

SIKA FINANZ AG



SIKA FIGHTING AGAINST DIFFICULT MARKET ENVIRONMENT

LETTER TO SHAREHOLDERS
Business performance 3rd Quarter 2001

November 2001

Dear Shareholders
Dear Employees

We write to supply you with information about the performance of the business during the first three quarters as well as the forecast for the period to the end of 2001.

Sika Group

During the first 9 months of 2001 the Sika Group achieved net sales of CHF 1 603 m (previous year CHF 1 487 m). After currency adjustments this corresponds to an increase of + 7.8%. CHF 106 m of this sum is apportioned to acquisition.

In local currencies, the 3rd quarter, which usually indicates the strongest sales turnover of the year registered a growth of + 6.3%. The negative currency effect of - 6.0% has had a strong effect on the quarter's results in Swiss francs.

Segment information (in local currencies)

In the second half year the recession is now affecting all the markets relevant to Sika, except for southern Europe, and to some degree with an unusual degree of contraction, such as in Argentina, Brazil, Canada, Mexico, Egypt and in Turkey.

Nevertheless, during the past nine months Sika has asserted itself in its target markets. Our sales and production quantities increased and point to a sustained market share against very strong competition.

Business divisions (in local currencies)

The Construction and Industry Divisions were able to record a remarkable growth rate of + 12.9% and + 12.1% respectively.

- European turnover is stagnating; the increase in turnover of + 16.5% is due to acquisition. The recession in the German construction industry, which has lasted now for seven years, is affecting the otherwise good results in Europe.
- North America was able to assert its position – despite the strong recessionary trend in the automotive industry – with growth of + 2.8%.
- Latin America achieved an increase of + 10.8% against a difficult background, both politically and economically.
- Asia/Pacific achieved a noteworthy growth rate of + 12.1%.

Outlook to the end of 2001

At group level we are estimating net sales of CHF 2 100 m (previous year CHF 1 998 m).

The weak global economic situation, the extremely strong Swiss franc and the sobering developments on the financial markets – as stated earlier – mean that we cannot achieve the outstanding results of last year, nor our objectives.

The shock of September 11th and the uncertain global situation is affecting the way our customers behave, so that any forecast to the end of the year is marked by a great deal of uncertainty. Due to the cost of raw materials, which is only now beginning to fall slightly, margin erosion has probably now reached its lowest point.

By the end of the year we are estimating an operating profit (EBIT) that will be lower by some 15 – 20%, and a cash flow reaching around 75% of previous year's level.

The group net profit will be further affected by the developments on the financial markets, which worsened further in the third quarter. The group liquidity securities had to be adjusted to the market situation. In addition, the third quarter is affected by a fraud in Far East.

The net profit will be significantly lower than last year.

Asset investments were approved with tremendous caution, and will amount to CHF 110 – 120 m (against a budget of CHF 140 m).

Sika Finanz AG

By the end of the year we estimate that profits will be slightly below that of last year.

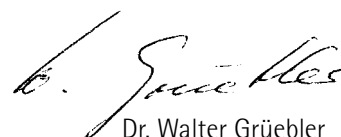
We thank our customers for the esteem in which they hold our products and systems, and our employees for their tremendous commitment in implementing strategic cost reduction potential and in maintaining the quality and service idea on which Sika is based.

And we thank you, our shareholders, for the trust you show in us.

Yours sincerely,
Sika Finanz AG



Dr. Hans Peter Ming
Chairman of
the Board



Dr. Walter Gruebler
Chief Executive
Officer

Segment information Sika Group

Net sales for the first nine months

	1/1-30/9/2001		1/1-30/9/2000	Change towards previous year		
	CHF m		CHF m	CHF m	in local currencies	+/- in % currency impact
By region						
Europe	1 000	(106) ¹	899	+ 11.2	+ 16.5	- 5.3
North America	273		262	+ 4.1	+ 2.8	+ 1.3
Latin America	137		134	+ 2.3	+ 10.8	- 8.5
Asia / Pacific	164		158	+ 3.4	+ 12.1	- 8.7
Africa	29		34	- 12.4	- 2.1	- 10.3
Consolidated net sales	1 603	(106)¹	1 487	+ 7.8	+ 12.7	- 4.9
By business division						
Construction	1 171	(70) ¹	1 092	+ 7.2	+ 12.9	- 5.7
Industry	432	(36) ¹	395	+ 9.4	+ 12.1	- 2.7
Consolidated net sales	1 603	(106)¹	1 487	+ 7.8	+ 12.7	- 4.9

Net sales in the third quarter

	1/7-30/9/2001		1/7-30/9/2000	Change towards previous year		
	CHF m		CHF m	CHF m	in local currencies	+/- in % currency impact
By region						
Europe	358		355	+ 1.0	+ 6.0	- 5.0
North America	96		92	+ 4.0	+ 6.1	- 2.1
Latin America	44		49	- 9.0	+ 4.7	- 13.7
Asia / Pacific	57		57	+ 0.4	+ 10.8	- 10.4
Africa	10		11	- 13.1	- 0.3	- 12.8
Consolidated net sales	565	(nil)¹	564	+ 0.3	+ 6.3	- 6.0
By business division						
Construction	426		430	- 0.7	+ 5.7	- 6.4
Industry	139		134	+ 3.5	+ 8.2	- 4.7
Consolidated net sales	565	(nil)¹	564	+ 0.3	+ 6.3	- 6.0

¹Growth fuelled by acquisitions compared with the same period last year

Important dates in 2002:

Media conference / meeting with financial analysts, Zurich
Annual General Meeting, Cham, 15 pm

Tuesday, 16 April 2002
Wednesday, 8 May 2002



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