BUILDING TRUST

SPEECH BY DR. PAUL J. HÄLG, CHAIRMAN OF THE BOARD OF DIRECTORS, ON THE END OF THE DISPUTE

- The spoken word prevails -

Dear shareholders, ladies and gentlemen

More than three-and-a-half years ago, a fight began over the future of Sika. At today's General Meeting, you as shareholders have the opportunity to write the final part of this chapter under the title: All is well that ends well – all is well for the future of Sika.

On May 11, 2018, Sika reached an agreement with Saint-Gobain and the Burkard family, ending a long period of uncertainty. This agreement is final and comprehensive. No court could have ordered such an agreement, even if we had won before the High Court in Zug and the Federal Supreme Court.

The agreement removes an existential threat to the Sika success story and lays the foundation for our future success.

It stipulates that control over the company is transferred from the family to all shareholders. This allows for an efficient capital structure and modern governance, and thanks to the capital reduction you as shareholders will profit from an earnings accretion. And most importantly, Sika can fully focus on continuing its successful growth strategy again. As early as 2019, we will be in a position to present new targets.

As part of this accord, Sika paid CHF 2.08 billion to buy back 6.97% of its shares and at the same time has been granted a right of first refusal to acquire the remaining 10% stake currently held by Saint-Gobain. The price for the first block also includes a premium for freeing the shares.

While this reduces Sika's equity temporarily, the continuation of our growth strategy is in no way in danger. In addition, we are confident that this "dent" will soon be fixed thanks to our strong cash flows.

This assessment is also shared by the key rating agency Standard & Poor's, which have confirmed Sika's A- rating, thus a strong investment grade rating, and even raised the outlook to "stable". The market has also spoken, as reflected in a significant increase in the share price of Sika following the announcement of the transaction.

As part of the agreement, Saint-Gobain becomes a Sika shareholder – nominally the largest even. However, for Saint-Gobain this will remain a pure financial investment, as you will gather from the extensive restrictions that Saint-Gobain has agreed to in respect of the purchase of additional shares and the sale of its stake. In light of the continuing competitive situation, Saint-Gobain will not be represented on Sika's Board. You will find the details on the slide.

As shareholders, you have an opportunity today to write the final chapter of the now finished takeover battle by giving Sika a modern governance structure. For this purpose, separate votes are to be held to amend the Articles of Association:

- The opting-out clause will be abolished.
- The transfer restriction will be abolished.
- Unitary registered shares will be created.
- The repurchased registered shares will be cancelled.

These amendments will convert Sika into a true publicly owned company, affording all shareholders the same rights. Saint-Gobain has contractually committed to vote in favor of the proposals of the Board of Directors and to support the amendments to the Articles of Association.

And so all is well that ends well – all is well for the future of Sika.

Sika has impressively proven its entrepreneurial strength over the last few years. Even under the huge added pressure of a takeover battle, the company achieved record results.

We have the firm intention of continuing to do so. The end of the dispute and the accompanying general feeling of liberation give us great confidence for the future and the will to drive our success story even faster.

As in every good story, there is a final page titled "Acknowledgments". We owe a major debt of gratitude:

- First, to all Sika employees for producing the record results that made the agreement at all possible. They can all be proud of their fantastic achievement!

- To Group Management and the entire management team, who steadfastly and successfully guided the Group forward despite the takeover battle.
- To my five colleagues on the Board of Directors, who – despite immense personal pressure – unwaveringly and successfully stood up for Sika.
- And to you, our shareholders, for always keeping faith in us at the General Meetings and throughout the year. Here, I would like to extend a special word of thanks to Dr. Walter Grüebler, Ethos and Cascade, who even provided substantial support in the court proceedings.

Thank you very much.