



# OUR NINE-MONTH RESULTS 2022

## SIKA WITH STRONG PERFORMANCE IN DEMANDING MARKETS

SIKA INVESTOR PRESENTATION  
BAAR, OCTOBER 21, 2022

BUILDING TRUST



1. NINE-MONTH RESULTS 2022 – RECORDS IN SALES, EBIT, PROFIT
2. SIKA'S GROWTH DRIVERS
3. SIKA'S WAY TO NET ZERO
4. UPDATE ON MBCC ACQUISITION
5. OUTLOOK

# 1. NINE-MONTH RESULTS 2022 – RECORDS IN SALES, EBIT, PROFIT

# SIKA WITH STRONG PERFORMANCE IN DEMANDING MARKETS

## GROWTH IN LOCAL CURRENCIES OF 18.5%

### 1. Sales and profit

- Sales growth of 18.5% in local currencies. Record sales of CHF 7,998.5 million (+16.6% in CHF).
- Record operating profit (EBIT) at CHF 1,231.5 million (+16.8%), including profit from divestment of European industrial coatings business plus expenses in connection with acquisition of MBCC Group.
- EBIT margin at 15.4%

### 2. Key investments

- Two acquisitions: Sable Marco (Canada) and United Gilsonite Laboratories “UGL” (USA)
- Four new plants opened: Tanzania, Ivory Coast, Bolivia, and USA

### 3. Outlook and strategy

- Growth in local currencies over 15%, surpassing CHF 10 billion for the first time
- Over-proportional increase in EBIT expected
- Confirmation of 2023 strategic targets for sustainable, profitable growth
- Closing of MBCC acquisition is targeted for the first half of 2023

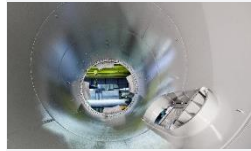
# SUCCESSFUL, RESILIENT STRATEGY

## KEY INVESTMENTS IN 2022 – CONTINUED EXECUTION

### Acquisitions and divestments



**Acquisition of Sable Marco, Canada  
(March 2022)**



**Closing of transaction related to divestment  
of European industrial coatings business  
(April 2022)**



**Divestment of Aliva  
(May 2022)**



**Acquisition of UGL, USA  
(May 2022)**

### New plants



**Opening of a new plant in the Ivory Coast  
(February 2022)**



**Opening of a new plant in Tanzania  
(February 2022)**



**Opening of new plant  
in Bolivia (May 2022)**



**Opening of new plant near Washington D.C.  
(June 2022)**

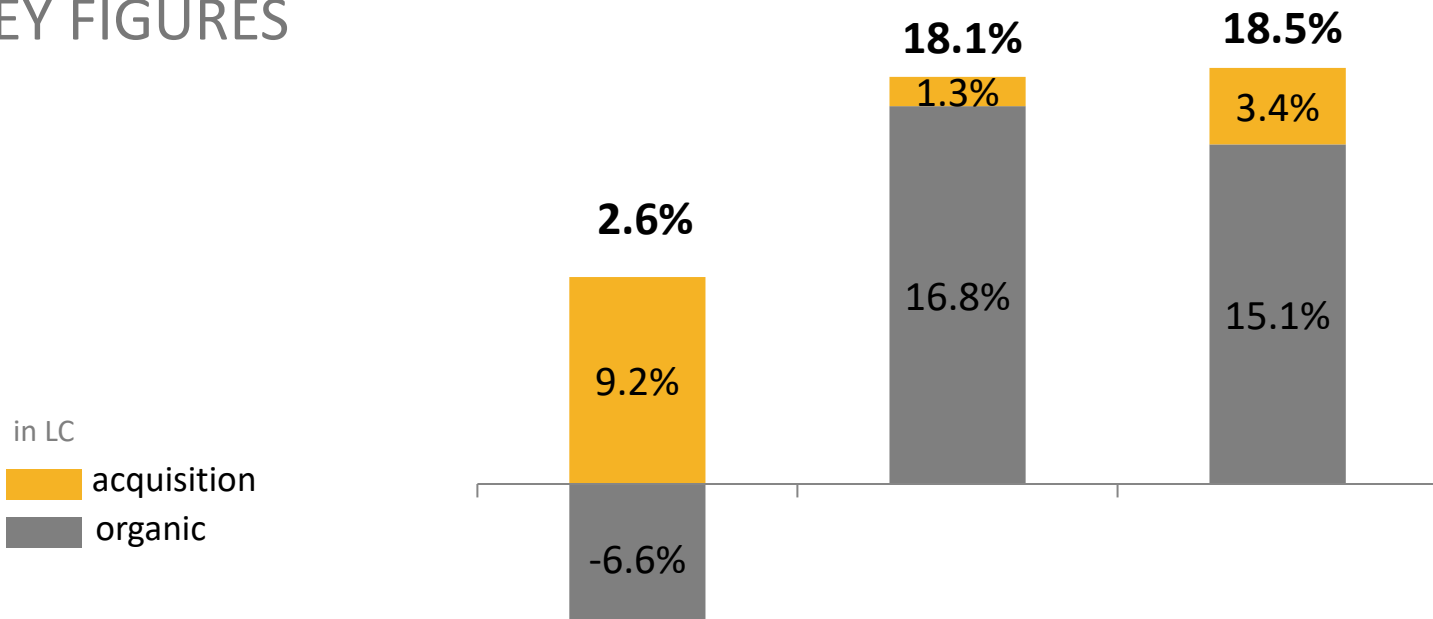
# RECORD RESULTS IN THE FIRST NINE MONTHS OF 2022

## KEY FIGURES

in CHF mn	2021	2022	Δ %
<b>Net sales</b>	<b>6,862.7</b>	<b>7,998.5</b>	<b>+16.6%</b>
Gross results as % of net sales	52.6	49.3	
EBITDA	1,327.5	1,521.4	+14.6%
<b>EBIT</b>	<b>1,054.0</b>	<b>1,231.5</b>	<b>+16.8%</b>
Net profit	765.1	885.9	+15.8%

# RECORD RESULTS IN THE FIRST NINE MONTHS OF 2022

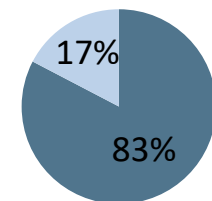
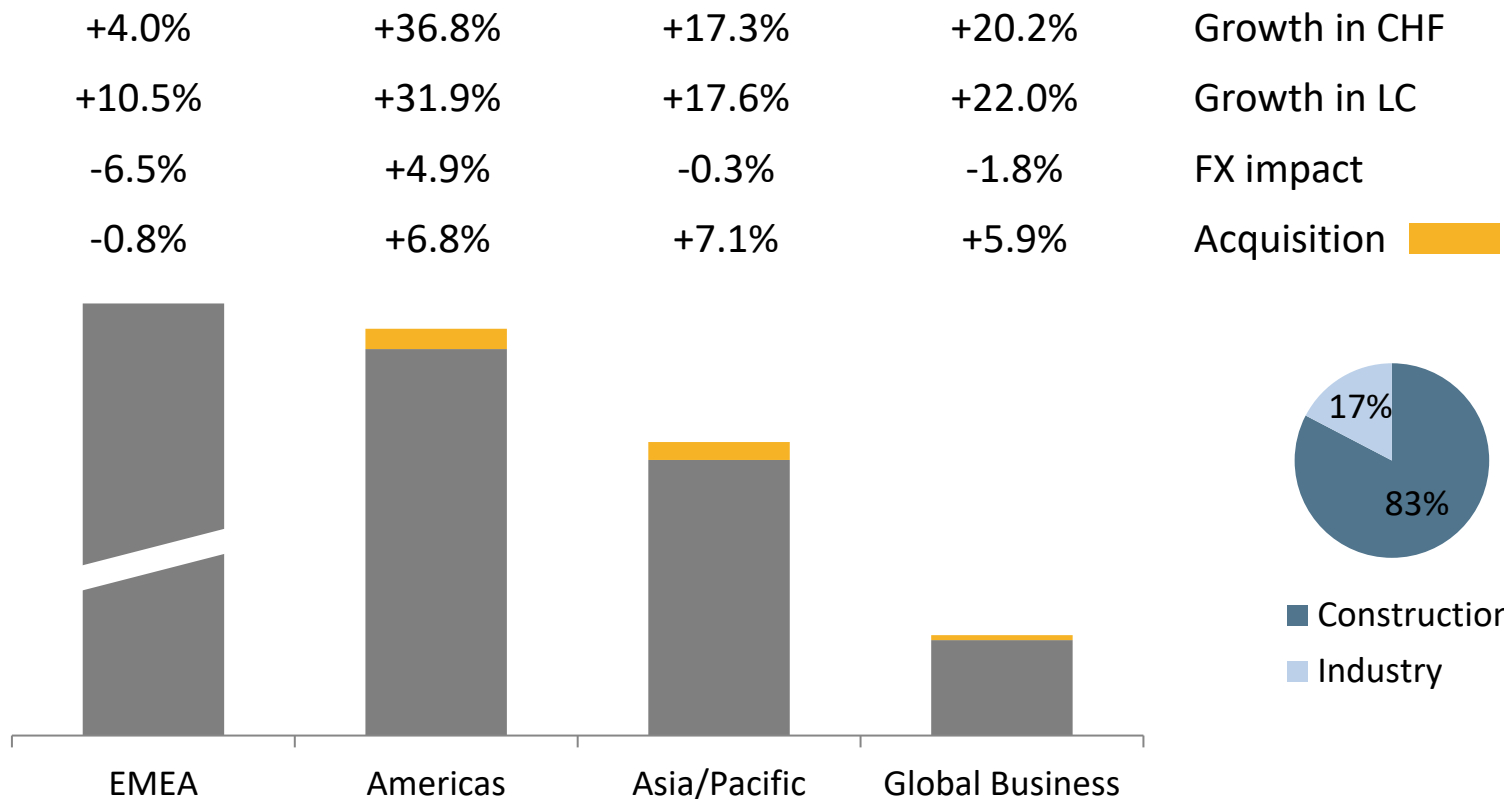
## KEY FIGURES



in CHF mn	9M 2020	9M 2021	9M 2022
Net sales	5,805.5	6,862.7	7,998.5

# RECORD RESULTS IN THE FIRST NINE MONTHS OF 2022

## GROWTH IN LOCAL CURRENCIES OF 18.5%

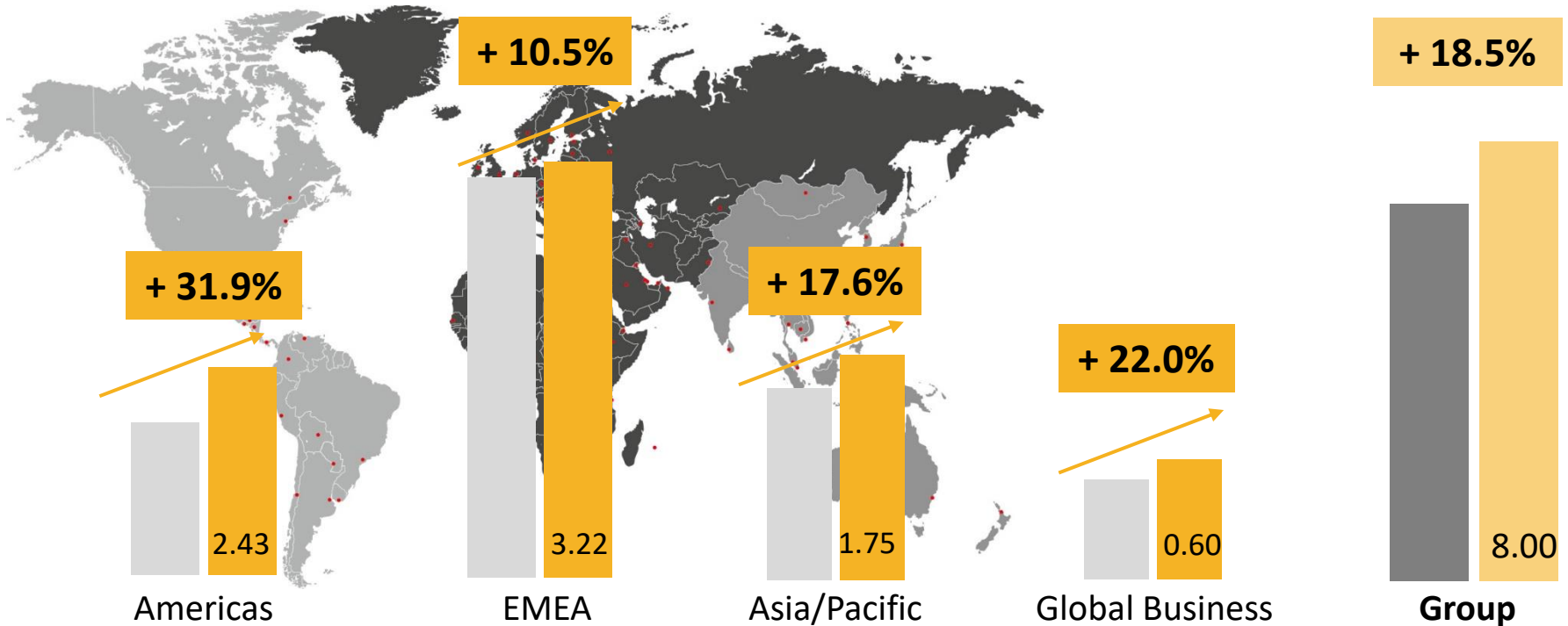


■ Construction  
 ■ Industry



# SIKA WITH STRONG PERFORMANCE IN DEMANDING MARKETS

## ALL REGIONS WITH DOUBLE-DIGIT GROWTH

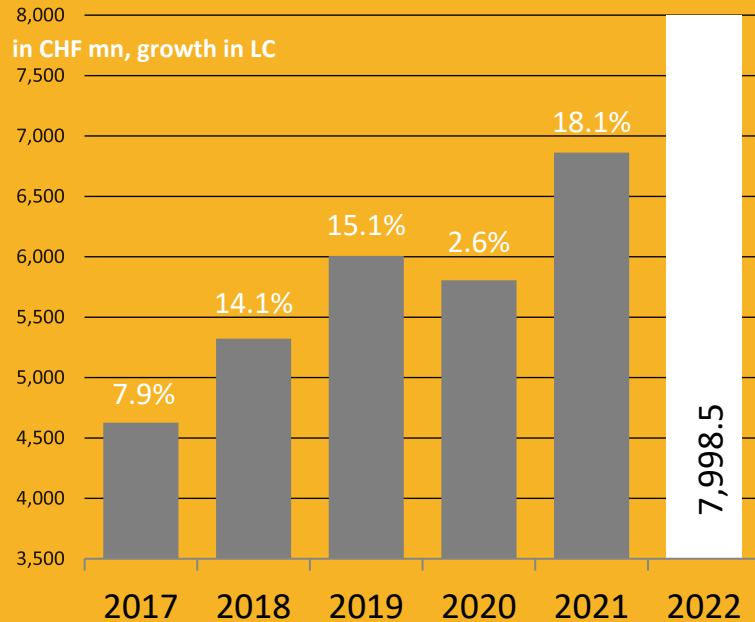


9M 2021 9M 2022

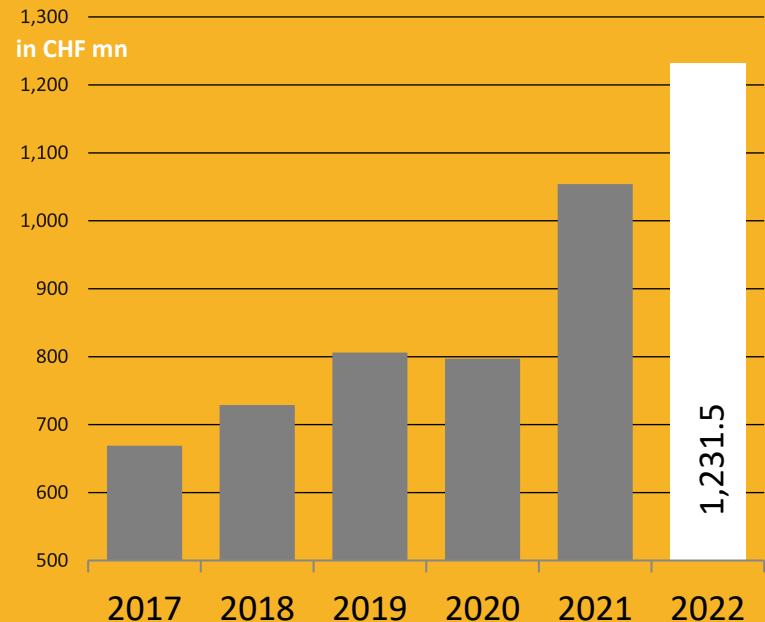
(in CHF billion, growth in LC)

# SIKA'S GROWTH MODEL DELIVERS CONTINUOUS STRONG PERFORMANCE

## Net Sales (9 Months)



## EBIT (9 Months)



## 2. SIKA'S GROWTH DRIVERS

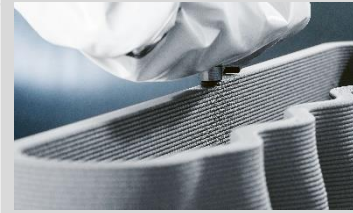
# RESILIENT STRATEGY – MAJOR MEGATRENDS SUPPORTING GROWTH FURTHER ACCELERATION THROUGH DIGITALIZATION



Urbanization



Climate Change and  
Scarcity of Resources



Digitalization



Demographic  
Change



Dynamic  
Economy



Technological  
Progress

# RESILIENT GROWTH STRATEGY 2023

## STRATEGIC TARGETS CONFIRMED

### SUSTAINABILITY

Market Penetration

Innovation

Operational Efficiency

Acquisitions

Values

6-8%  
annual growth

25%  
of sales with new  
products

0.5%  
pts non-material  
cost improvement  
as % of net sales

15-18%  
EBIT margin  
Until 2020: <15%

>10%  
Operating free cash  
flow per year as % of  
net sales

>25%  
ROCE by 2023

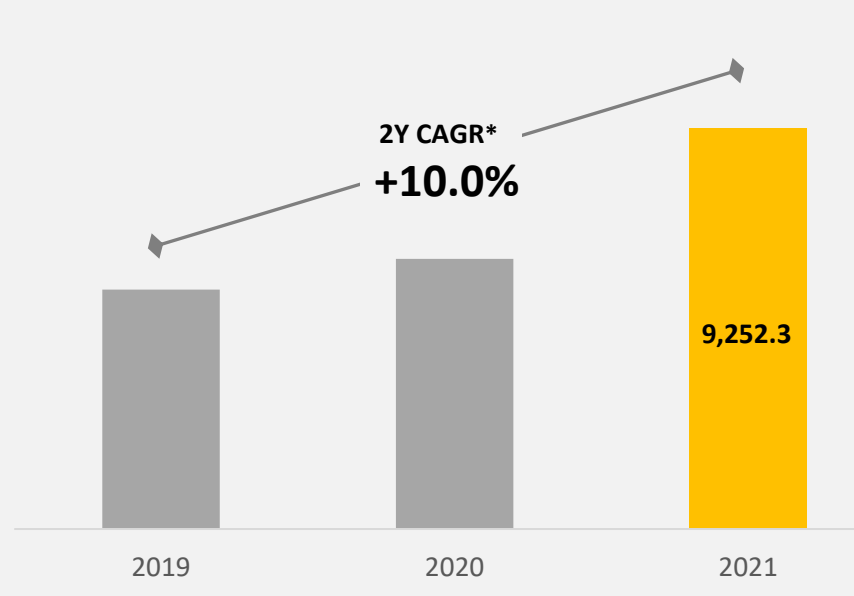
12% CO<sub>2</sub>eq emission reduction per ton sold

# SIKA HIGHLIGHTS

## STRONG PERFORMANCE DURING TURBULENT YEARS

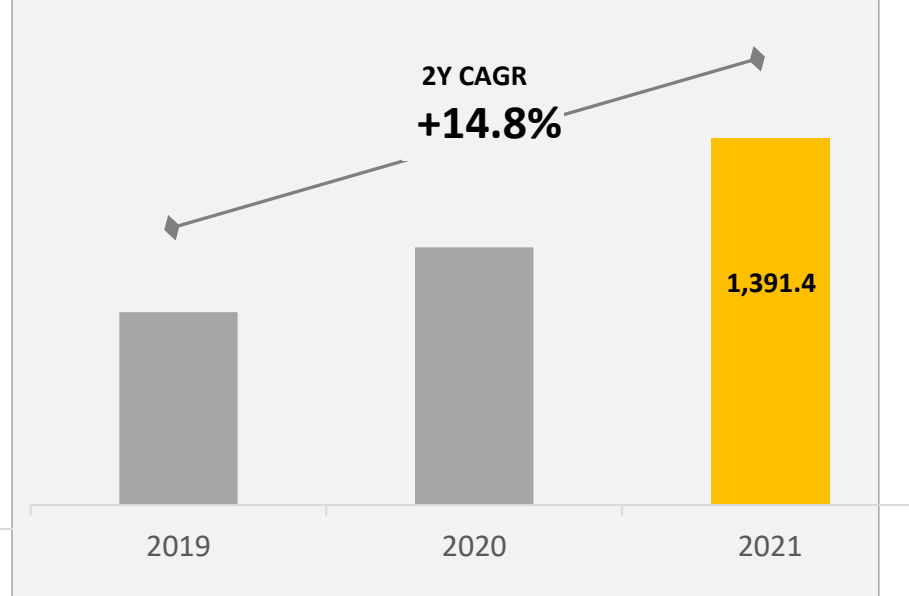
### Net Sales

in CHF mn



### EBIT

In CHF mn

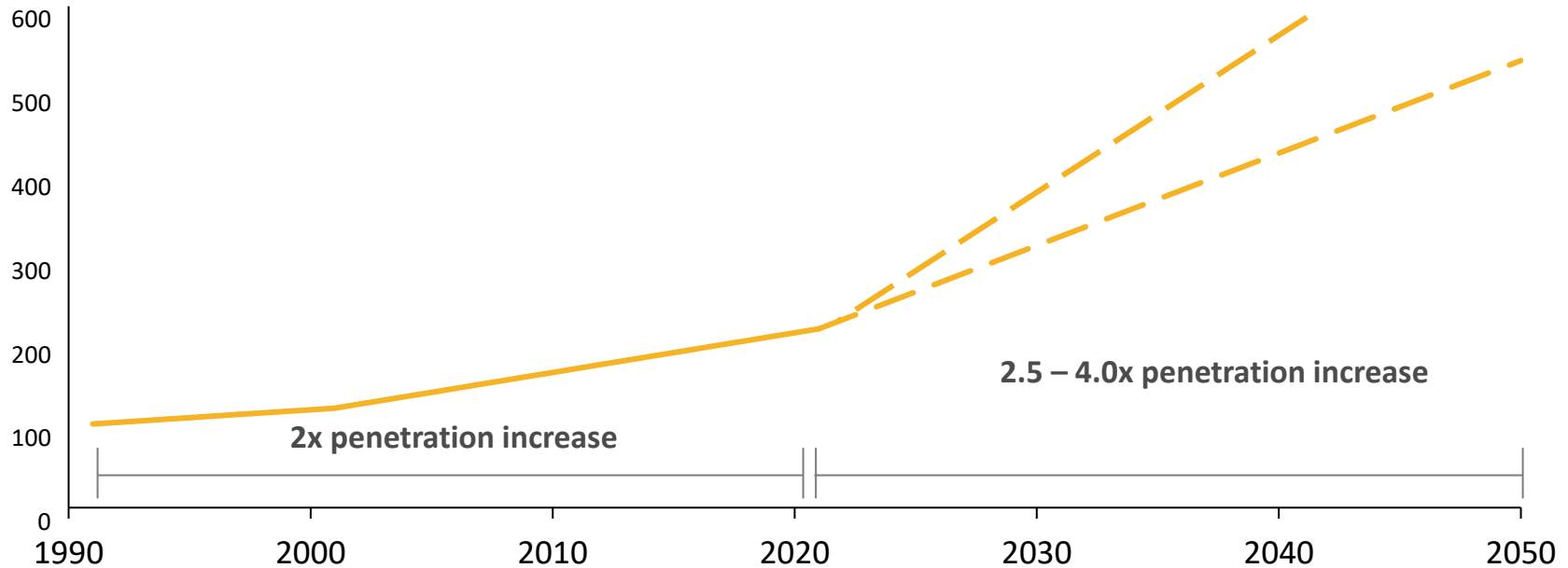


\*Growth in % LC

# GROWTH DRIVER – CONSTRUCTION CHEMICALS MARKET

## STRONG PENETRATION INCREASE

### Construction chemicals penetration (1991 = 100)



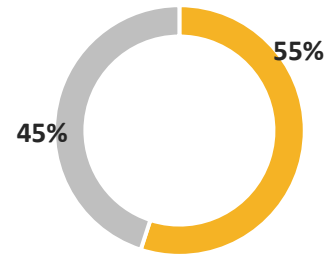
Source: IHS, Freedonia

1) penetration = global construction chemicals market size (CHF) / global construction output (CHF)

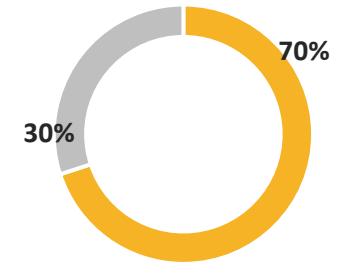
# GROWTH DRIVER – REPAIR AND REFURBISHMENT HIGHLY RESILIENT THROUGH THE CYCLES

- High resilience of refurbishment through economic cycles
- Corrective maintenance cannot be postponed
- Large backlog of projects for corrective maintenance in Europe and the USA
- Regulations and building standards make refurbishment mandatory
- Urbanization and densification drive the need for refurbishment

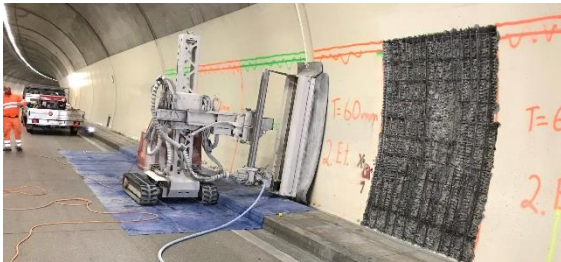
**55% of Group sales** in construction generated by refurbishment



**In mature markets, 70% of sales** in construction generated by refurbishment



■ Refurbishment ■ New build





# GROWTH DRIVER – EMERGING MARKETS

## CONTINUOUS STRONG GROWTH

- Enormous **need for infrastructure**, energy and power, real estate
- Expansion of **supply chain** footprint
- **Acquisitions** to leverage our market access
- Increased demand to meet **international construction standards**
- Need for qualified **workforce** in emerging markets



# GROWTH DRIVER – INFRASTRUCTURE PROGRAMS

## CHF 10 TRILLION PLANNED STIMULI

US infrastructure  
investments running  
into the billions

approx. CHF  
**850**  
billion

EU working towards  
climate neutrality

approx. CHF  
**400**  
billion

China invests in technology  
and infrastructure

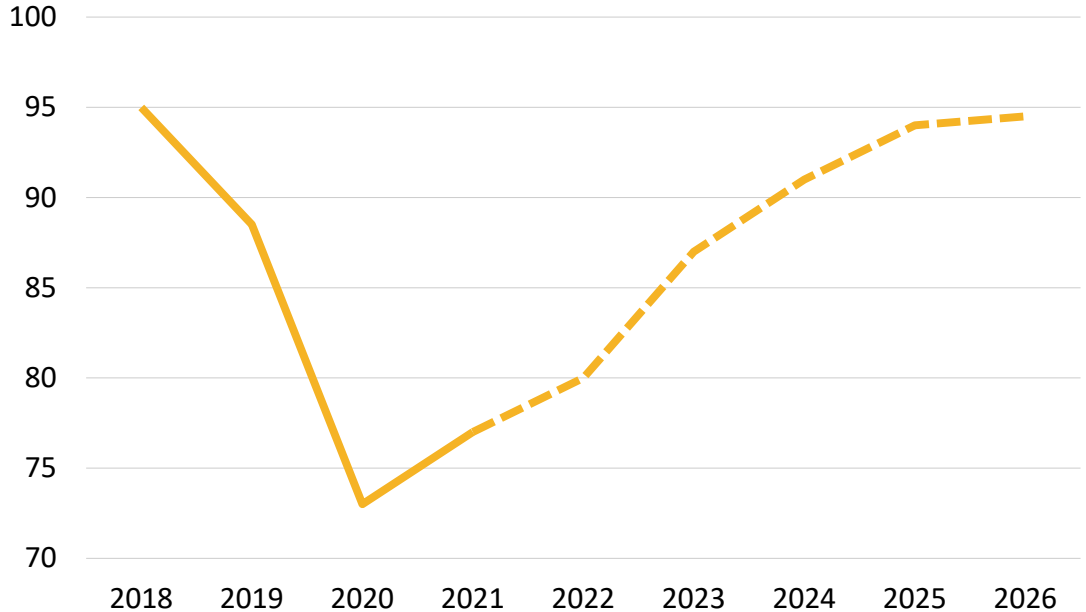
approx. CHF  
**8,000**  
billion

- Extensive infrastructure growth programs stimulate economies
- Government initiatives in many countries are tied to environmental legislation

# GROWTH DRIVER – GLOBAL AUTOMOTIVE PRODUCTION

## RECOVERY EXPECTED IN THE NEXT FEW YEARS

in mn units



Source: IHS Markit

### Strong recovery expected

- Backlog in demand
- Supply chain “normalization”
- E-vehicle demand

— Global automotive production

- - - Forecast (as of May 2022)

# GROWTH DRIVER – OUR PEOPLE

## UNIQUE CORPORATE CULTURE

Courage for Innovation

Customer First

Empowerment and Respect

Manage for Results

Sustainability and Integrity



### 3. OUR WAY TO NET ZERO

# SUSTAINABILITY AND OUR WAY TO NET ZERO

## CONTINUE TO GROW AND REDUCE GREENHOUSE GAS

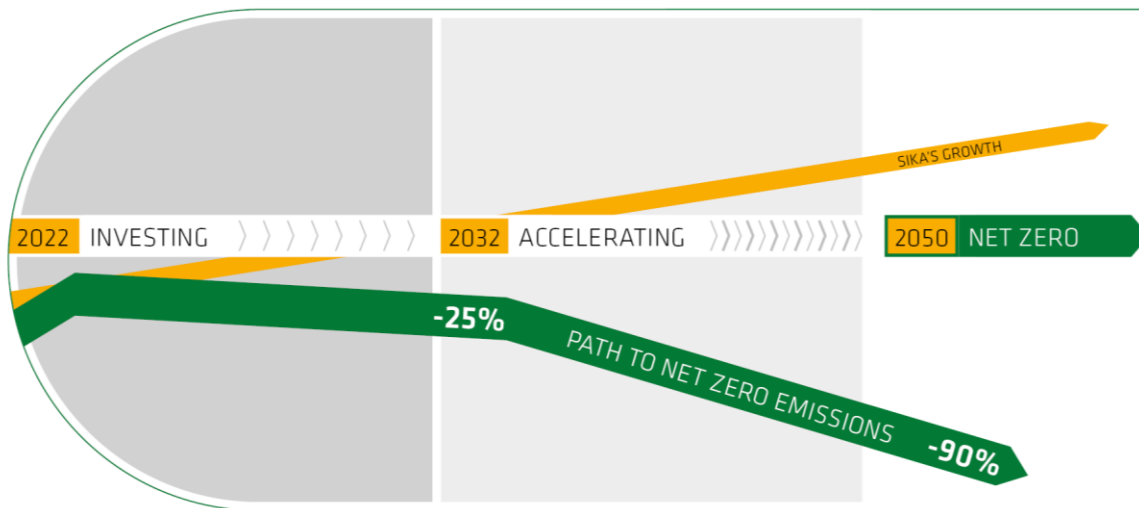
### MAKING A POSITIVE IMPACT

- **40% of global CO<sub>2</sub> emissions** attributable to construction and building sector
- Road traffic responsible for **20% of global CO<sub>2</sub>**
- Huge opportunity as potential for progress is immense
- Sika possesses the solutions and innovative strength to enable the necessary transformation

### OUR COMMITMENT

- We continue our growth strategy and engage our innovative developments to decouple growth from greenhouse gas emissions
- We enable our customer on their journey to Net Zero.
- Our way to Net Zero:
  - -25% until 2032
  - -90% until 2050

# SIKA'S NET ZERO ROADMAP



## 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

## 4. UPDATE ON MBCC ACQUISITION



# UPDATE ON MBCC ACQUISITION COMPLEMENTARY IN MANY WAYS

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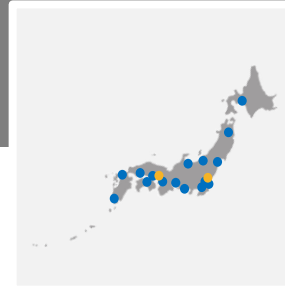
**MBCC** GROUP



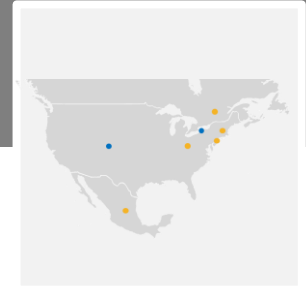
Solutions



Channel



Geography



Supply Chain

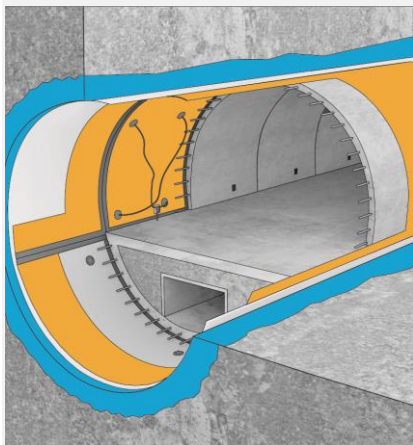
# UPDATE ON MBCC ACQUISITION

## WE WILL HAVE AN EVEN STRONGER PRODUCT RANGE TOGETHER

### Underground Construction

#### Sikaplan®

PVC membrane for waterproofing and waterproofing products



#### MBCC UGC

products for shotcrete, fibers, injections

### Offshore Wind Installation

#### Sika Power®

epoxy-based toughened adhesive to produce extra-long blades



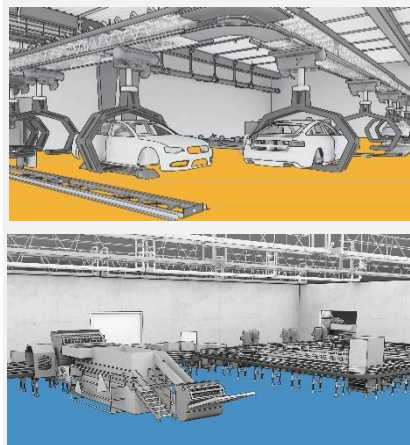
#### MasterFlow

Grouts specialized for offshore wind turbine installations (DNV GL certified)

### High-performance industrial floors

#### Sikafloor®

High performance epoxy sealing and self smoothing coatings for industrial flooring



#### Ucrete

Unique polyurethane resin technology for industrial floors

### Floor Covering Applications

#### Sikafloor®

self-leveling screeds for both new build and renovation applications



#### Thomsit

adhesives for both wood floor and luxury vinyl tile

# UPDATE ON MBCC ACQUISITION

## UNCONDITIONAL APPROVALS IN MOST JURISDICTIONS

**Unconditional  
approvals  
received in most  
jurisdictions**

Brazil



China



Japan



Colombia



Saudi-Arabia



Thailand



South Africa



Turkey



# UPDATE ON MBCC ACQUISITION

## DIVESTMENTS REQUIRED IN ADMIXTURE BUSINESS

**Process ongoing**  
divestment of  
admixture  
business

Scope: up to  
CHF 850 million



USA



Canada



Europe



UK



New Zealand



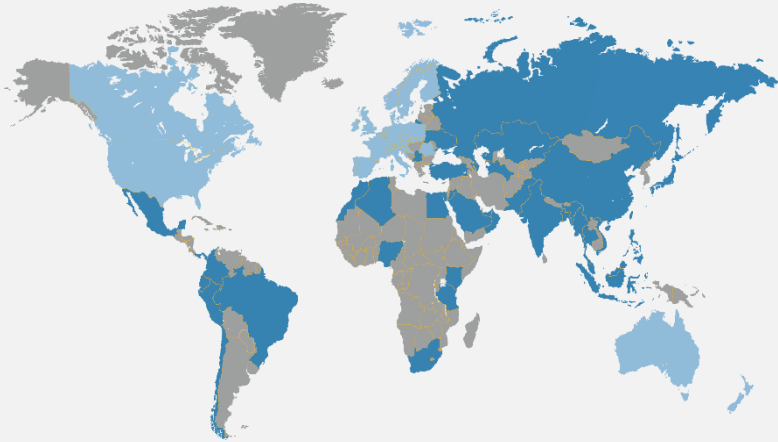
Australia



# UPDATE ON MBCC ACQUISITION


## DIVESTMENTS REQUIRED IN ADMIXTURE BUSINESS

Remaining business CHF 2.15 billion\*



To be divested CHF 850 million\*



 Countries with MBCC subsidiaries that **will be fully integrated**

 Countries with MBCC subsidiaries where admixture business **will be divested**

\*Based on full year 2021 figures

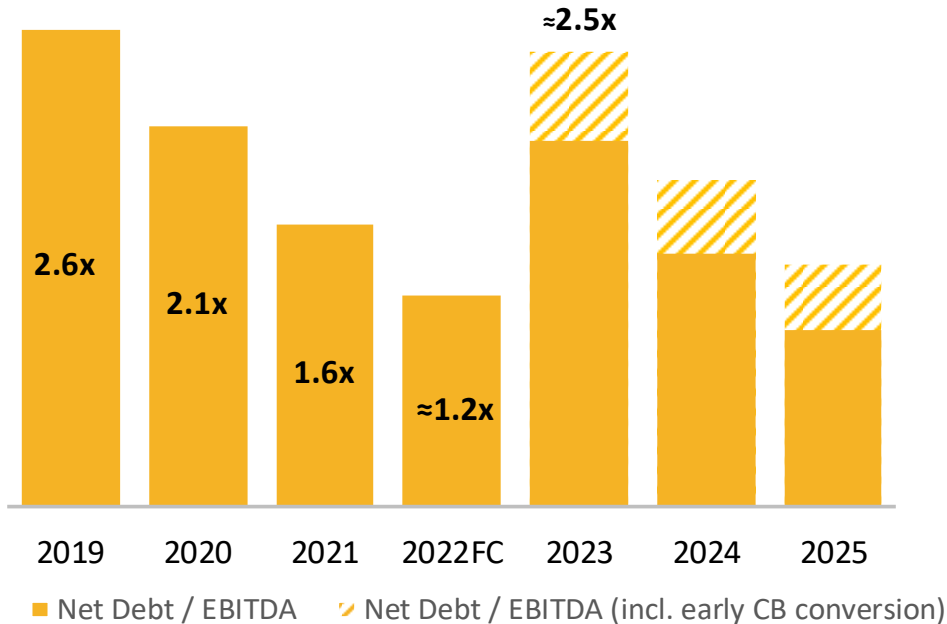
# FINANCING AND LEVERAGE CONSIDERATIONS

## FINANCIAL TERMS OF TRANSACTION REMAIN VERY ATTRACTIVE

- Financing through cash and debt instruments
  - Fully committed bridge loan facility
  - Long-term funding over combination of cash-on-hand, bank loans and bonds
  - Expected annual interest cost of CHF 90 million
- Strong deleveraging profile
  - Starting from a strong base
  - Divestments reduce initial capital outlay
  - Strong deleveraging profile even without early conversion of existing Convertible Bond

# FINANCING AND LEVERAGE CONSIDERATIONS

## HISTORICAL AND EXPECTED LEVERAGE DEVELOPMENT



- 2023 Leverage expected at ≈2.5x
- With early Convertible Bond conversion at around 0.5 turns lower
- Fast deleveraging – similar deleveraging profile as with Parex

# UPDATE ON MBCC ACQUISITION

## CONFIRMATION OF STRATEGIC FIT

- Synergies: CHF 160-180 million
- 2023 Leverage expected at  $\approx 2.5x$
- Funding structure of MBCC acquisition unchanged
- Favorable FX impact
- Closing targeted in first half of 2023





## 5. OUTLOOK

# ANNUAL SALES TARGET FOR 2022 RAISED

## CONTINUATION OF SUCCESSFUL GROWTH STRATEGY

- Sales increase by over 15% in local currencies
- Surpassing CHF 10 billion for the first time
- Over-proportional EBIT increase expected for the year
- Confirmation of 2023 strategic targets for sustainable, profitable growth

Expected sales  
for 2022

> **10** billion  
CHF



THANK YOU FOR YOUR ATTENTION

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# 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

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