



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

SIKA INVESTOR PRESENTATION  
JANUARY 2020

BUILDING TRUST



# HIGHLIGHTS SALES 2019

BUILDING TRUST



# 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%

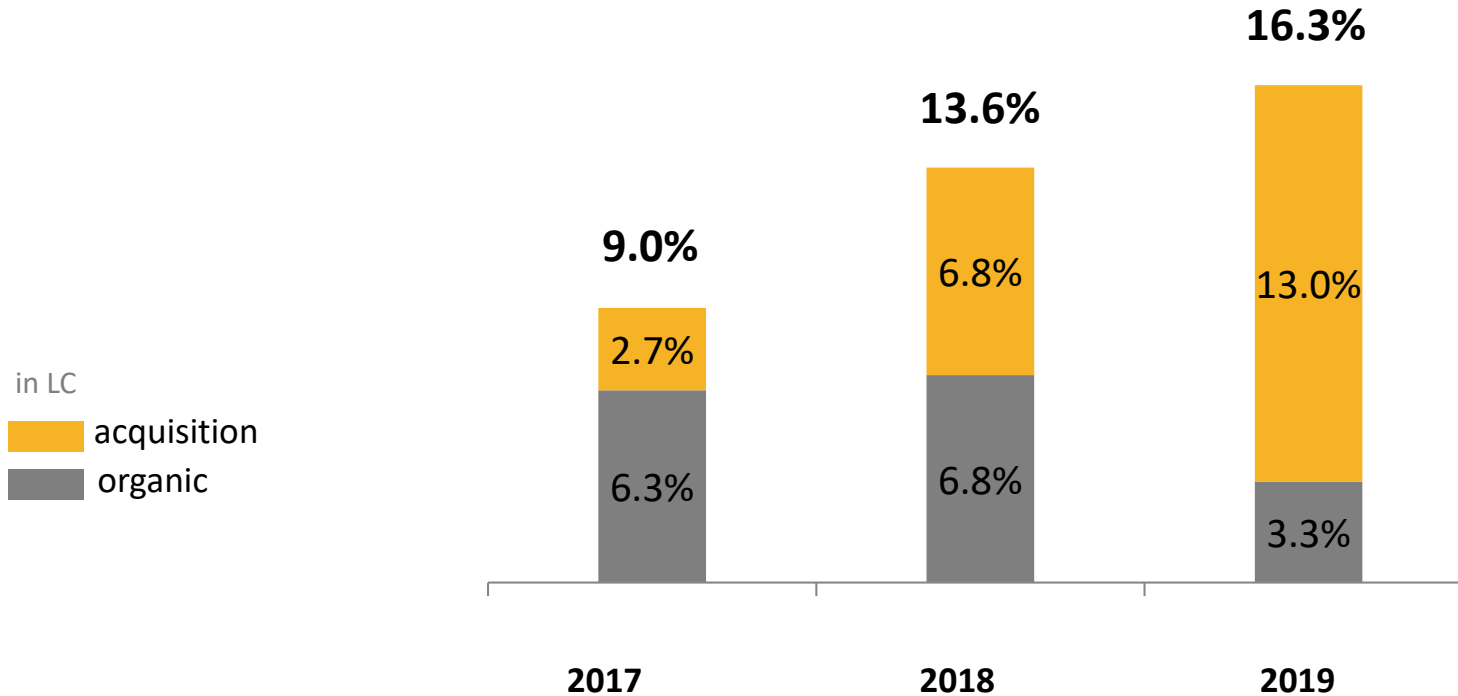
### 2. Key investments

- 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

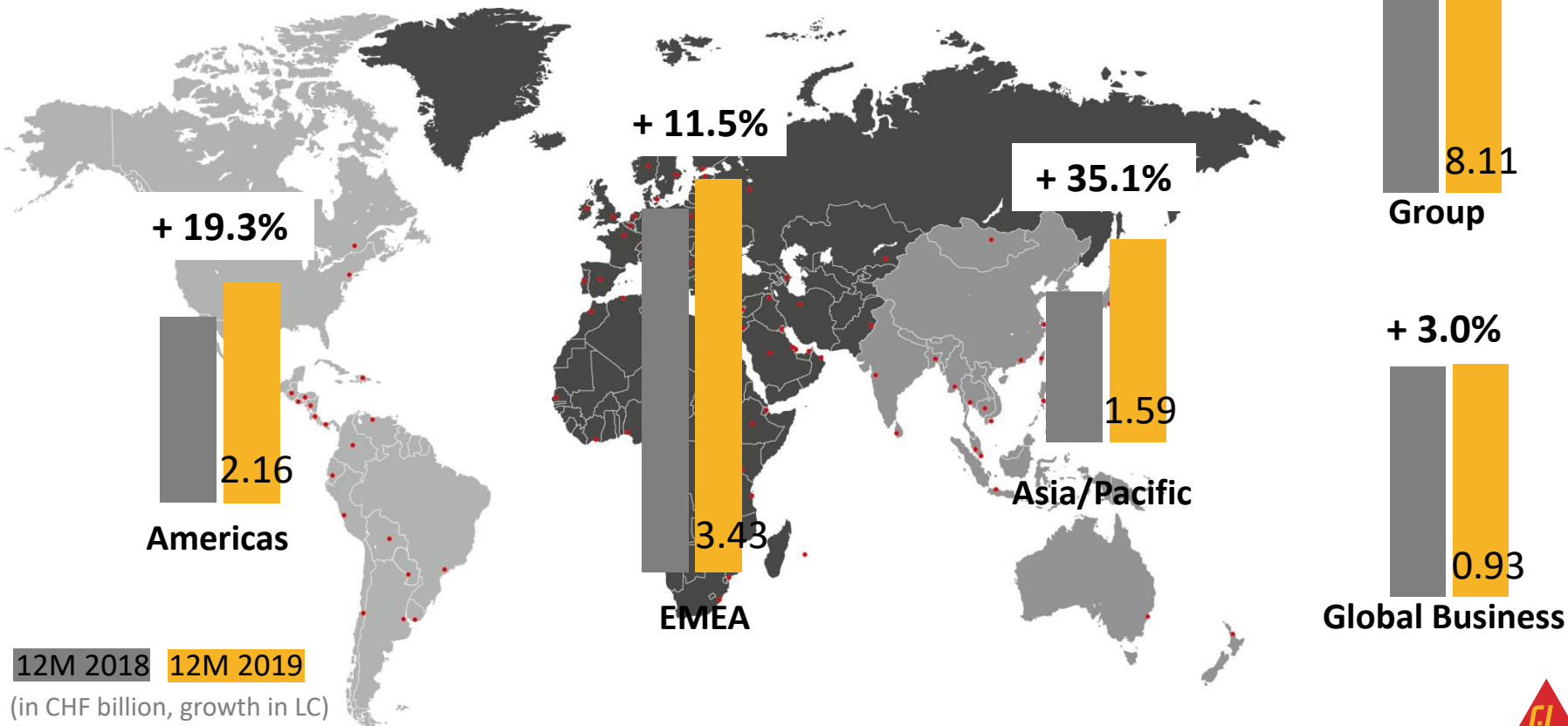
# 16.3% SALES GROWTH IN 2019



\*Sales growth of acquired businesses since initial consolidation is included in organic growth

# STRONG GROWTH MOMENTUM CONTINUES

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



# SALES 2019

## GROWTH IN ALL REGIONS

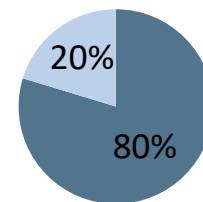
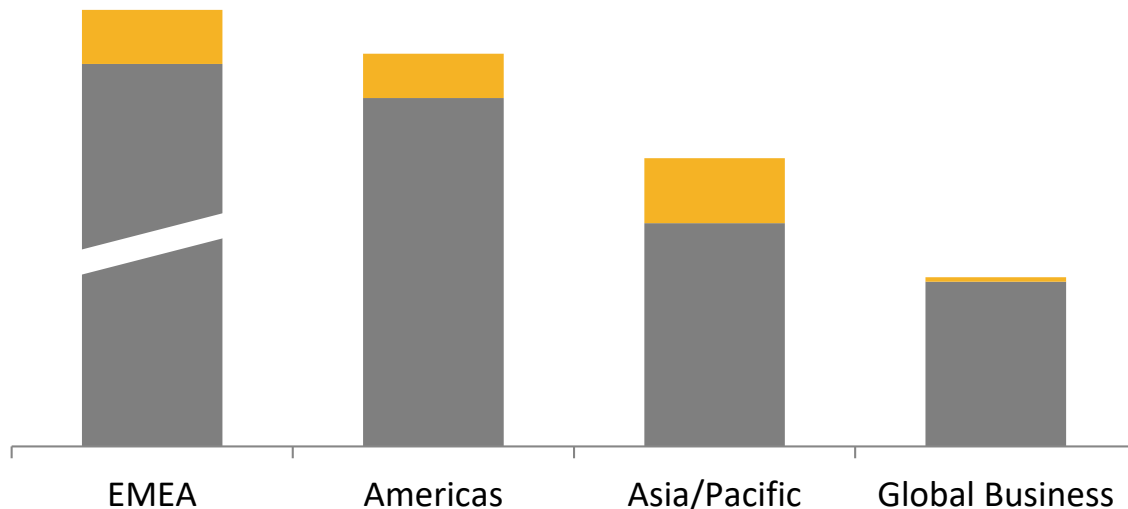
+8.3%	+18.7%	+34.7%	+1.1%
+11.5%	+19.3%	+35.1%	+3.0%
-3.2%	-0.6%	-0.4%	-1.9%
+9.4%	+13.4%	+30.3%	+2.6%



Growth in CHF

Growth in LC

FX impact

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

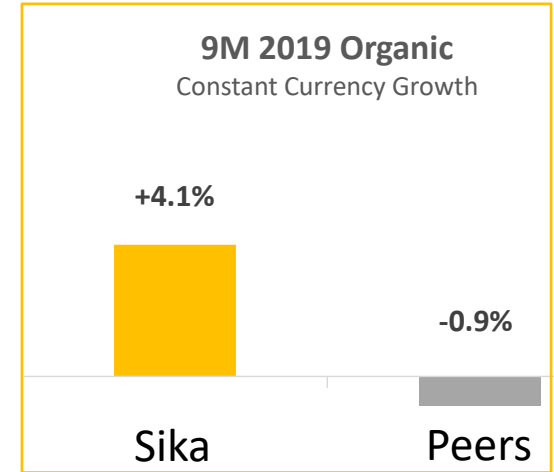
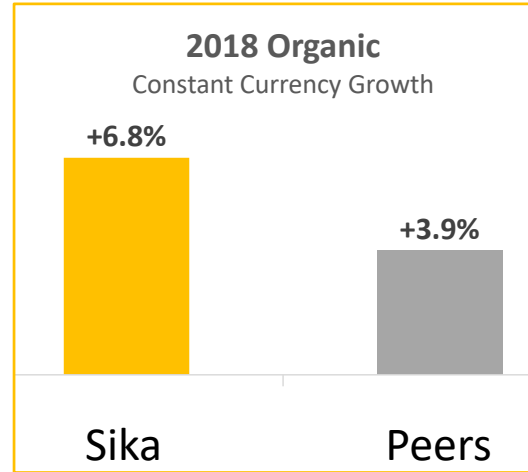
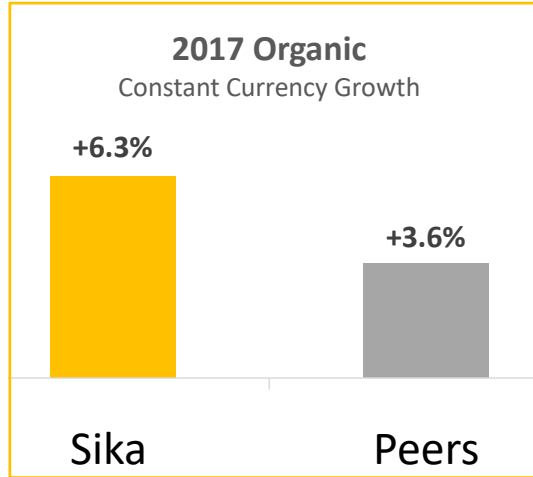
## CROSS-SELLING

CHF 230 million of  
revenue targeted  
with over 100  
projects



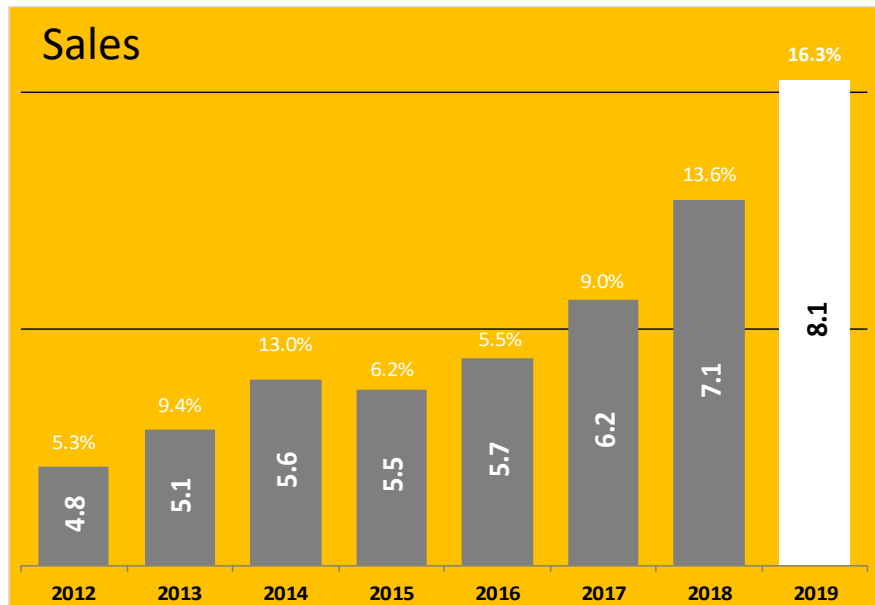
# SIKA CLEARLY OUTPERFORMS COMPETITORS

## ORGANIC GROWTH SIGNIFICANTLY ABOVE PEERS IN THE PAST YEARS

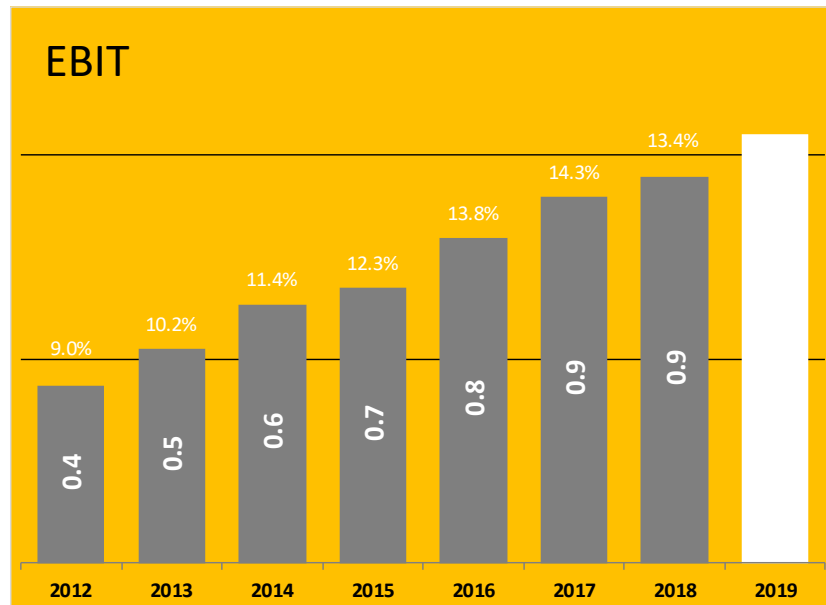


# STRONG TOPLINE GROWTH AND EBIT GROWTH IN THE LAST YEARS

## PERFORMANCE FROM 2012 TO 2019



(in CHF bn, growth in LC)



(in CHF bn, in % of net sales)

# STRATEGY 2023

BUILDING THE FUTURE

BUILDING TRUST

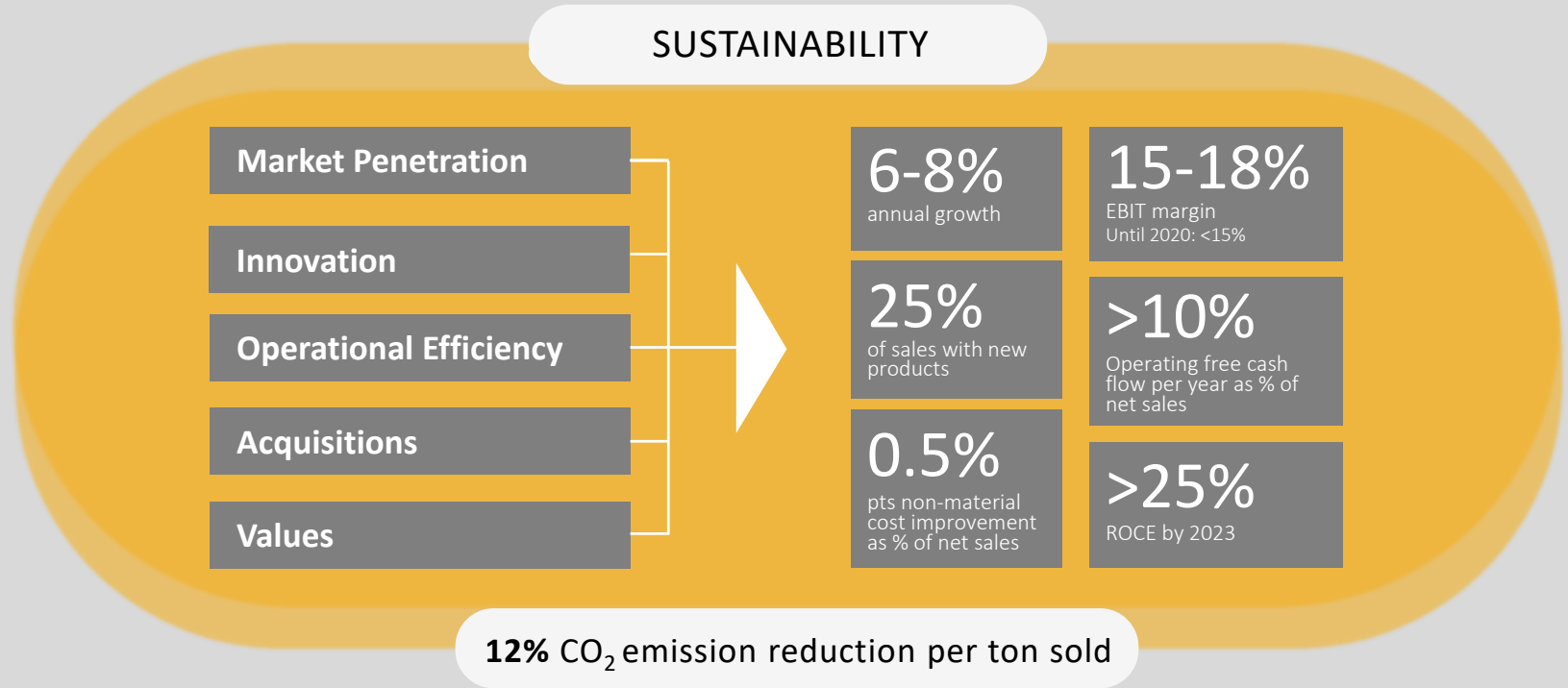


# STRATEGY 2023

- 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

## 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



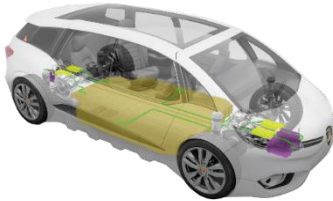
SIKA WATERPROOFING SYSTEMS PROTECT AND SAVE WATER

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 ENERGY 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% CO<sub>2</sub> 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 CO<sub>2</sub>-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%

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# MAJOR MEGATRENDS SUPPORTING SIKA'S GROWTH

## NO NEGATIVE DISRUPTION – UNLOCKING FURTHER POTENTIAL

TECHNOLOGY  
ADVANCEMENT



EXPLODING  
URBANIZATION



ECONOMIC POWER  
SHIFT



CLIMATE CHANGE,  
SHORTAGE OF  
RESOURCES



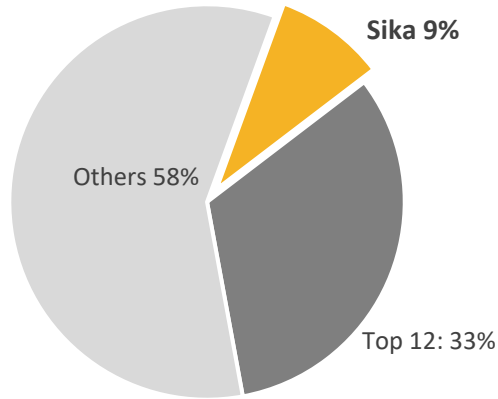
CHANGING  
DEMOGRAPHICS



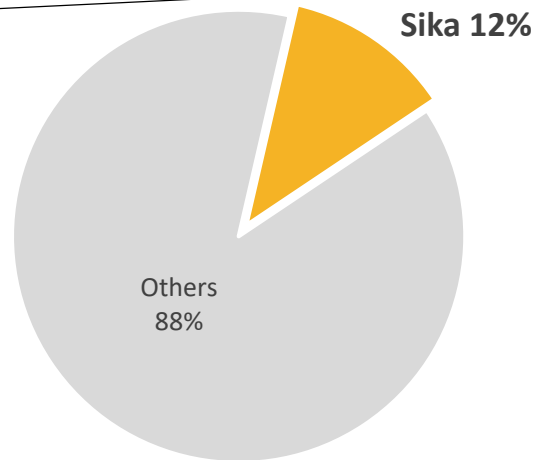
# MARKET PENETRATION

## CONSTRUCTION CHEMICALS MARKET WILL GROW TO CHF 80 BILLION

Construction chemicals market 2018  
Approx. CHF 70 billion



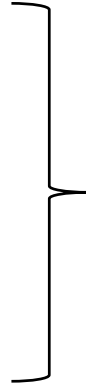
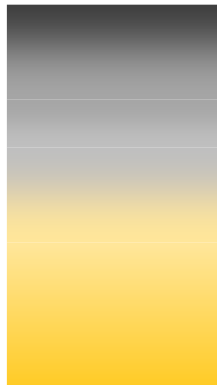
Construction chemicals market 2025  
Approx. CHF 80 billion



+2.5% p.a.  
market  
growth

# MARKET PENETRATION

## OPERATING MODEL BASED ON MULTILAYERED GROWTH

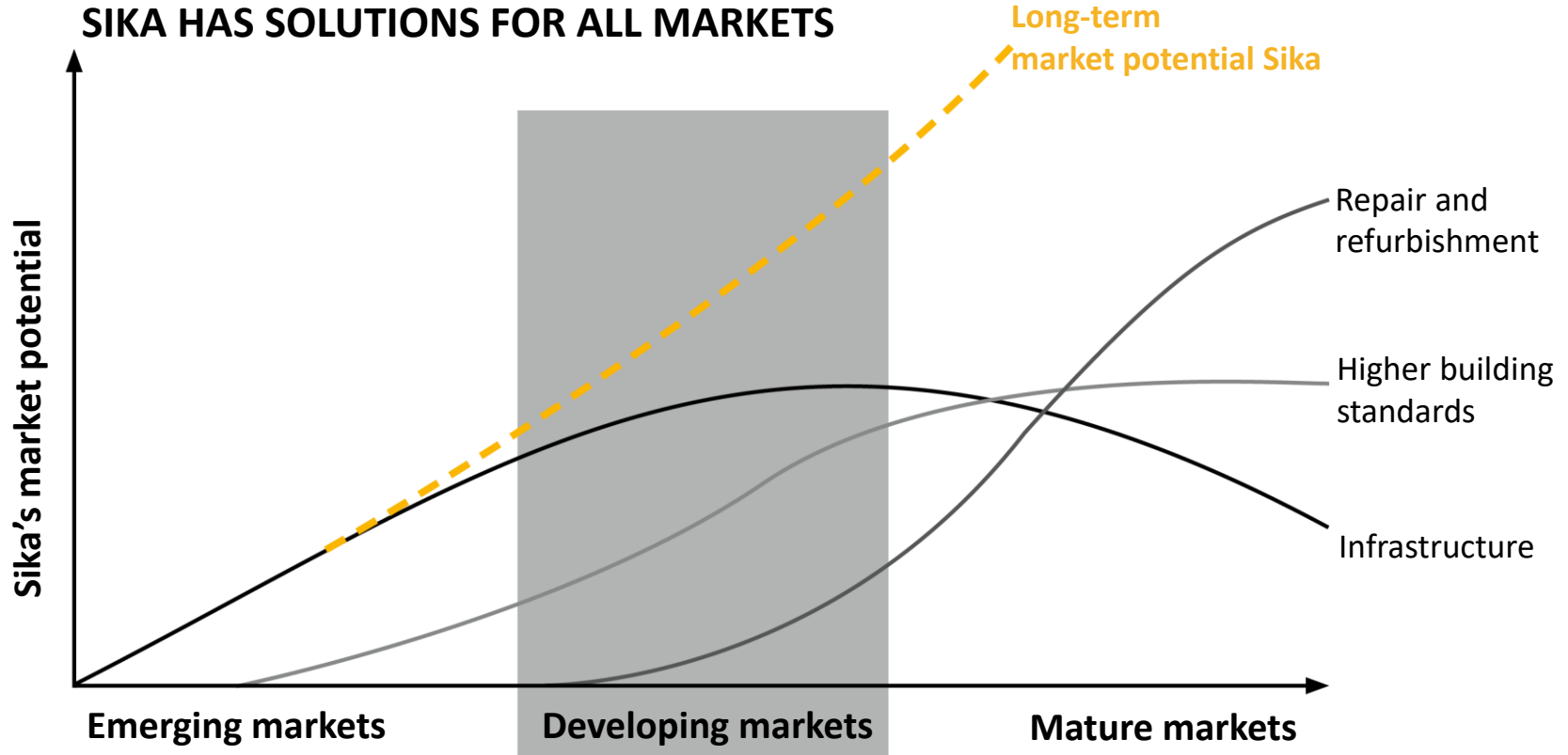


6-8% sales growth p.a.

- Acquisitions
- Market Penetration
- Structural Growth
- Market Growth

- Capturing structural growth driven by mega-trends, conversion, building standards etc.
- Key Project Management, Cross-selling and multi-channel approach driving market penetration
- M&A to close market access gaps, improving growth profile over time

# 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



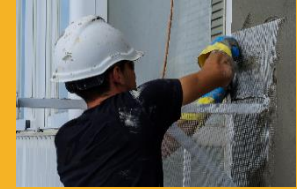
Waterproofing



Roofing



Building Finishing



Flooring & Coating



Sealing & Bonding



Refurbishment



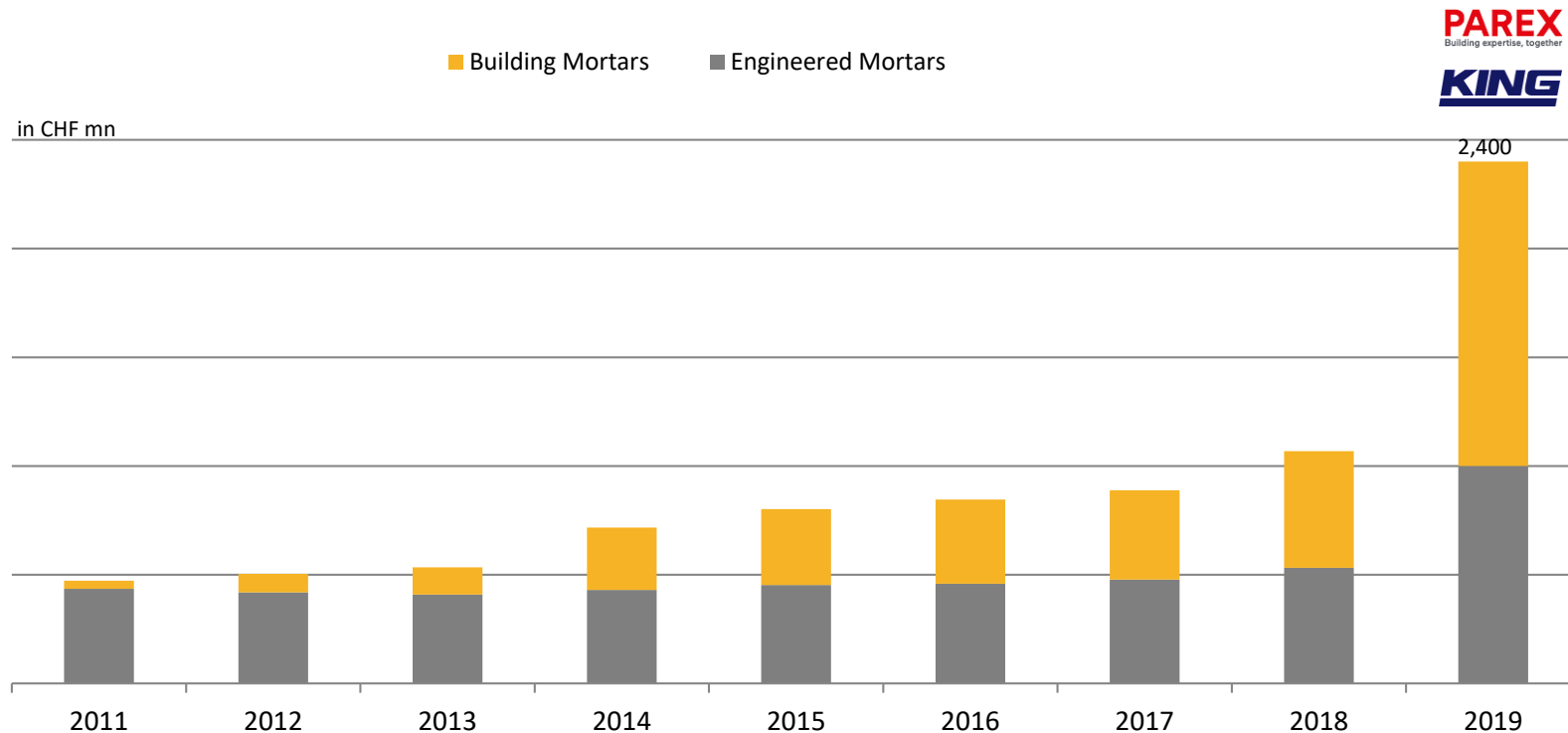
Industry





# 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

# 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

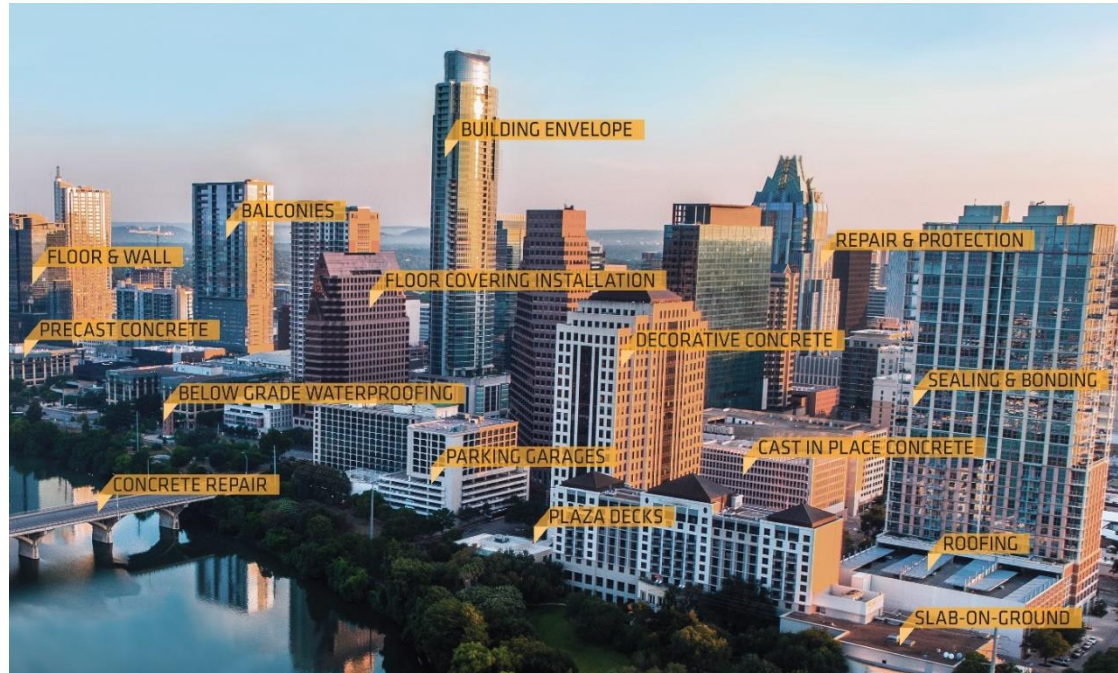
## INCREASE PROJECT PENETRATION

- 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

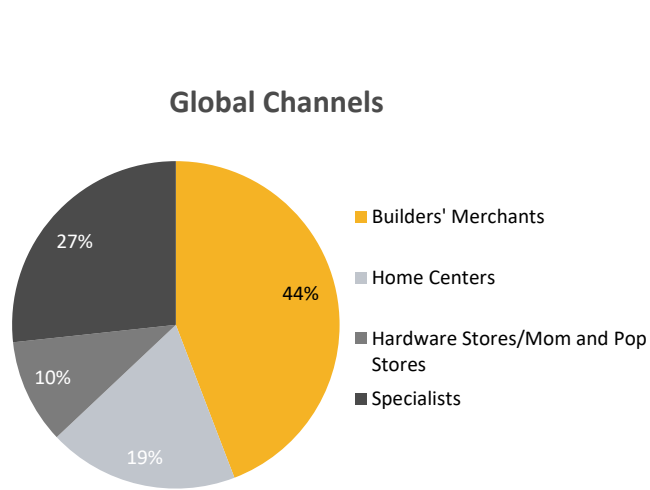
Estimated average: 0.5%

Estimated additional potential: 1-2%



# MARKET PENETRATION – CHANNEL PENETRATION

## DISTRIBUTION: LARGE POTENTIAL TO GROW

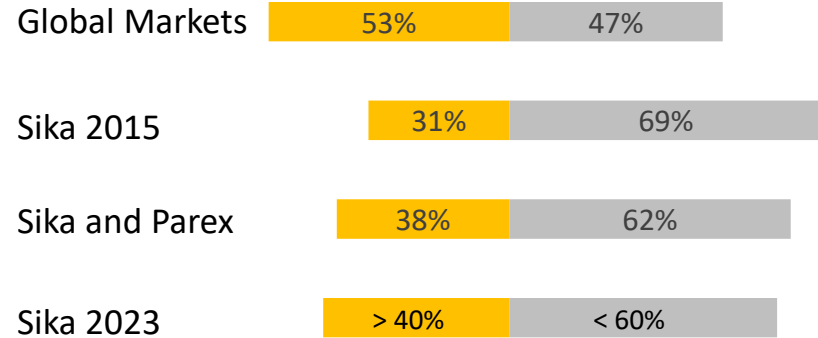


4 main Distribution channels with growth opportunities

➔ through increased penetration of **physical stores**

➔ build-up of online channel with **CHF 100 million** sales by 2023

■ Distribution ■ Direct



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

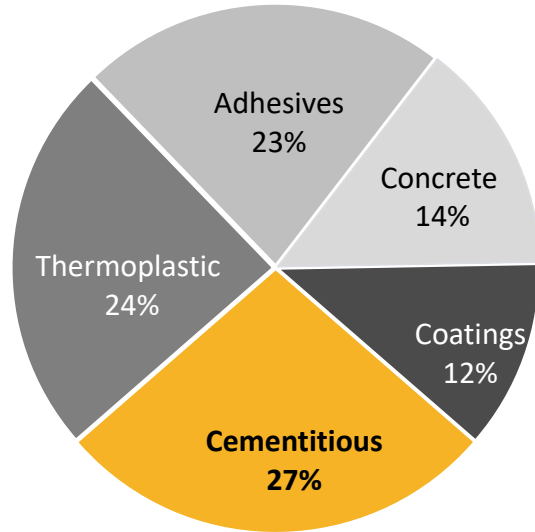
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# SIKA'S 5 CORE TECHNOLOGIES

## KEY INNOVATION MOVES 2023

- Launch first new basic PU with unique performance
- New Sika Hybrid Technologies
- Expand Adhesion Range



- Launch of best in class membrane
- Thermoplastic-concrete hybrid
- PP concrete fibers, hybrid bitumen

- Next generation concrete additives
- Industry leading cement additives
- 3D concrete printing

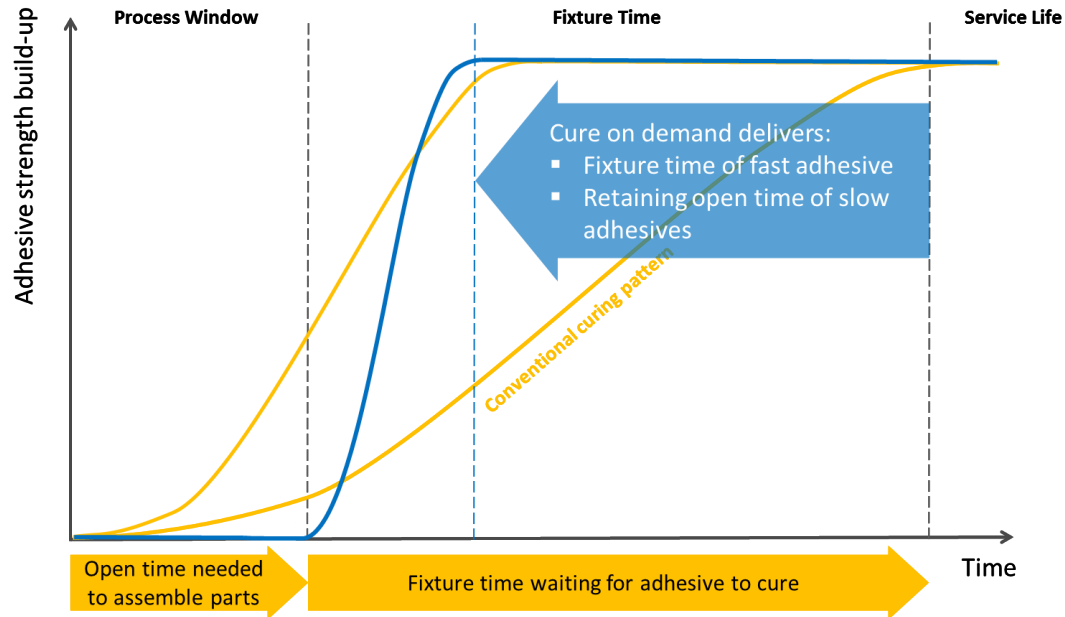
- Novel patented building blocks
- Performance Water-based coatings

- High performance mortars
- Novel additives + mortar knowhow
- Low cement mortars

# CURING ON DEMAND – SIKA WINNER OF SWISS TECHNOLOGY AWARD

## REVOLUTIONARY ADHESIVE CURING TECHNOLOGY

Delivers unparalleled process optimization



**Groundbreaking** curing technology designed for structural adhesives.

The cure mechanism enables Sika to formulate extremely fast curing adhesives with **customizable working and curing times.**

- Unmatched snap cure effect to reduce fixture times
- Variability in working and open times (short > long)
- Unique intellectual property of Sika



# CURING ON DEMAND

## EXAMPLE – BUS MANUFACTURER



Adhesive	open time	Strength after 4h	Strength after 24h
Adhesive used in the beginning	15 min	0.45 MPa	1.8 MPa
SikaForce-803	45 min	> 4 MPa	> 6 MPa

4 worker needed for adhesive application

Wait > 24h until moving the bus further

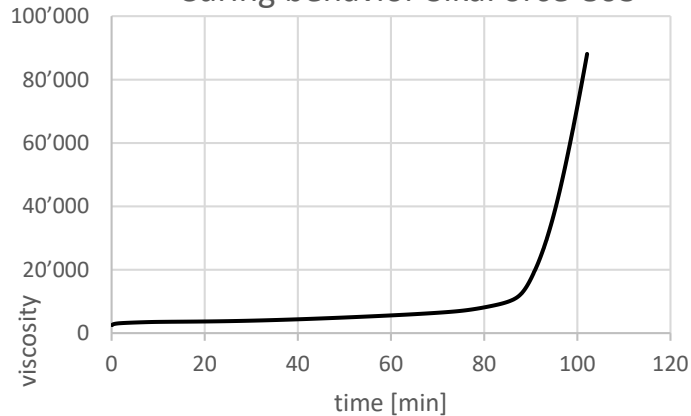
1 worker needed for adhesive application

Wait 2h until moving the bus further

Cost saving

Time saving

Curing behavior SikaForce-803



# 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

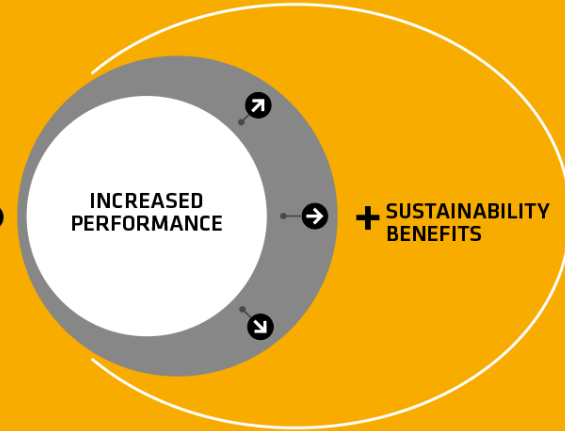


FOCUS ON ADDED VALUE

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 CO<sub>2</sub> footprint  
(renewable), optimum interior  
air comfort

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

OPERATIONAL EFFICIENCY  
MORE THAN OPERATING LEVERAGE

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# OPERATIONAL EFFICIENCY

## 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



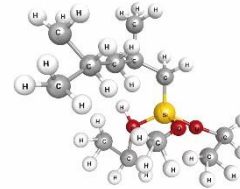
Operations /  
Factory Efficiency



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



Investment of CHF 1 million in new automation for bottling line

Future



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

- **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

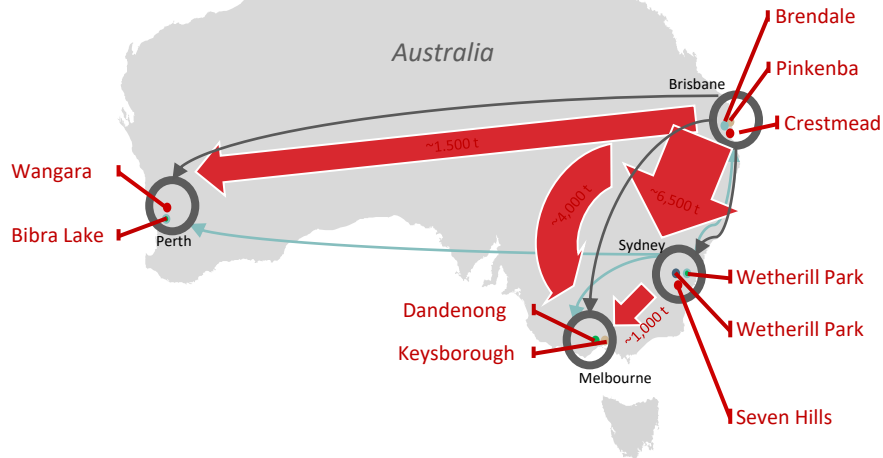
Total **savings** in the US of **CHF 4.2 mn** from 2020 onwards

# 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

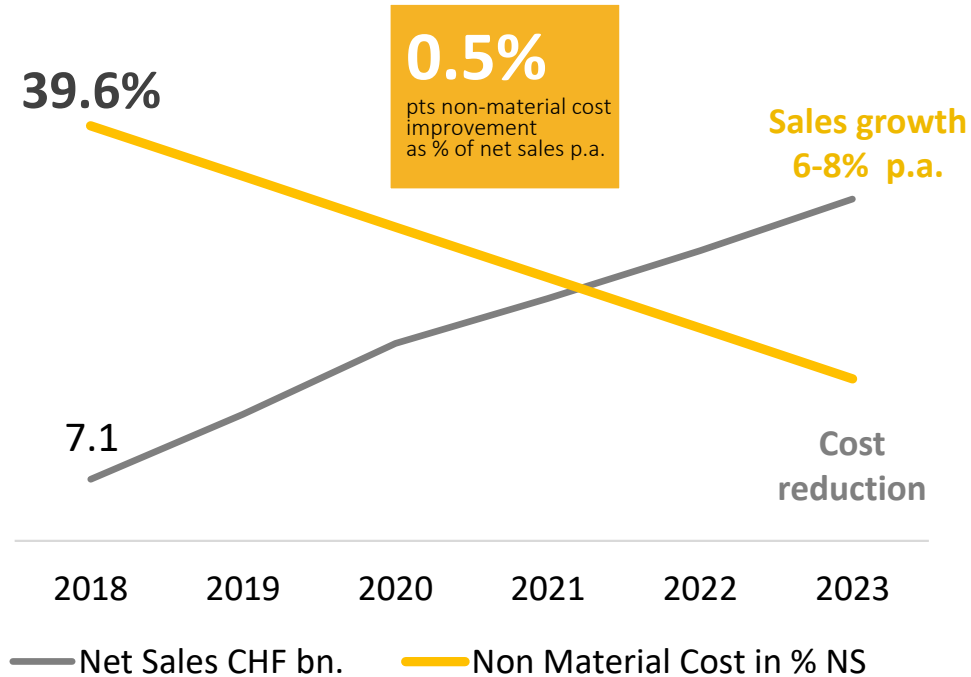
**6** plants (of which 4 mortar plants)  
**5-6** warehouses  
**67%** utilization  
**2k** t of mortars shipped





# 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

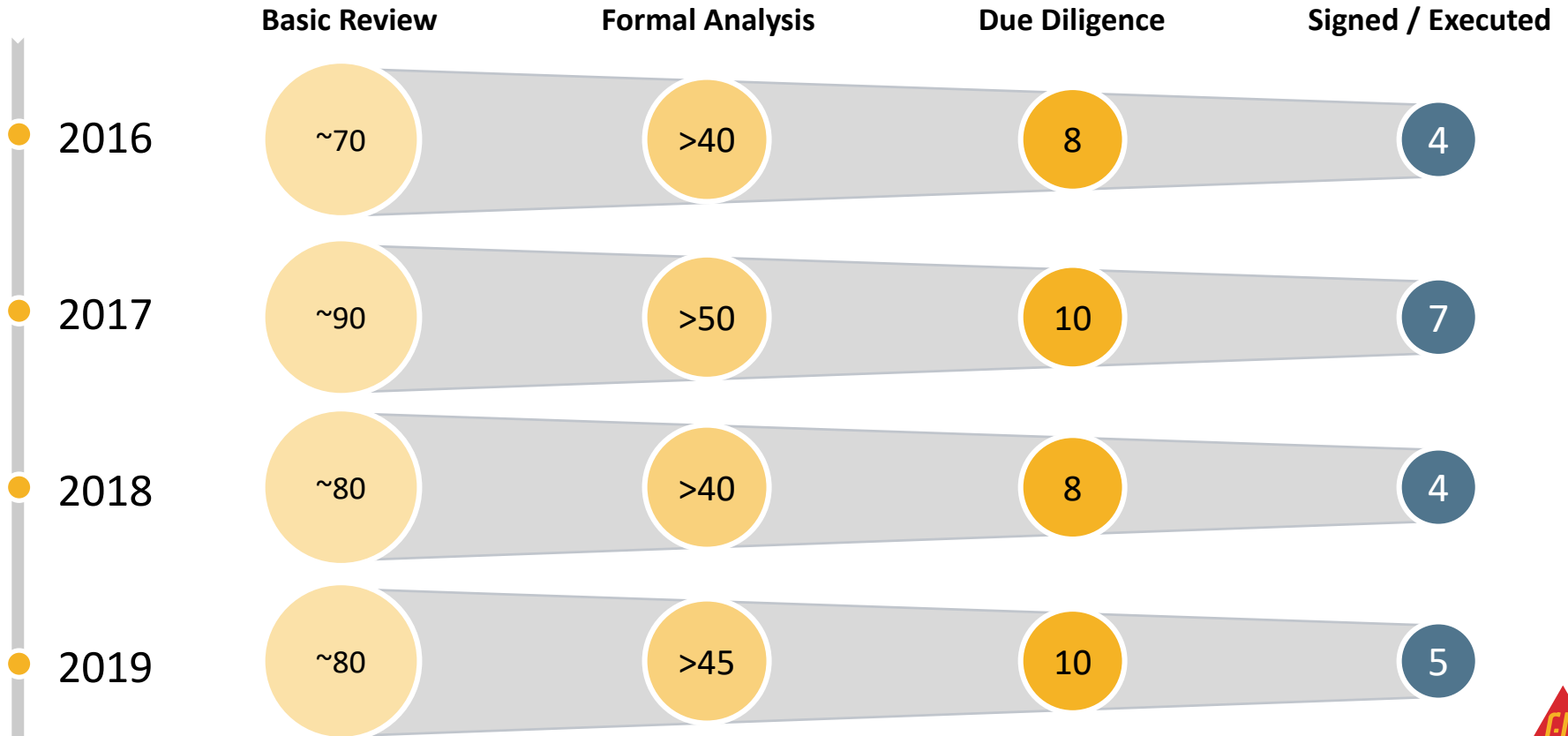
GROWTH PLATFORMS

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# EXTERNAL GROWTH

## DEAL FLOW AND ACQUISITION FUNNEL

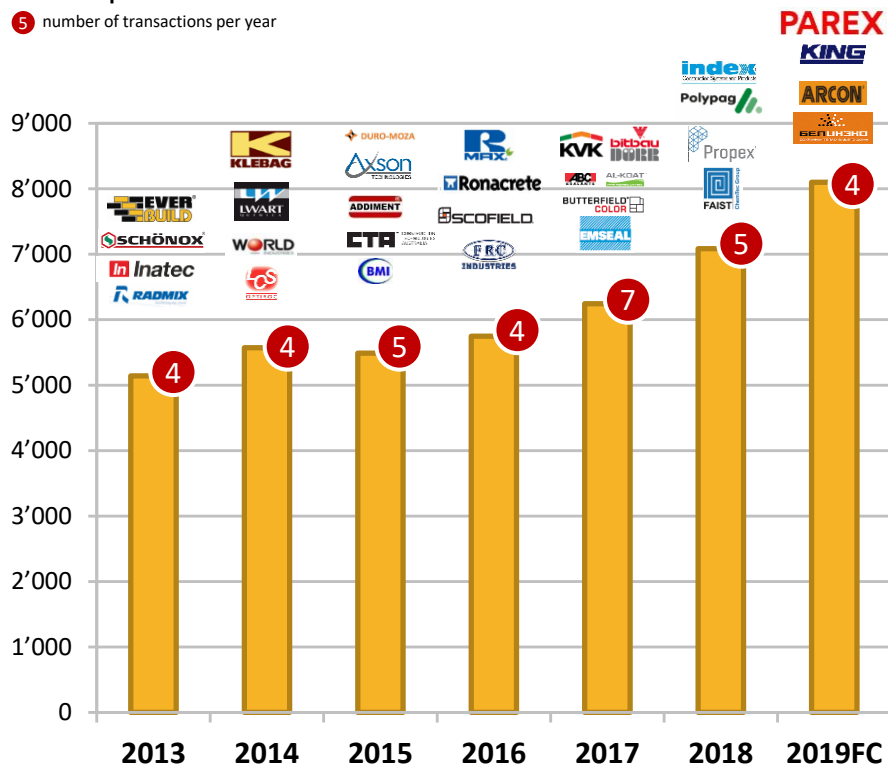


# SUCCESSFUL STRATEGIC LEVER

## 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

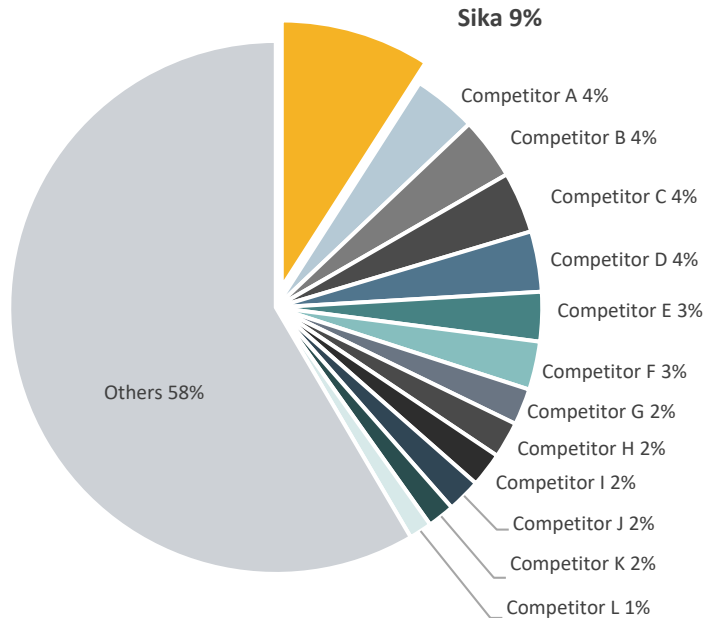
Major **growth driver** enabling market penetration through:

- 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

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# 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.



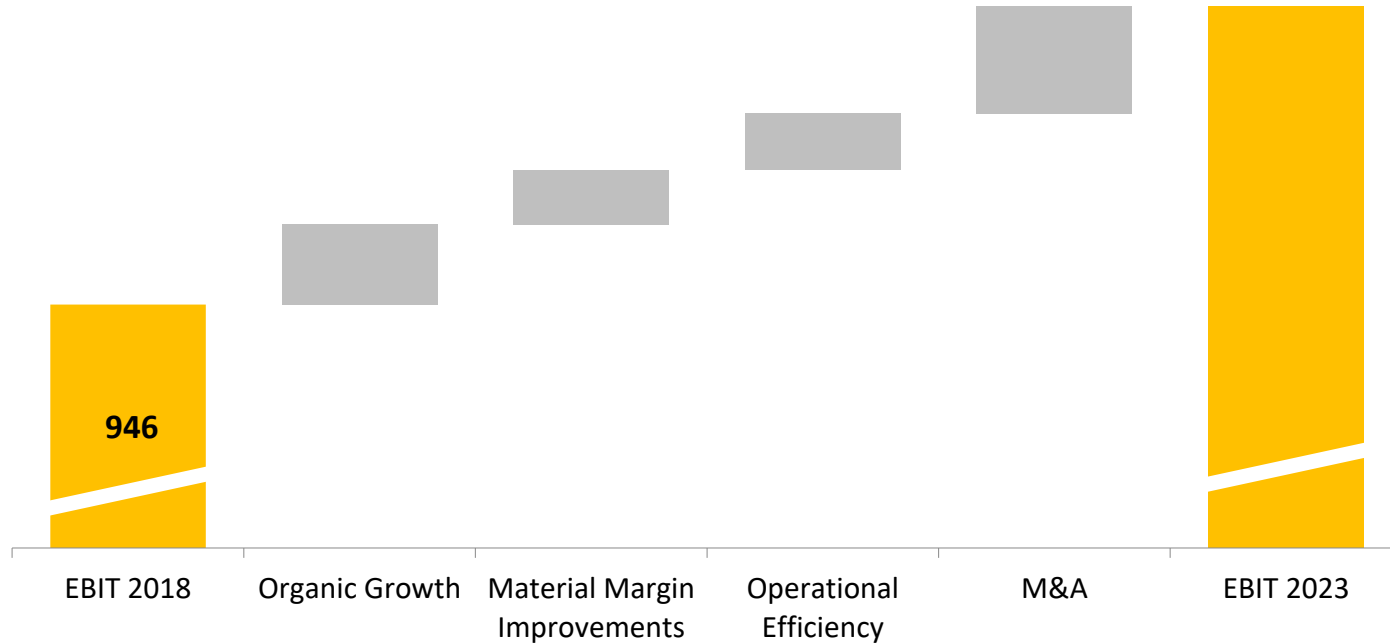
# PROFITABILITY TARGETS



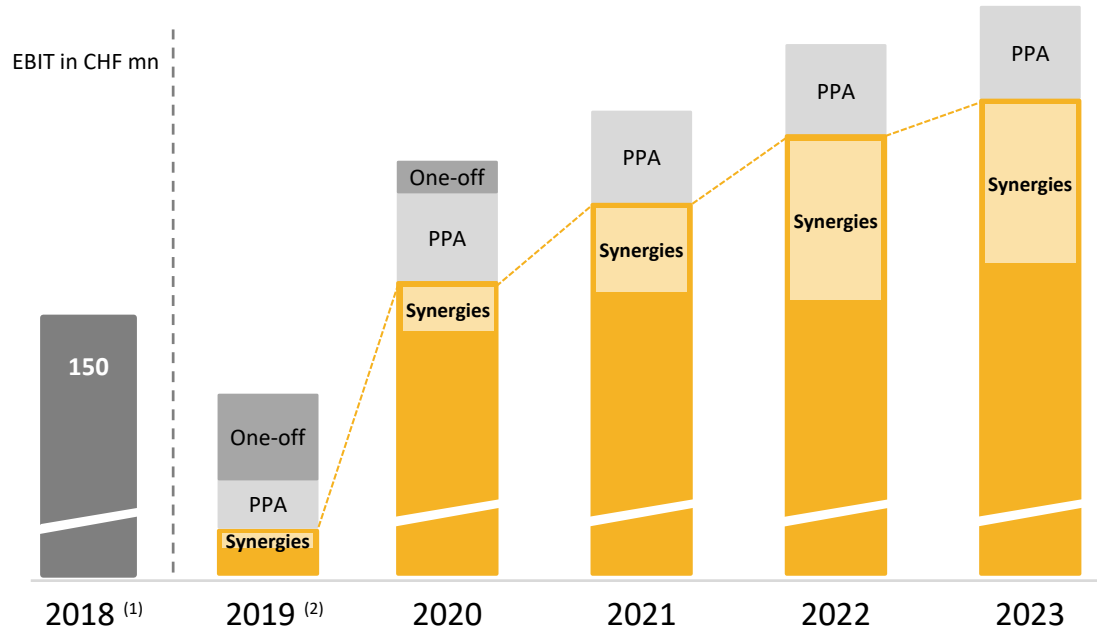
# EBIT MARGIN OF 15%-18%

## 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

# 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
- Outlook 2020: In line with strategic targets 2023, sales growth of 6-8% in local currency and over-proportional EBIT increase are expected

# 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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