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RECORD RESULTS FOR PROFIT AND CASH FLOW – SIKA STRONG IN YEAR OF CORONAVIRUS

- Sales of CHF 7,877.5 million (-2.9% in CHF, +3.4% in local currencies)
- EBITDA increased to CHF 1,497.6 million (+7.9%)
- Operating profit (EBIT) increased to CHF 1,130.5 million (+7.1%)
- EBIT margin increased to 14.4% (previous year: 13.0%)
- Net profit up to CHF 825.1 million (+8.8%)
- Operating free cash flow increased to CHF 1,259.4 million (+22.7%)
- Reduction of CO₂ emissions by 25.9% to 20 kg per ton sold (previous year: 27 kg per ton sold)
- 6 factories opened or extended, 1 company acquired and one expanded partnership
- Proposal for dividend increase of 8.7% to CHF 2.50 (previous year: CHF 2.30)
- From May 1, 2021: Thomas Hasler to succeed CEO Paul Schuler
- Outlook for 2021 fiscal year
 - Sales increase in local currencies of 6%–8%
 - Over-proportional increase in EBIT, EBIT margin to reach 15% for the first time
- Confirmation of 2023 strategic targets for sustainable, profitable growth

The 2020 fiscal year was overshadowed by the COVID-19 pandemic, which had a number of severe effects for the construction and automotive sectors. Despite this difficult environment, Sika nonetheless achieved record results. Sales increased by 3.4% in local currencies. Due to negative currency effects, this equates to a slight decline in sales in Swiss francs of -2.9% compared to the prior year. Operating profit (EBIT) grew by an over-proportional 7.1% to CHF 1,130.5 million – a new record result. In keeping with this development, new records were also set for net profit at CHF 825.1 million (+8.8% year-on-year) and operating free cash flow at CHF 1,259.4 million (+22.7% year-on-year).

Paul Schuler, CEO: “For our success in the challenging market environment of the last fiscal year, we must thank our employees in particular. Their strong customer focus and impressive dedication coupled with our successful business model made a significant contribution to the

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Group's resilience in the face of the COVID-19 pandemic. Particularly crisis-resistant in 2020 were the distribution business and our refurbishment business. In the future, the strong growth in demand for environmentally-friendly products will make a further contribution to our positive business development. Sika is the global leader in solutions for sustainable construction and sustainable mobility. Already today, a large part of our sales is generated by technologies that provide sustainability benefits for customers, the environment, and society."

CORONAVIRUS PANDEMIC AND MEASURES TAKEN IN RESPONSE

In the majority of the 100 countries in which Sika is present, lengthy lockdowns have partially restricted construction activity. Furthermore, many customers in the automotive industry had to close their factories for a number of weeks. Thanks to its strong market position and swift, targeted implementation of measures, Sika was able to record very robust results despite this challenging environment.

The focus of the measures initiated was threefold. Employees, customers, and suppliers needed to be protected, operating activity was continued at a high level, and the Group's strong customer focus was retained or even strengthened. Sika therefore enforced social distancing rules all around the world at a very early stage, introduced mask-wearing and protective clothing in production processes, and complied with rigorous travel restrictions. The emphasis was on working from home wherever possible, and meetings were held virtually. Sika's close contact with its customers even increased during the crisis. For example, more than 150,000 webinars were hosted in order to train customers worldwide.

SIKA – ENABLER OF SUSTAINABLE CONSTRUCTION AND ENVIRONMENTALLY-FRIENDLY MOBILITY

In addition to the pandemic, climate change poses significant long-term challenges to society. As part of its growth strategy, Sika has committed to reducing CO₂ emissions by 12% until 2023, with the ultimate goal of being climate-neutral by 2050 at the latest. The interim target is to halve greenhouse gas emissions per ton of product sold by 2030 compared to the levels recorded in 2019. This is being achieved by increasing the energy efficiency of the production process, and obtaining an increasing proportion of the energy it requires from renewable resources (Scope 1+2). Already in the past fiscal year, Sika clearly exceeded its prescribed target of a three percent

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reduction in CO₂ annually, reducing emissions by no less than 26%. Sika now releases 20 kg of CO₂ per ton sold (previous year: 27 kg).

However, in its clear commitment to sustainability, Sika is looking not only to reduce its own CO₂ emissions, but also to help customers reduce their CO₂ footprint massively with innovative solutions and products. With its various technologies, Sika is in many ways an “enabler” with the expertise to achieve the goal of climate neutrality in the construction and automotive industries. Sika's admixtures facilitate low-emission and resource-saving construction, its facade systems allow for energy-efficient buildings, and Sika adhesives contribute to climate-friendly vehicles.

MARKET SHARE GAINS IN ALL REGIONS

In an environment characterized by widespread temporary lockdowns, Sika managed to grow more strongly than the market in all regions. Furthermore, the distribution business posted considerable gains in all regions.

The EMEA region (Europe, Middle East, Africa) reported a sales increase in local currencies of 4.4% in 2020 (previous year: 11.6%). A strong improvement started to become apparent in the markets in the fourth quarter in particular. The countries that benefited from the biggest recovery were those of southern Europe – Italy, Spain, Portugal, and France – as well as the countries of Eastern Europe, Scandinavia, the Middle East, and Africa.

The Americas region recorded sales growth in local currencies of 1.0% (previous year: 19.2%). Despite the high COVID-19 infection rates witnessed in Mexico, Brazil, and the United States, Sika recorded an uptrend in the Americas region in the last quarter of 2020. Many cities in North America continue to be affected by the pandemic and construction projects have slowed. The situation in Latin America has seen a clear improvement.

Growth in the Asia/Pacific region amounted to 12.6% (previous year: 35.1%). China in particular performed impressively over the last few months, recording double-digit organic growth rates, and most target markets are on a clear growth trajectory. Australia was also able to contribute to the positive business development of this region. By contrast, India and a number of countries in the Southeast Asia region recovered only slowly from the far-reaching effects of the pandemic.

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Global Business recorded a sales decline of 11.4% in 2020 (previous year: 3.0%). In the same period, the automotive sector reported a global decline in output of 17%. Despite the pandemic-related decline in sales figures during the crisis year of 2020, Sika is convinced that the megatrends shaping modern automotive construction – which include e-mobility, further new drive concepts, and the trend toward lightweight construction – will help the Group to capture additional market share.

RECORD FIGURES FOR PROFIT AND CASH FLOW

The Group was able to post new records for both profit and cash flow in the fiscal year 2020. This proves that Sika can rapidly adapt to changing market conditions and work cost-efficiently even in a difficult year. The material margin recorded a year-on-year increase from 53.6% to 54.8%. Sika increased EBIT by 7.1% to CHF 1,130.5 million (previous year: CHF 1,055.1 million), while the EBIT margin came in at 14.4% (previous year: 13.0%). In keeping with this development, net profit rose by 8.8% to CHF 825.1 million (previous year: CHF 758.5 million). Yet another record was set by operating free cash flow, which amounted to CHF 1,259.4 million (previous year: CHF 1,026.1 million).

HIGHER DIVIDEND TO BE PROPOSED

Given the increase in net profit, the Board of Directors will be proposing an 8.7% increase in the gross dividend to CHF 2.50 at the Annual General Meeting of April 20, 2021 (previous year: CHF 2.30).

SIKA ENSURES CONTINUITY

On May 1, 2021, Thomas Hasler, currently Head of Global Business and Industry, will succeed Paul Schuler as CEO. Thomas Hasler has worked for Sika for 32 years, and has been a Member of Group Management since 2014. He began his career with Sika as a research chemist working in the area of adhesives for the Industry business. He then transferred to the United States in 2005 in order to head up Automotive North America. In 2011, he was appointed Global Head of Automotive. In 2014, he became Chief Technology Officer and was appointed as a Member of Group Management. He has been Head of Global Business and Industry since 2018. Thomas Hasler has made a key contribution to the development and implementation of Sika's successful

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growth strategy. Under his leadership, the “Innovation” growth pillar has been made substantially more customer-focused and globally-oriented. The early and consistent promotion of new solutions for sustainable mobility and the modular building concept are opening up significant additional growth potential for the company.

Paul Schuler will be proposed for election to the Board of Directors at the Annual General Meeting of April 20. Frits van Dijk, who has been a member of the Board of Directors since 2012, will not be standing for re-election. Esther Berrozpe Galindo, who had been recommended for appointment to the Board of Directors, has withdrawn her candidacy as she wishes to focus on a new CEO mandate. Sika regrets her decision but would like to wish her all the best in her future career.

CONTINUATION OF SUCCESSFUL GROWTH STRATEGY AND OUTLOOK

Despite the coronavirus crisis and its repercussions for operating results, Sika is confirming its 2023 strategic targets. The company remains aligned for long-term success and profitable growth. With its focus on the 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 up to 2023. From 2021, the company is aiming to increase its EBIT margin to 15%–18%. 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.

For the 2021 fiscal year, Sika is expecting an increase in sales in local currencies of 6%–8%, along with an over-proportional rise in EBIT. The EBIT margin should for the first time reach 15%.

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KEY FIGURES 2020

in CHF mn	as % of net sales	2019	as % of net sales	2020	Δ in %
Net sales		8,109.2		7,877.5	-2.9
Gross result	53.6	4,344.0	54.8	4,314.8	-0.7
Operating profit before depreciation (EBITDA)	17.1	1,387.6	19.0	1,497.6	+7.9
Operating profit (EBIT)	13.0	1,055.1	14.4	1,130.5	+7.1
Net profit	9.4	758.5	10.5	825.1	+8.8
Net profit per share (EPS) in CHF		5.30		5.82	+9.8
Operating free cash flow	12.7	1,026.1	16.0	1,259.4	+22.7
Balance sheet total		9,959.7		9,794.0	-1.7
Shareholders' equity		3,161.2		3,288.0	
Equity ratio in %		31.7		33.6	
Net working capital	18.1	1,471.2	16.9	1,329.5	
ROCE in %		19.2		16.6	
Number of employees		25,141		24,848	-1.2

The Annual Report and the media conference/analyst presentation on the 2020 financial year can be downloaded at www.sika.com.

Link to Annual Report: www.sika.com/annualreport

Link to live transmission of the media, investor, and analyst presentation of February 19, 2021, 10.00 a.m. (CET): www.sika.com/live

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FINANCIAL CALENDAR

Net sales first quarter 2021	Tuesday, April 20, 2021
53rd Annual General Meeting	Tuesday, April 20, 2021
Half-Year Report 2021	Thursday, July 22, 2021
Results first nine months 2021	Friday, October 22, 2021
Net sales 2021	Tuesday, January 11, 2022
Media conference/analyst presentation on 2021 full-year results	Friday, February 18, 2022

SIKA AG 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 25,000 employees generated annual sales of CHF 7.88 billion in 2020.