SIKA BUSINESS YEAR 2014

ANNUALREPORT.SIKA.COM

BUILDING TRUST

CONTENT

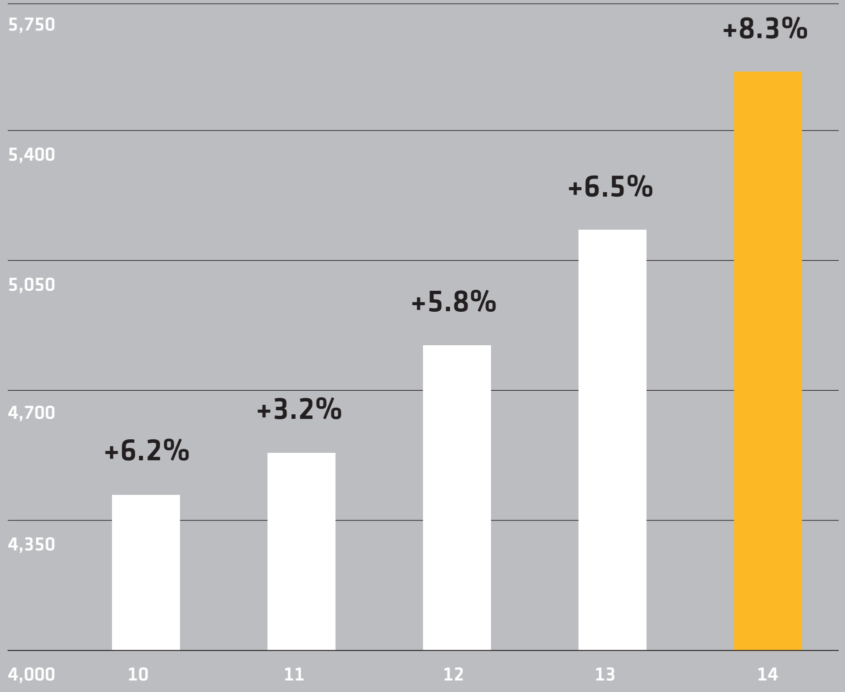
FACTS & FIGURES

RECORD RESULTS IN ALL AREAS

SIKA GROUP

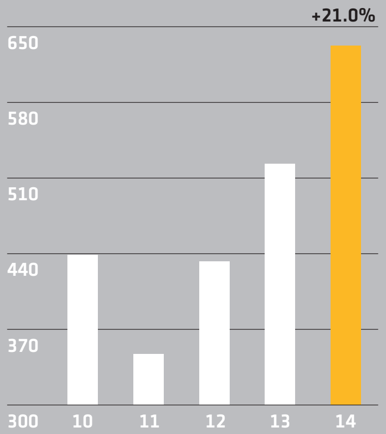
in CHF mn	2013	as % of net sales	2014	as % of net sales
Net sales	5,142.2		5,571.3	
Gross result	2,695.6	52.4	2,951.3	53.0
Operating profit before depreciation (EBITDA)	675.9	13.1	798.3	14.3
Operating profit (EBIT)	523.5	10.2	633.2	11.4
Net profit	344.7	6.7	441.2	7.9
Operating free cash flow	432.7	8.4	417.5	7.5
Capital expenditures	153.9	3.0	152.7	2.7
Balance sheet total	4,735.9		4,817.9	
Shareholders, equity	2,136.2		2,383.3	
Equity ratio in %	45.1		49.5	
ROCE in %	21.0		23.3	
Earnings per share (EPS) in CHF	135.27		173.19	
Number of employees	16,293		16,895	
Waste (total waste per ton sold) in t	0.0181		0.0179	
Water (total water per ton sold) in m^3	0.67		0.60	
Energy (total energy per ton sold) in GJ	0.54		0.48	

NET SALES (consolidated)
in CHF mn

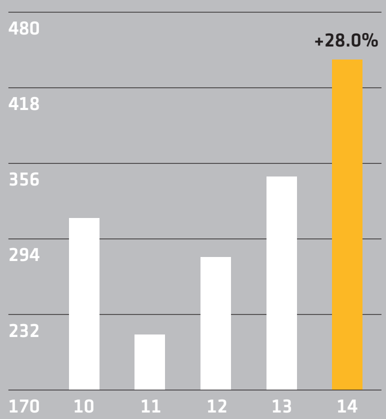


ROCE
in %

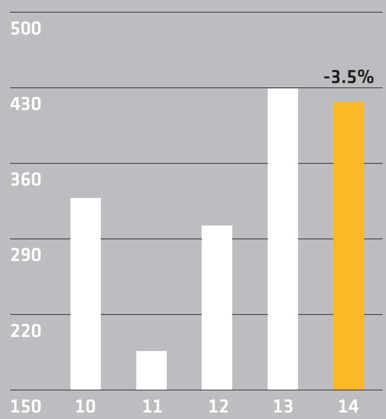
EBIT
in CHF mn



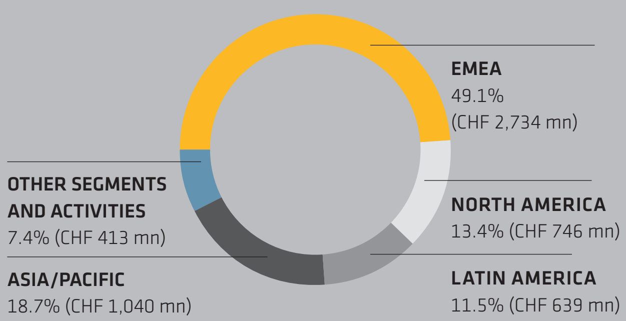
NET PROFIT
in CHF mn



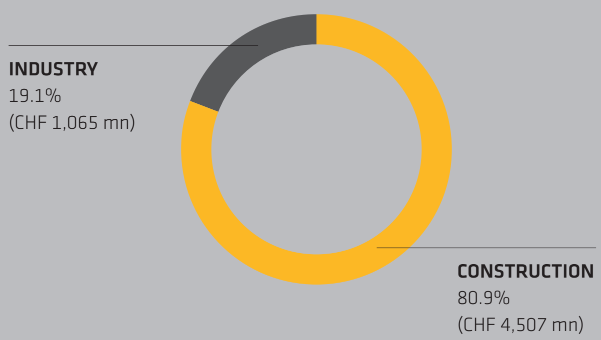
OPERATING FREE CASH FLOW
in CHF mn



NET SALES BY REGION (CONSOLIDATED)



NET SALES BY MARKET (CONSOLIDATED)



LETTER TO SHAREHOLDERS

CONTINUED HIGH GROWTH MOMENTUM
RECORD SALES IN ALL REGIONS

Dr. Paul Hälg, Chairman of the Board

Jan Jenisch, Chief Executive Officer

Dear Shareholders

The Sika success story continued in 2014 persistently. The implementation of the Strategy 2018 is well under way. Sales reached record levels in all regions and all relevant growth targets for 2014 were exceeded. High growth momentum and disciplined cost management led to record figures of CHF 633.2 million (+21.0%) for the operating result and CHF 441.2 million (+28.0%) for net profit.

We exceeded our growth targets for full-year 2014 significantly, and sales increased by 13% (at constant exchange rates) to CHF 5.57 billion. All regions contributed to this growth and set new sales records. The negative currency effect for the full year was 4.7%. Sales in Swiss francs increased by 8.3% after adjustment for currency effects.

The high growth momentum translated into an above-average increase in the operating result and net profit. Our focus on the gross margin is producing outstanding results and we persisted with our disciplined approach to cost management. EBIT of CHF 633.2 million (+ 21.0%) and net profit of CHF 441.2 (+ 28.0%) represented new record levels. Operating free cash flow was again over CHF 400 million.

SUCCESSFUL IMPLEMENTATION OF STRATEGY 2018

Our Strategy 2018 is delivering results in excess of our targets and expectations. Its pillars are the accelerated development of growth markets, investments in new factories and the launch of new products. The Strategy 2018 is implemented by profit-oriented employees who are ready to take responsibility and whose main priority is the customer.

8 NEW FACTORIES AND 70 NEW PATENTS

Accelerated development and expansion in the emerging markets continued in 2014. New factories were opened in Brazil, Mexico, Indonesia, Singapore, India and Serbia. The founding of six new international subsidiaries in Sri Lanka, Bosnia-Herzegovina, Albania, Mozambique, Ivory Coast and Nigeria has created a basis for tapping these new markets.

In the US, two new production facilities were commissioned in Atlanta and Denver. Industrial and infrastructural construction is trending up. Motivated by our assumption that Sika will profit from medium to long-term growth potential, we are investing in the further expansion of our production facilities in the US.

The 873 Sika employees working in product development are the drivers of our innovative strength. In the 2014 financial year, 70 new patent applications were filed, and a large number of new products were launched in all target markets.

ENSURING THAT THE SIKA SUCCESS STORY CONTINUES

On December 8, 2014, Sika stated its position on the potential change of control to Saint-Gobain, and shortly afterwards presented concrete proposals for ensuring that the Sika success story continues. The majority of the Board of Directors and the entire Group Management reject the change of control in the currently proposed form. However, they will continue to act in the interests of Sika and its stakeholders, and this includes holding constructive talks with all the parties involved. The goal is to continue to move Sika's successful growth strategy forward unimpeded.

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 increase in the dividend to CHF 72.00 per bearer share (2013: CHF 57.00, +26%) and CHF 12.00 per registered share (2013: CHF 9.50, +26%).

Our record year in 2014 is the result of the expertise and commitment of our 16,895 employees. Their energy and ideas have taken Sika to the next level of performance. We would like to thank all of them for their hard work and loyalty over the past year.

Many thanks also go to our customers, business partners and suppliers for their outstanding cooperation and the trust they have placed in us. A special vote of thanks goes to our shareholders for their loyalty.

Sincerely,

DR. PAUL HÄLG
Chairman of the Board

JAN JENISCH
Chief Executive Officer

CUSTOMER FOCUS

WE BUILD TRUST

"Customer First" is a cornerstone of the Sika values and principles and addresses the key question: What can we do to offer our customers maximum benefit anytime? The answer is given every day by Sika employees themselves. Through their personal commitment, their expertise and by an innovative portfolio of products and solutions.

Exceeding expectations. That's what motivates Sika staff. Listening, understanding, being able to look ahead and to anticipate: That's what Sika's staff personify, to innovate, that's what excites them.

Personal commitment worldwide. How and why Sika's employees give their utmost for their customers: 36 personalities from all continents provide an insight.

We develop products based on our customers' requirements, delivering high-quality products to match their expectations

← **NINA AKHATA**
R&D AND QUALITY MANAGER, INDONESIA

Every day we work directly with our customers, and no matter how big or small they are we strive to offer them the best technical service, foreseeing their needs, proposing solutions, building trust.

↓ **SANTIAGO VIDART**
HEAD TECHNICAL SERVICE, URUGUAY

In 2014 I was responsible for two major projects – the construction of a new warehouse and the introduction of SAP. It was my goal to set up the best possible supply chain and customer service for all our customers.

↑ **WENDY GEERS**
OPERATIONS MANAGER, BELGIUM

My job is to help our customers deliver the very best results for their customers.

↑ **CHRIS HARNETT**
EQUIPMENT ENGINEER, NEW ZEALAND

I cherish Sika from the bottom of my heart, for me it feels like my second home and family. By working hard I hope to help build enduring trust between us and our customers.

← **ELKABOUNE ABDELFATTAH**
WAREHOUSE WORKER, MOROCCO

As a long-term employee of Sika, my personal target is to offer customer-oriented solutions at any time. A well-rehearsed team with expert knowledge is the foundation for achieving that.

↓ **JULES VOGT (RIGHT)**
TARGET MARKET MANAGER, CONCRETE AND WATERPROOFING, SWITZERLAND
FRANZ BÜTLER (LEFT)
MARTI BAUUNTERNEHMUNG AG

My customers are mainly on the building site, and I enjoy chatting with craftsmen as we can learn from each other. This helps me better understand how they handle problems on site and what solutions I can provide.

↑ **THOMAS MAYER**
REFURBISHMENT ADVISOR, AUSTRIA

I always listen to customers and empathize with their problems so that I can give them the best solution. They expect us to offer a comprehensive service and respond with urgency to their issues – the aim is to always meet those expectations.

← **NANCY SOTO**
HEAD BUSINESS DEVELOPMENT WATERPROOFING, CHILE

Creating innovative products for our customers inspires and engages me.

↓ **LUIGI PERRINO**
R&D MANAGER, ITALY

Every day, I work with customers to provide guidance, experience, and knowledge – shared from early design stages through manufacturing launch – to merit customer confidence that Sika and its products will exceed their expectations.

↑ **SCOTT GLAZA**
SENIOR PRODUCT ENGINEER, USA

Logistics plays a key role in meeting our customers' satisfaction. The faster we deliver, the closer Sika will be with the customer.

↑ **LIU XINGWEI (LEFT), LIANG YU (RIGHT)**
WAREHOUSE WORKERS, CHINA

In difficult situations I try to show empathy and flexibility, and engage with our customers so that they can recognize our Sika Spirit.

← **SILKE KÖHLER**
CUSTOMER SUPPORT, AUSTRIA

Our goal in Uruguay is to make sure customers think of Sika when they need a solution for their project.

→ **MARIO DELMONTE**
DISTRIBUTION SALES REPRESENTATIVE, URUGUAY

I have been managing the customer service team at Sika France since 1990, handling 140,000 orders a year. We constantly have very short deadlines and being the interface between the clients, the factories, and our sales teams gives us a real adrenalin kick. Client satisfaction is the driving force for the whole team, every day.

→ **CORINNE DELAMARE**
CUSTOMER SERVICE MANAGER, FRANCE

I maintain a work environment that is safe, clean and organized and focused on producing parts that exceed the customers' expectations. Without doubt, providing quality products on time day after day is a key criteria to earn customer trust and building a long-term relationship.

↓ **DANA TRAN**
PRODUCTION MANAGER, USA

I strongly believe that each one of our employees contributes directly to Sika's growth and success, therefore I aim to recruit, develop and retain a highly competent and diverse workforce who not only support the mission and values of Sika, but who will also offer the highest levels of customer satisfaction.

← **ALI HAKAMI**
HR SERVICES & GOVERNMENT RELATIONS MANAGER, SAUDI ARABIA

We have attained a very strong market position, which has been achieved by building a trusting relationship with our clients, by offering permanent technical support, a personalized service, and a product range that meets their technical requirements.

↓ **JOAQUIN GARRETT CASTEDO**
TARGET MARKET MANAGER CONCRETE, BOLIVIA

We are the eyes and ears for our customers within Sika, and our aim is to ensure our developments and products help them to achieve their goals and requirements.

↑ **MARCUS OHK**
SALES DIRECTOR VOLKSWAGEN GROUP EUROPE, GERMANY

As a technical service engineer I am always proud to receive a big thumbs-up from our customers.

↑ **RICHARD LI (LEFT)**
REGIONAL TECHNICAL SERVICE MANAGER CONCRETE NORTH CHINA, CHINA
ZHAO ZHENG (RIGHT)
CEMEX (TIANJIN) CO. LTD.

In our plant located 1,450 kilometers from Santiago, in the Atacama Desert, we are focused on manufacture and supply quality products to provide our customers with the highest industrial standards.

→ **RENE CASADO**
PLANT MANAGER ANTOFAGASTA, CHILE

Through listening and understanding the needs and values of our customers Sika builds trust and partnerships that last.

← **LEE SLEIGHT**
KEY PROJECT MANAGER, UK

Sika means trust and quality for our customers. We are aware of this responsibility and construct our relationships in this manner.

→ **SUZAN YAMAÇ**
PRODUCT ENGINEER FLOORING, TURKEY

I try to really listen. ALL customers, internal and external, want to know they are really being heard. I try to put myself in their position. I think it helps to build a thoughtful, responsible and positive relationship. By putting in a little extra time and effort, I encourage the idea that I can be depended on.

→ **JENNY COOK**
LABORATORY TEAM LEADER, USA

My daily work often takes me to dirty places, as well as up high or down deep to help solve customers' problems.

← **HERMAN VAN RENSBURG (LEFT)**
AREA SALES MANAGER, FREE STATE AND NORTHERN CAPE, SOUTH AFRICA
JUANE MULLER (RIGHT)
SA ROPE ACCESS

We build a strong construction chemicals company which serves the market with multiple solutions, not only for flooring but also for refurbishment, waterproofing and roofing.

← **WILJAN MOSSING HOLSTEYN**
SALES MANAGER OF THE NORTH OF THE NETHERLANDS, NETHERLANDS

We always try to surpass the expectations of all our internal and external customers. With commitment we communicate the Sika brand as a differentiating attribute, which delivers more added value in the long term.

→ **GONÇALO CARVALHO**
DIRECTOR OF MARKETING, PORTUGAL

The personal success of my customers, achieved due to my consulting service, is my daily motivation.

→ **RETO BOLTSHAUSER**
CONSULTANT FOR PLANNERS AND OWNERS, SWITZERLAND

The small steps we walk with customers are a giant step for building trust.

← **MARK HO**
MARKET FIELD SALES ENGINEER – TARGET MARKET REFURBISHMENT, HONG KONG

In flooring, innovation and sustainability are key. We have to move fast to keep our position as number one for our customers.

↓ **JIMMY KAHL**
HEAD TARGET MARKET FLOORING, DENMARK

With innovation and quality we contribute permanently to the differentiation of our products in the market, meeting the needs and expectations of our customers.

→ **SOLANA DÍAZ**
HEAD QUALITY AND R&D LABORATORY, URUGUAY

We help to develop our customers' businesses by providing them with value-added products and specified solutions for projects.

→ **YOSHIHARU MIURA**
GENERAL MANAGER, DYFLEX, JAPAN

A company can only thrive for over 100 years by embracing innovation and development and using them to meet the needs of an increasingly demanding market. Having worked for Sika for 43 years, I have the utmost respect for our customers, and I dedicate each day to increasing their confidence in us.

→ **RAUL DUARTE**
CONSTRUCTION SALES REPRESENTATIVE, PORTUGAL

Being with my customers before, during and after their jobsite is the key to providing added value to our products. With our help and support, my partners know they can count on me and on Sika.

← **MARIE-CLAUDE GIRARD (LEFT)**
TECHNICAL SALES REPRESENTATIVE
FLOORING, CANADA
SAMUEL BUTEAU (RIGHT)
BGLA ARCHITECTS

A prompt reply is key in customer service. There will always be difficulties or problems, but it is the solutions we provide which help us gain and keep customers.

↓ **PAUL CARLIN**
CUSTOMER SERVICE ASSISTANT, PERU

Our main focus in sales is to create reliability and consistency in our relationships with our customers, in combination with the delivery of innovative solutions.

↑ **DANIELA SCHMIEDLE**
HEAD OF SALES – FLOORING AND WATERPROOFING, GERMANY

My work is made easier because of the fact that everyone, from the first to the last employee in Sika Slovenia, understands the importance of taking care of customer relationships.

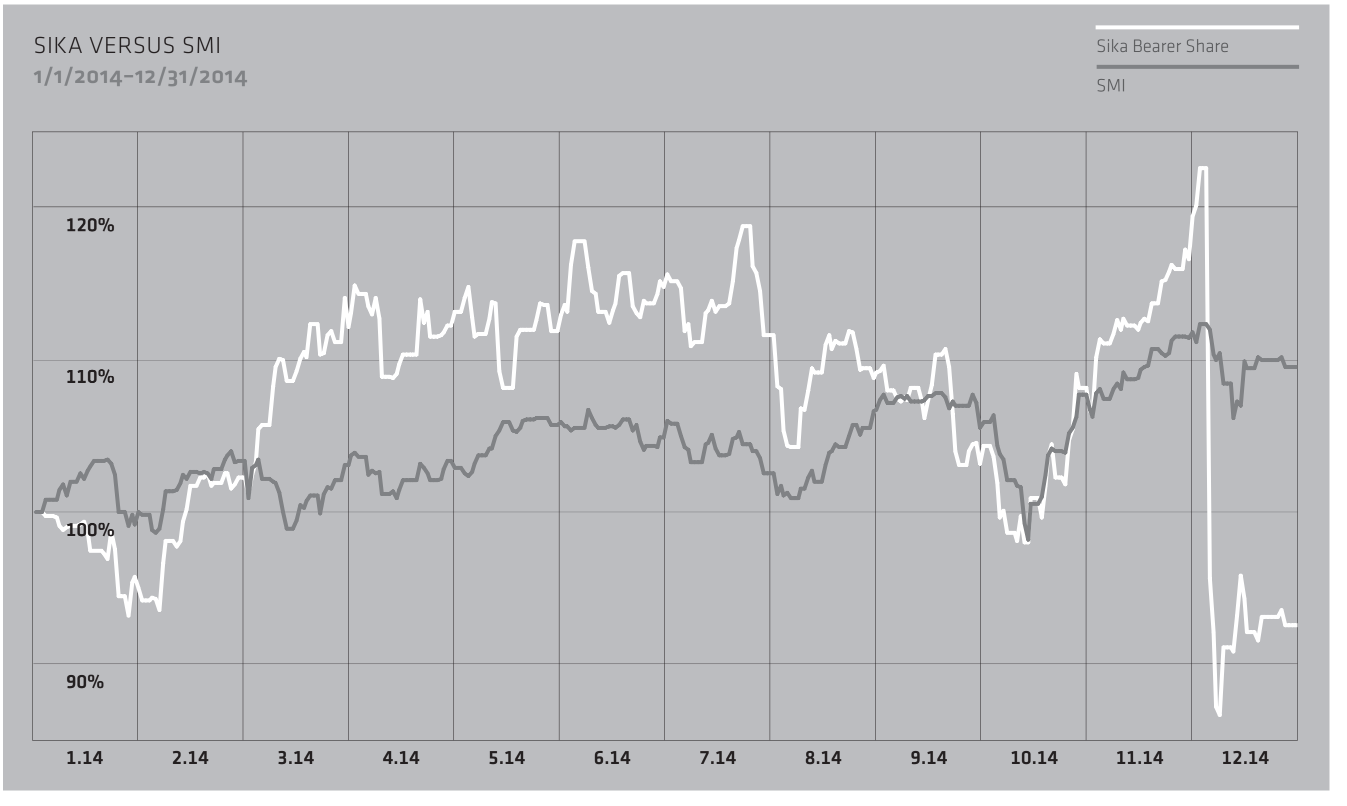
↑ **MOJCA ERJAVEC**
MARKETING & ENVIRONMENT, HEALTH AND SAFETY (EHS), SLOVENIA

INVESTMENT
IN SIKA

STOCK PRICE DEVELOPMENT

SOLID RESULTS BOOST SIKA SHARE UP TO DECEMBER

Share markets trend positively in the report year. Solid results provide added impetus for the Sika share. The share's upward momentum was brought to an abrupt end when the hostile takeover bid mounted by Saint-Gobain on December 8 became public.



OVERVIEW

- Sika's solid achievements and results were reflected in the share price until December 8.
- Closing price of the Sika share in 2013: CHF 3,171, Closing price of the Sika share in 2014: CHF 2,936, corresponding to a performance of -7.4%.
- The key global share indices performed as follows:
  - SMI +10%
  - DAX +3%
  - Dow Jones +8%
  - Nikkei +10%

STOCK EXCHANGE RATIOS SIKA

	2014
Market capitalization in CHF mn	7,458
Yearly high	3,886
Yearly low	2,750
Year end	2,936
Dividend 2013	57.00
Dividend 2014[1]	72.00
Earnings per share (EPS)	173.19

1 Pursuant to proposal to Annual General Meeting

RISK MANAGEMENT

EARLY IDENTIFICATION OF POSSIBLE RISKS

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

RISKS AND OPPORTUNITIES

Flawed risk assessments may seriously impair a company's reputation, limit its freedom of action or, at worst, lead to insolvency. Well aware of this, Sika reacted years ago by introducing a comprehensive risk management system at Group level and for all of its subsidiaries. Risks should be identified at an early stage and integrated into strategic decision-making processes. Risk management may sometimes assist in the identification of new opportunities and thereby help to generate added value.

GROUP MANAGEMENT AND BOARD OF DIRECTORS

Whereas Sika's Group Management regularly reviews the processes underlying risk management, the Board of Directors bears ultimate responsibility for risk assessment. Its duties include annual reassessment of the risk situation at Group level. All risks are assessed in terms of a few basic questions:

- Is the risk global or regional in scope?
- How significant is the risk for the Group?
- How high is the probability of losses occurring?
- What measures need to be implemented to prevent the risk or to mitigate its consequences?

Effective measures are then taken to counteract any risks that are rated critical in the overall assessment.

Sika pursues a risk-based management approach along the entire value chain from procurement and production to marketing.

SUPPLIER MANAGEMENT AND RAW MATERIAL PROCUREMENT

The raw materials that Sika processes into superior-grade products are the Group's biggest cost factor. This is why they are high on the risk assessment agenda. Almost 70% of the materials used by Sika in production – e.g. polyols, epoxy resins, acrylic dispersions, or polycarboxylates – are based on crude oil or crude oil derivatives. Purchase prices consequently vary according to the respective supply and demand situation of each raw material and the volatility in the price of oil. To reduce dependency on crude oil, Sika is increasingly relying on renewable raw materials such as sugar derivatives, bioethanol derivatives, or ricinus oils. Mineral substances, sand and cement make up the remaining raw materials.

Sika's purchasing processes for base chemicals follow strict quality requirements from certified suppliers offering the best value for money. In the case of key raw materials with limited availability, or large purchase volumes, Sika mandates at least two suppliers whenever possible. The Group tries to manufacture the raw materials for unique, highly innovative technologies in-house. In respect of all the materials used, compliance with the relevant statutory registration requirements (e.g. REACH or TSCA) is monitored and ensured by a network of global and local specialists, as well as external consultants.

Sika's procurement specialists and technical experts cooperate closely with the suppliers, technical units to be able to fully understand the raw material flows and continually optimize costs, quality, availability and sustainability.

Potential suppliers are closely screened by Sika. Before working with the company, they are required to sign the Supplier Code of Conduct, which covers all principles of sustainability.

All suppliers are regularly evaluated by Sika. The corresponding findings are incorporated into the risk assessment, along with the suppliers, self-appraisals and data available in the public domain. If a relevant risk is identified, Sika will conduct an audit of the supply company in question to ensure the functionality of the latter's internal risk management system. With a particular focus on local suppliers, potential risks will be systematically identified and addressed accordingly.

PRODUCTION AND LOGISTICS

Sika sets defined standards for risk provisions that are binding for its production and logistics operations. These standards form part of the Group-wide "Sika Corporate Management System" and determine, for example, the processes and guidelines in the areas of purchasing, quality, environment, health and safety. They are also displayed together with the statutory regulations in the management systems of the local Sika companies. Additionally, all Sika production companies are certified to DIN EN ISO 14001 (environmental protection) and 9001 (quality), and many also to OHSAS 18001 (safety and health). A growing number of larger facilities are also certified to ISO 50001 (energy management). The current certification status of the individual Group companies is shown on page 114 ff. of the download version of this report.

Audits and inspections are core elements of the comprehensive management system. They provide management at Group, regional and local company level with a regular, independent assessment of compliance with official requirements as well as with Sika's internal risk management guidelines and principles. The audits and inspections ensure the effectiveness of the processes and the related controls. Quality, environment, safety and risk factors, technology, legal matters, IT security, suppliers and products are all subject to audit. Group-wide, Sika conducted a total of 117 audits in 2014.

Sika also regularly audits production and logistics at the local companies. This includes recording the risks that may result in production downtimes, personal injury, property damage or liability claims. The probability and implications of the risks are assessed and measures are subsequently defined and implemented to minimize the risk potential at the site, and to enhance safety. Sika is also insured against production losses.

While Sika has seen a significant reduction in the number of accidents over the past three years, there is still further scope for improvement as regards accident prevention, which is why the company is stepping up efforts in this area.

PRODUCT DEVELOPMENT AND MARKETING

For products and services, Sika has a set product development process that factors in potential risks. As well as monitoring ecological and safety aspects during the development, production and product handling stages, Sika also focuses on market opportunities and risks, product sustainability performance, and the protection of intellectual property.

Over a period of many years, Sika has had a global program in place to minimize the risks in advisory and sales activities that could provide grounds for product complaints. Thanks to a host of additional measures, including the regular training of employees, clearly formulated standards, detailed causal analyses, and stricter controls, expenditure for product-related claims is steadily being reduced. To avoid the risk of customers using Sika's products incorrectly, Sika provides systematic instruction, application training and support to customers, as well as extensive documentation and quality control.

CUSTOMERS AND MARKETS

Sika has a policy of strategic diversification to limit market- and customer-related risks. Geographical diversification is tremendously important in the locally based construction industry given the sometimes contrary business trends witnessed in this sector in the different regions of the world. Customer diversification – with no single customer accounting for more than 1.5% of Sika's turnover – is another stabilizing factor. As a further safeguard against economic fluctuations, Sika operates both in the new-build sector and in the less cyclical renovation and maintenance market.

FINANCIAL RISKS

The purpose of financial risk management is to optimize funding and achieve a liquidity position geared to payment of obligations. Liquidity is ensured by means of long-term bonds:

Liquidity is optimized by means of a cash pooling arrangement. Sika also manages its net working capital with the utmost prudence. For example, the local companies have precisely defined processes for handling accounts receivable. A cost structure dovetailed to the prevailing market conditions ensures adequate cash generation. Sika attaches high priority to open and cost-efficient access to capital markets. Of significance here is the Standard & Poor's rating A-/stable (long-term).

INTERNAL AUDIT

Internal Audit carries out inspections as set out in the annual audit plan. The audits primarily include inspections of Group companies in the areas of product development, purchasing, production, financial and operational reporting, sales, payroll processes, accounts receivable and accounts payable management, and IT management. In addition to the global audit of sales and production companies, regular in-depth audits are carried out in the area of headquarters functions or Group-wide support processes. Internal Audit is an instrument of the Board of Directors and reports to the Audit Committee.

Financial risk management is described in greater detail on page 104 ff. of the download version of this report.

LEADERSHIP

ORGANIZATION & LEADERSHIP

FOCUSING ON THE CUSTOMER

Sika's organizational structure is decentralized, with the management teams in the regions and national subsidiaries playing a pivotal role. The company is customer-focused and is characterized by its traditional flat leadership structures.

ORGANIZATIONAL STRUCTURE

Since embarking on its international expansion, Sika has conducted its global operations through national subsidiaries. These units were later consolidated into regions with higher-level management functions. The heads of the regions are members of Group Management.

The regional and national management teams bear full profit and loss responsibility, and – based on the Group strategy – set country-specific growth and sustainability targets, and allocate resources. A detailed synopsis of the regions for the 2014 financial year can be found on page 44 of the download version of this report.

Sika's regional breakdown is based on unified economic areas and supply chain structures. Overarching leadership responsibility ensures integrated management from production to the customer. Sika's internal sales organization is geared to seven target markets: Concrete, Waterproofing, Roofing, Flooring, Sealing & Bonding, Refurbishment and Industry. This market-oriented distribution enables Sika to sharpen its customer focus, optimize its technical market support activities and concentrate its R&D operations on market needs.

GROUP MANAGEMENT

Sika's Group Management is made up of nine personalities, whose diverse careers led them to Sika companies across the globe. The picture was taken on the occasion of a management meeting in the Acoustics & Reinforcement laboratory Widen, Switzerland.

From left to right

Silvio Ponti
Building Systems & Industry, Deputy CEO
With Sika for 31 years in Switzerland and the Netherlands

Thomas Hasler
Technology (CTO)
With Sika for 26 years in the USA and Switzerland

Adrian Widmer
CFO
With Sika for 8 years in Switzerland

José Luis Vázquez
Latin America
With Sika for 31 years in Spain and Latin America

Ernesto Schümperli
Concrete & Waterproofing
With Sika for 28 years in Colombia and Switzerland

Heinz Gisel
Asia/Pacific
With Sika for 24 years in Switzerland, USA, Austria and Asia

Jan Jenisch
CEO
With Sika for 19 years in Switzerland, Germany and Asia

Christoph Ganz
North America
With Sika for 19 years in Switzerland, France and the USA

Paul Schuler
EMEA
With Sika for 27 years in Switzerland, Germany and the USA

GROUP MANAGEMENT

JAN JENISCH, lic. rer. pol.
CEO

Nationality: German; Year of birth: 1966
Member of Group Management since 2004; since 2012: CEO; 2007–2011: Regional Manager Asia/Pacific; 2004–2006: Head of Industry Division; 1998–2004: Head Automotive Europe; General Manager Sika Tivoli GmbH, Germany; Managing Director Sika Automotive Belgium SA; Director Hayashi Sika Automotive Ltd., Japan; 1996–1997: Market Development Manager, Industry Division.

SILVIO PONTI, Dipl. Bau-Ing. ETH, MBA
Head Building Systems & Industry, Deputy CEO

Nationality: Swiss; Year of birth: 1953
Member of Group Management since 2002; since 2005: Deputy CEO; since 2013: Head Building Systems & Industry; 2002–2012: Regional Manager Europe North; 1989–2002: Head of Marketing; General Manager Sika Switzerland; Area Manager Central Europe; 1987–1988: Head of Marketing for the Joint Venture Hilti-Ciba-Geigy, Hilti AG, Principality of Liechtenstein; 1984–1987: General Manager Sika Netherlands; 1982–1983: Assistant to the Head of Export, Sika Switzerland; 1978–1980: Project Leader, Dr. Staudacher & Siegenthaler AG, Switzerland.

CHRISTOPH GANZ, lic. oec. HSG
Regional Manager North America

Nationality: Swiss; Year of birth: 1969
Member of Group Management since 2007; since 2013: Regional Manager North America; General Manager Sika USA; 2007–2012: Head of Corporate Business Unit Distribution; 2009–2012: General Manager Sika France; Area Manager France, North Africa, Mauritius; 2003–2006: Head of Business Unit Distribution; 1999–2003: Corporate Market Field Manager Distribution; 1996–1999: Project Manager Distribution, Sika Switzerland.

HEINZ GISEL, Executive MBA
Regional Manager Asia/Pacific

Nationality: Swiss; Year of birth: 1965
Member of Group Management since 2012; since 2012: Regional Manager Asia/Pacific; 2009–2011: General Manager Greater China, Sika China; 2007–2009: General Manager Singapore; Head of Business Unit Industry Region Asia/Pacific; Area Manager Southeast Asia; 2004–2006: Head Appliances & Components; Head Transportation, Industry Division; 1999–2004: Industry Manager Sika Switzerland and Sika Austria; 1996–1998: Industry Sales Manager Sika China and Sika Hong Kong; 1995–1996: Area Sales Manager Industry, Sika USA; 1991–1994: Area Sales Manager, Sika Switzerland.

THOMAS HASLER, Dipl. Ing. Chem. HTL, Executive MBA
Technology (CTO)

Nationality: Swiss; Year of birth: 1965
Member of Group Management since 2014; since 2014: CTO; 2011–2013: Head Global Automotive; 2008–2010: Senior Vice President of Industry and Automotive, Sika USA; 2005–2008: Senior Vice President Automotive North America, Sika USA; 2004–2005: Automotive Manager Europe; 2000–2003: Automotive Manager Switzerland; 1995–2000: Business Development Manager; 1992–1995: R&D Head Automotive OEM Adhesives; 1989–1992: Research Chemist Industry Adhesives.

PAUL SCHULER, MBA
Regional Manager EMEA

Nationality: Swiss; Year of birth: 1955
Member of Group Management since 2007; since 2013: Regional Manager EMEA; 2007–2012: Regional Manager North America; General Manager Sika USA; 2003–2006: General Manager Sika Germany; 1988–2002: Sika Product Manager, Head of Sales Industry; Marketing Manager Industry; Business Unit Leader Industry; 1982–1988: International Key Account Sales Manager Switzerland, EMS Chemie AG, Switzerland; 1980–1982: Project Manager Air Condition Plants, Luwa AG, Hong Kong, China; 1976–1980: Production Manager, Hemair AG, Switzerland.

ERNESTO SCHÜMPERLI, Dipl. Bau-Ing. ETH, MBA
Head Concrete & Waterproofing

Nationality: Swiss; Year of birth: 1955
Member of Group Management since 2007; since 2013: Head Concrete & Waterproofing; 2007–2012: Head Corporate Business Unit Concrete; 1991–2006: General Manager Sika Switzerland; Area Manager Central Europe; Head of Sika Tunneling & Mining; Head of Sales Switzerland; Head of Marketing Construction; Market Development Manager Concrete Sika Switzerland; 1987–1990: Head of Marketing Sika Colombia; Key Account Manager Latin America; 1986–1987: Project Manager Structural Engineering, Wenaweser & Wolfensberger AG, Switzerland; 1976–1985: University and postgraduate studies, Research Engineer at ETH Zurich and UAS Basel, Switzerland; 1971–1975: Project Manager Infrastructure, Frey + Gnehm AG, Switzerland.

JOSÉ LUIS VÁZQUEZ, Dr. Ing., MBA
Regional Manager Latin America

Nationality: Spanish; Year of birth: 1947
Member of Group Management since 2002; since 2009: Regional Manager Latin America; 2002–2008: Regional Manager Europe South; 1984–2002: Head of Marketing; General Manager Spain; 1999: Area Manager Southern Europe; 1983–1984: Manager National Sport Insurance Company, Sport Ministry, Cabinet of Ministers, Spain; 1977–1983: Vice President, Oil Business Division, Explosivos Rio Tinto, Spain; 1972–1976: director of numerous global projects in the area of road construction, harbors, factories; Helma (Cádiz), Boskalis (Cádiz), Laing (Valencia/Bilbao), Caminos y Puertos (Barcelona); 1970–1972: Laboratoire Central des Ponts et Chaussées, France; Instituto Eduardo Torroja, Spain.

ADRIAN WIDMER, lic. oec. publ.
Chief Financial Officer (CFO)

Nationality: Swiss; Year of birth: 1968
Member of Group Management since 2014; since 2014: CFO; 2007–2014: Head Group Controlling and M&A; 2005–2007: General Manager Construction Systems Germany/Austria/Switzerland, BASF (Degussa) Construction Chemicals, Switzerland; 2000–2005: CFO Degussa Construction Chemicals Switzerland; Finance Director Business Line Flooring Europe; Manager Corporate Finance, Degussa Construction Chemicals, Switzerland; 1997–2000: Manager M&A, Textron Industrial Products, United Kingdom/Switzerland; 1995–1997: Market Development Manager, Textron Inc., USA/United Kingdom; 1994–1995: Business Analyst, Nordostschweizer Kraftwerke (NOK), Switzerland.

ORGANIZATIONAL DIAGRAM

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.

BOARD OF DIRECTORS

Paul Hälg, Chairman
Urs F. Burkard
Frits van Dijk
Willi K. Leimer
Monika Ribar
Daniel J. Sauter
Ulrich W. Suter
Christoph Tobler
Jürgen Tinggren

CEO

Jan Jenisch

CFO

Adrian Widmer

TECHNOLOGY

Thomas Hasler

BUILDING SYSTEMS & INDUSTRY

Silvio Ponti, Deputy CEO

CONCRETE & WATERPROOFING

Ernesto Schümperli

EMEA

Paul Schuler

ASIA/PACIFIC

Heinz Gisel

NORTH AMERICA

Christoph Ganz

LATIN AMERICA

José Luis Vázquez

BOARD OF DIRECTORS

PAUL HÄLG, Dr. sc. techn., ETH Zurich
Chairman

Nationality: Swiss; Year of birth: 1954
Member since: 2009; since 2004: CEO, Dätwyler Group, Altdorf; 2001–2004: Executive Vice President, Forbo International SA, Eglisau; 1987–2001: Product Manager, Commercial Director, CEO, Gurit Essex AG, Freienbach; 1981–1986: Project and Group Leader, Schweizerische Aluminium AG (Alusuisse), Zurich; Member of the Board: Datwyler Cabling Solutions AG, Altdorf; Chairman: Welfare Foundation Sika, Baar; Welfare Fund Datwyler Holding AG, Altdorf.

WILLI K. LEIMER, Dr. oec. HSG

Nationality: Swiss; Year of birth: 1958
Member since: 2010; Committees: Audit Committee; since 2007 Chairman of the Board (until December 9, 2014): Schenker-Winkler Holding AG, Baar; since 2002 Partner and Member of the Board: WMPartners Wealth Management Ltd., Zurich; since 2003 Partner and Chairman of the Board: ISPartners Investment Solutions AG, Zurich; 1990–2002: Managing Director: Private Wealth Management, Bank Morgan Stanley AG, Zurich; 1988–1990: Goldman Sachs & Co., New York and Zurich.

DANIEL J. SAUTER, Financial Expert

Nationality: Swiss; Year of birth: 1957
Member since: 2000; Committees: Nomination and Compensation Committee; 1994–2001: CEO and Delegate of Board of Directors, Xstrata AG, Zug; 1983–1998: Senior partner and CFO, Glencore International AG, Baar; 1976–1983: Various banks, incl. Bank Leu, Zurich; Chairman of the Board: Julius Bär Gruppe AG, Zurich; Trinsic AG, Zug; Tabulum AG, Zug; Hadimec AG, Mägenwil.

FRITS VAN DIJK, School of Economics (HES), Rotterdam
Chairman Nomination and Compensation Committee

Nationality: Dutch; Year of birth: 1947
Member since: 2012; Committees: Chairman Nomination and Compensation Committee; 1970–2011: Career within Nestlé (focus region Asia), of which the last 10 years as member of the Nestlé SA Executive Board, responsible for Asia, Oceania, Africa and Middle East; Member of the Board: Nestlé Malaysia Berhad.

URS F. BURKARD, Carpenter/Interior Designer

Nationality: Swiss; Year of birth: 1957
Member since: 1990; Committees: Nomination and Compensation Committee; since 1989: Principal, Burkard Office Design GmbH, Rotkreuz; 1987–1989: Head of planning, Denz Office Furniture, Zurich; Chairman of the Board: Unitrend Burkard AG, Rotkreuz; Vice Chairman of the Board: Schenker-Winkler Holding AG, Baar; Member of the Board: Gazet Holding AG, Baar.

MONIKA RIBAR, lic. oec. HSG
Chairman Audit Committee

Nationality: Swiss; Year of birth: 1959
Member since: 2011; Committees: Chairman Audit Committee; 2006–2013: CEO, Panalpina AG, Basel; 2005–2006: CFO, Panalpina AG, Basel; 2000– 2005: Chief Information Officer (CIO), Panalpina AG, Basel; 1991–2000: various functions within Controlling, IT and Global Project Management, Panalpina AG, Basel; Vice Chairman of the Board: SBB AG (Swiss Federal Railways), Bern; Member of the Board: Lufthansa Group, Frankfurt/Main; Logitech International SA, Romanel-sur-Morges; Swiss International Airlines Ltd., Zurich; Rexel SA, Paris; Chain IQ Group, Zurich.

CHRISTOPH TOBLER, Dipl. El. Ing. EPFL

Nationality: Swiss; Year of birth: 1957
Member since: 2005; Committees: Audit Committee; since 2004: CEO, Sefar Holding AG, Thal SG; 1998–2004: Head of Industry Division and Member of Group Management, Sika AG, Baar; 1994–1998: Adtranz Schweiz; 1988–1994: McKinsey & Company, Zurich; Chairman of the Board: AG Cilander, Herisau; Member of the Board: Sefar Holding AG, Thal SG; Member of Board Committee: economiesuisse, Zurich; Member of Regional Advisory Board: Swiss National Bank.

JÜRGEN TINGGREN, MBA
Vice Chairman

Nationality: Swedish; Year of birth: 1958
Member since: 2014; 2011–2013: CEO, Schindler Group, Ebikon; 2007–2011: President of the Schindler Group Executive Committee; 1997–2007: Member of the Schindler Group Executive Committee; 1985–1997: Sika AG, Baar. Final position: Member of the Management Committee with responsibility for North America; Member of the Board: Schenker-Winkler Holding AG, Baar (until December 9, 2014); Schindler Holding Ltd., Ebikon; Tyco International Ltd., Dublin; The Conference Board, New York.

ULRICH W. SUTER, Dr. sc. techn., Professor

Nationality: Swiss; Year of birth: 1944
Member since: 2003; 2001–2005: Vice President Research, ETH Zurich; 1988–2008: Professor, ETH Zurich, Department of Material Science; 1982–1989: Professor, MIT, Department of Chemical Engineering, Cambridge, USA; Chairman of the Board: WICOR Holding AG, Rapperswil SG; Member of the Board: Global Surface AG, Nussbaumen TG; Rainbow Photonics AG, Zurich; President of the Foundation Council: Werner Oechslin Library Foundation; Member of the Board of Trustees: Pension Fund of the Weidmann Group of Companies; Swisscontact. Consultant to the Head National Research Foundation, Singapore.

STRATEGY & FOCUS

STRATEGY

ACTIVE IN ATTRACTIVE GROWTH MARKETS

The Sika Growth Model ensures the long-term success and the profitable growth of our company.

BUILDING TRUST – SIKA'S STRATEGY 2018

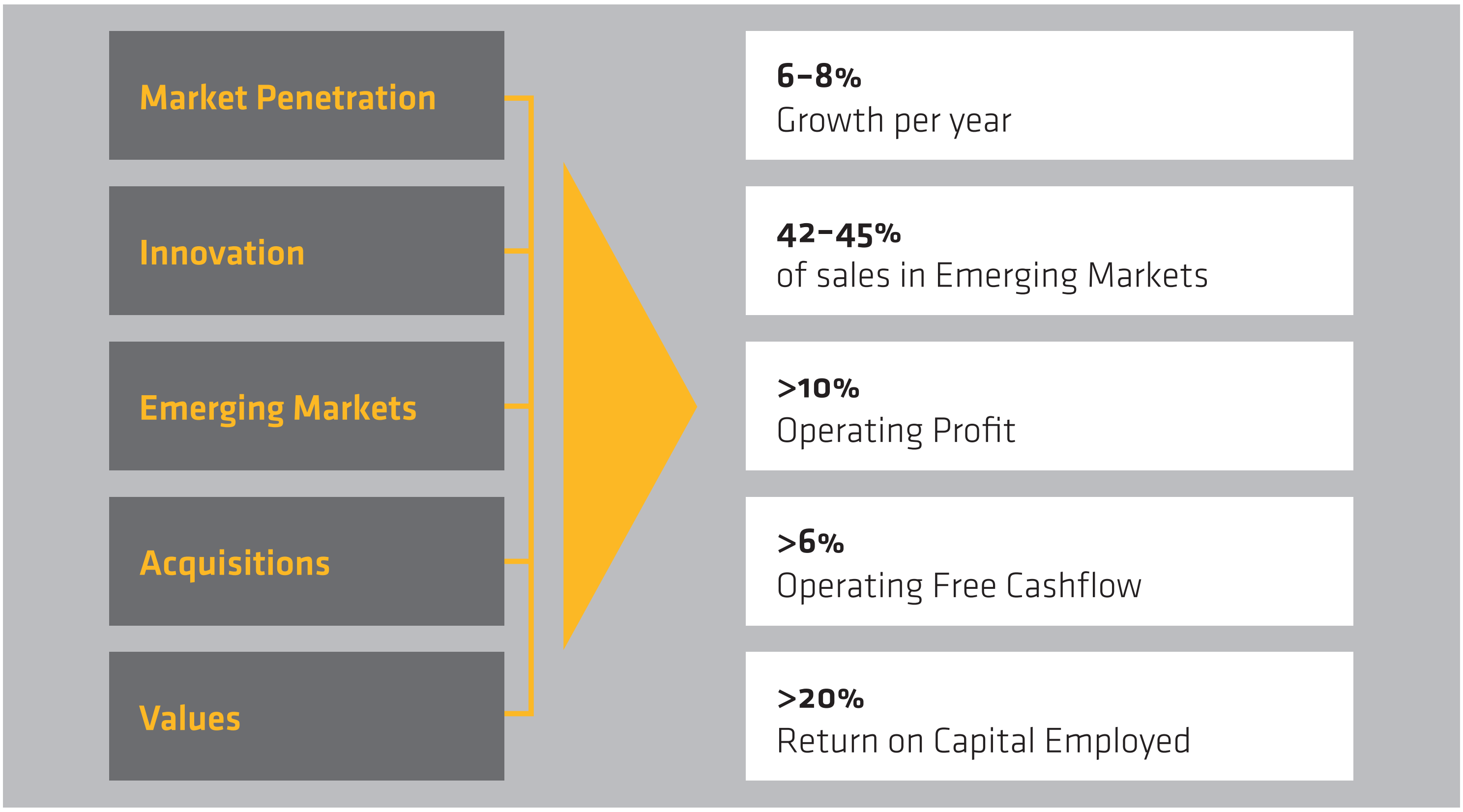
The **SIKA GROWTH MODEL** ensures the long-term success and the profitable growth of our company.
We aim for global market leadership in our **7 TARGET MARKETS** through cross selling, life-cycle management and the strengthening of our brand. The core of our business is our **INNOVATION MANAGEMENT** and our focus on developing quality products and the best solutions for our customers.
We accelerate the buildup of our organizations in the **EMERGING MARKETS** and further expand our supply chain footprint. Acquisitions will enable us to leverage our market access and to strengthen our economies of scale.
Our Sika Spirit – which is defined in **SIKA'S VALUES & PRINCIPLES** – is the foundation of our future success. We act with respect and responsibility towards our customers, our shareholders and our employees, which is reflected in our Sika brand promise "Building Trust."

VALUES AND PRINCIPLES

Founded in Switzerland by visionary inventor Kaspar Winkler over 100 years ago, Sika has developed into a successful global company with a leading position in the development and production of systems and products for bonding, sealing, damping, reinforcing and protecting in the building sector and the motor vehicle industry.

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

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



THE SIKA BRAND

THE SIKA BRAND STANDS FOR QUALITY, INNOVATION AND SERVICE

Sika is a strong brand. It allows the Group to present a uniform identity in all target markets and with all products.

SIKA AS A BRAND

Branding lends products a distinct identity and associates them with a specific set of values. This fact was recognized early in Sika's history by founder Kaspar Winkler, who coined the company's name and designed its logo. The considerable standing acquired by the Sika brand over the years is a tribute to this far-sightedness. Having changed only slightly since its creation, the logo epitomizes continuity and solidity. It is recognized across the globe as synonymous with innovation, quality and service. The combined word/picture trademark has proved a valuable asset throughout the world during the Sika Group's decades-long expansion. Both the word "Sika" and the logo, with its familiar red and yellow hues, are readily accepted across all cultural boundaries.

WORLDWIDE TRADEMARK PROTECTION

Given the high awareness of the Sika brand, particularly the graphic trademark, the company attaches high priority to a consistent and standardized use of the logo, and verifies compliance with the associated corporate image guidelines. Customers throughout the world can rest assured that they will receive Sika quality and service wherever they see the Sika logo. The various attempts, in recent years, to copy the logo only serve to underline its enormous intangible value for the company.

The umbrella brand Sika together with some 830 Sika product trademarks, such as Sikaflex®, Sika®ViscoCrete®, SikaBond® or SikaForce®, sharpen the company's competitive edge. Hence the crucial role of trademark protection as a management task, performed both globally at Group level, and locally at national level. In total, Sika held 10,500 trademark registrations in 161 countries at the end of 2014. Sika AG continuously monitors its trademarks and takes consistent legal action in cases of infringement.

CORPORATE IDENTITY

The rollout of Sika's revamped corporate identity in spring 2013 gave the company's public face a fresh and modern look. The aim of the lengthy corporate identity process preceding this was to achieve a clear-cut positioning of the brand based on uniform corporate design guidelines. The online and offline launch of the new CI on all continents was the key focus of 2014. Sika used the enhanced brand design as the starting point for an image campaign which spells out the full significance of the "Building Trust" tagline and puts the spotlight on the target markets.

BUILDING TRUST

Since 2013, Sika has successfully integrated the new tagline, "Building Trust," into its communication strategy.

The implications of this pledge for Sika's brand positioning can be described as follows:
"Specialty chemicals are our business and trust is the bedrock of the sector we operate in. We have concentrated on the quality of our products for over a century, during which time our spirit of ingenuity has inspired the entire industry. We are committed to delivering innovative, reliable and durable solutions for our customers in both the construction and manufacturing sectors. This commitment reflects the values and standards that are Sika's hallmark across all its core competencies of bonding, sealing, damping, reinforcing and protecting. We are willing and able to meet all the future challenges facing our customers and partners. We offer innovative products, comprehensive services, expert advice, sound training and application-specific solutions. We pride ourselves on our achievements and are always keen to demonstrate our capabilities. Sika is 'a quality label' you can rely on.
– Committed to supreme performance.
– Inspired by innovation.
– Building Trust."

The second core element of the Sika brand, alongside its positioning, is the brand personality. Three attributes form the backbone of this personality: pioneering, team-oriented and committed.

Turn to page 7 ff. to read how Sika's employees honor their "Building Trust" pledge every day in the service of their customers.

CUSTOMERS & MARKETS

FOCUS ON THE TOP POSITION

CONCRETE

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

ROOFING

Sika provides a full range of single-ply and built-up flat roofing systems incorporating both flexible sheet and liquid applied membranes. Demand in this segment is driven by the need for eco-friendly, energy-saving solutions such as green roof systems, cool roofs and solar roofs, which simultaneously help to reduce CO_2 emissions. While refurbishment projects continue to gain significance in the mature markets, the emerging markets are moving towards higher-quality roof solutions.

WATERPROOFING

Sika's solutions cover the full range of technolo¬gies used for below-ground 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, storage tanks). Watertight systems are faced with more stringent requirements regarding sustainability, easy application and total cost management. Therefore the selection of appropriate waterproofing systems according to 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.

SEALING & BONDING

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

INDUSTRY

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

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 also fuel demand in the interior refurbishment sector.

PRODUCTS & INNOVATIONS

COURAGE FOR INNOVATION

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

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

INNOVATION AND GROWTH

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

CORE COMPETENCIES
One key factor for the success of Sika's R&D work is its strategic focus on clearly defined core competencies, namely bonding, sealing, damping, reinforcing and protecting load-bearing structures in building and industry.

Sika's sealing products are used to install durable wind-, rain- and draft-proof barriers in flat roofs, complex tunnel systems, damage-prone water-retaining structures and sophisticated curtain wall assemblies. Bonding ensures the permanent, elastic or structurally continuous connection of different materials, for example in vehicles, window assemblies and even segmental bridges, where concrete units weighing several tons are joined together. Damping reduces vibrations in fixed and moving objects, thereby lowering resonance and noise emission in load-bearing structures and in vehicle interiors. Sika's reinforcing solutions using Carbodur® products strategically improve the resistance of structures to static and dynamic loads, while protective elements serve to increase their durability. Sika coatings guarantee long-term protection for concrete and steelwork assemblies against climatic conditions, chemical action, pollution and fire.

FOCUS OF DEVELOPMENT IN INDIVIDUAL TARGET MARKETS

CONCRETE
Development activities in the concrete segment focus on optimizing the basic constituents of concrete (sand, aggregates, cement) and concrete admixtures. The latter specifically include high-volume plasticizers, additives for cement production and shotcrete accelerators as well as admixtures that boost concrete durability.

WATERPROOFING
In this segment, Sika is concentrating its efforts on waterproofing systems for tunnels and buildings. A particular emphasis is on waterproofing systems for installation before and after concreting as well as technologies that are tailored to the needs of the latest-generation tunnel-boring machines.

ROOFING
In the development of its roof membrane products, Sika is focusing on low-emission liquid applied membranes and new environmentally friendly, solvent-free waterproof membranes. The Sika i-Cure® technology has paved the way for the development of eco-efficient liquid membranes that also offer maximum safety during on-site application. Moreover, solutions combining membranes with adhesives are opening up new, efficient installation techniques.

FLOORING
To meet constantly growing demands in terms of reliable processing and environmental compatibility in the resin flooring market, Sika has developed the first products in a new line of benzyl alcohol-free epoxy floors: a new primer, a new self-leveling flooring system and an antistatic floor.

SEALING & BONDING
To generate further growth, a new range of adhesive products with outstanding application properties and high early strength was developed for both professional and DIY users. In addition, the foundations were laid for the development of water-based adhesives and sealants incorporating new dispersion polymers.

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

INDUSTRY

Industrial production requires adhesives that cure as rapidly as possible regardless of climatic conditions. In response to this trend, research is now under way on new cure-acceleration technologies and novel two-component systems with adjustable force transmission. Another development focus is on adhesives that combine high strength with elasticity for bonding composite materials, particularly in the automotive industry.

RESEARCH STRATEGY

Sika carries out its R&D activities through 20 global technology centers in America, Europe and Asia. Responding to global trends – such as resource-saving building methods, energy-efficient construction materials or lighter and safer vehicles –, the research sets out to innovate new technological building blocks that will drive the product development process. This, in turn, is geared to local needs and the particularities of the construction industry in different countries – e.g. with regard to raw materials, climate or legal framework – which may sometimes necessitate considerable adaptations to products.

COLLABORATIONS

Sika collaborates with numerous distinguished universities worldwide and is closely involved in a range of international research projects, e.g. through its membership of the Nanocem Consortium. This European research network studies nanoscale-to-microscale phenomena that influence the performance of cementitious materials and the products and structures in which they are used. Sika also participates in the Sustainable Construction Partnership Council of ETH Zurich (Swiss Federal Institute of Technology) and in the United Nations Sustainable Buildings and Climate Initiative.

INVESTMENT

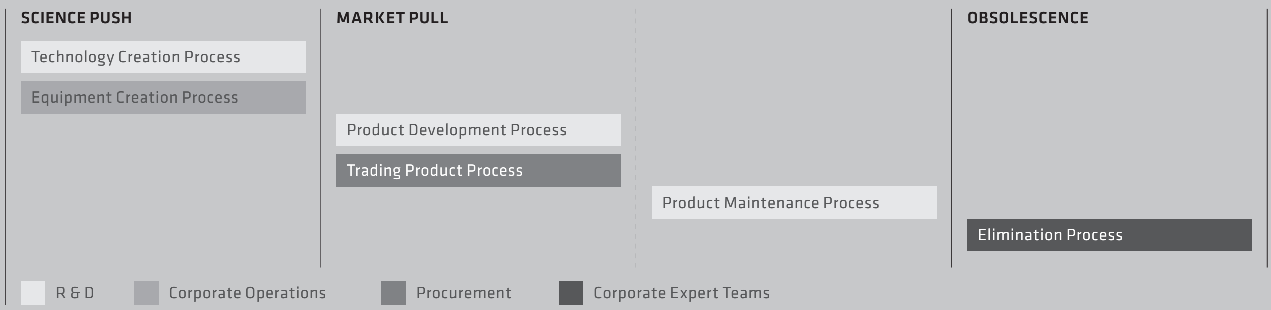
To ensure that new and patented products can be brought to market as quickly as possible, a seven-stage development process for products, the Product Creation Process (PCP), is employed worldwide by Sika. The regional technology support functions are responsible for compliance with the PCP in their area and perform regular PCP audits to review process quality. The audits ensure that employees always have an up-to-date state of knowledge that meets the high standards specified by Sika and that local chemists are familiar with the latest technologies. At the same time, special workshops are held to collect innovative ideas from the regions and leverage these for the Group.

Total expenditures on research and development for the Group in the year under review totaled CHF 167.7 million (previous year: CHF 166.1 million), equivalent to 3.0% of sales (previous year: 3.2%).

INTELLECTUAL PROPERTY

Sika maintains exclusivity over its innovative products through systematic registration of its intellectual property rights. In 2014, Sika filed for 70 patents (2013: 73) and made 72 invention disclosures (2013: 73).

PRODUCT CREATION PROCESS



NEW PRODUCTS 2014

2014 saw Sika launch onto the market a number of new important products, which include the following:

- **SikaViscocrete®,** concrete plasticizers which offer both enhanced robustness and longer workability times for concreting on large job sites, though without slowing down the concrete set.
- **SikaGrind® LS-43,** novel cement additive allowing the use of a much higher proportion of limestone as cement clinker substitute, thereby considerably lowering the CO_2 burden on the environment.
- **SikaSigunit® AF,** new suspension-based, alkali-free accelerator for high-performance shotcrete applications in both tunneling and rock/slope stabilization.
- **Sarnafil® G 410 FSA,** self-adhesive PVC roof membrane for rapid, solvent-free installation on buildings.
- **Sika® Tuff-N-Uff®,** foamed, random-strand nonwoven for pipeline protection.
- **SikaGrout®,** comprehensive family of grout products with a substantially reduced carbon footprint, achieved through the use of alternative admixtures, and thus with lower cement contents.
- **Sikadur®514 Plus,** epoxy-bearing high-performance mortar with outstanding flow properties thanks to the use of Sika ViscoCrete polymers. The mortar exhibits first-rate mechanical properties and meets the requirements of the American Petroleum Institute.
- **SikaGrout® 3200,** high-performance grout for wind power applications, offering excellent pumpability and high fatigue resistance that enables it to withstand extreme wind and weather conditions.
- **Sikafloor® 701, 702, 721,** range of epoxy-based industrial floor coatings with extra-low VOC emissions and the first benzyl alcohol-free products.
- **Sikafloor® Purcem® Glossy,** water-based hybrid flooring system combining polyurethane and cementitious constituents for extra-heavy duty, with gloss finish otherwise only achievable by solvent-bearing epoxy systems.
- **Sikalastic® 641,** liquid roof membrane based on i-Cure technology, with extra-low VOC emissions and extremely low-odor application.
- **SikaHyflex®-220 Window,** adhesive and sealant purpose-developed for on-site door and window installation, offering primerless adhesion to many substrates, notably PVC or powder-coated door and window frames.
- **Sika MaxTack® Ultra, SikaBond® Ultra,** new adhesive systems with unique fast-tack properties, for builders, merchants and DIY stores.
- **Sikaflex®-UHM,** polyurethane adhesive combining elastic and structural properties which paves the way for composite structural solutions in automotive design, e.g. bonding of carbon fiber-based car bodies to aluminum chassis.
- **Sikasil® GS-687,** two-component silicone adhesive that allows the full-surface bonding of novel sandwich panels and their integration as a decorative feature in the overall architectural composition.
- **SikaBaffle®-450,** range of sound-damping foam products to seal body cavities in automotive manufacturing, setting new standards in acoustic performance while offering new creative scope for design.
- **SikaMelt®-9631 SF,** first polyurethane hot-melt adhesive without R40 hazard warning (EU REACH Chemicals Regulation) through offering equivalent performance to standard products subject to labeling requirements.

SUSTAINABLE DEVELOPMENT

RESPONSIBILITY FOR THE FUTURE

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

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 internal measures aimed at enhancing its sustainability performance and achieving business, social and ecological benefits.

MORE VALUE – LESS IMPACT
The sustainability strategy developed by Sika in 2013 was implemented and communicated in 2014. With the avowed aim of "enhancing utility and reducing negative impacts," the company defined six strategic target areas that focus on economic performance, sustainable solutions, local communities/society, energy, waste/water and safety. 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.

GLOBAL IMPLEMENTATION
Sika's sustainability strategy was implemented worldwide in 2014. Sika companies in all regions are working on projects centered on the achievement of the six strategic targets. To this end, each of Sika's subsidiaries has developed a roadmap to define the key aspects of the projects and control their implementation. A selection of projects was showcased at global and local level as part of Sika's "More Value – Less Impact" communication campaign. www.sika.com/sustainability

STANDARDS AND COMPLIANCE
To ensure the binding force of the Code of Conduct, Sika companies staged a number of information and training events. Sika also published a "Values and Principles" brochure in 2014, the contents of which were outlined in closer detail to all employees at in-house events. Forming the core of Sika's corporate culture, these values and principles relate to the following aspects: Customer First, Courage for Innovation, Sustainability & Integrity, Empowerment & Respect, and Manage for Results.

REPORTING
Sika reports its key sustainability performance results in line with the G4 Guidelines of the 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 47) and in detail on Sika's website at http://www.sika.com/gri.

COMMITMENT

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.

SIX SUSTAINABILITY TARGETS

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

ECONOMIC PERFORMANCE

Our success directly benefits all stakeholders.

TARGET
Operating profit (EBIT) above 10% of net sales.

SUSTAINABLE SOLUTIONS

We are leading the industry. We are pioneering a portfolio of sustainable products, systems and services.

TARGET
All new projects are assessed in accordance with Sika's Product Development Process. All local key projects are implemented.

LOCAL COMMUNITIES/SOCIETY

We build trust and create value – with customers, communities and with the society.

TARGET
5% more projects per year.

MORE VALUE

LESS IMPACT

ENERGY

We manage resources and costs carefully.

TARGET
3% less energy consumption per ton and year.

WATER/WASTE

We increase the water and material efficiency.

TARGET
3% less water consumption and waste per ton and year.

OCCUPATIONAL SAFETY

Sika employees leave the workplace healthy.

TARGET
5% less accidents per year.

ACQUISITIONS & INVESTMENTS

SUPPORTING GROWTH IN THE TARGET MARKETS

Acquisitions continue to be an important element of Sika's growth strategy, enabling the company to enhance its core business with related technologies or improve access in specific markets. Through capacity expansion fine-tuned to market demands, and investment in plant efficiency, the Group ensures the consolidation of its global growth potential.

ACQUISITION STRATEGY

Organic growth, i.e. growth driven by entrepreneurial endeavor, is at the core of Sika's corporate strategy. This organic growth is compounded by carefully targeted external growth which offers a useful way of closing existing gaps in access to the target markets and consolidating fragmented markets. Particularly in North America, Asia and parts of Europe and Latin America, Sika pursues this policy as a means of consistently improving its market position. At the same time, however, the company seeks to strengthen or extend its core business through the selective acquisition of related technologies. Sika mainly finds these technologies in small and medium-sized enterprises in Europe, the USA and some Asian countries. 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.

When evaluating a takeover offer, Sika relies on its existing expertise and experience, as well as on clearly defined processes in place across the Sika Group. Given that, in most cases, acquired companies are fully incorporated into the Group, Sika is at pains to ensure that this integration runs smoothly. Sika therefore pays particular attention to the corporate culture of all takeover candidates prior to any acquisition.

The individual regions generally assume responsibility for their own particular acquisition procedures. The process is supervised and coordinated at Group level.

2014 ACQUISITIONS

In February 2014, Sika acquired Lwart Química Ltda., a leading manufacturer of waterproofing systems in Brazil. The takeover has strengthened the Sika Group's position in the Brazilian construction chemical market and expanded its geographical presence in the country. Lwart Química last year recorded net sales of CHF 33 million. The company has established a solid customer base and markets two well-known brands. Together with the newly acquired production plant in Lençóis Paulista, Sika now operates five factories in Brazil, with a total headcount of over 700. The acquisition offers Sika new opportunities for cross selling, both with direct customers and with builders, merchants.

April 2014 saw Sika acquire a production site in South Korea through its Korean subsidiary. The additional resources offered by the approximately 30-strong workforce will enable Sika to widen its offering of locally produced epoxy, acrylic emulsion and polyurethane floorings and coatings, and to expand manufacturing capacity for the entire product range.

In mid-May 2014, Sika took over the business operations of Klebag Chemie AG, a manufacturer of adhesives for the bonding, sealing and flooring markets. This move has strengthened Sika's position in the Swiss interior finishing sector. Klebag's net sales in the last financial year stood at CHF 12 million. The company has a broad customer base and enjoys a reputation for top-quality customer service, technical support and training. Following the takeover of AkzoNobel's Building Adhesives business, Everbuild Building Products, and Optiroc in 2013, as well as Technokolla in 2011, this latest acquisition marks another major step in consolidating Sika's position in the interior finishing market.

2014 INVESTMENTS

Sika's unchanged investment strategy is geared to consolidating its global presence, built up during the last few years, and unlocking new markets or expanding its activities to this end. To encourage focused growth, selected markets, customers, technologies and products are prioritized. Investment fell only slightly year-on-year. Sika continues to invest in production and logistics capacities at its sites in order to strengthen the local supply chain, and its decentralized market development policy brings the company very close to its customers.

In the year under review, Sika invested CHF 152.8 million (2013: CHF 153.9 million), equivalent to 3% of net sales. At 56%, the key focus for investment was the expansion of production capacity (2013: 47%). The breakdown of the remaining investment is as follows: 13% (2013: 16%) was used for rationalization, 27% (2013: 34%) was needed to replace existing facilities and 4% (2013: 3%) was spent on environmental protection, health and safety as well as quality control. The share of investment in the emerging markets was 38% (2013: 43%), underscoring Sika's growth strategy.

Sika will continue to invest in those regions where the Group can tap into new markets and generate growth. These include North and South America, China, India, Indonesia, Thailand, Peru, Ecuador and Africa.

GROUP REVIEW

GROUP REPORT

CONTINUED HIGH GROWTH MOMENTUM

The Sika success story continued in the 2014 financial year, with currency-adjusted sales up by 8.3% to CHF 5.571.3 million. In local currencies, the increase amounted to 13.0%. Sales reached record levels in all regions. All relevant growth targets for full-year 2014 have been exceeded. Sika made above-average progress in terms of profitability. Operating profit increased by 21.0% to CHF 633.2 million, and net profit by 28.0% to CHF 441.2 million.

GROWTH IN ALL REGIONS

In the 2014 financial year, Sika achieved sales growth of 13.0% in local currencies. Of the total, 7.3 percentage points were attributable to organic growth and 5.7 percentage points to acquisitions. The strength of the Swiss franc caused a currency effect of -4.7%, resulting in currency-adjusted sales growth of 8.3%.

All regions contributed to the sales growth with record turnovers. Sales in the region EMEA (Europe, Middle East, Africa) increased by 13.3% in local currencies in the year under review. Visible growth drivers in the Middle East and Africa and the moderate recovery seen in the southern European markets had a positive impact on the region's development.

North America recorded a 7.9% increase in sales in local currencies. Construction projects put on hold in recent years are now being carried out. An increasing number of investments are being made in infrastructure projects and commercial buildings.

The region Asia/Pacific witnessed a 12.8% increase in sales in local currencies, breaking the CHF 1 billion barrier for the first time. The majority of countries achieved double-digit growth rates and further increased their market share.

At 15.9% in local currencies, sales growth remained consistently high in Latin America in 2014. In a demanding business environment, Sika benefited from its strong market presence.

In "Other segments and activities", Sika significantly exceeded market growth by achieving growth of 16.2% in local currencies. This includes the sales figures for the Automotive division, whose global operations Sika controls centrally. Car production rose by 3.1% globally in 2014. Thanks to a growing trend toward the use of adhesives in modern vehicle construction, the proportion of sales generated by Sika products per new automobile saw a significant increase.

Accelerated expansion in the emerging markets produced convincing sales growth of 15.2% in local currencies and 6.4% in Swiss francs for Sika. The proportion of sales generated by Sika in the emerging markets is 37.0% (2013: 37.7%).

Sika increased sales of products for the construction industry by 13.4% in local currencies, including an acquisition effect of 7.0%. Sales of products for industrial manufacturing increased 11.1% in local currencies, with no acquisition effect.

THREE ACQUISITIONS

In February 2014, Sika acquired Lwart Química Ltda., a leading manufacturer of waterproofing systems in Brazil. In April, Sika announced the acquisition of a South Korean manufacturer of flooring and coating products, marking another step forward in Sika's efforts to expand its supply chain in the region Asia/Pacific. In mid-May, Sika took over the business operations of Klebag Chemie AG, a manufacturer of adhesives for the bonding, sealing and flooring markets. This move has strengthened Sika's position in the Swiss interior finishing sector. The three acquired businesses generated annual sales totaling CHF 53 million in 2013.

ABOVE-AVERAGE PROFIT GROWTH

In the year under review, Sika's gross margin improved slightly to 53.0% (2013: 52.4%). With personnel expenses and other operating expenses rising less strongly than in the previous year, Sika increased its operating result by 21.0% to CHF 633.2 million (2013: CHF 523.5 million). The EBIT margin was 11.4% (2013: 10.2%). Sika increased its consolidated net profit by 28.0% to CHF 441.2 million (2013: CHF 344.7 million).

INVESTMENTS AT PREVIOUS YEAR'S LEVEL, IMPROVED BALANCE SHEET FIGURES

Sika's investment strategy is geared to further strengthening its presence in the emerging markets. Accordingly, Sika opened a total of eight new factories in 2014, including plants in Brazil, Indonesia, India, Serbia, Mexico and Singapore. To support growth in the year under review, Sika invested a total of CHF 152.8 million, in line with the year-back level (2013: CHF 153.9 million).

At 17.8%, net working capital as a percentage of net sales was held at a consistently low level in 2014 (2013: 17.3%). Top priority continues to be given to the management of inventories and accounts receivable. Operating free cash flow came to CHF 417.5 million in the year under review (2013: CHF 432.7 million). Sika held cash and cash equivalents of CHF 898.8 million at year-end (2013: CHF 1,028.3 million). Net debt was reduced to CHF 82.5 million (2013: CHF 271.4 million), and gearing was 3.5% (2013: 3.5%).

The equity ratio now stands at 49.5% (2013: 45.1%).

GROUP REPORT REGIONS

RECORD SALES IN ALL REGIONS

Sika generated record sales in all regions and 15.2% growth in the emerging markets.

EMEA

Sika increased sales in the region EMEA (Europe, Middle East, Africa) by 13.3% in 2014. Perceptible growth stimuli in the Middle East and Africa, and the slight recovery in the southern European markets, had a positive impact on the company's overall performance in the region.
In 2014, Sika was once again involved in a number of major projects in the region EMEA, including the Moscow Metro extension and various construction projects for the 2022 World Cup in Qatar.
Production capacity has expanded at several locations, and activities in this area included the opening of the company's first factory in Serbia. Sika established new subsidiaries in Bosnia-Herzegovina, Albania, Nigeria, Mozambique and the Ivory Coast. In May 2014, Sika acquired Klebag, the Swiss-based manufacturer of adhesives for the bonding, sealing and flooring markets, thereby strengthening its position in the interior finishing sector. The process of integrating Klebag is running to schedule.

NORTH AMERICA

2014 saw a sharp improvement in the economic situation in North America, and there was a significant year-on-year rise in the volume of new construction projects. Sika particularly benefited from rising investment in industrial buildings and infrastructure projects.
In addition to favorable market trends new product launches, better market positioning, and productivity gains helped Sika North America grow its sales by 7.9% and improve its margins by a substantial amount.
Sika is involved in most major construction projects in the region, including a railroad tunnel in New York City, the new Tesla factory in Nevada, and the Minnesota Vikings football team's new stadium.
Two new factories – in Atlanta and Denver – were opened in the region.

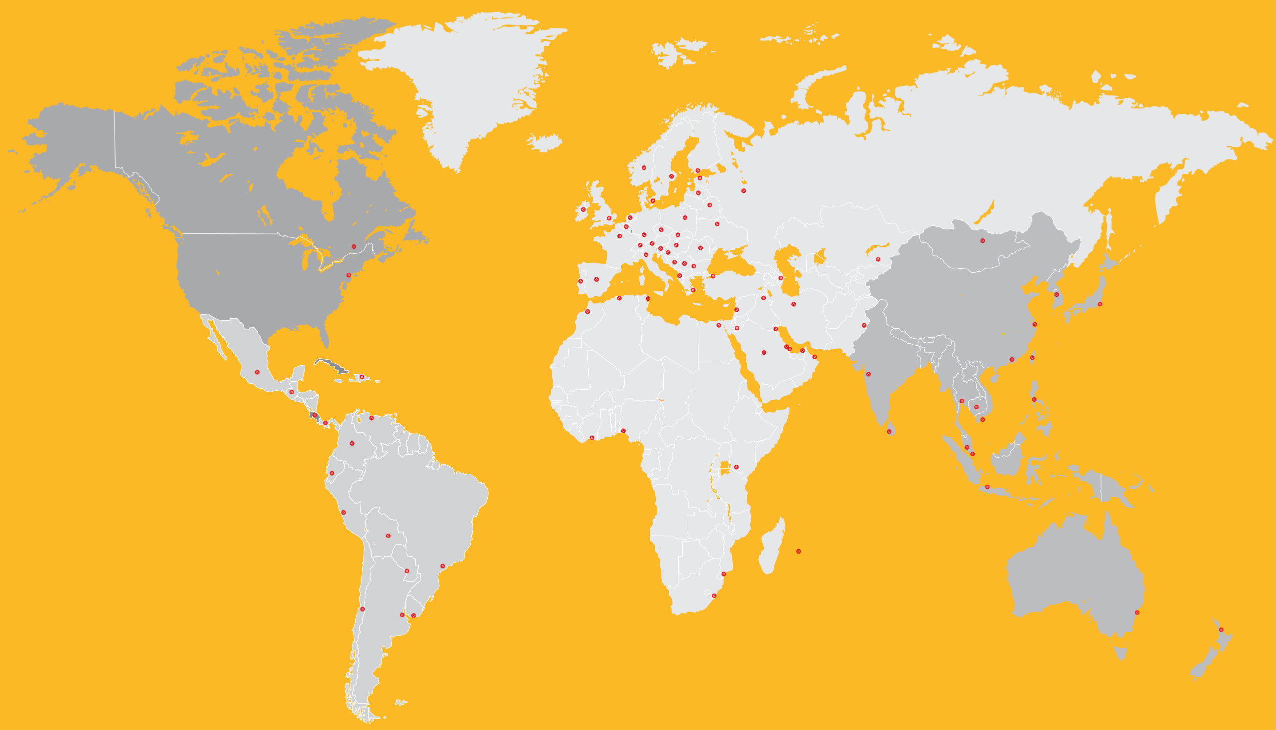
LATIN AMERICA

The slowdown in economic growth in the region Latin America continued through 2014. Brazil's markets stagnated, while Argentina and Venezuela struggled with high inflation. Columbia was the only country to experience steady growth in the order of 5%.
Despite this challenging business environment, Sika Latin America still generated double-digit growth in most countries and further increased market share. With an overall level of 16.0%, Sika succeeded in maintaining high sales growth in 2014. Substantial devaluations of a number of local currencies led to high exchange rate losses.
In Brazil, Sika acquired waterproofing specialist Lwart Química and opened a new factory – its seventh in the country – in the state of Goiás. Sika also opened a further production plant in Mexico.

ASIA/PACIFIC

With the economies in the region Asia/Pacific continuing to grow during the reporting year, Sika achieved growth in all market segments. Double-digit percentage growth rates and increased market share were achieved in most countries. Implementation of the growth strategy – geographical expansion, supply chain extension, new product launches and efficient product management – combined with the new acquisitions led to sales increase of 12.9%.
One of the major projects involving Sika products during 2014 was the 530-meter-tall Chow Tai Fook Center in Guangzhou, China.
During the reporting year, Sika opened new factories in Indonesia, Singapore and India, and set up a new subsidiary in Sri Lanka.
Furthermore, Sika acquired a leading manufacturer of cementitious powder products in Singapore and a flooring and coatings company in South Korea. The holdings in Dyflex (Japan) and Jiangsu TMS (China) were increased to 100%, and to 85% in Hebei Jiuqiang (China).

SIKA IN 90 COUNTRIES



THE REGIONS IN BRIEF

	EMEA	North America	Latin America	Asia/Pacific	Other segments and activities
Net sales in CHF mn (previous year)	2,734.0 (2,470.2)	746.3 (711.2)	638.6 (622.8)	1,039.7 (973.7)	412.7 (364.3)
Growth in local currencies	**13.3%**	**7.9%**	**16.0%**	**12.9%**	**16.2%**
Currency impact	-2.6%	-3.0%	-13.5%	-6.1%	-2.9%
Acquisition effect	9.2%	0 %	4.9%	3.6%	0%
Number of employees	8,708	1,488	2,609	4,090	

OUTLOOK

CONTINUED GROWTH

In the 2014 financial year, Sika consistently pursued and globally implemented the Strategy 2018 it launched the previous year. Sika's growth model is the foundation for long-term success and for profitable, above-average growth.

Through investments in growth markets, the launch of new products, and the acquired companies, Sika is poised to continue its growth strategy in 2015. However, currency movements and the conditions prevailing in some markets will continue to pose a challenge in the current financial year.

For the current financial year, Sika expects to see a result consistent with the Strategy 2018, with sales growth of 6 to 8%, assuming constant exchange rates and stable margin trends.

SUSTAINABILITY REPORT

ENHANCING UTILITY AND REDUCING NEGATIVE IMPACTS WHILE ASSUMING SOCIAL RESPONSIBILITY

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.

SIKA'S SUSTAINABILITY STRATEGY

In 2014, Sika started the worldwide implementation of the sustainability strategy developed the year before. With the avowed aim of "More Value – Less Impact" the company defined six strategic targets to focus its activities over the coming years on economic performance, sustainable solutions, local communities/society, energy, waste/water and safety. Through its products, systems and solutions, Sika strives to create long-term benefits for all its stakeholders and to reduce resource consumption and impacts associated with production significantly (see also "Sustainable Development" on page 37 ff. of the download version of this report).

Main instruments to implement the sustainability strategy globally in the year under review were the "More Value – Less Impact" campaign and the new management and reporting system in line with the G4 Guidelines of the Global Reporting Initiative introduced at local level (GRI G4). Key results and findings are presented on the following pages. Full details are available on the Internet at www.sika.com/GRI.

MANAGEMENT AND ORGANIZATION

Group Management tasked the Corporate Sustainability Office with implementing the sustainability strategy. Local implementation and embedding is ensured by line management and the network of local and regional managers responsible for product sustainability, Environment, Health & Safety (EHS) set up in 2013. The network supports local Sika companies in brainstorming, planning and realizing of cross-regional measures. Through a communication campaign, it informed all internal stakeholders about the new sustainability strategy and included them in planning and implementing respective measures. These activities are going to be extended and intensified in 2015.

STANDARDS AND COMPLIANCE

In the year under review, Sika globally introduced the Code of Conduct revised in 2013. It applies to all employees and is familiar to them. The code states, among other things, that Sika under no circumstances tolerates any form of corruption or human rights infringements. Absolutely no leeway is allowed in respect of any breaches of these values. Integrity, ethical and principled conduct, and adherence to the law are the foundation on which Sika's impeccable reputation is built. This is what customers and all other stakeholders – most notably, the Sika staff and shareholders – have rightly come to expect.

To ensure the binding force of the Code of Conduct, Sika companies staged a number of information and training events in the reporting year. Furthermore, Sika published a "Values and Principles" brochure in 2014 and instructed all employees at in-house events. Forming the core of Sika's corporate culture, these values and principles relate to the following aspects: Customer First, Courage for Innovation, Sustainability & Integrity, Empowerment & Respect, and Manage for Results.

These internal standards summarize the key principles of the Sika management style, which is based on mutual trust and personal responsibility at all levels. In the year under review, Group Management created the position of Corporate Compliance Officer to strengthen the compliance organization, refine these important ethical principles, describe the necessary processes, bundle the associated tasks within the company and coordinate them among the different units.

If Sika employees anywhere in the world have doubts or questions about matters relating to the content of the Sika Code of Conduct or the company values and principles, they are required to contact their line manager, Corporate Legal or Corporate HR. Sika has also set up a central help desk.

The senior management teams at the individual subsidiaries are mandated to enforce compliance with the Code of Conduct and with all relevant laws and standards.

Sika also assumes responsibilities for the supply chain. Through amendments made to the Supplier Code of Conduct in 2013, the Group ensured that suppliers are fully informed of Sika's ethical, ecological and social guidelines and expectations. Sika defined a new Group-wide process in the reporting year that maps out the main sustainability principles (economic, social and ecological) for supplier qualification and evaluation. The multi-stage supplier evaluation process has three central elements: It requires all suppliers to sign the Supplier Code of Conduct and to complete a self-report questionnaire. In unclear cases, the Purchasing department will follow up with sustainability audits before concluding a supply contract. Sika will be implementing this new process globally in 2015, initially focusing on high-risk geographies and industries.

INSPECTIONS AND AUDITS

Inspections and audits are core elements of Sika's comprehensive management system. They provide management at Group, regional and local company level with a regular, independent assessment as to whether all activities comply with official requirements as well as with Sika's own internal guidelines, principles and risk management specifications. The inspections and audits thereby ensure the effectiveness of the relevant processes and controls at Sika. The auditing process is centrally organized and is overseen by the Audit Committee of the Board of Directors. Group Management is regularly informed about the planning of inspections and their results. In all, Sika conducted 111 audits in the reporting year and implemented associated improvements wherever necessary. The audits covered all aspects of Sika's business operations, including quality control, environment, safety, health, risk management, technology, compliance, IT security, suppliers and products.

To ensure that suppliers also meet the official requirements and labor standards, Sika calls on them to perform self-assessments and itself conducts supplier audits. In the year under review, a total of 40 suppliers in China and India were assessed according to the new vendor evaluation process. As a supplier to major customers – particularly from the automotive and industrial sectors – Sika is itself often subject to external audits. These audits are designed to ensure compliance with international labor standards and prescribed quality, environment, safety and health criteria.

INVOLVEMENT OF STAKEHOLDERS

Sustainable development is not something that any company can pursue in isolation. That is why Sika actively seeks the involvement of internal and external stakeholders, such as employees, customers, suppliers, shareholders, authorities, governments and associations. In developing its sustainability strategy in 2013, as part of a materiality analysis Sika consulted the principal internal and external stakeholders on what they considered to be the most important sustainability issues. In order to review and adapt the findings of this analysis, Sika regularly engages with the various stakeholder groups. The materiality analysis will be conducted again at the end of 2015.

SUSTAINABILITY: TARGETS AND IMPLEMENTATION

MORE VALUE OR ENHANCING UTILITY

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

Sustainability has always been part of Sika's identity. The company aims to continually measure, improve, report and communicate sustainable value creation. "More Value – Less Impact" refers to Sika's obligation to maximize the value of its solutions and contributions for all stakeholder groups, while simultaneously minimizing risks and resource consumption.

SUSTAINABLE SOLUTIONS

Sustainability is a key component of the company's drive for innovation. Sika strives to extend the service life of buildings and industrial applications and to improve both energy and material efficiency. The company continues to make every effort to reduce resource consumption and CO_2 emissions – both internally and for partners who place their trust in Sika products.

Sika aims to lead the industry and pioneer with a portfolio of sustainable products, systems and services to tackle global challenges safely with the minimum possible impact on resources. The two Group goals are:

TARGET – NEW PRODUCT DEVELOPMENTS ARE REVIEWED: New product developments are reviewed against key sustainability criteria including a documented, recognized relevance audit and an appropriate improvement plan where necessary.

IMPLEMENTATION: Sika has introduced a new sustainability evaluation process (incl. guidelines and tools). It is part of the official Sika product development process, which was reviewed in 2014. The objective of the sustainability evaluation is to assess all sustainability aspects of a new development over its entire life cycle, compared with the company's own or competitive solutions. Economic, social and ecological aspects are assessed and serve as a basis for any decision to improve a development. If a new solution fails to provide an improvement over the existing product, it is normally not worthwhile to pursue a development any further. On the other hand, if a significant improvement over the existing product is achieved, the relevant projects must be prioritized for special attention.

As Sika defined and introduced the sustainability evaluation process during the reporting year, only a few product development projects have been reviewed to test the new procedures. They will become a mandatory component of the innovation process in 2015.

TARGET – ALL PLANNED SUSTAINABILITY PROJECTS ARE IMPLEMENTED: The larger Sika companies draw up a product sustainability plan geared to local demand and containing key projects and themes aligned with the global approach. All key projects are carried out in accordance with the approved plan.

IMPLEMENTATION: In 2014, larger countries in the following regions drafted product sustainability plans in collaboration with the Corporate Product Sustainability department: North America, Southern Europe, Northern Europe, Eastern Europe, the UK, Germany, Turkey and Mexico. Sika has created regional and local product sustainability roles to facilitate the development, launch and handling of these plans. Quarterly virtual meetings take place between the local and regional roles, as well as between the regional and global roles, to manage plans and discuss progress and activities. The focus in 2015 will be on implementing planned activities locally and extending planning to Latin America.

Practical implementation of the "More Value – Less Impact" motto calls for sound data and knowledge about the effects of product manufacturing and the added value of finished products in their application and use. In the year under review, Sika expanded the life-cycle data it had collected in 2013 for its products, technologies and applications in accordance with the international Life-Cycle Assessment (LCA) standard ISO 14040 and further developed the existing reference database. This enabled Sika to develop a set of new tools for the national subsidiaries to use, including Environmental Product Declarations (EPD) for roofing membranes according to German, UK and US standards and tools to assess the sustainability performance of roofing and flooring systems as well as concrete mix designs. As a benefit for customers, they quantify the project-specific sustainability performance of the selected Sika solution and allow for simple and comprehensible communication. Leveraging the acquired expertise in the market, a number of companies have successfully launched and tested new services to quantify the sustainability performance of Sika solutions.

This marks Sika's aim to develop further from a product to a solution provider, serving its customers with innovative solutions and substantially enhancing the efficiency, durability and aesthetic appeal of buildings, infrastructure facilities, installations and vehicles. The integrated concepts and solutions address the entire life cycle of a facility, from initial construction and maintenance, through refurbishment or extension, to deconstruction.

Extensive product and project case studies from all target markets can be found at www.sika.com/sustainability. They detail how Sika solutions support sustainable construction and help to save energy, raw materials and water and reduce CO_2 emissions.

SOCIAL RESPONSIBILITY

Social, economic and ecological issues are closely intertwined. Social responsibility is a 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. Sika's social involvement also embraces the sponsorship of organizations and initiatives in the fields of science, culture and sport.

Sika aims to build trust and create value – with customers, local communities and society as a whole. The Group goals are:

TARGET – 5% MORE COMMUNITY PROJECTS PER YEAR: Social projects benefit all non commercial stakeholder groups of local companies and their neighborhoods. They encompass monetary benefits or material donations, local projects and community engagement programs, dialog with stakeholder groups, community consultation procedures, social activities and programs, training, environmental projects or recovery programs.

IMPLEMENTATION: Sika supported 67 projects in 2014 (previous year: 52 projects), a year-on-year increase of 29%. Sika supported the following priority projects:

SOCIAL SPONSORING

Social sponsoring at Sika is mainly organized through the Romuald Burkard Foundation. Its main goals, among others, are to support communities in infrastructure development for social projects, to promote training in construction professions and trades, and to provide emergency aid to disaster-stricken regions. 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, who founded Sika. 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. YTL is incorporated in the US umbrella organization WatSan Action. Sika has been the main sponsor since 2008. Every year, YTL helps to improve the living standards of 1,500 people. Aid provided in 2014: CHF 42,000.
http://watsanaction.org

Since 1968, the ATMI (Akademi Tehnik Mesin Industri) vocational training center in Surakarta (Solo), Central Java, has been providing young people from the lower and middle classes with an opportunity to learn a technical trade. Having given its support in past years to build the training infrastructure, Sika helped fund the expansion of further building tracts in 2014, including boarders, sleeping quarters. Aid provided in 2014: CHF 200,000 and products worth CHF 70,000.
www.atmi.ac.id

In Greece, Sika supported the welfare organization The Smile of the Child, which helps children from socially and financially disadvantaged families as well as orphans. With Sika's support, a day clinic for children with psychological problems was set up in 2014. Aid provided in 2014: CHF 80,000.
www.hamogelo.gr

Sponsoring four schools, Sika has launched a program to help finance the education of children from Myanmar's poorest regions in 2014. The respective infrastructures were extended, and furnishings and school materials were purchased for a total of 600 children. Aid provided in 2014: CHF 50,000.
www.600kids.org

Sika has supported the activities of the nonprofit organization Operation Smile in Vietnam since 2010, and in Thailand since 2014. 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. In Thailand, Sika employees did volunteer work at the Mae Sot Hospital between November 2 and 7, 2014. Sika financed 156 examinations and 107 surgical operations. Aid provided in 2014: CHF 100,000 (Vietnam), CHF 58,000 (Thailand).
www.operationsmile.org

Since 2007, 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 2014: CHF 26,000.
www.pandevida.org

Sika has supported the Liter of Light organization since 2012, when it was founded by ten master's students from the University of St. Gallen in Switzerland. The organization sets out to provide underprivileged areas of the world with an alternative light source made from reused plastic bottles. In 2014, Sika sponsored Liter of Light projects in Bangladesh, India, Kenya, Nicaragua, the Philippines, South Africa and Tanzania. Value of products supplied free of charge in 2014: CHF 12,000.
www.literoflightswitzerland.org

Sika has supported an orphanage in the municipality of Valea Lupului in eastern Romania since 2010. The construction of a guesthouse created jobs for a number of young people who had grown up as orphans. Aid provided in 2014: CHF 25,000.
www.valealupului.ch

Sika supported the UPSV orphanage in Brasov, Romania, in the reporting year. The institution not only offers a home for children and adolescents, but also helped over 100 young people to find work and establish a foothold in society. In addition to giving financial support, Sika also helped to renovate one of the buildings. Aid provided in 2014: CHF 100,000.

Sika Baar in Switzerland supports the local scouts and guides, the largest such division in Central Switzerland as well as Baar's biggest youth organization. In the year under review, work began on renovating the existing buildings and constructing a functional new building equipped to cater to the needs of people with disabilities and able to accommodate 220 scouts and guides. Work is scheduled for completion in 2015. Aid provided in 2015: CHF 50,000.

ECOLOGICAL SPONSORING
The focus of Sika's ecological sponsoring is on water, building, infrastructure and renewable energy projects. The main sponsorship partner in this field is the Global Nature Fund (GNF). Sika has supported the GNF and its international Living Lakes environmental program since 2004. Comprising over 100 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 successful models and concrete projects to demonstrate how, with the involvement of the local population, positive social and economic developments can be achieved in different regions and societies without any threat to nature and the environment. In the reporting year, Sika sponsored drinking water and environmental projects in Burundi, Côte d,Ivoire, Kenya, Colombia, the Philippines and South Africa. Sika also supports efforts to reinforce park management and develop sustainable tourism within the Lake Hovsgol National Park in Mongolia. Aid provided in 2014: CHF 90,000.
www.globalnature.org

SCIENTIFIC SPONSORING
As project sponsor, Sika engages in a lively dialog with ETH Zurich (Swiss Federal Institute of Technology in Zurich), the University of Fribourg, the EPFL (Swiss Federal Institute of Technology in Lausanne), the ESPCI ParisTech (School of Industrial Physics and Chemistry of the City of Paris), the University of Burgundy, Princeton University, the Beijing University of Chemical Technology and many similar institutions across the globe. Sika's local subsidiaries cooperate with research institutes and provide mutual support.

ETH ZURICH: Professor Jan Vermant took up his post as Full Professor of Soft Materials at ETH Zurich in August. Endowed by Sika, the professorship addresses soft materials (e.g. gels, polymer melts and rubber) and their interfaces. 2014 was the fifth 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 ETH's Department of Chemistry and Applied Biosciences. Sika also participates in the Sustainable Construction Partnership Council. This interdisciplinary forum promotes a dialog on current research topics, supports resources and knowledge transfer, and encourages the launch of joint research projects in the field of sustainable construction.

UNIVERSITY OF FRIBOURG: The University of Fribourg and Sika signed a cooperation agreement in the year under review. A research group on management in emerging markets was established at the Faculty of Economics and Social Sciences in 2014. Reflecting the growing significance of newly industrializing countries for the strategies of western companies, the objective of the cooperation venture between the University of Fribourg and Sika is to enable research and teaching on management in emerging markets at the University of Fribourg.

YES COURSES: Sika continued its sponsorship of YES (Youth Encounter on Sustainability) courses worldwide in 2014. The courses, developed by a spin-off from the ETH Zurich, address various aspects of sustainable development and are primarily geared to students. Sika was actively involved in a course in Bremerhaven, Germany, in the reporting year. Aid provided in 2014: CHF 70,000.
www.actis-education.ch

SPORTS AND CULTURAL SPONSORING
Sika companies support sports and cultural projects throughout the world. The focus of sponsorship in Switzerland is on the Lucerne Symphony Orchestra, the EV Zug ice hockey club and the Swiss Sliding sports association.

LUCERNE SYMPHONY ORCHESTRA: Sika has been a partner of the Foundation for the Lucerne Symphony Orchestra (LSO) for several years now. The foundation sets out to promote the artistic reputation of the LSO at regional, national and international level. It supports outstanding creative projects undertaken by the LSO and fosters the innovative development of the orchestra. As Switzerland's oldest symphony orchestra, the LSO enjoys international acclaim. Sponsorship sum in 2014: CHF 100,000.
www.sinfonieorchester.ch

150TH ANNIVERSARY OF BILATERAL RELATIONS BETWEEN JAPAN AND SWITZERLAND: February 6, 1864 saw the signing of the first trade and friendship agreement between Japan and Switzerland. To mark this anniversary, Sika was a gold sponsor of the Japan Week (October 22 to 28, 2014) in Bern. Over 1,000 Japanese artists provided a cross-section of the cultural, craft and culinary traditions of their country. Sika also sponsored the Japan booth at the Geneva Book Fair (April 30 to May 4, 2014). Sponsorship sum in 2014: CHF 10,000 (Japan Week), CHF 10,000 (Geneva Book Fair Japan Booth Association).

EV ZUG ICE HOCKEY CLUB: Featuring on the club kit, stadium banners and even the ice rink, the Sika logo is now a part of EV Zug's public identity. The sponsorship agreement with the top Swiss ice hockey team was concluded in 2013 and will run until the end of the 2014/2015 season. Sponsorship sum in 2014: CHF 270,000.
www.evz.ch

SWISS SLIDING: Sika is a sponsor of Swiss Sliding, the association for the Winter Olympic disciplines bobsleigh, luge and skeleton. Swiss Sliding is committed to both top-level competitive and grass-roots sport, with the development of young talent as a key priority. As Reto Götschi, Swiss Sliding CEO, points out: "Apart from the financial support, Swiss Sliding also benefits from Sika's know-how and products." Sponsorship sum in 2014: CHF 168,000.
www.swiss-sliding.ch

2015 STREET HOCKEY WORLD CHAMPIONSHIPS: Sika is the main sponsor of the 2015 Street Hockey World Championships taking place from June 19 to 28, 2015 in Zug, Switzerland. Over 1,200 athletes in 26 to 30 teams from around 20 different countries are expected. This partnership underscores Sika's aim to help establish street hockey as a sporting discipline and promote canton Zug's international positioning. Sponsorship sum in 2014: CHF 237,600.
http://zug2015.com

LESS IMPACT OR REDUCING THE NEGATIVE FOOTPRINT

The following details relate to all business operations of the Sika Group, including the activities of the newly acquired companies, and focus on the core themes of energy, water/waste, occupational safety, and CO_2 emissions at the more than 160 Sika production sites.

Sika constantly improves its environmental protection and safety performance through its routine investment planning and maintenance activities. In the year under review, Sika invested a further CHF 6.1 million in technical equipment for accident and illness prevention, equivalent to around 4% of the total investment (approx. CHF 150 million) in technical equipment. The numerous other environmental, health, safety and sustainability measures implemented by Sika in the reporting year involved investments of CHF 23.1 million (previous year: CHF 24.4 million). Sika employs environment, safety and sustainability specialists at all its major sites. The total worldwide headcount in this field runs to over 100.

ENERGY
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. Availability and efficient use of energy and resources are crucial to sustainable development and poverty reduction. Sika sees it as its particular responsibility to minimize impact on climate change by reducing energy consumption from nonrenewable sources with the positive effect of lowering costs and increasing competitiveness. The Group goals are:

TARGET – 3% LESS ENERGY CONSUMPTION PER TON AND YEAR: This includes the total energy produced and consumed by all Sika operating companies and units, both industrial and nonindustrial sites.

IMPLEMENTATION: Sika consumed 1,671 TJ in 2014 (previous year: 1,681 TJ). 55.8% of Sika's energy requirements were met by electrical power from the local grid. The remaining demand was mainly covered by natural gas and liquid fuels.

Achieving an efficiency improvement of approximately 12%, Sika has clearly exceeded its target: The energy consumption per ton of product sold was at 478 MJ (previous year: 541 MJ). This increase in efficiency is mainly due to improved capacity utilization at the Sika factories, which lifted production by an average of 22% in 2014, achieving a better utilization of the basic energy consumed. Beyond that, Sika initiated and successfully carried out various energy projects worldwide, as illustrated by two commendable examples from Turkey and the US. In Turkey, the energy required to drive the compressors was cut by 8% thanks to measures to reduce compressed air losses. As part of the program, workers were trained to identify and repair compressed air leaks in all equipment at the subsidiary's production facilities. In the US, the installation of efficient interior and exterior lighting led to power savings of 979,000 kWh per year. The project was eligible for a New Jersey State incentive to encourage companies to install more energy-efficient lighting.

CO_2 EMISSIONS
CO_2 is a consequence of fossil energy consumption, and can only be limited by increasing energy efficiency. This is why Sika controls its CO_2 emissions via its energy target and has not set a specific reduction target at Group level.

CO_2 EMISSIONS (DIRECT): CO_2 emissions from energy consumed directly by all Sika operating companies and units, both industrial and nonindustrial sites, and by its own vehicles are calculated based on the reported fuel quantities. CO_2 emissions resulting from the use of primary energy sources added up to around 47,000 tons (previous year: 50,000 tons). A number of factories in China still rely on locally sourced coal as a fuel. This has a low gross calorific value and entails higher CO_2 emissions than natural gas. Changes to the product mix reduced emissions at two factories, an improvement achieved by partly replacing a coal-intensive process with a coal-free one.

CO_2 EMISSIONS (INDIRECT): CO_2 emissions from energy consumed indirectly by all Sika operating companies and units, both industrial and nonindustrial sites, by leased vehicles and as a result of business travel are calculated based on the reported energy quantities. CO_2 emissions caused by purchased electricity are calculated using current emission factors from the Greenhouse Gas Protocol (GHG). Instead of determining the emissions caused by effective power consumption, average values for electricity production in each particular country are applied. In 2014, CO_2 emissions caused by power consumption were calculated at 102,000 tons (previous year: 118,000 tons), i.e. more than twice as high as direct CO_2 emissions. Leased vehicles and business travel caused additional CO_2 emissions of 20,500 and 14,000 tons, respectively (previous year: 17,400 and 17,500 tons).

Extensive project case studies from around the globe detailing how Sika was able to save energy at its plants and reduce CO_2 emissions can be found at www.sika.com/sustainability.

WATER

Sika aims to boost the sustainability performance of its production sites by reducing water consumption and treating water locally. The company implements measures to reduce consumption or to use lower-grade water qualities especially in geographies where water is scarce. Efficient production means closed loop cooling and switching from public to surface and ground water, reducing the amount of drinking water used in production. By reusing wastewater, Sika aims to reduce its water consumption on a larger scale. The Group goal is:

TARGET – 3% LESS WATER CONSUMPTION PER TON AND YEAR: This includes water consumed by all Sika operating companies and units, both industrial and non-industrial sites, whether from public utilities or from ground or surface water sources.

IMPLEMENTATION: In 2014, Sika again used approximately 2 million cubic meters of water (previous year: 2 million cubic meters). With water consumption per ton sold down by around 10% to 0.60 cubic meters (revised figure for the previous year: 0.67), Sika exceeded its target due to significantly higher production volumes: Cooling water, accounting for some 80% of water consumption, was deployed more effectively. In the reporting year, Sika invested in various water efficiency projects at its factories worldwide, including the plant in Lyndhurst, NJ, USA, where the newly installed closed loop cooling water system will lead to a drastic reduction in annual cooling water demand from 2015 on. Continuous small-scale improvements also add up to contribute to the global increase in efficiency, such as in Argentina, where total water volume goes down by 75% thanks to a high-pressure cleaner requiring less water and to a filtration process that reuses service water in production.

Extensive project case studies from around the globe detailing how Sika succeeded in saving water at its plants can be found at www.sika.com/sustainability.

WASTE

Efficient use of input materials is extremely important to all Sika companies as production processes are material intensive using high volumes of nonrenewable resources. Efficient production in this context means reducing and reusing production scrap, reducing and reusing packaging materials and improving packaging design, leading to higher productivity and lower material use. The Group goal is:

TARGET – 3% LESS WASTE PER TON AND YEAR: This includes all waste material sent to external contractors for disposal – with the exception of materials returned to suppliers – and covers all Sika operating companies and units, both industrial and nonindustrial sites.

IMPLEMENTATION: Sika achieved only a moderate improvement in material efficiency in the reporting year. Recording a higher production volume, the company caused 62,000 tons of waste (previous year: 56,000 tons). This corresponds to 17.9 kilograms of waste per ton sold (revised figure for the previous year: 18.1 kilograms), or a reduction of 1%. As Sika had reported significant improvements in previous years, material efficiency will be a priority in 2015. A large part of the waste – particularly from polymer and mortar production – is recycled by external companies. Extensive measures such as the efficient and economical use of raw materials, process optimizations, improved waste sorting and recycling of packaging materials have contributed to a global increase in waste efficiency. Sika's Shanghai plant, for example, achieved significant material and cost savings by granulating the polyester scrim and felt backing used in roofing membranes, and feeding the materials back into the production process. In 2014, Sika Thailand won a Silver Award from the Industrial Estate Authority Thailand Waste Management for continuous improvements in operational waste handling.

Extensive project case studies from around the globe detailing how Sika managed to reduce waste at its plants can be found at www.sika.com/sustainability.

OCCUPATIONAL SAFETY

The health, safety and well being of all Sika employees are essential to the success of its business and are core concerns throughout the organization. This requires focus and a systematic approach: occupational standards, management commitment, employee involvement, work site and risk analysis, hazard recognition and resolution, training and education are key components of Sika's health and safety framework. A culture of safety and a healthy work environment are at the center of everything the company does. Sika has the ambitious goal of every employee leaving the workplace healthy. The Group goal is:

TARGET – 5% LESS ACCIDENTS PER YEAR: This refers to the number of work-related accidents leading to injuries, covering all Sika employees, including temporary and subcontracted staff, at the company's operating companies and units, both industrial and nonindustrial sites. Construction projects are not factored in.

IMPLEMENTATION: The number of occupational accidents leading to lost work time of more than one day showed a year-on-year decrease. In the year under review, 11 occupational accidents per 1,000 employees (previous year: 12) were recorded. In 2014, injuries caused absences of an average of 17 days (previous year: 16). Sika will continue to improve safety constantly in 2015: All plants will regularly run Safety Days and invest in technical safety measures. Depending on the situation and cultural context, local companies also include external partners to stage Safety Days, a case in point being Sika Thailand, which invited a Buddhist monk to address the topic of safety and religion. Sika Vietnam conducted a safety campaign throughout the entire country to raise employee safety awareness and establish a safety-first work culture at production sites and offices. The subsidiary introduced an implementation program for teams, processed feedback and rewarded participants for strong achievements. Employees received training in first aid and dealing with chemical spills. At Sika UK, lean management and organizational structures, along with the introduction of safety management tools, helped to increase employees, safety awareness resulting in a stronger commitment on their part to improve the safety of their working environment.

Extensive project case studies from around the globe detailing how Sika was able to reduce occupational accidents and days lost at the plants can be found at www.sika.com/sustainability.

EMPLOYEES

COMPETENCE AND COMMITMENT

Sika believes in the competence and the entrepreneurial spirit of its employees and delegates decisions and responsibilities according to the individual's level of competence. Training and development of employees is given a high priority. Sika aims to provide training for all employees, to develop tomorrow's leaders and to focus on promoting internal candidates.

VALUES AND PRINCIPLES

Sika introduced its five values and principles in 2014. The success of any company hinges not only on implementing the right strategy, but also on harnessing the trust and commitment of its employees. Sika's rise to its leading global position is driven by the five values and principles that define its corporate culture. These are:

1. CUSTOMER FIRST: Sika designs all of its new products and solutions with its customers, success in mind. The company looks to build long-lasting and mutually beneficial relationships rather than focus on short-term successes. This mindset is reflected in Sika's Building Trust tagline.
2. COURAGE FOR INNOVATION: Innovation management is at the core of the company's business. Sika has institutionalized its Product Creation Process with a strong focus on consistently developing new products, systems and solutions.
3. SUSTAINABILITY & INTEGRITY: Sustainability is a key component of Sika's drive for innovation. For buildings and industrial applications alike Sika aims to enhance durability and improve both energy and material efficiency. Sika's aim is to reduce resource consumption within its own company as well as for its partners, who trust in Sika products. The well-being and health of employees and partners is a prerequisite to the company's success.
4. EMPOWERMENT & RESPECT: Sika fosters a working environment based on trust and respect. The company focuses consistently on working in close partnership with each other and with customers, suppliers and stakeholders. Sika believes in the competence and the entrepreneurial spirit of its employees. The company empowers its people to develop and propose new ideas, which is why decisions and responsibilities are delegated to the level of competence. Corporate units are structured to be as decentralized as possible, with flat hierarchies and broad spans of control.
5. MANAGE FOR RESULTS: Sika is persistent in the pursuit of its vision and targets and has a long-term view, taking pride in continuously achieving outstanding results. Functions and projects are clearly assigned because giving people responsibility guarantees success. Sika has transparent remuneration benchmarks following a defined strategy. Performance evaluation is based on market share, sales growth, profitability and capital efficiency.

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 approximately 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 a total of around CHF 8.3 million (previous year: CHF 7.1 million) on employee development. The aim is to provide at least ten hours training per year for each employee. In 2014, the figure stood at 11.4 hours (2013: 10.6 hours).

MANAGEMENT DEVELOPMENT

Sika gives preference to internal candidates for specialist and management appointments. In the last two years, for example, Sika's senior management roles have almost all been filled internally.

SIKA BUSINESS SCHOOL

The Sika Business School offers programs in the areas of management development and talent development. In the year under review, the school ran 12 courses for junior managers. Sika continued its partnership with the International Institute for Management Development (IMD) in Lausanne (Switzerland), the program on offer includes a course designed specifically for the members of Group Management.

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

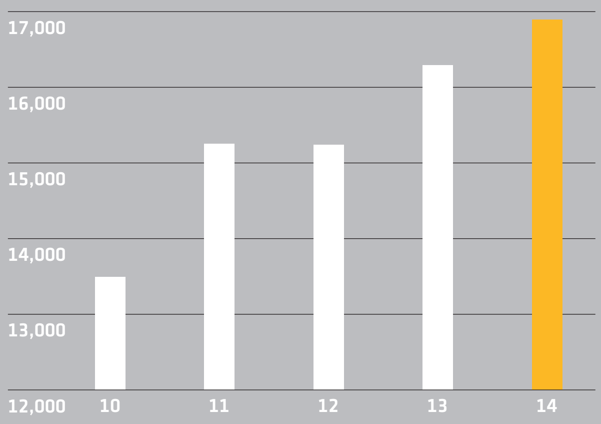
NUMBER OF EMPLOYEES

The number of employees rose 3.7% during the year under review to 16,895 (2013: 16,293). In line with Sika's growth strategy, the emerging markets accounted for the majority of the 512 people who joined the company. The regional distribution of Sika employees is as follows: EMEA 8,708 (2013: 8,658), North America 1,488 (2013: 1,438), Latin America 2,609 (2013: 2,329), Asia/Pacific 4,090 (2013: 3,868).

The age structure at Sika is broadly balanced: 17% of employees are under 30 years of age and 21% over 50. Sika wants to offer its staff long-term prospects with the company and over 95% of employees have permanent employment contracts.

Together, all Sika employees generated a net added value of CHF 1,715 million in 2014 (2013: CHF 1,542 million). This corresponds to net added value per employee of CHF 103,000 (previous year: CHF 98,000). Further information on this topic may be found on page 133 of the pdf download of this report.

EMPLOYEES
in thousand



DIVERSITY

Sika's global presence and associated 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 of its success, especially at senior management level.

Work region of Sika's senior managers	Nationalities	% of senior managers
EMEA	27	39
APAC	16	19
LATAM	10	9
NAM	5	7
Corporate organization	10	27

Women account for 22.3% of total headcount (2013: 21.5%) and 16.4% of managers (2013: 16.2%). Sika is constantly working to increase these figures.

WORK AND SOCIAL STANDARDS

Sika companies and their employees comply with global and local work and social standards. Furthermore, all employees are bound by the Sika Code of Conduct, regardless of where they work and in which function. The Sika Code of Conduct is binding even in cases where local laws are less stringent. In addition, as a signatory of the UN Global Compact, Sika prepares its reporting in accordance with the GRI G4 guidelines. To ensure that the interests of all stakeholders are represented and to reaffirm our commitment, Sika is also a member of the World Council for Sustainable Development.

The Sika Code of Conduct protects and ensures compliance with human rights. The company respects the right to freedom of association. However, it must be noted that Sika also operates in countries where the right to freedom of assembly and to collective bargaining are restricted by national legislation.

Sika tolerates neither child labor nor any type of slavery and observes all laws and guidelines in respect of discrimination in any form. Sika actively promotes a recruitment policy aimed at achieving a diversified workforce. Chapter 9 of Sika's Code of Conduct establishes a zero tolerance approach to discrimination at the workplace.

Every year around 20 internal audits and 10 legal audits are conducted, corresponding to some 20% of all Sika national subsidiaries. Among other things, these audits ensure compliance with the applicable work and social standards.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

COMMITMENT TO OPENNESS AND TRANSPARENCY

Creating transparency is the highest objective of good corporate governance. This provides information on structures and processes, areas of responsibility and decision procedures as well as rights and obligations of various stakeholders. Reporting at Sika follows the SIX Swiss Exchange guidelines.

GROUP STRUCTURE AND SHAREHOLDERS

Sika AG, headquartered in Baar, is the only listed Sika company. The Sika AG bearer shares are listed on SIX Swiss Exchange under Swiss security no. 58797. Information on Sika AG's stock market capitalization can be found on download pdf, page 18. In the year under review, the Sika Group encompassed unlisted subsidiaries in 90 countries. 140 companies are included in the scope of consolidation. Companies of which Sika holds less than 50% of shareholder votes are not consolidated. These are namely Addiment Italia S.r.l., Italy; Condensil SARL, France; Sarna Granol AG, Switzerland; Hayashi-Sika Automotive Ltd., Chemical Sangyo Ltd. and Seven Tech Co. Ltd. in Japan as well as the joint venture Part GmbH in Germany. Detailed information on the Group companies can be found on page 125 ff. of the download pdf of this report.

Sika conducts its worldwide activities according to countries that have been classed into regions with area-wide managerial functions. The heads of the regions are members of Group Management. The regional and national management teams bear full profit and loss responsibility, and – based on the Group strategy – set country-specific growth and sustainability targets, and allocate resources.

Furthermore, Sika has geared its internal organization toward seven target markets from the construction industry or from industrial manufacturing. These target markets are represented by two members of Group Management as well as in the regional management teams and the national subsidiaries. The relevant managers are responsible for the definition and launch of new products, the implementation of demonstrated best practices, and the product-line and pricing policies for Group products, i.e. those offered worldwide rather than only in a particular country.

The heads of the central services Finance and Research and Development are likewise members of Group Management, which consists of nine members. All Group business is consolidated in Sika AG, the holding company, itself in turn under the supervision of the Board of Directors. The organization structures are presented on pages 22 to 28 of the download pdf of this report.

As of the balance sheet date of December 31, 2014, Sika had two significant shareholders with a share of voting rights of over 3%, the group formed by the Burkard-Schenker family and Compagnie de Saint-Gobain, Courbevoie, which according to information provided by the family as at December 31, 2014, holds 52.9% of all share votes, mainly through Schenker-Winkler Holding AG, Baar, and BlackRock, Inc., New York, which held 3.25% of all voting shares on the balance sheet record date. A list of changes in significant shareholdings reported to the Disclosure Office of SIX Swiss Exchange Ltd during the year under review can be found at http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html. There are no crossover holdings exceeding 3%, either in terms of capital or votes.

CAPITAL STRUCTURE

As at December 31, 2014, capital stock totaled CHF 1,524,106.80. This was divided into 2,151,199 bearer shares, each with a nominal value of CHF 0.60, and 2,333,874 registered shares, each having a nominal value of CHF 0.10. All shares earn the same dividend, with payout adjusted according to nominal value. One share represents one vote. In addition, there is CHF 155,893.20 in contingent capital, unrestricted in time, comprising 259,822 bearer shares with a per-share nominal value of CHF 0.60. These shares are reserved for the exercise of option or conversion rights. Shareholders are excluded from subscription rights. There are currently no conversion or option rights outstanding. Sika granted no participation certificates, dividend right certificates or stock options.

Option plans do not exist for members of the Board of Directors, Group Management or employees. Changes in capital stock, reserves and retained earnings during the last five years are posted on page 130 ff. of the download pdf of this report.

The purchase of Sika bearer and registered shares is open to all legal persons and individuals. The Board of Directors can deny purchase of registered shares if the purchaser's registered shareholdings exceed 5% of the total number of registered shares entered in the commercial register. Nominees, i.e. shareholders who acquire shares in their own name but on the account of third parties, are registered as shareholders without voting rights.

BOARD OF DIRECTORS

The Board of Directors is Sika's highest governing body and is mainly responsible for the:
- Definition of the corporate mission statement and corporate policies
- Decisions on corporate strategy and organizational structure
- Appointment and dismissal of members of Group Management
- Structuring of finances and accounting
- Establishment of medium-term planning as well as the annual and investment budgets.

The members of the Board of Directors are elected by the Annual General Meeting for a term of office of one year. They can be reelected at any time. Upon reaching the age of seventy, directors resign their mandate. Detailed information on individual members of the Board of Directors is listed on page 27 of the download pdf of this report. No directorships are maintained with other listed companies on a reciprocal basis.

Presently the Board of Directors of Sika AG consists of nine members. None of the members of the Board of Directors was a member of Group Management or the executive management of a Group company during the three preceding business years. The Board convenes at the Chairman's request as business demands. In business year 2014 the Board met eight times. The Chief Executive Officer (CEO) participates in the Board meetings in an advisory capacity. The other members of Group Management take part as necessary, but at least three times per year, also in an advisory capacity. Company officers report regularly and comprehensively to the Chairman concerning implementation of Board decisions.

The CEO as well as the CFO report to the Board in writing on the development of business at least once per month. Extraordinary occurrences are reported immediately to the Chairman or the Audit Committee, insofar as such events relate to the latter's area of responsibility. The Internal Audit staff report to the Chairman as well as the Audit Committee within the scope of the review schedule.

BOARD COMMITTEES

Sika has two committees of the Board of Directors: the Audit Committee as well as the Nomination and Compensation Committee. The chairpersons of these committees are elected by the Board. Otherwise, the committees organize themselves. Information on the members of the committees can be found on page 27 of the download pdf of this report.

- The Audit Committee mainly reviews the results of internal and external audits as well as risk management. The committee convenes at the request of its chairperson as required. Customarily the Chairman of the Board and the CFO, as well as the CEO if necessary, take part in these meetings in an advisory capacity. In the year under review the Audit Committee met five times.
- The Nomination and Compensation Committee prepares personnel planning at Board and Group Management level and handles matters relating to compensation. One of the central tasks of the Nomination and Compensation Committee is succession planning for the Board of Directors and Group Management. The committee convenes at the request of its chairperson as required. Usually the Chairman of the Board and the CEO participate in these meetings in an advisory capacity, insofar as they are not themselves affected by the items on the agenda. In the year under review the Nomination and Compensation Committee met six times.

GROUP MANAGEMENT

Within the framework of Board resolutions, Sika's operative leadership is incumbent on Group Management. The structure of the Group Management is outlined in the beginning of the Corporate Governance, on page 57 of the download pdf of this report. The members of Group Management and their functions are listed on pages 23 to 26 of the download pdf of this report. Detailed information on their backgrounds and activities can be found on pages 24 to 25 of the download pdf of this report. Sika had no management contracts with third parties in the year under review.

SHAREHOLDER PARTICIPATION RIGHTS

Every shareholder can exercise share votes through representation by another shareholder with voting rights or the independent proxy.

Information on what constitutes a statutory quorum can be found in art. 704 of the Swiss Code of Obligations (CO); information on what constitutes a quorum under Sika's articles of association can be found in § 15 paragraph 3 of the latter document. The orders of business for which a majority is required are defined therein. Sika's articles of association can be found at http://www.sika.com/en/group/investors/corporategovernance/articlesofassociation.html. The invitation modalities and deadlines for the Annual General Meeting are conformant with legal requirements. In addition, during a period published by the company, shareholders representing a nominal share value of CHF 10,000 can request in writing to have an item placed on the agenda, indicating the proposals to be put forward.

Notice is published in the Swiss Official Gazette of Commerce. New registered shares will not be registered by the company in the two working days prior to the Annual General Meeting. Therefore registered shares sold between the deadline and the Annual General Meeting are not entitled to vote.

DELINEATION OF POWERS OF AUTHORIZATION

The powers of authorization, duties and responsibilities of the Board of Directors and Group Management are laid down in the organizational rules of Sika AG and Sika Group (http://www.sika.com/en/group/investors/CorporateGovernance/organizational_rules.html).

CHANGE IN CORPORATE CONTROL AND DEFENSE MEASURES

In accordance with § 6 of the Sika articles of association, purchasers of shares are not obligated to make a public offering as generally prescribed by articles 32 and 52 of the Swiss Federal Act on Stock Exchanges and Securities Trading. There are no clauses governing changes in corporate control.

AUDITOR

The auditor of Sika AG is elected by the Annual General Meeting for a term of one year. In the year under review, Ernst & Young AG, listed as an auditor in the commercial register since February 7, 1995, served in this capacity. In accordance with legal requirements, the auditor in charge is replaced after a maximum period of seven years. The auditor in charge has been responsible for the audit mandate since 2010.

The auditor participates regularly in the meetings of the Audit Committee, providing oral and written report of the results of its reviews. The Audit Committee checks and evaluates the auditor and makes recommendations to the Board of Directors. The evaluation of performance and the negotiation of fees are conducted according to internally specified criteria.

In 2014, the present auditor took part in three meetings of the Audit Committee.

Ernst & Young AG billed CHF 3.5 million for its services during the year under review. This figure included the audits of individual closings within Sika AG as well as of practically all subsidiaries and the review of the consolidated financial statements. Ernst & Young AG received additional fees totaling CHF 1.0 million for tax consultancy and CHF 0.6 million for audit-related consulting services.

INFORMATION POLICY

Sika informs extensively on the development of business in annual and quarterly reports, at the annual media and financial analyst conference as well as at the Annual General Meeting. The continually updated website at www.sika.com as well as media releases regarding important developments are also integral components in communications. As a company listed on SIX Swiss Exchange, Sika is also obligated to comply in particular with requirements of ad-hoc disclosure, i.e. the release of news which may affect its stock price. In addition, Sika maintains dialog with investors and the media through special events and road shows. Information on important dates in 2015 can be found on page 145 of the download pdf of this report.

COMPENSATION REPORT

COMPENSATION REPORT

The Compensation Report describes the compensation principles and programs as well as the governance framework related to the compensation of the Board of Directors and the members of Group Management of Sika. The report also provides details around the compensation programs and the payments made to members of the Board of Directors and of Group Management in the 2014 business year.

The Compensation Report is written in accordance with the Ordinance against Excessive Remuneration in Stock Listed Corporations, the principles of the Swiss Code of Best Practice for Corporate Governance of economiesuisse and the standard relating to information on Corporate Governance of the SIX Swiss Exchange. It has the following structure:

INTRODUCTION BY THE CHAIRMAN OF THE NOMINATION AND COMPENSATION COMMITTEE

DEAR SHAREHOLDERS,

In the name of the Board of Directors and the Nomination and Compensation Committee, I am pleased to present the 2014 Compensation Report.

2014 has been an outstanding year for Sika, with an 8.3% revenue growth in Swiss francs (13% in local currencies) and 21% profitability increase (earnings before interest and tax). All regions posted very strong results, and the emerging markets continued their accelerated development with the opening of new factories. In terms of relative performance, Sika outperformed its peers both in terms of sales growth and profitability improvement. The compensation report explains how these results impacted the variable incentive payments made to the members of Group Management under the different compensation plans.

In the reporting year, the Nomination and Compensation Committee focused its efforts on the implementation of the Ordinance against Excessive Remuneration in Stock Listed Corporations (the Ordinance).

First of all, the Articles of Association have been amended in order to comply with the Ordinance. The Articles of Association now include provisions on the responsibilities of the Nomination and Compensation Committee and on the principles of compensation applicable to the Board of Directors and Group Management. You approved the revised Articles of Association at the 2014 Annual General Meeting.

Further, we conducted our first binding vote on the aggregate maximum compensation amounts for the Board of Directors and for the Group Management at the 2014 Annual General Meeting, one year ahead of the requirements of the Ordinance. We also conducted a consultative vote on the Compensation Report, so that shareholders could express their opinion on our compensation policy and principles. We believe that the combination of the prospective binding vote on the compensation amounts and the consultative vote on the Compensation Report provides our shareholders with a real say-on-pay and we will continue to take this approach in the future.

During the summer, we undertook a thorough review of our compensation policy and programs and concluded that they are well aligned to our business strategy and to the long-term shareholders, interests, while being compliant with the various regulations and corporate governance principles. Therefore, we decided to not undertake any fundamental changes, but rather to continue to strengthen our compensation principles with the extension of the Long-Term Incentive plan to the Sika Senior Managers (by definition, management level reporting into Group Management).

Finally, we expanded our disclosure in the Compensation Report, so that you can clearly assess the link between the performance achieved in the reporting year and the compensation paid out under the different incentive plans.

Looking ahead, we will continue to assess and review our compensation programs to ensure that they are still fulfilling their purpose in the evolving context in which the company operates. We will also continue to maintain an open dialog with our shareholders and their representatives.

We would like to thank you here for sharing your perspectives on executive compensation with us and trust that you will find this report informative.

Sincerely,

FRITS VAN DIJK
Chairman of the Nomination and Compensation Committee

COMPENSATION GOVERNANCE

NOMINATION AND COMPENSATION COMMITTEE

In accordance with the Articles of Associations and the organizational regulations of Sika AG, the Nomination and Compensation Committee is composed of three members of the Board of Directors that are elected individually by the Annual General Meeting for a period of one year. Since the Annual General Meeting of 2014, Mr. Frits van Dijk (Chairman), Mr. Urs Burkard and Mr. Daniel Sauter are members of the Nomination and Compensation Committee.

It is the responsibility of the Nomination and Compensation Committee to:

- review and determine the compensation policy, including the principles for the variable compensation and shareholding programs according to the provisions specified in the Articles of Association;
- propose to the Board of Directors the maximum aggregate amounts of compensation of the Board of Directors and of Group Management to be submitted to the shareholders, vote at the Annual General Meeting;
- propose to the Board of Directors the compensation level for the members of the Board of Directors, the CEO and the other members of the Group Management, within the maximum aggregate compensation amounts approved by the Annual General Meeting;
- provide the Board of Directors with a performance assessment of the CEO and of the other members of Group Management, together with a recommendation for the short-term and long-term incentives to be awarded to them based on their individual performance and the performance of the company;
- propose to the Board of Directors the Compensation Report;
- prepare the succession planning of the CEO and other members of Group Management, and propose to the Board of Directors the appointment of new members of Group Management.

LEVELS OF AUTHORITY

	CEO	**Chairman of the BoD**	**NCC**	**BoD**	**AGM**
Compensation policy and principles			Proposes	Approves	
Maximum aggregate compensation amounts of BoD and GM			Proposes	Reviews	Approves (binding vote)
Compensation of Chairman of the BoD			Decides	Informed	
Individual compensation of members of the BoD			Proposes	Approves	
Compensation of CEO		Proposes	Reviews	Approves	
Individual compensation of members of GM	Proposes		Reviews	Approves	
Compensation Report			Proposes	Approves	Consultative vote

BoD = Board of Directors, NCC = Nomination and Compensation Committee, GM = Group Management, AGM = Annual General Meeting

In 2014, the Nomination and Compensation Committee held six meetings according to the following predetermined annual agenda:

	Jan	Feb	Apr	Jul	Oct	Dec
Compensation strategy						
Review of overall compensation policy				■		
Review of overall compensation policy						
Review of committee duties, accountabilities and responsibilities		■				
Preparation and approval of Compensation Report		■				■
Preparation of say-on-pay vote for next Annual General Meeting		■				
Review of external stakeholder feedback on compensation disclosure			■			
Review of compensation disclosure principles				■		
Compensation of Board of Directors						
Determination of compensation for following compensation period			■			
Compensation of Group Management						
Preliminary performance evaluation (previous year)	■					
Final performance evaluation (previous year)		■				
Determination of Short-Term incentive pay-out for previous year		■				
Determination of Long-Term Incentive vesting (previous performance period)		■				
Preliminary compensation review for following year					■	
Determination of compensation (at target) for following year						■
Determination of performance objectives for following year						■
Nomination items						
Review of Board constitution				■		
Review of potential candidates to positions on the BoD					■	
Succession planning for Group Management positions					■	

The Chairman of the Nomination and Compensation Committee reports to the Board of Directors after each meeting on the activities of the Committee. The minutes of the Committee meetings are available to the members of the Board of Directors.
As a general rule, the Chairman of the Board of Directors and the CEO attend the meetings in an advisory capacity. They do not attend the meeting when their own compensation and/or performance are being discussed.
In 2014, Frits van Dijk and Daniel Sauter attended all six meetings, while Urs Burkard attended five meetings and apologized for one meeting. This corresponds to an overall attendance rate of 94%.

The Nomination and Compensation Committee may decide to consult an external advisor from time to time for specific compensation matters. In 2014, Agnès Blust Consulting was mandated to provide services related to executive compensation matters and Towers Watson was mandated to perform a benchmarking analysis of the compensation of Group Management. These external advisors do not have other mandates with Sika. In addition, support and expertise are provided by internal compensation experts such as the Head of Human Resources and the Head of Compensation & Benefits.

SHAREHOLDERS, INVOLVEMENT

With the implementation of the Ordinance, the role of shareholders in compensation matters has been strengthened substantially. On the one hand, the compensation amounts of the Board of Directors and Group Management are subject to a yearly binding vote at the Annual General Meeting. On the other hand, the Articles of Association must include the principles on compensation applicable to the Board of Directors and Group Management. The amendments to the Articles of Associations have been presented and approved by the shareholders at the 2014 Annual General Meeting and are summarized below (please refer to www.sika.com/en/group/investors/CorporateGovernance/ArticlesOfAssociation.html for the full version of the Articles of Association):

- principles of compensation applicable to the Board of Directors (art. 11.1, 11.3 and 11.8): The Board of Directors receives fixed compensation in cash and/or in shares;

- principles of compensation applicable to the Group Management (art. 11.1, 11.4 to 11.6 and 11.8): The Group Management receives a fixed and a variable compensation. The variable compensation consists of a performance bonus paid in cash and in shares (share purchase plan), and of a long-term incentive in form of equity compensation. For the CEO, the variable compensation (value of paid out performance bonus and grant value of the long-term incentive) does not exceed 300% of the fixed compensation. For the other members of Group Management in total, the variable compensation does not exceed 200% of the fixed compensation;
- binding vote by the Annual General Meeting (art. 11.2): The Annual General Meeting approves annually the total fixed remuneration amount of the Board of Directors for the period until the next ordinary General Meeting, and the maximum total fixed and variable compensation amount of the Group Management for the next fiscal year;
- additional amount for new members of Group Management (art. 11.7): The total additional compensation for each new member of Group Management may not exceed the average total compensation of the Group Management in the previous fiscal year by more than 200%, resp. 400% for a new CEO. Proven disadvantages from the change of position may be compensated within this additional amount;
- credit, loans and post-employment benefits (art. 12): The company does not offer any loans, credit, guarantees or other securities to members of the Board of Directors and Group Management. Pension benefits are offered only in accordance with the occupational pension plans, which are specified in the respective regulations.

In addition, the compensation report is submitted to a consultative shareholders' vote, so that shareholders can express their opinion on the compensation policy and programs.

METHOD OF DETERMINATION OF COMPENSATION

PERIODIC BENCHMARKING

The compensation of the Board of Directors is regularly reviewed against prevalent market practice of other multinational industrial companies. In 2012, a thorough review had been conducted in order to determine the competitiveness of the Board compensation in terms of structure and overall level. For this purpose, a peer group of Swiss multinational companies of the industry sector listed on the Swiss Stock Exchange (SIX) was selected for the benchmarking analysis. The peer group consists of Clariant, Geberit, Georg Fischer, Holcim, Lonza, Schindler, Sonova and Sulzer and is well-balanced in terms of market capitalization, revenue size and headcount. This compensation review resulted in a fundamental change of the compensation model for the Board of Directors, effective 2012. Consequently, no further analysis and no further adjustments were made in 2013 and 2014.

Regarding the compensation of the Group Management, a compensation review was conducted again in 2014, with the support of an independent consultant, Towers Watson. The same peer group of companies has been chosen as for the review of compensation of the Board of Directors. Towers Watson gathered the relevant benchmarking data through a so-called club survey and summarized them in a report that served as basis for the Nomination and Compensation Committee to analyze the compensation of the CEO and the Group Management, and to set their target compensation levels for the financial year 2015.

PEER GROUP FOR BENCHMARKING PURPOSES AS OF 12/31/2014

	Market capitalization	**Revenue**	**Headcount**
Sika	7,457	5,571	16,895
1st quartile	5,135	3,036	9,739
Median	7,308	3,670	14,592
3rd quartile	13,538	6,775	24,744

PERFORMANCE MANAGEMENT

The actual compensation paid to the individual members of Group Management in a given year depends on the company and on the individual performance. Individual performance is assessed through the annual Performance Management process, which aims to align individual and collective objectives, to stretch performance and to support personal development. The objectives for the CEO and members of Group Management are approved by the Nomination and Compensation Committee at the beginning of the financial year and achievement against those objectives is assessed at year-end. The performance assessment of the members of Group Management is conducted by the CEO, while that of the CEO is conducted by the Chairman of the Board of Directors. The Nomination and Compensation Committee reviews the performance assessment of the CEO and the other members of Group Management before submitting them to the Board of Directors for approval. In discussing performance, the Nomination and Compensation Committee deliberates on the achievement of the individual objectives of each member of Group Management. The Committee also considers the extent to which individuals have carried out their duties in line with company values and expected leadership behavior. The individual performance assessments, together with the company's performance, form the basis for the determination of incentive pay-out levels.

COMPENSATION PRINCIPLES

COMPENSATION OF THE BOARD OF DIRECTORS

In order to guarantee the independance of the members of the Board of Directors in exercising their supervisory duties, their compensation consists of a fixed remuneration only.

COMPENSATION OF THE GROUP MANAGEMENT

Sika's compensation programs reflect a commitment to attract, develop and retain qualified, talented and engaged executives. They are designed to motivate executives to achieve the overall business objectives and to create sustainable shareholder value. The compensation programs are based on the following principles:

Pay for performance and sustainable success

Compensation of Group Management is linked to Sika's performance and to individual performance. Through a well-balanced combination of incentive programs, both the annual performance and long-term success are being rewarded.

Alignment with shareholder interests

A significant portion of compensation is delivered in the form of restricted shares to align the interests of executives with those of the shareholders.

Market competitiveness

Compensation is regularly benchmarked and is in line with competitive market practice.

Transparency

Compensation programs are straightforward and transparent.

The compensation programs include key features that align the interests of executives with those of shareholders and are in line with good practice in corporate governance.

WHAT WE DO

- Conduct an annual review of the compensation policy and programs
- Maintain compensation plans with a strong link between pay and performance
- Conduct a rigorous performance management process
- Maintain compensation plans designed to align executive compensation with long-term shareholders' interest
- Offer employment contracts with a notice period of maximum 12 months

WHAT WE DON'T DO

- Provide discretionary compensation payments
- Reward inappropriate or excessive risk taking or short-term profit maximization at the expense of the long-term health of the company
- Pay dividend equivalents on performance-contingent deferred units that have not been earned yet based on company's performance
- Guarantee future base salary increases, non-performance based incentive payments or unrestricted equity compensation
- Have prearranged individual severance agreements or special change-in-control compensation agreements

ARCHITECTURE OF COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS

In order to ensure their independence in their supervisory duties, the members of the Board of Directors receive a fixed compensation only, consisting of a retainer for services to the Board and an additional fee for assignments to committees of the Board. The retainer is paid partially in cash and partially in restricted shares, while the committee fees are paid in cash. The restricted shares are blocked from trading for a period of four years. The restriction on the shares may lapse in case of change of control or liquidation. The shares remain blocked in all other instances.

The cash payment and the shares are transferred shortly after the Annual Shareholders Meeting for the previous year of office, being defined as the period between Annual General Meetings.

The members of the Board of Directors receive no additional reimbursements of business expenses beyond actual expenditures for business travel. The members of the Board do not participate in Sika's employee benefit plan.

STRUCTURE OF BOARD COMPENSATION

in CHF	in cash	in shares
Retainer (gross p.a.)		
Chairman of the Board of Directors	individually determinded	individually determinded
Members of the Board of Directors	150,000	50,000*
Committee fees (gross p.a.)		
Committee Chairman	50,000	
Committee Members	30,000	

* Converted into shares on the basis of the closing share price shortly before the beginning of the year of office. Shares are transferred to the member shortly after the end of the year of office.

The compensation of the Chairman of the Board of Directors is defined individually, based on the person's skills and experience, and includes the following components: an annual retainer, paid partially in cash (monthly) and partially in shares (after the Annual General Meeting for the previous year of office), and a representation allowance paid in cash (monthly). The Chairman of the Board of Directors is not eligible for committee fees.
The Vice Chairman of the Board of Directors receives the retainer of CHF 150,000 and is eligible to an additional compensation in the amount of CHF 5,000 per day if additional work is required, for example to step in in the absence of the Chairman of the Board of Directors.

ARCHITECTURE OF COMPENSATION OF MEMBERS OF GROUP MANAGEMENT

COMPENSATION MODEL AND COMPENSATION ELEMENTS

The compensation for members of Group Management includes the following elements:

- Fixed base salary
- Variable compensation: short-term and long-term incentives
- Benefits & perquisite

STRUCTURE OF GROUP MANAGEMENT

	Vehicle	Purpose	Drivers	Performance measures
Annual base salary	Monthly cash salary	Attract and retain	Position, market practice Skills and experience	
Performance bonus (Short-Term Incentive)	Annual bonus Paid in cash and in restricted shares	Pay for performance	Achievement of business and individual objectives over a 1-year period	Group EBIT and net sales Individual objectives
Long Term Incentive	Performance Share Unit with 3-year performance vesting and additional 4-year blocking period on the resulting shares	Reward long-term performance Align to shareholder interests	Achievement of a Group objective over a 3-year period	ROCE
Benefits	Pension and insurances Perquisites	Protect against risks Attract and retain	Market practice Markect practice and Position	

FIXED ANNUAL BASE SALARY

Annual base salaries are established on the basis of the following factors:

- Scope, size and responsibilities of the role, skills required to perform the role;
- External market value of the role;
- Skills, experience and performance of the individual in the role.

To ensure market competitiveness, base salaries of the members of Group Management are reviewed every year taking into consideration company's affordability, benchmark information, market movement, economic environment and individual performance.

PERFORMANCE BONUS (SHORT-TERM INCENTIVE)

The performance bonus is a short-term variable incentive designed to reward the collective performance of the company ("Group performance") and individual performance ("Individual performance") of the incumbent, over a time horizon of one year. This variable compensation allows employees to participate in the company's success while being rewarded for their individual performance.

The performance bonus target is expressed as percentage of base salary and amounts to 100% for the CEO and ranges from 45% to 86% for the other members of Group Management. Group performance accounts for 60% of the total bonus, while the achievement of individual objectives accounts for 40%.

GROUP PERFORMANCE

The performance measures for the Group performance are proposed by the Nomination and Compensation Committee and approved by the Board of Directors. For 2014, they were the same as in the previous year:

- EBIT (earnings before interest and tax) improvement during the year, relative to a peer group of companies;
- Net sales growth during the year, relative to the same peer group.

EBIT improvement is weighted twice as much as net sales growth.

EBIT and net sales performance are measured based on an evaluation provided by an independent consulting firm, Obermatt. This benchmark compares and ranks Sika amongst the performance of a selected peer group of 24 companies, all industrial firms which were chosen because they have a comparable base of products, technology, customers, suppliers or investors and are thus exposed to similar market cycles.

PEER GROUP (OBERMATT BENCHMARK)

3M – Industrial & Transportations
Armstrong World Industries Inc.
Ashland – Performance Materials
BASF – Functional Solutions
Beacon Roofing Supply, Inc.
Beiersdorf – Tesa
Carlisle – Construction Materials
Cemedine Co., Ltd.
Dow – Coating & Infrastructure
EMS Chemie Holding AG
Forbo – Flooring Systems
Fuller HB Company
Geberit
Grace – Construction
Henkel – Adhesive Technologies
Hilti Corporation
Huntsman – Performance Products
Owens Corning
Pidilite Industries Limited
RPM
Saint Gobain – Construction Products
SK Kaken Co., Ltd.
Sto AG
Uzin Utz AG

Peer Group changes in 2014: due to changes in reporting, the Consumer and Craftsmen Adhesives and Industrial Adhesives divisions within Henkel were combined into Henkel Adhesive Technologies. The divisions Consumer Segment and Industry Segment of RPM were combined into RPM. In order to keep a reasonable number of peers, Geberit was added in the peer group.

The intention is to reward the relative performance of the company rather than its absolute performance because absolute performance may be strongly impacted by market factors that are outside the control of senior management.
For both EBIT and net sales, the objective is to reach at least the median performance of the peer group, which corresponds to a 100% pay-out factor. There is no pay-out for any performance below the lower quartile of the peer group. Performance at the lower quartile of the peer group corresponds to a payout factor of 50%. Performance at the upper quartile leads to a 150% pay-out factor and being the best in the peer group leads to a 200% payout factor. Any pay-out factor between those levels is interpolated linearly.

INDIVIDUAL PERFORMANCE
The individual performance includes personal objectives that are set as part of the annual performance management process. For the CEO and for the other members of Group Management, they are reviewed and approved by the Nomination and Compensation Committee. The personal objectives are mainly of financial nature, are clearly measurable and are set in three different categories:
– Bottom line contribution: profitability of the business under responsibility (EBIT target expressed as an improvement versus previous year);
– Return on invested capital: net working capital of the business under responsibility (NWC target expressed as an improvement versus previous year);
– People and projects management: includes strategic objectives, such as for example entry into new markets, introduction of new products, improvement of processes and operational efficiency, and leadership objectives.

At the end of the financial year, the actual achievement is compared with the targets that were set at the beginning of the year. The level of achievement for each objective determines a pay-out percentage for that target, which is always between 0% and 200%.

The overall bonus payout under the Short-Term Incentive is capped and cannot exceed 150% of the bonus target. The bonus is paid out in April of the following year.

OVERVIEW OF PERFORMANCE OBJECTIVES

						CEO, corporate functions	**Regional heads**
Performance bonus	←	Relative group performance	←	**EBIT improvement (2/3)** relative to peer group		40%	40%
				Net sales growth (1/3) relative to peer group		20%	20%
	←	Individual performance	←	Bottom line / profitability Net working capital People & Projects		20% (EBIT Group) 10% (NWC Group) 10%	20% (EBIT Region) 10% (NWC Region) 10%

SIKA SHARE PURCHASE PLAN

Under the Sika Share Purchase Plan (SSPP), the members of Group Management must convert part of the performance bonus into Sika shares with a blocking period of four years. The objective of this program is to encourage members of Group Management to directly participate in the long-term success of the company and to strengthen the link between their compensation and the company performance, as they are exposed to the change in share value over the blocking period of four years. In return, Sika provides one matching share for every five shares purchased under the SSPP. The SSPP requires at least 20% of the performance bonus to be deferred in shares. The participant may voluntarily defer a further 20% of the bonus into shares, therefore 40% in total.

The shares are allocated at their fair market value, shortly after the Annual General Meeting in the month of April of the following year. Fair market value is defined as the average closing share price during the five first trading days of the month of April of the pay-out year. The calculation of the share grant is made as follows:

CALCULATION OF THE NUMBER OF SHARES GRANTED

Deferred percentage of bonus (20% or 40%)	×	Bonus amount	×	1.2 (matching share one for five)	:	Average closing share price of five first trading days in April	=	Number of shares purchased

In case of change of control or liquidation or of termination of employment due to retirement, death or disability, the blocking period of the shares is accelerated. The shares remain blocked in all other instances.

LONG-TERM INCENTIVE

Sika's compensation policy is to also align a significant portion of compensation of Group Management to the long-term company's performance. Members of Group Management are eligible for a long-term equity incentive.

The Long-Term Incentive target amounts to 120% of annual base salary for the CEO and ranges from 49% to 86% for the other members of Group Management.

The Long-Term Incentive plan is a performance share unit plan. At the beginning of the vesting period, a number of Performance Share Units (PSU) are granted to each member of Group Management. The PSU vest after a period of three years, under a performance condition, the Return On Capital Employed (ROCE). The ROCE target is determined at the beginning of the vesting period by the Board of Directors and is measured at the end of the vesting period as the average ROCE of the first year, the second year and the third year of the vesting period. Acquisitions are excluded of the ROCE calculation in the year of acquisition and for two additional calendar years.

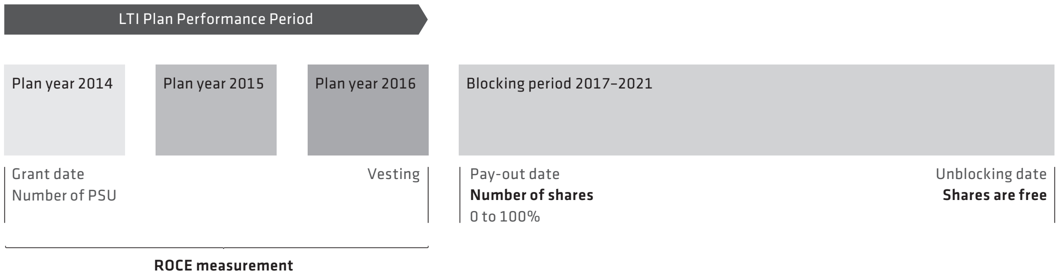
The final share allocation is determined after the three-year performance period, based on the following vesting rules:
- ROCE at or above target: 100% of the PSU vest into shares
- ROCE at threshold level: 50% of the PSU vest into shares and 50% of the PSU forfeit
- ROCE between threshold and target levels: linear interpolation
- ROCE below the threshold level: 0% of PSU vest into shares (100% forfeiture).

There is no overachievement in the long-term incentive, so the maximum pay-out is 100%.

For the grant made in 2014 (performance period 2014–2016), the ROCE target was set at 20%, excluding acquisitions, and the threshold was set at 18%.

The shares are allocated at their market value (closing price at grant date on the SIX Swiss Exchange), shortly after the annual shareholder meeting in the month of April following the three-year vesting period. In some countries where the allocation of shares may be illegal or impractical, the award may be settled in cash after the performance period.

LONG-TERM INCENTIVE PLAN PERIOD



The shares have a blocking period of four years, during which they are excluded from trading.
In case of termination of employment due to retirement, death, disability, or in case of liquidation or change of control, the blocking period of the shares is accelerated. The unvested PSU are subject to an early vesting, pro-rated for the period of the plan that was effectively worked, and based on an achievement payout of 75%. In case of termination for any other cause, such as resignation or involuntary termination, the shares remain blocked and the unvested PSU forfeit.

BENEFITS: PENSIONS
As the Group Management is international in its nature, the members participate in the benefits plans available in the country of their employment contract. Benefits consist mainly of retirement, insurance and health-care plans that are designed to provide a reasonable level of protection for the employees and their dependents in respect to the risk of retirement, disability, death and health.

The members of Group Management with a Swiss employment contract participate in Sika's pension plans offered to all employees in Switzerland. These consist of the pension fund of Sika Schweiz AG, in which base salaries up to an amount of CHF 133,380 per annum are insured, as well as a supplementary plan in which base salaries in excess of this limit are insured up to the maximum amount permitted by law. Sika's pension funds exceed the legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG).

Members of Group Management under foreign employment contracts are insured commensurately with market conditions and with their position. Each plan varies in line with the local competitive and legal environment and are, as a minimum, in accordance with the legal requirements of the respective country.

Moreover, an early retirement plan is in place for members of the top management of Sika. The plan, entirely financed by the employer, is administered by a Swiss foundation. Beneficiaries may opt for early retirement from the age of 60, provided that they have been in a top management position for at least five years. Benefits under the plan are twofold:
- Fixed pension payment until the age of legal retirement. The amount of pension depends on the last fixed salary and the actual age at early retirement.
- Partial financing of the reduction in the regular pension due to early retirement. The amount which may be received as life-long pension payment or as a capital contribution depends on the actual age at early retirement and benefits already accrued in existing pension plans. This portion of the plan is only applicable to beneficiaries insured under a Swiss pension plan.

BENEFITS: PERQUISITES
Members of Group Management are also provided with certain executive perquisites such as a company car allowance and other benefits in kind, according to competitive market practice in their country of contract. The monetary value of these other elements of compensation is evaluated at fair value and is disclosed in the compensation tables.

EMPLOYMENT CONTRACTS
The members of Group Management are employed under employment contracts of unlimited duration and are all subject to a notice period of one year. Members of Group Management are not contractually entitled to termination payments.

COMPENSATION AWARDED TO THE BOARD OF DIRECTORS IN 2014

This section is audited according to article 17 of the Ordinance against Excessive Remuneration in Stock Listed Corporations.

In 2014, the members of the Board of Directors received a total compensation of CHF 2.8 million (2013: CHF 2.8 million) in the form of retainer of CHF 1.6 million (2013: CHF 1.6 million), committee fees and other expenses of CHF 0.3 million (2013: CHF 0.3 million), social security contributions of CHF 0.2 million (2013: CHF 0.2 million) and shares of CHF 0.7 million (2013: CHF 0.7 million).

The amounts for the retainer in cash and the committee fees have remained unchanged since 2012. Due to the increase in the share price during the last few years, it has been decided to grant the restricted shares based on a fixed amount in Swiss francs rather than on a fixed number of shares, effective for the compensation period starting after the 2014 Annual General Meeting (AGM). The number of shares granted to the members of the Board of Directors corresponds to CHF 50,000 and to CHF 300,000 for the Chairman of the Board of Directors, converted on the basis of the closing share price shortly before the beginning of the year of office (April 11, 2014). The shares will be transferred to the members at the end of the year of office, shortly after the AGM in April 2015.

in CHF	Retainer	Committee fee[1]	Value of shares[2]	Social security	**Total 2014**	Retainer	Committee fee[1]	Value of shares[2]	Social security	**Total 2013**
Paul Hälg, Chairman	480,000	30,000	299,872	57,543	**867,415**	506,667	30,000	358,830	60,899	**956,395**
Jürgen Tinggren, Vice Chairman[3]	100,000	0	34,540	10,214	**144,754**	0	0	0	0	**0**
Urs F. Burkard, NCC Member	150,000	30,000	53,026	17,690	**250,716**	150,000	30,000	53,586	18,100	**251,686**
Willi K. Leimer, AC Member	150,000	30,000	53,026	17,690	**250,716**	150,000	30,000	53,586	17,687	**251,273**
Monika Ribar, AC Chairman	150,000	50,000	53,026	19,153	**272,179**	150,000	50,000	53,586	19,155	**272,741**
Christoph Tobler, AC Member	150,000	30,000	53,026	17,690	**250,716**	150,000	30,000	53,586	17,682	**251,268**
Daniel J. Sauter, NCC Member	150,000	30,000	53,026	17,690	**250,716**	150,000	30,000	53,586	13,945	**247,531**
Ulrich W. Suter	150,000	3,333	53,026	12,998	**219,357**	150,000	10,000	53,586	13,574	**227,160**
Frits van Dijk, NCC Chairman	150,000	50,000	53,026	16,121	**269,147**	150,000	33,333	53,586	14,715	**251,634**
Thomas W. Bechtler, NCC Chairman[4]	0	0	0	0	**0**	50,000	26,667	16,614	6,974	**100,255**
TOTAL	**1,630,000**	**253,333**	**705,594**	**186,790**	**2,775,718**	**1,606,667**	**270,000**	**750,546**	**182,730**	**2,809,942**

1) For the chairman of the Board of Directors, includes the representative allowance.
2) Fair market value is defined as the closing price on April 17, 2013 resp. April 11, 2014
3) Member since AGM of April 15, 2014
4) Member until AGM of April 16, 2013

In the year under review, no compensation was paid to former members of the Board of Directors. No compensation was paid to parties closely related to members of the Board of Directors.

No member of the Board of Directors was granted a loan during the reporting year. No loans were outstanding at the end of the year under review.

COMPENSATION AWARDED TO THE CEO AND TO GROUP MANAGEMENT IN 2014

This section is audited according to article 17 of the Ordinance against Excessive Remuneration in Stock Listed Corporations.

In 2014, the members of the Group Management received a total compensation of CHF 16.8 million (2013: CHF 16.2 million). This amount comprises fixed salaries of CHF 4.8 million (2013: CHF 4.7 million), short-term bonus of CHF 5.4 million (2013: CHF 5.2 million), long-term incentives of CHF 3.7 million (2013 restated: CHF 3.4 million), other expenses of CHF 1.1 million (2013 restated: 1.1 million) and contributions to social security and post-employment benefits of CHF 1.8 million (2013 restated: CHF 1.8 million).

CHF in thousand	CEO 2014	CEO 2013	Total 2014	Total 2013
Fixed base salary[1]	808	808	4,797	4,728
Performance bonus (STI) cash[2]	960	954	4,148	3,442
Performance bonus (STI) shares[2]	288	286	1,301	1,768
Long-term incentive[3]	960	960	3,669	3,405
Other payments[4]	46	46	1,113	1,074
Pension benefits[5]	334	320	1,797	1,769
TOTAL	**3,396**	**3,373**	**16,825**	**16,187**

1) Includes annual base salary, children/family allowances, and anniversary payments. All compensation amounts are gross payments
2) Estimated performance bonus (STI) of the reporting year that will be paid in April 2015, splitted between immediate cash and deferred shares (including matching shares)
3) Grant value of the grant in the reporting year (2013 restated, as disclosure was previously based on accruals). For new members in 2014, includes additional pro rata grants in the unvested plans (LTI 2012–2014, LTI 2013–2015)
4) Includes all other benefits in kind and perquisites at fair value, including cost allowances (tax equilization, housing, schooling, home leave) for the international assignees (2013 restated, as the cost allowances were not included in previous disclosures)
5) Includes social security contributions as well as contribution to occupational pension plans (2013 restated to include contributions on restated LTI amount cost allowances)

Explanatory comments to the compensation table:

- The target compensation of the members of Group Management (fixed base salary, target bonus and grant value of long-term incentive) has not been increased from 2013 to 2014, except for the two members who joined the Group Management in 2014. The overall higher compensation of Group Management is explained by the fact that the compensation of the former CFO during the notice period is included, therefore the table includes ten members in 2014, versus nine members in 2013.
- The performance achievement under the performance bonus is higher in 2014 than in 2013. Further details are provided below.
- The grant value of the Long-Term Incentive includes the value of the grant made to the former CFO. However, this grant is forfeited due to the termination of employment. In addition, the grant value of the long-term incentive includes, for one new member of Group Management, the pro rata participation in the unvested plans (LTI 2012–2014 and LTI 2013–2015).
- Restatement of 2013 figures:
  - Long-Term Incentive: the restated 2013 figure reflects 100% of the value of the grant awarded in 2013, in line with the structure of the binding shareholders, vote on compensation, instead of the accounting value (grant value spread over the vesting period).
  - Other payments: the restated 2013 figure includes the cost allowances for the international assignees, such as tax equalization payments, housing, schooling and home leave. Those items are not considered as compensation because the employee does not benefit from any financial advantage (those items simply cover cost associated to the international assignment), however it has been decided to include those costs into the compensation table in order to be fully compliant with the Ordinance.
  - Social security contributions: the restated 2013 figure includes the social security contributions made on the cost allowances mentioned above and the expected social security contributions on the restated long-term incentive amount.

In the year under review, no compensation was paid to former members of Group Management. No compensation was paid to parties closely related to members of Group Management.

No member of the Group Management was granted a loan during the reporting year. No loans were outstanding at the end of the year under review.

PERFORMANCE IN 2014 (NOT AUDITED)
The financial year 2014 has been an outstanding year for Sika, with an 8.3% revenue growth (in local currencies 13%) and 21% profitability increase (earnings before interest and tax).

In the performance bonus, Sika has outperformed the peer companies both in terms of net sales growth (ranked 2nd) and in terms of EBIT improvement year on year (ranked 6th). The group performance achievement is estimated at 168% (best-estimate at time of publication) and will be calculated by Obermatt based on the annual report publications of the peer companies before the pay-out date in April 2015.

Individual performance, which is mainly measured by EBIT and net working capital improvement versus previous year, at Group and regional level, ranges from 110% to 188% for members of Group Management and amounts to 170% for the CEO. Consequently, the overall pay-out percentage ranges from 145% to 176% for Group Management and amounts to 169% for the CEO. As per the plan rules, the performance bonus payout has been capped at 150% for the CEO and the members of Group Management with a higher pay-out percentage.

In the Long-Term Incentive that vested in 2014 (LTI 2012–2014), the ROCE performance condition of 20% in the last year of the vesting period (old plan rule) has been overachieved: in 2014, ROCE, excluding acquisitions, amounts to 27.3%, leading to a pay-out of 100% (cap). Therefore, the 1,382 units granted to the current members of Group Management (as of December 31, 2014) have vested with a vesting value of CHF 4.1 million. The value at vesting is higher than the value at grant due to the positive development in the share price during the vesting period (2012–2014).

In the Long-Term Incentive that has been granted in 2014 (LTI 2014–2016), 329 performance share units have been granted to the CEO and 733 to the other current members of Group Management (as of December 31, 2014). Those PSU have an overall grant value of CHF 3.1 million and will vest on December 31, 2016 based on ROCE performance and upon the continuous employment of the participant.

OVERVIEW OF THE UNVESTED PSU GRANTS (INCLUDES MEMBERS OF GROUP MANAGEMENT AS OF DECEMBER 31, 2014)

Plan	Grant date (PSU)*	Performance period	Vesting date (PSU)	Unblocking date of shares	Number of PSU granted	Total value at grant (CHF)	Vesting level in % of grant	Number of shares (vesting)	Total value at vesting (CHF)
LTI 2012	01.01.2012	2012–2014	31.12.2014	April 2019	1,382	2,373,099	100%	1,382	4,057,552
LTI 2013	01.01.2013	2013–2015	31.12.2015	April 2020	1,434	3,038,924	To be determined	To be determined	To be determined
LTI 2014	01.01.2014	2014–2016	31.12.2016	April 2021	1,062	3,105,743	To be determined	To be determined	To be determined

* For new members of Group Management, grant date may be different (January 1 of the year following their nomination, pro rata participation in the grants that are still in the vesting period)

SHAREHOLDINGS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT IN 2014

At the end of 2014, members of the Board of Directors held a total of 3,928 registered shares of Sika AG (2013: 3,043). At the end of 2014, members of the Group Management held a total of 6,305 registered shares of Sika AG (2013: 9,438). This figure includes both privately acquired shares and those allocated under the Group's compensation schemes.
At the end of 2014, members of the Board of Directors and of Group Management do not hold any options.

The detail on shareholdings of the members of the Board of Directors and of Group Management is included in note 20 of the consolidated financial statements on page 141 of the annual report.

EQUITY OVERHANG AND DILUTION AS OF DECEMBER 31, 2014
In total as of December 31, 2014, the equity overhang, defined as the total number of share units and restricted shares outstanding divided by the total number of outstanding shares (2,151,199 bearer shares and 2,333,874 registered shares) amounts to 14,630 units, representing 0.003%.
The company's "burn rate," defined as the number of equities (restricted share and share units) granted in 2014 (4,400 units) divided by the total number of common shares outstanding is 0.001%.

CHANGES FORESEEN FOR 2015

A thorough review of the compensation policy and programs was conducted in summer 2014. Based on this review, the Board of Directors concluded that the compensation system is well aligned to the business strategy of the company, to the long-term interests of the shareholders, while being compliant to the different regulations and to best-practice corporate governance principles. Therefore, it was decided to not undertake any fundamental change, but rather to strengthen the existing principles:

- For the LTI 2015–2017, the ROCE target will be increased from 20% to 24%. The threshold has been increased from 18% to 20%.
- Effective 2015, an LTI plan has been introduced for members of Sika Senior Management (by definition, Sika Senior Management includes the management level reporting into Group Management, approx. 150 participants). The objective of introducing this new incentive plan is to cascade the principles of compensation applicable to Group Management to the broader group of senior managers, in order to promote the long-term success of the company and to align the interests of the Sika Senior Managers with those of the shareholders. The new LTI plan is structured similarly to the plan applying to Group Management. It is a Performance Share Unit plan with a three-year vesting period based on the same ROCE performance condition. The Performance Share Unit award is settled in cash at the end of the vesting period.

Those changes reinforce the compensation principles of rewarding management for company performance, long-term success and sustainable value creation for the shareholders.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF SIKA LTD, BAAR

REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT
We have audited pages 72 to 73 of the remuneration report of Sika Ltd for the year ended December 31, 2014.

RESPONSIBILITY OF THE BOARD OF DIRECTORS. The Board of Directors is responsible for the preparation and overall fair presentation of the remunera-tion report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

AUDITOR'S RESPONSIBILITY. Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remu-neration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remu-neration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION. In our opinion, the remuneration report for the year ended December 31, 2014 of Sika Ltd complies with Swiss law and articles 14–16 of the Ordinance.

Zug, February 25, 2015

ERNST & YOUNG LTD

BERNADETTE KOCH
Licensed audit expert
(Auditor in charge)

DANIELLE MATTER
Licensed audit expert

FINANCIAL REPORT

FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

in CHF mn	Notes	12/31/2013	12/31/2014
Cash and cash equivalents	1	1,028.3	898.8
Accounts receivable	2	912.7	1,006.0
Inventories	3	539.0	591.3
Prepaid expenses and accrued income		92.0	92.3
Other current assets	4	18.9	7.7
Current assets		**2,590.9**	**2,596.1**
Property, plant, and equipment	5	920.2	958.3
Intangible assets	6	1,066.9	1,074.6
Investments in associated companies	7	13.9	14.3
Deferred tax assets	8	104.7	130.6
Other non-current assets	4	39.3	44.0
Non-current assets		**2,145.0**	**2,221.8**
ASSETS		**4,735.9**	**4,817.9**
Accounts payable	9	557.9	605.4
Accrued expenses and deferred income	10	204.6	214.3
Bond	12	299.7	0.0
Income tax liabilities		73.3	77.4
Current provisions	13	22.0	19.2
Other current liabilities	11	34.7	34.8
Current liabilities		**1,192.2**	**951.1**
Bonds	12	946.9	947.6
Non-current provisions	13	93.0	96.9
Deferred tax liabilities	8	130.4	118.5
Employee benefit obligation	14	212.9	303.8
Other non-current liabilities	11	24.3	16.7
Non-current liabilities		**1,407.5**	**1,483.5**
LIABILITIES		**2,599.7**	**2,434.6**
Capital stock		1.5	1.5
Treasury shares		-13.7	-10.8
Reserves		2,132.3	2,376.4
Equity attributable to Sika shareholders		**2,120.1**	**2,367.1**
Non-controlling interests		16.1	16.2
SHAREHOLDERS’ EQUITY	15	**2,136.2**	**2,383.3**
LIABILITIES AND SHAREHOLDERS’ EQUITY		**4,735.9**	**4,817.9**

CONSOLIDATED INCOME STATEMENT FROM JANUARY 1 TO DECEMBER 31

in CHF mn	Notes	%	2013	%	2014	Change in %
Net sales	16	**100.0**	**5,142.2**	**100.0**	**5,571.3**	**8.3**
Material expenses	17	-47.6	-2,446.6	-47.0	-2,620.0	
Gross result		**52.4**	**2,695.6**	**53.0**	**2,951.3**	**9.5**
Personnel expenses	18	-20.1	-1,031.1	-19.7	-1,093.7	
Other operating expenses	18	-19.2	-988.6	-19.0	-1,059.3	
Operating profit before depreciation	18	**13.1**	**675.9**	**14.3**	**798.3**	**18.1**
Depreciation and amortization expenses	19	-2.9	-152.4	-2.9	-165.1	
Operating profit		**10.2**	**523.5**	**11.4**	**633.2**	**21.0**
Interest income	21	0.1	3.0	0.0	2.7	
Interest expenses	20	-0.7	-33.9	-0.5	-30.5	
Other financial income	21	0.1	5.8	0.1	5.6	
Other financial expenses	20	-0.4	-22.8	-0.4	-21.6	
Income from associated companies	21	0.0	1.1	0.0	1.2	
Profit before taxes		**9.3**	**476.7**	**10.6**	**590.6**	**23.9**
Income taxes	8	-2.6	-132.0	-2.7	-149.4	
Net profit		**6.7**	**344.7**	**7.9**	**441.2**	**28.0**
Profit attributable to Sika shareholders		6.7	342.2	7.9	439.0	
Profit attributable to non-controlling interests	22	0.0	2.5	0.0	2.2	
Undiluted/diluted earnings per bearer share (in CHF)	23		135.27		173.19	28.0
Undiluted/diluted earnings per registered share (in CHF)	23		22.55		28.87	28.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in CHF mn	Notes	%	2013	%	2014	Change in %
Net profit		**6.7**	**344.7**	**7.9**	**441.2**	**28.0**
Actuarial gains/(losses) on employee benefit obligation	14	1.2	64.2	-1.5	-85.9	
Income tax effect		-0.2	-11.3	0.3	17.9	
Items that will not be reclassified to profit or loss		**1.0**	**52.9**	**-1.2**	**-68.0**	
Exchange differences taken to equity		-1.2	-61.6	0.2	11.3	
Items that may be reclassified subsequently to profit or loss		**-1.2**	**-61.6**	**0.2**	**11.3**	
Other comprehensive income		**-0.2**	**-8.7**	**-1.0**	**-56.7**	
Comprehensive income		**6.5**	**336.0**	**6.9**	**384.5**	**14.4**
Attributable to Sika shareholders		6.5	334.0	6.8	381.0	
Attributable to non-controlling interests		0.0	2.0	0.1	3.5	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF mn	Capital stock	Capital surplus	Treasury shares	Currency translation differences	Retained earnings	Equity attributable to Sika shareholders	Non-controlling interests	Total equity
January 1, 2013	**1.5**	**203.1**	**-27.6**	**-364.3**	**2,082.2**	**1,894.9**	**14.9**	**1,909.8**
Profit of the year					342.2	342.2	2.5	344.7
Other comprehensive income				-61.1	52.9	-8.2	-0.5	-8.7
Comprehensive income	**0.0**	**0.0**	**0.0**	**-61.1**	**395.1**	**334.0**	**2.0**	**336.0**
Transactions with treasury shares [1]			13.9		-3.1	10.8		10.8
Share based payments					8.1	8.1		8.1
Dividends [2]					-129.2	-129.2	-0.8	-130.0
Inflation adjustment [4]					1.5	1.5		1.5
December 31, 2013	**1.5**	**203.1**	**-13.7**	**-425.4**	**2,354.6**	**2,120.1**	**16.1**	**2,136.2**
January 1, 2014	**1.5**	**203.1**	**-13.7**	**-425.4**	**2,354.6**	**2,120.1**	**16.1**	**2,136.2**
Profit of the year					439.0	439.0	2.2	441.2
Other comprehensive income				10.0	-68.0	-58.0	1.3	-56.7
Comprehensive income	**0.0**	**0.0**	**0.0**	**10.0**	**371.0**	**381.0**	**3.5**	**384.5**
Transactions with treasury shares [1]			2.9		-5.2	-2.3		-2.3
Share based payments					12.1	12.1		12.1
Dividends [3]					-144.6	-144.6	-0.9	-145.5
Purchase of non-controlling interests					-1.8	-1.8	-2.5	-4.3
Revaluation [5]					1.9	1.9		1.9
Inflation adjustment [4]					0.7	0.7		0.7
December 31, 2014	**1.5**	**203.1**	**-10.8**	**-415.4**	**2,588.7**	**2,367.1**	**16.2**	**2,383.3**

1 Including income tax of CHF 0.1 million (CHF 0.3 million) in retained earnings.
2 Dividend per bearer share: CHF 57.00, dividend per registered share: CHF 9.50.
3 Dividend per bearer share: CHF 72.00, dividend per registered share: CHF 12.00.
4 Hyperinflation accounting has been applied since January 1, 2010, and concerns the subsidiary in Venezuela.
5 Revaluation call-/put-option Hebei Jiuqiang.

CONSOLIDATED STATEMENT OF CASH FLOWS

in CHF mn	Notes	2013	2014
Operating activities			
Profit before taxes		476.7	590.6
Depreciation/amortization		152.4	165.1
Increase (+)/decrease (-) in provisions/ employee benefit obligation and assets		7.6	-0.2
Increase (-)/decrease (+) in net working capital		60.0	-39.2
Other adjustments	26	6.1	3.3
Income taxes paid		-128.8	-165.2
Cash flow from operating activities		**574.0**	**554.4**
Investing activities			
Property, plant, and equipment: capital expenditures		-143.6	-145.5
Property, plant, and equipment: disposals		12.6	15.8
Intangible assets: capital expenditures		-10.3	-7.2
Acquisitions less cash and cash equivalents		-410.9	-68.8
Acquisitions (-)/disposals (+) of financial assets		-2.8	1.1
Cash flow from investing activities		**-555.0**	**-204.6**
Financing activities			
Increase in financial liabilities		5.7	3.3
Repayment of financial liabilities		-11.8	-29.9
Repayment of a bond		-250.0	-300.0
Issue of bonds		398.3	0.0
Purchase of treasury shares		-22.1	-24.2
Sale of treasury shares		33.8	22.3
Dividend payment to shareholders of Sika AG		-129.2	-144.6
Dividends related to non-controlling interests		-0.8	-0.9
Purchase of non-controlling interests		0.0	-6.0
Cash flow from financing activities		**23.9**	**-480.0**
Exchange differences on cash and cash equivalents		**-8.8**	**0.7**
Net change in cash and cash equivalents		**34.1**	**-129.5**
Cash and cash equivalents at the beginning of the year		994.2	1,028.3
Cash and cash equivalents at the end of the year		1,028.3	898.8
Cash flow from operating activities contains:			
Dividends from associated companies		1.9	0.6
Interest received		2.5	2.5
Interest paid		-29.5	-29.6

APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

PRINCIPLES OF CONSOLIDATION AND VALUATION

CORPORATE INFORMATION
Sika is a specialty chemicals company active 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.

ACCOUNTING POLICIES

BASIS OF PREPARATION
The financial statements of the Sika Group are prepared in conformity with the provisions of the International Accounting Standards Board (IASB). All standards (IAS/IFRS) and interpretations (IFRIC/SIC) applicable as of December 31, 2014, were taken into account. The financial statements are prepared according to the going-concern principle. The Consolidated Financial Statements have been prepared under the historical cost principle with the exception of financial assets and liabilities (including derivative instruments) at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed on page 87 of the download pdf of this report.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES
The accounting standards applied conform to those standards that were valid in the previous year. Exceptions are the following revised and new standards, which Sika applies since January 1, 2014. The application of these standards does not have any material impact on the Consolidated Financial Statements of the Group.

- Amendments to IAS 32 – Offsetting financial assets and financial liabilities
- Amendments to IAS 36 – Recoverable amount disclosures for non-financial assets
- Amendments to IAS 39 – Novation of derivatives and continuation of hedge accounting
- Amendments to IFRS 10, IFRS 12 und IAS 27 – Investment entities
- IFRIC 21 – Levies

A number of new standards and amendments to standards and interpretations are effective for the financial year 2015 and later, and have not been applied in preparing these Consolidated Financial Statements. If they had been applied in 2014 they would have had no significant effect on the Consolidated Financial Statements of the Group:

- Amendments to IAS 1 – Disclosure initiative (applicable as of January 1, 2016)
- Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation (applicable as of January 1, 2016)
- Amendments to IAS 19 – Employee benefits entitled defined benefit plans: employee contributions (applicable as of January 1, 2015)
- Amendments to IAS 27 – Equity method in separate financial statements (applicable as of January 1, 2016)
- Amendments to IFRS 7, IFRS 9 and IAS 39 – Hedge accounting (applicable as of January 1, 2018)
- IFRS 9 – Financial instruments (applicable as of January 1, 2018)
- Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture (applicable as of January 1, 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment entities: applying the consolidation exception (applicable as of January 1, 2016)
- Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations (applicable as of January 1, 2016)
- IFRS 15 – Revenue from contracts with customers (applicable as of January 1, 2017)
- Annual improvements (December 2013) – Collective standard with amendments to various IFRS standards with the primary goal of eliminating inconsistencies and clarifying terminology (applicable as of January 1, 2015)
- Annual improvements (2012–2014 Cycle) (applicable as of January 1, 2016)

New standards and interpretations are usually applied at the applicable date. However, the options for early adoption are considered individually by Sika.

CONSOLIDATION METHOD

BASIS
The Consolidated Financial Statements are based on the balance sheets and income statements of Sika AG, Baar, Switzerland, and its subsidiaries as of December 31, 2014, prepared in accordance with uniform standards.

SUBSIDIARIES
Companies which are controlled by Sika are fully consolidated. The consolidation includes 100% of their assets and liabilities as well as expenses and income; non-controlling interests in shareholders' equity and net income for the year are excluded and shown separately as part of non-controlling interests.

ASSOCIATED COMPANIES
The equity method is applied to account for investments ranging from 20% to 50%, provided that Sika exercises significant influence. The investments are included in the balance sheet under "Investments in associated companies" in terms of the Group's percentage share in net assets including goodwill; in the income statement the Group's share in the net income for the year is disclosed in "Income from associated companies".

OTHER NON-CONTROLLING INTERESTS
Other non-controlling interests are carried at fair value.

INTRA-GROUP TRANSACTIONS
Transactions within the Group are eliminated as follows:
- Intra-Group receivables and liabilities are eliminated in full.
- Intra-Group income and expenses and the unrealized profit margin from intragroup transactions are eliminated in full.

BUSINESS COMBINATIONS AND GOODWILL
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquired company. For each business combination, the acquirer measures the non-controlling interests in the acquired company either at fair value or at the proportionate share of the acquired company's identifiable net assets. Acquisition related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in the income statement. A contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit and loss.

Goodwill is subject to an annual impairment test. Impairments are recognized in the income statement. The impairment is not reversed at a later date.

When subsidiaries are sold, the difference between the selling price and the net assets including goodwill plus cumulative translation differences is recognized in the Consolidated Financial Statements as an operating result. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition of control or up to the effective date of loss of control.

SEGMENT REPORTING
Sika carries out its worldwide activities according to regions. Heads of regions are members of Group Management. Group Management is the highest operative executive body measuring the profit and loss of segments and allocating resources.

SIGNIFICANT ACCOUNTING ESTIMATES

The key assumptions concerning the future as well as details of other key sources of estimation uncertainty on the balance sheet date that entail a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

IMPAIRMENT OF GOODWILL

The Group tests at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of cash-generating units or groups of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates such as expected future cash flows and discount rates. The carrying value of goodwill as of December 31, 2014, was CHF 663.8 million (CHF 627.1 million). Further details are presented in note 6.

FAIR VALUE OF ACQUISITION

In connection with acquisitions, all assets, liabilities, and contingent liabilities are valued at fair value. Newly identified assets and liabilities are also included in the increase balance sheet. Fair value is determined in part based on assumptions regarding factors that are subject to a degree of uncertainty, such as interest rates and sales.

TRADEMARKS

Trademarks with indefinite useful lives are tested annually for impairment in which the discounted future relief from royalties is calculated and compared with the book value. Future cash inflows must be estimated. Actual cash inflows can thereby deviate significantly from estimations. Discounting is in addition based on assumptions and estimations concerning business-specific capital costs, which are themselves dependent on country risks, credit risks, and additional risks resulting from the volatility of the respective business.

CUSTOMER RELATIONS

Customer relations are amortized over their estimated useful life. The estimated useful life is based on estimates of the time period during which this intangible asset generates cash flows, as well as historic empirical data concerning customer loyalty. Calculation of the present value of estimated future cash flows includes significant assumptions, especially of future sales. Discounting is in addition also based on assumptions and estimations concerning business-specific capital costs, which are themselves dependent on country risks, credit risks, and additional risks resulting from the volatility of the respective business.

DEFERRED TAX ASSETS

Deferred tax assets resulting from unrealized tax loss carry forwards or timing differences are recognized to the extent that a realization of the corresponding tax advantage is probable. The assessment of the probability of the realization of a tax advantage requires assumptions based on the history of the respective company and on target figures for the future.

EMPLOYEE BENEFIT PLANS

The Group maintains various employee benefit plans. Several statistical and other variables are used in the calculation of expenses and liabilities to estimate future developments. These variables include estimations and assumptions concerning the discount rate established by the management within certain guidelines. In addition, actuaries employ statistical information for actuarial calculation of benefit liabilities such as withdrawal or death probabilities, which can deviate significantly from actual results due to changes in market conditions, the economic situation as well as fluctuating rates of withdrawal and shorter or longer live expectancy of benefit plan participants.

PROVISIONS

The calculation of provisions requires assumptions about the probability, size, and timely occurrence of a cash outflow. As far as an outflow of resources is probable and a reliable estimation is possible, a provision is recognized.

VALUATION PRINCIPLES

CONVERSION OF FOREIGN CURRENCIES

Foreign currency transactions are translated into the functional (local) currency at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in a foreign currency are translated into the functional currency on every balance sheet date by applying exchange rates valid on the balance sheet date. The resulting exchange rate differences are recognized in the income statement.

The financial statements of subsidiaries outside Switzerland are converted into Swiss francs as follows:
- Balance sheet at year-end rates
- Income statements at annual average rates

The effects from the translation of the functional currency into Swiss francs are recognized in other comprehensive income.

The rates listed below were applied.

Country	Currency	Quantity	2013 Balance sheet[1] CHF	2013 Income statement[2] CHF	2014 Balance sheet[1] CHF	2014 Income statement[2] CHF
Egypt	EGP	100	12.80	13.49	13.84	12.87
Australia	AUD	1	0.80	0.90	0.81	0.83
Brazil	BRL	100	37.68	43.13	37.33	39.03
Chile	CLP	10,000	16.94	18.80	16.31	16.04
China	CNY	100	14.70	15.11	15.96	14.86
Euro zone	EUR	1	1.23	1.23	1.20	1.21
Great Britain	GBP	1	1.47	1.45	1.54	1.51
India	INR	100	1.44	1.59	1.57	1.50
Japan	JPY	100	0.85	0.95	0.83	0.87
Canada	CAD	1	0.84	0.90	0.86	0.83
Colombia	COP	10,000	4.61	4.97	4.16	4.60
Mexico	MXN	100	6.79	7.28	6.73	6.89
Poland	PLZ	100	29.55	29.32	28.14	29.06
Russia	RUB	1,000	27.10	29.10	16.60	24.20
Sweden	SEK	100	13.86	14.26	12.80	13.37
Turkey	TRY	100	41.47	48.84	42.46	41.80
USA	USD	1	0.89	0.93	0.99	0.91

1 Year-end rates.
2 Annual average rates.

CONSOLIDATED BALANCE SHEET

CASH AND CASH EQUIVALENTS

This position includes cash and cash equivalents.

RECEIVABLES

Accounts receivable are recorded following deduction of an allowance for doubtful debts necessary for business purposes. A specific provision for impairment is carried out on accounts receivable for which payment is considered at risk.

INVENTORIES

Raw materials and merchandise are stated at acquisition cost; finished and semi-finished products are stated at production cost, however at the highest at their net realizable sales value. Acquisition or production costs are determined using a standard cost approach.

PREPAID EXPENSES AND ACCRUED INCOME

This item includes accrued income unrelated to accounts receivable.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are carried at acquisition cost, less accumulated depreciation required for business purposes. The capitalization is made based on components. Value-enhancing expenses are capitalized and depreciated over their useful lives. Repair, maintenance, and replacement costs are charged directly to the income statement. Depreciation under the straight-line method is based on the anticipated useful life of the asset, including its operational usefulness and age-related technical viability. The acquisition costs include borrowing costs for long-term construction projects if the recognition criteria are met.

DEPRECIATION SCHEDULE

Buildings	25 years
Infrastructure	15 years
Plants and machinery	5 – 15 years
Furnishings	6 years
Vehicles	4 years
Laboratory equipment and tools	4 years
IT hardware	4 years

INTANGIBLE ASSETS
Internally generated patents, trademarks, and other rights are not capitalized. Research and development expenditures for new products are recognized in the income statement, since these do not fulfill the recognition criteria. Acquired intangible assets are usually capitalized and amortized using the straight-line method.

Development costs for software are capitalized as intangible assets, provided that the software will generate a future economic benefit through sale or through use within the Group and that its cost can be reliably measured. Conditions for capitalization are the technical feasibility of the asset and the intention and ability to complete its development, as well as the availability of adequate resources. Sika has created a SAP platform with standard processes that a number of companies have been using since 2010. The rollout will take several years. The capitalized costs are transferred to the companies in the year of first use.

AMORTIZATION SCHEDULE

Software	2 – 10 years [1]
Patents	5 – 10 years
Customer relations	2 – 20 years
Trademarks	3 – 10 years

1 With the exception of the SAP platform, which has a useful life of ten years, software is usually written off over two to five years.

Acquired trademarks are amortized insofar as a useful life can be determined. Otherwise trademarks are not amortized but are tested for impairment annually.

IMPAIRMENT OF NON-FINANCIAL ASSETS
The recoverability of property, plant, and equipment as well as intangible assets is reviewed if events or changed circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. If the carrying amount exceeds the recoverable amount, a special depreciation allowance is recorded on the higher of fair value less cost to sell and the value in use of an asset which corresponds to the discounted, anticipated future cash flows. For the purpose of impairment tests, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

LEASING
Fixed assets acquired under finance leasing contracts and therefore owned by the Group in respect to risks and rewards of ownership, are classified under finance leasing. Such assets are carried at fair value of the lease property or, if lower, present value of the minimum lease payments and are reported as non-current assets and financial liabilities. Assets classified as finance leasing are depreciated over their estimated useful life or depreciated over a shorter leasing contract. Unrealized earnings from sale and leaseback transactions that fall under the definition of finance leasing are shown as a liability and are realized over the lease term. Payments for operating leases are recorded as operating expense and accordingly charged to the income statement.

DEFERRED TAXES (ASSETS/LIABILITIES)

Deferred taxes are considered using the liability method. According to this method the effects on income taxes resulting from temporary differences between Group-internal and taxable balance sheet values are recorded as deferred tax assets or deferred tax liabilities, respectively. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recognized or the liability is settled based on the rates (and tax laws) that have been substantively enacted. Changes in deferred taxes are reflected in the income tax expense, the statement of comprehensive income, or directly in equity. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets including those that can be applied to tax loss carry forwards are recognized to the extent that their realization is probable. Deferred tax liabilities are recognized for all taxable temporary differences insofar as the accounting regulations foresee no exception.

LIABILITIES

Current liabilities consist of liabilities with maturities of less than twelve months. Tax liabilities include taxes due and accrued. Non-current liabilities include loans and provisions with a term of more than one year.

PROVISIONS

Provisions required for liabilities from guarantees, warranties, and environmental risks as well as restructuring are recognized as liabilities. Provisions are only recognized if Sika has a third-party liability that is based on a past event and can be reliably assessed. Potential losses due to future incidents are not recognized in the balance sheet.

EMPLOYEE BENEFIT PLANS

The Group maintains various employee benefit plans that differ in accordance with local practices. Group contributions to defined contribution plans are recognized in the income statement. Defined benefit plans are administered either through self-governed pension funds (funded) or recognized directly in the balance sheet (unfunded). The amount of the liabilities resulting from defined benefit plans is regularly determined by independent experts under application of the projected unit credit method. Actuarial gains and losses are recognized directly in other comprehensive income and are not reclassified subsequently to profit and loss. Asset surpluses of employee pension funds are considered under application of IFRIC 14 only to the extent of possible future reimbursement or reduction of contributions.

CAPITAL STOCK

The capital stock is equal to the par value of all issued bearer and registered shares.

CAPITAL SURPLUS

This entry consists of the value of paid-in capital in excess of par value (less transaction costs).

TREASURY SHARES

Treasury shares are valued at acquisition cost and deducted from shareholders' equity. Differences between purchase price and sales proceeds of treasury shares are shown as a change in retained earnings.

CURRENCY TRANSLATION DIFFERENCES

This item consists of the differential amount that arises from the translation into Swiss francs of assets, liabilities, income, and expenses of Group companies that do not use Swiss francs as functional currency.

HYPERINFLATION

In countries experiencing hyperinflation, prior to conversion into the presentation currency the annual financial statements are adjusted for local inflation in order to eliminate changes in purchasing power. Adjustment for inflation is based on the relevant price indices at the end of the period under review.

RETAINED EARNINGS

Retained earnings mainly comprise accumulated retained earnings of the Group companies that are not distributed to shareholders as well as profit/loss of treasury shares. Profit distribution is subject to local legal restrictions.

FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities are classified in the following categories:

- Financial assets and financial liabilities held for trading as well as designated by the Group and derivatives, "at fair value through profit and loss": these are initially recognized at fair value. Gains and losses arising from changes in the fair value are presented in the financial result. The designation as at fair value through profit and loss is consistent with the entity's risk management and investment strategy.
- Loans and receivables: this category includes loans granted and credit balances. The valuation occurs at nominal value insofar as repayment within one year is foreseen. Otherwise they are classified as assets carried at amortized cost using the effective interest method.
- All other financial assets are classified as available-for-sale. The assets are carried at fair value and gains and losses arising from changes in the fair value are presented in other comprehensive income. Upon sale, permanent depreciation in value or other divestiture, the cumulative gains and losses that had been recognized in other comprehensive income are reclassified from equity to the income statement.
- Non-current financial liabilities are carried at amortized cost. Once they have been settled, financial liabilities are derecognized.

All purchases and sales of financial assets and liabilities are recognized on the settlement date. Financial assets are derecognized when Sika loses the rights to receive cash flows for the investment. Normally this occurs through the sale of assets or the repayment of granted loans or accounts receivable. The financial liabilities include financing debts that are carried at amortized cost using the effective interest method.

On each balance sheet date the Group assesses whether a financial asset is impaired. If objective evidence exists that an impairment of financial assets carried at amortized cost has incurred, then the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If in the case of accounts receivable there is objective evidence that not all due amounts will be rendered according to originally agreed invoicing conditions (as for example in high probability of insolvency or significant financial difficulties of a debtor), an impairment is recognized through use of an allowance account. The derecognition of receivables occurs when they are assessed as uncollectible. If an available-for-sale asset is impaired in its value, the cumulative loss – measured as the difference between the acquisition cost and the current fair value – is removed from equity and recognized in the income statement.

INCOME STATEMENT

NET SALES
Proceeds from the sale of goods and services are only reported in the income statement if risks and rewards of ownership have been substantially transferred to the purchaser, revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity. Net sales include all revenues from the sale of goods and services less discounts granted.

CONSTRUCTION CONTRACTS
Contract revenue and contract costs are recognized in accordance with the stage of completion. An expected loss is recognized as an expense immediately.

PERSONNEL EXPENSES
Personnel expenses include all payments to persons standing in an employment relationship with Sika. This item also encompasses such expenditures as pension fund contributions, health insurance contributions, and taxes and levies directly associated with personnel compensation.

EMPLOYEE PARTICIPATION PLAN – SHARE-BASED PAYMENTS
The Group operates a number of share-based compensation plans. The total amount to be recognized in profit and loss is determined by reference to the grant date fair value of the equity instrument. The expenses are recognized in personnel expenses over the vesting period.

RESEARCH AND DEVELOPMENT
Research expenses are recognized in the income statement. Development expenses are not capitalized if the recognition criteria have not been met.

DEPRECIATION
Property, plant, and equipment are depreciated using the straight-line method based on the expected useful life of the asset.

INTEREST EXPENSE/OTHER FINANCIAL EXPENSES
In general, all interests and other expenses paid for the procurement of loans are recognized in the income statement. Any borrowing cost accruing in the course of development projects, e. g. the construction of new production facilities or software development, are capitalized together with the assets created.

INTEREST INCOME/OTHER FINANCIAL INCOME
Interest income is recognized pro rata temporis using the effective interest method. Dividend income is recognized when the right to receive payment is established.

INCOME TAXES
Income tax expenses include income taxes based on current taxable income and deferred taxes.

SCOPE OF CONSOLIDATION AND ACQUISITIONS

The Consolidated Financial Statements of the Sika Group encompass the financial statements of Sika AG, Zugerstrasse 50, 6340 Baar, Switzerland, as well as its subsidiaries (see list starting on page 125 of the download pdf of this report) and associated companies (see note 7). In the year under review the scope of consolidation was expanded to include the newly acquired companies (see the next pages) and the following companies:

- Sika International Chemicals LLC, Abu Dhabi, UAE
- Sika Manufacturing Nigeria Limited, Lagos, Nigeria
- Sika Côte d'Ivoire SARL, Abidjan, Ivory Coast
- Sika Moçambique Limitada, Maputo Cidade, Mozambique
- Sika Lanka (Private) Limited, Colombo, Sri Lanka
- Sika Latin America Mgt. Inc, Ciudad de Panama, Panama
- Sika Europe Management AG, Zurich, Switzerland
- Sika BH d.o.o. Sarajevo, Bosnia-Herzegovina
- Sika Albania SHPK, Tirana, Albania

The scope of consolidation was reduced to exclude the following companies:

- Axim SAS, Guerville, France, was merged with Sika France SAS, Paris, France.
- Dyflex HD Co. Ltd., Tokyo, Japan, was merged with Dyflex Co. Ltd., Tokyo, Japan.
- Sucoflex AG, Pfäffikon, Switzerland, was merged with Sika Schweiz AG, Zurich, Switzerland.
- Consorzio IGS, Zurich, Switzerland, was liquidated.
- BV Descol Kunststof Chemie, Deventer, Netherlands, was merged with Sika Netherland B.V., Utrecht, Netherlands.
- Sika Viscocrete Belgium NV, Brussels, Belgium, was merged with Sika Belgium nv, Brussels, Belgium.
- Casco Schönox Denmark A/S, Ballerup, Denmark, was merged with Sika Denmark A/S, Fredensborg, Denmark.
- Casco Schönox Norway A/S, Sofiemyr, Norway, was merged with Sika Norge A/S, Skytta, Norway.
- Casco Schönox Holding BV, Molenbeke, Netherlands, was liquidated.

ACQUISITIONS 2013

In 2013 Sika acquired various companies or parts of companies, including Everbuild and AkzoNobel's Building Adhesives business. The purchase prices and their allocation (PPA) only changed insignificantely for the Building Adhesives business. This resulted in adjustments in the consolidated balance sheet as of December 31, 2013. The other purchase price allocations did not change and are now definite.

ACQUIRED NET ASSETS AT FAIR VALUE

in CHF mn	Other acquisitions[1]	Everbuild	Building Adhesives
Cash and cash equivalents	1.4	2.6	2.0
Accounts receivable	3.5	19.5	29.6
Inventories	4.8	8.5	23.3
Other current assets	1.7	0.5	2.8
Property, plant, and equipment	10.7	16.4	34.2
Intangible assets	5.0	13.4	136.8
Other non-current assets	0.4	0.0	0.0
Total assets	**27.5**	**60.9**	**228.7**
Short-term loans and bank overdrafts	0.7	1.6	0.0
Accounts payable	2.2	10.8	16.2
Other current liabilities	1.0	6.2	10.5
Long-term loans and financial liabilities	0.0	0.3	0.2
Provisions	0.9	1.0	7.4
Employee benefit liabilities	0.4	0.0	8.4
Deferred tax liabilities	0.7	3.7	40.3
Total liabilities	**5.9**	**23.6**	**83.0**
Acquired net assets	**21.6**	**37.3**	**145.7**
Goodwill	10.8	46.7	161.5
Total purchase consideration	**32.4**	**84.0**	**307.2**
Cash in acquired assets	-1.4	-2.6	-2.0
Payments still due (per December 31, 2013)	-4.2	0.0	-2.5
Net cash outflow	**26.8**	**81.4**	**302.7**

1 Inatec, JM Texsa, Texsa India, Radmix/ASF, individually not material.

Since the purchase, Everbuild has contributed sales of CHF 55.1 million and net profit of CHF 3.2 million. If the acquisition had taken place on the first day of the business year, its additional contribution to consolidated net sales would have been CHF 46.2 million. Consolidated net profit would have been CHF 3.5 million higher.

Since the purchase, the Building Adhesives business has contributed sales of CHF 64.0 million and net loss of CHF 2.6 million. If the acquisition had taken place on the first day of the business year, its additional contribution to consolidated net sales would have been CHF 163.8 million. Consolidated net profit would have been CHF 13.0 million higher.

The other acquisitions have contributed sales of CHF 20.9 million and net profit of CHF 1.6 million since the purchase. If the other acquisitions had taken place on the first day of the business year, its additional contribution to consolidated net sales would have been CHF 16.6 million. Consolidated net profit would have been CHF 1.0 million higher.

ACQUISITIONS 2014

In 2014, Sika acquired various companies or parts of companies.

Company	Type of Transaction	Stake in %	Closing Date
LCS Optiroc Pte Ltd, Singapore and LCS Optiroc SDN. BHD, Malaysia	Share deal	100.0	01/16/2014
Lwart Quimica Ltda., Brazil	Share deal	100.0	05/02/2014
Business in Gunsan, South Korea	Asset deal		04/14/2014
Klebag AG, Switzerland	Share deal	100.0	05/26/2014

In December 2013, Sika agreed to acquire LCS Optiroc Pte Ltd. in Singapore and LCS Optiroc SDN. BHD in Malaysia, a leading manufacturer of cementitious powder products in Singapore. LCS Optiroc has a strong product offering which includes grouts, mortars, floor screeds, tile adhesives, and renders for interior and exterior finishing in the Refurbishment and Flooring target markets. The transaction was completed on January 16, 2014.

In February, Sika has agreed to acquire Lwart Quimica Ltda., a renowned supplier of waterproofing products in Brazil. The transaction was completed on May 2, 2014. The acquisition strengthens Sika's position in the Brazilian construction chemicals market and complements Sika's geographical footprint in Brazil.

In April, Sika acquired a company located in Gunsan, South Korea. The company manufactures and distributes flooring and coating products based on epoxy resins, acrylic emulsions, and polyurethane. The additional production capacity will enable Sika to strengthen its range of locally produced flooring and coating products and expand the production of its complete range of products.

In mid-May, Sika acquired Klebag AG, a manufacturer of adhesives for the sealing, bonding, and flooring markets. The takeover strengthens Sika's position in the Swiss interior finishing sector.

Since the purchase, the acquisitions contributed sales of CHF 57.4 million and net profit of CHF 1.2 million. If the acquisitions had taken place on the first day of the business year, its additional contribution to consolidated net sales would have been CHF 20.0 million. Consolidated net profit would have been CHF 1.0 million higher.

Since the purchase prices and the purchase price allocations for all acquisitions still entail some uncertainty, all positions with the exception of "Cash and cash equivalents" are provisional. Production synergies and combined distribution channels and product portfolios justify the goodwill posted. Goodwill in the amount of CHF 1.6 million is tax deductible. Accounts receivable have a gross value of CHF 15.5 million and were adjusted since CHF 0.3 million were classified as non-recoverable.

The directly attributable transaction costs of all acquisitions amounted to CHF 0.8 million and were charged to other operating expenses.

As of January 7, 2014, Sika has acquired the remaining 24.5% of Dyflex HD Co. Ltd. The complete takeover further strengthens Sika 's position in the Japanese construction market. The acquisition of the remaining shares has no material impact on the Consolidated Financial Statements. Since the acquisition in 2010 a put-and-call agreement has been arranged. Sika could exercise its purchase price option as of the end of 2013. Sika therefore considered the outstanding company interests of 24.5% for which the purchase price had already been established, as acquired and consolidated the shareholding at 100% since acquisition. The payment is shown as a repayment of financial liabilities.

In the first half of the year 2014 Sika further increased its shareholdings from 70% to 100% in Jiangsu TMS Concrete Admixture Co. Ltd., Guangzhou.

In the third quarter of 2014, Sika increased its shareholdings in Hebei Jiuqiang Building Material Co Ltd. by 18% to 85%. Since the acquisition of this company a put-and-call agreement for the remaining shares (33% respectively 15%) has been arranged. Sika has not acquired economic ownership over the outstanding company interests. Therefore, a share of net income is attributed to non-controlling interests. The non-controlling interests are recognized as financial liabilities at the end of each reporting period. The difference between the consideration paid and the amount by which the non-controlling interests are adjusted and the fair value adjustments of the financial liability are recognized directly in retained earnings.

For the acquisition of the non-controlling interests a purchase price of CHF 6.2 million has been agreed, whereof 0.2 million were directly settled with a receivable from the seller.

ACQUIRED NET ASSETS AT FAIR VALUES

in CHF mn	Acquisitions 2014[1]
Cash and cash equivalents	3.7
Accounts receivable	15.2
Inventories	9.5
Other current assets	1.8
Property, plant, and equipment	18.9
Intangible assets	11.9
Total assets	**61.0**
Current bank loans	3.5
Accounts payable	5.8
Other current liabilities	1.1
Provisions	1.1
Employee benefit obligation	2.1
Deferred tax liabilities	4.3
Other non-current liabilities	0.1
Total liabilities	**18.0**
Acquired net assets	**43.0**
Goodwill	32.1
Total purchase price	**75.1**
Cash in acquired assets	-3.7
Payments still due (per December 31, 2014)	-2.6
Net cash outflow	**68.8**

1 LCS Optiroc, Lwart Quimica, business in Gunsan, Klebag; individually not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CASH AND CASH EQUIVALENTS CHF 898.8 MN (CHF 1,028.3 MN)
The cash management of the Group includes cash pooling, in which cash and cash equivalents available within the Group are pooled. The item "Cash and cash equivalents" includes cash and cash equivalents with a maturity of less than three months, bearing interest at a respectively valid rate. Cash and cash equivalents decreased mainly due to the repayment of the bond in the amount of CHF 300.0 million in June.

2. ACCOUNTS RECEIVABLE CHF 1,006.0 MN (CHF 912.7 MN)
The following tables show accounts receivable, the development of the allowance for doubtful accounts as well as the portion of not overdue and overdue receivables including their age structure. Accounts receivable are non-interest-bearing and are generally due within 30 to 90 days.

ACCOUNTS RECEIVABLE

in CHF mn	2013	2014
Receivables	981.6	1,080.3
Allowance for doubtful accounts	-68.9	-74.3
Net accounts receivable	**912.7**	**1,006.0**

MOVEMENTS ON THE ALLOWANCE FOR DOUBTFUL ACCOUNTS

in CHF mn	2013	2014
January 1	67.9	68.9
Allowance for acquired businesses	3.1	0.3
Additions to or increase in allowances	33.6	31.6
Reversal or utilization of allowances	-33.4	-28.0
Exchange differences	-2.3	1.5
December 31	**68.9**	**74.3**

AGE DISTRIBUTION OF ACCOUNTS RECEIVABLE

in CHF mn	2013	2014
Net accounts receivable	**912.7**	**1,006.0**
Of which		
Not overdue	694.0	747.6
Past due < 31 days	150.8	179.8
Past due 31 – 60 days	42.2	46.2
Past due 61 – 180 days	37.6	45.3
Past due > 181 days	57.0	61.4
Allowance for doubtful accounts	-68.9	-74.3

The increase and decrease of allowances for doubtful accounts are recognized in other operating expenses. Amounts entered as allowances are usually derecognized when payment is no longer expected.

3. INVENTORIES CHF 591.3 MN (CHF 539.0 MN)

Inventory write-offs amount to CHF 22.6 million (CHF 15.1 million) and are charged to material expenses.

in CHF mn	2013	2014
Raw materials and supplies	164.8	180.8
Semi-finished goods	37.2	47.8
Finished goods	276.9	302.0
Merchandise	60.1	60.7
Total	**539.0**	**591.3**

4. OTHER ASSETS CHF 51.7 MN (CHF 58.2 MN)

The assets contained in this category and any changes in them can be seen in the following table.

OTHER CURRENT ASSETS

in CHF mn	2013	2014
Derivatives (at fair value through profit and loss)	10.9	1.2
Loans (loans and receivables)	3.1	3.0
Securities (at fair value through profit and loss)	4.9	2.8
Other financial assets	**18.9**	**7.0**
Other non-financial assets	0.0	0.7
Other current assets	**18.9**	**7.7**

OTHER NON-CURRENT ASSETS

in CHF mn	2013	2014
Securities (at fair value through profit and loss)	21.5	28.8
Loans (loans and receivables)	3.7	1.3
Other financial assets	**25.2**	**30.1**
Employee benefit assets [1]	14.1	13.9
Other non-financial assets	**14.1**	**13.9**
Other non-current assets	**39.3**	**44.0**

1 Refer to note 14, employee benefit obligation.

5. PROPERTY, PLANT, AND EQUIPMENT CHF 958.3 MN (CHF 920.2 MN)

in CHF mn	Property	Plant	Equipment	Plants and buildings under construction	Total
At January 1, 2013					
Acquisition cost	106.8	617.4	1,326.9	55.9	2,107.0
Cumulative depreciation and impairment	-0.8	-359.9	-872.9	-0.1	-1,233.7
Net values at January 1, 2013	**106.0**	**257.5**	**454.0**	**55.8**	**873.3**
Additions	3.0	8.5	68.1	64.0	143.6
Acquired on acquisition	10.2	21.6	28.9	0.6	61.3
Exchange differences	-5.3	-8.8	-14.3	-4.7	-33.1
Disposals	-5.4	-2.6	-5.8	0.0	-13.8
Reclassifications [1]	1.8	7.8	36.5	-47.2	-1.1
Depreciation charge for the year	0.0	-21.2	-88.8	0.0	-110.0
At December 31, 2013	**110.3**	**262.8**	**478.6**	**68.5**	**920.2**
As January 1, 2014					
Acquisition cost	111.2	631.6	1,379.5	68.7	2,191.0
Cumulative depreciation and impairment	-0.9	-368.8	-900.9	-0.2	-1,270.8
Net values at January 1, 2014	**110.3**	**262.8**	**478.6**	**68.5**	**920.2**
Additions	3.7	17.0	63.5	61.3	145.5
Acquired on acquisition	3.1	9.2	6.6	0.0	18.9
Exchange differences	-1.7	-0.2	5.3	0.0	3.4
Disposals	-2.7	-8.9	-2.6	0.0	-14.2
Reclassifications [1]	3.7	15.7	46.8	-66.2	0.0
Depreciation charge for the year	-0.6	-21.0	-93.9	0.0	-115.5
At December 31, 2014	**115.8**	**274.6**	**504.3**	**63.6**	**958.3**
Acquisition cost	117.1	658.8	1,497.4	64.5	2,337.8
Cumulative depreciation and impairment	-1.3	-384.2	-993.1	-0.9	-1,379.5
Net values at December 31, 2014	**115.8**	**274.6**	**504.3**	**63.6**	**958.3**

1 Plants and buildings under construction are reclassified after completion within property, plant, and equipment as well as intangible assets.

In principle all plants are owned by subsidiaries. Some smaller plants as well as the adhesive plant, the R&D center and the logistics center of Sika Schweiz AG are financed by means of operating lease. Operating leases relate also to data processing equipment and copiers as well as vehicles used by the sales force. Leasehold contracts are insignificant. Plant and equipment includes machinery, vehicles, equipment, furnishings, and hardware.

in CHF mn	Operating leases 2013 Minimum payments	Operating leases 2014 Minimum payments	Finance leases 2013 Minimum payments	Finance leases 2013 Interest	Finance leases 2013 Present value of payments	Finance leases 2014 Minimum payments	Finance leases 2014 Interest	Finance leases 2014 Present value of payments
Within 1 year	45.9	50.1	1.1	0.2	0.9	0.5	0.1	0.4
1 – 5 years	97.4	103.9	1.3	0.2	1.1	0.2	0.0	0.2
Over 5 years	49.5	34.0	0.4	0.1	0.3	0.3	0.1	0.2
Total	**192.8**	**188.0**	**2.8**	**0.5**	**2.3**	**1.0**	**0.2**	**0.8**

6. INTANGIBLE ASSETS CHF 1,074.6 MN (CHF 1,066.9 MN)

in CHF mn	Goodwill	Software	Trademarks	Customer relations	Other intangibles	Total
At January 1, 2013						
Acquisition costs	426.9	147.9	93.3	221.5	63.6	953.2
Cumulative amortization and impairment	-9.6	-88.3	-7.4	-70.6	-35.0	-210.9
Net values at January 1, 2013	**417.3**	**59.6**	**85.9**	**150.9**	**28.6**	**742.3**
Additions	0.0	9.1	0.0	0.0	1.2	10.3
Acquired on acquisition	219.0	0.5	21.4	103.7	29.6	374.2
Exchange differences	-9.2	-0.5	-0.8	-6.4	-1.8	-18.7
Reclassifications (net)	0.0	0.3	0.0	0.0	0.8	1.1
Amortization for the year	0.0	-12.4	-3.9	-19.2	-6.8	-42.3
At December 31, 2013	**627.1**	**56.6**	**102.6**	**229.0**	**51.6**	**1,066.9**
At January 1, 2014						
Acquisition costs	635.9	147.1	113.5	316.5	92.9	1,305.9
Cumulative amortization and impairment	-8.8	-90.5	-10.9	-87.5	-41.3	-239.0
Net values at January 1, 2014	**627.1**	**56.6**	**102.6**	**229.0**	**51.6**	**1,066.9**
Additions	0.0	6.0	0.0	0.0	1.2	7.2
Acquired on acquisition	32.1	0.0	3.1	5.9	2.9	44.0
Exchange differences	4.6	0.0	0.2	0.8	0.5	6.1
Amortization for the year	0.0	-12.9	-5.3	-23.7	-7.7	-49.6
At December 31, 2014	**663.8**	**49.7**	**100.6**	**212.0**	**48.5**	**1,074.6**
Acquisition costs	672.6	152.5	116.9	326.6	98.1	1,366.7
Cumulative amortization and impairment	-8.8	-102.8	-16.3	-114.6	-49.6	-292.1
Net values at December 31, 2014	**663.8**	**49.7**	**100.6**	**212.0**	**48.5**	**1,074.6**

The intangible assets (except goodwill and trademarks) have a finite useful life over which the assets are amortized. The developed SAP platform used since 2010 will be amortized on the basis of its effective use within the Group. The carrying amount was CHF 35.2 million (CHF 41.2 million) as of December 31, 2014. The remaining useful life is estimated to be six years (seven years).

Trademarks may have an indefinite useful life because they are influenced by internal and external factors such as strategic decisions, competitive and customer behavior, technical development, and altered market requirements. The carrying value of trademarks with an indefinite useful life amounts to CHF 72.4 million (CHF 72.4 million). The impairment test is based on estimated sales attributable to the trademark. The calculation of the value in use is based on the target figures and cash flow forecasts approved by the Board of Directors.The forecasting horizon is five years. Assumed thereby is a growth rate of 2.2% (1.9%) for the planning period. Afterwards a growth rate of 2.0% (2.0%) is assumed. The discount rate amounts to 11.5% (11.9%). The sensitivity analysis carried out shows that a realistic change in the key assumptions (5% of the royalty rate) would not result in the realizable amount falling below the carrying amount.

GOODWILL ITEMS TESTED FOR IMPAIRMENT. For all goodwill items an impairment test was carried out on the basis of the discounted cash flow method. The calculation of the value in use is based on the target figures and cash flow forecasts approved by the Board of Directors. The forecast horizon encompasses five years. The growth rates upon which the forecast is set correspond to the market expectations of the cash-generating units and range between 4.7% and 11.3% (3.5% and 11.4%) per year. The sensitivity analysis carried out shows that a realistic change in the key assumptions (-1% in growth rates or +0.5% of the discount rate) would not result in the realizable amount falling below the book value. The cash flow forecast beyond the planning period is extrapolated with a growth rate of 1.3% to 4.9% (1.5% to 3.0%), which in no case exceeds the long-term average growth rate in the corresponding market in which the cash-generating unit operates. The discount rates are determined on the basis of the weighted average cost of capital of the Group, with country- and currency-specific risks within the context of cash flows taken into consideration. The business segments within the regions constitute the cash-generating units.

GOODWILL ASSIGNED TO CASH-GENERATING UNITS

in CHF mn	Growth rates (%)[1]	Discount rates (%)[2]	Goodwill
December 31, 2013			
Construction business EMEA	1.5	11.4	425.1
Construction business North America	1.5	13.3	82.6
Construction business Latin America	3.0	18.6	5.2
Construction business Asia/Pacific	3.0	11.3	58.0
Automotive	2.0	13.4	56.2
Total			**627.1**
December 31, 2014			
Construction business EMEA	1.3	10.1	430.5
Construction business North America	2.0	12.4	91.3
Construction business Latin America	4.9	17.6	13.5
Construction business Asia/Pacific	3.1	11.3	73.3
Automotive	2.0	12.1	55.2
Total			**663.8**

1 Growth rate beyond the planning period.
2 Pre-tax discount rates (%).

7. INVESTMENTS IN ASSOCIATED COMPANIES CHF 14.3 MN (CHF 13.9 MN)

The following associated companies are included in the Consolidated Financial Statements as of December 31, 2014: Condensil SARL, France (stake Sika 40%), Part GmbH, Germany (50%), Addiment Italia S.r.l., Italy (50%), Sarna Granol AG, Switzerland (50%), Hayashi-Sika Automotive Ltd., Japan (50%), Chemical Sangyo Ltd., Japan (50%), and Seven tech Co. Ltd., Japan (50%).

The following amounts represent the Group's stake in net sales, and net income of associates.

ASSOCIATED COMPANIES (PARTICIPATIONS BETWEEN 20% AND 50%)

in CHF mn	2013	2014
Sales	31.4	30.9
Profit	1.1	1.1

8. INCOME TAXES

TAX LOSS CARRY FORWARDS, FOR WHICH NO DEFERRED TAX ASSETS HAVE BEEN RECOGNIZED

in CHF mn	2013	2014
1 year or less	0.0	0.0
1 – 5 years	8.8	10.3
Over 5 years or non-expiring	41.3	32.0
Total	**50.1**	**42.3**

RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES

			2013			2014
in CHF mn	Assets	Liabilities	Net	Assets	Liabilities	Net
January 1	**109.4**	**-96.2**	**13.2**	**104.7**	**-130.4**	**-25.7**
Credited (+)/debited (-) to income statement	12.6	6.5	19.1	6.8	17.0	23.8
Credited (+)/debited (-) to other comprehensive income	-10.9	-0.4	-11.3	17.9	0.0	17.9
Exchange differences	-6.7	4.3	-2.4	1.2	-0.8	0.4
Acquisitions/divestments	0.3	-44.6	-44.3	0.0	-4.3	-4.3
December 31	**104.7**	**-130.4**	**-25.7**	**130.6**	**-118.5**	**12.1**

ORIGIN OF DEFERRED TAX ASSETS AND LIABILITIES

			2013			2014
in CHF mn	Assets	Liabilities	Net	Assets	Liabilities	Net
Tax losses brought forward	9.8		9.8	10.6		10.6
Current assets	23.1	-11.7	11.4	25.9	-7.3	18.6
Property, plant, and equipment	9.4	-31.5	-22.1	9.0	-32.7	-23.7
Other non-current assets	2.2	-73.5	-71.3	2.4	-62.3	-59.9
Liabilities	60.2	-9.2	51.0	82.7	-10.2	72.5
Withholding taxes on dividends	–	-4.5	-4.5	–	-6.0	-6.0
Total	**104.7**	**-130.4**	**-25.7**	**130.6**	**-118.5**	**12.1**

In the year under review deferred tax assets from tax loss carry forwards of CHF 4.4 million (CHF 4.3 million) were offset and deferred tax loss carry forwards of CHF 5.8 million (CHF 1.0 million) were generated.

The tax rate decreased significantly to 25.3% (27.7%). Income taxes of CHF 149.4 million (CHF 132.0 million) consist of:

INCOME TAXES

in CHF mn	2013	2014
Income tax during the year under review	150.1	170.0
Deferred income tax	-19.1	-23.8
Income tax from prior years	1.0	3.2
Total	**132.0**	**149.4**

RECONCILIATION BETWEEN ANTICIPATED AND EFFECTIVE TAX EXPENSE

in CHF mn	%	2013	%	2014
Profit before taxes		476.7		590.6
Anticipated tax expense	**25.9**	**123.6**	**23.9**	**141.3**
Non-tax-deductible expenses	0.6	2.8	0.0	0.2
Change in anticipated tax rate	-0.3	-1.2	-0.1	-0.6
Adjusted tax expense from earlier periods	0.2	1.0	0.6	3.2
Valuation adjustment on deferred tax assets	0.2	0.9	0.4	2.5
Withholding tax on dividends	1.2	5.6	1.2	7.0
Other	-0.1	-0.7	-0.7	-4.2
Tax expense as per consolidated income statement	**27.7**	**132.0**	**25.3**	**149.4**

The anticipated average Group income tax rate of 23.9% (25.9%) corresponds with the average tax on profits of the individual Group companies in their respective fiscal jurisdictions. The change in the anticipated tax rate is attributable to changed profits of the Group companies in the respective fiscal jurisdictions and to changes in their tax rates in some cases.

9. ACCOUNTS PAYABLE CHF 605.4 MN (CHF 557.9 MN)
Accounts payable do not bear interest and will usually become due within 30 to 60 days.

10. ACCRUED EXPENSES AND DEFERRED INCOME CHF 214.3 MN (CHF 204.6 MN)
Deferred income and accrued expenses relate to outstanding invoices and liabilities of the current year, including performance-based compensation payable to employees in the following year and social security expenses.

11. OTHER LIABILITIES CHF 51.5 MN (CHF 59.0 MN)

OTHER CURRENT LIABILITIES

in CHF mn	2013	2014
Derivatives (at fair value through profit and loss)	1.1	15.0
Bank loans	11.1	5.7
Other	22.5	14.1
Other financial liabilities	**34.7**	**34.8**

A number of Group companies have their own credit lines. The total amount is insignificant in scale. The credit lines are used in individual cases when intra-Group financing is not permitted or there are benefits from local financing.

OTHER NON-CURRENT LIABILITIES

in CHF mn	2013	2014
Bank loans	0.2	0.0
Other	24.1	16.7
Other financial liabilities	**24.3**	**16.7**

12. BONDS CHF 0.0 MN SHORT-TERM/CHF 947.6 MN LONG-TERM (CHF 299.7 MN/CHF 946.9 MN)

Sika AG has the following bonds outstanding:

		2013		2014
in CHF mn	Book value	Nominal	Book value	Nominal
3.500% 2009 – 2014	299.7	300.0	0.0	0.0
2.875% 2006 – 2016	249.0	250.0	249.4	250.0
1.000% 2012 – 2018	149.6	150.0	149.7	150.0
1.125% 2013 – 2019	199.5	200.0	199.6	200.0
1.750% 2012 – 2022	149.9	150.0	149.9	150.0
1.875% 2013 – 2023	198.9	200.0	199.0	200.0
Total	**1,246.6**	**1,250.0**	**947.6**	**950.0**

13. PROVISIONS CHF 116.1 MN (CHF 115.0 MN)
Provisions for guarantees reflect all known claims anticipated in the near future. The amounts of the provision are determined on the basis of experience and are therefore subject to a degree of uncertainty. The outflow of funds depends on the timing of the filing and conclusion of warranty claims. Provisions for sundry risks include loan guarantees as well as open and anticipated legal and tax cases with a probability of occurrence above 50%.

From the sum of provisions, CHF 96.9 million (CHF 93.0 million) are shown as non-current liabilities, since an outflow of funds is not expected within the next twelve months.

For provisions of CHF 19.2 million (CHF 22.0 million), an outflow of funds is expected during the next twelve months. These amounts are shown as current provisions.

in CHF mn	Warranties	Sundry risks	Provisions Total
Current provisions	15.7	3.5	19.2
Non-current provisions	72.7	24.2	96.9
Provisions	**88.4**	**27.7**	**116.1**
Reconciliation			
At January 1, 2014	**86.0**	**29.0**	**115.0**
Additions	24.5	9.9	34.4
Assumed on acquisition	0.6	0.5	1.1
Exchange differences	2.9	-0.5	2.4
Utilization	-18.2	-6.2	-24.4
Reversal	-7.4	-5.0	-12.4
At December 31, 2014	**88.4**	**27.7**	**116.1**

14. EMPLOYEE BENEFIT OBLIGATION

To complement the benefits provided by state-regulated pension schemes, Sika maintains additional employee pension plans for a number of subsidiaries. In principle these fall into the following categories:

DEFINED CONTRIBUTION PENSION FUNDS. The majority of Sika subsidiaries operate defined contribution pension plans. In these, employees and employer regularly contribute to funds administered by third parties. This does not give rise to any assets or liabilities in the consolidated balance sheet.

DEFINED BENEFIT PENSION FUNDS. Defined benefit pension plans for staff exist at 40 Group companies. The biggest plans are in Switzerland, accounting for 80.4% (80.1%) of Sika's entire defined benefit pension obligations and 96.0% (96.5%) of plan assets.

SWISS PENSION PLANS. Sika companies in Switzerland have legally independent foundations for this purpose, thereby segregating their pension obligation liabilities. In accordance with local statutory requirements, Sika has no obligations to these pension plans beyond the regulatory contributions and any recapitalization contributions that may become necessary. According to IAS 19, the Swiss pension plans qualify as defined benefit plans, so the actuarially calculated surplus or deficit is recognized in the consolidated balance sheet.

The supreme governing body of the pension fund is composed of equal numbers of employee and employer representatives. There is also a management pension scheme and a welfare foundation, which provide statutory benefits, and a scheme that enables employees to take early retirement.

Both the Sika pension fund and the welfare foundation bear the investment risks and the age risk themselves. As the supreme governing body of the pension fund, the Board of Trustees is responsible for investment. The investment strategy is defined so as to ensure that the benefits can be provided when they become due. The pension fund has concluded a contract for matching reinsurance for the risks of death and invalidity. The insurance-related and investment risks of the management pension scheme are fully reinsured. The retirement pension is calculated using the retirement assets available at the time of retirement multiplied by the conversion rates specified in the regulations. The employee has the opportunity to withdraw pension benefits in the form of a lump sum.

The Federal Law on Occupational Retirement, Survivors', and Disability Pensions (BVG) governs the way in which employees and employer must jointly participate in any restructuring measures in the event of a significant deficit, such as by making additional contributions. In the current year, as in the previous year, the Swiss pension plans are showing a surplus under BVG and it is not expected that additional contributions will be necessary for the next year.

Last year the benefits of the insurance plan were adjusted by reducing the conversion rate and increasing the savings contributions. This led to an adjustment in the pension plan and is therefore recognized in the income statement as a gain on a plan curtailment (CHF 18.9 million).

			2013			2014
in CHF mn	Assets	Liabilities	Net	Assets	Liabilities	Net
Employee benefit plans with defined benefits	14.1	162.1	148.0	13.9	246.9	233.0
Other employee commitments		50.8	50.8		56.9	56.9
Total	**14.1**	**212.9**	**198.8**	**13.9**	**303.8**	**289.9**

Other long-term liabilities arise from long-service bonuses and similar benefits that Sika grants to its employees.

MOVEMENT IN THE NET DEFINED BENEFIT OBLIGATION

in CHF mn	Present value of obligation	Fair value of plan assets	Impact of asset ceiling	Total
At January 1, 2013	**-750.2**	**540.1**	**-2.6**	**-212.7**
Current service cost	-28.6			-28.6
Interest expense/interest income	-17.8	11.6		-6.2
Past service cost and gains and losses on settlements and curtailments	19.2			19.2
Total expense recognized in income statement	**-27.2**	**11.6**		**-15.6**
thereof Switzerland	-18.7	11.1		-7.6
thereof Others	-8.5	0.5		-8.0
Return on plan assets, excluding amounts included in interest income		37.5		37.5
Gain from change in financial assumptions	14.1			14.1
Gain from change in demographic assumptions	2.6			2.6
Experience gain	8.3			8.3
Change in asset ceiling			1.7	1.7
Total remeasurements recognized in other comprehensive income	**25.0**	**37.5**	**1.7**	**64.2**
thereof Switzerland	30.1	37.6	1.7	69.4
thereof Others	-5.1	-0.1	–	-5.2
Exchange differences	1.6	-0.3		1.3
Contributions by employers		17.5		17.5
Contributions by plan participants	-11.1	11.1		-
Benefits paid	35.9	-29.6		6.3
Acquired in a business combination and others	-16.3	7.3		-9.0
At December 31, 2013	**-742.3**	**595.2**	**-0.9**	**-148.0**
thereof Switzerland	-594.7	574.3	-0.9	-21.3
thereof Others	-147.6	20.9	–	-126.7

in CHF mn	Present value of obligation	Fair value of plan assets	Impact of asset ceiling	Total
At January 1, 2014	**-742.3**	**595.2**	**-0.9**	**-148.0**
Current service cost	-26.0			-26.0
Interest expense/interest income	-18.8	14.2		-4.6
Past service cost and gains and losses on settlements and curtailments	3.7			3.7
Total expense recognized in income statement	**-41.1**	**14.2**		**-26.9**
thereof Switzerland	-34.8	13.4		-21.4
thereof Others	-6.3	0.8		-5.5
Return on plan assets, excluding amounts included in interest income		19.3		19.3
Loss from change in financial assumptions	-106.5			-106.5
Loss from change in demographic assumptions	-4.2			-4.2
Experience gain	6.9			6.9
Change in asset ceiling			-1.4	-1.4
Total remeasurements recognized in other comprehensive income	**-103.8**	**19.3**	**-1.4**	**-85.9**
thereof Switzerland	-81.8	18.2	-1.4	-65.0
thereof Others	-22.0	1.1	–	-20.9
Exchange differences	2.5	-0.3		2.2
Contributions by employers		21.5		21.5
Contributions by plan participants	-11.7	11.7		-
Benefits paid	24.5	-19.9		4.6
Acquired in a business combination and others	-3.4	2.9		-0.5
At December 31, 2014	**-875.3**	**644.6**	**-2.3**	**-233.0**
thereof Switzerland	-704.1	619.1	-2.3	-87.3
thereof Others	-171.2	25.5	–	-145.7

The contributions that are expected to be paid into the defined benefit pension plans for 2015 amount to CHF 18.1 million.

The Group’s total expenses for employee benefits are included in the Consolidated Financial Statements under “Personnel expenses”.

The stated deficit results partly from the defined benefit obligation of the unfunded benefit plans of CHF 129.7 million (CHF 105.9 million). The schemes in Germany, in particular, do not have segregated assets.

MAJOR CATEGORIES OF TOTAL PLAN ASSETS

in CHF mn	Switzerland	Others	2013 Total	Switzer-land	Others	2014 Total
Cash and cash equivalents	38.2	13.4	51.6	36.3	14.4	50.7
Equity instruments	194.9	1.5	196.4	214.0	2.2	216.2
Debt instruments	242.1	1.5	243.6	261.7	2.7	264.4
Real estate investments	96.6	0.0	96.6	102.8	0.5	103.3
Other assets	2.5	4.5	7.0	4.3	5.7	10.0
Total	**574.3**	**20.9**	**595.2**	**619.1**	**25.5**	**644.6**

Most of the plan assets of the pension schemes are invested in assets with quoted market prices. In the year under review, 14.1% (16.7%) of the investments in real estate and 19.0% (25.7%) of the other assets did not have a quoted market price.

AMOUNTS INCLUDED IN PLAN ASSETS

in CHF mn	2013	2014
Shares Sika AG	14.6	15.0
Own property occupied by Sika	7.7	7.7
Total	**22.3**	**22.7**

ACTUARIAL ASSUMPTIONS (WEIGHTED AVERAGE)

	2013 Switzer-land	2013 Others	2014 Switzer-land	2014 Others
Discount rate in the year under review (%)	2.3	3.4	1.4	2.4

THE SENSITIVITY OF THE DEFINED BENEFIT OBLIGATION TO CHANGES IN THE PRINCIPAL ASSUMPTIONS

in CHF mn	Change in assumption	Impact on defined benefit obligation Switzerland	Others
Discount rate	+0.25%	-31.3	-6.5
Discount rate	-0.25%	33.7	5.0

NUMBER OF PLANS AND INSURED PERSONS

	2013 Switzer-land	2013 Others	2014 Switzer-land	2014 Others
Number of insured employees	1,943	3,775	1,967	3,754
Number of insured retired persons	445	1,208	434	1,189
Total number of defined benefit plans	5	36	5	35
thereof number of defined benefit plans funded	4	11	4	11
thereof number of defined benefit plans unfunded	1	25	1	24
Average weighted duration in years	17.0	15.1	18.2	15.9

15. SHAREHOLDERS' EQUITY CHF 2,383.3 MN (CHF 2,136.2 MN)

Equity accounts for 49.5% (45.1%) of the balance sheet total.

CAPITAL STOCK

in CHF mn	Number	2013	2014
Registered shares, nominal value CHF 0.10	2 333 874	0.2	0.2
Bearer shares, nominal value CHF 0.60	2 151 199	1.3	1.3
Capital stock		**1.5**	**1.5**

The Board of Directors proposes to the Annual General Meeting payment of a dividend of CHF 12.00 per registered share and of CHF 72.00 per bearer share, in the total amount of CHF 182.6 million, to the shareholders of Sika AG.

The capital stock is divided into the following categories:

	Bearer shares[1] nominal value CHF 0.60	Registered shares nominal value CHF 0.10	Total[1]
12/31/2013 (units)	2,151,199	2,333,874	4,485,073
Nominal value (CHF)	1,290,719	233,387	1,524,107
12/31/2014 (units)	2,151,199	2,333,874	4,485,073
Nominal value (CHF)	1,290,719	233,387	1,524,107

1 Includes treasury shares 4,261 units (6,519 units) which do not carry voting and dividend rights.

16. NET SALES CHF 5,571.3 MN (CHF 5,142.2 MN)

Sales of goods account for practically all net sales. In comparison with the previous year, net sales denominated in Swiss francs increased by 8.3%. Taking currency effects amounting to -4.7% into consideration, sales increased in local currencies by 13.0%, including a growth from acquisitions of 5.7%.

Revenue from construction contracts in the year under review amounted to CHF 3.9 million (CHF 4.1 million). On the balance sheet date accrued construction costs and recognized profits (less recognized losses) were CHF 31.9 million (CHF 122.9 million). On the balance sheet date, as in the previous year, there were insignificant receivables and no liabilities from construction contracts. Contract revenues and contract costs are recognized as income and expenses by reference to the stage of completion.

17. MATERIAL EXPENSES CHF 2,620.0 MN (CHF 2,446.6 MN)

Material expenses decreased as a percentage of net sales by 0.6 percentage points.

18. OPERATING PROFIT BEFORE DEPRECIATION CHF 798.3 MN (CHF 675.9 MN)

In the year under review the moderate material price increases and the good price and product management led to an improvement in gross result from 52.4% to 53.0%.

Operational costs were at a slightly lower level. Thanks to a further increase in efficiency the personnel expenses increased below average despite the desired expansion in growth markets and the positive one-off effect last year. Other operating expenses developed disproportionately low as well due to disciplined cost management.

The purchase price of an acquisition in 2011 included a contingent consideration upon the course of business. In the year under review the liability was reduced by CHF 3.4 million and deducted from other operating expenses.

Expenditures on research and development in the Group in the year under review totaled CHF 167.7 million (CHF 166.1 million), roughly equivalent to 3.0% (3.2%) of sales. Research and development expenses are included in operating costs.

in CHF mn	2013	2014
Gross result	2,695.6	2,951.3
Personnel expenses	-1,031.1	-1,093.7
Other operating expenses	-988.6	-1,059.3
Operating profit before depreciation	**675.9**	**798.3**

PERSONNEL EXPENSES

in CHF mn	2013	2014
Wages and salaries	849.1	893.6
Social charges	182.0	200.1
Personnel expenses	**1,031.1**	**1,093.7**

EMPLOYEE BENEFIT COSTS

in CHF mn	2013	2014
Employee benefit plans with defined benefits [1]	9.4	22.3
Other employee benefit plans	35.7	32.2
Employee benefit costs	**45.1**	**54.5**

1 Includes pension expense recognized in income statement (according to note 14) without interest income/interest expenses.

EMPLOYEE PARTICIPATION PLAN – SHARE-BASED PAYMENTS
Sika operates the following share-based compensation plans:

PERFORMANCE BONUS (SHORT-TERM INCENTIVE). Senior managers and Group Management receive shares of Sika AG as a component of their salary. The shares are granted at the average market price of February of the subsequent business year. The allocated shares are subject to a blocking period of four years. The following different share plans are in place:

Senior managers may draw optionally 20% or 40% of the performance-based short-term variable remunerations in the form of shares of Sika AG. As remuneration for the services rendered by them in 2013, in 2014 they drew 719 shares at a fair value of CHF 2.3 million (CHF 3,164 per share). In 2013, the fair value of the compensation for 2012 amounted to CHF 1.9 million (815 shares at CHF 2,308).

The performance-based portion of the short-term variable remunerations for Group Management is paid out 20% in the form of shares of Sika AG. Moreover, members of Group Management have an option to draw a further 20% of the variable remunerations in the form of shares of Sika AG. As compensation for the services rendered by them in 2013, in 2014 they drew 560 shares at a fair value of CHF 1.8 million (CHF 3,164 per share). In 2013, the fair value of the compensation for 2012 amounted to CHF 1.8 million (765 shares at CHF 2,308).

LONG-TERM INCENTIVE (LTI-PLAN). The performance-based portion of the long-term variable remuneration for Group Management is paid out in full in shares of Sika AG and is conditional upon a three-year vesting period and an additional four-year blocking period. In 2014, 1,445 shares at a fair value of CHF 5.0 million (CHF 3,479 per share) were allocated to the members of Group Management as part of the long-term compensation program. In 2013, the fair value of the compensation for 2012 amounted to CHF 2.1 million (899 shares at CHF 2,308).

SHARES FOR BOARD OF DIRECTORS. The members of the Board of Directors receive shares of Sika AG as a component of their compensation. The shares are subject to a blocking period of four years. In this term of office from April 2013 to April 2014 322 shares at a fair value of CHF 1.1 million (CHF 3,479 per share) were allocated to the members of the Board of Directors. In the prior year period the compensation amounted to CHF 1.0 million (458 shares at CHF 2,133).

Share-based remunerations are made by means of the transfer of treasury shares of Sika AG. The personnel expenses recognized for services received in the 2014 business year totaled CHF 27.0 million (CHF 24.3 million) of which the amount of CHF 10.3 million (CHF 6.4 million) was taken to equity and the amount of CHF 16.7 million (CHF 17.9 million) was recognized under liabilities. Provided employees are entitled to the option of drawing shares of Sika AG, this portion will be recognized under liabilities as at the balance sheet date, and in the event that shares are drawn, this portion will be taken to equity in the subsequent year. In the year under review the fair value of the allocated shares taken to shareholders' equity amounted to CHF 1.8 million (CHF 1.7 million).

No dilution effect results because no additional shares have been issued.

19. DEPRECIATION AND AMORTIZATION EXPENSES CHF 165.1 MN (CHF 152.4 MN)
The amount includes the regular depreciation and amortization, which increased proportionally to the acquisition costs.

20. INTEREST EXPENSES/OTHER FINANCIAL EXPENSES CHF 52.1 MN (CHF 56.7 MN)
This item consists mainly of interest expenses for bond issues outstanding in the amount of CHF 22.8 million (CHF 24.5 million) as well as gains and losses from foreign currency transactions and the hedging of loans.

21. INTEREST INCOME/OTHER FINANCIAL INCOME/INCOME FROM ASSOCIATED COMPANIES CHF 9.5 MN (CHF 9.9 MN)
Short-term surpluses in liquidity in various countries led to interest income of CHF 2.7 million (CHF 3.0 million). Income from associated companies amounted to CHF 1.2 million (CHF 1.1 million). Other financial income decreased slightly to CHF 5.6 million (CHF 5.8 million).

22. NON-CONTROLLING INTERESTS CHF 2.2 MN (CHF 2.5 MN)
Most important companies with non-controlling interests:
- Sika Arabia Holding Co. WLL, Bahrain (49%)
- Sika UAE LLC, UAE (49%)
- Sika Saudi Arabia Co. Ltd., Saudi Arabia (49%)
- Sika International Chemicals LLC Abu Dhabi, UAE (49%)
- Sika Gulf B.S.C., Bahrain (49%)
- Hebei Jiuqiang Construction Material Co. Ltd., China (15%)

23. EARNINGS PER SHARE CHF 173.19 (CHF 135.27)

	2013	2014
Undiluted ("basic EPS")		
Net profit (in CHF mn)	342.2	439.0
Weighted average number of shares [1]		
Bearer shares [2]/units	2,140,691	2,145,809
Registered shares [3]/units	2,333,874	2,333,874
Earnings per share		
Bearer share [2]/CHF	135.27	173.19
Registered share [3]/CHF	22.55	28.87

1 Excluding treasury shares held in the Group.
2 Nominal value: CHF 0.60.
3 Nominal value: CHF 0.10.

Earnings per share (EPS) amount to CHF 173.19 (CHF 135.27). The EPS calculated on the basis of net profit after non-controlling interests and the number of shares entitled to dividend, weighted over the course of the year. No dilution effect results because no options or convertible bonds are outstanding. For the business year 2013 the dividend amounted to CHF 57.00 per bearer share and to CHF 9.50 per registered share.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The financial instruments and the related risk management of the Sika Group are presented in this note.

FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

in CHF mn	Level	2013 Book value	2013 Fair value	2014 Book value	2014 Fair value
Financial assets					
Cash and cash equivalents		1,028.3		898.8	
Loans and receivables		919.5		1,010.3	
Financial assets at fair value through profit and loss	1	26.4	26.4	31.6	31.6
Financial assets at fair value through profit and loss (derivatives)	2	10.9	10.9	1.2	1.2
Total		**1,985.1**		**1,941.9**	
Financial liabilities					
Bank overdrafts		11.3		5.7	
Bonds	1	1,246.6	1,269.1	947.6	989.0
Accounts payable		557.9		605.4	
Other financial liabilities		46.6		30.8	
Financial liabilities measured at amortized cost		**1,862.4**		**1,589.5**	
Financial liabilities at fair value through profit and loss (derivatives)	2	1.1	1.1	15.0	15.0
Total		**1,863.5**		**1,604.5**	

The book value of cash and cash equivalents, loans and receivables, bank overdrafts, accounts payable, and other financial liabilities almost equals the fair value.

The hierarchy below classifies financial instruments, by valuation method. The different levels have been defined as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: procedures in which all input parameters having an essential effect on the registered market value are either directly or indirectly observable.
- Level 3: procedures applying input parameters having an essential effect on the registered market value but are not based on observable market data.

Sika does not own any financial instruments requiring evaluation according to level 3 procedures.

A net loss of CHF 23.6 million (net loss of CHF 6.7 million) on financial assets and liabilities held at fair value through profit or loss was recognized in the income statement under other financial expenses.

MANAGEMENT OF FINANCIAL RISKS
BASIC PRINCIPLES. The Group's activities expose it to a variety of financial risks: market risks (primarily foreign exchange risks, price risks, and interest rate risks), credit risks, and liquidity risks. The Group's financial risk management program focuses on hedging volatility risks.

The Corporate Finance Department identifies, evaluates, and hedges financial risks in close cooperation with the Group's operating units.

TO SECURE OWN OBLIGATIONS, PLEDGED OR CEDED ASSETS (ENCUMBERED ASSETS)

in CHF mn	2013	2014
Receivables	1.8	1.9
Property, plant, and equipment	0.7	0.7
Total book value of encumbered assets	**2.5**	**2.6**

OPEN DERIVATIVES

in CHF mn	Replacement value (+)	Replacement value (-)	Contract value	Contractual value upon maturity: Up to 3 months	Contractual value upon maturity: 3 to 12 months
Open derivatives 2013					
Forward contracts (foreign exchange)	0.1	-0.2	27.5	14.8	12.7
Swaps (foreign exchange)	10.8	-0.9	1,093.8	292.1	801.7
Total derivatives	**10.9**	**-1.1**	**1,121.3**	**306.9**	**814.4**
Open derivatives 2014					
Forward contracts (foreign exchange)	0.3	-0.2	5.3	5.3	0.0
Swaps (foreign exchange)	0.9	-14.8	993.8	315.4	678.4
Total derivatives	**1.2**	**-15.0**	**999.1**	**320.7**	**678.4**

FOREIGN EXCHANGE RISKS. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro and the US dollar. Foreign exchange risk arises when commercial transactions as well as recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group makes every effort to offset the impact of exchange rate movements as far as possible by utilizing natural hedges. Foreign exchange forward contracts/swaps are used to hedge foreign exchange risks. Gains and losses on foreign exchange hedges and assets or liabilities carried at fair value are recognized through profit or loss. The Group does not apply hedge accounting.

Sika carries out a sensitivity analysis for the dominant foreign currencies euro and US dollar. The assumed possible currency fluctuations are based on historical observations and future prognoses. Incorporated into calculations are the financial instruments, Group-internal financing, and foreign currency hedge transactions in the corresponding currencies. The following table demonstrates the sensitivity of consolidated net profit before tax to a reasonably possible shift in exchange rates related to financial instruments held in the balance sheet. All other variables are held constant. The impact on shareholders' equity is insignificant.

CURRENCY AND ASSUMED RATE OF CHANGE AGAINST CHF

Impact on profit before tax in CHF mn	2013	2014
EUR: +10%	-0.5	1.3
EUR: -10%	0.5	-1.3
USD: +10%	-14.0	-13.6
USD: -10%	14.0	13.6

PRICE RISKS. The Group is exposed to purchasing price risks because cost of materials represents one of the Group's largest cost factors. Purchasing prices are influenced far more by the interplay between supply and demand, the general economic environment, and intermittent disruptions of processing and logistics chains, ranging from crude oil to purchased merchandise, than by crude oil prices themselves. Short-term crude oil price increases only have limited impact on raw material prices. Sika limits market price risks for important products by means of maintaining corresponding inventories and Group contracts (lead buying). The most important raw materials are polymers such as polyurethane, epoxy resins, polyvinyl chloride and cementitious basic materials. Other measures such as hedging are not practical because there is no corresponding market for these semi-finished products.

INTEREST RATE RISK. Interest rate risks result from changes in interest rates, which could have a negative impact on the Group's financial position, cash flow and earnings situation. Interest rate risk is limited through emission of fixed interest long-term bonds (nominal CHF 950 million). A change in the rate of interest would therefore alter neither annual financial expenses nor shareholders' equity materially. Local bank loans and mortgages are insignificant. Interest rate development is closely monitored by management.

CREDIT RISK. Credit risks arise from the possibility that the counterparty to a transaction may not be able or willing to discharge its obligations, thereby causing the Group to suffer a financial loss. Counterparty risks are minimized by only concluding contracts with reputable business partners and banks. In addition, receivable balances are monitored on an ongoing basis via internal reporting procedures. Potential concentrations of risks are reduced by the large number of customers and their geographic dispersion. No customer represents more than 1.5% of the Group's net sales. The Group held no securities for loans and accounts receivable at year-end 2013 nor at year-end 2014. The largest possible risk represented by these items is the carrying amount of the accounts receivable and any warranties granted.

LIQUIDITY RISK. Liquidity risk refers to the risk of Sika no longer being able to meet its financial obligations in full. Prudent liquidity management includes maintaining sufficient cash and cash equivalents and securing the availability of liquidity reserves which can be called up at short notice. Group Management monitors the Group's liquidity reserve on the basis of expected cash flows.

The table below summarizes the maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted payments.

MATURITY PROFILE OF FINANCIAL LIABILITIES

in CHF mn	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
December 31, 2013				
Bank loans	11.1	0.2	0.0	11.3
Bonds	327.8	454.9	581.5	1,364.2
Accounts payable	557.9	0.0	0.0	557.9
Other financial liabilities	22.5	23.8	0.3	46.6
Financial liabilities measured at amortized cost	**919.3**	**478.9**	**581.8**	**1,980.0**
Financial liabilities at fair value through profit and loss	1.1	0.0	0.0	1.1
Total	**920.4**	**478.9**	**581.8**	**1,981.1**
December 31, 2014				
Bank loans	5.7	0.0	0.0	5.7
Bonds	17.3	646.2	372.9	1,036.4
Accounts payable	605.4	0.0	0.0	605.4
Other financial liabilities	14.1	7.8	8.9	30.8
Financial liabilities measured at amortized cost	**642.5**	**654.0**	**381.8**	**1,678.3**
Financial liabilities at fair value through profit and loss	15.0	0.0	0.0	15.0
Total	**657.5**	**654.0**	**381.8**	**1,693.3**

CAPITAL MANAGEMENT. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratios in order to support its business. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended December 31, 2014 and December 31, 2013. The Group monitors its equity using the equity ratio, which is shareholder's equity divided by total capital.

25. FUTURE OBLIGATIONS

RAW MATERIAL SUPPLY CONTRACTS. Sika concludes collective lead-buying purchase contracts at Group level for important raw materials.

DELIVERY CONTRACTS FOR FINISHED GOODS. Supply contracts are in place with major customers. No other future obligations in excess of normal business activities existed as of the date of this report.

in CHF mn	2013	2014
Raw material supply contracts [1]	158	233
Delivery contracts for finished goods [1]	324	276

1 Contracts run until 2023, maximum.

CONTINGENT LIABILITIES. Given the Group's international operations, there are inherent tax risks which cannot be conclusively estimated. In ongoing business activity the Group may be involved in legal proceedings such as lawsuits, claims, investigations, and negotiations due to product liability, mercantile law, environmental protection, health, and safety, etc. There are no current proceedings of this nature pending which could have significant influence on business operations, on the Group's financial position or income. The Group is active in countries in which political, economic, social, and legal developments could impair business activity. The effects of such risks which can occur in the normal course of business is unforeseeable. In addition, their probability of occurrence lies below 50%.

in CHF mn	2013	2014
Guarantees and letters of comfort	20	21

If guarantees were claimed at the earliest possible date, then all would be due within one year.

26. CASH FLOW STATEMENT

DETAILS TO THE CASH FLOW STATEMENT. Compared with the previous year, cash flow was influenced by:
- higher consolidated net profit before tax (CHF 113.9 million)
- a larger increase in net working capital (CHF -99.2 million)
- a significant lower acquisition activity (CHF 342.1 million)
- a net outflow instead of net borrowings from bonds (CHF -448.3 million)

in CHF mn	2013	2014
Operating activities	574.0	554.4
Investment activities	-555.0	-204.6
Financing activities	23.9	-480.0
Exchange differences	-8.8	0.7
Net change in cash and cash equivalents	**34.1**	**-129.5**

FREE CASH FLOW AND OPERATING FREE CASH FLOW

in CHF mn	2013	2014
Cash flow from operating activities	574.0	554.4
Net investment in		
Property, plant, and equipment	-131.0	-129.7
Intangible assets	-10.3	-7.2
Acquisitions less cash and cash equivalents	-410.9	-68.8
Acquisitions (-) / disposals (+) of financial assets	-2.8	1.1
Free cash flow	**19.0**	**349.8**
Acquisitions / disposals less cash and cash equivalents	410.9	68.8
Acquisitions (+) / disposals (-) of financial assets	2.8	-1.1
Operating free cash flow	**432.7**	**417.5**

OTHER ADJUSTMENTS. Included in “Other adjustments” are:

in CHF mn	2013	2014
Non-liquidity-related interest expenses / income	-4.0	-6.1
Non-liquidity-related financial expenses / income	2.4	0.6
Profit / loss from disposals of PPE	1.2	-1.6
Personnel expenses settled through treasury shares	6.8	10.3
Others	-0.3	0.1
Total	**6.1**	**3.3**

27. SEGMENT REPORTING

Sika conducts its worldwide activities according to regions. Heads of regions are members of Group Management. Group Management is the highest operative executive body measuring the profit and loss of segments and allocating resources. The key figure of profit by which the segments are directed is that of operating profit, which stands in correlation with the Consolidated Financial Statements. The financing (including financial expenditures and revenues) as well as income taxes are managed uniformly across the Group and are not assigned to the individual segments. The composition of the regions is shown on page 45 of the download pdf of this report.

Products and services from all product groups are sold in all regions. Customers derive from the building and construction industry or from the area of industrial manufacturing. Sales are assigned according to company locations. Taxes and any effects of financing are allocated to other segments and activities. Transfer prices between segments are calculated according to generally accepted principles.

“Other segments and activities” include the automotive segment, expenditures for Group head quarter, and its proceeds from services. In addition they contain expenses and income that cannot be allocated to an individual region.

A change in internal reporting practice was implemented effective January 1, 2014. Certain internal allocations were no longer charged to the segment results. Essentially, these internal allocations are understood to be the charges for central marketing as well as production support. In keeping with internal reporting practice, the segment reporting presented here has been adjusted accordingly. The prior-year figures have been restated to allow like-for-like comparison.

The acquired LCS Optiroc Pte Ltd, Singapore, LCS Optiroc SDN. BHD, Malaysia as well as the business in Gunsan, South Korea were assigned to region Asia/Pacific. Lwart Quimica Ltda., Brazil was assigned to region Latin America and Klebag AG, Switzerland was assigned to region EMEA.

NET SALES

in CHF mn	2013 With third parties	2013 With other segments	2013 Total	2014 With third parties	2014 With other segments	2014 Total
EMEA	2,470.2	102.6	2,572.8	2,734.0	110.7	2,844.7
North America	711.2	18.3	729.5	746.3	22.3	768.6
Latin America	622.8	0.2	623.0	638.6	0.3	638.9
Asia/Pacific	973.7	5.0	978.7	1,039.7	5.6	1,045.3
Other segments and activities	364.3	–	364.3	412.7	–	412.7
Eliminations	–	-126.1	-126.1		-138.9	-138.9
Net sales	**5,142.2**	**–**	**5,142.2**	**5,571.3**	**–**	**5,571.3**
Products for construction industry			4,150.1			4,506.6
Products for industrial manufacturing			992.1			1,064.7

CHANGES IN NET SALES/CURRENCY IMPACT

in CHF mn	2013	2014	Change compared to prior year (+/- in %) In Swiss francs	In local currencies	Currency impact
By region					
EMEA	2,470.2	2,734.0	10.7	13.3	-2.6
North America	711.2	746.3	4.9	7.9	-3.0
Latin America	622.8	638.6	2.5	16.0	-13.5
Asia/Pacific	973.7	1,039.7	6.8	12.9	-6.1
Other segments and activities	364.3	412.7	13.3	16.2	-2.9
Net sales	**5,142.2**	**5,571.3**	**8.3**	**13.0**	**-4.7**
Products for construction industry	4,150.1	4,506.6	8.6	13.4	-4.8
Products for industrial manufacturing	992.1	1,064.7	7.3	11.1	-3.8

OPERATING PROFIT

in CHF mn	2013 Restated	2014	Change compared to prior year (+/-)	(+/- in %)
By region				
EMEA	280.6	369.1	88.5	31.5
North America	89.3	102.8	13.5	15.1
Latin America	116.2	114.3	-1.9	-1.6
Asia/Pacific	138.6	152.9	14.3	10.3
Other segments and activities	-101.2	-105.9	-4.7	n.a.
Operating profit	**523.5**	**633.2**	**109.7**	**21.0**

RECONCILIATION OF SEGMENT RESULT AND NET PROFIT

in CHF mn	2013	2014
Operating profit	**523.5**	**633.2**
Interest income	3.0	2.7
Interest expenses	-33.9	-30.5
Other financial income	5.8	5.6
Other financial expenses	-22.8	-21.6
Income from associated companies	1.1	1.2
Profit before taxes	**476.7**	**590.6**
Income taxes	-132.0	-149.4
Net profit	**344.7**	**441.2**

			2013			2014
in CHF mn	Depreciation	Impairment	Capital expenditures	Depreciation	Impairment	Capital expenditures
EMEA	79.0	0.0	75.0	84.8	0.0	71.0
North America	23.0	0.0	10.8	21.5	0.0	12.1
Latin America	9.4	0.0	27.2	10.5	0.0	24.8
Asia/Pacific	20.9	0.0	24.9	23.1	0.0	23.9
Other segments and activities	20.1	0.0	16.0	25.2	0.0	20.9
Total	**152.4**	**0.0**	**153.9**	**165.1**	**0.0**	**152.7**

The following countries had a share of greater than 10% of at least one of corresponding Group key figures:

	Net sales				Non-current assets[1]			
in CHF mn	**2013**	**%**	**2014**	**%**	**2013**	**%**	**2014**	**%**
Switzerland	306.3	6.0	298.1	5.4	483.1	24.1	511.3	25.0
USA	679.0	13.2	731.3	13.1	206.1	10.3	224.7	11.0
Germany	603.8	11.7	710.3	12.7	303.2	15.2	270.7	13.2
All other	3,553.1	69.1	3,831.6	68.8	1,008.6	50.4	1,040.6	50.8
Total	**5,142.2**	**100.0**	**5,571.3**	**100.0**	**2,001.0**	**100.0**	**2,047.3**	**100.0**

1 Non-current assets less financial assets, deferred tax assets and employee benefit assets.

28. RELATED PARTIES

As of balance sheet date of December 31, 2014, Sika had two significant shareholders with a share of voting rights of over 3.0%: the group formed by the Burkard-Schenker family and Compagnie de Saint-Gobain, Courbevoie, which according to information provided by the family as at December 31, 2014, holds 52.9% of all share votes, mainly through the Schenker-Winkler Holding AG, Baar and BlackRock Inc., New York, which holds 3.25% of all share votes.

ASSOCIATED COMPANIES. In the year under review goods and services totaling CHF 17.5 million (CHF 17,2 million) were delivered to associated companies. These transactions occurred on the usual conditions between wholesale partners. In the previous year, Sika sold a property to an associated company. The sales price amounted to CHF 3.8 million.

EMPLOYEE BENEFIT PLANS. In Switzerland, employee benefit plans are handled through independent foundations, to which a total of CHF 22.7 million (CHF 20.5 million) was paid in the year under review. As of the balance sheet date no material receivables or payables were due from these foundations. Sika offices are located in a building leased from the pension fund foundation. Rent for 2014 amounted to CHF 0.6 million (CHF 0.5 million). Furthermore, in 2013 revenue from renovation of this building amounted to CHF 0.3 million.

MEMBERS OF THE BOARD OF DIRECTORS. In the year under review property, plant, and equipment in the amount of CHF 0.3 million (CHF 0.1 million) were acquired from a company of a member of the Board of Directors. Furthermore, in 2013 services in the amount of CHF 0.6 million were bought from a member of the Board of Directors.

All transactions were conducted at market conditions.

29. REMUNERATION OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

For the business year 2014 (2013), the Board of Directors and Group Management are entitled to the following remuneration:

in CHF mn	**2013**	**2014**
Current benefits[1]	8.7	8.9
Share-based payments[2]	9.8	9.7
Pension benefits	1.0	0.9
Total	**19.5**	**19.5**

1 The prior year disclosure was restated by cost allowances for the international assignees, such as tax equalization payments, housing, schooling and home leave. The financial statements remain unchanged.
2 Refer to note 18, employee participation plan – share-based payments.

Detailed information regarding remuneration of the Board of Directors and Group Management are included in the compensation report (as of page 61 of the download pdf of this report). Information regarding participations of the Board of Directors and Group Management in Sika AG can be found in note 20 of the Sika AG Financial Statements (as of page 141 of the download pdf of this report).

30. RELEASE OF FINANCIAL STATEMENTS FOR PUBLICATION

The Board of Directors of Sika AG approved the Consolidated Financial Statements for publication on February 25, 2015. The financial statements will be submitted for approval to the Annual General Meeting on April 14, 2015.

31. EVENTS AFTER THE BALANCE SHEET DATE

The following events occurred between December 31, 2014, and the release of these Consolidated Financial Statements:

On January 22, 2015 Sika has entered into exclusive negotiations with Axson management and shareholders to acquire Axson Technologies, a leader in the field of epoxy and polyurethane polymer formulations for design, prototyping and tooling, structural adhesives, composite materials, and encapsulation products for the automotive, nautical, renewable energy, sports & leisure, and construction markets. The transaction is subject to conditions including anti-trust approvals in certain jurisdictions as well as consultations with employee representatives. The contract will be signed only after publication of the Consolidated Financial Statements. Therefore, the purchase price as well as the precise details of the size and breakdown of the assets is still not known. Axson Technologies has annual sales of about CHF 75 million.

In January 2015, Sika has agreed to acquire the assets of Duro-Moza, Mozambique, a leading company active in production and sales of specialized mortars and tile adhesives in the Mozambique market. The transaction will close only after publication of the Consolidated Financial Statements and the precise details of the size and breakdown of the assets is still not known. For this reason, Sika decided against a provisional purchase price allocation. Duro-Moza has annual sales of about CHF 2 million.

On January 15, 2015, the Swiss National Bank announced to discontinue the minimum exchange rate of CHF 1.20 per euro. As a result, the Swiss francs appreciated strongly in value against the euro and other relevant currencies. The reported amounts in the Consolidated Financial Statements do not show any changes in foreign currencies after December 31, 2014. As the Group uses Swiss francs as presentation currency, the depreciation of the foreign currencies against the Swiss francs will have a negative impact on the reported Group result.

The risk management for foreign exchange risks, as well as the sensitivity of profit before tax against the dominant currencies are disclosed in note 24.

32. INFORMATION ON EXECUTION OF RISK ASSESSMENT

Risk management is carried out by the Board of Directors of Sika AG and by Group Management. The Board of Directors is the highest authority for risk assessment. The Board assesses risks annually at the level of the Group and Sika AG. Group Management regularly reviews the processes which form the basis for risk management. The risk management process comprises four steps: risk identification, risk assessment, risk monitoring, and risk controlling.

Details regarding the assessment of risk management can be found in note 24 to the Consolidated Financial Statements.

LIST OF GROUP COMPANIES

Country	Company[1]		Capital stock in thousands	% holding	Certification
EMEA (Europe, Middle East, Africa)					
Albania	✤ Sika Albania SHPK, Tirana	ALL	40,471	100	
Algeria	❏ Sika El Djazaïr SpA, Eucalyptus, Algiers	DZD	313,400	100	◆
Austria	❍ Sika Österreich GmbH, Bludenz	EUR	2,500	100	◆ ★
Azerbaijan	❍ Sika Limited Liability Comp., Baku	CHF	250	100	◆
Bahrain	❍ Sika Gulf B.S.C., Adliya	BHD	1,000	51	◆ ★ ✲
	▲ Sika Arabia Holding Company WLL, Adliya	BHD	6,000	51	
Belarus	✤ S I K A Bel LLC, Minsk	BYR MN	1,846	100	
Belgium	❍ Sika Belgium NV, Nazareth	EUR	2,500	100	◆ ★
	❍ Sika Automotive Belgium SA, Saintes	EUR	1,649	100	◆ ★ ✲
Bosnia-Herzegovina	✤ Sika BH d.o.o. Sarajevo	BAM	795	100	
Bulgaria	✤ Sika Bulgaria EOOD, Sofia	BGL	340	100	◆ ★
Croatia	✤ Sika Croatia d.o.o., Zagreb	HRK	4,000	100	◆ ★
Czech Republic	❍ Sika CZ, s.r.o., Brno	CZK	30,983	100	◆ ★
	✤ Schönox s.r.o., Brno	CZK	3,722	100	
Denmark	❍ Sika Danmark A/S, Farum	DKK	5,000	100	◆ ★
Egypt	❍ Sika Egypt for Construction Chemicals S.A.E., Cairo	EGP	10,000	100	◆ ★ ✲
	❍ Sika Manufacturing for Construction, S.A.E., Cairo	EGP	2,000	100	◆ ★
Estonia	✤ Sika Estonia Oü, Tallinn	EUR	3	100	
Finland	❍ Oy Sika Finland Ab, Espoo	EUR	850	100	◆ ★
	✤ Casco Schönox Finland Oy, Vantaa	EUR	1,504	100	
France	❍ Sika France SAS, Paris	EUR	18,018	100	◆ ★
	❍ Cégécol snc, Antony Cedex	EUR	5,095	100	★
Germany	▲ Sika Holding GmbH, Stuttgart	EUR	26,000	100	◆ ★
	❍ Sika Deutschland GmbH, Stuttgart	EUR	75	100	◆ ★
	❍ Sika Automotive GmbH, Hamburg	EUR	5,300	100	◆ ★
	❍ Sika Trocal GmbH, Troisdorf	EUR	4,000	100	◆ ★
	❍ Schönox GmbH, Rosendahl	EUR	21,158	100	◆ ★
	▮ Tricosal Bauabdichtungs GmbH, Stuttgart	EUR	50	100	
Greece	❍ Sika Hellas ABEE, Athens	EUR	3,000	100	◆ ★ ✲
Hungary	✤ Sika Hungária Kft., Budapest	HUF	483,000	100	◆ ★
Iran	✤ Sika Parsian P.J.S. Co., Tehran	IRR MN	3,000	100	
Iraq	❍ Sika for General Trading LLC, Erbil	IQD	1,000	100	
Ireland	❍ Sika Ireland Ltd., Ballymun, Dublin	EUR	635	100	◆
	▲ AKIS Ireland Ltd., Dublin	CHF	10	100	
Italy	❍ Sika Italia S.p.A., Milan	EUR	5,000	100	◆ ★
	❍ Sika Engineering Silicones S.r.l., Milan	EUR	1,600	100	◆ ★
	❍ Sika Polyurethane Manufacturing S.r.l., Cerano	EUR	1,600	100	◆ ★
Ivory Coast	✤ Sika Côte d,Ivoire SARL, Abidjan	XOF	262,380	100	
Jordan	✤ The Swiss Construction Chemicals Co. Ltd., Aqaba	JOD	50	100	
Kazakhstan	❍ Sika Kazakhstan LLP, Almaty	KZT	22,384	100	◆
Kenya	❍ Sika East Africa Ltd., Nairobi	KES	50,000	100	
Latvia	❍ Sika Baltic SIA, Riga	EUR	1,237	100	

Country	Company[1]		Capital stock in thousands	% holding	Certifi- cation
Lebanon	❍ Sika Near East SAL, Beirut	LBP	400	100	◆
Mauritius	❍ Sika Mauritius Ltd., Plaine Lauzun	MUR	2,600	100	
Morocco	❍ Sika Maroc SA, Casablanca	MAD	55,000	100	◆ ★ ✲
Mozambique	✜ Sika Moçambique Limitada, Maputo Cidade	MZN	630	100	
Netherlands	❍ Sika Nederland B.V., Utrecht	EUR	1,589	100	◆ ★
	▲ AKIS Netherlands B.V., Utrecht	CHF	10	100	
Nigeria	✜ Sika Manufacturing Nigeria Limited, Lagos	NGN	47,000	100	
Norway	❍ Sika Norge AS, Skjetten	NOK	42,900	100	◆ ★
Oman	✜ Sika LLC, Muscat	OMR	150	51	
Pakistan	❍ Sika Pakistan Ltd., Lahore	PKR	82,959	100	
Poland	❍ Sika Poland Sp.z.o.o., Warsaw	PLZ	12,188	100	◆ ★ ✲
Portugal	❍ Sika Portugal – Productos Construção Indústria SA, Vila Nova de Gaia	EUR	1,500	100	◆ ★
Qatar	✜ Sika Qatar LLC, Doha	QAR	200	51	◆
Romania	❍ Sika Romania s.r.l., Brasov	RON	1,285	100	◆ ★ ✲
Russia	❍ Sika LLC, Lobnya	RUB	285,394	100	◆
Saudi Arabia	❍ Sika Saudi Arabia Co Ltd., Riyadh	SAR	41,750	51	◆ ★
Serbia	❍ Sika d.o.o. Beograd, Belgrad-Batajnica	EUR	373	100	
Slovakia	✜ Sika Slovensko spol. s.r.o., Bratislava	EUR	1,131	100	◆ ★
Slovenia	✜ Sika Slovenija d.o.o., Trzin	EUR	1,029	100	◆ ★
South Africa	❍ Sika South Africa (Pty) Ltd., Pinetown	ZAR	25,000	100	◆ ★ ✲
Spain	❍ Sika SA, Alcobendas	EUR	19,867	100	◆ ★
Sweden	❍ Sika Sverige AB, Spånga	SEK	10,000	100	◆ ★
	✜ Casco Schönox Sweden AB, Stockholm	SEK	50	100	
Switzerland	❍ Sika Schweiz AG, Zurich	CHF	1,000	100	◆ ★ ✲
	▲ Sika Services AG, Zurich	CHF	300	100	◆ ★ ✲
	▲ Sika Technology AG, Baar	CHF	300	100	◆ ★
	▲ Sika Informationssysteme AG, Urdorf	CHF	400	100	
	▮ SikaBau AG, Zurich	CHF	5,300	100	◆
	▲ Sika Finanz AG, Baar	CHF	2,400	100	
	❍ Sika Manufacturing AG, Sarnen	CHF	14,000	100	◆ ★ ✲
	▲ Sika Supply Center AG, Sarnen	CHF	1,000	100	◆ ★
	❍ Sika Automotive AG, Romanshorn	CHF	3,000	100	◆ ★
	▲ Sika Europe Management AG, Zurich	CHF	100	100	
	❍ Klebag AG, Ennetbürgen	CHF	100	100	
Tunisia	❏ Sika Tunisienne Sàrl, Douar Hicher	TND	150	100	◆ ★
Turkey	❍ Sika Yapi Kimyasallari A.S., Istanbul	TRY	6,700	100	◆ ★ ✲
UAE	❍ Sika UAE LLC, Dubai	AED	1,000	51	◆ ★ ✲
	✜ Sika FZCO, Dubai	AED	500	100	
	✜ Sika International Chemicals LLC, Abu Dhabi	AED	300	51	
Ukraine	❍ LLC «Sika Ukraina», Kiev	UAH	2,933	100	
United Kingdom	❍ Sika Ltd., Welwyn Garden City	GBP	10,000	100	◆ ★ ✲
	❍ Everbuild Building Products Ltd., Leeds	GBP	21	100	◆ ★
	❍ Incorez Ltd., Lancashire	GBP	1	100	◆ ★ ✲

Country		Company[1]		Capital stock in thousands	% holding	Certification
North America						
Canada	❍	Sika Canada Inc., Pointe Claire/QC	CAD	5,600	100	◆ ★
USA	❍	Sika Corporation, Lyndhurst/NJ	USD	72,710	100	◆ ★
	▲	Sarnafil Services Inc., Canton/MA	USD	1	100	★
Latin America						
Argentina	❍	Sika Argentina SAIC, Buenos Aires	ARS	7,600	100	◆ ★ ✲
Bolivia	❍	Sika Bolivia SA, Santa Cruz de la Sierra	BOB	1,800	100	◆
Brazil	❍	Sika SA, São Paulo	BRL	159,723	100	◆ ★ ✲
	❍	Sika Automotive Ltda., São Paulo	BRL	18,410	100	★
	❍	Sika Quimica Ltda., São Paulo	BRL	33,712	100	
Chile	❍	Sika SA Chile, Santiago	CLP MN	4,430	100	◆ ★ ✲
Colombia	❍	Sika Colombia SA, Tocancipá	COP MN	14,500	100	◆ ★
Costa Rica	✤	Sika productos para la construcción SA, Heredia	CRC	153,245	100	
Dom. Republic	✤	Sika Dominicana SA, Santo Domingo D.N.	DOP	12,150	100	
Ecuador	❍	Sika Ecuatoriana SA, Guayaquil	USD	1,982	100	◆ ★
Guatemala	❍	Sika Guatemala SA, Ciudad de Guatemala	GTQ	2,440	100	
Mexico	❍	Sika Mexicana SA de CV, Querétaro	MXN	40,053	100	◆ ★
	▲	Immobiliara Teximper SA de CV, Altamira	MXN	7,842	100	
	▲	Operadora Nacional de Recursos Humanos Especializados SA de CV, Altamira	MXN	50	100	
Panama	✤	Sika Panamá SA, Ciudad de Panamá	USD	200	100	
	▲	Sika Latin America Mgt. Inc, Ciudad de Panamá	USD	10	100	
Paraguay	❍	Inatec S.R.L., Asunción	PYG MN	10	100	
Peru	❍	Sika Perú SA, Lima	PEN	3,500	100	◆ ★
Uruguay	❍	Sika Uruguay SA, Montevideo	UYP	22,800	100	◆ ★
Venezuela	❍	Sika Venezuela SA, Valencia	VEF	3,398	100	

Country	Company[1]		Capital stock in thousands	% holding	Certifi-cation
Asia/Pacific					
Australia	❍ Sika Australia Pty. Ltd., Wetherill Park	AUD	4,000	100	◆ ★ ✲
Cambodia	✜ Sika (Cambodia) Ltd., Phnom Penh	KHR	422,000	100	
China	❍ Sika (China) Ltd., Suzhou	USD	35,000	100	◆ ★ ✲
	❍ Sika Sarnafil Waterproofing Systems (Shanghai) Ltd., Shanghai	USD	22,800	100	◆ ★ ✲
	❍ Sika Guangzhou Ltd., Guangzhou	CNY	80,730	100	◆ ★
	❍ Sika Ltd., Dalian	CNY	45,317	100	◆
	✜ Sika (Guangzhou) Trading Company Ltd., Guangzhou	CNY	3,723	100	
	❍ Sichuan Keshuai Admixture Co. Ltd., Chengdu	CNY	10,000	100	◆
	❍ Jiangsu TMS Concrete Admixture Co. Ltd., Zhengjiang	CNY	24,500	100	◆ ★ ✲
	❍ Hebei Jiuqiang Building Material Co. Ltd., Zhengding County	CNY	30,000	67	◆ ★ ✲
Hong Kong	❍ Sika Hong Kong Ltd., Shatin	HKD	30,000	100	◆ ★
India	❍ Sika India Private Ltd., Mumbai	INR	45,000	100	◆ ★
	❍ Texsa India Ltd., Haryana	INR	20,000	100	◆ ★
Indonesia	❍ Sika Indonesia P.T., Bogor	IDR MN	3,282	100	◆ ★
Japan	❍ Sika Ltd., Tokyo	JPY	490,000	100	◆ ★
	✜ Dic Proofing Co. Ltd., Tokyo	JPY	90,000	100	
	❍ Dyflex Co. Ltd., Tokyo	JPY	315,175	100	◆ ★
	▮ DCS Kyoshin Co. Ltd., Tokyo	JPY	30,000	100	
Korea	❍ Sika Korea Ltd., Ansong-City Kyunggi-do	KRW MN	5,596	100	◆ ★
Malaysia	❍ Sika Kimia Sdn. Bhd., Nilai	MYR	5,000	100	◆ ★
	▲ Sika Harta Sdn. Bhd., Nilai	MYR	10,000	100	
	❍ LCS Optiroc Sdn Bhd, Johor Bahru	MYR	500	100	
Mongolia	❍ Sika Mongolia LLC, Ulaanbaatar	MNT	278,884	100	
New Zealand	❍ Sika (NZ) Ltd., Auckland	NZD	1,100	100	◆ ★
Philippines	❍ Sika Philippines Inc., Manila	PHP	56,000	100	◆ ★
Singapore	❍ Sika Singapore Pte. Ltd., Singapore	SGD	400	100	◆
	▲ Sika Asia Pacific Mgt. Pte. Ltd., Singapore	SGD	100	100	
	❍ LCS Optiroc Pte Ltd, Singapore	SGD	1000	100	◆
Sri Lanka	✜ Sika Lanka (Private) Limited, Colombo	LKR	129,100	100	
Taiwan	❍ Sika Taiwan Ltd., Taoyuan County	TWD	40,000	100	◆ ★
Thailand	❍ Sika (Thailand) Ltd., Cholburi	THB	200,000	100	◆ ★
Vietnam	❍ Sika Limited (Vietnam), Dong Nai Province	VND MN	44,190	100	◆ ★

❏ Production, sales, construction contracting
❍ Production and sales
✜ Sales
▲ Real estate and service companies
▮ Construction contracting

◆ ISO 9001 (Quality Management)
★ ISO 14001 (Environmental Management)
✲ OHSAS 18001 (Occupational Health and Safety)

1 For associated companies see note 7.

REPORT OF THE STATUTORY AUDITORS TO THE ANNUAL GENERAL MEETING OF SIKA AG, BAAR

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS
As statutory auditor, we have audited the consolidated financial statements of Sika AG, which comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows, and notes (pages 79 to 128 of the download pdf of this report) for the year ended on December 31, 2014.

BOARD OF DIRECTORS' RESPONSIBILITY. The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing, and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION. In our opinion, the consolidated financial statements for the year ended December 31, 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

REPORT ON OTHER LEGAL REQUIREMENTS
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Zug, February 25, 2015

ERNST & YOUNG LTD

BERNADETTE KOCH
Licensed audit expert
(Auditor in charge)

DANIELLE MATTER
Licensed audit expert

FIVE-YEAR REVIEWS

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31

in CHF mn		2010	2011	2012	2013	2014
Cash and cash equivalents		938.4	536.0	994.2	1,028.3	898.8
Accounts receivable	a	780.6	875.3	871.5	912.7	1,006.0
Inventories	b	499.7	530.6	521.6	539.0	591.3
Other current assets [1]		132.3	109.8	110.4	110.9	100.0
Current assets		**2,351.0**	**2,051.7**	**2,497.7**	**2,590.9**	**2,596.1**
Property, plant, and equipment		816.5	860.6	873.3	920.2	958.3
Intangible assets		630.9	771.0	742.3	1,066.9	1,074.6
Other non-current assets [2]		142.4	154.0	166.9	157.9	188.9
Non-current assets		**1,589.8**	**1,785.6**	**1,782.5**	**2,145.0**	**2,221.8**
ASSETS		**3,940.8**	**3,837.3**	**4,280.2**	**4,735.9**	**4,817.9**
Accounts payable	c	478.2	501.0	492.1	557.9	605.4
Bond		274.6	0.0	249.9	299.7	0.0
Other current liabilities [3]		303.9	319.8	301.5	334.6	345.7
Current liabilities		**1,056.7**	**820.8**	**1,043.5**	**1,192.2**	**951.1**
Bonds		794.4	796.0	847.1	946.9	947.6
Non-current provisions, employee benefit obligation		223.7	342.3	351.6	305.9	400.7
Other non-current liabilities [4]		106.4	138.0	128.2	154.7	135.2
Non-current liabilities		**1,124.5**	**1,276.3**	**1,326.9**	**1,407.5**	**1,483.5**
LIABILITIES		**2,181.2**	**2,097.1**	**2,370.4**	**2,599.7**	**2,434.6**
Capital stock		22.9	1.5	1.5	1.5	1.5
Treasury shares		-69.9	-55.7	-27.6	-13.7	-10.8
Reserves		1,802.9	1,781.4	1,921.0	2,132.3	2,376.4
Equity attributable to Sika shareholders		**1,755.9**	**1,727.2**	**1,894.9**	**2,120.1**	**2,367.1**
Non-controlling interests		3.7	13.0	14.9	16.1	16.2
SHAREHOLDERS' EQUITY	d	**1,759.6**	**1,740.2**	**1,909.8**	**2,136.2**	**2,383.3**
LIABILITIES AND SHAREHOLDERS' EQUITY	e	**3,940.8**	**3,837.3**	**4,280.2**	**4,735.9**	**4,817.9**

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.

CONSOLIDATED INCOME STATEMENT FROM JANUARY 1 TO DECEMBER 31

in CHF mn	2010	2011	2012	2013	2014
Net sales	**4,421.8**	**4,563.7**	**4,828.9**	**5,142.2**	**5,571.3**
Material expenses	-2,036.9	-2,259.1	-2,309.6	-2,446.6	-2,620.0
Gross result	**2,384.9**	**2,304.6**	**2,519.3**	**2,695.6**	**2,951.3**
Personnel expenses	-953.7	-959.9	-1,037.2	-1,031.1	-1,093.7
Other operating expenses	-854.5	-867.3	-909.0	-988.6	-1,059.3
Operating profit before depreciation	**576.7**	**477.4**	**573.1**	**675.9**	**798.3**
Depreciation/amortization/impairment	-137.5	-130.3	-140.1	-152.4	-165.1
Operating profit	**439.2**	**347.1**	**433.0**	**523.5**	**633.2**
Interest income/interest expense	-30.0	-28.4	-31.1	-30.9	-27.8
Financial income/financial expense/income from associated companies	-5.8	-3.2	-12.1	-15.9	-14.8
Profit before taxes	**403.4**	**315.5**	**389.8**	**476.7**	**590.6**
Income taxes	-92.8	-100.7	-111.3	-132.0	-149.4
Net profit	**310.6**	**214.8**	**278.5**	**344.7**	**441.2**
Free cash flow	244.0	35.4	288.3	19.0	349.8
Gross result as % of net sales	53.9	50.5	52.2	52.4	53.0
Operating profit as % of net sales	9.9	7.6	9.0	10.2	11.4
Net profit as % of net sales (ROS)	7.0	4.7	5.8	6.7	7.9
Net profit as % of shareholders' equity (ROE)	17.7	12.3	14.6	16.1	18.5

KEY BALANCE SHEET DATA

in CHF mn	Calculation	2010	2011	2012	2013	2014
Net working capital	(a+b-c)	802.1	904.9	901.0	893.8	991.9
Net working capital as % of net sales		18.1	19.8	18.7	17.4	17.8
Net debt [1]	f	165.2	338.7	155.5	271.4	82.5
Gearing in %	(f : d)	9.4	19.5	8.1	12.7	3.5
Equity ratio in %	(d : e)	44.7	45.3	44.6	45.1	49.5

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	2010	2011	2012	2013	2014
Capital employed [1]		2,086.3	2,351.5	2,334.2	2,662.6	2,782.0
Annual average of capital employed	g	2,063.8	2,218.9	2,342.9	2,498.4	2,722.3
Operating profit	h	439.2	347.1	433.0	523.5	633.2
Return on capital employed (ROCE) in %	(h : g)	21.3	15.6	18.5	21.0	23.3

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

SEGMENT INFORMATION

in CHF mn	2010	2011	2012	2013[1]	EMEA 2014	2010	2011	2012	2013[1]	North America 2014
Net sales	2,429	2,339	2,275	2,470	2,734	589	617	706	711	746
Operating profit	266	171	223	281	369	56	51	69	89	103
in % of net sales	11.0	7.3	9.8	11.4	13.5	9.5	8.3	9.8	12.5	13.8
Depreciation/amortization	65	59	70	79	85	25	22	24	23	21
Impairment	2	1	0	0	0	0	0	0	0	0
Capital expenditures	58	58	58	75	71	9	13	14	11	12

in CHF mn	2010	2011	2012	2013[1]	Latin America 2014	2010	2011	2012	2013[1]	Asia/Pacific 2014
Net sales	478	507	586	623	638	715	838	932	974	1,040
Operating profit	88	94	107	116	114	96	98	116	138	153
in % of net sales	18.4	18.5	18.3	18.6	17.9	13.4	11.7	12.3	14.2	14.7
Depreciation/amortization	6	6	6	9	11	17	20	20	21	23
Impairment	0	0	0	0	0	0	0	0	0	0
Capital expenditures	11	19	24	27	25	13	19	24	25	24

in CHF mn	2010	2011	2012	2013[1]	Other segments and activities 2014	2010	2011	2012	2013[1]	Total 2014
Net sales	211	263	330	364	413	4,422	4,564	4,829	5,142	5,571
Operating profit	-67	-67	-82	-101	-106	439	347	433	523	633
in % of net sales						9.9	7.6	9.0	10.2	11.4
Depreciation/amortization	23	22	20	20	25	136	129	140	152	165
Impairment	0	0	0	0	0	2	1	0	0	0
Capital expenditures	9	8	11	16	21	100	117	131	154	153

1 Restated.

A change in internal reporting practice was implemented effective January 1, 2014. Certain internal allocations were no longer charged to the segment results. Essentially, these internal allocations are understood to be the charges for central marketing as well as production support. In keeping with internal reporting practice, the segment reporting presented here has been adjusted accordingly. The prior-year figures have been restated to allow like-for-like comparison. Figures for earlier years have not been adjusted.

EMPLOYEES

	2010	2011	2012	2013	2014
Employees by region (at December 31)					
EMEA	**7,178**	**8,059**	**7,956**	**8,658**	**8,708**
Switzerland	1,912	2,312	2,164	2,012	2,029
Germany	1,321	1,417	1,440	1,784	1,777
France	603	595	582	643	637
North America	**1,360**	**1,491**	**1,437**	**1,438**	**1,488**
USA	1,189	1,256	1,218	1,216	1,275
Latin America	**1,703**	**2,101**	**2,170**	**2,329**	**2,609**
Brazil	244	530	508	504	755
Asia/Pacific	**3,241**	**3,603**	**3,670**	**3,868**	**4,090**
China	1,115	1,331	1,286	1,287	1,220
Japan	614	608	615	614	629
Total	**13,482**	**15,254**	**15,233**	**16,293**	**16,895**
Personnel expenses (in CHF mn)					
Wages and salaries	775	789	837	849	894
Social charges, other	178	171	200	182	200
Personnel expenses	**953**	**960**	**1,037**	**1,031**	**1,094**
Personnel expenses as % of net sales	22	21	21	20	20
Key data per employee (in CHF 1,000)					
Net sales	342	318	317	326	336
Net value-added [1]	108	92	96	98	103

1 See next page, Five-year Reviews, Value-Added Statement.

VALUE-ADDED STATEMENT

in CHF mn	2010	2011	2012	2013	2014
Source of value-added					
Corporate performance (net sales)	4,422	4,564	4,829	5,142	5,571
Intermediate inputs	-2,914	-3,127	-3,212	-3,440	-3,691
Gross value-added	**1,508**	**1,437**	**1,617**	**1,702**	**1,880**
Non-liquidity related expenses					
Depreciation and amortization	-138	-130	-140	-152	-165
Change in provisions	23	8	-12	-8	0
Net value-added	**1,393**	**1,315**	**1,465**	**1,542**	**1,715**
Distribution of value-added					
To employees					
Wages and salaries	775	789	837	849	894
Social charges	179	171	207	188	205
To governments (income taxes)	93	101	111	132	149
To lenders (financial expenses)	35	39	31	28	26
To shareholders (dividend pay-out, incl. minority interests)	112	134	114	130	146
To the company					
Net profit for the year	311	215	279	345	441
Less dividend pay-out	-112	-134	-114	-130	-146
Net value-added	**1,393**	**1,315**	**1,465**	**1,542**	**1,715**
Number of employees					
End of year	13,482	15,254	15,233	16,293	16,895
Annual average	12,926	14,368	15,244	15,763	16,594
Net value-added per employee (in CHF 1,000)	**108**	**92**	**96**	**98**	**103**

SIKA AG FINANCIAL STATEMENTS

SIKA AG BALANCE SHEET AS OF DECEMBER 31

in CHF mn	Notes	2013	2014
Cash in bank	1	623.5	591.9
Securities		0.1	0.1
Accounts receivable from subsidiaries	2	704.2	448.4
Accounts receivable from third parties	2	3.3	3.2
Treasury shares	3	13.7	10.5
Current assets		**1,344.8**	**1,054.1**
Property, plant, and equipment and other intangible assets	4	0.0	0.5
Trademark licenses	5	4.4	19.8
Investments	6	2,009.6	2,109.1
Long-term loans and other non-current assets		3.1	2.3
Non-current assets		**2,017.1**	**2,131.7**
ASSETS		**3,361.9**	**3,185.8**
Accounts payable to subsidiaries	7	207.3	195.8
Accounts payable to third parties	7	14.3	4.5
Bond	9	300.0	0.0
Accrued expenses and deferred income	8	21.8	18.3
Current liabilities		**543.4**	**218.6**
Other non-current liabilities	9	9.7	4.8
Bonds	9	950.0	950.0
Provisions for risks related to investments	10	125.8	165.3
Non-current liabilities		**1,085.5**	**1,120.1**
LIABILITIES		**1,628.9**	**1,338.7**
Capital stock		1.5	1.5
Legal reserves		74.2	71.3
Free reserves		107.9	110.8
Retained earnings		1,549.4	1,663.5
Shareholders' equity	11	**1,733.0**	**1,847.1**
LIABILITIES AND SHAREHOLDERS' EQUITY		**3,361.9**	**3,185.8**

SIKA AG INCOME STATEMENT FROM JANUARY 1 TO DECEMBER 31

in CHF mn	Notes	2013	2014
Income from subsidiaries	13	185.3	266.9
Financial income	14	22.0	30.9
Trademark licenses		42.4	65.0
Other income	15	10.7	29.3
Income		**260.4**	**392.1**
Administrative expenses	16	19.1	20.3
Personnel expenses	17	5.4	15.5
Financial expenses	18	36.5	44.9
Taxes		4.6	5.5
Depreciation/change in provisions	19	7.0	45.7
Other expenses		3.2	1.5
Expenses		**75.8**	**133.4**
NET PROFIT FOR THE YEAR		**184.6**	**258.7**

NOTES TO THE SIKA AG FINANCIAL STATEMENTS

1. CASH IN BANK CHF 591.9 MN (CHF 623.5 MN)
All bank deposits are held in interest-bearing accounts. Bank deposits are invested in Swiss francs in the amount of CHF 564.6 million (CHF 586.5 million) and in foreign currencies of CHF 27.3 million (CHF 37.0 million).

2. ACCOUNTS RECEIVABLE FROM SUBSIDIARIES AND THIRD PARTIES CHF 451.6 MN (CHF 707.5 MN)
Receivables consist mainly of loans to subsidiaries in the amount of CHF 402.2 million (CHF 653.1 million).

Sika AG has additional receivables of CHF 46.2 million (CHF 51.1 million) due from Sika subsidiaries on open accounts.

Receivables from third parties of CHF 3.2 million (CHF 3.3 million) include CHF 0.7 million (CHF 0.8 million) in credits from the Swiss tax authorities, CHF 1.7 million (CHF 1.7 million) from an insurance company and other receivables of CHF 0.8 million (CHF 0.8 million).

3. TREASURY SHARES CHF 10.5 MN (CHF 13.7 MN)
Treasury shares are appropriated for Group-wide share-based payment plans and used to invest liquidity.

in CHF mn	Bearer shares nominal value CHF 0.60 Units		Registered shares nominal value CHF 0.10 Units		Total
At January 1, 2013	**14,497**	**27.6**	**0.0**	**0.0**	**27.6**
Reductions	-17,092	-35.8			-35.8
Additions	9,114	21.9			21.9
At December 31, 2013	**6,519**	**13.7**	**0.0**	**0.0**	**13.7**
					–
At January 1, 2014	**6,519**	**13.7**	**0.0**	**0.0**	**13.7**
Reductions	-9,671	-27.2			-27.2
Additions	7,413	24.3			24.3
Valuation adjustment		-0.3			-0.3
At December 31, 2014	**4,261**	**10.5**	**0.0**	**0.0**	**10.5**

4. PROPERTY, PLANT, AND EQUIPMENT AND OTHER INTANGIBLE ASSETS CHF 0.5 MN (CHF 1.00 P. M.)
Property, plant, and equipment and other intangible assets are capitalized and depreciated over their useful life. Up until now, they were depreciated in the year of acquisition and included as pro memoria items at CHF 1.00. The fire insurance value amounts to CHF 1.8 million (CHF 0.6 million).

5. TRADEMARK LICENSES CHF 19.8 MN (CHF 4.4 MN)
The increase in trademark licenses is mainly based on acquisition activity. Capitalized trademark licenses are amortized straight-line.

6. INVESTMENTS CHF 2,109.1 MN (CHF 2,009.6 MN)
The change in shareholdings is essentially attributable to the acquisition of new subsidiaries, foundation of subsidiaries and capital increases. Major participations are indicated in the list of Group companies beginning on page 125 of the download pdf of this report.

7. ACCOUNTS PAYABLE TO SUBSIDIARIES AND THIRD PARTIES CHF 200.3 MN (CHF 221.6 MN)
The total includes CHF 195.8 million (CHF 207.3 million) in liabilities to Sika subsidiaries, resulting from the worldwide cash management concept. Other liabilities amount to CHF 4.5 million (CHF 14.3 million). This includes short-term, conditional purchase price obligations in the amount of 3.2 million (CHF 5.6 million) and other liabilities of CHF 1.2 million (CHF 8.7 million).

8. ACCRUED EXPENSES AND DEFERRED INCOME CHF 18.3 MN (CHF 21.8 MN)
Accrued expenses and deferred income includes pro rata interest of CHF 8.2 million (CHF 14.2 million), employee-related accruals of CHF 5.4 million (CHF 2.0 million) as well as other accrued expenses of CHF 4.7 million (CHF 5.6 million).

9. BONDS AND OTHER NON-CURRENT LIABILITIES CHF 0.0 MN SHORT-TERM/CHF 950.0 MN LONG-TERM (CHF 300.0 MN/CHF 950.0 MN) AND CHF 4.8 MN (CHF 9.7 MN)
In June 2014 one bond in the amount of CHF 300.0 million was repaid.

2.875%	fixed-interest bond	2006 – 3/23/2016	CHF 250.0 MN
1.000%	fixed-interest bond	2012 – 7/12/2018	CHF 150.0 MN
1.125%	fixed-interest bond	2013 – 11/14/2019	CHF 200.0 MN
1.750%	fixed-interest bond	2012 – 7/12/2022	CHF 150.0 MN
1.875%	fixed-interest bond	2013 – 11/14/2023	CHF 200.0 MN

Other long-term liabilities contain long-term conditional purchase price obligations of CHF 2.2 million (CHF 7.3 million) and other liabilities of CHF 2.6 million (CHF 2.4 million).

10. PROVISIONS FOR RISKS RELATED TO INVESTMENTS CHF 165.3 MN (CHF 125.8 MN)
The increase in provision mainly relates to a general provision for risks related to participations in the amount of CHF 40.0 million.

Provisions for credit risks were decreased by CHF 0.5 million. They relate to the economic, financial, and political risks of the subsidiaries.

11. SHAREHOLDERS' EQUITY CHF 1,847.1 MN (CHF 1,773.0 MN)
Shareholders' equity surpasses the previous year's level. The ratio of shareholders' equity to balance sheet total increased from 51.5% to 58.0%.

in CHF mn	Capital stock	General statutory reserve	Capital contribution reserves	Reserve for treasury shares	Retained earnings	Share-holders' equity
January 1, 2013	**1.5**	**60.2**	**0.3**	**27.6**	**1,588.0**	**1,677.6**
Dividend payment					-129.2	-129.2
Transactions with treasury shares				-13.9	13.9	0.0
Net profit for the year					184.6	184.6
December 31, 2013	**1.5**	**60.2**	**0.3**	**13.7**	**1,657.3**	**1,733.0**
January 1, 2014	**1.5**	**60.2**	**0.3**	**13.7**	**1,657.3**	**1,733.0**
Dividend payment					-144.6	-144.6
Transactions with treasury shares				-2.9	2.9	0.0
Net profit for the year					258.7	258.7
December 31, 2014	**1.5**	**60.2**	**0.3**	**10.8**	**1,774.3**	**1,847.1**

The capital stock remains unchanged. Net profit for the year reflects the regular business activities. The increase was mainly due to increased income from subsidiaries. A dividend of CHF 144.6 million was distributed to shareholders in April 2014. In accordance with the Swiss Code of Obligations, reserves for treasury shares are to be reported separately.

On December 31, 2014, the company had 56 (54) registered shareholders. Information regarding major shareholders can be found on page 123 of the download pdf of this report.

There is CHF 155,893.20 in contingent capital, unrestricted in time, comprising 259,822 bearer shares with a per-share nominal value of CHF 0.60. These shares are reserved for the exercise of option or conversion rights.

The capital stock consists of:

	Bearer shares[1] nominal value CHF 0.60	Registered shares nominal value CHF 0.10	Total[1]
12/31/2013 (units)	2,151,199	2,333,874	4,485,073
Nominal value (CHF)	1,290,719	233,387	1,524,107
12/31/2014 (units)	2,151,199	2,333,874	4,485,073
Nominal value (CHF)	1,290,719	233,387	1,524,107

1 Includes treasury shares which do not carry voting and dividend rights.

12. CONTINGENT LIABILITIES

Letters of guarantee and letters of comfort are issued to finance business transactions. No guarantees are required for any established zero-balanced cash pooling. Sika AG is part of the Sika Schweiz AG value-added tax group and is jointly and severally liable to the tax authorities for the value-added tax obligations of the tax group.

in CHF mn	2013	2014
Letters of guarantee		
Issued	116.1	109.3
Used	0.0	0.0
Letters of comfort		
Issued	2.2	2.6
Used	0.1	0.2
Credit lines to subsidiaries		
Issued	4.1	4.0
Used	0.2	0.1

13. INCOME FROM SUBSIDIARIES CHF 266.9 MN (CHF 185.3 MN)
The income from subsidiaries includes dividend distributions.

14. FINANCIAL INCOME CHF 30.9 MN (CHF 22.0 MN)
Financial income includes interest income and gains from foreign exchange transactions.

15. OTHER INCOME CHF 29.3 MN (CHF 10.7 MN)
Other income mainly includes a payment of compensation from Sika Finanz AG of CHF 11.8 million (CHF 9.2 million) for the OECD transfer pricing risks which are covered by Sika AG as well as other valuation adjustments and other income.

16. ADMINISTRATIVE EXPENSES CHF 20.3 MN (CHF 19.1 MN)
Administrative expenses include mainly expenses for the holding company.

17. PERSONNEL EXPENSES CHF 15.5 MN (CHF 5.4 MN)
The increase in personnel expenses is mainly based on the transfer of employees from Sika Services AG into Sika AG.

18. FINANCIAL EXPENSES CHF 44.9 MN (CHF 36.5 MN)
Financial expenses mainly include the cost of interest on loans as well as foreign currency losses from foreign exchange transactions and loans.

19. DEPRECIATION/CHANGE IN PROVISION CHF 45.7 MN (CHF 7.0 MN)
This item includes changes in provisions of CHF 39.5 million (CHF 5.1 million) and amortization of trademark licenses in the amount of CHF 6.2 million (CHF 1.9 million).

20. PARTICIPATIONS IN SIKA AG

Members of the Board of Directors and Group Management hold the following participations in Sika AG:

	Number of shares		Number of warrants (potential voting rights)	
	2013	2014	2013	2014
Board of Directors				
Paul Hälg, Chairman	350	490	0	0
Urs F. Burkard [1]	190	770	0	0
Willi K. Leimer	26	52	0	0
Monika Ribar	48	74	0	0
Daniel J. Sauter	2,026	2,052	0	0
Ulrich W. Suter	26	52	0	0
Christoph Tobler	326	252	0	0
Frits van Dijk	51	102	0	0
Jürgen Tinggren	n.a.	84	n.a.	0
Group Management				
Jan Jenisch, CEO	1,350	1,400	0	0
Silvio Ponti, deputy CEO	1,042	1,309	0	0
Christoph Ganz	342	374	0	0
Thomas Hasler	n.a.	153	0	0
Urs Mäder	354	n.a.	0	n.a.
Ernesto Schümperli	534	695	0	0
Paul Schuler	701	861	0	0
Ronald Trächsel	963	n.a.	0	n.a.
José Luis Vásquez	885	1,103	0	0
Heinz Gisel	224	287	0	0
Adrian Widmer	n.a.	123	n.a.	0
Total	**9,438**	**10,233**	**0**	**0**

1 Urs. F. Burkard also has an interest in the Schenker-Winkler Holding, which according to information provided by the family holds 2,373,572 Sika AG shares.

21. INFORMATION ON EXECUTION OF RISK ASSESSMENT

Risk management is carried out by the Board of Directors of Sika AG and by Group Management. The Board of Directors is the highest authority for risk assessment. The Board assesses risks annually at the level of the Group and Sika AG. Group Management regularly reviews the processes which form the basis for risk management. The risk management process comprises four steps: risk identification, risk assessment, risk monitoring, and risk controlling.

Information on the Group-wide risk assessment processes can be found in note 24 to the Consolidated Financial Statements.

PROPOSAL BY THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS PROPOSES TO THE ANNUAL GENERAL MEETING THE FOLLOWING APPROPRIATION OF RETAINED EARNINGS:

in CHF mn	2013	2014
Composition of retained earnings		
Net profit for the year	184.6	258.7
Profit brought forward	1,364.8	1,404.8
Total for disposition to Annual General Meeting	**1,549.4**	**1,663.5**
Dividend payment		
Dividend payment out of retained earnings [1]	144.6	182.6
Retained earnings carried forward	**1,404.8**	**1,480.9**

1 Dividend payment for shares entitled to dividends (without treasury shares as per December 31, 2014).

As the general statutory reserve currently exceeds 20% of shareholders' equity, a further allocation to the reserve was waived.

On approval of this proposal, the following payment will be made:

in CHF	2013	2014
Bearer share [1] nominal value CHF 0.60		
Gross dividend	57.00	72.00
35% withholding tax on gross dividend	19.95	25.20
Net dividend	**37.05**	**46.80**
Registered share nominal value CHF 0.10		
Gross dividend	9.50	12.00
35% withholding tax on gross dividend	3.33	4.20
Net dividend	**6.17**	**7.80**

1 Bearer shares held by Sika AG are non-voting shares and do not qualify for a dividend.

Payment of the dividend is tentatively scheduled for Monday, April 20, 2015, upon presentation of coupon no. 25 for bearer shares.

Registered shareholders will receive payment of the dividend at the address provided to the company for purposes of dividend distribution.

The Annual General Meeting of Sika AG will be held on Tuesday, April 14, 2015.

Baar, February 25, 2015

For the Board of Directors
The Chairman:
DR. PAUL HÄLG

REPORT OF THE STATUTORY AUDITORS TO THE ANNUAL GENERAL MEETING OF SIKA AG, BAAR

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS
As statutory auditor, we have audited the financial statements of Sika AG, which comprise the balance sheet, income statement, and notes (pages 135 to 143 of the download pdf of this report) for the year ended December 31, 2014.

BOARD OF DIRECTORS' RESPONSIBILITY. The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing, and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION. In our opinion, the financial statements for the year ended December 31, 2014 comply with Swiss law and the company's articles of incorporation.

REPORT ON OTHER LEGAL REQUIREMENTS
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations, CO, and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Zug, February 25, 2015

ERNST & YOUNG LTD

BERNADETTE KOCH
Licensed audit expert
(Auditor in charge)

DANIELLE MATTER
Licensed audit expert

FINANCIAL CALENDAR

SALES FIRST QUARTER 2015	Tuesday, April 14, 2015
47TH ANNUAL GENERAL MEETING	Tuesday, April 14, 2015
DIVIDEND PAYMENT	Monday, April 20, 2015
HALF-YEAR REPORT 2015	Friday, July 24, 2015
RESULT FIRST NINE MONTHS 2015	Thursday, October 29, 2015
NET SALES 2015	Tuesday, January 12, 2016
MEDIA CONFERENCE / ANALYST PRESENTATION FULL-YEAR RESULTS 2015	Friday, February 26, 2016

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