

# INVITATION TO THE ANNUAL GENERAL MEETING OF SIKA AG

Tuesday, April 21, 2020, 4.00 p.m.

Personal attendance is not possible,  
please read the instructions on page 6



DEAR SHAREHOLDERS,

The Annual General Meeting of Sika will be held as planned on April 21, 2020.

**Pursuant to the Ordinance of the Federal Council of March 13, 2020 and to protect the shareholders, the Board of Directors has resolved that it will not be possible for shareholders to attend this year's Annual General Meeting in person. Instead, we ask all shareholders to cast their vote through the independent proxy.**

## AGENDA AND PROPOSALS BY THE BOARD OF DIRECTORS

### 1. APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS FOR 2019

**Proposal by the Board of Directors.** On the basis of the Report of the statutory auditors, the Board of Directors proposes that the annual financial statements and the consolidated financial statements for the year 2019 be approved.

**Notes.** The report of the Board of Directors and Group Management is included in the annual report, which may be obtained by shareholders and is also available on the Internet at [www.sika.com](http://www.sika.com), under the heading Investors.

The income statement of Sika AG shows an income of CHF 461.2 million, an operating result of CHF 216.2 million, a net profit before taxes of CHF 258.1 million and a net profit of CHF 254.8 million. The balance sheet total increased by CHF 1,852.4 million to CHF 7,099.9 million. Shareholders' equity amounted to CHF 1,436.7 million at the end of the year. The consolidated financial statements show a net profit of CHF 758.5 million. An operating profit of CHF 1,055.1 million and operating free cash flow of CHF 1,026.1 million were generated on net sales of CHF 8,109.2 million. In its reports to the Annual General Meeting, Ernst & Young AG recommends that the annual financial statements of Sika AG and the consolidated financial statements be approved. In the opinion of the auditors, the consolidated financial statements give a true and fair view of the Group's assets, financial situation and earnings in accordance with the International Financial Reporting Standards and comply with Swiss law.

### 2. APPROPRIATION OF THE RETAINED EARNINGS OF SIKA AG

**Proposal by the Board of Directors.** The Board of Directors proposes to the Annual General Meeting the following appropriation of retained earnings:

in CHF mn

<b>Composition of retained earnings</b>	254.8
Net profit for the year	1,005.6
<b>Total at the disposal of Annual General Meeting</b>	<b>1,260.4</b>
<b>Dividend payment</b>	
Dividend payment out of the profit brought forward	326.1
<b>Results carried forward</b>	<b>934.3</b>

**Notes.** No allocation was made to the general statutory reserve as it currently already exceeds 20% of the share capital. Provided that the proposal of the Board of Directors is approved, the gross dividend will amount to CHF 2.30 per share (representing a 12.2% increase on the previous year's distribution). After payment of the Swiss withholding tax of 35%, a net dividend in the amount of CHF 1.495 will be paid out. The net dividend will be paid as from April 27, 2020. Treasury shares are not entitled to dividend payments.

### **3. GRANTING DISCHARGE TO THE ADMINISTRATIVE BODIES**

**Proposal by the Board of Directors.** The Board of Directors proposes that the members of the administrative bodies be discharged.

### **4. ELECTIONS**

#### **4.1. Re-election of the Board of Directors**

**Proposal by the Board of Directors.** The Board of Directors proposes that the following persons be re-elected to the Board of Directors for a term of office of one year:

- 4.1.1 Paul J. Hälgi as a member
- 4.1.2 Frits van Dijk as a member
- 4.1.3 Monika Ribar as a member
- 4.1.4 Daniel J. Sauter as a member
- 4.1.5 Christoph Tobler as a member
- 4.1.6 Justin M. Howell as a member
- 4.1.7 Thierry F. J. Vanlancker as a member
- 4.1.8 Viktor W. Balli as a member

#### **4.2. Election of the Chairman**

**Proposal by the Board of Directors.** The Board of Directors proposes that Paul J. Hälgi is re-elected as Chairman of the Board of Directors for a term of office of one year.

#### **4.3. Election of the Nomination and Compensation Committee**

**Proposal by the Board of Directors.** The Board of Directors proposes that the following persons be elected to the Nomination and Compensation Committee for a term of office of one year:

- 4.3.1 Daniel J. Sauter
- 4.3.2 Justin M. Howell
- 4.3.3 Thierry F. J. Vanlancker

#### **4.4. Election of Statutory Auditors**

**Proposal by the Board of Directors.** The Board of Directors proposes that Ernst & Young AG be elected as statutory auditors for the 2020 financial year.

#### **4.5. Election of Independent Proxy**

**Proposal by the Board of Directors.** The Board of Directors proposes that Jost Windlin, attorney-at-law and notary at Zwicky, Windlin & Partner in Zug, be elected independent proxy until the close of the next Annual General Meeting.

### **5. COMPENSATION**

#### **5.1. Consultative vote on the 2019 Compensation Report**

**Proposal by the Board of Directors.** The Board of Directors proposes that the 2019 Compensation Report be approved (non-binding consultative vote).

**Notes.** The Compensation Report incorporates the basic principles for the compensation of the Board of Directors and Group Management as well as the remuneration of the members of these two corporate bodies for the 2019 financial year. The Board of Directors is submitting the Compensation Report to shareholders for a consultative vote. The Compensation Report can be found on pages 75 to 95 of the Annual Report. The Annual Report can be accessed on the Internet at [www.sika.com](http://www.sika.com), under the heading Investors.

#### **5.2. Approval of the future compensation of the Board of Directors**

**Proposal by the Board of Directors.** The Board of Directors proposes that a maximum total amount of CHF 3.3 million in compensation for the Board of Directors consisting of eight members be approved for a term of office of one year until the close of the next Annual General Meeting.

**Notes.** The proposed total amount remains unchanged from the total amount proposed for the previous year at the 2019 Annual General Meeting. The total amount includes base compensation as well as remuneration for work on the two Board committees, and is expected to break down as follows:

in TCHF

Fixed compensation <sup>1</sup>	1,700
Share-based compensation <sup>2</sup>	1,350
Social security contributions <sup>3</sup>	250
<b>Total</b>	<b>3,300</b>

<sup>1</sup> Includes base compensation, committee remuneration and lump-sum representation expenses (Chairman of the Board of Directors).

<sup>2</sup> Market value on grant date (start of year of office, 2020 Annual General Meeting; art. 11 para. 3 section 2 of the Articles of Association). The figure given here does not reflect any change in share price between the grant date and definitive allocation (end of year of office, 2021 Annual General Meeting).

<sup>3</sup> Includes expected employer contributions to social security in respect of fixed and share-based compensation (based on the market value on the grant date).

The compensation actually paid will be disclosed in the 2020 and 2021 Compensation Reports, which will be submitted to shareholders for a consultative vote.

Approval of the maximum total amount of compensation for members of the Board of Directors is in accordance with art. 11 of the Articles of Association and in keeping with the Ordinance against Excessive Compensation in Listed Companies. Further details on the principles of compensation for the Board of Directors can be found in the 2019 Compensation Report (which can be accessed on the Internet at [www.sika.com](http://www.sika.com), under the heading Investors).

### 5.3. Approval of the future compensation of Group Management

**Proposal by the Board of Directors.** The Board of Directors proposes that a maximum total amount of CHF 19.5 million in compensation for the Group Management consisting of eight members be approved for the financial year 2021.

**Notes.** The total amount comprises fixed compensation including employer contributions to social security and pension funds (BVG), the maximum amount of the performance bonus as well as the maximum Performance Share Unit allocation under the long-term participation plan, valued on the allocation date. The total amount is expected to break down as follows:

in TCHF

Fixed compensation <sup>1</sup>	8,700
Performance bonus <sup>2</sup>	5,400
Performance Share Units (PSU) <sup>3</sup>	5,400
<b>Total</b>	<b>19,500</b>

<sup>1</sup> Includes fixed compensation, expected employer contributions to social security (based on the above maximum amounts and the market value of the Performance Share Units on the allocation date) as well as employer contributions to pension funds (BVG).

<sup>2</sup> Maximum value of bonus payout based on the assumption that all performance targets up to the maximum payout multiplier have been reached.

<sup>3</sup> The allocation of Performance Share Units is calculated on the basis of the determined amount of allocation and the share price on the allocation date. The figure given here assumes maximum target attainment, which results in the target number of originally allocated Performance Share Units being multiplied by a maximum payout multiplier of 150%. The figure given here does not factor in share price changes during the vesting period (period between grant date and vesting date).

The compensation actually paid will be disclosed in the 2021 Compensation Report, which will be submitted to shareholders for a consultative vote.

Approval of the maximum total amount of compensation for members of Group Management is in accordance with art. 11 of the Articles of Association and in keeping with the Ordinance against Excessive Compensation in Listed Companies. Further details on the principles of compensation for Group Management can be found in the 2019 Compensation Report (which can be accessed on the Internet at [www.sika.com](http://www.sika.com), under the heading Investors).

## FURTHER INFORMATION

**Issue of the annual report.** The 2019 annual report of Sika AG, comprising the annual and the consolidated financial statements and the report of the statutory auditors, can be viewed and downloaded online at [www.sika.com/annualreport](http://www.sika.com/annualreport). In addition, the 2019 annual report will be available for inspection by shareholders from March 27, 2020 at the company's registered office at Zugerstrasse 50, 6341 Baar. Every shareholder may also request to receive a printed copy of the 2019 annual report, either by post (Sika AG, Zugerstrasse 50, CH-6341 Baar), by e-mail ([sikagroup@ch.sika.com](mailto:sikagroup@ch.sika.com)) or by phone under +41 (0)58 436 68 00.

**Entitlement to vote at the Annual General Meeting.** Only shareholders entered in the share register as at April 16, 2020, are entitled to vote at the Annual General Meeting. No further registrations of voting rights will be carried out in the period from April 17 to April 21, 2020. Shareholders who are registered with voting rights at April 17, 2020, but who sell their shares prior to the Annual General Meeting, will lose their shareholder rights in respect of the shares sold.

Shareholders entered in the share register up to and including April 14, 2020, as shareholders with voting rights will receive, together with the invitation to the Annual General Meeting, a reply card that they can use to issue a proxy. Shareholders whose registration in the share register with voting rights is made on or after April 15, 2020, and who wish to exercise their voting rights are asked to contact the share register of Sika AG. Shareholders whose shareholding changes between March 27, 2020, and April 16, 2020, will automatically receive a revised proxy.

**Proxy and instructions to the independent proxy.** It is not possible to attend the Annual General Meeting in person. Shareholders are asked to be represented by the independent proxy Jost Windlin, attorney-at-law and notary, Zwicky, Windlin & Partner in Zug. Please send the reply card to the share register of Sika AG (Sika AG, c/o Devigus Shareholder Services, Birkenstrasse 47, 6343 Rotkreuz) by April 15, 2020, at the latest. Shareholders may cast their votes remotely by issuing electronic authorizations and instructions to the independent proxy at [www.gvmanager.ch/sika](http://www.gvmanager.ch/sika). Shareholders may use the online proxy voting, or change any instructions they may have issued electronically, up to but no later than 11.59 p.m. on Monday, April 20, 2020.

Baar, March 27, 2020

Sincerely  
Sika AG  
On behalf of the Board of Directors



Dr. Paul J. Häg, Chairman

## VENUE

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