

2013

SHAREHOLDER LETTER
NINE MONTHS 2013

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HIGH GROWTH DYNAMIC IN THIRD QUARTER WITH SALES INCREASING 10.6%

Nine-month results:

- Accelerated sales growth of 6.7% in the first nine months
- Sales 16.4% higher in emerging markets
- EBIT increase of 13.3%
- Above-average 15.3% rise in net profit

In the third quarter, Sika reported local currency growth of 10.6%. Net sales for the first nine months of the year came to CHF 3,807.7 million, corresponding to a year-on-year increase of 6.7% in local currencies and 4.7% in Swiss francs. Sika posted an above-average increase in net profit.

Sika CEO Jan Jenisch: "In the third quarter, our employees achieved the best quarterly result of the year, with growth in all regions and continually improving margins. This outstanding performance is broad-based. Our focus on building up the supply chains in all regions, the launch of innovative products in all target markets and investments in the emerging markets deliver convincing results."

On net sales of CHF 1,822.5 million (first nine months of 2012: CHF 1,741.2 million), the region EMEA (Europe, Middle East, Africa) recorded local currency growth of 4.2% for the first nine months of 2013. Significant growth was reported in Middle Eastern and African emerging markets as well as in Russia. Key market Germany also witnessed a moderate increase in infrastructure building.

With local currency growth at 0.6% for the first nine months of 2013, the region North America developed below expectations. While the residential real estate market showed signs of recovery, there were no positive impacts on the remainder of the construction industry.

The strong growth in the region Latin America continued. Sika posted year-on-year sales growth of 13.8% in local currencies, witnessing increases across the entire region and in all target markets. A particularly strong growth was recorded in Brazil and Argentina.

The region Asia/Pacific saw further above-average growth, with sales up 12.0% in local currencies. While the region's OECD countries recorded a slight sales increase, double-digit growth was achieved in countries such as China, Indonesia, Thailand, Malaysia and Vietnam.

In the first nine months of the year, Sika acquired four companies: Everbuild (UK), Texsa (India and Mexico), Radmix (Australia) and AkzoNobel's Building Adhesives business. In 2012 the four acquired businesses generated sales totaling CHF 349 million on a 12-month basis.

At 52.6%, the gross result for the first nine months matched the year-earlier level. Sales growth, a solid gross result and selective efficiency improvements led to an above-average increase in profitability. Sika achieved an EBIT of CHF 390.0 million, representing an increase of 13.3% (first nine months of 2012: CHF 344.1 million). Net profit after taxes was 15.3% higher at CHF 255.9 million (first nine months of 2012: CHF 222.0 million).

OUTLOOK

Including acquisitions, Sika is anticipating sales growth of 5 to 7% in local currencies for the full year 2013. Negative currency effects in some key markets and additional expenditure arising from the acquisitions are expected in the fourth quarter. In terms of profitability, for 2013 we expect an above-average increase in operating profit (EBIT) of 10 to 13%.

INCOME STATEMENT

in CHF mn	%	1/1/2012 – 9/30/2012	%	1/1/2013 – 9/30/2013	Change in %
Net sales	100.0	3,636.2	100.0	3,807.7	4.7
Material expenses	-47.4	-1,725.3	-47.4	-1,804.3	
Gross result	52.6	1,910.9	52.6	2,003.4	4.8
Personnel expenses	-21.4	-776.6	-20.6	-783.6	
Other operating expenses	-18.9	-686.7	-18.9	-719.2	
Operating profit before depreciation	12.3	447.6	13.1	500.6	11.8
Depreciation and amortization	-2.8	-103.5	-2.9	-110.6	
Operating profit	9.5	344.1	10.2	390.0	13.3
Interest income	0.1	4.7	0.1	2.5	
Interest expenses	-0.7	-27.7	-0.6	-23.5	
Other financial income	0.1	2.9	0.1	4.3	
Other financial expenses	-0.4	-13.6	-0.5	-18.6	
Income from associated companies	0.0	0.9	0.0	0.7	
Net profit before taxes	8.6	311.3	9.3	355.4	14.2
Income taxes	-2.5	-89.3	-2.6	-99.5	
Net profit	6.1	222.0	6.7	255.9	15.3
Profit attributable to Sika shareholders	6.1	220.8	6.7	253.8	
Profit attributable to non-controlling interests	0.0	1.2	0.0	2.1	

NET SALES IN THE FIRST NINE MONTHS

in CHF mn	1/1/2012 – 9/30/2012 ¹	1/1/2013 – 9/30/2013	Change compared to prior year (+/- in %)			
			In CHF	In local currencies ²	Currency impact	Acquisition effect
By region						
EMEA	1,741.2	1,822.5	4.7	4.2	0.5	3.4
North America	542.2	541.7	-0.1	0.6	-0.7	0.0
Latin America	434.7	462.7	6.5	13.8	-7.3	2.3
Asia/Pacific	670.1	708.0	5.7	12.0	-6.3	0.3
Other segments and activities	248.2	272.8	9.9	10.5	-0.6	0.0
Consolidated net sales	3,636.2	3,807.7	4.7	6.7	-2.0	2.0
Products for construction industry	2,916.6	3,058.8	4.9	7.1	-2.2	2.4
Products for industrial manufacturing	719.6	748.9	4.1	4.9	-0.8	0.0

1 Restated due to amendments in segment structure

2 Including acquisitions

FINANCIAL CALENDAR

TUESDAY, JANUARY 14, 2014

Net sales 2013

TUESDAY, MARCH 4, 2014

Full-year results 2013; media conference/analyst presentation

TUESDAY, APRIL 15, 2014

Shareholder letter (first quarter 2014)

46th Annual General Meeting, Lorzensaal, Cham, 4 pm

TUESDAY, JULY 29, 2014

Shareholder letter (Half-year report 2014)

THURSDAY, OCTOBER 30, 2014

Shareholder letter (nine months 2014)

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