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SIKA ON TRACK FOR RECORD RESULTS – STRONG GROWTH IN SALES AND EBIT IN THE FIRST HALF YEAR

- **Sales growth of 9.6% in local currencies to CHF 3,732.4 million (+7.6% in CHF)**
- **Growth in all regions**
- **Higher gross result – EBIT increase of 8.3%**
- **Conclusion of Parex acquisition provides boost to growth, takeover of King Packaged Materials in Canada and Belineco in Belarus**
- **Opening of three new factories**
- **Outlook: sales of over CHF 8 billion and double-digit EBIT growth for 2019**

Sika recorded strong single-digit sales growth in the first half of the year, posting a new sales record of CHF 3,732.4 million. This equates to an increase of 9.6% in local currencies. Sales growth in CHF amounted to 7.6% (–2.0% currency effect).

HIGHER GROSS RESULT – EBIT INCREASED BY 8.3%

In the first half of the year, Sika managed to increase its gross result to 53.8% (previous year: 53.6%). Despite one-off effects, operating profit (EBIT) improved by 8.3% to a new record level of CHF 481.7 million (previous year: CHF 444.6 million). Acquisition and integration costs in connection with the takeover of Parex amounted to CHF 30.8 million, whereof CHF 6.7 million were non-recurring financial expenses. In the prior-year period, one-off effects in connection with the solution to the takeover dispute with Saint-Gobain amounted to CHF 23 million.

Paul Schuler, Chief Executive Officer: “We are well-positioned in a commercially challenging environment, and achieved a strong sales growth of 9.6% in the first half of 2019. We are enjoying a significant boost to growth thanks to the Parex acquisition, and are well on track to exceed the sales mark of CHF 8 billion. Our collaboration during the integration process is working outstandingly, and we are exploiting our synergy potential in procurement, logistics, and production. Our joint distribution and cross-selling activities are already revealing the strength of our combined market presence.”

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GROWTH IN ALL REGIONS

The first half of the year saw Sika make the largest acquisition in its history with the takeover of Parex, a globally leading producer of facade mortar, technical mortar, tile adhesives, and waterproofing systems. The company has a particularly strong presence in distribution channels and is represented in 23 countries. The integration is proceeding successfully according to plan, and numerous projects are already being implemented.

The EMEA region (Europe, Middle East, Africa) reported a sales increase in local currency of 7.7% (previous year: 13.6%) in the first half of the year. This region recorded strong growth with double-digit growth rates in Africa and high single-digit growth in Eastern Europe. Growth in many major European markets developed moderately, due to the lower number of working days in the second quarter.

In Belarus, Sika acquired Belineco, a specialist manufacturer of polyurethane foam systems, thereby expanding its know-how in the development and production of PU foams. Production capacity was expanded in Senegal, Egypt, and Qatar, with new factories opened for the production of concrete admixtures and mortar.

The Americas region recorded a strong sales increase of 11.4% (previous year: 13.6%). Growth has been accelerating in North America in spite of the ongoing shortage of specialist labor in the construction sector. Latin America recorded high growth with above-average business development in Brazil, Colombia, and Peru. In Mexico, the repercussions of the change in government were tangible in the implementation of infrastructure projects.

In Canada, the acquisition of the King Packaged Materials Company in the reporting period brought a leading manufacturer of concrete repair systems into the Group.

Growth in the Asia/Pacific region amounted to 15.6% (previous year: 5.0%). Here the highest growth rates were recorded by India and China. In order to mitigate the economic impact of the trade tariff conflict with the United States, the Chinese government increased its expenditure on infrastructure projects.

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The Global Business segment recorded a growth rate of 4.9% (previous year: 28.5%). In the Automotive area, Sika generated further growth in the first half of the year, despite a strong decline in the global car production figures. In particular, the company is benefiting from the megatrends evident in modern automotive construction, which are dominated by electromobility and lightweight construction. New, lighter platforms and multi-material designs are opening up new avenues of growth potential for Sika.

OUTLOOK: SALES OF OVER CHF 8 BILLION AND DOUBLE-DIGIT EBIT GROWTH FOR 2019

For the 2019 financial year, Sika is expecting an increase in sales to more than CHF 8 billion along with double-digit EBIT growth. The implementation of the Group's growth strategy will continue in 2019 with the opening of between seven and nine new factories, and the establishment of further growth platforms in the form of acquisitions. Details of the new Strategy 2023 will be presented at the Sika Capital Markets Day on October 3, 2019.

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KEY FIGURES HALF-YEAR 2019

in CHF mn	1/1/2018 - 6/30/2018	1/1/2019 - 6/30/2019	Change in %
Net sales	3,470.1	3,732.4	7.6
Gross result	1,861.2	2,008.9	7.9
Operating profit before depreciation (EBITDA)	544.8	623.8	14.5
Operating profit (EBIT)	444.6	481.7	8.3
Net profit after taxes	318.2	330.7	3.9
Undiluted earnings per share (in CHF)	2.12	2.31	9.0
Diluted earnings per share (in CHF) ¹	2.11	2.11	0.0
Operating free cash flow	11.5	179.7	
Balance sheet total ²	6,382.0	10'139.1	
Shareholders' equity ²	1,675.2	2'835.4	
Equity ratio in % ^{2,3}	26.2	28.0	
Return on capital employed (ROCE) in % ⁴	26.2	17.0	

1 Dilutive effect due to convertible bonds issued.

2 As of December 31, 2018/June 30, 2019.

3 Shareholders' equity divided by balance sheet total.

4 Capital employed = current assets, PPE, intangible assets less cash and cash equivalents, current securities, current liabilities (excluding bank loans and bond). This includes the capital employed from the initial consolidation of Parex.

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NET SALES BY REGION

in CHF mn	1/1/2018 - 6/30/2018	1/1/2019 - 6/30/2019	Change compared to prior year (+/- in %)			
			In CHF	In local currencies	Currency impact	Acquisition effect
By region						
EMEA	1,558.1	1,617.0	3.8	7.7	-3.9	4.2
Americas	889.2	995.7	12.0	11.4	0.6	7.1
Asia/Pacific	559.1	641.8	14.8	15.6	-0.8	12.9
Global Business	463.7	477.9	3.1	4.9	-1.8	5.2
	3,470.1					
Net sales		3,732.4	7.6	9.6	-2.0	6.5
Products for construction industry	2,651.2	2,888.9	9.0	10.9	-1.9	7.6
Products for industrial manufacturing	818.9	843.5	3.0	5.3	-2.3	3.0

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Conference call today, July 25, 2019 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 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 Corporate Communications & IR).

A replay of the call will be available on the Sika website in the “Investors” section.

FINANCIAL CALENDAR:

Results first nine months 2019	Thursday, October 24, 2019
Net sales 2019	Tuesday, January 7, 2020
Media conference / analyst presentation on full-year results 2019	Friday, February 21, 2020
Net sales first quarter 2020	Tuesday, April 21, 2020
52 nd Annual General Meeting	Tuesday, April 21, 2020
Half-year report 2020	Thursday, July 23, 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 300 factories. In the first half of 2019, more than 24,000 employees generated sales of CHF 3.7 billion. For the fiscal year 2019, Sika expects sales to exceed CHF 8 billion.