

P R E S S R E L E A S E

of Sto SE & Co. KGaA, Stühlingen/Germany

- **Consolidated turnover of Sto SE & Co. KGaA up by 5.8 % to EUR 1,068.4 million by the end of September 2019**
- **First-time consolidation effects and positive currency effects support operational growth**
- **Domestic turnover increases by 3.6 %, and turnover abroad by 7.6 %**
- **Consolidated EBIT and net income significantly up on the previous year**
- **Number of employees increases by 257 to 5,665 primarily as a result of first-time consolidations**
- **Outlook for the year 2019 as a whole unchanged: increase in turnover of 4.1 % to around EUR 1,387 million and EBIT of between EUR 81 million and EUR 91 million expected**

Stühlingen/Germany, 19 November 2019 - Sto SE & Co. KGaA was able to continue its growth in the third quarter of 2019. However, the momentum slightly slowed down in the course of the year due to the general conditions in the segments that are relevant to Sto, which had been more difficult as compared to those affecting the construction sector as a whole. In 2019 to date, the construction industry in Germany has once again been one of the sectors bolstering the economy and has been able to record significant growth. In contrast, a decline in volume of 1.1 % is expected in the area of building coatings (paints, varnishes, paste-form plasters/renders/fillers) in the year of 2019 as a whole. Demand for external wall insulation systems (EWIS) in the German market stagnated in the first half of 2019.

Against this backdrop, the Sto Group achieved an **increase in turnover** of 5.8 % to EUR 1,068.4 million (previous year: EUR 1,009.7 million) in the first nine months of 2019. In addition to the favourable operating development, positive currency translation effects of EUR 4.5 million as well as first-time consolidation effects of EUR 8.9 million contributed to this growth. These

effects came from Liaver GmbH & Co. KG, Ilmenau/Germany, which was consolidated at the beginning of 2019, and Canadian company Skyrise Prefab Building Solutions Inc., in which Sto has held a majority interest since May 2019, as well as Unitex Australia Pty Ltd., which has been consolidated since 1 August 2019. Excluding currency translation and first-time consolidation effects, the Sto Group's original turnover growth stood at 4.5 %.

As at the end of September 2019, turnover in **Germany** increased by 3.6 % to EUR 467.4 million (previous year: EUR 451.2 million). **Volume generated abroad** increased by 7.6 % to EUR 601.0 million (previous year: EUR 558.4 million). This means that the percentage of consolidated turnover generated abroad rose from 55.3 % to 56.3 %.

In October, the turnover development within the Sto Group remained slightly below expectations, and almost at the previous year's level.

From January until September 2019, the Sto Group was able to significantly improve its **consolidated EBIT** and its net income as compared to the development of the previous year which had been impacted by the significant increase in procurement costs for raw materials and purchased products. The measures initiated to offset increases in the cost of materials as well as consistent cost management also had a noticeable impact. During the first nine months of 2019, the Sto Group's **investments** in Property, plant and equipment as well as Intangible assets amounted to EUR 17.3 million (previous year: EUR 19.1 million), and were mainly attributable to customary replacement investments.

As at the end of September 2019, the Sto Group had 5,665 **employees** worldwide as compared to 5,408 employees on the same day of the previous year (+257 employees, +4.8 %). The companies consolidated for the first time in the reporting period had 162 employees on the reference date. In Germany, the Sto Group's workforce increased by a total of 142 to 3,042 employees (30 September 2018: 2,900), and abroad by 115 to 2,623 employees

(30 September 2018: 2,508). Specific adjustments in regions battling difficult economic conditions were contrasted with new appointments in countries with short- and medium-term growth prospects. Year-on-year, the percentage of the Group's workforce employed outside of Germany decreased slightly from 46.4 % to 46.3 %.

For the **year of 2019 as a whole**, Sto SE & Co. KGaA continues to expect an increase in consolidated turnover of 4.1 % to around EUR 1,387 million (2018: 1,332.4 million), and EBIT of between EUR 81 million and EUR 91 million (2018: EUR 81.9 million). However, considerable uncertainties arise from the weather conditions in the last few weeks of the year, which had provided a clearly positive boost to business performance in the same period of 2018.

The interim report from the Management Board within the second half of 2019 is available for download at www.sto.de in the section “Unternehmen” (company) and then “Investor Relations”.

Sto SE & Co. KGaA is a major international manufacturer of products and systems for building coatings. The company is a leader in the business field of external wall insulation systems. Sto's core product range also includes high-quality facade elements, as well as renders, plasters and paints for building exteriors and interiors alike. Another focus is placed on concrete repair, floor coatings, acoustics, and rainscreen cladding systems.

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