

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

Sto SE & Co. KGaA, Stühlingen/Germany

- **Group sales fall by 7.1 % to EUR 795.7 million in the first half of 2024**
- **Negative framework conditions and unfavourable weather conditions have a significant impact on business development in Germany and outside of Germany**
- **Group EBIT decreases by 49.7 % to EUR 29.3 million and EBT by 47.7 % to EUR 30.3 million**
- **EBT return on sales decreases from 6.8 % to 3.8 %**
- **5,784 employees across the Group at the end of June**
- **Forecast for 2024 as a whole adjusted significantly downwards: turnover expected to be EUR 1.66 billion, EBIT in the range of EUR 62 to 82 million and EBT between EUR 63 and 83 million**

Stühlingen/Germany, 29 August 2024 – The business performance of Sto SE & Co. KGaA, a major international manufacturer of products and systems for building coatings, was significantly impacted by various factors in the first half of 2024 and remained well below expectations, particularly in the month of June. **Consolidated turnover** fell by 7.1 % compared to the previous year to EUR 795.7 million (previous year: EUR 856.3 million). This includes negative currency translation effects in the net amount of EUR 1.4 million and a positive first-time consolidation effect of EUR 1.2 million due to the first-time consolidation of Stoanz Ltd, Wellington, New Zealand, which was acquired on 1 April 2024.

One of the negative factors in the reporting period was the months-long decline in construction activity in Germany, Sto's most important market, as well as in several foreign regions. The main reason for the reluctance of potential building owners is the mix of significantly higher construction costs and poorer financing conditions and, above all, the considerable uncertainty among investors as a result of the uncertain legal framework and subsidy conditions, which led to a noticeable decline in demand, particularly in Germany but also in several foreign markets.

Furthermore, the Sto Group's business development in the first half of 2024 was significantly influenced by unfavourable weather conditions. The application of Sto products used in exteriors was hampered by frequent rainfall in several of the Group's key markets, particularly in the months of May and June, which are usually characterised by strong turnover.

In **July 2024**, consolidated turnover slightly exceeded the previous year's value but remained below the initial expectations.

In the largest segment, **Western Europe** – including Germany – the unfavourable weather conditions in the first half of the year and changes to government subsidy programmes, including in Italy and France, led to an overall decline in turnover of 8.4 % to EUR 617.3 million (previous year: EUR 674.0 million). In the **Northern/Eastern Europe** segment, turnover fell by 7.4 % to EUR 76.0 million (previous year: EUR 82.1 million), which was also due to negative currency translation effects. In the segment of **Americas/Asia/Pacific**, there was a strongly contrasting trend: while the subsidiaries in America largely achieved pleasing growth, some of the Asian companies recorded significant declines. In China in particular, market pressure increased further and the expected stabilisation of demand failed to materialise. On balance, segment turnover increased by 2.2 % to EUR 102.4 million compared to the same period of the previous year (previous year: EUR 100.2 million).

Group-wide, **turnover generated outside of Germany** fell by 5.2 % to EUR 473.6 million in the first half of 2024 (previous year: EUR 499.4 million), while turnover in **Germany** was down 9.8 % on the previous year at EUR 322.1 million (previous year: EUR 356.9 million). The percentage of Group turnover generated outside of Germany increased from 58.3 % to 59.5 % compared to the same period of the previous year.

As a result of the decline in turnover volume, coupled with a still high price level in procurement, **earnings** were significantly down on the previous year. **Group EBIT** fell by 49.7 % to EUR 29.3 million (previous year: EUR 58.2 million) and **EBT** by 47.7 % to EUR 30.3 million (previous year: EUR 57.9 million). The **return on**

sales based on EBT totalled 3.8 % (previous year: 6.8 %). **EAT** fell by 49.3 % to EUR 20.4 million (previous year: EUR 40.2 million).

The Sto Group's very solid **assets and liabilities situation and financial situation** was characterised by the usual seasonal nature of the business development: while there is a high cash requirement in the first six months, cash inflows generally predominate in the second half of the year. Taking into account the cash stocks of EUR 81.9 million (31 December 2023: EUR 122.3 million), the **net financial assets** at mid-year 2024 amounted to EUR 78.3 million (31 December 2023: EUR 119.7 million). The **equity ratio** remained very solid at 60.9 % (31 December 2023: 62.6 %). The **cash flow from operating activities** of EUR -4.9 million (previous year: EUR +33.1 million) was mainly due to lower earnings, an increase in funds tied up in net working capital and higher income tax payments.

Investments in property, plant and equipment, and intangible assets by the Sto Group, which employed **5,784 people** worldwide in mid-2024 (previous year: 5,801), totalled EUR 15.8 million in the reporting period (previous year: EUR 14.1 million). In Mexico, the ground-breaking ceremony was held for the construction of a new wet production plant in the north-east of the country. Investments were also made in additional production equipment at the subsidiary in Australia and in measures as part of the "Retrofit" programme, under which the Sto Group's production facilities are continuously modernised or renewed.

Turnover and earnings forecast corrected

In light of the business development to date and the current assessment of future developments, the Executive Board of STO Management SE adjusted its turnover forecast for **2024 as a whole** in July. Accordingly, consolidated turnover is expected to total around EUR 1.66 billion (previous forecast: EUR 1.79 billion; 2023: EUR 1.72 billion). A range of EUR 62 million to EUR 82 million is forecast for EBIT (previous forecast: EUR 113 million to EUR 138 million; 2023: EUR 126.5 million) and a range of EUR 63 million to EUR 83 million is forecast for earnings before taxes (EBT) (previous forecast: EUR 113 million to EUR 138 million; 2023: EUR 127.4 million). The return on sales in relation to EBT should therefore be between 3.8 % and 5.0 % (previous forecast: 6.3 % to

7.8 %; 2023: 7.4 %). The return on capital employed (ROCE) ratio is expected to reach a value of 8.1 % to 10.9 % (previous forecast: 14.5 % to 17.8 %; 2023: 17.1 %).

Based on the weaker development in 2024, the communicated target for the **2025** financial year of consolidated turnover of around EUR 1.9 billion and a return on sales in relation to EBT in the range of 7.6 % to 9.2 % will not be achieved from today's perspective. In principle, there are considerable opportunities for Sto, which are currently overshadowed by the difficult market situation in several important core markets, which is likely to continue. For this reason, the company believes that the existing potential for growth, particularly in terms of energy efficiency, in both construction of new buildings and the renovation and refurbishment of buildings, can't be utilised for the time being. Against this backdrop, the medium-term targets for **2027** (turnover: EUR 2.1 billion; return on sales in relation to EBT: 10 %) are also unlikely to be achieved. An updated and more specific estimate for 2025 and the medium-term forecast for 2027 will be published in April 2025 at the latest.

The full half-year financial report 2024 is available for download at www.sto.de in the "Investor Relations" section.

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, acoustic systems, and rainscreen cladding systems.

Sto SE & Co. KGaA contact person:

Désirée Konrad, Chief Financial Officer of STO Management SE,
Contact via: tel.: +49 7744 57-1241, e-mail: s.zeller@sto.com

Contact to the media:

Claudia Wieland, Redaktionsbüro tik GmbH, telephone: +49 911 988170-71, e-mail: info@tik-online.de