

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

Sto SE & Co. KGaA, Stühlingen/Germany

- Consolidated turnover decreases by 1.7 % in the first quarter of 2023 compared to the high value achieved in the previous year, mainly as a result of the weather conditions
- Gross profit margin improves to 50.6 % (previous year: 49.7 %) but is still lower than expected
- Negative Q1 result that is typical for the season is significantly more severe in comparison to the previous year
- At 5,771 employees, the size of the Group's workforce is virtually at the previous year's level
- Outlook for 2023 as a whole unchanged: without factoring in the impact of the Russia-Ukraine conflict, consolidated turnover of EUR 1.91 billion is anticipated, with EBIT expected to range between EUR 118 million and EUR 143 million

Stühlingen/Germany, 10 May 2023 – In the first three months of 2023, the Sto Group generated a **turnover** of EUR 361.8 million, which was 1.7 % below the high level achieved in the same period of the previous year (previous year: EUR 368.0 million). This decline was mainly the result of unfavourable weather conditions (characterised by frequent precipitation with low temperatures at times), which had a significant detrimental effect on the facade business in particular. By contrast, in the previous year, Sto was able to benefit from the good weather prevailing in most of the regions of relevance to the company. In the area of interior coatings, the figure achieved in the first quarter of 2023 exceeded the previous year's value. Across the Group as a whole, currency translations had a negative influence of EUR 0.7 million overall. Within this context, the positive development of the US dollar and Swiss franc, in particular, had to compete with a significant depreciation of the Turkish lira as well as the Swedish krona and Norwegian krone. Once adjusted for the currency translation effect, turnover declined by 1.5 % when calculated in the national currencies.

In the reporting period, the turnover volume decreased by 3.2 % to EUR 146.6 million in **Germany** (previous year: EUR 151.5 million) and by 0.6 % to

EUR 215.2 million **outside of Germany** (previous year: EUR 216.5 million). In comparison to the same period of the previous year, the share of total turnover generated outside of Germany increased from 58.8 % to 59.5 %.

In **April 2023**, the turnover of the Sto Group was below the previous year's level and continued to fall short of expectations. Once again, this was primarily due to the unfavourable weather conditions in many countries where the Sto companies are active.

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. The rising costs on the procurement markets continued into the first quarter of 2023. At 50.6 %, the gross profit margin was higher than the previous year (previous year: 49.7 %) but still lower than expected. Sto intends to at least compensate for current and past strains from procurement in the previous year by further increasing its own sales prices over the course of the current year. Even though the number of personnel remained largely the same at 5,771 employees (31 March 2022: 5,773), personnel expenses increased. This was mainly due to pay increases based on collective wage agreements. Other operating expenses were also higher than the previous year. Overall, the deficit in the reporting period, which is typical for the season, increased significantly compared to the previous year's value.

Group-wide **investments** in Property, plant, and equipment, and Intangible assets amounted to EUR 6.0 million in the reporting period (previous year: EUR 5.6 million). Among other things, these focused on the ongoing installation of a second rotary kiln to expand production capacity at our location in Ilmenau, Thuringia/Germany and on measures associated with the long-term 'Retrofit' programme for modernising/replacing the production equipment.

The **assets and liabilities situation** of the Sto Group continued to prove sound as at the end of March 2023. Changes in individual balance sheet items compared to the 2022 year-end fell within normal expectations and largely reflected the typical development of business in the first quarter.

The future development of the Group faces numerous opportunities and risks, which are presented in the Risks and opportunities report in the Management report for 2022. Uncertainties particularly exist in the area of procurement, e.g. due to possible energy supply bottlenecks and the further consequences of the Russia-Ukraine conflict, which cannot be reliably estimated.

Without taking into account the impact of the further development of the Russia-Ukraine conflict, Sto expects business development to be positive for **2023 as a whole** and, despite major challenges, still anticipates that consolidated turnover will grow to EUR 1.91 billion (2022: EUR 1.79 billion). Sto forecasts earnings before interest and taxes (EBIT) to fall between EUR 118 million and EUR 143 million (2022: EUR 129.7 million), with earnings before taxes (EBT) of between EUR 117 million and EUR 142 million (2022: EUR 128.3 million).

The forecast is based on average weather conditions and presumes that economic development will be in line with the original expectations in the key regions. Furthermore, the forecast is based on the assumptions that the euro exchange rate will remain largely stable and that the Russia-Ukraine conflict will neither lead to any significant impairment of demand in the markets of relevance to Sto, nor to any restrictions regarding the conduct of business activities, nor to any impairment of the supply of raw materials, bought-in products, and energy.

The interim report within the first half of 2023 is available for download at www.sto.de.

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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