



## MEGACITIES DRIVE SIKA'S GROWTH

PAUL SCHULER, CEO,  
SIKA CAPITAL MARKETS DAY 2018

BUILDING TRUST



# WELCOME

## KEY FACTS REGION AMERICAS

PLANTS

56

EMPLOYEES

4,086

PEOPLE IN SALES  
RELATED FUNCTIONS

2,125

NATIONAL  
SUBSIDIARIES

20

2017 SALES (IN CHF)

1,684  
MILLION

2018 FIRST HALF  
SALES GROWTH

+13.6%  
IN LC

8%

ANNUAL  
ORGANIC  
GROWTH IN THE  
USA IN THE  
LAST 3 YEARS

# TABLE OF CONTENTS

1. MEGACITIES DRIVE SIKA'S GROWTH
2. SUCCESSFUL STRATEGY EXECUTION
3. TARGETS 2020
4. OUTLOOK

# 1. MEGACITIES DRIVE SIKA'S GROWTH

# URBANIZATION, MEGACITIES AND NEW VEHICLE DESIGN AS MOST PROMINENT MEGATRENDS IN THE WORLD TODAY

New modular vehicle manufacturing concepts need fast, high-strength bonding systems

Increased safety, fire, water, earthquake and quality requirements

Rising demand for high-performance concrete, sealing and waterproofing

Sustainability:  
Increasing demand for safe-to-use and low-emission products

New vehicle design with material mix requires bonding solutions

Higher demand for infrastructure and refurbishment solutions

Increasing world population with urbanization and megacities

# MEGACITIES DRIVE SIKA'S GROWTH

SHARP INCREASE IN NUMBER  
OF MEGACITIES WORLDWIDE

2000: 16  
2018: 37  
2030: 43

RISING DEMAND IN

HIGH  
PERFORMANCE

CONCRETE, SEALING AND  
WATERPROOFING

INCREASED

REQUIREMENTS

IN FIRE, WATER,  
EARTHQUAKE AND QUALITY

293

ONGOING PROJECTS IN NYC IN  
2018 WITH A TOTAL VALUE OF  
USD 16 BILLION

# MEGACITIES DRIVE SIKA'S GROWTH



Megacities mean:

- Higher densification of cities
- More high-rise developments and below-ground construction
- Increased need for infrastructure solutions

# MEGACITIES DRIVE SIKA'S GROWTH



Construction in urban centers faces significant challenges :

- Higher quality, safety and strength
- Waterproofing of buildings and structures
- Long and unpredictable transport times for high-performance concrete
- Lack of space at construction site

## 2. SUCCESSFUL STRATEGY EXECUTION

# SIKA'S GROWTH MODEL DELIVERS KEY INVESTMENTS SINCE 2015

## Market Penetration



- Successful Target Market concept
- Megatrends driving growth

## Innovation



- 217 new patents filed
- 20 Global Technology Centers

## Emerging Markets



- 29 new plants opened
- 11 new national subsidiaries

## Acquisitions



- 18 acquisitions in all regions
- CHF 745 million sales added

## Values

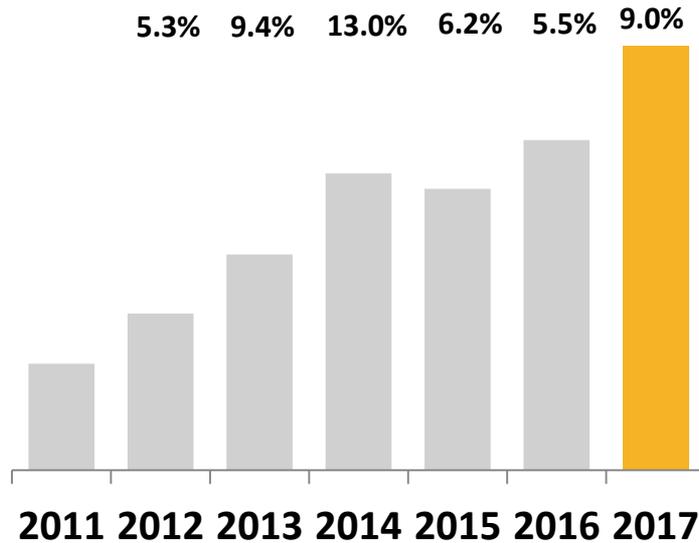


- Strong corporate culture
- High employee loyalty

# SIKA'S GROWTH MODEL DELIVERS CONTINUED GROWTH IN SALES AND PROFIT (FULL YEAR)

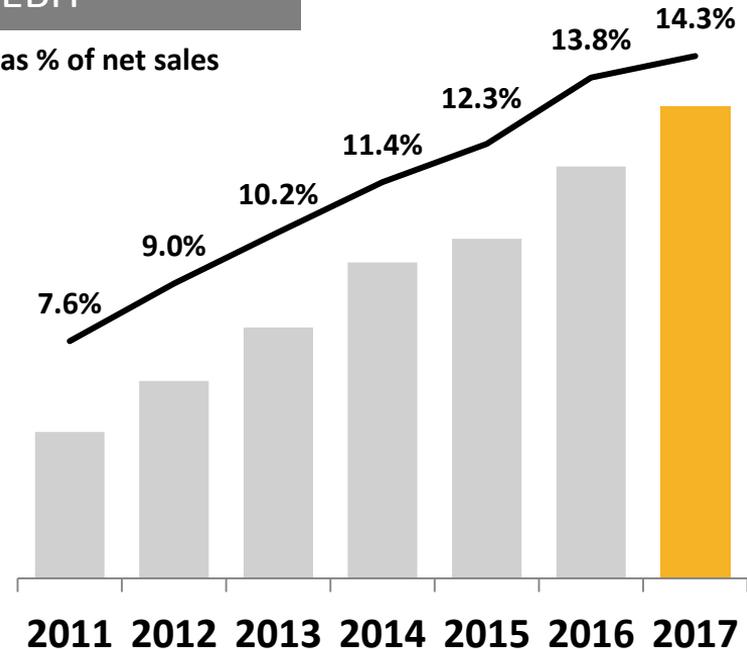
## NET SALES

% growth in local currencies

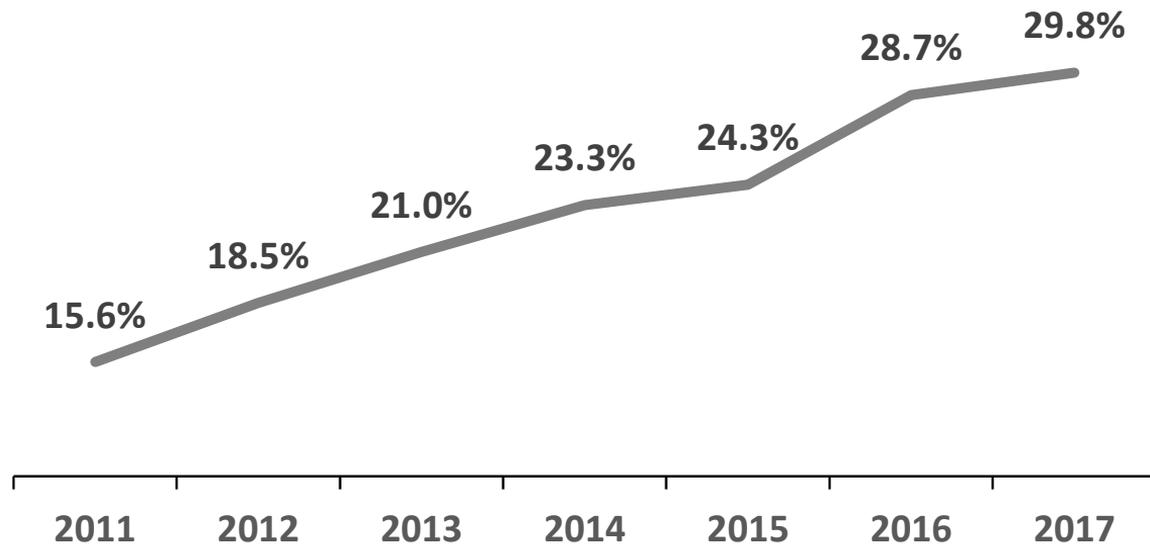


## EBIT

as % of net sales



# SIKA'S GROWTH MODEL DELIVERS CONTINUED INCREASE IN ROCE (FULL YEAR)



# MARKET PENETRATION

BUILDING TRUST

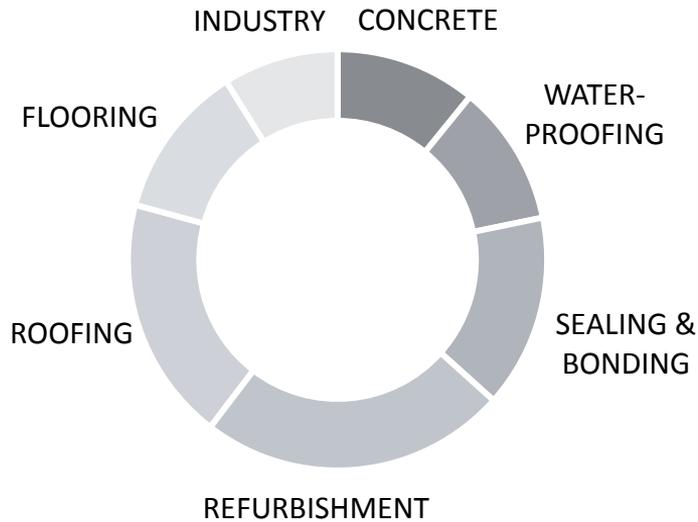


# SIKA'S MARKET POTENTIAL

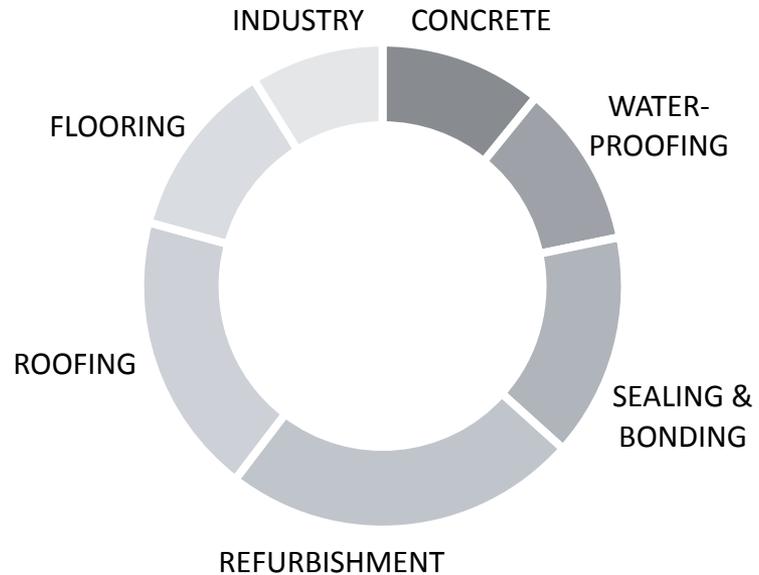
## LARGE AND GROWING MARKET SEGMENTS

### TOTAL MARKET SIZE

**2017**  
**> CHF 70 BILLION**



**2020**  
**CHF 80 BILLION**



# MARKET PENETRATION - FOCUS ON ATTRACTIVE MARKETS: CROSS-SELLING, LIFE-CYCLE MANAGEMENT, A STRONG BRAND



Concrete



Waterproofing



Roofing



Flooring & Coating



Sealing & Bonding

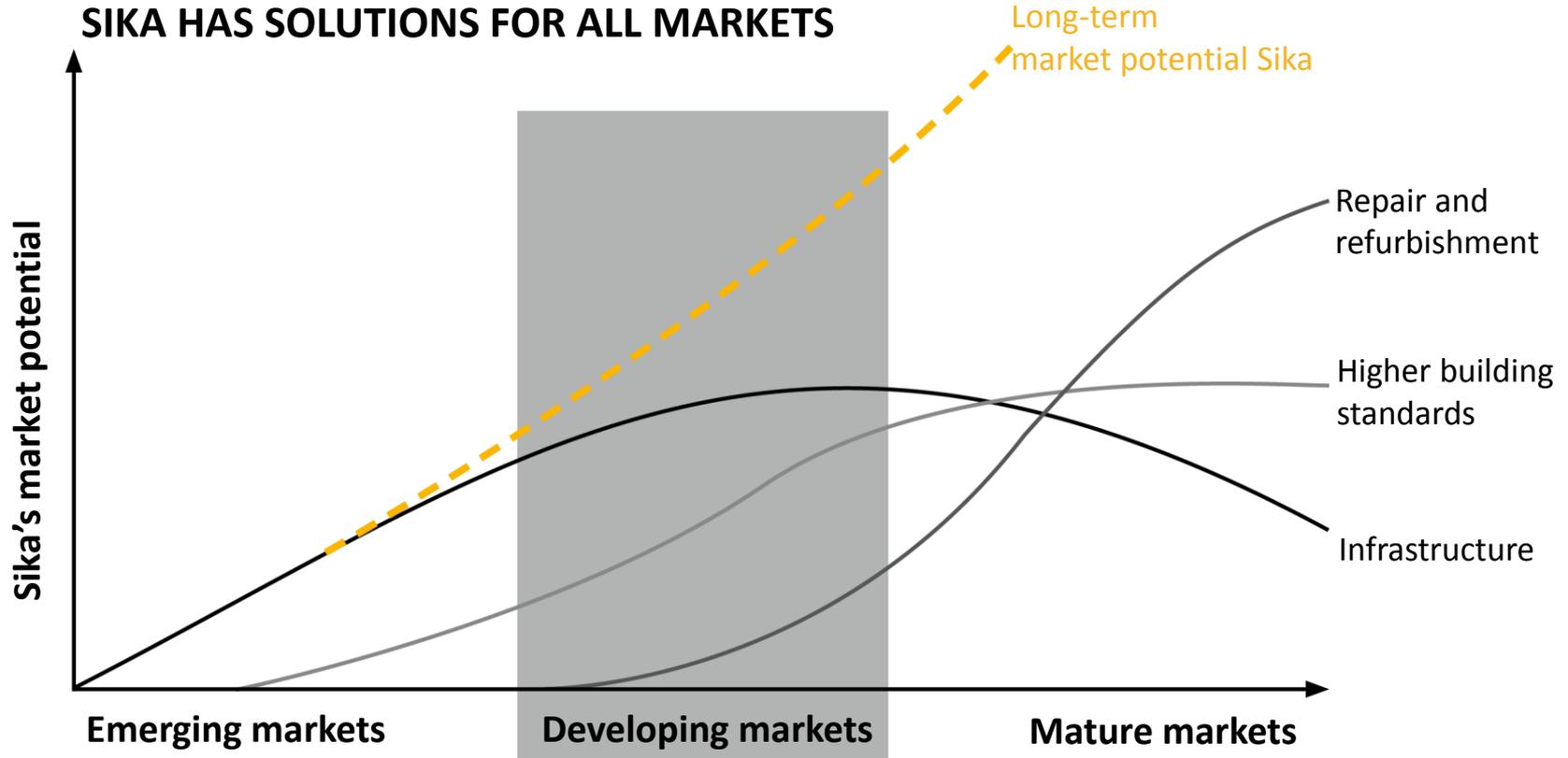


Refurbishment



Industry

# GROWTH MODEL WITH EARLY MARKET PENETRATION FROM NEW-BUILD TO REFURBISHMENT



INNOVATION

BUILDING TRUST



# INNOVATION

## STRONG TRACK RECORD

217

patents were  
filed since  
2015

More than

900

employees are  
dedicated to  
Research and  
Development

283

invention  
disclosures  
since 2015

20

Technology  
Centers  
worldwide

# ACCELERATED BUILD-UP OF EMERGING MARKETS

BUILDING TRUST



# EMERGING MARKETS BUILD-UP SINCE 2015

## CAPTURING GROWTH POTENTIAL IN NEW MARKETS

29

new  
plants  
opened

5

acquisitions

11

new  
national  
subsidiaries

36%

of sales in  
emerging markets

# SIKA'S 101 SUBSIDIARIES

SWITZERLAND - 1910	GERMANY - 1921	CANADA - 1926	UK - 1926	FRANCE - 1928	ITALY - 1928	SPAIN - 1931	JAPAN - 1932	CZECH REPUBLIC - 1933	POLAND - 1933
AUSTRIA - 1934	BRAZIL - 1934	USA - 1936	ARGENTINA - 1938	CHILE - 1942	ALGERIA - 1947	BELGIUM - 1949	SWEDEN - 1950	COLOMBIA - 1951	TUNISIA - 1958
URUGUAY - 1958	NEW ZEALAND - 1959	DENMARK - 1960	MEXICO - 1963	NORWAY - 1968	AUSTRALIA - 1976	IRAN - 1977	HONG KONG - 1978	MOROCCO - 1979	NETHERLANDS - 1980
SAUDI-ARABIA - 1980	MAURITIUS - 1981	SOUTH AFRICA - 1984	EGYPT - 1985	FINLAND - 1985	ECUADOR - 1986	INDIA - 1986	INDONESIA - 1987	MALAYSIA - 1988	THAILAND - 1988
KOREA - 1990	PORTUGAL - 1990	SINGAPORE - 1990	TURKEY - 1990	TAIWAN - 1991	HUNGARY - 1993	PHILIPPINES - 1993	SLOVAKIA - 1993	VIETNAM - 1993	BAHRAIN - 1994
BOLIVIA - 1994	CHINA - 1994	IRELAND - 1994	PERU - 1994	GREECE - 1995	SLOVENIA - 1995	VENEZUELA - 1997	COSTA RICA - 1998	CROATIA - 1998	LEBANON - 1998
GUATEMALA - 2001	PANAMA - 2001	BULGARIA - 2002	CAMBODIA - 2002	ROMANIA - 2002	SERBIA - 2002	RUSSIA - 2003	DOMINICAN REPUBLIC - 2004	AZERBAIJAN - 2005	KAZAKHSTAN - 2005
UKRAINE - 2005	LATVIA - 2007	UNITED ARAB EMIRATES - 2008	PAKISTAN - 2010	JORDAN - 2011	IRAQ - 2012	KENYA - 2012	MONGOLIA - 2012	QATAR - 2012	ANGOLA - 2013
BELARUS - 2013	OMAN - 2013	PARAGUAY - 2013	ALBANIA - 2014	BOSNIA-HERZEGOVINA - 2014	IVORY COAST - 2014	MOZAMBIQUE - 2014	NIGERIA - 2014	SRI LANKA - 2014	ETHIOPIA - 2015
MYANMAR - 2015	TANZANIA - 2015	CAMEROON - 2016	DJIBOUTI - 2016	ESTONIA - 2016	KUWAIT - 2016	NICARAGUA - 2016	SENEGAL - 2017	EL SALVADOR - 2017	BANGLADESH - 2017

HONDURAS - 2018



# ACQUISITIONS

BUILDING TRUST



# ACQUISITIONS SINCE 2015

## GROWTH PLATFORMS FOR THE FUTURE

18

acquisitions

745

million CHF  
additional  
turnover

In all

7

Target  
Markets

In all

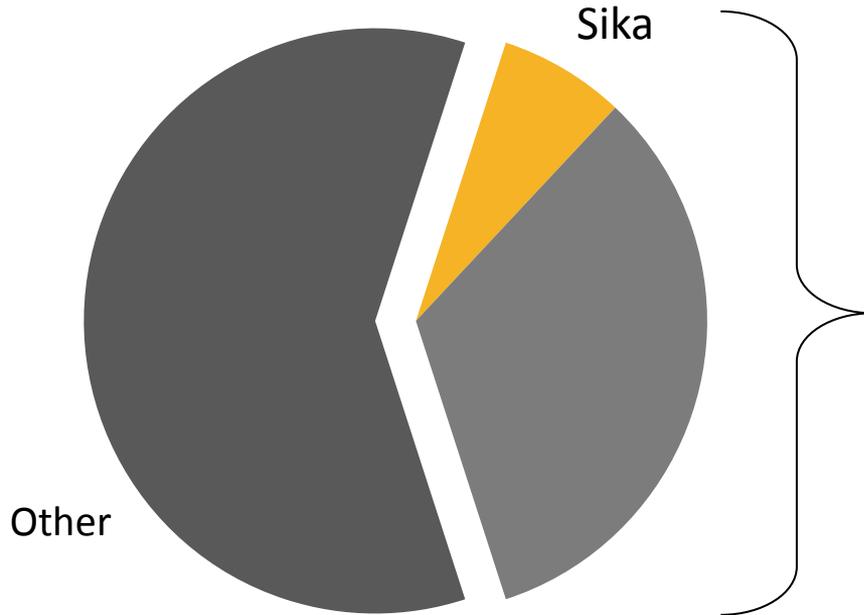
4

regions

# SIKA WILL ACT AS MARKET CONSOLIDATOR

## FRAGMENTATION OFFERS ACQUISITION OPPORTUNITIES

**CONSTRUCTION CHEMICAL MARKET 2017**  
**> CHF 60 BILLION**



**Top 10 companies with a  
combined market share of 40%**

# VALUES AND PRINCIPLES

# SIKA'S VALUES AND PRINCIPLES

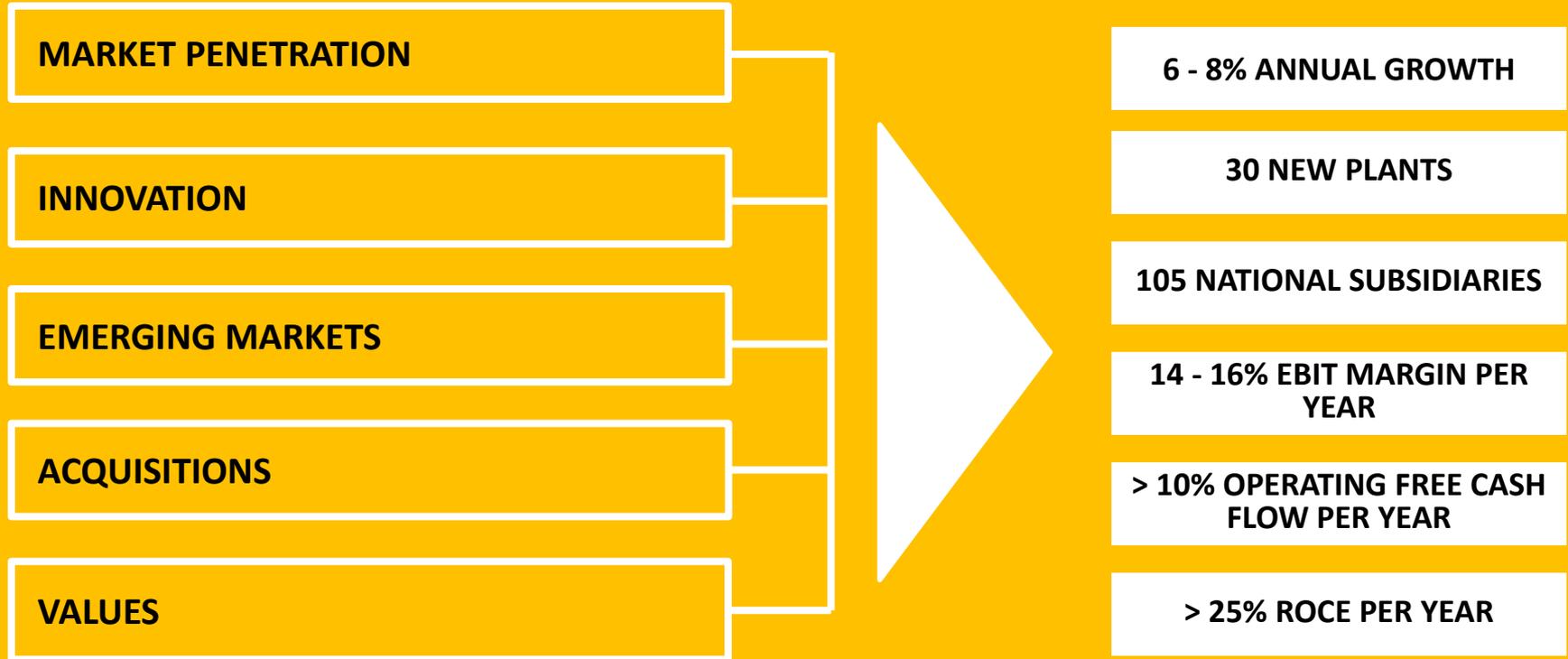
## STRONG CORPORATE CULTURE

- Customer first
- Courage for innovation
- Sustainability & integrity
- Empowerment and respect
- Manage for results



### 3. TARGETS 2020

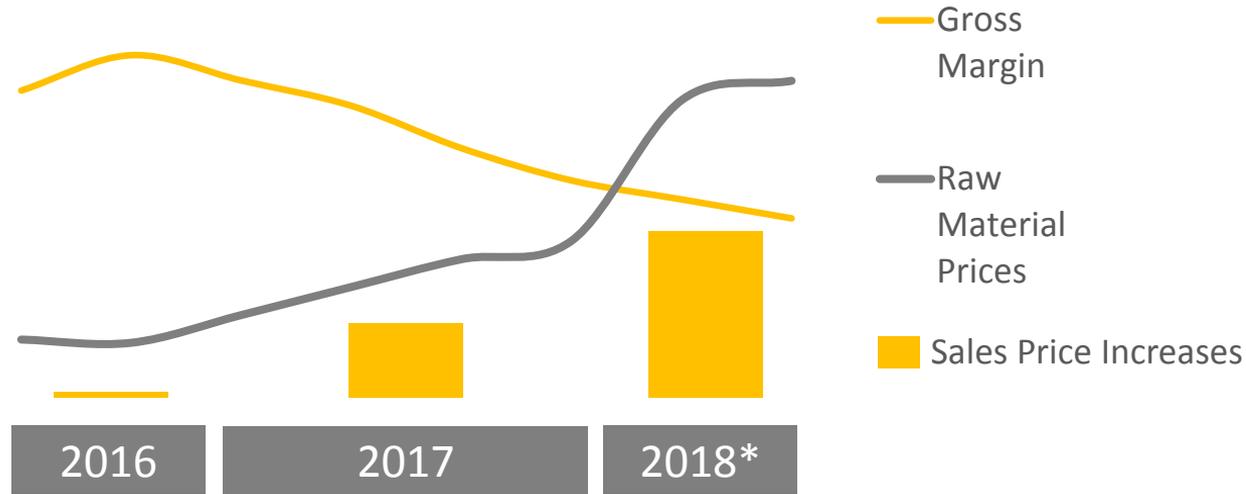
# SIKA'S GROWTH STRATEGY 2020 CONFIRMED TO BE UPDATED IN 2019



## 4. OUTLOOK 2018

# HIGHER RAW MATERIAL COSTS

PRESSURE ON MARGINS COUNTERED WITH HIGHER SALES PRICES



- Increasing raw material prices in several phases since end of 2016
- Consequent execution of sales price adaptations
- Dilution impact on material margin from acquisitions

\*year to date

# STRONG OUTLOOK FOR 2018

## CONTINUATION OF SUCCESSFUL GROWTH STRATEGY

- Sales increase of more than 10% expected with a sales target of CHF 7 billion in 2018
- Volatile and rising raw material prices will continue to be a challenge
- In spite of costs related to the resolution and high raw material prices, Sika expects double-digit growth in EBIT and profit for the full year 2018



THANK YOU FOR YOUR ATTENTION

BUILDING TRUST



# FORWARD-LOOKING STATEMENT

This presentation contains certain forward-looking statements. These forward-looking statements may be identified by words such as 'expects', 'believes', 'estimates', 'anticipates', 'projects', 'intends', 'should', 'seeks', 'future' or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Various factors may cause actual results to differ materially in the future from those reflected in forward-looking statements contained in this presentation, among others:

- Fluctuations in currency exchange rates and general financial market conditions
- Interruptions in production
- Legislative and regulatory developments and economic conditions
- Delay or inability in obtaining regulatory approvals or bringing products to market
- Pricing and product initiatives of competitors
- Uncertainties in the discovery, development or marketing of new products or new uses of existing products, including without limitation negative results of research projects, unexpected side-effects of pipeline or marketed products
- Increased government pricing pressures
- Loss of inability to obtain adequate protection for intellectual property rights
- Litigation
- Loss of key executives or other employees
- Adverse publicity and news coverage

Any statements regarding earnings per share growth are not a profit forecast and should not be interpreted to mean that Sika's earnings or earnings per share for this year or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Sika.

For marketed products discussed in this presentation, please see information on our website: [www.sika.com](http://www.sika.com)

All mentioned trademarks are legally protected.