



Building with conscience.

Sto SE & Co. KGaA, Stühlingen/Germany

Consolidated interim report

For the period from
1 January to 30 September 2025



Overview of the Group	01 Jan 2025 – 30 Sep 2025	01 Jan 2024 – 30 Sep 2024	Change in %
Turnover	1,218.5	1,237.4	-1.5
Germany	496.8	507.2	-2.1
Outside of Germany	721.7	730.2	-1.2
Turnover by segment			
Western Europe	934.0	955.0	-2.2
Northern/Eastern Europe	126.3	123.5	+2.3
America/Asia/Pacific	158.2	158.9	-0.4
Investments (excluding financial assets and IFRS 16)	29.9	23.0	+30.0

(figures in EUR million)

Employees (at end of quarter)	5,575	5,787	-3.7
Germany	3,084	3,156	-2.3
Outside of Germany	2,491	2,631	-5.3

At a glance:

- **Group-wide turnover at Sto SE & Co. KGaA in the first nine months of 2025 down 1.5 % on the previous year**
- **Persistently difficult general conditions; hoped-for positive momentum in the construction industry, particularly in Germany, has yet to materialise**
- **Consolidated earnings as at September roughly at the same level as the same period of the previous year**
- **Workforce reduced by 212 to 5,575 employees compared to the same day of the previous year**
- **Forecast for 2025 as a whole confirmed: consolidated turnover of EUR 1.57 billion and EBIT between EUR 51 million and EUR 71 million expected**

Sector environment

According to the International Monetary Fund (IMF), the **global economy** is expected to grow more strongly in the year 2025 as a whole than forecast in July, despite trade disputes and uncertainties. In the current World Economic Outlook (WEO) from October, researchers now expect global gross domestic product to grow by 3.2 % (2024: 3.3 %). A smaller increase of 3.0 % had been expected in the summer. According to the IMF, the US tariffs in particular had less of an impact than feared.

The estimated increase for **industrialised nations** was raised slightly from 1.5 % in the last projection to 1.6 % (2024: 1.8 %), while the eurozone countries are expected to grow by 1.2 % in 2025 (2024: 0.9 %). Germany remains at the bottom of the G7 group of western industrialised nations, although prospects have also improved marginally from 0.1 % to 0.2 % (2024: -0.5 %). The other major economies in Europe are expected to expand more strongly: Spain by 2.9 % (2024: 3.5 %), France by 0.7 % (2024: 1.1 %) and Italy by 0.5 % (2024: 0.7 %). In the United States, the IMF is forecasting growth of 2.0 % in the current year (2024: 2.8 %), although the consequences of the tariff policy for the US economy remain unclear. An overall increase of 4.2 % is expected in the **developing and emerging countries** (2024: 4.3 %), the increase in China is estimated to remain unchanged at 4.8 % (2024: 5.0 %).

According to the German Federal Statistical Office (Destatis), turnover in the **German main construction sector** increased by 1.0 % in real terms and 3.5 % in nominal terms in the first eight months of 2025 compared to the weak same period of the previous year. The number of building permits also rose from a very low level: from January to August 2025, the number of residential buildings rose by a total of 7.6 %. Single-family house construction recorded an increase of 15.5 %, while approvals in two-family house construction decreased by 5.3 %. In the case of multifamily dwellings, the largest building type in terms of numbers, 4.9 % more new flats were approved. Conversion measures in existing residential and non-residential buildings increased by 5.2 % in the first eight months of 2025 in comparison to the previous year. For the year 2025 as a whole, the Hauptverband der Deutschen Bauindustrie e.V. (Main Association of the German Construction Industry) is forecasting a decline in turnover of 1 % in real terms in the German main construction sector.

In the **decorative paints** sector, the Verband der deutschen Lack- und Druckfarbenindustrie e.V. (Association of the German Paint and Printing Ink Industry) expects a further decline in volumes in the current year. However, the decline is expected to slow from 5 % in the previous year to 3 %. Sales volumes in the German **external wall insulation system market** are also expected to decline again. The market research institute B+L Marktdaten GmbH expects losses of 6.5 %.

According to forecasts by the experts at EUROCONSTRUCT, the volume of construction in **Europe** is likely to increase by just 0.3 % in 2025. This means that expectations have been revised downwards compared to the December 2024 estimate, in which the network still assumed an increase of 0.6 %. The further declining residential construction sector in particular is preventing stronger growth in European construction activity: after losses of more than 4 % in 2024, a further decline of around 1 % is expected in 2025. Investment in the existing property sector is particularly restrained, while the construction of new buildings is likely to increase slightly.

According to GTAI (Germany Trade & Invest), the **US** construction sector is experiencing an economic decline. The main reason cited is the US tariff policy,

which is causing high uncertainty among companies and households. According to the Office for National Statistics, the value of construction work carried out in the first seven months of 2025 decreased by a nominal 2 % compared to the same period of the previous year. The recession was particularly pronounced in building engineering, with private residential construction, by far the largest division of the US construction sector, being hit the hardest by the reluctance to invest. The number of building permits for single-family houses decreased by 13 % between February and August 2025, while the decline in construction starts was 19 %. The growth in industrial construction also appears to have come to an end: the sector stagnated at a high level.

The **Chinese construction industry** remains under considerable pressure due to the ongoing real estate crisis. Sharp falls in prices for second-hand property are not only having a negative impact on the real estate sector itself, but are also having a noticeable effect on macroeconomic growth, according to GTAI (Germany Trade & Invest) estimates. According to the World Bank, the sector will make a negative contribution of 1.2 percentage points to China's gross domestic product in 2025. The measures introduced by the government to regulate the real estate market have so far failed to contain the crisis.

Business development of the Sto Group

The Sto Group's business development in the third quarter of 2025 continued to be characterised by the difficult market environment. Besides the continuing reluctance to invest and the high costs in the construction industry, unclear or changed framework and subsidy conditions in several countries contributed to the subdued demand in the market segments relevant to Sto. In addition, the global crises and unpredictable customs and trade regulations caused great uncertainty. Overall, consolidated turnover in the first nine months was 1.5 % below the previous year's volume. Thanks to the measures implemented by the Sto Group in response to declining sales and strong competition and pricing pressure, as well as good business development in September, it was possible to make up for the shortfall in earnings reported as at June 2025 by the end of the third quarter.

The cost-saving measures in the personnel area and the restrictive spending policy in particular had a positive impact on consolidated earnings, which were roughly at the previous year's level. Despite the consistently high selling price pressure, the gross profit margin stabilised – supported by a changed product mix and, in some cases, more favourable purchasing prices.

Consolidated turnover only slightly below previous year

Consolidated turnover at Sto SE & Co. KGaA totalled EUR 1,218.5 million in the first nine months of 2025, down 1.5 % on the previous year's volume (previous year: EUR 1,237.4 million). Currency translations had a net negative effect of EUR 6.8 million in the reporting period, with particularly the US dollar and Turkish lira being heavily devalued. There were a few isolated positive effects, such as the Swiss franc. The consolidation effect in the Sto Group totalled EUR -14.4 million. It resulted from the deconsolidation of the British company Sto Ltd. at the end of 2024 and the first-time incorporation of the New Zealand company Stoanz Ltd, whose shares were acquired by Sto SE & Co. KGaA with effect from 1 April 2024. Adjusted for all currency translation and consolidation effects, the Sto Group recorded slight growth in turnover of 0.2 % between January and the end of September 2025.

In **October**, consolidated turnover was slightly below the previous year's level and below our expectations.

Turnover trend across the segments

The turnover volume in the segment of **Western Europe** decreased by 2.2 % to EUR 934.0 million in the reporting period (previous year: EUR 955.0 million), with the largest declines being recorded in the German and Italian markets. The national companies in the Netherlands, Belgium and Austria, among others, performed well. Adjusted for currency translation and deconsolidation effects, segment turnover decreased by 0.7 %.

In the **Northern/Eastern Europe** segment, turnover in the first nine months of 2025 rose by a net 2.3 % to EUR 126.3 million (previous year: EUR 123.5 million). The negative currency translation effects, particularly for the Turkish lira, were offset by encouraging growth in Denmark, Norway and the Czech Republic, for example. In national currencies, the segment recorded an increase in turnover of 3.2 %.

Business development in the **America/Asia/Pacific** segment was regionally mixed: while the subsidiaries in Central and South America mainly achieved growth, turnover in the North American and Asian companies remained largely below the previous year's value. This was compounded by the negative development of the US dollar. In the Pacific region, there was an increase due to the first-time consolidation of the New Zealand company Stoanz Ltd. Overall, business turnover in the segment decreased slightly by 0.4 % to EUR 158.2 million (previous year: EUR 158.9 million); excluding currency translation and first-time consolidation effects, turnover increased by 3.0 %.

Despite the continued high competitive pressure, several national companies across the Group were able to achieve pleasing growth rates compared to the weak same period of the previous year. Therefore, turnover **outside of Germany** (-1.2 %) decreased much less sharply in the first nine months of 2025 than in the **German** market (-2.1 %). Overall, turnover generated outside of Germany totalled EUR 721.7 million (previous year: EUR 730.2 million), while the business volume generated in Germany amounted to EUR 496.8 million (previous year: EUR 507.2 million). The foreign share of consolidated turnover increased to 59.2 % (previous year: 59.0 %).

Earnings roughly at previous year's level

Consolidated earnings at Sto SE & Co. KGaA in the first nine months of 2025 were roughly the same as the previous year's level, which had been significantly below our expectations and had been negatively impacted by several negative influencing factors, particularly in the third quarter. In contrast, the third quarter of 2025 saw positive effects from Sto's globally restrictive spending policy, which largely compensated for the continued high pressure on margins. Improvements were also achieved in terms of purchasing conditions, with the result that the gross margin rate stabilised at the previous year's level despite the persistently high pricing pressure on sales prices.

Staff costs decreased as a result of the reduced workforce, short-time work at Sto SE & Co. KGaA in the first two months of the year and the positive effects of the Zukunftspakt (pact for the future), which was agreed on for Sto SE & Co. KGaA and StoCretec GmbH at the end of March. This pact sets out the collective bargaining structure for 2025 and 2026 for the two companies and helps to reduce costs in 2025 and secure jobs.

Volume of investments above previous year

Investments in property, plant and equipment, and intangible assets amounted to EUR 29.9 million in the reporting period (previous year: EUR 23.0 million). They were mainly attributable to the purchase of a site in Metzingen (Baden-Württemberg) for the SalesCentre located there, the continued construction of new production facilities in Australia and Mexico, and the ongoing "Retrofit" programme, with which the Group's production facilities are continuously being modernised or renewed. In addition, there were initial investment activities as part of the introduction of the SAP S/4HANA ERP system. The multi-year project is a corner stone for the implementation of the digital transformation.

Very sound assets and liabilities situation and financial situation

As at the end of September 2025, the assets and liabilities situation and financial situation of the Sto Group continued to be very sound. The majority of the changes compared to the end of 2024 resulted from the seasonal nature of business activities. The equity ratio as at the reference date of 30 September 2025 was 62.8 % (30 September 2024: 61.6 %; 31 December 2024: 64.2 %).

Decrease in workforce numbers

As at 30 September 2025, the Sto Group employed 5,575 employees worldwide. Compared to the end of 2024, this corresponds to a decline of 24 employees (31 December 2024: 5,599); compared to the same day of the previous year, the workforce was reduced by 212 employees (30 September 2024: 5,787). The number of employees in the German market decreased by 72 to 3,084 (30 September 2024: 3,156) and outside of Germany by 140 to 2,491 (30 September 2024: 2,631). The reduction in several national companies was contrasted by selective new hires in individual regions with growth prospects. The percentage share of Sto employees outside of Germany was 44.7 % on the reference date (30 September 2024: 45.5 %).

Risks and opportunities report

There are various opportunities and risks for the future business development of the Sto Group in 2025, which are described in detail in the 2024 management report. This report also explains the structure of the risk management and internal control system (ICS) in detail.

The biggest uncertainties at present include the consequences of geopolitical conflicts and customs and trade disputes, which cannot be reliably assessed. The use of the special fund approved by the German government in March, which had not been specifically defined at the time this report was prepared, could also have an impact on Sto's future business development. The potentially resulting opportunities and risks cannot be validly assessed either.

There are particular opportunities for growth for the Sto Group in its core business of facade systems, as the politically established climate protection targets can only be achieved through a significant reduction in energy consumption in the construction sector. Sto's range of services supports the energy efficiency of buildings, which opens up great sales opportunities worldwide. However, the potential for growth cannot be fully utilised at present due to the general factors that inhibit investment, both in the construction of new buildings and in the renovation and refurbishment of buildings.

At present, no assessable risks are apparent that could have a permanent and significant adverse effect on the income, financial situation and assets and liabilities situation of the Sto Group.

Outlook for 2025 as a whole

In the light of the business development in the first three quarters, Sto confirms its forecast for the year 2025 as a whole, according to which **consolidated turnover** is expected to reach EUR 1.57 billion (2024: EUR 1.61 billion). **EBIT** is expected to be in the range of EUR 51 million to EUR 71 million (2024: EUR 58.8 million) and earnings before taxes (**EBT**) between EUR 50 million and EUR 70 million (2024: EUR 60.9 million). This results in a **return on sales** of between 3.1 % and 4.5 % (2024: 3.8 %). The return on capital employed (**ROCE**) is expected to be between 6.8 % and 9.6 % (2024: 7.8 %).

It should be noted that the considerable uncertainties regarding global general conditions and the large influences of weather conditions on the Sto Group's business development in the final weeks of the year make precise forecasts much more difficult. Major changes of influencing factors were not taken into account in the forecast.

The economic impacts of the special infrastructure fund adopted by the German government can't be accurately predicted either. So far, the hoped-for momentum in the construction industry has yet to materialise and it remains unclear whether sufficient funds will be made available to achieve sustainable effects. Industry experts expect minor positive consequences at best, not starting before the 2026 financial year.

Stühlingen/Germany, November 2025

Sto SE & Co. KGaA
represented by STO Management SE
Executive Board