

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

Sto SE & Co. KGaA, Stühlingen/Germany

- **The Sto Group achieves forecast turnover and earnings targets for 2023 in a difficult market environment**
- **Decline in consolidated turnover of 3.9 % to EUR 1,718.0 million primarily due to negative weather conditions and increasing uncertainty among investors**
- **Consolidated EBIT decreases by 2.5 % to EUR 126.5 million and EBT by 0.7 % to EUR 127.4 million; EBT-return on sales increases from 7.2 % to 7.4 %**
- **Consolidated EAT down by 3.7 % to EUR 85.8 million as compared to the previous year**
- **Executive Board of the personally liable partner STO Management SE proposes an unaltered dividend distribution: EUR 0.31 per limited preference share and of EUR 0.25 per limited ordinary share plus a bonus of EUR 4.69 per preference and per ordinary share**
- **Outlook for 2024: Sto expects a Group turnover of EUR 1.79 billion and EBIT of between EUR 113 million and EUR 138 million**

Stühlingen/Germany, 29 April 2024 – Sto SE & Co. KGaA, a major international manufacturer of products and systems for building coatings, was able to achieve its objectives set for 2023 despite difficult conditions. The business development was heavily influenced by unfavourable weather conditions which hindered the application of Sto products meant for the exterior. This was exacerbated by special factors in the construction industry. In particular, unclear general and subsidy conditions as well as missing political resolutions in Germany led to a growing uncertainty among potential building owners. In addition to the resulting hesitation among private and institutional investors, the difficult macroeconomic situation, geopolitical conflicts, high construction costs and poorer financing conditions also slowed the demand in the financial year of 2023.

In the Sto Group, **turnover** decreased by 3.9 % as compared to the previous year to EUR 1.72 billion (previous year: EUR 1.79 billion) and was thus marginally above the forecast of EUR 1.71 billion, which had been adjusted in November 2023. A

balanced negative effect of a total of EUR 16.4 million arose from currency translations. Adjusted for this, consolidated turnover decreased by 3.0 %.

The **gross margin rate** increased to 53.9 % (previous year: 50.7 %), yet still was below the rate from before 2021, the year in which a drastic increase of procurement prices had started. Sto reacted with sales price increases that, together with the recovery of many areas of the procurement market in 2023 and a strict management of costs, contributed to the improvement of the margin. **Consolidated EBIT** decreased by 2.5 % to EUR 126.5 million in the year under review (previous year: EUR 129.7 million) and fell within our forecast range of EUR 118 million to EUR 143 million. **EBT** decreased by only 0.7 % to EUR 127.4 million (previous year: EUR 128.3 million; forecast: between EUR 117 million and EUR 142 million) due to the improved net financial income/expense, while the resulting **return on sales** rose from 7.2 % in the previous year to 7.4 % (forecast: between 6.1 % and 7.5 %). At 17.1 %, the **ROCE** figure was also within the expected range (previous year: 17.3 %; forecast: between 14.8 % and 18.0 %).

The **financial situation and assets and liabilities situation** of the Sto Group, which had 5,783 employees worldwide at the end of 2023 (31 December 2022: 5,735), continued to gain strength. The equity ratio increased slightly to 62.6 % (31 December 2022: 62.4 %), while cash and cash equivalents increased to EUR 122.3 million (31 December 2022: EUR 119.4 million). Taking borrowings into account, net financial assets rose to EUR 119.7 million as at the 2023 year end (31 December 2022: EUR 114.4 million). Cash flow from operating activities stood at EUR 170.9 million (previous year: EUR 95.3 million).

At the ordinary Annual General Meeting on 19 June 2024, the Executive Board of the personally liable partner STO Management SE will propose keeping the dividend payout at the same level as the previous year. This amount of EUR 31,896,720.00 is to be taken from the net income of Sto SE & Co. KGaA, which is calculated in accordance with the German Commercial Code (HGB) and came to EUR 69.8 million in 2023. This means that limited preference shareholders will receive an unchanged **ordinary dividend** of EUR 0.31 and an equally unchanged **bonus** of EUR 4.69 per share. Limited ordinary shareholders will again be paid an ordinary dividend of

EUR 0.25 and a bonus of EUR 4.69 per share. The proposal for the appropriation of profits is subject to the approval by the Supervisory Board.

In the **first three months of 2024**, turnover remained below expectations in net terms and came in below the value of the same period of the previous year. This was particularly due to the weather conditions in January as well as fewer working days in the month of March compared to the previous year.

Despite facing major challenges, particularly on the German market, Sto expects a turnover of EUR 1.79 billion in the Sto Group for the year of 2024 as a whole. Sto forecasts both earnings before interest and taxes (EBIT) as well as earnings before taxes (EBT) to fall between EUR 113 million and EUR 138 million. The return on sales is hence likely to be between 6.3 % and 7.8 %. Return on capital employed (ROCE) is expected to reach a value of between 14.5 % and 17.8 %.

The forecast is based on an average weather pattern and an economic development in line with expectations in Sto's key markets as well as a largely stable euro exchange rate. Another key assumption is that geopolitical tensions such as the Russia-Ukraine or Middle East conflict will not cause any significant impairment of demand in the markets relevant to Sto and that there will be no restrictions in the conduct of business activities or the supply of raw materials, purchased products, and energy.

The 2023 Annual Report is available for download at www.sto.de in the section 'Investor Relations' under 'Geschäfts- und Zwischenberichte' (Annual and interim reports).

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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