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Sika's business registers strong growth

Sika Group

In the first quarter of 2004 net sales of the Swiss-based specialty chemicals company advanced to CHF 553 m, up 16.2 % from the CHF 476 m total in the corresponding three months a year earlier.

Expressed in local currencies, sales were up 13.7 %. Foreign currencies, especially the strong rise of the euro, produced a positive effect of altogether 2.5 %. The gain attributed to the acquisition of Addiment Italy (now part of Sika's Construction Division) contributed 0.9 % to sales growth. As expected, the earnings were disproportionately higher compared to previous year.

Operating Divisions and Regions

Sales of both the Construction and Industry Divisions, stated in local currencies, exceeded the levels achieved in the first quarter a year ago. Expressed in Swiss francs, Construction did 20.4 % better, the Industry Division, 6.8 %.

In the first quarter of this year Sika continued to expand its market position. In local currencies each of the company's regions grew by two-digit percent. In the euro area sales, up 18.2 % stated in Swiss francs, included a favorable currency effect of 5.8 %. On the other hand the weak dollar in North America reduced the two-digit gain of 14.5 % to 4.5 % in terms of Swiss franc accounting. In contrast to the preceding year currency effects stabilized in the Latin America and Asia/Pacific regions.

Acquisitions not included in the first quarter 2004 accounting

During the first quarter Sika acquired Stabiment Hungária GmbH. The company, specialized in admixtures, was a subsidiary of Duna-Dráva Cement, the largest cement manufacturer and one of the most important ready-mix concrete haulers in Hungary. Stabiment does about CHF 2 m in sales.

A further admixtures business with sales of about CHF 8 m per year was taken over by Sika in Norway from Scancem Chemicals A/S which was owned by Norcem A/S, a subsidiary of the HeidelbergCement Group, Germany. The acquisition still needs the approval of the Norwegian competition authorities.

As of April 1, 2004 Sika took over Casco A/S, headquartered in Fredensborg, Denmark. The company, heretofore a member of the Dutch-based Akzo Nobel Group, is engaged in polyurethane adhesives and systems. The acquired business serves mainly automotive engineering, construction elements and ship building markets. With sales of about CHF 25 m the company's principal business consists of 2-component polyurethane adhesives and applications for the production of sandwich panels.

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In addition Sika acquired the engineering silicone business from Wacker Silicones on March 1, 2004. The latter is a division of Wacker-Chemie GmbH, headquartered in Munich, Germany. The transaction fulfilled stipulations of a master agreement signed in November 2003.

Outlook for the remainder of 2004

Despite the positive development of business in the first quarter Sika assesses the economic environment carefully. Several markets still have a lack of stability and can easily be influenced by unforeseen events. Sika expects to do about CHF 2.5 billion in sales in fiscal 2004 and score a slight improvement in earnings.

Sika Group, sales by segments

| | 1/1 – 3/31/2003 | 1/1 – 3/31/2004 | Changes against prior year in % | | |
|--|-----------------|-----------------|---------------------------------|----------------|--------------------------|
| | in CHF m | in CHF m | CHF ¹ | Local currency | Currency exchange effect |
| By regions | | | | | |
| Europe North | 147 | 164 | 11.6 | 8.3 | 3.3 |
| Europe South, incl. Africa & Near East | 177 | 219 | 23.7 | 15.8 | 7.9 |
| North America | 66 | 69 | 4.5 | 14.5 | -10.0 |
| Latin America | 33 | 41 | 24.2 | 25.6 | -1.4 |
| Asia/Pacific | 53 | 60 | 13.2 | 13.5 | -0.3 |
| Consolidated net sales | 476 | 553 | 16.2 | 13.7 | 2.5 |
| By Operating Divisions | | | | | |
| Construction | 329 | 396 | 20.4 | 17.5 | 2.9 |
| Industry | 147 | 157 | 6.8 | 5.2 | 1.6 |
| Consolidated net sales | 476 | 553 | 16.2 | 13.7 | 2.5 |

¹ The acquisition of Addiment Italy has a positive impact of 0.9 % on sales of the European region as well as the Construction Division.

Company Profile Sika AG

Sika AG, based in Baar, Switzerland, is a leading global supplier of specialty chemicals. Sika offers process materials for sealing, bonding, damping, reinforcing and protecting of load-bearing structures in construction (buildings and infrastructure) and in industry (transportation, automotive, marine and appliances & equipment).

Sika's product line includes concrete admixtures, speciality mortars, sealants, adhesives, speciality acoustic and reinforcing materials, structural strengthening systems, industrial flooring and membranes.

Locally based operations in 66 countries with over 8'500 employees connect customers directly with Sika and guarantee for the success of all our partners. With this concept Sika achieves annual sales of approximately CHF 2.3 billion.

Visit the Sika website at www.sika.com.



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