



## Where the Market Sees Risk, We See Resilience

### Buy Recommendation

We issue a Buy recommendation on Sika AG with a **12-month target price of CHF 179,97**, presenting **18,7% upside** from the current price of CHF 150,80. Sika's competitive moat provides downside protection through counter-cyclical margins, while sustained organic growth outperformance and proven M&A integration capabilities create a compelling multi-year value creation pathway.

### Competitive Moat Provides Downside Protection

Sika's competitive advantages create a unique financial outcome: margins remain resilient even during revenue declines. This was validated in Q3 2025: revenue rose only 1,1% in local currency despite a double-digit decline in China's construction business, yet EBITDA margins expanded to 19,2%. Competitors with weaker specification positions saw both revenue and margin compression. Importantly, **this moat is widening, not eroding**. Tightening regulatory complexity raises barriers and favors R&D scale leaders like Sika.

### Organic Growth Outperformance Demonstrates Business Resilience

Sika consistently **outperforms peers in organic growth**, demonstrating the durability of its competitive position. While most specialty chemicals **peers face revenue CAGRs of -3% to -5%** through '26E and construction materials peers show mixed results, **Sika projects essentially flat revenue (-0,1% CAGR) with positive organic growth of +1,2% in '25E**. This outperformance stems directly from specification lock-in: once embedded in project workflows, Sika maintains revenue even as overall construction activity declines. The company is **one of only two in the peer universe projecting positive EBITDA CAGR from 2024A through 2026E**, while most peers face EBITDA declines. This relative strength positions Sika to gain share during the downturn and accelerate growth when construction markets recover.

### Proven M&A Integration Creates Value Through Synergy Realisation

Sika's core strength extends far beyond acquiring assets, it lies in its ability to unlock meaningful synergies through disciplined integration. The **MBCC acquisition** (CHF 5,5 bn, adding 17% to revenue) is on track to deliver **CHF 200-220M in synergies** by 2026E, driven by procurement leverage, SG&A efficiencies and manufacturing footprint optimisation. Sika has an outstanding track-record in M&A execution: over the past decade, it has completed more than 45 acquisitions across 30 countries. The Parex deal (2019, ~CHF 1,7 bn) stands out as a clear success, exceeding synergy expectations and contributing to industry-leading ROIC performance. Looking ahead, the company retains significant opportunity for continued bolt-on acquisitions, with the ability to reduce initial purchase multiples with around 4,0x EV/EBITDA post-integration.

Key risks to our investment thesis include: (1) macroeconomic and end-market exposure, (2) raw material and cost inflation, (3) regional and currency risks and (4) execution and M&A integration risk.

### Figure 1: 5-year Pirce per Share (CHF)



### Overview

Headquarters	Baar, CH
Founded	1910
Employees	34.000+
Manufacturing Sites	400+
Business Segments	
Construction	85%
Industry	15%

### Valuation Results

Recommendation	BUY
Target Price	CHF 179,97
DCF TG	CHF 167-206
DCF Exit Multiple	CHF 169-188
WACC	8,1%

### Financial Data

Last Close	CHF 150,80
Market Cap	CHF 24,2 bn
Shares Outstanding	160,4 mm
52-Week High	CHF 245,50
52-Week Low	CHF 147,65

Source: Bloomberg, Company Information, Team Analysis

"Sika doesn't exist to sell chemicals.  
It exists to absorb technical and operational risk that nobody else wants to take on in a construction site." – Expert C, senior project manager at a regional infrastructure company

# Business Overview

Founded in 1910 and headquartered in Baar, Switzerland, Sika AG is a global leader in specialty chemicals for the construction and industrial sectors. The company develops and manufactures systems for **bonding, sealing, damping, reinforcing and protecting materials** used in a wide range of structural and manufacturing applications.

Sika operates in over **100 countries**, with approximately **400 manufacturing sites** and **34.00 employees** worldwide (Appendix 1). Its operations are structured across four key regions: EMEA, Americas, Asia/Pacific and Global Business, ensuring strong local presence and proximity to customers (Figure 2). In 2024E, Sika reported **CHF 11,8 bn in revenue** and **CHF 1,2 bn in net income**, continuing a consistent record of profitability.

## Key Operating Segments

**Construction:** Accounting for approximately **85% of total revenue**, providing solutions for concrete admixtures, waterproofing systems, roofing, flooring, sealing & bonding and structural refurbishment. These products serve both new construction and renovation projects across residential, commercial and infrastructure markets.

**Industry:** Representing roughly **15% of total revenue**, offering adhesives, sealants and acoustic systems for industrial and automotive applications, covering both OEM and aftermarket segments (Figure 3).

The company serves a diversified customer base including contractors, distributors and manufacturers, with no single customer representing a material portion of sales.

## Operational Model and Global Footprint

Sika's business model is based on its proprietary formulations and its "**spec-in**" approach, securing product inclusion in project design and engineering specifications early in the development phase. This model supports recurring demand and customer retention throughout the construction cycle.

The Company follows a "**local-for-local**" production strategy, maintaining facilities near end markets to minimise logistics costs, ensure supply reliability and adapt formulations to local materials and climates. Continuous innovation underpins Sika's success, with **2,5% of annual sales invested in R&D**. Growth is complemented by a disciplined **M&A strategy**, aimed at expanding regional reach and product capabilities. Notable acquisitions include Parex (2019) and MBCC Group (2023), which strengthened Sika's presence in building finishing and admixture technologies (Figure 4).

## Stable and Diversified Growth Platform

Sika's global scale, balanced revenue mix and system-based product offering provide a stable foundation for long-term growth. Its broad geographic diversification mitigates regional construction cycles, while its high share of refurbishment and infrastructure projects supports resilience through varying economic environments.

Figure 5: Key Acquisitions and Acquired Revenues (CHF)

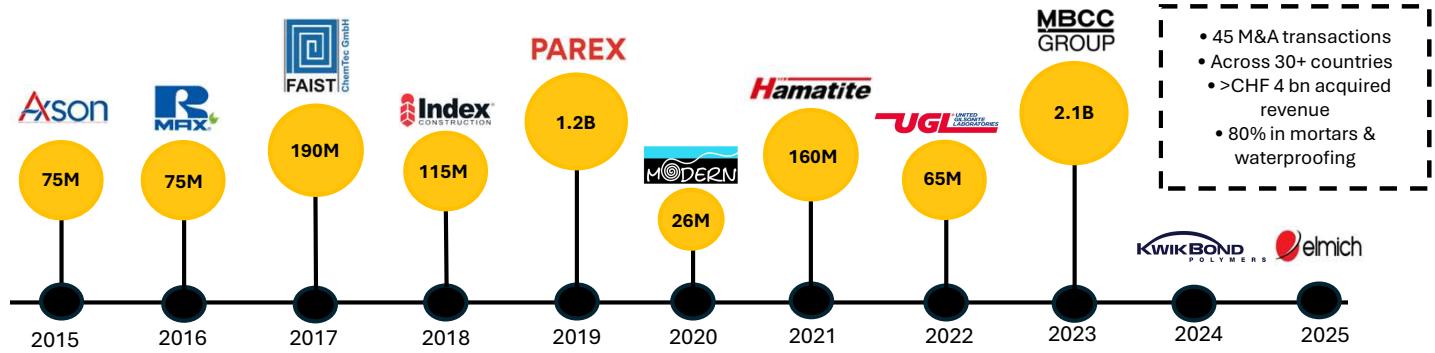
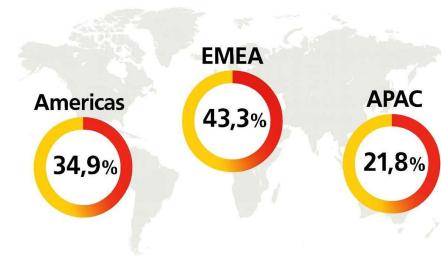
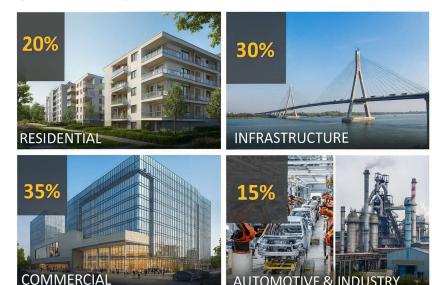


Figure 2: Sales by Region (2024A)



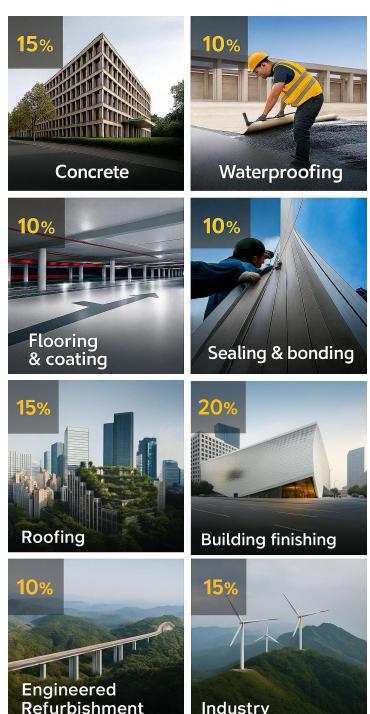
Source: Company Information

Figure 3: Revenue by Segment (9M2025)



Source: Company Information

Figure 4: Target Markets as % of Sales (9M2025)



Sources: Company Information

MBCC GROUP

- 45 M&A transactions
- Across 30+ countries
- >CHF 4 bn acquired revenue
- 80% in mortars & waterproofing

Kwik Bond POLYMERS

Elmich

Sources: Company Information, Team Analysis

# Industry Overview

## Fragmented Market (positive)

The construction chemicals market is highly fragmented, with a total size of CHF 110 bn and the top 30 players holding <40%, creating strong incentives for ongoing consolidation. Around 70% of global construction-chemical M&A occurs in the US (Bloomberg), driven by a large and decentralised contractor base, attractive pricing dynamics and easier integration of regional players.

## Digitalisation Trend (positive)

The digitalisation and AI trend is accelerating innovation in this R&D-heavy industry, enabling faster product development and better-quality control. Data centers and server farms show strong structural demand, increasing the need for temperature-resistant materials and fire-protection concrete — areas where Sika is well positioned, being involved in ~1.000 of ~11.000 global data centers, in a market with expected growth 3-5x until 2030 (Appendix 6). Sika strengthened its digital capabilities with the investment in Giatec Scientific Inc., a leader in smart concrete and digital cement technologies.

## Strong Non-Residential Outlook (positive)

The construction industry is shifting clearly toward non-residential growth, driven by infrastructure, energy transition and the global data center boom. In the US, the CHIPS and Science Act has boosted commercial construction in 2024, supporting Sika's 11,2% sales growth, particularly in infrastructure and commercial projects. Europe shows similar momentum, led by Germany's €500 bn infrastructure program, while emerging markets like India continue to invest heavily in energy and transport infrastructure. Sector outlook remains solid through 2029 (Figure 7), supported by resilient non-residential demand. Sector CAGRs to 2029 remain solid: Total +4,1%, Residential +5,0%, Commercial +2,5%, Infrastructure +4,5%.

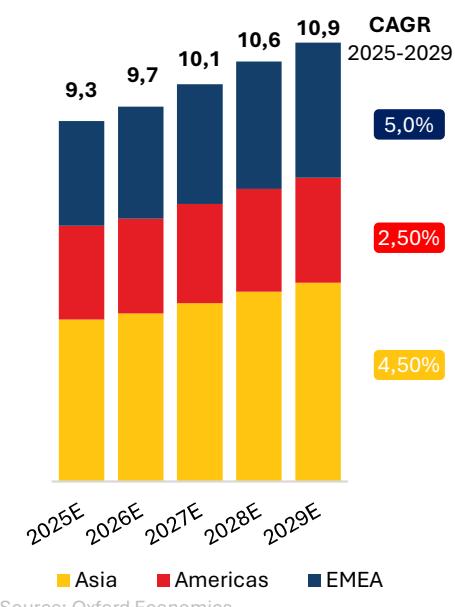
## Sustainability Megatrend (positive)

Sustainability is becoming a core driver of construction chemicals. Climate risks like heat extremes, water shortages, wildfires increase demand for resilient and energy-efficient materials, especially in non-residential projects such as infrastructure and industrial buildings. This trend creates opportunities for new sustainable product solutions and supports long-term growth as companies focus on reducing resource use and operating costs.

## Downturn of China Residential Market (negative)

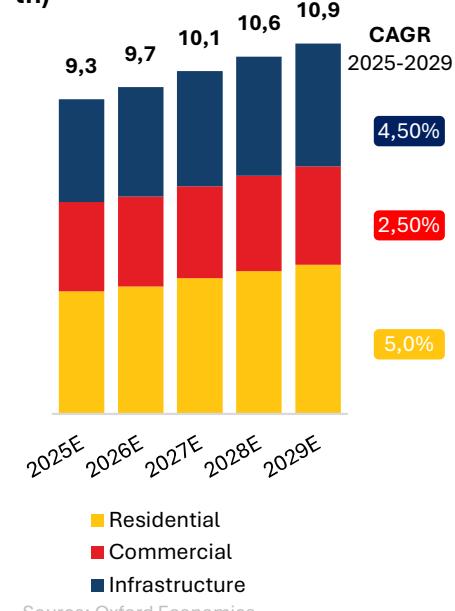
China remains the region with weakest growth in global construction, with the prolonged real-estate downturn and the fallout from developers like Evergrande weighing on demand. China has shown a decline of 5,5% in 2024. However, the market is expected to gradually recover over the coming years and is partly offset by strong momentum in other Asian emerging markets, particularly India and Southeast Asia (Figure 6).

Figure 6 : Global Construction Market Outlook by Regions (USD tn)



Source: Oxford Economics

Figure 7: Global Construction Market Outlook Sectors (USD tn)



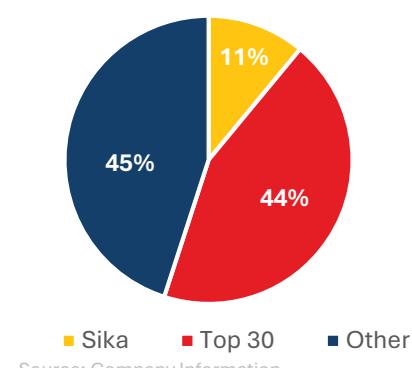
Source: Oxford Economics

# Competitive Positioning

## Main Competitors

Sika faces competition from two distinct peer groups in the CHF 110 bn global construction chemicals market. The Specialty Chemicals group includes Henkel, RPM International, PPG Industries and H.B. Fuller. These competitors typically operate with lower gross margins (34-51%) and modest EBITDA margins (11-18%), with most facing negative revenue CAGRs of 3-5% over '24-'26E. The Construction Materials & Building Solutions group comprises Saint-Gobain, Holcim, Heidelberg Materials, Kingspan, Rockwool and Carlisle. This peer set shows wider margin variability, gross margins range from 27% to 62%, with EBITDA margins spanning 13-25% and generally faces similar revenue pressures. Despite being the market leader, Sika holds only 11% market share, with the top 10 players collectively commanding 44% and the remaining 45% fragmented across numerous smaller regional players (Figure 8).

Figure 8: Market Share in Construction & Industry



Source: Company Information

## Lock-In & Switching Costs

Sika's system-based approach creates measurable switching barriers. Once a Sika solution is specified, **replacing it forces customers through re-approvals, re-testing and retraining** with clear warranty and liability exposure. With 34,000 employees globally including dedicated field engineers, Sika embeds itself into contractor workflows, BOMs and quality documentation. The cost of mixing suppliers keeps Sika in the specification once secured. This lock-in effect explains Sika's consistent revenue stability and margin resilience: **while most specialty chemicals peers face negative revenue CAGRs of 3-5% and construction materials peers show steep EBITDA declines, Sika projects essentially flat revenue with positive EBITDA growth through '26E despite construction headwinds (Figure 9).**

## Hyper-Local Scale in Key Regions

Sika operates **400+ manufacturing sites across 100+ countries**, creating decisive cost and service advantages. The financial impact is visible in Sika's cost structure: the company achieves a **gross margin of 55% (2024A)**, substantially above **specialty chemicals peers (42% median)** and **construction materials peers (39% median)**. This superior margin profile translates to approximately **CHF 600-800 mm in structural annual cost advantage**. The capital intensity required to replicate this footprint (estimated at CHF 4,5-6,0 bn) creates a formidable barrier for competitors.

## Science-Led Innovation

Sika invests **2.4% of revenue in R&D**, substantially above both peer groups: **specialty chemicals average 2.2%, while construction materials average just 0.8%** (Figure 10). This sustained R&D intensity generates tangible output: Sika files **100+ patents annually**, continuously refreshing its intellectual property portfolio. This innovation velocity is particularly valuable in markets where **specification cycles run 5-7 years** for major infrastructure projects, meaning early positioning in emerging technologies locks in **long-term revenue streams and protects against margin erosion**.

## Natural Consolidator in a Fragmented Industry

The highly fragmented market structure creates continuous consolidation opportunities: Sika's roughly **11% share still leaves significant white space**, with the next largest players only in the mid-single digits. What differentiates Sika is not just deal volume, but **proven synergy realisation**. As Figure 11 shows, Parex reached its full CHF 100 mm synergy target in roughly two years post-close, while MBCC is already delivering CHF 41 mm of synergies within the first eight months on the way to a CHF 200-220 mm run-rate by 2026E. This pattern of **hitting or raising synergy targets while preserving returns** underpins Sika's status as the natural consolidator in this downturn. Between landmark transactions, Sika continues to execute **CHF 300-400 mm of bolt-on acquisitions annually**, adding local manufacturing density and customer relationships that would take years to replicate organically.

## Financial Analysis

### Strong Recovery after China Headwinds and Adverse Currency Effects

Over recent years, Sika has delivered **record revenues**, growing at an **CAGR of 8.3%** underpinned by consistent market outperformance and the landmark acquisition of MBCC. While 2025E is expected to see a modest revenue decline due to economic headwinds in China and adverse USD currency effects, the **medium-term outlook remains compelling**.

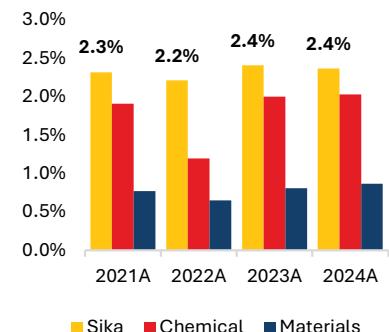
We forecast a **5.9% CAGR** over the next five years (Appendix 16) for a detailed breakdown). Growth is expected to resume, supported by a **recovering construction market**, including expansion in the infrastructure sector, continued growth in India, the Middle East and Africa and a rebound in the Chinese real estate sector. Additional growth will come from **ongoing bolt-on acquisitions**, the realisation of **MBCC synergies** and Sika's ability to leverage its **extensive distribution network and cross-sell opportunities** across its product portfolio.

**Figure 9: Revenue CAGR and EBITDA CAGR (24A-26E)**

	EBITDA CAGR '24A-'26E	Revenue CAGR '24A-'26E
Sika	0,6%	-0,1%
Materials	-7,5%	0,4%
Chemical	-7,9%	-3,2%

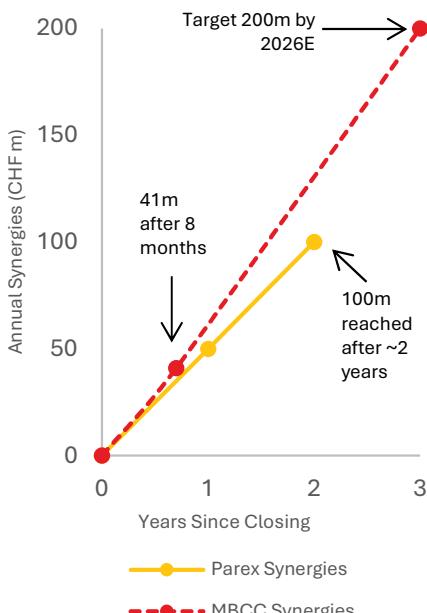
Sources: Team Analysis, Bloomberg

**Figure 10: R&D as % of Revenue**



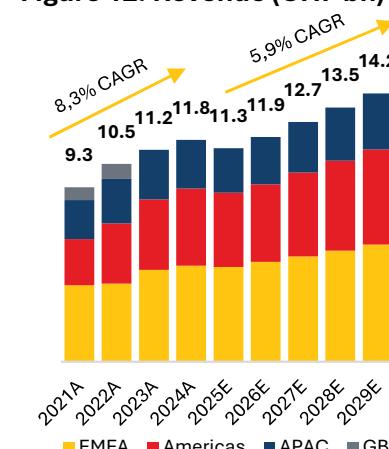
Sources: Company Information, Bloomberg

**Figure 11: Synergy Realisation Trajectories for Parex and MBCC**



Source: Company Information

**Figure 12: Revenue (CHF bn)**



Sources: Company Information, Oxford Economics, Team Analysis

## Sika Maintains Robust Material Margin through Purchasing Excellence

In its 2025 nine-month update, Sika reported a **material margin of 55,0%**, up 30 bps compared to the first nine months of 2024 and 50 bps above the 2024 full-year margin of 54,5%. We expect the company to maintain this level through year-end and continue delivering strong performance thereafter.

This margin improvement reflects two key drivers: (1) **Strategic Purchasing:** By combining the scale advantages of a global business with the responsiveness of a **strong local network**, Sika maintains close relationships with suppliers and end markets, enhancing profitability. The company also leverages extensive **pricing knowledge** accumulated through numerous acquisitions. (2) **R&D and Innovation:** Sika's focus on research and development, coupled with access to a **state-of-the-art sustainable product portfolio** (Appendix 4.A.6), allows the company to continue executing its premium pricing strategy.

## Positioned for EBITDA Margin Uplift through Synergies and Cost Cutting

Management has demonstrated a strong track record in expanding profitability. Over the past decade, **EBITDA margins have steadily increased** from roughly 15% in 2015 to around 19% in 2024 (Figure 14). Management confirms that MBCC is now fully integrated, with **synergy realisation progressing as planned**. The synergy target has been upgraded by CHF 20 mm to CHF 200–220 mm. Approximately 65% of these synergies are expected to come from cost savings by 2026, driven by production optimisation, formulation efficiencies, improved distribution, overhead reductions and sales and marketing efficiencies.

Sika has launched the **Fast Forward Program** to address challenges in China and further enhance operational efficiency. While the initiative will incur one-off costs of CHF 80–100 mm, it is expected to deliver **significant long-term savings**, supported by personnel reductions, including 1,500 roles. As detailed program specifications are not yet fully disclosed, we adopt a conservative approach and model lower costs savings. Overall, we anticipate these initiatives will reduce personnel expenses by 50 bps and other operating expenses by 1,0% by 2029E, **lifting EBITDA margin up by 2,0% to 21,3%** (Figure 13)

## Sika's Innovation-led Model Supports Lower Capex Requirements

Sika maintains a **structurally lower Capex-to-EBITDA ratio** than both chemical and materials peers (Figure 15). Historically, Sika's **capex intensity has ranged between 13-16%** compared with 17-22% for chemical peers and 23-25% for materials peers. This lower capital intensity reflects Sika's focus on **specialised products and formulations** rather than high-volume, commodity-grade chemicals, as well as the companies **strong pricing power supported by innovative solutions and intellectual capital built through extensive R&D** and application know-how.

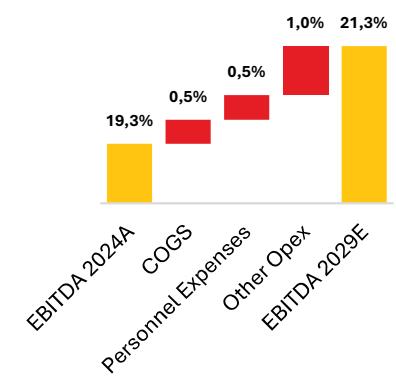
While we expect a temporary increase in 2025E–2026E due to Fast Forward-related investments, **Sika's Capex requirements remain below peer averages**.

## Strong Free Cash Flow Generation and Robust Cash Conversion

From 2021A to 2023A, **Sika improved its cash conversion**, with FCFF conversion rising from 47% in 2021A to 53% in 2022A and 67% in 2023A. In 2024A, however, FCFF conversion declined to 52%, as increases in accounts receivable and inventories, combined with only slight growth in accounts payable, led to a rise in working capital. Elevated Capex in 2024A, linked to the opening of new factories, further weighted on FCFF.

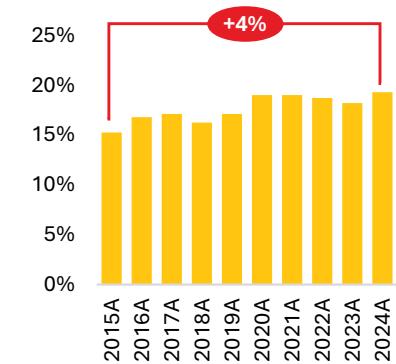
Looking ahead, with sales growth to decline in 2025E, we anticipate a decline in working capital, supporting a rebound in FCFF conversion to **57%**. Conversion is projected to improve further, reaching **65% in 2027E**, before stabilising around **60% through 2029E**, reflecting sustained operational efficiency and disciplined capital allocation (Figure 16).

**Figure 13: EBITDA Margin Bridge (%)**



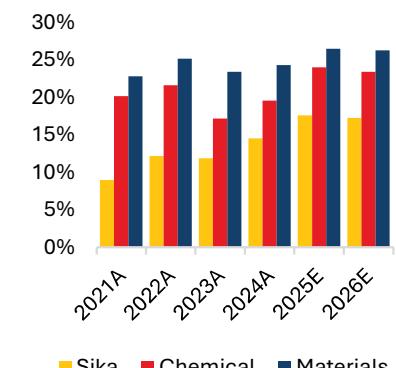
Sources: Company Information, Team Analysis

**Figure 14: EBITDA Margin Improvement**



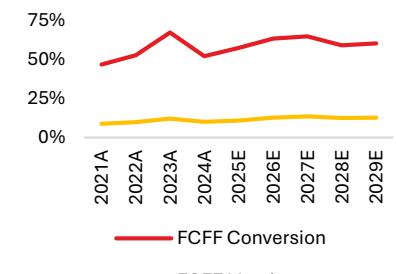
Sources: Company Information, Team Analysis

**Figure 15: Capex<sup>1</sup> as % of EBITDA<sup>2</sup>**



Sources: Bloomberg, Company Information, Team Analysis

**Figure 16: Cash Conversion & Margin<sup>1</sup> (%)**



Sources: Company Information, Team Analysis

# Financial Analysis

## Deleveraging while Maintaining M&A Firepower

Following the acquisition of MBCC, Sika's leverage increased to a record 2,8x EBITDA in 2024A, with net debt totalling CHF 5.412 mm (Figure 17). We expect leverage to **moderate to 2,4x EBITDA in 2025E**. Despite this temporary increase, Sika is to remain active on the M&A front, with **annual acquisition firepower of CHF 300–400 mm** under our assumptions. By 2029E, the leverage ratio is forecasted to decline to **1,1x**, positioning Sika to pursue larger deals once again. As deleveraging progresses, the interest coverage ratio is expected to strengthen from 9,2x in 2024A to above 18,2x by 2029E, reflecting robust earnings relative to interest obligations and a **low risk of financial distress**.

## Delivering Superior Return on Invested Capital

Sika has delivered **superior ROIC**, averaging **12,3%** over the past four years, compared with 9,1% for chemical peers and 10,6% for materials peers (Figure 18). This outperformance reflects the company's strong focus on R&D and innovation, which drives a **premium, high-value product offering**, as well as lower capital intensity. In addition, operational efficiency across production and supply chain processes allows Sika to generate higher returns on invested capital compared with its peers, underlining the company's **ability to sustainably convert capital into profitable growth and value creation** over the long term.

## Rising Dividends Backed by Strong Cash Flow

Sika's dividend payout increased steadily from 34% in 2021A to **46% in 2023A** (Figure 19), reflecting **strong earnings growth and robust cash flow** that enabled the company to reward shareholders while maintaining operational flexibility. Following the MBCC acquisition and the resulting increase in debt obligations, the payout ratio declined to 21% as management shifted its focus toward deleveraging and strengthening the balance sheet.

Looking ahead, management has indicated a target dividend payout of 45% in the coming years, balancing shareholder returns with ongoing investment needs and M&A activity. As leverage declines and free cash flow remains strong, we expect Sika's capacity to return capital to shareholders to increase further. Under our projections, the **payout ratio could rise to 56% by 2029E** (Figure 19) supported by sustained earnings growth and improving financial flexibility. This trajectory underscores Sika's ability to combine **financial discipline with attractive long-term shareholder distributions**.

## Valuation

### Buy recommendation on Sika offering attractive upside

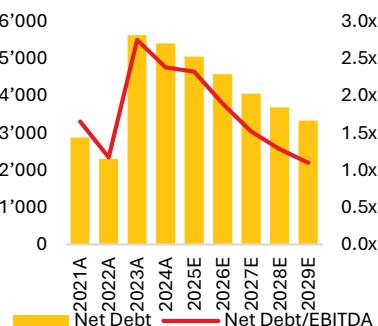
We issue a **buy recommendation** for Sika Group with a **12-month target price of CHF 178,97** (Figure 20), implying an **18,7% upside** from the closing price on November 2025. Our valuation is based on a Discounted Cash Flow (DCF) model, with the Terminal Value derived using the perpetuity-growth method. To validate our assumed terminal growth rate of 2,8% (Figure 23), we complemented the analysis with an exit multiple approach, applying **Sika's EV/NTM EBITDA multiple of 13,1x**. This cross-check yielded an implied **terminal growth rate of 2,8%, supporting the robustness of our assumption**. Finally, we conducted a relative valuation using two peer groups – Specialty Chemicals and Building & Construction Materials (Appendix 19) – to benchmark Sika against its peers. As shown in Figure 20, the relative valuation points a lower share price; however, we believe **Sika warrants a premium given its superior growth prospects and margin profile** (Appendix 17).

### WACC

**Cost of Debt:** We estimated Sika's cost of debt using the weighted average interest rate on long-term borrowings and credit spreads for A-rated issuers in CHF. Given Sika's investment-grade profile and access to global debt markets, we applied a pre-tax cost of debt of 2,7%, which we believe accurately reflects the company's long-term borrowing capacity. With an effective tax rate of 20,2%, the resulting **after-tax cost of debt is 2,2%**.

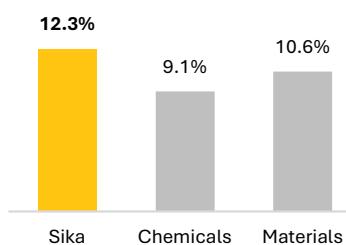
Note: (1) Excluding M&A investments

Figure 17: Net Debt (CHF bn) & Net Debt/EBITDA



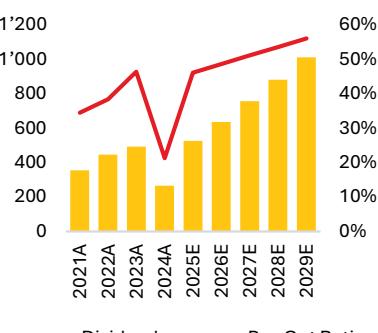
Sources: Company Information, Team Analysis

Figure 18: ROIC 2021A-2024A Average (%): Sika vs. Peers



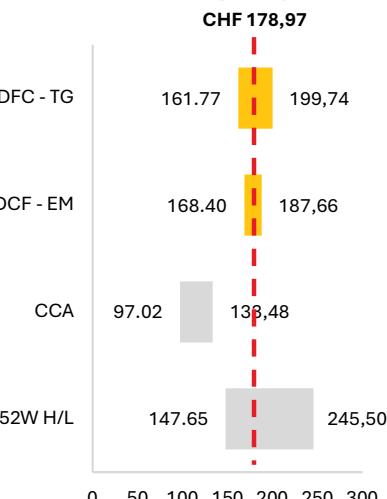
Sources: Bloomberg, Company Information, Team Analysis

Figure 19: Dividends (CHF bn) and Pay Out Ratio (%)



Sources: Company Information, Team Analysis

Figure 20: Football Field Chart of Price per Share (CHF)



Sources: Bloomberg, Company Information, Team Analysis

# Valuation

**Cost of Equity:** Sika's beta of 1,69 was derived from unlevering its peers' unlevered betas at Sika's target capital structure. This approach ensures comparability across the construction materials and specialty chemicals sector, where operating leverage and cyclicalities differ by region. Using CAPM, we applied a CHF risk-free rate of 0,2% and an equity market risk premium of 7,5%, which already incorporates global country exposure. This yields an implied **cost of equity of 12,9%**, consistent with Sika's historical equity return profile.

**Capital Structure:** Based on peer-derived capital structure ratios (56,7% equity and 43,3% debt), we estimate a **weighted average cost of capital of 8,1%** for Sika. This reflects the company's solid credit profile, resilient cash generation and diversified global operations. Our estimate remains conservative relative to the European building materials and specialty chemicals sectors, where average WACCs typically range between 7,0% and 7,5%.

## Terminal Growth Rate

To derive our terminal growth rate, we first estimated the long-term (65-year) real GDP growth rate for each region – EMEA, the Americas and APAC. For each region, we calculated GDP-weighted real growth rates based on projected growth of the underlying countries or subregions. We then weighted these regional growth rates by Sika's expected 2034E revenue mix, resulting in a weighted long-term **real GDP growth rate of 1,3%**. To convert this into a nominal growth rate, we added a long-term inflation assumptions of 2,0% (based on the ECB inflation target) and applied a 75% pass-through, leading to a **final long-term nominal growth rate of 2,8%** (Figure 23).

## Free Cash Flow

Based on our operating assumptions, we calculated Free Cash Flow to Firm (FCFF) for the **explicit forecast period 2025E-2034E** (Appendix 14). To derive FCFF we calculate NOPLAT using a **tax rate of 20,8%**, add-back non-cash expenses, adjust for changes in working capital and subtract Capex and other operational investments. We apply a **stub-period** based on the valuation date 21 November 2025 and use **mid-year convention** when discounting our cash flows.

## Robust Buy Recommendation with a Limited Downside Risk

Our sensitivity analyses, using WACC +/- 0,25% and terminal growth +/- 0,25%, as well an EBITDA margin +/- 0,5% and terminal growth +/- 0,25% (Figure 23), demonstrate **strong downside protection** across all tested scenarios. Both analyses confirm that the **valuation remains resilient to divergences** in the key underlying assumptions.

## Premium Valuation Supported by Superior Growth Prospects

To assess how comparable companies are valued by the market and how Sika compares, we constructed two peer groups: **Specialty Chemical peers** and **Construction & Building Material peers** (Appendix 20). The Specialty Chemical peers include producers with overlapping end-markets to Sika's offering, although they also serve other markets. The Building & Construction Material peers comprise of producers focussed on the construction sector; while some of their products overlap with Sika's, their offering is largely concentrated on non-specialty chemical materials.

**Sika trades at a premium** relative to its peers (Figure 24), underpinned by its **ability to sustain margins** during economic headwinds and **achieve revenue and EBITDA growth** from 2024A to 2026E, unlike most peers. Over this period, we expect Sika to achieve a **revenue CAGR of 0,6% and an EBITDA CAGR of 3,0%**, compared to Specialty Chemical peers (-3,2% revenue CAGR, -7,9% EBITDA CAGR) and Building & Construction Material peers (0,4% revenue CAGR, -7,5% EBITDA CAGR).

This **stronger growth** positions Sika to **generate higher cash flows**, supporting its premium valuation. Nonetheless, based on our analysis, **Sika remains undervalued**, with an intrinsic value of **CHF 179,97 per share**.

**Figure 21: WACC Build-up**

Pre-tax cost of debt	2,7%
Tax Rate	20,2%
<b>After-Tax Cost of Debt</b>	<b>2,2%</b>
Risk-free rate	0,2%
Market risk Premium	7,5%
Asset Beta	1,03
Gearing	81,8%
Re-levered beta	1,69
<b>Cost of Equity</b>	<b>12,9%</b>
Equity-to-capital ratio	55%
Debt-to-capital ratio	45%
<b>WACC</b>	<b>8,1%</b>

Sources: Bloomberg, Company Information, Team Analysis

**Figure 22: Terminal Growth Rate**

Region	LT. Real GDP	2034E Weight
EMEA	1,3%	43,3%
Americas	1,4%	33,5%
APAC	1,2%	23,2%
<b>Weighted Real GDP</b>		<b>1,3%</b>
LT Inflation	2,0%	
Inflation pass through	75,0%	
<b>LT. Growth Rate</b>		<b>2,8%</b>

Sources: OECD, Team Analysis

**Figure 23: Sensitivity Analysis of Price per Share (CHF)**

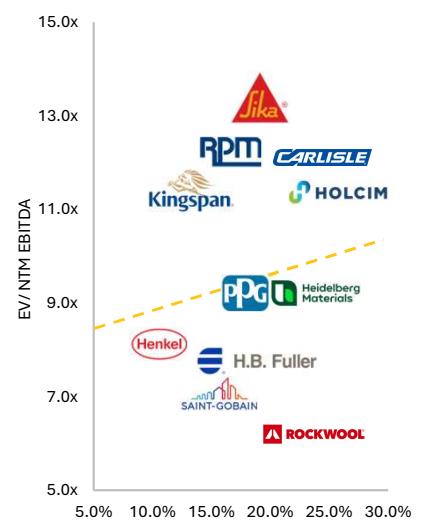
Terminal growth	WACC				
	7,6%	7,8%	<b>8,1%</b>	8,3%	8,6%
2,3%	185,94	174,94	164,91	155,72	147,27
2,6%	194,32	182,42	171,62	161,77	152,74
<b>2,8%</b>	<b>203,57</b>	<b>190,65</b>	<b>178,97</b>	<b>168,36</b>	<b>158,69</b>
3,1%	213,84	199,74	187,06	175,59	165,17
3,3%	225,32	209,84	195,99	183,53	172,27

Terminal growth	EBITDA Margin				
	20,3%	20,8%	<b>21,3%</b>	21,8%	22,3%
2,3%	154,19	159,55	164,91	170,26	175,62
2,6%	160,53	166,08	171,62	177,17	182,71
<b>2,8%</b>	<b>167,48</b>	<b>173,23</b>	<b>178,97</b>	<b>184,72</b>	<b>190,47</b>
3,1%	175,12	181,09	187,06	193,03	199,00
3,3%	183,55	189,77	195,99	202,21	208,43

Source: Team Analysis

**Figure 24: Comparable Company Analysis**



Sources: Bloomberg, Company Information, Team Analysis

# Investment Risk

## Macroeconomic and End-Market Exposure

Sika remains exposed to global construction cycles. The 2025 outlook indicates modest **sales growth of 1,1% in local currency and +0,6% organic in H1**. Slower recovery in Europe and policy uncertainty in China and APAC continue to weigh on demand, while delayed public budgets and project approvals risk further volume deferrals. **Weak APAC order intake** (-3,9% after nine months 2025) highlights fragile momentum and exposure to subdued construction activity if global recovery lags into 2026.

**Mitigant:** Sika's **broad geographic footprint** spanning over 100 countries and more than 300 production sites, limits dependence on any single market or construction cycle. About **half of sales come from renovation and maintenance**, which tend to remain resilient during downturns, while the dense local production network enables agile reallocation to meet regional demand shifts.

## Raw-Material and Cost Inflation

Despite some easing since 2023, **volatility in petrochemical feedstocks**, notably epoxy resins, PU and acrylic systems, remains a key structural risk (Figure 26). **Freight and logistics cost swings** (+52,8% since 2019 in Europe), together with wage and energy inflation of around 3% in Europe and the Americas, could **pressure margins** if price adjustments lag. Overall, sustained input-cost volatility highlights Sika's reliance on pricing discipline and operational efficiency to protect profitability.

**Mitigant:** Sika mitigates cost volatility through **multi-year supplier contracts, localised sourcing and its spec-in + warranty pricing model**, which enables gradual price pass-through. The company's **Local-for-Local strategy** reduces transport and import-related cost exposure. Sika has implemented **energy-efficiency initiatives** and on-site solar projects, which now supply over 20% of electricity at several plants, helping offset rising energy costs.

## Regional and Currency Risks

The **strong Swiss franc** continues to weigh on reported results. At the nine-month mark of 2025, **currency translation effects reached -4,9%**, leading to a -3,8% decline in reported sales despite underlying growth in local currencies (Figure 27). Since 2023, the CHF has appreciated roughly 7-8% against the euro and the US dollar, eroding the translation of foreign earnings and dampening reported growth (Figure 28). With over 80% of Sika's revenue generated outside Switzerland, consolidated results remain exposed to currency.

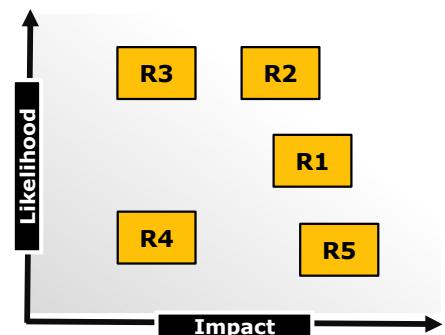
**Mitigant:** Sika uses FX forwards and swaps to **hedge transactional exposures**, with around CHF 3 bn in open positions at year-end 2024, limiting short-term cash-flow volatility. However, as **no hedge accounting is applied**, and the local-for-local model only offsets transactional mismatches, translation effects on consolidated earnings remain largely unhedged, keeping profitability sensitive to CHF strength.

## Execution and M&A Integration Risk

The integration of MBCC, acquired for CHF 5.5 bn in 2023A and contributing roughly CHF 2.1 bn of sales (~17% of Group revenue), remains Sika's **largest operational challenge**. Management targets CHF 200–220 mm of annual synergies by 2026E, with around 60% expected by year-end 2025E. Execution risk persists in **IT harmonisation and supply-chain overlap**, especially in APAC, which now represents 28% of Group sales but delivers only 24% of EBIT.

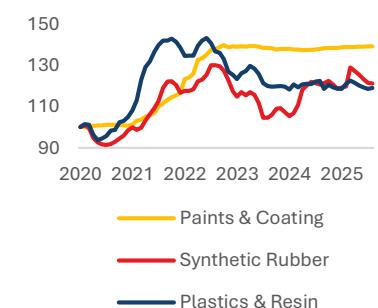
**Mitigant:** Sika's long-standing **M&A discipline** and integration playbook, supported by dedicated **synergy-tracking teams**, are designed to secure the expected 150 bps EBIT margin uplift.

Figure 25: Risk Matrix



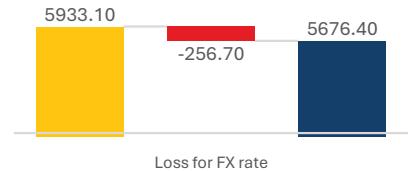
Sources: Company Information, Team Analysis

Figure 26: Raw-Material Costs



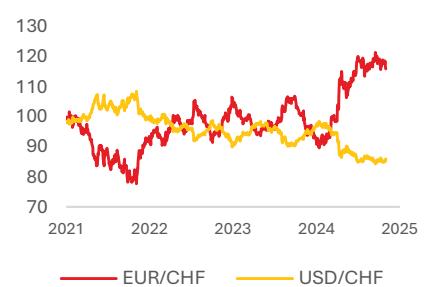
Sources: FRED, Team Analysis

Figure 27: FX Impact on Net Sales (CHF mm)



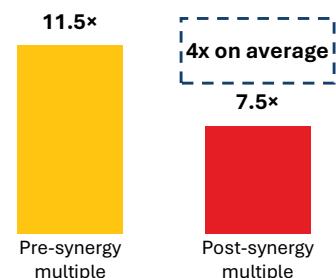
Sources: Company Information, Team Analysis

Figure 28: Swiss Franc Appreciation & Key Trading Currencies



Sources: FRED, Team Analysis

Figure 29: Synergy Realisation on M&A (EV/EBITDA)



Sources: Company Information, Team Analysis

Historically, Sika's integration model has driven **acquisition multiples down by roughly 4.0x** on a post-synergy basis (Figure 32). A **solid balance sheet** (net debt/EBITDA ~2.2x mid-2025) provides headroom to absorb temporary inefficiencies during the transition.

## Regulatory, ESG and Innovation Risk

**Tightening environmental regulation**, including stricter VOC limits, PFAS phase-outs and expanding EPD requirements, poses both **compliance and execution challenges**. Frequent reformulations may strain R&D pipelines, create temporary performance gaps and lead to potential de-specification in regulated construction markets. Evolving ESG frameworks, including supply-chain due-diligence obligations and embodied-carbon transparency, add further complexity across regions.

**Mitigant:** Sika leverages a global R&D network of **1,900 specialists across 20 technology centers** to adapt formulations rapidly while maintaining system integrity through its integrated membrane-sealant-admixture model. Historical trends (2019A–2024A) already show a **near-doubling of intangible investments** (Figure 30), and the projected rise to CHF 118–210 mm p.a. through 2029E aligns with **Sika's focus on sustainable product reformulation**, digital specification platforms and global ERP rollout programs drive further innovation and ESG adaptation

## ESG

### ESG Overview & Methodology

Sika's weighted ESG score of 70,81 is solidly within peer ranges, outperforming specialty chemicals peers while tracking closely with construction materials peers (Figure 31). We weighted **Environmental and Governance at 40% each**, reflecting their direct impact on Sika's regulatory exposure, product innovation and long-term value creation. **Social received 20% weighting** as its financial impact is less immediate. Scoring normalised third-party ratings (Bloomberg, LSEG) across the two peer groups (Appendix 3).

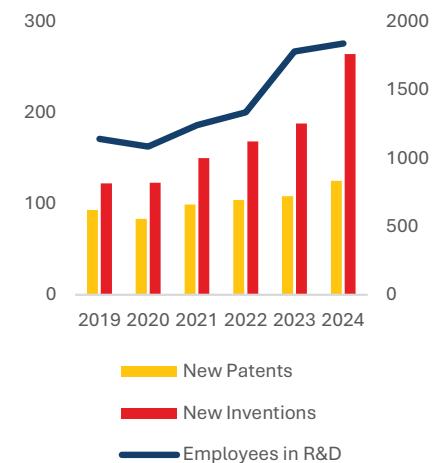
### Environmental: Credible Progress with Competitive Implications

Sika demonstrates **tangible decarbonisation momentum** aligned with SBTi-validated targets (50,4% Scope 1-2 reduction by 2032, net-zero by 2050). Scope 1-2 emissions fell 10,3% (2024) (Figure 32), driven by **renewable electricity rising to 70,4%** (from 53,9% in 2023) through PPAs, green contracts and on-site solar across 22 countries. The company applies an internal carbon price of CHF 80/t CO<sub>2</sub> to guide investments, while resource efficiency improved. Additionally, Sika's expanding sustainable portfolio enables customers to meet tightening regulations and strengthens pricing power in green building projects. Sika remains exposed to industrial energy costs and emissions regulations that can affect margins (Appendix 4A).

### Social: Strong Operational Foundation

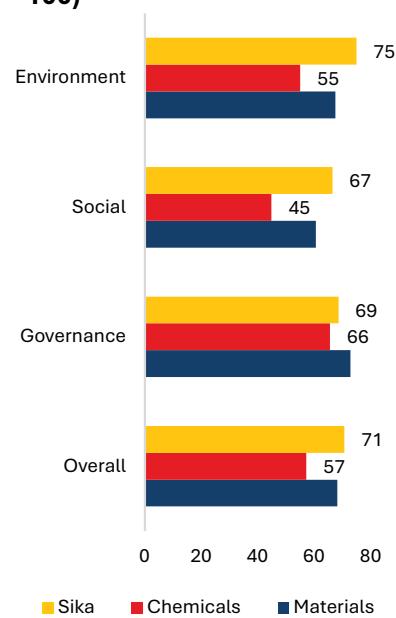
Social performance reduces operational risk and supports retention but shows limited direct financial materiality relative to environmental/governance factors. Key achievements include **Lost Time Accidents reduced through comprehensive safety training**. Workforce diversity (68 nationalities in senior management, 24,8% female) supports innovation, validated by 86% CEO approval and 77% employee recommendation rates. **Supply chain governance assessed 1,948 suppliers** via EcoVadis, while "Sika Cares" supports local communities through education and infrastructure programs. Technical support and product training foster strong customer relationships (Appendix 4B).

**Figure 30: R&D Activity Indicators**



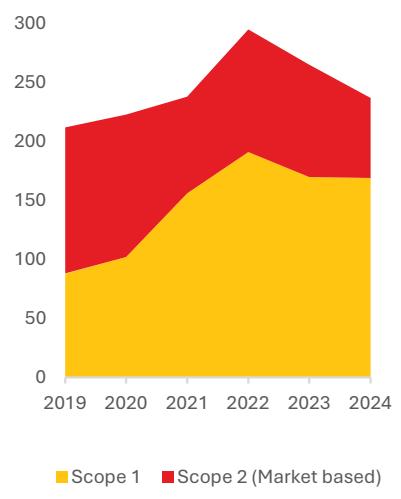
Source: Company Information

**Figure 31: ESG Scores (out of 100)**



Sources: Bloomberg, Team Analysis

**Figure 32: GHG Emissions (in 1000 tons CO<sub>2</sub>)**



Source: Company Information

# ESG

## Governance: Key Strength Enabling M&A Strategy

Governance provides the strategic consistency and M&A discipline critical to the investment thesis. **Widespread institutional ownership** (Figure 33) balances oversight with patient capital. No controlling shareholder eliminates entrenchment risk while enabling multi-year integration focus.

**Compensation structure** directly aligns with thesis: 70% of CEO pay at-risk (30% base / 30% STI / 40% LTI), with LTI tied to relative ROCE (40%), relative TSR (40%) and ESG (20%: emissions, waste, water) (Figure 34). Relative metrics prevent sector tailwinds from masking underperformance; 3-year vesting supports MBCC integration timeline. Very high AGM approval (2024) validates framework.

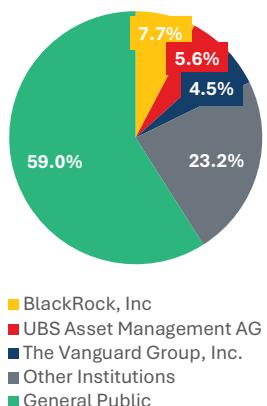
**Management depth enables integration execution:** Executive team averages 20-35 years at Sika - CEO Thomas Hasler (35 years) led divisions before MBCC acquisition; CFO Adrian Widmer (17 years) brings M&A expertise; regional heads combine engineering backgrounds with commercial leadership. This institutional knowledge directly supports the "Proven M&A Integration Capability" thesis by reducing execution risk.

**Board independence and expertise:** 87,5% independent (7 of 8 members), chaired by Thierry Vanlancker (former AkzoNobel CEO, 30+ years global chemicals). Members span M&A (Thomas Aebischer, Justin Howell), Asian markets (Frankie Ng, former SGS CEO), chemicals/materials (Viktor Balli, Lucrèce Foufopoulos-De Ridder) and HR/integration (Gordana Landén) – providing relevant oversight for acquisition-driven strategy (Appendix 4C).

## Assessment

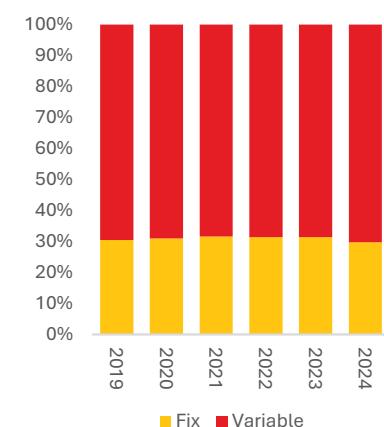
Sika's ESG profile directly supports the investment case rather than presenting material risks. Environmental progress (70,4% renewable electricity, sustainable product portfolio) strengthens the competitive moat as regulation tightens. Governance structure (institutional oversight, ESG-linked pay, 20-35 year management tenure and relevant Board expertise) reduces execution risk for MBCC integration and future M&A. Social programs maintain operational stability. The 40%/40%/20% weighting reflects ESG dimensions with the greatest financial and strategic impact on Sika's construction chemicals business model.

**Figure 33: Shareholder Ownership Structure**



Source: Bloomberg

**Figure 34: Executive Compensation ('19A-'24A)**



Source: Company Information

# Appendix 1: Sika's Global Footprint



## Appendix 2: SWOT Analysis

### STRENGTHS

- Specification lock-in:** 5-7 year cycles create revenue visibility and near-zero churn
- Hyper-local scale:** 400+ plants deliver 55% gross margin vs. peers' 39-42%
- Counter-cyclical margins:** Revenue -3,9% yet margins +40 bps ('25E), meanwhile peers saw compression
- R&D leadership:** 2,4% investment vs. peers 0,8-2,2%; 100+ patents annually
- Organic growth outperformance:** +1,2% organic growth ('25E) vs. peers -3% to -5%
- Market leader with runway:** #1 player, 11% share in CHF 110 bn market (45% fragmented)
- Proven M&A:** Synergy Realisation with Parex + MBCC

### WEAKNESS

- Elevated leverage:** 2,8x Net Debt/EBITDA vs. peer 2,0x might limit M&A firepower
- China/APAC challenges:** Order intake -3,9%; 28% revenue but only 24% EBIT
- Currency headwinds:** CHF strength -4,9% translation effect (9M 2025)
- Leadership transition:** New Chair (March 2024) during critical integration period
- Valuation disconnect:** Stock -38% from highs despite strong fundamentals
- Integration execution:** MBCC – 40% of CHF 160-200M synergies still to capture

### OPPORTUNITIES

- Natural consolidator:** Only peer with positive EBITDA CAGR ('24A-'26E); most face -2% to -23% declines
- M&A value creation:** Decrease EV/EBITA purchase price with 4,0x after integration
- Margin expansion:** 19,3% → 21,3%+ by '29E (MBCC + Fast Forward CHF 175M savings)
- Regulatory moat widening:** PFAS, VOC, carbon rules favour R&D scale leaders
- Data center boom:** Involved in ~1,000 of 11.000 sites; 3-5x capacity growth by 2030
- Infrastructure wave:** CHIPS Act, Germany €500B program, emerging market growth
- Deleveraging trajectory:** Net Debt/EBITDA 2,8x → <1,1x by '29E restores strategic flexibility

### THREATS

- Extended construction downturn:** Europe residential weak; China real estate crisis -5,5%
- Input cost volatility:** Petrochemicals, freight (+52,8% since 2019), wage/energy (+3%)
- CHF appreciation:** 7-8% strength vs. EUR/USD eroding reported earnings
- MBCC integration risk:** Largest deal (CHF 5,5 bn, 17% revenue) with IT/supply chain complexity
- Regulatory compliance burden:** Frequent reformulations strain R&D pipeline
- Geopolitical disruptions:** Supply chain, trade tensions affecting global operations

# Appendix 3: ESG Score Board

## Approach

Due to heterogeneous valuation methods, we took the report of different third-party ESG data providers and normalised their rating onto a 0-100 scale to create an overall comparable rating to its peers. Overall, ESG ratings were weighted at 40% each for Environmental and Governance, reflecting a higher impact on the business side of the construction and chemical industry. The Social pillar was weighted with the remaining 20%. We constructed the average for two peer groups, Construction Materials & Building Solutions and Specialty Chemicals.

This normalised average overall score serves as a benchmark for our weighted ESG score, based on data from Bloomberg and LSEG. This ensures greater transparency, and the weightings make it easier to measure the factors that have a greater impact on the business of peers.

ESG score board											
Construction Materials & Building Solutions											
Environment	Saint Gobain	Norm.	Holcim	Norm.	Kingspan Group PLC	Norm.	Rockwool	Norm.	Carlisle	Norm.	Average Environment 67.58
Bloomberg	6.11	61.1	5.87	58.7	5.57	55.7	5.27	52.7	5.16	51.6	
LSEG	95	95	79	79	97	97	67	67	58	58	
Social	Saint Gobain	Norm.	Holcim	Norm.	Kingspan Group PLC	Norm.	Rockwool	Norm.	Carlisle	Norm.	Average Social 60.69
Bloomberg	6.81	68.1	4.63	46.3	4.22	42.2	4.72	47.2	2.21	22.1	
LSEG	83	83	80	80	73	73	77	77	68	68	
Governance	Saint Gobain	Norm.	Holcim	Norm.	Kingspan Group PLC	Norm.	Rockwool	Norm.	Carlisle	Norm.	Average Governance 72.88
Bloomberg	6.53	65.3	7.53	75.3	7.29	72.9	6.32	63.2	6.91	69.1	
LSEG	84	84	86	86	81	81	44	44	88	88	
Overall	Saint Gobain	Holcim		Kingspan Group PLC		Rockwool		Carlisle		Average Overall 68.322	
		76.19	72.43		72.84		57.8		62.35		
Specialty Chemicals											
Environment	Henkel	Norm.	RPM International	Norm.	PPG Industries	Norm.	H.B. Fuller	Norm.			Average Environment 55.1625
Bloomberg	5.79	57.9	2.1	21	4.78	47.8	2.96	29.6			
LSEG	66	66	70	70	84	84	65	65			
Social	Henkel	Norm.	RPM International	Norm.	PPG Industries	Norm.	H.B. Fuller	Norm.			Average Social 44.925
Bloomberg	2.83	28.3	1.08	10.8	4.03	40.3	2.1	21			
LSEG	92	92	57	57	77	77	33	33			
Governance	Henkel	Norm.	RPM International	Norm.	PPG Industries	Norm.	H.B. Fuller	Norm.			Average Governance 65.675
Bloomberg	5.25	52.5	6.71	67.1	7.54	75.4	7.14	71.4			
LSEG	65	65	63	63	55	55	76	76			
Overall	Henkel	RPM International		PPG Industries		H.B. Fuller		Average Overall 57.32			
		60.31	51		64.17		53.8				
SIKA											
Environment	SIKA	Norm.									Average Environment 75.05
Bloomberg	6.11	61.1									
LSEG	89	89									
Social	SIKA	Norm.									Average Social 66.55
Bloomberg	5.51	55.1									
LSEG	78	78									
Governance	SIKA	Norm.									Average Governance 68.7
Bloomberg	6.94	69.4									
LSEG	68	68									
Overall	SIKA										Average Overall 70.81
		70.81									

Sources: Bloomberg, LSEG, Team Analysis

# Appendix 4: ESG Valuation

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## Appendix 4A: Environmental Evaluation

Sika reports greenhouse gas (GHG) emissions under the GHG Protocol's three scopes: Scope 1 covers direct emissions from our own operations (e.g., process heat, company vehicles); Scope 2 covers indirect emissions from purchased electricity/steam/heat; Scope 3 covers value-chain emissions (e.g., suppliers, logistics, product end-of-life, business travel).

### Appendix 4A.1: Industry goals & alignment

Sika is aligned with global climate frameworks and has SBTi-validated near- and long-term targets: by 2032 reduce Scope 1–2 by 50,4% and Scope 3 by 30% vs. 2022; by 2050 reduce Scopes 1–3 by 90% on a net-zero pathway. The Board is the highest body overseeing climate risks, and Sika reports in line with TCFD/GRI/SASB.

### Appendix 4A.2: Emissions performance

In 2024, Scope 1–2 (market-based) fell 10,3% YoY to 237,350 t CO<sub>2</sub>e, driven mainly by higher renewable electricity coverage; Scope 3 totaled 15,55 Mt CO<sub>2</sub>e (≈ 98% of Sika's footprint), with hotspots in Purchased Goods (52%), End-of-Life of sold products (31%) and Upstream transport (10%). GHG intensity per revenue improved again in 2024.

### Appendix 4A.3: Energy & renewables

Renewable electricity share rose to 70,4% of power used in 2024 (from 53,9% in 2023), including PPAs, long-term green contracts and on-site solar in 22 countries (8.133 MWh self-produced). Overall, 28,5% of total energy came from renewables; Sika applies an internal carbon price of CHF 80/t CO<sub>2</sub>e to steer investments.

### Appendix 4A.4: Water & wastewater

Discharge intensity decreased 7,0% YoY to 72,6 L/ton sold; waste disposed intensity decreased 4,0% YoY to 5,8 kg/ton sold (2024).

Appendix A.5: Programs & levers Decarbonisation focuses on energy efficiency, renewable electricity, process optimisation and materials/formulation changes across the value chain; Sika's net-zero roadmap models abatement levers and data governance for periodic re-baselining.

### Appendix 4A.6: Sustainable Product Portfolio (Examples)

Sika provides several products to support Sika's transition toward low-emission, energy-efficient and long-life construction solutions

**Sika MonoTop®:** low-carbon concrete repair; reduces product carbon footprint, enhanced durability

**SikaCeram®:** cementitious tile adhesives; reduced carbon emissions.

**Sikadur®:** low-VOC epoxy adhesives; reduced VOC emissions, increased health performance

**Sikagard®:** concrete coating to improve service life; low-carbon concrete repair; reduces product carbon footprint

**Sikalastic®:** durable roofing membranes ;reduced carbon emissions and material consumption, increased health performance

**SikaProof®:** waterproofing systems to protect concrete; reduced carbon emissions, increased health performance

**SikaTop®:** cementitious waterproofing mortars; reduces product carbon footprint, enhanced durability

**SikaGrout®:** void filling mortar; reduces product carbon footprint, enhanced durability

Source: Company Information

# Appendix 4: ESG Valuation

## Appendix 4B: Social Evaluation

**Appendix 4B.1: Workplace health & safety** SIKA organises health and safety training at various levels for their employees and external workers. At group level several e-learning modules regarding life-saving rules, general site rules and personal protective equipment are deployed. As part of Sika's Strategy 2028 they committed to further raise their standards regarding workplace health & safety, to set an industry-leading benchmark. Incidents have to be reported within 24 hours and investigated with a root cause analysis to mitigate risks in the future at allocations. They reduced the Lost Time Accidents in the last years significantly to 3,4 per 1000 FTE in 2024. The same goes for their contractors. Therefore, Sika spends 14.7 hours of training on average per employee and spent 13,4 mm on employee development in 2024.

**Appendix 4B.2: Workforce** Sika sees Diversity as a strong driver of innovation and competitiveness. 68 nationalities work as senior managers in the Sika Group. Sika occupies around 24,8% female workers in a mainly male dominated sector and therefore slightly higher than most its peers. Like other companies in the industry, Sika strives to achieve 30% of female workforce over the whole group in the future. Overall, the company has a high approval of the CEO and a strong employee satisfaction similar to its peers.

Overall	CEO Approval	Would Recommend
---------	--------------	-----------------

3.8                    86%                    77 %

Source: Glassdoor, 2025

**Appendix 4B.3: Supply Chain** Sika ensures their social goals along the supply chain with its supply chain due diligence and their supplier code of conduct. With this due diligence they assessed 1948 suppliers with EcoVadis. Also, the company enacts through their "Sika Cares" engagement program in local communities and projects focused on education, building and infrastructure, water and climate protection or health and well-being. Sika fosters strong customer relationships through technical support and product training, ensuring safe and sustainable product application. It also upholds high standards in data privacy and responsible marketing.

## Appendix 4C: Governance Evaluation

**Appendix 4C.1: Shareholder ownership** Sika's ownership structure supports long-term value creation without entrenchment. The absence of a controlling shareholder limits key-person risk and potential minority expropriation, while a concentrated base of sophisticated institutional investors provides effective oversight without strong activist pressure (Figure G1). A broad free float underpins market discipline and has supported patient capital allocation, including multi-year M&A integration and sustained R&D investment despite near-term margin pressure.

**Appendix 4C.2: Executive compensation** Sika's compensation framework aligns management with shareholder returns and has been applied consistently since 2019 (Figure G2). The CEO and Group Management receive a balanced mix of base salary, short-term incentives (STI) and long-term incentives (LTI). STI is tied primarily to relative EBITDA improvement, relative sales growth and safety performance, while the 3-year LTI is granted as PSUs based on relative ROCE, relative TSR and ESG targets (Scope 1–2 emissions, waste and water). Both STI and LTI are capped at 150% of target. The stable pay mix over multiple years underscores a deliberate, long-term design rather than short-term adjustments to market cycles, and the use of relative and ESG-linked metrics limits the impact of sector-wide tailwinds while reflecting evolving regulatory needs.

## Appendix 4: ESG Valuation

**Appendix 4C.3: Management** The executive team is long-tenured and largely promoted from within.

Name	Position	Years at Sika	Track Record
Thomas Hasler	Chief Executive Officer	35	He became CEO in 2021, after leading global divisions across Automotive, Industry, and Technology, giving him deep knowledge of Sika's systems and customer base. Under his leadership, Sika completed the transformative MBCC acquisition.
Adrian Widmer	Chief Financial Officer	17	CFO since 2014 with deep experience in finance, M&A and other chemical companies. Crucial for future M&A and financial stability of Sika with his experience.
Mike Champion	Regional Manager Americas	26	Brings deep operational experience across China, APAC and the US, having led multiple regional turnarounds and concrete/waterproofing businesses; strong track record in scaling growth markets.
Christoph Ganz	Regional Manager EMEA	28	Has extensive leadership experience across EMEA and the Americas, with a strong background in distribution and market field management — key for driving growth in Sika's most diversified region.
Philippe Jost	Regional Manager APAC	27	With a Master in Civil Engineering and former engineer at Sika, he combines deep technical expertise with broad commercial and regional leadership
Patricia Heidtman	Chief Innovation & Sustainability Officer	26	Leads global R&D and sustainability with a strong technical background in automotive and materials. Once a Chemist at Sika.
Raffaella Marzi	Head HR, Legal & Compliance	10	She worked in different Legal Positions before starting at Sika Italia and leading different Compliance Roles at Sika. Therefore, has strong expertise in her field
Ivo Schädler	Head Construction	27	Materials-engineering background and deep construction-segment expertise, having led multiple European business units and refurbishment markets

Source: Company Information

## Appendix 4: ESG Valuation

**Appendix 4C.4: Board of Directors** Sika's Board, chaired by Thierry F. J. Vanlancker since March 2024, consists of eight directors, seven of whom are independent (87,5%). Executive and Board compensation received very high shareholder approval at the 2024 AGM, indicating broad support for the current governance setup.

Name	Member since:	Track Record
Thierry F.J. Vanlancker (Chairman)	2019	Former AkzoNobel CEO with 30+ years in global chemicals, strong M&A and strategy track record and deep ESG leadership - providing independent, high-level strategic oversight
Thomas Aebischer	2024	More than 30 years of experience in the chemical and construction industries similar to Sika. Many years as Cfo in several companies. Expertise in strategy, business development and M&A.
Viktor Waldemar Balli	2019	Former CFO of a global operating company with experience in reporting, auditing, and auditing. Master in chemical engineer gives him further experience as a board member of Sika
Lucrèce Foufopoulos-De Ridder	2022	25 years of experience in chemicals and materials industry, experience in driving sustainable growth through innovation
Justin Marshall Howell	2018	Investment professional with expertise in international financial markets, corporate finance and M&A
Frankie Ng	2025	Former CEO of global company SGS, gives im experience for managing large global operations. Strong knowledge of Asian markets
Gordana Landén	2022	HR Leadership experience across different global companies, Has also been involved in several M&A processes and has valuable skills in human capital management
Paul Schuler	2021	Former Sika CEO with deep knowledge of Sika's markets, products and culture, much experience in the industry and Sika itself, played a key role in Sika's growth strategy

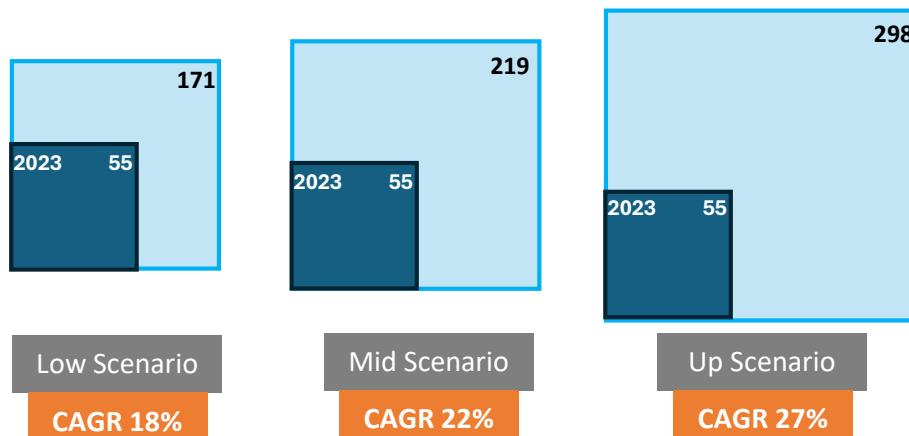
Source: Company Information

## Appendix 5: GHG Emissions

	2019	2020	2021	2022	2023	2024
Scope 1	88	102	156	191	170	169
Scope 2	124	121	82	104	95	68
Total	212	223	238	295	265	237

Source: Sika Sustainability Reports (2024, 2023, 2022, 2021)

## Appendix 6: Datacenter capacity demand in GW outlook by 2030



Source: McKinsey (2025), own illustration

## Appendix 5: Ratio Forecast

Profitability	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Gross Margin	53,6%	54,5%	55,0%	55,0%	55,0%	55,0%	55,0%	55,0%	55,0%	55,0%	55,0%	55,0%
EBITDA Margin	18,2%	19,3%	19,2%	20,3%	21,0%	21,3%	21,3%	21,3%	21,3%	21,3%	21,3%	21,3%
EBIT Margin	13,8%	14,6%	13,9%	14,9%	15,6%	16,1%	16,7%	16,6%	16,6%	16,7%	16,9%	18,6%
EBT Margin	11,9%	13,3%	12,6%	13,8%	14,6%	15,3%	15,9%	15,9%	16,0%	16,2%	16,5%	18,3%
Net Margin	9,5%	10,6%	10,1%	11,0%	11,7%	12,2%	12,7%	12,7%	12,8%	12,9%	13,2%	14,6%
ROE	19,5%	19,2%	15,5%	16,4%	17,1%	17,4%	17,7%	17,2%	17,0%	16,7%	16,6%	17,9%
ROA	7,9%	8,0%	7,0%	7,8%	8,5%	9,1%	9,5%	9,5%	9,6%	9,6%	9,8%	10,7%
ROEC	7,3%	6,8%	5,8%	6,3%	6,7%	7,1%	7,3%	7,3%	7,3%	7,3%	7,4%	8,0%
EPS (in CHF)	6,62	7,76	7,10	8,14	9,22	10,24	11,23	11,79	12,42	13,00	13,75	15,64
Liquidity	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Current Ratio	1,2	1,8	1,9	2,0	2,1	2,2	2,3	2,5	2,6	2,8	3,0	3,2
Quick Ratio	0,8	1,1	1,3	1,4	1,5	1,6	1,7	1,8	1,9	2,1	2,3	2,5
Working Capital	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
DSO	60,6	64,9	69,6	66,3	63,9	63,1	63,2	63,4	63,5	63,7	63,9	64,0
DIO	85,9	88,4	98,3	95,0	88,7	85,8	86,1	86,3	86,5	86,7	87,0	87,2
DPO	74,4	79,2	83,5	77,6	76,7	76,9	77,1	77,3	77,5	77,7	77,9	78,1
Cash Conversion Cycle	72,1	74,1	84,5	83,7	75,9	72,0	72,2	72,3	72,5	72,7	72,9	73,1
Asset Turnover	0,8	0,8	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7
Inventory Turnover	4,3	4,1	3,7	3,8	4,1	4,3	4,2	4,2	4,2	4,2	4,2	4,2
Fixed Asset Turnover	2,4	2,7	2,4	2,4	2,3	2,3	2,2	2,1	2,0	1,9	1,8	1,7
Receivables Turnover	6,0	5,6	5,2	5,5	5,7	5,8	5,8	5,8	5,7	5,7	5,7	5,7
Solvency	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Debt/Equity	1,5	1,3	1,1	1,0	1,0	0,9	0,8	0,8	0,7	0,7	0,7	0,6
Debt/Assets	0,6	0,6	0,5	0,5	0,5	0,5	0,5	0,4	0,4	0,4	0,4	0,4
Net Debt/EBITDA	2,8	2,4	2,3	1,9	1,5	1,3	1,1	0,9	0,7	0,5	0,3	0,1
Interest Coverage Ratio	9,3	9,2	10,7	12,3	14,1	16,0	17,4	18,2	19,0	19,8	20,8	23,5
D/(D+E)	0,6	0,6	0,5	0,5	0,5	0,5	0,5	0,4	0,4	0,4	0,4	0,4
Dupont Analysis	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Net Margin	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
Efficiency	0,8	0,8	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7
Leverage	2,5	2,4	2,2	2,1	2,0	1,9	1,9	1,8	1,8	1,7	1,7	1,7
ROE	19,5%	19,2%	15,5%	16,4%	17,1%	17,4%	17,7%	17,2%	17,0%	16,7%	16,6%	17,9%

## Appendix 6: Projected Income Statement

(CHF mm)	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenue	11.239	11.763	11.315	11.911	12.706	13.481	14.224	14.932	15.593	16.200	16.742	17.212
COGS	5.214	5.347	5.092	5.360	5.718	6.067	6.401	6.719	7.017	7.290	7.534	7.745
<b>Gross Profit</b>	<b>6.025</b>	<b>6.416</b>	<b>6.223</b>	<b>6.551</b>	<b>6.988</b>	<b>7.415</b>	<b>7.823</b>	<b>8.212</b>	<b>8.576</b>	<b>8.910</b>	<b>9.208</b>	<b>9.467</b>
Opex	3.980	4.147	4.051	4.133	4.320	4.543	4.794	5.032	5.255	5.459	5.642	5.800
<b>EBITDA</b>	<b>2.045</b>	<b>2.270</b>	<b>2.173</b>	<b>2.418</b>	<b>2.668</b>	<b>2.872</b>	<b>3.030</b>	<b>3.180</b>	<b>3.321</b>	<b>3.451</b>	<b>3.566</b>	<b>3.666</b>
Depreciation	306	342	383	424	465	474	438	481	502	521	496	321
Amortization	179	214	215	217	219	221	223	225	228	230	232	145
<b>EBIT</b>	<b>1.549</b>	<b>1.714</b>	<b>1.574</b>	<b>1.777</b>	<b>1.984</b>	<b>2.177</b>	<b>2.369</b>	<b>2.474</b>	<b>2.592</b>	<b>2.699</b>	<b>2.838</b>	<b>3.200</b>
Net Finance Expense	213	151	145	137	127	114	107	100	91	81	68	52
<b>EBT</b>	<b>1.336</b>	<b>1.563</b>	<b>1.429</b>	<b>1.640</b>	<b>1.858</b>	<b>2.062</b>	<b>2.262</b>	<b>2.374</b>	<b>2.501</b>	<b>2.619</b>	<b>2.770</b>	<b>3.148</b>
Income Tax	274	315	288	331	375	416	456	479	505	528	559	635
<b>Net Income</b>	<b>1.063</b>	<b>1.248</b>	<b>1.141</b>	<b>1.309</b>	<b>1.483</b>	<b>1.646</b>	<b>1.805</b>	<b>1.895</b>	<b>1.996</b>	<b>2.090</b>	<b>2.211</b>	<b>2.513</b>

## Appendix 7: Projected Balance Sheet

(CHF mm)	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Cash and cash equivalents	644	708	987	1.326	1.676	2.042	2.394	2.803	3.307	3.942	4.719	5.431
Accounts receivables	2.009	2.175	2.139	2.186	2.260	2.398	2.530	2.656	2.773	2.881	2.978	3.061
Inventories	1.241	1.349	1.395	1.395	1.385	1.469	1.550	1.627	1.699	1.765	1.824	1.876
Other current assets	308	332	307	320	338	355	371	387	401	415	427	437
<b>Total current assets</b>	<b>4.201</b>	<b>4.563</b>	<b>4.829</b>	<b>5.228</b>	<b>5.658</b>	<b>6.263</b>	<b>6.845</b>	<b>7.472</b>	<b>8.180</b>	<b>9.003</b>	<b>9.947</b>	<b>10.804</b>
Property, plant and equipment	2.257	2.459	2.573	2.673	2.763	2.876	3.014	3.131	3.194	3.200	3.185	3.295
Intangible assets	8.224	8.616	8.680	8.806	8.949	9.114	9.300	9.449	9.555	9.579	9.481	9.373
Investments in associated companies	19	24	24	24	24	24	24	24	24	24	24	24
Other non-current assets	349	315	315	315	315	315	315	315	315	315	315	315
<b>Total non-current assets</b>	<b>10.849</b>	<b>11.414</b>	<b>11.592</b>	<b>11.818</b>	<b>12.051</b>	<b>12.329</b>	<b>12.653</b>	<b>12.919</b>	<b>13.088</b>	<b>13.118</b>	<b>13.005</b>	<b>13.008</b>
<b>Total assets</b>	<b>15.051</b>	<b>15.977</b>	<b>16.421</b>	<b>17.046</b>	<b>17.709</b>	<b>18.592</b>	<b>19.499</b>	<b>20.391</b>	<b>21.268</b>	<b>22.121</b>	<b>22.952</b>	<b>23.812</b>
Accounts payables	1.108	1.212	1.116	1.163	1.241	1.316	1.389	1.458	1.523	1.582	1.635	1.681
Other current liabilities	1.090	1.036	1.037	1.073	1.120	1.166	1.210	1.251	1.291	1.327	1.359	1.386
Financial liabilities	1.218	337	337	337	337	337	337	337	337	337	337	337
Liabilities classified as held for sale	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total current liabilities</b>	<b>3.416</b>	<b>2.585</b>	<b>2.491</b>	<b>2.573</b>	<b>2.698</b>	<b>2.819</b>	<b>2.936</b>	<b>3.047</b>	<b>3.151</b>	<b>3.246</b>	<b>3.331</b>	<b>3.404</b>
Financial liabilities	4.732	5.425	5.350	5.222	5.038	5.038	5.038	5.038	5.038	5.038	5.038	5.038
Employee benefit obligations	329	357	357	357	357	357	357	357	357	357	357	357
Other liabilities	641	563	563	563	563	563	563	563	563	563	563	563
<b>Total non-current liabilities</b>	<b>5.702</b>	<b>6.345</b>	<b>6.271</b>	<b>6.142</b>	<b>5.958</b>							
Capital stock	2	2	2	2	2	2	2	2	2	2	2	2
Treasury shares	-12	-9	-9	-9	-9	-9	-9	-9	-9	-9	-9	-9
Reserves	5.931	7.040	7.656	8.330	9.057	9.822	10.616	11.403	12.181	12.944	13.696	14.488
Non-controlling interest	13	14	11	8	4	0	-5	-9	-14	-20	-25	-31
<b>Total equity</b>	<b>5.933</b>	<b>7.047</b>	<b>7.660</b>	<b>8.331</b>	<b>9.053</b>	<b>9.815</b>	<b>10.605</b>	<b>11.386</b>	<b>12.160</b>	<b>12.918</b>	<b>13.664</b>	<b>14.449</b>
<b>Total liabilities and equity</b>	<b>15.051</b>	<b>15.977</b>	<b>16.421</b>	<b>17.046</b>	<b>17.709</b>	<b>18.592</b>	<b>19.499</b>	<b>20.391</b>	<b>21.268</b>	<b>22.121</b>	<b>22.952</b>	<b>23.812</b>

## Appendix 8: Projected Cash Flow Statement

(CHF mm)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
<b>Net Income</b>	<b>1.141</b>	<b>1.309</b>	<b>1.483</b>	<b>1.646</b>	<b>1.805</b>	<b>1.895</b>	<b>1.996</b>	<b>2.090</b>	<b>2.211</b>	<b>2.513</b>
Reversal of NCI net income	-2	-2	-2	-3	-3	-3	-3	-4	-4	-4
Depreciation & Amortization	599	641	684	695	661	707	730	751	728	466
Provisions	-1	2	3	3	3	3	3	2	2	2
Interest Income	-15	-20	-27	-35	-42	-49	-58	-68	-82	-98
Accounts receivable	36	-47	-73	-138	-132	-126	-118	-108	-96	-84
Inventories	-46	0	11	-84	-81	-77	-72	-66	-59	-51
Prepaid expense and accrued income	25	-13	-17	-17	-16	-16	-15	-13	-12	-10
Other current assets	0	0	0	0	0	0	0	0	0	0
Accounts payable	-96	47	78	76	73	69	65	59	53	46
Accrued expenses and deferred income	2	33	44	43	41	39	37	34	30	26
Income tax liabilities	0	0	0	0	0	0	0	0	0	0
<b>Cash flow from operations</b>	<b>1.643</b>	<b>1.949</b>	<b>2.181</b>	<b>2.186</b>	<b>2.308</b>	<b>2.442</b>	<b>2.564</b>	<b>2.677</b>	<b>2.772</b>	<b>2.806</b>
Capex property, plant and equipment	-498	-523	-555	-587	-577	-598	-566	-527	-481	-430
New Intangibles	-25	-26	-28	-30	-31	-33	-35	-36	-37	-38
M&A investment	-254	-317	-334	-356	-378	-341	-299	-218	-97	0
Interest received	15	20	27	35	42	49	58	68	82	98
<b>Cash from investing activities</b>	<b>-762</b>	<b>-846</b>	<b>-890</b>	<b>-938</b>	<b>-944</b>	<b>-923</b>	<b>-841</b>	<b>-713</b>	<b>-534</b>	<b>-371</b>
Financial liabilities	-74	-129	-184	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0	0	0	0
Other liabilities	0	0	0	0	0	0	0	0	0	0
Common dividends	-525	-635	-756	-881	-1.011	-1.109	-1.218	-1.327	-1.459	-1.721
Treasury shares	0	0	0	0	0	0	0	0	0	0
Dividends to NCI	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2
Capital stock	0	0	0	0	0	0	0	0	0	0
<b>Cash from financing activities</b>	<b>-600</b>	<b>-765</b>	<b>-941</b>	<b>-882</b>	<b>-1.012</b>	<b>-1.110</b>	<b>-1.219</b>	<b>-1.329</b>	<b>-1.461</b>	<b>-1.724</b>
FX rate effects	0	0	0	0	0	0	0	0	0	0
<b>Net change in cash</b>	<b>280</b>	<b>338</b>	<b>350</b>	<b>366</b>	<b>352</b>	<b>409</b>	<b>504</b>	<b>636</b>	<b>776</b>	<b>712</b>

## Appendix 9: Fixed Assets Schedule

(CHF mm)	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Own PP&E opening		2.045	2.168	2.289	2.413	2.538	2.631	2.723	2.763	2.748	2.716
CapEx		373	391	415	438	427	448	417	381	339	293
Depreciation		250	270	291	313	334	356	377	396	371	196
<b>Own PP&amp;E closing</b>	<b>2.045</b>	<b>2.168</b>	<b>2.289</b>	<b>2.413</b>	<b>2.538</b>	<b>2.631</b>	<b>2.723</b>	<b>2.763</b>	<b>2.748</b>	<b>2.716</b>	<b>2.812</b>
Right-of-use assets opening		414	406	384	350	337	383	408	431	452	470
CapEx		125	132	140	149	150	150	149	146	142	138
Depreciation		133	154	174	161	104	125	125	125	125	125
<b>Right-of-use assets closing</b>	<b>414</b>	<b>406</b>	<b>384</b>	<b>350</b>	<b>337</b>	<b>383</b>	<b>408</b>	<b>431</b>	<b>452</b>	<b>470</b>	<b>482</b>
Intangible assets opening		2.047	1.856	1.666	1.475	1.284	1.092	900	707	513	318
CapEx		25	26	28	30	31	33	35	36	37	38
Amortization		215	217	219	221	223	225	228	230	232	145
<b>Intangible assets closing</b>	<b>2.047</b>	<b>1.856</b>	<b>1.666</b>	<b>1.475</b>	<b>1.284</b>	<b>1.092</b>	<b>900</b>	<b>707</b>	<b>513</b>	<b>318</b>	<b>210</b>
Goodwill opening		6.569	6.823	7.140	7.474	7.830	8.208	8.549	8.848	9.066	9.163
M&A Investments		254	317	334	356	378	341	299	218	97	0
Amortization											
<b>Goodwill closing</b>	<b>6.569</b>	<b>6.823</b>	<b>7.140</b>	<b>7.474</b>	<b>7.830</b>	<b>8.208</b>	<b>8.549</b>	<b>8.848</b>	<b>9.066</b>	<b>9.163</b>	<b>9.163</b>

## Appendix 10: D&A Schedule

(CHF mm)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	
<b>Capital expenditure</b>											
Own PP&E		373	391	415	438	427	448	417	381	339	293
ROU Assets		125	132	140	149	150	150	149	146	142	138
Intangibles (excl. goodwill)		25	26	28	30	31	33	35	36	37	38
<b>Total</b>	<b>523</b>	<b>549</b>	<b>583</b>	<b>617</b>	<b>608</b>	<b>631</b>	<b>600</b>	<b>563</b>	<b>519</b>	<b>468</b>	
as % of revenue	4,6%	4,6%	4,6%	4,6%	4,3%	4,2%	3,8%	3,5%	3,1%	2,7%	
<b>D&amp;A on existing</b>											
Own PP&E		232	232	232	232	232	232	232	190	0	
ROU Assets		112	112	112	78	0	0	0	0	0	
Intangibles (excl. goodwill)		214	214	214	214	214	214	214	214	124	
<b>Total</b>	<b>557</b>	<b>557</b>	<b>557</b>	<b>524</b>	<b>445</b>	<b>445</b>	<b>445</b>	<b>404</b>	<b>124</b>		
<b>D&amp;A on new</b>											
D&A on new -2025		41	41	41	41	41	20	20	20	20	
D&A on new -2026			42	42	42	42	42	21	21	21	
D&A on new -2027				43	43	43	43	43	23	23	
D&A on new -2028					45	45	45	45	45	24	
D&A on new -2029						44	44	44	44	44	
D&A on new -2030							45	45	45	45	
D&A on new -2031								44	44	44	
D&A on new -2032									42	42	
D&A on new -2033										40	
D&A on new -2034										38	
<b>Total D&amp;A on new</b>	<b>41,163,225,255</b>	<b>83,307,633</b>	<b>126,76</b>	<b>171,487,6</b>	<b>215,753,4</b>	<b>261,030,3</b>	<b>284,159,8</b>	<b>305,561,1</b>	<b>324,963</b>	<b>342,117,4</b>	
<b>Total D&amp;A</b>	<b>599</b>	<b>641</b>	<b>684</b>	<b>695</b>	<b>661</b>	<b>707</b>	<b>730</b>	<b>751</b>	<b>728</b>	<b>466</b>	
as % of revenue	5,3%	5,4%	5,4%	5,2%	4,6%	4,7%	4,7%	4,6%	4,4%	2,7%	

## Appendix 11: Working Capital Schedule

(CHF mm)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Accounts receivable	2.139	2.186	2.260	2.398	2.530	2.656	2.773	2.881	2.978	3.061
Account receivable days	69	67	65	65	65	65	65	65	65	65
Inventories	1.395	1.395	1.385	1.469	1.550	1.627	1.699	1.765	1.824	1.876
Inventory days	100	95	88	88	88	88	88	88	88	88
Prepaid expense and accrued income	249	262	279	296	313	328	343	356	368	378
as % of revenue	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%
Accounts payables	1.116	1.163	1.241	1.316	1.389	1.458	1.523	1.582	1.635	1.681
Account payable days	80	79	79	79	79	79	79	79	79	79
Accrued expenses and deferred income	43	46	49	52	55	57	60	62	64	66
as % of revenue	0,4%	0,4%	0,4%	0,4%	0,4%	0,4%	0,4%	0,4%	0,4%	0,4%
Provisions	43	46	49	52	55	57	60	62	64	66
as % of revenue	0,4%	0,4%	0,4%	0,4%	0,4%	0,4%	0,4%	0,4%	0,4%	0,4%

## Appendix 12: Debt Schedule

(CHF mm)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Minimum cash	566	596	635	674	711	747	780	810	837	861
Excess cash	496	859	1.225	1.368	1.683	2.056	2.527	3.132	3.882	4.570
% of Stock repurchases	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
% of Debt repayment	15,0%	15,0%	15,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Change in Debt</b>	<b>-74</b>	<b>-129</b>	<b>-184</b>	<b>0</b>						
Stock repurchases	0	0	0	0	0	0	0	0	0	0
Interest rate (%)	2,7%	2,7%	2,7%	2,7%	2,7%	2,7%	2,7%	2,7%	2,7%	2,7%
Interest expense	147	145	141	136	136	136	136	136	136	136

## Appendix 13: Valuation Assumptions

	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenue growth EMEA	%	-1,2%	5,2%	5,6%	5,4%	5,3%	4,8%	4,3%	3,8%	3,3%
Revenue growth Americas	%	-4,1%	4,5%	8,0%	7,2%	5,9%	5,3%	4,7%	4,1%	3,5%
Revenue growth APAC	%	-8,5%	6,6%	6,7%	5,7%	5,2%	4,7%	4,2%	3,7%	3,2%
COGS	% of revenue	45,0%	45,0%	45,0%	45,0%	45,0%	45,0%	45,0%	45,0%	45,0%
Personnel expenses	% of revenue	18,9%	18,2%	17,7%	17,7%	17,7%	17,7%	17,7%	17,7%	17,7%
Production and operations	% of revenue	5,2%	5,1%	5,0%	4,9%	4,9%	4,9%	4,9%	4,9%	4,9%
Logistics and distribution	% of revenue	5,0%	4,9%	4,9%	4,8%	4,8%	4,8%	4,8%	4,8%	4,8%
Sales, marketing and travel costs	% of revenue	3,1%	3,0%	2,9%	2,9%	2,9%	2,9%	2,9%	2,9%	2,9%
Administration Costs	% of revenue	3,6%	3,5%	3,5%	3,4%	3,4%	3,4%	3,4%	3,4%	3,4%
Interest rate on cash balance	%	2,1%	2,1%	2,1%	2,1%	2,1%	2,1%	2,1%	2,1%	2,1%
Taxes	%	20,2%	20,2%	20,2%	20,2%	20,2%	20,2%	20,2%	20,2%	20,2%
Impairment	% of revenue	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
NCI net income	% of revenue	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
FX rate effects	% of revenue	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Capex PP&E	% of revenue	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	2,7%	2,4%	2,0%
Capex ROU Assets	% of revenue	1,1%	1,1%	1,1%	1,1%	1,1%	1,0%	1,0%	0,9%	0,8%
Investments Intangibles	% of revenue	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%
Revenue growth through M&A	%	1,1%	1,4%	1,4%	1,4%	1,4%	1,2%	1,0%	0,7%	0,3%
Revenue growth through M&A	CHF	127	159	167	178	189	171	149	109	49
Average EV/Revenue multiple M&A	EV/Revenue	2,0x								

## Appendix 14: Free Cash Flow to Firm

	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
EBIT	1.574	1.777	1.984	2.177	2.369	2.474	2.592	2.699	2.838	3.200
Taxes	-318	-359	-400	-439	-478	-499	-523	-545	-573	-646
<b>NOPAT</b>	<b>1.256</b>	<b>1.419</b>	<b>1.584</b>	<b>1.737</b>	<b>1.891</b>	<b>1.975</b>	<b>2.069</b>	<b>2.155</b>	<b>2.265</b>	<b>2.554</b>
D&A	599	641	684	695	661	707	730	751	728	466
(+/-) Provisions	-1	2	3	3	3	3	2	2	2	2
(+/-) Change in NWC	-79	19	41	-121	-116	-110	-103	-95	-85	-73
Capex PP&E	-498	-523	-555	-587	-577	-598	-566	-527	-481	-430
Investments in intangibles	-25	-26	-28	-30	-31	-33	-35	-36	-37	-38
Investments in M&A	-254	-317	-334	-356	-378	-341	-299	-218	-97	0
<b>FCFF</b>	<b>998</b>	<b>1.215</b>	<b>1.395</b>	<b>1.342</b>	<b>1.453</b>	<b>1.602</b>	<b>1.799</b>	<b>2.033</b>	<b>2.295</b>	<b>2.481</b>

## Appendix 15: Global Construction Market Outlook

Region	% Global construction	2025E	2026E	2027E	2028E	2029E	2025E-2029E	2030E-2034E
Asia	47,00%	-8,00%	6,10%	6,20%	5,20%	4,70%	5,60%	2,60%
Europe	21,60%	0,40%	2,40%	2,90%	2,80%	2,80%	2,70%	1,60%
MEA	4,30%	2,60%	4,50%	4,30%	3,50%	3,10%	3,90%	2,70%
Americas	27,10%	-3,30%	1,00%	4,50%	3,70%	2,40%	2,90%	1,90%
EMEA	25,90%	0,77%	2,75%	3,13%	2,92%	2,85%	2,90%	1,78%
Category	% Global construction	2025E	2026E	2027E	2028E	2029E	2025E-2029E	2030E-2034E
Residential building	<b>40,00%</b>	<b>-6,70%</b>	<b>3,80%</b>	<b>6,30%</b>	<b>5,30%</b>	<b>4,50%</b>	<b>5,00%</b>	<b>2,00%</b>
Single family	25,50%	-7,50%	3,40%	6,40%	4,50%	3,30%	4,40%	0,80%
Multi family	14,40%	-5,30%	4,60%	6,20%	6,90%	6,50%	6,00%	3,70%
Non-residential building	28,80%	-6,20%	0,60%	2,90%	3,30%	3,10%	2,50%	2,10%
Commercial	7,90%	-3,40%	1,40%	3,40%	4,60%	3,80%	3,30%	2,50%
Industrial	<b>11,00%</b>	<b>-8,80%</b>	<b>1,60%</b>	<b>2,10%</b>	<b>1,80%</b>	<b>2,50%</b>	<b>2,00%</b>	<b>1,80%</b>
Social	5,20%	-6,80%	0,70%	1,70%	2,80%	2,10%	1,80%	2,00%
Other	4,50%	-4,40%	-3,60%	5,60%	4,90%	4,40%	2,80%	1,90%
Civil engineering	<b>31,20%</b>	<b>0,10%</b>	<b>6,50%</b>	<b>5,00%</b>	<b>3,60%</b>	<b>3,00%</b>	<b>4,50%</b>	<b>2,50%</b>
Roads	9,50%	-0,90%	6,30%	5,20%	2,70%	2,60%	4,20%	2,50%
Other transport	6,30%	3,80%	7,60%	5,40%	4,80%	3,60%	5,30%	2,50%
Utilities	8,90%	1,60%	6,90%	5,30%	3,80%	2,80%	4,70%	2,10%
Other	<b>6,50%</b>	<b>-4,30%</b>	<b>4,90%</b>	<b>3,70%</b>	<b>3,50%</b>	<b>3,10%</b>	<b>3,80%</b>	<b>2,90%</b>

Sources: OECD, Team Analysis

## Appendix 16: Revenue Built-up

Region		2025E	2026E	2027E	2028E	2029E
<b>EMEA</b>						
Market effect		0,77%	2,75%	3,13%	2,92%	2,85%
M&A effect		0,60%	1,50%	1,50%	1,50%	1,50%
Penetration effect		0,73%	1,00%	1,00%	1,00%	1,00%
FX effect		-3,30%	0,00%	0,00%	0,00%	0,00%
<b>Total</b>		<b>-1,20%</b>	<b>5,25%</b>	<b>5,63%</b>	<b>5,42%</b>	<b>5,35%</b>
<b>Americas</b>						
Market effect		-0,70%	1,00%	4,50%	3,70%	2,40%
M&A effect		2,10%	2,00%	2,00%	2,00%	2,00%
Penetration effect		1,50%	1,50%	1,50%	1,50%	1,50%
FX effect		-7,00%	0,00%	0,00%	0,00%	0,00%
<b>Total</b>		<b>-4,10%</b>	<b>4,50%</b>	<b>8,00%</b>	<b>7,20%</b>	<b>5,90%</b>
<b>Asia</b>						
Market effect		-5,80%	6,10%	6,20%	5,20%	4,70%
M&A effect		0,40%	0,25%	0,25%	0,25%	0,25%
Penetration effect		1,50%	0,25%	0,25%	0,25%	0,25%
FX effect		-4,60%	0,00%	0,00%	0,00%	0,00%
<b>Total</b>		<b>-8,50%</b>	<b>6,60%</b>	<b>6,70%</b>	<b>5,70%</b>	<b>5,20%</b>
<b>Global</b>						
Market effect		-1,18%	2,87%	4,28%	3,69%	3,10%
M&A effect		1,08%	1,40%	1,40%	1,40%	1,40%
Penetration effect		1,17%	1,01%	1,01%	1,01%	1,01%
FX effect		-4,87%	0,00%	0,00%	0,00%	0,00%
<b>Total</b>		<b>-3,81%</b>	<b>5,28%</b>	<b>6,69%</b>	<b>6,10%</b>	<b>5,51%</b>

## Appendix 17: Comparable Company Analysis

	Mkt Cap	EV	EV/ NTM EBITDA	Revenue	Gross Margin('25E)	EBITDA Margin ('25E)	Revenue CAGR '24A-'26E	EBITDA CAGR '24A-'26E
<b>Specialty Chemicals</b>								
Henkel	27.484	28.824	8,1x	19.104	50,6%	10,6%	-3,0%	-25,2%
RPM International	10.898	13.066	12,1x	6.283	42,4%	16,1%	0,4%	-1,3%
PPG Industries	34.507	22.799	9,1x	12.675	41,3%	17,6%	-3,5%	-11,6%
HB Fuller	2.507	4.073	7,7x	2.810	31,9%	17,8%	-4,9%	-4,2%
25th Percentile			7,8x	3.678	34,3%	11,9%	-4,6%	-21,8%
Mean			9,2x	10.218	41,6%	15,5%	-2,8%	-10,6%
Median			8,6x	9.479	41,9%	16,9%	-3,2%	-7,9%
75th Percentile			11,3x	17.497	48,6%	17,7%	-0,5%	-2,0%
<b>Building &amp; Construction Materials</b>								
Saint-Gobain	37.743	50.227	7,1x	43.580	26,7%	15,7%	0,4%	-6,6%
Holcim	39.953	46.205	11,5x	15.851	42,9%	24,8%	-21,6%	-23,0%
Heidelberg Materials	34.507	41.967	9,1x	20.129	56,9%	21,7%	2,2%	6,1%
Kingspan	11.361	13.554	11,2x	8.560	29,2%	13,0%	5,9%	-20,5%
Rockwool	5.533	5.281	6,2x	3.558	62,4%	22,8%	0,3%	-2,2%
Carlisle	10.450	11.858	11,6x	3.960	35,4%	24,2%	-3,9%	-8,4%
25th Percentile			6,9x	3.859	28,6%	15,0%	-8,4%	-21,1%
Mean			9,4x	15.940	42,3%	20,4%	-2,8%	-9,1%
Median			10,1x	12.206	39,2%	22,2%	0,4%	-7,5%
75th Percentile			11,5x	25.992	58,3%	24,3%	3,2%	-0,1%
<b>Sika</b>	24.200	29.906	13,1x	11.315	55,0%	19,2%	0,6%	3,0%

Sources: Bloomberg, Team Analysis

Data as per 21 November, 2025