BEYOND THE EXPECTED

OUR YEAR 2022

SOUTHEAST ASIA

Strong growth and the promise of more

STRATEGY
Success model: regionalization

CHANGE
Digitalization and automation in construction

SIKA EMPLOYEES
A global team achieving peak performance

SIKA.COM/ANNUALREPORT

BUILDING TRUST

HIGHLIGHTS 2022

Net sales in local currencies

+15.8%

Acquisitions

2+[1]

EBIT

+13.5%

New patents

104

CO_2eq[2] emissions per ton sold (scope 1 and 2)

−6.9%

Water consumption per ton sold

−6.1%

Waste per ton sold

−3.3%

Lost Time Accidents per 1,000 FTEs

−23.8%

[1] Besides the two acquisitions, Sika has signed a definitive agreement to acquire MBCC Group. The closing of the acquisition is targeted for the first half of 2023.

[2] CO_2eq (Carbon Dioxide equivalent) is the unit of measurement which considers the climate effects and related emissions of all six greenhouse gases (GHG).

A brief review of fiscal 2022 and key financial figures can be found in this magazine starting on page 54.

Dear reader

That Sika's sales exceeded the CHF 10 billion mark for the first time in fiscal year 2022 is very good news. Even better is that sales have almost doubled since 2015, with operating profit up by 135% over the same period.

The strong sales momentum over the past years and the record 2022 EBIT of CHF 1,579.7 million show that we have our priorities straight. For us, these figures are a benchmark for the stakeholder value we create.

Some of the value elements, such as net profit and dividends paid to shareholders, are self-explanatory. However, the value Sika creates for its customers is perhaps less obvious, extending beyond the pure product features. For example, Sika facilitates shorter implementation periods on construction projects, less downtime on infrastructure renovations, lower CO_2 emissions, longer building lifecycles, and a faster path to achieving net zero targets in the construction industry.

Our employees are the most important source of value creation. More than 27,500 Sika employees strive for peak performance every day. Some of them are featured in this year's annual magazine. They provide a glimpse into the richness of our culture, our product portfolio, our powerful innovation capacity, our leading technological position, as well as our commitment to meeting the needs of customers all over the world.

I am confident that with our solid set of values and highly agile organization, we will be able to successfully continue our strategy built on sustainable and profitable growth even in a challenging economic environment.

Thomas Hasler
Chief Executive Officer

CONTENT

Sika Strategy

BEYOND THE MARKET CYCLES

PHOTO COVER PAGE
With comprehensive expertise and leading products, Sika contributed to the construction of the 22.5 kilometer-long section of the MRT Orange Line in Bangkok.

Dynamic market environment

BEYOND THE BEATEN TRACK

Innovation driving net zero

BEYOND THE EXPECTED

Business year 2022

BEYOND SUSTAINABLE PERFORMANCE

Sika Strategy
Beyond the market cycles

PERFECTLY POSITIONED FOR **MULTIFACETED GROWTH**

Sika is viewed by its customers, investors, and other stakeholder groups as a company that not only defines ambitious strategic targets, but also regularly achieves or even exceeds them.

SIKA MEANS RELIABILITY

The company anticipates future challenges with reliable, innovative, and long-lasting product solutions while maintaining above-average quality and sustainability standards.

The company is continually increasing the added value for its stakeholders. Sika promotes the efficient use of energy, water, and material resources while minimizing its impact on the ecosystem. Economic, environmental, and social aspects are fully taken into account while implementing the strategy and conducting all business activities.

ALIGNMENT WITH MEGATRENDS

The company's Strategy 2023 is aligned with the six major megatrends of our time: digitalization, emerging market growth, climate change, demographic change, urbanization, and automation. These megatrends are closely interrelated and influence one another. They are opening huge potential for Sika in terms of structural growth opportunities.

GROWTH AND INCREASING COMPANY VALUE

Sika makes a clear commitment to sustainable growth and increasing company value in its Strategy 2023. The Strategy is based on six key pillars: market penetration, innovation, operational efficiency, acquisitions, strong corporate values, and sustainability.

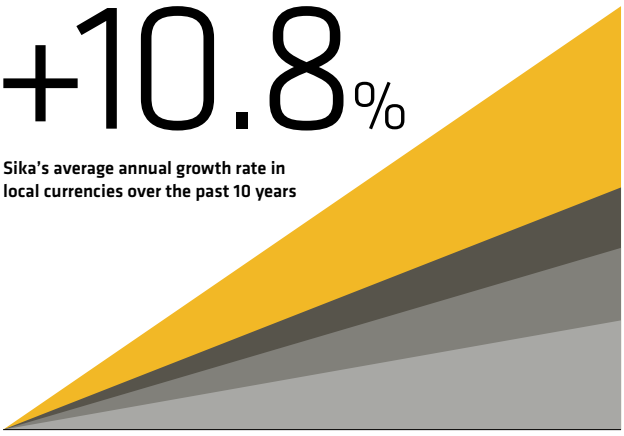
STRONG GROWTH FORECAST

Over the past ten years, Sika has grown by an annual average of 10.8% in local currencies. This outstanding development is based on several growth drivers. On one hand, these include structural changes in the market due in part to megatrends, which drive demand for Sika's products and solutions. On the other hand, Sika is advancing market penetration with its own strategic initiatives. Market growth potential is systematically identified and targeted. Thanks to its high-quality products and solutions, Sika is successful in securing growth that outstrips its competitors and expands its market share continuously.

SUSTAINABLE GROWTH

+10.8%

Sika's average annual growth rate in local currencies over the past 10 years



BECOMING **INDISPENSABLE**

Over the past few decades, Sika has steadily extended its global market penetration. Thanks to the high added value that Sika products offer customers, this trend is set to accelerate further.

Demographic change has resulted in a lack of skilled labor, and the construction industry has been particularly affected by this development. Added to this, construction has seen only very modest efficiency gains over recent decades compared to other industries. Thanks to automation and digitalization, productivity gains have recently materialized. However, Sika has proven to be an exception to this rule. The company has long held an outstanding reputation for providing products and solutions that offer superior performance. What's more, it has invested heavily in the sustainability of its products in recent years. As a result, Sika can increasingly offer its customers solutions that deliver not just improved performance such as greater strength and higher temperature resistance, but also greater sustainability such as a smaller carbon footprint or improved air quality. In addition, Sika products offer benefits in application by reducing the number of work stages, or because they cure faster or can be reliably applied by less qualified staff.

HIGH-PERFORMING AND SUSTAINABLE

Demand for construction chemical products in the construction industry is growing and market penetration is rising. From 1991–2020, construction chemicals roughly doubled their share of global construction output, and the above-average growth trend will likely continue. As a leading global company in construction chemicals with a comprehensive portfolio of innovative technologies, Sika will enjoy an above-average benefit from this development.

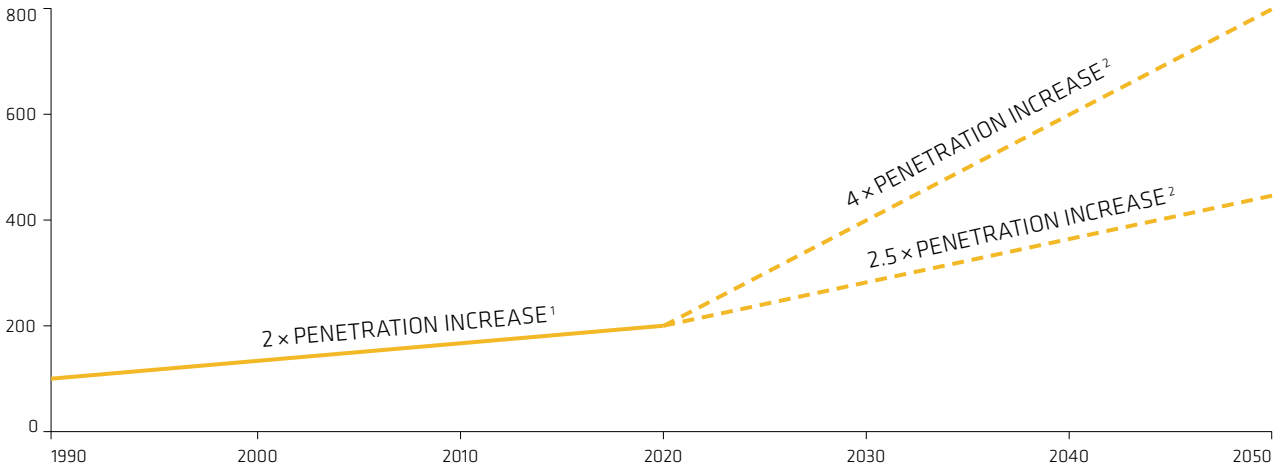
Sika has established deep roots in its local markets, which help the company tap into new customer groups and intensify cross-selling. Solutions adapted to specific needs can be applied to large-scale construction projects. Construction companies, tradespeople, and private consumers have straightforward access to a broad spectrum of the company's products and solutions through e-commerce channels or local stores.

BOOST FROM REGULATIONS

Over the next few decades, market penetration is likely to accelerate for construction chemical products. Sika estimates that productivity increases on building sites alone will see market penetration increase by a factor of 2.5 by 2050. If regulators increasingly embrace the net zero target, Sika believes the market penetration of construction chemicals could increase by a factor of four. As part of its Green Deal, the European Commission has stipulated that CO_2 emissions should be brought down by at least 55% by 2030 (compared to 1990 levels). Construction chemical products and solutions will provide the construction industry with key support in achieving its targets.

One thing is clear: construction chemicals are set to become far more important for the construction industry, and this is a strategic success factor for Sika.

CONSTRUCTION CHEMICALS PENETRATION IS INCREASING AND WILL CONTINUE TO ACCELERATE IN THE COMING YEARS



[1] Market penetration: Size of the global construction chemical market (CHF) / global construction (CHF). Source: IHS, Freedonia.

[2] Market penetration in the next 30 years (Sika estimate).

MISSION **NET ZERO**

Sika is driving the transformation of the construction and manufacturing industries. The company has expressed its clear commitment to achieving net zero emissions by 2050. Sika supports the Science Based Target initiative (SBTi) and will submit its net zero targets for validation in the near future.

In September 2022, Sika committed to the science-based net zero targets issued by the Science Based Target initiative (SBTi). "This is an ambitious goal, but we are already working on initiatives and have lots of ideas as to how we can achieve net zero," emphasizes Patricia Heidtman, Chief Innovation and Sustainability Officer and Member of Group Management. Under this target, the company must reduce emissions that it is directly responsible for (scope 1) as well as those from the energy it purchases (scope 2) by 42% by 2032, and then by 90% by 2050. These two categories together, however, account for only around 2% of overall emissions. The biggest source of emissions is scope 3. These are the indirect emissions that arise up and down the company's value chain. At Sika, scope 3 emissions account for 98% of emissions, a total of 12,511 ktCO_2eq. To achieve the desired reduction of 25% by 2032 and 90% by 2050, Sika will work together with customers and suppliers.

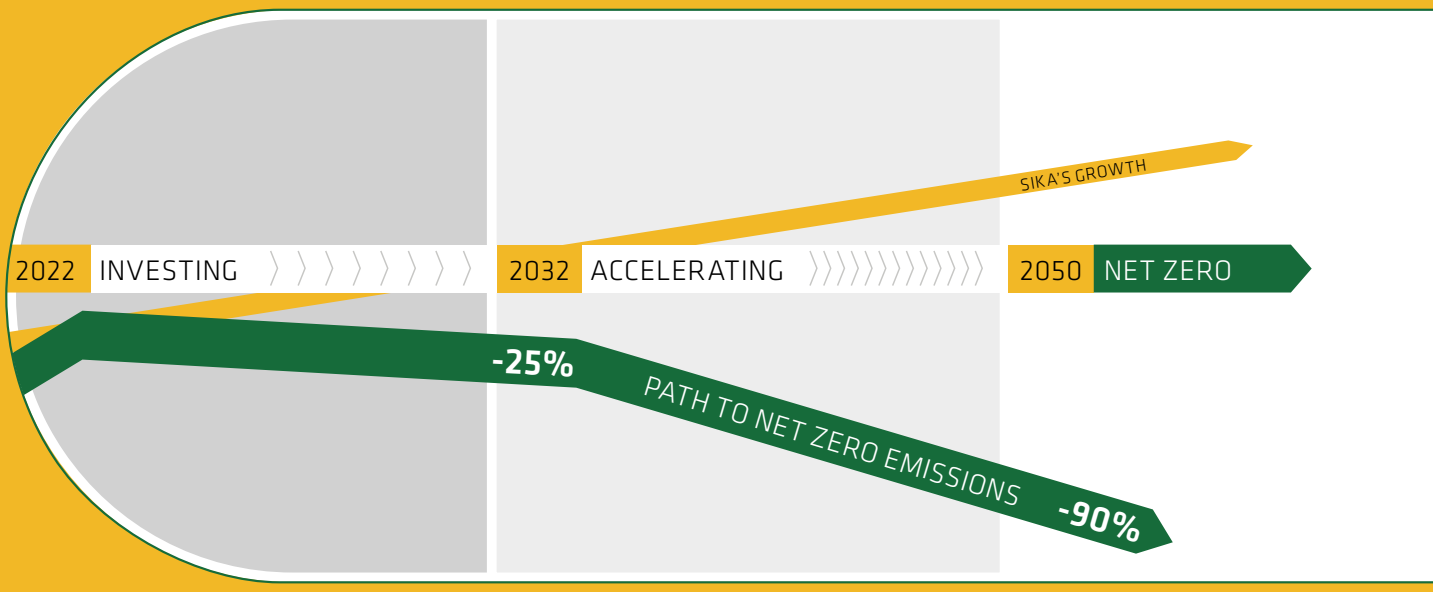
Since committing to the SBTi targets on September 16, 2022, Sika now has 24 months to submit concrete implementation targets for validation. To ensure a proper framework, Sika has drawn up a full scope 3 emissions inventory in accordance with the Greenhouse Gas Protocol. Patricia Heidtman: "We closely examined the methods used to calculate scope 3 emissions and subject them to ongoing reviews." This helps Sika to pinpoint how emissions can be reduced and where the focus should be.

"We closely examined the methods used to calculate scope 3 emissions and subject them to ongoing reviews."
Patricia Heidtman

SIKA'S KEY LEVERS

- Development of new technological solutions for construction and industry
- Accelerated use of alternative low-carbon supplies
- Partnerships with key suppliers who support Sika's path to net zero
- Education and capacity building to improve material efficiency and circularity
- Continued focus on operational efficiencies

SIKA'S NET ZERO ROADMAP



THE MOST IMPORTANT LEVERS FOR REDUCING CO_2

With science-based foundations in place, Sika's attention is now on implementation. The company has defined five key levers to reach its targets. In scope 1 and 2, part of Sika's endeavors will focus on continually increasing energy efficiencies and making greater use of renewable energies. An important objective of scope 3 is lowering upstream and downstream transport emissions. Another vital element here is reducing carbon-intensive raw materials such as cement and petrochemicals. Products and packaging will be improved continuously to support circularity.

SIKA SEES NET ZERO AS A GROWTH OPPORTUNITY

Thanks to its innovation power, Sika can significantly help reduce greenhouse gases. "Replacing Portland cement in our mortar production will enable us to lower CO_2 emissions by up to 480 kilotons by 2025," explains Patricia Heidtman. Sika has already found the substitute materials necessary without compromising product quality. In addition, the company achieved a breakthrough in concrete recycling with reCO$_2$ver®. Another area where Sika supports the circular economy is with recycled roof membranes. This will prevent up to 49 kilotons of CO_2 emissions by 2032.

Sika is keen to advance its own net zero targets and also help its customers along the path to net zero. For example, Sika products and solutions are helping preserve existing buildings for longer, as the upcycled Quay Quarter Tower in Sydney clearly illustrates (see page 46).

"Sika has the innovative strength and solutions to transform the construction and transportation industries – and this will be all the more evident if we work together with our customers and suppliers," says Patricia Heidtman. For this reason, Sika sees net zero not merely as a business challenge, but primarily as a major opportunity to grow.

"Sika has the innovative strength and solutions to transform the construction and transportation industries."

Patricia Heidtman

Learn more about Sika's way to net zero

"OUR REGIONALIZATION IS **A SUCCESS MODEL**"

Paul Hälg, Chair of the Board of Directors, and Thomas Hasler, CEO, explain why Sika can achieve strong growth even in a challenging environment, and why they are expecting the net zero target to generate additional growth stimuli.

Paul Hälg,
Chair of the Board of Directors

Thomas Hasler,
Chief Executive Officer

COVID, war in Ukraine, unstable supply chains, and an energy crisis that is also threatening economic development – yet Sika is still growing. How have you continued to grow in such a hostile environment?
Hasler: We have a very broad global set-up, with national subsidiaries in 101 countries and eight Target Markets. It's almost never the case that all markets develop in complete parallel. What's more, we're also well diversified within these markets. In the construction sector, for example, we generate about 45% of our sales in the new build area, and 55% through renovation and maintenance projects.

But broad diversification does not necessarily offer protection against surprise global developments such as a coronavirus pandemic...
Hasler: There's never any guaranteed protection, but Sika has acquired a great deal of expertise in coping with short-term changes, and always manages to identify and harness opportunities even in a difficult environment. For example, we expanded our distribution channel and e-commerce right at the start of the COVID-19 pandemic in 2020. This may have caused shifts between the different distribution channels, but there wasn't any slump in sales. The pandemic boosted the digitalization trend, and this continues to have positive effects even now.

Has Sika perhaps even benefited from disruptions to global supply chains?
Hasler: Yes, our strong regionalization is a successful business model. It has been useful for both us and our customers in difficult procurement and supply phases. We were able to use our own supply chains to bridge any global disruptions or interruptions.

How is Sika maintaining its EBIT margins against a backdrop of strong sales growth?
Hälg: Thanks to the local autonomy we grant on the P&L side, managers think and act as entrepreneurs, and take great care to ensure that they grow as profitably as possible. Therefore, they're also responsible for formulating the local strategy. In consultation with Group Management, they make decisions on investment policy and the Target Markets they want to focus on.

How do you turn a manager into an entrepreneur?
Hasler: We engage our General Manager in our "Best Demonstrated Practice". Typical themes here include the likes of pricing and sustainability. Managers receive a kind of "cookbook," but precisely what and how they cook is something they decide for themselves. At the same time, we attach great importance to the fact that they can exchange their "recipes" and experiences with one another. With this in mind, we regularly invite them to management meetings where "peer-to-peer learnings" are presented.

How do you maintain or strengthen Sika's impressive price-setting power?
Hasler: Our prices correlate with the added value we provide to our customers above and beyond the individual product. This includes, for example, the rapid availability of goods, and the strong reliability and technical expertise of our organization. Our net zero commitment is another element of added value on the pricing side.

Hälg: A significant proportion of our products are system-critical. Take our concrete admixtures, for example, which make it possible for concrete to be pumped up to a height of 100 meters when building a high-rise structure. When you measure our products by their quality advantages and the time and cost savings that they provide, then price is not the most decisive factor. In the automotive industry – to give another example – manufacturers use a Sika adhesive that hardens much more rapidly than conventional products. This saves time in the production process, which tangibly increases productivity over the year. The additional price paid for this superior adhesive is negligible in this context.

How does the Sika brand impact pricing?
Hasler: The impact of the brand on pricing is substantial. In our industry, Sika is the strongest local brand recognized worldwide. "Building trust" is a promise that we deliver on every day. On top of that, the importance of the brand has increased significantly in recent years and will continue to do so. This is something we have observed not just with organic growth, but also with acquisitions. Thanks to the strength of the Sika brand, our technology can be seamlessly transferred from one country to another.

"Thanks to the local autonomy we grant on the P&L side, managers think and act as entrepreneurs, and take great care to ensure that they grow as profitably as possible."
Paul Hälg

After a stunning upward trajectory in previous years, Sika stock underperformed the SMI Index in 2022. How do you explain this development?
Hälg: We don't comment on our stock price and can only assert that we have delivered in line with our strategy. So, there must be other factors influencing the valuation. Interest rates and interest rate expectations no doubt play an important role. Growth stocks such as Sika typically react to central bank rate hikes more sensitively than value stocks.

"In our industry, Sika is the strongest local brand recognized worldwide."
Thomas Hasler

Due to reviews by various competition authorities, closing of the MBCC Group acquisition has been pushed back and will now take place in the first half of 2023. What does this mean for the employees and customers of MBCC Group?
Hälg: A 12-month phase of uncertainty finally ended for employees and customers in October 2022. Since then, we have gained clarity over which activities will be integrated, and which companies or company parts will be divested. Employees have been understanding and kept a positive attitude, but there is also some impatience – they ultimately just want to get started.

Hasler: In the MBCC companies that overlap substantially with Sika, there was a fear among staff about redundant structures having to be cut. But with the sale of these companies or company parts, this fear will recede. Employees know that they will be needed by the new owner and that they have a future.

Will the expected synergies turn out lower because Sika must sell CHF 920 million worth of MBCC companies or parts of companies?
Hasler: No, we're still expecting synergies of CHF 160–180 million.

How has Sika performed on ESG over the last year?
Hälg: Familiarity with ESG issues grew further in 2022, and implementation accelerated significantly. Sika has been firmly committed to ESG targets for over a decade. Our sustainability strategy and net zero commitment drive our innovation efforts. The high importance attached to ESG issues is supported by the entire organization. Sustainability is relevant not only to our customers and investors, but also our employees. We are confident that we will gain a competitive advantage if we are "first movers" regarding the sustainability of our products. For younger staff in particular, that commitment also increases our appeal as an employer.

"Our sustainability strategy and net zero commitment drive our innovation efforts."
Paul Hälg, Chair of the Board of Directors

Hasler: The fusion of sustainability and innovation has proved to be an important step in the right direction. For Sika, sustainability and innovation are virtually synonymous. We are pursuing a path that is very Sika-like – which means with practical and measurable approaches. Our products that enable clinker reduction lower the CO_2 footprint, as do the comprehensive measures taken in the area of production – for example expanding the use of renewable energy and reducing water consumption.

In September 2022, Sika committed to achieving the Science Based Target initiative (SBTi) net zero target. What does this mean for the organization?
Hasler: This commitment underscores our determination to drive the transformation of the construction and manufacturing industries toward the net zero target. We now have until 2024 to develop a roadmap with defined measures how to reach the target and submit it for validation. We're working intensively on that now.

Hälg: This development will be accompanied and supported at Board level by the newly established Sustainability Committee.

What are the most effective levers for influencing progress toward the SBTi targets?
Hälg: 98% of our carbon footprint involves scope 3 emissions. About half of these arise upstream, i.e. in connection with raw materials. On the raw material side, purchased cement accounts for around 50% of CO_2 emissions. And this is where we have the most effective lever because solutions that help reduce the use of cement is a core competence of ours. We, for example, develop additives and concrete admixtures to enable the use of cement substitutes in the production of cement, concrete, and mortars. Furthermore, Sika is the leading company for fiber-reinforced concrete solutions. Fiber concrete increases both the durability and strength of concrete. We purchase the polymers needed for this from the chemicals industry, an area in which we have entered a number of partnerships – such as "Together for Sustainability" (TfS). That said, it's likely to be a while longer before CO_2-neutral substitutes are available for the polymers used today.

Hasler: Let's not forget the significant enabling effects of Sika products in this context. The positive impacts resulting from their application are not yet considered by the SBTi.

How important is the circular economy?
Hasler: We see enormous potential here. Admittedly we're only at the start of these processes and are still gathering experience. For example, we take back membranes from old roofs and prepare them for use in the construction of new roofs.

Hälg: The circular economy is an important lever when it comes to making progress toward the SBTi targets. The higher the proportion of material that we can recycle, the more comprehensively we can reduce our footprint.

"We have set a medium-term sales target of CHF 15 billion."
Thomas Hasler, CEO

What kind of examples do you have in mind when you talk of reducing the footprint in the construction sector?
Hasler: An obvious flagship project here is the Quay Quarter Tower in Sydney. This building was showing its age – unsurprisingly, as it dates to 1976 – and would normally have been demolished and replaced by a newbuild. But instead, 95% of the building core was left in place and subjected to a fundamental restructuring that expanded the available space. Sika gave a new lease of life to the concrete structure and helped more than 12,000 tons of CO_2 emissions be avoided.

The European Union is planning for a world of virtually 100% electric vehicles from 2035 onward. How ready is Sika for this development, and what targets is the company pursuing in this market segment?
Hasler: The electrification of the motor vehicle industry is developing very dynamically, and the ongoing optimization of batteries is accelerating our growth. But something often overlooked here is the CO_2 footprint of the other vehicle components. Several automotive manufacturers have defined a net zero target. This requires vehicles to be recyclable and reduce scope 3 emissions. With our solutions, we contribute to vehicles being 95% recyclable at the end of their lives. As a specialist for process materials and with our expertise in the areas of bonding, sealing, damping, and reinforcing, we are the logical partner to accompany and support the automotive industry in this process of transformation.

Read the whole interview on sika.com

The great majority of the 1.5 billion vehicles in operation worldwide still rely on the combustion engine. What role does Sika play in this market?
Hasler: Our focus is clearly on the production of new vehicles. As mentioned earlier, these must be 95% recyclable but without compromising on safety, comfort, or reliability. Challenges of this kind offer attractive growth opportunities to a specialized provider such as Sika. Incidentally, the potential for Sika solutions in electric vehicles is around 50% higher than in vehicles powered by conventional combustion.

Including the MBCC Group, what kind of sales development are you expecting over the next two to three years?
Hasler: We have set a medium-term sales target of CHF 15 billion. This year we will be formulating and unveiling our strategy for 2024–2028. This will also contain guidance on profitability. We'll also have to answer the question of whether the market potential defined for Sika – CHF 80–100 billion as things stand now – can be increased by developing new markets. Either way, with its market share of 10%, there is still significant untapped potential for Sika.

What are the greatest challenges you expect to face in the coming year?
Hälg: The greatest challenge is the implementation of our strategy in a multipolar world where national conflicts of interest are becoming ever more apparent. The trend toward the formation of blocs is giving rise to very different sets of regulations and priorities when it comes to major global issues – such as globalization, climate protection, and security policy. In this context, a prudent independent strategy and "entrepreneurial fitness" will be particularly important.

SIKA STANDS FOR PEAK PERFORMANCE – BEYOND THE EXPECTED

With its global image campaign "Beyond the Expected", Sika is positioning itself as a company that always goes the extra mile to deliver beyond what its stakeholders expect. Sika stands for peak performance – for the benefit of not only its customers, investors, and employees, but also for the environment and future generations.

"Beyond the Expected" was conceived as an umbrella campaign with various implementation levels. In addition to an image level, it also encompasses a target market level and a product level. Furthermore, an employer branding campaign has been developed to position Sika as an attractive employer and consolidate employee identification with the company at a high level.

Image-relevant topics such as sustainability and innovative strength are explored in the campaign themes, which also highlight Sika's cutting-edge solutions for numerous projects in the construction and automotive industries. With its new campaign, Sika is targeting not just its multifaceted target groups in construction and industry, but also its investors, suppliers, and of course employees.

PEAK PERFORMANCE – A BUILDING BLOCK OF TRUST

Sika's more than 27,500 employees strive to perform at a peak level daily. This commitment contributes to more than just consistently strong performance. The expertise and dedication of Sika's employees have enabled the company to evolve into a market leader and pioneer in sustainable construction and environmentally-friendly mobility. Sika is rising to the challenges posed by global megatrends to find sustainable solutions that change the world for the better. By keeping the bar for performance high, employees engender trust with the company's target groups, which allows Sika to fulfill its "Building Trust" market promise.

The global campaign was launched in September 2022 in Switzerland with vast distribution across billboards in cities, at Zurich airport, and on digital platforms. The campaign was then rolled out in other international markets.

Dynamic Market Environment
Beyond the Beaten Track

GROWTH AND THE PROMISE OF MORE

Thanks to the rapid progress of urbanization and industrialization, which is increasing demand for housing and infrastructure, the markets of Southeast Asia are enjoying above-average growth. With its strong local presence in the region, Sika is optimally positioned to benefit from the corresponding potential in the construction sector.

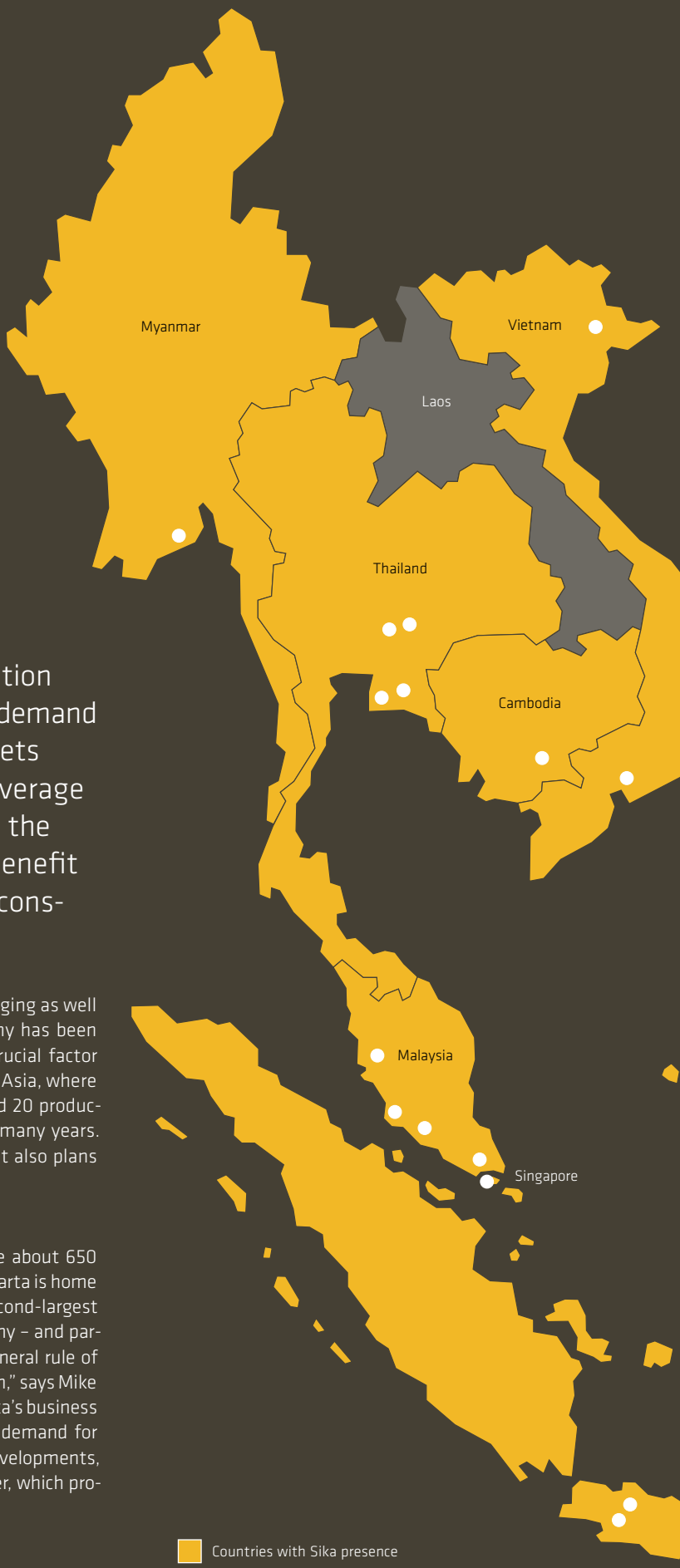
Sika is present in 101 countries worldwide, covering both emerging as well as mature markets. In many parts of the world, the company has been established for decades. The future growth potential is a crucial factor when Sika decides whether to enter a new market. Southeast Asia, where Sika has long been active with eight national subsidiaries and 20 production plants, has been one of the most dynamic markets for many years. Sika wants to not only continue on this growth trajectory, but also plans to accelerate its efforts in the region.

MORE PEOPLE, MORE CONSTRUCTION PROJECTS

Local growth is first and foremost driven by the needs of the about 650 million people who live in this region. The Indonesian capital Jakarta is home to 35 million inhabitants alone, which makes it the world's second-largest metropolitan area. Along with the population, the local economy – and particularly the construction economy – is also growing. "As a general rule of thumb, it can be said that construction follows population growth," says Mike Campion, who as Regional Manager has been responsible for Sika's business activities in Asia/Pacific since 2017. In his view, the elevated demand for infrastructure, industrial construction projects, residential developments, and education and healthcare facilities will only increase further, which provides Sika with huge growth potential "for decades to come."

A TWO-PILLAR GROWTH STRATEGY

Sika's growth strategy in Southeast Asia is essentially based on two pillars. The first pillar is focused on large construction projects, including greater penetration of each project business with its numerous cross-selling opportunities. Together with planners, engineers, customers, and other involved partners, Sika



Source: Global Data – Construction Output (Q4 2022)
Exchange rate: Year-end rate 2022 USD/CHF (x 0.9232)

> CHF 495 BILLION

is the total investment volume forecast for the construction sector in Southeast Asia in 2026

STRONG GROWTH **IN CONSTRUCTION SECTOR**

+25.3%

2022	2026
395	495

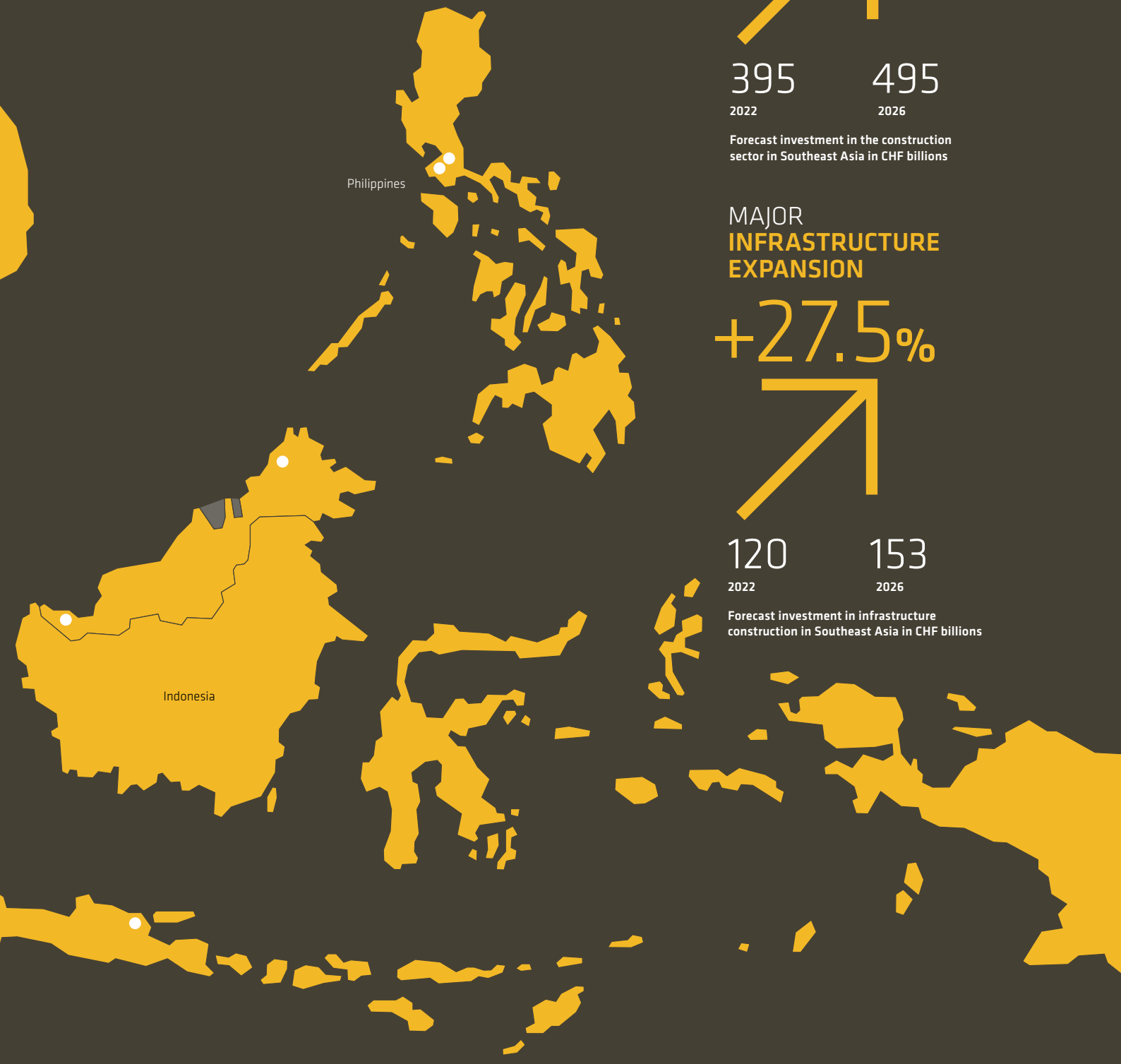
Forecast investment in the construction sector in Southeast Asia in CHF billions

MAJOR **INFRASTRUCTURE EXPANSION**

+27.5%

2022	2026
120	153

Forecast investment in infrastructure construction in Southeast Asia in CHF billions



wants to develop solutions that provide competent answers to the challenges of modern megacities and mitigate climate change. The second pillar is focused on greater market penetration through the expansion of the distribution business. Local points of sale in Southeast Asia, which are typically supplied by distributors, primarily include small specialist shops for building materials as well as home improvement stores. The idea is to better reach end consumers, tradesmen, and small-scale builders. Better market penetration can be achieved partly through selling Sika products at more locations, and partly through expanding the product range at individual stores. The offering comprises products and solutions for professionals as well as simpler solutions that are suited to DIY customers.

SUSTAINABILITY BRINGS GROWTH STIMULI

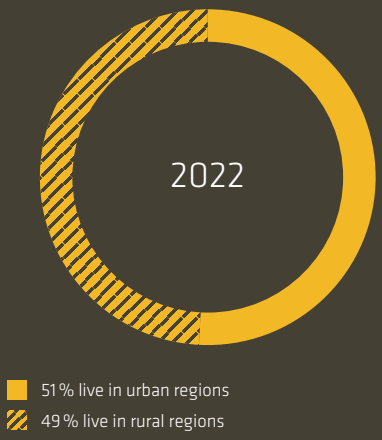
Climate change is a great societal challenge. It also affects Southeast Asia with impacts such as increased risk of extreme weather events and natural catastrophes. Governments are now unanimous in their view that greenhouse gas emissions need to be reduced and resources preserved. With its resource-saving technologies and solutions for mitigating the consequences of extreme weather events, Sika is generating added value for customers and society.

PIONEERING FEATS IN VIETNAM

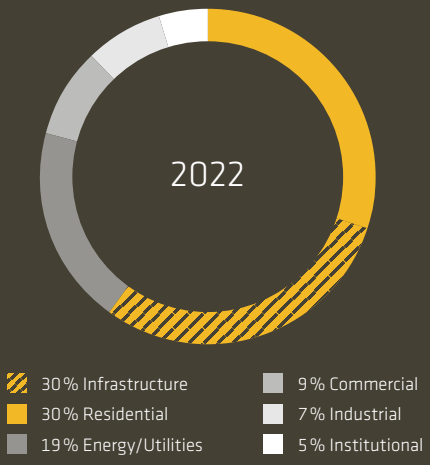
The markets of Southeast Asia are anything but homogeneous. They are characterized by their remarkable social and cultural diversity. There are also great differences when it comes to the dimensions and characteristics of these markets. Therefore, it's important for international companies to respect country-specific features. This is best achieved by training and promoting employees locally, who are the most familiar with the idiosyncrasies of their own markets and the needs of local customers. This decentralized approach has served Sika well, and the company views its local presence as a sustainable commitment to both a country and its people.

Vietnam is a good example of the way that Sika expanded its presence in a Southeast Asian country while contributing to its development. The Vietnamese subsidiary celebrates its 30th anniversary this year. Sika opened a factory here back in 1997. The Group became a pioneering force in the local construction economy, and the name Sika rapidly became synonymous with construction chemicals. When specialists refer to waterproofing in this country, they usually just say "Sika." The portfolio of waterproofing solutions therefore functions as a kind of entry point to sell the complete Sika portfolio. Growth drivers in Vietnam include not just infrastructure projects throughout the country, but also the rapid industrialization of the regions surrounding the two major cities, Ho Chi Minh City and Hanoi.

BREAKDOWN OF POPULATION **BETWEEN URBAN AND RURAL REGIONS**



BREAKDOWN OF **CONSTRUCTION SPENDING**



FORECAST 2026 **ANNUAL GDP GROWTH RATE**

Forecast for economic development of the fastest-growing countries in Greater Southeast Asia between 2022 and 2026.

Source figures: Global Data – Macroeconomic Data (Q4, 2022)

Mike Campion has worked for Sika since 1998. He has been Regional Manager Asia/Pacific since 2017.

Read the whole Interview on sika.com

INTERVIEW WITH MIKE CAMPION

ASIA/PACIFIC – CONSTRUCTION USING STATE-OF-THE-ART TECHNOLOGIES

What makes Asia/Pacific an exciting region to be present in for Sika?
In Asia/Pacific, various market economies create an incredibly diverse and dynamic business environment. From the strong mature markets like Australia, Japan, and Korea to the massive emerging markets in China, India, and Southeast Asia. Opportunities are everywhere. South Asia and Southeast Asia, in particular, have the highest gross domestic product and population growth prospects for the coming years. Southeast Asia's massive need for infrastructure and urban development will fuel decades of major growth potential for Sika.

Sika is involved in several big projects in the area of rail and metro infrastructure. Why are these projects so interesting for Sika?
Big infrastructure projects are the main traditional business for the Asia/Pacific team. Sika is in the unique position to offer these complex projects the most extensive portfolio of building solutions and technologies in the industry. Work begins with a need and a concept from the owner and the selected design and specification team. We allow them the freedom to design structures with the most advanced technologies and push ourselves to create more innovative solutions. We work with engineers and construction companies to bring this vision to life.

Climate change brings challenges for all countries. What significance does it have in Southeast Asia and what does Sika do to impact the development toward a more sustainable economy?
Climate change is a global challenge. Its effects and severe weather events are even more acute in emerging markets, where the necessary infrastructure and safeguards are not always in place to protect those in critical areas. We are currently engaged in numerous projects throughout the region to improve the situation. New infrastructure projects utilize our sustainable solutions, leading to significant reductions in CO_2 emissions and better utilization of scarce resources.

Sika is a fast-growing, decentralized organization with strong local management teams. Is it difficult to find enough qualified people?
The need to attract, develop, and retain employees will always be our greatest ongoing challenge. Our ability to attract and retain these talents is clearly linked to our well-known company culture, the "Sika Spirit". The entrepreneurial spirit is part of our DNA. We are unique in the industry for the autonomy and responsibility we give to employees. We now have a record number of local General Managers and management team members from their home countries. With such dynamic growth in our local talent pools, we are well positioned for a bright future in the region. This is a very attractive culture to both existing and potential employees looking for long-term careers.

After 17 years in leadership positions in the USA, you have now been working for Sika in Asia for close to 8 years. What fascinates you most about this region?
The extraordinary and vibrant people I have encountered within Sika, our customers and vendors, and the industry at large. I am fascinated by the region's incredible cultural diversity and the dynamic growth of its megacities. Driven by its population growth and increasing economic power, it's the global bright spot for the future. When I look back at my career in Sika, my greatest successes have been in the development and advancement of my team. The most rewarding result for any leader is to see their people grow and develop into strong leaders themselves. During the past 8 years, I have watched with great pride the development of the Asia/Pacific team and the advancement of our people throughout the organization.

MRT ORANGE LINE BANGKOK

DURABLE SOLUTIONS FOR METRO EXPANSION

More than 500,000 passengers use Bangkok's metro system every day. The Mass Rapid Transit System of Thailand's capital contains eight lines, and is being expanded on a continuous basis. The eastern branch of the MRT Orange Line will be opened in 2023, connecting the eastern part of Bangkok with the city center. In this new 23-kilometer section, Sika contributed with comprehensive expertise and leading products for the most rigorous tunneling requirements.

Kanokwan Chuanak has worked for Sika Thailand since 2016. She has been Head of Key Project Management since 2021. For her as a civil engineer, the challenges of tunneling are fascinating: "You will often find me on site. I am proud to work for a company with such great expertise and high-quality products. I learn something new every day."

Once completed, the MRT Orange Line will play a key role in Bangkok's urban transport system. The mass rail transit system is divided into western and eastern branches, and will stretch for almost 40 kilometers when complete. The western section is still in the planning phase, whereas the eastern section of the "Thailand Cultural Center - Min Buri" MRT Orange Line will be up and running in 2023. It was conceived as both an underground and overground rail system, with a total length of some 23 kilometers. The MRT Orange Line project is the largest project in Thailand for Sika to date, including 10 underground and 7 overground stations, 11 ventilation and intervention shafts, a depot, and a Park & Ride facility. More than 80 innovative products from the Sika portfolio were used in the construction of the underground stations and the ventilation and intervention shafts.

"On the Orange Line project we were able to successfully deploy our comprehensive portfolio of products for complex tunneling projects."

Kanokwan Chuanak

MANY YEARS OF EXPERIENCE PAY OFF

The first underground line to be part of the Bangkok mass rail transport system, the Blue Line, was built about 25 years ago. At that time, Sika Thailand supplied concrete admixtures, waterproofing sealant between precast concrete segments, and several repair products like mortars and grouts. As part of the expansion of Bangkok's mass rail transit network, construction of the Orange Line began in 2017. Sika Thailand has continuously expanded its product portfolio to meet the diverse customer requirements in underground metro projects as well as in the construction of utility tunnels. Aside from the challenges that tunneling projects normally face, there were a number of additional difficulties in Thailand's capital, including the construction of the two 6.3-meter wide underground tubes. The city's subsoil is very soft, composed of three different loam soils with different geological characteristics. Every tunnel in Bangkok therefore has to be bored with an Earth Pressure Balance Tunnel Boring Machine (EPB-TBM). The earth pressure balance (EPB) approach is a mechanical process that supports the driving site through the use of the excavation material. However, this material needs to be stabilized to ensure a safe and successful process, which in turn requires special products such as foams. Therefore, Sika brought two innovative products as a solution: Sika® Stabilizer-1118 TBM TH and Sika® Stabilizer-1518 TBM TH. These are liquid foaming agents based on biodegradable anionic surfactants. Using these TBM products for the first time was crucial to the tunnel's success. During the previous project, the Blue Line, Sika's contribution was limited to concrete products, repair and waterproofing products. Kanokwan Chuanak, Head of Key Project Management at Sika Thailand, stresses the importance of this technological leap: "On the Orange Line project, we were able to successfully deploy our comprehensive portfolio of products for complex tunneling projects. Our innovations open new market potential for Sika. The breakthrough was made possible by the launching at corporate level of TBM products and was supported by Sika experts in tunneling and mining from the Global Project Support areas as well as the in-house Sika Thailand Tunnel Experts."

The MRT Orange Line consists of underground and overground rail systems. The comprehensive service delivered by Sika experts on site was invaluable for the project's success.

WATERPROOFING AGAINST TROPICAL RAIN

Bangkok is a tropical city, and construction sites are exposed to significant climate stresses, particularly during the rainy season. This was a challenge that became apparent early on in the construction phase. Thanks to the availability of new innovative products the experts were able to face this challenge. "For the waterproofing of the station roofs, we processed Sikalastic®-680 AP. If it rains heavily during processing, work has to be suspended," explains Kanokwan Chuanak. This occurred on multiple occasions. "But with this product's efficiency of application, construction operations were always completed to deadline even in challenging construction phases such as these. Sikalastic®-680 AP is easy to apply and dries quickly, which was good for our scheduling." Around 260 tons of Sika liquid applied waterproofing membrane were used over the course of the project. Among the new products supplied, SikaFuko® reinjectable injection hose and SikaSwell® S-2, a hydrophilic swellable joint sealant, were used in combination with Sika Waterbar®- Omega Type at the connection between tunnels and stations. In addition, Sika was the preferred supplier for the waterproofing sealant between precast concrete segments. More than 500 kilometers of the Sika® Hydrotite hydrophilic waterstop strips have been delivered. Sika was also supplying Sika® Sigunit® L-53 TH, an alkali-free shotcrete accelerator that was used to accelerate the sprayed concrete used in small tunnels linking the main tunnels of the metro line and the ventilation and intervention shafts.

A SUCCESSFUL TEAM OF SPECIALISTS

Sika has been established in Thailand since 1989, where it has an outstanding reputation for providing quality technical support on construction projects. This is due to the highly competent local team, as Kanokwan Chuanak observed: "Our technical specialists gain experience from every new project. In the Concrete team, for example, our specialists spend plenty of time on the job site in order to advise on the ideal mix design. We also have technicians who demonstrate how our products should best be applied. This is an important factor in the success of a project." Sika established a special department for key projects at the start of its project development activity. The expertise acquired in this department is of great importance. Sika has developed a comprehensive product spectrum for all phases of tunneling projects. According to Kanokwan Chuanak, this is an investment in the future. "With this complete offering, we've been able to serve a number of other projects and developers in the tunneling area." About 5,000 kilometers of tunnel are built worldwide every year, which yields enormous opportunities for Sika.

SUCCESSFUL CROSS-SELLING
OTHER APPLIED TECHNOLOGIES

TBM Products from Target Market Concrete
- Sika® Stabilizer-1118 TBM TH and Sika® Stabilizer-1518 TBM TH: liquid foaming agents used during the excavation with EPB-TBM for the conditioning of the soils being excavated

Concrete Repairs Solutions
- SikaGrout® range, Sika MonoTop® range, Lanko grouts and mortars, and Sikadur® epoxy were products used to repair defective concrete (e.g. honeycomb), as well as for the repair of concrete edge spalling of the precast segment

Waterproofing Solutions
- Sika® Injection (polyurethane) & Sikadur®-52 (epoxy solvent free) were used to fill and seal cavities and cracks in structural components such as columns, beams, slabs at stations, and intervention shafts

Sealants and Adhesives
- SikaHyflex®-160 Construction: elastic joint sealant designed for movement and connection joints in concrete was widely used to seal joints between of concrete structures

Fire Protection
- Sikacryl®-620 Fire and Sikasil®-670 Fire: fire resistance sealants for linear joints between concrete and bricks at the generator rooms located inside the stations

On Site Concrete Applications
- Sika® Separol® W-317 E for the production of esthetically pleasing and high-quality concrete surfaces by reducing the formation of blowholes and staining
- LANKO 361 CURE: curing agent delaying water evaporation when applied to fresh concrete

Roofing
- Sikalastic®-680 AP: a single component, liquid applied waterproofing membrane for the concrete roofs of the stations

PEPPERL+FUCHS IN HO CHI MINH CITY

FLOOR COATING AND SEALING – PROVEN QUALITY AND EXPERTISE

Pepperl+Fuchs is a pioneer and innovator in the field of sensors as well as electrical explosion protection. This globally active company has a workforce of around 6,600. One of the company's operations is located in Ho Chi Minh City, the largest city and major economic hub of Vietnam with a population of around 9 million. South of this metropolis, Pepperl+Fuchs has built a new factory with floor coatings from Sika.

SENSITIVE ENVIRONMENT

In the sensor production area, the client required 8,000 square meters of floorspace to be fitted with industrial flooring that controls electrostatic discharge (known as ESD flooring). "The specifications were very rigorous, as even low electrostatic discharges of less than 100 volts can lead to serious problems when producing electronically sensitive component parts such as sensors," explains Jacobo Perez Polaino, General Manager of Sika Vietnam. Therefore, commissioning a supplier with the necessary ESD expertise and the ability to guarantee outstanding technical support when applying the floor coating was crucial for Pepperl+Fuchs.

"Pepperl+Fuchs were very satisfied with our products and the service provided by the entire project team."
Jacobo Perez Polaino

PROVEN PARTNERSHIP

Pepperl+Fuchs turned to the expertise and quality of Sika on this project just like they did on sites that required ESD flooring in the past. The product selected was the tried-and-tested ESD system Sikafloor® MultiDur ES-56 ESD. This is a self-leveling, two-component epoxy resin system that reliably meets the ESD requirements even under the most difficult environmental conditions of 12% relative humidity at an air temperature of +23°C.

During the implementation phase, staff from Sika's sales and technical services teams carried out quality reviews and assessments of the project on a regular basis. "We liaised closely with the people responsible on the client side in all phases of the project," said Jacobo Perez Polaino. Despite a coronavirus lockdown lasting several months, Sika was able to deliver the coating solution on time and met all deadlines. "Pepperl+Fuchs were very satisfied with our products and the service provided by the entire project team," says Jacobo Perez Polaino.

Jacobo Perez Polaino has worked for Sika for 11 years in a variety of functions and various countries of Southeast Asia. A native of Spain, he has been General Manager of Sika for five years. "Sika gave me the opportunity to grow – both personally and professionally. The role of General Manager brings great responsibility, but I get so much out of it. I make the most of the opportunities I get and now feel very settled in Southeast Asia, which has been my home since 2012."

THE FORESTIAS

A SUSTAINABLE FLAGSHIP PROJECT

The Forestias will create an urban district of the future on the outskirts of Bangkok. This is Thailand's largest newbuild project. It has been designed to promote intergenerational living in harmony with nature.

Kampon Boonpleng studied industrial engineering and has worked for Sika for almost two years. In addition to The Forestias, he is also working on another major project, and is a member of the Key Project Management team. "Being involved in such a unique and all-encompassing project as The Forestias makes me proud. Whenever our client has a problem we are on hand to help out – including at weekends and during the night."

The district, which encompasses almost 400 hectares, was conceived by the city authorities as an embodiment of future-oriented and sustainable urban living. At the heart of the new project is a 30-hectare forest. The entire site is designed to provide residents with optimal infrastructure so they can live as healthy as possible while consuming few resources. In August 2022, the project received the "Green Honorary Award 2022" from Bangkok's Kasetsart University for its sustainability.

SUCCESSFUL CROSS-SELLING FOR THE "GREEN" PROJECT

The sheer scale of the construction project and its mix of sustainability, state-of-the-art technology, and cutting-edge architecture is a natural fit to Sika's comprehensive product portfolio, which offers solutions from basement to roof. Kampon Boonpleng, a Key Project Manager at Sika, is delighted about this flagship project: "All our target markets in the construction area are involved in The Forestias. We have been able to cross-sell very successfully and deliver a comprehensive solution offering." This requires intensive exchanges both internally and externally. "The Specification team works closely with local architects and developers to get our products specified for the project as early as the tender phase. The Key Project Management team then takes over, meeting with planners and construction companies during the project and construction phases, respectively."

As the focus of this residential construction project is sustainability, most of the solutions used are LEED-certified. "LEED stands for Leadership in Energy and Environmental Design and is an internationally recognized certification system for green building and sustainability in construction. It is playing an increasingly important role in Thailand too," explains Kampon Boonpleng. Sika was chosen for The Forestias partially because it offers a broader sustainability portfolio than its competitors. The Technical Service team also won the client's trust with product demonstrations, deep expertise and experience. No fewer than ten Sika employees covering multiple functions are working on The Forestias. "Our success ultimately comes down to how interconnected we are internally, our comprehensive solutions-driven approach, and an unwavering service mindset," is how Kampon Boonpleng puts it.

13 SUBPROJECTS, ALMOST 50 SIKA PRODUCTS

Whether for the Forest Pavilion, the Whizdom condominiums in the high-rise apartment buildings, the Mulberry Grove Villas, the office buildings, or the Town Center – Sika is on hand to facilitate execution of this major project with its many different challenges.

The waterproof mortar SikaTop®-107 Seal TH (LEED) is the top-selling product, but high-quality epoxy and polyurethane floors such as Sikafloor®-161 HC (LEED), Sikafloor®-263 SL HC (LEED), and Sikafloor®-21 PurCem® LP (LEED) are also being used. Meanwhile, Sikalastic®-632 R is proving to be a valuable waterproofing membrane for the roof. All of these high-quality products meet the rigorous design requirements of the project – including for the already completed Forest Pavilion – and the figures speak for themselves: almost 50 products and solutions are being used on The Forestias project.

Basuki Setiawan has worked for Sika in Indonesia since 2010. After performing various roles, he now works as Channel Distribution Manager and Target Market Manager Building Finishing. "It's great being part of this successful company. The working environment at Sika is unique and we feel like family. The company continually offers you new ways of developing both yourself and your career."

RETAIL LEADERSHIP JOURNEY

SIKA'S BOOMING DISTRIBUTION BUSINESS IN INDONESIA

After establishing a successful distribution business in China with over 170,000 point of sales, the company is rolling out its business model to other Asian countries, with a special focus on Indonesia. With a population of 274 million, the country is viewed as a key growth market.

The Indonesian market presents Sika with huge opportunities. In 2022 alone, the distribution business grew by 18%. "Within two years, we managed to more than double the number of point of sales from under 10,000 to more than 22,000." This rise is attributable to the increasing number of new distributors in areas such as Sumatra and Java," explains Basuki Setiawan, Channel Distribution Manager and Target Market Manager in Building Finishing. The distribution business is aligned with Sika's "Customer First" strategy, which is all about being close to customers and enabling all countries to develop their own strategy for their local market. Sika will aim to expand the number of point of sales offering Sika products in the Asia/Pacific region outside of China to 100,000 by 2028.

WELL-CONSIDERED MARKET PENETRATION

The success of the strategy is based on the classic elements of market penetration, expanding Sika's product portfolio, and increasing brand awareness. The products are delivered through a large network of distributors to building supply shops, where they are then sold on to small and medium-sized builders and other tradesmen. The strategy is developed continually with advanced e-commerce platforms, social media measures and various initiatives aimed at expanding business activities in a targeted way. "Market penetration is focused on the further expansion of the distributor network and by extension of the retail store portfolio, as well as on the diversification of the product spectrum. We offer not just waterproofing products, but also tile adhesives, tile grouts and jointing mortars, wall coatings and admixtures," explains Basuki Setiawan.

SUCCESS THANKS TO STRONG BRAND AWARENESS AND GREAT TEAM IN INDONESIA

Indonesia is an emerging market at a turning point. The economy is booming. Sika currently generates 85% of its turnover in the Indonesian distribution business through so-called "mom-and-pop" stores. "For this market we focus on waterproofing products, as well as mortars for floors and walls. These two product categories are the most represented in all stores. Waterproofing is especially important since Indonesia experiences high rainfall, meaning that we at Sika can offer products that are an ideal fit for this market", explains Basuki. Sika enjoys a high level of brand awareness in Indonesia. For Basuki, this is a crucial part of Sika's success: "It helps us drive the retail business forward. Homeowners don't usually do the work themselves. They get a specialist to do it – and most of them already know Sika." By regularly collaborating with consumers, Sika can better tailor its products, improve the level of technical knowledge through training, and build more trust. Basuki is proud of Sika's achievements and his distribution team in Indonesia.

MONG SEN VIADUCT

SIKA CONCRETE ADMIXTURES **FOR VIETNAM'S HIGHEST BRIDGE**

In north-west Vietnam, Mong Sen Viaduct overlooks the rice terraces of the beautifully situated town Sa Pa. At 83 meters, the viaduct is Vietnam's highest bridge. It lies at the foot of Fansipan, the Indochina peninsula's highest mountain.

This new construction, which is more than 600 meters long, was completed at the end of 2022 and shortens the journey between the provincial capital of Lao Cai town and Sa Pa. It not only delivers time savings, but provides a much safer alternative too, given that the winding road is regularly hit by landslides. "The viaduct makes this journey quicker and less stressful," says Jacobo Perez Polaino, General Manager of Sika Vietnam. For him, the viaduct is a sustainable project that supports the country's development. "It's a real feather in Sika's cap, and one that we're proud of."

Construction engineer **Pham Huy Cuong** has worked as North Area Manager for Sika Vietnam since 2020 and is regarded as an expert in bridge construction. "I really enjoy my work, which involves partnering with clients to solve challenges and collaborating closely with the whole team."

HIGH-PERFORMANCE CONCRETE TO MEET THE HIGHEST DEMANDS

Due to its remoteness, the Mong Sen Viaduct could not be built with prefabricated concrete elements. Instead, it was constructed by the casting of concrete in situ. Sika was able to support general contractor Thang Long Meco by providing not just concrete admixtures and mortar products, but also technical advice throughout the successful construction of this balanced cantilever bridge structure. The products used were the superplasticizers SikaPlast®-398 SF and Sika® ViscoCrete®-3000-20 M for the concrete, along with the powder admixture Sika® Intraplast® Z-HV and grouting mortar SikaGrout®-214-11 for the backfilling of the prestressing cables duct. These high-performance products met the construction site requirements for the flow properties, reducing maximum water content, optimizing mechanical properties and therefore durability of the final concrete.

Construction of the viaduct took place not only during the day, but also at night. Therefore, the project team faced significant temperature swings. "This was quite a challenge, as the concrete had to exhibit the same properties at all times when it was pumped up for casting following long transport journeys," explains Pham Huy Cuong, who headed the project team as North Area Manager of Sika Vietnam. Thanks to Sika's admixtures, the required properties were consistently met. The additives ensured that the concrete cured completely to meet the high compressive strength required. This high-strength concrete allowed the project team to install sections of the horizontal bridge segment by segment, which was essential because the viaduct is exposed to extreme stress.

> "Thanks to our technical expertise, we were able to provide the client with detailed advice on the perfect mix design of the concrete."
>
> **Pham Huy Cuong**

STRONG DEMAND AROUND THE WORLD

Sika is represented on all continents with over 100 national subsidiaries. Its solutions facilitate newbuilds and the refurbishment of above-ground and underground structures, contributing to high-quality, durable infrastructure around the globe.

LA AYURÁ DRINKING WATER TREATMENT FACILITY IN COLOMBIA

SECURE WATER SUPPLY FOR THE MEDELLÍN REGION

To guarantee a secure supply of drinking water for the city of Medellín and other communities, the region's largest treatment facility is being modernized. In Colombia's Aburrá Valley metropolitan area, several million people are supplied with drinking water from a treatment facility located to the south of Medellín. The La Ayurá plant is the region's largest facility and sources its water from three rivers. Its capacity amounts to more than 12 million cubic meters.

SIKA SOLUTIONS FOR SUSTAINABLE OPERATIONS

To extend maintenance lifecycles and reduce the cost of maintenance, key parts of the treatment facility are being modernized with Sika solutions. Over an area of 17,500 square meters, bonding, waterproofing, and protective materials are being used to guarantee the required level of watertightness for many years. Among the products in use are various repair mortars (such as Sika Quick®-2500 and SikaTop® Armatec®), a sheet membrane waterproofing system (SikaProof®), as well as epoxy adhesives and two-component coatings (Sikadur®-32 and Sikagard®-62).

DRINKING WATER FOR THREE MILLION PEOPLE

When the modernization work is complete, the facility will supply some 60% of the Aburrá Valley's drinking water. Every second, 9.2 cubic meters of water are fed into the supply system, providing a secure supply to a total of more than three million inhabitants of Medellín and the surrounding communities of La Estrella, Sabaneta, Itagüí, and Envigado.

WASTEWATER TREATMENT IN BRAZIL

FRESHWATER FOR HUNDREDS OF THOUSANDS

Access to sanitation is being significantly improved for Brazil's population. Sika is supplying tried-and-tested solutions on three projects. Brazil is extending basic sanitation for its population. Approximately 100 million out of the 215 million people who live in the country currently have no access to a sewage system. Therefore, Sika is supplying waterproofing and sealing solutions for several new wastewater treatment plants. Two major new plants are in Natal, which is in the northeast region of the country. From the end of 2023 onwards, these plants will treat all sewage from Natal, which has around one million inhabitants. In southern Brazil, wastewater treatment coverage will be extended in nine

cities of the Porto Alegre metropolitan area by 2033. Sika concrete protection coatings, mortars, and sealants are being used in all these projects to prevent leakage of contaminated water over the long-term.

EXPANSION OF THE HAMPTON ROADS BRIDGE-TUNNEL

VIRGINIA EMBARKS ON GROUND-BREAKING **INFRASTRUCTURE PROJECT**

It is the largest highway construction project ever undertaken in the US state of Virginia: four existing bridges are being extended and two new underwater tunnels are being built from scratch.

The transport link between Hampton and Norfolk in Virginia is being renovated and expanded in a project that will run until 2025. With a total budget of CHF 3.5 billion, this is the largest infrastructure project in the history of this federal state, as well as one of the most important projects currently being realized in the US. The heart of the project is the transport link that runs both above and below the bay's waters. This transport axis is known as the Hampton Roads Bridge-Tunnel. Two bridges from the north and two from the south carry traffic across a section of the harbor area using artificially created islands. These islands also house the entrances to the new twin tunnels, which will provide a subterranean extension of the above-ground sections of the highway.

SIKA ADMIXTURES FOR HIGH PERFORMANCE

Work is currently being carried out on the two tunnel tubes, each carrying two traffic lanes, to increase the capacity of the transport link that is so important to the region. Some 100,000 vehicles rely on this link every day. With a diameter of 14 meters, the tunnels are the second-largest in the US created with the help of a boring machine.

In parallel to the subterranean work, the structure of the existing bridges is being either renovated or replaced. A total of 57,000 cubic meters of concrete is being used for the realization of this project. Sika is responsible for providing all the admixtures required to ensure that the concrete meets the rigorous project requirements in respect of solidity and durability. Products used include SikaControl®-75, which minimizes drying shrinkage, and SikaCem®, which guarantees a high level of early and final strength. Sika's recently opened manufacturing plant in Stafford, Virginia, is ideally situated to supply the products to the customer. Opened in 2022, this admixture plant is located close to the building site.

WATERPROOFING FOR ENHANCED CONCRETE DURABILITY

Numerous Sika products were used during the bridge and tunnel construction project. For example, about 75,000 square meters of waterproofing membranes (Sikaplan®) and substantial volumes of internal sealing strips (PVC Water Barrier Waterstop) were used at the entry and exit portals for the tunnel to protect against water leakage and enhance the durability of the concrete structure.

LOS ANGELES INTERNATIONAL AIRPORT

LAX **MODERNIZATION**

It is the largest public works program in the history of Los Angeles – the modernization and extension of the LAX international airport is nearing completion. Sika has contributed several important solutions to this project of the century.

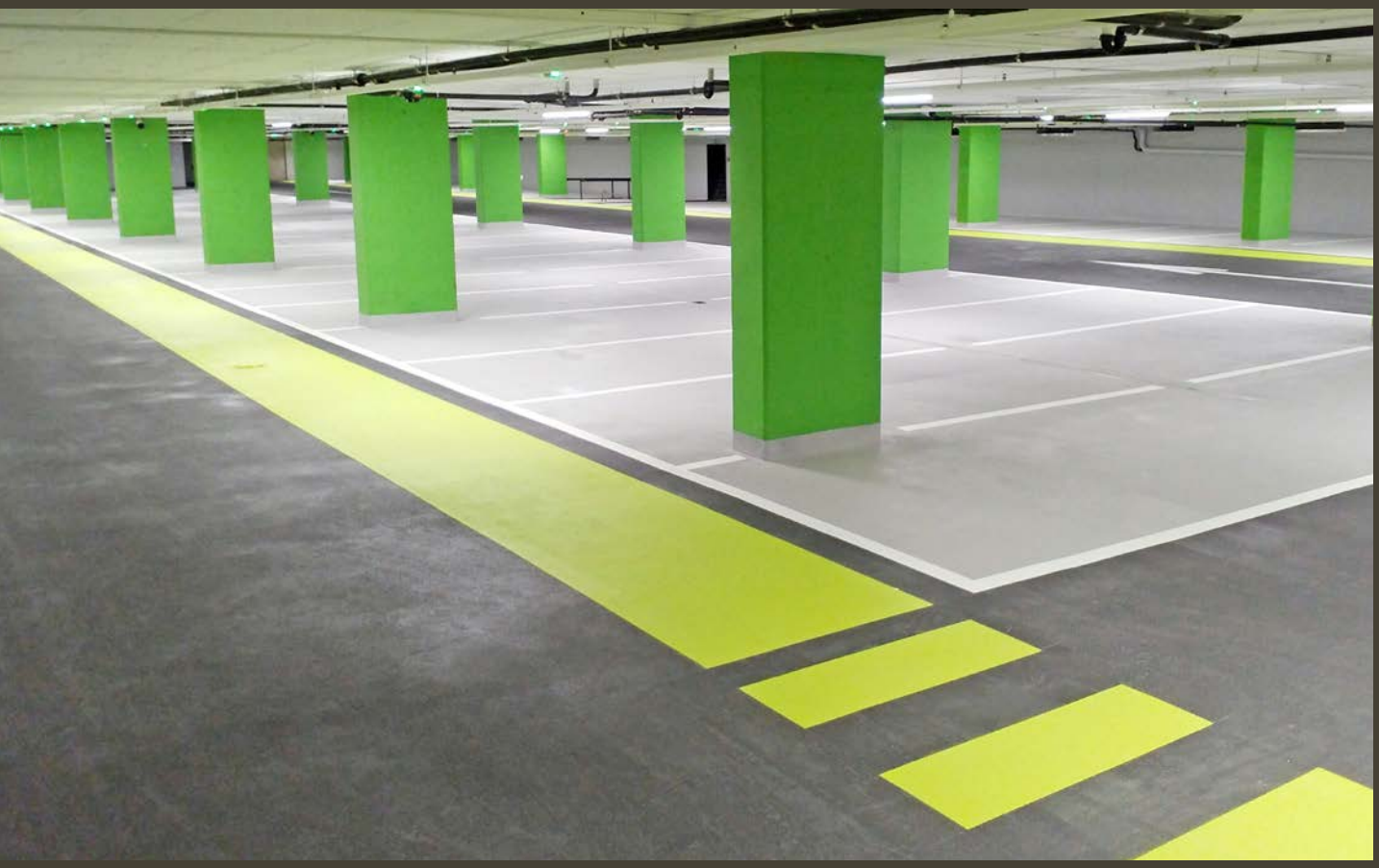
14 years after the project launch, the modernization program for the LAX international airport in Los Angeles will be completed in 2023. The project, which cost approximately CHF 13.8 billion, involves the renovation, remodeling, and extension of the infrastructure both inside and outside the airport. Meanwhile, LAX has continued to handle higher passenger numbers than most other airports can cope with. Before the pandemic, over 88 million passengers traveled through Los Angeles international airport every year. Only Beijing (100 million) and Atlanta (110 million) processed a higher level of yearly passenger traffic. To enhance comfort and convenience for the hundreds of thousands of daily passengers, the airport has been modernized with upgraded and expanded infrastructure, as well as multiple new constructions.

SEAMLESS CONNECTION TO PUBLIC TRANSPORTATION

Elements that will significantly improve the passenger experience include the car rental facility and the automated train system, which operates on an elevated guideway. To date, the car rental operations at LAX have been spread across the surrounding areas. Over 3,000 trips per day are necessary to transport passengers to and from the car rental facilities and the terminals. These will now be eliminated. The new facility will house over 18,000 rental cars at a single location with a direct connection to the automated train. This Automated People Mover (APM) significantly strengthens public transportation options and will seamlessly connect three "on-airport" stations with Metro Rail and transit services. This long-awaited connection closes a gap and makes it possible for greater passenger numbers to travel to and from the airport with public transportation.

SIKA SOLUTIONS FOR ROOFING AND FLOORING

Sika contributed several solutions to the construction of the car rental facility and APM system. The parking structure at Terminal 7 also was built with the help of Sika products. Various roofing and flooring systems were used on the recommendation of the lead architects, including the two-component waterproofing coating Sikalastic®-720 One Shot. Applied in a single step, the One Shot system replaces the standard traffic coating systems that must be applied in several stages. It also facilitates a fast turnaround, allowing structures to be opened to traffic only 36 hours after application.



PARKING GARAGE, SEEDAMM-CENTER

FIT FOR **THE NEXT FEW DECADES**

The parking garage of a shopping mall in Pfäffikon, Switzerland, was almost 30 years old and needed renovation. Sika solutions made this modernization possible without interrupting the day-to-day operations.

After an in-depth analysis of the parking garage at the Seedamm shopping mall, it was clear that the structure – which dated back to 1984 and had usable floor space of 13,000 square meters – required comprehensive renovation. Aside from repairing the concrete structural parts, the hard concrete coverings and the coating of the parking, driving, and ramp areas all needed renewal. Technical installations such as lighting and fire protection facilities had likewise reached the end of their lifecycles.

At the same time, it was crucial for the shopping mall to keep as many parking spaces as possible free for customers during construction. Thanks to Sika solutions, this requirement could be fulfilled. Out of the three parking levels, two were always open while repair work was carried out. The renovation of connecting ramps was undertaken outside of opening hours – during weekends or evenings – to avoid interrupting the flow of customer traffic.

SIKA PRODUCTS – FOR COMPREHENSIVE PROTECTION

Sika offers a broad spectrum of parking deck coatings for various applications and structures. These protect car parks from thermal, chemical, and mechanical stresses, wear and tear, as well as corrosion. To make the Seedamm-Center garage "fit" for the next few decades, at least 20 Sika products were used. Sika's reprofiling and grouting mortars were used for the renovation of the concrete structures. The intermediate decks and ramps, which are divided by an existing dilatation joint, were sealed with the Sikadur-Combiflex® SG system, which can handle significant amounts of movement. By integrating a Sika joint profile, a high-quality and sealed dilatation joint was achieved. Dilatation or expansion joints prevent stress cracks. These are required in construction with longer concrete sections.

SPEED WITHOUT COMPROMISE

With the existing hard concrete, low adhesive properties made a coating impossible. This was solved by enhancing the new surface with a Sika hard-concrete additive to ensure height leveling with improved properties. For the connecting ramps, a Sikafloor® system facilitated rapid machine-based application that allowed traffic to flow freely again as fast as possible without compromising any mechanical and chemical resistance.

RENOVATION OF THE HIGHWAY PRAGUE – BRNO

CZECH REPUBLIC **RENOVATES LONGEST HIGHWAY**

One of the most important traffic structures in the Czech Republic was fundamentally renovated and expanded.

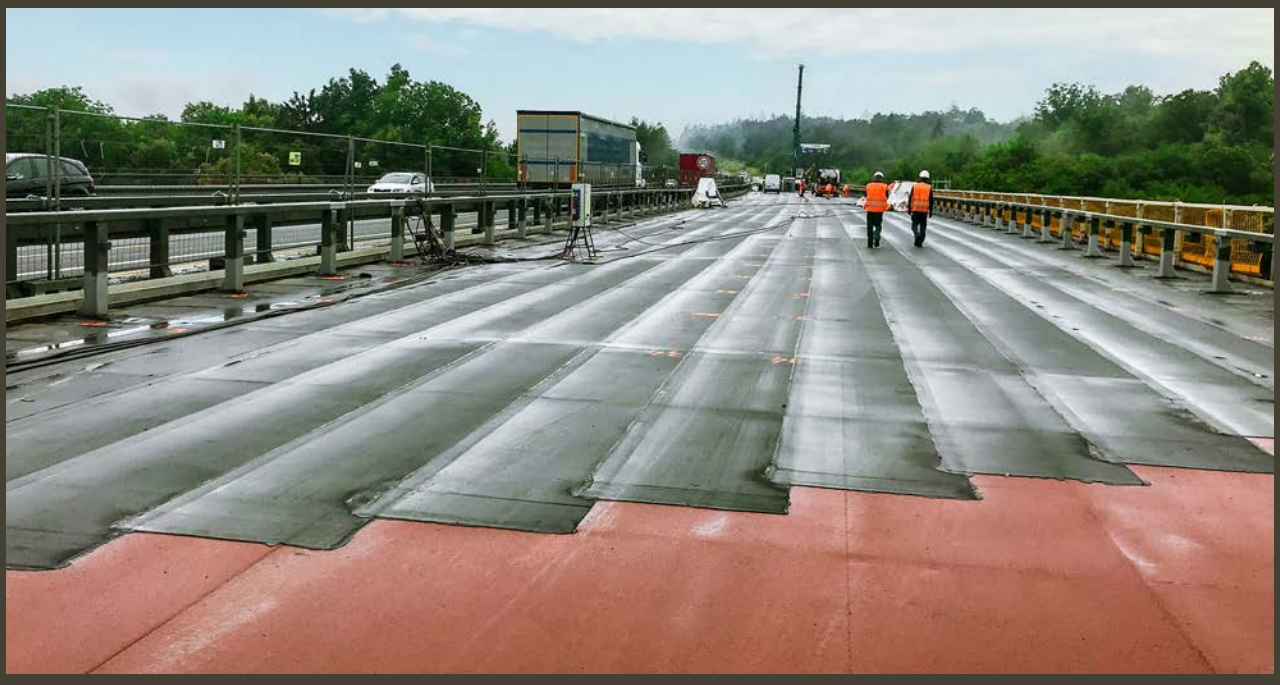
The highway D1 is the backbone of long-distance transport in the Czech Republic and the longest, oldest highway in the country. But despite the complete renovation of a 160-kilometer stretch, the flow of traffic between the Czech capital Prague and the commercial and research hub of Brno had to be preserved. For this reason, the work was carried out in 20 sub-sections over eight years. The renovation and expansion also extended to 92 highway bridges, 35 flyovers, and various rest areas.

INVESTMENT IN SAFETY

In addition to the repair and modernization of the existing infrastructure, the road was also widened by adding 0.75 meters on each side – and in particularly important stretches by incorporating a further additional lane. The comprehensive construction work also included installation of new high-security barriers, modernization of the existing emergency call system, and the erection of fences – all measures designed to significantly enhance safety. At the same time, noise protection measures and four new bio-corridors were introduced. No fewer than 13 bridges were renovated and expanded without being taken out of service at any point. This was essential given the D1's great significance as a key national transport axis. A significant contribution to environmental protection was made by recycling old concrete.

A PROJECT OF VITAL IMPORTANCE

The modernization of the D1 was the largest highway renovation and expansion project ever carried out in the Czech Republic, involving both national and international transport construction companies. Sika products were used in most bridge constructions, flyovers, bio-corridors, culverts, and other construction objects: This included waterproofing bridge structures with a complete system of epoxy anchor layer and bituminous membranes, system solutions for the renovation and protection of concrete such as Sika Monotop®, coatings such as Sika® Igolflex®-101, and water-repellent solutions like Sikagard ®-700 S.



Innovation driving net zero
Beyond the Expected

Patricia Heidtman, Chief Innovation and Sustainability Officer and **Philippe Jost,** Head Construction, Members of Group Management

CLEAR COMMITMENT **TO SUSTAINABILITY**

Sika's research and development activities are designed to generate long-term customer benefits in alignment with net zero emissions targets. But sustainable innovations do not come about by chance – they require unwavering commitment from the whole organization.

Innovation is a fixed part of the Sika culture. More than 1,330 employees in 21 global technology centers, as well as 64 local and 19 regional research and development facilities, work on finding innovative solutions. They are in constant dialogue not just with experts from other corporate areas, but also with customers, suppliers, tertiary education institutions, and start-ups. With its openness to new developments, Sika has evolved into a recognized global technology leader.

"The road to net zero goes hand in hand with cultural change."
Patricia Heidtman

NET ZERO REQUIRES CULTURAL CHANGE

Sustainability is also an area in which Sika is very much a pioneer. "The road to net zero goes hand in hand with cultural change," emphasizes Patricia Heidtman, Chief Innovation and Sustainability Officer and Member of Group Management. "Sustainable solutions are not created out of the blue just because someone suddenly has a brilliant idea. The whole organization needs to commit to this objective – from product development to marketing to sales." She also emphasizes the importance of taking a holistic view, as sustainability has several different dimensions. "It's not just about the CO_2 footprint of individual products. The efficient use of materials and the extension of building lifecycles also contribute to sustainability," explains Patricia Heidtman.

TAPPING INTO NEW EXPERTISE

In addition to its own research and development activities, Sika enters strategic partnerships to promote innovation. This involves making a conscious effort to engage with concepts outside of its normal purview. "In areas where we are already a technology leader, we don't necessarily need external expertise," points out Philippe Jost, Head Construction and Member of Group Management. "But in areas where we have less expertise – for example in digitalization or biobased materials – we are open to all sorts of possible approaches and forms of cooperation."

MOTIVATING CUSTOMERS WITH PERFORMANCE AND SUSTAINABILITY

To Philippe Jost, it is clear that new competencies are more necessary than ever to reach net zero targets while meeting the needs of all stakeholders. "Sustainability places higher requirements on products, and the circular economy calls for all stakeholders to work together." This development opens numerous opportunities for Sika, as the company has always put the focus on quality and innovation. In product development, Sika strives to offer both performance and sustainability benefits. "We must never lose sight of the needs of our customers. For many customers, sustainability is now just one attribute alongside many others – such as compressive strength or durability," explains Philippe Jost. "If our products are sustainable while exhibiting strong technical characteristics, then we can also motivate customers who are not yet that sensitive to the issue of sustainability." It's not just Sika that profits from the success of these products, but also the environment and the climate.

"Sustainability places higher requirements on products, and the circular economy calls for all stakeholders to work together."

Philippe Jost

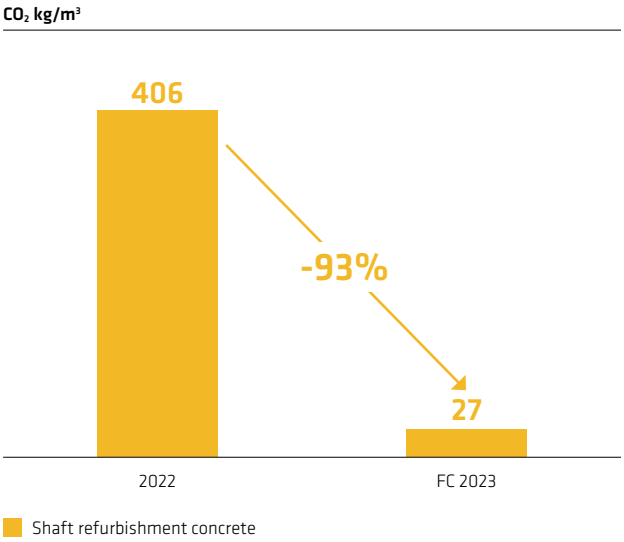
COOPERATION IN CLINKER REDUCTION AND THE CIRCULAR ECONOMY

Sika's activities to promote a resource-saving, sustainable construction economy are multifaceted. One success story is the company's collaboration with the world's largest iron ore mining company, the Swedish firm LKAB. The two companies jointly developed a "Zero Cement" shaft renovation concrete – an innovation of great significance. This "Zero Cement" concrete will be used in 2023 for the renovation of 38 pit shafts at LKAB's Kiruna mine in the north of Sweden, the largest iron ore mine in the world. Around 100,000 cubic meter of the new "Zero Cement" concrete will be used annually. The CO_2 emissions released in the production of this shaft renovation concrete in 2023 will be reduced by 93% compared to 2022.

"In the development of the 'Zero Cement' System, LKAB and Sika moved away from the traditional customer-supplier relationship and jointly developed an innovative system that benefits both parties equally," explains Benjamin Krutrök, Team Manager at LKAB Berg & Betong AB, Sweden. Martin Hansson, Key Project Manager at Sika Global Mining, stresses that both companies are keen to continue their successful collaboration: "In the next step we will be developing a 'Zero Cement' shotcrete." Going forward, the Kiruna mine is expecting to use about 100,000 cubic meter of this product each year as well.

In its collaboration with international cement manufacturer Cementir Group, Sika reviewed the use of Limestone Calcined Clay Cement (LC3) in various concrete applications. For the use of LC3, Cementir developed a proprietary technology known as FUTURECEM®, for which Sika is supplying various cement additives and concrete admixtures. For the construction industry, LC3 technology is an important initiative on the road to achieve the net zero target, as it facilitates a reduction in the amount of clinker required by about 50%. There are some potential challenges in its application linked to water requirement, workability, and early strength. Sika and Cementir have already tested several concrete applications in field tests. The results were convincing, as all challenges were mastered.

SIKA AND LKAB – "ZERO CEMENT" CONCRETE



Innovation is part of Sika's DNA. More than 1,330 employees worldwide are working on new, powerful, and sustainable solutions.

FORMULATION – **THE KEY TO SUCCESS**

Concrete is the world's most frequently used construction material and demand for it will only increase over the coming years. Given this reality, new ideas are needed for the construction industry to meet its net zero targets. With its cement additives and concrete admixtures, Sika already makes a key contribution to CO_2 reduction and is carrying out in-depth research into new solutions.

In November 2022, the world population passed the eight-billion mark. According to UN forecasts, the number of people on the planet will peak in the 2080s at around 10.4 billion. As humanity faces this future, it will be a particular challenge for the construction industry to achieve net zero targets. Concrete contains about 80% aggregates and water and around 15% cement. A few decades ago, clinker accounted for 95% of cement. However, thanks to concrete admixtures and additives, the clinker content has been continuously reduced through the introduction of alternative binders. Nevertheless, the production of clinker is still responsible for up to 8% of all global carbon dioxide emissions.

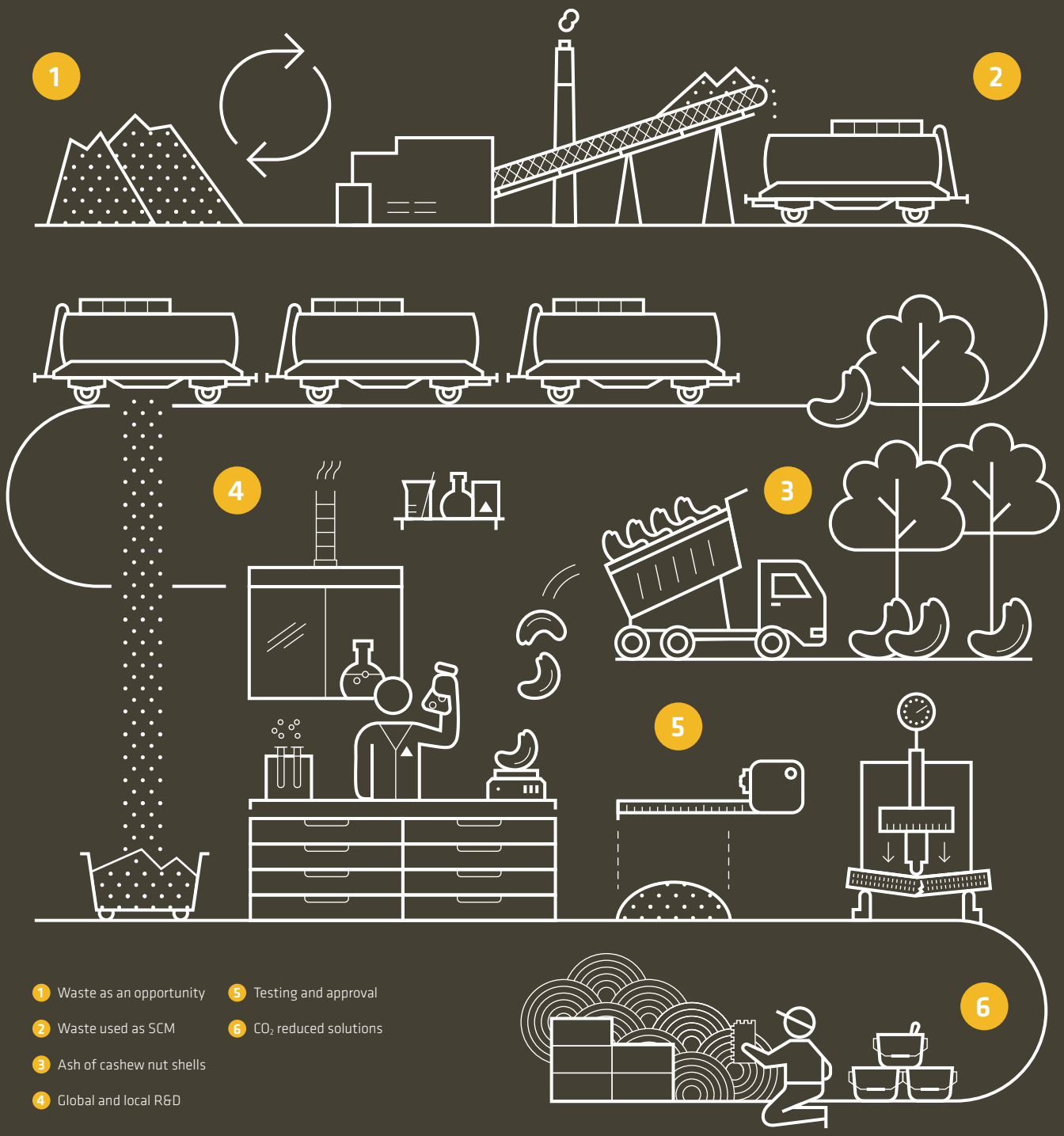
ENABLING CLINKER REDUCTION

Cement substitutes that reduce the proportion of clinker make a significant contribution to the reduction of CO_2 emissions. The demand for these materials is considerable, as the construction industry aspires to – and must – reduce its CO_2 footprint. Sika is therefore anticipating that the market volume of supplementary cementitious materials – or SCMs for short – will roughly double to around CHF 37 billion between 2022 and 2030. Yet there is a major challenge to be overcome because the quantity of available SCMs is currently limited. That's why Sika is working intensively on new additives and concrete admixtures to enable the use of a variety of SCMs so that the clinker content in cement can be reduced. "As a leading company, we have a responsibility to drive solutions to reduce the amount of clinker in cements and increase the use of substitutes," emphasizes Evelyne Prat, Core Technology Head Cementitious Technology at Sika.

CASHEW SHELL ASH AS A CEMENT SUBSTITUTE

Sika's national subsidiaries are carrying out impressive research locally into new additives and concrete admixtures that can facilitate the use of new SCMs. A good example is Ivory Coast, where Sika is now using the ash of cashew nut shells as a cement substitute. In the newly developed tile adhesive SikaCeram®-80 CI, the ash of these shells replaces a proportion of the cement, which in turn reduces the CO_2 footprint of the product by around 30%. Demand for the new product has been impressive: about 250 tons were produced in the first two months after the launch in 2022.

In Ivory Coast, Sika uses cashew shell ash (pictured: cashew tree with its fruits) as a substitute for cement. The shell ash replaces part of the cement in the tile adhesive SikaCeram®-80 CI.



THE CHALLENGE OF FORMULATION

Sika is looking to partially replace cement in all mortar categories over the next few years. The goal is to increase the substitution rate – which averaged 14% in 2022 – to 50% by 2025. However, products must meet or exceed Sika's high-quality requirements. "The key to success is the right recipe," explains Evelyne Prat. This requires considerable specialist knowledge, as formulating the optimum recipe is challenging in solutions that involve different SCMs. But as a specialist in the construction chemicals area, Sika is mastering this challenge. "The great thing is that our solutions with SCMs exhibit even better performance qualities than customary products with a higher proportion of cement," explains Evelyne Prat. Sika has recently brought an array of high-quality products to market. These include Sikagard®-5500, the first biomass-based concrete protective coating, and the two mortars SikaGrout®-800 and 3320. All these products have a 30% to 40% lower CO_2 footprint while also impressing with their technical performance. Furthermore, the company will launch its first cement-free tile adhesive in 2023 in the form of SikaCeram®-252 Impact. This results in 50% lower CO_2 emissions than a conventional product, with easier and more flexible application.

MARKET REACTS POSITIVELY

Continuous and profitable sales growth shows that these products are being well received by the market. Sika has already contributed to several major projects with its sustainable products. These include the Bono suspension bridge near Vannes, France, which involved the use of the repair mortar Sika MonoTop®-4012 F. Waste material replaces a proportion of the cement in this product.

INTERVIEW WITH EVELYNE PRAT

THE RECIPE FOR **SUSTAINABLE SOLUTIONS**

"It's much easier to formulate a beauty cream than a mortar."

Evelyne Prat, Core Technology Head Cementitious Technology

How did you get into the construction chemicals business? What's your background?
I am a chemist with some background in personal care. You have no idea how close they are, cosmetics and mortars. It's all about texture, esthetics, and the holistic experience of the applicator. Actually, it's much easier to formulate a beauty cream than a mortar, although we do sometimes use the same ingredients, especially when it comes to getting the right texture for our mortars. This is important, because what we're selling is the signature of the product: how it's perceived by the applicator. I remember way back in my career, I went to a job site and the guy told me, "Oh yes, with your product, the speed of application is much faster. And at the end of the day, I'm not tired at all." The applicator's practical experience provided us with the best sales argument.

Does this mean that the sustainability of the products is secondary?
No, not at all. As part of Sika's commitment to net zero targets, we've recently launched a series of mortar and grout products with low cement and clinker content. These products are better in terms of both sustainability and performance, including safety, early strength, final performance, and comfort in use. The low clinker content is important because clinker, the main component of cement, is the biggest contributor to CO_2 emissions in the construction industry along with steel.

What excites you about your job?
In cosmetics, you change the recipe for a product every two years. In construction, the development cycles traditionally have been much longer. Now things are changing and we will move much faster to innovate the chemistry that goes into the mortars. It's a great opportunity to act to change things in construction. We're living in exciting times!

Read the whole interview on sika.com

CONQUERING THE CONSTRUCTION INDUSTRY **WITH ROBOTS**

In the summer of 2022, Sika joined forces with formwork and scaffolding application specialist PERI to invest in the Swiss start-up MESH AG. This young company developed the world's first robot-assisted technology that allows complex reinforced concrete structures to be produced without formwork.

MESH AG is a spin-off of ETH Zurich. A team of scientists headed by Ammar Mirjan developed the new technology over ten years of research. For MESH AG, partnering with global experts Sika and PERI is ideal to help gain a foothold in the market. For Sika, MESH is more than just an innovative digitalization and automation project. It will also open interesting sales opportunities. "For each cubic meter of concrete, MESH technology requires more admixtures than conventional formwork concrete," explains Carsten Rieger, Corporate Market Development Manager Target Market Concrete at Sika.

STEEL-MESH STRUCTURE AS REINFORCEMENT AND FORMWORK

MESH AG combines 3D technology and robotics. Based on a concept or project idea, specialists create a 3D computer model and convert the data into a machine code for production. Robots then produce so-called reinforcement cages for the desired structure precisely and rapidly. The different modules are subsequently put together on the construction site and filled with concrete. At this point, Sika admixtures ensure that the concrete can be embedded in the steel cages with standard pumps without spilling out.

MASSIVE COST REDUCTION

MESH technology makes it possible to produce cost-efficient complex geometries. "Special forms are often not even considered in architecture on cost grounds. With robot-assisted production, by contrast, complexity does not give rise to any additional costs", explains CEO Ammar Mirjan. A comparison based on a double curvature structure measuring 4 meters by 4 meters shows that MESH technology is 50% cheaper than conventional construction methods. Another key benefit is the saving on formwork, which avoids waste and saves costs.

At the Bauma construction machinery trade fair in Munich, there was plenty of interest in this technology from all over the world. "I am confident we will be able to implement our first projects in 2023", asserts Ammar Mirjan. The partners are aiming to make a big breakthrough in the German-speaking world first over the next few years before then conquering the world.

Read the interview with Ammar Mirjan and Carsten Rieger

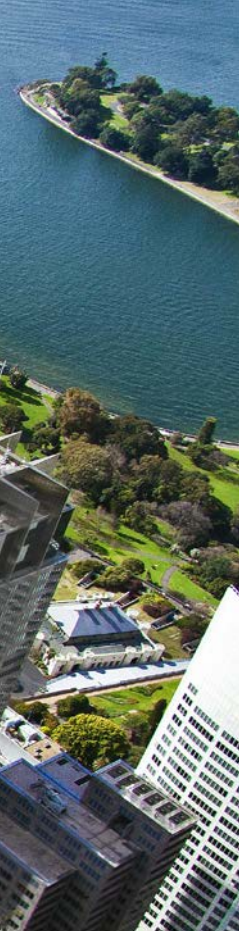
TRANSFORMATION OF THE **CONSTRUCTION INDUSTRY**

The construction industry is not renowned for speedy changes. But megatrends such as digitalization, automation, and decarbonization are driving the transformation of this sector. When it comes to new ideas, Sika is a pioneer – as various projects demonstrate.

"We are currently witnessing a strong push towards sustainability in the construction sector. It's very exciting," says Evelyne Prat, Core Technology Head Cementitious Technology. Indeed, a lot is happening in the construction industry. Several megatrends are driving the transformation process, most notably digitalization, automation, and sustainability. The amount of venture capital invested in construction tech companies highlights this momentum: the volume rose from the equivalent of around CHF 81 million (over the period 2017–2019) to approximately CHF 137 million (2020–2022), an increase of 68%. Equally impressive is the more than 4,200 companies that have committed to the Science Based Target initiative (SBTi) to reduce their emissions, in keeping with the findings of climate science. The number of construction companies signed up to the SBTi increased twelve-fold – from 13 to 156 – between 2019 and 2022, indicating the greater importance of "sustainability" and "net zero" in the construction sector.

FLAGSHIP PROJECT WITH SIKA TECHNOLOGY

Sika has likewise committed to the goals of the SBTi, and already offers its customers a wide spectrum of sustainable products. As a leading player in construction chemical products and systems, the company has been driving developments in this area for years, regularly bringing new solutions to the market to preserve the environment, resources, the climate, and to achieve net zero targets. These include Sika® ViscoCrete® and SikaGrind®, thanks to which several millions of tons of clinker can be saved every year. There is also the first cement-free tile adhesive – SikaCeram®-252 Impact – which Sika will launch in 2023. With its in-depth expertise, Sika also contributes to the success of flagship projects that point the way to the industry's future, such as the Quay Quarter Tower in the center of Sydney. This skyscraper, which was originally built in 1976, had ceased to meet modern requirements after four decades of use. The floor areas and layouts had become unsuitable for commercial use, while the infrastructure and fit out standard were also in need of modernization. An obvious solution would have been a replacement newbuild. But the architects from 3XN, headquar-



> "We are already at the very forefront of developments when it comes to individual customer support. We now want to deliver this in the digital sphere too, as our customers have become used to purchasing online and obtaining information through digital channels."
>
> **Philippe Jost**

tered in Copenhagen and with offices in several other major cities (including Sydney), proposed an alternative way forward: a renovation that would involve keeping 95% of the building core yet delivering a modern structure with double the space. It was a revolutionary idea, but they achieved it (see interview with Aleksander Kongshaug on page 47). Today, the Quay Quarter Tower offers contemporary premises that contribute to the appeal of the surrounding district. What's more, the renovation enabled the building owners to not only save time and money, but also significantly ease the environmental burden. Among other things, 23,000 cubic meters of concrete and 12,000 tons CO_2 were saved. Sika made a key contribution to the successful realization of the project. The existing concrete – which dated back more than 40 years – had to be strengthened to last for another century and the building had to meet modern standard. The high requirements on the concrete renewal could be achieved thanks to Sika carbon fiber reinforcing systems which were utilized to strengthen the existing structure. This contributed to increasing the height, adding additional floor space, and extending the lifecycle of the building. In addition to the structural strengthening, Sika supplied fire rated joint sealants, floor leveling products, waterproofing, concrete repair mortars, and concrete admixtures.

PENETRATING MARKETS WITH FUTURE PROMISE

Sika is keen to evolve not just in its established domains, but also by strategically expanding its portfolio to tap into new long-term growth potential. For this reason, the company is deliberately expanding its offering of digital services and bringing out its first solutions in this area, such as consumption already at the very forefront of developments when it comes to individual customer support. We now want to deliver this in the digital sphere too, as our customers have become used to purchasing online and obtaining information through digital channels," explains Philippe Jost, Head Construction and Member of Group Management.

ROBOTS PRODUCE COMPLEX FORMS OF CONCRETE

In automation, Sika is active in 3D printing and robot technology. In 2022, Sika participated in the ETH spin-off "MESH," which is the first company in the world to use robots to produce complex reinforced concrete structures without formwork (see article on page 43). Sika has developed special admixtures that facilitate concreting into steel reinforcement mesh without the need of formwork. Thanks to an automated construction method based on 3D plans and the use of robots, special forms that would otherwise only be achievable with time-consuming manual labor can be implemented cost-effectively. This opens up new design possibilities for architects and building owners alike. "MESH is innovative and offers valuable customer benefits – it's very much a flagship project from our perspective. As a leading company, we want to help drive its successful development," Philippe Jost emphasizes.

Thanks to its expertise, Sika makes flagship projects such as the Quay Quarter Tower in the heart of Sydney possible: Sika solutions have played a significant role in the renovation of this building, which dates from 1976, and have allowed the amount of usable floorspace to be doubled.

A WIN FOR USERS AND THE ENVIRONMENT

The Quay Quarter Tower in Sydney shows how structures in need of renovation can be modernized in a smart and sustainable way. This skyscraper now has twice as much usable floorspace as the original building. What's more, the renovation required far fewer resources and generated less carbon emissions than a replacement newbuild.

95%

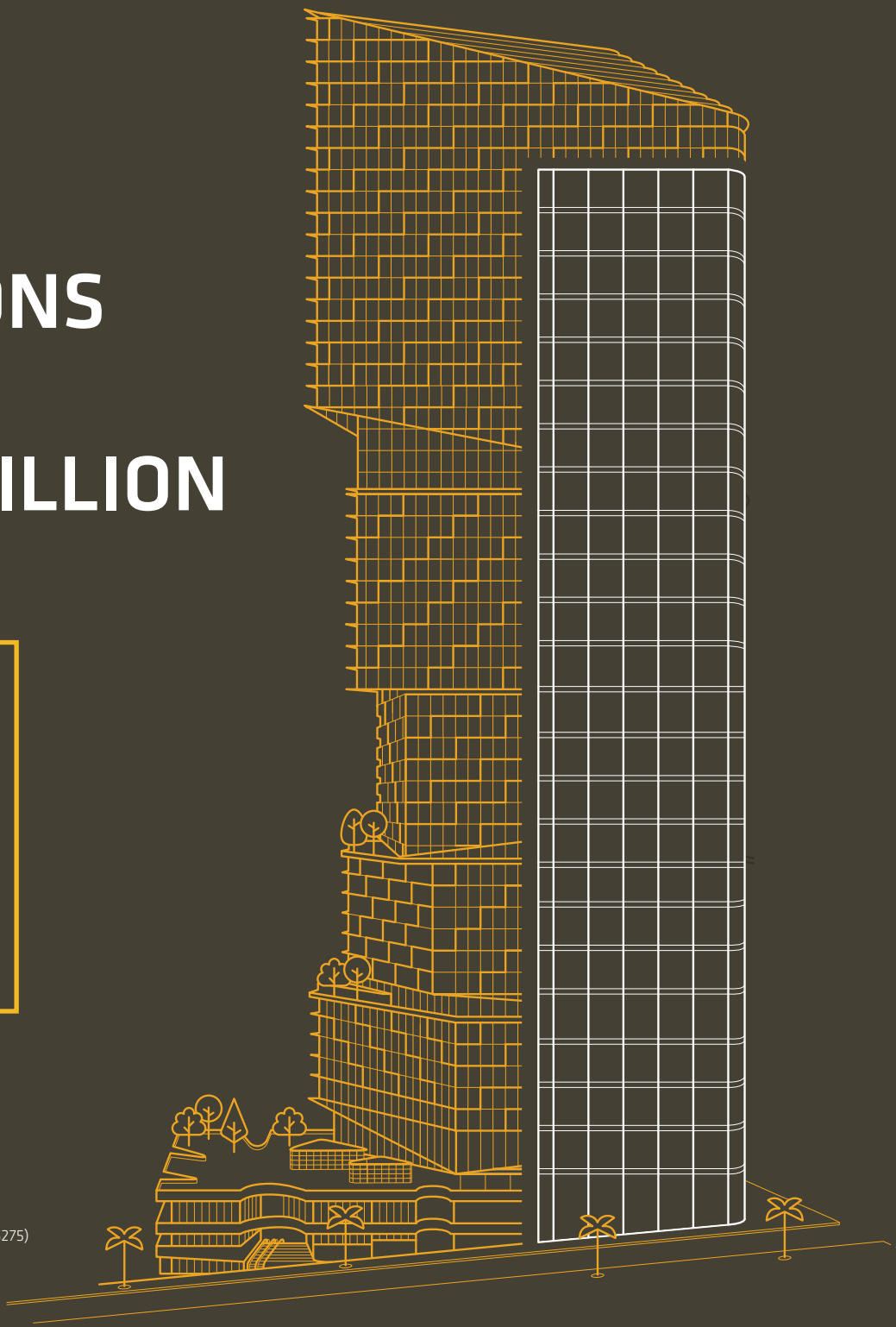
OF THE EXISTING CORE (WHITE) PRESERVED

12,000 TONS

OF CO_2 EMISSIONS SAVED

CHF 85 MILLION

IN BUILDING COSTS SAVED



QUAY QUARTER TOWER

The Quay Quarter Tower (QQT) lies on the periphery of Sydney's vibrant Circular Quay. The current building has been "upcycled" from the original AMP Centre skyscraper built in 1976, which no longer fit modern needs. The QQT opened at the start of 2022, is 206 meters high and has 59 floors.

Exchange rate: Year-end rate 2022 AUD/CHF (x 0.6275)

HOW TO RECYCLE **SKYSCRAPERS**

"Adaptive reuse has become the new baseline for architecture – how we view the built environment, and what the possibilities there are to extend the longevity of an existing building."

Aleksander Kongshaug

Aleksander Kongshaug is an award-winning Danish architect working for 3XN/GXN Architects in Copenhagen, the studio responsible for the new QQT. Trained at the Royal Danish Academy of Architecture and ETH Zurich, his career has also taken him to the US, the UK, Latvia, and Oman. He is a published expert in areas including circularity, green building, and extreme environments.

Many people recycle their waste. But whole skyscrapers? Is the new Quay Quarter Tower (QQT) in Sydney the biggest recycling project in human history?
I don't know about that, but it's definitely a massive one within architecture. The QQT has set a new base-line for architecture and what's doable to extend the longevity of an existing building.

Readers can see how cool the building is from the magazine. But it's even cooler when you understand the construction process. Can you briefly explain it?
We completed an adaptive refurbishment of a 1976 skyscraper in Sydney to double the area of the floor plate to 2,000 square meters. We reused two-thirds of the existing building overall, keeping 95% of the core. This allowed us to increase the floor space without creating a structure that overshadows its surroundings.

Was it difficult to sell such an unusual idea to the client? What persuaded them?
Our design saved 12,000 tons of CO_2. But even the best sustainability arguments won't convince a developer unless there's a strong economic case. Retaining 23,000 cubic meters of the existing concrete and reducing the building and demolition time by nine months saved them a lot of money. But alongside financial considerations, another motive was good citizenship: our sustainable design positioned the developer as a thoughtful, responsible neighbor who adds life and gives back to the city.

What role did Sika's products and expertise play in the design and construction of the building?
Without Sika's products and expertise, we wouldn't have been able to retain the 23,000 cubic meters of concrete, which is basically the entire core of the building. Without that know-how, we couldn't have reinforced it to extend its lifetime by another 100-plus years.

Is there much potential for this kind of adaptive reuse?
Absolutely. We must build to keep pace with population growth. In London or New York, and cities all around the world, there are huge numbers of office buildings from the 60s, 70s, 80s, and 90s that are no longer fit for purpose. We need to upcycle the value embedded in them. The QQT shows what's possible.

Read the whole interview on sika.com

WIND ENERGY

WIND POWERED BY SIKA

Sika has established itself as a respected partner worldwide in the construction of wind power plants. With products developed specially for wind turbines, Sika facilitates the construction of higher towers, longer rotor blades, shorter construction times, longer lifecycles, and lower CO_2 footprints.

Market potential by 2030 estimated at

CHF 800 million

Sika products make a crucial contribution to the performance, reliability, longevity, and sustainability of wind farms. In short, Sika products help manufacturers build turbines with higher performance.

THE LONGER THE BLADE, THE GREATER THE CHALLENGE

Larger blades are becoming more popular because they allow wind turbines to capture more wind and produce more electricity than shorter blades. However, longer rotor blades also bring new challenges: "The longer the blades, the higher the loads on the structure and the more critical excellent fatigue performance become," explains Claire Thorey, Global Head of Renewables and Equipment Manufacturing at Sika. In the worst-case scenario, cracks appear that can lead to a premature failure of the turbine. This is where Sika can help. The company supplies a complete range of innovative solutions that have been developed for the particularly demanding performance requirements of wind turbines manufacturers and installation contractors. These include products for the manufacture, installation and maintenance of the foundations up to the rotor blades.

At the Etoloakarnania wind farm in Greece, SikaGrout®-3200 is used to fill between the base plates and metal flanges of the wind turbines.

EXPERTISE IN ENGINEERED MORTARS

Building the wind tower foundation requires special expertise, and specifically engineered products for these applications. The grouting mortar used for the wind turbine tower must be able to withstand the huge loads emanating from the operating turbine as these are transferred to the foundations. "Our vast experience in the construction industry makes us experts on engineered mortar for wind power plants," explains Claire Thorey. Sika constantly enriches its already large range of solutions for steel and concrete towers, for instance with grouts containing particularly low amounts of cement. This allows CO_2 reductions of up to 30% compared to standard solutions.

One good example of a current project is the construction of the Etoloakarnania wind energy park in Greece. With 11 wind turbines, the park is situated in the town of Aktio-Vonitsa in the Acarnanian Mountains. SikaGrout®-3200 was the grouting mortar used for filling the structural void between the foundation and metal flanges of the wind turbines. This is a fast-hardening, free-flowing, single-component mortar that achieves high strength and outstanding fatigue performance. Sika developed it specially for filling joints and grouting foundation of onshore steel wind turbines.

BONDING TURBINE BLADES 102 METERS LONG

Sika also plays a leading role in the development of adhesives and sealants for rotor blades. In the construction of a new offshore windfarm using 11 MW turbines in China, rotor blades measuring 102 meters in length were successfully bonded with SikaPower® epoxy adhesive. Sika originally developed this patented Smartcore technology for the automotive industry to provide best-in-class toughness without any compromise in mechanical performance.

Sika is helping revolutionize the construction of modern wind power plants. The accelerated expansion of renewable energies can be expected to double the world's wind power capacity by 2030, and Sika anticipates market potential of CHF 800 million in this area by the same year.

GETTING THERE **FASTER AND LIGHTER**

The battery is the heart of electric vehicles. It's the battery's construction features that determine the power and sustainability of electric drive systems. Sika is a pioneering developer of battery assembly products.

With its range of adhesives and sealants, Sika is a leading supplier to the global vehicle manufacturing industry. Sika is also well-positioned to benefit from the increasing demand for electric vehicles worldwide.

RAPIDLY INCREASING DEMAND

Approximately 47 million electric vehicles will be built by 2030 – four times the annual production in 2022. This massive increase is being propelled by governments as transport accounts for about 20% of global CO_2 emissions, making it the second biggest emitter of carbon dioxide. Governments' net zero pledges and regulations are the biggest drivers of growth in this sector.

GREEN MOBILITY
INNOVATIONS ENABLING MORE SUSTAINABLE BATTERIES

DESIGN
UP TO 70% GHG REDUCTION

Low impact raw materials
Easy assembly

USE
UP TO 35% WEIGHT REDUCTION

Lowest density
Compressible to thin gaps

END OF LIFE
ENABLE SECOND LIFE OF BATTERIES

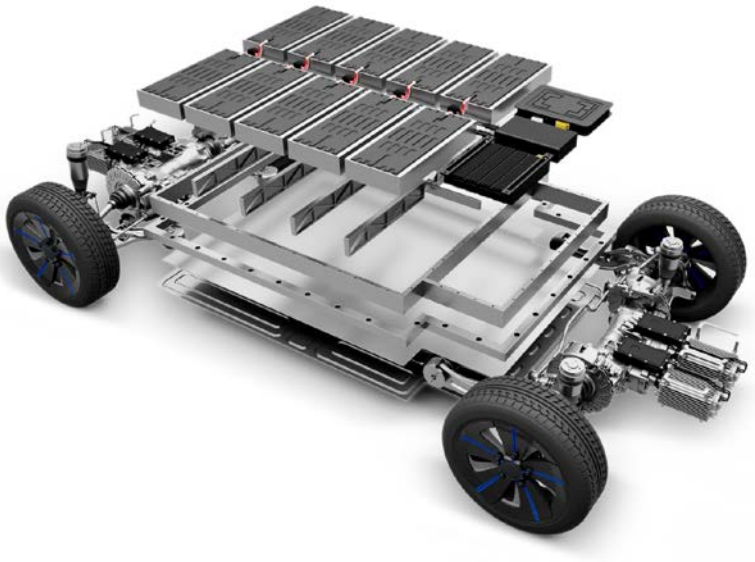
Contributes to safety
Easy disassembly

Up to now, however, the limited range of battery-powered vehicles has deterred many motorists from buying EVs. The capacity and efficiency of the battery systems are usually the critical selling point. "Here we can support our customers by offering high-powered solutions for improved heat management and make batteries stronger and safer," says Nicolas Morel, Head Business Development Battery Solutions. Products in this area include gap fillers, thermal conductive adhesives, sealing and bonding solutions and fire protection coatings. These products enable optimum and simple assembly of the battery packs and extend their service life.

At the same time, Sika provides solutions that help to give batteries a new lease of life at the end of their normal lifecycle. These facilitate disassembly of the batteries so that the cells can be used otherwise. This technology is another area in which Sika has been playing a pioneering role, generating both ecological and economic benefits for carmakers. Sika's market potential for battery management products and solutions goes far beyond passenger vehicles – extending, for example, to trucks, delivery vans, two- and three-wheeled vehicles, and construction machinery. As Nicolas Morel explains: "We're in the midst of a paradigm shift: soon, new vehicles in all categories will be electric." Sika is also using the expertise gained in e-mobility applications for systems that store renewable energy, like those for charging electric vehicles. Nicolas Morel believes that by 2030, energy storage systems will make up about 15% of the total market potential. As demand in most regions is extremely dynamic, Sika sees plenty of opportunities for growth.

BATTERY SOLUTION EXAMPLES

- Sika's thermally conductive adhesive solutions provide both heat transmission and electrical insulation for the assembly of battery cells in modules or packs.
- For the assembly of battery trays, Sika offers the widest range of sealants and adhesives.
- Fireproof products are incorporated to prevent the spread of fire in the event of a fault or overheating in battery cells and arrays or in the whole pack.
- In addition, Sika offers special fire protection coatings that subdue fires and prevent them from spreading quickly.



Sika technologies help produce larger, more sustainable batteries that allow EVs to drive farther and consume less energy.

Business Year 2022

Beyond sustainable performance

SIKA EXCEEDED CHF 10 BILLION SALES MARK
RECORD EBIT ACHIEVED

Sika performed well against an increasingly difficult economic backdrop and exceeded the CHF 10 billion sales mark for the first time with sales of CHF 10,491.8 million. This corresponds to an increase in Swiss francs of 13.4% year-on-year. The currency effect came to -2.4%. Operating profit (EBIT) increased by 13.5%, reaching a new record figure of CHF 1,579.7 million. This equates to an EBIT margin of 15.1%.

RECORD FIGURES FOR SALES AND PROFIT

Not only did Sika achieve an all-time high in sales in fiscal 2022; it also set a record in profit. Price increases, rigorous cost management, efficiency gains, and synergies from acquisitions allowed the company to largely offset a significant rise in raw material costs. A profit from the divestment of the European industrial coatings business came alongside expenses relating to the MBCC acquisition. EBIT amounted to CHF 1,579.7 million (previous year: CHF 1,391.4 million) increasing by 13.5%. The EBIT margin expanded to 15.1% (previous year: 15.0%). Operating free cash flow came to CHF 865.2 million, and is therefore below the previous year's level (CHF 908.4 million) due to increased investments in the maintenance and expansion of factories.

GROWTH IN ALL REGIONS

Rising raw material costs around the globe were a prominent feature of fiscal year 2022, as well as a deceleration in the construction sector in the second half of the year. These developments can be attributed to high inflation and accompanying interest rate hikes.

With its broad-based business model and operational implementation speed, Sika quickly adapted to market conditions. The targeted exploitation of new business opportunities as well as the implementation of corresponding operational measures have contributed to growth in all regions (see detailed information on the regions on p.56).

SIKA ON THE PATH TO NET ZERO

Sustainability has been a key element of Sika's corporate strategy for more than a decade. As an innovation leader, the company develops sustainable solutions for the construction sector and industrial applications. Beyond this, innovations are playing a central role on the path to achieving the company's net zero target. By 2032, Sika will have reduced its GHG emissions by around 25% compared with the baseline year 2022, with this figure rising to 90% by 2050. In the year 2022, Sika was able to reduce CO_2eq emissions by –6.9% per ton sold (scope 1 and 2).

MBCC ACQUISITION IN THE FINAL STAGES

The takeover of MBCC is now in the final stages. An agreement was signed with Ineos in January of this year for the purchase of parts of MBCC Group's admixtures business with sales of around CHF 920 million. Closing of the acquisition is scheduled for the first half of 2023. The acquisition of MBCC is set to be significantly value-enhancing for Sika. Together with MBCC, Sika intends to strengthen its growth platform and generate annual synergies of CHF 160–180 million.

DIVIDEND INCREASE AND OUTLOOK

At the Annual General Meeting on March 28, 2023, the Board of Directors will propose to increase the gross dividend by 10.3% to CHF 3.20 (previous year: CHF 2.90) given the record high earnings of 2022. This is aligned with the Group profit increase of approximately 10%. For 2023, Sika is confident that it can successfully continue its strategy built on sustainable and profitable growth even in a challenging economic environment. Thanks to its innovative technologies, Sika is the partner of choice for many customers in the construction and industrial sectors. In addition, the global construction industry is being shaped by the megatrend of climate change as well as by increasing automation, digitalization, and easy-to-apply products. With its broad product portfolio, Sika is well positioned to offer its customers solutions that allow them to reduce their carbon footprint while facilitating long-lasting, resource-saving construction. On top of this, Sika is benefiting from global, state-driven economic programs supporting infrastructure expansion and investments in climate protection.

For fiscal 2023, Sika expects sales to rise by 6–8% in local currencies and anticipates an over-proportional increase in EBIT (not including the impact of the MBCC acquisition).

FACTS & FIGURES 2022

In 2022, Sika once again posted record results for sales and profit. With a strong economic, environmental, and social performance, added value was generated to all stakeholders.

in CHF mn	Change in %
Net sales	
10,491.8	+13.4%
EBIT	
1,579.7	+13.5%
Net profit	
1,162.5	+10.9%
ROCE	
21.6%	+1.5% points

per ton sold

CO_2eq emissions (scope 1 and 2)

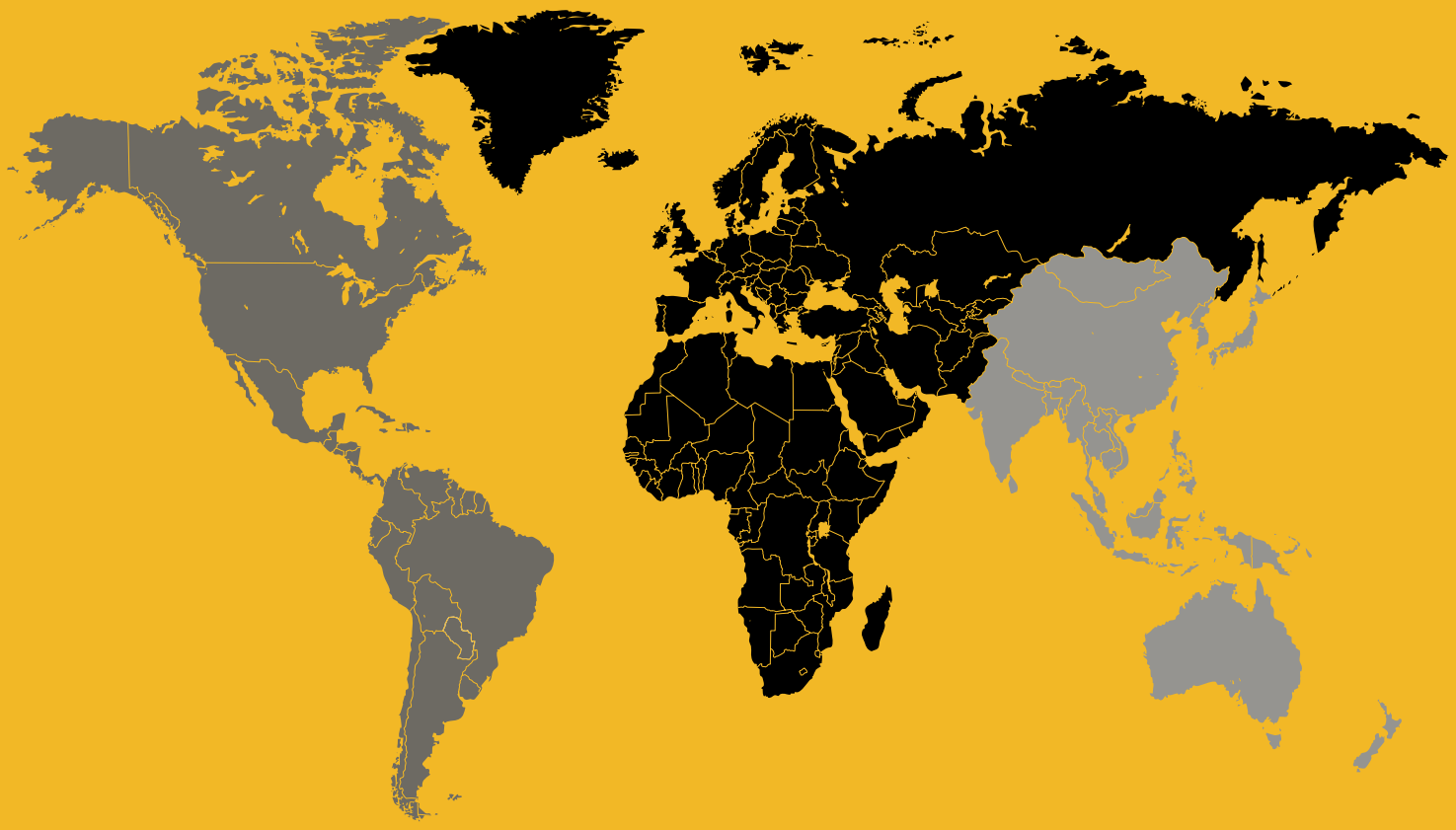
–6.9%

Water consumption	**-6.1%**
Waste	**-3.3%**

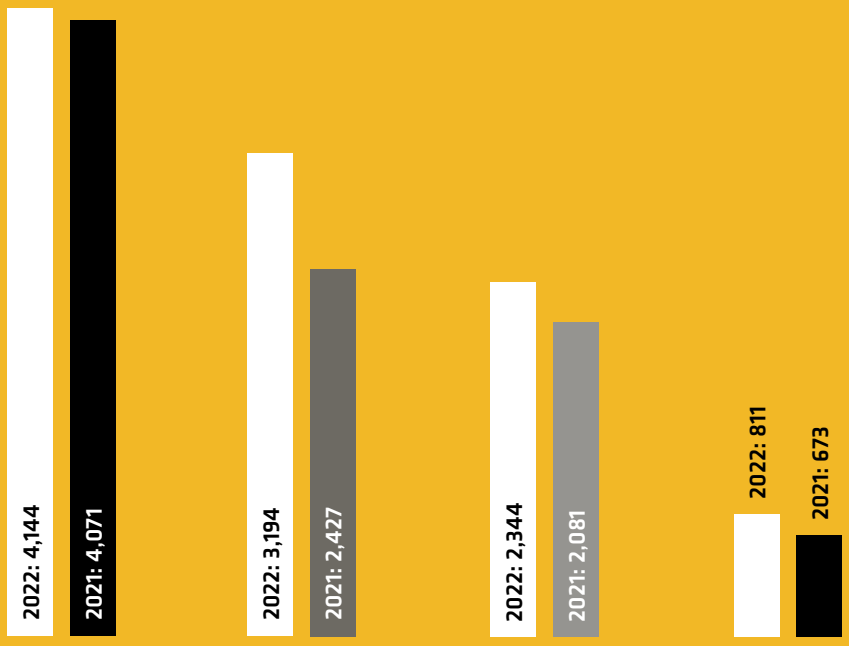
Employees	**27,708** +2.4%
Proportion of women employees	**24.0%**
Proportion of women Group Management	**25.0%**
Lost Time Accidents per 1,000 FTEs	**7.0** -23.8%

Acquisitions	**2+**[1]
New / expanded factories	**5**
New patents	**104**
Inventions	**168**
Employees in R&D	**1,334**
Global Technology Centers	**21**

[1] Besides the two acquisitions, Sika has signed a definitive agreement to acquire MBCC Group. The closing of the acquisition is targeted for the first half of 2023.



NET SALES IN CHF MN



	EMEA	AMERICAS	ASIA/PACIFIC	GLOBAL BUSINESS
Growth in local currencies	**8.3%**	**27.5%**	**14.8%**	**22.2%**
Currency impact	–6.5%	4.1%	–2.2%	–1.6%
Acquisition effect	–1.0%	5.9%	5.5%	4.9%
Organic growth	9.3%	21.6%	9.3%	17.3%
Employees	11,206	6,559	7,054	2,175

ALL REGIONS REPORT GROWTH – SIKA PERFORMED WELL IN CHALLENGING MARKETS

In a difficult economic environment characterized by war in Eastern Europe, high inflationary pressure, and rising interest rates, Sika grew further in all regions. The Asia/Pacific region continued to feel the repercussions of the pandemic.

REGION EMEA

Economic growth in the eurozone slowed noticeably last year and the euro depreciated. Both manufacturers and the service sector experienced a fall in order volumes. The construction industry likewise could not escape this trend. There were fewer residential and commercial construction projects in 2022, with expenditure up a modest 1.1% and 0.6% in these sectors respectively. By contrast, expenditure on infrastructure projects increased by 2.2%.

Economic stimulus programs and substantial investments in the renewable energy sector support Sika's business activities even in declining markets.

Whereas total spending in the Western European construction sector was higher than the previous year, with moderate growth of 1.2%, Eastern Europe saw a sharp –9% decline year-on-year. Dynamism was most apparent in the African and Middle Eastern construction markets, which grew by approximately 5%.

In the project business, Sika was able to supply several key construction projects with high-performance solutions. Among others, these included the Semmering base tunnel in Austria, which was sealed with Sika's waterproofing solutions, and the port of Dakhla in Morocco, which was expanded with the help of Sika concrete admixtures. Sika's high-quality products were also used in the realization of new factories for large key accounts in Germany, Ireland, and Romania.

Region EMEA
sales growth in local currencies

+8.3%

The **EMEA region** (Europe, Middle East, Africa) reported a sales increase in local currencies of 8.3% in 2022 (previous year: 16.1%). Sika's distribution business, which includes product distribution via home improvement stores, builders' merchants, and online platforms, saw a decline in sales volume. The extraordinarily high level of demand witnessed during the pandemic moved back into line with pre-pandemic era levels. In contrast, volumes in the project business, which account for around 60% of sales in the region, witnessed a smaller decline. Economic stimulus programs and substantial investments in the transitions of the energy sector support Sika's business activities even in declining markets.

The region's strongest growth rates were recorded in Africa and the Middle East, which once again achieved double-digit sales growth.

Sika moved to a new site in the East African country of Tanzania in 2022, and is now manufacturing mortar products in Dar es Salaam on top of concrete admixtures. It also extended its facility in Western Africa's Ivory Coast. This site is now double its previous size, enjoying not only additional manufacturing facilities but also new warehousing capacities, office space, and laboratories.

REGION AMERICAS

High rates of inflation and a rising interest rate environment were also dominant features of the Americas region. This caused declines in both residential construction and in retail trading. In Latin America, there were several changes of government in various countries due to elections, with short-term repercussions on the investment trend in construction. Nonetheless, Sika made the most of the business opportunities available in the overall region in a targeted way. The major metropolitan regions are generating above-average growth, and Sika is optimally positioned to benefit from the dynamism of the construction economy. Furthermore, several multi-billion-dollar investment programs to expand infrastructure are being implemented, and manufacturing processes are being reshored to the US.

Region Americas sales growth in local currencies

+27.5%

The **Americas region** recorded growth in local currencies of 27.5% (previous year: 21.0%). Sika generated a large part of this growth from the US infrastructure sector, which saw a significantly higher activity in 2022 compared to the previous year. Construction work focused on the modernization and expansion of subway lines, bridges, tunnels, and freeways. High demand also came from investments in commercial construction projects, including stadiums and data centers. In addition, the USA is seeing large-scale investment in reshoring, which involves bringing industrial know-how back to the United States from Asia and constructing new manufacturing plants. This will open new business opportunities for Sika. Construction activity in large parts of the US was affected by the severe weather in December, which disrupted deliveries of some Sika products.

Sika generated a large proportion of its growth from projects in the US infrastructure segment, which saw significantly higher activity in 2022 compared to the previous year.

The countries in Latin America likewise benefited from a high infrastructure investment, which has been fueled by strong urbanization trends. The expansion of public transportation networks has reached the implementation phase in several major cities, and investments are also being made in water treatment plants and reservoirs incorporating Sika solutions.

With Sable Marco in Canada and United Gilsonite Laboratories (UGL) in the United States, Sika acquired two companies in 2022 that sell their high-performance products via established distribution channels. Furthermore, a new mortar and concrete admixture production facility came on stream in Bolivia, and a new manufacturing plant for concrete admixtures is now operational near Washington D.C.

REGION ASIA/PACIFIC

The economic situation was strained in most countries across the Asia/Pacific region. Alongside the intermittent, radical COVID-19-related restrictions, the Chinese economy was hit by a crisis in the real estate market. At 3.2%, the increase in gross domestic product (GDP) was much lower than in the previous year (6–8%). By contrast, India developed much more dynamically, recording GDP growth of 6.8%. Expenditure in the construction sector increased by 6.6%. In addition, India is investing heavily in the expansion of its transportation infrastructure. Besides extending the rail network, huge sums are earmarked for investment in electric buses for local public transport by 2030.

Sika's Indian business activities continued to experience dynamic development, and double-digit growth was achieved in challenging markets in Southeast Asian countries once the numerous lockdowns were lifted.

Sika is active in all these markets with innovative technologies. As markets opened following the pandemic, this triggered an economic recovery in Southeast Asia. With overall GDP at approximately CHF 3,000 billion, the economic output of this region was above the pre-pandemic level. Particularly strong growth was recorded by Thailand, Singapore, Indonesia, the Philippines, Malaysia, and Vietnam, with growth rates ranging from 3.2% to 7.6%.

Sales in the **Asia/Pacific region** rose by 14.8% in local currencies (previous year: 19.4%). The distribution business in China benefited from ongoing strong growth momentum, recording double-digit growth rates, whereas the project business was heavily impacted by pandemic-related lockdowns in the first nine months of the year and by another wave of the virus toward the end of the year. Sika's Indian business activities continued to experience dynamic development, and double-digit growth was achieved in challenging markets in Southeast Asian countries once the numerous lockdowns were lifted.

Region Asia/Pacific sales growth in local currencies

+14.8%

In 2022, Sika opened a new plant for liquid membranes and mortar production in Chongqing, a city in southwestern China with 30 million inhabitants. With the commissioning of this plant, the Group is strengthening its market position in a fast-growing metropolitan area.

GLOBAL BUSINESS

In fiscal 2022, global automotive production grew by 6.2%. Growth stimuli were apparent in the second semester following an improvement in supply chain bottlenecks.

In North America, the volume of new vehicles manufactured rose to 14.3 million, which is almost 10% higher than the previous year.

The Chinese automotive market grew by 6%, with more than 26 million new vehicles produced. Local automotive manufacturers recorded particularly high sales of electric cars.

However, India displayed the greatest dynamism with impressive double-digit growth in new vehicle production of about 20%. The market is dominated by higher-specification vehicles, with an associated increase in materials built into the interior.

In the **Global Business**, Sika achieved growth in local currencies of 22.2% (previous year: 4.3%), and thus grew much faster than the market. High demand for new vehicles and a normalization of supply chains boosted business activity. For the automotive business, Sika is anticipating a recovery in the market over the medium term with continued growth stimuli from electromobility and alternative drive concepts in particular.

Sika anticipates a recovery in the market over the medium term, with growth stemming from electromobility and alternative drive concepts.

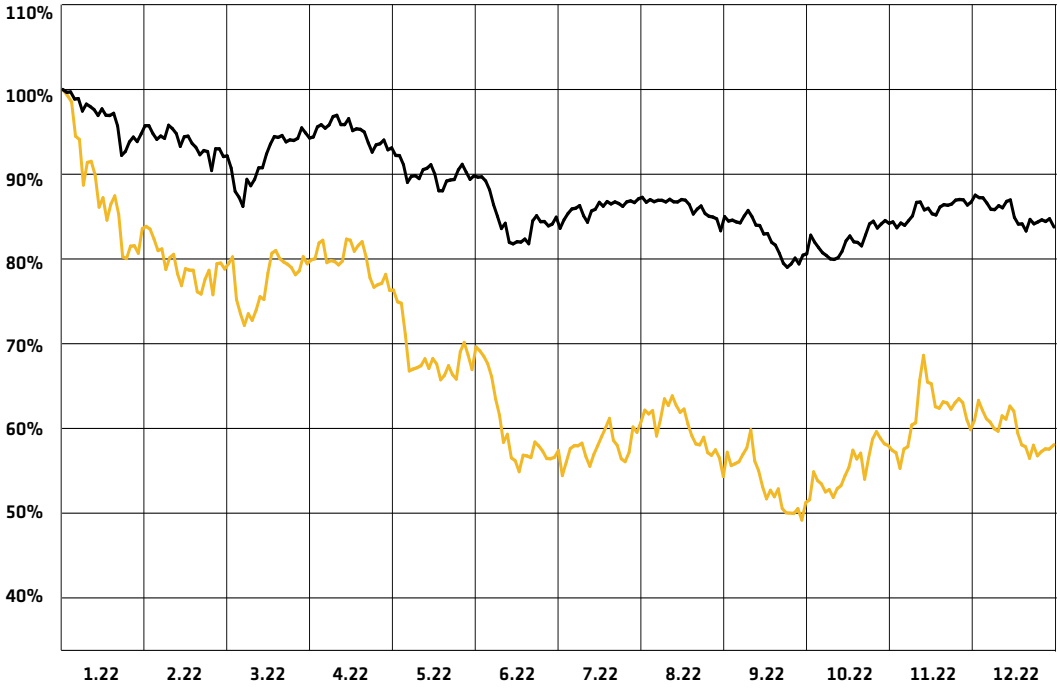
Global Business Segment sales growth in local currencies

+22.2%

THE SIKA SHARE

In a market characterized by uncertainty as a result of the war in Eastern Europe, high inflation, and rising interest rates, quality growth stocks such as Sika did not perform as well as the overall market. The SMI lost 16.09% in 2022, while the Sika share declined by 41.69%.

SIKA VS SMI
1.1.2022–31.12.2022



-41.69 %

With a share price decline of –41.69%, the Sika share performed worse than the SMI Index.

CHF 221.70

Closing price of the Sika share at the end of 2022.

Sika share
SMI

GLOBAL SHARE INDICES
in %

	2022
SMI	–16.09
DAX	–12.17
Dow Jones	–9.4
Nikkei	–10.95
Sika share	**–41.69**

STOCK EXCHANGE RATIOS SIKA
in CHF

	2022
Market capitalization as at 31.12.2022 in CHF mn	34,083.06
Yearly high	382.30
Yearly low	193.05
Year-end	221.70
Dividend 2021	2.90
Dividend 2022[1]	3.20
Earnings per share (EPS)[2]	7.57

[1] Pursuant to proposal to Annual General Meeting
[2] Basic earnings per share

GROUP MANAGEMENT

Sika's Group Management is a strong team of eight experienced executive managers that fully embody the Sika Spirit. Their respective careers within the Group have taken them to Sika regions and subsidiaries around the globe, and to various units within the company.

From left to right

MIKE CAMPION
Regional Manager
Asia/Pacific
With Sika for 25 years in Asia and the USA

IVO SCHÄDLER
Regional Manager
EMEA
With Sika for 26 years in Switzerland and the UK

PATRICIA HEIDTMAN
Chief Innovation & Sustainability Officer
With Sika for 25 years in Switzerland and the USA

THOMAS HASLER
Chief Executive Officer
With Sika for 34 years in Switzerland and the USA

ADRIAN WIDMER
Chief Financial Officer (CFO)
With Sika for 16 years in Switzerland

RAFFAELLA MARZI
Head Human Resources & Compliance
With Sika for 9 years in Switzerland and Italy

PHILIPPE JOST
Head Construction
With Sika for 26 years in the USA and Switzerland

CHRISTOPH GANZ
Regional Manager
Americas
With Sika for 27 years in Switzerland, France, and the USA

ORGANIZATIONAL CHART

BOARD OF DIRECTORS

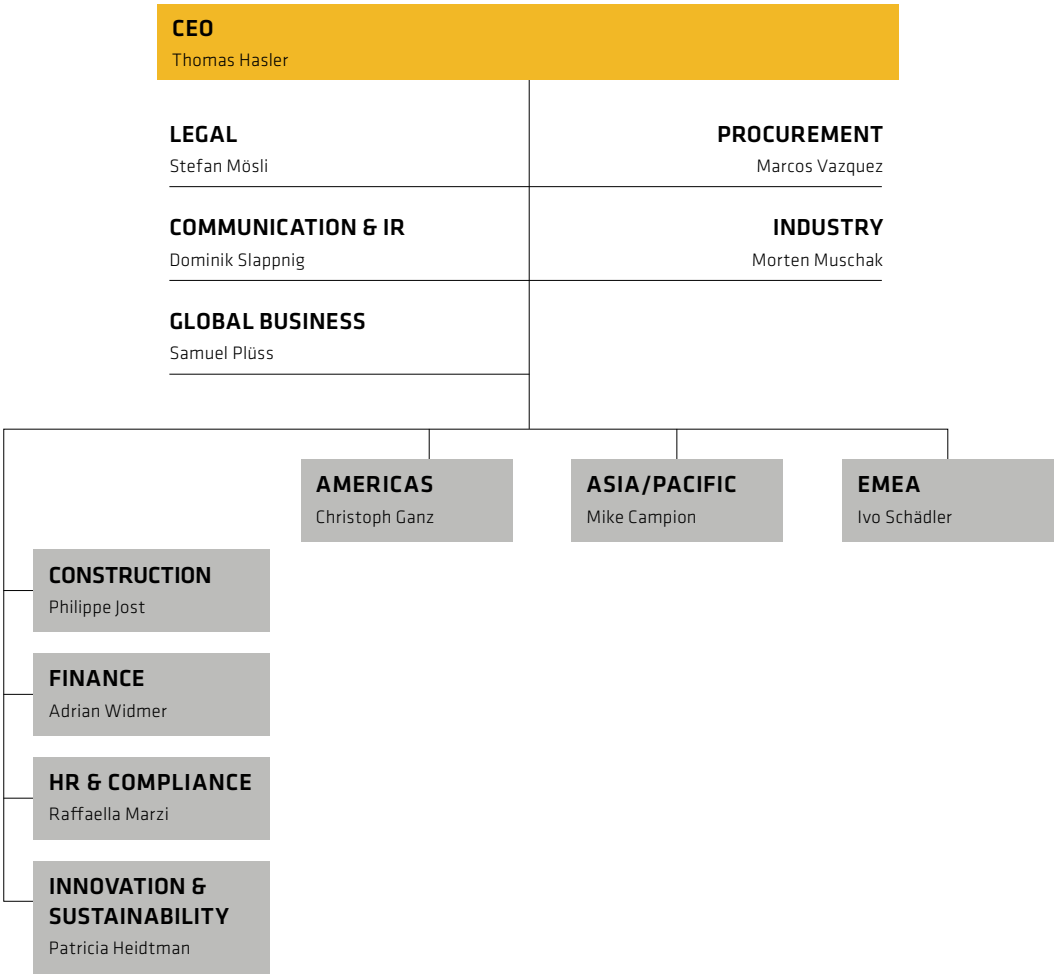
Paul J. Hälg,
Chair of the Board

Viktor W. Balli
Lucrèce Foufopoulos-De Ridder

Justin M. Howell
Gordana Landén

Monika Ribar
Paul Schuler

Thierry F. J. Vanlancker



Sika is committed to sustainable corporate management. Business areas are developed on a long-term basis with the aim of securing lasting value enhancement for all stakeholders.
A clear focus on our corporate values and performance is just as fundamental as assuming social responsibility and ensuring a careful approach to the environment and resources. This forms the foundation of our success.

PERFORMING BEYOND THE EXPECTED **ALL TOGETHER**

Sika fosters a win-win relationship with its workforce. Sika promotes a climate of respect in which employees can develop their capabilities and take on responsibility. In return, Sika's employees show their gratitude to the company through their high level of dedication, new ways of thinking and willingness to go the extra mile. More than 27,500 employees are living the Sika Spirit and strive for maximum performance, both individually and as a team. The culture of togetherness, customer focus, and a "can-do" mentality creates value for customers and high performance that consistently exceeds expectations. Sika – Beyond the Expected.

SIKA MEXICO PRODUCTION TEAM
At Sika Mexico, we utilize the latest technology to help optimize our production process and deliver to customers faster. In 2022, our team performed beyond the expected and achieved a record in one of our production lines.

SIKA JAPAN SALES TEAM
In 2022, we held our kick-off meeting to combine forces with Sika and the acquired companies Hamatite and Dyflex. We celebrated the great team spirit and are looking forward to working together and serve our markets more comprehensively.

SIKA COLOMBIA R&D AND QUALITY CONTROL TEAM
We have found new ways to serve customers and respond to environmental challenges. We overcame raw material scarcity and high costs by increasing the use of recyclable material, and managing our water and natural resources more efficiently.

SIKA DAY IN THE UNITED ARAB EMIRATES
Sika Day is wonderful to celebrate with your teammates and their families. It is a day to spend time together and promote employee well-being.

SIKA THAILAND TECHNICAL SERVICE TEAM
Customer centricity is in our blood at Sika. We strive to deliver best-in-class solutions to help customers be successful in a world of rapid change.

SIKA USA AUTOMOTIVE TEAM
The team in Sika Grandview has gone beyond the expected to stabilize the production of SikaReinforcer®-951 pellets. This material is used to mold structural reinforcing parts that are supplied to a large automotive customer. As a result, First Pass Yield increased by 31% for SikaReinforcer®-951 pellets and overall department schedule attainment went up by 10%.

SIKA GHANA TEAM
Sika Ghana is the youngest country in the Sika family and has an energetic "start-up" feel. In our team, we have a good combination of cultures, backgrounds, and personalities which fosters innovation and creates a work environment beyond the expected.

SIKA CARES - PERU
Sika Peru is very active in community engagement and completed 527 hours of work in 2022. The employee volunteers participated in nine activities, including visiting children's and nursing homes, cleaning rivers, and cleaning two kilometers of the Arica beach.

SIKA DAY IN CROATIA
Sika Day was a celebration of the things that make our company unique – our team spirit, solidarity, and willingness to go beyond the expected.

SIKA QATAR OPERATIONS TEAM
We are a great team and ready to meet every challenge. We take pride in exceeding customer expectations in everything we do.

SIKA SOUTH AFRICA R&D TEAM
The R&D team is a critical part of Sika that requires strong commitment and teamwork from all members. We continuously create new formulas to keep our title as an innovation pioneer.

SIKA EGYPT CONCRETE TEAM WITH CUSTOMER
Our team strives for 100% customer satisfaction as a matter of personal pride and to maintain our competitive edge.

SIKA USA PRODUCTION TEAM ST. LOUIS, MISSOURI
We bring the 'Sika Spirit' to everything we do. We are a family, no matter who you are and where you are from – and that is what makes working at Sika so special. At Sika USA, we go beyond the expected in every aspect of our work.

SIKA UK KEY PROJECT MANAGEMENT TEAM
We contribute significantly to the prestigious High-Speed railway project, which form the new backbone of Britain. This exciting project will continue until 2036. With a comprehensive range of solutions, we are delivering beyond the expected.

SIKA CHINA COMMUNICATIONS AND MARKETING TEAM
Our team is pioneering Sika China's sustainability strategy. We do a lot to push the sustainable concept into reality, which strengthens Sika's brand image and reputation in China.

SIKA ALGERIA TEAM WITH CUSTOMER
We are highly motivated to serve and build a climate of trust with our customers. This is the foundation of our success and Sika's values.

SIKA CARES - TANZANIA
We conducted a workshop for engineering students from the University of Dar es Salaam where they could learn about Sika products and how to promote sustainability in the construction industry.

KEY FIGURES
AT A GLANCE

	2021	2022	Change in %
Key figures in %/in CHF mn			
Net sales Group	9,252.3	10,491.8	+13.4
Operating profit (EBIT)	1,391.4	1,579.7	+13.5
EBIT margin	15.0	15.1	-
Net profit	1,048.5	1,162.5	+10.9
Net profit margin	11.3	11.1	-
Operating free cash flow	908.4	865.2	-4.8
Operating free cash flow (as % of net sales)	9.8	8.2	-
ROCE (in %)	20.1	21.6	-
Key data balance sheet in %/in CHF mn			
Balance sheet total	10,706.8	11,319.2	+5.7
Equity ratio (in %)	41.1	43.9	-
Net working capital (as % of net sales)	18.4	18.3	-
Net debt	2,547.1	2,051.6	-19.4
Key data per share in %/in CHF			
Basic earnings per share (EPS)	6.91	7.57	+9.6
Diluted earnings per share	6.60	7.29	+10.5
Dividend	2.90	3.20[1]	+10.3
Payout ratio	42.5	44.2[2]	-
Employees			
Number of employees	27,059	27,708	+2.4
Average training per employee (in hours)	11.1	13.4	+20.2
Lost Time Accidents (LTA)	256	206	-19.5
Lost Time Accidents per 1,000 FTEs	9.2	7.0	-23.8
Environment			
Waste (kg per ton sold)	11.2	10.8	-3.3
Waste Recycling rate (in %)	33.9	40.4	+18.9
Water consumption (m^3 per ton sold)	0.20	0.18	-6.1
Energy intensity (MJ per ton sold)	324.7	315.5	-2.8
Purchased renewable electricity rate (in %)	52.3	62.7	+10.4 p.p
CO_2eq emissions (scope 1 and 2, in 1,000 tCO_2eq)	238.5	230.6	-3.3
CO_2eq intensity (in kgCO_2eq/t sold)	17.6	16.4	-6.9
Community engagement			
Voluntary work (in days)	1,392	2,595	+86.5
Community engagement projects	242	406	+67.8
Number of direct beneficiaries	44,188	53,666	+21.4

[1] Pursuant to proposal to Annual General Meeting
[2] Corresponds to the maximum possible distribution amount assuming potential exercise of all conversion rights

FINANCIAL CALENDAR

55TH ANNUAL GENERAL MEETING
Tuesday, March 28, 2023

DIVIDEND PAYMENT
Monday, April 3, 2023

NET SALES FIRST QUARTER 2023
Tuesday, April 18, 2023

HALF-YEAR REPORT 2023
Tuesday, July 25, 2023

RESULT FIRST NINE MONTHS 2023
Friday, October 20, 2023

NET SALES 2023
Wednesday, January 10, 2024

FULL-YEAR RESULT 2023
Friday, February 16, 2024

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page 48: Byron Yu, page 50: Pop Production

Sika is a specialty chemicals company with a leading position in the development and production of systems and products for bonding, sealing, damping, reinforcing, and protecting in the building sector and motor vehicle industry. Sika has subsidiaries in 101 countries around the world and manufactures in over 300 factories. With more than 27,500 employees, the company generated annual sales of CHF 10.49 billion in 2022.

Sika's purpose is to anticipate and meet future challenges by providing reliable, innovative, sustainable, and long-lasting solutions in the construction, building, and manufacturing industries. In everything we do, we provide a seal of quality which our employees, customers, and all stakeholders can rely on – Building Trust Every Day.

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BUILDING TRUST