



WELCOME TO THE ANNUAL GENERAL MEETING OF SIKA AG

APRIL 9, 2019

BUILDING TRUST



CONSTITUTION

ANNUAL GENERAL MEETING APRIL 9, 2019

BUILDING TRUST



VOTE COUNTERS

- Caroline Inauen (Lead)
- Nicole Scherrer
- Jessica Wildi
- Daniela Krenn
- Eveline Ulmann
- Simone Daetwyler
- Reto Schneider
- Kathrin Reichenstein
- Naemi Stühlinger
- Margrit Zweifel
- Patrycja Michalak
- Fernando Perez
- Beatrice Jenni
- Sarah Schütz
- Luzia Christen
- Leigh-Ann Studer

AGENDA

Strategy and Current Situation

Dr. Paul Hälg, Chairman of the Board of Directors

Global Business

Thomas Hasler, Head Global Business and Industry

Statutory Items

Dr. Paul Hälg, Chairman of the Board of Directors

**Under Agenda Item 1:
2018 Business Year, First Quarter
2019 and Outlook, Update on Parex**

Paul Schuler, Chief Executive Officer

STRATEGY AND CURRENT SITUATION

DR. PAUL HÄLG
CHAIRMAN OF THE BOARD

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

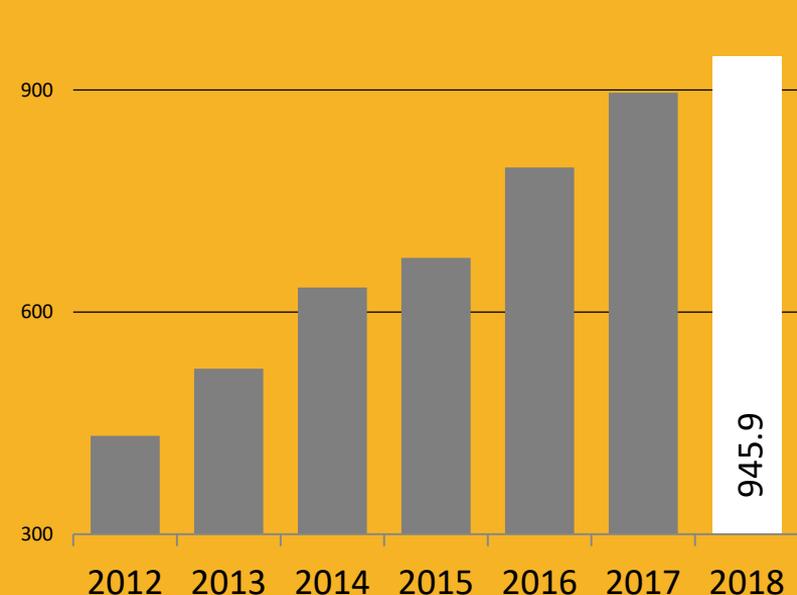
NET SALES

in CHF mn, % growth in local currencies



EBIT

in CHF mn



SIKA'S GROWTH MODEL DELIVERS KEY INVESTMENTS SINCE 2015

Market Penetration



- Successful Target Market concept
- Megatrends driving growth

Innovation



- 302 new patents filed
- 20 Global Technology Centers

Emerging Markets



- 37 new plants opened
- 11 new national subsidiaries

Acquisitions



- 20 acquisitions in all regions
- CHF 798 million sales added

Values



- Strong corporate culture
- High employee loyalty

PAREX

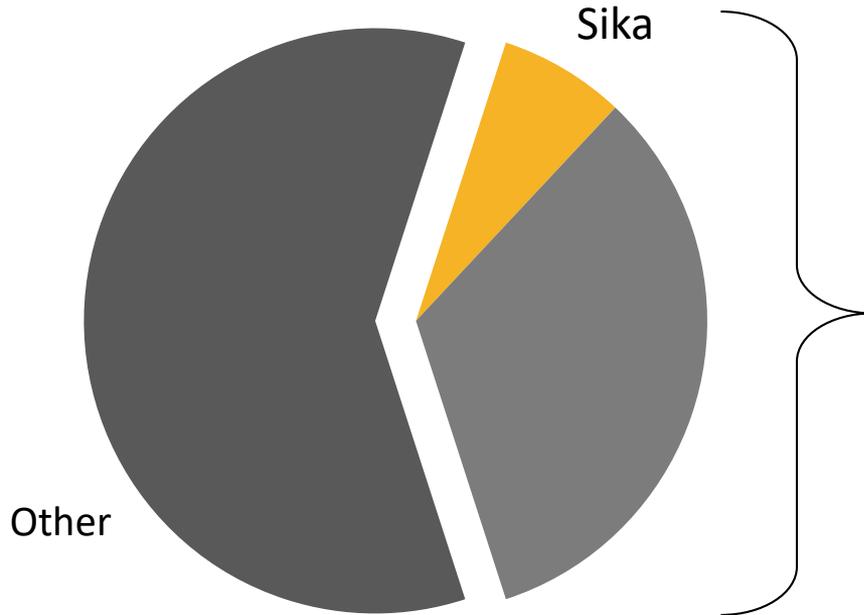
ANNOUNCEMENT OF SIKA'S LARGEST ACQUISITION



SIKA WILL ACT AS MARKET CONSOLIDATOR

FRAGMENTATION OFFERS ACQUISITION OPPORTUNITIES

CONSTRUCTION CHEMICAL MARKET 2018
> CHF 60 BILLION



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

MEGATRENDS DRIVE OUR GROWTH

URBANIZATION, NEW VEHICLE DESIGN AND SUSTAINABILITY

Increased safety, fire, earthquake and quality requirements

Rising demand for high-performance concrete, sealing and waterproofing

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

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

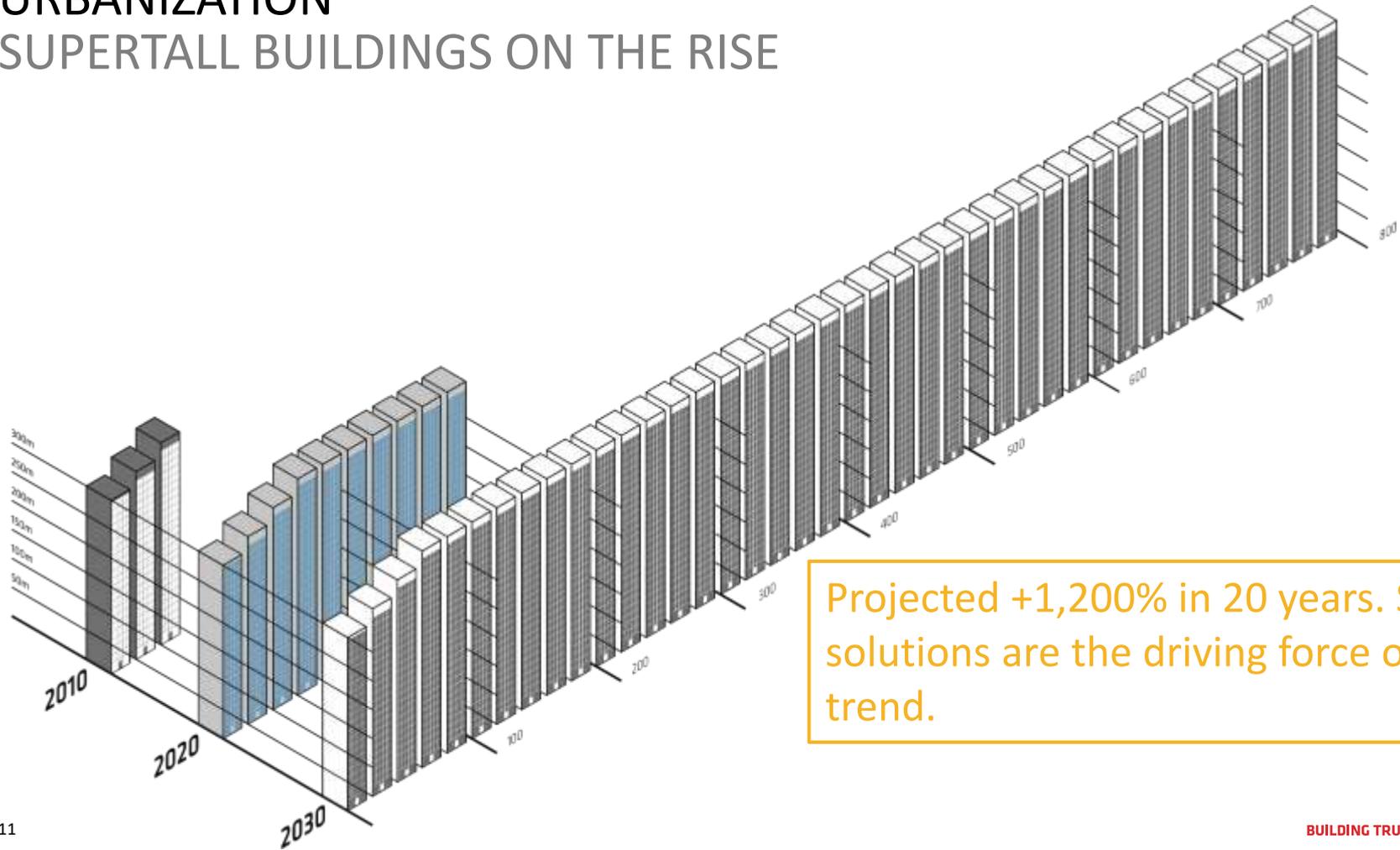
Lightweight vehicle construction with multi-material design requires bonding solutions

Higher demand for repair and refurbishment solutions

Functional sealing of building envelopes

URBANIZATION

SUPERTALL BUILDINGS ON THE RISE



Projected +1,200% in 20 years. Sika solutions are the driving force of this trend.

THE SIKA SPIRIT

STRONG CORPORATE CULTURE



MORE VALUE, LESS IMPACT

PROGRESS ACCORDING TO GRI 4

MORE VALUE



LESS IMPACT

ECONOMIC PERFORMANCE

TARGET: OPERATING PROFIT (EBIT) 14-16% OF NET SALES.

SUSTAINABLE SOLUTIONS

TARGET: ALL NEW PROJECTS ASSESSED FOR SUSTAINABILITY.

LOCAL COMMUNITIES/ SOCIETY

TARGET: 5% MORE PROJECTS PER YEAR.

ENERGY

TARGET: 3% LESS ENERGY CONSUMPTION PER TON AND YEAR.

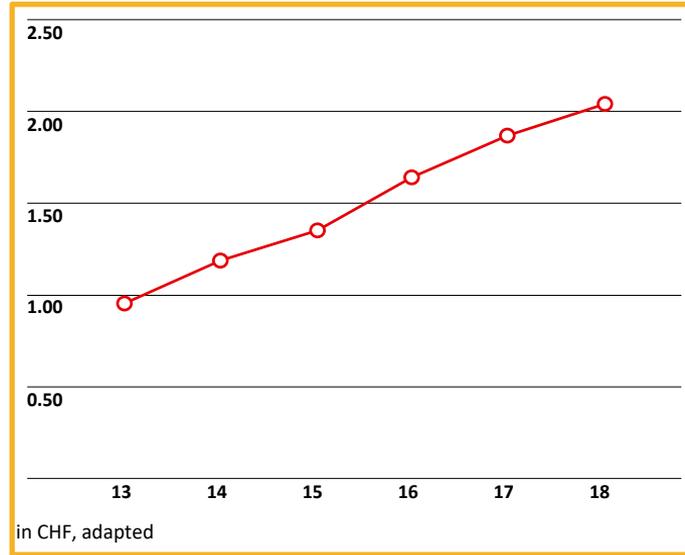
WATER/WASTE

TARGET: 3% LESS WATER CONSUMPTION AND WASTE PER TON AND YEAR.

OCCUPATIONAL SAFETY

TARGET: 5% LESS ACCIDENTS PER YEAR.

DIVIDEND PER SHARE CONTINUOUS INCREASE





GLOBAL BUSINESS GLOBAL REACH – LOCAL PRESENCE

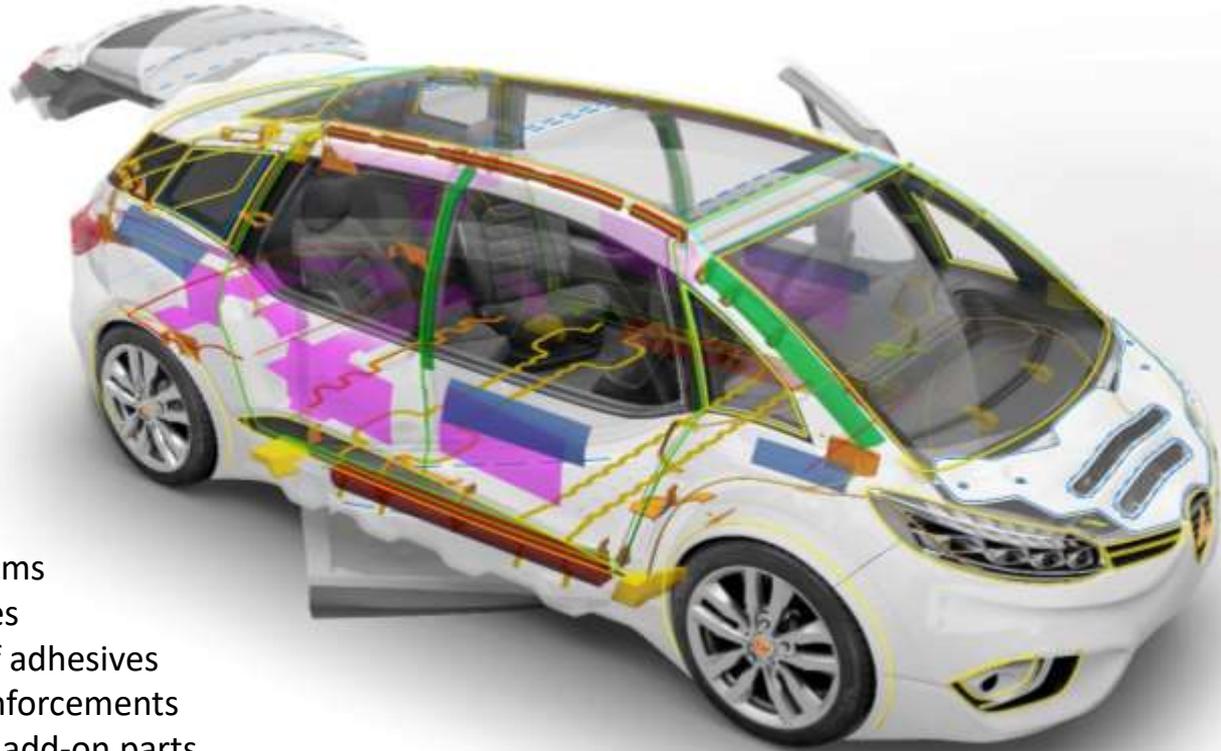
THOMAS HASLER
HEAD GLOBAL BUSINESS AND INDUSTRY

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GLOBAL BUSINESS

AUTOMOTIVE PRODUCT PORTFOLIO



- ■ ■ Acoustic systems
- Shell adhesives
- Application of adhesives
- ■ ■ Structural reinforcements
- ■ ■ Adhesives for add-on parts

GLOBAL BUSINESS

ADDITIONAL APPLICATIONS



Dielectric Application



Household Appliances



Renewable Energy - Wind



Marine

GLOBAL BUSINESS

GLOBAL REACH, LOCAL PRESENCE



FULLY ESTABLISHED ORGANIZATION WITH GLOBAL SUPPLY CHAIN AND R&D IN ALL REGIONS

KEY FACTS

EMPLOYEES END 2018
2,106

PLANTS
Total: 20

ANNUAL AVERAGE ORGANIC SALES GROWTH SINCE 2015
GLOBAL AUTOMOTIVE +11%

- SALES & CUSTOMER SERVICE
- RESEARCH AND DEVELOPMENT / TECHNOLOGY CENTER
- AUTOMOTIVE MANUFACTURING

NEW GLOBAL BUSINESS SEGMENT

CAPTURING POTENTIAL OF GLOBAL CUSTOMERS

Background

- Tapping into potential of global OEM accounts in the automotive, transportation, and appliances sectors
- Ideal coverage of supplier industry in heavily consolidated market segments such as wind, marine, and dielectric applications (e-mobility)
- Global value creation chain with strong presence in key industrialized countries

Drivers

- Key account management demands a holistic approach that takes into account all commercial needs, including geographic proximity of supply chain
- Agility and speed of decisions and implementation

Success factors

- Client-oriented organization
- Strategy alignment: global yet local
- Experienced team of experts

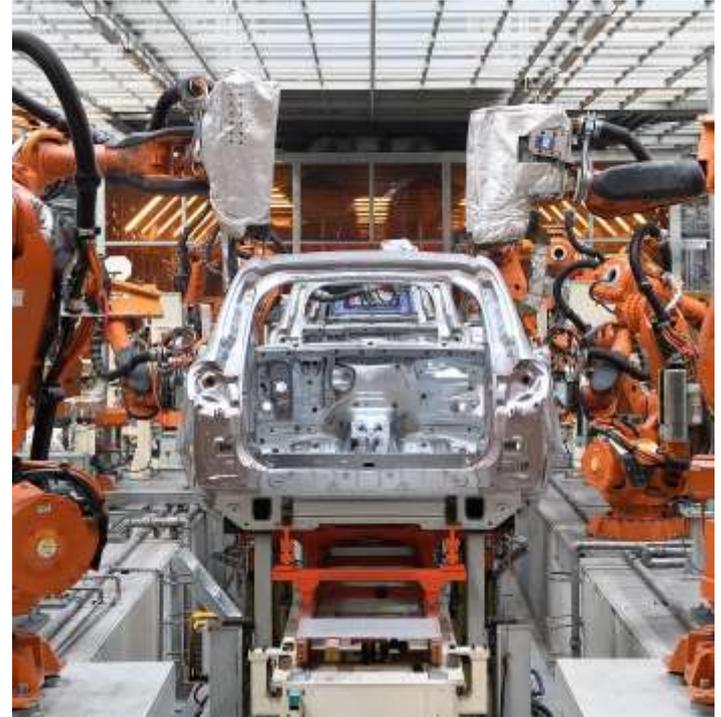
MEGATRENDS IN THE AUTOMOTIVE INDUSTRY: LIGHTWEIGHT CONSTRUCTION, ACOUSTICS, E-VEHICLES

MEGATRENDS IN THE AUTOMOTIVE INDUSTRY: LIGHTWEIGHT, ACOUSTIC, E-VEHICLE

SIKA STRUCTURAL ADHESIVES ENABLE
LIGHTWEIGHT
VEHICLE CONSTRUCTION

FAIST AND SIKA COMBINED – A POWERHOUSE
FOR
ACOUSTIC
SOLUTIONS

SIKA HAS THE SOLUTIONS TO MEET THE
CHALLENGES OF
E-VEHICLE



SikaPower® STRUCTURAL ADHESIVES

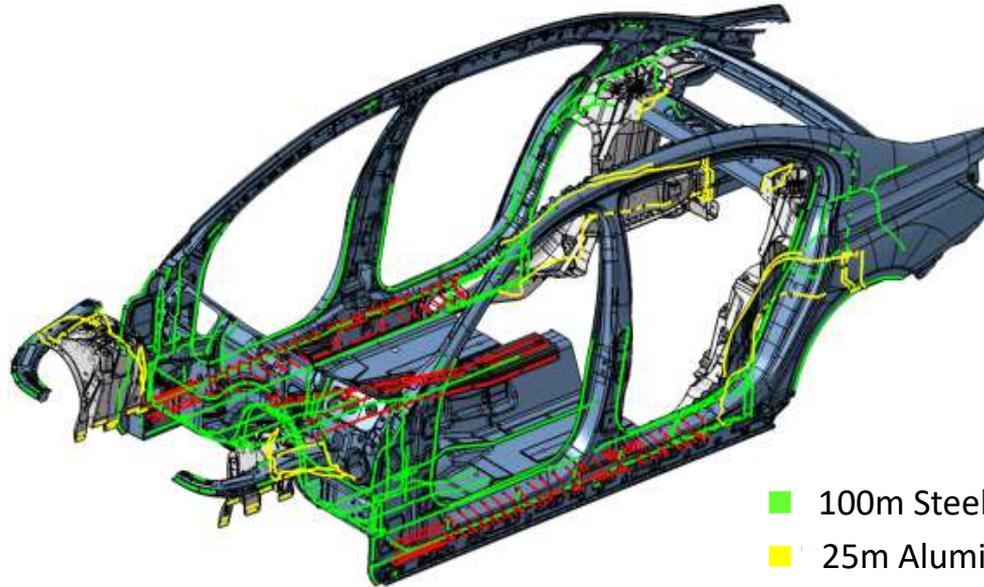
THE ALTERNATIVE TO WELDING

SikaPower® structural adhesives are essential for the lightweight vehicle construction

- Lightweight construction and multi-material design are megatrends in the automotive industry
- Adhesive bonding is becoming the supreme joining technology and replaces welding
- More safety, less weight, optimum stiffness: SikaPower® enables the body structure to absorb more energy



MEGATREND – LIGHTWEIGHT VEHICLES, MULTI-MATERIAL DESIGN FROM PREMIUM TO VOLUME SEGMENT



- 100m Steel-to-Steel
- 25m Aluminum-to-Steel
- 25m CFRP-to-Steel

APPLICATION HIGHLIGHT

Multi-material bonding; steel – carbon – aluminum

CHALLENGE

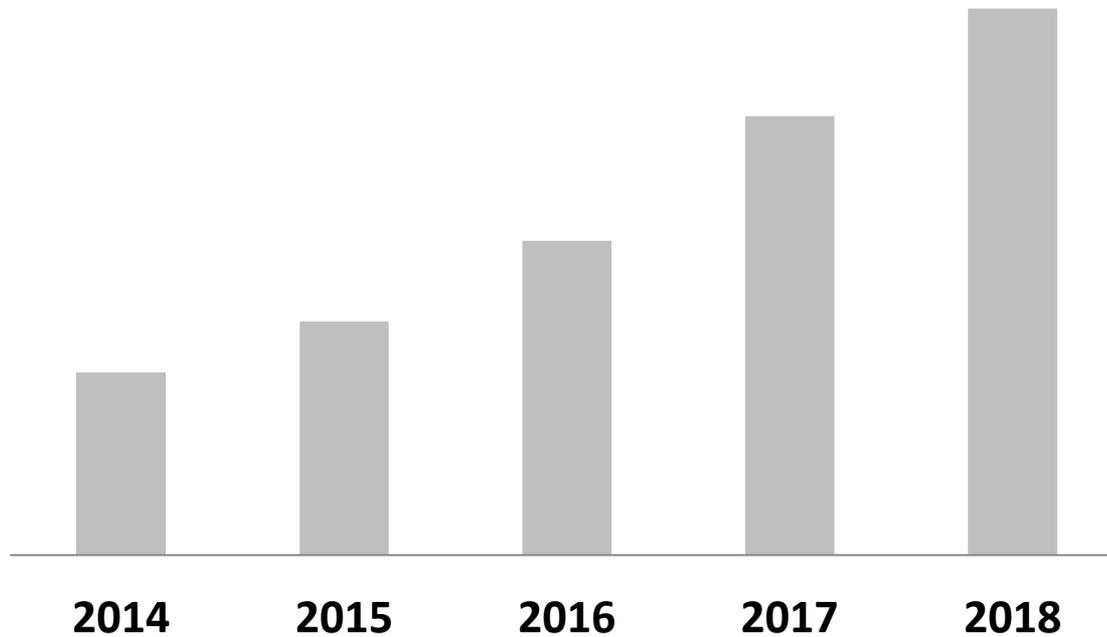
High forces in bond lines due to different thermal expansion of metals and carbon

SOLUTION

Crash-resistant SikaPower® MBX adhesive, enables weight reduction of 130 kg compared to predecessor model. 150 m of bond line between different substrata

SikaPower® STRUCTURAL ADHESIVES

ACCELERATED GROWTH THANKS TO STRUCTURAL TRENDS



21% ANNUAL AVERAGE GROWTH

MEGATREND ACOUSTICS

COMFORT, E-MOBILITY, AUTONOMOUS DRIVING



1

**Reduction of
airborne noise**
SikaBaffle®



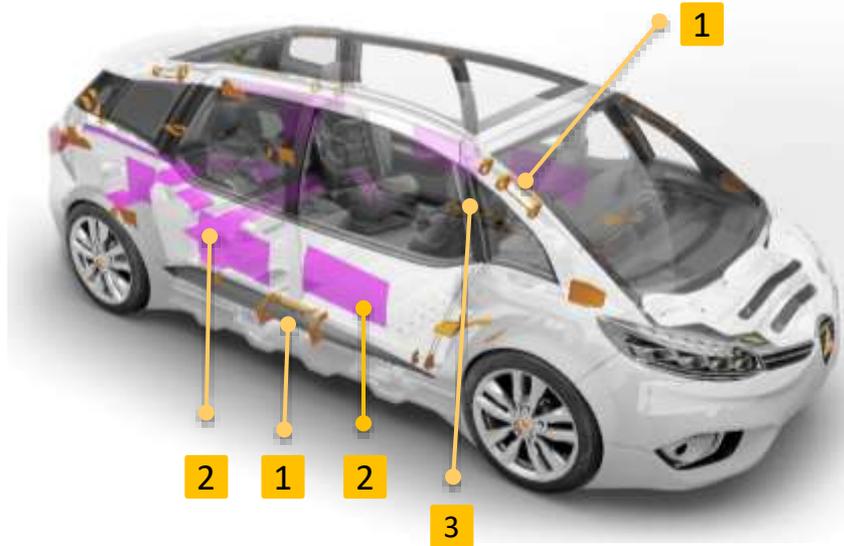
2

**Damping of structure-
borne noise**
SikaDamp®



3

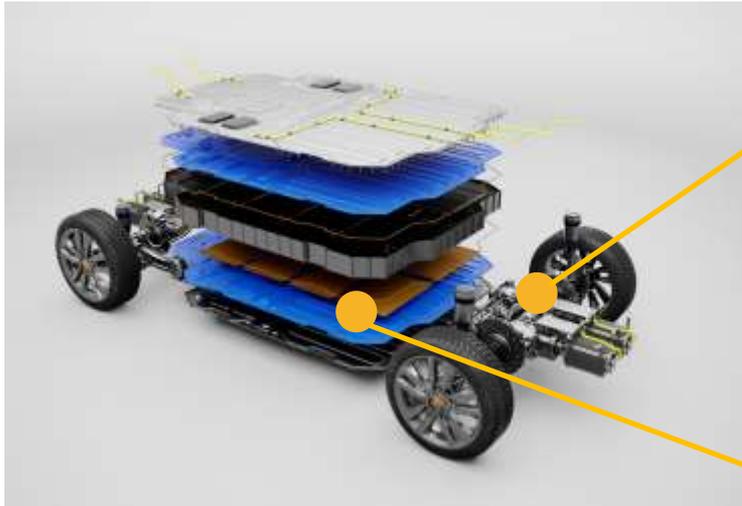
**Structural
reinforcement**
SikaReinforcer®



	Airborne noise	Structure-borne noise	Reinforcement
Sika	+++++	++	+++++
Faist ChemTec	+	+++++	+++

MEGATREND ELECTRIC VEHICLES

INNOVATIONS FOR BATTERY AND ELECTRICAL COMPONENTS



Grouting materials for electric engines facilitate superior design and performance

- Smaller, lighter engines
- Extended life cycles
- Enhanced engine performance

Thermally conductive materials protect battery systems and enhance their performance

- Improved long-term performance
- Battery weight reduction
- Optimization of battery protection

MEGATREND – ELECTRIC VEHICLES

ESTABLISHED SIKA APPLICATIONS AND NEW OPPORTUNITIES

ELECTRICAL VEHICLES HAVE 20% HIGHER SALES POTENTIAL

E-platforms require lightweight construction



Unique bodywork structures require refined reinforcement solutions to guarantee crash resilience



Comprehensive acoustic solutions to dampen road and wind noise



Special strengthening to protect the battery box is required



Battery cells and modules require assembly, sealing, and thermal management technologies to optimize performance



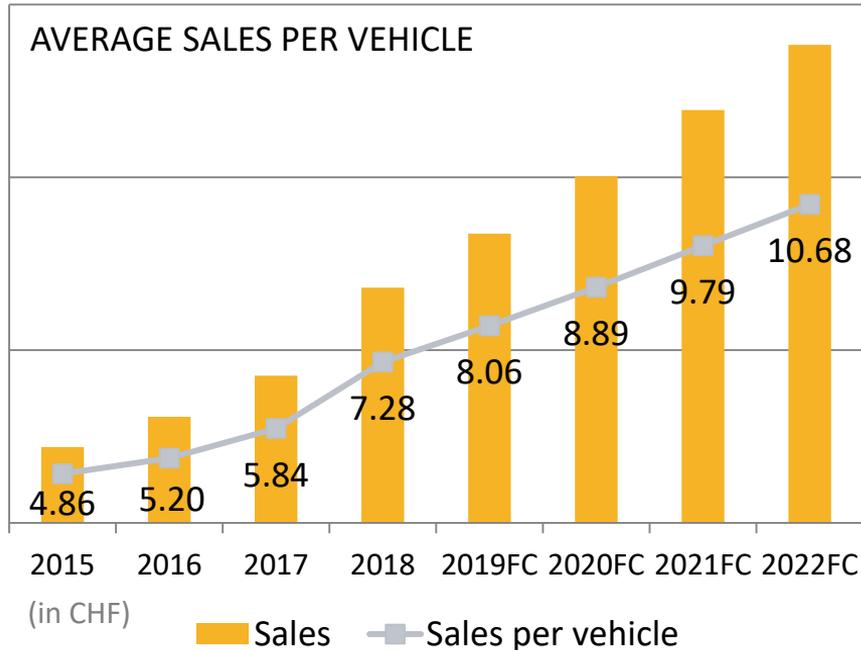
Relays, control modules, and sensors require casting, insulation, and encapsulation



OUTLOOK

GROWTH DYNAMISM

INCREASE IN SALES PER VEHICLE



VW GOLF 7, E-GOLF
CONTENT: > CHF 40

DODGE RAM 1500
CONTENT: > CHF 30

TESLA MODELS X, S
CONTENT: > CHF 70

AUDI A3, A4, A5
CONTENT: > CHF 40

JAGUAR F-PACE
CONTENT: > CHF 100

MERCEDES S-CLASS
CONTENT: > CHF 60

RANGE ROVER SPORT
CONTENT: > CHF 100

PSA 3008, 5008
CONTENT: > CHF 70

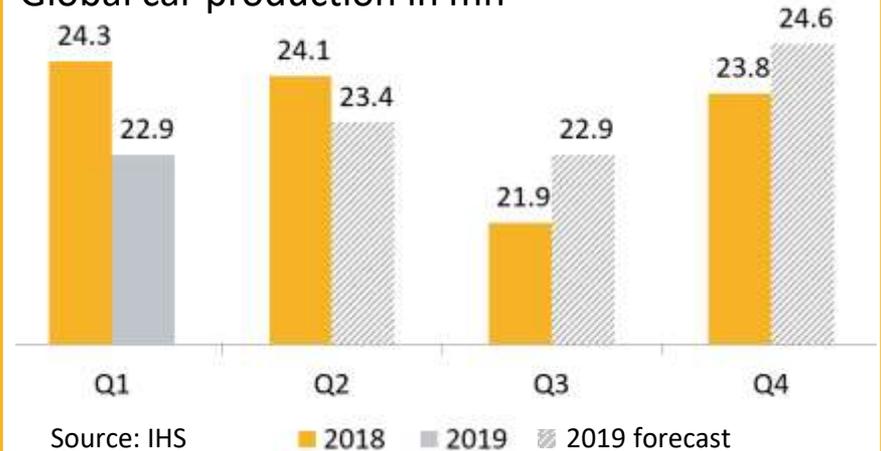
OUTLOOK

GLOBAL BUSINESS

- Volatile market conditions (“trade war”, Brexit, Diesel-Gate)
- High project status (planning and execution)
- Significant increase in development of full electric and hybrid vehicles (car, bus, and truck)
- Additional strong growth potential driven by megatrends lightweight vehicles, acoustics, and e-mobility



Global car production in mn



2018 BUSINESS YEAR

PAUL SCHULER

CHIEF EXECUTIVE OFFICER

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HIGHLIGHTS 2018

1. Record results

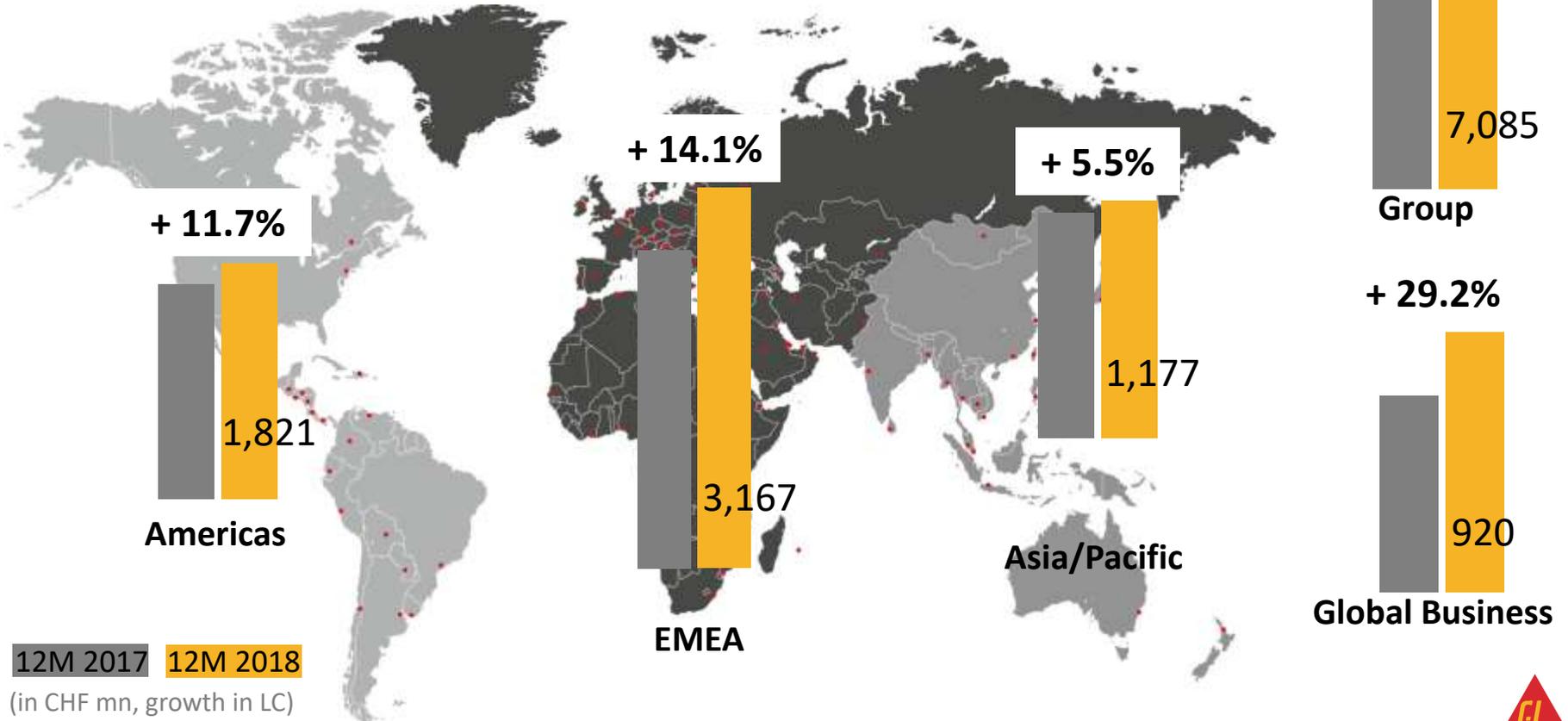
- Sales growth of 13.6% in local currencies to CHF 7.09 billion in 2018
- CHF 945.9 million EBIT (+5.5%)
- CHF 687.1 million net profit (+5.9%)

2. Key investments

- 1 new national subsidiary
- 11 new factories
- 4 acquisitions

STRONG GROWTH MOMENTUM CONTINUED IN 2018

13.6% SALES GROWTH IN LOCAL CURRENCY (13.4% IN CHF)



12M 2017 12M 2018

(in CHF mn, growth in LC)

HIGH OPERATING SPEED CONTINUED IN 2018

INVESTMENTS IN NEW PLANTS

Opening of Sika plants:

- New mortar plant Vietnam (Hanoi, March 2018)
- 1st admixture plant Senegal (Dakar, April 2018)
- New admixture factory Saudi Arabia (Dammam, June 2018)
- New admixture and mortar plant Azerbaijan (Baku, July 2018)
- Mortar and admixture factory United Arab Emirates (Dubai, August 2018)
- Automotive plant Mexico (Querétaro, September 2018)
- 2 new admixture plants Kazakhstan (Almaty and Astana, October 2018)
- New admixture plant Russia (Yekaterinburg, October 2018)
- Admixture, mortar and liquid applied membrane plant in Peru (Lima, November 2018)
- Admixture, mortar, and liquid applied membrane plant in Guatemala (Palin, December 2018)



New plant in Peru



New factory in Dubai

HIGH OPERATING SPEED CONTINUED IN 2018

EXPANSION IN EMERGING MARKETS

New subsidiary:

- Honduras

(February 2018)

Now present in 101 countries with own national subsidiaries



HIGH OPERATING SPEED CONTINUED IN 2018

CLOSING OF 4 ACQUISITIONS IN 2018

Company	Country	Target Market
Faist ChemTec	Global	Global Business
Index Construction Systems and Products	Italy	Roofing, Waterproofing
Polypag	Switzerland	Sealing & Bonding
Fibermesh Concrete Fibers	Global	Concrete

Total annual sales: CHF 375 million



Faist ChemTec



Index Construction Systems and Products



Fibermesh Concrete Fibers

FIRST QUARTER 2019 AND OUTLOOK

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HIGHLIGHTS Q1 2019

1. Strong start to 2019

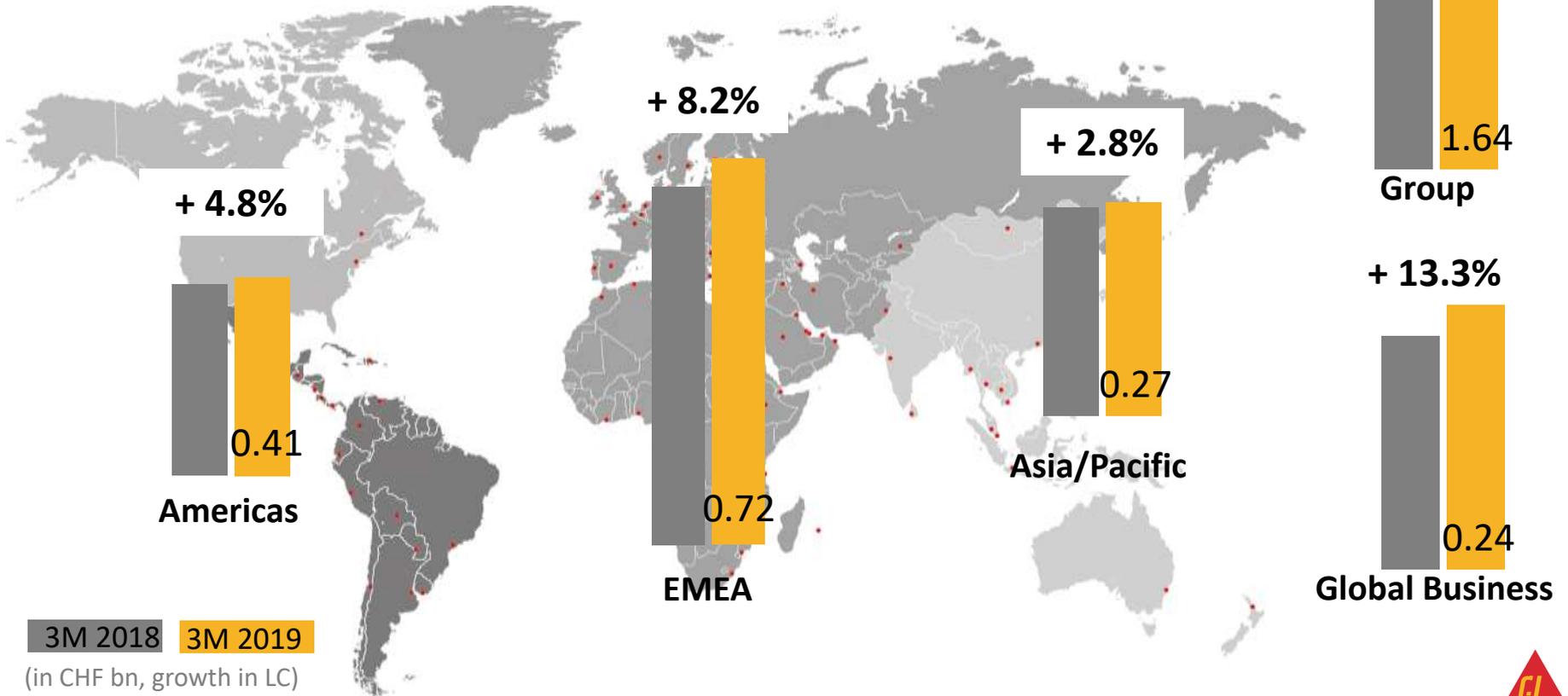
- +7.1% sales growth in local currencies to CHF 1,644.8 million
- Growth in all regions

2. Key investments

- Announcement of three acquisitions: Parex (global), King (Canada), Belineco (Belarus)
- New mortar plant in Senegal

GROWTH MOMENTUM CONTINUES IN 2019

7.1% SALES GROWTH IN LOCAL CURRENCY (5.8% IN CHF)

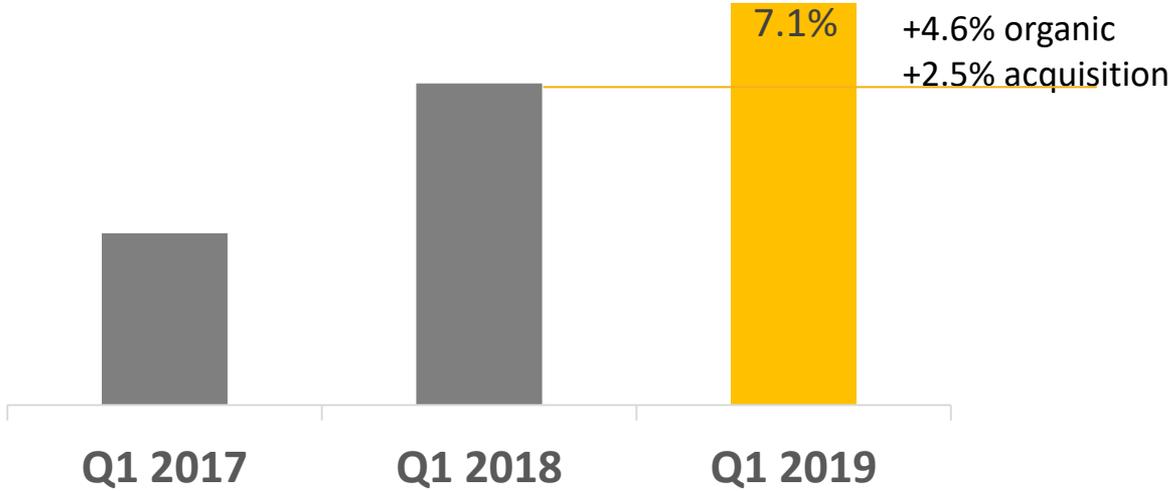


3M 2018 3M 2019

(in CHF bn, growth in LC)

GROWTH MOMENTUM CONTINUES IN 2019

7.1% SALES GROWTH IN LOCAL CURRENCY (5.8% IN CHF)



in CHF mn

	Q1 2017	Q1 2018	Q1 2019
Sales	1,389.0	1,554.0	1,644.8

UPDATE ON PAREX

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PAREX – A LEADING MORTAR MANUFACTURER

80% OF SALES THROUGH DISTRIBUTION CHANNEL

Sales	CHF 1,204 million
EBITDA	CHF 195 million
Sales by products	<p>Waterproofing & Tech. Solutions 26%</p> <p>Facade Protection & Decoration 34%</p>  <p>Tile Setting Materials 40%</p>
Sales by region	<p>Americas 25%</p> <p>EMEA 33%</p>  <p>Asia 42%</p>
Sites	74 plants across 23 countries
R&D centers	13 R&D centers
Employees	4,600 employees worldwide



(Key figures 2018)

UPDATE ON PAREX - EXAMPLE CHINA

HIGH CHANNEL COMPLEMENTARITY AND CROSS-SELLING POTENTIAL

Parex strong in distribution, Sika strong in direct business



- Technical mortars
- Industrial Flooring
- Roofing & Waterproofing
- Sealing & Bonding

Turnover 2018: CHF 247 million



- Waterproofing systems
- Tile setting materials
- Facade systems

Turnover 2018: CHF 350 million

Expanded footprint in China



- Sika with 90% of direct business in China
- High complementarity in distribution channels with significant cross-selling opportunities (acrylics, epoxies, PUs)
- Increase Sika's mortar plants from 3 to 12 and employees from 1,050 to 2,350 in China



- Parex is a strong market player operating under main brand Davco
- Unique retail distribution network with 90,000 points of sale of which 3,000 are exclusive independent distributors under the Davco brand

**Strong combined growth platform:
CHF 597 million**

UPDATE ON PAREX - EXAMPLE USA

FACADE AND TILE SYSTEMS AS NEW GROWTH PLATFORMS



- Refurbishment
- Industrial Flooring
- Roofing & Waterproofing
- Sealing & Bonding

Turnover 2018: CHF 1,125 million



- Facade mortars/stuccos
- EIFS
- Tiles setting materials

Turnover 2018: CHF 130 million

- Expand factory footprint for mortars with Parex plants in Florida, California, New York, and New Mexico
- Parex's Facade/EIFS business connects well with Sika's wall insulation business
- Parex to be Sika's growth platform and starting point for the US tile adhesives market
- Parex benefits from Sika's cross selling and specification selling activities



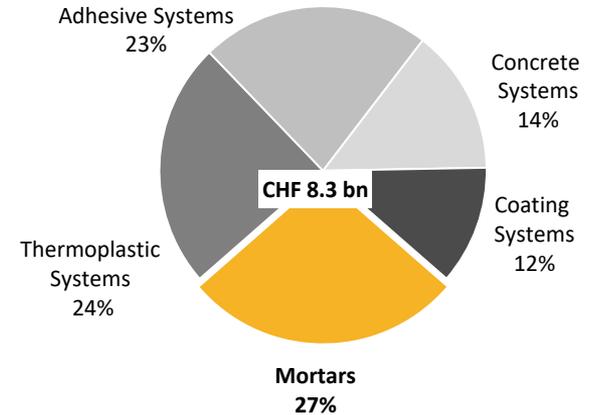
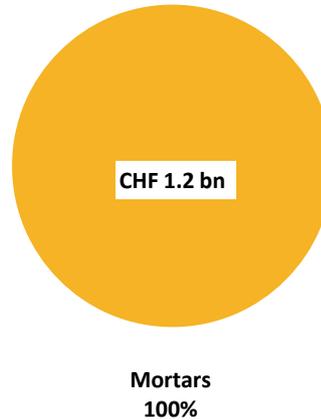
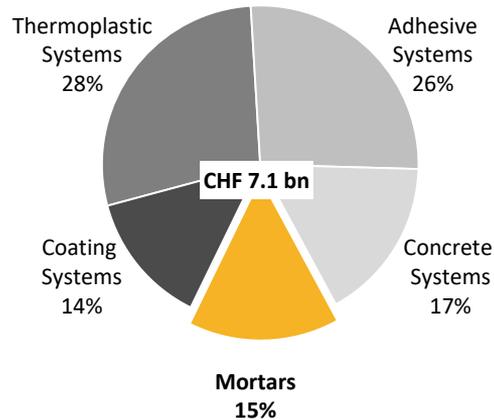
**Strong improvement of US market position
in construction chemicals:
CHF 1,255 million**

UPDATE ON PAREX

EXPAND HIGHLY PROFITABLE MORTAR BUSINESS

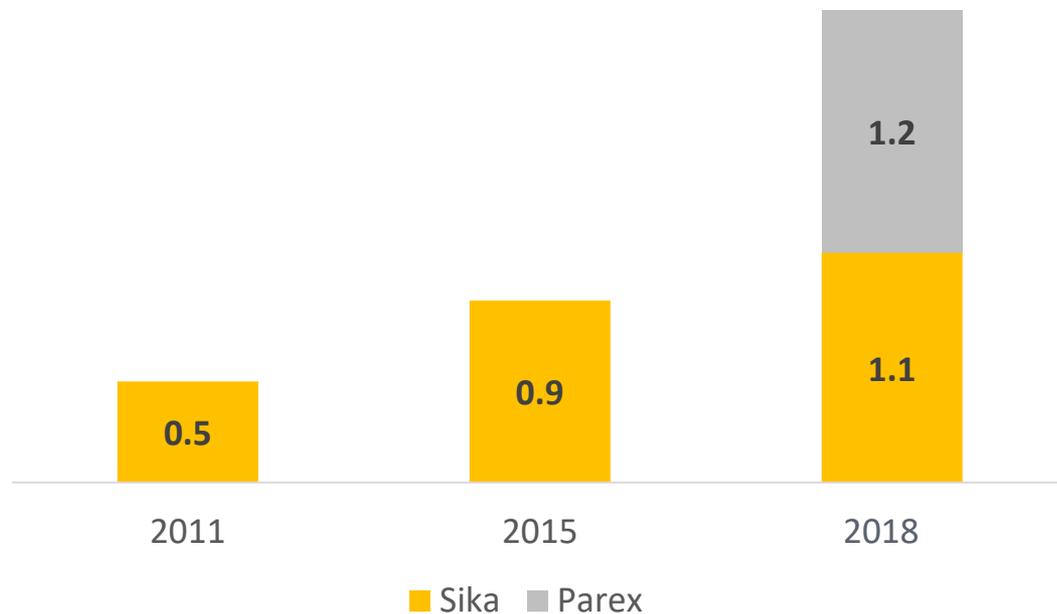


Combined



ACQUISITION OF PAREX

MORTARS: FASTEST GROWING SEGMENT WITH HIGH MARGINS

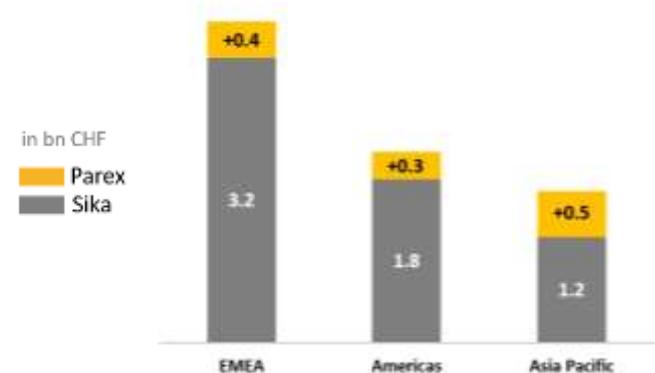


ACQUISITION OF PAREX

1+1=3

- Growth platform
 - Sale of Sika products via distribution channels of Parex
 - Direct sale of Parex facade systems via Sika in all countries
 - More than 2,000 additional sales people in the market
- Improvement of margin
 - Purchase – amount and price improvement
 - Optimized capacity of all mortar factories
 - Shortened delivery routes due to optimized supply chain
- Strengthening of local subsidiaries
 - Joint market development in the 23 Parex countries
 - 4,600 employees lead to a stronger market position

Sales 2018 incl. Parex



STRONG OUTLOOK 2019

CONTINUATION OF SUCCESSFUL GROWTH STRATEGY

- 6 to 8% sales growth in local currencies (with over-proportional profit increase)
- With initial consolidation of Parex in the second quarter: sales target expected to exceed CHF 8 billion
- Opening of seven to nine new factories
- Strategy 2023 to be communicated at Capital Markets Day on October 3, 2019