



## STRONG SALES GROWTH IN FIRST QUARTER 2020 – SLOWER IN MARCH DUE TO COVID-19

SIKA INVESTOR PRESENTATION  
APRIL 21, 2020

BUILDING TRUST



FIRST QUARTER 2020

BUILDING TRUST



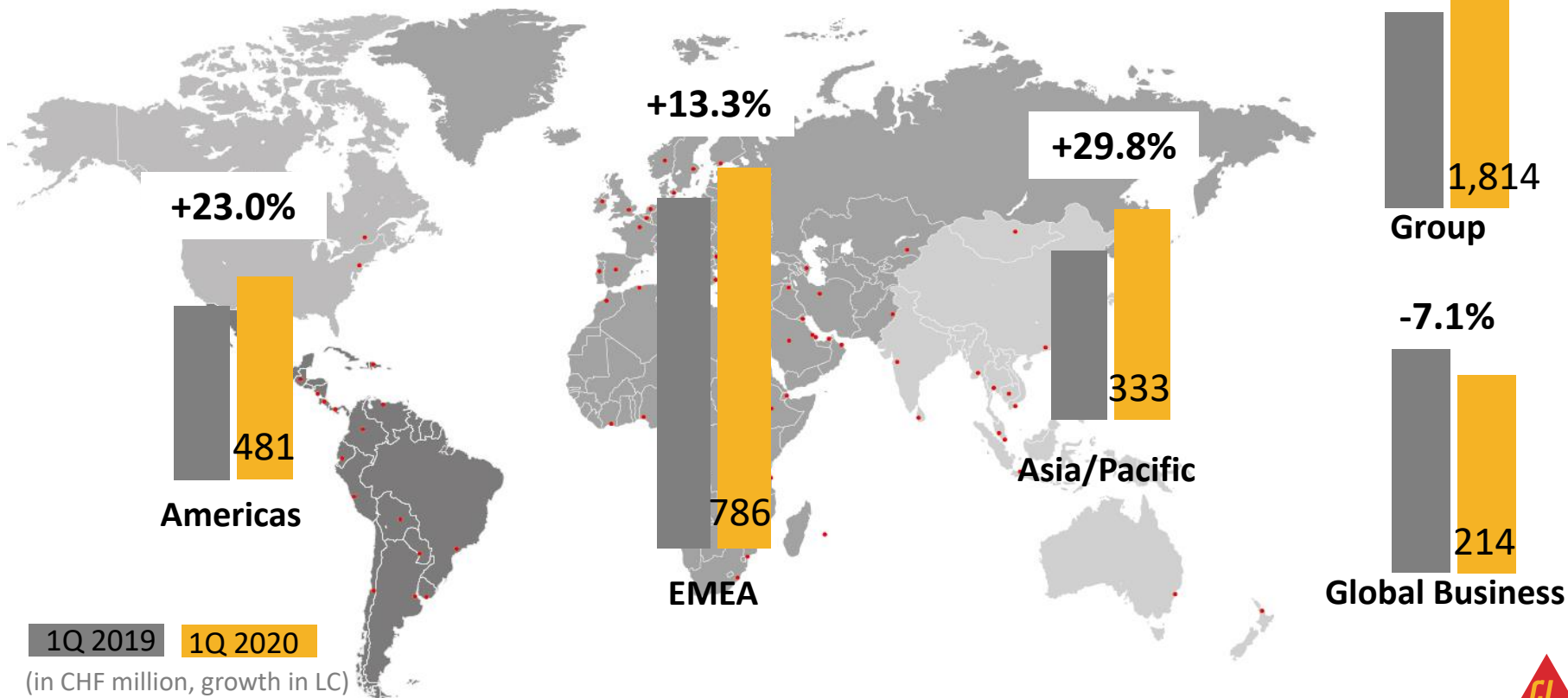
# HIGHLIGHTS Q1 2020

## 15.4% SALES GROWTH IN LOCAL CURRENCY (10.3% IN CHF)

- Sales increase of 15.4% in local currencies to CHF 1,813.6 million (+10.3% in CHF)
- Negative currency effect of –5.1%
- Acquisition of Adeplast (Romania) concluded, new production facility in Sarnen (Switzerland) opened
- Outlook for 2020: forecast for 2020 not yet possible due to ongoing developments related to COVID-19
- Confirmation of 2023 strategic targets for sustainable, profitable growth

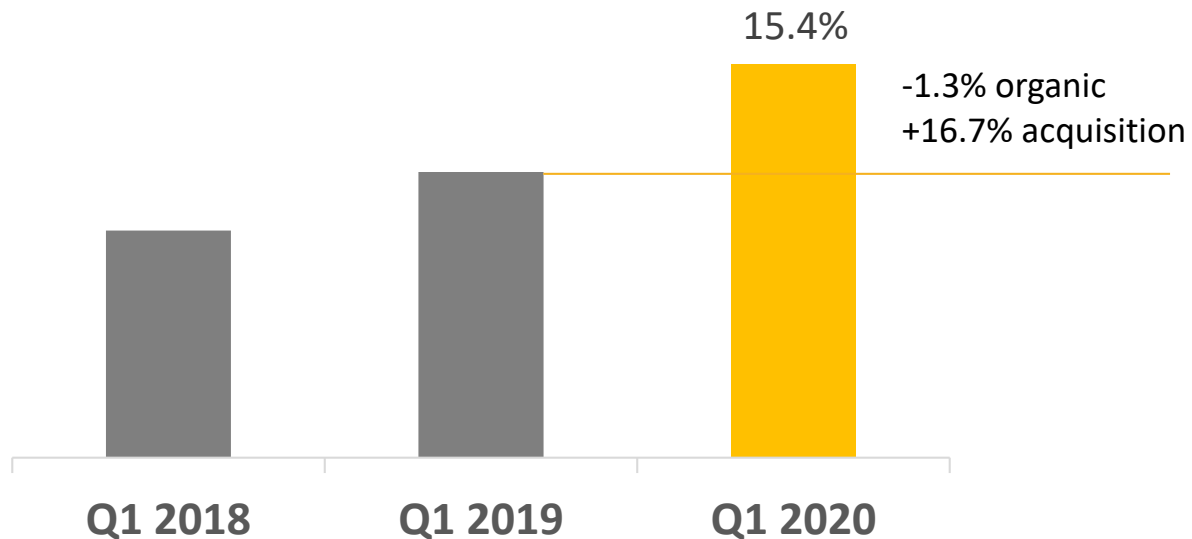
# POSITIVE GROWTH IN THE FIRST QUARTER 2020

## 15.4% SALES GROWTH IN LOCAL CURRENCY (10.3% IN CHF)



# POSITIVE GROWTH IN THE FIRST QUARTER 2020

## 15.4% SALES GROWTH IN LOCAL CURRENCY (10.3% IN CHF)



in CHF million

Sales

1,554.0

1,645.2

1,813.6

# 2019 BUSINESS YEAR

BUILDING TRUST



# HIGHLIGHTS 2019

## 1. Record results

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

## 2. Key investments

- 7 new factories
- 5 acquisitions

# KEY FIGURES

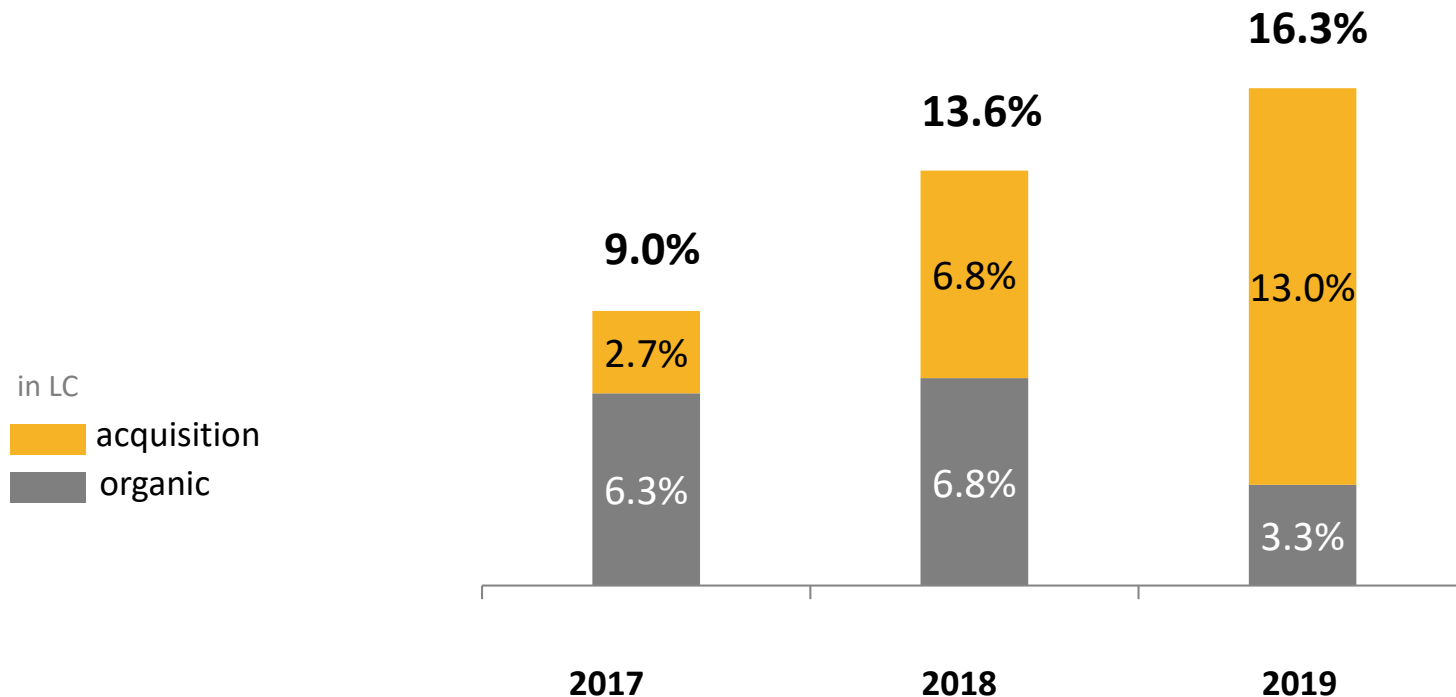
## RECORD RESULTS ON ALL LEVELS

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



# SALES DEVELOPMENT

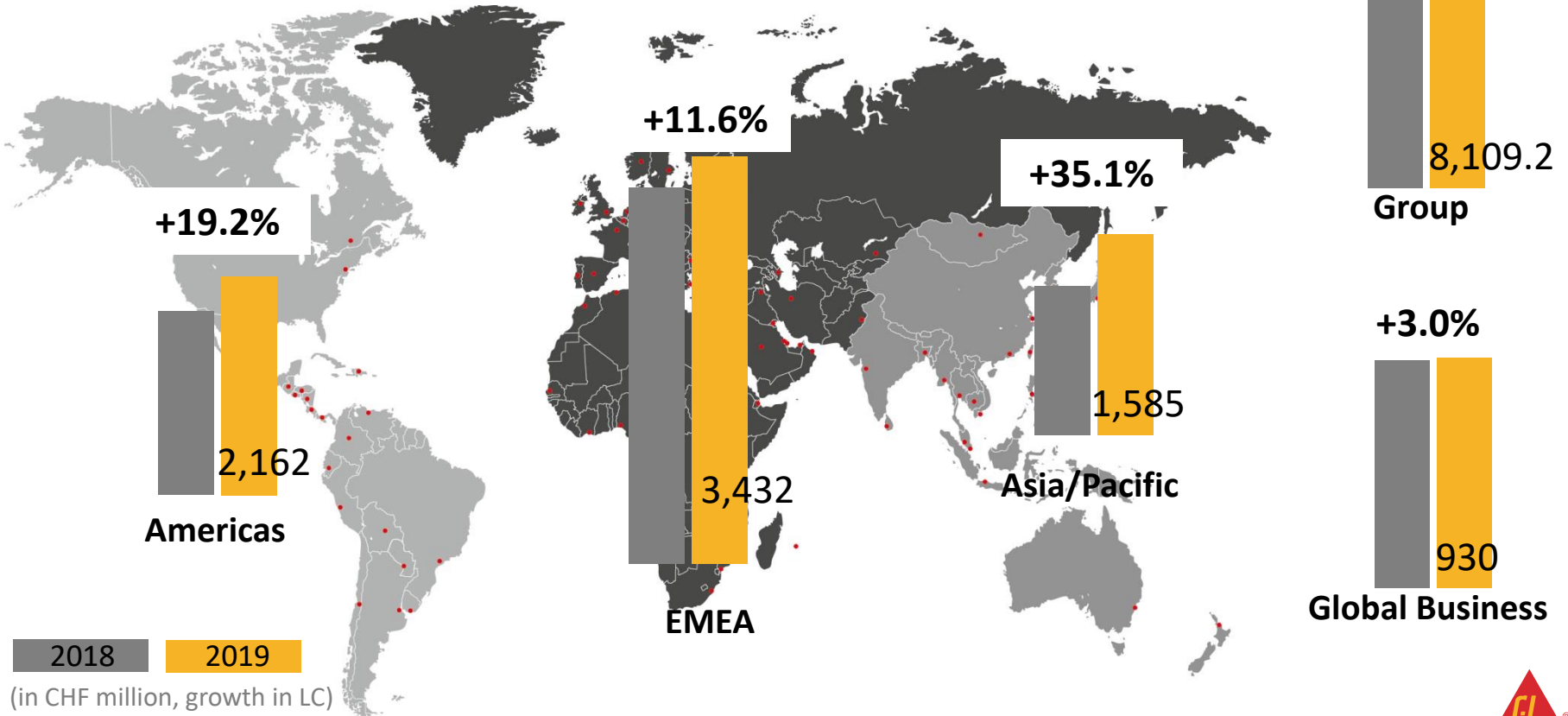
## 16.3% GROWTH IN LOCAL CURRENCIES IN 2019



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

# STRONG GROWTH MOMENTUM IN ALL REGIONS

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



# HIGH OPERATING SPEED CONTINUED IN 2019

## INVESTMENTS IN SEVEN PLANTS

### Opening of Sika plants:

**Mortar plant**  
Senegal, Dakar



**Mortar plant**  
Cameroon, Douala



**Third plant**  
Indonesia, Jakarta

**Concrete admixture plant**  
Qatar, Doha

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

**Expansion of mortar plant**  
Egypt, Alexandria



**Expansion of mortar plant**  
Serbia, Belgrade



**Mortar plant**  
Ethiopia, Addis Ababa

# HIGH OPERATING SPEED CONTINUED IN 2019

## FIVE ACQUISITIONS IN 2019 – INTEGRATION ON TRACK

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

**Parex, Global**

Building Finishing, Waterproofing, Flooring



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

**Crevo-Hengxin, China**

Sealing & Bonding



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



**Belineco, Eastern Europe**  
Sealing & Bonding

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

# FAST AND SUCCESSFUL INTEGRATION OF PAREX EXCELLENT PROGRESS

## TOTAL SYNERGIES

Around CHF 100 million identified

## TOTAL COST SYNERGIES

CHF 55 million

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



## CROSS-SELLING

CHF 230 million of revenue targeted with over 100 projects

## FAST ORGANIZATIONAL INTEGRATION

Over 20 countries in fully integrated management structures



# BUILDING FINISHING AS OUR EIGHTH TARGET MARKET

## HIGHER MARKET PENETRATION

### Building Finishing



### Concrete



### Waterproofing



### Roofing



### Flooring & Coating



### Sealing & Bonding



### Refurbishment



### Industry





# BUILDING FINISHING AS OUR EIGHTH TARGET MARKET

## HIGHER MARKET PENETRATION

### Technical Mortars / Other Sika Target Markets



Highly technical building and infrastructure projects



Direct sales to large contractors and concrete producers, where an engineer is the key decision maker

### Building Finishing – Tile Adhesives and Facade Mortars



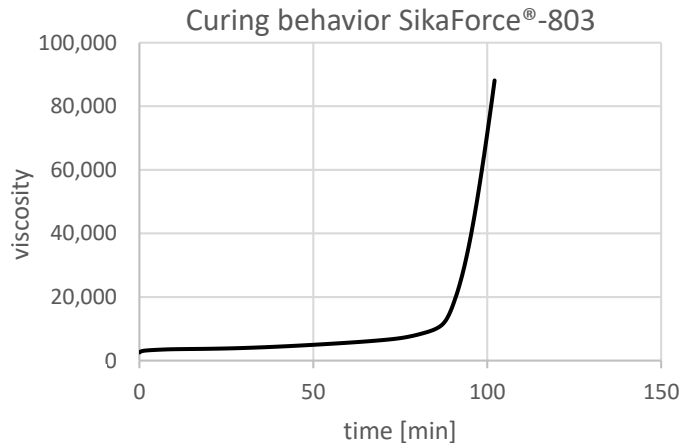
Residential and light commercial focus



Need for capillary distribution network to serve highly fragmented applicator base

# WINNER OF SWISS TECHNOLOGY AWARD

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



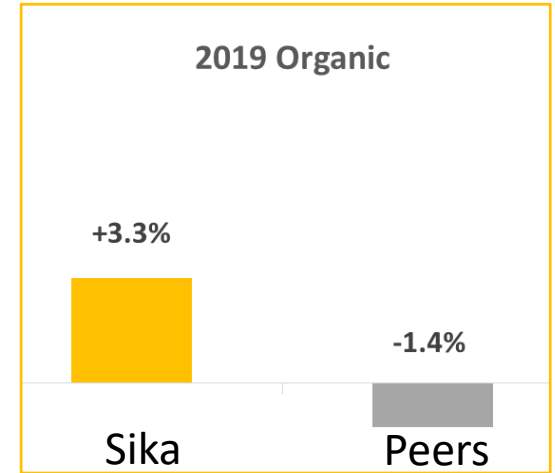
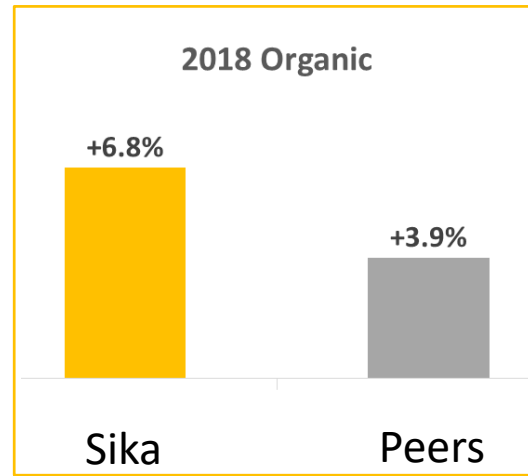
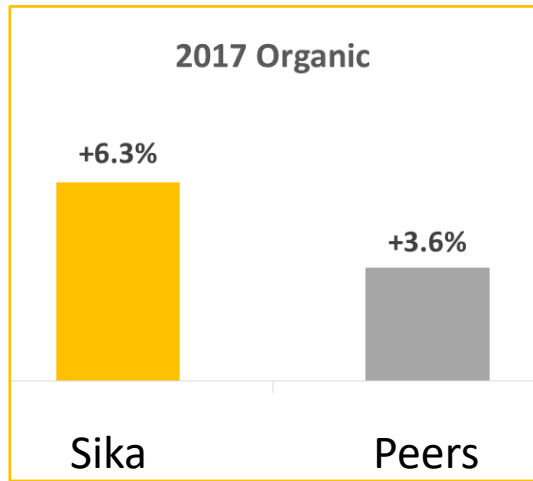
Cost savings up to 75% - Time savings approx. 90%

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



# SIKA CLEARLY OUTPERFORMS COMPETITORS

ORGANIC GROWTH SIGNIFICANTLY ABOVE PEERS IN THE PAST YEARS



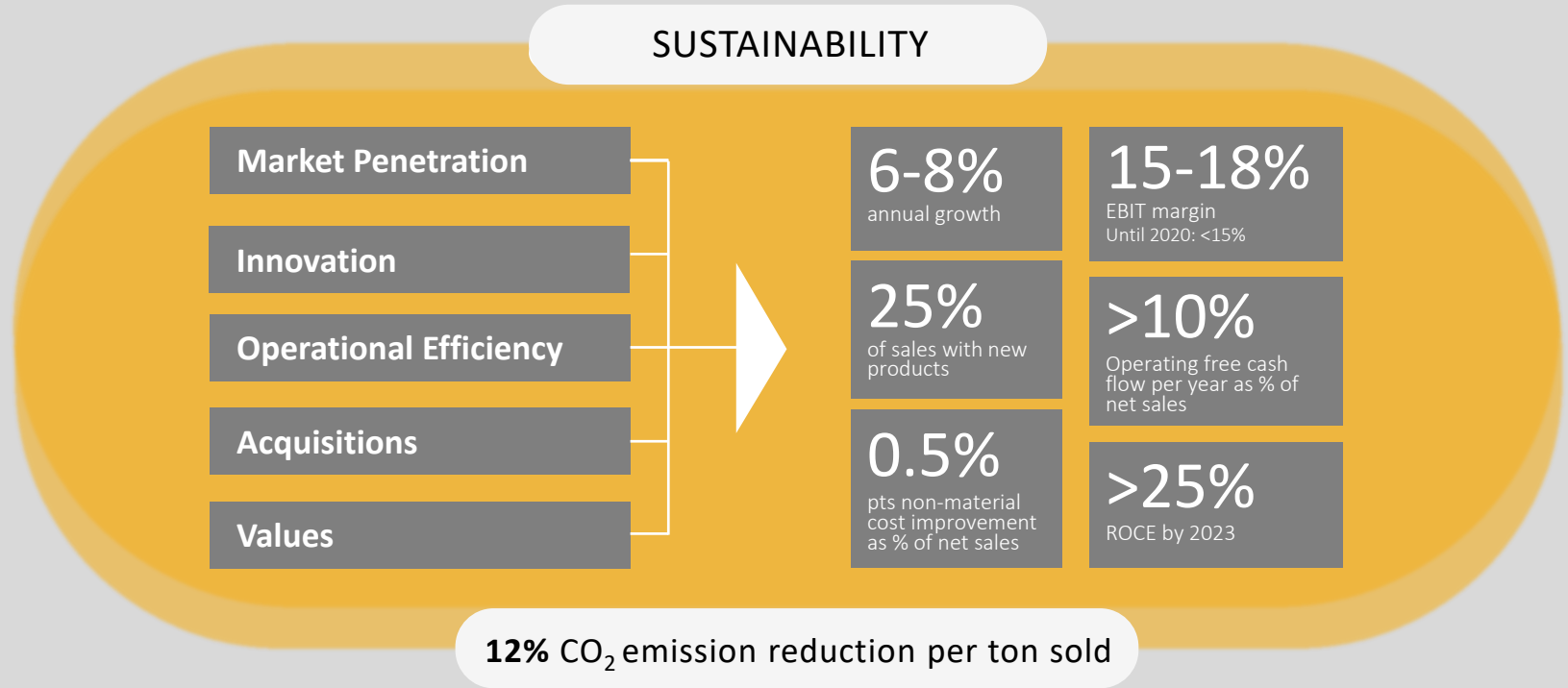
# STRATEGY 2023

BUILDING TRUST



# SIKA'S GROWTH STRATEGY 2023

## THE PILLARS OF THE STRATEGY



# SIKA IS COMMITTED TO SUSTAINABILITY

## OUR TARGETS

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

### SUSTAINABLE SOLUTIONS

- All new product developments with “Sustainable Solutions” until 2023

### COMMUNITY ENGAGEMENT

- 10,000 working days of volunteering work p.a.
- 50% more projects
- 50% more direct beneficiaries

### OCCUPATIONAL SAFETY

- 50% less accidents
- 0 fatalities

### CLIMATE PERFORMANCE

- 12% reduction of CO<sub>2</sub>-emissions per ton sold until 2023

### ENERGY

- 15% less energy consumption per ton sold
- 50% renewable electricity rate

### WASTE/WATER

- 15% less waste generation per ton sold
- 25% higher recycling rate of total waste
- 15% less water consumption per ton sold

# STRONG INNOVATION PIPELINE

## MORE PERFORMANCE – MORE SUSTAINABLE

SUSTAINABLE SOLUTION = BETTER PERFORMANCE + SUSTAINABILITY BENEFITS

PERFORMANCE SOLUTION

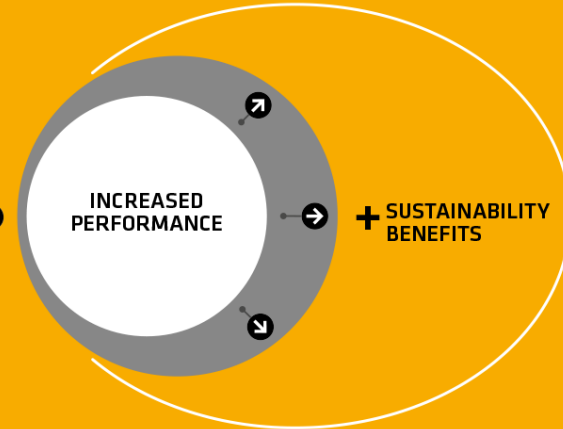


FOCUS ON ADDED VALUE

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



PERFORMANCE AND SUSTAINABILITY SOLUTION



# STRONG INNOVATION PIPELINE

## NEW SOLUTIONS: MORE PERFORMANCE – MORE SUSTAINABLE



### HYDROFLEX SEALANTS

Better stretchability, adhesion  
and application properties

+

Excellent Health & Safety  
profile, low VOC emissions  
(EC1+)



### NEW EPOXY FLOOR COATINGS

Improved blushing resistance,  
significantly reduced yellowing

+

Low VOC emissions,  
low odor, LEED v4 contribution



### HEMP BASED, CEMENT-FREE MORTARS

Thermal and phonic insulation  
benefits, very easy to apply

+

Negative CO<sub>2</sub> footprint  
(renewable), optimum interior  
air comfort

# SIKA AT THE FOREFRONT OF CONSTRUCTION

## NEW TECHNOLOGIES CHANGE THE INDUSTRY

Sika's structural glazing changed the industry in 2000



The Gherkin, London

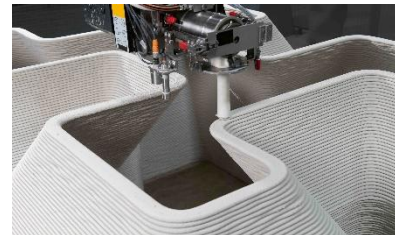
Sika's concrete admixtures make supertall skyscrapers possible



One Vanderbilt, New York

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

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



# IMPROVE OPERATIONAL EFFICIENCY

## KEY INITIATIVES



### HIGH LEVEL OF AUTOMATION

Improved efficiency cuts costs and reduces ecological footprint



### SMART PACKAGING

Reduction in material consumption combined with easy handling



### OPTIMIZED LOGISTICS

Efficient goods flows in local markets, countries, and regions



### GLOBAL TEAMS OF EXPERTS

Group-wide optimization of product formulations



# CURRENT SITUATION

# MEASURES ADDRESSING CURRENT SITUATION

## KEEP HIGH FLEXIBILITY

### Measures

#### Operational Agility

- General
  - Strong local Response Team in every country
  - Preparation and response according to local situation which differs from country to country
  - Taking advantage of local support measures
- China
  - All Chinese factories have restarted operations, following the rapid improvement in demand

#### Operating Profit & Cash Focus

- CapEx
  - Reduce/postpone non-critical CapEx
- Cost Structures
  - Adaptation of cost structure, reduction and postponement of expenses
- Working Capital
  - Tight monitoring and management of Working Capital

#### Liquidity

- Cash Balance
  - High cash balance of CHF 995 million (end of 2019)
- Credit Line
  - Fully committed credit lines (RCF) of CHF 1,250 million, no covenants
- Bond Maturity
  - No maturity until July 2021 (CHF 170 million)



THANK YOU FOR YOUR ATTENTION

BUILDING TRUST



# 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

Any statements regarding earnings per share growth are not a profit forecast and should not be interpreted to mean that Sika's earnings or earnings per share for this year or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Sika.

For marketed products discussed in this presentation, please see information on our website: [www.sika.com](http://www.sika.com)

All mentioned trademarks are legally protected.