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SALES GROWTH OF 3.4% IN LOCAL CURRENCIES FOR 2020 – STRONG Q4 INCREASE OF 5.5%

- **Sales increase of 3.4% in local currencies – 2020 sales at CHF 7.88 billion (–2.9% in CHF)**
- **Strong growth of 5.5% in the fourth quarter (organic: 4.1%)**
- **Completion of acquisition of Adeplast (Romania), takeover of Modern Waterproofing Group (Egypt), expansion of partnership with CiDRA Concrete Systems (United States)**
- **Establishment of new factories in Colombia and China, alongside factory expansions in the United Arab Emirates, France, and Switzerland**
- **For 2020, Sika is anticipating an over-proportional increase in EBIT and an EBIT margin of around 14%**
- **Confirmation of 2023 strategic targets for sustainable, profitable growth**

2020 was a year characterized by the deep-rooted challenges caused all around the world by COVID-19. Lockdowns – in many cases prolonged – in most of the hundred countries in which Sika is active resulted in significant restrictions on construction activity. Thanks to its strong market position and the swift, targeted implementation of measures, Sika was able to record solid sales figures despite the significant repercussions of the global pandemic. The company's growth trajectory was extended with a rise in sales of 3.4% in local currencies. The acquisition effect amounted to 7.2% and contributed to the sales increase accordingly. A strongly negative currency effect (–6.3%) caused sales in Swiss francs to decline by 2.9% to CHF 7.88 billion, which includes a negative currency impact of around CHF 500 million. When the fourth quarter is viewed in isolation, Sika achieved a strong growth in local currencies of some 5.5% (organic: 4.1%).

Paul Schuler, Chief Executive Officer: "The 2020 fiscal year was overshadowed by the global coronavirus pandemic, which had a number of serious repercussions for the construction and automotive sectors. Thanks to the strong motivation of our employees and their pronounced customer focus, Sika managed to perform successfully in this highly challenging market

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environment and achieve above-average results. We remain very well positioned in what is still a difficult environment – thanks to our innovative products and solutions, as well as to our employees, who continue to deliver their utmost even in times such as these. On behalf of Group Management, I would like to thank our global workforce of 25,000 people for the tremendous dedication they have shown and for the unique way they identify with our company.”

FURTHER MARKET SHARE GAINS IN ALL REGIONS

In an environment characterized by widespread temporary lockdowns, Sika grew more strongly than the market in all regions. The Distribution business posted considerable gains in all regions.

The **EMEA region** (Europe, Middle East, Africa) reported a sales increase in local currencies of 4.4% in 2020 (previous year: 11.5%). A strong improvement started to become apparent in the markets in the fourth quarter in particular. The countries that benefited from the biggest recovery were those of southern Europe – Italy, Spain, Portugal, and France – as well as the countries in Eastern Europe, Scandinavia, the Middle East, and Africa. Sales developed in a more stable manner in central European countries such as Germany, Austria, and Switzerland. Growth in the UK continues to be negatively affected by the pandemic.

In the year under review, Sika initiated the manufacture of shotcrete admixtures used in tunnel construction at its main plant in Gournay-en-Bray, to the north-west of Paris, and invested in new facilities. Sika has also expanded its production in Switzerland in the form of a new, high-performing, durable, and environmentally-friendly polyurethane technology at its Düringen site. At the site in Sarnen, a new facility commenced operations at the start of the year for the manufacture of the structural waterproofing membrane SikaProof®. In Dubai, the company's production capacity in the United Arab Emirates was expanded further. In addition to concrete admixtures, epoxy resins are now being produced locally for the Target Market Flooring.

Furthermore, a leading Egyptian manufacturer of roofing and waterproofing systems was acquired in the year under review in the form of the Modern Waterproofing Group. The completion of the acquisition of Adeplast SA also brought a renowned manufacturer of mortar products and thermal insulation solutions based in Romania into the Group. These acquisitions significantly strengthen Sika's position in the local construction chemicals markets and expand its manufacturing capacity.

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The **Americas region** recorded sales growth in local currencies of 1.0% (previous year: 19.3%). Despite the high COVID-19 infection rates recorded in Mexico, Brazil, and the United States, Sika recorded an uptrend in the Americas region in the last quarter of 2020. Although many cities in North America continue to be affected by the pandemic and construction projects have slowed significantly, the situation in Latin America has seen a substantial improvement. Many countries such as Brazil, Chile, Peru, and Uruguay have recovered from lockdowns lasting many months or returned to growth in the double digits.

In the reporting period, Sika invested in the production of concrete admixtures, acrylic-based liquid applied membranes, and mortars in Barranquilla, the fourth-largest city in Colombia, thereby laying the foundation for further growth. Furthermore, Sika expanded its collaboration with the company CiDRA Concrete Systems Inc., which is based in Eden Prairie, Minnesota, and completed a growth equity investment agreement to supplement its existing global partnership. CiDRA specializes in digital IoT-based systems for monitoring concrete properties during transportation.

Growth in the **Asia/Pacific region** amounted to 12.6% (previous year: 35.1%). China in particular has performed impressively over the last months, recording double-digit organic growth rates, and most target markets are back on a clear growth trajectory. The former Parex business has been especially resilient in the face of the crisis, generating further growth in its various distribution channels. The project business in China is now also once again recording double-digit growth rates thanks to infrastructure orders. Elsewhere, Australia and New Zealand were likewise able to make positive contributions to business development in the region. By contrast, India and a number of countries in the Southeast Asia region recovered only slowly from the far-reaching effects of the coronavirus pandemic.

Sika has further expanded its capacity in the fast-growing mortar market in China with the commissioning of a new factory in Chengdu.

Global Business recorded a sales decline of –11.2% in 2020 (previous year: 3.0%). In the period under review, the automotive sector reported a global decline in output of –17%. Although business volumes in the automotive area recovered noticeably in the second half of the year in

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Europe in particular, it is expected to take some time before sales figures of the automobile industry return to 2019 levels. In the current year, positive growth numbers are expected for the industry.

Despite the pandemic-related decline in sales figures in the automotive industry in the crisis year of 2020, Sika is convinced that the megatrends shaping modern automotive construction, which include e-mobility, further new drive concepts, and the trend toward lightweight construction, will help the Group to capture additional market share and generate profitable long-term growth. For example, heat management in the modern battery systems of electric vehicles are a key element in the paradigm shift toward new drive systems. Sika is a leading player with its solutions in this area, and is enabling the transformation to sustainable mobility.

Outlook

Despite the coronavirus crisis and its impact for operating results, Sika is confirming its 2023 strategic targets. The company remains aligned for long-term success and profitable growth. With its focus on the six strategic pillars – market penetration, innovation, operational efficiency, acquisitions, strong corporate values, and sustainability – Sika is seeking to grow by 6%–8% a year in local currencies up to 2023. From 2021, the company is aiming for a higher EBIT margin of 15%–18%. Projects in the areas of operations, logistics, procurement, and product formulation should result in an annual improvement in operating costs equivalent to 0.5% of sales.

For the 2020 fiscal year, Sika is anticipating an over-proportional increase in EBIT and an EBIT margin of around 14%.

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KEY DATES

Media conference/analyst presentation 2020 results	Friday, February 19, 2021
Net sales first quarter 2021	Tuesday, April 20, 2021
53rd Annual General Meeting	Tuesday, April 20, 2021
Half-Year Report 2021	Thursday, July 22, 2021
Results first nine months 2021	Friday, October 22, 2021
Net sales 2021	Tuesday, January 11, 2022

SIKA AG CORPORATE PROFILE

Sika is a specialty chemicals company with a leading position in the development and production of systems and products for bonding, sealing, damping, reinforcing, and protecting in the building sector and motor vehicle industry. Sika has subsidiaries in 100 countries around the world and manufactures in over 300 factories. Its 25,000 employees generated annual sales of CHF 7.88 billion in 2020. At the end of 2019, Sika won the Swiss Technology Award for an innovative new adhesive technology.