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

RECORD FIGURES FOR SALES AND PROFIT IN FIRST HALF OF 2022 – SIKA CONFIRMS TARGETS FOR CURRENT FINANCIAL YEAR

- **First-half sales at CHF 5,250.3 million (+18.0% in CHF)**
- **Sales up by 19.5% in local currencies**
- **Operating profit (EBIT) at CHF 841.9 million (+22.7%)**
- **Record EBIT margin of 16.0%**
- **Acquisition of Sable Marco (Canada) and UGL (USA)**
- **New plants opened in Tanzania, Ivory Coast, Bolivia, and USA**
- **Outlook for 2022 fiscal year confirmed:**
 - **Sales increase in local currencies by well over 10%, surpassing CHF 10 billion for the first time**
 - **Over-proportional increase in EBIT expected**
 - **Confirmation of 2023 strategic targets for sustainable, profitable growth**
 - **Closing of MBCC acquisition is targeted for the end of 2022**

Sika generated another record result in the first half of 2022 in a highly challenging environment. Sales increased noticeably to CHF 5,250.3 million (+18.0%), which corresponds to 19.5% growth in local currencies. This performance reflects Sika's robust strategy, and it is particularly notable given the military conflict in Europe, rising energy and commodity prices, high inflation, and Euro-Swiss franc parity. Even in a challenging geopolitical and macroeconomic environment, Sika achieves solid results.

Thomas Hasler, Chief Executive Officer: "The market conditions have become more challenging for us as well. Nevertheless, we were able to fully exploit the strengths of our business model and organization over the past six months and generate good results. Thanks to our broad diversification, we operate in several markets with different levels of maturity, and we can leverage our solutions across a broad base. Our technologies are innovative, sustainable, and of high quality. We were largely able to offset the increase in price for raw materials with higher product prices, and supply bottlenecks were resolved via our global procurement organization.

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The current challenges will remain in the second half of 2022, but I am confident that we can meet our targets for 2022 thanks to our dedicated employees.”

OVER-PROPORTIONAL EBIT INCREASE

Operating profit (EBIT) increased sharply in the first half of 2022, supported by a profit resulting from the divestment of the European industrial coatings business and negatively affected by expenses in connection with the acquisition of the MBCC Group. Higher input costs due to a substantial rise in the cost of raw materials were offset by price increases, operating leverage resulting from economies of scale, and greater efficiency. Overall, EBIT increased to CHF 841.9 million (previous year: CHF 685.9 million) and is therefore up +22.7% compared with 2021.

DOUBLE-DIGIT GROWTH IN ALL REGIONS

The global construction sector is characterized by the megatrend of climate change, as well as by increasing automation, digitalization, and easy-to-apply products, all of which are increasingly transforming the industry. There is growing demand for solutions that are more environmentally sustainable, reduce CO₂ emissions, and use resources sparingly. With its broad product portfolio, Sika is ideally positioned to offer its customers technologies that allow them to reduce their CO₂ footprint, while at the same time enhancing longevity and minimizing the use of resources in construction. Innovative and easy-to-apply solutions also deliver cost efficiency in the construction and renovation process. Furthermore, Sika is benefiting from large government stimulus programs around the world.

The **EMEA region** (Europe, Middle East, Africa) reported a sales increase in local currencies of 12.9% (previous year: 24.1%). After two years of strong growth in the distribution business thanks to higher home renovation activity, this segment returned to a normal level. A slight downtrend is noticeable in project business in Western European countries. Conversely, countries in Africa and the Middle East are benefiting from dynamic double-digit growth.

Sika moved to a new site in the East African country of Tanzania in the first half of the year and is now producing mortars locally in addition to concrete admixtures. The company also extended its facility in Western Africa's Ivory Coast. This site has now doubled in size, and enjoys additional manufacturing facilities, new warehousing capacities, office space, and laboratories.

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The **Americas region** recorded growth in local currencies of 35.8% (previous year: 19.5%). Sika generated a large part of this growth from infrastructure projects, which received state-funded investments this year amounting to the equivalent of CHF 200–250 billion. Construction activity has been focused on the modernization and expansion of subway lines, bridges, tunnels, and freeways. Additional strong demand was generated by investments in commercial construction projects, such as stadiums, warehouses, and data centers. Funds that were parked during the pandemic are now being freed up. Moreover, the mining business has picked up considerably, especially benefiting business in Canada, Peru, and Chile. In addition, strong demand along the distribution channel in Latin America and booming e-commerce orders in the region contributed to a solid result.

The acquisitions of Sable Marco in Canada and UGL in the USA provide Sika with two companies which sell high-performance products via established distribution channels. In addition, a new mortar production plant was commissioned in Bolivia, and a facility for concrete admixtures was opened near Washington D.C.

Sales in the **Asia/Pacific region** rose by 17.0% in local currencies (previous year: 26.0%). In China, the distribution business benefited most from ongoing strong growth momentum, recording double-digit growth rates, whereas the project business was impacted by numerous pandemic-induced lockdowns. China was nevertheless able to post double-digit growth. India grew dynamically, while the countries in Southeast Asia recorded high single-digit growth in challenging markets.

In the **Global Business segment**, Sika posted growth in local currencies of 13.2% (previous year: 27.6%), clearly outperforming the market. Persistent supply bottlenecks, particularly in Europe, continue to weigh on the global automotive industry this year. In most regions, automobile manufacturers are unable to meet the demand for new vehicles. However, Sika foresees long-term growth momentum for its automotive business, which will be driven by the transformation and strategic reorientation of the industry. Electromobility and alternative drive concepts will play a key role, and these are being supported by government programs. Sika's comprehensive portfolio, which includes high-performance adhesives for lightweight construction and solutions for heat management in modern electric battery systems, enables the construction of novel vehicles and makes electric vehicles lighter, more environmentally friendly, and safer.

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UPDATE ON ACQUISITION OF MBCC

In November 2021, Sika signed a binding agreement to acquire the MBCC Group (the former BASF construction chemicals business). With sales of CHF 2.9 billion, the MBCC Group is a leading supplier of construction chemicals and solutions worldwide. This acquisition will complement and broaden Sika's portfolio in four of five core technologies and seven of Sika's eight target markets, while further strengthening the company's geographic footprint. The transaction will create a major player supporting greater sustainability.

The heavily fragmented market for construction chemical products and solutions is set to grow to around CHF 80 billion over the next few years and it will continue to offer substantial growth opportunities, particularly in the area of sustainability. MBCC generates around 53% of its sales in the construction systems sector and the remaining 47% in the concrete admixtures segment. The acquisition is subject to approval by the authorities. Sika is confident it will receive all the necessary authorizations in a timely manner and is cooperating closely with the authorities to this end. The closing of the acquisition is targeted for the end of 2022.

OUTLOOK

Thanks to its innovative technologies, Sika is the partner of choice for many customers in the construction and industrial sectors. Government-supported investment programs running into the billions will benefit its business in the coming years. Moreover, Sika is staying at the forefront of megatrends which drive its key markets.

Based on these expectations, Sika is confirming its 2023 strategic targets as well as those for the current financial year. The company's focus remains on long-term success and profitable growth. With its focus on the six strategic pillars – market penetration, innovation, operational efficiency, acquisitions, strong corporate values, and sustainability – Sika is seeking to grow by 6%–8% per year in local currencies up to 2023. Since 2021, the company is aiming to record an EBIT margin in the range of 15%–18%. Projects in the areas of operations, logistics, procurement, and product formulation should result in an annual improvement in operating costs equivalent to 0.5% of sales.

For fiscal 2022, Sika expects sales to rise by well over 10% in local currencies – surpassing CHF 10 billion for the first time – and is anticipating an over-proportional increase in EBIT.

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KEY FIGURES HALF-YEAR 2022

in CHF mn	1.1.2021 - 30.6.2021	1.1.2022 - 30.6.2022	Change in %
Net sales	4,448.7	5,250.3	18.0
Gross result	2,372.8	2,592.2	9.2
Operating profit before depreciation (EBITDA)	867.0	1,036.1	19.5
Operating profit (EBIT)	685.9	841.9	22.7
Net profit after taxes	494.7	598.8	21.0
Undiluted earnings per share (in CHF)	3.49	3.95	13.2
Diluted earnings per share (in CHF) ¹	3.12	3.76	20.5
Operating free cash flow	318.4	39.7	-87.5
Balance sheet total ²	10,706.8	11,031.4	
Shareholders' equity ²	4,395.9	4,742.4	
Equity ratio in % ^{2,3}	41.1	43.0	
Return on capital employed (ROCE) in % ⁴	19.8	20.7	

1 Dilutive effect due to convertible bonds issued.

2 As of December 31, 2021/June 30, 2022.

3 Shareholders' equity divided by balance sheet total.

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

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NET SALES BY REGION

in CHF mn	1.1.2021 - 30.6.2021	1.1.2022 - 30.6.2022	Change compared to prior year (+/- in %)			
			In CHF	In local currencies	Currency impact	Acquisition effect
By region						
EMEA	2,036.4	2,190.5	7.6	12.9	-5.3	-0.5
Americas	1,100.5	1,535.7	39.5	35.8	3.7	8.4
Asia/Pacific	960.8	1,130.9	17.7	17.0	0.7	7.8
Global Business	351.0	393.2	12.0	13.2	-1.2	5.7
Net sales	4,448.7	5,250.3	18.0	19.5	-1.5	4.0
Products for construction industry	3,624.3	4,320.7	19.2	20.6	-1.4	2.7
Products for industrial manufacturing	824.4	929.6	12.8	14.3	-1.5	9.6

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Webcast today, July 22, 2022 at 3 pm (CEST)

In connection with the publication of the half-year results a webcast call will be held today. Please join 10 to 15 minutes before the start at:

www.sika.com/hy-webcast

By clicking this link, you will be able to participate in the webcast with Thomas Hasler (CEO), Adrian Widmer (CFO) and Dominik Slappnig (Head Corporate Communications & IR).

A replay of the webcast will be available on the Sika website in the “Investors” section.

FINANCIAL CALENDAR:

Results first nine months 2022	Friday, October 21, 2022
Net sales 2022	Wednesday, January 11, 2023
Media conference / analyst presentation on full-year results 2022	Friday, February 17, 2023
55 th Annual General Meeting	Tuesday, March 28, 2023
Net sales first quarter 2023	Tuesday, April 18, 2023
Half-year report 2023	Friday, July 21, 2023

SIKA CORPORATE PROFILE

Sika is a specialty chemicals company with a leading position in the development and production of systems and products for bonding, sealing, damping, reinforcing, and protecting in the building sector and motor vehicle industry. Sika has subsidiaries in 101 countries around the world and manufactures in over 300 factories. Its more than 27,000 employees generated annual sales of CHF 9.3 billion in 2021.