

For immediate publication

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

Market share gained

In the second half of the year under review income was higher than in the first half-year due primarily to improved sales and lower costs, especially for raw materials. Overall in the reporting year 2009 Sika achieved net sales of CHF 4.155 billion. Operating profit (EBIT) before restructuring amounted to CHF 400.6 million (9.6% of net sales, in 2008 9.1%) while net profit before restructuring totaled CHF 269.4 million (6.5% of net sales, in 2008 5.8%).

Sika achieved net sales in 2009 of CHF 4.155 billion. The difference to the previous year comprises a sales decline in local currencies of 3.9%, which itself includes an acquisition effect of 2.3%, and a currency effect of -6.3%. Net sales in Swiss francs thus lay 10.2% below the level of the previous year.

Sika sales of products for the building and construction industry declined by only 2.0% in local currencies. Business with products for industrial manufacturing benefited in the second half-year of 2009 from programs initiated in various countries to promote the purchase of new vehicles with low fuel consumption. Thereby the drop in sales in local currencies, which amounted to 20.1% after six months, could be eased over the entire year to 11.3%. Comparison with the slump in market volume in the building and construction industry by up to 30% and among automobile manufacturing suppliers in industrialized nations by as much as 50% clearly indicates that Sika gained market share.

The Regions developed diversely. In local currencies Sika grew in the Region IMEA (India, Middle East, Africa) by 11.2%, and in Region Latin America by 8.0%. In the Asia/Pacific Region sales were nearly unchanged overall, though development from country to country varied. While in emerging markets such as China or Indonesia Sika achieved double-digit growth rates, sales dropped in OECD nations (Japan, Australia, New Zealand). Sales declined in the remaining Regions: Europe North -8.8%, Europe South -4.0%, North America -7.7%. Due to the increase in sales that Sika achieved in emerging markets, their overall proportion of Group sales rose from 32% in 2008 to 34% presently. Overall in 23 countries, sales growth was positive in the year under review.

Profit. Following the substantial rise in raw material costs in 2008, Sika benefited in the year under review as prices for raw materials fell and product formulations were adapted. Gross profit therefore rose to the end of the year by 3.5 percentage points, amounting to 55.2% of net sales. Adjusted for acquisitions the company was able to significantly reduce personnel and other operating costs. Operating profit before depreciation and restructuring costs improved by 1.0 percentage point as a proportion of net sales. Operating profit before costs of restructuring improved in proportion to net sales from 9.1% to 9.6% (CHF 400.6 million). The restructuring measures to concentrate European production of Sikaflex sealants and adhesives and Sarnafil/Sikaplan roofing membranes impacted the income statement with a one-time charge of CHF 56.6 million, whereby Sika achieved an operating profit of CHF 344.0 million. Net profit before restructuring at CHF 269.4 million (6.5% of net sales) lay both in absolute terms and relative to sales above the result of the previous year of CHF 267.4 million (5.8% of net sales).



Liquidity and balance sheet. Due to the high operating free cash flow of CHF 368.7 million (2008: CHF 165.8 million) as well as the 5-year bond issued in the spring in the amount of CHF 300 million (coupon 3.5%) for long-term financing, cash and cash equivalents rose as of the end of the year from CHF 318.3 million to CHF 801.6 million. As a consequence net debt could be reduced by CHF 200 million to CHF 265 million, whereby the proportion of net debt to shareholders' equity, the so-called gearing, dropped from 31.8% to 16.6%.

Outlook. In the building and construction industry, market-specific weaknesses must be expected. Companies could thus continue to postpone investments and market volume, particularly for commercial buildings, may decline. Whether such a decline could be compensated by strengthened investment in infrastructure projects is also dependent, alongside the general economic development, on how quickly and strongly economic stimulus programs demonstrate effect in markets that are relevant for Sika. In the area of industrial manufacturing Sika anticipates a recovery of markets proceeding from their current reduced level. The company assumes that the Regions will continue to develop differently. While in the OECD nations a quick recovery is not expected, the emerging markets in Latin America, in Asia, the Middle East and in India will remain on a growth curve.

Sika is well positioned in this environment. The company can quickly adapt costs to altered conditions without thereby diminishing its capability to leverage potential market opportunities. Chances present themselves in every market area. For example the demand for efficient and cost-effective building procedures, energy-optimized structures and sustainable construction materials continues rising. In addition industry is also calling for new solutions that effectively reduce the weight of motor vehicles and sustainably lower the costs of assembly. Sika is attuned to these demands with effective and economic systems.

Pro forma results 2009 before restructuring

in CHF mn	in % of net sales	2008	in % of net sales	2009	Δ in %
Operating profit	9.1	422.0	9.6	400.6	-5.1%
Net profit before taxes	8.1	373.3	9.0	372.2	-0.3%
Net profit	5.8	267.4	6.5	269.4	0.7%



Key figures 2009

in CHF mn	in % of net sales	2008	in % of net sales	2009	Δ in %
Net sales		4'624.5		4'154.9	-10.2
Operating profit before depreciation and restructuring	12.0	556.1	13.0	539.9	-2.9
Depreciation/amortization/ Impairment without restructuring	-2.9	-134.1	-3.4	-139.3	
Operating profit before restructuring	9.1	422.0	9.6	400.6	-5.1
Restructuring	0.0	0.0	-1.4	-56.6	
Operating profit	9.1	422.0	8.3	344.0	-18.5
Net profit after tax	5.8	267.4	5.4	225.7	-15.6
Net profit per share (EPS) in CHF		107.00		91.03	-14.9
Cash flow from operating activities	8.1	376.8	12.7	526.3	
Free cash flow	1.9	89.5	7.5	312.5	
Operating free cash flow	3.6	165.8	8.9	368.7	
Balance sheet total		3'209.4		3'629.4	
Shareholders' equity		1'464.7		1'593.0	
Equity ratio in %		45.6		43.9	
ROCE in % before restructuring		20.3		19.3	
Number of employees		12'900		12'369	

The Annual Report and the presentations held at the media conference covering business in 2009 may be retrieved at www.sika.com.

Annual Report:

<http://www.sika.com/en/group/investors/FinancialReportsandMediaReleases.html>

Presentation:

<http://www.sika.com/en/group/investors/presentations.html>

Sika AG 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 as well as roofing and waterproofing systems. Subsidiaries in more than 70 countries worldwide and approximately 12 000 employees link customers directly to Sika and ensure the success of all our partners. Sika achieves annual sales of CHF 4.2 billion. Visit our website at www.sika.com.

