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SALES GROWTH OF 13.9% LEADING TO RECORD SALES AND PROFIT

- **Sales growth of 13.9% in local currencies to CHF 3,470.1 million (+15.9% in CHF)**
- **EBIT increase of 10.6% to CHF 444.6 million**
- **Without one-off costs (related to resolution of dispute with SGO) increase in EBIT would have been disproportionately high at more than 16%**
- **Growth in all regions**
- **Opening of three new factories, establishment of another national subsidiary, and acquisition of Index**
- **Sales target of CHF 7 billion in 2018**

After a historic three-and-a-half year takeover battle between Sika and Saint-Gobain, an agreement was reached in May 2018. The signing of the agreement ends the disputes of all parties involved and marks the beginning of a new chapter in the Sika success story.

In the first half of the year Sika recorded strong double-digit sales growth, posting a new sales record of CHF 3,470.1 million. This equates to an increase of 13.9% in local currencies. A positive currency effect (2.0%) led to sales growth in Swiss francs of 15.9%. Growth in the second quarter amounted to as much as 16.3% (19.3% in CHF).

FURTHER INCREASE IN NET PROFIT

A combination of continued volume growth with disproportionately low cost developments and price adjustments had the effect of partially compensating for higher raw material costs and exceptional expenses incurred in connection with the integration of acquired companies. One-off effects in connection with the resolution of the takeover battle with Saint-Gobain (payment of the Board of Directors for the years 2015 to 2018, as well as one-off transaction-related costs) amounted to some CHF 23 million, and impacted negatively on EBIT. Operating profit (EBIT) nonetheless improved by 10.6% (+ CHF 42.5 million) to CHF 444.6 million (previous year: CHF 402.1 million). Without the one-off costs the increase in EBIT would have been disproportionately high at more than 16%. Net profit rose by 11.4% (+ CHF 32.5 million) to CHF 318.2 million (previous year: CHF 285.7 million.).

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Paul Schuler, Chief Executive Officer: "With a significant sales increase of 15.9% in CHF and growth in net profit of 11.4%, we can look back on a very successful first half of 2018, in which we benefited from the potential of global construction markets through further initiatives. We posted double-digit growth rates in the Middle East, Africa, Eastern Europe, North America, Argentina, and in the automotive business, and have grown much faster than the market in many countries. Given the positive development of business in the first half of 2018, the establishment of a further national subsidiary, and the commissioning of three new factories, we are continuing to implement our 2020 strategic targets in a consistent way, and will exceed the CHF 7 billion sales mark in 2018 for the first time ever."

GROWTH IN ALL REGIONS

In the EMEA region (Europe, Middle East, Africa) sales increased by 13.6% in local currencies (previous year: 7.4%). The major EU countries with the core markets of Spain and the UK exhibited high single-digit growth. Double-digit growth rates were recorded in the Middle East, Africa, and Eastern Europe.

With the takeover of Index Construction Systems and Products, Sika acquired a leading manufacturer of roofing and waterproofing systems headquartered close to Verona, Italy. By acquiring Index, Sika will extend its product range and further strengthen its position in the Italian market. Production capacity was increased in both Senegal and Saudi Arabia through the commissioning of new factories for concrete admixtures.

The newly established Americas region recorded growth of 13.6% (previous year: 11.7%). The US was able to post double-digit growth thanks to strong demand in key target markets. After a long, harsh winter, Canada is back on a growth trajectory. Mexico and Argentina once again enjoyed above-average growth. The basis for further growth in Central America was laid with the establishment of a new national subsidiary in Honduras.

Growth in the Asia/Pacific region amounted to 5.0% (previous year: 4.2%). The highest growth rates were recorded by India and China. In Vietnam, a state-of-the-art facility for mortar

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production has come on stream in the Bac Ninh plant alongside the existing production of concrete admixtures. This will enable Sika to continue to grow in this country's booming construction market.

The new Global Business segment recorded a growth rate of 28.5% (previous year: 9.2%), with 20.7% attributable to the acquisition of Faist ChemTec. This new segment includes the globally managed automotive business as well as the two acquisitions Axson Technologies and Faist ChemTec – which are both established providers of components and solutions for the automotive area and other applications, and are likewise centrally managed.

OUTLOOK: SALES TARGET OF CHF 7 BILLION IN 2018

The strong first half of the year supports the target for the full 2018 year – namely an increase in sales of more than 10% to reach CHF 7 billion for the first time. Volatile, rising raw material prices continue to pose a challenge. For the year as a whole, EBIT and net profit should increase at a slightly higher rate than sales. The growth strategy will be continued in 2018 with the opening of eight new factories and the founding of more national subsidiaries. Furthermore, additional acquisitions will be targeted in the heavily fragmented construction chemicals market.

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KEY FIGURES HALF-YEAR 2018

in CHF mn	1/1/2017 - 6/30/2017	1/1/2018 - 6/30/2018	Change in %
Net sales	2,994.9	3,470.1	15.9
Gross result	1,651.4	1,861.2	12.7
Operating profit before depreciation (EBITDA)	488.2	544.8	11.6
Operating profit (EBIT)	402.1	444.6	10.6
Net profit after taxes	285.7	318.2	11.4
Undiluted earnings per share (in CHF) ¹	1.86	2.12	14.0
Diluted earnings per share (in CHF) ^{1,2}	1.86	2.11	13.4
Operating free cash flow	63.0	11.5	-81.8
Balance sheet total ³	5,794.7	6,317.5	
Shareholders' equity ³	3,411.1	1,386.3	
Equity ratio in % ^{3,4}	58.9	21.9	
Return on capital employed (ROCE) in % ⁵	28.0	26.2	

1 Due to the share split, the earnings per share as of June 30, 2017, were adjusted for comparability. Our calculation took this into account with 1/60 of the earnings per share as of June 30, 2017.

2 Dilutive effect due to convertible bonds issued.

3 As of December 31, 2017/June 30, 2018.

4 Shareholders' equity divided by balance sheet total.

5 Capital employed = current assets, PPE, intangible assets less cash and cash equivalents, current securities, current liabilities (excluding bank loans and bond).

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NET SALES BY REGION

in CHF mn	1/1/2017 - 6/30/2017	1/1/2018 - 6/30/2018	Change compared to prior year (+/- in %)			
			In CHF	In local currencies	Currency impact	Acquisition effect
By region						
EMEA	1,302.0	1,558.1	19.7	13.6	6.1	7.5
Americas	812.4	889.2	9.5	13.6	-4.1	5.1
Asia/Pacific	529.2	559.1	5.7	5.0	0.7	0.0
Global Business	351.3	463.7	32.0	28.5	3.5	20.7
Net sales	2,994.9	3,470.1	15.9	13.9	2.0	7.1
Products for construction industry	2,327.0	2,651.2	13.9	12.2	1.7	6.0
Products for industrial manufacturing	667.9	818.9	22.6	19.7	2.9	10.9

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Conference call today, July 26, 2018 at 12 pm (CET)

In connection with the publication of the half-year results a conference call will be held today. Please dial in 10 to 15 minutes before the start at:

+41 58 310 5000 (Europe, Asia)
+1 631 570 5613 (North America, Latin America)
+44 207 107 0613 (UK)

An operator will then connect you with Paul Schuler (CEO), Adrian Widmer (CFO) and Dominik Slappnig (Head Corporate Communications & IR).

A replay of the call will be available on the Sika website in the "Investors" section.

FINANCIAL CALENDAR:

Results first nine months 2018	Thursday, October 25, 2018
Net sales 2018	Tuesday, January 8, 2019
Media conference / analyst presentation on full-year results 2018	Friday, February 22, 2019
Net sales first quarter 2019	Tuesday, April 9, 2019
51 st Annual General Meeting	Tuesday, April 9, 2019
Half-year report 2019	Thursday, July 25, 2019

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 motor vehicle industry. Sika has subsidiaries in 101 countries around the world and manufactures in over 200 factories. Its more than 18,000 employees generated annual sales of CHF 6.25 billion in 2017.