

# CELEBRATING A SUCCESSFUL INTEGRATION ONE YEAR AFTER CLOSING



## TOTAL SYNERGIES

500+ initiatives  
tracked

## INTEGRATION

21 companies  
fully integrated

## PROCUREMENT

Secured savings  
of CHF 14 million

## PRODUCT LAUNCHES

34 new products  
launched in 10+  
countries

BUILDING TRUST





# KEY ACHIEVEMENTS YEAR ONE

**5**  
INTEGRATED DUAL  
BRANDS DESIGNED

**500+**  
INITIATIVES  
TRACKED

**CHF 25  
MILLION+**  
RUNRATE  
SYNERGIES  
ACHIEVED

**21**  
COMPANIES FULLY  
INTEGRATED

**5+**  
NON-PAREX COUNTRIES  
LAUNCHED SPEND-BETTER  
CONCEPT

**34**  
NEW PRODUCTS LAUNCHED IN  
10+ COUNTRIES

**48%**  
OF THE TOTAL  
SYNERGY INITIATIVES  
ARE IN CROSS-  
SELLING

**ALL**  
COUNTRIES REPORTING  
SYNERGIES

**35+**  
INITIATIVES FOR  
OPERATIONAL SYNERGIES  
STARTED

FRONT COVER PHOTO: Reveal, a strong brand in Argentina in the paint business



## DEAR FRIENDS

It has now been one year since we officially closed the Parex acquisition on May 23, 2019. Since then we have seen great work across all companies, ranks, and Target Markets. Teamwork has been demonstrated in an unprecedented manner and everybody is working towards the same goal - to be one successful company and to achieve outstanding results.

More than 500 initiatives are being tracked. These initiatives ensure the full exploitation of the synergy potential, with forecast synergies of CHF 80-100 million in the upper range of the bandwidth. In procurement alone, our secured savings have already reached CHF 14 million.

At closing, 38 brands were added to the Sika portfolio, amongst them successful brands such as Davco, Reveal, Klaukol, Parexlanko, and Seifert. The integration work has started strongly and the dual branding has already been introduced. We are seeing new initiatives everywhere: 34 new products launched in more than 10 countries, 48% of the total synergy initiatives are in cross-selling, and more than 35 initiatives for operational synergies have been started.

Congratulations to the countries for the excellent progress made to date. Despite the ongoing pandemic, your work has been even faster and more focused. Everyone has demonstrated great teamwork and a strong determination to overcome the numerous challenges. This commitment will ensure our common future success. Let's welcome all Parex employees to our Sika family!

PAUL SCHULER  
CEO

« We are celebrating the first anniversary of the Parex acquisition and we can look back on 12 months of tremendous work by many teams and individuals. However, whilst we can be proud of our achievements, there is still much work to be done and many opportunities to be captured. Thanks to the many initiatives, we are seeing that the combined companies are even stronger together and our distribution presence has been reinforced. We now need to continue on this path to becoming the undisputed market leader in Building Finishing. »

PHILIPPE JOST  
Head Construction

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# DISTRIBUTION NETWORK INCREASE: +10% MORE DISTRIBUTORS IN 2020



## SUCCESSFUL CROSS-SELLING STRATEGY IN CHINA

Since the acquisition, a strong cross-selling set-up was put in place. This is not only providing additional growth, but is also the basis for a good recovery after the pandemic and continuation of the expansion strategy.

- Generated sales with Sika products in over 70% of existing 3,200 exclusive Davco shops and in over 23,300 Davco points of sale
- Development of a new retail model for Sika products, with already 10 exclusive Sika shops opened across China
- This approach was started in retail business with a focus on Sealing & Bonding category and will be expanded to other categories during 2020
- Cross-selling synergies were not only created in the retail channel, but also through our growing e-commerce platform
- Already 10 new Sika products have been launched since the closing



Olivier Chaudet, Head of Distribution and Building Finishing Asia/Pacific, Vice President China

# INTEGRATION SUCCESS FACTORS

## SÉRGIO FERREIRA - BUSINESS DEVELOPMENT MANAGER, TARGET MARKET BUILDING FINISHING, LATIN AMERICA

"The process of integrating the two companies has been very disciplined, structured and inclusive, with periodic meetings.

The engagement of employees, the focus on a mutual understanding of the business, and the search to take advantage of what each of the companies has to offer, can be considered the main factors in the successful integration.

Now, as the organization is unified, there are greater achievements ahead. We have fantastic cross-selling opportunities. We will focus on combined offers from a system point of view, rather than a product one.

There's still a lot to do, but with determination we will get there!"



## KATARINA LUCIC - REGIONAL STRATEGY & INTEGRATION MANAGER, ASIA/PACIFIC

"It is incredible to see what can be achieved when people work together towards a common goal - to benefit from each other's market and product expertise in order to best serve our customers."

## KILSON NOGUEIRA - SALES DIRECTOR DISTRIBUTION BUSINESS, PAREX BRAZIL

"One key success factor for our cross-selling during the integration process was a market segmentation review, as we have new sub-customer groups coming from Parex which didn't previously exist at Sika, such as shops and tile stores. This has allowed us to introduce sophisticated Sika products using our category management concept. And thanks to the great collaboration between the Sika and the Parex teams, we are off to a great start in Brazil."



## EVELYNE PRAT, CORPORATE TECHNOLOGY HEAD OF CEMENTITIOUS SYSTEMS, AND LUZ GRANIZO, HEAD TECHNOLOGY ENGINEERED MORTARS

"It's been a year since the Parex teams joined the Sika R&D community, but we feel like we are already part of the family. Our first common target with Luz Granizo has been to bring the people together so that they share the same entrepreneurial spirit and learn from each other.

Our network of 65 Technical Centers, located in 60 countries, benefits from the combined expertise in cementitious formulation routes of both Parex and Sika: We are all set to contribute as a team to deliver sustainable and high-performance solutions to the building construction market."







Sika shelf presentation for French distributors

## STRENGTHENING DISTRIBUTION

One of the key components in the distribution business is category management. Category management is the process of organizing our products in combined solutions which fit the categories of our distributors, such as building materials in Big Box stores, or floor covering solutions for associated dealers.

Category management allows Sika to adopt the customer's point of view by being the one single-source supplier for a specific category and by improving the cross-selling of Sika's product line.

Before the Parex acquisition, Sika's top category was Concrete & Repair, accounting for 32% of Distribution sales. This category is well developed, with solutions sold in all the Sika countries at builders' merchants, home centers, and hardware stores.

Following the Parex acquisition, Sika's Floor Covering segment is now at the same level as Concrete & Repair. This will give Sika access to a new channel, the Floor Covering dealers, to sell high-end solutions for flooring preparation (self-leveling underlayments), flooring adhesives, and tile setting. Sika's activity was previously under-represented, but the company now has access to a new network in the countries in which Sika is active. This also allows Sika to conquer new sections within stores by offering customers strong systems.

The goal of the integration is to build these category offers, to gain new Distribution channels – such as Floor Covering dealers – and to win new shelves within stores. To help

achieve this, Sika appointed a Floor Covering Category Manager from Parex to its Corporate Distribution team, to identify cross-selling solutions and to develop the Floor Covering segment with all the solutions our Target Markets offer. This will ultimately build the long-term growth of Sika and reinforce the company's position in the Distribution market.



**STEPHANE HAUTSCH,**  
FLOOR COVERING  
CATEGORY MANAGER  
– CORPORATE  
DISTRIBUTION

"In order to develop the Floor Covering category, we investigated the route to market for tile setting materials, including waterproofing and self-leveling underlayment solutions. In three non-Parex countries in Latin America - Colombia, Ecuador, and Peru).

We concluded that our main local competitors are not so active within the Floor Covering Dealers segment (15-25% of the market). With our local teams, we therefore built a concept for the Floor Covering category dedicated to tile shops, combining specific products and decoration solutions. We took the best of each team at Sika and Parex to make this happen!"

# BUILDING TRUST FOR A SUCCESSFUL INTEGRATION

Catherine Mathieu, Head of Human Resources at Parex, reveals how employees from both Parex and Sika contributed to a successful integration.

### HOW WOULD YOU DESCRIBE THE MAIN CULTURAL SIMILARITIES AND DIFFERENCES BETWEEN PAREX AND SIKA?

Both Parex and Sika shared the same passion for our businesses, a strong commitment to customer service, and the desire to innovate. Our employees also shared a strong commitment to the company in which many of us grew and developed.

Prior to the acquisition, Parex's oral culture was still very strong compared to its use of written forms, due to its history and size. The corporate structure was very lean, coordinating key processes based on people networking. There was a direct link between Corporate and a much smaller number of countries than in Sika. With the integration into Sika, we have experienced strong regional organization and support.

We now have several points of contact, when before there was only one, which changes the dynamic of the decision-making process. At the same time, it provides more support and tools.

Another point we have in common is "Trust". Parex's tagline was "Build expertise, together" while Sika's is "Building Trust". These taglines emphasize that we are all committed to building long and lasting relationships with our customers.

### DURING THE INTEGRATION PROCESS, WHAT WAS DONE TO ENSURE THE CULTURAL INTEGRATION OF PAREX EMPLOYEES WITHIN SIKA ENTITIES?

The integration was planned and organized based on business development, cross-selling, buy-better, and spend-better principles, which was a positive, efficient, and pragmatic way to start working together. It was, of course, adjusted to the size of the business in the countries and to their related environment.

We spent time explaining Sika's five Values & Principles and the compliance policy, which are a strong part of the Sika Group, to every Parex employee, through webinars or face-to-face presentations.



Catherine Mathieu

The appointment of several Parex managers to key roles at Sika, both at Corporate and locally, was also key and contributes to the integration. Some managers were invited to group training programs, which are very important to understand the Group culture and create network opportunities for employees.

### WHAT IS NEXT IN TERMS OF CULTURAL INTEGRATION?

Despite the current global health crisis, we are still experiencing a strong commitment by the teams who are sharing best practice and expanding their networks.

We are putting common quantitative and qualitative objectives in place to increase the sense of co-responsibility. And finally, we are building the foundations for a common history, consisting of mutual successes and common market development, such as the facade business, to ensure everyone feels they belong to the Sika Group.





Sponsorship of a local football tournament organized by Easy, a major DIY distributor, and attended by their contractors and end-users

# SIKA CHILE: TWO ENTITIES FORM ONE COMPANY

Daniel Monteiro, General Manager Sika Chile and Sergio Wertheim, Integration Manager, reveal their integration achievements over the last year.

## PLEASE PROVIDE US WITH SOME BACKGROUND ON THE TWO COMPANIES

Sika Chile had two plants and four commercial offices throughout the country with around 150 employees, was active in all seven Target Markets and produced 75% of products locally, mainly admixtures, technical mortars, epoxy adhesives and flooring, sealants, and liquid-applied membranes. The main plant and headquarters are located in Santiago, another plant and offices in Antofagasta, and further offices in Concepción and Puerto Montt.

Parex Chile had three plants and offices throughout the country with around 140 employees, active mainly in the

mortars and tile adhesives market (now Target Market Building Finishing) with 95% of products produced locally. The main plant and headquarters were in Santiago, with plants in Arica and Los Angeles.

As you can see, although the two companies were similar in size, they were operating in different markets. Thanks to the acquisition, 60% of total sales are now achieved through the distribution channel and more than 1,500 customers are served from our facilities. We are building one strong company and making use of good practice from both Sika and Parex.

## WHAT HAVE YOU ACHIEVED IN ONE YEAR?

We started the integration process shortly after closing, and by September 2019, the future organization was defined. This targeted organization was implemented in January 2020 with one goal in mind: people working together. R&D, Sales, Marketing, Human Resources, Operations, and parts of the Finance teams have been working together since then.

In addition, cross-selling opportunities were identified and both sales teams are continuously working on contacting new customers and selling new products. The SikaCeram® product line, our tile adhesive brand, was enriched with new products, such as tile grouts, to help Sika compete in this segment with the current market leader. As an extension of this cross-selling initiative, Sika Chile is starting to export these products to countries in Latin America that aren't producing the complete lines and where Parex companies do not exist.

In terms of operations, the first initiative was to move mortar production from the San Joaquin site to the Lampa site, which has greater efficiency and a higher production capacity. In addition, we consolidated the operations in the North Zone by closing the Arica plant and moving the production to Antofagasta, headquarters of the mining industry in Chile. Both initiatives were concluded by the end of 2019.

We are also simplifying our current Parex brand portfolio to define the brands that will remain going forward, moving from six Parex brands to three. By keeping the strong brands, we will remain easily identifiable to the customer.

With regards to administration, we are working hard to consolidate the two companies into one legal entity by including Parex into Sika ERP. This process is ongoing, and we expect to finish by the end of Q2 2020. This ERP integration will strengthen the "one company" spirit operating under one system.

**40**  
NEW DISTRIBUTORS  
SINCE THE  
ACQUISITION

## WHAT ARE YOUR KEY FACTORS FOR A SUCCESSFUL INTEGRATION?

Integration is all about people and processes, and it is important to understand the market in order to make the right decisions. We see the following as the key success factors of this integration:

- People within both companies are open-minded, recognizing and implementing best practice, instead of trying to apply their usual way of doing things
- Most employees understood that integration was a major opportunity for professional growth
- We defined a Senior Manager who was recognized and accepted as the Integration Manager by both companies and who coordinated the integration process
- We were able to define the right action plans and to allocate resources to make them possible
- We set common goals and started to work together to achieve them

## WHAT ARE THE NEXT STEPS?

Up until the end of May, we will be working on the consolidation of our Distribution Center in Santiago, moving from four different locations around the city to just one in Lampa, located close to the plant.

At the beginning of July, both companies will be integrated into the ERP, and the consolidation into one legal entity will be completed within a 30-day term.

The consolidation of operations in the South Zone, where we are aiming to increase mortar production and start admixture production, is planned for 2021, with new facilities in Concepción.

And finally, our next step is to be one company, Sika, with two strong roots - the heritage of Sika and the heritage of Parex.



Training for Sika customers at the Parex plant



# INTEGRATION OF PAREX BRANDS



Reveal, a strong brand in Argentina in the paint business, specializing in textured finishes.

With the acquisition of Parex, 38 brands were added to the Sika portfolio and their internal integration has already begun. Over the next five years, most Parex brands and products are going to be integrated into Sika's product range. The next step is to plan and ensure a smooth transition "on the shelf".

Sika identified brands that are strong in the distribution business and will therefore follow a transition journey - taking their branding in packaging, marketing, communication towards integration, step by step. This ensures clear (visual) communication with the customer and a smooth brand value transfer into Sika.

The new integration process, as well as the transition branding approach, will also be applied to the integration of other acquired companies.

For most of the brands that will follow a transition branding phase, the development and implementations of the packaging, marketing, and communication activities have already started, and the remainder are in the planning phase.

22

BRANDS TO BE FULLY INTEGRATED WITHIN 3-5 YEARS

9

BRANDS TO BE FULLY INTEGRATED IN 2020

38

BRANDS IN TOTAL

11

STRONG DISTRIBUTION BRANDS WITH TRANSITION BRANDING

## EXAMPLES OF BRANDS WITH TRANSITION BRANDING

Reveal in Argentina is mainly sold in paint dealer shops, targeting a new type of end user for Sika: homeowners. For this segment, Sika is perceived as a technically oriented brand, while Reveal has more of an emotional brand image. The combination of Reveal and Sika will allow the two brands to benefit from each other's strengths and most important brand assets.



Reveal, a strong brand in Argentina in the paint business, specialized in textured finishes.

PortoKoll in Brazil has a higher market share than Sika in the tile adhesives market. Moving to a transition branding phase will allow the market to get used to the Sika brand, which will support the development of the SikaCeram® tile adhesive product line as Sika plans to strengthen this product brand in Brazil and the whole region.



Further packaging examples of the first transition phases for the integration into Sika for PortoKoll (Brazil) and Seifert (Belgium).

Seifert has a high market share in the facade business in their home market in Belgium - a market where Sika has not been present so far. Here again, the two brands will benefit from each other, with Sika having access to new customers, and Seifert by having their products distributed through Sika's network, where Seifert had not previously been sold.



# BRINGING TILING TO THE NEXT LEVEL

As one of the leading manufacturers of tile setting materials, Sika has implemented various initiatives dedicated to tilers. In many countries, training is organized on a regular basis to share technical guidance, to teach the latest product technology, and to improve the tiler's expertise and skills.

In addition, Sika is now expanding and rolling out the Parex concept of the so-called "tiler contest" to additional countries. Last year, the final of the first international tiler contest was organized by Davco China and held in Guangzhou, gathering the winners of the regional contests from China together with the best national tilers selected from five other participating countries - France, Australia, Argentina, Morocco, and Paraguay.

During the final event in Guangzhou, the tiling champions were required to execute a technical project in a limited

amount of time, which was then assessed by a jury. It was a great opportunity for all participating tilers and an experience they won't forget; not only for the awards and recognition that they received (TV interviews and over 100,000 visitors watching the competition in a large commercial mall), but also for the wonderful traveling opportunity and the exchange with colleagues from other countries.

At Sika we value tilers and aim to promote their talents and expertise, knowing that a successful project is a combination of a good product and a skillful applicator. Sika's distribution footprint within our 100 countries, combined with the experience and expertise of Parex with its close to 100,000 tilers trained worldwide each year, is supporting and driving efforts to bring the skills of the tilers to the next level.



Tiler contest held in Sydney, Australia, in September 2019

**100,000**  
TILERS TRAINED  
WORLDWIDE  
EACH YEAR



International tiler contest in Guangzhou, China, in November 2019

**14 MILLION+**  
VIEWS ON SOCIAL  
MEDIA OF LAST  
YEAR'S TILER  
CONTEST VIDEO



The new epoxy tile grout - easy application for an outstanding decorative result

## EPOXY TILE GROUT IN A CARTRIDGE

In a new product, Sika encourages innovation to help make the work of tilers easier and more efficient.

Traditionally, epoxy tile grouts are known for their technical performance, but cleaning the remaining residues that are left after application is often challenging. With Parex's expertise, Sika has launched the SikaCeram®-850 Design. Thanks to its handy two-component cartridge packaging, it can be applied like a sealant, which also results in less residues compared to standard application with a grout float. Like other epoxy grouts, SikaCeram®-850 Design offers outstanding stain, chemical, and moisture resistance. In addition, SikaCeram®-850 Design comes with a special cleaning kit to provide a perfect, clean finish to the tiles.

The rollout of the SikaCeram®-850 design has already started in South East Asia and Latin America, with customized packaging and marketing tools.







Official opening of the Golden Store, February 2020

# GOLDEN SIKA STORE, SINGAPORE

Thanks to Parex, Sika Singapore has teamed up with their long-time customer, Aik Chin Hin (ACH), to launch the first Golden Sika Store in Singapore.

Officially opened on February 19, 2020, the Golden Sika store carries a wide range of Sika products, carefully selected to meet the demand in the local distribution sector.

The Golden Sika Store, housed in the central part of Singapore in a busy industrial estate, takes the classic interactive experience and amplifies it with various product exhibits in the store. This allows walk-in customers to visualize and easily understand each product's applications and utilization, enabling them to select the correct Sika product for their needs.

To ensure the success of the Golden Sika Store, regular product training and hands-on application sessions are given to ACH staff to enable them to answer any customer queries and provide good pre-sales and post-sales service.

ACH maintains a large team of indoor and outdoor sales staff to promote Sika products to their wide network of hardware store customers.

The Sika brand will be rolled out across all five branches in ACH's network of stores and the five Davco Red Flag Stores, increasing Sika's brand awareness in the distribution sector while promoting and developing Sika's range of products in the local market.

**6**  
NEW PRODUCTS  
ALREADY LAUNCHED  
IN SINGAPORE

# PROCUREMENT WINS

Marcos Vazquez, Head of Procurement at Sika, reveals how great teamwork has secured extensive procurement synergies.

The first weeks after the closing of the acquisition were very intense for the Procurement team. Procurement was the main area for quick wins and time was of the essence to start generating the first savings after the acquisition. Our main priority was to start working together with the Parex procurement team in a coordinated manner on the synergy realization plan, which included the verification of the consolidated spend data, the development of action plans to harmonize our raw materials, and the preparation of negotiations with all key vendors.

Following day one, we quickly combined Sika and Parex procurement teams at global, regional, and country levels, and started working on these plans for each country and vendor. In a very short timescale, we were able to develop a great team atmosphere, with very experienced and professional team members sharing expertise and best practice and being fully committed to achieving our ambitious procurement synergy targets.

Thanks to this great teamwork, we are proud to announce that we have made significant price reductions that will result in savings of more than CHF 14 million on an annualized basis. Moreover, we have completed the integration of procurement teams in all countries, and we are continuing to work on additional savings initiatives that will generate additional value on top of what we have achieved during our 12-month integration journey.



Marcos Vazquez

## NEGOTIATION HIGHLIGHTS

### PACKAGING

Price reductions from corporate suppliers were leveraged to achieve better pricing for local paper bag suppliers. Parex and Sika local and regional procurement teams negotiated better conditions with local suppliers for total annual consumption of approximately 50 million pieces. New conditions have been valid since October 2019.

LEVERAGE CORPORATE, REGIONAL & LOCAL STRUCTURE

TOTAL ANNUAL SAVINGS CHF 500,000



### RAW MATERIALS

Aluminate Cement was renegotiated for the whole Sika Group. Global consumption has been leveraged to achieve significant price reductions in all regions. Sika's Global Materials Group Manager renegotiated the combined Sika-Parex volumes with the support of local procurement teams. Higher volumes and common growth potential enabled better prices. Newly agreed prices have been effective since October 2019.

LEVERAGE COMBINED VOLUME & POTENTIAL FOR GROWTH

TOTAL ANNUAL SAVINGS CHF 250,000

Silica Fume has been renegotiated in EMEA. Bundled volumes of Sika and Parex were used to achieve better conditions, including in non-Parex countries. New prices have been implemented since March 2020.

LEVERAGE VOLUMES TO ACHIEVE SAVINGS FOR PAREX B MATERIALS

TOTAL ANNUAL SAVINGS CHF 150,000







PARNATUR®, the first “easy-to-spray” thermal and phonic insulation hemp-based mortar

# SUPPORTING SUSTAINABLE CONSTRUCTION TOGETHER

Sustainability has long been a part of Sika’s identity. With the integration of Parex, the company has been able to further increase its strategic strength.

Sustainability has been a key value and a central element of Sika’s corporate management for many years. Through innovation, both Parex and Sika teams have been contributing to sustainable construction and strengthened the role of sustainability in the development of new products that meet the demands of the customers, while at the same time reducing the impact on the environment. Since mid-2019, Parex’s sustainability initiatives have been integrated into Sika’s framework. These initiatives have been merged into the overall sustainability strategy, the formulation of products, social commitment, occupational health & safety, as well as the management of resources in the production facilities.

## STRATEGIC FOCUS ON CLIMATE PERFORMANCE

The transition to a low-carbon economy has led to an increased strategic focus on climate performance and on the development of new technologies and operational practices. Sika’s Sustainability Strategy “More Value – Less Impact” includes the overriding goal to reduce CO<sub>2</sub> emissions per ton sold by 12.0% until 2023, which is aligned with targets to reduce the consumption of energy and water, reduce waste, and increase the renewable electricity rate. During the integration process, the Parex Corporate Social Responsibility (CSR) program “Building Responsibly”, with its contributions to sustainable development, has been reviewed and merged with Sika’s Sustainability Strategy. The joint initiatives are geared toward improving product sustainability and durabili-

ty and optimize resource management to reduce the overall environmental footprint for both Sika and its customers.

Sika is focusing on eight of the seventeen UN Sustainable Development Goals (UN SDG). These eight goals are aligned with the Sustainability Strategy and supported by the initiatives that are driving the execution of the strategy. The UN SDG 13 “Climate Action”, for example, is supported by the increased use of renewable energy, reduced CO<sub>2</sub> emissions, and product developments with a positive impact on customers’ carbon footprint.

## NEW SOLUTIONS TO SUPPORT SUSTAINABLE CONSTRUCTION

In the area of sustainable solutions, projects that involve the use of recycled or bio-sourced raw materials are prioritized. New solutions such as PARNATUR®, the first “easy-to-spray” thermal and phonic insulation hemp-based mortar, help to reduce energy consumption by promoting the use of bio-sourced aggregates in the building industry. Hemp concrete is a natural solution, as it has a high CO<sub>2</sub> storage coefficient and is fully recyclable. Furthermore, the Sika Global Technology Center for cementitious systems, a former Parex R&D Center located near Lyon, France, is now working on alternative binders and sands which are by-products of indus-

trial manufacturing. The team is developing product formulations to, for example, re-use and valorize production tails, or dust collector fines from mortar plants. Alternative raw materials are not only used to improve a product’s sustainability performance but can bring additional functionalities such as abrasion resistance.

## COMMITTED TO THE ENVIRONMENT, HEALTH & SAFETY, AND COMMUNITY ENGAGEMENT

Several actions are currently being implemented to reduce energy consumption across Sika’s production sites, such as systematic consumption measures, energy sourcing optimization, and process improvement. Besides energy, waste, and water reduction, the Sustainability Strategy 2023 also focuses on Occupational Health & Safety and Sika has successfully adopted the “safety on line” template from Parex. By sharing information about root causes and preventative measures, the knowledge base is extended and the ability to avoid accidents improved.

The Parex initiative, in partnership with “PUR Projet”, a French social enterprise and an expert in operating community agroforestry, reforestation, and conservation projects, is set to be established in selected countries. Objectives are the mitigation of climate change impacts, water preservation, and local community development support.



Sustainability experts from the acquired company Parex are fully integrated into Sika’s Sustainability Team

**15%**  
REDUCTION IN  
ENERGY USE PER TON  
SOLD BY 2023

**12%**  
REDUCTION OF CO<sub>2</sub>  
EMISSIONS PER TON  
SOLD BY 2023



PARNATUR® is designed to lower the use of cement in construction and to reduce CO<sub>2</sub> emissions



# CUSTOMER EXCITEMENT IN THE PHILIPPINES

Christophe Lejeune, previously General Manager of Parex Davco and the new General Manager of Sika Philippines, reveals how customers are excited about the extended product range.

## WHAT ARE THE BIGGEST INTEGRATION MILESTONES THAT SIKA PHILIPPINES HAS ACHIEVED SO FAR?

A top priority during the integration process was how to manage the integration of the people within both organizations in the best way possible. The companies had good teams and one of the challenges was to define the best structure in which both of them would complement each other and build on each other's strengths to better serve the market and our customers. A positive point was that the cultures were similar, and this helped during the integration process.

When looking at our respective customers, we could see that two business models were being used: a distribution model and a direct sales model. We are now developing each of the models based on the market behavior, concentrating on the one that allows us to continue serving existing customers while developing new ones.

With regards to our product range offering, both companies were serving different segments with only a few competing products, and every brand had a good position in each Target Market. A branding exercise was conducted under the lead of Corporate and with the support of the regional team, and we were able to come up with a solid mapping of each Target Market in order to develop the best positioning for each brand. This allowed us to offer a broader range of products across the segments and we achieved a wider position in comparison to the competition.

In terms of operations, we are now operating two different sites in different locations and they are now fully integrated to serve the customers more efficiently, with each site focusing on an identified product range.



Christophe Lejeune and team

## WHERE DO YOU SEE THE MOST SIGNIFICANT BENEFITS OF THE INTEGRATION FOR DAVCO EMPLOYEES?

Firstly, I must say that the integration was conducted very professionally and Davco employees were impressed with the quality of work and the spirit of collaboration they experienced during the process.

We can see an organization with an improved structure and well-defined roles. Policies are better defined, which provides improved guidelines and clarity to everybody's activities.

Sika has developed a number of great tools such as Sika-World, which gives access to global technical expertise and to a wealth of information. The best practice of each Target Market and technologies are shared across all functions. Training modules are available to cater to the needs of each employee.

## BOTH COMPANIES HAVE A SOLID REPUTATION IN THE PHILIPPINES. HOW DID THE MARKET REACT TO THE ACQUISITION?

So far, the market is responding very well as the product lines are complementary and we are now able to provide our customers with a full range of products that cater to all their needs and requirements, from the beginning of a project to completion.

Customers are excited to have access to a wider range of construction solutions through a one-stop shop. We can see customers placing orders across the combined product lines. In fact, they also see it as an opportunity to expand their business activities.

**5**  
COMPANIES ALREADY  
FULLY MERGED IN  
ASIA/PACIFIC



Sika and Parex teams from Argentina and Brazil worked together at the Revestir Expo, the major trade show in Brazil for architects and contractors

# ACHIEVEMENTS AND NEXT STEPS

While we are celebrating the one year closing of the Parex integration and reflecting on our achievements, we are continuing to pursue the realization of our expected synergies.

This past year has been very busy. In China for example, an impressive number of new points of sales and Shop-in-Shops have opened. All employees from both Parex and Sika have had to learn new markets, new products, and new processes, whilst at the same time building relationships with new co-workers, and sometimes relocating.

Of course, it has not always been an easy integration, and with more than 500 initiatives to implement there were challenges to overcome along the way. But with communication, open minds, and persistence, all employees were able to overcome these challenges and build the foundation for a successful collaboration.

We are now building the future growth of the Sika Group. There is still much work to be done, with companies to be legally merged, fifteen ERP systems and more than thirty

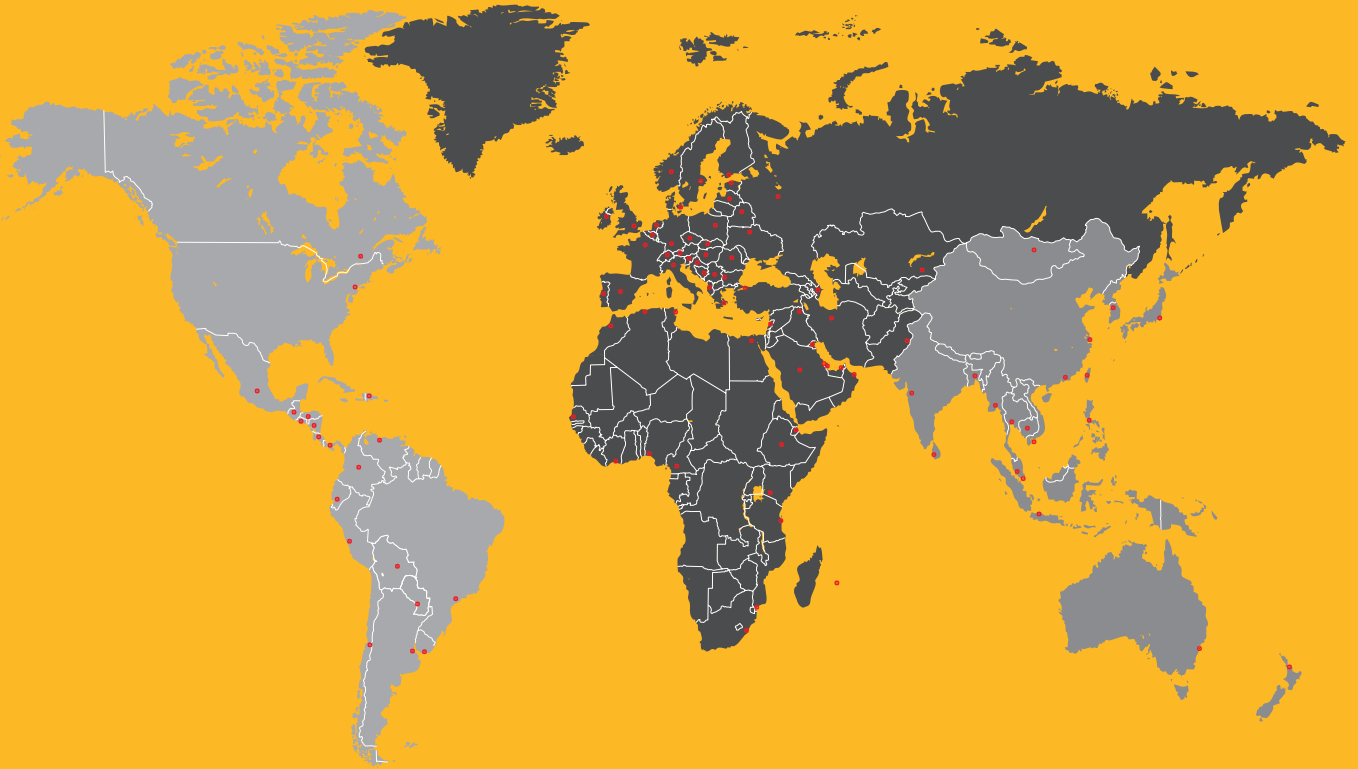
brands still to be integrated. The sales teams will leverage the cross-selling synergies, while the back office will strengthen operations, spend-better, buy-better, and focus on SG&A synergies.

We are confident that we will come through the challenge of the current health crisis as a stronger company by continuing our excellent collaboration.

**CHF 100 MILLION**  
SYNERGIES EXPECTED  
BY 2023



SUCCESSFUL INTEGRATION ONGOING  
IN ALL 23 COUNTRIES - MANY  
NEW OPPORTUNITIES HAVE BEEN  
IDENTIFIED TO GROW OUR BUSINESS.



ROLLOUT WINNING MODELS AND  
SUCCESS STORIES TO MORE SIKA  
COUNTRIES - TOGETHER WE ARE  
STRONGER!

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