

SALES GROWTH OF 3.4% IN LOCAL CURRENCIES FOR 2020 – STRONG Q4 INCREASE OF 5.5%

**OCTAVIAN SEMINAR 2021
JANUARY 15, 2021**

BUILDING TRUST



HIGHLIGHTS SALES 2020

ON TRACK TO MEET AMBITIOUS TARGETS

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GROWTH IN LOCAL CURRENCIES OF 3.4%

HIGHLIGHTS SALES 2020

1. Sales

- Sales growth of 3.4% in local currencies. Sales of CHF 7.88 billion (-2.9% in CHF)
- Strong growth of 5.5% in the fourth quarter (organic: +4.1%)
- High negative currency effect of -6.3% (impact of around CHF 500 million in sales)

2. Key investments

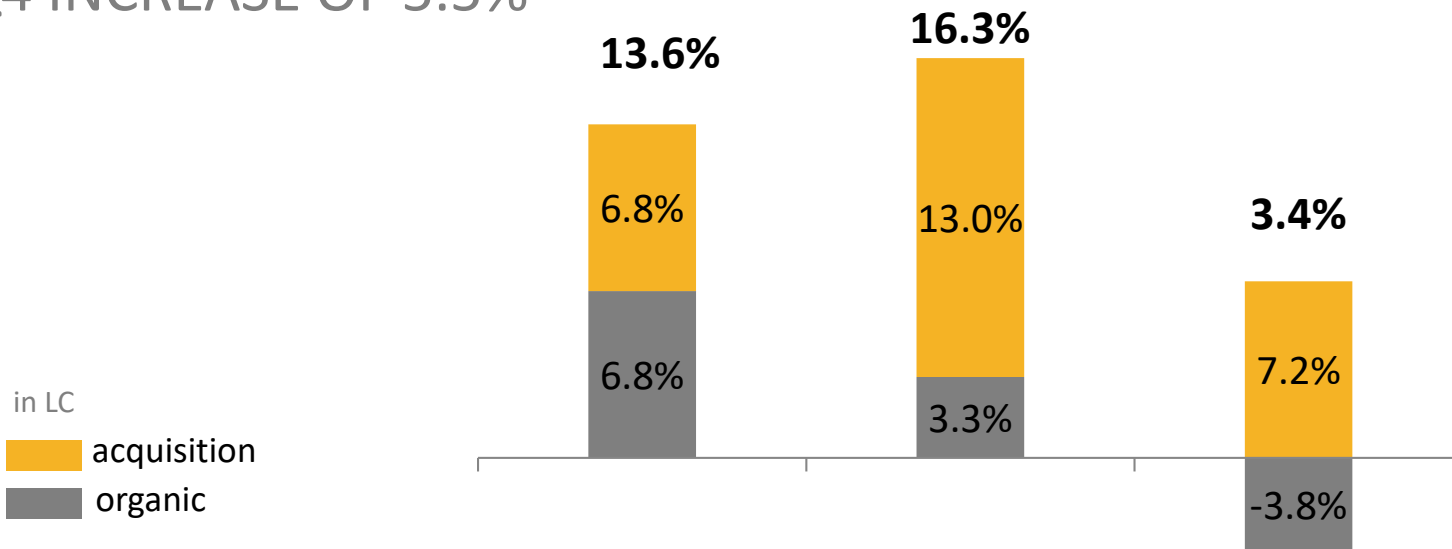
- Closing of acquisition of Adeplast (Romania), takeover of Modern Waterproofing Group (Egypt), expansion of partnership with CiDRA Concrete Systems (United States)
- Establishment of new factories in Colombia and China, factory expansion in the United Arab Emirates, France, and Switzerland

3. Outlook and Strategy

- For 2020 Sika is anticipating an over-proportional increase in EBIT and an EBIT margin of around 14%
- Confirmation of 2023 strategic targets for sustainable, profitable growth

SALES GROWTH OF 3.4% IN 2020


Q4 INCREASE OF 5.5%

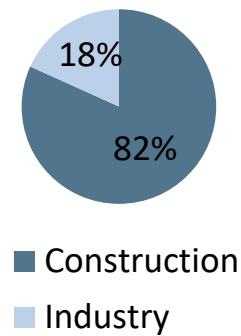
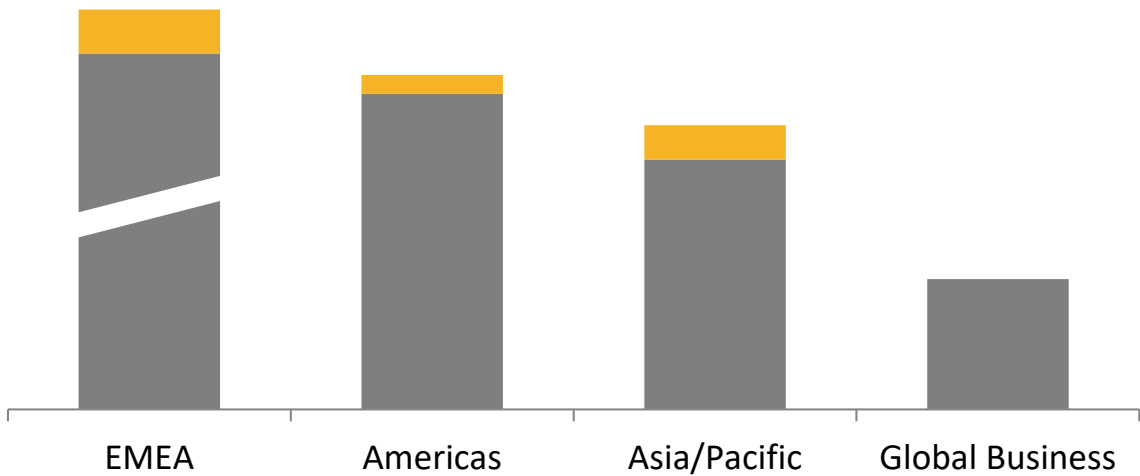


in CHF mn	2018	2019	2020
Net sales	7,085.4	8,109.2	7.88 bn

SALES FULL YEAR 2020

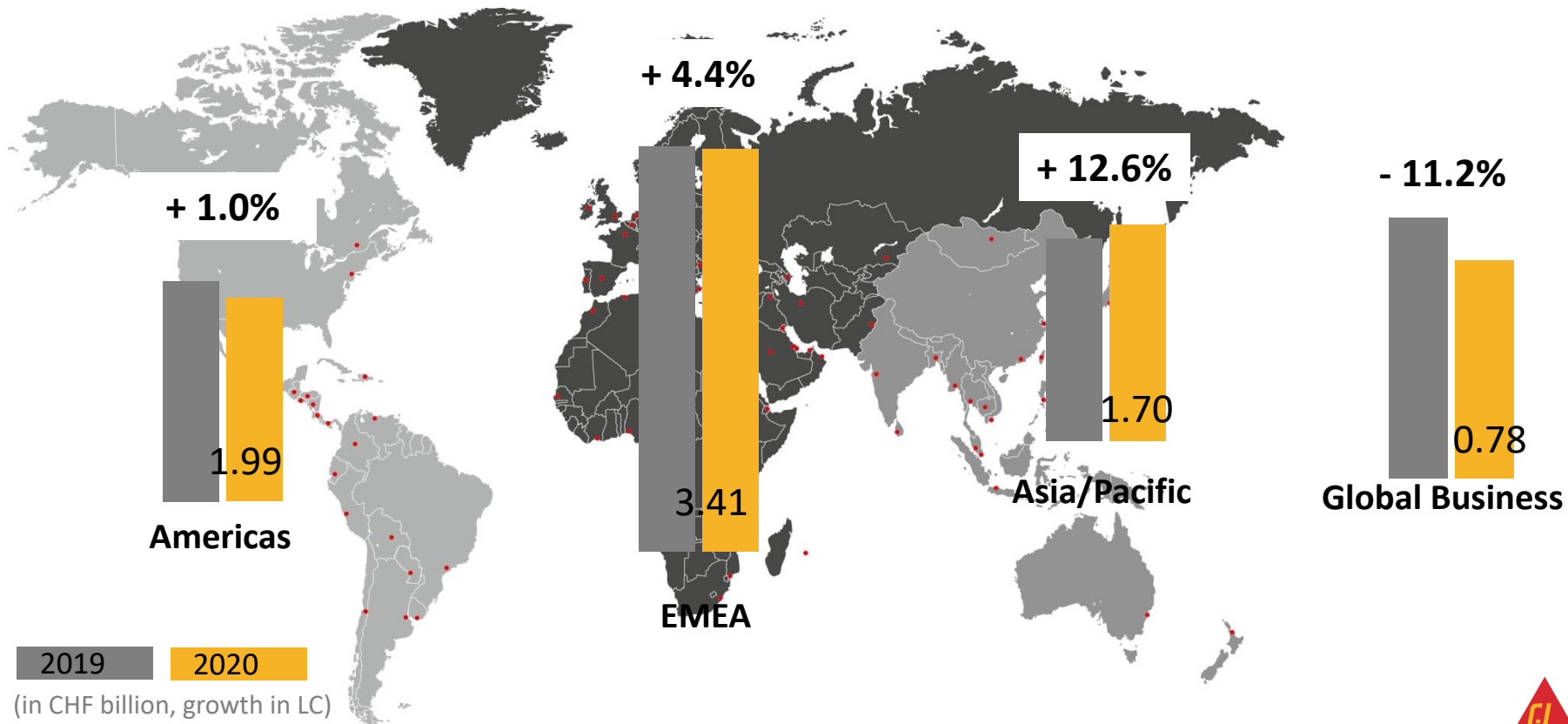
HIGH NEGATIVE CURRENCY EFFECT OF -6.3% FOR THE GROUP

-0.7%	-7.7%	+7.0%	-16.4%	Growth in CHF
+4.4%	+1.0%	+12.6%	-11.2%	Growth in LC
-5.1%	-8.7%	-5.6%	-5.2%	FX impact
+7.6%	+5.2%	+13.0%	+0.0%	Acquisition 



SALES GROWTH OF 3.4% IN LOCAL CURRENCIES FOR 2020

STRONG Q4 INCREASE OF 5.5%



2019 2020
(in CHF billion, growth in LC)

HIGH OPERATING SPEED CONTINUED IN 2020

INVESTMENTS IN NEW PLANTS & ACQUISITIONS IN 2020

Opening of Sika plants:

Admixtures, mortar, and acrylic plant in Colombia	Barranquilla, January 2020
Expansion of structural waterproofing membrane plant in Switzerland	Sarnen, March 2020
Mortar plant in China	Chengdu, October 2020
Expansion of concrete admixtures and epoxy resins plant in the UAE	Dubai, November 2020
Investment in polyurethane tech. production facilities in Switzerland	Düdingen, December 2020

Expansion of partnership	Country	Target Market
CiDRA Concrete Systems	USA	Concrete

Acquired company	Country	Target Market
Adeplast	Romania	Building Finishing
Modern Waterproofing Group	Egypt	Waterproofing, Roofing

Total annual sales: CHF 146 million

SIKA'S SUCCESS FACTORS IN THE CRISIS

NAVIGATING THE PANDEMIC

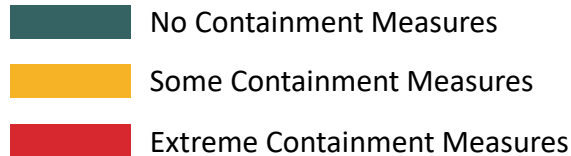
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THE IMPACT OF THE PANDEMIC

MARCH 2020 TO DEC 2020

- Severe COVID-19 wave started in March
- Most of the 100 Sika countries were strongly impacted
- Mid-year, most countries changed their strategy from lockdowns to containment measures. This trend reversed in recent weeks



Country	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Okt 20	Nov 20	Dez 20
Argentina	48	95	83	65	58	66	58	43	25	20
Australia	46	76	55	43	43	43	43	43	38	29
Austria	48	83	55	29	19	19	24	36	69	71
Belgium	35	81	69	53	36	33	31	53	62	57
Brazil	4	46	84	73	55	52	48	38	33	38
Canada	53	83	75	53	49	44	46	54	64	64
China	47	30	19	14	14	14	10	14	14	19
Denmark	43	76	57	43	41	33	33	33	33	50
Finland	35	67	65	43	36	24	24	27	38	43
France	43	81	69	31	19	19	29	38	76	64
Germany	41	74	53	29	19	19	24	38	52	69
India	29	92	86	67	67	67	62	55	52	52
Indonesia	15	48	52	43	19	19	22	24	24	24
Italy	100	100	74	62	48	48	33	43	67	67
Japan	33	38	41	31	27	29	27	19	19	19
Mexico	4	50	81	72	53	43	43	42	40	40
Netherlands	38	76	72	48	38	33	29	45	52	66
Norway	46	90	72	50	38	29	33	38	43	43
Romania	48	90	77	41	38	38	33	48	67	67
Russia	15	59	67	38	34	20	20	20	24	24
Saudi Arabia	39	76	76	53	48	48	46	43	43	43
South Africa	37	71	71	52	43	39	22	14	14	24
South Korea	45	45	38	30	30	10	10	10	10	10
Spain	49	95	76	62	43	43	33	41	52	52
Sweden	24	43	48	46	41	38	33	33	36	40
Switzerland	41	74	55	26	22	24	24	31	43	54
Turkey	35	59	69	38	33	38	38	38	38	52
United Kingdom	44	86	83	67	52	48	38	41	67	64
United States	45	78	63	50	48	48	48	49	54	60

Source: IHS Markit

MEASURES ADDRESSING PANDEMIC SITUATION

MAINTAIN HIGH FLEXIBILITY

Measures

Operational Agility

- General
 - Strong local management actions in each country
 - Preparation and response according to local situation which differs from country to country, scenario planning
 - Taking advantage of local support measures
 - Focus on market opportunities, driving improving sales trend

Operating Profit & Cash Focus

- Efficiency
- Cost Structure
- NWC & CapEx
 - Drive Efficiency initiatives
 - Accelerate integration of acquisitions (for example Parex)
 - Adaptation of cost structure, reduction of expenses
 - Tight monitoring and management of Accounts Receivables
 - Align inventory needs and processes
 - Reduce/postpone non-critical CapEx

Liquidity

- Cash Balance
- Credit Line
- Bond Maturity
 - High cash balance of CHF 557.6 million (Half Year 2020)
 - Unused, fully committed credit lines (RCF) of CHF 1,250 million, no covenants
 - No maturity until July 2021 (CHF 170 million)

FAST AND SUCCESSFUL INTEGRATION OF PAREX EXCELLENT PROGRESS – COMPLETION IN FOCUS

TOTAL SYNERGIES

Around CHF 100 million identified

TOTAL COST SYNERGIES

CHF 55 million

CHF 40 MILLION+

Run rate synergies achieved to date

CROSS-SELLING

500+ initiatives tracked, 48% of them in cross-selling

PRODUCT LAUNCHES

34 new products launched in over 10 countries

SHOP IN SHOP

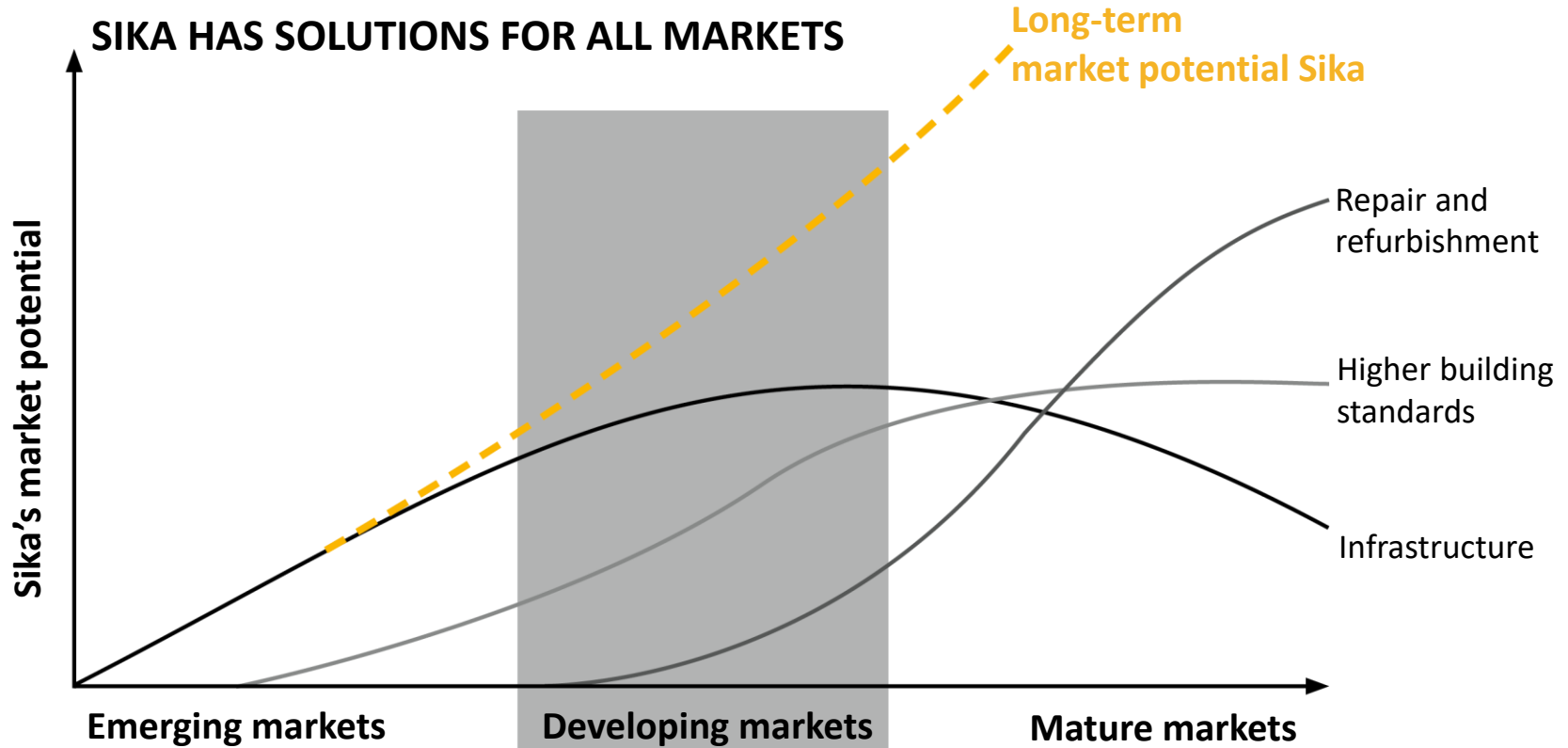
concept launched in China in **36,000 STORES**

23 INTEGRATED

TEAMS working together to achieve results



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



SUCCESS FACTORS IN THE CRISIS

OVERALL STRONGER GROWTH OF REFURBISHMENT BUSINESS

- High resilience of refurbishment in crisis
- Urbanization and densification drive the need for refurbishment
- Structures have to be maintained
- Complexity favor refurbishment over new build
- New regulations and building standards make refurbishment mandatory

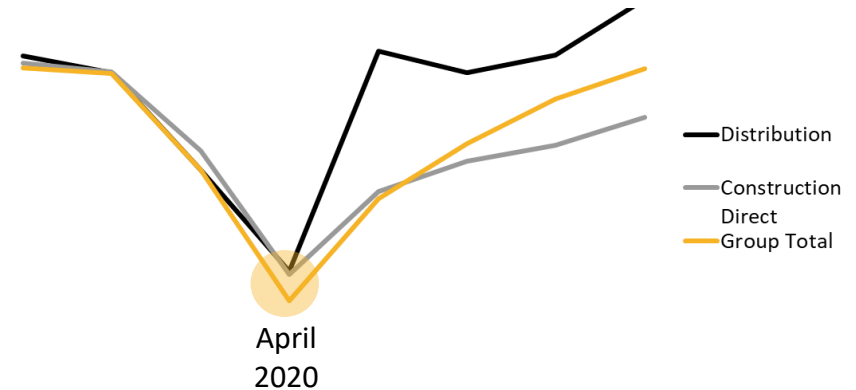


RESILIENT AND GROWING IN DISTRIBUTION BUSINESS

INCREASING OPPORTUNITIES

- Boom in DIY business
 - Home improvement business is booming
 - Leading retail and hardware store chains report strong double-digit increase in sales during lockdown
 - Access to numerous amount of small end-users (craftsmen, tilers, etc.)
 - Lockdown brought new customer generation of Millennials and Generation X

- Sika's distribution business highly resilient



CAGR past 5 years:
Distribution Market: 3%

Sika: 18%

DIGITAL ECONOMY AND E-COMMERCE UNLOCKING ADDITIONAL POTENTIAL

- COVID-19 has accelerated digital and e-commerce boom
- Increasing investments from civil infrastructure to data centers
- Sika as preferred provider of Roofing, Flooring, Concrete, Fire Protection, and Waterproofing solutions for data centers of big Key Accounts

Huge investments in data-transfer and G5 technology

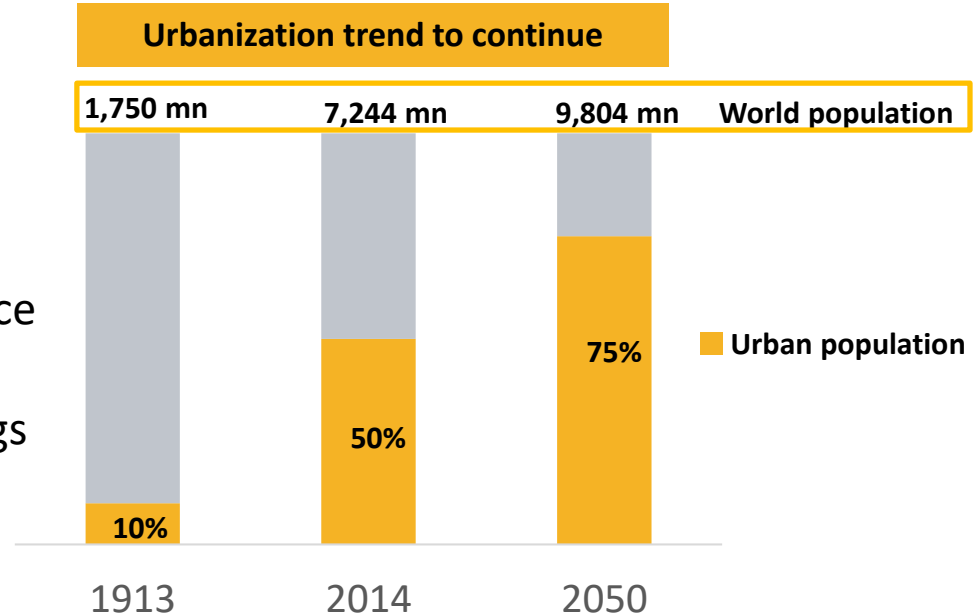
Increasing need for data centers drives demand for Sika solutions



TREND FOR MORE URBANIZATION CONTINUES

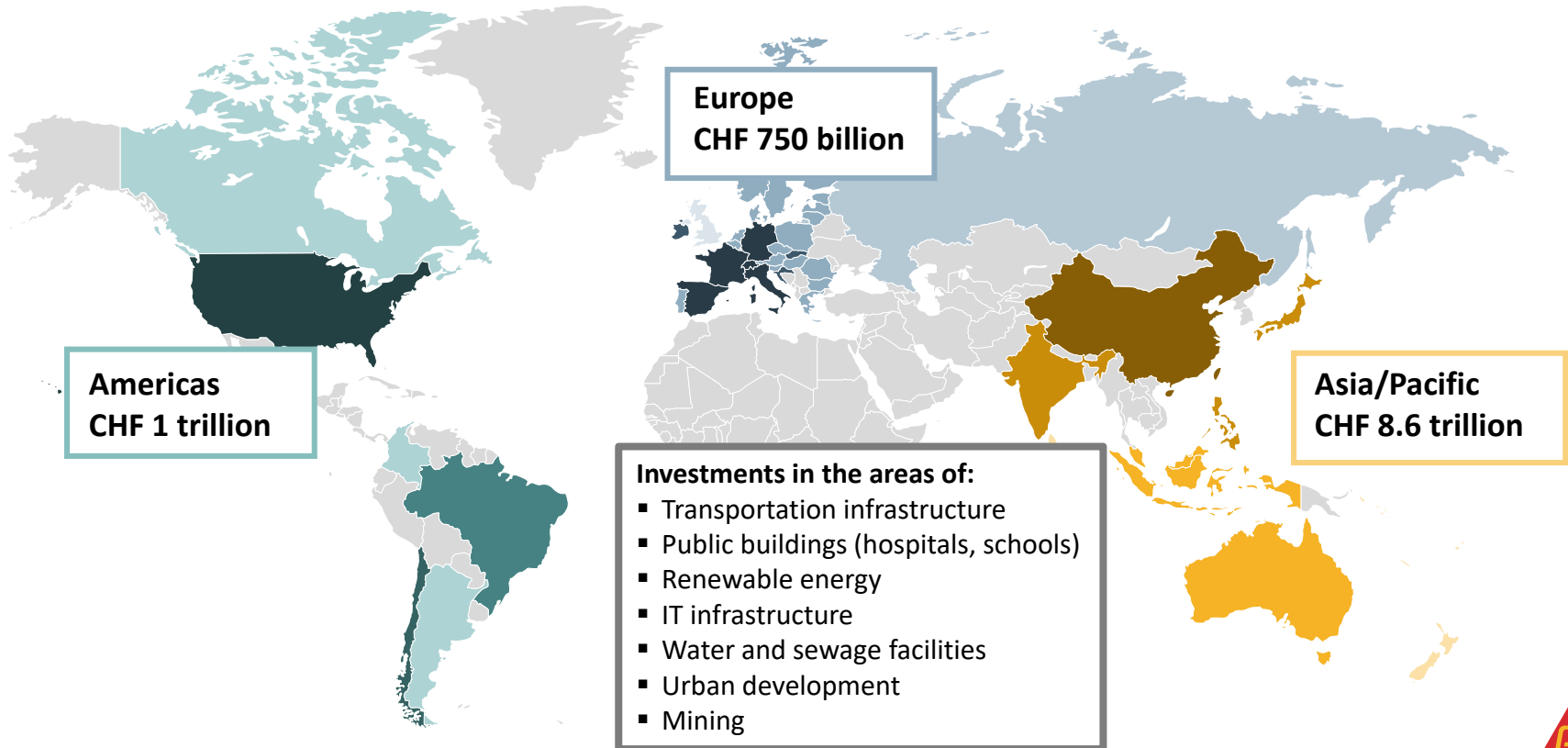
UNLOCKING ADDITIONAL POTENTIAL

- Big cities remain highly attractive
- Companies will not transition to 100% home office mid-term
- Even if less people will be working in office buildings, social distancing requirements will remain and more space will be needed
- Drive towards more sustainable buildings
- Rising demand for home improvement



INFRASTRUCTURE PROGRAMS STIMULATE MARKET GROWTH

CHF 10 TRILLION PLANNED STIMULI FOR CONSTRUCTION



INFRASTRUCTURE PROGRAMS STIMULATE MARKET GROWTH

EXAMPLES OF COVID-19 INFRASTRUCTURE PROGRAMS



EU

- **EUR 750 billion**
EU recovery plan
- Focuses on renewable energy, refurbishment, and clean mobility



USA

- Lowest common denominator between the two parties is a **USD 1 trillion** infrastructure program
- A bill has not yet been passed



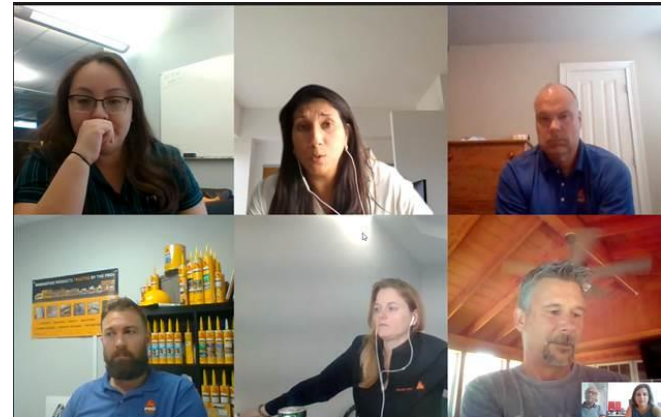
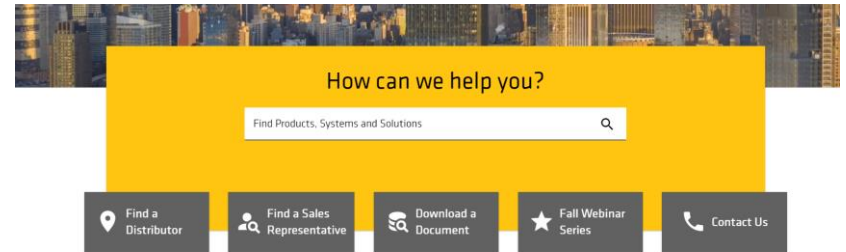
China

- Investment plans and major infrastructure projects of up to **USD 7 trillion**
- Focuses on digitalization, information, infrastructure

SUCCESS FACTORS IN THE CRISIS

STRONG CUSTOMER FOCUS

- Close contact with customers
 - Daily calls and personal contact
 - Over 100,000 webinars and online trainings
 - New sales-driven website with access to all products in all countries
- Solution-driven mentality



STRATEGY 2023

ON TRACK TO MEET AMBITIOUS TARGETS

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SIKA'S GROWTH STRATEGY 2023

THE PILLARS OF THE STRATEGY

SUSTAINABILITY

Market Penetration

Innovation

Operational Efficiency

Acquisitions

Values



6-8%
annual growth

25%
of sales with new
products

0.5%
pts non-material
cost improvement
as % of net sales

15-18%
EBIT margin
Until 2020: <15%

>10%
Operating free cash
flow per year as % of
net sales

>25%
ROCE by 2023

12% CO₂ emission reduction per ton sold

MARKET PENETRATION

INCREASE MARKET SHARE TO 12%

Driver for future growth:
How we increase market share

New
Target Market

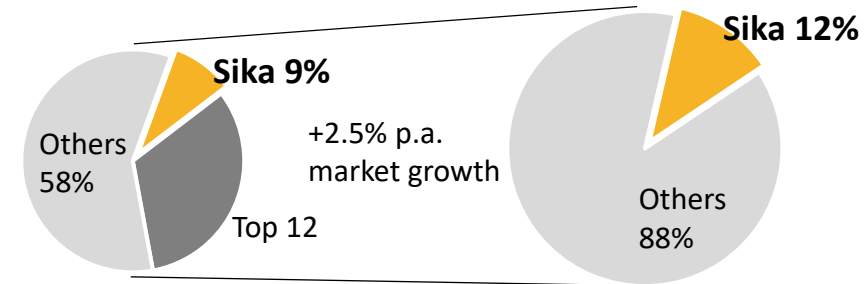
Building Finishing

- 1 Emerging Markets
- 2 Key Project Management
- 3 Cross-Selling
- 4 Channel Penetration
- 5 Strong Sika Brand

Initiatives

Construction chemicals
market 2020
approx. CHF 70 billion

Construction chemicals
market 2025
approx. CHF 80 billion



INNOVATION

MORE PERFORMANT – MORE SUSTAINABLE

Focus on Sika's **five core technologies**

25% of sales with new products

Increased focus on product sustainability:
more performant
more sustainable

Shift in construction to 3D printing and modular construction

- Drive innovation to stay the clear market leader and drive growth and margins
- Drive increase of productivity and sustainability in construction

FIVE CORE TECHNOLOGIES:

Concrete Technology



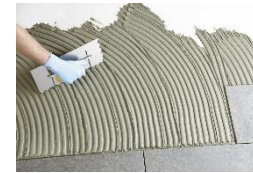
Adhesive Systems



Coating Systems



Cementitious Systems



Thermoplastic Systems



93 new patents
in 2019

122 inventions
in 2019

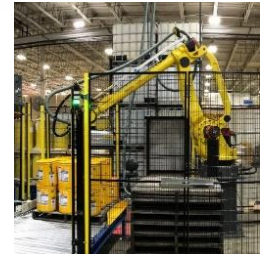
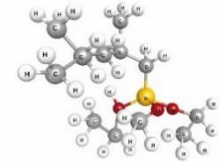
OPERATIONAL EFFICIENCY DRIVES MARGIN IMPROVEMENT MORE THAN OPERATING LEVERAGE

Sika's footprint significantly expanded over the years

Initiatives to
increase
operational
efficiency

- 1 Operations / Factory Efficiency
- 2 Formulation Efficiency
- 3 Logistics
- 4 Procurement
- 5 Sales and admin costs in %

0.5% savings expected every year

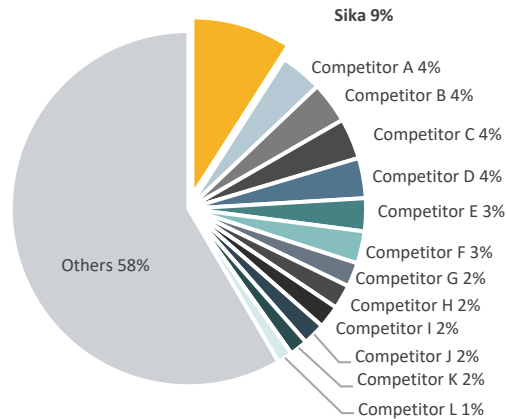


ACQUISITIONS AS GROWTH PLATFORMS

NUMEROUS OPPORTUNITIES TO CONSOLIDATE MARKET

- Fragmentation offers acquisition opportunities
- Sika acting as market consolidator
- More than 60 bolt-on acquisitions in the last 12 years
- Acquisitions as growth platforms
- Solid pipeline but due diligence process hindered by COVID-19

Construction chemicals market 2020
approx. CHF 70 billion



VALUES AND PRINCIPLES

WHAT SIKA STANDS FOR

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

Global Employee Survey in 2019

showed very high commitment to work and identification with Sika. Employees are proud to work for Sika.

25,000

employees

6.0%

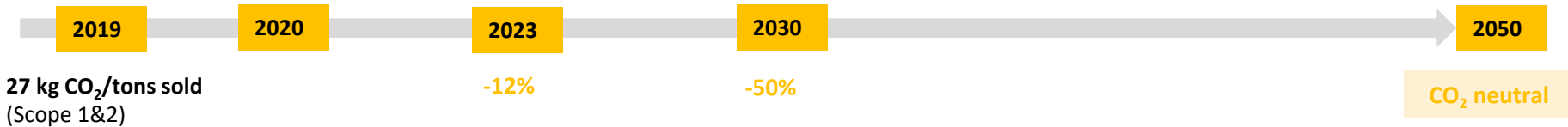
employee turnover
rate in 2019

**HIGH
COMMITMENT
OF EMPLOYEES
DURING
PANDEMIC**



SUSTAINABILITY – CLIMATE PERFORMANCE

STRATEGIC CO₂ TARGET LEADS TO CLIMATE NEUTRALITY BY 2050



In 2020 Sika concentrates on Scope 1 and 2

Internal CO₂ footprint

Scope 1 (direct)

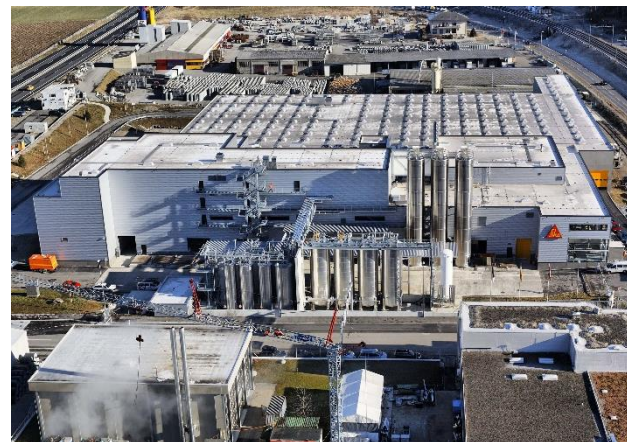


- Internal fossil fuel usage
- Energy production

Scope 2 (indirect)



- Purchased energy, mainly electricity



SUSTAINABILITY

70% OF SIKA PRODUCTS WITH POSITIVE SUSTAINABLE IMPACT

- 70% of Sika products with a **positive sustainable impact**
- Sika products help to drive CO₂ footprint of our customers down

Overall target

12% CO₂ emission reduction per ton sold by 2023

Our «More Value - Less Impact» targets:

- Sustainable Solutions
- Community Engagement
- Occupational Safety
- Climate Performance
- Energy
- Waste/Water



SIKA ENABLES SUSTAINABLE CONSTRUCTION

SIKA PRODUCTS DRIVE CO₂ FOOTPRINT DOWN

Scope 3 (external CO₂ footprint)

70% of Sika products with a positive sustainable impact

Sika® CEMENT TECHNOLOGY
ALLOWS FOR

**REDUCTION OF CEMENT
CONTENT BY 25%**

ENABLING REPLACEMENT OF
CEMENT WITH FLY ASH AND SLAG

HIGH-STRENGTH CONCRETE WITH
CONCRETE ADMIXTURES

Sika® ViscoCrete®

**REDUCES CONCRETE
CONSUMPTION**

AS THINNER CONSTRUCTIONS ARE
POSSIBLE



Sika® ViscoCrete® TECHNOLOGY
ENABLES **UP TO 40%**
REDUCTION OF WATER
CONTENT IN CONCRETE



SIKA ENABLES SUSTAINABLE CONSTRUCTION

SIKA PRODUCTS DRIVE CO₂ FOOTPRINT DOWN

Scope 3 (external CO₂ footprint)

70% of Sika products with a positive sustainable impact

SIKA SOLUTIONS FOR REPAIR AND
REFURBISHMENT

**STRENGTHEN, WATERPROOF,
INSULATE, PROTECT, AND REPAIR**
BUILDINGS AND STRUCTURES

SIKA REPAIR SYSTEMS

**PROLONGS LIFETIME, INCREASE
SAFETY AND ENERGY EFFICIENCY**

SIKA'S OFFERING INCLUDES:
STRUCTURAL STRENGTHENING SYSTEMS,
WATERPROOFING AND REPAIR MORTAR,
WATERPROOFING AND PROTECTIVE COATINGS.



SIKA ENABLES SUSTAINABLE CONSTRUCTION

SIKA PRODUCTS DRIVE CO₂ FOOTPRINT DOWN

Scope 3 (external CO₂ footprint)

70% of Sika products with a positive sustainable impact

SIKA SUPPLIES HIGHLY DURABLE,
ROOT RESISTANT MEMBRANES FOR

GREEN ROOFS

- REDUCE URBAN HEAT EFFECT AND IMPROVE AIR QUALITY
- INSULATING QUALITIES LEAD TO ENERGY SAVINGS
- NOISE POLLUTION REDUCTION
- SUPPORT BIODIVERSITY



LONGEVITY

- WARRANTIES ACCORDING TO CUSTOMER REQUIREMENTS
- MANY SIKA ROOFS ARE **40 YEARS** AND OLDER

SIKA SOLAR-REFLECTIVE MEMBRANES FOR

COOL ROOFS

REDUCE ENERGY CONSUMPTION BY UP TO
15%

ROOF RECYCLING PROGRAM

CONSERVES NATURAL RESOURCES WITH **36,000**
TONS OF PROCESSED RECYCLED MATERIALS
DIVERTED FROM LANDFILLS TO DATE

OUTLOOK

OUTLOOK

CONTINUATION OF SUCCESSFUL GROWTH STRATEGY

- Confirmation of 2023 strategic targets for sustainable, profitable growth
- For 2020 Sika is anticipating an over-proportional increase in EBIT and an EBIT margin of around 14%



THANK YOU FOR YOUR ATTENTION

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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