

# CONTINUED SUCCESSFUL INTEGRATION

## ACQUISITION SUCCESS STORIES



### SYNERGIES

Global leader  
in Building  
Finishing

### INTEGRATION

4,500+ contractors  
trained online in  
Brazil

### MARKET PENETRATION

Access to 350+  
new customers  
in Romania

### CROSS-SELLING

20% growth of  
e-commerce in  
China

**BUILDING TRUST**



# KEY ACHIEVEMENTS SINCE 2015

**>CHF 2 BILLION**  
ADDITIONAL SALES  
WITH ACQUISITIONS

**26**  
COMPANIES  
ACQUIRED

**65+**  
BRANDS TO  
INTEGRATE

**8,000+**  
EMPLOYEES JOINING  
THE SIKA WORKFORCE

**100+**  
PLANTS INCREASING  
THE SIKA OPERATIONAL  
FOOTPRINT

**37**  
COUNTRIES INVOLVED  
IN ACQUISITIONS

**ALL**  
TARGET MARKETS INVOLVED  
IN ACQUISITIONS

**1**  
NEW TARGET MARKET  
CREATED

**3**  
ACQUISITIONS BEING  
INTEGRATED IN MORE THAN 6  
COUNTRIES

Les Studios de danse de Biarritz, ZAC Kleber (64), Biarritz - France.  
Photo: Samazuzu Architectes



## DEAR FRIENDS

Growing by acquisitions is one of the pillars of Sika's Growth Strategy 2023. Over the past five years, Sika has acquired 26 companies of varying sizes that were active in different countries and markets. Thanks to added expertise and a wider footprint, we have been able to greatly benefit from these acquisitions, with added sales of more than CHF 2 billion in the last five years alone.

Essential for the success of an acquisition is the correct integration and requires everyone's dedication. The completed and ongoing integrations have made it clear that the commitment of the teams along with a systematic approach, follow-ups, and clear synergy targets are key success factors. This newsletter highlights inspiring integration stories from Parex and other successful acquisitions around the world and are just some examples of the great work.

Seeing all the success stories across the world has been very inspiring. I would like to thank the countries for their excellent work. Let's continue on this path and be ready for all future acquisitions!

PAUL SCHULER  
CEO

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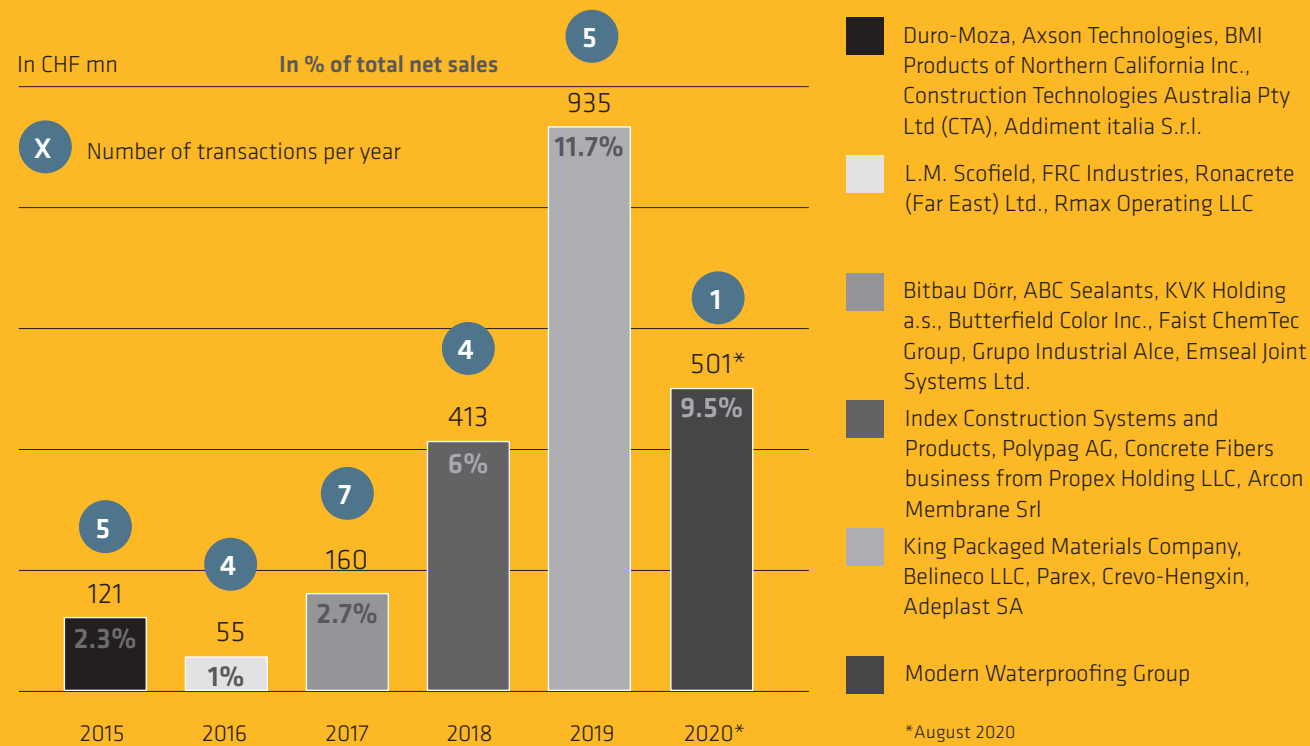
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« Acquisitions are a key element of our growth strategy and, in the highly fragmented market that we are in, allows us to be a key player in the ongoing consolidation process. In the last few years we have had the chance to acquire great companies. Looking back, we find that two elements have made these acquisitions successful. Firstly, learn from their successes (products, technologies, route-to-market etc.) and apply them to other Sika products and businesses. Secondly, we have to ensure that we integrate these companies, otherwise the complexity will be unmanageable as we continue on our acquisition path. This is especially relevant for the management of our Sika brand going forward. »

PHILIPPE JOST  
Head Construction

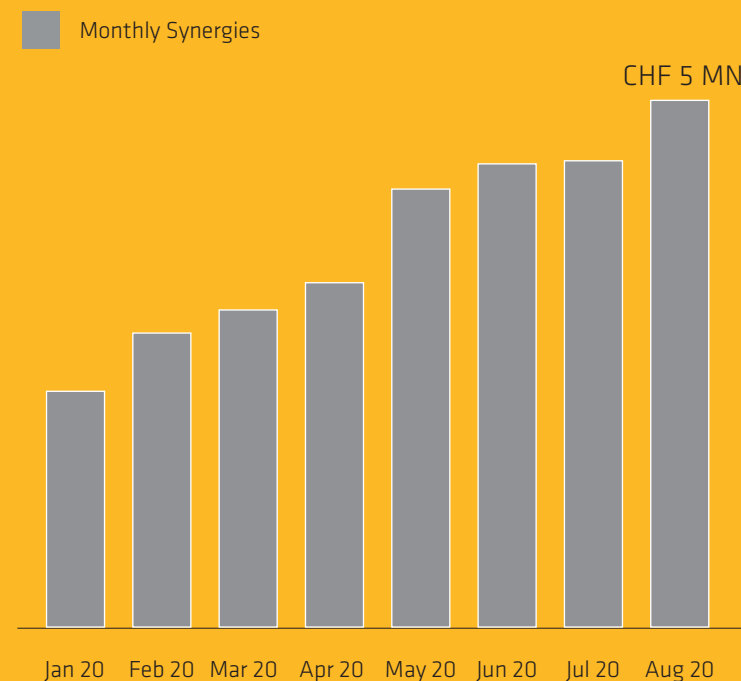
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# ACQUISITION IMPACT PER YEAR: 2015-2020



- Duro-Moza, Axson Technologies, BMI Products of Northern California Inc., Construction Technologies Australia Pty Ltd (CTA), Addiment italia S.r.l.
- L.M. Scofield, FRC Industries, Ronacrete (Far East) Ltd., Rmax Operating LLC
- Bitbau Dörr, ABC Sealants, KVK Holding a.s., Butterfield Color Inc., Faist ChemTec Group, Grupo Industrial Alce, Emseal Joint Systems Ltd.
- Index Construction Systems and Products, Polypag AG, Concrete Fibers business from Propex Holding LLC, Arcon Membrane Srl
- King Packaged Materials Company, Belineco LLC, Parex, Crevo-Hengxin, Adeplast SA
- Modern Waterproofing Group

# MONTHLY RUN-RATE SYNERGIES HAVE REACHED CLOSE TO CHF 5 MILLION IN AUGUST



- CROSS-SELLING** synergies increased profitability of Sika product sold to Parex sales channels or vice-versa
- OPERATIONS** synergies ramping up as a result of production footprint alignment
- SG&A** synergies have been accelerated as COVID-19 has shifted the short-term focus to internal savings
- OPTIMIZATION OF FORMULATIONS** is leading to savings, as know-how exchange between the R&D teams has led to optimized formulations
- PROCUREMENT** synergies through bundling and harmonization of purchasing volumes have been fully implemented

# INTEGRATION SUCCESS FACTORS

## QUENTON ROEHRICHT SENIOR PRODUCT MANAGER FACADES:

"Sika's 2019 acquisition of Parex did not just bring together two great companies, it also provided each business' customer base with access to market innovations and value for years to come. Parex will benefit from Sika's extensive R&D resources, channel relationships, and adjacent product offerings to deliver new products and new opportunities to their customers. **Sika in turn now has access to new products and the ability to integrate their existing products into markets they formally did not participate in.** As a member of the Building Finishing Marketing team, I am excited to continue to work with all members of each organization to grow the Building Finishing business and the Sika business overall."



## ELISE BLOMMERS RETAIL ACCOUNT MANAGER - KING:

"Sika's acquisition of King Packaged Materials Company has been a whirlwind of positive changes. When I first heard about the acquisition, I thought about the abundance of possibilities ahead. **The various divisions, career opportunities and ability to develop within the organization is exciting to say the**

**least.** Within the Retail Construction team, the level of energy and enthusiasm to grow and strive for excellence is very motivating. Sika has been extremely welcoming from day one and I look forward to getting to know more of the Sika family in the near future!"



## LAURENTIU STEFANESCU GENERAL MANAGER SIKA ROMANIA:

"Although I have known Adeplast for more than 14 years, I was pleased to find well-trained personnel that are disciplined, open, and receptive to the new structure. This made a fast implementation of the integration strategies and synergies, under the guidance of the IMO team, possible.

The novelty of the situation has been clear since the virtual signing of the acquisition contracts. **The unique Sika Spirit was quickly picked up and in a short amount of time the Romanian company's DNA merged with the DNA of Sika.** I would like to thank all the colleagues involved in this transformation process, who, through their professionalism and also their previous integration experience, have achieved these fast results."

## PHILIPPE STOLL HEAD OF BUILDING SYSTEMS - SIKA MALAYSIA:

"In Malaysia, key benefits of the Parex acquisition have been the **access to a wider customer base, more points of sales and a higher project penetration - making us the clear market leader in Building Finishing materials.**

Streamlining our product range in tile adhesives and bonding agents, a clear brand positioning, a reduction in product complexity in order to offer the best solutions to our customers, has been our key focus for the past months. And, most importantly, we aligned our business models for both direct as well as the indirect sales in order to best serve our customers. We are ready to grow together!"





Sika Spain – Strengthened position in Building Finishing with a comprehensive system solution offering.

# E-COMMERCE PROMOTES CROSS-SELLING SOLUTIONS BY SIKA AND PAREX

With the integration of Parex in Spain, Sika can now offer a comprehensive set of solutions in the building envelope business and realize cross-selling synergies. The full range of Parex and Sika solutions have been integrated into the e-shop, facilitating easy and fast accessibility for customers.

The integration of Parex, being a leader in Building Finishing solutions, has been a big opportunity for Sika Spain to increase brand recognition in the facade and interior finishing segments. With the expertise and premium positioning of Parex' solutions, Sika has the opportunity to transform into a known global provider in this building segment.

The integration of both companies has made the offering of a full and comprehensive set of solutions for the building envelope possible, combining the product range of the different target markets and focusing on the facade solution specialist contractors through a fully dedicated sales organization.

The opportunity of pairing Sika's strength in the distribution channel with the full range and expertise of Parex has been clear from the beginning, especially in tile setting and facade mortars. Despite adverse market conditions, cross-selling opportunities were realized with more than 300 customers and the aim is to continue to increase this figure. One of the most important initiatives to promote Parex products among Sika customers is the B2B e-shop platform, where Sika is currently managing more than 50% of the total orders. By providing Sika customers with a combined product offering and realizing cross-selling synergies, it has developed into an increasingly important tool.

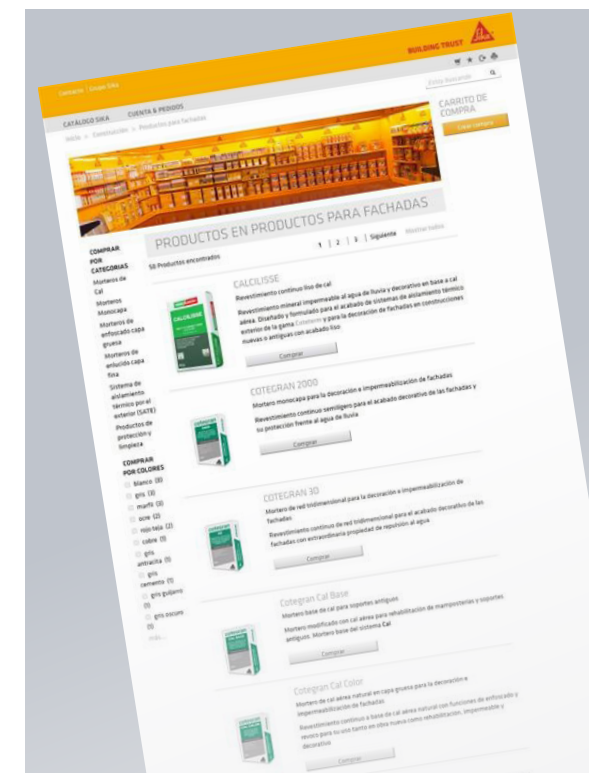
### KEY ADVANTAGES INCLUDE:

- Great improvement of customer's shopping experience
- Responsive design for different screen sizes, currencies, and languages
- Customer access by product catalogue and product range availability
- Sales order tracking functionality linked with freight forwarders

A dedicated marketing team was working on uploading and integrating the complete Parex product portfolio to the new website as well as to the e-shop platform. This enabled all customers to have easy access to the full range of products.

E-commerce is increasingly crucial as it enables customer interactions, the promotion of solutions, and the handling of operations. The legal integration of Parex in July 2020 and full integration into Sika's SAP environment has opened the door for the full alignment of supply chain, pricing, and order processing. This has been key for a successful implementation of the e-shop that offers both Parex and Sika solutions.

Thanks to the excellent work of the team, it only took a few months for Sika's e-shop to offer a complete product portfolio to customers.



New e-shop platform with combined Sika and Parex product offering.

**50%**  
OF TOTAL ORDERS VIA  
E-SHOP

CROSS-SELLING  
REALIZED WITH  
**300+ CUSTOMERS**



ARCHITECTES: Didier REPLIN & Albert CONSTANTIN  
Photo: © Thierry FAVATIER

# SIKA'S INCREASING PRESENCE IN BUILDING FINISHING

Thanks to a number of acquisitions, Sika is now one of the biggest global players in Building Finishing. In the coming years the company will profit from this unique position and will continue to gain market share.

With the acquisition of Parex as well as other companies such as Adeplast in Romania and King in Canada, Sika has turned into a true specialist player in Building Finishing. The company is now active in ceramic tiles and natural stones installation, facade systems, and interior walls. "Sika is now a leader in the market and is uniquely positioned to not only

offer single products but full system solutions", says Eric Lempereur, Head Corporate Target Market Building Finishing.

### MASTERING THE FINISHING

In facades especially, Sika is continuing to consolidate its profile and is currently offering a full set of solutions for wall



TILE ADHESIVES AND GROUTS, UNDER TILE WATERPROOFING AND SOUND INSULATION



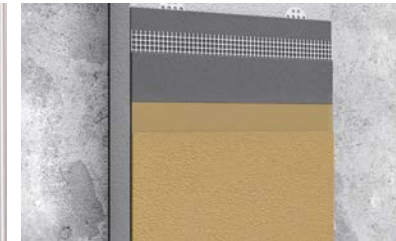
INTERIOR WALL LEVELING & FINISHING



FACADE CLEAN AND PROTECT



EXTERIOR WALL LEVELING AND DECORATIVE FINISHING



RENOVATION & MASONRY MORTAR



FACADE INSULATION (ETICS / EIFS)

preparation, decorative finishing, insulation systems like ETICS/EIFS or thermal insulation renders, as well as renovation of traditional constructions and cleaning and protection. This range includes a wide selection of mineral and organic facade finishes in a growing number of countries, providing architects and home builders with one of the largest choices in both colors and textures. Thanks to its wide portfolio of technologies and combining products from its various Target Markets, Sika is uniquely positioned to offer not only single products, but full systems for the building envelope, including facade finishes.

### GREEN DEAL

Led by sustainability requirements facade insulation has a tremendous growth potential, especially when considering the average energy loss through facades is estimated to be 33% of the total loss of a building. In Europe that is already driven by renovation, for example, new sustainability initiatives like the new European Green Deal as well as Renovate Europe, with the ambition of reducing the energy demand of the EU building stock by 80% by 2050, will fuel the expansion of facade insulation systems.

### FACADE INSULATION SYSTEMS

Sika has developed facade insulation systems in many countries throughout Europe, North and South America as well as the Middle East. From innovative sustainable bio-sourced insulation renders to classical ETICS/EIFS solutions where a composite system made of insulation material and mortars create a more sustainable construction. All these solutions have one thing in common, creating a protective skin around the building, saving heavily on heating and cooling in terms of both energy costs and the CO<sub>2</sub> footprint.

As part of its sustainability strategy, Sika has already introduced bio-sourced products such as the hemp-based mortar Parnatur® for facade insulation and is working on the reduction of the CO<sub>2</sub> footprint of its mortars through new binder systems. The large amount of insulation systems which are being installed annually worldwide using Sika ETICS/EIFS solutions contribute to the reduction of a building's overall CO<sub>2</sub> emissions.



Architectes: Kengo Kuma & Associates  
Photo: © Thierry Favatier



Davco's 2019 "Double 11" shopping festival on November 11 – for the first time together with Sika.

# LEVERAGING THE STRONG E-COMMERCE PLATFORM IN CHINA

Davco has been active in the e-commerce business since 2014 and growing successfully ever since. With the Chinese e-commerce market expected to surpass the US in size this year, Davco is set for another strong year.

Since the acquisition of Parex, a strong cross-selling set-up was put in place in China, with generated sales of Sika products in over 3,200 exclusive Davco shops and in over 36,000 Davco points of sale. An additional key channel with large opportunities is Davco China's e-commerce platform.

In 2014, Davco China started with its first e-shop on Alibaba's Tmall platform. In the beginning, Davco operated an online-to-offline (O2O) model, linking online orders to the Davco exclusive shops. Later it added a B2C model for smaller items like epoxy tile grout which are directly delivered from the



Top selling product Epoxy Tile Grout in cartridge.

**20%**  
GROWTH OF  
E-COMMERCE  
IN CHINA



**ALEX ZHENG,**  
STRATEGY & BUSINESS  
DEVELOPMENT DIRECTOR,  
SIKA BUILDING FINISHING  
MATERIALS, CHINA

"Just like the name of the company – Home of Heart (HOH) – it's all about the dream and determination. Since the first day of our e-commerce business in China, we were building a retail fortress directly reaching millions of users. Thanks to the integration, Sika can strongly profit from this in-house expertise in e-commerce, using this channel to cross-sell a broad range of products to our customers."

factory to the customer. Right from the start, Davco set up an independent entity and in-house team to operate the e-commerce and invested in traffic to quickly transform into the leading brand in the categories WP mortar – tile adhesive – tile grouts. With its own Home of Heart (HOH) entity in place, Sika still strongly benefits from this platform advantage, further concentrating its e-commerce expertise. As one of the post-acquisition synergy initiatives in China, the management of the Sika brand flagship store was transferred to HOH, saving third party operating fees and leveraging the expertise. While most competitors rely on third parties like Tmall partners to operate their e-shop, Sika China has it all in-house.

This year, the Chinese e-commerce market is expected to surpass the US in size. Due to the fast growth in internet and mobile users, widely spread mobile payment, and extremely fast logistics, the market is booming. The pandemic further accelerated this growth and in the first seven months of 2020 the Chinese e-commerce market grew by 15.7%<sup>1</sup>.

In the first seven months of 2020, Sika's total sales in e-commerce in China grew by more than 20%. For the full year 2020 a growth of over 30% is expected, along with fast

growing sales of Sealing & Bonding products under the Sika brand.

While Chinese Shopping Festivals that take place on specific dates throughout the year are huge events, a special form of interactive e-commerce has recently grown and gained in popularity: livestreaming. Since May 1, 2020, HOH introduced livestreaming by hosting daily sessions of several hours with over 1,500 viewers per session.

The most important of all Chinese Shopping Festivals, "Double 11", will take place on November 11. Last year, the combined gross merchandise volume (GMV) of Double 11 related promotions on the two largest Chinese online platforms Alibaba and JD.com was no less than USD 67.6 billion, an increase of over 25% compared to 2018. Last year, HOH realized 30,000 online orders in one day which represents a 139% increase in sales compared to the previous year. The HOH team that is responsible for the Davco and Sika brand flagship stores on Tmall and JD is well prepared and excited for this year's countdown.

<sup>1</sup> Online retail sales of physical goods, CNY 5.1 bn, source: China National Bureau of Statistics: [http://www.stats.gov.cn/tjsj/zxfb/202008/t20200814\\_1783053.html](http://www.stats.gov.cn/tjsj/zxfb/202008/t20200814_1783053.html)



A Brazilian customer and a Sika sales representative working together.

# EFFICIENT AND SUCCESSFUL INTEGRATION THROUGH COVID-19

When COVID-19 hit Brazil, the Sika-Parex integration process had already started and the retail teams were already developing common actions to benefit from the acquisition. With the brands Portokoll, Ligamax, and Sika, the country is well positioned to becoming the brand leader in their respective markets.

In times of COVID-19 the “one company” spirit has been stronger than ever and the teams feel they are going through this together. The management of Brazil organized more than 175 virtual meetings in order to keep the teams motivated and to continue building the “one company” spirit.



A Sika sales representative promoting Portokoll products, a former Parex brand.

**4,500+**  
CONTRACTORS TRAINED  
**40,000+**  
VIEWS OF ONLINE TRAININGS

Keeping the teams close together allowed Sika Brazil to develop online training to remain close to their customers. More than 4,500 contractors were trained on the different brands and there have been more than 40,000 views of these online trainings on YouTube so far.

Marketing also supported the integration and the synergies process by creating common social media campaigns, new

**175+**  
VIRTUAL MEETINGS ORGANIZED BY SIKA BRAZIL



A Brazilian customer buying both Sika and Portokoll products.

e-books for customers, and working on extended training modules for the different brands.

The ultimate goal continues to be that the customers recognize that the Brazilian brands are now all part of Sika and to bring the teams together. This will allow Sika to emerge from the COVID-19 crisis even stronger.



Cross-selling meeting in the South West of France with Sika and Parexlanko management teams.

# SIKA FRANCE AND PAREXLANKO: TWO STRONG COMPANIES JOINING FORCES

Parexlanko and Sika France have been realizing synergies in various ways, proving that their combination is a strong force in the market.

Sika and Parexlanko are two similar companies in terms of size in France with more than 600 employees each and 12 plants together in total that both enjoy a strong brand recognition. It was clear from the beginning that the main focus

would be on identifying the common strengths in culture, product portfolio, distribution networks, and of course, expertise.

Therefore, a committee was created to help identify, manage, and monitor the synergies. Once a month, teams from Sales, Marketing, R&D and Operations meet to follow-up on the plan, measure the accomplishments, and celebrate the successes. And eighteen months later, there are many.

The company is now under one management and Pascal Malafosse, General Manager of Sika France and Parexlanko, praises, "the great collaboration between the two entities. Thanks to the team spirit and the willingness to be stronger together, we are building a strong Sika entity with the Sika and Parexlanko brands".

In addition, the optimization of the operational footprint has been initiated by choosing the most efficient Sika or Parexlanko location for production. Customers who could benefit from the two brands were contacted, and business successes are ongoing. A good example is the "Le Moustoir" jobsite. Thanks to complementary solutions from Parexlanko and Sika, the companies were able to provide a full system proposal, which was chosen by the architect. This would not have been possible without the combined effort of the sales teams. Both sales teams identified more than 500 distributors who could benefit from the Sika/Parex cross-selling solutions, representing 20% of the French expected synergies, and they are on track to achieving them.

Procurement and operations from both teams also worked closely together to identify products that could now be produced locally thanks to the Parexlanko plants, rather than being sourced in other Sika countries or outside. A study was also performed to define the best production location for the different product range, with expected savings of close to EUR 500,000.

When asked what the main challenges in such an integra-



**STEPHANE LE FAY,**  
**MARKETING DIRECTOR**  
**- TECHNICAL MORTARS**

"From a marketing point of view, we have the opportunity in France to merge two big historical companies with strong positions in different market segments with high notoriety brands. The integration will allow us to touch a large panel of market segments and all the customer segments, choosing the best brand to meet the needs of each market segment and customer segment. As we have a huge number of solutions in France but also in other countries, we can easily pick solutions in the Sika and Parexlanko product portfolio to offer the perfect solution for each customer. Our challenge now is to train the teams and create the "one spirit" mindset. I'm really confident that we will be successful thanks to the good exchange of information and expertise between the teams one year after the acquisition."

tion are, Stephane Le Fay, Director of Marketing of Parexlanko, answers, "the main challenge we have been facing is the difficulty of staying focused. With all the opportunities we identified, it's easy to dilute our forces. To be successful you must prioritize and have smart goals. Thankfully, both teams are experienced, knowledgeable, and driven by results. Sika and Parexlanko is the perfect combination to overcome the challenges we face in the market!"

With 88 years of Sika in France, and more than 40 for Parexlanko, the two companies have strong roots in the market, and are joining their forces to build a long and sustainable future together.



Le Moustoir jobsite in France.





Sika and Davco teams in Australia at "Day 1" celebrations.

# DEDICATION AND PASSION FOR A SUCCESSFUL INTEGRATION OF DAVCO

Adam Sharp, General Manager of Sika Australia, shares his thoughts on the integration of Davco.

Sika Australia entered the Building Finishing market in 2015 through the acquisition of CTA with its well-known brand. The acquisition of Parex, more prominently known as Davco in Australia, provided a far broader range of products, positioned from top-range down to the mid-range. The profes-

sionalism, reputation, and extensive industry experience of the staff proved critical in complimenting the product range and cementing Sika at the top of tiling industry in terms of market share.

**5%**  
REDUCTION OF CO<sub>2</sub>  
OUTPUT PER TON OF  
PRODUCED MORTAR

**10%**  
REDUCTION OF  
PRODUCTION COSTS



Adam Sharp, General Manager of Sika Australia (left) and Andrew Nunn, former Managing Director of Davco Australia, during "Day 1" celebrations.

Through the integration, we were able to achieve significant synergies on various dimensions such as cross-selling (offering a broader product range to either Davco or Sika customers), profiting from the expertise in the field of product performance formulation, market knowledge to better serve our customers and last but not least, leveraging on each other's factory footprint and thus improving overall operational efficiency.

As with all acquisitions there were many challenges, some of the most notable were the merging of IT systems, negotiating Single Enterprise Bargaining Agreement, and time for trialing products in different plants. However, the most significant was working on the mindset of all staff as a fear of loss of employment during acquisitions is not unusual. Therefore, we had to map out how we were planning on reassuring employees that Sika purchased Davco to enable further growth which requires resources including people.

Initially, there were some growing pains with a few customers, for example, people become accustomed to dealing with particular people in particular ways. We found the best way to deal with these challenges was to create social environments for the customers and customer service teams to meet face to face and get to know each other, such as a lunch or morning tea.

Integrations of this magnitude would be impossible without the dedication and passion of all people involved. The success of any integration revolves around defining a clear plan and implementing that plan as quickly as possible and to not delay the integration of teams! I personally thank everyone for their effort and understanding. The Davco acquisition has been a major success for Sika Australia and we look forward to even greater success in the coming years.

# GROWING MARKET PRESENCE IN THE CZECH REPUBLIC

With the acquisition of KVK Holdings, Sika has been able to grow its market presence in the Czech Republic and has the potential to become the market leader in bituminous waterproofing in the country.



KVK plant in Czech Republic.

KVK Holdings ("KVK") was an independent Czech Republic based manufacturer of dry mortars, bituminous products and polystyrene thermal insulation products. The Group generated net sales of about CHF 42 million in 2016.

KVK is the market leader in bituminous membranes in the Czech Republic and has a strong position in both the waterproofing market segment and in the roofing market. Additionally, KVK also had some market share in the volume mortar market where Sika was previously not present.

By acquiring and integrating the KVK company in 2017, Sika gained access to a complementary product portfolio as well as an extended geographical footprint in the Czech Republic. This allowed Sika to significantly increase its product offering and improve the market share across four Target Markets. Thanks to the combined business, Sika is expected to become the clear market leader in bituminous waterproofing in the Czech Republic, and the strong number two in the roofing market. In addition, Sika Czech will improve its presence with all major builders' merchants. Andrej Sisolak, General Manager Sika Czech, points out, "we were able to massive-

ly increase the market share in distribution and now have a unique portfolio to serve our customers!"

After the closing of the KVK acquisition, one of the first tasks was to understand the company structure, the operations, and any other business-related topics. The local teams immediately started to visit common customers to ensure business continuity which is crucial for a successful integration.

After completing the first analysis, a business continuity plan for the business integration was put in place, together with selected priorities for the next five years.

For the first year the approach was to run the business "as usual". Additionally, the focus was put on the integration of the dry mortar activities where the largest potential for cross-selling was identified. An integral part of the plan was to improve the operational efficiency: focusing on customers and sales helped to retain all key customers.

In 2019, the KVK mortars sales team was integrated into the Sika team. Thanks to the positive attitude of all team members, Sika was able to increase the market share in the dis-

tribution channel and cross-selling activities. Sika now has a unique portfolio of construction materials in the Czech market, with a broad offering that is attractive to distributors, craftsmen, investors, and large construction companies.

During the ongoing year, the focus has been on improving the efficiency of all production facilities. The key task has been to utilize the capacity of the mortar factories. At the same time KVK product portfolios are being integrated into the Sika brand in order to profit and build up Sika as a strong brand with full system solutions.

**+6**  
ADDITIONAL  
PRODUCTION  
FACILITIES



Selection of newly launched Sika products, profiting from KVK expertise and production footprint.



Co-branding opportunity for Adeplast and Sika.

# FAST AND SUCCESSFUL INTEGRATION IN ROMANIA

The recent acquisition of Adeplast in Romania is a success. Both Adeplast and Sika have been able to profit from the added expertise.

With the closing of Adeplast in Romania on March 31, 2020, Sika acquired the market leader in thermal insulation and in construction mortars. To better understand the market and their customers, and to start the execution of the synergy plans, many meetings, workshops, discussions and decisions have taken place.

Thanks to an additional 350 customers in addition to 400 that the companies already had in common, the acquisition

of Adeplast has increased Sika's market penetration. Sika Romania will use this new market access to introduce Sika solutions in building finishing, waterproofing, and sealing and bonding. The Adeplast brand also allows Sika to access a new audience. Sika is currently perceived as very technical, whilst Adeplast is seen as a "end-user" brand. Thanks to dual branded marketing displays, the Sika brand is already visible in more than 160 extra locations.

In addition, Sika Romania has been able to improve its supply chain by shifting first productions of Sika products to the four already existing state of the art Adeplast factories.

To achieve this fast and successful integration, the commitment of the teams has been critical, and Sika Romania is making sure Adeplast employees feel welcome and involved in the integration process. A clear path must also be identified, with common goals and targets and an open discussion, to ensure the cultures of the two companies and the different business models, if any, are understood. There is also a need to keep an open communication with all customers and answer their questions.

With all the "to do's" being successfully managed, the future of Adeplast within Sika is set to be bright.



**DANIEL STANDESCU,**  
FORMER CEO OF  
**ADEPLAST**

"Initially, we faced additional challenges during the integration process due to numerous uncertainties of the socio-economic conditions and the obstacles in the direct communication brought on by the pandemic. Thanks to the warmth with which we were welcomed, coupled with the involvement and professionalism of all colleagues in the Romanian integration team, we managed to overcome all barriers.

Today, we are ready to grow under the guidance of the General Manager Sika Romania who skillfully led us through this integration journey, a true success story."



Co-branded marketing tool for Adeplast.



First production of Sika products in Adeplast's factory.



Adeplast co-branded silos.



The state-of-the-art site in Rosendahl, Germany, with the new Customer Technology Center.

# SCHÖNOX – PROFITING FROM TOP CLASS PRODUCT & SYSTEM EXPERTISE

Ever since the acquisition of the Schönox brand in 2013, Sika has been able to profit from several innovative products that have been rolled out to the whole Sika organization.

In October 2013, Sika completed the acquisition of AkzoNobel's Building Adhesive business, a top-three player in its European markets (mainly Germany, France, the Netherlands, and the Nordics) with top quality brands such as Schönox, Cégécol, and Casco, in order to increase the product offering for interior finishing in flooring, sealing & bonding and refurbishment markets.

Sika has been able to profit from the expertise in the fields of cementitious flooring, tiling system solutions, including waterproofing and interior wall leveling and finishing, for global product rollout but also global product domestications. Examples are for instance the cementitious flooring and high-end tiling solutions with a focus on a full system approach.

In 2016, Sika opened a new Customer Technology Center at the Schönox location in Rosendahl, Germany. This new center of excellence highlights the drive for innovation and the importance of this acquisition in the area of research and development, technical service, and customer dialogue. New formulations and technologies are developed and rolled out within the Sika Group. It also serves as a center for international product and system trainings with its technical and application experts.

Many innovative products and technologies developed in Rosendahl were rolled out to the Sika organizations. For the tile setting segment an example is the "multiflow" technology. It allows the formulation of high performing tile adhesives that can be applied in four different consistencies, hence facilitating the application drastically while always remaining safe in terms of fulfilling European norms. Another example within the tiling system segment is a special solution for the application of sheet membranes below tiling in order to waterproof wet rooms or swimming pools – faster and more secure.

A break-through innovation in flooring is the first hybrid floor leveling compound for thick layers. This is the perfect symbiosis of gypsum and cement that combines the benefits of both binders, like rapid drying, and curing for faster floor covering installations – the quantum leap in flooring technology.



Development of innovative products and technologies in the new Customer Technology Center.



Tiling system solutions for the highest requirements.



Sika shelf at King customer points of sale.

# KING – THE DOOR TO NEW BUSINESS OPPORTUNITIES

Through the acquisition of King, Sika has gained access to untapped markets, paving the way for new business opportunities.

Back in March 2019, Sika agreed to acquire KPM Industries (Canada) Ltd. and King Shotcrete Equipment (USA), also known as King. This acquisition allowed Sika Canada to strengthen its position in the shotcrete tunneling and mining business, the retail business, and to gain access to the masonry market.

Since then, many actions were taken to benefit from both companies and with the integration of 150 King employees, Sika Canada now has almost 400 employees. Human resources advantages and processes are now implemented at King, reinforcing the “one company” spirit.

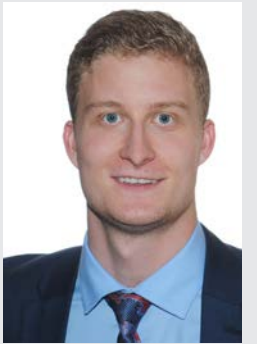
Sika has also transformed into one of the top two players in the Canadian retail market by leveraging cross-selling opportunities offered by both King and Sika. Thanks to this, Sikaflex® and Sika Boom® are now sold to King’s customers, and more is to come.

Masonry business with brick and mortar product lines is also a new market for Sika. Thanks to its integration into core Sika lines such as building envelope solutions, the “brick and mortar” products are now offered to existing Sika customers. Thanks to these combinations Sika offers the full range of solutions demanded by the customers.

Finally, this acquisition is a great opportunity to strengthen Sika’s supply chain. With 15,000 tons transferred from Sika’s locations to King’s locations, Sika has room to expand its business with new volumes and new technologies.

The King acquisition has been a success and has allowed Sika to transform into a stronger player in existing markets.

“Using Sika’s acquisition of King as a catalyst for change, Sika has leveraged King’s well developed distribution channel to redefine customers’ needs. The acquisition competitively positions Sika in Canada’s growing Residential Construction Industry separating themselves from industry competitors through a one-stop-shop approach. Now armed with an extensive line of residential construction-solution products, Sika can holistically target Home Owners and Contractors with volume products like Sakrete Concrete Mix and differentiated specialty products like Sika Post Fix.



**ALEX COWMAN,**  
**RETAIL ACCOUNT**  
**MANAGER – KING**

As a Sika Account Manager, I am excited about future sales growth presented by the acquisition, and enthusiastic about my future growth within the Sika family.”



Production of Sika products in King’s factory.

# ACHIEVEMENTS AND NEXT STEPS

With the closing of Parex, 38 brands were added to the Sika world, amongst them successful brands such as Davco, Re-vear, Klaukol, Parexlanko, and Seifert. The integration has started strongly and dual branding has already been introduced. All in all, more than 500 initiatives have been initiated and are being tracked. These initiatives ensure the full exploitation of the identified synergy potential of around CHF 100 million. The Parex integration has been both challenging and exciting, and the 23 countries involved in the process have shown that a systematic approach, follow-ups, and clear synergy targets have been key success factors of the integration, along with the commitment of the teams.

Over the last five years, Sika has acquired many additional companies. All of varying sizes, from different markets (roofing, building finishing, waterproofing, refurbishment), and different countries. All these acquisitions provide Sika with

new expertise, new talents, and a wider footprint.

The integration of the acquired companies is a critical part. The culture, mindset, and history may vary from one to the other. Thankfully, with the dedication and the commitment of the Sika teams, along with the willingness of the acquired companies, integrations are successful and the great stories about King, KVK, or Adeplast in this newsletter are just some examples of many.

The next steps are clear: it is important to reinforce the “one company” spirit, ensuring that everyone can relate to the Sika story and work towards its future growth. The full and fast integration of the brands is key and triggers efficiency and growth. A smooth translation of all these brands with a clear brand positioning in our markets is important to further expand Sika’s customer base.



Integrated team Sika Canada and former King Packaged Materials Company.

**37**  
COUNTRIES INVOLVED  
IN THE INTEGRATION  
OF ACQUISITIONS

**65+**  
BRANDS TO  
INTEGRATE

## ANGEL GONZALEZ LUCAS, HEAD OF EUROPE SOUTH

### WHAT ARE THE KEY SUCCESS FACTORS FOR A SUCCESSFUL INTEGRATION?

Integration is the most critical process of the success of an acquisition and there are many factors influencing it. For example, the definition of a clear roadmap to define key activities (today, on day 1 and on day 100) or the establishment of the integration team and its role. The definition of processes and its integration are also important but from my point of view, the leading factor for a successful integration is the human factor. We have to define the new organization, integrate processes and culture, understand the business model, and define and implement the brand integration strategy. The key priority is to identify talents, motivate and protect them, and communicate the vision to reduce uncertainties.

### WHAT OPPORTUNITIES DID THE INTEGRATION OF PAREX PRESENT FOR SIKA?

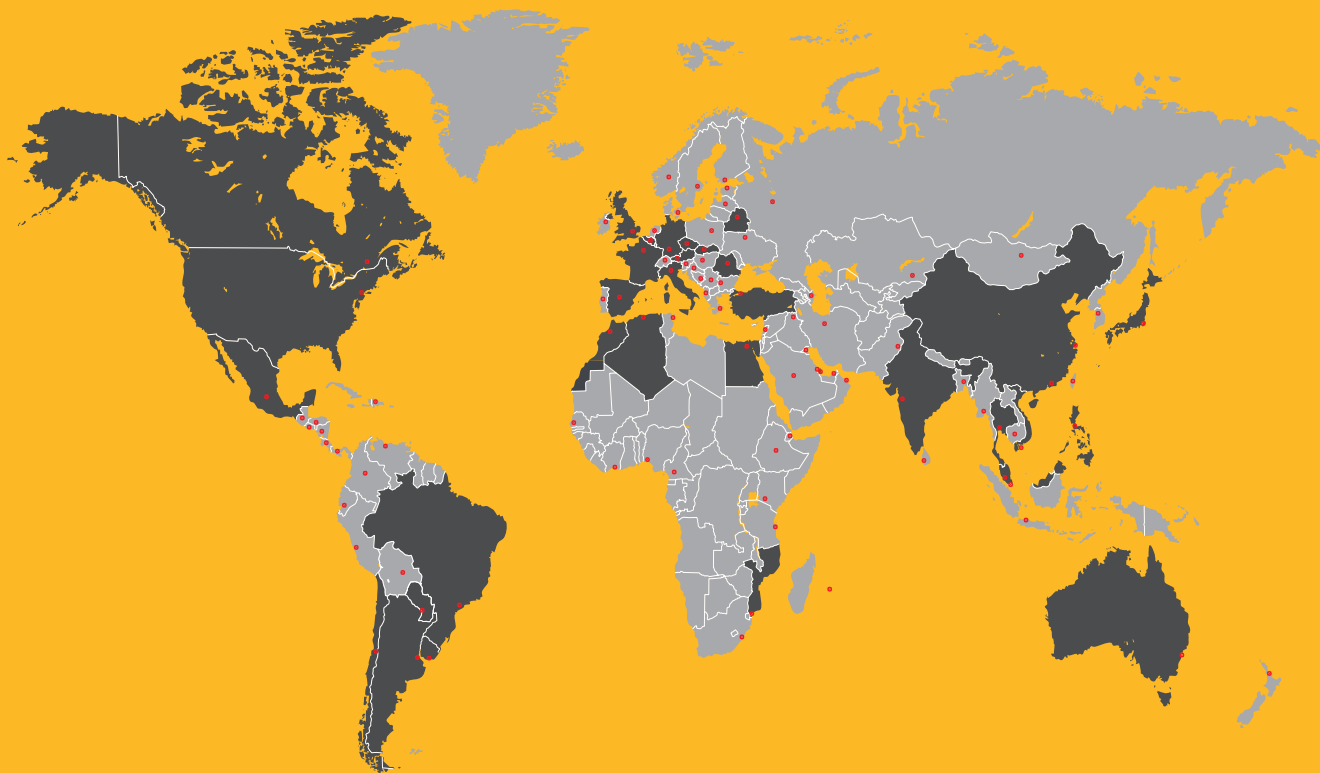
A very different process was used for the integration of Parex. In this special case, due to the magnitude of the acquired company, we have established a more sophisticated and smart process based on the support of external consultants in the first phase and the establishment of the IMO team to support and guide the



process. Now we have reached a higher level. We can approach an integration in a smarter manner, securing the value, focusing on key initiatives and processes of the company according to a clear timeline that requires a high level of discipline.

If I had to summarize, these are my final recommendations for a successful integration: measure value achievement more rigorously than feels necessary, go faster than feels comfortable, and communicate more than feels appropriate.

# MANY SUCCESSFUL INTEGRATIONS WORLDWIDE



Countries in dark gray involved in integration of acquisitions.

## REALIZING OPPORTUNITIES AND ROLLING OUT SUCCESS STORIES TO OTHER SIKA ACQUISITIONS

**Sika AG**  
Zugerstrasse 50  
6341 Baar  
Switzerland

**Contact**  
Phone +41 58 436 68 00  
Fax +41 58 436 68 50  
[www.sika.com](http://www.sika.com)

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