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Half Year Report 2002 of Sika AG in Baar, Switzerland

2 pages

Steady development in difficult economic environment

In difficult economic environment, the Sika Group achieved almost unchanged net sales of CHF1 035 m compared to a strong first half year 2001 (previous year CHF1 037 m), the scope of consolidation having virtually remained unchanged. However, both increased sales in local currency and higher volumes indicate strong internal growth. Sales in local currencies increased by +5.7%. The negative currency effect of -5.9 % resulted in a decrease in sales of CHF -61 m. Sales volume of the core businesses increased +5.3% to 439 000 tons (417 000 tons in the previous year). In shrinking markets this indicates capture of additional market shares.

The operating result before depreciation (EBITDA) of CHF 132.7 m represents an increase of +7.5% from the same period of the previous year (CHF 123.4 m). Operating profits (EBIT) grew by +16.2% from CHF 66.6 m the previous year to a current CHF 77.4 m.

Consolidated net profit shows an improvement of +10.2 % to CHF 35.5 m (CHF 32.2 m). It was negatively influenced by financial expenses of CHF 20.8 m, CHF 5.3 m higher than previous year. The increase resulted from the valuation of securities and the corresponding adjustments because of stock market performance.

Cash flow grew +3.4% to CHF 90.9 m (CHF 87.9 m). Operating free cash flow amounted to CHF 12.4 m which corresponds to an improvement of CHF 39.8 m compared to same period of the previous year.



Both business areas – Construction and Industry – achieved equal earnings growth. EBIT of the Construction Division grew at +22.2% to CHF 46.3 m (CHF 37.9 m). The Industry Division halted margin erosion; divisional EBIT saw a substantial +21.2% improvement to CHF 40 m (CHF 33 m).

We do not expect any substantial change in economic conditions before the end of the year. Based on the business developments to date, we reaffirm our goal of generating slightly higher sales and income than in the previous year. Economic developments in Latin America will be closely monitored. Thanks to high shareholders' equity these subsidiaries have no bank debts. In addition, we are continuing to focus on cost-management programs and on introducing new and innovative products.

Company Profile Sika AG

Sika AG, based in Baar, Switzerland, is a leading global supplier of specialty chemical products. 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 more than 60 countries with over 8'000 employees connect customers directly with Sika and guarantee for the success of all our partners. With this concept Sika achieves an annual sales of approximately CHF 2.1 billion.

Visit the Sika website at www.sika.com.

