REGION GLOBAL BUSINESS – DRIVING GROWTH WITH GLOBAL REACH AND LOCAL PRESENCE

THOMAS HASLER, HEAD GLOBAL BUSINESS AND INDUSTRY
SIKA CAPITAL MARKETS DAY 2018
1. NEW REGION GLOBAL BUSINESS

2. EXPANDING AUTOMOTIVE PORTFOLIO THROUGH ACQUISITIONS

3. POWERHOUSE IN AUTOMOTIVE: LIGHTWEIGHT, ACOUSTIC, E-VEHICLE

4. GLOBAL REACH, LOCAL PRESENCE: CONTINUOUS INCREASE IN VEHICLE CONTENT
1. NEW REGION GLOBAL BUSINESS
The underlying rationale

- Perfect set-up for capturing potential of global OEM accounts in Automotive, Transportation and Appliance industries
- Ideal set-up for Tier 1 and Tier 2 customers in highly consolidated market segments such as Wind, Marine and Dielectric (e-mobility)
- Matching global customer footprint

Drivers

- Key Account Management requires a holistic approach including all business drivers and geographical footprint
- Agility and speed of decisions and implementation

Success factors

- One voice to the customer
- Strategy alignment, global but local
- Experienced team
NEW REGION GLOBAL BUSINESS
STRATEGY GOING FORWARD

MARKET PENETRATION
INCREASE CONTENT PER VEHICLE TO >CHF 10 BY 2022

INNOVATION
>30% OF NET SALES WITH PRODUCTS INTRODUCED LAST 5 YEARS

EMERGING MARKETS
EMERGING MARKET GROWTH RATES DOUBLE THOSE OF MATURE MARKETS

ACQUISITIONS
ACTIVE MARKET CONSOLIDATOR

VALUES
TRUST IS OF OVERRIDING IMPORTANCE
2. EXPANDING AUTOMOTIVE PORTFOLIO THROUGH ACQUISITIONS
Leading manufacturer of high-performance engineered, structure-borne acoustic solutions for automotive and appliances industry

Faist ChemTec’s innovations are driven by megatrends, such as increased need for comfort and lightweight construction of vehicles

Manufacturing footprint supports the aim to achieve global reach combined with local presence when serving customers worldwide

CHF 190 million in additional sales
SIKA AND FAIST – ABILITY TO OFFER THE FULL ACOUSTIC PACKAGE
NOISE, VIBRATION AND HARSHNESS IN THE BODY SHOP

1. **Air-borne noise reduction**
   SikaBaffle®

2. **Structure-borne noise damping**
   SikaDamp®

3. **Structural reinforcing**
   SikaReinforcer®

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<th>Air-borne</th>
<th>Structure-borne</th>
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World leader in high-performance resin formulation on epoxy and polyurethane polymer basis

Application areas: tooling and prototyping, composites, electronic potting

Industries: automotive, transportation, marine, renewable energy, and construction markets

Provides global platform with international production and distribution network

CHF 75 million in additional sales
SIKA AND AXSON – ENABLING E-MOBILITY
SOLUTIONS FOR BATTERY AND ELECTRIC COMPONENTS

Encapsulation materials for e-motors allow better designs and higher performance
- Smaller and lighter motors
- Extension of service life
- Increased engine power

Thermal conductive materials protect and enhance performance of battery systems
- Improve durability
- Reduce overall battery weight
- Improve passengers’ safety
3. POWERHOUSE IN AUTOMOTIVE: LIGHTWEIGHT, ACOUSTIC, E-VEHICLE
POWERHOUSE IN AUTOMOTIVE:
LIGHTWEIGHT, ACOUSTIC, E-VEHICLE

SIKA STRUCTURAL ADHESIVES ENABLE
LIGHTWEIGHT
VEHICLE CONSTRUCTION

FAIST AND SIKA COMBINED –
A POWERHOUSE FOR
ACOUSTIC
SOLUTIONS

SIKA HAS THE SOLUTIONS TO MEET THE
CHALLENGES OF
E-VEHICLE
DESIGN AND SOUNDPROOFING
SikaPower® STRUCTURAL ADHESIVES
FOR LIGHTWEIGHT VEHICLE CONSTRUCTION

SikaPower® structural adhesive for the automotive industry

- Lightweight construction and multi-material design are megatrends in the automotive industry
- Adhesive bonding is becoming the supreme joining technology
- More safety, less weight, optimum stiffness: SikaPower® enables the body structure to absorb more energy
MEGATREND – LIGHTWEIGHT VEHICLES, MULTI-MATERIAL BODY
EXAMPLE BMW 7 SERIES

APPLICATION HIGHLIGHT:
Mixed material bonding; steel – CFRP – aluminum

CHALLENGE:
Solving the effect of high forces in bond lines due to different thermal expansions of metals and CFRP

SOLUTION:
Crash-resistant SikaPower® MBX adhesive resulting in 130 kg weight reduction over previous model. 150 meters of bond line between various substrates.
SikaPower®
SALES DEVELOPMENT

21% ANNUAL AVERAGE GROWTH
MEGATREND – ELECTRIC VEHICLES

ESTABLISHED SIKA APPLICATIONS AND NEW OPPORTUNITIES

<table>
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<tr>
<th>POTENTIAL OF 20% MORE SIKA SOLUTIONS IN ELECTRIC VEHICLES</th>
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<tr>
<td>E-platforms require lightweight construction</td>
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<td>Unique body structures require refined reinforcement solutions to ensure crash performance</td>
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<td>Comprehensive acoustic solutions to dampen road and wind noise</td>
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<td>Specific reinforcement for protection of battery box is required</td>
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<td>Battery cells and modules require assembly, sealing and thermal management technology to prevent degraded performance</td>
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<td>Relays, control modules, and sensors require potting, insulation, and encapsulation</td>
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The success of electric cars depends on powerful batteries. More powerful batteries generate more heat and present a risk of overheating. Conventional adhesives have an insulating effect and retain heat.

The Sika-developed technology based on SikaForce® is different. It is thermally conductive, which allows the cooling elements to do their job. In fact Sika has all the products necessary for heat conductivity, insulation, and encapsulation.

6 x MORE ELECTRONIC COMPONENTS ARE USED IN ELECTRIC CARS THAN IN CONVENTIONAL ONES
MEGATREND – ELECTRIC VEHICLES
SIKA OFFERS THE SOLUTIONS

CHALLENGE

In electric buses the battery is a particular concern given the possible risk of a heat build-up. Therefore fire safety requirements are stringent.

SOLUTION

Applying the fire protection coating Sika® Unitherm® Platinum to the battery case absorbs developing heat, prevent a battery fire from spreading, and prolongs evacuation time to up to 25 minutes.

50%

OF ALL BUSES PRODUCED IN CHINA ARE ELECTRIC BUSES
4. GLOBAL REACH, LOCAL PRESENCE: CONTINUOUS INCREASE IN VEHICLE CONTENT
SIKA AUTOMOTIVE
GLOBAL REACH, LOCAL PRESENCE

FULLY ESTABLISHED ORGANIZATION WITH GLOBAL SUPPLY CHAIN AND R&D IN ALL REGIONS

KEY FACTS

EMPLOYEES END HY1 2018: 2,482
PLANTS: Total: 20

ANNUAL AVERAGE SALES GROWTH SINCE 2015: GLOBAL AUTOMOTIVE +12%

SALES & CUSTOMER SERVICE
- RESEARCH AND DEVELOPMENT / TECHNOLOGY CENTER
- AUTOMOTIVE MANUFACTURING
NEW AUTOMOTIVE FACTORY IN QUERETARO, MEXICO
STRATEGICALLY LOCATED TO SERVE FAST GROWING MARKET

- Mexico to become the sixth largest car manufacturer in the world
- Manufacture of full range of acoustic treatments and body structural products for growing number of Original Equipment Manufacturer (OEM) in Mexico
- Plant includes integrated logistics center
CONTINUOUS INCREASE IN VEHICLE CONTENT
STRONG LOCAL PRESENCE WITH ALL TECHNOLOGIES

AVERAGE VEHICLE CONTENT

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<th>Year</th>
<th>VW GOLF 7, E-GOLF</th>
<th>DODGE RAM 1500</th>
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THANK YOU FOR YOUR ATTENTION
### Breakout Sessions

#### Timeline - Group Rotation

<table>
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<tr>
<th>Time</th>
<th>Group 1</th>
<th>Group 2</th>
<th>Group 3</th>
<th>Group 4</th>
<th>Lunch 1:05 – 2:05</th>
<th>Industry 2:10 – 2:50</th>
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**SIKA Guides**

- **Group 1**: Martin Pind – Erica Johnson
- **Group 2**: Phillip Wilson – Kristen Martinson
- **Group 3**: Doug White – Nancy Flores
- **Group 4**: Herbert Zwartkruis – Pina Perez
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- 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 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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