

# OUR YEAR 2014

WE ARE INNOVATION



## RESULTS 2014

13.0% SALES GROWTH  
21.0% EBIT GROWTH  
28.0% INCREASE IN NET PROFIT

## GUARANTEE FOR SUCCESS

OUR TEAM OF 16,895 EMPLOYEES  
602 WERE ADDED IN 2014

## INNOVATION

SUCCESSFUL NEW PRODUCTS IN  
ALL TARGET MARKETS

## HIGHLIGHTS

8 NEW FACTORIES  
70 NEW PATENTS  
6 NEW COUNTRY SUBSIDIARIES

[ANNUALREPORT.SIKA.COM](http://ANNUALREPORT.SIKA.COM)

13.0%

Sales Growth

8

New Factories

3

Acquisitions

+28.0%

Net Profit

CHF 417.5 MILLION

Operating Free Cash Flow

37%

of Sales in the Emerging Markets

70

New Patents

**PORTRAIT** Sika is a specialty chemicals company with a leading position in the development and production of systems and products for bonding, sealing, damping, reinforcing and protecting in the building sector and the motor vehicle industry. Sika has subsidiaries in 90 countries around the world and manufactures in over 160 factories. Approximately 17,000 employees generate annual sales of CHF 5,571.3 million.



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LETTER TO SHAREHOLDERS



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INNOVATION HIGHLIGHT CONCRETE:  
Sika® ViscoFlow®



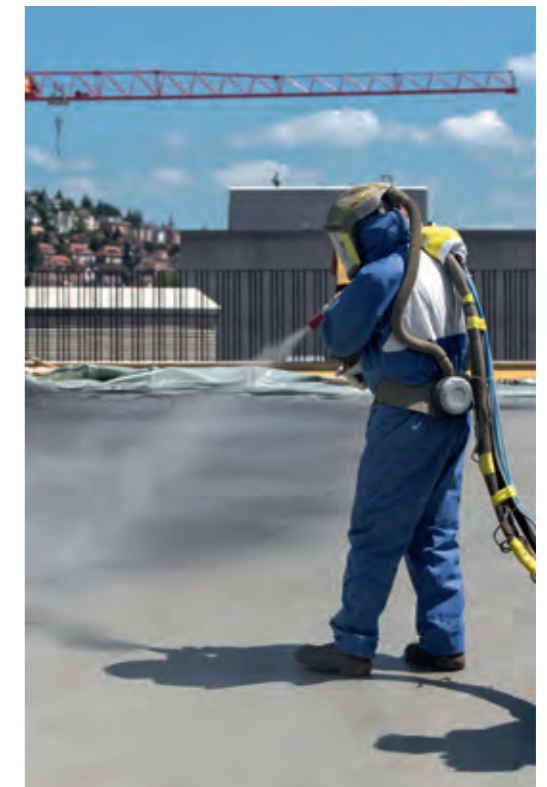
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SUCCESSFUL THANKS TO SIKA REFURBSHMENT:  
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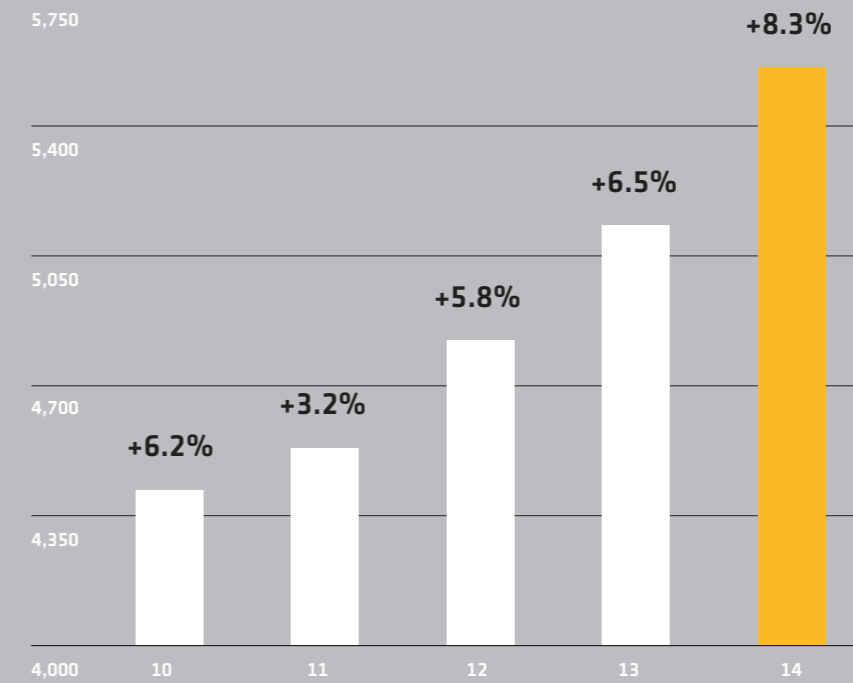
INNOVATION HIGHLIGHT FLOORING: SIKA ONE SHOT SYSTEM

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## SIKA GROUP

in CHF mn	2013	as % of net sales	2014	as % of net sales
Net sales	5,142.2		5,571.3	
Gross result	2,695.6	52.4	2,951.3	53.0
Operating profit before depreciation (EBITDA)	675.9	13.1	798.3	14.3
Operating profit (EBIT)	523.5	10.2	633.2	11.4
Net profit	344.7	6.7	441.2	7.9
Operating free cash flow	432.7	8.4	417.5	7.5
Capital expenditures	153.9	3.0	152.7	2.7
Balance sheet total	4,735.9		4,817.9	
Shareholders, equity	2,136.2		2,383.3	
Equity ratio in %	45.1		49.5	
ROCE in %	21.0		23.3	
Earnings per share (EPS) in CHF	135.27		173.19	
Number of employees	16,293		16,895	
Waste (total waste per ton sold) in t	0.0181		0.0179	
Water (total water per ton sold) in m <sup>3</sup>	0.67		0.60	
Energy (total energy per ton sold) in GJ	0.54		0.48	

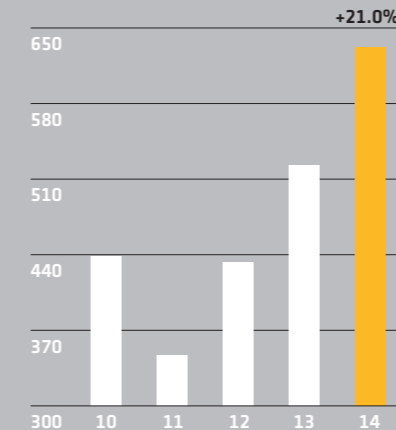
### NET SALES (consolidated) in CHF mn



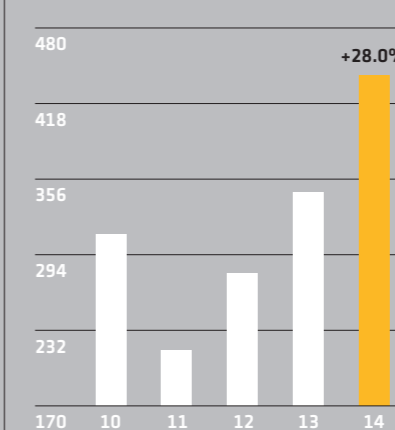
### ROCE in %



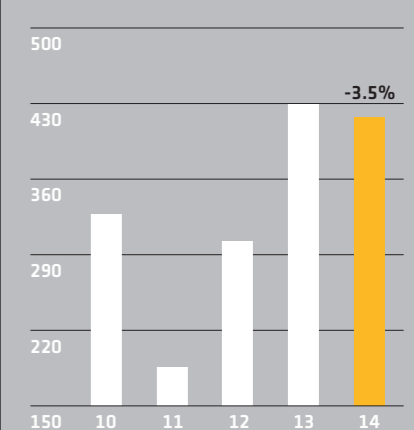
### EBIT in CHF mn



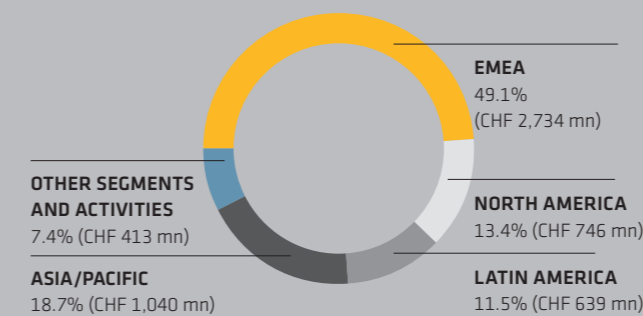
### NET PROFIT in CHF mn



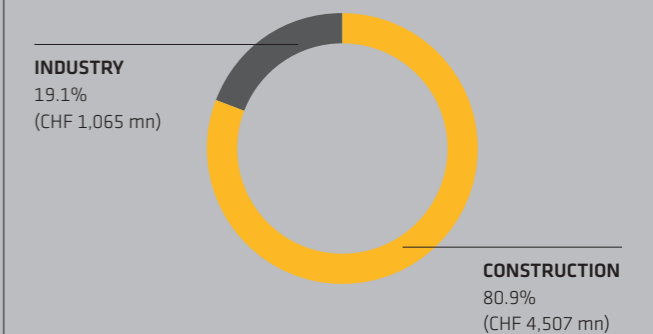
### OPERATING FREE CASH FLOW in CHF mn



### NET SALES BY REGION (CONSOLIDATED)



### NET SALES BY MARKET (CONSOLIDATED)





Dear Shareholders

**The Sika success story continued in 2014 persistently. The implementation of the Strategy 2018 is well under way. Sales reached record levels in all regions and all relevant growth targets for 2014 were exceeded. High growth momentum and disciplined cost management led to record figures of CHF 633.2 million (+21.0%) for the operating result and CHF 441.2 million (+28.0%) for net profit.**

We exceeded our growth targets for full-year 2014 significantly, and sales increased by 13% (at constant exchange rates) to CHF 5.57 billion. All regions contributed to this growth and set new sales records. The negative currency effect for the full year was 4.7%. Sales in Swiss francs increased by 8.3% after adjustment for currency effects.

The high growth momentum translated into an above-average increase in the operating result and net profit. Our focus on the gross margin is producing outstanding results and we persisted with our disciplined approach to cost management. EBIT of CHF 633.2 million (+ 21.0%) and net profit of CHF 441.2 (+ 28.0%) represented new record levels. Operating free cash flow was again over CHF 400 million.

#### SUCCESSFUL IMPLEMENTATION OF STRATEGY 2018

Our Strategy 2018 is delivering results in excess of our targets and expectations. Its pillars are the accelerated development of growth markets, investments in new factories and the launch of new products. The Strategy 2018 is implemented by profit-oriented employees who are ready to take responsibility and whose main priority is the customer.

#### 8 NEW FACTORIES AND 70 NEW PATENTS

Accelerated development and expansion in the emerging markets continued in 2014. New factories were opened in Brazil, Mexico, Indonesia, Singapore, India and Serbia. The founding of six new international subsidiaries in Sri Lanka, Bosnia-Herzegovina, Albania, Mozambique, Ivory Coast and Nigeria has created a basis for tapping these new markets.

In the US, two new production facilities were commissioned in Atlanta and Denver. Industrial and infrastructural construction is trending up. Motivated by our assumption that Sika will profit from medium to long-term growth potential, we are investing in the further expansion of our production facilities in the US.

The 873 Sika employees working in product development are the drivers of our innovative strength. In the 2014 financial year, 70 new patent applications were filed, and a large number of new products were launched in all target markets.

#### ENSURING THAT THE SIKA SUCCESS STORY CONTINUES

On December 8, 2014, Sika stated its position on the potential change of control to Saint-Gobain, and shortly afterwards presented concrete proposals for ensuring that the Sika success story continues. The majority of the Board of Directors and the entire Group Management reject the change of control in the currently proposed form. However, they will continue to act in the interests of Sika and its stakeholders, and this includes holding constructive talks with all the parties involved. The goal is to continue to move Sika's successful growth strategy forward unimpeded.

#### BOARD OF DIRECTORS, DIVIDEND PROPOSALS TO THE ANNUAL GENERAL MEETING

At the Annual General Meeting, the Board of Directors will propose to the shareholders an increase in the dividend to CHF 72.00 per bearer share (2013: CHF 57.00, +26%) and CHF 12.00 per registered share (2013: CHF 9.50, +26%).

Our record year in 2014 is the result of the expertise and commitment of our 16,895 employees. Their energy and ideas have taken Sika to the next level of performance. We would like to thank all of them for their hard work and loyalty over the past year.

Many thanks also go to our customers, business partners and suppliers for their outstanding cooperation and the trust they have placed in us. A special vote of thanks goes to our shareholders for their loyalty.

Sincerely,

DR. PAUL HÄLG  
Chairman of the Board

JAN JENISCH  
Chief Executive Officer



Dr. Paul Hälgi, Chairman of the Board

Jan Jenisch, Chief Executive Officer



## WE BUILD TRUST

“**Customer First**” is a cornerstone of the Sika values and principles and addresses the key question: What can we do to offer our customers maximum benefit anytime? The answer is given every day by Sika employees themselves. Through their personal commitment, their expertise and by an innovative portfolio of products and solutions.

**Exceeding expectations.** That’s what motivates Sika staff. Listening, understanding, being able to look ahead and to anticipate: That’s what Sika’s staff personify, to innovate, that’s what excites them.

**Personal commitment worldwide.** How and why Sika’s employees give their utmost for their customers: 36 personalities from all continents provide an insight.



We develop products based on our customers’ requirements, delivering high-quality products to match their expectations.

← **NINA AKHATA**  
R&D AND QUALITY MANAGER, INDONESIA

Every day we work directly with our customers, and no matter how big or small they are we strive to offer them the best technical service, foreseeing their needs, proposing solutions, building trust.

↓ **SANTIAGO VIDART**  
HEAD TECHNICAL SERVICE, URUGUAY



In 2014 I was responsible for two major projects – the construction of a new warehouse and the introduction of SAP. It was my goal to set up the best possible supply chain and customer service for all our customers.

↑ **WENDY GEERS**  
OPERATIONS MANAGER, BELGIUM



My job is to help our customers deliver the very best results for their customers.

↑ **CHRIS HARNETT**  
EQUIPMENT ENGINEER, NEW ZEALAND





I cherish Sika from the bottom of my heart, for me it feels like my second home and family. By working hard I hope to help build enduring trust between us and our customers.

← **ELKABOUNE ABDELFATTAH**  
WAREHOUSE WORKER, MOROCCO

As a long-term employee of Sika, my personal target is to offer customer-oriented solutions at any time. A well-rehearsed team with expert knowledge is the foundation for achieving that.

↓ **JULES VOGT (RIGHT)**  
TARGET MARKET MANAGER, CONCRETE AND WATERPROOFING, SWITZERLAND  
**FRANZ BÜTLER (LEFT)**  
MARTI BAUUNTERNEHMUNG AG



My customers are mainly on the building site, and I enjoy chatting with craftsmen as we can learn from each other. This helps me better understand how they handle problems on site and what solutions I can provide.

↑ **THOMAS MAYER**  
REFURBISHMENT ADVISOR, AUSTRIA



I always listen to customers and empathize with their problems so that I can give them the best solution. They expect us to offer a comprehensive service and respond with urgency to their issues – the aim is to always meet those expectations.

← **NANCY SOTO**  
HEAD BUSINESS DEVELOPMENT WATERPROOFING, CHILE

Creating innovative products for our customers inspires and engages me.

↓ **LUIGI PERRINO**  
R&D MANAGER, ITALY



Every day, I work with customers to provide guidance, experience, and knowledge – shared from early design stages through manufacturing launch – to merit customer confidence that Sika and its products will exceed their expectations.

↑ **SCOTT GLAZA**  
SENIOR PRODUCT ENGINEER, USA



Logistics plays a key role in meeting our customers' satisfaction. The faster we deliver, the closer Sika will be with the customer.

↑ **LIU XINGWEI (LEFT), LIANG YU (RIGHT)**  
WAREHOUSE WORKERS, CHINA





In difficult situations I try to show empathy and flexibility, and engage with our customers so that they can recognize our Sika Spirit.

← **SILKE KÖHLER**  
CUSTOMER SUPPORT, AUSTRIA

Our goal in Uruguay is to make sure customers think of Sika when they need a solution for their project.

→ **MARIO DELMONTE**  
DISTRIBUTION SALES REPRESENTATIVE, URUGUAY



I have been managing the customer service team at Sika France since 1990, handling 140,000 orders a year. We constantly have very short deadlines and being the interface between the clients, the factories, and our sales teams gives us a real adrenalin kick. Client satisfaction is the driving force for the whole team, every day.

→ **CORINNE DELAMARE**  
CUSTOMER SERVICE MANAGER, FRANCE



I maintain a work environment that is safe, clean and organized and focused on producing parts that exceed the customers' expectations. Without doubt, providing quality products on time day after day is a key criteria to earn customer trust and building a long-term relationship.

↓ **DANA TRAN**  
PRODUCTION MANAGER, USA



I strongly believe that each one of our employees contributes directly to Sika's growth and success, therefore I aim to recruit, develop and retain a highly competent and diverse workforce who not only support the mission and values of Sika, but who will also offer the highest levels of customer satisfaction.

← **ALI HAKAMI**  
HR SERVICES & GOVERNMENT RELATIONS MANAGER, SAUDI ARABIA

We have attained a very strong market position, which has been achieved by building a trusting relationship with our clients, by offering permanent technical support, a personalized service, and a product range that meets their technical requirements.

↓ **JOAQUIN GARRETT CASTEDO**  
TARGET MARKET MANAGER CONCRETE, BOLIVIA



We are the eyes and ears for our customers within Sika, and our aim is to ensure our developments and products help them to achieve their goals and requirements.

↑ **MARCUS OHK**  
SALES DIRECTOR VOLKSWAGEN GROUP EUROPE, GERMANY



As a technical service engineer I am always proud to receive a big thumbs-up from our customers.

↑ **RICHARD LI (LEFT)**  
REGIONAL TECHNICAL SERVICE MANAGER CONCRETE NORTH CHINA, CHINA  
**ZHAO ZHENG (RIGHT)**  
CEMEX (TIANJIN) CO. LTD.



# CUSTOMER FOCUS

In our plant located 1,450 kilometers from Santiago, in the Atacama Desert, we are focused on manufacture and supply quality products to provide our customers with the highest industrial standards.

→ **RENE CASADO**  
PLANT MANAGER ANTOFAGASTA, CHILE



Through listening and understanding the needs and values of our customers Sika builds trust and partnerships that last.

← **LEE SLEIGHT**  
KEY PROJECT MANAGER, UK

Sika means trust and quality for our customers. We are aware of this responsibility and construct our relationships in this manner.

→ **SUZAN YAMAÇ**  
PRODUCT ENGINEER FLOORING, TURKEY



I try to really listen. ALL customers, internal and external, want to know they are really being heard. I try to put myself in their position. I think it helps to build a thoughtful, responsible and positive relationship. By putting in a little extra time and effort, I encourage the idea that I can be depended on.

→ **JENNY COOK**  
LABORATORY TEAM LEADER, USA



My daily work often takes me to dirty places, as well as up high or down deep to help solve customers' problems.

← **HERMAN VAN RENSBURG (LEFT)**  
AREA SALES MANAGER, FREE STATE AND NORTHERN CAPE, SOUTH AFRICA  
**JUANE MULLER (RIGHT)**  
SA ROPE ACCESS



We build a strong construction chemicals company which serves the market with multiple solutions, not only for flooring but also for refurbishment, waterproofing and roofing.

← **WILJAN MOSSING HOLSTEYN**  
SALES MANAGER OF THE NORTH OF THE NETHERLANDS, NETHERLANDS

We always try to surpass the expectations of all our internal and external customers. With commitment we communicate the Sika brand as a differentiating attribute, which delivers more added value in the long term.

→ **GONÇALO CARVALHO**  
DIRECTOR OF MARKETING, PORTUGAL



The personal success of my customers, achieved due to my consulting service, is my daily motivation.

→ **RETO BOLTSHAUSER**  
CONSULTANT FOR PLANNERS AND OWNERS, SWITZERLAND







The small steps we walk with customers are a giant step for building trust.

← **MARK HO**  
MARKET FIELD SALES ENGINEER - TARGET  
MARKET REFURBISHMENT, HONG KONG

In flooring, innovation and sustainability are key. We have to move fast to keep our position as number one for our customers.

↓ **JIMMY KAHL**  
HEAD TARGET MARKET FLOORING, DENMARK



With innovation and quality we contribute permanently to the differentiation of our products in the market, meeting the needs and expectations of our customers.

→ **SOLANA DÍAZ**  
HEAD QUALITY AND R&D LABORATORY,  
URUGUAY



We help to develop our customers' businesses by providing them with value-added products and specified solutions for projects.

→ **YOSHIHARU MIURA**  
GENERAL MANAGER, DYFLEX, JAPAN



A company can only thrive for over 100 years by embracing innovation and development and using them to meet the needs of an increasingly demanding market. Having worked for Sika for 43 years, I have the utmost respect for our customers, and I dedicate each day to increasing their confidence in us.

→ **RAUL DUARTE**  
CONSTRUCTION SALES REPRESENTATIVE, PORTUGAL



Being with my customers before, during and after their jobsite is the key to providing added value to our products. With our help and support, my partners know they can count on me and on Sika.

← **MARIE-CLAUDE GIRARD (LEFT)**  
TECHNICAL SALES REPRESENTATIVE  
FLOORING, CANADA  
**SAMUEL BUTEAU (RIGHT)**  
BGLA ARCHITECTS

A prompt reply is key in customer service. There will always be difficulties or problems, but it is the solutions we provide which help us gain and keep customers.

↓ **PAUL CARLIN**  
CUSTOMER SERVICE ASSISTANT, PERU



Our main focus in sales is to create reliability and consistency in our relationships with our customers, in combination with the delivery of innovative solutions.

↑ **DANIELA SCHMIEDLE**  
HEAD OF SALES - FLOORING AND WATERPROOFING,  
GERMANY

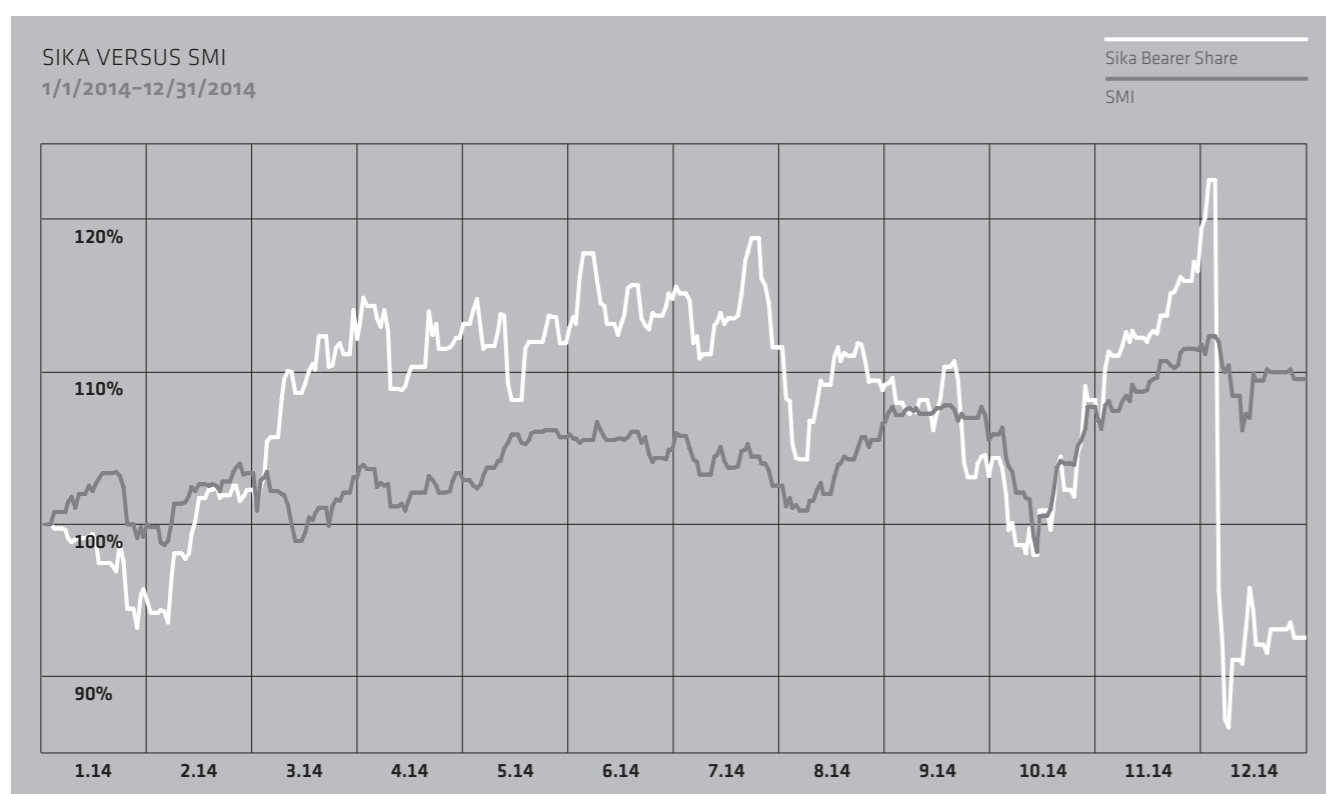


My work is made easier because of the fact that everyone, from the first to the last employee in Sika Slovenia, understands the importance of taking care of customer relationships.

↑ **MOJCA ERJAVEC**  
MARKETING & ENVIRONMENT, HEALTH AND SAFETY (EHS), SLOVENIA

# SOLID RESULTS BOOST SIKA SHARE UP TO DECEMBER

Share markets trend positively in the report year. Solid results provide added impetus for the Sika share. The share's upward momentum was brought to an abrupt end when the hostile takeover bid mounted by Saint-Gobain on December 8 became public.



## OVERVIEW

- Sika's solid achievements and results were reflected in the share price until December 8.
- Closing price of the Sika share in 2013: CHF 3,171, Closing price of the Sika share in 2014: CHF 2,936, corresponding to a performance of -7.4%.
- The key global share indices performed as follows:
  - SMI +10%
  - DAX +3%
  - Dow Jones +8%
  - Nikkei +10%

## STOCK EXCHANGE RATIOS SIKA

	2014
Market capitalization in CHF mn	7,458
Yearly high	3,886
Yearly low	2,750
Year end	2,936
Dividend 2013	57.00
Dividend 2014 <sup>1</sup>	72.00
Earnings per share (EPS)	173.19

<sup>1</sup> Pursuant to proposal to Annual General Meeting

# COMPREHENSIVE, PROCESS-DRIVEN, BALANCED

As a global player, Sika is exposed to a variety of risks. Ensuring the Group's freedom of action at all times, safeguarding its image, and protecting the capital invested in Sika necessitate a timely analysis of potential risks and their integration into strategic decision-making processes.

- Group-wide process-centered risk management, along the entire value chain, from procurement to production and marketing, for added value in four steps: risk identification, assessment, monitoring and controlling.
- Giving priority to quality, Sika purchases its base chemicals from suppliers offering the best value for money, it mandates at least two suppliers for key raw materials and, where possible, manufactures the raw materials for highly innovative technologies in-house.
- Global program with clearly formulated standards, regular training, and causal analysis and controls to minimize the risks in advisory and sales activities as well as in customer-side application. The Sika Supplier Code of Conduct covers all sustainability principles.
- Strategic diversification to avoid global and local constraints and to offset market, customer and supply risks.
- Group Management and the Board of Directors bear ultimate responsibility for process inspection, risk assessment and any measures to be taken when risks are rated critical.
- Financial risk management by means of ensuring liquidity through bonds, cash pooling, prudent management of net working capital, binding processes for handling accounts receivable, and cost-efficient access to capital markets by achieving top ratings.
- Extensive internal audits of all areas as set out in the annual audit plan, including in-depth audits in the area of headquarters functions or Group-wide support processes.

Financial risk management is described in detail on page XX of the download version of this report.

# A-/stable

Is the Standard & Poor's Rating for Sika



# ACTIVE IN ATTRACTIVE GROWTH MARKETS

## BUILDING TRUST – SIKA'S STRATEGY 2018

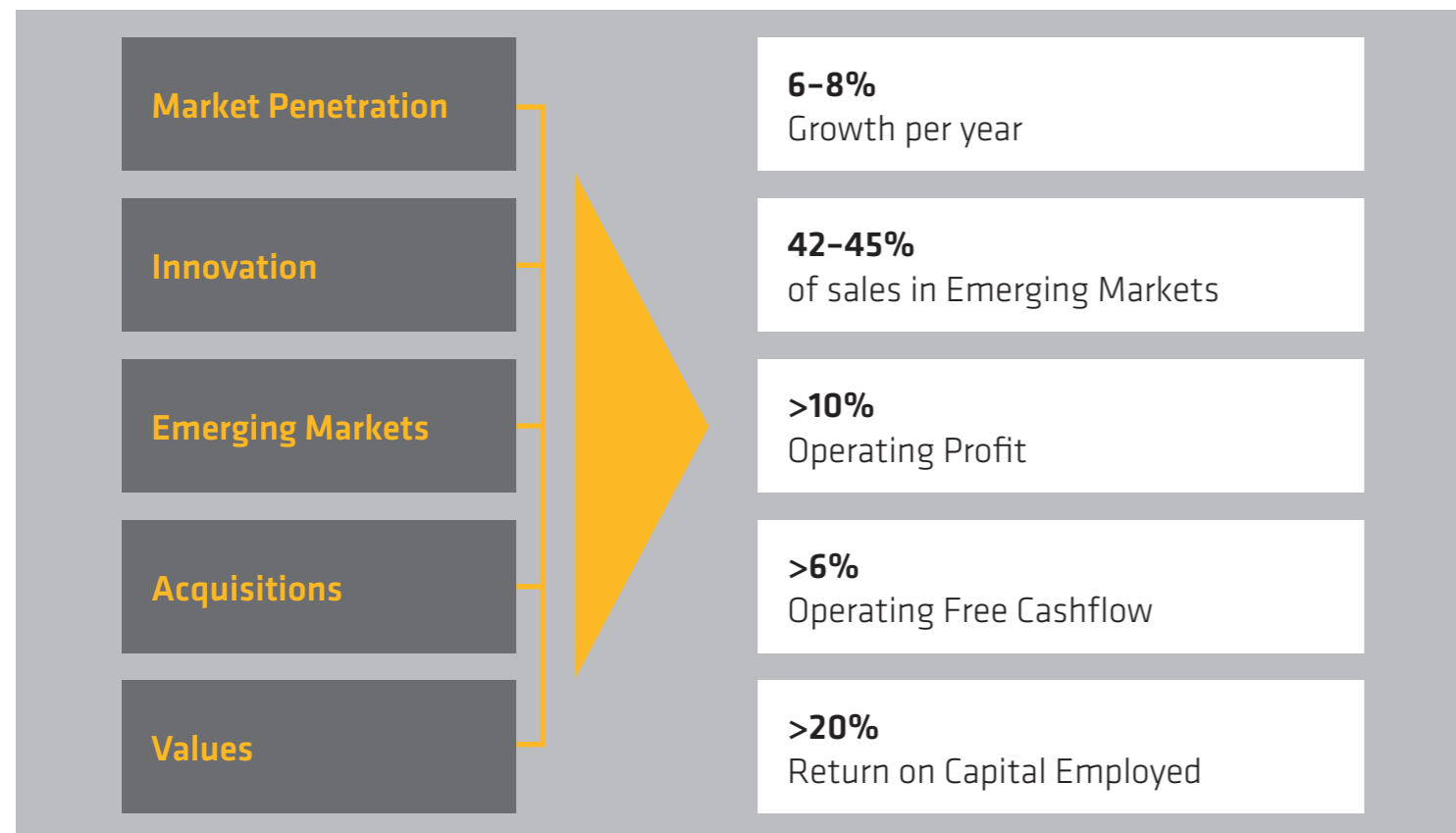
The **SIKA GROWTH MODEL** ensures the long-term success and the profitable growth of our company.

We aim for global market leadership in our **7 TARGET MARKETS** through cross-selling, life-cycle management and the strengthening of our brand. The core of our business is our **INNOVATION MANAGEMENT** and our focus on developing quality products and the best solutions for our customers.

We accelerate the buildup of our organizations in the **EMERGING MARKETS** and further expand our supply chain footprint. Acquisitions will enable us to leverage our market access and to strengthen our economies of scale.

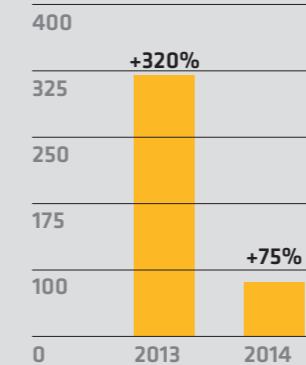
Our Sika Spirit – which is defined in **SIKA'S VALUES AND PRINCIPLES** – is the foundation of our future success. We act with respect and responsibility towards our customers, our shareholders and our employees, which is reflected in our Sika brand promise "Building Trust."

## SIKA'S GROWTH MODEL



SikaProof®A keeps basements watertight and allows more efficient space use in densely developed areas.

SALES GROWTH SikaProof®A in percent



The SikaProof®A system ensures fast and secure application without special tools.

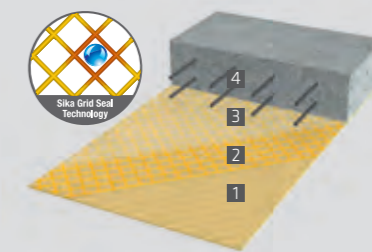
# WATER-PROOFING with SikaProof®A

The result of a century's experience in tunneling combined with an idea borrowed from shipbuilding, SikaProof®A membranes allow the use of below-ground building spaces for higher-grade accommodation. This is due to the reliable waterproof and damp-proof barrier provided by the membranes for facilities such as museum archives and collections, hospital laboratories, and retail spaces or storerooms. SikaProof®A has added a new dimension to space planning for new-build projects in urban centers.

### WATERPROOFING, DAMP-PROOFING, CONCRETE PROTECTION

SikaProof®A is used on new-build projects and installed prior to concrete placement. It is a waterproof sheet membrane with a sealant grid (Sika Grid Seal) to prevent lateral water underflow and a nonwoven fleece to achieve a full-surface mechanical bond with the concrete. The grid acts like the bulkheads in a ship's hull: sealant is factory-applied to the sheet in a honeycomb pattern to create watertight mini-compartments with a diameter of one centimeter. These prevent the migration of water between the membrane and the concrete to ensure long-lasting, secure waterproofing.

land. It offers designers a complete range of products and detail solutions for watertight structures. The user-friendly concept ensures fast and secure application without special tools. SikaProof®A with the Sika Grid Seal to prevent lateral water underflow has set new benchmarks in below-ground waterproofing.



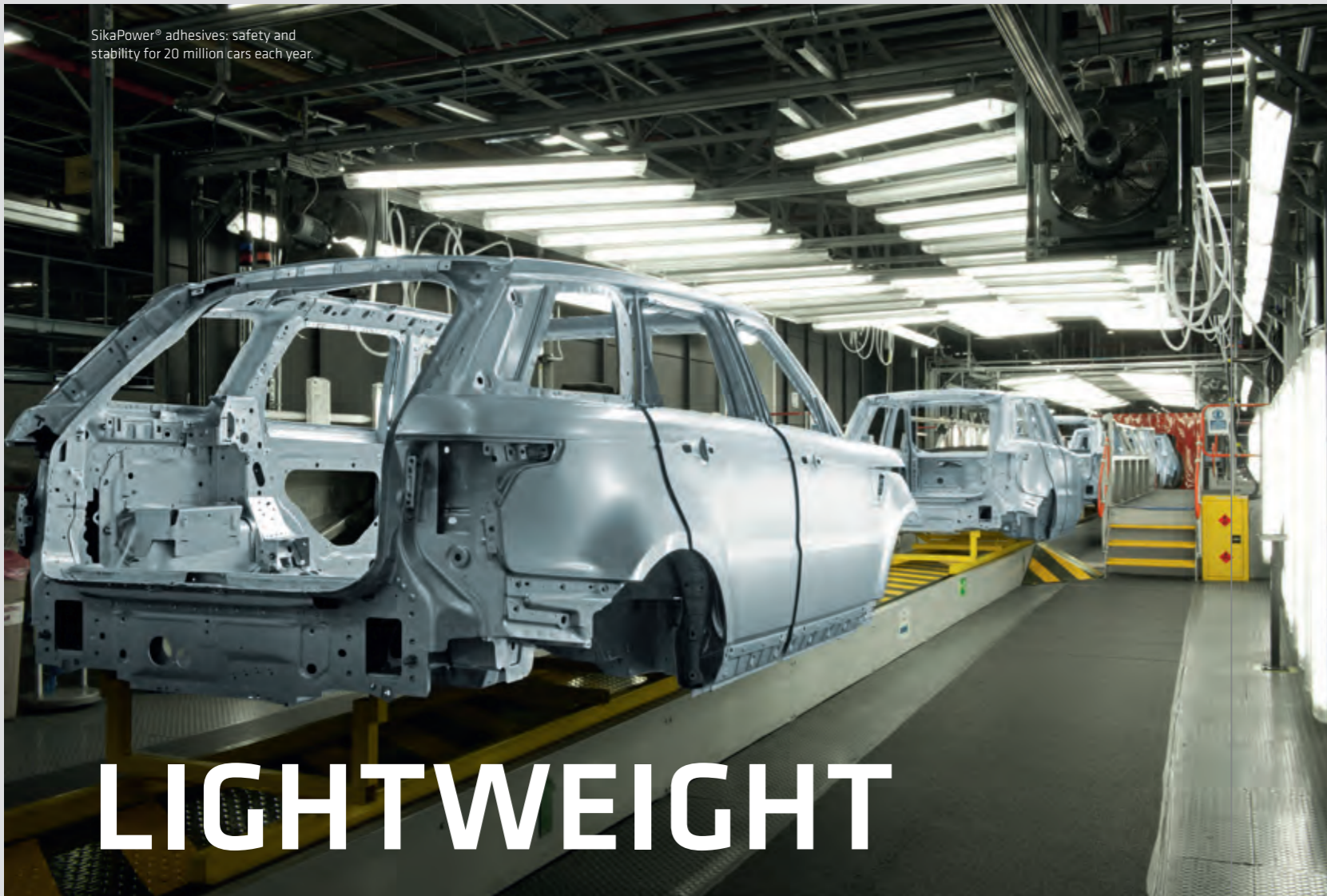
Sealant is applied in a honeycomb pattern to create watertight mini-compartments.

The system build-up  
1 Highly flexible FPO membrane  
2 Sealing grid  
3 Specially designed fleece  
4 Structural concrete

### INNOVATION BRIMMING WITH POTENTIAL: FOR OWNERS, DESIGNERS AND APPLICATORS

SikaProof®A is a reliable, durable and cost-effective option that enables owners and developers to make better use of expensive





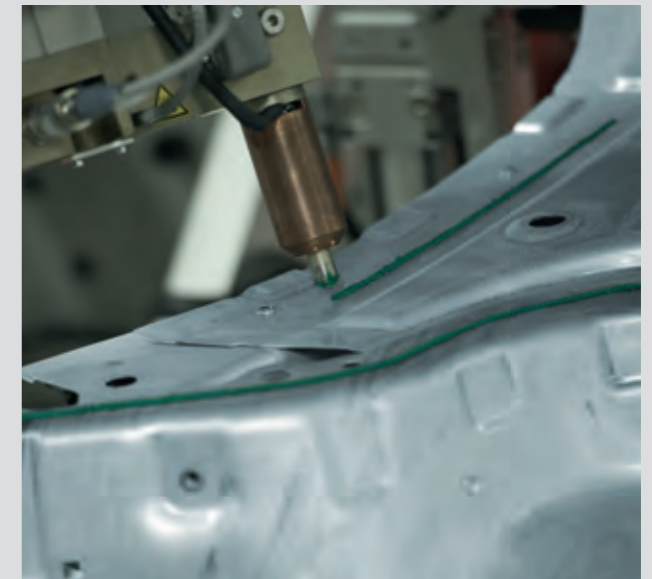
# LIGHTWEIGHT

## construction powered by SikaPower®

Lightweight construction and multi-material design are the megatrends in the automotive industry. Adhesive bonding is becoming the supreme joining technology of the twenty-first century. A key role in both these processes is being played by SikaPower®. Every year, SikaPower® adhesives make 20 million cars safer and more stable.



More safety, less weight, optimum stiffness: the innovative adhesive enables the body structure to absorb more energy.



SikaPower® adhesives combine lightweight design with safety.

### HIGH-STRENGTH, ELASTIC STRUCTURAL ADHESIVE

SikaPower® adhesives combine two seemingly contradictory properties: high strength and elasticity. As such, they are ideal for contemporary automotive manufacturing. Lightweight construction requires the use of low-weight materials that are still able to guarantee absolute safety. This leads to multi-material design and, in consequence, a break with traditional joining techniques.

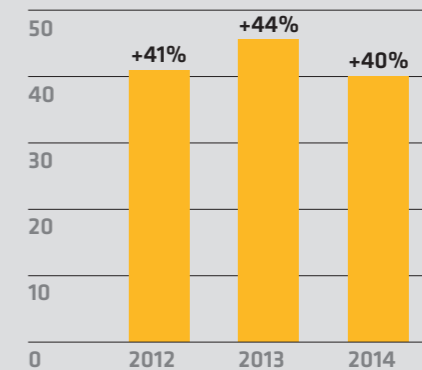
### SIKAPOWER® MBX - THE MULTI-MATERIAL ADHESIVE

SikaPower® MBX is the ideal option for materials such as carbon fiber and aluminum, which are essential for lightweight construction, but can only be bonded and not welded. This structural adhesive from the SikaPower® range adheres equally well to a wide range of materials and guarantees a permanently stable bond with optimum stiffness while at the same time accommodating the varying thermal and mechanical expansion behavior of the bonded materials. This lengthens the service life of vehicles while increasing their crash resistance. SikaPower® makes lightweight vehicles safer because, in the event of an accident, adhesive joints absorb more energy and undergo less deformation than welded joints.

### SIKAPOWER® FOR STRUCTURAL BONDING

SikaPower® is used to bond components that are subject to high mechanical loads. Since the adhesive enables the body construction itself to absorb more energy, the safety is enhanced in the event of a crash. SikaPower® increases the stiffness of car bodies, lengthens vehicle service lives and, thanks to its outstanding workability properties, also boosts production efficiency.

SALES GROWTH SikaPower® in Percent



### A QUANTUM LEAP IN AUTOMOTIVE DESIGN AND A MILESTONE IN PRODUCTION

SikaPower® solutions not only constitute a quantum leap in joining technology, they also open up new horizons in technical and esthetic design. The appealing, sometimes futuristic formal language of contemporary automobiles owes much to the use of Sika's innovative adhesives and adhesive applications.



## FOCUS ON THE TOP POSITION



**WATERPROOFING**

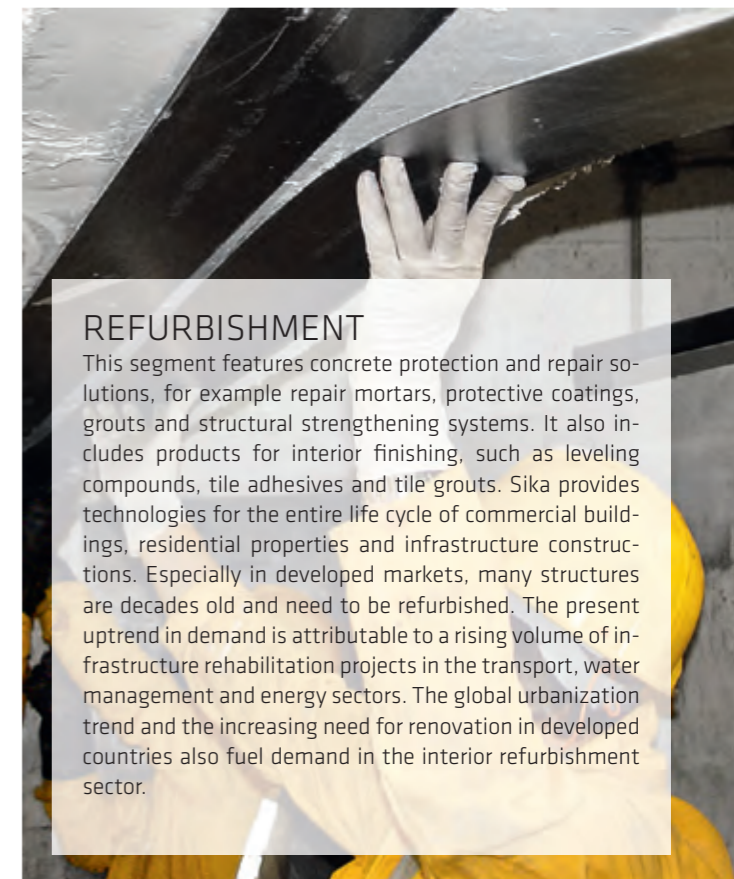
Sika's solutions cover the full range of technologies used for below-ground waterproofing: flexible membrane systems, liquid applied membranes, waterproofing admixtures for mortars, joint sealants, waterproofing mortars, injection grouts and coatings.

Key market segments include basements, underground parking garages, tunnels and all types of water-retaining structures (for example reservoirs, storage basins, storage tanks). Watertight systems are faced with more stringent requirements regarding sustainability, easy application and total cost management. Therefore the selection of appropriate waterproofing systems according to the needs and requirements of the owner as well as the detailing of the solution are key for long-lasting and watertight structures.



**FLOORING**

Sika's flooring solutions are based on synthetic resin and cementitious systems for industrial and commercial buildings, for example pharmaceutical and food-sector production plants, public buildings such as educational and health care facilities, parking decks and private residential properties. Each market segment is subject to its own particular requirements in terms of mechanical properties, safety regulations (for example slip resistance), antistatic performance, and chemical or fire resistance. Trends in the flooring market are being dictated by the growing significance of safety and environmental regulations as well as customized technical requirements. The high volume of building alteration and conversion projects nowadays has boosted the importance of efficient solutions for the refurbishment of existing flooring systems.



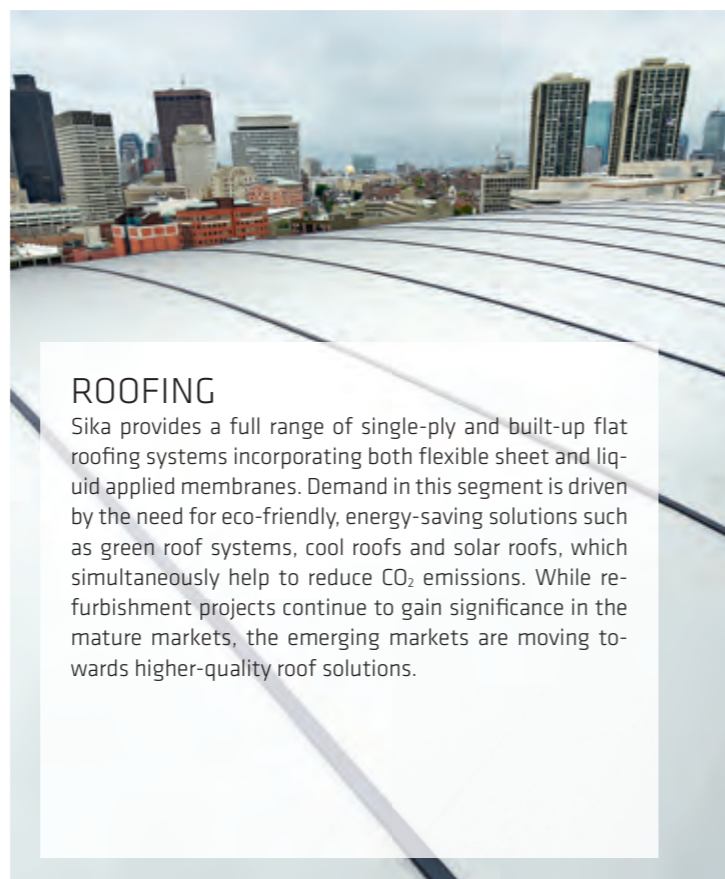
**REFURBISHMENT**

This segment features concrete protection and repair solutions, for example repair mortars, protective coatings, grouts and structural strengthening systems. It also includes products for interior finishing, such as leveling compounds, tile adhesives and tile grouts. Sika provides technologies for the entire life cycle of commercial buildings, residential properties and infrastructure constructions. Especially in developed markets, many structures are decades old and need to be refurbished. The present uptrend in demand is attributable to a rising volume of infrastructure rehabilitation projects in the transport, water management and energy sectors. The global urbanization trend and the increasing need for renovation in developed countries also fuel demand in the interior refurbishment sector.



**CONCRETE**

Sika develops and markets numerous admixtures and additives for use in concrete, cement and mortar production. These products enhance specific properties of the fresh or hardened concrete, such as workability, watertightness, durability, or early and final strength. The demand for admixtures and additives is currently on the rise, particularly due to the increased performance requirements placed on concrete and mortar, especially in urban areas and for infrastructure construction. Furthermore, the growing use of alternative cementitious materials in cement, mortar, and thereby also in concrete, increases the need for admixtures.



**ROOFING**

Sika provides a full range of single-ply and built-up flat roofing systems incorporating both flexible sheet and liquid applied membranes. Demand in this segment is driven by the need for eco-friendly, energy-saving solutions such as green roof systems, cool roofs and solar roofs, which simultaneously help to reduce CO<sub>2</sub> emissions. While refurbishment projects continue to gain significance in the mature markets, the emerging markets are moving towards higher-quality roof solutions.



**SEALING & BONDING**

Sika's wide-ranging portfolio includes top-class elastic sealing and bonding solutions to meet all job site needs, for example joint sealants for facades or resistant sealants for floor and special joints as well as multipurpose bonding solutions for interior finishing or parquet and soft floor covering installations. The growing demand in this market is fueled by the sharper focus on energy-efficient building envelopes, the ever greater variety of materials used in construction, the increasing volume of high-rise projects and the growing significance of health, safety and environmental issues.



**INDUSTRY**

The markets served by Sika include automobile construction, the commercial vehicle industry (structural bonding, direct glazing, acoustic systems, reinforcing systems), automotive aftermarket (auto glass replacement, car body repair), renewable energies (solar and wind), and facade engineering (structural glazing, sealing of insulating glass units). Sika technologies enable crash-resistant bonding for enhanced car safety. The new solutions for bonding together different materials, for example aluminum and carbon fiber, pave the way for lighter, more fuel-efficient vehicles. Manufacturers are also seeking solutions that minimize production time and costs.



Driven by the goal of making good things  
**BETTER**

70

Patents

873

R&D Employees

72

Invention Disclosures

20

Technology Centers

The essential feature of Sika's innovations is their knock-on effect, i.e. the wider benefits beyond the immediate scope of the technical innovation. SikaProof® opens up new horizons in urban design. SikaPower® liberates the automotive industry from constraints. The i-Cure® technology redefines bonding and sealing while ensuring compliance with even the most stringent emission guidelines.

**WHO IS CHANGING THE WORLD?**

Innovation is more often associated with the IT, medical, aviation or aerospace sectors than with the construction and manufacturing industries. Yet, these very two industries are witnessing a silent and invisible revolution in which Sika has assumed a pioneering role.

Innovation is a key focus in the pursuit of Sika's strategic goals. It is enshrined in the corporate culture, has a long tradition at Sika and stems from a particular attitude: the determination to make good things better, the courage to consistently question and re-examine established practice, and the ambition to bring to market innovations with such far-reaching consequences that they can change the world.

**INNOVATION IS BUILDING TRUST**

Sika's tagline, Building Trust is a pledge honored by its approximately 17,000 employees. Most of these are in immediate

contact with customers and markets. The feedback from everyday practice flows directly and continuously back into the company, where it is taken on board by staff at Sika's research and development centers. With an eye on global trends, the R&D specialists develop new or optimized products and applications to meet local needs. Innovation at Sika springs from the interaction of experience and vision.

**RESEARCH AND DEVELOPMENT WITH INTERNATIONAL TEAMS**

Sika's R&D activities are conducted on all continents by scientists from across the globe. The work is performed by international and multicultural "communities" comprising experts with backgrounds mainly in the fields of physics, chemistry, materials science and applied engineering. They are united in the conviction that there is nothing that cannot be solved more efficiently, intelligently or economically.





## FROM BASIC RESEARCH TO APPLICATIONS ENGINEERING

The work of the approximately 300-strong Swiss-based R&D team is geared to both local and global trends. These employees are hooked up to a worldwide network of universities, actively participate in international research projects on new building chemicals technologies, and play a role in a variety of initiatives in the field of climate change mitigation and sustainable construction. Thanks to its basic research program, Sika is constantly in a position to bring to market products which – through the use of starting materials developed in-house – are unique worldwide.

## RESEARCH AND DEVELOPMENT THROUGHOUT THE WORLD

Some 600 employees working at 20 global technology centers in Asia, America and Europe are engaged in the development and adaptation of products and solutions to meet varying local conditions and market demands. The innovations finally reach the customer as fully-fledged, field-tested products, which are manufactured in over 160 factories worldwide and distributed in collaboration with numerous local partners. Total expenditures on research and development for the Group in the year under review totaled CHF 167.7 million (2013: CHF 166.1 million), equivalent to 3.0% of sales (2013: 3.2%).

## INNOVATION MANAGEMENT WITH SEVEN-STAGE PRODUCT CREATION PROCESS (PCP)

Achieving the best for customers, the market, the industry and the environment – to meet this goal, Sika operates a comprehensive innovation management system featuring a seven-stage product creation process (PCP). This ensures efficient knowledge transfer and worldwide enforcement of Sika's quality standards. The innovation management regime includes regular regional innovation workshops, as a way of feeding the ideas and needs of customers and partners into the product and solution development process. The projects are supervised by interdisciplinary teams of specialists, known as "corporate expert teams", which ensure implementation in line with customer and market demands in the various regions.

# WE ARE INNOVATION

Mindset and attitude are the source of innovation. Sika is an innovative company because it listens, understands markets, pays attention to megatrends and systematically gears its activities to what best serves its customers and delivers added value. This is illustrated by the fact that Sika generates one-third of its sales from products that have been on the market for less than five years. The innovations are successful because they help customers to create value and set new standards in the markets.

## SIKA AND MOBILITY: BONDING AS THE TECHNOLOGY OF TOMORROW

New, innovative adhesives such as SikaPower®, SikaReinforcer®, Sikaflex® or SikaForce® are able to connect or reinforce materials that could not previously be connected or reinforced by such means. Unlike conventional joining techniques such as welding, bolting or riveting, these new bonding technologies have inspired completely novel solutions in the fields of automotive production, renewable energy generation and industrial goods manufacture.

## PARADIGM SHIFT IN AUTOMOTIVE MANUFACTURING

The initial importance of the new bonding technologies had less to do with the adhesives themselves, than with the new possibilities that arose from their development and refinement. These potentialities have, among other things, triggered a paradigm shift in automotive manufacturing.

Close collaboration with leading automotive manufacturers, such as Audi, BMW, Mercedes, Land Rover, Volkswagen and Tesla, was an essential part of this process. Only through joint development work was it possible to discover and exploit the real possibilities offered by the new bonding technologies. The results are more than respectable: lightweight design with crash resistance has become the strategy, composite bonding the standard, and visionary design the window of opportunity. Sika's innovative power is not only transforming the automotive manufacturing process, but also automobiles themselves.

## MILESTONE IN SUSTAINABILITY: I-CURE®

The invention of i-Cure® technology was a milestone in the sealing and bonding segment. The new, intelligent curing system combined the merits of traditional polyurethane adhesives and sealants with the sustainability performance required of contemporary products. Products incorporating i-Cure® technology are low-VOC, solvent-free and odor-neutral while meeting even the most stringent emission guidelines anywhere in the world.

## NEXT LEVEL IN URBAN CONSTRUCTION

From small beginnings come great things. Sika's basic research scientists succeeded in designing new molecules capable of controlling and extending concrete workability times. Their work culminated in the development of Sika® Viscoflow®, a ready-mix concrete admixture that helps to solve the problems arising from long transport distances and urban traffic congestion.

By keeping basements watertight, SikaProof® – a waterproof membrane installed prior to concreting on new-build projects – paves the way for a more efficient use of space in densely developed areas. This is because it allows the use of below-ground building spaces for higher-grade accommodation.

SikaHyflex® sealants open up a wealth of new architectural design options while boosting the energy performance of state-of-the-art facade systems.



# FOCUS OF DEVELOPMENT IN INDIVIDUAL TARGET MARKETS

## ROOFING

In the development of its roof membrane products, Sika is focusing on low-emission liquid applied membranes and new environmentally friendly, solvent-free waterproof membranes. The Sika i-Cure® technology has paved the way for the development of eco-efficient liquid applied membranes that also offer maximum safety during on-site application. Furthermore, solutions combining membranes with adhesives are opening up new and more efficient installation techniques.

## INDUSTRY

Industrial production requires adhesives that cure as quickly as possible, regardless of climatic conditions. In response to this trend research is now underway on new cure-acceleration technologies and novel two-component systems with adjustable force transmission. Another development focus is on adhesives that combine high strength with elasticity for bonding composite materials, particularly in the automotive industry.

## WATERPROOFING

In this segment, Sika is concentrating its efforts on waterproofing systems for tunnels and buildings. A particular emphasis is on waterproofing systems for installation before and after concreting, as well as technologies that are tailored to the needs of the latest-generation tunnel boring machines.

## FLOORING

To meet constantly growing demands in terms of reliable processing and environmental compatibility in the resin flooring market, Sika has developed the first products in a new line of benzyl alcohol-free epoxy floors: a new primer, a new self-leveling flooring system and an antistatic floor.

## CONCRETE

Development activities in the concrete segment focus on optimizing the basic constituents of concrete (sand, aggregates, cement) and concrete admixtures. The latter specifically includes high-volume plasticizers, additives for cement production and shotcrete accelerators, as well as admixtures that boost concrete durability.

## SEALING & BONDING

To generate further growth, a new range of adhesive products with outstanding application properties and high early strength was developed for both professional and DIY users. In addition, the foundations were laid for the development of water-based adhesives and sealants incorporating new dispersion polymers.

## REFURBISHMENT

Sika is capitalizing on innovative filler technologies to develop new high-performance mortar products with improved workability and a broader scope of application. By replacing cement constituents with various aggregates, Sika has vastly enhanced the sustainability performance of these products. Selection and proportioning of the filler components takes into account the local availability of raw materials and individual customer needs.



Lightweight, low-emission, cost-effective: high-performance tile adhesive for new-build and refurbishment projects. For indoor and outdoor use, for floors and facades, swimming pools, residential spaces and industrial facilities.

SikaCeram®-290 StarLight, the new tile adhesive with certified sustainable performance: lower consumption rate and higher coverage.



## Coverage with SikaCeram®

SikaCeram®-290 StarLight combines three outstanding features in one product. Sika's new high-performance tile adhesive not only offers a considerably lower consumption rate than standard flexible bedding adhesives, it is also around one-third lighter. With sustainable raw materials accounting for one half of its constituents, the product has achieved an "EC1 plus" (very-low-emission) rating under the German EMICODE system. SikaCeram® combines cost-effectiveness with eco-efficiency.

### MAXIMUM RELIABILITY FOR SWIMMING POOLS, FACADES AND INDUSTRIAL FACILITIES

SikaCeram®-290 StarLight adhesive is a suitable tile-fixing solution for heated floors, facades, swimming pools and heavy-duty industrial flooring. The formulation and consistency can be exactly tailored to the specific application. This also makes it ideal for the reliable bonding of extra-large-format tiles – a feature highly appreciated by designers and applicators alike.

### GREEN BUILDING AND LEED CREDITS

Given its high proportion of sustainable raw materials, low water consumption and minimum emissions, SikaCeram® helps to earn so-called LEED credits, which serve as a sustainability benchmark for buildings.

SikaCeram® FOR GREATER EFFICIENCY  
80% additional tile surface coverage



SikaCeram®

Traditional tile adhesive





# OVERCOMING DISTANCES

## with Sika® ViscoFlow®

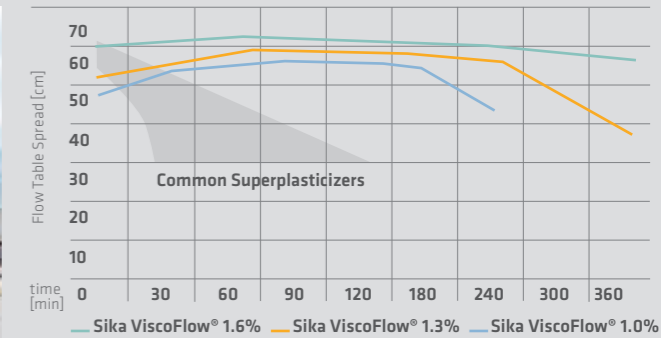
Urbanization, densification, inner-city high-rise development: these are some of the issues arising from continuous population growth. Construction projects in large urban centers require innovative products.

Spatial constraints, long distances, hours-long congestion: construction projects in large urban centers are posing ever greater logistical challenges. Sika® ViscoFlow® extends the workability of ready-mix concrete.

Mexico City, Emisor Oriente Sika® ViscoFlow® was used in the construction of the world's biggest sewage tunnel – some 62 km in length and 9 m in diameter – to control the consistency of the ready-mix concrete and thus guarantee its quality, despite the long transport distances and extreme traffic congestion.



Short transit times are often impossible in large urban centers due to growing traffic volumes. Ready-mix concrete with controllable workability times thus has a big future.



Sika® ViscoFlow® offers superior consistency control for ready-mix concrete.

### Sika® ViscoFlow® FOR CONTROLLABLE CONCRETE WORKABILITY TIMES

Construction projects in urban environments are posing ever greater logistical challenges. On-site concrete production is often impossible due to the lack of space. Long transport distances from peripheral locations and unpredictable traffic conditions with hour-long delays are placing new demands on ready-mix concrete. As part of Sika's basic research activities, its chemists developed new substances that permit the time-dependent control of concrete consistency. The new technology is embodied in the admixture Sika® ViscoFlow®, which offers two crucial advantages.

### LONG TRANSPORTABILITY COUPLED WITH SHORT SETTING TIMES

Sika® ViscoFlow® allows the flowability of ready-mix concrete to be "programmed" for a period between two and eight or more

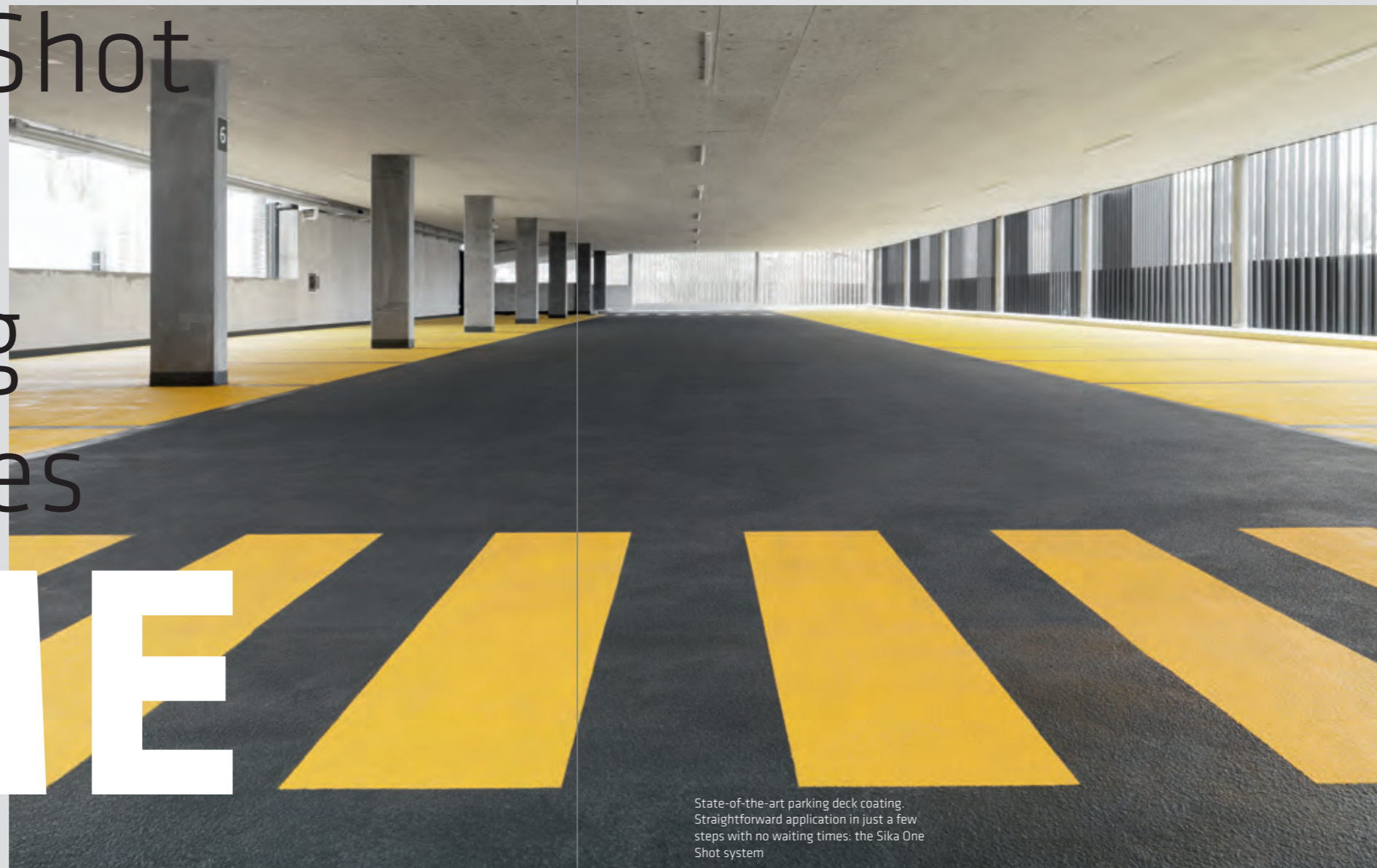
hours, depending on situation and requirements, without any impairment of early strength development. This ability of the admixture to reconcile these two previously conflicting requirements is the essence of the innovation. Moreover, Sika® ViscoFlow® works equally well in hot and cold temperatures, and with both high and low water/cement ratios.

### HIGH-PERFORMANCE, SUSTAINABLE SOLUTION

Sika® ViscoFlow® also improves the carbon footprint of buildings. It allows part of the cement needed for concrete production to be replaced by locally sourced alternatives, such as limestone powder or fly ash. At the same time, the admixture is formulated such that the produced concrete still exhibits high plasticity and easy workability. Sika® ViscoFlow® enables flexible workability times coupled with optimal early strength development and a positive impact on the carbon footprint.



# Sika One Shot system for parking decks saves TIME



State-of-the-art parking deck coating. Straightforward application in just a few steps with no waiting times: the Sika One Shot system



Priming, waterproofing, protecting and sealing. The Sika One Shot system makes coating parking decks a fast, simple and reliable process: installation rates of 1,000 m<sup>2</sup> per day are easily achieved.

A day instead of a week: the Sika One Shot system heralds a new era in parking deck coatings. A job that takes one week using traditional methods can now be completed within a single day. The benefits include drastic reductions in downtimes and associated costs, and lower labor expenditure.

### A NEW PARKING DECK SURFACE IN JUST FOUR STEPS

The substrate is first treated with Sika Primer. A Sikalastic®-8800 waterproof membrane is then applied, followed – as the third step – by the technical tour de force: the Sika One Shot system. The aggregate – quartz sand, Alox, corundum or whatever can be locally sourced – that is needed to meet the relevant loads is sprayed on with Sikalastic®-8800 at high pressure in a single operation without excess and is immediately bonded to the surface. The parking deck is finally sealed with Sikafloor® for indoor or outdoor spaces, with or without UV protection. Subject to proper preparation, 1,000 m<sup>2</sup> per day can be recoated with a far lower labor requirement than standard methods.

it is also exceptionally durable and resistant to chemical influences, oils, deicing salts and mechanical loads typically encountered in heavily used car park buildings. The simple installation procedure and immense time savings mean that the Sika One Shot system has huge market potential for the refurbishment of both large and small car park buildings.

### MAJOR MARKET POTENTIAL FOR CAR PARK BUILDING REFURBISHMENTS

The Sika One Shot system with Sikalastic®-8800 and Sikafloor®-359 not only makes it possible to apply coatings rapidly,





# ODORLESS

liquid roof membrane  
for sensitive applications



Sika liquid membranes combines sustainability with high performance. Sikalastic®-641 is a new development for use in highly sensitive site areas.

With Sikalastic®-641, 2014 saw the launch of a promising new addition to Sika's liquid membrane range. The new roof membrane was developed by Sika UK with the aim of minimizing odor emissions during application. The innovative solution is based on the i-Cure® technology pioneered for the sealing & bonding segment. Tests with Sikalastic®-641 have shown that olfactory perception is up to 97% lower than for standard products.

**BENCHMARK FOR LIQUID ROOF MEMBRANES**

Sikalastic®-641 combines the merits of one-component systems with the very latest solvent reduction technology. The virtually odorless product offers rapid, straightforward and reliable application as well as consistent quality in varying weather conditions. The integration of i-Cure® technology in the liquid membrane product serves to protect staff, building and atmosphere through the minimization of odor emissions. Sikalastic®-641 is normally applied by roller and can be reinforced by nonwovens or – as a widely preferred alternative – fiberglass mats.

**GLOBAL LAUNCH IN 2015**

Due to its extremely low odor emissions, Sikalastic®-641 offers the ideal solution for roof membranes in sensitive environments, such as schools, hospitals, administrative buildings, and pharmaceutical or food-industry facilities. Following the successful launch of the new liquid membrane on the British market under the name "Decothane Ultra" in June 2014 and its immense popularity among customers, it will be marketed worldwide as Sikalastic®-641 from 2015 onwards.

**LIQUID MEMBRANE FOR NEW-BUILD AND REFURBISHMENT PROJECTS**

Sikalastic®-641 is recommended for all applications where sustainable, low-emission solutions are desired or specified. There is likely to be considerable market potential for the Sika system in megacities. Reliable, odorless roof membrane solutions are



The quantity of roof membranes supplied by Sika each year would cover an area the size of Manhattan.

particularly important in densely populated urban centers with high levels of new-build and refurbishment activity.

**Sikalastic® Evercoat Zero-1**

**ROOFING SOLUTION A MAJOR SUCCESS IN JAPAN**

The combination of a development boom and a skilled labor shortage has caused acute bottlenecks in Japan's construction sector. The timely recognition of this problem by Sika's local experts led them to launch Sikalastic® Evercoat Zero-1. This virtually VOC-free, one-component liquid membrane is much faster and easier to apply than standard two-component systems. It is also able to meet the increasingly stringent sustainability requirements.

**GLOBAL INNOVATION, ADAPTED TO THE LOCAL MARKET**

Sika collaborated with technical institutes, trained the applicators, provided intensive job-site support, and invested in local production. The efforts paid off – the fast reaction of Sika in Japan led to a major market success. Thanks to Sikalastic® Evercoat Zero-1, Japan's roofs are not only watertight, but also eco-friendly.



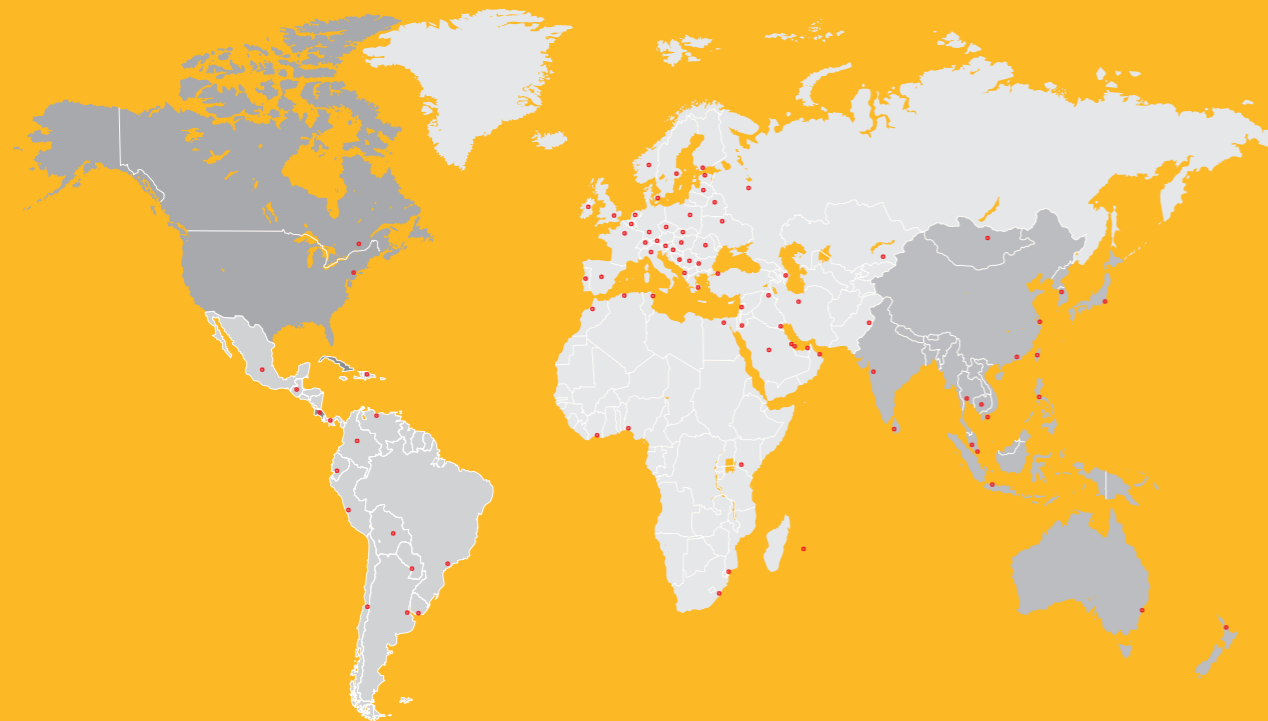
Global quality, local application: Sika transfers skills and know-how directly on the spot.



# RECORD SALES IN ALL REGIONS

Sika generated record sales in all regions and 15.2% growth in the emerging markets.

## SIKA IN 90 COUNTRIES



## THE REGIONS IN BRIEF

	EMEA	North America	Latin America	Asia/Pacific	Other segments and activities
Net sales in CHF mn (previous year)	2,734.0 (2,470.2)	746.3 (711.2)	638.6 (622.8)	1,039.7 (973.7)	412.7 (364.3)
<b>Growth in local currencies</b>	<b>13.3%</b>	<b>7.9%</b>	<b>16.0%</b>	<b>12.9%</b>	<b>16.2%</b>
Currency impact	-2.6%	-3.0%	-13.5%	-6.1%	-2.9%
Acquisition effect	9.2%	0%	4.9%	3.6%	0%
Number of employees	8,708	1,488	2,609	4,090	

### EMEA

Sika increased sales in the region EMEA (Europe, Middle East, Africa) by 13.3% in 2014. Perceptible growth stimuli in the Middle East and Africa, and the slight recovery in the southern European markets, had a positive impact on the company's overall performance in the region.

In 2014, Sika was once again involved in a number of major projects in the region EMEA, including the Moscow Metro extension and various construction projects for the 2022 World Cup in Qatar.

Production capacity has expanded at several locations, and activities in this area included the opening of the company's first factory in Serbia. Sika established new subsidiaries in Bosnia-Herzegovina, Albania, Nigeria, Mozambique and the Ivory Coast. In May 2014, Sika acquired Klebag, the Swiss-based manufacturer of adhesives for the bonding, sealing and flooring markets, thereby strengthening its position in the interior finishing sector. The process of integrating Klebag is running to schedule.

### NORTH AMERICA

2014 saw a sharp improvement in the economic situation in North America, and there was a significant year-on-year rise in the volume of new construction projects. Sika particularly benefited from rising investment in industrial buildings and infrastructure projects.

In addition to favorable market trends new product launches, better market positioning, and productivity gains helped Sika North America grow its sales by 7.9% and improve its margins by a substantial amount.

Sika is involved in most major construction projects in the region, including a railroad tunnel in New York City, the new Tesla factory in Nevada, and the Minnesota Vikings football team's new stadium.

Two new factories – in Atlanta and Denver – were opened in the region.

### LATIN AMERICA

The slowdown in economic growth in the region Latin America continued through 2014. Brazil's markets stagnated, while Argentina and Venezuela struggled with high inflation. Colombia was the only country to experience steady growth in the order of 5%.

Despite this challenging business environment, Sika Latin America still generated double-digit growth in most countries and further increased market share. With an overall level of 16.0%, Sika succeeded in maintaining high sales growth in 2014. Substantial devaluations of a number of local currencies led to high exchange rate losses.

In Brazil, Sika acquired waterproofing specialist Lwart Química and opened a new factory – its seventh in the country – in the state of Goiás. Sika also opened a further production plant in Mexico.

### ASIA/PACIFIC

With the economies in the region Asia/Pacific continuing to grow during the reporting year, Sika achieved growth in all market segments. Double-digit percentage growth rates and increased market share were achieved in most countries. Implementation of the growth strategy – geographical expansion, supply chain extension, new product launches and efficient product management – combined with the new acquisitions led to sales increase of 12.9%.

One of the major projects involving Sika products during 2014 was the 530-meter-tall Chow Tai Fook Center in Guangzhou, China.

During the reporting year, Sika opened new factories in Indonesia, Singapore and India, and set up a new subsidiary in Sri Lanka.

Furthermore, Sika acquired a leading manufacturer of cementitious powder products in Singapore and a flooring and coatings company in South Korea. The holdings in Dyflex (Japan) and Ji-angsu TMS (China) were increased to 100%, and to 85% in Hebei Jiuqiang (China).



# RESPONSIBILITY FOR THE FUTURE

## SUSTAINABLE DEVELOPMENT

As a globally operating technology-based company, Sika is especially committed to sustainable development. The company honors its responsibilities by offering sustainable solutions for energy-efficient construction and economical vehicles. It implements numerous internal measures aimed at enhancing its sustainability performance and achieving business, social and ecological benefits.

## MORE VALUE - LESS IMPACT

The sustainability strategy developed by Sika in 2013 was implemented and communicated in 2014. With the avowed aim of "enhancing utility and reducing negative impacts", the company defined six strategic target areas that focus on economic performance, sustainable solutions, local communities/society, energy, waste/water and safety. Through its products, systems and solutions, Sika seeks to generate benefits for stakeholders that far outweigh the negative consequences of the production process and resource consumption.

## GLOBAL IMPLEMENTATION

Sika's sustainability strategy was implemented worldwide in 2014. Sika companies in all regions are working on projects centered on the achievement of the six strategic targets. To this end, each of Sika's subsidiaries has developed a roadmap to define the key aspects of the projects and control their implemen-

tation. A selection of projects was showcased at global and local level as part of Sika's "More Value - Less Impact" communication campaign. [www.sika.com/sustainability](http://www.sika.com/sustainability)

## STANDARDS AND COMPLIANCE

To ensure the binding force of the Code of Conduct, Sika companies staged a number of information and training events. Sika also published a "Values and Principles" brochure in 2014, the contents of which were outlined in closer detail to all employees at in-house events. Forming the core of Sika's corporate culture, these values and principles relate to the following aspects: Customer First, Courage for Innovation, Sustainability & Integrity, Empowerment & Respect, and Manage for Results.

## REPORTING

Sika reports its key sustainability performance results in line with the G4 Guidelines of the Global Reporting Initiative (GRI G4). In dialog with internal and external stakeholders, Sika defined the target indicators with the largest potential effect and enshrined these in its global reporting procedures. These results and findings are presented in the sustainability report (see page 47) and in detail on Sika's website at <http://www.sika.com/gri>.

## COMMITMENT

Sika has pledged to gear its actions and strategies to globally accepted principles in the areas of human rights, labor law, environmental protection and anticorruption policy. For many years, the company has been actively involved in the chemical industry's Responsible Care sustainability program. It is also a cosignatory and a member of the UN Global Compact corporate responsibility initiative, the Carbon Disclosure Project and the World Business Council for Sustainable Development.



**More Value**  
Social projects in Myanmar: In 2014, Sika supported the schooling of several hundred children in the poorest regions of Myanmar.



**Less Impact**  
Reduction of water consumption: At the Tocancipa plant near Bogotá, Sika Colombia S.A. succeeded in cutting water consumption by 70% through the installation of a new system that enables it to use rainwater in the production process.

# SCOTIABANK SADDLEDOME NEW ROOF FOR CALGARY ICON



Quality has a future. The solution successfully adopted for the original structure was reprised for the refurbishment project: a flat roof system featuring latest-generation Sika Sarnafil® products.

After 30 years of service, Canada's most famous roof required full-scale refurbishment. Since the original covering had performed so well, the project team again opted for a Sika Sarnafil® roofing system.

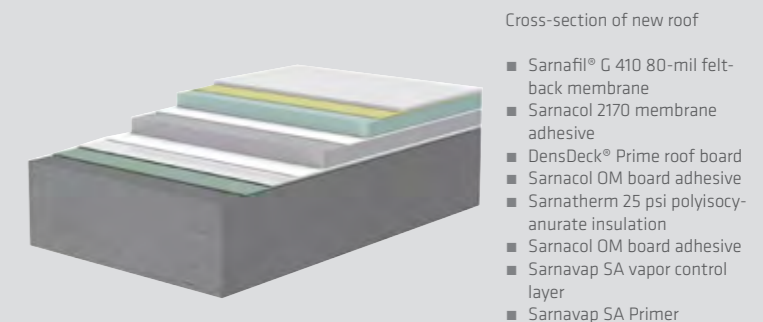
latest Sika roofing system, which was customized to the particular requirements. Key features include the white Sika Sarnafil® G 410 80-mil feltback membrane, additional gypsum board reinforcement and a layer of Sarnatherm 25 psi insulation. Refurbishment of the gigantic roof, completed by Parker Johnston Industries Ltd in July 2014 within an extremely tight window of just under one year, was an outstanding logistical and engineering achievement. The Saddledome Arena is now ready to host the events of the coming decades - a shining example of the longevity of Sika's roofing systems.

## A NEW ROOF TO SHIELD 19,000 FANS

The Scotiabank Saddledome Arena is home to the Calgary Flames, one of the top teams in the NHL (North America's National Hockey League). The Sarnafil® membrane of the idiosyncratically curved roof, with a surface area of nearly 16,500 m<sup>2</sup>, had withstood 30 years of Calgary weather, which is notorious for its hailstorms, along with regular batterings from Calgary Stampede fireworks. By 2012, however, the time had arrived for a complete refurbishment. The fact that the client again opted for Sika Sarnafil® products underscored the value of enduring trust and partnerships.

## 16,500 M<sup>2</sup> Sika Sarnafil® FOR STADIUM ROOF REFURBISHMENT

The original Sarnafil® covering was removed and replaced by the



Cross-section of new roof

- Sarnafil® G 410 80-mil feltback membrane
- Sarnacol 2170 membrane adhesive
- DensDeck® Prime roof board
- Sarnacol OM board adhesive
- Sarnatherm 25 psi polyisocyanurate insulation
- Sarnacol OM board adhesive
- Sarnavap SA vapor control layer
- Sarnavap SA Primer



# Sika products make premium vehicles

# SAFER



Multi-material design and modular construction impose enhanced bonding requirements – as seen in the new Mercedes-Benz S-Class. Sikaflex® assembly and structural adhesives are used to join together steel, aluminum, glass and plastics. SikaReinforcer® thermoplastic components improve vehicle stiffness and acoustics, while SikaPower® increases crash resistance. This is why Mercedes-Benz also chose Sika adhesive solutions for the S-Class.

**A STRONG BOND: Sikaflex®**

The style, comfort and feel as well as the objective level of safety offered by cars are largely dictated by things that are permanently concealed. One example is the connection of vehicle modules by adhesive bonding, rather than welding, riveting or bolting. The custom-designed Sikaflex® adhesive solutions fulfil a variety of functions in the Mercedes-Benz S-Class. High-modulus, one-component adhesives are used for windshield bonding, ultra-high-modulus products join the aluminum roof module to the steel car body, and ultra-low-modulus Sikaflex® adhesives allow the invisible bonding and damping of the roof lining. Each adhesive type makes its own contribution to maximizing safety, driving comfort and esthetic appeal.

**INCREASED CRASH RESISTANCE THROUGH SikaPower®**

SikaPower® structural adhesives are used to bond the body shell and enhance crash resistance. The structure is further strengthened through the incorporation of 16 SikaReinforcer® lightweight, thermoplastic components. By increasing vehicle stiffness, these help to improve handling while optimizing acoustic performance. The adhesive technologies developed by Sika for the automotive manufacturing industry not only join and reinforce materials and components: they also make vehicles lighter, safer and more comfortable. They create new scope for innovative technical and esthetic design and, not least, help to cut fuel consumption and emissions. Sika adhesives are revolutionizing manufacturing technology.



Superior comfort thanks to Sika: Sika technologies strengthen the car body and improve handling and interior sound insulation.



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# Enhanced LOADBEARING capacity through refurbishment with Sika technologies



Inaugurated on March 1, 2014, the second Penang Bridge is Southeast Asia's longest bridge and a showcase for Sika's very latest technologies.

Every day, some 85,000 vehicles cross the 13.5 km long, six-lane cable-stayed bridge linking Penang Island to the Malaysian mainland. Following an accidental fire in 2010, the structure was in urgent need of restoration and repair, as well as additional strengthening. Sika® CarboDur® system with its high-strength carbon-fiber reinforced polymer plates allowed this vital artery to be properly strengthened within two short months without any traffic closures.



The first Penang Bridge was strengthened and overhauled without closure to traffic using Sika Refurbishment solutions.

#### FIT FOR USE - BRIDGE REHABILITATION WITH Sika® CarboDur®

Rehabilitation of the first Penang Bridge required a strengthening system that was able to compensate for the lost flexural strength and restore structural safety. As the bridge could not be closed to traffic, the strengthening materials had to be transported by boat to scaffolding temporarily suspended below the carriageway. The ultra-lightweight, high-strength carbon-fiber plates from the Sika® CarboDur® range offered the ideal structural strengthening solution. The damaged concrete was first repaired with the SikaTop® and SikaGrout® products. The affected 40 m-long prestressed-concrete girders were then reinforced by permanently bonded Sika® CarboDur® plates using Sikadur® epoxy adhesive. Within two short months, 4,200 m of Sika® CarboDur® plates were in place to provide the required

strengthening and the Penang Bridge was once again fit to accept traffic loads.

#### SIKA TECHNOLOGIES FOR SOUTHEAST ASIA'S LONGEST BRIDGE

Sika technologies have been used in the construction of many of the world's tallest buildings, longest tunnels and most spectacular bridges. The roll call also includes the longest bridge in Southeast Asia, inaugurated on March 1, 2014 after a seven-year construction period. The second Penang Bridge has a total length of 24 km, with 17 km spanning across the sea at a height of up to 30 m. It was built as a second crossing to the island to relieve the existing bridge link's heavy traffic demands. Sika technologies contribute to the state of art earthquake resistance and an expected service life of 120 years.



Infrastructure megaproject: United Arab Emirates, Abu Dhabi, Al Ain. With 5,000 villas and a further 11,000 in the pipeline.

# OVER 5,000 VILLAS

with Sikaflex® Construction+

The task: joint sealing for unitized construction. The challenge: straightforward application plus excellent workability and performance at temperatures of up to 50°C in the shade. The solution: Sikaflex® Construction+.

**SPECTACULAR INFRASTRUCTURE PROJECT IN THE EMIRATE OF ABU DHABI**

In response to the increasingly tight housing market in the United Arab Emirates, the state-owned Abu Dhabi General Services Company Musanada is planning a string of citizen housing programs. With a total volume of some 16,000 houses, the Musanada Villa scheme in Al Ain ranks among the country's biggest and most important infrastructure programs. The development is effectively a new town, including full-scale transport and social infrastructure, with everything from administrative centers and leisure districts to mosques, schools and hospitals.

**ON-SITE TECHNICAL COUNSELING AND TRAINING**

Given the extreme conditions (summer temperatures of up to 50°C), project size, short construction windows and high technical, regulatory and qualitative demands placed on modern unitized construction, the client and main contractor – Trojan Contracting – needed a strong partner to meet its sealing and bonding requirements. The choice fell on Sika because it was able to offer both the ideal product – Sikaflex® Construction+ – and technical advice and training as well as timely delivery. Sika provided the complete support to all of the five precast subcontractors, trained their staff in the use of the product and oversaw its on-site application.

**ECO-EFFICIENT CONSTRUCTION SEALANT: Sikaflex® Construction+**

Sikaflex® Construction+ is an elastic, one-component sealant, employing the company's innovative i-Cure® technology. This technology has spawned a new generation of adhesives and sealants with vastly superior workability, improved adhesion and longer shelf lives. Thanks to its extra-low-emission properties, it also offers an eco-friendly solution.

Sikaflex® Construction+ is a reliable, easy-to-use, odorless and eco-friendly one-component joint sealant based on i-Cure® technology, offering durable performance even under extreme climatic conditions.





# GROUP MANAGEMENT

Sika's Group Management is made up of nine personalities, whose diverse careers led them to Sika companies across the globe. The picture was taken on the occasion of a management meeting in the Acoustics & Reinforcement laboratory Widen, Switzerland.



**SILVIO PONTI**  
Building Systems & Industry,  
Deputy CEO  
With Sika for 31 years in  
Switzerland and the Netherlands

**THOMAS HASLER**  
Technology (CTO)  
With Sika for 26 years  
in the USA and  
Switzerland

**ADRIAN WIDMER**  
CFO  
With Sika for 8 years in  
Switzerland

**JOSÉ LUIS VÁZQUEZ**  
Latin America  
With Sika for 31 years in  
Spain and Latin America

**ERNESTO SCHÜMPERLI**  
Concrete & Waterproofing  
With Sika for 28 years in  
Colombia and Switzerland

**HEINZ GISEL**  
Asia/Pacific  
With Sika for 24 years  
in Switzerland, USA,  
Austria and Asia

**JAN JENISCH**  
CEO  
With Sika for 19 years in  
Switzerland, Germany and Asia

**CHRISTOPH GANZ**  
North America  
With Sika for 19 years in  
Switzerland, France and  
the USA

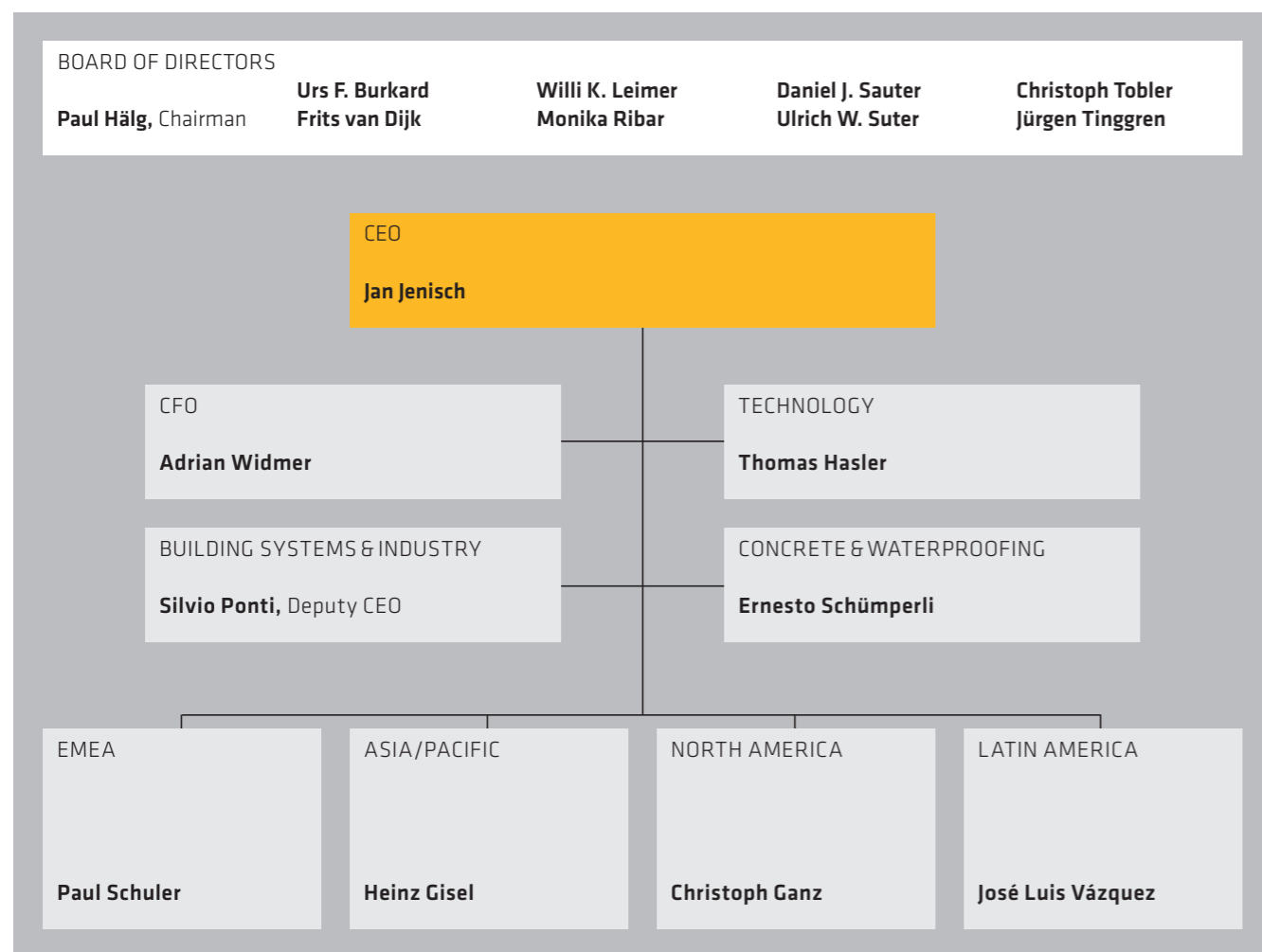
**PAUL SCHULER**  
EMEA  
With Sika for 27 years in  
Switzerland, Germany and  
the USA



# INTEGRATED MANAGEMENT, FLAT HIERARCHIES

We take the long view when it comes to developing our business. Our relationship with customers, stakeholders and employees is shaped by respect and responsibility. Sika operates with a strong focus on safety, quality, environmental protection, fair treatment, social responsibility, responsible growth, and value creation.

## ORGANIZATIONAL DIAGRAM



# COMPETENCE AND COMMITMENT

Sika nurtures the skills and entrepreneurial spirit of its employees and delegates decisions and responsibilities to the appropriate level of competence. Employee training and development are a top priority. Sika provides courses for all staff members, trains its own managers and gives preference to in-house candidates for promotions.

### VALUES AND PRINCIPLES

The success of any company depends not only on implementing the right strategy, but also on the trust and commitment of its employees. Sika's rise to the number-one position worldwide has been driven by the values and principles that shape its corporate culture. The five values and principles at a glance:

1. Customer First
2. Courage for Innovation
3. Sustainability & Integrity
4. Empowerment & Respect
5. Manage for Results

### TRAINING & DEVELOPMENT

For Sika, internal and external training courses are a key vehicle for developing and nurturing the skills of its approximately 17,000 employees. The company also encourages more extensive further training programs. Through its partnerships with distinguished universities, Sika is able to ensure that the courses incorporate the latest industry and technological developments. In the year under review, Sika spent approximately CHF 8.3 million (previous year: CHF 7.1 million) on employee development. At least ten hours training per year are targeted for each employee. The figure for the reporting year stood at 11.4 hours (2013: 10.6 hours).

### SIKA BUSINESS SCHOOL

The Sika Business School offers management development and talent development programs. In the year under review, the school ran 12 programs for junior managers. Sika continued its partnership with the International Institute for Management Development (IMD) in Lausanne (Switzerland). The program here included a special course for the members of Group Management.

The Sika Business School lays particular emphasis on the area of sales and marketing, offering numerous courses to develop the sales force. Many training courses on Sika products and their applications are held at local and regional level. The company's expertise in advising customers is thus fostered worldwide.

### NUMBER OF EMPLOYEES

The number of employees rose by 3.7% during the year under review to 16,895 (previous year: 16,293). Consistent with Sika's

growth strategy, the emerging markets accounted for the majority of the company's new recruits – a total of 512 people. The regional distribution of Sika employees is as follows: EMEA 8,708 (previous year: 8,658), North America 1,488 (previous year: 1,438), Latin America 2,609 (previous year: 2,329), Asia/Pacific 4,090 (previous year: 3,868).

The age structure at Sika is broadly balanced: 17% of employees are under 30 years of age and 21% over 50. Together, all Sika employees generated net added value of CHF 1,715 million in 2014 (previous year: CHF 1,542 million). This corresponds to net added value per employee of CHF 103,000 (previous year: CHF 98,000).

### DIVERSITY

Sika's global presence and the proximity to customers that this affords make the integration of different cultures and cross-border information and experience-sharing extremely important. The company is convinced that success is also driven by the diversity lived by its employees as part of their daily routine. Women account for a total of 22.3% of all staff (previous year: 21.5%) and 16.4% at management level (previous year: 16.2%). Sika is constantly working to increase these proportions.





# BALANCE SHEET

## CONSOLIDATED BALANCE SHEET

in CHF mn	Notes	12/31/2013	12/31/2014
Cash and cash equivalents	1	1,028.3	898.8
Accounts receivable	2	912.7	1,006.0
Inventories	3	539.0	591.3
Prepaid expenses and accrued income		92.0	92.3
Other current assets	4	18.9	7.7
<b>Current assets</b>		<b>2,590.9</b>	<b>2,596.1</b>
Property, plant, and equipment	5	920.2	958.3
Intangible assets	6	1,066.9	1,074.6
Investments in associated companies	7	13.9	14.3
Deferred tax assets	8	104.7	130.6
Other non-current assets	4	39.3	44.0
<b>Non-current assets</b>		<b>2,145.0</b>	<b>2,221.8</b>
<b>ASSETS</b>		<b>4,735.9</b>	<b>4,817.9</b>
Accounts payable	9	557.9	605.4
Accrued expenses and deferred income	10	204.6	214.3
Bond	12	299.7	0.0
Income tax liabilities		73.3	77.4
Current provisions	13	22.0	19.2
Other current liabilities	11	34.7	34.8
<b>Current liabilities</b>		<b>1,192.2</b>	<b>951.1</b>
Bonds	12	946.9	947.6
Non-current provisions	13	93.0	96.9
Deferred tax liabilities	8	130.4	118.5
Employee benefit obligation	14	212.9	303.8
Other non-current liabilities	11	24.3	16.7
<b>Non-current liabilities</b>		<b>1,407.5</b>	<b>1,483.5</b>
<b>LIABILITIES</b>		<b>2,599.7</b>	<b>2,434.6</b>
Capital stock		1.5	1.5
Treasury shares		-13.7	-10.8
Reserves		2,132.3	2,376.4
<b>Equity attributable to Sika shareholders</b>		<b>2,120.1</b>	<b>2,367.1</b>
Non-controlling interests		16.1	16.2
<b>SHAREHOLDERS' EQUITY</b>	15	<b>2,136.2</b>	<b>2,383.3</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>4,735.9</b>	<b>4,817.9</b>

# CONSOLIDATED INCOME STATEMENT

## CONSOLIDATED INCOME STATEMENT FROM JANUARY 1 TO DECEMBER 31

in CHF mn	Notes	%	2013	%	2014	Change in %
<b>Net sales</b>	16	<b>100.0</b>	<b>5,142.2</b>	<b>100.0</b>	<b>5,571.3</b>	<b>8.3</b>
Material expenses	17	-47.6	-2,446.6	-47.0	-2,620.0	
<b>Gross result</b>		<b>52.4</b>	<b>2,695.6</b>	<b>53.0</b>	<b>2,951.3</b>	<b>9.5</b>
Personnel expenses	18	-20.1	-1,031.1	-19.7	-1,093.7	
Other operating expenses	18	-19.2	-988.6	-19.0	-1,059.3	
<b>Operating profit before depreciation</b>	18	<b>13.1</b>	<b>675.9</b>	<b>14.3</b>	<b>798.3</b>	<b>18.1</b>
Depreciation and amortization expenses	19	-2.9	-152.4	-2.9	-165.1	
<b>Operating profit</b>		<b>10.2</b>	<b>523.5</b>	<b>11.4</b>	<b>633.2</b>	<b>21.0</b>
Interest income	21	0.1	3.0	0.0	2.7	
Interest expenses	20	-0.7	-33.9	-0.5	-30.5	
Other financial income	21	0.1	5.8	0.1	5.6	
Other financial expenses	20	-0.4	-22.8	-0.4	-21.6	
Income from associated companies	21	0.0	1.1	0.0	1.2	
<b>Profit before taxes</b>		<b>9.3</b>	<b>476.7</b>	<b>10.6</b>	<b>590.6</b>	<b>23.9</b>
Income taxes	8	-2.6	-132.0	-2.7	-149.4	
<b>Net profit</b>		<b>6.7</b>	<b>344.7</b>	<b>7.9</b>	<b>441.2</b>	<b>28.0</b>
Profit attributable to Sika shareholders		6.7	342.2	7.9	439.0	
Profit attributable to non-controlling interests	22	0.0	2.5	0.0	2.2	
Undiluted/diluted earnings per bearer share (in CHF)	23		135.27		173.19	28.0
Undiluted/diluted earnings per registered share (in CHF)	23		22.55		28.87	28.0

## DETAILS TO STATEMENT OF CASH FLOWS

in CHF mn	2013	2014
Operating activities	574.0	554.4
Investing activities	-555.0	-204.6
Financing activities	23.9	-480.0
Exchange differences	-8.8	0.7
<b>Net change in cash and cash equivalents</b>	<b>34.1</b>	<b>-129.5</b>
Operating activities	574.0	554.4
Investing activities	-555.0	-204.6
<b>Free cash flow</b>	<b>19.0</b>	<b>349.8</b>
Acquisitions/disposals less cash and cash equivalents	410.9	68.8
Acquisitions (+)/ disposals (-) of financial assets	2.8	-1.1
<b>OPERATING FREE CASH FLOW</b>	<b>432.7</b>	<b>417.5</b>



PUBLISHED BY  
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Sika

EDITORIAL WORK  
Ramstein Ehinger Associates AG, Zurich

PRINT  
Kalt Medien AG, Zug

PHOTOGRAPHY  
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