



**GROWTH OF 13.9% - NEW RECORDS IN SALES AND PROFIT  
FIRST HALF 2018**

**SIKA INVESTOR PRESENTATION  
OCTOBER 2018**

**BUILDING TRUST**



# HIGHLIGHTS FIRST HALF 2018

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# GROWTH OF 13.9% - NEW RECORDS IN SALES AND PROFIT

## 1. New records in sales and profit

- +13.9% sales growth in local currencies (15.9% in CHF) to CHF 3,470.1 million
- +10.6% higher EBIT to CHF 444.6 million
- Without one-off costs (related to resolution of dispute with SGO) over-proportional EBIT increase of more than 16%

## 2. Key investments

- New national subsidiary in Honduras
- New plants in Senegal, Saudi Arabia, Vietnam, Azerbaijan, Dubai, and Mexico
- Closing of 3 acquisitions: Faist ChemTec, Index, and Polypag

## 3. Outlook and Strategy

- Strategic targets for 2020 unchanged
- Strong outlook 2018 confirmed

# SIKA ENDS DISPUTE WITH SGO AND SECURES INDEPENDENCE

- Approval of all proposals at EGM of June 11
- Transfer of control premium to all shareholders
- Transaction EPS accretive to all shareholders
- Implementation of efficient capital structure
- Modern governance model
- Acceleration of Sika's growth strategy, review of targets 2020 and beyond

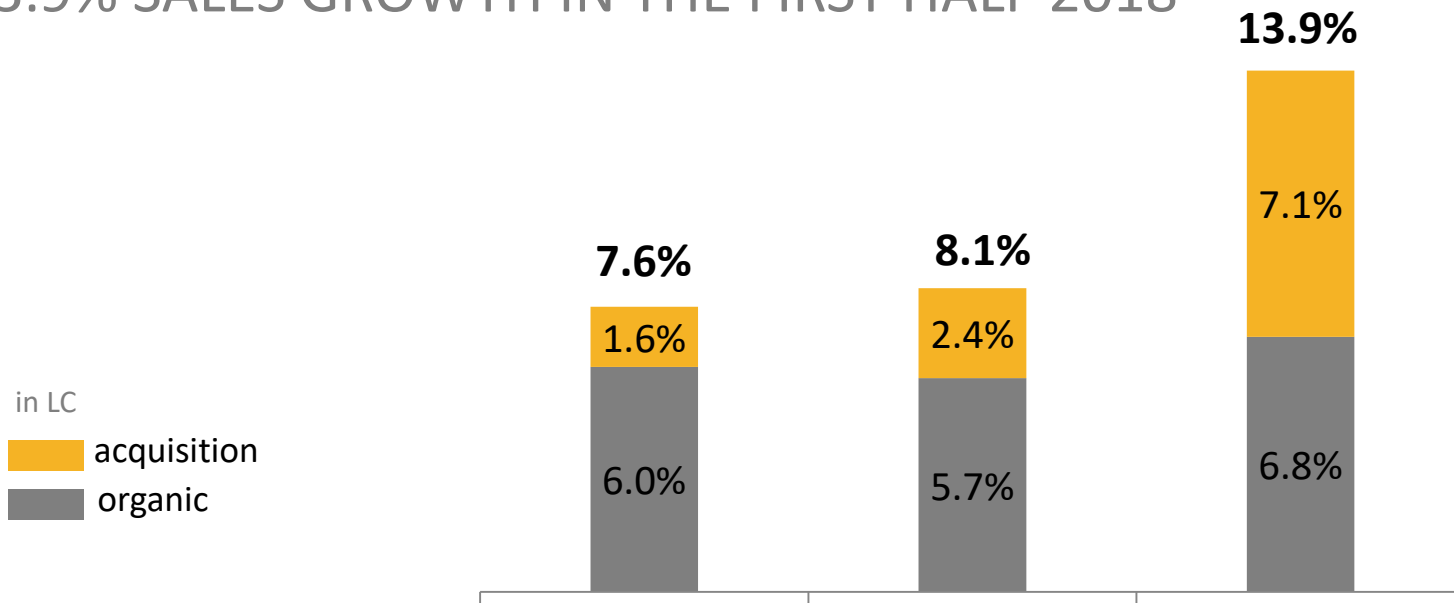
# KEY FIGURES FIRST HALF 2018

## RECORD RESULTS – STRONG MOMENTUM CONTINUES

in CHF mn	2017	2018	Δ %
<b>Net sales</b>	<b>2,994.9</b>	<b>3,470.1</b>	<b>+15.9%</b>
Gross results as % of net sales	55.1	53.6	
EBITDA	488.2	544.8	+11.6%
<b>EBIT</b>	<b>402.1</b>	<b>444.6</b>	<b>+10.6%</b>
Net profit	285.7	318.2	+11.4%
<b>Operating free cash flow</b>	<b>63.0</b>	<b>11.5</b>	
<b>ROCE in %</b>	<b>28.0</b>	<b>26.2</b>	

# FIRST HALF SALES GROWTH

## 13.9% SALES GROWTH IN THE FIRST HALF 2018



in CHF mn

	1HY 2016	1HY 2017	1HY 2018
Net sales	2,806.2	2,994.9	3,470.1

# SALES FIRST HALF 2018

## GROWTH IN ALL REGIONS

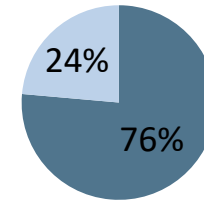
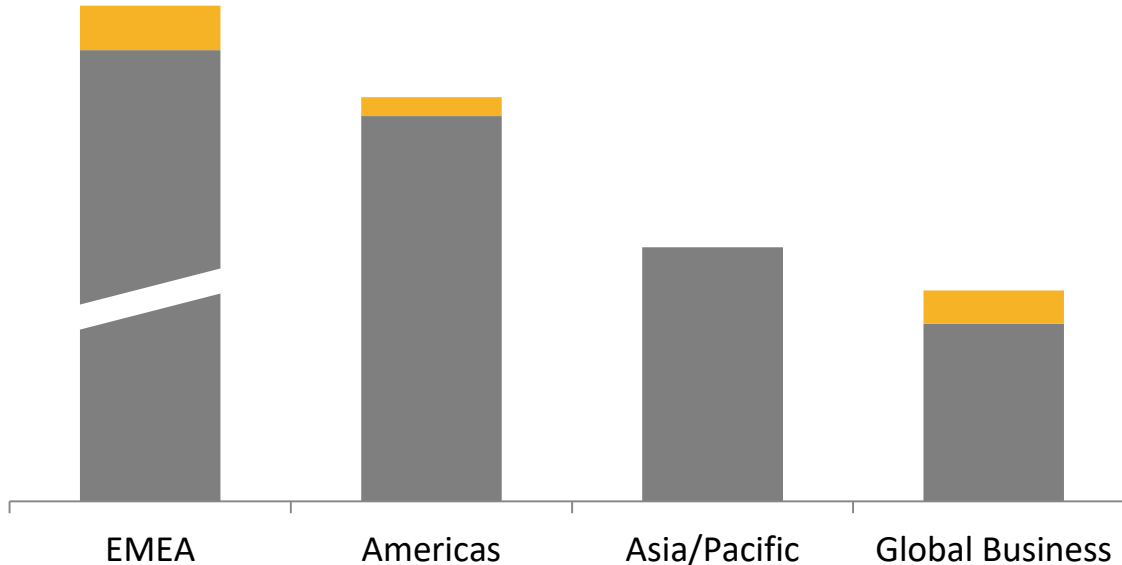
+19.7%	+9.5%	+5.7%	+32.0%
+13.6%	+13.6%	+5.0%	+28.5%
6.1%	-4.1%	+0.7%	+3.5%
+7.5%	+5.1%	+0.0%	+20.7%

Growth in CHF

Growth in LC

FX impact

Acquisition 

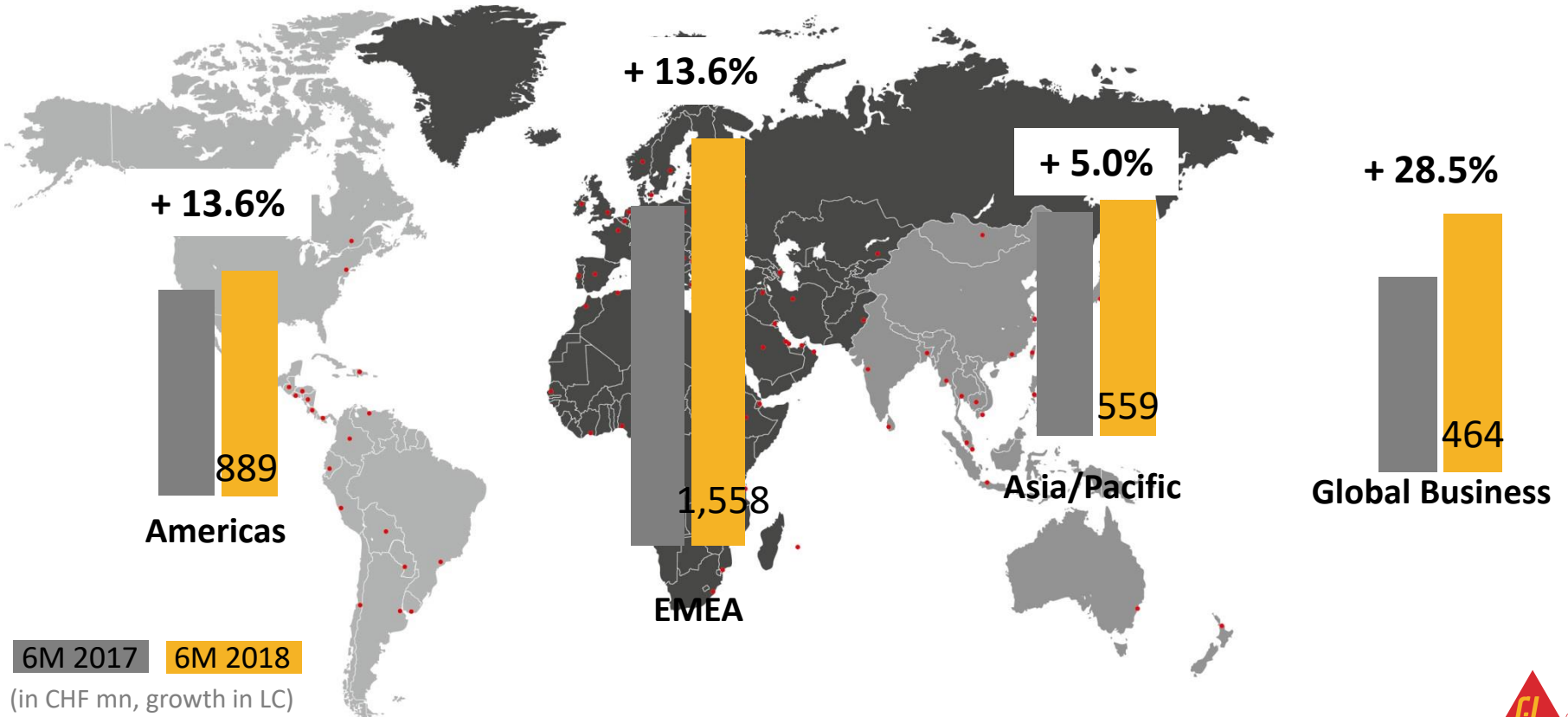


 Construction

 Industry

# STRONG GROWTH MOMENTUM CONTINUES IN 2018

## 13.9% SALES GROWTH (15.9% IN CHF)



6M 2017 6M 2018

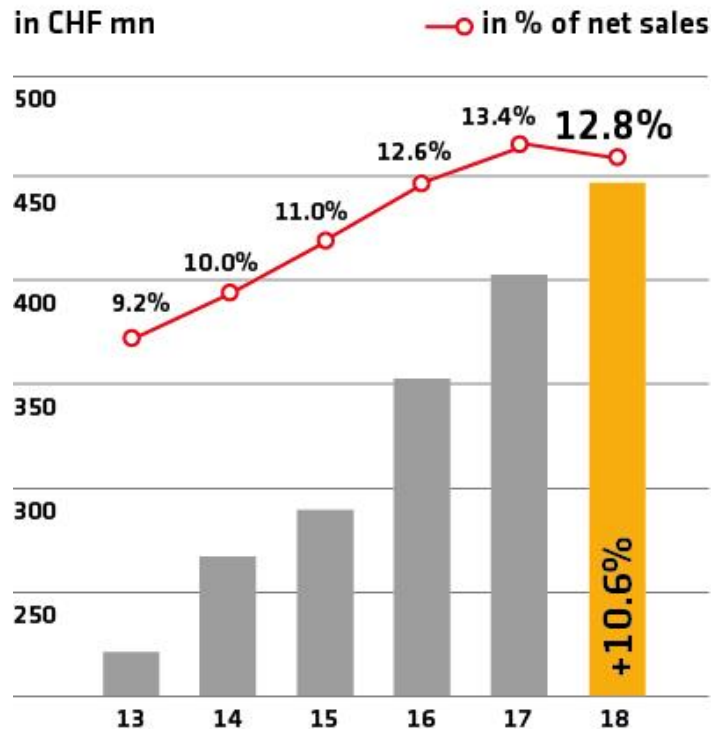
(in CHF mn, growth in LC)



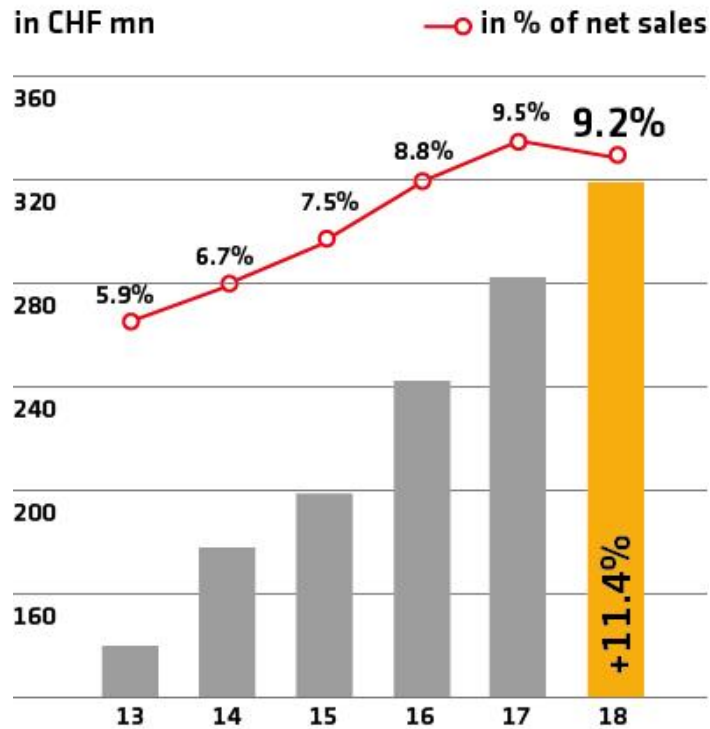
# SIX-YEAR OVERVIEW – HALF-YEAR FIGURES

## CONTINUOUSLY IMPROVING PROFIT

EBIT  
in CHF mn



NET PROFIT  
in CHF mn



# SUCCESSFUL STRATEGY EXECUTION

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# SIKA'S GROWTH MODEL DELIVERS KEY INVESTMENTS SINCE 2015

## Market Penetration



- Successful Target Market concept
- Megatrends driving growth

## Innovation



- 217 new patents filed
- 20 Global Technology Centers

## Emerging Markets



- 32 new plants opened
- 11 new national subsidiaries

## Acquisitions



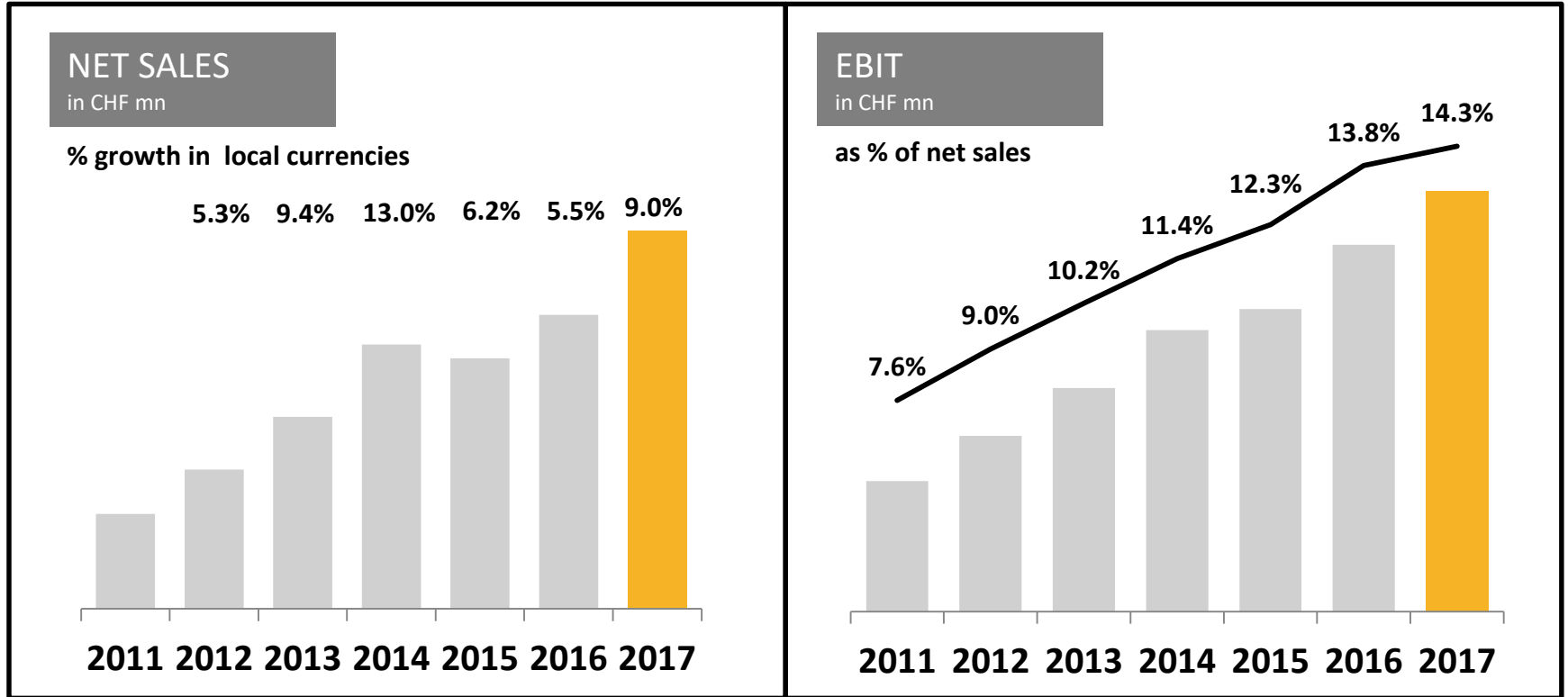
- 18 acquisitions in all regions
- CHF 745 million sales added

## Values



- Strong corporate culture
- High employee loyalty

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



# MARKET PENETRATION

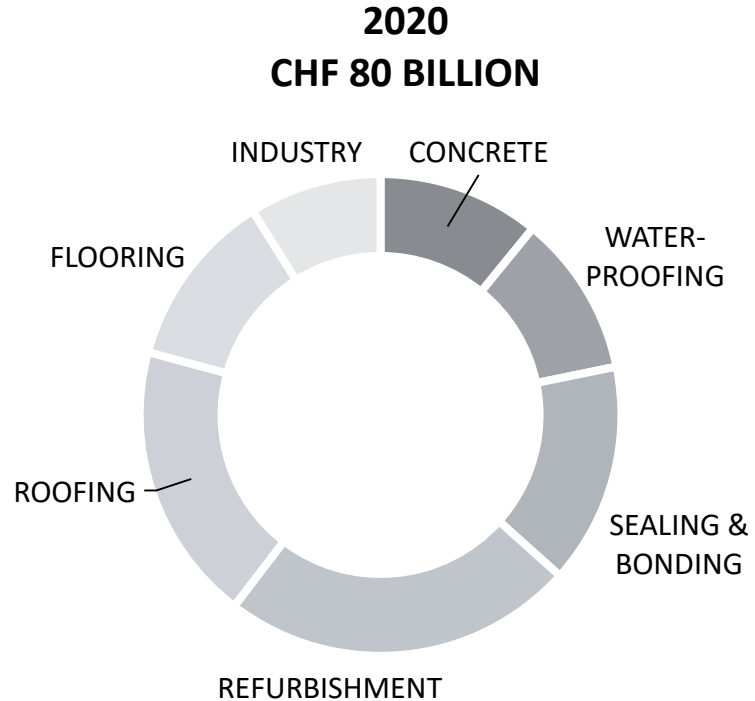
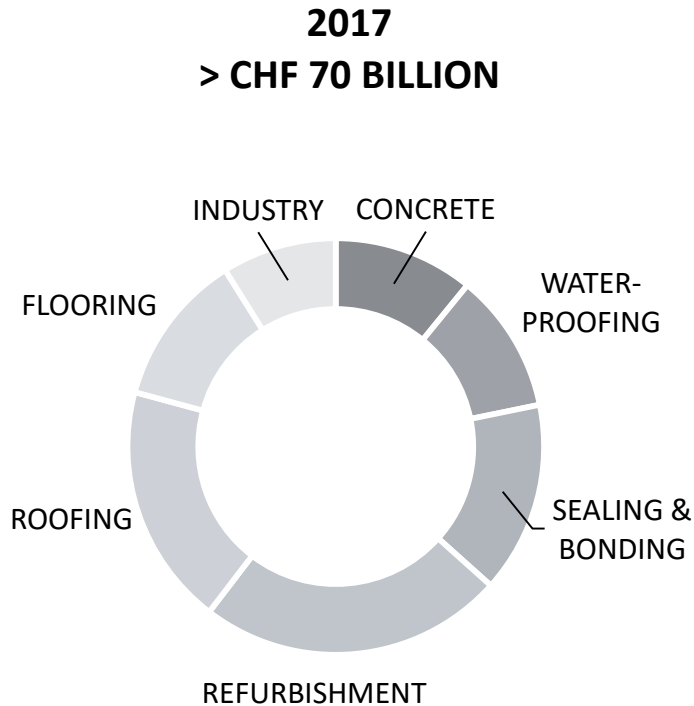
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# SIKA'S MARKET POTENTIAL

## 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



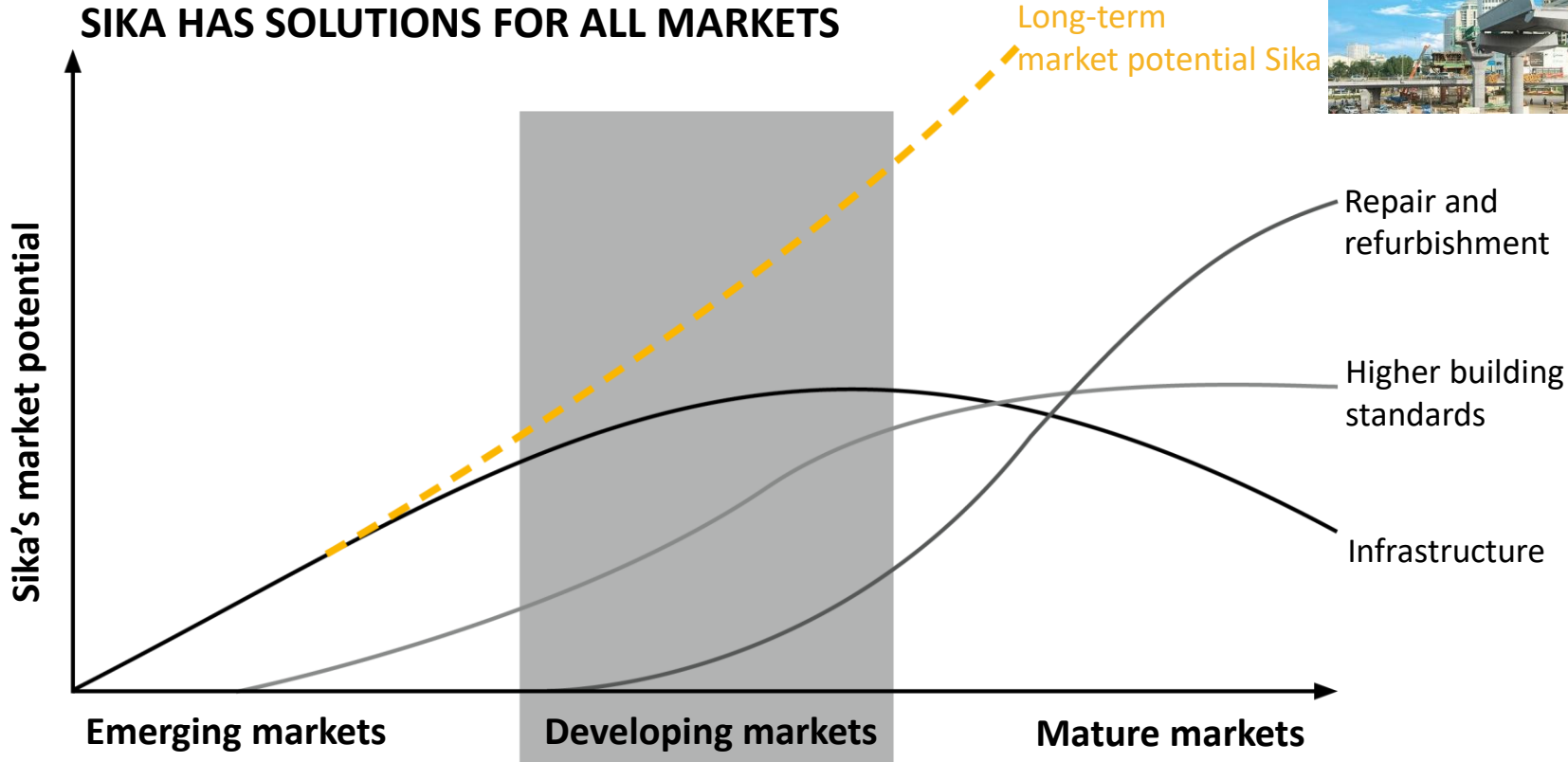
Industry



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



**SIKA HAS SOLUTIONS FOR ALL MARKETS**



# SIKA'S 101 SUBSIDIARIES

SWITZERLAND - 1910	GERMANY - 1921	CANADA - 1926	UK - 1926	FRANCE - 1928	ITALY - 1928	SPAIN - 1931	JAPAN - 1932	CZECH REPUBLIC - 1933	POLAND - 1933
AUSTRIA - 1934	BRAZIL - 1934	USA - 1936	ARGENTINA - 1938	CHILE - 1942	ALGERIA - 1947	BELGIUM - 1949	SWEDEN - 1950	COLOMBIA - 1951	TUNISIA - 1958
URUGUAY - 1958	NEW ZEALAND - 1959	DENMARK - 1960	MEXICO - 1963	NORWAY - 1968	AUSTRALIA - 1976	IRAN - 1977	HONG KONG - 1978	MOROCCO - 1979	NETHERLANDS - 1980
SAUDI-ARABIA - 1980	MAURITIUS - 1981	SOUTH AFRICA - 1984	EGYPT - 1985	FINLAND - 1985	ECUADOR - 1986	INDIA - 1986	INDONESIA - 1987	MALAYSIA - 1988	THAILAND - 1988
KOREA - 1990	PORTUGAL - 1990	SINGAPORE - 1990	TURKEY - 1990	TAIWAN - 1991	HUNGARY - 1993	PHILIPPINES - 1993	SLOVAKIA - 1993	VIETNAM - 1993	BAHRAIN - 1994
BOLIVIA - 1994	CHINA - 1994	IRELAND - 1994	PERU - 1994	GREECE - 1995	SLOVENIA - 1995	VENEZUELA - 1997	COSTA RICA - 1998	CROATIA - 1998	LEBANON - 1998
GUATEMALA - 2001	PANAMA - 2001	BULGARIA - 2002	CAMBODIA - 2002	ROMANIA - 2002	SERBIA - 2002	RUSSIA - 2003	DOMINICAN REPUBLIC - 2004	AZERBAIJAN - 2005	KAZAKHSTAN - 2005
UKRAINE - 2005	LATVIA - 2007	UNITED ARAB EMIRATES - 2008	PAKISTAN - 2010	JORDAN - 2011	IRAQ - 2012	KENYA - 2012	MONGOLIA - 2012	QATAR - 2012	ANGOLA - 2013
BELARUS - 2013	OMAN - 2013	PARAGUAY - 2013	ALBANIA - 2014	BOSNIA-HERZEGOVINA - 2014	IVORY COAST - 2014	MOZAMBIQUE - 2014	NIGERIA - 2014	SRI LANKA - 2014	ETHIOPIA - 2015
MYANMAR - 2015	TANZANIA - 2015	CAMEROON - 2016	DJIBOUTI - 2016	ESTONIA - 2016	KUWAIT - 2016	NICARAGUA - 2016	SENEGAL - 2017	EL SALVADOR - 2017	BANGLADESH - 2017

HONDURAS - 2018



INNOVATION

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# INNOVATION

## STRONG TRACK RECORD

217

patents were  
filed since  
2015

More than

900

employees are  
dedicated to  
Research and  
Development

283

invention  
disclosures  
Since 2015

20

Technology  
Centers  
worldwide

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



NEW PATENTS  
SINCE 2015



NEW PRODUCTS  
LAUNCHED SINCE  
2015



**+20%**

ANNUAL ORGANIC  
SALES GROWTH  
INCREASE

**30%**

ANNUAL EBIT  
CONTRIBUTION

# ACCELERATED BUILD-UP OF EMERGING MARKETS

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# EMERGING MARKETS BUILD-UP SINCE 2015

## CAPTURING GROWTH POTENTIAL IN NEW MARKETS

32

new  
plants  
opened

5

acquisitions

11

new  
national  
subsidiaries

36%

of sales in  
emerging markets

# ACQUISITIONS

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# ACQUISITIONS SINCE 2015

## GROWTH PLATFORMS FOR THE FUTURE

18

acquisitions

745

million CHF  
additional  
turnover

In all

7

Target  
Markets

In all

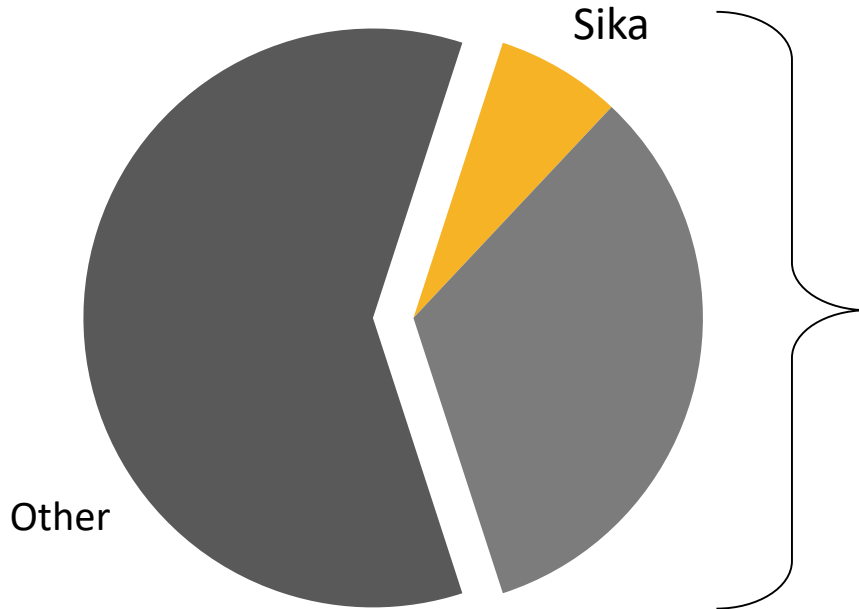
4

regions

# SIKA WILL ACT AS MARKET CONSOLIDATOR

## FRAGMENTATION OFFERS ACQUISITION OPPORTUNITIES

**CONSTRUCTION CHEMICAL MARKET 2017**  
**> CHF 60 BILLION**



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

# KEY INVESTMENTS IN 2018

## ACQUISITIONS AS GROWTH PLATFORM

### Acquisition of Index Construction Systems and Products, Italy

- Leading manufacturer of roofing and waterproofing systems with annual sales of CHF 115 million
- Acquisition leads to strong number one position in Italian roofing market
- New site will function as Sika's Southern European production hub for bituminous systems, with potential to serve Middle East and Africa

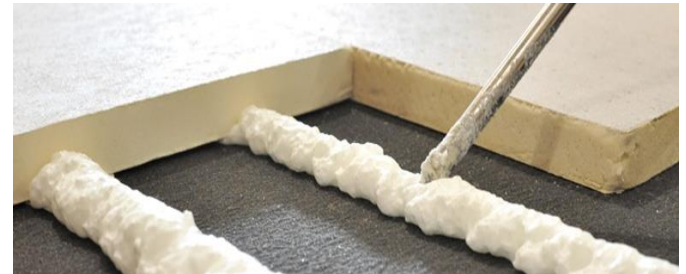


# KEY INVESTMENTS IN 2018

## ACQUISITIONS AS GROWTH PLATFORM

### Acquisition of Polypag, Switzerland

- Leading Swiss-based manufacturer and developer of polyurethane foam systems with annual sales of CHF 40 million
- Foams based on polyurethane are construction materials used whenever something is insulated, sealed, bonded, or fitted
- The combined technological and development expertise will open up new cross-selling opportunities
- Expansion of the specialist trade business will drive forward market penetration



# FAIST CHEMTEC ACQUISITION WITH FULL EFFECT IN 2018

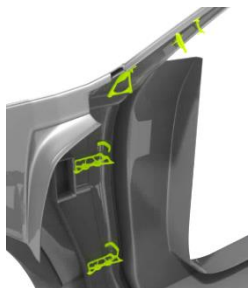
## ACQUISITIONS AS GROWTH PLATFORM

### Acquisition of Faist ChemTec, Global

- Leading manufacturer of high-performance engineered, structure-borne acoustic solutions for automotive and appliances industry
- Faist ChemTec's innovations are driven by megatrends, such as increased need for comfort and lightweight construction of vehicles
- Manufacturing footprint supports the aim to achieve global reach combined with local presence when serving customers worldwide
- CHF 190 million in additional sales



# SIKA AND FAIST – ABILITY TO OFFER THE FULL ACOUSTIC PACKAGE NOISE, VIBRATION AND HARSHNESS (NVH) IN THE BODY SHOP



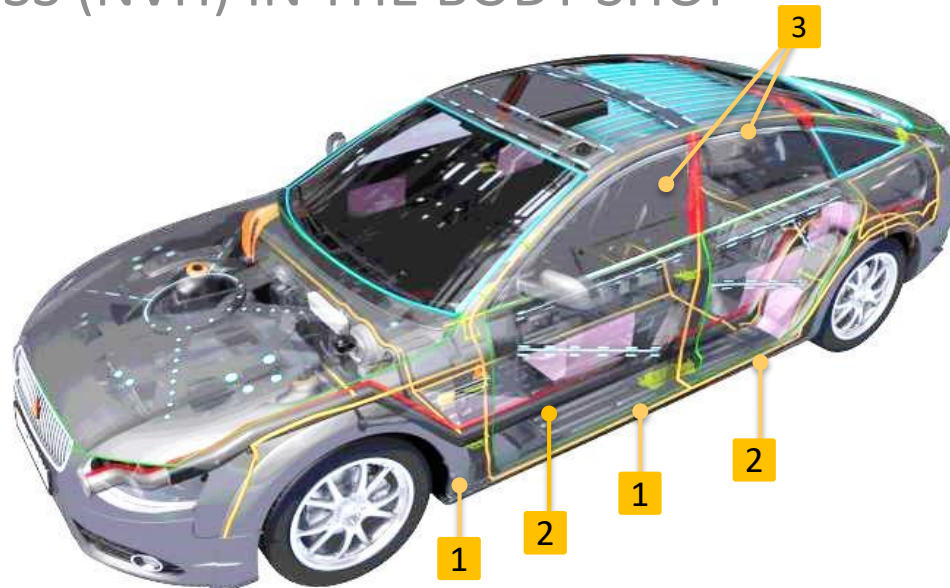
**1**  
**Air-borne noise reduction**  
SikaBaffle®



**2**  
**Structure-borne noise damping**  
SikaDamp®



**3**  
**Structural reinforcing**  
SikaReinforcer®



	Air-borne	Structure-borne	Reinforcing
Sika	+++++	++	+++++
Faist ChemTec	+	+++++	+++

# MEGATREND – ELECTRIC VEHICLES

## ESTABLISHED SIKA APPLICATIONS AND NEW OPPORTUNITIES

### POTENTIAL OF 20% MORE SIKA SOLUTIONS IN ELECTRIC VEHICLES

**E-platforms require lightweight construction**



**Unique body structures require refined reinforcement solutions to ensure crash performance**



**Comprehensive acoustic solutions to dampen road and wind noise**



**Specific reinforcement for protection of battery box is required**



**Battery cells and modules require assembly, sealing and thermal management technology to prevent degraded performance**



**Relays, control modules, and sensors require potting, insulation, and encapsulation**



# MEGATREND – ELECTRIC VEHICLES

## SIKA OFFERS THE SOLUTIONS

### CHALLENGE

The success of electric cars depends on powerful batteries. More powerful batteries generate more heat and present a risk of overheating. Conventional adhesives have an insulating effect and retain heat.

### SOLUTION

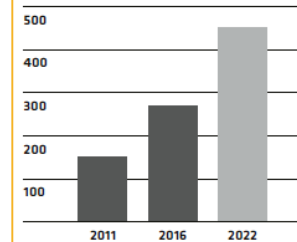
The Sika-developed technology based on SikaForce® is different. It is thermally conductive, which allows the cooling elements to do their job. In fact Sika has all the products necessary for heat conductivity, insulation, and encapsulation.

# 6 x

MORE ELECTRONIC  
COMPONENTS ARE USED IN  
ELECTRIC CARS THAN IN  
CONVENTIONAL AUTOS



AVERAGE RANGE PER ELECTRIC CAR  
SOLD IN GERMANY  
IN KM



Horváth & Partners, 2017



# MEGATREND – ELECTRIC VEHICLES

## SIKA OFFERS THE SOLUTIONS

### CHALLENGE

In electric buses the battery is a particular concern given the possible risk of a heat build-up. Therefore fire safety requirements are stringent.

### SOLUTION

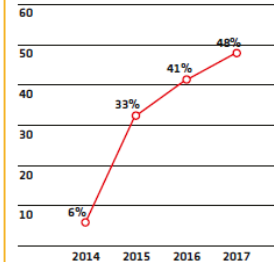
Applying the fire protection coating Sika® Unitherm® Platinum to the battery case absorbs developing heat, prevent a battery fire from spreading, and prolongs evacuation time to up to 25 minutes.

# 50%

OF ALL BUSES PRODUCED IN CHINA ARE ELECTRIC BUSES



SHARE OF ELECTRIC BUSES IN ALL PRODUCED BUSES IN CHINA IN %



www.ChinaBus.Info

# VALUES AND PRINCIPLES

# SIKA'S VALUES AND PRINCIPLES

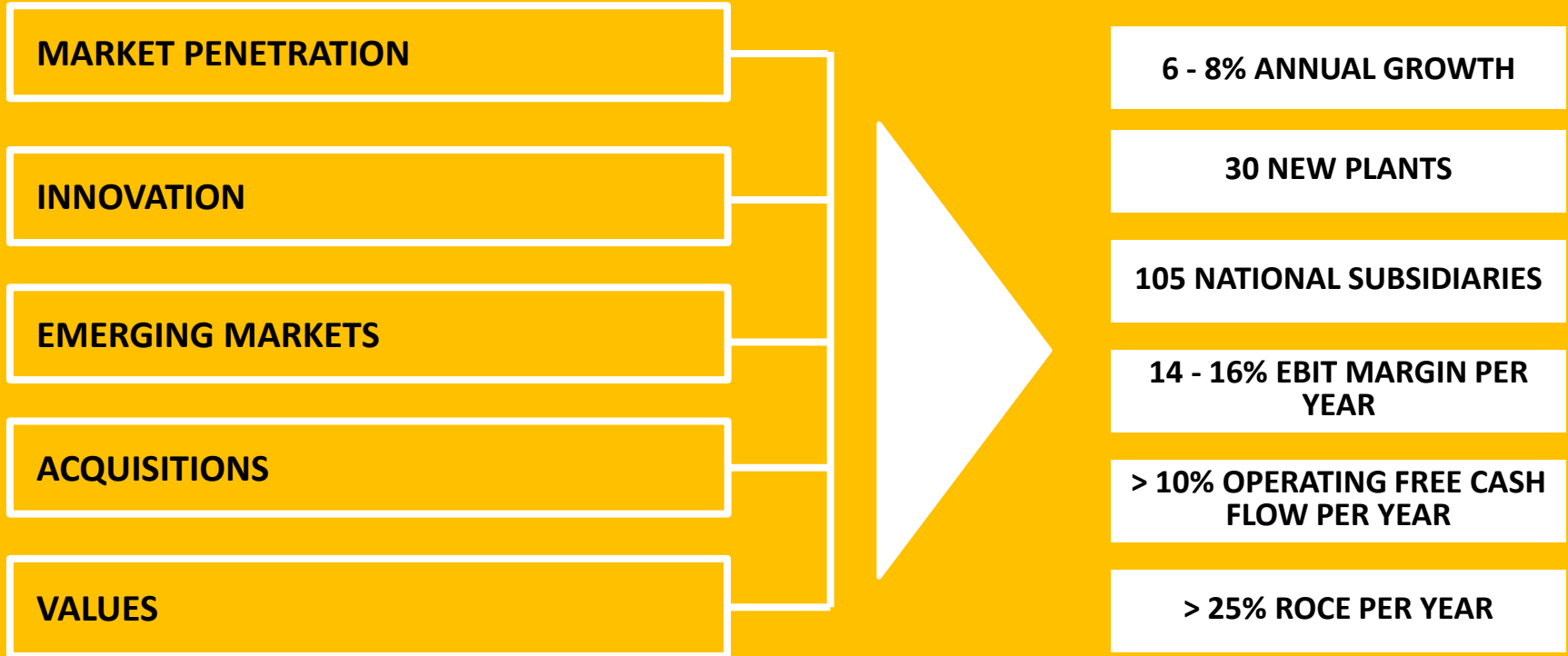
## STRONG CORPORATE CULTURE

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



# TARGETS 2020

# SIKA'S GROWTH STRATEGY 2020 CONFIRMED TO BE REVIEWED AND UPDATED IN 2019



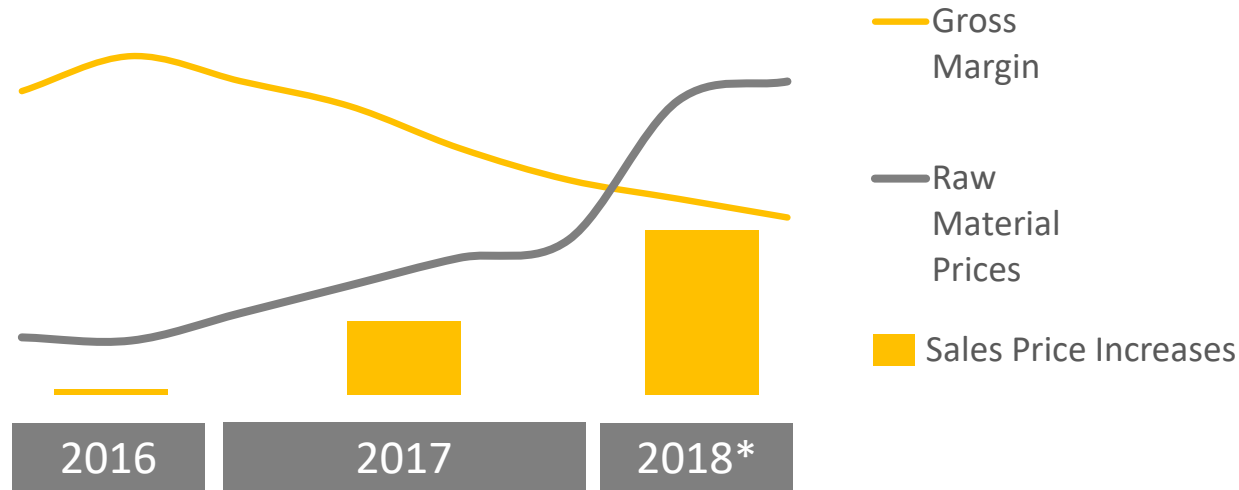
# OUTLOOK 2018

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# HIGHER RAW MATERIAL COSTS

## PRESSURE ON MARGINS COUNTERED WITH HIGHER SALES PRICES



- Increasing raw material prices in several phases since end of 2016
- Consequent execution of sales price adaptations
- Dilution impact on material margin from acquisitions

\*year to date

# STRONG OUTLOOK FOR 2018

## CONTINUATION OF SUCCESSFUL GROWTH STRATEGY

- Sales increase of more than 10% expected with a sales target of CHF 7 billion in 2018
- Volatile and rising raw material prices will continue to be a challenge
- In spite of costs related to the resolution and high raw material prices, Sika expects double-digit growth in EBIT and profit for the full year 2018





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 ability 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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