

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

Sto SE & Co. KGaA, Stühlingen, Germany

- **Sto consolidated turnover up by 6.6 % to EUR 617.5 million in the first half year of 2017**
- **Domestic turnover increases by 5.4 % to EUR 266.8 million, volume abroad by 7.6 % to EUR 350.7 million**
- **Consolidated EBIT improves from EUR 19.1 million to EUR 32.0 million and earnings before taxes (EBT) from EUR 17.8 million to EUR 31.1 million**
- **Slight decrease in the Group's workforce to 5,330 employees as compared to 5,340 at the 2016 mid-year point**
- **Outlook for the year 2017 as a whole unchanged with an expected increase in turnover of 3 % to around EUR 1,268 million and EBIT between EUR 80 million and EUR 90 million**

Stühlingen, 31 August 2017 – In the second quarter of 2017, Sto was able to continue the good business development which it had already experienced at the beginning to the year primarily due to favourable weather conditions, and increase its business volume as well as its earnings to a higher extent than anticipated: **Consolidated turnover** improved by 6.6 %, or EUR 38.4 million, to EUR 617.5 million in a comparison of the half-year figures (previous year: EUR 579.1 million). The major part of the increase (5.5 % or EUR 32.0 million) can be attributed to organic growth. The Hesselberg Bygg group, which has been integrated into the consolidated annual financial statement of the Sto Group since 1 July 2016, contributed EUR 5.3 million in the reporting period; currency translations had a positive effect of EUR 1.1 million.

In **Germany**, Sto achieved a Group-wide plus of 5.4 % to EUR 266.8 million by the end of June 2017 (previous year: EUR 253.1 million), with the core business of facade systems developing better than expected. Furthermore, the sales activities in defined product groups, which had been initiated as part of the New Balance programme, showed first signs of success. Turnover **abroad** increased by

7.6 % to EUR 350.7 million (previous year: EUR 326.0 million). Without taking into account the Norwegian Hesselberg Bygg group, which was consolidated into the Group for the first time, the increase achieved outside of Germany equalled 6.0 %. The share of the Group sales volume generated abroad amounted to 56.8 % in the reporting period compared to 56.3 % in the corresponding period in 2016.

Turnover was also higher in July 2017 than in the same month of the previous year and hence slightly exceeded expectations.

Consolidated earnings improved even more significantly than turnover in the first half of 2017: As compared to the weak reference period in 2016, earnings before interest and taxes (EBIT) increased to EUR 32.0 million (previous year: EUR 19.1 million), earnings before taxes (EBT) to EUR 31.1 million (previous year: EUR 17.8 million) and net results to EUR 20.9 million (previous year: EUR 12.1 million).

The **New Balance** programme, which aims at strengthening the Group's profitability and which consists of activities to increase turnover and to optimise costs, was specified in the reporting period. At the end of June, employer and employee representatives of Sto SE & Co. KGaA together decided on the parameters of the planned cost reductions in the personnel area, which mainly comprise the reduction of the workforce in Germany by 53 jobs, 28 of which at the main location in Stühlingen-Weizen. In return, a job guarantee until the end of 2018 was given to the more than 2,000 remaining employees in Germany, provided that the conditions, agreed upon with the Works Council, are fulfilled. The cost effects for these personnel-related measures had already been taken into account in the 2016 annual financial statements.

The **financial and asset situation** of the Sto Group in the first half of 2017 was mainly characterised by the strongly seasonal business development which is typical in the construction industry. There is always a particular need for cash in the first few months of a calendar year, whereas cash inflows dominate during the second half of the year. On 30 June 2017, Sto SE & Co. KGaA recorded **net-financial assets** of EUR 24.7 million (31 December 2016: EUR 55.5 million).

The **equity ratio** stood at 56.5 % on the reference date (31 December 2016: 59.5 %).

At the end of June 2017, the Sto Group had 5,330 **employees** worldwide as compared to 5,340 on the same day of the previous year (-10 employees; -0.2 %). In Germany, the number of employees decreased by 33 to 2,863 (previous year: 2,896). The number of people employed by Sto abroad rose from 2,444 to 2,467. Without the 32 employees working for the Hesselberg Bygg group as at 30 June 2017, this would have meant a slight decrease in the number of employees outside of Germany as well. This was due to the specific adjustment measures in regions with difficult general economic conditions. These measures were contrasted with targeted new appointments in countries with medium-term growth prospects.

For the **year of 2017 as a whole**, the Sto Group continues to expect a **growth in turnover** of 3 % to around EUR 1,268 million (previous year: EUR 1,230.7 million). As things stand, operating **consolidated earnings** before interest and taxes (EBIT) are also likely to rise, ultimately amounting to between EUR 80 million and EUR 90 million (previous year: EUR 70.3 million). Effects from the measures of the New Balance programme will also contribute to this. Earnings before taxes (EBT) are expected to reach between EUR 78 million and EUR 88 million (previous year: EUR 68.1 million). It is, however, difficult to reliably forecast the weather conditions, which have a significant impact on the company's turnover and earnings trends.

The full version of the 2017 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. There is also a focus on concrete repair, floor coatings, acoustics, and rainscreen cladding systems.

Contact persons:

Rolf Wöhrle, Chief Financial Officer of STO Management SE, which acts on behalf of Sto SE & Co. KGaA, tel.: +49 7744/57-12 41, e-mail: r.woehrle@sto.com
Claudia Wieland, tik editorial office, tel.: +49 911/9597-871, e-mail: cw@tik-online.de