MEGACITIES DRIVE SIKA’S GROWTH

PAUL SCHULER, CEO,
SIKA CAPITAL MARKETS DAY 2018
## Key Facts Region Americas

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plants</td>
<td>56</td>
</tr>
<tr>
<td>Employees</td>
<td>4,086</td>
</tr>
<tr>
<td>People in Sales Related Functions</td>
<td>2,125</td>
</tr>
<tr>
<td>National Subsidiaries</td>
<td>20</td>
</tr>
<tr>
<td>2017 Sales (in CHF)</td>
<td>1,684 Million</td>
</tr>
<tr>
<td>2018 First Half Sales Growth</td>
<td>+13.6% in LC</td>
</tr>
<tr>
<td>Annual Organic Growth in the USA in the Last 3 Years</td>
<td>8%</td>
</tr>
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2. SUCCESSFUL STRATEGY EXECUTION
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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
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

- Successful Target Market concept
- Megatrends driving growth

- 217 new patents filed
- 20 Global Technology Centers

- 29 new plants opened
- 11 new national subsidiaries

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

- 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

- 2011: 5.3%
- 2012: 9.4%
- 2013: 13.0%
- 2014: 6.2%
- 2015: 5.5%
- 2016: 9.0%
- 2017: 14.3%

**EBIT**

as % of net sales

- 2011: 7.6%
- 2012: 9.0%
- 2013: 10.2%
- 2014: 11.4%
- 2015: 12.3%
- 2016: 13.8%
- 2017: 14.3%
SIKA’S GROWTH MODEL DELIVERS
CONTINUED INCREASE IN ROCE (FULL YEAR)

<table>
<thead>
<tr>
<th>Year</th>
<th>ROCE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>15.6</td>
</tr>
<tr>
<td>2012</td>
<td>18.5</td>
</tr>
<tr>
<td>2013</td>
<td>21.0</td>
</tr>
<tr>
<td>2014</td>
<td>23.3</td>
</tr>
<tr>
<td>2015</td>
<td>24.3</td>
</tr>
<tr>
<td>2016</td>
<td>28.7</td>
</tr>
<tr>
<td>2017</td>
<td>29.8</td>
</tr>
</tbody>
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MARKET PENETRATION
SIKA’S MARKET POTENTIAL
LARGE AND GROWING MARKET SEGMENTS

TOTAL MARKET SIZE

2017
> CHF 70 BILLION

2020
CHF 80 BILLION

INDUSTRY
CONCRETE
FLOORING
WATER-PROOFING
ROOFING
SEALING & BONDING
REFURBISHMENT

INDUSTRY
CONCRETE
FLOORING
WATER-PROOFING
ROOFING
SEALING & BONDING
REFURBISHMENT
MARKET PENETRATION - FOCUS ON ATTRACTIVE MARKETS: CROSS-SELLING, LIFE-CYCLE MANAGEMENT, A STRONG BRAND
GROWTH MODEL WITH EARLY MARKET PENETRATION FROM NEW-BUILD TO REFURBISHMENT

SIKA HAS SOLUTIONS FOR ALL MARKETS

Emerging markets

Developing markets

Mature markets

Sika’s market potential

Long-term market potential Sika

Repair and refurbishment

Higher building standards

Infrastructure

Sika’s market potential
INNOVATION
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
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

HONDURAS - 2018

[Image of flag and logo]
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%

Sika

Other
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

- **MARKET PENETRATION**
  - 6 - 8% ANNUAL GROWTH

- **INNOVATION**
  - 30 NEW PLANTS

- **EMERGING MARKETS**
  - 105 NATIONAL SUBSIDIARIES

- **ACQUISITIONS**
  - 14 - 16% EBIT MARGIN PER YEAR

- **VALUES**
  - > 10% OPERATING FREE CASH FLOW PER YEAR
  - > 25% ROCE PER YEAR
4. OUTLOOK 2018
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
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- 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

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