



RECORD RESULTS IN 2019

SIKA MEDIA AND INVESTOR PRESENTATION
FEBRUARY 21, 2020

BUILDING TRUST



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INDUSTRY
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1. HIGHLIGHTS

PAUL SCHULER, CEO

BUILDING TRUST



HIGHLIGHTS 2019

1. Record results

- Sales growth of 14.4% in CHF to CHF 8,109.2 million in 2019 (16.3% in local currencies)
- CHF 1,387.6 million EBITDA (+20.7%)
- CHF 1,055.1 million EBIT (+11.5%)
- CHF 758.5 million net profit (+10.4%)
- CHF 1,026.1 million operating free cash flow (+99.9%)

2. Key investments

- 7 new factories
- 5 acquisitions

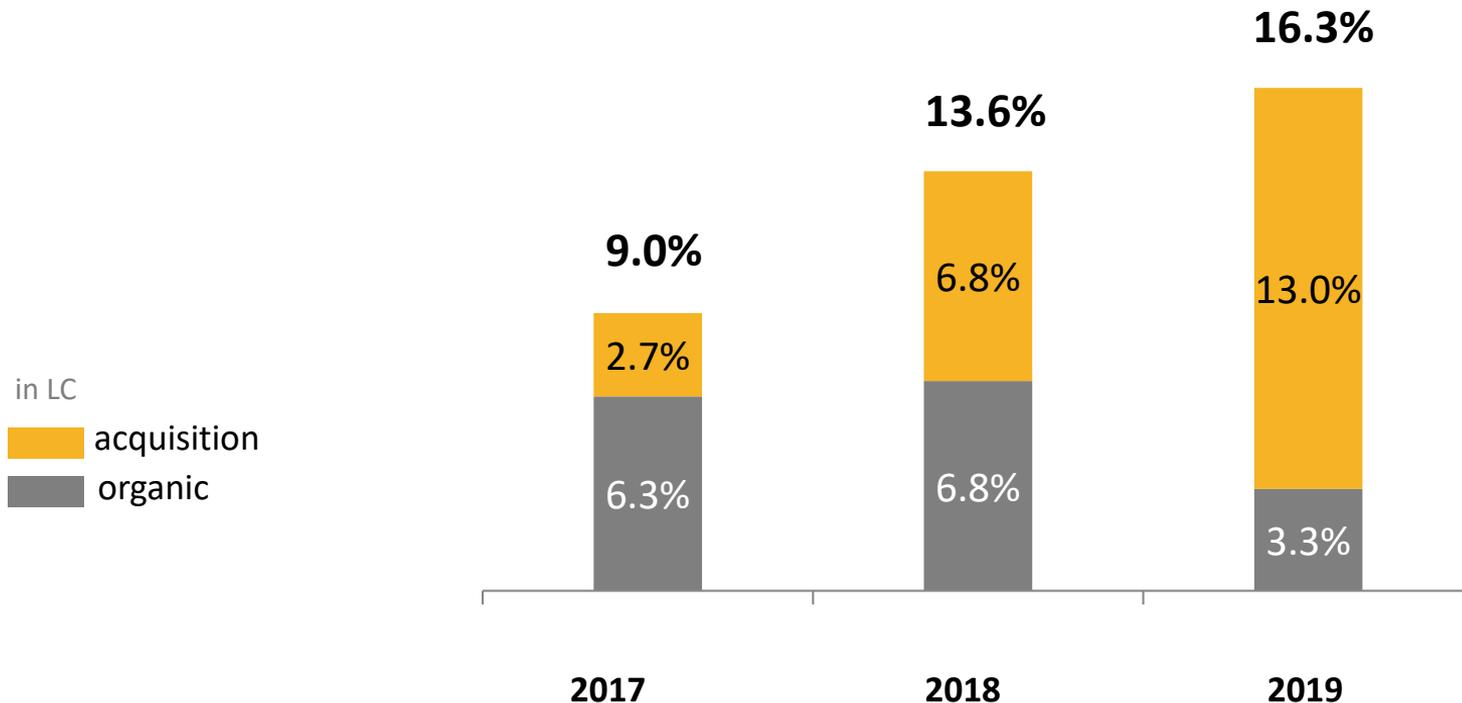
KEY FIGURES

RECORD RESULTS ON ALL LEVELS

in CHF mn	2018	2019	Δ %
Net sales	7,085.4	8,109.2	+ 14.4
Gross margin	53.0%	53.6%	
EBITDA	1,149.9	1,387.6	+20.7
EBIT	945.9	1,055.1	+ 11.5
Net profit	687.1	758.5	+ 10.4
Operating free cash flow	513.2	1,026.1	+ 99.9

SALES DEVELOPMENT

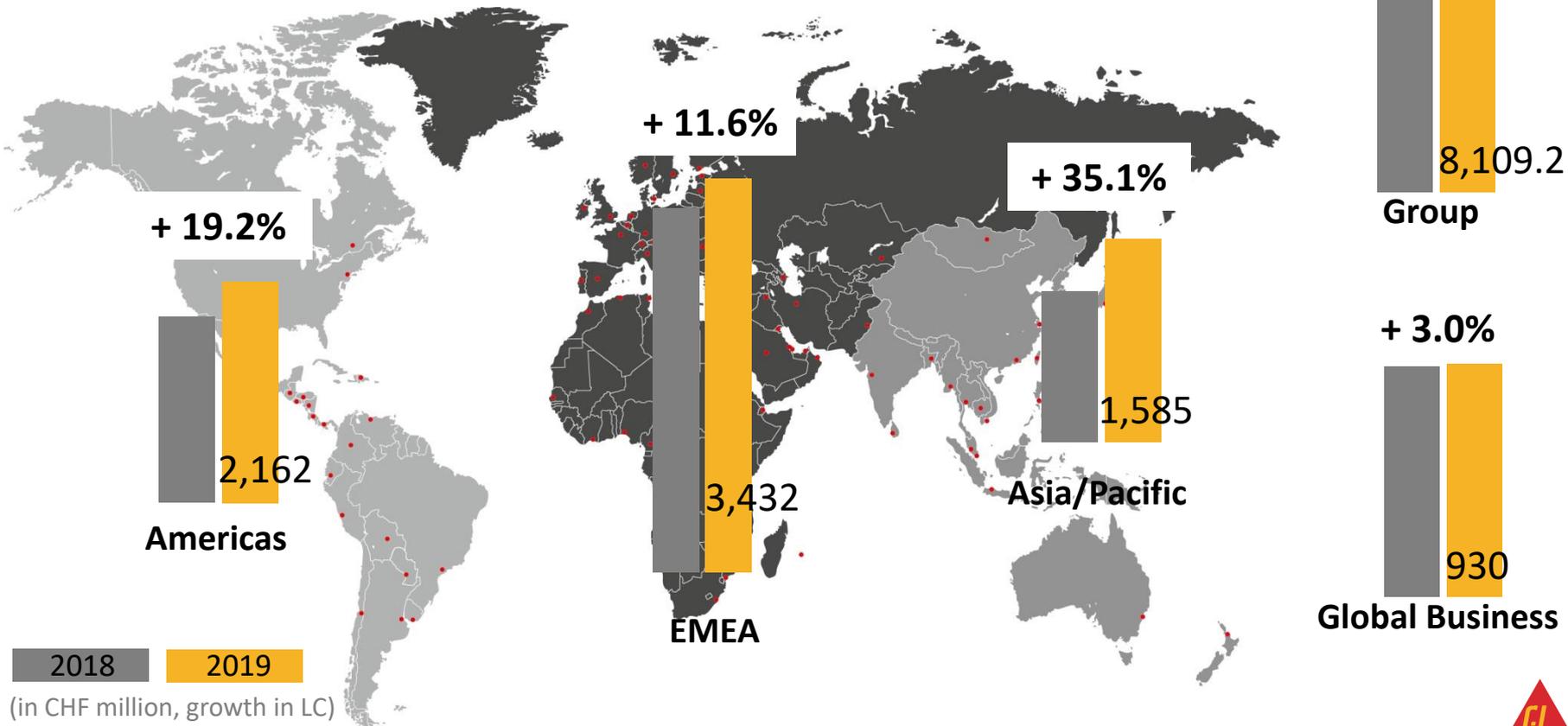
16.3% GROWTH IN LOCAL CURRENCIES IN 2019



In 2019, sales growth of acquired businesses since initial consolidation is included in organic growth.

STRONG GROWTH MOMENTUM IN ALL REGIONS

16.3% SALES GROWTH (14.4% IN CHF) IN 2019



2018 2019
(in CHF million, growth in LC)

HIGH OPERATING SPEED CONTINUED IN 2019

INVESTMENTS IN SEVEN PLANTS

Opening of Sika plants:

Mortar plant
Senegal, Dakar



Mortar plant
Cameroon, Douala



Third plant
Indonesia, Jakarta

Jan > Feb > Mar > Apr > May > Jun > Jul > Aug > Sep > Oct > Nov > Dec

Concrete admixture plant
Qatar, Doha



Expansion of mortar plant
Egypt, Alexandria

Expansion of mortar plant
Serbia, Belgrade



Mortar plant
Ethiopia, Addis Ababa

HIGH OPERATING SPEED CONTINUED IN 2019

FIVE ACQUISITIONS IN 2019 – INTEGRATION ON TRACK

Total annual sales: CHF 1,458 million

Parex, Global

Building Finishing, Waterproofing, Flooring



King Packaged Materials, Canada
Concrete, Refurbishment

Crevo-Hengxin, China

Sealing & Bonding



Jan > Feb > Mar > Apr > May > Jun > Jul > Aug > Sep > Oct > Nov > Dec



Belineco, Eastern Europe
Sealing & Bonding

Adeplast, Romania
Building Finishing
(Closing Q1 2020)

1.1 FAST AND SUCCESSFUL INTEGRATION OF PAREX

PAREX – A LEADING GLOBAL MORTAR COMPANY

80% OF SALES THROUGH DISTRIBUTION CHANNEL

SALES

CHF 1,204 million

EMPLOYEES

4,600 worldwide

SITES

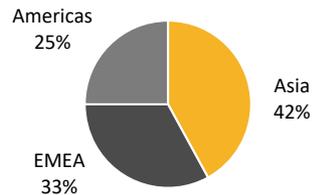
23 countries
74 plants

R&D CENTERS

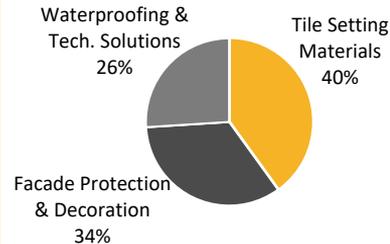
13 globally



SALES BY REGION



SALES BY PRODUCT



(2018 figures)

FAST AND SUCCESSFUL INTEGRATION OF PAREX FIRST STRONG JOINT INITIATIVES

Cross-selling project with value of CHF 1 million



- Direcional Engenharia, Brazil
- Supply of adhesive mortars from Portokoll Premium brand
- Supply of Sika polymeric mortars

Lower formulation costs – higher performance



- Know-how sharing of Sika and Parex
- Benchmarking similar product couples
- Comparing formulations to optimize costs
- 100 initiatives identified to achieve synergies

Improved market access



- 10% increase of distributor footprint in 2019
- Access to new channels such as paint dealers
- Joint offer for distributors

FAST AND SUCCESSFUL INTEGRATION OF PAREX EXCELLENT PROGRESS

TOTAL SYNERGIES

Around CHF 100 million identified

TOTAL COST SYNERGIES

CHF 55 million

First **SHOP IN SHOP** concept launched in China in **2,100 STORES**



CROSS-SELLING

CHF 230 million of revenue targeted with over 100 projects

FAST ORGANIZATIONAL INTEGRATION

Over 20 countries in fully integrated management structures



1.2 SUCCESSFUL LAUNCH OF EIGHTH TARGET MARKET

EIGHT TARGET MARKETS

HIGHER MARKET PENETRATION

Building Finishing



Concrete



Waterproofing



Roofing



Flooring & Coating



Sealing & Bonding



Refurbishment



Industry



BUILDING FINISHING AS OUR EIGHTH TARGET MARKET

HIGHER MARKET PENETRATION

Technical Mortars / Other Sika Target Markets



Highly technical building and infrastructure projects



Direct sales to large contractors and concrete producers, where an engineer is the key decision maker

Building Finishing – Tile Adhesives and Facade Mortars



Residential and light commercial focus

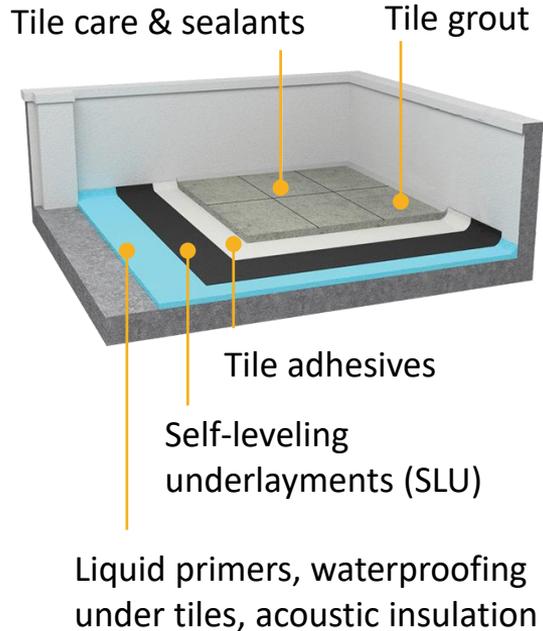


Need for capillary distribution network to serve highly fragmented applicator base

BUILDING FINISHING AS OUR EIGHTH TARGET MARKET

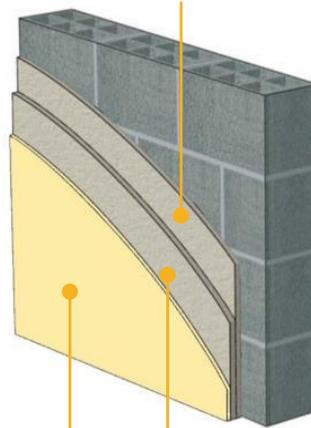
THE BUILDING FINISHING TARGET MARKET COMPRISES 3 SYSTEMS

Tile Setting Materials (TSM)



Facade Solutions

Ready mix grey mortar or skim coat used for substrate preparation/ leveling



Mineral (color) render/acrylic (organic) finishes/ EIFS system used for protecting (e.g., insulation) and decoration

Facade protection and treatment (e.g., sealers, hydrophobic agents)

Interior Walls

Skim coats, fillers (as needed)

Decorative wall coatings

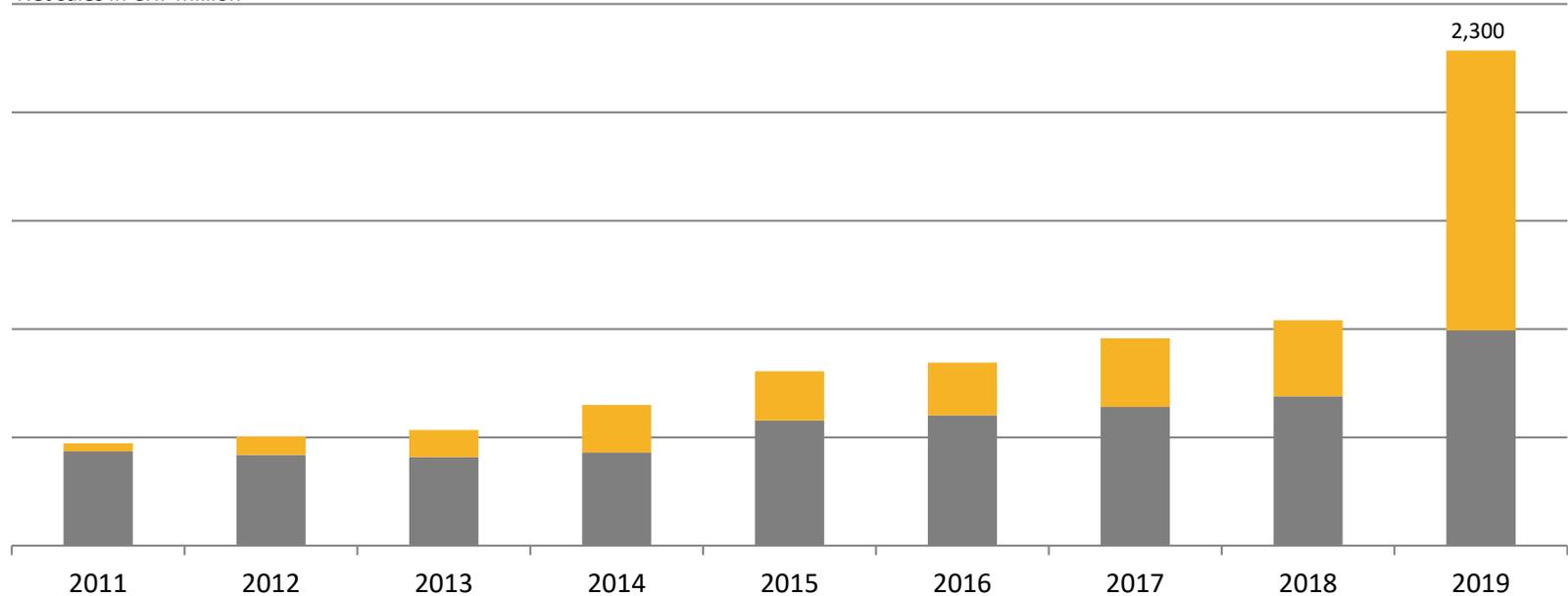


BUILDING FINISHING AS OUR NEW TARGET MARKET

DEVELOPMENT IN BUILDING FINISHING 2011 TO 2019

Building Finishing Engineered Mortars

Net sales in CHF million



1.3 INNOVATION – STRONG PIPELINE OF NEW PRODUCTS

STRONG INNOVATION PIPELINE

100 IMPORTANT PRODUCT LAUNCHES IN 2019

SikaProof® A+

- New waterproofing membrane
- Optimized bond effect to fresh concrete
- Prevents lateral water ingress between membrane and concrete



SikaRoof®-AT

- Versatile TPO roofing system
- Durable, sustainable, easy to apply
- Unique in terms of ecology
- Simple application saves time during installation



Sikaflex®-2c NS Arctic

- Best-selling polyurethane sealant for cold temperatures
- Easy to mix and apply
- New formulation for mixing at temperatures below 10°C



Sika MonoTop®

- Easy-to-apply concrete repair mortar
- Reduced carbon footprint
- one-component, fiber reinforced, low shrinkage repair mortar containing recycled waste materials



STRONG INNOVATION PIPELINE

WINNER OF SWISS TECHNOLOGY AWARD

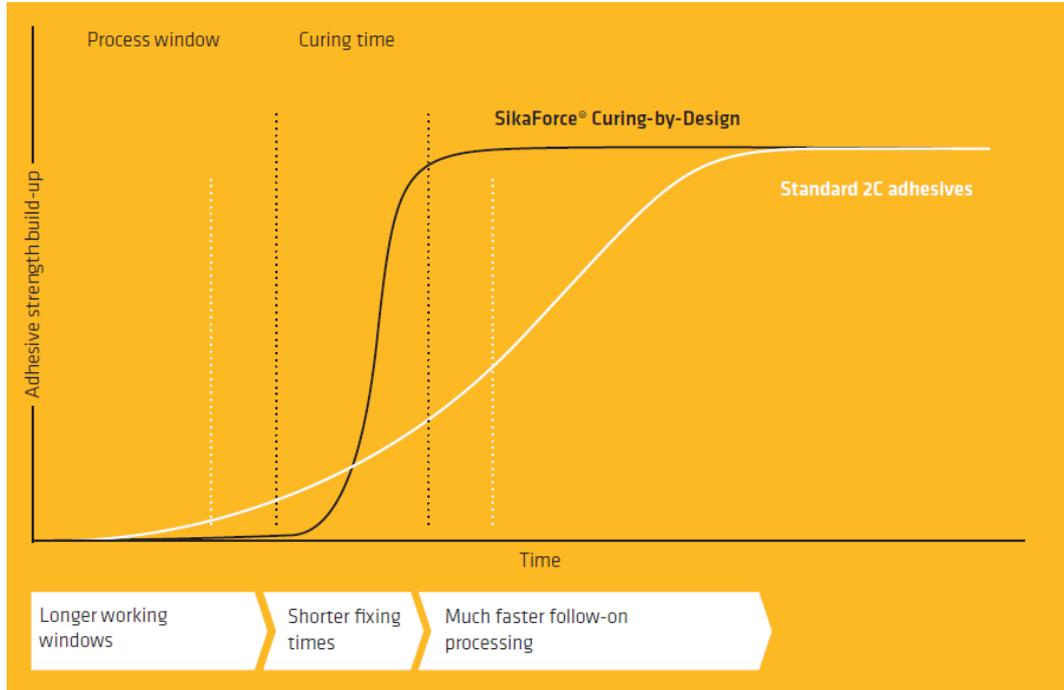
- Sika wins **Swiss Technology Award**
- Ground-breaking new adhesive technology
- **SikaForce® Powerflex** for manufacturers of cars, rail vehicles, buses and trucks
- Possible to implement new, lighter, less polluting vehicle concepts while maintaining body rigidity and elasticity
- Curing-by-design technology reduces assembly time by around 90%



WINNER OF SWISS TECHNOLOGY AWARD

REVOLUTIONARY ADHESIVE CURING TECHNOLOGY

Delivers unparalleled process optimization



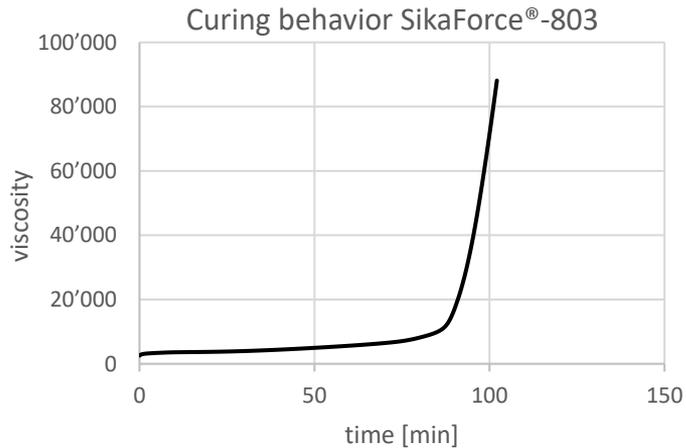
Groundbreaking curing technology designed for structural adhesives.

Customizable working and curing times:

- Unmatched snap cure effect to reduce fixture times
- Variability in working and open times
- Unique intellectual property of Sika

WINNER OF SWISS TECHNOLOGY AWARD

CURING-BY-DESIGN – EXAMPLE OF BUS MANUFACTURER



Cost savings up to 75% - Time savings approx. 90%

	Open time	Workforce needed for application
SikaForce®-803	45 min	1 person
Conventional adhesive	15 min	4 people
	Strength after 4 hours	Strength after 24 hours
SikaForce®-803	>4 MPa	>6 MPa
Conventional adhesive	0.45 MPa	1.8 MPa
	Waiting time until vehicle can be moved	
SikaForce®-803	2 h	
Conventional adhesive	24 h	

2. FINANCIAL RESULTS 2019

ADRIAN WIDMER, CFO

FINANCIAL HIGHLIGHTS 2019

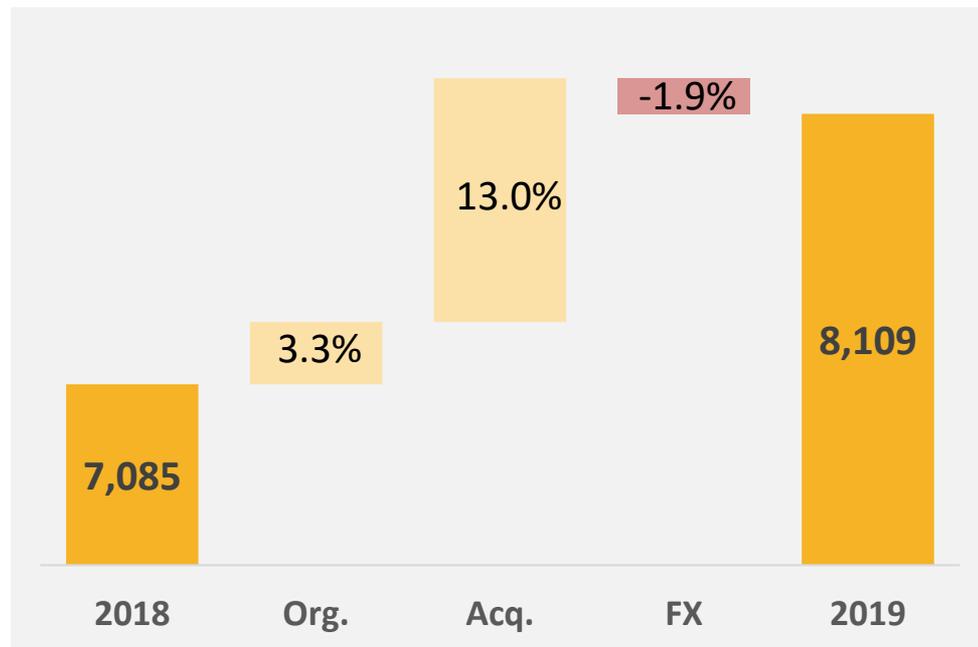
- New and all-time records in:
 - Net sales: CHF 8,109.2 million (+16.3% in LC, 14.4% in CHF)
 - EBITDA: CHF 1,387.6 million (+20.7%)
 - EBIT: CHF 1,055.1 million (+11.5%) reaching 13.0% of net sales, +CHF 109 million
 - CHF 44 million one-time cost related to acquisition and integration of Parex
 - Net Profit: CHF 758.5 million (+10.4 %)
- Tax rate decreased further to 21.5%
- Earnings per share (EPS) increased 13.0% to CHF 5.30 (undiluted)
- ROCE at 19.2%, impacted by the mid-year Parex acquisition
- Very strong cash generation: operating free cash flow of CHF 1,026 million, double the amount compared to previous year (CHF 513 million)
- Strong deleveraging profile

REVENUES 2019

16.3% GROWTH IN LOCAL CURRENCIES

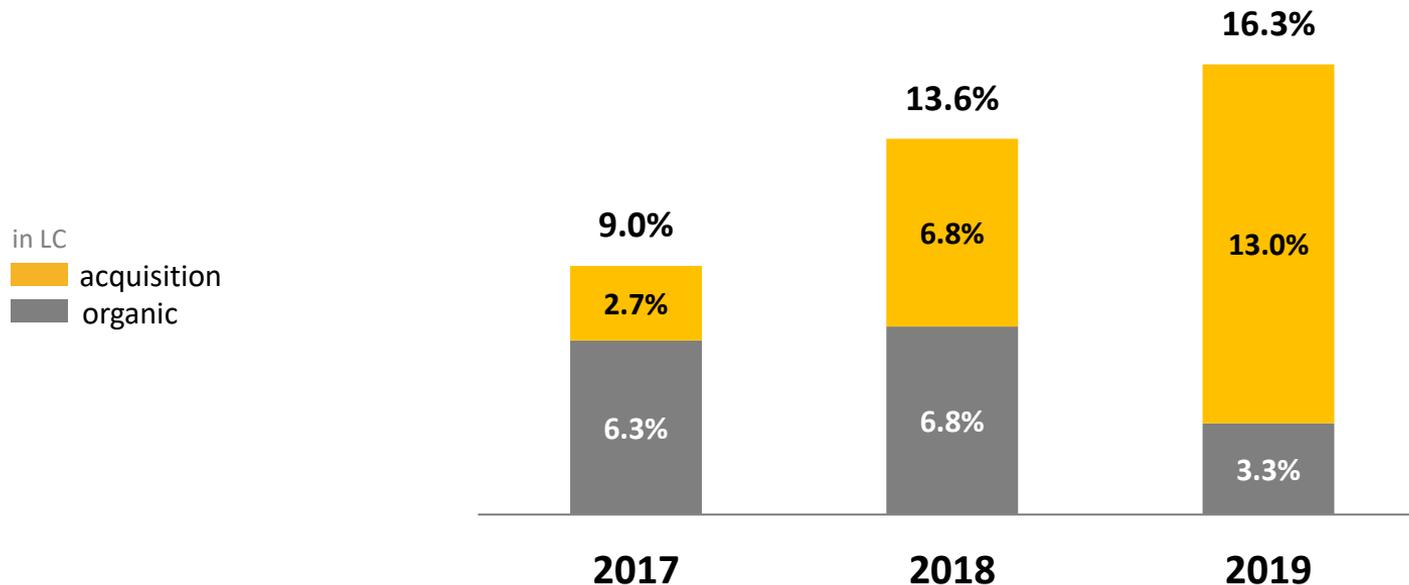
in CHF mn	2018	2019
Net sales	7,085.4	8,109.2

Organic growth	+235.9
Acquisition effect	+922.5
Currency effect	-134.6



SALES GROWTH 2017 TO 2019

STRONG GROWTH MOMENTUM



in CHF mn

Sales

6,248.3

7,085.4

8,109.2

In 2019, sales growth of acquired businesses since initial consolidation is included in organic growth.

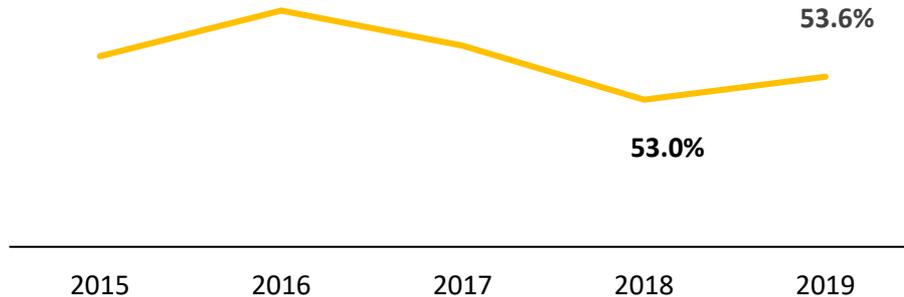
INCOME STATEMENT

DOUBLE-DIGIT GROWTH ACROSS THE BOARD

in CHF mn	2018	NS	2019	NS	Growth
Net sales	7,085.4	100%	8,109.2	100%	14.4%
Gross result	3,751.7	53.0%	4,344.0	53.6%	15.8%
Personnel costs	-1,345.4	-19.0%	-1,544.3	-19.0%	14.8%
Other OPEX	-1,256.4	-17.7%	-1,412.1	-17.5%	12.4%
EBITDA	1,149.9	16.3%	1,387.6	17.1%	20.7%
Depreciation and amortization	-204.0	-2.9%	-322.5	-4.1%	63.0%
EBIT	945.9	13.4%	1,055.1	13.0%	11.5%
Financial expenses	-53.0		-88.5		67.0%
Income taxes	-205.8		-208.1		1.1%
Net profit	687.1	9.7%	758.5	9.4%	10.4%
Tax rate		23.0%		21.5%	
Non-material costs	-2,805.8	-39.6%	-3,288.9	-40.6	17.2%

MATERIAL MARGIN / GROSS RESULT RECOVERING MARGINS IN 2019

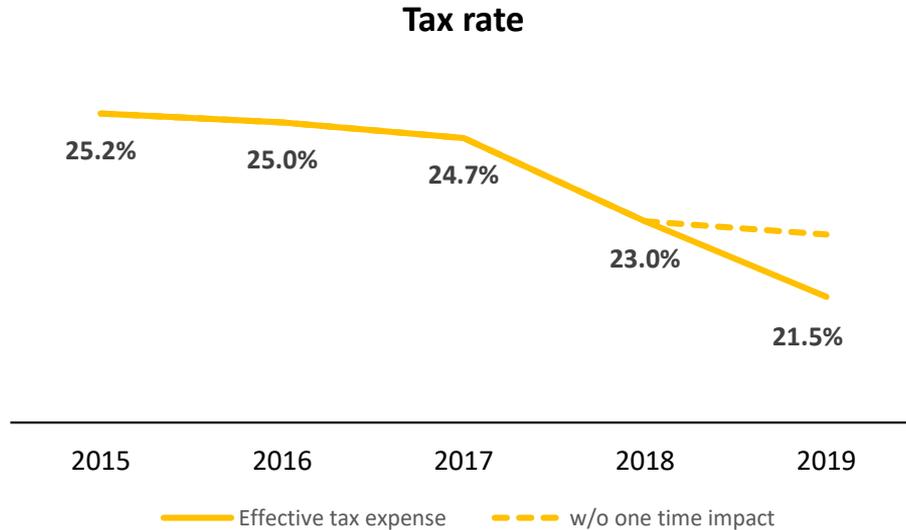
Material Margin



- Clear upward trend in 2019
- In spite of dilution from acquisitions (-20bps)
- Driven by solid pricing and structural savings
- Flattening / decreasing raw material cost in 2nd half 2019

TAX RATE

FAVORABLE DEVELOPMENT WITH A POSITIVE ONE-TIME IMPACT



- Favorable development in recent years
- Tax rate reduction in 2018 triggered by lower taxes in the US (US tax reform)
- 2019: CHF 12 million favorable one-time impact due to Swiss tax reform (underlying tax rate = flat)

CONSOLIDATED BALANCE SHEET

IMPACTED BY M&A AND FINANCING ACTIVITIES

in CHF mn	31.12.2018	31.12.2019	Δ %
Cash and cash equivalents	914.0	995.1	8.9
Other current assets	2,262.7	2,474.8	9.4
Current assets	3,176.7	3,469.9	9.2
Non-current assets	3,205.5	6,475.3	102.0
Total assets	6,382.2	9,945.2	55.8
Current liabilities	1,206.9	1,597.5	32.4
Bonds (current)	199.9	208.8	
Bonds (non-current)	2,792.9	3,816.0	
Other non-current liabilities	507.1	1,161.7	129.1
Total liabilities	4,706.8	6,784.0	44.1
Equity including minorities	1,675.4	3,161.2	88.7
Total liabilities and equity	6,382.2	9,945.2	55.8
Net debt	2,114.1	3,407.7	
ROCE	26.2%	19.2%	

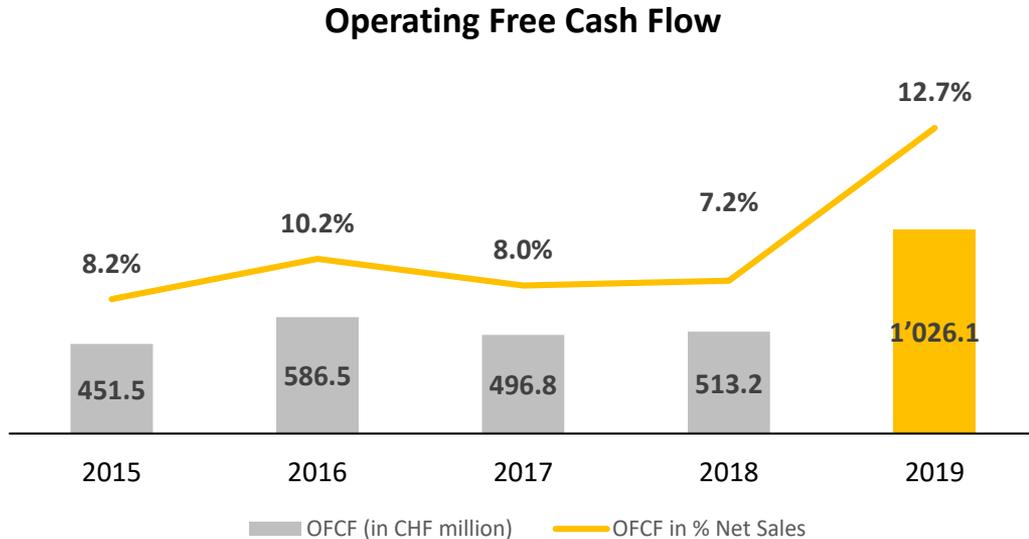
CASH FLOW STATEMENT

RECORD OPERATING FREE CASH FLOW

in CHF mn	2018	2019
Cash flow from operating activities	744.0	1,213.9
CapEx/sale of assets	-230.8	-187.8
Operating free cash flow	513.2	1,026.1
Acquisitions/financial assets	-474.4	-1,743.1
Free cash flow	38.8	-717.0
Cash flow from net financing activities	-149.6	827.6
Exchange differences	-13.1	-29.5
Net change in liquid funds	-123.9	81.1

OPERATING FREE CASH FLOW DEVELOPMENT

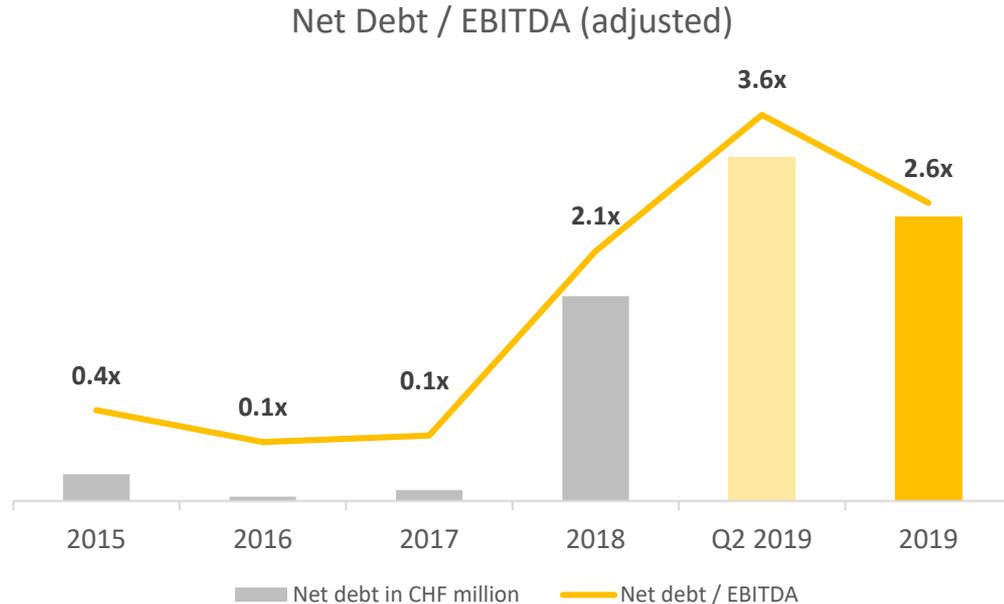
STRONG CASH CONVERSION



- 2019 operating free cash flow at 12.7% of sales
- Higher profitability and lower CapEx
- NWC reduction of CHF 88 million (vs. CHF 162 million increase in previous year)
- Positive IFRS 16 impact of CHF 85 million in 2019

NET DEBT/EBITDA DEVELOPMENT

S&P ADJUSTED



- De-leveraging well on track
- Strong 2019 cash conversion led to significant leverage reduction from peak in Q2 2019
- On track towards 2.0 leverage target by end of 2020 (absent larger M&A)

RECORD DIVIDEND

BOARD PROPOSES 12.2% DIVIDEND INCREASE

Dividend payment of CHF 2.30 per share (+12.2% vs. previous year)

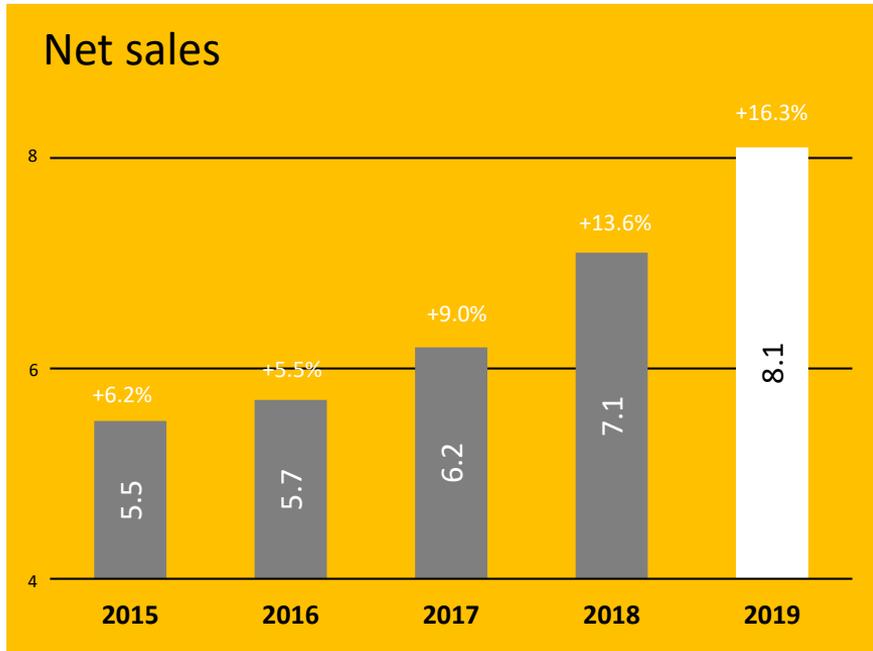
in CHF mn	2018	2019
Group profit (after minorities)	682.9	751.9
Dividend out of retained earnings	290.6	326.1
Dividend per share	2.05*	2.30*
Total payout ratio	42.6%	43.4%

*in CHF

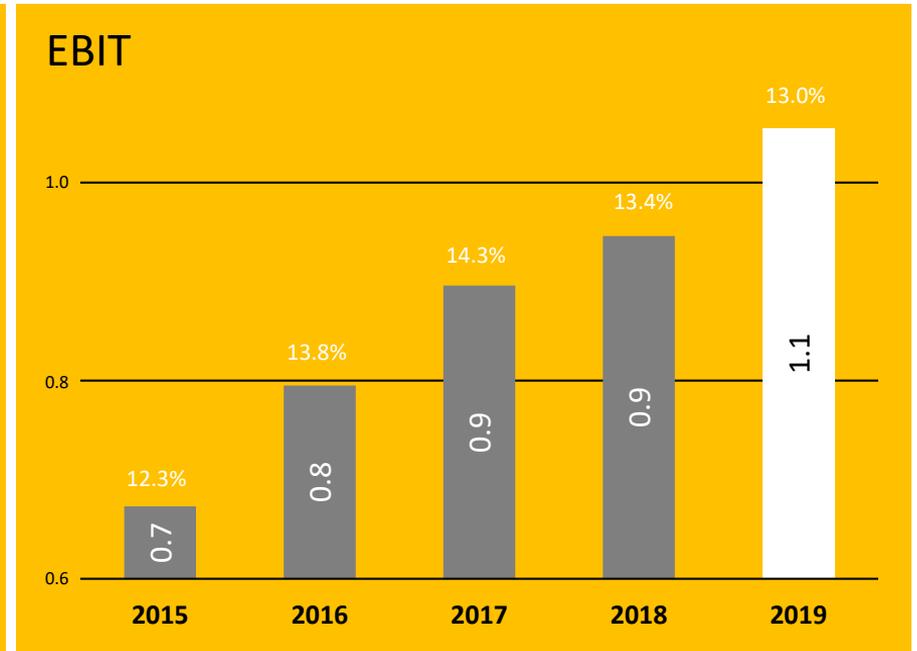
3. SUCCESSFUL STRATEGY EXECUTION – NEW STRATEGY 2023 A STRONG FOUNDATION FOR FUTURE GROWTH

PAUL SCHULER, CEO

CONTINUOUS SALES AND EBIT GROWTH PERFORMANCE FROM 2015 TO 2019



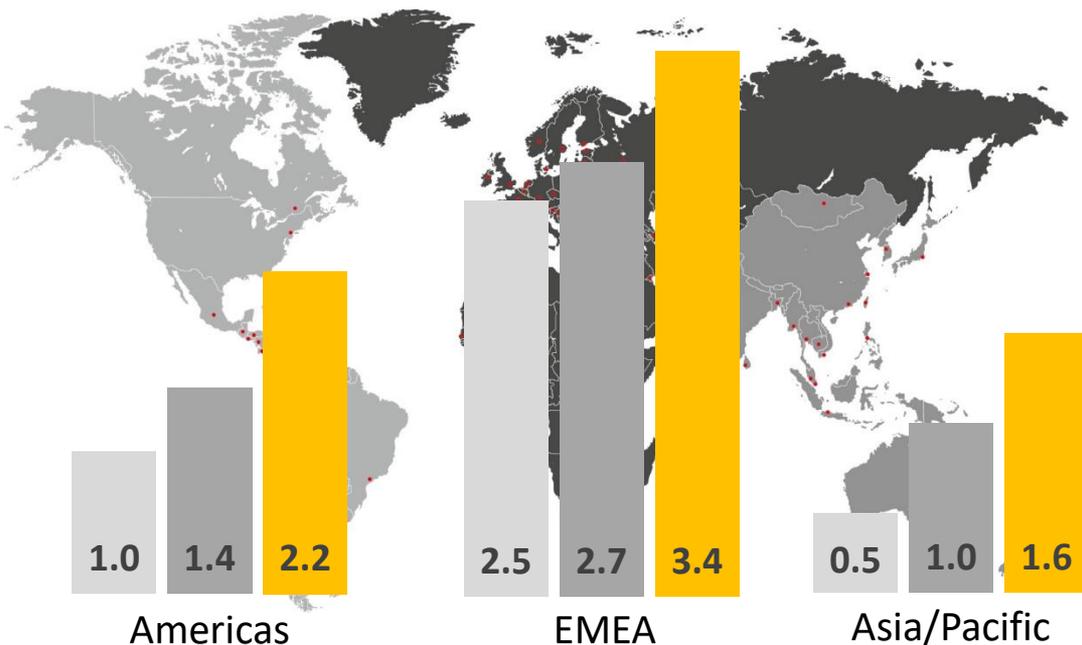
(in CHF bn, growth in LC)



(in CHF bn, in % of net sales)

CONSISTENT LONG-TERM DEVELOPMENT

STRONG IMPROVEMENTS ACROSS THE BOARD

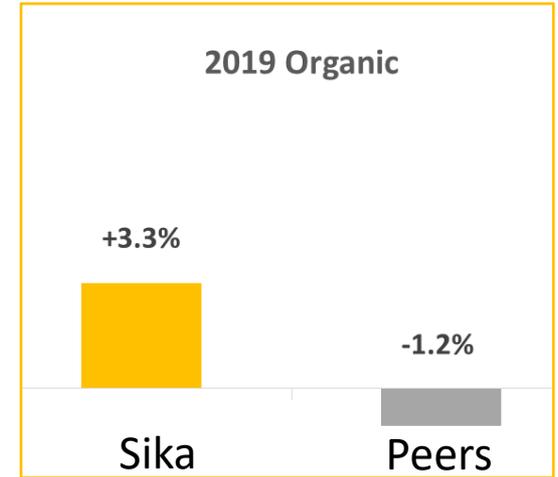
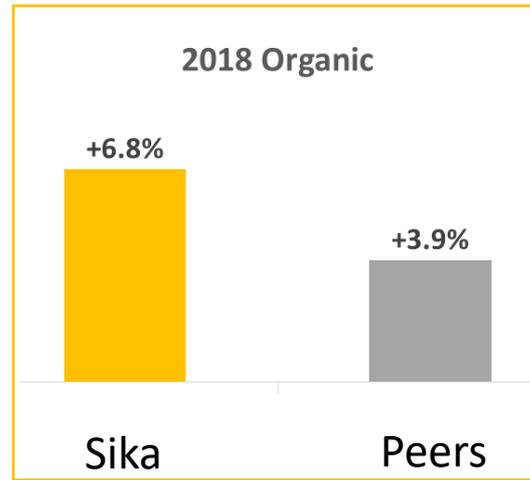
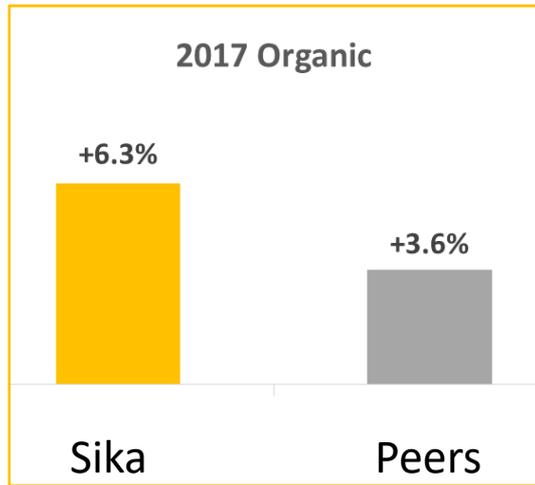


in CHF bn	2009	2014	2019	CAGR
Net sales	4.2	5.6	8.1	+7%
EBITDA	0.5	0.8	1.4	+11%
EBIT	0.3	0.6	1.1	+12%
Net profit	0.2	0.4	0.8	+13%
Headcount	12,400	16,900	25,100	+7%
Countries	73	89	100	+3%

2009 2014 2019 (Net Sales in CHF bn)

SIKA CLEARLY OUTPERFORMS COMPETITORS

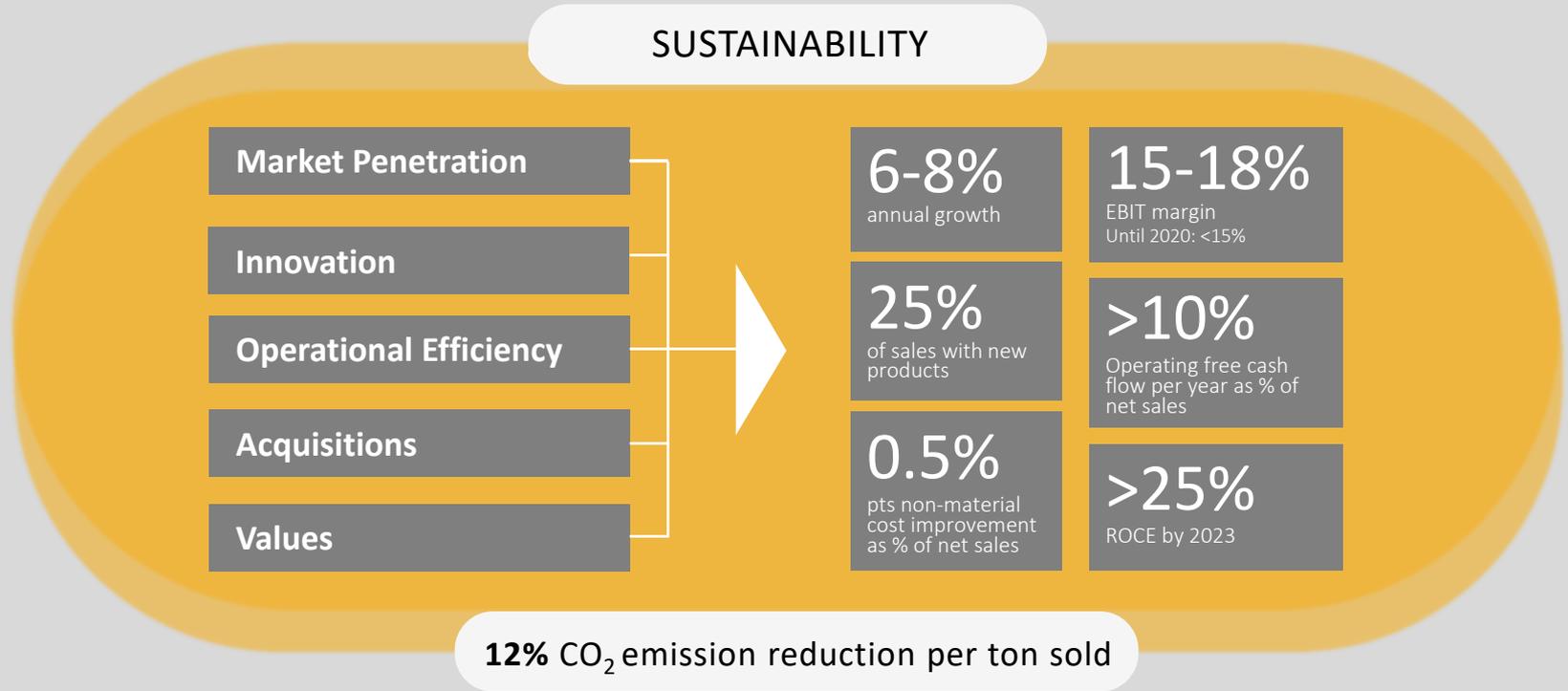
ORGANIC GROWTH SIGNIFICANTLY ABOVE PEERS IN THE PAST YEARS



3.1 NEW GROWTH STRATEGY 2023

SIKA'S GROWTH STRATEGY 2023

THE PILLARS OF THE STRATEGY



SIKA AT THE FOREFRONT OF CONSTRUCTION

NEW TECHNOLOGIES CHANGE THE INDUSTRY

Sika's structural glazing changed the industry in 2000



The Gherkin, London

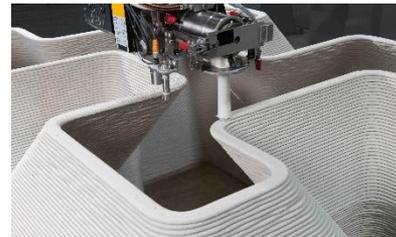
Sika's concrete admixtures make supertall skyscrapers possible



One Vanderbilt, New York

In the future digitalization and industrialization of construction with 3D concrete printing

- First printers in use at customer sites to print concrete elements using Sika 3D mortar
- Components printed directly from plan, no costly and time-consuming need to erect framework
- New design opportunities for architects



SIKA AT THE FOREFRONT OF CONSTRUCTION

MODULAR BUILDING

Building Elements

Made in the factory

- Windows
- Doors
- Insulated panels
- Facade elements



Modular Building

Made in the factory

- Manufactured housing
- Modular volumes
- Panelized construction



Construction Site

- Sika full range of solutions from basement to roof



New needs emerge from modular production:

- Increased process efficiency
- Automation and bulk handling
- Structural strengthening of modules
- Improved acoustics / comfort
- Rising standards of fire performance



Opportunity to industrialize traditional construction methods with innovation and know-how

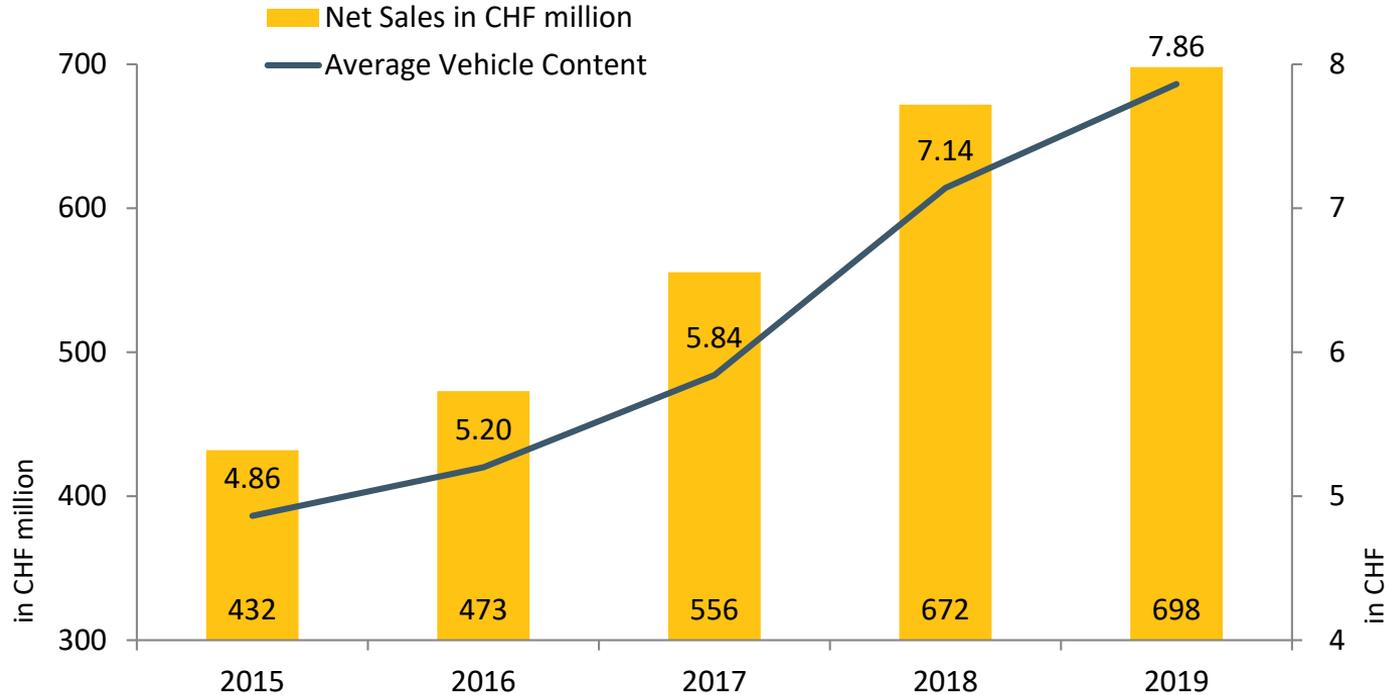
SIKA AT THE FOREFRONT OF CONSTRUCTION

EXAMPLE – MODULAR BATHROOM



- Growing demand for modular bathrooms drives serial production
- End use for schools, hospitals, hotels, marine
- Post integration into full living modules as well as direct-site installation

SIKA – AN INNOVATOR FOR AUTOMOTIVE MARKET SHARE GROWTH



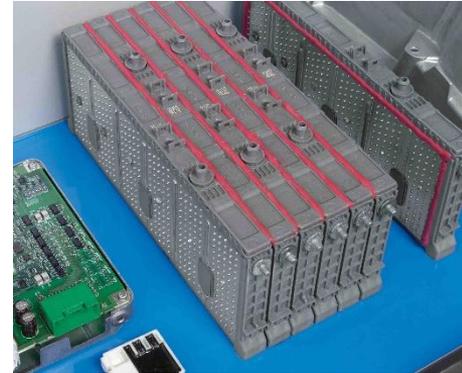
- Continuous increase in vehicle content
- Sika technologies are used in 50% of all cars worldwide
- Strong presence with all OEM with all technologies

SIKA – AN INNOVATOR FOR AUTOMOTIVE NEW OPPORTUNITIES IN E-MOBILITY

Traditional OEM's going full speed in mass production with first generation of e-vehicles

Sika contribution:

- **Complete range of conventional solutions** for sealing & bonding, damping and strengthening
- **Innovative solutions for thermal management and fire protection** of battery systems, as well as for **potting and encapsulation** of power electronic systems and e-motors
- **Chemical and heat resistant sealing and bonding solutions** for robust and durable battery box applications
- SikaBiresin® TC and SikaForce® TC, fillers and adhesives offering **excellent thermal conductivity** properties - improve battery pack and battery module stiffness



Source: 1:PSA, 2:AUDI, 3:GAC, 4:VOLKSWAGEN

3.2 SIKA IS COMMITTED TO SUSTAINABILITY

SIKA IS COMMITTED TO SUSTAINABILITY

OUR TARGETS

- Overall target: **12% CO₂ emission reduction per ton sold**

SUSTAINABLE SOLUTIONS

- All new product developments with “Sustainable Solutions” until 2023

COMMUNITY ENGAGEMENT

- 10,000 working days of volunteering work p.a.
- 50% more projects
- 50% more direct beneficiaries

OCCUPATIONAL SAFETY

- 50% less accidents
- 0 fatalities

CLIMATE PERFORMANCE

- 12% reduction of CO₂-emissions per ton sold until 2023

ENERGY

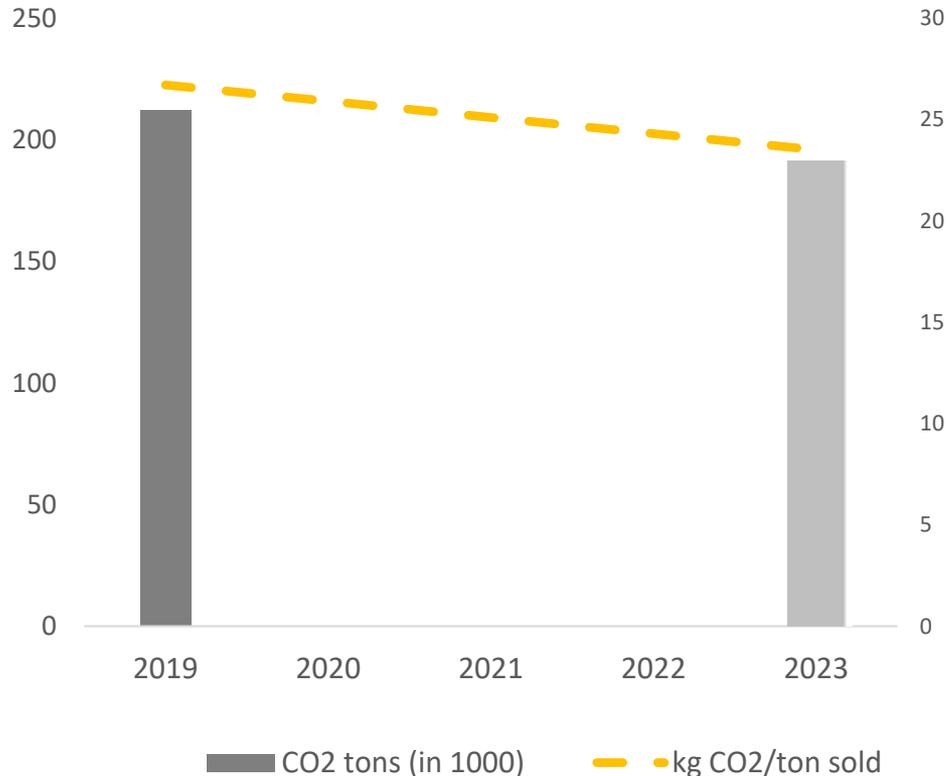
- 15% less energy consumption per ton sold
- 50% renewable electricity rate

WASTE/WATER

- 15% less waste generation per ton sold
- 25% higher recycling rate of total waste
- 15% less water consumption per ton sold

SIKA IS COMMITTED TO SUSTAINABILITY

REDUCE CO₂ EMISSION PER TON SOLD BY 12% BY 2023



- For each ton of products that Sika sold in 2019, 27 kilos of CO₂ were released
- In 2023 this value is expected to drop to 24 kilos

SIKA IS COMMITTED TO SUSTAINABILITY

SIKA PRODUCTS HAVE A POSITIVE SUSTAINABILITY IMPACT

USING LESS WATER, CONCRETE, AND CEMENT WITH Sika® ViscoCrete®

Sika® ViscoCrete® TECHNOLOGY ENABLES **UP TO 40% REDUCTION OF WATER** CONTENT IN CONCRETE



SIKA WATERPROOFING SYSTEMS PROTECT AND SAVE WATER

SIKA WATERPROOFING SYSTEMS **PREVENT LEAKAGE AND CONTAMINATION** OF DRINKING WATER IN WATER RESERVOIRS AND WASTE WATER TREATMENT PLANTS



ENABLING CONSTRUCTION OF LIGHTWEIGHT AND ELECTRIC VEHICLES

Sika® Power® ADHESIVES: **50% WEIGHT REDUCTION** CAN BE ACHIEVED USING LIGHTWEIGHT MATERIALS



ENERGY-SAVING, DURABLE ROOFING SOLUTIONS

SOLUTIONS FOR **GREEN ROOFS** THAT SAVE ENERGY AND REDUCE HEAT ISLAND EFFECT AND FOR **COOL ROOFS** THAT REDUCE ENERGY CONSUMPTION BY UP TO 15%



SIKA REPAIR SOLUTIONS PROLONG THE LIFETIME, INCREASE SAFETY AND ENERGY EFFICIENCY OF STRUCTURES

SIKA REPAIR SYSTEMS **STRENGTHEN, WATERPROOF, INSULATE, PROTECT, AND REPAIR** BUILDINGS & STRUCTURES



ROOF RECYCLING PROGRAM EASES THE BURDEN ON LANDFILLS

ROOF RECYCLING PROGRAM CONSERVES NATURAL RESOURCES WITH **31,000 TONNES** OF PROCESSED RECYCLED MATERIALS DIVERTED FROM LANDFILLS TO DATE



SIKA IS COMMITTED TO SUSTAINABILITY

SIKA PRODUCTS HAVE A POSITIVE SUSTAINABILITY IMPACT

USING LESS
CEMENT,
CONCRETE, AND
WATER WITH
Sika® ViscoCrete®

- 25% REDUCTION OF CEMENT CONTENT - REPLACED WITH FLY ASH AND SLAG
- REDUCES CONCRETE CONSUMPTION AS THINNER WALLS ARE POSSIBLE
- UP TO 40% REDUCTION OF WATER



SIKA IS COMMITTED TO SUSTAINABILITY

SIKA PRODUCTS HAVE A POSITIVE SUSTAINABILITY IMPACT

ROOF RECYCLING PROGRAM EASES THE BURDEN ON LANDFILLS

- CONSERVING NATURAL RESOURCES WITH 31,000 TONNES OF PROCESSED RECYCLED MATERIALS
- MANY SIKA PRODUCTS CONTAIN AN AVERAGE OF 10% RECYCLED VINYL CONTENT FROM PRE- AND POST-CONSUMER SOURCES
- SIKA IS ONLY COMMERCIAL ROOFING COMPANY IN THE U.S. TO RECEIVE CERTIFICATION FROM UL ENVIRONMENTAL



3.3 STRONG INNOVATION PIPELINE

STRONG INNOVATION PIPELINE

2023 – 25% OF SALES WITH PRODUCTS RELEASED IN PAST FIVE YEARS



- Market penetration with innovative products
- Higher profitability with products offering unique USP's

Adding value to customers at improved environmental impact

STRONG INNOVATION PIPELINE

MORE PERFORMANCE – MORE SUSTAINABLE

SUSTAINABLE SOLUTION = BETTER PERFORMANCE + SUSTAINABILITY BENEFITS

PERFORMANCE SOLUTION

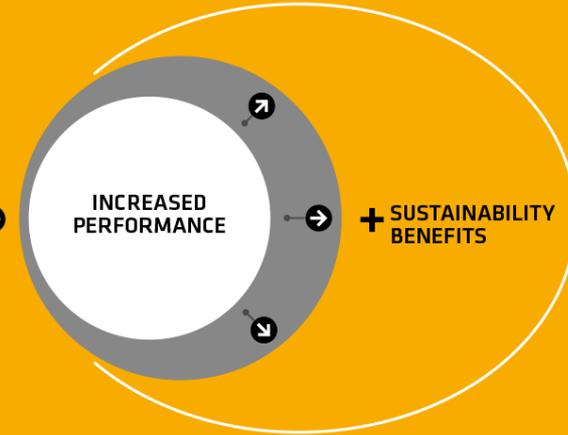


FOCUS ON ADDED VALUE

ALWAYS COMBINE SIKA PROVEN
"VALUE THROUGH PERFORMANCE"
WITH ADDED SUSTAINABILITY
BENEFITS



PERFORMANCE AND SUSTAINABILITY SOLUTION



STRONG INNOVATION PIPELINE

NEW SOLUTIONS: MORE PERFORMANCE – MORE SUSTAINABLE



HYDROFLEX SEALANTS

Better stretchability, adhesion
and application properties
+
Excellent Health & Safety
profile, low VOC emissions
(EC1+)



NEW EPOXY FLOOR COATINGS

Improved blushing resistance,
significantly reduced yellowing
+
Low VOC emissions,
low odor, LEED v4 contribution



HEMP BASED, CEMENT-FREE MORTARS

Thermal and phonic insulation
benefits, very easy to apply
+
Negative CO₂ footprint
(renewable), optimum interior
air comfort

3.4 IMPROVE OPERATIONAL EFFICIENCY

IMPROVE OPERATIONAL EFFICIENCY

KEY INITIATIVES



HIGH LEVEL OF AUTOMATION

Improved efficiency cuts costs and reduces ecological footprint



SMART PACKAGING

Reduction in material consumption combined with easy handling



OPTIMIZED LOGISTICS

Efficient goods flows in local markets, countries, and regions

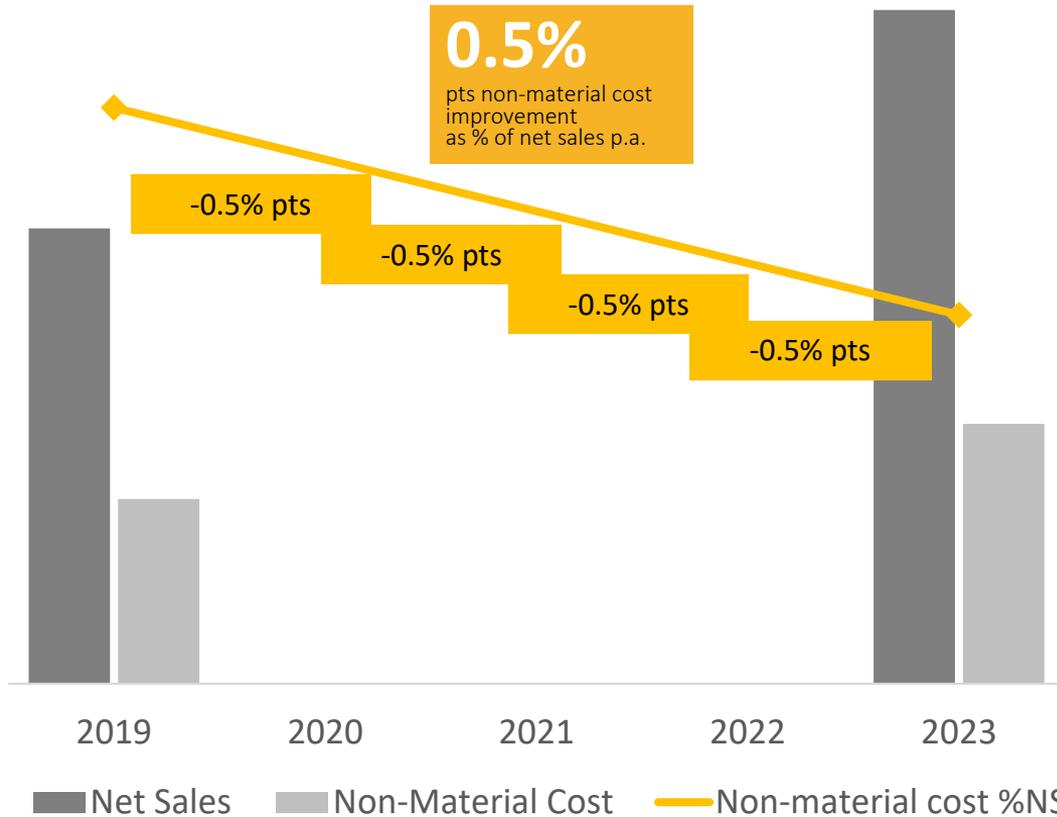


GLOBAL TEAMS OF EXPERTS

Group-wide optimization of product formulations

IMPROVE OPERATIONAL EFFICIENCY

STRONG PROFITABILITY IMPACT



- Year-on-year reduction of non-material cost by 0.5% points of net sales

3.5 STRONG CORPORATE CULTURE

STRONG CORPORATE CULTURE

SIKA'S VALUES AND PRINCIPLES

- Customer First
- Courage for Innovation
- Sustainability & Integrity
- Empowerment and Respect
- Manage for Results

Sika's Values and Principles are the foundation for the Code of Conduct. They are put into action through strong leadership and by all employees every day, worldwide.



4. OUTLOOK

PAUL SCHULER, CEO

THOMAS HASLER, GLOBAL BUSINESS & INDUSTRY

CHRISTOPH GANZ, AMERICAS

IVO SCHÄDLER, EMEA

OUTLOOK

GLOBAL BUSINESS & INDUSTRY

- Declining automotive markets due to uncertainty in China (coronavirus) which may impact global supply chain for OEM's, ongoing "trade war", Brexit and consumer confusion (Diesel, EV, Hybrid) with slow ramp-up of battery EV.
- Record-high level of projects and nominations –fueling over-proportional sales growth in 2020 and beyond. Strong synergies in Home Appliance segment for adhesives and sealants based on leadership in acoustics.
- Sika is well positioned to outperform the market:
 - Continuous increase of potential for lightweight and multi-material concepts, comfort and safety based on fully integrated solution portfolio.
 - Increase in development of full electric and hybrid vehicles (car, bus and truck) which offers additional 20% sales potential per car compared to combustion engine driven vehicles.
 - Additional growth potential driven by extension of battery solutions towards non-traditional automotive battery and e-motor producers.
 - Powerful leverage of global supply footprint with over 20 factories and technical centers in all major automotive markets to support full-range offering.



OUTLOOK

AMERICAS

- Parex and King integrate very well into Sika: cross-selling success stories will accelerate (tile adhesive business starts in the USA, Mexico and Colombia); also we will see further substantial synergy-savings from Operations and Procurement
- Positive market environments expected for the USA and Canada
- Continuous challenging markets in Latin America (Argentina, Mexico, Ecuador) with some bright spots (Brazil, Colombia, Peru)
- Sika is able to deliver profitable growth in challenging markets by focusing on distribution channels, innovation, big city approach, cross-selling
- Americas business initiatives: tunneling & mining, roofing initiative, infrastructure initiative, modular buildings, on-line sales
- Operation focus: Operational Efficiency and Sustainability (CO₂ reduction), both targets with positive impacts on environment and profitability
- People development: internal talent development and empowerment allowing Sika to put best in class people into right leadership positions



Tunneling & Mining



Distribution

OUTLOOK

EMEA

- Realizing cross-selling opportunities and other synergies with Parex
- Positive development of construction business in most markets expected
- New opportunities for Industry business in all geographic areas secured
- Strong project pipeline in all sectors (new-build and refurbishment)
- Specification and cross-selling in substantial projects such as datacenters across Europe; largest semiconductor production in Europe; large tunnel projects in Austria, Italy, France
- New strategic initiative «modular buildings» with future growth potential
- Enhanced focus on distribution business with specific end user-oriented marketing campaigns will bring additional market share
- Solid growth in online business expected (including Pure Internet Players)
- Further expansion of successful Africa strategy with new plants in Egypt and Tanzania



Data centers



Production plants



Marketing campaign, Eastern Europe

OUTLOOK

ASIA/PACIFIC

- Parex integration successfully executed with 5 companies fully integrated at year-end
- Sika Building Finishing Materials in China (Parex China) delivers outstanding results particularly with cross-selling Sika products in their distribution ecosystem
- Growth potential in all Target Markets throughout the region
- For the full year, a solid growth is expected in China, Australia, India and parts of South East Asia. Challenging markets will continue in Hong Kong and Korea.
- Increased focus on distribution channels throughout Japan, India and South East Asia
- Expansion of production base and supply chain with the completion of 4 more production sites and a focus on Operational Efficiency
- Talent management, training and development is a clear focus to support our growth
- Volatile market conditions in Q1/Q2 driven by uncertainty in China due to the coronavirus



City Rail Link, New Zealand



Infrastructure Projects, Ho Chi Minh City

STRONG OUTLOOK 2020

CONTINUATION OF GROWTH STRATEGY 2023

- New Strategy 2023 will ensure Sika's success in the upcoming years with sustainable, profitable growth
- Outlook 2020:
 - Due to higher acquisition impact, sales growth of more than 10% in local currency expected
 - Over-proportional EBIT increase expected for the year
 - Opening of 7 to 9 new factories
 - The unknown impact of the coronavirus on the development of the end markets is an element of uncertainty

5. QUESTIONS AND ANSWERS



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

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