



**MARKET POSITION DEFENDED IN DIFFICULT ENVIRONMENT
SIGNIFICANTLY WEAKER NET PROFIT**

HALF-YEAR REPORT 2001

The complete version of the half-year report 2001 (pages 1–24) is available on www.sika.com.
By fax we only transmit the following 10 pages:

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| • Financial highlights and report | (page 1–5) |
| • Balance sheet and income statement | (page 10–12) |
| • Segment information | (page 16–17) |

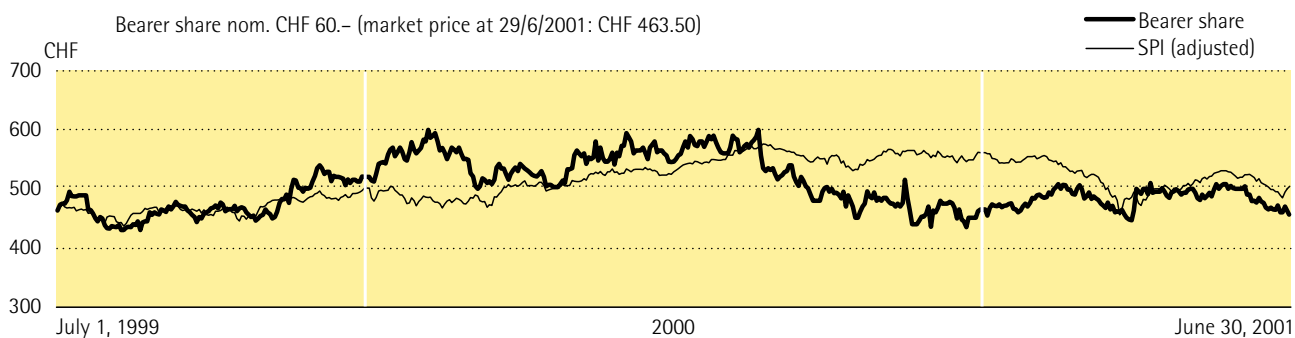
August 2001

		30/6/2001	30/6/2000
Number of registered shares (nom. CHF 10.-)		3 505 044	3 505 044
of which entitled to dividends		3 366 276	3 366 276
of which entitled to vote		3 366 276	3 366 276
Number of bearer shares (nom. CHF 60.-)		1 955 826	1 955 826
of which entitled to dividends		1 949 792	1 950 792
of which entitled to vote		1 931 992	1 932 992
Ratios per bearer share¹			
Net profit of the first half year per share ²	CHF	12.7	17.5
Cash flow per share	CHF	34.8	38.8
Equity per share	CHF	347	322
Additional information			
Market capitalisation	CHF m	1 170	1 360
in % of shareholders' equity	%	134	168

¹ excluding minority interests

² no dilution took place

Market price trend of Sika Finanz AG bearer share

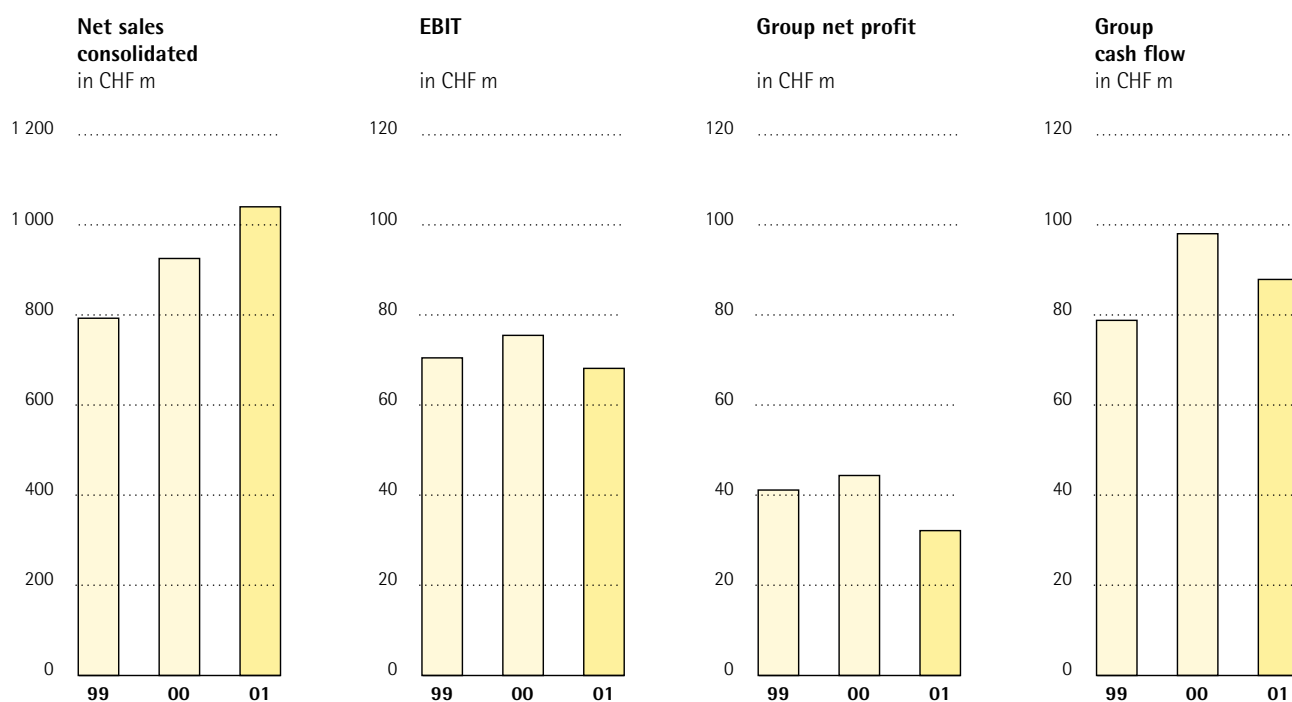


Source: Datastream



Financial Highlights

in CHF m	Difference in %	30/6/2001	30/6/2000
Sika Group			
Net sales consolidated	+12.4	1 037.3	922.9
EBITDA	-2.5	124.8	128.0
Depreciation and amortisation	+7.8	56.8	52.7
EBIT	-9.7	68.0	75.3
Group net profit after tax	-27.6	32.2	44.4
Cash flow	-10.4	87.9	98.1
Net capital expenditures	-0.2	52.8	52.9
Balance sheet total	+19.4	1 903.3	1 593.7
Consolidated group equity	+10.1	901.7	819.0
Equity ratio in %	-7.8	47.4	51.4
NOA	+22.9	1 422	1 157
NOPAT	-18.7	35	43
Number of employees	+9.6	8 007	7 306
Net sales per employee in 1000 CHF in the first half year	+2.6	130	126
Contribution per employee in 1000 CHF in the first half year	-2.3	81	82



Dear Shareholders
Dear Employees

We would like to inform you as follows about the performance of the business during the first half of the year 2001, as well as the forecasts for the end of the year:

Market position upheld

The period under report was characterised by signs of an economic slowdown. For the first time, however, this was the case on all continents. In addition, we found ourselves having to cope with a further sharp rise in raw material prices, the marked decline in automobile sales in certain markets, and the downturn in the construction sector. Currency movements also had a substantial negative impact.

Under these less than favourable operating conditions, the Sika Group generated sales growth of 12.4 % in the first half year, with negative currency influences amounting to 4.2 %. Net sales reached CHF 1 037 million (previous year CHF 923 million), which includes the effect of acquisitions amounting to CHF 106 million.

In local currency terms – which is the benchmark for the assessment of our subsidiary companies – we recorded a growth in sales in all regions. An exception here is Germany, where our companies continue to face an unfavourable economic environment.

Sika saw volumes on the established side of its business grow by 12 %, from 348 000 tons to 390 000 tons, which indicates that additional market shares were secured.

Margin pressure and improvements in efficiency

At CHF 124.8 million, the operating profit before depreciation (EBITDA) lies slightly below the figure recorded last year (CHF 128.0 million). The contribution I margin – net sales less cost of goods sold – slipped from 65.2 % to reach 62.1 %:

- increases in the prices of raw materials could only partly be passed on to the market
- the product ranges offered by the newly-consolidated companies
 - Trocal: sheeting business
 - Tivoli: automotive businesshave substantial higher cost of material than the established Sika business.

Rigorous cost management as well as improved efficiency in production, on the sales and administration sides enabled our organisation to achieve savings of 1.1 %-points in net sales terms, equivalent to about CHF 11 million. Therefore the pressure on margins was partly offset.

Higher depreciation and financial expenses

Depreciation amounted to CHF 56.8 million (CHF 52.7 million). The rise is chiefly attributable to the newly acquired companies.

Operating profit (EBIT) reached CHF 68.0 million (CHF 75.3 million) and lies 9.7 % below the figure recorded last year.

The lower group liquidity and the weaker stock market situation led to a CHF 1.0 million reduction in financial earnings. On the financial expenses side, the value of the asset management securities stated in the balance sheet at market prices had to be adjusted by CHF 3.9 million.

Significant weakening of group net profit

Group net profit totals CHF 32.2 million (CHF 44.4 million). The decline amounts to 27.6 %.

To summarise, in comparison to the previous year, the CHF 12.2 million reduction in group net profit is attributable to the following key factors:

- lower margins
- higher depreciation
- adjustment of the value of securities

Cash flow – calculated from net profit plus depreciation as well as changes in provisions – amounts to CHF 87.9 million (CHF 98.1 million), or –10.4 % respectively.

Segment information

Divisions

The Construction Division recorded modest internal growth, while the established activities of the Industry Division stagnated.

Construction sales of CHF 744 million grew 12.7 %, in local currencies by 17.6 %. This includes CHF 70 million from acquisitions. Operating profit (EBIT) rose from CHF 36.1 million in the previous year to reach CHF 38.1 million.

Sales on the Industry side reached CHF 293 million. In local currencies, this represents a rise of 14.0 %, in Swiss francs 11.6 % over the previous year, whereby acquisitions contributed CHF 36 million. Operating profit (EBIT) sank from CHF 43.3 million to CHF 34.2 million. This was a consequence of the reduced margins on the automotive side and massive production cutbacks by bus manufacturers in the North American market.



Regions

Apart from Europe, where the established Sika business stagnated (in particular Germany), all regions recorded internal sales growth and were able to report improved operating earnings.

Capital expenditures in property, plant and equipment

In net terms, Sika invested about CHF 50 million during the first half of 2001. The largest share of this was spent on expanding production capacities in Italy, France, Switzerland and the USA. The expanded production in China as well as the enlargement of capacity in Eastern Europe represent strategic focuses.

The originally planned capital expenditures for 2001 are currently being reviewed, they are being financed from cash flow and internal liquidity.

Integration of the new acquisitions

The two companies acquired last year to strengthen Sika's automotive activities - Sika Automotive, Belgium and Sika Tivoli, Germany - have been fully integrated into the Sika Group and are developing in line with expectations.

The globalisation of the sale of coating materials for sound-damping ship floors by the Danish company Sika Cufadan has fallen behind schedule, and is not meeting our expectations. The French company Anticorrosion, which was acquired in 1998 (corrosion protection), is struggling with market setbacks.

On the construction side, the shares owned by our partner in the Sika Trocal joint venture were acquired last year. The freedom of action, which this brought about, contributed significantly to the positive sales and earnings development recorded during the course of the present year.

During the first half of the year 2001 the joint venture Sika-Dalian, China, began business operations.

The newly formed companies in Middle Eastern Europe and Central America have rapidly established themselves in their local markets, and are performing well.

Outlook to the end of the year

There is unlikely to be a significant shift in the state of the global economy during the second half of the year. Competition is set to intensify, while the price situation for raw materials will remain volatile.

In our sector, sales and earnings tend to be higher in the second half of the year than they are during the first.

Thanks to our products and systems, which are firmly established in their respective markets, in conjunction with the impressive and loyal commitment of our employees, it should prove possible for us to achieve our original sales target of about CHF 2.1 - 2.2 billion.

Because of the current economic operating conditions, it is difficult at the present time to make forecasts for operating profit, net profit and cash flow for the year as a whole.

The cost management which was established in the first half is being rigorously maintained. Despite this, it will not be possible to achieve the results recorded last year.

Sika Finanz AG

The earnings generated by our subsidiary companies are in line with expectations.

Due to the difficult stock market situation, financial income from treasury management lies below the figure recorded in the comparable period last year.

For the year as a whole, we are expecting the holding result to be in line with the figure seen last year.

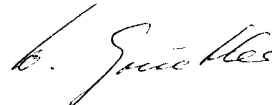
We would like to convey warm thanks to our customers and employees, who have all contributed to these half-year results - notwithstanding the difficult economic environment, which still needs to improve significantly during the second half of the year.

And we also thank you, our shareholders, for the confidence you have shown in us.

Yours sincerely
Sika Finanz AG



Dr. Hans Peter Ming
Chairman of the Board



Dr. Walter Gruebler
Chief Executive Officer

Baar, August 2001



Group Balance Sheet

Assets

in CHF m	Notes	30/6/2001	31/12/2000
Current assets			
Cash	1	172.2	236.2
Securities	1	32.1	38.6
Accounts receivable	2		
Receivables		537.9	436.7
Bad debt provision		<u>-37.7</u>	<u>-30.1</u>
Inventories	3		
Raw materials		114.1	86.2
Finished products		188.3	170.8
Other current assets	4	43.0	47.4
Prepaid expenses and accrued income	4	39.0	31.4
Total current assets		1 088.9	1 017.2
		(previous year: 893.7)	
Non-current assets			
Property, plant and equipment	5		
Property		84.6	82.5
Plant		260.4	252.4
Equipment		277.9	269.5
Financial investments	6		
Investments in subsidiaries		6.7	6.0
Investments in long-term bonds		70.5	66.9
Other financial investments		11.9	14.8
Intangible assets	7		
Goodwill		75.7	81.8
Other intangible assets		26.7	20.9
Total non-current assets		814.4	794.8
		(previous year: 700.0)	
Total assets		1 903.3	1 812.0
		(previous year: 1 593.7)	



Liabilities and Shareholders' Equity

in CHF m	Notes	30/6/2001	31/12/2000
Liabilities			
Current liabilities	8		
Bank loans		85.4	97.6
Accounts payable		161.7	134.5
Tax liabilities		26.5	21.7
Other current liabilities		47.3	35.4
Accrued expenses		113.3	79.8
Total current liabilities		434.2	369.0
		(previous year: 406.1)	
Non-current liabilities	9		
Bank loans		110.9	96.8
Other non-current liabilities		33.7	38.5
Provisions		133.3	134.4
Bonds		289.5	287.9
Total non-current liabilities		567.4	557.6
		(previous year: 368.6)	
Total liabilities		1 001.6	926.6
		(previous year: 774.7)	
Shareholders' equity			
Share capital		149.6	149.6
Reserves		235.3	235.3
Retained earnings and balance brought forward		434.3	374.4
Net profit after translation and valuation differences		51.6	94.5
Consolidated shareholders' equity	10	870.8	853.8
Minority interests		30.9	31.6
Consolidated group equity		901.7	885.4
		(previous year: 819.0)	
Total liabilities and group equity		1 903.3	1 812.0
		(previous year: 1 593.7)	

Group Income Statement from 1 January till 30 June

in CHF m	Notes	1/1–30/6/2001		1/1–30/6/2000	
		%		%	
Net sales		100.0	1 037.3	100.0	922.9
Cost of goods sold	11	37.9	–392.7	34.8	–321.0
Manufacturing overheads	11	14.6	–151.9	14.7	–136.1
Gross profit	11	47.5	492.7	50.5	465.8
Marketing and sales	11	25.3	–262.6	25.7	–237.4
Research + Development, Laboratory	11	3.0	–31.3	3.0	–27.9
Administration	11	7.2	–74.0	7.9	–72.5
Operating profit before depreciation (EBITDA)	11	12.0	124.8	13.9	128.0
Depreciation and amortisation	12	5.4		5.7	
Property, plant and equipment			–46.2		–43.9
Financial investments			–0.1		–0.0
Intangible assets			–10.5		–8.8
Operating profit (EBIT)	13	6.6	68.0	8.2	75.3
Financial income	14		4.9		5.9
Financial expenses	14		–15.5		–10.5
Sundry income	15		10.5		9.0
Sundry expenses	15		–7.5		–5.7
Group net profit before taxes		5.8	60.4	8.0	74.0
Taxes	16	2.7	–28.2	3.2	–29.6
Group net profit after taxes	17	3.1	32.2	4.8	44.4
Minority interests			–0.4		–0.5
Group net profit attributable to Sika Finanz AG			31.8		43.9
Translation and valuation differences			19.8		5.7
Net profit Sika Finanz AG after translation differences			51.6		49.6
Group earnings per bearer share (in CHF)¹			12.7		17.5
Group earnings per registered share (in CHF)¹			2.1		2.9

¹ no dilution took place



Segment Information

Net sales in the first half-year

in CHF m	1/1-30/6/2001		1/1-30/6/2000	Changes towards previous year (+/- in %)		
				in CHF	in local currencies	Currency impact
By region						
Europe	641	(106) ¹	544	+17.9	+23.3	-5.4
North America	177		170	+4.2	+1.0	+3.2
Latin America	93		86	+8.8	+14.3	-5.5
Asia / Pacific	106		101	+5.1	+12.8	-7.7
Africa	20		22	-12.1	-3.0	-9.1
Consolidated net sales	1 037	(106) ¹	923	+12.4	+16.6	-4.2
By business activity						
Construction	744	(70) ¹	663	+12.4	+17.5	-5.1
Industry	293	(36) ¹	260	+12.5	+14.1	-1.6
Consolidated net sales	1 037	(106) ¹	923	+12.4	+16.6	-4.2

Net sales in the second quarter

in CHF m	1/4-30/6/2001		1/4-30/6/2000	Changes towards previous year (+/- in %)		
				in CHF	in local currencies	Currency impact
By region						
Europe	353	(56) ¹	303	+16.4	+21.0	-4.6
North America	99		91	+9.1	+4.3	+4.8
Latin America	48		43	+12.3	+16.6	-4.3
Asia / Pacific	55		53	+3.4	+9.9	-6.5
Africa	11		12	-9.9	-2.1	-7.8
Consolidated net sales	566	(56) ¹	502	+12.7	+15.9	-3.2
By business activity						
Construction	418	(41) ¹	369	+13.3	+17.9	-4.6
Industry	148	(15) ¹	133	+11.1	+10.3	+0.8
Consolidated net sales	566	(56) ¹	502	+12.7	+15.9	-3.2

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



Segment Information

Operating profit before depreciation (EBITDA)

in CHF m	1/1–30/6/2001	1/1–30/6/2000	Changes towards previous year (+/-) (+/- in %)	
By region				
Europe / Africa	77.4	83.2	-5.8	-7.0
America	37.6	35.5	+2.1	+6.3
Asia / Pacific	14.0	13.3	+0.7	+5.2
Operating profit before depreciation (EBITDA)	129.0	132.0	-3.0	-2.2
By business activity				
Construction	73.7	70.2	+3.5	+5.0
Industry	55.3	61.8	-6.5	-10.5
Operating profit before depreciation (EBITDA)	129.0	132.0	+3.0	-2.2
Operating net expenses before depreciation				
Sika Finanz AG	-4.2	-4.0		
EBITDA of the group	124.8	128.0		

Operating profit (EBIT)

in CHF m	1/1–30/6/2001	1/1–30/6/2000	Changes towards previous year (+/-) (+/- in %)	
By region				
Europe / Africa	42.6	52.6	-10.0	-19.1
America	20.3	19.0	+1.3	+7.1
Asia / Pacific	9.4	7.8	+1.6	+20.4
Operating profit (EBIT)	72.3	79.4	-7.1	-8.9
By business activity				
Construction	38.1	36.1	+2.0	+5.6
Industry	34.2	43.3	-9.1	-21.0
Operating profit (EBIT)	72.3	79.4	-7.1	-8.9
Operating net expenses Sika Finanz AG	-4.3	-4.1		
EBIT of the group	68.0	75.3		

