

We invest in winners. This means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

Sika AG

The history of Sika, based in Baar in the Swiss canton of Zug, dates back to 1910. Today, the supplier of specialty chemicals has a global market share of around 11% and is a global leader in the development and production of systems and products for bonding, sealing, damping, reinforcing and protecting in the building sector and motor vehicle industry. Sika has subsidiaries in 103 countries, manufactures in over 400 factories and develops innovative technologies for customers around the globe. With a total of 33,000 employees, Sika significantly facilitates sustainable transformation in industry.

The current crisis of the construction sector is hardly a burden on the construction chemicals manufacturer. Sika dominates the market for CO₂ reduction in cement production, and a large portion of Sika's business is dedicated to materials for renovation and maintenance. Even the US real estate crisis in 2008 did not rattle the robust business model: sales remained stable. In 2023, sales even increased by 7%, 15% in currency-adjusted terms, to over CHF 11 billion, due to the acquisition of MBCC, the former construction chemicals business of the BASF Group. Sika supports organic growth, strengthens the business model and the dominance of the competitive position along the entire construction lifecycle through such bolt-on acquisitions of smaller companies from within the same industry;

they quickly generate positive synergies. This further strengthens the high internal financing capacity (table).

in billions CHF	2023e	2022	2021	2020	2019
Revenue	11.2	10.5	9.3	7.9	8.1
EBITDA	2.2	2.0	1.8	1.5	1.4
FCF	1.3	0.8	0.9	1.2	1.0

Based on the strategic plan, 'Beyond the Expected,' Sika is looking to grow organically by 6-9% p.a. in local currencies by 2028. The EBITDA margin is expected to increase from the current 19% to 20-23% in the same period. In our opinion, the outlined profitable growth path with a high rate of return on capital employed should be easy to achieve: Sika benefits from the worldwide state-sponsored expansion of infra-structure. In addition, the construction sector is marked by the megatrend of climate change as well as increasing urbanisation, automation and digitisation. Sika provides technologies that reduce the carbon footprint of the construction industry and enables durable, resource-efficient construction solutions. According to the company, Sika generates around 80% of its sales with products that make a positive contribution to sustainability. The share price loss of 40% since the peak price in 2021 is a welcome entry point for us. The valuation has been adjusted to an attractive return on investment of just under 4% for a Swiss quality leader. We consider Sika to be a solid "equity bond" with an attractive growth profile.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky

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