



SIKA ON TRACK FOR RECORD RESULTS – STRONG SALES GROWTH OF 16.3% FOR 2019

SIKA INVESTOR PRESENTATION
JANUARY 2020

BUILDING TRUST



HIGHLIGHTS SALES 2019

NEW SALES RECORD OF CHF 8.11 BILLION – GROWTH OF 16.3%

HIGHLIGHTS SALES 2019

1. New records in sales for the 2019 business year

- +16.3% sales growth in local currencies (+14.4% in CHF) to CHF 8.11 billion
- Organic growth of +3.3%

2. Key investments

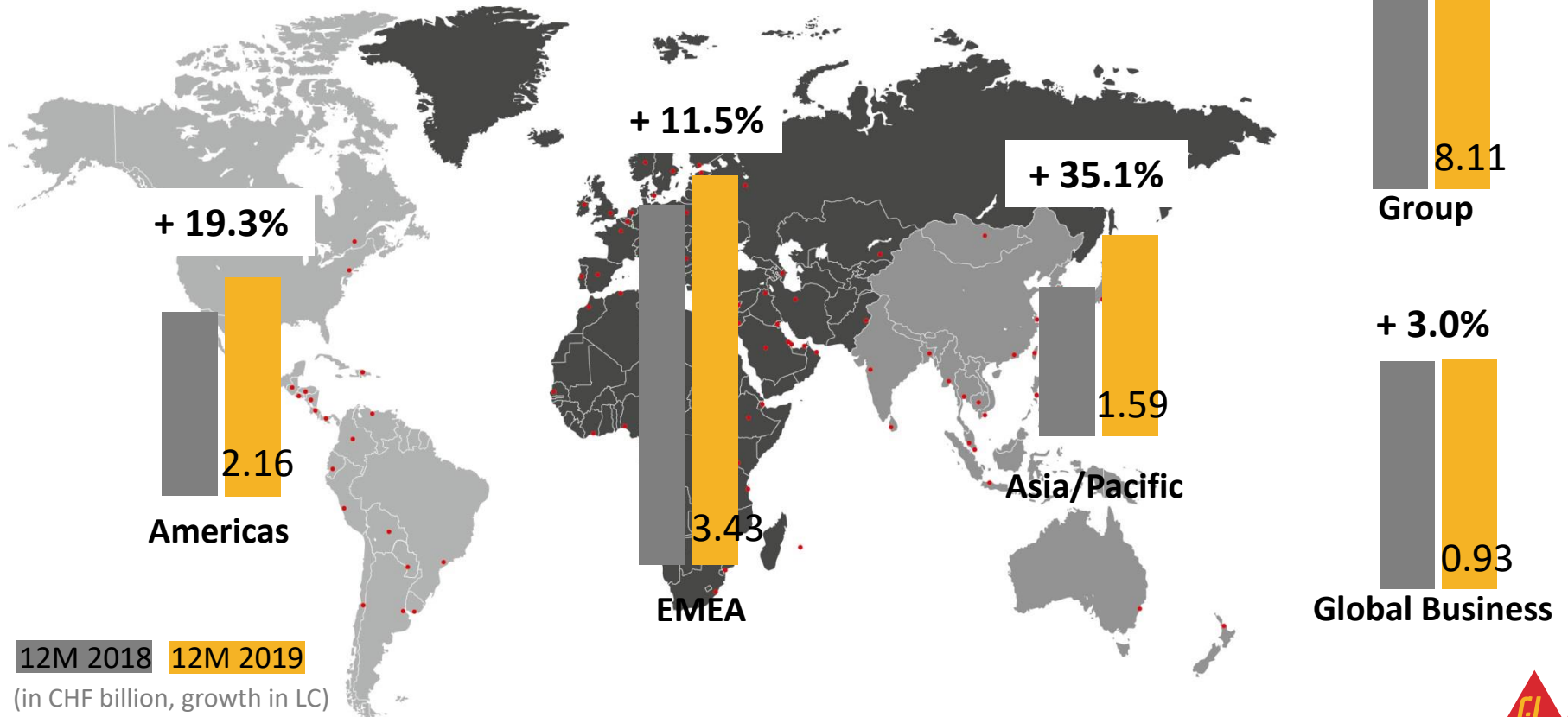
- Acquisition of Parex (Global) Crevo-Hengxin (China), King Packaged Materials (Canada) Belineco (Belarus) and Adeplast (Romania)
- Opening of seven new factories in Senegal, Egypt, Qatar, Serbia, Cameroon, Ethiopia and Indonesia

3. Outlook and Strategy

- Outlook: double-digit EBIT growth for 2019
- New Strategy 2023 will ensure Sika's success in the upcoming years with sustainable, profitable growth


STRONG GROWTH MOMENTUM CONTINUES

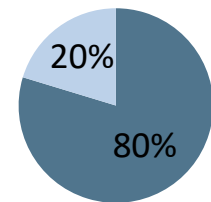
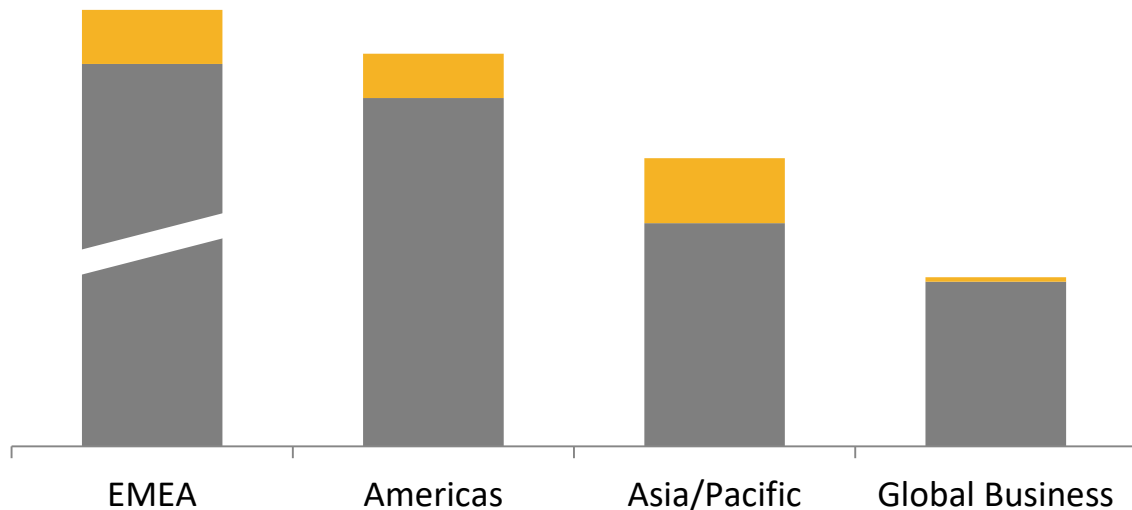
16.3% SALES GROWTH (14.4% IN CHF) IN 2019



SALES 2019

GROWTH IN ALL REGIONS

+8.3%	+18.7%	+34.7%	+1.1%	Growth in CHF
+11.5%	+19.3%	+35.1%	+3.0%	Growth in LC
-3.2%	-0.6%	-0.4%	-1.9%	FX impact
+9.4%	+13.4%	+30.3%	+2.6%	Acquisition 



■ Construction
■ Industry

HIGH OPERATING SPEED CONTINUED IN 2019

INVESTMENTS IN NEW PLANTS

Opening of Sika plants:

- Mortar plant in Senegal
- Expansion of mortar plant in Egypt
- Concrete admixture plant in Qatar
- Expansion of mortar plant in Serbia
- Mortar plant in Cameroon
- Mortar plant in Ethiopia
- Third plant in Indonesia

(Dakar, March 2019)

(Alexandria, April 2019)

(Doha, May 2019)

(Belgrade, July 2019)

(Douala, September 2019)

(Addis Ababa, November 2019)

(Jakarta, December 2019)



New plant in Senegal



Doubling mortar capacity in Egypt



New plant in Cameroon

HIGH OPERATING SPEED CONTINUED IN 2019

5 ACQUISITIONS IN 2019 – INTEGRATION ON TRACK

Company	Country	Target Market
Parex	Global	Building Finishing, Waterproofing, Flooring
King Packaged Materials Company	Canada	Concrete, Refurbishment
Belineco	Eastern Europe	Sealing & Bonding
Crevo-Hengxin	China	Sealing & Bonding
Adeplast (Closing Q1/2020)	Romania	Building Finishing

Total annual sales: CHF 1,458 million



King Packaged Materials Company



Belineco



Crevo-Hengxin

FAST AND SUCCESSFUL INTEGRATION OF PAREX

EXCELLENT PROGRESS

TOTAL SYNERGIES

CHF 100 million
identified

PROCUREMENT

CHF 12 million
savings estimated

First SHOP IN SHOP

concept launched in China
in 2,000 STORES

FAST ORGANIZATIONAL INTEGRATION

Over 20 countries in
fully integrated
management
structures

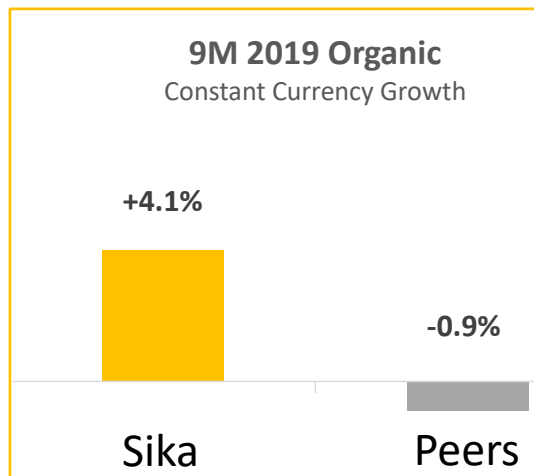
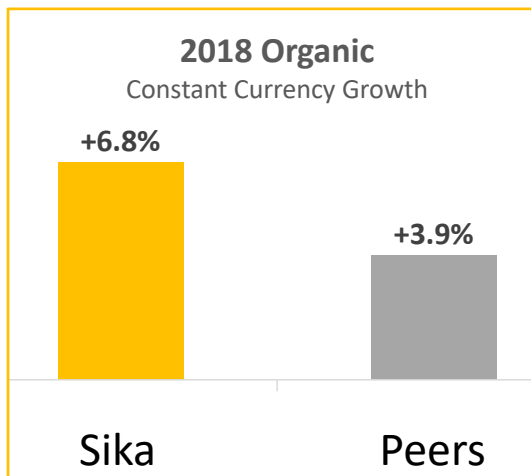
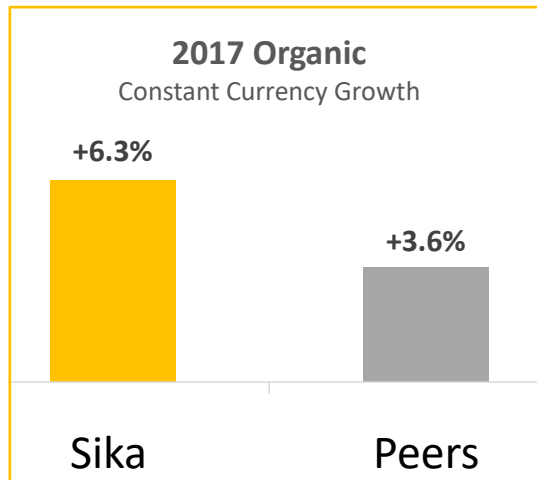
CROSS-SELLING

CHF 230 million of
revenue targeted
with over 100
projects



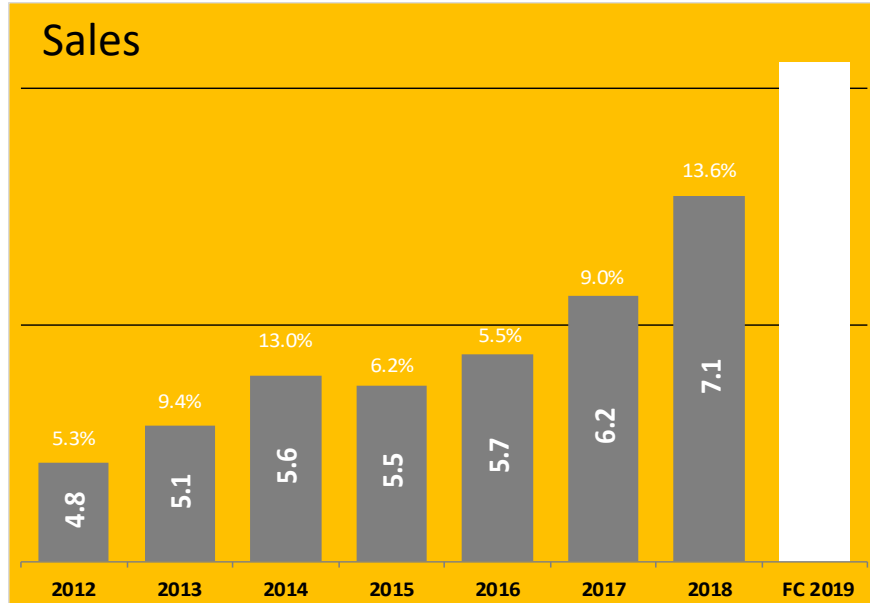
SIKA CLEARLY OUTPERFORMS COMPETITORS

ORGANIC GROWTH SIGNIFICANTLY ABOVE PEERS IN THE PAST YEARS

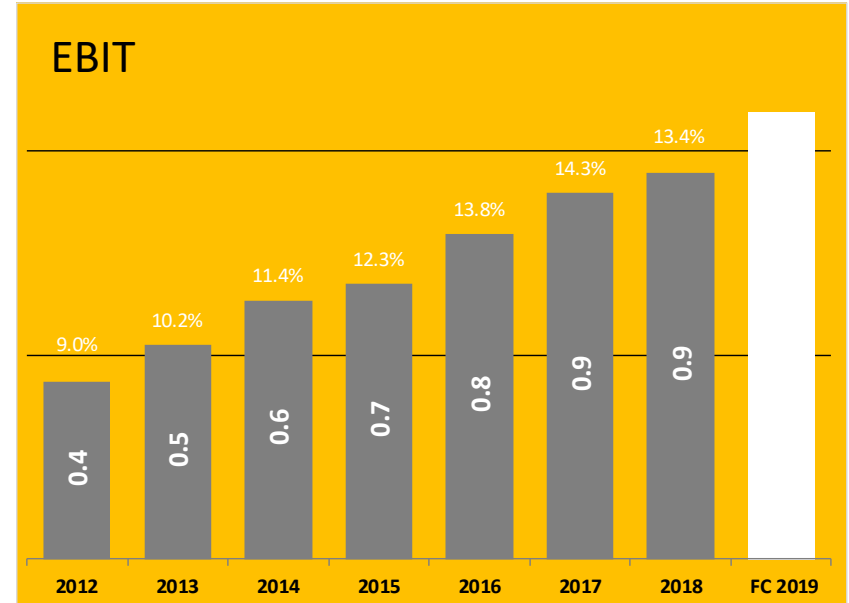


STRONG TOPLINE GROWTH AND EBIT GROWTH IN THE PAST YEARS

PERFORMANCE FROM 2012 TO 2019



(in CHF mn, growth in LC)



(in CHF mn, in % of net sales)

STRATEGY 2023

BUILDING THE FUTURE

BUILDING TRUST

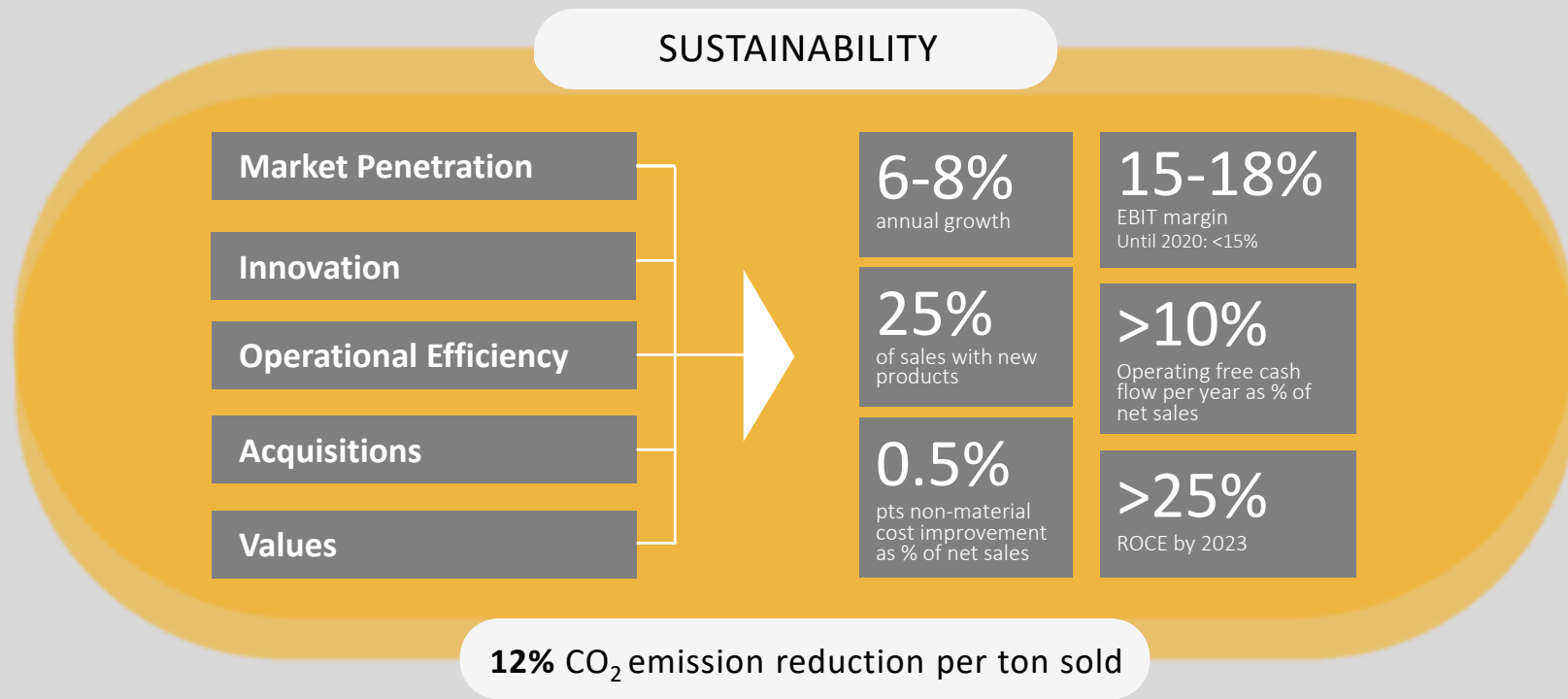


STRATEGY 2023

- Keep and build on the success story
 - Values and Principles
 - Sales driven organization – decisions close to the customers
 - Target Market concept remains
 - Focus on the current 5 Core Technologies
 - Market Penetration and Emerging Markets as growth drivers
 - Drive innovation to stay the clear market leader and drive growth and margins
 - Maintain acquisition strategy as a growth platform
 - Deliver 6-8% sales growth and over-proportional EBIT growth
- New initiatives
 - Building Finishing as a new (8th) Target Market with high potential
 - Leverage distribution to improve market access and gain market share
 - Operational efficiency to increase margins
 - Sustainability is embedded in what we do

SIKA'S GROWTH STRATEGY 2023

THE PILLARS OF THE STRATEGY



SUSTAINABILITY

AT THE CENTER OF WHAT WE DO

BUILDING TRUST



SIKA IS COMMITTED TO SUSTAINABILITY

SUSTAINABILITY HAS BEEN THE FOCUS FOR A LONG TIME

- CDP (Carbon Disclosure Project) disclosure since 2007
- Member of UN Global Compact since 2009
- Member of the World Business Council for Sustainable Development since 2010
- «More Value – Less Impact» Strategy developed in 2013
- Reporting according to GRI Standards since 2014
- Sustainability Advisory Board in place since 2016
- Alignment to UN Sustainability Development Goals since 2019
- Materiality analysis with stakeholders conducted on a regular basis
- Sustainability is an integral part of the innovation process and development of new products

SIKA IS COMMITTED TO SUSTAINABILITY

SIKA OFFERS MANY SUSTAINABLE PRODUCTS AND SOLUTIONS

USING LESS WATER, CONCRETE, AND CEMENT WITH Sika® ViscoCrete®

Sika® ViscoCrete® TECHNOLOGY ENABLES **UP TO 40% REDUCTION OF WATER** CONTENT IN CONCRETE



SIKA WATERPROOFING SYSTEMS PROTECT AND SAVE WATER

SIKA WATERPROOFING SYSTEMS **PREVENT LEAKAGE AND CONTAMINATION** OF DRINKING WATER IN WATER RESERVOIRS AND WASTE WATER TREATMENT PLANTS



ENABLING CONSTRUCTION OF LIGHTWEIGHT AND ELECTRIC VEHICLES

Sika® Power® ADHESIVES: **50% WEIGHT REDUCTION** CAN BE ACHIEVED USING LIGHTWEIGHT MATERIALS



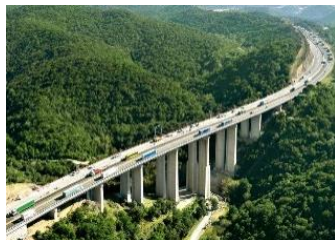
ENERGY-SAVING, DURABLE ROOFING SOLUTIONS

SOLUTIONS FOR **GREEN ROOFS** THAT SAVE ENERGY AND REDUCE HEAT ISLAND EFFECT AND FOR **COOL ROOFS** THAT REDUCE ENERGY CONSUMPTION BY UP TO 15%



SIKA REPAIR SOLUTIONS PROLONG THE LIFETIME, INCREASE SAFETY AND EFFICIENCY OF STRUCTURES

SIKA REPAIR SYSTEMS **STRENGTHEN, WATERPROOF, INSULATE, PROTECT, AND REPAIR** BUILDINGS & STRUCTURES



ROOF RECYCLING PROGRAM EASES THE BURDEN ON LANDFILLS

ROOF RECYCLING PROGRAM CONSERVES NATURAL RESOURCES WITH **31,000 TONNES** OF PROCESSED RECYCLED MATERIALS DIVERTED FROM LANDFILLS TO DATE



SUSTAINABILITY AS A BASIC PRINCIPLE OF THE STRATEGY

SUSTAINABILITY TARGETS

- Overall target: **12% CO₂ emission reduction per ton sold**
- Our «More Value Less Impact» targets:

SUSTAINABLE SOLUTIONS

- All new product developments with “Sustainable Solutions” until 2023

COMMUNITY ENGAGEMENT

- 10,000 working days of volunteering work p.a.
- 50% more projects
- 50% more direct beneficiaries

OCCUPATIONAL SAFETY

- 50% less accidents
- 0 fatalities

CLIMATE PERFORMANCE

- 12% reduction of CO₂-emissions per ton sold until 2023

ENERGY

- 15% less energy consumption per ton sold
- 50% renewable electricity rate

WASTE/WATER

- 15% less waste generation per ton sold
- 25% higher recycling rate of total waste
- 15% less water consumption per ton sold

MARKET PENETRATION

INCREASE OUR MARKET SHARE TO 12%

MAJOR MEGATRENDS SUPPORTING SIKA'S GROWTH

NO NEGATIVE DISRUPTION – UNLOCKING FURTHER POTENTIAL

TECHNOLOGY
ADVANCEMENT



EXPLODING
URBANIZATION



ECONOMIC POWER
SHIFT



CLIMATE CHANGE,
SHORTAGE OF
RESOURCES



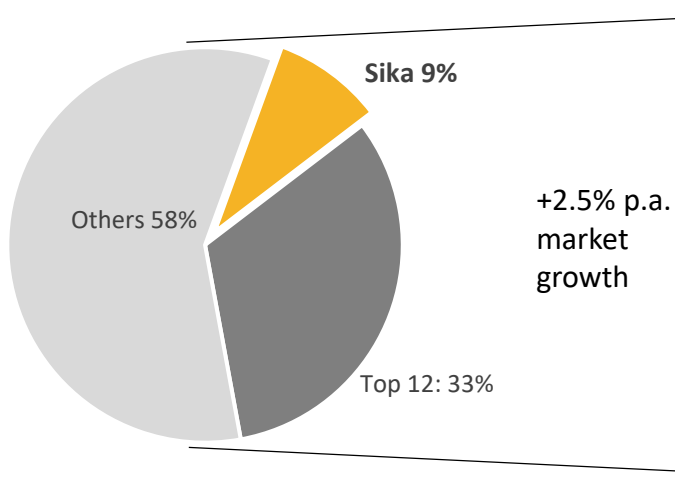
CHANGING
DEMOGRAPHICS



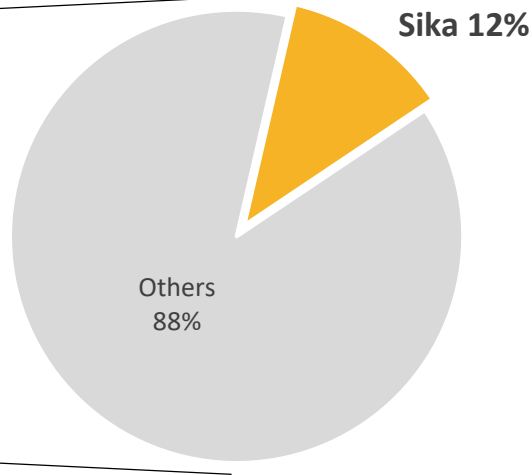
MARKET PENETRATION

CONSTRUCTION CHEMICALS MARKET WILL GROW TO CHF 80 BILLION

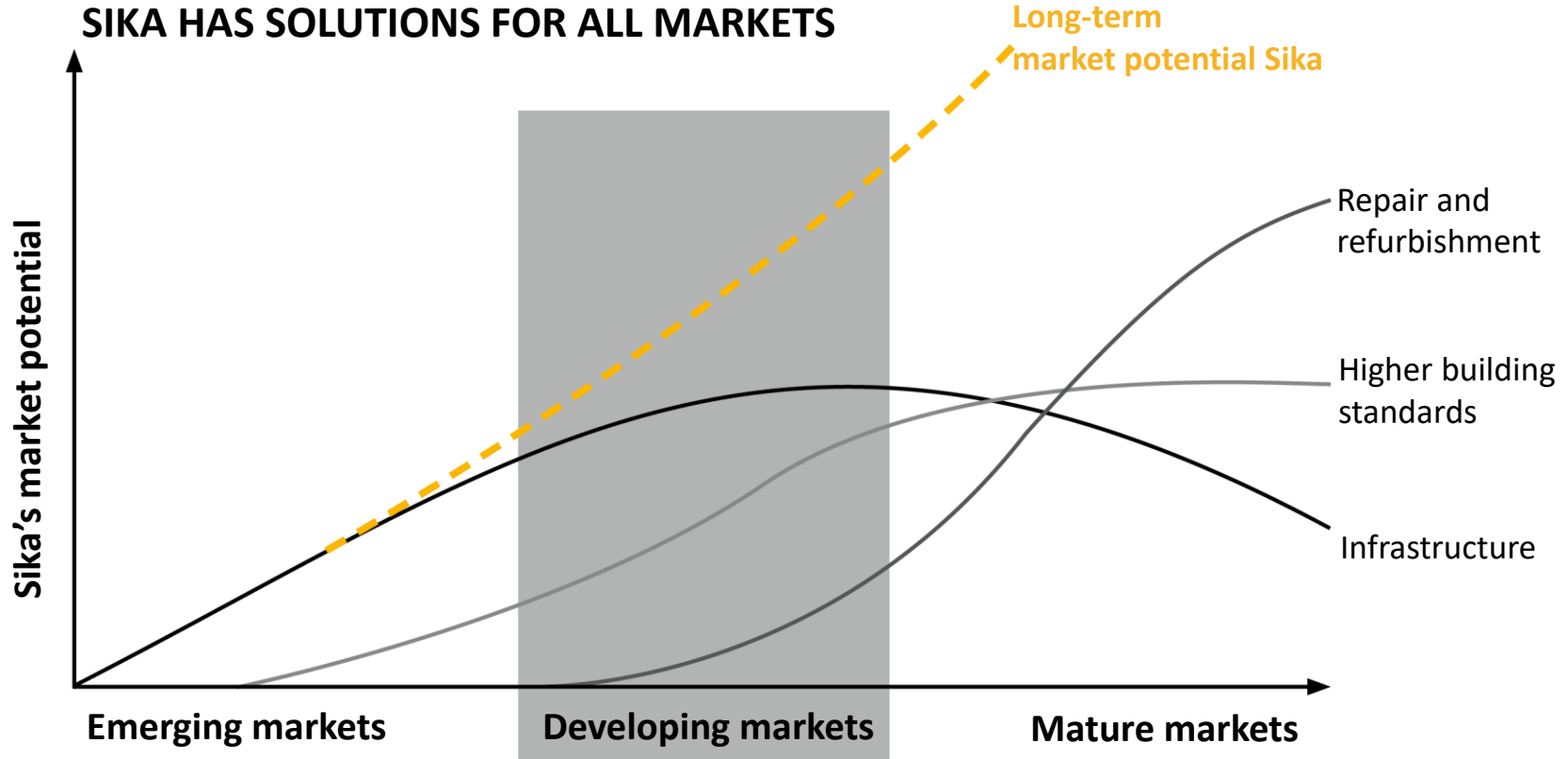
Construction chemicals market 2018
Approx. CHF 70 billion



Construction chemicals market 2025
Approx. CHF 80 billion



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



MARKET PENETRATION

DRIVER FOR FUTURE GROWTH

Key facts current
market penetration at
Sika

Strong Global Brand

Clear Market Leader

**Solution-driven and
close to customer**

How we
increase
market
share

New Target Market

Building Finishing



Initiatives

1 Emerging Markets



2 Key Project
Management



3 Cross-Selling



4 Channel Penetration



MARKET PENETRATION

BUILDING FINISHING AS OUR 8TH TARGET MARKET

Concrete



Waterproofing



Roofing



Building Finishing



Flooring & Coating



Sealing & Bonding



Refurbishment

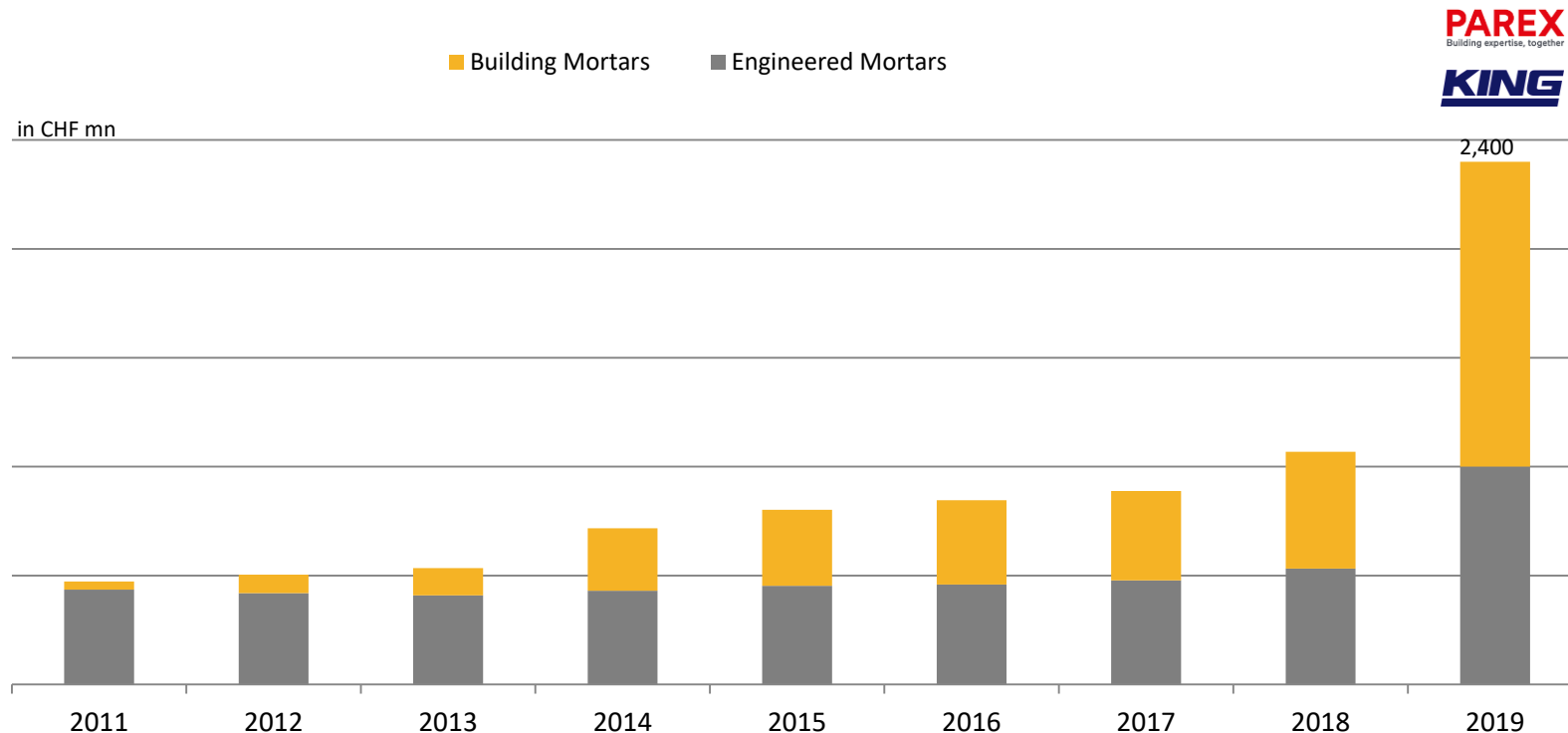


Industry



MARKET PENETRATION

DEVELOPMENT IN BUILDING FINISHING 2011 TO 2019



BUILDING FINISHING WITH STRONG EXPOSURE TO REFURBISHMENT

Technical Mortars / Other Sika Target Markets



Highly-technical building and infrastructure projects



Direct sales to large contractors and concrete producers, where an engineer is the key decision maker

Building Finishing – Tile Adhesives and Facade Mortars



Residential and light commercial focus

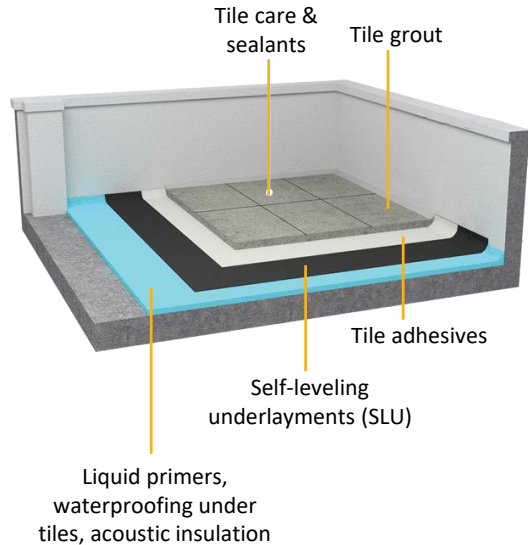


Need for capillary distribution network to serve highly fragmented applicator base

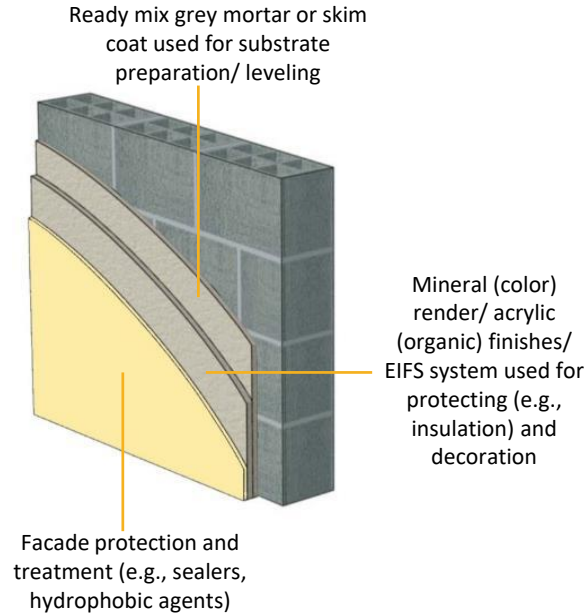
BUILDING FINISHING

THE BUILDING FINISHING TARGET MARKET COMPRISES 3 SYSTEMS

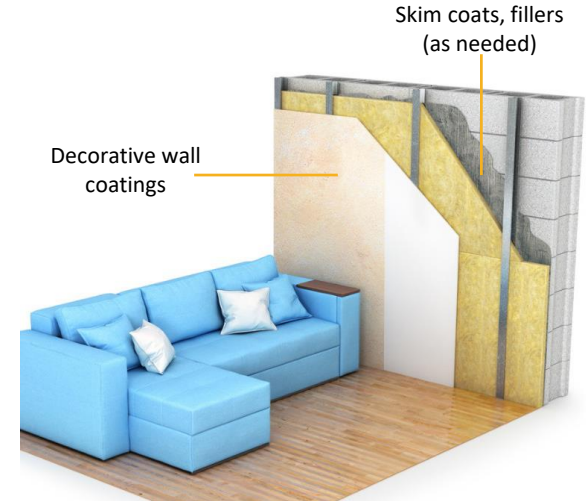
Tile Setting Materials (TSM)



Facade Solutions



Interior Walls



MARKET PENETRATION – EMERGING MARKETS

GROWTH THROUGH RISING PENETRATION AND SOPHISTICATION



- Sika as early mover in frontier markets
- Early opportunities due to high infrastructure build-up
- Increasing penetration of higher end solutions over time
- Increasing regulations and sophistication driving further growth
- Open up 3-5 new national subsidiaries

Higher penetration and growth opportunities

Example pre-mixed vs job-site mixed mortars

>90% pre-mixed mortars in developed markets

<30% in emerging markets, majority is still job-site mixed mortars

Opportunities in infrastructure build-up

Infrastructure spend

>25% Infrastructure spend as % of total construction spend in emerging markets

<15% Infrastructure spend as % of total construction spend in mature markets

MARKET PENETRATION – CROSS-SELLING

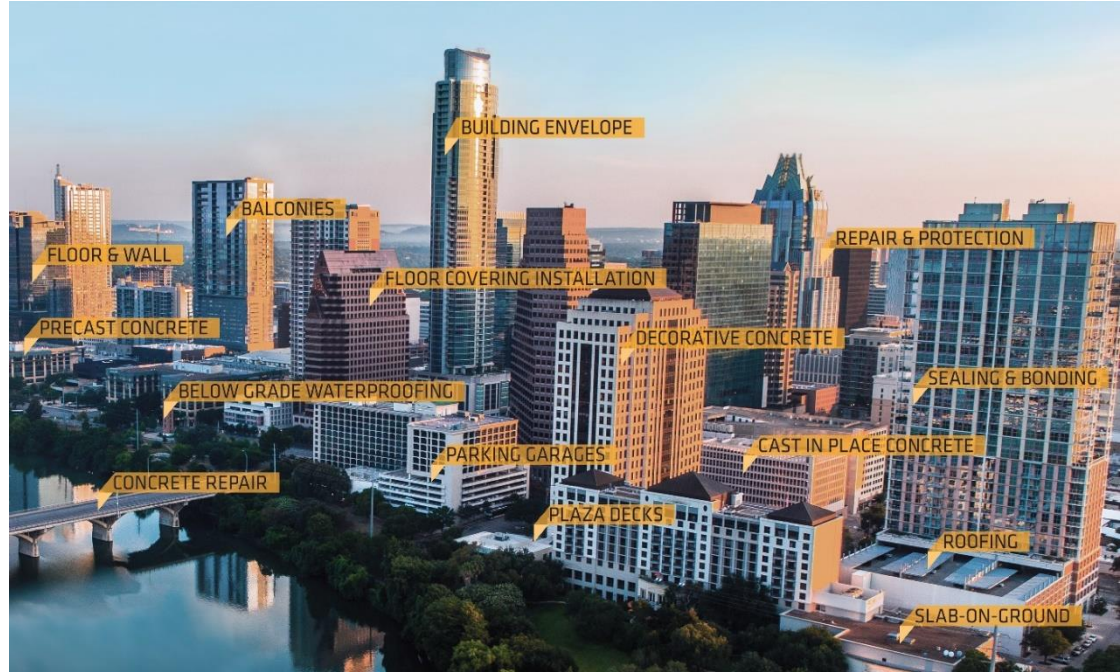
INCREASE PROJECT PENETRATION

- Sika is the only company offering the full range of construction chemicals: from below ground to the roof
- Cross-selling with opportunities in all Target Markets
- Set up organization to coordinate and increase project penetration

PROJECT SALES AS % OF
CONSTRUCTION SPEND

Estimated average: 0.5%

Estimated additional potential: 1-2%

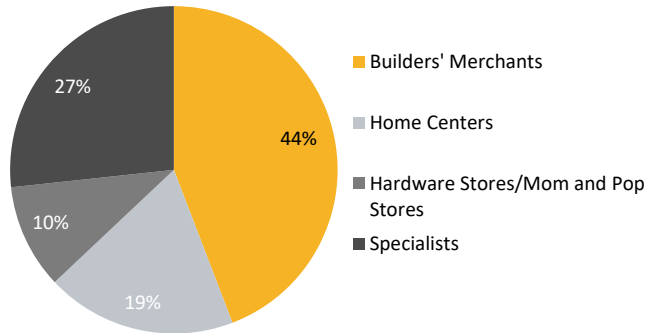


MARKET PENETRATION – CHANNEL PENETRATION

DISTRIBUTION: LARGE POTENTIAL TO GROW

■ Distribution ■ Direct

Global Channels



4 main Distribution channels with growth opportunities

- ➔ through increased penetration of **physical stores**
- ➔ build-up of online channel with **CHF 100 million** sales by 2023

Global Markets 53% 47%

Sika 2015 31% 69%

Sika and Parex 38% 62%

Sika 2023 > 40% < 60%

Sika is present in **101** countries, of which today **40** countries mainly focus on project and direct sales and generate **< 30%** of sales via **Distribution channel**

INNOVATION

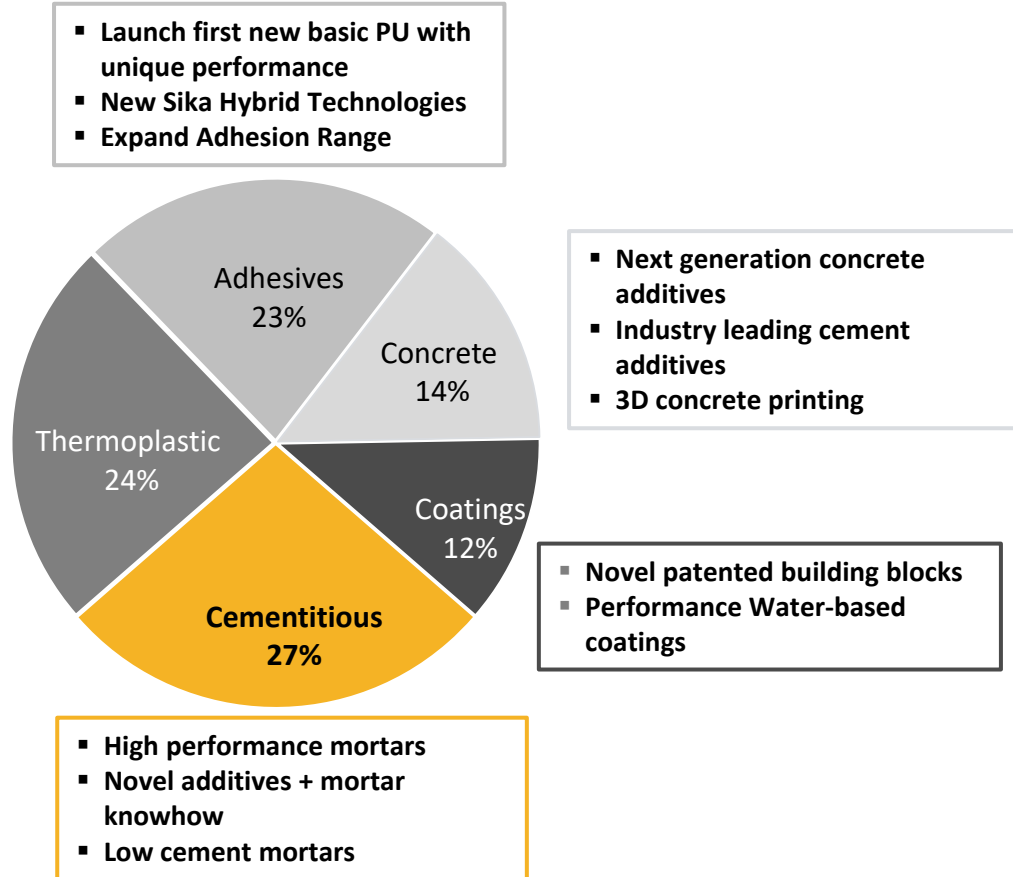
MORE PERFORMANCE – MORE SUSTAINABLE

BUILDING TRUST



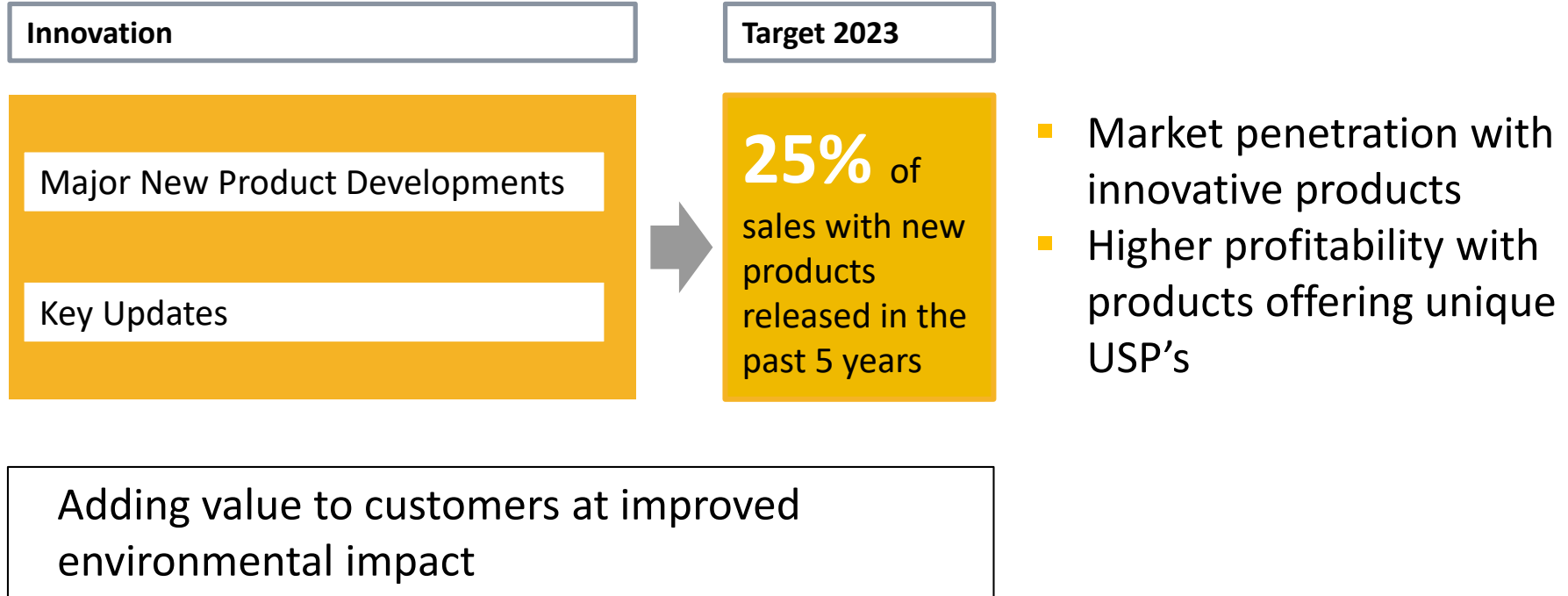
SIKA'S 5 CORE TECHNOLOGIES

KEY INNOVATION MOVES 2023



25% OF SALES WITH NEW PRODUCTS

INNOVATION AS KEY GROWTH AND PROFIT DRIVER



INNOVATION – INCREASED FOCUS ON PRODUCT SUSTAINABILITY

MORE PERFORMANCE, MORE SUSTAINABLE

SUSTAINABLE SOLUTION = BETTER PERFORMANCE + SUSTAINABILITY BENEFITS

PERFORMANCE SOLUTION

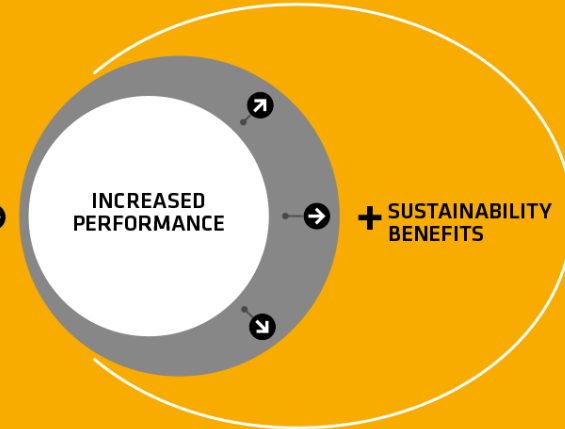


FOCUS ON ADDED VALUE

ALWAYS COMBINE SIKA PROVEN
"VALUE THROUGH PERFORMANCE"
WITH ADDED SUSTAINABILITY
BENEFITS



PERFORMANCE AND SUSTAINABILITY SOLUTION



INNOVATION – INCREASED FOCUS ON PRODUCT SUSTAINABILITY

NEW SOLUTIONS: MORE PERFORMANCE, MORE SUSTAINABLE



HYDROFLEX SEALANTS

Better stretchability, adhesion
and application properties

+

Excellent Health & Safety
profile, low VOC emissions
(EC1+)



NEW EPOXY FLOOR COATINGS

Improved blushing resistance,
significantly reduced yellowing

+

Low VOC emissions,
low odor, LEED v4 contribution



HEMP BASED MORTARS

Thermal and phonic insulation
benefits, very easy to apply

+

Negative CO₂ footprint
(renewable), optimum interior
air comfort

INNOVATION THROUGH A UNIQUE COMBINATION OF HIGHER PERFORMANCE AND MARKEDLY IMPROVED SUSTAINABILITY

OPERATIONAL EFFICIENCY

MORE THAN OPERATING LEVERAGE

FAST EXPANSION: POTENTIAL TO INCREASE OPERATIONAL EFFICIENCY

Sika's footprint significantly expanded since 2015

+ 11 subsidiaries

+ 116
factories

> 7,000
employees

+ 24 acquisitions

To increase operational efficiency we focus on the following areas



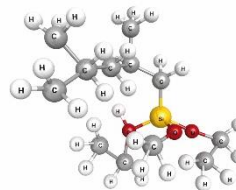
Operations / Factory Efficiency



Logistics



Procurement



Formulation Efficiency



Sales and admin costs in %

0.5% savings expected per year

OPERATIONAL EFFICIENCY - AUTOMATION

OPERATIONS / FACTORY EFFICIENCY

AUTOMATION TO DRIVE PRODUCT EFFICIENCY



- Sika US investing in automation equipment for its roofing membrane line
- New automated packaging line featuring robotic palletizer to be installed in late 2019

➔ Labor efficiency to **improve by 40%** with automated process

AUTOMATED GUIDED VEHICLE FOR WAREHOUSING



- Driverless fork trucks for shipping warehouses
- Sika US to invest in this technology in second half of 2019

AUTOMATION TO DRIVE PRODUCT EFFICIENCY

Today



- 3 full time employees
- Expensive, custom, pre-decorated bottles
- 2 shifts to meet demand at 56% equipment efficiency

Investment of CHF 1 million in new automation for bottling line

Future



- **1 full time** employee
- Generic bottles labeled in-process
- **1 shift** at around **70%** equipment efficiency

OPERATIONAL EFFICIENCY AND MARGIN IMPROVEMENT IN SEALING AND BODING



- Sika US investing in a new automated production line that will **reduce cost by 7%** on a critical product for retail market
- New line to be operational in 2020

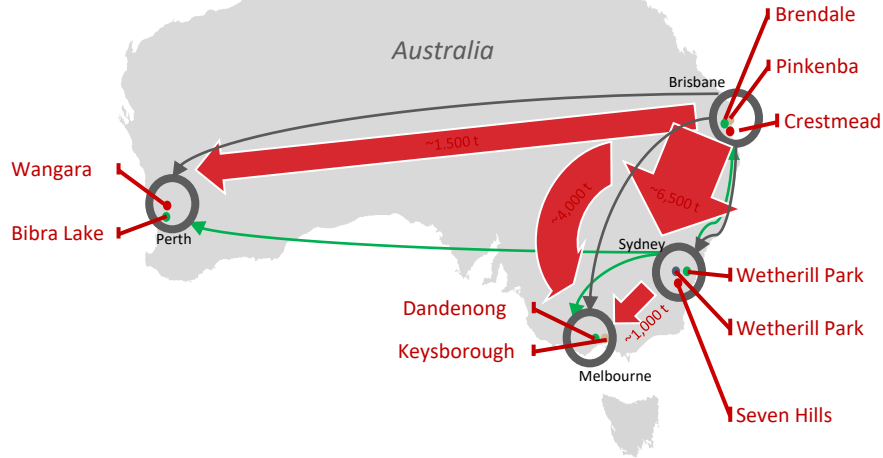
Total **savings** in the US of **CHF 4.2 mn** from 2020 onwards

OPERATIONAL EFFICIENCY

LOGISTICS – A CLOSER LOOK AT AUSTRALIA

FROM INEFFICIENT PLANTS/ FLOWS & HIGH COMPLEXITY ...

10 plants (of which 9 mortar plants)
9 warehouses
45% utilization
15k t of mortars shipped



... TO 1 MORTAR PLANT PER CITY & EFFICIENT SUPPLY CHAIN

6 plants (of which 4 mortar plants)
5-6 warehouses
67% utilization
2k t of mortars shipped



OPERATIONAL EFFICIENCY – PROCUREMENT

HOW TO GENERATE YEARLY SAVINGS

**GLOBAL AND SYSTEMATIC APPROACH TO
MANAGING PROCUREMENT PROJECTS**

**OVER 1,700 SAVINGS & RISK REDUCTION
PROJECTS IDENTIFIED IN ALL REGIONS**



HOW TO INFLUENCE OPERATIONAL EFFICIENCY

LOGISTICS COST OPTIMIZATION

- Professional negotiation with logistic vendors
- Effective contracting
- Close monitoring of service level

SUPPLY CHAIN SIMPLIFICATION

- Involvement during plant location & design phase
- Vendor delivery performance monitoring
- Reduction of supply lead times

ADMIN COST REDUCTION

- Reduction of Purchasing Orders
- Improvement of P2P (Procure to Pay) process

PACKAGING COST REDUCTION

- Development of cost effective packaging sources
- Standardization and reduction of Packaging SKU
- Sourcing of recycled and sustainable packaging

OPERATING NWC

- Systematic approach to vendor PT extension
- Consignment stock agreements

OPERATIONAL EFFICIENCY - FORMULATION EFFICIENCY

DIRECTLY IMPACTING OPERATIONAL EFFICIENCY

Sika is a product solution company = formulations are continuously invented, adjusted and adopted to local customer needs



- > 20,000 active registered formulations
- > 1,200 added every year globally

Formulations



Estimated
1-2% cost
reduction
until 2023

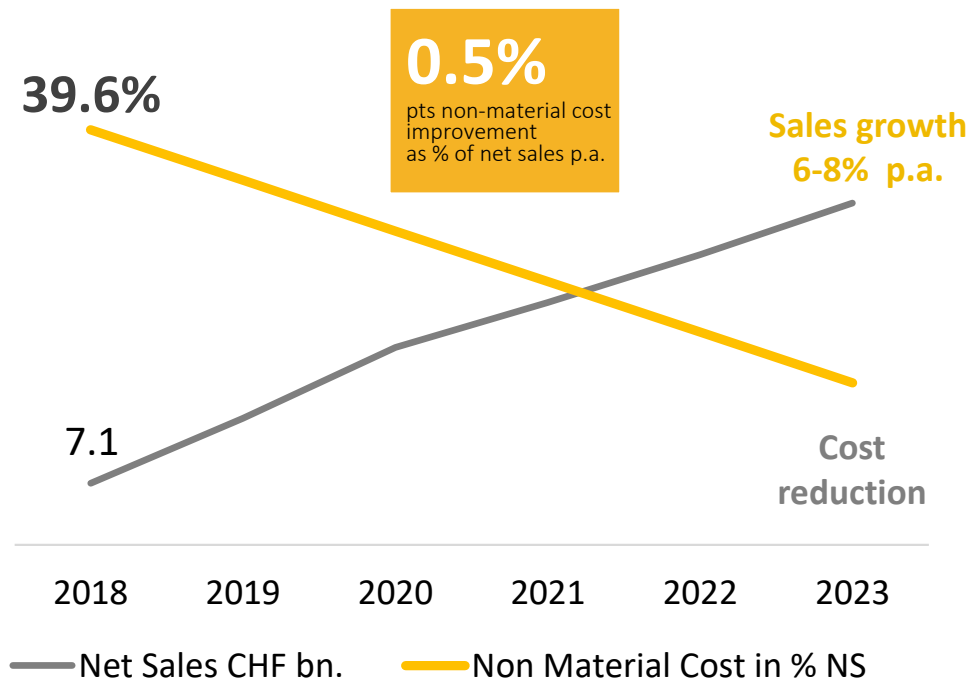


Purchasing	▶ Purchasing power, single source risks
Production	▶ Cost (throughput), robustness, quality
Logistics	▶ Shelf life, transport costs
Product	▶ Over-engineering, final product cost
Application	▶ Ease of application, robustness, speed
Time-to-Market	▶ Know-how to develop quickly & efficiently

Formulations stand at the very beginning of our supply chain, thus influencing the efficiency of production and logistics steps and product cost/performance

OVERALL OPERATIONAL EFFICIENCY

YEARLY IMPROVEMENT



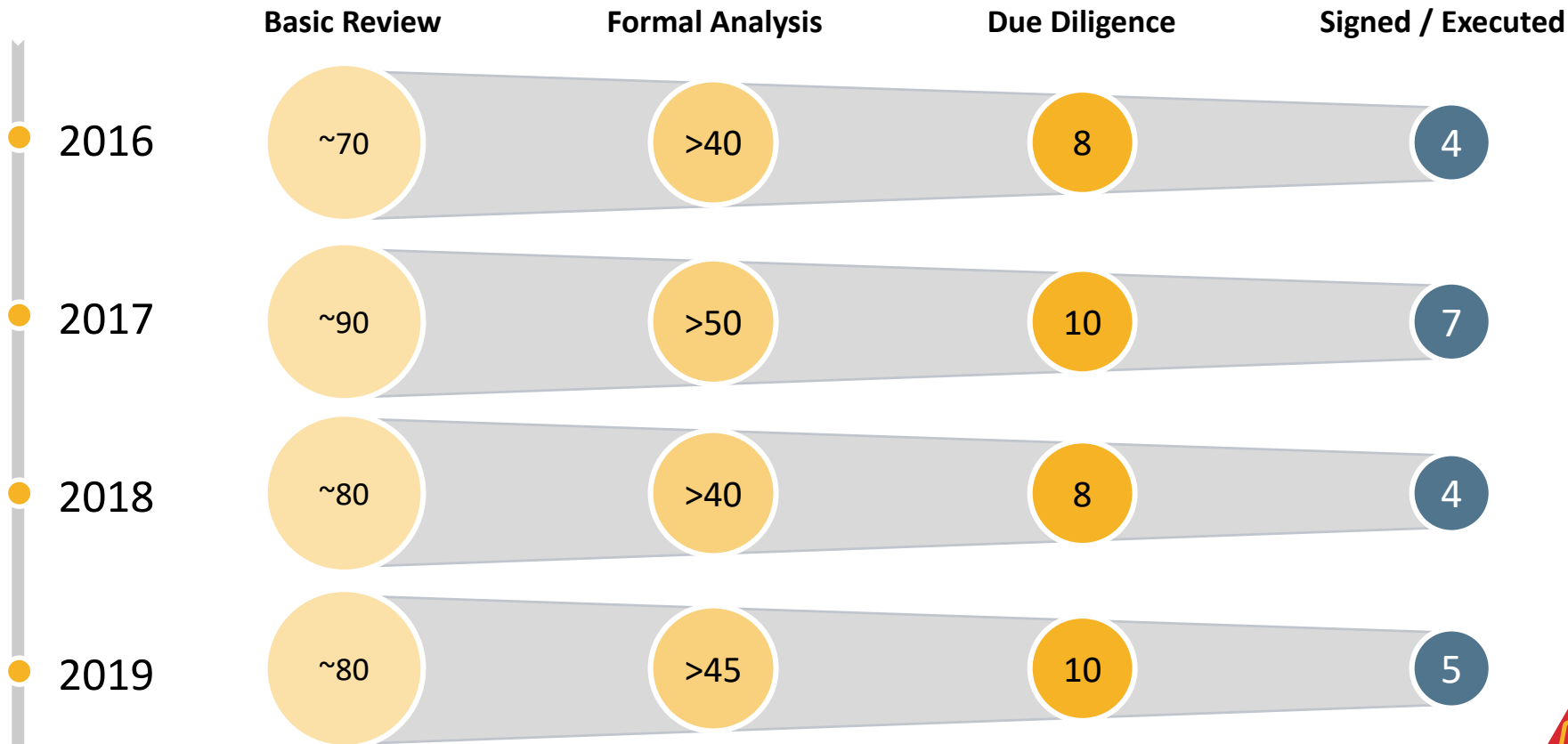
Additional efficiency gains from:

- Operating leverage
- Lean corporate organization
- Various efficiency programs in countries
- Prudent cost management in countries with lower growth
- Fast integration of acquisitions / realization of synergies

ACQUISITIONS
GROWTH PLATFORMS

EXTERNAL GROWTH

DEAL FLOW AND ACQUISITION FUNNEL

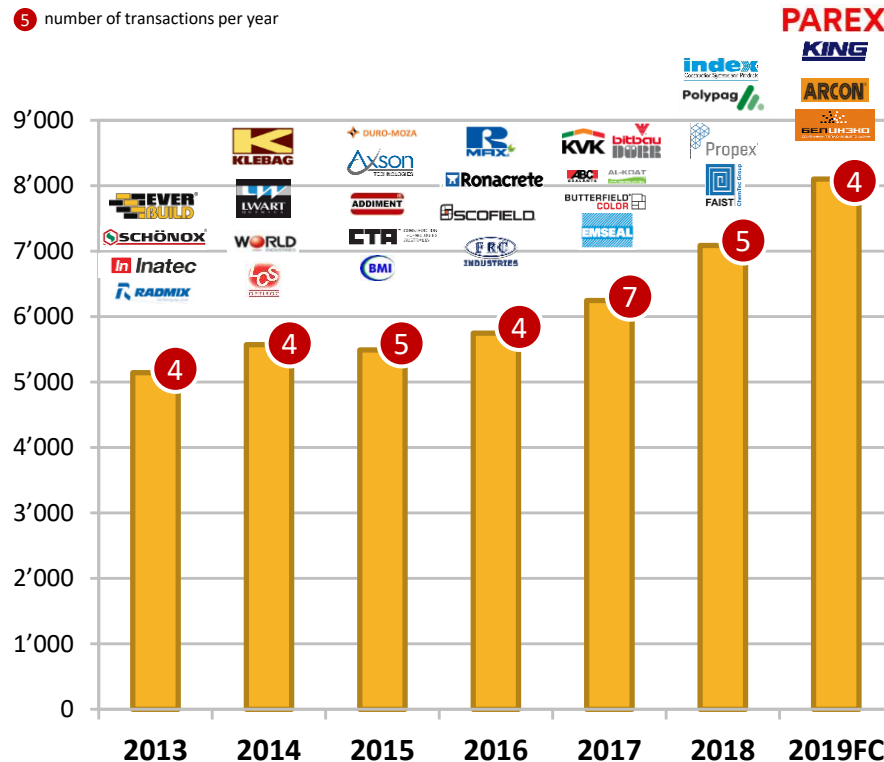


SUCCESSFUL STRATEGIC LEVER

ACQUISITIONS IN THE LAST 7 YEARS

Sika Group Sales in MCHF

5 number of transactions per year



33
acquisitions

Successful
integration

Contribution in 2018
CHF 1.2 bn
Net Sales

Major **growth driver** enabling
market penetration
through:

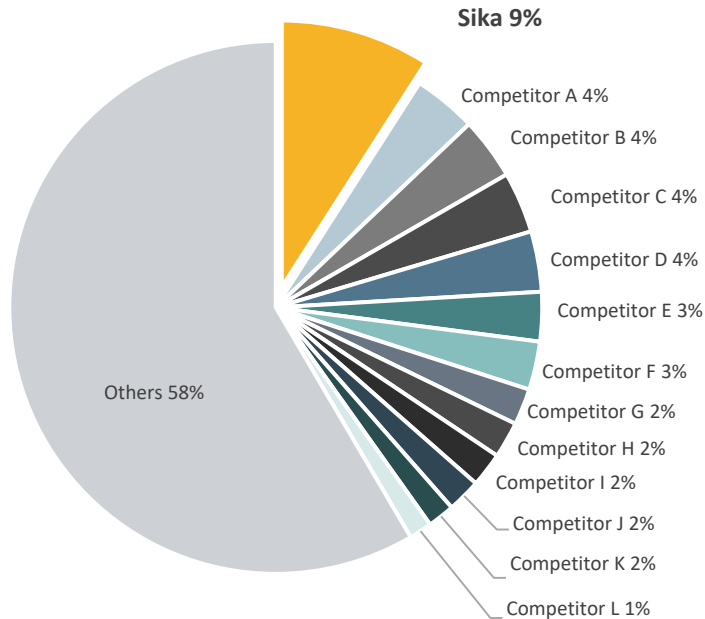
- Market share
- Technology
- Channel access

Clear financial
criteria and robust
acquisition process

ACQUISITIONS – HIGH MARKET POTENTIAL

LARGE, GROWING AND FRAGMENTED MARKET

Construction chemicals market 2018
Approx. CHF 70 billion



- Fragmentation offers acquisition opportunities
- Acquisitions as growth platforms

VALUES AND PRINCIPLES

WHAT WE STAND FOR

BUILDING TRUST



STRONG CORPORATE CULTURE

SIKA'S VALUES AND PRINCIPLES

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

Sika's Values and Principles are the foundation for the Code of Conduct. They are put into action through strong leadership and by all employees every day, worldwide.

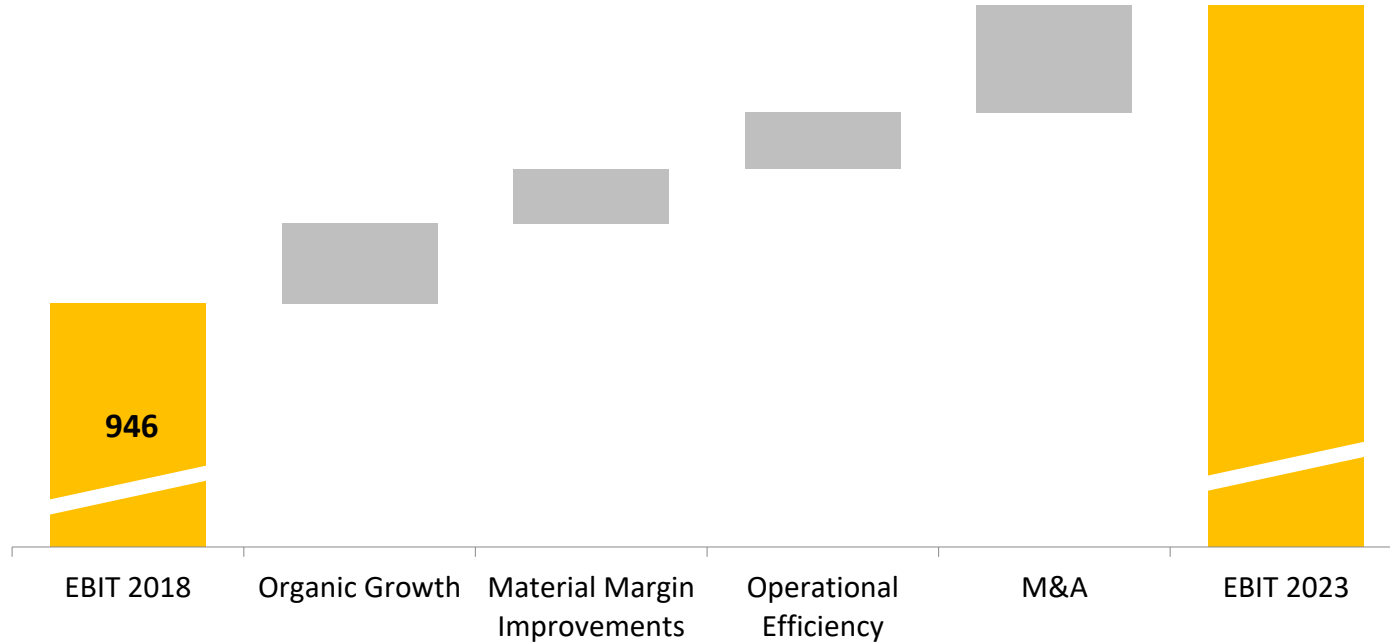


PROFITABILITY TARGETS

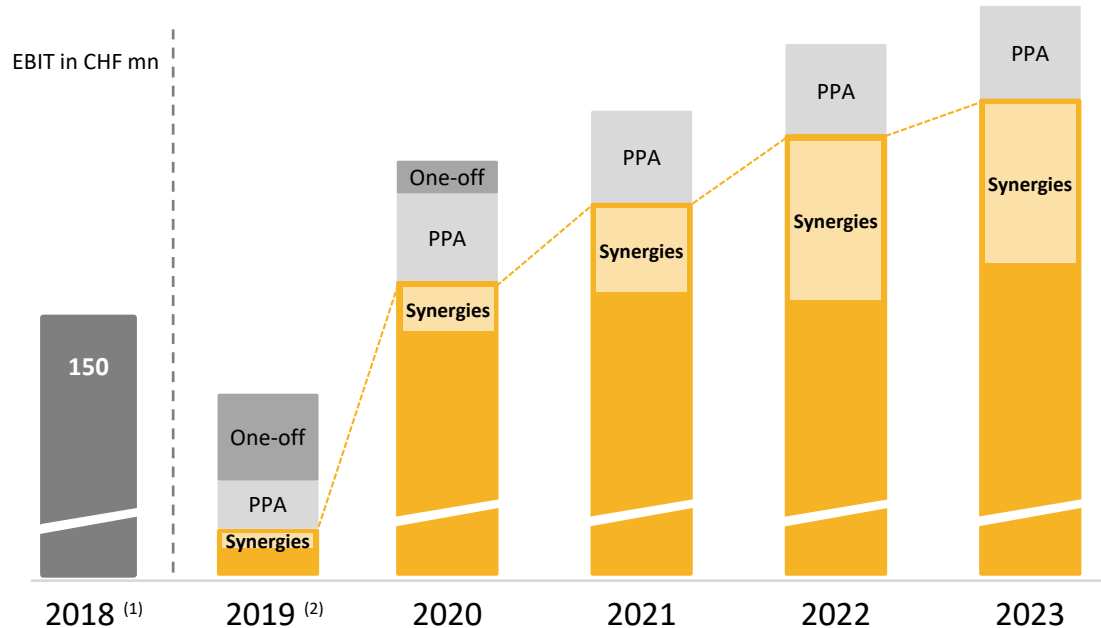
EBIT MARGIN OF 15%-18%

IMPROVING MARGIN PROFILE

EBIT 15%-18% of net sales by 2021



PAREX CONTRIBUTION TO EBIT GROWTH



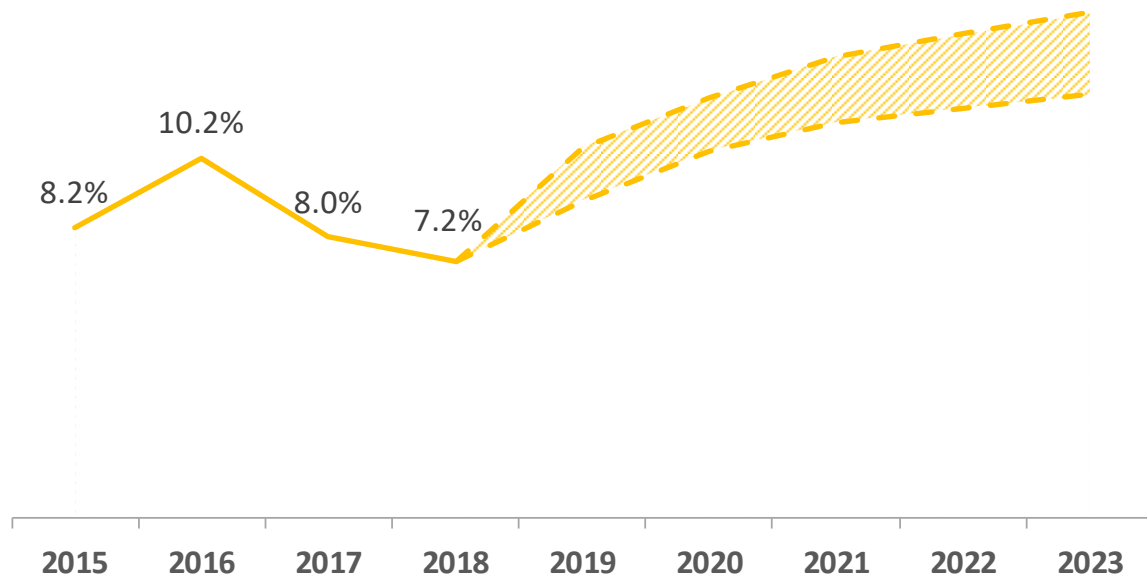
(1) Proforma without amortization from acquisitions

(2) Forecast May-Dec 2019

- Parex with strong “stand-alone” growth & profitability pre-PPA
- One-time costs of CHF 70 – 75 million skewed towards 2019 (CHF 45 million)
- Initial annual PPA amortization effect of about 4% of Sales
- Run-rate synergies of CHF 100 million fully validated and confirmed (upper end of guidance)
- Synergies will overcompensate PPA effects by 2021

STRONG CASH CONVERSION

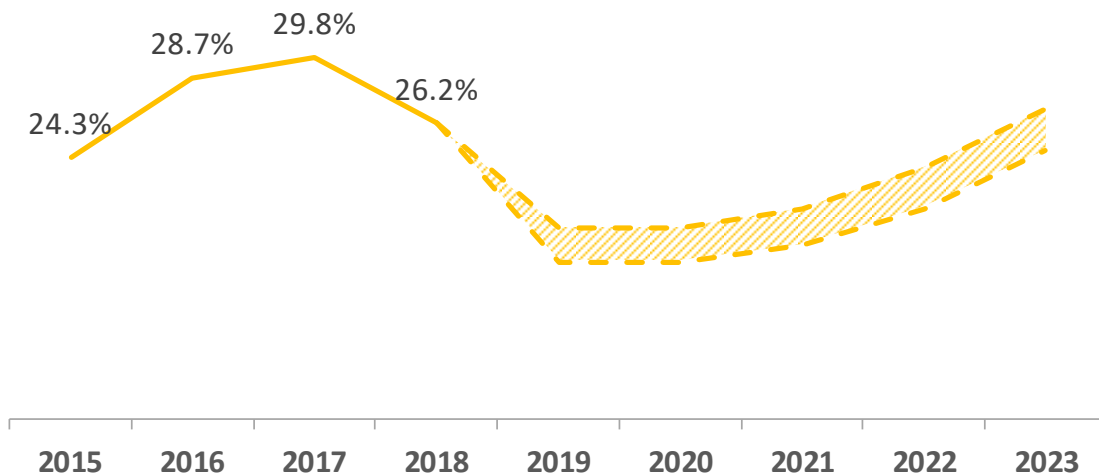
OPERATING FREE CASH FLOW >10% OF NET SALES



- Increasing profitability
- Footprint alignment driving efficient inventory management
- Automation/digitalization supporting disciplined NWC Management
- CapEx spend of approx. 3% of Sales

CAPITAL EFFICIENCY

ROCE TO INCREASE TO 25% BY THE END OF THE STRATEGY PERIOD



- 2019/2020 impacted by additional capital employed through M&A (mainly Parex)
- ROCE to increase to 25% (absent large M&A)
- Driven by higher EBIT and efficient Capital Management

OUTLOOK

STRONG OUTLOOK

CONTINUATION OF SUCCESSFUL GROWTH STRATEGY

- Double-digit EBIT growth for 2019
- New Strategy 2023 will ensure Sika's success in the upcoming years with sustainable, profitable growth



THANK YOU FOR YOUR ATTENTION

BUILDING TRUST



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

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