



## UPDATE ON MARGIN DELIVERY AND MBCC TRANSACTION

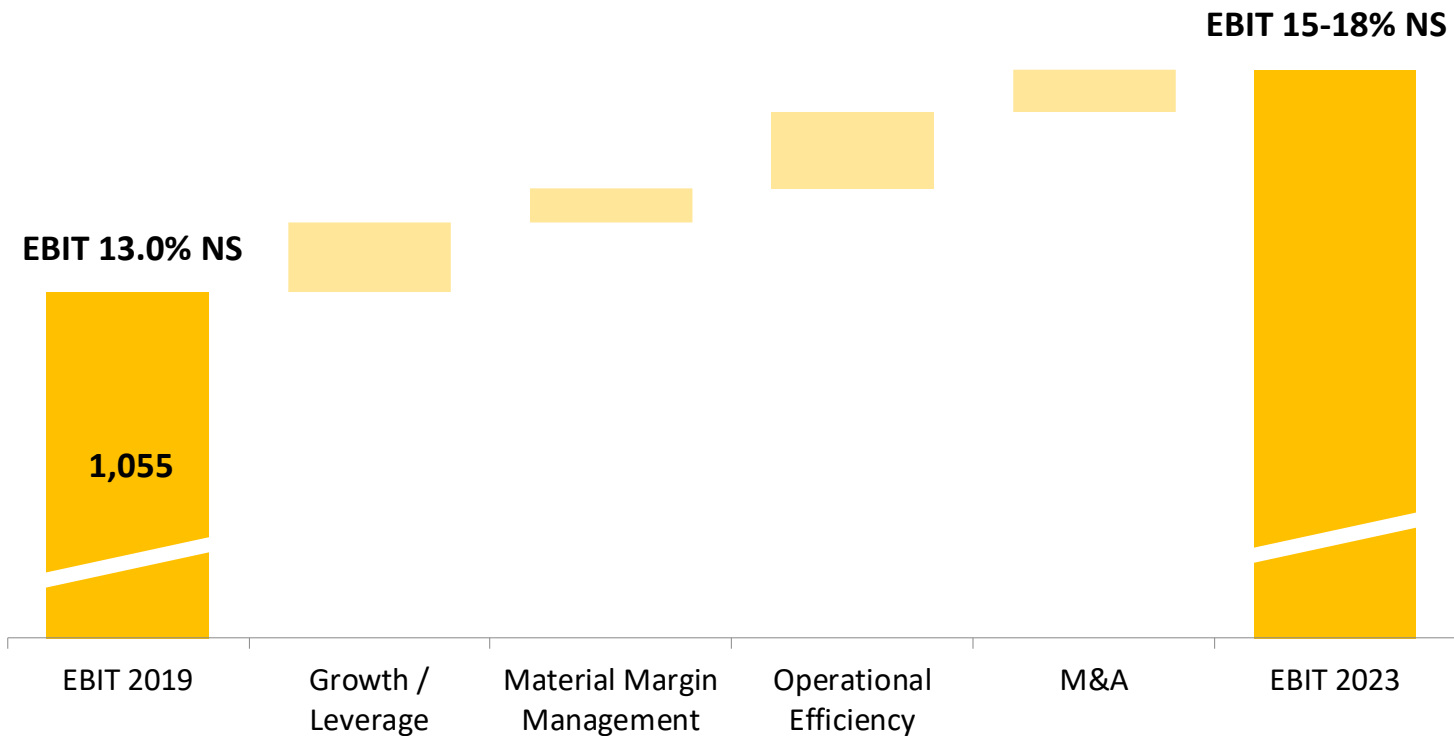
ADRIAN WIDMER, CFO  
SIKA CAPITAL MARKETS DAY 2022

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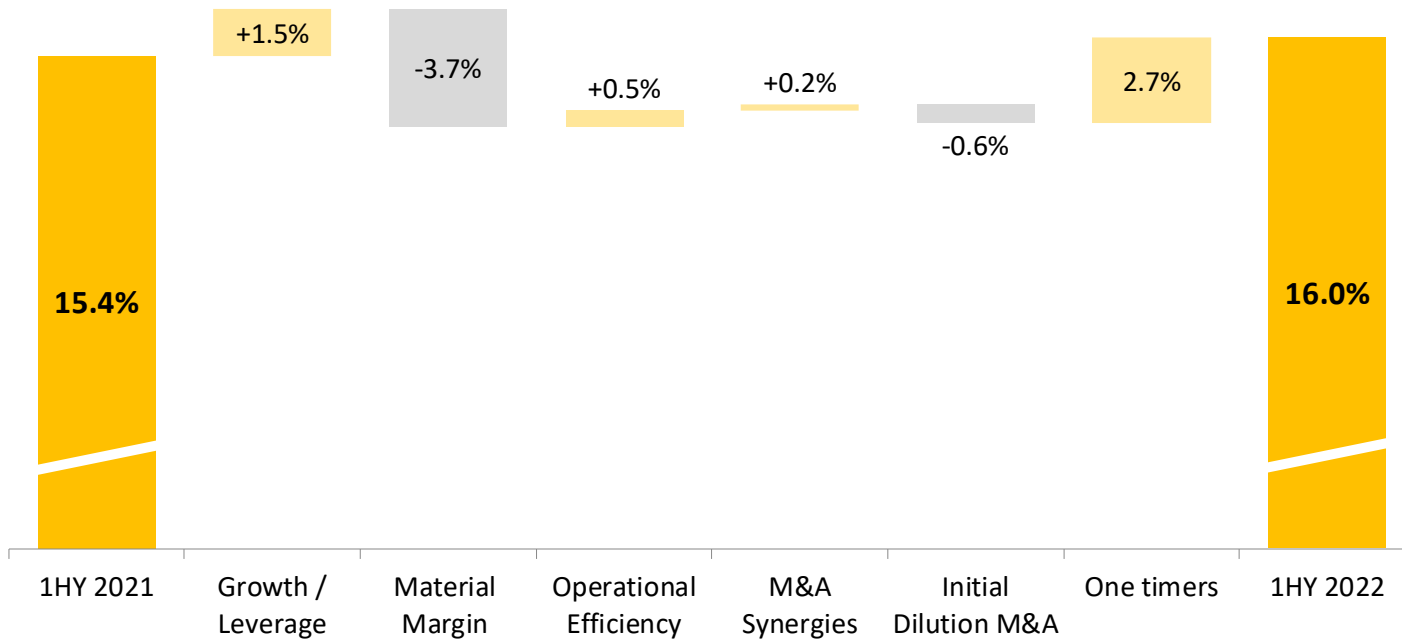
# DRIVING TOWARDS AN EBIT MARGIN OF 15%-18%

## IMPROVING MARGIN THROUGH CONSISTENT STRATEGY EXECUTION



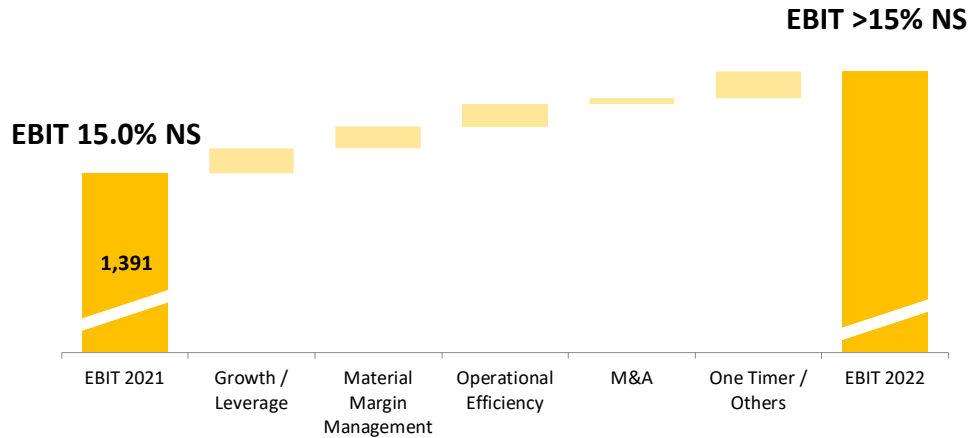
# CONTINUED IMPROVEMENT INSPITE OF RAW MATERIAL HEADWINDS

## EBIT MARGIN BRIDGE 1HY 2022



# DRIVING TOWARDS AN EBIT MARGIN OF 15%-18%

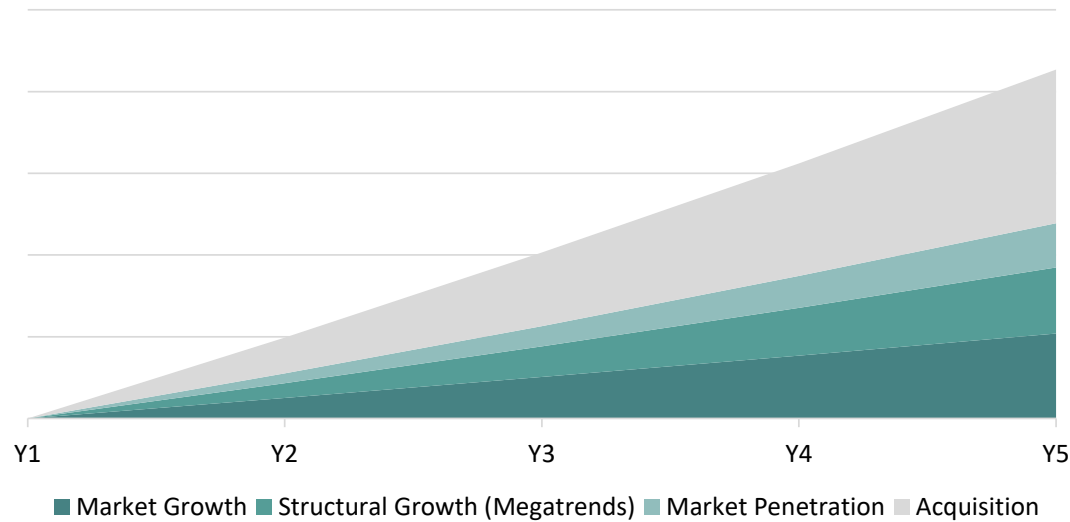
## OVERPROPORTIONAL EBIT GROWTH IN 2022 EXPECTED



- Further raw material cost mitigation through pricing and other measures
- Continued focus of operational efficiency and synergy realization
- Sustainability initiatives with positive impact on efficiency
- Limited direct impact of energy cost
- Lower impact of one-timers on full year basis

# SUSTAINABLE GROWTH BEYOND MARKET GROWTH

## MULTIPLE LAYERS OF GROWTH

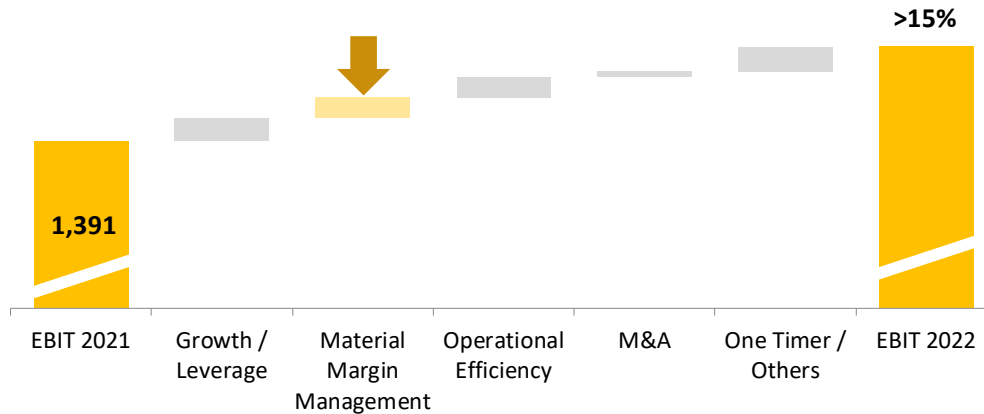


Net Sales 10Y CAGR, at constant FX  
**+9.8%**



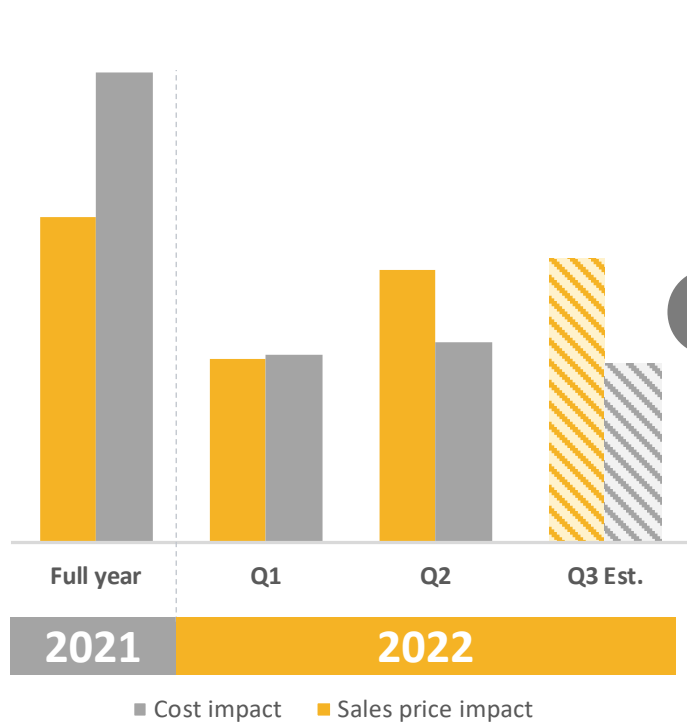
# MATERIAL MARGIN MANAGEMENT

## NARROWING MATERIAL MARGIN GAP VS. PY



- Strong pricing traction (c. 15% YoY)
- Base effect leading to lower Material Margin in %
- Innovation, structural procurement programs and formulation efficiency with ongoing positive impact
- Reversal of relative Material Margin trend expected in 2HY

# MATERIAL MARGIN MANAGEMENT



## Sales Price Increase

- Price management with good traction
- Recovering impact of time lag
- Surcharges to compensate cost increases

## Raw Material Cost Increase

- Cost increase flattening & improving availability
- High volatility remains
- Diverging regional development
- Uncertain energy cost outlook

# MATERIAL MARGIN MANAGEMENT

## INNOVATION AND CONTINUOUS IMPROVEMENT PROJECTS

### PRODUCT INNOVATION

#### SUSTAINABLE FORMULATION IMPROVEMENTS

**+3-5%  
better margins**



**New products  
foster sales  
growth at higher  
margins**

#### CO2 REDUCTION

- Environmental footprint enhancement

#### SOURCING

- Alternatives improve supply side

#### COST SAVINGS

- Formulation efficiencies result in cost savings

#### CEMENT SUBSTITUTES

Cement major raw material CO2 contributor



- In two plants in China cement substitution rate will reach 30% in 2022

#### ALTERNATIVE SAND

Nature Sand consumption is large and rising year by year



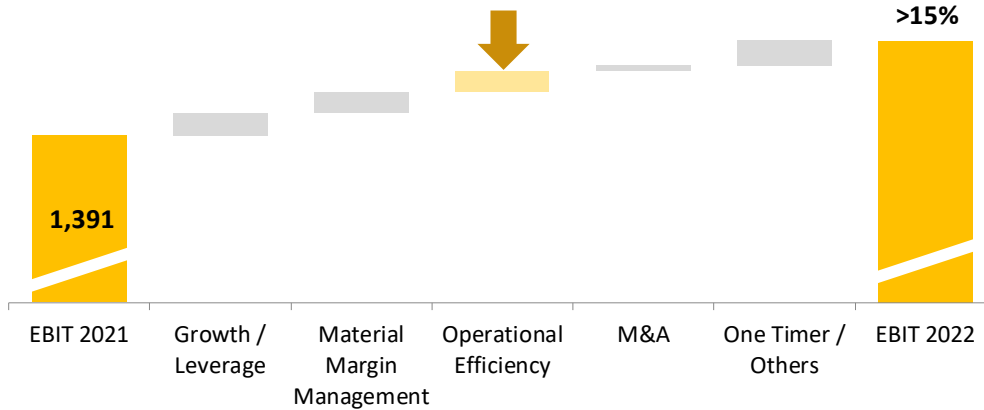
- Manufactured sand in China used to supply large mortar plants as an alternative source

- 30% CO2 reduction per ton of raw material**
- Cost savings MCHF 2.5**



# OPERATIONAL EFFICIENCY WITH CONTINUED STRONG IMPACT

## 0.5% PTS IMPACT ANNUALLY



- Several hundred structural improvement projects across value chain, on all levels
- Positive impact of 0.5% pts. annually
- Sustainability initiatives positively impacting operating cost
- Factory and warehouse consolidation reducing complexity and improving supply chain cost

# OPERATIONAL EFFICIENCY WITH STRONG IMPACT (I)

## 0.5% PTS IMPACT ANNUALLY

### Digitalization

1

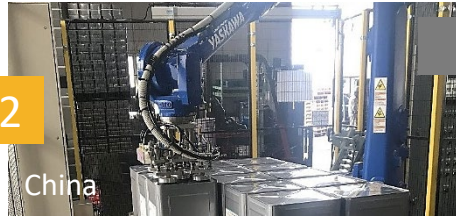


Switzerland

#### Robotics

- Collaborative robots assist human beings
- Pail line efficiency

2

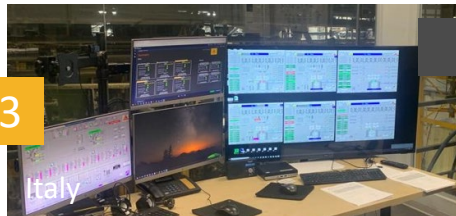


China

#### Automation

- Robot palletizer lifting heavy canisters
- Productivity gains

3



Italy

#### Process Control

- Real-time process control room
- Accelerate production processes

### Renewable Energy

- Self-produced solar energy in Switzerland (Duedingen)



- 2,800 m<sup>2</sup> solar plant
- Energy savings: 720 MWh/a
- CO<sub>2</sub> reduction: 19 tons/year
- MCHF 0.5 investment

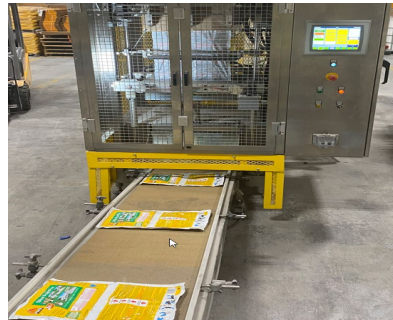
# OPERATIONAL EFFICIENCY WITH STRONG IMPACT (II)

## 0.5% PTS IMPACT ANNUALLY

### PROCESS OPTIMIZATION

#### USA: MARION

- Fully automated packaging process replacing manual external handling process
- Remove cost of externally packaged product



- Elimination external processing
- Increased efficiency and quality
- Improved package seal integrity
- First year savings of MCHF 2

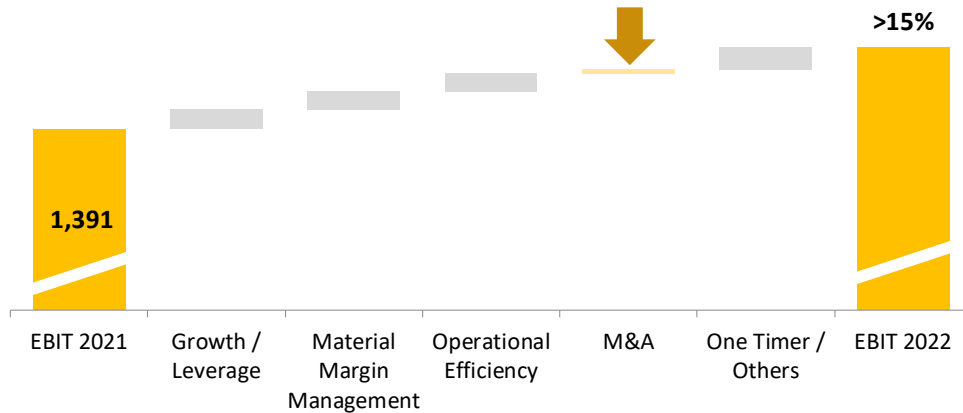
#### UK: EVERBUILD

- Improved silicones production by eliminating manual transfer of raw materials to the existing mixing processes
- Automation of pallet handling process



- Sophisticated material handling processes
- Eliminating bottle-necks in the mixing process
- Waste and disposal cost reduction
- First year savings of MCHF 2

# SYNERGIES FROM ACQUISITIONS TO OVERCOMPENSATE DILUTION EFFECT IN 2022

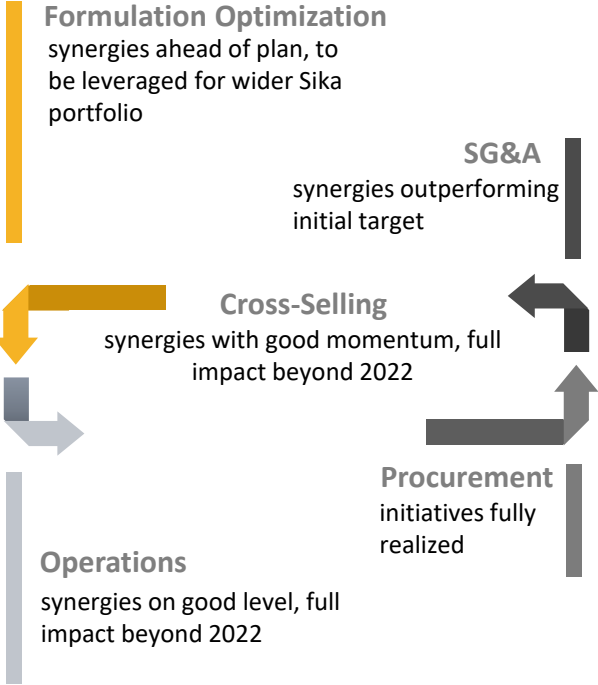
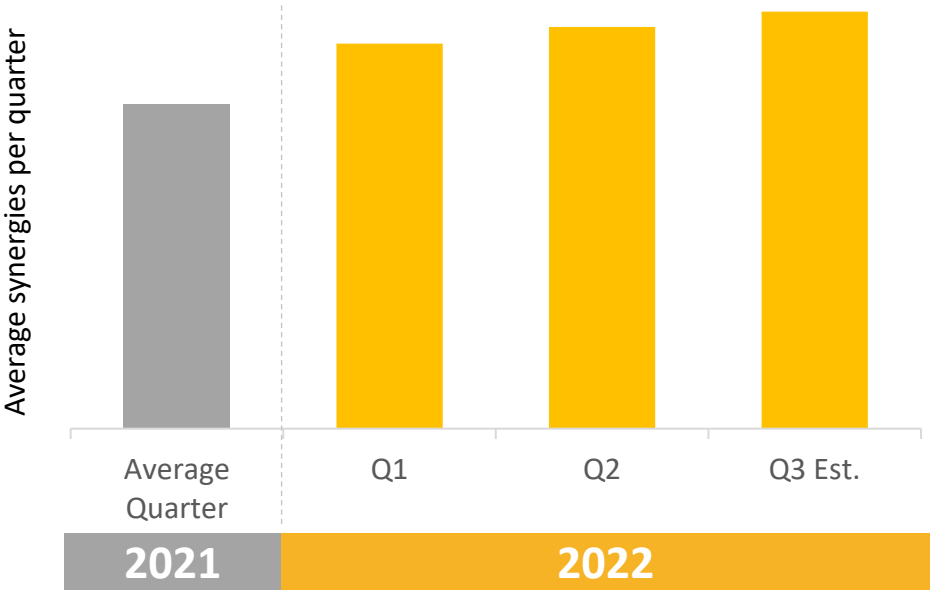


- M&A as growth platform, lifting margin profile over time
- Incremental Parex impact to reach MCHF 100 of synergies in 2022 as targeted
- Newly acquired bolt-ons, with initial dilution in 2022

# PAREX INTEGRATION AND SYNERGY CAPTURE

## ON TRACK TO MEET TARGETED SYNERGIES OF MCHF 100

Monthly run-rate synergies have reached an average above MCHF 8 - on track to reach target of MCHF 100 for 2022



# UPDATE MBCC – IMPACT OF DIVESTMENTS

# UPDATE ON MBCC ACQUISITION

- Unconditional approval received in most jurisdictions
- In North America, Europe and Australia/New Zealand Admixture business to be divested to competent buyer
- Up to MCHF 850 in Net Sales to be divested, BCHF 2.15 Net Sales remaining
- Expected synergies and funding structure unchanged
- Favorable FX impact as purchase price is in EUR

# NO CHANGE IN EXPECTED SYNERGIES BECAUSE OF DIVESTMENTS

## RUN-RATE SYNERGIES OF MCHF 160-180

### Revenue Synergies to Better Serve Our Customers

- Additional revenue synergies expected to be realized through customer proximity and enhanced supply chain
- Strong cross-selling opportunities of products and solutions in multiple geographies and channels
- The acquisition will reinforce Sika's sustainability capabilities

### Cost Synergies

- Economies of scale in procurement, formulation efficiency
- Enhanced efficiency in supply chain & logistics
- Operating leverage and increased efficiency in SG&A

- Expected run-rate synergies of MCHF 160-180 p.a. expected by 2025/2026
- Synergies to ramp-up over coming years
- Expected costs to realize synergies of MCHF 200 until 2025



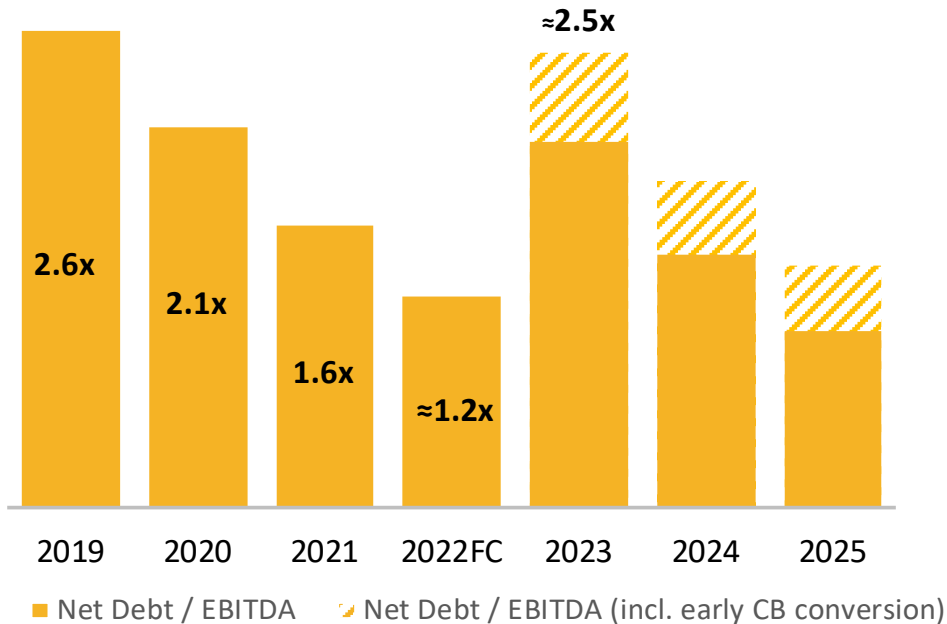
# FINANCING AND LEVERAGE CONSIDERATIONS (I)

## FINANCIAL TERMS OF TRANSACTION REMAIN VERY ATTRACTIVE

- Financing through cash and debt instruments
  - Fully committed bridge loan facility
  - Long-term funding over combination of cash-on-hand, bank loans and bonds
  - Expected annual interest cost of MCHF 90
- Strong deleveraging profile
  - Starting from a strong base
  - Divestments reduce initial capital outlay
  - Strong deleveraging profile even without early conversion of existing Convertible Bond

# FINANCING AND LEVERAGE CONSIDERATIONS

## HISTORICAL AND EXPECTED LEVERAGE DEVELOPMENT



- 2023 Leverage expected at ≈2.5x
- With early Convertible Bond conversion at around 0.5 turns lower
- Fast deleveraging – similar deleveraging profile as with Parex



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