

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

**SIKA INVESTOR PRESENTATION  
JANUARY 12, 2021**

**BUILDING TRUST**



# HIGHLIGHTS SALES 2020

ON TRACK TO MEET AMBITIOUS TARGETS

BUILDING TRUST



# 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

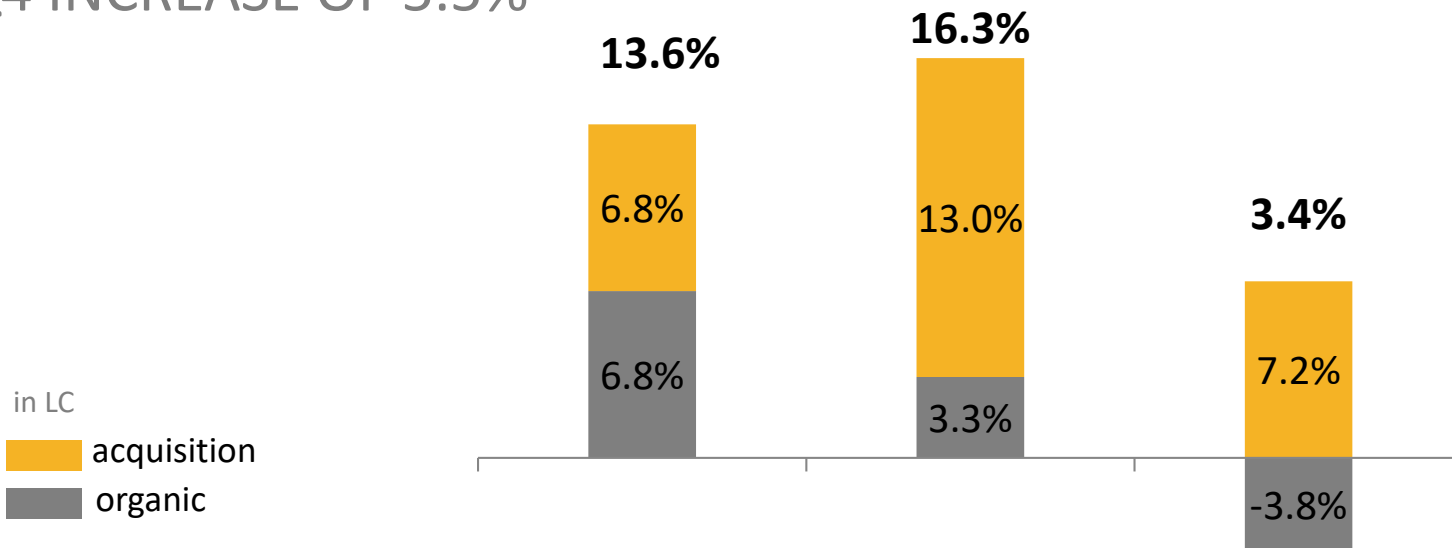
- Closing of acquisition of Adeplast (Romania), takeover of Modern Waterproofing Group (Egypt), expansion of partnership with CiDRA Concrete Systems (United States)
- Establishment of new factories in Colombia and China, factory expansion in the United Arab Emirates, France, and Switzerland

### 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%

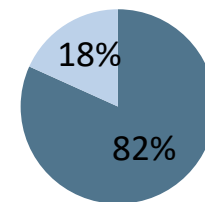
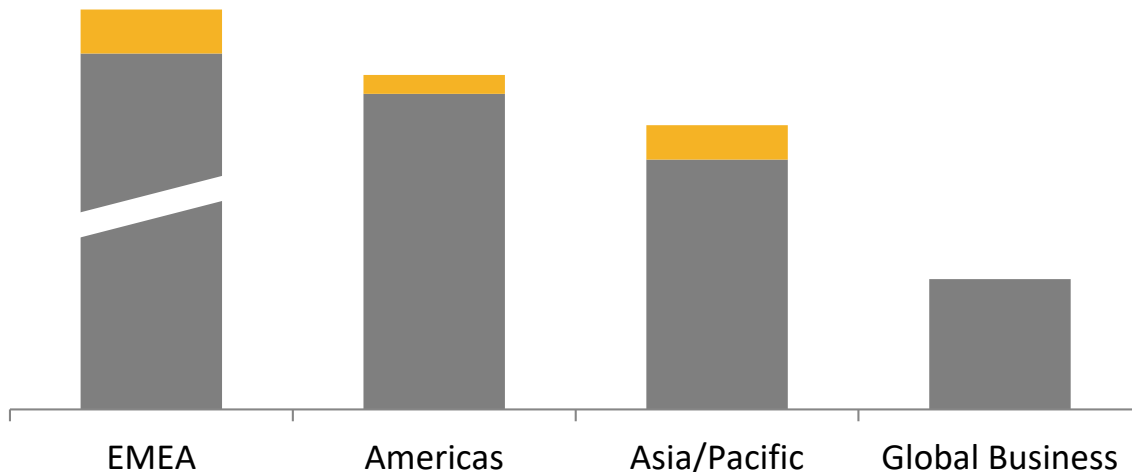


in CHF mn	2018	2019	2020
Net sales	7,085.4	8,109.2	7.88 bn

# SALES FULL YEAR 2020

## HIGH NEGATIVE CURRENCY EFFECT OF -6.3% FOR THE GROUP

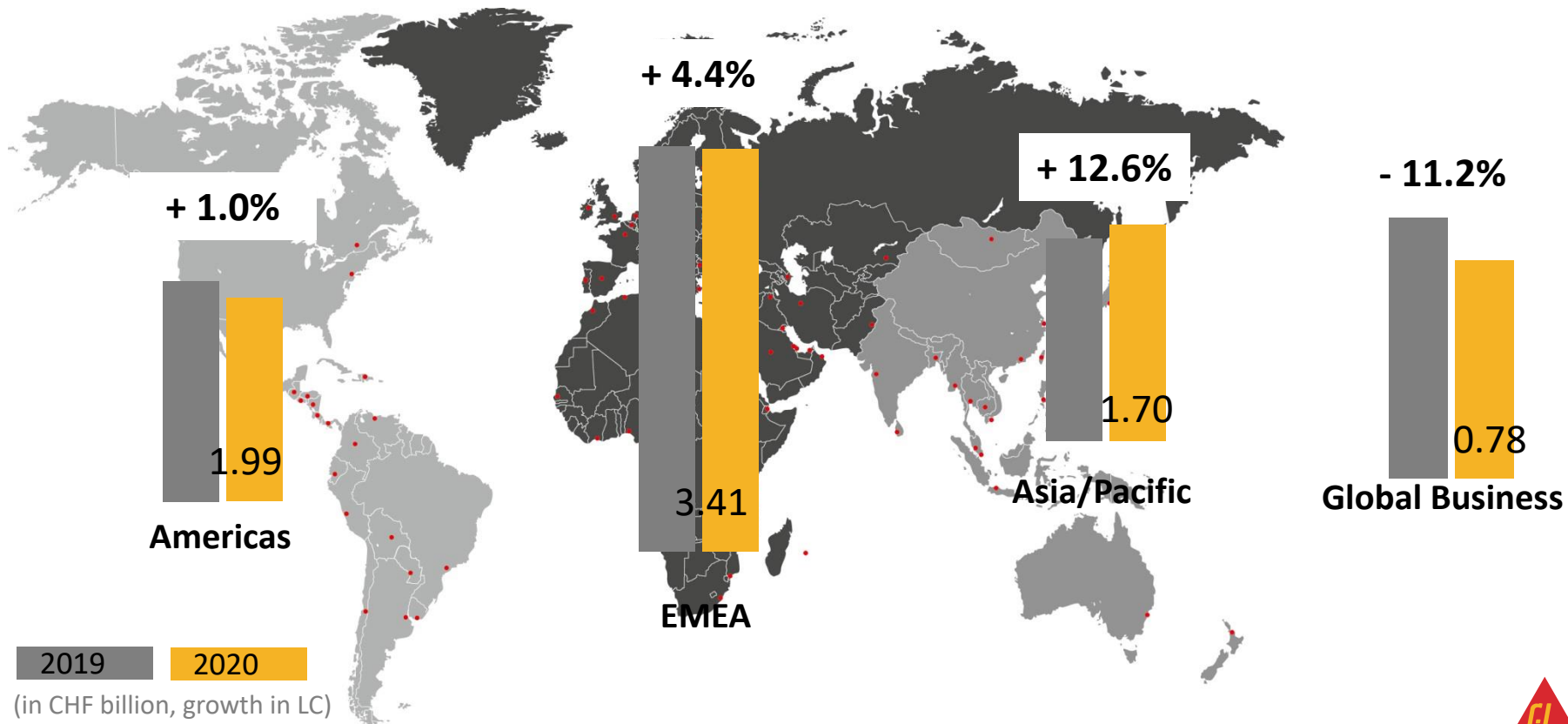
-0.7%	-7.7%	+7.0%	-16.4%	Growth in CHF
+4.4%	+1.0%	+12.6%	-11.2%	Growth in LC
-5.1%	-8.7%	-5.6%	-5.2%	FX impact
+7.6%	+5.2%	+13.0%	+0.0%	Acquisition 



■ Construction  
■ Industry

# SALES GROWTH OF 3.4% IN LOCAL CURRENCIES FOR 2020

## STRONG Q4 INCREASE OF 5.5%



# HIGH OPERATING SPEED CONTINUES 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

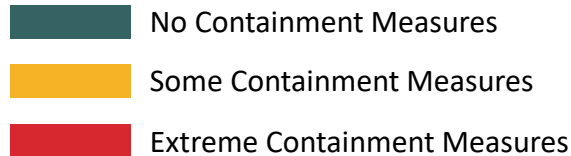
Acquired company	Country	Target Market
Adeplast	Romania	Building Finishing
Modern Waterproofing Group	Egypt	Waterproofing, Roofing

**Total annual sales: CHF 146 million**

# 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)

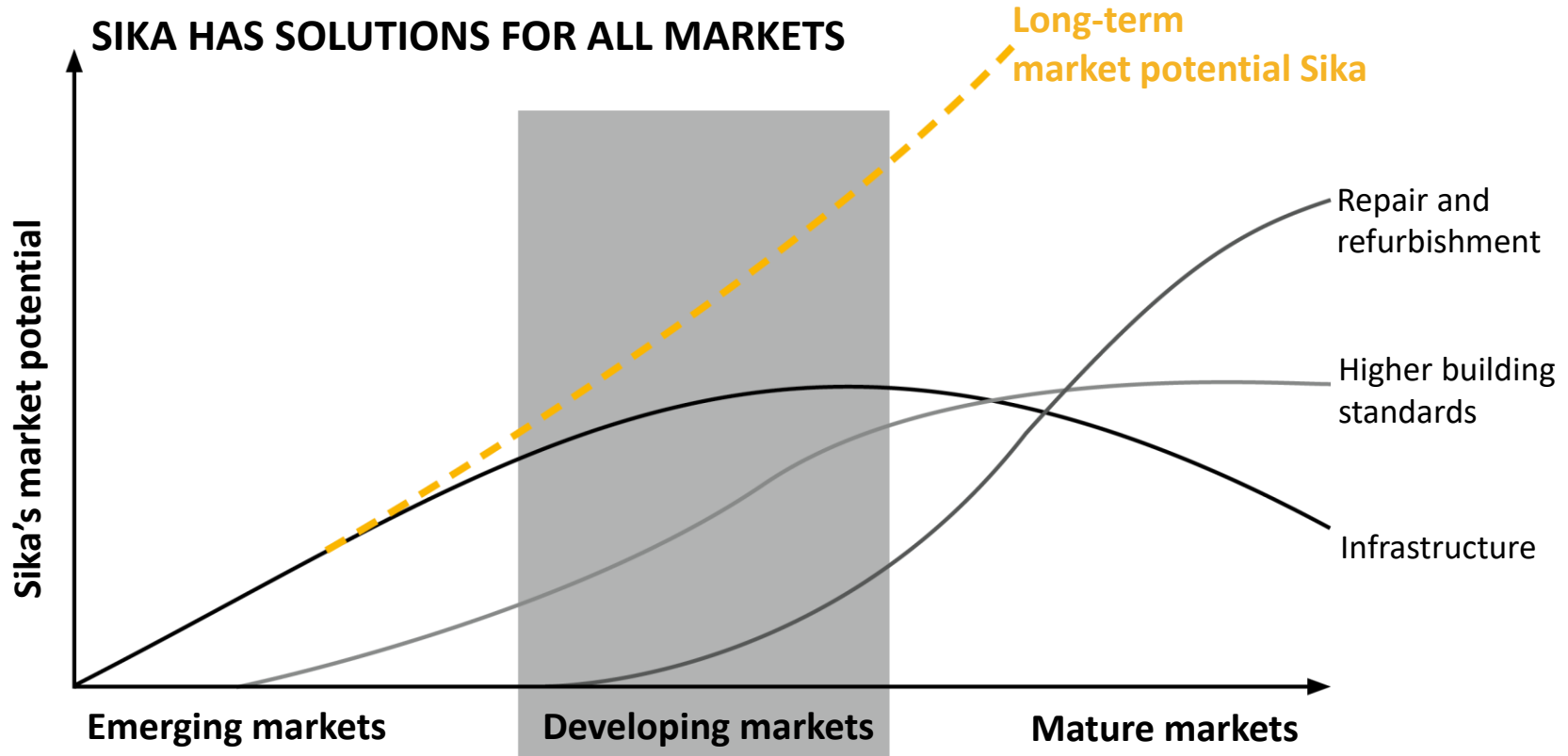
# SIKA'S SUCCESS FACTORS IN THE CRISIS

## NAVIGATING THE PANDEMIC

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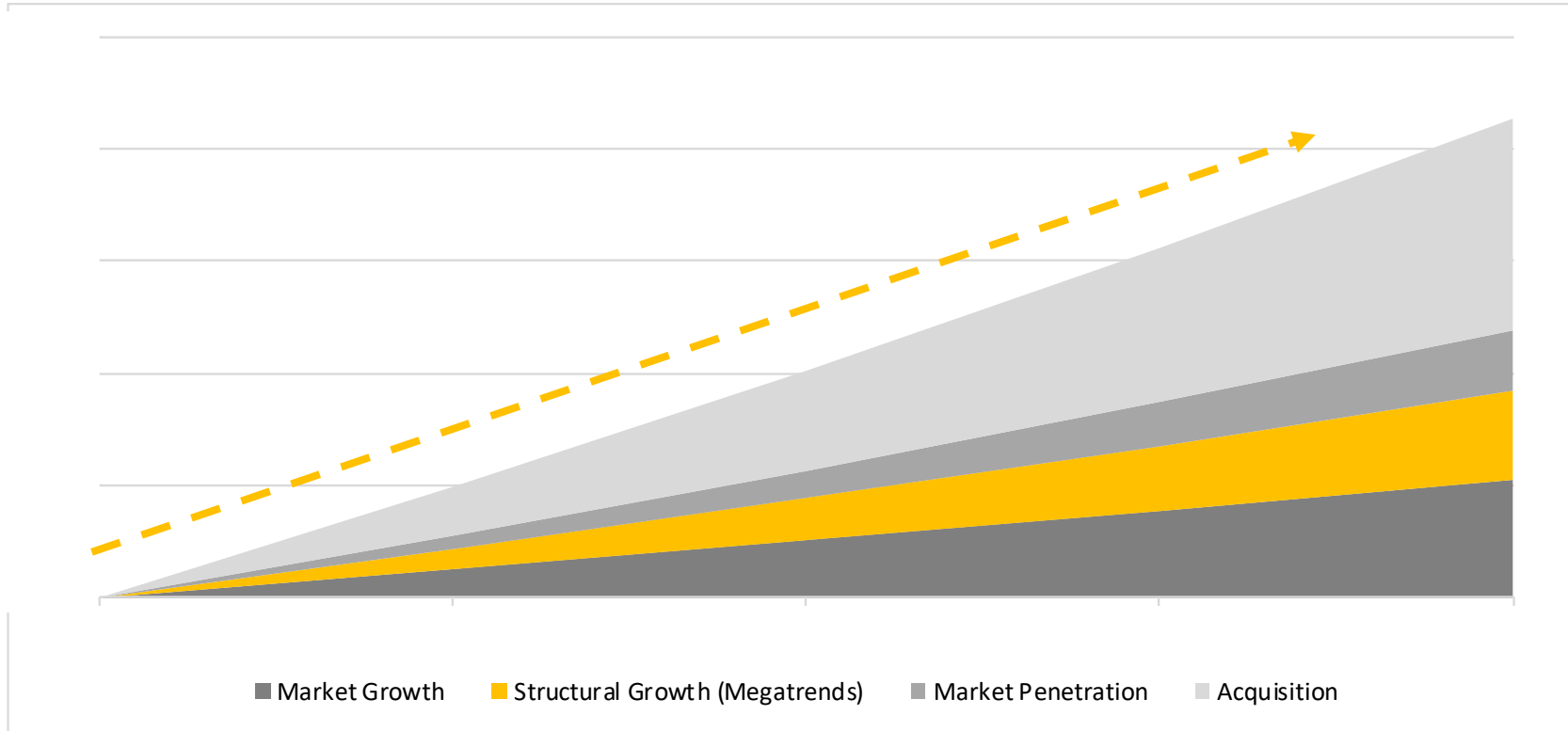


# GROWTH MODEL WITH EARLY MARKET PENETRATION FROM NEW-BUILD TO REFURBISHMENT



# STRUCTURAL GROWTH, MARKET PENETRATION AND ACQUISITION

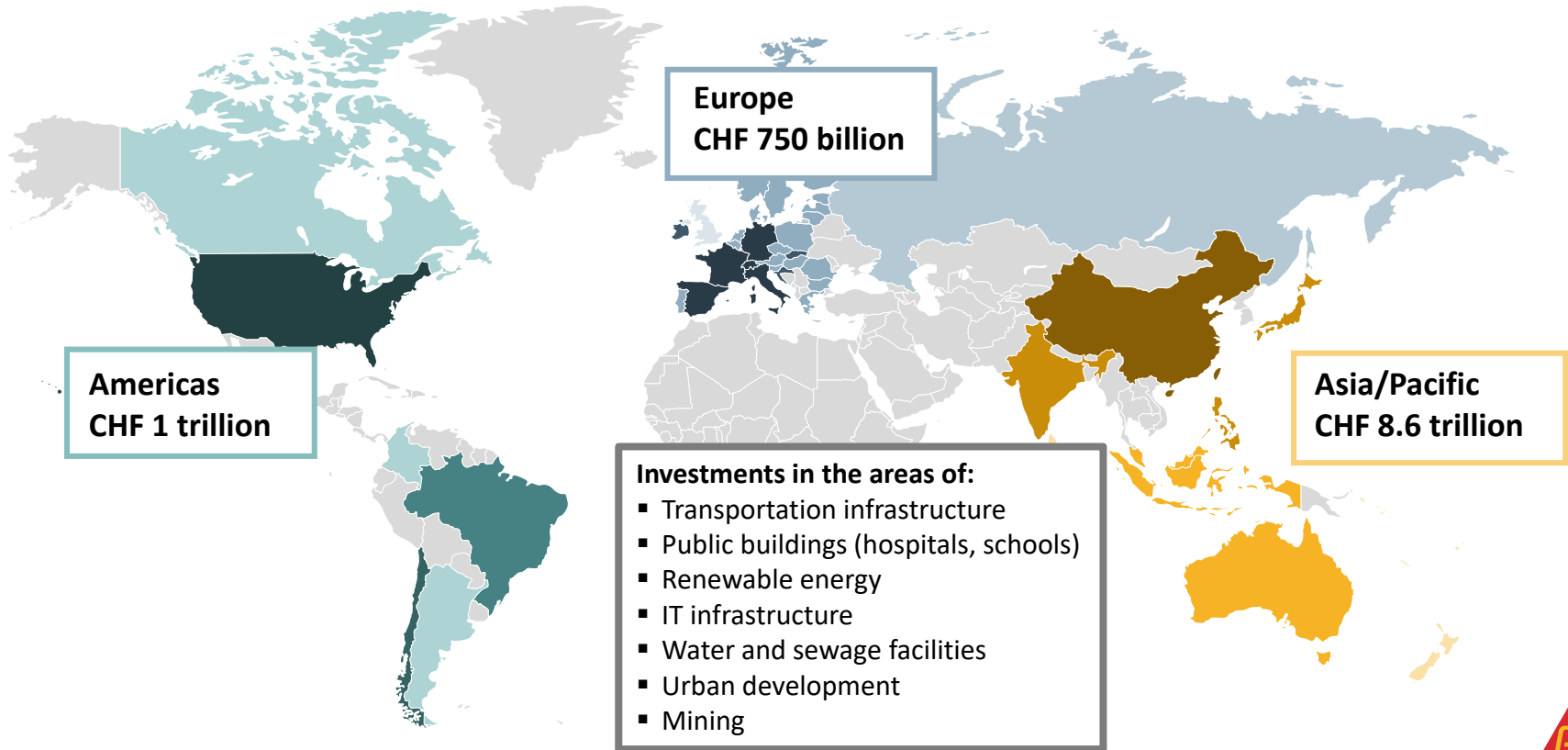
## HOW SIKA DELIVERS SUPERIOR AND SUSTAINABLE GROWTH OF 6-8%



Growth in local currencies

# 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

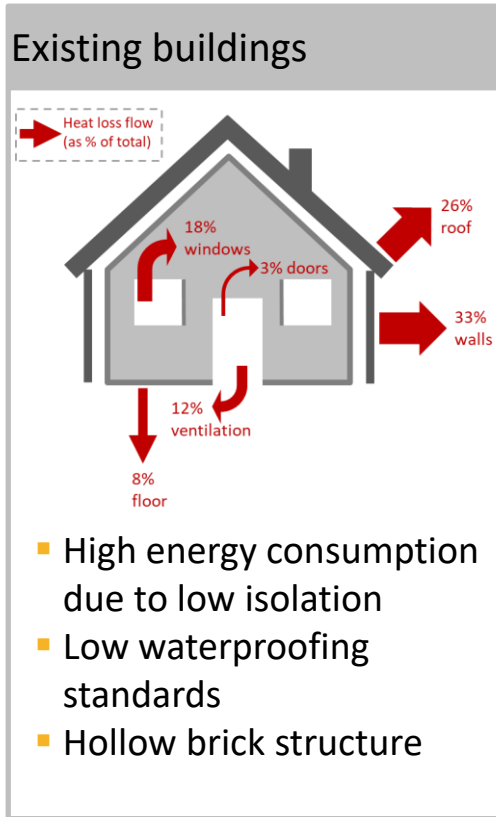


China

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

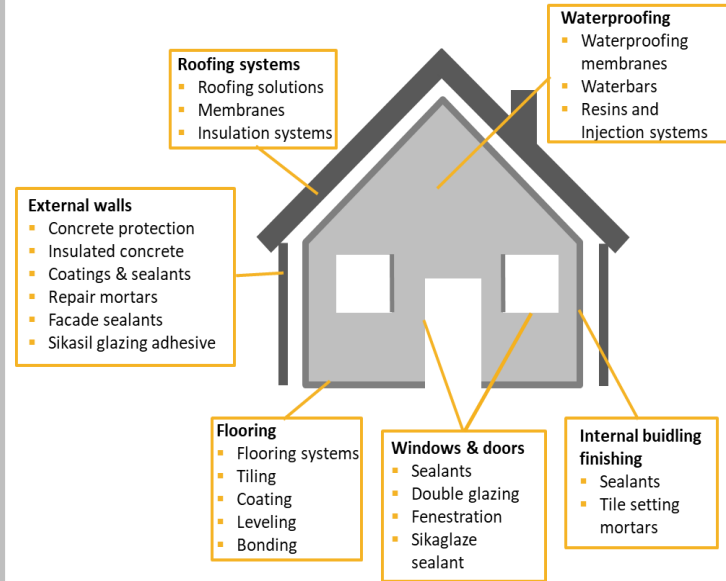
# EU GREEN DEAL INITIATIVE TO BOOST BUSINESS

## SIKA TO PROFIT AS GLOBAL LEADER IN BUILDING FINISHING



=

### Sika solutions reducing heat loss and water impact



# 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

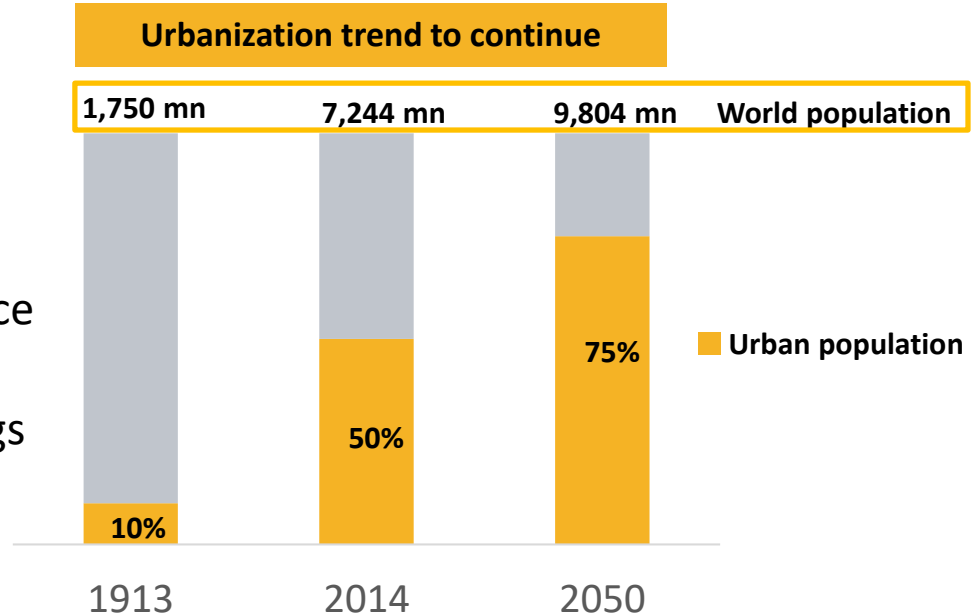




# TREND FOR MORE URBANIZATION CONTINUES

## 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

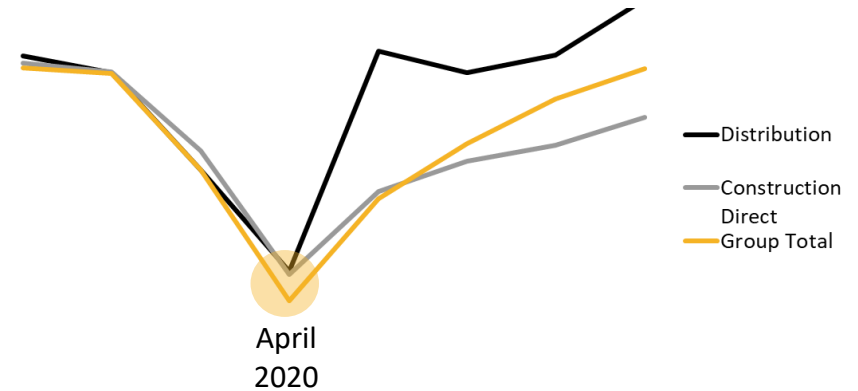


# RESILIENT AND GROWING IN DISTRIBUTION BUSINESS

## 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



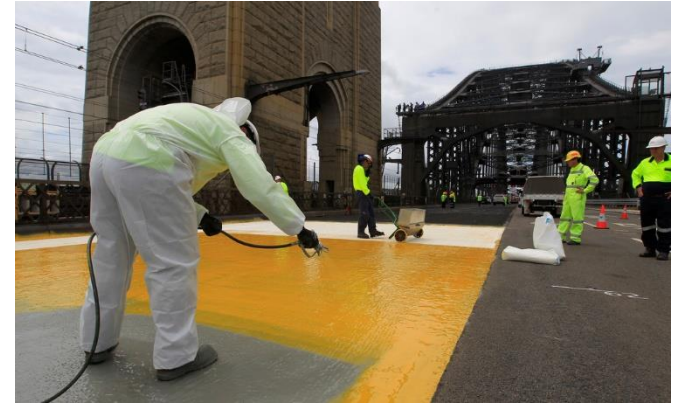
CAGR past 5 years:  
Distribution Market: 3%

**Sika: 18%**

# SUCCESS FACTORS IN THE CRISIS

## OVERALL STRONGER GROWTH OF REFURBISHMENT BUSINESS

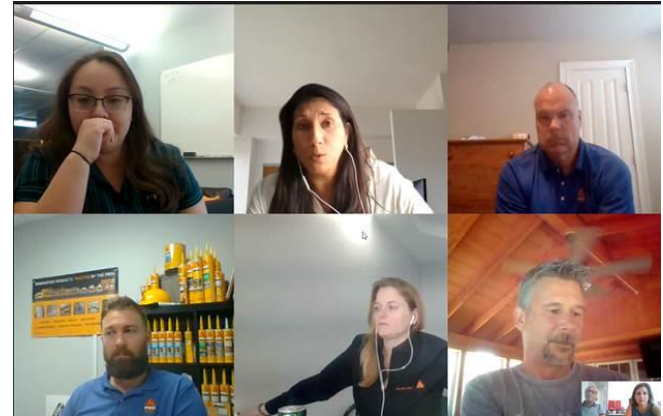
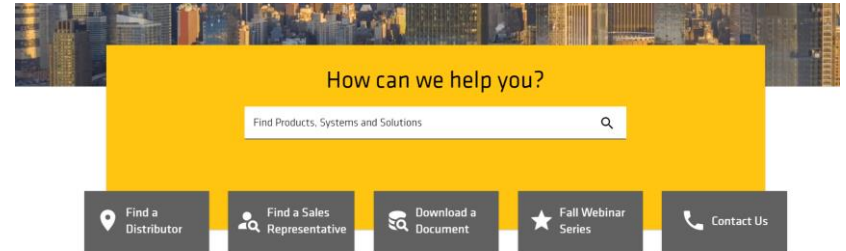
- High resilience of refurbishment in crisis
- Urbanization and densification drive the need for refurbishment
- Structures have to be maintained
- Complexity favor refurbishment over new build
- New regulations and building standards make refurbishment mandatory



# 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



# SUCCESSFUL PAREX INTEGRATION

## ON TRACK TO MEET AMBITIOUS TARGETS

BUILDING TRUST



# 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



# STRATEGY 2023

ON TRACK TO MEET AMBITIOUS TARGETS

BUILDING TRUST



# MAJOR MEGATRENDS SUPPORTING SIKA'S GROWTH

## NO CHANGES DUE TO PANDEMIC

TECHNOLOGY  
ADVANCEMENT



RAPID  
URBANIZATION



DYNAMIC  
ECONOMY



CLIMATE CHANGE,  
SHORTAGE OF  
RESOURCES



CHANGING  
DEMOGRAPHICS





# 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% CO<sub>2</sub> emission reduction per ton sold

# MARKET PENETRATION

## INCREASE MARKET SHARE TO 12%

Driver for future growth:  
How we increase market share

New  
Target Market

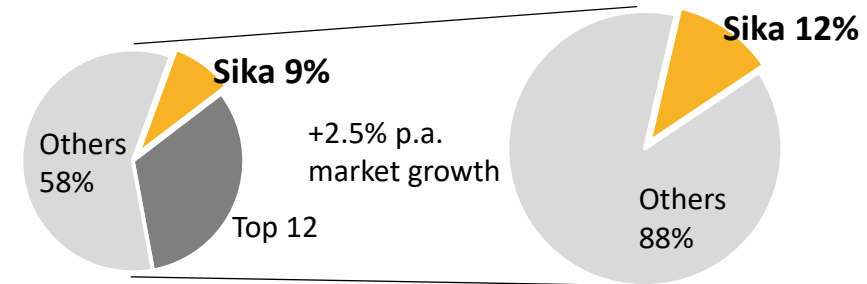
Building Finishing

- 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



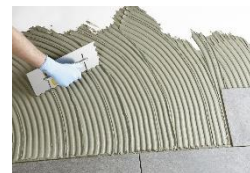
Adhesive Systems



Coating Systems



Cementitious Systems



Thermoplastic Systems



**93** new patents  
in 2019

**122** inventions  
in 2019

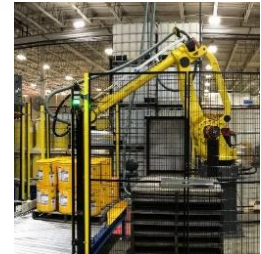
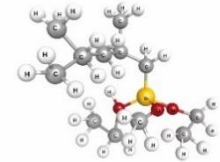
# OPERATIONAL EFFICIENCY DRIVES MARGIN IMPROVEMENT MORE THAN OPERATING LEVERAGE

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

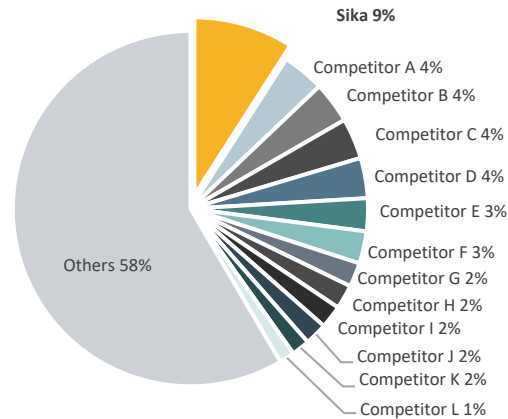


# ACQUISITIONS AS GROWTH PLATFORMS

## 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

## 70% OF SIKA PRODUCTS WITH POSITIVE SUSTAINABLE IMPACT

- 70% of Sika products with a **positive sustainable impact**
- Sika products help to drive CO<sub>2</sub> footprint of our customers down

Overall target

**12% CO<sub>2</sub> emission reduction per ton sold by 2023**

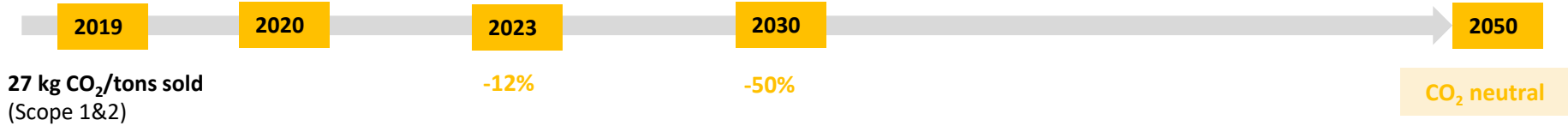
Our «More Value - Less Impact» targets:

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



# SUSTAINABILITY – CLIMATE PERFORMANCE

## STRATEGIC CO<sub>2</sub> TARGET LEADS TO CLIMATE NEUTRALITY BY 2050



In 2020 Sika concentrates on Scope 1 and 2

### Internal CO<sub>2</sub> footprint

#### Scope 1 (direct)

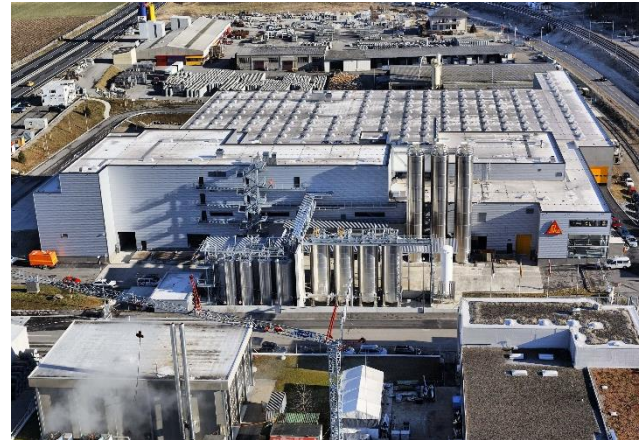


- Internal fossil fuel usage
- Energy production

#### Scope 2 (indirect)



- Purchased energy, mainly electricity





# SIKA ENABLES SUSTAINABLE CONSTRUCTION

## SIKA PRODUCTS DRIVE CO<sub>2</sub> FOOTPRINT DOWN

Scope 3 (external CO<sub>2</sub> footprint)

70% of Sika products with a positive sustainable impact

HIGH-STRENGTH CONCRETE WITH  
CONCRETE ADMIXTURES

Sika® ViscoCrete®

**REDUCES CONCRETE  
CONSUMPTION**

AS THINNER CONSTRUCTIONS ARE  
POSSIBLE



Sika® ViscoCrete® TECHNOLOGY  
ALLOWS FOR

**REDUCTION OF CEMENT  
CONTENT BY 25%**

ENABLING REPLACEMENT OF  
CEMENT WITH FLY ASH AND SLAG

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



# SIKA ENABLES SUSTAINABLE CONSTRUCTION

## SIKA PRODUCTS DRIVE CO<sub>2</sub> FOOTPRINT DOWN

Scope 3 (external CO<sub>2</sub> 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 CO<sub>2</sub> FOOTPRINT DOWN

Scope 3 (external CO<sub>2</sub> 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

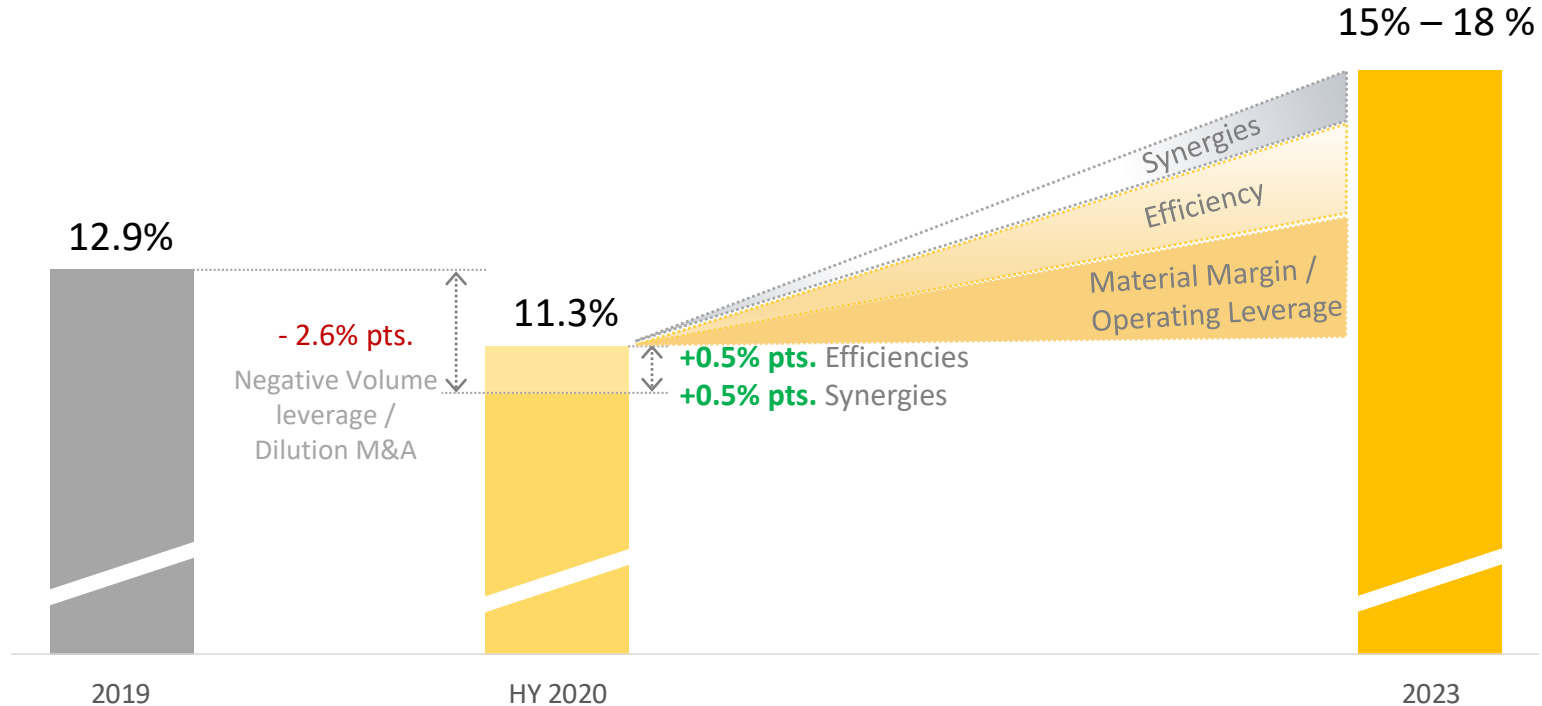
# OUTLOOK

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# OUTLOOK

## DRIVING TOWARDS AN EBIT MARGIN OF 15%-18%



# 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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