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STRONG SALES GROWTH IN FIRST QUARTER – SLOWER IN MARCH DUE TO COVID-19

- **Sales increase of 15.4% in local currencies to CHF 1,813.6 million (+10.3% in CHF)**
- **Negative currency effect of –5.1%**
- **Acquisition of Adeplast (Romania) concluded, new production facility in Sarnen (Switzerland) comes on stream**
- **Outlook for 2020: forecast for 2020 not yet possible due to ongoing developments related to COVID-19**
- **Confirmation of 2023 strategic targets for sustainable, profitable growth**

Thanks to a good start to the 2020 business year, Sika has continued its growth trajectory, reporting a new sales record of CHF 1,813.6 million in the first quarter. This equates to an increase of 15.4% in local currencies. A negative currency effect of –5.1% led to sales growth in Swiss francs of 10.3%, with an acquisition effect of 16.7%. Organic growth was thus slightly negative in the first quarter, at –1.3% This reflects the first repercussions on business of the COVID-19 pandemic.

Paul Schuler, Chief Executive Officer: "Since the start of the coronavirus pandemic, Sika has been quick to react in all markets affected, implementing the necessary measures swiftly and rigorously. This has been done with a view to safeguarding the health of employees, maintaining business activity, and adapting to the new market conditions through targeted cost management. The crisis will affect Sika, too, but – thanks to our proximity to customers in all countries – we are able to move fast in order to grasp opportunities and thus capture further market share. I want to thank all of our employees for their great dedication at this difficult time."

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SLOWER GROWTH IN MARCH IN ALL REGIONS

As the coronavirus pandemic gained ground in January 2020, first in China and then in the rest of Asia, followed by the EMEA region and the Americas region, from mid-March around 30 countries where Sika is present through subsidiaries and production sites found themselves in lockdown. The extent of the lockdown varies from country to country. Since the situation is changing constantly, Sika is adapting measures specifically in line with the new circumstances.

In the first quarter of 2020, the EMEA region recorded a sales increase in local currency of 13.3% (previous year: 8.2%). Business developed well in Germany, Austria, and Switzerland (the "DACH" area), the Nordic countries, Eastern Europe, and the Middle East. The impact of the pandemic made itself felt on the entire EMEA region from mid-March, with the first countries entering the lockdown phase. The acquisition of Adeplast (Romania) was concluded at the end of March. In addition, in the first quarter Sika also brought into operation in Sarnen, Switzerland, a new production facility for the manufacture of SikaProof® structural waterproofing membrane.

The Americas region recorded growth in local currencies of 23.0% (previous year: 4.8%). Business was strong in the region until mid-March. The United States and Canada in particular saw double-digit growth rates, and many countries in Latin America recovered from the political tensions of the previous months. However, with the lockdown, growth momentum came to an abrupt halt in several Latin American markets from March 20.

Sales in local currencies in the Asia/Pacific region increased by 29.8% (previous year: 2.8%), a figure which includes a significant acquisition effect from the Parex takeover (39.5%). China, where the COVID-19 outbreak started, was in lockdown from mid-January to March. Sika was able to restart business activities in the country from early March, with all factories recommencing production on a reduced scale. Australia, Japan, and Korea were less affected by the pandemic in economic terms, and construction activity continued in most areas with some restrictions.

The automotive industry reported a decline of -25% in production figures in the first quarter. Despite the difficult environment, Sika was able to capture increased market share. The Global Business segment posted negative growth in local currencies of -7.1% (previous year: 13.3%). Most car manufacturers in Europe and North America halted production from mid-March, just as

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their Chinese counterparts were restarting their production operations. Despite the coronavirus-related forecasted decline in automotive sales, Sika expects the megatrends in modern auto manufacturing to generate growth stimuli in the long term, with electro-mobility and lightweight construction also dominating in future.

MEASURES IN THE CURRENT SITUATION

From the outset, the central focus has been the health of employees, customers, and suppliers. Sika was able to react swiftly, with its local management teams developing and implementing targeted operational measures for the national subsidiaries.

Cash management is a key issue. Non-business-critical investment has been postponed and cost structures have been adapted, without jeopardizing long-term growth. Close attention is paid to working capital management. Sika has a solid balance sheet and kicked off the 2020 business year with a high cash holding of CHF 995 million. On top of this, the Group has CHF 1.25 billion in credit lines.

OUTLOOK

Sika confirms its strategic targets 2023. The organization will continue to be aligned for continued long-term success and profitable growth. By targeting 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 by 2023. It is aiming for a higher EBIT margin of 15-18% from 2021 onward. 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.

Given the volatility of the current backdrop, it is not possible to issue any concrete forecast as regards the course of business for full-year 2020. Much will depend on when individual large countries exit lockdown and how the further spread of the virus can be contained over the year. Although Sika will not be able to escape a global recession entirely unscathed, it is convinced that it will be able to continue to further improve its position thanks to the measures taken and its proximity to the market, emerging from the current situation strengthened as a company.

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NET SALES IN THE FIRST THREE MONTHS OF 2020

In CHF mn	1/1/2019 - 3/31/2019	1/1/2020 - 3/31/2020	Year-on-year change (+/- in %)				
			In CHF	In local currencies ¹	Currency effect	Acquisition effect ²	Organic growth ³
By region							
EMEA	723.8	786.4	8.6	13.3	-4.7	13.3	0.0
Americas	412.5	480.8	16.6	23.0	-6.4	17.7	5.3
Asia/Pacific	266.2	332.7	25.0	29.8	-4.8	39.5	-9.7
Global Business	242.3	213.7	-11.8	-7.1	-4.7	0.0	-7.1
Net sales	1,664.8	1,813.6	10.3	15.4	-5.1	16.7	-1.3
Products for the construction industry	1,225.8	1,428.9	16.6	21.7	-5.1	22.4	-0.7
Products for industrial manufacturing	419.0	384.7	-8.2	-3.2	-5.0	0.0	-3.2

¹ Growth in local currencies including acquisitions.

² Sales contribution by acquired companies without considering the growth after business combination. Sales growth of the acquired businesses since initial consolidation is included in organic growth.

³ Growth adjusted for acquisition and currency impact. Sales growth of the acquired businesses since initial consolidation is included in organic growth.

FINANCIAL CALENDAR

Half-Year Report 2020	Thursday, July 23, 2020
Results first nine months 2020	Thursday, October 22, 2020
Net sales 2020	Tuesday, January 12, 2021
Media conference/analyst presentation on 2020 full-year results	Friday, February 19, 2021
Net sales first quarter 2021	Tuesday, April 20, 2021
53rd Annual General Meeting	Tuesday, April 20, 2021

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Telephone conference on April 21, 2020, at 9:30 AM (CET)

A telephone conference will take place today in connection with publication of the first quarter results. Please dial in 10 to 15 minutes prior to the start of the event.

+41 58 310 5000 (Europe, Asia)
+1 631 570 5613 (North America, Latin America)
+44 207 107 0613 (UK)

An operator will then connect you with Paul Schuler (CEO), Adrian Widmer (CFO), and Dominik Slappnig (Head of Corporate Communications & IR).

You will also be able to find a recording of the telephone conference on the Sika website, in the "Investors" section.

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 protecting in the building sector and motor vehicle industry. Sika has subsidiaries in 100 countries around the world and manufactures in over 300 factories. Its more than 25,000 employees generated annual sales of CHF 8.1 billion in 2019. At the end of 2019, Sika won the Swiss Technology Award for an innovative new adhesive technology.