

Sika AG
Zugerstrasse 50
CH-6341 Baar, Switzerland
www.sika.com

Contact: Rainer Weihofen,
Corporate Communications & Investor Relations
Tel.: +41 58 436 68 00
Fax: +41 58 436 68 50
weihofen.rainer@ch.sika.com

Continued growth in a difficult environment

The Sika Group increased sales in 2008 by 7.3% in terms adjusted for exchange rates. In Swiss francs this yielded a net result of CHF 4.625 billion, 1.1% higher than that of the previous year. Operating profit before depreciation, EBITDA, amounted to CHF 556.1 million, and consolidated net profit to CHF 267.4 million. Overall Sika achieved the second highest result in the company's history.

Despite the effects of the declining construction industry in various countries felt throughout the Group in the fourth quarter of the reporting year, growth in the Construction Division, adjusted for exchange rates, was satisfactory at 9.2%. In the Industry Division on the contrary, the substantially collapsed production figures in vehicle construction in the fourth quarter limited sales growth to an exchange rate-adjusted 0.6%. All Regions contributed to Group growth. The best results were achieved as in the previous year in the Regions IMEA (India, Middle East, Africa; +33%) and Latin America (+25%).

Above all three factors influenced the result negatively:

- The shift in currency exchange conditions in some countries such as Great Britain, Korea, Japan and Australia.
- Enormous, short-term price increases for raw materials in the third quarter that could only in part be passed on to customers.
- Preparatory efforts in personnel development of management functions in the Regions in order to be able to better exploit the growth potential foremost in emerging markets in the future.

Gross profit as a proportion of net sales weakened from 53.3% to 51.7%. Operating profit before depreciation, EBITDA, dropped 12.8% from CHF 637.8 million to CHF 556.1 million. The EBITDA margin at 12.0% was 1.9 percentage points lower than in the previous year. Operating profit, EBIT, amounted to CHF 422.0 million and thereby lay 17.4% lower than the CHF 510.8 million of the previous year.

Consolidated net profit before taxes decreased opposite the previous year by 22.2% to CHF 373.3 million. The income tax rate amounted to 28.4%, thereby falling below the level of the previous year of 28.7%. Thus remained a consolidated net profit of CHF 267.4 million. The profit margin amounted to 5.8% (2007: 7.5%).



Outlook

Short-term forecasts in the present environment are very difficult. Due to the spreading economic crisis Sika reckons with a decline in demand in many of the markets that are relevant for the company. The Construction Division feels the cooling demand with some delay, and on the other hand will also profit later from an economic recovery. Economic stimulus packages announced in many countries will help in the infrastructure sector to compensate growth slumps in private commercial construction. It is nevertheless entirely open when these effects will be felt.

Sika will employ the current business year to increase the efficiency of production facilities, the global supply chain and the whole organization further. Production facilities that are not operating optimally will be decommissioned and local production capacity adapted to demand. In accordance with the Group's decentralized structure the regional companies will develop individual programs in order to profit from available growth opportunities and – where necessary – adjust cost structures quickly to respective market conditions. These programs could also affect jobs. In view of the corporate structure Sika does not consider comprehensive, worldwide plans for personnel reduction to be an adequate response.

Overall Sika considers its long-term growth chances intact. The growth course consistently pursued during the past years will orient itself during the recessionary phase towards reduced or negative growth with adapted costs.



Key figures 2008

in CHF mn	2007	in % of net sales	2008	in % of net sales
Consolidated net sales	4573.2		4624.5	
Operating profit before depreciation (EBITDA)	637.8	13.9	556.1	12.0
Depreciation/Amortization/Impairment	-127.0	-2.8	-134.1	-2.9
Operating profit (EBIT)	510.8	11.2	422.0	9.2
Net profit after taxes	342.0	7.5	267.4	5.8
Earnings per share in CHF	135.4		107.0	
Cash flow from operating activities	362.7	7.9	376.8	8.1
Free cash flow	182.7	4.0	89.5	1.9
Operating free cash flow	191.4	4.2	165.8	3.5
Balance sheet total	3317.8		3209.4	
Shareholders' equity	1474.9		1464.7	
Equity ratio in %	44.5		45.6	
ROCE in %	26.0%		20.3%	
Number of employees	11723		12900	
Net sales per employee in 1000 CHF	397		376	

The Annual Report and the presentations held at the media conference covering business in 2008 may be retrieved at www.sika.com.

(Annual Report: <http://www.sika.com/investors/invest-info-annual-report.htm>)

Presentations: <http://www.sika.com/investors/gen-invest-speeches.htm>)

-END-

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.

