REGION AMERICAS – GOING FOR MEGACITIES

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SIKA CAPITAL MARKETS DAY 2018
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1. FROM NORTH AMERICA AND LATIN AMERICA TO REGION AMERICAS
When we share the best of us and our culture, better ways to work together arise.

WE ARE SIKA, WE ARE SIKA AMERICAS

Cuando ponemos lo mejor de nosotros y nuestra cultura, surgen mejores formas de hacer las cosas.

SOMOS SIKA, SOMOS SIKA AMÉRICAS

BUILDING TRUST
FROM NORTH AMERICA AND LATIN AMERICA TO REGION AMERICAS

The underlying rationale

- Making 1+1=3
- Net sales >CHF 1.8 billion and EBIT >CHF 300 million
  - 20 countries
  - 56 plants
  - >4,000 employees in total, of whom >2,000 people in sales related functions
  - 3 Global and 4 Regional R&D Centers
- All Sika technologies manufactured in region Americas
- All technical know-how covered by region
Drivers

- Many key owners, developers, suppliers and contractors operate in North and Latin America
- Emerging and mature markets, all with great infrastructure build-up potential
- Latin America with special strength in distribution channels, North America with strong specification and project business
- New area structure in place with smaller companies linked to larger companies: For example Sika Mexico to develop Sika in the Caribbean
ARGOS: LARGE SIKA ADMIXTURE CUSTOMER IN LATIN AMERICA
BUT: NO SIKA CUSTOMER YET IN THE USA
Drivers

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LATIN AMERICA WITH STRONG POSITION IN DISTRIBUTION CHANNELS
Drivers

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FROM NORTH AMERICA AND LATIN AMERICA TO REGION AMERICAS

Success factors

- Bringing new business initiatives from North America to Latin America and vice versa: liquid applied membranes, interior finishing, distribution and retail, insulation, park decks, food & beverage accounts, mining, PVC and bituminous roofing membranes etc.
- Cross-selling, specification-selling: bringing successful US approach to Latin America
- Extended innovative power: 135 chemists throughout region Americas
- Big City approach
- Extended talent pool
NEW REGION AMERICAS
QUICK-WIN SYNERGIES FROM LATIN AMERICA TO NORTH AMERICA

1. Bituminous sheets
   - USA and Canada are huge bituminous roofing markets
   - Bituminous sheets from Texsa Mexico to Sika Canada
   - Peel and stick sheets from Lwart Brazil to Target Market Waterproofing of Sika USA

2. Acrylic technology
   - Interesting product range for Sika US liquid applied membrane and sealing & bonding business; also for retail (Home Depot, Lowe’s)
   - CET Co-elastic technology for liquid applied membranes and sealants
NEW REGION AMERICAS
QUICK-WIN SYNERGIES FROM NORTH AMERICA TO LATIN AMERICA

1. Flooring
- Flooring systems for Food & Beverage industry
- Parking garage systems: transfer of successful Sika US business model into Latin America
- Butterfield/Scofield colored concrete floors

2. Building Envelope
- Polyiso insulation boards from Sika Rmax replacing other locally used suppliers
PAN-AMERICAN SYNERGIES IN ROOFING PROJECTS
ROOFING FOR AN ELECTRONICS PLANT IN MEXICO

- 25,000 m² of Sikaplan® and Sika Poliyso insulation.
- Improved teamwork within new region Americas: Sika Mexico acquired the job, roofing membranes supplied by Sika® Sarnafil® USA and insulation boards supplied by Sika Rmax USA
FROM NORTH AMERICA AND LATIN AMERICA TO REGION AMERICAS

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FROM NORTH AMERICA AND LATIN AMERICA TO REGION AMERICAS

Synergies

- Growing procurement power versus Americas suppliers
- Large synergy potentials for operations (automation, packaging)
- R&D synergies (for example acrylic and bitumen technology)
- Construction in southern US with strong Latino influence
- North America and Latin America not “competing” anymore but working hand in hand
2. STRATEGY GOING FORWARD
STRATEGY GOING FORWARD
MERGE THE BEST OF BOTH INTO ONE STRONG REGION AMERICAS

- Merging the best of both former regions into a single strong Americas strategy
- Double-digit profitable growth concept
- New Pan-American business initiatives: mining, park decks, retail, Food & Beverage, Roofing
- Success factors for growth: people, business focus, innovation, SikaSmart selling, Big City focus
- Market penetration with new factories: Houston, Peru, Guatemala, Bolivia, Miami, Quito, Cali
NEW SIKA FACTORY IN HOUSTON, TEXAS
RAMPING UP

Mortars plant

Sika® ViscoCrete® reactor and admixtures
NEW SIKA FACTORIES IN PERU AND GUATEMALA
OPENING UP LATER THIS YEAR

To be opened in 2018: Sika plant in Lucomo, Peru

To be opened in 2018: Sika plant in Palin, Guatemala
STRATEGY GOING FORWARD

- Bringing more automation into our factories
- E-Sika: leadership online markets too
- Acquisitions with rollout potentials right across the Americas
- New area structure in place: USA, Canada, Brazil, Mexico & Caribbean, Latin America North, Latin America South
- New Pan-American Operations and R&D departments for more efficiency and improved coordination of projects
- Cultural integration: Sika spirit as our common base
BRINGING MORE AUTOMATION INTO OUR FACTORIES
STRATEGY GOING FORWARD

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EXCITING ACQUISITIONS CLOSE STRATEGIC GAPS
NEW BUSINESS OPPORTUNITIES FOR ALL OF SIKA AMERICAS
STRATEGY GOING FORWARD

- Bringing more automation into our factories
- E-Sika: being a leader also in online market places
- Acquisitions with roll out potentials in all of the Americas
- New area structure in place: USA, Canada, Brazil, Mexico & Caribbean, Latin America North, Latin America South
- New Pan-American Operations and R&D departments for more efficiency and improved coordination of projects
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3. GOING FOR MEGACITIES
GOING FOR MEGACITIES TO CAPTURE MARKET POTENTIAL OF URBANIZATION

BIG CITIES DRIVING OUR FOOTPRINT OF PLANTS AND WAREHOUSES
GOING FOR MEGACITIES
MARKET AND PROJECT PENETRATION THROUGH CROSS-SELLING

- All project types exist in large cities – therefore all our technologies in demand
- Special requirements in large cities: fast systems, easy-to-apply products with little labor usage, 24/7 supply chain, “24/7” on-site technical service
- Higher demand for high-performance and specialty concrete
- More waterproofing solutions needed
- Functional sealing and building envelopes
- Innovative roofing solutions: for example liquid applied membranes
- Increased safety, fire, water, earthquake and quality requirements
- Increasing demand for refurbishment and repair solutions
GOING FOR MEGACITIES TO CAPTURE THE MARKET POTENTIAL OF URBANIZATION

- Higher growth rates in metro areas: more USD per salesperson, more projects concentrated in a smaller space
- Target not only the largest cities but primarily the fastest-growing ones, such as Nashville TN or Phoenix AZ
- Project penetration: every large metro area has so called Building Envelope Specialists opening doors to large projects through specification work and then bring in and coordinate the dedicated salesforces from the different target markets to close the deals
- Marketing Shower campaigns in big cities generating long-term sustainable growth
MARKETING SHOWER CAMPAIGNS ARE GROWTH TURBOS
INVESTMENTS THAT PAY OFF IMMEDIATELY
GOING FOR MEGACITIES TO CAPTURE THE MARKET POTENTIAL OF URBANIZATION

- Sika tracks every important project in big cities long before construction starts
- Monthly sales number tracking by city, by Target Market and by key project drives our strategic decisions regarding where to hire more sales personnel and where to invest in the supply chain
- Supply chain in big cities: challenge and opportunity at the same time
- Now focus on tier 1 cities; in future extend strategy to tier 2 cities
LARGE POTENTIAL FOR MEGACITY PENETRATION IN LATIN AMERICA

USA: 37% of sales generated in 20 biggest cities

LATIN AMERICA: 23% of sales generated in 20 biggest cities
4. BIG MEGACITY PROJECTS
Project Description
Chase Arena & Towers for the Golden State Warriors – 2018 NBA Champions
Project value: USD 1 billion

Project Details
Gensler – Architect
100% privately financed (first in the nation)
Specification flipped to PVC

Sika Opportunities
Sika® ViscoCrete® – Stadium Bowl
Sika Sarnafil® Roofing
Sika Sealants and Traffic Coatings
Sika Flooring – Recently supplied two other large arenas (Kings Arena & Levi’s Stadium)
KEY PROJECT
CONRAC SAN DIEGO INTERNATIONAL AIRPORT, CA

Project Description
Consolidated rental car facility
Project Value: USD 100 million

Project Requirements
Off-site facilities for improved safety at major airports

Sika Opportunities
Sika Traffic Coatings
Resinous Coatings
Sealers
Sika Roofing
Joint Sealants
KEY PROJECT
NEW WATER PLANT, HOUSTON, TEXAS

Project Description
Water purification plant to serve growing demand and more stringent water quality regulations. Project value: USD 1.4 billion.

Project Requirements
- Multiple heavy civil concrete structures
- 19 total bid packages
- Watertight and low shrinkage concrete
- Harsh service environments/long service life

Sika Opportunities
Concrete Admixtures: Sika® ViscoCrete®, Sika Control® NS, Sika Greenstreak Waterstop, Sika WT-215P waterproofing admixture
Sealants, Coatings, Roofing and Flooring
Project Description
2\textsuperscript{nd} busiest airport in Latin America
Project value: USD 9 billion

Sika Opportunities
High-performance grouts meeting special seismic requirements
Several business opportunities for all Sika

Target Markets
Project Description
Atrio leasing offices building
Location: Bogota
Owner: Chaid Neme Cia.
General Contractor: Arpro
Project value: USD 300 million

Sika Solutions
Roofing: Sarnafil® G476-15 green roof
Repair mortars, grouts
Flooring: Dry Shakes, cementitious leveling mortars, epoxies
Steel protection
KEY PROJECT
SARMIENTO RAIL TUNNEL, BUENOS AIRES, ARGENTINA

Project Description
Part of government program to modernize the urban rail system.
4-year execution; in 3 stages
1st stage: 22.4 km of tunnel

Sika Solutions (1st stage)
Admixtures for onsite-cast and precast concrete. Sika® Sigunit®
Project Description
Facilities for beer production.
Location: Sesquilé, near to Bogotá.
Owner: Central Cervecería Colombia.
General Contractor: Consorcio CCC

Sika Solutions
Fire protective coatings for steel structures
KEY PROJECT
RAIL LINK MEXICO CITY - TOLUCA

Project Description
55 km intercity rail link
Project value: USD 2.7 billion

Sika Solutions
Sika supplies whole range of concrete admixtures
KEY PROJECT
METRO LINE 6, SAO PAULO, BRAZIL

Project Description
Total 16 km metro line
15 stations
Project value: USD 1.6 billion
Estimated construction period: 2019-2023

Sika Solutions
Concrete admixtures
Fibers for shotcrete
Admixtures for tunnel boring machine excavation
Waterproofing solutions
Grouts, mortars and injections
Flooring and roofing for stations
THANK YOU FOR YOUR ATTENTION
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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:

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- Legislative and regulatory developments and economic conditions
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- 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 ability 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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