Bewusst bauen.

Speech by Rainer Hüttenberger,
Chief Executive Officer
of STO Management SE, Stühlingen/Germany,
acting for Sto SE & Co. KGaA, Stühlingen/Germany,
on the occasion of the Annual General Meeting
held on 18 June 2026

- The spoken word prevails -

Initial chart

Ladies and Gentlemen,

Welcome to the Annual General Meeting of Sto SE & Co. KGaA.

I shall begin my address today with a brief look back, or rather a comparison: when I stood before you here a year ago, the new German government had just presented its coalition agreement. We were certainly able to draw positive conclusions for Sto from this. Twelve months on, I would like to compare what was announced at the time, what has since been achieved, and where significant differences are coming to light. I will also briefly address the big geopolitical issues and their consequences, which are currently dominating our environment, before explaining all the key facts in relation to the 2025 annual financial statements. I will also tell you about ongoing strategic initiatives within the Sto Group and our business performance in the first quarter of 2026. I would like to conclude with the outlook for 2026 as a whole – which, given the current global situation, is very difficult and uncertain.

Regulatory environment in the construction sector

First, then, let’s turn to the framework conditions and the points that are important for Sto:

The construction sector plays a key role in the coalition agreement for achieving the climate targets. This was, and remains, a positive sign for us, as this fundamental commitment provides clear impetus for energy-efficiency refurbishment measures and, consequently, for Sto.

To narrow the gap between housing supply and demand, which has been growing for years, the so-called ‘construction turbo’ was also announced. The plan was to introduce state subsidy measures and a comprehensive reduction in red tape to enable new construction projects to be implemented more quickly and, above all, more easily.

The aim was also to pick up the pace with the help of serial, modular construction methods. These are designed to enable economies of scale and efficiency gains.

Refurbishment measures and heating modernisation were to be given equal weight in the state subsidy measures announced in the coalition agreement.

In addition, tax incentives were to be created for energy-efficient refurbishment measures, and one-fifth of the EUR 500 billion Special Fund for Infrastructure – that is, EUR 100 billion – was to be channelled into construction investment.

A year ago, it certainly looked like Germany was heading in the right direction in this area. The country was embarking on a path of promoting construction and refurbishment in the interests of climate protection.

What has been implemented since then, and what are our expectations today?

Looking at the projects launched so far, a clear focus emerges: the government continues to rely primarily on regulation rather than effectively promoting investment. This is evident, for example, in the Building Modernisation Act. It replaces the so-called 'Heating Act' (Heizungsgesetz) and is intended to pave the way for a climate-neutral heat supply in Germany.

In essence, we are very pleased with the agreement reached after a long struggle, as fixed, reliable regulations are the key enabler for finally getting refurbishments and investments back on track. However, the draft leaves many questions unanswered and lacks clarity on key issues. Experts criticise the bill for its lack of practicality, arguing that the regulations are barely comprehensible and will result in additional bureaucratic and consulting costs. In addition, there are serious doubts as to whether climate targets will be met if the law comes into force as planned. The Bundestag (Federal Parliament) and Bundesrat still need to approve the draft.

Serial construction methods, which are to be accelerated, are being addressed at a political level, but market penetration in Germany has so far been very low. Among other things, industrial prefabrication, which has many advantages, is being held back by complicated, inconsistent regulations. For instance, there are 16 different state building regulations in Germany with varying rules and requirements, which makes scaling up extremely difficult.

It is becoming clear that heating is being given clear priority in the state subsidy measures planned so far. The proposals – for example in the Building Modernisation Act – primarily concern the energy source rather than the building envelope, even though the latter plays an essential role. An insulated building is essential for the efficient use of heat pumps.

The Efficiency House 55 subsidy, which had expired, was reintroduced in mid-December last year. It is part of the 'construction turbo'. The government wants to offer low-interest loans for new construction or the purchase of residential buildings that meet a certain efficiency standard to make it more attractive to invest in residential construction. However, this funding initiative is for a limited period of time.

Infrastructure funding from the Special Fund has been made available as announced, but implementation of the funded measures is taking a very long time. We have not seen much impact yet. In addition, funding programmes that have already been adopted keep being amended and cut.

In summary, politicians have realised that a reliable statutory framework needs to be created and maintaining the status quo is not an option. The announcements made were promising, but policymakers evidently do not yet appreciate the urgent need to take action. From our point of view, there can be no talk of 'turbo' or 'new beginning'.

Global uncertainty

These sluggish political changes in Germany are compounded by exceptionally high geopolitical risks. They increased again significantly over the last year and pose unprecedented challenges for the global economy. The war in Iran in particular has serious repercussions and it is impossible to predict exactly how this will ultimately play out.

According to the latest publication in April by the International Monetary Fund

(IMF), which issues an updated forecast on trends in the global economy several times a year, the overall picture as it sees it – and I quote – is “more downside risks than upside potential” for global economic development in 2026. In particular, the IMF warns of the risk of high energy prices and rising inflation. The researchers have lowered their expectations and now expect global growth to be just 3.1 %. This assessment is based on the optimistic assumption that the war will be “of limited duration” and disruption to energy supplies will ease by the middle of the year. According to the IMF, significantly less favourable scenarios are also possible.

The extreme level of uncertainty at the moment is a big problem not just for economic researchers, but for all of us, including companies and private individuals. Conditions change on an almost daily basis and you can no longer really make reliable predictions. A stable environment is essential if you want to make well-informed decisions.

We do not know what will come next, but we can see the economic consequences to date: global supply chains are being disrupted, there is a threat of shortages in the supply of some goods, energy prices have shot up, and high costs and growing risks mean that less and less money is being invested.

Then there are also tariffs or threatened tariffs, unresolved trade conflicts that are constantly changing, and sanctions. It is also far from clear what will happen next in Russia’s war on Ukraine. All these factors are slowing down any momentum for economic growth, driving up inflation, and having an impact on the financial markets.

If these conflicts persist for a long time or escalate, the level of uncertainty will increase still further. It is getting more difficult to make forecasts.

Challenges in Europe

In the European markets, where Sto has a strong presence, priorities are clearly shifting: rearmament is becoming a top priority and climate protection is taking a back seat. Growth drivers like the Green Deal and the EU-defined climate targets, which actually present great opportunities for Sto, are being curbed. In addition, there are the negative effects on the economy, higher inflation, and rising interest rates, which is making it more expensive to invest.

Housing completions in Germany

The economic outlook also continues to deteriorate in Germany. At the start of the year, there were justifiable hopes for a reversal in the trend in the domestic housing market: 2025 saw the number of building permits issued rise again for the first time in many years, specifically since 2021. We assumed that this positive trend would continue. However, following the outbreak of the Iran war, this assumption must be questioned because investments are often delayed when the situation in the economy deteriorates.

Another factor is that completions, which means houses and apartments that are actually constructed (shown here in the lighter bars on the right), continue to decline despite increasing numbers of permits being issued. This is not just a trend for 2025, because completion numbers are expected to decrease this year as well. There are a variety of causes: rising construction and financing costs, high demands placed on buildings, complicated, expanding standards and building regulations, unstable funding conditions, and long planning and approval periods. There are both economic and structural reasons why the construction of housing in Germany is being hampered.

The last government wanted to ensure that 400,000 new homes were built each year to cater for the big increase in demand. There was not a single year in which this target was met. Quite the opposite in fact: fewer new homes have been built recently than at any stage for more than ten years. The gap between supply and demand is becoming ever wider.

Building permits in the EU 2024–2025

In the EU, the number of building permits issued in 2025 also increased overall, with evidence of a differentiated trend between the individual regions. Some countries that are important to Sto displayed a very good trend, with increased rates being seen in Hungary, Sweden, Spain, and France, for example. By contrast, the number of permits issued declined in the Netherlands, Austria, and Belgium. Germany slots in the middle between these two groups with its minimally positive growth rate measured by square metres of usable area.

Interest rate trends in the eurozone

Whether construction takes place and how many buildings are constructed depends very much on the cost of funding these projects. Here you can see the trend in German government bonds – they provide a solid foundation for interest-bearing assets such as mortgage interest rates in the euro area. The rise in benchmark interest rates due to recent geopolitical developments is causing construction interest rates to increase. This in turn makes it more expensive to obtain finance, reduces returns, and acts as a brake on the construction industry.

Climate neutrality

In Germany, it is not just new housing construction that is way below expected levels, despite the gap in demand, but the renovation rate as well. The construction sector is responsible for almost a third of all CO2 emissions in Germany, so there is an urgent need to carry out refurbishment measures to make existing buildings more energy-efficient simply to help protect the climate. Instead, the rate has been declining for many years: in 2022 it was 0.88 % and last year it dropped even further to 0.67 %. To achieve the climate targets, an annual renovation rate of 1.9 % would need to be achieved by 2031 – not only are we a long way from achieving this, but we are actually heading in the wrong direction. On the right side, you can see the performance in the facade segment that really matters to us – here too the trend is a declining one.

In addition to the benefit for the climate, homeowners and tenants could also benefit from improvements to the building envelope, thanks to increased energy efficiency and lower heating costs. High energy costs at the moment are making this a key topic for discussion and an issue that the public are increasingly aware of. This could speed up political decisions, which would present a great opportunity for all of us. However, it is entirely unclear in which direction any countermeasures may go, whether the government will continue to champion short-term “flagship” compensation projects, or encourage people to save energy.

Subsidy landscape European Sto markets

As has been shown on numerous occasions in recent years, targeted subsidy programmes can provide an effective impetus to spark investments. But in many European countries, programmes like this are being curtailed rather than stepped up. You can see here that only in Hungary and Poland are there increased incentives to invest. In many countries, the measures remain at the existing level, and the amount of support is actually declining in five European countries, including Germany. The EU is also not pulling in the same direction when it comes to providing funding. As a consequence, potential for growth is not being fully exploited.

Sto Group 2025

In view of this general climate and the trends we have outlined, we are satisfied overall with the performance of Sto SE & Co. KG as a business in 2025. Despite facing headwinds, we achieved all forecast figures: Group turnover was EUR 1.59 billion and was actually slightly higher than the forecast target of EUR 1.57 billion. Consolidated earnings, which had fallen very significantly in 2024, improved and met the forecast exactly. Compared to the previous year, EBIT rose by 9.5 %.

Sto Group turnover

The negative currency and consolidation effects as a whole played a role in Group turnover declining by 1.3 %. Adjusted to reflect these effects, slight growth of 0.5 % is calculated for the 2025 financial year.

Sto Group turnover (in Germany and outside of Germany)

The turnover generated outside of Germany in 2025 decreased by 1.4 % to EUR 945 million. In Germany, the business volume decreased by 1.2 % to EUR 646 million. The share of Group turnover generated outside of

Germany decreased by a minimal amount from 59.5 % to 59.4 %.

Sto segment turnover

Here you can see the distribution of turnover between Sto's three segments: in Western Europe, where we generate more than three-quarters of the Group's business volume, turnover fell by 1.6 %. By contrast, in the Northern/Eastern Europe segment, which contributes 10 % of Group turnover, we achieved an increase of 3.4 %. The trend in the America/Asia/Pacific segment was impacted by the significant decline in the volume of business in Canada and China and negative currency translation effects in relation to the US dollar. Owing to the very poor business performance in Canada, the Executive Board has decided to gradually wind down the operations of our subsidiary, Skyrise Prefab Building Solutions, Toronto. The timing of the closure will depend on the final completion of projects currently in progress. This decision will not affect our successful StoPanel business in North America, which we will continue to develop. In this segment, which accounts for 13 % of total business volume, turnover declined by around 3 %.

Sto Group turnover (by product group)

In our largest product group, facade systems, the Sto Group's turnover declined by 1.4 % in 2025, with turnover of facade coatings falling by around 3 %. Turnover for interior products and in the other product groups stabilised at roughly the same level as the previous year.

Gross profit Sto Group

Let's move on to the earnings trend, which improved as planned compared to the previous year. The gross profit ratio, which is the ratio of material costs to total revenues, rose slightly from 54 % to 55 % despite persistently high pressure on sales prices. Gross revenues decreased from EUR 1,610 million to EUR 1,591 million, and gross profit decreased from EUR 874 million to EUR 869 million.

Sto Group: EBT and earnings after taxes

In 2025, earnings before taxes (EBT) increased by EUR 4 million to EUR 65 million, while earnings after taxes (EAT) increased from EUR 38 million to around EUR 39 million. The main forces driving this improvement were our globally restrictive spending policy, which enabled us to address the high pressure on margins, and the pact for the future, which we agreed in March last year. This pact sets out the collective bargaining structure for 2025 and 2026 for Sto SE & Co. KGaA and StoCretec GmbH and helped us to reduce personnel costs and secure jobs. Key savings were also achieved in terms of purchasing conditions.

P&L Sto Group

Here you can see the most important items in our statement of profit or loss. Personnel expenses, which fell by 1 % to EUR 430 million, also reflected the reduction in the workforce alongside the pact for the future that has already been mentioned. On the other hand, costs were increased by collective bargaining effects at individual companies outside of Germany and subsequent collective bargaining effects from the previous year.

Cash flow Sto Group

The cash flow from operating activities increased from EUR 91 million to EUR 95 million. In the Sto Group, cash and cash equivalents totalled EUR 115 million at the end of the year after EUR 111 million on the same day of the previous year.

Investments and depreciation/amortisation

In 2025, investments in property, plant, and equipment, and intangible assets, at EUR 44 million, were above the previous year's figure, but slightly below the planned volume of EUR 45 million. Depreciation and amortisation of property, plant, and equipment, and intangible assets amounted to EUR 42 million.

Selected individual investments – Metzingen SalesCentre

The larger individual investments in the year under review included the purchase of a location in Metzingen. The SalesCentre, which was previously based in the nearby town of Reutlingen/Germany, was housed in leased premises that were sold by the owner. The resulting termination of our lease presented us with significant challenges but, thanks to extraordinarily efficient work to implement the project, the new location in Metzingen was taken over, renovated, and furnished within a very short space of time. Here you can see the sales area, the storage facility, and the tinting area. The photo at the top right shows a view of the outside.

Selected individual investments – STOMIX

At the beginning of August, following a planning and construction period lasting almost two years, our subsidiary STOMIX in the Czech Republic celebrated the opening of a new factory hall and two new production lines for manufacturing ETICS brick slips, which are facade brick slips with a brick look. This investment has enabled us to triple our production capacity at this location.

Sto Group balance sheet

Back to the figures: the Sto Group's assets and liabilities situation remained very solid in 2025. The equity ratio improved to almost 66 % and, as I mentioned, cash increased to EUR 115 million.

Sto Group employees

On 31 December 2025, the Sto Group had 5,482 employees worldwide, 117 fewer than on the same day of the previous year. The workforce outside of Germany fell by 84 people to 2,415, with the number of Sto employees in Germany declining by 33 to 3,067 compared to the same day of the previous year.

Sto share – Share price trend

Let's take a brief look at the performance of the Sto share: the Sto preference share increased in value by 13.3 % in 2025 and at year end was listed at EUR 121.20.

In 2025, Germany’s leading index, the DAX, which you can also see here, increased its value by an incredible 23 % despite the mixed economic situation. This performance was significantly supported by the German government’s billion-euro infrastructure package, which fuelled investors’ investment hopes. The SDAX, in which mainly medium-sized German companies like Sto are listed, improved by around 25 %.

The Construction sector index, which tracks the German construction industry, increased by a surprising amount. It rose by 99 % year-on-year. This unusually strong growth was primarily for structural reasons: the index is dominated by large infrastructure companies like Heidelberg Materials or Hochtief, which are currently benefiting significantly from public investment programmes.

In the first few months of 2026, the Sto share largely fell in value, apart from a brief interim high in February. At its peak, the share price has fallen by almost 20 % since the beginning of the year. At the start of this week, it was EUR 101,40. This represents a decrease of 16 % compared with the closing price at the end of 2025.

Strategy 2030 – Strategic targets at a glance

Ladies and gentlemen, last year I told you about the further development of our corporate strategy, whose planning horizon ran out in 2025. We have developed a comprehensive update, reviewed the effectiveness of our strategic direction, and incorporated the current environment. In essence, we explored the following question: What do we need to do to ensure we not only remain competitive, but also develop Sto successfully under the current conditions?

To help us achieve this, we defined six fundamental strategic targets, which you can see here. They define our key strategic direction and provide guidance to the workforce.

Strategy 2030 - Initiatives

The targets will be implemented with ten initiatives, all of which are already underway. I would like to introduce you to a few of the projects.

Strategy implementation – Solution leadership

The first example is all about our strategic goal of solution leadership. For us, this means we want to offer solutions that go well beyond the simple range of products or systems.

To achieve this target, we are increasingly designing complete solutions – from storing materials to fully automated application of the material. We are also increasingly using digital tools to simplify, professionalise, or automate work processes for our customers. For example, we are using robot cells to enable our customers in the prefabricated house industry to apply our components in fully automated fashion. We combine the product, process, and the required machines, which optimises the use of Sto systems and increases the added value for our customers. Since autumn 2025, we have been offering these fully automated fabrication cells to our prefabricated building customers. In addition, we offer our partners excellent technical support and top-class advice on applications.

The following short film illustrates the services we offer.

Film

Strategy implementation – Omni-Channel sales

Let's take a look at our trade customers. To improve our sales and make them more efficient, we rely on a proactive omnichannel approach. The aim is to make it as easy as possible for customers to reach us at any time via various sales channels. Our customers, who continue to receive support in person from the dedicated sales force team, can also access an web shop. It can be utilised at any time, from any location. In addition, we are continuing to develop the role of the SalesCentres, which will have an even greater focus on sales in the future. This means our direct distribution, which has been deployed with great success for many years, is being expanded with the aim of enabling us to serve and impress a much wider customer base.

Strategy implementation – Rising segments – Conductive coatings for floors

We are also continuing to develop our product range – especially in growth segments. In the image, you can see our dissipative floor coating StoFloor ESD

KU 164. The system can dissipate electrostatic charges that can be caused by excessively low humidity, movements by human beings, air circulation, and material handling, making it suitable for places where sensitive electronic components are used – in data centres, for example. With all the hype surrounding artificial intelligence, these centres are being built all over the world and so present great potential for Sto. ESD floor coatings are also used in the automotive and automotive supply industries, in semiconductor manufacturing, in the electronics industry, and in clean rooms.

Strategy implementation – StoTherm AimS

Our StoTherm AimS product line is renowned particularly for reflecting the sustainability of our offer. The components of this system are based to a very large extent on renewable and sufficiently available raw materials. Significantly less crude oil is used in their production, resources are conserved, and emissions are minimised. It can also be separated by type and returned to the circular economy.

Last year, we added the mineral bonding and reinforcing mortar StoLevell Neo AimS® to this product family. Thanks to the patented technology, this mortar does not require any of the cement that normally has to be used. Around 50 % less CO_2 is emitted during production than with comparable products – without any restrictions during application. With technologies such as the AimS line, we are tapping into enormous potential for existing and new use cases.

Strategy implementation – Tangible differentiation (Sportlerhaus Hamburg)

I would like to present two impressive architectural projects to show you our expertise in the area of “rigid cladding”. Facade solutions with brick slip and ceramics have become much more important in Europe in recent years, and these two examples demonstrate the opportunities they open up.

In Hamburg’s HafenCity, a number of sports-loving families came up with the idea for the “Sportlerhaus”. This eight-storey residential building with commercial units impresses with its striking facade featuring three-dimensional ceramic elements. Based on Hamburg's tradition of using clinker bricks, the architects chose glazed ceramic elements from Sto as a contemporary reinterpretation of this tradition.

The elements used were our ETICS system StoTherm Mineral and the structural ceramic material StoCera in a light-grey glazed version. By alternating the inclination of the ceramic tiles, the partly three-dimensional surface of the building creates interesting lighting effects and shadows – depending on the angle you look at it and the time of day. Surface protection was not required because the glazed ceramic material does not provide a surface that can be besmirched by weather-related deposits, algae, or graffiti.

Strategy implementation – Tangible differentiation (The Pulse Amsterdam)

The imposing building complex "De Puls" was constructed in Zuidas, a fast-growing business district in Amsterdam. This striking building also features on the front of our latest annual report. The perimeter block development with two superimposed towers combines office and residential use. In the connecting building at the base, there are also a number of communal and public facilities that provide a place for people to meet.

While the straight office tower has a metal grid facade, the residential tower, which you can see here on the right in the picture, is noted for its three-dimensional, brick-style design. The extraordinary effect is produced by bay-like projections and twists in the upper floors. The highly energy-efficient facade was insulated with the StoTherm Mineral system, and the desired brick look was created using the StoCleyer B mineral facade brick slips. The two lower floors of the podium were clad with the glazed ceramic material StoCera.

Strategy implementation – Tangible differentiation – [ark] insights

The medium that we use to highlight special reference projects is our architecture magazine [ark]. In addition, we provide [ark] insights films that showcase outstanding architecture, fascinating materials, individual solutions, and the people behind these projects. This gives us an authentic way of showing the contribution that Sto makes to sophisticated international architecture.

The following trailer provides a brief insight.

Film

You can go to the website ark.sto.com to see for yourself the kind of international architecture projects where Sto solutions play a crucial role.

Strategy implementation – Sustainability strategy

Sustainability, which we consider to be one of Sto’s core competences, is a key strategic dimension for Sto. A sustainable approach permeates all our areas of influence and all stages of the value chain.

Sto’s sustainability strategy is divided into six topics. Here you can see the first three priorities – climate protection, environmental protection, and the circular economy – with a few examples of results we achieved in 2025.

German Sustainability Award 2026

The double accolade that Sto received at the “German Sustainability Award for Products 2026” provides wonderful evidence of how successful our activities are proving to be. It is considered the highest European award for ecological and social commitment.

The first category in which we won an award this year was climate: this was in recognition of the cement-free and therefore CO2-optimised bonding and reinforcing mortar StoLevell Neo AimS, which I presented to you earlier. Our second winning product was our insulation board fixing StoFix Circonic, which improves the recyclability of external thermal insulation composite systems. It received the first award in the Resources category

Strategy implementation – Sustainability strategy – Sto climate partner initiative

We form an expert network of specialists in energy-related refurbishment measures with our Sto climate partner initiative. Qualified specialist businesses and owners that are actively involved with the latest specifications and developments in relation to the building envelope and want to work with us to help shape climate change can participate in the programme and will be actively supported by our experts. There are already more than 1,000 Sto climate partners and the group is expanding all the time. A range of different event formats, personal interaction during training courses, and professional marketing support enable the participating trade businesses to present themselves as expert partners to their customers.

Strategy implementation – Sustainability strategy

Here is the second half of our six key areas of focus for sustainability: health and well-being, transparency and social responsibility, and employees. More details about all these topics are summarised in the sustainability statement, which has been integrated into our Group management report since 2024. This statement provides information on key activities in our fields of action, as well as the statutory disclosures required by the EU Taxonomy Regulation.

Building Public Trust Award 2025

The 2024 report, which voluntarily fulfils the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), received the Building Public Trust Award 2025, which is presented by the auditing company PwC. In the “CSRD Pioneer in the SDAX” category, the jury was particularly impressed by our transparent, credible, and balanced reporting. Congratulations on this excellent accolade must go to the team responsible for producing the sustainability statement.

Strategy implementation – Culture and personnel development

Sto’s strategy is very much underpinned by our workforce. These are the people who bring our plans to life and put them into practice. We aim to develop and promote our employees, and help them make the most of their skills. We are very proud of the performance of our employees. On behalf of the entire Executive Board, I would like to take this opportunity to express my sincere thanks for their exceptional dedication and the initiative they show.

We set specific priorities with our culture and personnel development. For example, the Sto Culture Evolution programme is designed for managers.

More than 500 employees have already taken part in it. First and foremost, it aims to strengthen management skills and fill as many management positions in the Sto Group as possible from within the company's own ranks.

Our Sales trainee programme is also designed to be a channel for filling key positions in the future. With this practical training, we seek to develop talented individuals specifically to work in field sales. 16 individuals have already successfully completed this qualification programme.

Development of ETICS market in Germany

Ladies and gentlemen, we consider ourselves to be in a good position. Everyone in the company takes responsibility, the strategy sets our direction, and we have all the resources we need to unlock the potential that undoubtedly exists in our markets as soon as conditions start to improve.

In the long term, for example, we expect to see rising demand in the market for external thermal insulation composite systems, which is our core segment. This is firstly because energy-efficient measures on the building envelope help to reduce CO_2 emissions, and secondly because they reduce energy demand and therefore operating costs.

However, sales of external thermal insulation composite systems in Germany have not grown in recent years, but have actually fallen. 2025 also saw a decline in sales of this product. The negative trend continued in the first quarter of 2026; this was mainly attributable to the weather with severe frost in January followed by wet and cold weather in February. Another factor is that the expected recovery in the construction industry is taking a very long time to pick up pace, as has already been outlined. As we move through the rest of 2026, the Iran war is likely to be another disruptive factor. Nevertheless, the market research institute B+L expects we will see a return to a positive trend for the first time during the course of this year, but it lowered its forecast growth rates at the beginning of the year from 2.5 % to 1.6 %.

Increased investments from the Special Fund for Infrastructure and Climate Neutrality, which the German government has announced, could have a positive impact. However, it must be assumed that these funds will take some time to filter through to the facades market and will only provide a small boost for the time being.

Sto Group financial figures Q1/2026

To some extent, our financial statement as of 31 March 2026 reflects a concurrent development: the inclement weather seen in the first two months of the year coupled with the ongoing slump in the construction industry resulted in the Sto Group’s turnover falling by a total of 2 % to EUR 319 million. A negative effect of EUR 3 million overall arose from currency translations. Adjusted to reflect this effect, the Sto Group recorded a decline in turnover of 1 % in the first quarter.

Investments in property, plant, and equipment, and intangible assets were almost EUR 6 million up to the end of March. The biggest individual investments included the SAP S/4HANA project. Implementation of this multi-year project is a corner stone for the implementation of the digital transformation of the Sto Group. In addition, we have acquired a previously leased location in Austria where the SalesCentre for the Vorarlberg region is based.

The number of employees working for the Sto Group on 31 March 2026 was 5,510. In comparison to the reference date of the previous year, this represents a decline of 1 %.

The deficit, which is typical for the season, increased in the first quarter. The main reason for this was the lower turnover volume. In addition, personnel expenses rose. At the end of the reporting period, there was a noticeable pricing pressure on the procurement side that results from the Iran war and was not yet reflected in the quarterly earnings.

Business development in the month of April was up on the previous year and above expectations. In the month of May, it was lower than both the previous year’s figure and expectations.

Forecast

As I explained at the start, any predictions about how things will pan out in the next few months currently entail an extremely high level of uncertainty. With the parameters changing constantly, it is almost impossible to make reliable statements.

In our forecast for 2026 as a whole, we expect to see only slight growth in turnover to EUR 1.62 billion in the Sto Group. We expect EBIT to be in the range of EUR 56 million to EUR 76 million and earnings before taxes (EBT) to be between EUR 55 million and EUR 75 million. The return on sales in relation to EBT should therefore be between 3.3 % and 4.7 %, and the return on capital employed (ROCE) should be between 7.4 % and 10.2 %.

The specific impacts resulting from the war between Iran, Israel, and the USA cannot be reliably quantified and are not included in these figures. However, we must expect that the war will lead to increases in purchasing prices, and in some cases we are already starting to feel the impact of higher costs. It is currently unclear whether there will be any adverse effects on demand in the markets relevant to our business or any restrictions in the conduct of our business activities or the supply of raw materials, bought-in products, and energy. At the moment, we do not expect that there will be.

Awards

Before I conclude my remarks, I would like to highlight two very pleasing awards that we have received. They show that our good position in the market is also recognised by objective observers.

Our Austrian subsidiary Sto Ges.m.b.H. was nominated in 2025 for the State Award for Corporate Quality as one of the five best companies in the country. This award has been presented by the Federal Ministry for Economic Affairs, Energy, and Tourism together with Quality Austria for the last 30 years. It recognises companies and organisations that impress with their overall quality, innovative strength, and excellent leadership culture.

The awards ceremony for the finalists took place in Vienna at the beginning of June 2025, with the jury acknowledging in its reasons for the award Sto's clear strategic profile with a real focus on sustainability, innovation, and customer centricity, right through to getting customers actively involved in product development. The leadership culture that is actively demonstrated also received particular mention.

The second award I would like to mention is the accolade of “world market leader for external thermal insulation composite systems”, which we have received for the seventh time. This award is presented to medium-sized companies that are active in fast-growing markets, invest in innovations, and trade internationally. Other factors considered include a solid financial structure and brand appeal. The seventh award in a row shows that our employees work to the highest standard even under difficult conditions and attests to our excellent position in the market.

Ladies and gentlemen, I would like to conclude on a personal note: at the end of 2025, after more than 33 years of working at the Sto Group, Michael Keller retired. His most recent role was as Deputy Chief Executive Officer and he very much shaped our company – through his market knowledge, his close bond with our target groups, and his great level of expertise. The entire Executive Board and I personally would like to thank him very much for everything he has done and wish him all the best for the future. With his retirement, the Executive Board of STO Management SE has been reduced to three people, with the tasks that Michael Keller was responsible for being reallocated between the other members of the Executive Board.

Final slide

In the first part of my speech, I quoted the International Monetary Fund with the statement “…at the moment, we see more risks than upside potential…”. At Sto, the potential for profitable growth very much still exists. Both in our markets and in our company. The Sto Group has strong people and a stable foundation. We can draw on a company history stretching back 70 years and consistently look to the future. I am very confident that we will also overcome the current challenges together.

Thank you for your attention and your trust.