

Egger Press Information
Annual press conference
07.30.2020

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EGGER reports stable financial results for 2019-20 and optimistic outlook

The wood-based material manufacturer closed the 2019-20 financial year with 2.83 billion euro (\$3.09 billion) in sales (-0.4 %) and EBITDA of 424.4 million euro (-0.1 %).

While the close of EGGER Group's financial year on April 30 came at a particularly challenging time, the wood-based material manufacturer is still reporting 11 successful months with stable business development overall. The Group's sales and earnings were exactly the same as the previous year. The company once again invested a record sum of 531.4 million euro in existing and new plants. As a family-owned company with a solid financial basis, global presence, state-of-the-art facilities and high employee satisfaction, EGGER believes it is well-positioned to overcome the coronavirus crisis.

"We are satisfied with our business development from May 2019 to March 2020. We have responded quickly to the challenges of the coronavirus pandemic and the restrictions imposed to fight it," said Thomas Leissing, spokesman for group management, overseeing finance, administration and logistics. "The economic effects of these factors are only reflected in our 2019-20 financial year for one month."

Overall, EGGER reports stable development of its key figures for the financial year 2019-20. The Group generated **revenue of 2.832 billion euro** (-0.4 % on the previous year) and **EBITDA of EUR 424.4 million** (- 0.1 % on the previous year). The EBITDA margin was 15.0%, the same as in the previous year. At 37.9%, the shareholder's equity ratio is higher than in the previous year (36.8%).

Investment Milestones

Approximately **10,100 employees** (as of April 30) contributed to these results, with a new record **production capacity of 8.9 million m³** of wood-based materials and timber. Another milestone was reached with commissioning of the 19th production plant in Biskupiec, Poland. The ongoing U.S. greenfield project in Lexington, N.C.—the first EGGER plant in North America—is proceeding according to plan, said Walter Schiegl, group management for production and technology

"Even though conditions are currently being made more difficult by the worldwide coronavirus pandemic and the corresponding travel restrictions, we expect the first facilities there to be commissioned before the end of this calendar year," Schiegl said.

With this work continuing, the EGGER Group remains in a phase of very high investment activity and has **invested a record sum of 531.4 million euro** in the 2019-20 financial year.

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Impact of crisis varies by region

After very positive business developments in the first 11 months, the effects of the coronavirus pandemic slightly dampened this trend. There were regional differences in the economic impact, due to differences in the spread of the virus and the measures taken nationally to combat it, says Ulrich Bühler, representing group management for sales and marketing.

“We reacted very quickly to the crisis,” Bühler said. “First and foremost, we have taken measures to protect our employees and partners. In addition, our top priority was to be a reliable partner for our customers even in times of crisis. We are proud that we were able to supply them consistently.”

EGGER’s global presence and the respective regional procurement of raw materials have proven to be great advantages. Digital services and communication channels were also increasingly used.

While sales in Western Europe declined over the entire 2019-20 financial year, sales in Central Europe increased slightly. In Eastern European, American and overseas markets also saw increases, in some cases substantially, compared to the previous year.

The **Division Decorative Products Center** generated revenue of 886.6 million euros (+ 2.8 % on the previous year) for the financial year. The **Division Decorative Products West**, with plants in the United Kingdom and France, generated sales of 663.2 million euro, down -7.1% from the previous year. Revenues in the **Division Decorative Products East** rose by +5.8 % to 886.5 million euro. The latest division, **Decorative Products Americas**, increased its revenue by + 14.2 % to 137.3 million euro. In addition to sales related to the Concordia plant in Argentina, this also includes market development activities in North America for the plant under construction in Lexington.

The **Flooring Products Division**, with sales of 441.0 million euro, were down -1.3%, slightly below the previous year. The **other business segment** (which includes the sawmill in Brilon, Germany, smaller independent divisions and Group functions) generated a revenue of 173.7 million euro. The **development of earnings** in the divisions also varied. In April 2020, the results were consistently lower. The Decorative Products West Division was particularly affected by the tough lockdown measures and temporary plant shutdowns in the United Kingdom and France. Overall, however, the Decorative divisions as well as the Flooring Products Division were able to exceed the results of the previous year.

All detailed information on the 2019-20 financial year can be found in the annual financial report at www.egger.com/credit-relations.

More transparency: Sustainability report

Once again, EGGER published its **sustainability report** at the same time as the annual financial report, available at www.egger.com/sustainability. This contains the Group's strategy, objectives

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and performance with regard to economic, ecological and social sustainability. For the first time, the report was published in an interactive PDF format, where the contents have been restructured to offer an even higher degree of transparency. The report describes EGGER's strategic sustainability goals and emphasizes the company's clear commitment to long-term sustainable economic activity.

In particular, EGGER has once again shown itself to be a clear advocate for and promoter of sustainable forestry and responsible use of resources. The EGGER Group is the first wood-based material manufacturer in the European Union to meet the high requirements of the new **ISO 38200** standard. It makes the traceability of wood or wood-based products more transparent and guarantees the proof of origin and legality through a complete monitoring of the supply chain. A further sustainability milestone was set in December 2019, as EGGER committed to the **United Nations Global Compact**, supporting its 10 principles in the areas of human rights, labor standards, environmental protection and anti-corruption. This once again confirms the family company's pioneering role as a responsible corporate citizen.

Optimistic outlook for 2020-21

EGGER Group Management is confident that EGGER will get through the coronavirus crisis in good shape with this forward-looking, sustainable approach to business. "We are well-positioned as a solid family business. The EGGER Group has a modern industrial base and a solid financial structure," Leissing said. "Our strategy of backward integration and sustainable investments, our focus on regionality, our partnership-based supplier and customer relationships and the great loyalty of our staff are proving their worth even in times of crisis."

Projections are currently difficult due to the lack of reliable forecasts on the development of the pandemic and possible further lockdown measures. Despite these uncertainties, EGGER anticipates **stable development in the 2020-21 financial year**. The EGGER Decorative Collection for distributors that launched in February 2020, the additional finishing capacities that were created, the further ramp-up of the plant in Biskupiec, and the start of production in Lexington will all make a significant contribution to this.

Although some of the production and sales markets are still in crisis at present, more positive developments are already emerging in most core markets, consequently providing a far-reaching stabilization of sales and earnings in almost all European markets and with all product areas. Greater uncertainty exists in the United Kingdom, where a slower recovery is expected. The high inflation and the currency decline of the Argentine peso are also challenging for the plant in Concordia. Here, though, EGGER was able to resume operations very quickly after a strict lockdown for the wood-based materials industry and then use the freed-up capacity to build up the market in North America. Through these activities, the company expects a positive start for the 20th EGGER plant at Lexington by the end of 2020.

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EGGER Group closes financial year 2019-20 with stable sales and earnings despite the start of coronavirus crisis

- Sales: 2.83 billion euro (-0.4 %)
- EBITDA: 424.4 million euro (-0.1%)
- Record investment: 531.4 million euro
- Increased production capacity: 8.9 million m³ rawboard, including timber (+1.1 %)
- Now over 10,000 employees
- Coronavirus crisis well managed so far
- Outlook 2020-21: stable revenue and earnings development
- Commissioning of the 20th plant in Lexington, N.C. (United States) by the end of 2020

Captions



The EGGER Group with headquarters in St. Johann in Tirol generated a turnover of 2.83 billion euro in the 2019-20 financial year.

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EGGER Group Management with Walter Schiegl, Thomas Leissing and Ulrich Bühler (from left) reports stable key figures despite the start of the coronavirus crisis.



A milestone: The start of production in the 19th EGGER plant in Biskupiec, Poland, on June 28, 2019.



Despite the challenges posed by the coronavirus pandemic, EGGER remains committed to completing its greenfield project in Lexington, N.C. (United States) by the end of 2020.

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