REGION LATIN AMERICA

JOSÉ LUIS VÁZQUEZ
REGIONAL MANAGER LATIN AMERICA

SIKA CAPITAL MARKETS DAY 2016
LATIN AMERICA – INCREASING URBANIZATION DRIVES GROWTH

9% OF THE WORLD’S TOTAL POPULATION LIVES IN LATIN AMERICA

633 million PEOPLE LIVE IN LATIN AMERICA

5 MEGA CITIES IN LATIN AMERICA INCREASING TO 10 BY 2025

82% OF PEOPLE LIVING IN URBAN AREAS BY 2025

GDP DEVELOPMENT OF MAIN ECONOMIES IN LATIN AMERICA

Source: IMF, REM-BCRA
COLOMBIA

STRONG INVESTMENTS IN INFRASTRUCTURE

- Population: 49 million
- Longest Distance: 3,000 km
- GDP growth: 2.5% (2016), 3.0% (2017)

- Solid economy with multiple opportunities, best country in Latin America for foreign investment (according to World Bank).
- Strong growth with government’s plan for investment in public infrastructure.
- Construction is booming, and ambitious public-private partnerships for roads and railways should see investment of up to USD 25 billion between 2018 and 2025.
ARGENTINA

PROMOTION OF LOCAL AND FOREIGN INVESTMENTS

- Population: 42 million
- Longest distance: 7,000 km
- GDP growth: -1.5% (2016) 3.2% (2017)
- New President Mr. Mauricio Macri (2015-2019) is leading an agenda to strengthen institutions along with market orientation and to promote local and foreign investments.
- A 5-year plan for transport infrastructure development and social housing is in place, while private investors go for medium/high category housing.
NET SALES LATIN AMERICA
CONTINUOUS STRONG GROWTH, FX EFFECT WEAKENS CHF NUMBERS

In CHF mn
Growth in percent in LC

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>507</td>
<td>+17.0%</td>
</tr>
<tr>
<td>12</td>
<td>586</td>
<td>+15.2%</td>
</tr>
<tr>
<td>13</td>
<td>623</td>
<td>+16.0%</td>
</tr>
<tr>
<td>14</td>
<td>638</td>
<td>+9.5%</td>
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<tr>
<td>15</td>
<td>600</td>
<td>+5.9%  (HY 2016)</td>
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<td>16FC</td>
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LATIN AMERICA ACCELERATED BUILD-UP OF PRESENCE

KEY INVESTMENTS SINCE 2012
- 11 new plants
- 2 new national subsidiaries
- 3 acquisitions

KEY FACTS
- NET SALES 2015: CHF 600 million
- NATIONAL SUBSIDIARIES: Total: 16
- EMPLOYEES END 2015: 2,437
- PLANTS: Total: 29

- TOTAL NUMBER OF FACTORIES
- NEW FACTORIES 2012-2016
LATIN AMERICA
KEY INITIATIVES & ACTIONS

- Supply chain investments in the whole region
- Mega city project starting in Mexico
- Focus on mining industry with local/regional organization
- Price Management is key in high-inflation countries and countries with depreciating currencies
- Strengthen distribution channels with extended product range for:
  - Interior finishing
  - Liquid applied membranes/acrylic based products
- New national subsidiary in Paraguay (acquisition)
MODULAR PLANT CONCEPT
BASIS FOR THE ACCELERATED BUILD-UP OF SUPPLY CHAIN

- Standardized way to construct plants:
  - predefined, standardized equipment
  - limited number of preselected suppliers
  - same design and technical solutions worldwide
  - plant can be sent to the site in containers
  - capacity of plant can easily be extended with minor additional investment

- Since 2012 the concept has been applied globally to the construction of new concrete admixture and mortar plants 51 new plants since 2012
Before the concept was implemented, engineers from Switzerland designed each plant individually, evaluating every aspect from scratch every time (type of equipment, suppliers, technical details, etc.)

- Cost of a new plant reduced to a third of what it used to be
- Construction time less than 12 months – compared to a duration of 2-3 years before
KEY INVESTMENTS
KEY INVESTMENTS
ACCELERATED BUILD-UP OF MANUFACTURING FOOTPRINT

New plants 2012-2015:

- 2\textsuperscript{nd} plant Chile (Antofagasta, 2012)
- 3\textsuperscript{rd} plant Brazil (Recife, 2012)
- 4\textsuperscript{th} plant Colombia (Barranquilla, May 2013)
- 5\textsuperscript{th} plant Brazil (Aparecida de Goiânia, January 2014)
- 6\textsuperscript{th} plant Brazil (Porto Alegre, August 2014)
- 4\textsuperscript{th} plant Mexico (Tijuana, October 2014)
- 1\textsuperscript{st} plant Paraguay (Asunción, May 2015)
- 2\textsuperscript{nd} plant Argentina (Cordoba, September 2015)
2nd plant in Ecuador
Production of mortars
Expansion of product portfolio in the fast-growing mortar segment

The increased production capacity will enable Sika to expand its market share and continue to tap into the potential offered by Ecuador's construction sector
New national subsidiaries since 2012:
2013
- Paraguay

2016
- Nicaragua
KEY INVESTMENTS
ACQUISITIONS AS GROWTH PLATFORM

Acquisitions since 2012:

2012
- Paraguay: Inatec (Concrete)

2013
- Mexico: JMTexsa, S.A. de C.V. (Roofing, Waterproofing)

2014
- Brazil: LWART Quimica Ltda (Waterproofing, Roofing)
KEY PROJECTS
KEY PROJECTS

DOUBLE WAY BOGOTA-VILLAVICENCIO, COLOMBIA

Project Description
This main highway connects Bogotá with the oriental area of the country. It is 33.8 km long and includes 18 new tunnels and 42 bridges.

Sika Products
More than 8,800 tons of concrete admixtures since the beginning of the project in 2011 until first half-year 2016
- Concrete admixtures like Sigunit-L54 AF MO, Sigunit -L23, Plastiment SCO, Sikplast HL, SikaFume, and also Separol, Antisol blanco
- Mortars
- Sealants
KEY PROJECTS
NOVENA BRIDGE, BUCARAMANGA, COLOMBIA

Project Description
The bridge is 550 meters long and 73 meters high. It was built to decongest the center of the city.

Sika Products
Concrete admixtures, epoxy adhesives:
SikaPlast® RM-100,
Plastiment® Ad-30
Separol®, Antisol®
Sikadur®-32 Primer
Sikadur® Anchor Fix
KEY PROJECTS
SARMIENTO RAILWAY TUNNEL, BUENOS AIRES, ARGENTINA

Project Description
The Sarmiento railway line in Buenos Aires is part of a governmental program for the modernization of the urban rail system. It is a project with a 4-year execution period and 3 stages starting in 2016. The 1st stage is a 22.4 km underground tunnel.

Sika Products (1st Stage)
5,500 tons of concrete admixtures
4,000 meters water bars
290,000 m² waterproofing membranes
Project Description

The construction of a new terminal building is to be carried out over the next years. It will double the airport’s capacity. It is a project with a 45-month execution period, starting Q2 2016.

Sika Products

140,000 m² roofing
Concrete admixtures
Joint sealants
Project Description
Mixed-development project (commercial boulevard and offices) 320 meters high, including a total construction area of 700,000 m². It opened in 2015.

Sika Products
Concrete admixtures for 400,000 m³ concrete - Sika® ViscoCrete®, Sikament® and Plastiment®
Waterproofing and Roofing of 50,000 m² area with Sika® TopSeal® -107 and Sikaplan®
120 tons of mortars
Sealing & Bonding
KEY PROJECTS
SUBWAY – LINE 4, RIO DE JANEIRO, BRAZIL

Project Description
The new Line 4 of the Rio de Janeiro metro will link Ipanema to Barra de Tijuca in the west area. Project with 16 km of extension and a 4-year execution period.

Sika Products
980 tons of concrete admixtures Sikament®, Sika® ViscoFlow® and Sika® ViscoCrete®
780 tons of TBM admixtures SikaFoam® and SikaDrill®
13 tons of Sika Injection
3 km SikaFuko® Eco as backup system for joints
133 tons of various mortar products
Project Description
The five star hotel and conference center has 30 floors and is 119 meters high. The building rises from a 7,500 m² lot and has more than 75,000 m² constructed area.

Sika Products
High-performance structural silicone adhesive Sikasil® SG-500
Weatherproofing sealant Sikasil® WS-305 CN
Self-adhering open-cell polyurethane foam spacer Sika Spacer Tape HD
Frame system: 12,000 m² of glass and 2,300 panels bonded with structural silicone SG-500, weather seal Sikasil® WS-305 and Sika Spacer Tape HD.
KEY PROJECTS
LINE 2 METRO, LIMA, PERU

Project Description
A metropolitan railway connecting the south with the east of Lima. It is a project with a 6-year execution period, starting in 2015.

Sika Products
1,750 tons of concrete admixtures and additives until first half-year 2016
Sika® Sigunit® L-60 AF Plus
SikaFiber® CHO 65/35
KEY PROJECTS
METRO DE QUITO, ECUADOR

Project Description
An underground rail mass transit system including TBM excavation of a 22,100 m long tunnel with 13 new stations connecting the South with the North of the city. Project with a 3-year execution period started in July 2016.

Sika Products
233 tons of concrete admixtures and additives in 1 month
Sikament®
Sika® ViscoFlow®
Sika® Fiber
THANK YOU FOR YOUR ATTENTION
SIKA MEXICO

GUSTAVO CUELLAR
GENERAL MANAGER MEXICO

SIKA CAPITAL MARKETS DAY 2016
MEXICO

STRONG INVESTMENTS IN INDUSTRIAL CONSTRUCTION

- Population: 120 million (10th largest population)
- Longest distance: 4,000 km (from Tijuana to Cancun)
- GDP growth: 2.5% (2016) and 2.6% (2017)
  15th largest economy
- Strong development of private investment, especially manufacturing industry
- 4.5 billion US dollars to be invested in new Mexico City airport project in next 4 years
SIKA MEXICO
NATIONWIDE FOOTPRINT

KEY INVESTMENTS SINCE 2012

2 new plants
1 acquisition

KEY FACTS
ANNUAL AVERAGE SALES GROWTH SINCE 2012
+19%
EMPLOYEES END 2015
335
PLANTS
Total: 5

FACTORIES
NEW FACTORIES 2012-2016
SALES & DISTRIBUTION CENTERS
HEADQUARTER
KEY INVESTMENTS
# MEXICO INVESTMENTS TO LEVERAGE GROWTH

## KEY INVESTMENTS – PLANTS AND TECHNOLOGIES

<table>
<thead>
<tr>
<th>Technology</th>
<th>Investment</th>
<th>Year</th>
</tr>
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<tbody>
<tr>
<td>Concrete Admixture</td>
<td>Plant in Villahermosa</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td>Plant in Tijuana</td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>Two polymer reactors in Queretaro</td>
<td>2013, 2015</td>
</tr>
<tr>
<td>Roofing Thermoplastic Membrane</td>
<td>Acquisition of Texsa Mexico</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td>New distribution center in Altamira</td>
<td>2015</td>
</tr>
<tr>
<td>Polymeric Resins</td>
<td>Sikadur® rigid bonding production</td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>Dedicated mortar plant for specialized Sikafloor® PurCem®</td>
<td>2016</td>
</tr>
<tr>
<td>Acrylic Resins</td>
<td>Continuous acrylic stucco production</td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>Acrylic sealants production and packaging</td>
<td>2015</td>
</tr>
<tr>
<td>Cementitious Mortars</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; mortar line for interior finishing</td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>3&lt;sup&gt;rd&lt;/sup&gt; mortar plant in the Southeast (Coatzacoalcos under construction)</td>
<td>2016</td>
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</table>
KEY INVESTMENTS MEXICO
ALTAMIRA – NEW PLANT (ACQUIRED WITH JM TEXSA)

2013
- New plant for roofing thermoplastic membranes in Altamira
- Large production capacity for polymeric high-performance bituminous membranes

2015
- New warehouse and distribution center in Altamira to serve north area of the country
KEY INVESTMENTS MEXICO

TIJUANA – NEW PLANT

2014

- New concrete admixture plant in Tijuana
- 2,500 tons/year production capacity
- Savings in logistics costs
- Faster service to customers in the far Northwest (2,300 km from Mexico City)
- Servicing also to northwest mine area
KEY INVESTMENTS MEXICO
NEW PRODUCTION LINES – ACRYLIC RESINS

2015
- Stucco acrylic production line
- Innovating in interior finishing
- Acrylic sealant production and packaging
- Fully automated packaging unit
- Innovating in polyurethane acrylic hybrid technology
KEY INVESTMENTS MEXICO
NEW PRODUCTION LINES – CEMENTITIOUS MORTARS

- 2nd mortar production line 2016
- For interior finishing
- Very high production capacity

- PURCEM new production line 2016. Fully dedicated urethane cement production unit
- Innovating with glossy urethane cement floors
- 3rd mortar plant in Southeast (under construction)
KEY INVESTMENTS MEXICO
NEW REACTORS IN QUERETARO

- Two polymer reactors for full-range of admixtures
- Ingredients for concrete admixtures with high water reduction and workability capabilities to meet mega city demands
INVESTMENTS IN STRENGTHENING THE SALES TEAM

Trainings in:
- Technical expertise
- Product know-how
- Sales & Marketing
- Safety
- IT tools

2,525 training hours in 2015

1,650 training hours in first half of 2016
2,500 key engineers and architects trained in first half of 2016
BRAND POSITIONING INVESTMENT

10,600 end users trained in first half of 2016
BRAND POSITIONING INVESTMENT
INCREASED PENETRATION IN RETAIL

- 18% growth in retail business in 2015 (Home Centers, Wholesalers and Hardware Stores)
- >30% growth in retail business in the first half-year 2016
- Presence in 117 Home Depot stores with growth of >30% in the first half-year 2016
- Starting at 10 Lowe’s stores
- Presence in 4,000 hardware stores through 10 Hardware Wholesalers
- Successful entry to 550 Walmart stores in 2016 with 4 small presentation products
- Presence with 8 Aluminum Wholesalers reaching 400 retailers (starting April 2015)
KEY PROJECTS
KEY PROJECT
NESTLÉ PLANT IN OCOTLAN (NEAR GUADALAJARA)

Project Description
Construction of Nestlé powder milk formula plant

Sika Products
24,000 m² polymeric flooring
180 tons of urethane cement flooring
15 tons of epoxy flooring
7,000 m² of PVC roofing
Project Description
Intercity train from Mexico City to Toluca (35 km). Project in progress.

Sika Products
High-strength concrete volume: 600,000 m³
Admixtures volume sold and secured: 1,500 tons of polycarboxylates
Project Description
33 storey floors tower
USGBC LEED certified project

Sika Products
Glass facade fully sealed with Sika weathering sealant products
KEY PROJECT
AUDI PLANT PUEBLA (NEAR MEXICO CITY)

Project Description
Construction of Audi plant
75% progress to date

Sika Products
180,000 m² of polymeric floors
Several construction products
such as grouting, polyurethane
sealants, epoxy anchoring,
special polymeric coatings for
chemical resistance
KEY PROJECT
WIND TOWERS IN REYNOSA (NEAR MONTERREY)

Project Description
Construction of concrete wind towers for a wind energy park.

Sika Products
3,500 tons of high-performance grouting products for anchoring the structure
100 tons of epoxy adhesives
Project Description
Social housing residential project

Sika Products
48,000 m² of liquid applied membranes
64 tons of acrylic waterproofing
KEY PROJECT
COSMOPOL MALL IN MEXICO CITY

Project Description
Construction of mall

Sika Products
45,000 m² of high-performance bituminous membrane
100 tons of acrylic waterproofing mortar
THANK YOU FOR YOUR ATTENTION