WEATHERING THE STORM – SWIFT IMPLEMENTATION OF INITIATIVES AS KEY PROFIT DRIVER

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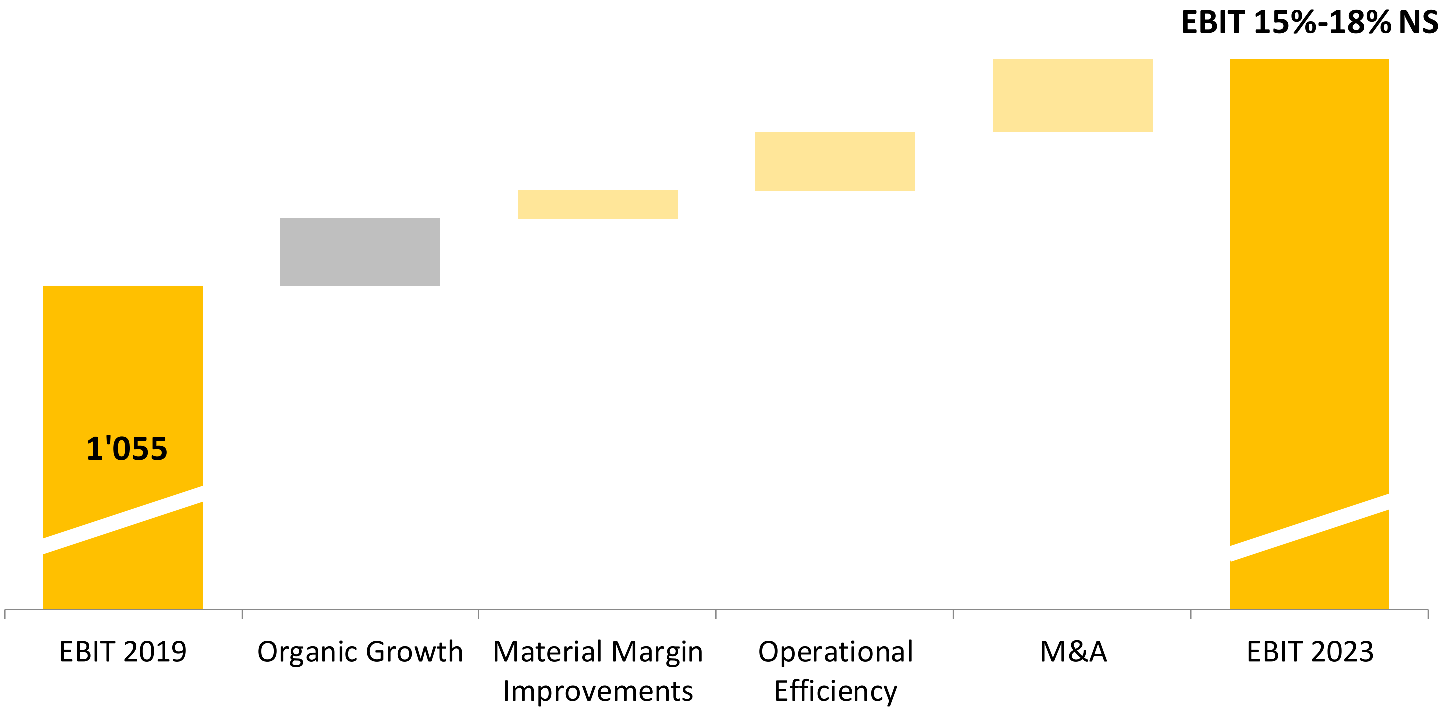
BUILDING TRUST

RESPONSE MEASURES TO COVID-19

IN SUPPORT OF LONG-TERM PROFITABILITY IMPROVEMENT

		Measures
Operational Agility	▪ General	▪ Strong local management actions in each country ▪ Preparation and response according to local situation which differs from country to country, scenario planning ▪ Taking advantage of local support measures ▪ Focus on market opportunities, driving improving sales trend
Operating Profit & Cash Focus	▪ Efficiency ▪ Cost Structure ▪ NWC & CapEx	▪ Drive Efficiency initiatives ▪ Accelerate integration of acquisitions (i.e. Parex) ▪ Adaptation of cost structure, reduction of expenses ▪ Tight monitoring and management of Accounts Receivables ▪ Align inventory needs and processes ▪ Reduce/postpone non-critical CapEx
Liquidity	▪ Cash Balance ▪ Credit Line ▪ Bond Maturity	▪ High cash balance of CHF 557.6 million (Half Year 2020) ▪ Unused, fully committed credit lines (RCF) of CHF 1,250 million, no covenants ▪ No maturity until July 2021 (CHF 170 million)

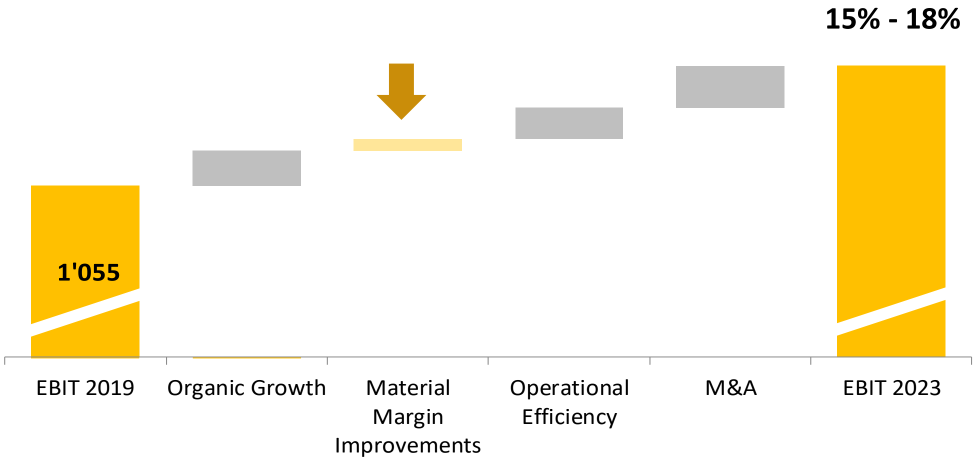
DRIVING TOWARDS AN EBIT MARGIN OF 15%-18%
IMPROVING MARGIN PROFILE IN SPITE OF COVID-19



- Negative organic growth leverage of -10.5% in 1HY 2020 masking underlying improvements

PROFITABILITY DRIVERS

STRONG MATERIAL MARGIN IMPROVEMENTS
MOVE INTO 54% - 55% RANGE



- Organic Material Margin has moved into 54-55% range
- Supportive material cost development, negative FX, secured by pricing
- Innovation (at higher margins)
- Structural procurement savings program
- Formulation Efficiency, waste reduction

STRONG MATERIAL MARGIN IMPROVEMENTS

MOVE INTO 54% - 55% RANGE

Example: Waste Reduction

- Programs to reduce direct manufacturing waste

Mortar Production

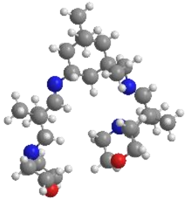
Adhesive Production

Admixture production

- Waste reduction: > 10,000 tons
- In key technologies, major sites
- Savings: CHF 5 - 10 million once fully implemented
- Short pay-back

Example: Formulation Efficiency

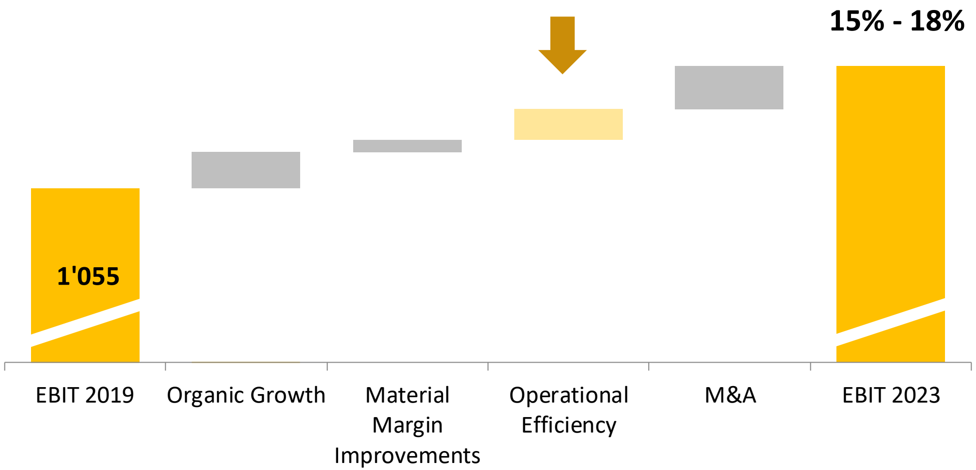
- Programs to simplify and optimize similar formulations



Optimize formulation design

- 170 formulations checked, selection of the best formulation per product category
- Global implementation of best practices
- Ongoing program
- Achieved savings of CHF 2.5 million so far, plus additional savings in Operations

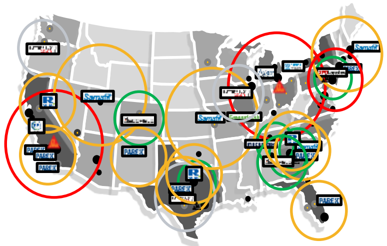
OPERATIONAL EFFICIENCY WITH STRONG IMPACT
0.5% PTS IMPACT ALSO DURING CRISIS



- Structured, continuous improvement program across value chain
- Positive EBIT impact of 0.5% pts also during crisis
- Key initiatives in factory automation
- Supply Chain consolidation and improvements to reduce logistics and warehousing cost
- Many initiatives with strongly positive sustainability aspects

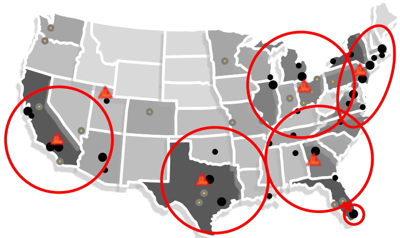
OPERATIONAL EFFICIENCY WITH STRONG IMPACT
0.5% PTS IMPACT ALSO DURING CRISIS

Example: US Supply Chain Alignment



Present State

- Fragmented and sometimes target market specific
- Historically grown (acquisitions)



Future State

- Consolidate smaller warehouses aligned with Big City Strategy
- Optimize routing and freight cost
- Selected consolidation of manufacturing footprint
- Savings: CHF 8-10 million once fully implemented

Example: Energy Reduction Projects

- Programs focusing on energy reduction

Sand Drying

Membrane Production

Compressed Air

- CO_2 reduction: > 15,000 tons
- Energy reduction: -15% to -25%
- Expected savings: > CHF 5 million

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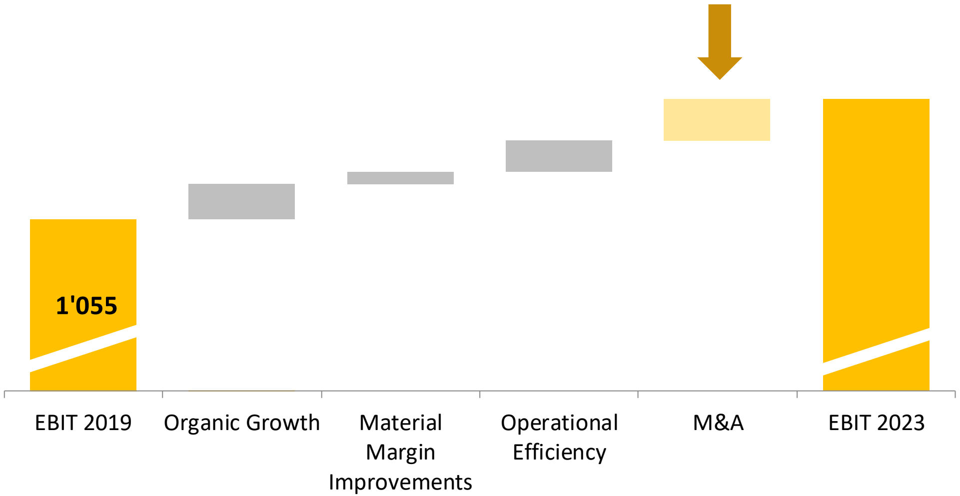
STRONG PAREX SYNERGY RUN-RATE
TO OVERCOMPENSATE DILUTION EFFECT IN 2021

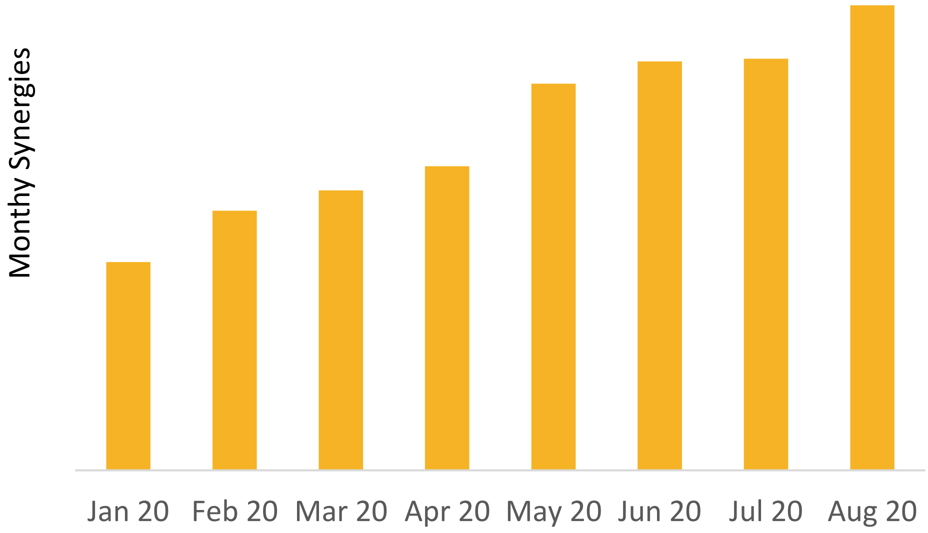


- M&A as growth platform, lifting margin profile over time
- Parex impact plus further M&A
- Run-rate synergies of CHF 100 million fully validated and confirmed
- Accelerated integration
- Current run rate pointing towards CHF 40 million+ impact for 2020 (previously indicated >CHF 30 million)

PAREX INTEGRATION

ON TRACK TO EXCEED TARGETED SYNERGY CONTRIBUTION FOR 2020

Monthly run-rate synergies have reached close to CHF 5 million in August



Cross-Selling synergies increased profitability of Sika product sold to Parex sales channels or vice-versa

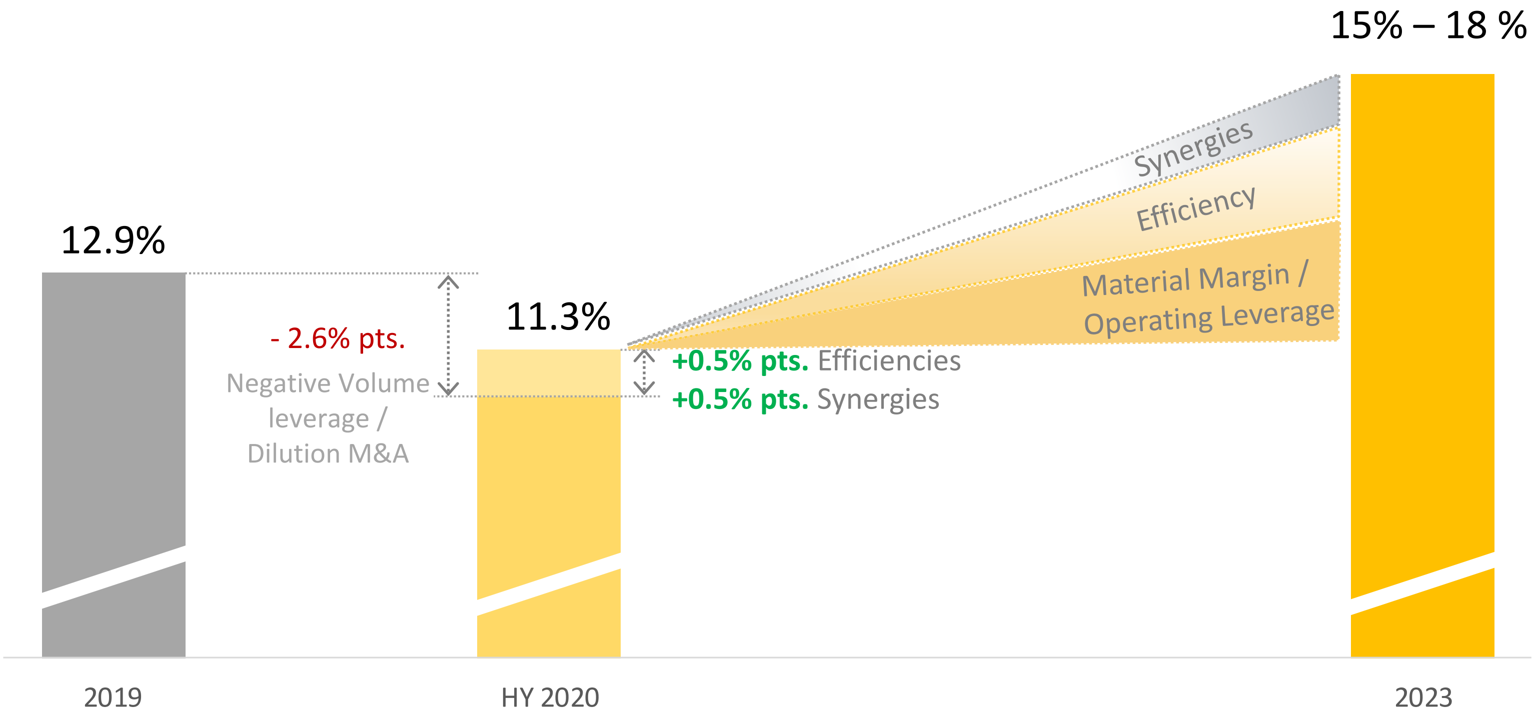
Optimization of Formulations is leading to savings, as know-how exchange between the R&D teams has led to optimized formulations

Operations synergies ramping up, as a result of production footprint alignment

SG&A synergies have been accelerated as COVID-19 has shifted the short-term focus to internal savings

Procurement synergies through bundling and harmonization of purchasing volumes fully implemented

DRIVING TOWARDS AN EBIT MARGIN OF 15%-18%
STRONG IMPACT OF INITIATIVES MASKED BY DILUTION AND COVID



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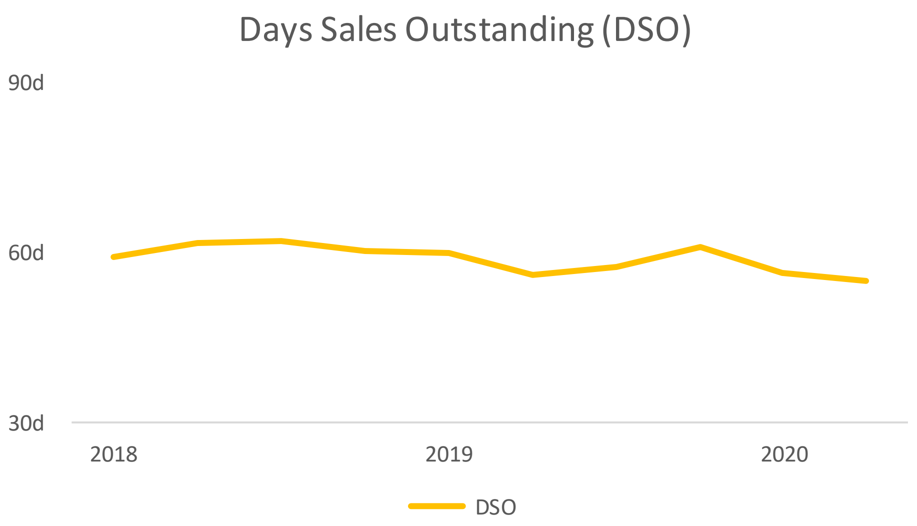
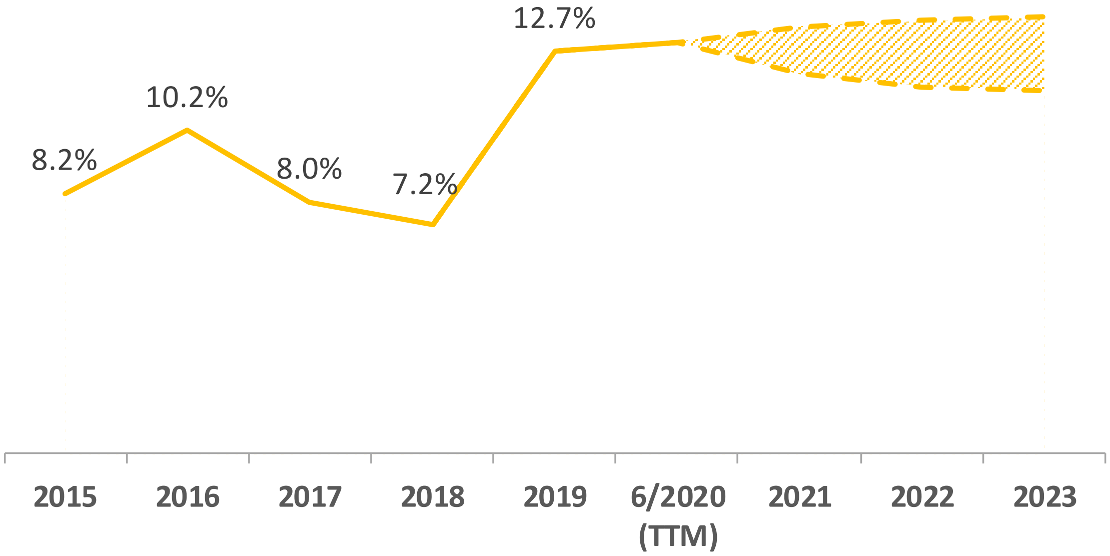
STRONG CASH CONVERSION

SUCCESSFUL RECEIVABLE MANAGEMENT
AVERAGE DAYS SALES OUTSTANDING TRENDING VS. < 60 DAYS



- Successful Receivables management despite lockdowns and economic impact due to COVID-19
- Days sales outstanding with improvement in 2020

STRONG CASH CONVERSION
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

Q&A