SIKA MADE BINDING OFFER TO ACQUIRE PAREX

MEDIA AND ANALYST PRESENTATION
JANUARY 8, 2019
AGENDA

- TRANSACTION HIGHLIGHTS
- PAREX – A LEADING MORTAR MANUFACTURER
- TRANSACTION RATIONALE
- FINANCIAL CONSIDERATIONS
- TENTATIVE TIMELINE TO CLOSING
- SUMMARY
Sika made binding offer to acquire Parex from CVC Fund V

Parex, an excellent company
- A leading mortar manufacturer – great expertise in facade, tile adhesives, waterproofing
- Impressive track record of profitable growth (7 year growth CAGR of 7%; 2018E sales: CHF 1.2 billion, EBITDA 16%)
- Strong position in distribution (80% of sales)
- Present in 23 countries with key position in 8 markets

Key benefits
- Very good strategic fit with no overlaps
- Combining two “growth engines”
- Boost Sika’s position in mortars and distribution
- Sika and Parex with strong brands and position in complementary channels, therefore multiplier potential for Sika and Parex products
- Rollout Parex’s facade business in Sika world
- Leverage potential in technology and operations

Cultural fit
- Highly decentralized organization
- Management by empowerment
TRANSACTION HIGHLIGHTS (2/2)

- Financial parameters
  - Enterprise value of CHF 2.5 billion
  - Annual synergies of CHF 80 – 100 million expected
  - Bridge loan facility for the full amount committed by UBS/Citi

- Multi-step transaction
  - Sika signed exclusive put option agreement
  - Consummation of transaction subject to French consultation process and regulatory approvals, expected in Q2/Q3 2019
PAREX – A LEADING MORTAR MANUFACTURER
80% OF SALES THROUGH DISTRIBUTION CHANNEL

Key facts

- Strong position and expertise in mortar solutions for renovation and new builds
- Addressing increasing urbanization, growing market penetration and sophistication trends (such as higher building standards)
- Strong position in 8 key markets
- Comprehensive product portfolio for critical applications in the construction industry with well known brands
- 80% of sales through distribution channel
- Global production footprint and broad distribution network with strong local presence
- Highly decentralized and performance oriented organization
- Strong reputation for quality, safety and reliability

Key figures 2018

<table>
<thead>
<tr>
<th>Category</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>CHF 1,204 million</td>
</tr>
<tr>
<td>EBITDA</td>
<td>approx. CHF 195 million</td>
</tr>
<tr>
<td>Sales by products</td>
<td>- Waterproofing &amp; Tech. Solutions 26%</td>
</tr>
<tr>
<td></td>
<td>- Facade Protection &amp; Decoration 34%</td>
</tr>
<tr>
<td></td>
<td>- Ceramic Tile Settings Materials 40%</td>
</tr>
<tr>
<td>Sales by region</td>
<td>- Americas 25%</td>
</tr>
<tr>
<td></td>
<td>- Asia 42%</td>
</tr>
<tr>
<td></td>
<td>- EMEA 33%</td>
</tr>
<tr>
<td>Sites</td>
<td>74 plants across 23 countries</td>
</tr>
<tr>
<td>R&amp;D centers</td>
<td>13 R&amp;D centers</td>
</tr>
<tr>
<td>Employees</td>
<td>4,600 employees worldwide</td>
</tr>
</tbody>
</table>
### PAREX – A PORTFOLIO OF STRONG BRANDS IN KEY MARKETS

<table>
<thead>
<tr>
<th>Ceramic Tile Setting Materials</th>
<th>Facade Protection &amp; Decoration</th>
<th>Waterproofing &amp; Technical Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>34%</td>
<td>26%</td>
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</tbody>
</table>

#### Segments
- Self-leveling compounds
- Ceramic tile adhesives
- Grouts (incl. epoxy grouts)
- Grey mortars
- Mineral mortars
- Organic renders
- EIFS
- Waterproofing systems
- Concrete repair
- Other technical solutions

#### Brands
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#### 8 Key Markets
- China
- France
- USA
- Argentina
- Brazil
- Singapore
- UK
- Australia
PAREX – TRACK RECORD OF CONSISTENT PROFITABLE GROWTH

Strong organic and acquisitive revenue growth (in EUR bn)

CAGR 2011–2017: +7.4%

... and EBITDA growth (in EUR mn)

CAGR 2011–2017: +9.3%
TRANSACTION RATIONALE
EXPAND HIGHLY PROFITABLE MORTAR BUSINESS

Note: Based on FY18 financials
TRANSACTION RATIONALE
SIKA AND PAREX COMBINED - GLOBAL PLAYER IN MORTARS

- Mortar is a key growth technology for Sika and one of its most important earnings contributors
- In line with past acquisitions (Akzo Nobel Building Adhesives, Everbuild etc.)
- Significant expansion of our capacity opening 24 new factories since 2011 and 11 acquisitions including 12 factories
- Acquisition of Parex more than doubles Sika's mortar business
- Sika will become one of the global top 3 players in mortars / refurbishment with complete offering and expertise across the full building life cycle

Double sales in mortars and significantly increase expertise in key technology
(in CHF bn)

- CAGR + 11%
- 2x
- 1.2
- 2.3

2011 2018 Parex Pro-Forma
TRANSACTION RATIONALE
STRENGTHENING ACROSS ALL REGIONS

Note: 1 Including Global Business segment
TRANSACTION RATIONALE
BROADEN GLOBAL PRODUCTION FOOTPRINT

- Americas
  - 1,200 employees
  - 29 plants

- EMEA
  - 1,300 employees
  - 20 plants

- APAC
  - 2,000 employees
  - 23 plants

- Sika factories (mortar)
- Parex factories
SIKA AND PAREX COMBINED
CHANNEL COMPLEMENTARITY – 80% SALES IN DISTRIBUTION (SIKA: 31%)

- Cross-selling opportunities through access to new sales channels for construction chemicals:
  - Sika gains access to extensive distribution network of Parex
  - Parex gains access to Sika’s well established direct sales channel / product range

<table>
<thead>
<tr>
<th></th>
<th>Distribution</th>
<th>Direct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Market</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Parex</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>Sika</td>
<td>69%</td>
<td>31%</td>
</tr>
<tr>
<td>Sika and Parex</td>
<td>62%</td>
<td>38%</td>
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SIKA AND PAREX TECHNOLOGY
MANY SYNERGIES FROM COMPLEMENTARY APPLICATIONS

Sika Traditionally Strong in Engineered Mortars
- Low shrinkage
- High durability
- Low heat build-up
- Excellent pumpability
- Superior freeze/thaw resistance

Example
Cementitious Precision Grout
SikaGrout 212

Parex Traditionally Strong in Facade Mortars
- Hydrophobic
- High durability
- Excellent finishing
- Lightweight
- Machine and manual application

Example
Thermal Insulation (Facade)
Cotegran 3D + Coteterm Systems
### Highly complementary applications

- Technical mortars
- Industrial Flooring
- Roofing & Waterproofing
- Sealing & Bonding

**Turnover 2017: CHF 290m**

- Facade systems
- Rendering mortars
- Tiles setting materials

**Turnover 2017: CHF 260m**

### Well Known Products and positioning in distribution

- 50% sales through distribution with focus on: Sealing & Bonding, technical mortars, Waterproofing
- Tile Setting products sold only via specialized dealers not via builders merchants

- 90% sales through distribution with focus on: mortars and facade systems
- Tile Setting products sold via builders merchants

**Strong combined growth platform:**

CHF 550m
EXAMPLE CHINA
HIGH CHANNEL COMPLEMENTARITY AND CROSS-SELLING POTENTIAL

Parex strong in distribution, Sika strong in direct business

- Technical mortars
- Industrial Flooring
- Roofing & Waterproofing
- Sealing & Bonding

**Turnover 2017: CHF 225m**

- Waterproofing systems
- Tile setting materials
- Facade systems

**Turnover 2017: CHF 275m**

Expanded footprint in China

- Sika with 90% of direct business in China
- High complementarity in distribution channels with significant cross-selling opportunities (acrylcs, epoxies, PUs)
- Increase Sika's plants from 3 to 12 and employees from 1,050 to 2,350 in China
- Parex is a strong market player operating under main brand Davco
- Unique retail distribution network with 90,000 points of sale of which 3,000 are exclusive independent distributors under the Davco brand

**Strong combined growth platform:**
**CHF 500m**
EXAMPLE USA
FACADE AND TILE SYSTEMS AS NEW GROWTH PLATFORMS

- Refurbishment
- Industrial Flooring
- Roofing & Waterproofing
- Sealing & Bonding

**Turnover 2017: CHF 995m**

- Façade mortars/stuccos
- EIFS
- Tiles setting materials

**Turnover 2017: CHF 125m**

- Strong improvement of US market position in construction chemicals: CHF 1,120m

- Expand factory footprint for mortars with Parex plants in Florida, California, New York and New Mexico
- Parex’s Facade/EIFS business connects well with Sika’s wall insulation business
- Parex to be Sika’s growth platform and starting point for the US tile adhesives market
- Parex benefits from Sika’s cross selling and specification selling activities
EXAMPLE LATIN AMERICA
HIGH COMPLEMENTARITY IN KEY MARKETS

- Technical Mortars, Tile Adhesives
- Industrial Flooring
- Roofing & Waterproofing
- Sealing & Bonding

**Turnover 2017: CHF 590m**

- Tiles setting mortars
- Facade systems
- Rendering mortars

**Turnover 2017: CHF 180m**

- Parex’s strong position in Facade Mortar and Tile Adhesive business fills important gap for Sika
- Sika footprint in all of Latin America will multiply Parex business into new Latin American countries
- Sika and Parex with strong footprints in distribution channels with little overlaps
- Brand differentiation as opportunity to enter new sales channels and to do more targeted positioning/sales pricing

Leading position in construction chemicals in Latin America:

**CHF 770m**
FINANCIAL CONSIDERATIONS

- Financial parameters
  - Enterprise value of CHF 2.5 billion
  - Annual synergies of CHF 80 – 100 million expected
  - 11.3x EV / pro forma EBITDA 19E multiple, less than 8.5x EV / EBITDA incl. full run-rate synergies
  - EPS accretive from first full year post closing

- Financing
  - Bridge loan facility over full amount committed by UBS/Citi
  - Immediate repayment of existing senior facilities
  - Long-term funding over combination of cash-on-hand, bank loans and capital market instruments
  - Commitment to maintain strong investment grade rating
FINANCIAL BENEFITS FROM TRANSACTION
SYNERGIES TO DRIVE SUSTAINABLE MARGIN ENHANCEMENT

Note:
1. Based on 2017 actuals, full run-rate revenues and cost synergies (EBITDA contribution) once fully phased in
REVENUE AND COST SYNERGIES
EXPECTED RUN-RATE SYNERGIES OF CHF 80-100M

Revenue synergies
- Cross-selling of Sika products through Parex distribution channels (Acrylics, PUs, Epoxies etc.)
- Leverage Sika’s direct access to jobsites for Parex products
- Sale of Parex products through Sika's presence in >70 countries currently not covered by Parex

Cost synergies
- Economies of scale in purchasing
- Optimization of production and logistics cost
- Operating leverage and increased efficiency in support functions

- Expected run-rate synergies of CHF 80-100m p.a.
- Synergies expected to ramp-up over coming years and to be fully realized in year 4 post closing
- Expected transaction and integration costs of CHF 70m spread over the next three years

In addition, CapEx savings of CHF 35m spread over the next 3 years
TENTATIVE TIMELINE TO CLOSING

- **7-Jan-2019**
  - Signing of put option agreement

- **Q1 / Q2 2019**
  - Signing of SPA

- **Q2 / Q3 2019**
  - Closing

- **Q2 / Q3 2019**
  - Regulatory approvals

- **Q1 / Q2 2019**
  - French consultation process

- **Regulatory approval process**
SUMMARY: STRONGER AND MORE COMPETITIVE

- Bringing two growth engines together
- Product offerings are highly complementary. No overlaps in sales channels
- Strong player in construction chemicals and industrial adhesives with sales in excess of CHF 8 billion
- Excellent footprint with more than 300 factories in 101 countries
- First mover in emerging markets with strong local presence
- Strong global brands with broad product range
- Entrepreneurial company culture with more than 24,000 employees
- Enhanced growth and margin profile, strong cash generation
- Accretive and value enhancing
QUESTIONS?
STRONG GROWTH MOMENTUM CONTINUES
13.7% SALES GROWTH (13.4% IN CHF) IN 2018

+ 11.7% Americas

+ 14.2% EMEA

+ 5.5% Asia/Pacific

+ 29.2% Global Business

(in CHF billion, growth in LC)
STRONG OUTLOOK FOR 2019
CONTINUATION OF SUCCESSFUL GROWTH STRATEGY

- Volatile and rising raw material prices will continue to be a challenge
- For business year 2018, a record EBIT in the range of CHF 940 million to 960 million expected
- For business year 2019, sales increase in line with Growth Strategy 2020 targets of 6 to 8% and an over-proportional rise in profits expected
- Depending on the closing date of Parex transaction, sales expected to exceed CHF 8 billion
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- 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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