

BUILDING THE FUTURE

OUR YEAR 2023

STRATEGY 2028

Sika capitalizes on
megatrends for ambitious growth

JAPAN/INDIA

Intelligent solutions to
global challenges

RESOURCE SCARCITY

Careful use of valuable
resources

ACQUISITIONS

Sika adds value with
successful integrations

[SIKA.COM/ANNUALREPORT](https://www.sika.com/annualreport)

BUILDING TRUST



HIGHLIGHTS 2023

NET SALES IN LOCAL CURRENCIES

+14.5%

ACQUISITIONS

2+¹

OPERATING FREE CASH FLOW

+58.7%

NEW PATENTS

108

GHG EMISSIONS PER TON SOLD
(SCOPE 1 AND 2)

-4.4%

WATER CONSUMPTION
PER TON SOLD

-12.2%

WASTE PER TON SOLD

-2.5%

1. Besides the two acquisitions, Sika has signed an agreement to acquire Chema, Peru. The closing of the acquisition is targeted for 2024.

LOST TIME ACCIDENTS PER 1,000 FTES

-23.9%

A brief review of fiscal 2023 and key financial figures can be found in this magazine starting on page 62.

Dear reader

Sika once again recorded strong growth in 2023. Growth rates reached 14.5% for sales, 4.1% for EBITDA, and the number of employees increased by 21.1%. Our growth targets remain ambitious. These are defined through our new Strategy 2028 – “Beyond the Expected”. Specifically, we are aiming to grow annual sales by 6–9% in local currencies and increasing the EBITDA margin to 20–23%.

Growth at any price? No, because Sika's growth strategy is not an end in itself. It should rather be viewed as the entrepreneurial response to the megatrends that are changing our social, economic, and political environment at an unprecedented speed and intensity. This applies to growth of the global population, the ongoing process of urbanization, demographic change, the expansion of the regulatory framework, technological advances, and the all-encompassing phenomenon of digitalization.

All these developments are going hand in hand with an increasing scarcity of natural resources. Alongside the far-reaching impacts of climate change.

Our ability to recognize megatrends and come up with sustainable solutions for the multifaceted challenges these pose is the core of our strategy. Our success in implementing these solutions is reflected in our financial performance.

At least as important is our non-financial track record, which extends to innovation and sustainability as an integral part. This non-financial performance is ultimately based on our corporate culture. We have therefore established “People & Culture” as one of our four fundamental strategic pillars and are investing in the empowerment, further development, and motivation of our employees. The high target set for our engagement rate – of more than 80% – shows that Sika is dedicated to a strong corporate culture, thereby securing the basis for its continued success.

Sika solutions can be found everywhere, be it in construction or in vehicles. Our market share is growing continuously thanks to increasingly rigorous standards and requirements. Some impressive examples can be found in this year's annual magazine. I wish you an enjoyable read.



Thomas Hasler
CEO



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PHOTO COVER PAGE

Sika was involved in the visionary Azabudai Hills project in the heart of Tokyo, which saw an urban development initiative evolve into Tokyo's top new business and tourist attraction. This mixed-use complex will be able to accommodate some 20,000 employees, 3,500 residents, and 30 million visitors a year.

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SIKA IS EVERYWHERE

Sika has developed countless innovations driving change toward automation, digitalization, and sustainability in the construction and automotive industries. Construction professionals, building owners, industrial companies, and other stakeholders around the globe rely on the first-class quality of Sika solutions. The illustration “Sika is everywhere” illustrates the multifaceted world of Sika. From buildings and tunnels to roads, cars, trains, ships, renewable energy, and water infrastructure, Sika technology is everywhere, improving performance, durability, and sustainability.



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SCAN QR-CODE NOW



See what is hidden under the facades, roofs, and wind turbines of Sika's multifaceted world, and explore the focus points to find out more about our strategy, lighthouse projects, current products, and future solutions.





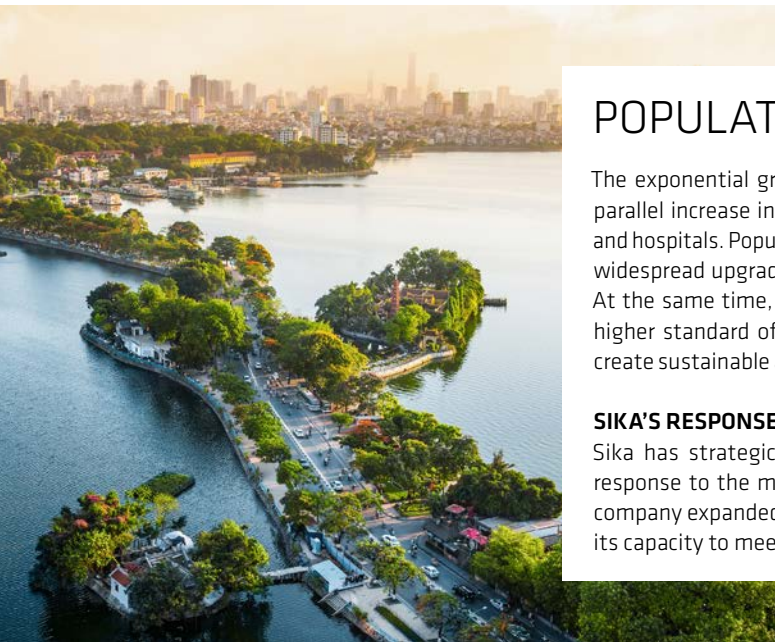


SIKA STRATEGY 2028 BRINGING THE STRATEGY TO LIFE



MEGATRENDS SHAPING THE WORLD

Megatrends are worldwide shifts that have a profound impact on societies, economies, and ecosystems, shaping our collective future. Sika is leveraging its expertise to steer through these transitions, driving world-class innovation in construction and transportation.



POPULATION GROWTH

The exponential growth of the world's population over the last century has led to a parallel increase in demand for housing, commercial and office space, transportation, and hospitals. Population expansion will outpace the current infrastructure, necessitating widespread upgrading and strengthening of existing buildings in developed countries. At the same time, people's housing needs are shifting toward greater comfort and a higher standard of living. To meet these challenges, the construction industry must create sustainable and resilient structures, as well as push the boundaries of innovation.

SIKA'S RESPONSE TO THIS MEGATREND

Sika has strategically increased its production capacity in high-growth regions in response to the mounting demands of a growing global population. In addition, the company expanded the scope of its existing facilities in Asia and Africa, strengthening its capacity to meet regional demand.

URBANIZATION

New megacities emerge around the world, as people continue to move from rural areas to urban centers. This increases the demand for high-performance solutions capable of managing modern cities' vertical sprawl, dense transportation networks, and complex infrastructure. Construction processes are changing, emphasizing not only speed and scale, but also sustainability, durability, and resilience.

SIKA'S RESPONSE TO THIS MEGATREND

Sika is responding with innovative additives and admixtures that enable reduced clinker content in cement and concrete, leading to lower CO₂ emissions. In addition, Sika Powerflex adhesives are designed for more efficient, lighter vehicles. Sika Cool Roof systems, which extend roof longevity and reduce the need for cooling in buildings, were introduced to address the urban heat island effect.





DEMOGRAPHIC CHANGE

With average life expectancy rising and the over-65 population growing faster than any other age group, the construction industry is facing significant labor shortages. In the United States alone, there is a shortage of half a million construction workers, with one in four workers over the age of 55. This shifting demographic highlights the pressing need for higher efficiency in constructions, including easy-to-apply products that require minimal training and can be applied in a variety of settings.

SIKA'S RESPONSE TO THIS MEGATREND

In response, Sika has introduced Sikalastic®-680 AP, an easy-to-apply liquid membrane that cures quickly and simplifies application to concrete structures. Additionally, Sika® Sigunit® L-53 TH, an alkali-free shotcrete accelerator, is designed for efficient use in small tunnel constructions with less labor-intensive methods.



RESOURCE SCARCITY

Countries with the highest economic, population, and construction growth are also those that are most affected by water scarcity. This situation, combined with the low availability of critical minerals such as sand, puts further strain on existing resources and the environment. Finding new, sustainable solutions is critical, not just to conserve finite resources, but also to ensure the social and economic wellbeing.

SIKA'S RESPONSE TO THIS MEGATREND

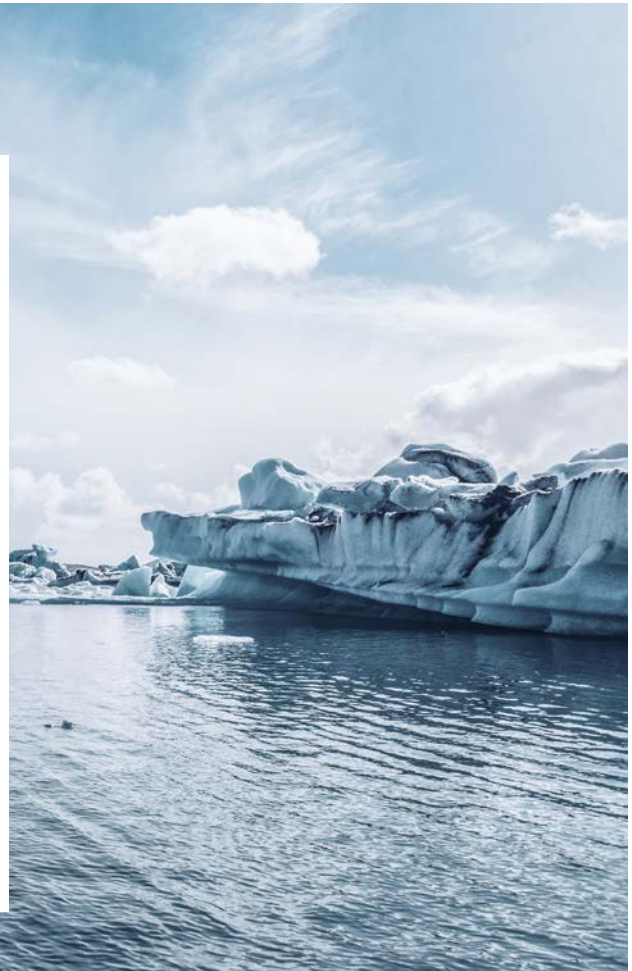
To respond to this challenge, Sika has developed PARNATUR®, the first “easy-to-spray” thermal and phonic insulation hemp-based mortar. Furthermore, the Sika® ViscoCrete® line offers products such as Sika® ViscoCrete®-4027, designed for cement with reduced clinker content, and Sika® ViscoCrete®-3095 N and 3096 N, which are optimized for recycled aggregates.

CLIMATE CHANGE AND SUSTAINABILITY

The construction industry has one of the largest carbon footprints, accounting for around 40% of global carbon emissions. As rising temperatures lead to extreme weather, the industry's role in climate resilience has become critical to preserving opportunities for future generations. Green technologies and energy-efficient methods are becoming essential in reducing greenhouse gas emissions. This transition is also spurring innovation in sustainable architecture, resulting in a more resilient built environment.

SIKA'S RESPONSE TO THIS MEGATREND

Sika has responded to the need for circularity by introducing reCO2ver® technology, which reuses concrete demolition waste, recovers raw materials, and binds CO₂ to create new, high-quality concrete. In addition, the company has developed innovative products, such as specific additives, which can facilitate a clinker reduction in cement production by up to 50%, and Sikagard®-5500, a water-based coating that uses renewable feedstocks to reduce its carbon footprint.



INCREASING REGULATIONS

Governments around the world are passing strict measures to tackle climate change. The common goal is to promote energy efficiency, reduce carbon emissions, minimize waste, and develop sustainable materials. At the same time, more stringent regulations are coming into effect in response to higher quality standards and a focus on long-term durability.

SIKA'S RESPONSE TO THIS MEGATREND

Sika has proactively connected its strategy with rising regulatory policies by setting ambitious targets for greenhouse gas emissions, energy, waste, water management, and creation of sustainable solutions. To ensure these goals are met, Sika has established a cross-functional organizational structure at the corporate, regional, and local levels to effectively drive its sustainability performance.





TECHNOLOGICAL PROGRESS

Emerging technologies powered by artificial intelligence, robotics, and big data are changing the way we build our world. Technological innovations in this field are mitigating traditional challenges by improving safety measures, reducing waste, and increasing construction pace. As a result, we can build living and working spaces that are both environmentally sustainable and cost-effective.

SIKA'S RESPONSE TO THIS MEGATREND

Every year, Sika invests nearly 3% of its sales in R&D, bringing more than 1,000 new products and solutions to market. In addition, Sika incorporates advanced technologies into construction, such as precise 3D concrete printing, significantly improving efficiency and material properties. Furthermore, the company employs artificial neural networks to monitor production in real time, ensuring quality control by promptly identifying and addressing non-conforming products.



DIGITALIZATION

Digitalization enables real-time data analysis, automation, precise planning, and streamlined communications. It is also reshaping customer habits and employee workflows, leading to new markets such as e-commerce and innovative business processes. Therefore, digital transformation can shorten construction timelines and minimize waste, reducing errors and costs while bringing the industry up to modern efficiency standards.

SIKA'S RESPONSE TO THIS MEGATREND

Sika leverages digitalization through solutions such as the Sika Roof Monitoring System, which monitors water infiltration and precisely detects leaks to maintain roof integrity. Furthermore, Sika's Concrete Monitoring System uses real-time sensor data to accurately determine when concrete has reached required strength levels, optimizing construction schedules and structural integrity.

SIKA SETS THE COURSE FOR EVEN STRONGER PERFORMANCE

Sika is positioned to continue building on the growth momentum of the past few years and has set ambitious financial and sustainability targets with Strategy 2028. Based on proven strengths, the strategy is geared to the relevant megatrends and fine-tunes the success factors already in place.

The entire Sika management team was involved in formulating the new strategy, applying a top-down and bottom-up approach. Around 450 senior managers from all Sika countries developed the strategy's four pillars, identifying and scrutinizing growth and investment opportunities.

With Strategy 2028, Sika has set an ambitious annual growth target of 6–9%. Despite an unstable global geopolitical situation and a volatile short-term market environment, the company is increasing the objective set in comparison with Strategy 2023 (6–8%). “We are perfectly positioned to continue along our successful, sustainable, and profitable growth trajectory,” emphasizes CEO Thomas Hasler.

RECOGNIZING NEW REQUIREMENTS EARLY ON

Eight megatrends also played a key role in shaping the focus of the “Beyond the Expected” growth strategy. Faster and bigger – two adjectives that succinctly capture the development in global trends. Faster population growth and faster urbanization, demographic shifts, changes in the regulatory environment, technological advancements, and digitalization. Challenges in terms of resource scarcity and the impact of climate change are becoming bigger. Megatrends are driving customer demand, and management estimates that they will accelerate growth further over the next five years.

COMBINATION OF FINANCIAL AND NON-FINANCIAL TARGETS

Sika is setting targets not only for mid-term growth and profitability, but for sustainable development as well. The company is thus aiming to achieve an EBITDA margin of 20–23% and an operating free cash flow of more than 10% as a percentage of net sales. In parallel, Sika is seeking to reduce greenhouse gas emissions by 20% and lower resource consumption by 15%. The combination of financial and non-financial targets underscores Sika's determination to also systematically integrate sustainability into its strategic thinking and its actions at the operational level.

Strategy 2028 is underpinned by a solid foundation, encompassing elements such as the corporate culture, the agile and decentralized organization, the power to innovate, and a leading position in a number of markets. It fine-tunes the company's success factors to date on a targeted basis, building on the four strategic pillars of Market Penetration, Innovation & Sustainability, Acquisitions, and People & Culture. They support different goals and contribute equally to Sika's success.

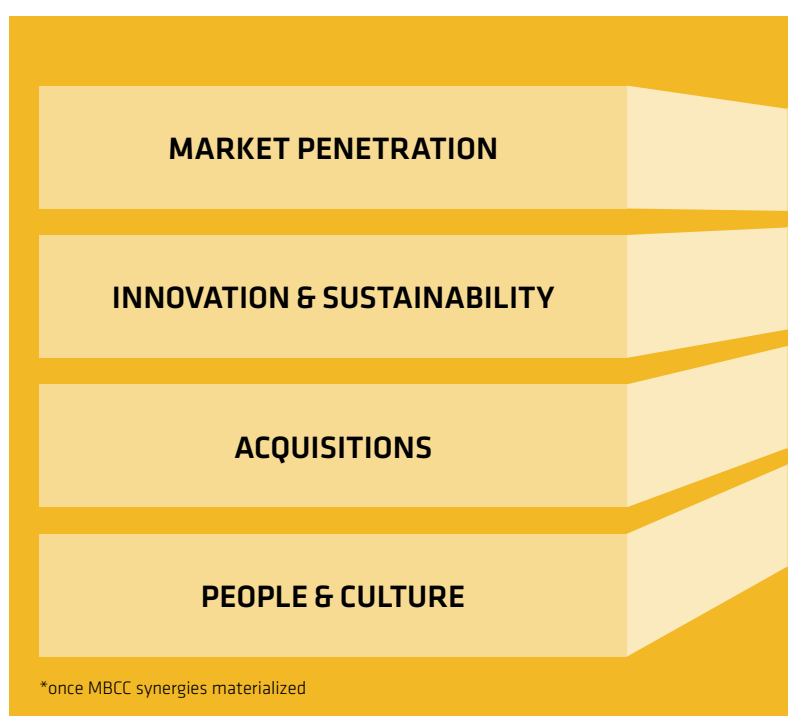
“We are continually striving to improve our margin profile – through, for example, innovations, economies of scale, and operational efficiency enhancements.”

Adrian Widmer, CFO

DRIVE MARKET PENETRATION

Today, Sika is already present in more than 100 countries and a leading supplier in the area of specialty chemicals in many different markets. This said, the company still sees considerable potential around the globe for further expanding its market position. This involves intensive brand management alongside the steady expansion of the product portfolio and distribution

SIKA STRATEGY 2028



channels. The acquisition of MBCC significantly broadened Sika's offering of forward-looking technologies and solutions, tangibly strengthening its market position in numerous regions.

INNOVATION & SUSTAINABILITY TO REACH NET ZERO TARGETS

Even though the company is already enjoying strong growth momentum, Sika is making great strides towards the net zero 2050 target. To achieve its targets, the principles of "Use less", "Use better", and "Enable" are applied. As an enabler, the goal is to drive the transformation toward a more sustainable and circular economy with innovative ideas, concepts, and solutions. It is a given that new solutions must be better performing and more sustainable. Consequently, in line with the Sustainability Portfolio Management (SPM) principles, all new developments are systematically assessed on the basis of twelve Sustainability Categories and six Performance Categories. Sika's SPM concept builds on the framework provided by the World Business Council of Sustainable Development. Sika is the first company in the specialty chemicals sector to implement this concept.

ACQUISITIONS AS A KEY ELEMENT

Although Sika primarily intends to grow organically, acquisitions are a central element of the growth strategy. The Group regularly reinforces its market position and expands its portfolio by taking over companies – large and small. Since 2019 alone, Sika has acquired no fewer than 19 companies, the biggest being MBCC and Parex. Each year, 60 to 80 takeover candidates are assessed, with an acquisition going ahead in only 6–8% of cases. The decision of whether or not to acquire depends on a number of factors, and not just financial parameters: "What we want to do with acquisitions is tap into new markets, secure better market access in certain segments, or complement our core technologies in a way that makes sense," explains Matthias Bellwald, Head M&A.

"Access to new customers and projects is another criterion that can influence the decision to buy." Despite Sika's strong growth over recent years and its successful integration of a number of companies, the global market for construction chemicals remains fragmented. The biggest 30 players have a combined market share of approximately 55%; Sika's share amounts to 11%.

"We are perfectly positioned to continue along our successful, sustainable, and profitable growth trajectory."

Thomas Hasler, CEO

PEOPLE & CULTURE – A SUCCESS FACTOR

Sika's people are key to its success. Their unwavering commitment is an important competitive advantage and is therefore one of the fundamental pillars in the new strategy. "We want to create a motivating environment for our employees, where they feel valued and empowered," emphasizes CEO Thomas Hasler. To understand what is important to employees, Sika will measure the employee engagement rate every two years using the services of an independent external provider. In the last survey dating from 2019, the engagement rate was 86%; the goal going forward is to maintain a rate of above 80%.

↓ With Strategy 2028, Sika is setting itself ambitious targets both for mid-term growth and profitability as well as for sustainable development.

6–9%

annual growth in LC

20–23%

EBITDA*

>10%

Operating free cash flow (as a % of NS)

20–25%

ROCE*

20%

GHG emission reduction
Scope 1 & 2

(absolute reduction vs. 2022 base line)

Scope 3

reduction in line with net zero pledge

>80%

Employee engagement rate
external survey every 2nd year

15%

Natural resources
reduction of waste disposed and water
discharge per ton sold

“OUR CORPORATE CULTURE IS OUR GREATEST COMPETITIVE ADVANTAGE”

Sika is strongly positioned. For Paul Hälgi, Chair of the Board of Directors, and Thomas Hasler, CEO, the results achieved during the year under review confirm that the strategic objectives are realistic and that the Sika Spirit significantly contributes to their realization.



Paul Hälgi,
Chair of the Board

Thomas Hasler,
CEO

Sika delivered double-digit sales growth in all regions in 2023. What were the main drivers?

Hasler: The greatest boost came from the acquisition of MBCC Group. It has been consolidated since May 2, 2023, and contributed some 12% to overall sales growth. In 2023, Sika grew organically by 1.2%, compared to a negatively developing market.

And by how much did the EBIT margin increase, excluding costs related to the MBCC acquisition?

Hasler: As announced, we were able to achieve an over-proportional increase in EBIT. Our operating margin rose by 12.7% – excluding acquisition-related expenses, income, and divestment proceeds. The main reason is that we have succeeded in significantly expanding the material margin to 53.6% (2022: 49.4%).

How did the weakness of Europe's residential construction markets and the real estate crisis in China impact the sales of Sika solutions?

Hasler: First of all I would point out that infrastructure projects are more important for Sika than residential construction. In the latter area, the EMEA region experienced a difficult start to the reporting year. High rates of inflation and rising interest rates affected markets. However, the plateauing of European interest rates then made it easier for companies to plan and budget for construction projects reliably. As a consequence, most EMEA markets recovered. Indeed, some of them started recording growth again. Growth rates in China remained at a consistently high level, which is primarily attributable to our powerful distribution model. We are using our strong brand in the tile adhesive segment to expand distribution outside of the large cities and into the more rural areas. This enabled us to buck the trend of market weakness and rapidly expand market share.

How did Sika manage to achieve a record level of new orders in the automotive business?

Hasler: The COVID-19 pandemic and the shortage of electronic components triggered a decline in annual global production from 95 million vehicles to 75 million. Production figures picked up in 2023 to around 90 million vehicles. This development ensured good fundamental capacity utilization. Of key relevance for Sika is the transition from combustion engines to electric battery-driven vehicles. We have invested massively in solutions for e-mobility in recent years, and in thermal battery management in particular. This segment now accounts for a double-digit share of the conventional portfolio and has attractive growth potential.

Which markets were the main focus of investment last year?

Hasler: Initially primarily China, but then Europe also became a major focus, and now North America too.

Is Sika's technology also in demand among Chinese car manufacturers?

Hälg: Sika has always worked very closely together with the leading European manufacturers in the area of innovation. However, China then took the lead in e-mobility technology. As a result, Sika has intensified partnerships with Chinese automotive manufacturers. European automotive producers are now also benefiting from our expertise.

“We take active and measurable steps to reduce CO₂ emissions on the supplier and customer side.”

Thomas Hasler, CEO

So no preferential treatment for Europe?

Hasler: No, we are keen to be an innovation leader – which means we collaborate with the innovation leaders in all technologies and geographies.

How can Sika's momentum in the automotive area be expressed in figures?

Hasler: For each vehicle produced worldwide, the average Sika content rose from CHF 5.80 in 2017 to more than CHF 10.00 in the reporting year. The order intake for the next five years has increased by more than CHF 200 million, reaching a record level.

Hälg: One should not forget that our focus on the automotive area remains very much on the bodywork segment, particularly with structural adhesives and with technologies to reduce noise and strengthen crash-relevant parts, thereby increasing passenger safety. Where the drive trains are concerned, Sika is involved whenever components are required for batteries for electric engines, hydrogen solutions, or hybrid systems.

As we all know, by far the greatest share of Sika's CO₂ footprint is in its upstream and downstream supply chain, i.e., at third parties. How does this affect the scope of action available to you?

Hasler: That is correct – 98% of our CO₂ footprint is to be found upstream and downstream. That is why we take active and measurable steps to reduce CO₂ emissions on the supplier and customer side, too. Our suppliers are likewise determined to reduce their footprint, which automatically reduces ours.

“Rotation at Group Management level indicates that the agility so valued by Sika is also put into practice at executive level.”

Paul Hälg, Chair of the Board

Hälg: In this context, it is important to point out our active membership of Together for Sustainability (TfS). This initiative, which was launched by the chemical industry, focuses on improving sustainability in the supply chain and motivating suppliers to improve their environmental and social standards on an ongoing basis. TfS pursues a very pragmatic approach, which suits us well. In addition, Sika is working intensively on increasing its use of alternative raw materials and bio-based products.

Hasler: In parallel, we are always on the lookout for alternative sources of procurement. For example, we are seeing that huge amounts of waste materials are still being disposed of in linear fashion, even though they could be retained within the circular economy. We are very active in this area, collaborating with start-ups and new providers. The resulting competition of ideas is both refreshing and stimulating. Moreover, our reCO₂ver® technology is having a strong signal effect. This novel concrete recycling process allows old concrete to be entirely reused while at the same time facilitating the sequestration of CO₂.

And what is Sika doing on the customer side?

Hasler: We are part of their value chain. For example, we enable customers to reduce CO₂ emissions significantly when producing concrete. Our solutions facilitate clinker reduction and the use of recycled aggregates, therefore measurably improving customers' sustainability footprints. Enabler solutions of this kind are an important part of Sika's business.

Hälg: We combined Innovation & Sustainability with the aim of being able to impact scope 3 emissions more directly by using new types of raw materials and promoting circularity in the value chain. At the same time our customers receive products that are both innovative and sustainable, which improves both their and our environmental footprint.



“The country managers are the ones that initiate investments, innovations, and acquisitions. The corporate culture we have established is our greatest competitive advantage.”

Paul Hälgl, Chair of the Board

Regional responsibilities at Group Management level have been redefined since October 1, 2023. What prompted this rather unusual rotation?

Hälgl: The reassignment of responsibilities will allow us to take successful initiatives such as “Go where the money is” or “Distribution journey” to new regions and markets. At the same time, this rotation indicates that the agility so valued by Sika is also put into practice at executive level. Such a rotation motivates the entire organization.

What does the rotation mean for the private lives of the affected managers?

Hasler: The repercussions are very limited, as managers will continue to spend the lion's share of their working lives in the markets for which they are responsible. What matters is not the location of the hubs, for example, Singapore, but the country in which we do most of our business, such as China or India.

Hälgl: I am convinced that only very few companies could contemplate such a rotational strategy. Sika has made this decision from a position of strength, without being forced into it in any way. This rotation will generate added value for the Group as a whole, while at the same time accelerating the implementation of our new strategy.

With its new strategy, Sika is striving to achieve an over-proportional increase in EBITDA. What makes you so optimistic?

Hasler: The building blocks for EBITDA growth are primarily the expansion of the material margin, economies of scale, an improvement in operational efficiency, and annual synergies from acquisitions such as the MBCC acquisition, which we see at CHF 180–200 million from 2026 onward.

But is the EBITDA margin target of up to 23% too ambitious?

Hasler: It is, indeed, ambitious – but realistic nonetheless. We have a very balanced portfolio with our eight target markets and five core technologies. Feedback from the markets confirms that we are well-positioned and have strong margin potential. The targeted bandwidth for the EBITDA margin, namely 20% to 23%, makes sense in this context.

Hälgl: Sika is extremely good at increasing benefits for its customers and contributing to their value creation. Ongoing innovation and a strong sustainability focus are two very important success factors here.

What can be improved?

Hälgl: Our decentralized structure means that synergies in production, supply chain management, and services have not yet been fully leveraged everywhere. In some cases, operating efficiency is below the level it should be, which we intend to gradually improve with our Strategy 2028.

How has Sika fared at the start of this new year, and what are your expectations for the year as a whole?

Hasler: We anticipate that the momentum gained in 2023 will continue. We want to gain further market share, and are expecting a normalization of inflation and price developments. The target of an over-proportional increase in profitability is realistic from today's standpoint, and is important for our future.

“We are anticipating continuation of the momentum built up in 2023. We want to gain further market share, and are expecting a normalization of inflation and price developments.”

Thomas Hasler, CEO



What if the unexpected occurs in the form of an economic slowdown?

Hälg: We are flexible enough to cope with that. Our Profit and Loss Management (P&L) is divided globally between some 100 General Managers, who respond quickly to critical developments in their markets and adapt to new parameters – just like independent entrepreneurs. The Sika Spirit is alive and well. This gives us a huge advantage over centrally managed groups.

Does that mean that a disruptive environment would actually be advantageous for Sika as it would be easier to win market share?

Hasler: We definitely see change as something positive. Given constant parameters, many companies can position themselves correctly and benefit accordingly. In contrast, when the geopolitical environment changes, many companies get bogged down in the complexity of it all, or initiate changes based on an excessively short-term mindset.

Mr. Hälg, at the 2024 Annual General Meeting you will be stepping down from the Board of Directors after 15 years, 12 of which you served as Chair of the Board. What milestones are you particularly proud of?

Hälg: In figures, I suppose it is our sales growth of over CHF 7 billion between 2009 and 2023, from CHF 4.16 billion to CHF 11.24 billion, together with the parallel increase in EBIT from CHF 344.0 million to CHF 1,549.1 million. A key prerequisite for this successful development was our independence, which we were able to preserve by successfully fending off the takeover attempt by Saint-Gobain. Another lasting milestone was the introduction of the single share class. This resulted in one vote for each share held, epitomizing our exemplary corporate governance. And last but not least is the successful further development of Sika's corporate culture.

To what extent has the culture changed?

Hälg: Sika had a global setup even when I took on the role as Chair of the Board, but it still had a slightly centralized approach. That has all changed. In accordance with the subsidiarity principle, we have delegated decision-making freedom as far down the hierarchy as possible and facilitated the greatest possible customer proximity. The corporate culture we have established is our greatest competitive advantage. Country managers have been both empowered and emboldened. They are the ones that initiate investments, innovations, and acquisitions. It is now a given in the company that acquisition ideas come from the individual countries. By contrast, in my early years with Sika it was the headquarters that dictated which acquisitions would take place, and where.

Do international analysts and investors understand this approach?

Hälg: Yes, our impression is that we convey this approach credibly, and that it is very well-received.

Mr. Hasler, what do you consider to be the core elements of the Sika culture?

Hasler: To strive for performance, the emphasis on “togetherness”, mutual respect, and encouraging all employees to contribute as individuals and strengthen the work of the team.

Mr. Hälg, how will Thierry F. J. Vanlancker, your designated successor as Chair of the Board of Directors, influence the Sika culture?

Hälg: Thierry has 30 years of experience in the chemicals sector. He comes from a similar industry, with similar markets and distribution structures, and has also faced similar challenges with respect to technology and sustainability. He has also promoted decentralized management structures and strengthened local markets. He has been a Member of Sika's Board of Directors since 2019 and has already played a role in shaping our culture over recent years.



Read the full
interview online



MARKET PENETRATION ENSURING LONG-TERM SUCCESS



STRONG POSITIONING WORLDWIDE

Sika is present in more than 100 countries worldwide with local companies. The Group is continually strengthening its presence in these countries with a clearly defined focus. To expand market penetration is one of the four strategic pillars of Sika's 2028 growth strategy.

The declared target of the Sika Strategy 2028 is annual growth of 6–9% in local currencies. In achieving this goal the Group is operating in a landscape encompassing eight relevant megatrends (see page 8). The business and social shifts embodied by these megatrends are drivers for Sika's global growth potential. As part of its Strategy 2028, the Group is gearing the market penetration pillar to different key areas.

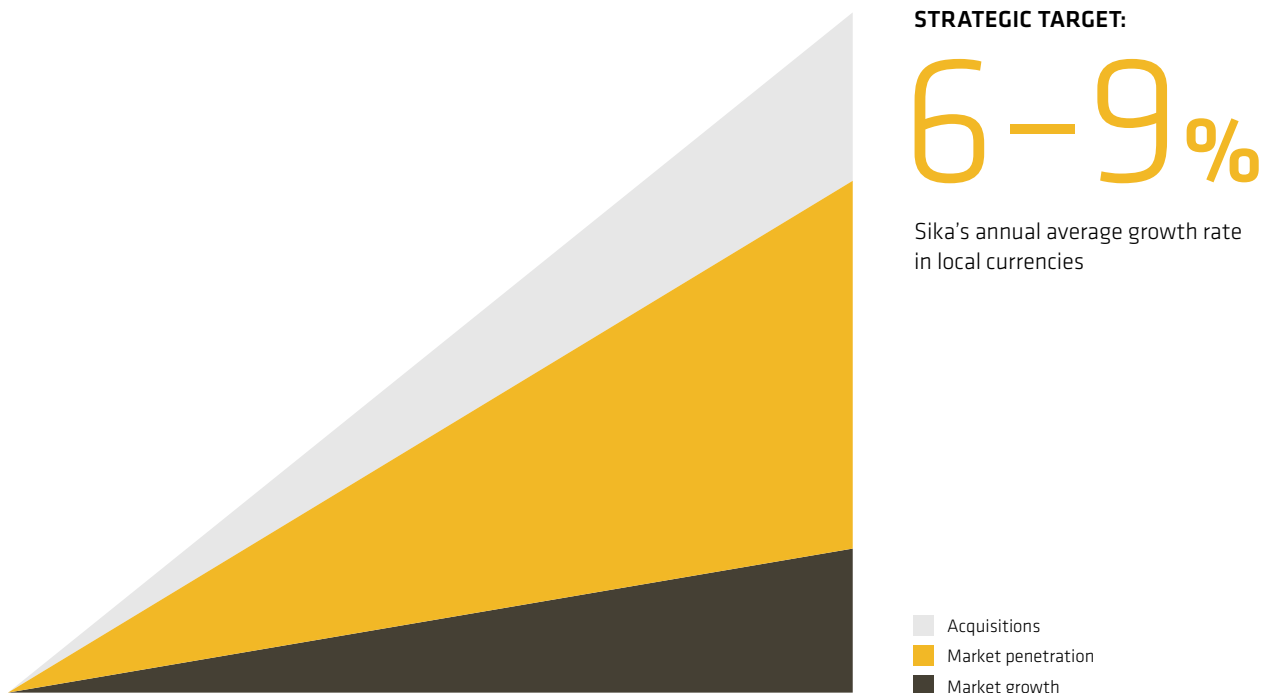
ONE BRAND

As a one-brand company, Sika relies on the strength of its brand. For more than a century, the Sika brand has stood for high-quality products as well as innovative, long-lasting, and application-specific solutions. The value provided to its customers is enhanced through a range of comprehensive services, the expertise of Sika employees, and customer training. Step by step the brands of acquired companies are integrated into the Sika brand, which also stands for a shared corporate culture.

SUCCESSFUL CROSS-SELLING

Sika is the only specialty chemicals company that can offer a full-range portfolio for sealing, bonding, damping, reinforcing, and protection in the building sector and automotive industry. Products that are carefully aligned with one another lead to compatible, complementary, and thus safer integrated systems, allowing Sika's customers boost efficiency while lowering costs. Cross-selling enables the Group to continually increase the share of Sika products and solutions used in projects and distribution channels.

MARKET PENETRATION – THE MAIN GROWTH DRIVER





Maintaining buildings is a major concern in the metropolitan regions of mature markets. The Quay Quarter Tower in Sydney shows how structures in need of renovation can be modernized in a smart and sustainable way. Living and commercial space was doubled, while retaining 95% of the original building core. Compared with a newbuild, the savings amounted to CHF 85 million in building costs and 12,000 tons of CO₂. Sika solutions made an important contribution to the flagship project.

MULTI-CHANNEL STRATEGY

Sika is focused on expanding its presence in all distribution channels. There is considerable growth potential for its technologies in direct sales, the wholesale and retail segments, and in e-commerce alike. Market access through acquired companies unlocks synergies in the comprehensive marketing of the Sika portfolio. In addition to applicators and developers, tradespeople, DIY users, and private builders will become increasingly important in the future.

“Customers’ trust in the Sika brand is a key factor in our success.”

Thomas Hasler, CEO

MEGACITIES AND INFRASTRUCTURE PROJECTS

Over the next few years, investments in the metropolitan regions of India, China, and Thailand will focus primarily on newbuild projects and – to a lesser extent – on maintaining buildings. In Europe, the United States, and Japan, the focus will be more on maintaining existing buildings and on modern urban development. Sika has products and systems in its portfolio for all of these areas of application. The Group is thus ideally positioned

for the needs of each region. In addition, government investment stimulus programs around the world for the construction of new industrial facilities and infrastructure projects, as well as maintenance work are gaining in importance. This translates into sustainable growth for Sika.

TECHNOLOGIES OF THE FUTURE

Strongly growing markets over the coming decade, also include e-mobility and infrastructure for renewable energy. Sika has the full range of technologies for sealing, structural and conductive bonding, and passive fire protection. These are necessary to ensure the proper and long-lasting functioning of batteries and battery storage. In the area of renewables, following the acquisition of MBCC, Sika offers the complete product range required for the construction, maintenance and repair of offshore and onshore wind farms.

MARKET PENETRATION

India and Japan are two key markets in Sika's Strategy 2028. Despite being at different stages of development, each country offers significant opportunities for dynamic and profitable growth. In addition, the acquisition of MBCC has enabled Sika to increase customer proximity, expand its portfolio with complementary products, and improve market access.

JAPAN

A FERTILE MARKET FOR HIGH-PERFORMANCE SOLUTIONS

Japan presents a unique landscape as a mature market characterized by the most stringent building standards worldwide. With its highly developed environment, coupled with seismic risks, Japan requires high-performing construction materials. In addition, the ongoing process of urban densification necessitates continued investment in infrastructure and property renewal. As a result, Japan is experiencing major opportunities in civil engineering and infrastructure development, including new tunnels, bridges, roads, and wind farms, all of which demand best-in-class solutions.

In recent years, Sika has expanded its presence in Japan through strategic acquisitions, including Dyflex, Hamatite, and in particular MBCC. The integration of these entities under the "One Sika" initiative is progressing steadily, fostering a unified corporate culture, and maximizing business opportunities. With the acquisition of MBCC, Sika has also significantly expanded its manufacturing network. In addition, Sika has an R&D center in Japan specializing in ultra-high strength concrete. This strategic position improves logistical efficiency and allows for more customized admixture formulations.

Tokyo's futuristic skyscrapers and dense city landscape demand the highest construction standards in the world.



LEADING SIKA'S TECHNOLOGICAL ADVANCEMENTS IN JAPAN



With an extensive background in mechanical engineering and sales, **Marco Ammann** has been instrumental in Sika's business development and expansion in Japan. In his current role as General Manager of Sika Japan, his mission includes among others, integrating businesses and innovating go-to-market strategies. All this while leading the Target Market Sealing & Bonding in the Asia/Pacific region.

In Japan, "One Sika" means coming together. Sika and MBCC are collaborating to ensure sustainability, resilience, and renewal in a mature marketplace.

How would you describe the challenges of the Japanese market and Sika's opportunities within it?

Japan is a sophisticated market that requires state-of-the-art construction solutions. With our single-digit market share, we have many growth opportunities, especially if we capitalize on key market trends and leverage the capabilities of our recent acquisitions.

For instance, the ongoing refurbishment of aging structures remains a critical task in the country, along with the steady increase of high-rises in Japanese cities each year. It is a well-known fact that Japan has some of the most stringent construction requirements in the world. Buildings must be designed to be able to withstand earthquakes of up to 8 on the Richter scale, which creates opportunities for high-tech building materials in densely populated areas. While Sika invented polymer-based admixtures in Japan, MBCC was clearly the market leader in the country. As a united force, we have now expanded beyond Tokyo and Osaka, exceeding Sika's previous market penetration.

What new opportunities does Sika have in light of its recent acquisitions?

Rooted in a history that stretches back to our first product imported from Switzerland a century ago and the establishment of Sika Japan Ltd in 1955, our recent acquisitions of Dyflex, Hamatite, and MBCC have significantly diversified our offerings and customer engagement.

Historically, while Sika was focused on refurbishing existing structures, MBCC specialized in bridges and tunnels. This complementarity creates new growth opportunities, such as the Tokyo-Osaka Shinkansen bullet train project, which is set to cut travel time in half. Furthermore, the 2021 acquisition of Hamatite, a leader in sealants for both construction and automotive industries, has fortified our ties with top car manufacturers.

These strategic moves have not only widened our manufacturing base and improved customer proximity, but also facilitated investments in specialized technology to improve production efficiency and cost effectiveness.

MARKET PENETRATION

INDIA

INFRASTRUCTURE DEVELOPMENT

India is an exceptionally dynamic and fast-growing market, with the construction sector set to expand at a robust CAGR of 6% through 2026. This development is being driven by ambitious infrastructure projects that will transform urban connectivity and the country's economy. With the strategic acquisition of MBCC, Sika doubled its presence in India to cater for the diverse needs of the world's most populous country.

According to the Ministry of Statistics and Programme Implementation, there are approximately 1,500 major infrastructure projects across India valued at a staggering CHF 275 billion. A significant part of this investment is earmarked for transportation infrastructure, including roads, highways, and rail networks. For Sika, these developments represent immense opportunities, specifically with its current expanded market presence, product range, and distribution channels.

NEW DISTRIBUTION MODEL

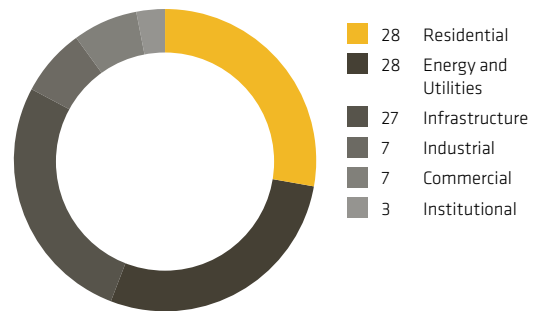
To serve the 1.4 billion citizens of a more-connected India in the future, a new distribution model is imperative. Sika plans to expand its distribution strategy in India by establishing points-of-sale across the country. This is inspired by the company's recent success in China, where Sika has already established 250,000 points-of-sale.

In addition, Sika is actively driving the transition from site-mixed to premixed mortars in India, where only 5–10% of the market currently uses premixed mortars. As seen in other markets, this shift is expected to occur organically, driven by increasing quality requirements at construction sites and rising labor costs. To facilitate this change, Sika has planned to launch training programs, tiling competitions, and educational videos in India.

Mumbai is rapidly expanding its urban boundaries, requiring Sika's innovative solutions.

INDIA'S CONSTRUCTION MARKET

BREAKDOWN OF PROJECTS BY SECTOR IN %



The Indian construction market is growing steadily, driven mainly by government-funded infrastructure projects. Already today, this market is worth more than CHF 600 billion.

“With the Strategy 2028, we are capitalizing on India’s dynamic growth and Japan’s advanced market, offering innovative solutions for the evolving needs of the construction industry.”

Philippe Jost, Regional Manager Asia/Pacific



ABUNDANT OPPORTUNITIES IN INDIA

Large infrastructure projects and huge potential in the retail business present abundant opportunities for the combined forces of Sika and MBCC.



With a remarkable career spanning 36 years, **Nilotpol Kar** is the General Manager of Sika India. His extensive contributions to the country and the Asia/Pacific region have earned him numerous awards from esteemed organizations in the construction industry. Now, Nilotpol shares his vision for India, the most populous country in the world.

India is a complex, diverse, large, developing, high-growth market: Where do you see the challenges and opportunities?

As India enters its platinum era, the construction industry will continue to grow rapidly, fueled by large projects in transportation, energy and housing (6% annually for the next 3–4 years). In infrastructure, projects are being specified to international standards, increasing the demand for the kind of new technologies and solutions that Sika can provide. In addition, the government is driving urban investment through the 100 Smart Cities Mission, a government-funded urban renewal initiative. On the other hand, the retail market is still very traditional. There are about 1.5 million mom-and-pop, small hardware stores, throughout India. Both markets are very promising for Sika.

How is Sika addressing these opportunities and challenges?

While all Sika solutions improve efficiency, reduce costs, and increase safety, our concrete technologies are the door opener in our target markets. We are addressing the skilled labor shortages and safety on construction sites by leveraging technologies that increase the speed and efficiency of the construction process with self-compacting concrete solutions based on the advanced Sika® ViscoCrete® technology. The introduction of ultra-high performance fiber-reinforced concrete has shown impressive results, especially for bridges with reduced cross section and lower carbon footprint. India has about 100,000

municipal or district bridges in need of repair and Sika India has made a great start with its advanced admixture technologies. The government is also improving transport corridors with numerous tunnelling projects. For such projects, the Sigunit® range of shotcrete accelerators and Sikament® admixtures are being supplied and the sites are supported by our Sika shotcrete specialists. For tunnels built with boring machines, we have a variety of solutions for soil conditioning and ground support. Here, European standards are being adopted, creating demand for solutions such as our fire protection mortars or light-reflecting coatings.

What are the opportunities emerging in India through urbanization?

The rapid rate of urbanization is creating opportunities for our construction and retail businesses. Large urban developers require solutions to structurally strengthen older buildings. There is also a growing market for insulation, waterproofing, and crack-bridging solutions. Green roofs, for example, are very popular in the IT complexes of Bangalore. Digitalization has also created new retail sales and marketing opportunities. We are on Amazon as a premium seller and we are using apps for promotion purposes and product training, especially in the retail market.

Can you comment on the potential for high-performance solutions?

In infrastructure, Sika India has achieved notable success, especially with a unique bridge deck waterproofing solution used in prestigious projects along India's Western Coast, with more projects anticipated as we grow alongside the Indian economy. Additionally, in industries such as refineries, we provide highly engineered resin grouts for reciprocating machinery. The food industry values the hygienic properties and durability of Sika's flooring solutions. For example, in the last four years, a leading Indian fast-moving consumer goods company has chosen Sika® Ucrete® heavy-duty resin to coat more than 200,000 square meters of factory floor. We also have Xolutec as a complementary alternative. It will be used to coat 500,000 square meters of flooring in a huge battery factory, as part of India's CHF 2 billion initiative to increase domestic battery cell production.

How does the merger of Sika and MBCC benefit Indian customers?

All the members of the joint workforce have 10–20 years of wide-ranging professional experience. Together, we are a highly capable one-stop shop, with more boots on the ground, an extended manufacturing footprint, and a comprehensive product portfolio. For me personally, the integration of MBCC has been a great homecoming. The positive market response was a testament to the quality and transparency of the entire process.

AZABUDAI HILLS, TOKYO

AZABUDAI HILLS – REDEFINING TOKYO'S LANDSCAPE



Is it a superblock, an urban village, a city within a city? Tokyo's new Azabudai Hills is hard to define but easy to admire as it sets new standards for seamless mixed-used developments.

Azabudai Hills is a visionary new development in the Minato district in the heart of Tokyo. Over 30 years in the making, the project is an iconic expression of future city trends. Life and work, education and the arts, hospitality and fine dining, shopping and outdoor recreation, all blended seamlessly in a redevelopment project that turned a hilly, haphazardly spread neighborhood into Tokyo's premier new business and tourist attraction. This mixed-use complex will be able to accommodate some 20,000 employees, 3,500 residents, and 30 million visitors annually.

Azabudai Hills was created by the development company Mori Building Co., Ltd. "Our mission is to 'Create cities, Nurture cities,'" explains Kazumasa Okabe, General Manager of Mori Building's Structural Design Unit. "With our vertical garden city concept, we enter public-private collaborations to redevelop blocks of around four hectares at a time. By thinking on this scale, and in three dimensions, we can solve the problems of deteriorating housing, aging infrastructure, traffic congestion, and seismic hazards in a way that cannot be done in smaller developments." When

buildings are consolidated into tower blocks, that creates space for greenery and recreation. At the same time, Mori offers residents state-of-the-art earthquake protection as well as access to world-class amenities.

GREEN AND PEOPLE-CENTRIC BY DESIGN

The designers began by considering the flow of people and the natural layout of the land. Proper locations were then considered for three high-rise towers to blend into the lush greenery. This is the opposite of the traditional approach of placing the buildings first and then filling the rest of the space with greenery: Every available space, from the low rooftops to the central square, has been landscaped with more than 300 types of trees and flowers and numerous water features to create a soothing urban oasis with some 24,000 m² of biodiverse greenery. But the project is not just green on the surface: 100% of the energy used will be renewable, while heat pumps will extract energy from the wastewater produced inside the building.

Inside the Azabudai Hills Mori JP Tower





Inside the Azabudai Hills Mori JP Tower

Tall buildings need to avoid swaying in the wind and given the high likelihood of earthquakes in Tokyo, the most stringent standards apply. In addition to high stiffness requirements, provided by filling steel tubes with high-strength concrete, viscous dampers, oil dampers, and Active Mass Damper devices are used. But the approximately 330-meter Azabudai Hills Mori JP Tower does not just protect its own residents: 3,600 additional people can find shelter from earthquakes inside the building and storage space for disaster relief supplies has also been included.

“With Sika admixtures, concrete is stronger, allowing stiffer concrete-filled tubes that meet the strictest specifications for earthquake resilience.”

Kazumasa Okabe, General Manager of Mori Building's Structural Design Unit

DISCOVERING BENEFITS

“To deal with the complexity, most people just use products and suppliers they know,” explains Okabe-san. “But in 2002, I was working on a skyscraper in Shanghai. With no standard Japanese solution available, I had to do my own research and discovered the benefits of Sika’s pioneering polycarboxylate-based concrete admixtures. The strength and reliability won me over. Since then, I always ask for Sika solutions when designing new projects. I may be the only structural engineer working for a real estate developer in Japan who cares about the concrete mix design. But I’ve learned that if you want to go even higher, you cannot just follow the others. You have to study the properties of your critical components as well. Now we have built the tallest building in Japan, which is very satisfying and the fulfillment of a lifelong ambition.”

Tetsuya Matsumoto, Head of Key Account Management at Sika Japan, explains that Sika’s superplasticizers enhance the workability of concrete, allowing it to be pumped to higher altitudes during construction. They also reduce the amount of water required, improving the strength-to-weight ratio. “With Sika

admixtures, concrete is stronger, allowing stiffer concrete-filled tubes that meet the strictest specifications for earthquake resilience. Additionally, high strength concrete allows designers to create slimmer supporting columns providing more rentable space – with obvious commercial benefits.”

But even with great products, development projects depend on the orchestration of many different elements. That is where the long-standing trust between Sika and Mori Building has been so important to the successful construction of Azabudai Hills.

“We want to make Tokyo a magnetic city that will inspire visitors from all over the world.” concludes Kazumasa Okabe. And looking at Azabudai, they are clearly succeeding.

Kazumasa Okabe in an interview



HIGHEST STANDARDS IN EARTHQUAKE-RESISTANT ENGINEERING

Azabudai Hills Mori JP Tower is a marvel of modern architecture. A response control structure was successfully used to ensure the high seismic resistance of the building. Three types of response control devices were combined, as well as two layers of oil dampers to further improve energy absorption. In addition, the foundation consists of a five-meter thick slab of ultra-high performance concrete. This superior strength was achieved by using Sika and former MBCC concrete admixtures. The tower was further strengthened by concrete filled steel tubes (CFT) with the same concrete mix. Near the top of the building, Active Mass Damper devices were installed to reduce the swaying of the building caused by strong winds and the effects after an earthquake.

461,800 m²

TOTAL FLOOR AREA

130,000 TONS

STEEL CONSTRUCTION

330 m

TOTAL HEIGHT

320,000 m³

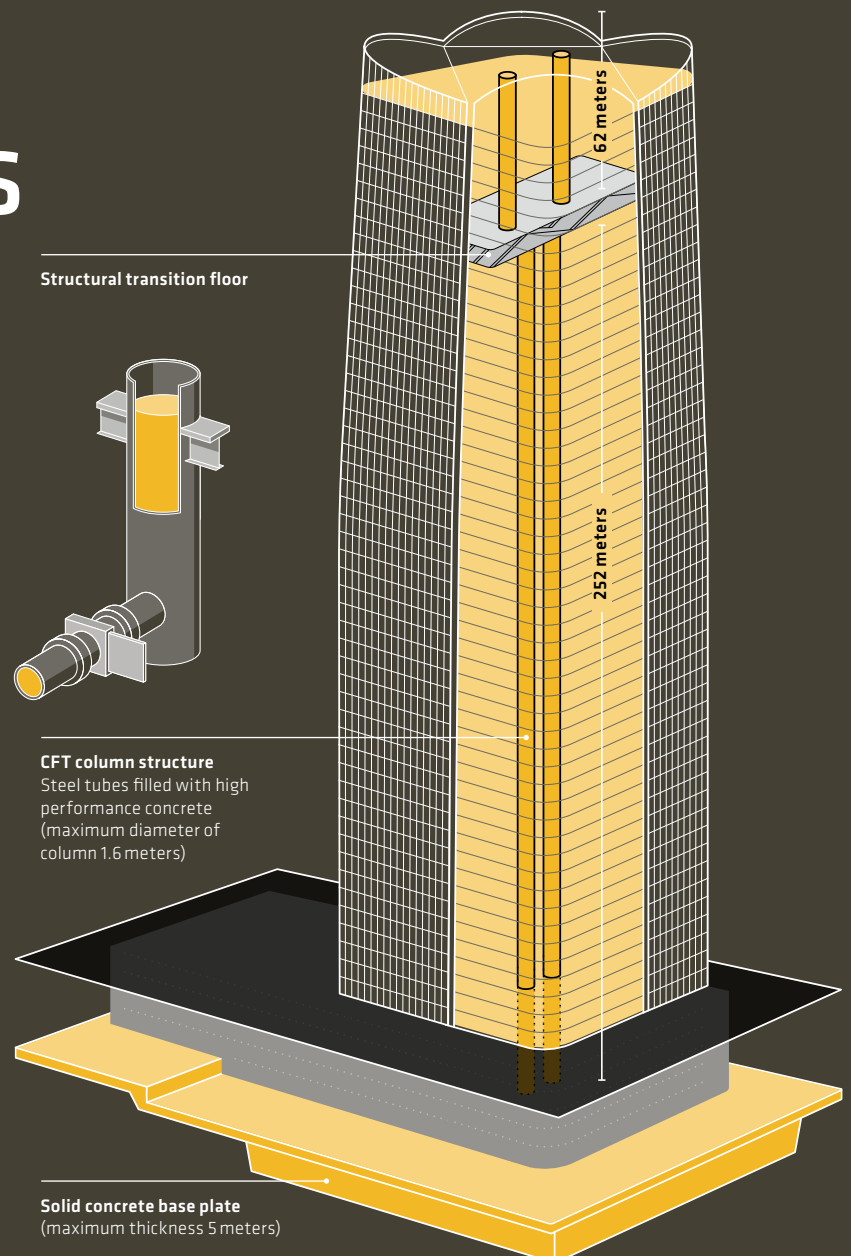
CONCRETE

THE MAIN SIKA PRODUCTS USED IN AZABUDAI HILLS MORI JP TOWER

Sealants from the Hamatite product range

Concrete admixtures from the Sika and MBCC product range, such as water-reducing plasticizer and workability enhancers

Liquid applied membrane from the Dyflex water-proofing portfolio used on terraces and balconies (30% faster, safer, less wasteful, and more reliable)



Structural transition floor

CFT column structure
Steel tubes filled with high performance concrete (maximum diameter of column 1.6 meters)

Solid concrete base plate
(maximum thickness 5 meters)



MUMBAI-AHMEDABAD HIGH-SPEED RAIL

CONNECTING INDIAN CITIES EFFICIENTLY

The development of India's first high-speed rail network is a milestone for the world's most populous country. Sika has emerged as a preferred partner in creating the robust infrastructure needed to operate the bullet train technology made famous in Japan.

At first it was a vision: scores of people gliding above the tree-tops, congested roads and rivers, to reach faraway places at unprecedented speed. Now construction of India's first bullet train line is well underway. The Mumbai-Ahmedabad high-speed rail (MAHSR) corridor will significantly improve the connection between India's main financial center and the largest city in the Gujarat region. The journey will take just over two hours, rather than eight. It will also offer a greener alternative to road or air travel. This ambitious project highlights the spirit and scope of the government's "Make in India" manufacturing initiative. And its success depends on construction partners that can deliver the right technical solutions anywhere along the 508-kilometer route.

A PROJECT OF MEGA-PROJECTS

Over 90% of the MAHSR corridor runs above land, water, and existing infrastructure, apart from the subterranean and underwater tunnels in and around Mumbai. The elevated section consists of enormous interlocking full span girders. Saugata Biswas, National Mega Projects Director at Sika India, understood the stakes early on. "Full span girders are iconic structures used to construct viaducts and bridges around the world, but they were never before used in India. It is no exaggeration to say they are considered game-changers because of their safer design and role in boosting the speed of construction."



For context, each MAHSR full span girder measures 40 meters long by 12.4 meters wide. Each must be precast and transported separately. Each also weighs around 1,000 metric tons. The 13 million cubic meters of concrete needed for casting are spread across 20 site locations and sourced from more than 50 batching plants. This explains why the corridor has been divided into multiple sub-sections, each a mega-project on its own.

SOLUTIONS ON SITE, AT EVERY SITE

Sika-MBCC India reached out to colleagues in Japan, even before the tender stage, to tap into their expertise in bullet train infrastructure. The Research & Development teams in both countries worked closely together to adapt global product formulations to the local raw materials and climate – and continue to do so today. Sika-MBCC has in turn become a major supplier on this historic project. Keyur Shah, Regional Sales Manager at Sika India, believes the teams' extensive collaboration has given them a competitive edge. "We started preparing for this mammoth project before it even started. On day one, we were ready with a dedicated project team and technical service team providing hands-on training and application support in key locations. Because the client appreciated our swift response and ability to offer tailor-made solutions, they never hesitated to choose our high value-added products." Sika-MBCC continues to support viaduct construction as the corridor grows, one long span girder at a time. The teams have more recently been awarded work on the underground tunnels and train stations, as well as the track-slab casting factories. As India's high-speed rail network takes shape, Sika-MBCC is playing a growing role in bringing the prestigious project to life.

SIKA-MBCC PORTFOLIO TECHNOLOGIES DELIVERED TO DATE

Concrete admixture for full span girders

Proven formulation despite different raw materials (e.g., cement, sand, aggregates) and various mix designs to ensure consistent concrete quality and properties, and shorten the production cycle

Bearing pedestal grout

High-flow material – tested against Japanese standards for fluidity and compressive strength – to enable crucial contact between the full span girders and elastomeric bearing pads, and accelerate production

Cable duct grout

Aluminum-free and zero-bleed additive to avoid corrosion and extend the project's life expectancy over 100 years

Form release agent

Demolding compound to ensure a blemish-free concrete structure and avoid long-term repair costs

Keyur Shah (left), Regional Sales Manager, sees immense opportunities for infrastructure projects in India. **Saugata Biswas** (right), National Mega Projects Director, has more than 20 years of experience in civil engineering.



SAMRUDDHI TUNNEL, INDIA

LOCAL BREAKTHROUGH INNOVATION FOR VITAL INFRASTRUCTURE

The six-lane Mumbai-Nagpur expressway represents a leap into the future. The unrivaled safety standards of the route's only tunnel prove it. Sika delivered the structure's locally produced passive fire protection system and light-reflective coatings, a first for India.

The newly constructed Samruddhi Expressway, as it is known locally, stretches 701 kilometers across the state of Maharashtra. The critical infrastructure project included construction of the state's longest and widest tunnel, and one of India's longest. At 7.8 kilometers long, the Samruddhi Expressway Tunnel contains twin tubes that are each 17.6 meters wide, enough to

carry three lanes of traffic in each direction. The tunnel is expected to be popular as a quicker alternative to crossing the steep terrain. Project owner Maharashtra State Road Development Corporation sought out experts who could tackle the challenge – and establish a new standard in tunnel safety.

Successful project completion thanks to high-performance products and customer proximity: Sekhar Das, AFCONS (left), Ritesh Singh, Sika Regional Sales Director (right)



SAFETY FIRST

Mitigating the risk of fire inside the tunnel was a clear priority. Effective fire protection is critical not only for the people traveling through the tunnel, but also for structural stability. If a fire happens to start, the tunnel must be able to withstand intense heat and flames over an extended period of time. The solution lies in installing a passive fire protection system during construction. The most effective fireproofing products use very stringent measures, which define the expected maximum fire exposure in the worst-case scenario. The system must be designed to keep the concrete and steel-reinforcement temperatures from rising above 380°C and 250°C, respectively. This is because excessive heat will eventually cause severe damage to the concrete and reduce its structural strength.

Sika India was awarded the project based on its overall track record and expertise in fire protection mortars. The package also included Sika light-reflective coatings. This technology – never before used in India – improves visibility in low-light conditions for driver safety and comfort. The plan was to source the high-volume order through the reliable Sika network. But when the project kicked off in March 2021, the Sika teams decided to change track.

“Given the size of infrastructure projects we work on, we have to be very serious about safety and quality. We’re 100% satisfied with what Sika delivered.”

Sekhar Das, AFCONS Project Manager (Contractor)

GOING LOCAL

Passive fire protection mortar was needed to cover nearly 70,000 square meters of the tunnel’s crown. This meant that 1,300 tons of mortar needed to be supplied in a short time, pointing to a locally produced alternative – which did not yet exist. Sika India, the Asia/Pacific regional management, and Sika Corporate worked quickly, building on their:

- seamless technology transfer to design an internationally certified product using local raw materials
- proactive procurement to source raw materials according to complex specifications
- tight technical coordination to prepare the detailed product proposals, trials, and certification process
- efficient operations to guarantee an uninterrupted supply of product
- onsite support to train teams on product application

The result was a high-performance product that met the technical specifications of the tunnel as well as rigorous international standards. The domestically produced fire protection mortar was designed to ensure long-lasting fire resistance and minimize the need for future maintenance.

Installation of the passive fire protection system consisted of three stages. Sika-trained specialists first attached a layer of wire mesh over the tunnel crown with concrete nails for added protection. The next stage involved priming the surface. The final step was the application of the fire protection mortar in a single 20-millimeter layer.

CONFIDENCE AND CLARITY AHEAD

Sika-trained specialists also applied two different shades of the light-reflective coating throughout the tunnel, up to a height of 5.75 meters. The light-reflective coating as well as the fire protection mortar, were formulated using low volatile organic compounds (VOCs) for reduced environmental impact. Both products were designed for quick application and rapid curing. These user-friendly properties helped to minimize disruption and speed up project completion – in this case, by an impressive three months.

Construction of the Samruddhi Expressway Tunnel marked a big step forward for tunnel safety. It gave India its first tunnel protected by a passive fire protection system and light-reflective coating – and Sika a reference project that brought out the best of the teams involved.





BATTERSEA POWER STATION, LONDON

MORE THAN A RENOVATION SECURING THE FOUNDATION OF AN ICON

While Battersea Power Station has long been part of the London skyline, only recently did an inspired redevelopment project put it back on the map. Sika waterproofed the substructure of this repurposed landmark – one of the world's largest and most protected brick buildings.

The original construction of the colossal coal-fired power plant began in 1929. Battersea Power Station would go on to supply electricity to Buckingham Palace, the Houses of Parliament, and one-fifth of the entire city of London at its peak in 1955. Decades of decline followed, with the power station fully decommissioned in 1983. Redevelopment plans came and went. Although the building was upgraded to Grade II* listed status in 2007, its fate as a symbol of urban decay seemed certain. But in 2012 an

international consortium stepped in with a CHF 10 billion investment and a vision. The ambitions were high: renovate the entire 42-acre Battersea Power Station estate while preserving the architectural heritage of an art deco building measuring 27,200 square meters. The new Battersea Power Station would serve less as a monument to the past and more as an engine for change: A place to live, work, thrive, and connect. For Sika, that meant starting at the bottom.

Andy Edwards,
National Watertight
Concrete Manager,
Dennis Juenger, Head of
Brand & Communications,
David Cliff, National
Technical Manager
Waterproofing



READY FOR THE UNEXPECTED

Groundworkers began excavating the substructure and waterproofing the sprawling concrete basement in 2016. The incorporation of existing structural elements – such as the grillages supporting the building’s steel girders – was key. The team soon realized that the grillages presented a considerable waterproofing risk, prompting the need for creative thinking and extensive detailing. Innovation was also needed in the underground parking garage, where the use of more traditional membrane solutions could jeopardize the schedule and budget. Unforeseen waterproofing challenges were just part of the process.

Andy Edwards, National Watertight Concrete Manager, Sika UK, understands why the project’s independent waterproofing consultant turned to Sika. “For a project of this scale, you need a certain size company involved. The client, main contractors, and subcontractors were very careful about the companies they chose to work with, based on their reputation.” Sika’s Technical Support team could also address issues quickly. “On a complex project that had challenges that were not obvious in the early stages, this was really important.”

“The revitalization of Battersea Power Station sets a new standard for the transformation of Europe’s many aging structures, combining tradition with progress.”

Christoph Ganz, Regional Manager EMEA

As the more visible refurbishment of the building progressed, Sika kept the focus underground. The waterproofing extended down to the service tunnels that would carry power and essential services to different parts of the structure. David Cliff, National Technical Manager for Waterproofing, Sika UK, got to appreciate parts of the iconic building few ever see. “Most of the waterproofing detail is below the surface and a lot like an iceberg.

“We could always rely on the Sika team to be the experts we needed them to be.”

Sam Youdan, Director Buro Happold

Other than the surface coatings in the car park, you will see no waterproofing at all.” Sika ended up providing a staggering 30,000 cubic meters of watertight concrete for the basement; another 375 tons of flowable repair mortar for the ground floor slabs; and 125 tons of repair mortar to seal the enormous columns and beams. “The project was really about all this incredibly comprehensive detail that is invisible to the average visitor.”

RISING TO THE OCCASION

Battersea Power Station reopened to the public in October 2022. The stunning renovation marks the halfway point of the site’s 25-year redevelopment plan. Sam Youdan, Director at Buro Happold, has led all of the heritage, refurbishment, and substructure work as part of the leadership team managing the 50 structural engineers on the project. “We all needed to make sure the original building fabric was fit for purpose for the next phase of its life. For that, we needed to count on collaboration, alliances, and everyone being an expert.” As the awards and accolades for the refurbishment now roll in, the appreciation for Sika’s work underground endures.

The newly refurbished power station is helping to revitalize the whole area. The gleaming structure now features apartments, offices, shops, restaurants, and other hubs for meeting and entertainment. A glass elevator can take visitors up one of the four soaring chimneys for memorable views of London – and back down to enjoy what can once again be called a vibrant part of the city. The newly renovated power plant contributes to the enhancement of the entire area.

SAMSUNG SEMICONDUCTOR PLANT, TEXAS

TEAMWORK AT SCALE FOR IMPACT BEYOND BORDERS

Taylor, Texas, is home to one of the highest-profile construction projects in the US: a CHF 15 billion Samsung semiconductor plant. Sika delivered high-performance solutions from eight target markets to ensure material compatibility with a single source warranty.

The unassuming city of Taylor, located about 30 miles northeast of the state capital Austin, is known for its small-town feel, cornfields, and now vital role in bringing advanced manufacturing back to the US. Recent legislation has helped boost investment in strategic high-tech sectors. The government initiatives aim to not only boost the nation's infrastructure, but also bolster economic resilience and tackle climate change. One

tangible result is Samsung's state-of-the-art semiconductor plant, which opens for business in 2024. This immense facility spans 557,000 square meters and represents the first of ten phases of expansion. It will be well placed to respond to the expected growth in e-mobility and autonomous driving applications, along with other segments set to propel the semiconductor industry forward.



THINKING BIG, THINKING TOGETHER

Edith Somarriba is Sika's Strategic Project & Account Representative who put the Project Team together and managed the project selling process. She recalls the early stages of a build that was complex enough to require five general contractors. "While working with the architect on the roofing, we first saw an opportunity to bring in our technical experts to answer questions about the transitions from the roof to the wall." In addition to roofing solutions, Sika was soon entrusted with the technical recommendations for the installation of the facility's critical electrostatic flooring – in addition to the waterproofing systems and concrete admixtures. "We all stepped up to solve the customer's problems together, which was only possible because of the team culture ingrained in us."

With just one point of contact on the Sika side, the customer also benefited from Sika's synergistic approach and cross-selling strategy. Greg Luterman, Sika Roofing District Manager, Central Texas, believes Sika's on-the-ground support proved crucial as well. "For roofing and waterproofing, we always gave the customer the tools to make the best decision, presenting several budget-conscious options based on their needs." Sika teams also provided solutions that exceeded safety and sustainability requirements, including products with recycled

"Once we showed the customer how we could help with multiple scopes of work, we were fearless in our approach."

Edith Somarriba, Strategic Project & Account Representative

content. "We were able to bring in solutions to help every part of this building last – inside, outside, from the vertical to the horizontal. For me, this has been the project of a lifetime."

AT THE HEART OF MOMENTUM

Customers recognize the value of Sika products that are not only quick to apply and dry, but also designed for site-specific needs. The flooring systems in the Samsung plant, for example, will prevent the build-up of static electricity – which could compromise components production, and even workplace safety. The rise in semiconductor plants, data centers, and electric vehicle, and battery production facilities will only heighten the need for specialized and experienced construction partners. For Jim Chilinski, Vice President Strategic Projects & Accounts, the Samsung achievement stems from more than Sika's high-performance solutions. "Our success in making the job of the general contractors, owner, and architects easier came down to our ability to build trust both inside and outside the Sika team. This is why the customer was as proud as we were and welcomed the Sika Board of Directors on site so they could visit this amazing project up close. That is the proof and power of unity."



280,000 m²

Electrostatic discharge flooring

112,000 m²

Roofing (liquid-applied waterproofing membranes)

73,000 m³

Concrete admixtures

66,000 m²

Waterproofing systems

70,000 m²

Roofing (single ply membranes)



INNOVATION & SUSTAINABILITY **SETTING NEW STANDARDS**



CREATING VALUE THROUGH INNOVATION

Innovation is not something that Sika leaves to chance. Global trends are systematically factored in to identify needs early on. The goal is to develop innovative and sustainable solutions that rise to global challenges.

Each year, Sika brings around 1,000 new products and solutions onto the market. Time and again, it breaks new ground, such as with the reCO2ver® technology, which enables the complete recycling of old concrete, or Sikagard®-5500, the first coating for concrete based on materials derived from renewable sources. Such successes are the result of considerable resources Sika invests in Research & Development (R&D). More than 1,700 employees at over 100 R&D sites are committed to producing the solutions of the future. Local and global experts work closely together in a strong network, sparking valuable synergies. Sika also gains access to new ideas and technologies through collaborating with customers, research institutes, start-ups, and other types of partners.

MBCC FURTHER REINFORCES RESEARCH & DEVELOPMENT

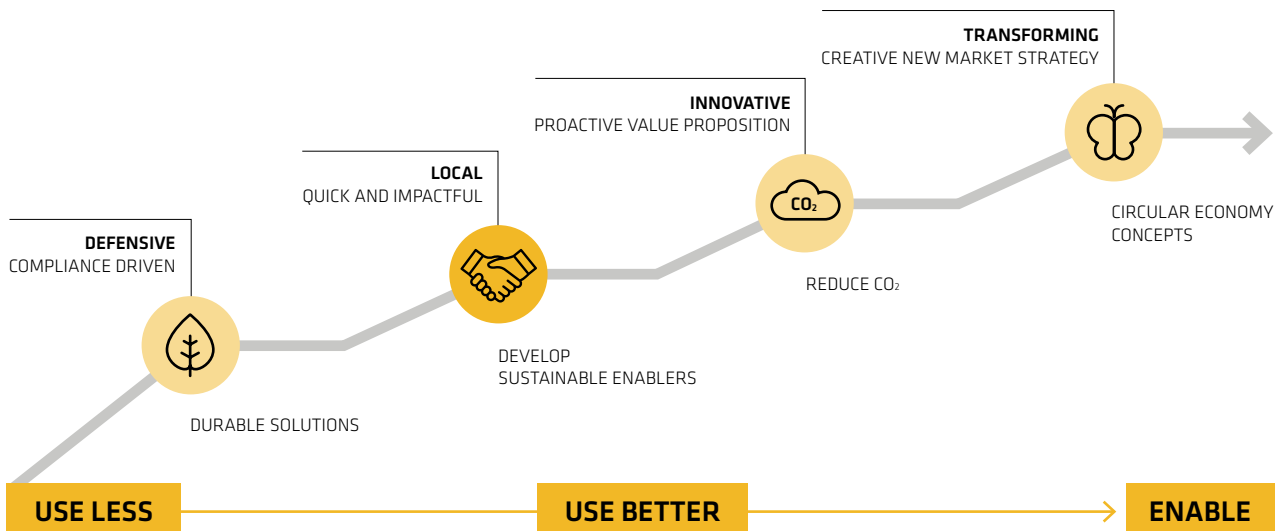
The acquisition of MBCC will strengthen Sika's R&D capabilities even further. "A skillful combination of expertise creates synergies that boost the extended team's capacity to innovate," explains Patricia Heidtman, Chief Innovation & Sustainability Officer. Meanwhile, task forces from both companies are already busy working on new solutions. Global trends significantly influence the direction of R&D efforts. Worldwide, local employees on the ground pick up on changes in the markets and pass on feedback to ensure that important trends are identified early on.

Patricia Heidtman explains: "We want to create solutions that meet the global challenges." For the same reason, Sika has strategically merged the two areas of innovation and sustainability. New developments need not only be technologically advanced and long-lasting, they also have to help Sika and its customers achieve the sustainability targets set, in an environment with increasing regulations.

MORE SUSTAINABLE HIGHER-PERFORMANCE PRODUCTS

Sika's R&D units are increasingly focusing on developing more sustainable solutions that are manufactured using new types of raw materials and can be recycled. The motto is "Use less, Use better, Enable" – which means expanding the range of product technologies with optimized resource consumption and reduced waste generation. To ensure that new developments meet the stringent requirements involved, they are systematically checked and evaluated against twelve Sustainability Categories and six Performance Categories. To this end, Sika has implemented the Sustainability Portfolio Management framework. According to Patricia Heidtman, the concept makes product development more efficient and ensures that Sika invests its resources in projects with the greatest potential. As Chief Innovation & Sustainability Officer, she intends to drive the Sika Strategy 2028 forward and achieve the sustainability targets. "We are using innovative solutions to not only enhance short-term profits, but also create financial, environmental, and social value over the long term."

INNOVATION & SUSTAINABILITY



COLLABORATION AS THE KEY TO SUCCESS

How does Sika manage to consistently identify new trends early on and respond with innovative products?

It is a combination of our leadership position on technology, our ability to innovate, and our deep understanding of our customers' needs. Keeping a close eye on megatrends lets us pinpoint developments at an early stage. Our teams in the markets are close to customers, and quickly pick up on local trends. Working together with partners gives us access to new ideas and technologies. Additionally, we are continually working on new solutions in our own R&D units.

Innovation & Sustainability now form a combined pillar in our Strategy 2028 – are we seeing a paradigm shift?

Innovation and sustainability have always been closely linked for Sika. Now this connection is systematically being taken a step further. For us it is a logical development, given that we have been committed to sustainable solutions for years and have set ourselves ambitious net zero targets. Technologies that are advanced and environmental friendly inspire our customers, and help both them and us achieve sustainability targets.

What is Sika currently focusing on in R&D?

We want to extend our range of product technologies with proven sustainability performance on a step-by-step basis. Every new solution has to be optimized in terms of performance and sustainability. Formulations using alternative, resource-saving raw materials will be of increasing importance. We are also committed to our "Use less, Use better, Enable" principle, which means our solutions will stand out thanks to their optimized resource consumption and will result in less waste. Over the medium term, we intend to contribute to a breakthrough for the circular economy – using circular concepts such as our reCO2ver® concrete recycling.

"Sika cannot achieve net zero alone. Cooperation with suppliers and customers is an essential part of developing relevant solutions. Together, we can significantly accelerate the reduction of CO₂ emissions."

Patricia Heidtman, Chief Innovation & Sustainability Officer

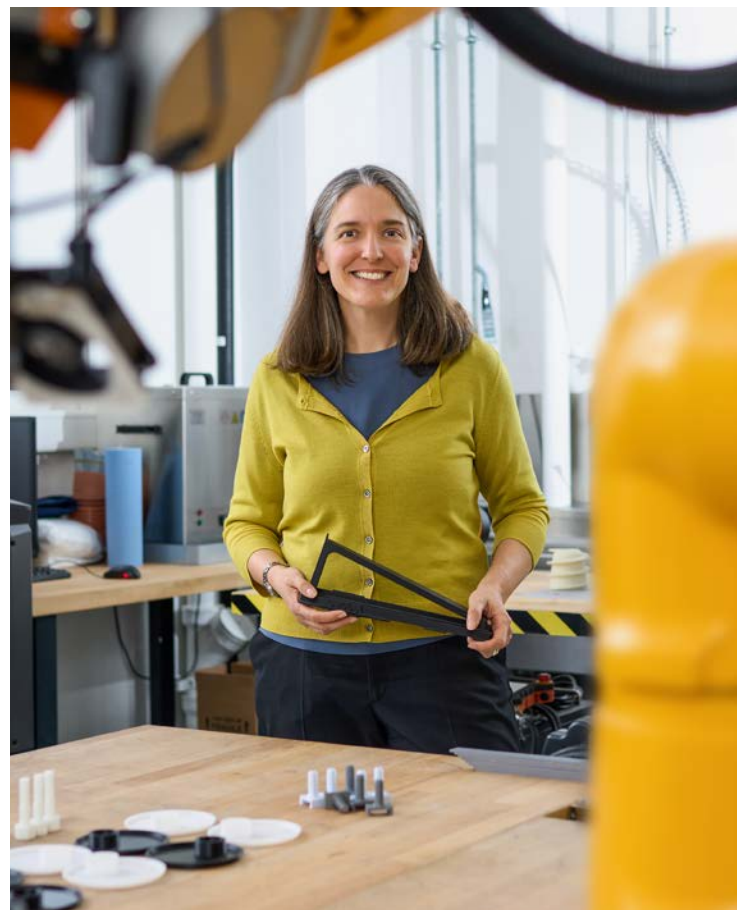
What is of special importance to you as Chief Innovation & Sustainability Officer?

There is no doubt in my mind that each and every one of us has a role to play in decarbonization, and also that the time is now. The path to net zero emissions is key – for the climate and for generations to come. This is why I am fully committed to ensuring that Sika continues on its path to net zero, and fulfills the sustainability targets set forth in Strategy 2028. To accelerate R&D processes and turn innovative ideas into a reality more rapidly, we will be increasingly focusing on digital technologies, artificial intelligence, and swarm intelligence. Sika cannot achieve net zero alone. Cooperation with suppliers and customers is an essential part of developing relevant solutions. Together, we can significantly accelerate the reduction of CO₂ emissions.



Read the full
interview online

Patricia Heidtman joined the company as a project manager in R&D in 1998. She transferred to the USA in 2000 as Sika's Group Leader R&D. After various other roles, among them as Corporate Technology Head Thermoplastics Systems, she was appointed Chief Innovation & Sustainability Officer and Member of Group Management in 2021.





SIKA SOLUTIONS – TO THE SKILLS SHORTAGE

Construction managers all over the world are facing a severe shortage of skilled labor. A potent remedy: quick and easy-to-apply solutions and technologies from Sika that enable optimal deployment of the available skills.



From Switzerland to the United States, the construction industry is facing serious shortages of skilled labor, the result of shifts in workforce demographics and younger people's employment preferences. In the USA alone, there is a shortfall of over half a million construction workers, which is slowing the completion of projects ranging from housing to infrastructure and hospitals. With one in four workers over the age of 55, the situation is only expected to get worse. Switzerland, too, faces a shortage of construction workers, especially those with specialized skills. According to the latest data, a foreman ranks fourth in the list of the most scarce skilled workers. Here, as in other countries, the situation requires immediate attention, as young people are underrepresented in the construction workforce and older workers can retire as early as age 60.

Sika's solutions can help mitigate this challenge. Its easy-to-apply products and technologies enable projects to be completed efficiently and on time, as well as allowing the construction planners to make effective use of the skills available. The trainings and certifications provided by Sika supports construction companies to upskill their workforce, making them better qualified and more versatile. Sika's products are also designed with an emphasis on health, safety, and reduced physical effort for application, which contributes to a reduction in lost time injuries and making the construction trade a more appealing prospect for young job-seekers.

CUTTING INSTALLATION TIME: SIKAFLOOR®-3000 SNAPBOOSTER

Developed for fast and efficient application, Sikafloor®-3000 Snapbooster heralds a paradigm shift in polyurethane flooring. When added to Sika's standard wear coat materials, the product enables extremely fast curing. The application process remains the same, but the curing process is greatly accelerated, enabling all the layers of the floor system build-up to be finished within a single day.

TAKING POLYURETHANE TO THE NEXT LEVEL: SIKA® PURFORM®

For decades, polyurethane sealants, adhesives, and floors have enabled the highest levels of performance, pushing beyond the limitations of silicones and other technologies in many industrial and construction applications. Sika® Purform® is a primerless adhesive that increases durability and eliminates the risk of stress cracking. Engineered to remove diisocyanate monomer content, Purform® adhesives, sealants, and floor products take polyurethane to the next level in terms of performance, sustainability, health, and safety.

RESISTING THE WEATHER: SIKALASTIC®-680 AP

Sikalastic®-680 AP is a quick-drying waterproofing membrane for concrete structures. Its benefits came to the fore in the construction of the metro in Bangkok, a tropical city where work is often governed by the weather, particularly heavy rain. It was used to water-

“In facing the growing construction labor shortage in the United States, we are helping our customers by providing them with our quick and easy-to-apply solutions.”

Mike Campion, Regional Manager Americas

proof the station roofs. Despite multiple interruptions, the product's efficiency of application enabled construction operations to always be completed to deadline.

REVOLUTIONIZING ROOFING: SARNAFIL® AT

Sarnafil® AT technology is a versatile membrane for sustainably designed, single-ply roofs. It offers the ultimate combination of durability, sustainability, and ease of application. Sarnafil® AT can be used in any climatic conditions across the globe and is certified silver overall under the Cradle-to-Cradle Certified™ Products Standard.

SIMPLIFYING TILING: SIKACERAM® AND SIKALASTIC®-260 STOP AQUA

SikaCeram® is a range of comprehensive, integrated systems of grouts and adhesives for ceramic and natural stone tiling, designed for ease of application as well as high performance. SikaCeram®-690 Elite fast tile grout, for example, accelerates the tiling process, minimizing the time the applicator has to wait before cleaning off excess grout so that the grout is walkable within only three hours. SikaCeram® is practical and beautiful, too: Installing the amazingly intricate and varied tiling on the Port of Leixões cruise terminal in Portugal, which had to resist seawater, temperature variations, and thermal expansion, would hardly have been feasible without this range of solutions. Another solution that accelerates tiling is Sikalastic®-260 Stop Aqua. Unlike traditional waterproofing mortar, which has to cure for several days before being covered with adhesive and tiles, Sika's product is applied as a liquid to create a waterproof membrane that allows tiling after only 90 minutes.

SIKA SOLUTIONS – ESSENTIAL FOR A SAFE WATER LIFE CYCLE

Clean water is an absolute necessity for the existence and prosperity of our world today. For decades, Sika has built a reputation as the leading expert in waterproofing, safeguarding water resources, and strengthening infrastructure resilience.

Worldwide, 2.3 billion people are affected by water scarcity. In contrast in the U.S. alone, 23 billion liters of drinking water are lost every day due to aging infrastructure. Moreover, around 80% of wastewater from both developed and developing countries is discharged untreated, posing significant risks to the environment and human health. Recognizing this urgency, countries around the world are now investing heavily in water security, with the USA allocating CHF 30 billion to this cause, followed by Saudi Arabia (CHF 19 billion), and India (CHF 16 billion).

SECURING THE WATER CYCLE

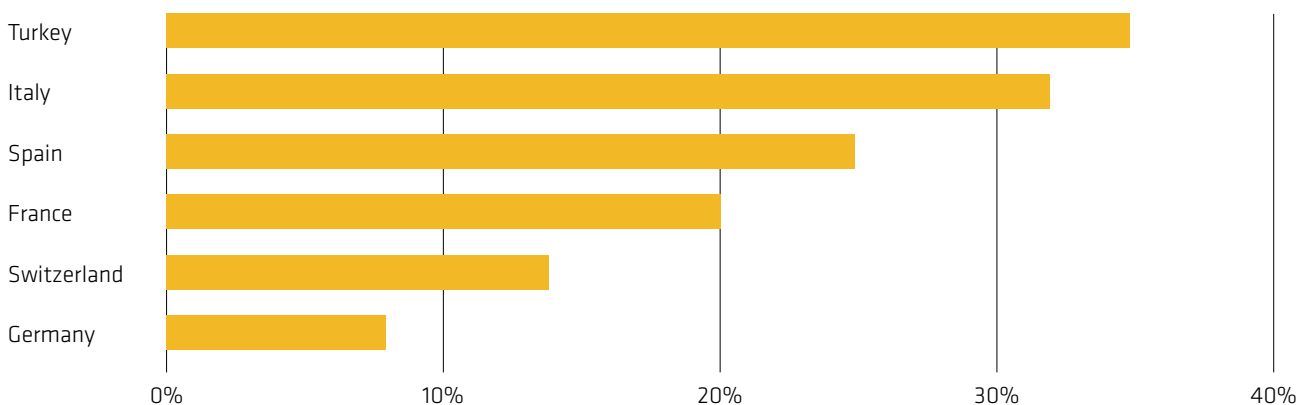
A key solution to this challenge lies in averting the loss and contamination of drinking water. Across Europe, many drinking water supply systems have been in operation for hundreds of years. Regular maintenance, especially of their waterproofing, is essential to prevent water loss. As an example, Sika was instrumental in the renovation of a century-old water tank in Olletas, Spain. This tank is critical as it provides the entire drinking water needs for the Málaga population. The renovation included a complete refurbishment of the tank's structure and its joints, as well as the installation of a new roofing system. Ensuring water quality

also hinges on safeguarding the concrete in the water reservoirs, which are expected to last more than 80 years. Recently, Sika provided a wide range of waterproofing and concrete admixtures, designed to reinforce and protect the new water plant in Aarau, Switzerland, from corrosion and chemicals. Sika was also involved in the construction of Santiago de Chile's water supply system, which provides 70% of the capital's drinking water needs.

PROTECTING THE ENVIRONMENT FROM WASTEWATER

When untreated wastewater is released into the environment, it leads to serious repercussions. When contaminants from residential areas and industrial facilities pollute a regional ecosystem, this not only damages the flora and fauna in these habitats, but also the source of clean drinking water for the affected population. As a response to this, Sika is offering a comprehensive portfolio to seal wastewater treatment plants, protect them from corrosion and chemical damage, and ensure that they are fit for long-term operation. In addition, Sika estimates an average annual growth rate of 5% by 2028 for investments in the construction of drinking water and wastewater facilities.

WATER LOSS IN SELECTED COUNTRIES



By refurbishing old water structures in these six countries alone, 8 billion cubic meters of drinking water could be saved annually. This would be the equivalent of 2.2 million Olympic-sized swimming pools.

Source: Sika analysis based on OECD and Roland Berger data

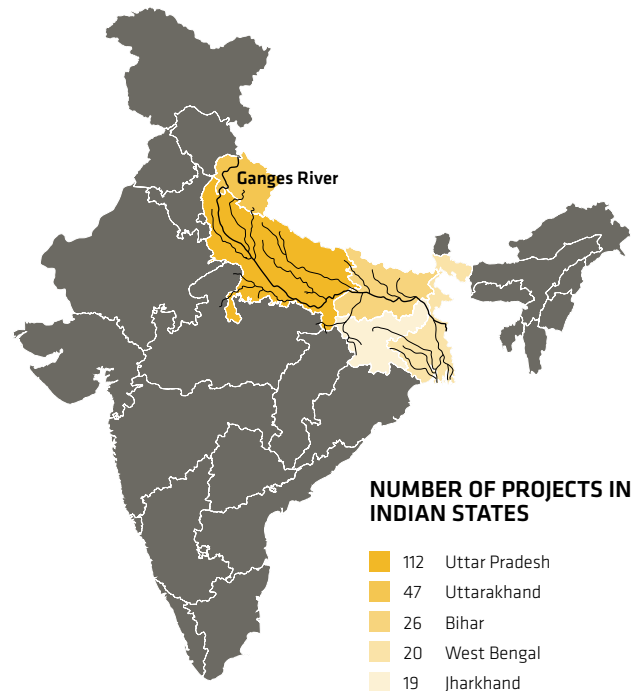
Aarau's reservoirs, built between 1899 and 1941, needed renovation and expansion to meet the future needs of this Swiss region. This led to the design of a modern reservoir with a projected lifespan of 80 to 100 years.

According to the United Nations, 80% of the world's wastewater is currently discharged untreated into the environment worldwide. In urban centers, the volume of wastewater is nearly double that of rural areas, as living standards and water availability have increased. In India, for example, 53 cities have a population of over one million people. In response to the country's rapid population growth and escalating industrialization, the Indian government has launched the Namami Gange program, investing CHF 2.75 billion in its wastewater network. This provided Sika the opportunity to restore the existing structures using products such as Sika MonoTop® and Sikagard®. The program includes more than 230 projects along the 2,600-kilometer stretch of the Ganges River. This initiative includes the construction and upgrade of wastewater treatment plants across India. As part of this program, three infrastructure projects with a combined capacity to treat 280 million liters of wastewater per day are being equipped with Sika systems to ensure their functionality.

The industrial sector also benefits greatly from Sika's offerings. The almost 30 km² Shanghai Chemical Industrial Park is one of China's largest corporate investments. However, the park's wastewater treatment plants have been experiencing problems with their acid-resistant tiles. The process of replacing them would have been time-consuming and costly. Sikagard®-7000 CR system was used to spray seal 12,000 m² of the wastewater treatment tanks, making them resistant to both moisture and chemicals. This product, together with the innovative Xolutec® technology, has been part of Sika's portfolio since the acquisition of MBCC.

Sika's approach to water protection sets new standards in the industry. By combining innovative technologies with a commitment to sustainability, Sika is not only addressing today's challenges, but also paving the way for future generations to have access to clean, safe drinking water.

NAMAMI GANGE PROJECTS





SIKA SOLUTIONS – SAVING SAND AND BUILDING A SUSTAINABLE FUTURE

In a world where population growth and urbanization spur constant construction, the demand for high-quality sand is at an all-time high. Sika has stepped up to this challenge with sustainable solutions.

Once thought to be limitless, sand is now a scarce resource. With an annual demand of 50 billion tons, twice the natural production rate, the need for sustainable alternatives is urgent. The sand demand has tripled in recent decades, and most of it is required by the construction industry to produce concrete. However, the type of sand used is very specific. The vast quantities of desert sand are unsuitable due to the fact that the grains are too fine and too round. As a result, the sand required is extracted from rivers, seabeds, and coastal areas, and transported over long distances to concrete manufacturers. Unfor-

tunately, this comes at a cost for the environment. Sand deposits are crucial, serving not only as protected biotopes for various species, but also as natural barriers that protect human habitats from erosion. According to the World Wildlife Fund, more than 70 countries around the world have banned the extraction of sand from riverbeds because of its negative impact on the environment. This has led to a decrease in the availability of high-quality sand and an urgent need to replace virgin sand in concrete production. For many years Sika has been developing solutions that allow the use of alternative sands in concrete and



its own mortars. This makes Sika's expertise in admixtures and additives more relevant than ever, as they facilitate the use of lower grade, recycled, or manufactured sand without compromising quality.

RECYCLING OF OLD CONCRETE AND MINE TAILINGS

As sustainable practices are being adopted to reduce environmental impact, recycling becomes increasingly important in the construction industry. One of the key advancements in this regard is the ability to utilize sand derived from recycling processes. This approach not only conserves natural resources but also reduces waste, contributing to a more circular economy in construction.

A prime example is Sika's reCO2ver® technology, which enables old concrete to be broken down into its original components: gravel, sand, and cement powder. As a result, the sand can be reused in the production of concrete and mortars, thus closing the loop in the material's life cycle. Moreover, a chemical reaction during this recycling process also permanently binds around 15 kilograms of CO₂ per ton of demolished concrete. By incorporating a mechanism for CO₂ sequestration into the concrete recycling process, Sika's technology adds an additional layer of environmental sustainability.

Another significant alternative to natural sand is available by means of mine tailings. With an annual global production of 30 to 60 billion tons, traditionally, most of this material has accu-

mulated into stockpiles, where it remains unused. Recognizing its potential, Sika has developed technologies to convert these mine tailings into alternative sand for high-quality building materials. This sustainable approach is already in place for Sika mortar production sites in China.

SHIFT TO ALTERNATIVE SANDS IN CHINA

China, home to the largest number of megacities in the world, continues to experience heightened construction activity. Because of this dynamic, Sika is rapidly advancing its efforts to replace virgin sand with alternative options in China, where it sells the largest volume of mortars annually. In 2021, Sika incorporated 5% of alternative sand in its production of mortars. This volume increased to 13% in 2023, with half of Sika's plants in China already contributing to this initiative. By 2028, Sika China's goal is to substitute 50% of its total sand requirements with alternative sand options.

BLUEPRINT FOR THE WHOLE WORLD

Sika's proven experience in China lays a solid foundation for global implementation. "Our focus is on the quality of mine waste rock, particularly heavy metal content," says Luz Granizo, Core Technology Head Cementitious Systems. To prevent any environmental contamination through reuse, the company is conducting rigorous analyses of potential materials worldwide. In addition, Sika evaluates the energy required to process recycled materials and waste streams as input materials. This ensures that the recycled materials meet the highest standards of environmental safety and sustainability.

RECYCLING SAND FROM CONCRETE MUD

Sika France has found another innovative approach where concrete mud – the unhardened waste concrete from trucks and factories – is collected and washed by recycling providers, separating virgin sand and gravel from the cement paste. The recycled sand obtained through this process is used by Sika to replace natural virgin sand in various mortar products, including tile adhesives, masonry mortars, and facade mortars. The substitution ratio varies from 20 to 90% while still achieving the same high quality and performance of the products.

This new approach not only provides an efficient recycling solution, but also helps alleviate environmental concerns. Traditionally, concrete mud has been landfilled or, in worse cases, dumped into rivers, raising pH levels and causing environmental damage. By diverting this material into the recycling stream, Sika is making a positive contribution to environmental protection and sustainability in the construction industry.

All these advancements are made possible thanks to Sika's century-long expertise in chemistry. Sika's know-how helps reduce the use of virgin sand both in its own mortars and in the concrete produced by its customers.



ACQUISITIONS
BEING STRONGER
TOGETHER



HOW SIKA CONTINUALLY CREATES VALUE

Acquisitions are part of Sika's DNA and a pillar of the company's growth strategy. Once Sika has carried out an acquisition, it develops the company further with the goal of making it even more successful.

Sika constantly monitors the market, looking for companies with a good strategic fit for the Group. Those firms that show up on the radar have to meet clear criteria: They complement Sika's technologies in a meaningful way, open up new geographic markets, improve market access, expand distribution channels, or facilitate access to new customer segments.

STRINGENT SELECTION PROCESS

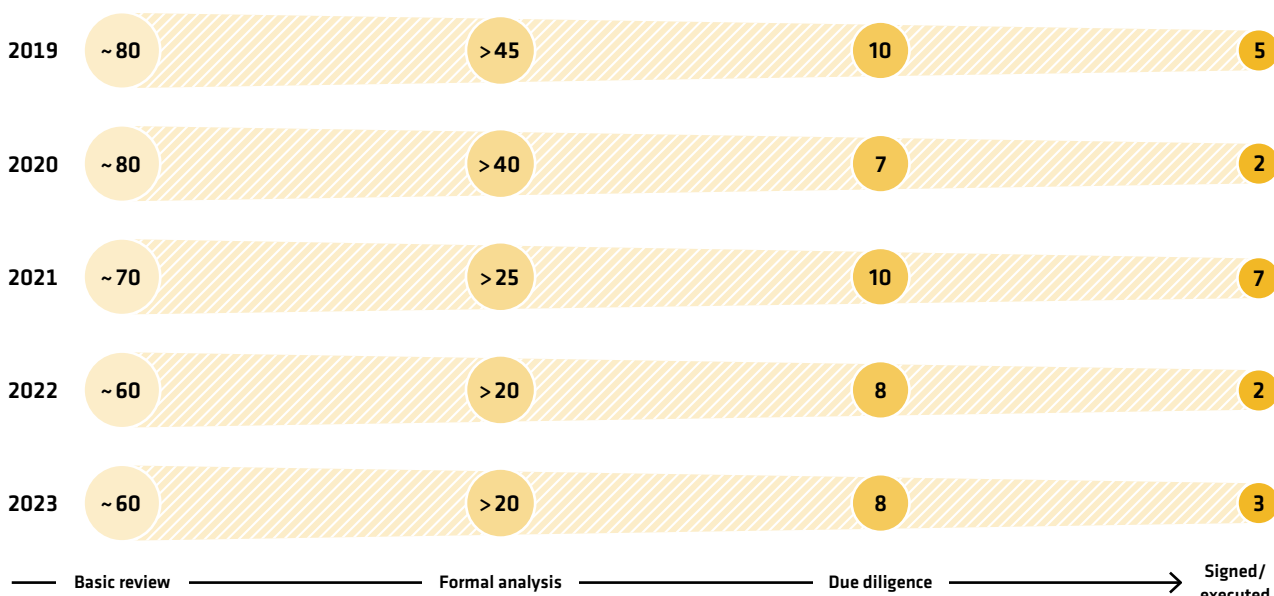
If the strategic fit is right, Sika analyses the underlying financials. And it is only if the financial parameters pass this assessment that Sika takes the acquisition process a step further. Of the roughly 60 to 80 takeover candidates assessed each year, only a small percentage make it through the multi-stage selection process. Between 2019 and 2023, Sika acquired 19 companies. MBCC and Parex were Sika's two largest acquisitions with sales of CHF 2.1 billion and CHF 1.2 billion respectively. Both companies were of key strategic significance and have strengthened Sika in a number of markets. Much more frequently than such major acquisitions, however, Sika carries out bolt-on acquisitions of small to mid-sized firms. In August 2023, for example, Sika agreed to purchase Peruvian mortar manufacturer Chema, with annual sales of around CHF 50 million. Sika will thus expand its position in the market for mortar products and strengthen

the distribution channel in Peru, thereby opening up exciting cross-selling opportunities. Although companies such as Chema are comparatively small, on balance bolt-ons make a substantial contribution to Sika's strong market position and the success of the company. For the most part, it is local and regional organizations that spot the potential of such firms for Sika. "Eight out of ten of these targets are suggested to us internally," confirms Matthias Bellwald, Head Corporate M&A.

SIKA THINKS LONG TERM AND CREATES VALUE

Sika is continually creating value through its M&A activities. "It is in our DNA," emphasizes Matthias Bellwald. "Our approach is the opposite of 'slash and sell': We think strategically and believe in the success of the companies we acquire." The goal is always a win-win situation that benefits both sides: Sika through access to new customers or technologies, and the acquired company through Sika's global market presence and R&D capabilities. This opens up new growth opportunities, which likewise enhance value, as does the more efficient use of organizational structures. According to Matthias Bellwald, many acquisition candidates appreciate Sika's long-term approach. "We place great importance on developing companies and their staff further, and are often supported in this, by the former owners." Especially in cases where company owners are looking for succession solutions, Sika can credibly demonstrate that it strives to maintain sites, cares about staff well-being, and is motivated by the success of both parties. "This has a positive effect on the takeover process and business development, and increases the value of the asset."

ACQUISITION M&A FUNNEL 2019–2023





Matthias Bellwald has been with Sika since 2010, first as Group Controller / M&A and later as Co-Head Corporate M&A. He has been Head Corporate M&A since 2019.



Read the full interview online

INTERVIEW WITH MATTHIAS BELLWALD, HEAD CORPORATE M&A

“A DUE DILIGENCE IS LIKE A MEDICAL CHECK-UP”

What are the key objectives of a due diligence?

It is comparable to the medical check-up that a professional soccer player has to undergo before moving to a new team. Due diligence is carried out for the same purpose: Before we acquire a company, we want to have checked all areas to make sure we are buying a strong, healthy company that fits us.

What criteria do companies have to meet for Sika to carry out an assessment?

First we check if the company is a good strategic fit and if the financial parameters meet our requirements. Then – and only then – do we take the acquisition process further. Our aim with acquisitions is to tap into new geographic markets, complement our technologies in a way that makes sense, improve market access, expand our distribution channels, and gain access to new projects or customers.

Does the due diligence also cover the EHS area (Environment, Health, Safety)?

Yes, EHS is very important and has become much more significant in recent years. First, experience has shown that this is where the biggest financial risks are. For example, soil contamination. Second, health and safety are areas that are heavily shaped by the company's values. We want to be sure that these values are compatible with Sika's core values.

Does this mean that a successful company will not be acquired if its values do not align with Sika's values?

Every acquisition must be analysed and considered as a whole. Values – like EHS – are an important part of the comprehensive assessment, since our goal is to integrate acquired companies as quickly as possible, also establishing our DNA in the process. That is easier when the corporate culture is similar to ours. Ultimately, all the elements have to be right for us on balance.

Only around 6–8% of companies make it through the multi-stage selection process to acquisition.

How does the process work, and who takes the decisions in the individual steps?

With our Acquisition Policy, we have set out a clearly structured process within the Group that defines the individual process steps and the responsibilities involved. All potential acquisition candidates, without exception, are subject to a thorough review before we acquire them. The decision as to whether or not we go ahead with the acquisition lies with the Group Management and/or the Board of Directors.

“Before we acquire a company, we want to have checked all areas to make sure we are buying a strong, healthy company that fits us.”

Matthias Bellwald, Head Corporate M&A

What are the most important insights gained from the acquisition of MBCC?

From my own personal experience, I can name two. First, it confirmed once again that M&A is teamwork. You need a well-functioning, proficient team – from top to bottom – that is completely aware of the individual steps and responsibilities involved in the process and is also ready to go the extra mile. Second, perseverance is a must. Acquisitions of this size and complexity always involve challenges. You have to have patience and consistently move forward. MBCC was well worth it. Shortly after the closing, we were able to increase our synergy expectations from the initial prediction of CHF 160–180 million to CHF 180–200 million.

A STRONG PLATFORM FOR FUTURE GROWTH

The recent acquisition of the MBCC Group positions Sika as the undisputed market leader in construction chemicals with a market share of 11%, more than double that of the next competitor. As Sika integrates MBCC's global footprint, exceptional brands, and high-performance products, the company is better positioned to address evolving customer needs and sustainability challenges.

Sika has a wealth of experience in integrating acquired companies. In the past ten years alone, the company has completed some 40 acquisitions, creating lasting value for employees, customers, and other stakeholders. But the acquisition of the MBCC Group is something special. Like Sika, the MBCC organization has a reputation for innovation and customer focus, but it also has a global footprint of manufacturing facilities, excellent brands with high-performance products, and strong distribution channels. MBCC's best-known brands include: Master Builders Solutions, PCI, Thermotek, and Watson Bowman Acme.

"The integration is a fantastic opportunity to enrich Sika's portfolio, access new markets, and enlarge our know-how and expertise. We are embarking on an exciting journey that will add value for both our employees and our customers."

Ivo Schädler, Head Construction

adds many more complementary products that allow Sika to offer even better solutions to reduce overall construction time, conserve water, or lower the carbon footprint.

MORE COMPREHENSIVE SOLUTIONS

Water scarcity is a growing concern in many parts of the world. With the integration of MBCC, Sika now has a complete offering for water infrastructure applications. The Sika MonoTop®, Sikalastic®, and Sikagard® ranges have been complemented by the best MBCC MasterSeal products, partly based on the Xolutec® technology. This technology is a crack-bridging membrane for reinforced concrete structures in challenging environments. In particular, it is resistant to biogenic sulfuric acid, making it a perfect choice for seamlessly sealing water treatment plants, biogas plants, and reservoirs. With the combined, comprehensive product range, Sika covers the requirements for all water infrastructure projects – from repair and rehabilitation to new construction.

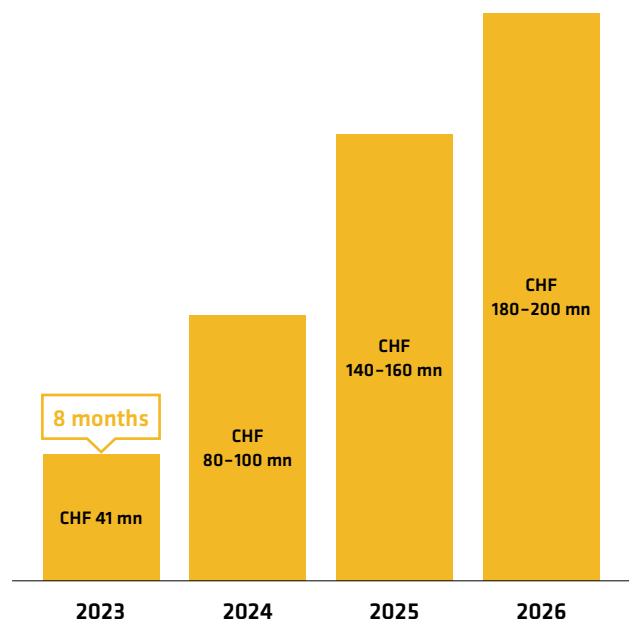
SYNERGY DEVELOPMENT – EXPECTED RAMP-UP UNTIL 2026

COMING HOME

MBCC has changed hands several times over the past decades. Now it was time for its employees to finally come home to a place where they belong to the core business. After careful preparation, the integration of MBCC into Sika began on May 2, 2023. Enthusiastic celebrations around the world underscored the value Sika places on the experienced and dedicated new colleagues who are now full members of the Sika family.

MULTIPLE DIMENSIONS OF SYNERGY

Sika and MBCC complement each other in terms of solutions, channels, geography, and supply chain. Only a few months after closing, it became clear that the opportunities for the combined businesses were even more promising than originally expected and the synergy target was raised by CHF 20 million to CHF 180–200 million. This amount will be generated in the following years through cost initiatives (65%) and through additional sales (35%), with the full amount expected to be achieved in 2026. Sika has an outstanding reputation for providing complete solutions for entire projects from a single source. MBCC



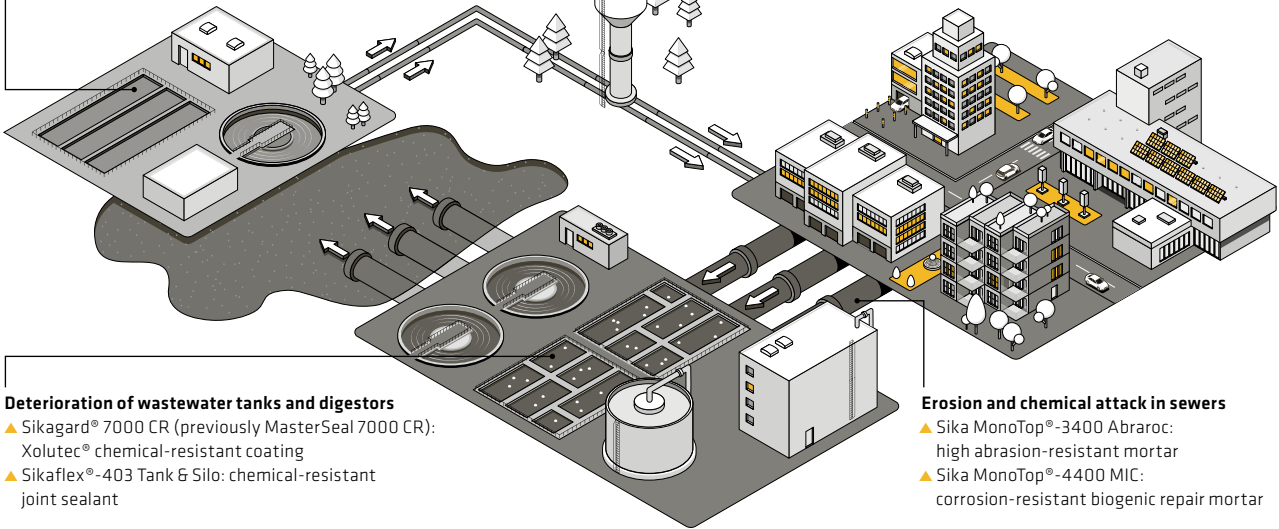
SIKA SOLUTIONS FOR WATER MANAGEMENT

Cracks in concrete and leaking joints of fresh water treatment plants

- ▲ Sikalastic®-6100 FX (previously MasterSeal 6100 FX): lightweight cementitious waterproofing membrane
- ▲ Sikadur-Combiflex® SG: joint sealing tape
- ▲ Sika Waterbar® FB-125: fully-bonded waterstop

Water leakage

- ▲ Sikalastic® M 689 (previously MasterSeal M 689): liquid-applied pure polyurea membrane
- ▲ SikaInject®-201 DE (previously TPH PUR-O-CRACK Plus): polyurethane waterproofing injection into concrete cracks



Deterioration of wastewater tanks and digestors

- ▲ Sikagard® 7000 CR (previously MasterSeal 7000 CR): Xolutec® chemical-resistant coating
- ▲ Sikaflex®-403 Tank & Silo: chemical-resistant joint sealant

Erosion and chemical attack in sewers

- ▲ Sika MonoTop®-3400 Abraroc: high abrasion-resistant mortar
- ▲ Sika MonoTop®-4400 MIC: corrosion-resistant biogenic repair mortar

GROWTH VIA IMPROVED CHANNEL ACCESS

Thanks to former MBCC's presence in distribution channels, Sika now has broader reach and channel access. For example, with PCI in German-speaking countries. The brand is known as a formidable tile setting product with a strong positioning in the distribution channel, where it generates 80% of its sales. Sika, on the other hand, did not have such a strong presence in tile setting materials, or in distribution in the DACH region. Acquiring PCI in the context of the MBCC acquisition is a valuable opportunity for Sika to pave the way for cross-selling of additional Sika products.

“We are grateful for the warm welcome we received from Day One. Being a part of the Sika family and driving the business forward together is highly motivating.”

Hendrik Heising, Head Global Operations & EHSQ and previously Chief Operating Officer at former MBCC Group

OPPORTUNITIES THROUGH THE EXPANDED GEOGRAPHIC FOOTPRINT

In many countries, the geographic footprint is highly complementary, providing opportunities for additional sales and synergy generation. In Japan, for example, Sika had admixture plants in Tokyo and Osaka, while MBCC had facilities throughout the entire country. With the newly expanded presence, Sika can improve logistical efficiency, expand the offering through cross-selling, and better tailor product formulations to the diverse needs of local construction projects. Another example is Mexico, where Sika had two plants manufacturing waterproofing solutions. Together with MBCC, Sika now has a total of six facilities, providing better coverage of the entire country and improved customer reach with the expanded product portfolio.

SYNERGY EFFECTS IN THE SUPPLY CHAIN

The first area of focus for synergy generation has been procurement. Initiatives aim to optimize Sika's material cost. They include harmonizing prices for identical raw materials or exploration of more cost-effective raw materials from alternate suppliers.

The integration of MBCC offers Sika further opportunities to improve operational efficiency and customer proximity. Region by region, the company will align its footprint with customer opportunities, optimize and automate, and increase the digitalization of the customer journey and support processes. Initiatives include site specialization to improve manufacturing efficiency or optimization of the warehousing and logistics footprint.

As the integration has successfully progressed over the year, Sika has proven time and again how well both companies complement each other. With a global footprint of more than 400 factories, and a broader range of solutions and technologies, Sika is the clear leader in helping customers reduce CO₂ emissions and driving sustainability improvements in the industry.



PEOPLE & CULTURE **BREAKING BOUNDARIES**



EMPOWERED LEADERSHIP AT ALL LEVELS

Sika's striving for leadership does not stop at market share or the quality of its products. Acknowledging that people are the heart of its success, the company builds everything it does on a culture of empowered leadership at all levels, embodied in the Sika Spirit.

The Sika Spirit is a set of values summed up in five management principles: Customer First, Courage for Innovation, Sustainability & Integrity, Empowerment & Respect, and Manage for Results. These guide the attitudes and actions of everyone in the organization, based on Sika's conviction that effective leadership drives engagement and innovation. Everyone, not just top management, is encouraged to foster this culture by demonstrating entrepreneurial leadership in their role.

STRATEGIC IMPORTANCE OF PEOPLE & CULTURE

Sika recognizes that its culture is one of its most important competitive advantages. Hence, "People & Culture" is one of the key pillars of Sika's Strategy 2028. The Sika corporate culture should create value for all stakeholders – not just employees but also customers, shareholders, suppliers, and communities.

PEOPLE METRICS: ENGAGEMENT RATE

Sika regularly monitors the satisfaction of its employees and the working environment. Engagement is a key metric, reflecting the fact that emotional and intellectual involvement is key to employees' contribution and their motivation to invest their energy. Studies show that engaged employees perform better. Sika conducted its first global employee survey in 2019 to assess employee engagement. Going forward, the company will be measuring this metric every second year. In pre-pandemic 2019, the engagement score was an exceptional 86 out of 100. Even with the

global uncertainty that has since ensued – and the fact that Sika now measures the engagement of a workforce of more than 33,000 as opposed to 18,800 in 2019 – the target of achieving an employee engagement rate of above 80 is exemplary by industry standards. It demonstrates Sika's aspiration to be the employer of choice, supporting its ability to attract and retain talent in a labor market where skills are in short supply.

REGULAR PULSE CHECKS

In connection with the integration of MBCC, Sika is also gathering feedback from employees in so-called pulse check surveys conducted every six weeks. They are addressed to both the original Sika organization and the people joining from MBCC. They indicate that the MBCC integration is on track, as well as revealing areas for improvement. The results confirm that Sika quickly creates a sense of belonging and empowerment, even among staff that are new to the organization.

DIVERSITY ON ALL LEVELS



INTERVIEW WITH RAFFAELLA MARZI,
HEAD HUMAN RESOURCES, LEGAL & COMPLIANCE

TAKING THE BEST OF BOTH SIKA AND MBCC



“Everybody, not just senior management, contributes to our leadership culture and the power of the Sika Spirit.”

Raffaella Marzi, Head Human Resources,
Legal & Compliance

Raffaella Marzi joined Sika ten years ago as Group Compliance Officer and Legal Counsel. In 2019, she assumed her current role as Head Human Resources & Compliance and has been a Member of Group Management since 2020. In 2023, she additionally took over the role as General Counsel and leads the Legal department.

**Sika’s aspiration is to be the employer of choice.
How do you plan to achieve this goal?**

By focusing on four areas: attracting and retaining the best talent that fit our culture; sustaining the Sika Spirit, which embodies our culture and values; enabling our people to grow and acquire the skills they need for the future; and driving engagement and commitment. All of this is impacted by the effectiveness of our leaders. Effective leadership drives engagement and creates a strong sense of belonging. Our success is reflected in the fact that people like to stay with us for a long time and unlock their potential. We strive to make them feel valued and empowered.



Read the full
interview online

What progress is Sika making in terms of diversity, and what are the future goals?

Every person is unique and we embrace and foster a diverse workforce in terms of gender, age, cultural background, and nationality. We are committed to providing equal opportunities for each employee and an attractive and inclusive working environment. Sika aims to have the same percentage of women represented at all levels of the workforce, right up to top management. The percentage of women is improving year on year. It is now 24.3% of the overall workforce. Our ambition is to steadily increase this ratio towards 30%.

How important is the topic of health and safety at Sika?

It is very important. We are investing in building an interdependent safety culture where we take care of each other. The goal is of course to have zero accidents and zero fatalities. We have training and initiatives to make this happen and to set an industry leading benchmark for safety excellence. This involves constantly asking ourselves how we can improve.

How do you consider the people factor in the process of integrating MBCC, the largest acquisition to date?

The people factor can make or break it. If people feel valued and are engaged, they will work for success. Teams collaborate and learn from each other. In my own team we work closely on all people-related projects to be able to consider concerns and views of employees, both from the MBCC and Sika organizations. The motto is “Take the best of the two worlds.”

TWO EXCELLENT TEAMS AT EYE LEVEL

Integrating 6,000 MBCC Group employees in more than 60 countries is a challenging task involving every area of the business. The integration is being driven forward at different levels by many leaders. They include Head IT Sika, Andreas Kissling, and Heike Scheckel, Head IT of the former MBCC Group, as well as Janett Lemus, Vice President Thermotek, and Benjamin Reynoso, General Manager Sika Mexico. They describe how they have experienced the last few months.

MULTI-FACETED IT INTEGRATION

The successful close of Sika's acquisition of MBCC in early May 2023 marked the starting point for the IT departments of both companies to start working together toward full integration. The collaboration between the teams headed by Heike Scheckel and Andreas Kissling had already begun during the due diligence phase, when the takeover criteria were being assessed. "At that time, within the IT Expert Team we developed a joint picture of IT at MBCC," explains Andreas Kissling. "This allowed us to carry out a risk assessment and gauge how complex the potential integration process would be and understand which opportunities the acquisition would offer."

PROMISING SYNERGY EFFECTS

IT integration plays a crucial role in the merger of two companies. It lays the foundation for all employees to be connected, and work together, taking the business forward. All units are fully focused on getting the best out of the two companies to achieve maximum success. When it comes to IT, there are synergies that need to be harnessed in many areas, through, for example, the largely identical application landscapes at the two companies, or the integration of previously outsourced services into Sika's IT teams, now strengthened with ex-MBCC colleagues. For the two managers, there is no question that the members of their teams are highly motivated. Heike Scheckel sees the similarities in the mindset as a huge positive. "Both IT teams are extremely committed and heavily focused on supporting the strategic goals of the business. Both teams

operate as equal partners and are well-versed in dealing with challenges."

OPENING UP PROSPECTS FOR NEW EMPLOYEES

In order to advance Sika's digitalization roadmap and introduce new technologies such as automation, analytics, or AI, Sika will need many skilled IT and process specialists also in the future. For Heike Scheckel, ensuring that former MBCC employees find a permanent position within the Sika organization is a top priority. As Andreas Kissling explains, the course has already been set: "For all IT staff of the former MBCC, we already have a joint understanding of where – i.e., in which Sika team – they can generate the most value."

A SUCCESSFUL START

The implementation of the integration plan has been taking place on a step-by-step basis since the closing at the beginning of May 2023. Naturally, both IT managers are hoping everything runs according to plan. Given the sheer dimensions of the undertaking, however, they are aware of the challenges that lie ahead. With their highly motivated teams, they will overcome these challenges, and no doubt many more.



THE KEY TO SUCCESS: OPEN DIALOGUE

Thermotek, a brand of the former MBCC Group, is the leading company for roof coating systems in Mexico. It became part of Sika in May 2023 in the course of the acquisition. Since then, Janett Lemus and Benjamin Reynoso have been working together closely. "Managing the daily routine while integrating the new business has been challenging," is how Benjamin Reynoso describes the last few months. "We have had to be on top of everything at all times. But that is precisely what we have managed to do very successfully."

OPEN AND HONEST DIALOGUE

How has this been possible? Above all, the two managers attribute the success of the integration process primarily to good communication. "We have open and honest dialogue," says Janett Lemus. "We collaborate as if we had been doing so for years." She finds that quite remarkable and believes that open dialogue is extremely valuable and one of the keys to a successful integration. The combination of the two organizations has also been a combination of two corporate cultures. For Thermotek, one of the challenges has been to acquire sufficient knowledge of Sika's organizational structure and integrate its employees into it. Benjamin Reynoso and his people gave the Thermotek team a clear picture of the new co-workers, culture, and expertise they would encounter at Sika, and helped solve any problems. "Conversely, there have also been cases where we have been able to provide help and advice," enthuses Janett Lemus about the successful exchange of experience.

JOINT DISTRIBUTION STRATEGY

The acquisition of Thermotek has significantly strengthened Sika's position in the Mexican distribution business. In recent months, one of the main tasks for Benjamin Reynoso and Janett Lemus has been to develop a detailed distribution strategy for the expanded organization. "Combining our offerings will enable us to increase our growth exponentially going forward," explains Benjamin Reynoso. Distribution partners that already stock the products of one company will in future also be adding the other's products to their range.

ONE COMPANY AFTER JUST TWO MONTHS

These are ambitious plans that both Janett Lemus and Benjamin Reynoso are very optimistic about, especially as they have recently notched up a special achievement. "Two months after the acquisition, we managed to set up a three-day sales conference where 70 of our people presented products and exchanged experiences," explains Janett Lemus enthusiastically. "The way our teams collaborated exceeded all our expectations. By the end of the conference, everyone involved felt that they were part of one and the same company," she relates proudly.



Read the full
interviews online



BUSINESS YEAR 2023 BUILDING UPON STRENGTHS



RECORD RESULTS FOR SALES, CASH FLOW, AND ADJUSTED EBIT

Sika can look back on a historic year. In 2023, not only did the company set a course for a successful future with its new strategy “Beyond the Expected”, it also closed the largest acquisition in the company’s history. Thanks to the acquisition of MBCC Group, Sika is moving to the next strategic growth level and positioning itself ideally for the future. Along with additional annual sales of CHF 2.1 billion and countless new innovations, 6,000 new employees have joined the company. Sika and MBCC complement one another extremely well. What emerges from the combination of the two businesses is an innovation leader and sustainability champion in the construction chemicals market, providing benefits to all stakeholders.

Overall, Sika maintained its profitable growth trajectory in 2023 even in a challenging economic environment, generating record sales despite high rates of inflation, rising interest rates, and strong currency depreciation. The total sales figure amounted to CHF 11,238.6 million, a rise of 7.1% in CHF. Almost all currencies lost considerable value against the Swiss franc, which led to a negative currency effect of -7.4% for the year as a whole. In local currencies, the result was a double-digit growth of 14.5%.

STRONG IMPROVEMENT IN MATERIAL MARGIN AND ADJUSTED EBIT MARGIN – RECORD CASH GENERATION

Sika managed to expand its material margin significantly to 53.6% in 2023 (2022: 49.4%), taking a decisive step on the road to margin recovery. Profit at EBIT level was influenced by various one-time effects. In the prior-year period, Sika recorded an extraordinary book profit of CHF 166.5 million from the sale of its European industrial coating business. At the same time, one-off expenses of CHF 78.3 million were incurred in 2022 in connection with the MBCC acquisition. In 2023, Sika booked CHF 131.5 million of acquisition and integration costs relating to this acquisition. When adjusted for these effects, Sika expanded its EBIT margin significantly to 15.0% (2022: 14.2%). Excluding the one-time effects, EBIT increased to CHF 1,680.6 million in the year under review (2022: CHF 1,491.5 million). On reported base, EBIT amounted to CHF 1,549.1 million (2022: CHF 1,579.7 million).

A significant increase was recorded in operating free cash flow, setting a new record of CHF 1,372.7 million (2022: CHF 865.2 million). The main drivers of this positive development were a rise in profitability, the focused management of working capital, and the normalization of inventory levels.

DOUBLE-DIGIT GROWTH AND MARKET SHARE GAINS IN ALL REGIONS

All regions performed well and contributed to Sika’s further growth and the systematic expansion of market share. This enabled Sika to deliver organic growth in 2023, in contrast to a negatively developing market.

LAUNCH OF NEW GROWTH STRATEGY 2028 WITH AMBITIOUS TARGETS

In the fall Sika unveiled the new Strategy 2028 “Beyond the Expected”, which builds on the success of the previous growth model. The roadmap envisages leveraging Sika’s leading market

position and innovative strength, setting the course towards even stronger company performance over the coming years. The annual growth target in local currencies has been lifted to 6–9%, with the profitability target increased to an EBITDA margin of 20–23%. The new growth strategy is based on the four pillars of Market Penetration, Innovation & Sustainability, Acquisitions, and People & Culture, and represents a balanced combination of financial and non-financial objectives.

DIVIDEND INCREASE

In view of the good results, at the Annual General Meeting to be held on March 26, 2024, the Board of Directors will be proposing to shareholders that the gross dividend per share be increased from CHF 3.20 to CHF 3.30 (+3.1%). Half of the dividend is to be paid from the capital contribution reserves. In absolute figures, Sika has been increasing its dividend year on year for the past 12 consecutive years.

OUTLOOK FOR 2024

For the current fiscal year, Sika is convinced that it will be able to successfully continue its strategy built on sustainable and earnings-oriented growth even in a challenging economic environment. With its innovative technologies, Sika is the partner of choice for many customers in the construction and industrial sectors. These sectors are being heavily shaped by the megatrend of sustainability, as well as by increasing automation, digitalization, and the rising demand for easy-to-apply products.

For the 2024 fiscal year, Sika is expecting sales growth in local currencies of 6–9% and again an over-proportional increase in EBITDA.

FACTS & FIGURES 2023

In 2023, Sika posted record results for sales and operating free cash flow. In a challenging environment, added value was generated for all stakeholders.

in CHF mn

NET SALES

11,238.6

+7.1%

EBIT¹

1,549.1

-1.9%

OPERATING FREE CASH FLOW

1,372.7

+58.7%

ROCE²

16.3%

per ton sold

GHG EMISSIONS PER TON SOLD
(SCOPE 1 AND 2)

-4.4%

Water consumption -12.2%

Waste -2.5%

Employees 33,547
+21.1%

Share of women in
Sika workforce 24.3%

Share of women in
Group Management 25.0%

Lost Time Accidents
per 1,000 FTEs 5.4
-23.9%

Acquisitions 2+³

New/expanded factories 4

New patents 108

Inventions 188

Employees in R&D 1,780

Global Technology Centers 18⁴

1 Acquisition-adjusted EBIT in 2023 was CHF 1,680.6 million.

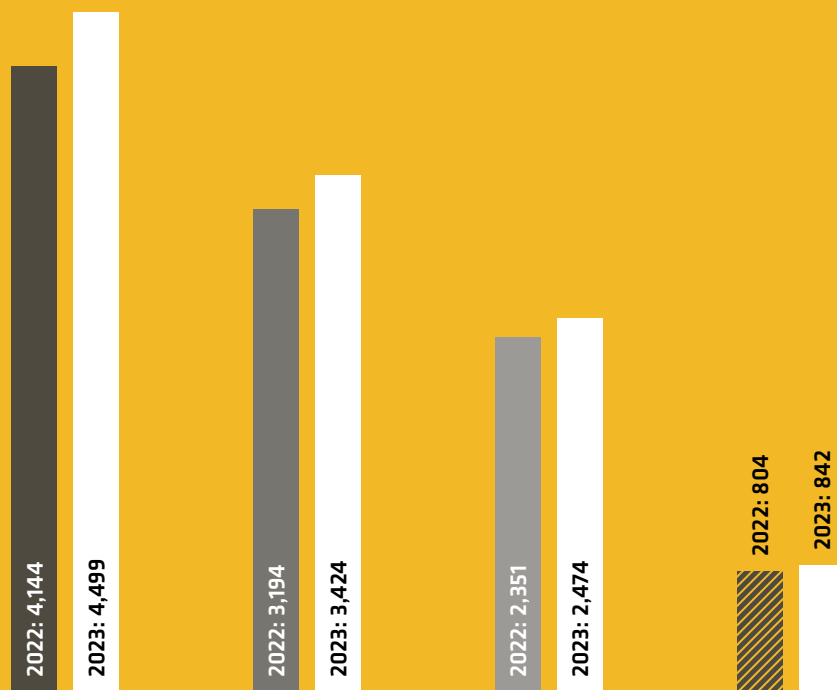
2 Adjusted for acquisitions, ROCE in 2023 was 23.5%.

3 Besides the two acquisitions, Sika has signed an agreement to acquire Chema, Peru. The closing of the acquisition is targeted for 2024.

4 In 2023, Sika reorganized its network of R&D facilities. Therefore, there has been an adjustment in the number of Global Technology Centers compared to the previous year. MBCC's facilities are included in the scope.



NET SALES IN CHF MN



	EMEA	AMERICAS	ASIA/PACIFIC	GLOBAL BUSINESS
Growth in local currencies	14.8%	14.9%	15.1%	10.0%
Currency impact	-6.2%	-7.7%	-9.8%	-5.3%
Acquisition effect	15.7%	16.2%	9.7%	0.0%
Organic growth	-0.9%	-1.3%	5.4%	10.0%
Employees	14,389	7,991	8,198	2,190

DOUBLE-DIGIT SALES GROWTH IN LOCAL CURRENCIES ACROSS ALL REGIONS WITH A STRONG CONTRIBUTION FROM MBCC

Despite challenging market conditions, Sika achieved double-digit growth in all regions. High inflation rates and a substantial rise in interest rates weighed on the construction industry. Despite these headwinds, Sika continued to grow organically and further expand its market share.

REGION EMEA

In early 2023, Europe faced economic difficulties and a general slowdown. Over the year, the euro weakened significantly against the Swiss franc, ending the year 6% lower than in 2022. Further afield, the Turkish lira dropped 42%. Rising inflation rates led central banks to increase interest rates, which had a significant impact on the economy.

The European construction market contracted by 3.3% in 2023, while the market in the Middle East and Africa expanded by 3.8%. The economic downturn in Europe particularly affected the residential and retail sectors. However, there was a notable increase in infrastructure investments and renovation projects during this period, particularly in Eastern Europe. In 2024, Africa's construction market is expected to grow further, led by Ethiopia, Egypt with high-single-digit growth rates, and Kenya with a mid-single-digit percentage. In the Middle East, the market is forecast to continue to grow with Saudi Arabia and the United Arab Emirates, with mid-single-digit growth rates.

REGION EMEA SALES GROWTH IN LOCAL CURRENCIES

+14.8%

For Sika, the EMEA region (Europe, Middle East, Africa) reported a sales increase in local currencies of 14.8% (previous year: 8.3%). The countries of the Middle East and Africa recorded strong growth rates, while France, Spain, and Portugal also developed positively. Sika benefited from economic subsidy programs and from investments aimed at saving energy in buildings as well as the booming area of e-mobility. Once again, business activity was subdued in Germany and Northern Europe. The positive trend of increased infrastructure and commercial construction projects in the EMEA region continued in the fourth quarter. The distribution business also recorded slight growth compared to 2022.

Sika made further investments in the EMEA region. These include a 30% stake in Concria Oy, a Finnish start-up which is developing innovative solutions for cementitious floors that provide a wide range of advantages for construction companies, architects, and building owners. Sika's global network and the complementary product portfolio provide an attractive growth platform for both companies.

In addition, Sika commissioned a new production facility for shotcrete accelerators in Kirchberg at the end of the reporting year, thereby investing in the expansion of manufacturing capacities in its home market Switzerland. This high-performance technology is used in tunneling in particular, as well as in excavation stabilization.

REGION AMERICAS

Despite tighter monetary policies aimed at mitigating inflation, GDP growth in the USA still managed to accelerate to 2.9% year-over-year in real terms, while Canada's economy has remained resilient despite financial challenges. Latin America, excluding Argentina and Venezuela, saw declining inflation, with Brazil expecting growth from fiscal stimuli.

The US Infrastructure Investment and Jobs Act and the Inflation Reduction Act continue to spur a wave of infrastructure projects across the country, including bridges, roads, water systems, and airport upgrades, as well as increased investments in manufacturing facilities and data centers. The initiatives to move manufacturing back to the region also lead to Mexico experiencing an upswing of investments in this sector. However, an increasing shortage of specialized labor has weighed heavily on construction activity in the USA, with negative implications for the broader construction economy. In 2024, the construction industry in North America is expected to grow at a low-single-digit rate.

REGION AMERICAS SALES GROWTH IN LOCAL CURRENCIES

+14.9%

For Sika, the Americas region achieved a 14.9% increase in sales in local currencies (previous year: 27.5%). Rising rates of inflation, high interest rates, and an increasing shortage of specialized labor weighed on construction activity in many markets, with the corresponding negative impact on the wider construction economy. The US construction economy benefited generally from infrastructure projects, supported by state subsidy programs and projects in the context of reshoring production facilities to the USA. Latin America also contributed to the rise in sales with solid growth.

In July of last year, Sika completed the takeover of Thiessen Team USA, a manufacturer of shotcrete and mortar products for the US mining sector. This company supplies mining companies in the west of the USA, which among other things supply the growing e-mobility industry with critical minerals. The takeover offers significant cross-selling potential and strengthens Sika's position in the US mining sector. Investments were also made in the expansion of manufacturing capacities at the Sealy site in the US state of Texas, while production was increased in the USA and Canada due to rising demand for concrete admixtures.

REGION ASIA/PACIFIC

In 2023, the economic environment in Asia/Pacific presented a mixed array of results. China's GDP slowed to 5.0% in real terms, marked by a decline in services and industrial production. This slowdown, coupled with increased US restrictions on technology exports, led China to widen its budget deficit for reconstruction efforts. In contrast, India's economy experienced robust growth, driven by government investments. Despite some moderation in the manufacturing and services sectors, it remained one of the most resilient economies in Asia. Indonesia, the largest economy in Southeast Asia, had its weakest GDP growth in two years (5.0%) due to lower domestic demand. However, signs of stabilization emerged, supported by government spending.

The construction industry in China has faced many challenges due to the ongoing real estate crisis affecting the residential sector, but still managed to grow by 6.5% in real terms. Conversely, India experienced a favorable environment with a surge in infrastructure projects, including airports, bridges, and tunnels, which led to a 9.6% growth rate in real terms. In 2024, the construction market in Asia/Pacific is expected to continue expanding, with the Philippines, Bangladesh, and India projected to have the highest growth rates in the region.

REGION ASIA/PACIFIC SALES GROWTH IN LOCAL CURRENCIES

+15.1%

For Sika, sales in the Asia/Pacific region rose by 15.1% in local currencies (previous year: 14.8%). In China, Sika recorded double-digit growth in its distribution business, while project business declined slightly. Sales in Japan increased, and double-digit growth rates were achieved in the growth market of India. Busi-

ness in Indonesia, Thailand, and the Philippines was characterized by increasing positive momentum.

In June, Sika opened a new factory in Kharagpur in the east of India, thereby expanding its production capacity in this densely populated country that represents an important market for the future. The factory will produce mortar products, concrete admixtures, and shotcrete accelerators for customers in the West Bengal region, which is home to more than 100 million inhabitants. Moreover, Sika opened a state-of-the-art Technology Center in Suzhou, China, in the fourth quarter. The primary focus of activities is on the development of sustainable and high-performance technologies with which Sika makes a key contribution to the transformation of the construction and automotive industries. In the future, the new Technology Center – the second-largest in the Sika Group – will be used to focus even more on developing products and solutions tailored for the local market.

GLOBAL BUSINESS

In 2023, global vehicle production saw a 9% rise, reaching a total of 90 million vehicles. In North America, the production volume of new vehicles increased by 9% year-on-year, exceeding market forecasts. This increase occurred despite the temporary disruption caused by the United Auto Workers strike in the USA. The Chinese automotive market grew by 9% after a strong second half of the year. In addition, the electric vehicle market in China grew at a double-digit rate. Domestic manufacturers also increased their market share to 55% (2022: 47%).

GLOBAL BUSINESS SALES GROWTH IN LOCAL CURRENCIES

+10.0%

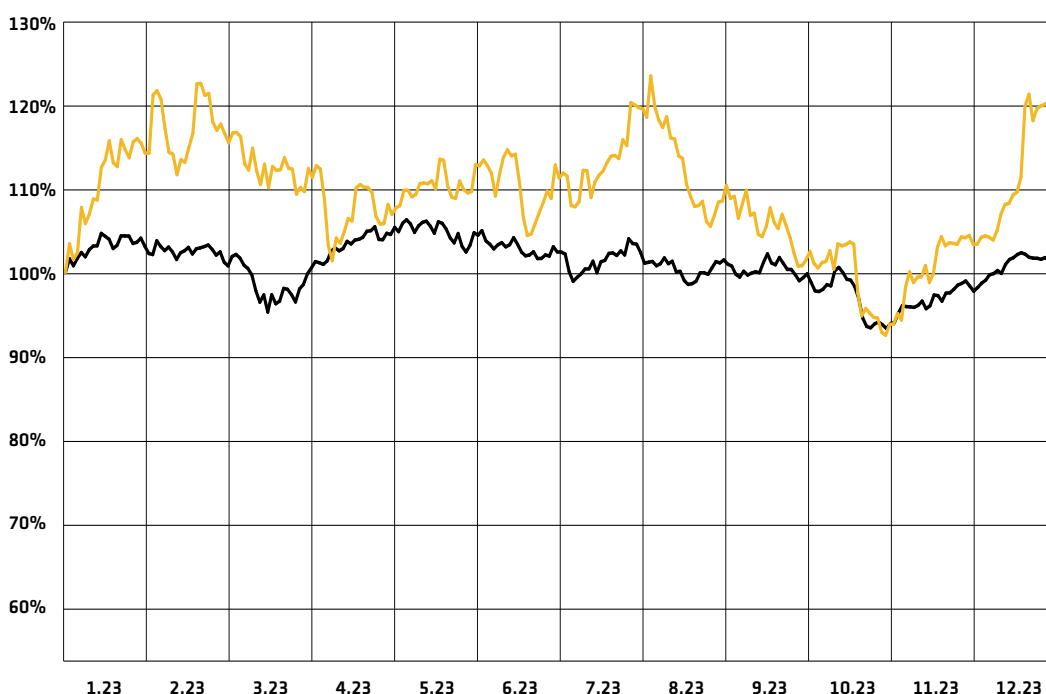
In the Global Business segment, Sika achieved growth in local currencies of 10.0% (previous year: 22.2%). This increase is primarily due to robust demand for new vehicles, particularly electric vehicles, along with the normalization of supply chains. The automotive sector strike in the USA, as well as the decline in business not related to the automotive industry, had a negative effect in the final quarter of last year. Sika is continually expanding its range of innovative solutions for battery systems. These include, for example, heat-conducting adhesives for the latest generation of battery-driven electric vehicles. Sika received a record number of new orders in the automotive business in the 2023 reporting year. The supply orders acquired will generate sales growth in the medium term and will ensure that the automotive business continues to perform well.

THE SIKA SHARE

In a slightly positive overall market, the Sika share held its ground despite high inflation and persistently high interest rates. Toward the end of the year, the share price increased further. Shareholders, increasingly focusing on quality stocks and growth, made use of first-time buying opportunities. Over the year as a whole, the SMI gained a modest 1.5%, while the Sika share posted an increase of 20.3%.

SIKA VS SMI

1.1.2023–31.12.2023



+20.3%

With an increase of +20.3%, the Sika share price outperformed the SMI index.

CHF 273.70

Closing price of the Sika share at the end of 2023

Sika share
SMI

GLOBAL SHARE INDICES

in %	2023
SMI	+1.45
DAX	+19.07
Dow Jones	+13.74
Nikkei	+30.13
Sika share	+20.25

STOCK EXCHANGE RATIO SIKA

in CHF	2023
Market capitalization as at 31.12.2023 in CHF bn	43.9
Yearly high	279.00
Yearly low	211.20
Year-end	273.70
Dividend 2022	3.20
Dividend 2023 ¹	3.30
Earnings per share (EPS) ²	6.82

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 Americas
With Sika for 26 years
in Asia and the USA

IVO SCHÄDLER

Head Construction
With Sika for 27 years in
Switzerland and the UK

PATRICIA HEIDTMAN

Chief Innovation &
Sustainability Officer
With Sika for 26 years in
Switzerland and the USA

THOMAS HASLER

CEO
With Sika for 35 years in
Switzerland and the USA



FROM LEFT TO RIGHT

ADRIAN WIDMER

CFO
With Sika for 17 years
in Switzerland

RAFFAELLA MARZI

Head Human Resources,
Legal & Compliance
With Sika for 10 years in
Switzerland and Italy

CHRISTOPH GANZ

Regional Manager EMEA
With Sika for 28 years
in Switzerland, France,
and the USA

PHILIPPE JOST

Regional Manager
Asia/Pacific
With Sika for 27 years
in the USA and Switzerland

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

CEO

Thomas Hasler

COMMUNICATION & IR

Dominik Slappnig

PROCUREMENT & SUPPLY CHAIN

Marcos Vazquez

OPERATIONS & EHSQ

Hendrik Heising

AUTOMOTIVE & INDUSTRY

Morten Muschak

AMERICAS

Mike Campion

ASIA/PACIFIC

Philippe Jost

EMEA

Christoph Ganz

CONSTRUCTION

Ivo Schädler

FINANCE

Adrian Widmer

HR, LEGAL & COMPLIANCE

Raffaella Marzi

INNOVATION & SUSTAINABILITY

Patricia Heidtman

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.

ACHIEVING GREAT THINGS TOGETHER

Sika's Strategy 2028 inspires teams worldwide to passionately make the extraordinary possible. The strategy sets the course, but it is the people who set out on the journey to carry the Sika Spirit into the world. Every day more than 33,000 employees work to achieve our ambitious goals and inspire our customers with their passion and expertise. Working in a culture of collaboration and an environment built on trust, they launch initiatives and deliver projects that underpin Sika's sustainability ambitions and achieve results that surpass expectations.

We at Sika South Africa have achieved a seamless integration of the local MBCC team, building a collaboration that goes beyond typical business interactions. The new alliance is based on teamwork, knowledge sharing, and mutual support.



The laboratory team in Peru consists of highly qualified professionals from various scientific disciplines. We focus on innovative and sustainable research and development.

We at Sika Pakistan care for and support each other every day. Our mission is to provide customers with value-added products and application knowledge, while enhancing their business growth.





We at Sika Mexico are deeply committed to contributing to a sustainable environment. Our focus is to develop high-performance products with minimal environmental impact.

At Sika Brazil we are committed to reducing waste and water consumption. Thus, we actively involve teams from production, from the laboratory side, and from sustainability to find innovative solutions.



Our team at Sika Saudi Arabia excels at combining individual strengths and fostering open communication. We cultivate a culture of mutual respect and support, consistently achieving significant milestones and setting higher standards of excellence.



At Sika Uruguay, we work to enhance the brand and maintain our market leadership position. Our focus is on expanding into new areas and attracting new customers.

In our operations team in Sika Malaysia, we are proud of ensuring the production of high-quality Sika solutions. Together, we use our expertise to drive innovation, efficiency, and excellence in line with Strategy 2028.



This year, our team-building event at Sika Senegal focused on “Customer Centricity”. It emphasized the importance of understanding and prioritizing customer needs, experiences, and satisfaction.

This year, our biggest highlight at Sika Oman has been the integration of MBCC. We have held team-building activities to learn from each other and have developed a strong and efficient team which makes the foundation stronger than ever. Together we are Sika!



During the Day One event in Shakopee, Minnesota, Sika and former MBCC Group employees gathered for a team meeting to get to know each other, celebrate, and enjoy lunch together.





Our expert team for renewable energy at Sika China has successfully gained new business in onshore and offshore wind power. We are proud to contribute to Sika's strength in building a sustainable future.



Sixty managers from our Sika Germany operations division came together for workshops and discussions to develop plans and initiatives to improve efficiency and collaboration.



We have a great team spirit at the Birr logistics center in Switzerland. We foster open communication and always help and support each other. Our positive atmosphere is strengthened by team events such as this year's eBike excursion.



The 10th annual Sika Cycle event in the UK, originally born out of enthused and committed employees, embodies the company's core values. 180 participants from the UK, Ireland, and Europe gather to conquer various challenging routes. The event, which invites customers to experience Sika's corporate culture, successfully combines fundraising with the love of cycling.

In 2023, we established an annual tradition known as Safety Week in Sika Tanzania. The event includes a series of educational seminars, health screenings, and an award for the employee who best exemplifies safety standards.



By supplying cutting-edge solutions, Sika Egypt is playing a pivotal role in advancing the construction and development of Sokhna Port, a major logistics gateway in Egypt. Our specialized knowledge and innovative products significantly contribute to the port's durability and effectiveness.

All our teams at Sika Colombia work closely together to provide the best possible customer service and achieve the best results. Our team spirit makes everything possible.



We at Sika Qatar focused on team-building activities to foster collaboration and high employee engagement among sales and management staff.

Sika France employees organized a special two-day onboarding program. Designed to let our interns discover the company and introduce them to Sika's values and corporate culture.



KEY FIGURES AT A GLANCE

	2022	2023	Change in %
Key figures	in %/in CHF mn		
Net sales Group	10,491.8	11,238.6	+7.1
Operating profit (EBIT)	1,579.7	1,549.1	-1.9
EBIT margin	15.1	13.8	-
Net profit	1,162.5	1,062.6	-8.6
Net profit margin	11.1	9.5	-
Operating free cash flow	865.2	1,372.7	+58.7
Operating free cash flow (as % of net sales)	8.2	12.2	-
ROCE (in %)	21.6	16.3 ¹	-
Key data balance sheet	in %/in CHF mn		
Balance sheet total	11,319.2	15,050.7	+33.0
Equity ratio (in %)	43.9	39.4	-
Net working capital (as % of net sales)	18.3	19.1	-
Net debt	2,051.6	5,219.7	+154.5
Key data per share	in %/in CHF		
Basic earnings per share (EPS)	7.57	6.82	-9.9
Diluted earnings per share	7.29	6.65	-8.8
Dividend	3.20	3.30 ²	3.1%
Payout ratio	42.3	49.9 ³	-
Employees			
Number of employees	27,708	33,547	+21.1
Average training per employee (in hours)	13.4	12.5	-6.6
Lost Time Accidents (LTAs)	209 ⁴	180	-13.9
Lost Time Accidents per 1,000 FTEs	7.1 ⁴	5.4	-23.9
Environment			
Waste (kg per ton sold)	10.8	10.6	-2.5
Waste recycling rate (in %)	40.4	43.4	+7.5
Water consumption (m ³ per ton sold)	0.24 ⁵	0.21	-12.2
Energy intensity (MJ per ton sold)	315.5	295.8	-6.2
Purchased renewable electricity rate (in %)	62.7	55.6	-7.0 p.p.
GHG emissions (scope 1 and 2, in 1,000 tons of CO ₂ eq) ⁶	230.6	245.4	+6.4
GHG intensity (in kgCO ₂ eq/per ton sold) ⁶	16.4	15.7	-4.4
Community engagement			
Voluntary work (in days)	2,595	7,953	+206.4
Community engagement projects	406	582	+43.3
Number of direct beneficiaries	53,666	126,705	+136.1

1 Adjusted for acquisitions, ROCE in 2023 was 23.5%.

2 Pursuant to proposal to Annual General Meeting.

3 Corresponds to the maximum possible distribution amount assuming potential exercise of all conversion rights.

4 2022 figures related to LTAs and related KPIs have been revised upwards to take account of the incorrect classification of three incidents identified after publication.

5 Water indicators for 2022 have been restated due to a stricter application of internal reporting rules for groundwater volumes withdrawn used for cooling processes in one factory.

6 Market-based emissions.

FINANCIAL CALENDAR

56TH ANNUAL GENERAL MEETING

Tuesday, March 26, 2024

DIVIDEND PAYMENT

Wednesday, April 3, 2024

NET SALES FIRST QUARTER 2024

Tuesday, April 16, 2024

HALF-YEAR REPORT 2024

Tuesday, July 30, 2024

CAPITAL MARKETS DAY

Thursday, October 3, 2024

RESULT FIRST NINE MONTHS 2024

Friday, October 25, 2024

NET SALES 2024

Tuesday, January 14, 2025

FULL-YEAR RESULT 2024

Friday, February 21, 2025

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Sika is a specialty chemicals company with a globally leading position in the development and production of systems and products for bonding, sealing, damping, reinforcing, and protection in the building sector and automotive industry. Sika has subsidiaries in 103 countries around the world and, in over 400 factories, produces innovative technologies for customers worldwide. In doing so, it plays a crucial role in enabling the transformation of the construction and vehicle industries toward greater environmental compatibility. With more than 33,000 employees, the company generated sales of CHF 11.2 billion in 2023.

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.