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MARKET POSITION DEFENDED IN DIFFICULT ENVIRONMENT SIGNIFICANTLY WEAKER NET PROFIT

The Sika Group generated sales growth of 12.4 % in the first half year, with negative currency influences amounting to 4.2 %. Net sales reached CHF 1 037 million (previous year CHF 923 million), which includes the effect of acquisitions amounting to CHF 106 million. In local currencies we recorded a growth in sales in all regions. An exception here is Germany, where our companies continue to face an unfavourable economic environment. Sika saw volumes on the established side of its business grow by 12 % which indicates that additional market shares were secured. At CHF 124.8 million, the operating profit before depreciation (EBITDA) lies slightly below the figure recorded last year (CHF 128.0 million). Operating profit (EBIT) reached CHF 68.0 million (CHF 75.3 million). To summarise, the reduction in group net profit from CHF 44.4 million to CHF 32.2 million is attributable to the following key factors:

- lower margins
- higher depreciation
- adjustment of the value of securities

Rigorous cost management as well as improved efficiency enabled to achieve savings of 1.1 %-points in net sales terms, equivalent to about CHF 11 million.

Cash flow – calculated from net profit plus depreciation as well as changes in provisions – amounts to CHF 87.9 million (CHF 98.1 million), or –10.4 % respectively.

Construction sales grew 12.7 % of CHF 744 million, in local currencies by 17.6 %. This includes CHF 70 million from acquisitions. Operating profit (EBIT) rose from CHF 36.1 million in the previous year to reach CHF 38.1 million. Sales on the Industry side reached CHF 293 million. In local currencies, this represents a rise of 14.0 % over the previous year, in Swiss francs 11.6 % respectively, whereby acquisitions contributed CHF 36 million. Operating profit (EBIT) sank from CHF 43.3 million to CHF 34.2 million. This was a consequence of the reduced margins on the automotive side and massive production cutbacks by bus manufacturers in the North American market.

There is unlikely to be a significant shift in the state of the global economy during the second half of the year. Competition is set to intensify, while the price situation for raw materials will remain volatile. Thanks to our products and systems, which are firmly established in their respective markets, in conjunction with the impressive and loyal commitment of our employees, it should prove possible for us to achieve our original sales target of about CHF 2.1 – 2.2 billion. The cost management which was established in the first half year is being rigorously maintained. Despite this, it will not be possible to achieve the results recorded last year.

