STRATEGY 2023 – STRATEGIC TARGETS AND KEY FIGURES

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SIKA'S GROWTH STRATEGY 2023 TARGETS

SUSTAINABILITY

- **Market Penetration**
- **Innovation**
- **Operational Efficiency**
- **Acquisitions**
- **Values**

6-8%
annual growth

25%
of sales with new products

0.5%
pts non-material cost improvement as % of net sales

15-18%
EBIT margin
Until 2020: <15%

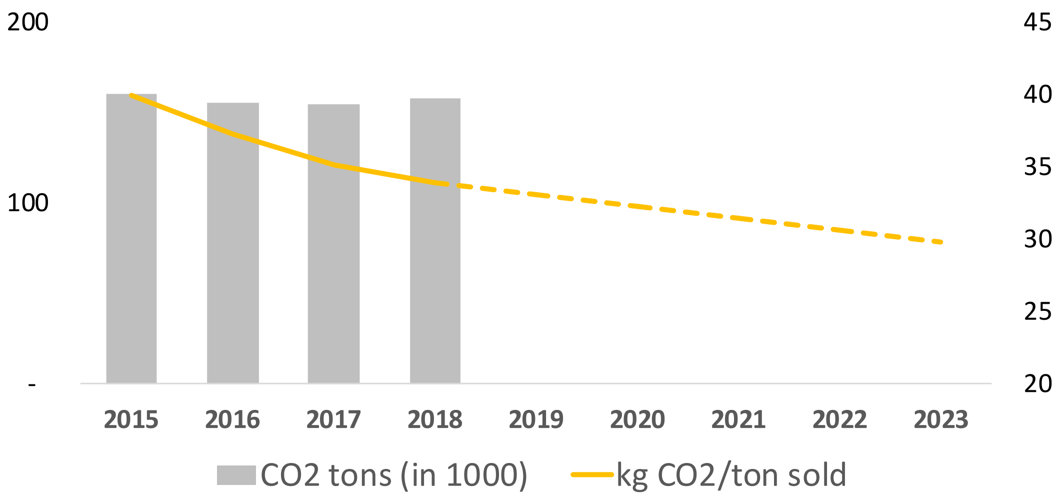
>10%
Operating free cash flow per year as % of net sales

>25%
ROCE by 2023

12% CO_2 emission reduction per ton sold

REDUCE $C0_2$ EMISSION BY 12% PER TON SOLD

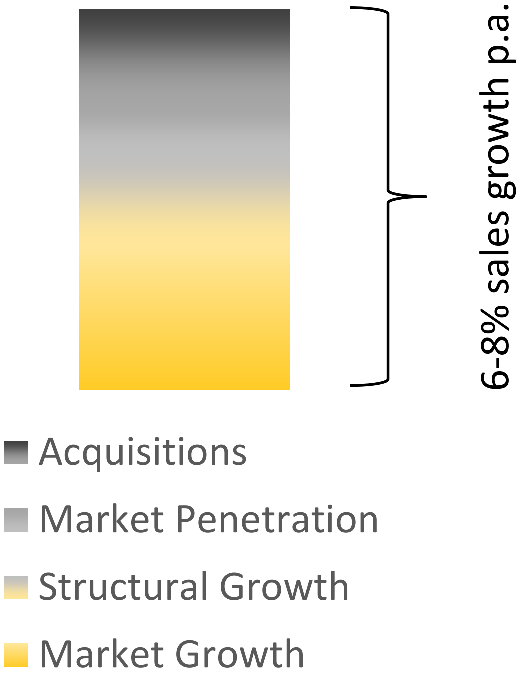
SUSTAINABILITY
REDUCE CO_2 EMISSION PER TON SOLD BY 12% BY 2023



- Managed via Scope 1 (fossil fuels) and Scope 2 (energy consumption)
- Improving energy efficiency by reducing energy consumption per ton
- Using electricity from renewable sources (Scope 2)
- Initiating EHS programs to increase operational efficiency and improve supply chain/factory footprint
- Extending the development and sale of “Sustainable Solutions” (scope 3)

SALES GROWTH, NEW PRODUCTS

6-8 % ANNUAL TOP LINE GROWTH
OPERATING MODEL BASED ON MULTILAYERED GROWTH



- Capturing structural growth driven by mega-trends, conversion, building standards etc.
- Key Project Management, Cross-selling and multi-channel approach driving market penetration
- M&A to close market access gaps, improving growth profile over time

25% OF SALES WITH NEW PRODUCTS
INNOVATION AS KEY GROWTH AND PROFIT DRIVER

Innovation

Major New Product Developments

Key Updates

Target 2023

25% of sales with new products released in the past 5 years

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

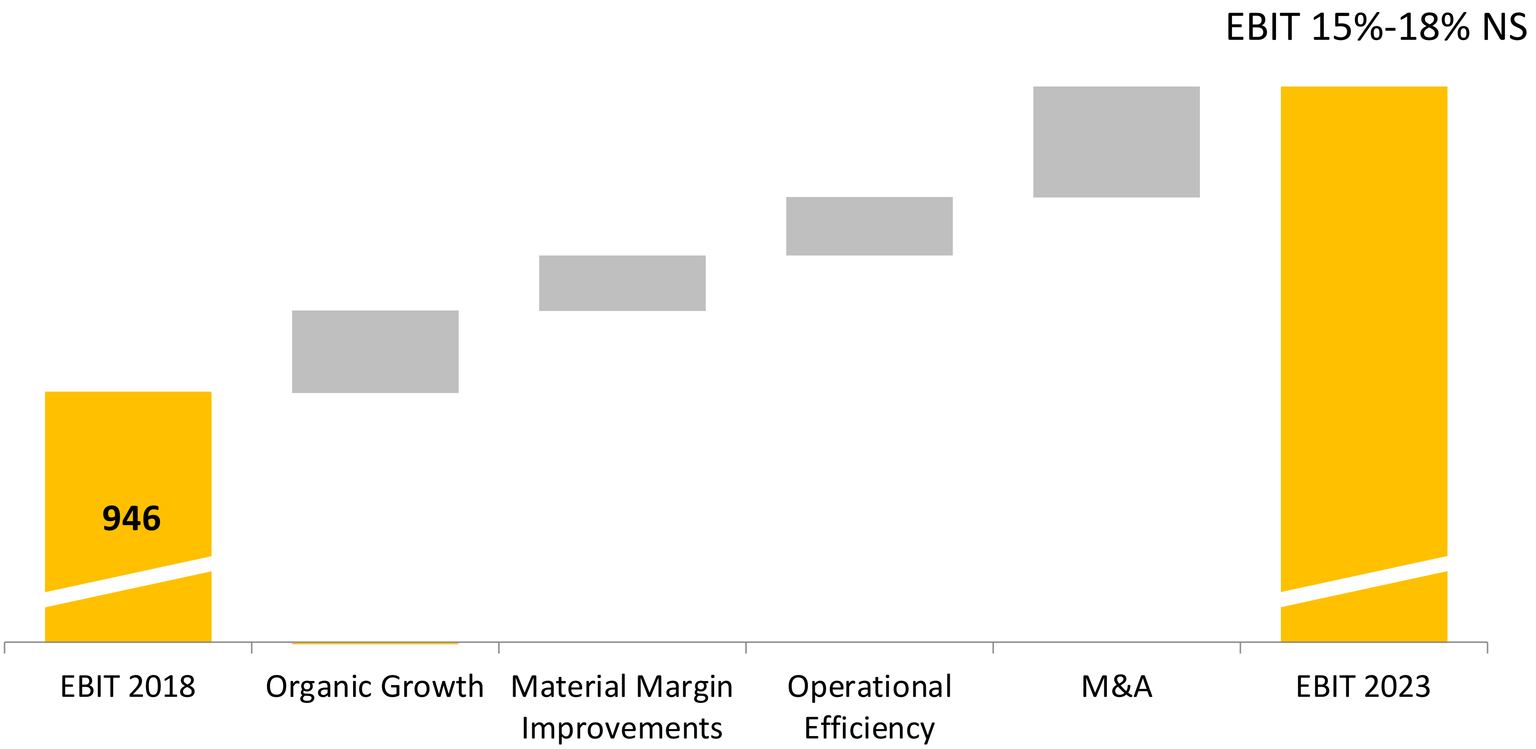
Adding value to customers at improved environmental impact

EXTERNAL GROWTH
DEAL FLOW AND ACQUISITION FUNNEL

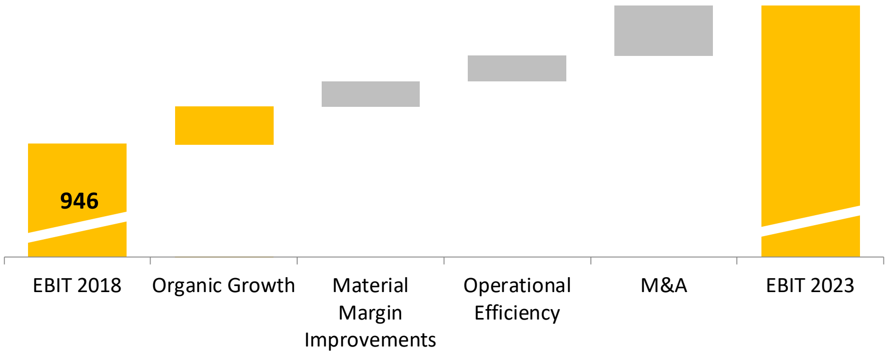
	Basic Review	Formal Analysis	Due Diligence	Signed / Executed
2016	~70	>40	8	4
2017	~90	>50	10	7
2018	~80	>40	8	5
2019 YTD	~70	>40	7	5

PROFITABILITY TARGETS

EBIT MARGIN OF 15%-18%
IMPROVING MARGIN PROFILE

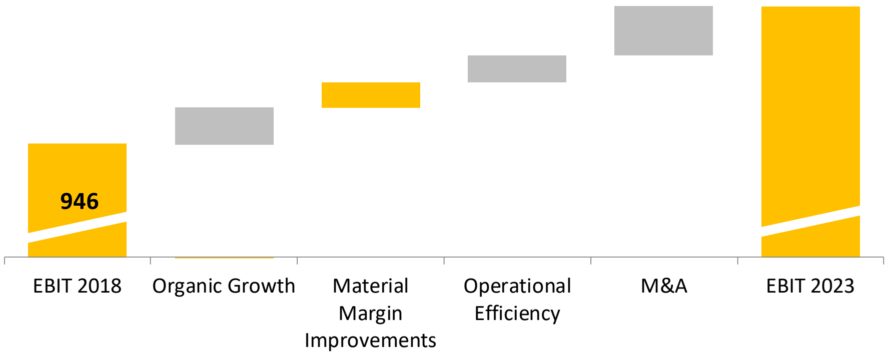


EBIT MARGIN OF 15%-18%
ORGANIC GROWTH DRIVING PROFIT GROWTH



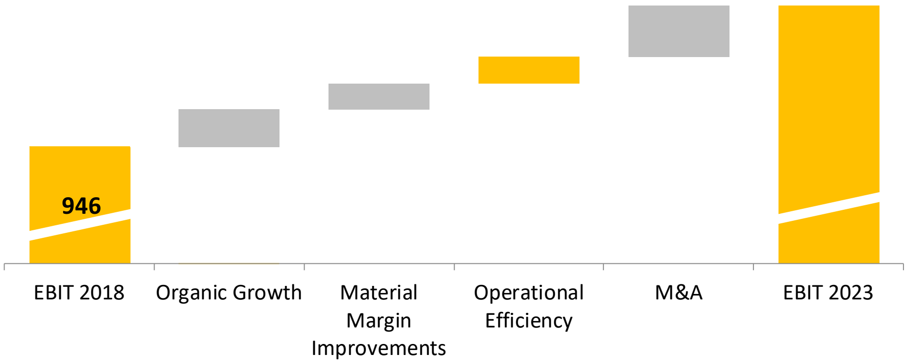
- Organic volume growth through market growth and market penetration
- Basis for fixed cost leverage

EBIT MARGIN OF 15%-18%
MATERIAL MARGIN IN 54% - 55% RANGE



- Mid-term Material Margin target range of 54-55%
- Price increases to counter adverse material cost effects, smart pricing
- Structural procurement savings
- Formulation Efficiency
- Innovation (at higher margin)

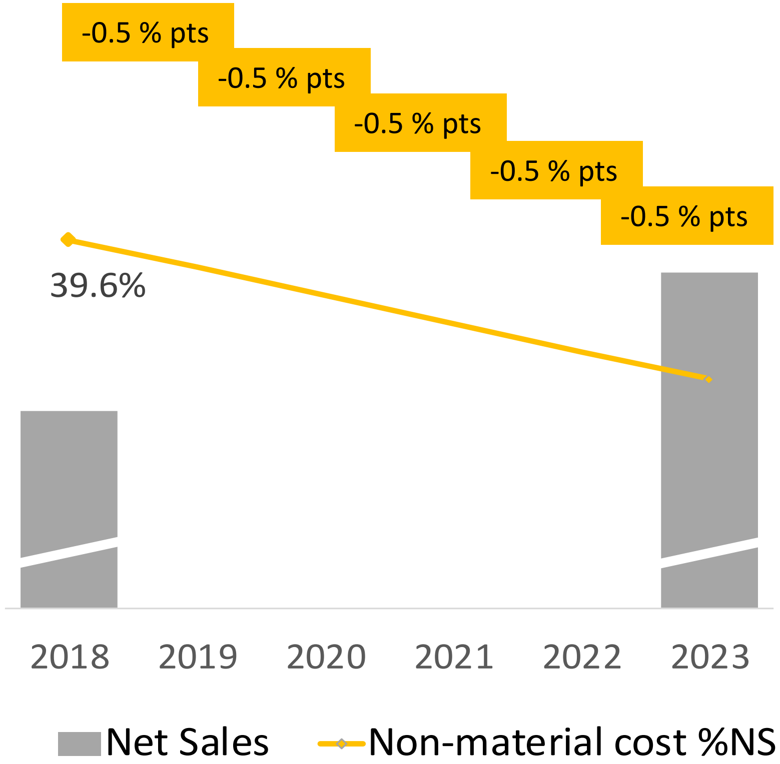
EBIT MARGIN OF 15%-18%
OPERATIONAL EFFICIENCY WITH STRONG PROFITABILITY IMPACT



- Improved Factory efficiency through automatization/digitalization
- Supply Chain/Factory Footprint improvements to reduce logistics and warehousing cost
- SG&A efficiency programs

EBIT MARGIN OF 15%-18%

OPERATIONAL EFFICIENCY WITH STRONG PROFITABILITY IMPACT



- Year-on-year reduction of Operating Expenses by 0.5 % points of Net Sales

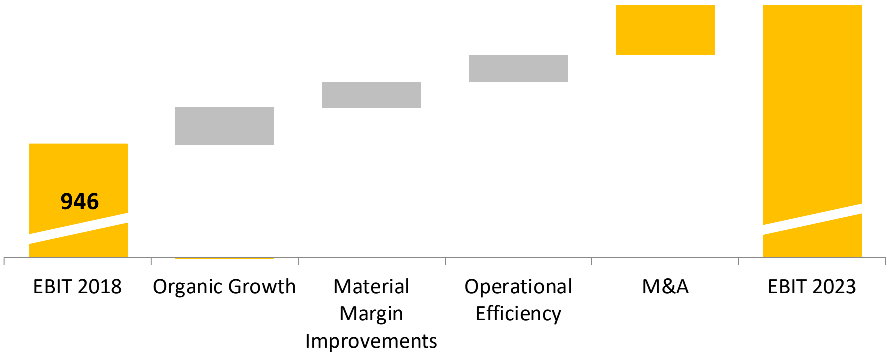
Operations / Factory Efficiency

Logistics

Procurement

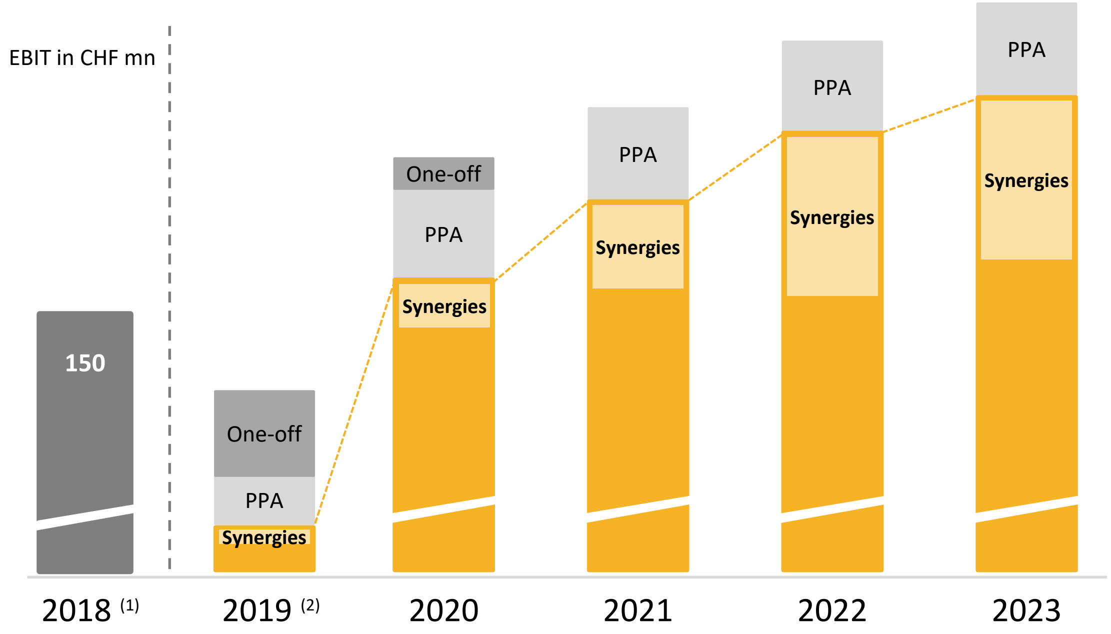
SG&A

EBIT MARGIN OF 15%-18%
M&A INCREASING MARGIN PROFILE AFTER INITIAL DILUTION



- M&A as growth platform, lifting margin profile over time
- Parex impact plus further M&A
- Parex with strong stand-alone growth and contribution
- Run-rate synergies of 100 MCHF fully validated and confirmed (upper end of guidance)

PAREX CONTRIBUTION TO EBIT GROWTH



- Parex with strong «standalone» growth & profitability pre-PPA
- One-time costs of 70 – 75 MCHF skewed towards 2019 (45 MCHF)
- Initial annual PPA amortization effect of about 4% of Sales
- Run-rate synergies of 100 MCHF fully validated and confirmed (upper end of guidance)
- Synergies will overcompensate PPA effects by 2021

(1) Proforma without Amortization from Acquisitions

(2) Forecast May-Dec 2019

STRONG CASH CONVERSION

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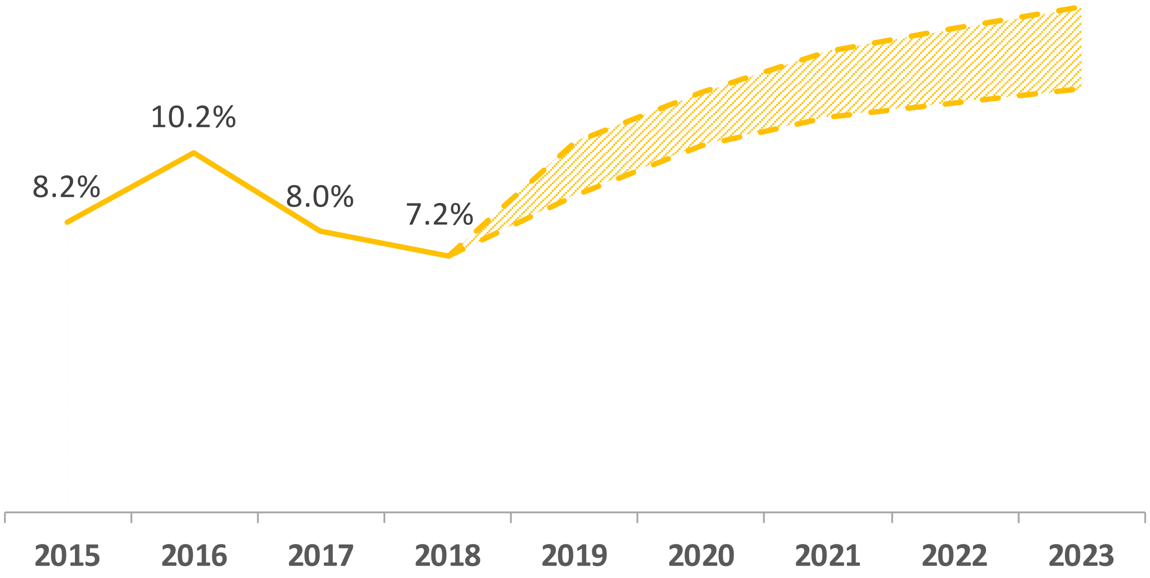
OPERATING FREE CASH FLOW >10% OF NET SALES



- Increasing profitability
- Footprint alignment driving efficient inventory management
- Automation/digitalization supporting disciplined NWC Management
- CapEx spend of approx. 3% of Sales

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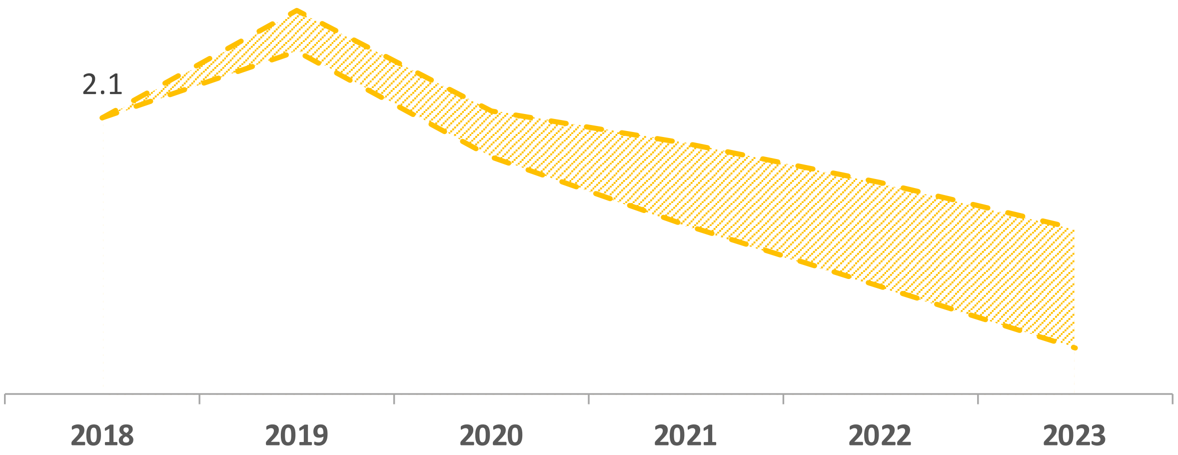
STRONGLY CASH GENERATING OPERATING MODEL
DRIVING RAPID DELEVERAGING BELOW 2.0 TURNS

Net Debt/EBITDA (S&P adjusted)



- Expected Net Debt/EBITDA of 2.7-2.9 YE 2019
- Rapid deleveraging post Parex transaction, at around 2.0x by end of 2020
- Deleveraging of about 0.4 turns per year therefater (absent larger M&A)
- Fully in line with strong investement grade credit rating (A-)

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CAPITAL EFFICIENCY

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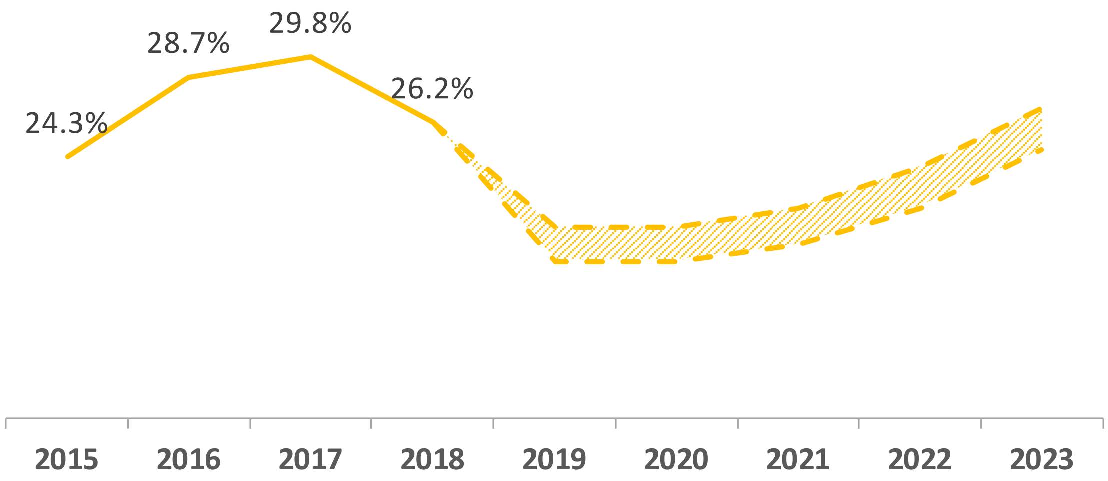
CAPITAL EFFICIENCY
ROCE TO INCREASE TO 25% BY THE END OF THE STRATEGY PERIOD



- 2019/2020 impacted by additional capital employed through M&A (mainly Parex)
- ROCE to increase to 25% (absent large M&A)
- Driven by higher EBIT and efficient Capital Management

THANK YOU FOR YOUR ATTENTION

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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 inability to obtain adequate protection for intellectual property rights
- Litigation
- Loss of key executives or other employees
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