

*For immediate publication*

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## **Sika grows in emerging markets Revenue losses in industrial countries**

**In the first quarter of business year 2009 Sika continued to grow in a number of emerging markets. The comparatively hard winter and the effects of the economic crisis led however to an overall decline in sales.**

The sales decline in the first quarter amounted to -6.7% in local currencies. Included therein is an acquisition effect of 2.7%. Exchange rate fluctuations influenced negatively with -6.0%, so that sales in Swiss francs in comparison with the first quarter of the previous year declined by -12.7% from CHF 1017 million to CHF 888 million.

The decline in sales had two causes. On one hand, winter weather during the months of January, February and also in part in March brought a halt to much construction activity in Northern Europe and in North America. In the previous year, in contrast, the weather represented no hindrance on building sites. On the other hand the worldwide economic crisis negatively influenced the construction industry in an increasing number of countries, leading to a decrease in new business.

### **Business divisions and regions**

Sales in local currencies in the Construction Division dropped in the first quarter by -2.5%, including an acquisition effect of 3.5%. The currency effect amounted to -6.5%, leading to a sales decline in Swiss francs of -9.0%, or CHF 706 million. Vehicle production remained at the low level of year-end 2008. The Industry Division exhibited as a result a decrease in sales in local currencies of -20.0%. Coupled with exchange rate fluctuations of -4.5%, sales fell overall by -24.5% in Swiss francs to CHF 182 million.

The Regions Latin America and IMEA (India, Middle East, Africa) achieved growth in local currencies of 13.4% and 8.3% respectively. Other Regions showed weakening net sales. The local Sika companies affected by losses in sales reacted immediately, taking initial measures to reduce costs. In Germany, Italy and in Switzerland, reduced working hours were introduced. Comprehensively for all countries at the moment, the efficiency of various production networks is being reviewed in order to possibly optimize them.



Based on assessment of the current situation, Sika will continue undiminished in its efforts regarding cost and cash management. Special attention is thereby given to exploit opportunities which emerge for Sika during the current crisis. Solid financing allows the company to safeguard its good market position or to improve it further in order to be well equipped for the upsurge following the crisis.

## **Outlook**

In March, construction activity in many countries increased again significantly, so that Group sales lay above those of the same month in the previous year. This recovery can in essence be ascribed to compensation of the weather-related standstill period in January and February, and also to the greater number of working days. Easter fell this year in April. The currency situation also improved slightly in March. Forecasts of sales and profit for the full year are as before not possible.

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## **Sika AG – a corporate profile**

Sika AG, located in Baar, Switzerland, is a globally active company supplying the specialty chemicals markets. It is a leader in processing materials used in sealing, bonding, damping, reinforcing and protecting load-bearing structures in construction (buildings and infrastructure construction) and in industry (vehicle, building component and equipment production).

Sika's product lines feature high-quality concrete admixtures, specialty mortars, sealants and adhesives, damping and reinforcing materials, structural strengthening systems, industrial flooring and membranes. Subsidiaries in more than 70 countries worldwide and approximately 12,900 employees link customers directly to Sika and guarantee the success of all of its business relationships. With this business structure Sika generates annual sales of CHF 4.6 billion. Visit our website at [www.sika.com](http://www.sika.com).

