

P R E S S R E L A S E

from Sto SE & Co. KGaA, Stühlingen/Germany

- **Consolidated turnover of Sto SE & Co. KGaA in the first nine months of 2022 up by 13.2 % to EUR 1,381.6 million**
- **10.0 % growth within Germany and 15.8 % growth outside of Germany**
- **Income situation under pressure due to rises in procurement prices: gross profit margin falls from 52.5 % to 50.0 %**
- **Consolidated EBIT decreases in comparison with the same period the previous year despite a larger business volume**
- **As at the end of September, the number of employees in the Group up by 75 to 5,839**
- **Outlook for 2022 as a whole unchanged: growth in turnover to around EUR 1.79 billion expected; EBIT likely to range between EUR 114 million and EUR 134 million, and EBT to range between EUR 112 million and EUR 132 million (in each case without factoring in the impact of the Russia-Ukraine conflict, which cannot be reliably assessed in quantitative terms)**

Stühlingen/Germany, 18 November 2022 – In the first nine months of 2022, the Sto Group was able to significantly increase its **turnover** from its own resources by 13.2 % to EUR 1,381.6 million (previous year: EUR 1,220.2 million). In the third quarter, net growth was due to the necessary sales price increases with which Sto reacted to the drastic cost increase in the procurement area. After the overall positive demand in the first half of the year, mainly in the facade business, development of sales remained below expectations, especially in July and August. Alongside other factors, the unusually high temperatures experienced in these months hampered work on construction sites. Adjusted for first-time consolidation as well as the net positive currency translation effects, growth stood at 11.7 % in the first three quarters.

As at the end of September, consolidated turnover in **Germany** increased by 10.0 % to EUR 595.4 million (previous year: EUR 541.2 million). **Outside of Germany**, Sto achieved a plus of 15.8 % to EUR 786.2 million (previous year: EUR 679.0 million). In addition to positive currency translation effects, government

initiatives to support energy-efficient building refurbishment had an impact in several countries, especially Italy and France. The percentage of total Sto Group turnover generated outside of Germany amounted to 56.9 % compared to 55.7 % in the same period of the previous year.

In the month of **October 2022**, turnover exceeded the previous year's value, however, still coming in slightly below expectations.

Throughout the entire reporting period, the **income situation** in the Sto Group was characterised by the rising price level in procurement, which we have not yet been able to fully pass on to customers through our own price increases. This has led to great pressure on the gross profit margin. As compared to the same period the previous year, the gross profit margin decreased from 52.5 % to 50.0 %. In addition, the increased freight costs, among other things, had a negative impact on earnings. In the third quarter and hence in the first nine months of 2022, consolidated earnings remained below the previous year's value overall.

In the reporting period, the Sto Group's very sound **financial and assets and liabilities situation** was especially affected by the seasonal nature of the business. To date, inventories have been built up substantially to safeguard our ability to deliver in light of the uncertain supply situation. Alongside this, there has been an increase in current trade receivables. In addition to the higher business volume overall, this is also attributable to the larger percentage of consolidated turnover generated outside of Germany, since longer average collection periods are the norm there.

In the first nine months of 2022, Group-wide **investments** in Property, plant and equipment, as well as Intangible assets amounted to EUR 24.5 million (previous year: EUR 27.7 million).

As at 30 September 2022, the Sto Group had 5,839 **employees** worldwide compared to 5,697 at the 2021 year end (+142 employees; +2.5 %) and 5,764 on the same day of the previous year (+75 employees; +1.3 %). Against the backdrop of an overall cautious recruitment policy, the workforce in Germany increased by 17 to 3,174 (previous year: 3,157) and outside of Germany by 58 to 2,665 employees (previous year: 2,607) compared to the end of September 2021. New hires were

mainly made at companies in countries with short- and medium-term growth prospects, while the workforce was reduced selectively in regions with difficult economic conditions. Year-on-year, the percentage of the Group's workforce employed outside of Germany rose slightly from 45.2 % to 45.6 %.

Outlook for 2022 as a whole

The weather conditions, which have a significant impact on the business development of Sto SE & Co. KGaA, not only pose risks but also offer opportunities for the development of turnover, the product mix, and of earnings up to the year end. Furthermore, the forecast is based on the following assumptions: the construction site processes will not be hampered by any additional delays associated with particular trades, the economic trends in Sto's key markets will be in line with expectations, the EUR exchange rates for the foreign currencies of relevance to Sto's business and the interest level will remain largely stable, and the impact of the coronavirus pandemic will not intensify in the final months of the year. Another important condition for achieving the targets is a continuous supply of gas. To counteract the considerable pressure being exerted on the gross profit margin by rising procurement and energy costs, various Sto companies will have to take further steps to increase prices, some of which have already been implemented.

The outlook for the year of 2022 as a whole remains unchanged: without factoring in the impact of the Russia-Ukraine conflict which cannot be reliably assessed in quantitative terms, Sto expects **consolidated turnover** to increase to around EUR 1.79 billion (2021: EUR 1.59 billion). The Sto Group's **EBIT** is forecast to fall between EUR 114 million and EUR 134 million (2021: EUR 124.5 million), and **EBT** to continue to range between EUR 112 million and EUR 132 million (2021: EUR 127.9 million). The resulting return on sales is hence likely to be between 6.3 % and 7.4 % (2021: 8.0 %), with a return on capital employed (ROCE) of between 15.9 % and 18.7 % (2021: 18.9 %).

The full version of the interim report is available for download in the section 'Investor Relations' at www.sto.de.

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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