



# STRONG START TO THE YEAR 10.7% SALES GROWTH IN FIRST QUARTER 2017

SIKA INVESTOR PRESENTATION  
JUNE 2017

BUILDING TRUST



# TABLE OF CONTENTS

1. HIGHLIGHTS

2. STRATEGY

3. OUTLOOK

# 1. HIGHLIGHTS

# HIGHLIGHTS 2016

## 1. Record results

- +5.5% sales growth in local currencies to CHF 5,747.7 million
- CHF 795.3 million EBIT (+18.1%)
- CHF 566.6 million net profit (+21.8%)
- CHF 586.5 million operating free cash flow (+29.9%)
- 28.7% ROCE (2015: 24.3%)

## 2. Key investments

- 4 new national subsidiaries
- 9 new factories
- 4 acquisitions

## 3. Strategy

- Reviewed with Senior Managers worldwide
- Growth strategy confirmed with raised targets 2020

# KEY FIGURES 2016

## RECORD RESULTS

| in CHF mn                       | 2015    | 2016    | Δ %     |
|---------------------------------|---------|---------|---------|
| <b>Net sales</b>                | 5,489.2 | 5,747.7 | + 4.7%  |
| <b>EBIT</b>                     | 673.3   | 795.3   | + 18.1% |
| <b>Net profit</b>               | 465.1   | 566.6   | + 21.8% |
| <b>Operating free cash flow</b> | 451.5   | 586.5   | + 29.9% |
| <b>Net cash</b>                 | 94.0    | 415.6   |         |
| <b>ROCE</b>                     | 24.3%   | 28.7%   |         |

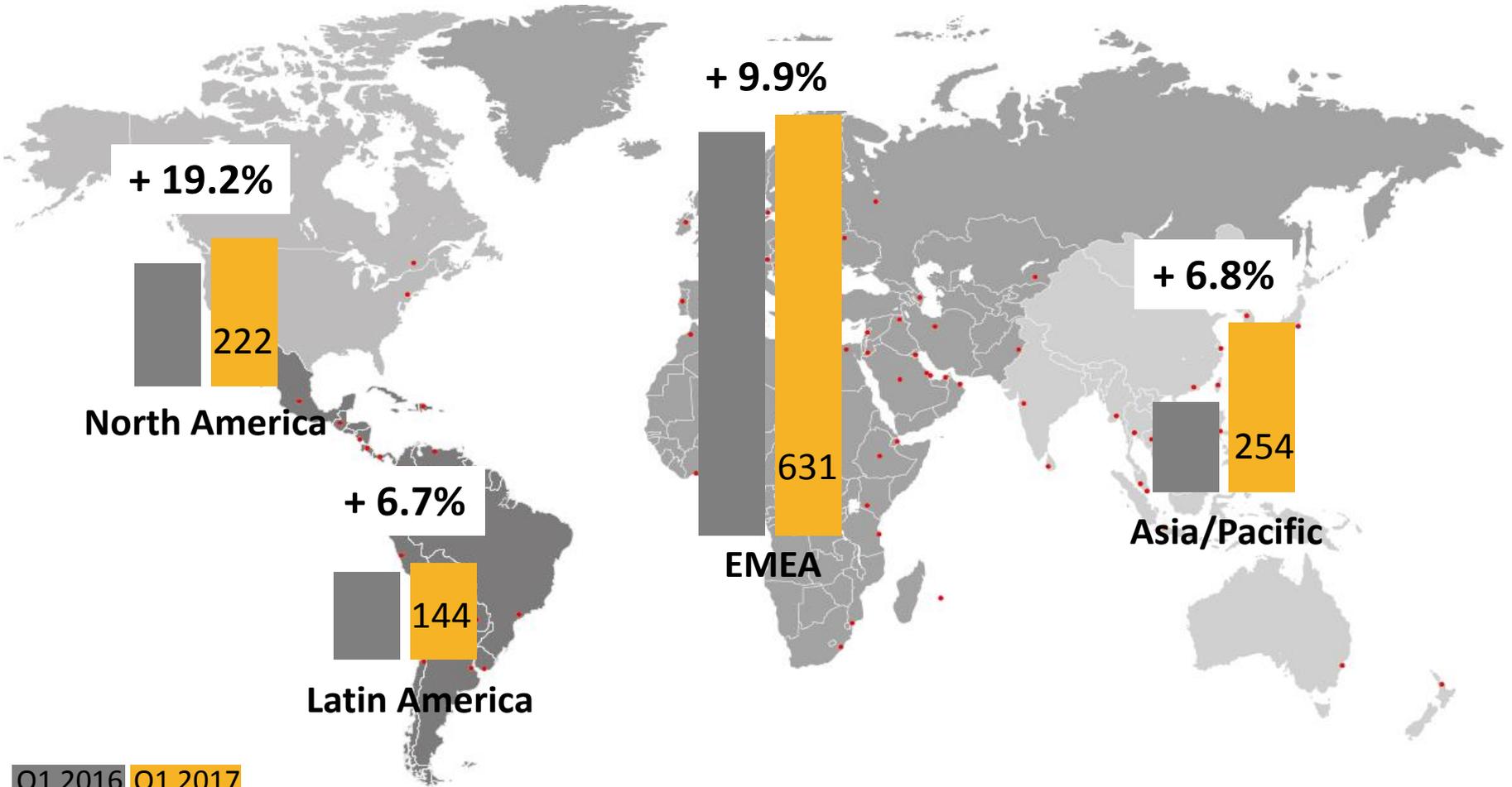
# RESULTS FIRST QUARTER 2017

## STRONG START TO THE YEAR

- + 10.7% sales growth in local currencies, + 9.0% in CHF
- Significant growth in all regions
- Opening of 5<sup>th</sup> plant in Mexico
- Acquisition of Bitbau Dörr in Austria
- Pressure on margins from raw materials, counteractions initiated

# FIRST QUARTER 2017 – GROWTH IN ALL REGIONS

## 10.7% SALES GROWTH (9.0% IN CHF)

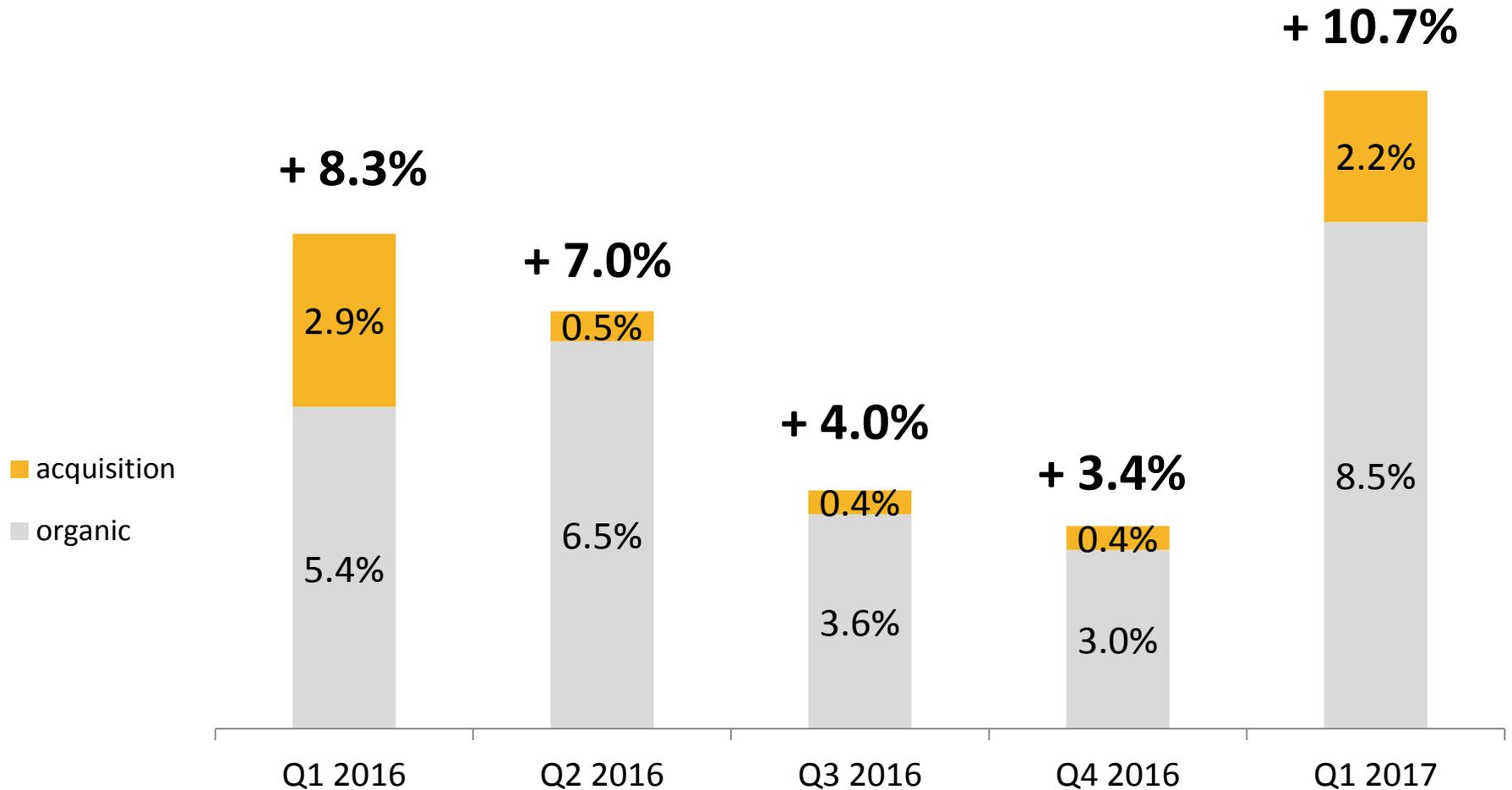


Q1 2016 Q1 2017

(in CHF mn, growth in LC)

# STRONG START TO THE YEAR

## 10.7% SALES GROWTH IN THE FIRST QUARTER

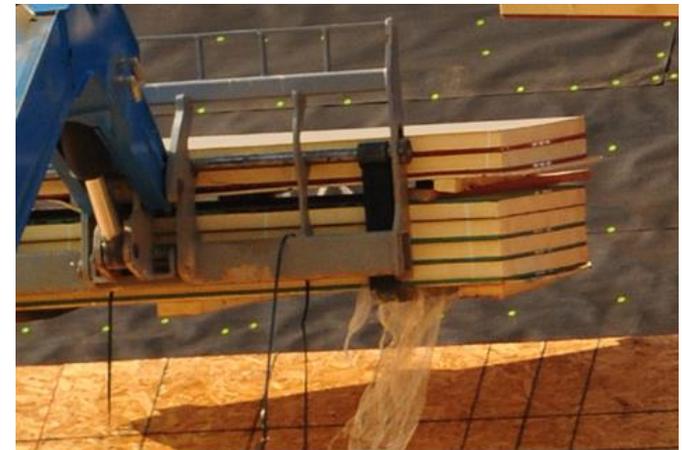


# 2 LARGER ACQUISITIONS WITH FULL EFFECT IN 2017

## ACQUISITIONS AS GROWTH PLATFORM

### Rmax Operating, LLC, USA (closing end Jan 17)

- Market leader in the production of polyiso insulation products for complete Building Envelope solutions (roofing and wall systems)
- CHF 75 million sales
- New technology and know-how will accelerate growth and drive innovation in the North American market
- Strong synergies with Sika technologies
- Will allow Sika USA to benefit from in-house production of wall and roofing insulation products in three plants with good geographical coverage

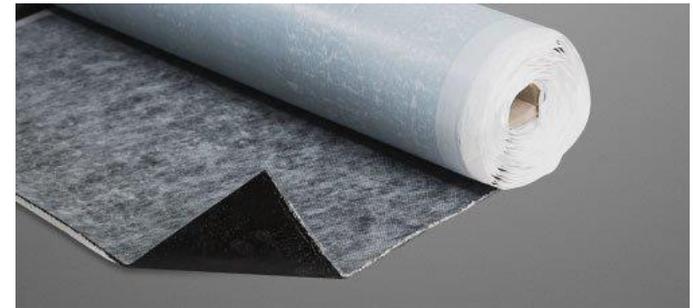


# 2 LARGER ACQUISITIONS WITH FULL EFFECT IN 2017

## ACQUISITIONS AS GROWTH PLATFORM

### Bitbau Dörr, Austria (closing end Feb 17)

- Leading waterproofing system manufacturer
- CHF 50 million sales
- Sika will be able to offer its customers a wider range of durable, high-grade waterproofing systems based on polymer-modified bitumen membranes
- Strong growth opportunities resulting from expanded distribution channels and a broader customer base
- Sika will establish the new site as its Central European Center of Excellence for bitumen waterproofing systems



# KEY INVESTMENTS CONTINUE IN 2017

## EXPANSION IN EMERGING MARKETS

### New subsidiary:

- Senegal (April 2017)

Now present in 98 countries with own national subsidiaries

### Opening of Sika plants:

- 5<sup>th</sup> plant in Mexico (Coatzacoalcos, March 2017)
- New and expanded site in Kazakhstan (Almaty, May 2017)
- 1<sup>st</sup> plant in Tanzania (Dar es Salaam, June 2017)



## 2. STRATEGY

# STRATEGY REVIEW: CONFIRMATION OF SIKA'S GROWTH MODEL AND RAISED TARGETS 2020

- 1) Performance and investments ahead of STRATEGY 2018
- 2) Market Penetration
- 3) Innovation
- 4) Accelerated build-up of Emerging Markets
- 5) Acquisitions
- 6) Values
- 7) Targets 2020

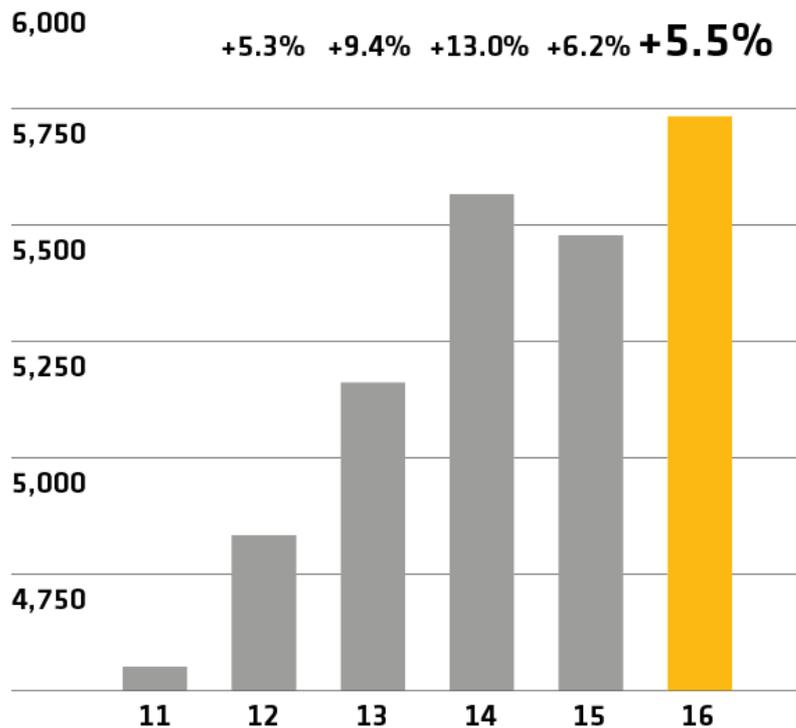
# 1) PERFORMANCE AND INVESTMENTS AHEAD OF STRATEGY 2018

# SIKA'S GROWTH MODEL DELIVERS KEY INVESTMENTS SINCE 2012

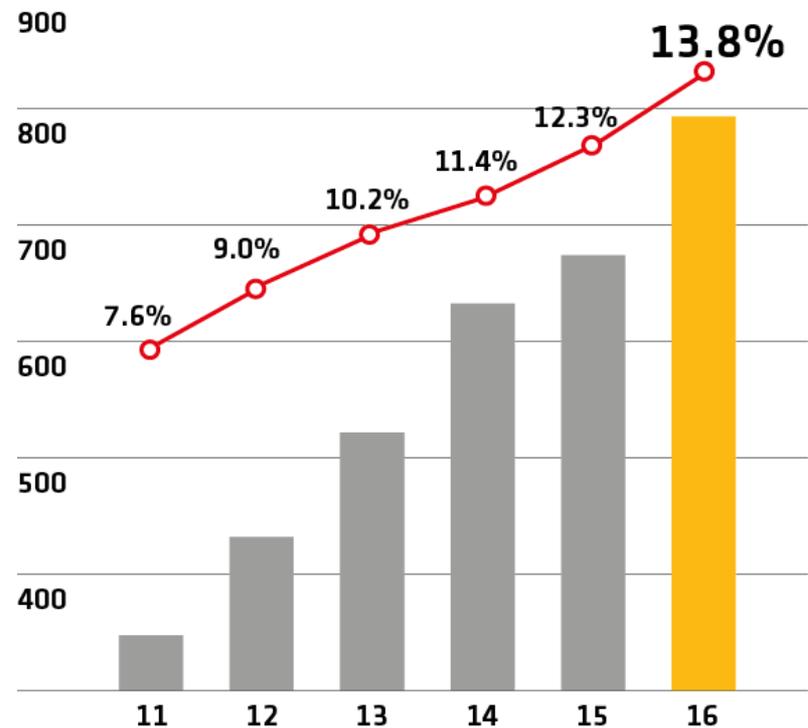
| PILLARS OF THE GROWTH MODEL | ACHIEVEMENTS  |
|-----------------------------|---|
| MARKET PENETRATION          |  <ul style="list-style-type: none"><li>• Successful Target Market concept</li><li>• Megatrends driving growth</li></ul>  |
| INNOVATION                  |  <ul style="list-style-type: none"><li>• 370 new patents filed</li><li>• 20 Global Technology Centers</li></ul>          |
| EMERGING MARKETS            |  <ul style="list-style-type: none"><li>• 51 new plants opened</li><li>• 21 new national subsidiaries</li></ul>           |
| ACQUISITIONS                |  <ul style="list-style-type: none"><li>• 22 acquisitions in all regions</li><li>• CHF 720 million sales added</li></ul> |
| VALUES                      |  <ul style="list-style-type: none"><li>• Strong corporate culture</li><li>• High employee loyalty</li></ul>            |

# SIKA'S GROWTH MODEL DELIVERS CONTINUED GROWTH IN SALES AND PROFIT

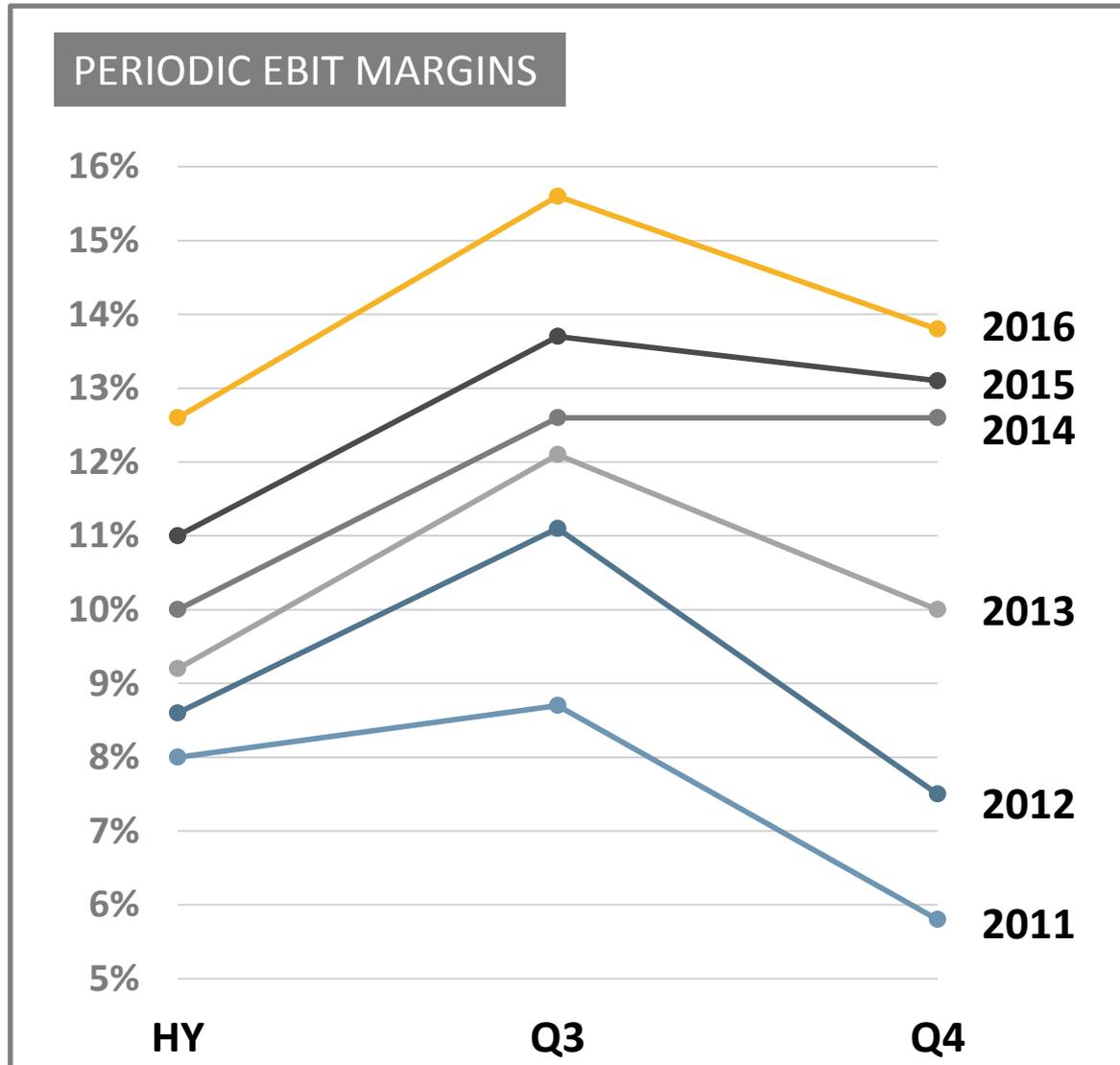
NET SALES (consolidated)  
in CHF mn                      % growth in local currencies



EBIT  
in CHF mn                      —○ as% of net sales



# SIKA'S GROWTH MODEL DELIVERS - 20 CONSECUTIVE QUARTERS OF MARGIN IMPROVEMENT



# SIKA'S GROWTH MODEL DELIVERS PERFORMANCE TWO YEARS AHEAD OF TARGETS

|                                      | 2012  | 2013  | 2014  | 2015  | 2016  | Targets<br>2018 |
|--------------------------------------|-------|-------|-------|-------|-------|-----------------|
| Net sales growth in local currencies | 5.3%  | 9.4%  | 13.0% | 6.2%  | 5.5%  | 6-8%            |
| EBIT as % net sales                  | 9.0%  | 10.2% | 11.4% | 12.3% | 13.8% | 12-14%          |
| OpFCF as % net sales                 | 6.3%  | 8.4%  | 7.5%  | 8.2%  | 10.2% | >8%             |
| ROCE in % (EBIT based)               | 18.5% | 21.0% | 23.3% | 24.3% | 28.7% | >25%            |

# GLOBAL STRATEGY REVIEW PERFORMED

## BOTTOM-UP REVIEW

Considering the strong performance ahead of targets, a comprehensive review of the strategy was performed:

- A bottom-up review of STRATEGY 2018 with Senior Managers worldwide carried out throughout the second half of 2016
- Excellency of STRATEGY 2018 and its GROWTH MODEL confirmed
- Further growth potential and initiatives identified
- Targets and key investments reviewed and updated
- Confident to continue the combination of growth and margin improvement

## 2) MARKET PENETRATION

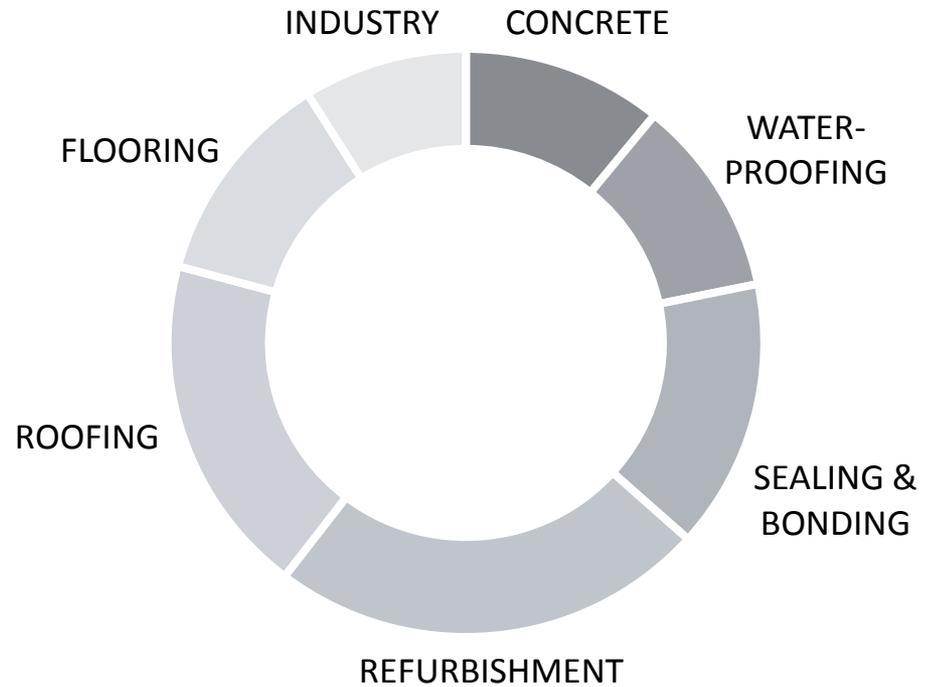
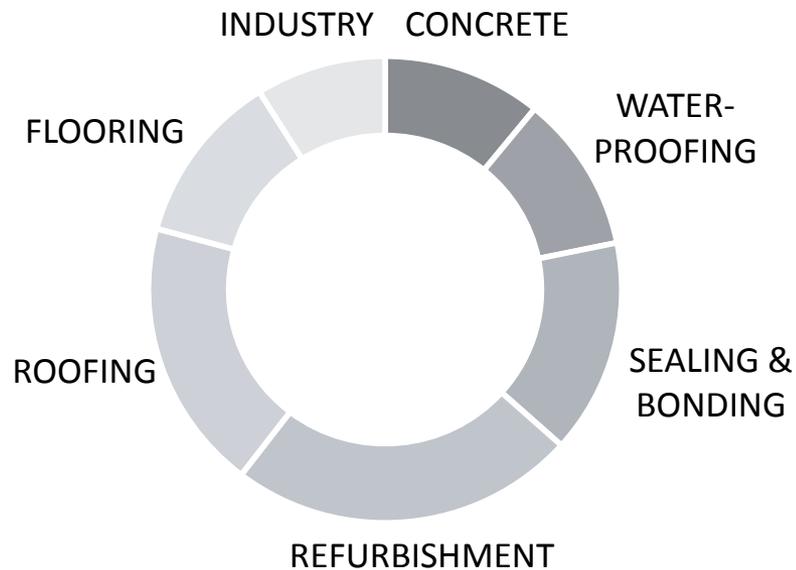
# SIKA'S MARKET POTENTIAL

## LARGE AND GROWING MARKET SEGMENTS

### TOTAL MARKET SIZE

**2016**  
**> CHF 70 BILLION**

**2020**  
**CHF 80 BILLION**



# MEGATRENDS DRIVE OUR GROWTH

## URBANIZATION, NEW VEHICLE DESIGN & SUSTAINABILITY

**Higher demand for infrastructure and refurbishment solutions**

**Increasing world population with urbanization and megacities**

**Increased safety, fire, water, earthquake and quality requirements**

**Sustainability:  
Increasing demand for safe-to-use and low-emission products**

**Rising demand for high performance concrete, sealing and waterproofing**

**New vehicle design with material mix requires bonding solutions**

**New modular vehicle manufacturing concepts need fast, high strength bonding systems**

# MARKET PENETRATION

FOCUS ON ATTRACTIVE MARKETS: CROSS-SELLING, LIFE-CYCLE MANAGEMENT, A STRONG BRAND



Concrete



Waterproofing



Roofing



Flooring & Coating



Sealing & Bonding

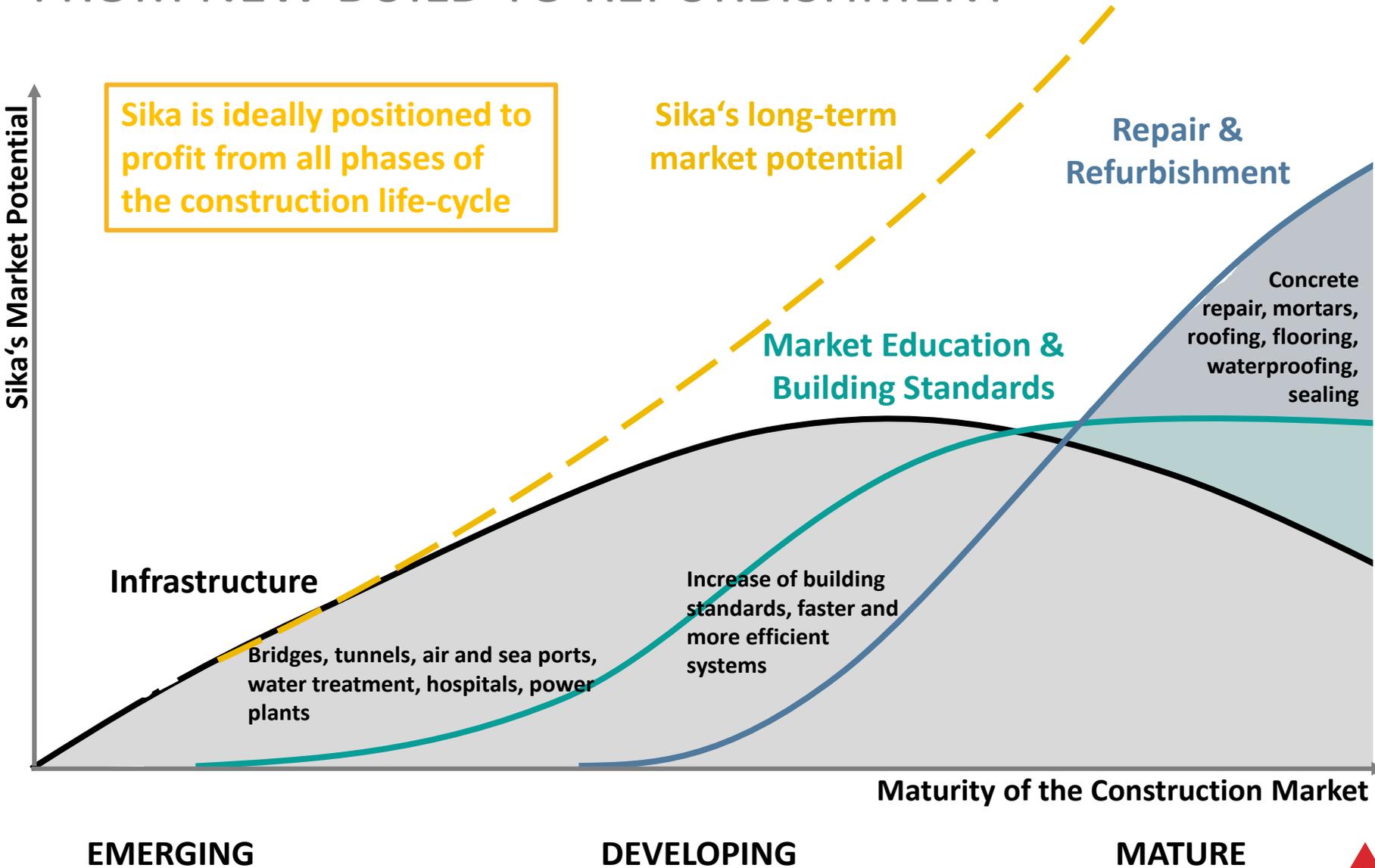


Refurbishment



Industry

# GROWTH MODEL WITH EARLY MARKET PENETRATION FROM NEW BUILD TO REFURBISHMENT



## 3) INNOVATION

# INNOVATION

## STRONG TRACK RECORD

More than

370

patents were  
filed since  
2012

More than

890

employees are  
dedicated to  
Research and  
Development

More than

400

invention  
disclosures  
since 2012

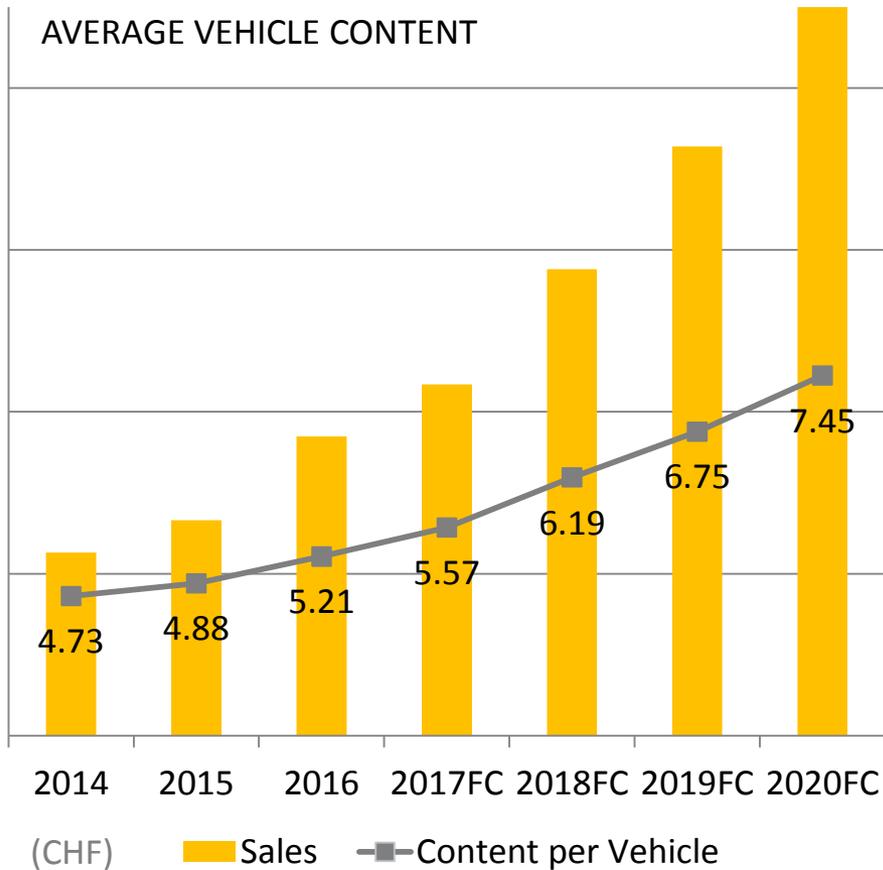
Established

20

Technology  
Centers  
world-wide

# SIKA INNOVATIONS DRIVE GROWTH

## E.G. INCREASE IN AUTOMOTIVE VEHICLE CONTENT



GREAT WALL HAVAL H7  
CONTENT: > CHF 50

TESLA MODELS S & X  
CONTENT: > CHF 70

BMW 7 SERIES  
CONTENT: > CHF 60

JAGUAR XF  
CONTENT: > CHF 100

CHRYSLER PACIFICA  
CONTENT: > CHF 40

VW GOLF 7  
CONTENT: > CHF 40

MERCEDES S-CLASS  
CONTENT: > CHF 60

# SIKA INNOVATIONS DRIVE GROWTH

## E.G. INCREASED WORKABILITY FOR CONCRETE

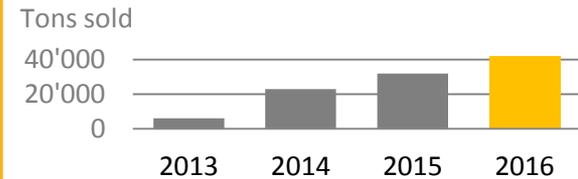


### Sika<sup>®</sup> ViscoFlow<sup>®</sup>

IN-HOUSE DEVELOPED HIGH-PERFORMANCE POLYMER PERMITS

**> 8 HOURS WORKABILITY OF CONCRETE**

### + 30% SALES GROWTH IN 2016



MEETING THE CHALLENGES OF  
CONSTRUCTION IN **URBAN**  
**ENVIRONMENTS**

ALLOWING  
**LONG TRANSPORTABILITY**  
COUPLED WITH SHORT SETTING TIMES



## 4) ACCELERATED BUILD-UP OF EMERGING MARKETS

# EMERGING MARKETS BUILD-UP SINCE 2012

## CAPTURING GROWTH POTENTIAL IN NEW MARKETS

51

new  
plants  
opened

11.0%

average annual  
sales growth

21

new  
national  
subsidiaries

36%

of sales  
in Emerging  
Markets

# ACCELERATED BUILD-UP OF EMERGING MARKETS E.G. INVESTMENTS IN AFRICA



## KEY INVESTMENTS SINCE 2012



## KEY FACTS



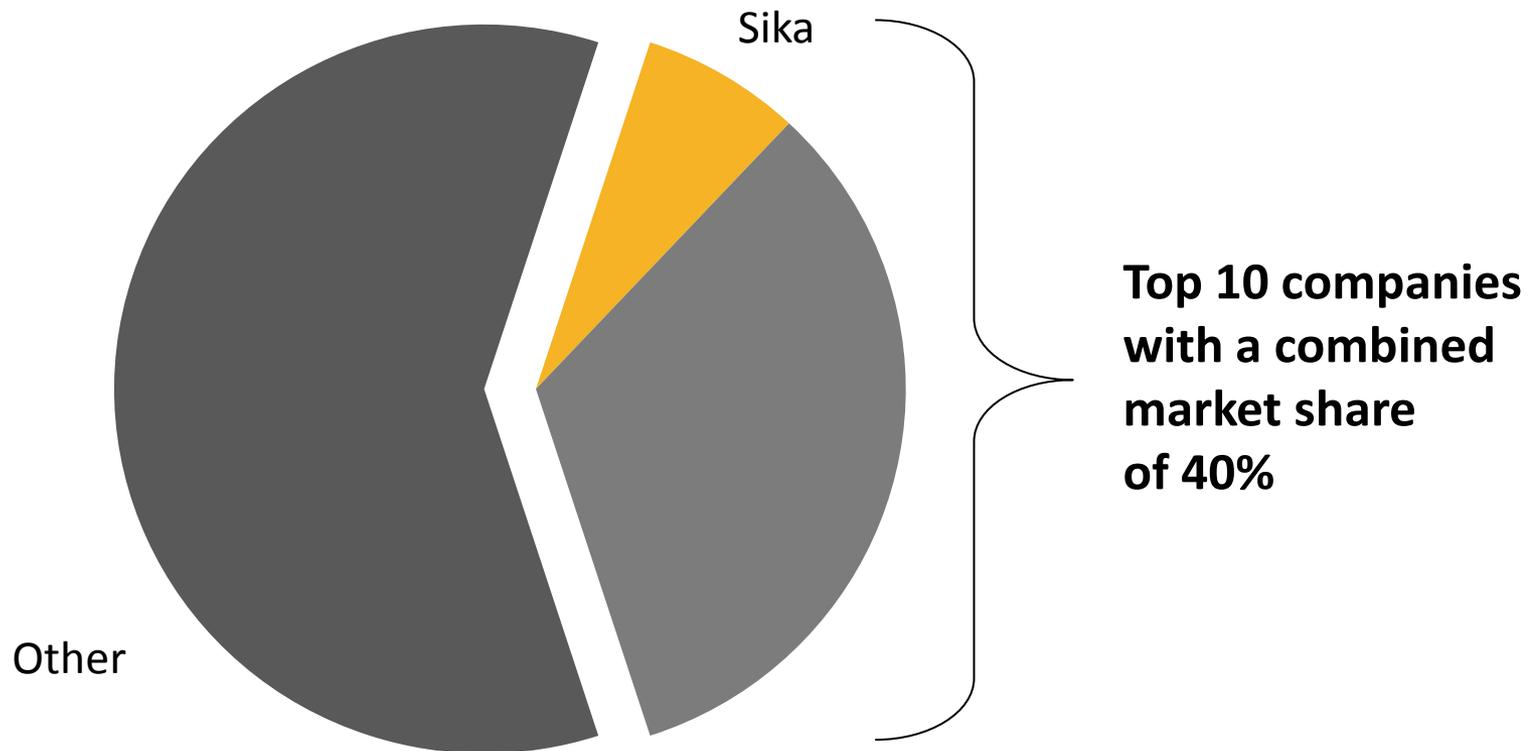
● TOTAL NUMBER OF FACTORIES  
○ NEW FACTORIES 2012-2016

## 5) ACQUISITIONS

# SIKA'S MARKET POTENTIAL

## FRAGMENTATION OFFERS ACQUISITION OPPORTUNITIES

**CONSTRUCTION CHEMICAL MARKET 2016**  
**> CHF 60 BILLION**



# ACQUISITIONS SINCE 2012

## GROWTH PLATFORMS FOR THE FUTURE

22

acquisitions

720

million CHF  
additional  
turnover

In all

7

Target  
Markets

In all

4

regions

# ACQUISITIONS

## E.G. IMPROVED TECHNOLOGY KNOW-HOW IN THE USA

### L.M. Scofield

US market leader for concrete color additives (ready-mixed concrete) and decorative treatments for refurbishment



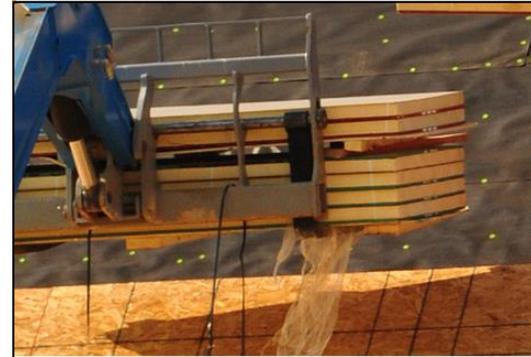
### FRC Industries

Producer of high-quality synthetic polypropylene fibers for concrete



### Rmax

Market leader in the production of polyiso insulation products for complete Building Envelope solutions



## 6) VALUES AND PRINCIPLES

# SIKA'S VALUES AND PRINCIPLES

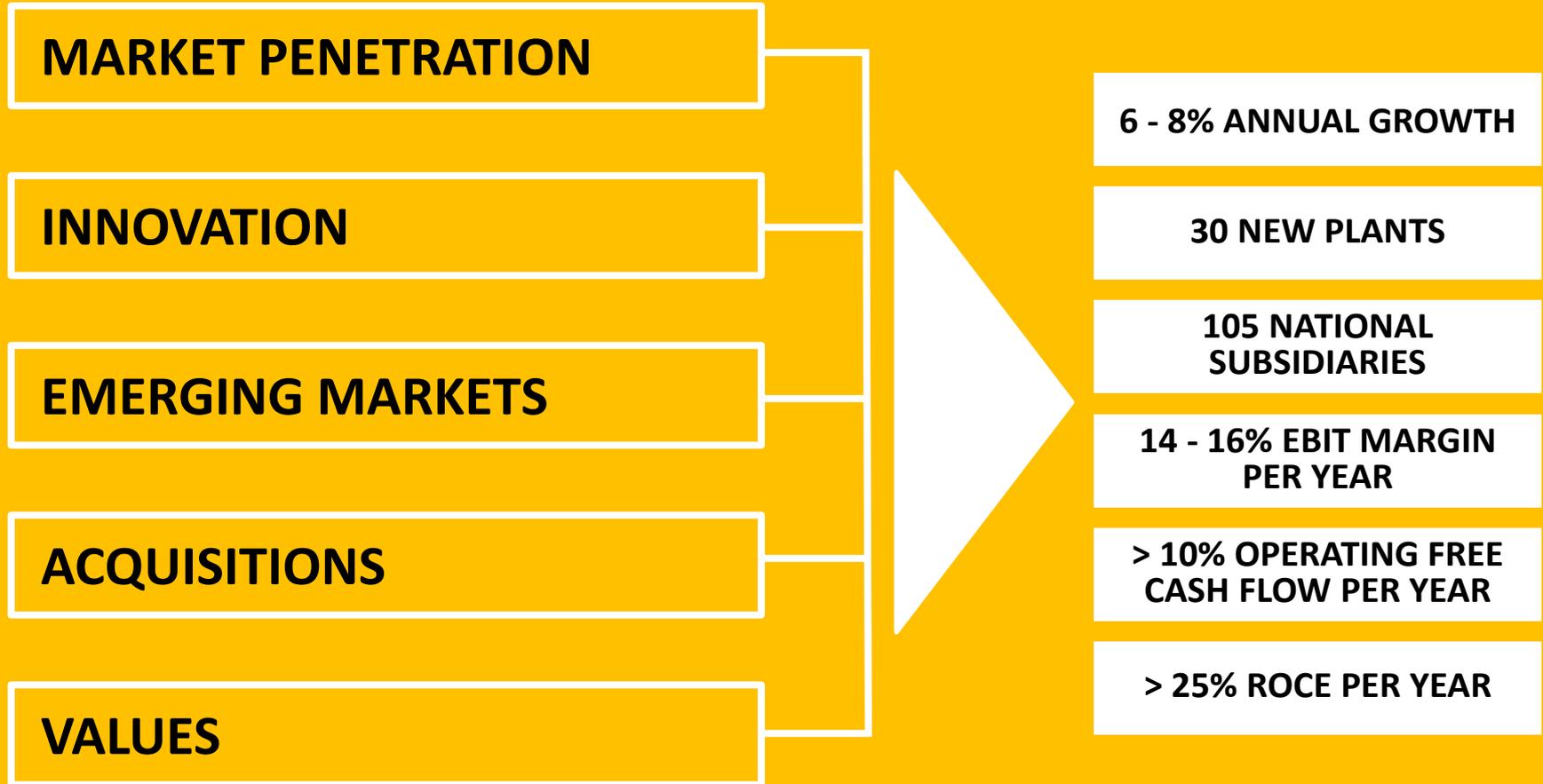
## STRONG CORPORATE CULTURE

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



## 7) TARGETS 2020

# SIKA'S GROWTH MODEL WILL DELIVER STRATEGIC TARGETS 2020



# SIKA'S GROWTH MODEL WILL DELIVER MORE THAN CHF 1 BILLION EBIT IN 2020

- Sika's GROWTH MODEL delivers: Performance two years ahead of targets
- Megatrends Urbanization, New Vehicle Design & Sustainability drive growth
- Fragmented market of CHF 80 billion with huge growth opportunities
- Sika is ideally positioned to profit from all phases of the construction life-cycle
- Sika GROWTH MODEL confirmed – key investments defined
- Strategic targets raised for 2020 – confident that GROWTH MODEL continues to deliver growth and margin improvement
- More than CHF 1 billion EBIT in 2020

## 3. OUTLOOK

# CONFIRMATION OF OUTLOOK FOR 2017

## SALES TO EXCEED CHF 6 BILLION IN 2017

- 6-8% sales growth in local currencies
- Sales to exceed CHF 6 billion for the first time
- Improvement in margins
- Opening of 8 new plants
- Foundation of 3 new national subsidiaries

# FORWARD-LOOKING STATEMENT

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.

Any statements regarding earnings per share growth are not a profit forecast and should not be interpreted to mean that Sika's earnings or earnings per share for this year or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Sika.

For marketed products discussed in this presentation, please see information on our website: [www.sika.com](http://www.sika.com)

All mentioned trademarks are legally protected.



THANK YOU FOR YOUR ATTENTION

BUILDING TRUST

