



SIKA ON TRACK TO SET RECORDS AFTER FIRST NINE MONTHS – STRONG GROWTH IN SALES AND EBIT

SIKA COMPANY PRESENTATION
OCTOBER 22, 2021

BUILDING TRUST



1. NINE-MONTH RESULTS 2021

RECORD RESULTS IN THE FIRST NINE MONTHS OF 2021

GROWTH IN LOCAL CURRENCIES OF 18.1% - EBIT-GROWTH OF 32.2%

1. Sales and profit

- Sales growth of 18.1% in local currencies. Record sales of CHF 6,862.7 million (+18.2% in CHF).
- Record operating profit (EBIT) at CHF 1,054.0 million (+32.2%), EBIT-margin at 15.4%

2. Change in Group Management

- Patricia Heidtman as new Chief Innovation and Sustainability Officer

3. Key investments

- Seven acquisitions realized: Kreps (Russia), DriTac (USA), BR Massa (Brazil), Hamatite (Japan), American Hydrotech (USA), Bexel (Mexico), and Landun (China)
- Investments in two factories: expansion of additive production for shotcrete in Sweden, expansion of concrete admixture production and launch of epoxy resin production in Qatar

4. Outlook for 2021 confirmed

- Growth in local currencies of 13%–17%
- Over-proportional increase in EBIT, EBIT margin to reach 15% for first time, despite challenging raw material price development and supply chain restrictions
- Confirmation of 2023 strategic targets for sustainable, profitable growth

RECORD RESULTS IN THE FIRST NINE MONTHS OF 2021

REALIZED ACQUISITIONS

Acquisition of Kreps, Russia
(February 2021)



Acquisition of BR Massa, Brazil
(March 2021)



Acquisition of DriTac, USA
(March 2021)



Acquisition of Hamatite, Japan
(April, Closing in Q4 2021)



Acquisition of American
Hydrotech, North America (July
2021)



Acquisition of Bexel, Mexico
(August 2021)



Acquisition of Landun, China
(August 2021)



RECORD RESULTS IN THE FIRST NINE MONTHS OF 2021

KEY FIGURES

in CHF mn	2020	2021	Δ %
Net sales	5,805.5	6,862.7	+18.2%
Gross results as % of net sales	54.6	52.6	
EBITDA	1,071.4	1,327.5	+23.9%
EBIT	797.1	1,054.0	+32.2%
Net profit	561.5	765.1	+36.3%

RECORD RESULTS IN THE FIRST NINE MONTHS OF 2021

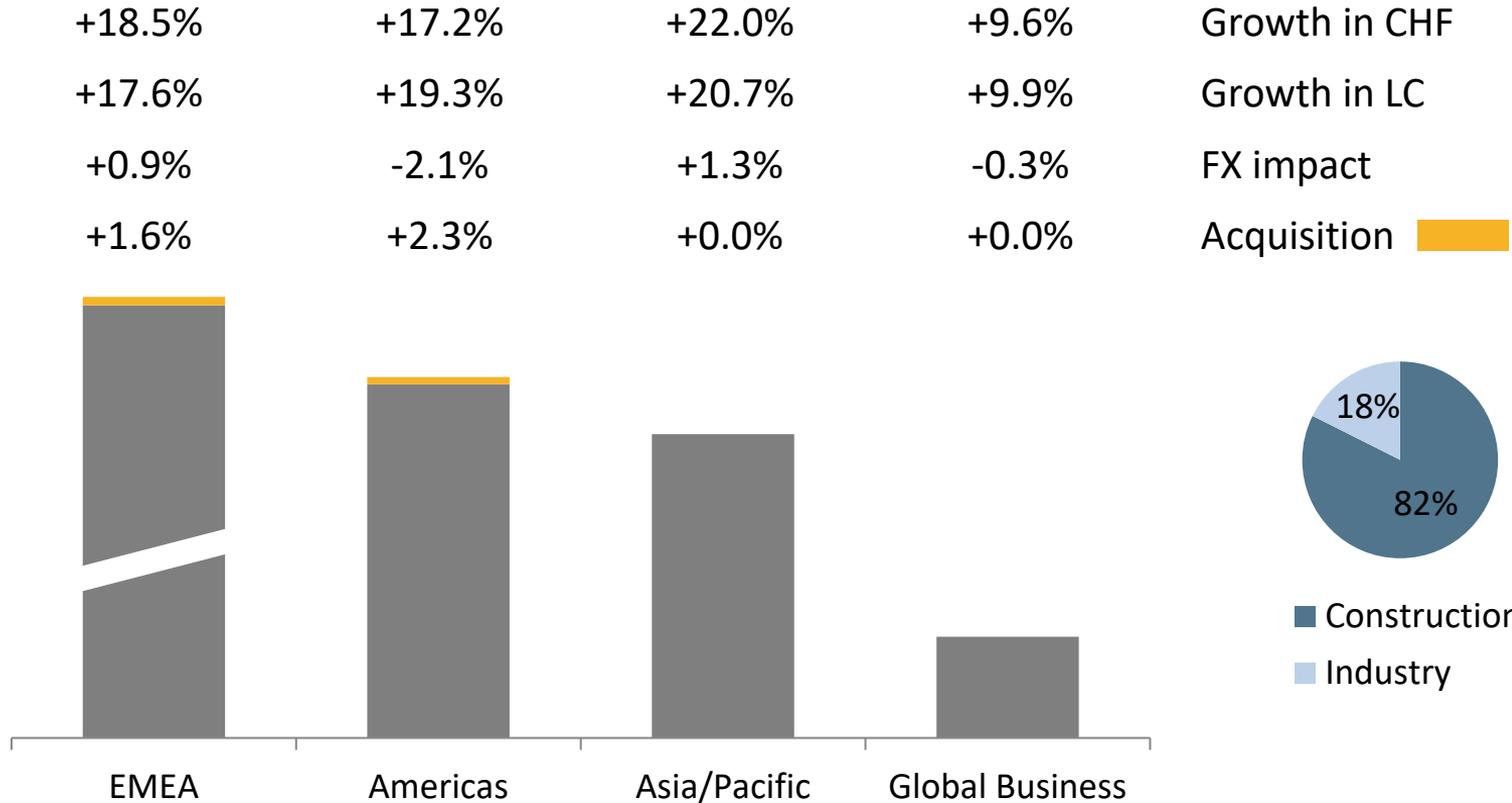
18.1% SALES GROWTH



in CHF mn	9M 2019	9M 2020	9M 2021
Net sales	6,007.3	5,805.5	6,862.7

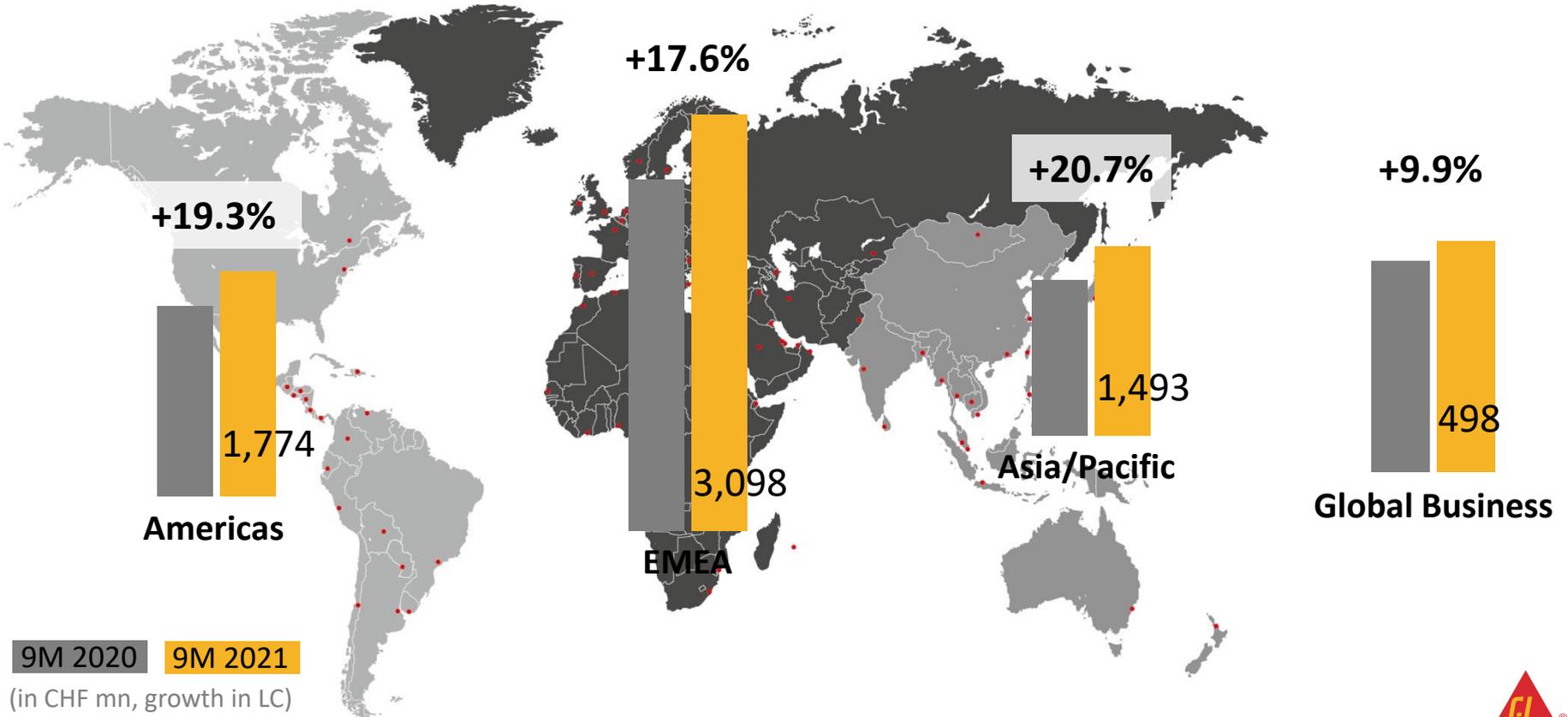
RECORD RESULTS IN THE FIRST NINE MONTHS OF 2021

GROWTH IN ALL REGIONS



GROWTH MOMENTUM CONTINUES IN FIRST NINE MONTHS

18.1% SALES GROWTH (18.2% IN CHF)

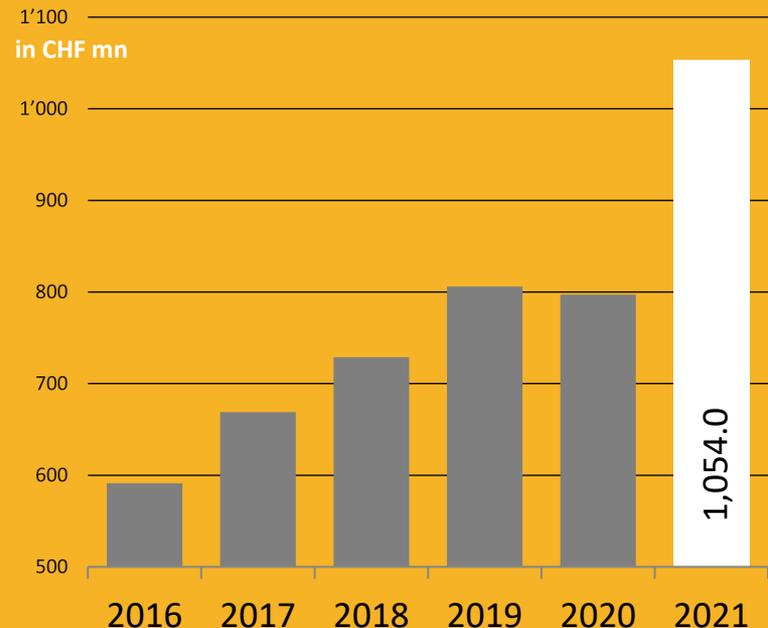


SIKA'S GROWTH MODEL DELIVERS RECORD RESULTS IN THE FIRST NINE MONTHS OF 2021

Net Sales



EBIT



2. MEGATRENDS AND PROFITABLE GROWTH STRATEGY 2023

RESILIENT STRATEGY – MAJOR MEGATRENDS SUPPORTING GROWTH FURTHER ACCELERATION



Technological
Progress



Climate Change and
Scarcity of Resources



Digitalization



Demographic
Change



Dynamic
Economy



Urbanization

DIGITALIZATION AND STRONG CUSTOMER FOCUS

FAST GROWING OPPORTUNITY

01

Digital Board

- Digital **customer** centricity
- Operational excellence (Industry 4.0)
- Innovation and new business models
- Efficient knowledge worker

02

Digital Design

- Strong online recognition
- Best **customer**/user experience

03

E-Commerce

- New global e-commerce organization
- Strong incremental growth for new channels

04

Big Data

- Data driven organization and activities

DIGITALIZATION AND STRONG CUSTOMER FOCUS

E-COMMERCE – A STRONG GROWING NEW CHANNEL TO MARKET

SIKAFLEX 11fc white SIKKA 300 ml

★★★ 6 reviews | [Ask a question](#)



Delivery

8.10 €

Or 26.13 € / Liter

Delivery in 3 working days in relay point | from 2.90 €

Delivery in 2 working days at home | from 2.90 €

Delivery in France excluding D.O.M. and T.O.M.

Sold by LEROY MERLIN

Quantity



Add to cart



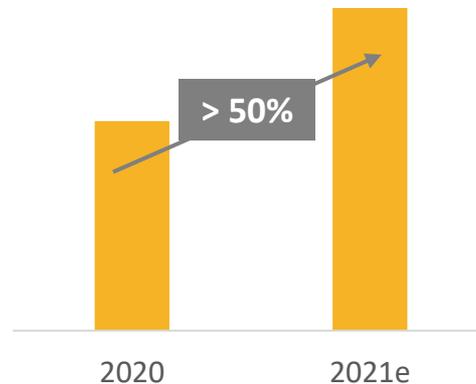
In your shop in Morschwiller-le-Bas - Mulhouse

✔ 77 units in stock

[Change stores](#)

Click&Collect

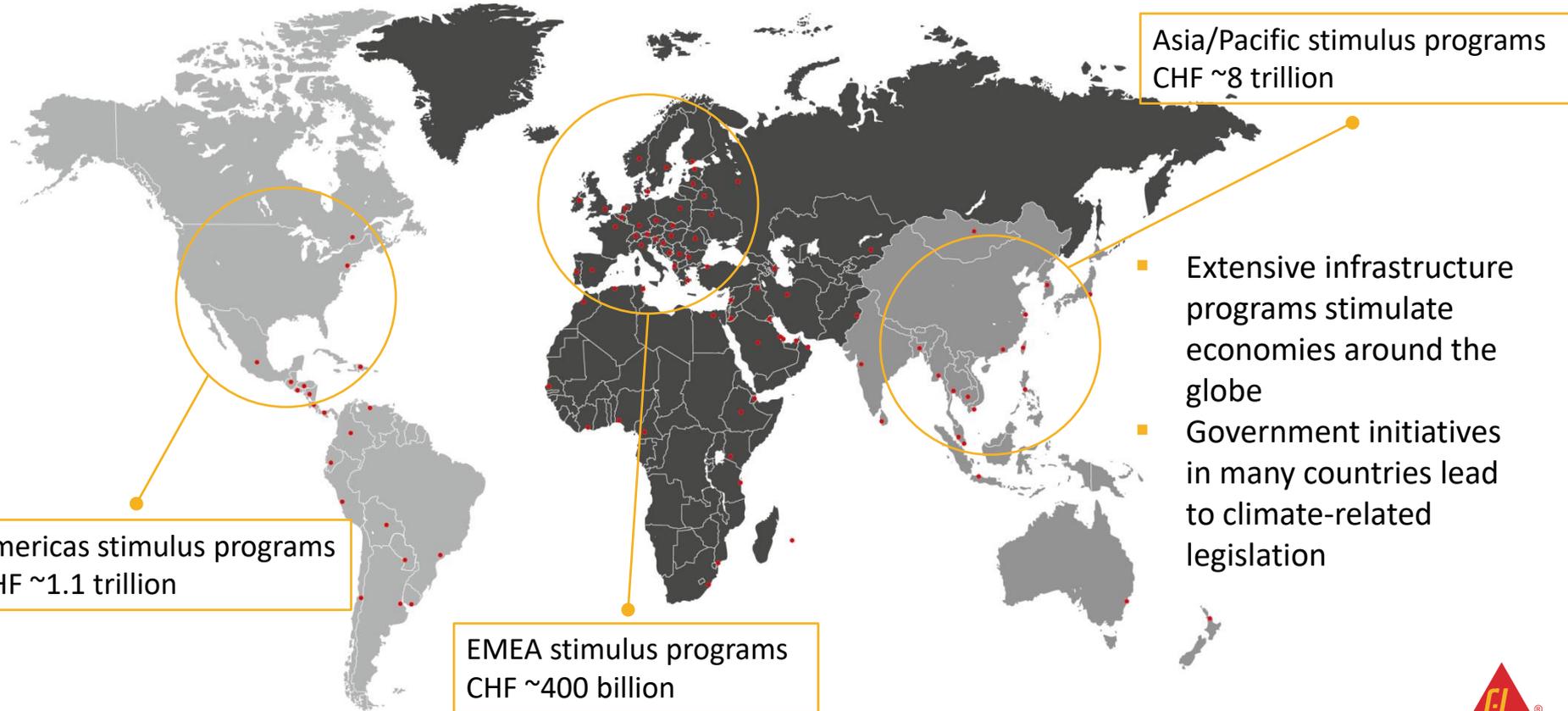
E-Commerce



With higher margins
than in traditional
distribution business

GOVERNMENT INCENTIVE PROGRAMS

CHF ~10 TRILLION PLANNED STIMULI FOR INFRASTRUCTURE



RESILIENT GROWTH STRATEGY 2023

STRATEGIC TARGETS CONFIRMED DESPITE PANDEMIC

SUSTAINABILITY

Market Penetration

Innovation

Operational Efficiency

Acquisitions

Values

6-8%
annual growth

25%
of sales with new
products

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

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

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

>25%
ROCE by 2023

12% CO₂ emission reduction per ton sold

MARKET PENETRATION – STRONG GROWTH OPPORTUNITIES

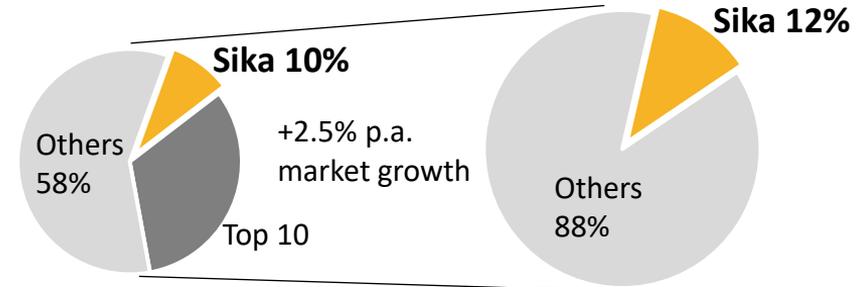
INCREASE MARKET SHARE TO 12%

Driver for future growth:
How Sika increases market share

Initiatives

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

Construction chemicals
market 2021
approx. CHF 70 billion



Construction chemicals
market 2025
approx. CHF 80 billion



INNOVATION

MORE PERFORMANCE – MORE SUSTAINABLE

Drive increase of productivity and sustainability in construction and industry

More
Performance
More
Sustainable

- 1 Focus on Sika's **five core technologies**
- 2 **25% of sales** with new products
- 3 Shift in construction to 3D printing and modular construction
- 4 Increased focus on product sustainability **more performance - more sustainable**

Drive impact innovation to lead market transformation

FIVE CORE TECHNOLOGIES

Concrete Technology



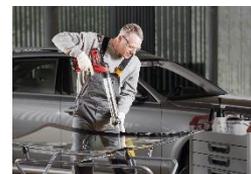
Cementitious Systems



Coating Systems



Adhesive Systems



Thermoplastic Systems



83

new patents in 2020

123

inventions in 2020

OPERATIONAL EFFICIENCY DRIVES MARGIN IMPROVEMENT

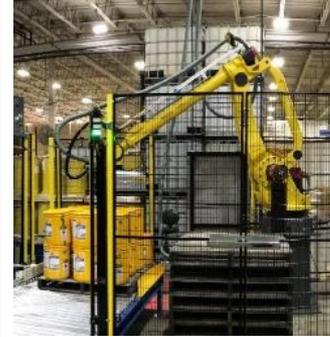
LEVERAGE, AUTOMATION, DIGITALIZATION, AND CLUSTER APPROACH

Initiatives to
increase
operational
efficiency

Sika's footprint significantly
expanded over the years

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

50bps non-material cost savings every year

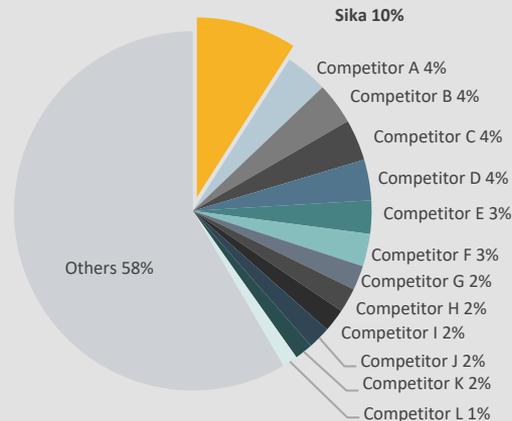


ACQUISITIONS AS GROWTH PLATFORMS

REINFORCEMENTS IN ALL REGIONS AND TECHNOLOGIES

- 1 Fragmentation offers acquisition opportunities
- 2 Sika acting as market consolidator
- 3 More than 70 bolt-on acquisitions in the last 14 years
- 4 Acquisitions as growth platforms
- 5 Solid pipeline

**Construction chemicals market
2020 approx. CHF 70 billion**



VALUES AND PRINCIPLES

PEOPLE, PEOPLE, PEOPLE

Values and Principles

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

Our People – Our Success:

- Engage and develop a strong, diverse pool of talents
- Employees are proud to work for Sika

25,000
employees

6.4%
employee turnover
rate in 2020

**HIGH
COMMITMENT
OF EMPLOYEES
DURING
PANDEMIC**

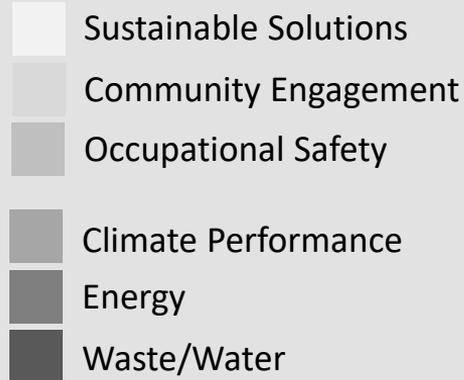


SUSTAINABILITY

70% OF SIKA PRODUCTS WITH POSITIVE SUSTAINABLE IMPACT

- 70% of Sika products with a **positive, sustainable impact**
- Sika products help to reduce the CO₂ footprint of our customers

Our
More Value
Less Impact
Targets



Overall target (scope 1 & 2)

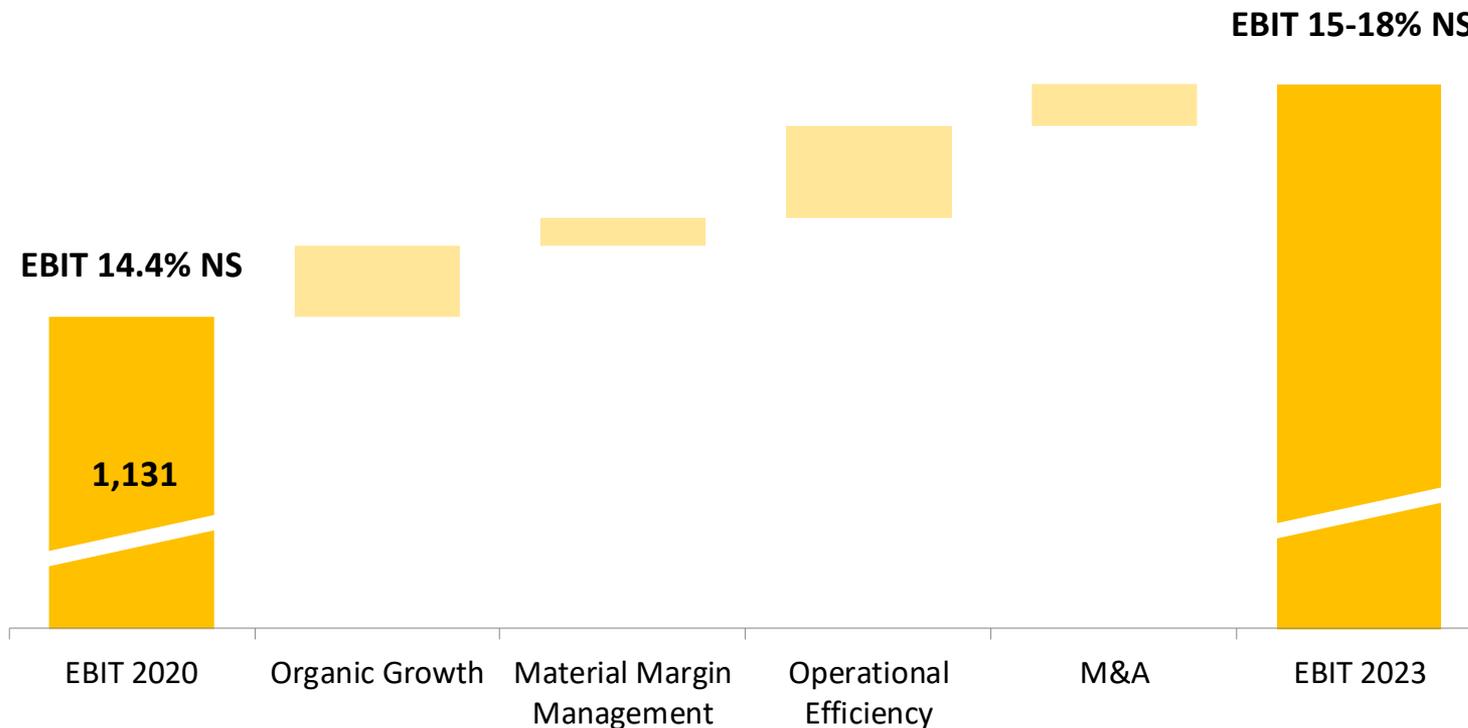
12% CO₂ emission reduction per ton sold by 2023



3. DRIVING TOWARDS AN EBIT MARGIN OF 15%-18%

DRIVING TOWARDS AN EBIT MARGIN OF 15%-18%

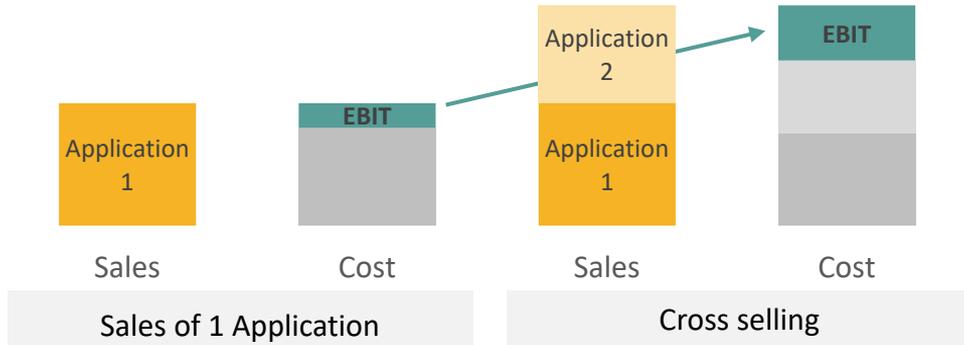
IMPROVING MARGIN THROUGH CONSISTENT STRATEGY EXECUTION



GROWTH AND LEVERAGE

GROWTH INITIATIVES DRIVING OPERATING LEVERAGE

Cross Selling Direct Sales



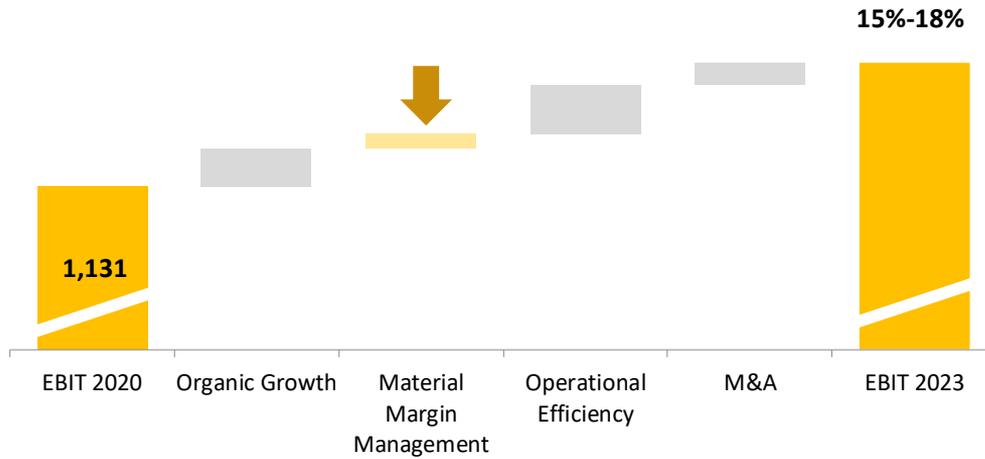
- Targeted initiatives supporting improved operating leverage
- Through all channels (direct/indirect)
- Organic growth rate driving magnitude
- 2021: impact above average of previous years

Leveraging Distribution Channel



MATERIAL MARGIN MANAGEMENT

54% – 55% RANGE THROUGH CYCLE



- Targeted material margin range of 54% – 55% through cycle
- Innovation, structural procurement programs and formulation efficiency with ongoing positive impact
- Good and increasing pricing impact with timing gap given unprecedented/ ongoing raw material cost increase
- 2021: material margin below target range, at roughly 53% (acq. adjusted)
- With clear upside going forward

MATERIAL MARGIN MANAGEMENT

CONTINUOUS IMPROVEMENT PROJECTS

Example: Packaging

- Program to use recycled input material for more than 20 million cartridges produced in the UK



Improving packaging composition

- Strong customer demand for packaging made of recycled input material
- Recycled packaging material with cost benefit
- CO₂ reduction of about 55 tons per 1 million cartridges

Example: Technology Improvements

- Formulation efficiency programs in Asia Pacific

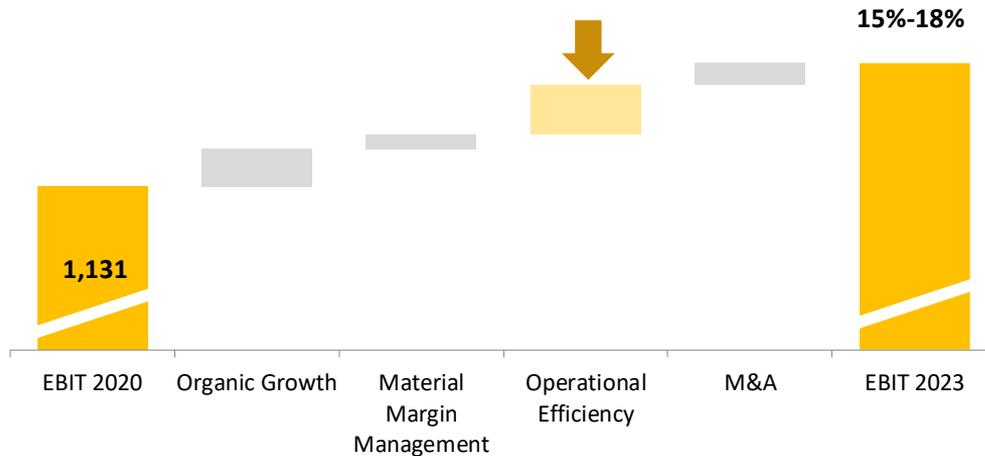


Low cement mortars

- Tile adhesives, waterproofing mortars and wall leveling product improvements
- 30% cement substitution with new formulas
- CO₂ reduction of 200,000 tons (scope 3)
- Expected cost savings of CHF 1.3 million annually

OPERATIONAL EFFICIENCY WITH STRONG IMPACT

0.5% PTS IMPACT ANNUALLY



- Structured, continuous improvement program across value chain, all levels
- Positive impact of 0.5% pts. Annually
- Sustainability initiatives positively impacting operations cost
- Factory and warehouse consolidation reducing complexity and improving supply chain cost
- 2021: initiatives well on track with 0.5% pts. impact clearly achievable

OPERATIONAL EFFICIENCY WITH STRONG IMPACT

0.5% PTS IMPACT ANNUALLY

Example: USA Footprint Simplification

- Production/WH integration in Southern California



- Simplifying supply chain footprint
- Consolidation of production and warehouses
- Optimized routing resulting in additional freight cost savings
- Better customer service

Example: Solar Energy Initiatives

- Program focusing on energy efficiency and renewable energy sources



Self-produced solar energy

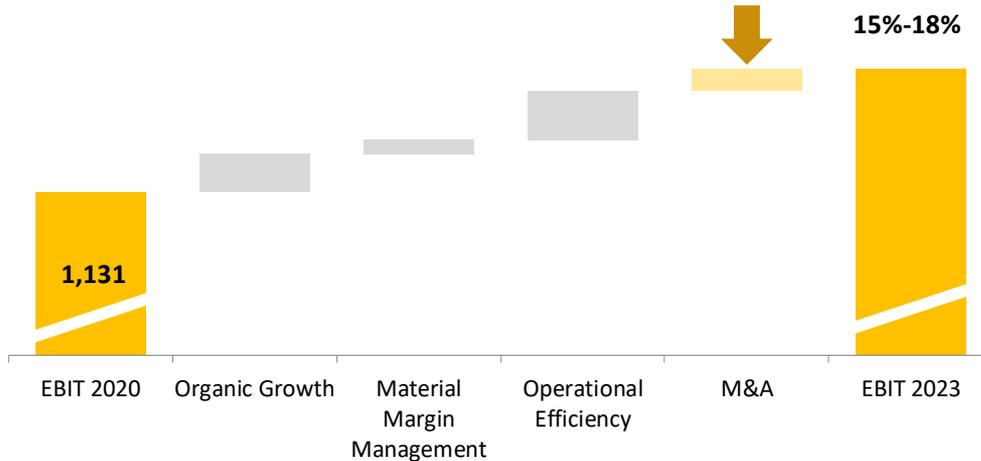
Solar energy initiatives across the Group:

- 14 solar energy projects
- CO₂ reduction: 3,000 tons
- Expected energy cost savings of CHF 0.8 million

Installation of a solar roof in Queretaro (Mexico):

- Installation of 3,732 m²
- Energy coverage: 50%
- CO₂ reduction: 387 tons

SYNERGIES FROM ACQUISITIONS TO OVERCOMPENSATE DILUTION EFFECT IN 2021

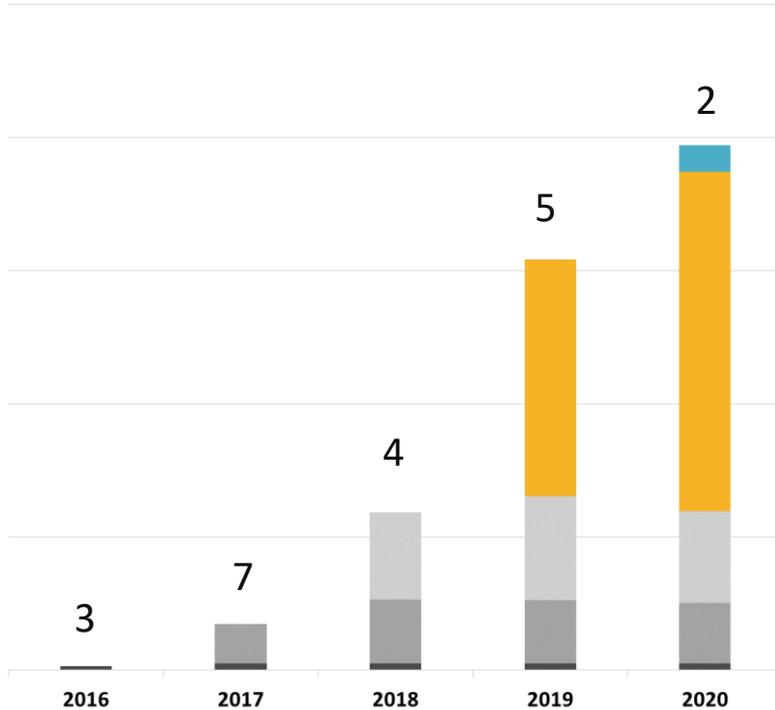


- M&A as growth platform, lifting margin profile over time
- Parex impact plus further M&A
- 2022 run-rate synergies of CHF 100 million fully validated and confirmed
- 2021: targeted run rate of CHF 80 million on track (CHF +30 million vs. 2020)

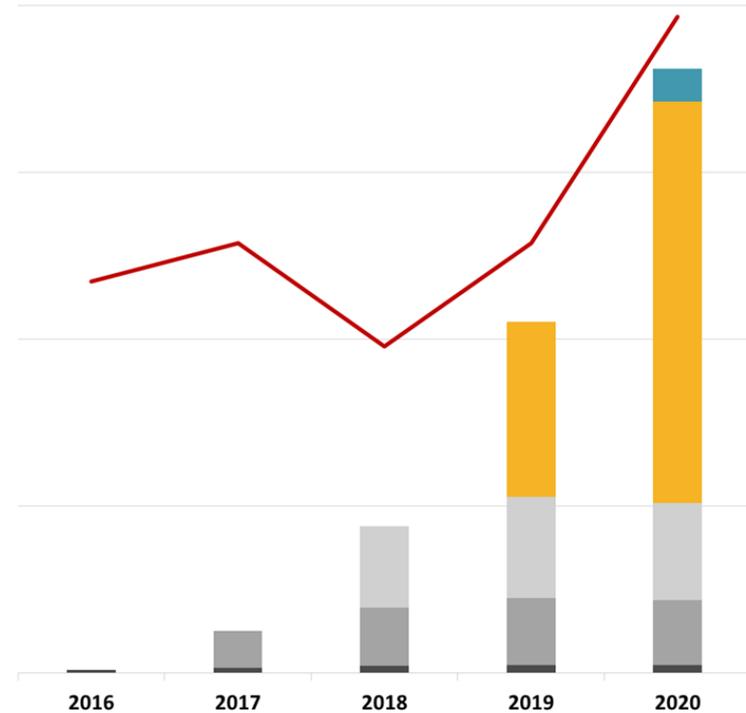
ACQUISITIONS 2016 – 2020

SIGNIFICANT AND INCREASING CONTRIBUTION OVER TIME

Net Sales Contribution in MCHF



EBITDA Contribution in MCHF*

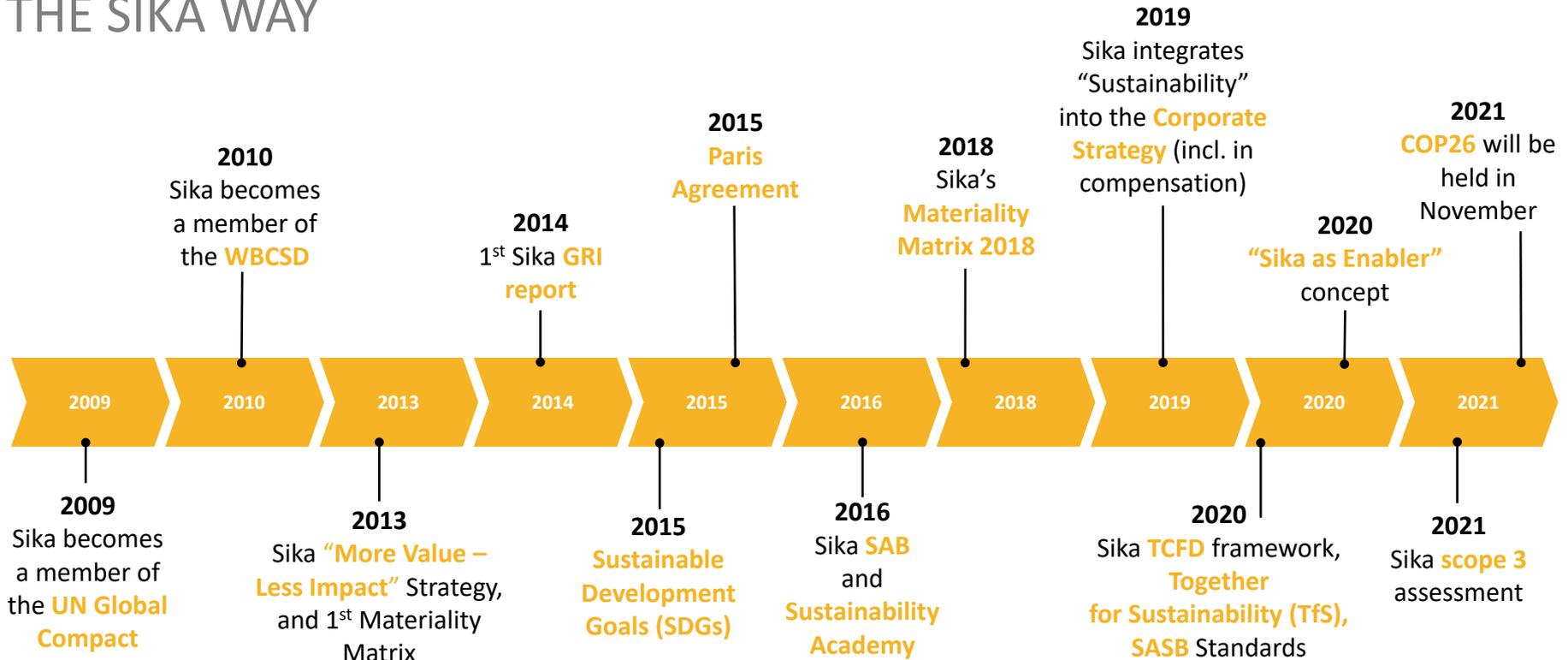


of transactions *excluding one-time cost ■ Acq. in 2016 ■ Acq. in 2017 ■ Acq. in 2018 ■ Acq. in 2019 ■ Acq. in 2020 — Group EBITDA

4. SIKA'S SUSTAINABILITY JOURNEY

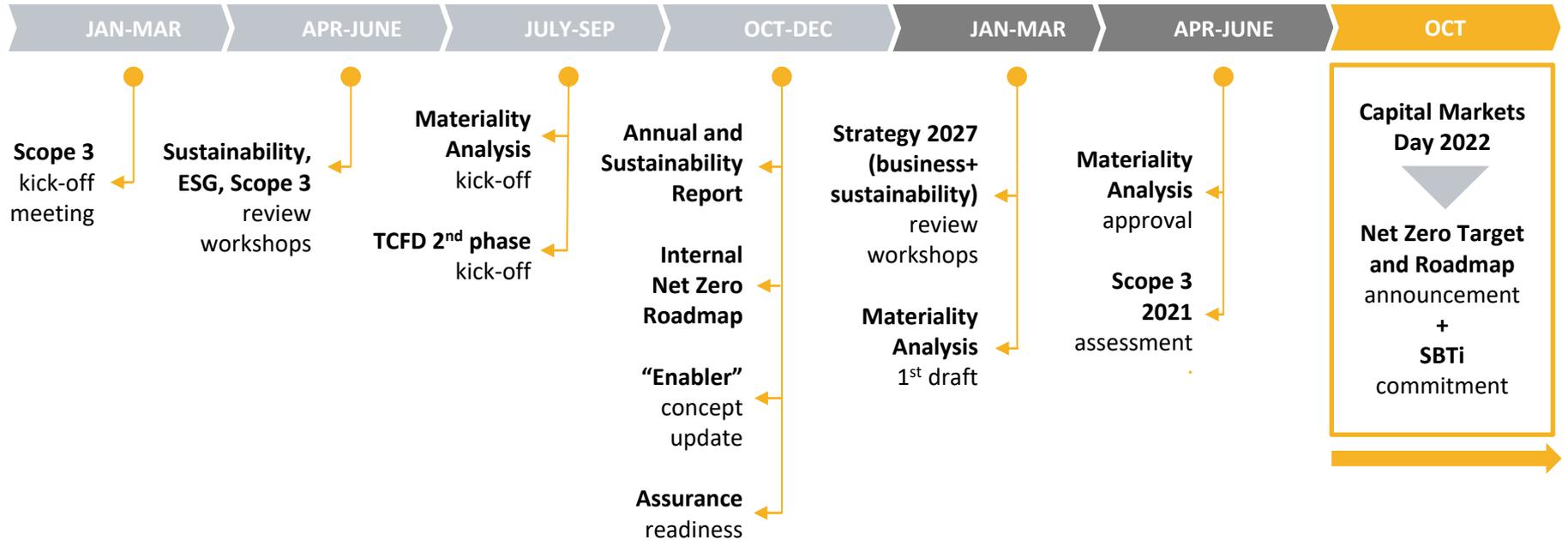
SUSTAINABILITY MILESTONES

THE SIKA WAY



SIKA ROADMAP TO NET ZERO

INTEGRATING SUSTAINABILITY INTO THE BUSINESS STRATEGY



Sustainability as great opportunity, the more demanding it gets, the better for Sika

5. SIKA AS ENABLER

SIKA AS ENABLER FOR A SUSTAINABLE FUTURE

Construction

40% of global CO₂ emissions attributable to construction and building sector

Automotive

Road traffic responsible for **fifth of global greenhouse gases**

Huge opportunity as potential for progress is immense

Sika offers the solutions and has the innovative strength to enable the necessary transformation



SIKA AS ENABLER

SOLUTIONS TO DRIVE A SUSTAINABLE FUTURE

Durability



By **increasing the lifespan of buildings**, Sika solutions contribute to carbon footprint reduction

Clinker reduction



Sika solutions enable high clinker reduction in cement and concrete, even when using more challenging Supplementary Cementitious Materials. Ensuring **high performance** and **less environmental impact**

Roofing

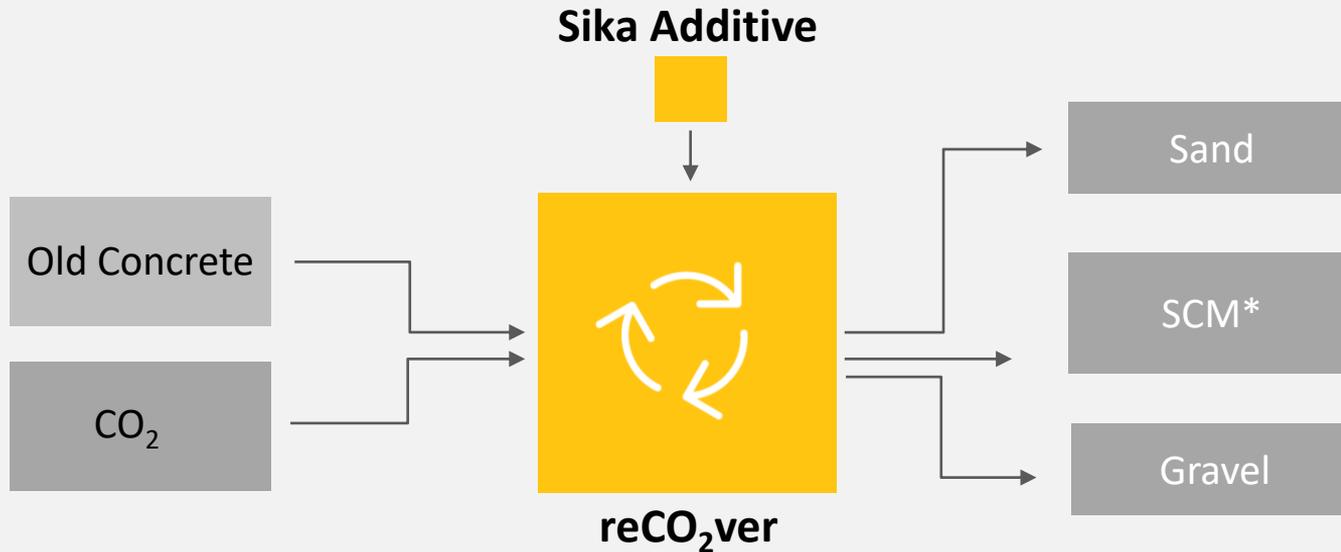


Sika's wide range of durable and long-lasting roofing solutions contribute to the **reduction of energy consumption** and **greening of cities**

BREAKTHROUGH IN CONCRETE RECYCLING

STRONG MODEL FOR THE CIRCULAR ECONOMY

Sika's new patented recycling process for concrete demolition waste



Sika's new recycling process for used concrete separates the components completely.

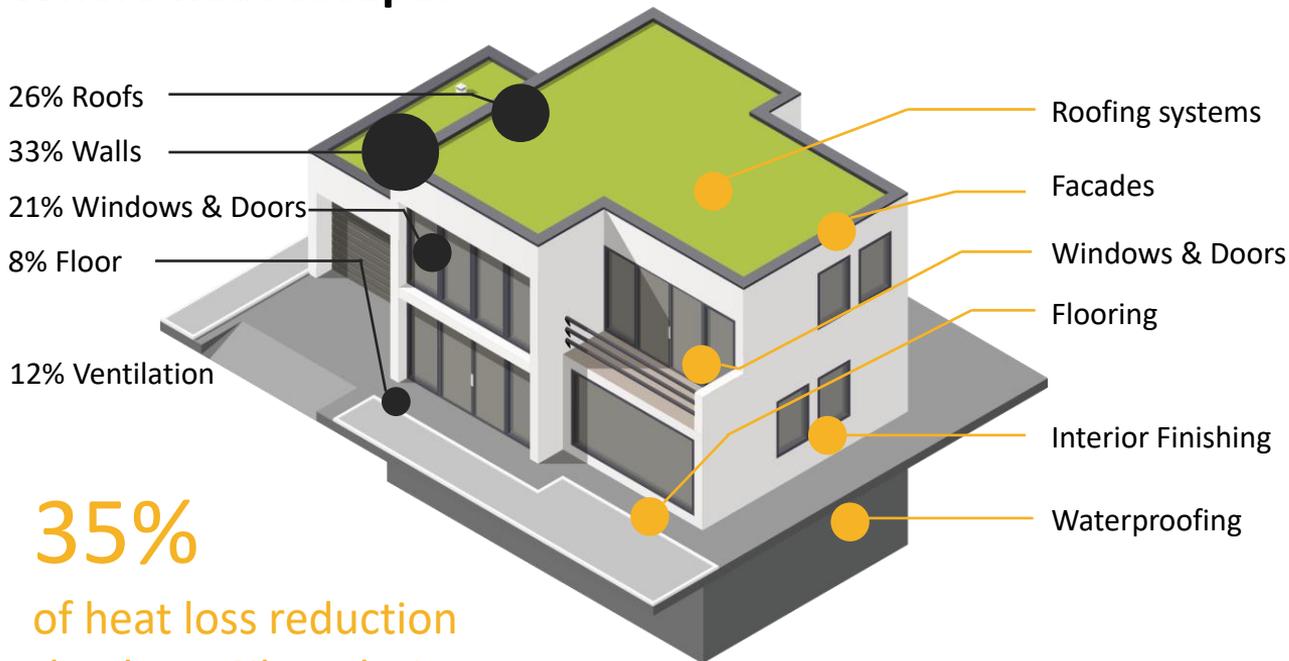
They can be re-used for new concrete.

This further reduces environmental footprint of building structures.

SIKA AS ENABLER

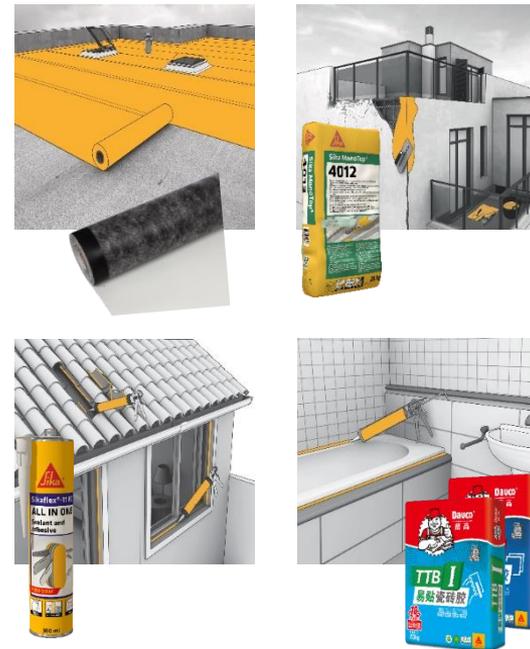
HEAT LOSS REDUCTION BY 35%

Where heat escapes



35%
of heat loss reduction
thanks to Sika solutions

Examples of Sika applications and products for sustainable buildings



6. OUTLOOK

ANNUAL TARGET FOR FISCAL YEAR 2021

CONTINUATION OF SUCCESSFUL GROWTH STRATEGY

- Outlook for 2021 confirmed
 - Sales growth in local currencies between 13 and 17%
 - Over-proportional EBIT increase
 - The EBIT margin will reach 15% for the first time, despite a challenging raw material price development and supply chain restrictions
- Confirmation of 2023 strategic targets for sustainable, profitable growth



WINNING TOGETHER – BUILDING THE FUTURE

FORWARD-LOOKING STATEMENT

This presentation contains certain forward-looking statements. These forward-looking statements may be identified by words such as 'expects', 'believes', 'estimates', 'anticipates', 'projects', 'intends', 'should', 'seeks', 'future' or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Various factors may cause actual results to differ materially in the future from those reflected in forward-looking statements contained in this presentation, among others:

- Fluctuations in currency exchange rates and general financial market conditions
- Interruptions in production
- Legislative and regulatory developments and economic conditions
- Delay or inability in obtaining regulatory approvals or bringing products to market
- Pricing and product initiatives of competitors
- Uncertainties in the discovery, development or marketing of new products or new uses of existing products, including without limitation negative results of research projects, unexpected side-effects of pipeline or marketed products
- Increased government pricing pressures
- Loss of inability to obtain adequate protection for intellectual property rights
- Litigation
- Loss of key executives or other employees
- Adverse publicity and news coverage

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