

Annual General Meeting 2024

Sto SE & Co. KGaA

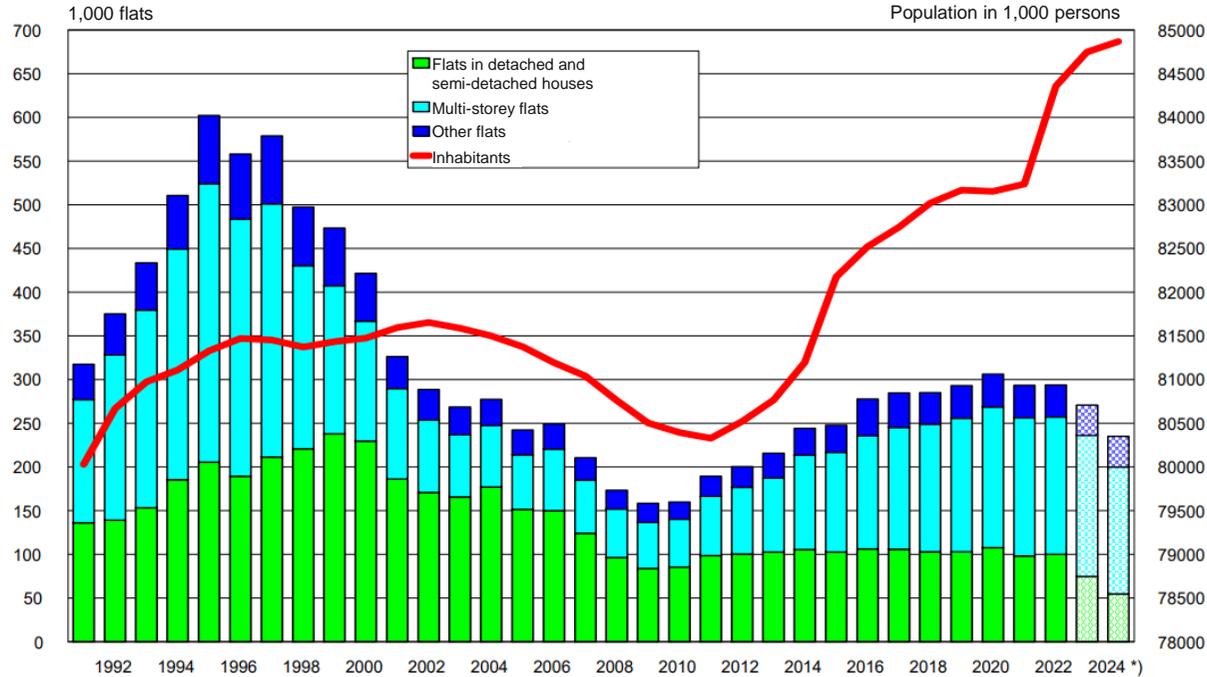
19 June 2024

Sto SE & Co. KGaA reception building
Design: Wilford Schupp Architekten, Stuttgart, DE
Orange Blu, Stuttgart, DE



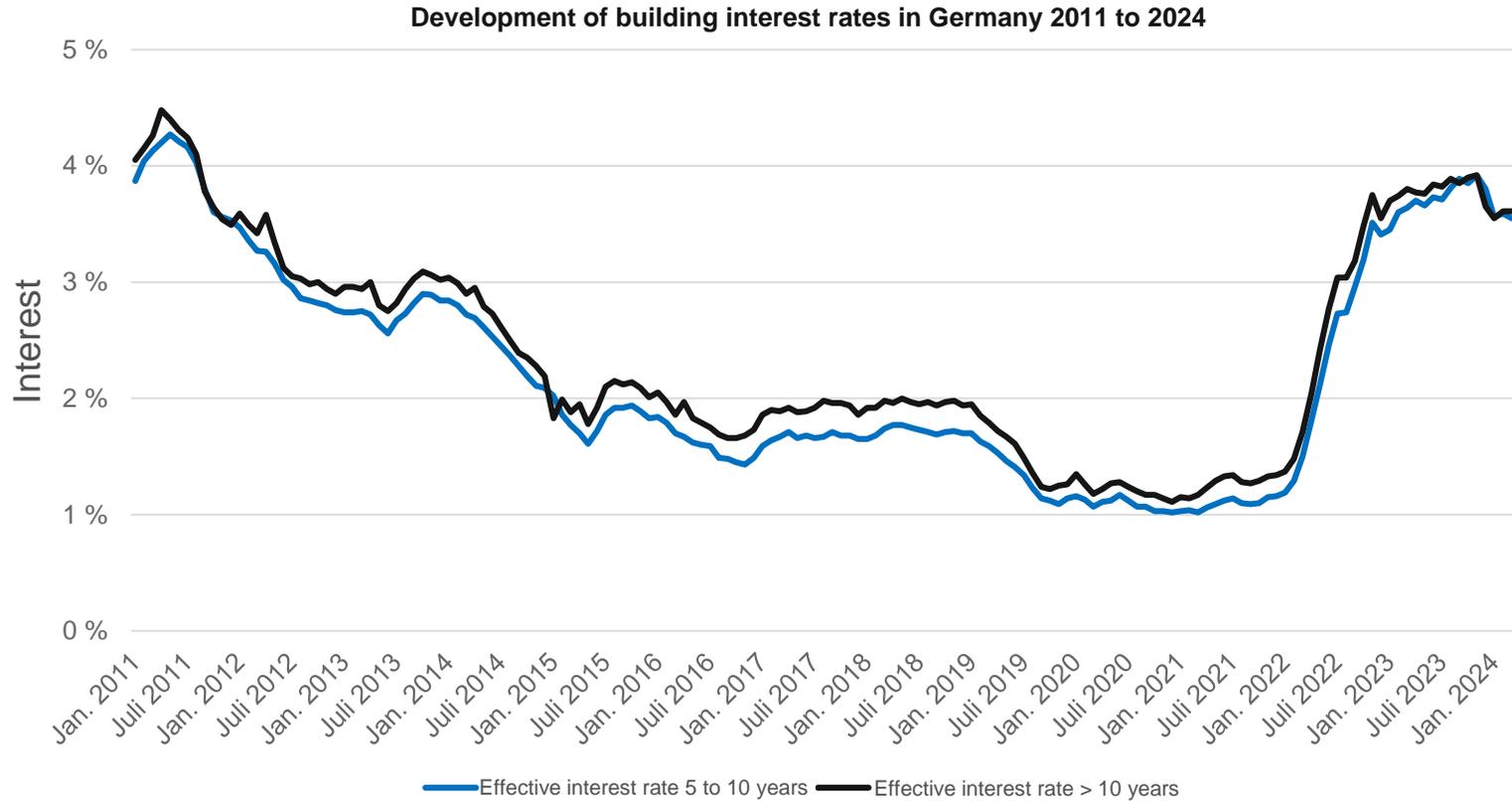
Housing completions in Germany

Supply and demand diverge greatly



Source: ARGE study – Wohnungsbau-Tag (Initiative by the association for housing construction 2024)

Significant rise in interest rates

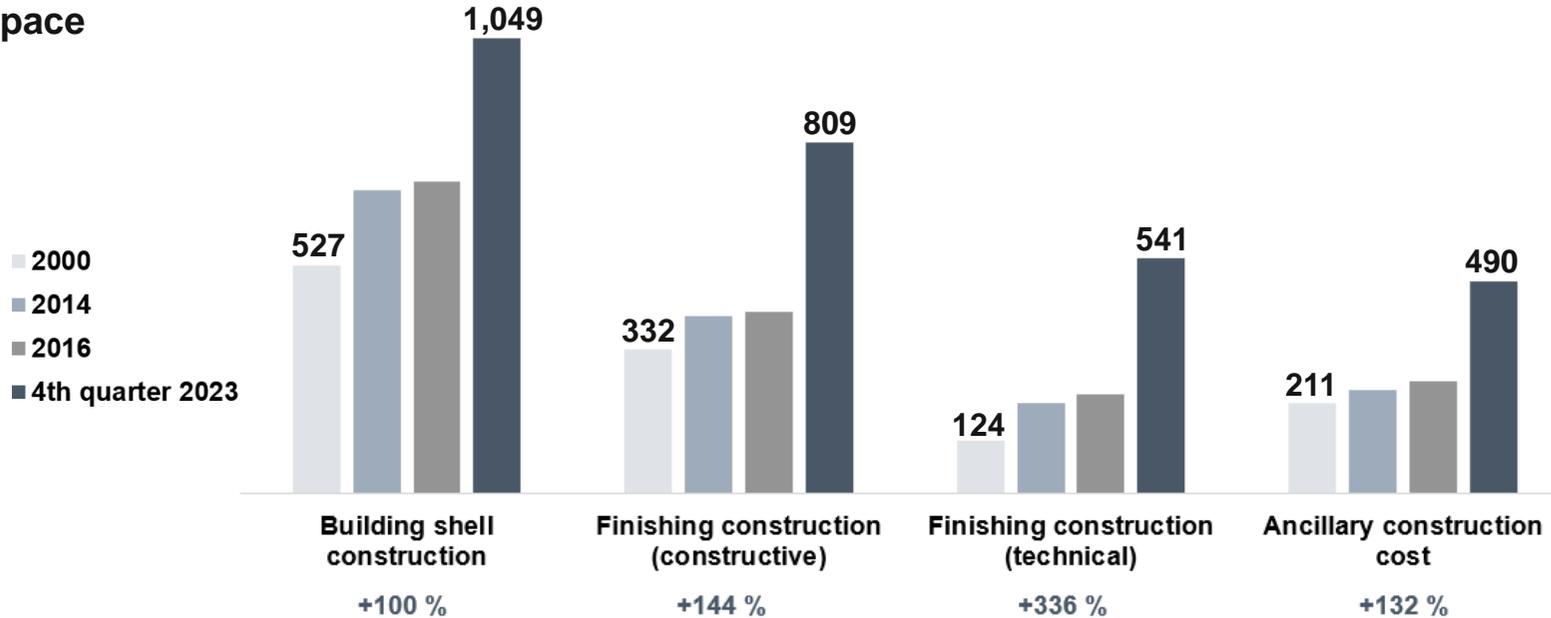


Source: Deutsche Bundesbank | Interest rates for new residential property loans to private households

Increase in construction costs

Development in the trades since 2000

€/m² floor space



Causes (by way of example) for the developments identified above the general increases in building society prices

Material costs and
Market processes

EnEV/GEG*, accessibility
Quality requirements

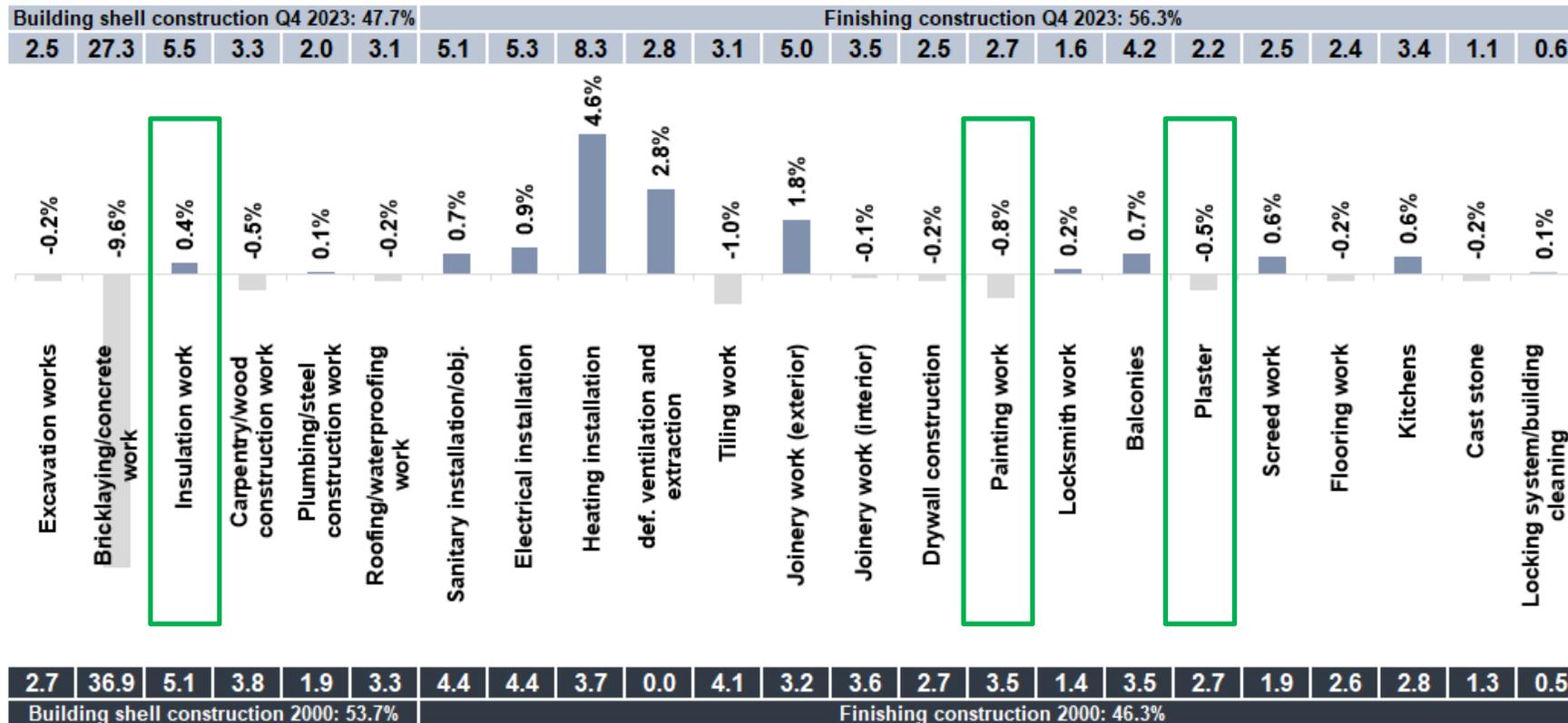
EnEV/GEG
EEWärmeG**

Expert reports
Levies/fees

Source: Own representation based on ARGE study – Wohnungsbau-Tag (Initiative by the association for housing construction 2024); *Energy Savings Regulation/Buildings Energy Act; **Renewable Energy Heat Act

Increase in construction costs

Trades that are relevant for Sto aren't cost drivers



Source: Own representation based on ARGE study – Wohnungsbau-Tag (Initiative by the association for housing construction 2024)

Sto Group 2023

Forecasted turnover and earnings targets achieved



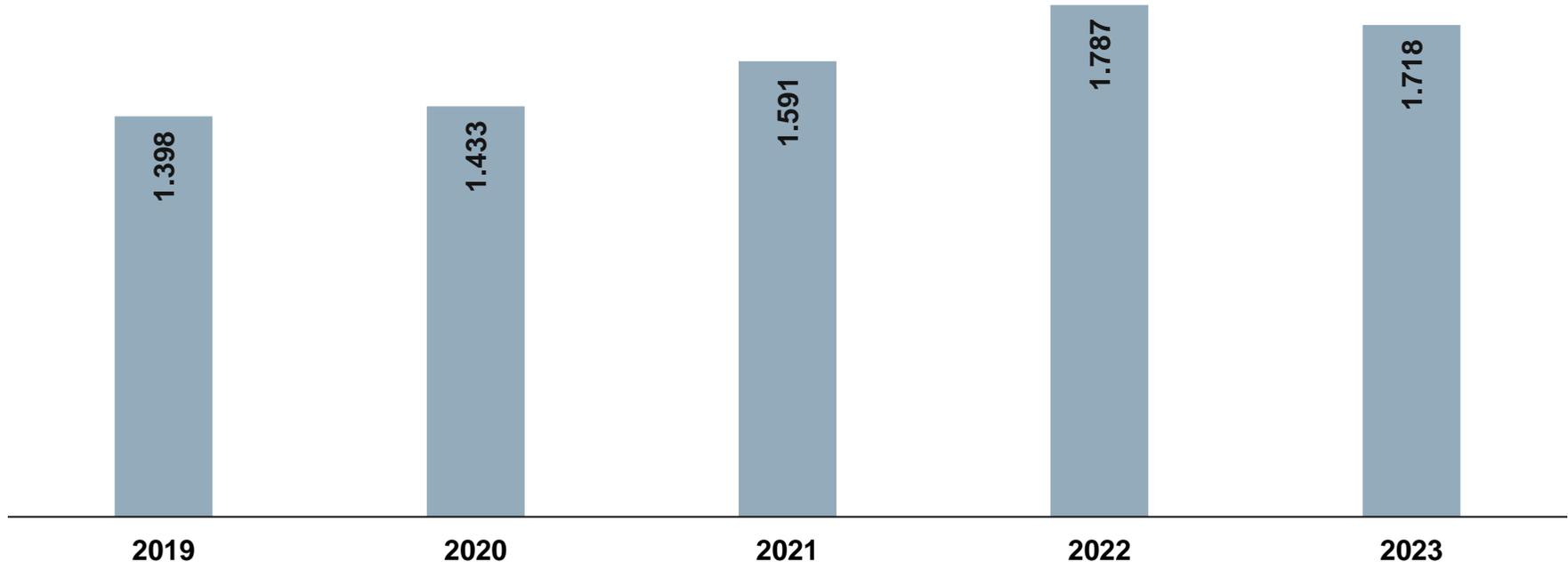
About the title image

The library building of the Karl Franzens University of Graz was extended in several construction stages. A two-storey, modern structure, which towers over the forecourt in a sweeping gesture, complements the historic ensemble of buildings. The architectural firm Atelier Thomas Pucher designed its highly energy-efficient envelope with a rainscreen cladding facade (StoVentec) with modelled render surfaces (StoMiral MP) and glass panels (StoVentec Glass). The underside of the cantilever was designed by Viennese artist Anna Artake with a sgraffito showing an enlarged copperplate engraving of a 17th century book illustration. Photo: Christian Schellander, AT

Sto Group turnover

Forecasted turnover targets achieved in a difficult market environment

in EUR
million



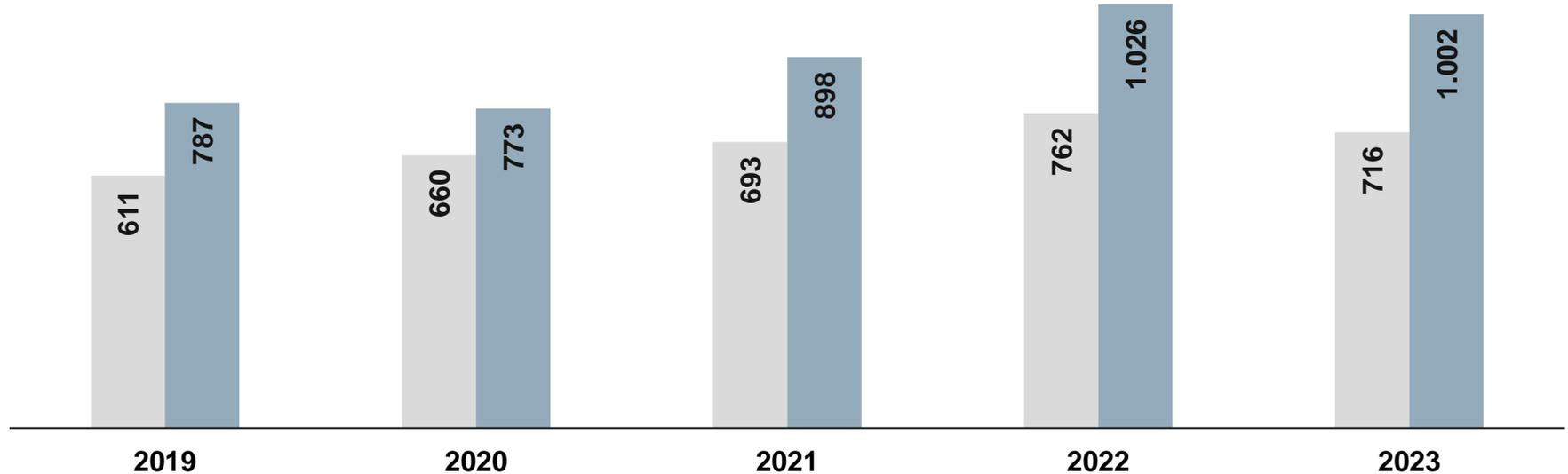
Information in accordance to IFRS

Sto Group turnover

Share of turnover generated outside of Germany increased from 57.4 % to 58.3 %

in EUR
million

■ In Germany ■ Outside Germany

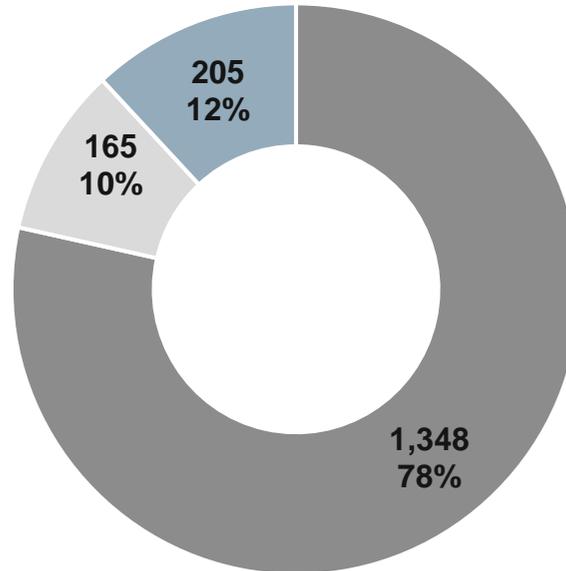


Information in accordance to IFRS

Sto Group turnover

Segment turnover | Share of Sto Group consolidated turnover for 2023

■ Western Europe ■ Northern/ Eastern Europe ■ America/Asia/Pacific



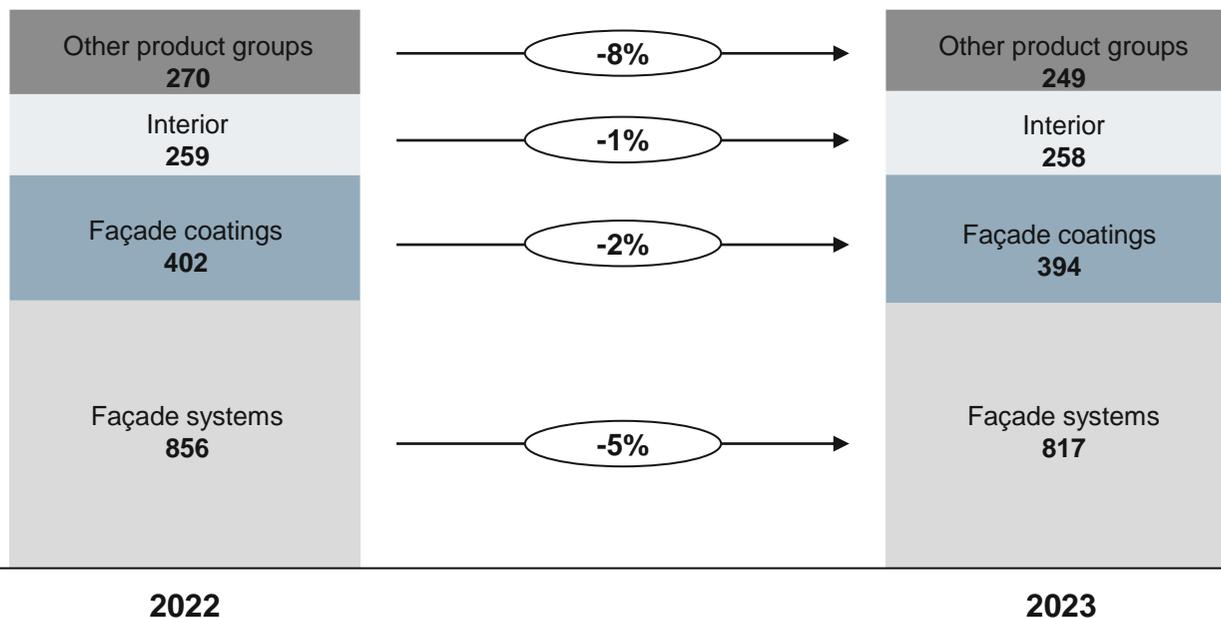
Turnover 2023
Sto Group:
EUR 1,718 million

Sto Group turnover

Facade systems still product segment with largest share

in EUR
million

■ Facade systems ■ facade coatings ■ interior products ■ other product groups



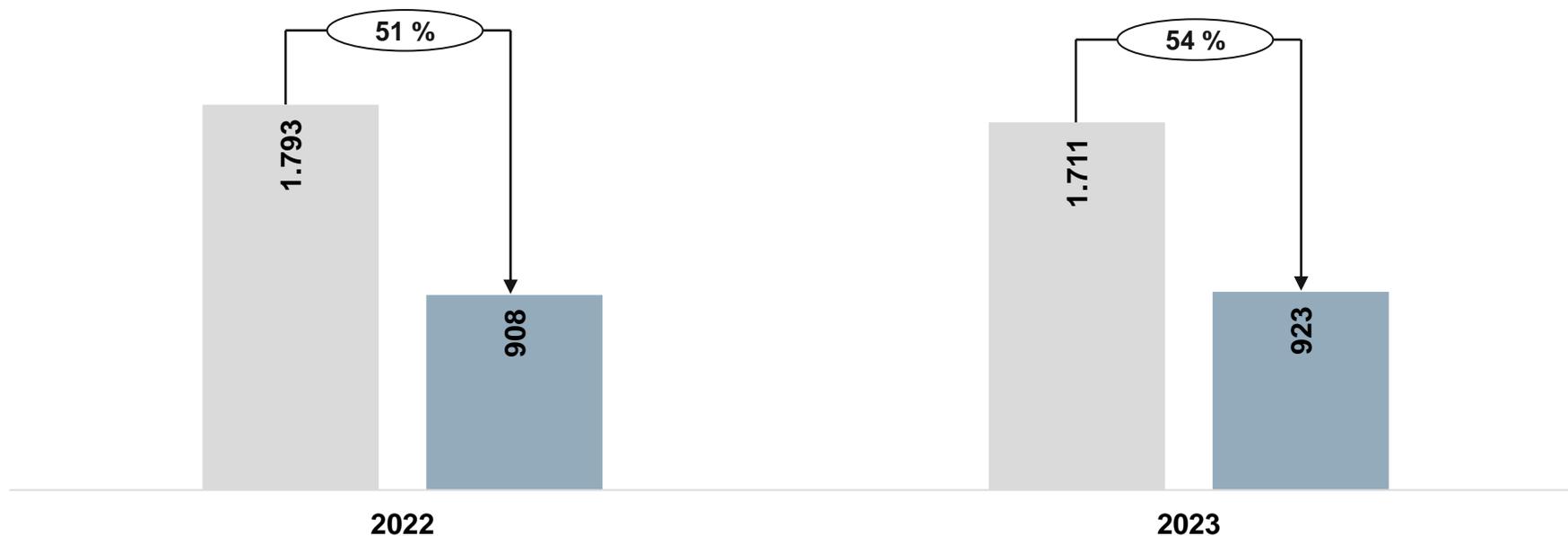
Information in accordance to IFRS

Gross profit Sto Group

Gross profit margin improved from 50.7 % to 53.9 % compared to previous year

in EUR
million

■ Total revenues ■ Gross profit

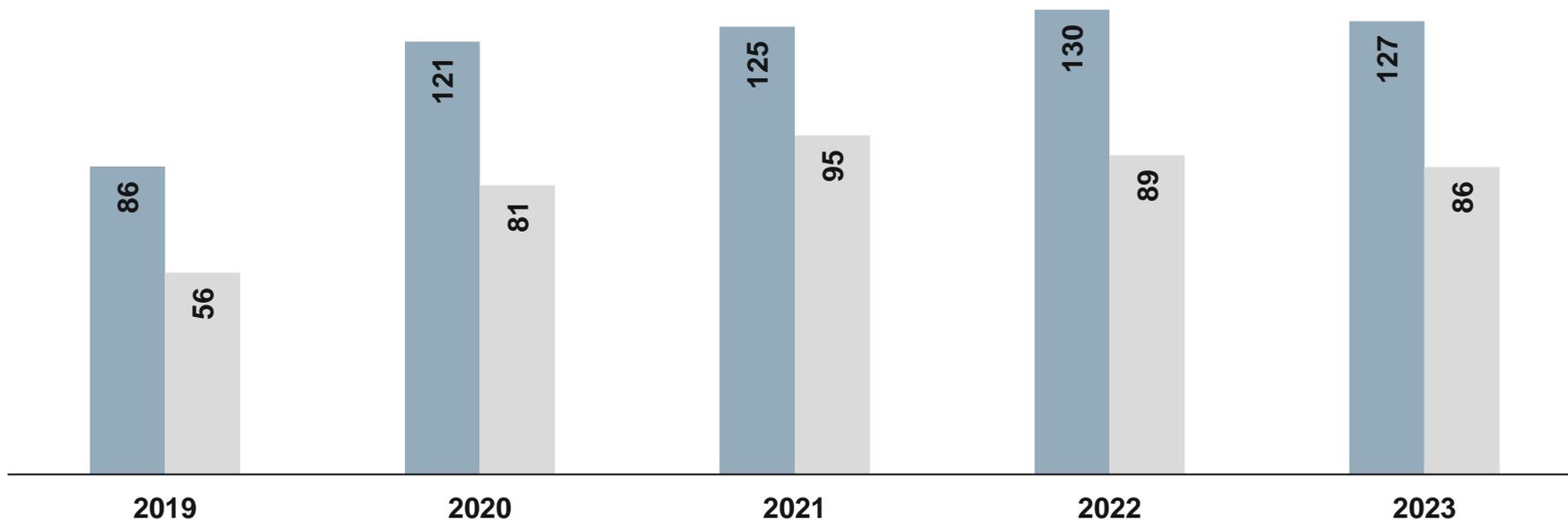


EBIT & EAT Sto Group

Forecasted earnings targets achieved in a difficult market environment

in EUR
million

■ EBIT ■ EAT



Information in accordance to IFRS

P&L Sto Group

Forecasted turnover and earnings targets achieved in a difficult market environment

P&L in € million	2023	2022	Difference	
Total revenues	1,711	1,793	-82	-5%
Other operating income	28	29	-1	-3%
Cost of material	-788	-885	97	11%
Personnel expenses	-437	-428	-8	-2%
Other operating expenses	-321	-310	-11	-3%
Impairment (net)	-1	-4	3	65%
EBITDA	192	195	-2	-1%
Depreciation/amortisation	-66	-65	-1	-1%
EBIT	127	130	-3	-2%
Financial result	1	-1	2	165%
EBT	127	128	-1	-1%
Taxes on income and earnings	-42	-39	-2	-6%
EAT	86	89	-3	-4%

Information acc. to IFRS

Cash flow Sto Group

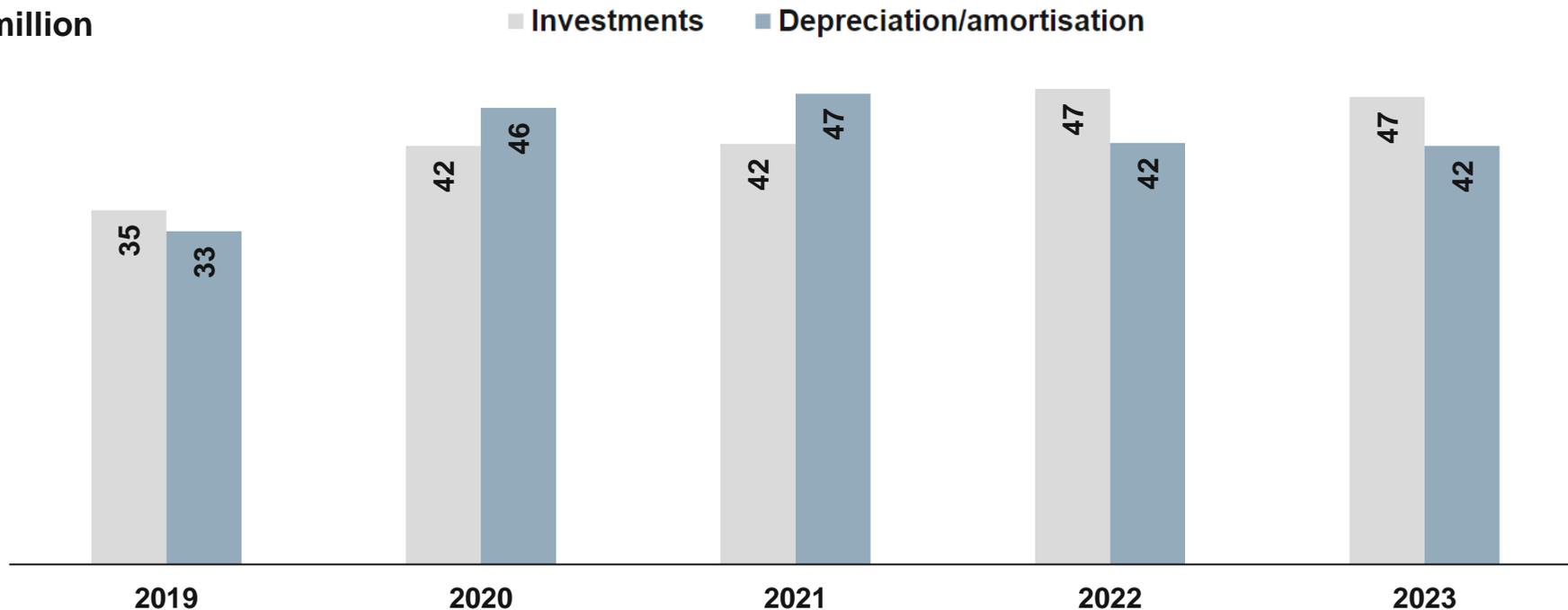
Cash flow from operating activities EUR 171 million

Cashflow in € million	2023	2022	Difference	
from operating activities	171	95	76	79%
from investment activities	-104	43	-146	-344%
from financing activities	-63	-72	9	13%
changes in exchange rates	-2	-1	0	-5%
Cash and cash equivalents at the beginning of the period	119	137	-18	-13%
Changes	3	-18	21	116%
Cash and cash equivalents at the end of the period	122	119	3	2%

Sto Group investments and depreciation/ amortisation

Continual investments in further growth

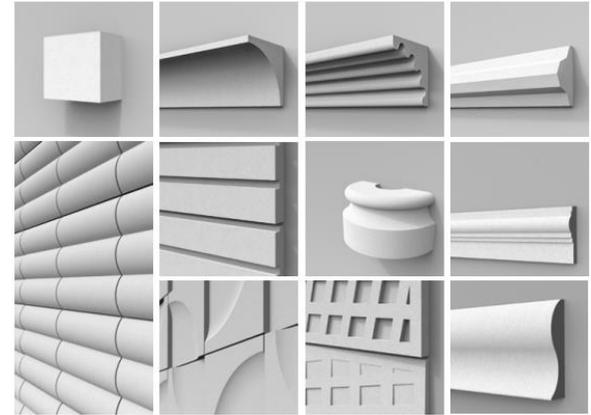
in EUR
million



Information in accordance to IFRS; however, without effects from IFRS 16, without investments and depreciation/amortisation of financial assets

Selected individual investments

Verotec GmbH - New machining centre for decorative profiles



Selected individual investments

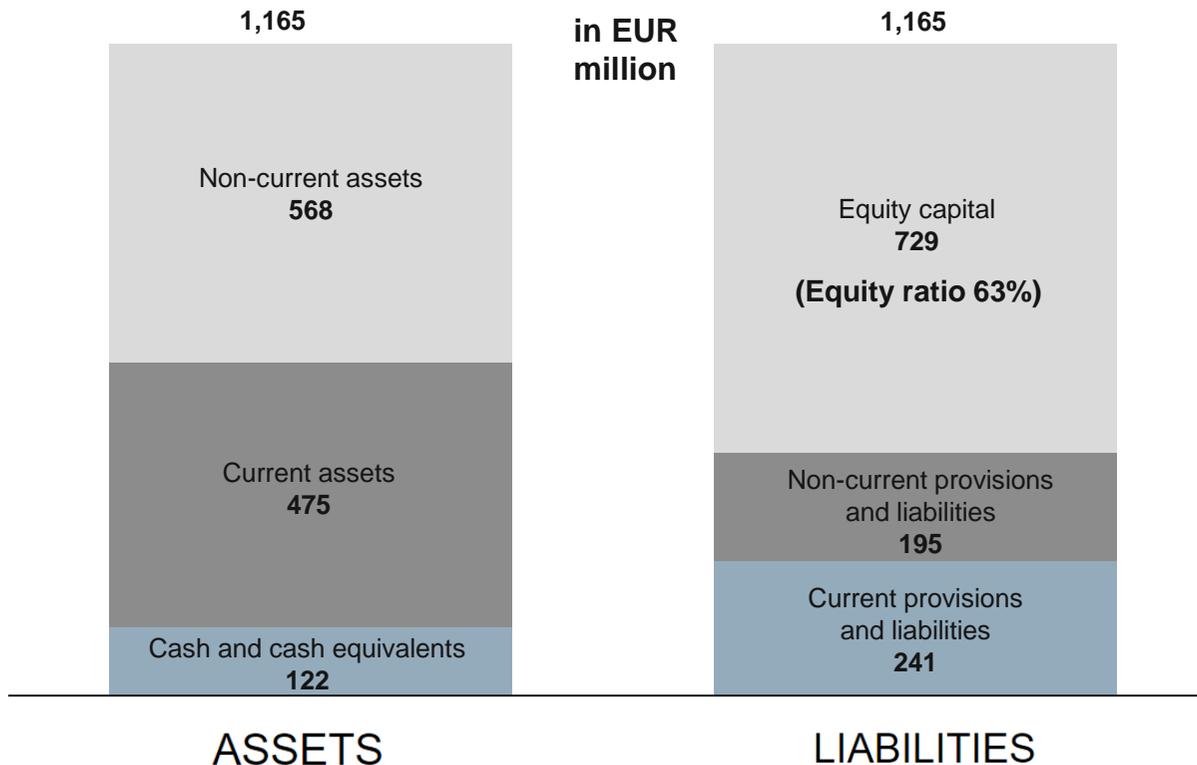
Liaver GmbH & Co. KG



The total investment in a second rotary kiln for the production of recycled glass granulate for the period of 2021 - 2023 amounted to around EUR 18 million.

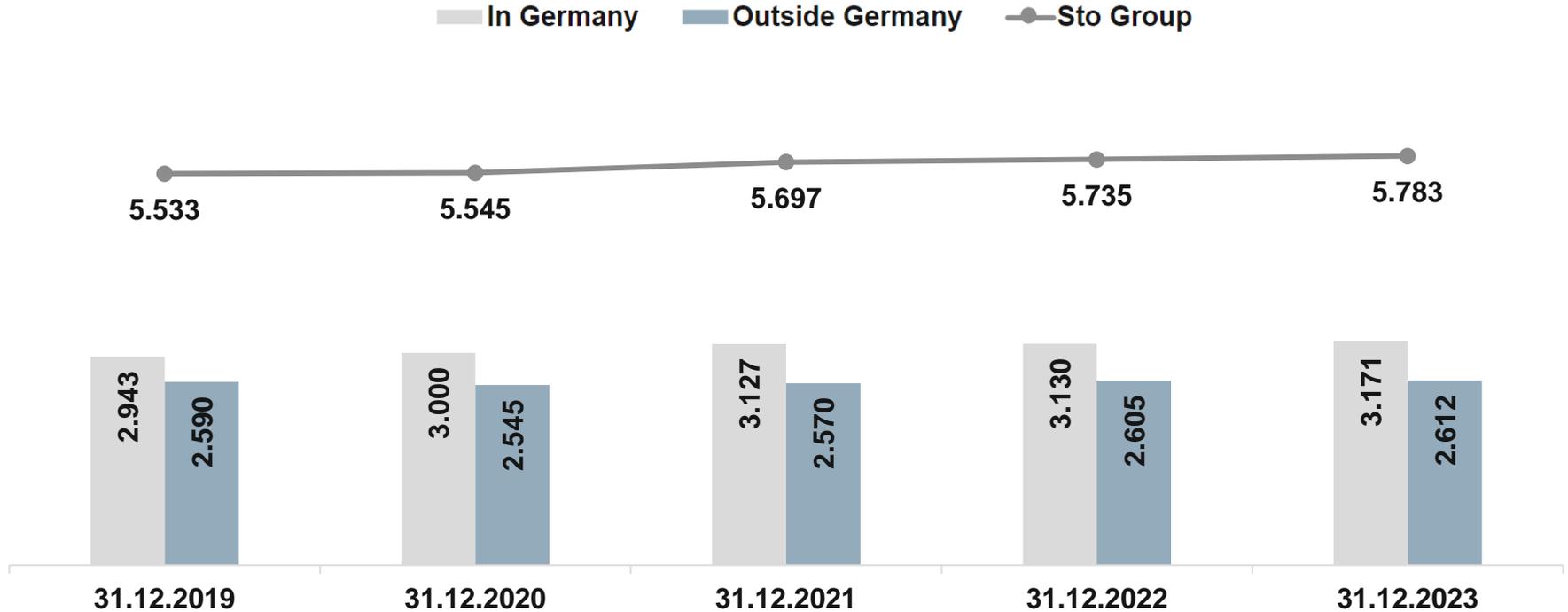
Sto Group balance sheet

Very solid balance sheet structure as at 31/12/2023, strong equity base

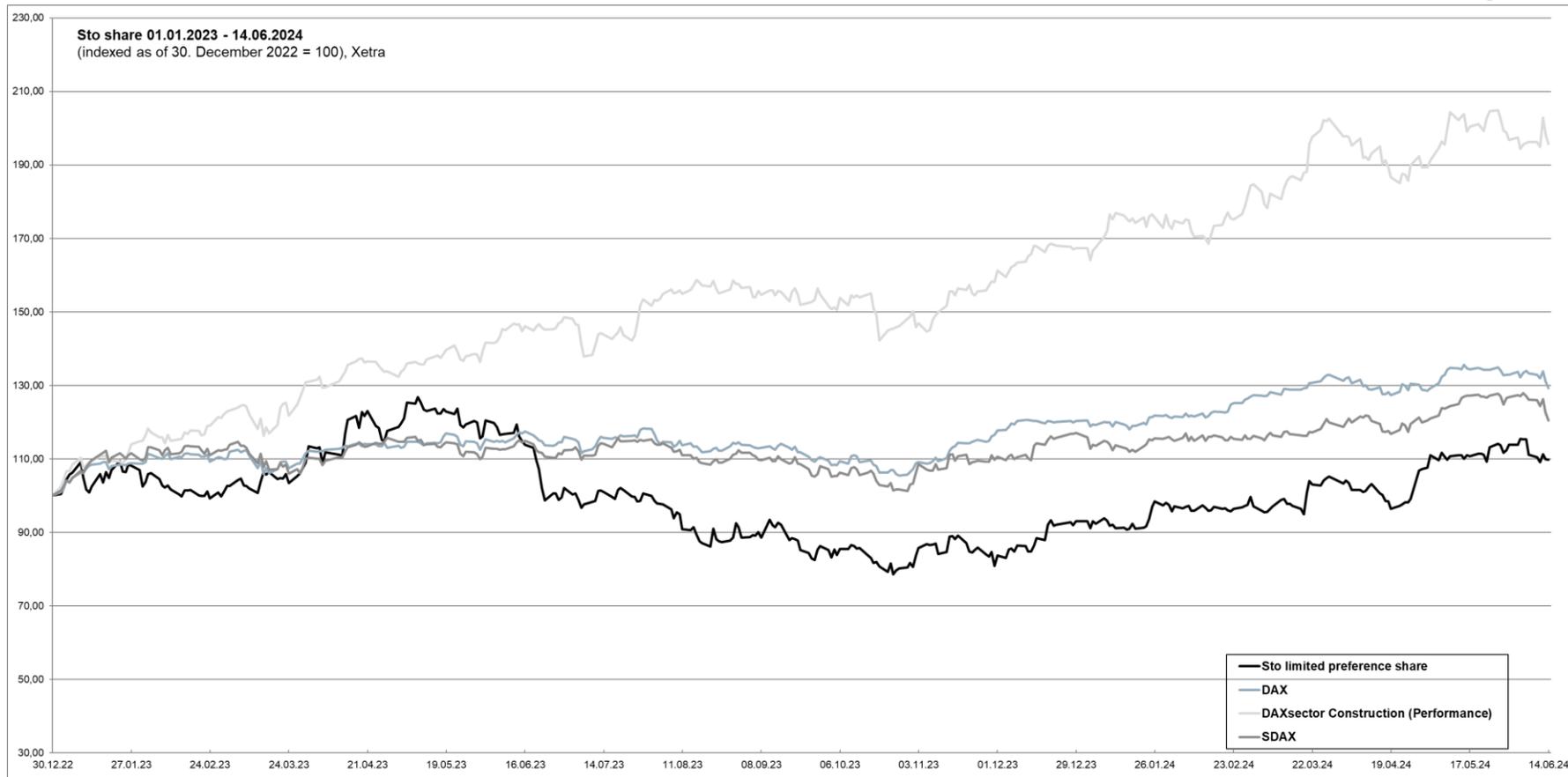


Sto Group employees

Moderate increase in 2023



Sto share | Share price trend



Overview of the strategy's target dimensions

Customer focus

We are a reliable and flexible partner, and stand for expert advice, functional products, and tangible sustainability



Performance potential

We harness and promote potential in relation to market reach, solutions leadership, and operational excellence

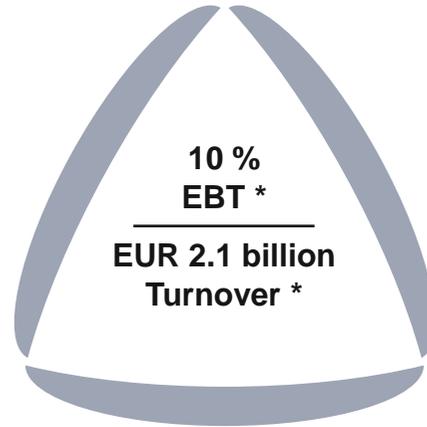
Dedicated employees

We train and develop our employees, enabling us to lay the foundations for sustainable corporate success

Medium-term targets and profit initiatives

Growth initiatives

1. Core segment of external wall insulation systems
2. Two-tier distribution
3. Market potential besides EWIS
4. Prefabricated renovation systems
5. Efficiency-enhancing – digitally supported – complete solutions
6. New sales channels, customer groups, and markets
7. New Business



Core expertise initiatives

8. Research and technology activities
9. Sustainability as a core area of expertise

Profit initiatives

10. Centrally managed supply chain
11. Efficient process organisation
12. Reduced complexity
13. Regionalisation and shared services
14. Focus on loss-making companies

* The previous medium-term target has been adjusted: for the 2025 financial year, the Sto Group is now aiming for a turnover of around EUR 1.9 billion and a return on sales in relation to EBT in a range of 7.6 % to 9.2 %.
The medium-term target for 2027 is consolidated turnover of EUR 2.1 billion and a return on sales in relation to EBT of 10 %.

Strategy implementation

Example | Some examples of success regarding the sustainability strategy

Climate change mitigation

- EUR 1.5 million investment made available for PV systems
- Green electricity share of 53 %
- Taxonomy-aligned turnover of 48.4 %

Environmental protection

- 30 % pine oil instead of crude oil in the binder of AimS® products
- Sponsorships "Blühpatenschaft" (sponsored wildflower meadow) promoted
- Marketing of green facades

Circular economy

- Recycling of EWIS carried out at the cement plant
- Treatment of residual materials and wastewater optimized



Strategy implementation

Example | Some examples of success regarding the sustainability strategy

Health and well-being

- 72 % of interior products with voluntary emission measurement
- Offerings in the areas of nutrition, sport and health protection expanded

Transparency & social responsibility

- 2,700 suppliers in the risk assessment system
- 400 products with Sustainability Data Sheets

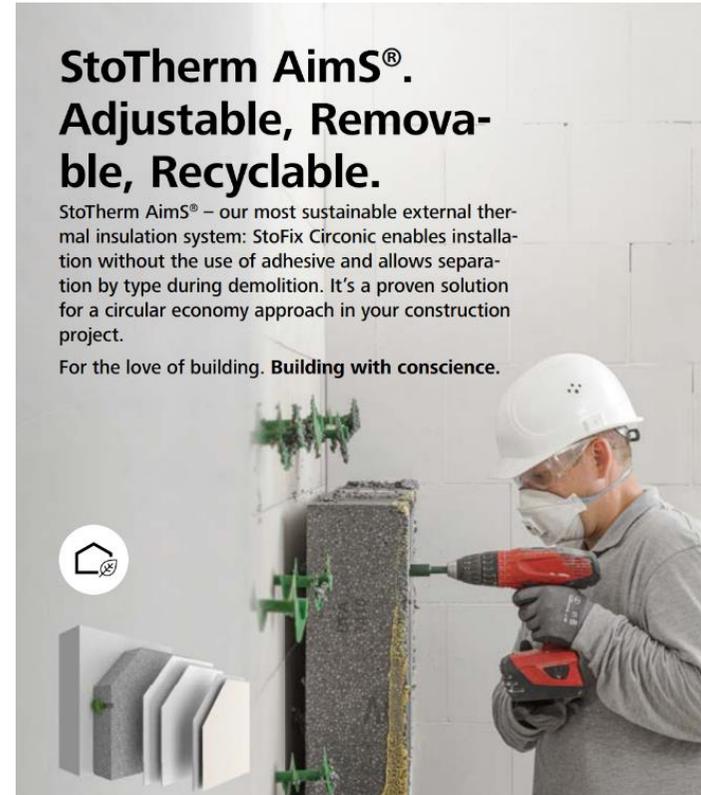
Employees

- International Clean-Up Day carried out
- Ø 11.1 years period of employment and only 3.2 % fluctuation rate



Strategy implementation

Example | StoTherm AimS



Strategy implementation

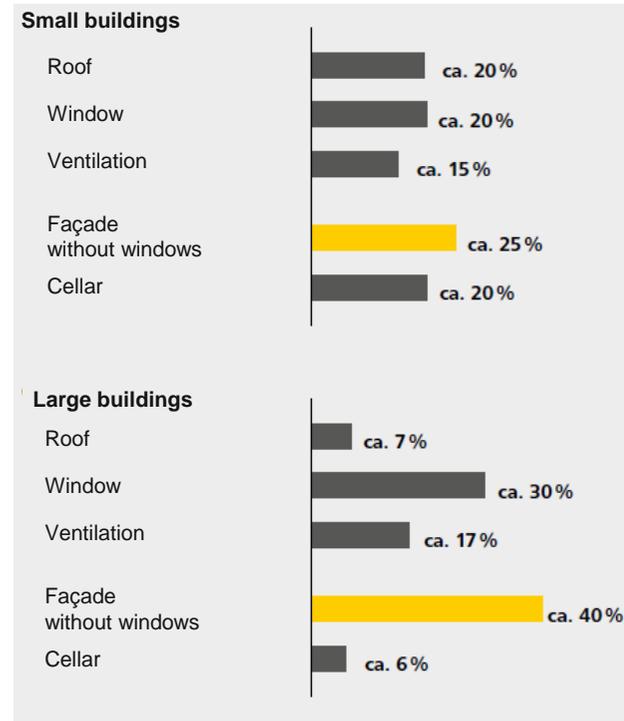
Example | EWIS core business plays a key role in sustainability



Strategy implementation

Example | EWIS core business plays a key role in sustainability

- **EWIS reduce heat loss via facades by 25-40 %** depending on the building size
- **Installing any insulant will save heating energy year on year.** This results in CO₂ savings of up to 25 kg/m² per year
- **Whichever insulant you choose, after just one year, savings in carbon dioxide will be higher than the emissions during manufacture of the insulant**



Strategy implementation

Example | Broad and high-performance insulation portfolio

A central element of our external wall insulation systems is the insulant, which can be selected from 6 different materials depending on the requirements of the construction project



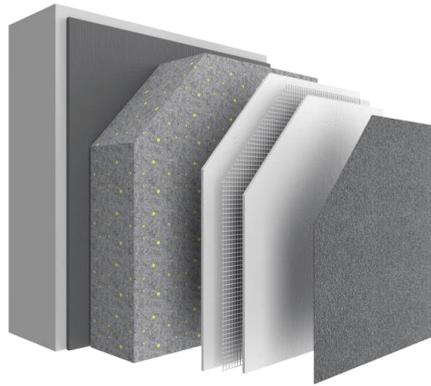
Our high-performance insulation materials, from left to right: mineral foam, wood fibre, mineral wool, polystyrene foam (EPS), rigid phenolic resin foam, rigid PIR foam

Strategy implementation

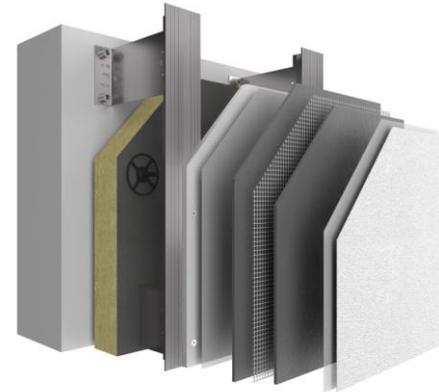
Example | Facade systems – flexible combination options

Facade systems

EWIS



RSC



The two facade systems can be **combined**

Strategy implementation

Example | StoVentec Photovoltaics Inlay

sto 
Building with conscience.

StoVentec Photovoltaics Inlay

Rainscreen cladding facade with accentuated joints and framed photovoltaic modules

Facade 

Ventilated rainscreen cladding systems

StoVentec Photovoltaics Inlay offers a sophisticated system for regenerative facade solutions with aesthetic appeal.



Strategy implementation

Example | Jonas back in first place in retail



ÜBER 250 LABELS VERTRAUEN
UNSERER QUALITÄT

- Successful development of the 2-stage distribution
- Jonas Farben is the specialist of the Sto Group for private labels



Strategy implementation

Example | Sto Webshop



- ✓ Provision of customised prices



- ✓ Download invoice/delivery note from the order history



- ✓ Real-time logistics enquiry to determine the requested delivery date (ATP)



- ✓ Simple reordering



Strategy implementation

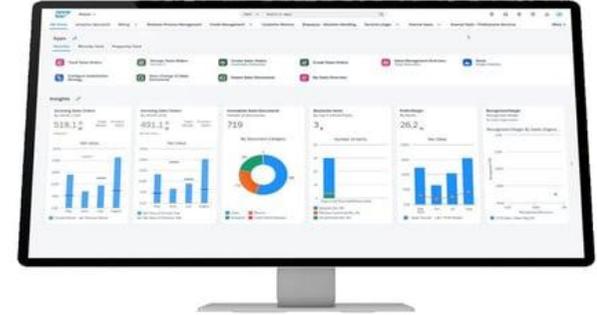
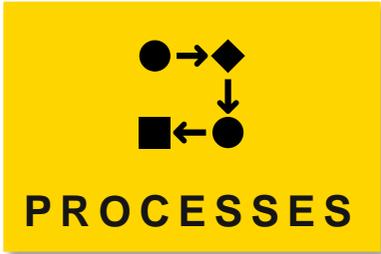
Example | Architecture competition for the Sto Innovation Campus



First place went to the design by Schulz und Schulz Architekten, Leipzig

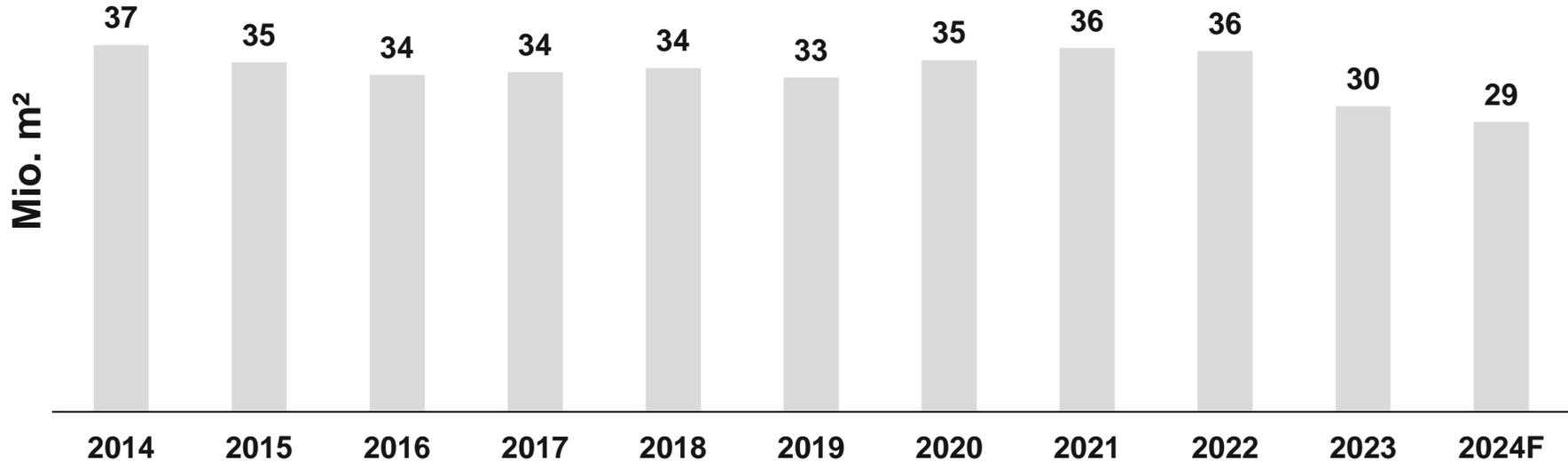
Strategy implementation

Example | S/4HANA



Development of EWIS market in Germany

Market volume in 2023 on lowest level since 2014 | Cautious outlook



Sto Group financial figures 01 – 03 2024

Highlights



341

EUR million Turnover

-6% vs. PY



6

EUR million Investments*

+7% vs. PY



5,804

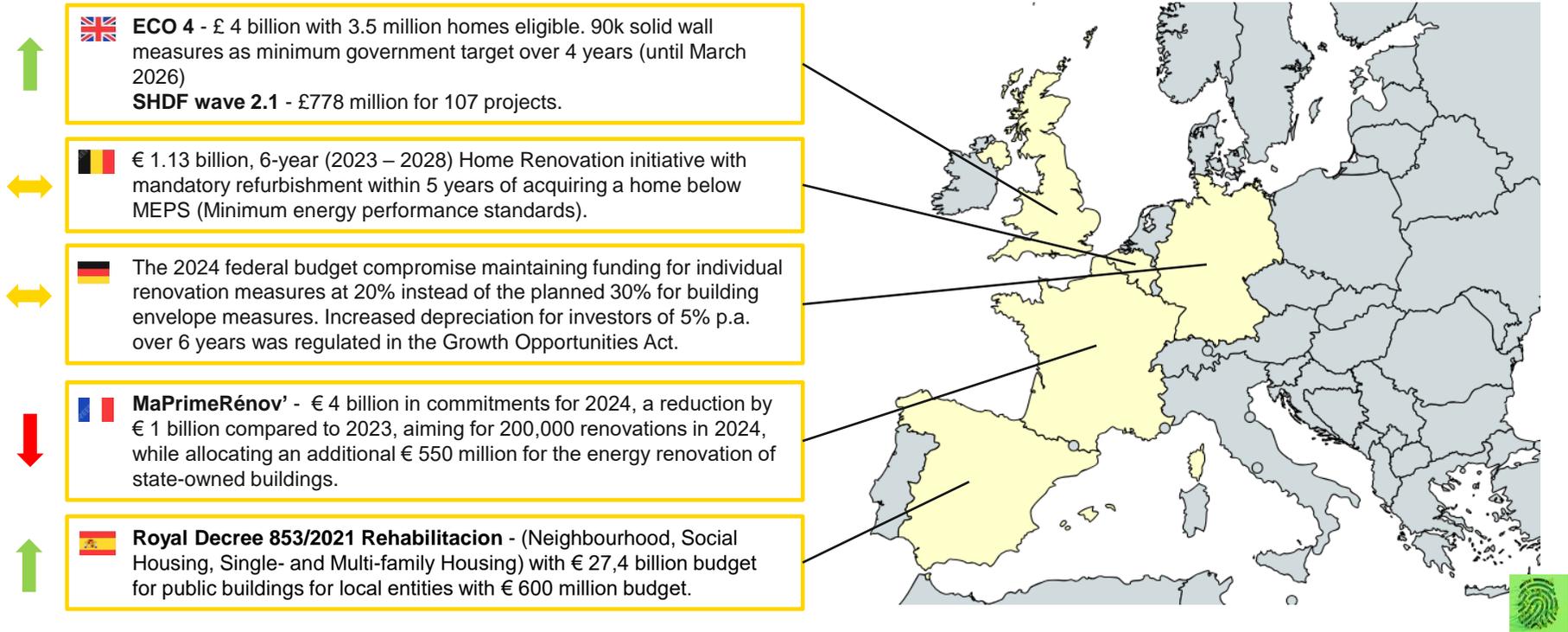
Employees

+1% vs. PY



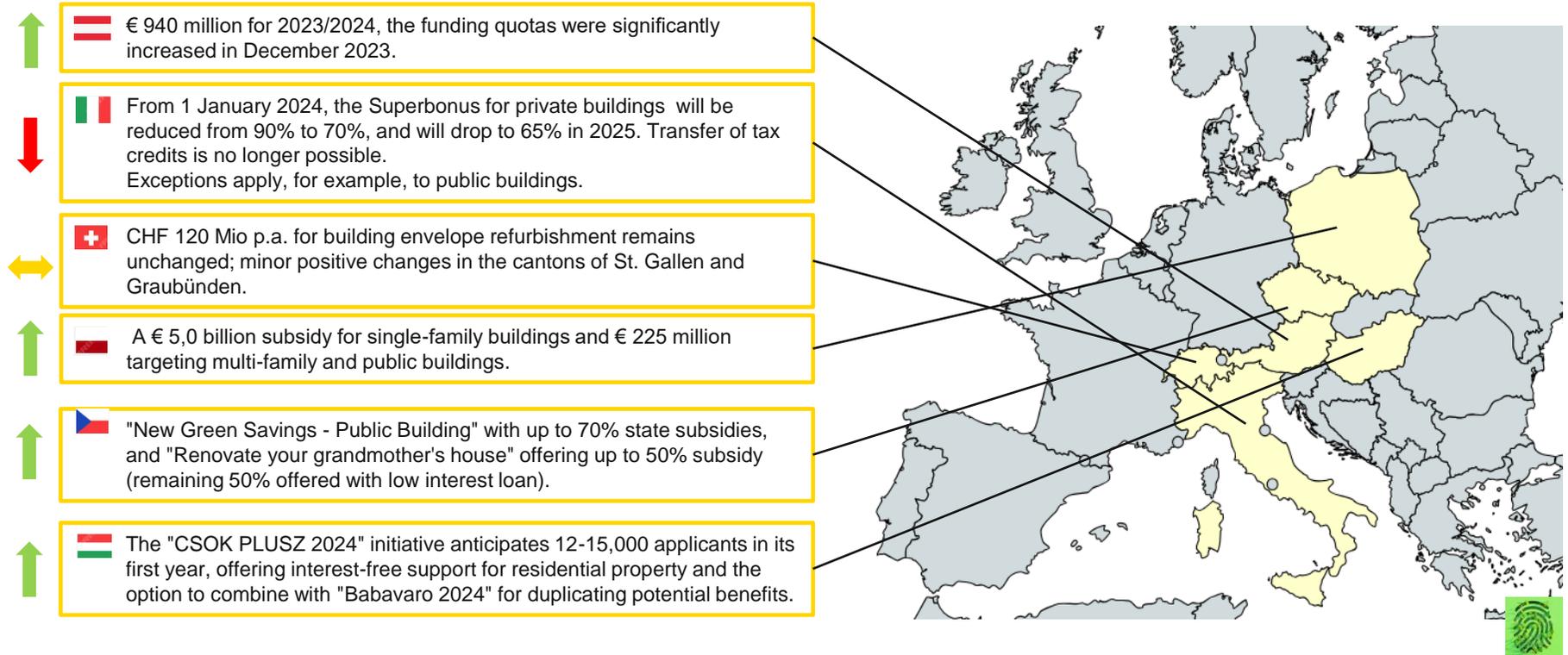
Increase in seasonally
typical Q1 deficit
compared to 2023

The landscape of subsidy schemes in Europe



Source: Funding APP; Excerpt - not complete; as at: 29 April 2024

The landscape of subsidy schemes in Europe



Source: Funding APP; Excerpt - not complete; as at: 29 April 2024

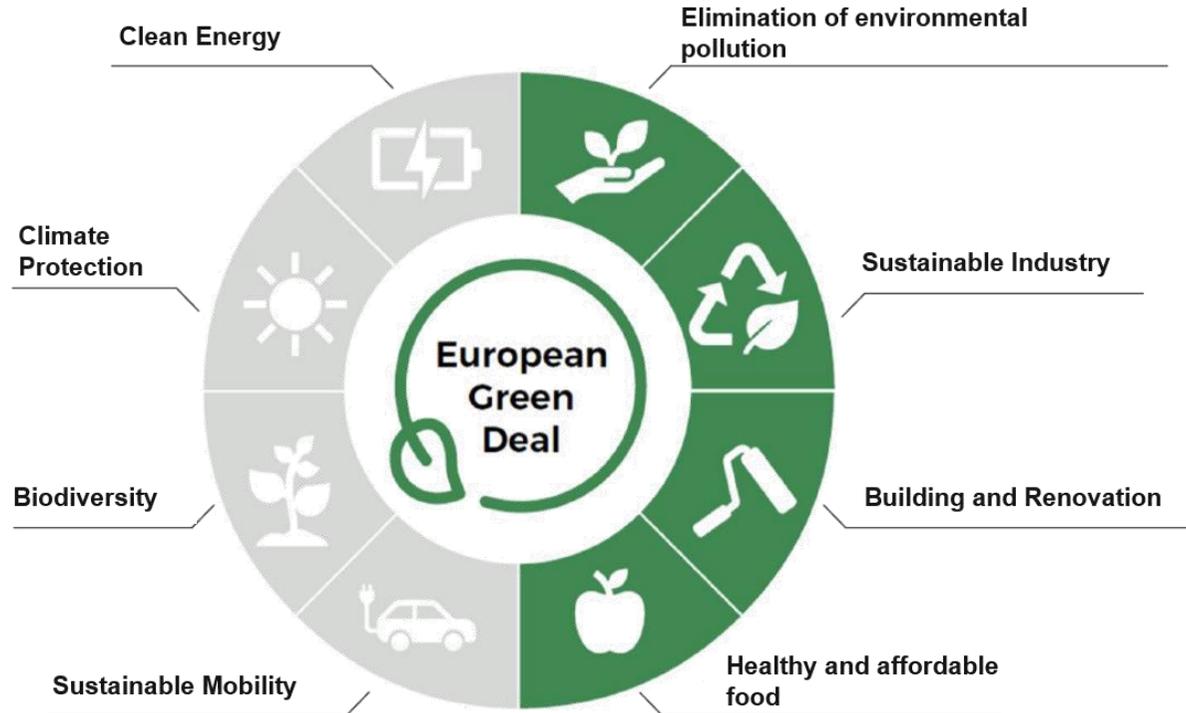
Outlook

Outlook for 2024 as a whole

	2024*
Turnover	EUR 1.79 billion
EBIT	EUR 113 - 138 million
EBT	EUR 113 - 138 million
Return on Sales (EBT)	6.3 - 7.8 %
ROCE	14.5 - 17.8 %

* In each case without factoring in the impact of an escalation of the Russia-Ukraine and Middle East conflicts.

It must be pointed out that the weather conditions, which are important for the Sto Group's business development, may have a significant impact on the development of turnover and earnings in the 2024 fiscal year. The risks and opportunities for 2024 fiscal year are described in detail in the Management report of the Annual Report 2023.



Opportunities

Example:

- The **EU Energy Performance of Buildings Directive** was adopted by the Council of the European Union
- The transposition into **national law** in conjunction with the goal of a **climate-neutral building stock by 2045** will lead to an **increase in refurbishment activities**



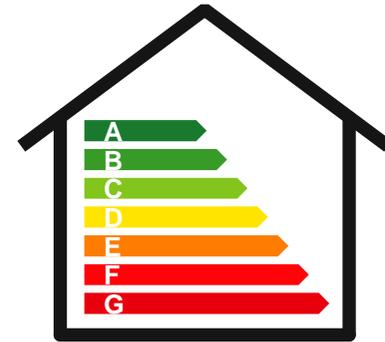
Challenges

Example:

In the ongoing discussions on the **EU chemicals strategy**, the **economic** and **technical/content-related effects** on our products must be continuously reviewed with regard to **future regulations** and adjustments made if necessary.

Status of the EU Energy Performance of Buildings Directive

- EU agreement on a standardised Energy Performance of Buildings Directive (EPBD) in **April 2024**. Implementation phase into **national law** runs until mid-2026.
- However, the EU was unable to agree on **mandatory minimum standards (Minimum Efficiency Performance Standard, MEPS for short)** for **residential buildings**. These have been introduced for **non-residential buildings**.
- **Residential building:**
 - **Reduction in primary energy demand by 2030** (by 16 % or 20-22 % by 2035 compared to 2020).
 - **Reduction of up to 55 % must** come from the so-called "**worst-performing buildings**".
- **Non-residential buildings:**
 - **Obligation to refurbish the 16 % with the poorest** energy performance by **2030**; **26 % with the poorest** energy performance by **2035**.
- In the area of **residential buildings**, the majority of savings must come from the **buildings with the poorest energy performance** – from a technical point of view, this effect cannot be achieved simply by changing the plant technology and **therefore requires improvements to the building envelope**.



Building stock in Germany

- **Sto** has extensive **expertise** when it comes to **energy-efficient facade insulation** for **new buildings and refurbishment projects**
- Although new building projects have stagnated at the moment, there is **immense demand** for **extra new living space**
- At the same time, there was and is **a high need for refurbishment of existing buildings**
- **Legislators** are called upon to set the framework for sustainable investments in the building sector
 - Do not increase technical requirements any further
 - Reduce bureaucracy
 - Targeted funding



Image source: ThePioneer & Handelsblatt, Media Pioneer Publishing AG, 2023

Awards (some examples)

 **WirtschaftsWoche**

 **GLOBAL
MARKET
LEADER**

Champion

2024

Sto SE & Co. KGaA
External wall
insulation systems

Source: Global Market Leader Index
by Dr. Walter Döring
and Prof. Dr. Christoph Müller



*Best project support &
product innovation*



Paints and lacquers



Thank you for your interest!

Sto SE & Co. KGaA

19 June 2024

Sto SE & Co. KGaA reception building
Design: Wilford Schupp Architekten, Stuttgart, DE
Orange Blu, Stuttgart, DE

