



# RECORD RESULTS IN 2019 AND CONTINUED SUCCESSFUL STRATEGY EXECUTION

SIKA INVESTOR PRESENTATION  
MARCH 27, 2020

BUILDING TRUST



# OVERVIEW

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# HIGHLIGHTS 2019

## 1. Record results

- Sales growth of 14.4% in CHF to CHF 8,109.2 million in 2019 (16.3% in local currencies)
- CHF 1,387.6 million EBITDA (+20.7%)
- CHF 1,055.1 million EBIT (+11.5%)
- CHF 758.5 million net profit (+10.4%)
- CHF 1,026.1 million operating free cash flow (+99.9%)

## 2. Key investments

- 7 new factories
- 5 acquisitions

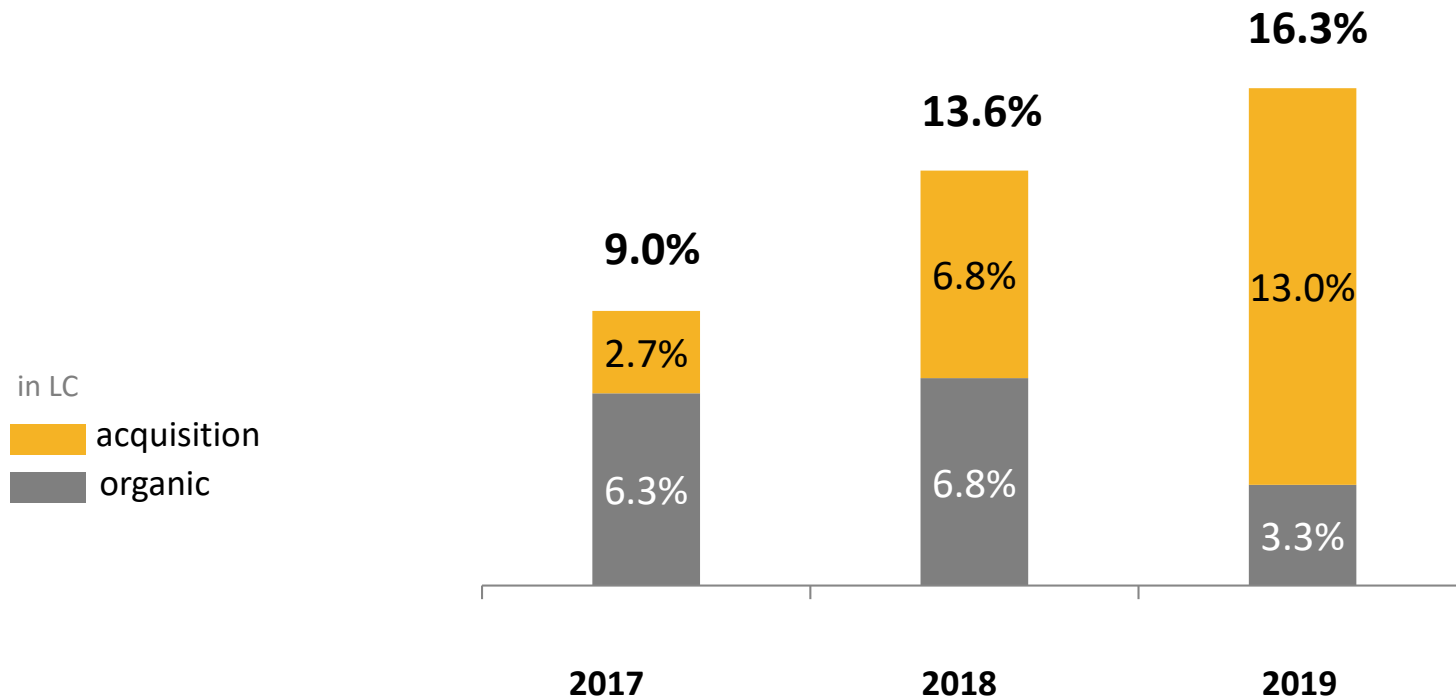
# KEY FIGURES

## RECORD RESULTS ON ALL LEVELS

in CHF mn	2018	2019	Δ %
<b>Net sales</b>	<b>7,085.4</b>	<b>8,109.2</b>	<b>+ 14.4</b>
<b>Gross margin</b>	<b>53.0%</b>	<b>53.6%</b>	
<b>EBITDA</b>	<b>1,149.9</b>	<b>1,387.6</b>	<b>+20.7</b>
<b>EBIT</b>	<b>945.9</b>	<b>1,055.1</b>	<b>+ 11.5</b>
<b>Net profit</b>	<b>687.1</b>	<b>758.5</b>	<b>+ 10.4</b>
<b>Operating free cash flow</b>	<b>513.2</b>	<b>1,026.1</b>	<b>+ 99.9</b>

# SALES DEVELOPMENT

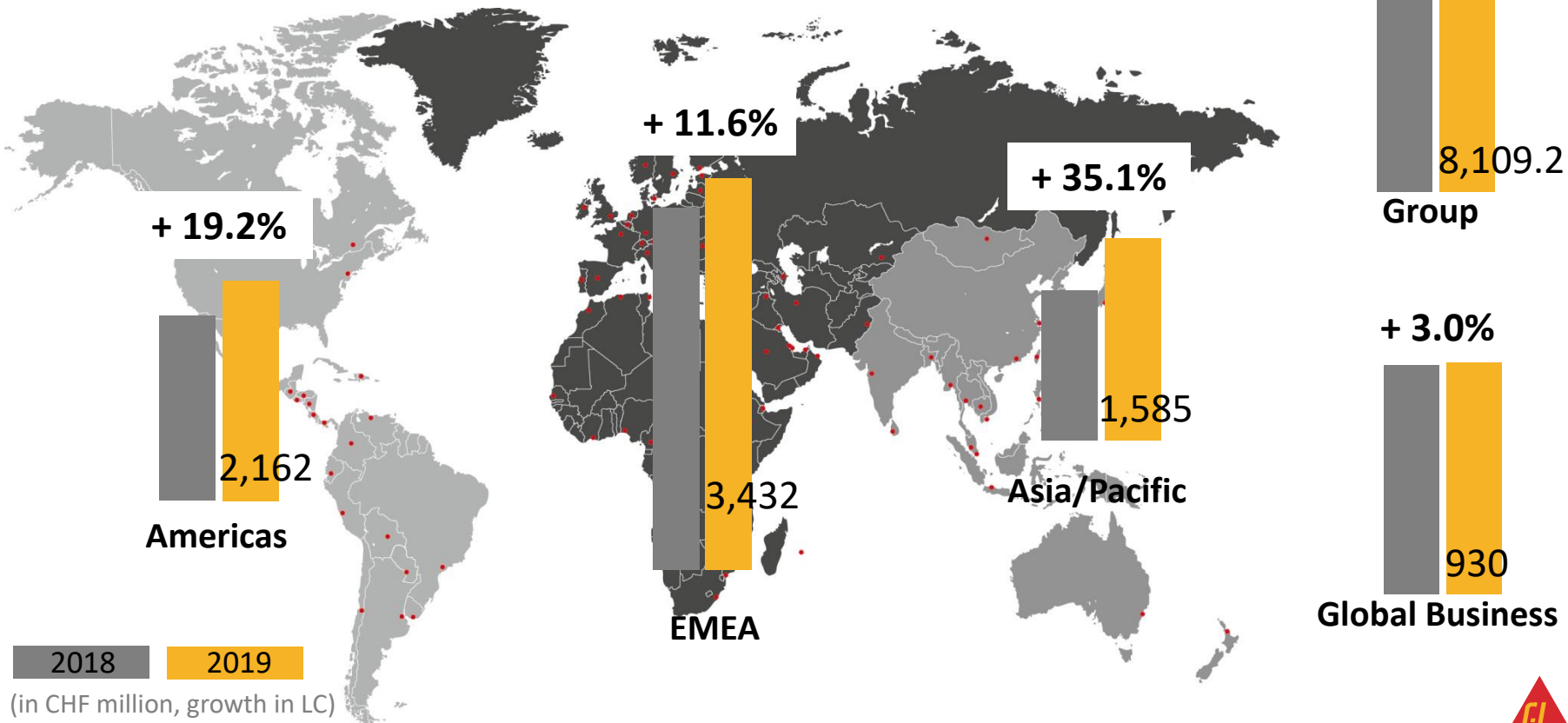
## 16.3% GROWTH IN LOCAL CURRENCIES IN 2019



In 2019, sales growth of acquired businesses since initial consolidation is included in organic growth.

# STRONG GROWTH MOMENTUM IN ALL REGIONS

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



# HIGH OPERATING SPEED CONTINUED IN 2019

## INVESTMENTS IN SEVEN PLANTS

### Opening of Sika plants:

**Mortar plant**  
Senegal, Dakar



**Mortar plant**  
Cameroon, Douala



**Third plant**  
Indonesia, Jakarta

Jan > Feb > Mar > Apr > May > Jun > Jul > Aug > Sep > Oct > Nov > Dec

**Concrete admixture plant**  
Qatar, Doha



**Expansion of mortar plant**  
Egypt, Alexandria



**Expansion of mortar plant**  
Serbia, Belgrade

**Mortar plant**  
Ethiopia, Addis Ababa

# HIGH OPERATING SPEED CONTINUED IN 2019

## FIVE ACQUISITIONS IN 2019 – INTEGRATION ON TRACK

**Total annual sales: CHF 1,458 million**

**Parex, Global**

Building Finishing, Waterproofing, Flooring



**King Packaged Materials, Canada**  
Concrete, Refurbishment

**Crevo-Hengxin, China**

Sealing & Bonding



Jan > Feb > Mar > Apr > May > Jun > Jul > Aug > Sep > Oct > Nov > Dec



**Belineco, Eastern Europe**  
Sealing & Bonding

**Adeplast, Romania**  
Building Finishing  
(Closing Q1 2020)



# FAST AND SUCCESSFUL INTEGRATION OF PAREX EXCELLENT PROGRESS

## TOTAL SYNERGIES

Around CHF 100 million identified

## TOTAL COST SYNERGIES

CHF 55 million

First **SHOP IN SHOP** concept launched in China in **2,100 STORES**



## CROSS-SELLING

CHF 230 million of revenue targeted with over 100 projects

## FAST ORGANIZATIONAL INTEGRATION

Over 20 countries in fully integrated management structures



# BUILDING FINISHING AS OUR EIGHTH TARGET MARKET

## HIGHER MARKET PENETRATION

### Building Finishing



### Concrete



### Waterproofing



### Roofing



### Flooring & Coating



### Sealing & Bonding



### Refurbishment



### Industry



# BUILDING FINISHING AS OUR EIGHTH TARGET MARKET

## HIGHER MARKET PENETRATION

### 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



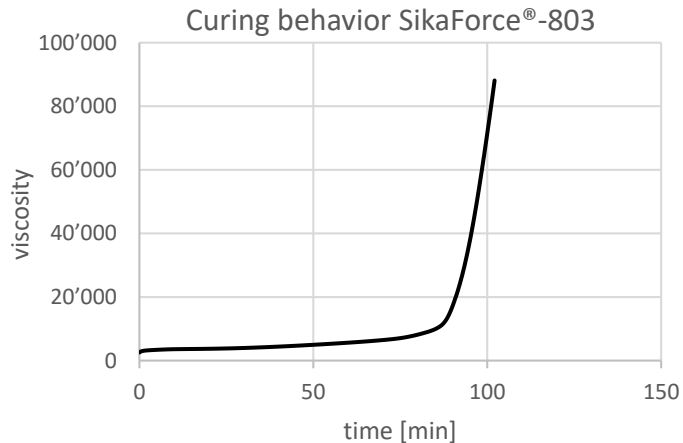
Residential and light commercial focus



Need for capillary distribution network to serve highly fragmented applicator base

# WINNER OF SWISS TECHNOLOGY AWARD

## CURING-BY-DESIGN – EXAMPLE OF BUS MANUFACTURER

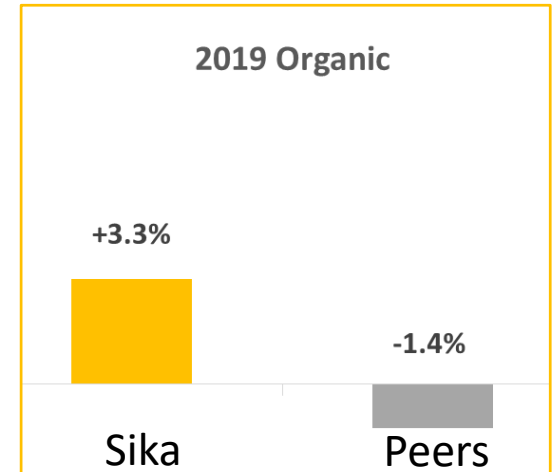
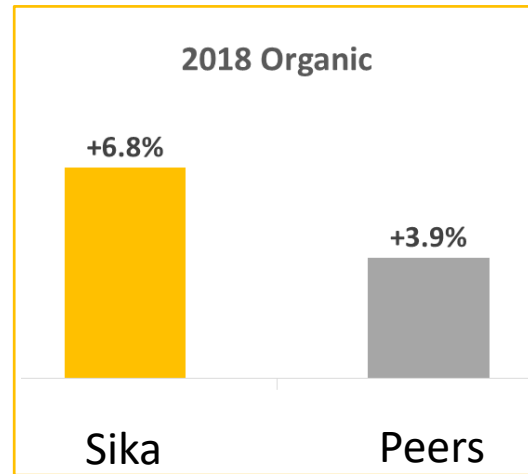
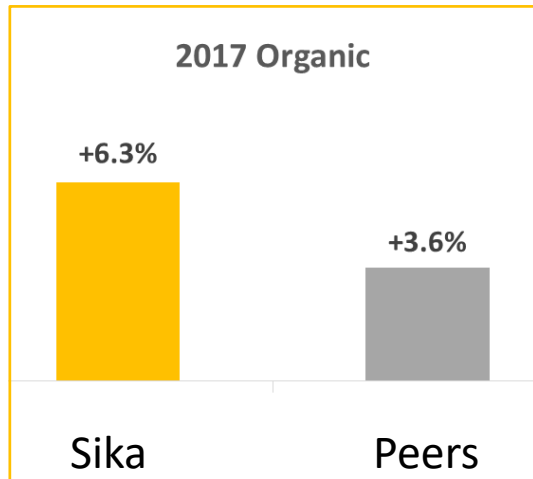


Cost savings up to 75% - Time savings approx. 90%

	Open time	Workforce needed for application
SikaForce®-803	45 min	1 person icon
Conventional adhesive	15 min	4 person icons
	Strength after 4 hours	Strength after 24 hours
SikaForce®-803	>4 MPa	>6 MPa
Conventional adhesive	0.45 MPa	1.8 MPa
	Waiting time until vehicle can be moved	
SikaForce®-803	2 h	
Conventional adhesive	24 h	

# SIKA CLEARLY OUTPERFORMS COMPETITORS

## ORGANIC GROWTH SIGNIFICANTLY ABOVE PEERS IN THE PAST YEARS



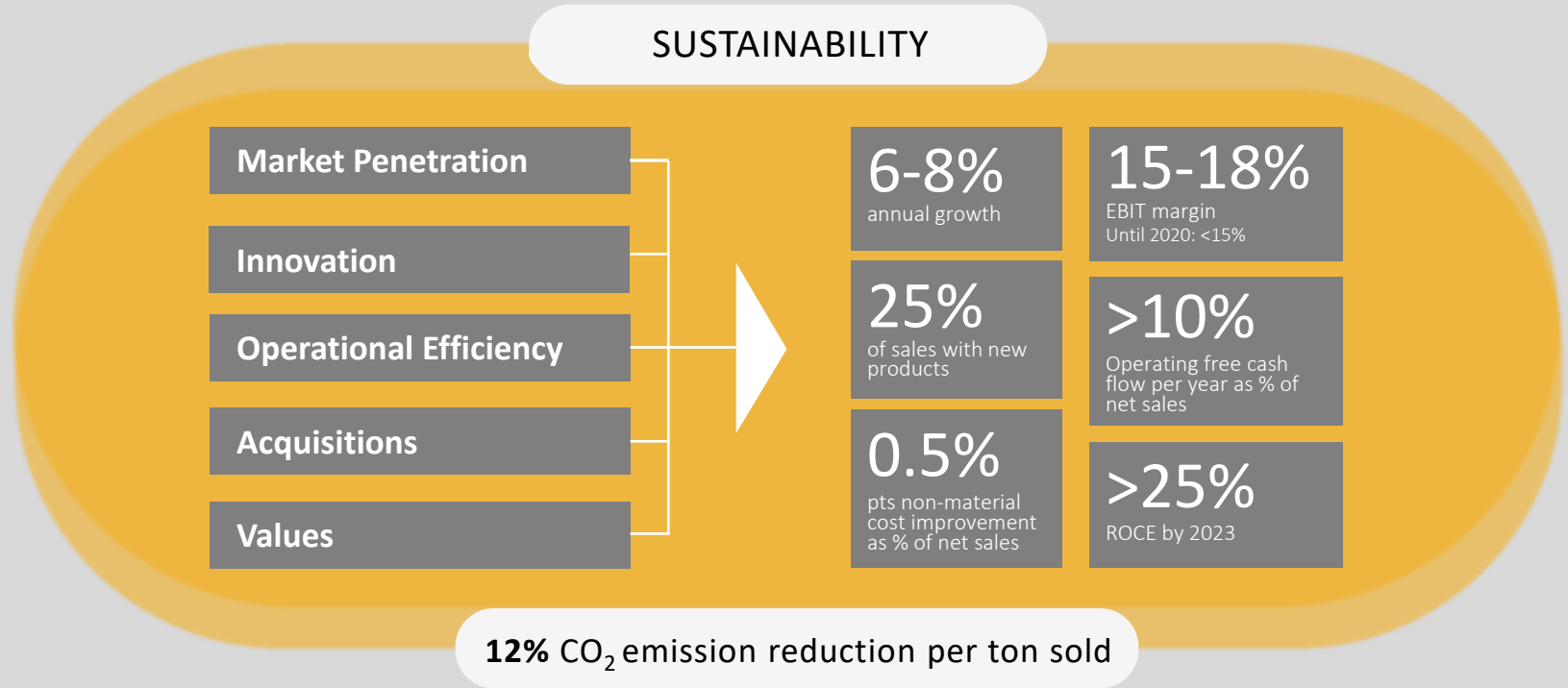
# STRATEGY 2023

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# SIKA'S GROWTH STRATEGY 2023

## THE PILLARS OF THE STRATEGY



# SIKA IS COMMITTED TO SUSTAINABILITY

## OUR TARGETS

- Overall target: **12% CO<sub>2</sub> emission reduction per ton sold**

### 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



# STRONG INNOVATION PIPELINE

## MORE PERFORMANCE – MORE SUSTAINABLE

SUSTAINABLE SOLUTION = BETTER PERFORMANCE + SUSTAINABILITY BENEFITS

PERFORMANCE SOLUTION

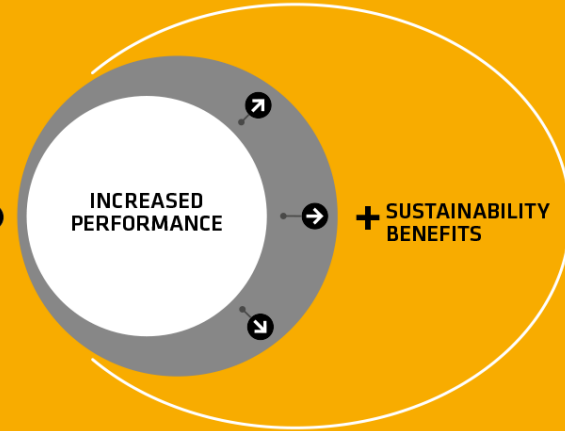


FOCUS ON ADDED VALUE

ALWAYS COMBINE SIKA PROVEN  
"VALUE THROUGH PERFORMANCE"  
WITH ADDED SUSTAINABILITY  
BENEFITS



PERFORMANCE AND SUSTAINABILITY SOLUTION



# STRONG INNOVATION PIPELINE

## 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, CEMENT-FREE MORTARS

Thermal and phonic insulation  
benefits, very easy to apply  
+  
Negative CO<sub>2</sub> footprint  
(renewable), optimum interior  
air comfort

# SIKA AT THE FOREFRONT OF CONSTRUCTION

## NEW TECHNOLOGIES CHANGE THE INDUSTRY

Sika's structural glazing changed the industry in 2000



The Gherkin, London

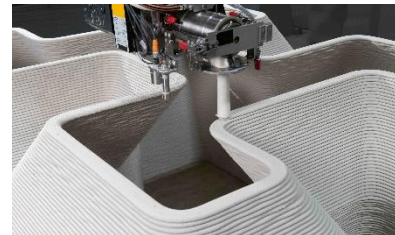
Sika's concrete admixtures make supertall skyscrapers possible



One Vanderbilt, New York

### In the future digitalization and industrialization of construction with 3D concrete printing

- First printers in use at customer sites to print concrete elements using Sika 3D mortar
- Components printed directly from plan, no costly and time-consuming need to erect framework
- New design opportunities for architects



# IMPROVE OPERATIONAL EFFICIENCY

## KEY INITIATIVES



### HIGH LEVEL OF AUTOMATION

Improved efficiency cuts costs and reduces ecological footprint



### SMART PACKAGING

Reduction in material consumption combined with easy handling



### OPTIMIZED LOGISTICS

Efficient goods flows in local markets, countries, and regions



### GLOBAL TEAMS OF EXPERTS

Group-wide optimization of product formulations

# CURRENT SITUATION

# MEASURES ADDRESSING CURRENT SITUATION

## KEEP HIGH FLEXIBILITY

### Measures

Operational Agility	<ul style="list-style-type: none"> <li>▪ General</li> <li>▪ China</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strong local Response Team in every country</li> <li>▪ Preparation and response according to local situation which differs from country to country</li> <li>▪ Taking advantage of local support measures</li> <li>▪ All Chinese factories have restarted operations, following the rapid improvement in demand</li> </ul>
Operating Profit & Cash Focus	<ul style="list-style-type: none"> <li>▪ CapEx</li> <li>▪ Cost Structures</li> <li>▪ Working Capital</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduce/postpone non-critical CapEx</li> <li>▪ Adaptation of cost structure, reduction and postponement of expenses</li> <li>▪ Taking advantage of local support measures</li> <li>▪ Tight monitoring and management of Working Capital</li> </ul>
Liquidity	<ul style="list-style-type: none"> <li>▪ Cash Balance</li> <li>▪ Credit Line</li> <li>▪ Bond Maturity</li> </ul>	<ul style="list-style-type: none"> <li>▪ High cash balance of CHF 995 million (end of 2019)</li> <li>▪ Fully committed unused credit line (RCF) of CHF 750 million, no covenants</li> <li>▪ CHF 160 million maturity on March 27, 2020; no further maturity until July 2021 (CHF 170 million)</li> </ul>





THANK YOU FOR YOUR ATTENTION

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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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