STEICO

(CDAX, Construction & Materials)

WARBURG RESEARCH

Buy

EUR 31.20 (EUR)

Price EUR 20.75

Upside 50.4 %

Value Indicators:	EUR
DCF:	31.18
FCF-Value Potential FY20e:	29.58

Share data:	
Bloomberg:	ST5 GR
Reuters:	ST5G.DE
ISIN:	DE000A0LR936

Description:

STEICO is a provider of sustainable ecological construction products.

Market Snapshot:	EUR m
Market cap:	292
No. of shares (m):	14
EV:	373
Freefloat MC:	114
Ø Trad. Vol. (30d):	14.13 th

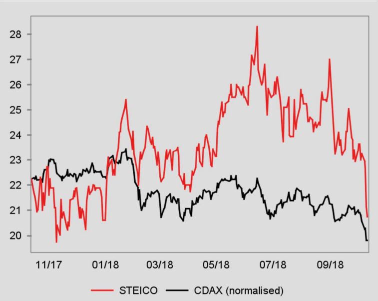
Shareholders:	
Freefloat	38.9 %
Schramek GmbH	61.1 %

Risk Profile (WRe):	2018e
Beta:	1.2
Price / Book:	1.7 x
Equity Ratio:	56 %
Net Fin. Debt / EBITDA:	1.8 x
Net Debt / EBITDA:	1.9 x

The green growth story; Initiation with Buy

STEICO is a globally active provider of ecological construction material, mainly wood fibre insulation, but also engineered wood products such as I-joists, and Laminated Veneer Lumber (LVL). It is the European market leader in producing and marketing wood fibre insulation material with a market share of about 35%. Ecological insulation material accounted for 61.5% of sales in FY 2017. The company's competitive edge lies in its coverage of the whole value chain combined with high quality and complementary products, distributed by a leading services and sales network. The product portfolio makes STEICO the preferred choice for many customers who appreciate interaction with a limited number of reliable counterparties.

- **Highly attractive niche growth market.** With 10.3% sales CAGR 2005-2017, top-line development has been impressive in past years. European construction activity is expected to remain at a high level and demand for STEICO's niche products should be further bolstered by ongoing trends towards prefabricated housing and energy efficiency. Government efforts to reduce residential energy consumption such as the European initiative to create "nearly zero-energy buildings" lay the foundation for further positive market momentum.
- **Low penetration of the European construction market with Laminated Veneer Lumber (LVL).** With its production capacity increase and related marketing efforts (e.g. STEICO academy), STEICO is in an excellent position to benefit from anticipated catch-up effects in the European construction market, where there is currently low penetration of engineered wood products like I-joists or LVL. Since STEICO's products are superior in terms of robustness and ease of handling, we believe these markets offer some low-hanging fruit. The UK is one of STEICO's core markets for I-joist products and shows the highest penetration rates in the EU. The UK accounted for 14.1% of sales in FY 2017 (approx. 60% of I-joists sales) with 9.6% CAGR 2013-2017. We therefore estimate a CAGR of 24.1% and 11.9% for LVL and I-joists respectively, until FY 2020 due to a current low level of market awareness and significant market potential as already observed in the UK.
- **FCF generation should significantly improve as capex returns to normal levels.** Despite the working capital improvement over the last years to a level of 13% of sales in FY 2017, STEICO's FCF generation was negatively impacted by significant capital expenditure (average 20% of sales over the last four years) owing to the company's expansion strategy. FY 2018 will be characterised by the installation of additional production lines in Poland but in FY 2019, we expect the company to achieve positive FCF. (WRe: EUR 45m capex in FY 2018, representing 17.8% of sales).
- **Current valuation offers additional upside.** STEICO shares have posted a positive YTD performance of about +5% as the market for insulation material generally improved. Nevertheless, we believe that the longer-term growth prospects and the anticipated improvement in FCF generation are not yet fully reflected in the current valuation. Our price target of **EUR 31.20** per share indicates considerable upside and is backed by fair value indications based on a DCF model and our FCF Value Potential model. Given the upside to our price target, we initiate coverage with **Buy**.



Rel. Performance vs CDAX:	
1 month:	-8.5 %
6 months:	-4.3 %
Year to date:	12.0 %
Trailing 12 months:	2.6 %

Company events:	
17.10.18	Q3

FY End: 31.12. in EUR m	CAGR (17-20e)	2014	2015	2016	2017	2018e	2019e	2020e
Sales	10.8 %	175	189	209	230	249	287	314
Change Sales yoy		10.5 %	8.1 %	10.6 %	10.2 %	7.9 %	15.6 %	9.2 %
Gross profit margin		*36.0 %*	*38.7 %*	*41.1 %*	*41.9 %*	*43.0 %*	*43.5 %*	*43.7 %*
EBITDA	14.4 %	22	25	33	38	43	51	57
Margin		*12.5 %*	*13.1 %*	*15.9 %*	*16.5 %*	*17.5 %*	*17.9 %*	*18.1 %*
EBIT	15.2 %	10	12	18	22	24	30	34
Margin		*5.7 %*	*6.5 %*	*8.8 %*	*9.6 %*	*9.8 %*	*10.6 %*	*10.7 %*
Net income	16.6 %	6	8	12	15	17	22	24
EPS	16.8 %	0.46	0.63	0.90	1.08	1.22	1.55	1.72
EPS adj.	16.8 %	0.46	0.63	0.90	1.08	1.22	1.55	1.72
DPS	12.6 %	0.12	0.15	0.18	0.21	0.24	0.27	0.30
Dividend Yield		1.8 %	2.2 %	1.6 %	1.1 %	1.2 %	1.3 %	1.4 %
FCFPS		-1.43	-2.44	0.22	-1.51	-0.69	0.47	0.90
FCF / Market cap		-21.2 %	-36.4 %	2.0 %	-8.2 %	-3.3 %	2.3 %	4.4 %
EV / Sales		0.7 x	0.8 x	1.0 x	1.5 x	1.5 x	1.3 x	1.1 x
EV / EBITDA		5.7 x	6.3 x	6.3 x	8.8 x	8.6 x	7.1 x	6.3 x
EV / EBIT		12.5 x	12.8 x	11.4 x	15.2 x	15.2 x	12.0 x	10.6 x
P / E		14.7 x	10.6 x	12.2 x	17.6 x	17.0 x	13.4 x	12.1 x
P / E adj.		14.7 x	10.6 x	12.2 x	17.6 x	17.0 x	13.4 x	12.1 x
FCF Potential Yield		7.2 %	6.2 %	7.2 %	5.5 %	6.0 %	7.9 %	9.1 %
Net Debt		39	71	69	68	80	77	68
ROCE (NOPAT)		4.7 %	5.1 %	7.0 %	7.8 %	7.4 %	8.6 %	9.1 %
Guidance:	2018: Sales growth of about 7-9% yoy and EBIT growth of c. 7-14%							

Analyst

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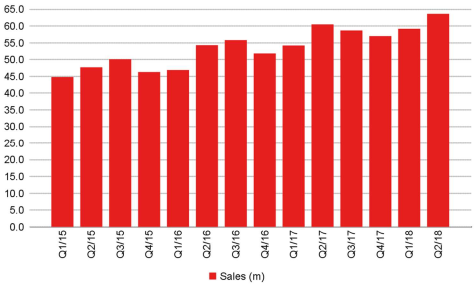
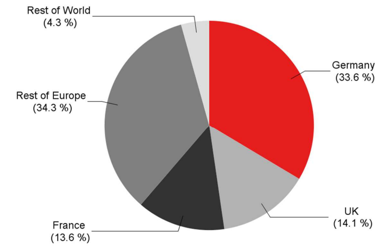
Sales development
in EUR m



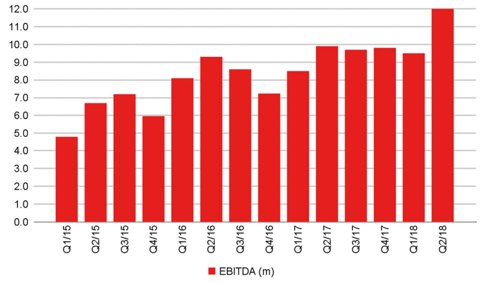
Source: Warburg Research

Sales by regions
2017; in %



Source: Warburg Research

EBITDA development
in EUR m



Source: Warburg Research

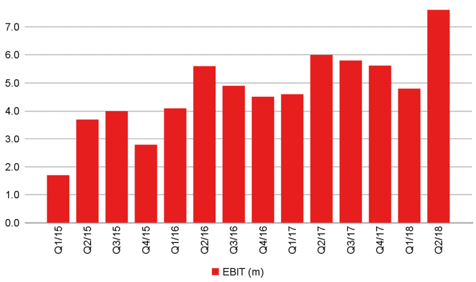
Company Background

- Founded in 1986, STEICO today is a globally active system provider for ecological construction products.
- The product and services range of STEICO comprises ecological insulation material, construction products (I-joists), laminated veneer lumber, special products, timber wholesale, hardboards, and complementary products.
- Sourcing and manufacturing of wood and wooden products is conducted in Poland and France while a widespread sales network fosters STEICO's European reach.
- A current annual production volume of almost 270,000 tonnes of insulation material makes STEICO the market leader within the wood-fibre insulation materials segment in Europe

Competitive Quality

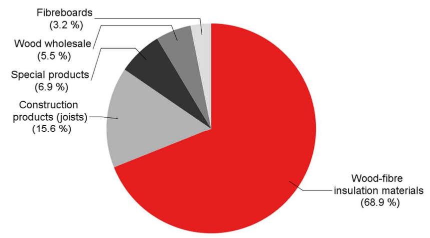
- STEICO derives its competitive edge from its full value chain coverage paired with its European market leadership in wood-fibre insulation materials.
- STEICO merges both cost efficiency and sustainable insulation solutions with its sourcing and manufacturing processes in Poland and France.
- Cross-selling potential is generated through the company's integrated wooden construction system with supplemental components which make STEICO a one-stop source for sustainable residential construction.
- The founder, long-standing CEO, and major shareholder Udo Schramek is the foundation of the company's successful and sustainable business model.

EBIT development
in EUR m



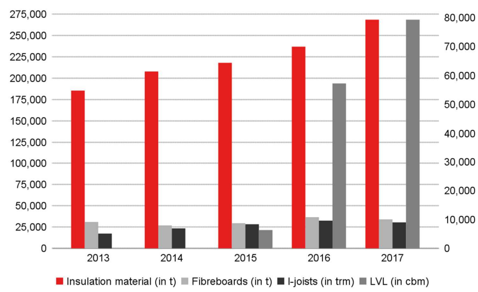
Source: Warburg Research

Sales by segments
2017; in %



Source: Warburg Research

Production data



Source: Warburg Research

Summary of Investment Case

Investment triggers

- **Capex level set to decline.** The ramping up of production capacities, mainly in Poland, in recent years has been a drain on STEICO's cash flows and capital returns. Going forward, those efforts can be expected to pay off while the need for additional investments should be limited.
- **Growth remains robust.** The positive outlook for the European construction market (Source: Euroconstruct) combined with a trend towards sustainable insulation materials pave the way for continuous above-average growth rates. Moreover, the need for energy-related renovation combined with dedicated European subsidies and the German consumer trends towards prefabricated housing can be expected to fuel demand for insulation material.
- **New guidance after H1 2018.** The company's top-line guidance adjustment after H1 2018 was caused by the weak UK market dynamics. The timber wholesale segment bore the strongest sales impact from the weak UK market but, as this business does not generate significant margins, there was almost no impact on earnings. Ongoing growth in STEICO's high-margin products combined with an improved cost structure should boost market confidence in its operational capabilities. Consequently, any share price weaknesses should be seen as a buying opportunity.

Valuation

- **DCF model suggests a fair value per share of EUR 31.20** – taken as our initial price target.
- Our FCF Value Potential model and a Relative Valuation confirm our derived price target.

Growth

- **Impressive non-cyclical track record in terms of sales CAGR** with an average of 10.3% over the last 13 years.
- **FCF to rise from (negative) EUR -21.3m to (positive) EUR 6.7m in FY 2019** after capex cycle turns positive
- **Robust underlying structural growth drivers** and **low penetration of LVL and I-joists in Europe** highlight future market potential.
- **Scalable business estimated** to show **sales CAGR of 10.8% by FY 2020** while **net income should rise by 16.6% CAGR in the** same period.

Competitive quality

- **European market leader** in a highly attractive niche growth market.
- **Coverage of the whole value chain combined with industry-leading services and sales network** enables the generation of very favourable margins.
- **Easily scalable business model** through extendable production plants, which are located close to sourcing sites.
- **Systematic approach with complementary products** offers customers a one-stop solution for sustainable residential construction.
- **Long-standing CEO** with extensive industry experience and significant personal commitment.

Warburg versus consensus

- **On sales, we are almost 4% lower for FY 2018.** However, our estimates for FY 2019 and 2020 are 1-4% ahead of consensus.
- In contrast, our expectations for FY 2018 operating margins of 9.8% are broadly in line. **In FY 2019 and 2020, however, we're more optimistic** with EBIT margin estimates 60bps and 50bps above consensus.

We expect consensus to revise its FY 2018 forecasts due to a rather restrained course of business, especially with regard to the development in the UK, which affected STEICO's top line in H1 2018 and led to a guidance revision. **The likely negative market impact should be regarded as a buying opportunity** since profitability and underlying growth are on track.

Company Overview

	Ecological insulation materials	I-joists	Laminated Veneer Lumber (LVL)	Special products	Timber wholesale	Natural Fibre Boards (Hardboards)	Others
							
Products	Wood fibre insulation materials(rigid wood fibre boards as well as flexible mats and loose insulation fibres for cavity insulation). Processed via different methods to achieve sustainable and ecological insulation.	Flanges made of Laminated Veneer Lumber (LVL) combined with a web made of Natural Fibre Boards (NFB). Product substitutes standard timber beams or studs. Easy to handle, energy-efficient and economically beneficial.	LVL consists of several layers of wood laminate glued together and is characterized by a high level of rigidity, load-bearing ability and offers high dimensional stability.	Products that are not directly allocable to the construction sector, e.g. fibreboards for pinboards, door fills, and other products for industrial applications.	STEICO focuses on the German and British market within this segment. Products offered range from sawn timber to engineered wood products like particle-boards and semi-finished products for furniture making.	Similar to wood-fibre insulation material except that a particular high pressure is used during production, resulting in stable boards with high density. The product is mainly used in I-joists. Smaller parts are sold to the furniture industry or as standard construction boards.	Others bundles various peripheral activities, such as External Thermal Insulation Composite System accessories, vapour barriers, and tools for processing insulation material.
Sales 2017 (EUR m) **% of total**	141.7 61.5%	32.0 13.9%	19.4 8.4%	14.1 6.1%	11.2 4.9%	6.5 2.8%	5.5 2.4%

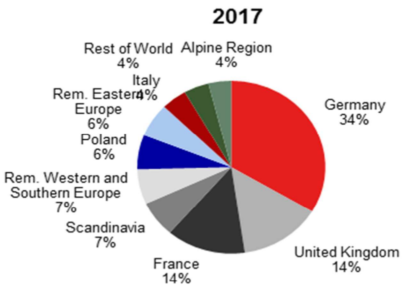
EBIT 2017 vs. 2016 (EUR m)	**2017:**	22.0	**2016:**	18.3
Margin		9.6%		8.8%

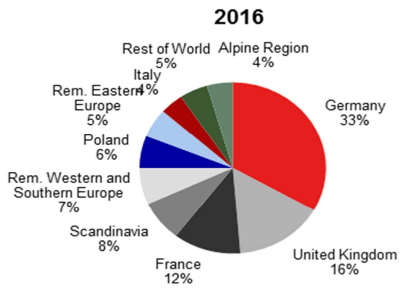
Market position
STEICO is the European market leader in the wood-fibre insulation materials segment. The company focuses mainly on Central European countries while it sources its raw materials from Poland and France.

Competitors
Wood fibre insulation market: Soprema, Gutex, Schneider, Hunton, Homatherm/HOMANIT; **Fibreboards:** Fibris, Homanit, Woodway Group, Huntonit
I-joists: Metsä, Masonite, James Jones; **Laminated Veneer Lumber:** Metsä, Stora Enso, Louisiana Pacific, Taleon Terra

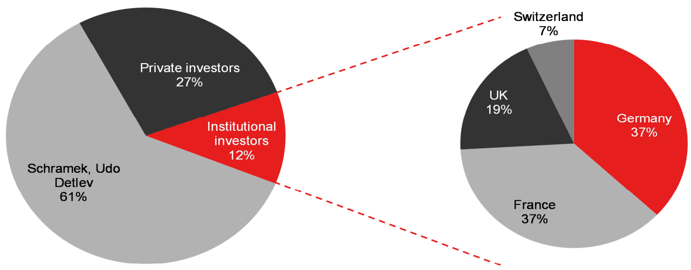
Suppliers
Due to STEICO's coverage of the whole value chain of developing, producing, and marketing its systems for ecological residential construction, the company is not dependent on external suppliers. A long-standing partnership with the Polish state forestry authority secures most of the company's wood sourcing.

Sales by regions, 2017 vs. 2016





Shareholder structure



Distribution among all investors
Geographical breakdown of institutional investors

Source: STEICO, Warburg Research

Competitive Quality

- European market leader with excellent service and sales network
- Coverage of the whole value chain
- Benefits of scale and experience based on easily extendable production sites
- Complementary products offer high quality and synergy potential to ensure attractive margins
- Experienced CEO with significant personal commitment

European market leader for wood fibre insulation

STEICO's competitive quality is based on the following major factors:

- **European market leadership.** The company's key competitive edge is its European market leadership in the wood fibre insulation materials sector, with a market share of approx. 35% (STEICO estimate). The company is well positioned to benefit from rising public awareness of environmental sustainability. STEICO's position enables it to offer the best availability in the industry with its superior recognition while reaching cost leadership.
- **Industry-leading service and sales network.** STEICO's leading service offering includes technical support, various certifications, and the STEICO academy which provides seminars on the most efficient installation of the company's products. STEICO's headquarters in Feldkirchen operates the distribution management for Germany, Austria, Switzerland, Italy, Belgium, the Netherlands, and Scandinavia. In addition, a sales network covering Poland, Eastern Europe and Russia as well as sales subsidiaries in France, Spain, and UK, secure the company the largest sales network in the industry for sustainable insulation material.
- **Coverage of the whole value chain.** The product combination, or system, approach, which comprises ecological insulation material and wooden construction material, enables uncomplicated and fast installation. Ease of installation is crucial in a peak construction cycle with high level of *demand* for tradesmen. Additionally, with the start of in-house production of Laminated Veneer Lumber (LVL) in 2016, STEICO became more independent of external suppliers. Consequently, the company covers the whole value chain of development, production and marketing of its systems for ecological residential construction which reduces costs substantially and results in a sustained increase in margins.
- **Approved sustainable high quality products.** All of STEICO's construction products have been approved by the relevant construction supervision authorities. The length of such approval processes (up to three years) pose high entry barriers. The sustainable procurement of timber and the subsequent manufacturing of wood products are mainly conducted in Poland (Czarna Woda and Czarnków) and to a smaller extent in France (Casteljaloux and various local providers). This ensures cost efficiency for STEICO while still maintaining sustainability and high quality standards. Sourcing is secured by long-term partnerships in Poland with price-fixing for one year. Sustainability criteria are ensured by the FSC and PEFC organisations while quality standards are certified by the Institute of Building Biology Rosenheim (IBR). Administration, R&D, sales, and marketing activities are concentrated in the Munich headquarters. Two distribution companies in France (Brumath) and UK (Caddington) enhance the sales network.
- **High synergy potential.** The company's two main products, insulation material and LVL, offer high synergy potential. Since wood consists of different layers with different levels of quality, the higher quality layers can be used for STEICO's LVL products and the lower quality parts for the ecological insulation material production, transport pallets, or as fuel for biomass power plants to operate the production facilities. Therefore, the company utilises 100% of its timber resources.

- **Scalable business model.** STEICO's business model is easily scalable with production plants that offer additional space to expand capacity and that are located close to relevant sourcing sites. For ecological insulation material (61.5% of sales in FY 2017), we estimate capacity utilisation of 66% while for LVL (8.4% of sales in FY 2017), capacity utilisation is expected to reach 75% in FY 2018.
- **Complementary product range.** STEICO further ensures a high degree of cross-selling potential with its variety of products which offers its customers a one-stop source for sustainable residential construction. Consequently, the company is the only manufacturer in the industry to offer an integrated wooden construction system in which insulation material and construction components supplement each other. Additionally, the I-joists segment represents an intermediate product for construction which aims to provide an alternative to standard construction products due to its better price and energy consumption characteristics.
- **Committed long-standing CEO** The founder and long-standing CEO Udo Schramek is himself a major shareholder with a stake of 61.1% and therefore guarantees a long-term view paired with extensive management experience.

As STEICO covers the whole value chain from sourcing, to production to product sales, the company exploits attractive margin potential. No key customer accounted for more than 3.1% of sales in FY 2017, STEICO enjoys a well-diversified customer base. Direct customers include large wood construction companies, pre-fabricated home construction companies, DIY and home-improvement stores, and industrial customers. Processors and developers consciously purchase STEICO products at local specialist traders.

STEICO's value chain

Source: STEICO, Warburg Research

Wood fibre insulation proves to be superior

Comparison of different insulation materials

When comparing wood fibre to other insulation materials, it becomes clear that the ecological product is superior in terms of its insulating properties, water vapour diffusion, sound protection, and density and compressive strength. Another important factor is the ecological origin of wood fibre which ensures non-hazardous handling, a healthy indoor climate, and easy disposal. In our view, those characteristics justify a higher initial price and should satisfy the increasing consumer demand for sustainability.

Comparison of insulation materials

	Description	Wood fibre Insulation	Glass wool	Stone wool	EPS (expanded polystyrene)	PUR / PIR (polyurethane)
Chill protection in W/(m*K)	A lower value saves heating energy compared to other insulation in the same thickness	0.036 – 0.045	0.032 – 0.040	0.035 – 0.048	0.032 – 0.040	0.018 – 0.030
Heat protection in J/kg*K	A high value is an indicator for keeping buildings cool in summer	2100	830	830	1480	1200 - 1400
Material class fire protection and temperature resistance	According to DIN 4102-1 A1: non-combustible B1: hardly flammable B2: normal flammable	B2 110 °C	A1, A2 With binder 100-200 °C W/o binder 500 °C	A1 With binder 100-200 °C W/o binder 600-750 °C	B1, B2 80-85 °C	B1, B2 90 °C
Water vapour diffusion sd-value	A lower value is an indicator for how "breathable" an insulation. High diffusion materials can avoid moisture damage.	3 - 5	1 - 2	1 - 2	20 - 100	40-200
Moisture storage capacity % of insulation weight	A high percentage indicates a higher possible storage of condensation water to prevent moisture damage	20%	2%	2%	<5%	<3%
Density & compressive strength	In kg/m³ & kPa/m² up to 10% compression	110 - 250 kg/m³ 20 – 200 kPa/m²	15 - 150 kg/m³ 0 – 80 kPa/m²	30 - 220 kg/m³ 0 – 80 kPa/m²	15 - 60 kg/m³ 0 – 200 kPa/m²	30 - 100 kg/m³ 40 – 200 kPa/m²
Primary energy consumption	Energy needed to produce a m³ of insulation in kWh/m³	600 - 785	250 - 500	150 – 400	250	800 - 1500

Source: STEICO, Sanier.de, Warburg Research

Pan-European player with lean sales network

Pan-European network with three production facilities

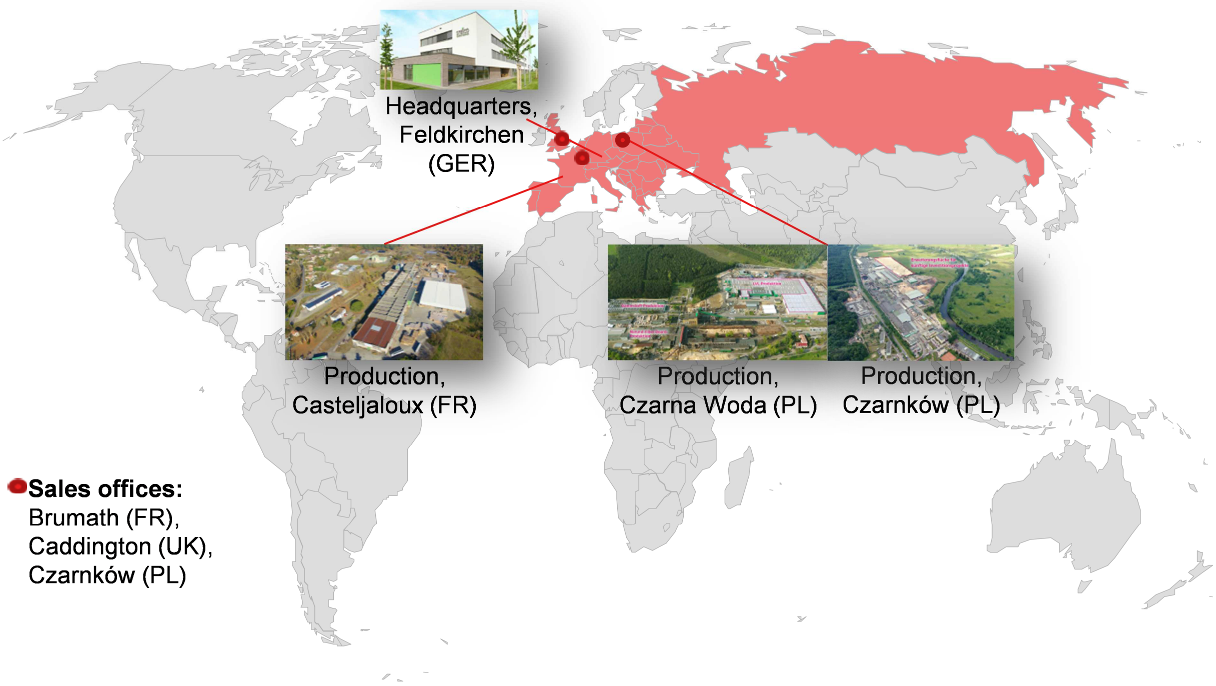
STEICO's production takes place in Poland and France. Its two large Polish facilities supply Eastern and Western Europe while the French facility supplies the southern European and French market. This organisational structure provides STEICO with the ability to efficiently supply the whole European market and diversify individual market exposure.

Sales teams in Germany, France, the United Kingdom, and Poland address the European market. The office in Poland oversees the markets in Russia and Eastern Europe while the French and UK offices focus on France, Spain, and the United Kingdom. In addition, STEICO also generates revenues beyond Europe with a sales contribution of 4.3% in FY 2017.

The most important markets in terms of revenue generation in FY 2017 were Germany (33.6%), UK (14.1%), and France (13.6%).

Diversification strategy targets Brexit uncertainties With regards to the UK's exit from the EU and related risks in this market, STEICO is planning to offer its products, especially I-joists and LVL, in the US, Australia, and New Zealand. Local construction market characteristics make those countries a perfect fit since residential construction is also done manually and STEICO's Polish wood offers higher stability than American products. This strategy, however, is not expected to make a major impact in the short term as the management is prioritising the penetration of the European market with its I-joists and LVL products.

STEICO's European footprint



Source: STEICO, Warburg Research

Analysis of Return on Capital

- Balance sheet characterised by a large equity position (equity ratio of 54%)
- High capital intensity resulting from coverage of the whole value chain
- Capex spending to normalise at a level of EUR 30m in FY 2019
- ROCE is set to rise above 8% in FY 2020

Tangible assets mostly funded by equity

Capital employed

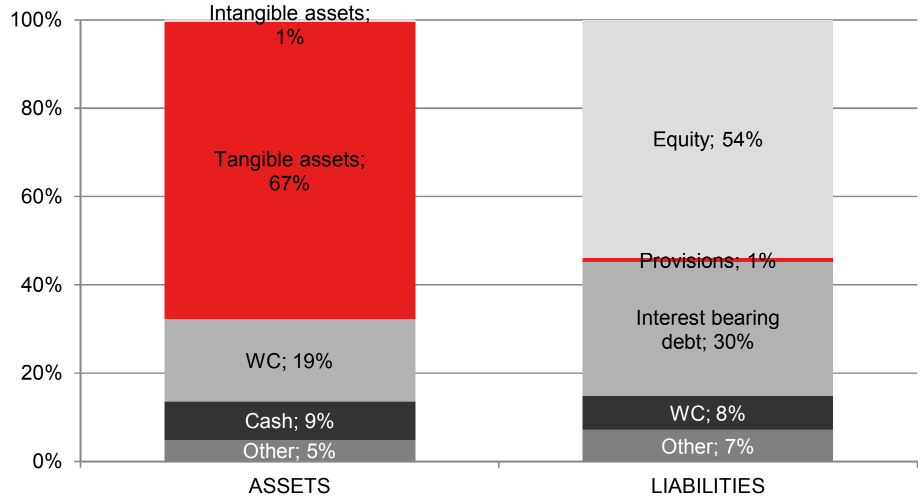
STEICO enjoys a very healthy balance sheet, characterised by a large equity position and almost no short-term debt. Tangible assets, which account for 67% of the balance sheet, play a major role due to STEICO's capital-intensive business. As a result, total asset turnover was only 0.86x in FY 2017. Major tangible components are land and technical plant and machinery with balance sheet values of EUR 58.1m (19.5%) and EUR 114.6m (38.4%) respectively. The third tangibles component which includes advance payments made and assets under construction of EUR 25.6m (8.6%) is mainly related to the construction of the additional production facility for stable wood fibre insulation materials (dry method). The company's sourcing and processing takes place in Poland (Czarna Woda and Czarnków) and in France (Casteljaloux). Administration, R&D, sales, and marketing activities are concentrated in the Munich headquarters while three distribution companies in France (Brumath), UK (St. Albans), and Poland (Czarnków) increase STEICO's sales network.

Intangible assets play a minor role for the company due to the relatively small need for licenses, patents, and property rights (EUR 1.6m) compared to the sourcing and wholesale business of wood and ecological insulation material. Moreover, the company reports under the German HGB which minimises intangibles due to the straight amortisation of goodwill which eliminates related impairment risk.

As STEICO covers the whole value chain of developing, producing, and marketing its systems for ecological residential construction, a significant part of tangible assets can be related to production machinery (EUR 114.6m). Related land and property close to the areas of wood sourcing is valued at EUR 58.1m on STEICO's balance sheet.

STEICO's liabilities are characterised by a high equity position of EUR 161m which represents an equity ratio of 54%. The company successfully conducted a related capital increase of 10% of its equity (EUR 25m) in FY 2017 to finance additional production capacity.

STEICO's balance sheet (2017)



Source: STEICO, Warburg Research

Debt financing is solely conducted through bank loans (EUR 90.7m) of which 85.5% is long-term financing with maturities of one to five years. Most of the short-term and medium-term liabilities to banks (EUR 87.9m) are uncollateralised as part of a syndicated credit agreement.

Debt characterised by medium-term bank lending

Maturity of liabilities				
in EURm	Total	up to 1 year	from 1 - 5 years	over 5 years
Liabilities to banks	**90.652**	13.122	77.529	-
Advance payments	**130**	130	-	-
Trade payables	**22.715**	22.715	-	-
Other liabilities	**8.807**	8.588	219	-
Total	**122.304**	**44.555**	**77.749**	**0**

Source: STEICO, Warburg Research

As a result of an ongoing trend towards environmentally-friendly insulation material, STEICO had to increase its production capacities in recent years to meet rising customer demand. Therefore, capital expenditure as a percentage of sales has been in the range of 14% to 26% in the last four years. Both the second production line for laminated veneer lumber and the new production lines for wood fibre insulation materials are expected to be fully operational in the third quarter of 2018. Consequently, STEICO's need for further capex spending should be limited after FY 2018. We expect capital expenditure in FY 2019 and FY 2020 to be in the range of 9.7-10.5% of sales.

High capex spending will come to an end

in EUR m	2013	2014	2015	2016	2017	2018e	2019e	2020e
Group sales	**158.1**	**174.7**	**188.9**	**208.9**	**230.3**	**248.6**	**287.3**	**313.7**
Capex	**19.0**	**24.3**	**11.9**	**8.9**	**35.3**	**49.8**	**30.1**	**47.4**
in % of sales	*12.0%*	*13.9%*	*6.3%*	*4.2%*	*15.3%*	*20.0%*	*10.5%*	*15.1%*
Depreciation & Amortisation	**12.1**	**11.8**	**12.5**	**14.9**	**15.9**	**18.9**	**21.1**	**23.1**
in % of sales	*7.7%*	*6.8%*	*6.6%*	*7.1%*	*6.9%*	*7.6%*	*7.3%*	*7.4%*

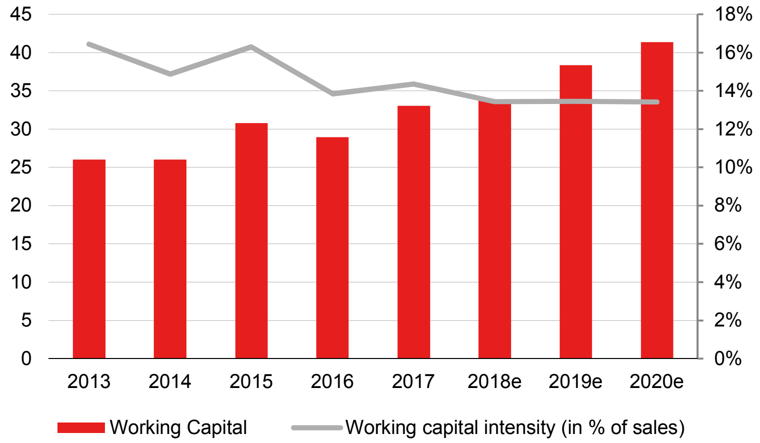
Source: STEICO, Warburg Research

Working capital is minor item on the balance sheet

Working capital as the second-largest asset position comprises inventories (EUR 35.0m) and accounts receivable (EUR 20.9m) which reflects STEICO's business model of producing and distributing ecological insulation material. R&D expenditure of EUR 0.3m in FY2017 plays a minor role in STEICO's overall business and is therefore neither capitalised nor reported as working capital.

Working capital requirements are rather low, historically ranging between 13% and 17% of sales. In recent years, the company achieved lower growth in accounts receivable relative to sales which reduced working capital and underlines STEICO's considerable receivables management and bargaining power with customers. Inventory growth, which was in line with sales growth, can be attributed to the increase in overall business activity and customer relations. Going forward, we expect relatively stable working capital intensity for STEICO.

Reduction in working capital requirements

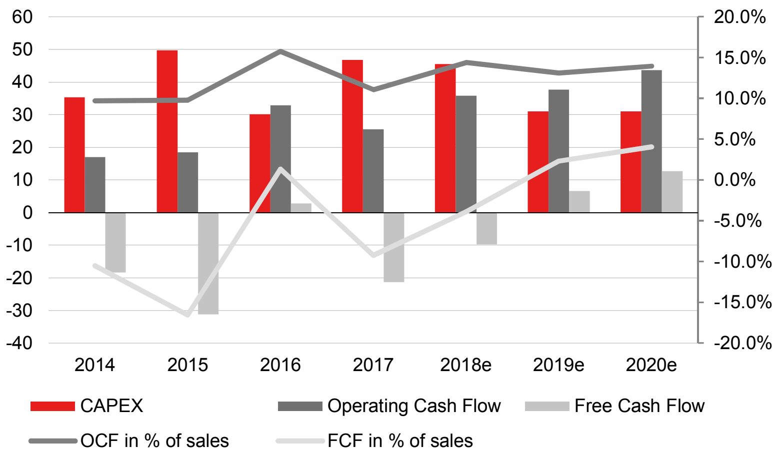


Source: STEICO, Warburg Research

FCF about to turn positive

The negative FCF trend is a result of STEICO's expansion strategy which required significant capital expenditure and the company generated negative FCF in three of the last four years. As no further large investments are planned and maintenance capex is expected to be approx. EUR 15m in the coming years, FCF should turn positive in FY 2019.

Capex had a negative impact on FCF



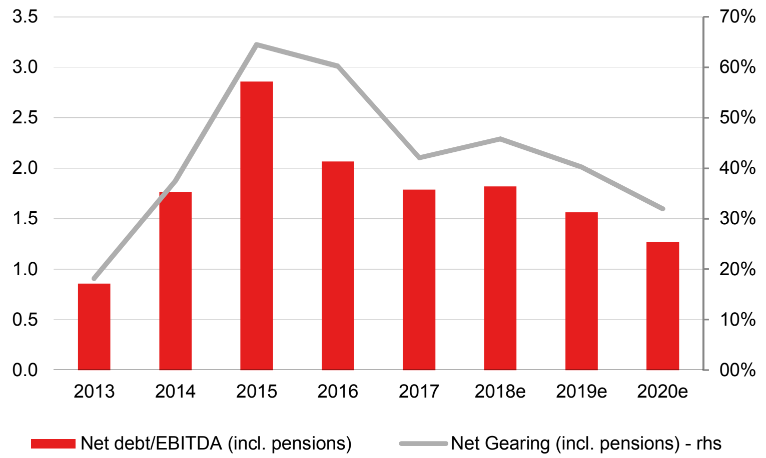
Source: STEICO, Warburg Research

Net debt on a constant level since FY 2015

Equity replaced debt financing

STEICO's change in financing from debt to equity amid increasing EBITDA improved its net debt/EBITDA ratio over the last two years. While net debt (EUR 67.7m in FY 2017) has been constant since 2015, EBTIDA grew at 24.0% CAGR in 2015-2017. In 2018, we expect net gearing to increase slightly as a result of STEICO's temporary cash position of EUR 25.5m (9% of total assets in FY 2017) which will be reduced in FY 2018 to finance additional production capacities. Going forward, however, leverage should decline as a result of an improving operating result and less capital spending which limits net debt.

Leverage has declined since 2015



Source: STEICO, Warburg Research

Operating profitability

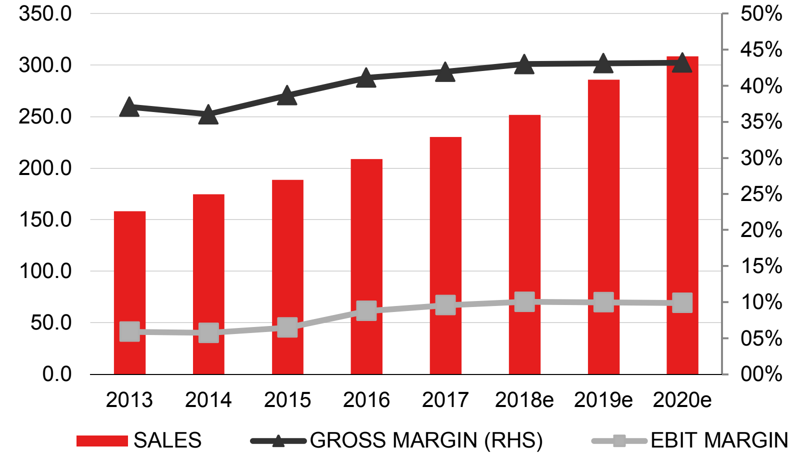
STEICO's gross margin track record ranges from 37% to 42% and EBIT margins from 6% to 10%. The constant increase in margins over the last four years is based on the following:

- STEICO's business is efficiently scalable.
- The company improved its product mix by expanding production capacities for the high-margin ecological insulation material and I-joists and by introducing new product innovations.
- Production facilities, which are easily extendable and in close proximity to the wood sourcing area, help to limit incremental costs.
- Margins increased, especially in 2016, when the company started producing Laminated Veneer Lumber in-house, expanding the company's value chain.

However, margin expansion is limited due to a competitive market with the associated customer negotiation power. Therefore, we expect operating margins to stay at around 10% within the next two years.

The current weak UK market has only a minor impact on STEICO's operating result, in our view, since the most challenging segment of the British market, which is wood wholesale, contributes low margins (WRe 2-4% EBIT margin in wood wholesale).

Sales, gross margins and EBIT margins

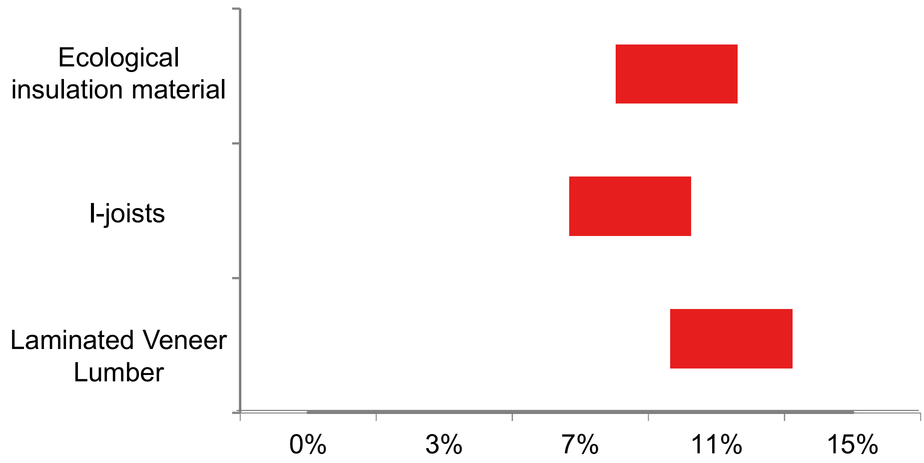


Source: STEICO, Warburg Research

LVL offers the most attractive profitability

The three key segments, ecological insulation material, I-joists, and Laminated Veneer Lumber, represent STEICO's most profitable products. We estimate that LVL has the highest potential profitability (WRe: EBIT margin of 10-13%). Note that the current achieved LVL margin should be somewhat lower than the range shown below, due to the ramping up of production in Poland.

Estimated EBIT margins for key segments



Source: STEICO, Warburg Research

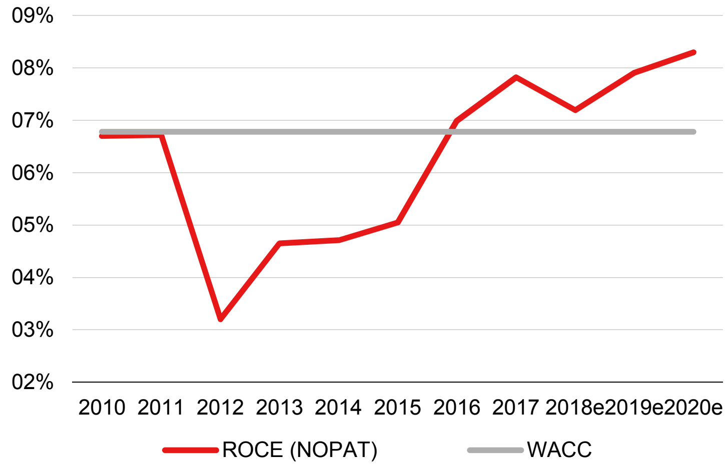
ROCE exceeds cost of capital

Returns

STEICO has established a strong track record in generating positive returns. Further, the company has managed to generate returns on invested capital well above the estimated cost of capital of around 6.8% since 2016.

In the period 2010–2015, capital costs exceeded return on capital employed. STEICO's business was influenced by the purchase and ramp-up costs resulting from the construction of production sites for wood-fibre insulation and the company's first laminated veneer lumber production facility in Czarna Woda (approx. EUR 35m). In July 2015, the company reported its first laminated veneer lumber plate produced in Poland indicating the corresponding time lag of revenues from that investment. Consequently, the drop in ROCE below capital costs in 2014 and 2015 is an effect of the earnings time-lag.

Capital returns cover cost of capital



Source: STEICO, Warburg Research

Conclusion

STEICO is a capital-intense business that covers the whole chain of ecological construction products and wood fibre insulation materials. Characterised by declining capital spending requirements, reduced working capital needs, and increased margins, the company enjoys a sound financial situation. Consequently, returns on capital are appealing and FCF generation is expected to turn positive as a result of a scaling-back of capex investment.

Growth

- Vibrant European construction market with estimated growth of 2.7% in 2018 drives demand for insulation (CAGR of 2.5% until 2021)
- Trend towards prefabricated buildings in Germany with an expected share of 20% of total housing permits in 2018
- Old German housing stock of which 63% (12 million units) built before 1979 requires significant energy-related renovation

Residential construction expected to thrive the most

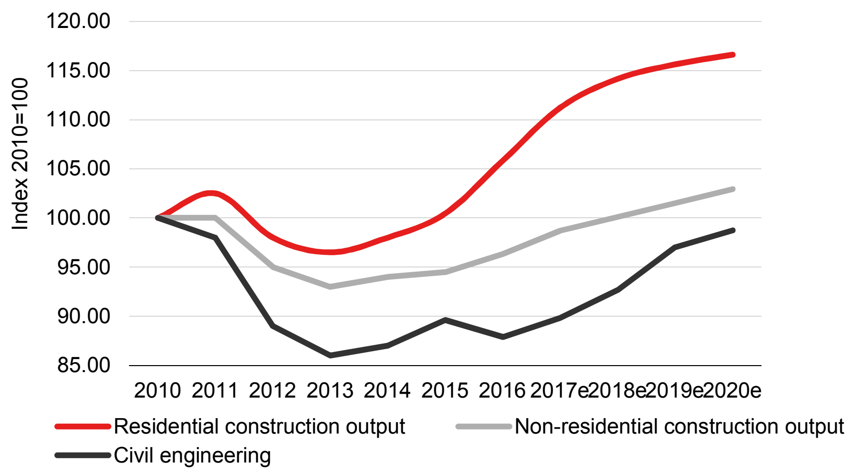
Market overview

Strong construction activity in Europe

According to the European Commission and the construction research network Euroconstruct, the European construction sector was worth approx. EUR 1,220bn in 2017 and is expected to grow by 2.7% in 2018. Remarkable observations are the construction statistics which in 2017 reached their highest levels since 2006 and a rise in construction demand in all 19 EU countries.

From 2017 until 2020, a further increase of 6% can be expected in all 19 countries. The favourable development in construction demand is a result of robust economic growth and its positive implications for household income, corporate profits and public finances. Germany is expected to grow by 0.9% in 2018 (2.4% in 2017) due to a robust residential market paired with a higher willingness to invest by companies and a civil engineering drive by the German government.

Total construction output by sector until 2020, index 2010= 100



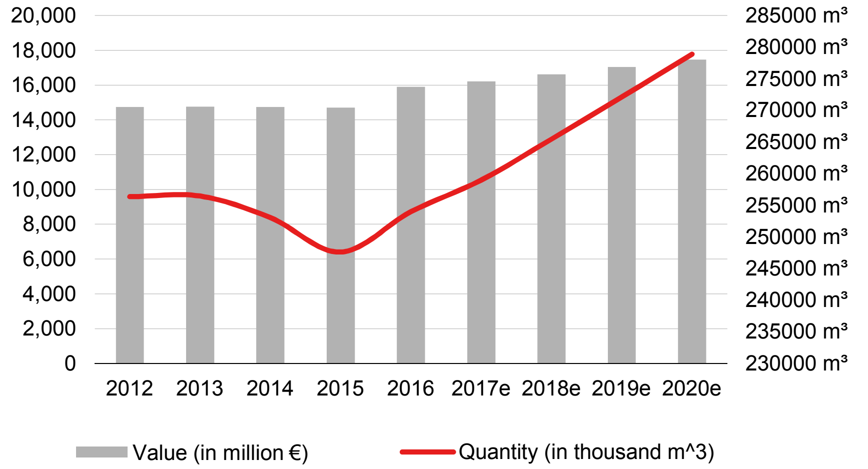
Source: Euroconstruct, Warburg Research

European insulation market is growing

With respect to the current European insulation market, the data situation is rather incomplete, in particular with regards to ecological insulation materials. It is therefore relatively difficult to get a detailed picture of the insulation market in terms of market size and growth. According to the most recent market study by IAL Consultants, the European insulation market (definition includes 27 countries) was worth EUR 15.9bn in 2016 and is expected to grow at 2.5% CAGR until 2021. The recent flat development of overall sales in this industry can be related to the booming construction market characterized by a high level of demand for tradesmen and a rather pessimistic economic sentiment with an associated increasing fear of job loss in many families.

European insulation market set to grow 2.5% p.a. until 2021

European thermal insulation market (EURm)



Source: IAL, Interconnection, Warburg Research

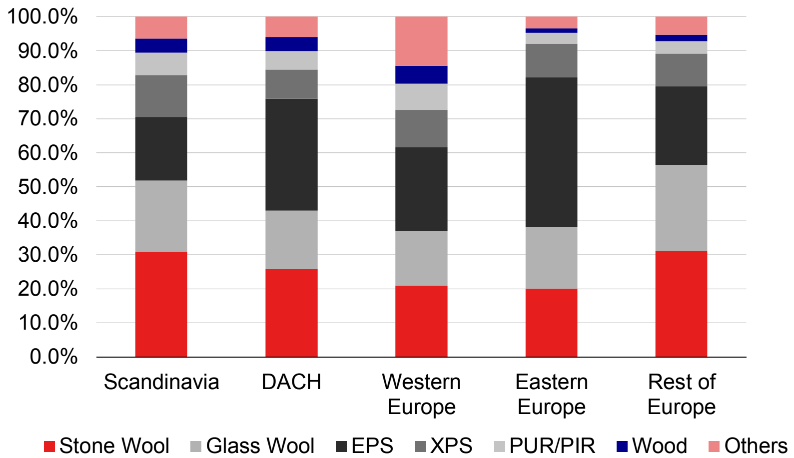
Wooden insulation is a fast-growing niche

Low penetration of wood fibre insulation material

According to data provided by Interconnection, the sales mix of insulation materials in 2015 was dominated by stone wool, glass wool, and expanded polystyrene (EPS) insulation. Other materials such as extruded polysterene insulation (XPS), rigid polyurethane insulation (PUR), and polyisocyanurate insulation (PIR) account for less than 30% of the European market. STEICO's core market of wood-based insulation material only played a minor role and was mostly used in wealthier regions such as Western Europe, Scandinavia, and the DACH-region, where wood-based insulation materials accounted for about 4.5% of the total sales mix. This is in line with estimates by STEICO that sales from ecological insulation material should represent roughly 5% of the entire industry. However, the rather low penetration rate of wooden insulation material and the continued demand shift towards ecological insulation material should, in our view, allow STEICO to gain market share and thus to achieve above average growth rates.

The Grenfell Tower fire in London in 2017, where polyisocyanurate insulation material (PIR) was blamed for accelerating the fire, and the rising awareness of sustainability among European customers should, in our view, drive demand for fire-resistant wooden insulation materials in the coming years.

Insulation material groups by regions, 2015



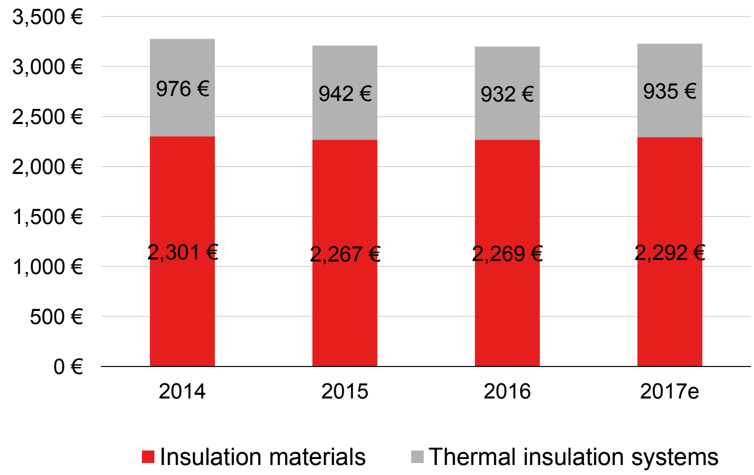
Source: Interconnection, Warburg Research

Organic insulation material will show above-average growth

Overview of the German market

As STEICO generated one-third of its overall sales in its core market Germany, the following data focuses on this region. According to Branchenradar, the German insulation market is valued at EUR 3.2 billion in 2017, which represents an increase of 0.8% yoy. Insulation materials increased by 1.0% to EUR 2.3 billion (71% of sales) whereas thermal insulation systems increased by 0.5% to EUR 0.9 billion (29% of sales). A greater increase of 1.4% in the volume of insulation material units sold to 37.7 million m^2 implies that there is some price pressure within the industry. While the overall market showed only a slight increase, organic insulation material is expected to continue growing at an above-average rate.

German insulation market in EURm



Source: Branchenradar, Warburg Research

Rising number of building permits

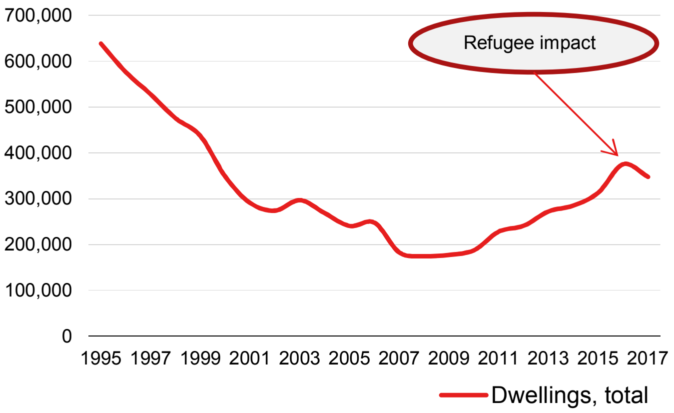
The market demand for insulation material can be measured by the number of building permits issued and existing residential and non-residential buildings in need of renovation.

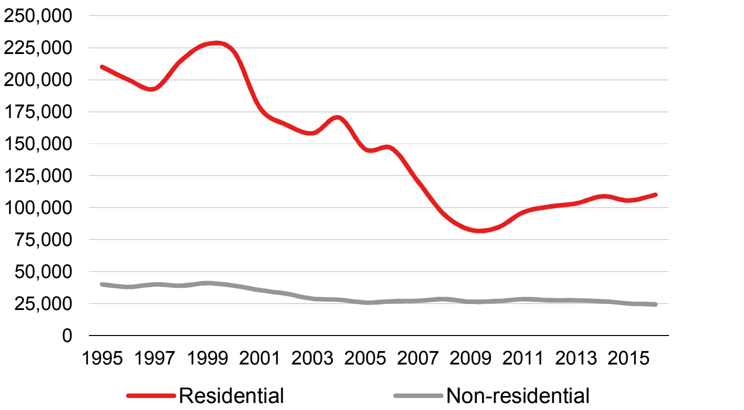
A holistic view of the data reveals a declining trend from 1995 onwards which bottomed out around 2007/08. After that period, the German housing market gained traction again with both an increasing number of building permits and completions.

The year-on-year decrease in planning permission for apartments of 7.3% camouflages the actual condition of the German construction sector and is a result of three factors:

- Firstly, the EnEV (Energie-Einspar-Verordnung – Energy Savings Directive) caused a shift in applications for planning permission from 2015 to 2016 to avoid increased costs.
- Secondly, a sharp drop of about 7.3% in permits granted for apartments in residential properties in 2017 can be, at least partly, explained by the one-time effect of refugee accommodation construction in 2016. Excluding the planning permission data for dormitories in 2016, the decrease in permits would only account for minus 1.9% in 2017.
- Thirdly, headwinds from the high level of demand for tradesmen, the availability of building land, administrative hurdles, and cost drivers under construction law kept planning permission levels below potential.

Germany: Building permits granted, annually | **Building completions, annually**





Source: DESTATIS, Warburg Research

Residential space heating acts as an important growth catalyst

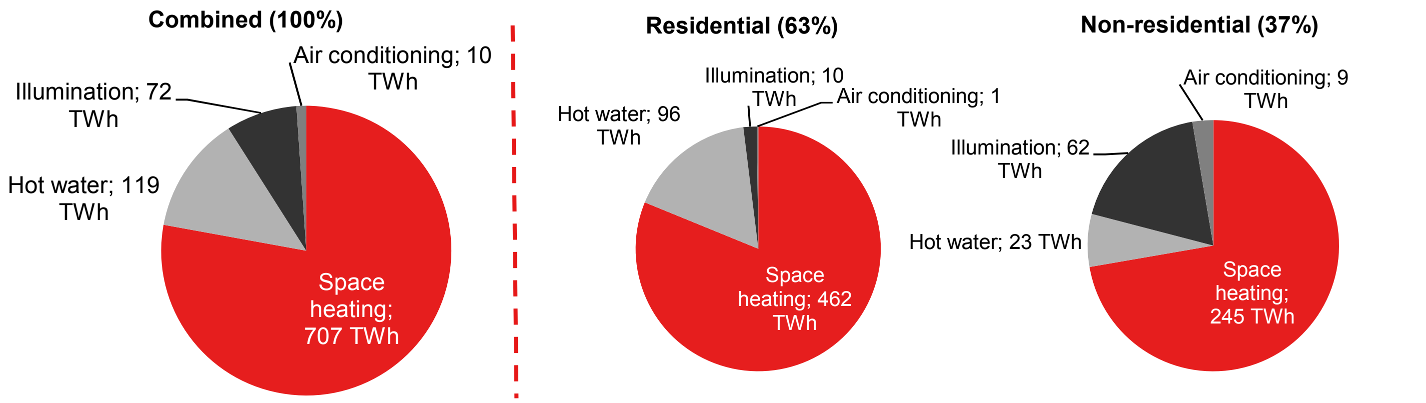
Energy consumption driven by space heating. Space heating accounts for most energy consumption in both residential (81.2% of total energy consumption) and non-residential buildings (72.3% of total energy consumption). Efforts to reduce overall energy consumption to moderate the effects of climate change should therefore focus on improving space heating needs.

High public and private interest in energy-efficient housing. The combination of rising building permits combined with energy-intensive space heating inevitably leads to a focus on reducing residential energy consumption.

STEICO products can play a leading role in achieving this goal

Consequently, future demand for (ecological) insulation material and therefore for STEICO products should be significant.

Germany: Residential & Non-residential energy consumption in 2017



Source: Federal Ministry for Economic Affairs and Energy, Warburg Research

Prefabricated housing defies sluggish construction activity

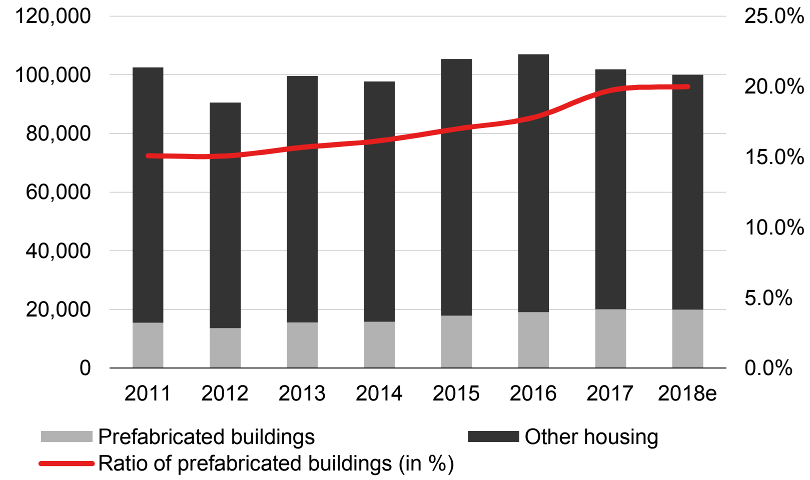
Trend towards prefabricated houses

Apart from general construction activity and the need for energy-related renovations in Germany, the trend change from solid construction to wooden prefabricated buildings in Germany represents a key driver for growth for STEICO. The ratio of prefabricated buildings to total housing has been rising constantly over the last six years and reached a level of 19.7% in 2017. According to the Bundesverband Deutscher Fertigbau e.V. (BDF), this trend will continue in the future with prefabricated buildings reaching a ratio of

20% of total housing permits for the first time in 2018. While an overall decline in planning permission is expected, by about -1.9% to 100,000 permits granted, permits for prefabricated housing are expected to be flat at approx. 20,000 in 2018. Thus, the construction of wooden prefabricated houses is set to continue to grow contrary to the rather sluggish trend of the overall market. Consequently, the general shift towards prefabricated detached and semi-detached houses should continue to drive demand for STEICO's construction products, especially for I-joists and LVL, even in the case of slowing construction activity in the German housing market.

According to Interconnection, the market value for prefabricated buildings is expected to grow at a CAGR of 6.6% until 2020 reaching a market share of 21% in the segment of detached and semi-detached houses. This trend would be in line with the past development of the prefabricated housing market growing at a faster pace than the overall construction market in Germany.

Wooden prefabricated buildings in Germany (in units), annually



Source: BDF, Warburg Research

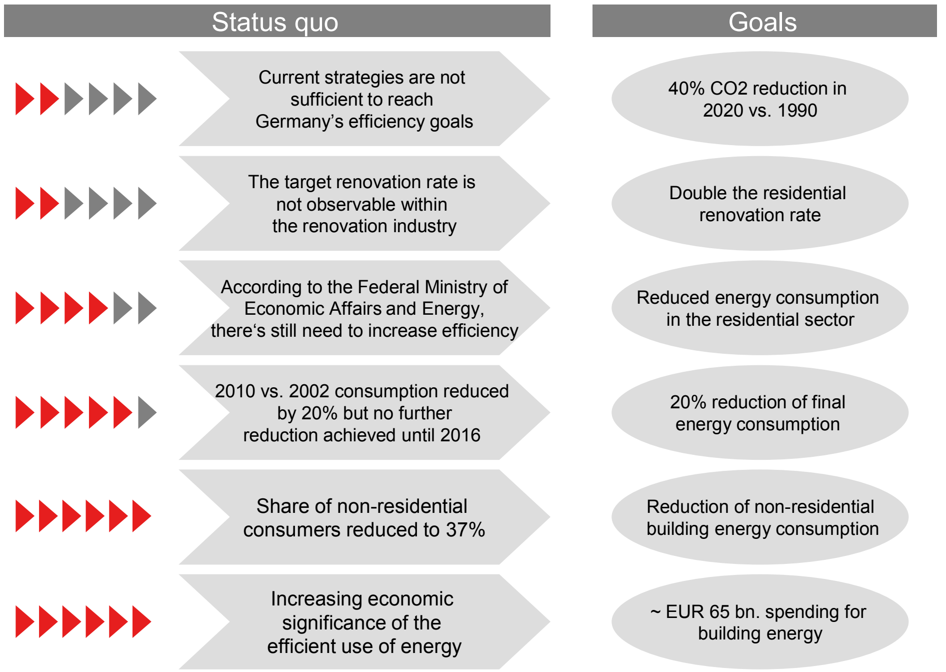
German energy transition also tackling existing housing stock

Support mechanisms in Germany

Existing German energy policy

A quick look at the goals of the Federal Ministry of Economic Affairs and Energy (BMWi), which were defined in 2010, further highlights the potential of sustainable insulation materials in the context of energy efficiency. Within this framework, targets include a 20%-reduction in the energy consumption of buildings by 2020 and an 80%-reduction by 2050, a 40%-reduction in CO2 emissions by 2020, the final decarbonisation of the building stock by 2050 (newly constructed buildings by 2020), an increase in the building renovation rate from 1% to 2% by 2020, and an increase in the usage of renewable energies.

Energy transition in Germany

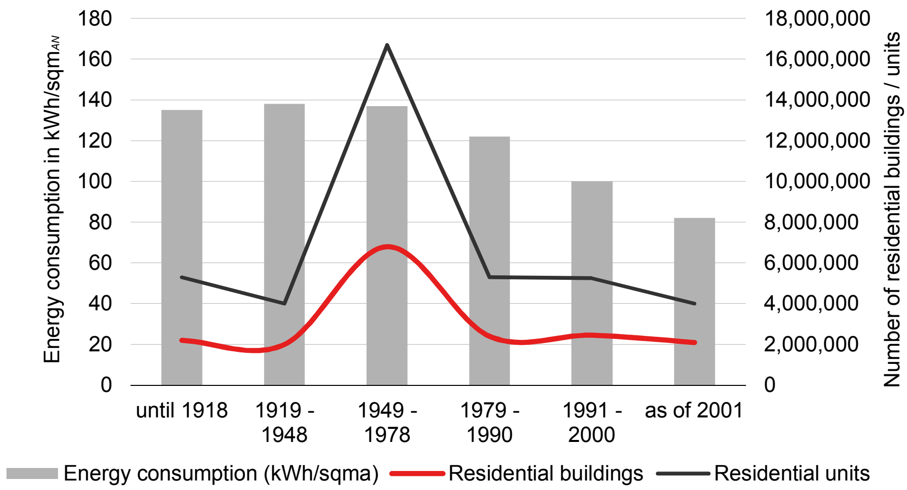


Source: BMWi, Warburg Research

Existing housing stock in Germany

The relatively old housing stock in Germany makes an attractive case for energy-related renovation. The first German Thermal Insulation Regulation (Wärmeschutzverordnung) was introduced on November 1, 1977, which leads to the conclusion that housing built before 1979 (based on the time lag to building completions) should be the focus of state subsidies for residential renovation. This is confirmed by the observation that residential buildings built before 1979 have a disproportionately high energy consumption profile. Currently, there are approx. 19 million residential buildings in Germany of which 12 million were built before 1979.

Energy consumption of Germany's housing stock



Source: BMWi, Warburg Research

Subsidy programmes already exist at a national and European level

German assistance programme

The German Kreditanstalt für Wiederaufbau (KfW) already offers various programmes of financial support to foster efficient residential construction:

- **“Kredit - Sanieren” (credit – renovation):** Lending up to EUR 100,000 for the purchase of energy-efficient living space or up to EUR 50,000 for renovation. The related interest rate ranges from 0.75% - 0.85% p.a., the rate is fixed for 10 years, and the maturity is up to 30 years. Repayment bonuses are available up to 27.5% depending on the efficiency of the building. Funds are made available under a national programme to encourage energy efficient construction, “CO2-Gebäudesanierungsprogramm / Anreizprogramm Energieeffizienz (APEE)” from the Federal Ministry of Economic Affairs and Energy.
- **“Kredit - Bauen” (credit – building):** Lending up to EUR 100,000 for the purchase or construction of an energy-efficient building. The related interest rate ranges from 1.65% to 2.00% depending on the maturity while the rate is fixed for 10 years. Funds are made available under a programme to encourage property renovation with the goal of lowering CO2 emissions “CO2-Gebäudesanierungsprogramm”.
- **“Investitionszuschuss” (investment subsidy):** Subsidy of up to 30% of the related project (limited to EUR 30,000) depending on the efficiency level. The subsidy applies for condominiums planning to buy or renovate energy efficient living space. The funds are made available under the same national programme to foster energy efficiency, “CO2-Gebäudesanierungsprogramm / Anreizprogramm Energieeffizienz (APEE)“.
- **“Zuschuss Baubegleitung” (subsidy for individual construction projects):** Subsidy of up to 50% for each project (limited to EUR 4,000). Projects should aim for the renovation or construction of energy-efficient living space. Funds are made available from the “CO2-Gebäudesanierungsprogramm”.

Coalition agreement

The newly elected German Federal Government included additional subsidies in the coalition agreement which aimed to reduce income-tax payments by activating residential energy-efficient construction measures as tax assets. However, recent political statements decreased the likelihood of such action. Therefore, we don’t expect additional subsidies in the coming two years.

New national efforts

Recently, the German government proposed a law to allow special depreciation allowances of up to 5% of the purchase or production costs of real estate for three years. The law will primarily focus on private investors and will exclude luxury real estate with a price cap of EUR 3,000 per square meter. Moreover, investors are not eligible for this subsidy if other real-estate related state funding was already obtained and the minimum rental period of the property has to be nine years. The period of validity would be from August 31 2018 until January 1 2022. A final decision for this law can be expected within the next weeks.

“Clean Energy for All Europeans” package

On May 14 2018, the Council of the European Union followed the European Parliament by formally endorsing the political agreement to revise the Energy Performance of Buildings Directive (EPBD). The current EPBD requires new buildings to be “nearly zero-energy buildings” by December 31, 2020 (public buildings by December 31, 2018) This means that the respective buildings should exhibit very high energy performance while the significantly reduced energy need should mostly be met by renewable sources. Each member state shall define a reasonable relationship between related costs and the energy efficiency gained. The same consideration will apply for major renovations of existing buildings. Energy performance certificates issued when a building is sold, advertised, or rented out will raise awareness of the level of energy efficiency. Further, inspection schemes for heating and air conditioning systems will ensure a high level of sustainability. Subsequently, the new revision of the directive also aims to decarbonise the national building stock by 2050 with a corresponding mobilisation of subsidies. The Smart Finance for Smart Buildings initiative for example has the potential to unlock EUR 10 billion of public and private funds for energy efficiency and renewables uptake in buildings.

STEICO offers superior products in a highly attractive niche market

Conclusion

Underlying market conditions for STEICO's business are thoroughly positive:

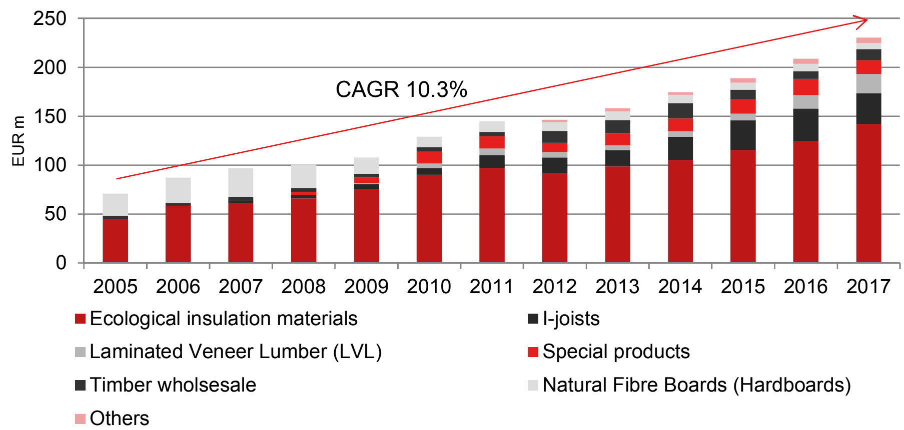
- The European construction market is expected to show growth of 6% by 2020 in all 19 countries.
- The growing European insulation market, which is expected to grow at a CAGR of 2.5% until 2021, combined with the currently low penetration of superior wooden insulation material should result in above-average growth rates for STEICO.
- The trend towards prefabricated housing and the wide range of national and European regulations to encourage energy-efficient living can be seen as additional growth drivers for STEICO as a system provider for ecological residential construction products.
- In addition, the high proportion of old housing stock in Germany (63% of total housing units) which was built before the first German Thermal Insulation Regulation requires significant renovation measures in the coming years.
- Besides the favourable underlying market conditions, STEICO's products are superior in terms of their insulating properties, water vapour diffusion, moisture storage capacity, and density and compressive strength and should therefore experience proportionately greater benefit from the transformation towards more sustainable housing in Europe.

Financials

- Impressive non-cyclical track record of sales growth of CAGR 10.3% over the last 13 years
- Highly attractive market & scalability lead to above-average growth (WRe CAGR of 10.8% until FY 2020)
- The key segments of insulation material, I-joists, and LVL underpin top line with a current sales contribution of 84% (FY 2017)
- FCF to reach positive territory in FY 2019

STEICO's business has been growing steadily since 2005 despite the financial crisis and adverse construction business cycles. Over the last 13 years, total sales grew at a CAGR of 10.3%. This impressive growth highlights the successful expansion strategy of the company which correctly anticipated the increasing demand for ecological insulation material and sustainable construction products. The core products of insulation material, I-joists, and Laminated Veneer Lumber (LVL) accounted for EUR 193.1m (83.8%) of sales in FY 2017.

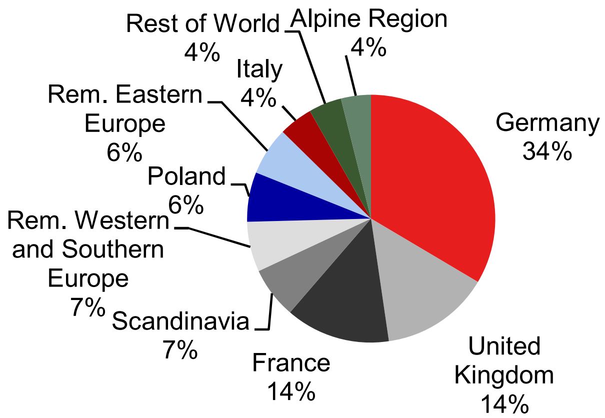
Sales development over time, per segment



Source: STEICO, Warburg Research

STEICO is a European player with three production sites in Poland and France. Sales subsidiaries in Poland, France, and the UK help to cover the whole European market (96% of sales generated in Europe in FY 2017) while worldwide sales currently only play a minor role. The three core markets Germany, United Kingdom, and France accounted for EUR 141.3m (61.3% of sales) in FY 2017.

Sales split by region – based on FY 2017 figures



Source: STEICO, Warburg Research

Based on an excellent European construction sector, increasing demand for ecological insulation materials, and European subsidies to improve the energy efficiency of residential and non-residential buildings, we derive a growth forecast for FY 2018 of 7.9%. This estimate takes into account the unfavourable sales development in the UK, which is caused by the weak wood wholesale business and negative currency effects. Growth thereafter should continue to be strong with estimates of 15.6% in FY 2019 and 9.2% in FY 2020 as a result of STEICO's increased production capacities, further penetration of the European market with STEICO's LVL products and a generally supportive market environment.

The derived growth estimates can be broken down into the following components:

- **Ecological insulation material:** Wood fibre insulation material proved to be a fast growing segment for STEICO with a CAGR of 9.5% since FY 2013. The additional production facility for stable wood-fibre insulation material built in Czarnków will be the main driver for future sales with a maximum capacity of 300,000 cbm p.a. which equals 51,000 tonnes p.a. of insulation material. While sales growth in FY 2018 should be in line with the market at around 10.8%, we expect the new production line to bolster sales in FY 2019 with a sales increase of 18.4% based on a demand-driven market before returning to moderate market growth of 8.1% in FY 2020. Note that the segment Others is included in our sales forecasts for the insulation material segment.
- **I-joists:** Considering their lower cost and greater energy efficiency than regular construction materials, I-joists should experience proportionately greater benefit from the ongoing construction boom and the trend towards sustainable and prefabricated building. In addition, the current low penetration of LVL and I-joists products in European markets combined with STEICO's efforts to raise consumer awareness (e.g. STEICO academy) make us confident that this segment should show above-average growth in the medium term. Consequently, we expect growth rates of 15.0% and 20.0% in FY 2019 and FY 2020, respectively. Despite this favourable development, FY 2018 sales (WRe: +1.6% yoy) are likely to be hampered by a weak UK business and negative FX effects.
- **Laminated Veneer Lumber (LVL):** Demand for STEICO's LVL products surged by 41.4% in 2017 leading to the initiation of a second production line in Czarna Woda. The potential production capacity therefore increased from 80,000 to 160,000 tonnes p.a. to meet the continuous strong demand. The product is especially helpful for all modern timber constructions as a result of its light-weight and high dimensional stability which is crucial for manual construction work. Further, the additional capacity allows STEICO to sell LVL directly to customers in the construction and furniture industry. We expect sales to grow by 49.7% in FY 2018 as a result of ramped-up capacities and existing

market demand before returning to moderate levels thereafter.

- **Special Products:** Average growth in the Special Products segment over the last three years amounted to a CAGR of 2.6% while FY 2017 was characterised by a decline in sales of 15.9%. Since Special Products are not directly allocable to the construction sector, we expect sales growth to improve moderately from 2.0% in FY 2018 to 4.0% in FY 2020. This development should be in line with the underlying market growth and STEICO's increased market presence.
- **Timber wholesale:** The company's timber wholesale business stems from its former orientation and operations continue but with a lower number of employees. Based on the turbulence observed in the UK market combined with unfavourable FX developments, we estimate a decline of 18.0% in FY 2018. Thereafter, sales should continue to decline slightly due to the less emphasis on this low-margin business segment.
- **Hardboards:** Natural Fibre Boards (Hardboards) are mainly used as a component for I-joists while sales to third parties are of no strategic importance. Based on a weak UK market, which accounts for approx. 80% of all I-joists sales generated in Europe, we expect sales in this segment to increase slightly by 0.7% in FY 2018.

Segmental split of STEICO's revenues and WR forecasts

Sales by product segment (EUR m)	2013	2014	2015	2016	2017	2018e	2019e	2020e
Ecological insulation materials	**98.70**	**105.16**	**115.64**	**124.81**	**141.68**	**156.91**	**185.80**	**200.78**
yoy growth %		*6.6%*	*10.0%*	*7.9%*	*13.5%*	*10.8%*	*18.4%*	*8.1%*
I-joists	**16.91**	**23.77**	**30.14**	**33.26**	**32.00**	**32.50**	**37.37**	**44.85**
yoy growth %		*40.6%*	*26.8%*	*10.3%*	*-3.8%*	*1.6%*	*15.0%*	*20.0%*
Laminated Veneer Lumber (LVL)	**4.80**	**5.60**	**6.80**	**13.70**	**19.40**	**29.05**	**34.06**	**37.80**
yoy growth %		*16.7%*	*21.4%*	*101.5%*	*41.6%*	*49.7%*	*17.2%*	*11.0%*
Special products	**11.99**	**13.05**	**14.95**	**16.73**	**14.08**	**14.36**	**14.79**	**15.38**
yoy growth %		*8.8%*	*14.6%*	*11.9%*	*-15.9%*	*2.0%*	*3.0%*	*4.0%*
Timber wholsesale	**13.70**	**15.56**	**9.76**	**7.69**	**11.22**	**9.20**	**8.74**	**8.30**
yoy growth %		*13.6%*	*-37.3%*	*-21.3%*	*45.9%*	*-18.0%*	*-5.0%*	*-5.0%*
Natural Fibre Boards (Hardboards)	**8.93**	**8.65**	**7.22**	**7.53**	**6.52**	**6.56**	**6.56**	**6.56**
yoy growth %		*-3.2%*	*-16.5%*	*4.4%*	*-13.5%*	*0.7%*	*0.0%*	*0.0%*
Others	**3.10**	**2.90**	**4.10**	**5.20**	**5.50**	**(included in insulation)**		
		-6.5%	*41.4%*	*26.8%*	*5.8%*			
Total	**158.09**	**174.74**	**188.90**	**208.94**	**230.31**	**248.58**	**287.32**	**313.68**

Source: STEICO, Warburg Research

Consensus overview

Consensus has to adjust FY 2018 estimates

In comparison to WR estimates, the consensus takes a more positive view of STEICO's FY 2018 sales development with expected sales growth of 12.4% yoy (WRe 7.9% yoy). Since STEICO revised its sales guidance to upper single-digit growth for the FY 2018 after reporting H1 2018 results, we expect consensus to adjust assumed growth rates downwards.

WR estimates are, however, in line with consensus with respect to the company's operating margin which is estimated at 9.8% for FY 2018.

Going forward, we expect STEICO's business model to gain more traction with the successful integration of the additional production lines, the continuation of a favourable market environment, and a superior product offering. As a consequence, we estimate increasing sales and operating margins.

Note that the current consensus for STEICO shares comprises only three analysts.

Overview of consensus estimates

As of: 25.09.2018	2018e	2019e	2020e
Sales	**258.9**	**283.7**	**299.5**
Delta WRe-estimates (absolute)	-10.3	3.6	14.2
Delta WRe-estimates (relative)	*-4.0%*	*1.3%*	*4.7%*
EBIT	**25.3**	**28.3**	**30.7**
Delta WRe-estimates (absolute)	-0.8	2.1	3.0
Delta WRe-estimates (relative)	*-3.3%*	*7.3%*	*9.8%*
EBIT margin	**9.8%**	**10.0%**	**10.2%**
Delta WRe-estimates	*0.1%*	*0.6%*	*0.5%*
Net income	**17.7**	**19.1**	**20.9**
Delta WRe-estimates (absolute)	-0.6	2.7	3.3
Delta WRe-estimates (relative)	*-3.2%*	*14.2%*	*16.0%*
EPS	**1.26**	**1.35**	**1.48**
Delta WRe-estimates (absolute)	-0.04	0.20	0.24
Delta WRe-estimates (relative)	*-3.3%*	*14.5%*	*15.8%*
DPS	**0.25**	**0.28**	**0.32**
Delta WRe-estimates (absolute)	-0.01	-0.01	-0.02
Delta WRe-estimates (relative)	*-5.3%*	*-3.6%*	*-6.3%*

Source: FactSet, Warburg Research

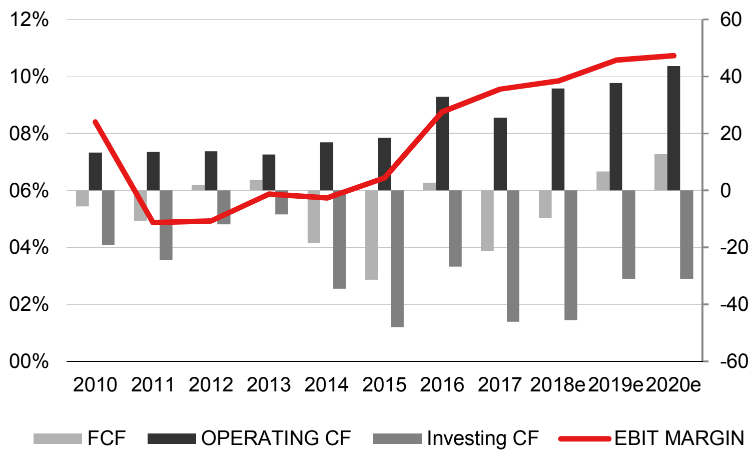
Capex investments about to pay off

Cash flow and margin development

As already mentioned, STEICO's FCF generation suffered as a result of ongoing expansion investments to increase production and to expand the product offering while operating cash flows have always reflected a healthy business. Looking forward, we expect FCF to turn positive in FY 2019 with a cooling capex cycle (WRe: EUR 31m capex in FY 2019).

The operating margin clearly shows the company's ability to generate economies of scale and utilise its coverage of the whole value chain. As a consequence, we estimate EBIT margins to exceed 10% by FY 2019 as a result of successful capex investments.

Cash flow and operating margin development



Source: STEICO, Warburg Research

Valuation

- Fundamental valuation supports investment case
- Our FCF Value Potential model confirms the price target of EUR 31.20 derived from DCF model
- FCF Value Potential reveals the current willingness of the market to discount 2019 FCF with approx. 7.0%

FCF Value Potential suggests a fair value of EUR 29.60 in FY 2020

Fundamental valuation

For fundamental valuation purposes, we use our FCF Value Potential model and DCF model.

FCF Value Potential

In the table below, we derive a fair value per STEICO share of EUR 29.60 on basis of FY 2020. We believe that the model is a good back test for the discount rate that the market is applying to STEICO. The sensitivity analysis reveals that the market is willing to discount STEICO's sustainable cash flows with approximately 7.0% on 2019 basis versus the 6.78% which we use as WACC for the company. Considering STEICO's competitive edge combined with its future growth prospects and its solid financial situation, we believe that a lower discount rate for the company's future cash flows is justified.

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2014	2015	2016	2017	2018e	2019e	2020e
Net Income before minorities	6	8	12	15	17	22	24
+ Depreciation + Amortisation	12	12	15	16	19	21	23
- Net Interest Income	0	0	-2	-1	-1	-1	-1
- Maintenance Capex	9	11	13	14	15	15	16
+ Other	0	0	0	0	0	0	0
= Free Cash Flow Potential	**9**	**10**	**15**	**18**	**22**	**29**	**33**
FCF Potential Yield (on market EV)	7.2 %	6.2 %	7.2 %	5.5 %	6.0 %	7.9 %	9.1 %
WACC	6.78 %	6.78 %	6.78 %	6.78 %	6.78 %	6.78 %	6.78 %
= Enterprise Value (EV)	**125**	**156**	**209**	**335**	**373**	**366**	**357**
= Fair Enterprise Value	**134**	**142**	**223**	**270**	**327**	**428**	**481**
- Net Debt (Cash)	65	65	65	65	78	74	66
- Pension Liabilities	3	3	3	3	3	3	3
- Other	0	0	0	0	0	-3	-4
- Market value of minorities	0	0	0	0	0	0	0
+ Market value of investments	0	0	0	0	0	0	0
= Fair Market Capitalisation	**66**	**74**	**155**	**202**	**247**	**354**	**417**
Aktienanzahl (Mio.)	13	13	13	14	14	14	14
= Fair value per share (EUR)	**5.14**	**5.81**	**12.12**	**14.35**	**17.54**	**25.16**	**29.58**
premium (-) / discount (+) in %					-15.5 %	21.3 %	42.6 %

Sensitivity Fair value per Share (EUR)

	9.78 %	1.76	2.19	6.16	8.47	10.41	15.83	19.10
	8.78 %	2.51	2.98	7.41	9.98	12.24	18.23	21.80
	7.78 %	3.46	3.99	8.98	11.89	14.55	21.25	25.19
WACC	**6.78 %**	**4.68**	**5.28**	**11.01**	**14.35**	**17.54**	**25.16**	**29.58**
	5.78 %	6.32	7.03	13.75	17.67	21.57	30.43	35.50
	4.78 %	8.65	9.51	17.64	22.38	27.28	37.89	43.89
	3.78 %	12.21	13.30	23.59	29.57	36.01	49.32	56.72

- The sensitivity analysis suggests that the market applies a discount rate of approximately 7.0% on 2019 estimates
- In "Other" we add back accumulated future dividend payments

DCF valuation yields a fair price per share of EUR 31.20

DCF valuation

Our DCF model assumptions are summarised below:

- Volatility in growth rates until 2020 is caused by STEICO's expansion strategy.
- Growth rate as of 2020 is set at 10% p.a. until 2026 which is in line with 10.3% sales CAGR 2005–2017 and reflects STEICO's future growth potential. Afterwards, growth will decline when STEICO reaches its steady state. The terminal value comes to 52% of total present value.
- A beta of 1.2 is applied compared to an empirical beta (adjusted Bloomberg beta) versus the CDAX of 0.90.

Our DCF analysis yields a fair value of EUR 31.20 per share.

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	
Sales	249	287	314	345	380	418	459	505	543	584	628	659	672	
Sales change	*7.9 %*	*15.6 %*	*9.2 %*	*10.0 %*	*10.0 %*	*10.0 %*	*10.0 %*	*10.0 %*	*7.5 %*	*7.5 %*	*7.5 %*	*5.0 %*	*2.0 %*	*2.0 %*
EBIT	24	30	34	40	45	50	56	63	68	73	78	82	84	
EBIT-margin	*9.8 %*	*10.6 %*	*10.7 %*	*11.5 %*	*11.8 %*	*12.0 %*	*12.3 %*	*12.5 %*	*12.5 %*	*12.5 %*	*12.5 %*	*12.5 %*	*12.5 %*	
Tax rate (EBT)	*26.5 %*	*25.4 %*	*25.2 %*	*27.2 %*	*27.2 %*	*27.2 %*	*27.2 %*	*27.2 %*	*27.2 %*	*27.2 %*	*27.2 %*	*27.2 %*	*27.2 %*	
NOPAT	18	23	25	29	32	36	41	46	49	53	57	60	61	
Depreciation	19	21	23	24	27	29	32	35	38	41	44	46	47	
in % of Sales	*7.6 %*	*7.3 %*	*7.4 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	
Changes in provisions	0	0	0	-3	0	0	0	0	0	0	0	0	0	
Change in Liquidity from														
- Working Capital	0	5	4	-8	3	4	4	5	4	4	4	3	1	
- Capex	46	31	31	52	38	29	32	35	38	41	44	46	47	
Capex in % of Sales	*18.3 %*	*10.8 %*	*9.9 %*	*15.0 %*	*10.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	*7.0 %*	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
Free Cash Flow (WACC Model)	-9	8	14	6	18	33	37	41	46	49	53	57	60	29
PV of FCF	-9	7	12	5	13	23	25	26	27	27	27	27	27	270
share of PVs	1.97 %			44.82 %										53.21 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	30.00 %	Financial Strength	1.00
Cost of debt (after tax)	4.2 %	Liquidity (share)	1.40
Market return	7.00 %	Cyclicality	1.20
Risk free rate	1.50 %	Transparency	1.20
		Others	1.00
WACC	**6.78 %**	**Beta**	**1.16**

Valuation (m)

Present values 2030e	237		
Terminal Value	270		
Financial liabilities	91		
Pension liabilities	3		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	26	No. of shares (m)	14.1
Equity Value	**439**	**Value per share (EUR)**	**31.18**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	1.25 %	1.50 %	1.75 %	**2.00 %**	2.25 %	2.50 %	2.75 %
1.42	7.8 %	23.32	23.82	24.36	24.94	25.58	26.28	27.05
1.29	7.3 %	25.74	26.37	27.04	27.78	28.60	29.50	30.50
1.22	7.0 %	27.11	27.80	28.57	29.40	30.33	31.36	32.51
1.16	6.8 %	28.59	29.37	30.23	**31.18**	32.24	33.42	34.75
1.10	6.5 %	30.20	31.08	32.06	33.15	34.37	35.73	37.28
1.03	6.3 %	31.96	32.97	34.09	35.34	36.75	38.34	40.16
0.90	5.8 %	36.04	37.37	38.86	40.54	42.47	44.69	47.28

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
1.42	7.8 %	18.41	20.59	22.77	24.94	27.12	29.29	31.47
1.29	7.3 %	20.58	22.98	25.38	27.78	30.18	32.58	34.98
1.22	7.0 %	21.82	24.35	26.87	29.40	31.93	34.46	36.99
1.16	6.8 %	23.17	25.84	28.51	**31.18**	33.86	36.53	39.20
1.10	6.5 %	24.66	27.49	30.32	33.15	35.98	38.81	41.64
1.03	6.3 %	26.32	29.33	32.33	35.34	38.35	41.35	44.36
0.90	5.8 %	30.25	33.68	37.11	40.54	43.98	47.41	50.84

- …

Relative valuation confirms our DCF price target

Relative Valuation

Peer group comparisons

STEICO is not directly comparable to any other listed company. STEICO's direct competitors are usually private and operate on a national level. For this reason, a peer group comparison is less helpful in deriving a share price for STEICO. However, we have presented a table of comparisons with companies that are operating in the broader insulation and construction insulation markets. Overall, STEICO appears to be fairly valued compared to the broader peer group. A short description of the peer group can be found in the "Company & Products" chapter.

Peer group – Key Figures

Company	LC	Price	MC	EV	Sales			EBITDA			EBIT			EBIT margin		
		in LC	in LC m	in LC m	18e	19e	20e	18e	19e	20e	18e	19e	20e	18e	19e	20e
Stora Enso Oyj Class R	EUR	16.38	12,917.6	15,527.9	10,565.0	10,725.0	10,769.4	1,879.0	1,885.7	1,888.5	1,367.3	1,398.0	1,409.0	12.9%	13.0%	13.1%
va-Q-tec AG	EUR	8.16	106.7	123.0	52.9	63.0	74.0	4.0	8.9	12.0	-6.0	-3.0	-0.9	-11.3%	-4.8%	-1.2%
STO SE	EUR	91.70	589.3	568.0	1,333.5	1,373.9	1,410.1	119.2	126.9	134.8	85.6	91.7	98.8	6.4%	6.7%	n.a.
Rockwool Int.	DKK	2772.00	59,283.3	60,072.4	19,947.4	21,617.4	23,223.1	3,993.2	4,629.0	5,117.7	2,748.5	3,290.6	3,648.9	13.8%	15.2%	15.7%
Etex S.A.	EUR	13.50	1,055.2	1,718.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
St.-Gobain S.A.	EUR	37.81	20,683.8	30,354.8	41,967.0	43,670.0	45,300.8	4,391.2	4,723.4	4,984.4	3,156.8	3,453.9	3,768.0	7.5%	7.9%	8.3%
Kingspan Group Plc	EUR	41.10	7,399.8	8,208.7	4,347.0	4,758.0	4,988.2	501.0	560.1	607.9	415.0	471.3	513.5	9.5%	9.9%	10.3%
Sika AG	CHF	142.30	18,654.8	23,853.1	7,139.5	7,666.6	8,221.5	1,233.0	1,393.5	1,544.0	1,038.0	1,185.5	1,337.0			
Geberit AG	CHF	450.20	16,403.8	17,263.6	3,112.8	3,225.0	3,367.0	885.0	931.7	995.0	741.9	810.8	858.0			
STEICO SE	**EUR**	**23.90**	**336.6**	**417.6**	**248.6**	**287.3**	**313.7**	**43.4**	**51.4**	**56.8**	**24.5**	**30.4**	**33.7**	**9.8%**	**10.6%**	**10.7%**

Source: FactSet, Warburg Research; Data as of 25.09.2018

Peer group – Valuation Multiples

Company	LC	Price	MC	EV	P/E			EV/Sales			EV / EBITDA			EV / EBIT		
		in LC	in LC m	in LC m	18e	19e	20e	18e	19e	20e	18e	19e	20e	18e	19e	20e
Stora Enso Oyj Class R	EUR	16.38	12,917.6	15,527.9	13.5 x	13.2 x	12.9 x	1.4 x	1.4 x	1.3 x	8.0 x	7.8 x	7.5 x	10.9 x	10.5 x	10.1 x
va-Q-tec AG	EUR	8.16	106.7	123.0	n.a.	n.a.	n.a.	2.6 x	2.3 x	1.9 x	34.0 x	16.0 x	11.8 x	n.a.	n.a.	n.a.
STO SE	EUR	91.70	589.3	568.0	10.6 x	9.7 x	9.0 x	0.4 x	0.4 x	0.3 x	4.2 x	3.8 x	3.4 x	5.9 x	5.3 x	4.7 x
Rockwool Int.	DKK	2772.00	59,283.3	60,072.4	29.0 x	24.6 x	21.9 x	2.7 x	2.5 x	2.3 x	13.5 x	11.6 x	10.2 x	19.6 x	16.3 x	14.3 x
Etex S.A.	EUR	13.50	1,055.2	1,718.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
St.-Gobain S.A.	EUR	37.81	20,683.8	30,354.8	11.7 x	10.5 x	9.6 x	0.7 x	0.6 x	0.6 x	6.4 x	5.8 x	5.4 x	8.9 x	7.9 x	7.1 x
Kingspan Group Plc	EUR	41.10	7,399.8	8,208.7	22.4 x	19.7 x	18.2 x	1.9 x	1.7 x	1.5 x	16.3 x	14.1 x	12.6 x	19.7 x	16.7 x	14.9 x
Sika AG	CHF	142.30	18,654.8	23,853.1	27.3 x	23.6 x	21.2 x	3.1 x	2.8 x	2.6 x	18.0 x	15.6 x	13.7 x	21.4 x	18.3 x	15.9 x
Geberit AG	CHF	450.20	16,403.8	17,263.6	25.5 x	23.9 x	22.3 x	5.5 x	5.3 x	5.0 x	19.3 x	18.3 x	17.0 x	23.1 x	21.1 x	19.7 x
Mean					20.0 x	17.9 x	16.4 x	2.3 x	2.1 x	1.9 x	15.0 x	11.6 x	10.2 x	15.6 x	13.7 x	12.4 x
Median					22.4 x	19.7 x	18.2 x	2.2 x	2.0 x	1.7 x	14.9 x	12.8 x	11.0 x	19.6 x	16.3 x	14.3 x
STEICO SE	**EUR**	**23.90**	**336.6**	**417.6**	**19.6 x**	**15.4 x**	**19.6 x**	**1.7 x**	**1.5 x**	**1.3 x**	**9.6 x**	**8.1 x**	**7.4 x**	**17.1 x**	**13.7 x**	**12.4 x**
Potential to median in %					14%	28%	-7%	32%	34%	30%	55%	58%	50%	15%	19%	16%
Fair value per share based on median					27.27	30.61	22.20	33.47	34.13	32.67	40.12	41.12	38.63	28.27	29.39	28.53

Source: FactSet, Warburg Research; Data as of 25.09.2018

One-stop solution for ecological construction products

Company & Products

Product overview

Below, we elaborate on the company's wide product offering, which enables the company to offer its customers a one-stop-shop solution.

Product range of STEICO

Ecological insulation materials	Construction products (I-joists)	Laminated Veneer Lumber (LVL)	Special products	Timber wholesale	Hardboards	Miscellaneous
Wood-fibre/cavity insulation to protect against cold, noise, and heat	Supporting components which offer an alternative to standard construction products	High-performance material used in the constructon industry and in industrial applications	Products that are not directly allocable to the construction sector	Dealership of timber products from South-Eastern European countries and Poland	Stable boards used for construction products or the furniture industry	Peripheral activities, such as ETICS accessories, vapour barriers, or insulation processing tools

Source: STEICO, Warburg Research

Ecological insulation materials

Wood-fibre insulation materials and cavity insulation represent the core products of STEICO which accounted for EUR 141.7m (61.5% of sales) in FY 2017. The core products simultaneously embody STEICO's main sales growth driver with a sales increase of 13.5% yoy. Wood-fibre insulation materials are mainly used in new buildings and for renovation work. The production process utilizes fresh soft wood and subsequently relies on the wet or dry method to break down the wood into individual fibres by using steam and mechanical treatment. While wet fibres are simply processed by forming them to make boards without the use of glue, dried fibres are used to produce fibres for cavity insulation, flexible and compressible mats, or stable insulation boards.

Cavity insulation as a special insulation material is made of loose wooden insulation fibres or cellulose insulation flakes. The material is then compressed into construction cavities by blowing it into the object at high pressure.

Construction products (I-joists)

Construction products (I-joists) as the second main segment of STEICO represented sales of EUR 32.0m (13.9% of sales) in FY 2017. This implies a decrease in sales of 3.8% yoy which according to the management can be mainly related to a weak UK market and negative currency effects. The product I-joist comprises two flanges which are made of square timber posts of laminated veneer lumber and which are connected using a Natural Fibre Board. The product is a cheaper and energy-efficient alternative to standard construction products such as construction or laminated timber.

Laminated Veneer Lumber (LVL)

The high-performance wood material Laminated Veneer Lumber (LVL) contributed EUR 19.4m to sales (8.4%) in FY 2017. Note that more than 50% of the material produced is used as a component for the I-joists and therefore shown as I-joists revenues. Sales of LVL increased by 41.4% yoy which led to the initiation of a second line of production in the Czarna Woda, Poland, to keep up with expected high future demand in this segment. LVL consists of several layers of wood laminate glued together and is characterized by a high level of rigidity, the ability to bear loads, while at the same time offering high dimensional stability. The product is used in the construction industry, for industrial applications (doors, furniture), and as flange material for STEICO's I-joists. With its second LVL production line, STEICO is now able to sell more of its LVL products directly to customers. Since the construction business in the core market UK is still characterised by manual work, the lightweight properties of LVL make it superior in this segment.

Special Products

With sales of EUR 14.1m (6.1% of sales) and a decrease in sales of -15.9% in FY 2017, the Special Products category includes all products that are not directly allocable to the construction sector, e.g. fibreboard for pinboards, door fills, and other products for industrial applications.

Timber Wholesale

The timber wholesale segment generated revenues of EUR 11.2m (4.9% of sales) in FY 2017 which represents an increase of 45.9% yoy. The service covers the German and British market while the offered products are mostly imported from South-Eastern European countries and Poland. Products offered range from sawn timber to semi-finished products for furniture making. Due to the unique market conditions in the UK, STEICO offers additional wood and wooden composite boards to supplement its sales of I-joists in this region. Customers are active within the timber wholesale trade and furniture industry.

Natural Fibre Boards (Hardboards)

Natural fibre or hardboards accounted for revenues of EUR 6.5m (2.8% of sales) in FY 2017 implying a decrease of 13.5% yoy. The production process is similar to the one of wood-fibre insulation materials using the wet method except that wet fibres are pressed to form stable boards using particularly high pressure. The product is used, for example, to form backs of cupboards within the furniture industry and as standard construction boards e.g. for roof boards. Furthermore, hardboards are a key component of STEICO's I-joists, where they form the so-called bar. Sales to external customers are no longer of strategic importance due to low margins.

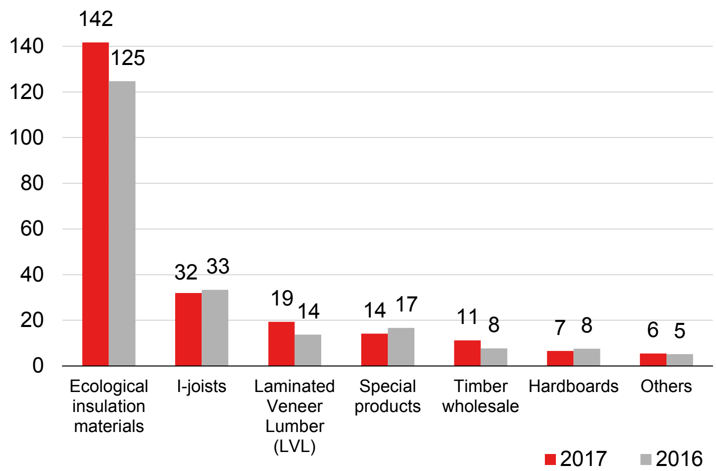
Miscellaneous

Miscellaneous accounted for sales of EUR 5.5m (2.4% of sales) in FY 2017 which corresponded to an increase of 4.3%. The segment bundles various peripheral activities, such as External Thermal Insulation Composite System accessories, vapour barriers, and tools for processing insulation material.

Services

STEICO offers seminars free of charge for tradesmen, architects, trade representatives, and or private people aiming to build their own homes. Further, the company runs its own department offering technical advice for tradesmen, planners, and builders

Sales development by segment (in EURm)



Source: STEICO, Warburg Research

Customer base

STEICO's customer base can be divided into four sub-groups: specialist dealers, processors, end consumers, and architects. Specialist dealers play an intermediary role for STEICO as regards storage and distribution function. Architects usually follow up with the planning of the respective construction project and materials to be used while processors and developers are the end customers.

During 2017, the company faced no key customer risk. The biggest single customer sales contribution was less than 3.1% in 2017 while the top 10 clients accounted for 18.4% of sales in 2017.

Well diversified customer base

Wood and building material dealers (specialist dealers)	Processors (e.g. timber construction enterprises,carpenters)	Developers, building owners	Architects, designers

- Direct customers - Distribtution and storage - No dependency on key clients: no single customer contributed more than 3.1% of sales in 2017, top-10 clients amounted to 18.4% of sales in 2017	- Multiplier effect: consultation of developers - Creation of demand due to multiple projects annually - Meterial sourcing mainly via specialist dealers	- End consumers - Conscious decision for high quality STEICO products - Wood-fibre insulation material mainly applied with residential housing	- First to decide on material used - Play an important role for larger building projects - Increasing awareness for LVL and I-joist products

Source: STEICO, Warburg Research

Company background

STEICO is a globally active system provider of ecological construction products made of renewable raw materials. The Munich based company was founded in 1986 as a pure wood wholesale provider. Today, STEICO employs more than 1,600 employees and covers the whole value chain of developing, producing, and marketing its own products. Further, STEICO is the only manufacturer in the industry to offer an integrated wooden construction system in which insulation material and construction components supplement each other. As such, the company focuses on the European market and is the market leader in the wood-fibre insulation materials segment. The area of application of STEICO's products is the construction and renovation of roofs, walls, ceilings, floors, and facades to ensure reliable protection against cold, heat, noise, and to permanently improve the building's energy efficiency.

History

- 1986: Company was founded as Gesellschaft für Bau- und Industriebedarf Steinmann & Co. GmbH
- 1998: Financial stake in Ekoplyta S.A. Czarnków (Poland) which was turned into the largest European production site for wood-fibre insulation, later renamed STEICO S.A. (2005)
- 2001: Transformation into STEICO AG
- 2002: FSC-certification (Forest Stewardship Council) obtained for the whole product range of wood-fibre insulation
- 2005: Expansion in Poland, launch of a third production plant in Czarnków and acquisition of a new production site in Czarna Woda

- 2007: STEICO becomes a listed company on the entry standard of the Frankfurt stock exchange and is further traded on the Munich stock exchange (m:access)
- 2008: Acquistion of the French manufacturer of wood-fibre insulating materials Isoroy Casteljaloux SAS and at the same time establishment of the sales company STEICO France SAS in Imbsheim
- 2009: Takeover of British wholesaler of timber construction materials Puhoswood Ltd.
- 2011: STEICO AG converts into STEICO SE
- 2013: New headquarters in Feldkirchen as company continues to expand
- 2014: Launch of a new wet production process and the related product laminated veneer lumber
- 2016: Production start of laminated veneer lumber

Management Board

Udo Schramek, Chairman of the Board

Udo Schramek is one of the founding partners of STEICO and has been CEO since the inception of the company in 1986. Over the last 30 years, Mr. Schramek obtained significant experience in the wood and construction industry and today also serves as a managing director of the Schramek GmbH which is the main shareholder of STEICO.

Holger Jödecke, Production

Holger Jödecke joined STEICO in 2014 as a managing director for the French and Polish market and later was appointed managing director for HR, organisational development, and business process management. Prior to that, he held several executive positions with companies in the engineering and energy sector. Mr. Jödecke holds degrees in both mining engineering and economic engineering.

Uwe Klaus Lange, Investments and Equipment Technology

Uwe Klaus Lange joined STEICO in 2003 and first was responsible for installation engineering and investments of the group before being appointed as managing director for investments and equipment technology in 2015. During his career, he worked for several manufacturers of wooden materials equipment and wood fibre insulation materials. Mr. Lange holds a degree in engineering with a specialization in wood technology.

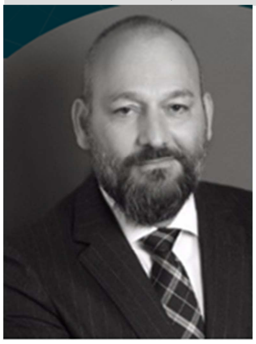
Dr. David Meyer, Finances

Dr. David Meyer joined STEICO in 2012 as CFO. Prior to that, he gained experience as a consultant and in the construction sector in the areas of corporate finance, accounting, financial accounting, financial controlling, as well as M&A. Dr. Meyer holds a PhD in economic engineering.

Milorad Rusmir, Timber Wholesale

Milorad Rusmir has been employed by STEICO since1993. He first served as a product manager and later was appointed as a member of the managing board in 2001. Mr. Rusmir has already obtained nine years of work experience within the international wood trading industry before joining STEICO. He holds a degree in engineering.

Heiko Seibert, Sales



Heiko Seibert joined STEICO in 2007 and became international sales manager in 2008. Mr. Seibert gained extensive experience with competitors in the wood industry before joining STEICO.

Supervisory Board

Udo Schramek, Chairman of the Supervisory Board

As well as serving as CEO of STEICO, Udo Schramek is acting as the chairman of the supervisory board. He has no positions on any other supervisory boards.

Uto Baader

Uto Baader joined STEICO's supervisory board in 2007 and has been a member since then. Mr. Baader is the founder of Baader Bank AG and still serves as managing director of Baader Beteiligungs GmbH. Further, Mr. Baader holds several supervisory positions at different companies mainly within the financial industry. His academic background includes a diploma in economics.

Dr. Jürgen Klass

Dr. Jürgen Klass is a member of STEICO's supervisory board since 2007. In addition, Dr. Jürgen Klass is a lawyer and partner at the law firm Dr. Klüver, Dr. Klass, Zimpel & Kollegen in Munich.

Katarzyna Schramek

Katarzyna Schramek serves as deputy chairman of STEICO's supervisory board since 2007. She is married to Mr. Udo Schramek and a lawyer by profession.

Peer group overview

In the following, we present a short overview of companies that are either STEICO's direct competitors or active in the overall insulation market. We have used some of these companies in our peer group comparison.

Public Peers

Etex: Etex SA is a Belgium manufacturer of building materials including building insulation. The company operates in 42 countries and employs approx. 14,500 FTEs. The company is listed on the Belgium stock index BEL20. 14,500 FTEs. In 2017, Etex achieved sales of EUR 2,794m, an EBITDA of EUR 416m, an EBIT of EUR 262m (EBIT margin of 9.4%), and a net income of EUR 148m.

Kingspan Group: Kingspan Group plc is an Irish manufacturer of insulation and building facades which operates in more than 60 countries, employs more than 11,000 FTEs, and runs over 100 manufacturing facilities. Kingspan is listed on the Irish and London stock exchanges. In 2017, the group generated revenues of EUR 3,668m, an EBITDA of EUR 442m, an EBIT of EUR 362m (EBIT margin of 9.9%), and a net income of EUR 284m.

Rockwool International: Rockwool International A/S is a Danish manufacturer of stone wool insulation which operates in 39 countries, has manufacturing facilities in 45 countries and employs more than 11,000 FTEs. The company is listed on the Copenhagen stock exchange and generated sales of DKK 17,658m (EUR 2,375m), an EBITDA of DKK 3,036m (EUR 408m), an EBIT of DKK 1,857m (EUR 250m, EBIT margin of 10.5%), and a net income of DKK 1,587 (EUR 213m).

Saint-Gobain: Compagnie de Saint-Gobain SA is a French producer and distributor of construction materials which is active in 67 countries and employs more than 179,000

FTEs. The company is listed on the Paris Stock Exchange. For the FY 2017, the group achieved sales of EUR 40,810m, an EBITDA of EUR 4,134m, an EBIT of EUR 2,928m (EBIT margin of 7.2%), and a net income of EUR 1,566m.

STO: Sto SE & Co. KGaA is a globally active producer of products and systems for building coatings headquartered in Germany. The company operates in 36 countries with 49 subsidiaries and employs approx. 5,300 FTEs. Sto is listed on the Frankfurt Stock Exchange. In 2017, Sto generated revenues of EUR 1,277m, an EBITDA of EUR 122m, an EBIT of EUR 90m (EBIT margin of 7.1%), and a net income of EUR 56m.

Stora Enso: Stora Enso is a Finish provider of renewable solutions in packaging, biomaterials, wooden constructions, laminated veneer lumber, and paper globally. The company employs approx. 26,000 FTEs and is listed on the Helsinki and Stockholm stock exchanges. In FY 2017, Stora Enso generate sales of EUR 10,068m, an EBITDA of EUR 1,411m, an EBIT of EUR 918m (EBIT margin of 9.1%), and a net profit of EUR 625m.

Va-Q-tec: va-Q-tec AG is a German manufacturer of thermal insulation solutions which operates in Europe, Americas, and Asia with five branches. The company is listed on the Frankfurt Stock Exchange (Prime Standard). In 2017, the company employed approx. 260 FTEs, generated revenues of EUR 46.9m, an EBITDA of EUR 6.3m, an EBIT of EUR -1.3m (EBIT margin of -2.7%), and a net loss of EUR 0.9m.

Private Peers

Fibris: Fibris S.A. was founded in 1959 and is the only Polish manufacturer of fibreboard. The company employs around 400 FTEs and sells fibreboard to more than 40 countries. In 2016, Fibris generated revenues of PLN 103.7m (EUR 23.7m), an EBITDA of PLN 10.95 (EUR 2.5m), an EBIT of PLN 4.5m (EUR 1.0m, EBIT margin of 4.3%), and a net income of PLN 3.4m (EUR 0.8m).

Finnish Fibreboard: Finnish Fibreboard Ltd. is a fibreboard producer based in Finland which generates about 40% of its sales within the country and employs approx. 130 FTEs. In 2016, the company generated sales of EUR 19.6m, an EBITDA of EUR -0.8m, an EBIT of EUR -0.6m (EBIT margin of -3.1%), and a net loss of EUR 0.8m.

Gutex: Founded in 1932, GUTEX is a family-owned developer of wood-fibre insulation material located in Waldshut-Tiengen, Germany. The company employs 140 FTEs and produces approx. 12 million m^3 of wood-fibre insulation annually. In 2015, Gutex generated sales of EUR 52.6m, an EBITDA of EUR 11.8m, an EBIT of EUR 4.2m (EBIT margin of 7.9%), and a net profit of EUR 2.3m.

Homatherm/Homanit Building Materials: The German Homatherm GmbH is now part of the Homanit Holding which runs six production sites in Poland and Germany and is headquartered in Losheim am See, Germany. In FY 2016, total revenues of Homanit amounted to EUR 72.6m, EBITDA equalled EUR 9.2m while EBIT was approx. EUR 6.5m (EBIT margin of 8.9%). The company achieved a net profit of EUR 14.4m due to holding effects.

Hunton: The Norwegian manufacturer of wood-fibre products Hunton Fiber AS was founded in 1889 and currently employs 140 FTEs in four countries. The primary market of the company is the Nordics, where it operates two production sites in Norway and Sweden while sales offices in Singapore, Malmö, and Turku provide customers with wood-fibre products. In 2016, the company achieved a turnover of NOK 406.8m (EUR 43.8m), an EBITDA of NOK 42.5m (EUR 4.6m), an EBIT of NOK 34.1m (EUR 3.7m, EBIT margin of 8.4%), and a profit of about NOK 85.8m (EUR 9.2m).

Huntonit: As part of the Norwegian Byggma holding, Huntonit AS is a Norwegian producer of fibreboards and employs about 190 FTEs. The company collaborates with distributors in Norway, Sweden, Finland, and Denmark. In FY 2016, Huntonit achieved sales of NOK 463.0m (EUR 49.9m), an EBITDA of NOK 35.1 (EUR 3.8m), an EBIT of

NOK 24.0m (EUR 2.6m, EBIT margin of 5.2%), and a net income of NOK 15m (EUR 1.6m).

James Jones & Sons: UK-based James Jones & Sons Ltd. is manufacturer of sawn timber products and fibreboards and was founded in 1905. The company has operations within the UK and runs a joint venture to serve the North American market. In 2016, the company generated sales of GBP 165.1m (EUR 197.6m), an EBITDA of GBP 41.8m (EUR 50.0m), an EBIT of GBP 35.6m (EUR 42.6m) and a net profit of GBP 23.0m (EUR 27.5m).

Louisiana Pacific: Founded in 1973, Louisiana-Pacific Corporation is a leading manufacturer of engineered wood building materials and has manufacturing facilities in the U.S., Canada, Chile, and Brazil. Finished products include LVL and I-joists. The company is headquartered in Nashville, U.S., employs approx. 5,000 employees, and is traded on the New York Stock Exchange. In 2017, the company generated sales of USD 2,734m (EUR 2,463m), an EBITDA of USD 655m (EUR 590m), an EBIT of USD 532m (EUR 479m), and a net income of USD 391m (EUR 352m).

Masonite: As part of the Norwegian Byggma holding, Masonite Beams is a producer of fibreboards. It was founded in 1929 and is based in Rundvik, Sweden. In FY 2016, the company was mostly active in the domestic Swedish market and generated sales of SEK 202.4m (EUR 21.6m), an EBITDA of SEK 22.1m (EUR 2.4m), an EBIT of SEK 17.1m (EUR 1.8m, EBIT margin of 8.4%), and a net income of SEK 12.3m (EUR 1.3m).

Metsä Group: The Finnish Metsä Group was founded in 1947 and currently employs around 9,100 FTEs. The group provides different wooden products and wood supply and operates in 30 countries and has seven production sites. In FY 2017, the group generated revenues of EUR 5,040m , an EBITDA of EUR 773m, an EBIT of EUR 519m (EBIT margin of 10.3%), and a net income of EUR 261m. The subsidiary Metsä Fibre generated sales of EUR 1.9 billion in 2017 and employed 1,200 FTEs.

Modern Lumber Technology: Modern Lumber Technology Ltd. is a Russian producer of LVL which was incorporated in 2005. In 2016, the company generated sales of RUB 4,605m (EUR 65.2m), an EBIT of RUB 906m (EUR 12.8m, EBIT margin of 19.7%), and a net income of RUB 2,375m (EUR 33.5m).

Schneider: The Holzwerk Gebrüder Schneider GmbH is a German producer of wood-fibre insulation and high static load capacity wood material which employed 335 FTEs in 2016. Distribution is coordinated from South Germany and Switzerland while the business focuses on the whole European market. In FY 2016, Schneider generated sales of EUR 125.5m, an EBITDA of EUR 5.7m, an EBIT of EUR 4.1m, and a net profit of EUR 2.7m.

Soprema: The Soprema Group is a French provider of waterproofing, roofing, and insulation systems which operates in 90 countries. The group employs 6,892 FTEs, runs 60 operating subsidiaries and 51 manufacturing plants of which 15 are located in France. It collaborates with more than 4,000 distributors, and generated EUR 2.3 billion in 2016. The German subsidiary Soprema GmbH generated revenues of EUR 25.8m, an EBITDA of EUR 7.4m, and an EBIT of EUR 6.0m (EBIT margin of 23.2%). Net profit of the subsidiary amounted to EUR 4.2m in FY 2016.

Woodway Group: Founded in 1996, the Russian Woodway group produces fibreboards at two production sites in Russia and has operations in more than 10 countries. The company's market share in Russia is about 25% with an annual production capacity of up to 45 million m^2 fibreboards.

Consolidated profit & loss

In EUR m	2014	2015	2016	2017	2018e	2019e	2020e
Sales	**175**	**189**	**209**	**230**	**249**	**287**	**314**
Change Sales yoy	10.5 %	8.1 %	10.6 %	10.2 %	7.9 %	15.6 %	9.2 %
Increase / decrease in inventory	2	-1	1	1	0	0	0
Own work capitalised	0	2	0	1	0	0	0
Total Sales	**177**	**190**	**211**	**232**	**249**	**287**	**314**
Material expenses	114	117	125	136	142	162	177
Gross profit	**63**	**73**	**86**	**97**	**107**	**125**	**137**
Gross profit margin	*36.0 %*	*38.7 %*	*41.1 %*	*41.9 %*	*43.0 %*	*43.5 %*	*43.7 %*
Personnel expenses	26	29	34	40	45	52	56
Other operating income	4	7	7	6	6	7	8
Other operating expenses	19	26	25	25	25	29	32
Unfrequent items	0	0	0	0	0	0	0
EBITDA	**22**	**25**	**33**	**38**	**43**	**51**	**57**
Margin	*12.5 %*	*13.1 %*	*15.9 %*	*16.5 %*	*17.5 %*	*17.9 %*	*18.1 %*
Depreciation of fixed assets	11	12	13	15	18	20	22
EBITA	**10**	**13**	**20**	**23**	**26**	**32**	**35**
Amortisation of intangible assets	0	1	2	1	1	1	1
Goodwill amortisation	0	0	0	0	0	0	0
EBIT	**10**	**12**	**18**	**22**	**24**	**30**	**34**
Margin	*5.7 %*	*6.5 %*	*8.8 %*	*9.6 %*	*9.8 %*	*10.6 %*	*10.7 %*
EBIT adj.	**10**	**12**	**18**	**22**	**24**	**30**	**34**
Interest income	1	1	1	1	1	1	1
Interest expenses	1	1	2	2	2	2	2
Other financial income (loss)	0	0	1	0	0	0	0
EBT	**10**	**12**	**17**	**21**	**23**	**29**	**32**
Margin	*5.5 %*	*6.4 %*	*8.0 %*	*9.1 %*	*9.4 %*	*10.2 %*	*10.3 %*
Total taxes	4	4	5	6	6	7	8
Net income from continuing operations	**6**	**8**	**12**	**15**	**17**	**22**	**24**
Income from discontinued operations (net of tax)	0	0	0	0	0	0	0
Net income before minorities	**6**	**8**	**12**	**15**	**17**	**22**	**24**
Minority interest	0	0	0	0	0	0	0
Net income	**6**	**8**	**12**	**15**	**17**	**22**	**24**
Margin	*3.4 %*	*4.3 %*	*5.5 %*	*6.6 %*	*6.9 %*	*7.6 %*	*7.7 %*
Number of shares, average	13	13	13	14	14	14	14
EPS	**0.46**	**0.63**	**0.90**	**1.08**	**1.22**	**1.55**	**1.72**
EPS adj.	0.46	0.63	0.90	1.08	1.22	1.55	1.72

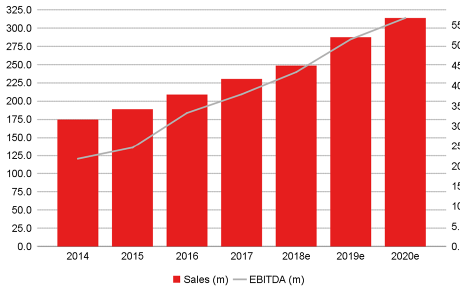
*Adjustments made for:

Guidance: 2018: Sales growth of about 7-9% yoy and EBIT growth of c. 7-14%

Financial Ratios

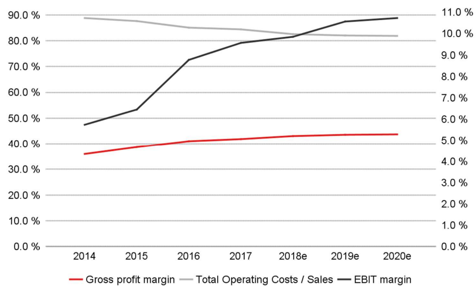
	2014	2015	2016	2017	2018e	2019e	2020e
Total Operating Costs / Sales	88.8 %	87.6 %	85.0 %	84.4 %	82.5 %	82.1 %	81.9 %
Operating Leverage	0.8 x	2.7 x	4.7 x	2.0 x	1.4 x	1.5 x	1.2 x
EBITDA / Interest expenses	23.3 x	34.1 x	20.5 x	22.3 x	24.1 x	25.6 x	25.9 x
Tax rate (EBT)	38.6 %	33.3 %	30.8 %	26.9 %	26.5 %	25.4 %	25.2 %
Dividend Payout Ratio	26.0 %	23.8 %	19.9 %	19.4 %	19.7 %	17.4 %	17.4 %
Sales per Employee	170,974	158,471	151,626	149,550	149,550	159,624	159,624

Sales, EBITDA
in EUR m



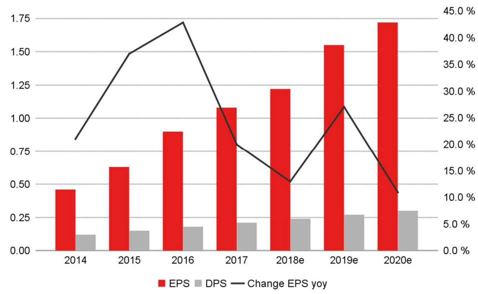
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

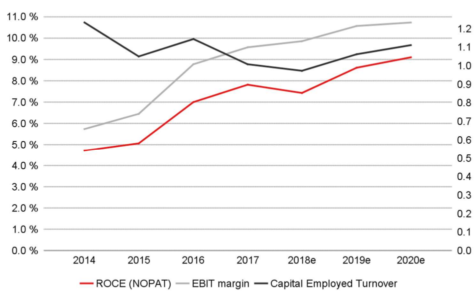
Consolidated balance sheet

In EUR m	2014	2015	2016	2017	2018e	2019e	2020e
Assets							
Goodwill and other intangible assets	0	1	1	2	1	1	0
thereof other intangible assets	0	1	1	2	1	1	0
thereof Goodwill	0	0	0	0	0	0	0
Property, plant and equipment	116	153	161	200	228	238	246
Financial assets	1	1	0	0	0	0	0
Other long-term assets	0	0	0	0	0	0	0
Fixed assets	**118**	**155**	**163**	**202**	**229**	**239**	**247**
Inventories	31	27	30	35	36	41	45
Accounts receivable	15	17	18	21	23	26	28
Liquid assets	10	10	18	26	13	16	25
Other short-term assets	14	11	12	15	15	15	15
Current assets	**70**	**65**	**77**	**96**	**86**	**98**	**113**
Total Assets	**187**	**220**	**240**	**299**	**315**	**337**	**360**
Liabilities and shareholders' equity							
Subscribed capital	13	13	13	14	14	14	14
Capital reserve	81	81	81	105	105	105	105
Retained earnings	16	23	33	46	60	78	99
Other equity components	-7	-8	-12	-4	-4	-4	-4
Shareholders' equity	103	109	114	161	175	194	214
Minority interest	0	0	0	0	0	0	0
Total equity	**103**	**109**	**114**	**161**	**175**	**194**	**214**
Provisions	7	10	12	14	14	14	14
thereof provisions for pensions and similar obligations	2	2	2	3	3	3	3
Financial liabilities (total)	47	79	84	91	91	91	91
thereof short-term financial liabilities	8	27	16	13	13	13	13
Accounts payable	20	13	18	23	25	28	31
Other liabilities	10	9	11	10	10	10	10
Liabilities	**84**	**111**	**126**	**138**	**139**	**143**	**146**
Total liabilities and shareholders' equity	**187**	**220**	**240**	**299**	**315**	**337**	**360**

Financial Ratios

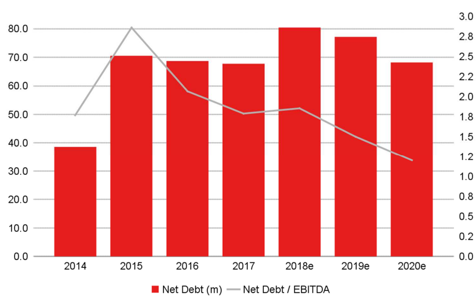
	2014	2015	2016	2017	2018e	2019e	2020e
Efficiency of Capital Employment							
Operating Assets Turnover	1.2 x	1.0 x	1.1 x	1.0 x	1.0 x	1.0 x	1.1 x
Capital Employed Turnover	1.2 x	1.1 x	1.1 x	1.0 x	1.0 x	1.1 x	1.1 x
ROA	5.0 %	5.2 %	7.1 %	7.5 %	7.5 %	9.1 %	9.8 %
Return on Capital							
ROCE (NOPAT)	4.7 %	5.1 %	7.0 %	7.8 %	7.4 %	8.6 %	9.1 %
ROE	5.8 %	7.6 %	10.3 %	11.1 %	10.2 %	11.8 %	11.9 %
Adj. ROE	5.8 %	7.6 %	10.3 %	11.1 %	10.2 %	11.8 %	11.9 %
Balance sheet quality							
Net Debt	39	71	69	68	80	77	68
Net Financial Debt	37	69	66	65	78	74	66
Net Gearing	37.4 %	64.5 %	60.2 %	42.1 %	45.9 %	39.8 %	31.9 %
Net Fin. Debt / EBITDA	169.7 %	278.3 %	200.0 %	171.7 %	179.2 %	144.8 %	115.5 %
Book Value / Share	8.1	8.5	8.9	11.4	12.4	13.8	15.2
Book value per share ex intangibles	8.0	8.5	8.8	11.3	12.4	13.7	15.2

ROCE Development



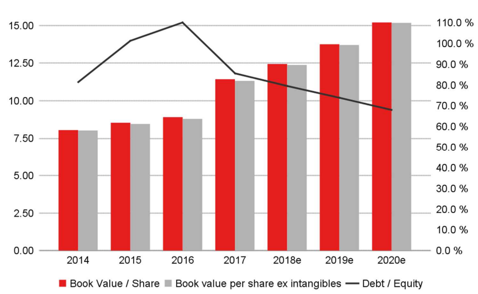
Source: Warburg Research

Net debt
in EUR m



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

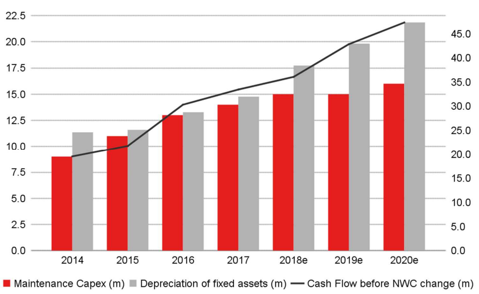
Consolidated cash flow statement

In EUR m	2014	2015	2016	2017	2018e	2019e	2020e
Net income	6	8	12	15	17	22	24
Depreciation of fixed assets	11	12	13	15	18	20	22
Amortisation of goodwill	0	0	0	0	0	0	0
Amortisation of intangible assets	0	1	2	1	1	1	1
Increase/decrease in long-term provisions	2	3	1	1	0	0	0
Other non-cash income and expenses	0	-1	3	1	0	0	0
Cash Flow before NWC change	**20**	**22**	**30**	**33**	**36**	**43**	**47**
Increase / decrease in inventory	-11	5	-5	-9	0	-6	-4
Increase / decrease in accounts receivable	8	-8	0	-3	-2	-4	-2
Increase / decrease in accounts payable	0	0	8	4	2	4	3
Increase / decrease in other working capital positions	0	0	0	0	0	0	0
Increase / decrease in working capital (total)	-3	-3	3	-8	0	-5	-4
Net cash provided by operating activities [1]	**17**	**18**	**33**	**25**	**36**	**38**	**44**
Investments in intangible assets	0	0	0	-1	-1	-1	-1
Investments in property, plant and equipment	-35	-50	-30	-46	-45	-30	-30
Payments for acquisitions	0	0	0	0	0	0	0
Financial investments	0	-1	-1	-1	0	0	0
Income from asset disposals	1	1	3	0	0	0	0
Net cash provided by investing activities [2]	**-35**	**-48**	**-27**	**-46**	**-46**	**-31**	**-31**
Change in financial liabilities	25	32	5	7	0	0	0
Dividends paid	-2	-2	-2	-2	-3	-3	-4
Purchase of own shares	0	0	0	0	0	0	0
Capital measures	0	0	0	25	0	0	0
Other	-1	-1	-2	-2	0	0	0
Net cash provided by financing activities [3]	**22**	**30**	**2**	**28**	**-3**	**-3**	**-4**
Change in liquid funds [1]+[2]+[3]	**5**	**0**	**8**	**7**	**-13**	**3**	**9**
Effects of exchange-rate changes on cash	0	0	-1	1	0	0	0
Cash and cash equivalent at end of period	10	10	18	26	13	16	25

Financial Ratios

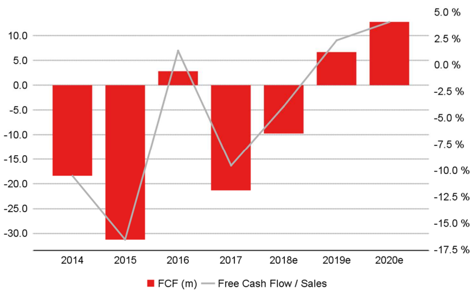
	2014	2015	2016	2017	2018e	2019e	2020e
Cash Flow							
FCF	-18	-31	3	-21	-10	7	13
Free Cash Flow / Sales	-10.5 %	-16.6 %	1.3 %	-9.5 %	-3.9 %	2.3 %	4.1 %
Free Cash Flow Potential	9	10	15	18	22	29	33
Free Cash Flow / Net Profit	-310.5 %	-387.3 %	24.3 %	-143.6 %	-56.7 %	30.5 %	52.6 %
Interest Received / Avg. Cash	7.9 %	6.3 %	3.8 %	2.6 %	3.6 %	5.9 %	4.6 %
Interest Paid / Avg. Debt	2.7 %	1.1 %	2.0 %	1.9 %	2.0 %	2.2 %	2.4 %
Management of Funds							
Investment ratio	20.2 %	26.3 %	14.4 %	20.6 %	18.3 %	10.8 %	9.9 %
Maint. Capex / Sales	5.2 %	5.8 %	6.2 %	6.1 %	6.0 %	5.2 %	5.1 %
Capex / Dep	298.7 %	398.7 %	201.8 %	298.5 %	240.5 %	147.3 %	134.1 %
Avg. Working Capital / Sales	14.9 %	15.0 %	14.3 %	13.5 %	13.4 %	12.5 %	12.9 %
Trade Debtors / Trade Creditors	76.0 %	133.6 %	97.0 %	91.9 %	91.8 %	91.9 %	91.9 %
Inventory Turnover	3.7 x	4.4 x	4.2 x	3.9 x	4.0 x	4.0 x	3.9 x
Receivables collection period (days)	31	32	31	33	33	33	33
Payables payment period (days)	63	39	53	61	63	64	64
Cash conversion cycle (Days)	44	51	40	41	36	37	37

CAPEX and Cash Flow
in EUR m



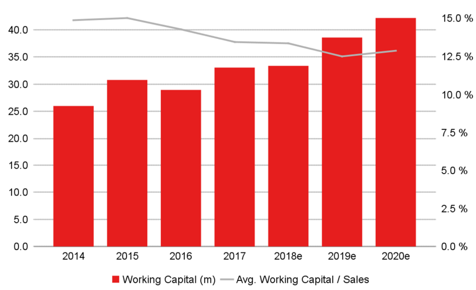
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
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Rating	**Number of stocks**	**% of Universe**
Buy	117	57
Hold	86	42
Sell	3	1
Rating suspended	0	0
Total	**206**	**100**

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING …

… taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	**Number of stocks**	**% of Universe**
Buy	33	67
Hold	16	33
Sell	0	0
Rating suspended	0	0
Total	**49**	**100**

PRICE AND RATING HISTORY STEICO AS OF 12.10.2018

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