



STRONG GROWTH IN SALES AND EBIT IN FIRST HALF YEAR

SIKA COMPANY PRESENTATION
JULY 25, 2019

BUILDING TRUST



HALF-YEAR RESULTS 2019

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GROWTH OF 9.6% - NEW RECORDS IN SALES AND PROFIT HIGHLIGHTS

1. New records in sales and profit

- +9.6% sales growth in local currencies (7.6% in CHF) to CHF 3,732.4 million
- Higher gross result – EBIT increase of 8.3% to CHF 481.7 million

2. Key investments

- Conclusion of Parex acquisition provides boost to growth, takeover of King Packaged Materials in Canada and Belineco in Belarus
- Opening of three new factories in Senegal, Egypt, Qatar

3. Outlook and Strategy

- Outlook: sales of over CHF 8 billion and double-digit EBIT growth for 2019
- Presentation of new Strategy 2023 at Sika Capital Market Day on October 3, 2019

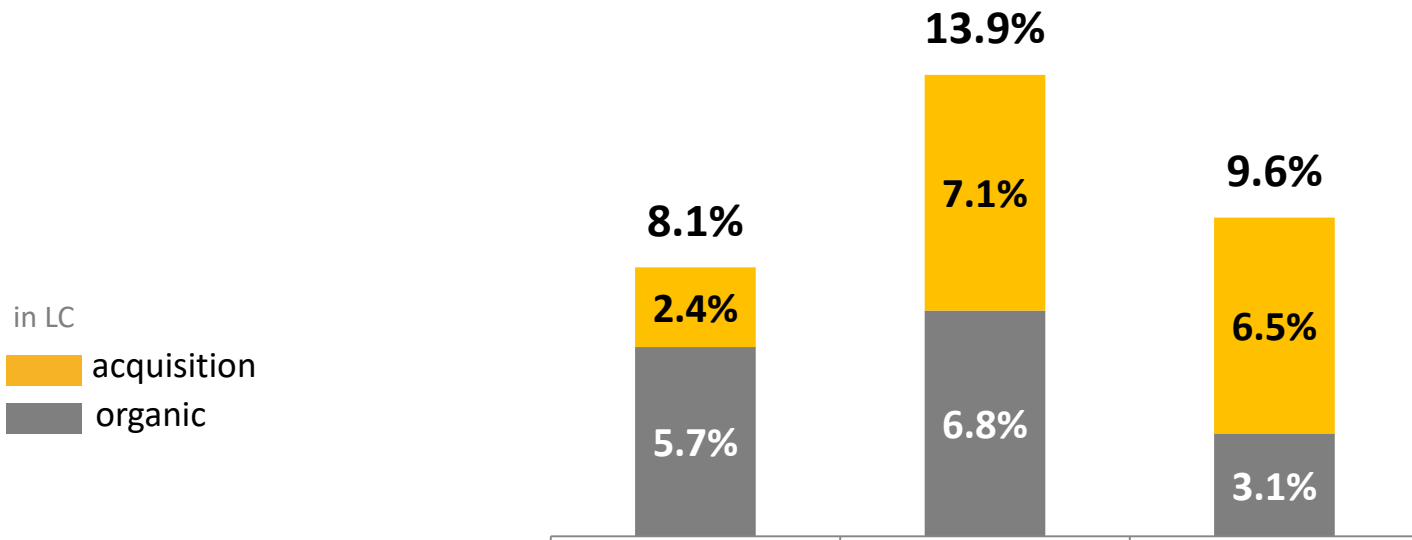
KEY FIGURES FIRST HALF 2019

RECORD RESULTS – STRONG MOMENTUM CONTINUES

in CHF mn	2018	2019	Δ %
Net sales	3,470.1	3,732.4	+7.6%
Gross results as % of net sales	53.6	53.8	
EBITDA	544.8	623.8	+14.5%
EBIT	444.6	481.7	+8.3%
Net profit	318.2	330.7	+3.9%
Operating free cash flow	11.5	179.7	
ROCE in %	26.2	17.0	

FIRST HALF SALES GROWTH

9.6% SALES GROWTH IN THE FIRST HALF 2019



in CHF mn	1 HY 2017	1 HY 2018	1 HY 2019
Sales	2,994.9	3,470.1	3,732.4

SALES FIRST HALF 2019

GROWTH IN ALL REGIONS

+3.8%

+7.7%

-3.9%

+4.2%

+12.0%

+11.4%

+0.6%

+7.1%

+14.8%

+15.6%

-0.8%

+12.9%

+3.1%

+4.9%

-1.8%

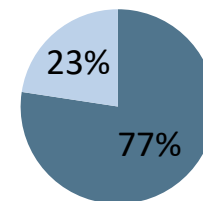
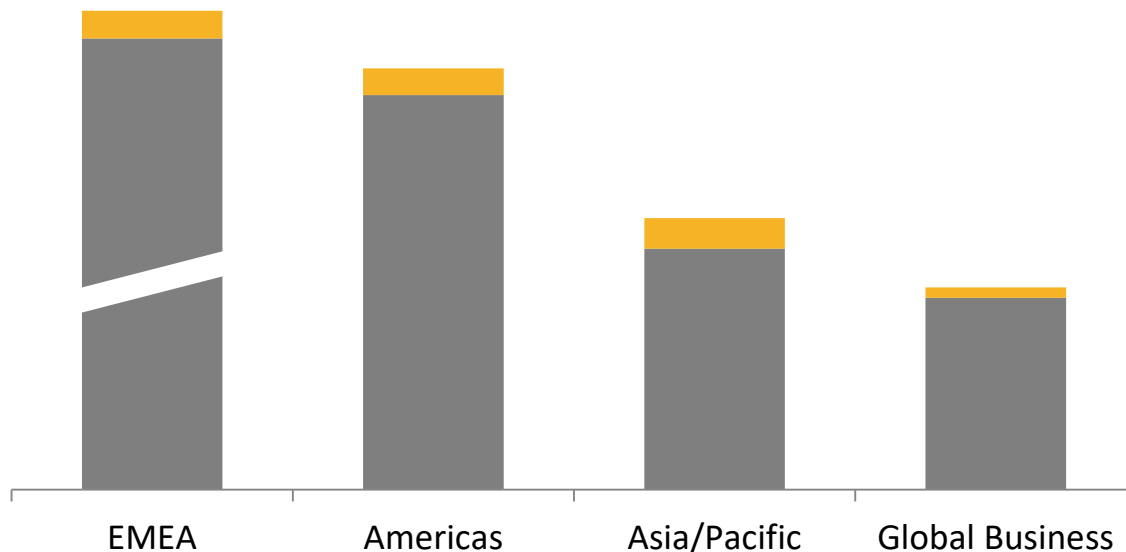
+5.2%

Growth in CHF

Growth in LC

FX impact

Acquisition

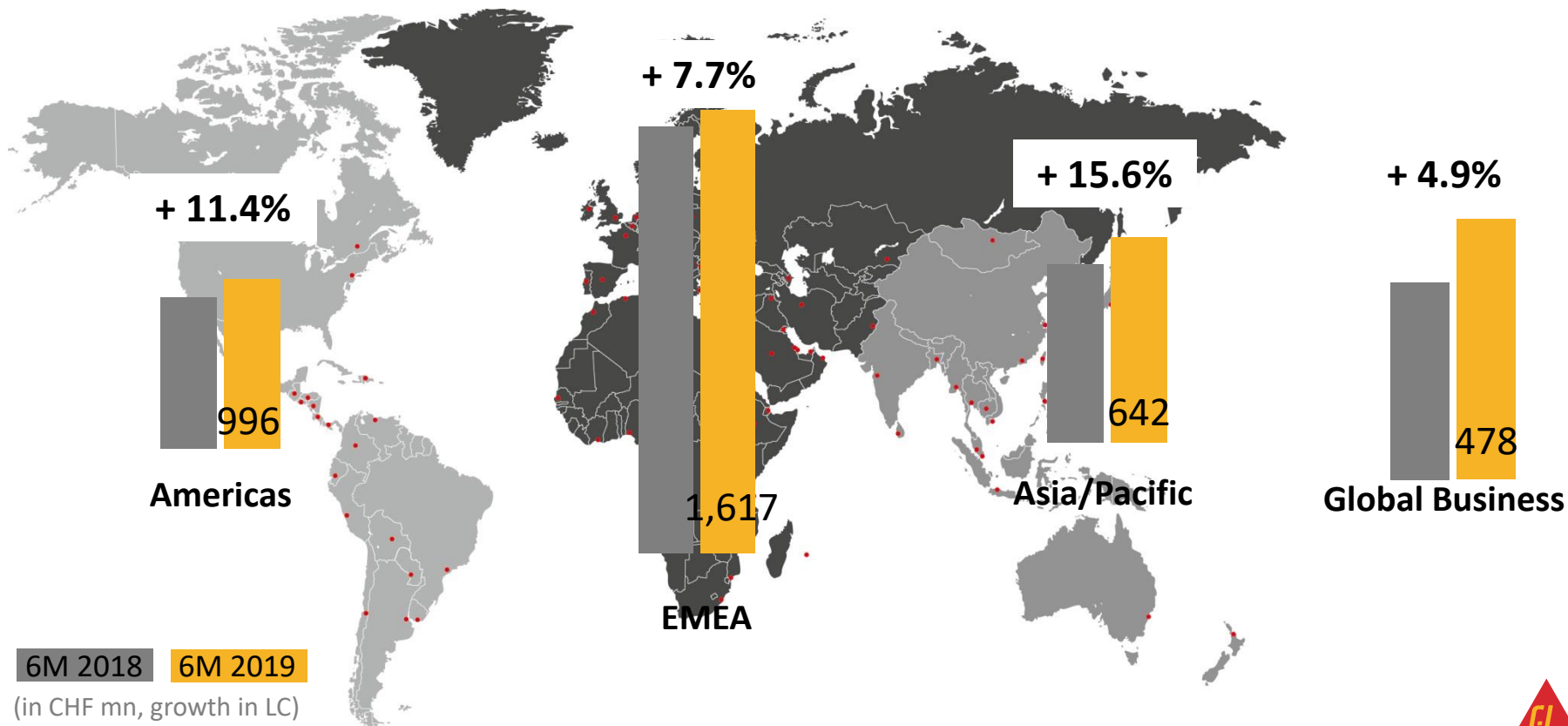


Construction

Industry

STRONG GROWTH MOMENTUM CONTINUES IN 2019

9.6% SALES GROWTH (7.6% IN CHF)



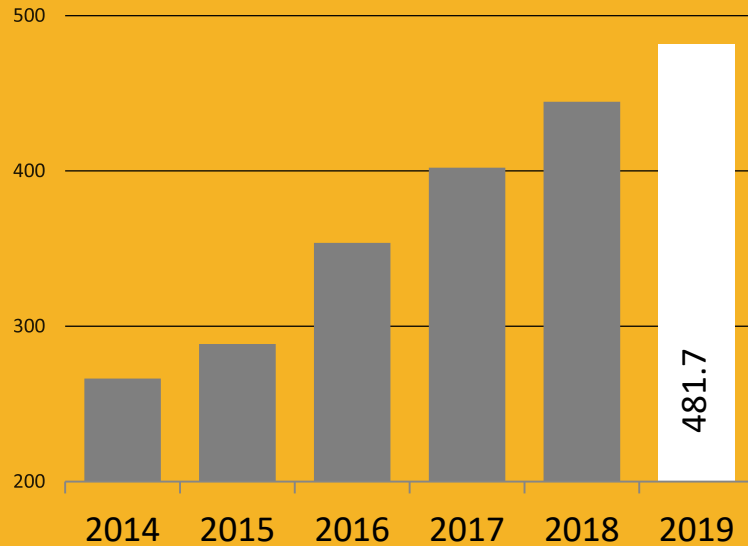
6M 2018 6M 2019

(in CHF mn, growth in LC)

SIKA'S GROWTH MODEL DELIVERS CONTINUED GROWTH IN EBIT AND PROFIT (HALF YEAR)

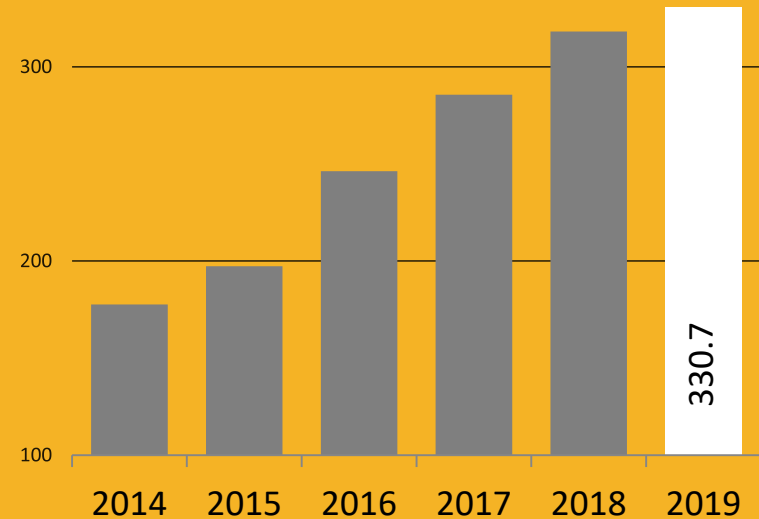
EBIT

in CHF mn



Net Profit

in CHF mn



HIGH OPERATING SPEED CONTINUES IN 2019

INVESTMENTS IN NEW PLANTS

Opening of Sika plants:

- Mortar plant in Senegal
- Expansion of mortar plant in Egypt
- Concrete admixture plant in Qatar
- Expansion of mortar plant in Serbia

(Dakar, March 2019)

(Alexandria, April 2019)

(Doha, May 2019)

(Belgrade, July 2019)



New plant in Senegal



Doubling mortar capacity in Egypt

HIGH OPERATING SPEED CONTINUED IN 2019

3 ACQUISITIONS IN 2019

Company	Country	Target Market
Parex	Global	Refurbishment, Waterproofing, Flooring
King Packaged Materials Company	Canada	Concrete, Refurbishment
Belineco	Eastern Europe	Sealing & Bonding

Total annual sales: CHF 1,288 million



Parex



King Packaged Materials Company



Belineco

KEY INVESTMENTS IN 2019

ACQUISITIONS AS GROWTH PLATFORM

Acquisition of King Packaged Materials Company (Canada)

- Large manufacturer of dry shotcrete and mortars for concrete repair
- Products for the construction and mining industry as well as for the home improvement distribution channel
- King operates three large state-of-the-art plants
- CHF 61 million annual sales



KEY INVESTMENTS IN 2019

ACQUISITIONS AS GROWTH PLATFORM

Acquisition of Belineco, Belarus

- Manufacturer of polyurethane foam systems
- Further expansion of production capacity and know-how for polyurethane foam systems
- Cross-selling opportunities in Eastern Europe



UPDATE ON PAREX

TRANSACTION HIGHLIGHTS (1/2)

- Parex, an excellent company
 - A leading mortar manufacturer – great expertise in facade, tile adhesives, waterproofing
 - Impressive track record of profitable growth (7 year growth CAGR of 7%; 2018E sales: CHF 1.2 billion, EBITDA 16%)
 - Strong position in distribution (80% of sales)
 - Present in 23 countries with key position in 8 markets
- Key benefits
 - Very good strategic fit without overlaps
 - Boost Sika's position in mortars and distribution
 - Sika and Parex with strong brands and position in complementary channels, therefore multiplier potential for Sika and Parex products
 - Rollout Parex's facade business in Sika world
 - Leverage potential in technology and operations
- Cultural fit
 - Highly decentralized organization
 - Management by empowerment

TRANSACTION HIGHLIGHTS (2/2)

- Financial parameters
 - Enterprise value of CHF 2.5 billion
 - Annual synergies of CHF 80 – 100 million expected
- Multi-step transaction
 - Sika signed exclusive put option agreement, announcement January 8, 2019
 - SPA signed on February 12, 2019
 - Closing May 23, 2019

PAREX – A LEADING MORTAR COMPANY

80% OF SALES THROUGH DISTRIBUTION CHANNEL

Sales	CHF 1,204 million
EBITDA	CHF 195 million
Sales by products	<p>Waterproofing & Tech. Solutions 26%</p> <p>Facade Protection & Decoration 34%</p> <p>Tile Setting Materials 40%</p>
Sales by region	<p>Americas 25%</p> <p>EMEA 33%</p> <p>Asia 42%</p>
Sites	74 plants across 23 countries
R&D centers	13 R&D centers
Employees	4,600 employees worldwide



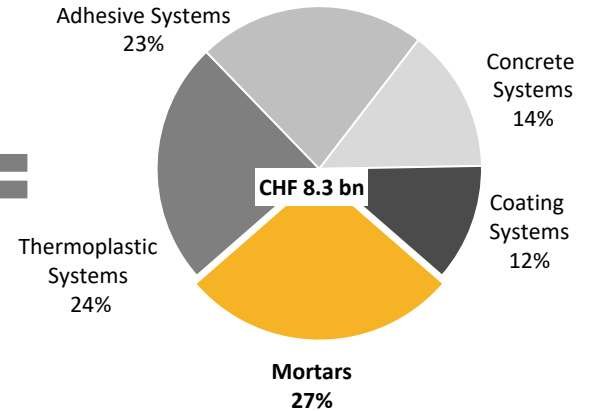
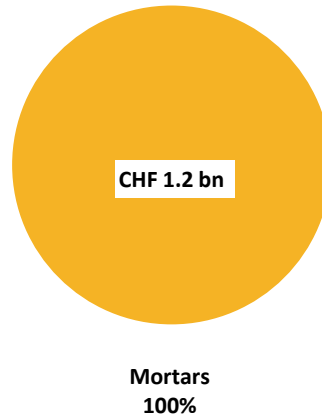
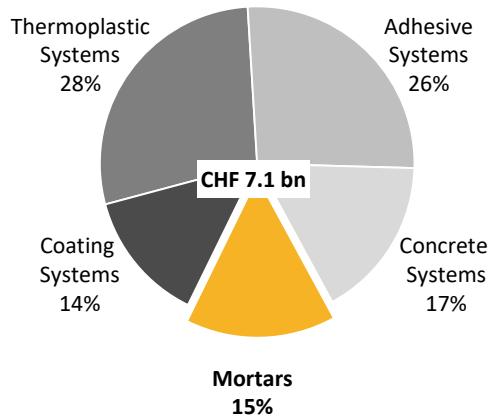
(Key figures 2018)

SIKA AND PAREX: 1+1=3

EXPAND HIGHLY PROFITABLE MORTAR BUSINESS



Combined



SIKA AND PAREX: 1+1=3

EXCITING SYNERGY OPPORTUNITIES

- Cross-selling Sika products through Parex' distribution network
- Parex gain access to Sika's direct sales channels
- Parex products included in Sika specifications
- Optimized utilization of warehouses, logistics and production network

Access to Distribution Network



Parex Davco Distribution Store in Guanzhou, China

Expand Mortar Plant Network



Parex Mortar Plant in Santiago, Chile

REVENUE AND COST SYNERGIES

EXPECTED RUN-RATE SYNERGIES OF CHF 80-100M

Revenue synergies

- Cross-selling of Sika products through Parex distribution channels (Acrylics, PUs, Epoxies etc.)
- Leverage Sika's direct access to jobsites for Parex products
- Sale of Parex products through Sika's presence in >70 countries currently not covered by Parex

Cost synergies

- Economies of scale in purchasing
- Optimization of production and logistics cost
- Operating leverage and increased efficiency in support functions

- Expected run-rate synergies of CHF 80-100m p.a.
- Synergies expected to ramp-up over coming years and to be fully realized in year 4 post closing
- Expected transaction and integration costs of CHF 70m spread over the next three years

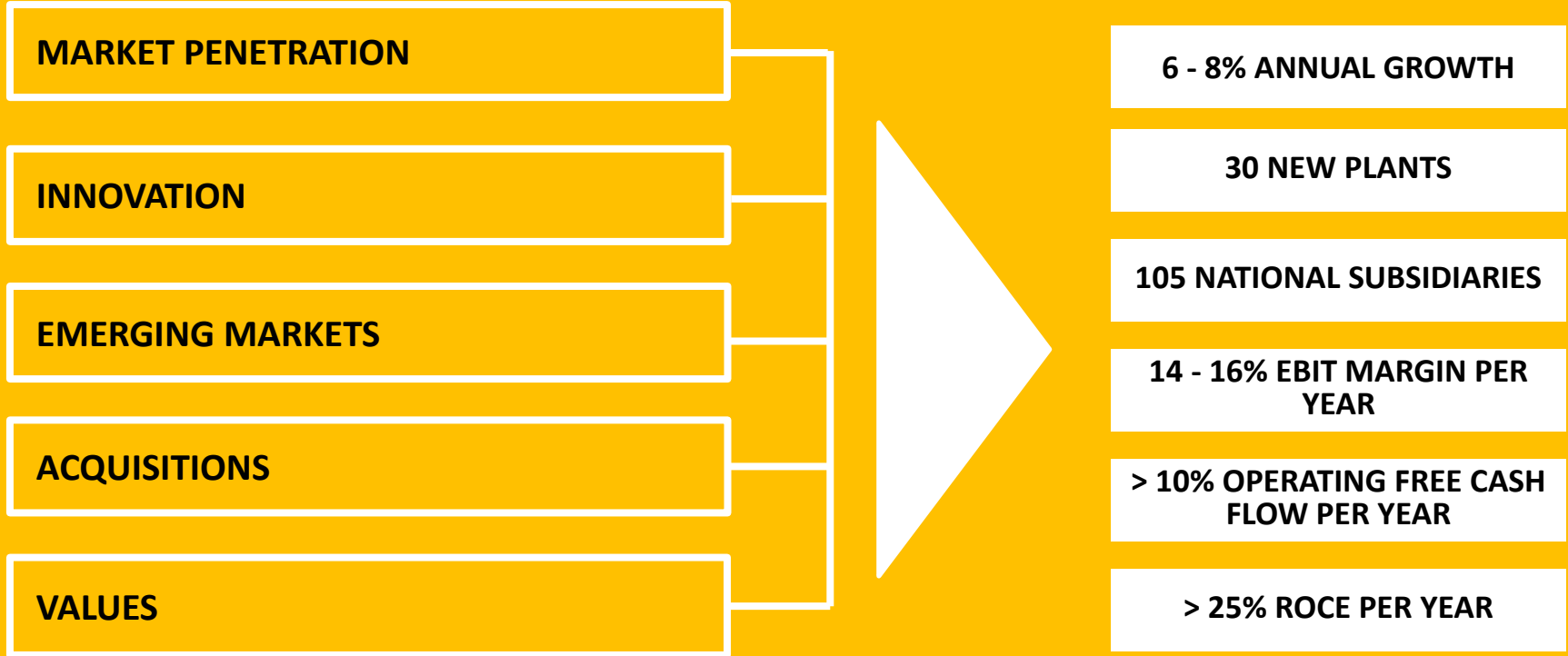
In addition, CapEx savings of CHF 35m spread over the next three years

SUCCESSFUL STRATEGY EXECUTION

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SIKA'S GROWTH MODEL DELIVERS STRATEGIC TARGETS 2020



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



Concrete



Waterproofing



Roofing



Flooring & Coating



Sealing & Bonding



Refurbishment



Industry

MEGATRENDS DRIVE OUR GROWTH

URBANIZATION, NEW VEHICLE DESIGN AND SUSTAINABILITY

Increased safety, fire, earthquake and quality requirements

Rising demand for high-performance concrete, sealing and waterproofing

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

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

Lightweight vehicle construction with multi-material design requires bonding solutions

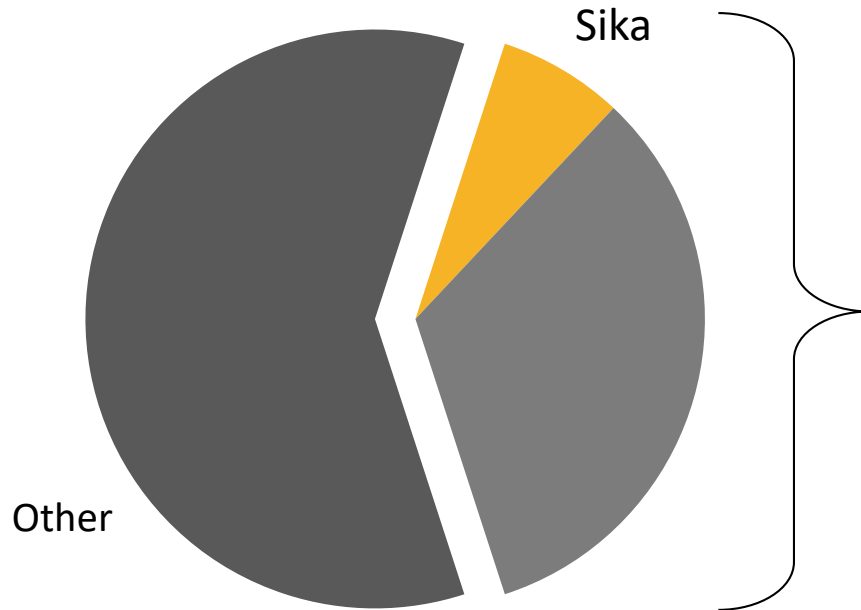
Higher demand for repair and refurbishment solutions

Functional sealing of building envelopes

SIKA WILL ACT AS MARKET CONSOLIDATOR

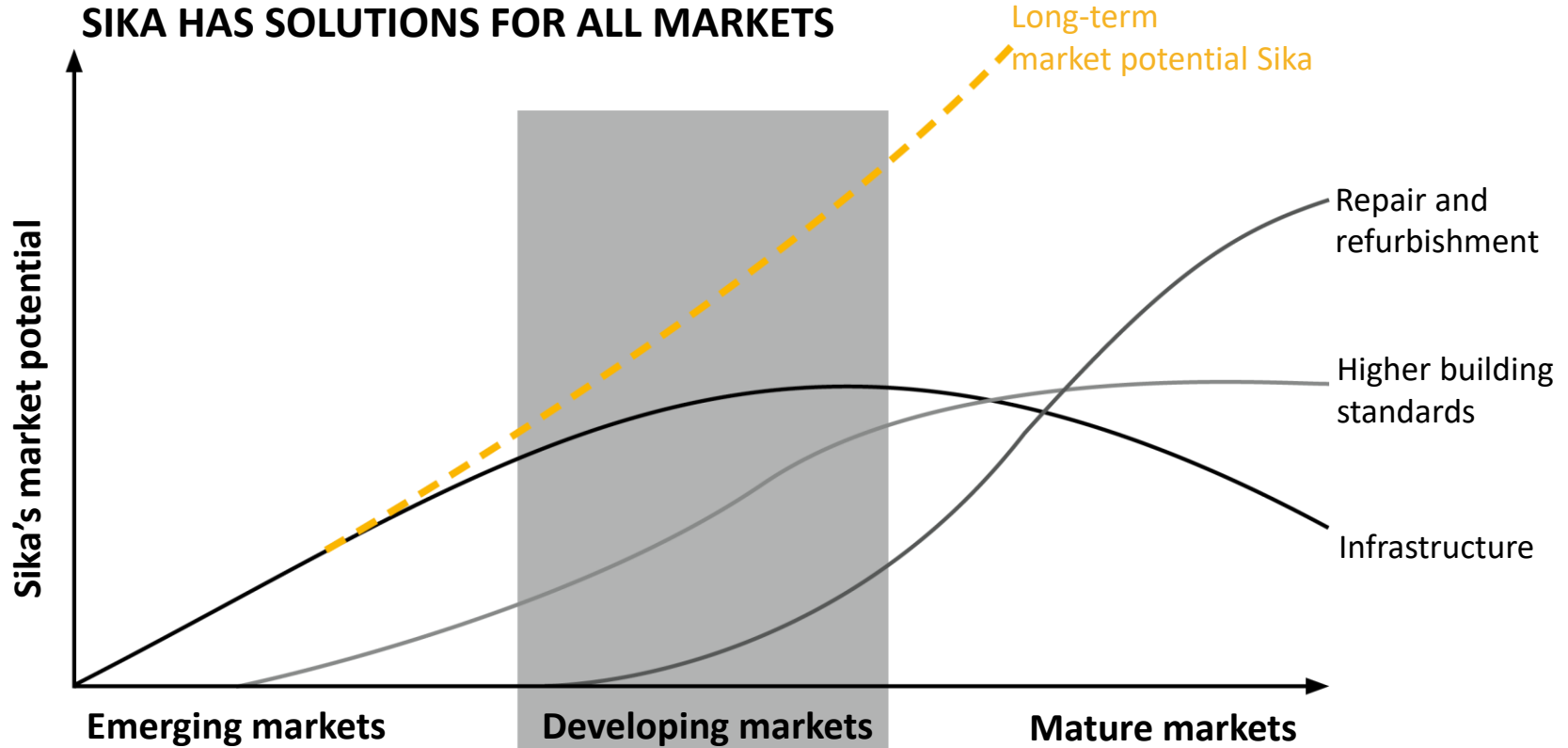
FRAGMENTATION OFFERS ACQUISITION OPPORTUNITIES

CONSTRUCTION CHEMICAL MARKET 2019
> CHF 60 BILLION



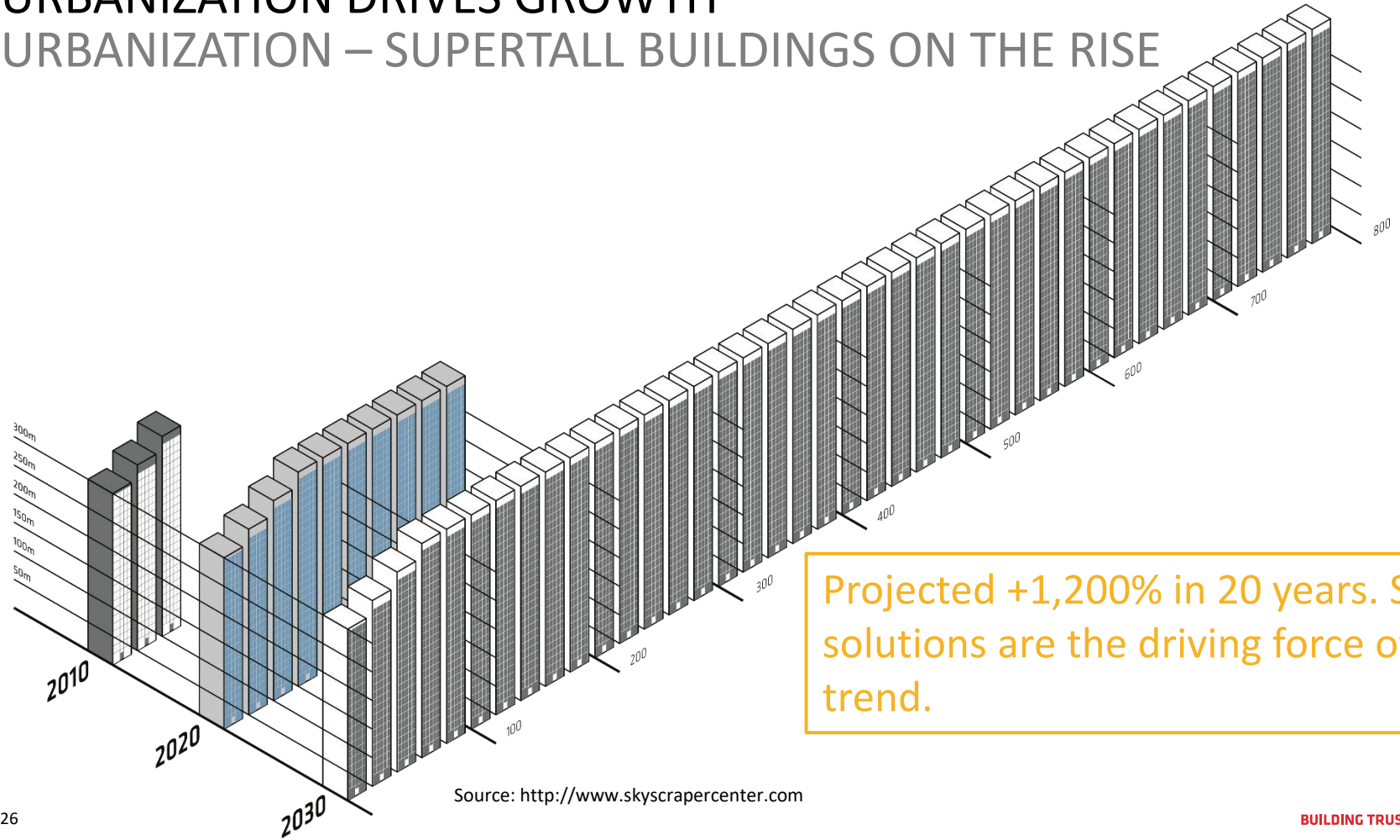
**Top 10 companies with a
combined market share of 40%**

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



URBANIZATION DRIVES GROWTH

URBANIZATION – SUPERTALL BUILDINGS ON THE RISE

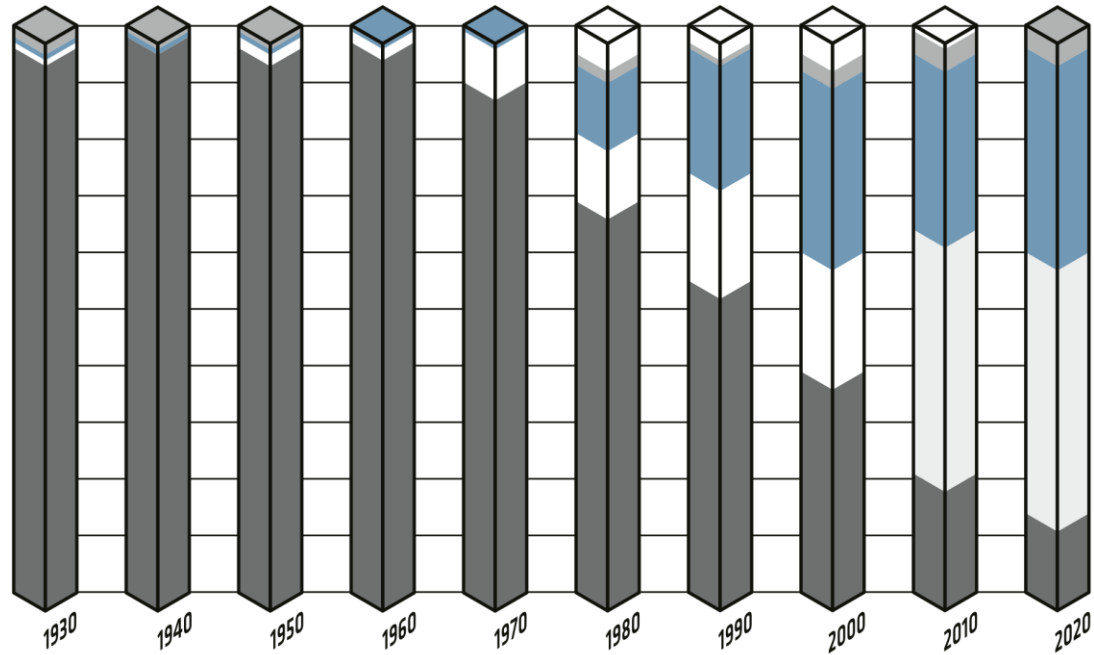


Projected +1,200% in 20 years. Sika solutions are the driving force of this trend.

Source: <http://www.skyscrapercenter.com>

URBANIZATION DRIVES GROWTH

CONCRETE – NO. 1 STRUCTURAL MATERIAL FOR HIGH-RISE BUILDINGS



Sika inside

Steel Concrete Concrete-steel-composite Mixed

Source: <http://www.skyscrapercenter.com>

SIKA'S GROWTH MODEL DELIVERS KEY INVESTMENTS SINCE 2015

Market Penetration



- Successful Target Market concept
- Megatrends driving growth

Innovation



- 302 new patents filed
- 20 Global Technology Centers

Emerging Markets



- 41 new plants opened
- 11 new national subsidiaries

Acquisitions



- 23 acquisitions in all regions
- CHF 2,086 million sales added

Values

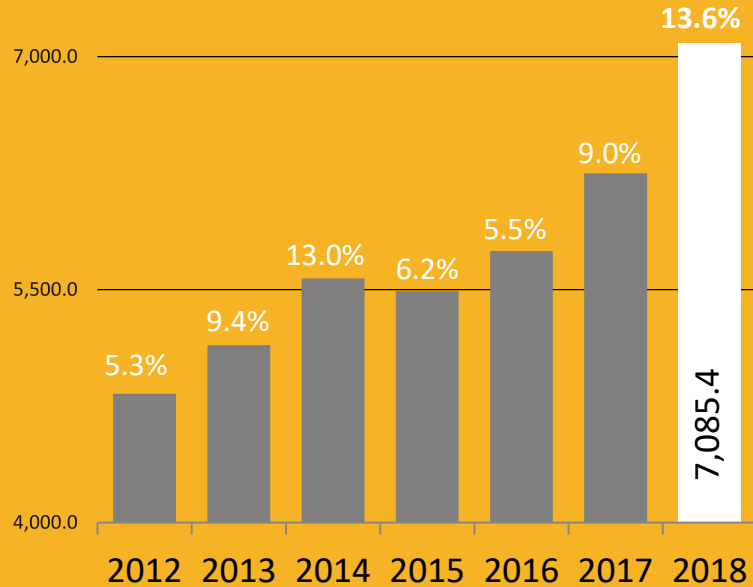


- Strong corporate culture
- High employee loyalty

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

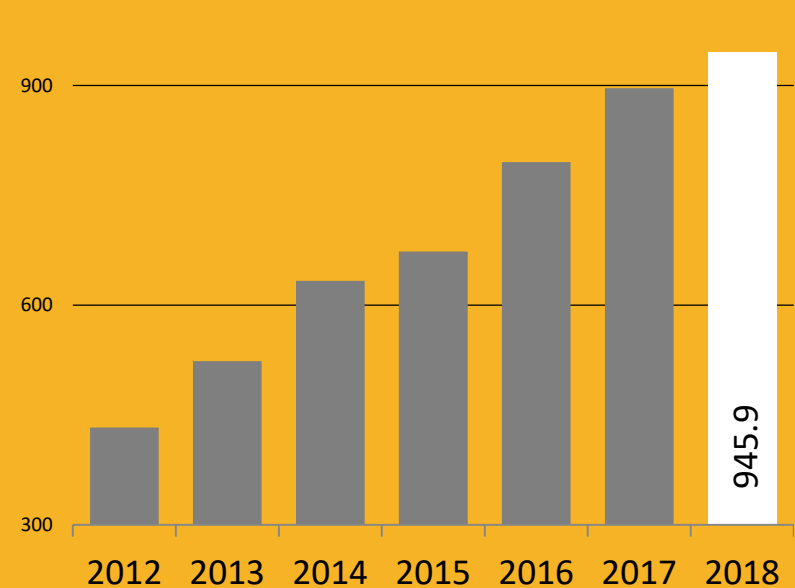
NET SALES

in CHF mn, % growth in local currencies



EBIT

in CHF mn



OUTLOOK

STRONG OUTLOOK 2019

CONTINUATION OF SUCCESSFUL GROWTH STRATEGY

- Sales expected to exceed CHF 8 billion
- Double-digit EBIT growth for 2019
- Opening of seven to nine new factories
- Strategy 2023 to be communicated at Capital Markets Day on October 3, 2019



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 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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