



# RECORD SALES AND PROFIT, GROWTH IN ALL REGIONS IN THE FIRST NINE MONTHS 2016

SIKA INVESTOR PRESENTATION  
DECEMBER 2016

BUILDING TRUST



# 1. HIGHLIGHTS AND RESULTS

# RECORD SALES AND PROFIT, GROWTH IN ALL REGIONS

## BUSINESS UPDATE 2016

- Sales growth first nine months of 6.3% (5.8% in CHF)
- EBIT first nine months improved by 20.6% (+ CHF 101 million) and net profit rose by 22.9% posting new record values
- Q3 with new quarterly record in operating EBIT margin of 15.6% (previous year: 13.7%), 19th consecutive quarter of margin improvement
- 8 new production plants in Greece, Myanmar, Cambodia, Canada, Thailand, Ecuador, Australia and Brazil
- New national subsidiaries in Kuwait, Nicaragua, Cameroon and Djibouti – now 97 countries with own Sika operations
- 3 acquisitions: L.M. Scofield (USA), FRC Industries (USA) and Ronacrete (HKG)
- The Cantonal Court of Zug dismissed all claims of SWH
- Confirmation of annual targets

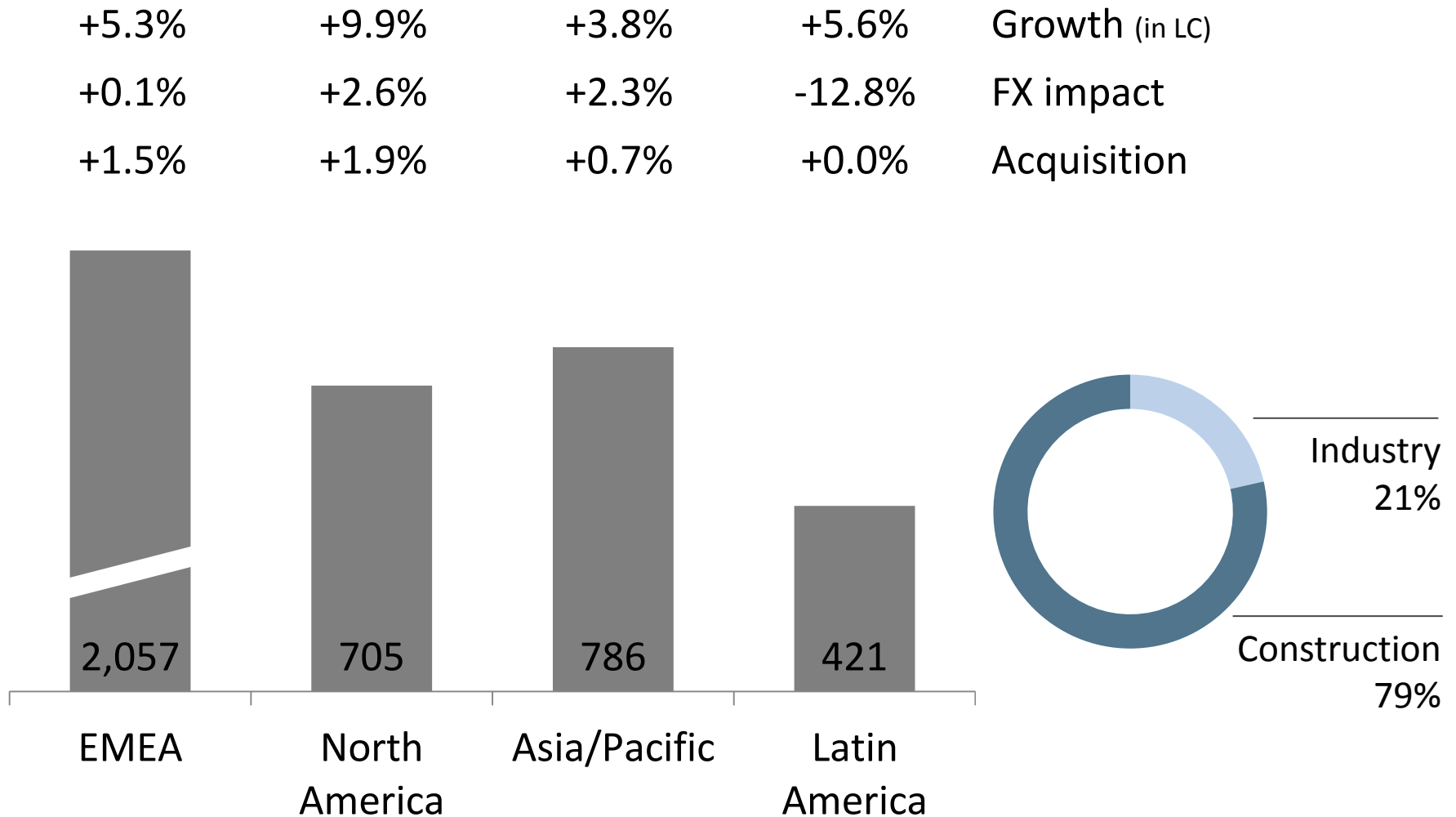
# KEY FIGURES NINE MONTHS 2016

## DISPROPORTIONATELY HIGH INCREASE IN PROFIT

in CHF mn	2015	2016	Δ %
<b>Net sales</b>	<b>4,095.0</b>	<b>4,331.8</b>	<b>+5.8%</b>
Gross results as % of net sales	54.0	55.3	
EBITDA	612.8	719.5	+17.4%
<b>EBIT</b>	<b>490.2</b>	<b>591.2</b>	<b>+20.6%</b>
Net profit	338.2	415.5	+22.9%
<b>Operating free cash flow</b>	<b>234.0</b>	<b>336.4</b>	<b>+43.8%</b>
<b>ROCE in %</b>	<b>23.3</b>	<b>27.1</b>	

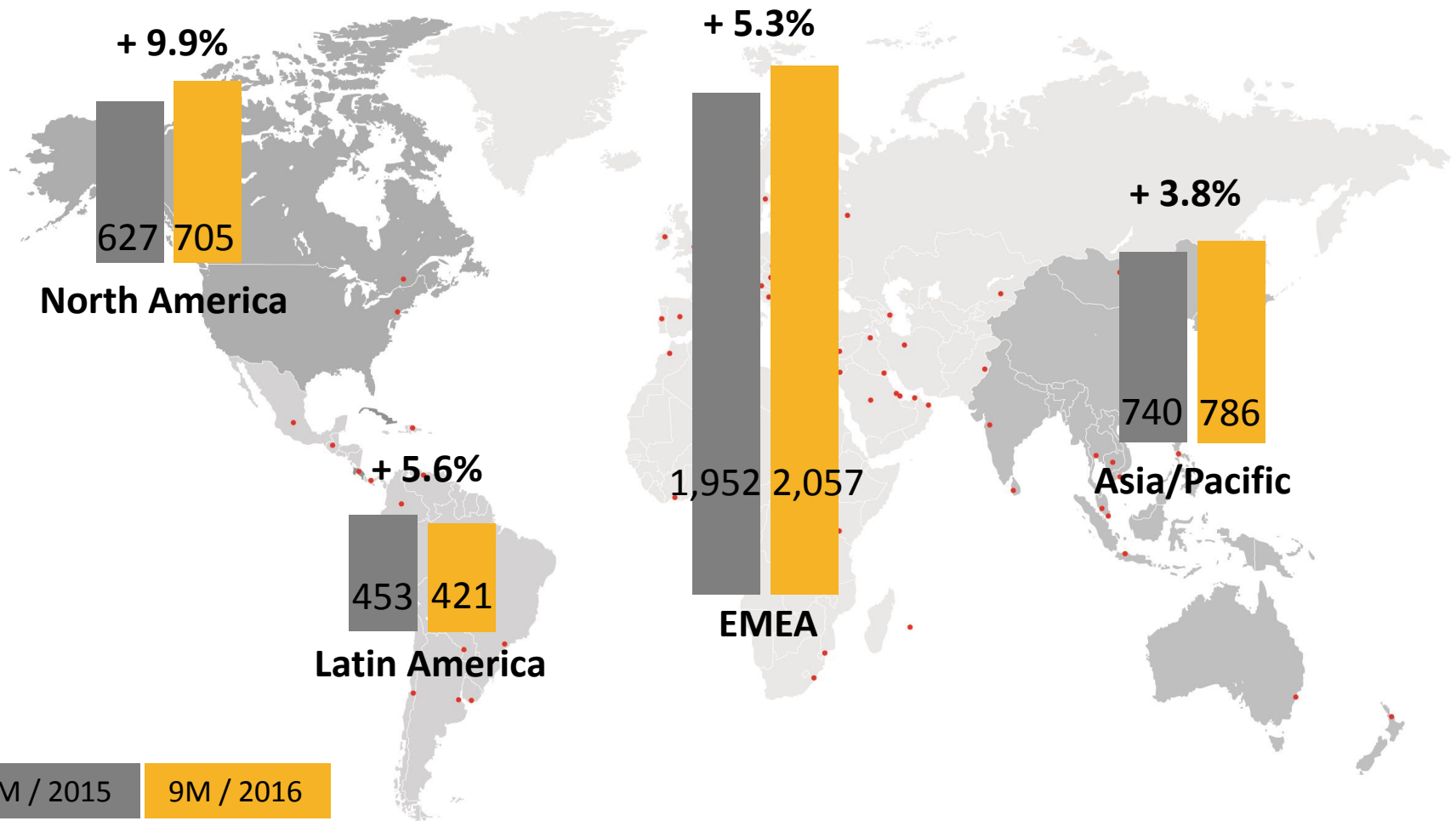
# SALES NINE MONTHS 2016

## GROWTH IN ALL REGIONS



# GROWTH MOMENTUM CONTINUES NINE MONTHS 2016

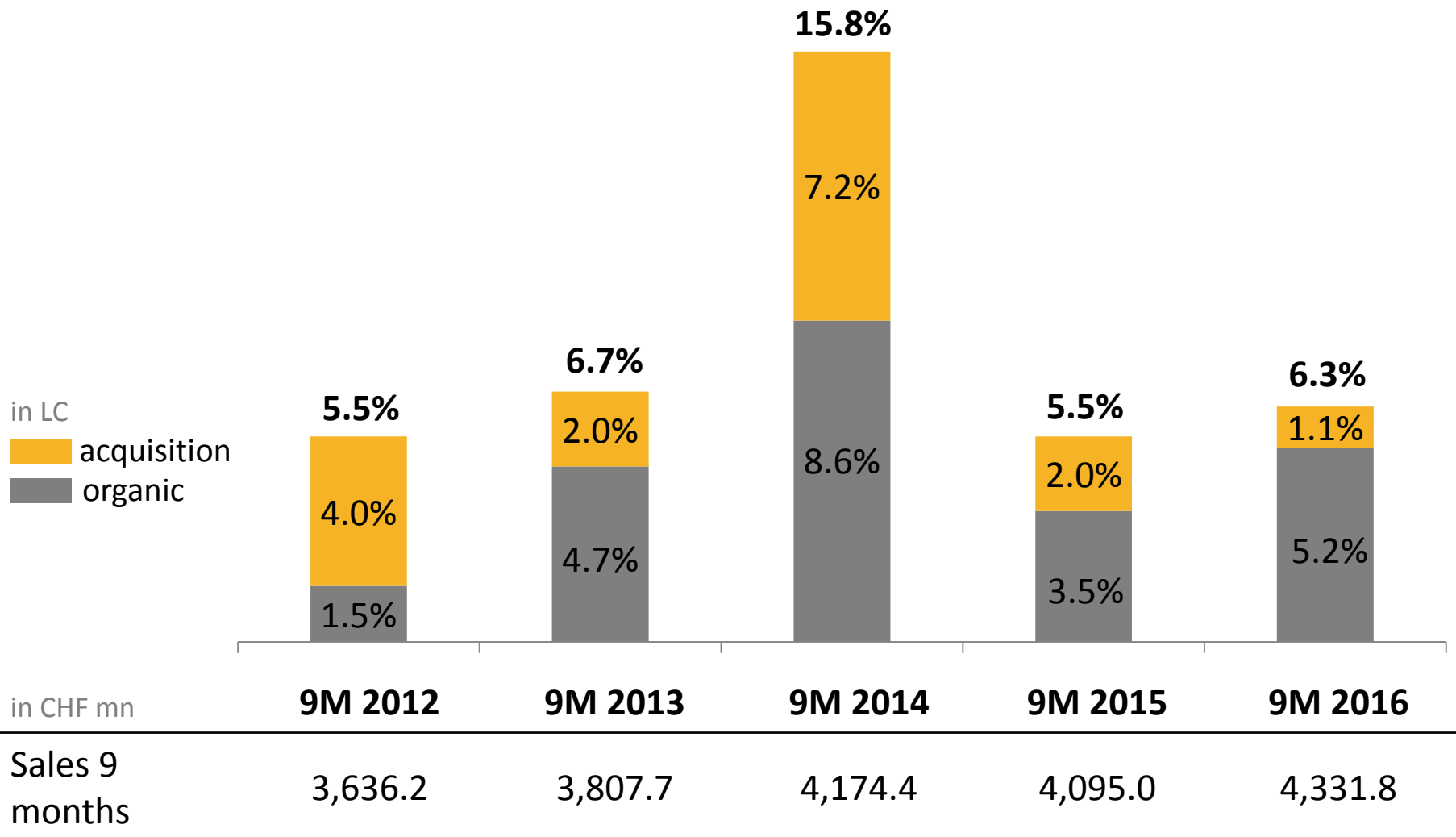
## 6.3% SALES GROWTH (5.8% IN CHF)



(in CHF million, growth in LC)

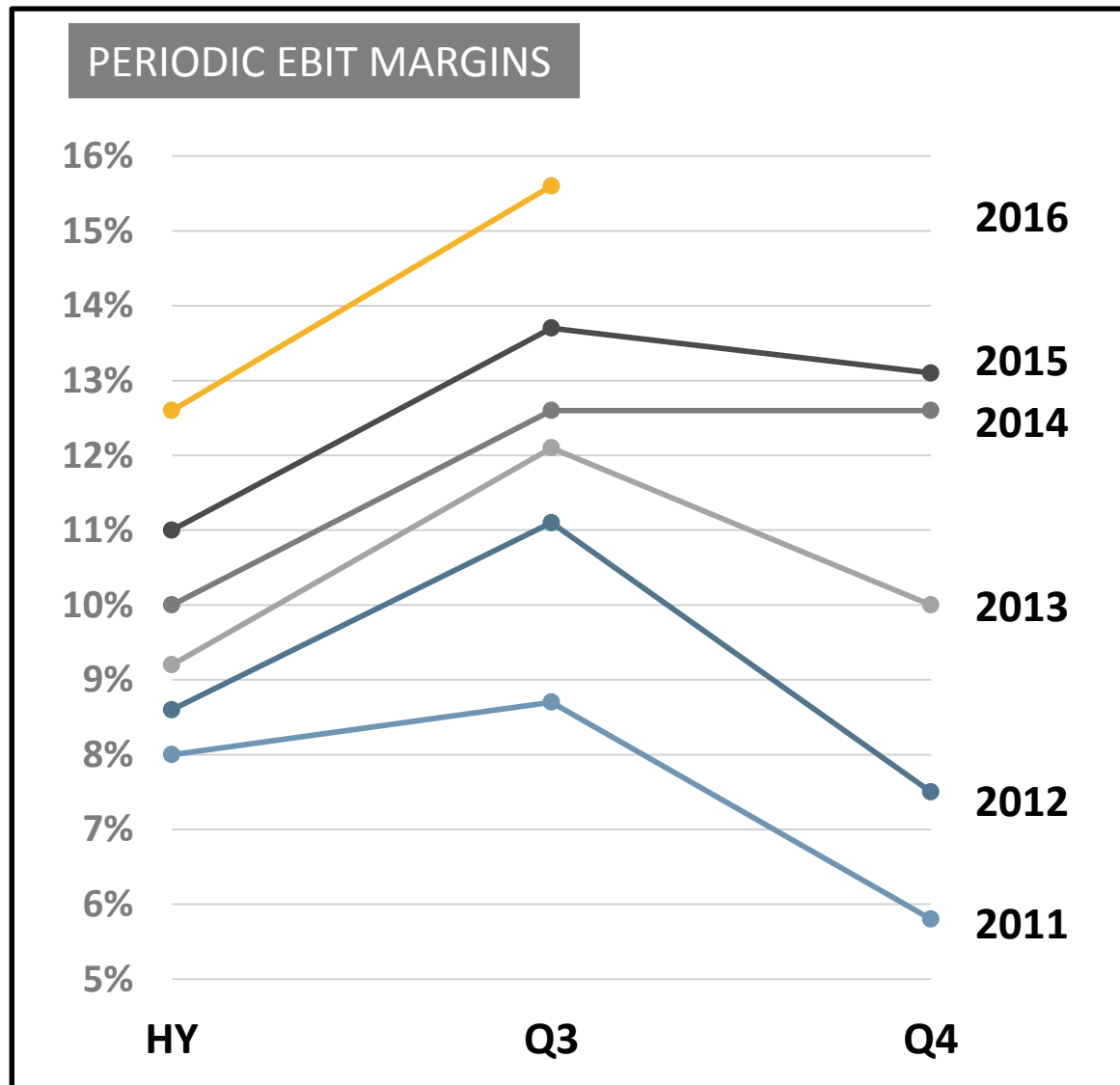
# SALES GROWTH FIRST NINE MONTHS 2012 TO 2016

## STRONG ORGANIC GROWTH



# EBIT MARGIN DEVELOPMENT 2011 TO 2016

## 19 CONSECUTIVE QUARTERS OF IMPROVEMENT

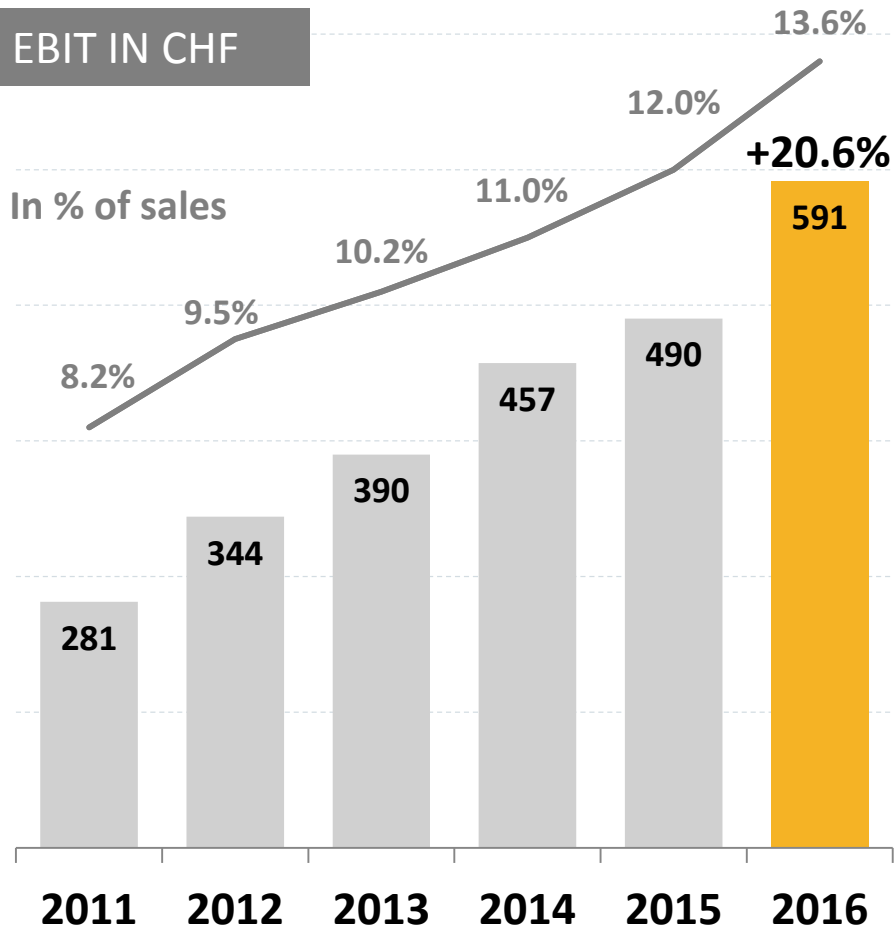




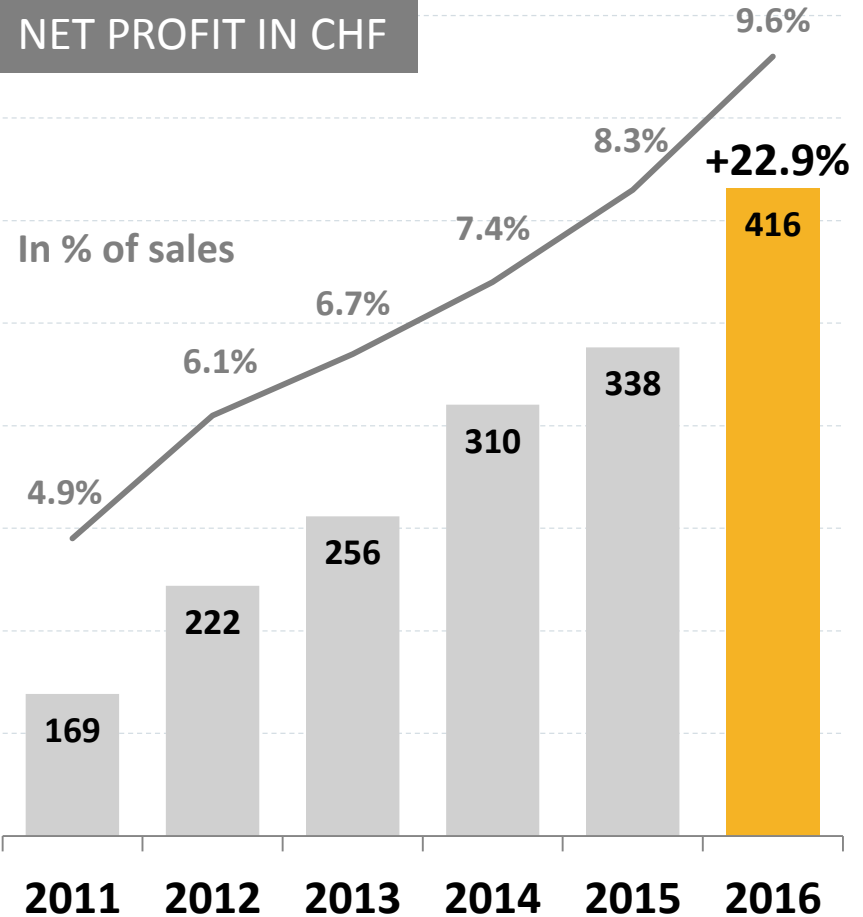
# FIVE-YEAR OVERVIEW – NINE MONTHS FIGURES

## CONTINUOUSLY IMPROVING MARGINS

### EBIT IN CHF



### NET PROFIT IN CHF



# KEY INVESTMENTS IN THE FIRST NINE MONTHS 2016

## CONTINUED SUPPLY CHAIN EXPANSION

### Opening of Sika plants:

- **2<sup>nd</sup> plant in Greece** (Kryoneri, Athens, January 2016)
- **1<sup>st</sup> plant in Myanmar** (Yangon, February 2016)
- **1<sup>st</sup> plant in Cambodia** (Phnom Penh, February 2016)
- **4<sup>th</sup> plant in Canada** (Vancouver, March 2016)
- **2<sup>nd</sup> plant in Thailand** (Saraburi, June 2016)
- **2<sup>nd</sup> plant in Ecuador** (Guayaquil, June 2016)
- **7<sup>th</sup> plant in Australia** (Perth, July 2016)
- **6<sup>th</sup> plant in Brazil** (Osasco, Sao Paulo, September 2016)



New plant in Sao Paulo, Brazil



New plant in Perth, Australia

# KEY INVESTMENTS IN THE FIRST NINE MONTHS 2016

## EXPANSION WITH OWN NATIONAL SUBSIDIARIES

### New subsidiaries:

- **Kuwait** (March 2016)
- **Nicaragua** (June 2016)
- **Cameroon** (August 2016)
- **Djibouti** (August 2016)



# KEY INVESTMENTS IN THE FIRST NINE MONTHS 2016

## ACQUISITIONS AS GROWTH PLATFORM

### L.M. Scofield, USA

- US-based market leader for concrete color additives (ready-mixed concrete) and decorative treatments for refurbishment
- Buying new technology and spreading it out to Sika's existing customer base
- Continued strong execution of Sika's growth strategy in North America



# KEY INVESTMENTS IN THE FIRST NINE MONTHS 2016

## ACQUISITIONS AS GROWTH PLATFORM

### FRC Industries, USA

- Producer of high-quality synthetic polypropylene fibers for concrete
- Strong growth trend for concrete fibers in the US, out-pacing overall construction growth
- Expansion of concrete additives portfolio enables Sika to reach new customers and to better penetrate key projects



# GOOD START IN Q4 2016

## KEY INITIATIVES CONTINUE

### Acquisition of Ronacrete (Far East) Ltd., Hong Kong

- Leading suppliers of repair mortars, tile adhesives and other mortar products in Hong Kong
- Strong specification business and a preferred partner for private and public key developers
- Extension of manufacturing footprint in the growing Hong Kong construction market
- Acquisition is in line with the global expansion of the high-margin mortar business – a core component of Strategy 2018



Ronacrete plant in Guangzhou, China

# OUTLOOK

## CONFIRMATION OF 2016 ANNUAL TARGETS

- Annual targets for 2016 can be confirmed
- Sales of around CHF 5.8 billion expected
- Disproportionately higher rise in margins with operating profit (EBIT) between CHF 780 and 800 million
- Opening of 8 to 10 new factories
- 4 new national subsidiaries
- Cantonal Court of Zug dismissed all claims of SWH. The court decision can be appealed.

## 2. SUCCESSFUL STRATEGY 2018 EXECUTION



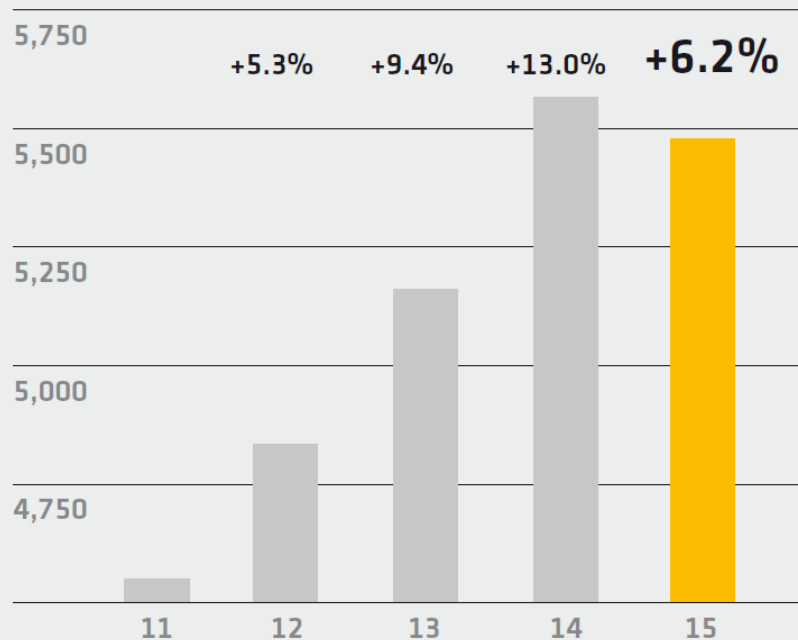
# FIVE-YEAR OVERVIEW - NET SALES AND EBIT

## CONTINUATION OF PROFITABLE GROWTH STRATEGY

NET SALES (consolidated)

in CHF mn

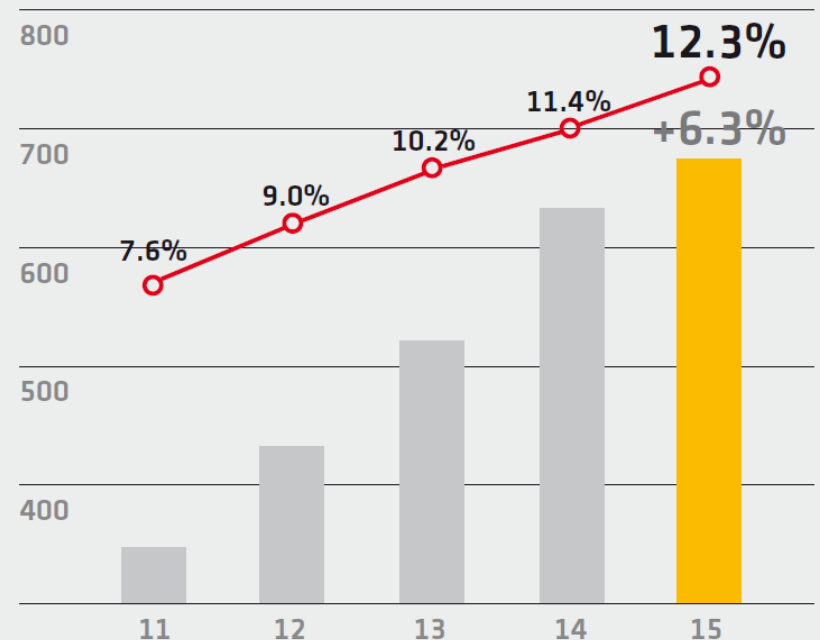
Growth in percent in local currencies



EBIT

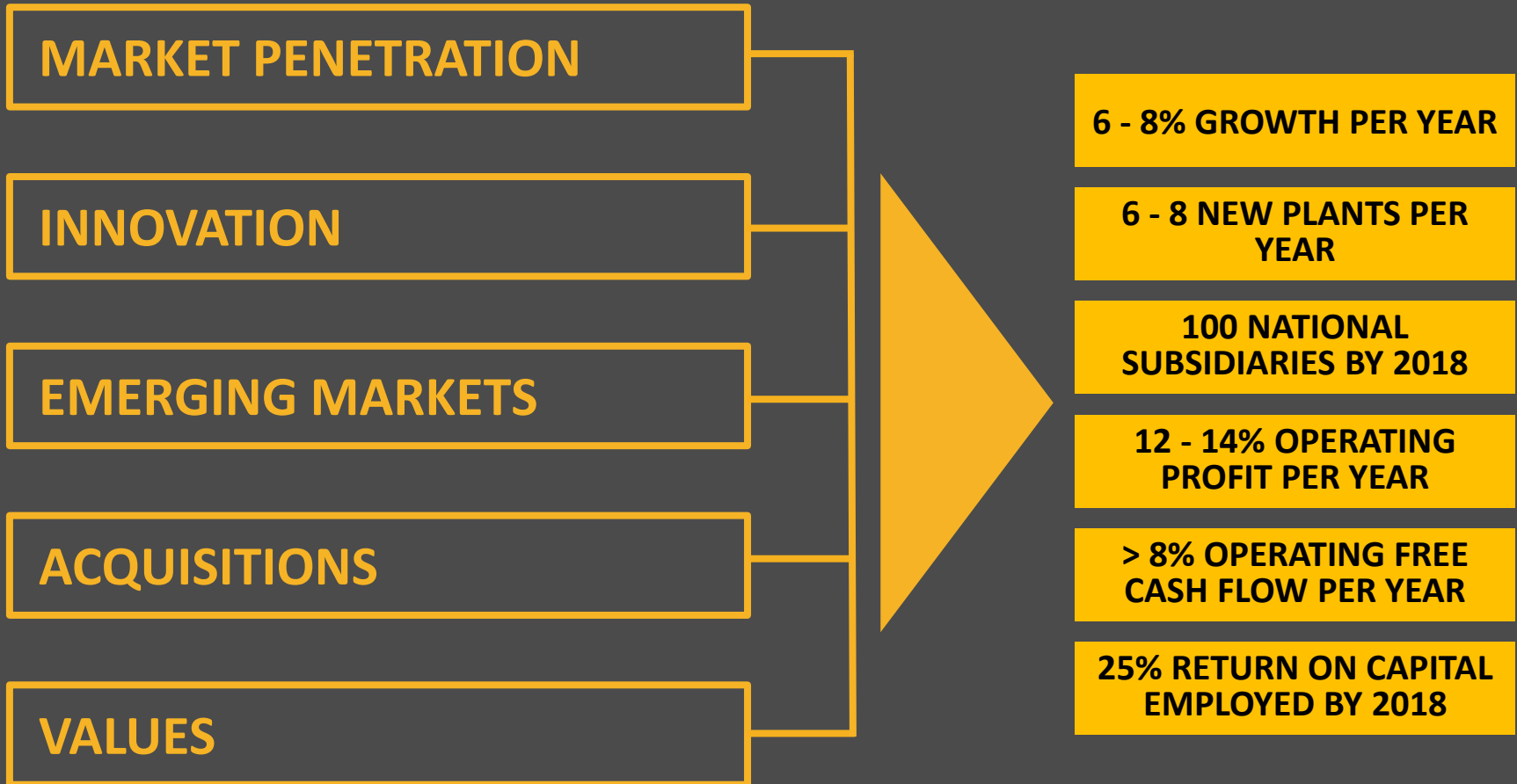
in CHF mn

○ as percent of net sales








# STRATEGY 2018

## SIKA'S GROWTH MODEL WILL DELIVER



# STRATEGY 2018 – ACHIEVEMENTS SINCE 2012

## A PROVEN TRACK RECORD OF DELIVERY

PILLARS OF THE GROWTH MODEL	ACHIEVEMENTS
<b>MARKET PENETRATION</b>	 <ul style="list-style-type: none"><li>• Successful Target Market concept</li><li>• Megatrends driving growth</li></ul>
<b>INNOVATION</b>	 <ul style="list-style-type: none"><li>• 333 new patents filed</li><li>• 20 Global Technology Centers</li></ul>
<b>EMERGING MARKETS</b>	 <ul style="list-style-type: none"><li>• 51 new plants opened</li><li>• 20 new national subsidiaries</li></ul>
<b>ACQUISITIONS</b>	 <ul style="list-style-type: none"><li>• 20 acquisitions in all regions</li><li>• CHF 587 million sales added</li></ul>
<b>VALUES</b>	 <ul style="list-style-type: none"><li>• Strong corporate culture</li><li>• High employee loyalty</li></ul>

# MARKET PENETRATION

FOCUS ON ATTRACTIVE MARKETS: CROSS-SELLING,  
LIFE-CYCLE MANAGEMENT, A STRONG BRAND



Concrete



Waterproofing



Roofing



Flooring & Coating



Sealing & Bonding



Refurbishment



Industry

# MEGATRENDS DRIVE OUR GROWTH: URBANIZATION, NEW VEHICLE DESIGN & SUSTAINABILITY

**Higher demand for infrastructure and refurbishment solutions**

**Increasing world population with urbanization and megacities**

**Increased safety, fire, water, earthquake and quality requirements**

**Sustainability:  
Increasing demand for safe-to-use and low-emission products**

**Rising demand for high performance concrete, sealing and waterproofing**

**New vehicle design with material mix requires bonding solutions**

**New modular vehicle manufacturing concepts need fast, high strength bonding systems**

# WE ARE INNOVATION STRONG TRACK RECORD

333

Patents were  
filed since  
2012

880

Employees are  
dedicated to  
Research and  
Development

377

Invention  
disclosures  
since 2012

20

Technology  
Centers  
world-wide

# EMERGING MARKETS BUILD-UP SINCE 2012

## GROWTH POTENTIAL IN NEW MARKETS

51

New  
plants  
opened

12.5%

Average sales  
growth

20

New  
national  
subsidiaries

37%

of turnover  
in Emerging  
Markets

# ACQUISITIONS SINCE 2012

## GROWTH PLATFORMS FOR THE FUTURE

20

Acquisitions

596

million CHF  
turnover

In all  
7

Target  
Markets

In all  
4

Regions



# SIKA'S VALUES AND PRINCIPLES

## STRONG CORPORATE CULTURE

- Customer first
- Courage for innovation
- Sustainability & Integrity
- Empowerment and Respect
- Manage for results



### 3. TWO EXAMPLES OF STRATEGY EXECUTION IN THE REGIONS

# STRONG STRATEGY EXECUTION IN AFRICA

+23%

sales growth in 9M 2016

9

new plants since 2012

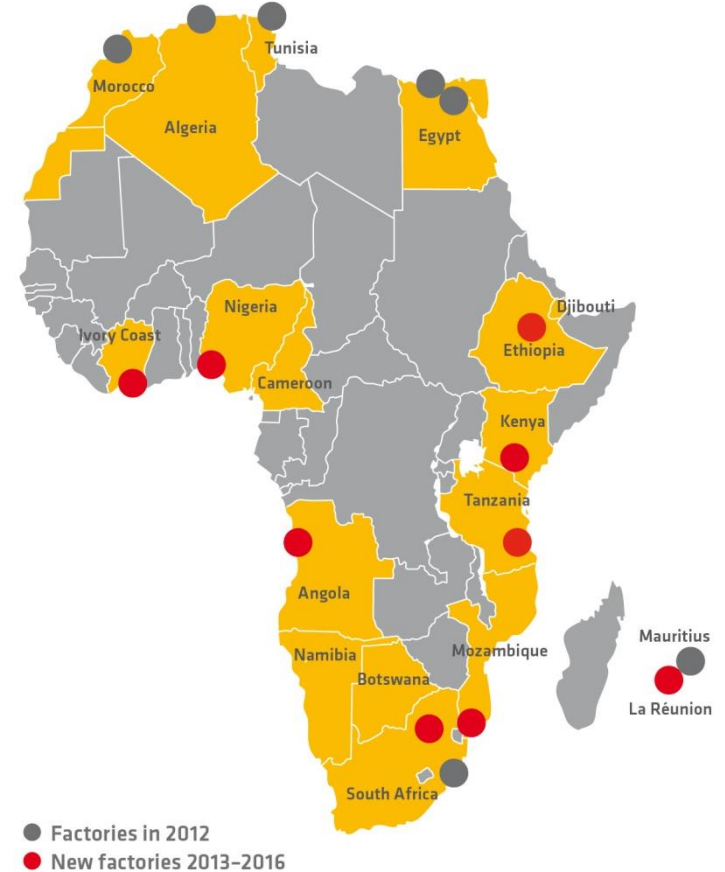
18 subsidiaries

10 added

since 2012

688

employees



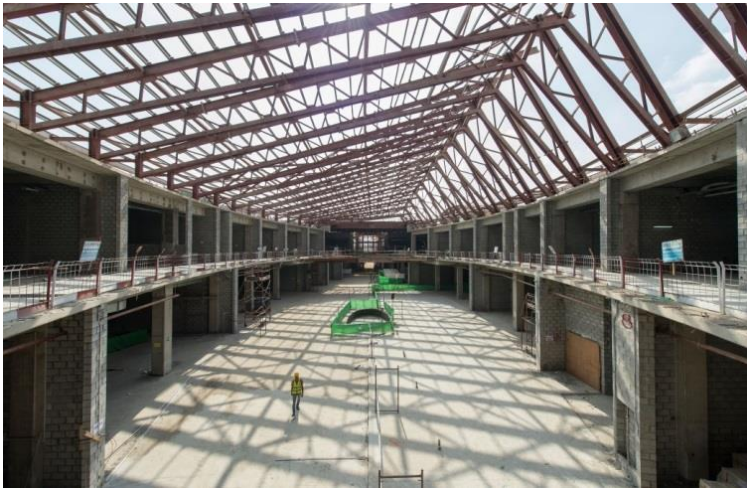
# MAJOR CONSTRUCTION PROJECTS WITH SIKA PRODUCTS



Bridge over Maputo Bay, Mozambique



Dangote fertilizer plant Lagos, Nigeria

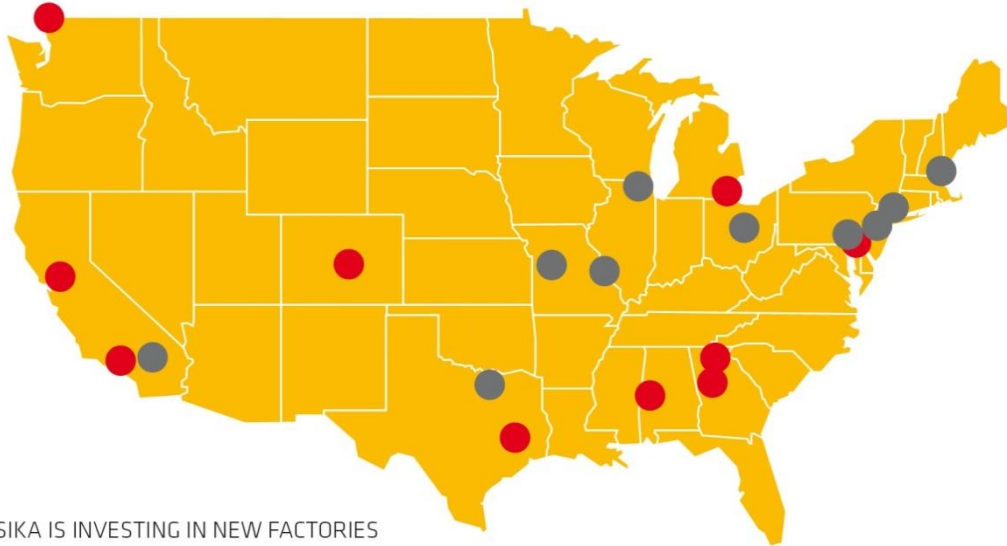


Mall of Egypt, Cairo, Egypt



Luanda International Airport, Angola

# ACCELERATED BUILD UP OF PRESENCE IN USA



22 plants in USA and Canada

10 new plants added since 2012

Investment focus on fast growing metro areas

10% sales growth in 9M 2016

Presence in residential market through Home Depot (2,000 stores) and Lowes (1,800 stores)

# HUDSON YARDS PROJECT NYC

SIKA IS HELPING TO BUILD A NEW CITY  
IN A CITY



## 4. SAINT-GOBAIN'S HOSTILE TAKEOVER ATTEMPT

# FUNDAMENTAL REASONS TO OPPOSE HOSTILE TAKEOVER ATTEMPT BY SAINT-GOBAIN

- 1. Lack of industrial logic**
- 2. Saint-Gobain will execute control with only 16% of the capital**
- 3. No adequate representation of public shareholders on the Board**
- 4. Saint-Gobain is a direct competitor of Sika**
- 5. Sika loses A- credit rating**
- 6. Sika's Growth Model at risk**



# SIKA ARTICLES OF ASSOCIATION ARTICLE 4

## RESTRICTION OF TRANSFERABILITY, THE 5% THRESHOLD

“The Board of Directors reserves the right to refuse an acquirer of registered shares as shareholder, if the number of registered shares held by him exceeds 5% of the total number of registered shares entered in the commercial register.

[...]natural persons or legal entities or, which act in concert in view of a circumvention of registration limitations, are regarded under these provisions as a single buyer.”

Many other Swiss companies have a similar restriction of transferability with a threshold (Vinkulierung) such as: Nestlé, Novartis, Swatch, Swisscom, Guivaudan, Sonova, Schindler, Lindt & Sprüngli.

# DECISION OF THE CANTONAL COURT OF ZUG

## ALL CLAIMS OF SWH DISMISSED

In the proceedings before the Cantonal Court of Zug Schenker-Winkler Holding AG (SWH) made the following requests:

1. Annul and declare void the AGM 2015 resolutions regarding the election of Ms Ribar and Messrs Hälgi (President), Sauter, Suter and Tobler and regarding the non-election of Mr Roesle
2. Declare that Mr Roesle was elected by the AGM 2015 for a one-year term
3. Order Sika to acknowledge the voting rights of all registered shares held by SWH for all casting of votes and elections at any AGM

**The Cantonal Court of Zug dismissed all claims of SWH**

# DECISION OF THE CANTONAL COURT OF ZUG

## MAIN REASONING

- The Court held on the basis of article 4 of Sika's Articles of Association that the share transfer restriction applies to the indirect purchase of the Sika shares held by the Burkard Family through SWH.
- The Court considered the attempted removal of the independent Sika Board members as a circumvention of the share transfer restriction of article 4 of the Articles of Association.
- The Court concluded that the Board of Sika was legally entitled to restrict the voting rights of SWH to 5%.

# FORWARD-LOOKING STATEMENTS

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 is 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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