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CONTINUATION OF DYNAMIC GROWTH, NET PROFIT SURGES 24.8%

- **Sales growth of 7.6% (6.9% in CHF) to CHF 2,806 million**
- **Growth in all regions**
- **Net profit up 24.8%**
- **2 new national subsidiaries; 6 new factories**
- **Confirmation of annual targets: 6-8% sales growth and disproportionately high growth in profitability**

The dynamic growth trajectory has continued in 2016 with a sales increase of 7.6% in local currency and a new sales record for the first half of the year of CHF 2,806.2 million. Organic sales growth in the second quarter amounted to 6.5% – the highest figure in the last two years. The basis of this growth strategy is investment in new products together with the establishment of new national subsidiaries and factories. In the first half of the year, the more stable exchange-rate situation resulted in a modest currency impact (-0.7%) and very pleasing sales growth of 6.9% in Swiss francs.

NET PROFIT UP 24.8%

The positive margin development of the last five years continued in the first half of 2016. The Sika growth model, with its emphasis on volume growth together with disproportionately low cost development, resulted in a further improvement in margins. A more stable exchange-rate situation and lower commodity prices strengthened this effect, with the result that operating profit, net profit, and cash flow all posted new record values in the first half of the year. Operating profit (EBIT) improved by 22.6% (+ CHF 65.1 million) to CHF 353.7 million (previous year: CHF 288.6 million). Net profit rose by as much as 24.8% to CHF 246.3 million (previous year: CHF 197.3 million).

Jan Jenisch, CEO: “Our investment in new products, national subsidiaries and the expansion of production capacity is paying off. All regions contributed to the record result in the first half of 2016, and with sales up by 7.6% we have continued to deliver impressively on our growth

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strategy. We posted double-digit growth rates in the USA, Canada, Argentina, Chile, UK, Africa, Southeast Asia, the Pacific area, and Automotive. We have rigorously pursued our growth strategy, with two additional national subsidiaries and six new factories. The commitment and performance of our employees in what is now 95 countries are the cornerstones of our success. I would like to express my thanks to our global team for their tremendous dedication under partly difficult circumstances. Thanks to this dedication and the strength of our growth model, we can look forward to the future and to the second half of 2016.”

GROWTH IN ALL REGIONS

The EMEA region (Europe, Middle East, Africa) saw sales increase in local currencies by 6.6%. Good growth rates were achieved in Southern Europe and the Middle East. The strongest rise in sales was achieved in Africa, with an increase of more than 20%. Sika's presence in Africa consists of 16 national subsidiaries and 14 production locations. Demand in the Western European market came in at a healthy level. A new mortar factory was opened in Kryoneri, near Athens, while a new national subsidiary was opened in Kuwait – Sika's 13th in the Middle East.

The North American region generated a sales increase of 12.7% in local currencies, a record result. Growth drivers here include the accelerated expansion of the supply chain and investments in sales force in the growing metropolitan areas, together with robust activity in the construction sector. The number of production sites for mortar and concrete admixtures has been increased to a total of 20 in the past two years, with four new factories in Denver, Atlanta, Philadelphia, and Vancouver, plus the acquisitions of BMI and Scofield.

The Latin America region recorded a 5.9% sales increase in local currencies. Mexico, Argentina, and Chile all developed strongly. By contrast, the economic crisis in Brazil and a significant fall in the value of some local currencies led to a downturn in business activity. Investment in the region included a new mortar factory in Ecuador and the establishment of a new national subsidiary in Nicaragua.

Growth in the Asia/Pacific region increased to 4.6%. Significant, double-digit sales gains were once again achieved in Southeast Asia and the Pacific area. Market demand in China remained at a low but significantly more optimistic level than a year earlier. The first factory in Myanmar was opened in February 2016. Sika is positioning itself to derive maximum benefit from the

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construction boom in this burgeoning market through a new production site for concrete admixtures in the Yangon metropolitan region. In Thailand, a second factory for mortar and concrete admixtures was opened. The market expansion in Asia is completed by a new plant in Phnom Penh, Cambodia, which is also Sika's first manufacturing plant in that country.

OUTLOOK FOR 2016

Strategy 2018 was successfully continued in the first half of the year, with new record results achieved. The annual targets for 2016 can be confirmed. Sales growth of 6-8% is expected for the current business year, along with a disproportionately strong rise in margins. The growth strategy will continue in 2016 with the opening of between eight and ten new factories and three to four national subsidiaries. The unknown outcome of Saint-Gobain's hostile takeover attempt remains an element of uncertainty for the future.

KEY FIGURES HALF-YEAR 2016

in CHF mn	1/1/2015 - 6/30/2015	1/1/2016 - 6/30/2016	Change in %
Net sales	2,625.2	2,806.2	6.9
Gross result	1,428.0	1,559.7	9.2
Operating profit before depreciation (EBITDA)	370.2	439.7	18.8
Operating profit (EBIT)	288.6	353.7	22.6
Net profit after taxes	197.3	246.3	24.8
Earnings per share in CHF	76.53	95.87	25.3
Operating free cash flow	43.0	106.0	
Balance sheet total ¹	4,923.8	4,844.6	
Shareholders' equity ¹	2,552.1	2,563.1	
Equity ratio in % ^{1,2}	51.8	52.9	
Return on capital employed (ROCE) in % ³	22.8	25.5	

1 As of December 31, 2015/June 30, 2016.

2 Shareholders' equity divided by balance sheet total.

3 Capital employed = current assets, PPE, intangible assets less cash and cash equivalents, current securities, current liabilities (excluding bank loans and bond).

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NET SALES BY REGION

in CHF mn	1/1/2015 - 6/30/2015	1/1/2016 - 6/30/2016	Change compared to prior year (+/- in %)			
			In CHF	In local currencies	Currency impact	Acquisition effect
By region						
EMEA	1,242.0	1,335.1	7.5	6.6	0.9	2.4
North America	380.9	441.3	15.9	12.7	3.2	1.7
Latin America	303.7	273.9	-9.8	5.9	-15.7	0.0
Asia/Pacific	483.9	509.5	5.3	4.6	0.7	1.1
Other segments and activities	214.7	246.4	14.8	13.9	0.9	0.0
Net sales	2,625.2	2,806.2	6.9	7.6	-0.7	1.6
Products for construction industry	2,072.1	2,177.8	5.1	6.0	-0.9	0.7
Products for industrial manufacturing	553.1	628.4	13.6	13.4	0.2	4.7

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Conference call today, July 29, 2016 at 3 pm (CET)

In connection with the publication of the half-year results a conference call will be held today. Please dial in 10 to 15 minutes before the start at:

+41 58 310 5300 (Europe, Asia)
+1 412 902 6718 (North America, Latin America)
+44 203 059 5863 (UK)

An operator will then connect you with Jan Jenisch (CEO), Adrian Widmer (CFO) and Dominik Slappnig (Head IR).

The conference call will be recorded and remains retrievable for 96 hours under the following numbers:

+41 (0)91 612 4330 (Europe, Asia)
+1 (1)631 982 4566 (North America, Latin America)
+44 (0)207 108 6233 (UK)

Upon request please enter the code **16549** followed by the #sign.

FINANCIAL CALENDAR:

Results first nine months 2016	Thursday, October 27, 2016
Net sales 2016	Tuesday, January 10, 2017
Media conference / analyst presentation on full-year results 2016	Friday, February 24, 2017
Sales first quarter 2017	Tuesday, April 11, 2017
49 th Annual General Meeting	Tuesday, April 11, 2017
Half-year report 2017	Thursday, July 27, 2017

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SIKA CORPORATE PROFILE

Sika is a specialty chemicals company with a leading position in the development and production of systems and products for bonding, sealing, damping, reinforcing and protection in the building sector and automotive industry. Sika has subsidiaries in 95 countries around the world and manufactures in over 170 factories. Its more than 17,000 employees generated annual sales of CHF 5.49 billion in 2015.