

OUR YEAR 2015

WE ARE STRATEGY



RECORD RESULTS

CHF 673.3 MN EBIT
CHF 465.1 MN NET PROFIT
CHF 451.5 MN OPERATING FREE CASH FLOW

HIGHLIGHTS

17,281 EMPLOYEES
3 NEW NATIONAL SUBSIDIARIES
9 NEW FACTORIES
5 ACQUISITIONS

INNOVATION

70 PATENTS FILED
872 EMPLOYEES IN R & D
20 GLOBAL TECHNOLOGY CENTERS

STRATEGY 2018

NEW AND RAISED TARGETS FOR
GROWTH, INVESTMENTS, EBIT,
CASH FLOW, AND ROCE

WWW.SIKA.COM/ANNUALREPORT

HIGHLIGHTS 2015

+6.2%

Sales Growth in Local Currencies

9

New Factories

5

Acquisitions

+6.3%

EBIT Growth

+8.1%

Operating Free Cash Flow

+2.3%

Employees

70

New Patents

OUR YEAR 2015



16

WE SET THE
STANDARD



22

TWO PRODUCTS IN ONE:
SikaCeram®-500 Ceralastic



26

IN THE MIDDLE OF
THE ACTION



34

ACQUISITIONS AS
GROWTH PLATFORM



38

EXPECTING A LOT AND
OFFERING EVEN MORE

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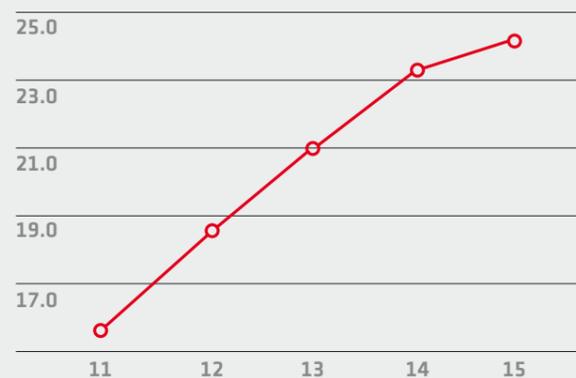
PORTRAIT

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 93 countries around the world and manufactures in over 170 factories. Its more than 17,000 employees generate annual sales of CHF 5.49 billion.

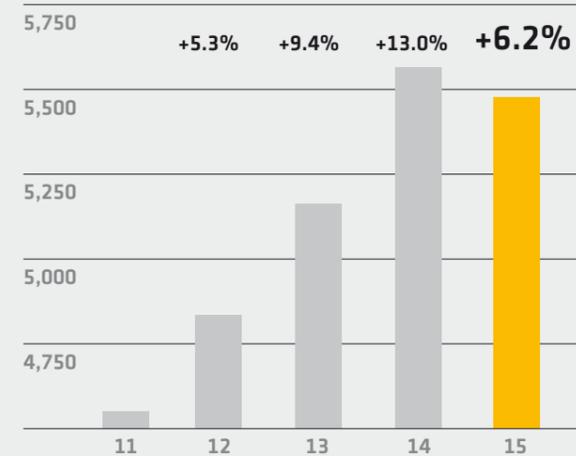
SIKA GROUP

in CHF mn	2014	AS % OF NET SALES	2015	AS % OF NET SALES
Net sales	5,571.3		5,489.2	
Gross result	2,951.3	53.0	2,970.8	54.1
Operating profit before depreciation (EBITDA)	798.3	14.3	837.3	15.3
Operating profit (EBIT)	633.2	11.4	673.3	12.3
Net profit	441.2	7.9	465.1	8.5
Operating free cash flow	417.5	7.5	451.5	8.2
Capital expenditures	152.7	2.7	142.6	2.6
Balance sheet total	4,817.9		4,923.8	
Shareholders' equity	2,383.3		2,552.1	
Equity ratio in %	49.5		51.8	
ROCE in %	23.3		24.3	
Earnings per share (EPS) in CHF	173.19		181.37	
Number of employees	16,895		17,281	
Training hours per employee	11.4		11.9	
Water (total water per ton sold) in m ³	0.55		0.41	
Energy (total energy per ton sold) in GJ	0.44		0.46	

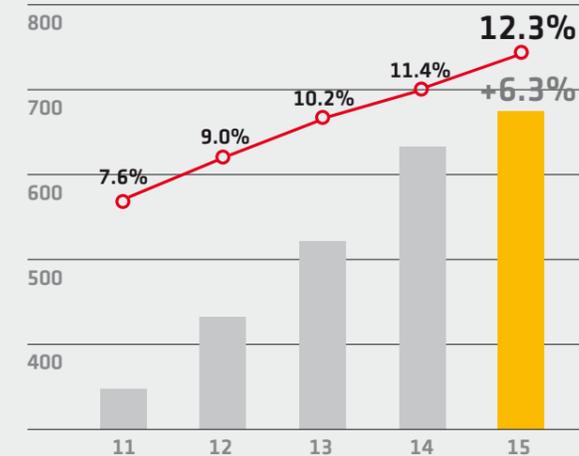
ROCE in percent



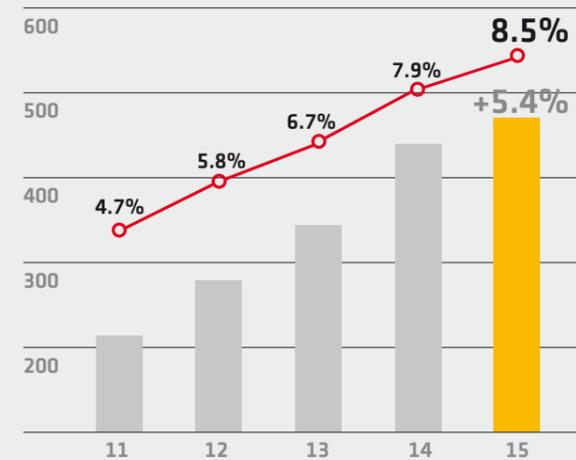
NET SALES (CONSOLIDATED) in CHF mn
Growth in percent in local currencies



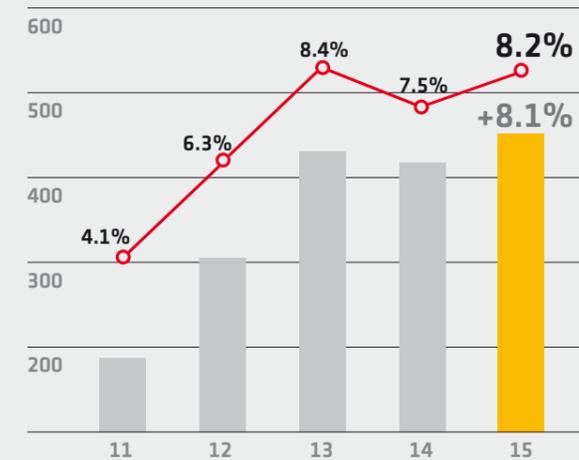
EBIT in CHF mn
as percent of net sales



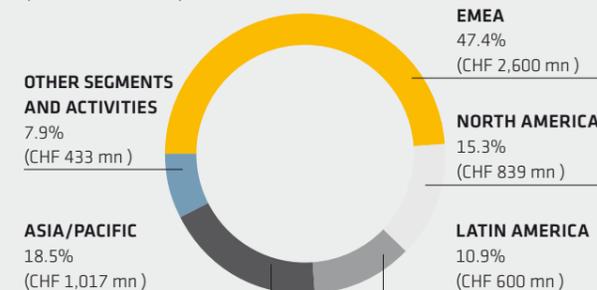
NET PROFIT in CHF mn
as percent of net sales



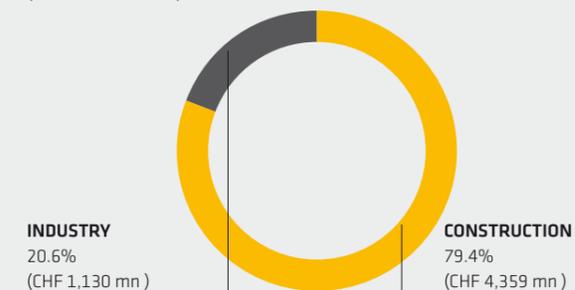
OPERATING FREE CASH FLOW in CHF mn
as percent of net sales



NET SALES BY REGION (CONSOLIDATED)



NET SALES BY MARKET (CONSOLIDATED)



Dear Shareholders

In the 2015 business year, the profitable growth strategy continued with a record year and sales of CHF 5,489.2 million. This equates to an increase of 6.2% in local currencies. All regions contributed to the broad-based growth, as did investments in new factories and national subsidiaries. High growth momentum and disciplined cost management led to new record figures of CHF 673.3 million (+6.3%) for EBIT, CHF 465.1 million (+5.4%) for net profit and CHF 451.5 million (+8.1%) for operating free cash flow. Since the targets set out in Strategy 2018 have been achieved ahead of schedule, they were revised upwards in January 2016.

All regions achieved significant sales increases and market share gains during the 2015 business year, with double-digit sales growth in the core markets of the USA, Mexico, Africa, the Middle East, Southeast Asia, and the Pacific. In cumulative terms and at constant exchange rates, sales increased by 6.2%. Excluding the negative growth in the Chinese market, sales rose by 7.4%. The strength of the Swiss franc led to conversion effects of -7.7%, and thus to a marginal decline in sales (-1.5% in Swiss francs) to CHF 5,489.2 million.

The high growth momentum translated into above-average increases in the operating result and net profit. Our focus on the gross result produced a positive effect and we persisted systematically with our disciplined approach to cost management. New records were achieved for EBIT at CHF 673.3 million (+6.3%), net profit at CHF 465.1 million (+5.4%), and operating free cash flow was CHF 451.5 million (+8.1%).

GROWTH IN ALL REGIONS

In the past business year, the EMEA region (Europe, the Middle East, and Africa) increased sales by 5.6%, benefiting from the good business performance in Eastern Europe, Africa, and the Middle East. Sales in Western Europe even slightly exceeded the previous year's strong result.

The greatest sales growth was achieved in the Latin America region. Despite a challenging market environment in Brazil, market share gains in other countries resulted in sales rising by 9.5%. North America recorded a sustained high level of growth, increasing sales by 8.4%. In the USA, our continued development of the market and the healthy construction sector, where investment in infrastructure and commercial projects is increasing, led to significantly higher volumes.

Growth in the Asia/Pacific region slowed to 2.1% owing to the market downturn in China. On the other hand, double-digit sales increases were achieved in Southeast Asia and the Pacific.

GROWTH DRIVEN BY EMERGING MARKETS AND MORTAR BUSINESS

Sika's accelerated growth in the emerging markets continued to generate compelling results, with sales rising by 7.9%. The high-margin mortar business – a core component of Sika's Strategy 2018 – exhibited an above-average performance, with sales growth of 12.9%. Sika further expanded its fast-growing mortar business in the past year by opening five new factories and completing three acquisitions.

NINE NEW FACTORIES AND THREE NEW NATIONAL SUBSIDIARIES

The accelerated expansion in growth markets continued in 2015 and new factories were opened in all regions. In the EMEA region, the expansion of production capacity in the form of new factories in Dubai, Nigeria, Ivory Coast, Russia, and La Réunion will ensure additional future growth. Furthermore, Sika established new national subsidiaries in Tanzania and Ethiopia. In the Latin America region, new factories were opened in Paraguay and Argentina, while in North America, Sika expanded its production capacities by adding a new facility in Philadelphia. In the Asia/Pacific region, Sika's first factory in Sri Lanka was opened, while a new national subsidiary was established in Myanmar.

70 NEW PATENTS

Our 872 employees in R&D drive our innovative strength, many of them working on basic research and on the development of new products in the 20 Global Technology Centers. In the 2015 financial year, 70 new patent applications were filed, and a large number of new products were launched in all target markets.

STRATEGIC TARGETS RAISED

Since the targets for Strategy 2018 have been reached ahead of schedule, the Board of Directors raised them in January 2016. Sika is now aiming for an EBIT margin of 12-14% (previously over 10%) and an operating free cash flow in excess of 8% (previously over 6%). The company is also aiming to increase its return on capital employed to 25% (previously over 20%) by 2018. The accelerated expansion in growth markets will continue, with investment in 6-8 new factories per year and the establishment of new national subsidiaries.

ENSURING THE SIKA SUCCESS STORY CONTINUES

This strong performance underscores the necessity of safeguarding Sika's successful business model in the interests of all stakeholders. Along with its public shareholders, Sika's Board of Directors, Group Management, 160 Senior Managers, and employee representatives remain opposed to Saint-Gobain's hostile takeover bid, which they believe would fundamentally jeopardize the Sika success story. There is still no evidence to suggest that there is any industrial logic behind the transaction. Saint-Gobain – a competitor – wants to control Sika by holding just 16% of its capital. This would result in a conflict of interests. Since it is intended that Saint-Gobain would have a majority on the Board of Directors, the interests of public shareholders would no longer be adequately represented. The Board of Directors and Group Management will therefore continue to act in the interests of Sika and its stakeholders with the aim of guaranteeing the unimpeded continuation of Sika's successful growth strategy.

BOARD OF DIRECTORS' DIVIDEND PROPOSALS TO THE ANNUAL GENERAL MEETING

At the Annual General Meeting, the Board of Directors will propose to the shareholders an 8.3% increase in dividend to CHF 78.00 per bearer share (2014: CHF 72.00) and CHF 13.00 per registered share (2014: CHF 12.00).



Picture was taken in the Research and Development Center in Zurich

Dr. Paul Hälgi
Chairman of the Board

Jan Jenisch
Chief Executive Officer

We are delighted that our growth strategy continues to be successful despite the challenging market conditions worldwide. Our thanks in this respect go in particular to the 17,281 employees whose expertise and commitment have brought us another record result. 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.

Sincere thanks also go to our customers, business partners, and suppliers for their outstanding cooperation and the trust they have placed in us. We would particularly like to thank our

shareholders for their unwavering loyalty to Sika and the trust they have placed in the Board of Directors and management.

Sincerely,

DR. PAUL HÄLGI
Chairman of the Board

JAN JENISCH
Chief Executive Officer

WORLDWIDE RECOGNITION FOR OUR ACHIEVEMENTS

Our employees did a great job in 2015 – their competence and commitment have not only brought us another record result, but also allowed us to achieve many different awards. These awards show third-party recognition for the excellent work of our teams all around the world. This section highlights some of the approximately 50 awards won by Sika this year.



BEST IMPROVER AMONG LEADING SWISS BRANDS

In 2015, Sika achieved a major success in Switzerland's leading brand survey, the Best Swiss Brands rankings, as its brand value soared by 78% within 12 months. Sika was accredited as the best improver within the rating system, which covers the top Swiss brands. Having leapt to 39th position, the company is now firmly established among the top 50 Swiss brands.



2015 PLACEMAKERS AWARD GOES TO SIKA NEW ZEALAND

Sika's distribution customer PlaceMakers singled out Sika New Zealand for its 2015 PlaceMakers Award in the Best Medium Supplier category. The panel comprised representatives from all PlaceMakers branches, its joint-venture partners and the Head Office team. The criteria applied in the assessment include profitability, key account management, store servicing, product innovations, supply and delivery, customer service, training, and sales promotion.



CEO OF THE YEAR

In 2015 Sika received the award for best CEO of the year, beating off competition from Switzerland's biggest listed companies. The Swiss financial research institute Obermatt honors CEOs whose companies have clearly outperformed their competitors. The criteria that feed into the assessment are sales, earnings growth (EBITDA), and total shareholder return.



GOLD MEDAL FOR FIRE SAFETY

The Sika® Unitherm® Platinum fire protection system was awarded a gold medal at the prestigious BUDMA international construction and architecture fair in Poland. Sika® Unitherm® Platinum is a solvent-free, epoxy-based, two-component fire protection coating for indoor and outdoor steel components. The MTP Gold Medal award – one of the best-known and most distinguished prizes for construction and architectural products in Poland – is presented at the BUDMA International Construction Fair, an event that ranks among the leading building exhibitions in Central and Eastern Europe.



PACE AWARD: SIKA RECEIVES RECOGNITION AS LEADING AUTOMOTIVE SUPPLIER

Sika won twice at the 2015 Automotive News PACE (Premier Automotive Suppliers' Contribution to Excellence) Award ceremony, which was held last year in Detroit. The renowned competition for automotive suppliers honors game-changing innovations in product, manufacturing process, and information technology. Sika was a Product Innovation award winner for its Sikaflex® Ultra-High Modulus (UHM) adhesive and also took home an Innovation Partnership Award for its comprehensive collaboration with BMW in the development of the BMW i3. The innovative adhesive meets the growing demand for mixed-material bonding products and is ideally suited for lightweight and high-performance structural bonding applications.



LUNDQUIST AWARD: SIKA WEBSITE AMONG TOP THREE IN SWITZERLAND

In the annual web rankings issued by Comprend, Milan, Sika's Internet presence finished third among all Swiss websites. In the panel's view, the Sika website's presentation of investor relations and career development content is a particular strength. The survey covered the websites of Switzerland's 47 biggest companies. Worldwide, the Comprend web rankings are based on an assessment of the internet presences of over 800 companies.



IF DESIGN AWARD

Sika's PowerCure Adhesive system has received an iF DESIGN AWARD 2016. The technology is distinguished by extremely short curing times when replacing automotive glazing. The product design of the complete system combines the benefits of both one- and two-component adhesive systems in a new and convenient way. Sika's efforts to create an outstanding solution for the accelerated sealing and bonding of windshields have been recognized by the international jury of the iF DESIGN AWARD.



SANDMEYER AWARD

The Swiss Chemical Society (SCS) conferred the Sandmeyer Award on an international research team comprising specialists from Sika, ETH Zurich, and the University of Colorado Boulder in the USA. The award was in recognition of the team's practical work and computer simulations (molecular modeling) on new commercial organic additives for the grinding of cement and other inorganic solids. The Sandmeyer Award is presented annually to individuals or groups for outstanding work in industrial or applied chemistry.



SIKA UK: DOUBLE FERFA AWARD WINNER

In the UK, Sika scooped two prestigious awards from FeRFA – the Resin Flooring Association – for its impressive work on a range of resin flooring projects. Sika won the awards for Large Commercial Project of the Year and Large Industrial Project of the Year, with a third project being 'Highly Commended' in the same category. The awards recognize outstanding workmanship, innovation, and the diverse range of applications that are possible with resin flooring systems. FeRFA is over 45 years old and a long-standing authority in the UK, recognized by other official bodies such as The Royal Institute of British Architects (RIBA) and The British Board of Agrément (BBA) as being the voice of the resin flooring industry.



SIKA COLOMBIA – OUTSTANDING TRAINING ACHIEVEMENT

Premios Fierros is a prestigious award that is presented by construction material hardware dealers in Colombia to leading manufacturers in the industry. Sika was nominated for its outstanding training activities, and received its award at a ceremony in Bogotá. The winner is chosen by representatives of the hardware stores in an online vote. For over 18 years, Sika has been training more than 4,000 hardware salesmen annually in the country. Through all of its training programs, Sika Colombia trains more than 20,000 people from different target groups of the construction business every year.



MULTIPLE ACCOLADES FOR SIKA USA PROJECTS

Sika USA enjoyed a successful awards year, winning eight awards presented by the ICRI (International Concrete Repair Institute). The ICRI honors outstanding concrete repair projects. Two of the award-winning projects were submitted by Sika, and the remaining six by other companies for whom Sika was the material supplier. Sika can be proud to be the first company to have won 100 ICRI awards in the past 17 years.

GROWTH STRATEGY ON

The Sika growth model ensures long-term success and profitable growth. By focusing on market penetration, innovation, emerging markets, acquisitions, and the company's overarching values, Sika is successfully growing. And the numbers speak for themselves: Sika's performance is outstanding, so much so that the growth strategy targets can be raised.

With over 170 production sites on all continents, Sika is striving to secure market leadership in its seven target markets. Sika's continuing success is also founded on gearing its business activities to the megatrends of urbanization, mobility, and sustainability. Focused investments in novel technologies, in the expansion of its local presence in the emerging markets, but also in leveraged market access through acquisitions, will secure future growth capacity. The company values, defined in Sika's Values and Principles, are the foundation of sustained success.

STRATEGY IMPLEMENTATION SINCE 2012

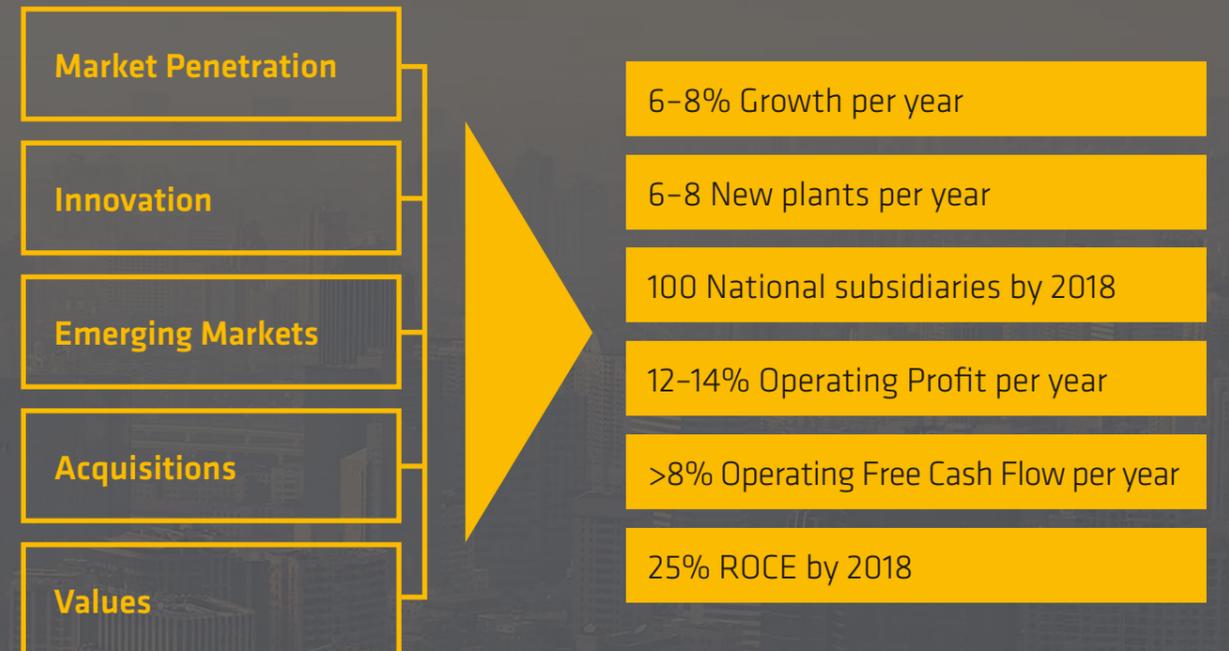


PERFORMANCE AHEAD OF TARGETS

PREVIOUS TARGETS STRATEGY 2018	OPERATING PERFORMANCE 2012-2015			
	2012	2013	2014	2015
6-8% Growth per year	+5.3%	+9.4%	+13.0%	+6.2%
>10% Operating Profit	9.0%	10.2%	11.4%	12.3%
>6% Operating Free Cash Flow	6.3%	8.4%	7.5%	8.2%
>20% ROCE	18.5%	21.0%	23.3%	24.3%

TRACK FOR SUCCESS

SIKA'S GROWTH MODEL



Against the background of Sika's strong operating performance, the strategy review carried out in 2015 prompted the Board of Directors to modify the targets for the three remaining business years up to 2018.

- Targets and key investments were reviewed and updated
- Confidence in continuation of sales growth and margin improvement.

- In the second half of 2015, a bottom-up review of Strategy 2018 was performed, involving all 160 Senior Managers in all countries.
- The strength of Strategy 2018 and its growth model was confirmed.
- Further growth potential and initiatives were identified.

Based on the comprehensive strategy review, the targets were revised upwards. Sika is now aiming for an EBIT margin of 12-14% (previously >10%) and an operating free cash flow of >8% (previously >6%). The company is also aiming to increase its return on capital employed to 25% (previously >20%) by 2018. The accelerated expansion in growth markets will continue, with investment in 6-8 new factories per year and the establishment of new national subsidiaries.

**SIKA JAPAN – BUILDING MATERIALS SALES TEAM**

In 2015 we set up an association that has enabled us to create a new sales channel for one-component liquid-applied membranes. Within this framework, we arrange training programs and workshops for customers who, in turn, give us their feedback on our products. It provides a useful way of sharing experiences and building strong customer relationships.

**SIKA UNITED ARAB EMIRATES – SPECIFICATIONS TEAM**

Our outstanding technical competence has enabled us to build a close and trusting relationship with a megaproject developer in Dubai. The resulting network of contacts presents us with tremendous cross-selling opportunities in this and other projects in the region.

**SIKA URUGUAY – OPERATIONS TEAM**

We have improved productivity while cutting raw materials and logistics costs. In addition, we have introduced a new process for recycling wastewater that helps to reduce our environmental impact. The key to these success stories has been our strong teamwork.

**SIKA USA – RESINS R&D TEAM**

Our new Sikalastic®-641 Lo-VOC liquid-applied membrane meets California's tough air emission standards for roof coatings. The combination of regional research excellence and international collaboration resulted in a product solution that has opened up whole new markets for Sika. As part of a field test program, we even tried out the product on our own roof.

**SIKA CHINA – TEAM FLOORING**

Our goal is to be the best partner for our customers by ensuring technological leadership, excellent product quality, and outstanding service. To build a more efficient and dynamic team, we develop young talents. In 2015, we reorganized our management structures to enable our up-and-coming executives to assume early responsibility at a subregional level.

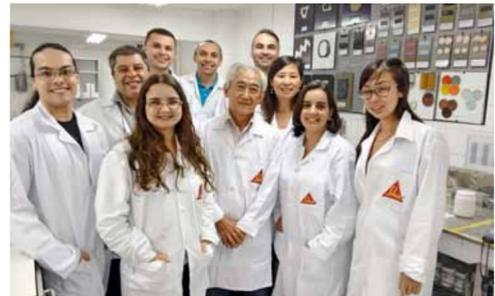
**SIKA AUTOMOTIVE GERMANY – TECHNICAL SERVICE, MARKETING, AND SALES TEAM**

In 2015, our team worked on the introduction of a new assembly method for tailgates based on forward-looking lightweight design technology. Developed in close collaboration with a customer, the concept has been well received by the global automotive industry and has resulted in a number of innovative follow-up projects.

WE BRING STRATEGY TO LIFE

Sika pursues its Strategy 2018. With passion and persistence. The operating performance under and on all markets, around the globe is crucial to the effective implementation of the strategy.

lines the success of the strategy. The commitment shown by Sika employees in all business areas How and where is the subject of this year's Annual Report.

**SIKA BRAZIL – AUTOMOTIVE R&D TEAM**

In Brazil, we localized global Sika automotive technologies such as SikaPower® and SikaBaffle® to meet the needs of the market. This has enabled us to offer customers best-in-class solutions at competitive prices and thereby contribute to Sika's Strategy 2018 for growth.

**SIKA SWITZERLAND – WATERBAR PRODUCTION TEAM**

Our waterbar production is very closely geared to individual customer needs. We consistently endeavor not only to fulfil, but also to surpass their high expectations. Apart from obtaining the best solution for their particular needs, our customers benefit from quality and watertightness that will stand the test of time.

**SIKA BOLIVIA – SALES TEAM**

Our aim is to achieve and maintain a market penetration level of 70%. To meet this goal, our team focuses fully on current and potential customers and offers comprehensive knowledge of Sika products, solutions, and the associated applications.

**SIKA AUSTRALIA – TEAM INDUSTRY**

Our team experienced tremendous success in 2015, surpassing all previous sales performance records. We decided to push the boundaries, reaching out through personal contact and new communication tools, and beating the competition with strong project management and superior customer service support. We added many new customers to our already impressive list.

**SIKA THAILAND – NEW-BUILD FACTORY PROJECT TEAM**

In 2015, we drove forward the construction of a second, state-of-the-art concrete admixtures production plant in Thailand. On schedule to open this year, the new factory will mark the continuation of our dedicated and successful expansion strategy.

**SIKA TEAM NIGERIA**

After the establishment of our national subsidiary in 2014, we started to produce concrete admixtures in September 2015. It is incredibly exciting to be among the pioneers in such a big and rapidly growing market and to help position Sika as the leading construction chemicals company.

**SIKA CHILE – SUPPLY CHAIN TEAM**

Our aim is to achieve a competitive advantage in our target markets by having the best possible supply chain. We have systematically optimized cost and service efficiency, and, based on our corporate values, built up a well-functioning team comprising people from a wide range of disciplines and cultures.

**SIKA NETHERLANDS – FLOORING TEAM (PULASTIC)**

We have developed an innovative – and already award-winning – sports floor that offers fantastic training opportunities for athletes and children. The floor is fitted with LEDs that can be individually switched on and off to generate the appropriate floor markings for a variety of exercises and games.

**SIKA TEAM MYANMAR**

With the opening of our national subsidiary and the start of local production, our highly committed team is excellently equipped to offer customized products, rapid delivery, and a reliable service in Myanmar. This will help both us and our customers to capitalize on the country's booming construction market.

**SIKA MEXICO – TEAM FLOORING**

Fantastic teamwork and support from Sika headquarters enabled us to gain the biggest industrial contract in the history of Sika Mexico. Our globally operating customer will install over 150,000 m² of our high-quality, locally manufactured Sikafloor® system. We were able to create a relationship of trust with the global account and their local representatives.

**SIKA ARGENTINA – RAMÓN AGUILAR, KEY PROJECT MANAGEMENT TEAM**

Sika is a school for life. It has taught me the importance of honest, responsible work and the value of surpassing customer expectations. I am very proud to be able to pass on my experience to a new generation of Sika employees.

**SIKA UK – TEAM WATERPROOFING**

Last year's launch of SikaProof® A proved a phenomenal success. In addition to the timely development of specifications, key success factors included our expert counseling services and high-quality solutions, backed up by product application support. In addition, we are always mindful of the project's budget requirements.

**SIKA ALGERIA – R&D TEAM**

In 2015, we achieved a fivefold increase in tile adhesive sales volumes. This success is due to our team spirit and thanks to newly developed tile adhesives that use locally sourced raw materials but still comply with corporate guidelines. The tile adhesives fully meet customer needs and have further strengthened the Sika brand.

**SIKA NORWAY – SALES TEAM**

In 2015 the focus was on the integration of Casco into the Sika Group. With the new sales organization now in place, the joint Sika-Casco team is set to conquer the professional floor layers market with high-quality, complete flooring solutions.



The cross-departmental and transnational sales team of Carlos Trueba, Dave Axt, Joe Rocha, Kevin Bohannon, and Michelle Alvarado (from left to right) has successfully implemented the Sika sales strategy in a major project in Mexico. This picture was taken at a meeting in Dallas.

WE SET THE STANDARD

Anyone who builds requires expert support. Sika helps to find the best solutions, whether in the form of single products or entire system solutions, in response to wide-ranging requirements. This makes Sika a reliable partner already in the design stage of a construction. Not only to the advantage of the project and the owner, but also of Sika itself.

Two years ago, Hurricane Odile destroyed part of a hotel complex in Los Cabos, Mexico. The facility belongs to an American hotel group with over 1,270 properties worldwide. Consulting firm Stone & Glazing, a business partner of Sika USA for many years, was commissioned to prepare a due diligence report on the damage.

FROM PROBLEM TO SOLUTION IN ONE STEP

Having jointly surveyed the property with the specialists from Stone & Glazing, the experts from Sika USA were immediately able to propose potential remedies. The highly professional approach, combining diagnosis of the damage with a fine-tuned package of solutions, also helped Stone & Glazing to deliver a very impressive result to its customer. Capitalizing on Sika's product technologies and their particular features, the solution

package ensured the flawless, trouble-free rectification of all damage - from foundation to roof - caused by the hurricane. And all with the continuous support of Sika's experts from start to finish.

SPECIFICATION SELLING

The success story in Los Cabos neatly illustrates the sales strategy which Sika has pursued for some time now. Precise market monitoring and close customer ties enable the Sika sales team to establish contacts with the relevant architects, designers, owners, investors or construction firms at an early stage in the project. This early involvement in the design process makes it possible to pinpoint customer needs, address potential problems, contribute to the detailing work, and discuss specific solutions using Sika technologies. >

> During this process, the company particularly focuses on laying down specifications. This means incorporating Sika products and systems in projects at an early stage so that they become the standard solution. While customers benefit from Sika's extensive know-how, the company is able to carve out a strong position for itself and its solutions for the subsequent project phases.

SUPPORT AND SUPERVISION

New challenges constantly arise during operations on site. The properties of subgrades, for instance, may diverge from those determined by the initial analyses. In such cases, Sika's sales team is on hand to support customers while bringing in the relevant in-house product specialists to help find the best solution. Sika also plays an advisory role during product application. Training programs, some of which take place on site, enhance precision and product performance. Sika's start-to-finish services, from initial design to handover of the keys, ensure that the benefits offered by top-class product and system solutions are maximized through practical application support and access to in-depth project experience. The long-term partnerships that frequently result pay enormous dividends, both for customers and for Sika.

STRATEGIC IMPLEMENTATION IN USA

The repair works to the hotel complex in Los Cabos were handled by Sika USA, whose organizational structure is geared to the sales strategy described above. Here, specially formed building envelope specialist (BES) teams, each headed by a BES sales manager, promote networked thinking and action – outside the departmental box – which is geared to the development of



The opening of the new mortar plant in Philadelphia. With the manufactured products Sika will tap the market potential in interior finishing in the fast-growing cities on the US East Coast.

unified, overarching customer solutions. The aim is to position Sika, with its products, as an integral solution provider in the market, i.e. not simply to supply individual Sika products for specific tasks on a project, but to apply all products from the Sika range that are relevant to a particular project.

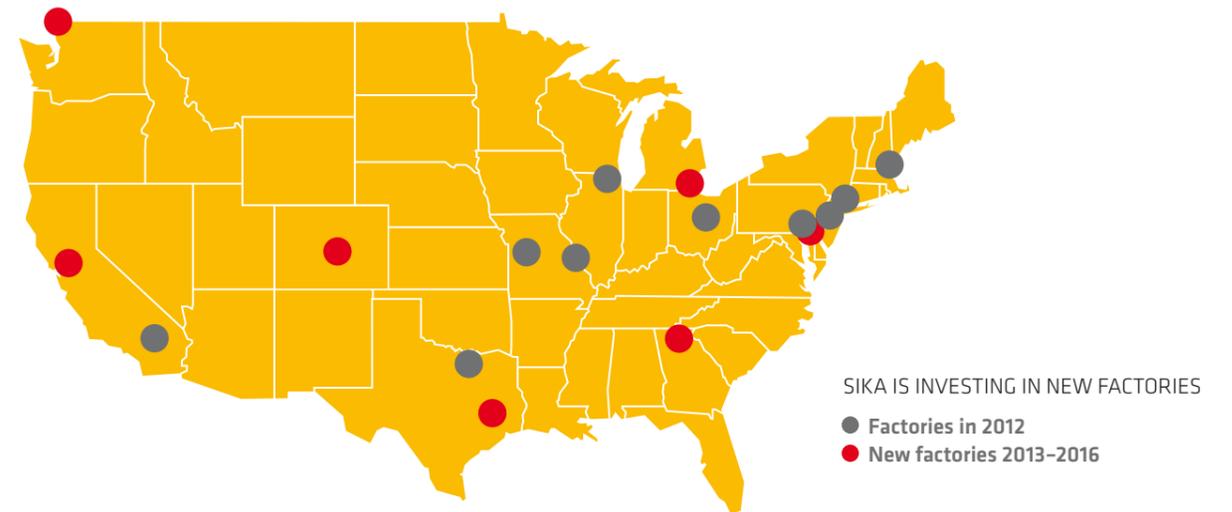
INTERDISCIPLINARY TEAMS

Joe Rocha works as BES sales manager for Sika in Dallas. For him, the market splits into two distinct business areas: new-build and



Hotel complex in Mexico renovated after being severely damaged by a hurricane. A cross-border, interdisciplinary team of Sika experts contributed its know-how from the early project stages onwards to deliver dovetailed solutions.

ACCELERATED EXPANSION OF PRESENCE IN THE USA



> refurbishment. One key feature differentiates them: the route by which Sika gains the opportunity for specification selling. With new-build projects, the BES teams seek potential target projects that are still at the design stage. The contacts here are architects, investors and consulting firms. At meetings arranged with prospective customers, Sika's experts present the various products together with possible solutions. With refurbishment projects, Sika USA exploits its extensive network of customer contacts – engineering companies, consulting firms,

building contractors, and subcontractors – which it has steadily expanded over the years. These, like other partners, are regularly visited by Sika representatives and updated on the latest product innovations and solutions. For customers, the one-source umbrella warranty that Sika can offer as one-stop partner for integral solutions is always a winning argument.

INTERNATIONAL COOPERATION

As the Los Cabos hotel project in Mexico illustrates, the

THE SIKA BRAND

Sika has been a strong brand for over 100 years. It allows the global company to present a uniform identity in all target markets and with all products. Having changed only slightly since its creation, the logo epitomizes continuity and solidity. Across the globe, it stands as a symbol of supreme quality, constant innovation and outstanding service.

SYSTEMATIC BRAND MAINTENANCE

Customers can rest assured that Sika quality and service are guaranteed wherever they see the Sika logo. The umbrella brand Sika together with some 830 Sika product trademarks, such as Sikaflex®, Sika® ViscoCrete®, SikaBond® or SikaForce®, are systematically managed and maintained. In total, Sika held 10,469 trademark registrations in 163 countries at the end of 2015.

MORE THAN A LOGO

Investments in the Sika brand pay off. The values and principles upheld by Sika and its staff have earned the company an established reputation in the market. The brand smooths the path for the market launch of new product technologies and helps to win the trust of new customers. Yet the company's general pulling power has also steadily increased: many potential customers approach Sika directly or specifically look for Sika products when buying from builders' merchants. This is because they know what they can expect, namely expert advice, safe and efficient application plus well-functioning, durable solutions.

> cooperation between Sika BES teams is not limited by national boundaries. Under normal circumstances, Sika Mexico would have been responsible for the project. The US customer, however, demanded a warranty that was also valid outside Mexico. The project additionally required special Sika color pigments that only Sika USA could supply. In this context, the US production team was instrumental in ensuring product availability and the exact required custom color at a consistent high quality. The company's Mexican team was nonetheless constantly involved, perfectly complementing the work of their US colleagues with goods deliveries, quality controls, and expert advice. Sika was thus able to offer the best of both worlds, both for the local Spanish-speaking customer and for the US contractor. Although Joe Rocha is very satisfied with the development of his business area, he still sees enormous growth potential. Already today, the sales generated by Sika USA using the approach described above are more than respectable even though the project was designed for medium- and long-term success rather than quick profits. As Joe Rocha puts it, "The scheme may still be in its infancy, but we are excellently positioned and fully prepared. We are already making good progress, pursuing numerous projects and armed with lots of new ideas." <



Sales Managers Joe Rocha, USA, and Carlos Trueba, Mexico, advise the consultants from Stone & Glazing about planning the refurbishment work.

FROM NEW-BUILD TO RENEWAL WITH LIFE-CYCLE MANAGEMENT

Two-thirds of the world's population will soon be living in megacities and conurbations, with obvious implications for housing, commercial development, and infrastructure. Hundreds of thousands of skyscrapers, bridges, freeways, road tunnels, dams, and subways are decades old and no longer able to meet the growing burden – quite apart from the present-day economic and ecological demands. The "new-build or refurbish" dilemma is omnipresent. Here, cost-efficiency and sustainability are the pivotal factors.

THE SIKA LIFE-CYCLE CONCEPT

With the life-cycle concept Sika is ideally positioned for these markets. The company provides support throughout the

service life of residential buildings, commercial properties, and infrastructure facilities, from initial construction through the decades of use up to the time when refurbishments, renovations, alterations, extensions or operational modifications are needed. Sika supplies the best technologies for each phase of this life cycle, from "roof to floor". These are available worldwide, in a form adapted to local conditions. Its extensive range of mortars, admixtures, waterproofing, flooring, and system solutions for refurbishment and renovation enables Sika to tap into an enormous, fast-growing market that embraces both the existing built environment and that which is still to be constructed.



NEW YORK: A NEW DISTRICT ARISES

Hudson Yards is the largest private real estate development in the history of the United States and the largest development in New York City since Rockefeller Center. A site covering over 113,000 m² will house office towers, more than 100 shops, numerous restaurants, and some 5,000 apartments. The future facilities will also include various cultural venues, a large hotel, a state school, and spacious parking lots. The overall complex is projected to be used by over 24 million people per year. To improve access to Hudson Yards, the scheme has even included the extension of New York's subway line 7. It comes as no surprise that this is another project that features numerous Sika products.

MEGAPROJECT AS A MEGA-CHALLENGE

The Hudson Yards development will take many years to complete. Even today, many parts of the project are still under design. It holds enormous potential for all of Sika's target markets, i.e. for the full range of technologies offered by the company. The project continually confronts the owners and their partners with exceptional challenges. Sika's building envelope specialist (BES) manager has been involved in the design process and provided expert support from the very outset. Sika initially supplied concrete admixtures and flooring products, which were followed by sealing systems for insulating glass units in five of the planned towers. Numerous other applications are currently being discussed. Customers are not only impressed by the product solutions themselves, but also by Sika's one-source umbrella warranties and the product and product system expertise that it contributes at all stages of the construction process. Construction work for the first tower, a 273-meter-tall, 52-story office high-rise, started in 2012 and is scheduled for completion in 2016. The architectural mandate called for a continuous glass facade and an oblique flat roof, with energy efficiency as the overarching principle. One key issue has

centered on the design of the insulating glass units, which, aside from aesthetic demands, also have to accommodate significant loads and actions from both inside and outside. Failure to allow for these factors in the edge seal design would result in fogging in the glazing and compromise the service life and safety of the units.

SIKASIL® TECHNOLOGY – AND MORE

The solution delivered by Sika involves the use of structural silicone technology for all insulating glass units in the facade using a high-modulus Sika silicone sealant as well as a proper edge seal design. This enhances the insulation efficiency and the argon gas retention while perfectly offsetting dynamic effects, such as the action of wind loads or temperature fluctuations. Sika products fulfill high standards in every area of application. There will be no shortage of work for Sika's specialists up to final completion of the Hudson Yards development. They relish the challenges ahead and look forward to mastering them in partnership with their customers.

5 MN m²
gross floor area



TWO PRODUCTS IN ONE: SikaCeram®-500 Ceralastic

Faster, simpler and more economical: a mix of innovation and sustainability. Any company that wants to stay ahead must continuously develop both its products and its own potential – as each Sika employee knows. Every single company member is constantly trying to find ways of doing things better. This can result in incredibly valuable ideas, as the following success story illustrates.

Luigi Perrino, R&D Manager at Sika Italy, had long been thinking about how to develop a tile adhesive that would both serve as a flexible bedding mortar and also offer reliable waterproofing performance. A single product with two functions that would be unrivaled in the market.

DEVELOPMENT IN ROSENDAHL

The Sika Global Technology Center in Rosendahl, Germany, offered Luigi Perrino the chance, during a seven-week training program, to devote himself entirely to his idea, to develop it, and to assess its practicability. The Center gave him access to the best possible facilities.

WORKING TOGETHER TOWARDS GOALS

More often than not, teamwork is the key to success and this

project was no exception. Luigi Perrino provided the ingenious idea and, having recognized its potential, the developers at Sika's R&D Center in Rosendahl contributed their knowledge and extensive experience in mortar-based tile adhesives and waterproof membranes. The whole team worked together on testing, improving, and refining the new product until it was finally ready for market launch – as a world first.

SikaCeram®-500 Ceralastic

The new flexible, one-component, fiber-reinforced mortar has been named "SikaCeram®-500 Ceralastic". It is manufactured from high-resistance cement, high-grade polymers, synthetic fibers, selected quartz sands and special admixtures. More interesting to Sika customers, however, is the application procedure: SikaCeram®-500 Ceralastic can be applied in a single

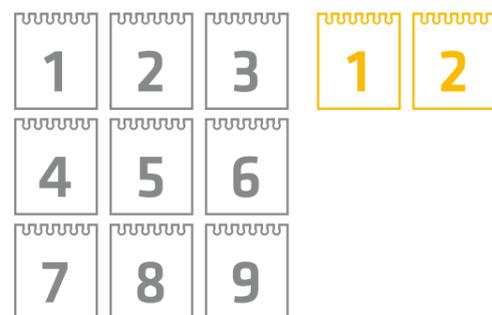
The unique SikaCeram®-500 Ceralastic mortar fulfills the dual function of a waterproofing and adhesive system for tile and slab installation, saving both time and money.

> operation. This pays enormous dividends in that it slashes application times from the nine days needed for the conventional method to only two. Another impressive feature is its compactness, with a space requirement 45% lower than that for the standard two-product solution. This gives users more space in their storeroom. Overall, customers benefit from up to 30% savings in application costs. On top of this, SikaCeram®-500 Ceralastic also displays exceptional wetting properties, ensures early walkability of the finished tile covering and eliminates the need for priming on a variety of substrates.

FOCUS ON SUSTAINABILITY

Enduring quality, convincing properties and durability that pays. These are benefits that truly delight Sika's customers. And not only that. These features also underscore Sika's credentials as a responsibly minded, forward-looking global leader. In early 2015, Luigi Perrino, now back in Italy, was thrilled to see SikaCeram®-500 Ceralastic go into production. And his excitement was shared by the entire Sika team. The new product has already proved a success in his home country. Now, in 2016, it is ready for its global market launch. <

EFFICIENCY GAINS WITH SikaCeram®-500 Ceralastic Waterproofing and adhesive system in one



Application time in days using conventional method

Application time in days using SikaCeram®-500 Ceralastic

SIKA INNOVATIONS ARE SUCCESSFUL IN THE MARKET



SikaPower®
Structural adhesive for the automotive industry

- Sales almost doubled in the last three years
- Lightweight construction and multi-material design are the megatrends in the automotive industry
- Adhesive bonding is becoming the supreme joining technology
- More safety, less weight, optimum stiffness: SikaPower® enables the body structure to absorb more energy



SikaProof® A
Waterproof sheet membrane

- +50% sales growth in 2015 - three years after the market launch
- Ensures long-lasting, secure waterproofing
- Allows the use of below-ground building spaces
- SikaProof® A has added a new dimension to space planning in urban centers



Sika® ViscoFlow®
Admixture for controllable concrete workability times

- More than 30,000 tons sold in the product's third year on the market
- Flowability of ready-mix concrete can be programmed for a period of between 2 and 8 or more hours
- Allows long transportability coupled with short setting times
- Meets the challenges of construction in urban environments

SETTING NEW BENCHMARKS WITH HIGH-PERFORMANCE MOLECULES

Sikafloor® epoxy resin flooring systems are popular solutions for jointless flooring. Not only do they enable individual design concepts and meet high aesthetic demands, they are also robust, durable and easy to maintain. Epoxy resin floorings are applied in liquid form and consist of two components: resin and amine hardener.

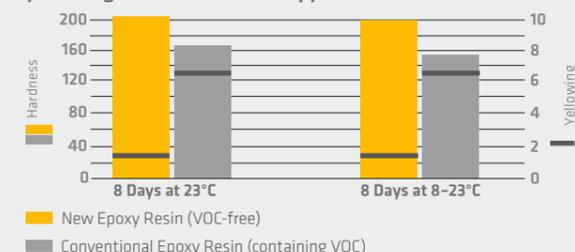
THE CHALLENGE

To improve the flow properties, liquid floorings typically contain thinners in the form of volatile organic compounds (VOC). These components also suppress defects in the floor finish, such as cloudiness or uneven, tacky and patchy surfaces – imperfections that are often summarized under the term “blushing”. However, blushing can still occur if the flooring is applied in cold or high humidity conditions. Moreover, the – by no means harmless – thinners evaporate after application while the floor finish itself may take a long time to cure and be prone to yellowing over time. The Sika research team set out to develop an epoxy resin system for flooring that would mitigate these drawbacks. To approach this, they chose to develop high-performance molecules for the smallest constituents of epoxy hardeners: the amines.

NEW AMINE TECHNOLOGY

Following the successful development of the new amine technology, which is protected by over 20 patents, Sika has now unveiled a new low-odor, VOC-free epoxy resin flooring of ultra-low viscosity that cures rapidly even in cold conditions. In addition, it suffers hardly any blushing in damp conditions while delivering a top-class surface finish with a minimal yellowing tendency. Everyone benefits: the health risks to applicators are minimized, efficient application delivers cost savings for contractors, and users enjoy a maximum floor quality and zero exposure to emissions.

The benefits: higher robustness, strongly reduced yellowing and more flexible application.



Dr. Edis Kasëmi, developer of the new amine technology in his laboratory.





Elijah Sobalaje Ogunniran, R&D Manager at Sika Nigeria, talking to a customer at the job site of one of the world's biggest fertilizer plants.

IN THE MIDDLE OF THE ACTION

Through the systematic implementation of its strategy, Sika achieved further milestones in Africa during 2015, with the opening of new production facilities in Nigeria, Ivory Coast, and La Réunion, and the establishment of national subsidiaries in Ethiopia and Tanzania. These investments will enable Sika to accelerate growth in the region south of the Sahara. Sika believes that the African continent has great potential and a promising future, with well-trained local employees offering the key to success.

The story begins where Sika products are used – at the job site. Here in Nigeria where a new fertilizer plant is under construction on a 200-plus-hectare lot. Peter Adejoh Egbunu, the contractor's resident engineer, is talking to Elijah Sobalaje Ogunniran, R&D and Quality Control Manager at Sika, about the concrete properties for various applications. Special concrete admixtures are needed to meet the specific requirements and achieve the necessary strengths. The foundations, cooling tower and machinery depot each call for different products. A crucial factor in this region, as elsewhere, is quality assurance, which is meticulously conducted by Sika's local R&D laboratory. To meet individual project requirements, the con-

crete admixtures need to be tested and adjusted in accordance with the local raw materials used for the concrete.

WORKING FOR THE COUNTRY

When Elijah is asked about his motivation in working as R&D Manager for Sika Nigeria, the answer comes quickly. He sees himself as member of two different teams with complementary interests. First, as a Nigerian national, he is all too aware of the near-endless tasks facing his homeland: infrastructure schemes on an immense scale, construction projects to cater for the steadily growing population, sustainable development for the good of the country. Here, Elijah seeks to make an active contribution. >



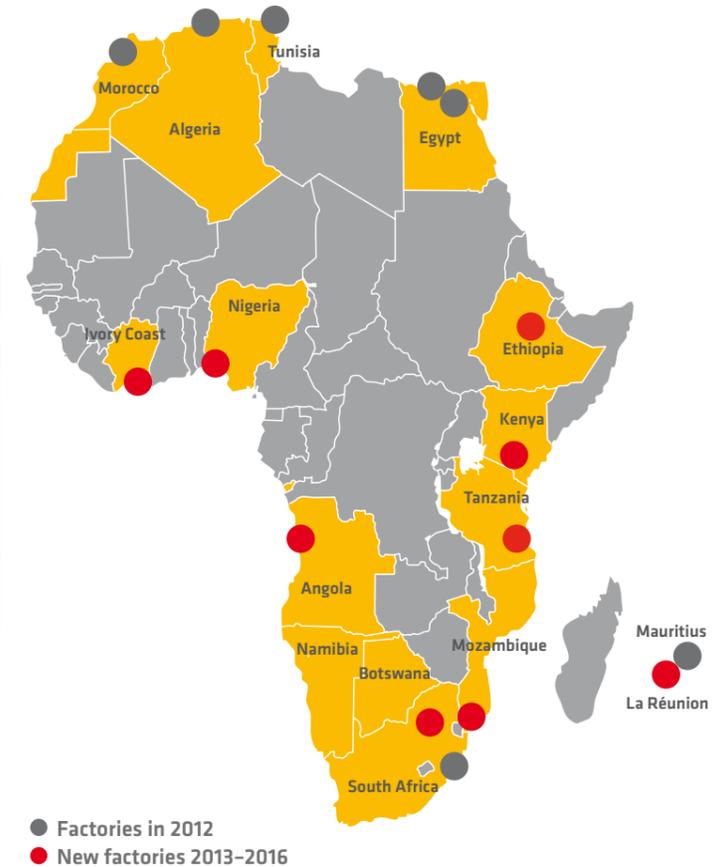
Rachel Ezui transferred from Sika France to the Ivory Coast subsidiary founded in 2014 to set up customer service and procurement.



General Manager Loïc Munnia is responsible for developing Sika's business activities in Nigeria, a growth market with a multitude of large-scale infrastructure projects.



A bridge in Ivory Coast incorporating Sika products.



● Factories in 2012
● New factories 2013-2016

As of 2016 Sika is represented by national subsidiaries in 16 African countries and has 16 production facilities.

WORKING FOR THE COMPANY

As a Sika employee, he is proud to be working for a company boasting a successful history spanning more than hundred years and vast experience that can benefit his country. It is still difficult to find well-trained and talented professionals in Nigeria, but Elijah is one such person. He is ambitious enough to seize the chances offered by Sika and, by applying his skills, to develop and grow in tandem with the company. All this, he says, allows him to combine the pursuit of two worthwhile aims: sustainable growth for his native country and success for his employer.

LOCALLY ADAPTED STRATEGY

Loïc Munnia is General Manager at Sika Nigeria and Elijah's supervisor. As he sees it, a strict standard would have little prospect of success in Nigeria due to the vast cultural differences and the specifics of regional needs. According to Munnia, Sika's big advantage is its decentralized organizational structure. The company's Nigerian managers enjoy the freedom to translate the global strategy into their own localized approach. This is because Sika is closer to the market and because it goes out onto the job sites and meets customers. In Munnia's view, it is the only way to find out exactly what customers want and need, and what the best solutions are.

Nigeria offers immense potential and Sika, as a company, is well positioned to tap into this. Price is not really a key factor in Munnia's opinion. Sika's Nigerian customers are looking for expert technical support, reliable logistics and impeccable quality. This is why Sika Nigeria endeavors not only to offer excellent products tailored to the Nigerian market, but also to provide efficient, high-quality service to customers. And to use these qualities to establish a clear position in the market.

STRENGTHENING CUSTOMER PROXIMITY

Loïc Munnia also explains that Sika Nigeria is still in the process of development. Sika is searching for well-trained employees, and they are not so easy to find in this part of the world.

Transportation is another challenge for managers due to the underdeveloped, poorly maintained routes. For Sika, however, a fast response and prompt customer service are key.

Hence, the company has a local orientation with production sites at precisely those locations where its products are needed. Sika does not rely on a single, major production facility to serve an entire country, but prefers a decentralized strategy for the future expansion of production capacity. This brings it closer to its customers and to the heart of the markets.

SIKA NOW PRESENT IN 16 COUNTRIES - AND STILL GROWING

Jean de Martres is Area Manager Africa at Sika, with overall responsibility for the continent's national subsidiaries, which have doubled in number to 16 since 2012. He too emphasizes the special strategy adopted by Sika for Africa, under which most products are manufactured locally instead of being imported. This paves the way for short delivery times, outstanding service, and efficient technical support. Other benefits enjoyed by Sika's local customers include access to the Group's know-how and staff training. As Loïc Munnia also points out, this all stems from the company's decentralized organizational structure. The focus will continue to remain on establishing and expanding a direct presence in growth markets. Sika plans to raise the number of national subsidiaries to 100 by 2018. The extension

+22%

Sales Growth in Africa 2015

9

New Factories in Africa since 2012

> of its local footprint in Africa will play a major role in achieving this objective.

ON THE AFRICAN CONTINENT SINCE 1947

Having started as early as 1947, Sika's operations in Africa have developed rapidly in recent years. Not only is the company represented in the northern and southern parts of the continent, its medium- to long-term focus is now on building up a close-knit network of its own sales and production sites in West, East, and Central Africa. It is here that Sika has identified enormous potential in industry and construction. In the medium term, Sika aims to establish a foothold in enough African countries to cover at least 70% of the continent's market potential.

CAREFUL EVALUATION

Sika selects countries on the basis of the following macro-economic criteria: GDP, projected growth, governance quality, political stability, transaction security, and demographic trends. Particularly relevant to the construction sector are various micro-economic factors, including annual cement consumption and the associated market potential for concrete, mortars, and tile

16
Subsidiaries in Africa

8
added since 2012

> adhesives. Apart from the expansion in Nigeria, 2015 also saw Sika open its first production facilities for concrete admixtures and mortars in Ivory Coast and La Réunion. The company also set up new subsidiaries in Ethiopia and Tanzania. Africa has numerous idiosyncrasies and rich cultural variety. The perception of time is a case in point: while time is experienced as something cyclical in Asia and linear in the Western world, it is the present moment that counts for Africans. As a consequence, Africa's construction industry lacks any real maintenance culture. This, in turn, will offer Sika good prospects of marketing additional refurbishment and repair products at some point in the future.

COMPLIANCE WITH CODE OF CONDUCT

In Africa's emerging markets, as in other countries, Sika is uncompromising in enforcing its values and principles. All employees are familiar with the Code of Conduct, which the company rigorously honors in its dealings with customers and other stakeholders. These are ethical principles by which Sika wants to be judged. The integrity that stands as the Group's hallmark is the source of its credibility and further contributes to its competitive advantage.

RAPID POPULATION GROWTH

Population growth in Nigeria alone is such that the 300-million mark is likely to be exceeded by 2050. Africa needs road, railway, port, water, and energy infrastructure. Forecasts assume that by 2040, USD 380 billion will have to be invested in transport and energy facilities alone. Africa possesses virtually inexhaustible natural resources and enormous growth potential. The continent is currently inhabited by some 1.1 billion people and its population growth rate is even higher than that of Asia. The number of people living in Africa is set to double by 2050. This planet has never before witnessed growth on that scale within a single generation.

TOUGH CHALLENGES

Staff recruitment is one of the biggest challenges facing Sika. It is difficult to find good and suitably qualified employees – workers who have sound training and ample professional experience, and who are prepared to uphold Sika's values and principles. As mentioned above, instead of operating a centralized, top-down strategy, Sika offers its local subsidiaries considerable freedom of action. This is a further example of the entrepreneurial

RABAT GRAND THEATRE BY ZAHA HADID – ARCHITECTURAL SHOWPIECE IN MOROCCO



Courtesy of Zaha Hadid

Morocco's new cultural highlight with its exceptionally complex geometry.

A monumental theater for the whole country, a cultural highlight with first-rate amenities and seating for over 1,800 people – this was the vision of the leaders of the country. Architect Zaha Hadid was commissioned to draw up an avant-garde design.

The building shell features a combination of steel framing and concrete. The overall structure stands on 325 piles connected to a slab-on-grade, which, due to structural requirements, is one meter thick. The construction is complicated additionally by the geometry of the walls, which are curved in both horizontal and vertical planes. Further demands are imposed by the size and weight of the steel roof framing.

CHALLENGING SITE

The building stands close to a river, and a bridge to the west is heavily used by private vehicles and streetcars. While the traffic poses acoustic problems, the nearby river has created special challenges for the waterproofing concept for the building foundations. Although the theater site has been raised to a level five meters above the river, some parts of the building are still permanently below the water level. Hence the exceptionally high requirements placed on the reliability of the waterproofing systems.

SIKA SOLUTIONS

The SikaProof® A fully bonded composite sheet membrane system was chosen to waterproof the foundations, marking the first time the product has been used in North Africa. Sika® ViscoCrete® was added to the concrete, while other products such as SikaSwell® were also used in this special project. Having looked at all the products on the market, the contractor was unable to find any that could match the outstanding properties of the Sika products.

The wholehearted support provided by Sika's experts in Morocco was very much appreciated, while the on-the-spot training for applicators, provided by Sika representatives sent specially from Switzerland to Morocco, served as further proof to all that the right decision had been made.



> mindset and sense of ownership that characterize the Sika Spirit. It attracts people who are ready to assume responsibility, have business sense, and are happy to seize the opportunities provided by Sika for their professional development within the company. The search for employees of this caliber and provision of the necessary training, support, and development are essential to Sika's success in Africa. <



688
Employees in Africa



In her job as controller at the new national subsidiary in Ivory Coast, Sylvie Senin does pioneering work by implementing company-wide financial systems locally and establishing processes for customers.

Jean de Martres, Sika Area Manager Africa, at a market in Abidjan Ivory Coast:
"Africa offers boundless potential in terms of both people and natural resources. Equally vast is the demand for housing and infrastructure to cater for the rapidly growing population."



SUCCESSFUL MARKET ACCESS IN MYANMAR

Sika has been selling its products in Myanmar since 1992. The country's demographic structure is comparable to that of Thailand and it is also similar in economic terms, though with an approximately 20-year time lag in development. Myanmar's political and economic opening has triggered a flurry of investment. The technical center, which Sika opened back in 2013, is charged with defining formulations for concrete admixtures and developing customer-specific solutions that deliver the concrete properties required for the project in question. Here, in this emerging market of Southeast Asia, the training provided locally by Sika's experts is vital.

SIKA AS FIRST FOREIGN MANUFACTURER

By opening a production facility in the Yangon conurbation, Sika is pursuing the same strategy as in all other emerging markets. The company manufactures products in the country that it serves, thereby benefiting the domestic economy, providing work for the local population and shortening transport distances. In Myanmar, as in other places, this policy is groundbreaking. As the first wholly foreign construction chemicals supplier, Sika is a first mover, manufacturing locally and closely tailoring its products to the indigenous raw materials. The numerous infrastructure programs and commercial as well as private-sector development projects in progress or planning in Yangon made the city the obvious choice as the first production site. The new factory was completed in the record time of only six months after establishment of the national subsidiary. Sika will also use this prime geographical location to meet the immense demand in other parts of the country and, in the medium term, also to supply Myanmar's central and northern regions.

BUSINESS SUCCESS AND SOCIAL RESPONSIBILITY

Sika prides itself on having contributed its products and expertise to the refurbishment of what is probably Myanmar's best-known item of cultural heritage, the Shwedagon Pagoda. A country's economy only ever represents one of its facets. Ultimately, all nations are shaped by the people and long-term business success in any country will always depend on a functioning social framework. This explains Sika's engagement in a range of charitable projects, which include a school project in the delta region of southern Myanmar. Here, in the aftermath of a devastating cyclone, schools are being rebuilt or renovated. 2015 saw the inauguration of the first primary school which was built with the help of the donation from Sika.

Top: The Shwedagon Pagoda's golden dome - where Sika products have been used for the structural strengthening of certain parts.

Bottom: An employee overseeing the manufacture of concrete admixtures at Sika's factory near Yangon.





ACQUISITIONS AS GROWTH PLATFORM

Acquisitions continue to be an important element of Sika's growth strategy, enabling the company to enhance its core business with related technologies, improve access in specific markets or achieve effects of scale. Through these focused investments, the Group safeguards its global growth potential. The companies acquired also benefit from the mergers.

Organic growth, i.e. growth driven by entrepreneurial endeavor, is at the core of Sika's corporate strategy. It is augmented by carefully targeted external growth. The company aims for two-thirds organic and one-third external growth. On the one hand, takeovers offer a useful way of closing existing gaps in access to target markets and consolidating fragmented markets. On the other hand, they enable Sika to acquire related technologies that are found mainly in small and medium-sized enterprises. The fact that such businesses are usually unable to market their systems worldwide sooner or later proves a barrier to their own growth. By acquiring such companies, the Sika Group, as a global player, is able to leverage their full potential.

In 2015, Sika made five acquisitions:

- Mozambique-based Duro-Moza, which manufactures and sells mortars and tile adhesives.
- BMI Products of Northern California Inc., which specializes in the manufacture and distribution of mortar products and systems for the construction industry.
- Axson Technologies: a leading global producer of polyurethane and epoxy resins for design, prototyping, and tooling.
- Construction Technologies Australia Pty Ltd (CTA™), a leading Australian producer of tile adhesives and mortar products.
- Addiment Italia, which is active in Europe in the manufacture and sale of concrete admixtures and grinding aids for cement production.

The CTA™ takeover has not only brought new production sites and excellent products to the Group, it has also given Sika a foothold in Australia's tiling merchants sector.



The CTA™ production facility at Crestmead near Brisbane.

> CTA™ is an excellent example of just how successful acquisitions can be and how much potential they can open up for both companies.

CONSTRUCTION TECHNOLOGIES AUSTRALIA PTY LTD (CTA™)

Sika also invested in Australia in 2015 through the acquisition of CTA™, a leading manufacturer of tile adhesives and mortar products. Armed with a comprehensive product range, CTA™ has grown rapidly in recent years, establishing itself as a key provider for tiling merchants, which Sika has only rarely supplied in the past.

Apart from expanding production capacity in Sika's core technology – mortars – the takeover also complements Sika's surface treatment product portfolio as well as the adhesive and waterproofing range for the tiling sector. Moreover, shared marketing

channels and cross-selling opportunities will help to strengthen Sika's market position in Australia.

TWO COMPANIES, ONE GOAL

How does Troy Hogan, Managing Director of CTA™ before and after the takeover, assess his company's position under the new owner? He starts by expressing his deep satisfaction at the new opportunities presented by the collaboration. As he puts it, Sika is a world-renowned company that has proved itself as a reliable partner to CTA™ over many years. What most impressed him throughout the takeover negotiations were Sika's professionalism and integrity. He views the acquisition as a positive step for both Sika and CTA™.

CTA™ will remain an autonomous company. There have been no management changes. The seasoned and highly experienced executive team is now able to draw on Sika's global network,



A wider product range, but the same sales representative as before: CTA™ customers responded enthusiastically to the takeover.

> products, technologies and financial resources. This is an invaluable asset that lays the foundations for a sound and promising future.

In short, it is fair to say that Sika and CTA™ now enjoy cross-selling opportunities on a scale that existed for neither company before the takeover. Although Sika boasts a very strong distribution platform for its products in the construction sector, its previous access to tiling merchants had been limited. The opposite applies for CTA™.

OUTSTANDING POST-ACQUISITION PERFORMANCE

Since April 2015, collaboration has mainly been between CTA™ on the one hand, and Sika Germany and Sika Italy on the other, and has included discussions about various technologies. New products for the Australian and New Zealand markets are already in the pipeline for 2016. The sales figures for CTA™ have exceeded expectations and Sika Australia is already 11% up on its 2014 result. Sika and CTA™ together have achieved a gain of 28%. As soon as the customers of CTA™ realized that the takeover involved no changes to the existing product range or the good relationships with their contacts, their reaction was very positive, even enthusiastic. They were quick to ask about new products that Sika planned to launch on the Australian market and that they could potentially add to their own ranges.

INVESTING IN THE FUTURE

Sika offers Australia and New Zealand world-class technology backed up by high standards of quality and quality control. The implementation is being carried out in partnership with CTA™. The two CTA™ production sites – in New South Wales and Queensland – have been working double shifts in recent months. Even before the takeover by Sika, plans were in place to enlarge the plants. Sika is going to further invest to increase the capacity within the CTA™ network. A specialized team is already working on it, and planning for new production facilities around the country is already in progress. Investment in new production facilities and access to new products and technologies are the shared objectives that unite the two partners in their new joint growth strategy. <

GLOBAL EXPANSION OF MORTAR BUSINESS

Sika's acquisition strategy in recent years has focused on the worldwide growth of its mortar business. With sales up by 12.9% in 2015 and 85 production plants across the globe, the mortar segment is one of Sika's biggest growth areas and, at the same time, a key factor in its Strategy 2018. In 2015 alone, Sika opened five new mortar plants, at a total of nine new production sites. And three of the five enterprises acquired also operate in this segment:

- Duro-Moza, Mozambique
- BMI Products of Northern California Inc., USA
- Construction Technologies Australia Pty Ltd, Australia



Sika's production facility in Philadelphia is one of five mortar plants that Sika brought on stream in 2015. It is the second new mortar plant to open in the USA in the last two years.

- 9 out of the 17 companies acquired since 2012 manufacture mortar products.
- 22 new mortar plants have been opened since 2012.
- Annual sales growth has averaged 15% since 2012.

- More than 20% of sales in Sika's construction segment is generated by mortar products.
- Sika's core technology mortar generates high, above-average profitability.



EXPECTING A LOT AND OFFERING EVEN MORE

Entrepreneurial thinking and strong employee loyalty are cornerstones of Sika's corporate culture. Neither can be taken for granted. You have to continually work at achieving both. Sika invests in the continuing professional development of its employees, because the experience gained by your own people offers the greatest potential and the most solid foundation to build on.

Anyone who takes a job at Sika can count on their commitment to the company not only being recognized, but also rewarded and encouraged, regardless of business area and hierarchical level. A long-term partnership is in the interests of the company and workforce alike. Employees invest a great deal of effort and dedication, and the company invests in training and staff advancement, the management talent development program being a case in point.

TRAINING AT ALL LEVELS

Good can always get better. This begins with the basic capabilities that a member of management must possess, including negotiation, presentation, organization and motivation skills to name just a few. Around 2,000 employees take part in Sika's general skills training programs each year. Annually, about 400

staff members receive local leadership development training at country level, focusing on communication, performance, delegation, planning, and target-setting. Regional leadership programs are organized for anything from 20 to 60 employees in each of the four regions: EMEA, Asia/Pacific, Latin America and North America. Approximately 40 people a year are invited to take part in the Global Leadership Program. And the two-yearly Senior Management Development training is attended by some 160 Senior Managers.

THE GLOBAL LEADERSHIP PROGRAM

Held in Switzerland, the Global Leadership Program is a training and reinforcement initiative aimed at members of middle management from all over the world. It is designed to provide participants with clear strategy pointers and to help them

Taking part in the Global Leadership Program means bringing something to the table, exchanging ideas and profiting from one another. The focus is on tasks from real-life practice and information exchange.



Jarmila Novotná (Czech Republic) and Sebastien Godard (USA) were enrolled on the 2015/16 Global Leadership Program. Their contrasting career paths have one thing in common: they embody the outstanding quality of professional development within Sika.

From both a personal and a professional standpoint, he feels that the most significant move he made was to transfer to Sika Vietnam. He stayed there for three years as Target Market Manager Refurbishment and Sealing & Bonding, before returning to France. Enterprise, effort, and experience are the essence of a model career at Sika. Today Sebastien Godard is Vice President of Marketing & Sales for Interior Finishing in the USA.

DEVELOP AND DRIVE

Good management is being able to recognize employees' talents. Sebastien Godard stresses that he was always happy to take up invitations from his line managers to attend in-house continuing training programs organized by Sika. He saw these events not only as an opportunity for professional development, but also as a sign of the company's confidence in him. He always felt motivated to accept the responsibility of meeting new challenges. For him this didn't just mean continuously growing as a Sika manager, but also at the same time being able to be a good husband and father.

A CAREER IN RESEARCH AND DEVELOPMENT

Jarmila Novotná, who was also a participant on the 2015/16 Global Leadership Program, can look back on quite a different career. Following the acquisition of Czech-based Panbex, she suddenly found herself part of Sika. It wasn't long before she was given an opportunity to build up and head a new R&D department. She was also tasked with launching the entire Sika product portfolio on the Czech market. The transition from her old employer to her new one was not easy, she recalls today. Panbex was a company serving the Central European markets, while Sika is a global player. She feels that her biggest challenge was learning to understand how an international company of this size operates.

PASSED WITH FLYING COLORS

What Jarmila Novotná appreciated and still very much welcomes today was, and is, the support of her international colleagues as well as the exemplary spirit of cooperation within her own team. She is proud to say that under her leadership, a local R&D department has been transformed into a regional technology center. She likes the fact that Sika offers her the chance to take part in internal development and training programs. Jarmila Novotná is firmly convinced that this support has enabled her to significantly broaden and enhance her skills and efficiency. She also greatly values the ongoing exchange of experiences with her Sika colleagues the world over. There's always something to look forward to at Sika, says Jarmila Novotná. <

> reinforce or acquire skillsets in strategic analysis and planning, including how to implement a strategy in practice. Sika wants managers to understand and manage the company's key business metrics and figures. Participants should be able to implement changes and new developments at their own sites, and they should be capable of handling complex tasks. Finally, they should develop outstanding leadership skills as an absolute prerequisite for achieving first-class results.

FROM TRAINEE TO VICE PRESIDENT

Sebastien Godard, who took part in the 2015/16 Global Leadership Program, began his career 17 years ago as a trainee with Sika France. He subsequently joined the Sika sales team in Southern France, where he stayed for 4 years. His trips got longer, and his work more demanding. The next challenge he faced was to develop markets for Sika in all business areas in West and Central Africa.

THE BUILDING BLOCKS OF PROFESSIONAL DEVELOPMENT AT SIKA



Sika creates professional development programs that are geared to employees' current needs and open to all regions and levels. A key factor is that program material is not only based on practical examples, it is also actually applied by everyone in their day-to-day work.

Leadership is just as important to Sika as the company's "negotiating style" – a high level of negotiation and presentation skills which function well both on a local level and in various languages. Sika management values and sales values are extremely crucial for local growth.

POSITIVE PRINCIPLES

Given these premises, the continuing professional development of Sika employees is both pivotal and indispensable. To develop and to drive are mutually inclusive objectives. Each employee is given opportunities to develop in their particular area, whether production, research, sales or administration. The aim is for everyone to thrive and to recognize and exploit their development potential within the company. Sika produces benefits for both sides: Employees who are loyal to and identify with the company, as well as a working relationship based on give and take in equal measure.

VALUES AND PRINCIPLES AS THE CORNERSTONES OF BUSINESS

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

Sika firmly believes that business success depends not only on the consistent implementation of the right strategy, but equally on a solid and committed workforce. In every business area, at all levels, within each function and in all countries where Sika operates. Sika's path to becoming the global number one follows its corporate philosophy and the inherent Sika spirit, which manifests the strong underlying values and principles that go to make up the company's DNA. It is this spirit that creates the basis for a strong, shared future for all.



FOCUS ON THE TOP POSITION



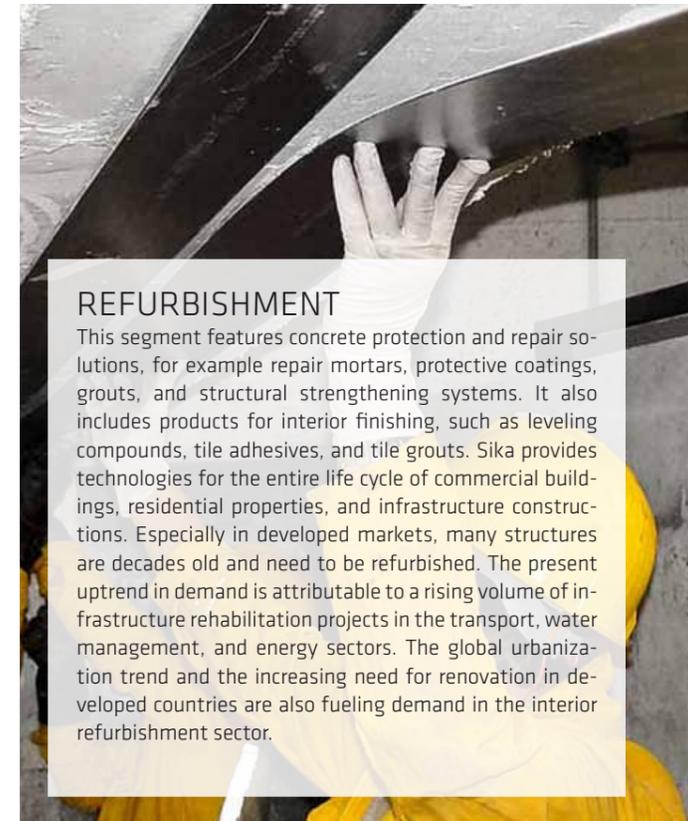
WATERPROOFING

Sika's system solutions for waterproofing cover the full range of technologies used for below and aboveground waterproofing: flexible membrane systems, liquid-applied membranes, waterproofing admixtures for mortars, joint sealants, waterproofing mortars, injection grouts, and coatings. Key market segments include basements, underground parking garages, tunnels, and all types of water-retaining structures (for example reservoirs, storage basins, and storage tanks). Watertight systems are faced with increasingly stringent requirements regarding sustainability, easy application, and total cost management. Therefore the selection of appropriate waterproofing systems to suit the needs and requirements of the owner as well as the detailing of the solution are key for long-lasting and watertight structures.



FLOORING

Sika's flooring solutions are based on synthetic resin and cementitious systems for industrial and commercial buildings, for example 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 (for example slip resistance), antistatic 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.



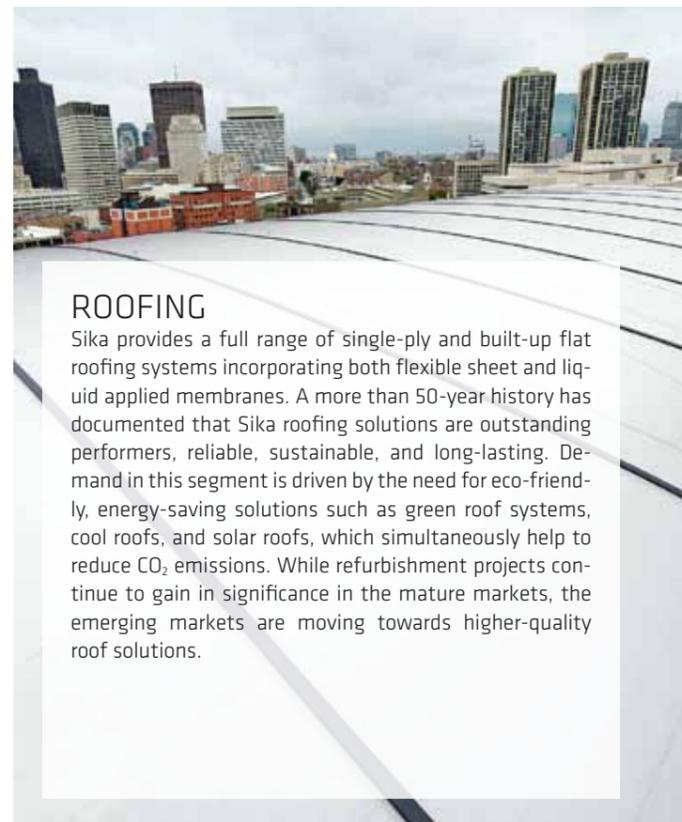
REFURBISHMENT

This segment features concrete protection and repair solutions, for example repair mortars, protective coatings, grouts, and structural strengthening systems. It also includes products for interior finishing, such as leveling compounds, tile adhesives, and tile grouts. Sika provides technologies for the entire life cycle of commercial buildings, residential properties, and infrastructure constructions. Especially in developed markets, many structures are decades old and need to be refurbished. 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 are also fueling demand in the interior refurbishment sector.



CONCRETE

Sika develops and markets a complete range of 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, load-bearing capacity, 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 and mortar, especially in urban areas and for infrastructure construction. Furthermore, the growing use of alternative cementitious materials in cement, mortar, and therefore also in concrete, is increasing 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. A more than 50-year history has documented that Sika roofing solutions are outstanding performers, reliable, sustainable, and long-lasting. Demand in this segment is driven by the need for eco-friendly, energy-saving solutions such as green roof systems, cool roofs, and solar roofs, which simultaneously help to reduce CO₂ emissions. While refurbishment projects continue to gain in significance in the mature markets, the emerging markets are moving towards higher-quality roof solutions.



SEALING & BONDING

Sika offers a wide range of high-performance and durable sealants, tapes, spray foams, and elastic adhesives for the building envelope, for interior finishing and for infrastructure construction. Typical applications include the sealing of movement joints between façade elements to make buildings weatherproof, the bonding of wood floors to reduce noise, or the sealing of joints in airport aprons. The growing demand in this market is fueled by an increasing awareness of the importance of high-performance sealants for the overall durability and energy efficiency of buildings, the increasing volume of high-rise projects, and the continued replacement of mechanical fastening systems by adhesives due to better performance and lower costs.



INDUSTRY

The markets served by Sika include automobile and commercial vehicle assembly (structural bonding, direct glazing, acoustic systems, reinforcing systems), automotive aftermarket (auto glass replacement, car body repair), marine vessels (leisure and shipbuilding), renewable energies (solar and wind), and facade engineering (structural glazing, sealing of insulating glass units). Sika is a technology leader in elastic bonding, structural adhesives, sealants, reinforcing, and acoustic applications serving the world's leading manufacturers. Customers rely on Sika solutions to enhance product performance and durability while optimizing manufacturing efficiency. For example, Sika's solutions address key megatrends in vehicle design, leading to lighter, stronger, safer, quieter, and more efficient vehicles, while fast processing materials and compatibility with automation optimize productivity.

GROWTH IN ALL REGIONS

EMEA

The Swiss National Bank's decision at the beginning of 2015 to scrap the minimum Swiss franc-euro exchange rate had far-reaching consequences. Despite this, Sika increased its sales by 5.6% in the EMEA region (Europe, Middle East, Africa) and also benefited from the positive business performance in Eastern Europe, Africa, and the Middle East. In Western Europe, Sika even slightly exceeded the previous year's strong result. While sub-Saharan Africa's economy slowed down due to the decline in oil and commodity prices, the Middle East's economy benefited from large infrastructure projects.

Sika was involved in various major infrastructure projects in the EMEA region in the past year, including the Bluewaters Island Resort in Dubai (UAE) and the Westgate Shopping Centre in Oxford (UK). Sika has significantly expanded production capacity in the region with new factories in Dubai, Nigeria, Russia, La Réunion, and Ivory Coast. New national subsidiaries were established in Tanzania and Ethiopia.

NORTH AMERICA

The North America region sustained its high growth dynamic and achieved a sales increase of 8.4%. In the USA, the healthy construction sector in particular led to a further positive increase in sales in the region and double-digit EBIT growth for the third year in a row. The Canadian construction market, on the other hand, suffered from the low oil and gas prices.

In 2015, Sika achieved a record 35% growth rate in the US residential business and also gratifying results in the roofing and flooring sectors. Major construction projects such as the Hudson Yards in New York and several stadiums such as the State Farm Center in Illinois contributed to this good result.

These remarkable results go hand in hand with Sika's focus on the ten biggest US cities. In 2015, Sika invested in new production facilities in the surrounding areas and acquired the mortar manufacturer BMI in the San Francisco area.

LATIN AMERICA

In 2015, the falling oil and commodities prices affected the economies of various countries in Latin America. Venezuela and Brazil, whose currencies weakened more than 50% in the reporting year, also suffered from significant structural imbalances. Despite the challenging market environment, Sika recorded significant gains in market shares in Latin America, especially in Argentina, Mexico, Paraguay, and Bolivia. All in all, this led to a 9.5% increase in sales in the region.

The heterogeneity of the Latin America region presented many opportunities for Sika, including the maintenance market and the gradual introduction of new technologies.

The fast-growing mortar business was further expanded in the year under review thanks to new production facilities in Paraguay and Argentina. The launch of new products also paved the way for Sika's future growth in the region.

93 Countries

ASIA/PACIFIC

Most countries in Asia experienced lower growth rates than in the year before, China included. Owing to the declining market trend in China, Sika's sales growth in the Asia/Pacific region slowed to 2.1%. On the other hand, double-digit sales increases were achieved in Southeast Asia and the Pacific. Indonesia, Malaysia, the Philippines, Singapore, and Vietnam in particular all showed attractive growth rates due to a strong presence in infrastructure projects, the launch of new products, and effective project management.

Sika was involved in a number of major projects in the region Asia/Pacific, including the Marina One infrastructure project in Singapore. Sika products are also being used in the construction of the new WHO headquarters in Manila.

In the year under review, Sika acquired CTA™, a leading supplier of tile adhesives and associated mortars, in Australia, opened a first factory in Sri Lanka, and established a new national subsidiary in Myanmar.



THE REGIONS IN BRIEF

	EMEA	North America	Latin America	Asia/Pacific	Other segments and activities
Net sales in CHF mn (previous year)	2,600.2 (2,734.0)	839.2 (746.3)	600.2 (638.6)	1,017.3 (1,039.7)	432.3 (412.7)
Growth in local currencies	5.6%	8.4%	9.5%	2.1%	11.3%
Currency impact	-10.5%	4.0%	-15.5%	-4.3%	-6.6%
Acquisition effect	3.1%	0.8%	1.3%	1.9%	0%
Number of employees	9,079	1,653	2,437	4,112	



Sika's Group Management consists of a seasoned team of nine experienced managers. Their different careers have taken them to national subsidiaries all round the world and to various business areas within the company. This picture was taken on the scaffolding of the new building at Sika's site in Zurich during a visit to Research and Development.

ERNESTO SCHÜMPERLI
Concrete & Waterproofing
With Sika for 29 years in
Colombia and Switzerland

CHRISTOPH GANZ
North America
With Sika for 20 years in
Switzerland, France, and the USA

THOMAS HASLER
Technology (CTO)
With Sika for 27 years in
the USA and Switzerland

HEINZ GISEL
Asia/Pacific
With Sika for 25 years in Switzerland,
USA, Austria, and Asia

JOSÉ LUIS VÁZQUEZ
Latin America
With Sika for 32 years in
Spain and Latin America
(above)

PAUL SCHULER
EMEA
With Sika for 28 years in
Switzerland, Germany, and
the USA (below)

JAN JENISCH
CEO
With Sika for 20 years in
Switzerland, Germany, and Asia

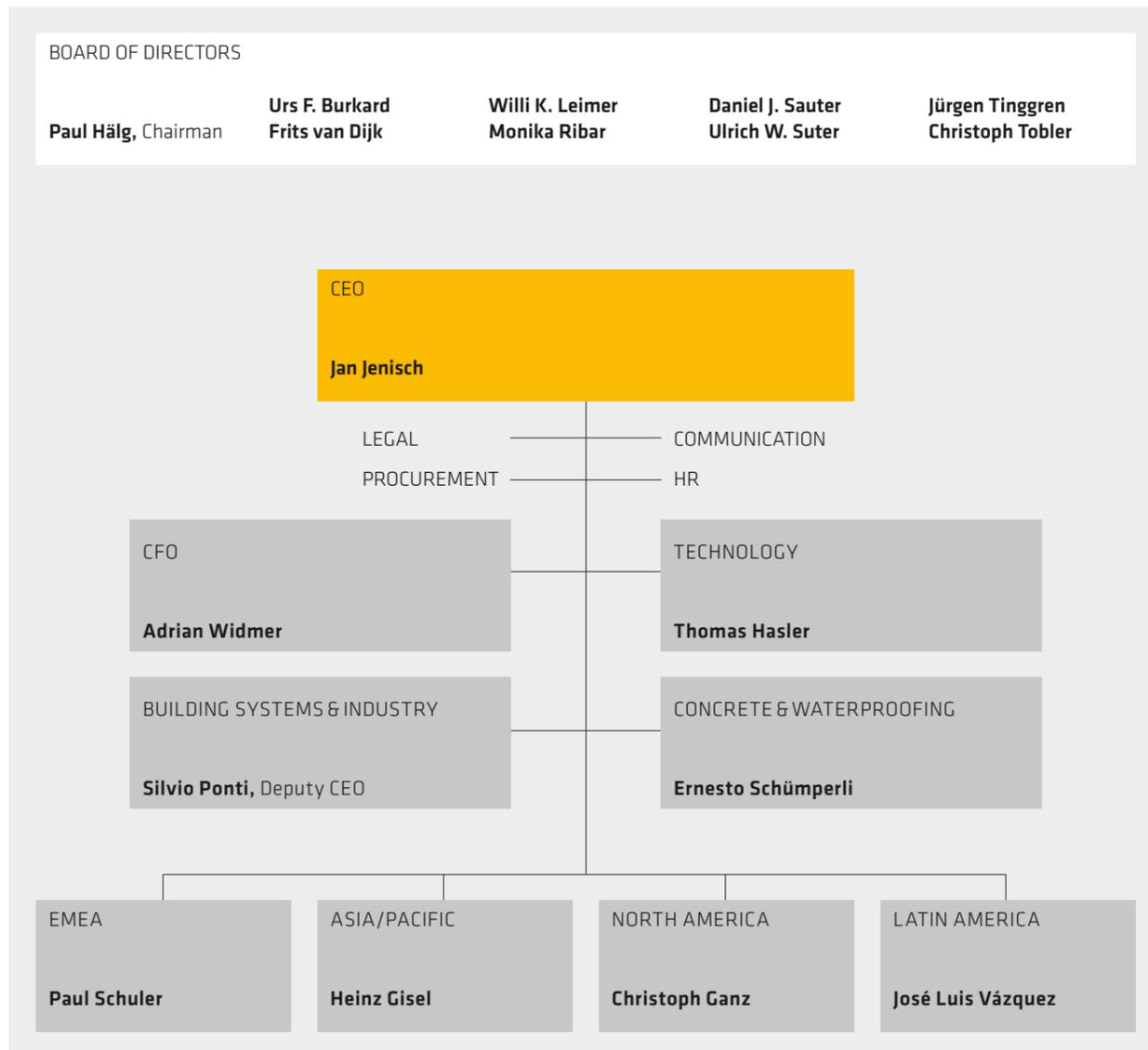
ADRIAN WIDMER
CFO
With Sika for 9 years in
Switzerland (below)

SILVIO PONTI
Deputy CEO,
Building Systems & Industry
With Sika for 32 years in Switzerland
and the Netherlands (above)

INTEGRATED MANAGEMENT, FLAT HIERARCHIES

We take the long view when it comes to developing our business. Our relationship with customers, stakeholders and employees is shaped by respect and responsibility. Sika operates with a strong focus on safety, quality, environmental protection, fair treatment, social responsibility, responsible growth, and value creation.

ORGANIZATIONAL DIAGRAM



COMPETENCE AND COMMITMENT

Sika's success is based on the expertise and entrepreneurial spirit of its employees. Decisions and responsibilities are delegated to the appropriate level of competence. Employee training and development are given a high priority. Sika aims to provide training for all employees, to develop tomorrow's leaders, and to focus on promoting internal candidates.

MANAGEMENT DEVELOPMENT

Sika gives preference to internal candidates for specialist and management appointments. In the last three years, for example, Sika's senior management roles have almost all been filled internally. The long-term nature of our employees' career prospects is one reason why the voluntary labor turnover rate is just 6.6% (6.3% in 2014).

TRAINING AND DEVELOPMENT

Sika is proud to have a large number of long-serving employees. It sets great store by employees who stay with the company and share their know-how and experience for as long as possible. Sika regards internal and external training courses as key development tools for its more than 17,000 employees. The company also encourages more extensive training programs. Through its partnerships with distinguished universities, Sika is able to ensure that the training it provides incorporates the latest industry trends and technological developments. In the year under review Sika spent approximately CHF 11.1 million (previous year: CHF 8.3 million) on staff development. The aim is to provide at least ten hours of training per year for each employee. In 2015, this figure stood at 11.9 hours (2014: 11.4 hours).

NUMBER OF EMPLOYEES

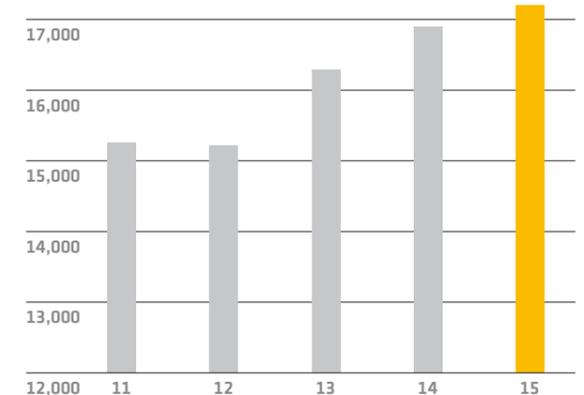
The number of employees rose 2.3% during the year under review to 17,281 (previous year: 16,895). The challenging economic situation in some emerging markets contributed to the fact that headcount in Latin America and Asia did not grow as fast as in previous years and even fell slightly in a few countries. The regional distribution of Sika employees is as follows: EMEA 9,079 (previous year: 8,708), North America 1,653 (previous year: 1,488), Latin America 2,437 (previous year: 2,609), Asia/Pacific 4,112 (previous year: 4,090).

The age structure at Sika is broadly balanced: 16% of employees are under 30 years of age and 21% over 50. Sika wants to offer its staff long-term prospects with the company. Over 95% of employees have permanent employment contracts. Together, all Sika employees generated a net added value of CHF 1,755 million in 2015 (previous year: CHF 1,715 million). This corresponds to a net added value per employee of CHF 103,000 (previous year: CHF 103,000).

DIVERSITY

Sika's global presence and resulting proximity to customers make it extremely important to integrate different cultures and share information across national boundaries. The company firmly believes that the diversity experienced by employees on a daily basis is one of the factors in its success, especially at senior management level. Women account for 22.3% of the total headcount (previous year: 22.3%) and 16.6% of managers (previous year: 16.4%). Sika is constantly working to increase these figures.

EMPLOYEES



RESPONSIBILITY FOR THE FUTURE

Sika takes the long-term view when it comes to developing the business. The relationship with customers, stakeholders, and employees is shaped by respect and responsibility. Sika operates with a strong focus on safety, quality, sustainability, social involvement, responsible growth, and value creation.

SUSTAINABLE DEVELOPMENT

As a globally operating technology-based company, Sika is especially committed to sustainable development. The company honors its responsibilities by offering sustainable solutions for energy-efficient construction and economical vehicles. It implements numerous measures aimed at boosting the Group's sustainability performance and achieving business, social, and ecological benefits.

Global Reporting Initiative (GRI G4). In dialog with internal and external stakeholders, Sika defined the target indicators with the largest potential effect and enshrined these in its global reporting procedures. These results and findings are presented in the sustainability report (see page 48 ff of the download version of the Annual Report) and in detail on Sika's website at www.sika.com/gri.

MORE VALUE - LESS IMPACT

Through its products, systems, and solutions, Sika seeks to generate benefits for stakeholders that far outweigh the negative consequences of the production process and resource consumption. The sustainability strategy developed by Sika in 2013, and further implemented and communicated in 2015, has proved its worth. Group-wide, Sika companies planned and implemented projects in pursuit of the six predefined strategic targets, focusing on economic performance, sustainable solutions, local communities/society, energy, waste/water, and safety. To this end, each of Sika's subsidiaries has developed a roadmap to define the key aspects of the projects and control their implementation. These projects and the attained targets are documented in the sustainability report. Sika reports its key sustainability performance results in line with the G4 Guidelines of the

STANDARDS AND COMPLIANCE

To preserve Sika's strong compliance culture and ensure that the Code of Conduct's principles are understood and adhered to by all employees, Sika has developed an e-training program on the Code of Conduct that is used in addition to regular class training events. Both this program and a new web-based reporting platform, the Sika TrustLine, will be available in more than 20 languages. Sika TrustLine is an externally hosted channel where employees can raise legitimate complaints regarding serious misconduct or breaches of Sika's Code of Conduct in a confidential environment if reporting to other more immediate existing resources, like line management or other specialists, is not feasible or adequate. Together, these initiatives represent an important improvement of the compliance system as they foster a culture of trust, support transparency, and enhance a speak-up culture within the Group.

SIKA'S SUSTAINABILITY TARGETS

ECONOMIC PERFORMANCE:
OPERATING PROFIT (EBIT) 12-14% OF NET SALES

LOCAL COMMUNITIES/SOCIETY:
5% MORE PROJECTS PER YEAR

SUSTAINABLE SOLUTIONS:
ALL NEW PRODUCT DEVELOPMENTS ASSESSED, ALL LOCAL KEY PROJECTS IMPLEMENTED

ENERGY:
3% LESS ENERGY CONSUMPTION PER TON AND YEAR

WATER/WASTE:
3% LESS WATER CONSUMPTION AND WASTE PER TON AND YEAR

OCCUPATIONAL SAFETY:
5% LESS ACCIDENTS PER YEAR

MORE VALUE LESS IMPACT

Sika maintains a strong focus on safety, quality, environment, fair treatment, social involvement, responsible growth, and value creation during all business activities.



MORE VALUE - ENHANCING UTILITY

With the avowed aim of "enhancing utility and reducing negative impacts," Sika defined six strategic target areas that focus on sustainable solutions, economic performance, local communities/society, energy, waste/water, and safety. Sika has pledged to gear its actions and strategies to globally accepted principles in the areas of human rights, labor law, environmental protection, and anticorruption policy. For many years, the company has been actively involved 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.

INVESTMENT IN TRAINING

One of the many projects sponsored by Sika in the year under review is a national initiative in China, the so-called "Library Project". This nationwide school refurbishment program aims at facilitating knowledge acquisition by children and teenagers in school libraries. In 2015, Sika donated 16,000 books to libraries in 21 schools with approximately 4,000 students. Through voluntary work, Sika employees helped to modernize the schools, in particular by installing new Sika flooring systems. A summary of the company's involvement in social projects is presented on the company website: www.sika.com



LESS IMPACT - REDUCING THE NEGATIVE FOOTPRINT

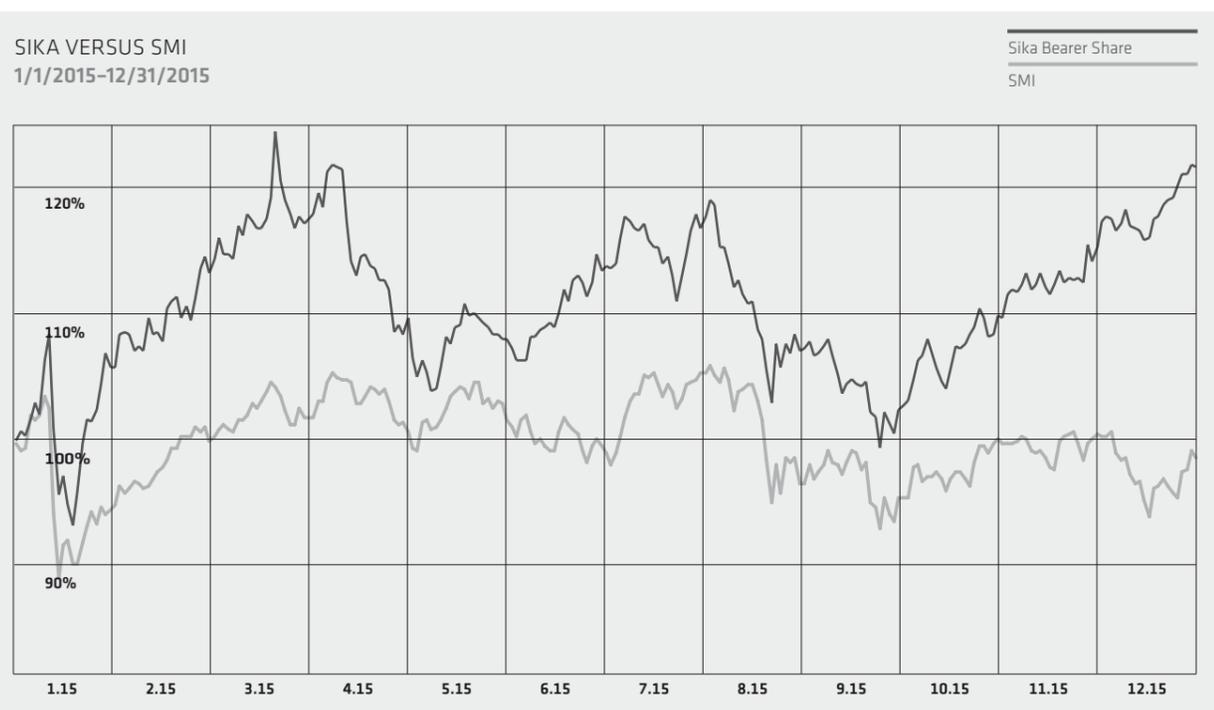
In developing its products and systems for construction and industry, Sika pays close attention to material, water, and resource efficiency. Top priority is given to considering the entire supply chain and the overall life cycle of products and systems. The overriding aim is to enhance the utility of Sika products while at the same time reducing their environmental impact. As a result of this strategy, sustainability issues pervade the company's processes. Sustainability performance within Sika is further boosted by in-house efficiency and safety programs.

EFFICIENT WASTE MANAGEMENT

The year under review saw the launch of a pilot project at the Rionegro and Tocancipá plants in Colombia for the on-site processing and reuse of organic waste. The waste produced by the factory canteens and site upkeep operations was collected, together with sludge water, in a newly installed composting unit, and the resulting compost was used for garden and lawn areas. The system allowed recycling of some 1,200 tons of organic waste and achieved savings in the order of CHF 250,000.

POSITIVE SHARE PRICE DEVELOPMENT

In 2015 the Sika share price showed an above-average performance compared to the relevant stock indices.



OVERVIEW

- Performing at +23.3%, the Sika share price developed stronger than the SLI index (+1.1%).
- Closing price of the Sika share in 2014: CHF 2,936, Closing price of the Sika share in 2015: CHF 3,620, corresponding to a performance of 23.3%.
- The key global share indices performed as follows:
 - SMI -1.3%
 - SLI +1.1%
 - DAX -1.1%
 - Dow Jones -2.4%
 - Nikkei +10%

STOCK EXCHANGE RATIOS SIKA

	2015
Market capitalization in CHF mn	9,195
Yearly high	3,710
Yearly low	2,720
Year-end	3,620
Dividend 2013	72.00
Dividend 2014 ¹⁾	78.00
Earnings per share (EPS)	181.37

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 the timely analysis of potential risks and their integration into strategic decision-making processes.

- Group-wide process-centered risk management, along the entire value chain, from procurement to production and marketing, 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. The Sika Supplier Code of Conduct covers all sustainability principles.
- 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.
- Worldwide implementation of a web-based emergency notification and crisis management service solution.

Financial risk management is described in detail on page 116 et seqq. of the download version of the annual report.

BALANCE SHEET

CONSOLIDATED BALANCE SHEET

in CHF mn	Notes	12/31/2014	12/31/2015
Cash and cash equivalents	1	898.8	1,074.4
Accounts receivable	2	1,006.0	1,014.5
Inventories	3	591.3	584.9
Prepaid expenses and accrued income		92.3	87.0
Other current assets	4	7.7	17.3
Current assets		2,596.1	2,778.1
Property, plant and equipment	5	958.3	924.3
Intangible assets	6	1,074.6	1,037.9
Investments in associated companies	7	14.3	6.4
Deferred tax assets	8	130.6	126.1
Other non-current assets	4	44.0	51.0
Non-current assets		2,221.8	2,145.7
ASSETS		4,817.9	4,923.8
Accounts payable	9	605.4	581.1
Accrued expenses and deferred income	10	214.3	217.3
Bond	12	0.0	249.9
Income tax liabilities		77.4	67.7
Current provisions	13	19.2	18.8
Other current liabilities	11	34.8	28.3
Current liabilities		951.1	1,163.1
Bonds	12	947.6	698.4
Non-current provisions	13	69.5	61.9
Deferred tax liabilities	8	118.5	109.8
Employee benefit obligation	14	303.8	298.9
Other non-current liabilities	11	44.1	39.6
Non-current liabilities		1,483.5	1,208.6
LIABILITIES		2,434.6	2,371.7
Capital stock		1.5	1.5
Treasury shares		-10.8	-0.9
Reserves		2,376.4	2,530.2
Equity attributable to Sika shareholders		2,367.1	2,530.8
Non-controlling interests		16.2	21.3
SHAREHOLDERS' EQUITY	15	2,383.3	2,552.1
LIABILITIES AND SHAREHOLDERS' EQUITY		4,817.9	4,923.8

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT FROM JANUARY 1 TO DECEMBER 31

in CHF mn	Notes	%	2014	%	2015	Change in %
Net sales	16	100.0	5,571.3	100.0	5,489.2	-1.5
Material expenses	17	-47.0	-2,620.0	-45.9	-2,518.4	
Gross result		53.0	2,951.3	54.1	2,970.8	0.7
Personnel expenses	18	-19.7	-1,093.7	-20.1	-1,106.5	
Other operating expenses	18	-19.0	-1,059.3	-18.7	-1,027.0	
Operating profit before depreciation	18	14.3	798.3	15.3	837.3	4.9
Depreciation and amortization expenses	19	-2.9	-165.1	-3.0	-164.0	
Operating profit		11.4	633.2	12.3	673.3	6.3
Interest income	21	0.0	2.7	0.1	3.5	
Interest expenses	20	-0.5	-30.5	-0.5	-25.5	
Other financial income	21	0.1	5.6	0.1	8.5	
Other financial expenses	20	-0.4	-21.6	-0.8	-41.3	
Income from associated companies	21	0.0	1.2	0.1	3.4	
Profit before taxes		10.6	590.6	11.3	621.9	5.3
Income taxes	8	-2.7	-149.4	-2.8	-156.8	
Net profit		7.9	441.2	8.5	465.1	5.4
Profit attributable to Sika shareholders		7.9	439.0	8.4	460.3	
Profit attributable to non-controlling interests	22	0.0	2.2	0.1	4.8	
Undiluted/diluted earnings per bearer share (in CHF)	23		173.19		181.37	4.7
Undiluted/diluted earnings per registered share (in CHF)	23		28.87		30.23	4.7

DETAILS TO STATEMENT OF CASH FLOWS

in CHF mn	2014	2015
Operating activities	554.4	585.8
Investing activities	-204.6	-206.3
Financing activities	-480.0	-186.8
Exchange differences	0.7	-17.1
Net change in cash and cash equivalents	-129.5	175.6
Operating activities	554.4	585.8
Investing activities	-204.6	-206.3
Free cash flow	349.8	379.5
Acquisitions/disposals less cash and cash equivalents	68.8	69.5
Acquisitions (+)/ disposals (-) of financial assets	-1.1	2.5
OPERATING FREE CASH FLOW	417.5	451.5

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