SIKA WITH HIGHER EBIT MARGIN AND SALES GROWTH IN THE FIRST NINE MONTHS OF 2020

SIKA NINE MONTHS COMPANY PRESENTATION
OCTOBER 22, 2020
NINE-MONTH RESULTS 2020
ON TRACK TO MEET AMBITIOUS TARGETS
1. Sales and profit
   - Sales growth of 2.6% in local currencies. Sales of CHF 5,805.5 million (-3.4% in CHF)
   - High negative currency effect of -6.0% (impact of CHF 357 million in sales and CHF 48 million in EBIT)
   - EBITDA margin increased to 18.5%
   - Over-proportional EBIT growths and increase in operating profit (EBIT) to 13.7% (CHF 797.4 million)
   - Operating free cash flow remains strong and exceeds prior-year figure

2. Key investments
   - Closing of acquisition of Adeplast (Romania), takeover of Modern Waterproofing Group (Egypt), and buildup of a new factory in Barranquilla (Colombia) and Chengdu (China)

3. Outlook and Strategy
   - Outlook for 2020: For the fiscal year 2020, Sika is expecting slightly lower sales in CHF but EBIT broadly in line with last year, implying an over-proportional rise in EBIT in the second half.
   - Confirmation of 2023 strategic targets for sustainable, profitable growth
<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>Δ %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>6,007.3</td>
<td>5,805.5</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Gross results as % of net sales</td>
<td>53.5</td>
<td>54.6</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,039.8</td>
<td>1,071.7</td>
<td>+3.1%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>805.9</td>
<td>797.4</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Net profit</td>
<td>566.8</td>
<td>561.5</td>
<td>-0.9%</td>
</tr>
</tbody>
</table>
2.6% SALES GROWTH IN THE FIRST NINE MONTHS 2020
SIKA WELL ON TRACK

<table>
<thead>
<tr>
<th>in CHF mn</th>
<th>9M 2018</th>
<th>9M 2019</th>
<th>9M 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>5,322.7</td>
<td>6,007.3</td>
<td>5,805.5</td>
</tr>
</tbody>
</table>

*in LC*

- 14.1% acquisition
- 7.1% organic

- 15.1% acquisition
- 11.0% organic

- 2.6% acquisition
- 9.2% organic

- 4% acquisition
- 9% organic

- 9% acquisition
- 14% organic

- 9% acquisition
- 14% organic

- 9% acquisition
- 14% organic

- 9% acquisition
- 14% organic
SALES FIRST NINE MONTHS 2019
GROWTH IN ALL REGIONS

-1.4%  -6.8%  +8.3%  -21.4%  Growth in CHF
+3.8%  +0.9%  +13.9% -16.1%  Growth in LC
-5.2%  -7.7%  -5.6%  -5.3%  FX impact
+9.0%  +7.0%  +18.5%  +0.0%  Acquisition

Growth in CHF
Growth in LC
FX impact
Acquisition

18%
82%

Construction
Industry
GROWTH MOMENTUM CONTINUES IN FIRST NINE MONTH
2.6% SALES GROWTH (-3.4% IN CHF)

<table>
<thead>
<tr>
<th>Region</th>
<th>9M 2019</th>
<th>9M 2020</th>
<th>Growth (in CHF mn, growth in LC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>1,501</td>
<td></td>
<td>+ 0.9%</td>
</tr>
<tr>
<td>EMEA</td>
<td>2,551</td>
<td></td>
<td>+ 3.8%</td>
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<tr>
<td>Asia/Pacific</td>
<td></td>
<td>1,204</td>
<td>+ 13.9%</td>
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<tr>
<td>Global Business</td>
<td></td>
<td></td>
<td>- 16.1%</td>
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</tbody>
</table>
HIGH OPERATING SPEED CONTINUES IN 2020
INVESTMENTS IN NEW PLANTS & ACQUISITIONS IN 2020

**Opening of Sika plants:**

| Expansion of admixtures, mortar, and acrylic plant in Colombia | Barranquilla, January 2020 |
| Mortar plant in China | Chengdu, October 2020 |

**Acquired company**

| Adeplast | Romania | Building Finishing |
| Modern Waterproofing Group | Egypt | Waterproofing, Roofing |

**Total annual sales: CHF 146 million**
### The Impact of the Pandemic
#### February to September 2020

- **Severe COVID-19 wave started in March**
- **Around 35 of 100 Sika countries with full lockdown for about two months in the first half of the year, rest of countries strongly impacted**

<table>
<thead>
<tr>
<th>Country</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
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</table>

**Total Lockdown**

- [ ]

**Partial Lockdown**

- [ ]

**No Lockdown**

- [ ]

*Notes:*
- The table shows the impact of lockdown measures in different countries from March to September 2020.
- The percentages indicate the level of lockdown, with 0% indicating no lockdown and 100% indicating full lockdown.
# MEASURES ADDRESSING PANDEMIC SITUATION

## MAINTAIN HIGH FLEXIBILITY

<table>
<thead>
<tr>
<th>Operational Agility</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ General</td>
<td>▪ Strong local management actions in each country</td>
</tr>
<tr>
<td></td>
<td>▪ Preparation and response according to local situation which differs from country to country, scenario planning</td>
</tr>
<tr>
<td></td>
<td>▪ Taking advantage of local support measures</td>
</tr>
<tr>
<td></td>
<td>▪ Focus on market opportunities, driving improving sales trend</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Profit &amp; Cash Focus</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Efficiency</td>
<td>▪ Drive Efficiency initiatives</td>
</tr>
<tr>
<td>▪ Cost Structure</td>
<td>▪ Accelerate integration of acquisitions (for example Parex)</td>
</tr>
<tr>
<td>▪ NWC &amp; CapEx</td>
<td>▪ Adaptation of cost structure, reduction of expenses</td>
</tr>
<tr>
<td></td>
<td>▪ Tight monitoring and management of Accounts Receivables</td>
</tr>
<tr>
<td></td>
<td>▪ Align inventory needs and processes</td>
</tr>
<tr>
<td></td>
<td>▪ Reduce/postpone non-critical CapEx</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liquidity</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Cash Balance</td>
<td>▪ High cash balance of CHF 557.6 million (Half Year 2020)</td>
</tr>
<tr>
<td>▪ Credit Line</td>
<td>▪ Unused, fully committed credit lines (RCF) of CHF 1,250 million, no covenants</td>
</tr>
<tr>
<td>▪ Bond Maturity</td>
<td>▪ No maturity until July 2021 (CHF 170 million)</td>
</tr>
</tbody>
</table>
SIKA’S SUCCESS FACTORS IN THE CRISIS
NAVIGATING THE PANDEMIC
GROWTH MODEL WITH EARLY MARKET PENETRATION
FROM NEW-BUILD TO REFURBISHMENT

SIKA HAS SOLUTIONS FOR ALL MARKETS

Long-term market potential Sika

Repair and refurbishment

Higher building standards

Infrastructure

Sika’s market potential

Emerging markets

Developing markets

Mature markets
STRUCTURAL GROWTH, MARKET PENETRATION AND ACQUISITION
HOW SIKA DELIVERS SUPERIOR AND SUSTAINABLE GROWTH OF 6-8%

Growth in local currencies
INFRASTRUCTURE PROGRAMS STIMULATE MARKET GROWTH
CHF 10 TRILLION PLANNED STIMULI FOR CONSTRUCTION

Investments in the areas of:
- Transportation infrastructure
- Public buildings (hospitals, schools)
- Renewable energy
- IT infrastructure
- Water and sewage facilities
- Urban development
- Mining
**INFRASTRUCTURE PROGRAMS STIMULATE MARKET GROWTH**

**EXAMPLES OF COVID-19 INFRASTRUCTURE PROGRAMS**

<table>
<thead>
<tr>
<th>Region</th>
<th>Program Details</th>
</tr>
</thead>
</table>
| **EU** | - **EUR 750 billion** EU recovery plan  
  - Focuses on renewable energy, refurbishment, and clean mobility |
| **USA** | - Lowest common denominator between the two parties is a **USD 1 trillion** infrastructure program  
  - A bill has not yet been passed |
| **China** | - Investment plans and major infrastructure projects of up to **USD 7 trillion**  
  - Focuses on digitalization, information, infrastructure |
EU GREEN DEAL INITIATIVE TO BOOST BUSINESS
SIKA TO PROFIT AS GLOBAL LEADER IN BUILDING FINISHING

Existing buildings

- High energy consumption due to low isolation
- Low waterproofing standards
- Hollow brick structure

New regulations

- EU Green Deal
  - Stricter building regulations leading to renovations of buildings and infrastructure
- Countries such as UK with similar regulations regarding higher building standards

Sika solutions reducing heat loss and water impact

- Roofing systems: Roofing solutions, Membranes, Insulation systems
- Waterproofing: Waterproofing membranes, Waterbars, Resins and injection systems
- External walls: Concrete protection, Insulated concrete, Coatings & sealants, Repair mortars, Facade sealants, Sikasil glazing adhesive
- Flooring: Flooring systems, Tiling, Coating, Leveling, Bonding
- Windows & doors: Sealants, Double glazing, Fenestration, Sikaglaze sealant
- Internal building finishing: Sealants, Tile setting mortars
DIGITAL ECONOMY AND E-COMMERCE
UNLOCKING ADDITIONAL POTENTIAL

- COVID-19 has accelerated digital and e-commerce boom
- Increasing investments from civil infrastructure to data centers
- Sika as preferred provider of Roofing, Flooring, Concrete, Fire Protection, and Waterproofing solutions for data centers of big Key Accounts

Huge investments in data-transfer and G5 technology
Increasing need for data centers drives demand for Sika solutions
TREND FOR MORE URBANIZATION CONTINUES
UNLOCKING ADDITIONAL POTENTIAL

- Big cities remain highly attractive
- Companies will not transition to 100% home office mid-term
- Even if less people will be working in office buildings, social distancing requirements will remain and more space will be needed
- Drive towards more sustainable buildings
- Rising demand for home improvement

Urbanization trend to continue

<table>
<thead>
<tr>
<th>Year</th>
<th>Urban population</th>
<th>World population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913</td>
<td>1,750 mn</td>
<td>1,750 mn</td>
</tr>
<tr>
<td>2014</td>
<td>7,244 mn</td>
<td>7,244 mn</td>
</tr>
<tr>
<td>2050</td>
<td>9,804 mn</td>
<td>9,804 mn</td>
</tr>
</tbody>
</table>

World population

- Urban population

Urban population
RESILIENT AND GROWING IN DISTRIBUTION BUSINESS
INCREASING OPPORTUNITIES

- Boom in DIY business
  - Home improvement business is booming
  - Leading retail and hardware store chains report strong double digit increase in sales during lockdown
  - Access to numerous amount of small end-users (craftsmen, tilers, etc.)
  - Lockdown brought new customer generation of Millennials and Generation X

- Sika’s distribution business highly resilient

![Graph showing growth in Sika's distribution business](image)

- CAGR past 5 years:
  - Distribution Market: 3%
  - Sika: 18%

- +71% sales increase in e-commerce in 2020
SUCCESS FACTORS IN THE CRISIS
OVERALL STRONGER GROWTH OF REFURBISHMENT BUSINESS

- High resilience of refurbishment in crisis
- Urbanization and densification drive the need for refurbishment
- Structures have to be maintained
- Complexity favor refurbishment over new build
- New regulations and building standards make refurbishment mandatory
SUCCESS FACTORS IN THE CRISIS
STRONG CUSTOMER FOCUS

- Close contact with customers
  - Daily calls and personal contact
  - Over 100,000 webinars and online trainings
- New sales-driven website with access to all products in all countries
- Solution-driven mentality
SUCCESSFUL PAREX INTEGRATION
ON TRACK TO MEET AMBITIOUS TARGETS
FAST AND SUCCESSFUL INTEGRATION OF PAREX
EXCELLENT PROGRESS – COMPLETION IN FOCUS

TOTAL SYNERGIES
Around CHF 100 million identified

TOTAL COST SYNERGIES
CHF 55 million

CHF 40 MILLION+
Run rate synergies achieved to date

CROSS-SELLING
500+ initiatives tracked, 48% of them in cross-selling

PRODUCT LAUNCHES
34 new products launched in over 10 countries

SHOP IN SHOP concept
launched in China in 36,000 STORES

23 INTEGRATED TEAMS working together to achieve results
STRATEGY 2023
ON TRACK TO MEET AMBITIOUS TARGETS
MAJOR MEGATRENDS SUPPORTING SIKA’S GROWTH
NO CHANGES DUE TO PANDEMIC

TECHNOLOGY ADVANCEMENT

RAPID URBANIZATION

DYNAMIC ECONOMY

CLIMATE CHANGE, SHORTAGE OF RESOURCES

CHANGING DEMOGRAPHICS
SIKA’S GROWTH STRATEGY 2023
THE PILLARS OF THE STRATEGY

- **Market Penetration**: 6-8% annual growth
- **Innovation**: 25% of sales with new products
- **Operational Efficiency**: 0.5% pts non-material cost improvement as % of net sales
- **Acquisitions**: EBIT margin until 2020: <15%
- **Values**: >10% operating free cash flow per year as % of net sales
- **Sustainability**: >25% ROCE by 2023

12% CO₂ emission reduction per ton sold
MARKET PENETRATION
INCREASE MARKET SHARE TO 12%

Driver for future growth:
How we increase market share

New Target Market

Initiatives

Building Finishing

1 Emerging Markets
2 Key Project Management
3 Cross-Selling
4 Channel Penetration
5 Strong Sika Brand

Construction chemicals market 2020
approx. CHF 70 billion

Construction chemicals market 2025
approx. CHF 80 billion

- Sika 9%
- Others 58%
- Top 12
- +2.5% p.a. market growth

- Sika 12%
- Others 88%

Sika 9%
Others 58%
Construction Chemicals market 2020
approx. CHF 70 billion
Sika 12%
Others 88%
Construction Chemicals market 2025
approx. CHF 80 billion
INNOVATION
MORE PERFORMANT – MORE SUSTAINABLE

Focus on Sika’s five core technologies

Increased focus on product sustainability: more performant more sustainable

- Drive innovation to stay the clear market leader and drive growth and margins
- Drive increase of productivity and sustainability in construction

25% of sales with new products

Shift in construction to 3D printing and modular construction

FIVE CORE TECHNOLOGIES:

- Concrete Technology
- Adhesive Systems
- Coating Systems
- Cementitious Systems
- Thermoplastic Systems

93 new patents in 2019

122 inventions in 2019
OPERATIONAL EFFICIENCY DRIVES MARGIN IMPROVEMENT MORE THAN OPERATING LEVERAGE

Sika’s footprint significantly expanded over the years

Initiatives to increase operational efficiency

1. Operations / Factory Efficiency
2. Formulation Efficiency
3. Logistics
4. Procurement
5. Sales and admin costs in %

0.5% savings expected every year
ACQUISITIONS AS GROWTH PLATFORMS
NUMEROUS OPPORTUNITIES TO CONSOLIDATE MARKET

- Fragmentation offers acquisition opportunities
- Sika acting as market consolidator
- More than 60 bolt-on acquisitions in the last 12 years
- Acquisitions as growth platforms
- Solid pipeline but due diligence process hindered by COVID-19
VALUES AND PRINCIPLES
WHAT SIKA STANDS FOR

- Customer first
- Courage for innovation
- Sustainability and integrity
- Empowerment and respect
- Manage for results

Global Employee Survey in 2019 showed very high commitment to work and identification with Sika. Employees are proud to work for Sika.

25,000 employees
6.0% employee turnover rate in 2019

HIGH COMMITMENT OF EMPLOYEES DURING PANDEMIC
70% of Sika products with a positive sustainable impact

Sika products help to drive CO₂ footprint of our customers down

Overall target
12% CO₂ emission reduction per ton sold by 2023

Our «More Value - Less Impact» targets:
- Sustainable Solutions
- Community Engagement
- Occupational Safety
- Climate Performance
- Energy
- Waste/Water
HIGH EMISSIONS IN THE BUILDING INDUSTRY
CONSTRUCTION CHEMICALS ENABLER FOR STRUCTURAL CHANGE

kg CO₂ per ton produced

- Sika
- Light-side Building Material companies
- Heavy-side Building Material companies
SUSTAINABILITY – CLIMATE PERFORMANCE
STRATEGIC CO$_2$ TARGET LEADS TO CLIMATE NEUTRALITY BY 2050

In 2020 Sika concentrates on Scope 1 and 2

**Internal CO$_2$ footprint**

- **Scope 1 (direct)**
  - Internal fossil fuel usage
  - Energy production

- **Scope 2 (indirect)**
  - Purchased energy, mainly electricity

27 kg CO$_2$/tons sold (Scope 1&2)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2023</th>
<th>2030</th>
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<tr>
<td>CO$_2$ neutral</td>
<td>-12%</td>
<td>-50%</td>
<td>2019-2023</td>
<td>2030-2050</td>
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SIKA ENABLES SUSTAINABLE CONSTRUCTION
SIKA PRODUCTS DRIVE CO₂ FOOTPRINT DOWN

Scope 3 (external CO₂ footprint)

70% of Sika products with a positive sustainable impact

HIGH-STRENGTH CONCRETE WITH
CONCRETE ADMIXTURES
Sika® ViscoCrete®

REDUCES CONCRETE
CONSUMPTION
AS THINNER CONSTRUCTIONS ARE POSSIBLE

Sika® ViscoCrete® TECHNOLOGY ALLOWS FOR
REDUCTION OF CEMENT CONTENT BY 25%
ENABLING REPLACEMENT OF CEMENT WITH FLY ASH AND SLAG

Sika® ViscoCrete® TECHNOLOGY ENABLES UP TO 40%
REDUCTION OF WATER CONTENT IN CONCRETE
SIKA ENABLES SUSTAINABLE CONSTRUCTION
SIKA PRODUCTS DRIVE CO₂ FOOTPRINT DOWN

Scope 3 (external CO₂ footprint)  70% of Sika products with a positive sustainable impact

SIKA SOLUTIONS FOR REPAIR AND REFURBISHMENT
STRENGTHEN, WATERPROOF, INSULATE, PROTECT, AND REPAIR BUILDINGS AND STRUCTURES

SIKA REPAIR SYSTEMS
PROLONGS LIFETIME, INCREASE SAFETY AND ENERGY EFFICIENCY

SIKA’S OFFERING INCLUDES:
STRUCTURAL STRENGTHENING SYSTEMS,
WATERPROOFING AND REPAIR MORTAR,
WATERPROOFING AND PROTECTIVE COATINGS.
SIKA ENABLES SUSTAINABLE CONSTRUCTION
SIKA PRODUCTS DRIVE CO₂ FOOTPRINT DOWN

Scope 3 (external CO₂ footprint)  70% of Sika products with a positive sustainable impact

SIKA SUPPLIES HIGHLY DURABLE, ROOT RESISTANT MEMBRANES FOR GREEN ROOFS
- REDUCE URBAN HEAT EFFECT AND IMPROVE AIR QUALITY
- INSULATING QUALITIES LEAD TO ENERGY SAVINGS
- NOISE POLLUTION REDUCTION
- SUPPORT BIODIVERSITY

SIKA SOLAR-REFLECTIVE MEMBRANES FOR COOL ROOFS
REDUCE ENERGY CONSUMPTION BY UP TO 15%

LONGEVITY
- WARRANTIES ACCORDING TO CUSTOMER REQUIREMENTS
- MANY SIKA ROOFS ARE 40 YEARS AND OLDER

ROOF RECYCLING PROGRAM
CONServes NATURAL RESOURCES WITH 36,000 TONS OF PROCESSED RECYCLED MATERIALS DIVERTED FROM LANDFILLS TO DATE

SIKA SOLAR-REFLECTIVE MEMBRANES FOR COOL ROOFS
REDUCE ENERGY CONSUMPTION BY UP TO 15%
OUTLOOK
OUTLOOK
DRIVING TOWARDS AN EBIT MARGIN OF 15%-18%

2019

12.9%

-2.6% pts.

Negative Volume
leverage / Dilution M&A

2019 HY 2020 2023

11.3%

+0.5% pts. Efficiencies

+0.5% pts. Synergies

15% – 18 %

15% – 18 %

Synergies

Efficiency

Material Margin / Operating Leverage
OUTLOOK
CONTINUATION OF SUCCESSFUL GROWTH STRATEGY

- Confirmation of 2023 strategic targets for sustainable, profitable growth

- Outlook for 2020: For the fiscal year 2020, Sika is expecting slightly lower sales in CHF but EBIT broadly in line with last year, implying an over-proportional rise in EBIT in the second half.
THANK YOU FOR YOUR ATTENTION
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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