

P R E S S R E L A S E **of Sto SE & Co. KGaA, Stühlingen/Germany**

- **Turnover of the Sto Group down by 6.6 % to EUR 1,237.4 million in the first nine months of 2024**
- **Difficult general conditions continue to impact business development worldwide in the third quarter**
- **Decline in turnover over the entire reporting period of 9.7 % in Germany and of 4.4 % outside of Germany**
- **Consolidated earnings well below previous year's level**
- **Number of employees decreases by 116 to 5,787 compared to the same day of the previous year**
- **Forecast for 2024 as a whole adjusted downwards: consolidated turnover expected to amount to approx. EUR 1.60 billion (July 2024 forecast: EUR 1.66 billion; previous year: EUR 1.72 billion), EBIT in the range of EUR 50 million to EUR 68 million (July 2024 forecast: EUR 62 million to EUR 82 million; previous year: EUR 126.5 million) and EBT between EUR 52 million and EUR 70 million (July 2024 forecast: EUR 63 million to EUR 83 million; previous year: EUR 127.4 million)**

Stühlingen/Germany, 19 November 2024 – The business development of Sto SE & Co. KGaA, a major international manufacturer of products and systems for building coatings, was influenced by increasingly difficult conditions in the third quarter of 2024. The main negative factor was the continued weakness of the construction industry in Germany and many of the Group's other key markets, which led to a decline in market volume and a sharp increase in competition. The reasons for this included higher construction costs, poorer financing conditions and, in particular, considerable hesitancy among investors as a result of the uncertain legal framework and subsidy conditions. This was compounded by enormous uncertainty as a result of geopolitical conflicts and unfavourable weather conditions, which hampered the application of Sto products used outdoors in several regions in the first nine months of the year.

Overall, Sto SE & Co. KGaA's **consolidated turnover** totalled EUR 1,237.4 million in the first three quarters of 2024, which was 6.6 % below the volume of the same

period of the previous year (previous year: EUR 1,325.5 million). Currency translation had a net negative effect of EUR 3.2 million in the reporting period, while the first-time consolidation of the New Zealand company Stoanz Ltd, which was acquired on 1 April 2024, had a positive effect of EUR 2.5 million. Adjusted for all currency and first-time consolidation effects, the decline in turnover also totalled 6.6 %. In **October**, Group turnover was below the previous year's figure and below expectations.

The turnover volume in the **Western Europe** segment – including Germany – decreased by a total of 8.1 % to EUR 955.0 million between January and the end of September 2024 (previous year: EUR 1,039.0 million), which was due to subdued demand in the largest market, Germany, as well as changes to state subsidy measures. In Italy, the subsidy programme, which had led to strong growth in the facade business in recent years, came to a virtual standstill. In France, too, subsidies for the energy-efficient refurbishment of buildings were significantly reduced and, as in most other Western European Sto companies, the turnover volume was considerably lower than in the previous year. Compared to the same period of the previous year, turnover in the segment of **Northern/Eastern Europe** decreased by 4.6 % to EUR 123.5 million (previous year: EUR 129.4 million). Comparing the nine-month figures, the business volume in the **Americas/Asia/Pacific** segment increased by 1.1 % to EUR 158.9 million (previous year: EUR 157.1 million), with the individual regions developing in opposite directions: business activity in the USA was positive, while the national companies in China suffered significant declines. The burdens resulting from the difficult market environment intensified here and demand continued to fail to stabilise.

Group-wide, Sto's **turnover generated outside of Germany** decreased by 4.4 % to EUR 730.2 million in the first three quarters of 2024 (previous year: EUR 763.7 million); less currency translation effects, the decline was 4.0 %. In **Germany**, the turnover volume decreased by 9.7 % to EUR 507.2 million (previous year: EUR 561.8 million). The share of turnover generated outside of Germany in the Sto Group increased from 57.6 % to 59.0 %.

In the third quarter, and therefore also in the first nine months of the financial year, the **consolidated earnings** of Sto SE & Co. KGaA was significantly below the previous

year's value and below expectations. The reduced market volume led to a sharp increase in competition, which, coupled with a continued high price level in procurement and the lower turnover volume in the Group, had a noticeable impact on gross profit. In addition, Group companies with a high proportion of remanence costs and subsidiaries that experienced an unexpectedly rapid deterioration in general conditions in particular recorded a serious drop in earnings. In order to counteract the resulting drastic pressure on earnings, a comprehensive cost-reducing programme was launched throughout the Group.

The **assets and liabilities situation and financial situation** of the Sto Group continued to be extremely sound. The majority of the changes as compared to the end of 2023 resulted from the seasonal nature of the business. The equity ratio at the end of September 2024 was 61.6 % (30 September 2023: 61.5 %; 31 December 2023: 62.6 %).

The number of **employees** working for the Sto Group worldwide on 30 September 2024 was 5,787 (31 December 2023: 5,783; 30 September 2023: 5,903). Compared to the end of 2023, this corresponds to an increase of four employees; compared to the same day of the previous year, the workforce was reduced by 116 employees.

The Sto Group's **investments** in Property, plant and equipment and Intangible assets totalled EUR 23.0 million in the reporting period (previous year: EUR 25.7 million). The focal points included a new wet-production facility in Mexico and additional production capacity at the subsidiary in Australia. In addition, investments were made in the 'Retrofit' programme, under which the Group's production facilities are continuously modernised and renewed.

Outlook for 2024 as a whole

Based on current information, the Sto Group's declining turnover and earnings trend compared to the previous year will continue in the fourth quarter. For this reason, despite the extensive Group-wide cost-reducing programme, no catch-up effects can be expected in the further course of business in 2024, which also depends to a large extent on weather conditions. As a result, expectations for 2024 as a whole are significantly weaker than previously assumed. The negative change in general conditions and the difficult economic and market situation at the Group companies

Ströher Group in Germany, Sto Ltd. in the UK, and SkyRise Prefab Building Solutions Inc. in Canada harbour the risk of further negative effects on earnings from a Group perspective. In Italy and France, the declines are expected to continue in the fourth quarter as a result of the limited subsidies for energy-related measures, and the property sector in China is not expected to stabilise in the short term.

Against this backdrop, the forecast for 2024 was adjusted downwards after weighing up different scenarios and possible measures. From today's perspective, Sto expects **consolidated turnover** in the amount of approx. EUR 1.60 billion (July 2024 forecast: EUR 1.66 billion; original forecast: EUR 1.79 billion; 2023: EUR 1.72 billion). **EBIT** is expected to be in the range of between EUR 50 million and EUR 68 million (July 2024 forecast: EUR 62 million to EUR 82 million; original forecast: EUR 113 million to EUR 138 million; 2023: EUR 126.5 million) and earnings before taxes (**EBT**) between EUR 52 million and EUR 70 million (July 2024 forecast: EUR 63 million to EUR 83 million; original forecast: EUR 113 million to EUR 138 million; 2023: EUR 127.4 million). The **return on sales** in relation to EBT should therefore reach between 3.2 % and 4.4 % (July 2024 forecast: 3.8 % to 5.0 %; original forecast: 6.3 % to 7.8 %; 2023: 7.4 %). A value of between 6.6 % and 9.1% is forecast for the **ROCE** figure (July 2024 forecast: between 8.1 % and 10.9 %; original forecast: between 14.5 % and 17.8 %; 2023: 17.1 %).

The full version of the interim report as at 30 September 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.

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