joists, construction activities have now returned to the level prior to the pandemic. Construction activities in February 2022 were up by 1.1% compared to February 2020, a month in which figures had not yet been impacted by the pandemic.⁹

1 Source: Eurostat; Flash estimate 37/2022 dated 01 April 2022

2 Source: Eurostat; Euroindicators 42/2022 dated 08 April 2022

3 Source: Council of experts; Press release dated 30 March 2022

4 Source: Council of experts; Annual analysis 2021/2022

5 Source: Destatis, press release 175 dated 21 April 2022

6 Source: Destatis, press release 095 dated 10 March 2022

7 Source: Destatis, press release 095 dated 10 March 2022

8 Source: Ministère de la transition écologique; information 446 dated 22 March 2022

9 Source: Office for National Statistics; Statistical bulletin dated 11 April 2022

Interim report Q1 2022

II. COURSE OF BUSINESS

Compared to the same quarter of the previous year, it has been possible to record what have in some cases been substantial increases in revenues on all of STEICO's sales markets. In addition to high demand for timber products, on many markets the eased COVID-restrictions also contributed to growth.

1. COUNTRY DEVELOPMENT (SELECTED MARKETS)

Germany

In Germany, revenues increased by 20.2% to € 45.3 million compared to the same quarter of the previous year (previous year: € 37.7 million).

The construction industry in Germany continues to enjoy robust growth, in particular for timber construction. Additional market drivers are:

- the rising timber construction quota, including regulatory relief for building with wood
- the trend towards ecological building and insulation materials
- positive growth in the number of building permits granted, in particular also in STEICO's core segments
- the continuing high order book at many timber construction companies

France

In France, revenues increased by 14.9% to € 15.1 million compared to the same quarter of the previous year (previous year: € 13.1 million).

The French market is currently characterised to a great extent by renovation activities. This is also supported by government subsidy programs. What is more, the higher requirements for energy efficiency for buildings are also contributing to growth.

United Kingdom

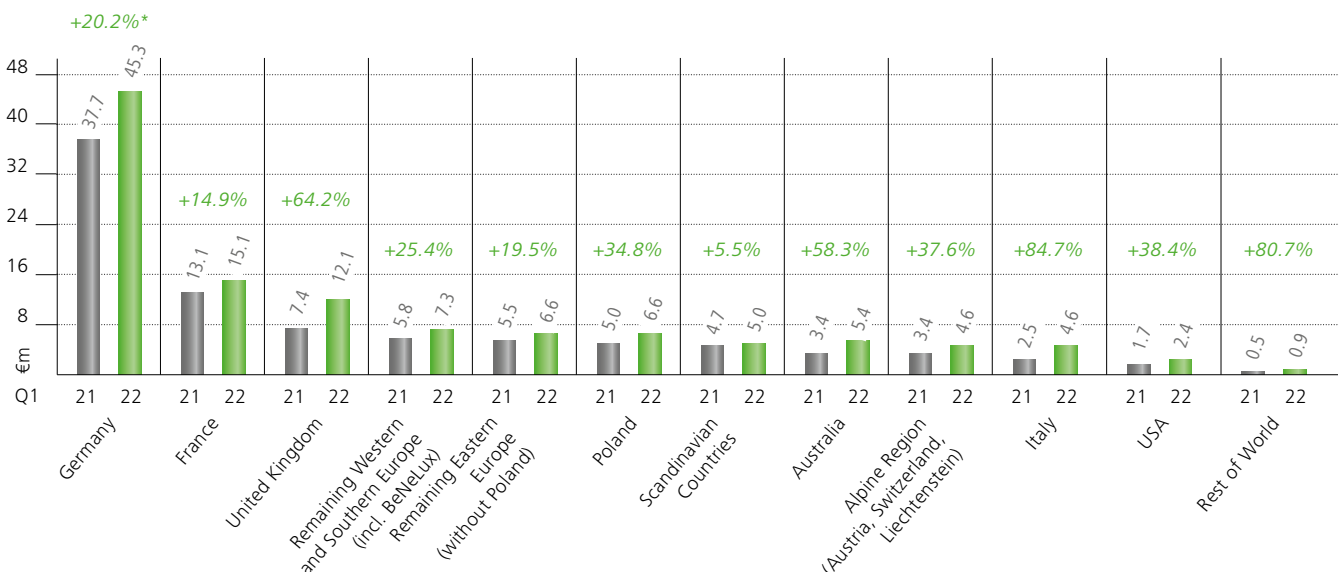
Revenues in the United Kingdom lifted by 64.2% compared to the same quarter of the previous year to €12.1 million (previous year: € 7.4 million).

This increase is due to factors including the recovery after the COVID-19 pandemic. In the United Kingdom the first quarter of 2021 was characterised by strong restrictions from the pandemic.

International markets

Australia is an attractive market for I-joists. This market was able to recover substantially as a result of the eased pandemic restrictions. This also applies to the USA, a sales market for refined specialty products.

Q1 2022: Development Sales by Markets in € million



2. SEGMENT GROWTH

Environmentally friendly insulation materials

Compared to the previous year, revenues with wood-fibre insulation materials lifted by 23.7% to € 76.1 million (previous year: € 61.5 million).

Demand for wood-fibre insulation products continues to be high, which means that a range of products continue to be sold via contingents.

The company's management believes that STEICO was able to further expand its position as the market leader for wood-fibre insulation materials in the first quarter.

I-joists

In the first quarter of 2022, revenues with I-joists totaled € 18.5 million, up 79.5% compared to the same period of the previous year (previous year: € 10.3 million).

I-joists benefited from the recovery of the UK market, which has traditionally been a major market for this product group. In addition, the continued high level of prices for traditional construction timber on continental European markets has also led to stronger demand for I-joists. I-joists are an economic alternative as a substitute load-bearing product.

LVL, Laminated Veneer Lumber

Revenues of € 10.5 million were recorded in the LVL segment in the first quarter of 2022. As a result revenues are practically on a par with the same period of the previous year (previous year: € 10.4 million).

The existing production facilities are continuing to be run at full capacity. In the first quarter of 2022 substantially higher quantities were used as components for I-joists compared to the same period of the previous year, and were thus not available for direct sales.

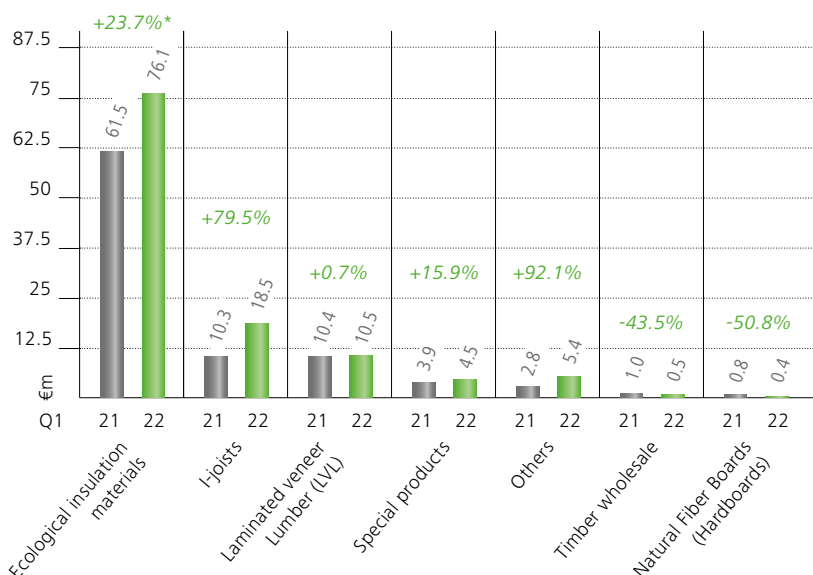
Production of prefabricated components

The element production segment is continuing to grow with increasing capacity uptake. Revenues in the element construction segment are still carried under the "Other" item.

Wood trade and natural fibre boards

Both segments are no longer of strategic importance. The wood trade segment is due to our company's history and is run with a low level of staff. Natural fibre boards are predominantly used as a component of I-joists and are only sold directly in rare cases.

Q1 2022: Development Sales by Product Groups in € million



Interim report Q1 2022

3. UNDERLYING CONDITIONS FOR PRODUCTION AND SALES

Capacity expansions for wood fibre insulating materials

STEICO is continuing to invest strongly in expanding production capacity, in order to satisfy the high demand and to further expand its leading position on the market for wood-fibre insulation materials.

- The production line for rigid wood fibre insulation boards made using the dry method at the site in Casteljaloux (FR) continues to be taken into operation. Annual capacity is around 250,000 cbm.

- In addition, the production line for stable wood fibre insulation boards made using the wet method at the site in Czarna Woda (PL) continues to be taken into operation. Annual capacity is around 135,000 cbm.

- The work on the new insulation plant in Gromadka (PL) is not able to fully avoid the impact of problems in the supply chain and cost increases for construction products. This plant is planned to go live at the start of 2023.

Two lines will be built for flexible wood fibre insulation mats in Gromadka, with a combined total annual capacity of over 1 million cbm. Another line with an annual capacity of around 500,000 cbm will produce stable wood fibre insulation boards using the dry process. The possibility of further expanding capacity in future is already included in the current project design, so that a future-oriented further expansion of the site is possible.

Natural gas supply situation

On 27 April, the Russian Federation stopped supplying Poland with natural gas. As things stand, this is not expected to have any direct negative impact on STEICO production. Poland has steadily reduced its dependence on Russian gas in recent years and has alternative sources of supply and largely full gas storage facilities.

No natural gas is used at STEICO's Czarna Woda site, but at the Czarnków site it is part of the energy mix together with biomass. At the Czarnków site, precautions have already been taken to be able to use liquefied gas as an alternative if necessary.

III. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

1. RESULTS OF OPERATIONS

In the first quarter of 2022, the STEICO Group's revenues lifted by 27.9% to € 115.9 million (previous year: € 90.6 million).

Gross profits in Q1 totaled € 50.5 million and were thus up by 18.0% (Q1 2021: € 42.8 million).

EBITDA in Q1 totaled € 23.5 million and was thus 23.9% higher than in the previous year (Q1 2021: € 19.0 million). The EBITDA margin in the first quarter amounted to 20.3% (Q1 2021: 21.6%).

EBIT in Q1 totaled € 17.2 million, up 24.6% (Q1 2021: € 13.8 million). The EBIT margin in the first quarter amounted to 14.9% (Q1 2021: 15.7%).

EBT in Q1 totaled € 17.0 million, up 25.6% (Q1 2021: € 13.5 million).

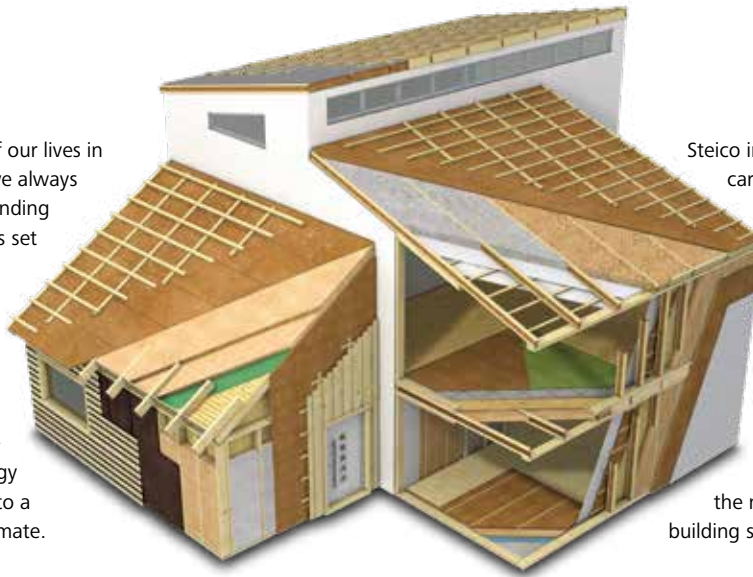
Net income for the period in Q1 totaled € 11.8 million and was thus up by 34.6% (Q1 2021: € 8.7 million).

2. OUTLOOK

Despite the more challenging environment, the company's management believes that it will be able to continue this growth during the entire year.

The STEICO Group's constant increases to its capacity reserves mean that the Group is excellently positioned to continue its growth. Unless there are additional negative effects from developments in the economy, the COVID-19 pandemic and the Russia-Ukraine conflict, the Executive Board believes that in 2022 turnover will lift by more than 20% with an EBIT ratio of between 13% and 15% (in terms of total operating revenue).

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