

## Chairman & CEO

### New Year Message 2014

To the members of  
Sika's Senior Management

Baar, January 10, 2014

Dear friends,

The year 2013 has closed and we would like to congratulate you to a very remarkable performance:

**FOR THE FIRST TIME, SIKA HAS ACHIEVED SALES OF ABOVE CHF 5 BILLION!**

You made Sika's growth model work in 2013, gaining growth momentum month by month and achieving a convincing sales growth of 9.4% (6.5% in CHF) to **CHF 5'142 million**. Your efforts for innovation, for new product introduction, for an acceleration of our emerging market build up and for closing 5 acquisitions paid off. Consequently all regions contributed to our results in 2013:

	<u>Sales 2013</u> (actual CHF)	<u>Growth</u> (local currency)
EMEA	CHF 2'470.8 mil.	+ 8.5%
North America	CHF 711.1 mil.	+ 2.3%
Latin America	CHF 622.8 mil.	+ 15.1%
Asia Pacific	CHF 972.7 mil.	+ 12.5%
Automotive	CHF 364.3 mil.	+ 11.3%

Our organizational changes towards the Target Market concept and the introduction of the new technology leadership in R&D are implemented ahead of plan. Our new organization is the backbone of Sika's Growth Model and will reinforce our focus on customers, innovation and new product introduction.

The realigned regional organization with EMEA, North America, Latin America and Asia Pacific shows excellent results. We realized flatter systems with less interfaces, significant improvements in efficiency and a strengthening of the supply chains with a record number of new factories.

### **ACCELERATED INVESTMENTS IN GROWTH MARKETS**

We opened a record number of 9 new factories in 2013 in the growth markets of Russia, Ukraine, Colombia, China, Vietnam, Laos, Iraq, Angola and South Africa. The speed and professionalism of these investments are outstanding and are a great commitment to Sika's future.

### **FIVE ACQUISITIONS COMPLETED**

Last year we welcomed five excellent companies and their 1'003 employees to the Sika family. With Akzo Nobel Building Adhesives, Everbuild, Texsa, Optiroc and Radmix we not only gained CHF 373 million in sales but strengthened our market access, our technology leadership and our economies of scale. There is a lot we can learn from these successful companies and we look forward to leverage our growth model further.

Dear friends, you made 2013 a very successful year for Sika and our financial results give us the confidence and resources for the future. We are very proud of your achievements and on behalf of the Board of Directors and the Group Management we want to thank you for your huge efforts and for your accomplishments in the past 12 months. Please share our compliments with your teams and employees who made this success possible.

### **OUR GROUP TARGETS FOR 2014**

For 2014, we expect many challenges from our global markets but we are confident that we will continue our great momentum and that we will make it a successful year for us. For the Sika Group, we will focus on the following 5 priorities:

#### **1. BUILDING TRUST: OUR STRATEGY 2018**

Throughout 2013, we have developed and defined our new strategy which is based on the Sika Growth Model, the Target Market concept, the accelerated build-up of the emerging markets and a further leverage through acquisitions. As maybe the most important part of the strategy, we have defined our Sika Spirit – which is the foundation of our future success - in **Sika's Values & Principles**. Within the framework of our Strategy 2018, all countries have developed their strategic plan and we have adjusted our organizations accordingly. In 2014, we will formally roll out our strategy and will focus on the execution in all countries.

## **2. SIKA'S GROWTH MODEL**

The Sika Growth Model ensures the long term success and the profitable growth of our company. We target to improve our rate of innovation and the introduction of new products. The accelerated build-up of the emerging markets will continue with 7 to 9 new factory openings in 2014.

## **3. FINANCIAL TARGETS 2014**

With our growth momentum and the closed acquisitions, we want to achieve a sales growth of more than 8% and improve our EBIT margins to a minimum of 10%.

## **4. PEOPLE DEVELOPMENT IS KEY**

Our specialized industry, our strong company culture (Sika Spirit) and our commitment as the global industry leader, require the development of our own experts and managers.

In 2013, we were again able to appoint internal candidates to Sika Senior Manager positions. In addition, we successfully launched Sika's IMD program. Now we need to further improve our people development in the areas of talent pipeline, diversity, performance management and training.

## **5. SYSTEMS & PROCESSES**

The globalization and expansion of our company moves at a fast rate. We realized a record number of investments into our supply chain: We opened 9 new factories and added another 8 from the acquisitions.

Considering this fast pace of expansion, we need to improve our global guidelines in order to ensure best demonstrated practice, quality and safety in our complex global organization. Therefore, we will implement and monitor better systems & processes in the areas of Code of Conduct, Safety, GRI, Crisis Management, PCP, KPI for Operations and HR.

These necessary steps we will do the Sika way – with experienced people and with a two way communication – however, please accept the necessity and support us in the roll out of our systems & processes.

We have an exciting year ahead of us – with many challenges but with tremendous market opportunities. With your commitment, passion and leadership, we are convinced to continue the success story of Sika.

Please share our Group Targets 2014 with your teams and employees and lead your business into a successful future.

All the best for the new year,



Paul Hälgl  
Chairman



Jan Jenisch  
CEO