

STEICO SE

Group interim report 9M/Q3 2022

The green share

Q3 2022

Stable 9-month growth with normalisation in the third quarter



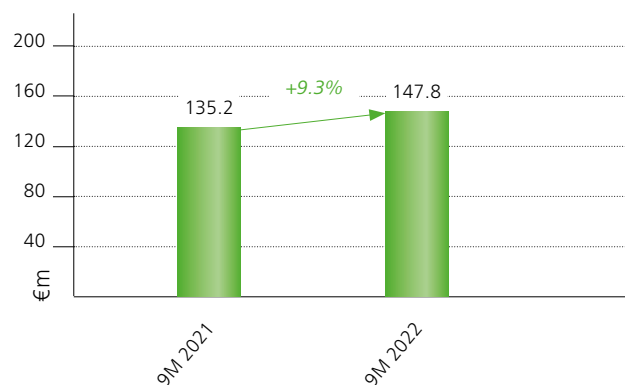
Natural building products for **healthier living**

Stable 9-month growth with normalisation in the third quarter

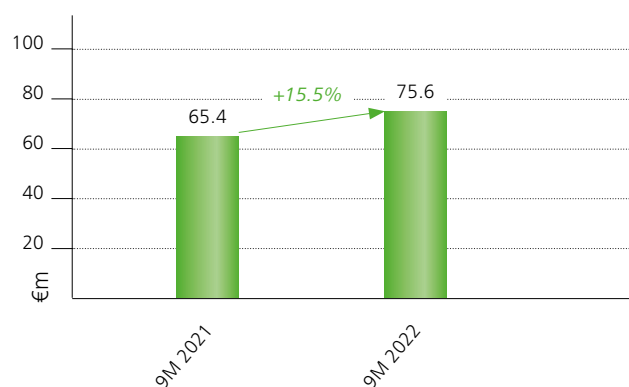
9M 2022 Revenue growth in € millions



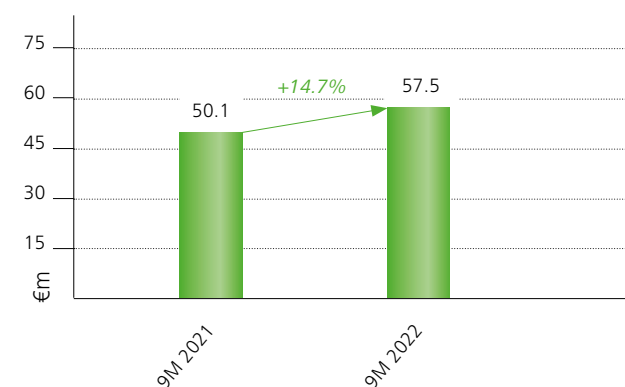
9M 2022 Gross Earnings growth in € millions



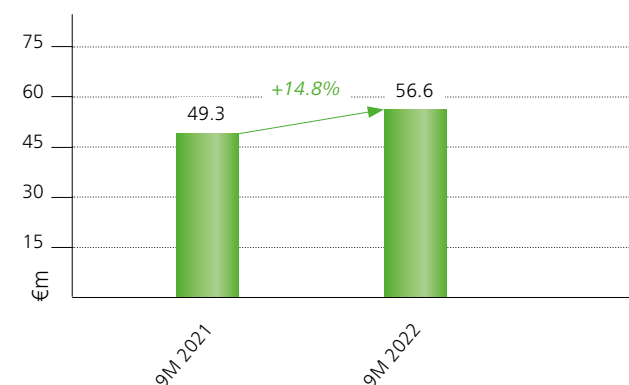
9M 2022 EBITDA growth in € millions



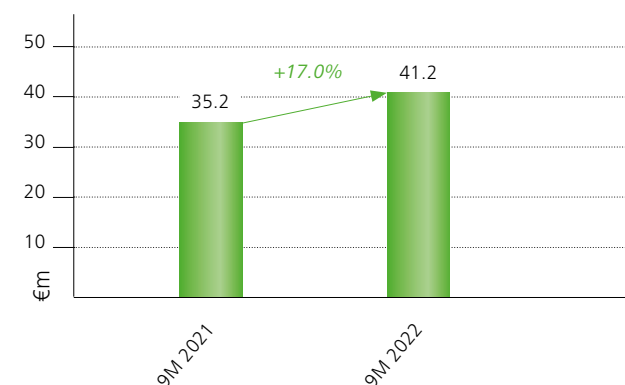
9M 2022 EBIT growth in € millions



9M 2022 EBT growth in € millions



9M 2022 Profit for the Period growth in € millions



ADDITIONAL KPIS

	9M 2022	2021	9M 2021
1. Total operating revenue in € millions	€ 358.7 million	€ 395.6 million	€ 290.0 million
2. EBITDA margin as a percentage of total operating revenue	21.1 %	23.1 %	22.6 %
3. EBIT margin as a percentage of total operating revenue	16.0 %	17.1 %	17.3 %
4. Equity ratio (as of Sept. 30 or Dec. 31)	50.1 %	54.5 %	53.4 %

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

With a nine-month increase of 20.9% to € 348.9 million in sales, the STEICO Group was able to continue its growth despite the gloomy economic outlook. The 9-month EBITDA was € 75.6 million (+15.5%), the EBIT was € 57.5 million (+14.7%). The margins were also kept pleasingly stable. The 9-month EBITDA margin is 21.1%, the EBIT margin is 16.0%.

Following successful capacity expansions and predominantly short-term availability of goods, ordering behaviour normalised in many cases in the third quarter. Q3 turnover increased by 9.4% to € 111.4 million. EBITDA amounted to € 25.1 million in the third quarter and was thus 4.3% above the previous year. EBIT grew by 0.2% to € 19.0 million. The EBIT margin in the third quarter is 16.4%.

As before, the majority of companies in the construction industry have a clear order backlog, which is having a stabilising effect. At the same time, management expects a significant shift in activity towards the refurbishment sector. However, the normalisation of ordering behaviour is likely to slightly weaken the growth dynamic in the fourth quarter as well. Therefore, the management expects a growth in turnover of around 18% for the full year. The EBIT margin is still expected to be in a range between 13% and 15% (compared to 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.

Laminated veneer lumber and I-joists form the structural components of the system. Insulation materials 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. Sealing products for the building shell round off the overall system.

The STEICO Group offers its customers a unique range of products up to the prefabrication of complete building components for wood 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

Rising interest rates and high inflation are beginning to impact construction activity in the euro area. Eurostat estimates annual inflation in the euro area at 10.0%¹ as of September 2022 and expects house prices to rise by 9.3%² in the second quarter of 2022 compared to the same quarter of the previous year. As a result, output in the construction sector is reduced. In June 2022, construction output in the EU fell by 1.3%. In July 2022, seasonally adjusted production in the construction sector increased by 0.2% in the EU compared to June 2022.³

In Germany, the STEICO Group's most important market, construction activity has also been affected. For example, building permits for single-family homes declined by 16.1% from January to July 2022 compared to the same period in the previous year. In contrast, an increase of 7.1% in building permits was observed for multi-family houses.⁴

While it is expected that the downward trends will affect the new construction sector in particular, the refurbishment sector is likely to benefit significantly from the current situation, according to management estimates. This is illustrated, among other things, by the planned increase in the funding volume for energy-efficient refurbishment. According to the draft budget, an increase of 75.6% has been budgeted for the "promotion of energy efficiency and renewable energy measures in the building sector". The total amount for 2023 would then be €16.87 billion compared to €9.61 billion in 2022.⁵

At the same time, timber construction is resisting the economic slowdown. According to the Bundesverband deutscher Fertigbau (German Prefabricated Construction Association), the market share of prefabricated houses (mostly timber construction) increased slightly in the first half of 2022 compared to the same period last year: from 22.6% to 22.8%. In 2021 as a whole, the prefabricated construction rate had stood at 23.1% after a historically strong second half of the year.⁶

Comparable figures were published by Holzbau Deutschland in the 2022 status report. The rate of approved residential buildings in timber construction rose from 20.4% in 2020 to 21.3% in 2021.⁷

II. COURSE OF BUSINESS

1. COUNTRY DEVELOPMENT (SELECTED MARKETS)

Germany

In the first nine months, turnover in Germany increased by 16.1% from € 122.6 million to € 142.4 million.

Despite the restrained development of the leading indicators, many timber construction and craft companies still have well-filled order books with a visibility of up to one year in some cases. The management assumes that this order backlog will have a stabilising effect in the medium term as well.

France

In the first nine months, turnover in France increased by 14.1% from € 37.6 million to € 42.9 million.

The market in France is currently largely characterised by renovation activity. This is supported by government subsidy programmes, among other things.

United Kingdom

In the first nine months, turnover in the UK increased by 37.3% from € 25.1 million to € 34.6 million.

The increase is due in particular to increased sales of web beams and is still largely a consequence of the recovery after the restrictions caused by the COVID pandemic.

1 Source: Eurostat Euroindikatoren; 107/2022; 30.09.2022

2 Source: Eurostat Euroindikatoren; 113/2022; 07.10.2022

3 Source: Eurostat Euroindikatoren; 106/2022; 19.09.2022

4 Source: Destatis, Pressemitteilung Nr. 292, 16.09.2022

5 Source: Deutscher Bundestag, Pressemitteilung, 15.08.2022

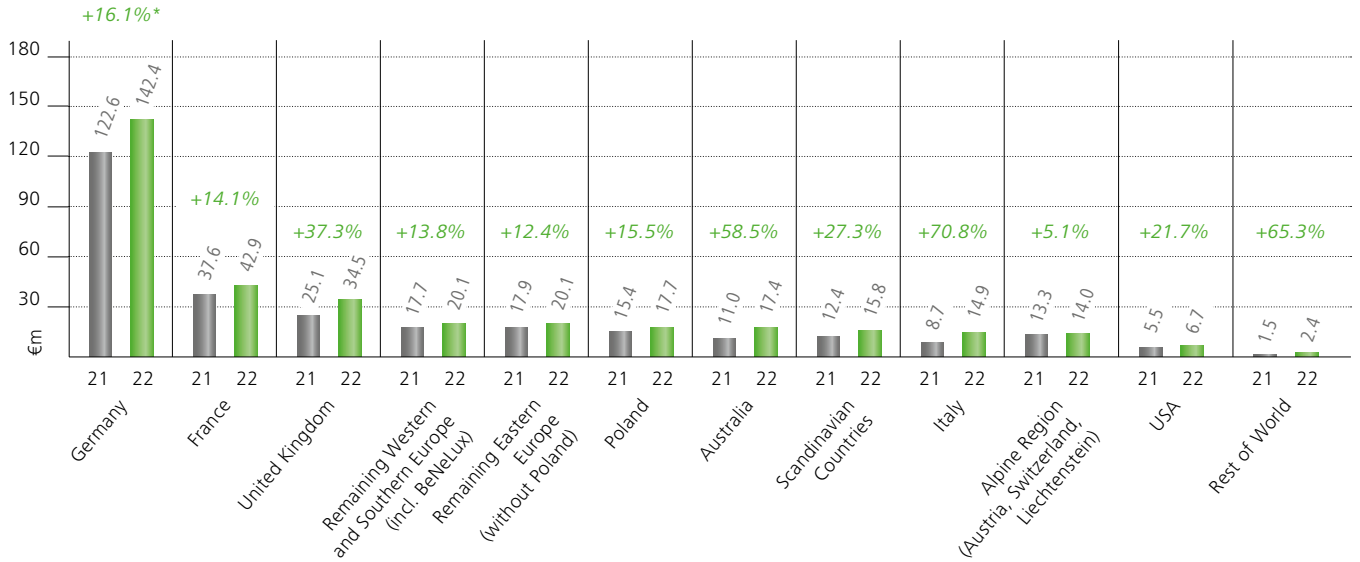
6 Source: Bundesverband deutscher Fertigbau e.V., 29.08.2022

7 Source: Holzbau Deutschland; Lagebericht 2022

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* Rates of change from 2021 to 2022

9M 2022: Development Sales by Markets in € million



Australia

In Australia, turnover increased by 58.5% from € 11.0 million to € 17.4 million in the first nine months.

The increase is mainly due to the positive development of the export business with web beams and laminated veneer lumber.

Italy

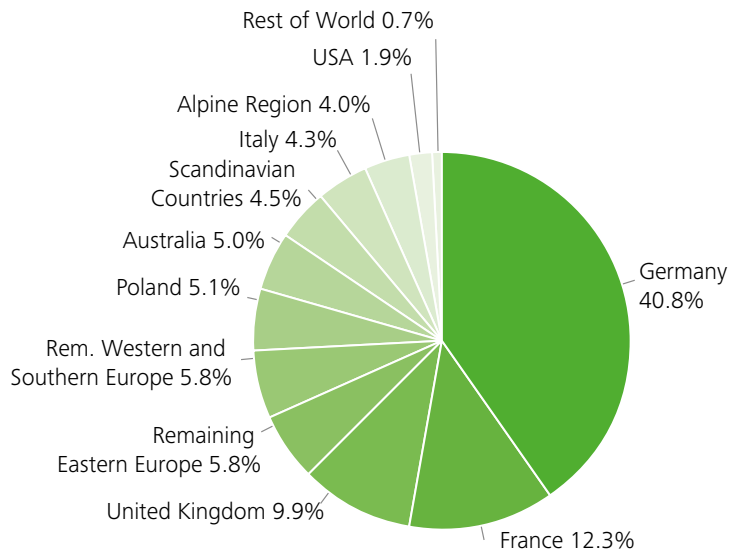
In the first nine months, turnover in Italy increased by 70.8% from € 8.7 million to € 14.9 million. Among other things, this is due to catch-up effects and government subsidy programmes.

USA

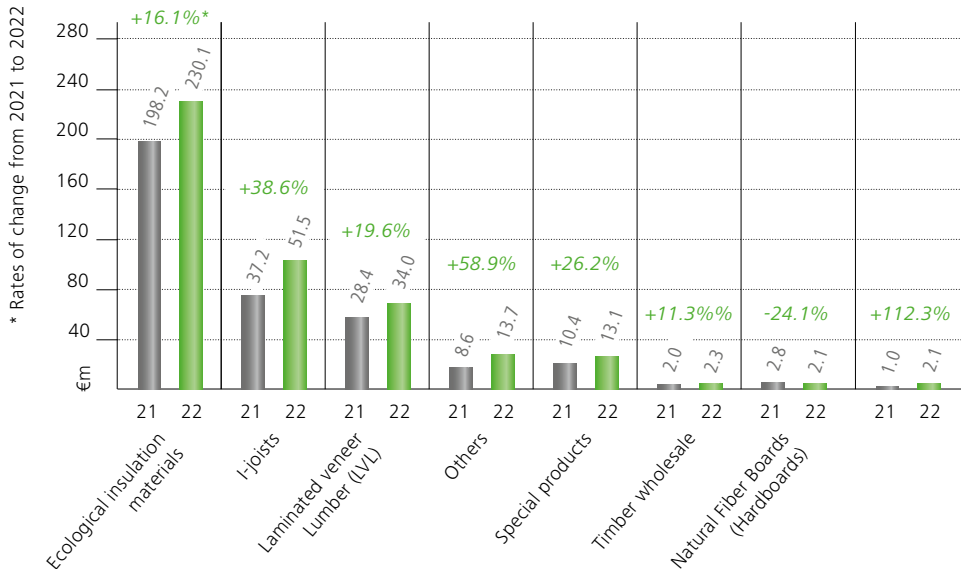
Turnover in the United States increased by 21.7% from € 5.5 million to € 6.7 million in the first nine months.

Sales in the USA are predominantly characterised by industrial products and not by the classic insulation business.

9M 2022: Sales by Markets in € million



9M 2022: Development Sales by Product Groups in € million



2. SEGMENT GROWTH

Environmentally friendly insulation materials

Sales of wood-fibre insulation materials increased by 16.1% from € 198.2 million to € 230.1 million in the first nine months.

Thanks to successful capacity increases, the demand situation was clearly normalised so that most insulation products are now available again at short notice..

I-joists

In the first nine months, turnover of I-joists increased by 38.6% from € 37.2 million to € 51.5 million.

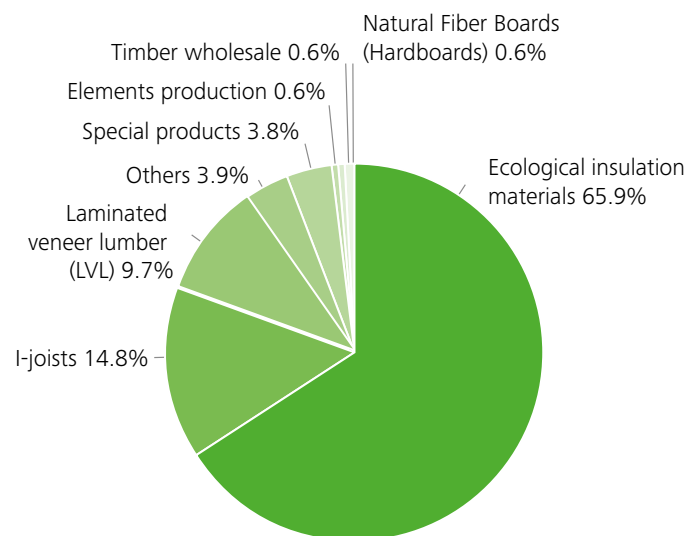
The positive development is supported by the catch-up effects in the UK as well as by the strong Australian business. In addition, the I-joint has increasingly established itself as a standard component in continental Europe.

LVL, Laminated Veneer Lumber

Sales of laminated veneer lumber increased by 19.6% from € 28.4 million to € 34.0 million in the first nine months.

The production facilities for laminated veneer lumber continue to operate at full capacity. It should be taken into account that part of the production is used internally as a component of the web beams and the sales are then reported in this segment.

9M 2022: Sales by Product Groups in € million



Others

In the first nine months, an increase in turnover of 58.9% from € 8.6 million to € 13.7 million was achieved in the Others segment.

The Others segment mainly comprises system articles that are sold as merchandise and round off the business with the core products.

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Special products

In the special products segment, a 26.2% increase in turnover from € 10.4 million to € 13.1 million was recorded in the first nine months.

The special products segment includes goods manufactured in-house for industrial applications.

Natural Fibre Boards and Timber wholesale

Both segments stem from the STEICO Group's history and no longer represent strategically important business areas.

Prefabricated building elements

In the prefabrication of construction elements, turnover increased by 112.3% from € 1.0 million to € 2.1 million in the first nine months.

The increase illustrates that this is a future-oriented and scalable segment.

3. UNDERLYING CONDITIONS FOR PRODUCTION AND SALES

Capacity expansions for wood fibre insulating materials

The new production plant for wood fibre insulation materials from the dry process at the Casteljaloux site (France) has meanwhile started regular operations.

The new production plant for wood fibre insulation materials from the wet process at the Czarna Woda site (Poland) is still in the commissioning phase.

At the new Gromadka site, work on the construction of the new STEICO insulation plant is progressing. Commissioning is expected to start in mid-2023.

III. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

1. RESULTS OF OPERATIONS

9-month view⁸

In the first nine months of 2022, the STEICO Group generated a total increase in sales of 20.9 % to € 348.9 million (previous year € 288.6 million). Total operating revenues was € 358.7 million (previous year € 290.0 million).

Gross profit after nine months was €147.8 million, which corresponds to an increase of 9.3% compared to the previous year's value (9M 2021: €135.2 million).

After nine months, EBITDA amounted to €75.6 million, which corresponds to an increase of 15.5% compared to the previous year's value (9M 2021: €65.4 million).

EBIT amounted to €57.5 million after nine months, which corresponds to an increase of 14.7% compared to the previous year's value (9M 2021: €50.1 million).

EBT amounted to €56.6 million after nine months, which corresponds to an increase of 14.8% compared to the previous year's value (9M 2021: €49.3 million).

After nine months, the net profit for the period amounted to € 41.2 million, which corresponds to an increase of 17.0 % compared to the previous year's value (9M 2021: € 35.2 million).

Isolated view of the third quarter⁸

In the third quarter of 2022, the STEICO Group generated a 9.4% increase in revenue to € 111.4 million (previous year: € 101.8 million).

Gross profit in the third quarter was €46.9 million, 4.3% below the previous year's figure (Q3 2021: €49.0 million).

EBITDA amounted to €25.1 million in the third quarter and was thus 4.5% higher than in the previous year (Q3 2021: €24.1 million). The EBITDA margin in the third quarter was 21.6% (previous year: 23.1%).

EBIT in the third quarter was €19.0 million, an increase of 0.2% (Q3 2021: €19.0 million). The EBIT margin in the third quarter is 16.4% (previous year 18.2%).

⁸ As a result of reclassifications there may be minor differences compared to the previous year's figures.

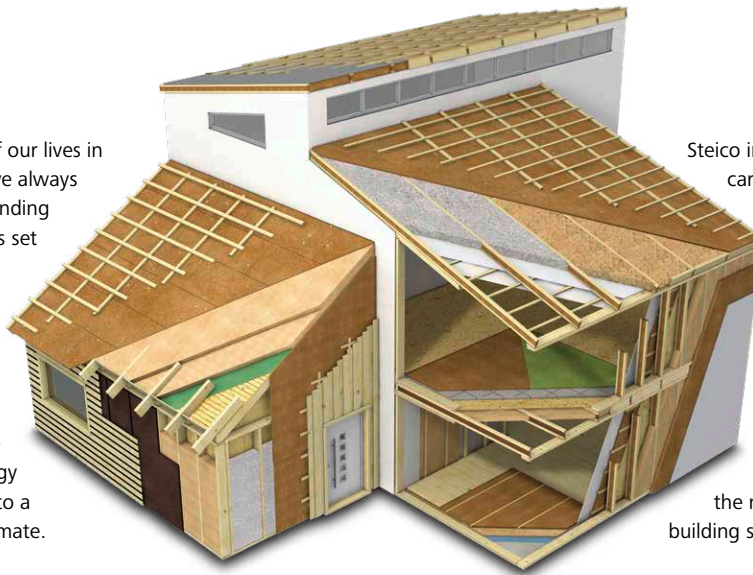
EBT in the third quarter was €18.6 million, which represents a decrease of 0.6% (Q3 2021: €18.7 million).

Net profit for the period in the third quarter was €14.3 million, up 1.2% year-on-year (Q3 2021: € 14.1 million).

IV. OUTLOOK

As before, the majority of companies in the construction industry have a clear order backlog, which is having a stabilising effect. At the same time, management expects a significant shift in activity towards the refurbishment sector. However, the normalisation of ordering behaviour is likely to slightly weaken the growth dynamic in the fourth quarter as well. Therefore, the management expects a growth in turnover of around 18% for the full year. The EBIT margin is still expected to be in a range between 13% and 15% (compared to 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



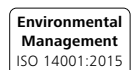
Insulation for healthy living



Strong quality control



Compatible insulation and structural building systems



STEICO
engineered by nature

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