



Sika – for lasting bonds

Business results January 1 to September 30, 2007

November 2007



Growth continues on a high level

Sika continued its very positive growth trend also in the third quarter of 2007. All regions improved in sales and profit, with North America showing the lowest rate of growth.

Sales growth

Sales in the first nine months increased in comparison with the same period of the previous year by 18.3% from CHF 2 889 million to CHF 3 416 million. Acquisitions in the Construction Division (+1.7%) contributed to this growth, and those in the Industry Division (+0.2%) also to a smaller extent. Furthermore, the growth rate contains a currency effect of 2.8%, so that Sika achieved organic growth of 13.6%.

Profit development

Costs for raw materials used rose (+18.4%) in proportion to sales. Due to virtually unchanged inventory of intermediate goods in comparison with the previous year, the gross margin fell by 0.9 percentage points to 53.5%. Other expenses (+16.8%) and personnel expenses (+9.7%) grew by contrast at disproportionately lower rates, resulting in an improved EBITDA margin of 15.0% which grew by 0.9 percentage points. On an absolute basis, operating profit before depreciation and amortization rose by 25.2% from CHF 408.5 million to CHF 511.5 million.

Depreciation and amortization in the first nine months were on a level similar to 2006, while no impairments were written down. Operating profit rose by 39.6% from CHF 298.3 million to CHF 416.3 million.

The financial income and financial expenses were nearly unchanged in comparison with the previous year, and the rate of income tax of 29.9% lay 1.5 percentage points below that of the previous year. Consolidated net profit increased significantly by 47.7% from CHF 186.5 million to CHF 275.5 million.

Regions

All Regions contributed to Group growth during the reporting period. The Region India, Middle East and Africa (IMEA), shown separately since the beginning of this year, achieved with 35.1% the highest growth rate, followed by Latin America with 24.1%. Sales in North America grew by 6.9%, a comparatively lower rate, due on one hand to a negative currency effect of -3.0%, and on the other to strategic adjustments of the Industry Division in the automotive sector in the USA, whereby focus has been successfully placed on new business and profitability while unattractive business has been relinquished. Since in this Region the Industry Division in comparison with the Construction Division is considerably larger, contrary to elsewhere in Sika, this influence on the consolidated result is correspondingly large.

Divisions

Net sales in the Construction Division in the reporting period of CHF 2 681 million lay 19.2% above the previous year result of CHF 2 249 million. This includes a positive currency effect of 2.9% and a positive effect from acquisitions (+3.7%) and from divestments (-1.5%), resulting in organic growth achievement of 14.1%.

The Industry Division raised net sales by 14.8% from CHF 640 million to CHF 735 million. Here as well, a positive currency effect of 2.5% and a positive effect from acquisitions of 0.7% contributed to the result. Organic growth thus amounted to 11.6%.

Outlook for 2007

Since due to its business structure Sika is effected only to a small extent by the current real estate crisis in the USA and weakening construction in the Private Home sector in Germany, the company estimates overall for the year 2007 in comparison with the previous year with an organic growth increase well above 10% and disproportionately higher profit growth.

With kind regards,



Chairman of the Board



Chief Executive Officer

Key Data of the Consolidated Income Statement

Consolidated Income Statement from January 1 till September 30, 2007

in CHF mil.	% 1/1–9/30/2006*		% 1/1–9/30/2007		Changes in %
Consolidated net sales	100.0	2 888.7	100.0	3 415.9	18.3
Other operating income	0.2	6.2	0.2	5.2	
Changes in inventory	0.9	26.4	0.1	2.4	
Operating revenue	101.1	2 921.3	100.2	3 423.5	17.2
Material expenses	-46.7	-1 349.1	-46.8	-1 597.1	18.4
Gross result	54.4	1 572.2	53.5	1 826.4	16.2
Personnel expenses	-21.6	-625.2	-20.1	-686.0	9.7
Other operating expenses	-18.6	-538.5	-18.4	-628.9	16.8
Operating profit before depreciation (EBITDA)	14.1	408.5	15.0	511.5	25.2
Depreciation	-2.7	-77.0	-2.2	-75.1	
Amortization	-0.8	-23.4	-0.6	-20.1	
Impairment	-0.3	-9.8	0.0	0.0	
Operating profit (EBIT)	10.3	298.3	12.2	416.3	39.6
Interest income	0.1	1.7	0.1	5.0	
Interest expenses	-0.6	-15.9	-0.6	-18.9	
Other financial income	0.0	0.6	0.1	1.9	
Other financial expenses	-0.5	-13.7	-0.4	-13.3	
Income from associated companies	0.0	1.0	0.1	2.0	
Consolidated net profit before taxes	9.4	272.0	11.5	393.0	44.5
Income taxes	-3.0	-85.5	-3.4	-117.5	
Consolidated net profit	6.5	186.5	8.1	275.5	47.7
Profit attributable to Sika shareholders	6.4	184.5	8.1	275.1	
Minority interests	0.1	2.0	0.0	0.4	

*Restated due to the definitive purchase price allocation of Sarna acquisition. See report on the first half 2007, page 25.

Segment Information Sika Group

Consolidated net sales for the first nine months

in CHF mil.	1/1-9/30/2006	1/1-9/30/2007	Year-on-year change (+/- in %)		
			in Swiss francs	in local currencies	Currency effect
By region					
Europe North	1 053	1 281	21.6%	16.9%	4.7%
Europe South	710	830	16.9%	11.7%	5.2%
IMEA ¹	122	165	35.1%	35.6%	-0.5%
North America	486	519	6.9%	9.9%	-3.0%
Latin America	221	275	24.1%	22.3%	1.8%
Asia/Pacific	296	346	16.9%	15.3%	1.6%
Consolidated net sales	2 889	3 416	18.3%	15.5%	2.8%
By division					
Construction	2 249	2 681	19.2%	16.3%	2.9%
Industry	640	735	14.8%	12.4%	2.4%
Consolidated net sales	2 889	3 416	18.3%	15.5%	2.8%

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

Important Dates

Thursday, January 10, 2008
Net sales 2007

Tuesday, February 26, 2008
Full Year 2007 Results,
Media and Analysts Conference

Tuesday, April 8, 2008
Annual General Meeting

Thursday, July 31, 2008
Half-year Report 2008

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. The printed German text is the definitive version.

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