

Sika AG

Sika AG is a specialty chemicals company. The company specializes in the development and production of systems and products for bonding, sealing, damping, reinforcing, and protecting in the construction and automotive industries. Sika supplies customers world-wide.

Initial Situation

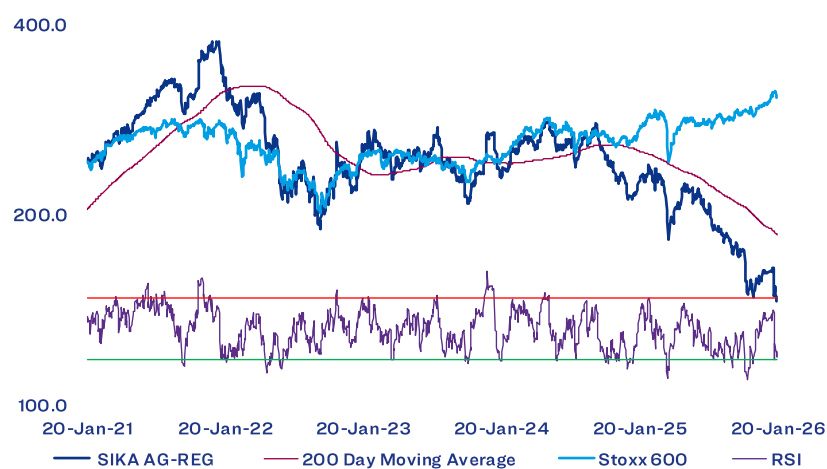
Founded in 1910, Sika is a leading global specialty chemicals company developing and producing systems and products for bonding, sealing, damping, reinforcing, and protecting in the construction and industrial manufacturing sectors (including the automotive industry). The company's eight target markets are: concrete, waterproofing, roofing, interior finishing, flooring, sealing and bonding, renovation, and industrial applications. Sika AG, headquartered in Baar, Switzerland, operates more than 400 production sites and is active in over 100 countries worldwide. The USA accounts for nearly 25% of the company's sales, followed by China with approximately 10%, Switzerland with nearly 5%, and other countries. The company's reportable segments are divided into three geographic regions: EMEA (approximately 45% of sales), the Americas (approximately 35%), and Asia Pacific (over 20%). Sika's sales have risen steadily over the past five fiscal years, from CHF 7.9 billion (2020) to CHF 11.8 billion (2024). The operating margin has also increased consistently, and the new "Fast Forward" growth strategy aims to reduce costs and accelerate growth.

Investment Suggestion

A weak final quarter resulted in a disappointing year 2025 for Sika. The strong Swiss franc, the shutdown in the US, and the weak performance of the Chinese market all weighed on results. The company therefore had to lower its sales and profit forecasts for the past year. After rapid growth – also supported by two major acquisitions – 2025 was a transitional year for Sika, and the share price decline of 30% was disappointing. As the company announced, sales shrank by 4.8% to CHF 11.20 billion. Excluding currency effects, Sika would have grown by 0.6%, with the weak US dollar being the primary factor. Acquisitions contributed approximately 1.0% to growth. Free cash flow will be used primarily for investments and debt repayment to regain financial flexibility in the future. Analysts do not see the medium-term targets as being at risk due to the structural internal adjustments. They expect a stable EBITDA margin of over 19%. Against the backdrop of a globally strengthening construction sector, low interest rates, and public infrastructure spending, they see a price target of CHF 193.22 representing an upside potential of +29.85%. We recommend buying Sika shares at the current level.

Sika AG

ISIN	CH0418792922
Sektor	Building Materials
Currency	CHF
Market Cap	CHF 23.7 Billion
12 Mt. Return	- 34.30%
Price	CHF 148.80
Price Target	CHF 193.22 (+ 29.85%)
Price/Book	3.87
Price/Earnings	19.37
Dividend Yield	1.21%
ESG-Rating	AA



Source: Bloomberg, Neue Bank AG

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