CFA Institute Research Challenge

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Oink Investments – University of Lausanne

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EQUITY RESEARCH : SIKA AG

EXECUTIVE SUMMARY

SIKA AG (SWX: SIKA) is rated BUY with a 1-year target price of CHF 178 per share, representing 12.8% upside from the closing price of CHF 157.9 per share on 25 November 2025. The target price is derived from a blended valuation framework, consisting of 70% DCF and 30% relative valuation (split evenly between EV/EBITDA and P/E).

Sika is the undisputed global leader in construction chemicals and industrial adhesives, commanding a dominant position in a fragmented market. With presence in over 100 countries and a "Local for Local" production strategy, Sika has effectively hedged against supply chain disruptions and currency volatility. Despite near-term headwinds from the Chinese property sector and a strong Swiss Franc, Sika's resilience is underpinned by its exposure to non-cyclical refurbishment markets and mission-critical high-value solutions.

SIKA is the ultimate beneficiary of structural megatrends

- Accelerating urbanization and infrastructure investment in APAC, supported by SIKA's strong local footprint and capital allocation, drive above-market growth, implying an APAC revenue CAGR of 6.7% vs. 5.4% for the market.
- Aging infrastructure in the U.S. and Europe, backed by large public programs (IIJA and EU Renovation Wave), supports refurbishment-led demand, underpinning growth premiums of +1.9% in EMEA and +1.2% in the Americas.
- Decarbonization policies and stricter building standards favor SIKA's portfolio as the green building market grows at 21.3% CAGR vs. 2.7% for overall construction, contributing to an implied revenue CAGR of 5.8%, 2.1% above the market.

M&A to drive top-line growth and margin improvement

- Regular bolt-on acquisitions and periodic large deals consolidate a fragmented market, expand geographic reach, and add specialized technologies, driving market share gains and sustained top-line growth.
- The acquisition of MBCC Group is a transformative catalyst. We project Sika will fully realize run-rate synergies of CHF 180–200 million by 2026. This integration not only cements Sika's leadership in underground construction but also enhances cross-selling capabilities across the shared customer base.
- Despite an active M&A strategy, Sika maintains a pristine balance sheet. We forecast rapid deleveraging, with Net Debt/EBITDA falling below 2.0x by 2026, restoring the "dry powder" needed for future bolt-on deals. This capital discipline supports a structural lift in profitability, driving our forecast for ROIC to expand toward 24.9% by 2030, confirming significant value creation over the cost of capital.

Margin efficiencies supported by one-stop systems and Fast-Forward program

- One-stop business model enables customers to save time, access a broad portfolio of high-quality products, simplify execution, and improve productivity.
- Pricing power and market share gains are supported by the critical nature of SIKA's products and the efficiency benefits delivered to customers.
- Industry validation from interviews with professionals confirms SIKA's superior positioning and product quality versus peers.
- Fast Forward program targets margin expansion through cost reductions, including workforce optimization in China and increased digitalization of operations.

Exhibit 2 - Key Figures (in CHF)

Recommendation	BUY
Target Price	178.1
Upside	12.8%
Revenue [2024]	11,438 M
EBITDA [2024]	2,281 M
EV/LTM EBIT	25.2x
PE Ratio	20.4x

Source: Capital IQ, Team Analysis

Exhibit 3 - Valuation Results (in CHF)

Equity β (5-Year)	1.36
WACC	7.03%
DCF (70%)	194.7
Relative Valuation (30%)	139.2
Blended Price	178.1

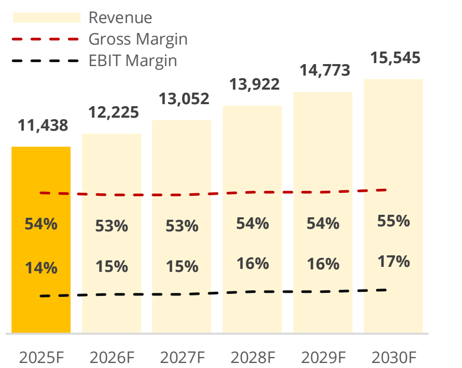
Source: Team Analysis

Exhibit 4 – Dividend Information

Last Dividend / Share	3.6
Dividend Yield	2.3%
10-year Dividend Growth	11%
Dividend Payout Ratio	47.2%
Dividend Coverage (TTM)	2.12x

Source: Capital IQ

Exhibit 5 - Revenue (in CHF M) & Margin Forecasts



Source: Capital IQ, Team Analysis

Exhibit 1 - SIKA Historical Stock Chart

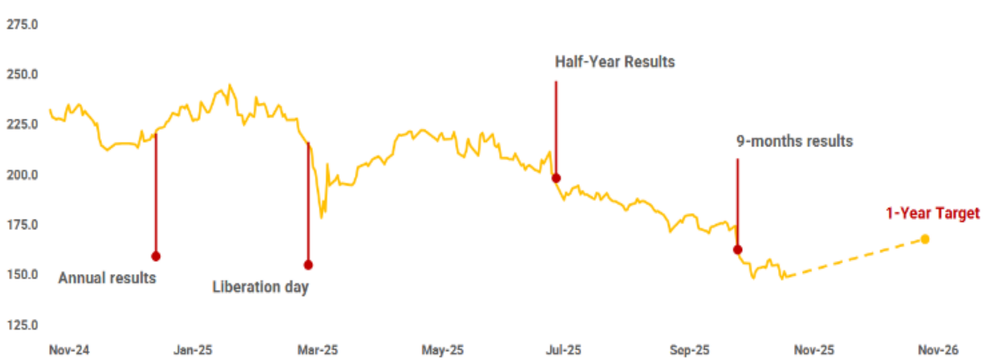


Exhibit 6 – Key Stock Information

Ticker	SIKA
Exchange	SWX
As of	25/11/25
Last Close	157.9
52-Week High	242.1
52-Week Low	148.2
Shares Outstanding	160.4m
Market Cap	25.3bn
Ave. Volume 3m	566.2k
Free Float	95%

BUSINESS OVERVIEW

History – Founded in 1910 by Kaspar Winkler, SIKA AG originated with the development of SIKA-1, a waterproofing admixture used during the electrification of the Gotthard Tunnel, a critical rail link between Northern and Southern Europe. The successful application of SIKA-1 in this project established the company's early reputation in infrastructure-grade construction chemicals and laid the foundation for its long-term focus on high-performance solutions for demanding engineering applications.

Global Footprint, Scale, and Operating Model – As of 2024, SIKA AG operates subsidiaries in 102 countries, supported by 400+ production sites and approximately 34,000 employees. The group follows a decentralized "Local for Local" operating model, manufacturing close to end markets and sourcing raw materials locally. This structure supports customer proximity, localized product formulation, and operational responsiveness across regions. In FY2024, SIKA generated CHF 11.8bn in revenue and ~CHF 2.3bn in EBITDA, corresponding to an EBITDA margin of ~19% (Exhibit 7).

Revenue Mix – SIKA AG generates ~85% of its revenue from the Construction division, which serves new construction, refurbishment, and infrastructure end markets, while the remaining ~15% is derived from the Industry division, primarily automotive and industrial manufacturing. By geography, revenue is diversified across EMEA (~43%), the Americas (~35%), and Asia-Pacific (~22%), providing balanced exposure across mature construction markets and higher-growth emerging regions (Exhibit 8 and Exhibit 9).

One-Stop Shop System - The Construction division, representing approximately 85% of group revenue, is organized into eight product segments, Concrete, Waterproofing, Roofing, Sealing & Bonding, Flooring, Building Finishing, Refurbishment, and Engineered Systems (Appendix 1), which are sold through SIKA's "one-stop-shop" system (Appendix 2). This approach allows customers to source integrated solutions for the entire building lifecycle from a single supplier, covering both new construction and renovation. Refurbishment-related activities account for around 55% of construction revenue, rising to approximately 70% in developed markets (EMEA and the Americas).

Innovation & Sustainability – SIKA invests approximately ~3% of sales in R&D, supported by ~1,800 R&D employees and 125+ patents filed in 2024. Innovation is focused on system-based construction solutions and sustainability-driven product development, supporting applications across both new construction and refurbishment.

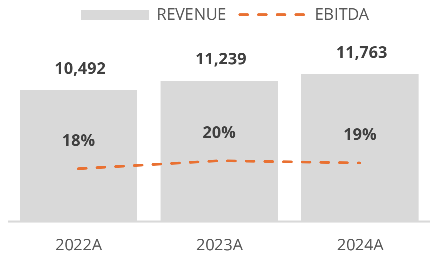
M&A Strategy - SIKA has completed 70+ acquisitions over the past decade (Appendix 3), primarily bolt-on transactions, using M&A to support revenue expansion and cost-saving through integration into its decentralized one-stop-shop model. Larger transactions in recent years include the acquisitions of Parex Group, which strengthened SIKA's position in mortars and façade systems, and MBCC Group, which materially expanded its global scale and product breadth in construction chemicals (Appendix 4). In 2024, approximately 38% of total investment was allocated to Asia-Pacific, reflecting management's current regional growth focus.

Management Team - SIKA is led by a highly experienced management team with long internal tenure. CEO Thomas Hasler has over 30 years at SIKA, having held senior leadership roles across regions and functions, while members of the Executive Committee typically bring 20+ years of industry experience (Appendix 5). Management has historically demonstrated a strong track record of meeting or delivering within its stated guidance ranges, supporting credibility in strategic execution (Appendix 6). Recent insider activity shows net buying by SIKA directors, with multiple share purchases totaling ~CHF 410k in 2025 (Appendix 7), indicating continued management confidence in the company's long-term prospects.

Shareholder Structure – SIKA has a highly dispersed ownership structure with no controlling or reference shareholder. The company's free float is approximately 95%, supporting strong liquidity and broad index participation. Ownership is dominated by long-term institutional investors, including BlackRock (7.7%), UBS Funds Management (5.6%), and Capital Group (5.0%), with the remainder widely held globally (Exhibit 10).

Strategy 2028 – Under the Strategy 2028, SIKA AG targets 3–6% annual sales growth in local currencies and an EBITDA margin of 20–23% over the cycle (Exhibit 11). The strategy focuses on expanding share in core construction markets through the one-stop-shop system, continued innovation-led product development, and bolt-on acquisitions to broaden geographic reach and system coverage. A key execution pillar is the realization of synergies from the MBCC acquisition, with integration progressing across procurement, production footprint optimization, and cross-selling, supporting scale benefits and margin uplift. In parallel, the Fast Forward program (Appendix 8) underpins operational efficiency through cost discipline, organizational streamlining, and

Exhibit 7 - Historical Revenue and EBITDA

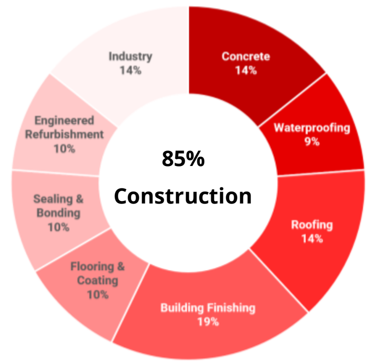


Source: Annual Report

Exhibit 8 - Revenue Split by Region and Industry

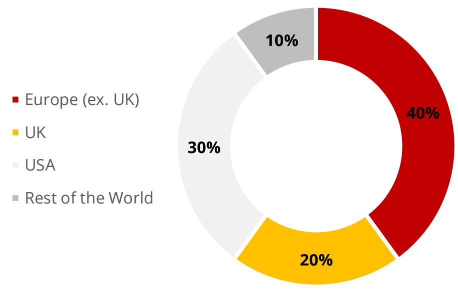
Source: 2024 Annual Report

Exhibit 9 – Construction Revenue Split by Product Segment



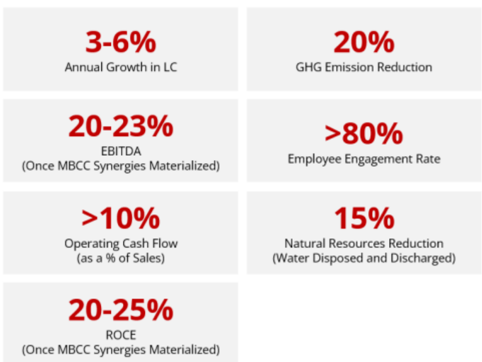
Source: Company Website

Exhibit 10 - Investor Base Geographical Split



Source: Company Website

Exhibit 11 - SIKA's Strategy 2028



Source: Company Website

digitalization initiatives, reinforcing management's objective to outgrow underlying construction markets while preserving the decentralized operating model that enables local execution.

INDUSTRY OVERVIEW

Macro Outlook

Interest Rate Environment (Neutral) – The global construction sector remains constrained by historical interest rates in the U.S. and Europe, which have weighed on private residential and commercial construction through higher financing costs. Although monetary policy began to ease in late 2024, the typical 12–18 months lag between rate cuts and construction activity implies a gradual rather than immediate recovery.

Economic Growth Backdrop (Neutral) – Economic growth across major construction markets remains moderate. In developed economies, GDP growth is expected to stay subdued, with the Eurozone growing around ~1% and the U.S. in the ~2–3% range, supporting stability rather than a rapid rebound in private construction activity. In China, GDP growth remains near ~5%, but construction demand continues to lag due to the ongoing property sector downturn. In contrast, several emerging markets are expected to grow materially faster, with Indonesia (~5%), Vietnam (~6–7%), Saudi Arabia (~4–5%), and Singapore (~2–3%), supported by infrastructure spending, urban development, and government-backed investment programs, providing a more supportive backdrop for construction demand over the medium term.

FX Headwinds (Negative) - Over the past five years, the Swiss franc has appreciated at an annualized rate of approximately +395 bps against the Chinese yuan, +307 bps against the euro, and +204 bps against the U.S. dollar, creating negative translation effects for globally active construction suppliers. Swiss authorities, through the Swiss National Bank, have sought to limit excessive CHF appreciation via foreign exchange interventions and monetary policy measures aimed at smoothing volatility rather than targeting a fixed exchange rate; nevertheless, the CHF remains structurally supported by its safe-haven status.

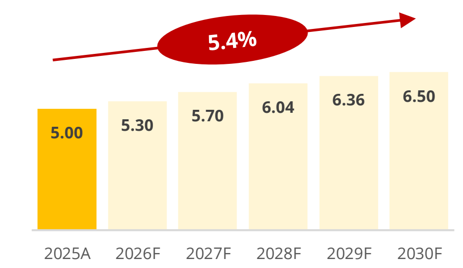
Construction Market Outlook (Positive) – Following a contraction in 2024–2025, global construction activity is expected to return to growth, driven by infrastructure investment and regional divergence. Asia-Pacific (APAC) is forecast to lead, with a construction market CAGR of 5.4% between 2025 and 2030 (Exhibit 12), supported by urbanization and infrastructure development. Growth in EMEA is expected to be more moderate at 2.7% CAGR (Exhibit 13), as renovation and infrastructure activity offset weaker private residential and commercial construction. The Americas are projected to grow at 3.3% CAGR (Exhibit 14), underpinned by renewal of public infrastructure.

Input Costs (Neutral) - Oil- and petrochemical-linked input costs have normalized from their 2022 peaks, with Brent crude prices declining by approximately 53% from 2022 highs to November 2025 (Exhibit 15), and market forecasts pointing to further moderation toward ~USD 55 per barrel in 2026. While trade policy and tariff uncertainty across the U.S., EU, and China continues to create localized cost distortions in global supply chains, the impact on construction chemicals is mitigated by predominantly local production and distribution models. In this context, SIKA AG's local-for-local operating structure, manufacturing close to end markets, limits direct exposure to cross-border tariffs, reducing sensitivity to trade-related disruptions relative to more centralized production models.

Key Growth Drivers

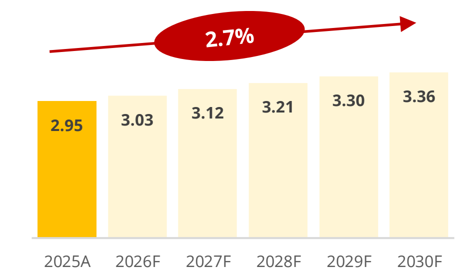
New Infrastructure Builds to Support Urban Mobility (Emerging Markets) – Large-scale public infrastructure projects (Appendix 9) are driving construction demand across emerging markets. Indonesia's new capital city development (Nusantara) represents an estimated USD 32–35bn infrastructure program, while Egypt's New Administrative Capital is estimated at USD 45–60bn, focused on transport and public facilities. In India, the National Infrastructure Pipeline (NIP) encompasses approximately USD 1.4tn of planned investment through 2025 across transport and urban infrastructure. Vietnam's Ho Chi Minh City Metro program comprises multiple lines with a combined estimated cost of USD 25–30bn, while Saudi Arabia's World Cup–related and Vision-driven infrastructure projects involve USD 100bn+ of spending on stadiums, transport, and urban mobility. Collectively, these projects provide long-duration visibility for infrastructure-led construction demand in emerging markets.

Exhibit 12 - APAC Market Size (in CHF B)



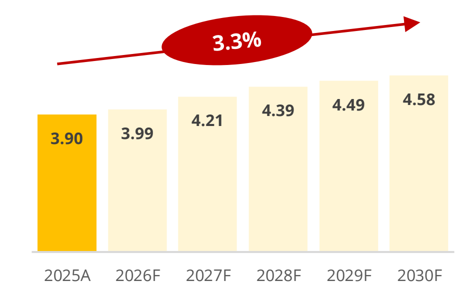
Source: Oxford Economics, Team Analysis

Exhibit 13 - EMEA Market Size (in CHF B)



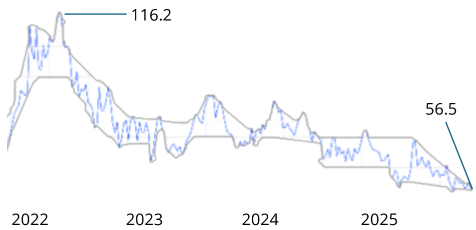
Source: Oxford Economics, Team Analysis

Exhibit 14 - Americas Market Size (in CHF B)



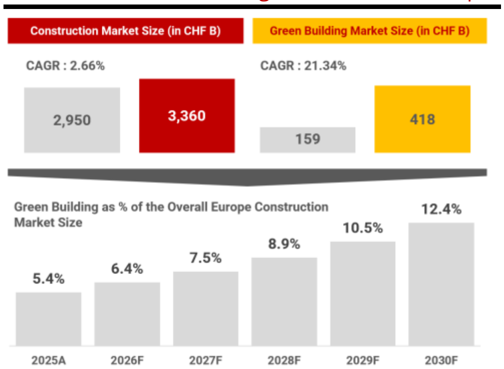
Source: Oxford Economics, Team Analysis

Exhibit 15 - Crude Oil Price (USD/Bbl)



Source: Trading Economics

Exhibit 16 - Green Building Market Size in Europe



Source: Mordor Intelligence, Oxford Economics, Team Analysis

Renewal of Aging Infrastructure (Developed Markets) – In developed economies, construction demand is increasingly driven by the renewal and refurbishment of aging infrastructure. In the United States, approximately 42% of bridges are over 50 years old, with around 10% classified as structurally deficient, necessitating sustained investment in repair and replacement. In Europe, an estimated 35–45% of roads, railways, and bridges are over 50 years old, while around 15% of buildings require mandatory upgrades under existing energy performance regulations. These needs are supported by long-duration public funding frameworks, such as the USD 1.2tn U.S. IIJA (2021–2030) and the EU Renovation Wave, which targets the upgrade of 30 million buildings by 2030 with annual investment mobilization of approximately EUR 275bn, providing durable visibility for refurbishment-led construction activity (Appendix 10).

Tighter Environmental Sustainability Regulation (Eurozone) – Environmental sustainability regulation in the Eurozone (Appendix 11) is a structural driver of construction demand, centered on stricter energy-efficiency and decarbonization requirements. Under the Energy Performance of Buildings Directive (EPBD), approximately 75% of Europe's building stock is classified as energy inefficient, and around 15% of buildings are required to undergo mandatory upgrades to meet minimum performance standards. In parallel, carbon-reduction targets and tighter environmental rules are accelerating the shift toward compliant construction solutions. As a result, the green building market is expected to grow at a CAGR of 21.3% through 2030, materially outpacing the 2.7% CAGR of the overall construction market, leading to a rising share of sustainability-driven construction activity in the Eurozone (Exhibit 16).

Industry Structure and Competitive Dynamics

The construction chemicals and materials industry exhibit high competitive rivalry (Exhibit 17) within a highly fragmented market structure, with numerous global, regional, and local players competing across overlapping product segments. As shown in Exhibit 17, SIKA AG is the largest single player with an estimated ~12% global market share, while the remainder of the market is dispersed. The threat of new entrants is low to medium, as high technical expertise, product certification requirements, and economies of scale in production and distribution favor established firms, although niche local entry remains feasible. Supplier and customer bargaining power are both moderate: most raw materials are commoditized, limiting supplier leverage, while large contractors can negotiate on price but face high switching and adaptation costs in specification-driven applications. The threat of substitution is low to medium, particularly in complex and infrastructure-related projects where performance, durability, and compliance requirements constrain alternatives. Overall, the industry combines intense competition with meaningful structural barriers, resulting in a stable yet competitive operating environment (Appendix 12).

Competitive Positioning

Local-for-Local Operating Model – With 400+ production facilities globally, SIKA operates a decentralized model that enables manufacturing close to end markets, tailored formulations, and on-site technical support. This positions SIKA to capture infrastructure-led growth in emerging markets, where execution speed and local supply are critical, while also addressing refurbishment demand in developed markets, where regulatory compliance and performance requirements drive customization.

Innovation Leader in Sustainable Products - With approximately ~3% of sales invested in R&D, SIKA has built a differentiated portfolio of sustainability-compliant and high-performance solutions. Leadership in EPD-certified products (Exhibit 19) positions the company to benefit from tightening environmental regulation and rising demand for sustainable construction solutions, particularly in public and regulated projects. Experts mention that SIKA's products are must-use and they are willing to pay more (Exhibit 20).

Proven Value Accretive M&A Track Record – In a highly fragmented industry, SIKA has completed 70+ acquisitions over the past 20 years, using disciplined integration to expand geographic reach and system coverage. Major transactions such as MBCC (adding 95 production facilities across 60+ countries) and Parex (doubling the mortar business) illustrate how this capability supports faster scale expansion and market consolidation, which led to an increase in market share (Exhibit 21).

System-Based Offering that Pleases Customers – SIKA's integrated one-stop-shop system (Appendix 2) enables customers to source compatible solutions across multiple construction stages, reducing interface risk and simplifying procurement. This system-based approach increases switching costs and allows SIKA to capture a greater share of project economics compared with single-product competitors.

Exhibit 17 - Porter's 5 Forces Analysis Summary

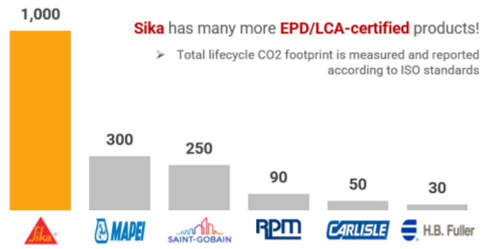
Threat of New Entrants	Low to Medium
Bargaining Power of Suppliers	Medium
Bargaining Power of Customers	Medium
Threat of Substitutes	Low to Medium
Competitive Rivalry	**High**

Source: Team Analysis

Exhibit 18 - Market Share of SIKA

Source: Company Website

Exhibit 19 - Number of EPD Products vs. Peers



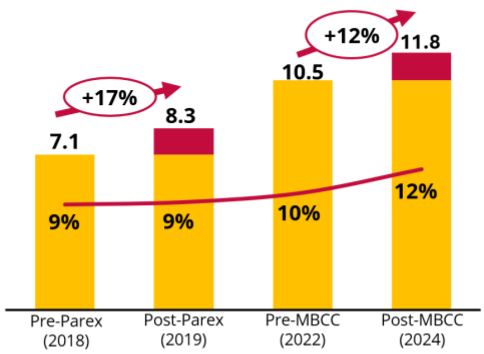
Source: Annual Reports, Team Analysis

Exhibit 20 - Expert Opinions on SIKA Products

CEO of a Building Company	"In France, **Sika (+ Parex) is a powerful combination.** We use their concrete admixtures, and that is not going to change."
Engineer of a Building Company	"For infrastructure projects, such as tunnels or bridges, Sika products are a must, **even though the price is higher**."
Procurement Manager of a Building Company	"If Sika **increases its price by 5-10%**, we will **still use its products** due to better quality and durability"

Source: Team Interview with Experts

Exhibit 21 - Pre- and Post- Acquisitions Revenue (in CHF B) & Market Share (in %)



Source: Annual Reports, Team Analysis

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

SIKA's sustainability commitments provide a competitive advantage and reduce transition risk as global standards tighten. Its strong ESG profile has secured inclusion in major indices such as the Dow Jones Sustainability Index Europe and FTSE4Good and is reflected in above-peer scores across external ratings (Exhibit 22) and internal proprietary assessments (Exhibit 23; Appendix 13). The internal framework benchmarks 45 sustainability datapoints, weighted 55% Environmental, 30% Social, and 15% Governance. Environmental factors carry the highest weight due to their impact on valuation through access to green financing and a growing green product portfolio directly linked to sales growth, as well as high investor visibility amid climate concerns. Social weighting reflects the importance of human capital and R&D for long-term growth, while Governance is assigned a lower valuation impact. SIKA reports under GRI standards, is aligned with CSRD requirements, and contributes to over 10 UN SDGs (Exhibit 24), reinforcing ESG credibility, transparency, and appeal to sustainability-focused investors.

While ESG risks are largely reflected in SIKA's WACC, the primary valuation upside comes from its sustainability focus, positioning the company to benefit from Europe's accelerating green transition. Social and Governance factors reduce execution risk by supporting R&D talent retention, product innovation, and effective oversight through aligned board structures and incentives, reinforcing investor confidence and long-term value creation.

Environmental Performance

Sustainable Portfolio Management (SPM) – This is SIKA's core sustainability program that we believe will drive a material rise in European sales growth. The company invests 3% of sales in R&D, with SPM requiring all new products to qualify as sustainable solutions, resulting in an EPD-certified portfolio materially larger than peers (Exhibit 19). Supported by tightening environmental regulation and substantial climate-adaptation investment expected by 2030 (Appendix 14), the green construction market is set for continued rapid growth. We believe SPM positions SIKA to outperform the broader construction market. Accordingly, we apply a EMEA sales growth premium of 0.93% in 2026, rising to 1.69% in 2030, relative to the construction industry to reflect increased exposure to green construction.

Emissions – SIKA has committed to net-zero by 2050, with its long-term target and 2028 goals validated by the Science Based Targets initiative (SBTi). The company targets 90% Scope 1, 2, and 3 emission reductions by 2050 from a 2022 baseline. Scope 1&2 emissions have already fallen 19.5% by 2024, driven by higher renewable energy usage (70.4% of electricity vs. 55.8% in 2022) and energy-efficiency programs. While Scope 3 emissions, the largest share, rose slightly in 2024 due to growth, initiatives such as Together for Sustainability (TfS) and SPM aim to address this by directing R&D revenue toward sustainable products that reduce CO_2 emissions, water use, and building energy consumption.

Waste and Water Management – SIKA aims to reduce non-recoverable waste and water discharge by 15% by 2028 vs. 2023, with 4% waste and 7% water reductions achieved by 2024. This is achieved with programs focused on circular solutions, diverting waste to reuse and recycling, as well as innovation, creating products that require less water, and reducing the reliance on raw materials.

Social Performance

People – With People & Culture as a core pillar of Strategy 2028, Sika has a 24.8% female workforce, targeting 30% in the short term, alongside a <5% gender pay deviation. Through its SIKA Cares program, SIKA supports education, infrastructure, climate, and health initiatives, contributing 5,849 volunteering days and reaching 130,194 beneficiaries in 2024.

Safety – SIKA's safety record has some room for improvement with a 4.04 Total Recordable Incident Rate (TRIR) and a 1.71 Lost Time Injury Frequency Rate (LTIFR). However, management has taken large steps in solving this problem. The SIKA Vision Zero program aims to identify and mitigate risks earlier, has already led to 51% LTIFR and 34% TRIR reduction (since 2023), and a 126% increase in hazard observations.

Governance Performance

Leadership Structure – The SIKA board has 8 members (3 female) and is entirely non-executive. With 87.5% being independent. The team has a broad range of experience required to perform the duties of the team. It consists of the Audit Committee,

Exhibit 22 – External ESG Ratings

	Sika	Saint-Gobain	RPM	Carlisle
MSCI	AA	A	BB	A
S&P	58	56	34	21
Sustainalytics	22	20	33	20

Source: Sustainalytics, MSCI, S&P

Exhibit 23 - Internal ESG Rating

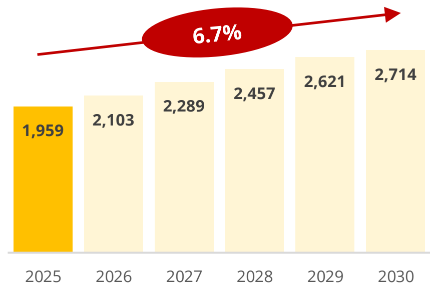
Company	Overall	E	S	G
SIKA	70	70	65	78
Saint-Gobain	75	65	87	86
Carlisle	60	74	35	59
RPM	41	33	49	53

Source: Team Analysis

Exhibit 24 - Related SDGs

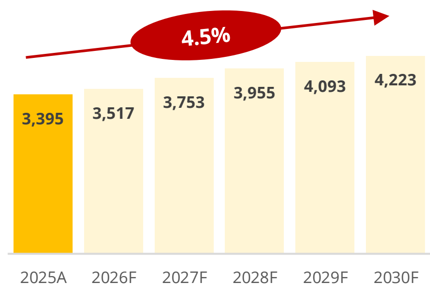
Source: Company Reports

Exhibit 25 - APAC Organic Revenue (in CHF M)



Source: Team Analysis

Exhibit 26 - Americas Organic Revenue (in CHF M)

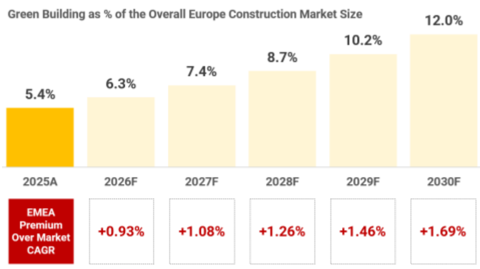


Source: Team Analysis

Nomination and Compensation Committee (NOCC) and Sustainability Committee, which ensures effective oversight, robust governance and alignment with the company's strategic and sustainability objectives.

Executive Compensation – With 10% of short-term incentives tied to safety performance and 20% of long-term incentives based on environmental targets, the executive compensation structure highlights commitment to improving sustainability. The remaining incentive bonus is focused on financial performance (ROCE, share performance, and EBITDA targets), aligning management with value creation for shareholders. 5x and 2x bonus caps for the CEO and management, a transparent compensation structure, and a strong NOCC give shareholders confidence in the leaders of the company.

Exhibit 27 - ESG Growth Premium on EMEA



Source: Mordor Intelligence, Team Analysis

Green Transition Opportunities and Risks

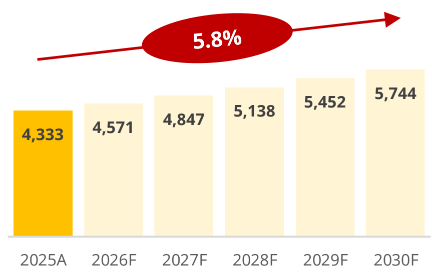
Opportunities:

- Strong 1.5 °C positioning via low-carbon, energy-efficient, resilient building solutions
- Enables customer decarbonization, lowers operating costs, and benefits from regulation/incentives
- Innovation and resource efficiency support margins and differentiation

Risks:

- Higher carbon pricing, regulation, compliance, reporting, and litigation exposure
- R&D and execution risk in scaling low-carbon/circular products
- Raw-material cost/availability risk and potential market-share loss

Exhibit 28 - EMEA Organic Growth (in CHF M)



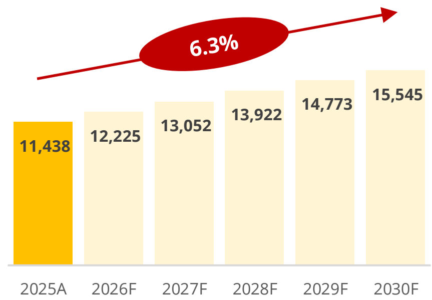
Source: Team Analysis

Financial Analysis

Activity Analysis

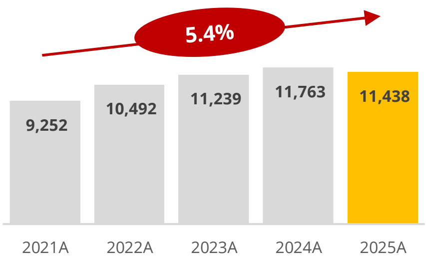
Organic Revenue Growth – At SIKA AG, organic revenue growth (excluding FX and M&A) consistently exceeds underlying construction market growth across all regions, driven by differentiated exposure to infrastructure investment, refurbishment demand, and sustainability-compliant solutions. In Asia-Pacific, the construction market is forecast to grow at a 5.4% CAGR over 2025–2030 (Exhibit 12), while SIKA has already demonstrated sustained outperformance, with APAC revenue growth excluding China reaching 15.4% in 2024, approximately 4 percentage points above the regional market; this structural premium supports an implied ~6.7% revenue CAGR for SIKA in the region over the forecast period (Exhibit 25). In the Americas, the construction market is expected to grow at a 3.3% CAGR (Exhibit 14), underpinned by infrastructure renewal, while SIKA's strong exposure to refurbishment and infrastructure applications supports a ~1.2 percentage point growth premium, resulting in an implied ~4.5% revenue CAGR (Exhibit 26). In Europe (EMEA), where the construction market is forecast to grow at 2.7% CAGR (Exhibit 13), SIKA benefits from two additive and distinct growth premiums: a ~1.95 percentage point uplift linked to aging infrastructure and refurbishment demand, supported by long-duration public funding such as the EU Renovation Wave, and a time-varying sustainability-driven premium as green building penetration rises from approximately 5.4% of the market in 2025 to ~12.4% by 2030 (Exhibit 27). As a result, the incremental uplift from environmental compliance increases from ~0.93% in 2026 to ~1.69% by 2030; when averaged over the forecast period, the combined refurbishment and sustainability effects translate into an approximately 2.1 percentage point annualized growth premium, implying a ~5.8% CAGR revenue for SIKA in Europe (Exhibit 28), materially above the underlying construction market. Further details about the revenue growth premium could be found in Appendix 15.

Exhibit 29 - Overall Revenue Forecast (in CHF M)



Source: Team Analysis

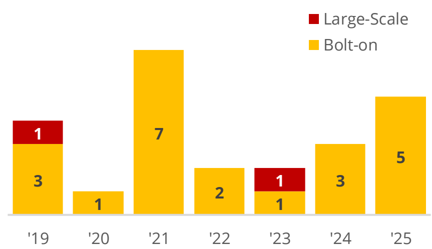
Exhibit 30 - Historical Revenue (in CHF M)



Source: Capital IQ, Team Analysis

Mergers & Acquisition Effect – The contribution from mergers and acquisitions is incorporated as a separate, incremental driver of revenue growth at SIKA AG. Based on a five-year historical average, we estimate an acquisition value to first-year sales multiple of ~2.3x, which is used to translate expected acquisition spend into first-year revenue contributions in the forecast. Historically, SIKA has deployed approximately CHF 100–200m per year on bolt-on acquisitions, and this range is maintained as the base assumption going forward. Revenues generated by acquisitions are treated as inorganic in the first year only; from the second year onward, they are fully embedded in the revenue base and grow in line with the regional organic growth assumptions outlined in the previous section. No explicit FX impact is incorporated into the revenue forecast, reflecting the absence of a reliable method to predict future exchange rates, consistent with insights from an academic expert in international finance; FX effects are instead addressed separately in the investment risk analysis. Combining organic growth and the

Exhibit 31 - # of Acquisition Deals 2019-2025



Source: Company Annual Reports

recurring contribution from bolt-on M&A, total revenue growth over 2025–2026 is forecast at a ~6.3% CAGR (Exhibit 29), compared with ~5.4% CAGR achieved over 2021–2025 (Exhibit 32), reflecting an acceleration driven by both structural demand tailwinds and continued disciplined acquisition activity (Exhibit 31). A full breakdown of the organic growth and M&A effect can be seen in Appendix 16.

Margin Analysis

Gross Margin Resilience and Pricing Power – Sika's ability to maintain high gross margins is a proof to its dominant market position and pricing power. We project Gross Margins to stabilize at approximately 53.9% in 2025, recovering from the inflationary pressures of 2022, where they dipped to 49.4%. Moving forward, we forecast a gradual expansion to 55.0% by 2030 (Exhibit 33). This resilience is underpinned by the company's "Local for Local" strategy, which hedges against logistics costs, as well as its formulation expertise that allows for the substitution of raw materials during shortages. Because Sika's admixtures and sealants typically represent less than 2% (Exhibit 20) of a total project's cost yet determine its structural integrity and longevity, customers exhibit low price sensitivity. This inelasticity allows Sika to treat pricing as a strategic lever rather than a reaction to market forces. Historical performance validates this; during the hyper-inflationary period of 2021–2022, Sika successfully implemented double-digit price hikes to offset soaring raw material costs. The consistent material margin above 50% confirms that Sika is not merely a commodity supplier but a provider of value-added technology, capable of passing on input cost inflation to customers without eroding its unit economics.

EBITDA Expansion via Synergies and Efficiency – Operational leverage is the central engine of our margin expansion thesis. We forecast EBITDA margins to expand from 19.0% in 2025 to 21.7% by 2030 (Appendix 17, Exhibit 33), consistently outperforming the specialty chemicals peer average of 19.1% and the building materials average of 16.6%. This trajectory is driven by two structural catalysts: the realization of the remaining CHF 200 million in run-rate synergies from the MBCC acquisition and the execution of the "Fast Forward" program (Exhibit 40). The latter is expected to deliver substantial efficiency gains through the digitalization of the supply chain and the rightsizing of the Chinese operational footprint. As integration costs subside and these efficiency programs take hold,

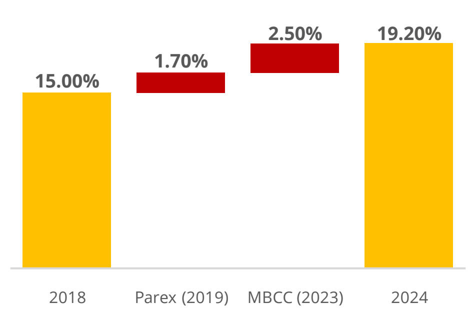
Depreciation & Amortization driven by asset base expansion and footprint optimization – D&A decreased from 3.25% to 2.5% of revenue between 2020 and 2022 as revenue growth outpaced asset base expansion. In 2023, D&A increased following the expansion of the asset base driven by the MBCC acquisition and organic capacity expansion projects, before moderating to approximately 2.9% of revenue in 2024. Looking forward, we expect D&A to stabilize in the 3.0–3.3% range. Downward pressure from the China business restructuring and footprint optimization under the Fast Forward program will be partially offset by increases in the asset base from bolt-on acquisitions and capacity expansions, as well as efficiency-enhancing investments under the Fast Forward Program such as the digital factory program and increased process automation.

Net Profit and Bottom-Line Quality – Translating this operational success to the bottom line, we expect Net Profit Margins to recover from the M&A-impacted low of 9.5% in 2023. We model a steady increase from 9.8% in 2025 to 12.7% by the end of our forecast period (Exhibit 33). This level of profitability is significantly superior to the peer group average of approximately 8%. The expansion is supported by Sika's rapid deleveraging profile, which reduces interest expenses and a normalized tax rate. Ultimately, this robust bottom-line conversion demonstrates Sika's ability to generate high-quality earnings for shareholders. A full income statement projection can be seen in Appendix 18.

Cash Conversion Cycle and Working Capital

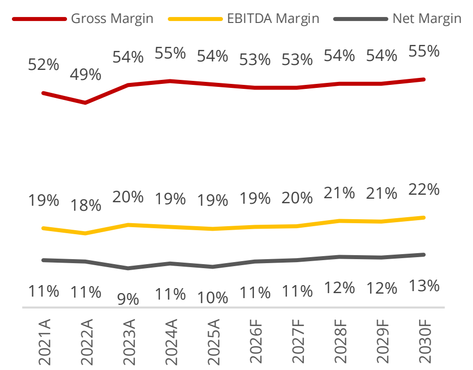
The Efficiency Opportunity - Normalizing the Cash Conversion Cycle Sika's Cash Conversion Cycle (CCC) is currently elevated at 86 days (HY 2025), significantly higher than its historical average of ~71 days in the last years. When benchmarked against the peer group, Sika trails highly efficient operators like Saint-Gobain (50 days) and Henkel (15 days), though it remains more efficient than RPM International (102 days) (Exhibit 34). This temporary expansion is a byproduct of two specific headwinds: the logistical complexities of integrating MBCC, which necessitated higher safety stock levels (inventory build-up), and a macro-driven slowing of collections in the Chinese market. Rather than a structural flaw, it is a "working capital bulge" as a significant lever for future value creation.

Exhibit 32 - Acquisitions Effect on EBITDA Margin



Source: Company Annual Reports

Exhibit 33 – Margin Analysis



Source: Capital IQ, Team Analysis

Exhibit 34 - CCC Comparison with Peers

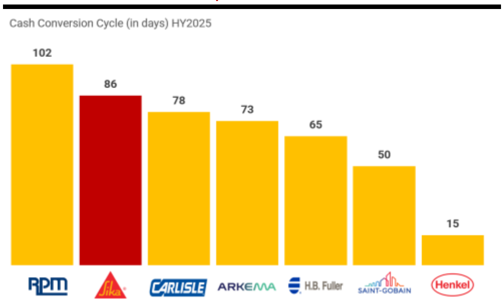


Exhibit 35 - CCC Forecasts

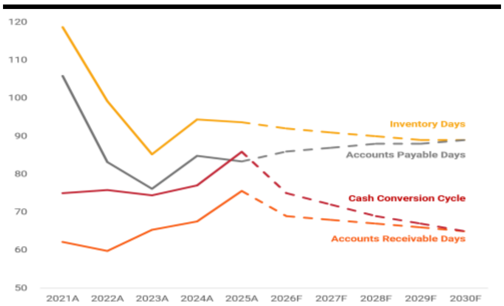
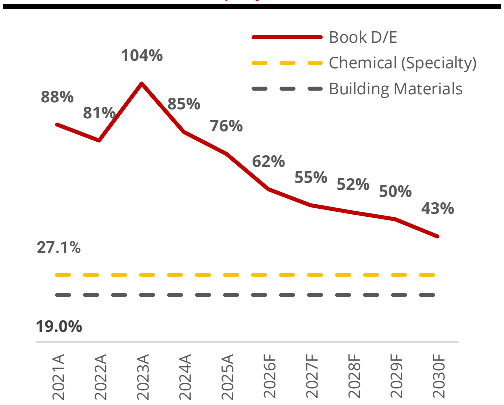


Exhibit 36 - Debt-to-Equity Ratio



Source: Capital IQ, Team Analysis

Trajectory: Unlocking Cash through Discipline - As the MBCC integration concludes and the "Fast Forward" digitalization initiatives take root, we forecast a structural improvement in Net Working Capital (NWC) efficiency. We model the CCC compressing steadily from 86 days in 2025 to ~65 days by 2030. This improvement will be driven primarily by a reduction in Inventory Days, which spiked during the supply chain crisis, and a normalization of Accounts Receivable Days (Exhibit 35).

Impact on Liquidity and Valuation - This tightening of the working capital cycle has direct implications for our valuation. As Sika reduces its NWC intensity, it releases trapped capital directly into Free Cash Flow (FCF). We estimate that this optimization will support the company's rapid deleveraging, with the Current Ratio expected to stabilize around a healthy 2.0x–2.5x through the forecast period. This enhanced liquidity profile not only secures the dividend but also replenishes the "dry powder" required for Sika to resume its bolt-on acquisition strategy by 2026/2027 without straining the balance sheet.

Capital Structure, Leverage and Liquidity

Balance Sheet Analysis – Sikas debt is primarily CHF-Denominated bond (CHF 2.8 bn, maturities 2025-2034) along with EUR bonds though Sika Capital B.V. (EUR 2.1 bn, all maturity before 2030). This is supported by CHF 2.2 bn of revolving credit facilities maturing 2028-2029 (1.1 bn drawn at July 2025). We have forcasted CHF 610 m of annual debt issuance inline with historical averages, this is mainly to cover general corporate expenditure, including refinancing current debt. Strong operating cash flow (CHF 1.7 bn in 2025 to CHF 2.3 bn in 2030) supports sustained capital expenditure and bolt on acquisitions as well as strengthening the cash balance from CHF 0.9 bn to CHF 6.1 bn from 2025 to 2030 (Appendix 19).

Strong Credit Quality - Although SIKA's debt-to-equity ratio remains above its peers, it is steadily declining and not a structural concern; it primarily reflects acquisition financing rather than a poorly managed balance sheet (Exhibit 36). Credit metrics remain strong, with debt-to-EBITDA trending toward 1.6x by 2030 (Exhibit 38), and interest coverage remains in a very safe range at 15x in 2026 and is expected to increase to 26.1x by 2030 (Exhibit 37), driven by EBITDA growth and synergy realization. This financial strength supports continued bolt-on acquisitions while preserving balance sheet flexibility.

Sika's strong financial standing is further confirmed during an Altman Z-Score analysis with a score of 3.515, which is above the "safe threshold" of 2.99, indicating a very low probability of financial distress (Appendix 20).

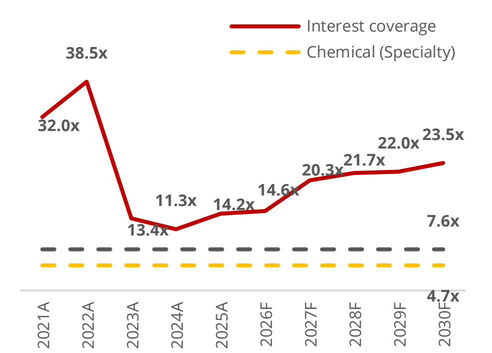
Earnings Forecast and Payout Policy

Earnings and Free Cash Flow Forecasts – SIKA remains highly profitable with resilient earnings and exceptional FCF conversion. Revenue grows at a 6.3% CAGR (2025-2030), reflecting SIKA's track record of slightly outperforming its 3-6% guidance. The forecast includes EBITDA and EBIT margin expansions of 270 bps and 250 bps between 2025 and 2030, respectively. After a slowdown in 2025 due to China revenues retracting, restructuring costs and FX effects, Sika's earnings growth is expected to remain positive an strong during the 2026-2030 period driven by the expected revenue growth and margin expansion. SIKA's cash flow profile is underpinned by stable capital intensity and a clear post-acquisition deleveraging trajectory. Capital expenditure remains disciplined at around 2.8% of sales, supporting predictable free cash flow generation, with FCF margins improving from 8.2% in 2022 to 12.7% in 2025, and to 13.8% in 2030 (Exhibit 45 and Appendix 21), reflecting operating leverage and post-acquisition normalization. Sika also displays strong earnings quality, supported by a Beneish M-Score of -2.54, well below the -1.78 threshold associated with elevated earnings manipulation risk (Appendix 22).

Shareholder Value Creation - We are forecasting a steadily rising ROIC for SIKA from 14.7% in 2025 to 25.6% in 2030, resulting from increasing profit alongside limited change in invested capital. A DuPont decomposition (Appendix 23) was conducted to analyze the ROE, highlighting that despite ongoing deleveraging, SIKA still modestly increases its ROE from 15.2% in 2025 to 17.0% in 2030, reflecting the strong profitability we are expecting in the near-term. Together, rising ROIC well above the WACC of 7.0% and a margin-led ROE profile confirms SIKA is creating structurally sustainable shareholder value through operating strength. Importantly, this value creation leads to consistent and growing dividends, with 11% annual growth over the last 10 years, funded by strong cashflow generation rather than balance sheet expansion.

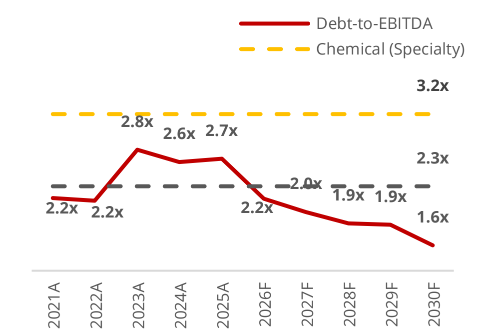
VALUATION

Exhibit 37 - Interest Coverage Ratios



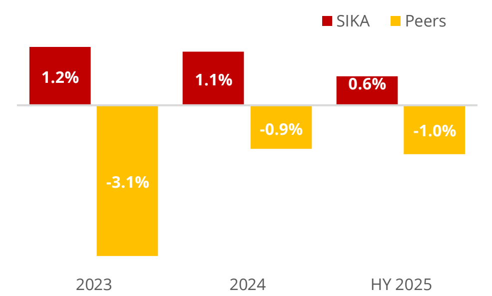
Source: Capital IQ, Team Analysis

Exhibit 38 - Debt-to-EBITDA Ratios



Source: Capital IQ, Team Analysis

Exhibit 39 - Historical Revenue Growth vs. Peers



Source: Company Website

Exhibit 40 - Benefits & Costs of Fast Forward

CHF 150 – 200 million of Annual Savings by 2028

1500 FTE Reduction in China

CHF 120 – 150 million of Initial Investment

CHF 80 – 100 million of One-Off Restructuring Cost

+85 bps
to EBITDA Margin in 2026

Source: Company Website

Exhibit 41 - WACC Calculation

	Weight	Cost
Debt Capital	19.15%	0.91%
Equity Capital	80.85%	8.44%
WACC		**7.00%**

Blended Approach – SIKA is valued at CHF 177.8 per share, supporting a BUY rating and implying 12.6% upside from the 25th November closing price. The valuation is derived using a blended approach of 70.0% DCF and 30.0% relative metrics. SIKA has consistently traded at premiums for its global presence, business model, and the inherent Swiss Equity Premium (Appendix 25). Hence, intrinsic valuation provides a more reliable anchor than peer multiples, which are constrained by the limited number of comparable companies. The football field chart (Exhibit 44) shows the valuation range, incorporating analysts consensus and Monte Carlo simulation (0% weight).

Discounted Cash Flow (DCF) Valuation

Results – The DCF analysis yields a target price of CHF 194.3 per share, implying 23.1% upside. This outcome reflects expectations of continued market-share gains across EMEA and APAC, as well as progressive operating-margin expansion driven by acquisitions, one-stop shop business model, and Fast-Forward program.

WACC Calculation – The DCF valuation starts with the estimation of SIKA's weighted average cost of capital (WACC). The risk-free rate is set at 0.17%, based on the Swiss 10-year government bond yield. The equity risk premium totals 7.9% (Appendix 26), consisting of a market risk premium of 5.8% and a levered beta of 1.4 based on 5-year average against Swiss index. A country risk premium of 0.3% is added, derived from a weighted average of the U.S., Switzerland, China using the LTM regional revenue mix. The pre-tax cost of debt is 1.2% and applying a 21.3% tax rate results in an after-tax cost of debt of 0.9% (Appendix 26). On the capital structure side, SIKA's market capitalization is CHF 25.3 billion, and the market value of debt is CHF 6.0 billion. This produces a WACC of 7.0% (Exhibit 41).

Enterprise Value – With strong and stable FCF and applying a 2% terminal growth rate, the model yields a present value of CHF 7.5 billion for the discrete forecast period and CHF 29.4 billion for the terminal value. Taken together, this provides an enterprise value of CHF 36.9 billion (Exhibit 43), equivalent to CHF 194.3 per share under the DCF approach.

Uncertainty Analysis

Sensitivity Analysis: A sensitivity analysis (Appendix 27) was conducted to identify the effects of changing the WACC and Terminal Growth on the Valuation. The DCF sensitivity ranges are based on adjusting the WACC by ±75 bps and terminal growth rate by ±60 bps, producing outcomes range from a 76% upside to 4% downside relative to the November 25th closing price. The full range of results is shown in Appendix 19. The range indicates limited downside risk, supporting the robustness of the valuation.

Scenario Analysis: A scenario analysis (Appendix 28) was conducted to analyze the company in a bull and bear case scenario. The key value drivers analyzed were regional sales growth across construction and industrial segments, gross margins, cash acquisition volume, and key margin drivers including MBCC synergies and effectiveness of the Fast Forward Program. Exhibit 46 illustrates the magnitude each factor was changed relative to the base case. These assumptions were selected to capture uncertain macro-economic environment affecting sales and gross margins, as well as management execution, particularly with respect to acquisition and post-merger integration efficiency. The bear case further reflects downside outcomes should the key investment risks materialize. These resulting implied share prices range from CHF 227.2 in the bull scenario and CHF 164.2 in the bear scenario.

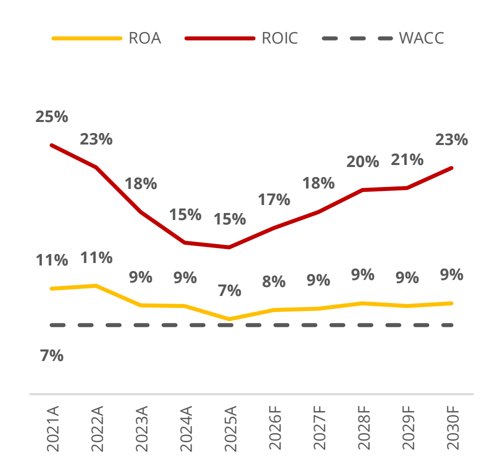
Monte Carlo Simulation: A Monte Carlo simulation of key valuation drivers indicates a 90% confidence valuation range of CHF 133.0–261.7 (median CHF 183.5). The model implies a 77% probability of a positive one-year return and a 60.6% probability of returns exceeding 10%, supporting confidence in achieving the 11.6% target return and indicating greater upside than downside risk (Appendix 29).

Relative Valuation

Competitors – SIKA is benchmarked against a carefully curated hybrid peer group (Exhibit 47 and Exhibit 48) that reflects its dual nature as both a construction materials provider and a high-tech specialty chemicals manufacturer. The peer universe (Appendix 30) includes Construction leaders (Saint-Gobain, RPM International, Carlisle) and Industrial/Specialty Chemical peers (Arkema, H.B. Fuller, Henkel, 3M).

Multiples choice – To minimize statistical noise, median point is exclusively used instead of average. The methodology assigns a 50/50 weight to two metrics: EV/EBIT, selected over EBITDA to account for the real economic costs of SIKA's M&A-driven growth (amortization of intangibles) and manufacturing capital intensity; P/E Ratio, included to

Exhibit 42 - Returns Analysis

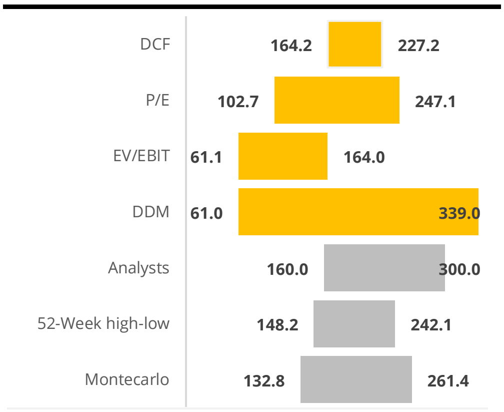


Source: Capital IQ, Team Analysis

Exhibit 43 - DCF (Values in CHF bn)

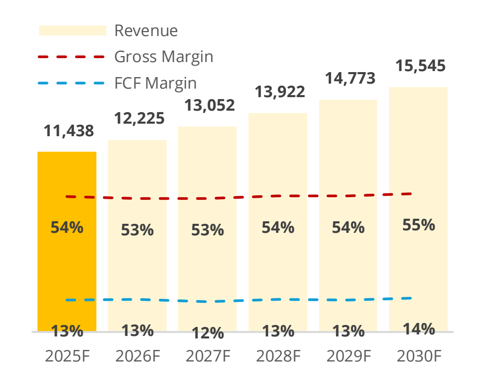
Year	2026	2027	2028	2029	2030
Revenue	12.2	13.1	13.9	14.7	15.5
Gross Profit	6.48	6.92	7.52	7.98	8.55
NOPAT	1.45	1.56	1.78	1.87	2.07
FCF	1.62	1.60	1.83	1.91	2.14
Discount Factor	*0.93*	*0.87*	*0.81*	*0.76*	*0.71*
Discount CF	1.65	1.39	1.49	1.45	1.52
Discount TV	29.4				
Sum PV	36.9				

Exhibit 44 - Football Field Chart



Source: Capital IQ, Team Analysis

Exhibit 45 - Revenue (in CHF M), FCF Margin



Source: Capital IQ, Team Analysis

benchmark SIKA's bottom-line earnings quality in a mature industry. The 50/50 weighting is given to valance equity-based and enterprise value-based value perspectives.

Results – The analysis reveals a valuation dichotomy (Exhibit 49). The P/E ratio implies a 3% upside, suggesting SIKA is fairly valued on an earnings basis relative to high-quality peers. Conversely, the EV/EBIT multiple implies a 26% downside, reflecting the scarcity premium the market assigns to SIKA's superior operating assets and "Basement-to-Roof" cross-selling moat. While the blended relative valuation suggests a slight premium to the peer median, this is fully justified by SIKA's industry-leading margins, and the Swiss equities premia.

INVESTMENT RISKS

(1) Exchange Rate Risk – Sustained appreciation of the Swiss Franc will have material consequences on SIKA's as profits are converted to CHF when earnings are consolidated, leading to lower EBIT and EBITDA growth. **Impact**: An appreciation of 2% annually over the next 5 years would reduce our upside by 5 percentage points. **Mitigation:** SIKA owns subsidiaries globally, meaning the cost base and revenue base coincide.

(2) M&A Risk – M&A opportunities are a key driver of growth for SIKA. As the market consolidates, competition from peers could become more intense and regulatory intervention becomes more stringent. Inability to expand markets and product portfolio through M&A could significantly hamper growth opportunities for SIKA in the future. **Impact**: We estimate that lack of M&A opportunities would reduce our upside by 3 percentage points. **Mitigation:** SIKA has previously succeeded in expanding its product offering beyond M&A through innovation and R&D. A deeper focus on strategic partnerships could similarly enable market expansion without the need to acquire companies.

(3) China Real Estate Market Risk – Despite the restructuring in the China business, the country remains a key target market for SIKA and makes up 50% of sales in Asia. A continuation of the real estate downturn would continue to weigh down on the sales figures in the Asia region. **Impact:** Revenue growth expectations for Asia take into account a very slow recovery of the China real estate market, meaning that the impact is already reflected in the base case of our current valuation. **Mitigation:** Expansion in other Asian markets reduces the reliance on the China real estate market.

(4) Government Debt Risk – Rising government debt levels in the U.S. and Western Europe are increasing fiscal pressure on public budgets, according to the IMF. As competing priorities such as defense and social spending intensify, governments may be forced to reallocate or delay climate-related infrastructure and renovation expenditure. France's €1.4 billion reduction in green transition funding that affected home renovation programs (Euractiv), illustrates this risk. **Impact:** A complete stop on climate and renovation related spending would reduce our upside by 2 percentage points. **Mitigation:** Aging infrastructure makes renovation inevitable beyond climate-driven needs. Sika's global presence diversifies revenues and reduces country-specific exposure.

(5) Tariff Risk – Tariffs have disproportionately increased construction material costs in the U.S., with effective tariff rates at 27.7%, compared to 16.2% across the broader U.S. economy (Oxford Economics). Elevated uncertainty around future tariffs complicates project appraisal and discourages capital allocation, as developers must price in adverse cost scenarios and avoid tariff-driven input cost inflation, leading to delayed or cancelled projects. **Impact:** No tariff policy changes specific to construction inputs followed the Q3 earnings report, so current margins, revenues, and our valuation already reflect their impact. **Mitigation:** SIKA's global presence reduces it's to the US market, while its local-to-local supply chain makes it less vulnerable to tariffs on foreign-sourced inputs.

AI Disclosure

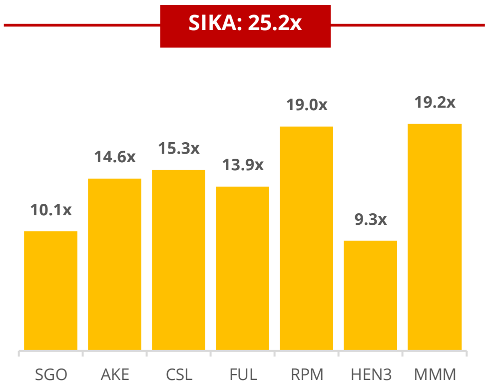
AI assistance was used to improve grammar and readability.

Exhibit 46 - Bull vs. Bear Case Summary

	Bull	Bear
Sales Volume	+1%	-1%
Gross Margin	+1%	-1%
Cash Acquisitions	+25 m	-25 m
MBCC Cost Savings	+10 m	-10 m
Fast Forward Exp.	+25 m	- 25m

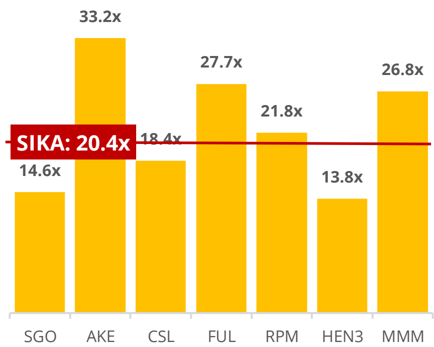
Source: Team Analysis

Exhibit 47 - SIKA EV/EBIT vs. Peers



Source: Capital IQ

Exhibit 48 - SIKA P/E Ratio vs. Peers



Source: Capital IQ

Exhibit 49 - Relative Valuation Results

EV / EBIT	
EBIT (LTM)	CHF 1,668 M
Median	14.6x
Share Price	CHF 116
P / E	
E (LTM)	CHF 1,194.2 M
Median	21.8x
Share Price	CHF 162

Source: Capital IQ, Team Analysis

Exhibit 50 – Risk Assessment

	Likelihood	Impact
(1)	**High**	**High**
(2)	**Low**	**Medium**
(3)	**Medium**	**Low**
(4)	**Low**	**High**
(5)	**Low**	**Medium**

Source: Team Analysis

Appendices

Appendix 1 – Product Segmentation

Concrete	Waterproofing	Roofing	Building Finishing
Admixtures that improve concrete performance, durability, and resource efficiency in ready-mix and precast applications.	Systems and membranes that protect structures from water ingress in below- and above-ground applications.	Flat-roof membranes and systems providing weather protection, energy efficiency, and solar compatibility.	Adhesives and sealants used for structural bonding, façade construction, and joint sealing.

Flooring & Coating	Sealing & Bonding	Engineered Refurbishment	Industry
Resin-based flooring systems for industrial and commercial buildings requiring durability and hygiene.	Interior and exterior finishing materials such as tile adhesives, grouts, and wall leveling compounds.	Repair, strengthening, and protection solutions extending the life of existing structures.	Integrated, system-based solutions for complex structural and infrastructure applications.

Source: Company Website

Appendix 2 – One-Stop Shop System

Building Envelope

Protects structures with sealing, insulation and moisture control

SikaWall / SikaBoom / SikaMur

Interior Finishing

Delivers smooth, durable surfaces and high quality interior aesthetics

SikaWall / SikaComfortFloor / SikaCeram

Flooring

Provides strong, reliable flooring systems for every environment

SikaFloor / SikaCeram / SikaBond

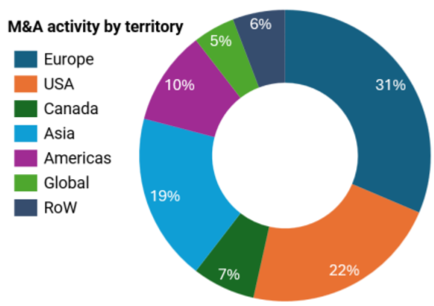
Sealing and Bonding

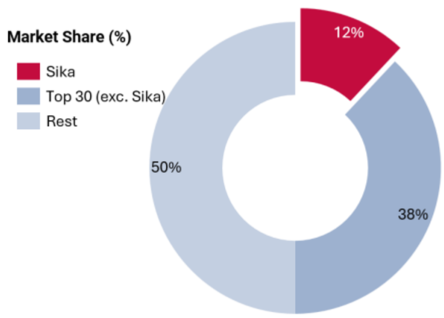
Delivers reliable bonding and durable sealing for all applications

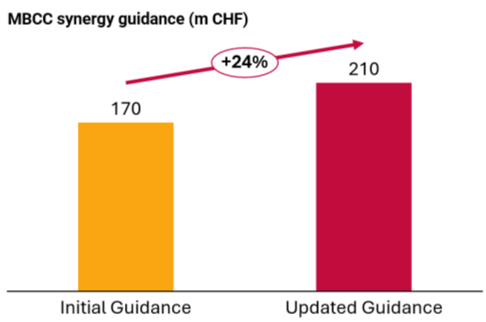
SikaBond / SikaFlex / SikaSeal

Source: Company Website

Appendix 3 – Mergers & Acquisitions History







Sika M&A Activity	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Bolt-on Acquisitions # Companies		5	1	6	2	5	6	4	5	3	3	4	7	4	3	1	7	2	1	3	5
Major Acquisitions Increase in revenue (m CHF)	Sarafil **400**					Dyflex **165**					BMI & Axson **150**				Parex **1'200**				MBCC **2'100**		

Source: Annual Reports

Appendix 4 – Parex & MBCC Acquisition

Parex Acquisition

Deal Overview	
Announcement Day	January 8, 2019
Completion Day	May 23, 2019
Seller	CVC Capital Partners
Enterprise Value	CHF 2.5 billion
EV/EBITDA	12.8x
Annual synergies	CHF 80-100 million

Financials 2018	
Revenue	CHF 1.2 billion
EBITDA	CHF 195 million
EBITDA Margin	16%

Additional Synergies	
Countries integrated	+20 within 1st year
Cross-selling initiatives	Synergies of CHF 230 million identified

- **Complementary Product Portfolios**
  - Parex specializes in facade mortars, tile adhesives, waterproofing, and technical mortars—strengthening Sika's building finishing segment.
- **Geographic Expansion**
  - Parex operates in **23 countries**, with strong positions in Asia (especially China with 90,000+ points of sale), Latin America, and EMEA.
- **Distribution Channels**
  - Parex has a strong presence in distribution (≈80% of sales), giving Sika access to new customer bases.
- **Mortar Business Impact**
  - Sika's mortar business more than **doubled to CHF 2.3 billion** post-acquisition.

MBCC Acquisition

Deal Overview	
Announcement Day	November 11, 2021
Completion Day	May 2, 2023
Seller	Lone Star Funds
Enterprise Value	CHF 5.5 billion
EV/EBITDA	11.5x
Annual synergies	CHF 160-180 million

Financials 2018	
Revenue	CHF 2.9 billion
EBITDA	CHF 480 million
EBITDA Margin	16.5%

Additional Synergies	
Synergy guidance increase	To CHF 200-220 million
Integration progress	+1'000 synergy projects identified

- **Complementary Portfolio**
  - MBCC strengthens Sika in **4 of 5 core technologies** and **7 of 8 target markets**.
- **Geographic Reach**
  - MBCC operates in **60+ countries**, 95 production sites, ~6,200 employees post-divestment.
- **Sustainability Leadership**
  - Combined innovation power accelerates decarbonization and sustainable construction solutions.

Source: Annual Reports

Appendix 5 – Management Team

Thomas Hasler, Chief Executive Officer
35+ years of experience in the chemical and construction industry, all with Sika. Holds a degree in Chemical Engineering and an Executive MBA from the University of St. Gallen

Mike Champion, Regional Manager Americas
20+ years of experience with Sika in the Americas region. Progressed through roles including VP of Marketing and President & CEO of Sika USA before becoming Regional Manager. Holds a B.S. in Business Administration.

Christoph Ganz, Regional Manager EMEA
25+ years of experience with Sika. His career at Sika began in 1996. Before taking on the leadership for the entire EMEA region. Holds a Master's degree in Business Administration from the University of St. Gallen.

Patricia Heidtman, Chief Innovation & Sustainability Officer
25+ years of experience in chemical R&D and innovation management. Joined Sika in 1998 as a chemist, later leading R&D and Innovation in the US for 14 years. Holds a doctorate (PhD) in Chemistry from the renowned ETH Zurich.

Phillipe Jost, Regional Manager APAC
25+ years of experience with Sika in various global functions. Held diverse leadership roles, including Head of Construction, Head of Corporate HR, and marketing management in the USA

Raffaella Marzi, HR, and Legal & Compliance
20+ years of experience in international legal and compliance roles. Joined Sika in 2014 as Group Compliance Officer. Previously served as Legal & Compliance Counsel at Holcim and worked as a lawyer in private practice. Holds a Master's in Law from Università Cattolica del Sacro Cuore in Milan.

Ivo Schädler, Head of Construction
25+ years of experience in the construction materials industry. Joined Sika in 1997 and held roles including General Manager for UK & Ireland and Regional Manager EMEA. Holds a degree in Civil Engineering from ETH Zurich.

Adrian Widmer, Chief Financial Officer
30+ years of experience in finance, M&A, and corporate development. Joined Sika in 2007 as Head of M&A and became CFO in 2014. Holds a Master's in Economics from the University of Zurich and completed the Advanced Management Program at INSEAD.

Source: Annual Report, Company Website, LinkedIn

Appendix 6 – Management Track Record vs. Guidance

Feb. 2022	Sika expects **sales growth in local currencies by over 10%**	15.8%
Feb. 2023	Sika forecasts a **sales increase in local currencies by 6-8%**	14.5%
Feb. 2024	Guidance of **6-9% sales growth in local currencies**	7.4%
Feb. 2025	Sales growth expected at **3-6% in local currencies**	Modest increase
Target 2028	Sales growth expected at **3-6% in local currencies**	Our forecast: 6.3%

Source: Annual Reports

Appendix 7 – Insider Trading

DATE	ISSUER	EXCHANGE	TYPE	SECURITY TYPE	AMOUNT	VALUE	DETAILS
14.11.2025	Sika AG	XSWX	Purchase	Registered shares	1'400	CHF 218'050.00	ⓘ
03.11.2025	Sika AG	XSWX	Purchase	Registered shares	1'000	CHF 154'540.00	ⓘ
31.07.2025	Sika AG	XSWX	Purchase	Registered shares	1'500	CHF 294'060.00	ⓘ
22.04.2025	Sika AG	XSWX	Sale	Registered shares	1'250	CHF 242'047.40	ⓘ

Source: SIX Exchange Website

Appendix 8 – Fast Forward Program

Digitalization & Data Integration

CRM improvements	Enhance customer value
ML experimentation	Reduce physical experimentation and time-to-market
ERP integration	Optimize portfolio & footprint
Digital factory	Harmonize, automate and simplify processes

Restructuring

Production & supply chain	Optimize production, capacity and supply chain in selected markets
Staffing	Streamline staffing based on market prospects and functional alignment in organization

Benefits & Costs

CHF 150 – 200 million of Annual Savings by 2028

1500 FTE Reduction in China

CHF 120 – 150 million of Initial Investment

CHF 80 – 100 million of One-Off Restructuring Cost

+85 bps
to EBITDA Margin in 2026

Source: Earnings Call, Team Analysis

Appendix 9 – List of New Infrastructure Projects

Region	Country	Project Name	Scale	Start	Finish	Source
Asia	India	National Infrastructure Pipeline (NIP)	USD 1.4 trillion, 7,000+ projects	2020	2030	India Investment Grid (2020)
Asia	India	Delhi–Meerut RRTS / Urban Rail	USD 3.6B	2019	2025–2026	Economic Times (2019)
Asia	China	National High-Speed Rail Network	40,000+ km (largest globally)	2008	2035 (planned)	SCMP (2020)
Asia	China	Greater Bay Area (GBA) Urban Integration	USD 300B+	2018	2035	China Briefing (2017)
Asia	Indonesia	Nusantara New Capital City	USD 35B	2022	2045 (phased)	NUS LKYSPP (2023)
Asia	Indonesia	Jakarta MRT Phases 2 & 3	USD 6B+	2024	2035	Jakarta Smart City (2024)
Asia	Vietnam	Ho Chi Minh Metro (Lines 1–4)	USD 18B	2012	2030+	Railway Pro (2024)
Asia	Vietnam	Hanoi Metro	USD 7B	2010	2029+	Rail Journal (2011)
Asia	Philippines	Metro Manila Subway	USD 8.5B	2019	2029	Oxford Business Group (2018)
Middle East	Saudi Arabia	NEOM (The Line, Oxagon, Trojena)	USD 500B	2021	2039 (phased)	WIPO Magazine (2017)
Middle East	GCC	Desalination & Water Infrastructure	USD 30–40B	2020	2030	GCC Unified Water Strategy (2016)
Middle East	UAE	Dubai 2040 Urban Master Plan	Multi-billion	2021	2040	UAE Government Portal (2021)
North America	USA	Infrastructure Investment & Jobs Act (IIJA)	USD 1.2 trillion	2021	2031	U.S. Congress (2021)
North America	USA	CHIPS Act Semiconductor Fabs (Intel, TSMC, Samsung)	USD 200B+	2022	2027–2030	U.S. Congress (2022)
North America	USA	Data Center Urban Expansion	~8% of U.S. total construction	Continuous	Continuous	Industry data (ongoing, no single year)
Europe	EU	EU Green Deal + Renovation Wave	EUR 275B/year urban upgrades	2021	2030–2050	European Commission (2020)
Europe	France	Grand Paris Express	EUR 35B (200 km metro)	2016	2030	SGP / Metro Report International (2011)
Europe	UK	HS2 Rail + London Urban Upgrades	GBP 100B+	2009	2035 (scaled version)	UK Dept. for Transport (2012)
Europe	Poland	Central Transport Hub (CPK)	USD 40B+	2017	2032	Polish Government (2017)
Africa	Egypt	New Administrative Capital	USD 58B	2015	2030	Egyptian Gov. / ACUD (2015)
Africa	Kenya	Nairobi Expressway + Urban Rail	USD 4B+	2017	2025–2028	CCCC (2020)
Africa	Nigeria	Lagos Rail Mass Transit	Multi-billion	2009	2027 (phase 1–3)	Lagos State Gov / LAMATA (2009)
Latin America	Brazil	São Paulo Metro Expansion	USD 15–20B	2014	2030	World Bank (2021)
Latin America	Mexico	Tren Maya + Urban Connections	USD 20B	2020	2024–2025	Government of Mexico (2018)
North America	USA	CHIPS Act Semiconductor Fabs (Intel, TSMC, Samsung)	USD 200B+	2022	2027–2030	U.S. Congress (2022)
North America	USA	Data Center Urban Expansion	~8% of U.S. total construction	Continuous	Continuous	Industry data (ongoing, no single year)
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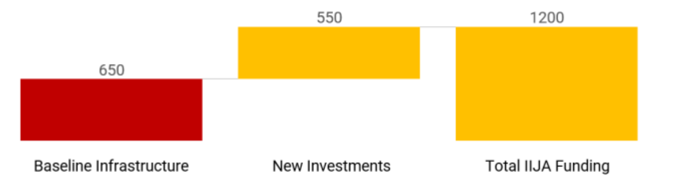
Europe	France	Grand Paris Express	EUR 35B (200 km metro)	2016	2030	SGP / Metro Report International (2011)
Europe	UK	HS2 Rail + London Urban Upgrades	GBP 100B+	2009	2035 (scaled version)	UK Dept. for Transport (2012)
Europe	Poland	Central Transport Hub (CPK)	USD 40B+	2017	2032	Polish Government (2017)
Africa	Egypt	New Administrative Capital	USD 58B	2015	2030	Egyptian Gov. / ACUD (2015)
Africa	Kenya	Nairobi Expressway + Urban Rail	USD 4B+	2017	2025–2028	CCCC (2020)
Africa	Nigeria	Lagos Rail Mass Transit	Multi-billion	2009	2027 (phase 1–3)	Lagos State Gov / LAMATA (2009)
Latin America	Brazil	São Paulo Metro Expansion	USD 15–20B	2014	2030	World Bank (2021)
Latin America	Mexico	Tren Maya + Urban Connections	USD 20B	2020	2024–2025	Government of Mexico (2018)

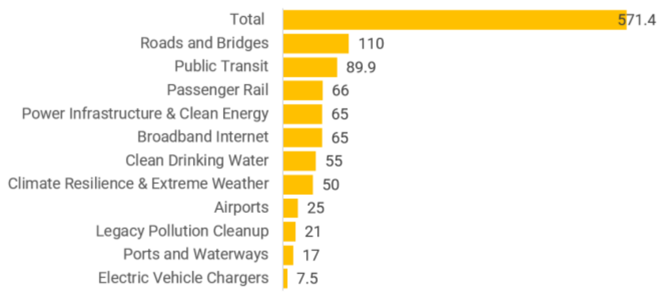
Appendix 10 – U.S IIJA and EU Renovation Wave

U.S. IIJA

IIJA combines existing infrastructure programs with $550B in new investments, reaching a total of $1.2T between 2021 – 2030



Governments acting to fund and enable faster home construction



EU Renovation Wave

Goals

35 million buildings renovated by 2030

Double annual rate of energy renovations

Funding Satus

France	**€4 billion** annual grants for residential renovation
Spain	**€6.8 billion** RRF allocated to energy and seismic upgrades
Portugal	**€610 million** energy-efficiency measures
Total Funding	**€66 billion** using RRF, Cohesion Fund and Social Climate Fune

Regulation

Energy Performance of Buildings Directive (EPBD)
Minimum energy performance framework for national long-term renovation strategies

Embedded in "Fit for 55"
55% emission-reduction by 2030

Source: American Society of Civil Engineers, the White House, European Commission

Appendix 11 – Environmental Regulations

Regulation / Policy	Geography	Core Objective	Key Mechanisms	Impact on Construction Industry	Implication for SIKA
Paris Agreement	Global	Limit warming to <2°C (target 1.5°C)	Nationally Determined Contributions (NDCs), tightening decarbonization targets	Focus on reducing embodied and operational carbon in buildings; shift toward low-carbon materials and refurbishment	Structural tailwind for low-carbon construction chemicals and durability-enhancing solutions
Fit-for-55 Package	EU	Reduce GHG emissions by ≥55% by 2030	EU ETS reform, CBAM, EPBD tightening, ETS2	Higher carbon costs for cement & steel; accelerated renovation and energy efficiency upgrades	Supports demand for material-efficient admixtures and building-envelope systems
EU ETS (incl. reform)	EU	Price carbon emissions	Cap-and-trade, reduced free allowances	Rising input costs for carbon-intensive materials; incentives to reduce cement intensity	Favors solutions enabling cement reduction and lifecycle efficiency
CBAM	EU	Prevent carbon leakage	Carbon pricing on imported cement, steel, aluminum	Levels playing field for EU producers; reinforces low-carbon material adoption	Indirectly supports higher-value, compliant construction inputs
EPBD (Energy Performance of Buildings Directive)	EU	Zero-emission buildings by 2050	Mandatory renovation of worst-performing buildings; zero-emission new builds	Large-scale renovation demand; stricter requirements for insulation, sealing, waterproofing	Structural support for renovation-heavy construction activity
ETS2 (from 2027)	EU	Reduce emissions from building heating	Carbon price on fuels used for heating buildings	Incentivizes energy-efficient retrofits and envelope improvements	Increases demand for energy-saving building solutions
Low-VOC Regulations	EU, US, China, India, ME	Improve indoor air quality	Limits on VOC content in construction chemicals	Shift toward water-based, low-emission products; higher compliance barriers	Benefits scaled producers with compliant product portfolios
EPD / LCA Requirements	EU (esp. public procurement)	Transparency of embodied carbon	Mandatory lifecycle disclosures	Specification-driven procurement; higher documentation standards	Raises barriers to entry, favors large players with EPD coverage
Green Building Standards (LEED, BREEAM, etc.)	Global	Promote sustainable construction	Certification-based material requirements	Accelerates adoption of certified, low-impact materials	Supports premium positioning in compliant projects

Source: European Commission, UNFCCC, Paris Agreement, European Environment Agency (ECA), Team Analysis

Appendix 12 – Porter's 5 Forces Analysis

Threat of New Entrants	Low - Medium	• High technical expertise and strict product certification deter new players. • Economies of scale in production and distribution favor established firms. • Entry remains feasible in niche local segments with lower entry barriers.
Bargaining power of suppliers	Medium	• Most input materials are commoditized, limiting supplier leverage. • Innovative products depend on specialized inputs available from few suppliers, increasing dependency.
Bargaining power customers	Medium	• Large contractors and vehicle manufacturers negotiate favorable terms due to scale, though switching products entails high adaptation costs. • Smaller contractors and distributors remain price-sensitive, especially for generic products. • Innovative products retain pricing power given limited substitutes.
Threat of Substitutes	Low - Medium	• Alternative solutions exist in some segments (e.g., roofing, flooring), but they require different construction methods. • Complex infrastructure projects (e.g., tunnels, bridges) face limited substitution risk. • Innovative, eco-friendly, and durable products further reduce substitution threats.
Competitive Rivalry	High	• Global players and local firms compete intensely within overlapping product segments. • Large players engage in rapid innovation cycles, reinforcing their advantage over smaller competitors.

Source: Team Analysis

Appendix 13 – ESG Scoring

		Sika		Saint Gobain		Carlisle		RPM	
Scoring Categories	**Weight**	**Raw Data**	**Score**	**Raw Data**	**Score**	**Raw Data**	**Score**	**Raw Data**	**Score**
Envirnment 1 - Carbon Emissions	**20%**								
Scope 1/2 emissions/Revenue (kt/$m)		0.020	4.98	0.182	1	0.027	4.82	0.020	5
Scope 3 emissions/Revenue (kt/$m)		1.3	1	0.5	4.75	0.5	5		0
Reduction Targets		Best	5	Best	5	Best	5		0
Scope 2 Reduction (2022->)		-20%	5	-13%	4.10	-17%	4.63	9%	1
Revenue from Green		Good	4	Best	5	Best	5		0
Envirnment 2 - Energy Use	**15%**								
Energy Consumption From Renwable		28.5%	5	16.3%	1	20.0%	2.21		0
Energy Intensity (MWh/$m)		141.9	4.71	988.6	1	114.0	4.84	76.9	5
1yr Reduction		-4.0%	5	-1.3%	1	-1.7%	1.59	-1.5%	1.30
iso 50001 CERT (%)		4%	1	24%	5		0		0
Envirnment 3- Waste	**10%**								
Waste Intensity (kt/$)		0.016	2.71	0.025	1	0.005	5	0.010	3.90
% Waste Reusued/Recycled		49.2%	3.37	67.4%	5	22.8%	1	23.0%	1.01
Hazardous Weight Intensity (kt/$m)		0.0020	1	0.0017	1.66	0.0000	5		0
Circular Economies Programs		Yes	5	Yes	5	Yes	5	Yes	5
Envirnment 4 - Water Use	**10%**								
Water Intensity (m3/$m)		402.2	3.43	886.2	1	87.9	5	111.9	4.88
% Water in High Stress		23.7%	1	11.1%	5	20.7%	1.96		0
ISO 14001 Cert (%)		45%	2.72	72%	5	50%	3.14	25%	1

		Sika		Saint Gobain		Carlisle		RPM	
Scoring Categories	**Weight**	**Raw Data**	**Score**	**Raw Data**	**Score**	**Raw Data**	**Score**	**Raw Data**	**Score**
Social 1 - Health and Safety	**10%**								
Lost time injury frequency rate		1.7	1	0.8	5		0	1.0	4.12
total recordable incidint rate		4.0	1	1.4	4.55	1.1	5	1.9	3.89
Number Fatalaties		0	5	0	5	0	5	0	5
ISO 45001		31%	1	42%	5		0		0

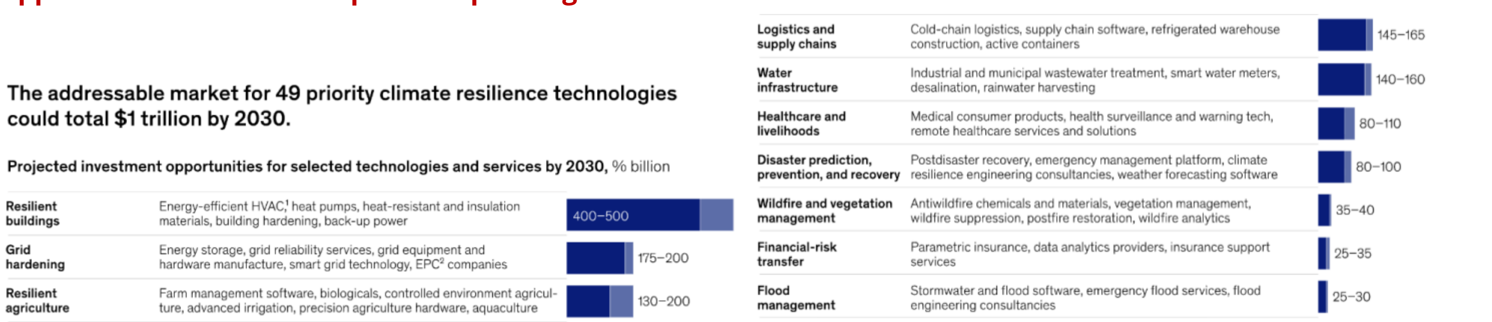
Social 2 - Supply Chain Responsibility	**10%**								
% Suplier assessed for ESG Risk		10.8%	1	19.4%	5		0		0
Supplier Audits Completed		yes	5	yes	5	yes	5	yes	5
Supplier code of conduct coverage		Good	4	Best	5	Good	4	Good	4
High Risk Supplier Corrective Plans		Best	5	good	4		0	good	4
Conflict minerals and responsible sourcing disclosure		yes	5	yes	5		0	yes	5
compliance with REACH, GHS and Chemical Safety standards		yes	5	yes	5		0	yes	5
Social 3 - DEI	**10%**								
Gender Diversity across workforce		24.8%	5	24.5%	4.75	20.0%	1		0
employee turnover rate		13.1%	5	16.8%	1		0		0
Training Hours per employee		14.7	1	17.5	5		0		0
Pay Equity Ratio		95%	2.78	91%	1	100%	5		0
Employee Management Survey results		86%	4.57	89%	5		0	61%	1

		Sika		Saint Gobain		Carlisle		RPM	
Scoring Categories	**Weight**	**Raw Data**	**Score**	**Raw Data**	**Score**	**Raw Data**	**Score**	**Raw Data**	**Score**
Governance 1 - Board Independence and	**5%**								
% independent Directors		87.5%	2.22	82.0%	1	100.0%	5	91.7%	3.15
%female directors		37.5%	1	55.0%	5	50.0%	3.86	42.0%	2.03
Board Experts		100%	5	100%	5	100%	5.00	100%	5
board expertise in sustainablility		37.5%	1.11	35.7%	1		0	100.0%	5
separation of Ceo and Chair		Yes	5	no	2	no	2	no	2
Board tenure and refreshment practices		Good	4	Standard	3	Standard	3	Standard	3
Governance 2 - Compensation Alignment	**5%**								
EGS metrics in pay		Best	5	Best	5		0		0
%pay tied to long term		40%	1	49%	5		0		0
Transparancy on remuneration		Best	5	Best	5	Good	4	Ok	2
Governance 3 - Shareholder Rights	**5%**								
Internal audit frequency and covebrage		Yes	5	Yes	5	Yes	5	Yes	5
One share one vote		Yes	5	Yes	5	Yes	5	Yes	5
quality and timelines of ESG sus reporting		Best	5	Best	5	Good	4	Good	4
Eternal assurance of ESG data		Best	5	Best	5	Good	4	Ok	2
Reporting alignment (GRI, SASB, TCFD compliance)		Best	5	Best	5	Good	4	Good	4

Label	Weight	Max Score	Sika	Saint Gobain	RPM	Carlisle
Envirnment 1 - Carbon Emissions	20%	25	20.0	19.8	6.0	24.5
Envirnment 2 - Energy Use	15%	20	15.7	8.0	6.3	8.6
Envirnment 3- Waste	10%	20	12.1	12.7	9.9	16.0
Envirnment 4 - Water Use	10%	15	7.1	11.0	5.9	10.1
Social 1 - Health and Safety	10%	20	8.0	19.6	13.0	10.0
Social 2 - Supply Chain Responsibility	10%	30	25.0	29.0	23.0	9.0
Social 3 - DEI	10%	25	18.3	16.8	1.0	6.0
Governance 1 - Board Independence and Expertise	5%	30	18.3	17.0	20.2	18.9
Governance 2 - Compensation Alignment	5%	15	11.0	15.0	2.0	4.0
Governance 3 - Shareholder Rights	5%	25	25.0	25.0	20.0	22.0
Environment	55%		70.1%	64.6%	33.5%	74.1%
Social	30%		65.6%	87.1%	48.6%	34.7%
Governance	15%		78.1%	85.6%	53.5%	59.2%
Total Score			70.0%	74.5%	41.0%	60.1%

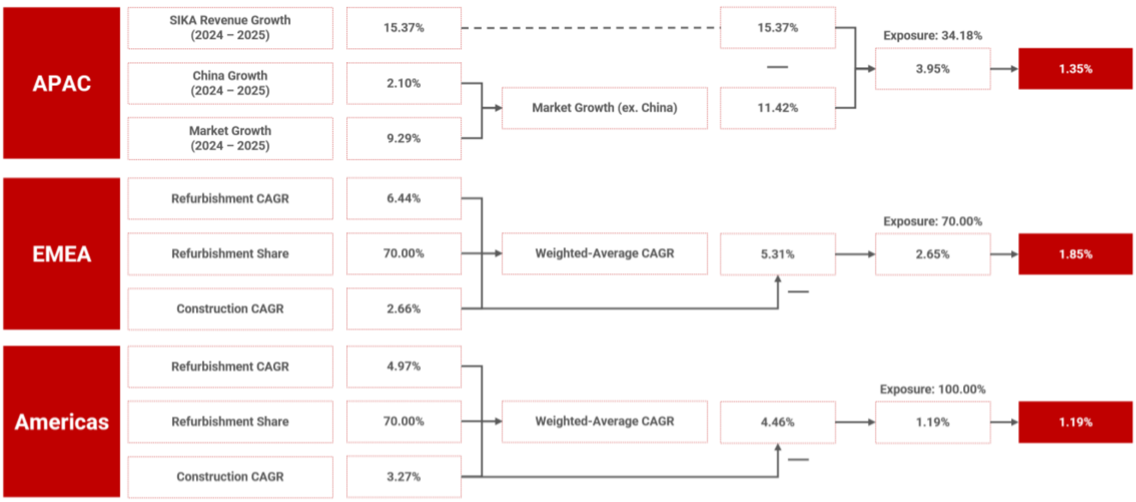
Source: Team Analysis, Company Reports

Appendix 14 – Climate Adaptation Spending



Source: McKinsey

Appendix 15 – Revenue Growth Premium Calculation

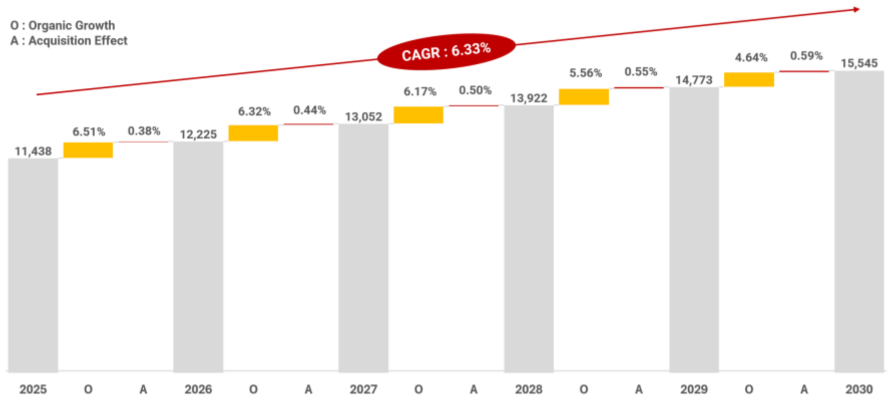


Europe Green Building Market CAGR	21.34%
Europe Construction Market CAGR	2.66%
Africa & Middle East Construction Market CAGR	6.51%

	2026	2027	2028	2029	2030
Europe Green Building Market Size	193	234	284	345	418
Europe Construction Market Size	3,028	3,109	3,192	3,277	3,364
Green Building % as of Construction	6.37%	7.53%	8.90%	10.52%	12.43%
Europe Revenue Share in EMEA	68.69%	67.40%	66.14%	64.90%	63.69%
ESG Premium for EMEA	0.93%	1.08%	1.26%	1.46%	1.69%
Premium Formula	Green Building CAGR x Green Building % x Europe Revenue Share in EMEA				

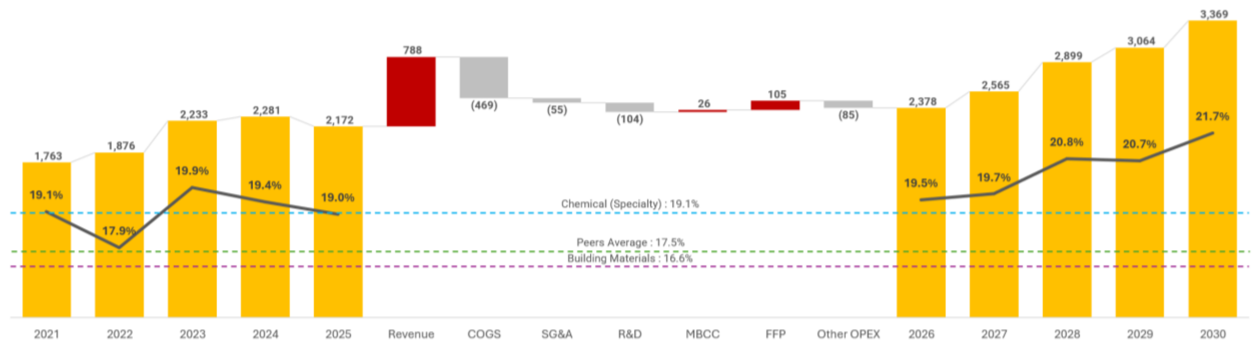
Source: Mordor Intelligence, Oxford Economics, Team Analysis, Annual Reports

Appendix 16 – Revenue Growth Breakdown



Source: Team Analysis

Appendix 17 – EBITDA Bridge



SIKA's EBITDA margin has increased from **15.1% in 2015** to **19.0% in 2025**, and will continue to grow to **21.7% by 2030**, consistently **above the industry norms**

Source: Capital IQ, Team Analysis

Appendix 18 – Income Statement (Base Case)

Income Statement

All figures in CHF millions unless stated	2020A	2021A	2022A	2023A	2024A	2025A	2026F	2027F	2028F	2029F	2030F
											6.19%
Revenue	7,878	9,252	10,492	11,239	11,763	11,438	12,225	13,052	13,922	14,773	15,545
COGS	(3,563)	(4,461)	(5,312)	(5,214)	(5,347)	(5,277)	(5,746)	(6,134)	(6,404)	(6,796)	(6,995)
Gross Profit	**4,315**	**4,791**	**5,180**	**6,025**	**6,416**	**6,160**	**6,479**	**6,918**	**7,518**	**7,977**	**8,550**
SG&A	(1,559)	(1,670)	(1,754)	(2,059)	(2,205)	(2,206)	(2,262)	(2,415)	(2,576)	(2,733)	(2,876)
R&D	(179)	(206)	(234)	(291)	(296)	(263)	(367)	(392)	(418)	(443)	(466)
Incremental MBCC Synergies	–	–	–	–	–	–	26	26	26	26	26
Fast Forward Program	–	–	–	–	–	–	105	140	175	175	175
Other Operating Expenses	(1,084)	(1,151)	(1,316)	(1,441)	(1,635)	(1,519)	(1,604)	(1,712)	(1,827)	(1,938)	(2,040)
EBITDA	**1,494**	**1,763**	**1,876**	**2,233**	**2,281**	**2,172**	**2,378**	**2,565**	**2,899**	**3,064**	**3,369**
Amortization of Intangible Assets	(112)	(116)	(124)	(179)	(214)	(163)	(166)	(182)	(197)	(213)	(230)
Depreciation & Amortization	(255)	(250)	(261)	(306)	(342)	(363)	(368)	(404)	(437)	(473)	(511)
EBIT	**1,127**	**1,397**	**1,491**	**1,748**	**1,725**	**1,645**	**1,844**	**1,980**	**2,265**	**2,378**	**2,628**
Other Non Operating Income (Loss)	(18)	(10)	(41)	(78)	8	7	–	–	–	–	–
Acquisition & Restructuring Charge	(1)	(7)	(80)	(203)	(18)	(108)	(6)	(8)	(9)	(11)	(12)
Gain (Loss) On Sales of Assets	–	–	167	–	–	–	–	–	–	–	–
Other Unusual Items	3	–	–	–	–	–	–	–	–	–	–
Net Interest Expense	(50)	(44)	(39)	(131)	(153)	(116)	(123)	(93)	(97)	(99)	(101)
EBT	**1,060**	**1,336**	**1,498**	**1,336**	**1,563**	**1,428**	**1,716**	**1,879**	**2,158**	**2,268**	**2,515**
Tax Provision	(235)	(287)	(336)	(274)	(315)	(312)	(365)	(400)	(460)	(483)	(536)
Net Income	**825**	**1,049**	**1,163**	**1,062**	**1,248**	**1,117**	**1,350**	**1,479**	**1,699**	**1,785**	**1,979**
Dividend Payout	(326)	(355)	(446)	(492)	(265)	(558)	(605)	(663)	(761)	(800)	(887)

Source: Capital IQ, Team Analysis

Appendix 19 – Balance Sheet (Base Case)

Balance Sheet

All figures in CHF millions unless stated	2020A	2021A	2022A	2023A	2024A	2025A	2026F	2027F	2028F	2029F	2030F
ASSETS											
Cash	1,319	1,175	1,873	644	708	929	1,350	2,285	3,679	5,093	6,089
Trading Asset Securities	3	5	3	4	5	5	5	5	5	5	5
Accounts Receivable	1,362	1,577	1,720	2,013	2,175	2,370	2,311	2,432	2,556	2,671	2,768
Notes Receivable	10	10	16	12	19	19	19	19	19	19	19
Inventories	814	1,158	1,213	1,241	1,349	1,382	1,448	1,529	1,579	1,657	1,706
Prepaid Expenses	121	190	190	244	274	226	242	258	276	292	308
Other Current Assets	7	50	7	47	34	34	34	34	34	34	34
Total Current Assets	3,635	4,166	5,021	4,205	4,563	4,965	5,409	6,562	8,148	9,771	10,929
Gross Property, Plant & Equipment	3,714	3,947	4,102	4,623	5,146	5,553	5,938	6,265	6,613	6,982	7,371
Accumulated Depreciation	(2,011)	(2,170)	(2,279)	(2,366)	(2,687)	(3,050)	(3,418)	(3,822)	(4,259)	(4,732)	(5,244)
Net Property, Plant & Equipment	1,703	1,777	1,822	2,257	2,459	2,503	2,520	2,443	2,353	2,249	2,127
Intangible Assets	4,172	4,380	4,229	8,218	8,616	8,453	8,287	8,105	7,909	7,696	7,466
Loans Receivable Long-Term	9	17	14	15	24	24	24	24	24	24	24
Deferred Tax Assets, LT	195	142	145	189	151	151	151	151	151	151	151
Other Assets	80	226	87	165	165	165	165	165	165	165	165
TOTAL ASSETS	**9,794**	**10,707**	**11,319**	**15,049**	**15,977**	**16,259**	**16,555**	**17,449**	**18,749**	**20,055**	**20,860**
LIABILITIES											
Accounts Payable	846	1,033	1,017	1,108	1,212	1,230	1,354	1,462	1,544	1,638	1,706
Accrued Expenses & Unearned Revenues	454	520	489	678	624	626	669	715	762	809	851
Current Portion of LT Debt	250	259	216	1,024	214	1,273	717	430	450	1,560	610
Current Portion of Leases	76	74	78	112	114	112	112	112	112	112	112
Other Current Liabilities	36	40	36	128	54	54	54	54	54	54	54
Income Taxes Payable	163	170	206	365	368	274	321	352	404	425	368
Total Current Liabilities	1,825	2,096	2,041	3,415	2,585	3,569	3,227	3,125	3,326	4,598	3,700
Long-Term Debt	3,607	3,150	3,378	4,445	5,115	3,842	3,735	3,915	4,075	3,125	3,735
Long-Term Leases	245	244	256	287	310	323	323	323	323	323	323
Non-Current Unearned Revenue	31	36	36	36	41	41	41	41	41	41	41
Pension & Other Post-Retirement Benefits	320	323	240	329	357	357	357	357	357	357	357
Non-Current Deferred Tax Liability	380	366	323	403	339	339	339	339	339	339	339
Other Non-Current Liabilities	98	96	78	202	183	183	183	183	183	183	183
Total Liabilities	**6,506**	**6,311**	**6,352**	**9,116**	**8,930**	**8,654**	**8,205**	**8,282**	**8,644**	**8,966**	**8,678**
EQUITY											
Common Stock and Additional Paid-In Capital	205	439	1,880	3,145	2,880	2,880	2,880	2,880	2,880	2,880	2,880
Retained Earnings	4,134	4,961	4,334	4,826	5,887	6,445	7,191	8,007	8,945	9,930	11,023
Treasury Stock	(5)	(11)	(15)	(12)	(9)	(9)	(9)	(9)	(9)	(9)	(9)
Comprehensive Income and Other	(1,048)	(995)	(1,233)	(2,038)	(1,725)	(1,725)	(1,725)	(1,725)	(1,725)	(1,725)	(1,725)
Non-controlling interests	2	2	1	13	14	14	14	14	14	14	14
Total Shareholders' Equity	**3,288**	**4,396**	**4,967**	**5,933**	**7,047**	**7,605**	**8,350**	**9,167**	**10,105**	**11,090**	**12,182**
Total Liabilities & Equity	**9,794**	**10,707**	**11,319**	**15,049**	**15,977**	**16,259**	**16,555**	**17,449**	**18,749**	**20,055**	**20,860**

Source: Capital IQ, Team Analysis

Appendix 20 – Altman Score (Z-Score)

Index	Definition	LTM	Coefficient
Working Capital / Total Assets	Short-Term Liquidity Buffer	0.120	0.144
Retained Earnings / Total Assets	Accumulated Profitability & Resilience	0.400	0.560
EBIT / Total Assets	Core Operating Profitability	0.110	0.363
MV of Equity / Total Liabilities	Market-Based Solvency	2.830	1.698
Net Sales / Total Assets	Asset Efficiency (Turnover)	0.750	0.750
Altman Score (Z-Score)			**3.515**

Z-score is calculated as:
Z = 1.2(WC/TA) + 1.4(RE/TA) + 3.3(EBIT/TA) + 0.6(MVE/TL) + (NS/TA)

Threshold:
Z < 1.81 – High probability of financial distress
1.81 ≤ Z ≥ 2.99 – Grey zone (uncertain)
Z ≥ 2.99 – Safe zone (low distress risk)
Conclusion – Sika has a very low probability of financial distress

Source: Team Analysis, Capital IQ

Appendix 21 – UFCF Schedule

Unlevered Free Cash Flow Schedule

All figures in CHF millions unless stated
Model Running: Base Case Drivers

Tax rate	21%

	2026F	2027F	2028F	2029F	2030F	Term
NOPAT	1,451	1,558	1,782	1,871	2,068	2,203
(+) Depreciation & Amortization	534	585	634	686	741	715
(-) Cash Acquisitions & Capex	(486)	(451)	(498)	(544)	(589)	(715)
(-) Net Changes in Working Capital	116	(93)	(92)	(99)	(78)	(127)
Unlevered Free Cash Flow	1,616	1,599	1,827	1,914	2,142	2,076

Source: Capital IQ, Team Analysis

Appendix 22 – Beneish M-Score

Index	**Definition**	**LTM**	**Coefficient**
DSRI	Receivables growth vs. sales	1.000	0.920
GMI	Gross margin deterioration	1.010	0.533
AQI	Asset quality decline	0.970	0.392
SGI	Sales growth pressure	0.990	0.883
DEPI	Depreciation policy shift	0.980	0.113
SGAI	Operating cost inflation	0.970	-0.167
LVGI	Leverage increase	1.000	-0.327
TATA	Accrual-based earnings	-0.010	-0.047
		Beneish M-Score	**-2.540**

Beneish M-Score is calculated as:
M = −4.84 + 0.92(DSRI) + 0.528(GMI) + 0.404(AQI) + 0.892(SGI) + 0.115(DEPI) − 0.172(SGAI) + 4.679(TATA) − 0.327(LVGI)

Threshold:
M > −2.22 – High likelihood of earnings manipulation
M ≤ −2.22 – Low likelihood of earnings manipulation

Conclusion – Sika shows a low probability of earnings manipulation.

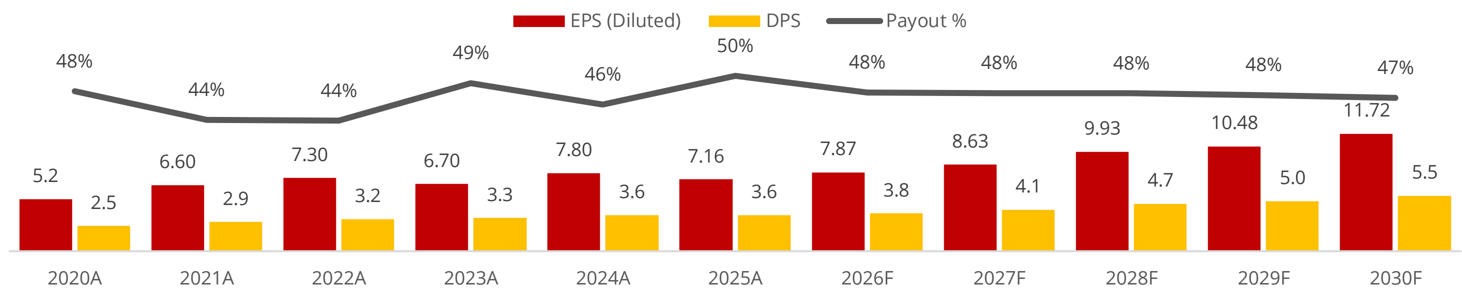
Source: Team Analysis, Capital IQ

Appendix 23 – DuPont Analysis

DuPont Analysis										
in CHF million unless otherwise stated	**2021A**	**2022A**	**2023A**	**2024A**	**2025E**	**2026F**	**2027F**	**2028F**	**2029F**	**2030F**
Gross Margin	51.8%	49.4%	53.6%	54.5%	53.9%	53.0%	53.0%	54.0%	54.0%	55.0%
EBITDA Margin	19.1%	17.9%	19.9%	19.4%	19.0%	19.5%	19.7%	20.8%	20.7%	21.7%
Net Profit Margin	11.3%	11.1%	9.5%	10.6%	9.8%	11.0%	11.3%	12.2%	12.1%	12.7%
Asset Turnover	90.3%	95.3%	85.2%	75.8%	71.0%	74.5%	76.8%	76.9%	76.1%	76.0%
Return on Assets	10.6%	10.8%	8.8%	8.8%	7.5%	8.8%	9.1%	9.8%	9.6%	10.1%
Financial Leverage	266.8%	235.2%	241.9%	239.0%	220.0%	205.7%	194.1%	187.8%	183.1%	175.8%
Return on Equity	27.3%	24.8%	19.5%	19.2%	15.2%	16.9%	16.9%	17.6%	16.8%	17.0%
Return on Invested Capital	24.9%	22.6%	18.2%	15.1%	14.7%	17.4%	19.6%	22.3%	22.9%	25.6%

Source: Team Analysis, Capital IQ

Appendix 24 – EPS and DPS Projections



Source: Capital IQ, Team Analysis

Appendix 25 – UBP Report about Swiss Equity Premium

Switzerland's traditionally supportive business environment, which nurtures innovation, has seen its companies consistently perform well on global innovation indices. At the same time, a strengthening currency alongside some sector-specific downturns has exerted a moderating influence on the performance of Swiss equities. Additionally, the Swiss Performance Index (SPI) has maintained a more measured exposure than others to the tech sector, which may account for returns that differ from those seen in more tech-centric markets such as the S&P 500. Nonetheless, severa emerging catalysts might pave the way for a recovery, suggesting a cautiously optimistic outlook.

Swiss equities have historically traded at a premium to global equities, reflecting Swiss companies' higher and more stable value-creation profiles as measured by their Cash Flow Returns On Investment (CFROI, Source: UBS HOLT) over their Cost of Capital (CoC). After 2024's multiple-compression headwind, Swiss equities could see expansion in 2025, while other markets remain at fair value. Additionally, robust EPS growth of 11% (versus 12% globally) could support performance across Swiss segments.

Source: UBP

Appendix 26 – Cost of Equity and Cost of Debt Calculations

Risk Premium for Equity

Market Risk Premium	5.83%
Unlevered Beta	0.82
Levered Beta	1.36
Equity Risk Premium	7.94%

Cost of Equity

Risk Free Rate (10y Gov. Bond)	0.17%
Equity Risk Premium	7.94%
Country Risk Premium	0.33%
Cost of Equity	8.44%

Capital Structure

	Current
MV of Debt	6,001
Market Capitalization	26,088
Total Capitalization	32,089

Cost of Debt

Pre-Tax Cost of Debt	1.15%
Tax Rate	21.30%
After-Tax Cost of Debt	0.91%

Source: Damodaran, Trading Economics, Capital IQ, Team Analysis

Appendix 27 – Sensitivity Analysis

		Terminal Growth Rate						
	194.74	1.400%	1.600%	1.800%	2%	2.200%	2.400%	2.600%
Wacc	6.1900%	211.38	220.08	229.58	239.98	251.42	264.07	278.13
	6.4400%	198.91	206.66	215.07	224.25	234.29	245.33	257.52
	6.6900%	187.61	194.55	202.06	210.20	219.07	228.77	239.42
	6.94%	177.34	183.58	190.31	197.58	205.46	214.04	223.41
	7.1900%	167.95	173.59	179.65	186.17	193.22	200.85	209.15
	7.4400%	159.35	164.46	169.93	175.81	182.14	188.97	196.36
	7.6900%	151.42	156.08	161.05	166.37	172.07	178.21	184.83

		Terminal Growth Rate						
	194.74	1.400%	1.600%	1.800%	2%	2.200%	2.400%	2.600%
Wacc	6.1900%	34%	39%	45%	52%	59%	67%	76%
	6.4400%	26%	31%	36%	42%	48%	55%	63%
	6.6900%	19%	23%	28%	33%	39%	45%	52%
	6.94%	12%	16%	21%	25%	30%	36%	41%
	7.1900%	6%	10%	14%	18%	22%	27%	32%
	7.4400%	1%	4%	8%	11%	15%	20%	24%
	7.6900%	-4%	-1%	2%	5%	9%	13%	17%

Source: Team Analysis

Appendix 28 – Valuation Drivers & Inputs

Drivers

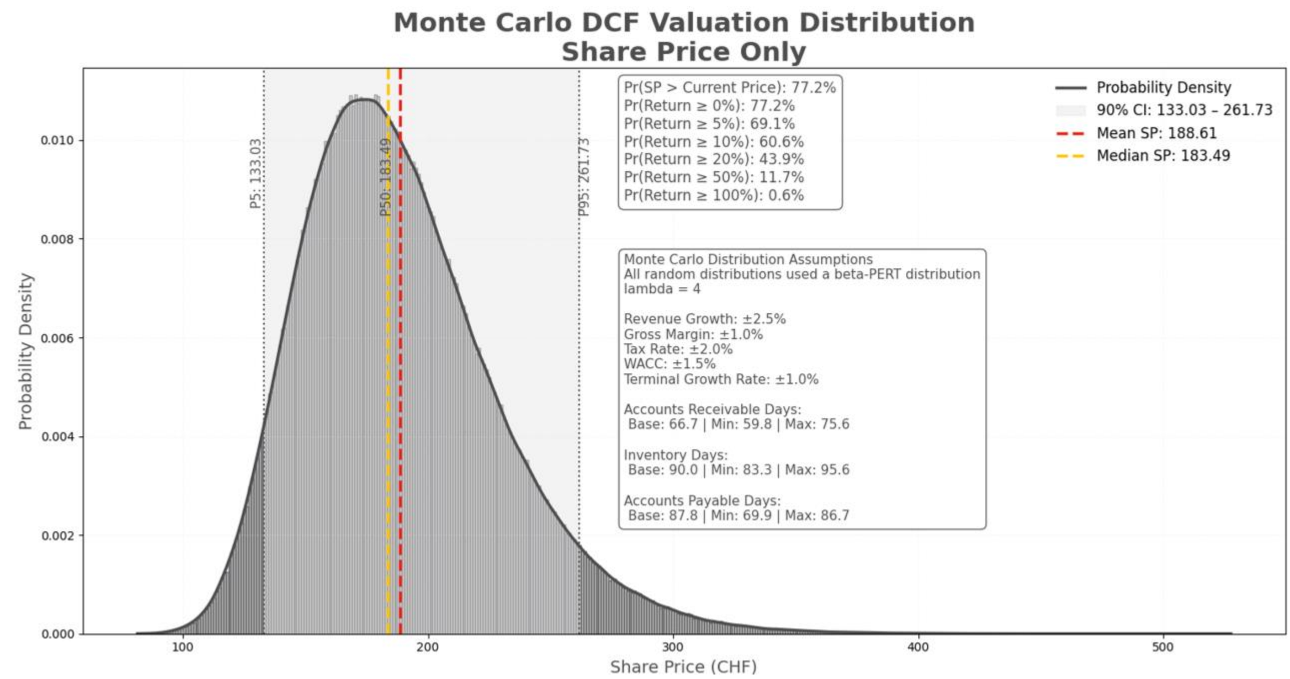
All figures in CHF millions unless stated

	2026F	2027F	2028F	2029F	2030F	Term
Driver Switch 2						
Sales Volume Organic Growth - Americas - Industrial	**4.1%**	**4.1%**	**3.9%**	**3.8%**	**3.6%**	**3.5%**
Best Case	5.1%	5.1%	4.9%	4.8%	4.6%	4.5%
Base Case	4.1%	4.1%	3.9%	3.8%	3.6%	3.5%
Worst Case	3.1%	3.1%	2.9%	2.8%	2.6%	2.5%
Sales Volume Organic Growth - Americas - Construction	**3.6%**	**6.7%**	**5.4%**	**3.5%**	**3.2%**	**3.2%**
Best Case	4.6%	7.7%	6.4%	4.5%	4.2%	4.2%
Base Case	3.6%	6.7%	5.4%	3.5%	3.2%	3.2%
Worst Case	2.6%	5.7%	4.4%	2.5%	2.2%	2.2%
Sales Volume Organic Growth - EMEA - Industrial	**2.8%**	**2.8%**	**2.6%**	**2.5%**	**2.3%**	**2.3%**
Best Case	3.8%	3.8%	3.6%	3.5%	3.3%	3.3%
Base Case	2.8%	2.8%	2.6%	2.5%	2.3%	2.3%
Worst Case	1.8%	1.8%	1.6%	1.5%	1.3%	1.3%
Sales Volume Organic Growth - EMEA - Construction	**5.5%**	**6.0%**	**6.0%**	**6.1%**	**5.3%**	**3.7%**
Best Case	6.5%	7.0%	7.0%	7.1%	6.3%	4.7%
Base Case	5.5%	6.0%	6.0%	6.1%	5.3%	3.7%
Worst Case	4.5%	5.0%	5.0%	5.1%	4.3%	2.7%
Sales Volume Organic Growth - APAC - Industrial	**4.1%**	**4.1%**	**3.8%**	**3.7%**	**3.6%**	**3.4%**
Best Case	5.1%	5.1%	4.8%	4.7%	4.6%	4.4%
Base Case	4.1%	4.1%	3.8%	3.7%	3.6%	3.4%
Worst Case	3.1%	3.1%	2.8%	2.7%	2.6%	2.4%
Sales Volume Organic Growth - APAC - Construction	**7.4%**	**8.9%**	**7.4%**	**6.7%**	**3.6%**	**3.6%**
Best Case	8.4%	9.9%	8.4%	7.7%	4.6%	4.6%
Base Case	7.4%	8.9%	7.4%	6.7%	3.6%	3.6%
Worst Case	6.4%	7.9%	6.4%	5.7%	2.6%	2.6%
Gross Margin	**53.0%**	**53.0%**	**54.0%**	**54.0%**	**55.0%**	**55.0%**
Best Case	54.0%	54.0%	55.0%	55.0%	56.0%	56.0%
Base Case	53.0%	53.0%	54.0%	54.0%	55.0%	55.0%
Worst Case	52.0%	52.0%	53.0%	53.0%	54.0%	54.0%
Cash Acquisition	**100**	**125**	**150**	**175**	**200**	**200**
Best Case	125	150	175	200	225	225
Base Case	100	125	150	175	200	200
Worst Case	75	100	125	150	175	175
Acquisition EV/Sales	2.3x	2.3x	2.3x	2.3x	2.3x	2.3x
Capital Expenditures as % of Revenue	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
R&D Expenses as % of Sales	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
MBCC Incremental Cost Savings	**26**	**26**	**26**	**26**	**26**	**26**
Best Case	33	33	33	33	33	33
Base Case	26	26	26	26	26	26
Worst Case	20	20	20	20	20	20
Fast Forward Expectation	**175**	**175**	**175**	**175**	**175**	**175**
Best Case	200	200	200	200	200	200
Base Case	175	175	175	175	175	175
Worst Case	150	150	150	150	150	150

Fast Forward Realization		**60.0%**	**80.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Best Case		80.0%	100.0%	105.0%	110.0%	115.0%	120.0%
Base Case		60.0%	80.0%	100.0%	100.0%	100.0%	100.0%
Worst Case		40.0%	60.0%	80.0%	80.0%	80.0%	80.0%
SG&A as % of Sales		18.5%	18.5%	18.5%	18.5%	18.5%	18.5%
Other Operating Expenses as % of Sales		13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
Inflation Rate		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Working Capital							
Accounts Receivable	*(Days)*	69	68	67	66	65	65
Inventory	*(Days)*	92	91	90	89	89	89
Accounts Payable	*(Days)*	86	87	88	88	89	89

Source: Team Analysis

Appendix 29 – Monte Carlo Simulation

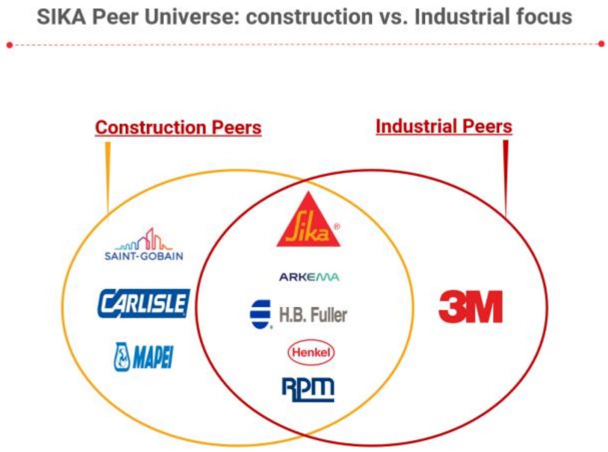


Source: Team Analysis

Appendix 30 – Peers Analysis

Product Segment Comparison

	Adhesives & sealants	Admixtures & additives	Mortars	Waterproofing	Flooring	Coatings	Roofing
SAINT-GOBAIN	✓	✓	✓	✓	✓	✓	✓
ARKEMA	✓			✓		✓	
CARLISLE	✓			✓			✓
H.B. Fuller	✓		✓		✓	✓	
RPM	✓	✓	✓	✓	✓	✓	✓
Henkel	✓		✓	✓	✓	✓	✓
MAPEI	✓	✓	✓	✓	✓	✓	✓



Source: Team Analysis