

SIKA GROUP

EQUITY RESEARCH REPORT

Hedge Funds Division

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General Introduction

Sika AG is a globally leading specialty chemicals company headquartered in Baar, Switzerland, renowned for delivering innovative solutions in the construction and industrial sectors. With operations in over 100 countries and more than 33,000 employees, Sika develops and produces systems and products for bonding, sealing, damping, reinforcing, and protecting structures. The company's vertically integrated business model – from raw material sourcing to global distribution – supports end-to-end customer value creation. Sika's dual-focus strategy on construction and automotive applications positions it as a critical enabler of modern infrastructure and sustainable building technologies.

Company Overview

Sika's product portfolio spans five core segments: concrete admixtures, mortars, sealants and adhesives, roofing systems, and flooring solutions. These offerings support key application areas across construction and industrial sectors, such as structural integrity, waterproofing, insulation, and surface finishing. With a global market share of approximately 11% in the construction chemical sector and leading positions in concrete admixtures and sealants, Sika has fortified its presence through strategic acquisitions like MBCC Group and targeted R&D investments – typically around 3% of sales. Its diversified product lines, innovation-driven approach, and resilient supply chain provide strong competitive moats.

Company History

Founded in 1910 by Kaspar Winkler, Sika began with a pioneering waterproofing product used in the Gotthard Tunnel in Switzerland. Since

then, the company has evolved into a multinational enterprise listed on the SIX Swiss Exchange. Over the past two decades, Sika has significantly expanded its footprint through acquisitions, such as Parex (2019) and MBCC (2023), reinforcing its global leadership in construction chemicals. Sika's growth has been guided by innovation, sustainability, and operational excellence, aligning with long-term megatrends in infrastructure, urbanization, and climate adaptation.

Recent Developments

In Q1 2025, Sika achieved CHF 2.68 billion in sales (+1.9% YoY in CHF), driven by 0.9% organic growth and 1.0% acquisition impact (*Exhibit N° 01*). Major developments include the acquisition of Elmich (Singapore), Cromar (UK), and HPS (USA), expanding Sika's footprint in green roofing, waterproofing, and building finishing solutions. Additionally, the company launched new plants in Singapore, China, Ecuador, and Kazakhstan, underlining its aggressive expansion into emerging markets. These moves are part of Sika's Strategy 2028, which targets sustainable, profitable growth through innovation, operational efficiency, and environmental leadership.

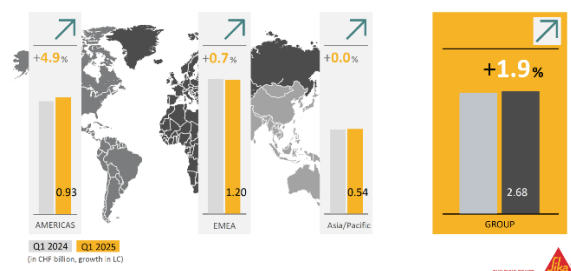


Exhibit N° 01; Q1 2025 Sales by Region (page 4, "SIKA Q1, 2025.pdf")

Industry Outlook

The construction chemicals and specialty materials industries are both on compelling



long-term growth trajectories, reinforced by megatrends such as climate change mitigation, urban densification, circular economy policies, and digitalization. Sika, as a vertically integrated specialist, is exceptionally well-aligned with these developments and is poised to outperform the broader construction materials market.

1. Structural Demand Drivers in Construction Chemicals

The construction chemicals industry is experiencing a secular shift, characterized by growth that consistently outpaces that of the broader construction sector. This outperformance is largely driven by the increasing adoption of high-performance, value-added solutions across global markets. Data presented in Sika’s Strategy 2028 presentation illustrates this phenomenon through a penetration index, which shows a 2.5 to 4 times increase in market adoption of construction chemicals between 1990 and 2050 (Exhibit N° 02). Underlying this shift are macro trends such as climate resilience, infrastructure modernization, and a growing focus on green building certifications like LEED and BREEAM. These dynamics position specialty products – including waterproofing membranes, advanced admixtures, and energy-efficient roofing systems – as indispensable components in modern construction, especially in both new builds and retrofit projects.

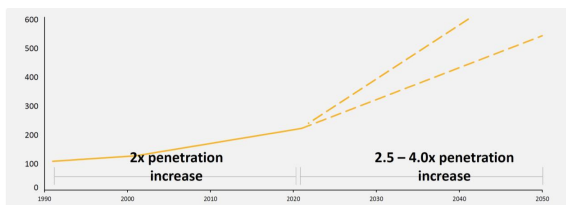


Exhibit N° 02; Construction chemicals penetration (1991 = 100) (Slide 6, “STRATEGY 2028 – Beyond the Expected”)

2. Regional and Segment Growth Momentum

Sika’s Q1 2025 financial results reflect resilient demand across its global operating regions. Sales growth in local currencies was recorded at 4.9% in the Americas, 0.7% in EMEA, and flat in Asia-Pacific, with organic growth reaching 1.9% globally (Exhibit N° 01). Despite macroeconomic uncertainties, Sika continues to expand its manufacturing base with new plants in Singapore, China, Ecuador, and Kazakhstan. These facilities target fast-growing categories such as mortars, self-leveling flooring, and tile adhesives – segments well-aligned with both urban expansion and regulatory-driven quality demands.

Looking ahead, cement demand – a leading indicator of construction activity – is forecast to rise sharply across emerging economies. According to Statista projections, regions such as Sub-Saharan Africa (+77% by 2030), India (+47%), and Southeast Asia (+34%) are set to lead global growth (Exhibit N° 03). Sika’s geographic diversification and early entry into these markets place it in an advantageous position to capture this incremental demand.

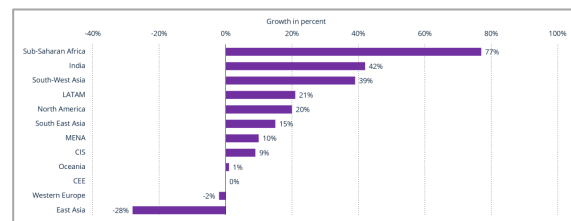


Exhibit N° 03; Global cement demand growth forecast 2024-2030, by region; (Slide 7, “Cement industry worldwide”); Source: On Field Investment Research, WCA

3. Green Solutions and Sustainability as Growth Catalysts

Sustainability is no longer a differentiator but a fundamental market requirement. In this context, Sika has demonstrated leadership by acquiring Elmich in Singapore, a specialist in green roof systems – an area expected to grow at a 5.5% compound annual rate through 2032 across Asia-Pacific (“Elmich Acquisition



Release”). These solutions address urban heat island effects, energy efficiency, and biodiversity preservation, and are increasingly mandated by urban development codes.

Sika’s innovation pipeline – into which the company reinvests approximately 3% of annual revenue – is focused on carbon-reduced cement formulations, recyclable waterproofing materials, and circular economy applications. These R&D efforts are not only aligned with Sika’s net-zero strategy but also unlock pricing power by offering performance-enhancing and regulatory-compliant alternatives to conventional products.

4. Expansion of the Specialty Chemicals Market

Beyond construction, the broader specialty chemicals industry continues to expand, providing tailwinds for Sika’s complementary segments such as industrial adhesives and automotive coatings. According to market data, the global specialty chemicals market is projected to grow from USD 640.8 billion in 2023 to nearly USD 940 billion by 2031 (*Exhibit N° 04*). Construction chemicals represent a key subsegment, accounting for over USD 51 billion in 2023. This growth is driven by demand across infrastructure, manufacturing, and green energy systems – domains where Sika’s technologies are already embedded.

The integration of digital solutions and sustainability metrics into specialty chemical applications is further widening the addressable market. Sika’s early focus on product digitalization and environmental life-cycle assessment tools provides a commercial edge as procurement practices shift toward ESG-compliant sourcing.

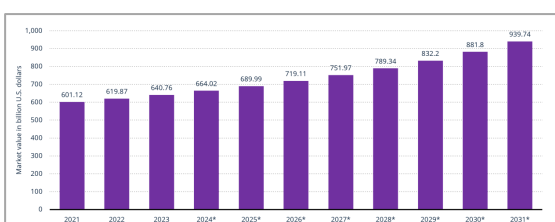


Exhibit N° 04 Global market value of specialty chemicals industry 2021-2031; (Slide 6, “Specialty chemicals industry worldwide”)

5. Pricing Resilience and Profitability Trends

Sika has shown remarkable resilience in navigating raw material inflation and supply chain disruption. During the 2022–2023 inflationary cycle, the company successfully passed through cost increases without sacrificing volume or margin. As highlighted in the company’s growth projections and financial disclosures, EBIT margins remained above 14% and are expected to increase further into the 15-18% range. This profitability trend is supported by a combination of synergy realization from the MBCC Group acquisition – estimated at CHF 180-200 million annually (*“Sika Investor Presentation 2024”*) – and the growing contribution of higher-margin segments like sealants and roofing.

The company’s ability to absorb volatility while continuing to invest in expansion and innovation is a testament to the strength of its vertically integrated model and operational excellence initiatives. These factors not only ensure margin durability but also enhance Sika’s capacity to scale rapidly in response to market opportunities.

Conclusion

In sum, the outlook for the construction chemicals and specialty materials industries is robust and accelerating. Sika stands at the confluence of several transformative trends: the demand for sustainable infrastructure, regulatory shifts toward green materials, and the need for resilient urban development. Its well-executed acquisition strategy, strong innovation engine, and global manufacturing footprint give it a distinct competitive advantage. With structural demand growth forecast to persist well into the next decade, Sika is well-positioned to generate sustainable



value creation, both operationally and financially.

Porter's Five Forces Analysis

1. Competitive Rivalry – High

The specialty chemicals and construction materials industries are characterized by intense competitive rivalry, especially in regional markets. Despite a global market size of over CHF 110 billion, the construction chemicals sector remains highly fragmented. According to Sika's Strategy 2028 presentation, the top 30 players account for only 55% of the total market, of which Sika claims 11%, leaving the remaining 45% in the hands of smaller regional and local firms ("*Strategy 2028*"). This fragmentation fuels price competition and limits the ability of most players to build significant economies of scale.

However, Sika distinguishes itself through its integrated operating model, robust brand equity, and diversified product offering across concrete admixtures, roofing, sealants, and industrial adhesives. These advantages reduce its exposure to commoditized price-based competition. Moreover, through its global distribution network and high R&D investment, Sika offers not just products, but complete system solutions tailored to regulatory and climate conditions. This solution-oriented model allows the company to command a pricing premium and enhance customer lock-in, thereby softening the intensity of rivalry at the top tier of the market.

2. Threat of New Entrants – Moderate

While the overall market offers significant growth potential, particularly in emerging economies, the barriers to entry are substantial in most of Sika's core segments. These barriers include capital-intensive manufacturing, complex chemical formulations, strict

environmental and performance-related regulatory requirements, and the need for deep customer relationships with architects, contractors, and developers. Furthermore, Sika's long-standing relationships and technical service offerings – often embedded into design and construction workflows – create significant switching costs for customers.

That said, in localized segments or fast-growing niches such as green construction or bio-based polymers, new entrants or startups may emerge with disruptive technologies. However, Sika has shown agility in defending its position through selective acquisitions (e.g., Elmich, Cromar, HPS) and internal innovation. Its commitment to acquiring regionally strong brands, integrating them quickly, and leveraging cross-selling potential is a critical defense against new market entrants.

3. Bargaining Power of Suppliers – Low to Moderate

Sika's supplier landscape is diverse, with raw materials sourced from a global base that includes petrochemical derivatives, mineral fillers, polymers, and specialty additives. While certain specialty raw materials can be constrained by geopolitical or logistic disruptions, Sika's scale allows for strategic procurement leverage. The company often enters into long-term agreements with key suppliers and maintains alternate sourcing arrangements to mitigate concentration risk.

Additionally, Sika's backward integration in formulation development and its ability to reformulate products when input prices fluctuate give it added control over supply dependencies. This flexibility proved particularly effective during the inflationary shocks of 2022-2023, when Sika was able to pass cost increases to customers while preserving margin. Overall, supplier bargaining power remains moderate, largely due to Sika's procurement scale and technical autonomy.



4. Bargaining Power of Customers – Moderate

Sika serves a broad customer base ranging from global construction firms and OEMs to small contractors and specialty installers. In certain high-volume categories such as concrete admixtures, customers can exert price pressure due to the standardized nature of the product and the scale of purchases. However, Sika mitigates this through system selling, project-specific customization, and integration into customer workflows through digital design tools and engineering support.

In premium segments such as waterproofing membranes, self-leveling flooring, or facade sealants, the company faces less pricing pressure due to the performance-critical nature of its solutions. Moreover, as green building standards become more stringent, specifiers increasingly rely on high-performance and certified products, many of which Sika is uniquely positioned to offer. This strategic embeddedness with architects and developers moderates overall customer bargaining power and helps drive retention across project cycles.

5. Threat of Substitutes – Low

Substitution risk in Sika's core business is relatively low due to the specialized and mission-critical nature of its product applications. Most substitutes are not functional equivalents but rather alternative construction methods or materials that do not eliminate the need for bonding, sealing, or reinforcing. For example, concrete admixtures that improve strength and setting time have no direct substitutes that provide comparable structural efficiency. Similarly, roofing membranes and waterproofing systems are essential for long-term durability, especially in high-performance or LEED-certified buildings.

In specific applications, such as interior adhesives or non-structural sealants, some

lower-cost alternatives exist. However, Sika differentiates itself through quality, environmental compliance (e.g., VOC standards), and lifecycle performance. Additionally, its innovation in eco-friendly and circular-economy materials further enhances product stickiness and mitigates substitution risk. As building codes evolve to require more durable and sustainable materials, Sika's differentiated offerings further entrench its market position.

Conclusion

Porter's Five Forces analysis reveals a strategically favorable competitive environment for Sika, despite operating in a high-rivalry and technically demanding market. The company's ability to leverage its global scale, vertical integration, and innovation leadership enables it to reduce supplier and customer bargaining pressures while insulating itself from substitution threats. Its approach to acquisitions and R&D not only enhances competitive defenses but also positions Sika to drive market consolidation in a fragmented industry. These dynamics make Sika an attractive platform for long-term value creation in the specialty materials and construction chemicals sector.

SWOT Analysis

Strengths

Sika's foremost strength lies in its globally leading position in the construction chemicals market, where it commands an approximate 11% share, with even stronger penetration in product lines such as concrete admixtures and waterproofing systems. The successful acquisition and integration of the MBCC Group has further cemented its dominance, creating a more comprehensive product offering and unlocking expected annual synergies of CHF



180-200 million by 2026 (*"Sika Investor Presentation 2024"*).

Financially, Sika demonstrates robust performance: net profit grew by 17.4% in 2024 to CHF 1.25 billion, with operating free cash flow exceeding CHF 1.4 billion (*"Financial Report 2024"*). This profitability is underpinned by a diversified geographic presence – operating in over 100 countries – and a vertically integrated model that spans R&D, manufacturing, and distribution. Its innovation engine is another key asset, with Sika investing approximately 3% of annual revenue into R&D, producing cutting-edge, sustainable technologies like cement-free adhesives, self-healing membranes, and conductive flooring solutions.

In addition, Sika's ability to maintain pricing power during inflationary periods has proven critical. During 2022-2023, it successfully passed increased production costs to customers without significant volume erosion, protecting margins above 14%. Its strong brand, technical service capabilities, and embedded position in major infrastructure projects make it a trusted partner in both mature and emerging markets.

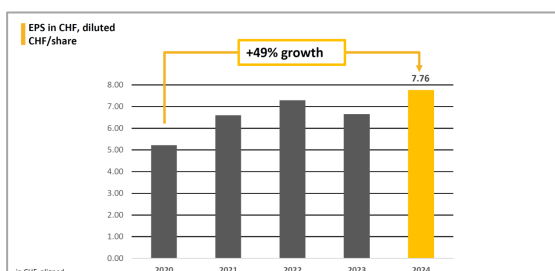


Exhibit N° 05 EPS Growth 2020-2024; Source: (*"SIKA Q1, 2025"*)

Weaknesses

Despite its strengths, Sika faces certain internal challenges. One of the most pressing is the large amount of goodwill on its balance sheet – especially following the MBCC acquisition – representing a considerable share of its

intangible assets (*"Financial Report 2024"*). While these acquisitions are strategic, the risk of impairment increases in the event of macroeconomic downturns or underperformance in certain business units.

Furthermore, Sika's performance is partly contingent on the cyclical nature of construction activity, particularly in Europe and North America. Though mitigated by geographic diversification, temporary project delays or public investment slowdowns in mature markets can affect quarterly results. Additionally, its complex global footprint exposes it to currency volatility, particularly the Swiss franc's appreciation, which had a negative FX impact of 7.4% on 2023 results (*"Sika Investor Presentation 2024"*).

Opportunities

The global shift toward sustainable construction offers Sika numerous growth avenues. Demand for green building materials is accelerating due to tightening regulations and carbon neutrality targets. Sika's acquisition of Elmich Pte Ltd – a pioneer in green roof systems – gives it a first-mover advantage in this fast-growing segment, particularly in Asia-Pacific, where the green roof market is expected to expand at a 5.5% CAGR through 2032 (*"Elmich Acquisition Release"*).

Geographically, high-growth markets such as India, Vietnam, Africa, and Ukraine present major expansion opportunities. Slide 8 of the Global Cement Industry report forecasts cement demand increases of up to 77% in Sub-Saharan Africa and 47% in India by 2030, indicating broad construction momentum (*"Cement industry worldwide"*). Sika is already investing in new plants in these regions, reinforcing its ability to scale quickly in response to demand surges.

The push for digitalization in construction also plays to Sika's strengths. Through digital



product specification tools, lifecycle carbon assessment, and integrated design capabilities, Sika can further embed itself into the construction process and drive recurring demand for its systems.

Threats

Externally, Sika faces a range of macroeconomic and operational risks. Global inflation, interest rate volatility, and the potential for extended trade disruptions could impact both demand and raw material sourcing. While Sika has proven resilient, a prolonged economic slowdown in key construction markets like Germany, France, or China could dampen growth momentum.

Regulatory pressures are also intensifying. As the European Union and other jurisdictions push for net-zero and circular economy compliance, the cost of developing and certifying compliant products may rise. This is particularly relevant in the context of Scope 3 emissions accounting and supply chain disclosures, which require significant data management and operational transparency.

Moreover, while Sika has successfully executed past integrations, the ongoing absorption of MBCC and bolt-on acquisitions like Cromar and HPS carry execution risk. Cultural alignment, system integration, and market overlap must be managed carefully to ensure value creation rather than dilution.

Conclusion

Sika's strategic profile reflects a well-balanced blend of core strengths, future-facing opportunities, and manageable risks. Its global scale, product innovation, and pricing power underpin its competitive advantage in a fragmented and growing market. At the same time, the company is navigating integration challenges and maintaining agility in the face of evolving regulatory and economic conditions. Overall, Sika presents a compelling investment

case as a global compounder at the intersection of sustainability, infrastructure modernization, and specialty chemicals innovation.

DCF Valuation Analysis and Target Price Assessment

To complement the qualitative insights gained from the strategic and competitive assessment, a detailed Discounted Cash Flow (DCF) analysis was conducted to estimate the intrinsic equity value of Sika Group. This model reflects the company's capacity to generate future cash flows and aims to derive a justified target price under conservative and market-aligned assumptions.

Key Model Inputs and Assumptions

The analysis uses a Weighted Average Cost of Capital (WACC) of 6.38%, derived from a 2.79% German 10-year bond yield as the risk-free rate, a beta of 0.99, and a market risk premium of 4.33%, consistent with academic benchmarks (Damodaran). Sika's capital structure was estimated at 85% equity and 15% debt. The after-tax cost of debt (3.11%) was calculated using an effective tax rate of 18.41%.

The explicit forecast horizon spans from 2025 to 2032, with projections based on moderate top-line growth, improving operating margins, and stable reinvestment patterns. EBIT margins are expected to expand from 14.57% in 2025 to over 24% by 2031, reflecting scale efficiencies and post-acquisition integration synergies.

Free Cash Flow Development and Terminal Value

Unlevered Free Cash Flows (UFCF) were projected to grow from CHF 869 million in 2025 to CHF 3.23 billion by 2032. This is supported by robust operating performance, modest capital expenditure intensity (declining from 3.05% to 2.61% of sales), and stable working



capital management. Net Working Capital (NWC) changes gradually normalize across the forecast period, with annual changes falling below CHF 170 million after 2029 (*Exhibit N° 07*).

DCF Valuation Outcome and Upside Potential

The resulting enterprise value (EV) is CHF 44.19 billion. After adjusting for debt, cash, and non-controlling interests, the equity value amounts to CHF 39.18 billion. With 160.44 million shares outstanding, this implies a target price of CHF 244.19, representing an upside of 14.53% from the current market price of CHF 213.20 (*Exhibit N° 08, N° 09 and N° 10*).

A Gordon Growth Model was also considered as a secondary approach, producing a more conservative value of CHF 99.74, driven by lower perpetual growth assumptions. This underlines the model sensitivity to long-term inputs and affirms the relevance of applying a blended method (*Exhibit N° 11*).

Terminal Value Estimation with other models

Besides the DCF model, terminal value was estimated using the following two approaches:

- A **Perpetuity Growth Method** assuming a long-term GDP-aligned growth rate of 1.00%, yielding a terminal value of CHF 60.64 billion.
- An **Exit Multiple Approach** using a conservative sector EV/EBITDA multiple of 8x, resulting in CHF 35.77 billion.

The final terminal value of those two models model is the average of the two, CHF 48.21 billion (*Exhibit N° 08*).

Contextualizing with Precedent Transactions

A precedent transactions analysis was performed to benchmark Sika's current market multiples. Sika trades at an EV/Sales multiple of 3.7x and an EV/EBITDA multiple of 25.2x,

significantly higher than the peer median (1.9x EV/Sales and 9.9x EV/EBITDA). This premium appears justified in light of Sika's superior profitability, scale advantages, and track record in integrating strategic acquisitions such as MBCC (*Exhibit N° 12*).

However, the valuation also implies that investors are pricing in near-flawless execution of its growth and margin expansion strategy. Any delays in synergy realization or adverse macroeconomic conditions could exert pressure on valuation multiples.

Conclusion

The DCF-based valuation confirms that Sika is a high-quality industrial compounder with strong cash generation potential. The target price implies moderate upside and positions Sika as a fair-to-slightly-undervalued opportunity within its sector. This quantitative conclusion reinforces the qualitative findings on Sika's operational resilience, strategic clarity, and global leadership in construction chemicals.

Financial Analysis:

Sika AG's recent financial results highlight a period of sustained growth and strategic transformation. The company, as a result of solid demand across its core product segments, achieved nearly 5% growth in organic sales in its latest reporting period. Moreover, its operating profit margin exceeded 14%, reflecting effective cost management and operational efficiency, which proved to be especially important amid inflationary pressures in the chemicals sector. The company's acquisition of the MBCC Group in 2023 represents a pivotal transaction for the firm and it is expected to determine future revenue expansion and margin enhancement. The following sections of the analysis provide an overview of Sika's financials between 2020



and 2024, focusing on asset and capital structure, income composition, profitability, liquidity, and solvency, complemented by comparisons to relevant industry standards

Common size overview:

Asset structure:

Sika's asset composition was assessed by applying percentage relationships to the balance sheet, thus expressing the asset accounts as a percentage of total assets (*Exhibit N° 13*). What is immediately notable is Sika's asset transformation following the strategic acquisition of the MBCC Group in 2023. Current assets dropped from 44 percent of total assets in 2022 to 28 percent in 2023, before stabilizing at 29 percent in 2024. Compared to the standards of the chemicals industry, where current assets often make up 35 to 40 percent, Sika's 2023 value was low, but the subsequent recovery shows progress toward realignment. The rise in intangibles to 55 and 54 percent, in 2023 and 2024 respectively, is higher than the industry average of 25 to 35 percent, reflecting the scale of goodwill and intellectual property consolidation post-acquisition. By contrast, Sika's PPE levels, consistent at around 15 to 17 percent, align closely with industry benchmarks.

Capital structure:

Sika's capital structure evolved toward a more equity-driven model during the period between 2020 and 2024, with shareholders' equity rising from 28 percent to 38 percent (*Exhibit N° 14*). This trajectory is slightly above industry norms, where equity typically comprises 30 to 35 percent of total capital. The declining debt-to-equity ratio reinforces the trend toward financial sustainability.

While Sika's non-current liabilities remained in line with sector norms (typically 50 to 55

percent), current liabilities peaked at 18 percent in 2023, higher than the industry average of around 12 to 15 percent, before declining to a more aligned 14 percent in 2024. A potential interpretation is a temporary financial pressure post-acquisition, which was promptly addressed by quick corrective action. Overall, the company's capital structure is converging with sector standards while being less dependent on external debt and being able to finance its operations using more equity.

Income statement structure:

Sika's income structure exhibited remarkable consistency throughout the five-year period (*Exhibit N° 15*). The cost of sales ranged between 45 and 51 percent of revenue, with a slight rise during the inflationary peak of 2022. SG&A expenses remained within the 30 to 36 percent range, despite being slightly elevated compared to the industry's average of 25 to 30 percent, and displayed a certain stability even in the face of added integration costs given by MBCC's acquisition.

Depreciation and amortization, at 4 to 5 percent of revenue, aligned well with the industry benchmark. Net profit averaged around 10.6 percent, consistently outperforming the industry average of 7 to 9 percent. A minor decline in 2023 likely reflects one-time expenses related to the acquisition. Nonetheless, the company's ability to maintain margin stability underlines the scalability of its operating model and its effective control over costs.

Profitability:

Between 2020 and 2024, Sika AG demonstrated steady profitability, characterized by strong gross margins and reliable returns. Gross profit margins remained robust, ranging from 49.4 percent in 2022 to a peak of 54.8 percent in



2020. By 2024, margins had rebounded to 54.5 percent, indicating that the company successfully managed input costs, restoring its profitability after the inflationary shocks of 2022. Furthermore, throughout the period Sika exceeded the industry average, which typically hovers around 40 to 45 percent. Also, net profit margins remained strong at 9.5 to 11.3 percent, outperforming peers by roughly 2 to 3 percentage points on average.

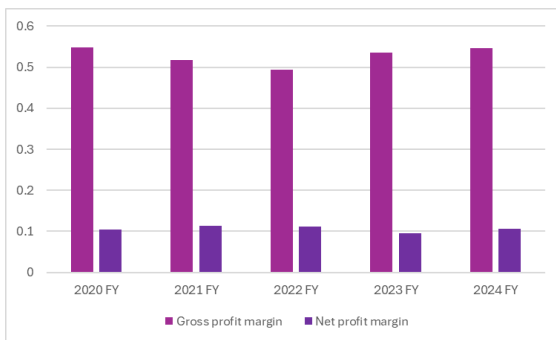


Exhibit N° 16; Gross & Net profit margins (2020 – 2024)

Return on Assets (ROA), which showed moderate growth until 2022, declined slightly in subsequent years as the company's total asset base expanded through the acquisition. Despite this, asset utilization remained efficient and competitive compared to industry norms. Although Return on Equity (ROE) declined from 25.1 percent in 2020 to 17.7 percent in 2024, the change is not reflective of lower profitability, but rather of a growing equity base fueled by retained earnings and reinvestment.

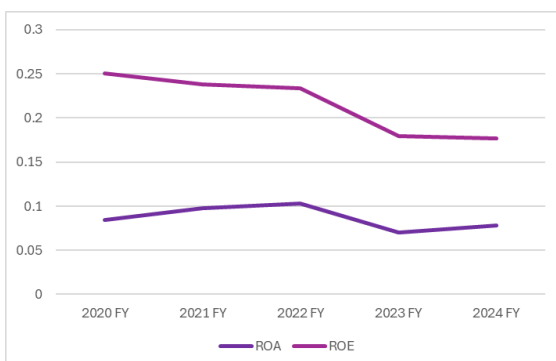


Exhibit N° 17; ROA and ROE (2020-2024)

Liquidity:

Sika AG's liquidity remained solid throughout the period, although it experienced short-term fluctuations driven primarily by the MBCC acquisition. The current ratio consistently stayed above 1.2, peaking at 2.46 in 2022 before falling to 1.23 in 2023. By 2024, the ratio had risen back to 1.77, reflecting improved working capital management as well as realignment with the industry average of 1.5.

The quick ratio followed a similar pattern, rising to 1.87 in 2022, dipping to 0.87 in 2023, and recovering to 1.24 in 2024. The cash ratio was the most volatile, falling from 0.92 in 2022 to just 0.19 in 2023 before improving to 0.27 in 2024. Despite these pressures, the recovery in all liquidity metrics by 2024 suggests a successful integration with MBCC Group and a resilient short-term financial trend.

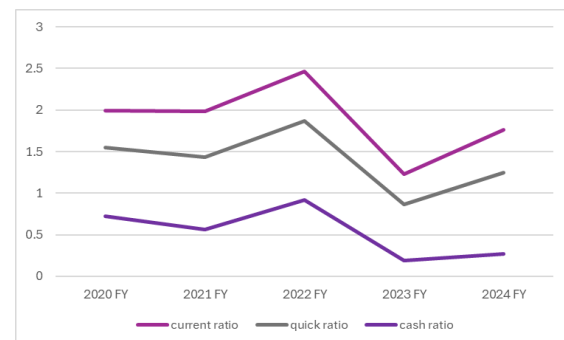


Exhibit N° 18; Trend in liquidity ratios: Current, Quick, and Cash (2020 – 2024)

Solvency:

Sika's debt-to-equity ratio fell from 1.98 to 1.27 over the period, a substantial improvement that compares favorably to the industry average of 1.5. The temporary rise to 1.54 in 2023 was expected given the MBCC transaction but was efficiently corrected.

The Times Interest Earned ratio remained high during the five years, peaking at 26.22 in 2022 and falling to 9.07 in 2023, due to increased



interest expenses. By 2024, Sika had retained a strong capacity to service debt without operational strain. Finally, The Cash Conversion Ratio declined from 23.9 to 9.4, in line with a trend seen across the industry as firms increased investments and dealt with supply chain disruptions. These figures illustrate that Sika’s solvency, while temporarily tested by external macroeconomic pressures, remained within healthy bounds.

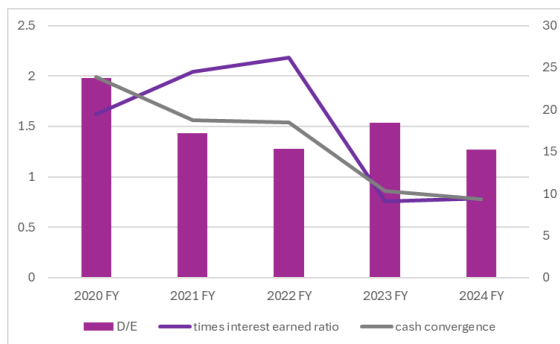


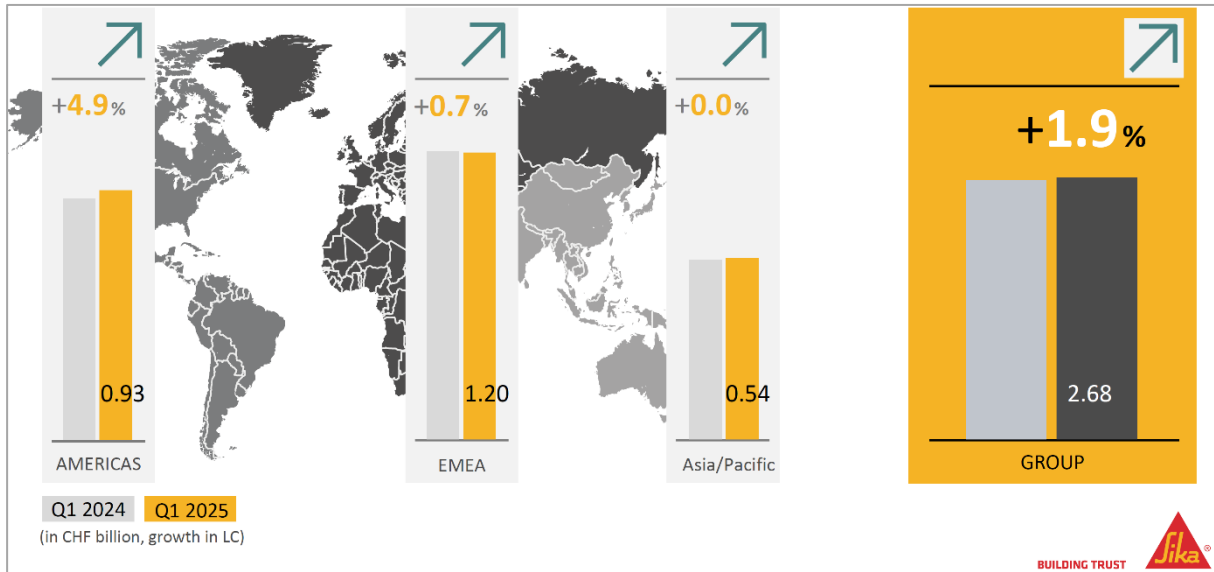
Exhibit N° 19; D/E, Interest Coverage, and Cash Convergence analysis (2020 – 2024)

In conclusion, Sika AG’s financial trend between 2020 and 2024 reflects sustained growth, leveraging both internal efficiencies and strategic acquisitions to outperform many of its peers in key financial areas. Compared to industry standards, Sika consistently delivered higher profit margins, a stronger equity position, and better asset utilization, even amid inflationary pressures and integration costs tied to its acquisition of the MBCC Group. With a forward-looking strategy that targets organic growth of 6 to 8 percent and an EBIT margin of up to 18 percent, Sika is well positioned to sustain long-term value creation. Its financial performance not only demonstrates resilience but also sets a strong foundation for future expansion in a competitive global market.



Appendix:

Appendix Exhibit N° 01 - Q1 2025 Sales by Region (page 4, "SIKA Q1, 2025.pdf")



Appendix Exhibit N° 02 - Construction chemicals penetration (1991 = 100) (Slide 6, "STRATEGY 2028 – Beyond the Expected")

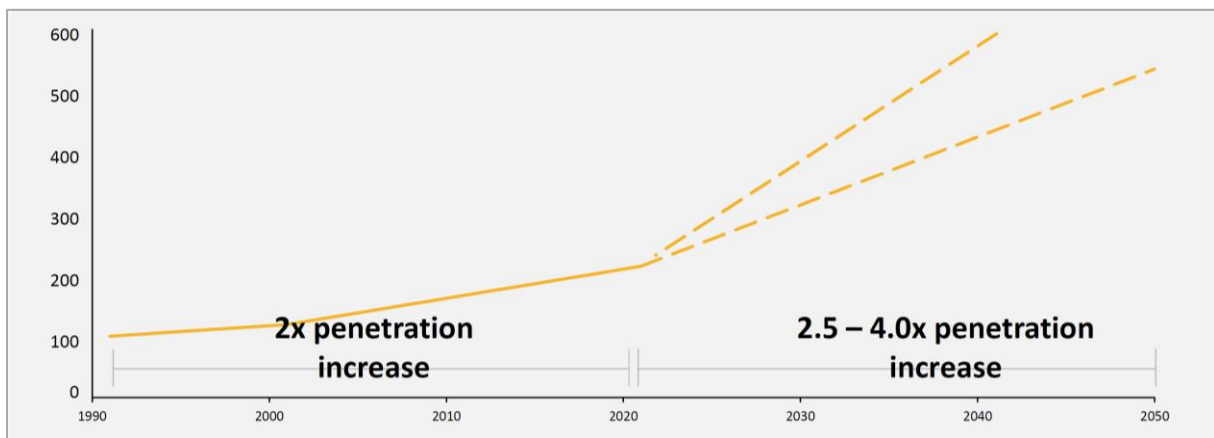
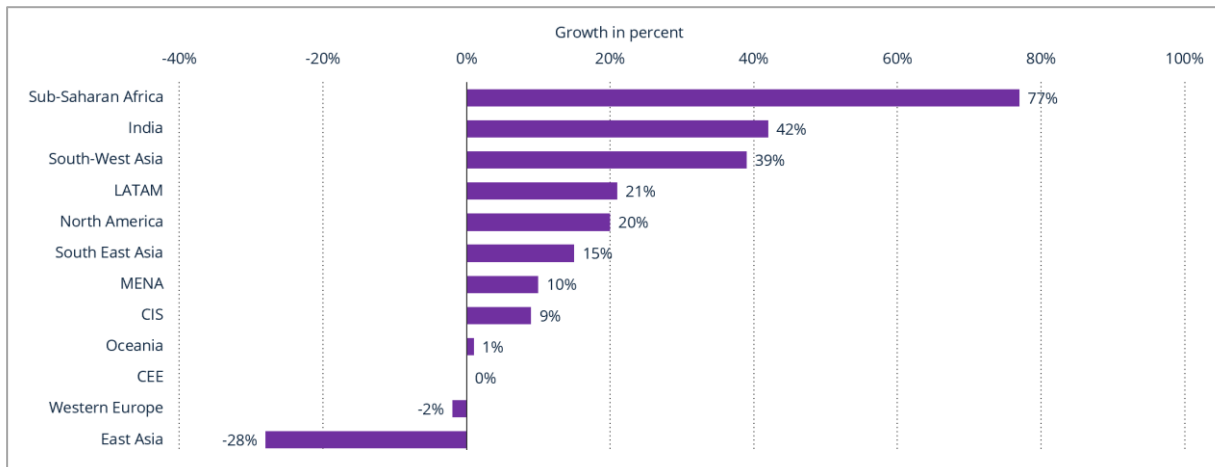
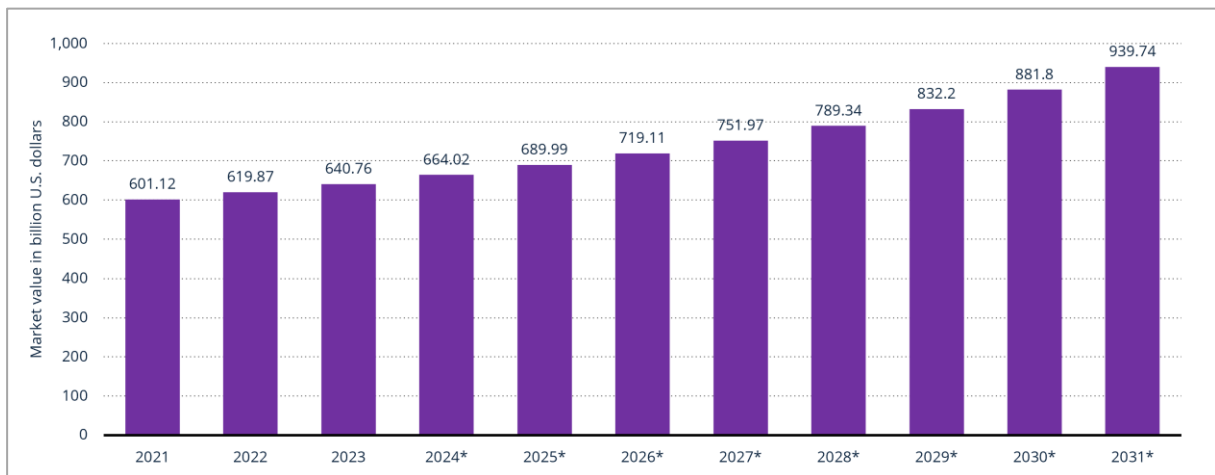




Exhibit N° 03 - Global cement demand growth forecast 2024-2030, by region; (Slide 7, “Cement industry worldwide”); Source: On Field Investment Research, WCA

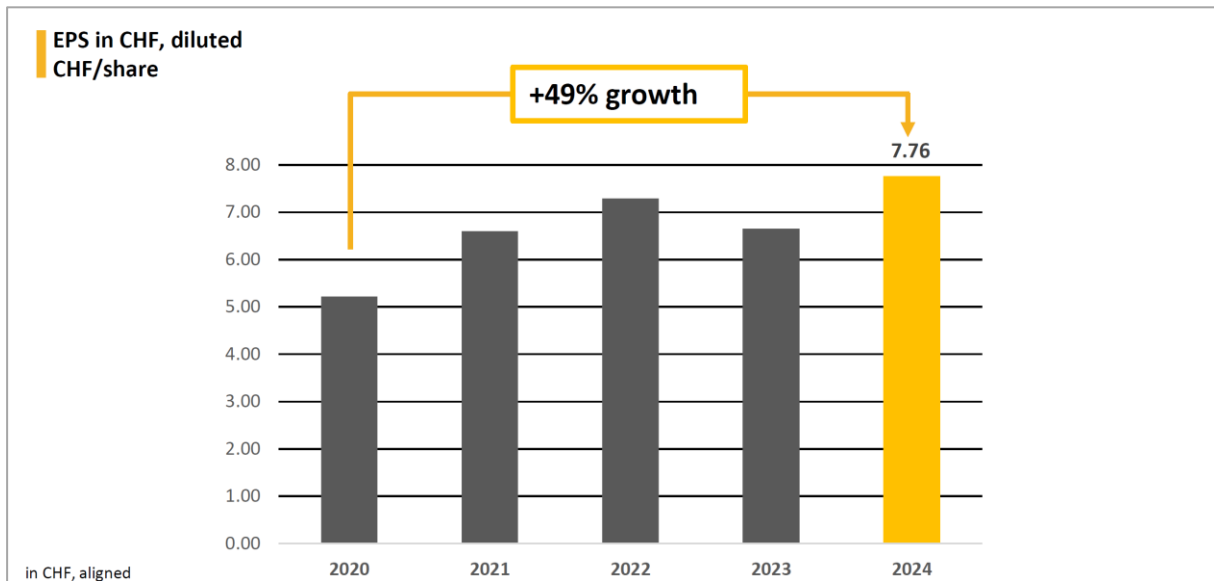


Appendix Exhibit N° 04 - Global market value of specialty chemicals industry 2021-2031; (Slide 6, “Specialty chemicals industry worldwide”)





Appendix Exhibit N° 05 - EPS Growth 2020-2024; Source: ("SIKA Q1, 2025")



Appendix Exhibit N° 06 - Weighted Average Cost of Capital (in USD)

WACC	
Risk Free Rate	2.790%
Beta	0.99
Market Risk Premium	4.33%
Cost of Equity	7.08%
Equity (market Cap)	31,380.00
Debt	5,723.70
Effective tax rate	18.41%
Cost of Debt	3.11%
D/(D+E)	0.15
E/(D+E)	0.85
After Tax WACC	6.38%

*Appendix Exhibit N° 07 - Change in Net Working Capital (in USD)*

	2024	2025	2026	2027	2028	forecasts			
	2024	2025	2026	2027	2028	2029	2030	2031	2032
Account Receivables (million)	2,265.00	1,933.66	2,040.01	2,172.61	2,313.83	2,464.23	2,624.41	2,464.23	2,624.41
Inventory (million)	1,240.00	1,245.22	1,301.25	1,359.81	1,421.00	1,484.94	1,551.76	1,484.94	1,551.76
Account Payables (million)	2,151.00	1,098.72	1,148.16	1,199.83	1,253.82	1,310.24	1,369.20	1,310.24	1,369.20
NWC (million)	1,354.00	2,080.16	2,193.10	2,332.59	2,481.01	2,638.93	2,806.97	2,638.93	2,806.97
Change in NWC		726.16	112.94	139.49	148.42	157.92	168.04	157.92	168.04

Appendix Exhibit N° 08 - DCF Valuation Input (in USD)

INPUT	
Industry Exit Multiple	8
Outstanding Share Number	160,440,000
Cash (Million)	713
Debt (Million)	5,724
Non Controlling Interest	-2
Preferred Shares	0
Dividend per Share	3.60
Stock Price	213.2
RoE	19.23%
Payout Ratio	42.35%
WACC	6.38%
G (L-T GDP growth)	1.00%
DSO 3 yrs average	60.00
DIO 3 yrs average	85.00
DPO 3 yrs average	75.00

Terminal Value (million)	
Perpetuity Approach	60,644.43
Exit Multiple Approach	35,774.65
Final Terminal Value	48,209.54



Appendix Exhibit N° 09 - Discounted Cash-Flow Model to compute the estimated present value of Equity per stock (in USD)

DCF Model Forecasts										
	0	1	2	3	4	5	6	7	8	
Million	2025	2026	2027	2028	2029	2030	2031	2032	TV	L-T growth rate
Sales	11,763.10	12,410.07	13,216.73	14,075.81	14,990.74	15,965.14	17,002.87	15,965.14		6.50%
COGS	5,347.10	5,587.72	5,839.17	6,101.93	6,376.52	6,663.46	6,963.32	6,663.46		4.50%
Operating Expenses	4,702.10	4,890.18	5,085.79	5,289.22	5,500.79	5,720.82	5,949.66	5,720.82		4.00%
Operating Margin	14.57%	15.57%	17.34%	19.07%	20.77%	22.43%	24.05%	22.43%		
EBIT	1,713.90	1,932.17	2,291.77	2,684.66	3,113.43	3,580.86	4,089.90	3,580.86		
Taxes	315.60	355.79	422.01	494.36	573.31	659.38	753.12	659.38		
NOPAT	1,398.30	1,576.38	1,869.76	2,190.30	2,540.12	2,921.47	3,336.78	2,921.47		
D&A	555.60	572.01	588.91	606.33	624.26	642.73	642.73	890.98		
Increase (+) in Change in NWC	726.16	112.94	139.49	148.42	157.92	168.04	-	168.04		
CAPEX	359.00	369.77	380.86	392.29	404.06	416.18	428.66	416.18		3.00%
% CAPEX	3.05%	2.98%	2.88%	2.79%	2.70%	2.61%	2.52%	2.61%		
UFCF	868.74	1,665.67	1,938.32	2,255.92	2,602.40	2,979.98	3,550.85	3,228.23	48,209.54	
PV	868.74	1,565.83	1,712.91	1,874.08	2,032.32	2,187.69	2,450.52	2,094.34	29,401.48	

Appendix Exhibit N° 10 - DCF Model Results – Enterprise Valuation and Target Price (in USD)

DCF Model Target Price	
EV (Million)	44,187.91
(-) Debt	5,723.70
(+) Cash	712.90
(-) Non Controlling Interests	2.10
(-) Preferred Shares	-
Equity Value (Million)	39,177.11
Target Price	244.19

UPSIDE/DOWNSIDE	14.53%
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Appendix Exhibit N° 11 - Gordon Growth Model

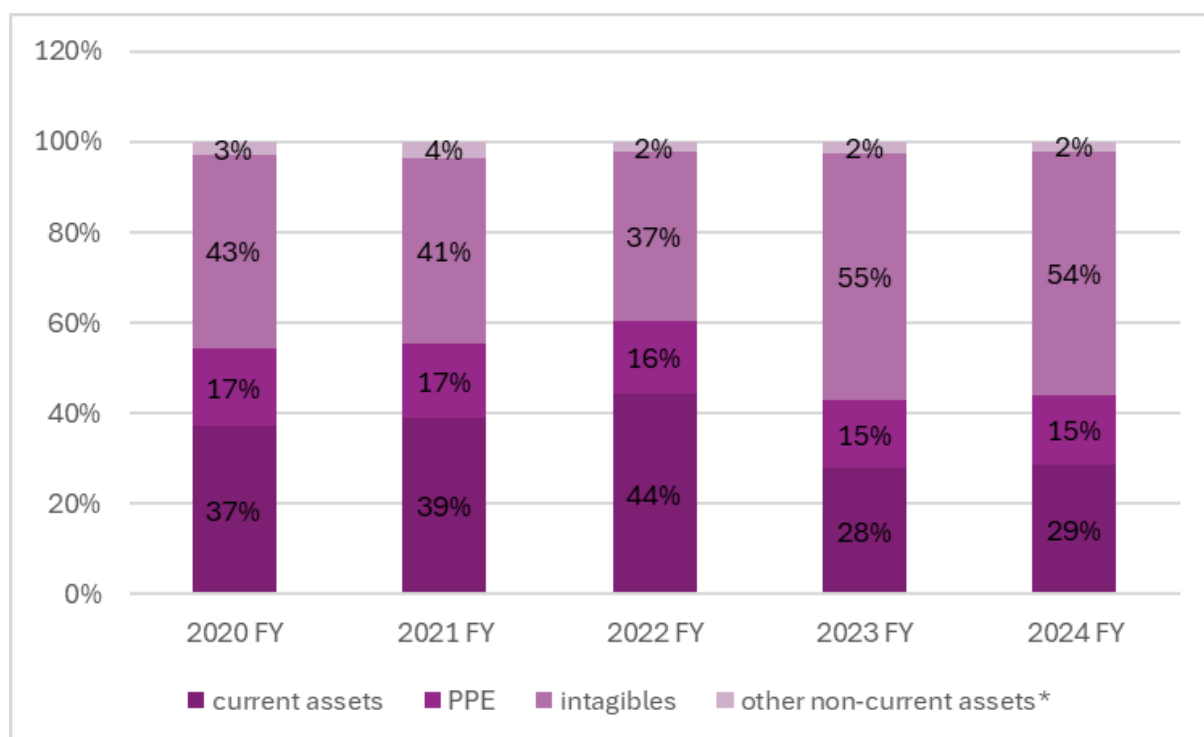
Gordon Growth Model	
Cost of equity	7.08%
Dividend Growth rate	11.09%
Exp. DPS	4.00
Target Price	99.74



Appendix Exhibit N° 12 - Precedent Transactions Analysis (In USD)

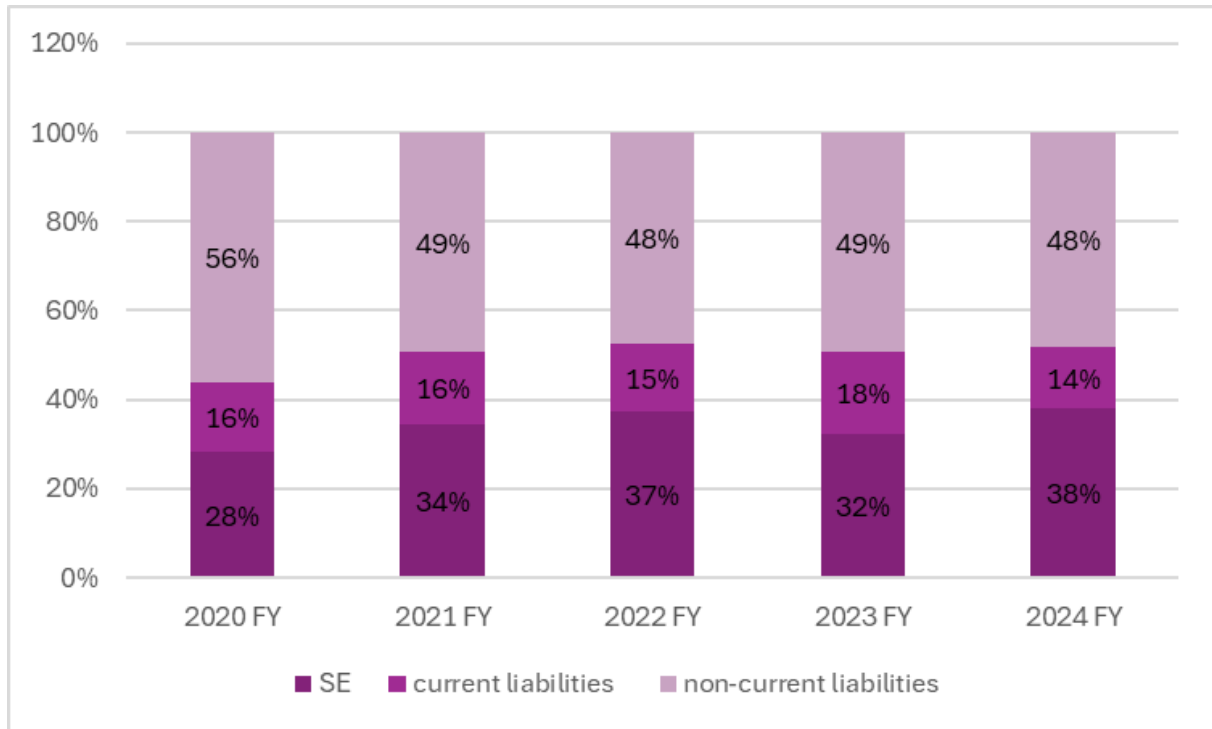
Buyers				Valuation	
Date	Target	Value (\$M)	Buyers	EV/Sales	EV/EBITDA
2021	GCP Applied Technologies	2300	Saint-Gobain	2.3	13.2
2024	Summit Materials	3200	Quikrete	1.3	7.0
2025	AZEK	8750	James Hardie Industries	1.5	4.7
2024	FOSROC	1025	Saint-Gobain	2.1	11.3
2023	Diversey Holdings	4600	Solenis	2.2	11.5
2024	BMC Enterprises	300	Breedon Group	1.7	8.5
Average				1.8x	9.4x
Median				1.9x	9.9x
Sika				3.7x	25.2x

Appendix Exhibit N° 13 - Asset Structure Composition between 2020 and 2024

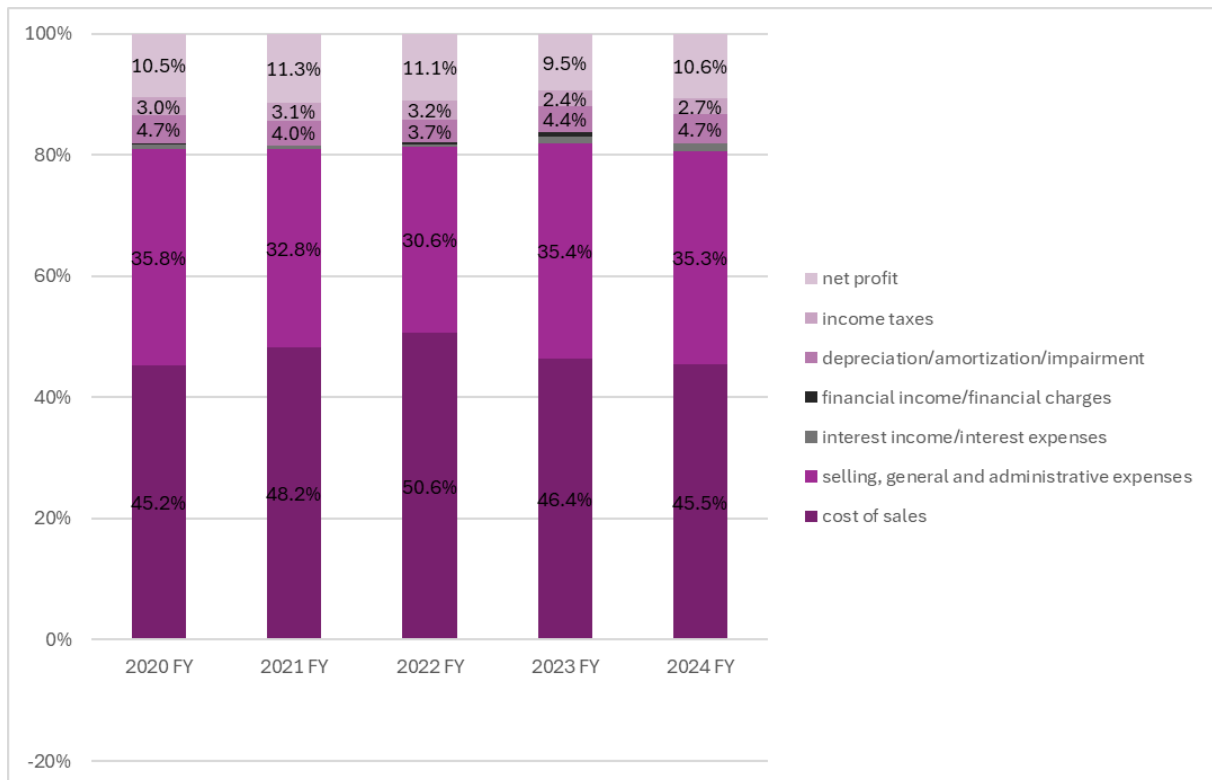




Appendix Exhibit N° 14 - Capital structure composition between 2020 and 2024

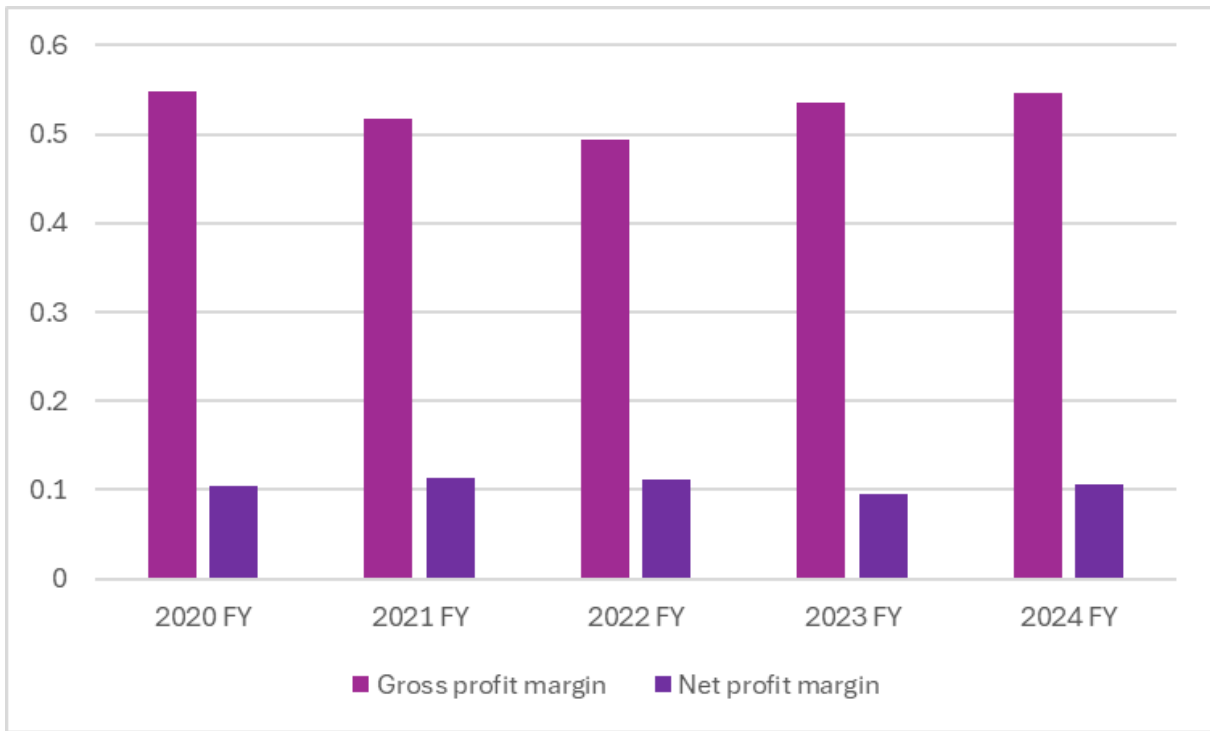


Appendix Exhibit N° 15 - Common-Size Income Statement Breakdown between 2020 and 2024

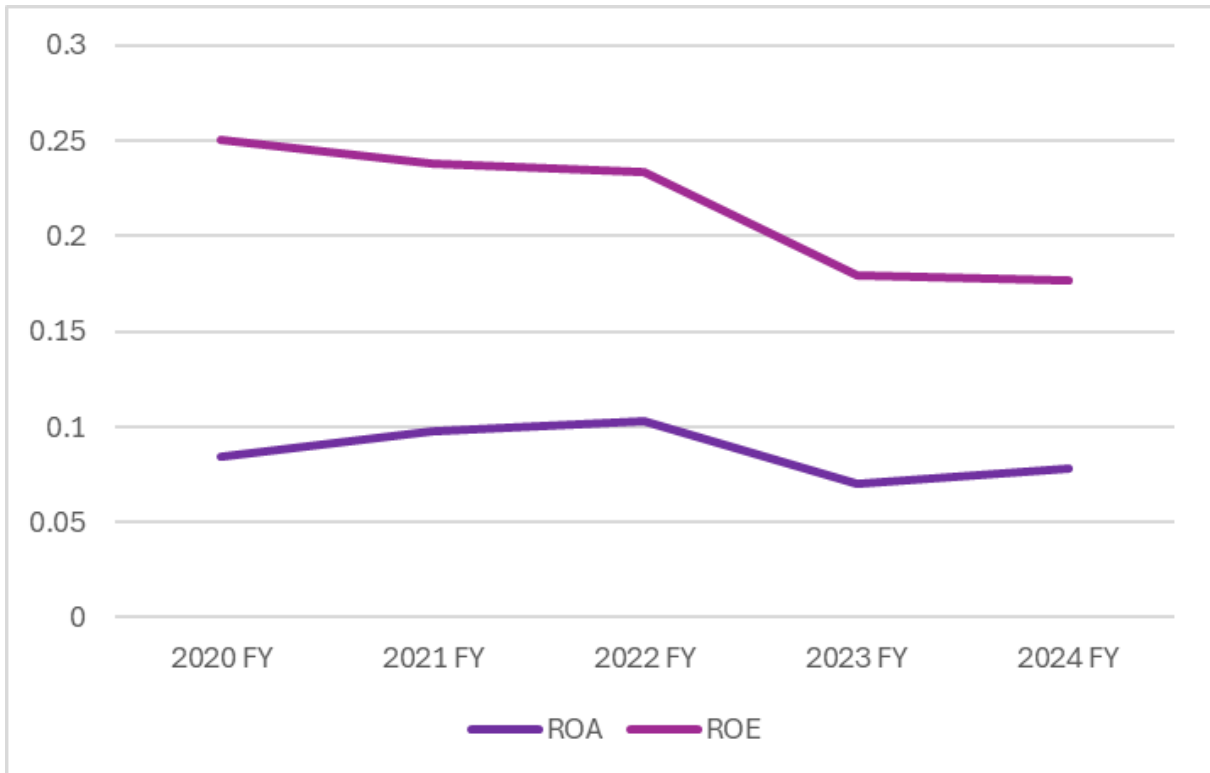




Appendix Exhibit N° 16 - Gross and Net profit margins (2020 – 2024)

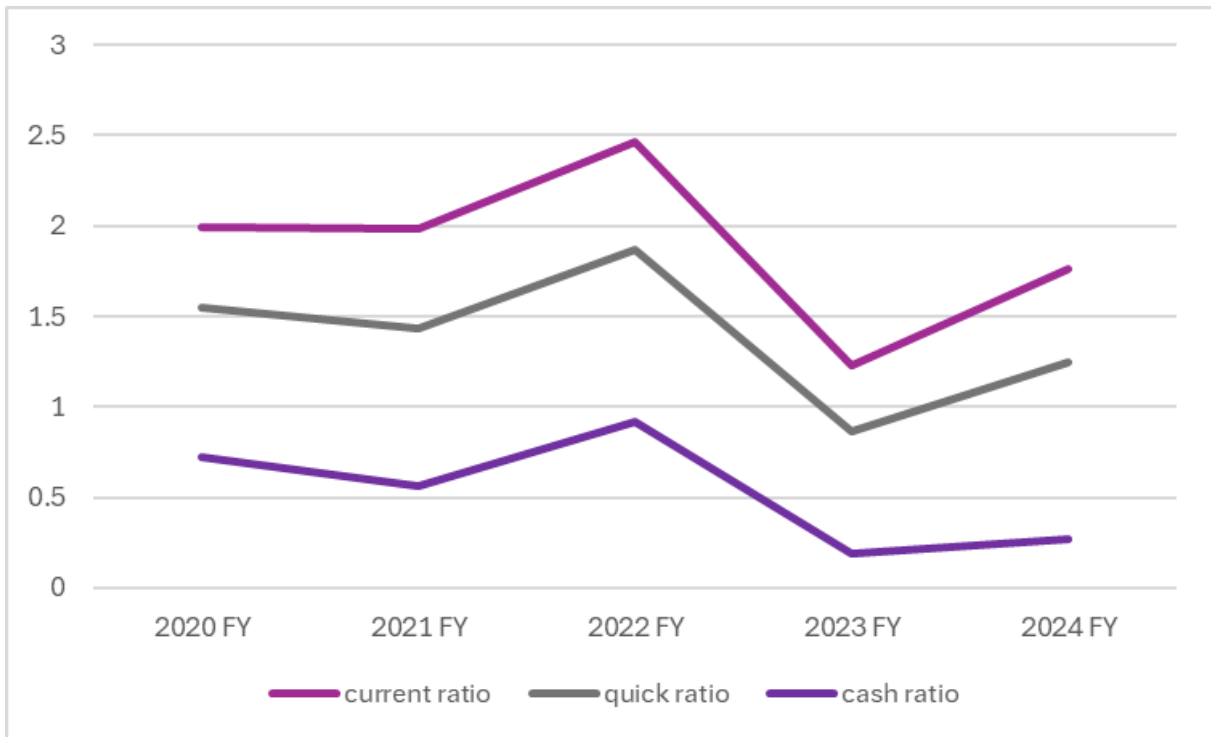


Appendix Exhibit N° 17 - ROA and ROE (2020-2024)

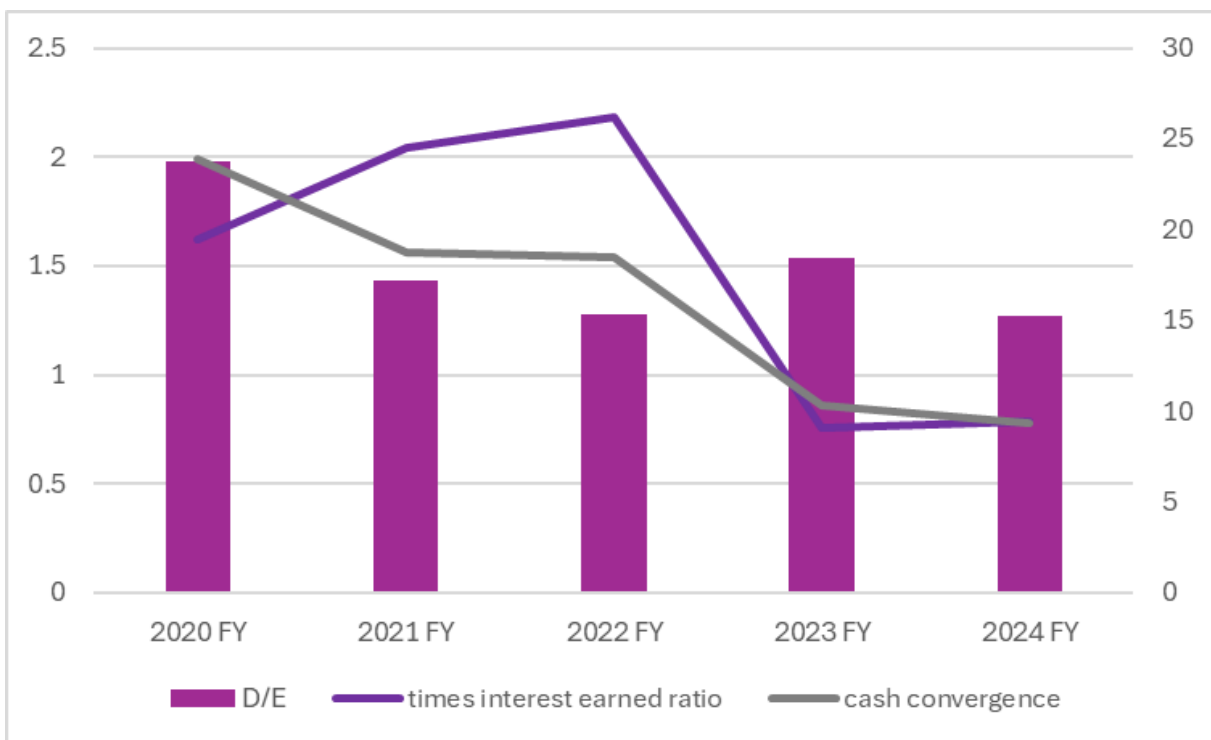




Appendix Exhibit N° 18 - Trend in liquidity ratios: Current, Quick, and Cash (2020 – 2024)



Appendix Exhibit N° 19 - D/E, Interest Coverage, and Cash Convergence analysis (2020 – 2024)



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