

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

Sto SE & Co. KGaA, Stühlingen/Germany

- Consolidated turnover up by 17.1 % to EUR 778.1 million in the first half of 2021 compared to the same period the previous year
- Turnover in Germany increases by 9.4 % to EUR 342.1 million; volume outside of Germany rises by 24.0 % to EUR 436.0 million compared to the 2020 figure, which was lower due to the coronavirus pandemic
- Gross profit margin of 53.5 % (previous year: 55.4 %) under considerable pressure due to significant rises in procurement prices
- Consolidated EBIT improves by 56.2 % to EUR 68.9 million and earnings before tax (EBT) by 67.4 % to EUR 71.8 million
- Number of employees in the Group up by 67 to 5,713, through expansion of the companies consolidated
- Forecast for 2021 as a whole: increase in turnover of 10 % to approximately EUR 1,578 million (adjusted based on current estimate from previous forecast 4.5 %, approximately EUR 1,498 million) and EBT ranging between EUR 95 million and EUR 110 million expected

Stühlingen, 31 August 2021 – Sto SE & Co. KGaA was able to continue the good business development seen in the first few months of the year into the second quarter of 2021. Compared to the same period the previous year, which was impacted heavily by the coronavirus pandemic, significant catch-up effects were achieved, especially in a number of markets outside of Germany. The high demand in the construction sector, which also resulted from a shortage of investment alternatives on the capital market, was also assisted by the generally favourable weather conditions. In the first half of 2021, **consolidated turnover** increased by 17.1 % compared to the first half of 2020 to EUR 778.1 million (previous year: EUR 664.5 million). Of this, the first-time full consolidation of Jonas Farben GmbH accounted for EUR 13.0 million. A net negative effect of EUR 5.4 million arose from currency translations. Adjusted for first-time

consolidation and currency translation effects, the Sto Group achieved organic growth of 15.9 %.

In **Germany**, consolidated turnover increased by 9.4 % to EUR 342.1 million (previous year: EUR 312.8 million) in the first six months of the year. Without Jonas Farben GmbH, which was fully consolidated for the first time, growth of 5.2 % is recorded. **Outside of Germany**, catch-up effects were noticeable primarily in regions that had recorded substantial losses in the previous year as a result of the coronavirus pandemic. In addition, several countries benefited from government-backed incentives to support energy-efficient building refurbishment. Compared to the low value recorded in the previous year, turnover generated abroad increased by 24.0 % to EUR 436.0 million (previous year: EUR 351.7 million) despite the negative currency translation effects. The percentage of Group turnover generated abroad amounted to 56.0 %, compared to 52.9 % in the first half of 2020.

At the same time, significant increases in procurement prices and supply bottlenecks were recorded in the reporting period which have become more acute during the first half of the year. This situation is mainly due to plant shutdowns by several key manufacturers and to a sharp increase in demand on the global market stemming from economic trends. In **July 2021**, development of business slowed noticeably due to the limited availability of raw materials and bought-in products; there was also some disruption caused by bad weather. Net turnover was slightly below the previous year's level and therefore also below expectations.

Although gross profit in the Sto Group was greatly and increasingly impacted by significant rises in procurement prices, particularly in May and June, Sto still saw positive growth in **earnings** in the first half of 2021: consolidated earnings before interest and taxes (**EBIT**) improved by 56.2 % compared to the first half of 2020 to EUR 68.9 million (previous year: EUR 44.1 million). The increase in EBIT compared to the previous year was achieved through what in some cases were substantial improvements in earnings from subsidiaries, particularly outside of

Germany, while the EBIT of Sto SE & Co. KGaA in the first half of 2021 was down compared to the same period the previous year.

Consolidated earnings before tax (**EBT**) increased by 67.4 % to EUR 71.8 million (previous year: EUR 42.9 million) and net income (**EAT**) rose by 72.3 % to EUR 50.3 million (previous year: EUR 29.2 million).

The Sto Group's **financial and asset situation** in the first half of 2021 was especially affected by the seasonal nature of business. In the first few months of each calendar year, Sto has a particular need for cash, whereas cash inflows usually dominate during the second half of the year. Taking into account cash stocks, this resulted in **net financial assets** of EUR 97.4 million (31 December 2020: EUR 117.1 million) as at 30 June 2021. On the reference date, the **equity ratio** stood at 53.1 % (31 December 2020: 54.6 %).

As at 30 June 2021, the Sto Group had 5,713 **employees** worldwide compared to 5,646 on the same day of the previous year (+67 employees; +1.2 %). In Germany, the workforce had increased by 106 to 3,101 employees since the middle of 2020 (previous year: 2,995), 94 of whom were employed by Jonas Farben GmbH. Outside of Germany, the number of employees fell by 39 from 2,651 to 2,612. A comparison with the previous year showed a small number of new hires across the Group in countries with short- and medium-term growth prospects, while the workforce was selectively reduced in regions battling difficult economic conditions. The percentage of the Group's workforce employed abroad fell from 47.0 % to 45.7 %.

Outlook for 2021

For the second half of 2021, a significant slowdown in growth is expected due to the increasingly difficult general conditions. Moreover, the further development of business for the Sto Group will be characterised by considerable uncertainties. Considerable uncertainties arise from the weather conditions in the last few months of the year, which had provided a clearly positive boost to business performance in the same period of 2020. Furthermore, the forecast is shrouded in a great deal of uncertainty, in light of the dramatic resurgence in COVID-19 cases

and due to the unclear development of the procurement markets. In particular, the supply bottlenecks in the global markets, which in some cases are of fundamental importance, and the limited availability of raw materials and bought-in products may limit planned growth in the usually strong second half of the year to a higher than anticipated degree. This is due to the fact that construction projects may not be able to be carried out as planned and catch-up effects may not be seen to the same extent as in the first half of the year. The sustained pressure on the gross profit margin which is expected to continue due to dramatic increases in procurement prices may also impact the development of earnings to a higher extent than predicted – in the case of extreme development, the effect may be even greater degree than outlined in the risk report of the 2020 Annual Report.

Based on the current estimate, Sto is anticipating that consolidated turnover for the year 2021 as a whole will increase by 10 % to approximately EUR 1,578 million (previous forecast: 4.5 %, approximately EUR 1,498 million; 2020: EUR 1,433.0 million). Group EBIT is still expected to fall between EUR 98 million and EUR 113 million (2020: EUR 120.8 million). Similarly, for earnings before taxes EBT the range is expected to remain unchanged, falling between EUR 95 million and EUR 110 million (2020: EUR 119.0 million). Where the resulting return on sales is concerned, we are therefore expecting to see a value between 6.0 % and 7.0 % (previous forecast: between 6.3 % and 7.3 %, 2020: 8.3 %) and we are still expecting the return on capital employed (ROCE) to be between 14.8 % and 17.1 % (2020: 19.7 %).

The full version of the 2021 half-year financial report is available for download at www.sto.de in the section “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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