

WE STAND FOR BUILDING TRUST

OUR YEAR 2013



RESULTS 2013

9.4% SALES GROWTH
20.9% EBIT GROWTH
5 ACQUISITIONS

BUILDING TRUST

A PROMISE WE DELIVER ON

SEALING & BONDING

INVISIBLE REVOLUTION

HIGHLIGHTS

16,293 EMPLOYEES
10 NEW FACTORIES
73 NEW PATENTS

ANNUALREPORT.SIKA.COM

BUILDING TRUST



SIKA AT A GLANCE

**+9.4%
SALES
GROWTH**

**38%
OF SALES IN
THE EMERGING
MARKETS**

**10
NEW
FACTORIES**

**5
ACQUISITIONS**

**73
NEW PATENTS**

**+23.8%
NET PROFIT**

**+43.0%
OPERATING FREE
CASH FLOW**

PORTRAIT

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 the motor vehicle industry. Sika has subsidiaries in 84 countries around the world and manufactures in over 160 factories. Its more than 16,000 employees generate annual sales of CHF 5,142.2 million.

OUR YEAR 2013



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BUILDING TRUST

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SEALING & BONDING

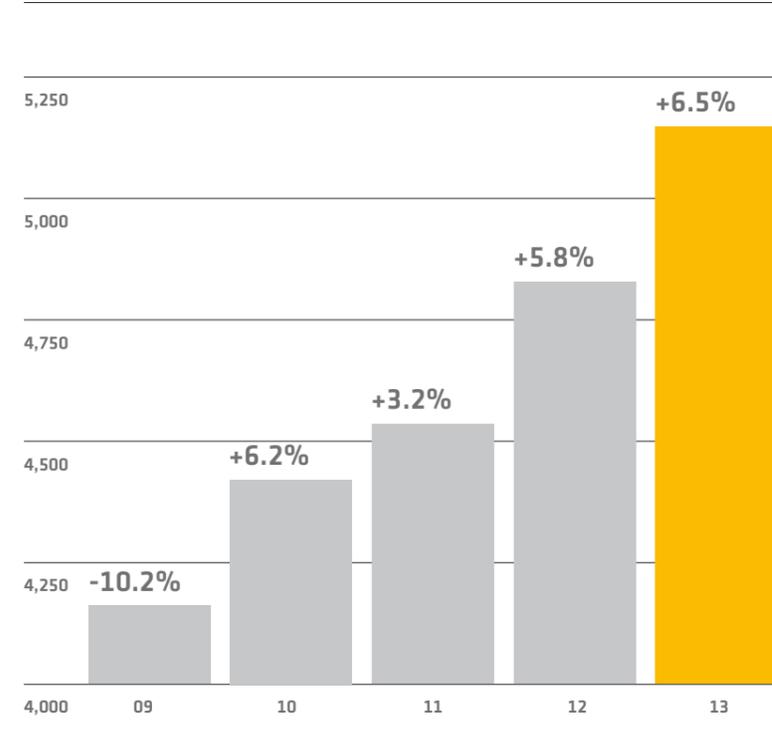
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RECORD RESULTS IN ALL AREAS

SIKA GROUP

in CHF mn	2012	as % of net sales	2013	as % of net sales
Net sales	4,828.9		5,142.2	
Gross result	2,519.3	52.2	2,695.6	52.4
Operating profit before depreciation (EBITDA)	573.1	11.9	675.9	13.1
Operating profit (EBIT)	433.0	9.0	523.5	10.2
Net profit	278.5	5.8	344.7	6.7
Operating free cash flow	302.5	6.3	432.7	8.4
Capital expenditures	131.3	2.7	153.9	3.0
Balance sheet total	4,280.2		4,732.0	
Shareholders' equity	1,909.8		2,136.2	
Equity ratio in %	44.6		45.1	
ROCE in %	18.5		21.0	
Earnings per share (EPS) in CHF	109.95		135.27	
Number of employees	15,233		16,293	
Waste (total waste per ton sold) in t	0.0188		0.0171	
Water (total water per ton sold) in m ³	0.69		0.55	
Energy (total energy per ton sold) in GJ	0.57		0.54	

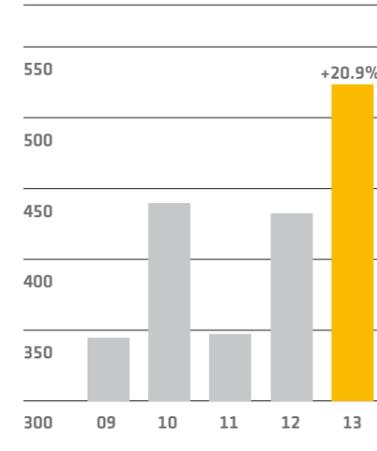
NET SALES (consolidated)
in CHF mn



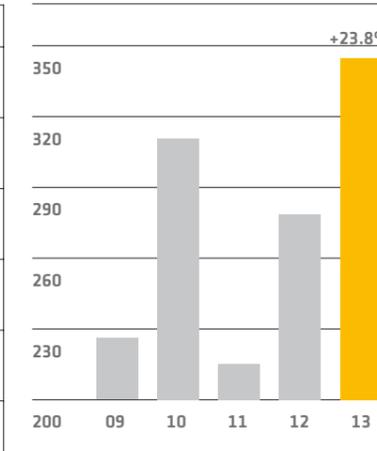
ROCE in %



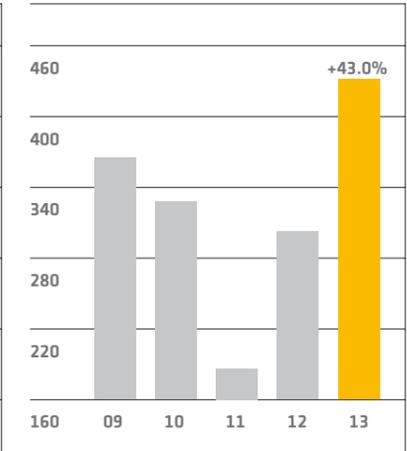
EBIT in CHF mn



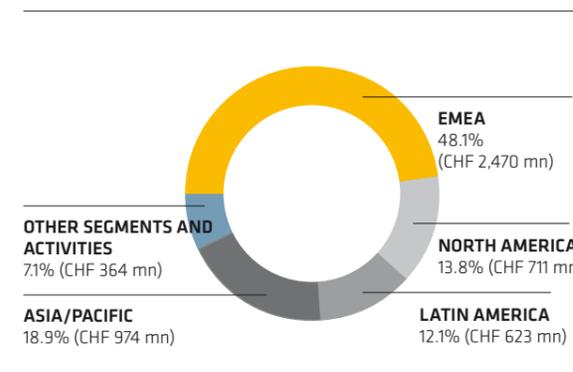
NET PROFIT in CHF mn



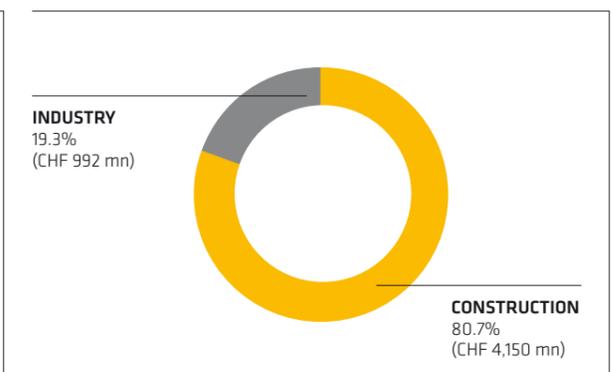
OPERATING FREE CASH FLOW in CHF mn



NET SALES BY REGION (consolidated)



NET SALES BY MARKET (consolidated)



RECORD YEAR IN 2013 – SALES EXCEEDED CHF 5 BILLION FOR THE FIRST TIME



Jan Jenisch, Chief Executive Officer

Dr. Paul Hälg, Chairman of the Board

Dear Shareholders

In the 2013 financial year, growth accelerated each quarter and sales rose by 9.4% (6.5% in Swiss francs) to CHF 5.14 billion. High growth momentum and disciplined cost management led to record figures of CHF 523.5 million (+20.9%) for the operating result and CHF 344.7 million (+23.8%) for net profit.

In light of the demanding conditions prevailing in numerous markets, the results achieved bear testimony to the strength and robustness of Sika's growth model. The success formula for Sika's profitable growth is based on the strategic cornerstones of market penetration, technology leadership, faster expansion in the growth markets, market consolidation through acquisitions and an entrepreneurial corporate culture.

GROWTH IN ALL REGIONS

All regions participated in the dynamic growth. Double-digit growth was recorded in Asia/Pacific (+12.7%) and Latin America (+15.1%). The EMEA region (Europe, Middle East and Africa) performed well, posting growth of 8.5%. Market conditions remained difficult in North America, where our sales rose by 2.3%.

Accelerated expansion in the emerging markets produced gratifying sales growth of 17.2% in local currencies (+11.8% in Swiss francs). The proportion of sales generated by the emerging markets increased to 38% (previous year: 37%).

10 NEW FACTORIES AND 73 NEW PATENTS

In the year under review we increased our investment in the emerging markets, opening a record number of ten new factories in Russia, Ukraine, Romania, Colombia, China, Vietnam, Laos, Iraq, Angola and South Africa. Our innovative capacity resulted in 73 new patents and the successful launch of new products in all target markets.

ACQUISITION OF 5 COMPANIES

Last year we acquired five companies with a total of 1,058 employees and annualized sales of CHF 373 million. By acquiring AkzoNobel's Building Adhesives business (Europe), Everbuild (UK), Texsa (India and Mexico), Optiroc (Singapore and Malaysia) and Radmix (Australia) we are strengthening our position as a world market leader and realizing synergies in market access and technology management.

STRATEGY 2018 AND OUTLOOK FOR 2014

In the financial year just ended we developed our Strategy 2018 and launched it worldwide. Sika's growth model is the foundation for long-term success and for profitable, above-average growth.

Through investments in growth markets, the launch of new products, and the acquired companies, Sika is poised to continue its growth strategy in 2014. However, currency movements and framework conditions prevailing in some markets are set to remain challenging in the current financial year.

For 2014, we expect the result to be in line with our new "Strategy 2018", with sales growth of 6 – 8%, at constant exchange rates and stable margin trends.

BOARD OF DIRECTORS' PROPOSALS TO THE ANNUAL GENERAL MEETING

At the Annual General Meeting on April 15, 2014, the Board of Directors will propose to the shareholders an increase in the dividend to CHF 57.00 per bearer share (2012: CHF 51.00, +12%) and CHF 9.50 per registered share (2012: CHF 8.50, +12%).

All members of the Board of Directors are standing for reelection for the one-year term of office until the next Annual General Meeting. The Board of Directors recommends that the Annual General Meeting should elect Jürgen Tinggren to the Board. Jürgen Tinggren is member of the Board of Schenker-Winkler Holding and was CEO of the Schindler Group until the end of 2013.

Our record year 2013 is the result of the expertise and commitment of our 16,293 employees. Their energy and ideas have taken Sika to the next level of performance. We would like to thank all of them for their hard work and loyalty over the past year.

Many thanks also go to our customers, business partners and suppliers for their outstanding cooperation, and we would especially like to thank our shareholders for their loyalty.

Sincerely,

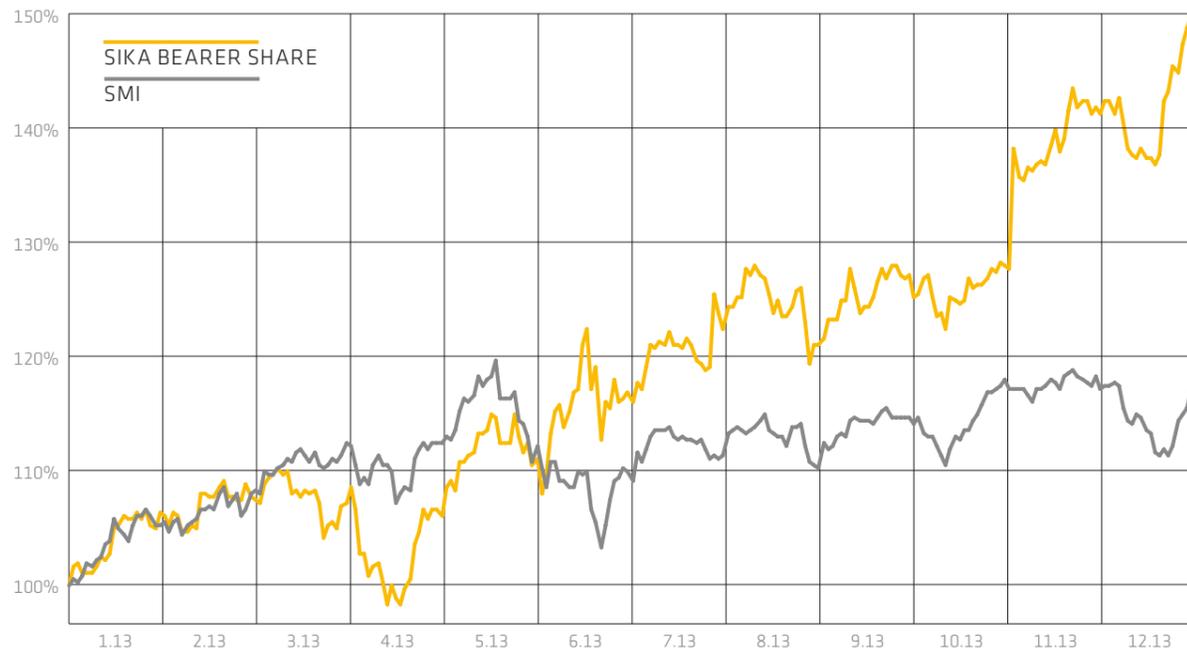
DR. PAUL HÄLG
Chairman of the Board

JAN JENISCH
Chief Executive Officer

SIKA SHARE REACHES ALL-TIME HIGH

Equity markets generally developed positively in the year under review. With a stock performance of 50.2%, the Sika share advanced particularly strong.

SIKA VERSUS SMI
1/1/2013-12/31/2013



- Sika's solid achievements and results were continually reflected in the share prices throughout the year.
- Closing price of the Sika share in 2012: CHF 2,110, closing price of the Sika share in 2013: CHF 3,171, corresponding to a performance of 50.2%.
- The key global share indices performed as follows:
 - SMI +19%
 - DAX +23%
 - Dow Jones +26%
 - Nikkei + 57%

STOCK EXCHANGE RATIOS SIKA

	2013
Market capitalization in CHF mn	8,055
Yearly high	3,171
Yearly low	2,067
Year-end	3,171
Dividend 2012	51.00
Dividend 2013 ¹	57.00
Earnings per share (EPS)	135.27
Significant shareholder	Burkard-Schenker family with 52.7% of all share votes

¹ Pursuant to proposal to Annual General Meeting

COMPREHENSIVE, PROCESS-DRIVEN, BALANCED

As a global player, Sika is exposed to a variety of risks. Ensuring the Group's freedom of action at all times, safeguarding its image, and protecting the capital invested in Sika necessitate a timely analysis of potential risks and their integration into strategic decision-making processes.

- Group-wide process-centered risk management for added value in four steps: risk identification, assessment, monitoring and controlling.
- Giving priority to quality, Sika purchases its base chemicals from suppliers offering the best value for money, it mandates at least two suppliers for key raw materials and, where possible, manufactures the raw materials for highly innovative technologies in-house.
- Global program with clearly formulated standards, regular training, and causal analysis and controls to minimize the risks in advisory and sales activities as well as in customer-side application.
- Strategic diversification to avoid global and local constraints and to offset market, customer and supply risks.
- Group Management and the Board of Directors bear ultimate responsibility for process inspection, risk assessment and any measures to be taken when risks are rated critical.
- Financial risk management by means of ensuring liquidity through bonds, cash pooling, prudent management of net working capital, binding processes for handling accounts receivable, and cost-efficient access to capital markets by achieving top ratings.
- Extensive internal audits of all areas as set out in the annual audit plan, including in-depth audits in the area of headquarters functions or Group-wide support processes.

Financial risk management is described in detail on page 102 ff. of the download version of this report.

A –/stable

IS THE STANDARD & POOR'S RATING FOR SIKA

ACTIVE IN ATTRACTIVE GROWTH MARKETS

Building Trust – Sika Strategy 2018.

The **SIKA GROWTH MODEL** ensures the long-term success and the profitable growth of our company.

We aim for global market leadership in our **7 TARGET MARKETS** through cross selling, life-cycle management and the strengthening of our brand. The core of our business is our **INNOVATION MANAGEMENT** and our focus on developing quality products and the best solutions for our customers.

We accelerate the build-up of our organizations in the **EMERGING MARKETS** and further expand our supply chain footprint. Acquisitions will enable us to leverage our market access and to strengthen our economies of scale.

Our Sika Spirit – which is defined in Sika's **VALUES & PRINCIPLES** – is the foundation of our future success. We act with respect and responsibility towards our customers, our shareholders and our employees, which is reflected in our Sika brand promise "Building Trust".

Targets 2018

Annual sales growth of

6–8%

(at constant exchange rates, including acquisitions)

Operating profit (EBIT)

ABOVE 10%

of net sales

ROCE above

20%

Maintain

A- RATING

Emerging markets with

42 TO 45%

of Group sales by 2018

Operating free cash flow above

6%

of net sales

A WORLD LEADER WITH PRINCIPLES AND HERITAGE



Founded in Switzerland by visionary inventor Kaspar Winkler over 100 years ago, Sika has developed into a successful global 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 the motor vehicle industry.

The future success of Sika is not only dependent on pursuing the right strategy, but is just as much based on the trust and dedication of all employees. The journey to global leadership is founded on the entrepreneurial philosophy and the Sika Spirit. The Sika Spirit is synonymous with the strong set of values and principles that make up the DNA of the company.

1. CUSTOMER FIRST
2. COURAGE FOR INNOVATION
3. SUSTAINABILITY & INTEGRITY
4. EMPOWERMENT & RESPECT
5. MANAGE FOR RESULTS

SIKA HAS EXPANDED IN ALL REGIONS

While 2013 saw the overall growth of the Group expanding by 9.4%, the emerging countries recorded growth of 17.2%.

EMEA

The economic trends in most western European countries remained volatile in 2013. Nonetheless, the situation stabilized in some of the southern European markets. Africa's economic performance is steadily improving.

While adverse weather conditions led to a sluggish first quarter with sales down year-on-year, the demand for Sika products in the EMEA region then grew continuously up to the year-end.

In 2013, as in previous years, Sika was involved in a host of major projects in the region EMEA. These included the Toni residential development in Zurich, the Melide-Grancia tunnel in the canton of Ticino, infrastructure facilities for the Olympic Games in Sochi, the Louvre Abu Dhabi museum and various roads, schools and hospitals in Saudi Arabia.

In the reporting year, Sika invested in the expansion of its production facilities and generated synergies through mergers between individual Group companies.

2013 saw Sika acquire UK company Everbuild Building Products Ltd and the building adhesives business of AkzoNobel.

NORTH AMERICA

While the residential real estate market in the USA and Canada recovered, any positive impact on the rest of the construction industry remained modest.

Given that Sika's activities in the region North America were primarily focused on the weakly growing commercial construction market, the overall rise in sales remained in the low single-digit percentage area. Yet, thanks to efficiency gains, changes in the product mix and price increases in selected markets, Sika still managed to improve margins considerably.

In the reporting year, Sika was involved in various major projects, including the Apple headquarters in California, the new San Francisco 49ers stadium and One World Trade Center in New York.

2013 also witnessed the prompt implementation of the target market model in the USA. The company's dynamic development was further boosted by the promotion of several young employees to executive positions. Sika also launched the construction of a new mortar factory in Atlanta and invested in improvements to existing facilities in Lyndhurst, New Jersey.

LATIN AMERICA

Latin America recorded lower economic growth in 2013 than in the preceding years.

Yet, Sika managed to defy the demanding market environment by increasing sales and gaining further market share in most countries of the region.

Sika opened a new production facility in Colombia in the reporting year. It expanded its existing factories in Chile, Peru, Mexico, Uruguay and Argentina, and established a new company in Panama, thereby centralizing parts of its regional management operations. In 2013, Sika acquired the companies Inatec in Paraguay and Texsa in Mexico.

ASIA/PACIFIC

Despite a fall in domestic demand, economic policy changes, currency depreciation and geopolitical uncertainties in a number of countries, the region Asia/Pacific still experienced overall growth in 2013.

Benefiting from the efficient implementation of its expansion strategy, Sika reported a double-digit increase in sales in the Asia/Pacific market.

Projects featuring Sika products in 2013 included three major infrastructure schemes: the Pahang water transport project in Malaysia and two hydropower stations – the Xayaburi plant in Laos and the Ulu Jelai plant in Malaysia.

To strengthen the regional supply chains, Sika set up new production facilities in China, Vietnam and Laos. The reporting year also saw the start-up of operations in Mongolia, the region's latest national subsidiary.

OTHER SEGMENTS AND ACTIVITIES

The automotive business, which is managed centrally on a global basis, forms a key part of the "Other segments and activities" field.

Worldwide car production rose by 3.1% in 2013. The 11.3% organic growth achieved by Sika far exceeded the market average. A notable surge in business was observed in China, where Sika won new customers, and in Brazil, where the company's wide-ranging product portfolio helped to expand sales to existing customers.

WORLDWIDE MARKET PRESENCE



● SIKA SUBSIDIARIES

THE REGIONS IN BRIEF

	EMEA	North America	Latin America	Asia/Pacific	Other segments and activities
Net sales in mn CHF (previous year)	2,470.2 (2,275.3)	711.2 (705.7)	622.8 (586.3)	973.7 (931.3)	364.3 (330.3)
Growth in local currencies	8.5%	2.3%	15.1%	12.7%	11.3%
Currency impact	0.1%	-1.5%	-8.9%	-8.1%	-1.0%
Acquisition effect	6.4%	0%	3.0%	0.6%	0%
Number of employees	8,658	1,438	2,329	3,868	

FOCUS ON THE TOP POSITION



CONCRETE

Sika develops and markets numerous admixtures and additives for use in concrete, cement and mortar production. These products enhance specific properties of the fresh or hardened concrete, such as workability, watertightness, durability, or early and final strength. The demand for admixtures and additives is currently on the rise, particularly due to the increased performance requirements placed on concrete, cement and mortar, especially in urban areas and for infrastructure construction. Furthermore, the growing use of alternative cementitious materials in cement, mortar and thereby also in concrete increases the need for admixtures.



ROOFING

Sika provides a full range of single-ply and built-up flat roofing systems incorporating both flexible sheet and liquid applied membranes. Demand in this segment is driven by the need for eco-friendly, energy-saving solutions such as green roof systems, light-reflective cool roofs and solar roofs, which simultaneously help to cut CO₂ emissions. While refurbishment projects continue to gain significance in the mature markets, the emerging markets are moving towards higher-quality roof solutions.



WATERPROOFING

Sika's solutions cover the full range of technologies used for below-ground waterproofing: flexible membrane systems, liquid applied membranes, waterproofing admixtures for mortars, joint sealants, waterproof ready-to-use mortars, injection grouts and coatings. Key market segments include basements, underground parking garages, tunnels and all types of water-retaining structures (e.g. reservoirs, storage basins, storage tanks). Watertight systems are faced with more stringent requirements regarding durability, easy application and total cost management. Therefore product quality is becoming increasingly important.



FLOORING

Sika's flooring solutions are based on synthetic resin and cementitious systems for industrial and commercial buildings, e.g. pharmaceutical and food-sector production plants, public buildings such as educational and health care facilities, parking decks and private residential properties. Each market segment is subject to its own particular requirements in terms of mechanical properties, safety regulations (e.g. slip resistance), anti-static performance, and chemical or fire resistance. Trends in the flooring market are being dictated by the growing significance of safety and environmental regulations as well as customized technical requirements. The high volume of building alteration and conversion projects nowadays has boosted the importance of efficient solutions for the refurbishment of existing flooring systems.

From page 30 onwards, you will find highlights, facts and articles focusing on the topic Sealing & Bonding



SEALING & BONDING

Sika's wide-ranging portfolio includes top-class elastic sealing and bonding solutions to meet all job site needs, e.g. joint sealants for facades or resistant sealants for floor and special joints as well as multipurpose bonding solutions for interior finishing or parquet installation. The growing demand in this market is fueled by the sharper focus on energy-efficient building envelopes, the evergreater variety of materials used in construction, the increasing volume of high-rise projects and the growing significance of health, safety and environmental issues.



REFURBISHMENT

This segment features concrete protection and repair solutions, e.g. repair mortars, protective coatings, grouts and structural strengthening systems. It also includes products for interior finishing, specifically cementitious leveling compounds, tile adhesives and tile grouts. Market trends are dictated by the rising quality requirements placed on products and services, with global customers expecting uniform standards worldwide. The present uptrend in demand is attributable to a rising volume of infrastructure rehabilitation projects in the transport, water management and energy sectors. The global urbanization trend and the increasing need for renovation in developed countries also fuel demand in the interior refurbishment sector.



INDUSTRY

The markets served by Sika include automobile construction, the commercial vehicle industry (structural bonding, direct glazing, acoustic systems, reinforcing systems), automotive aftermarket (car glass replacement, car body repair), renewable energies (solar and wind), and facade engineering (structural glazing, sealing of insulating glass units). Sika technologies enable crash-resistant bonding for enhanced car safety. The new solutions for bonding together different materials, e.g. aluminum and carbon fiber, pave the way for lighter, more fuel-efficient vehicles. Manufacturers are also seeking solutions that minimize production time and costs.

RESPONSIBILITY FOR THE FUTURE

Sika takes a long-term perspective on the development of its business and acts with respect and responsibility towards customers, stakeholders and employees. Sika operates with a strong focus on safety, quality, environment, fair treatment, social involvement, responsible growth, and value creation.

NEW SUSTAINABILITY INITIATIVES

In 2013, Sika developed a sustainability strategy for the next five years and introduced a new management and reporting system in line with the G4 Guidelines of the Global Reporting Initiative (GRI G4).

REPORTING

Sika's sustainability reporting is now, for the first time, based on the GRI G4 Guidelines. The key results and findings are available on the Internet at www.sika.com/sustainability.

CRITERIA

Using the GRI G4 structure, Sika defined the six target indicators with the largest potential effect (see next page).

COMMITMENT

The fact that Sika has a corporate history spanning over 100 years makes it all the more committed to sustainable development. This explains the company's many years of active involvement in the chemical industry's Responsible Care sustainability program. It is also a cosignatory and a member of the UN Global Compact corporate responsibility initiative, the Carbon Disclosure Project and the World Business Council for Sustainable Development.

More Value

Social project in Indonesia: Since 2008, Sika has helped 1,500 Indonesians each year to improve their ecological conditions in their environment.



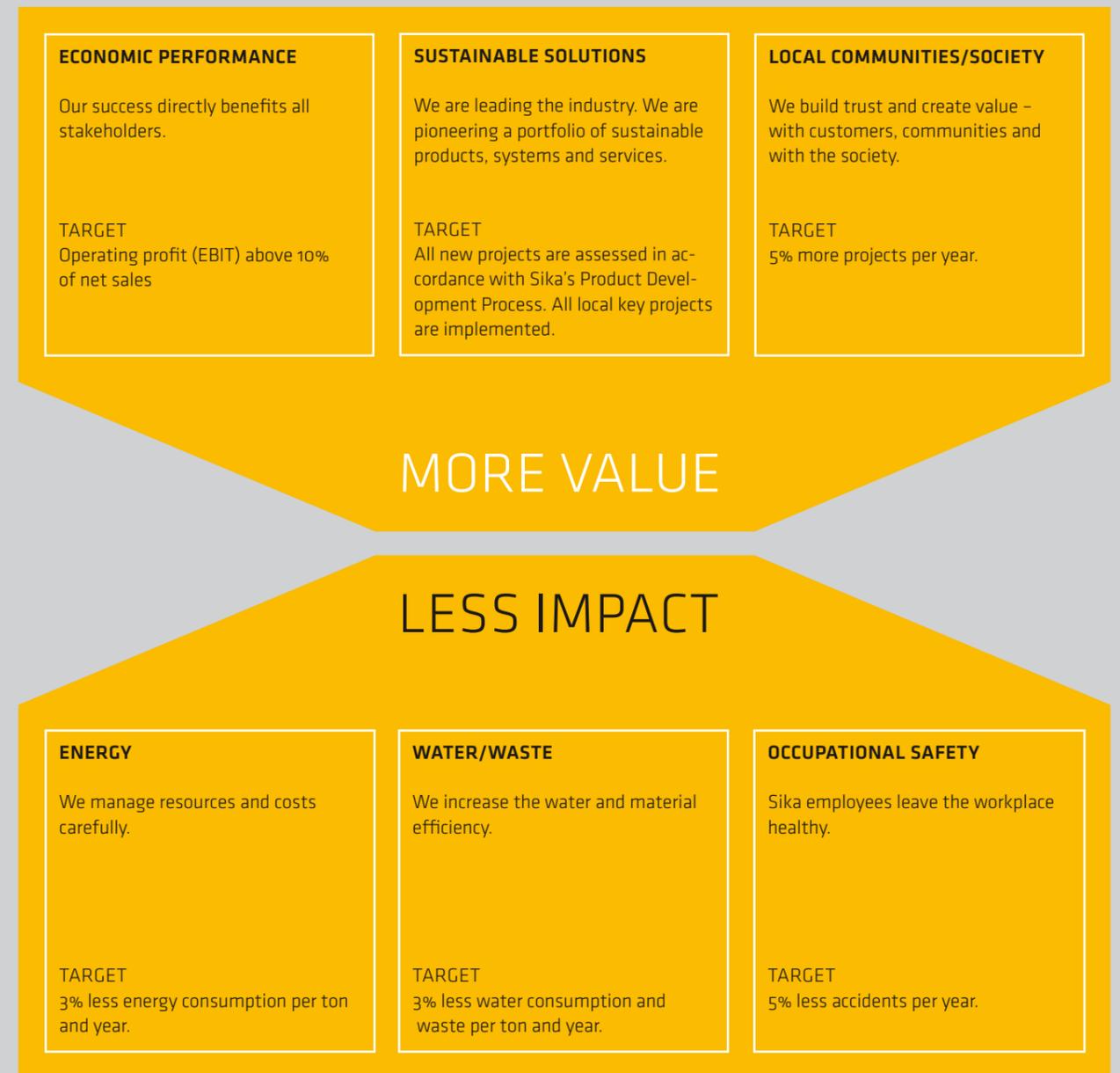
Less Impact

Reduction of the energy consumption: New and sustainable Sika training center, Stuttgart - planned and built in line with the green building requirements of the German Sustainable Building Council (DGNB®).



SIX SUSTAINABILITY TARGETS

In dialog with internal and external stakeholders, Sika defined the six target indicators with the largest potential effect.



COURAGE FOR INNOVATION

Sika's success and reputation is based on its long-lasting tradition of innovation. Accordingly, the core of its business is the innovation management and the focus on developing quality products and the best solutions for the customers. Sika has institutionalized a Product Creation Process with a strong focus on consistently developing new products, systems and solutions for bonding, sealing, damping, reinforcing and protecting in its defined target markets.

By investing in the established technology centers and laboratories across the globe, Sika benefits from its worldwide network of partners, suppliers and scientists, while fulfilling the promise to be close to its customers everywhere.

INNOVATION AND GROWTH

Growth results from innovation, and this, in turn, depends on research. Research and development (R&D) thus enjoy an accordingly high priority within the company. The R&D strategy adopted by Sika in recent years has yielded a high innovation rate, with numerous patents plus a wide range of new products.

The technology centers are geared to local needs. Their task is to address the particularities of the construction industry in different countries – e.g. with regard to raw materials, climate or legal framework – which may sometimes necessitate considerable adaptations to products.

RESEARCH AND DEVELOPMENT

Sika carries out its R&D activities at both global level, through the subsidiary Sika Technology AG, and at local level, through nineteen technology centers in America, Europe and Asia. Sika Technology AG is mandated to develop new products in response to global trends such as resource-saving building methods, energy-efficient construction materials or lighter and safer vehicles.

INVESTMENT

To ensure that new and patented products can be brought to market as quickly as possible, a seven-stage development process for products, the so-called Product Creation Process, is employed worldwide by Sika. Total expenditures on research and development for the Group in the year under review totaled CHF 166.1 million (2012: CHF 162.8 million), equivalent to 3.2% of sales (2012: 3.4%).

73

PATENTS WERE FILED FOR IN 2013 – IN ADDITION 73 INVENTION DISCLOSURES WERE MADE

800

EMPLOYEES ARE DEDICATED TO RESEARCH AND DEVELOPMENT

FOCUS OF DEVELOPMENT ON INDIVIDUAL TARGET MARKETS

ROOFING

In the development of its roof membrane products, Sika is focusing on liquid polymers made from low-emission, organic compounds. The Sika i-Cure® technology has paved the way for the development of eco-efficient liquid membranes that also offer maximum safety during on-site application.

SEALING & BONDING

In response to tighter regulations for adhesives and sealants, Sika launched the new SikaHyflex® family of high-performance products for the building envelope, which meet the strictest statutory and technical requirements.

FLOORING

To meet the ever-greater demands in terms of trouble-free application and environmental compatibility in the flooring market, Sika has developed the first products in a new line of benzyl alcohol-free epoxy floors: a new primer, a new self-leveling flooring system and an antistatic floor.

INDUSTRY

Current trends in the automotive industry are pointing to lightweight constructions using composite materials. To cater for this market, Sika has developed a new and comprehensive range of high-performance adhesives. Another development focus is on adhesives for the growing renewable (e.g. wind and solar) energy markets.

REFURBISHMENT

Sika has capitalized on innovative filler technologies to produce new high-performance mortar products with improved workability and a broader scope of application. By replacing cement constituents with various aggregates, Sika has vastly enhanced the sustainability performance of these products. Selection and proportioning of the filler components take account of the locally available raw materials and customer needs.

CONCRETE

Development activities in the concrete segment are mainly directed towards optimizing locally available raw materials. The work centers both on the basic constituents of concrete (sand, aggregates, cement) and on concrete admixtures – specifically the high-volume plasticizers, cement additives and shotcrete accelerators.

WATERPROOFING

In this segment, Sika is concentrating its efforts on tunnel waterproofing systems. A particular emphasis is on waterproofing systems for installation after concreting.

LEADERSHIP

Sika's Group Management is made up of nine personalities, whose diverse careers led them to Sika companies across the globe. The picture was taken on the occasion of a management meeting in the Düringen plant in Switzerland, one of Sika's ten modern adhesives factories worldwide.



José Luis Vázquez
Latin America
With Sika for 30 years in Spain and Latin America

Adrian Widmer
CFO
With Sika for 7 years in Switzerland

Silvio Ponti
Building Systems & Industry, Deputy CEO
With Sika for 30 years in Switzerland and the Netherlands

Heinz Gisel
Asia/Pacific
With Sika for 23 years in Switzerland, USA, Austria and Asia

Christoph Ganz
North America
With Sika for 18 years in Switzerland, France and the USA

Ernesto Schümperli
Concrete & Waterproofing
With Sika for 27 years in Colombia and Switzerland

Jan Jenisch
CEO
With Sika for 18 years in Switzerland, Germany and Asia

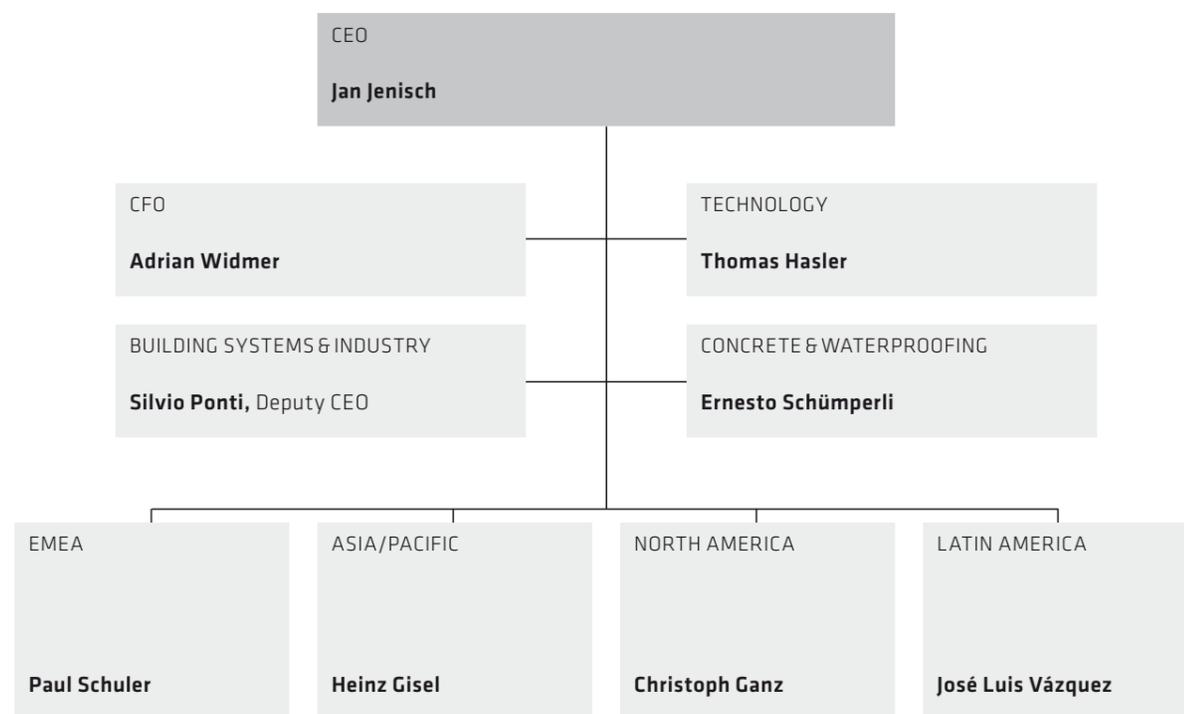
Paul Schuler
EMEA
With Sika for 26 years in Switzerland, Germany and the USA

Thomas Hasler
Technology (CTO)
With Sika for 25 years in the USA and Switzerland

INTEGRATED MANAGEMENT, FLAT HIERARCHIES

Integrated management of the regions and target markets, from development and production to the customer. Sika aims to implement its organizational units in a manner that is as decentralized as possible and to establish flat organizations with broad spans of control.

BOARD OF DIRECTORS			
Paul Hältg , Chairman Urs F. Burkard	Frits van Dijk Willi K. Leimer	Monika Ribar Daniel J. Sauter	Ulrich W. Suter Christoph Tobler



COMPETENCE AND COMMITMENT

Sika believes in the competence and the entrepreneurial spirit of its employees and delegates decisions and responsibilities to the level of competence. Training and development of the employees is given high priority. Sika aims to develop its leaders for tomorrow and to focus on internal candidates for promotions.

The activities of all employees are clearly focused on strategic and operational targets. Many employees are assisted in this respect by target agreements. The cooperative management style ensures that employees are involved in decision-making processes. Managers are expected to set an example for their employees, and foster their initiative, creativity and development. Sika gives preference to internal candidates for specialist and management appointments. In the last two years, for example, Sika's Senior Management roles have almost all been filled internally. Sika develops its managers at different levels: in the first instance through ongoing training and professional development initiated by the relevant national organization or provided by the Sika Business School. Sika also attaches importance to junior managers familiarizing themselves with different functional areas and, ideally, gaining experience in other countries. Group-wide guidelines guarantee security, transparency and a fair employment contract for employees on longer-term secondments abroad.

NUMBER OF EMPLOYEES

The number of employees rose 7.0% during the year under review to 16,293 (previous year: 15,233). The majority of new staff – a total of 1,058 people – joined Sika in connection with acquisitions.

The age structure at Sika is broadly balanced: 17.4% of employees are under 30 and 20.6% over 50. Together, all Sika employees generated a net added value of CHF 1,542 million in 2013 (previous year: CHF 1,465 million). This corresponds to net added value per employee of CHF 98,000 (previous year: CHF 96,000).

“WE SEE OUR CUSTOMERS AS TEAM MEMBERS WHO ARE WORKING TOWARD THE SAME COMMON GOAL.”

STEPHAN ENGELHARDT

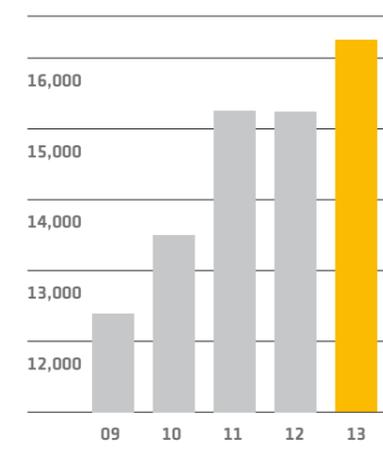
APPLICATION FIELD TECHNICIAN ROOFING
SIKA GERMANY

SIKA BUSINESS SCHOOL

The Sika Business School offers programs in the areas of management development and talent development. In the year under review the entire Sika Senior Management – around 160 managers – participated in a management seminar lasting several days at the International Institute for Management Development (IMD) in Lausanne (Switzerland). In addition, the Sika Business School ran global and regional management courses for junior

managers. The Sika Business School lays particular emphasis on the area of sales and marketing, offering numerous courses to develop the sales force. Furthermore, many training courses on Sika products and their applications take place at local and regional level. The company's expertise in advising customers is thus fostered worldwide.

EMPLOYMENT DEVELOPMENT



PERFORMANCE

CONSOLIDATED BALANCE SHEET

in CHF mn	1/1/2012	12/31/2012	12/31/2013
	Restated ¹	Restated ¹	
Cash and cash equivalents	536.0	994.2	1,028.3
Accounts receivable	875.3	871.5	909.7
Inventories	530.6	521.6	539.0
Prepaid expenses and accrued income	75.8	83.9	92.0
Other current assets	34.0	26.5	18.9
Current assets	2,051.7	2,497.7	2,587.9
Property, plant, and equipment	860.6	873.3	920.2
Intangible assets	771.0	742.3	1,066.0
Investments in associated companies	21.1	15.3	13.9
Deferred tax assets	102.4	109.4	104.7
Other non-current assets	30.5	42.2	39.3
Non-current assets	1,785.6	1,782.5	2,144.1
ASSETS	3,837.3	4,280.2	4,732.0
Accounts payable	501.0	492.1	560.0
Accrued expenses and deferred income	191.4	197.6	204.9
Bond	0.0	249.9	299.7
Income tax liabilities	58.0	57.4	72.6
Current provisions	11.3	15.5	22.0
Other current liabilities	59.1	31.0	29.9
Current liabilities	820.8	1,043.5	1,189.1
Bonds	796.0	847.1	946.9
Non-current provisions	90.6	81.9	93.0
Deferred tax liabilities	98.0	96.2	129.6
Employee benefit obligation	251.7	269.7	212.9
Other non-current liabilities	40.0	32.0	24.3
Non-current liabilities	1,276.3	1,326.9	1,406.7
LIABILITIES	2,097.1	2,370.4	2,595.8
Capital stock	1.5	1.5	1.5
Treasury shares	-55.7	-27.6	-13.7
Reserves	1,781.4	1,921.0	2,132.3
Equity attributable to Sika shareholders	1,727.2	1,894.9	2,120.1
Non-controlling interests	13.0	14.9	16.1
SHAREHOLDERS' EQUITY	1,740.2	1,909.8	2,136.2
LIABILITIES AND SHAREHOLDERS' EQUITY	3,837.3	4,280.2	4,732.0

¹ Restated due to application of IAS 19 revised (see principles of consolidation).

CONSOLIDATED INCOME STATEMENT FROM JANUARY 1 TO DECEMBER 31

in CHF mn	%	2012	%	2013	Change in %
		Restated ¹			
Net sales	100.0	4,828.9	100.0	5,142.2	6.5
Material expenses	-47.8	-2,309.6	-47.6	-2,446.6	
Gross result	52.2	2,519.3	52.4	2,695.6	7.0
Personnel expenses	-21.5	-1,037.2	-20.1	-1,031.1	
Other operating expenses	-18.8	-909.0	-19.2	-988.6	
Operating profit before depreciation	11.9	573.1	13.1	675.9	17.9
Depreciation and amortization expenses	-2.9	-140.1	-2.9	-152.4	
Operating profit	9.0	433.0	10.2	523.5	20.9
Interest income	0.1	6.9	0.1	3.0	
Interest expenses	-0.8	-38.0	-0.7	-33.9	
Other financial income	0.1	2.8	0.1	5.8	
Other financial expenses	-0.3	-16.3	-0.4	-22.8	
Income from associated companies	0.0	1.4	0.0	1.1	
Profit before taxes	8.1	389.8	9.3	476.7	22.3
Income taxes	-2.3	-111.3	-2.6	-132.0	
Net profit	5.8	278.5	6.7	344.7	23.8
Profit attributable to Sika shareholders	5.8	276.9	6.7	342.2	
Profit attributable to non-controlling interests	0.0	1.6	0.0	2.5	

DETAILS TO STATEMENT OF CASH FLOWS

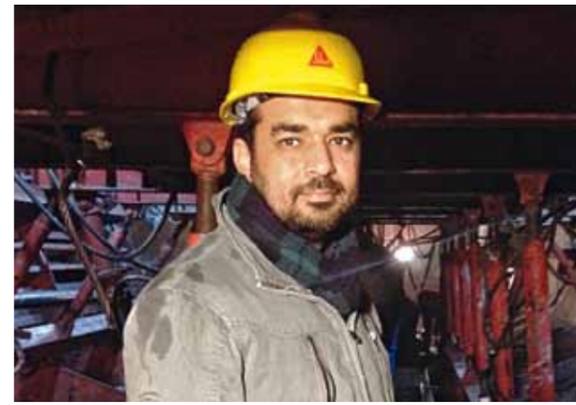
in CHF mn	2012	2013
Operating activities	427.3	574.0
Investing activities	-139.0	-555.0
Financing activities	173.9	23.9
Exchange differences	-4.0	-8.8
Net change in cash and cash equivalents	458.2	34.1
Operating activities	427.3	574.0
Investing activities	-139.0	-555.0
Free cash flow	288.3	19.0
Acquisitions/disposals less cash and cash equivalents	8.5	410.9
Acquisitions (+)/ disposals (-) of financial assets	5.7	2.8
OPERATING FREE CASH FLOW	302.5	432.7

BUILDING TRUST

WE DELIVER QUALITY, AND WE MAKE GOOD ON OUR PROMISES. WE STRIVE TO DO SO EVERY DAY.

TOGETHER, TIRELESSLY, DRIVEN BY A PIONEERING SPIRIT.

Trust is result and promise in one. What counts is not only what we say, but above all what we do. So we asked Sika employees the world over from a wide variety of areas and roles what they understand by “Building Trust” and what they do to honor this claim. The answers make it clear: Trust and quality do not simply happen. They have to be achieved anew each day.



HAIDER ALI MALHI
TARGET MARKET MANAGER CONCRETE
PAKISTAN

For me, building trust is about establishing bonds that create synergies and genuine respect.



HANAA ADBEL HAMID
TARGET MARKET MANAGER REFURBISHMENT
EGYPT

My country is going through a difficult change. The support of the Sika family gives me confidence.



CHRISTINE KALTSIS-MOREY
QUALITY CONTROL LAB MANAGER
USA

Transparency builds trusted partnerships with our customers, suppliers and colleagues.



BENEDICT BLANK
PRODUCTION
GERMANY

Consistently high product quality is a requirement that my team and I are committed to meeting every day.



DAVID SVOBODA
SALES TARGET MARKET CONCRETE AND TARGET MARKET
WATERPROOFING, CZECH REPUBLIC

We are the customer’s partner, friend, colleague and assistant in solving complicated challenges.



GABRIEL CARPENTIER
SALES REPRESENTATIVE RESIDENTIAL CONSTRUCTION SEALING &
BONDING, REFURBISHMENT AND WATERPROOFING, CANADA

Sika symbolizes quality. Customers tell us that every time we present our product offering.



ANGELA WEI
RESEARCH & DEVELOPMENT MANAGER
CHINA

We innovate reliable products and ensure customers can trust our quality.



CHRISTOPHE BIND
INDUSTRIAL AND EXPORT SALES MANAGER
UK

Everbuild is one of the newest members of the Sika family, so trust is very important – for our customers and among colleagues.

BUILDING TRUST. OUR EMPLOYEES ARE THE BEST PROOF. THEIR PIONEERING SPIRIT, THEIR PARTNERSHIP AND THEIR ENDURANCE ARE THE CORNERSTONES OF OUR SUCCESS AND COLLABORATION WITH OUR CUSTOMERS.



JOHANNA GÖBL
OFFICE MANAGER AND HR MANAGER
HUNGARY

Sika's community spirit is vital to success, as it also determines our relationship with our customers.



See complete statements
annualreport.sika.com



HOLLMAN TOGORA
SALES SUPPORT ADMINISTRATOR
COLOMBIA

We have succeeded in overcoming economic crises primarily thanks to the commitment of all our employees.



MARTIN KONSTANZER
DEPARTMENT MANAGER SCALE-UP, R & D SEALING & BONDING
SWITZERLAND

We take responsibility from the laboratory through to ultimate use by our customers.



NICOLE MEZEL
ACCOUNTING
CHILE

We are always on the look-out for innovative ideas that contribute to Sika's development. That's how we build trust.



DAVE TITO
WAREHOUSE OPERATIONS
NEW ZEALAND

I work hard on building good, honest relationships with contractors, purchasers and reps.



MARIO SILVA
TECHNICAL DEPARTMENT
URUGUAY

17 years as Sika employee and 24 years as customer before that, have shown me that trust is at the core.



ALVIN LIN
SPECIFICATION ENGINEER
SINGAPORE

We give architects and consultants a foundation so that they choose Sika from basement to roof.



MILOUDI NAFIL
COURIER
MOROCCO

The people who work at Sika build me up. That drives me to do my best.



NGUYEN THI YEN
PURCHASING AND CUSTOMER SERVICE SUPERVISOR
VIETNAM

Building trust means success for everyone.

SEALING & BONDING

INNOVATIVE ADHESIVES AND SEALANTS TAKE ON NEW FUNCTIONS AND DELIVER GROUNDBREAKING RESULTS:

LIGHTWEIGHT AUTOMOBILE DESIGN REDUCES ENERGY CONSUMPTION AND CO₂ EMISSIONS. ELASTICITY MAKES BUILDINGS EARTHQUAKE-RESISTANT. LOW-EMISSION BUILDING ENVELOPES ENHANCE QUALITY OF LIFE.

THAT'S SIKA. THAT'S BUILDING TRUST.

FACTS, FIGURES AND HIGHLIGHTS

**OVER 40
YEARS AGO,**

Sika developed the first commercially used one-component polyurethane adhesive.

Every year,

**MORE THAN
1^{MILLION}**

**WINDOW
FRAMES**

are sealed with Sika products, saving more than

**10,000 TANK-
ER LOADS OF
HEATING OIL**

over their complete lifetime.

60^{MILLION}

CAR GLASSES

are bonded with Sikaflex® every year.

In the last 10 years, over

**50^{MILLION} M² OF WIN-
DOWS AND FACADES**

have been produced using Sika adhesives and sealants.

Every year, Sika adhesives make

15^{MILLION} CARS

safer and stronger.

Sika's annual production of wood floor adhesives would seal an area equivalent to more than

**1,000 SOCCER
PITCHES.**

Thanks to Sika's innovative pretreatment systems, direct glazing releases

150,000 LITERS LESS

of volatile organic compounds (VOC) annually.



fitting of buildings, and reduce energy consumption for heating and cooling by making building envelopes that are better sealed than conventional facades.

Adhesive bonding methods proved their effectiveness long ago. In the automotive and railway rolling stock industry, bonded glass and body elements are commonplace. They resist wide temperature differences, moisture, snow, chemicals, and continually changing loads over extended periods and have revolutionized vehicle design and production.

In recent years, this experience has been transferred to the construction sector. Nowadays the glazing and panels of many new high-rise buildings are no longer attached with screws, but bonded. Prominent examples featuring Sika bonding solutions include Renzo Piano's "Shard" and Norman Foster's "Swiss Re Tower" in London. Bonding windowpanes and panels offers several advantages. Assembly proceeds more quickly, and the panes and panels no longer require cold-conducting metal frames. Moreover, the load-bearing connection of the cladding materials gives them a reinforcing function. This simplifies planning, conserves materials, increases usable space by eliminating stiffening elements, and, not least, gives the architect new design freedoms.

Transferring adhesive technology from vehicle manufacturing to buildings has been, and remains, a challenge for developers. Given the lifetimes and service cycles of vehicles, bonds that last ten years are often perfectly adequate. In buildings, however, they have to last at least 25 years. Only then does the first major envelope overhaul, involving replacing the window panes, for example, generally take place.

Long service lifetimes also increase the demands on building envelopes. Their sustainability depends not only on their engineering design, but also on the materials used to make them. These must be both durable and low in emissions, an area in which Sika is a leader.

SAFETY DURING EARTHQUAKES

Adhesive bonding has not only led to revolutionary advances in construction, it has also opened up entirely new ways of improving the safety of existing buildings in the event of an earthquake. Special adhesive anchors just a few millimeters thick now make it possible to reinforce the load-bearing structure of a house quickly and easily. This preserves the basic structure of the building and saves lives when earthquakes occur.

The new applications illustrate how adhesives and sealants, though mostly invisible, can significantly affect us, our lives, and our society. They make it easier to execute construction projects quickly, enhance safety, enable more careful management of natural resources, and open up entirely new ways of designing buildings – a few of which already adorn the skylines of our major cities. <

INVISIBLE REVOLUTION

TEXT: RETO WESTERMANN
FREELANCE JOURNALIST
PHOTO: WOLFGANG BELLWINKEL

New adhesives and sealants have revolutionized the construction of buildings in recent years, becoming a key element in the mission of meeting tomorrow's construction challenges.

> Some 7.5 trillion dollars is invested in the construction sector worldwide every year, accounting for 10 percent of the world's gross domestic product. British consulting firm KHL has forecast a 4.5% increase in investments for 2014. The main driver of the construction boom is the economic rise of the emerging economies and the associated mass migration to their major cities, where enormous demand for residential and commercial space as well as transportation infrastructure prevails.

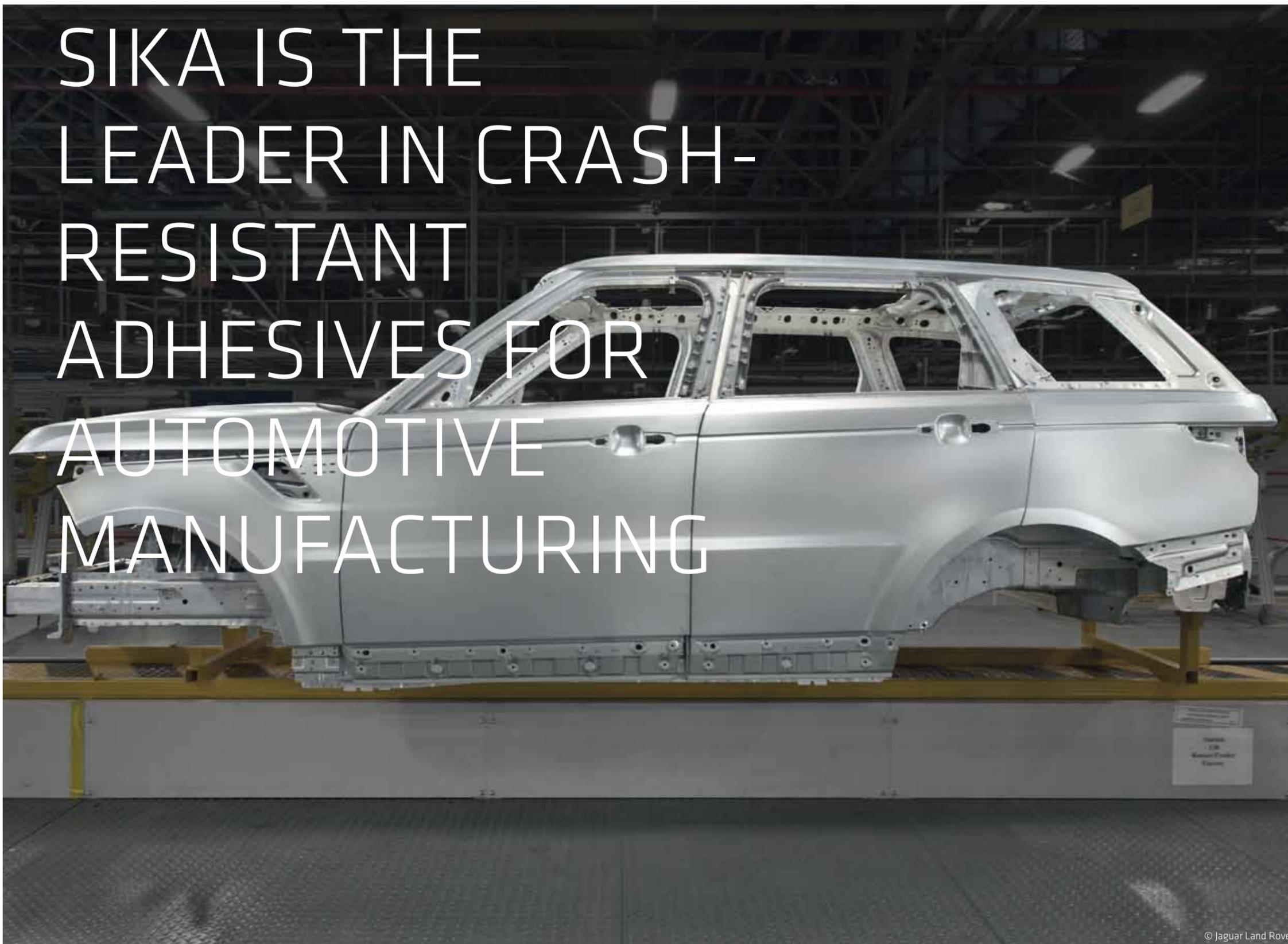
In this environment, the construction industry has a key role to play. Its role is not only to supply the needed residential and office space and transportation facilities in as little time as possible, but also to produce buildings that require little energy to operate, are durable and offer their users safety from earthquakes, as many of these boomtowns are located in zones with heightened risk of seismic activity. They include Mexico City, Istanbul, Tokyo, and many cities in China.

AUTO MANUFACTURING AS MODEL

Meeting these challenges requires new, innovative construction technologies, including adhesives and sealants like the ones produced and distributed worldwide by Sika. These shorten construction times, enable simpler engineering and construction methods, provide for earthquake-resistant outfitting or retro-

PIONEER: SIKA IS THE LEADER IN CRASH- RESISTANT ADHESIVES FOR AUTOMOTIVE MANUFACTURING

The new Range Rover Sport's lightweight body structure: 39% lighter, reinforced by Sika, improved crash behavior.



The all-new Range Rover Sport has been completely redesigned from the ground up. The vision was to develop the fastest, most agile and responsive Land Rover ever, combining best-ever on-road dynamics with class-leading all-terrain capability. By achieving this, Land Rover has created a new milestone in automotive design. Sika's innovative adhesive technologies play a key role in increasing vehicle safety.

> Enhanced agility is not only about outstanding performance and dynamic driving experience, it is also about design, fuel efficiency, low emissions and safety. In short, it covers a full package of inter-related improvements.

ALUMINUM BODY

The vehicle's weight was a key consideration, since it has a significant influence on its overall agility and performance. Material choice is a decisive factor in reducing weight, and, because the Range Rover Sport's body is made entirely of aluminium, it is 39% lighter than its steel equivalent. The result is a weight saving of 420kg, which in turn leads to reduced fuel consumption, significantly lower emissions, better use of engine power and a greater on-road and off-road capability.

© Jaguar Land Rover



© Jaguar Land Rover

USING LIGHTWEIGHT MATERIALS ALSO MEANS USING MODERN ADHESIVE TECHNOLOGIES.

> LIGHTER AND SAFER

Lighter materials such as aluminum and composites behave quite differently from conventional steel in the event of a crash. This is why Sika, with its expertise in the specialized field of crash-resistant structural bonding, began early development with the Range Rover Sport project team during the initial engineering design phase.

HIGH-PERFORMANCE CRASH-RESISTANCE

Lightweight construction presents new challenges for the way various materials are joined and reinforced. The body construction needs high strength and energy absorbing zones. As the crash behavior of each area of the vehicle has to be precisely controlled, Sika offers automotive manufacturers a complete range

of innovative materials and products, including computer modeling of designed solutions.

SikaPower® FOR STRUCTURAL BONDING

Using lightweight materials also means using modern adhesive technologies. In practical terms, this means high-strength bonding for impact energy management and body construction reinforcement including strategically designed reinforced composite elements for improved stiffness and durability.

SikaPower® is used to bond areas subject to high mechanical load. Since the adhesive enables the body construction to absorb more energy, it enhances safety in a crash situation. Not only does SikaPower® improve the stiffness of the vehicle frame, it also combines outstanding age resistance and durability with exemplary mechanical and processing properties.

The Sika products in the Range Rover Sport play an important role in enhancing the vehicle's crash performance and resistance; they also support improved comfort and durability, increase overall safety and make a major contribution to its lightweight design. <

The new Range Rover Sport
The Sika reinforced and bonded lightweight body structure improves vehicle safety. Less weight promotes agility and performance, enhances fuel efficiency, and lowers CO₂ emissions.



© Jaguar Land Rover

Paradigm shift in automotive production

Conventional assembly techniques have a powerful new competitor. Parts that used to be welded, riveted, or mechanically joined are now being bonded. Sika offers a full range of industrial manufacturing adhesives for bonding, reinforcing, and sealing a wide range of materials.



Crash resistance: bonding is better
Two parts from a crash test; the welded version is on the left, the bonded version on the right: the bonded part absorbs forces better leading to less deformation.



Video
More on crash-resistant bonding
annualreport.sika.com

WE TAKE CARE OF



INNER VALUES

TO MAKE THE OUTER ONES THAT
MUCH BETTER. SIKA FACILITATES
RADICAL LIGHTWEIGHT CONSTRUCTION
IN THE AUTOMOTIVE INDUSTRY.

A marriage of assemblies in the BMW i3

The high point of the production process comes when the car body and drive unit are joined together. Sika adhesive plays a key role in the BMW i3. This is where the life module, the CFRP passenger cell, and the drive module, the aluminum

chassis housing the electric motor and batteries, are permanently and elastically bonded together using ultra-high-strength adhesive. BMW also relies on a Sika adhesive for the direct glazing.

> There are currently some one billion registered passenger vehicles, and the number is growing every year. Consequently, and because the challenges of resource scarcity, rising energy consumption, and increasing CO₂ emissions demand new ideas, technologies, and production methods, more efficient vehicles will clearly be needed in the future. And in this respect, there is one crucial factor. While a few grams of CO₂ or a little material or energy saved by shaving a few kilograms off one vehicle's weight may seem modest, the results are significant over the millions of new cars manufactured every year. Even small improvements can add up quickly.



THE FUTURE BELONGS TO LIGHT-WEIGHT CONSTRUCTION AND MULTI-MATERIAL DESIGN.

With today's focus on material and energy consumption, development is increasingly moving in the direction of lightweight construction. This necessarily entails multi-material design. Vehicles today are made from a combination of a wide range of materials, not largely of steel as they were in the past. Use of aluminum in auto manufacturing has grown steadily since the 1990s, and carbon fiber reinforced polymers (CFRPs) are becoming more widespread despite their high cost.

BMW i3 – A NEW STANDARD IN LIGHTWEIGHT CONSTRUCTION

Traditional material fastening methods, such as rivets, screws, and welding techniques like point welding, are being replaced or supplemented by adhesive bonding methods that are not just ultra-high-strength, but also remain elastic.

The adhesives used must not only adhere equally well to different materials, but also compensate for their different expansion characteristics while also maintaining just the right stiffness and optimum handling.

The i-Cure® technology-based ultra-high modulus (UHM) adhesives are a new development with which Sika is responding at an early stage to the increasingly wide range of materials being used in automotive design. They enable quick bonding processes with multi-material combinations, while guaranteeing that components will remain durably functional. Sika UHM adhesives are unique within the industry. They are suitable both for fully automated adhesive application on the assembly line and for manual application. The pioneering all-electric BMW i3 is the showcase for the new Sika UHM adhesive technology.

MERCEDES S CLASS – THE BONDED FUTURE

The Mercedes S Class features the latest generation of modular construction using a wide variety of material combinations. As a result, demands on the engineering and bonding technology are stringent. The car body is based on a mix of aluminum and high-tensile steel materials. Special bonding techniques and sealants are needed to optimize safety, vibration characteristics, and acoustics. A wide range of Sika solutions are used in the new S Class: UHM adhesives for bonding the lightweight aluminum roof to the steel car body and for enhancing overall vehicle stiffness, together with ultra elastic adhesives for invisible bonding of the roof-stiffening panel. Sika adhesive is also used for the direct glazing. Expanding Sika frame stiffening components and structural adhesives ensure optimum NVH (noise, vibration, harshness) characteristics.

Sika's new adhesive technologies and products point the way toward high-performance lightweight construction and represent a substantial contribution to sustainable mobility. <

ONE OUT OF FOUR CAR WINDSHIELDS

> Millions of people travel by car every day. But few of them know the true functions of the windshield that gives them a clear view of the road. And even fewer know how the windshield is bonded to the car.

BONDING FOR SAFETY

One out of four car windshields is attached with Sika adhesive, and with good reason. Windshields are an important safety element. With its laminated glass construction, the windshield is part of the vehicle structure and contributes to the car's rigidity. Because it is attached by adhesive bonding, it can absorb vibrations and shocks and thereby affect the vehicle's overall handling. Today's windshields no longer splinter. In a crash they can absorb enormous forces. Windshields have to be so securely bonded that they cannot become detached from the car body. The windscreen in conjunction with the Sika bonding system must be strong enough to support the airbag which protects the passengers in the event of an accident. This places maximum demands on the adhesive bond between the glass and the vehicle. Sika has developed products that have proven as popular among car manufacturers as they are in the auto glass aftermarket for precisely this application.

DIRECT GLAZING IN AUTOMOTIVE MANUFACTURING

For over 25 years, Sika has served vehicle manufacturers by continually developing its adhesive technologies. Today's adhesive bonded windshields are important structural and safety ele-

ments. Development of adhesive technologies is driven by the extremely high safety requirements for auto glass. Sikaflex® glass adhesives and the corresponding bonding agent systems – activators and primer systems – meet even the strictest functional and safety requirements and have proven themselves in automotive manufacturing. Thanks to faster adhesion build-up and accelerated curing, they slot perfectly into assembly processes, enabling shorter cycle times and more flexible integration of processes.

THE SHORTEST "SAFE DRIVE-AWAY TIME" – SIKA'S MOST COMPELLING SELLING POINT IN THE AUTO GLASS AFTER-MARKET

It is no coincidence that Sika holds a market share in excess of 30% in the auto glass replacement aftermarket. Sika repair kits are used in over 80 countries because they have been tested and approved by vehicle manufacturers and insurers alike and because Sika gives repair shop staff full training in their proper use. Windshield bonding with SikaTack® products enables a very short "safe drive-away time" – the time needed after replacing auto glass before the vehicle meets new-car safety standards and can be allowed to drive away from the shop. This, together with simple, solvent-free application, makes Sika the preferred supplier of direct glazing systems, both for mass production and the auto glass aftermarket. <

IS BONDED WITH SIKA



Auto glass replacement that doesn't void the warranty

Sika has a market share of over 30% in the auto glass aftermarket. The main reasons are easy application using a Sika repair kit, a short "safe drive-away time," and the fact that the manufacturer's warranty and insurance coverage remain in effect.



Video
More on auto glass replacement
annualreport.sika.com



Automatically perfect

The Sikaflex® direct glazing system meets the highest safety standards and can significantly accelerate the production process.



BUILDING ENVELOPE

The building envelope separates the interior from the exterior. It is the part of an edifice that most affects its durability as measured by its lifetime. Sika products and solutions provide comprehensive protection against the elements outdoors and play a key part in improving the indoor air quality.

> The building envelope comprises a wide variety of construction elements, including windows, facades, and insulation as well as joints, supports, and cladding. Building envelopes are therefore subject to exceptionally stringent requirements, some of which are set out in "green building" certification programs worldwide. Builders who construct or renovate a building according to these sustainability standards are making a significant contribution to future-facing construction practices, while also gaining long-term benefits in terms of both economy and residential comfort.

the share of Sika adhesives and sealants in its overall environmental footprint is negligible, but they significantly contribute to improved energy efficiency and energy balance throughout the building's useful lifetime.

Sika products and solutions are available for every component of the building and the building envelope: walls, roofs, foundations, windows, doors, insulation, and all other elements that affect performance. Here are just a few:

- Sika sealants connect windows to the masonry, preventing heat exchange from the interior to the exterior and vice versa.
- Sika solutions seal wall structures, protecting insulation against moisture penetration.
- Sika adhesives bind windows to their frames. By strengthening window structures, they allow larger glass surfaces, which in turn increase solar heating and reduce energy consumption.
- i-Cure® technology-based low-emission sealants and adhesives from Sika guarantee safe processing and good indoor air quality in day-to-day use.
- Sika sealants, adhesives, and membranes are used to join and seal various building envelope components such as curtain facades, glass and metal facades, windows, doors, and roofs for a wide range of facade types.

As a leading provider of construction chemicals, Sika pursues a clear sustainability strategy. Innovative products and solutions for an improved building envelope are just one area where this commitment is reflected. <

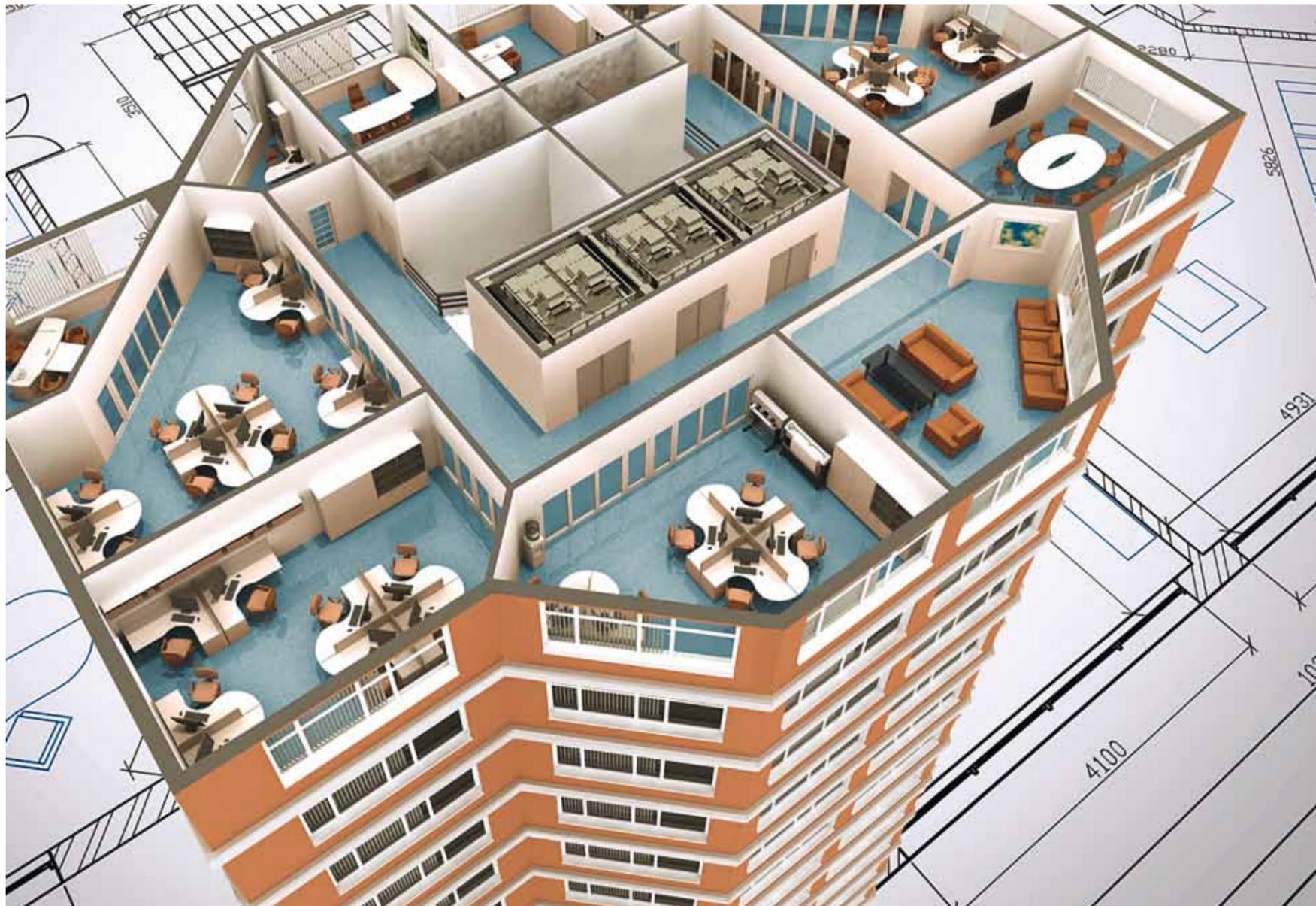
The best-known building certification program worldwide is LEED (Leadership in Energy and Environmental Design). Other internationally widespread and recognized sustainability standards include BREEAM, DGNB, Green Globes, and Green Star. These programs focus on the building's entire life cycle, with different emphases in relation to specific construction products, such as gray energy, thermal insulation, low emissions, or recycling.

Minimum specifications for building envelopes are also set out in national standards and guidelines. These include minimum thermal insulation values, vapor and moisture control, temperature regulation, air pressure management, and support for the building structure. How these functions are implemented significantly influences the building's performance in areas such as thermal insulation, energy consumption, and air circulation. The quality of implementation depends on the architectural design and the construction materials used. Adhesives and sealants and their correct application play a key role.

SIKA STANDS FOR SUSTAINABILITY

Sika offers a product range and solutions for constructing all-around sustainable building envelopes in all countries under a wide range of climate conditions. One feature has proven to be a major differentiator: durability. Sika's long-lived, durable adhesives and sealants are key factors in a building's energy efficiency throughout the entire use phase, making a significant contribution to sustainable building.

All this helps fulfill the sustainability principle of "We give more than we take." In connection with the building envelope,



Christchurch, New Zealand
Large numbers of people and buildings mean greater risks. The 2011 Christchurch earthquake left a trail of devastation.



EARTHQUAKE-RESISTANT BUILDING WITH SIKA

 Video
More on earthquake-resistant joint sealants
annualreport.sika.com

New Zealand, situated at the southwestern end of the Pacific Ring of Fire, is a country of frequent volcanic eruptions and earthquakes. The Christchurch earthquake of 2011 was a dramatic reminder of the importance of earthquake-resistant building techniques.

> The most important factors in earthquake-resistant construction are decoupling of the building from its subsoil, the engineering of the load-bearing structure, and how the various building components, such as the facades, floors, and fittings, are joined. Earthquake resistance is achieved not by making the building heavier and stiffer, but by making it more stable and flexible.

FLEXIBLE JOINTS

Buildings are set on sliding or lead-core bearings to raise their capacity for natural resonance. Ductile – in other words deformable – construction materials are used for load-bearing structures to absorb the powerful horizontal forces. The joints between building elements have to be highly flexible. Facade and floor joints have to have particularly good compression and expansion characteristics to withstand the effects if disaster strikes.

SikaHyflex®-250 Facade

SikaHyflex®-250 Facade was launched to the market at the very moment when building regulations in New Zealand were becoming more rigorous. Demand for earthquake-resistant joint sealants doubled after the Christchurch quake, and SikaHyflex®-250 Facade experienced a genuine boom. The reasons why are obvious: the Sika product adheres to nearly any surface, has an expansion capacity of over 100% and can be compressed by up to 50%. It also possesses outstanding tensile strength as well as excellent weather and UV resistance. Although Sika joint technology is just one component of earthquake-resistant construction, SikaHyflex®-250 Facade marks the start of a new era in facade construction.

SIKA MAKES HOUSES SAFER

Sika® CarboDur® is another system solution that is particularly successful in earthquake-prone areas. It is used to reinforce load-bearing structures in existing buildings. Carbon-fiber-reinforced polymer plates and fabrics can be applied to reinforce concrete, steel, wooden, and masonry structures and significantly improve their resistance to aging and to natural forces such as earthquakes. <

NEW ZEALAND HAS TIGHTENED BUILDING REGULATIONS FOR EARTHQUAKE-RESISTANT CONSTRUCTION. SikaHyflex®-250 Facade PLAYS AN IMPORTANT ROLE IN MEETING THE NEW REQUIREMENTS.

KARL JONES
FACADE ENGINEER, MOTT MCDONALD
NEW ZEALAND

An engineering specialist on the search for innovative earthquake-resistant construction solutions without compromising function or design



PAUL MORRISON
ARCHITECT, WARREN AND MAHONEY ARCHITECTS
NEW ZEALAND

Works with engineers and construction material producers to steadily improve structural safety in one of the world's most earthquake-prone regions



CONSTRUCTION OF THE NEW EUROPEAN CENTRAL BANK BUILDING IN FRANKFURT AM MAIN

Frankfurt's new landmark is a milestone of modern architecture. The building was commissioned by the European Central Bank and designed by world-renowned Vienna architects Coop Himmelb(l)au. Sika was a technology partner to many of the contractors involved in construction.

- > The European Central Bank (ECB) building complex consists of three contiguous structures: the twin office towers, the listed historic wholesale market building, and the entrance building that links the towers and the market hall visually and functionally.

The sophisticated combination of a new modern building with a protected historical edifice, the dif-

fering requirements governing the individual structures, the many companies involved, and the overall complexity of the project were challenges that Sika successfully met with a wide range of proven solutions. Sika possesses the knowledge, experience, and product range that it takes to provide maximum support to the contractors and clients in planning and executing major projects of this kind.



Video
More on expertise
annualreport.sika.com

ECB, Frankfurt am Main
The new ECB headquarters has a gross floor area of 185,000 square meters with room for over 2,300 workstations.



FLORIAN DÖBBEL
CORPORATE MARKETFIELD ENGINEER FACADE & INSULATING GLASS, SIKA
Facade applications engineer, responsible for innovation, development, and implementation of structurally and customer-appropriate solutions

ENRICO CUTRI
SENIOR KEY ACCOUNT MANAGER, CORPORATE FACADE, FENESTRATION AND INSULATING GLASS, SIKA
Global key customer support and major project coordination

ULLI MÜLLER
CORPORATE HEAD MARKETFIELD ENGINEERING, SIKA
Head of engineering department, active in construction and industrial applications

SUSTAINABILITY ACROSS THE VALUE CHAIN: BROAD HOMES AND SIKA, AN EXEMPLARY TEAM



Broad Homes is building for China's future. As a single-source solution provider for residential and commercial buildings in city centers and suburbs, Broad Homes' reliance on sustainability across the entire value chain has made it a pioneer and role model for the industry.



> BROAD HOMES COMBINES SPEED WITH SUSTAINABILITY

The foundation on which the company builds is its in-house research and development center, which employs over 500 architects, engineers, and specialists in environment, energy, and even computer simulations as a basis for management and planning. The result is what is now the fifth generation of industrialized, integrated building systems, which has reduced construction time by two-thirds, yielding energy savings of over 70% over the structure's life cycle.

All this has been made possible by a reconception of the entire construction process. The degree of industrialization has risen from 60% in 2005 to 85% in 2013. Instead of being built on-site, building components are prefabricated in factories. This means less noise, less dust and lower water and material consumption. At the same time, the highly industrialized production process cuts costs, reduces time to market, and ensures constant construction quality and precision. It is a precision measured in millimeters, not in centimeters.

STRATEGIC COLLABORATION WITH SIKA

In 2013, Broad Homes opened new production establishments in eight provincial cities. In 2014, the goal is to have a presence in all 22 provincial capitals. By 2015, the annual production capacity is scheduled to grow to a total construction area of 50 million square meters. To continue meeting the ambitious growth and sustainability targets and ensure future expansion into other countries, Broad Homes was looking for a partner company with global operations, worldwide experience, and proven capabilities. In August 2012, Broad Homes and Sika signed a strategic col-



TAN XINMING
GENERAL MANAGER OF SUPPLY CHAIN DEPARTMENT, BROAD HOMES
Thanks to Sika solutions, he can combine rapid growth with excellent building quality and high sustainability standards.

CHINA IS BOOMING. RAPIDLY GROWING CITIES, RISING QUALITY OF LIFE, AND AN AWAKENING AWARENESS OF ENVIRONMENTAL ISSUES AND SUSTAINABILITY DEMAND INDUSTRIALIZED CONSTRUCTION PROCESSES, PREFABRICATION, AND A LIFE-CYCLE APPROACH. THIS IS THE OPPORTUNITY FACING BROAD HOMES AND SIKA.



Video
More on Sika and Broad Homes
annualreport.sika.com

laboration agreement. Sika supplies all concrete admixtures for prefabrication (Sika® ViscoCrete®), liquid membranes for roofs (Sikalastic®), and joint sealants for sealing building envelopes (Sikaflex® Construction PC). At the same time, Sika is able to contribute experience and specific expertise related to sustainability and the building life cycle. This will pay off for both Sika and Broad Homes. – Sika and Broad Homes: two strong names for a hopeful future. <



Broad Homes is a total-solutions provider for sustainable building. Its product and service range extends from research and development through architectural, structural, and amenities design to building and cost management.

SIKA IMPROVES INDOOR AIR QUALITY

In a world where most people spend around 80% of their time in enclosed spaces, there is a need for solvent-free and pollutant-free building materials; and this is where Sika is ahead of its time.



DR. JÖRG VOGELSANG
HEAD CORPORATE ANALYTIC SERVICE, SIKA TECHNOLOGY AG
The Sika Test Center in Switzerland tests the emission levels of Sika products and systems in accordance with the latest directives and procedures.

 **Video**
More about measuring VOC
annualreport.sika.com

Living and working without harmful solvents

VOC-free sealants and adhesives improve the air quality in houses and offices. They make life easier for people working in production because there is no need for breathing protection or complex air extraction systems.



> Sika was endeavoring to reduce harmful emissions well before sustainability became a public issue. 30 years ago, Sika was one of the first companies to launch solvent-free sealants and adhesives onto the market. Its research and development department always ensured that Sika products and systems met industry and government regulations before they became mandatory requirements. The most recent example is i-Cure® technology.

A PRIME EXAMPLE OF SIKA INNOVATION

i-Cure® stands for “intelligent curing”; it is a patented single pack crosslinking technology for polyurethane-based adhesives and sealants. Sika products that use i-Cure® technology are particularly low in emissions. They are sustainable as regards both people and the environment, safe to use and particularly durable. They can be specifically formulated for a huge range of applications. i-Cure®-based products are unreservedly suitable for use anywhere, even in clean rooms.

i-Cure® – THE TECHNOLOGY YARDSTICK FOR ADHESIVES AND SEALANTS

i-Cure® technology is making a decisive contribution to sustainable and energy-efficient construction methods because these methods not only place new demands on design and building materials but on bonding and joint sealants in particular. Their strength, elasticity, adhesion and resistance must be capable of matching the entire life cycle of a building. In addition to correct application, this requires adhesives and sealants that are

capable of bonding and sealing different materials most effectively. These are, however, only the “practical” benefits of i-Cure® technology. The decisive aspects are its ecological and health-related credentials which are exemplary in every way.

SIKA FOR GOOD INDOOR AIR QUALITY

Energy efficiency demands as tight building envelopes as possible. Achieving a pleasant micro-climate indoors, where people spend most of their time, requires construction materials that do not release substances that are hazardous to health either during processing or in long-term use. This is why Sika products and systems are tested in the Sika Emission Competence Center in accordance with a variety of standards and guidelines. For their volatile organic compound (voc) content, for example. Different methods exist for doing this. One involves exposing samples of materials to the air in a test chamber, then collecting and analyzing the compounds that have been released. Long-term investigations are carried out in test chambers to verify conformity with current and future guidelines. Special test chambers for small samples are used specifically for developing new solvent-free sealants and adhesives.

THE FIRST VOC-FREE DIRECT GLAZING SYSTEM

Sika is particularly proud of its first VOC-free direct glazing system for the automotive manufacturing sector. The system's latest highlight is Sika®HydroPrep® 100, a water-based activator for promoting adhesion to glass and ceramics, which easily achieves or beats the performance of products containing sol-



vents. Since it is odorless and solvent free, there is no need for breathing protection or complex air extraction systems in production buildings.

RESEARCH AT A GLANCE

The tests conducted in the Sika Emission Competence Center are important steps on the way to sustainable products. But Sika's sustainability strategy starts much earlier and reaches much further: Sika chooses raw materials according to ecological criteria, employs environmentally friendly technologies and develops products and systems with a view to their life cycle as a whole. <



 **Video**
More about i-Cure® technology
annualreport.sika.com

THE IMPORTANCE OF DURABILITY



The results of Professor Tanaka's research are being incorporated into Japanese industry standards.

PROFESSOR TANAKA DISCUSSES KEY AREAS OF RESEARCH IN JOINT SEALING MATERIALS

INTERVIEW: CHRISTINE KUKAN
PHOTO: MARC EGGIMANN

> **Kyoji Tanaka, professor emeritus at Tokyo Institute of Technology, taught materials science for 40 years, mainly focusing on sealing materials and sealing technology. He chaired a working group on the development of Japanese industry standards for sealing materials and is overseeing the group's revision of these standards this year in the same capacity.**

SIKA: Why is the durability of sealants and adhesives so hugely important in buildings?

PROF. TANAKA: There are several reasons. Unless high-grade sealants and adhesives are used, it is no longer possible to satisfy the increasingly stringent technical, commercial and ecological requirements that are placed on buildings. As a consequence, the main challenge today is to adapt their durability to the service life of the building as a whole. Subsequent secondary sealing work is difficult and, particularly with high-rise buildings, involves a significant investment of time and money. This alone

makes the durability of sealants and adhesives a key economic factor for building contractors and property owners.

Another reason is the reduction in environmental pollution. Although joint sealing materials are produced with relatively little raw material and energy compared with other building materials (e.g. concrete or glass), they make a disproportionately high contribution to improving a building's overall energy balance. The more durable the sealants and adhesives, the less frequently they have to be renewed and the lower the material consumptions. Durability reduces maintenance costs and improves the carbon footprint at the same time.

What are the key areas of research?

The critical point is always the joint between the sealing material and the construction component. The priority, therefore, is to develop sealants and primers with good adhesive properties on a variety of surfaces.

Another area is single-component technology. Many Japanese architects and engineers still believe that two-component sealants are superior to single-component sealants as regards joint expansion capability and weather resistance, but they are gradually beginning to rethink their attitude. The single-component products can be used immediately, require less specialized knowledge and are much easier to handle. This is an important quality criterion not least because the construction industry is employing fewer and fewer fully trained experts.

What is driving this development?

The demand for energy efficiency, cost pressures, technological progress as regards building materials and the life-cycle approach. For some time now, the climate footprint of buildings has been not just an ecological but, above all, an economic management tool.

What are the most important measures in this context?

Enhancing durability, improving long-term adhesion on a variety of surfaces and faster procedures for testing long-term properties. These are "accelerated aging" test procedures which deliver reliable results, not after years but within weeks. This is particularly important because new innovative building materials and building technologies are constantly coming onto the market and sealants and adhesives need to take account of them.

You live in Japan, where the buildings are regularly subjected to earthquakes and typhoons. What role do sealants and adhesives play under such extreme conditions?

The joints between building components are exposed to huge forces. This applies especially to rain-screen cladding. Consequently, the joint sealing materials need to withstand varying movements for the longest-possible time while suffering the least-possible damage.

Earthquakes cause short-term but intense movements. Heat and cold, day and night cause constant alternation between slow expansion and contraction. During typhoons, the joint seals also have to be able to withstand extreme external influences such as storm-force winds and heavy rain. Optimum adhesion, flexibility, tear and weather resistance over a long time are the main criteria which the sealants and adhesives need to satisfy. But there is something else as well: the design of the joint also has a role to play. Architects prefer narrow, inconspicuous joints and this requires sealants with special mechanical properties, i.e. preferably those with a particularly high movement absorption capability, such as +100/-50%.

When investigating joint seals after the Hanshin-awaji earthquake in 1995, we repeatedly found that although the adhesive seals had been partly destroyed, they were still able to retain their hold on smaller parts of buildings, such as glass roof panels or ceramic tiles, and prevent them from falling. This revealed a hitherto hidden characteristic of sealants and adhesives: they have a safety function and act as a sort of back up.

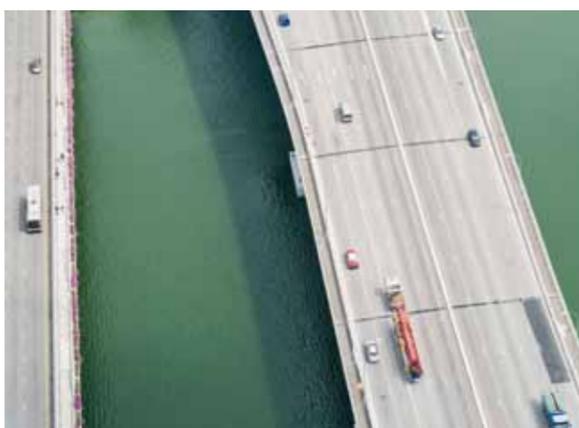
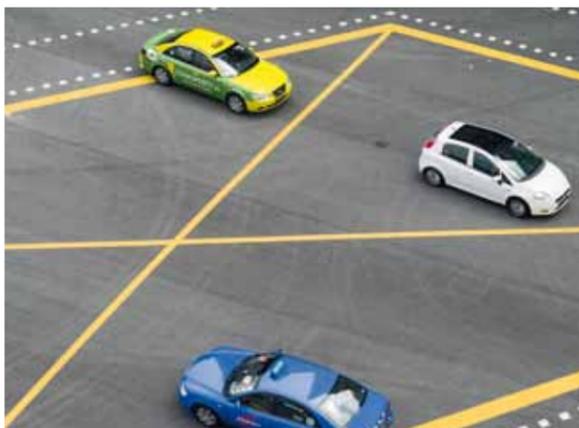
You were involved in developing industry standards for tall buildings. How much did your investigations contribute to the new standards for sealants and adhesives?

The results of my investigations into the weather resistance of synthetic polymer-based materials have been incorporated into a number of standards for the test methods for classifying durability. My investigations into the long-term behavior of sealants in moving joints also acted as the basis for discussion about test methods and was of some help in devising Japanese industry standard JIS A 5758 for building seals and glazing.

Thank you for taking the time to talk to us.

DISCOVERING BOLD NEW WORLDS

Will Singapore be the 21st century's Utopia? This is where Sealing & Bonding technologies are making the "invisible revolution" a vivid reality. The city has the appearance of a laboratory in which experiments involving the architectural forms of the future are taking place. Wolfgang Bellwinkel's photographs show how the tropical metropolis is combining construction and ecology, urbanism and vegetation to create new living environments that are courageous, modern and fascinating



Gallery
Series of images on Sika website
annualreport.sika.com

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