

P R E S S R E L E A S E Sto SE & Co. KGaA, Stühlingen

- Sto Group sales of EUR 563.1 million in the first six months of 2014 are 8.3 % better than last year - Business performance slows after a good start
- Favourable weather conditions to start the year facilitate domestic and international growth
- Company EBIT rises to EUR 29.2 million from EUR 18.8 million
- Continued expansion of payroll in growth markets
- Unchanged forecast for 2014 fiscal year: Rise in turnover of around 5 % and EBIT of EUR 90 to 100 million expected

Stühlingen, 28 August 2014 – Following a very dynamic start of the year that was assisted by favourable weather conditions, the business performance of Sto SE & Co. KGaA slowed in the second quarter of 2014, reflecting an industry-wide development. Due to the strong growth of the early months, when a mild winter led to significant pull-forward effects, **Group sales** from January to June 2014 rose 8.3 %, compared to the same time last year to EUR 563.1 million (previous year: EUR 520.1 million). The major international manufacturer of products and systems for building coatings showed a particularly solid demand for facade systems and coatings.

Sto especially benefited from the weather conditions in Germany, which allowed **domestic sales** to increase 10.4 %, compared to the first six months of last year, to EUR 253.4 million (Previous year: EUR 229.5 million). **Foreign turnover** rose 6.6 % to EUR 309.7 million (previous year: EUR 290.6 million). As a result the foreign share of consolidated turnover dropped slightly to 55 % from 55.9 %. In contrast to most Western and Eastern European subsidiaries, which also benefited from the warm temperatures at the start of the year, the winter in parts of the USA and China was very harsh. Business performance in some Southern European countries was marked by the continued difficult economic condi-

tions there. In addition, the appreciation of the Euro compared to the US dollar, the Chinese Renminbi and Scandinavian currencies dampened sales performance.

Domestic and international business development in **July 2014** was very restrained.

Improved earnings

The profit situation of the Sto Group in the first half of 2014 was characterised by higher costs. In addition to higher material costs, increases in personnel costs due to negotiated wage hikes and a targeted payroll expansion in growth areas abroad also had an effect. In total, the Sto Group had 5,001 employees at the end of June of this year compared to 4,844 at the same time last year. Compared to a significant increase of 136 to 2,418 employees abroad, payroll in Germany was up only slightly, adding 21 for a total of 2,583 employees. The share of the Group's international staff rose from 47.1 % to 48.4 %.

Despite the higher costs, profits could be improved significantly because of the higher volume of sales. In total, **EBIT** jumped 55.3 % to EUR 29.2 million (previous year: EUR 18.8 million) and net profit climbed 57.9 % to EUR 19.9 million (previous year: EUR 12.6 million).

The **financial position and cash flows** of the Sto Group continued to be solid in the reporting period. As at midyear, the company had **net financial assets** of EUR 37.8 million (previous year: EUR 31.9 million) and an **equity ratio** of 65.2% (previous year: 61.6 %).

Forecast for the 2014 fiscal year unchanged:

Sto still expects a rise in turnover of approximately 5 % to EUR 1,225 million in fiscal year 2014 even though the underlying conditions in some countries are more difficult than expected. As it looks now, the expected weaker business development in the America/Asia segment will be offset by higher growth rates in Northern and Eastern Europe. The growth rates achieved so far this year thanks to favourable weather conditions are not representative of the entire year, as the comparable 2013 level was very low due to poor weather conditions. As announced, levelling is therefore anticipated over the course of the year.

EBIT, which, on seasonal grounds, is usually significantly higher in the second half of the year than the first, is expected to be between EUR 90 to 100 million in 2014 due to the high price and cost pressure. Financial performance should be strained by factors such as a significant increase in personnel costs and rising material costs, particularly for specialty chemicals.

As always, it is difficult to predict the weather, which could yet impact business performance very negatively in the remainder of 2014.

A budget of EUR 45 million for investments in intangible and tangible assets is earmarked for 2014.

Sto SE & Co. KGaA is a major international manufacturer of products and systems for building coatings. In 2013, consolidated turnover totalled EUR 1,166.0 million. The company is a leader in the field of external wall insulation systems. Core products also include high-quality facade elements and render, plaster and paints for both exterior and interior use. Other focus areas include concrete restoration/floor coatings, acoustic systems and rainscreen cladding systems.

Contact person:

Rolf Wöhrle, CFO of STO Management SE, acting on behalf of Sto SE & Co. KGaA,
tel.: 07744/57-12 41, email: r.woehrle@sto.com

Claudia Wieland, TIK Text, Information & Kommunikation GmbH, tel.: 0911/9597-860, email: cw@tik-online.de

The complete semi-annual financial report is available for download at www.sto.de and can be found in the "Investor Relations" section under "Unternehmen" (Company).