

SIKA ENABLES SUSTAINABLE FUTURE

OUR YEAR 2020

RECORD EARNINGS 2020

- CHF 1,130.5 MILLION EBIT (+7.1%)
- CHF 825.1 MILLION NET PROFIT (+8.8%)

ENABLER

- SIKA SOLUTIONS ENABLE CLIMATE NEUTRALITY
- LOW EMISSION CONSTRUCTION, CLIMATE-FRIENDLY VEHICLES

25,000 EMPLOYEES

- HEALTH HAS THE HIGHEST PRIORITY DURING THE PANDEMIC
- STRONG IDENTIFICATION WITH CORPORATE VALUES

STRATEGY 2023 CONFIRMED

- STRESS TEST PASSED IN CORONA YEAR
- FUTURE ANNUAL GROWTH OF 6%-8%
- FUTURE EBIT MARGIN OF 15%-18%

[SIKA.COM/ANNUALREPORT](https://www.sika.com/annualreport)

BUILDING TRUST



+3.4%

NET SALES
IN LOCAL CURRENCIES

+22.7%

OPERATING
FREE CASH FLOW

+8.8%

NET PROFIT

83

NEW PATENTS

-12.1%

WASTE
PER TON SOLD

-21.2%

ENERGY CONSUMPTION
PER TON SOLD

-25.9%

CO₂ EMISSIONS PER TON SOLD

10.1

HOURS OF TRAINING
PER EMPLOYEE

COVER PHOTO

Xin Shougang Bridge in Beijing, China:
the foundations, secured with Sika
grout, support the 45,000 ton load of
this elegant steel bridge.

FOCUSED ON GROWTH
Sika's strategy is solidly anchored and has proven itself in the crisis year 2020. Market opportunities are being leveraged, market shares gained.



DRIVER OF SUSTAINABILITY
With its solutions, Sika allows the construction and automotive industries to massively reduce their ecological footprint.



CLOSE TO THE CUSTOMERS
Thanks to the high commitment of employees and the increased customer centricity, Sika further strengthened its market position.

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DR. PAUL HÄLG
Chairman



PAUL SCHULER
CEO

Our 2020 fiscal year was overshadowed by the COVID-19 pandemic, which had a number of severe effects for the construction and automotive sectors. Despite this difficult environment, we were nonetheless able to achieve record results. Sales in local currencies increased by 3.4% to CHF 7,877.5 million. Due to negative currency effects, this equates to a slight decline in sales in Swiss francs of -2.9% compared to the prior year. Operating profit (EBIT) recorded an over-proportional rise of 7.1% to CHF 1,130.5 million – which represents a new record result. In keeping with this development, new records were also set for net profit at CHF 825.1 million (year-on-year rise of 8.8%), and for operating free cash flow at CHF 1,259.4 million (year-on-year rise of 22.7%).

Dear Shareholders

In most of the 100 countries in which Sika is present, lengthy lockdowns have partially restricted construction activity. Furthermore, many of our customers in the automotive industry had to close their factories for a number of weeks. Thanks to our strong market position and the swift, targeted implementation of measures, we were able to record very robust results despite this challenging environment.

The focus of the measures we initiated was threefold: Employees, customers, and suppliers needed to be protected, operating activity was continued at a high level, and our strong customer focus was retained or even strengthened. For example, we implemented social distancing rules all around the world at a very early stage, introduced mask-wearing and protective clothing in production processes, and complied with rigorous travel restrictions. Our emphasis was on working from home wherever possi-

ble, and all meetings were held virtually. Our close contact with customers even increased during the crisis. We, for example, hosted online trainings for more than 150,000 of our customers worldwide.

SIKA – ENABLER OF SUSTAINABLE CONSTRUCTION AND ENVIRONMENTALLY-FRIENDLY MOBILITY

In addition to the pandemic, the climate change is presenting major challenges to society. As part of our growth strategy, we have committed to reducing CO₂ emissions by 12% until 2023. The ultimate goal is for Sika to be climate-neutral by 2050 at the latest. Our interim target is to halve greenhouse gas emissions per ton of product sold by 2030 compared to the levels recorded in 2019. We are achieving this by increasing the energy efficiency of the production processes and obtaining an increasing proportion of the energy it requires from renewable resources (Scope

1+2). Already in the past fiscal year, we clearly exceeded our prescribed target of a 3% reduction in CO₂ annually, reducing our CO₂ emissions by 26%. Today, Sika releases 20kg of CO₂ per ton of product sold (previous year: 27kg).

In our clear commitment to sustainability, we are looking not only to reduce our own CO₂ emissions, but also to help our customers reduce their CO₂ footprint massively with innovative solutions and products. In many respects, our technologies make us an “enabler” with the expertise to achieve the goal of climate neutrality in the construction and automotive industries. Our admixtures facilitate low-emission and resource-saving construction, our facade systems allow for energy-efficient buildings, and our adhesives contribute to climate-friendly vehicles.

RECORDS FOR PROFIT AND CASH FLOW

We were able to achieve new record figures for both profit and cash flow in the fiscal year 2020. This shows that we can rapidly adapt to changing market conditions and work cost-efficiently even in a difficult year. Sika increased EBIT by 7.1% to CHF 1,130.5 million (previous year: CHF 1,055.1 million), while the EBIT margin came in at 14.4% (previous year: EBIT margin 13.0%). In keeping with this development, net profit rose by 8.8% to CHF 825.1 million (previous year: CHF 758.5 million). Yet another record was set by operating free cash flow, which amounted to CHF 1,259.4 million (previous year: CHF 1,026.1 million).

MARKET SHARE EXPANDED IN ALL REGIONS

In an environment characterized by widespread temporary lockdowns, we were able to grow more strongly than the market in all regions. Furthermore, the distribution business posted considerable gains in all regions.

The EMEA region (Europe, Middle East, Africa) reported a sales increase in local currencies of 4.4% in 2020 (previous year: 11.6%). A strong improvement started to become apparent in the markets in the fourth quarter in particular. The countries that benefited from the biggest recovery were those of southern Europe – Italy, Spain, Portugal, and France – as well as the countries of Eastern Europe, Scandinavia, the Middle East, and Africa.

The Americas region recorded sales growth in local currencies of 1.0% (previous year: 19.2%). Despite the high COVID-19 infection rates recorded in Mexico, Brazil, and the United States, Sika recorded an uptrend in the Americas region in the last quarter of 2020. Many cities in North America continue to be affected by the pandemic and construction projects have slowed. The situation in Latin America has seen a clear improvement.

Growth in the Asia/Pacific region amounted to 12.6% (previous year: 35.1%). China in particular has performed impressively over the last few months, recording double-digit organic growth rates, and most target markets are on a clear growth trajectory. Australia was also able to contribute to the positive business development of this region. By contrast, India and a number of countries in the Southeast Asia region recovered only slowly from the far-reaching effects of the pandemic.

Global Business recorded a sales decline of -11.4% in 2020 (previous year: +3.0%). In the period under review, the automotive sector reported a global decline in output of -17%. Despite the pandemic-related decline in sales figures during the crisis year of 2020, Sika is convinced that the megatrends shaping modern automotive construction – which include e-mobility, further new drive concepts, and the trend toward lightweight construction – will help the Group to capture additional market share.

DIVIDEND INCREASE AND OUTLOOK

Given the increase in net profit, the Board of Directors will be proposing an 8.7% increase in the gross dividend to CHF 2.50 at the Annual General Meeting of April 20, 2021 (previous year: CHF 2.30).

Our business model has shown itself to be truly resilient in what has been a serious global crisis. Particularly crisis-resistant in 2020 were the distribution business, the refurbishment business, and our building finishing activities. Furthermore, in the future we will be beneficiaries of stimulus programs designed to support the economy in the form of national subsidies for infrastructure projects. As an additional factor, the strong growth in demand for environmentally-friendly products is making its own contribution to our positive business development. Sika is leading in the development of solutions for sustainable construction and sustainable mobility. Already today, a large part of our sales is generated by technologies that provide sustainability benefits for customers, the environment, and society.

Despite the coronavirus crisis and its repercussions for operating results, Sika is confirming its 2023 strategic targets. The company remains aligned for long-term success and profitable growth. With its focus on the six strategic pillars – market penetration, innovation, operational efficiency, acquisitions, strong corporate values, and sustainability – Sika is seeking to grow by 6%–8% a year in local currencies up to 2023. From 2021, the company is aiming to increase its EBIT margin to 15%–18%. Projects in the areas of operations, logistics, procurement, and product formulation should result in an annual improvement in operating costs equivalent to 0.5% of sales.

For the 2021 fiscal year, Sika is expecting an increase in sales in local currencies of 6%–8%, along with an over-proportional rise in EBIT. The EBIT margin should for the first time reach 15%.

With strong customer focus, Sika has managed to perform successfully in this challenging market environment and achieve above-average results. We are very well positioned in what remains a difficult environment – thanks to our innovative products and solutions, as well as to our employees, who with great dedication and identification with the company have continued to perform at a high level, even at times like these. Our special thanks go to them.

Dear shareholders, Sika has managed to generate enduring added value and look after the well-being of its workforce of 25,000 people, despite the pandemic. We will do everything in our power to repeat this performance going forward. Our heartfelt thanks to you for your trust, your loyalty, and your enduring commitment even at a time of crisis.

Sincerely



DR. PAUL HÄLG
Chairman



PAUL SCHULER
CEO

SIKA IN YEAR OF CORONAVIRUS WITH RECORDS IN PROFIT AND CASH FLOW

The COVID-19 pandemic presented a number of challenges for Sika. Nevertheless, record values in EBIT, net profit, and operating free cash flow were achieved.

in CHF mn

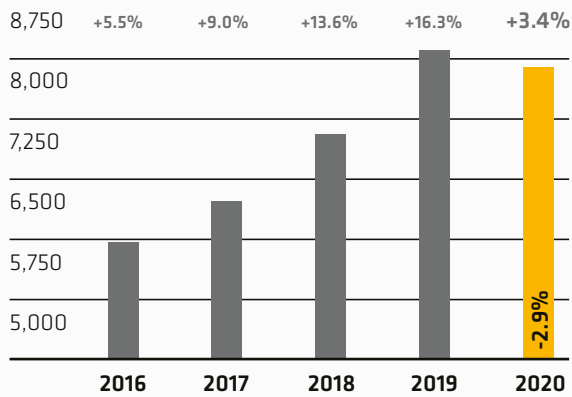
7,877.5	Net sales	-2.9%
1,130.5	EBIT	+7.1%
825.1	Net profit	+8.8%
1,259.4	Operating free cash flow	+22.7%
16.6%	ROCE	-2.6%-points
24,848	Employees	-1.2%

-25.9%	CO ₂ emissions per ton sold
-21.2%	Energy consumption per ton sold
-12.1%	Waste per ton sold

6	New / expanded factories
1	Acquisition
83	New patents, 123 Inventions
1,085	Employees in R&D
21	Global Technology Centers

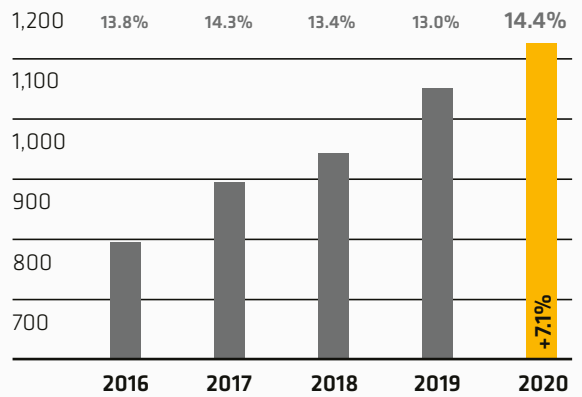
NET SALES (consolidated)

in CHF mn Growth in % local currencies



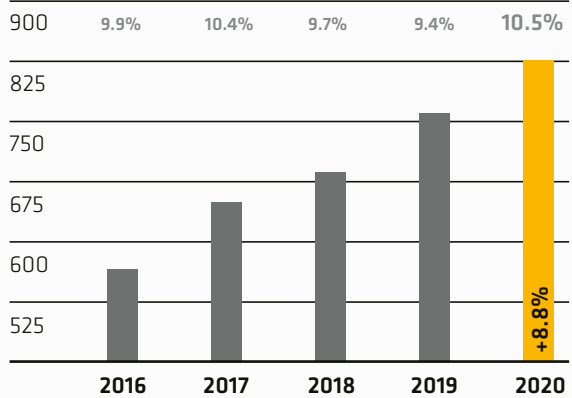
OPERATING PROFIT (EBIT)

in CHF mn in % of net sales



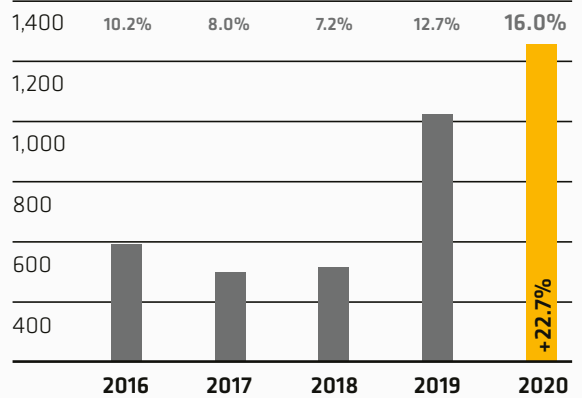
NET PROFIT

in CHF mn in % of net sales



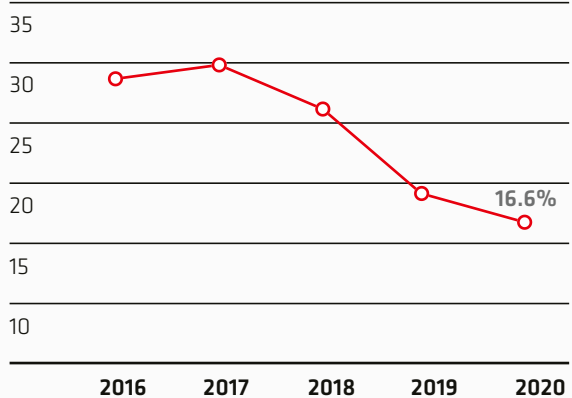
OPERATING FREE CASH FLOW

in CHF mn in % of net sales



ROCE

in %

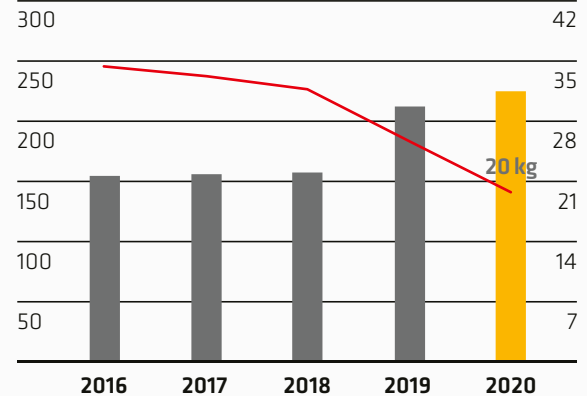


Adjusted for acquisitions, ROCE for 2020 would be 29.3%.

CO₂ EMISSIONS SCOPE 1+2

in 1,000 t

— kg per ton sold



RESIL- IENT



The quality of a building is measured by its ability to withstand wind and weather. Roof, facade, and windows must all be able to defy storms, and the foundations must be waterproof. A building envelope must fulfill its function under all conditions.

The same is true for the strategic orientation of a company. The selected strategy must deliver the required results even if the environment changes abruptly and conditions become harsher. The coronavirus pandemic ushered in precisely such a change.

Sika has passed this stress test. The Growth Strategy 2023 introduced in 2019 is resilient in times of crisis. Following the outbreak of the pandemic, Sika and its local management structure all around the world adapted rapidly to the changed market conditions in the various countries. The necessary measures were taken to protect employees, customers, and suppliers, while at the same time preserving consistent cost management, supply chains, and operating activities. Thanks to the rapid pace of implementation, business opportunities were exploited and additional market share captured.

MEGATRENDS

PUT TO THE TEST

Sika's Growth Strategy 2023 is geared around the megatrends that are shaping our future. The fundamental transformation of our world is relentless, and even accelerated during the coronavirus pandemic. This is opening up new opportunities and further increasing the Group's growth potential.



URBANIZATION

- By 2050, some 75% of the world's population will live in urban centers. In Africa and Asia in particular, a substantial structural shift in the migration of people from rural to urban areas is expected.
- In the developed industrialized nations, there is a shift toward suburban centers.
- In major cities and their peripheral zones, demand is rising for living space and infrastructure installations. This drives Sika's growth.



CLIMATE CHANGE AND SCARCITY OF RESOURCES

- The challenges confronting the environment continue to have the utmost priority.
- Resource-efficient solutions that are low in CO₂ emissions are required.
- Sika is supporting this development by consistently aligning its organization with sustainability.

DYNAMIC ECONOMY

- Relative to the industrialized nations, the economic influence of the emerging markets is steadily rising.
- The populations and economic output of Asian and a number of African countries are growing fast.
- Sika is responding to this development by further strengthening its position in the emerging markets through both internal and external growth.



DEMOGRAPHIC CHANGE

- Due to the increasing aging of the population, skilled labor remains in short supply.
- Fewer personnel are deployed on building sites and in manufacturing businesses.
- Sika is responding to this trend by accelerating construction and manufacturing processes with new solutions that are easy to apply.

TECHNOLOGICAL PROGRESS

- Digitalization and automation have taken on a whole new level of importance in the wake of the COVID-19 crisis. This trend is clearly to be seen in the area of modular building.
- Workflows need to be more efficient – also to comply with more rigorous safety standards.
- This development is increasing Sika's determination to rise to the corresponding challenges and rapidly expand its position as innovation leader.

SIKA SUCCESS FACTORS

Economic uncertainties such as the coronavirus pandemic impact Sika too. But the company has responded very swiftly to changing parameters in the individual countries, thereby managing to win further market share. The key drivers of this success are customer proximity and the outstanding engagement of the employees.

STRONG CUSTOMER FOCUS

MORE THAN 150,000 CUSTOMERS TRAINED IN WEBINARS

Despite the COVID-19 crisis, Sika has been intensifying its already close collaboration with customers. Digital channels were used to highlight solutions to problems and explain applications, while at the same time sales activities were expanded in a targeted way.



HIGH READINESS FOR DELIVERY

Due to the swift implementation of measures, Sika was able to keep the operating business activities at the highest possible level and to continue to reliably supply customers. Sika invested countercyclically and expanded production capacity in several countries. For example, in Sweden at the Stockholm site, the additive production for shotcrete was expanded and upscaled to the latest-generation technology.

PRESERVING A HIGH LEVEL OF FLEXIBILITY

OPERATIONAL AGILITY

Sika is active in 100 countries. The coronavirus pandemic had repercussions in all of them. Guided by clearly defined, Group-wide focal points, local management teams developed measures and rapidly implemented these in their own market.

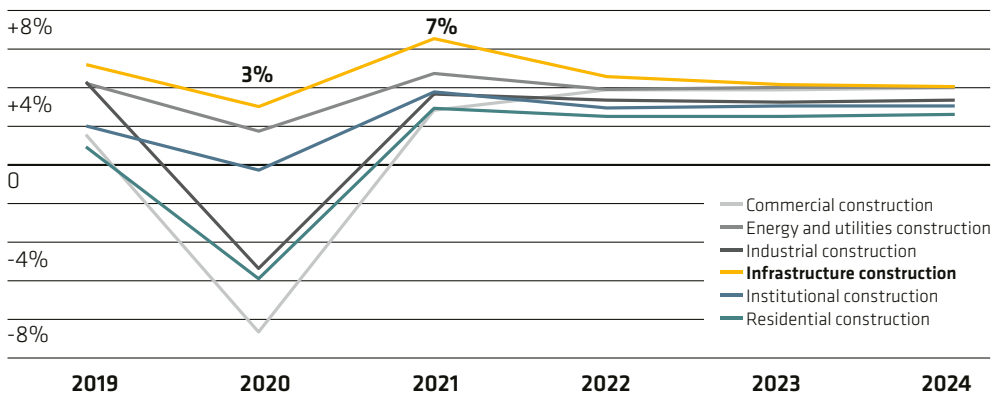
FOCUS ON OPERATING PROFIT

The company's programs to improve operational efficiency were driven forward. Operating costs were cut, and inventories promptly aligned with market needs. The integration of Parex was accelerated and financial synergies rapidly realized.

LIQUIDITY

Cash levels were bolstered in order to facilitate a swift response to the changing situation. Sika therefore had considerable freedom of financial maneuver at all times. Nonetheless, there was no need to resort to the company's credit lines, which amount to more than CHF 1.2 billion.

SIKA BENEFITING FROM RESILIENT INFRASTRUCTURE MARKET



+16%

annual growth in investment in data centers due to accelerated digitalization

MULTI-BILLION STIMULUS PROGRAMS

BOOST FOR INFRASTRUCTURE INVESTMENTS DRIVES SIKA'S GROWTH

ENORMOUS POTENTIAL THANKS TO EU GREEN DEAL

STRONG DEMAND FOR SIKA'S SOLUTIONS FOR ENERGY-EFFICIENT BUILDINGS

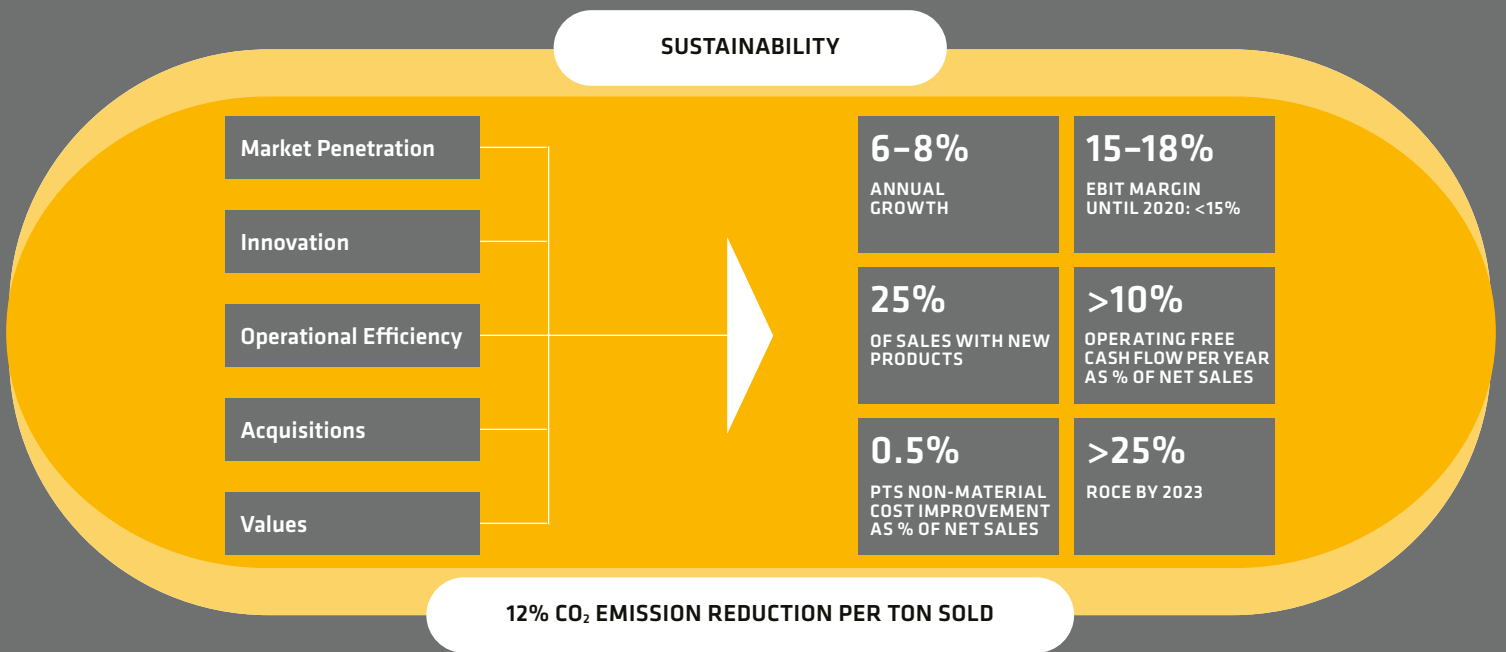
CONSIDERABLE GROWTH IN REFURBISHMENT BUSINESS

- Major backlog of work in the maintenance and renovation of infrastructure projects
- Refurbishment projects often cannot be delayed; they are quicker to realize than newbuild projects, and produces fewer CO₂ emissions
- New regulations and building standards lead to a significant need for renovation



GROWTH STRATEGY 2023

Sika's corporate strategy stands solidly on six pillars. The company's clear focus on growth proved itself in the difficult environment of 2020. The opportunities opening up through sustainability, innovation, digitalization, and the need for refurbishment and repair are being exploited in a targeted way. This in turn is enabling Sika to increase market share and laying the basis for long-term success.



Growth thanks to greater market penetration

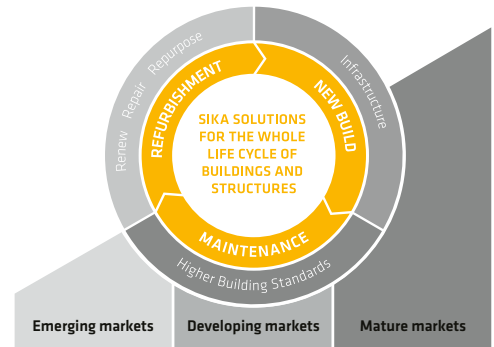
DOUBLE-DIGIT GROWTH

IN THE DISTRIBUTION BUSINESS IN 2020

HOUSEHOLD BRAND

Driven by the successful business development in e-commerce and with builders' merchants, Sika is establishing itself as a household brand, creating additional growth potential.

Pioneering potential with innovation



INNOVATIVE STRENGTH

Sika is increasing the performance and sustainability of its new products in all markets

Acquisitions as growth factor

CHF 100 MN

IN TOTAL SYNERGIES THROUGH THE PAREX TAKEOVER

INTEGRATION STRENGTH

Sika knows how to integrate the companies it acquires swiftly and in a way that enhances value.

Ongoing increase in operational efficiency

CHF 16 MN

COST SAVINGS THANKS TO MORE EFFICIENT AND ENHANCED PRODUCT FORMULATIONS

EFFICIENCY PROGRAMS

Efficiencies are achieved at different levels, such as in production, logistics, procurement, in product formulations and in administration.

Strong identification with corporate values

25,000

EMPLOYEES WITH CUSTOMER FOCUS AND HIGH LOYALTY

ENGAGEMENT

Sika's workforce of 25,000 people, as many as in the previous year, live the corporate values in their daily work. The high engagement and identification with the company is the basis for success.

Sustainability as basic principle

20 KG CO₂

PER TON SOLD 7 KG REDUCTION COMPARED TO PREVIOUS YEAR

IMPLEMENTATION STRENGTH

Measures to increase energy efficiency and to obtain a larger proportion of energy from renewable sources drive sustainability target achievement.

GROWTH STRATEGY 2023

GROWTH BOOST FOR THE CONSTRUCTION AND MAINTENANCE OF INFRASTRUCTURE

All around the world, the economy is being stimulated by comprehensive infrastructure programs. Thanks to its expertise and product portfolio for both new builds and repair work, Sika is the ideal partner when it comes to implementing projects efficiently and to the highest quality standards.

The infrastructure area is seeing particularly strong growth in the construction sector. This growth is being accelerated further by global investment programs with a total volume equivalent to CHF 10 trillion. These programs are being implemented with government subsidies due to the uncertainties triggered by the coronavirus pandemic, and with a view to achieving climate targets. The equivalent of CHF 790 billion is to be used around the globe for the promotion of electromobility alone. This is opening up enormous growth potential for Sika.

EXTENDING LONGEVITY

The renovation and repair of structures has received a particular boost. The need for bridge and tunnel renovation is enormous. Many of these projects cannot be put off for safety reasons – and a renovation is typically quicker and more CO₂-efficient than a newbuild. Sika has a strong position in the refurbishment market and is very well positioned to meet this growing demand.



FOCUS ON INFRASTRUCTURE PROJECTS

- Transportation infrastructure
- Public buildings (hospitals, schools)
- Renewable energy
- IT infrastructure
- Water and wastewater facilities
- Urban development
- Mining



EMEA
STIMULUS PROGRAMS
CHF 750 BN

PROJECT HIGHLIGHT
BRENNER BASE TUNNEL,
AUSTRIA / ITALY



Measuring 55 km in length, the railway link between Austria and Italy is Europe's most challenging tunnel project. More than a half of the 230-kilometer long tunnel system is already compromised. Sika is supplying high-quality concrete and waterproofing solutions. This will extend the life-time of this complex structure to more than a hundred years.

AMERICAS
STIMULUS PROGRAMS
CHF 1 TRN

PROJECT HIGHLIGHT
YATÍ-BODEGA BRIDGE,
COLOMBIA



The bridges are the core pieces of the road construction project between Bogotá and the industrial cities on the Caribbean coast. They cross the delta of the Rio Magdalena. Sika's concrete admixtures ensure that these bridges can withstand the extreme stresses.

ASIA / PACIFIC
STIMULUS PROGRAMS
CHF 8.6 TRN

PROJECT HIGHLIGHT
XIN SHOUGANG BRIDGE,
CHINA



The bridge over the Yongding River in Beijing is made of steel plates weighing a total of 45,000 tons. Sika supplied grouting to embed the massive foundations as well as numerous other products.

GLOBAL BUSINESS
STIMULUS PROGRAMS
CHF 790 BN

PROJECT HIGHLIGHT
E-MOBILITY

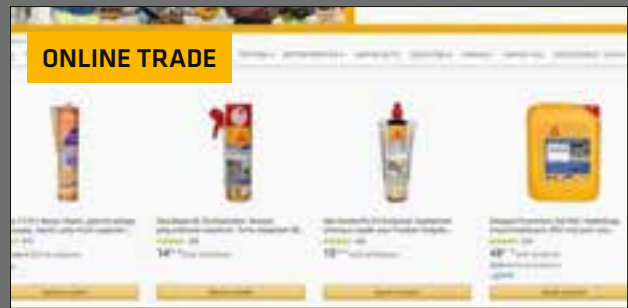


State funding to encourage climate-friendly mobility is opening up huge potential for Sika. Sika can generate up to 25% higher sales per electric vehicle compared to vehicles with conventional combustion engines.

GROWTH STRATEGY 2023

GROWTH DYNAMIC IN DISTRIBUTION BUSINESS

Sika is intensifying its activities in distribution channels and expanding market penetration. Construction firms, craftsmen, and private customers are all being given increasingly easier access to a broad spectrum of high-quality solutions, both in the stationary trade and through e-commerce.



Sika is looking to increase the volume of the distribution business as a proportion of total sales to 45% by 2023. Thanks to the successful integration of Parex, the Group has taken a major step forward, increasing this proportion from 38% to 41%. The distribution network has been expanded all around the world, but particularly in China, where the integration of Parex led to Sika gaining access to 105,000 points of sale.

SUCCESSFUL CROSS-SELLING

Through the strong distribution network of Parex new groups of craftsmen and DIY customers can be offered a selection of the best Sika products, including high-performing sealants and adhesives. The comprehensive distribution network also makes it possible to establish product innovations more quickly in the market.

Sika is establishing itself as a household brand. The Group is building up its presence with online traders and on e-commerce platforms of major DIY and builders' merchant chains at great speed. Even more people are now getting better access to high-quality products. The strong customer focus is an advantage. Sika knows the needs and questions of users and provides them with precisely the information they require in a customized way.

VIDEO EXPLANATIONS FOR EVERY PRODUCT

Online traders receive illustrative tutorials for all Sika products. This makes it possible to reach new and often younger types of buyers. The user-friendly and popular content is very appreciated by customers – and was the reason why Sika was awarded a renowned e-commerce prize in France.

> 200,000 DISTRIBUTION PARTNERS WORLDWIDE

> 38,000 SHOPS-IN-SHOP LAUNCHED IN CHINA

18 FLAGSHIP STORES OPENED IN CHINA

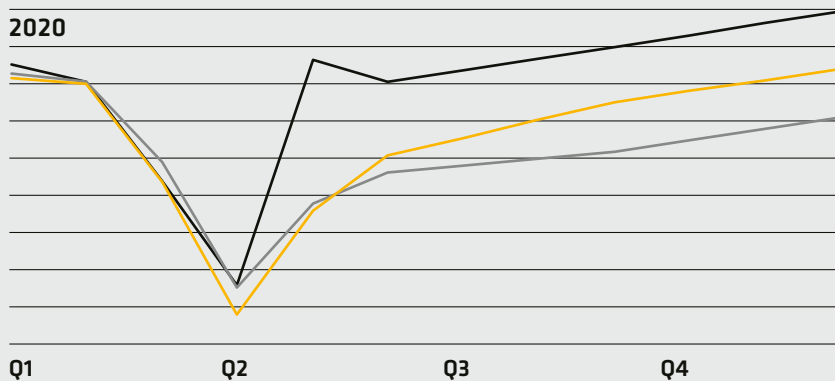
+68% SALES IN E-COMMERCE

10 AMAZON PLATFORMS OFFERING SIKA PRODUCTS

900% INCREASE IN ONLINE SALES IN EMEA REGION SINCE 2017

Resilient distribution business

2020



Sika's distribution business has proved itself to be very resilient. During the lockdown, an increasing number of people wanted to renovate their house or apartment themselves – or commission an expert. When the building supplies stores reopened, sales recorded a dramatic rise. Factors contributing to this success include the broad distribution network and the wide range of Sika products aimed at DIY customers and craftsmen.

— Distribution
— Group Total
— Construction Direct

Sika has customized solutions for every channel

DIRECT SALES



BUILDERS' MERCHANTS



DIY RETAILER



EXAMPLE - WATERPROOFING:



Sika®Waterstops



20 kg

Sikalastic®-1K



5 kg

SikaMonotop®-109 Waterproofing



SikaProof®A-08



25 l

SikaIgoflex®N



5 l

Sikalastic®Kit «Douche à l'italienne»

When it comes to building materials, large construction firms have different needs to tradesmen or private individuals. Sika meets individual needs and deploys developed technologies in a targeted way for every sales channel. When it comes to direct sales, Sika exploits its expertise in waterproofing products that can withstand the greatest pressure and can be used in large-scale projects. At builders' merchants, smaller construction com-

panies and trade customers stock up on smaller volumes and solutions that require less specialist knowledge. At DIY stores, items are sold in even smaller quantities, and the packaging features pictures and explanations that quickly give DIY customers the information they need. Irrespective of the channel, the use of Sika products is always straightforward and efficient. This saves time and increases safety during application.

GROWTH STRATEGY 2023

ACCELERATED AUTOMATION IN THE CONSTRUCTION INDUSTRY

Investors and developers constantly press for shorter construction times. Automation and modular construction are the means used to accelerate construction processes, and this trend has become even more pronounced during the Coronavirus pandemic. As innovation leader, Sika shows the way into the future. The Group covers the entire array of solutions that simplify workflows and save time.

In Singapore, the future of construction has already become reality. Massive cranes raise prefabricated modules high into the skies and place them on top of each other – very much like Lego bricks – to create high-rises. Workers pouring concrete or assembling formwork are nowhere to be found.

The city-state is in the vanguard of modular construction. The government has set the ambitious target of increasing productivity on building sites by up to 40%, in a bid to shorten construc-

tion times and combat the shortage of skilled labor. The industrialization of construction plays a key role here. In order to accelerate this process, the authorities stipulate that the use of prefabricated elements is mandatory on certain plots of land. For these innovative high-rises, Sika supplies products and systems allowing modular construction to make impressive headway in the Southeast Asian metropolis.

Singapore's aim is to achieve greater efficiency, and it is also seeking to mitigate the disruption caused to the population and traffic through construction. The individual elements can be manufactured in factories outside of the city center, which reduces dust and noise emissions in densely populated areas.



The twin towers of Clement Canopy in Singapore soar 140 m into the sky. 1,900 modules joined together make up the 500 apartments which form the supporting structure.

+7% GLOBAL GROWTH IN MODULAR CONSTRUCTION EACH YEAR

TIME SAVINGS OF UP TO 50% ACROSS THE ENTIRE CONSTRUCTION PERIOD



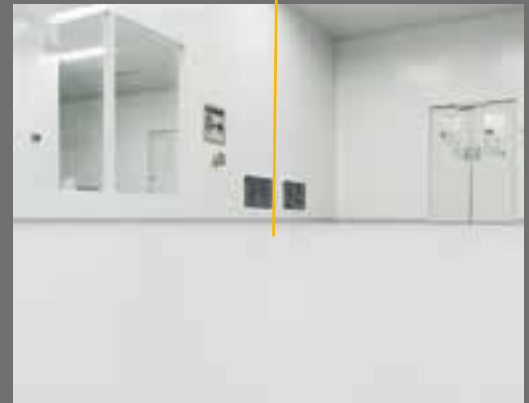
Avenue South Residence is the name of the world's tallest building to see the light of day thanks to modular construction. This high-rise is likewise being built in Singapore. By 2022, the twin towers will reach a height of 192 m and offer scope for more than 1,000 exclusive apartments. Special cranes are in place to lift the up to 30-ton modules into position correctly.

INVESTMENT BOOST FOR DIGITALIZATION

Data centers are the backbone of the digital economy. With the exponential rise of data volumes and the advancement in cloud usage, investment volumes are increasing. This is opening up enormous growth potential for Sika.



- ROOFING
- SEALING & BONDING
- FIRE PROTECTION
- WATERPROOFING
- FLOORING



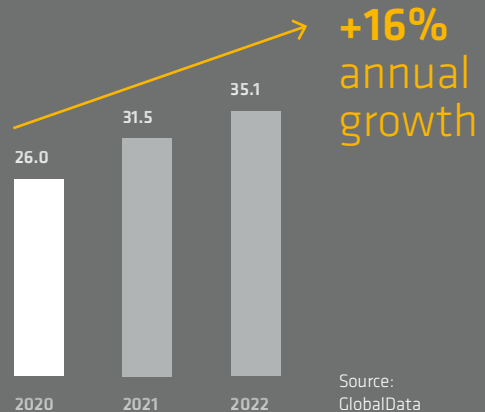
The CyrusOne data center in Allen, Texas, is one of more than 150 data center projects worldwide that use Sika products.

Electrostatic discharge can damage computer systems and other sensitive equipment. Sika has developed flooring solutions that can safely dissipate electrostatic discharge in a controlled manner.

Whether in terms of waterproofing, fire protection, or protection against electrostatic discharge – in data centers, the construction materials used need to satisfy the highest possible requirements. Disruptions have to be eliminated for servers to function properly. And precisely with this in mind, Sika offers a broad range of solutions that comply with the most stringent of security standards. This has allowed the Group to establish successful partnerships with specialist planning firms that make data centers possible for major operators.

Worldwide, companies are investing billions in cloud solutions in order to improve data security and develop e-commerce and home office solutions. Thanks to its presence around the globe, Sika is in an excellent position to harness the potential of this rapidly expanding market. Sika provides both global operators of data centers and firms that operate on a more local basis with high-quality systems and a first-class service. Technologies ranging from foundation to roof improve data center performance and help keep operating costs down.

INVESTMENTS IN DATA CENTERS IN USD BN



SUSTAINABILITY STRATEGY

Sika creates enduring value for both people and the environment. Its sustainability strategy is summed up by the motto “More Value – Less Impact”. The goal is always to increase customer benefits with innovative products, improve human living standards, while at the same time minimizing the use of resources and the burden on the environment. In this way, Sika is laying the foundations for socially responsible and sustainable, profitable growth.

STRATEGIC CO₂ TARGET SUPPORTS THE PARIS CLIMATE AGREEMENT

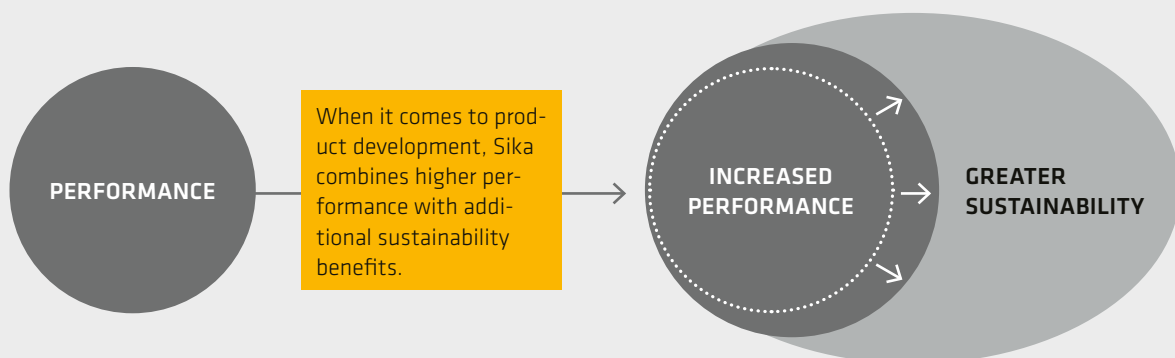
The goal enshrined in the Paris Climate Agreement is to limit global warming to less than 2°C. For this to be achieved, CO₂ emissions need to be cut drastically. Sika is making a long-term commitment to achieving the target set out in the agreement, and is relentless in focusing on the reduction of its own CO₂ emissions.

The Group wants to be CO₂-neutral by 2050. In a first step, the focus is on the reduction of the direct emissions due to its own use of fossil fuels (Scope 1), and indirect emissions through the use of purchased electricity (Scope 2). The Group has set itself

binding interim targets. Greenhouse gases per ton sold are to be reduced by 12% until 2023 and halved by 2030.

Sika has already made impressive progress. Within the last year, CO₂ emissions have been cut by 26% to just 20kg per ton sold. This clearly surpasses the target for 2023. Among other things, the improvements are being achieved by increasing the energy efficiency of production processes and obtaining an increasing proportion of the required energy from renewable resources.

SIKA SOLUTIONS DELIVER GREATER PERFORMANCE AND ARE MORE SUSTAINABLE



Sika has a profound understanding of its customers’ needs. The development of any new solution takes this as its starting point. Research and development are of paramount importance, and Sika plays a pioneering role in this area. Every new product that comes to market must be higher-performing as well as more

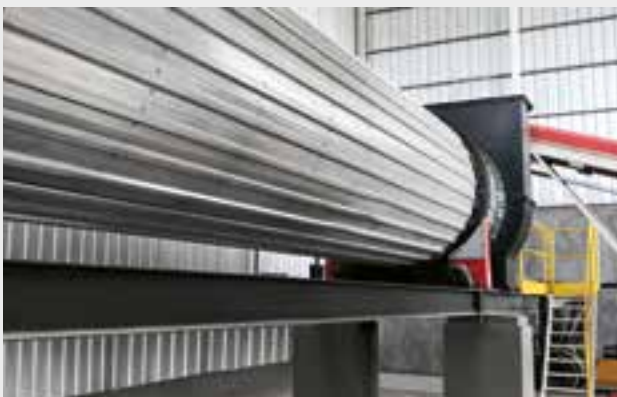
sustainable than its predecessor. Only products with improved characteristics are developed. For example, they deliver greater efficiency when used, lower the volume of required resources, and reduce the environmental impact to a minimum.

ACTIVE CLIMATE PROTECTION: LESS CO₂, LOWER COSTS

Sika has set itself the target of reducing the energy consumption per ton sold by 15% until 2023. In all regions, projects are being implemented to minimize CO₂ emissions while at the same time cutting costs. This has the effect of improving operational efficiency.

REDUCING THE CO₂ FOOTPRINT

The Group is minimizing its need for fossil fuels by taking targeted measures at its locations in 100 countries around the world. This also applies, in particular, to the production of mortar and membranes. The focus is on processes that Sika can control itself. Workflows are being improved, facilities adjusted, and efficiency increased. CO₂-intensive sources of energy are being replaced by natural gas or alternative energy sources with lower CO₂ emissions, and the use of electricity from renewable energy sources is being increased.



SAND DRYERS

Before sand is introduced to the mortar production process, it needs to be dried. The water is extracted in an energy-intensive process involving large drum dryers. In order to reduce the energy consumption, Sika has drawn up guidelines containing specific optimization steps to be implemented throughout the company. By the end of 2021, 20 facilities will have been adapted and the volume of fossil energy used will be reduced by a quarter. Significant improvements will result from the renewal of burners and the minimization of heat waste. In addition, the control system of dryers will be optimized.

-25% energy
-9,500 t CO₂

RENEWABLE ENERGY

Sika is looking to increase the proportion of its required electricity gained from renewable energy sources to the greatest extent possible by 2023. Suitable roof surfaces at its own locations are to be increasingly used to generate solar power, as the potential here is considerable. When attaching solar panels to the roofs of its operating and production buildings, the mounting system Sika® SolarMount-1 is used. This can be easily and efficiently welded with roof membranes, thereby securely fasten the panels to the roof. The system is extremely weather-resistant and also reduces weight, which means that the majority of roof surfaces sealed with roof membranes can be used for the manufacture of solar power.

- 700 t CO₂ per project
- CHF 200,000 per project



PRODUCTION OF ROOF MEMBRANES

A great deal of energy is required to produce waterproofing membranes, particularly in the heating and cooling of materials used in the production process. Energy – and therefore also money – is saved by renovating production facilities and adapting processes. In addition to the minimization of heat waste, the focus lies on energy recovery. This is used to warm up material in advance of production and heat factory buildings – and thereby replacing fossil fuels.

-15% energy
-15,000 t CO₂

SUSTAINABLE SOLUTIONS

We are leading the industry by pioneering a comprehensive portfolio of customer-focused solutions, combining both higher performance and improved sustainability.

TARGET 2023

- All new product developments with “Sustainable Solutions”



CLIMATE PERFORMANCE

We run our business in a responsible way and mitigate climate change and its impacts.

TARGET 2023

- 12% reduction of CO₂ emissions per ton sold



COMMUNITY ENGAGEMENT

We build trust and create value – with customers, communities, and with society.

TARGET 2023

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



MORE VALUE

LESS IMPACT

ENERGY

We manage resources and costs carefully.

TARGET 2023

- 15% less energy consumption per ton sold
- Increase share of electricity from renewable energy sources



WASTE / WATER

We increase material and water efficiency.

TARGET 2023

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



OCCUPATIONAL SAFETY

Sika employees leave the workplace healthy.

TARGET 2023

- 50% less accidents
- 0 fatalities



SUSTAINABLE TARGETS SUCCESSFUL IMPLEMENTATION

In 2020, Sika continued to pursue its sustainability strategy “More Value – Less Impact”. With the help of this framework, the company is seeking to deliver on its promise to create lasting value in a sustainable, environmentally-friendly, and resource-sparing way. In the year under review, Sika developed positively in all areas of its sustainability strategy.

SUSTAINABLE SOLUTIONS

2020

- When it comes to product development, Sika combines higher performance with additional sustainability benefits.

CLIMATE PERFORMANCE

2020

- -26% CO₂ decline in CO₂ emissions per ton sold. The emission of greenhouse gases was reduced significantly to 20kg per ton sold, a reduction of 7kg compared 2019.

COMMUNITY ENGAGEMENT

2020

- 1,119 working days were dedicated to volunteering work, an increase of 178%.
- 183 projects were carried out in and for local communities, 23% more projects than in the prior year.
- 268,581 direct beneficiaries of the Community Engagement Program, 656% more than in the year before.

ENERGY

2020

- -21% lower energy consumption per ton sold. Consumption per ton decreased by 77 MJ to 286 MJ.
- 24% of procured electricity was derived from renewable sources. This was a significant rise on the prior-year figure (15%).

WASTE / WATER

2020

- -12% less waste per ton sold. The volume of waste was reduced to 12.4kg per ton sold.
- 35% of all waste was recycled. This was an improvement on the 2019 figure (34%).
- -35% reduction in water consumed per ton sold. The required amount of water per ton declined to 0.22 m².

OCCUPATIONAL SAFETY

2020

- 8.4 occupational accidents per 1,000 employees, 12% fewer accidents than in the prior year.
- One fatal accident involving a Sika employee, unchanged compared to 2019

COMMUNITY ENGAGEMENT

As a socially responsible company, Sika is committed to helping people and social communities through its community engagement program “Sika Cares”. The focus of the program is on improving the quality of life of children, adults and families in the communities in which the company is active.

WIDE-RANGING IMPACT IN THE DIRECT ENVIRONMENT

Sika's commitment focuses on three areas: education and vocational training, buildings and infrastructure and water and climate protection. The company endeavors to provide intelligent support for projects through the application of company-specific expertise, voluntary work by its employees, and long-term collaboration with partners.

COMMITMENT DURING THE PANDEMIC

As a result of the pandemic, no – or only very few – social projects involving voluntary work could be implemented in many countries in 2020. In order to mitigate this critical situation, Sika has been providing disinfectant and masks to charitable organizations, hospitals, and care homes free of charge all around the world, as well as in some cases helping with the construction of infrastructures, such as test centers with a modular design.

FOCUS AREAS

BUILDINGS AND INFRASTRUCTURE

The health and dynamism of communities also depends on the infrastructure in place for people and the environment. This is where Sika comes in with its expertise and product solutions.

EDUCATION AND VOCATIONAL TRAINING

Investment in good education gives young people the most important tool they need to lead an independent life. Sika works to ensure that disadvantaged children and young people get a genuine chance in life.

WATER AND CLIMATE PROTECTION

Sika employees support projects which link social causes with ecological interests.

Education and vocational training



LIBRARY PROJECT, CHINA

Between 2015 and 2020 the Sika team helped to create reading rooms and corners in 99 schools, donating more than 94,000 books and providing comfortable and safer learning environments for more than 24,000 children. Alone in 2020, direct beneficiaries of this project amounted to 4,082 children and 233 teachers. 27 Sika employees participated at the volunteering scheme with 568 hours of volunteering days in total spent.

Building and infrastructure



ZONA CERO, CHILE

Sika Chile has joined the Zona Cero project of the University of Chile. Due to the COVID-19 pandemic, hospitals in the country were facing an increase of inpatients. The Faculty of Architecture and Urbanism of the University of Chile developed auxiliary building modules that could be easily located outside hospital facilities. The implementation of this modular building design has been made possible due to the expertise of Sika and its technologies.

Water and climate protection



REBUILDING TOGETHER, USA

For more than 10 years, Sika USA has acted as the main sponsor of the Community Service Day that takes place each year during the International Roofing Exposition (IRE), a specialized exhibition for building waterproofing. Each year, the IRE has partnered with the non-profit organization Rebuilding Together to identify people in need in the show's local community and oversee improvement projects. In 2020, Sika supported the IRE Community Service Day in Texas.

Educational and vocational training

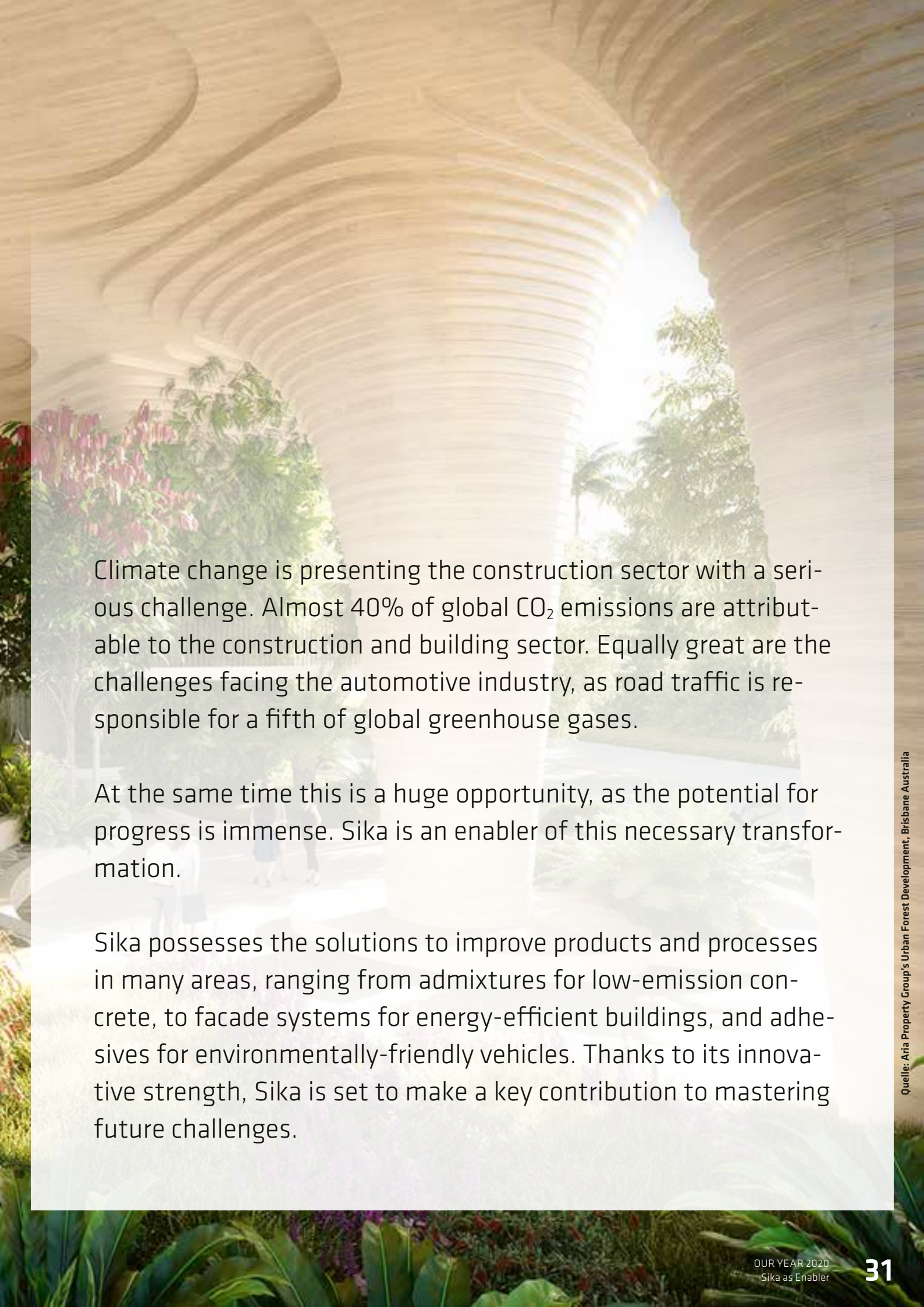


KOVIVE, SWITZERLAND

Sika Switzerland supports the children's charity Kovive, which helps to find a suitable living environment for children and young people who find themselves in challenging life situations. Thanks to Sika's contribution, a total of 235 children and their families received assistance in 2020.



SIKA AS ENABLER



Climate change is presenting the construction sector with a serious challenge. Almost 40% of global CO₂ emissions are attributable to the construction and building sector. Equally great are the challenges facing the automotive industry, as road traffic is responsible for a fifth of global greenhouse gases.

At the same time this is a huge opportunity, as the potential for progress is immense. Sika is an enabler of this necessary transformation.

Sika possesses the solutions to improve products and processes in many areas, ranging from admixtures for low-emission concrete, to facade systems for energy-efficient buildings, and adhesives for environmentally-friendly vehicles. Thanks to its innovative strength, Sika is set to make a key contribution to mastering future challenges.

INNOVATIVE TECHNOLOGIES FOR ECOLOGICAL CHALLENGES

In light of climate change and the scarcity of resources, the construction sector and automotive industry have to make enormous ecological progress. Sika is driving this development. The Group has solutions that allow CO₂ emissions to be cut drastically, energy efficiency to be enhanced, and resources to be used more sparingly.

CLIMATE-FRIENDLY GROWTH

Sika's purpose is clear and ambitious. Future challenges are anticipated and mastered in order to deliver reliable, innovative, sustainable, and long-lasting solutions for the construction and manufacturing industries. Investment bank Goldman Sachs corroborated this claim in a recent report on Sika entitled "The green growth formula", in which its analysts emphasized that the Group has the solutions to facilitate sustainable, climate-friendly growth.

ENORMOUS LEVERAGE

Sika is making a crucial contribution to limiting global warming. The Group's key technologies allow entire industries to reduce their environmental footprint and thereby usher in the necessary process of transformation. Nowhere is this leverage more apparent than in the construction sector. Sika has the expertise and the products to reduce CO₂ emissions in the production of cement and concrete. In addition, there is substantial potential in

"SIKA'S PRODUCTS ARE POSITIONED AS CRITICAL INGREDIENTS TO MEET CLIMATE NEUTRALITY GOALS IN CONSTRUCTION AND IN AUTOMOTIVE."

Goldman Sachs

the automotive sector, where Sika is driving forward solutions for lightweight construction and electromobility.

IMPRESSIVE INNOVATIVE STRENGTH

Sika has been working consistently for many years on innovative, environmentally-friendly solutions, taking research to new levels in close collaboration with its customers. "Sustainability is part of our DNA", emphasizes Frank Höfflin, Chief

Technology Officer. "Already today, 70% of our sales is generated by products that have a positive effect on sustainability." This proportion is set to rise in order to further contribute to the reduction of CO₂ emissions and energy consumption, saving of resources, and increase of safety.

UNIQUE HOLISTIC APPROACH

Sika aligns its goals with sustainability on an ongoing basis. This involves the company thinking well beyond the confines of its own organization. The Paris Climate Agreement commits all protagonists to implementing specific steps to reduce greenhouse gas emissions.

Companies that rely on Sika can therefore make progress in this area, while at the same time fulfilling the growing demands of their own customers for environmentally-friendly products. In this way, Sika is helping sustainable growth to make the breakthrough.

-15%

Reduction of energy consumption with reflecting membranes that make cooling roofs possible.

-10%

The recycling of roof membranes cuts both raw material consumption and CO₂ emissions.

-50%

Thanks to Sika's structural adhesives, automobiles can be constructed with lightweight materials and the body weight can be cut in half.



Extending longevity

Sika's high-quality products ensure that new structures can withstand environmental influences for a long period of time. In the case of existing structures, Sika can extend life cycles thanks to the solutions it provides to repair and renovation projects. Not only does this make commercial sense, it is also a step forward in the area of sustainability, as the resources employed can be used longer and CO₂ levels are reduced.

Protecting health

Sustainable products contribute to human health when they are used on building sites and integrated into buildings in which people work and live. This is one of Sika's overriding priorities. The Group offers a broad spectrum of low-emission, odorless liquid applied membranes, floor coatings, adhesives, and sealants.

Increasing safety

Sika offers solutions that enable the construction and automotive industries to comply with – and in many cases even exceed – the highest safety standards. Highly effective fire protection agents delay the proliferation of heat and smoke in the event of a fire. Structural strengthening makes buildings more resilient as they age or in the event of an earthquake.

-6 bn l water

With concrete admixtures, the amount of water used in the production of concrete can be significantly reduced. The annual saving due to Sika admixtures is equivalent to the amount of water consumed by the population of Zurich over three months.

-65 mn t CO₂

With the reduced cement consumption that is achieved thanks to Sika concrete admixtures and cement additives every year, an equivalent of 65 million tons of CO₂ emissions can be saved. This corresponds to the annual CO₂ emissions of Austria.



SHAPING CLIMATE-FRIENDLY MOBILITY

High-strength adhesives are crucial to lightweight construction and electromobility. They guarantee the rigidity of electric vehicle bodywork and make a significant contribution to reducing the fuel consumption of cars with combustion engines. Sika therefore has the key to decarbonizing road traffic.

SAVING RESOURCES

The global consumption of raw materials is on the rise. In order for future generations to continue to have access to essential resources, Sika is focusing on the circular economy. Even when products are at the development stage, care is taken to ensure that the materials used can be completely recycled at the end of their useful lives.

REDUCING CO₂ FOOTPRINT

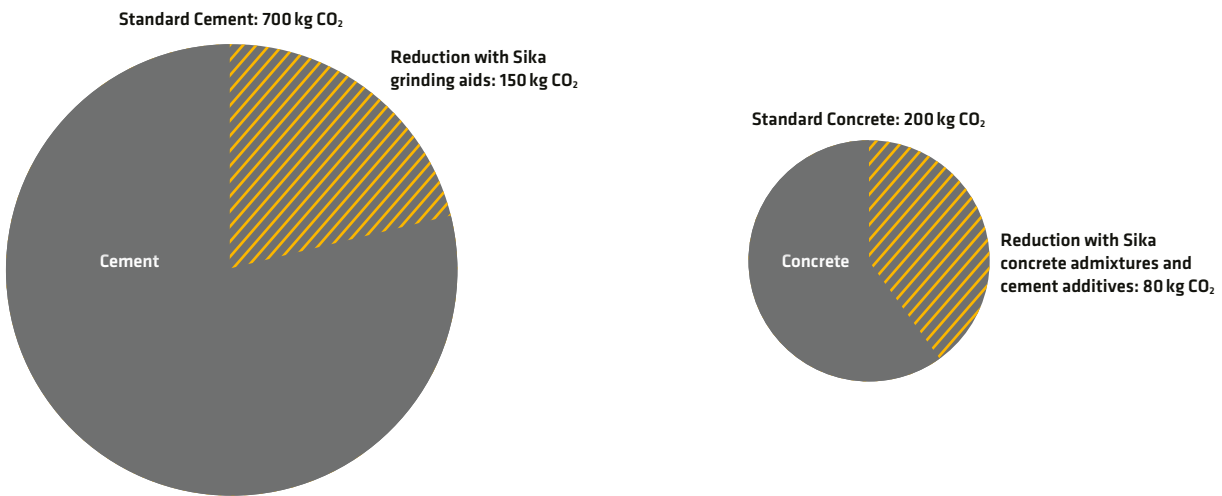
Concrete is the most important construction material in the world. But for each ton produced, up to 200kg of CO₂ are released. Sika possesses the capability to reduce these emissions drastically. Even small amounts of admixtures and additives are sufficient to dramatically reduce the emission of CO₂ in the production of cement, as well as the proportion of cement used in concrete.

SOLUTIONS FOR CO₂ REDUCTION IN THE CONSTRUCTION INDUSTRY

Sika possesses the expertise and the solutions to massively reduce the environmental footprint of cement and concrete manufacture and to achieve significant CO₂ reductions. This enables the entire construction industry to make a decisive step toward climate neutrality.

SIKA HAS THE LEVERAGE TO MASSIVELY REDUCE THE CO₂ EMISSIONS OF CONSTRUCTION MATERIAL PRODUCERS

Directly influenceable emissions (kg of CO₂ per ton produced)



Concrete technology is developing rapidly, thanks above all to innovation in the area of construction chemicals. Chemical admixtures are decisive in the performance and longevity of concrete. How much CO₂ is released during production and how much water is used depends on these admixtures.

A SOLUTION FOR EVERY STAGE

Thanks to 110 years of experience and intensive research conducted over the same amount of time, Sika has the admixtures and additives to make concrete more enduring and at the same time more sustainable at every process stage. This extends to cement production, the curing

of concrete on the building site, and the later recycling process. This expertise is critical in view of the global challenges the construction industry is facing today.

MASSIVE CO₂ REDUCTION

The construction sector is one of the largest producers of CO₂ emissions in the world. The savings potential here is enormous, and Sika is in a position to exploit it. Thanks to admixtures and additives used in small amounts in the cement and concrete production process, greenhouse gas emissions can be cut by up to 40%. This makes Sika a key player in the drive to set the entire construction industry on course to counteract climate change.

“SIKA CEMENT ADDITIVES AND CONCRETE ADMIXTURES CAN SIGNIFICANTLY CONTRIBUTE TO CEMENT AND CONCRETE PRODUCERS ACHIEVING THEIR CLIMATE TARGETS.”

Ondrej Masek
Core Technology Head Concrete Systems

70% OF ALL SIKA PRODUCTS HAVE A POSITIVE SUSTAINABILITY EFFECT

Thanks to Sika, the construction industry can significantly reduce its impact on the climate, reduce the amount of water and sand used, and save other resources.

EFFICIENT CEMENT PRODUCTION

In the cement production process, both the burning of clinker and the grinding of cement are energy-intensive. This is where Sika comes in – with its special grinding aids that facilitate reductions in both energy and CO₂.

CO₂-NEUTRAL ADMIXTURES

Another important element in the reduction of CO₂ is the reduction of the proportion of cement contained in concrete. This is achieved by using alternative binders such as fly ash or slag. Thanks to Sika's cement additives and admixtures, con-

crete can meet the most rigorous performance requirements even with these replacement materials. Sika also facilitates significant savings with its admixtures that increase the strength of concrete. This makes it possible to construct load-bearing structures with less concrete.

EXTENDING LONGEVITY

Structures are sustainable if they can withstand environmental influences for the longest possible amount of time. This is precisely what Sika additives enable them to do. They make for non-porous and completely sealed surfaces, thereby preventing any damaging substances from penetrating and destroying the concrete.

In maintenance work on the Jungfrauoch tunnel in the Swiss Alps – the highest tunneling project in Europe – mortar with a reduced cement content improved the CO₂ footprint.

Public transportation will be significantly expanded with the Réseau Express Métropolitain in Montreal, Canada. The required amount of concrete needed for the project could be reduced thanks to Sika® ViscoCrete®.



40% LESS WATER

Concrete admixtures such as Sika® ViscoCrete® reduce the amount of water required in the manufacture of concrete. The concrete remains flowable, achieves a higher strength when cured, and valuable resources are saved.

-25% CEMENT CONTENT

Thanks to Sika® ViscoCrete® and Sika-Grind®, the cement content of the concrete can be reduced through the introduction of alternative binders. This in turn improves the CO₂ footprint of the construction industry.

UP TO 20% LESS CON- CRETE

High-performing concrete facilitates the manufacture of thinner pillars, walls, and ceilings – which means the volume of concrete is reduced as a result. This crucial benefit from both a climate and a cost standpoint is made possible by Sika® ViscoCrete®.

SAVING RESOURCES WITH INNOVATIVE ROOFING SOLUTIONS

Sika's latest roof membrane technology is extremely durable, and very efficient in application. It minimizes the environmental footprint and meets the highest environmental standards.

The requirements placed on roofing systems are constantly increasing. Air pollution, UV radiation, and increasingly common hailstorms all take their toll on roofs. Only products that are extremely robust and enduring can withstand the intensity

of these environmental influences. Sika's solutions meet exactly these requirements. Thanks to decades of experience, the company is leading in sustainable roofing technologies. With its offering and expertise, Sika meets the increasing expectations on the part of developers. They demand solutions that can be safely, rapidly, and efficiently processed on the building site and at the same time do not burden the environment. Complete Sika systems deliver crucial added value, including product development which, from the start, is geared toward using recycled material.

flexible, resilient, and durable, can be deployed in multifaceted ways as well as in all climates, and saves on raw materials. All processes have been optimized – from production of the raw materials used to energy and water consumption during the production process, and to the recycling of the material at the end of the life cycle.

“OUR LATEST ROOF MEMBRANE IS EVEN MORE HIGH-PERFORMING AND SUSTAINABLE. THIS IS A REQUIREMENT THAT ALL OUR INNOVATIONS MEET!”

PATRICIA HEIDTMAN
Core Technology Head Thermoplastic Systems

SIKA FACILITATES A SIGNIFICANTLY FASTER APPLICATION OF ROOF MEMBRANES.

The roof sheeting can be welded together more quickly, and membranes can be applied to angled surfaces rapidly and easily. And as the material remains flexible even at low temperatures, the membrane can even be applied in winter.

CLOSING MATERIAL CYCLES

Sarnafil® AT, the latest generation of roof membranes, combines the benefits of all Sika's roofing technologies into one. It is



First and only
“Cradle to Cradle Certified™”
membrane

Sika is the first manufacturer of roof membranes in the world to have a product certified according to the Cradle to Cradle Certified™ environmental label, which is based on a circular economy. The criteria met by Sarnafil® AT encompass the entire life cycle, including both health and social aspects.



The Rogers Centre in Toronto, which was completed in 1989, was the first building in the world to have a retractable roof. No less than 41,000 m² of Sika Sarnafil membranes were used in its construction. All of this material was recycled when the building was renovated 30 years later, and the roof was once again sealed with a Sika Sarnafil system.

The recycling of roof membranes saves resources and reduces the burden on the climate.

Since 15 years already, Sika has successfully run its roof recycling program in North America. Sika roof membranes are retrieved and reprocessed at the end of their life cycles and used to manufacture new membranes. Until now, more than 36,000 tons of raw materials have been saved

thanks to this program, and the CO₂ footprint has been reduced. Another recycling loop is the reuse of scrap material from the production process in the fabrication of new products. Due to the high recycling

SIKA RECEIVED THE VINYL RECYCLING AWARD FOR THIS PROGRAM IN 2020.

proportion, Sika's new roof membranes also meet the most rigorous requirements of the LEED seal of quality, which stands for sustainable construction worldwide.

> 30 YEARS

Sika roofing systems offer an above-average life cycle.

-36,000 t

Significant quantities of raw materials are saved and production costs are cut.

-10% CO₂

The recycling of roof membranes contributes to climate protection.

Used roof membranes are retrieved and processed into granular material. The recycled material then flows into the production of new roofing materials.



SUSTAINABLE BUILDINGS FROM BASEMENT TO ROOF

Investors and owners want buildings that release fewer CO₂ emissions and save on valuable resources. The process of renovation projects is being accelerated by government regulations and subsidy programs. Sika has system solutions for the entire building envelope that significantly reduce energy consumption and make structures sustainable.

WHERE HEAT ESCAPES

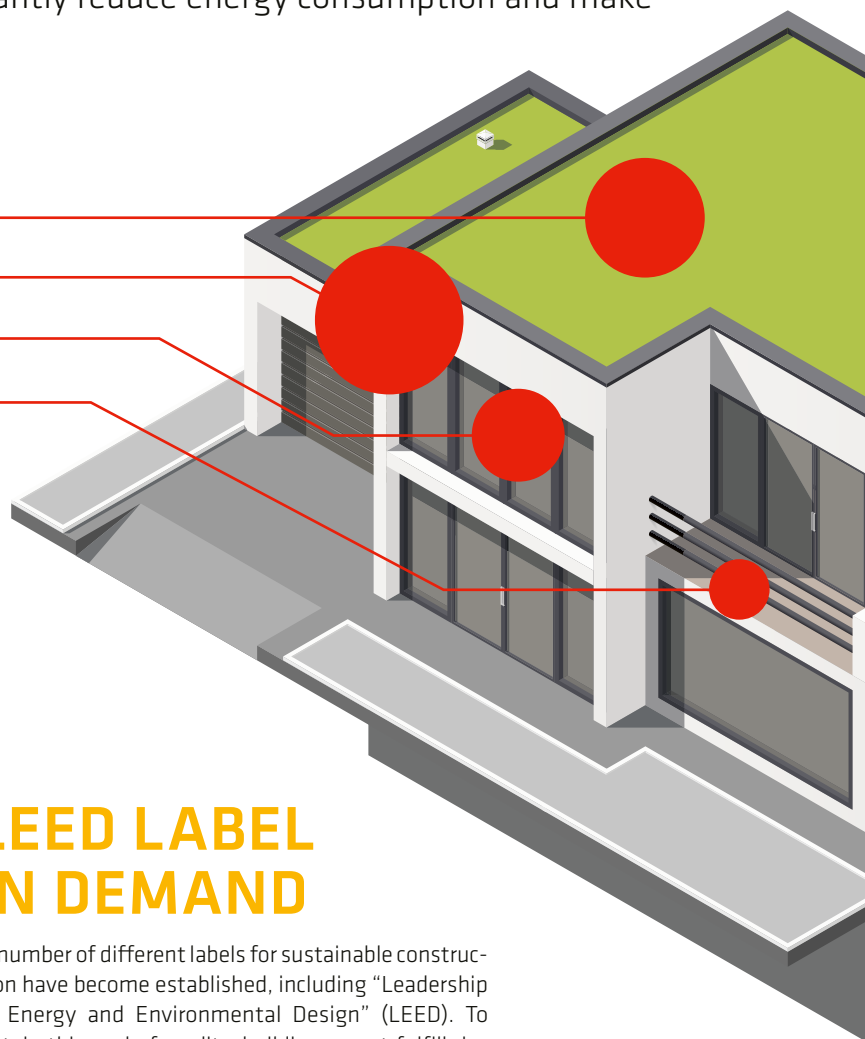
26% Roof

33% Walls

21% Windows & Doors

8% Floor

12% Ventilation



EU GREEN DEAL

The EU's goal is to emit no greenhouse gases at all on a net basis by 2050. In order to achieve the EU Green Deal target, the energy efficiency of buildings will have to be improved massively. The process of renovation is being accelerated by binding standards and subsidy funds from the EUR 750 billion coronavirus recovery plan. This opens up considerable potential for Sika.

LEED LABEL IN DEMAND

A number of different labels for sustainable construction have become established, including "Leadership in Energy and Environmental Design" (LEED). To obtain this seal of quality, buildings must fulfill rigorous requirements in terms of water and energy consumption, the use of materials, and interior space quality. For an increasing number of investors a LEED certification is a must. Sika has the products that enable buildings to achieve these certifications, thereby protecting the climate and saving on resources.

Buildings make a significant contribution to global warming. In order to achieve its climate target, the EU is seeking to double the proportion of buildings renovated every year to 2%. At the same time, minimum standards are being laid down for minimizing heat loss.

Sika is outstandingly positioned to achieve these objectives and ensure that buildings are modernized rapidly and durably. From the waterproofing of below-ground floors to energy-efficient roof systems, Sika has the complete and high-quality solutions to improve the sustainability of buildings.

SIKA HAS THE EXPERTISE AND THE SYSTEMS TO ENSURE THAT BUILDINGS FULFILL INCREASINGLY RIGOROUS REQUIREMENTS WHEN IT COMES TO ENERGY EFFICIENCY AND LIVING QUALITY.

The various products used are carefully aligned with one another in every part of the building. Mortar, thermal insulation, adhesives, sealants, and waterproofing materials provide complete solutions for facades, while membranes, heat-insulating materials, adhesives, and sealants do the same for roofs. These holistic systems make Sika unique. They ensure that existing buildings can rapidly be made sustainable.

75%

of buildings in Europe are not energy-efficient

Approx. 35%

heat loss reduction thanks to Sika solutions



SIKA SOLUTIONS FOR SUSTAINABLE BUILDINGS

Roofing Systems

Sika roofing solutions minimize the loss of heat and prevent water penetration. These include thermal insulating materials, membranes, as well as sealants and adhesives.

Facades

Sika thermal insulation systems for facades improve the energy efficiency of buildings.

Windows & Doors

Sustainable sealing of windows and doors with Sika adhesives and sealants improve the energy balance of buildings. Products for mounting insulating glass elements are part of the product range.

Flooring

Sika flooring solutions are based on epoxy resin and cementitious systems. They meet the highest health, safety, and environmental regulations.

Interior Finishing

With sealants and cement-reduced, low-CO2 tile adhesives, Sika offers innovative solutions for sustainable interior finishing.

Waterproofing

Sika waterproofing systems provide comprehensive and long-lasting protection for below ground structures of buildings. The high-quality solutions range from membrane systems and waterstops to injection agents and resins.

35 MN

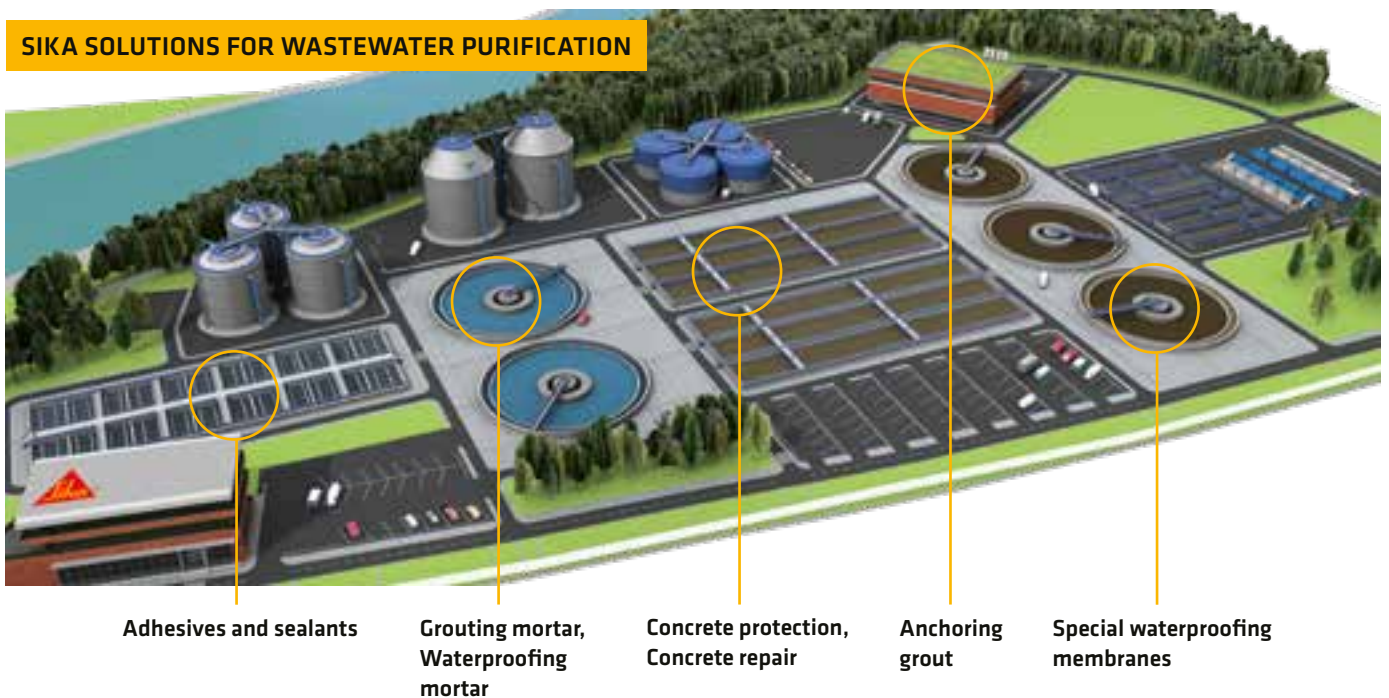
buildings in the EU are to be renovated by 2030

> CHF 500 MN

is the volume of additional revenues that Sika can achieve thanks to the EU's Green Deal

CLEAN WATER FOR MILLIONS OF PEOPLE

Clean water is one of the most critical resources in life. But supplying drinking water to a globally growing population is also one of the greatest challenges. The demand for drinking water and wastewater treatment facilities is increasing rapidly. Sika has innovative solutions to protect the water quality in these facilities – for new construction and maintenance. In this way, Sika is helping to master the challenge of the future.



Proportion of population connected to a sewage system

80-100%

IN INDUSTRIALIZED NATIONS

Ø 35%

IN EMERGING MARKETS

PROTECTING HEALTH AND THE ENVIRONMENT

Only 20% of wastewater around the world is currently purified and treated. In emerging markets, the need for improvement in this area remains considerable, even though investment in the construction of wastewater treatment plants is on the rise. In the industrialized nations, the required wastewater infrastructure is largely in place. The principal task here is maintenance along with the renovation of older facilities.



The Durban Heights Reservoir 3, South Africa, supplies drinking water to more than half a million people. The concrete structure, which dates back to 1971, was renovated with a whole array of Sika solutions.

Drinking water facilities have to meet the very highest requirements. In order to ensure impeccable water quality, the surfaces that come into contact with water must be completely sealed. At the same time, the cleaning process should involve a minimum of work. Sika meets these needs with high-performance products for cementitious coatings, polymer-modified mortar, and waterproofing membranes.

WATER SUPPLY FACILITIES ARE EXPOSED TO EXTREME STRAIN. MAINTENANCE IS CRITICAL IF THEY ARE TO FULFILL THEIR FUNCTION AT ALL TIMES.

The water that flows through sewage pipes before being purified in clarifiers is often extremely acidic. The aggressive substances and mechanical load attack and stress the facilities. Concrete structures have to be reviewed on a regular basis, and renovated wherever necessary. Sika has the solutions to give concrete lasting protection against these forces. This in turn facilitates longer renovation cycles and increases the useful life of the facility.



In Guayaquil, Ecuador, Sika is currently supplying products for a new wastewater treatment plant. One million apartments will be connected to the corresponding sewage system.

The purification facility clarifiers for the Swiss town of Chur, which are protected with Sika solutions, have the world's first folding solar roof. Sika made this sustainable concept possible with its fast-curing adhesive and sealant.



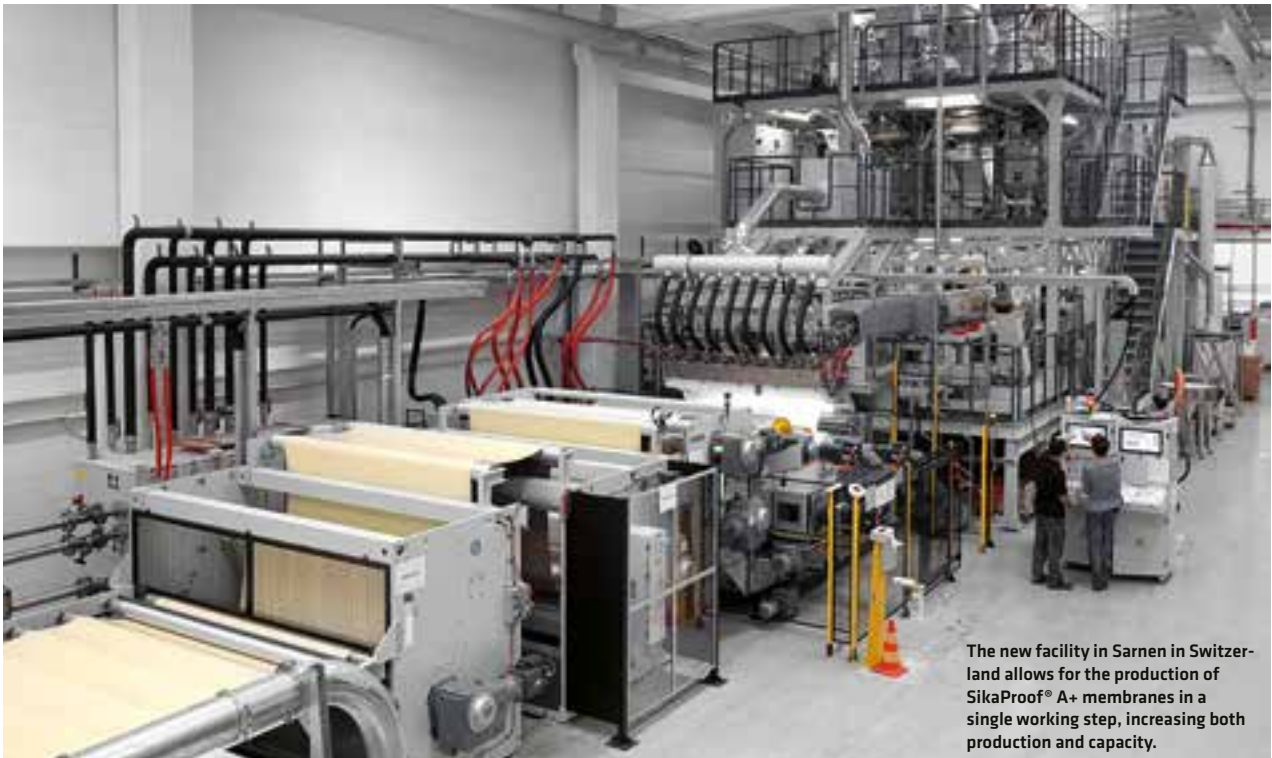
> 100 PROJECTS IN 20 YEARS

Sika is making a key contribution to securing the very high level of water supply quality in Switzerland and making the adjustments for ever-increasing needs. The most rigorous regulations in place for ensuring water quality are also met in the renovation of existing buildings and the construction of new facilities.

FOR THE NEXT 100 YEARS

Ensuring a secure drinking water supply is a task that stretches across generations. Sika has the necessary solutions for the reliable and responsible treatment and storage of water. The Group is therefore working to provide a growing global population with access to clean drinking water in the future too.

WATERPROOFING TIME-SAVING AND SUSTAINABLE TECHNOLOGY



The new facility in Sarnen in Switzerland allows for the production of SikaProof® A+ membranes in a single working step, increasing both production and capacity.

Rising land prices mean that sites have to be optimally used. For this reason, inner-city buildings are growing not just upward, but also down into the ground. This is increasing the need to seal foundations and underground floors against moisture and dampness. Sika has developed a new waterproofing membrane specifically for this rapidly growing market. It can be applied more easily, and thereby contributes to increased efficiency in building projects.

SPEEDING UP UNDERGROUND WORK

Construction below ground is becoming more common in major cities. Foundations are increasingly being sunk beyond groundwater level, with the space gained being used not just for underground garages, but also for offices, shops, as well as leisure and sporting facilities. In addition,

developers are insisting on ever swifter and more cost-efficient construction. Sika has the perfect solution for these requirements with SikaProof® A+. The latest generation of fresh concrete bonded membranes offers maximum protection against moisture. It can be applied both before the concreting process, and

afterward to freshly molded concrete surfaces. This reduces the coordination workload and significantly accelerates construction site processes. The ease with which membranes can be applied also helps to manage the shortage of skilled labor.

-20%

The SikaProof A+ membrane results in significant time savings. It can be applied to concrete walls retrospectively, therefore eliminating the need for time-consuming application at the concrete framework stage.

6 MN M²

The additional production capacity at the new facility in Sarnen makes it possible to satisfy rapidly growing demand for the innovative SikaProof A+ membrane. No other segment in the market for waterproofing systems is growing more rapidly than that for fresh concrete bonded membranes.

+24%

The annual sales of SikaProof® A and A+ have been growing at double-digit percentage rates since 2017. The innovative membranes produced by Sika are highly demanded in the drive to seal foundations and underground floors efficiently against moisture.



To the north of Doha, Qatar, a new city district that will be home to 450,000 people is springing up in the form of Lusail City. Its beating economic heart will be Commercial Boulevard.

COMMERCIAL BOULEVARD IN QATAR

is 1.8 km long, making it the largest shopping street in the Persian Gulf. Sika has supplied this waterproofing solution to 18 buildings in this complex. Some of the buildings extend to three stories underground.

BENEFITS

- Shorter construction time
- Ease of application
- Cost savings for developers
- Extremely robust, long-lasting waterproofing

180,000 M²

of SikaProof® A+ was used in the construction of Commercial Boulevard.

2/3 MORE RAPID

The application of the new sealing membrane saves a considerable amount of time.

“OUR NEW WATER-PROOFING MEMBRANES CAN ALSO BE APPLIED TO WALLS AFTER THE CONCRETING PROCESS. THIS ACCELERATES THE CONSTRUCTION PROCESS AND OPENS UP NEW GROWTH POTENTIAL FOR US.”

Philipp Irrniger
Corporate Target Market Manager
Waterproofing



ELECTRO-MOBILITY MADE SAFER

The capacity of battery cells determines both the performance and range of electric vehicles. Passenger safety also depends on the reliability of these batteries. Sika's innovative solutions enable the automotive industry to produce efficient and safe batteries. And Sika's fire protection technology is the industry benchmark.



“BATTERIES OF ELECTRIC VEHICLES RARELY CATCH FIRE. BUT IF THEY DO, SIKA FIRE PROTECTION SOLUTIONS DELAY THE SPREAD. THIS GIVES PASSENGERS ENOUGH TIME TO GET OUT OF THE VEHICLE SAFELY.”

Nicolas Morel,
Business Development Manager
E-Mobility

EXCEED THE STANDARD WITH SIKA

China is the first country to have issued binding fire protection standards for battery casings. Sikagard® fire protection coating helps customers not only to meet but to exceed the standard.

The batteries of electric vehicles are attaining ever higher performance levels. At the same time, the requirements in terms of heat management and fire protection are increasing.

Sika's fire protection coating for battery casings can be easily and efficiently applied, and offers the highest level of safety.





The flame of a Bunsen burner is directed at two identical aluminum plates. The left plate is untreated, the right one is coated with Sikagard®. After 15 seconds, the untreated plate starts to melt in places which would have the potential to start a fire in the vehicle. By contrast, on the right-hand plate treated with Sikagard®, an insulating protective layer is formed. It holds the heat off for at least 30 minutes. In a serious situation, this would give the passengers valuable time to exit the vehicle.

Sikagard® provides highest protection

In the event of a fire, Sikagard® acts as a protective shield. The millimeter-thick fire protection coating applied adheres immediately. The work requires just a few seconds, which facilitates an efficient production process. What's more, Sikagard® is significantly lighter than other fire protection agents, which helps to reduce weight of the battery.

If heat builds up in a battery because the cells are generating a lot of power or are being charged rapidly, a fire can break out. The same is true if a battery is damaged in an accident. Effective fire protection is therefore hugely important.

Together with Chinese bus manufacturers, Sika developed an efficient lightweight solution for delaying the spread of fire and toxic smokes in battery packs for as long as possible, thereby making electric buses safer. Since 2017, with the large increase of EV builds, the Sikagard® intumescent coatings have been used in Chinese produced electric cars. Their performance exceeds China's regulatory requirements for battery casings.

THANKS TO PROGRESS IN BATTERY TECHNOLOGY, ELECTRO-MOBILITY IS DEVELOPING FURTHER.

EFFECTIVE HEAT MANAGEMENT

Electric vehicle manufacturers all around the world are now adopting these rigorous fire protection provisions. It is the first time that China has led the way in security requirements for the automotive industry. Thanks to the fire protection technology developed by Sika, the very highest safety standards are now being put in place throughout the automotive sector. The

global increase in the production of electric vehicles is opening up considerable market potential for Sika. Thanks to Sikagard®, vehicle manufacturers can be sure of meeting security requirements in all markets.

THE SIKA PRODUCT RANGE FOR BATTERY COMPONENTS GUARANTEES THE HIGHEST LEVEL OF SAFETY AND IMPROVES THE PERFORMANCE OF BATTERY SYSTEMS.

Modern battery systems are constructed in such a way so as to avoid a fire in the first place. On the one hand, this is achieved through effective heat management. This involves the heat produced being rapidly routed to an external cooling system. On the other hand, battery modules have to be assembled in an extremely stable way in order to avoid being damaged in the event of an accident. Sika covers both these requirements with structural adhesives and gap fillers that exhibit outstanding thermal conductivity capabilities while at the same time increasing battery module stiffness.

WITH Sikagard® WIDELY USED IN BATTERY PROTECTION IN CHINA, THE SUCCESSFUL SYSTEM IS NOW ALSO IN DEMAND AMONG EUROPEAN AND AMERICAN OEMS.

30 MINUTES is the time the battery case of an electric bus must remain intact in case of a fire.

700° C is the temperature the battery case needs to withstand if battery cells in an electric vehicle catch fire.

UP TO 1,000° C is the temperature aluminum surfaces coated with Sikagard® can withstand, 300°C higher than required.

MORE EFFECTIVE AND SUSTAINABLE SEALING

Sika has taken the development of polyurethane technology a major step forward. The innovation launched under the Purform® brand offers significant advantages in terms of performance and durability, which makes construction processes more efficient and shortens construction periods.

Adhesives and sealants manufactured on the basis of polyurethane are widely used in construction and industry. Depending on the individual product used, after curing they are either extremely strong or elastic and durable. This makes them indispensable in the building sector and vehicle industry. These adhesives and sealants can only be used at or above temperatures of 5°C, however. At lower temperatures, the curing process is much slower.

Purform® SHORTENS CONSTRUCTION PERIODS AND IS MORE SUSTAINABLE.

This is where Purform® offers significant advantages. Sikaflex®-1a Arctic, a sealant that already uses the new technology, can be applied at low temperatures, meaning

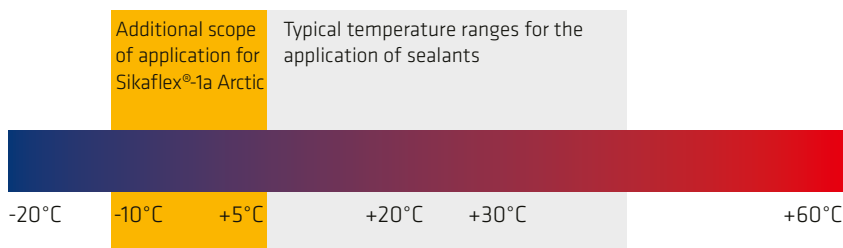
that work on building sites can continue uninterrupted. With Purform®, only those polyurethane molecules with outstanding properties are used. This improves performance and durability, thereby enhancing the sustainability profile. The new technology simplifies surface preparation, improves adhesive properties, and makes stress cracking-free bonding of plastics possible. That makes application even more efficient. At the same time, the most stringent work safety requirements are satisfied.

- Extremely easy to apply
- Fast curing
- Very resistant to weather and UV light exposure
- More durable and more sustainable
- Maximum protection for users

ENHANCED SAFETY

The new polyurethane technology has an ultra-low monomer content. This means that the Purform® technology already satisfies the requirements in terms of the maximum occupational exposure limits (OELs) for chemical substances and the strict REACH regulations that will apply in the EU from 2023 and are designed to enhance health safeguards, as well as future more stringent OELs.

BONDING AND SEALING EVEN IN MINUS TEMPERATURES



DOWN TO -10°C

is the temperature where Sikaflex®-1a Arctic can be used thanks to Purform®

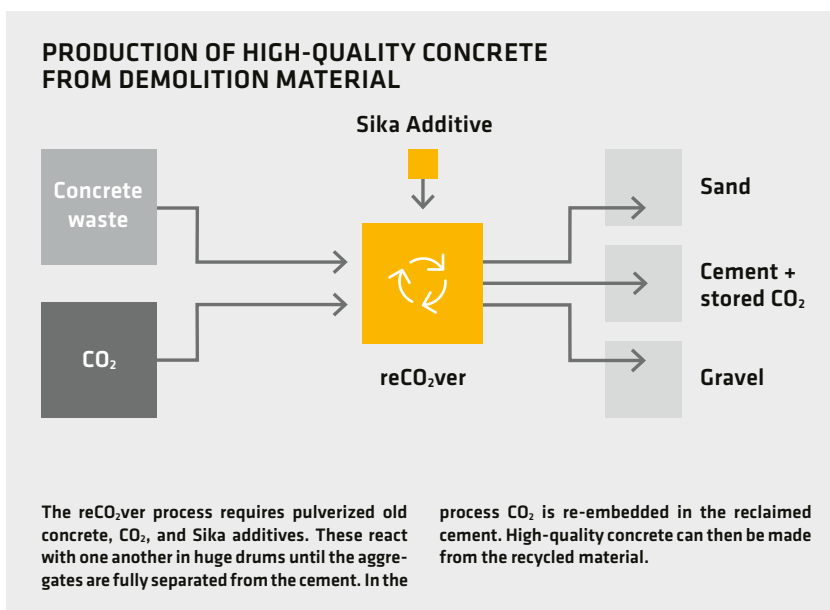
LONGER USAGE PERIODS

+3 MONTHS
Boston
New York
Chicago

+4 MONTHS
Detroit
Toronto

+5 MONTHS
Minneapolis
Montreal

CONCRETE RECYCLING ALL SOLUTIONS FOR LOWER CO₂ CONCRETE



“THE NEW SOLUTION FOR CONCRETE RECYCLING ENSURES TO ADDITIONALLY LOWER THE CO₂ CONTENT OF CONCRETE. THAT HELPS THE CLIMATE AND CONSERVES SCARCE RESOURCES LIKE SAND AND GRAVEL.”

Frank Höfflin
Chief Technology Officer

Sika has a wide range of solutions to reduce the CO₂ content of concrete. A new recycling process for used concrete completes the portfolio. It allows the construction material components to be completely separated. This can further reduce the environmental footprint of building structures.

To date, only limited quantities of old concrete are being recycled, because it is difficult to completely separate the various components of concrete. Sika has developed a pioneering procedure that enables rubble to be 100% separated. This is being

realized on a commercial scale with major construction industry partners. As a result, valuable sand, gravel, and cement-like powder are being reclaimed, which can then be used to make concrete of exceptional rigidity. This results in an enormous

potential for Sika admixtures used in the recycling process and in the subsequent production of concrete.

ALL

components of old concrete can be recycled in the Sika process.

50%

is the minimum portion of recycled concrete that must be used in public structures in Switzerland.

50 KG OF CO₂

are bound up in one ton of old concrete treated in the reCO₂ver process.

CLOSE TO THE CUSTOMER

SIKA CORPORATE - TEAM THERMOPLASTICS

With the meeting tools Sika has in place, we were able to communicate and cooperate very efficiently and have grown closer together as a global team. Even if we are physically located in different parts of the world, we connected more frequently and took advantage of the simplicity and efficiency of virtual meetings.

MAERSK



SIKA EMPLOYEES THE KEY TO SUCCESS

A high customer focus and above-average commitment form the core of Sika's corporate values, which employees live every day at work. Their engagement contributed significantly to the Group's resilience during the COVID-19 pandemic. In this challenging environment, communication with customers was further intensified. Within the framework of the community engagement program, more social projects were implemented, and the number of people benefiting increased once again.



SIKA TEAM DISTRIBUTION GLOBAL

Close cooperation between Sika countries and the Corporate team is essential to be able to share our strategy and action plans, and discuss their implementation. We replaced business trips with regular virtual

meetings and online conferences, and tried to keep the social aspect of meeting in person alive. These connections are the key to a successful strategy implementation.



SIKA CHILE - TEAM INFRASTRUCTURE
 Even in challenging economic times, the investments in infrastructure projects and their on-time completion is of great importance. We supported customers in all aspects, whether on-site, with online presentations, or virtual meetings. The whole team adapted quickly in order to keep the projects on schedule.

TEAM SIKA ALGERIA

We took immediate measures to ensure the health and safety of our employees and partners – but also to serve our customers in the best possible way. With a strong team spirit, we found innovative ways to keep and build our customer relationships.

SIKA PERU - TECHNICAL SUPPORT TEAM

We continue to support our customers with training and advice on-site. Our technical support team regularly visit the “Mejoramiento de la Vía Oyón-Aambo” project, which will enhance the safety and durability of a main road connection in central Peru as well as reduce maintenance costs. The improvement will positively impact more than 140,000 people from three cities.



SIKA CHINA - PROJECT TEAM

Sika provided a comprehensive range of solutions for Suzhou Second Workers' Cultural Palace from floor to roof, and from the external structure to interior finishing. By coordinating sales from many Target Markets and with the full support of operations, we overcame the difficulties caused by COVID-19, and ensured that the project was completed on schedule.



**SIKA COLOMBIA –
CROSS-REGIONAL TEAM SALES**

Working from their home office, our sales teams from different regions attended the Sika® CarboDur® training to learn more about Sika's reinforcement systems and to coordinate their marketing and sales approach related to repair and refurbishment projects in Colombia. We strive to learn from each other and stay connected.



SIKA CROATIA – TEAM ZAGREB AREA

In these unpredictable times, our way of doing business has suddenly changed significantly. The motivation for and dedication to our work has become even greater. Whether we work from home or after office hours is irrelevant when everyone is giving their best – for the team and for our customers.

**SIKA GERMANY –
LOGISTICS TEAM IN ROSENDAHL**

“We hold the fort for you.” That is our motto in production, logistics, and R&D. Our work cannot be relocated to a home office, but we are continuing our activities with a high level of dedication. Communication with our colleagues from sales is excellent, which allows us to serve our customers reliably and ensure on-time deliveries.





SIKA THAILAND – TEAM SALES AND CUSTOMER

Our commitment to Sika's 'Customer First' core value reinforced our relationship with key customers and ensured continued success. We engaged and communicated more frequently throughout the pandemic and were able to offer on-site consultation to our customers and business partners.



SIKA SOUTH AFRICA – PROJECT TEAM DURBAN HEIGHTS 3

Adapting swiftly to one of the most challenging years yet has brought every department together collectively to ensure every requirement of our customers is met. An illustration of this was on a large-scale refurbishment project, Durban Heights Reservoir 3, where close collaboration among our teams and with our customer allowed the project to be completed on time despite lockdown restrictions.



SIKA TURKEY – TEAM WAREHOUSE / LOGISTICS

One of the most important features in difficult times is to “be there” whenever needed. The trust we have built with our business partners over the past years proved valuable during COVID-19. It was a challenge to provide products amid the global pandemic that affected the entire supply chain. But as a team, we proved once again that we stand by our customers and partners; we give our very best every day and “build trust”.

SIKA RUSSIA – SALES TEAM

It is of great importance to us to stay close to our customers and their needs while following the local guidelines that are in place. For example, we supplied a railway bridge project that is essential for the public transportation network in a major city with our waterproofing systems. We are there to advise on-site or remotely, at all times and all year round.





SIKA CHILE - TEAM DISTRIBUTION
 The integration of the Parex business into Sika ran successfully and smoothly. We are working closely together in the newly combined teams and focusing on joint product promotions at distributor locations. Furthermore, we are concentrating on brand integration to expand the Sika product family with the acquired product portfolio.

SIKA CAMBODIA - COMMUNITY ENGAGEMENT TEAM

Each Sika subsidiary is also part of a community, and during a pandemic it is all the more important to help those in need. We donated repair products, food, and office supply material to contribute to the education of more than 60 orphaned children.



SIKA ARGENTINA - PRODUCT SPECIALIST TEAM

To stay close to our customers, we created an online applicator community, with access to news, trainings, trends, and tutorials. We provided several online trainings on the application of our products and systems. Of course, we also focused on showing the combined systems of the acquired Reveal range, as well as Sika solutions such as the multi-purpose adhesive and sealant Sikaflex 11 FC.



SIKA UK – TEAM ROOFING

We met regularly in online team meetings to keep each other up to speed and in the loop with ongoing projects. We coordinated and aligned all sales and marketing activities to effectively organize online trainings for our customers.

SIKA MOROCCO – TEAM PRODUCTION

All teams work with the highest level of motivation and are determined to provide the best possible customer service. This includes reliable production and supply, being available when needed, and working closely together with all other teams to achieve the best possible results.



SIKA KENYA – TEAM SALES AND CUSTOMER

Upper Hill Chambers is a commercial building with 26 floors, where we provided product solutions for the parking area and the facade. Our sales team worked closely with the customer and visited the construction site multiple times to ensure the best possible anti-slip surface in the parking area and the most suitable weather resistant sealant for the facade installation.



TEAM SIKA EGYPT

Sika Egypt has been pioneering the digitalization of sales in our market. Already a few years ago we decided to reach out in this way to customers across the country. The pandemic has forced us to adapt even more quickly in how we communicate and interact digitally. We saw this as an opportunity, invested in new technology, and focused on digital projects. Our technical sales team was able to keep acquiring customers while – most importantly – we communicated safely.

COMMUNITY ENGAGEMENT TEAM – SIKA SOUTH AFRICA

A total of 43 different Sika products were delivered to eight schools in Durban. Each of these schools were in the middle of renovations or in the initial phase of building a new structure. Our Sika product donation was the ideal support and we are proud to contribute to enjoyable and motivating learning environments in the Durban community.



SIKA COLOMBIA – TEAM PRODUCTION

There was a severe shortage of various raw materials during the lockdown. Nevertheless, we are proud to report a production record at our Tocancipá site during this time. This result was only possible due to great efforts from all the teams and ultimately allowed us to supply our customers without interruption.



SIKA BRAZIL – PROJECT TEAM TAMOIOS HIGHWAY WITH CUSTOMER

This highway is one of many major infrastructure projects in Brazil. The specific terrain and geographical circumstances called for very detailed and in-depth understanding of the technical requirements for this project. In close collaboration with the customer and all teams involved, an extensive solution was established, and the completion of the highway is on schedule.

TEAM SIKI POLAND

Despite the challenging times, we succeeded in staying close to our customers. We arranged live demonstrations of our products and on a weekly basis held a webinar where contractors and applicators were able to ask questions “live”. These initiatives were well received and helped us to expand our brand awareness.



SIKA NORTH AMERICA – LEADERSHIP PROGRAM

With the constant change in our working environment due to COVID-19, the continued training of employees is more important than ever. Training and development of personal and professional skills is

crucial. With intensified internal online trainings, we help our employees to develop the skills they need and to ensure they stay close to our customers no matter the circumstances.



SIKA FRANCE - TEAM E-COMMERCE WITH CUSTOMER

During the first lockdown we quickly realized the need to adapt online campaigns to provide the best customer experience. We developed a great partnership with one of our e-commerce key accounts to make sure we are meeting customers' expectations in the online world.

SIKA USA - TEAM STRUCTURAL STRENGTHENING

When faced with the COVID-19 pandemic, the structural strengthening team pivoted their in-person training programs to a remote format and online training tool. The Fiber Reinforced Polymer (FRP) composite training session had over 230 attendees and allowed Sika to stay engaged with contractors that apply our products.



SIKA PANAMA - TEAM PRODUCTION / WAREHOUSE

We are a diverse team, with employees from many countries with different levels of experience. This is part of our culture and makes us stronger and more resilient than ever. Our team believes in teamwork to grow further, especially during these challenging times.



TEAM SIKA NETHERLANDS

With the COVID-19 pandemic, the team immediately took action to find new ways to stay in close contact with existing customers and gain new ones. Through social media channels we provided our customers with answers by messaging and sharing pictures and videos. We also offered several webinars and trainings for architects, engineers, and contractors.



SIKA USA - TEAM AUTOMOTIVE

We created a superior product which allowed an automobile manufacturer to consolidate three specifications into one. Furthermore, our production facility had qualified and ramped up production systems to satisfy the very high-volume requirements. This was followed by a rigorous “stress durability” testing program. Our team successfully conducted thousands of coupon test samples, which now allows the product to be further domesticated in both Europe and China to support the global initiative programs and platforms of our customer. With this comprehensive support, we built a strong relationship between us and our customer.

COMMUNITY ENGAGEMENT TEAM - SIKA BRAZIL

Our production team produced hand sanitizer to donate to the city of Osasco. The mayor of Osasco and his team distributed the hand sanitizers to healthcare centers and intensive care units that were specifically set up for COVID-19 patients. We were glad to contribute and help the community around us in these challenging times.



Resilience in times of crisis

The experienced team of nine Group Management members, has defined targeted measures to minimize the impact of the COVID-19 pandemic on the organization and enable business operations to continue at a high level. Their top priority is the safety of employees, customers, and suppliers. Crises can also be used as times of opportunity, however. This is reflected, for example, in the substantial expansion of the distribution business, which has seen double-digit growth rates.



IVO SCHÄDLER
EMEA
With Sika for 24 years in Switzerland
and Great Britain

MIKE CAMPION
Asien/Pazifik
With Sika for 23 years in
Asia and the USA

FRANK HÖFFLIN
Technology (CTO)
With Sika for 18 years in
Switzerland and the USA

RAFFAELLA MARZI
Human Resources & Compliance
With Sika for 7 years in
Switzerland and Italy

ADRIAN WIDMER
CFO
With Sika for 14 years in
Switzerland



PHILIPPE JOST
Construction
With Sika for 24 years in
Switzerland and the USA

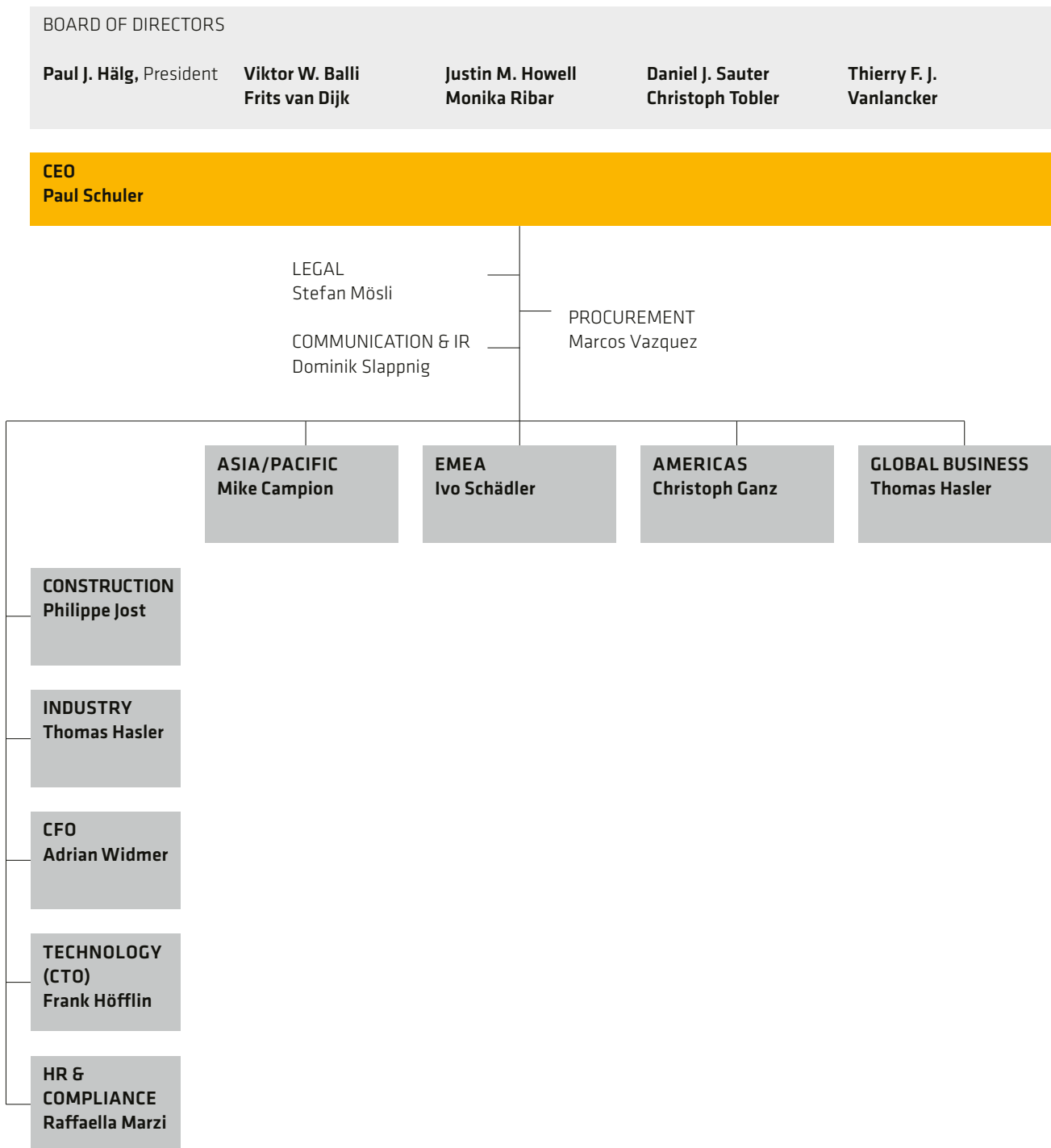
PAUL SCHULER
CEO
With Sika for 33 years in Switzerland,
Germany, and the USA

CHRISTOPH GANZ
Americas
With Sika for 25 years in Switzer-
land, France, and the USA

THOMAS HASLER
Global Business and Industry
With Sika for 32 years in
Switzerland and the USA

ORGANIZATIONAL CHART

Sika is committed to sustainable corporate management. Business areas are developed on a long-term basis with the aim of securing lasting value enhancement for all stakeholders. A clear focus on our corporate values is just as fundamental as assuming social responsibility and ensuring a careful approach to the environment and resources. This forms the foundation of our success.

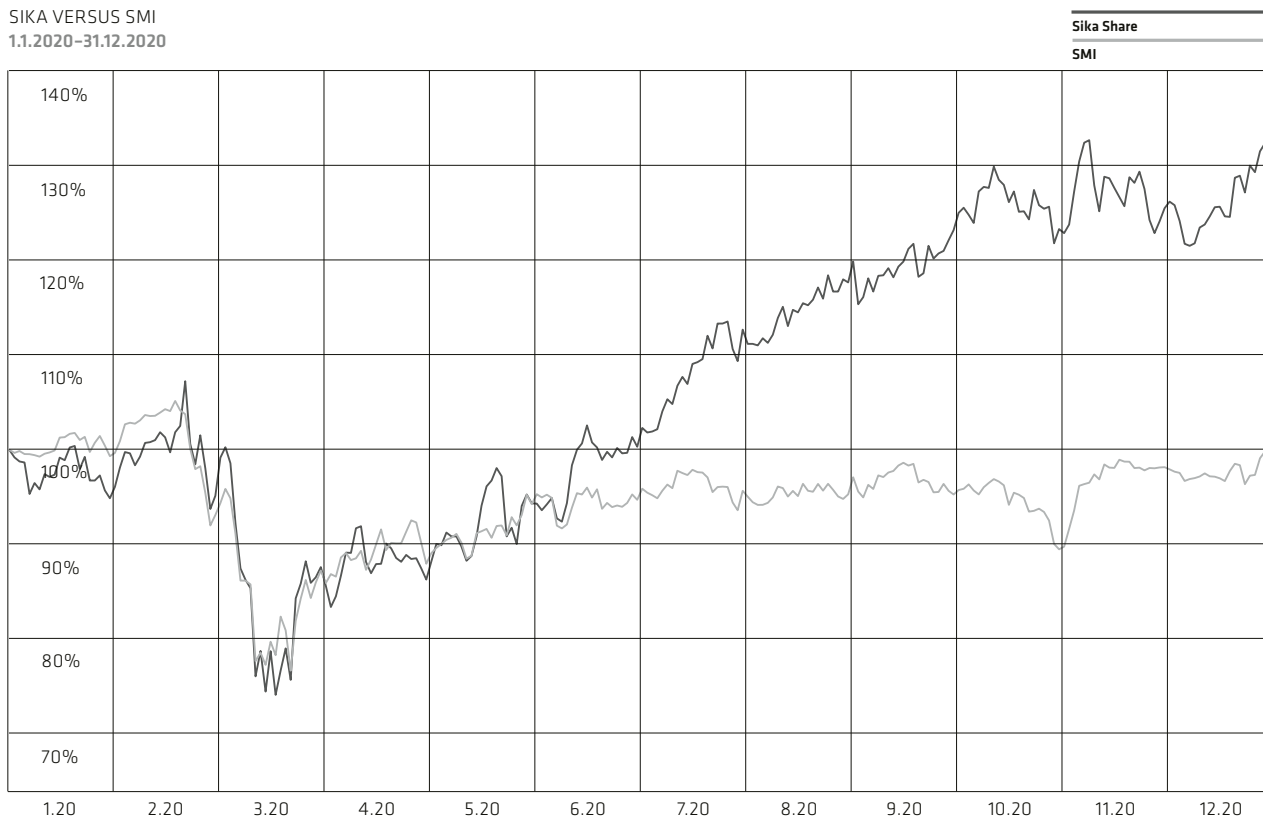


THE SIKA SHARE

At the beginning of the year, the Sika share moved in parallel with the stock exchange and sharply dropped in value. The good business performance of the Group led to a strong stock price development from April on. The share reached a new record high and closed the year with a gain of 32.1%.

STOCK MARKET ON ROLLERCOASTER RIDE

SIKA VERSUS SMI
1.1.2020–31.12.2020



SUMMARY

With a share price increase of 32.1%, the Sika stock performed better than the SMI Index.

Closing price of the Sika share in 2019: CHF 181.85
Closing price of the Sika share in 2020: CHF 241.80

The key global share indices performed as follows in 2020:

- SMI +0.03%
- DAX +2.49%
- Dow Jones +6.02%
- Nikkei +18.27%

Sika shareholders benefit additionally from the company's good result: dividend increase of 8.7% proposed.

STOCK EXCHANGE RATIOS SIKA

in CHF

2020

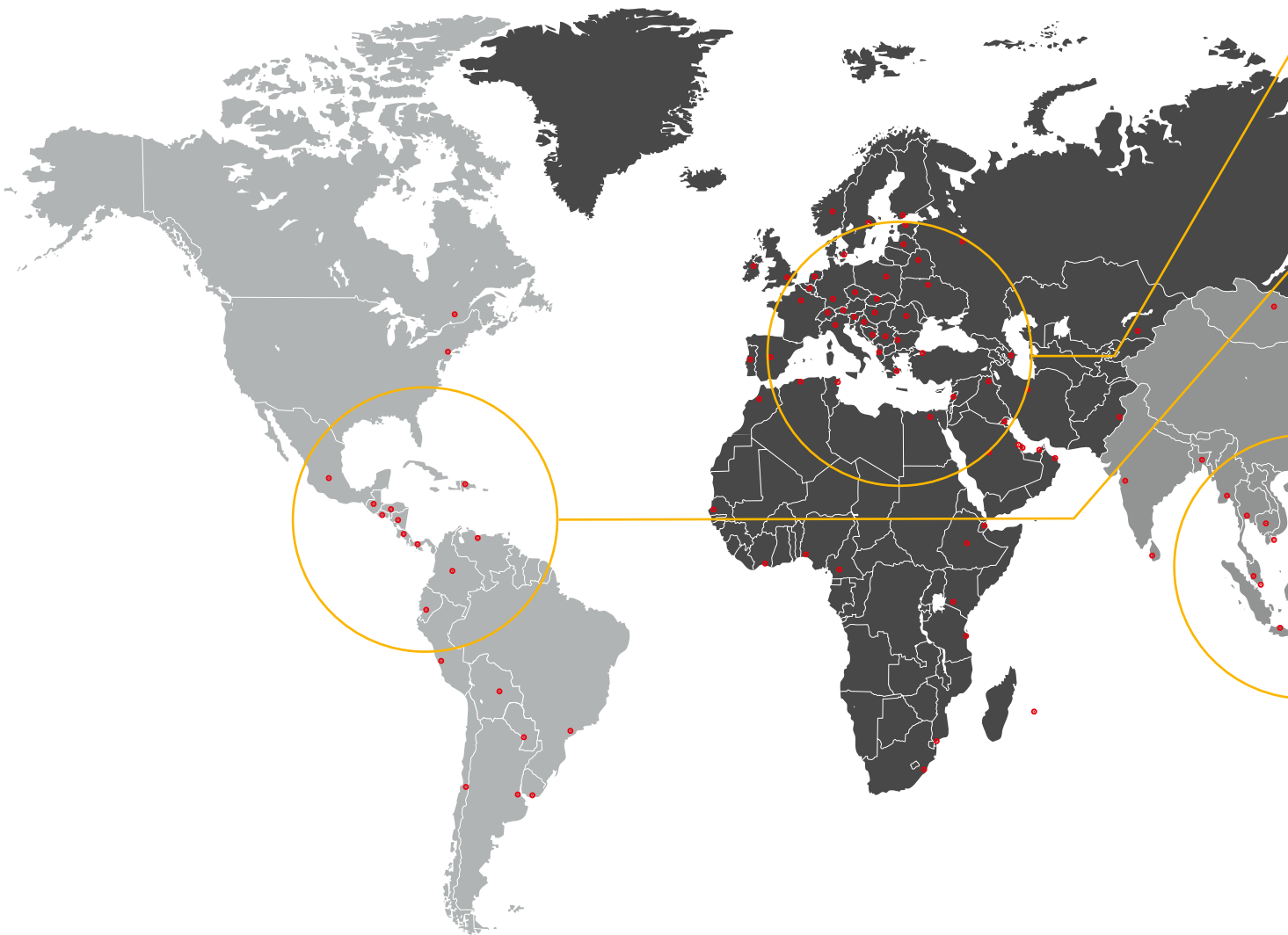
Market capitalization as at 31.12.2020 in CHF mn	34,282.69
Yearly high	248.60
Yearly low	134.80
Year end	241.80
Dividend 2019	2.30
Dividend 2020 ¹	2.50
Earnings per Share (EPS) ²	5.82

1) Pursuant to proposal to Annual General Meeting

2) Undiluted

MARKET SHARE EXPANDED IN ALL REGIONS

The 2020 fiscal year was overshadowed by the COVID-19 pandemic, which presented a number of challenges for Sika. In the majority of the hundred countries in which Sika is active, construction activity was severely restricted for certain periods of time. Thanks to its outstanding market position and swift, targeted implementation of measures, Sika was able to record solid sales figures, growing more strongly than the market. Furthermore, the distribution business expanded in all regions.





EMEA

Net sales in CHF mn

2020: 3,410

2019: 3,432

Growth in local currencies	4.4%
Currency impact	-5.0%
Acquisitions effect	7.6%
Organic growth	-3.2%
Employees	10,533

Key investments in 2020:
 Plant expansions in United Arab Emirates, France and Switzerland
 Acquisition of Modern Waterproofing in Egypt

AMERICAS

Net sales in CHF mn

2020: 1,996

2019: 2,162

Growth in local currencies	1.0%
Currency impact	-8.7%
Acquisitions effect	5.2%
Organic growth	-4.2%
Employees	5,139

Key investments in 2020:
 New factory in Colombia; expanded cooperation with CiDRA Concrete Systems in the USA

ASIA/PACIFIC

Net sales in CHF mn

2020: 1,696

2019: 1,585

Growth in local currencies	12.6%
Currency impact	-5.6%
Acquisitions effect	13.0%
Organic growth	-0.4%
Employees	6,097

Key investments in 2020:
 New factory in China

GLOBAL BUSINESS

Net sales in CHF mn

2020: 776

2019: 930

Growth in local currencies	-11.4%
Currency impact	-5.2%
Acquisitions effect	0.0%
Organic growth	-11.4%
Employees	2,435

EMEA

(EUROPE, MIDDLE EAST, AFRICA)

- For the EU countries, 2020 was the most challenging year since the end of the Second World War, with economic growth proving negative to the tune of -8%. Whereas a number of countries – including some of the largest economies such as the UK, France, Italy, and Spain – recorded a heavy, double-digit fall in economic growth, the contraction in other countries proved less severe and was limited to single-digit percentage territory, such as in Norway, Switzerland, Sweden, and Poland.
- Sika increased sales in local currencies in the EMEA region by 4.4% in 2020 (previous year: 11.6%). A strong improvement started to become apparent in the markets in the fourth quarter in particular.

DESPITE THE ECONOMIC DOWNTURN IN THE EMEA REGION, SIKA GREW SALES AND CONTINUED TO GAIN MARKET SHARES.

- The countries that benefited from the biggest recovery were those of southern Europe – Italy, Spain, Portugal, and

France – as well as the countries of Eastern Europe, Scandinavia, the Middle East, and Africa.

- Sales developed in a more stable manner in central western European countries such as Germany, Austria, and Switzerland. The project business in the UK took a double hit in 2020 from the twin factors of Brexit and the pandemic. By contrast, the distribution channel managed to post double-digit growth.

THE DISTRIBUTION BUSINESS DEVELOPED ABOVE AVERAGE AND POSTED DOUBLE-DIGIT GROWTH FIGURES.

- In the year under review, Sika initiated the manufacture of shotcrete admixtures used in tunnel construction at its main plant in Gournay-en-Bray, to the north-west of Paris, and invested in new facilities.
- Sika also expanded its production in Switzerland, with a new, high-performing, and environmentally-friendly polyurethane technology produced at its Dürdingen site. At the site in Sarnen, a new facility commenced operations at the start of the year for the manufacture of the structural waterproofing membrane SikaProof®.

- In Dubai, production capacity in the United Arab Emirates was expanded further. In addition to concrete admixtures, epoxy resins are now being produced locally for the Target Market Flooring.
- Furthermore, a leading Egyptian manufacturer of roofing and waterproofing systems was acquired in the year under review in the form of the Modern Waterproofing Group. The completion of the acquisition of Adeplast SA also brought a renowned manufacturer of mortar products and thermal insulation solutions based in Romania into the Group.

+4.4%

Sales growth in local currencies in the EMEA region (previous year: 11.6%)

AMERICAS

- Economic output in the United States declined by -3.7% in 2020, while Canada recorded an even higher decline of -5.5%. However, the north of the American continent fared better than large parts of Latin America, where gross domestic product slumped heavily. The contraction in Argentina, Mexico, and Peru amounted to as much as 10%.
- Within the Sika Group, the Americas region recorded a sales increase in local currencies of 1.0% (previous year: 19.2%). Despite the high COVID-19 infection rates recorded in Mexico, Brazil, and the United States, Sika recorded an uptrend in the Americas region in the last quarter of 2020.

THE MOST IMPORTANT MARKETS IN LATIN AMERICA HAVE RECOVERED FROM THE LOCKDOWNS. DEMAND IS STRONGLY INCREASING IN PARTS OF THE REGION.

- Many cities in North America continue to be affected by the pandemic and construction projects have slowed. The situation in Latin America has seen a clear improvement. Many countries such as Brazil, Chile, Peru, and Uruguay have recovered from lockdowns lasting many months, or are once again growing at double-digit rates.
- In many countries that imposed long lockdowns, revenues could only be generated during this period through the distribution business and e-commerce.

+1.0%

Sales growth in local currencies (previous year: 19.2%)

- To lay the basis for further growth, Sika invested in the production of concrete admixtures, acrylic-based liquid applied membranes, and mortars in Barranquilla, the fourth-largest city in Colombia.
- Furthermore, the company's collaboration with CiDRA Concrete Systems Inc., which is headquartered in Eden Prairie, Minnesota, was expanded, and a growth equity investment agreement to supplement the existing global partnership was signed. CiDRA specializes in digital systems for monitoring concrete properties during transportation.

ASIA/ PACIFIC

- China emerged from the fiscal year just ended as the only major economy to record positive growth (2%). Most countries in this region recorded a GDP decline of around 5% as a result of the COVID-19 pandemic.
- Growth in the Asia/Pacific region amounted to 12.6% (previous year: 35.1%).
- China in particular performed impressively over the last few months, recording double-digit organic growth rates, and most target markets are now back on a clear growth trajectory.

THE CHINESE MARKET CONTINUED TO DEVELOP DYNAMICALLY. THE SUCCESSFUL INTEGRATION OF PAREX PROVIDES ADDITIONAL MOMENTUM.

- The former Parex business has been especially resilient in the face of the crisis, generating further growth in its various distribution channels.
- The project business in China is now also once again recording double-digit growth rates thanks to infrastructure orders.
- Australia was additionally able to contribute to the positive business development of this region. By contrast, India and a number of countries in the South-east Asia region are still suffering from the significant repercussions of the coronavirus pandemic.

SIKA IS CONTINUOUSLY EXPANDING THE POSITION IN THE DISTRIBUTION BUSINESS AND GROWS SIGNIFICANTLY.

- Throughout the region, the distribution business defied the pandemic and recorded healthy growth. In particular, there was a strong rise in the number of shops in which Sika products are sold.

- Sika has further expanded its capacity in the fast-growing mortar market in China with the commissioning of a new factory in Chengdu.

+12.6%

Growth in region
Asia/Pacific
(previous year: 35.1%)

GLOBAL BUSINESS

- In 2020, the automotive sector reported a global decline in output of -16.7%.
- Whereas the decline in the number of vehicles sold in China was kept within reasonable limits at -4.2%, the automotive markets of both Europe and North America experienced dramatic slumps in their production rates, of -22.6% and -20.1% respectively.

-11.4%

Sales development in
Global Business
(previous year: +3.0%)

- Although business volumes in the automotive area recovered noticeably in the second half of the year in Europe in particular, it is expected to take some time before sales volumes in this sector return to 2019 levels.

INNOVATIVE SOLUTIONS FOR E-MOBILITY AND LIGHTWEIGHT CONSTRUCTION DRIVE ADDITIONAL MARKET SHARE GAINS.

- Sika Global Business recorded a sales decline of -11.4% in 2020 (previous year: +3.0%).
- Despite the pandemic-related decline in sales figures during the crisis year of 2020, Sika is convinced that the megatrends shaping modern automotive construction – which include e-mobility, further new drive concepts, and the trend toward lightweight construction – will help the Group to capture additional market share and generate profitable long-term growth.

SIKA HAS THE TECHNOLOGIES TO ENABLE CLIMATE-FRIENDLY MOBILITY.

- For example, heat management in the modern battery systems of electric vehicles is a key element in the paradigm shift toward new drive systems. Sika is a leading player with its solutions in this area and is enabling the transformation to sustainable mobility.

In 2020, balance sheet values improved and shareholders' equity increased. Sika posted record values in profitability and operating free cash flow.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

in CHF mn	Notes	2019	2020
Cash and cash equivalents	10, 26	995.1	1,318.7
Accounts receivable	11, 26	1,441.9	1,361.8
Inventories	12	866.5	814.0
Prepaid expenses and accrued income	13	139.9	120.7
Other assets	14, 26	26.5	19.4
Current assets		3,469.9	3,634.6
Property, plant, and equipment	15	1,795.8	1,702.6
Intangible assets	16	4,351.0	4,172.3
Investments in associated companies	17	5.6	2.5
Deferred tax assets	8	233.5	194.7
Other assets	14, 22, 26	103.9	87.3
Non-current assets		6,489.8	6,159.4
ASSETS		9,959.7	9,794.0
Accounts payable	18, 26	837.2	846.3
Accrued expenses and deferred income	19	414.0	454.0
Financial liabilities	20, 26	342.9	334.7
Income tax liabilities		195.8	163.3
Provisions	21	23.1	26.8
Current liabilities		1,813.0	1,825.1
Financial liabilities	20, 26	4,070.1	3,851.9
Provisions	21	95.7	98.3
Deferred tax liabilities	8	466.1	379.9
Employee benefit obligations	22	319.2	319.5
Other liabilities	23	34.4	31.3
Non-current liabilities		4,985.5	4,680.9
LIABILITIES		6,798.5	6,506.0
Capital stock		1.4	1.4
Treasury shares		-7.3	-5.2
Reserves		3,130.0	3,289.6
Equity attributable to Sika shareholders		3,124.1	3,285.8
Non-controlling interests		37.1	2.2
SHAREHOLDERS' EQUITY	24	3,161.2	3,288.0
LIABILITIES AND SHAREHOLDERS' EQUITY		9,959.7	9,794.0

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31

in CHF mn	Notes	%	2019	%	2020	Change in %
Net sales	1, 2	100.0	8,109.2	100.0	7,877.5	-2.9
Material expenses	3	-46.4	-3,765.2	-45.2	-3,562.7	
Gross result		53.6	4,344.0	54.8	4,314.8	-0.7
Personnel expenses	4	-19.0	-1,544.3	-19.4	-1,525.9	
Other operating expenses	5	-17.5	-1,412.1	-16.4	-1,291.3	
Operating profit before depreciation		17.1	1,387.6	19.0	1,497.6	7.9
Depreciation and amortization expenses	2, 15, 16	-4.1	-332.5	-4.6	-367.1	
Operating profit	2	13.0	1,055.1	14.4	1,130.5	7.1
Interest income	7	0.0	3.5	0.0	5.5	
Interest expenses	6	-0.7	-58.5	-0.7	-57.4	
Other financial income	7	0.1	6.0	0.1	6.0	
Other financial expenses	6	-0.5	-40.1	-0.3	-24.7	
Income from associated companies	7	0.0	0.6	0.0	0.5	
Profit before taxes		11.9	966.6	13.5	1,060.4	9.7
Income taxes	8	-2.5	-208.1	-3.0	-235.3	
Net profit		9.4	758.5	10.5	825.1	8.8
Profit attributable to Sika shareholders		9.3	751.9	10.5	824.5	
Profit attributable to non-controlling interests	24	0.1	6.6	0.0	0.6	
Undiluted earnings per share (in CHF)	9		5.30		5.82	9.8
Diluted earnings per share (in CHF)	9		4.81		5.22	8.5

DETAILS TO STATEMENT OF CASH FLOWS

in CHF mn	2019	2020
Operating activities	1,213.9	1,373.4
Investing activities	-1,930.9	-253.1
Financing activities	827.6	-769.0
Exchange differences on cash and cash equivalents	-29.5	-27.7
Net change in cash and cash equivalents	81.1	323.6
Operating activities	1,213.9	1,373.4
Investing activities	-1,930.9	-253.1
Free cash flow	-717.0	1,120.3
Acquisitions (+) / disposals (-) less cash and cash equivalents	1,748.4	133.2
Acquisitions (+) / disposals (-) of financial assets	-5.3	5.9
OPERATING FREE CASH FLOW	1,026.1	1,259.4

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