



SIKA DEFIES CORONAVIRUS CRISIS WITH GROWTH IN LOCAL CURRENCIES OF 2.9%

SIKA COMPANY PRESENTATION
JULY 23, 2020

BUILDING TRUST



HALF-YEAR RESULTS 2020

BUILDING TRUST



GROWTH IN LOCAL CURRENCIES OF 2.9%

HIGHLIGHTS FIRST HALF YEAR 2020

1. Sales and profit

- Sales growth of 2.9% in local currencies. Sales of CHF 3,614.6 million (-3.2% in CHF)
- High negative currency effect of -6.1% (impact of CHF 225 million in sales and CHF 29 million in EBIT)
- Maintained high EBITDA margin of over 16% (currency adjusted absolute EBITDA was flat)
- Operating profit (EBIT) at CHF 410.2 million (-14.8%)
- Increased operating free cash flow amounting to 254.7 million (+41.7%)

2. Key investments

- Closing of acquisition of Adeplast (Romania), takeover of Modern Waterproofing Group (Egypt), and buildup of a new factory in Barranquilla (Colombia)

3. Outlook and Strategy

- Outlook for the second half of the year: Sika is expecting more favorable market conditions. With the anticipated improvement in sales volumes, the company expects an over-proportional EBIT increase for the second half of the year.
- Confirmation of 2023 strategic targets for sustainable, profitable growth

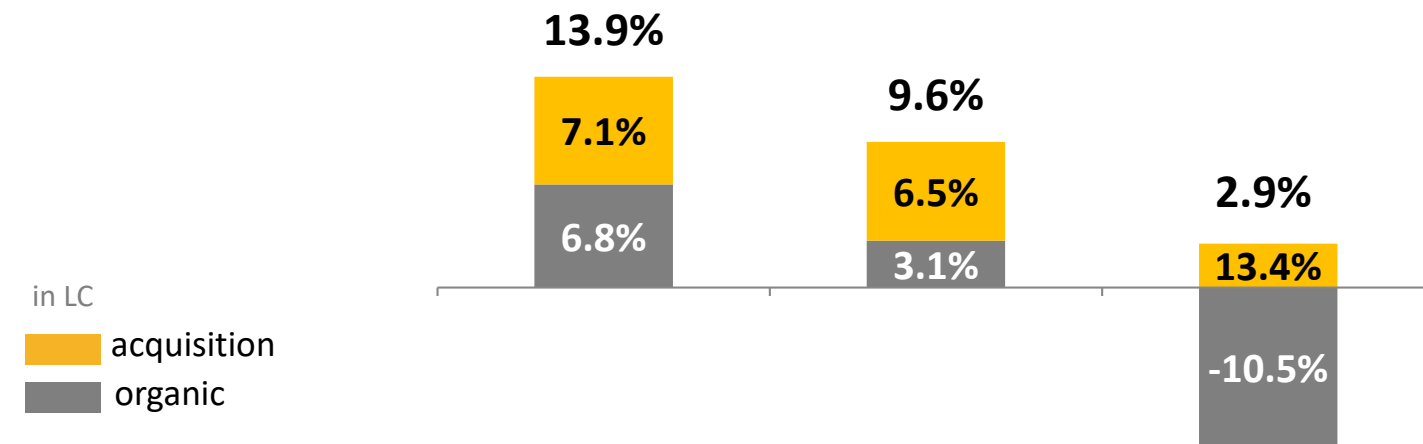
KEY FIGURES FIRST HALF 2020

INCREASED OPERATING FREE CASH FLOW

in CHF mn	2019	2020	Δ %
Net sales	3,732.4	3,614.6	-3.2%
Gross results as % of net sales	53.8	54.6	
EBITDA	623.8	593.6	-4.8%
EBIT	481.7	410.2	-14.8%
Net profit	330.7	275.6	-16.7%
Operating free cash flow	179.7	254.7	+41.7%

FIRST HALF SALES GROWTH

2.9% SALES GROWTH IN LOCAL CURRENCIES IN THE FIRST HALF 2020



in CHF mn

Sales

1 HY 2018

3,470.1

1 HY 2019


3,732.4

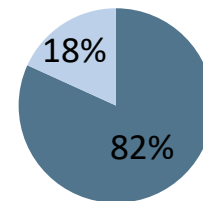
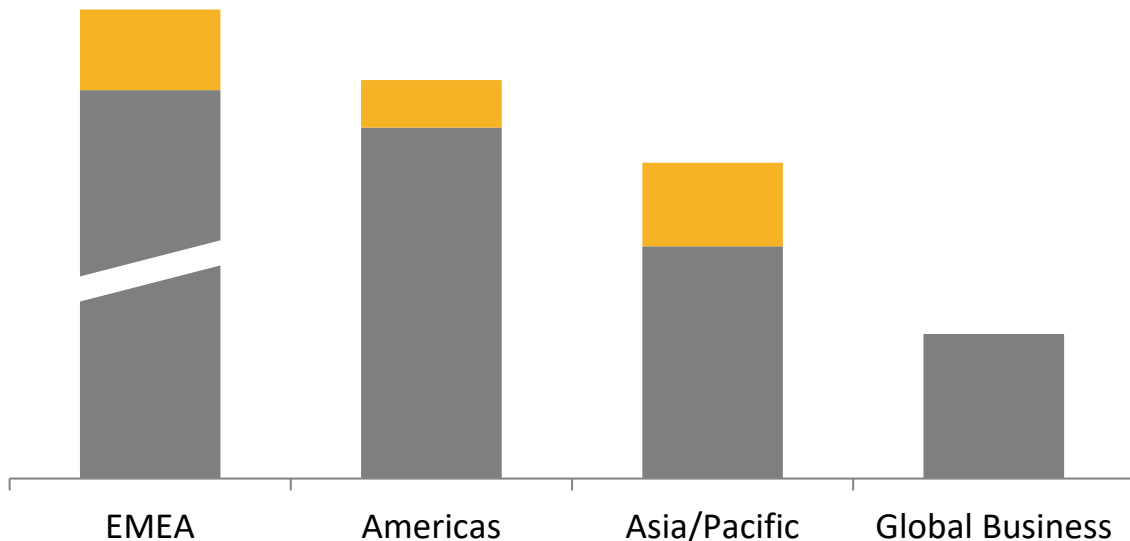
1 HY 2020

3,614.6

SALES FIRST HALF 2020

GROWTH IN LOCAL CURRENCIES IN EMEA, AMERICAS, ASIA/PACIFIC

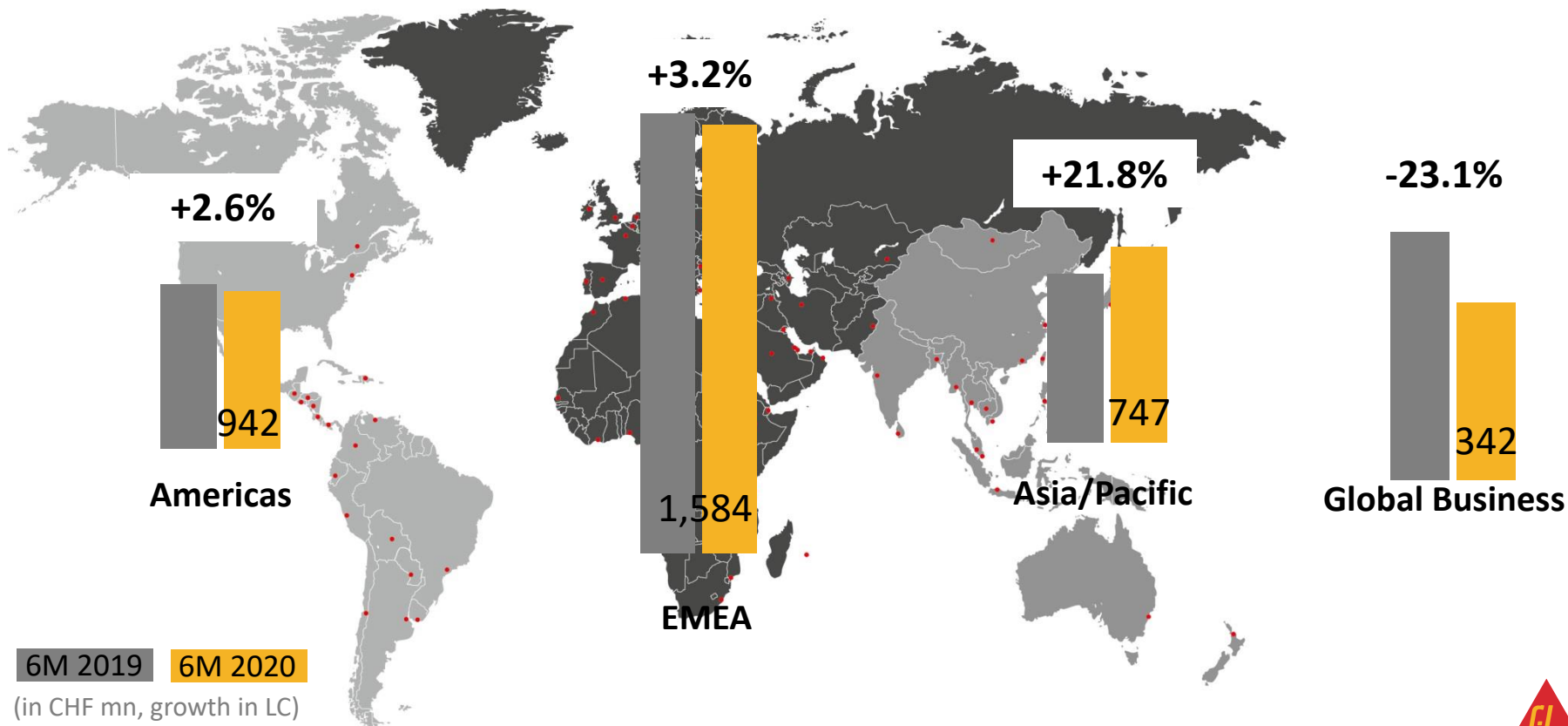
-2.6%	-4.5%	+16.3%	-28.5%	Growth in CHF
+3.2%	+2.6%	+21.8%	-23.1%	Growth in LC
-5.8%	-7.1%	-5.5%	-5.4%	FX impact
+11.7%	+11.4%	+30.8%	+0.0%	Acquisition 



■ Construction
■ Industry

SUBSTANTIAL IMPACT OF THE CORONAVIRUS PANDEMIC

2.9% SALES GROWTH (-3.2% IN CHF) FOR FIRST HALF 2020



6M 2019 6M 2020

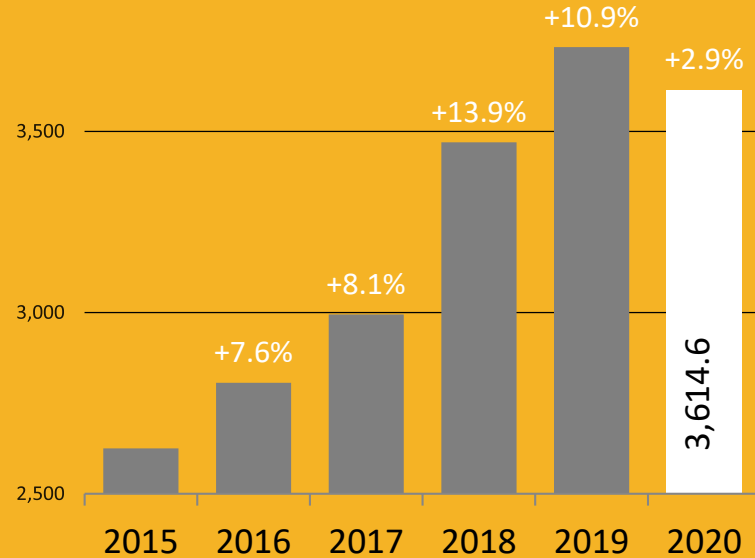
(in CHF mn, growth in LC)

SIKA'S GROWTH MODEL

IMPACTED BY THE CORONAVIRUS PANDEMIC (HALF YEAR)

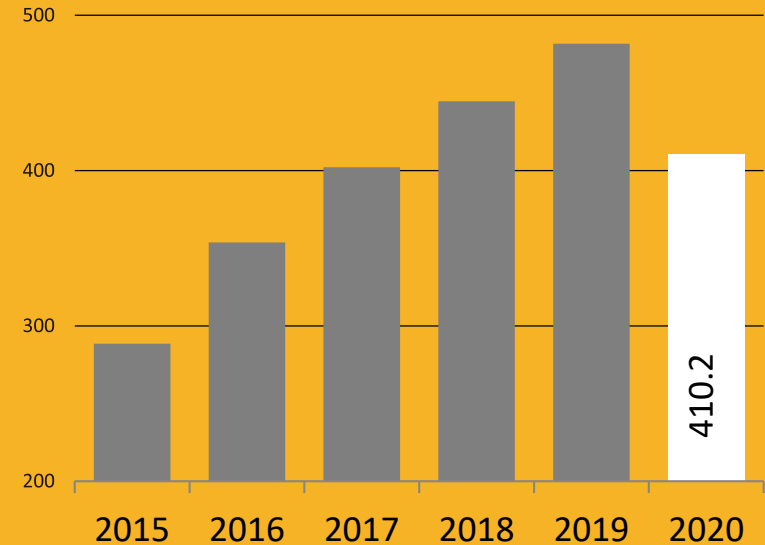
Net Sales

4,000
in CHF mn, Growth in LC



EBIT

in CHF mn



FAST AND SUCCESSFUL INTEGRATION OF PAREX EXCELLENT PROGRESS

TOTAL SYNERGIES

Around CHF 100 million identified

TOTAL COST SYNERGIES

CHF 55 million

CHF 30 MILLION+

Run rate synergies achieved to date

CROSS-SELLING

500+ initiatives tracked, 48% of them in cross-selling

PRODUCT LAUNCHES

34 new products launched in 10+ countries

SHOP IN SHOP

concept launched in China in **2,300 STORES**



STRATEGY OVERVIEW

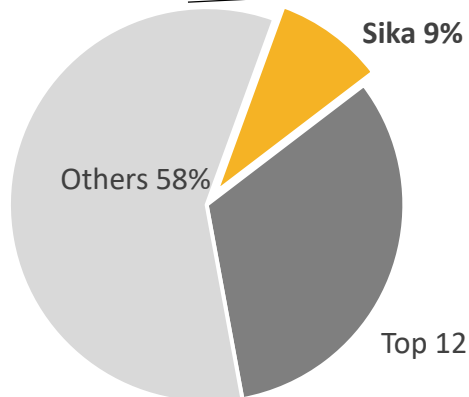
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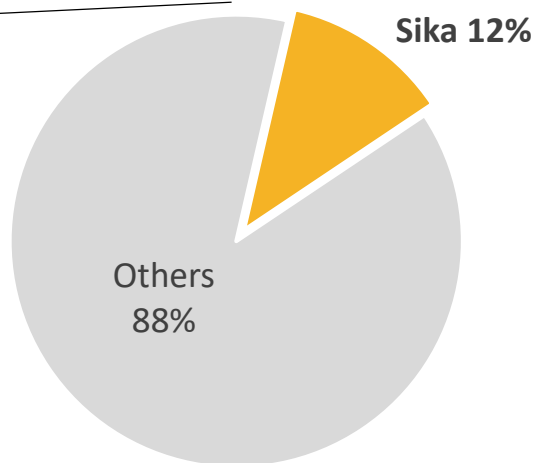
HIGH MARKET POTENTIAL

CONSTRUCTION CHEMICALS MARKET WILL GROW TO CHF 80 BILLION

Construction chemicals market 2020
Approx. CHF 70 billion



Construction chemicals market 2025
Approx. CHF 80 billion



+2.5% p.a.
market
growth

URBANIZATION AND GROWTH

UNLOCKING FURTHER POTENTIAL

An estimated

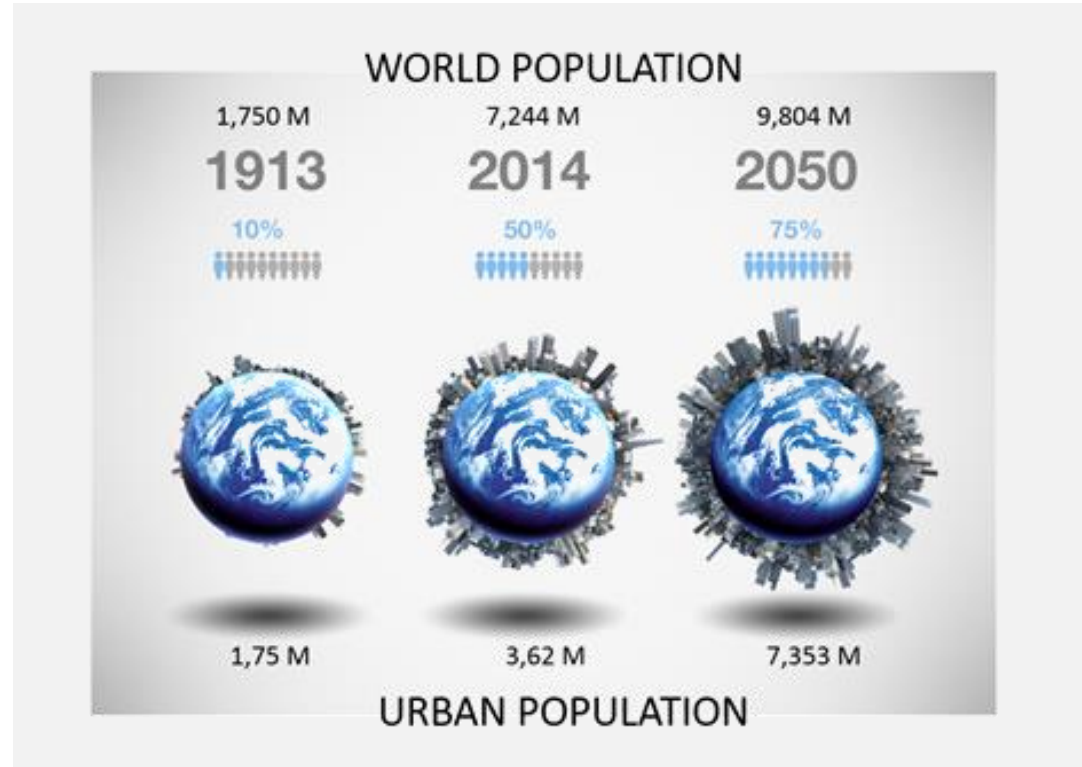
55%

of the world population lives in megacities

Annual infrastructure investment of

USD 400 BN

is needed in the USA to support population growth



URBANIZATION AND GROWTH

UNLOCKING FURTHER POTENTIAL

An estimated

55%

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in megacities

Annual infrastructure
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is needed in the USA to
support population growth

- Manufacturing and distribution boom
- Transition from “Brick & Mortar” to eCommerce
- Investments in everything from Civil Infrastructure to Data Centers

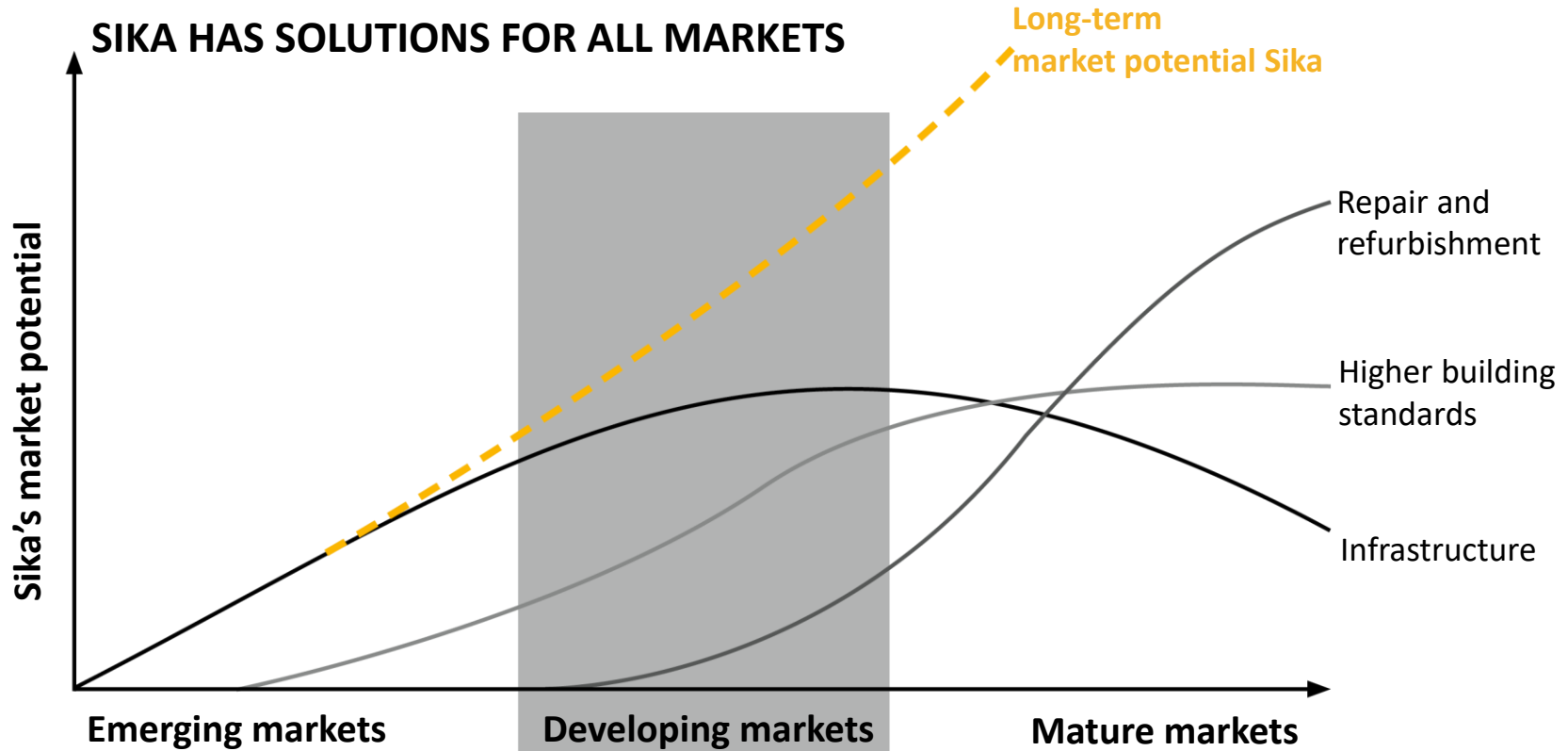


HIGH MARKET PENETRATION

PROJECT PENETRATION THROUGH CROSS-SELLING

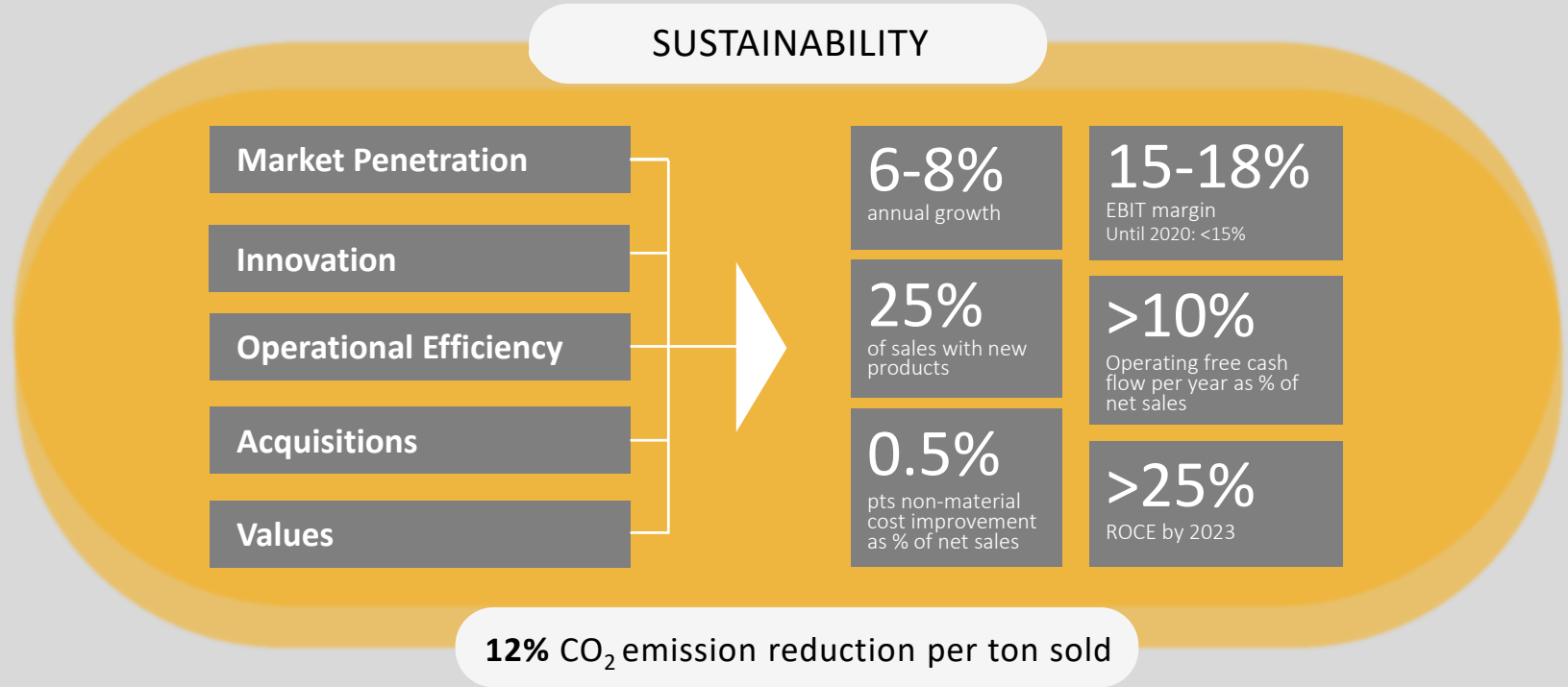


GROWTH MODEL WITH EARLY MARKET PENETRATION FROM NEW-BUILD TO REFURBISHMENT



SIKA'S GROWTH STRATEGY 2023

THE PILLARS OF THE STRATEGY



SUSTAINABLE STRATEGY

MORE VALUE, LESS IMPACT - SUSTAINABILITY TARGETS

SUSTAINABLE SOLUTIONS

We are leading the industry by pioneering a comprehensive portfolio of customer focused solutions, combining both higher performance and improved sustainability.

TARGET 2023

- All new product developments with "Sustainable Solutions"



CLIMATE PERFORMANCE

We run our business in a responsible way and mitigate climate change and its impacts.

TARGET 2023

- 12% reduction of CO₂-emissions per ton sold



COMMUNITY ENGAGEMENT

We build trust and create value – with customers, communities, and with society.

TARGET 2023

- 10,000 working days of volunteering work per year
- 50% more projects
- 50% more direct beneficiaries



MORE VALUE

LESS IMPACT

ENERGY

We manage resources and costs carefully.

TARGET 2023

- 15% less energy consumption per ton sold



WASTE / WATER

We increase material and water efficiency.

TARGET 2023

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



OCCUPATIONAL SAFETY

Sika employees leave the workplace healthy.

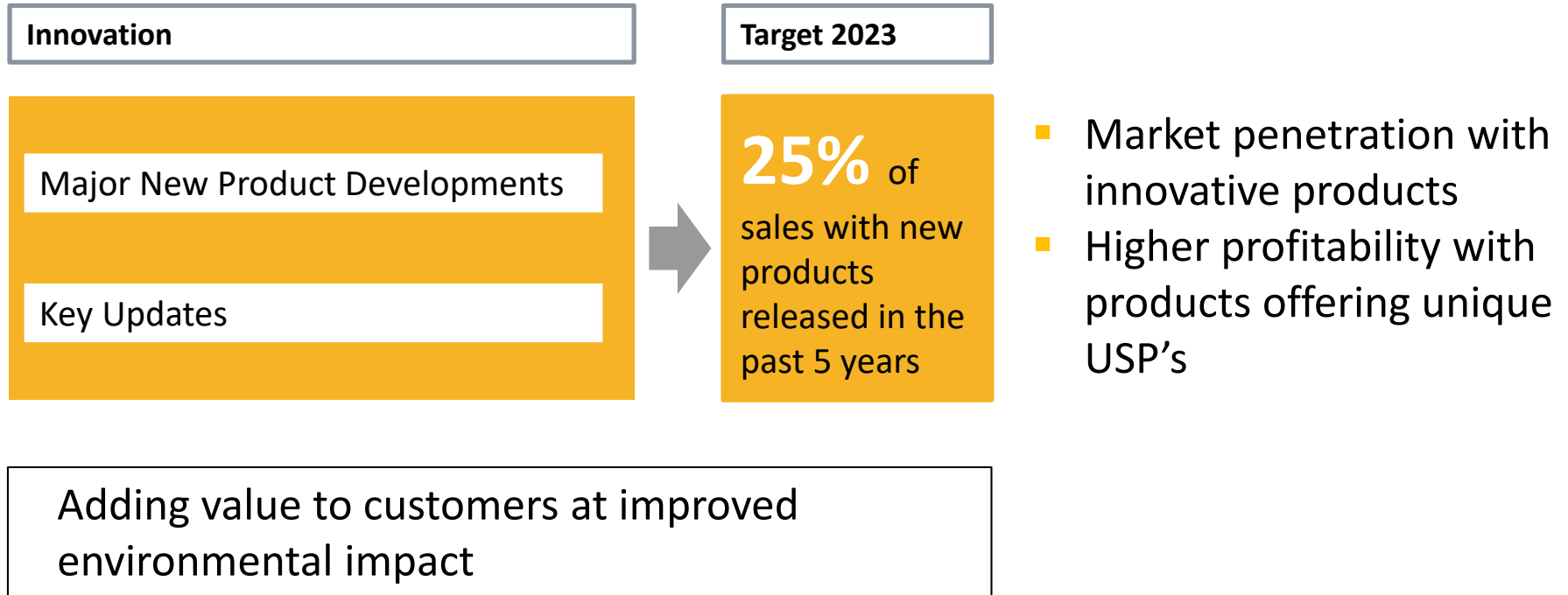
TARGET 2023

- 50% less accidents
- 0 fatalities



25% OF SALES WITH NEW PRODUCTS

INNOVATION AS KEY GROWTH AND PROFIT DRIVER



STRONG INNOVATION PIPELINE

MORE PERFORMANCE – MORE SUSTAINABLE

SUSTAINABLE SOLUTION = BETTER PERFORMANCE + SUSTAINABILITY BENEFITS

PERFORMANCE SOLUTION

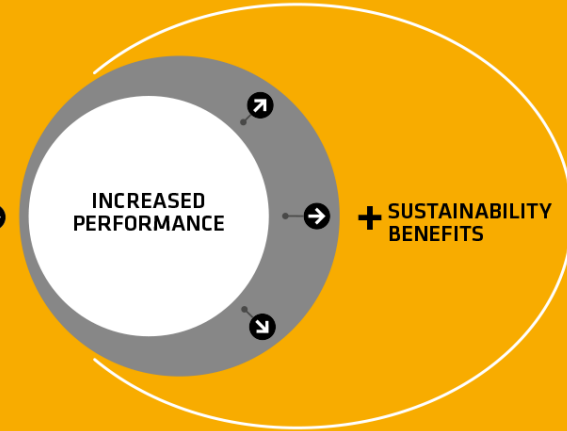


FOCUS ON ADDED VALUE

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



PERFORMANCE AND SUSTAINABILITY SOLUTION



SIKA OFFERS MANY SUSTAINABLE PRODUCTS AND SOLUTIONS USING LESS WATER, CONCRETE, AND CEMENT WITH Sika® ViscoCrete®

HIGH-STRENGTH CONCRETE WITH
Sika® ViscoCrete®

**REDUCES CONCRETE
CONSUMPTION**

AS THINNER CONSTRUCTIONS ARE
POSSIBLE

Sika® ViscoCrete® TECHNOLOGY
ALLOWS FOR

**REDUCTION OF CEMENT
CONTENT BY 25%**

ENABLING REPLACEMENT OF
CEMENT WITH FLY ASH AND SLAG



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



SIKA OFFERS MANY SUSTAINABLE PRODUCTS AND SOLUTIONS

SIKA REPAIR SOLUTIONS PROLONG THE LIFETIME OF STRUCTURES

SIKA SOLUTIONS FOR REPAIR AND
REFURBISHMENT

**STRENGTHEN, WATERPROOF,
INSULATE, PROTECT, AND REPAIR**
BUILDINGS AND STRUCTURES

SIKA REPAIR SYSTEMS

**PROLONGS LIFETIME, INCREASE
SAFETY AND ENERGY EFFICIENCY**

SIKA'S OFFERING INCLUDES:

STRUCTURAL STRENGTHENING SYSTEMS,
WATERPROOFING AND REPAIR MORTAR,
WATERPROOFING AND PROTECTIVE COATINGS.



SIKA OFFERS MANY SUSTAINABLE PRODUCTS AND SOLUTIONS

SIKA WATERPROOFING SYSTEMS PROTECTING AND SAVING WATER

SIKA WATERPROOFING SYSTEMS

**PREVENT LEAKAGE AND
CONTAMINATION**

OF DRINKING WATER IN WATER RESERVOIRS



SIKA WATERPROOFING SYSTEMS

**RESISTANT TO AGGRESSIVE
SUBSTANCES**

IN WASTE WATER TREATMENT PLANTS,
MAKE SURE NO CONTAMINATION TAKES PLACE



SYSTEMS INCLUDE PRODUCTS SUCH AS
Sika MonoTop®, Sikagard®, Sikaplan®, and
Sikalastic®

SIKA OFFERS MANY SUSTAINABLE PRODUCTS AND SOLUTIONS

ENERGY-SAVING, DURABLE ROOFING SOLUTIONS

SIKA SUPPLIES HIGHLY DURABLE, ROOT RESISTANT MEMBRANES FOR

GREEN ROOFS

- REDUCE URBAN HEAT ISLAND EFFECT AND IMPROVE AIR QUALITY
- INSULATING QUALITIES LEAD TO ENERGY SAVINGS
- NOISE POLLUTION REDUCTION
- SUPPORT BIODIVERSITY

SIKA SOLAR-REFLECTIVE MEMBRANES FOR

COOL ROOFS

REDUCE ENERGY CONSUMPTION BY UP TO

15%



ODORLESS, LOW-EMISSION

LIQUID APPLIED MEMBRANES

LONGEVITY

- WARRANTIES ACCORDING TO CUSTOMER REQUIREMENTS
- MANY SIKA ROOFS ARE **40 YEARS** AND OLDER

STRONG INNOVATION PIPELINE

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, CEMENT-FREE MORTARS

Thermal and phonic insulation
benefits, very easy to apply
+
Negative CO₂ footprint
(renewable), optimum interior
air comfort

SIKA AT THE FOREFRONT OF CONSTRUCTION

NEW TECHNOLOGIES CHANGE THE INDUSTRY

Sika's structural glazing changed the industry in 2000



The Gherkin, London

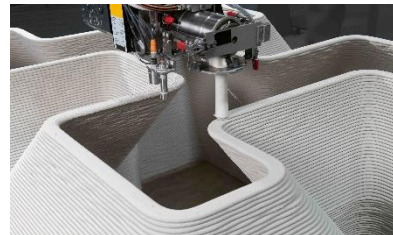
Sika's concrete admixtures make supertall skyscrapers possible



One Vanderbilt, New York

Digitalization and industrialization of construction with 3D concrete printing

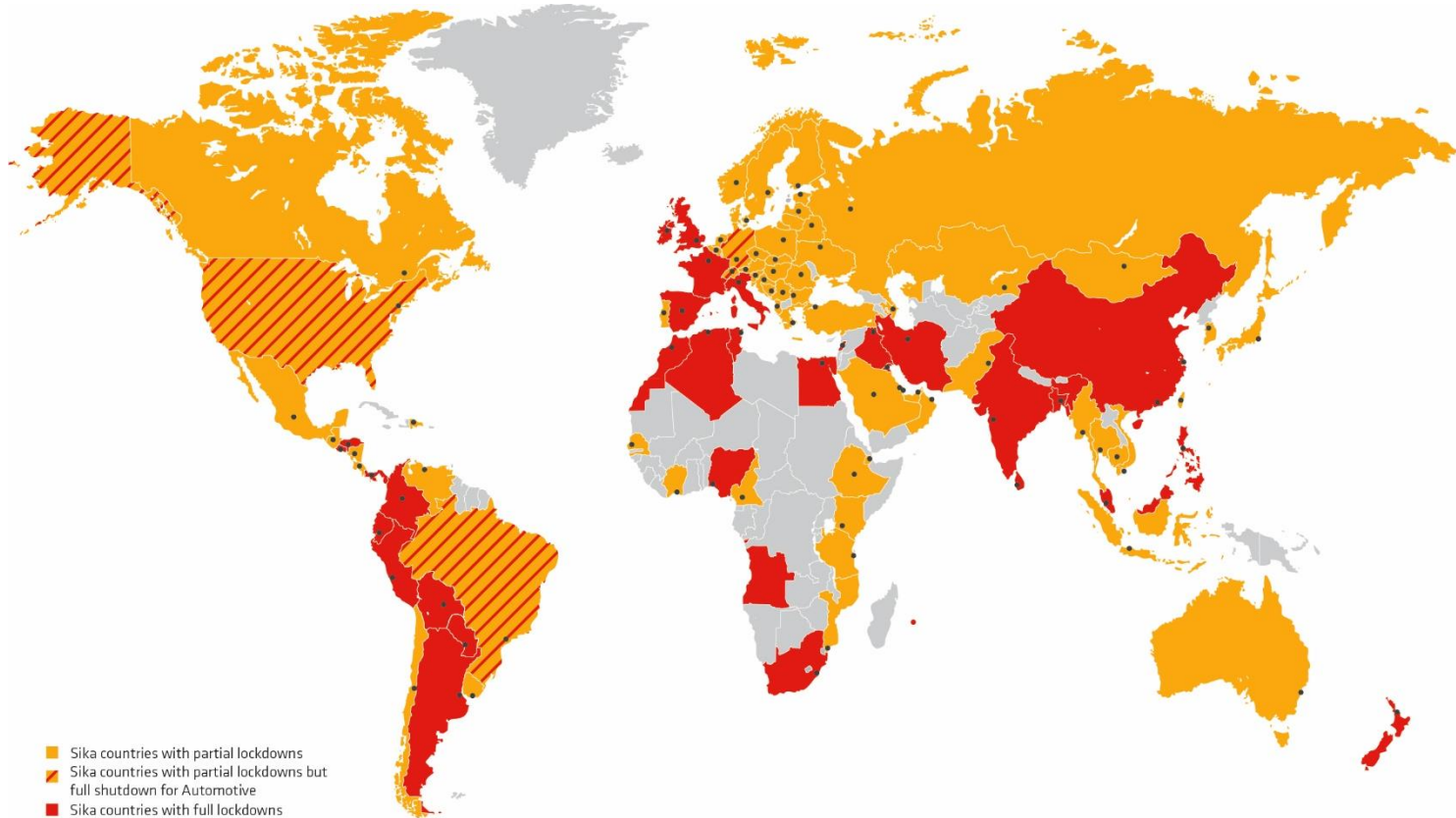
- First printers in use at customer sites to print concrete elements using Sika 3D mortar
- Components printed directly from plan, no costly and time-consuming need to erect framework
- New design opportunities for architects



CURRENT SITUATION

ALL SIKA COUNTRIES AFFECTED BY CORONAVIRUS PANDEMIC

35 COUNTRIES IN FULL LOCKDOWN FOR AROUND TWO MONTHS



MEASURES ADDRESSING PANDEMIC SITUATION

MAINTAIN HIGH FLEXIBILITY

Measures

Operational Agility	<ul style="list-style-type: none">General	<ul style="list-style-type: none">Strong local management teams in the countriesPreparation and response according to local situation which differs from country to country, scenario planningTaking advantage of local support measuresFocus on market opportunities, positive organic sales growth for the Group in JuneSika can profit from gradual reopening of construction sites around the world
Operating Profit & Cash Focus	<ul style="list-style-type: none">CapExCost StructuresWorking Capital	<ul style="list-style-type: none">Reduce/postpone non-critical CapExAdaptation of cost structure, reduction and postponement of expensesTight monitoring and management of Working Capital
Liquidity	<ul style="list-style-type: none">Cash BalanceCredit LineBond Maturity	<ul style="list-style-type: none">High cash balance of CHF 557.6 million (Half Year 2020)Fully committed credit lines (RCF) of CHF 1,250 million, no covenantsNo maturity until July 2021 (CHF 170 million)

OUTLOOK

OUTLOOK

CONTINUATION OF SUCCESSFUL GROWTH STRATEGY

- Confirmation of 2023 strategic targets for sustainable, profitable growth
- In June, Sika has seen a further improving trend in construction markets and sales volumes are steadily returning to normal levels. Global construction activity is gaining momentum thanks to the gradual reopening of construction sites around the world.
- Outlook for the second half of the year: Sika is expecting more favorable market conditions. With the anticipated improvement in sales volumes, the company expects an over-proportional EBIT increase for the second half of the year.



THANK YOU FOR YOUR ATTENTION

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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

Any statements regarding earnings per share growth are not a profit forecast and should not be interpreted to mean that Sika's earnings or earnings per share for this year or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Sika.

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