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Sika grows by 24.7 percent in local currencies in the first quarter

Sika increased sales by 14.3% in the first quarter of 2011, achieving net sales of CHF 1 021.2 million. In local currencies, Sika lifted sales by 24.7%. Sika benefited above all from the strong markets in Asia and Latin America and good results in the USA. The mild winter in 2011 compared to the previous year also had a positive impact.

In the first quarter of the current business year, Sika lifted sales by 24.7% in local currencies, including an acquisition effect of 6.6%. Factoring in the negative impact (-10.4%) of currency exchange movements, sales increased by 14.3% in Swiss francs to CHF 1 021.2 million compared to CHF 893.6 million in the first quarter of 2010.

As in the previous year, Sika also benefited in the first quarter from strong demand from the emerging countries. Reporting double-digit growth, North America made a significant contribution to the good result. Construction activity in the Regions Europe North and North America was stimulated by a somewhat mild winter compared to the previous year. The individual Regions achieved the following growth rates in local currencies: Europe North 22.8%, Europe South 8.6%, North America 29.5%, Latin America 26.0%, IMEA (India, Middle East, Africa) 9.4%, Asia/Pacific 61.8%. In North America and Asia acquisitions had a significant impact on growth.

In the first quarter of 2011, both products for the construction industry and products for industrial manufacturing witnessed substantial demand. In local currencies, Sika increased sales of products for the construction industry by 27.0%, 8.5% of which is attributable to acquisitions. Sales of products for industrial manufacturing were up 17.1% in local currencies, including an acquisition effect of 0.3%.

The strong Swiss franc - compared to the first quarter of 2010 - was not without influence. Currency translation effects accounted almost exclusively for the negative impact of -10.4% which exchange rate movements had on sales. The Group's decentralized regional structuring and the largely local-based generation of value added at Sika's 120-plus locations in 74 countries provides a good natural hedge against exchange rate movements.

The situation regarding raw materials, a crucial factor for Sika, still poses a challenge. Having already gone up in the second half of 2010, raw materials continued to rise in the first three months of the present year at an even faster rate.



Outlook

While the positive development seen in the emerging countries is likely to continue, the markets in Europe and North America still present a mixed picture. Even though recovery trends can be identified in individual countries, they do not point to a general development. As the Region IMEA shows, political turmoil can also have an impact on market development. Raw material prices continue to go up and will squeeze margins accordingly as higher material prices can only be passed on to the market after a certain time lag. Sika is sticking to its published medium-term growth targets.

Net sales in the first three months of 2011

in CHF mn	1. 1.2010 - 31.3.2010	1. 1.2011 - 31.3.2011	Change compared to prior year (+/- in %)		
			In Swiss francs	In local currencies ²	Currency impact
By Region					
Europe North	276.7	309.6	11.9	22.8	-10.9
Europe South	206.6	199.2	-3.6	8.6	-12.2
North America	115.5	135.9	17.7	29.5	-11.8
Latin America	106.3	126.1	18.6	26.0	-7.4
IMEA ¹	70.1	68.1	-2.9	9.4	-12.3
Asia/Pacific	115.8	179.9	55.4	61.8	-6.4
Central Services	2.6	2.4	-7.7	-7.7	0.0
Consolidated net sales	893.6	1'021.2	14.3	24.7	-10.4
Products for construction industry	683.5	797.6	16.7	27.0	-10.3
Products for industrial manufacturing	210.1	223.6	6.4	17.1	-10.7

1 India, Middle East, Africa (IMEA)

2 including acquisitions

Sika AG Corporate Profile

Sika AG, located in Baar, Switzerland, is a globally active specialty chemicals company. Sika supplies the building and construction industry as well as manufacturing industries (automotive, bus, truck, rail, alternative energies, building components). Sika is a leader in processing materials used in sealing, bonding, damping, reinforcing and protecting load-bearing structures. 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. Worldwide local presence in 74 countries and some 13 500 employees link customers directly to Sika and guarantee the success of all partners. Sika generates annual sales of CHF 4.4 billion. Visit our website at www.sika.com.

