



FULL-YEAR RESULTS 2013

RECORD YEAR IN SALES, PROFIT AND OPERATING FREE CASH FLOW

INVESTOR PRESENTATION, APRIL 2014

BUILDING TRUST



1. HIGHLIGHTS

HIGHLIGHTS 2013

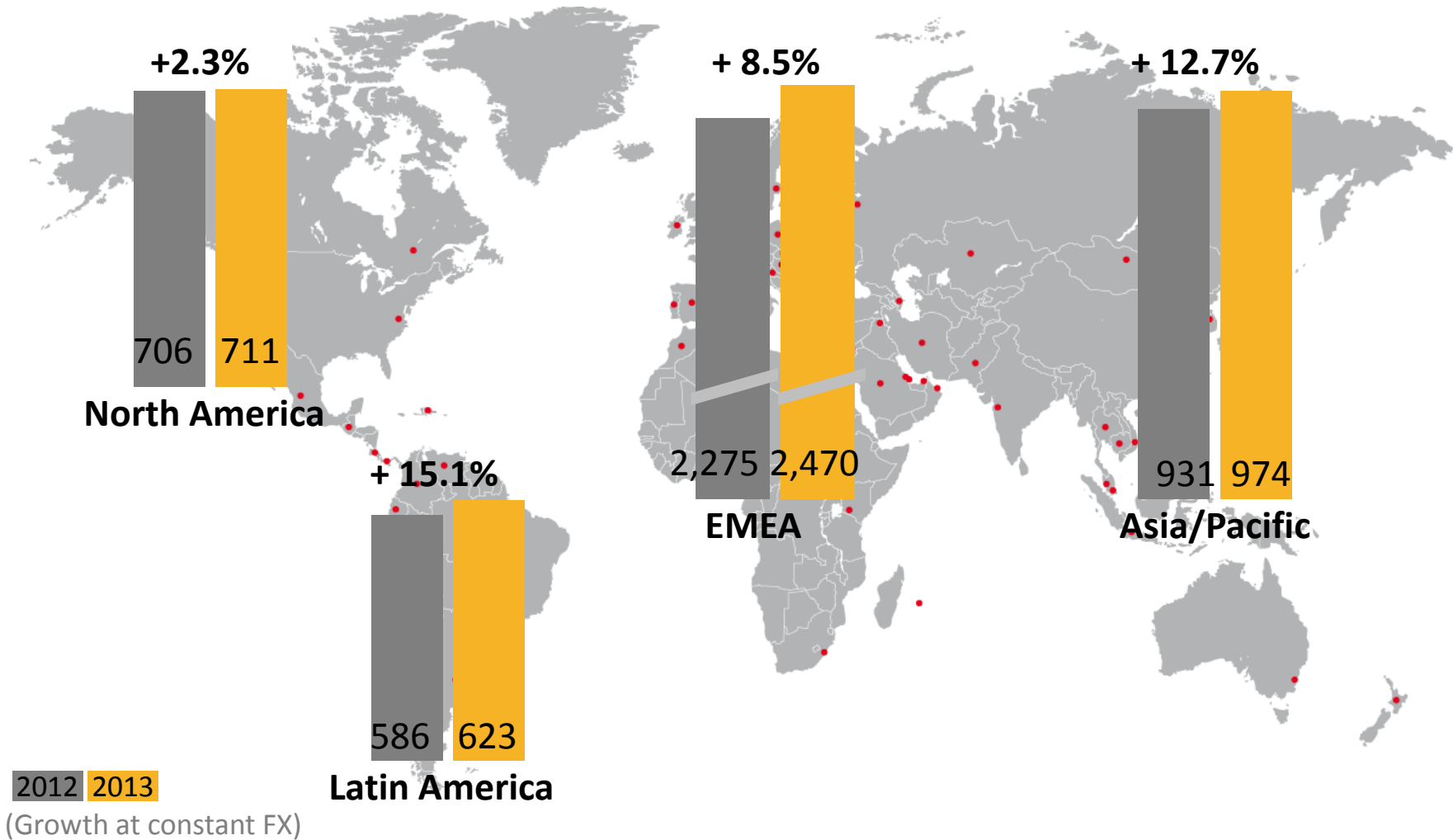
- Record year in sales, profit, operating free cash flow
- 9.4% sales growth (6.5% in CHF) to CHF 5,142.2 million
- Growth momentum in all regions
- Sales up 17.2% in emerging markets
- 23.8% increase in net profit to CHF 344.7 million
- Operating free cash flow of CHF 432.7 million (+43.0%)
- 10 new factories in Asia, Latin America, Africa and Eastern Europe
- 5 acquisitions with CHF 372 million in sales
- 73 new patents
- New strategy 2018

KEY FIGURES

RECORD RESULTS

in CHF mn	2012	2013	Δ %
Net sales	4,828.9	5,142.2	+6.5%
Gross results as % of net sales	52.2	52.4	
EBITDA	573.1	675.9	+17.9%
EBIT	433.0	523.5	+20.9%
Net profit	278.5	344.7	+23.8%
Operating free cash flow	302.5	432.7	+ 43.0%
ROCE in %	18.5	21.0	

SALES GROWTH BY REGION

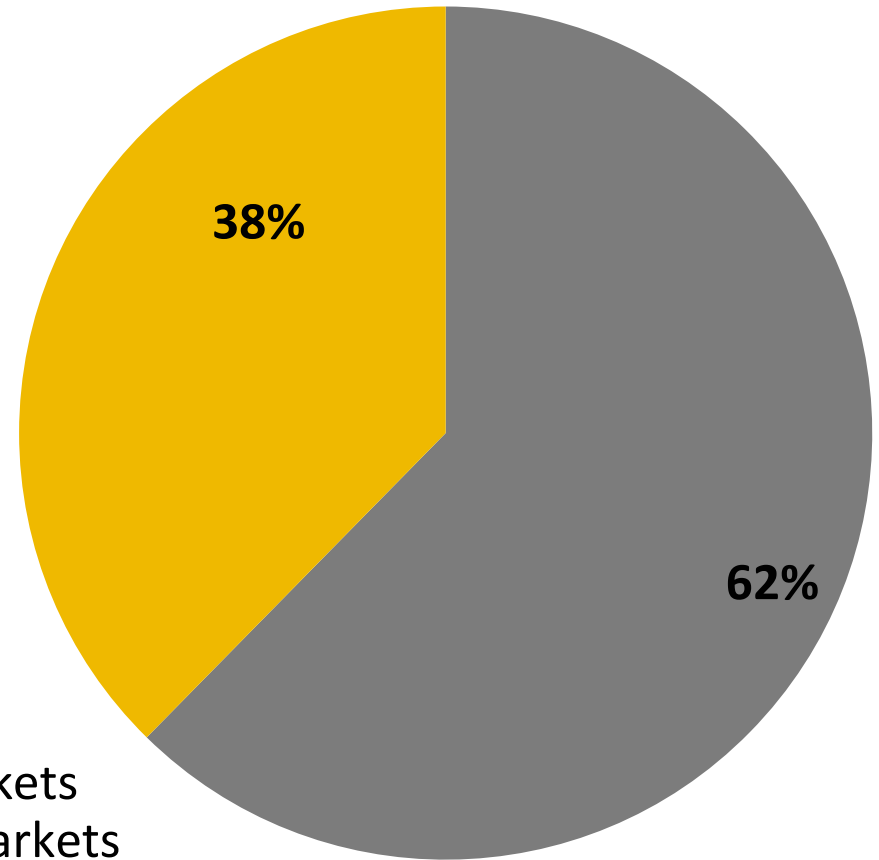
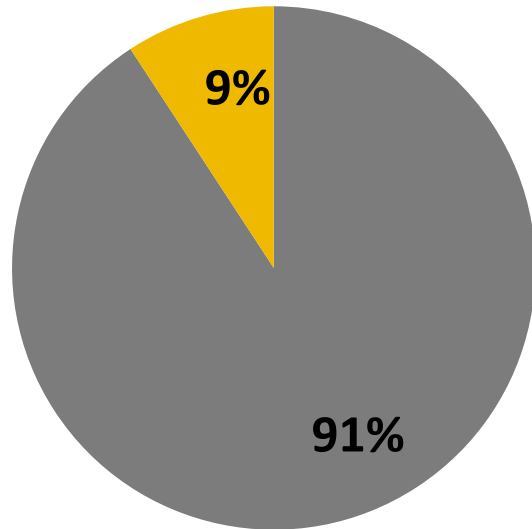


EMERGING MARKETS

38% OF SALES IN EMERGING MARKETS

Net sales 1990: CHF 1,095 million

Net sales 2013: CHF 5,142 million

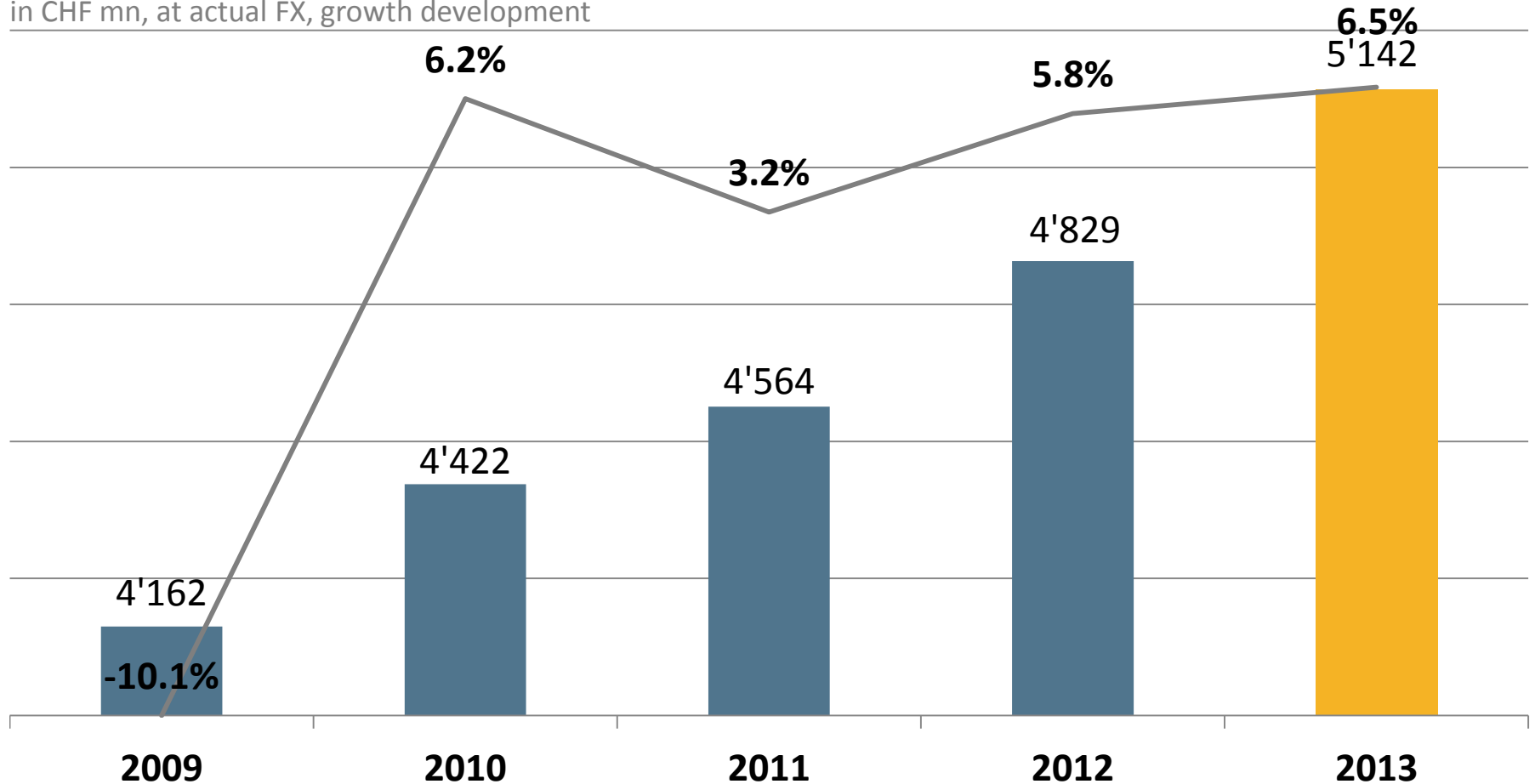


■ Mature markets
■ Emerging markets

FIVE-YEAR OVERVIEW

NET SALES

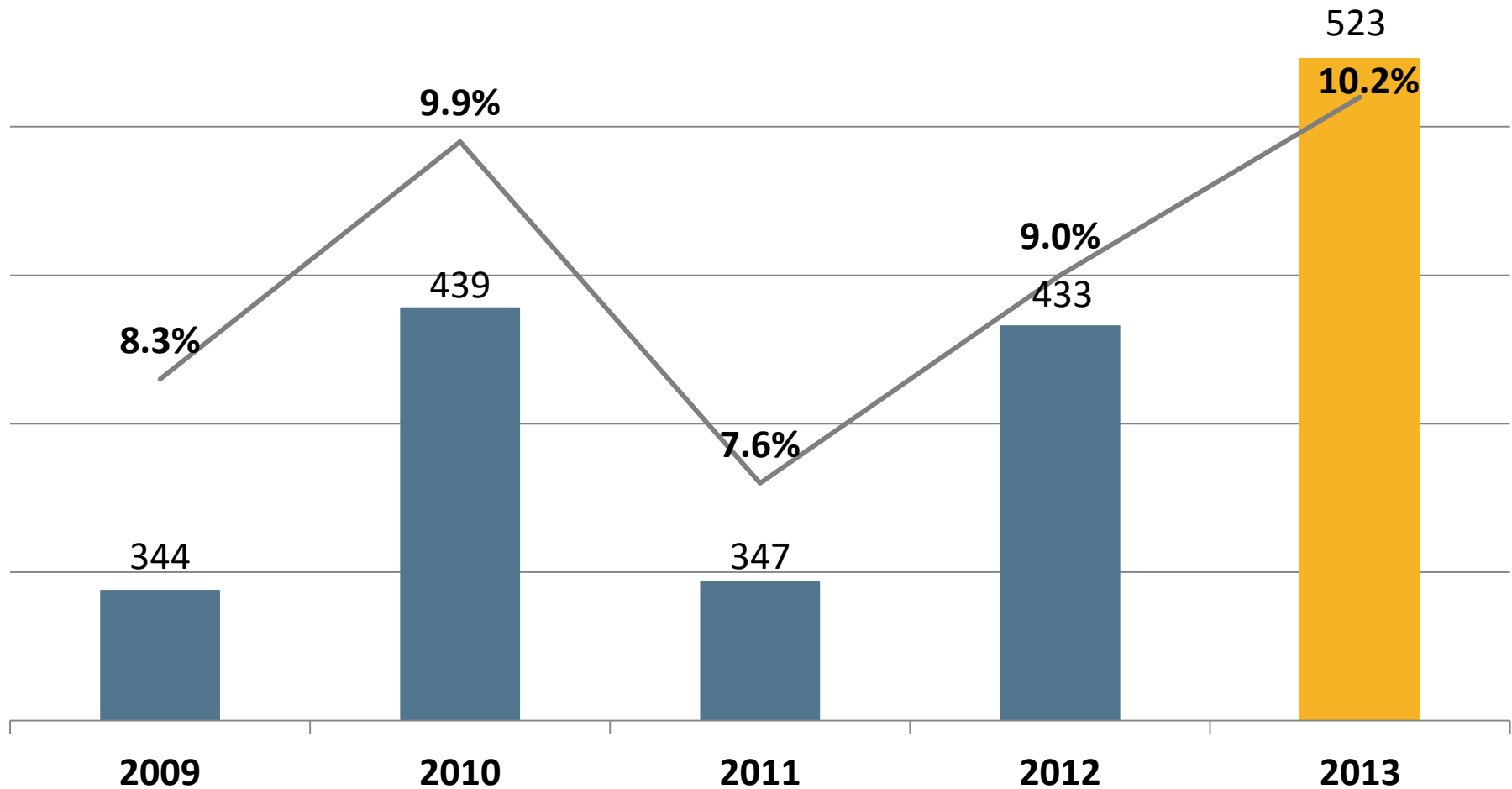
in CHF mn, at actual FX, growth development



FIVE-YEAR OVERVIEW

EBIT

in CHF mn, at actual FX, EBIT margin



ACCELERATED BUILD-UP OF EMERGING MARKETS

INVESTMENTS IN 2013

Opening of first Sika plant:

- **Laos** (Xayaburi, March 2013)
- **Iraq** (Erbil, June 2013)
- **Ukraine** (Kiev, June 2013)
- **Angola** (Luanda, November 2013)



Iraq



Ukraine

ACCELERATED BUILD-UP OF EMERGING MARKETS

INVESTMENTS IN 2013

- 3rd plant in **Russia**
- 4th plant in **Colombia**
- 2nd plant in **South Africa**
- 11th plant in **China**
- 2nd plant in **Vietnam**
- 2nd plant **Romania**

(St. Petersburg, March 2013)

(Barranquilla, May 2013)

(Johannesburg, June 2013)

(Chongqing, August 2013)

(Hanoi, September 2013)

(Cluj, September 2013)



Russia



Romania

LEADING ROLE IN MARKET CONSOLIDATION

ACQUISITIONS 2013

Company	Country	Target Market
LCS Optiroc	Singapore, Malaysia	Flooring Refurbishment
Building Adhesives Business of AkzoNobel	Netherlands	Sealing & Bonding Flooring, Refurbishment
Radmix Resources Pty Ltd and ASF Pty Ltd	Australia	Concrete
JMTexsa, S.A. de C.V. and Texsa India Ltd	Mexico, India	Roofing Waterproofing
Everbuild Building Products Ltd	United Kingdom	Sealing & Bonding Refurbishment

Total sales: CHF 372 million

2. RESULTS 2013

KEY FIGURES

STRONG IMPROVEMENT OF KEY FINANCIALS

in CHF mn	2012	2013	Δ %
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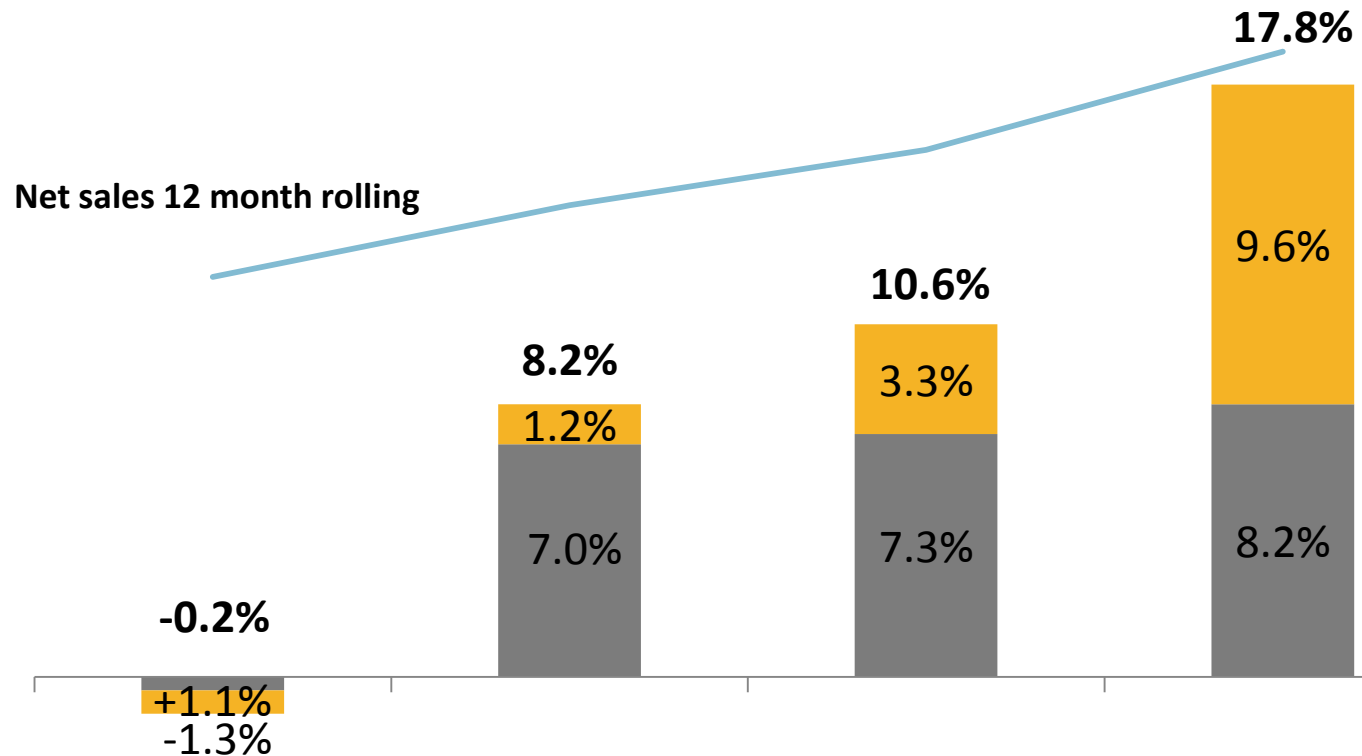
REVENUES 2013

BALANCED SALES GROWTH

in CHF mn	2012	2013	Δ	%
Net sales	4,828.9	5,142.2	+ 313.3	+6.5
Organic growth			+ 285.2	+5.9
Acquisition effect			+ 168.8	+3.5
Currency effect			- 140.7	-2.9

SALES GROWTH BY QUARTER

DYNAMIC GROWTH MOMENTUM



in CHF mn

Quarterly sales

Q1

1,043.1

Q2

1,359.4

Q3

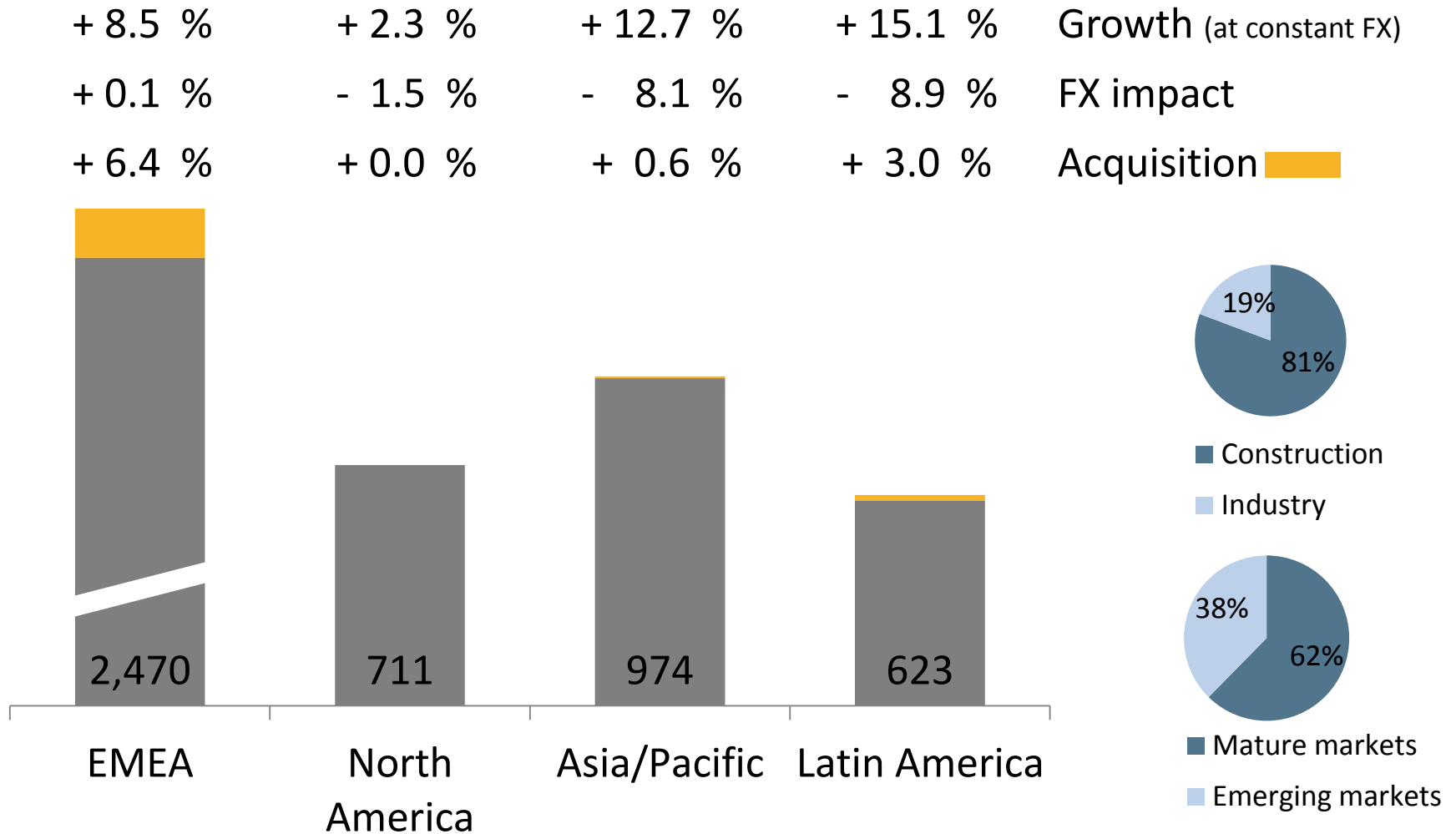
1,405.2

Q4

1,334.5

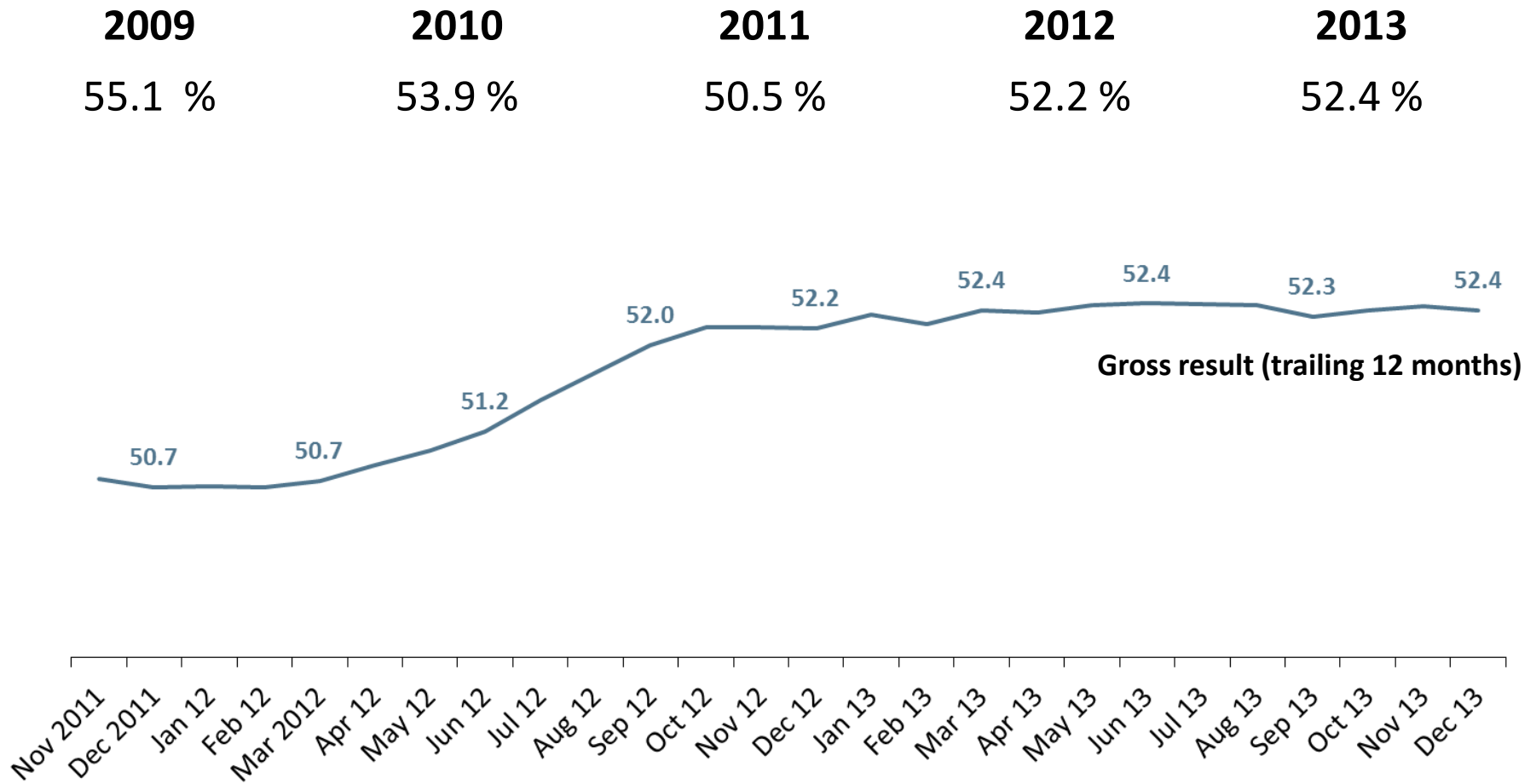
SALES GROWTH BY REGION

ALL REGIONS CONTRIBUTED



GROSS RESULT DEVELOPMENT

CONTINUOUS IMPROVEMENT



PROFIT & LOSS

STRONG IMPROVEMENT OF KEY FINANCIALS

in CHF mn	2012	NS	2013	NS	Growth
Net sales	4,828.9	100 %	5,142.2	100 %	+ 6.5%
Gross results	2,519.3	52.2 %	2,695.6	52.4 %	+ 7.0%
Personnel cost	-1,037.2	-21.5 %	-1,031.1	-20.1 %	- 0.6%
Other OPEX	-909.0	-18.8 %	-988.6	-19.2 %	+ 8.8%
Depreciation	-140.1	-2.9 %	-152.4	-2.9 %	+ 8.8%
EBIT	433.0	9.0 %	523.5	10.2 %	+ 20.9%
Financial expense	-43.2		-46.8		
Income taxes	-111.3		-132.0		
Net profit	278.5	5.8 %	344.7	6.7 %	+ 23.8%
Tax rate		28.6 %		27.7 %	
Non-material cost	-2,086.3	-43.2 %	-2,172.1	-42.2 %	+ 4.1%

CONSOLIDATED BALANCE SHEET

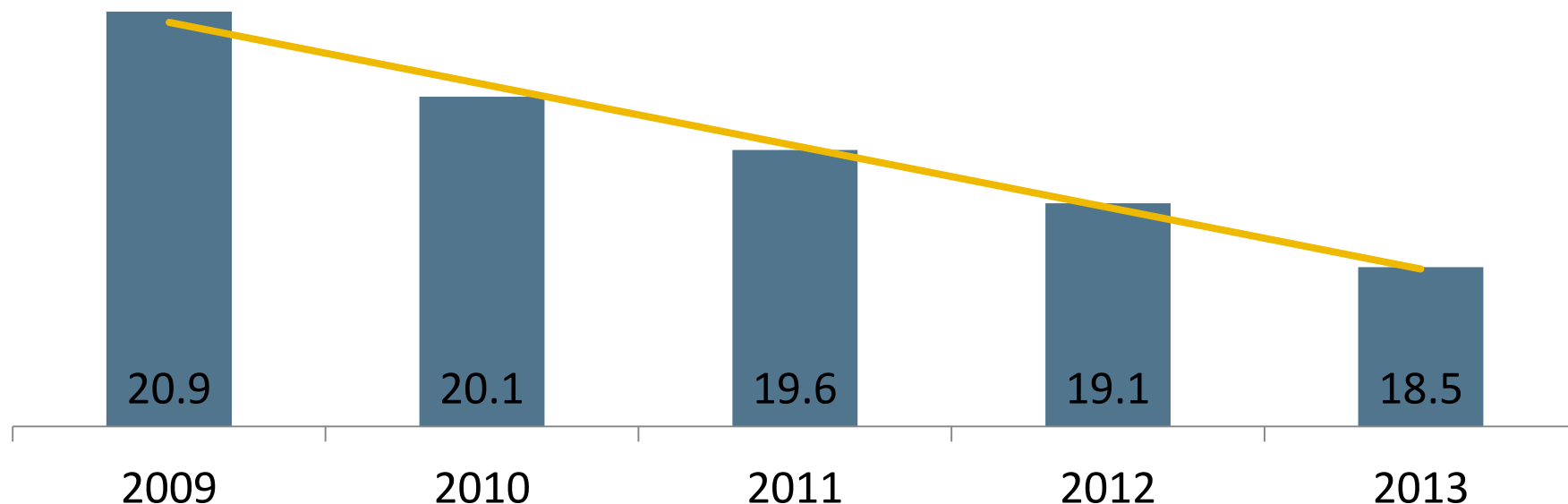
in CHF mn	31.12.2012	31.12.2013	Δ %
Cash and cash equivalents	994.2	1,028.3	+ 34.1
Other current assets	1,503.5	1,559.6	+ 56.1
Current assets	2,497.7	2,587.9	+ 90.2
Non-current assets	1,782.5	2,144.1	+ 361.6
Total assets	4,280.2	4,732.0	+ 451.8
Current liabilities	1,043.5	1,189.1	+ 145.6
Non-current liabilities	1,326.9	1,406.7	+ 79.8
Equity incl. minorities	1'909.8	2,136.2	+ 226.4
Total liabilities and equity	4,280.2	4,732.0	+ 451.8
ROCE	18.5%	21.0%	

NET WORKING CAPITAL

CONTINUING IMPROVEMENT

at actual FX rates in CHF mn	2011 YE	2012 YE	2013 YE
Net sales	4,563.7	4,828.9	5,142.2
= Total NWC year end	904.9	901.0	888.7
In % NS	19.8 %	18.7 %	17.3 %

at constant FX rates



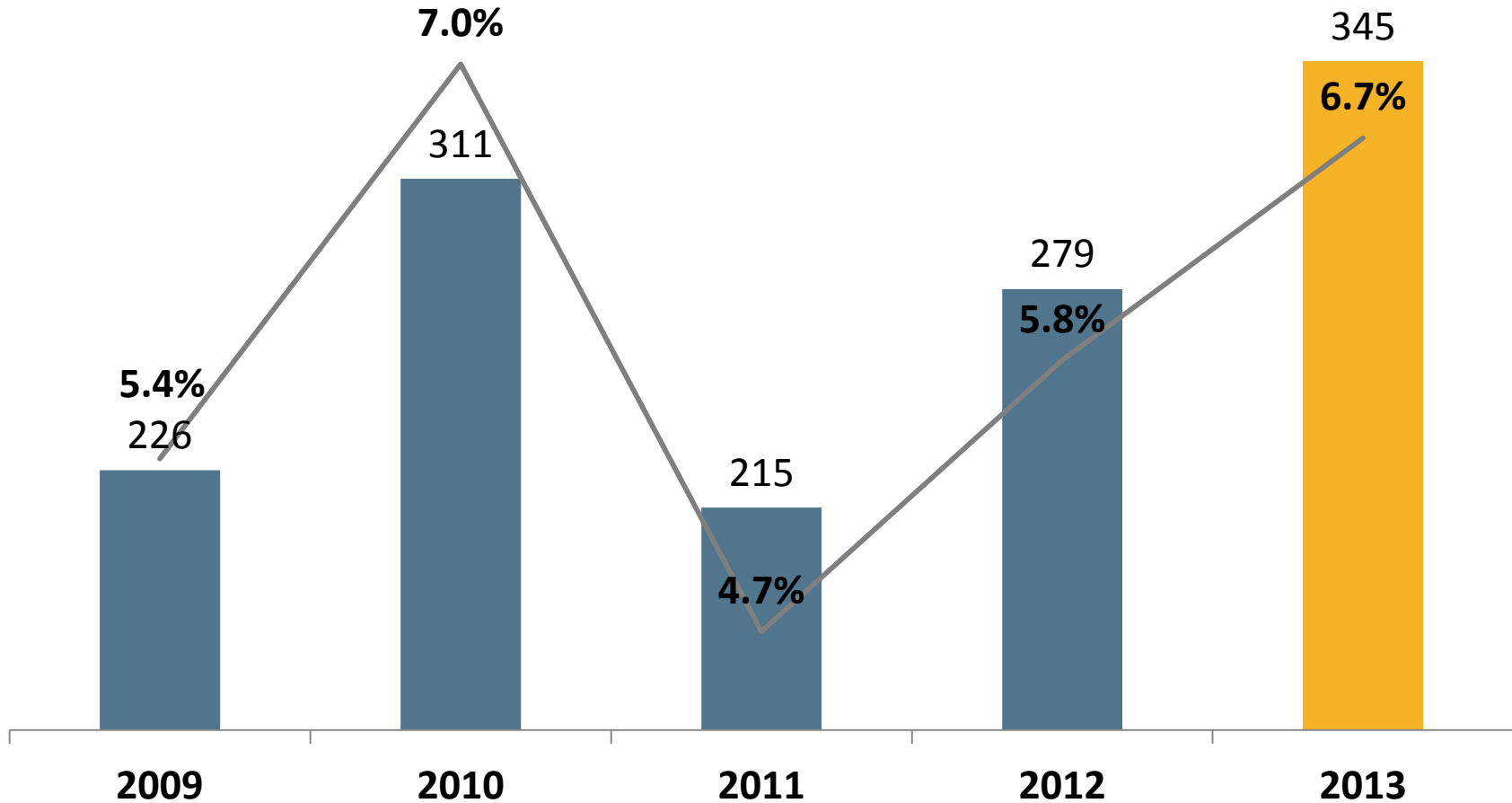
CASH FLOW STATEMENT

in CHF mn	2012	2013
Cash flow from operating activities	427.3	574.0
CapEx/Sale of assets/Acquisitions	-139.0	-555.0
Free cash flow	288.3	19.0
Acquisitions/Financial assets	14.2	413.7
Operating free cash flow	302.5	432.7
Free cash flow	288.3	19.0
Cash flow from financing activities	173.9	23.9
Exchange differences	-4.0	-8.8
Net change in liquid funds	458.2	34.1

FIVE YEAR OVERVIEW

NET PROFIT

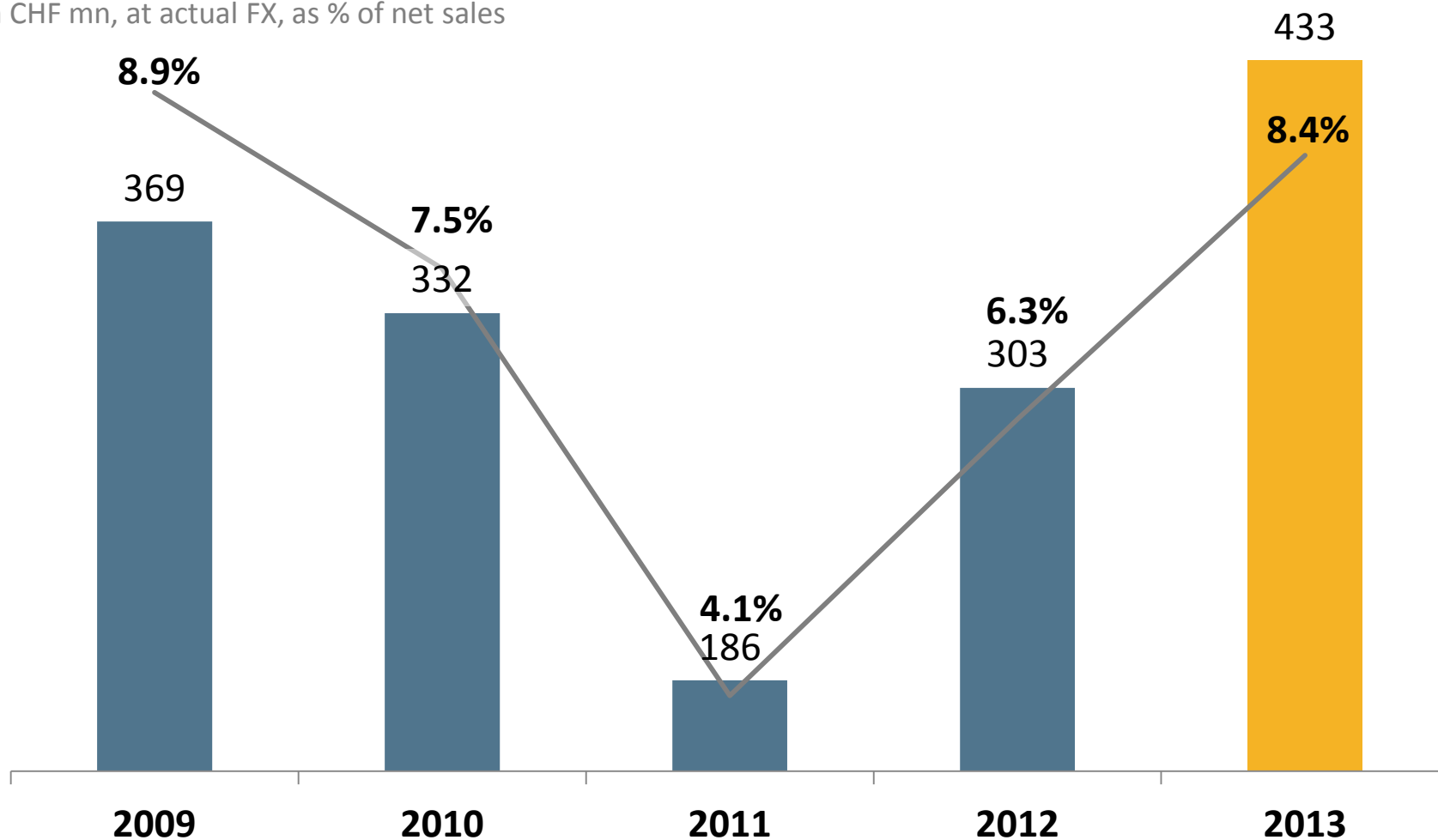
in CHF mn, at actual FX, net profit margin



FIVE YEAR OVERVIEW

OPERATING FREE CASH FLOW

in CHF mn, at actual FX, as % of net sales



DIVIDEND PROPOSAL

BOARD PROPOSES 12% HIGHER DIVIDEND

Dividend payment CHF 57.00 per bearer share
CHF 9.50 per registered share

in CHF mn	2012	2013
Group profit (after minorities)	276.9	342.2
Dividend out of retained earnings	129.2	144.4
Total payout ratio	46.7 %	42.2 %

3. STRATEGY 2018

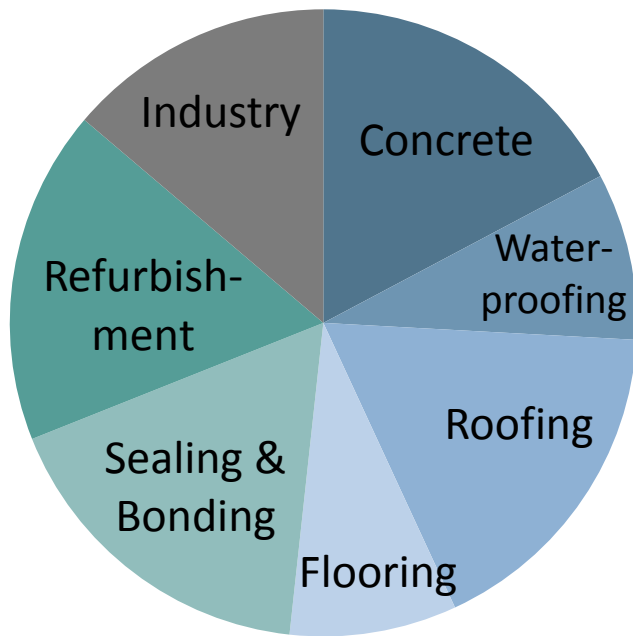
ATTRACTIVE INDUSTRY AND MARKETS

ATTRACTIVE INDUSTRY AND MARKETS

SIGNIFICANT GROWTH POTENTIAL

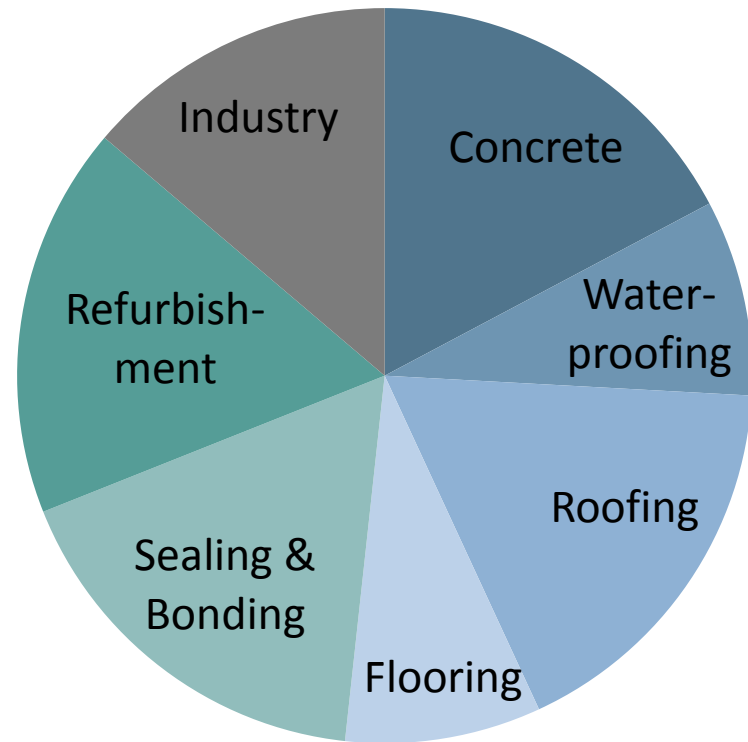
Market Volume 2013

CHF 60 billion



Market Volume 2018*

> CHF 70 billion



*3% annual market growth expected

GROWING DEMAND FOR SIKA PRODUCTS

URBANIZATION AND MEGACITIES

- Increasing world population fuels construction markets
- Higher demand for performance / specialty concrete
- More waterproofing solutions needed
- Functional sealing and building envelopes
- Innovative roofing solutions
- Increased safety, fire, water, earthquake and quality requirements
- High demand for infrastructure
- Increasing demand for refurbishment & repair solutions



GROWING DEMAND FOR SIKA PRODUCTS

TREND FOR LIGHTER, SAFER VEHICLES

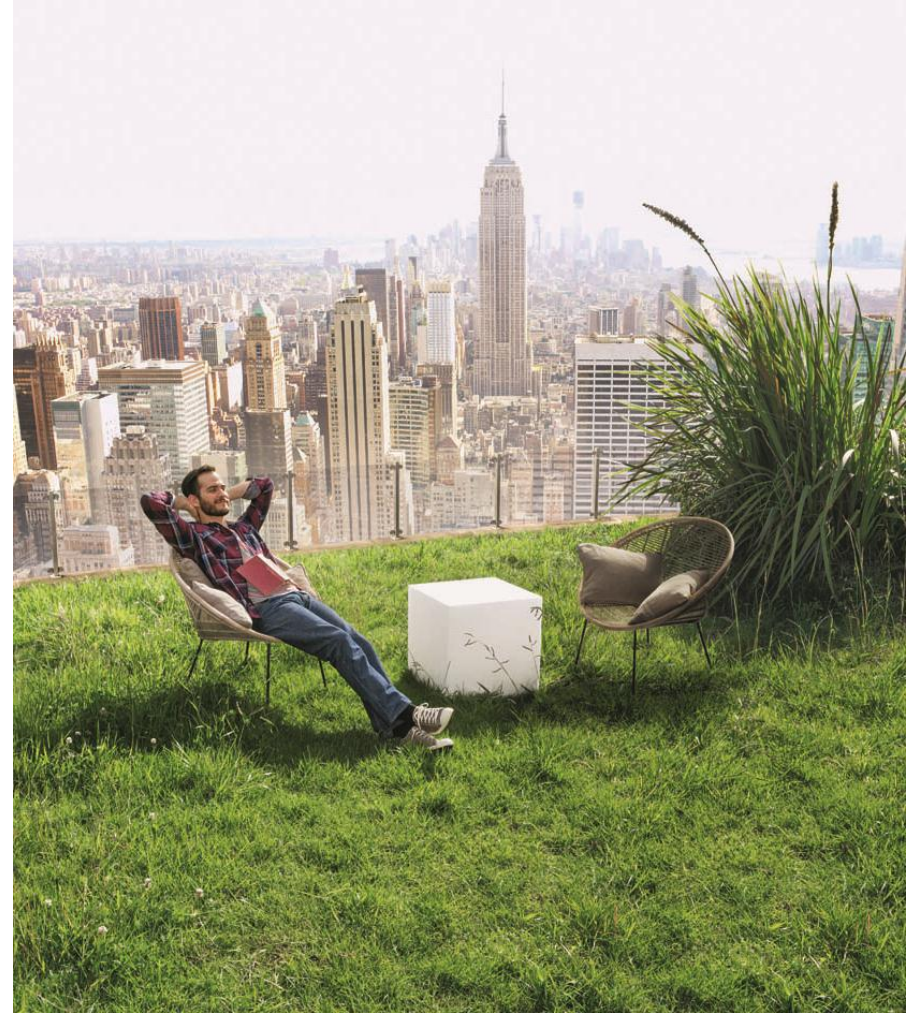


- New materials like carbon fiber require bonding solutions
- Composite body structures need bonding instead of welding
- Adhesives enable stiffer, lighter, safer metal structures
- Modular production concepts are based on fast, high strength bonding systems

GROWING DEMAND FOR SIKA PRODUCTS

TREND FOR SUSTAINABILITY

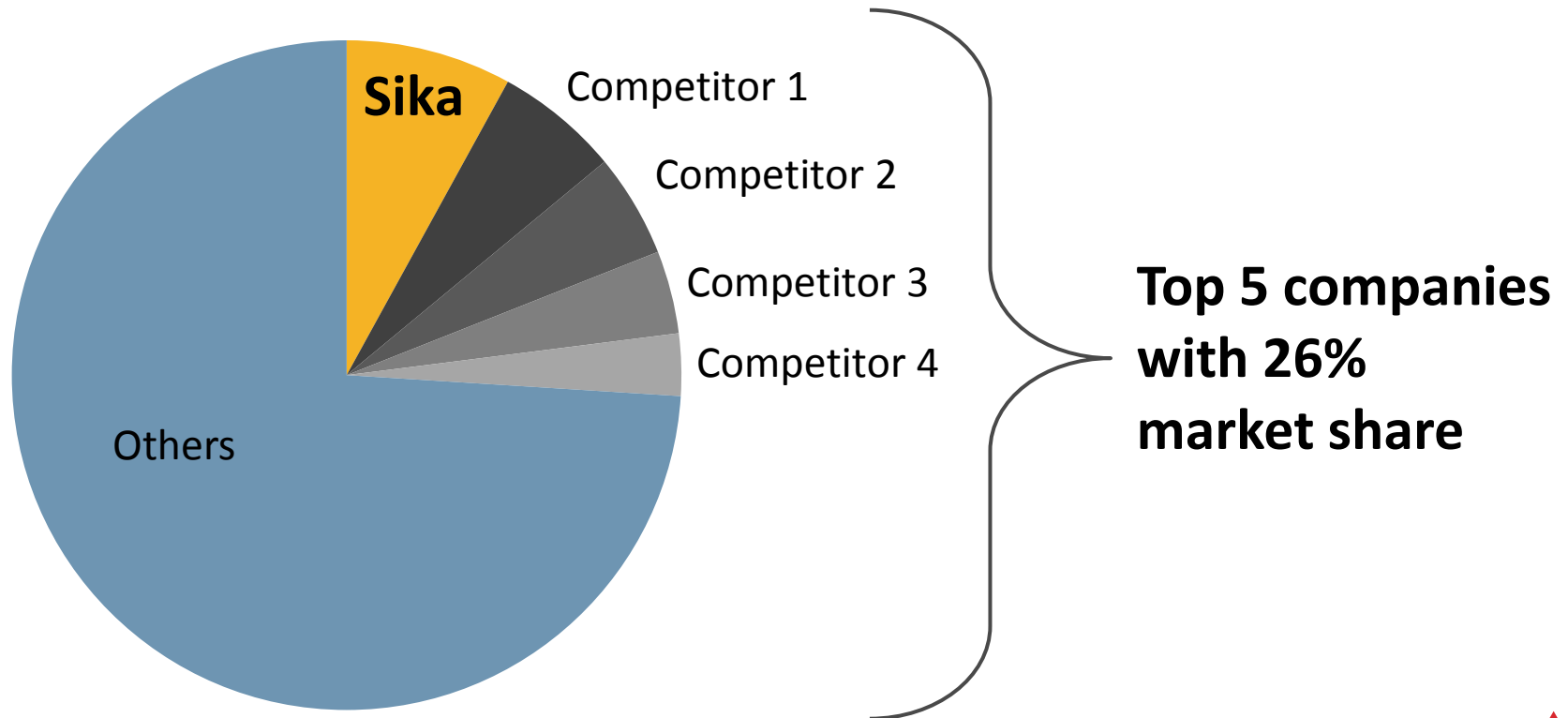
- More efficient use of limited natural resources and energy («green cities»)
- Demand for longer life cycles of infrastructure and buildings
- Demand for low-energy housing
- Drive towards higher recyclability of materials
- Demand for safe-to-use products, lower-emission products
- New technologies for vehicles and transportation
- Increasing environmental regulations



FRAGMENTED GLOBAL INDUSTRY OFFERS SIGNIFICANT GROWTH POTENTIAL

Construction Chemical Market 2013

> CHF 50 billion



SIKA'S POSITION & COMPETITIVE ADVANTAGES

FOCUS ON 7 TARGET MARKETS

With our core competencies bonding, sealing, damping, reinforcing and protecting



Concrete



Waterproofing



Roofing



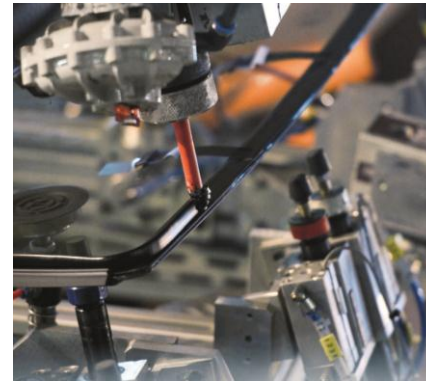
Flooring



Sealing & Bonding



Refurbishment



Industry

STRONG GLOBAL POSITION: COMPETITIVE ADVANTAGES FOR PROFITABLE GROWTH

- World market leader in construction chemicals
- Leading adhesive producer for industrial markets
- Successful focus on innovation (73 patents in 2013)
- First mover in emerging markets (38% of sales)
- Global footprint with over 160 factories worldwide
-  Leading global brand
- Entrepreneurial company culture
- Solid financial position (A- rating)



STRATEGY AND GROWTH MODEL

STRATEGY 2018

BUILDING TRUST

The **Sika Growth Model** ensures the long-term success and the profitable growth of our company.

We aim for global market leadership in our **7 target markets** through cross selling, life-cycle management and the strengthening of our brand. The core of our business is our **innovation management** and our focus on developing the best products and solutions for our customers.

We accelerate the build-up of our organizations in the **emerging markets** and further expand our supply chain footprint. Acquisitions will enable us to leverage our market access and to strengthen our economies of scale.

Our Sika Spirit – which is defined in **Sika's Values & Principles** – is the foundation of our future success. We act with respect and responsibility towards our customers, our shareholders and our employees which is reflected in our Sika brand promise “Building Trust”.

STRATEGY 2018

SIKA'S GROWTH MODEL WILL DELIVER

1. Market penetration

- from roof to floor (**cross selling, 7 target markets, KPM**)
- from new-build to refurbishment (**life-cycle management**)
- push and pull market channels (**specification, branding**)

2. Global technology leadership with continuous innovations and economies of scale in core technologies

3. Accelerated build-up of emerging markets

4. Acquisitions to strengthen market access, technology, economies of scale

5. Strong company values with entrepreneurial spirit and high employee loyalty

TARGETS 2018

STRATEGY 2018

TARGETS

- **Annual sales growth of 6% to 8%**
(at constant exchange rates, including acquisitions)
- **Emerging markets with 42% to 45% of group sales**
by 2018
- **Operating profit (EBIT) above 10% of net sales**
- **Operating free cash flow**
above 6% of net sales
- **ROCE above 20%**
- **Maintain A- rating**



4. OUTLOOK

OUTLOOK 2014

- **Sika expects 6 – 8% sales growth** (at constant exchange rates)
- Continued **build-up of growth markets** with 8 new factories
- **Asia/Pacific:** double-digit growth expected in China and Southeast Asia, stable volumes in Japan, Korea and Pacific
- **Latin America:** double-digit growth expected overall but uncertainties in various markets
- **North America:** after positive development of residential market in 2013, commercial and infrastructure markets are expected to improve, expect mid single-digit growth
- **EMEA:** Continuation of slow recovery with low single-digit growth expected, double-digit growth in Middle East and Africa
- **Margins** on 2013 level expected

5. QUESTIONS & ANSWERS

FORWARD-LOOKING STATEMENTS

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:

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- 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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