

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

Sto SE & Co. KGaA, Stühlingen/Germany

- **Turnover in the Sto Group up by 7.1 % to EUR 303.7 million in the first quarter of 2021 as compared to the same period of the previous year**
- **Q1 earnings still negative as usual, but considerably improved**
- **Number of employees rises by 72 to 5,705, in particular due to first-time consolidations**
- **Outlook for the year of 2021 as a whole unchanged: increase in turnover of 4.5 % to around EUR 1,498 million and EBIT of between EUR 98 million and EUR 113 million expected**

Stühlingen, 12 May 2021 - In the first three months of 2021, the **consolidated turnover** of Sto SE & Co. KGaA increased by 7.1 % to EUR 303.7 million as compared to the corresponding period of the previous year (previous year: EUR 283.7 million). Net negative currency translation effects in the amount of EUR -3.1 million, which resulted mainly from the development of the US dollar, were contrasted by a first-time consolidation effect of EUR 3.8 million from the acquisition of the remaining 50.2 % of shares of JONAS Farbenwerke GmbH & Co. KG in the first quarter. Adjusted for the first-time consolidation and the currency translation effects, Group-wide turnover saw organic growth of 6.8 %.

While business in January and February was in line with expectations under normal weather conditions for the season, but still significantly below the previous year's period, which had been characterised by exceptionally good weather, Sto saw a very positive development in the month of March. In addition to the favourable weather conditions, catch-up effects from the previous year, especially in markets outside of Germany, were also noticeable. In some countries, such as China, France, and Italy, the first effects of the coronavirus pandemic had already become apparent by

the end of March 2020, some of which were significant. In total, Sto Group **turnover generated outside of Germany** amounted to EUR 172.0 million in the first quarter of 2021 and hence exceeded the previous year's value by 12.4 % (previous year: EUR 153.0 million). Without taking the currency translation effects into account, turnover outside of Germany increased by 14.5 %. In **Germany**, business volume rose by 0.8 % to EUR 131.7 million (previous year: EUR 130.7 million). Turnover in Germany amounted to EUR 127.9 million in primary terms. In comparison to the same period of the previous year, the share of total turnover generated outside of Germany increased from 53.9 % to 56.6 %.

In **April**, the Sto Group achieved the highest turnover in a single month in its corporate history to date. The Sto Group's business development hence significantly exceeded expectations and was considerably up on the previous year's level which had been impacted substantially by the coronavirus pandemic. At the same time, considerable price increases were recorded in procurement. In order to counter the pressure on margins from increased procurement costs, Sto has announced or begun to implement its own necessary price increases.

Due to the distinct seasonal nature of the business activities, Sto does not usually generate positive **consolidated earnings** in the first few months of the year. In the first quarter of 2021, the usual deficit decreased noticeably as compared to the previous year's value. The deficit was relatively low despite the gross profit margin experiencing significant pressure due to partially sharp price increases on the procurement side. Consolidated earnings therefore also pleasantly exceeded expectations for the first quarter of 2021.

Group-wide **investments** in Property, plant and equipment, and Intangible assets amounted to EUR 11.3 million in the reporting period (previous

year: EUR 5.8 million). Among others, investments were made in the usual replacement and modernisation projects, the expansion of the production capacity at the site in Villach/Austria which had started in 2020, the construction of the new logistics building for Südwest Lacke + Farben GmbH & Co. KG as well as the modernisation of a tunnel furnace at Ströher Produktions GmbH & Co. KG.

The **asset situation** of the Sto Group continued to prove extremely sound as at the end of March 2021. Changes in individual balance sheet items compared to the 2020 year-end fell within normal expectations and largely reflected the typical development of business in the first quarter.

As at 31 March 2021, the Sto Group had 5,705 **employees** worldwide as compared to 5,633 on the same day of the previous year (+72 employees, +1.3 %). In Germany, the number of employees increased by a total of 104 to 3,101 (31 March 2020: 2,997) which was largely due to the acquisition of the remaining 50.2 % of shares of JONAS Farbenwerke GmbH & Co. KG and its 91 employees. Outside of Germany, the number of employees decreased by a total of 32 to 2,604 (31 March 2020: 2,636) with adjustments in regions battling difficult economic conditions being contrasted with new hirings in countries with growth prospects. Year-on-year, the percentage of the Group's workforce employed outside of Germany declined from 46.8 % to 45.6 %.

The **further development of business** in 2021 will be characterised by considerable uncertainties due to the ongoing coronavirus pandemic. As outlined in the 2020 management report, the forecast is shrouded in a great deal of uncertainty in light of the dramatic resurgence in COVID-19 cases at the beginning of the year, the still unpredictable responses of the respective governments which could significantly affect the business development of the Sto Group, e.g. due to a disruption or interruption of

supply chains, as well as the currently unclear further development of the procurement markets. As things currently stand, Group turnover for 2021 as a whole is expected to rise by 4.5 % to approximately EUR 1,498 million (2020: EUR 1,433.0 million). Taking into account the currently expected cost increases due to pressure from the procurement markets, among other things, consolidated EBIT is forecast to fall between EUR 98 million and EUR 113 million (2020: EUR 120.8 million).

The initiatives derived from the strategy review that had been carried out in the Sto Group are to be implemented starting from the middle of 2021. These initiatives focus on three key topics: Improving growth by exploiting potential growth opportunities for Sto, increasing profit, and strengthening the core competencies. As a result, the Sto Group is aiming for a turnover of EUR 2.1 billion and a return on sales of 10 % in relation to EBT by 2025. The details of the realignment process, which is intended to underpin the successful future development of the company, will be announced at the 2021 Annual General Meeting.

Earlier than originally announced in the financial calendar, the interim report within the first half of 2021 will be available for download from 12 May 2021 at www.sto.de in the section 'Unternehmen' (company) and then '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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