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SIKA AG Zugerstrasse 50  
6340 Baar, Switzerland  
www.sika.com

CONTACT Dominik Slappnig  
Corporate Communications &  
Investor Relations  
TELEPHONE +41 58 436 68 21  
E-MAIL slappnig.dominik@ch.sika.com

**Ad Hoc Announcement Pursuant to Article 53 of the SIX Exchange Regulation Listing Rules**

## **SIKA WITH SALES UP BY 7.9% – CONSOLIDATION OF MBCC ACQUISITION – PROFIT EXPECTATIONS FOR 2023 CONFIRMED**

- **Sales up by 7.9% in local currencies**
- **Record first-half-year sales at CHF 5,345.5 million (+1.8% in CHF)**
- **Expansion of material margin to 52.7% (first half of 2022: 49.4%)**
- **Increase in EBIT margin adjusted for acquisition-related costs to 14.0% (first half of 2022: 13.4%)**
- **EBIT adjusted for one-time M&A effects CHF 749.9 million (+6.9%)**
- **Strong foreign currency impact of -6.1%**
- **Completion of MBCC acquisition and consolidation as per May 2, 2023**
- **Front-loaded MBCC integration costs of CHF 89.5 million in first half year**
- **Acquisition of Thiessen Team USA**
- **Opening of new mortar and concrete admixture plant in Eastern India**
- **Outlook for fiscal 2023:**
  - **Sales increase in local currencies of above 15%, including MBCC**
  - **Over-proportional increase in EBIT confirmed, excluding MBCC**

Sika was able to continue its profitable growth even in a challenging economic environment. The first half of 2023 was dominated by the completion of the largest acquisition in the company's history. Thanks to the takeover of MBCC Group, Sika is moving to the next strategic growth level, ideally positioning itself for the future. Next to additional annual sales of CHF 2.1 billion and many new innovations, 6,000 new employees are joining Sika. Sika and MBCC complement one another extremely well. The joint forces of the two businesses create a leading innovator in the construction chemicals market.

The environment was challenging in the first six months of 2023. High inflation rates and the substantial rise in interest rates weighed on the construction industry. Despite this backdrop, Sika managed to increase sales to CHF 5,345.5 million (+1.8%). In local currencies,

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this corresponds to a sales growth of 7.9%. The strong Swiss franc was responsible for a significant foreign currency impact (-6.1%).

Thomas Hasler, CEO: “Market conditions were challenging in the first semester, as expected. We are proud of having successfully met this challenge, in addition to completing the MBCC acquisition. We are currently expecting the market environment to improve in the second half of the year. Major construction and infrastructure projects are planned or about to be implemented in all regions, and growth potential remains apparent despite a subdued global economy. With our 33,000 employees, we are well placed to benefit from our strong market position and to continue to gain market share in a weak environment.”

### **STRONG MATERIAL MARGIN AND OPERATING FREE CASH FLOW IMPROVEMENT**

In the first half of the year, Sika expanded its material margin significantly to 52.7% (previous year: 49.4%), and thereby takes an important step on the road to a material margin recovery. Profit at EBIT level was shaped by one-time effects. In the prior-year period, Sika recorded an extraordinary book profit of CHF 168.3 million due to the divestment of its European industrial coating business. In addition, the first half of 2022 saw one-off expenses amounting to CHF 28.0 million incurred in connection with the MBCC acquisition. In the first half of 2023, Sika had costs of CHF 89.5 million relating to the acquisition and integration of MBCC. When adjusted for these effects, Sika expanded its EBIT margin significantly to 14.0% (first half of 2022: 13.4%). Excluding the one-time effects, EBIT increased to CHF 749.9 million in the first half of 2023 (first half of 2022: CHF 701.6 million). When one-time effects are included, EBIT amounted to CHF 660.4 million (first half of 2022: CHF 841.9 million).

Overall, Sika is anticipating the costs relating to the MBCC takeover to amount to approximately CHF 200 million (of which CHF 167.8 million already have been booked).

Operating free cash flow significantly increased to CHF 316.5 million (2022: CHF 39.7 million). Focused net working capital management and the normalization of the supply chains were the main contributors.

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### **SALES GROWTH IN LOCAL CURRENCIES ACROSS ALL REGIONS**

In the first half of 2023, Sika recorded growth in local currencies in all regions, despite challenging economic conditions. In addition, this half-year report incorporates two months' contribution from MBCC activities. Every region, except for Global Business, benefited from the acquisition. At Group level, the acquisition effect amounted to 7.2% in the first half of the year.

The EMEA region (Europe, Middle East, Africa) reported a sales increase in local currencies of 3.2% (previous year: 12.9%). The countries of the Middle East and Africa posted strong growth rates. A positive development was also recorded by countries such as France, Italy, and Spain. By contrast, business activity was subdued both in the DACH region (Germany, Austria, and Switzerland) and in Eastern Europe. The distribution business showed a slightly improving trend, while in the project business, volumes were down even though programs to stimulate the economy and investments in the transition of the energy sector supported Sika's business. A well-filled project pipeline of infrastructure and commercial construction projects continues to be in place for the EMEA region.

The Americas region achieved a 11.0% increase in local currency sales (previous year: 35.8%). Rising inflation, high interest rates, and an increasing shortage of skilled labor weighed on construction activity in many of the region's markets. The growth achieved by Sika in the first half of 2023 was primarily attributable to the MBCC acquisition. In the USA, destocking in the roofing sector negatively impacted business development. Overall, the sentiment in the USA was positively influenced by infrastructure projects initiated under government-supported infrastructure programs as well as planned projects under the Inflation Reduction Act. In addition, increasing funds are being invested in reshoring, which involves bringing industrial know-how back to the United States from Asia and building new manufacturing plants. Latin America contributed to the increase in sales by recording moderate growth. While countries such as Mexico and Argentina benefited from a positive market dynamic in the construction industry, Chile and Peru have slowed down.

At the start of July, Sika reported the takeover of Thiessen Team USA, a manufacturer of shotcrete and grouting products for the US mining sector. The acquired company supplies mines in the Western region of the USA, which among other excavates critical minerals for

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the growing electro-mobility industry. The takeover will create significant cross-selling potential and strengthen Sika's expansion in the US mining sector.

Sales in local currencies in the Asia/Pacific region increased by 10.1% (previous year: 17.0%). The first quarter of the year in China was heavily impacted by the surge in COVID cases. However, the situation improved significantly in the second quarter, allowing Sika to record double-digit growth, primarily in the distribution business. Sales in Japan stagnated, whereas India recorded double-digit growth. Southeast Asia started the year modestly, with stronger growth in Indonesia and Thailand.

In the first half of the year, Sika opened a new factory in Kharagpur in Eastern India, hence expanding its production capacity in this high-growth market. This factory will produce mortar products, concrete admixtures, and shotcrete accelerators for customers in the West Bengal region, an area populated by over 100 million inhabitants.

In the Global Business segment, Sika achieved growth in local currencies of 16.2% (previous year: 13.2%). The automotive business grew faster than the market. Growth was driven by solid demand for new vehicles, especially electric cars, combined with supply chain normalization. The business not related to automotive in this segment was impacted by lower build rates. Sika continues to further develop and expand its range of solutions for batteries, as for example thermal conductive adhesives for the new generation of battery electric vehicles. A record of new nominations was set for Sika's automotive business in the first six months of the year. The newly gained platforms will generate sales in two to three years and ensure a continued strong performance of this business. Sustainable, long-term growth stimuli are expected to primarily come from electromobility and alternative drive concepts.

### **OUTLOOK FOR THE YEAR 2023**

For the current fiscal year, Sika is convinced that it will successfully continue its strategy built on sustainable and profitable growth even in a challenging economic environment. With its innovative technologies, Sika is the partner of choice for many customers in the construction and industrial sectors. These sectors are being heavily shaped by the

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megatrend of sustainability, coupled with the rise of automation, digitization, and easy-to-apply products.

For the full 2023 fiscal year, Sika is expecting a sales increase in local currencies of above 15%, after factoring in the acquisition effect of the MBCC takeover (previously: 6–8% in local currencies excluding MBCC), and confirms an anticipated over-proportional rise in EBIT, excluding the influence of the MBCC takeover.

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**KEY FIGURES HALF-YEAR 2023**

in CHF mn	1.1.2022 – 30.6.2022	1.1.2023 – 30.6.2023	Change in %
Net sales	5,250.3	5,345.5	+1.8
Gross result	2,592.2	2,817.0	+8.7
Operating profit before depreciation (EBITDA)	1,036.1	881.1	-15.0
Operating profit (EBIT)	841.9	660.4	-21.6
Net profit after taxes	598.8	411.9	-31.2
Undiluted earnings per share (in CHF)	3.90	2.67	-31.5
Diluted earnings per share (in CHF) <sup>1</sup>	3.76	2.59	-31.1
Operating free cash flow	39.7	316.5	+697.2
Balance sheet total <sup>2</sup>	11,319.2	16,413.9	
Shareholders' equity <sup>2</sup>	4,967.1	4,728.6	
Equity ratio in % <sup>2,3</sup>	43.9	28.8	
Return on capital employed (ROCE) in % <sup>4</sup>	20.7	13.6	

1 Dilutive effect due to convertible bonds issued.

2 As of December 31, 2022 / June 30, 2023.

3 Shareholders' equity divided by balance sheet total.

4 Capital employed = current assets, PPE, intangible assets less cash and cash equivalents, current securities, current liabilities (excluding bank loans and bond).

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**EBIT ADJUSTED FOR ONE-TIME M&A EFFECTS**

in CHF mn	1.1.2022 – 30.6.2022	1.1.2023 – 30.6.2023	Change
Reported operating profit (EBIT)	841.9	660.4	-21.6%
Divestment gain <sup>1</sup>	-168.3		
M&A cost <sup>2</sup>	+28.0	+89.5	
<b>EBIT adjusted for one-time M&amp;A effects</b>	<b>701.6</b>	<b>749.9</b>	<b>+6.9%</b>
<b>EBIT margin adjusted for one-time M&amp;A effects</b>	<b>13.4%</b>	<b>14.0%</b>	<b>+60 bps</b>

1 Divestment of European industrial coatings business.

2 Cost related to the acquisition of MBCC.

**NET SALES BY REGION**

in CHF mn	1.1.2022 – 30.6.2022	1.1.2023 – 30.6.2023	Change compared to prior year (+/- in %)			
			In CHF	In local currencies	Currency impact	Acquisition effect
<b>By region</b>						
EMEA	2,190.5	2,115.7	-3.4	3.2	-6.6	7.4
Americas	1,535.7	1,649.2	7.4	11.0	-3.6	10.4
Asia/Pacific	1,134.4	1,144.6	0.9	10.1	-9.2	5.1
Global Business	389.7	436.0	11.9	16.2	-4.3	0.0
<b>Net sales</b>	<b>5,250.3</b>	<b>5,345.5</b>	<b>1.8</b>	<b>7.9</b>	<b>-6.1</b>	<b>7.2</b>
Products for construction industry	4,320.7	4,421.5	2.3	8.6	-6.3	8.8
Products for industrial manufacturing	929.6	924.0	-0.6	5.0	-5.6	0.0

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### Webcast, August 4, 2023 at 3:00 p.m. (CEST)

A webcast will take place today in connection with the publication of the half-year results.

[www.sika.com/hy-webcast](http://www.sika.com/hy-webcast)

This link will allow you to participate in the webcast with Thomas Hasler (CEO), Adrian Widmer (CFO), and Dominik Slappnig (Head of Corporate Communications & IR).

A recording of the webcast will be available in the Investors section of the Sika website.

### FINANCIAL CALENDAR

Results first nine months 2023	Friday, October 20, 2023
Net sales 2023	Wednesday, January 10, 2024
Media conference / analyst presentation on full-year results 2023	Friday, February 16, 2024
56th Annual General Meeting	Tuesday, March 26, 2024
Net sales first quarter 2024	Tuesday, April 16, 2024
Half-year report 2024	Tuesday, July 30, 2024

### SIKA CORPORATE PROFILE

Sika is a specialty chemicals company with a globally leading position in the development and production of systems and products for bonding, sealing, damping, reinforcing, and protecting in the building sector and motor vehicle industry. Sika has subsidiaries in 103 countries, manufactures in over 400 factories, and develops innovative technologies for customers around the world that facilitate the sustainable transformation of the construction and transportation industries. With more than 33,000 employees, the company generated annual sales of CHF 10.5 billion in 2022.