

STEICO IR PRESENTATION

H1 2023



October 2023

STEICO SE, Otto-Lilienthal-Ring 30, 85622 Feldkirchen (GER), WKN A0LR93, ISIN DE000A0LR936
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H1 2023 Summary

Sales

190.0 €m -20.0% yoy

EBITDA

30.1 €m -40.3% yoy

EBITDA-Margin 16.0% (20.8% H1 2022)

EBIT

16.0 €m -58.3%

EBIT-Margin 8.5% (15.9% H1 2022)

As was also the case in the first quarter of 2023, April and May were characterised by reserved behaviour by dealers and a further reduction in inventory levels. This was coupled with intensified competition in the wood-fibre insulation materials segment as well as the generally weak construction sector. Demand recovered in June, however the pace of growth was lower than original expectations.

Revenues in H1 2023 were down by 20.0% year-on-year to € 190.0 million. EBITDA totalled € 30.1 million, or 40.3% down on the previous year. In the case of EBIT a figure of € 16.0 million was recorded, which corresponds to a downturn of 58.3% year-on-year. The EBITDA margin in the first six months totalled 16.0%, the EBIT margin was 8.5%.

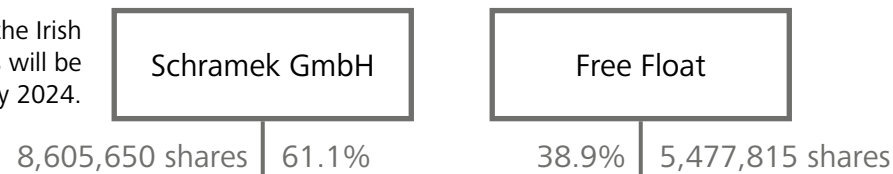
Despite the challenging environment, the company's management continues to believe that demand will recover in the second half of the year. The management is expecting revenues for the year as a whole to be down by 15% year-on-year, with EBIT of around 8% to 10% (compared to total operating revenue).

Basic information

STEICO company structure

Total number of shares: 14.083.465 shares

In July 2023, Schramek GmbH agreed with the Irish Kingspan Group whereby 51.0% of STEICO shares will be sold to Kingspan. Closing is scheduled for January 2024.



- Group parent company
- Registered office: Feldkirchen (Munich)
- General Sales Management



PRODUCTION

- Registered office: Czarnków, Poland
- Production for Western and Eastern Europe
- Production facilities:
 - Czarnków (Size approx. 100 ha)
 - Czarna Woda (Size approx. 80 ha)



SALES

- Registered office: Czarnków, Poland
- Sales for Eastern Europe and Russia



PRODUCTION

- Registered office: Casteljalous, France
- Production for France and southern Europe
- Size: approx. 34 ha



SALES

- Registered office: Brumath, France
- Sales and technical support for France and Spain

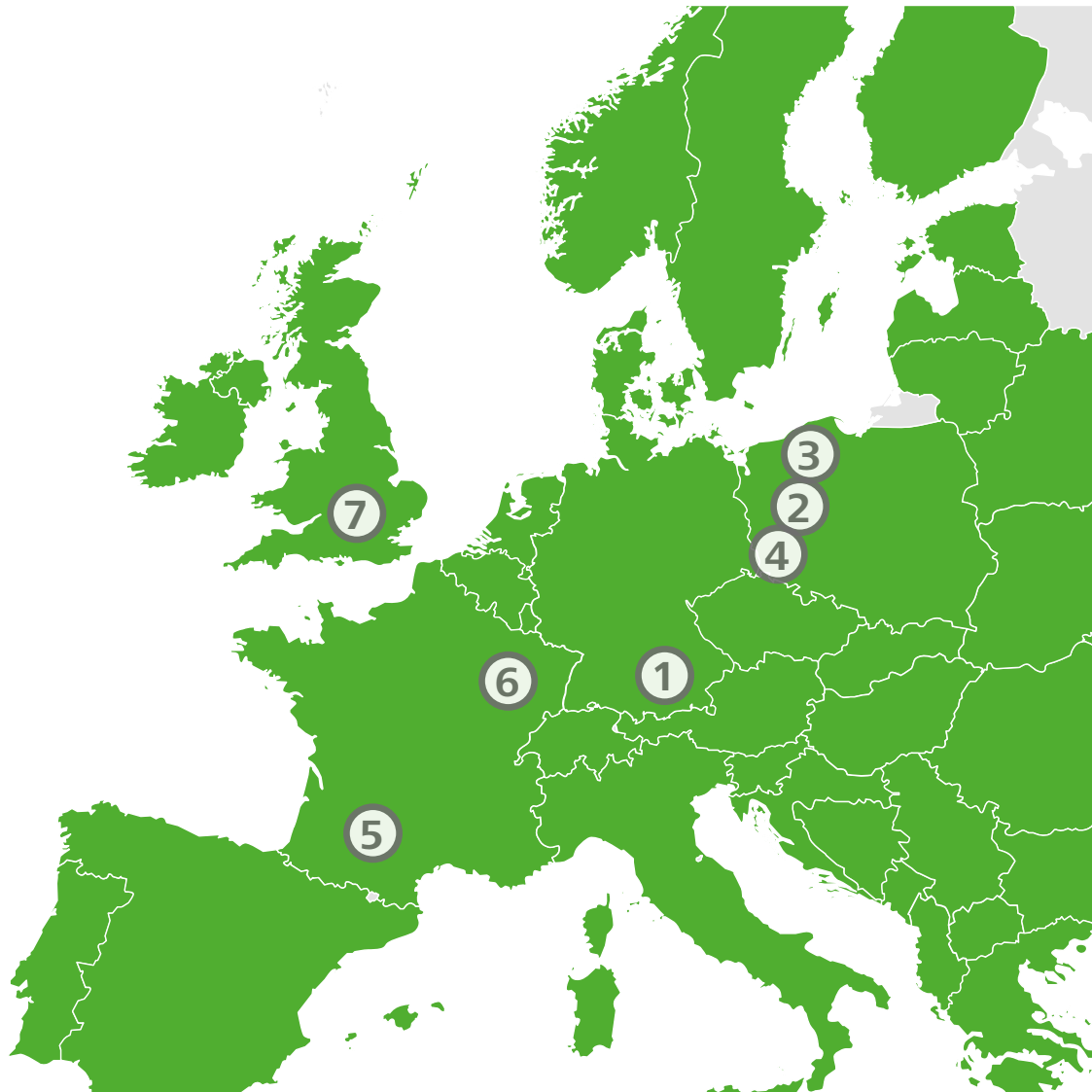


SALES

- Registered office: Caddington, UK
- Sales and technical support



European player – World market leader



1 Headquarters Munich (GER)



2 Czarnków (PL), Production and Eastern European sales



3 Czarna Woda (PL), Production



4 Gromadka (PL), Production (under construction)



5 Casteljalous (FR), Production

6 Brumath (FR), Sales

7 Caddington (UK), Sales

STEICO product evolution

Full-service provider
for timber construction
solutions

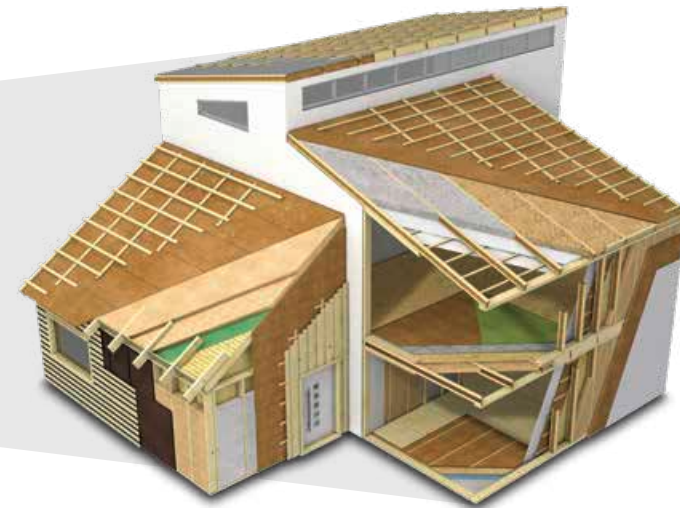
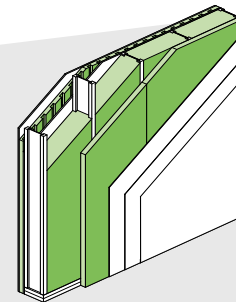
Ecological
insulation materials

I-joists

Building shell
(sealing and rendering)

Laminated Veneer
Lumber
(LVL)

Prefabricated
Building Elements



2000s

2006

2012

2015

2020

Development into the world market leader for wood fiber insulation materials

Introduction of first construction products

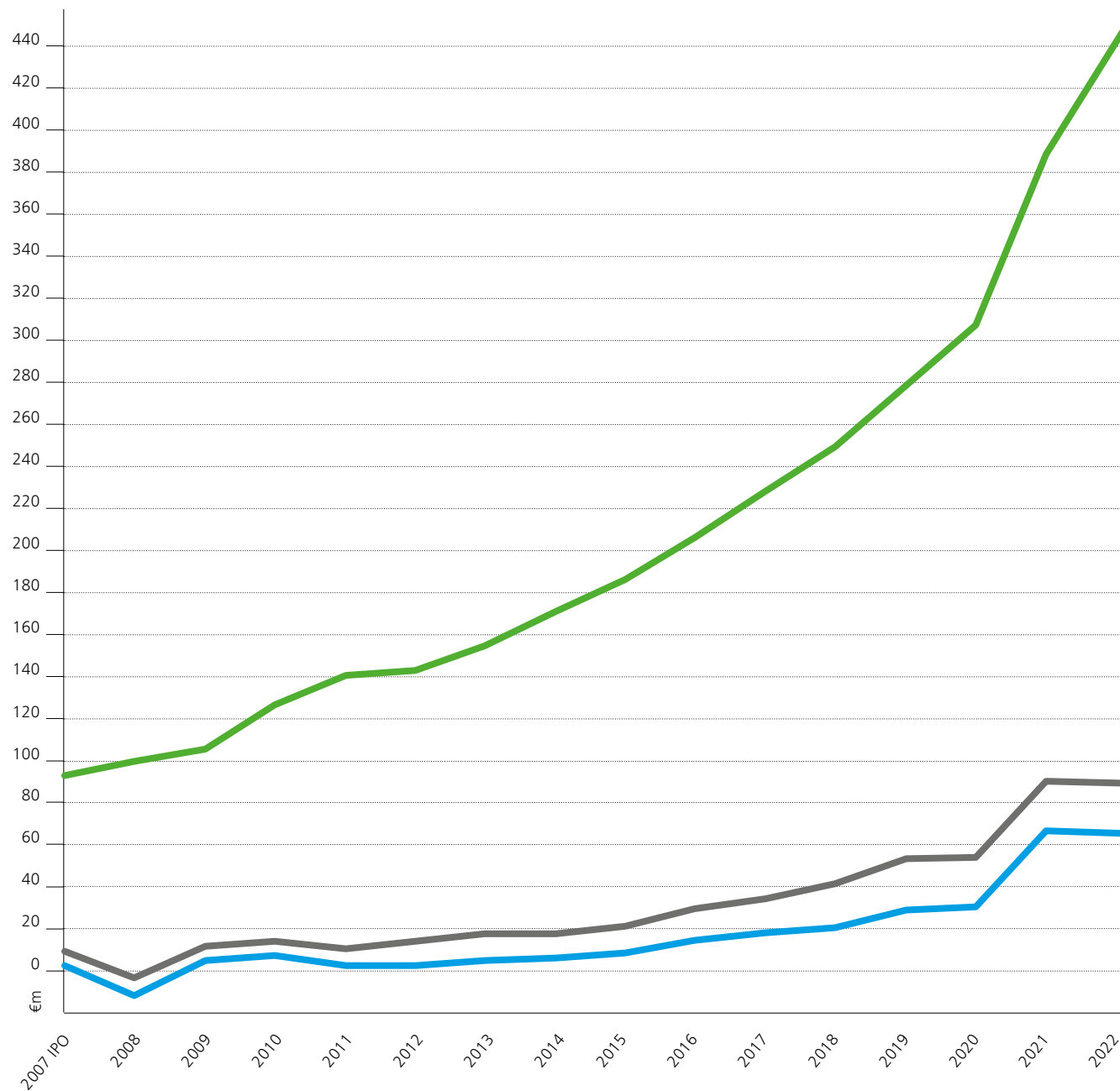
System provider

Integrated construction and insulation system

Serial building components



STEICO longterm development (2007–2022)



Sales 97.1 > 445.2 €m
CAGR 10.7%

Ongoing
 profitable
 growth

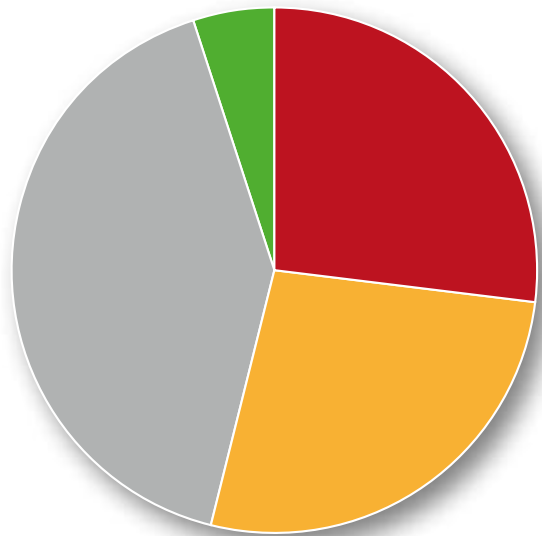
EBITDA 13.7 > 90.0 €m
CAGR 13.4%

EBIT 6.7 > 65.2 €m
CAGR 16.4%



STEICO markets and clients

Insulation market



- Glass wool
- Stone wool
- Organic foams
- Wood fibre insulation (~6% of total market)

Ecological niche is growing faster than the overall insulation market (estimated 7-10% p.a. vs. 1-4% p.a.)

Target groups & clients

1 Direct clients

- Building material merchants (~80% sales)
- Industrial clients and prefab house industry

2 Timber construction companies, craftsmen

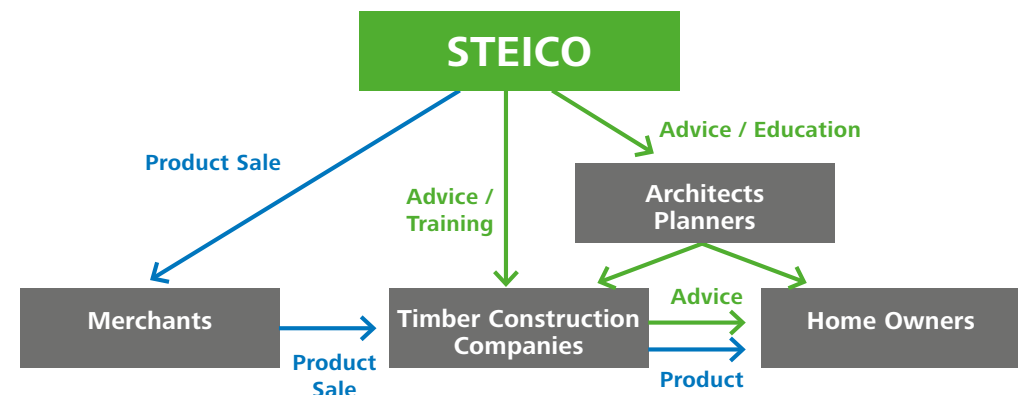
- Buying STEICO products from merchants

3 Architects / planners

- Important for STEICO construction products

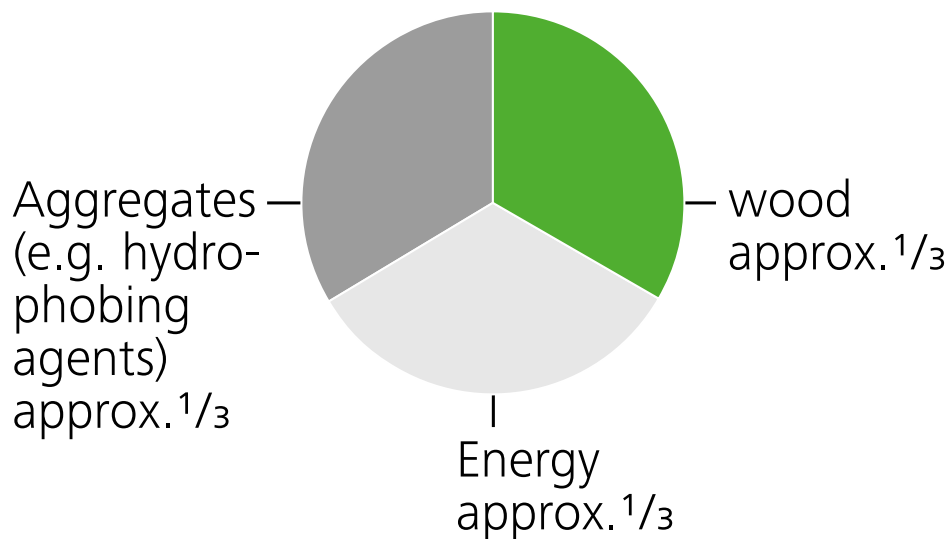
4 Home owners

- ~80% of insulation materials are sold to owners of single family and double family homes

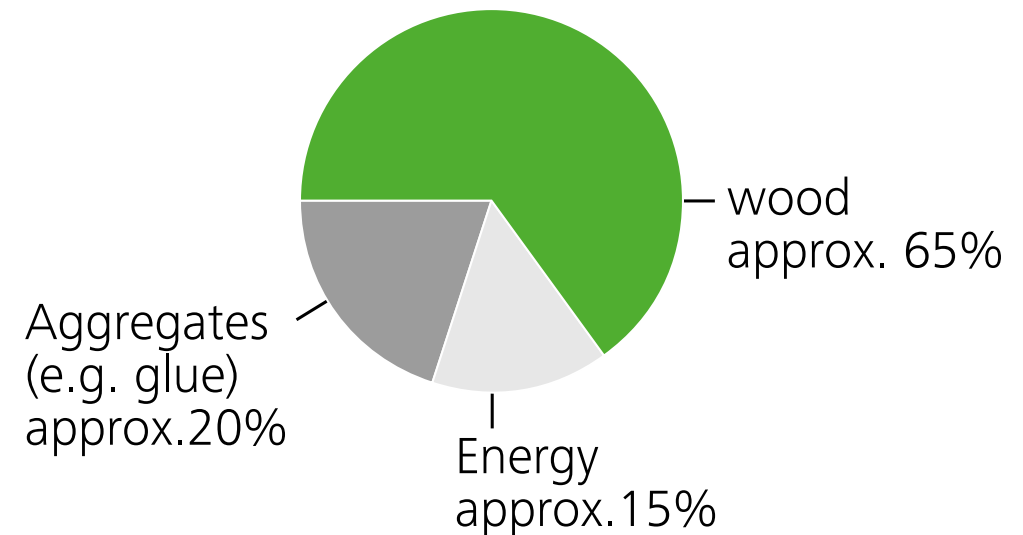


STEICO sourcing and material costs

**Material costs
insulation materials**



**Material costs
construction materials**



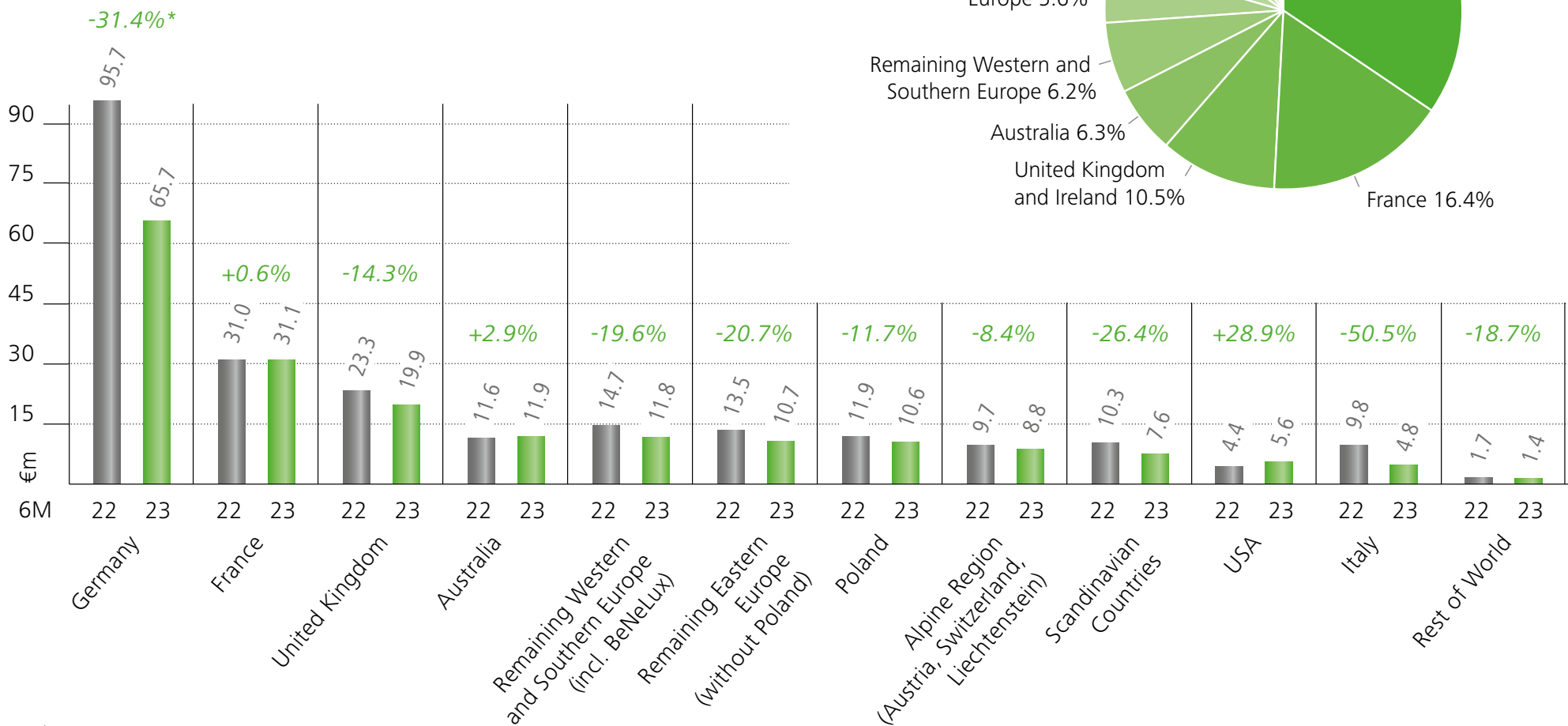
Wood sourcing

- STEICO uses fresh softwood from local forestry (radius of about 150 km around STEICO's production sites).
- In Poland the Polish State Forest is the main supplier = long-term partnership as a big part of the added value takes place directly in Poland.
- In France, wood is sourced from a variety of local companies (e.g. sawmills).

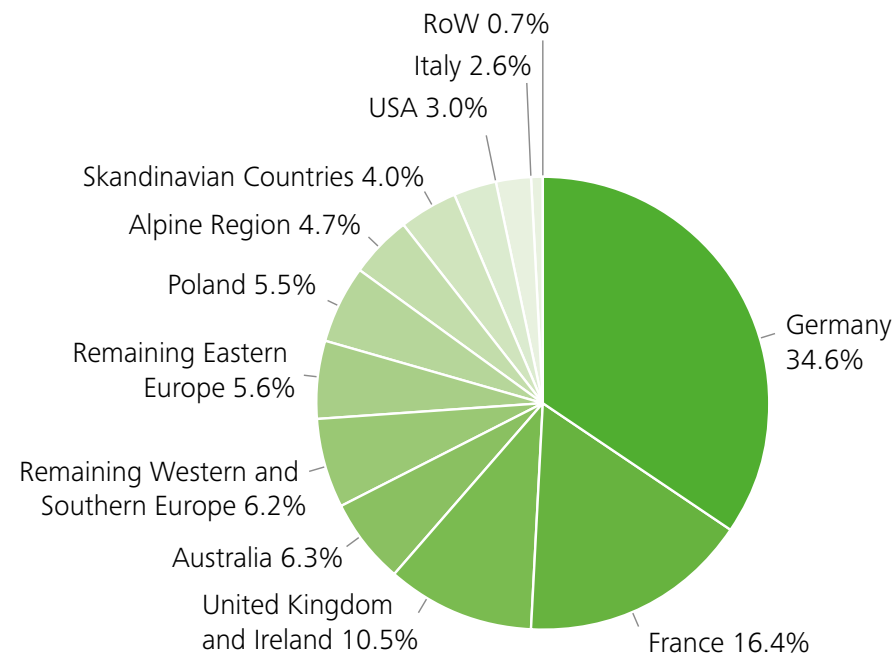
Growth by markets

Growth by markets

6M 2023: Development Sales by Markets in € million



6M 2023: Ratio Revenues by Markets

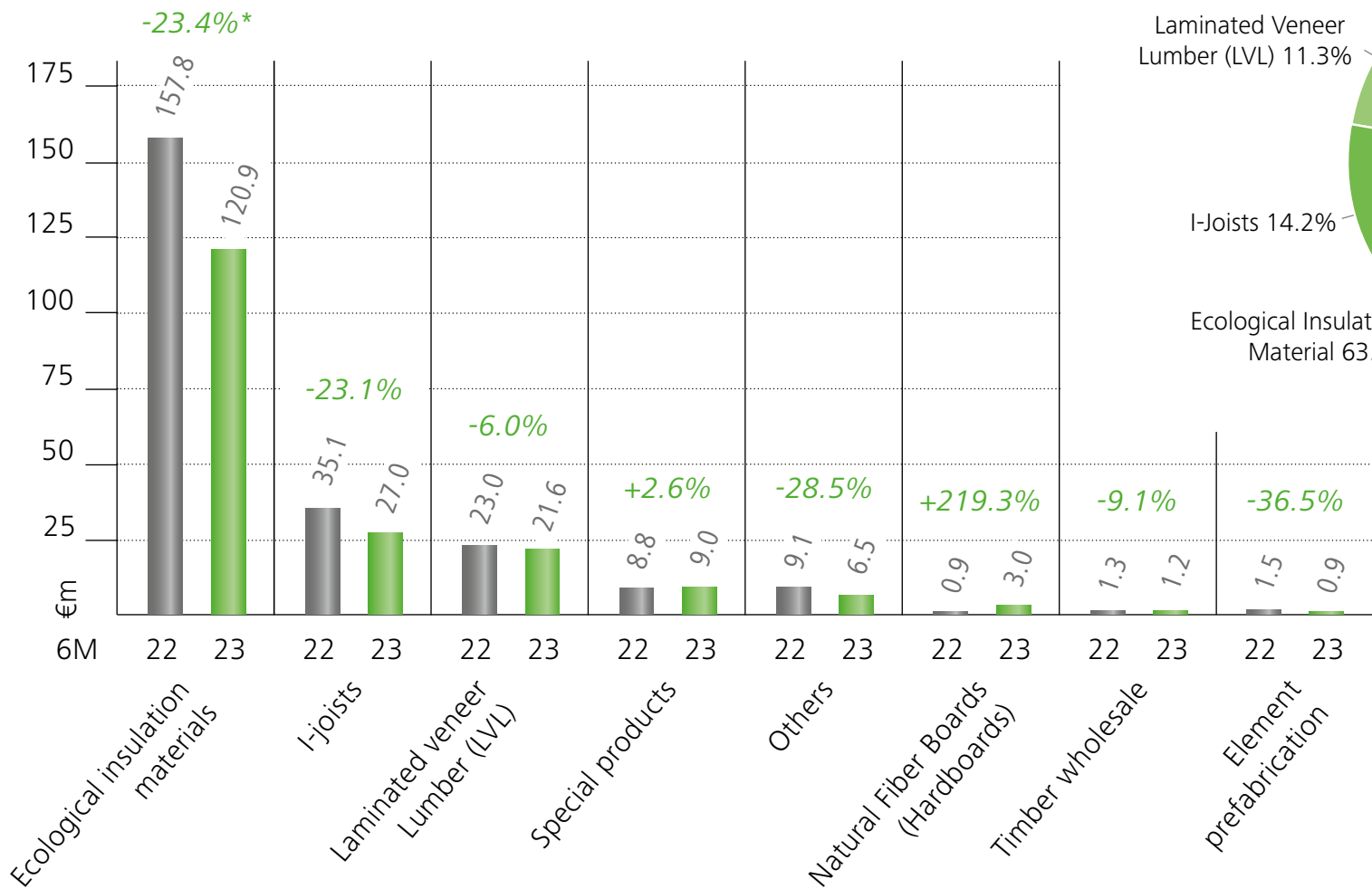


* growth rates 2021 to 2022

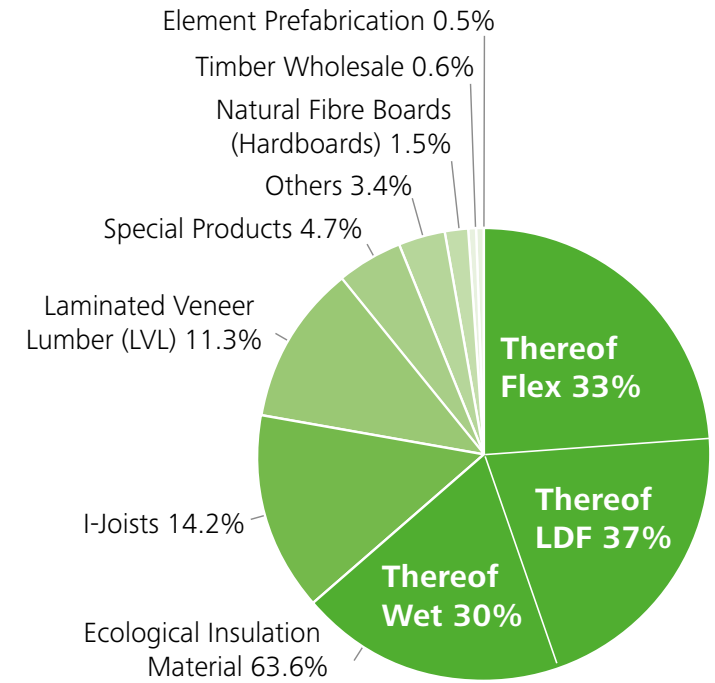
Growth by product groups

Growth by segments

6M 2023: Development Sales by Product Groups in € million



6M 2023: Ratio Revenues by Products



* growth rates 2021 to 2022

Current Development

Market Environment #1

Overall Situation



New construction activity down

- Inflation and high interest rates impact new construction activity



Trend towards refurbishment

- Government support for the refurbishment sector - also for climate protection reasons

Specific situation in the niche



Strong timber construction

- Timber construction companies continue to have well-filled order books



Special strength in renovations

- STEICO products are particularly suitable for renovations



Development of new sales channels

- DIY-markets: increasing interest in ecological materials
- Interior construction: Lower price gap to conventional products enables market

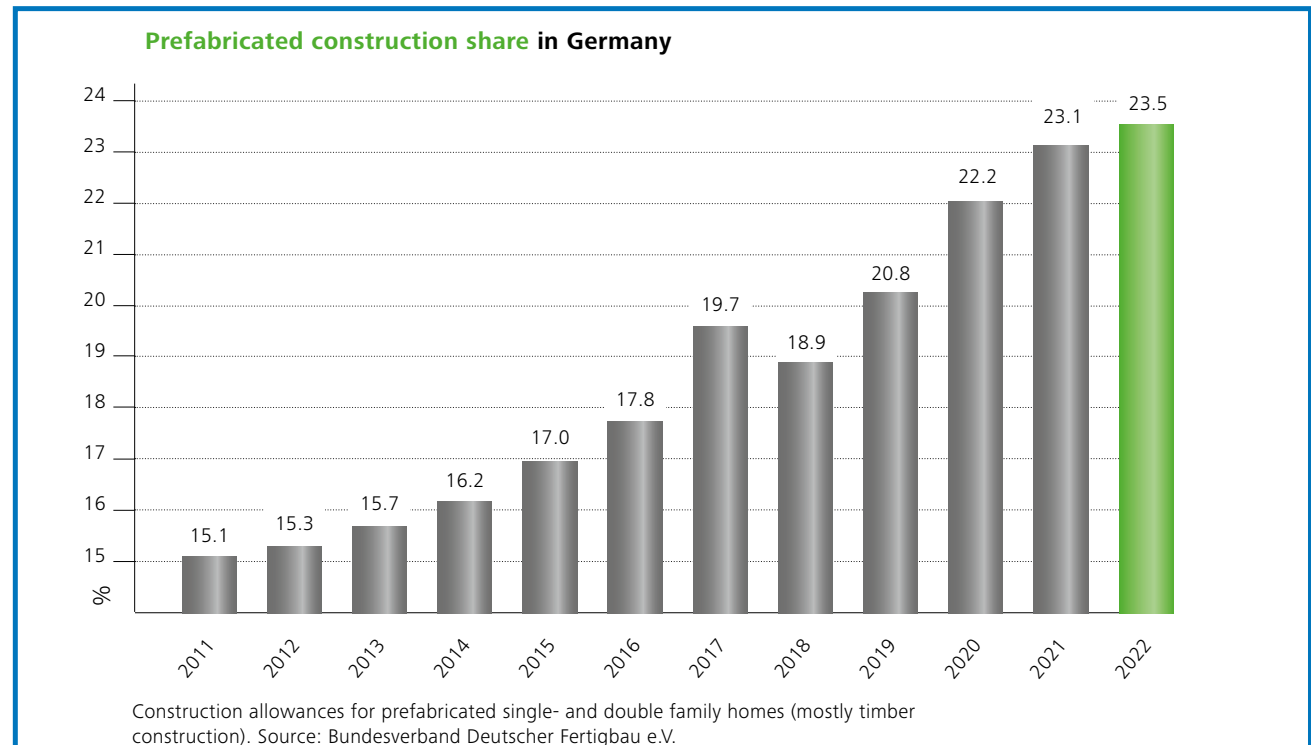


Higher competitive pressure

- New entry intensifies competitive situation.

Market Environment #2

- High energy prices make use of insulation more attractive.
- In France, summer heat protection and CO₂ storage are already part of the national incentive programs.
- The past has shown that during periods of weaker new construction, STEICO products were increasingly used in renovation projects.
- „Serial refurbishment“ is now part of the German subsidy programs - positive for STEICO element production.



German Climate and Transformation Fund

- Promotion of energy efficiency and renewable energy measures in the building sector

2022	2023	Change
€ 9.61 bn	€ 13.86 bn	+44.2%

Greenfield investment near Gromadka (PL)

Capacities for future growth



- Ideal location and logistics connection.
- Construction of three lines for wood fibre insulation materials (2*flex, 1*stable dry).

Greenfield investment near Gromadka (PL)

Capacities for future growth



Greenfield investment near Gromadka (PL)

Capacities for future growth



Cost situation



Raw Wood

- STEICO expects slightly falling prices already in 2023 and a stronger decrease in 2024



Additives

- The peak of inflation seems to have been reached



Energy & Logistics

- The peak of inflation seems to have been reached



Staff

- High inflation rates also lead to significant wage cost increases. A programme to reduce personnel costs will start to show results partly already in 2023, but mainly in 2024



Other operating expenses

- Other operating expenses develop in line with business growth

Sales price situation



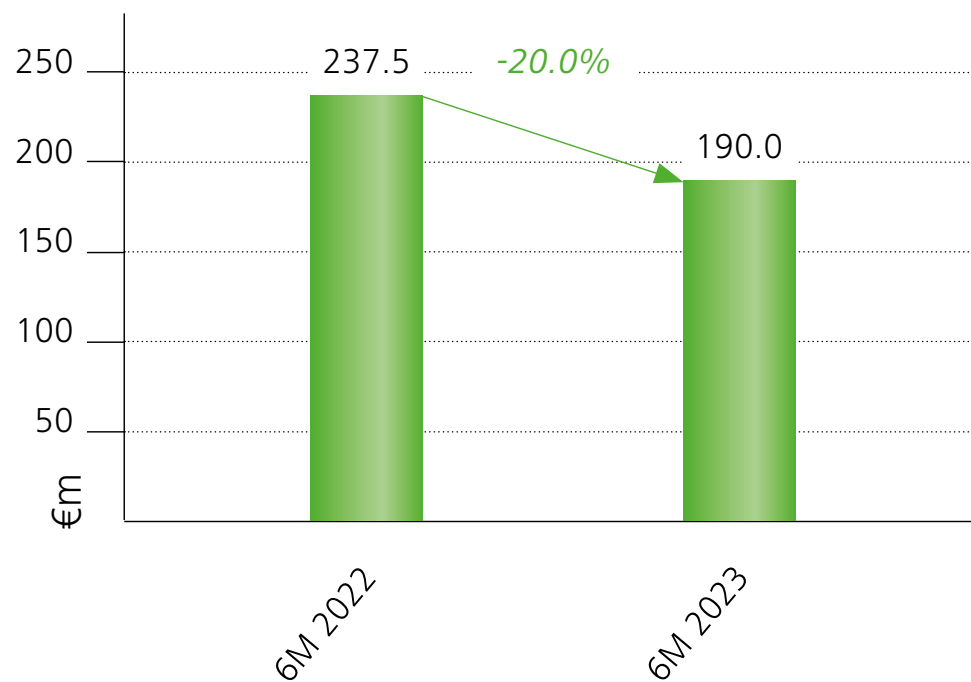
Price pressure due to more intense competition

- STEICO comes out of a phase of strong price increases (5 price increases in 2021/2022)
- No room for further price increases at present
- Tougher competitive situation leads to moderately falling prices

Financials

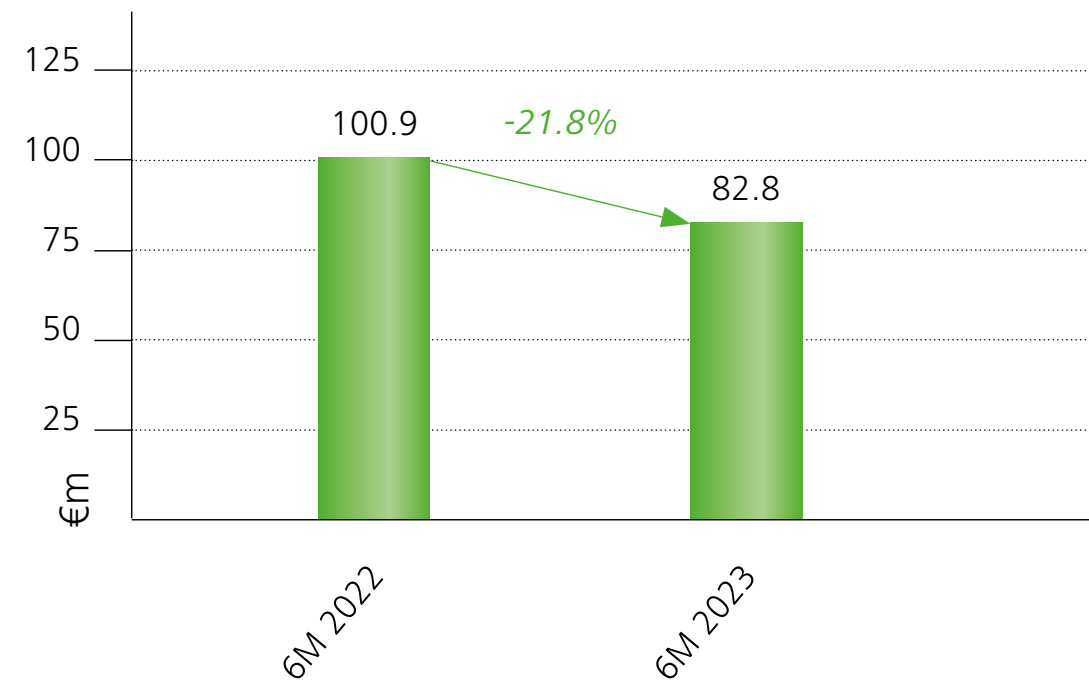
Revenues

6M 2023 Revenue growth in € millions



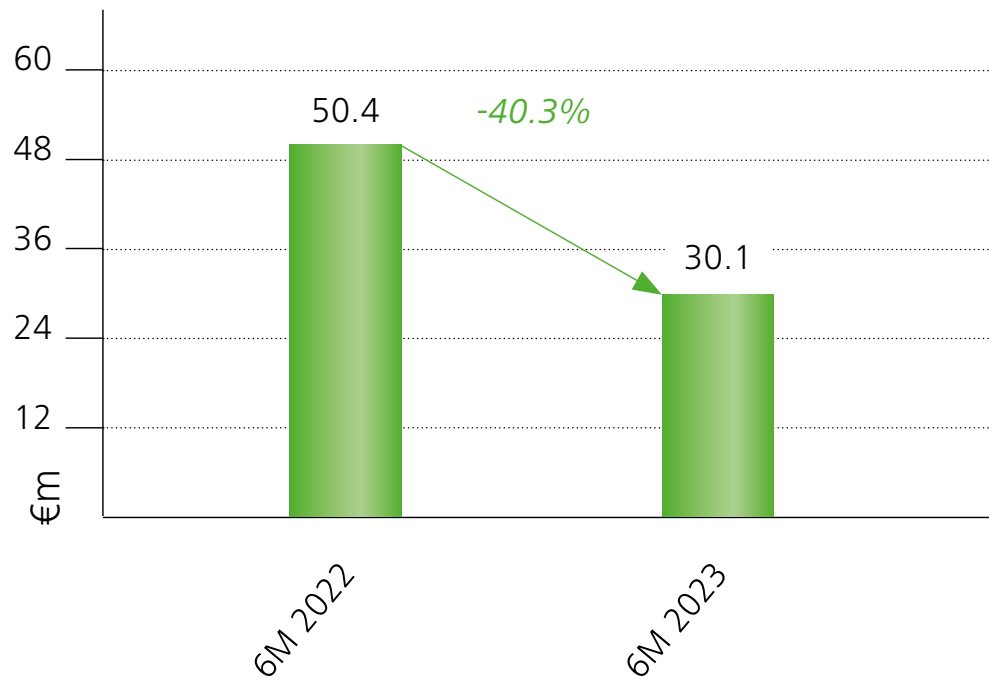
Gross Earnings

6M 2023 Gross Earnings growth in € millions



EBITDA

6M 2023 **EBITDA** growth in € millions

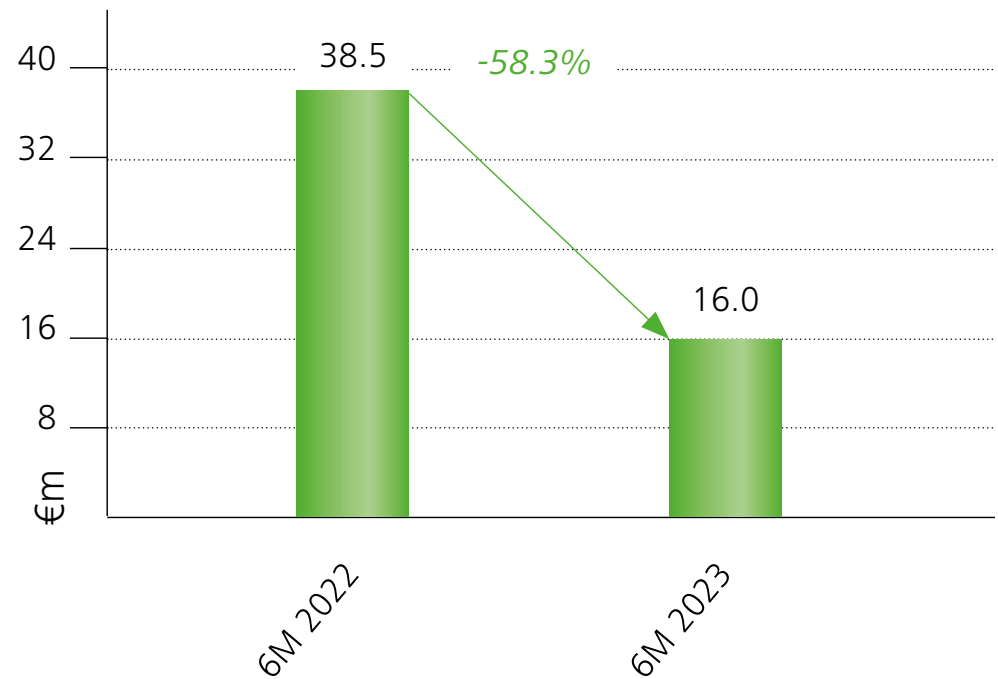


EBITDA Margins

Year	Full Year	H1
2019:	19.7%	18.5%
2020:	18.6%	16.6%
2021:	23.1%	22.3%
2022:	19.3%	20.8%
2023:	./.	16.0%

EBIT

6M 2023 **EBIT** growth in € millions

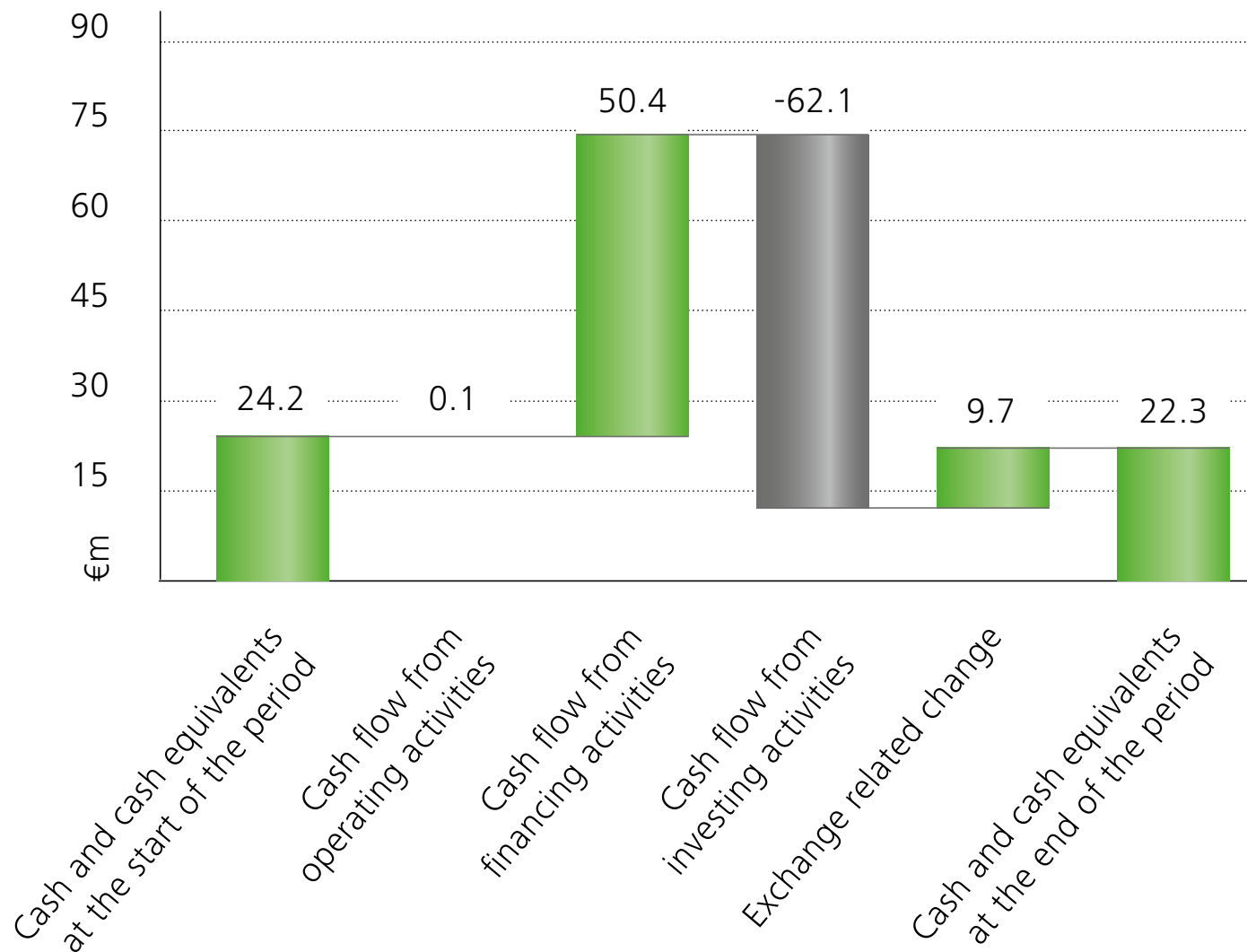


EBIT Margins

Year	Full Year	H1
2019:	11.4%	9.8%
2020:	10.9%	8.6%
2021:	17.1%	16.8%
2022:	13.9%	15.9%
2023:	./.	8.5%

Cash Flows

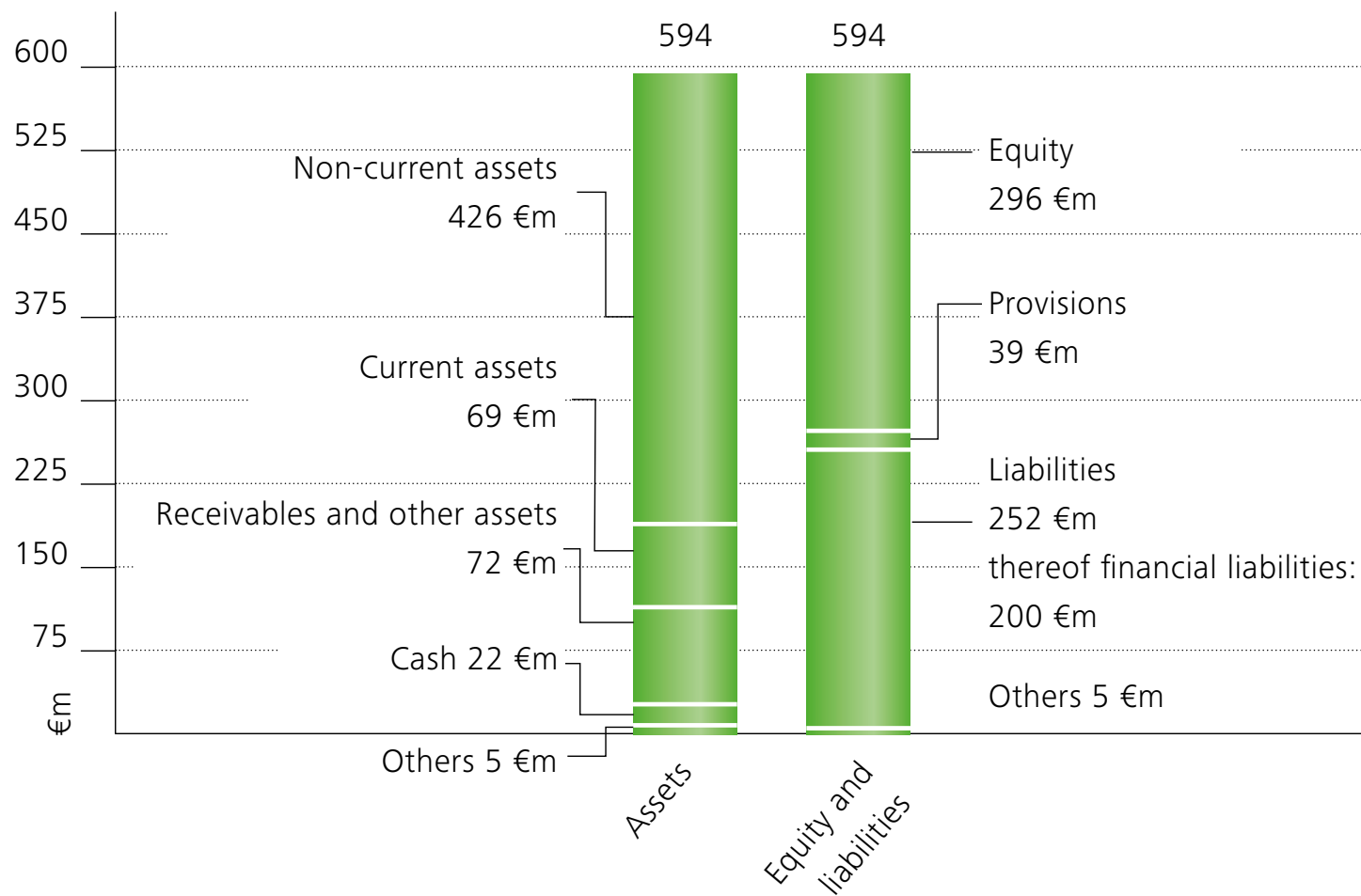
6M 2023: Cash Flows in € millions



- STEICO continues to invest in growth.
- STEICO has currently free credit facilities of € 55 million from the syndicated loan agreement.

Balance Sheet

Selected balance sheet items as of 30 June 2023 in € million



- The balance sheet shows a healthy company with an equity ratio of 49.7% as of 30 June 2023.

Outlook

Outlook 2023

- ➔ **Insulation materials**
- ➔ **I-joists**
- ➔ **Laminated Veneer Lumber**
- ➔ **Prefabricated Building Elements**
- ➔ **Other activities**

Despite the challenging environment, the company's management continues to believe that demand will recover in the second half of the year. The management is expecting revenues for the year as a whole to be down by 15% year-on-year, with EBIT of around 8% to 10% (compared to total operating revenue).

Research



Analyst
Mr. Christoph Greulich

Latest Update
07/2023

Recommendation
Hold

Target Price
€ 35.00



Analyst
Mr. Dr. Philipp Hässler

Latest Update
07/2023

Latest Update
Buy

Target Price
€ 40.00



Analyst
Mr. Simon Keller

Latest Update
07/2023

Recommendation
Buy

Target Price
€ 41.00



Analyst
Mr. Philipp Kaiser

Latest Update
07/2023

Recommendation
Buy

Target Price
€ 58.00



Analyst
Mr. Patrick Speck

Latest Update
07/2023

Recommendation
Hold

Target Price
€ 37.00

Morgan Stanley

Analyst
Mr. Manfredi Bizzari

Latest Update
07/2023

Recommendation
Overweight

Target Price
€ 45.00

Thank you for your interest.
We will be happy to answer your questions.