Media release

August 10, 2007

For immediate publication

Sika AG Zugerstrasse 50 CH-6341 Baar, Switzerland www.sika.com Contact: Rainer Weihofen, Corporate Communications & Investor Relations Tel.: +41 41 768 68 00 Fax: +41 41 768 68 50 weihofen.rainer@ch.sika.com

Sika Group 2007 half-year results

Strong, profitable growth

The dynamic trend evident in the first quarter of the year continued into the second three-month period. Compared to the corresponding year-ago period, sales, denominated in Swiss francs, increased 19.2% from CHF 1 831 mil. to CHF 2 183 mil. Consolidated net profit of CHF 165.9 mil. showed a notable gain of 63.1% compared to the first half of 2006 (CHF 101.7 mil.).

The gain in the period under report was above all due to broadbased organic growth of 15.0%. In addition, both the Construction and Industry Divisions accounted for a consolidated 1.9% gain due to acquisitions (Protective Coatings business from DuPont and Proxan Dichtstoffe GmbH in Germany, Haberkorn Abdichtungssysteme GmbH in Austria, Sucoflex in Switzerland, Covercrete and MRT Construction Products in Canada) and divestments (premises in Muttenz, Switzerland and operational site in Gelsenkirchen in Germany, Sarna Plastec AG in Switzerland). Moreover a favorable currency effect amounted to 2.3%.

Regions

Sika achieved organic growth in all regions. The increases were led by the new IMEA Region - India, the Mid-East, Egypt and South Africa - where currency-adjusted sales rose in the period under review by 38.0% against the corresponding year-ago level. The Latin America Region was up by 23.0%, North Europe by 21.4%. The latter profited from favorable weather conditions in the early months of this year. In the Asia/Pacific Region Sika achieved a gain of 20.9%, excluding Japan where business stagnated. The regional growth rate averaged 14.3%. The South Europe Region boosted sales by 12.0%. The North America Region moved ahead by 8.2%, a slower pace relative to other regions, due to an Industry Division change in U.S. strategy calling for relinquishing unattractive business in the automotive and aftermarket sectors and focusing instead on new business and profitability. In the United States the Industry Division is, in proportion to the Construction Division, far larger than in other countries and its impact on the overall performance is thus correspondingly bigger.

Divisions

Compared to the first half of 2006, net sales of Sika's Construction Division rose from CHF 1 400 mil. to CHF 1 692 mil. Expressed in local currencies, the 20.9% gain represented 16.1% in organic growth, a 2.4% acquisition/divestment effect and a 2.4% currency effect.



Media release

Net sales of Sika's Industry Division rose from CHF 431 mil. to CHF 491 mil. against the first half of 2006. The 13.8% growth rate reflects a gain – expressed in local currencies – of 11.1% in organic growth, an acquisition effect of 0.6%, and a currency effect of 2.1%.

Margins

The gross margin decreased by 1.6 percentage points, primarily ue to higher raw material prices and inventory changes. However, the margin decline was more than compensated by altogether 3 percentage point gains in efficiency improvements. Consequently, operating profit before depreciation (EBITDA) rose by 31.4%, from CHF 239.5 mil. to CHF 314.6 mil. The EBITDA margin therefore improved from 13.1% to 14.4%. The operating profit after depreciation (EBIT) increased by 48.5%, from CHF 169.3 mil. To CHF 251.4 mil. The cited divestments improved the EBIT by CHF 11.9 mil. This is contrasted by impairments in the year-ago period of CHF 16.9 mil.

Compared to the corresponding six months a year earlier, interest expenses rose by CHF 2.7 mil (27.8%) as a consequence of the Swiss franc bond placements in February and March 2006. On the other hand the tax rate dropped by 1.9 percentage points to 30.5%.

At 24.9% ROCE, the return on capital employed, was 4.3 percentage points higher than in the corresponding year-ago period (20.6%). ROE, the return on equity, increased from 16.2% by 4.8 percentage points to 21.0%.

During the first half of 2007 two new plants became operational. Sika[®] ViscoCrete[®] admixtures as well as mortar are now also being produced at Suzhou (China) and Tuzla (Turkey).

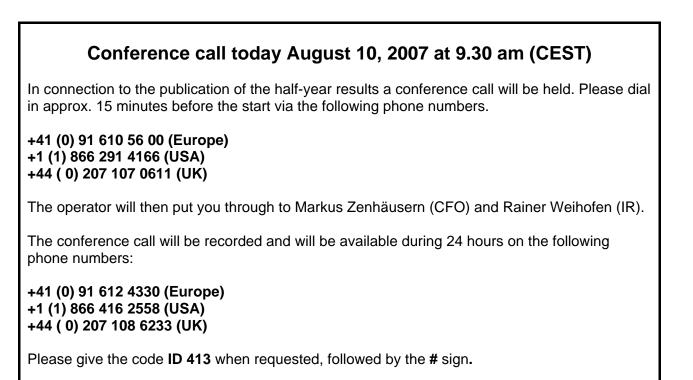
Outlook

If market conditions or raw material prices do not change materially, Sika expects organic growth above 10% in the current year and a disproportionally higher rise in earnings despite a potential slowdown of the world economy in the second half of 2007.

Both of the major corporate projects – the construction of a research center in Zurich and of the large-volume production plant for Sikaflex[®] bonding and sealing substances in Düdingen, Switzerland – will be nearly completed by the end of 2007 and become operational by early 2008.

For details on Sika's performance during the first half of this year, please see the report on the first half of 2007. The report can be downloaded on www.sika.com. For a printed version please contact the address shown above. Please note that a conference call will be held today. On the following page you will find further details for the conference call.





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 11,000 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 billion. Visit our website at <u>www.sika.com</u>.

