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SIKA AG Zugerstrasse 50
CH-6341 Baar, Switzerland
www.sika.com

CONTACT Dominik Slappnig
Corporate Communications and
Investor Relations
TELEPHONE +41 58 436 68 21
E-MAIL slappnig.dominik@ch.sika.com

SIKA ACHIEVES RECORD RESULTS IN 2016 – STRATEGIC TARGETS RAISED

- Record results for sales, earnings and operating free cash flow
- Sales of CHF 5,747.7 million achieved (+5.5% in local currencies)
- Net profit increased to CHF 566.6 million (+21.8%)
- Growth in all regions
- 9 new factories opened, 4 national subsidiaries established, 4 acquisitions
- Strategic targets for 2020 raised

The Sika success story continued in 2016, another record year. In local currencies, sales increased by 5.5% to CHF 5,747.7 million. Growth momentum coupled with disciplined cost management led to new record figures of CHF 795.3 million (+18.1%) for the operating profit and CHF 566.6 million (+21.8%) for net profit. 17 key investments made in the period under review will drive future growth further forward. Since the targets for Strategy 2018 have been reached ahead of schedule, they are once again being raised.

Jan Jenisch, CEO: "We continued our growth strategy with great success in the 2016 business year, once again increasing both sales and earnings. Operating profit, net profit, and operating free cash flow reached new records. By opening nine new factories, establishing four more national subsidiaries and acquiring four companies, we have laid the foundations for ongoing future growth. These 17 key investments, our well-filled product pipeline and our strong sales organization give us reason to look to the future with optimism. My thanks go to our global management team and our 17,419 employees, whose unfailing dedication and tremendous commitment have brought us another record year."

All regions managed to lift sales and gain further market share. Strong, above-average growth rates were recorded in the USA, Mexico, the UK, Africa, Southeast Asia, Australia and the automotive segment. In cumulative terms and in local currencies, sales were up 5.5%. The strength of the Swiss franc led to conversion effects of -0.8%, and thus to a 4.7% increase in sales in Swiss-franc terms to CHF 5,747.7 million.

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RECORD PROFIT ACHIEVED

The growth momentum produced disproportionately high increases in operating profit and net profit. The continual margin improvement for the 20th consecutive quarter and sustained cost management were the key positive drivers. As a result, Sika posted record EBIT (CHF 795.3 million, +18.1%) and net profit (CHF 566.6 million, +21.8%) for the 2016 business year. Operating free cash flow totaled CHF 586.5 million (+29.9%).

GROWTH IN ALL REGIONS

Sales in the EMEA region (Europe, Middle East, Africa) rose by 4.6% in local currencies. The core markets Germany, France, Spain and Italy achieved good growth rates. Strong above-average growth was seen in the UK, Russia, Eastern Europe and Africa.

Sales in the North America region rose by 7.8% in local currencies. This is due in particular to the accelerated expansion of the supply chain and the investments in the sales force in fast-growing metropolitan areas.

The Latin America region recorded a 5.1% sales increase in local currencies. Mexico, Argentina and Chile all developed strongly. By contrast, the continuing economic crisis in Brazil and significant falls in the value of some local currencies led to a downturn in business activity in several countries in the region.

Growth in the Asia/Pacific region was reported at 3.6% in local currencies. The extremely dynamic performance of the markets in Southeast Asia and the Pacific area translated into substantial sales gains. Sika also posted stable second-half growth rates in China.

17 KEY INVESTMENTS AS GROWTH DRIVERS

The accelerated expansion into growth markets continued in 2016 as well, with a total of 17 key investments in nine new factories, four additional national subsidiaries, and four acquisitions.

In the EMEA region a new concrete admixture plant was opened in the Ethiopian capital Addis Ababa, and a mortar factory came on stream in Kyroni, near Athens. New national subsidiaries were established in Kuwait, Cameroon and Djibouti.

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With the aim of generating momentum for future growth, three acquisitions were made in the North America region: L.M. Scofield, a leading producer of color additives for ready-mix concrete, and FRC Industries, a manufacturer of fibers for concrete, both joined the Group. The Rmax acquisition enables the expansion of the portfolio for building envelope, wall and roofing insulation technologies.

Investments in Latin America included a new plant for mortar products in Guayaquil, Ecuador, an automotive factory for adhesives and acoustic solutions in São Paulo, Brazil, as well as the establishment of a new national subsidiary in Nicaragua in the capital Managua.

In the Asia/Pacific region, leading mortar producer Ronacrete Ltd. in Hong Kong was acquired. New factories were also opened in Perth, Australia, in Saraburi, Thailand, in Phnom Penh, Cambodia, and in Yangon, Myanmar.

72 NEW PATENTS

896 Sika employees in R&D drive our innovative strength, many of them working on basic research and the development of new products at the 20 Global Technology Centers. In the 2016 financial year, 72 new patent applications were filed, and a large number of new products were launched in all target markets.

GROWTH STRATEGY CONFIRMED – 2020 TARGETS RAISED

Since the targets of Strategy 2018 had been achieved two years early, Sika's strategic goals were reviewed in the second half of 2016 in conjunction with senior managers worldwide. The Board of Directors subsequently reaffirmed the growth model and raised the targets. Sika is now aiming for an EBIT margin of 14-16% (previously 12-14%) and operating free cash flow greater than 10% (previously more than 8%). The aim is to achieve a return on capital employed in excess of 25%. By 2020, 30 new factories are to be commissioned and 8 new national subsidiaries established. The annual sales growth target remains at 6-8%. Sika intends to increase EBIT to more than CHF 1 billion by 2020.

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POSITION OF THE BOARD OF DIRECTORS UPHELD BY THE COURT

In its decision of October 27, 2016, the Cantonal Court Zug denied all requests of Schenker-Winkler Holding AG (SWH). The Court held that the share transfer restriction (“Vinkulierung”, art. 4 of Sika’s articles of association) applies to the sale of the Sika shares held by SWH to Saint-Gobain. This clear decision by the court of first instance reinforces the position of the independent members of the Board of Directors and legitimizes Sika’s actions over the last two years.

DIVIDEND INCREASE OF 31% PROPOSED

At the Annual General Meeting, the Board of Directors will propose to shareholders a 31% increase in the dividend to CHF 102.00 per bearer share (2015: CHF 78.00) and CHF 17.00 per registered share (2015: CHF 13.00).

OUTLOOK FOR 2017: CONTINUED GROWTH, HIGHER PROFIT

By opening nine new factories, establishing four more national subsidiaries and acquiring four companies, Sika laid the foundations for future growth in 2016. These 17 key investments, the well-filled product pipeline and the strong sales organization give the Group reason to look to the future with optimism.

The goal for the 2017 business year is to continue the growth strategy, increasing sales by 6-8% to an initial figure of CHF 6 billion, opening 8 new factories, and establishing 3 national subsidiaries. EBIT and net profit should continue to increase at a disproportionately high rate.

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KEY FIGURES 2016

In CHF mn	as % of net sales	2015	as % of net sales	2016	Δ in %
Net sales		5'489.2		5'747.7	4.7
Gross result	54.1	2'970.8	55.3	3'181.1	7.1
Operating profit before depreciation (EBITDA)	15.3	837.3	16.8	965.7	15.3
Operating profit (EBIT)	12.3	673.3	13.8	795.3	18.1
Net profit	8.5	465.1	9.9	566.6	21.8
Net profit per share (EPS) in CHF		181.37		221.81	22.3
Cash flow from operating activities	10.7	585.8	12.8	735.7	25.6
Operating free cash flow	8.2	451.5	10.2	586.5	29.9
Balance sheet total		4'923.8		5'099.2	3.6
Shareholders' equity		2'552.1		2'947.7	
Equity ratio in %		51.8		57.8	
Net working capital	18.6	1'018.3	18.4	1'056.9	
ROCE in %		24.3		28.7	
Number of employees		17'281		17'419	0.8

The Annual Report and the presentation given at the media conference and investor/analyst presentation on the 2016 financial year can be downloaded from www.sika.com.

Link to Annual Report: www.sika.com/annualreport

Link to presentation/webcast of the media conference on February 24, 2017, 9.00 a.m. and to the investor/analyst presentation on the same day at 11.30 a.m.: www.sika.com/presentations

SIKA AG

Zugerstrasse 50 · 6341 Baar · Switzerland
Tel.: +41 58 436 68 00 · Fax: +41 58 436 68 50 · www.sika.com

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FINANCIAL CALENDAR

Net sales first quarter 2017	Tuesday, April 11, 2017
49th Annual General Meeting	Tuesday, April 11, 2017
Dividend payment	Wednesday, April 19, 2017
Half-year report 2017	Thursday, July 27, 2017
Result first nine months 2017	Thursday, October 26, 2017
Net sales 2017	Tuesday, January 9, 2018
Media conference/analyst presentation on full-year result 2017	Friday, February 23, 2018

SIKA CORPORATE PROFILE

Sika is a specialty chemicals company with a leading position in the development and production of systems and products for bonding, sealing, damping, reinforcing and protecting in the building sector and automotive industry. Sika has subsidiaries in 97 countries around the world and manufactures in over 190 factories. Its more than 17,000 employees generated annual sales of CHF 5.75 billion in 2016.