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**COP SUBMISSION**

Baar, March 21, 2013

Dear all,

The present documentation refers to the following content:

- Basic Financial Data: Business Year 2012 – Media release as from 28<sup>th</sup> of February 2013
- Sustainable Development, Sustainability Report and Social Responsibility, Annual Report 2012, p. 20-21, 34 – 39,
- 5-Year Reviews: Consolidated Balance Sheet, Consolidated Income Statement, Segment-Info, Employees, Value-Added Statement, Annual Report 2012, p. 137 – 143.

Sincerely,

Dominik Slappnig

*Enclosure*



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## **CONTINUED REVENUE GROWTH, ABOVE-AVERAGE INCREASE IN NET PROFIT, AND FURTHER INVESTMENTS IN GROWTH MARKETS**

- **5.8% sales growth (5.3% in local currencies) to CHF 4 829 million**
- **Sales up 10.7% in emerging markets**
- **31% increase in net profit to CHF 281 million**
- **High operating free cash flow of CHF 303 million (2011: CHF 186 million)**
- **Further investments in growth markets with new factories in Asia, Latin America and Eastern Europe**

Sika CEO Jan Jenisch: “Our employees delivered outstanding results in 2012, giving Sika a firm foundation for the future. We were able to fast-track our investments in growth markets and opened new factories and production lines in various emerging countries. Already accounting for 37% of our consolidated net sales and over 40% of our net profit, emerging market sales saw double-digit growth in 2012. The Sika growth model also functioned under the challenging economic conditions encountered in 2012. Thanks to the expertise and great commitment of our workforce, we are confident of achieving further growth in sales and net profit in 2013 as well.”

### **Strong growth in emerging markets drives record sales**

In the 2012 business year, Sika lifted sales by 5.8% to a record CHF 4 829 million (2011: CHF 4 564 million). In local currencies, sales were up 5.3%. This figure includes an acquisition effect of 3.5%. Exchange rate movements had a positive impact of 0.5%. Sika’s global presence enabled it to offset weak demand from Europe. 10.7% growth was achieved in the emerging markets.

At 17.0% in local currencies, the highest growth was generated in the region Latin America. This growth was driven by investments and the build-up of production capacity in the entire region. In North America, Sika increased sales by 9.0% in local currencies on the back of heavy demand for refurbishment work, solid project business and increased market share. In the region

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Asia/Pacific, Sika reported growth of 6.8% in local currencies, benefiting from a substantial expansion in sales in Southeast Asia, stable order books in Japan and a marked recovery in China in the second half. The region IMEA (India, Middle East, Africa) recorded a 7.7% increase in sales in local currencies.

In Europe, the debt problem and euro crisis had a negative impact on construction markets, resulting in a downwards volume trend in most European markets. In the region Europe North, sales were down 3.9% in local currencies. The region Europe South grew by 1.0% – adjusting for acquisitions, sales were 7.0% lower.

Other segments and activities generated strong growth of 25.5%, which includes sales in the automotive segment. Sika's growth was fueled primarily by the use of new technologies and its strong presence in the premium car segment, which is enjoying high growth rates in North America, Latin America and Asia. 11.5% of the increase is attributable to acquisition effects.

### **Technology leadership**

Sika's technology leadership is based on the continual development of new products yielding increased customer benefits. In 2012, Sika filed for 73 new patents and made 85 invention disclosures. Among the various products successfully launched was the new, fast-curing Sikalastic® waterproofing system for bridge decks. This reduces the time required for application and enables the renewal of large bridge areas without any major operational disruption.

Another example is the new SikaProof® sheet membranes that prevent any lateral water underflow for fast, safe sealing of fresh concrete composites. In the adhesives and sealants market segment, Sika rolled out a number of new products based on i-Cure technology. As well as being odorless and solvent-free, these products also meet the strictest emissions standards and are quick and easy to apply.

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### **Acquisitions**

In 2012, Sika took over three firms. The acquisition of the Korean company Yean-Il Industrial Co. Ltd. reinforced Sika's market position in Korea's tunnel waterproofing market, and the takeover of the fire protection coatings and systems business of Rütgers Organics GmbH provided Sika with a portfolio of well-established water-based fire protection coatings. In December, Sika announced that it would be acquiring Inatec SRL, the leader in Paraguay's construction chemicals market. Sika also successfully integrated eight companies acquired in 2011, including globally positioned Axim.

### **Above-average profit growth**

On the back of a package of measures taken by Sika in 2012, the gross result was widened to 52.2% (2011: 50.5%). In combination with the sales growth achieved, operating profit was increased by 23.5% to CHF 428.8 million (2011: CHF 347.1 million). The EBIT margin was at 8.9% (2011: 7.6%). Sika increased consolidated net profit by an above-average 30.9% to CHF 281.1 million (2011: CHF 214.8 million).

### **Investments, liquidity and balance sheet**

Sika's investment strategy is geared to further consolidating its presence in the emerging markets. In 2012, the Group invested in expanding capacity in Brazil, Chile, China, Colombia, Mexico, Mongolia, Peru, Russia and Vietnam, raising the investment volume to CHF 131.3 million (2011: CHF 117.1 million).

Net working capital as a percentage of net sales improved to 18.7% (2011: 19.8%), due largely to the consistent monitoring of warehouse and debtor management. In the year under review, operating free cash flow amounted to CHF 302.5 million (2011: CHF 186.1 million), year-end cash and cash equivalents – together with two bonds totaling CHF 300 million – were higher at CHF 994.2 million (2011: CHF 536.0 million), and net debt was reduced to CHF 155.5 million (2011: CHF 338.7 million).

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### **Board of Directors proposes payment of 13% higher dividend**

The Board of Directors proposes to the Annual General Meeting payment of a 13% higher gross dividend than in the previous year, namely, CHF 51.00 per bearer share (previous year: CHF 45.00) and CHF 8.50 per registered share (previous year: CHF 7.50). This proposal is an expression of Sika's consistent dividend payout policy and follows the positive profit development.

The Annual General Meeting will also be recommended to re-elect current Board members Dr. Willi K. Leimer and Christoph Tobler. Dr. Thomas W. Bechtler is no longer standing for re-election.

### **Positive outlook for 2013**

Sika expects the strong growth momentum in the emerging markets in Asia and Latin America to continue in 2013. By contrast, Europe will again be marked by uncertainties this year and present a challenge to the Group's growth strategy. Thanks to its excellent global positioning and its own growth model, Sika is forecasting a further increase in sales and profit for 2013.

Sika is confirming its medium-term targets for 2013. EBITDA is expected to reach 12% and consolidated net profit should exceed the 6% mark. The sales growth target of 8 to 10% is unlikely to be achieved, given the continuing uncertain situation in Europe. Sika is projecting growth of 4 to 6%.

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### Key figures 2012

in CHF mn	as % of net sales	2011	as % of net sales	2012	Δ in %
Net sales		4'563.7		4'828.9	5.8
Gross result	50.5	2'304.6	52.2	2'519.3	9.3
Operating profit before depreciation (EBITDA)	10.5	477.4	11.8	568.9	19.2
Depreciation/amortization/ impairment	-2.9	-130.3	-2.9	-140.1	
Operating profit (EBIT)	7.6	347.1	8.9	428.8	23.5
Net profit	4.7	214.8	5.8	281.1	30.9
Earnings per share (EPS) in CHF		85.06		110.98	30.5
Cash flow from operating activities	6.6	299.3	8.8	427.3	42.8
Operating free cash flow	4.1	186.1	6.3	302.5	62.5
Balance sheet total		3'830.3		4'262.3	11.3
Shareholders' equity		1'839.1		2'007.4	9.2
Equity ratio in %		48.0		47.1	
Net working capital	19.8	904.9	18.7	901.0	-0.4
ROCE in %		15.6		18.3	
Number of employees		15'254		15'233	-0.1

The Annual Report and the presentation held at the media conference and analyst meeting covering business year 2012 can be retrieved at [www.sika.com](http://www.sika.com).

Link Annual Report:  
<http://www.annualreport.sika.com>

Link Presentation/Follow the conference online, webcast February 28, 2013 at 10am:  
<http://www.sika.com/en/group/investors/presentations.html>

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Financial calendar:

**Tuesday, April 16, 2013**

Shareholder letter (first quarter 2013)  
45th Annual General Meeting, Lorzensaal, Cham, 3pm

**Tuesday, July 30, 2013**

Shareholder letter (Half-Year Report 2013)

**Wednesday, October 30, 2013**

Shareholder letter (nine months 2013)

**Tuesday, January 14, 2014**

Net sales 2013

**Tuesday, March 4, 2014**

Full-year results 2013; media conference / analysts' presentation

### **Sika AG Corporate Profile**

Sika AG, located in Baar, Switzerland, is a globally active specialty chemicals company. Sika supplies the building and construction industry as well as manufacturing industries (automotive, bus, truck, rail, solar and wind power plants, façades). Sika is a leader in processing materials used in sealing, bonding, damping, reinforcing and protecting load-bearing structures. Sika's product lines feature high-quality concrete admixtures, specialty mortars, sealants and adhesives, damping and reinforcing materials, structural strengthening systems, industrial flooring as well as roofing and waterproofing systems. Worldwide local presence in 80 countries and some 15 200 employees link customers directly to Sika and guarantee the success of all partners. Sika generated annual sales of CHF 4 829 million in 2012.

**RESPONSIBILITY FOR THE FUTURE.** Climate change, population growth, energy costs, raw materials and water shortages – these are some of the global megatrends and challenges that are set to change our society in the years and decades ahead. At the same time, these developments act as powerful drivers for new technologies and solutions.

Sika pursues a double-pronged sustainability strategy:

- it seeks to design products and services that meet the demand for efficient, sustainable solutions in the target markets;
- it continuously refines its own operations in line with sustainable practice and backs this up by suitable investment in sustainability on the basis of economic principles.

### CHALLENGES AND MEGATRENDS

The commitment to sustainable development demanded by the global challenges and megatrends has precipitated changes in the economic environment. Buildings, infrastructure facilities, installations and vehicles are now constructed and used differently from in the past. Low-energy houses and cars, for example, are increasingly becoming the norm. The rising demand for sustainable products is changing both Sika's target markets and the requirements placed on its products. Sika seeks to contribute proactively to these change processes through innovation. Top priority is given here to sustainably developed and manufactured products that enhance durability and promote the efficient use of energy, water and materials.

The following challenges are particularly relevant to Sika:

- Climate change and regulation of the carbon economy
- Population growth and urbanization
- Energy costs and repercussions for climate
- Raw materials and water shortages as well as poor water quality

For Sika, ecological efficiency means delivering equivalent or better solutions while consuming less material and energy. This necessitates innovation in both materials and application techniques, backed up by suitable methods to assess the environmental impact of products and works. Life-cycle assessment is one of the key tools applied in the product development process. Sika also supports national and international initiatives to establish sustainable construction (green building) certification systems. Programs of this kind are important in that they allow the sustainability of products and systems to be quantified and compared.

### COMMITMENT

With a corporate history spanning over 100 years, Sika is all the more committed to sustainable development as a guiding principle. In active pursuit of the associated economic, ecological and social aims, the company has for many years participated in the chemical industry's Responsible Care sustainability program. It is also a cosignatory of the UN Global Compact corporate responsibility initiative, the Carbon Disclosure Project and the World Business Council for Sustainable Development, and honors the associated objectives and obligations.



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## NATIONAL SUBSIDIARIES OF SIKA HAVE PARTICIPATED IN THE RESPONSIBLE CARE PROGRAM SINCE 1992

### SUSTAINABILITY IN THE VALUE CHAIN

Sika's mission statement specifies the following: "Our aim is to address environmental and safety concerns throughout the value chain." One year ago, Sika launched a global program for safety and efficiency that was designed to increase the sustainability of its own activities. This program focuses on the reduction of work accidents, on the efficient use of energy and water, and on materials use and waste avoidance at Sika sites. Sika targets a considerable reduction in the number of accidents in the coming years together with substantial cuts per manufactured unit in energy use, water consumption or waste production, as appropriate for the particular site.

Subsidiaries in some 40 countries have participated in the chemical industry's Responsible Care program since 1992. As of the year under review, the majority of the manufacturing companies have certified environmental management systems, while 25 sites have achieved OHSAS:18001 (occupational health and safety) certification.

Sika checks its production facilities for risks to staff and local residents, monitors damage and stoppages, and makes continuous efforts to improve safety. Internal audits and controls guarantee compliance with the specified rules and procedures.

One cornerstone of sustainable corporate management is the provision of basic and advanced training for employees. The wide-ranging courses deal with raw materials handling, occupational safety, statutory regulations as well as product packaging, labeling and transport.

### PRODUCT SUSTAINABILITY

Sika sets out to undertake objective, transparent and comparative assessments of the sustainability of its products – not only in manufacture, but throughout their life cycle. These analyses may pinpoint necessary improvements for existing products. They may also deliver important insights into raw materials, production processes or application efficiency and thereby promote innovation and optimize the development of new products. To this end, Sika carries out life-cycle assessments (LCAs) during the product development process. These serve to quantify energy and raw materials consumption during each phase of a product's life cycle and measure the associated impacts on air, water and soil.

**RESPONSIBILITY FOR THE FUTURE.** Global megatrends, such as energy and raw materials shortages, urbanization and population growth, are confronting companies and communities with major economic, social and ecological challenges. At the same time, these developments act as powerful drivers for the technologies and solutions of tomorrow. As a technology-based company and market leader, Sika regards this as an opportunity.

Sika addresses environmental and safety concerns throughout the value chain and adopts the widely used GRI (Global Reporting Initiative) system in the report. In meeting its social responsibility, Sika honors the principles of the UN Global Compact.

To promote sustainability, transparent data and information are needed on products and works along the entire value chain.

To collect the necessary data and information, Sika in 2012 continued with the following activities from the previous year:

- Expansion of product sustainability databases in line with international life-cycle assessment (LCA) practice to standards of the ISO 14040 series.
- Measurement and improvement of sustainability in Sika's own value chain through global safety and efficiency program for energy and raw materials.
- Introduction of new systems for product classification and marking to provide users with more detailed product information and honor our responsibility to ensure safe product use.

The following facts and figures relate to Sika's global business operations in 2012, excluding those sites acquired during the last three years. Most new acquisitions initially undergo a program to boost their sustainability performance. The extent of operations covered by the report for the year under review was equivalent to 98% of total sales (previous year: 97%). The sustainability indicators are consistent with the widely used GRI (Global Reporting Initiative) system.

### ENVIRONMENT, SAFETY AND HEALTH

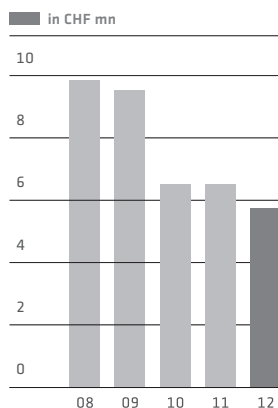
#### INVESTMENT IN SAFETY AND ENVIRONMENTAL PROTECTION

In the reporting year, Sika invested some CHF 5.7 million in technical equipment for environmental protection (previous year: CHF 6.5 million). Stepped-up efforts over the past few years, above all the increased use of state-of-the-art equipment, have borne fruit and enabled Sika to reduce replacement investments. Current expenditure stood at CHF 20.5 million (previous year: CHF 21.9 million). Worldwide, the number of full-time employees in the field of environment, health, safety and sustainability exceeded 100.

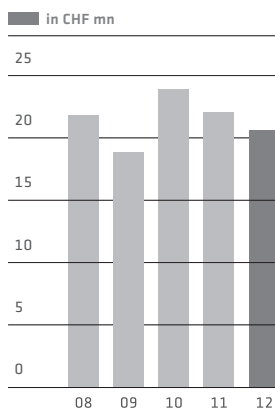
**Health and safety:** At 12.9 per 1 000 employees (previous year: 13.3 per 1 000 employees), the number of occupational accidents in the reporting year with over one day's lost working time was slightly down year on year. Due to shorter absences after accidents, the number of days lost per million workdays fell sharply to 866 (previous year: 1 050).

**Energy use:** Energy consumption in 2012 totaled 1 571 TJ, marking a slight year-on-year rise (previous year: 1 505 TJ). Production volumes in the reporting period were also moderately higher than the previous year's level. 48% of Sika's energy requirement was met by electrical power (previous year: 50%). As in the previous year, a further quarter of demand was covered by natural gas, the rest by heating oil, coal and, to a small extent, by district heating. The energy requirement per ton of product sold fell to 560 MJ (previous year: 595 MJ).

Investments in environment and safety



Expenditures for environment and safety



**Atmospheric emissions (Scope 1):** In 2012, CO<sub>2</sub> emissions resulting from the use of primary energy sources (Scope 1) ran to around 47 000 tons (previous year: 31 000 tons). This increase is wholly attributable to the inclusion of emissions from the Chinese companies acquired in recent years, which still rely on the country's enormous reserves of low-calorific-value coal to meet their energy requirements. Compared to natural gas, this fuel generates high CO<sub>2</sub> emissions per unit heat. China's gas supply network is still undeveloped outside the industrial centers and electricity is also produced by coal power plants. Sika has initiated measures to reduce CO<sub>2</sub> emissions. These are for example the use of alternative fuels, the recycling of plastic waste as well as programs designed to cut power consumption.

**CO<sub>2</sub> emissions from consumption of purchased electricity (Scope 2):** 2012 is the second year for which Scope 2 emissions have been reported. The consumption of purchased electricity in the reporting year entailed CO<sub>2</sub> eq. emissions of around 98 000 tons, a figure roughly twice greater than the direct emissions (previous year: 100 000 tons). This assessment is subject to a certain degree of inaccuracy as it relies on unverified statistics regarding the energy mix for electricity generation in the individual countries. Sika applies the Greenhouse Gas Protocol formulae in its estimates.

**Water use:** Despite the slight rise in production volumes, Sika succeeded in cutting water consumption to 1.87 million m<sup>3</sup> (previous year: 2.0 million m<sup>3</sup>). The cooling water needed by the company is mostly drawn from its own authority-approved wells and is returned, unpolluted, to the water cycle. Cooling water accounted for roughly two thirds of the Group's total water demand. The used water quantity fell to around 0.70 m<sup>3</sup> per ton of product (previous year: 0.75 m<sup>3</sup>).

**Materials use:** Despite the slight rise in production volumes, there was no increase in waste quantities in the reporting year, unchanged at 49 000 tons (previous year: 49 000 tons). With the changed product mix, some 18.0 kg waste arose per ton of product (previous year: 19.0 kg). Around 40% of this waste, particularly that from polymer and mortar production, is reclaimed and recycled. Waste from the manufacture of polymer membranes, for example, is granulated and reintroduced into production.

## PRODUCTION AND PRODUCTS

Under the banner "Innovating Performance and Sustainability", Sika seeks to enhance the outstanding and widely appreciated utility of its products by optimizing their sustainability profile, and so create added value for its customers. The following examples showcase Sika solutions that combine first-class performance with high sustainability standards.

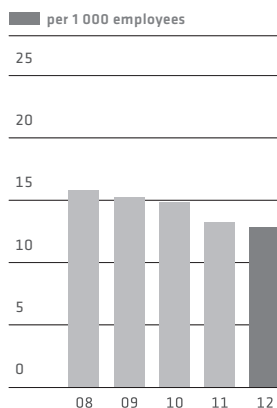
### SAVING ENERGY AND RAW MATERIALS

Worldwide consumption of fuels such as crude oil, coal or natural gas, and other resources such as water, iron ore and cement is constantly rising, driven by population growth and greater purchasing power. Yet these resources are limited. Their extraction is becoming increasingly expensive or is negatively impacting the climate. The efficient and purposeful use of these resources is one of the greatest challenges to future growth.

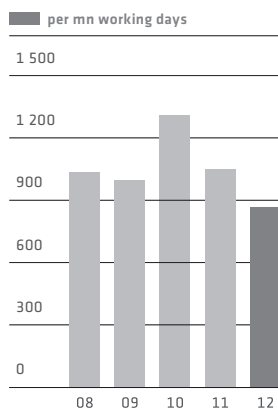
#### Sika solutions for saving energy and raw materials:

- Sika's concrete admixtures for high-grade concrete incorporating recycled aggregates reduce the demand for gravel
- Special seals for argon-filled insulating glass units and for bonding lighter windows improve the insulation performance of low-energy buildings
- Structural adhesives and polymer-based reinforcing components for lighter automobiles help save fuel

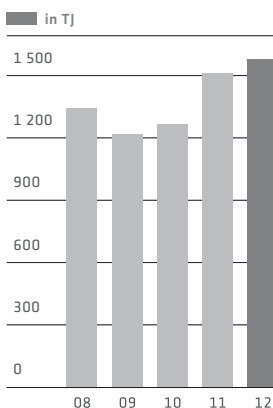
### Occupational accidents



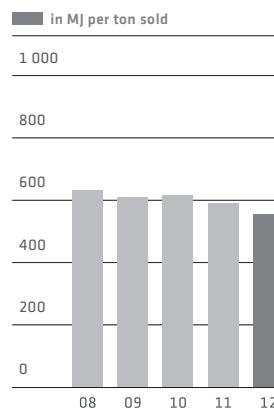
### Working days lost in case of accidents



### Energy consumption



### Energy consumption



**Example: Saving energy with grinding aids.** Sika grinding aids for energy-efficient cement production save approx. 64 MJ per ton cement (0.035% dosage) compared to grinding performed without these aids. Only around 10 MJ of energy are consumed in the manufacturing chain for the grinding aids. This results in net savings of 54 MJ per ton of cement, roughly equivalent to the daily electricity consumption of a Swiss household. Extrapolated to the global cement demand of 3 294 million tons in 2010, Sika grinding aids could theoretically have achieved energy savings equal to the annual power consumption of around 6.5 million households.

### CUTTING CO<sub>2</sub> EMISSIONS

The earth's climate is changing with manifold consequences for the whole world. This makes climate protection, in particular the continuous reduction of greenhouse emissions, a crucial task for the future.

#### Sika solutions for climate protection:

- Adhesives for the solar industry reliably bond very hot surfaces
- Highly reflective polymeric roof membranes boost the efficiency of solar installations and lower the cooling demand in buildings
- Offshore wind farms with special corrosion protection systems achieve longer service lives under rough conditions
- Viewed over their entire life cycle, Sika Sarnafil® roof membranes entail 30% lower CO<sub>2</sub> emissions than other less durable roofing sheets

### Example: Cutting CO<sub>2</sub> emissions with concrete admixtures.

Concrete admixtures can be used to reduce cement content without in any way impairing the concrete quality. Large quantities of CO<sub>2</sub>, which is emitted during the combustion of limestone in cement production, can thus be avoided. For example, one Sika customer who needed 3 600 m<sup>3</sup> of concrete for the construction of a gas storage tank opted to use the admixture Sika® Visco-Crete®. The resulting 9% net reduction in CO<sub>2</sub> emissions was in this case equivalent to 50 tons of CO<sub>2</sub>. Applied to the annual worldwide concrete consumption of 5 billion m<sup>3</sup>, this offers potential cuts in the order of 72 million tons of CO<sub>2</sub>, a figure roughly equivalent to the annual CO<sub>2</sub> emissions of Austria.

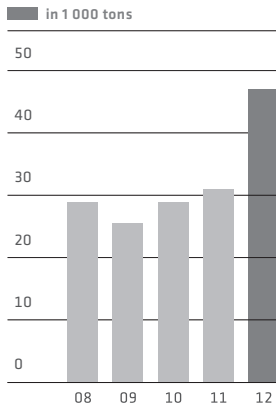
### SAVING WATER

The process of global population growth is making clean water an increasingly scarce commodity. The careful management of water consumption, purification and storage as well as wastewater treatment is essential. Already today, one billion people suffer from a lack of drinking water.

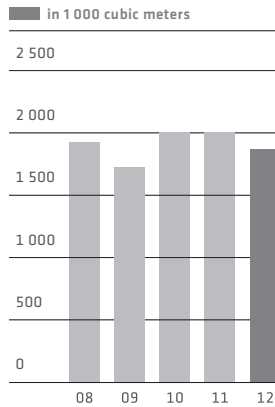
#### Sika solutions for an adequate supply of clean water:

- Concrete produced with Sika® ViscoCrete® admixtures requires up to 15% less water than concrete mixed using standard procedures
- Waterproof concrete and interior coatings for drinking water reservoirs reduce water losses
- Spray-applied waterproofing membranes for water-tight structures and wastewater treatment plants reduce contamination

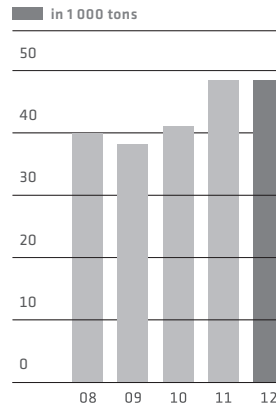
## CO<sub>2</sub> emissions



## Water consumption



## Waste disposal and reuse



**Example: Drinking water tanks.** On the Jungfrauoch saddle, high up in the Bernese Alps, a Sika product was used to reinstate a drinking water tank. The defective waterproof barrier had compromised the water quality due to contact with the concrete. The most straightforward and effective solution consisted in relining the tank with Sikaplan® WT 4300-15C Felt sheet waterproofing membranes.

### BUILDING SUSTAINABLY

Astronomic sums are spent worldwide on infrastructure provision and maintenance. The rapid economic ascent of the emerging countries necessitates enormous investments in energy, transportation, water and health care. The existing infrastructure in developed countries also requires modernization.

#### Sika solutions for sustainable construction:

- Construction chemicals, shotcreting machines and waterproof membranes allow efficient tunneling
- Composite materials can be used to strengthen aging engineering structures such as bridges and substantially prolong their service life
- Root-resistant polymeric roof membranes and systems allow the installation of green roofs to improve the urban climate
- Special concrete repair mortars and resins considerably extend the service life of bridges and concrete structures

**Example: Wood floor adhesives.** Natural wood flooring is a popular choice for green buildings due to the material's longevity, low maintenance requirement and visual appeal. Various bonding options are available for laying this type of covering. SikaBond® AT-60, incorporating over 15% renewable raw materials, and the water-based, solvent-free Sika® Primer MR Fast offer the ideal solution for reliable, material- and energy-efficient installation of natural wood flooring. Use of SikaBond® AT-60 and Sika® Primer MR Fast instead of standard, solvent-free, single-component adhesives delivers a 50% cut in energy consumption and CO<sub>2</sub> emissions.

### SOCIAL RESPONSIBILITY

In today's world, social, economic and ecological issues are closely intertwined. Social responsibility is the necessary component of success. Mindful of its obligations, Sika actively engages in sustainable and humanitarian development projects, either as a member of international organizations or directly on the spot.

### MEMBERSHIPS

**UN Global Compact:** Sika has participated in the UN Global Compact network since 2009. The Global Compact principles enshrine a series of universally accepted values in the areas of human rights, labor standards, environmental protection and anticorruption policy. Another United Nations initiative where Sika is engaged is the Sustainable Buildings and Climate Initiative (SBCI), whose aim is to establish sustainable building practices worldwide.

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## CHILDREN IN VIETNAM OBTAINED SUCCESSFUL MEDICAL TREATMENT THROUGH THE SMILE CARE PROGRAM, WHICH IS SPONSORED BY SIKA

**World Business Council for Sustainable Development (WBCSD):** Sika has signed the WBCSD Manifesto for Energy Efficiency in Buildings, thus committing itself to the optimization of energy efficiency throughout the value chain.

**Responsible Care:** Sika honors the rules of the Responsible Care program, a voluntary global initiative of the chemical industry. Through their national associations, companies work together to continuously improve their health, safety and environmental performance. The Responsible Care ethic encourages industry to operate with due consideration to future generations.

**Green building programs:** Green building and certification programs such as LEED (Leadership in Energy and Environmental Design) and BREEAM (BRE Environmental Assessment Method) evaluate the sustainability performance of construction materials and buildings. Sika participates in programs and schemes such as the German Seal of Quality for Sustainable Construction (DGNB) and the Green Globes in the USA. Sika also cultivates an active partnership with the US Green Building Council (USGBC) and, in the reporting year, joined the UK Green Building Council (UKGBC).

### ACTIVITIES

**Romuald Burkard Foundation:** The Sika Board of Directors established the Romuald Burkard Foundation in 2005 in memory of Dr. Romuald Burkard, the third-generation representative of the Winkler family, which founded Sika. It provides financial support to social and ecological projects in countries in which Sika maintains subsidiaries. The projects focus on the following areas:

- Buildings and infrastructure that serve a social or ecological purpose
- Technical training in construction professions and trades
- Water projects with ecological and social objectives

Sika seeks to promote on-the-ground self-help. The local Sika companies are thus required to put forward specific aid applications and, working with local partners, supervise the projects on site up to completion. Via the Romuald Burkard Foundation, Sika supported the following major projects in the year under review:

Yayasan Tirta Lestari (YTL) is a nonprofit organization whose mission is to improve health care, water supply, sanitation and drainage facilities in Indonesia. Since 2009, the efforts of YTL and Sika have helped thousands of Indonesian households improve their living standards. Aid provided in 2012: CHF 60 000.  
[www.watsanaction.org](http://www.watsanaction.org)

The Romuald Burkard Foundation also sponsors one of the most highly esteemed vocational training centers in Indonesia – the Akademi Teknik Mesin Industri (ATMI), which is run by the Jesuits. The facility offers young people from lower- and middle-class families the chance to learn technical trades and professions that are highly in demand. Sika's donation has enabled the center to expand its offerings and invest in a new building. Aid provided in 2012: CHF 200 000.  
[www.atmicikarang.ac.id](http://www.atmicikarang.ac.id)

Since 2010, Sika has supported the activities of the non-profit organization Smile Care in Vietnam. The aid provided by Sika in 2012 paid for examinations for 400 children at four different hospitals as well as successful operations for 300 of these who suffered from facial deformities. Thanks to the assistance of committed volunteers, the organization has, since 1989, arranged operations for some 200 000 children and youths with cleft lips and palates or similar facial disfigurements. Aid provided in 2012: CHF 100 000.  
[www.operationssmile.org](http://www.operationssmile.org)

Another initiative sponsored by Sika in 2012 was the Pro Leche Ayacucho agricultural development project. This privately organized self-help scheme sets out to improve the income situation of over 670 farming families in the Ayacucho region of Peru. Specific aims include the achievement of higher milk yields, quality management by means of improved hygiene conditions, control and training, and the strengthening of sales channels through the establishment of local cheese dairies. Aid provided in 2012: CHF 75 000.

[www.prolecheayacucho.org](http://www.prolecheayacucho.org)

For some years now, Sika has supported the Pan de Vida orphanage in Mexico, where disadvantaged children and youths have the chance to live and study. The funds provided in the year under review covered scholarships for five young people, the construction of a sports ground, a dental care program and the building permit costs for a new residential block. Aid provided in 2012: CHF 55 000.

In 2012, Sika also continued its sponsorship of YES (Youth Encounter on Sustainability) courses worldwide. The courses, developed by a spin-off from the ETH (Swiss Federal Institute of Technology) Zurich, address various aspects of sustainable development and are primarily geared to students. Aid provided in 2012: CHF 100 000. [www.actis-education.ch](http://www.actis-education.ch)

**ETH Zurich:** 2012 marked yet another successful year in Sika's wide-ranging partnership with the ETH (Swiss Federal Institute of Technology) in the fields of chemistry, materials science and engineering. 2012 was the third year in which the Sika Master Award was presented to the author of an outstanding master's thesis in the field of applied chemistry, based on the recommendation of the ETH's Department of Chemistry and Applied Biosciences. Sika also participates in the Sustainable Construction Partnership Council, which was set up during the reporting year. This interdisciplinary forum promotes a dialogue on current research topics, supports resources and knowledge transfer, and encourages the launch of joint research projects in the field of sustainable construction.

**Global Nature Fund:** Sika supports the international Living Lakes environmental program of the Global Nature Fund (GNF). Comprising 70 partner organizations from various lake regions across the globe, the Living Lakes network sets out to promote sustainable development and the protection of drinking water, lakes and wetlands. The initiative uses concrete models to demonstrate how, with the involvement of the local population, positive social and economic developments can be achieved in different climatic zones and societies without any threat to nature and the environment. Aid provided in 2012: CHF 60 000. [www.globalnature.org](http://www.globalnature.org)

## FIVE-YEAR REVIEWS

### Consolidated Balance Sheet as of December 31

in CHF mn		2008	2009	2010	2011	2012
Cash, cash equivalents		318.3	801.6	938.4	536.0	994.2
Accounts receivable	a	778.7	739.4	780.6	875.3	871.5
Inventories	b	512.7	451.4	499.7	530.6	521.6
Other current assets <sup>1</sup>		134.1	100.7	132.3	109.8	110.4
<b>Total current assets</b>		<b>1 743.8</b>	<b>2 093.1</b>	<b>2 351.0</b>	<b>2 051.7</b>	<b>2 497.7</b>
Property, plant, and equipment		832.9	861.7	816.5	860.6	873.3
Intangible assets		524.9	562.0	630.9	771.0	742.3
Other non-current assets <sup>2</sup>		107.8	122.0	142.4	147.0	149.0
<b>Total non-current assets</b>		<b>1 465.6</b>	<b>1 545.7</b>	<b>1 589.8</b>	<b>1 778.6</b>	<b>1 764.6</b>
<b>TOTAL ASSETS</b>		<b>3 209.4</b>	<b>3 638.8</b>	<b>3 940.8</b>	<b>3 830.3</b>	<b>4 262.3</b>
Accounts payable	c	398.1	355.2	478.2	501.0	492.1
Bonds (short-term)		0.0	0.0	274.6	0.0	249.9
Other current liabilities <sup>3</sup>		286.9	311.1	303.9	319.8	301.5
<b>Current liabilities</b>		<b>685.0</b>	<b>666.3</b>	<b>1 056.7</b>	<b>820.8</b>	<b>1 043.5</b>
Bonds		767.9	1 066.9	794.4	796.0	847.1
Non-current provisions, employee benefit liabilities		220.8	233.4	223.7	233.5	234.8
Other non-current liabilities <sup>4</sup>		71.0	71.5	106.4	140.9	129.5
<b>Total non-current liabilities</b>		<b>1 059.7</b>	<b>1 371.8</b>	<b>1 124.5</b>	<b>1 170.4</b>	<b>1 211.4</b>
<b>Total liabilities</b>		<b>1 744.7</b>	<b>2 038.1</b>	<b>2 181.2</b>	<b>1 991.2</b>	<b>2 254.9</b>
Capital stock		22.9	22.9	22.9	1.5	1.5
Treasury shares		-117.6	-106.3	-69.9	-55.7	-27.6
Reserves		1 556.8	1 679.4	1 802.9	1 880.3	2 018.6
<b>Equity attributable to Sika shareholders</b>		<b>1 462.1</b>	<b>1 596.0</b>	<b>1 755.9</b>	<b>1 826.1</b>	<b>1 992.5</b>
Non-controlling interests		2.6	4.7	3.7	13.0	14.9
<b>Total shareholders' equity</b>	d	<b>1 464.7</b>	<b>1 600.7</b>	<b>1 759.6</b>	<b>1 839.1</b>	<b>2 007.4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	e	<b>3 209.4</b>	<b>3 638.8</b>	<b>3 940.8</b>	<b>3 830.3</b>	<b>4 262.3</b>

1 Prepaid expenses and accrued income, other current assets.

2 Investments in associated companies, deferred tax assets, and other non-current assets.

3 Accrued expenses and deferred income, income tax liabilities, current provisions, and other current liabilities.

4 Deferred tax liabilities and other non-current liabilities.



## FIVE-YEAR REVIEWS

### Consolidated Income Statement from January 1 to December 31

in CHF mn	2008	2009	2010	2011	2012
<b>Net sales</b>	4 632.4	4 162.3	4 421.8	4 563.7	<b>4 828.9</b>
Material expenses	-2 241.6	-1 867.0	-2 036.9	-2 259.1	-2 309.6
<b>Gross result</b>	<b>2 390.8</b>	<b>2 295.3</b>	<b>2 384.9</b>	<b>2 304.6</b>	<b>2 519.3</b>
Personnel expenses	-957.8	-954.3	-953.7	-959.9	-1 041.4
Other operating expenses	-876.9	-801.1	-854.5	-867.3	-909.0
<b>Operating profit before depreciation and restructuring</b>	<b>556.1</b>	<b>539.9</b>	<b>576.7</b>	<b>477.4</b>	<b>568.9</b>
Depreciation/impairment	-134.1	-139.3	-137.5	-130.3	-140.1
<b>Operating profit before restructuring</b>	<b>422.0</b>	<b>400.6</b>	<b>439.2</b>	<b>347.1</b>	<b>428.8</b>
Restructuring expenses	0.0	-56.6	0.0	0.0	0.0
<b>Operating profit</b>	<b>422.0</b>	<b>344.0</b>	<b>439.2</b>	<b>347.1</b>	<b>428.8</b>
Interest income/expense	-20.7	-24.3	-30.0	-28.4	-23.7
Financial income/expense/income from associated companies	-28.0	-4.1	-5.8	-3.2	-12.1
<b>Net profit before taxes</b>	<b>373.3</b>	<b>315.6</b>	<b>403.4</b>	<b>315.5</b>	<b>393.0</b>
Income taxes	-105.9	-89.9	-92.8	-100.7	-111.9
<b>Net profit</b>	<b>267.4</b>	<b>225.7</b>	<b>310.6</b>	<b>214.8</b>	<b>281.1</b>
Free cash flow	89.5	312.5	244.0	35.4	288.3
Gross result as % of net sales	51.7	55.2	54.0	50.5	52.2
Operating profit before restructuring as % of net sales	9.1	9.6	9.9	7.6	8.9
Net profit as % of net sales (ROS)	5.8	5.4	7.0	4.7	5.8
Net profit as % of shareholders' equity (ROE)	18.3	14.1	17.7	11.7	14.0

## KEY BALANCE SHEET DATA

in CHF mn	Calculation	2008	2009	2010	2011	2012
Net working capital	(a + b - c)	893.3	835.6	802.1	904.9	901.0
Net working capital as % of net sales		19.3	20.1	18.1	19.8	18.7
Net debt <sup>1</sup>	f	465.1	264.8	165.2	338.7	155.5
Gearing in %	(f : d)	31.8	16.5	9.4	18.4	7.7
Equity ratio in %	(d : e)	45.6	44.0	44.7	48.0	47.1

1 Net debt: interest-bearing indebtedness (short and long-term bank debt, bonds and other current and non-current liabilities "other") less interest-bearing current assets (cash and cash equivalents and securities).

## VALUE-BASED KEY DATA

in CHF mn	Calculation	2008	2009	2010	2011	2012
Capital employed <sup>1</sup>		2 108.6	2 041.2	2 086.3	2 351.5	2 334.2
Annual average of capital employed	g	2 074.9	2 074.9	2 063.8	2 218.9	2 342.9
Operating profit before restructuring	h	422.0	400.6	439.2	347.1	428.8
Return on capital employed (ROCE) in %	(h : g)	20.3	19.3	21.3	15.6	18.3

1 Capital employed = current assets, PPE, intangible assets less cash and cash equivalents, current securities, current liabilities (excluding bank loans and bond).

## FIVE-YEAR REVIEWS

### Segment Information

in CHF mn	Europe North					Europe South				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
Net sales	1 736	1 475	1 313	1 327	1 251	1 050	937	875	803	799
Operating profit before restructuring	191	159	143	124	131	145	136	127	85	68
in % of net sales	11.0	10.8	10.9	9.3	10.5	13.8	14.5	14.5	10.6	8.5
Depreciation/amortization	28	29	25	24	22	15	19	16	14	20
Impairment	6	2	0	0	0	0	0	0	0	0
Capital expenditures	67	45	26	19	9	21	17	12	12	16

in CHF mn	IMEA					Asia/Pacific				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
Net sales	258	266	285	264	279	483	473	661	777	875
Operating profit before restructuring	32	43	46	25	28	32	54	93	96	117
in % of net sales	12.4	16.2	16.1	9.5	10.0	6.6	11.4	14.1	12.3	13.4
Depreciation/amortization	3	3	3	3	4	12	13	17	19	20
Impairment	0	0	0	0	0	0	1	0	0	0
Capital expenditures	7	11	4	6	6	20	11	11	17	23

Since 2011 the automotive business segment has been managed centrally on a global basis. Internal reporting structures have been adjusted accordingly. The corresponding automotive units are no longer broken down by region but reported as "Other segments and activities." The 2010 figures have been adjusted accordingly. Figures for earlier years have not been adjusted.

Due to the first application of IFRS 8, data for 2008 were adjusted.

North America					Latin America				
2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
661	605	589	617	706	433	395	478	507	586
47	64	56	51	70	59	57	88	94	108
7.1	10.6	9.5	8.3	9.9	13.6	14.4	18.4	18.5	18.4
25	25	25	22	24	6	6	6	6	6
0	0	0	0	0	0	0	0	0	0
26	24	9	13	14	26	8	11	19	24

Other segments and activities					Total				
2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
11	12	221	268	334	4 632	4 162	4 422	4 564	4 829
-83	-112	-113	-127	-92	422	401	439	347	429
					9.1	9.6	9.9	7.6	8.9
40	42	43	41	44	128	137	136	129	140
0	0	2	1	0	6	3	2	1	0
64	46	27	30	39	230	161	100	117	131

## FIVE-YEAR REVIEWS

### Employees

	2008	2009	2010	2011	2012
<b>Employees by region (as of December 31)</b>					
<b>Europe North</b>	4 741	4 417	4 455	4 997	4 907
Switzerland	2 036	1 900	1 912	2 312	2 164
Germany	1 422	1 336	1 321	1 417	1 440
<b>Europe South</b>	1 994	2 108	2 103	2 318	2 218
France	685	617	603	595	582
<b>North America</b>	1 358	1 163	1 360	1 491	1 437
USA	1 180	991	1 189	1 256	1 218
<b>Latin America</b>	1 729	1 561	1 703	2 101	2 170
Brazil	209	220	244	530	508
<b>IMEA</b>	873	892	1 082	1 224	1 281
<b>Asia/Pacific</b>	2 205	2 228	2 779	3 123	3 220
Japan	212	197	614	608	615
<b>Total</b>	<b>12 900</b>	<b>12 369</b>	<b>13 482</b>	<b>15 254</b>	<b>15 233</b>
<b>Personnel expenses (in CHF mn)</b>					
Wages and salaries	780	769	775	789	837
Social charges, other	178	185	178	171	204
<b>Total personnel expenses</b>	<b>958</b>	<b>954</b>	<b>953</b>	<b>960</b>	<b>1 041</b>
Personnel expenses as % of net sales	21	23	22	21	22
<b>Key data per employee (in CHF 1 000)</b>					
Net sales	376	329	342	318	317
Net value-added <sup>1</sup>	112	103	108	92	96

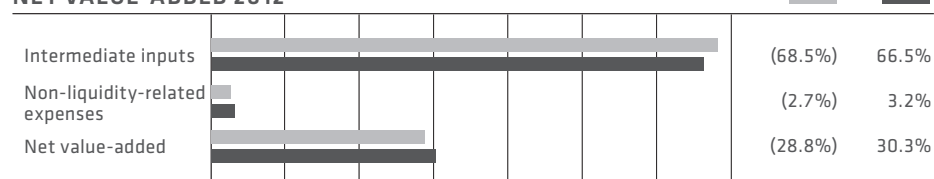
1 See next page, five-year reviews, value-added statement.

## FIVE-YEAR REVIEWS

### Value-Added Statement

in CHF mn	2008	2009	2010	2011	2012
<b>Source of value-added</b>					
Corporate performance (net sales)	4 632	4 162	4 422	4 564	4 829
Intermediate inputs	-3 139	-2 683	-2 914	-3 127	-3 212
<b>Gross value-added</b>	<b>1 493</b>	<b>1 479</b>	<b>1 508</b>	<b>1 437</b>	<b>1 617</b>
Expenses not affecting liquidity					
Depreciation and amortization	-134	-139	-138	-130	-140
Change in provisions	21	-42	23	8	-12
<b>Net value-added</b>	<b>1 380</b>	<b>1 298</b>	<b>1 393</b>	<b>1 315</b>	<b>1 465</b>
<b>Distribution of value-added</b>					
To employees					
Wages and salaries	780	769	775	789	837
Social charges	178	185	179	171	204
To governments (income taxes)	106	90	93	101	112
To lenders (financial expenses)	49	28	35	39	31
To shareholders (dividend payout, including minority interests)	112	112	112	134	114
To the company					
Net profit for the year	267	226	311	215	281
Less dividend payout	-112	-112	-112	-134	-114
<b>Net value-added</b>	<b>1 380</b>	<b>1 298</b>	<b>1 393</b>	<b>1 315</b>	<b>1 465</b>
<b>Number of employees</b>					
End of year	12 900	12 369	13 482	15 254	15 233
Annual average	12 312	12 635	12 926	14 368	15 244
<b>Net value-added per employee (in CHF 1 000)</b>	<b>112</b>	<b>103</b>	<b>108</b>	<b>92</b>	<b>96</b>

#### NET VALUE-ADDED 2012



#### DISTRIBUTION OF VALUE-ADDED = 100%

