

Letter to shareholders

April 2007

Successful start to the new business year

With a successful start in business year 2007, Sika increases turnover by 19.1% from CHF 829 mil. to CHF 987 mil. in comparison with the first quarter of 2006. This increase comprises 16.6% organic growth, 2.1% acquisition effect (including Protective Coatings, DuPont, Germany; Covercrete, Canada) as well as 0.4% positive currency effect.

Business Divisions and Regions

The Construction Division as well as the Industry Division increased net sales in Swiss francs in comparison with the previous year period. Growth in the business division Construction amounted to 20.9% while growth in the division Industry was 13.9%. All market segments in the Construction Division contributed to overall growth with double-digit growth rates. The segments Roofing, Waterproofing and Concrete developed most strongly. In the Industry Division the segments Fenestration and Marine showed the broadest increases.

Viewed geographically, the European regions, in particular Eastern Europe, as well as the new region IMEA (India, Middle East, Africa) and Latin America achieved the strongest rates of growth. Especially mild weather in Europe during the first few months of the business year contributed to the strong increase in turnover.

Outlook

For 2007 we anticipate further favorable economic development as well as strong markets. Increases in raw material prices must continue to be reckoned with. In the event of continued strong volume growth we expect an above average increase in profit.

With kind regards,

Sika AG



Dr. Walter Gruebler
Chairman of the Board



Ernst Bärtschi
Chief Executive Officer

