



# Sika – for lasting bonds

Business results January 1 to September 30, 2008

November 2008



**In the first three quarters of 2008 Sika boosted sales in all regions and gained 9.5% overall in local currencies. Operating profit before depreciation (EBITDA) did not quite reach the record level of the previous year period, but the EBITDA margin of 13.7% could be maintained nonetheless despite strongly rising raw material costs.**

### Sales growth

In the first three quarters of 2008 Sika achieved net sales of CHF 3.543 billion. The rate of growth in local currencies amounted to 9.5%, including an acquisition effect of 1.1%. The translational currency effect was negative at -5.8%. Net sales in Swiss francs thereby lay 3.7% above the period of the previous year.

### Earnings development

Despite massive increases in raw material prices, Sika maintained its EBITDA and EBIT margins at the level of its half-year result (see the comparative table below).

in CHF mn	%	6 months 2008	%	9 months 2008
<b>Net sales</b>	<b>100</b>	<b>2 262</b>	<b>100.0</b>	<b>3 543</b>
Material expenses/ subcontracting	-45.7	-1 033	-47.0	-1 666
<b>Gross result</b>	<b>54.3</b>	<b>1 229</b>	<b>53.0</b>	<b>1 877</b>
Operating costs	-40.6	-918	-39.3	-1 392
<b>EBITDA</b>	<b>13.7</b>	<b>311</b>	<b>13.7</b>	<b>485</b>
Depreciation/ amortization	-2.7	-60	-2.6	-93
<b>EBIT</b>	<b>11.1</b>	<b>251</b>	<b>11.1</b>	<b>392</b>

The price increases for raw materials notwithstanding, the company would have exceeded its EBITDA for the third quarter of the previous year in absolute terms. Sika assumes that the apex for raw material prices has passed, as indicated by clearly declining crude oil prices and poorer economic conditions. Personnel and other operating costs could be held in the third quarter at the same level as in the previous year period although Sika invested strongly in management and service structure in growth markets.

Depreciation and amortization were slightly below the level of the same period in the previous year. Operating profit (EBIT) amounted to CHF 392.4 million, or 11.1% of net sales.

Interest expenses, interest income and financial income remained nearly unchanged, while the influence of currencies on financial expenses rose slightly. The income tax rate of 29.6% fell one percentage point below the level of the previous year. Consolidated net profit amounted to CHF 258.3 million, corresponding to 7.3% of net sales.

### Regions

Sales grew in all regions in local currencies during the reporting period. At 31.2%, growth in the region IMEA (India, Middle East, Africa) was again particularly strong, followed by Latin America with 25.3%. Growth in the Asia/Pacific region amounted to 11.9% in local currencies. In North America Sika achieved sales growth of 8.6% despite the negative developments in the construction and automotive industries. In Europe North Sika grew by 7.2%, and by 3.3% in Europe South.

### Divisions

Demand in Sika's significant markets of infrastructure and industrial construction remained high. The Construction Division thus grew 10.8% in local currencies in spite of distinct market slumps in various countries such as USA, England, Ireland, Spain, Japan and New Zealand. The Industry Division on the other hand grew less strongly at 5.0%, attributable to weakness in the automotive industry.

### Outlook

The full effects of the financial crisis for the real economy are not yet foreseeable. Sika's midterm target for organic growth nevertheless remains unchanged at 8%–10% per year. The company also upholds its midterm EBITDA margin target of 12%–14%. An anticipated weakening of various markets worldwide could result in below average growth in 2009.

With kind regards,



Dr Walter Gruebler  
Chairman of the Board



Ernst Baertschi  
Chief Executive Officer

## Key Data of the Consolidated Income Statement

Consolidated Income Statement from January 1 till September 30, 2008

in CHF mn	%	1/1–9/30/2007	%	1/1–9/30/2008	Changes in %
<b>Consolidated net sales</b>	100.0	3 415.9	100.0	3 543.1	3.7
Other operating income	0.2	5.2	0.2	7.3	
Changes in inventory	0.1	2.4	0.9	30.3	
<b>Operating revenue</b>	100.2	3 423.5	101.1	3 580.7	4.6
Material expenses	-46.8	-1 597.1	-48.1	-1 704.2	
<b>Gross result</b>	53.5	1 826.4	53.0	1 876.5	2.7
Personnel expenses*	-20.1	-688.1	-20.4	-722.2	
Other operating expenses	-18.4	-628.9	-18.9	-669.4	
<b>Operating profit before depreciation (EBITDA)</b>	14.9	509.4	13.7	484.9	-4.8
Depreciation	-2.2	-75.1	-2.1	-73.9	
Amortization	-0.6	-20.1	-0.5	-18.6	
Impairment	0.0	0.0	0.0	0.0	
<b>Operating profit (EBIT)</b>	12.1	414.2	11.1	392.4	-5.3
Interest income	0.1	5.0	0.1	4.0	
Interest expenses	-0.6	-18.9	-0.5	-18.1	
Other financial income	0.1	1.9	0.1	2.3	
Other financial expenses	-0.4	-13.3	-0.5	-16.1	
Income from associated companies	0.1	2.0	0.1	2.2	
<b>Consolidated net profit before taxes</b>	11.4	390.9	10.3	366.7	-6.2
Income taxes*	-3.5	-119.5	-3.1	-108.4	
<b>Consolidated net profit</b>	7.9	271.4	7.3	258.3	-4.8
Profit attributable to Sika shareholders	7.9	271.0	7.3	257.5	
Minority interests	0.0	0.4	0.0	0.8	

\*Restatement of prior year figures due to application of IFRIC 14 (see half year report 2008, note 6)

## Segment Information Sika Group

### Consolidated net sales for the first nine months

in CHF mn	1/1-9/30/2007	1/1-9/30/2008	Year-on-year change (+/- in %)		
			in Swiss francs	in local currencies	Currency effect
<b>By region</b>					
Europe North	1 281	<b>1 359</b>	6.1%	7.2%	-1.1%
Europe South	830	<b>820</b>	-1.1%	3.3%	-4.4%
IMEA <sup>1</sup>	165	<b>195</b>	18.2%	31.2%	-13.0%
North America	519	<b>492</b>	-5.3%	8.6%	-13.9%
Latin America	275	<b>321</b>	16.8%	25.3%	-8.5%
Asia/Pacific	346	<b>356</b>	2.8%	11.9%	-9.1%
<b>Consolidated net sales</b>	<b>3 416</b>	<b>3 543</b>	<b>3.7%</b>	<b>9.5%</b>	<b>-5.8%</b>
<b>By division</b>					
Construction	2 681	<b>2 811</b>	4.9%	10.8%	-5.9%
Industry	735	<b>732</b>	-0.4%	5.0%	-5.4%
<b>Consolidated net sales</b>	<b>3 416</b>	<b>3 543</b>	<b>3.7%</b>	<b>9.5%</b>	<b>-5.8%</b>

<sup>1</sup> India, Middle East, Africa (IMEA). Regional reporting for IMEA has been established on January 1, 2007.

## Important Dates

Tuesday, January 13, 2009  
Publication of net sales 2008

Tuesday, February 24, 2009  
Full Year 2008 Results,  
Media and Analysts Conference

Tuesday, April 21, 2009  
Annual General Meeting

The statements in this review relating to matters that are not historical facts are forward-looking statements. They are no guarantee of future performance and involve risks and uncertainties with regard to future global economic conditions, foreign exchange rates, regulatory rules, market conditions, the actions of competitors and other factors beyond the control of the company.

The consolidated financial statements are prepared according to the International Financial Reporting Standards (IFRS).

This review is available in both German and English and can also be accessed on our website [www.sika.com](http://www.sika.com). The printed German text is the definitive version.

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