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RECORD RESULTS FOR SALES, OPERATING PROFIT, AND NET PROFIT

- Sales reach CHF 7,085.4 million (+13.6% in local currencies)
- Operating profit (EBIT) increased to CHF 945.9 million (+5.5%)
- Net profit up 5.9% to CHF 687.1 million
- Growth in all regions
- 11 factories opened, 1 national subsidiary established, 4 acquisitions
- Dividend increase of 10.8% proposed
- Strategic targets for 2020 confirmed

Sika continued its success story in the 2018 financial year with record figures. Sales in local currencies increased by 13.6% to CHF 7,085.4 million. Operating profit (EBIT) rose by 5.5% to CHF 945.9 million (previous year: CHF 896.3 million), while net profit grew by 5.9% to CHF 687.1 million (previous year: CHF 649.0 million). The 16 strategic investments made during the year under review will continue to drive future growth. The Board of Directors is proposing to the 2019 Annual General Meeting a dividend increase of 10.8%. The strategic goals for 2020 were confirmed.

Paul Schuler, CEO: "We have shown proof of our strength and growth capabilities now the takeover dispute has ended. 2018 was a historic year for Sika, during which the course was set for further growth and sustainable success. With sales reaching a record CHF 7,085.4 million and an operating result of CHF 945.9 million, we can look back with pride on the past financial year. We achieved further record results in an economic environment that was at times challenging. We would like to sincerely congratulate our 20,060 employees and thank them for their hard work and tremendous dedication."

GROWTH IN ALL REGIONS

In 2018, Sika generated sales of CHF 3,167.3 million in the EMEA (Europe, Middle East, Africa) region (previous year: CHF 2,735.7 million). This translates into growth of 14.1% in local currencies. The core markets of Spain and the UK recorded high single-digit growth, while double-digit rates were achieved in Eastern Europe. In particular, the recently founded national

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subsidiaries contributed to double-digit growth in Africa. All Sika's target markets contributed to the good overall result with high single-digit rates of organic growth.

Sales in the recently created Americas region grew by 11.7% in local currencies to CHF 1,820.5 million (previous year: CHF 1,684.0 million). Investment in the country's rapidly growing metropolitan areas was the driving force behind double-digit growth in the United States. Business performance in Brazil and Colombia was higher than average. The organizational amalgamation of the two formerly separate North America and Latin America regions to form the Americas region resulted in improvements through various new initiatives in procurement, innovation, talent development, and operations.

Sales in the Asia/Pacific region increased by 5.5% in local currencies to CHF 1,177.2 million (previous year: CHF 1,121.4 million). The region's organic growth during the fourth quarter of 2018 reached 7.5%, the highest quarterly figure for the past three years. India, Indonesia, and China recorded the strongest growth rates. The national subsidiary established by Sika in Bangladesh in 2017 has already made a name for itself as a leading supplier of high-performance system solutions in major infrastructure projects such as expressways, railway lines, and energy supply facilities.

In the new Global Business segment, Sika achieved growth in local currencies of 29.2%. Total sales amounted to CHF 920.4 million (previous year: CHF 707.2 million), of which 23.1% was attributable to the acquisition of Faist ChemTec. This segment comprises the globally managed automotive business as well as Advanced Resins (formerly Axson Technologies) and Faist ChemTec, both established suppliers of components and solutions to the automotive sector and other industries. Overall, Sika gained additional market share in the automotive sector in 2018, while projects in hand for 2019 reached new record levels. The company's product technologies for lightweight construction and electromobility are among those that harbor strong growth potential, alongside its comprehensive acoustic solutions for modern vehicle construction. Sika is set to benefit substantially from the megatrend toward electromobility and aims to increase its percentage of components per vehicle by 20%.

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PROFIT GROWTH

Operating profit was affected by one-off expenses, as well as higher raw material costs, which had a greater impact in 2018 than expected, even though prices were adjusted continuously. Nevertheless operating profit improved by 5.5% to CHF 945.9 million (previous year: CHF 896.3 million). Net profit rose by 5.9% to CHF 687.1 million (previous year: CHF 649.0 million). The tax rate decreased to 23.0% (previous year: 24.7%).

KEY BALANCE SHEET FIGURES

The ratio of net working capital to net sales rose slightly in 2018 to 19.6% (previous year: 19.0%). This was due to a rise in the valuation of inventories caused by increased raw material prices, as well as to acquisitions. At the end of 2018, cash and cash equivalents amounted to CHF 914.0 million (previous year: CHF 1,037.9 million), while operating free cash flow grew slightly to CHF 513.2 million (previous year: CHF 496.8 million). Return on capital employed (ROCE) came to 26.2% (previous year: 29.8%).

HIGHER DIVIDEND PROPOSED – NEW ELECTIONS TO THE BOARD OF DIRECTORS

At the Annual General Meeting on April 9, 2019, the Board of Directors will be proposing a 10.8% increase in gross dividend to CHF 2.05 per registered share (2018: CHF 1.85).

Furthermore the Board of Directors proposes the election of Thierry Vanlancker (Netherlands) and Victor Balli (Switzerland) as new members of the Board. Ulrich W. Suter is not standing for re-election.

OUTLOOK

Sika expects sales to increase by 6–8% in 2019, in accordance with the Group's 2020 growth strategy, and anticipates an over-proportional rise in profits. Depending on when the Parex transaction is completed, sales are expected to exceed CHF 8 billion. Implementation of the growth strategy will continue in 2019 with the opening of seven to nine new factories and further acquisitions. The new Strategy 2023 will be presented at the Sika Capital Markets Day on October 3, 2019.

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KEY FIGURES 2018

In CHF mn	as % of net sales	2017	as % of net sales	2018	Δ in %
Net sales		6,248.3		7,085.4	+13.4
Gross result	54.4	3,399.1	53.0	3,751.7	+10.4
Operating profit before depreciation (EBITDA)	17.1	1,068.5	16.3	1,149.1	+7.6
Operating profit (EBIT)	14.3	896.3	13.4	945.9	+5.5
Net profit	10.4	649.0	9.7	687.1	+5.9
Net profit per share (EPS) in CHF		4.23		4.69	+10.9
Operating free cash flow	8.0	496.8	7.2	513.2	+3.3
Balance sheet total		5,795.8		6,382.2	+10.1
Shareholders' equity		3,411.1		1,675.4	
Equity ratio in %		58.9		26.3	
New working capital	19.0	1,187.4	19.6	1,389.8	
ROCE in %		29.8		26.2	
Number of employees		18,484		20,060	+8.5

The Annual Report and the presentation given at the media conference/analyst presentation on the 2018 financial year can be downloaded from www.sika.com.

Link to Annual Report: https://www.sika.com/de/group/Publications/annual_reports01.html

Link to live transmission of the media conference/analyst presentation of February 22, 2019, 10.00 a.m.: www.sika.com/presentations

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FINANCIAL CALENDAR

Net sales first quarter 2019	Tuesday, April 9, 2019
51st Annual General Meeting	Tuesday, April 9, 2019
Half-Year Report 2019	Thursday, July 25, 2019
Results first nine months 2019	Thursday, October 24, 2019
Net sales 2019	Tuesday, January 7, 2020
Media conference/analyst presentation on 2019 full-year results	Friday, February 21, 2020

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 101 countries around the world and manufactures in over 200 factories. Its more than 20,000 employees generated annual sales of CHF 7.09 billion in 2018.