



# RECORD SALES AND PROFIT IN THE FIRST NINE MONTHS 2017 – SUCCESSFUL STRATEGY EXECUTION

SIKA INVESTOR PRESENTATION  
OCTOBER 26, 2017

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# 1. HIGHLIGHTS AND RESULTS FIRST NINE MONTHS 2017

# RECORD SALES AND PROFIT

## 1. Record results

- +7.9% sales growth in local currencies, CHF 4,627.5 million in sales
- CHF 669.0 million EBIT (+13.2%)
- CHF 477.4 million net profit (+14.9%)

## 2. Key investments

- 4 new factories in Mexico, Kazakhstan, Russia and Tanzania
- 2 new national subsidiaries in Senegal and El Salvador
- 4 acquisitions: Rmax, USA, Bitbau Dörr, Austria, ABC Sealants, Turkey and KVK Holding in the Czech Republic

## 3. Outlook and Strategy

- Confirmation of annual targets of 6-8% sales growth and disproportionately high growth in profitability with EBIT between CHF 880 and 900 million
- Growth strategy with targets 2020 confirmed

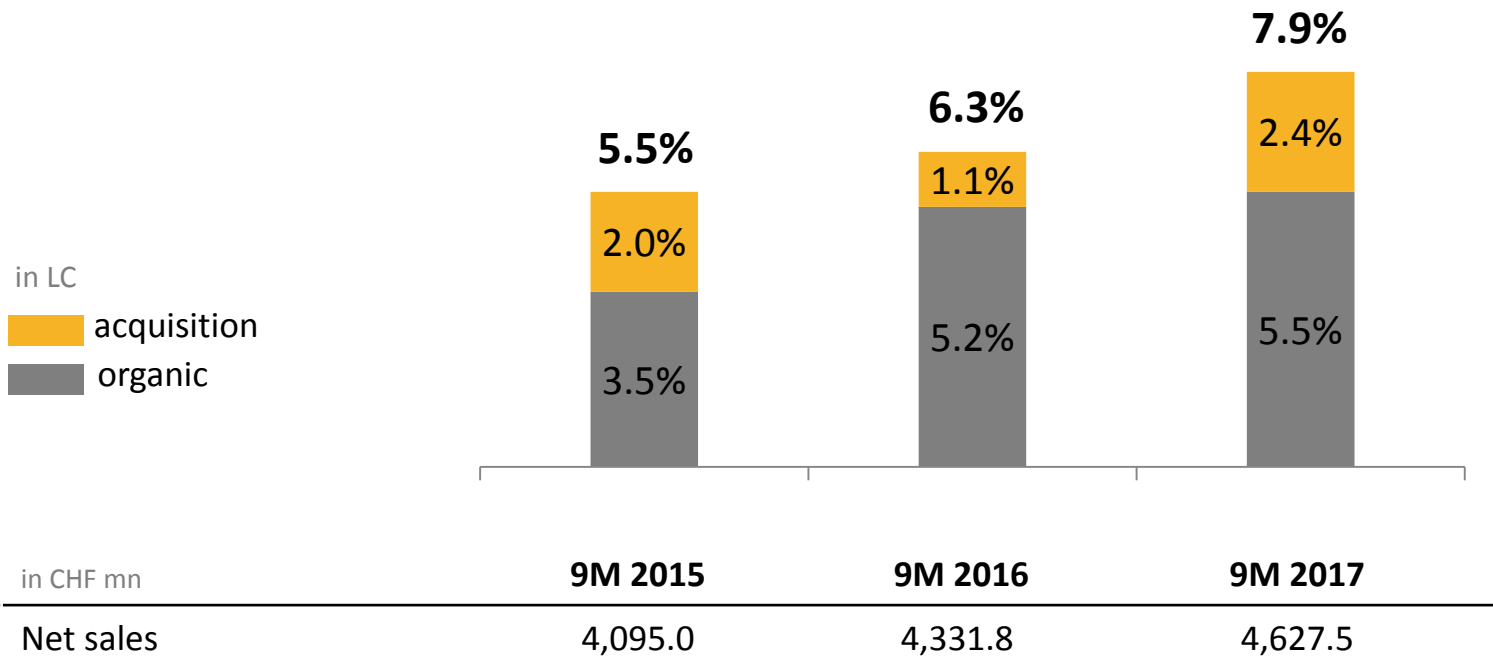
# KEY FIGURES NINE MONTHS 2017

## RECORD RESULTS – STRONG MOMENTUM CONTINUES

in CHF mn	2016	2017	Δ %
<b>Net sales</b>	<b>4,331.8</b>	<b>4,627.5</b>	<b>+6.8%</b>
Gross results as % of net sales	55.3	54.7	
EBITDA	719.5	797.9	+10.9%
<b>EBIT</b>	<b>591.2</b>	<b>669.0</b>	<b>+13.2%</b>
Net profit	415.5	477.4	+14.9%

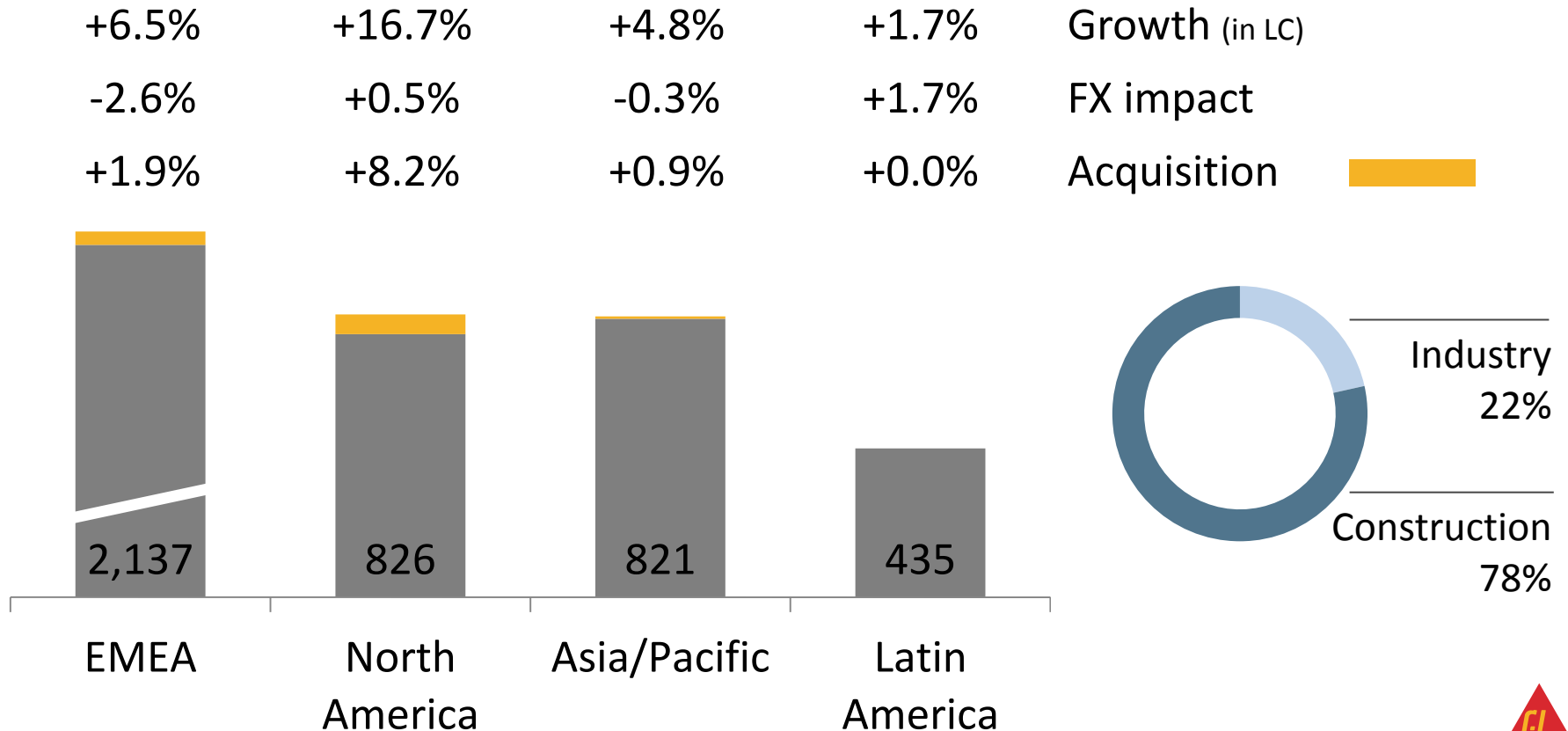
# SIKA WELL ON TRACK

## 7.9% SALES GROWTH IN THE FIRST NINE MONTHS 2017



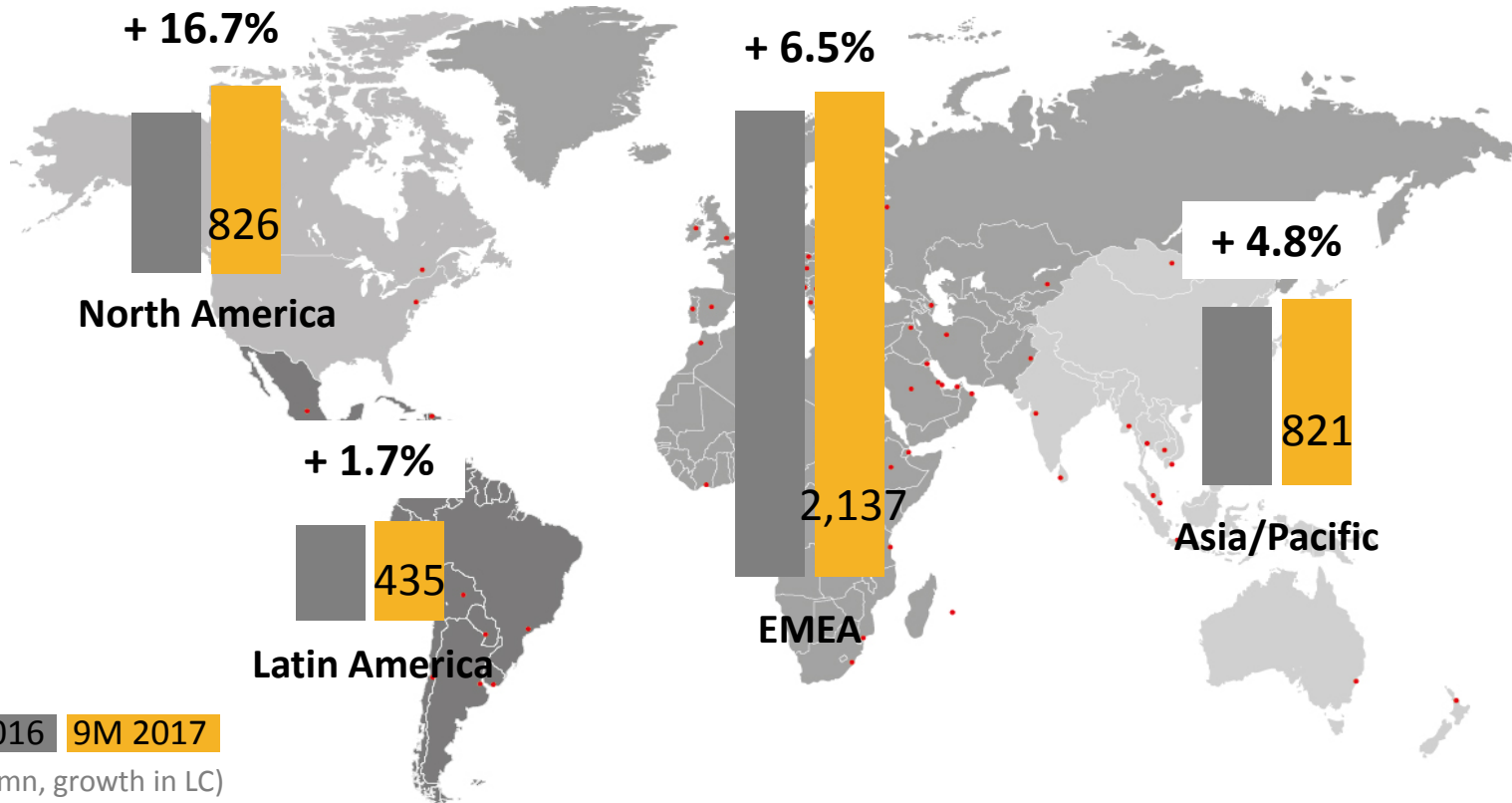
# SALES NINE MONTHS 2017

## GROWTH IN ALL REGIONS



# GROWTH MOMENTUM CONTINUES IN FIRST NINE MONTHS 2017

## 7.9% SALES GROWTH (6.8% IN CHF)



9M 2016 9M 2017

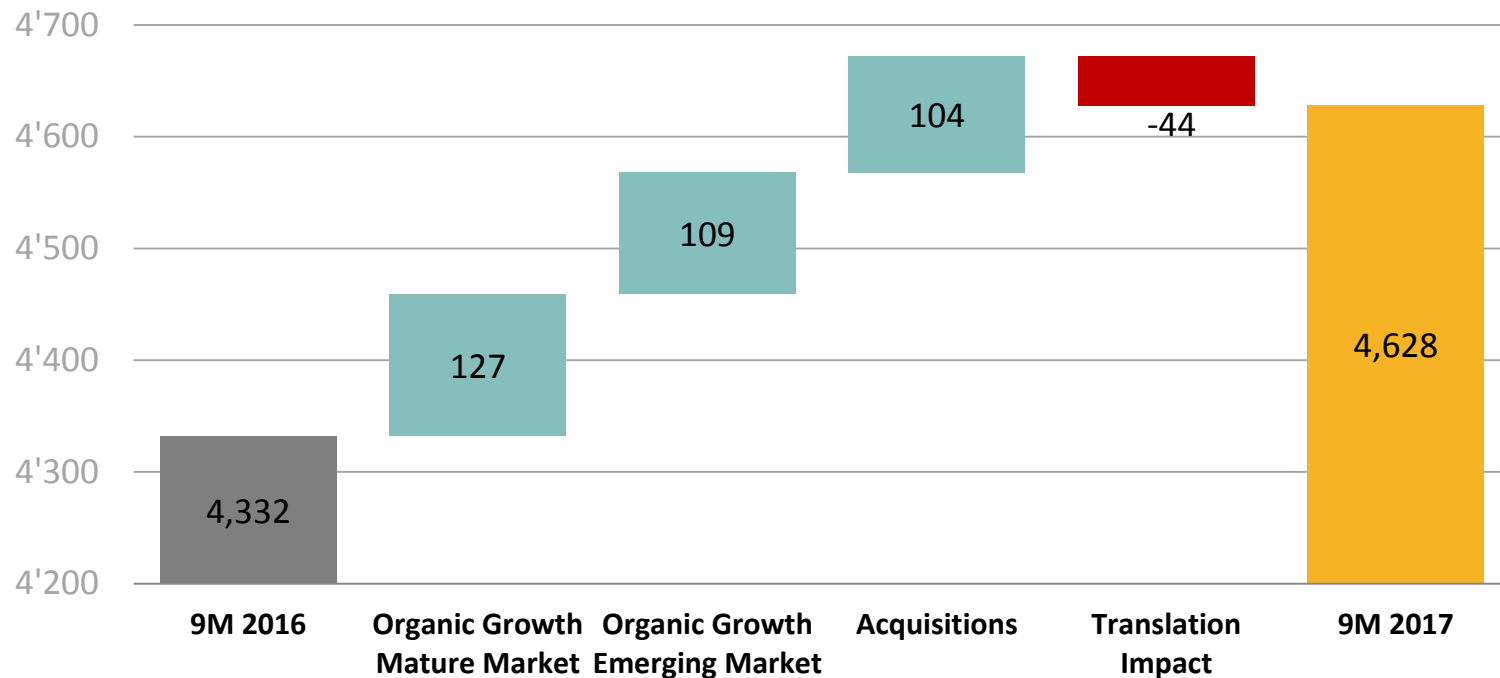
(in CHF mn, growth in LC)



# DEVELOPMENT OF SALES FIRST NINE MONTHS

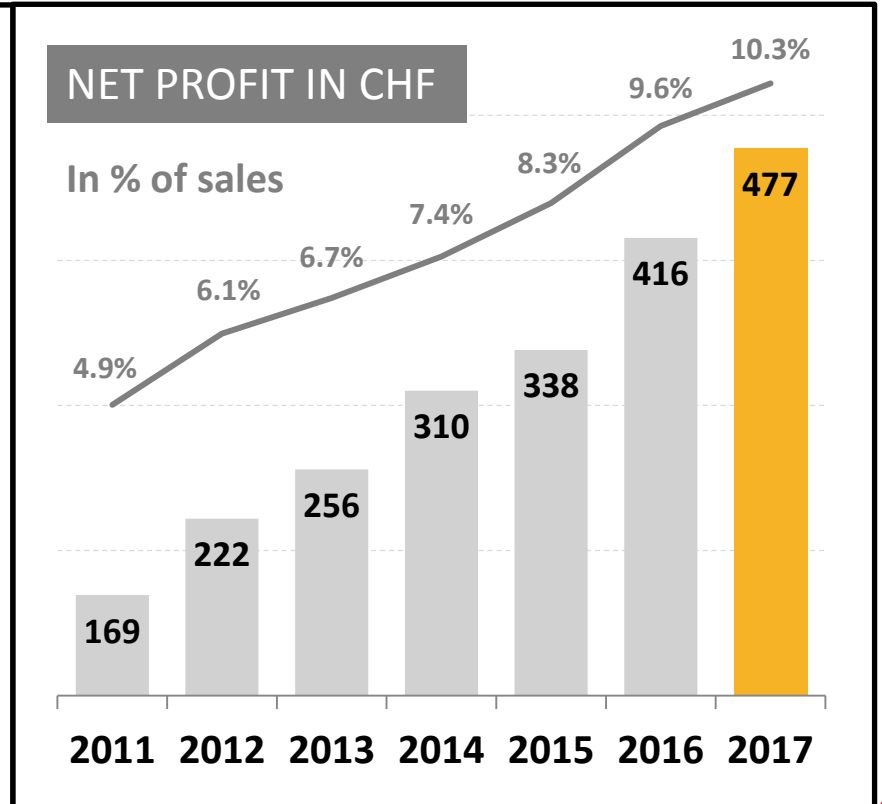
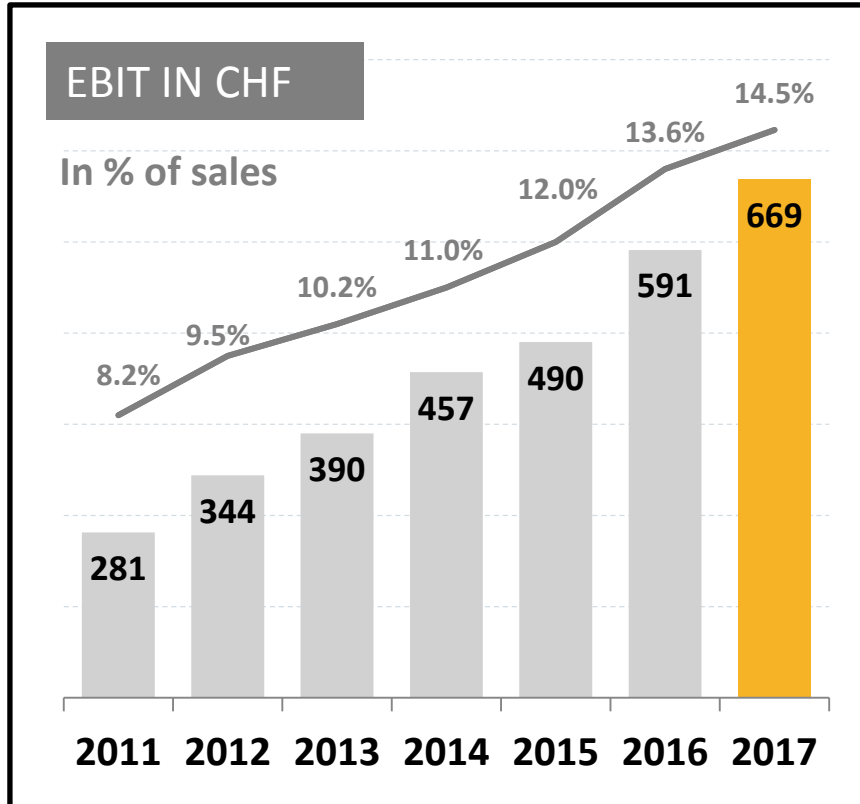
## STRONG GROWTH IN MATURE AND EMERGING MARKETS

in CHF mn

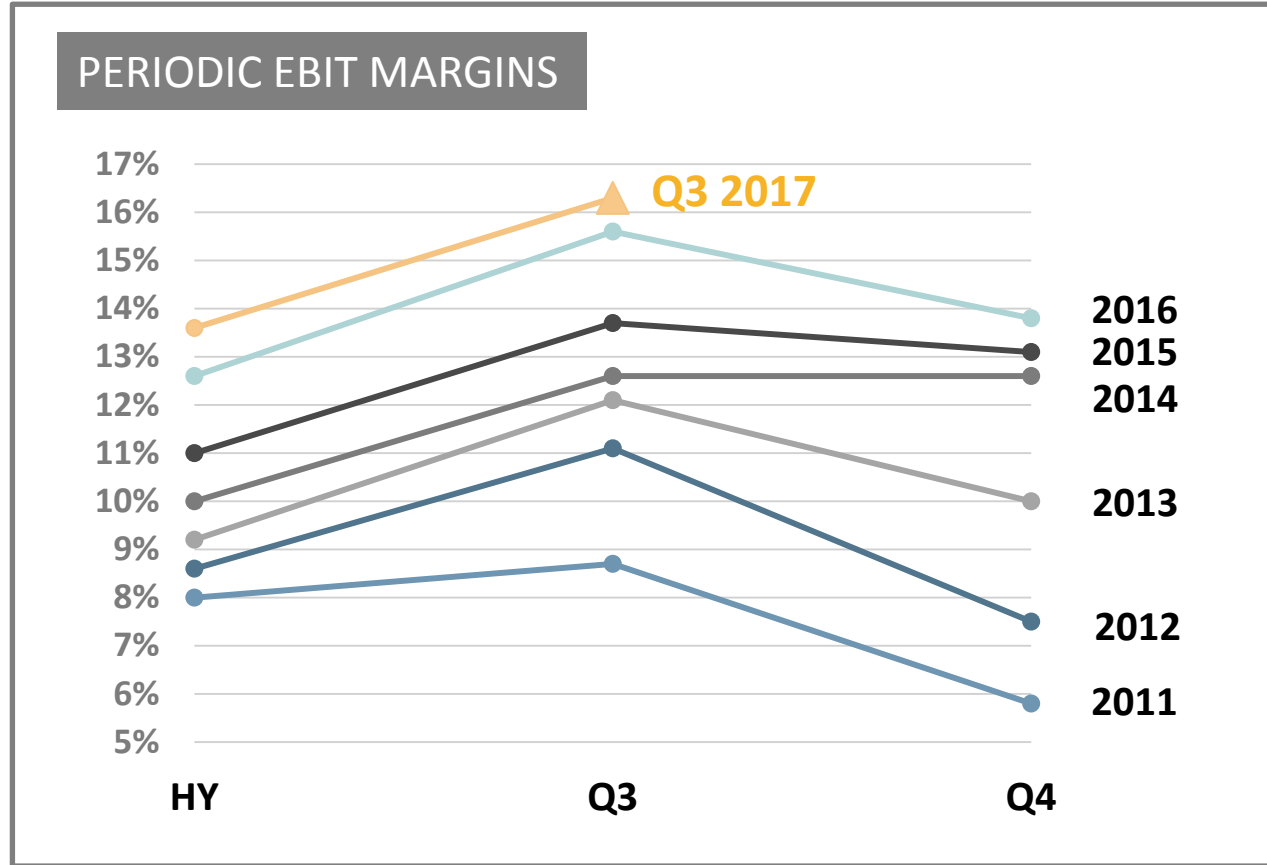


# SIX YEAR OVERVIEW – NINE MONTHS FIGURES

## CONTINUOUSLY IMPROVING MARGINS



# SIKA'S GROWTH MODEL DELIVERS 23 CONSECUTIVE QUARTERS OF MARGIN IMPROVEMENT



# CONTINUING HIGH OPERATING SPEED IN 2017

## ACQUISITIONS

Company	Country	Target Market
Rmax	USA	Roofing
Bitbau Dörr	Austria	Waterproofing
ABC Sealants	Turkey	Sealing & Bonding
KVK	Czech Republic	Roofing, Waterproofing, Refurbishment

**Total annual sales: CHF 177 million**



Rmax



Bitbau Dörr



KVK

# KEY INVESTMENTS IN 2017

## EXPANSION IN EMERGING MARKETS

### New subsidiaries:

- Senegal (April 2017)
- El Salvador (September 2017)

**Now present in 99 countries with own national subsidiaries**



# KEY INVESTMENTS IN 2017

## EXPANSION IN EMERGING MARKETS

### Opening of Sika plants:

- **5<sup>th</sup> plant in Mexico** (Coatzacoalcos, March 2017)
- **New and expanded site in Kazakhstan** (Almaty, May 2017)
- **1<sup>st</sup> plant in Tanzania** (Dar es Salaam, June 2017)
- **5<sup>th</sup> plant in Russia** (Lobnya, July 2017)
- **New and expanded site in Pakistan** (Lahore, October 2017)



New production line for PVC membranes in Russia

## 2. SUCCESSFUL STRATEGY EXECUTION

# STRATEGIC TARGETS CONFIRMED FOR 2020

## SIKA'S GROWTH MODEL WILL DELIVER

- 1) Performance
- 2) Market Penetration
- 3) Innovation
- 4) Accelerated build-up of Emerging Markets
- 5) Acquisitions
- 6) Values



# 1) PERFORMANCE

# SIKA'S GROWTH MODEL DELIVERS KEY INVESTMENTS IN THE LAST FIVE YEARS

## PILLARS OF THE GROWTH MODEL

### MARKET PENETRATION



- Successful Target Market concept
- Megatrends driving growth

### INNOVATION



- 420 new patents filed
- 20 Global Technology Centers

### EMERGING MARKETS



- 52 new plants opened
- 22 new national subsidiaries

### ACQUISITIONS



- 24 acquisitions in all regions
- CHF 772 million sales added

### VALUES



- Strong corporate culture
- High employee loyalty

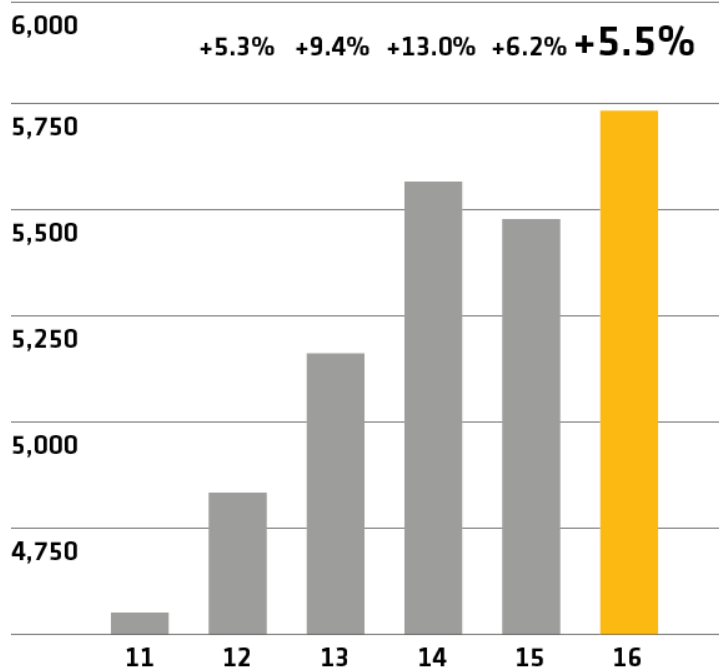
## ACHIEVEMENTS

# SIKA'S GROWTH MODEL DELIVERS CONTINUED GROWTH IN SALES AND PROFIT (FULL YEAR)

NET SALES (consolidated)

in CHF mn

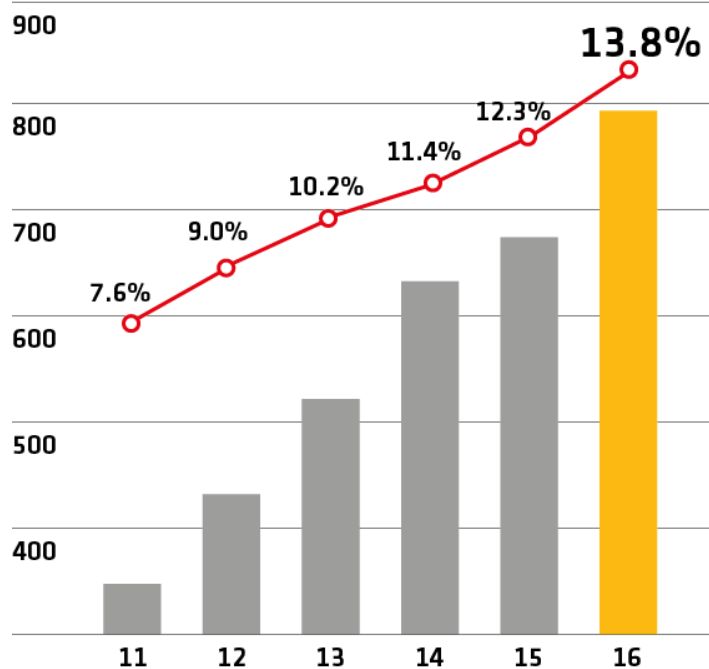
% growth in local currencies



EBIT

in CHF mn

—○ as% of net sales

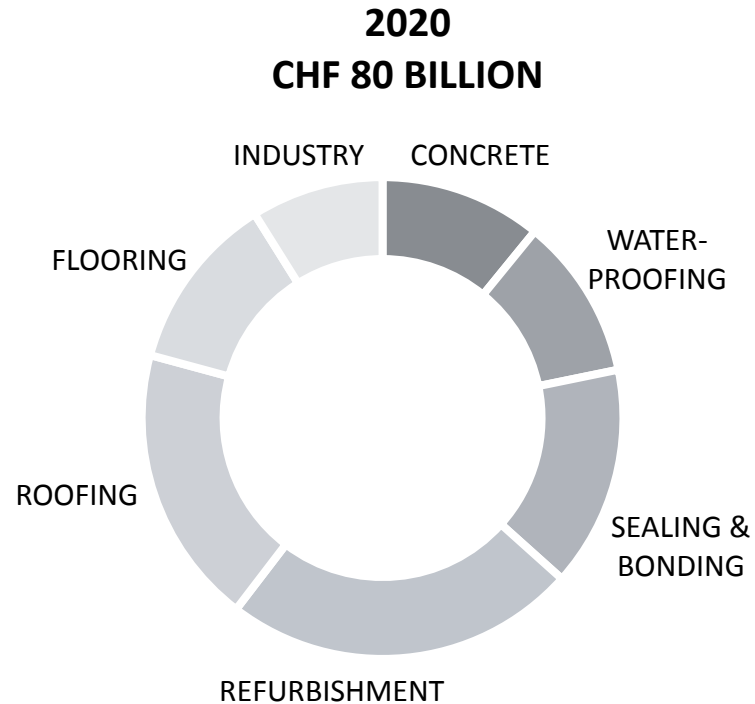
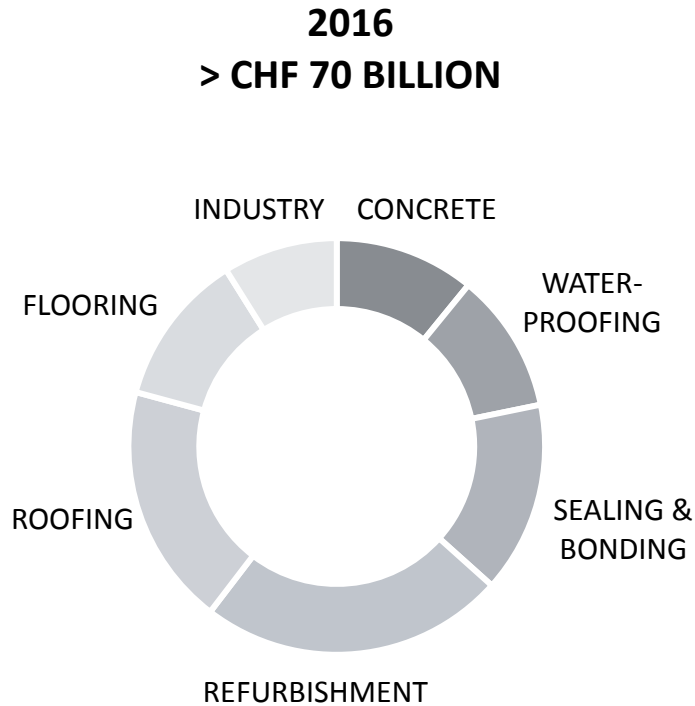


## 2) MARKET PENETRATION

# SIKA'S MARKET POTENTIAL

## LARGE AND GROWING MARKET SEGMENTS

### TOTAL MARKET SIZE



# MEGATRENDS DRIVE OUR GROWTH

## URBANIZATION, NEW VEHICLE DESIGN AND SUSTAINABILITY

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

**Increasing world population with urbanization and megacities**

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

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

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

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

**Higher demand for infrastructure and refurbishment solutions**

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



Concrete



Waterproofing



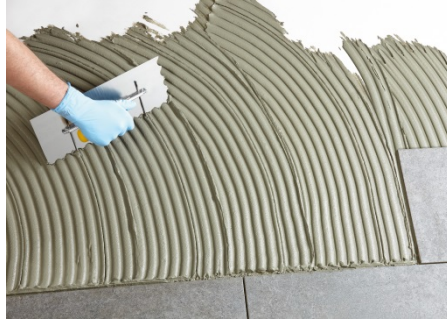
Roofing



Flooring & Coating



Sealing & Bonding

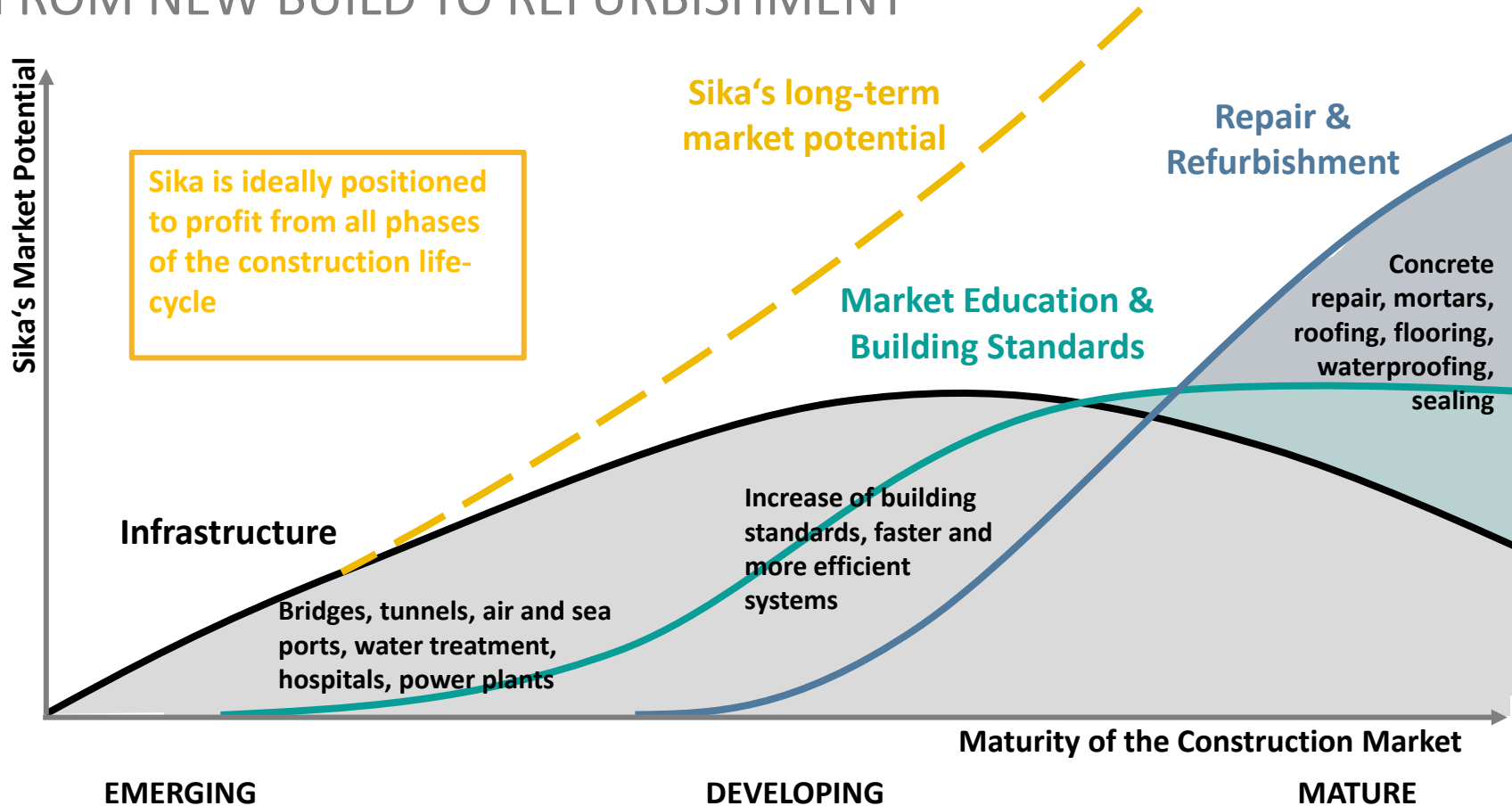


Refurbishment



Industry

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





### 3) INNOVATION

# INNOVATION

## STRONG TRACK RECORD

More than

420

patents were  
filed in the  
last five years

More than

890

employees are  
dedicated to  
Research and  
Development

More than

470

invention  
disclosures  
in the last five  
years

Established

20

Technology  
Centers  
worldwide

# FROM PATENTS TO WORLD CLASS PRODUCTS INNOVATION INCREASES SALES AND PROFIT



NEW PATENTS IN  
THE LAST 5  
YEARS



NEW PRODUCTS  
LAUNCHED IN THE  
LAST 5 YEARS



**+20%**

ANNUAL ORGANIC  
SALES GROWTH  
INCREASE

**30%**

ANNUAL EBIT  
CONTRIBUTION

# FROM PATENTS TO WORLD CLASS PRODUCTS

## 3 MAJOR TRENDS IN THE MARKET

### **Higher building standards**

- Urbanization and megacities require intelligent and safe building designs
- Addressable market for fire protective coating products CHF 1 billion by 2024

### **3-D Concrete Printing**

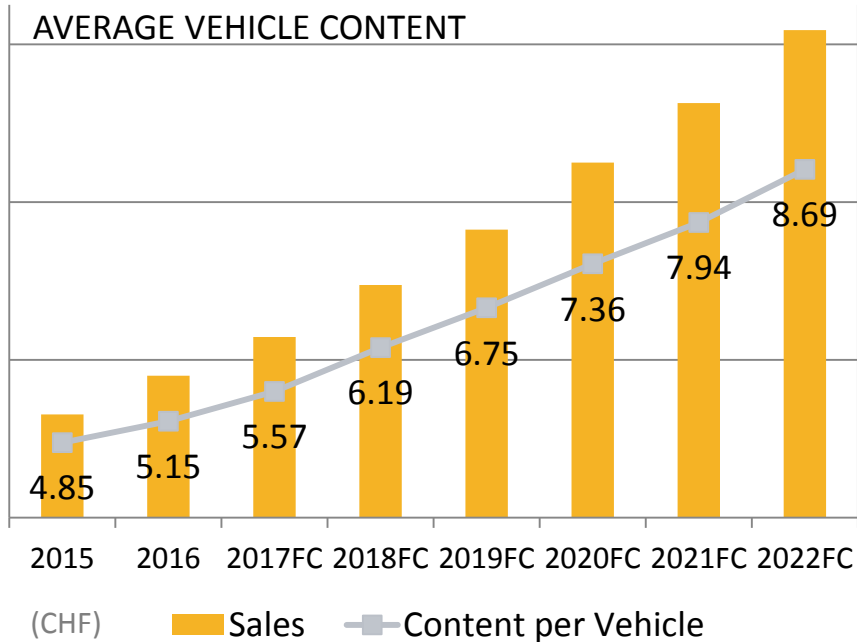
- Paradigm shift in construction industry with 3-D concrete printing
- Additional market potential of CHF 1 billion by 2025

### **New opportunities in electric vehicles**

- Electric vehicles will be a game changer for automotive industry
- 20% more Sika solutions in electric vehicles

# SIKA AUTOMOTIVE

## E.G. INNOVATIONS DRIVE INCREASE IN VEHICLE CONTENT



VW GOLF 7, E-GOLF  
CONTENT: > CHF 40

VW PASSAT  
CONTENT: > CHF 80

PSA 3008, 308, 5008  
CONTENT: > CHF 70

AUDI A3, A4, A5  
CONTENT: > CHF 40

JAGUAR XF  
CONTENT: > CHF 100

MERCEDES S-CLASS  
CONTENT: > CHF 60

TATA RANGE ROVER  
CONTENT: > CHF 100

TESLA MODELS X, S  
CONTENT: > CHF 70

# SIKA INNOVATIONS DRIVE GROWTH

## E.G. INCREASED WORKABILITY FOR CONCRETE

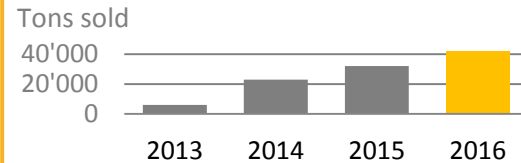


### Sika® ViscoFlow®

IN-HOUSE DEVELOPED HIGH-PERFORMANCE POLYMER PERMITS

**> 8 HOURS WORKABILITY OF CONCRETE**

### + 30% SALES GROWTH IN 2016



MEETING THE  
CHALLENGES OF  
CONSTRUCTION IN  
**URBAN**  
**ENVIRONMENTS**

ALLOWING  
**LONG**  
**TRANSPORTABILITY**  
COUPLED WITH SHORT  
SETTING TIMES



## 4) ACCELERATED BUILD-UP OF EMERGING MARKETS

# EMERGING MARKETS BUILD-UP IN THE LAST FIVE YEARS

## CAPTURING GROWTH POTENTIAL IN NEW MARKETS

52

new  
plants  
opened

11.0%

average annual  
sales growth

22

new  
national  
subsidiaries

36%

of sales  
in Emerging  
Markets

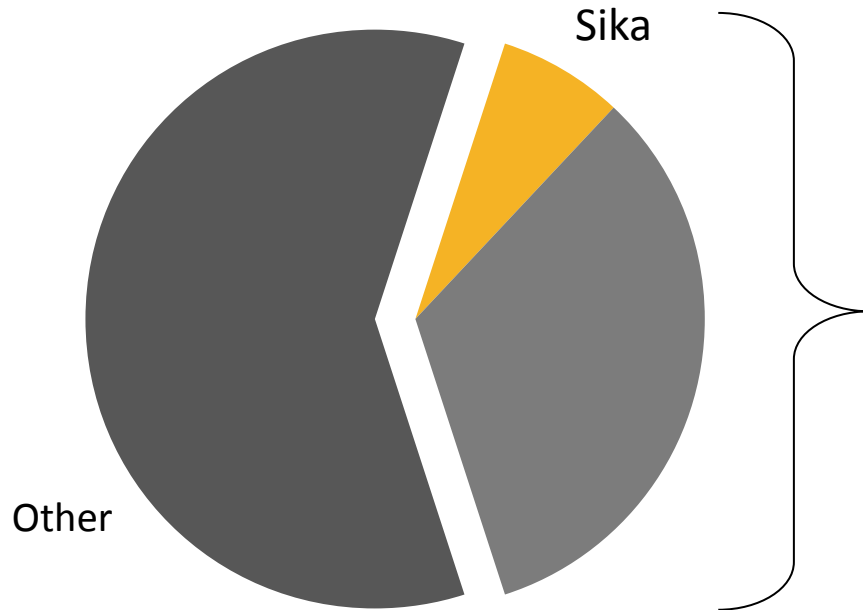


## 5) ACQUISITIONS

# SIKA'S MARKET POTENTIAL

## FRAGMENTATION OFFERS ACQUISITION OPPORTUNITIES

**CONSTRUCTION CHEMICAL MARKET 2016**  
**> CHF 60 BILLION**



**Top 10 companies with a  
combined market share of 40%**

# ACQUISITIONS IN THE LAST FIVE YEARS

## GROWTH PLATFORMS FOR THE FUTURE

24

acquisitions

772

million CHF  
additional  
turnover

In all

7

Target  
Markets

In all

4

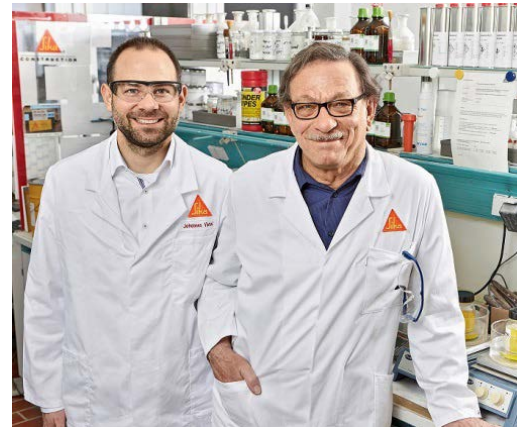
regions

## 6) VALUES AND PRINCIPLES

# SIKA'S VALUES AND PRINCIPLES

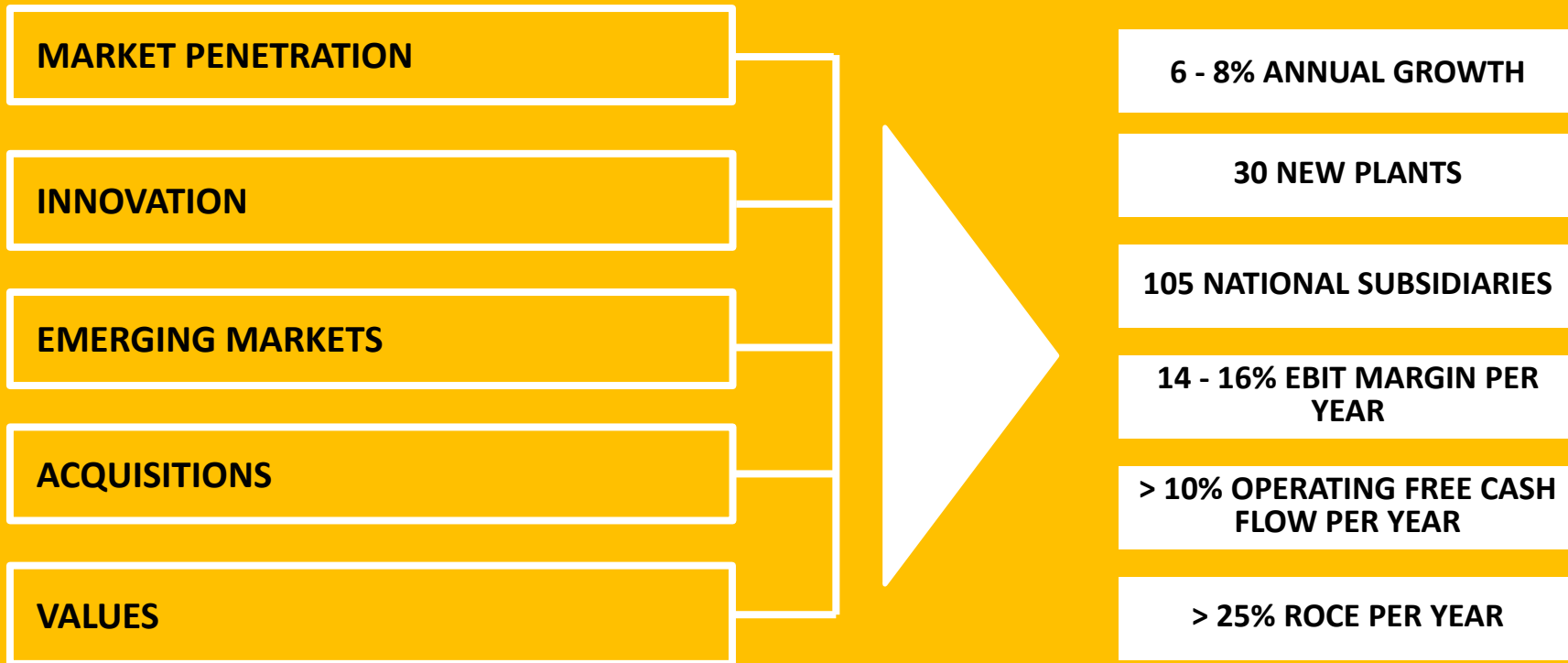
## STRONG CORPORATE CULTURE

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



### 3. TARGETS 2020

# SIKA'S GROWTH MODEL WILL DELIVER STRATEGIC TARGETS 2020



# SIKA'S GROWTH MODEL WILL DELIVER MORE THAN CHF 1 BILLION EBIT IN 2020

- Megatrends Urbanization, New Vehicle Design and Sustainability drive growth
- Fragmented market of CHF 80 billion with huge growth opportunities
- Sika is ideally positioned to profit from all phases of the construction life-cycle
- Sika GROWTH MODEL confirmed – key investments defined
- Strategic targets confirmed for 2020 – confident that GROWTH MODEL continues to deliver growth and margin improvement
- More than CHF 1 billion EBIT in 2020



## 4. OUTLOOK

# CONFIRMATION OF OUTLOOK

## SALES TO EXCEED CHF 6 BILLION IN 2017

- 6-8% sales growth in local currencies
- Sales to exceed CHF 6 billion for the first time
- Disproportionately higher rise in margins with operating profit (EBIT) between CHF 880 and 900 million
- Opening of 8 new plants
- Foundation of 3 new national subsidiaries

# 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:

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- 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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