



SIKA CAPITAL MARKET DAY 2023

STRATEGY 2028 – BEYOND THE EXPECTED

THOMAS HASLER, CEO

TUEFFENWIES, OCTOBER 3, 2023

BUILDING TRUST



1. HIGHLIGHTS YEAR TO DATE AND CURRENT PERFORMANCE
2. OUR NEW STRATEGY 2028 – BEYOND THE EXPECTED
3. OUTLOOK 2023

# 1. HIGHLIGHTS YEAR TO DATE AND CURRENT PERFORMANCE

# HIGHLIGHTS YEAR TO DATE

## COMPLETION OF MBCC ACQUISITION



**Closing of the acquisition  
of MBCC Group  
(May 2023)**

**MBCC GROUP**



**Opening of a new mortar and  
admixture plant in Eastern India  
(June 2023)**



**Acquisition of Thiessen Team USA  
(July 2023)**



**New product line for macro fibers in  
Chattanooga, Tennessee (July 2023)**



**Acquisition of Chema, a leading mortar  
manufacturer in Peru  
(August 2023)**

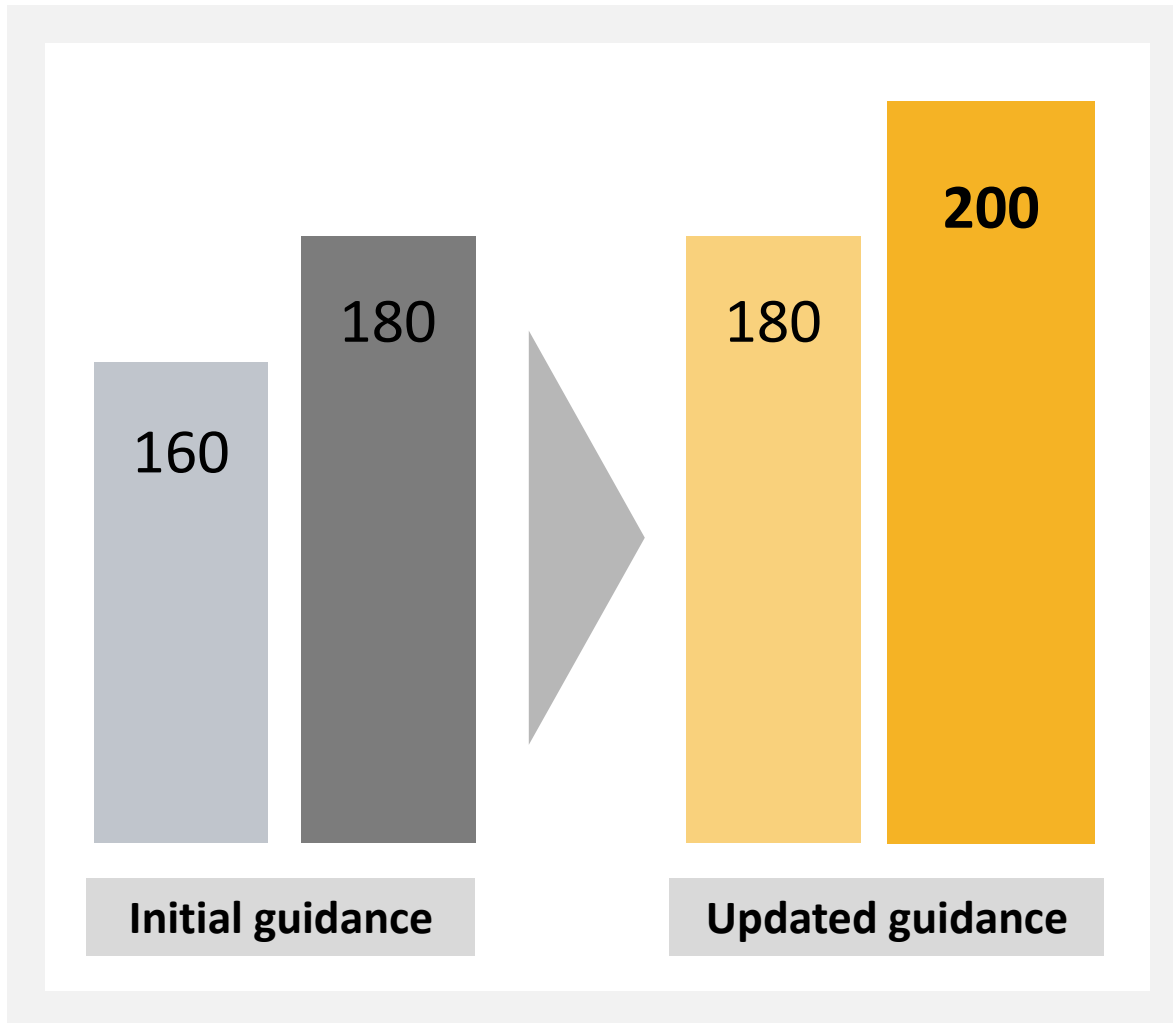
# SUCCESSFUL MBCC INTEGRATION

## WE ARE IN EXECUTION PHASE NOW

- We passed Day 100 with strong team spirit and are in the execution phase now
- Regular steering and alignment meetings to continue
- 2<sup>nd</sup> pulse check survey continues to show high engagement



# INCREASED MBCC SYNERGY POTENTIAL UPDATED TO CHF 180 – 200 MILLION P.A. BY 2026

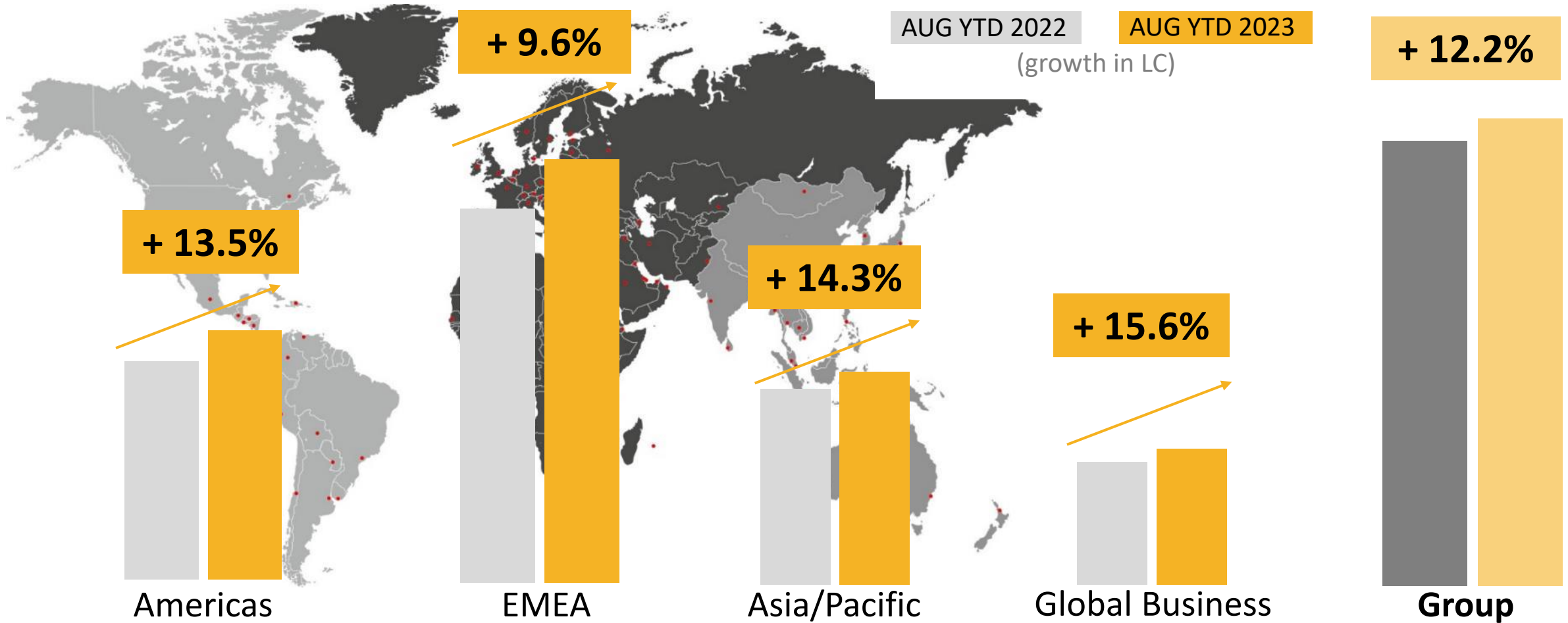


(in CHF million)



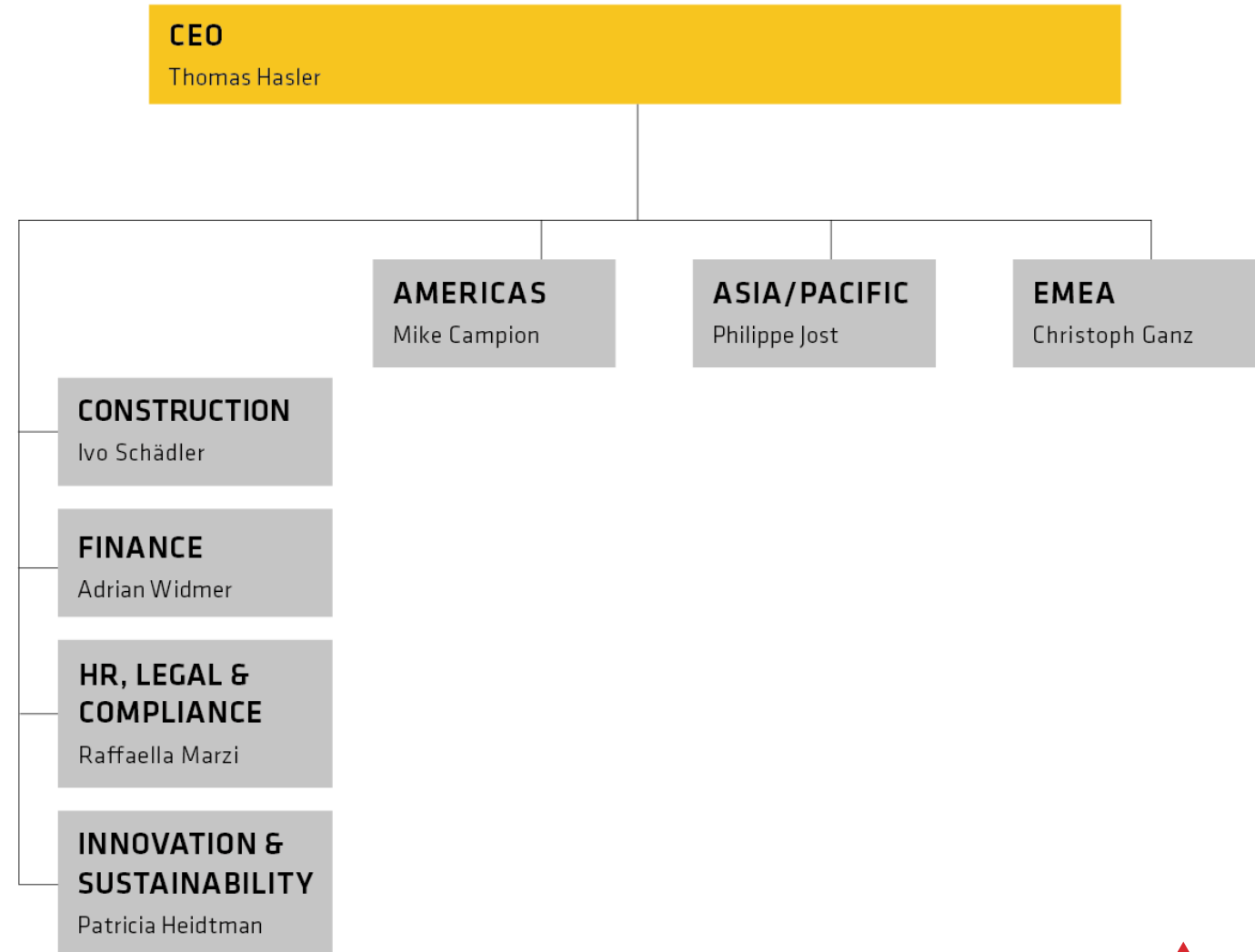
# HIGHLIGHTS YEAR TO DATE – STRONG SALES GROWTH

## 12.2% SALES GROWTH IN LC (JANUARY TO AUGUST 2023)



# CHANGES TO BOARD OF DIRECTORS AND GROUP MANAGEMENT AHEAD OF THE GROWTH STRATEGY 2028

- Thierry F. J. Vanlancker to be proposed as new Chair of the Board of Directors at the Annual General Meeting 2024
- Paul Hälgi has decided to step down after twelve successful years
- Rotation in Group Management ahead of new Growth Strategy 2028
  - Region EMEA: Christoph Ganz
  - Region Americas: Mike Campion
  - Region Asia/Pacific: Philippe Jost
  - Construction: Ivo Schädler
  - HR, legal & compliance: Raffaella Marzi

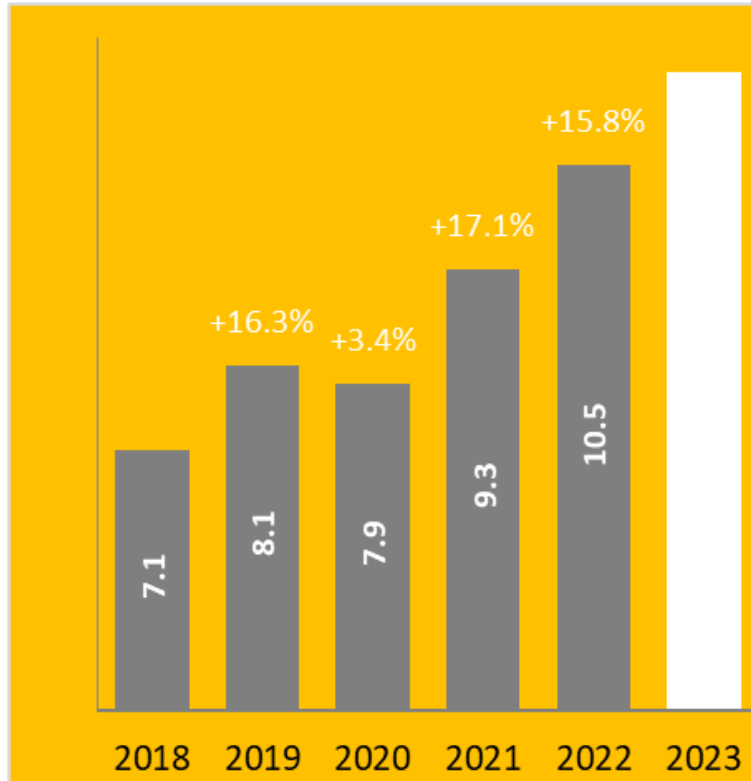




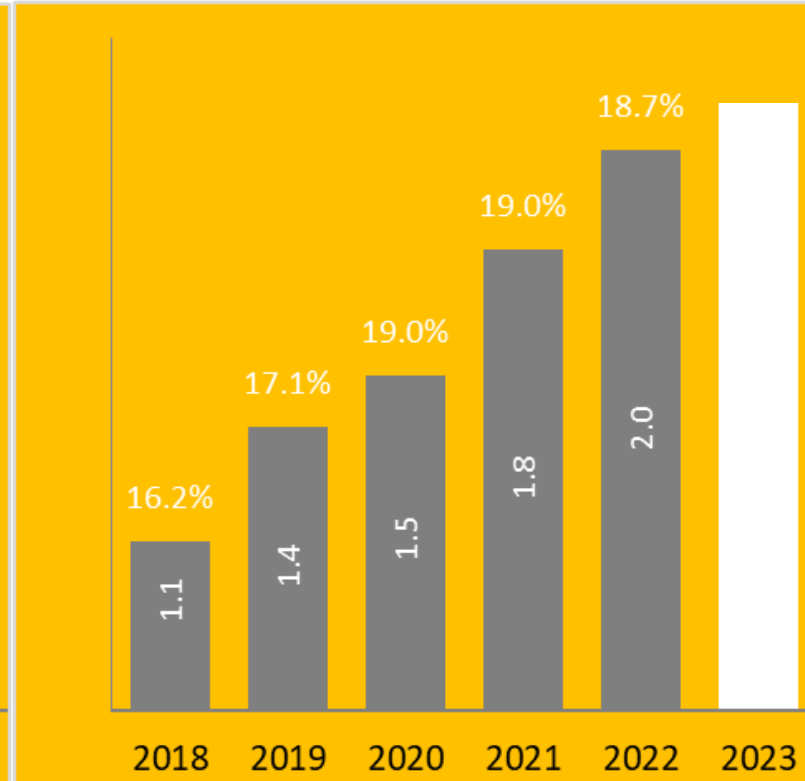
# STRONG TOPLINE GROWTH AND PROFIT IN THE LAST YEARS

## PERFORMANCE FROM 2019 TO 2023

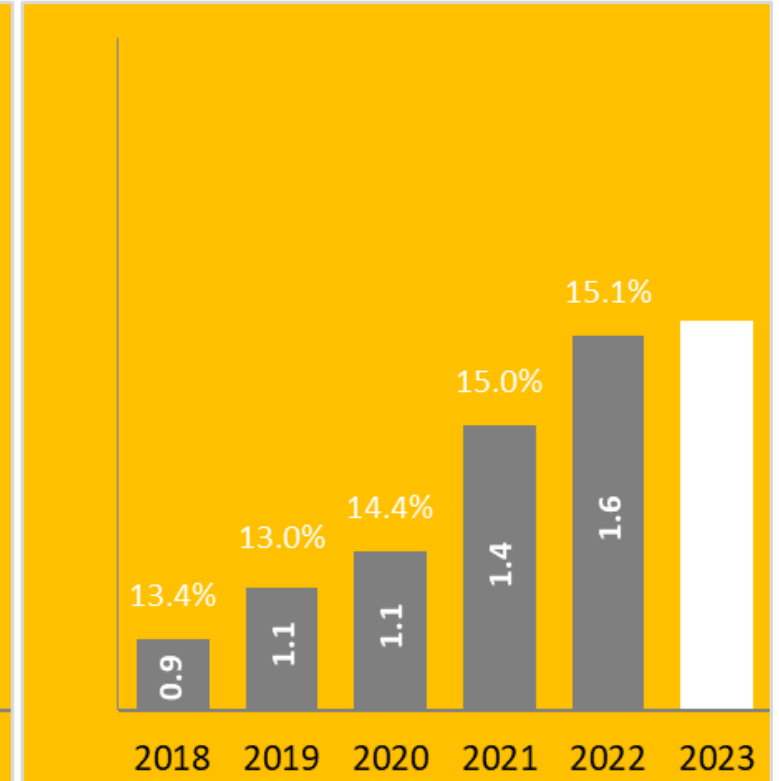
### Net Sales



### EBITDA



### EBIT



(in CHF mn, growth in LC)

## 2. OUR NEW STRATEGY 2028 – BEYOND THE EXPECTED

# STRATEGY 2028

## WHAT WE BUILD UPON – WHAT WILL CHANGE

### What we build upon

- People & Culture as strong backbone
- Decentralized market facing decisions, agile organization
- Market Penetration as key growth driver
- Maintain acquisition strategy as additional growth platform
- Innovation & Sustainability to stay market leader & enabler while driving growth/margins
- 5 Key Technologies and 8 Target Markets
- Strong Sika brand
- Deliver strong Sales and over-proportional Profit growth

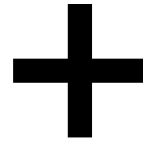
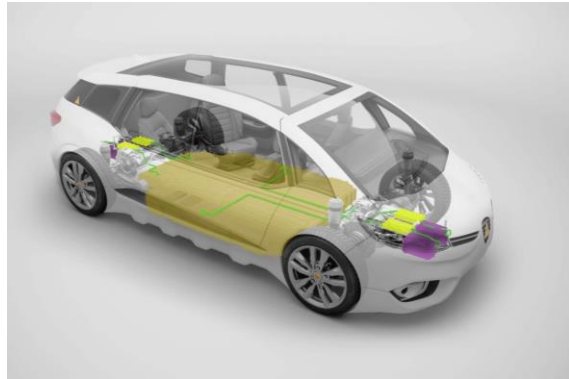
### What will change/be reinforced

- Build on 4 strong strategic pillars
- Balanced set of Financial & non-Financial targets
- Switch to EBITDA as main profitability metric
- Focused initiatives driving market penetration, megatrend-driven structural growth
- Driving net-zero pathway
- Product driven innovation to reinforce enabler position
- Organizational adaptations and market segmentation to fully capture customer needs

# SIKA AUTOMOTIVE & INDUSTRY ORGANIZATION 2024

## COMING TOGETHER

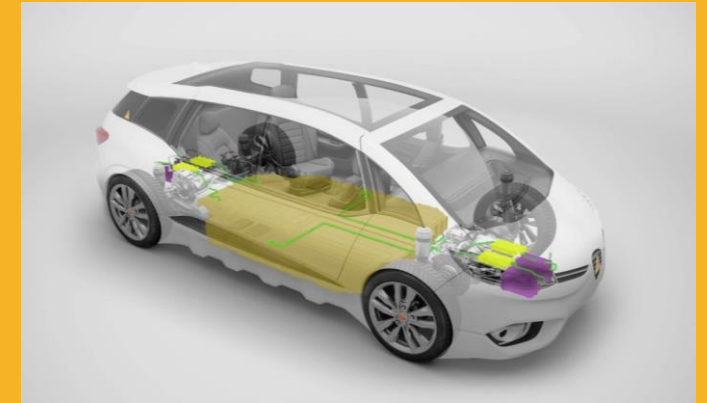
### Automotive



### Industry

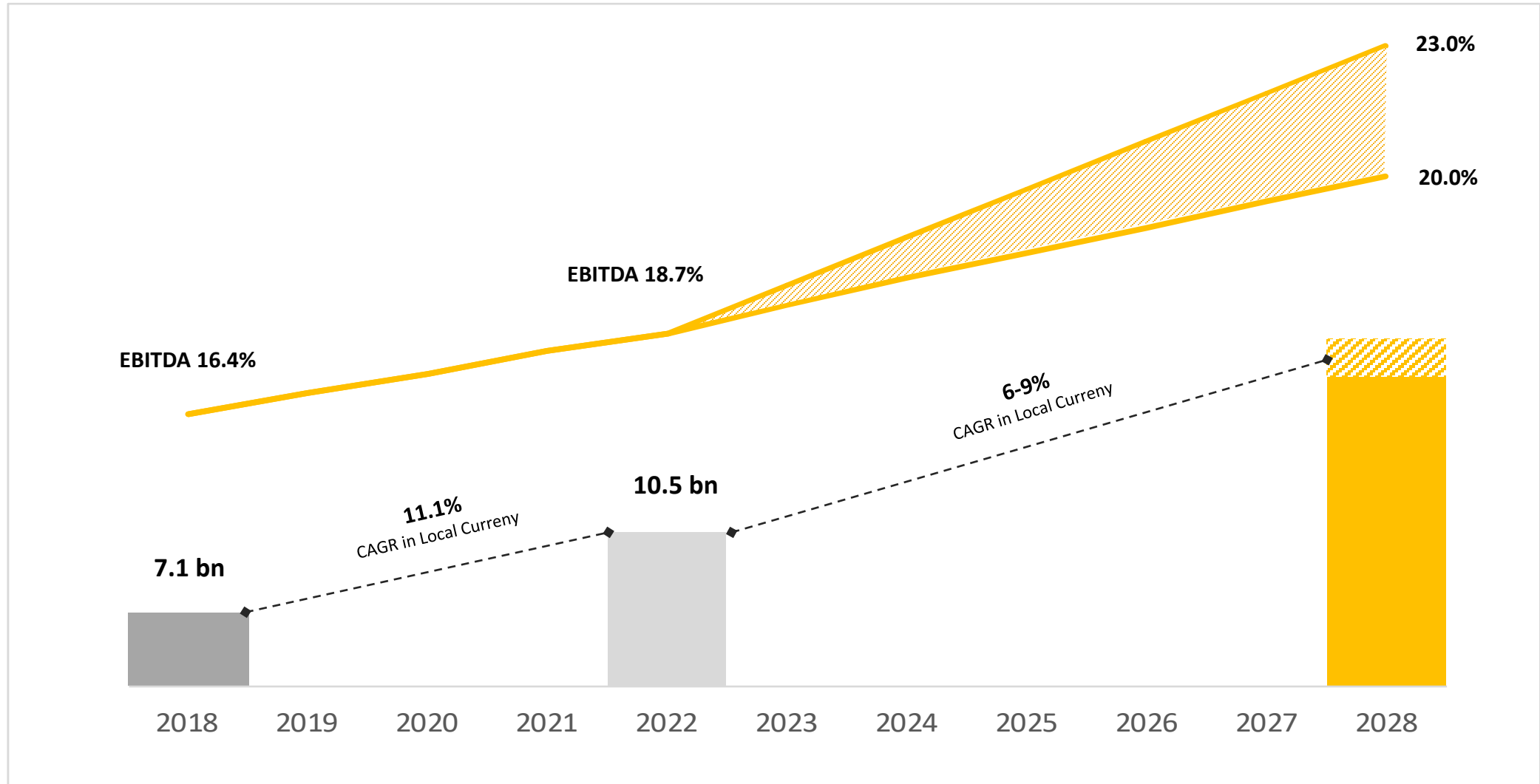


### Automotive + Industry



Automotive and Industry have been combined on a regional level to gain maximum momentum in a dynamic environment, increasingly driven by solutions for e-mobility and renewables.

# STRATEGY 2028 – BEYOND THE EXPECTED PROFITABLE GROWTH TO CONTINUE



# MEGATRENDS DRIVING SUSTAINABLE GROWTH

## FURTHER ACCELERATION



POPULATION GROWTH



URBANIZATION



DEMOGRAPHIC  
CHANGE



RESOURCE SCARCITY



CLIMATE CHANGE &  
SUSTAINABILITY



INCREASING  
REGULATIONS



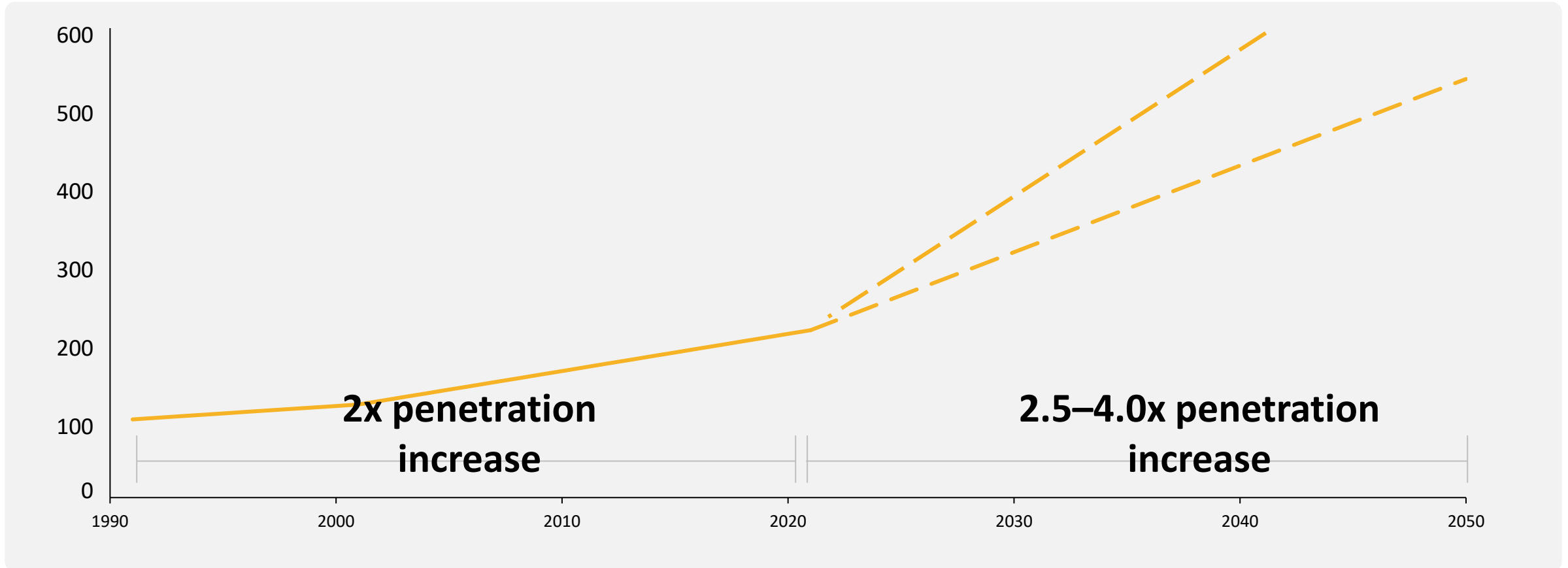
TECHNOLOGICAL  
PROGRESS



DIGITALIZATION

# CONSTRUCTION CHEMICALS OUTGROW CONSTRUCTION MARKET MEGATRENDS ACCELERATE DEMAND AND DRIVE PENETRATION

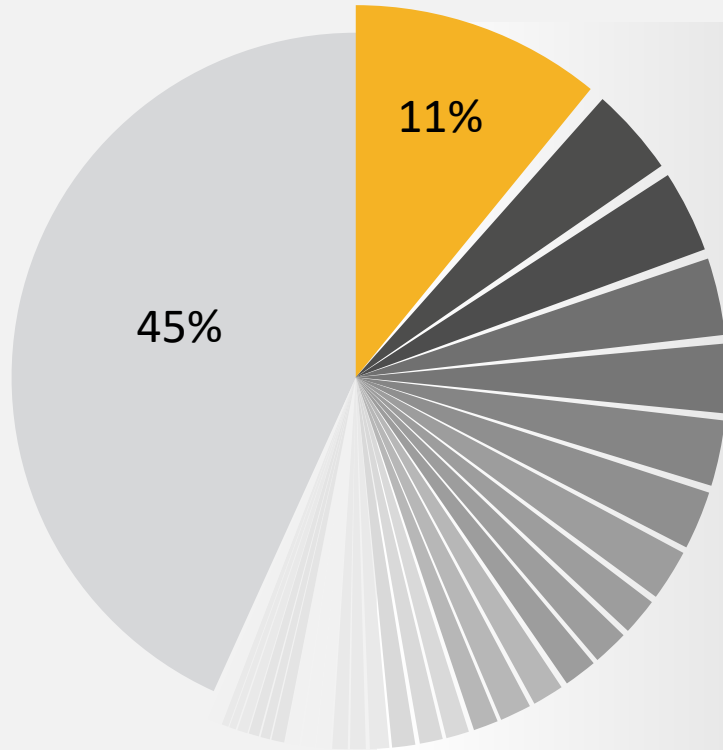
Construction chemicals penetration (1991 = 100)



Source: IHS, Freedonia | 1) penetration = global construction chemicals market size (CHF) / global construction output (CHF)

# MARKET SHARE IN CONSTRUCTION CHEMICALS AND INDUSTRY

## TOTAL ADDRESSABLE MARKET 2023: CHF 110 BILLION



Top 30 competitors  
(incl. Sika) account for  
55% of market share

Competitive landscape  
remains very fragmented  
despite ongoing M&A activity



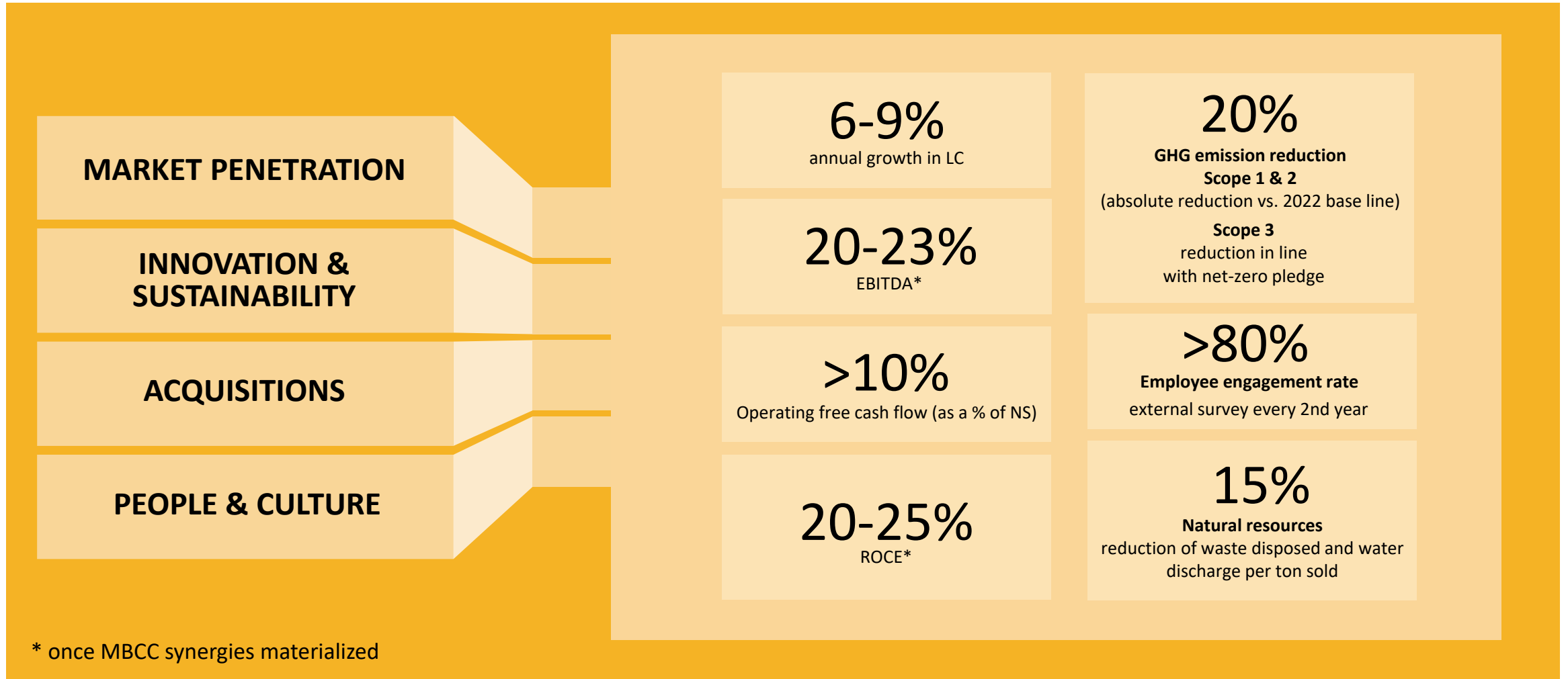
# FOUR PILLARS OF GROWTH STRATEGY 2028

BUILDING TRUST



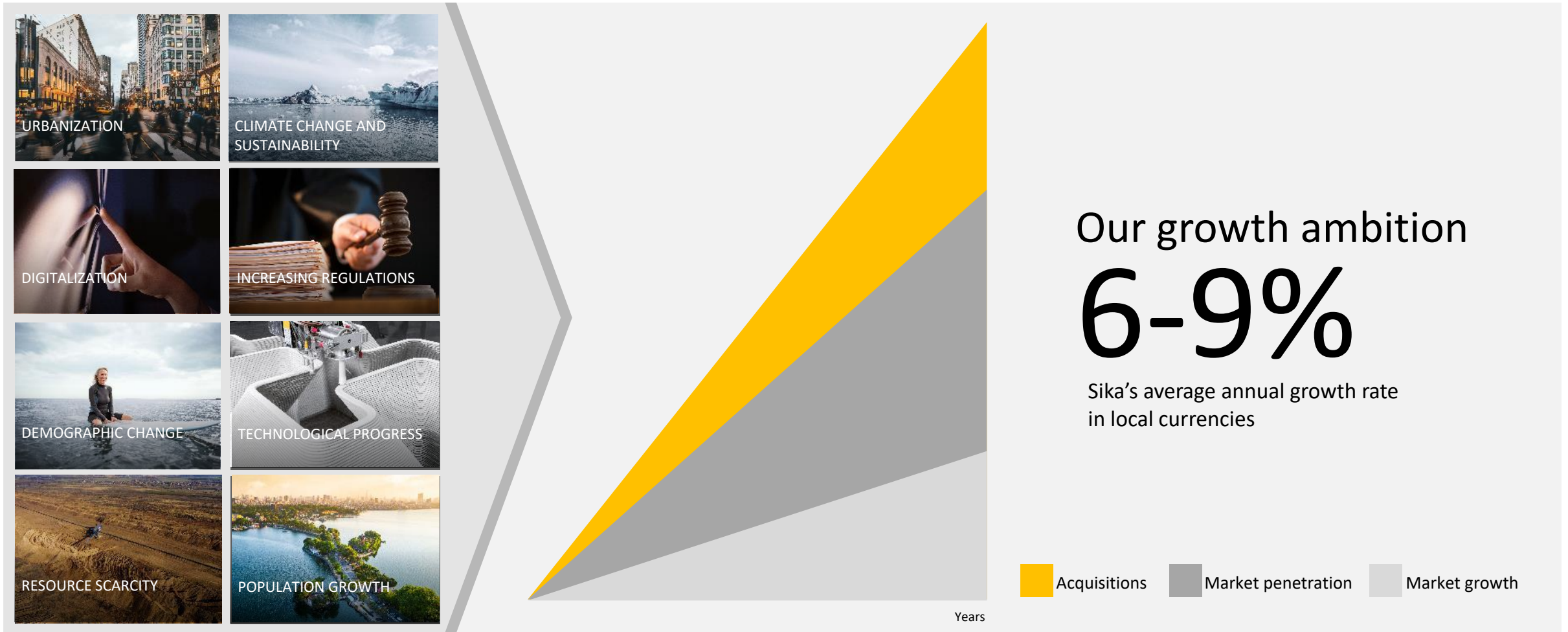
# SIKA'S GROWTH STRATEGY 2028

## THE PILLARS OF THE STRATEGY



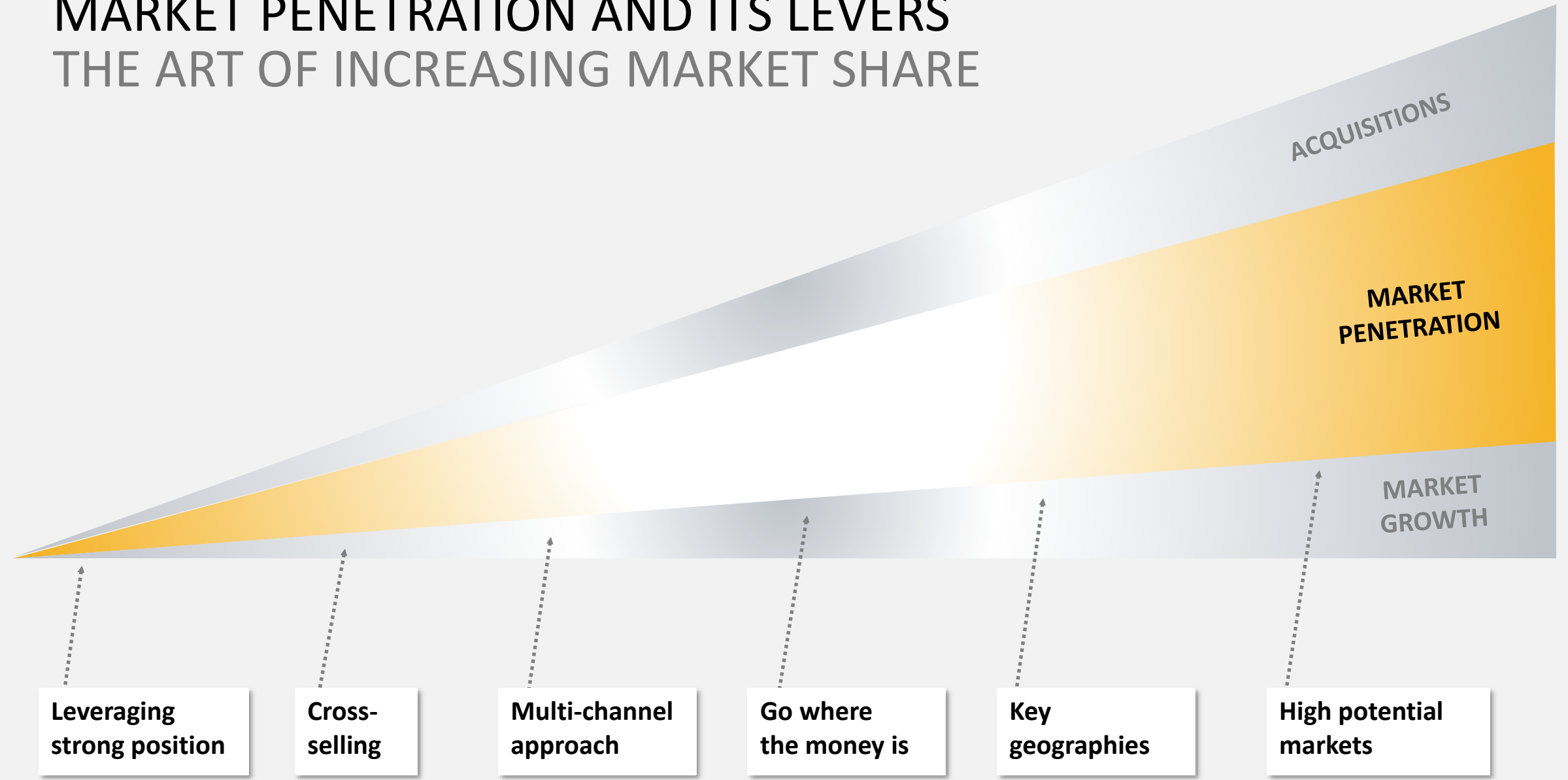
# STRONG EXECUTION AND BENEFITS OF MEGATRENDS

## SIKA STRONGLY POSITIONED IN 2023 AND BEYOND



# MARKET PENETRATION AND ITS LEVERS

## THE ART OF INCREASING MARKET SHARE



# INNOVATION & SUSTAINABILITY

**BUILDING TRUST**



# INNOVATION & SUSTAINABILITY – TRANSFORMING INNOVATION AND EFFECTIVE SUSTAINABILITY

## **PRESERVE NATURAL RESOURCES**

Increase water and waste efficiency.

Reduce usage of hazardous materials.

## **CLIMATE CHANGE MITIGATION**

Reduction direct and indirect emissions.

Building on circular economy.

## **INNOVATION**

All new product developments to be SPM validated.

Digitalization to accelerate transformation.

# INNOVATION & SUSTAINABILITY – STRATEGIC PILLARS 2028

## SIKA'S NET ZERO PATHWAY – DRIVING THE TRANSFORMATION

### OUR KEY LEVERS

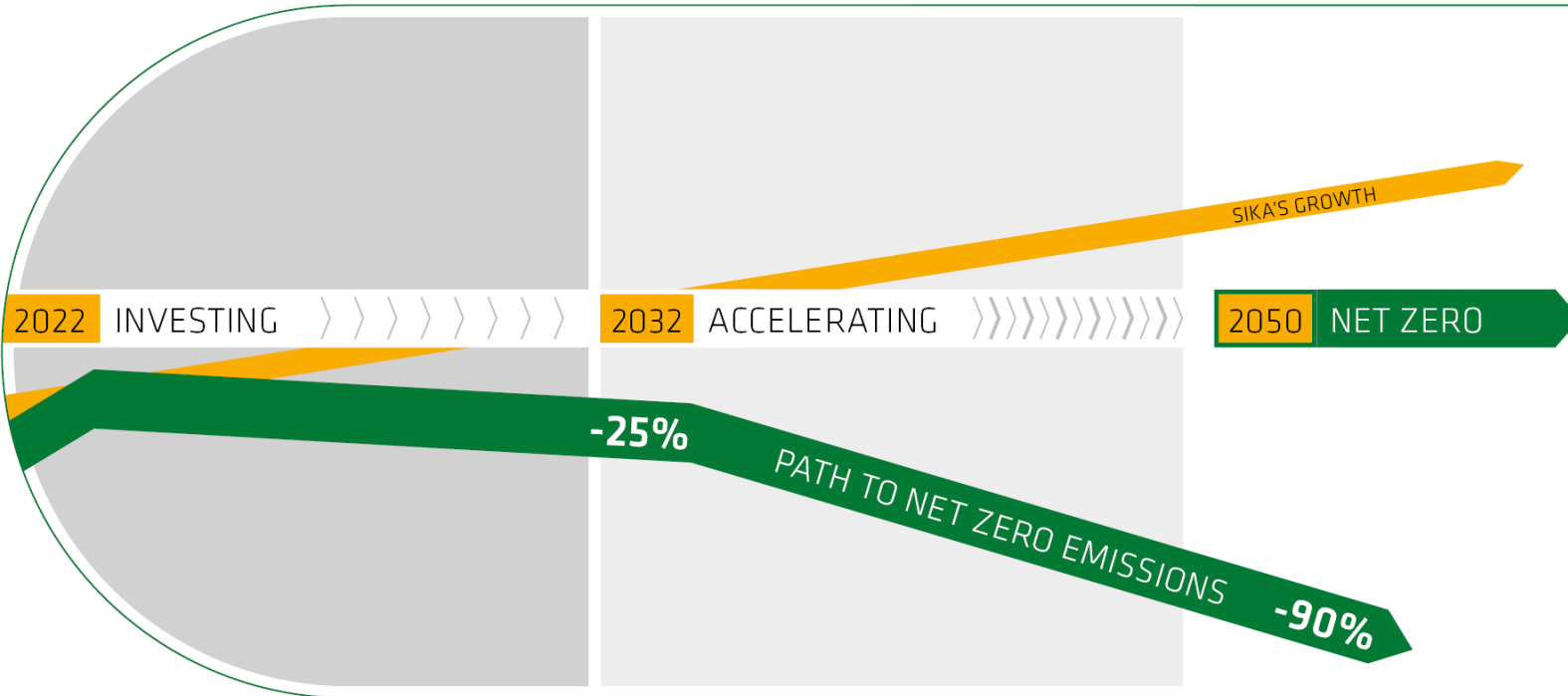
Education and capacity building to improve **material efficiency and circularity**

Accelerated use of **alternative low carbon supplies**

Continued focus on **operational efficiencies**

**Partnerships with key suppliers** who support Sika's path to net zero

Development of **new innovative solutions** for construction and industry



# INNOVATION & SUSTAINABILITY – ENABLING SUSTAINABLE SOLUTIONS

## SUSTAINABILITY PORTFOLIO MANAGEMENT (SPM)

All new product developments to be SPM validated with a positive validation

MORE **PERFORMANCE**  
MORE **SUSTAINABLE**

**SPM** | Sustainability  
Portfolio  
Management

- The SPM evaluates solutions based on **12 sustainability** and **6 performance categories**.
- SPM is used to classify, and **market sustainable solutions**.
- Sika's goal is to manage innovation and sustainability, **minimizing risks and maximizing opportunities**.
- Sika is the 1<sup>st</sup> company within the specialty chemicals and building materials sector to develop and implement the **SPM Concept** based on the World Business Council of Sustainable Development framework.



# INNOVATION & SUSTAINABILITY – ROADMAP MERGE

## DURABILITY, DECARBONIZATION, AND CIRCULARITY



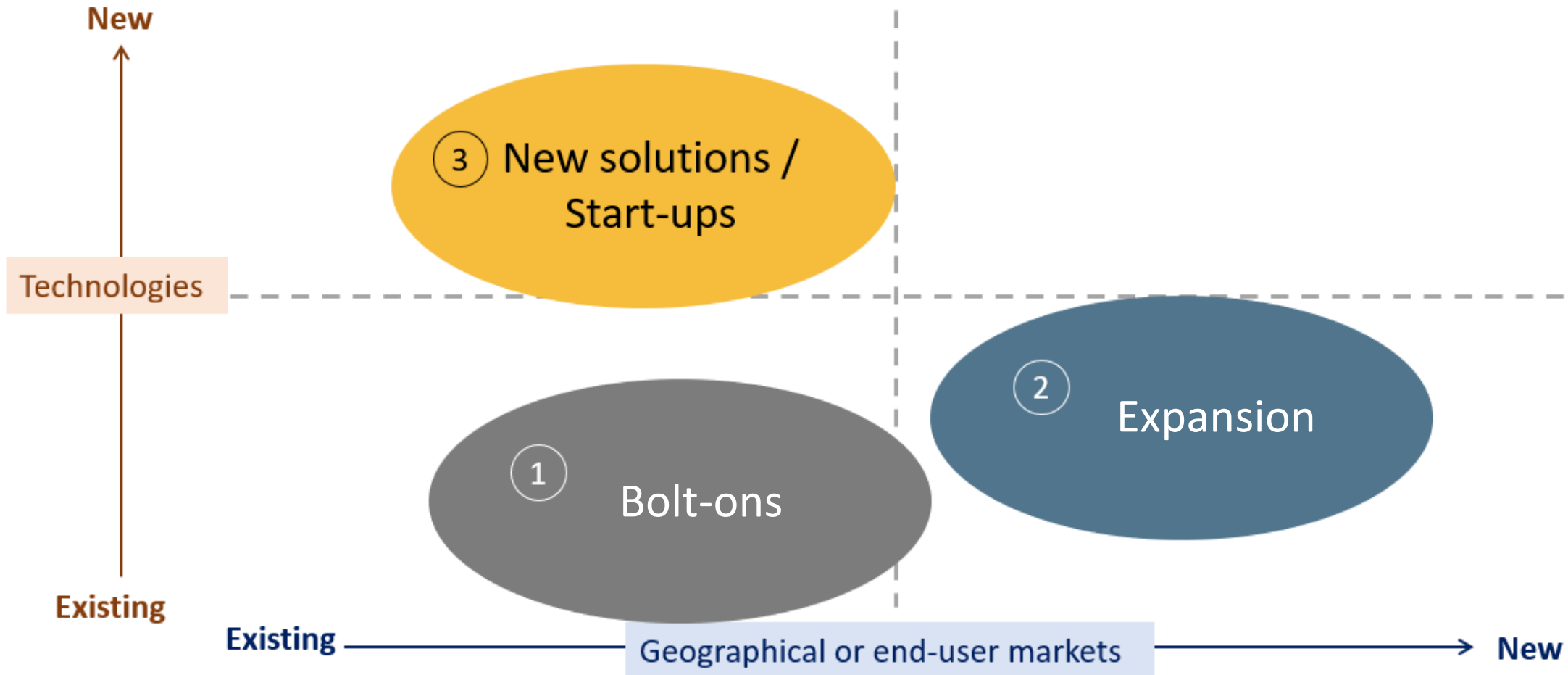
# ACQUISITIONS

**BUILDING TRUST**



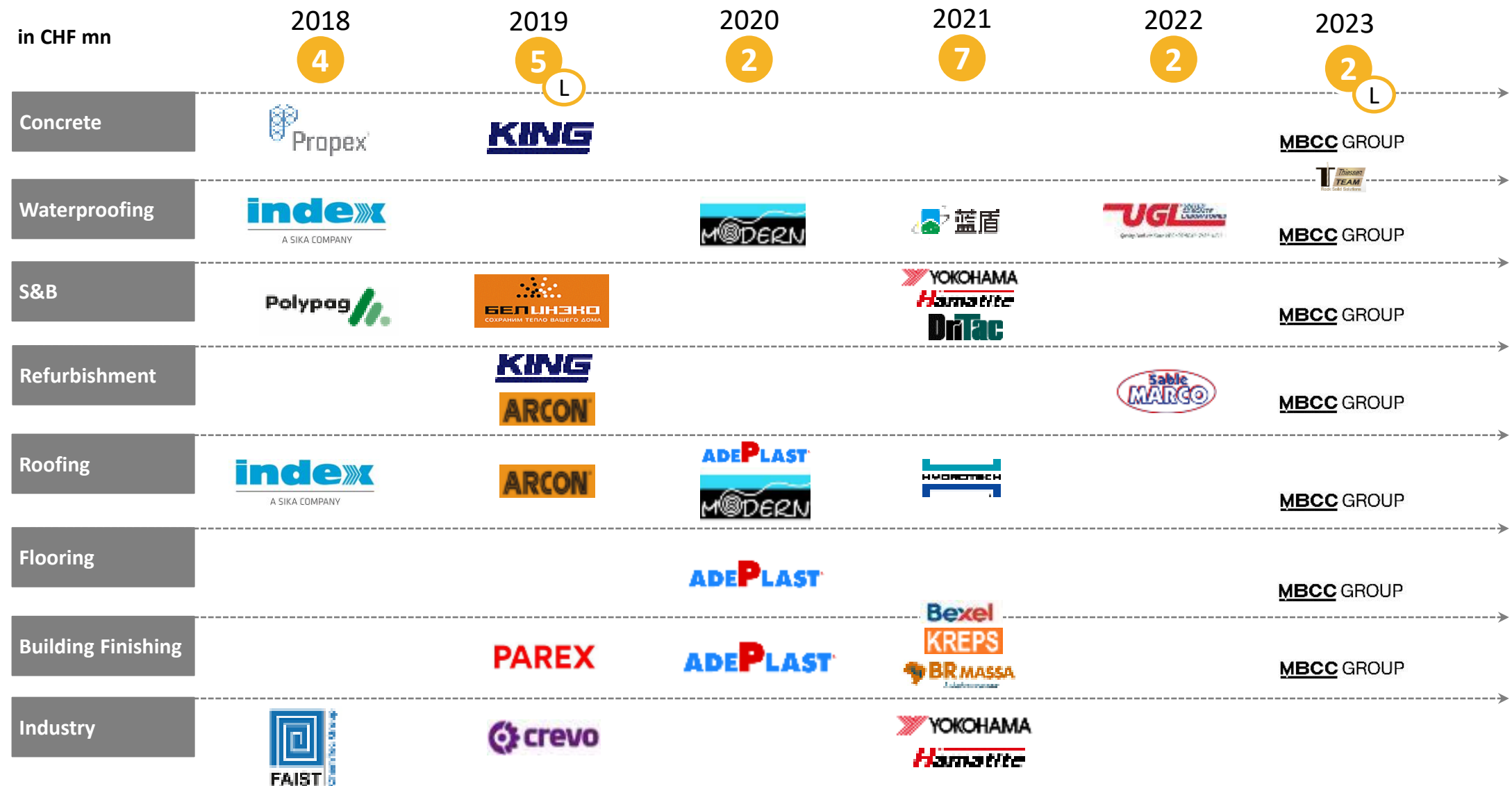
# ACQUISITIONS

## STRATEGIC LEVER WITH MULTIPLE DIMENSIONS



# ACQUISITIONS – FROM 2018 TO 2022

## ADDITIONAL GROWTH PLATFORMS IN ALL TARGET MARKETS



# PEOPLE & CULTURE

**BUILDING TRUST**





**INVESTING IN OUR PEOPLE  
& CULTURE IS INVESTING  
IN OUR FUTURE SUCCESS.  
LEADERS ARE IN CHARGE.**

**WE BUILD TRUST EVERYDAY**

OUR EMPLOYEES FEEL VALUED, EMPOWERED AND PROUD TO WORK FOR SIKA



**SAFE**



**ENGAGED**

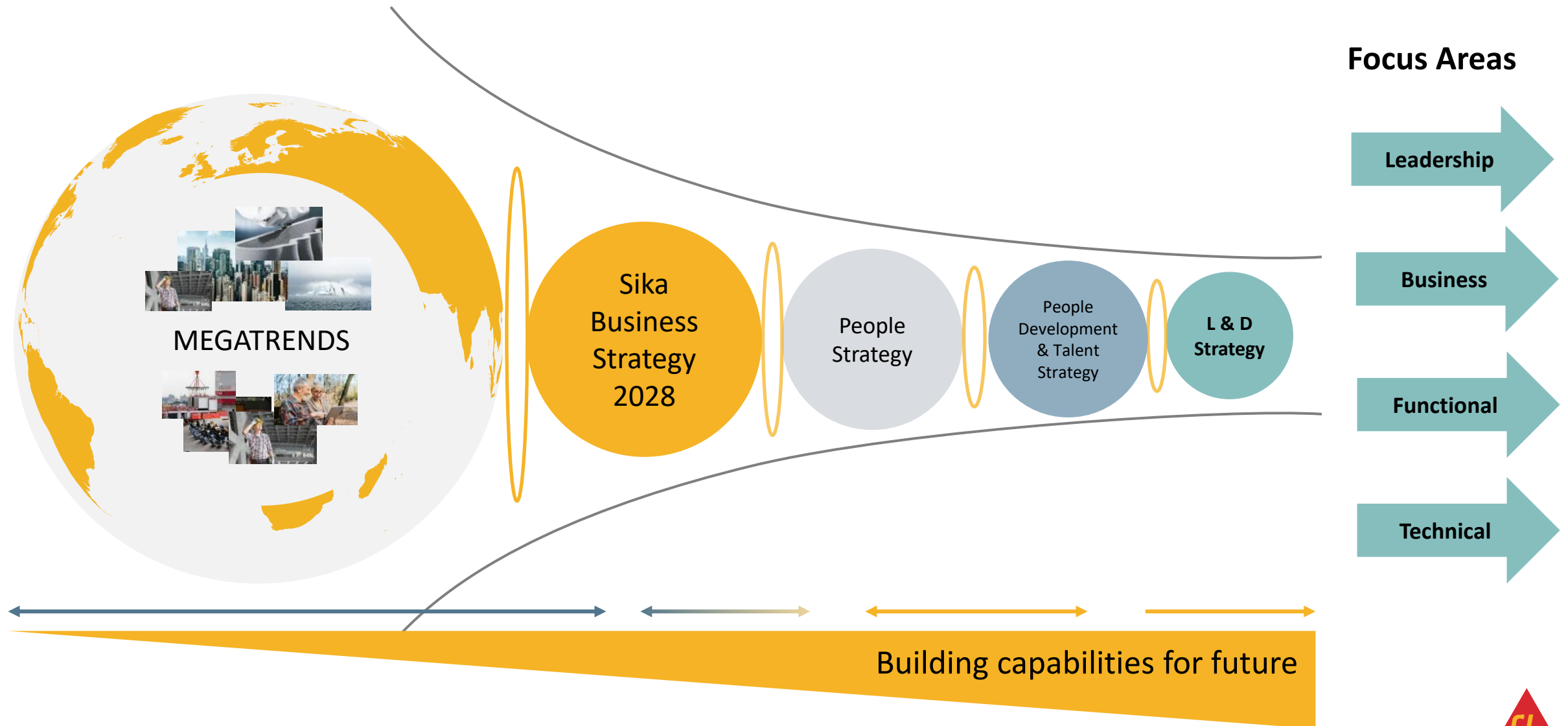


**INCLUSIVE**

Be effective leaders that build a safe, attractive and inclusive environment where people feel inspired and motivated to drive change, unlock their full potential and win together.

# PEOPLE & CULTURE – PEOPLE AND LEADERSHIP DEVELOPMENT

## CAPABILITY BUILDING POWERS TRANSFORMATION



# PEOPLE & CULTURE – COMMUNITY ENGAGEMENT

## OUR EMPLOYEES AROUND THE WORLD AT SIKA DAY





### 3. OUTLOOK 2023

# OUTLOOK 2023

## CONTINUATION OF SUCCESSFUL GROWTH STRATEGY

- For 2023 Sika expects a sales increase of above 15% in local currencies, including the effect of the MBCC acquisition
- Confirmation of anticipated over-proportional EBIT increase for the year, excluding the effect of the MBCC acquisition

Expected sales  
increase in LC

>15%



# STRATEGY 2028 – STRATEGIC TARGETS AND VALUE DRIVERS

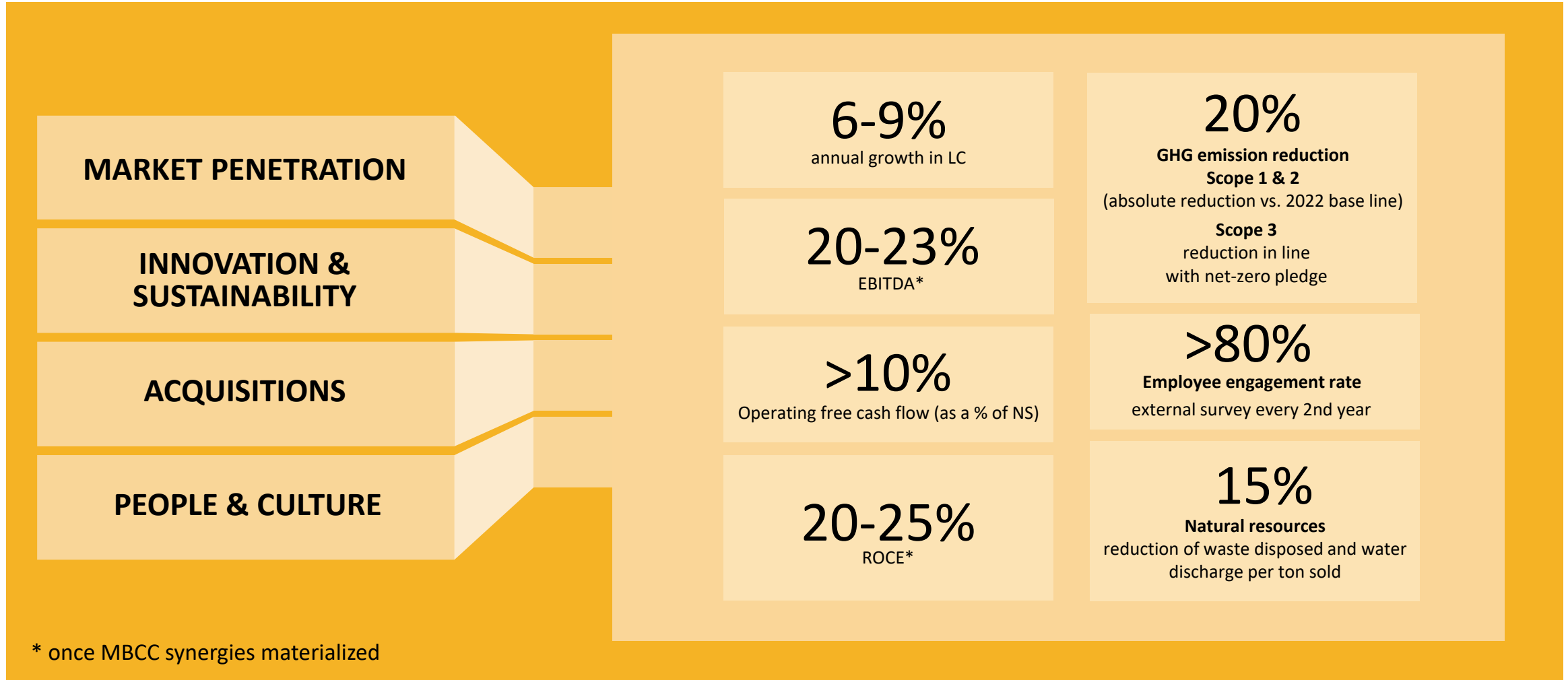
ADRIAN WIDMER, CFO

CAPITAL MARKET DAY - OCTOBER 3, 2023

BUILDING TRUST



# SIKA'S GROWTH STRATEGY 2028 TARGETS



\* once MBCC synergies materialized

# 1. FINANCIAL TARGETS

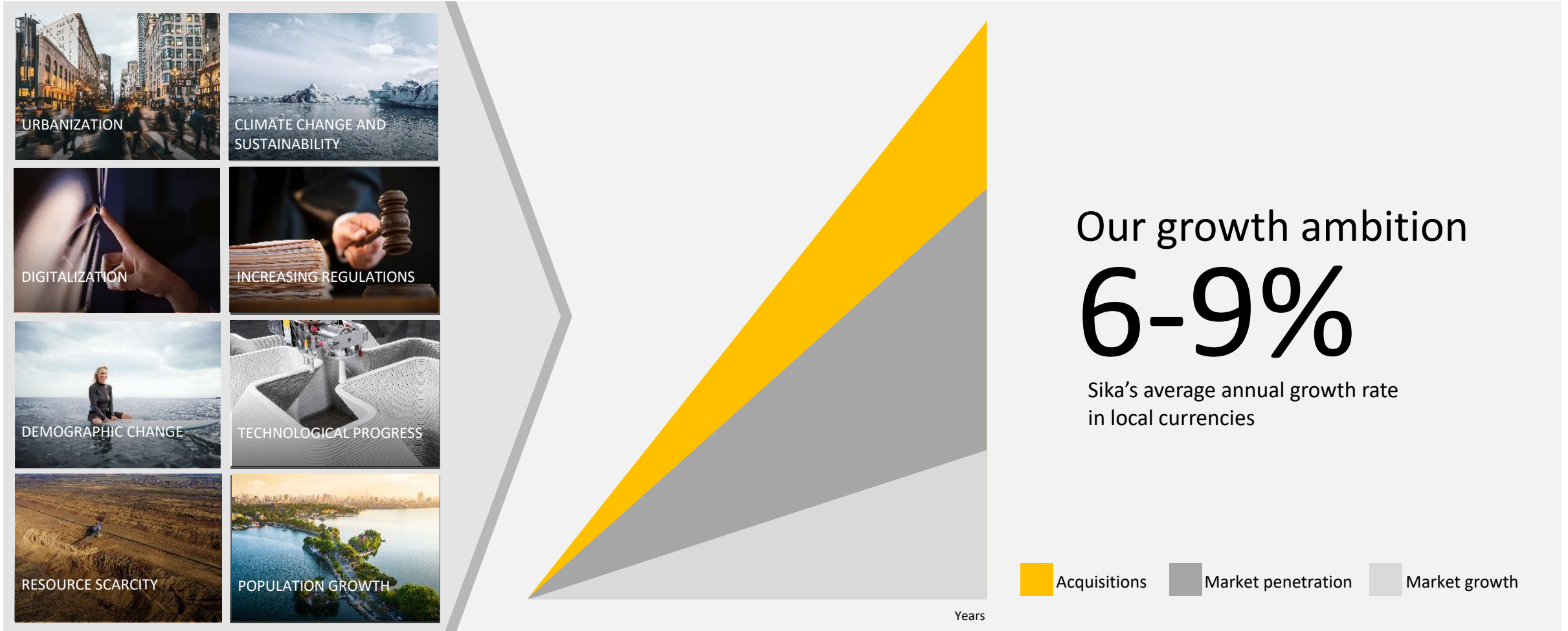
SALES GROWTH

**BUILDING TRUST**



# FINANCIAL TARGETS STRATEGY 2028

## MEGATRENDS UNDERPIN GROWTH



# ACQUISITIONS WILL CONTINUE TO REINFORCE ORGANIC GROWTH

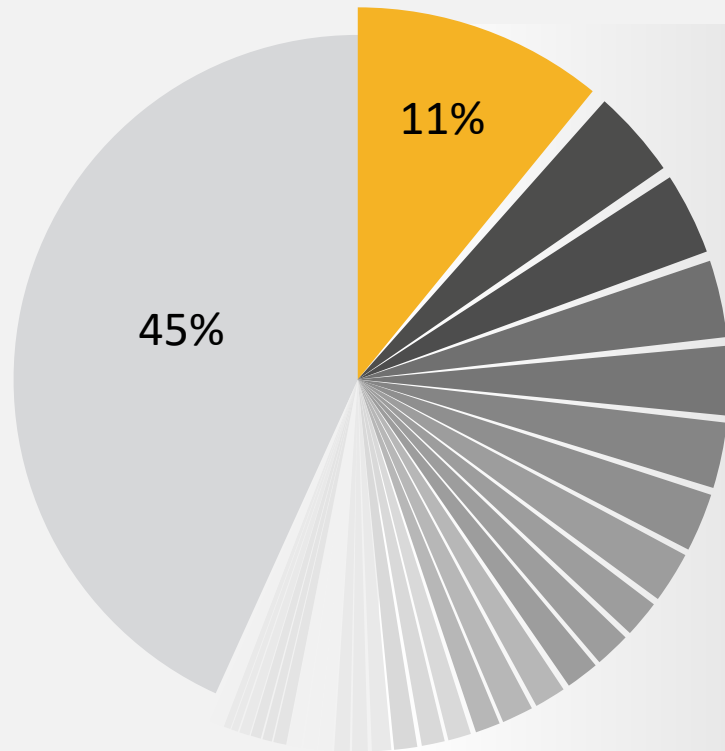
## ACQUISITIONS 2018 - 2023





# MARKET REMAINS HIGHLY FRAGMENTED

## TOTAL ADDRESSABLE MARKET 2023: CHF 110 BILLION



Top 30 competitors  
(incl. Sika) account for  
~55% of market share

Competitive landscape  
remains very fragmented  
despite ongoing M&A activity

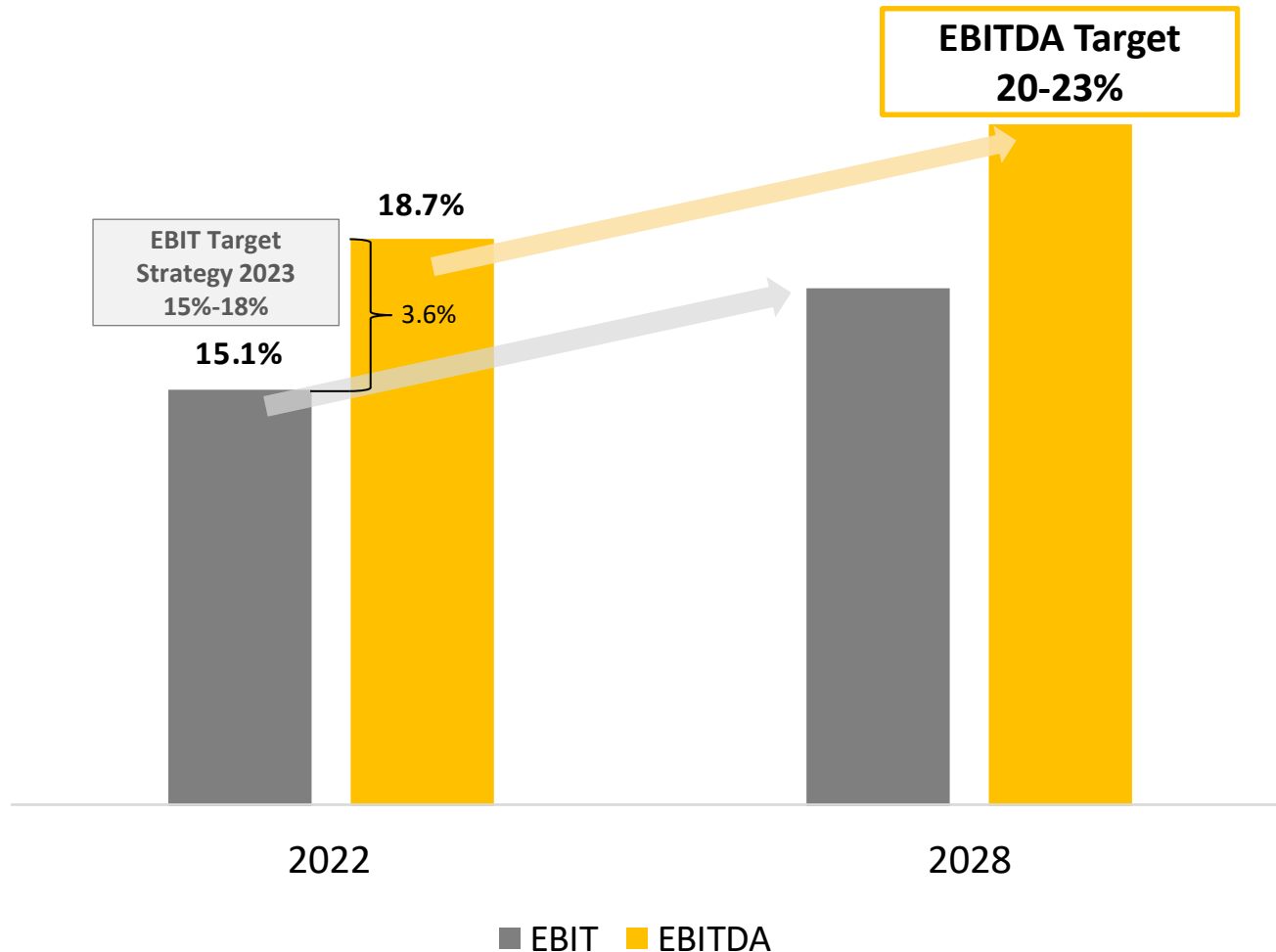
PROFITABILITY

**BUILDING TRUST**



# FINANCIAL TARGETS STRATEGY 2028

## INCREASE IN PROFITABILITY TARGET - EBITDA TO REPLACE EBIT



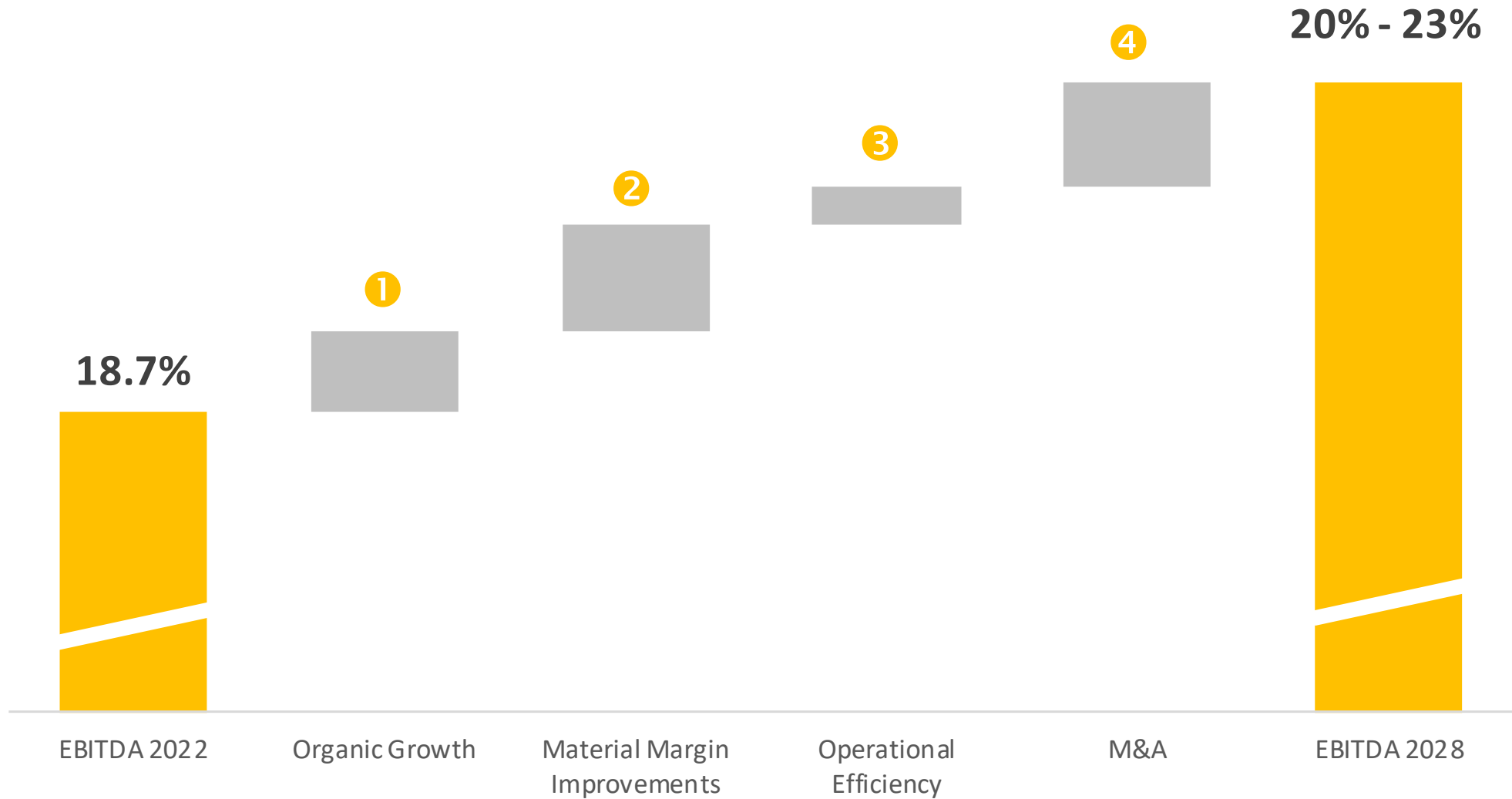
### Increased Profitability targets 2028

#### EBITDA to replace EBIT

EBITDA better reflects local business performance - does not include fluctuating impacts of acquisition driven intangible amortization

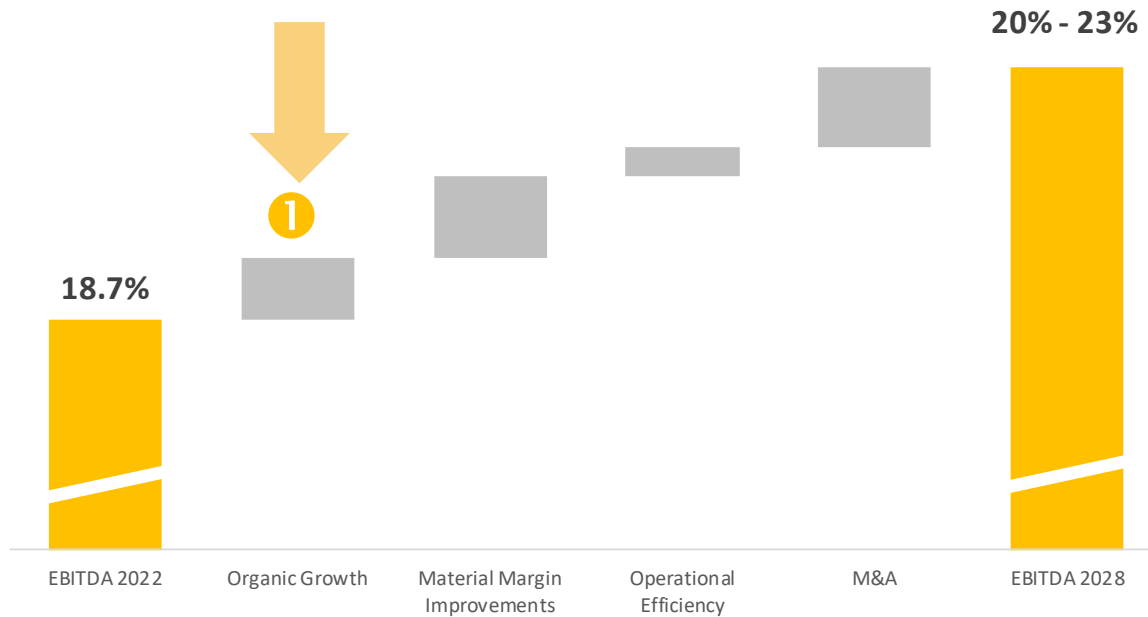
# EBITDA MARGIN OF 20-23%

## IMPROVING MARGIN PROFILE ALONG VARIOUS BUCKETS



# EBITDA MARGIN OF 20-23%

## 1. ORGANIC GROWTH DRIVING PROFIT GROWTH



- Organic volume and profit growth through market penetration initiatives
- Economies of scale
- Leveraging existing cost base

# EBITDA MARGIN OF 20-23%

## 2. MATERIAL MARGIN EXPANSION TO 54-55% OF NET SALES



- Reclaim 54-55% Material Margin levels
- Pricing and value selling
- Innovation (at higher margin)
- Structural procurement initiatives
- Formulation Efficiency

# EBITDA MARGIN OF 20-23%

## 3. OPERATIONAL EFFICIENCY REMAINS A PROFITABILITY DRIVER



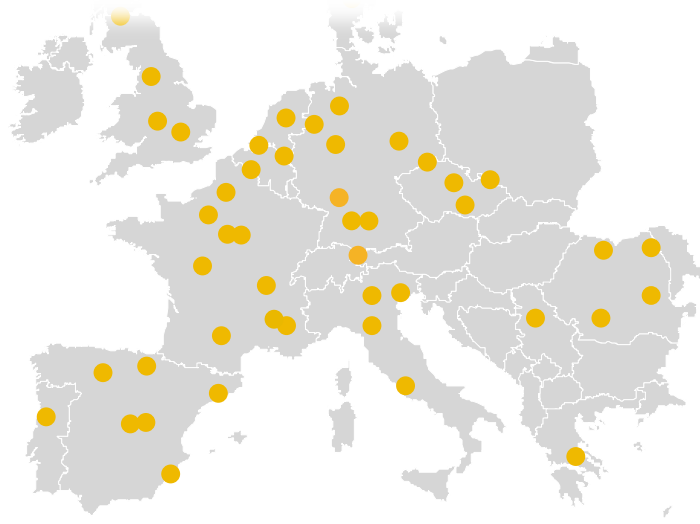
- Not a specific strategic pillar anymore but significant potential remains
- Footprint alignment, optimization and automation
- Increasing digitalization of customer journey and support processes

# FOOTPRINT AND SUPPLY CHAIN OPTIMIZATION

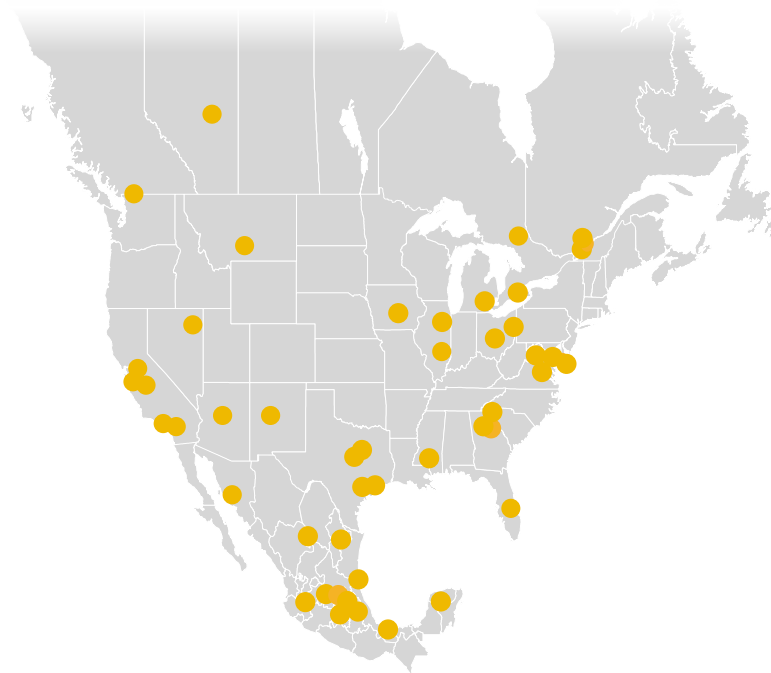
## EXAMPLES: EUROPE AND NAFTA

Examples: **Europe and NAFTA**

---



- Reduction of overlaps
- Site specialization to improve production efficiency

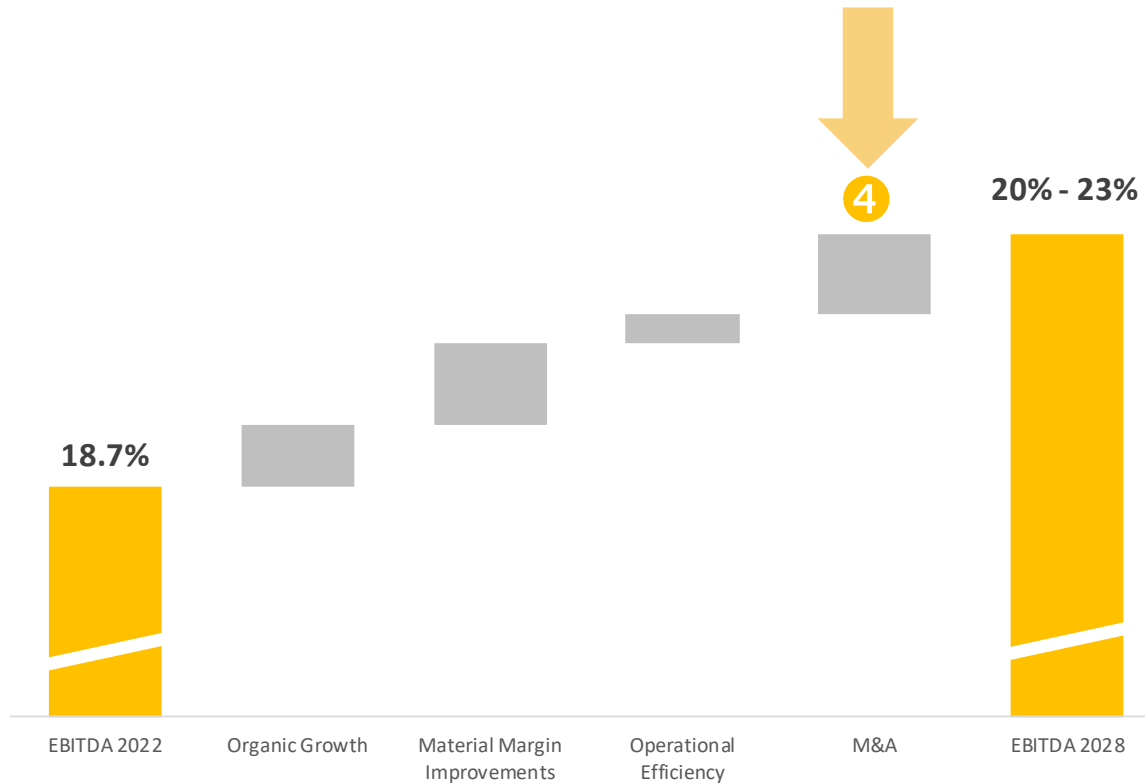


- Benefit from economies of scale, drive automation
- Optimize warehousing and logistics footprint



# EBITDA MARGIN OF 20-23%

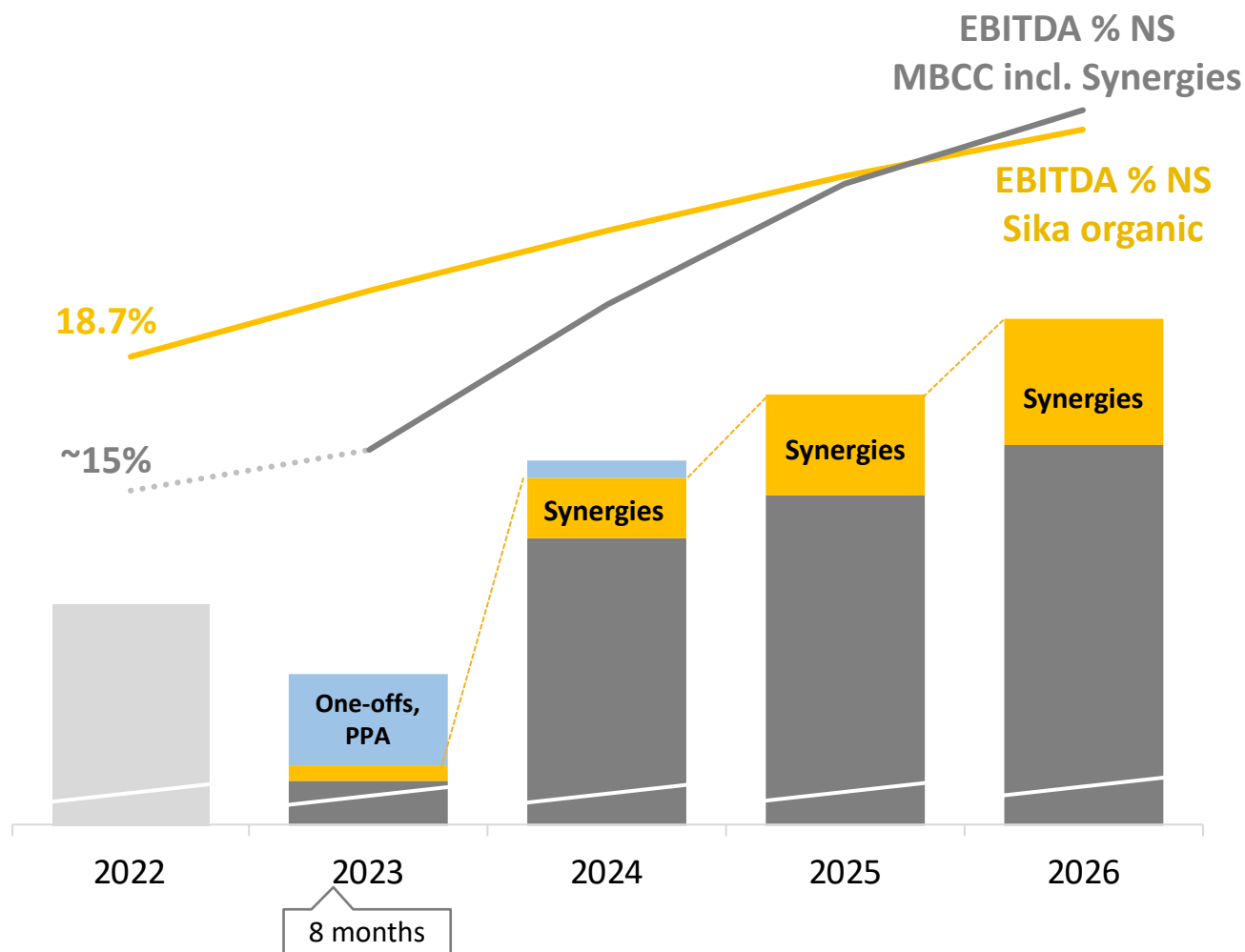
## M&A: INCREASING MARGIN PROFILE AFTER INITIAL DILUTION



- M&A as growth and profit accelerator, lifting margin profile over time
- MBCC impact plus further bolt-on acquisitions

# MBCC CONTRIBUTION TO EBITDA GROWTH

## EXPECTED SYNERGIES LIFTED TO CHF 180–200 MILLION BY 2026



- MBCC with strong «standalone» contribution
- Run-rate synergies fully validated and raised to CHF 180-200 million (above initial guidance)
- Over proportional EBITDA contribution from 2026 onwards

\*= Proforma

# REVENUE AND COST SYNERGIES

## EXPECTED SYNERGIES LIFTED TO CHF 180–200 MILLION BY 2026

### Revenue Synergies

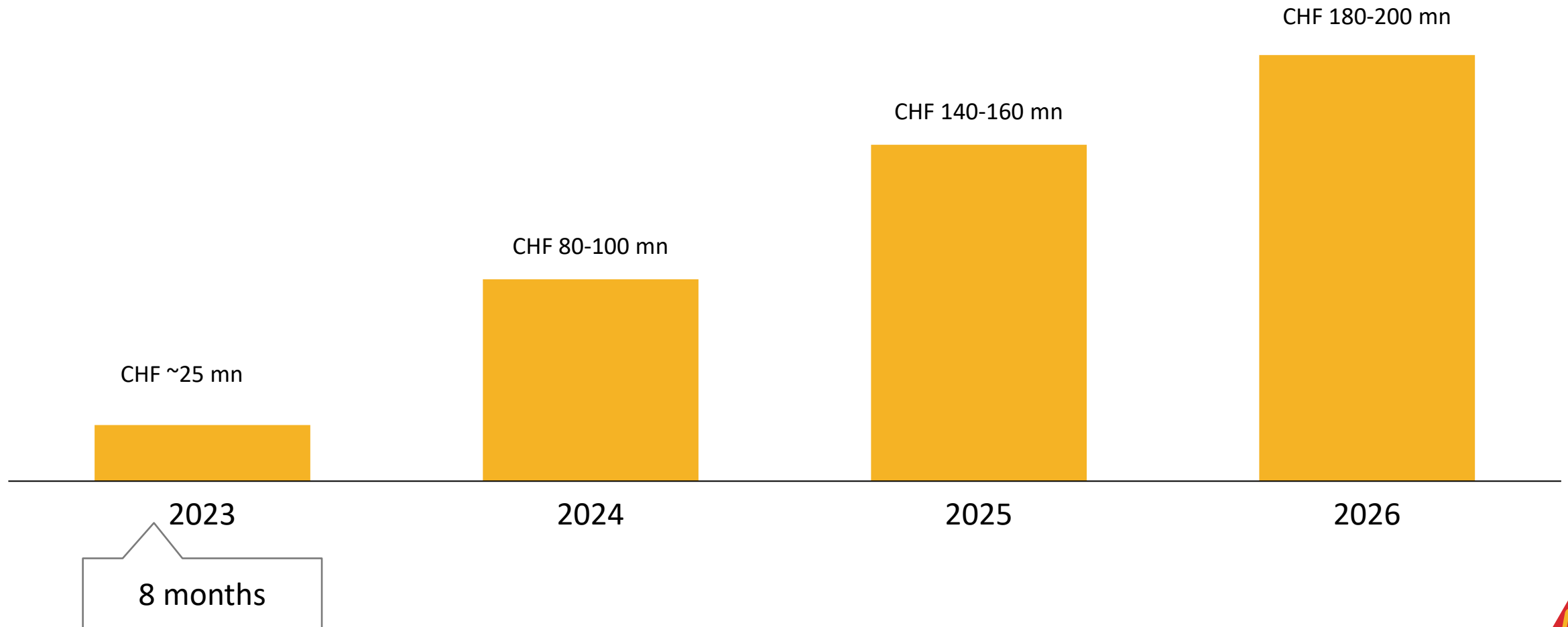
- Cross-selling initiatives across portfolio/geographies – initial contribution already expected in 2023
- Reinforced sustainability and innovation capabilities

### Cost Synergies

- Economies of scale in procurement
- Formulation efficiency and substitution
- Enhanced efficiency in supply chain, optimization of factory and warehousing footprint
- Operating leverage and increased efficiency in SG&A

- Expected run-rate synergies of CHF 180-200 million p.a. by 2026
- Ca. 35% from revenue synergies and ca. 65% from cost synergies
- Synergies expected to ramp-up until 2026
- Total M&A related cost to acquire the MBCC business and to realize synergies of up to CHF 230 million with only a minor amount in 2024

# MBCC SYNERGY DEVELOPMENT EXPECTED RAMP UP UNTIL 2026



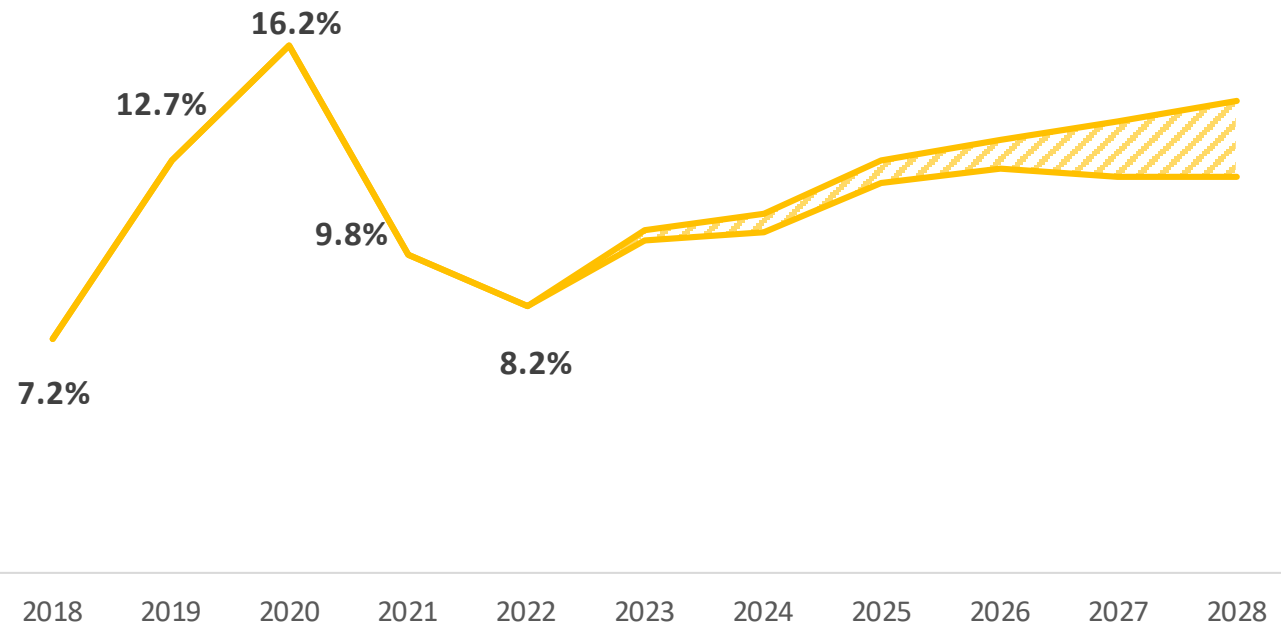
STRONG CASH CONVERSION, CAPITAL EFFICIENCY

**BUILDING TRUST**



# STRONG CASH CONVERSION

## OPERATING FREE CASH FLOW >10% OF NET SALES

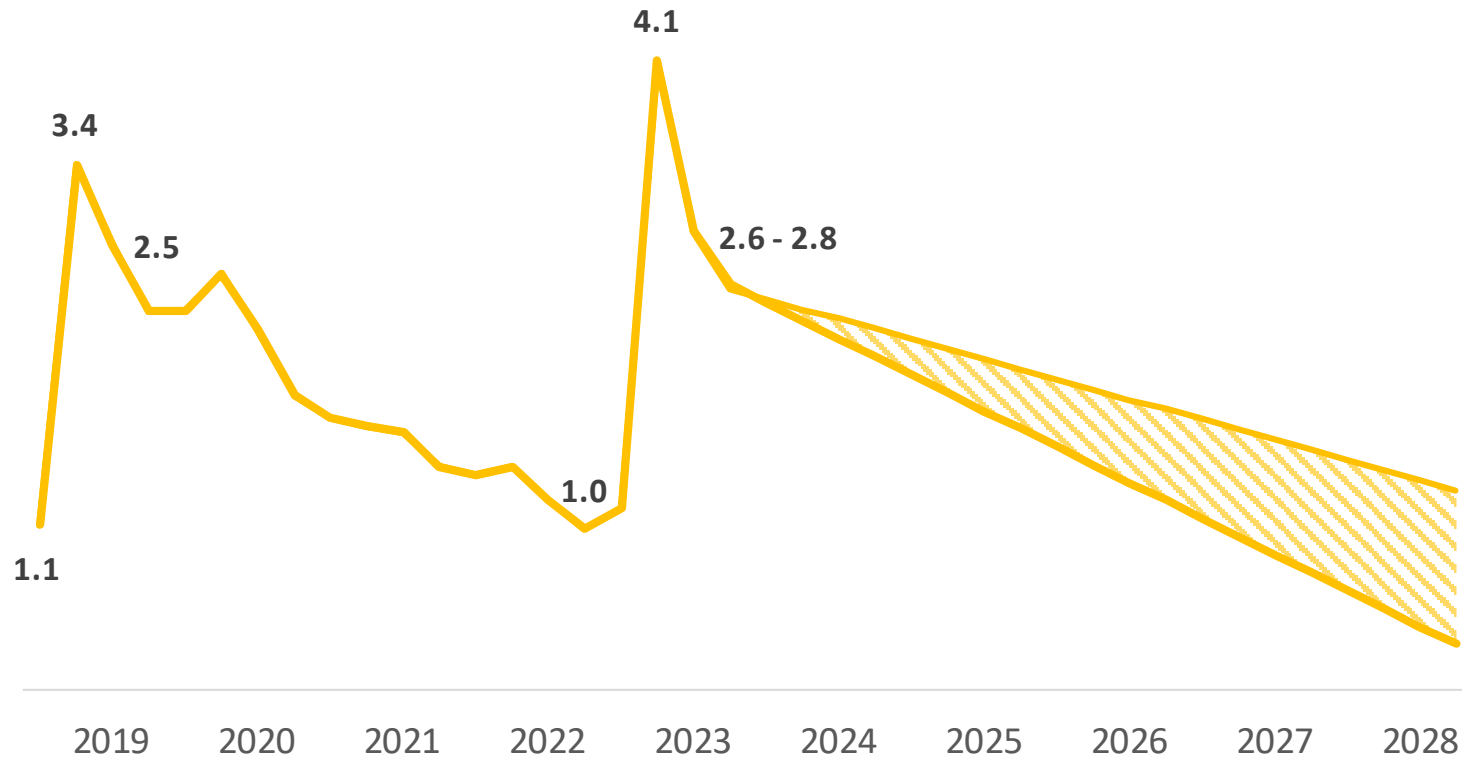


### Operating Free Cash Flow >10% of Net Sales

- Profitability improvements
- Footprint alignment and supply chain efficiency driving effective NWC management
- CapEx spend of to remain at approx. 3% of sales

# NET DEBT/EBITDA DEVELOPMENT

## STRONG DELEVERAGING PROFILE

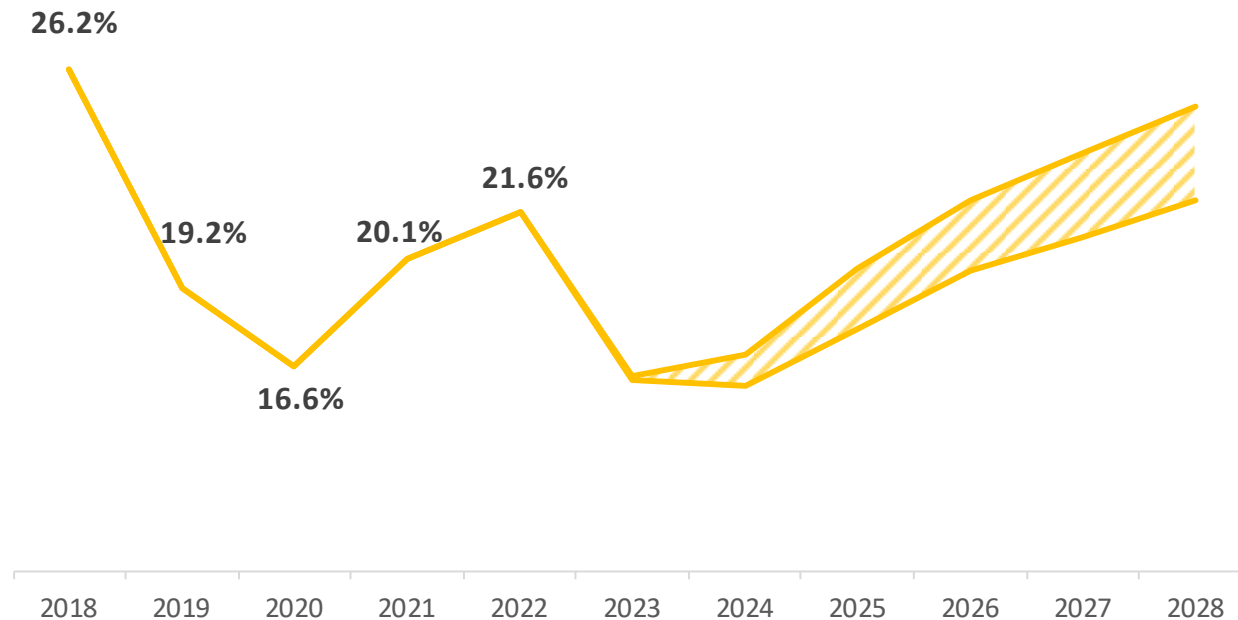


- Strong cash conversion driving rapid deleveraging from post M&A-peaks
- Clear ambition to keep A- S&P credit rating
- Flexibility to act on M&A opportunities

# CAPITAL EFFICIENCY

## ROCE TARGETED AT 20%-25%

### Return on Capital Employed 20-25%



- 2019 and 2023 impacted by additional capital employed through M&A (i.e. Parex and MBCC)
- ROCE to increase to 20-25% (absent further large M&A)
- Driven by higher profitability and efficient Capital Management



## 2. NON FINANCIAL TARGETS

# NON-FINANCIAL TARGETS STRATEGY 2028

## GHG EMISSIONS - SCOPE 1, 2, AND 3



**Scope 1 and 2**  
**-20%**  
**absolute emission reduction**



**Scope 3**  
**in line with net zero pledge**



Reduction of use of fossil fuels in production processes and transportation



Optimizing formulations:  
Cement reduction, bio-based raw materials, recycled raw materials



Use of more efficient appliances;  
80% renewable electricity



Supplier engagement to optimize product-specific carbon footprint of raw materials and packaging

# NON-FINANCIAL TARGETS STRATEGY 2028

## EMPLOYEE ENGAGEMENT - RECONFIRM OUR HIGH SCORE

- Engagement as key performance metric to measure resilience and sustainability of an organization. **Highly engaged employees drive performance and business success.**
- **Sika's strong Corporate culture as most competitive advantage.**



**EMPLOYEE ENGAGEMENT**  
**>80%**

measured through Global Employee  
Survey every two years

# NON-FINANCIAL TARGETS STRATEGY 2028

## NATURAL RESOURCES - WATER, WASTE AND CIRCULARITY



Natural Resources:  
**Waste disposed and water discharged**  
**-15% reduction** *Per ton sold*



Transition from a linear to a circular approach



Focus on diverting non-recoverable waste to approaches in which resources are reused or recycled



Minimize water discharge and focus on water management



**BUILD ON THE SIKA SPIRIT AND OUR CULTURE**

**BUILDING TRUST**



# FORWARD-LOOKING STATEMENT

This presentation contains certain forward-looking statements. These forward-looking statements may be identified by words such as 'expects', 'believes', 'estimates', 'anticipates', 'projects', 'intends', 'should', 'seeks', 'future' or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Various factors may cause actual results to differ materially in the future from those reflected in forward-looking statements contained in this presentation, among others:

- Fluctuations in currency exchange rates and general financial market conditions
- Interruptions in production
- Legislative and regulatory developments and economic conditions
- Delay or inability in obtaining regulatory approvals or bringing products to market
- Pricing and product initiatives of competitors
- Uncertainties in the discovery, development or marketing of new products or new uses of existing products, including without limitation negative results of research projects, unexpected side-effects of pipeline or marketed products
- Increased government pricing pressures
- Loss of inability to obtain adequate protection for intellectual property rights
- Litigation
- Loss of key executives or other employees
- Adverse publicity and news coverage

Any statements regarding earnings per share growth are not a profit forecast and should not be interpreted to mean that Sika's earnings or earnings per share for this year or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Sika.

For marketed products discussed in this presentation, please see information on our website: [www.sika.com](http://www.sika.com)

All mentioned trademarks are legally protected.



SIKA CAPITAL MARKET DAY 2023

MBCC UPDATE

PHILIPPE JOST

TUEFFENWIES, OCTOBER 3, 2023

BUILDING TRUST



# SUCCESSFUL MBCC INTEGRATION

## MBCC IS COMPLEMENTARY IN MANY WAYS



**Solutions**



**Channel**



**Geography**



**Supply Chain**



# SUCCESSFUL MBCC INTEGRATION

## REVENUE AND CROSS-SELLING SYNERGIES

**500+**  
**INITIATIVES**

**CHF >350 million**  
Incremental revenue  
by 2026

Acceleration of cross-selling  
and specification selling  
initiatives

- Initiatives centered around new opportunities in multiple vertical markets, including industrial flooring, parking garages and water management
- Key opportunities include Sika® Ucrete®, MBCC specialties (for example: Xolutec), broad Sika product range and much more

# XOLUTEC® TECHNOLOGY – DURABILITY BY DESIGN

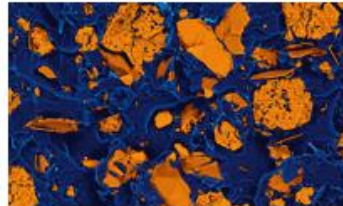
## SOLUTIONS FOR WATER MANAGEMENT & INDUSTRIAL FLOORING

*„This protective coating helped me to meet my deadline since it can be applied on humid substrate and is fast curing.”*



**Xolutec®  
TECHNOLOGY**

UNIQUE PROPERTIES THAT MEET OUR CUSTOMERS' CHALLENGES



*„This sustainable floor finish meets all of our requirements in terms of aesthetics and maintenance.”*



# SIKA® UCRETE® INDUSTRIAL FLOORING SYSTEM

## THE SUCCESS OF A FOCUSED APPROACH IN INDUSTRIAL MANUFACTURING



# MBCC INTEGRATION TIMELINE

◆ Day 1 celebrations

◆ Day 100 reviews

## Pre-close carve out

- Anti-trust Clearance
- Carve out of EBC business in European and North American countries

## Integration planning

- Integration master plans submitted by 60 countries, covering:
  - Future org set-up
  - Ops & SC footprint moves
  - Synergy initiatives
- New internal synergy target defined

## Implementation

- Implementation of integrated organizations
- Execution and tracking of synergy initiatives
- IT & Legal integration
- MBS rebranding

# CLOSING OF THE MBCC ACQUISITION, MAY 2, 2023

## “TODAY IS A BIG DAY”



### Sika and MBCC together

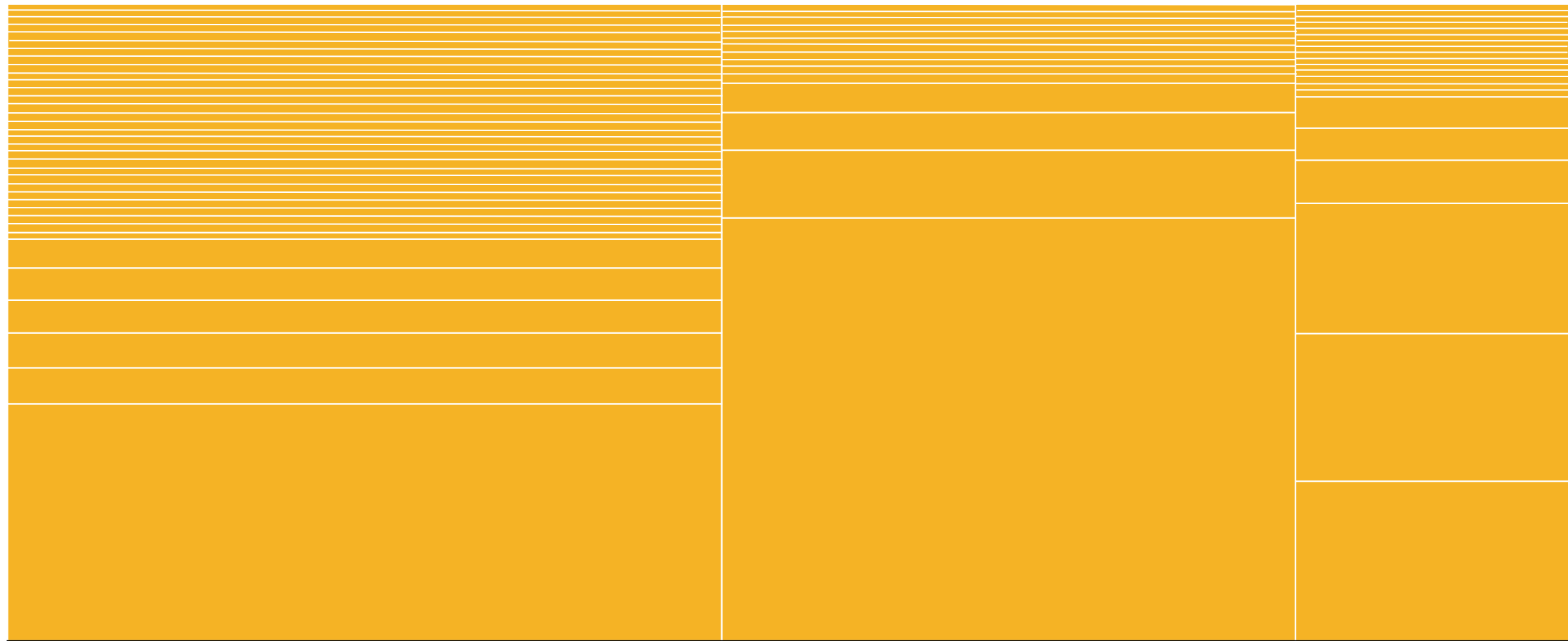
- More than 33,000 employees
- Active in more than 400 factories
- Present in 103 countries
- Strong Global Player in Construction Chemicals

**Together, we are stronger!** Together we will create an exciting future for Sika, a larger Sika, and a Sika that is ready to grow even further.



# MBCC-INTEGRATION – 2026 SYNERGY TARGET BY COUNTRY

> 1,400 SYNERGY INITIATIVES HAVE BEEN IDENTIFIED

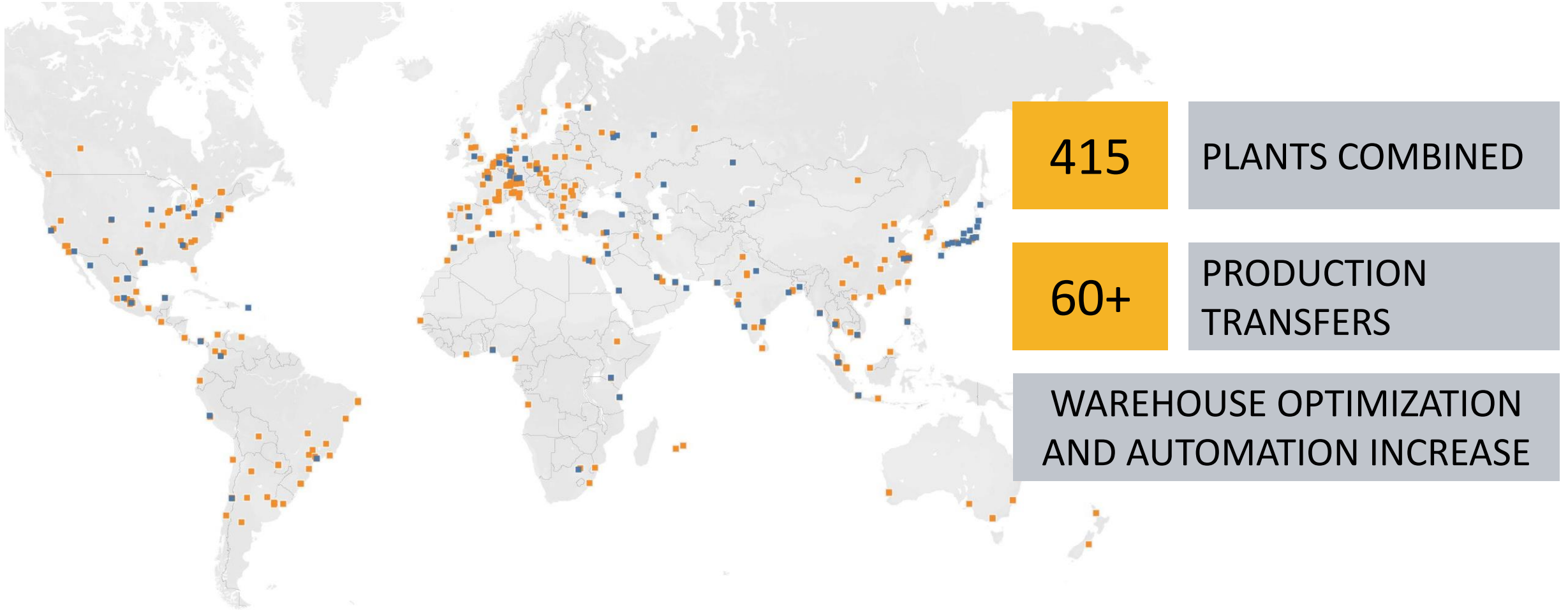


EMEA

AMER

APAC

# MBCC-INTEGRATION OPERATIONS AND SUPPLY CHAIN MOVES



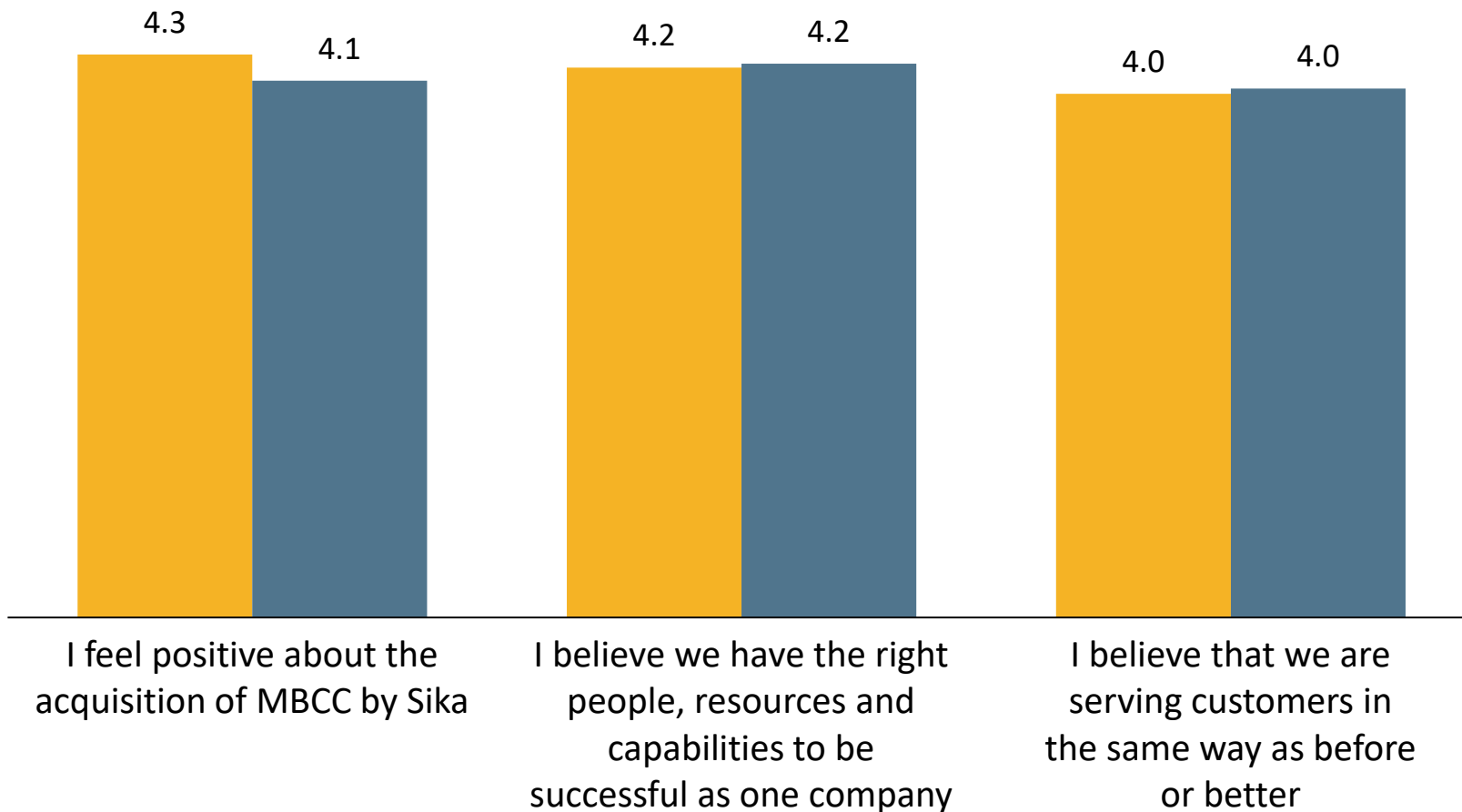
# MBCC-INTEGRATION

## “PULSE CHECK” SURVEY CONDUCTED EVERY 2 MONTHS

### August Average scores

(1 – Strongly disagree; 5 – Strongly agree)

■ Sika ■ MBCC



### Key observations

- Based on >5,500 responses (Response rate of >30%) across 60 countries
- Overall positive feedback from employees on cultural fit and ability to serve customers and deliver synergies
- Ability to address potential issues early



# MBCC INTEGRATION CONCLUSIONS

- Overall excellent progress in integration of MBCC entities into local Sika entities.
- Planning completed by all 60+ country coordinated by a central Intergration Management Office
- Excellent cooperation between local MBCC and Sika teams, as well as on group level
- Very similar culture based on local responsibilities and customer focus confirmed
- Run-rate synergies increased to CHF 180–200 million based on completed detailed bottom-up planning
- Next phase of company-wide roll-out of key learnings (mainly regarding alternative raw materials and product formulation)
- Rebranding, IT and Legal Mergers are being prepared and ready for implementation start



THANK YOU

BUILDING TRUST

