

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

Contact: Alfred Spieser,
Corporate Communications & Investor Relations
Tel.: +41 41 768 68 00
Fax: +41 41 768 68 50
spieser.alfred@ch.sika.com

Continuing growth in 3rd quarter

Net sales growth

In the first nine months of this year sales of the Sika Group climbed from CHF 2,172.7 mil. to CHF 2,888.7 mil. or 33.0% compared to the corresponding year-ago period. Organic growth accounted for 16.1%, acquisitions for 14.8% and favorable currency effects for 2.1%. The acquisition effects benefited the Construction Division exclusively. Expressed in Swiss francs, Sika Group sales were up 31.8% in the third quarter, in local currencies 31.7%.

Development of earnings

The gross margin declined to 54.4% (56.2% prior year) principally due to rising raw material prices and shifts in the product mix in favor of Sarnafil goods which incur higher shares of material costs. Nevertheless, EBITDA improved from CHF 277.5 mil. to CHF 408.5 mil., a gain of 47.2%. The EBITDA margin rose correspondingly from 12.8% to 14.1%.

EBIT continues to be impacted by special effects resulting from the acquisition of Sarna Polymer Holding Inc. Additionally, impairments were taken in the third quarter for three subsidiaries. Yet, compared to the preceding year-ago period, EBIT increased to CHF 296.7 mil. or by 41.4%. The EBIT margin rose from 9.7% to 10.3%.

At CHF 184.9 mil. consolidated net profit in the first nine months were up 37.5% over the comparable year-ago period. Operating free cash flow, subject to sharp seasonal variations, increased from CHF 47.7 mil. to CHF 51.8 mil.



Regional and divisional sales

Trends evident until mid-year continued in the 3rd quarter. Organic sales kept growing in all regions. Against the comparable period in the prior year, the Latin America Region led the gains with a 26.2% improvement in sales, based on accounting in local currencies. The Europe South and Asia/Pacific Regions each did 16.1% better (incl. acquisitions 25.9% and 24.3% respectively). Sales of the North America Region, excluding the acquisition effect of Sarnafil, were up by about 15.4% (incl. acquisitions 67.4%), while the business of the Europe North Region improved by 9.2% (incl. acquisitions 25.1%).

In the first nine months Construction Division sales totaled CHF 2,249 mil. or 39.1% more than in the corresponding period a year earlier. Calculated in local currencies the expansion came to 36.9%, of which 18.3 percentage point were attributable to acquisitions.

Sales of the Industry Division rose from CHF 556 mil. to CHF 640 mil., a 15.1% improvement over the comparable period last year. Denominated in local currencies, the sales gain amounted to 13.1%; it represented solely organic growth because there were no acquisitions.

Outlook for year-end 2006

If the market environment continues to hold steady, we foresee a sales expansion for the entire year, exclusive of acquisition effects created by Sarnafil, distinctly exceeding the 10% already communicated. At the same time we are anticipating a slight disproportional increase in earnings.

*Please note that a conference call will be held today.
On the following page you will find further details for the conference call.*



Conference call today November 10, 2006 at 10.00 am (CET)

In connection to the publication of the 3rd quarter results a conference call will be held. Please dial in approx. 15 minutes before the start via the following phone numbers.

+41 (0) 91 610 56 00 (Europe)

+1 (1) 866 291 4166 (USA)

+44 (0) 207 107 0611 (UK)

The operator will then put you through to Markus Zenhäusern (CFO) and Alfred Spieser (IR).

The conference call will be recorded and will be available during 24 hours on the following phone numbers:

+41 (0) 91 612 4330 (Europe)

+1 (1) 866 416 2558 (USA)

+44 (0) 207 108 6233 (UK)

Please enter the **ID 337** when requested, followed by the **#** sign.

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Sika AG – a corporate profile

Sika AG, located in Baar, Switzerland, is a globally integrated 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 12,000 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 more than CHF 3.5 billion. Visit our website at www.sika.com.

