

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

Sto SE & Co. KGaA, Stühlingen/Germany

- **At EUR 664.5 million, consolidated turnover of Sto SE & Co. KGaA in the first six months of 2020 almost unchanged from the previous year**
- **Positive first-time consolidation effects and a solid development in the first few months of the year compensate for the losses due to the coronavirus pandemic**
- **Turnover in Germany increases by 9.5 % to EUR 312.8 million; volume outside of Germany declines by 7.3 % to EUR 351.7 million**
- **Consolidated earnings before interest and taxes (EBIT) improve by 39.1 % to EUR 44.1 million and earnings before tax (EBT) by 40.2 % to EUR 42.9 million**
- **Number of employees in the Group up by 179 to 5,646, primarily through expansion of the companies consolidated**
- **Forecast for the year of 2020 as a whole remains unchanged for the time being (without taking into account the potential effects of the coronavirus pandemic on the second half of the year): increase in turnover of 6.6 % to around EUR 1,490 million and EBIT of between EUR 93 million and EUR 103 million expected**

Stühlingen, 28 August 2020 - The business development of Sto SE & Co. KGaA in the second quarter of 2020 was largely shaped by the severe effects of the coronavirus pandemic and came in significantly below expectations and the previous year's values. The very positive business development in the first quarter, which benefited from the good weather conditions at the beginning of the year, and which, especially in Germany, was affected by the coronavirus pandemic only to a small extent, as well as positive first-time consolidation effects made it possible for **consolidated turnover** to amount to EUR 664.5 million in the first six months and hence to remain almost at the previous year's level (previous year: EUR 665.1 million). When adjusted for first-time consolidation and overall slightly negative currency translation effects, consolidated turnover decreased by 2.4 % as compared to the first half year of 2019.

In **Germany**, Sto achieved a Group-wide increase of 9.5 % to EUR 312.8 million (previous year: EUR 285.6 million) as at the end of June 2020, especially due to the favourable weather conditions and the first-time consolidation of VIACOR Polymer GmbH. **Outside of Germany**, the considerable consequences of the coronavirus pandemic had a delayed negative impact on business development in numerous countries. Despite the rise resulting from the first-time consolidations, turnover amounted to EUR 351.7 million and hence remained 7.3 % under the previous year's value (previous year: EUR 379.4 million). The percentage of Group turnover generated abroad amounted to 52.9 % as compared to 57.1 % in the same six-month period in 2019.

In **July 2020**, turnover was significantly above the previous year's level, however, it still came in slightly below expectations. Companies with a continued positive development and those with considerable catch-up effects were contrasted by companies that were still impacted by the partially significant negative effects of the coronavirus pandemic.

Sto saw positive growth in **consolidated earnings** in the first half of 2020. Especially improvements in the gross profit margin and measures to secure earnings to compensate for the negative consequences due to the coronavirus pandemic had a positive effect on the income situation. In a comparison of the half-year figures, earnings before interest and taxes (**EBIT**) rose by 39.1 % to EUR 44.1 million (previous year: EUR 31.7 million), earnings before tax (**EBT**) by 40.2 % to EUR 42.9 million (previous year: EUR 30.6 million), and **net earnings** by 40.4 % to EUR 29.2 million (previous year: EUR 20.8 million).

The Sto Group's **finance and asset situation** in the first half of 2020 was influenced by the expansion of the companies consolidated and by the seasonal nature of business. In the first few months of each calendar year, Sto has a particular need for cash, whereas cash inflows usually dominate during the second half of the year. Taking into account cash and cash equivalents, this resulted in **net financial assets** of EUR 25.3 million (31 December 2019: EUR 119.8 million; 30 June 2019: EUR 39.9 million) as at 30 June 2020. As of

the reference date, the **equity ratio** stood at a very solid 48.2 % (31 December 2019: 54.3 %; 30 June 2019: 53.3 %).

As at the end of June, the Sto Group had 5,646 **employees** worldwide as compared to 5,533 at the 2019 year-end (+113 employees; +2.0 %) and compared to 5,467 on the same day of the previous year (+179 employees; +3.3 %). In **Germany**, the workforce had increased by 50 to 2,995 employees (previous year: 2,945) since the middle of 2019. **Outside of Germany**, the number of employees grew by a total of 129 to 2,651 (previous year: 2,522) as compared to the number on 30 June 2019. Apart from the additions resulting from the expansion of companies consolidated, a comparison with the previous year also showed a small number of new hires across the Group in countries with short- and medium-term growth prospects, while the workforce was selectively reduced in regions battling difficult economic conditions. The percentage of the Group's workforce employed abroad slightly rose from 46.1 % to 47.0 %.

According to the forecast for 2020, consolidated turnover for **2020 as a whole** was expected to increase by 6.6 % to EUR 1,490 million (previous year: EUR 1,398.2 million), before the potential effects of the coronavirus pandemic, as long as weather conditions are not significantly worse than in the previous year. The EBIT figure is expected to fall between EUR 93 million and EUR 103 million (previous year: EUR 85.9 million). In view of the currently discernible recovery tendencies in some countries, the seasonally strong turnover months still to come at Sto and the opportunities arising from the current government initiatives to stabilise the economy and the construction industry in particular, Sto assumes that this forecast will hold up. However, the impact of the coronavirus pandemic on future business development still cannot be assessed reliably, and the basis for forecasting is therefore subject to numerous considerable uncertainties, as described in the Risks and opportunities report of the 2019 Annual Report. It is also unclear, among other things, whether the recovery tendencies in individual countries, some of which were noticeable at the end of the reporting period, will continue, how quickly the backlog can be made up, when the peak of the crisis will be reached in regions with currently rising numbers of infections, how the responsible governments will react to a second

wave, which has already begun in various countries, or how they will react to possible further waves of infection, and what concrete future economic and social effects the global crisis will have. The effect of the weather is even more relevant than in ordinary fiscal years, as unfavourable weather conditions could also limit possible catch-up effects.

The full version of the 2020 interim financial report is available for download at www.sto.de in the section "Investor Relations" under "Unternehmen" (Company).

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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