

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

Sto SE & Co. KGaA, Stühlingen/Germany

- **Consolidated turnover of Sto SE & Co. KGaA in the first nine months increases by 1.4 % to EUR 1,083.3 million mainly as a result of first-time consolidation effects**
- **Growth of 8.4 % within Germany; business outside of Germany decreases by a total of 4.0 % in light of the coronavirus pandemic**
- **Significantly improved earnings compared to previous year and expectations**
- **Number of employees in the Group was reduced slightly by 9 to 5,656 as compared to the same day of the previous year**
- **Forecast for the year of 2020 as a whole adjusted: turnover expected to amount to EUR 1,408 million and to hence come in slightly above the previous year's level; EBIT range expected to increase significantly to between EUR 106 million and EUR 116 million**

Stühlingen, 19 November 2020 - The business development of Sto SE & Co. KGaA in the third quarter of 2020 was also largely shaped by the effects of the coronavirus pandemic. Overall, the Sto Group was still able to generate slight growth in the first nine months due to the solid development at the beginning of the year and mainly due to positive effects from first-time consolidations. Negative currency translation effects have also been compensated. In net terms, an **increase in turnover** of 1.4 % to EUR 1,083.3 million was achieved as compared to the corresponding period of the previous year (previous year: EUR 1,068.4 million), of which EUR +23.2 million were accounted for by first-time consolidation effects and EUR -4.3 million by currency translation effects. Adjusted for these effects as well as the effect from the sale of the business operations of Sto BTV GmbH (formerly VeroStone GmbH) on 31 December 2019, consolidated turnover rose slightly by 0.3 % as compared to the same period of the previous year.

The Sto Group in Germany saw a tangible increase, largely thanks to favourable weather conditions at the beginning of the year and the first-time consolidation of

VIACOR Polymer GmbH. From January until the end of September 2020, **turnover in Germany** increased by 8.4 % to EUR 506.5 million as compared to the previous year's value (previous year: EUR 467.4 million). Outside of Germany, the coronavirus pandemic also led to partially considerable turnover losses in the construction industry which could not be compensated for by growth generated through the first-time consolidations of Skyrise Prefab Building Solution Inc. (Canada) and Unitex Australia Pty Ltd. (Australia). In net terms, **volume generated in the Sto Group outside of Germany** decreased by 4.0 % to EUR 576.8 million (previous year: EUR 601.0 million). This means that the percentage of consolidated turnover generated abroad declined from 56.3 % to 53.2 %. Across the Group, Sto companies that are primarily engaged in business with building owners from the industrial sector were also affected by the economic downturn, such as the product area of industrial floors.

In **October**, the turnover development within the Sto Group was surprisingly well below expectations and only just reached the previous year's level. The effects of the new wave of the coronavirus pandemic also had an impact, which again caused disruption in many regions.

The Sto Group was able to markedly improve its **EBIT** and **EBT**. In the third quarter of 2020 as well in a nine-month comparison, growth rates were also recorded for both EBIT and EBT. This very encouraging development was largely due to the increase in the gross profit margin which mainly resulted from procurement cost advantages and from product mix effects. Earnings were also positively impacted by distinct earnings-securing measures to compensate for the effects of the coronavirus pandemic.

As at the reference date of 30 September 2020, the **asset and financial situation** of the Sto Group continued to be very sound. The majority of the changes in the balance sheet as compared to the 2019 year end resulted from the seasonal nature of the business and the expansion of the companies consolidated. In the first half year, Sto carried out a partial withdrawal from the syndicated loan in the amount of EUR 80 million as a precautionary measure to secure liquidity in light of potential risks from the coronavirus pandemic; of this amount, EUR 40 million

were paid back on 31 August. The remaining amount is scheduled to be paid in time by the end of November. During the first nine months of 2020, the Sto Group's **investments** in Property, plant and equipment as well as Intangible assets amounted to EUR 21.8 million (previous year: EUR 17.3 million).

As at 30 September 2020, the Sto Group had 5,656 **employees** worldwide as compared to 5,665 on the same day of the previous year (-9 employees, -0.2 %). **In Germany**, the Sto Group's workforce was reduced by a total of 18 to 3,024 employees (30 September 2019: 3,042), while the workforce employed **outside of Germany** rose by 9 to 2,632 employees (30 September 2019: 2,623). Selective adjustments were once again made in regions battling difficult economic conditions, while targeted new hirings were made in countries with short- and medium-term growth prospects. Year-on-year, the percentage of the Group's workforce employed outside of Germany rose slightly from 46.3 % to 46.5 %.

As already communicated in the ad-hoc announcement of 5 November 2020, for the **year of 2020 as a whole**, Sto SE & Co. KGaA expects that the originally announced growth in turnover will not be achieved, while the expected EBIT range is likely to be exceeded. On the basis of the business development to date and against the background of the current development of the coronavirus pandemic, which could lead to crucial restrictions in large parts of the world, Sto anticipates only a modest increase in turnover to EUR 1,408 million as compared to 2019 (previous forecast: EUR 1,490 million; 2019: EUR 1,398.2 million). Consolidated EBIT is expected to fall into the range of between EUR 106 million and EUR 116 million, hence significantly exceeding both the previous forecast and the previous year's level (previous forecast: between EUR 93 million and EUR 103 million; 2019: EUR 85.9 million). In 2020, earnings before taxes (EBT) are likely to increase more considerably than anticipated and to fall into the range of between EUR 103 million and EUR 113 million (previous forecast: between EUR 90 million and EUR 100 million; 2019: EUR 83.1 million), with a return on sales of between 7.4 % and 8 % (previous forecast: between 6 % and 6.7 %; 2019: 5.9 %). However, the weather conditions in the last few months of the year, which are important for the Sto Group's business development, may still have a significant

negative impact on the development of turnover and earnings in the 2020 fiscal year. On the other hand, opportunities could arise from weather conditions that are unusually good for the season. Moreover, the visibility of demand for the remainder of the year remains significantly limited due to the coronavirus pandemic. In view of the current significant increase in the number of Covid-19 cases, the reactions of the respective governments and their effects cannot be assessed.

The full interim report from the Management Board within the second half of 2020 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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