



# RECORD RESULTS IN 2015 - STRATEGIC TARGETS RAISED – STRONG START TO 2016

SIKA INVESTOR PRESENTATION  
MAY 2016

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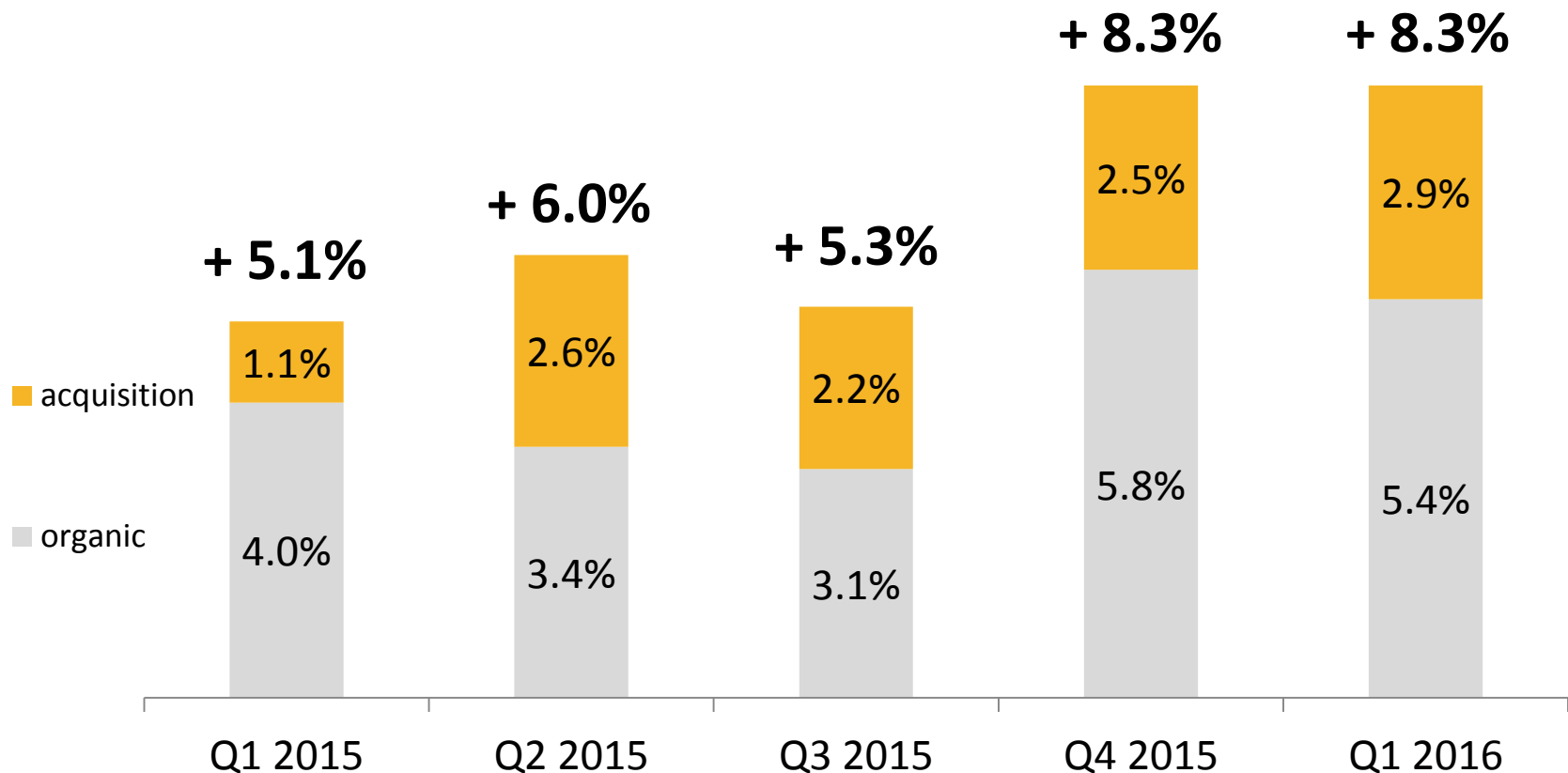
# 1. FIRST QUARTER SALES 2016 AND OUTLOOK

# FIRST QUARTER SALES 2016

## STRONG START TO THE YEAR WITH 8.3% SALES GROWTH

### Sales growth by quarter 2015/2016

(in local currency)



# FIRST QUARTER SALES AND OUTLOOK 2016

## STRONG START TO THE YEAR WITH 8.3% SALES GROWTH

- +8.3% sales growth in local currency to CHF 1,274.4 million
- All regions with growth; double-digit sales increase in Colombia, Argentina, North America, Southeast Asia, Pacific, Africa, Middle East and our industrial business
- More stable exchange-rate situation with modest currency impact (-1.7%) and very good sales growth in Swiss francs of 6.6%
- Continued positive margin trend
- Opening of 94th national subsidiary in Kuwait
- 4 new factories in Greece, Myanmar, Cambodia and Canada
- Acquisition of L.M. Scofield in the USA

### Outlook:

- Confirmation of 2016 annual targets: 6-8% sales growth and above-average rise in margins
- Opening of 6 to 8 new factories and 3 to 4 national subsidiaries planned

## 2. HIGHLIGHTS AND STRATEGY EXECUTION 2015

# SIKA IS ACTIVE IN ATTRACTIVE MARKETS WITH CORE COMPETENCIES IN BONDING, SEALING, DAMPING, REINFORCING AND PROTECTING



Concrete



Waterproofing



Roofing



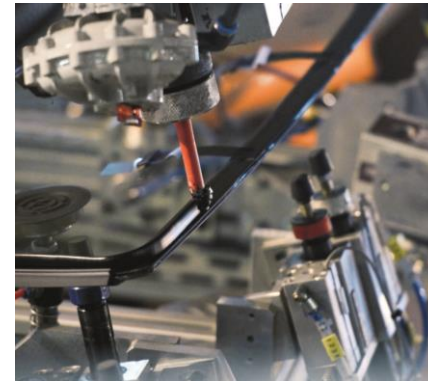
Flooring & Coating



Sealing & Bonding



Refurbishment



Industry

# HIGHLIGHTS 2015

## 1. Continued growth

- +6.2% sales growth in local currencies to CHF 5,489.2 million
- +2.3% employees to 17,281

## 2. Key investments

- 3 new national subsidiaries
- 9 new factories
- 5 acquisitions

## 3. Record results

- CHF 673.3 million EBIT (+6.3%)
- CHF 465.1 million net profit (+5.4%)
- CHF 451.5 million operating free cash flow (+8.1%)

## 4. Strategy 2018

- Reviewed with all 160 Senior Managers and targets raised
- Continuation of growth strategy with 6-8 new factories per year and 100 national subsidiaries by 2018



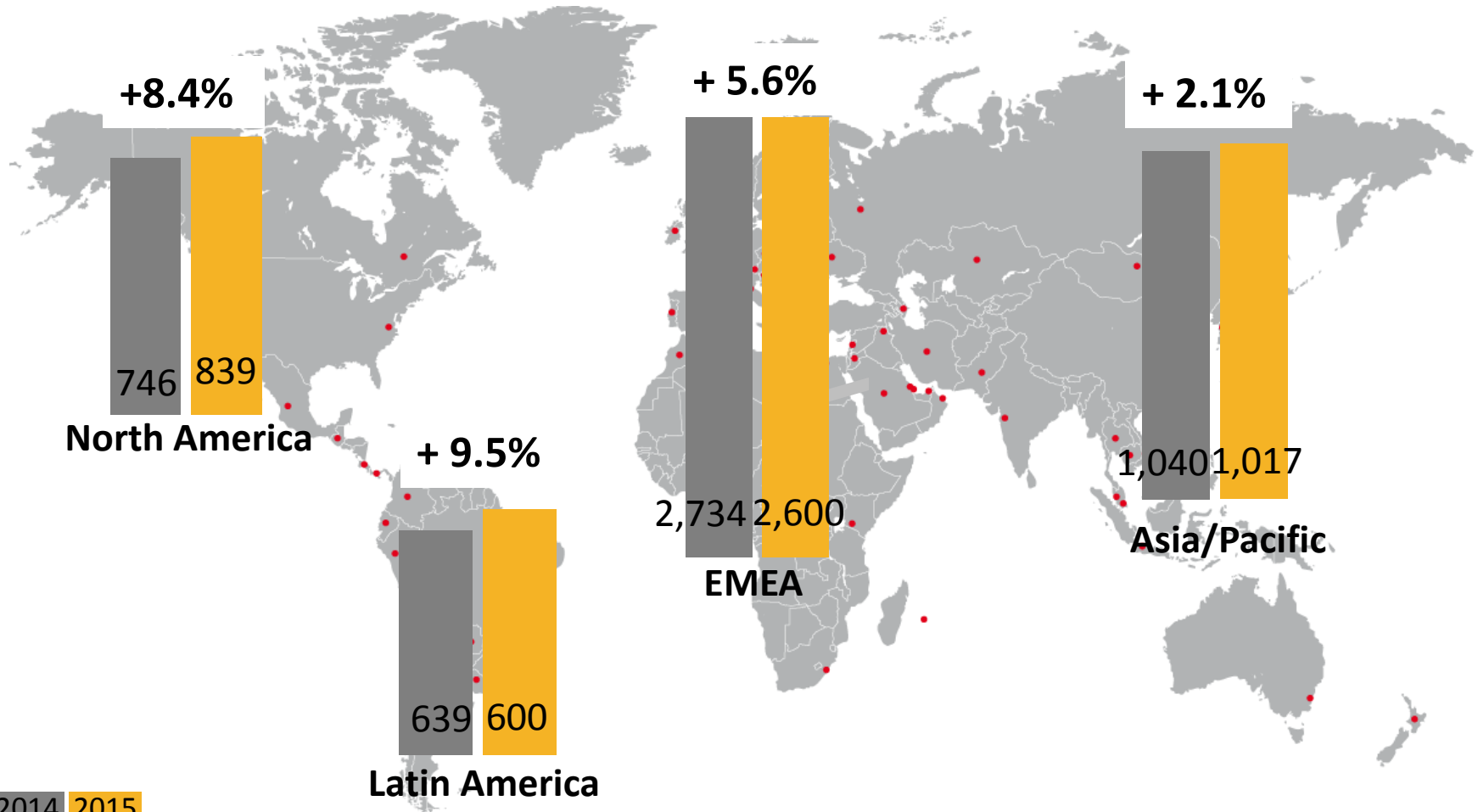
# KEY FIGURES

## RECORD RESULTS

In million CHF	2014	2015	Δ %
<b>Net sales</b>	<b>5,571.3</b>	<b>5,489.2</b>	<b>- 1.5%</b>
Gross results as % of net sales	53.0	54.1	
EBITDA	798.3	837.3	+ 4.9%
<b>EBIT</b>	<b>633.2</b>	<b>673.3</b>	<b>+ 6.3%</b>
Net profit	441.2	465.1	+ 5.4%
<b>Operating free cash flow</b>	<b>417.5</b>	<b>451.5</b>	<b>+ 8.1%</b>
ROCE in %	23.3	24.3	

# 6.2% SALES GROWTH FOR 2015

## SALES GROWTH IN ALL REGIONS



2014 2015

(in CHF mn,  
Growth in LC)

**Growth of 7.9% in Emerging Markets**

# ACCELERATED BUILD-UP OF EMERGING MARKETS INVESTMENTS 2015

## Opening of Sika plants:

- **2<sup>nd</sup> plant in United Arab Emirates** (Dubai, March 2015)
- **1<sup>st</sup> plant on Reunion Island** (March 2015)
- **1<sup>st</sup> plant in Sri Lanka** (Ekala, March 2015)
- **1<sup>st</sup> plant in Paraguay** (Asunción, May 2015)
- **4<sup>th</sup> plant in Russia** (Volgograd, August 2015)
- **2<sup>nd</sup> plant in Argentina** (Cordoba, September 2015)
- **1<sup>st</sup> plant in Nigeria** (Lagos, September 2015)
- **1<sup>st</sup> plant in Ivory Coast** (Abidjan, September 2015)
- **17<sup>th</sup> plant in the USA** (Philadelphia, December 2015)



Sika Nigeria



Sika Ivory Coast

# CONTINUING HIGH OPERATING SPEED NEW NATIONAL SUBSIDIARIES IN 2015

## New subsidiaries:

- Myanmar (March 2015)
- Tanzania (September 2015)
- Ethiopia (September 2015)



Sika Myanmar



Sika Myanmar production facilities

# CONTINUING HIGH OPERATING SPEED ACQUISITIONS IN 2015

Company	Country	Target Market
Duro-Moza	Mozambique	Refurbishment
BMI	USA	Refurbishment, Flooring
Axson Technologies	Global	Industry
CTA	Australia	Refurbishment
Addiment Italia	Europe	Concrete



Axson Technologies



BMI



Duro-Moza

# MORTAR IS SIKA'S FASTEST GROWING TECHNOLOGY CORE ELEMENT OF STRATEGY 2018

- 12.9% sales growth in 2015
- Generates more than 20% of sales in construction segment
- 85 production plants across the globe
- 22 new plants opened since 2012
- 9 out of 17 acquired companies since 2012
- Generates high, above-average profitability



Mortar plant opening in Philadelphia



Wide product range from CTA

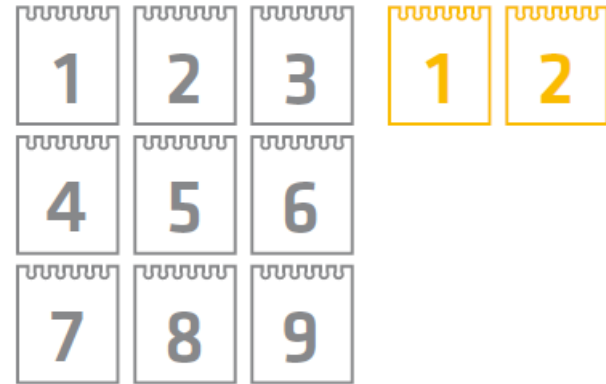
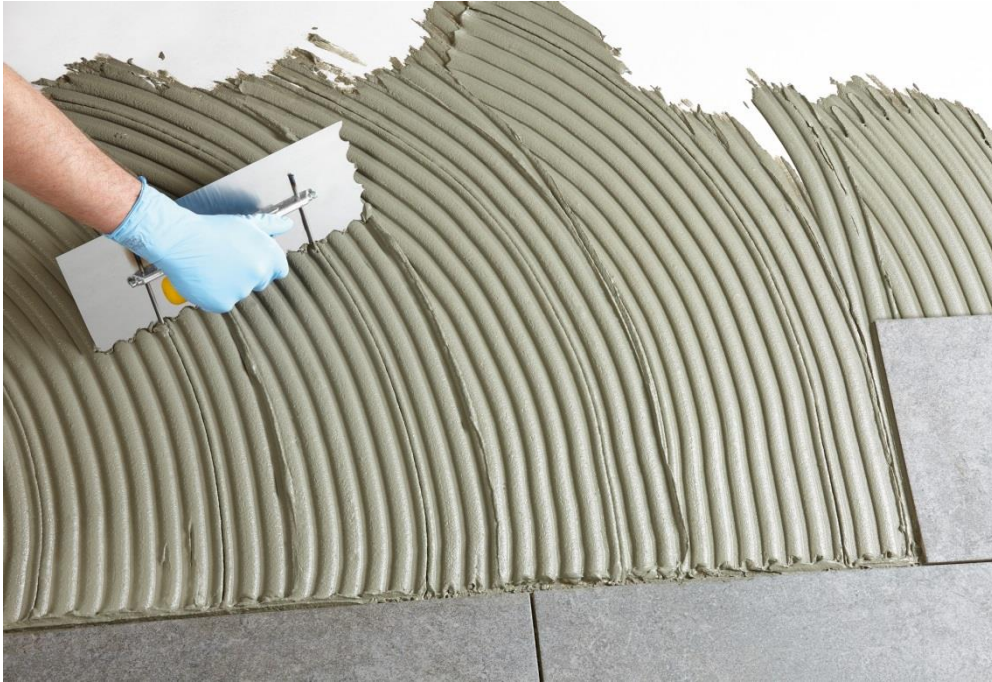
# INNOVATION IN MORTARS

## TWO IN ONE TILE ADHESIVE

### SikaCeram® -500 Ceralastic

FLEXIBLE, ONE-COMPONENT,  
FIBER-REINFORCED MORTAR

APPLICATION TIMES  
SLASHED FROM **NINE**  
**DAYS TO TWO** DUE TO  
ONE SINGLE APPLICATION



Application time in days using  
conventional method

Application time in days using  
SikaCeram®-500 Ceralastic

WATERPROOFING AND ADHESIVE  
SYSTEM

**TWO IN ONE PRODUCT**

**30% SAVINGS** IN APPLICATION

COSTS AND **45% LESS**

STORAGE SPACE REQUIRED

# INNOVATION IN WATERPROOFING TACKLING CHALLENGING PROJECTS



## SikaProof® A

USED IN THE CREATION OF  
THE STUNNING RABAT  
GRAND THEATRE IN  
MOROCCO

FIRST TIME THE  
PRODUCT HAS BEEN  
USED IN

**NORTH AFRICA**

PARTS OF THE BUILDING'S FOUNDATION ARE  
**PERMANENTLY BELOW WATER**  
PLACING EXTREMELY HIGH REQUIREMENTS ON THE  
WATERPROOFING SYSTEM





# WORLDWIDE RECOGNITION FOR OUR ACHIEVEMENTS



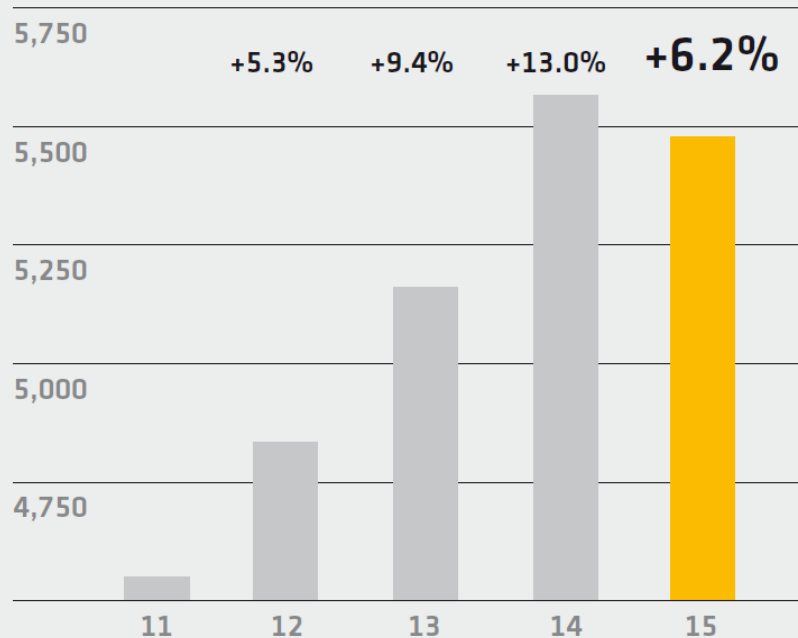
# FIVE-YEAR OVERVIEW - NET SALES AND EBIT

## CONTINUATION OF PROFITABLE GROWTH STRATEGY

NET SALES (consolidated)

in CHF mn

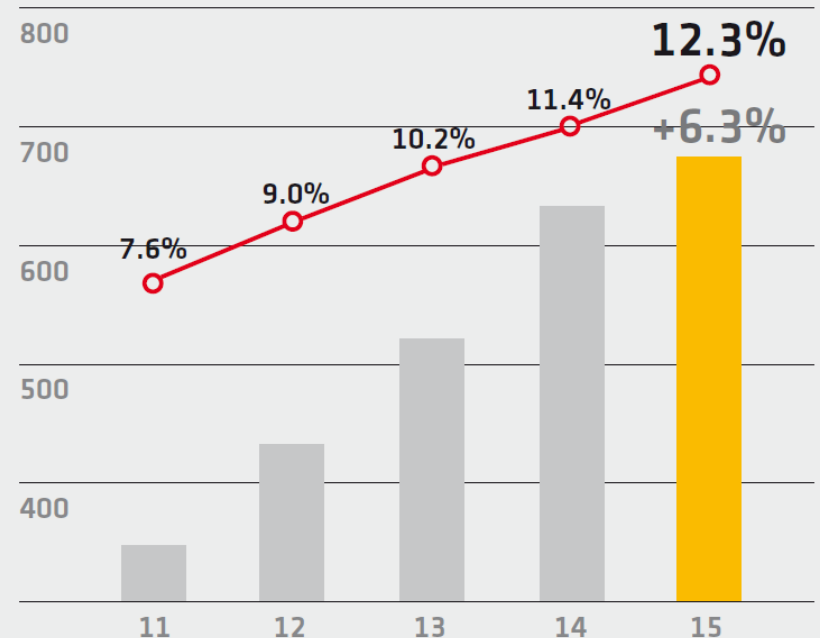
Growth in percent in local currencies



EBIT

in CHF mn

○ — as percent of net sales



# 3. RESULTS 2015

# FINANCIAL HIGHLIGHTS 2015

- **Strong sales and volume growth of 6.2%** (-1.5% in CHF) in spite of weaknesses in main markets, all regions contributed
- Over proportional **EBIT growth, reaching 12.3% of net sales**, +CHF 40 million in absolute terms in spite of adverse FX environment
- **Lower interest expenses but higher other financial expenses** due to increased hedging cost and negative valuation impact
- **Tax rate stable at 25.2%**
- Resulting **net profit growth of 5.4%**
- All time record in **operating free cash flow at CHF 451.5 million**
- **Record cash level of CHF 1.07 billion**, net cash position of CHF 94 million
- Further **improvement in capital efficiency (ROCE) to 24.3%** driven by strong profitability and efficient capital management, **slightly higher NWC at 18.6%** due to strong finish to the year

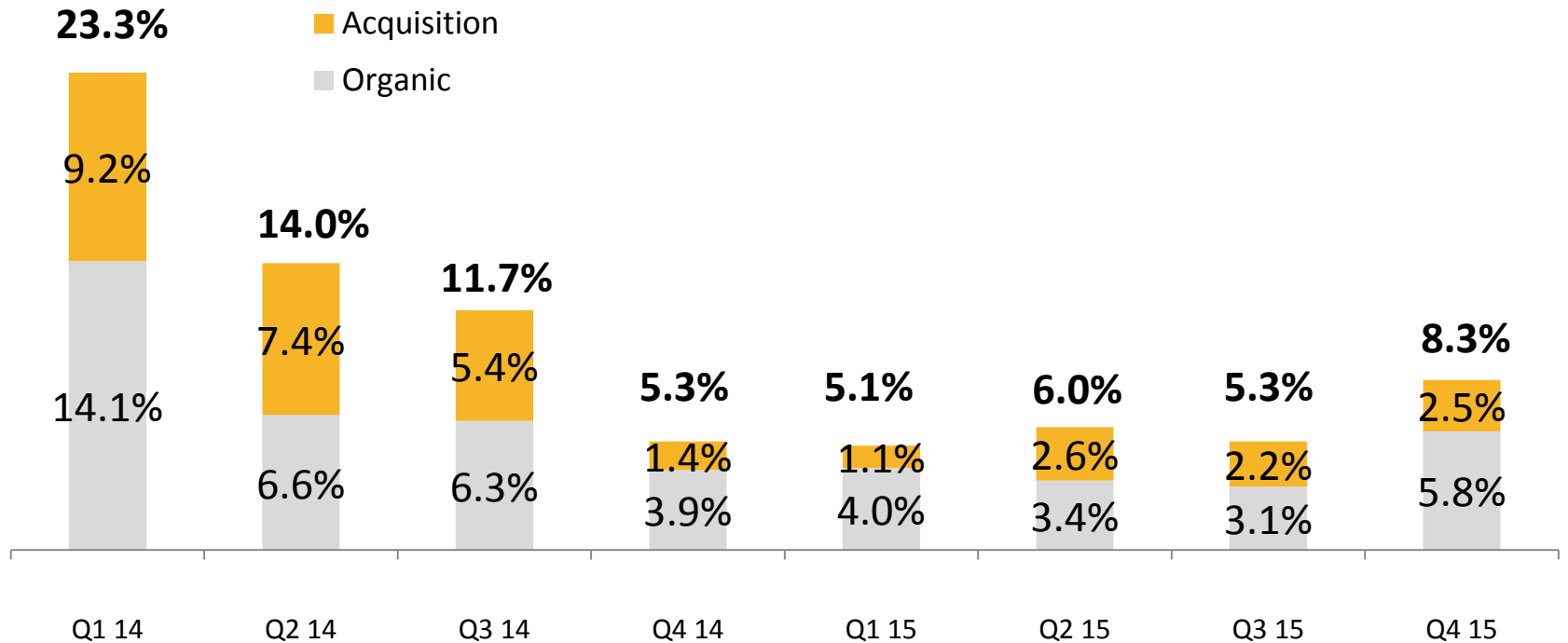
# SALES GROWTH BY QUARTER

## DYNAMIC GROWTH MOMENTUM

Growth rates in local currencies

■ Acquisition

■ Organic



Net sales, million CHF	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15
	1,206.2	1,450.7	1,517.5	1,396.9	1,195.3	1,429.9	1,469.8	1,394.2

# PROFIT & LOSS

## STRONG IMPROVEMENT IN KEY FINANCIALS

In million CHF	2014	NS	2015	NS	Growth
<b>Net sales</b>	<b>5,571.3</b>	<b>100%</b>	<b>5,489.2</b>	<b>100%</b>	<b>- 1.5%</b>
<b>Gross results</b>	<b>2,951.3</b>	<b>53.0%</b>	<b>2,970.8</b>	<b>54.1%</b>	<b>+ 0.7%</b>
Personnel costs	-1,093.7	-19.7%	-1,106.5	-20.1%	+ 1.2%
Other OPEX	-1,059.3	-19.0%	-1,027.0	- 18.7%	- 3.0%
Depreciation	-165.1	-2.9%	-164.0	-3.0%	- 0.6%
<b>EBIT</b>	<b>633.2</b>	<b>11.4%</b>	<b>673.3</b>	<b>12.3%</b>	<b>+ 6.3%</b>
Financial expense	-42.6		-51.4		
Income taxes	-149.4		-156.8		
<b>Net profit</b>	<b>441.2</b>	<b>7.9%</b>	<b>465.1</b>	<b>8.5%</b>	<b>+ 5.4%</b>
Tax rate		25.3%		25.2%	
Non-material costs	-2,318.1	-41.6%	2,297.5	-41.9%	- 0.8%

# CONSOLIDATED BALANCE SHEET

## DEBT-FREE BALANCE SHEET – OVER 1 BILLION IN CASH

In million CHF	31.12.2014	31.12.2015	Δ %
Cash and cash equivalents	898.8	1,074.4	+ 19.5
Other current assets	1,697.3	1,703.7	+ 3.8
<b>Current assets</b>	<b>2,596.1</b>	<b>2,778.1</b>	<b>+ 7.0</b>
Non-current assets	2,221.8	2,145.7	- 3.4
<b>Total assets</b>	<b>4,817.9</b>	<b>4,923.8</b>	<b>+ 2.2</b>
Current liabilities	951.1	1,163.1	+ 22.3
<b>Non-current liabilities</b>	<b>1,483.5</b>	<b>1,208.6</b>	<b>- 18.5</b>
Equity incl. minorities	2,383.3	2,552.1	+ 6.2
<b>Total liabilities and equity</b>	<b>4,817.9</b>	<b>4,923.8</b>	<b>+ 2.2</b>
Net debt	82.5	- 94.0	

# CASH FLOW STATEMENT

## RECORD OPERATING FREE CASH FLOW

In million CHF	2014	2015
Cash flow from operating activities	554.4	585.8
CapEx/sale of assets/acquisitions	-204.6	-206.3
<b>Free cash flow</b>	<b>349.8</b>	<b>379.5</b>
Acquisitions/financial assets	67.7	72.0
<b>Operating free cash flow</b>	<b>417.5</b>	<b>451.5</b>
<b>Free cash flow</b>	<b>349.8</b>	<b>379.5</b>
Cash flow from financing activities	-480.0	-186.8
Exchange differences	0.7	-17.1
<b>Net change in liquid funds</b>	<b>-129.5</b>	<b>175.6</b>

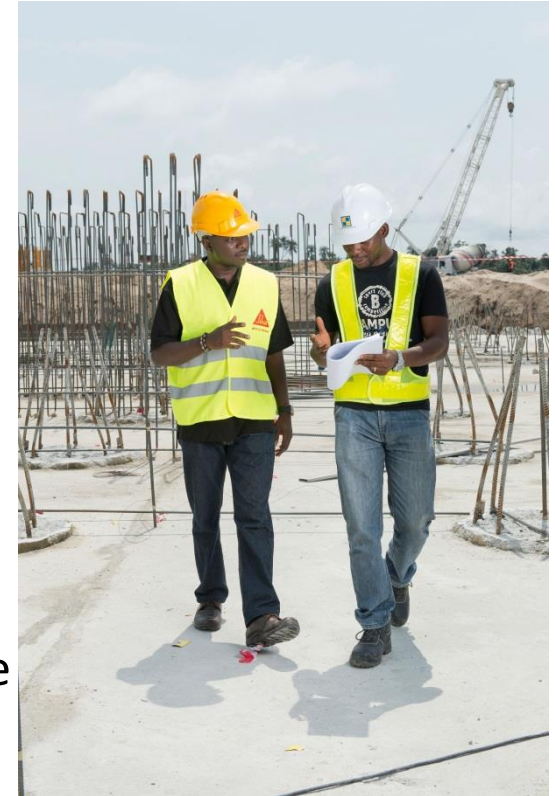


## 4. SUCCESSFUL EXECUTION OF AFRICA STRATEGY

# AFRICA'S HIGH POTENTIAL

## THE WORLD'S SECOND-LARGEST CONTINENT

- World's fastest growing continent, 54 countries
- Resources and raw material driving economic growth
- 15% of the global population
- Strong population growth exceeding Asia:
  - 1.1 billion inhabitants, figure expected to double by 2050
  - Mega countries with more than 300 million inhabitants by 2050 such as Nigeria
- Forecasts: USD 380 billion investments in infrastructure and energy by 2040



# SUCCESSFUL IMPLEMENTATION OF SIKA'S AFRICA STRATEGY ACCELERATED EXPANSION IN AFRICA

- Strategy developed in 2013
  - Macroeconomic aspects: GDP, political stability, demographic trends, infrastructure spend
  - Microeconomic criteria: annual cement consumption and market potential for concrete, mortars, tile adhesives
- Presence in North and South Africa for decades, followed by establishment of presence in East, Central and West Africa



# SIKA'S TRACK RECORD IN AFRICA

## STRONG EXECUTION

+22%

Sales growth in 2015

9

New plants since 2012

16 subsidiaries

8 added since 2012

688

employees



# MAJOR CONSTRUCTION PROJECTS WITH SIKA PRODUCTS



Bridge over Maputo Bay, Mozambique



Dangote fertilizer plant Lagos, Nigeria

# MAJOR CONSTRUCTION PROJECTS WITH SIKA PRODUCTS



Luanda International Airport, Angola



Mall of Egypt, Cairo, Egypt

# 5. SUCCESSFUL BUILD-UP OF THE NORTH AMERICAN MARKET

# FOCUS ON FASTEST DEVELOPING METRO AREAS

## INVESTMENTS INTO SUPPLY CHAIN AND SALES FORCE

Forbes list of the 20 fastest growing metro areas in the USA

1. Austin, TX
2. Raleigh, NC
3. Phoenix, AZ
4. Dallas, TX
5. Salt Lake City, UT
6. Denver, CO
7. Ogden, UT
8. Charlotte, NC
9. Orlando, FL
10. Houston, TX
11. Seattle, WA
12. Atlanta, GA
13. Provo, UT
14. Cape Coral, FL
15. Palm Bay, FL
16. Boise, ID
17. Minneapolis, MN
18. North Port, FL
19. San Jose, CA
20. San Antonio, TX



No. 1 – Austin, Texas



No. 6 – Denver, Colorado



No. 11 – Seattle, Washington

<http://www.forbes.com/sites/erincarlyle/2014/02/14/americas-20-fastest-growing-cities/>



# NORTH AMERICAN SUPPLY CHAIN STRATEGY 2018

## SUCCESSFUL NEW PLANT OPENINGS IN 2014/2015

### Denver, Colorado

- One of the fastest growing metropolitan areas
- New admixture plant
- Sales up by 25%

### Atlanta, Georgia

- One of the fastest growing metropolitan areas
- New mortar plant next to admixture plant
- 900 full trucks of mortar shipped in 2015

### Philadelphia, Pennsylvania

- 5<sup>th</sup> biggest city in USA
- New mortar plant next to admixture plant
- Extension of concrete admixture plant



# NORTH AMERICAN SUPPLY CHAIN STRATEGY 2018

## SUCCESSFUL NEW PLANT OPENING IN 2016

### Vancouver, Canada

- Seattle (US) / Vancouver (Canada) are part of a very fast developing area
- New mortar and concrete admixture plant
- Improved product availability, reduced lead times, faster deliveries as well as an optimized cost structure
- Continued execution of Sika's supply chain strategy in North America



# NORTH AMERICAN SUPPLY CHAIN STRATEGY 2018

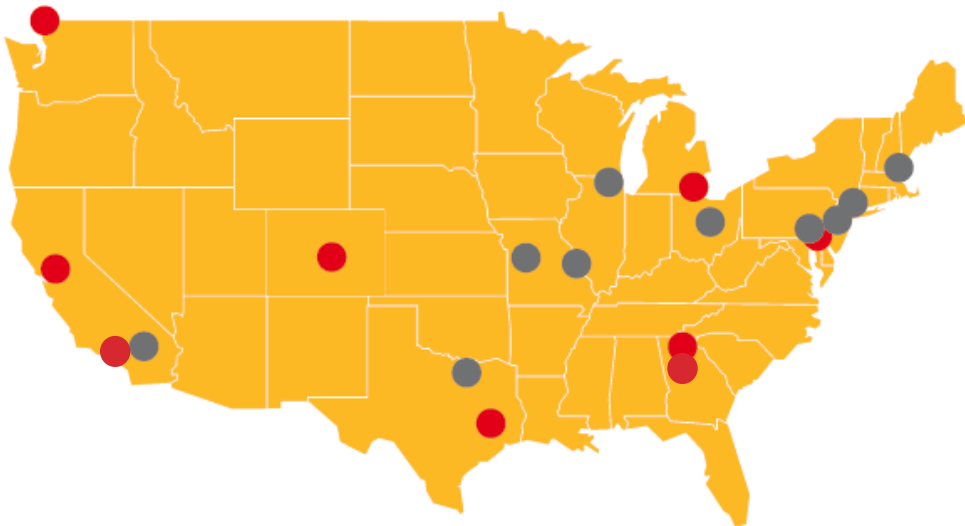
## ACQUISITION IN 2016

### 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



# ACCELERATED BUILD UP OF PRESENCE IN USA



SIKA IS INVESTING IN NEW FACTORIES

- Factories in 2012
- New factories 2013-2016

20 plants in USA and Canada

9 new plants added between 2013-2016

Investment focus on fast growing metro areas

12% sales growth in Q1 2016

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

# FOCUS ON KEY ECONOMIC AREAS

## SELECTED KEY PROJECTS 2014/2015 IN THE USA



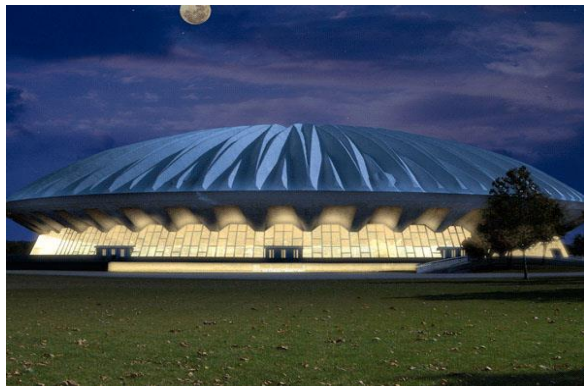
**Apple headquarter, California**



**Tesla GigaFactory, Nevada**



**East Side Access, New York**



**State Farm Arena, Illinois**



**M&G's new PET plant, Texas**



**Aldi Distribution Center, California**

# HUDSON YARDS PROJECT NYC






SIKA IS HELPING TO BUILD A NEW CITY  
IN A CITY



## 6. STRATEGY REVIEW AND RAISED TARGETS

# STRATEGY 2018 – ACHIEVEMENTS SINCE 2012

## A PROVEN TRACK RECORD OF DELIVERY

PILLARS OF THE GROWTH MODEL	ACHIEVEMENTS
MARKET PENETRATION	 <ul style="list-style-type: none"><li>• Successful Target Market concept</li><li>• Megatrends driving growth</li></ul>
INNOVATION	 <ul style="list-style-type: none"><li>• 297 new patents filed</li><li>• 20 Global Technology Centers</li></ul>
EMERGING MARKETS	 <ul style="list-style-type: none"><li>• 30 new plants opened</li><li>• 16 new national subsidiaries</li></ul>
ACQUISITIONS	 <ul style="list-style-type: none"><li>• 17 acquisitions in all regions</li><li>• CHF 563 million sales added</li></ul>
VALUES	 <ul style="list-style-type: none"><li>• Strong corporate culture</li><li>• High employee loyalty</li></ul>



# STRATEGY 2018

## STRATEGY REVIEW AND RAISED TARGETS

Since the targets for Strategy 2018 have been reached ahead of schedule, with three full business years to go, the Board of Directors decided to raise them in January 2016, as a result of the strategy review carried out in 2015.

- Bottom-up review of Strategy 2018 involving all 160 Senior Managers in all countries
- Strength of Strategy 2018 and growth model confirmed
- Further growth potential and initiatives identified
- Targets and key investments reviewed and updated
- Confidence in continuation of sales growth and margin improvement

# STRATEGY 2018

## STRATEGY REVIEW AND RAISED TARGETS

### PREVIOUS TARGETS

6-8% growth per year

42-45% of sales in emerging markets

>10% operating profit

>6% operating free cash flow

>20% ROCE



### NEW AND RAISED TARGETS FROM JANUARY 2016

6-8% growth per year

6-8 new plants per year

100 national subsidiaries by 2018

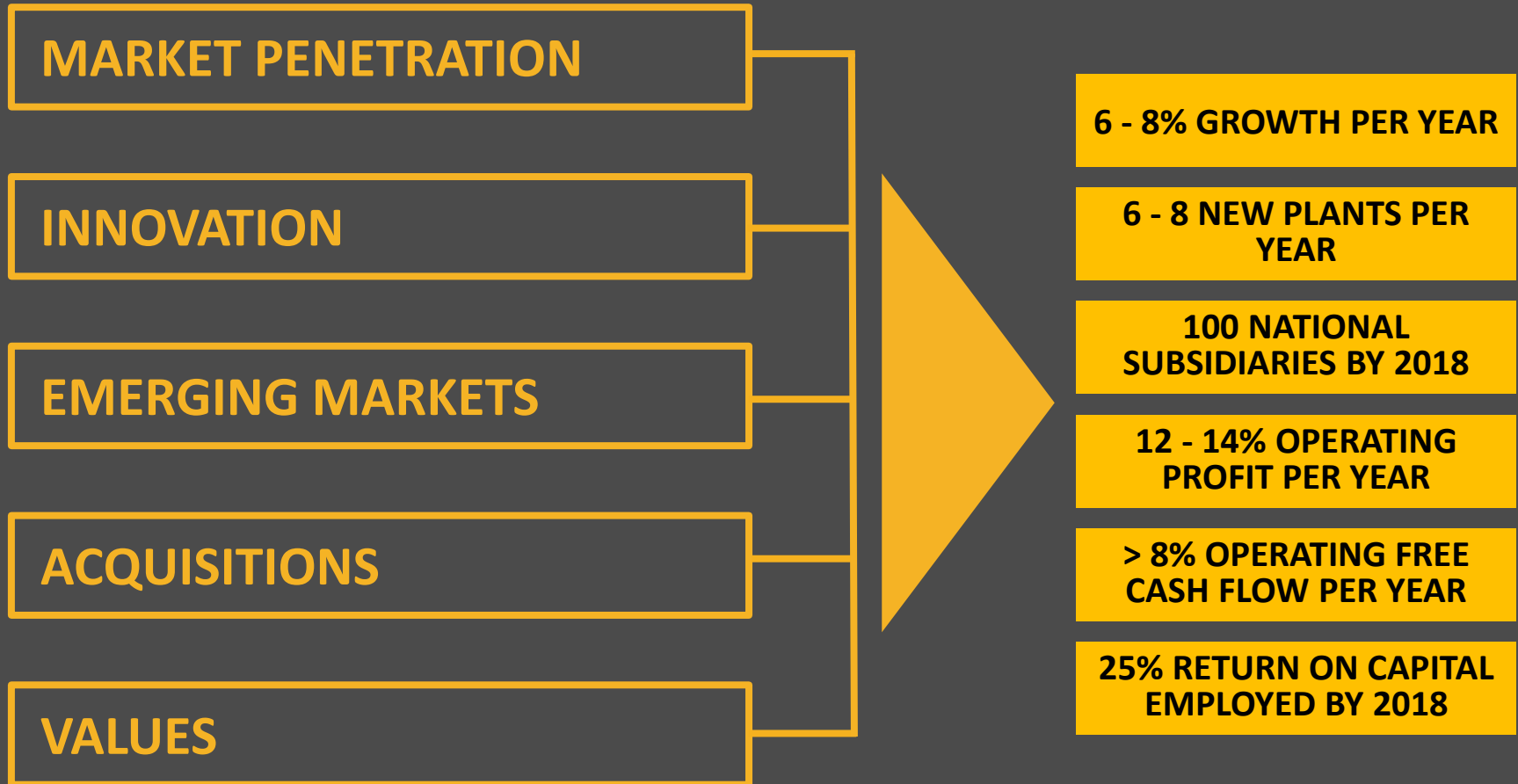
12-14% operating profit per year

>8% operating free cash flow per year

25% ROCE by 2018

# STRATEGY 2018

## SIKA'S GROWTH MODEL WITH NEW AND RAISED TARGETS



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

# REASONS FOR OPPOSING THE HOSTILE TAKEOVER ATTEMPT BY SAINT-GOBAIN

- 1. Complete control with just a 16% stake**
- 2. Fatal prioritization of Saint-Gobain's interests and competitive distortion**
- 3. Unrealistic synergies, high degree of attrition**
- 4. Negative operating consequences for Sika**
  - Focus switch from Strategy 2018 to synergy realization
  - Downward convergence
  - Management losses
  - Client losses
- 5. Loss of A- financial rating**

# 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.

# ENSURING THE SIKA SUCCESS STORY CONTINUES

## STRONG OPPOSITION TO HOSTILE TAKEOVER ATTEMPT

- Strong performance underscores the necessity of safeguarding Sika's successful business model in the interest of all stakeholders
- Public shareholders, Board of Directors, Group Management, 160 Senior Managers and employee representatives remain opposed to Saint-Gobain's hostile takeover attempt
- There is no industrial logic behind the proposed transaction
- A competitor wants to control Sika by holding just 16% of capital – which results in a conflict of interests
- A Saint-Gobain majority board means the interests of the public shareholders would no longer be adequately represented
- Court decision on voting rights restriction pending
- Board of Directors and Group Management will continue to act in the interests of Sika and its stakeholders with the aim of guaranteeing the unimpeded continuation of Sika's successful growth strategy

# 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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