



Building with conscience.

Sto SE & Co. KGaA, Stühlingen/Germany

Consolidated interim report

For the period from
1 January to 31 March 2025



Overview of the Group

	01 Jan 2025 - 31 Mar 2025	01 Jan 2024 - 31 Mar 2024	Change in %
Turnover	324.8	340.5	-4.6
Germany	123.4	136.3	-9.5
Outside of Germany	201.4	204.2	-1.4
Turnover by segment			
Western Europe	248.5	268.2	-7.3
Northern/Eastern Europe	28.6	27.9	+2.5
America/Asia/Pacific	47.7	44.4	+7.4
Investments (without financial assets and IFRS 16)	5.7	6.4	-10.9
Employees (at end of quarter)	5,587	5,804	-3.7
Germany	3,067	3,148	-2.6
Outside of Germany	2,520	2,656	-5.1

(Figures in EUR million unless otherwise indicated)

At a glance:

- **Turnover of the Sto Group declines by 4.6 % to EUR 324.8 million in the first quarter of 2025**
- **Weather conditions and negative developments in the construction sector impact business development in comparison to the previous year, particularly in Germany**
- **Increase in seasonally typical Q1 deficit compared to same period of the previous year**
- **Group-wide workforce reduced by 217 to 5,587 employees year-on-year**
- **Outlook for 2025 as a whole: consolidated turnover of EUR 1.57 billion and EBIT between EUR 51 million and EUR 71 million expected**

Economic environment

According to forecasts by the International Monetary Fund (IMF), the **global economy** will grow significantly less this year than expected at the beginning of the year. The economy is also weakening significantly compared to the previous year. In the World Economic Outlook (WEO) published in April 2025, the IMF only expects global gross domestic product (GDP) to increase by 2.8 % (previous year: 3.3 %). This corresponds to a downward revision of 0.5 percentage points compared to the January forecast. According to the IMF, the main reasons for the significant revision are the many uncertainties and dangers arising from international trade and customs conflicts.

The biggest loser in the global tensions is the USA: the IMF revised its January estimate downwards by 0.9 percentage points and now expects the GDP to grow by 1.8 % in 2025. In the eurozone, economists expect an increase of 0.8 %, 0.2 percentage points less than in January. This is largely due to the further lowered forecast for Germany, where growth is only expected to be zero (WEO update from January: +0.3 %). This would mean that the German economy would stagnate for the first-time in its history for three years in a row. Overall, an increase of 1.4 % is expected in the industrialised nations, while the economy in the developing and emerging countries is expected to pick up by 3.7 %. Prospects have also deteriorated in China, where the expected growth rate has been reduced from 4.6 % to 4.0 % compared to the January estimate.

According to the Federal Statistical Office, turnover in the German **construction sector** rose by 5.7 % in the first two months of 2025, adjusted for price changes, compared to the same period of the previous year. According to the Hauptverband der Deutschen Bauindustrie e.V. (Main Association of the German Construction Industry), residential construction reported a drop in turnover, while commercial construction benefited from railway investments and recorded growth. In a three-month comparison from December 2024 to February 2025, incoming orders in real terms were 0.3 % lower than in the previous three months. In particular, there were declines in commercial construction and public-sector construction. As no new projects have been awarded since the failure of the government coalition consisting of Social Democrats, Liberals, and The Greens at the end of 2024, the federal government is no longer an investor until the new federal budget is passed in 2025. The number of residential building permits increased by 2.1 % between January and February 2025 compared to the corresponding period of the previous year. In the construction of new detached houses, building permits rose by 12.4 % from a very low level, while building permits for semi-detached houses fell by 14.5 %. The association sees stabilisation in the largest building type in terms of numbers, multifamily dwellings. Compared to the same period of the previous year, approvals here fell by 1.3 %.

Development of turnover

In the Sto Group, turnover in the first three months of 2025 fell by 4.6 % to EUR 324.8 million (previous year: EUR 340.5 million). The main reasons for the weak demand were the continuing reluctance to invest in the construction industry and the high level of economic uncertainties in Sto's key markets. In addition, as is usual in the winter months, the seasonal weather conditions severely restricted work on the construction sites, especially on the exterior. Currency translation had a Group-wide net influence of EUR -0.026 million in the reporting period. Negative impacts resulted primarily from the translation of the Turkish lira and the Brazilian real, while the development of the US dollar had a clearly positive effect. The total consolidation effect of EUR -2.8 million was impacted by opposing influencing factors: the deconsolidation of the British company Sto Ltd. at the 2024 year end and the first-time incorporation of Stoanz Ltd in New Zealand, whose shares were acquired by Sto

SE & Co. KGaA with effect from 1 April 2024. Adjusted for all currency translation and consolidation effects, consolidated turnover decreased by 3.8 % quarter-on-quarter.

In the **domestic** market, turnover volume fell particularly sharply by 9.5 % to EUR 123.4 million compared to the same period of the previous year (previous year: EUR 136.3 million). In addition to the unfavourable weather, the losses resulted from a reduction in industrial business, among other things: due to the difficult economic situation, several German Sto customers worked short-time in the first few months of the year. Group-wide **turnover generated outside of Germany** decreased by 1.4 % to EUR 201.4 million (previous year: EUR 204.2 million); adjusted for currency translation effects, first-time consolidation and deconsolidation effects, it was at the previous year's level. The foreign share of the total volume increased from 60.0 % to 62.0 %.

The 7.3 % decline in the segment of **Western Europe** – including Germany – to EUR 248.5 million (previous year: EUR 268.2 million) was due in particular to the sharp losses at the parent company Sto SE & Co. KGaA. In some foreign markets with strong turnover, such as France and Italy, demand was also curbed by changes in subsidy conditions for energy-efficient building refurbishment, which had led to strong growth in recent years. By contrast, Sto's companies in the Benelux countries developed positively. Adjusted for currency translation and deconsolidation effects, there was a decline of 5.8 %. Turnover in the **Northern/Eastern Europe** segment rose by a total of 2.5 % to EUR 28.6 million (previous year: EUR 27.9 million), which was primarily due to the good performance in Denmark and Norway. The increase in turnover in these countries in particular compensated for the negative currency translation effect in Türkiye. In the **America/Asia/Pacific** segment, business volume increased by 7.4 % on net to EUR 47.7 million (previous year: EUR 44.4 million), whereby growth in America, which was also positively impacted by the currency translation of the US-Dollar, was dampened by the continued difficult development of the Asian companies. Turnover in Asia remained almost stable at a low level. In the Pacific region, there was an increase due to the first-time consolidation of the New Zealand company Stoanz Ltd.

Development of earnings

The deficit usually realised in the first quarter due to the seasonal nature of business development caused by the weather increased compared to the previous year. This was mainly due to the lower turnover and the high pressure on margins as a result of the very tight sales price situation caused by demand. The Sto Group's personnel expenses were reduced slightly compared to the first quarter of 2024. In addition to the Group-wide reduction in the workforce, the effects of short-time work at Sto SE & Co. KGaA in January and February, which was a response to the sales-related decline in capacity utilisation, were also evident.

At the end of March 2025, a pact for the future was resolved with the General Works Council of the German companies Sto SE & Co. KGaA and StoCretec GmbH, in which the collective bargaining structure of the years 2025 and 2026 for the employees of these companies was jointly determined. The agreement includes cost-saving measures in the personnel area in order to reduce costs and secure jobs. The cost-cutting programme initiated in other areas of the Group is also being systematically continued in order to counter the negative development of earnings.

Volume of investments

In the first three months of 2025, the Sto Group invested EUR 5.7 million (previous year: EUR 6.4 million) in Property, plant and equipment, as well as Intangible assets. The focus was on the continuation of investments in new production facilities in

Australia and Mexico, which are scheduled to go into operation this year. Sto is also constantly investing in modernisation and renewal measures as part of the long-term Retrofit programme.

Sound assets and liabilities situation

The assets and liabilities situation of the Sto Group continued to prove sound as at the end of March 2025. The change of individual balance sheet items compared to the 2024 year end reflected the usual seasonal business development in the first quarter of the year.

Number of employees

As at 31 March 2025, the Sto Group had 5,587 employees. Compared to the 2024 year end, the workforce was reduced by 12 people (31 December 2024: 5,599) and by 217 employees in comparison to the previous year (31 March 2024: 5,804). In **Germany**, the number of employees decreased by 81 year-on-year to 3,067 (31 March 2024: 3,148), which was mainly due to the restrictive recruitment policy introduced as part of the cost-cutting programme. The Group's workforce **outside of Germany** decreased by a total of 136 to 2,520 (31 March 2024: 2,656). The downsizing of several subsidiaries for economic reasons and the deconsolidation of the UK company were offset by a few new hires in national companies with short and medium-term growth prospects and the first-time consolidation of Stoanz Ltd in New Zealand. The proportion of the Group's workforce employed outside of Germany was 45.1 % (31 March 2024: 45.8 %).

Development in the month of April

In April 2025, turnover in the Sto Group remained below the previous year's level, but slightly exceeded expectations.

Outlook for 2025 as a whole

Despite the growing uncertainties, which make a precise forecast much more difficult, Sto has confirmed its previous forecast for the year 2025 as a whole and continues to expect **turnover** in the amount of EUR 1.57 billion (2024: EUR 1.61 billion). A range of EUR 51 million to EUR 71 million is forecast for **EBIT** (2024: EUR 58.8 million) and a figure between EUR 50 million and EUR 70 million for earnings before taxes (**EBT**) (2024: EUR 60.9 million). The resulting **return on sales** is hence likely to be between 3.1 % and 4.5 % (2024: 3.8 %). Return on capital employed (**ROCE**) is expected to reach a value of between 6.8 % and 9.6 % (2024: 7.8 %).

The forecast is based on average weather conditions and an economic development in line with expectations in Sto's key markets, a mainly stable euro exchange rate as well as the assumption that geopolitical tensions will not have a significant negative impact on the markets that are relevant for Sto. Further significant changes of the general conditions, such as the introduction of tariffs by the US government, cannot be reliably calculated and have not been taken into account. The formation of a new government in Germany, which had not been finalised at the time this interim report was prepared, and the use of the special fund approved in March could also have an impact on Sto's future business development. The resulting opportunities and risks cannot be validly assessed either.

Stühlingen/Germany, May 2025
Sto SE & Co. KGaA
represented by STO Management SE
Executive Board