

SIKA FINANZ AG

LETTER TO SHAREHOLDERS  
Business performance 1<sup>st</sup> quarter 2001



SOLID GROWTH

May 2001

**Sika Finanz AG**

Zugerstrasse 50

CH-6341 Baar

Phone +41 41-768 68 00

Fax +41 41-768 68 50

E-Mail [sfag@ch.sika.com](mailto:sfag@ch.sika.com)

[www.sika.com](http://www.sika.com)

Dear shareholders  
Dear employees

In April this year we sent you our annual report for 2000, which contained information about the group and holding company financial statements for the year and a comparison with the previous year's performance.

We are now pleased to be able to report on our business performance of the first quarter of 2001.

## Sika Group

Sika has set itself a group turnover target for the current year of around CHF 2.2 b (CHF 2.0 b). It is well on course to achieve this goal. Turnover expressed in local currencies rose by 17.4 % in the first quarter, but due to exchange rate fluctuations this figure falls to +12 % on conversion into Swiss francs. Our turnover for the quarter from January to March stood at CHF 472 m (CHF 421 m).

Turnover in Europe expressed in local currencies was up by an impressive 26.1 %; 17.4 percentage points of this is due to growth fuelled by acquisitions. The companies and businesses we have acquired are adapting well to the Sika culture, and are operating according to plan. Turnover in North America declined slightly as a result of the weakening economy, but Asia/Pacific and Latin America achieved significant internal growth.

Performance in the 2001 business year is likely to be more modest, but still in line with our medium-term targets. We expect sustained organic growth this year despite the overall economic slowdown; this will be due to our world-wide market presence, our comprehensive product range and the support of our strong and flexible subsidiaries. Our focus will lie on improving efficiency in terms of both commercial operations and production in order to cope with the current pressure on margins. We plan to invest around CHF 140 m in tangible fixed assets.

Our final result for the year will be heavily dependent on future raw material prices and exchange rates. Since these external factors are beyond our control, we are not making any prediction as to our performance to the end of the year at this early stage.

Yours sincerely  
Sika Finanz AG



Dr. Hans Peter Ming  
Chairman of the  
Board of Directors



Dr. Walter Gruebler  
Chief Executive  
Officer

### Important dates 2001:

Annual General Meeting at the Theater Casino, Zug, morning (10.00 a.m.)

Letter to shareholders – half year report 2001

Letter to shareholders – business performance 3rd quarter 2001

Wednesday 30 May 2001

Friday 24 August 2001

Tuesday 13 November 2001

## Segment information of the Sika Group

### Net sales in the first quarter

	1/1-31/3/2001		1/1-31/3/2000		change on previous year +/- in %	
	m CHF		m CHF	in CHF	in local currencies	currency impact
<b>By region</b>						
Europe	288	(50) <sup>1</sup>	241	+ 19.9	+ 26.1	- 6.2
North America	78		79	- 1.5	- 2.8	+ 1.3
Latin America	45		43	+ 5.2	+ 12.1	- 6.9
Asia / Pacific	52		48	+ 7.0	+ 16.0	- 9.0
Africa	9		10	- 14.6	- 4.1	- 10.5
<b>Consolidated net sales</b>	<b>472</b>	<b>(50)<sup>1</sup></b>	<b>421</b>	<b>+ 12.0</b>	<b>+ 17.4</b>	<b>- 5.4</b>
<b>By division</b>						
Construction	326	(29) <sup>1</sup>	294	+ 11.2	+ 17.0	- 5.8
Industry	146	(21) <sup>1</sup>	127	+ 13.9	+ 18.1	- 4.2
<b>Consolidated net sales</b>	<b>472</b>	<b>(50)<sup>1</sup></b>	<b>421</b>	<b>+ 12.0</b>	<b>+ 17.4</b>	<b>- 5.4</b>

<sup>1</sup>Growth fuelled by acquisitions compared with the same quarter last year

## Sika Finanz AG – Key figures

### Five-Year review

	2000 m CHF	1999 m CHF	1998 m CHF	1997 m CHF	1996 m CHF
Investments in subsidiaries	570.9	479.4	478.6	438.3	416.8
Investments in long-term bonds	66.9	65.7	76.5	63.3	80.1
Cash at bank and securities	84.2	61.7	91.5	43.5	58.4
Shareholders' equity	457.1	449.3	444.2	384.6	375.9
Income from investments in subsidiaries	55.3	49.3	50.6	44.5	34.2
Financial income	11.7	10.0	9.2	9.8	11.3
Total income	67.0	59.3	59.8	54.3	45.5
Net profit for the year	39.8	34.1	31.8	29.4	25.4
<b>Dividend payment in the following year</b>	<b>23 %<sup>2</sup></b>	<b>21 %</b>	<b>19 %</b>	<b>18 %</b>	<b>15 %</b>
per registered share nom. CHF 10.-	2.30	2.10	1.90	1.80	1.50
per bearer share, nom. CHF 60.-	13.80	12.60	11.40	10.80	9.00

<sup>2</sup> Proposal from the Board of Directors to the 2001 Annual General Meeting

# Sika Group – Key figures

## Five-year review

	2000 m CHF	1999 m CHF	1998 m CHF	1997 m CHF	1996 m CHF
<b>Income statement</b>					
<b>Net sales</b>	<b>1 997.5</b>	<b>1 688.9</b>	<b>1 571.6</b>	<b>1 599.9</b>	<b>1 408.8</b>
change in %	+ 18.3	+ 7.5	- 1.8	+ 13.6	+ 4.7
<b>Operating profit before depreciation (EBITDA)</b>	<b>280.6</b>	<b>242.3</b>	<b>199.1</b>	<b>217.7</b>	<b>170.6</b>
change in %	+ 15.8	+ 21.7	- 8.5	+ 27.6	+ 14.9
as % of net sales	14.0	14.3	12.7	13.6	12.1
<b>Operating profit (EBIT)</b>	<b>159.9</b>	<b>149.5</b>	<b>128.7</b>	<b>137.7</b>	<b>107.3</b>
change in %	+ 6.9	+ 16.2	- 6.5	+ 28.3	+ 28.4
as % of net sales	8.0	8.9	8.2	8.6	7.6
<b>Net profit after tax</b>	<b>104.6</b>	<b>92.7</b>	<b>78.7</b>	<b>77.2</b>	<b>59.0</b>
change in %	+ 12.9	+ 17.7	+ 1.9	+ 30.9	+ 26.6
as % of net sales (ROS)	5.2	5.5	5.0	4.8	4.2
as % of shareholders' equity (ROE)	11.8	11.4	11.1	12.7	10.2
<b>Cash flow<sup>1</sup></b>	<b>235.4</b>	<b>187.2</b>	<b>154.8</b>	<b>160.5</b>	<b>131.5</b>
change in %	+ 25.7	+ 20.9	- 3.5	+ 22.0	+ 14.8
as % of net sales	11.8	11.1	9.9	10.0	9.3
<b>Balance sheet</b>					
Current assets	1 017.3	788.7	755.9	668.7	665.1
Long-term assets	794.8	683.0	615.4	551.9	563.3
Liabilities	926.6	656.3	659.6	610.6	648.8
Consolidated group equity	885.4	815.4	711.8	610.0	579.6
as % of balance sheet total	48.9	55.4	51.9	50.0	47.2
Balance sheet total	1 812.0	1 471.7	1 371.3	1 220.7	1 228.4
<b>Net capital expenditure</b>					
<b>Tangible fixed assets</b>	<b>117.2</b>	<b>111.0</b>	<b>103.1</b>	<b>75.5</b>	<b>72.2</b>
change in %	+ 5.6	+ 7.7	+ 36.5	+ 4.5	- 4.9
as % of cash flow	49.8	59.3	66.6	47.0	54.9
<b>Valuation-related figures</b>					
NOA (in CHF) <sup>2</sup>	1 274	1 076	960	892	840
NOPAT (in CHF) <sup>3</sup>	101	96	78	81	67
RONOA (in %) <sup>4</sup>	12.5	13.9	13.4	15.4	12.8
<b>Staff-related figures</b>					
Number of full-time equivalent staff	7 873	7 044	6 964	6 918	6 913
Net sales per full-time equivalent (in KCHF)	253.7	239.8	225.7	231.3	203.8
Net value added per full-time equivalent (in KCHF)	98.4	91.1	85.7	86.5	77.0

<sup>1</sup> Cash flow: group net profit + depreciation + change in provisions

<sup>2</sup> Net Operating Assets: average for the year (average at 1/1 and 31/12) of net assets used in operations

<sup>3</sup> Net Operating Profit After Tax: operating profit (EBIT) after deducting adjusted taxes (group tax liability and «tax shield»)

<sup>4</sup> Return On Net Operating Assets: operating profit (EBIT) as a percentage of the net assets used in operations (NOA)