

STEICO SE

Group interim report 9M/Q3 2021

The green share

Q3 2021

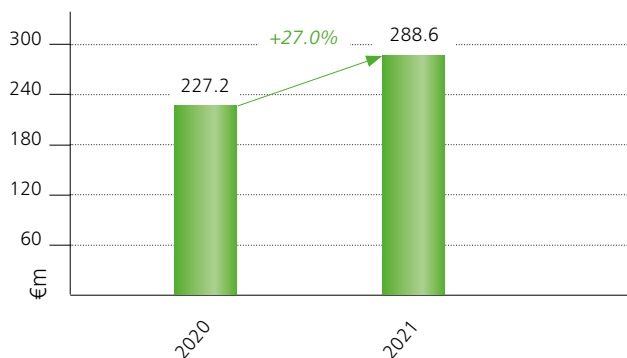
- New records for revenues, earnings and profitability



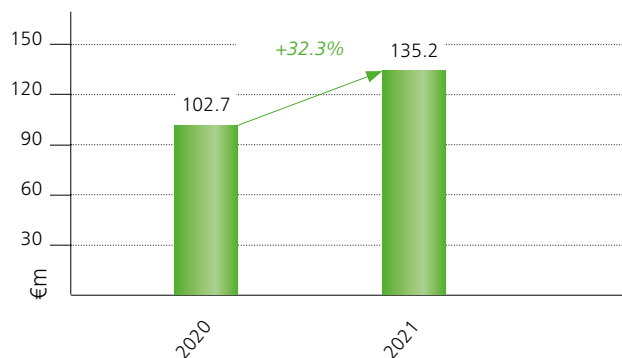
Natural building products for **healthier living**

New records for revenues, earnings and profitability

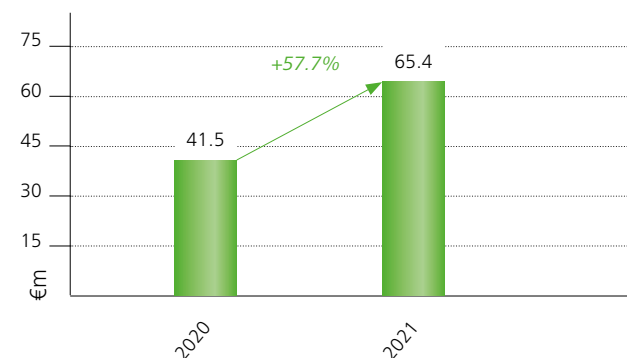
9M 2021 **Revenue** growth in € millions



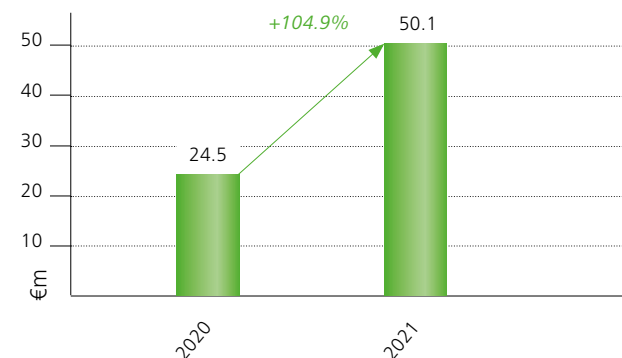
9M 2021 **Gross Earnings** growth in € millions



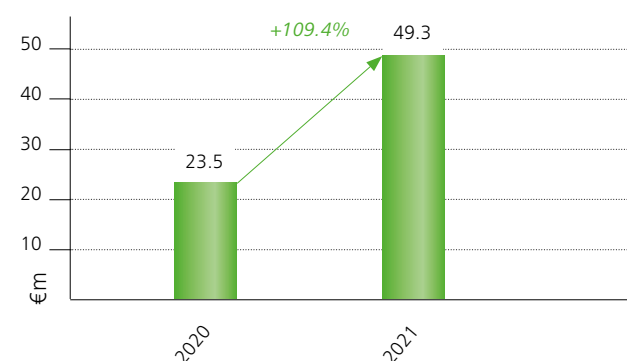
9M 2021 **EBITDA** growth in € millions



9M 2021 **EBIT** growth in € millions



9M 2021 **EBT** growth in € millions



9M 2021 **Profit for the Period** growth in € millions



ADDITIONAL KPIS

	9M 2021	FY 2020	9M 2020
1. Total operating revenue in € millions	€ 290.0 million	€ 306.9 million	€ 222.3 million
2. EBITDA margin as a percentage of total operating revenue	22.6%	18.6%	18.7%
3. EBIT margin as a percentage of total operating revenue	17.3%	10.9%	11.0%
4. Equity ratio (as of Sept. 30 or Dec. 31)	53.4%	53.0%	49.9%

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

The high demand for ecological STEICO insulation materials and construction products is continuing and has led to new record-breaking revenues and earnings.

9-month revenues were up 27.0 % year-on-year at € 288.6 million. EBIT in the first nine months rose by 104.9 % to € 50.1 million, while net income for the first nine months lifted by 109.6% to € 35.2 million.

We are particularly pleased that we were also able to improve profitability even further. During the third quarter we recorded a new record-breaking EBIT margin of 18.2 % and the 9-month EBIT margin also reached a new record at 17.3 %.

Provided there are no negative effects from the pandemic development or adverse weather conditions in the fourth quarter, the Executive Board expects for 2021 as a whole sales growth above 20 % and an EBIT ratio between 14.0 % and 17.0 % (in terms of total operating revenue).

As a result of the high level of demand, the Executive Board believes that 2022 will also be a very positive year. The capacity expansions already put in place and upcoming mean that STEICO is excellently equipped to continue its growth. If the recent dynamic growth in costs for materials and electricity does not continue, the company's management also believes that profitability will continue to be stable at a high level.

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

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I. ECONOMIC CONDITIONS

1. ECONOMIC DEVELOPMENT

The European economy was characterised by the slump caused by the pandemic in 2020, however the signs are now set for recovery. Current figures for EUC industrial production from Eurostat are available through to July 2021 and show that production increased by 8.3% in the EU compared to the same month of the previous year.¹ Production in the EU construction sector also enjoyed positive growth, with an increase of 3.8% between July 2020 and July 2021.²

In Germany the construction sector continued to be one of the economic growth drivers. According to the Federal Statistics Office, the number of approved homes for the period January to July 2021 is 6.6% higher than in the same period last year.³ In the new construction segment, this increase is due to almost all types of buildings, in particular single-family homes, which were up by 7.8% and two-family homes which were up by 33.8%. The timber construction sub-segment also continues to enjoy very positive growth. While sales in the construction segment in July 2021 were up by 4.9% on the same month of the previous year, the segment for carpentry and engineering timber construction was up by 10.7% in the same period.⁴

A recovery in construction activities was also recorded in France. Growth of 13.5% was recorded for residential planning permission granted between September 2020 and August 2021. As a result, planning permission returned to the same level as prior to the pandemic. Taken over a three-month period from June to August 2021, the average number of planning permissions granted was up by 1.4% compared to the period prior to the start of the pandemic (March 2019 to February 2020).⁵

In the United Kingdom, the most important sales market for I-joists, construction activities are slowly starting to return to the level prior to the pandemic. After the slump in 2020, production in the UK pre-construction segment in 2021 was only 1.8% lower than the pre-pandemic level (February 2020).⁶

1 Source: Eurostat; Press release 107/2021 dated 15.09.2021

2 Source: Eurostat; Press release 102/2021 dated 17.09.2021

3 Source: Destatis; Press release 433 dated 15.09.2021

4 Source: Destatis; Press release 475 dated 08.10.2021

5 Source: Statinfo; Press release 400 dated September 2021

6 Source: Office for National Statistics, 13.10.2021

II. COURSE OF BUSINESS

1. COUNTRY DEVELOPMENT (SELECTED MARKETS)

Germany

During the first nine months, revenues in Germany lifted by 36.9% to €122.6 million (previous year: € 89.5 million).

Revenues in the third quarter were 34.6% higher than in the same quarter of the previous year (€ 32.7 million) at € 44.0 million.

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

- the rising timber construction quota, including regulatory relief for building with wood
- the trend towards ecological building and insulation materials
- the state instruments introduced in 2020 to promote energy-efficient construction and renovation, which were increased once again in 2021
- positive growth in the number of building permits granted
- the continuing high order book at many timber construction companies

France

During the first nine months, revenues in France lifted by 22.5% to € 37.6 million (previous year: € 30.7 million).

Revenues in the third quarter were 3.5% higher than in the same quarter of the previous year (€ 10.7 million) at € 11.0 million.

The French market is currently characterized to a great extent by renovation activities. This is also supported by government subsidy programs.

United Kingdom

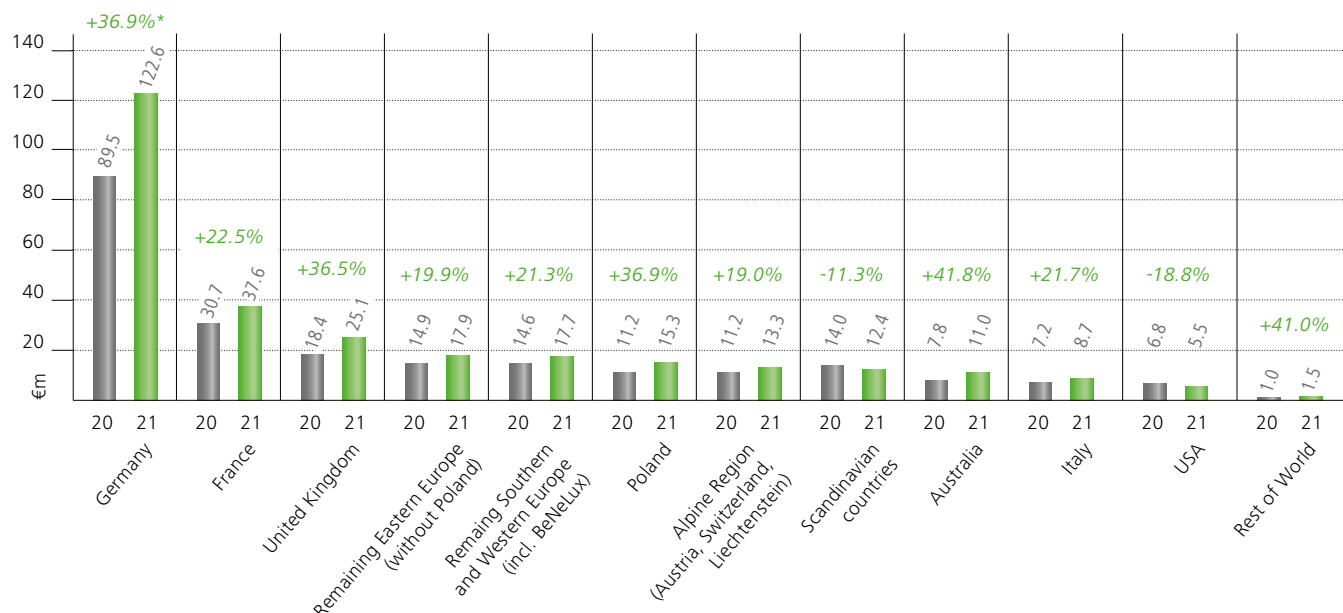
During the first nine months, revenues in the United Kingdom lifted by 36.5% to € 25.1 million (previous year: € 18.4 million).

Revenues in the third quarter were 16.5% higher than in the same quarter of the previous year (€ 8.2 million) at € 9.5 million.

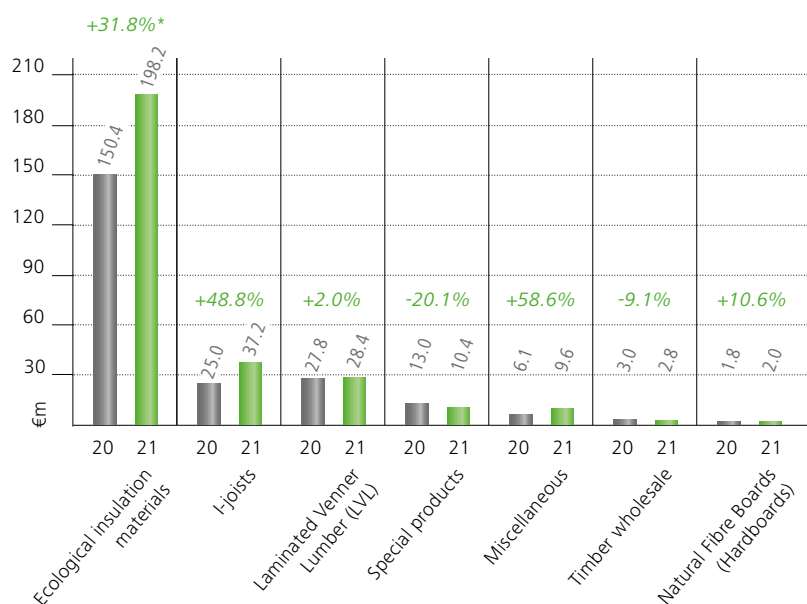
The market in the UK is increasingly recovering from the restrictions caused by the Covid-19 pandemic and can thus link back in to the 2019 level.

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9M 2021: Development Sales by Markets in € million



9M 2021: Development Sales by Product Groups in € million



Export markets

STEICO delivers a range of speciality products to the USA and distributors in Scandinavian countries. This commitment has been scaled back in order to improve deliveries to key accounts.

2. SEGMENT GROWTH

Environmentally friendly insulation materials

During the first nine months, revenues with wood-fibre insulation materials lifted by 31.8% to €198.2 million (previous year: € 150.4 million).

Revenues in the third quarter were 23.9% higher than in the same quarter of the previous year (€ 55.7 million) at € 69.0 million.

Demand for wood-fibre insulation products continues to be high, which means that a range of products continue to be sold via contingents. In the case of flexible insulation mats and air-injected insulation it was possible to improve delivery capacity thanks to the capacity increases put in place.

I-joists

Revenues from I-joists amounted to € 37.2 million in the first nine months and thus up by 48.8% year-on-year (€ 25.0 million).

Revenues in the third quarter were 39.8% higher than in the same quarter of the previous year (€ 10.5 million) at € 14.6 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 increase in prices for traditional structural timber

on continental European markets has also led to stronger demand for I-joists. This has caused I-joists to become even more cost-effective as an alternative product.

LVL, Laminated Veneer Lumber

During the first nine months, revenues with LVL lifted by 2.0% to € 28.4 million (previous year: € 27.8 million).

Revenues in the third quarter were 4.0% lower than in the same quarter of the previous year (€ 9.9 million) at € 9.5 million. Higher stocks of goods resulted in higher sales in the previous year.

As a result of the particularly high load-bearing capacity, demand for laminated veneer lumber is constantly increasing. The existing production facilities are now operating at full capacity. Optimizations to the product range will enable additional growth.

Production of prefabricated components

The element production segment is continuing to grow with increasing capacity uptake. New customer groups are also increasingly being developed, for example in the hybrid construction segment. Revenues in the element construction segment are still carried under the "Other" item.

Special products

The sale of special products has been scaled back in order to improve deliveries to key accounts on core markets.

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.

- Capacity expansions for flexible insulation mats and air-injected insulation it was possible have enabled the group to normalise its delivery capacity for these product groups.

- At the Casteljalous (FR) site, a production line for stable wood fibre insulation boards made using the dry method is set to start up the commissioning phase in the fourth quarter. Annual capacity is around 250,000 cbm.

- At the Czarna Woda (PL) site, a production line for stable wood fibre insulation boards made using the wet method is also set to start up the commissioning phase in the fourth quarter. Annual capacity is around 135,000 cbm.

- A new insulation plant is being set up in Gromadka (PL).

Two lines will be built for flexible wood fibre insulation mats, 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. It is planned to go live at the end of 2022/start of 2023. 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.

III. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

1. RESULTS OF OPERATIONS

9-month view⁷

In the first nine months of 2021, the STEICO Group was able to lift its revenues in total by 27.0% to € 288.6 million (previous year: € 227.2 million). Total operating revenue amounted to € 290.0 million (previous year: € 222.3 million).

Gross profits for the first nine months totalled € 135.2 million, up 32.3% year-on-year (9M 2020: € 102.3 million).

EBITDA for the first nine months totalled € 65.4 million, up 57.7% year-on-year (9M 2020: € 41.5 million).

EBIT for the first nine months totalled € 50.1 million, up 104.9% year-on-year (9M 2020: € 24.5 million).

EBT for the first nine months totalled € 49.3 million, up 109.4% year-on-year (9M 2020: € 23.5 million).

Net income for the first nine months totalled € 35.2 million, up 109.6% year-on-year (9M 2020: € 16.8 million).

Isolated view of the third quarter⁶

In the third quarter of 2021, the STEICO Group was able to lift its revenues in total by 22.6% to € 101.8 million (previous year: € 80.0 million) - the highest revenues ever recorded in a single quarter.

New historic highs were recorded once again for both earnings and margins.

Gross profits in Q3 totalled € 49.0 million and were thus up by 25.4% (Q3 2020: € 39.1 million).

EBITDA in Q3 totalled € 24.1 million and was thus 35.3% higher than in the previous year (Q3 2020: € 17.8 million). The EBITDA margin in the third quarter amounted to 23.1%.

⁷ As a result of reclassifications there may be minor differences compared to the previous year's figures.

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EBIT in Q3 totalled € 19.0 million, up 54.9% (Q3 2020: € 12.3 million). The EBIT margin in the third quarter amounted to 18.2%.

EBT in Q3 totalled € 18.7 million, up 56.9% (Q3 2020: € 11.9 million).

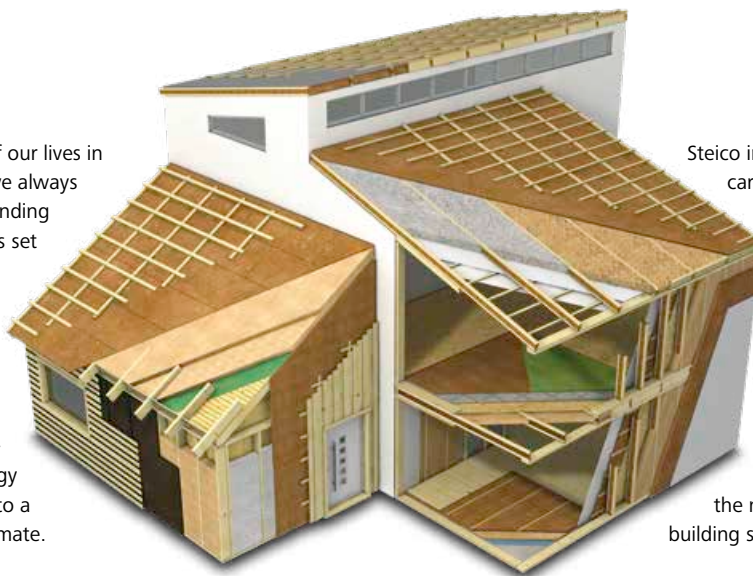
Net income in Q3 totalled € 14.1 million and was thus up by 51.7% (Q3 2020: € 9.3 million).

2. OUTLOOK

Provided there are no negative effects from the pandemic development or adverse weather conditions in the fourth quarter, the Executive Board expects for 2021 as a whole sales growth above 20 % and an EBIT ratio between 14.0 % and 17.0 % (in terms of total operating revenue).

As a result of the high level of demand, the Executive Board believes that 2022 will also be a very positive year. The capacity expansions already put in place and upcoming mean that STEICO is excellently equipped to continue its growth. If the recent dynamic growth in costs for materials and electricity does not continue, the company's management also believes that profitability will continue to be stable at a high level.

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



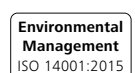
Insulation for healthy living



Strong quality control



Compatible insulation and structural building systems



STEICO
engineered by nature

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