

Sika 2010



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In local currencies, sales were up 10.2% year on year,
and net profit 37.7%.

Sika again succeeded in gaining market share in 2010.

Strong growth in all markets: Low single-digit
growth in the mature markets, double-digit growth
in the emerging markets.

Growth in local currencies Region Asia/Pacific: 41.4%.

Growth in local currencies Region Latin America:
18.0%.

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Brief Overview

Net sales by Region (consolidated)

Europe North	CHF	1 457 mn (33.0%)
Europe South	CHF	874 mn (19.8%)
North America	CHF	633 mn (14.3%)
Latin America	CHF	480 mn (10.9%)
IMEA*	CHF	286 mn (6.5%)
Asia/Pacific	CHF	676 mn (15.3%)
Central services	CHF	10 mn (0.2%)
Total	CHF	4 416 mn

* India, Middle East, Africa

Net sales by Division (consolidated)

Construction	CHF	3 551 mn (80.4%)
Industry	CHF	865 mn (19.6%)

PORTRAIT AND CORE COMPETENCIES. Sika AG, located in Baar, Switzerland, is a globally active specialty chemicals company. Sika supplies the building and construction industry as well as manufacturing industries (automotive, bus, truck, rail, alternative energies, building components). Sika is a leader in processing materials used in sealing, bonding, damping, reinforcing and protecting load-bearing structures.

Sika's product lines feature high-quality concrete admixtures, specialty mortars, sealants and adhesives, damping and reinforcing materials, structural strengthening systems, industrial flooring as well as roofing and waterproofing systems. Worldwide local presence in 74 countries and some 13 500 employees link customers directly to Sika and guarantee the success of all partners. Sika generates annual sales of CHF 4.4 billion.

Sika Group

in CHF mn	2009	as % of net sales	2010	as % of net sales
Net sales	4 154.9		4 416.0	
Depreciation/amortization/impairment	-139.3	-3.4	-137.5	-3.1
Operating profit before restructuring	400.6	9.6	439.5	10.0
Net profit after taxes	225.7	5.4	310.9	7.0
Earnings per share in CHF ¹	91.03		124.60	
Cash flow from operating activities	526.3	12.7	424.8	9.6
Free cash flow	312.5	7.5	243.9	5.5
Operating free cash flow	368.7	8.9	332.2	7.5
Balance sheet total	3 629.4		3 931.7	
Shareholders' equity	1 593.0		1 752.2	
Equity ratio in % ²	43.9		44.6	
ROCE in %	19.3		21.3	
Number of employees	12 369		13 482	
Net sales per employee in CHF 1 000 ³	329		342	

¹ Excluding minority interests

² Shareholders' equity divided by balance sheet total

³ Calculated based on the annual average of number of employees

ENCOURAGING INCREASE IN SALES AND NET PROFIT. Sika posted a 6.3% increase in sales in the 2010 business year, achieving net sales of CHF 4.416 billion. In local currencies, Sika lifted sales by 10.2%. Consolidated net profit amounted to CHF 310.9 million, 37.7% above the previous year's level of CHF 225.7 million.

SALES. The 6.3% increase in annual net sales to CHF 4.416 billion comprises organic growth (6.1%), growth through acquisitions (4.1%) and a negative currency effect (-3.9%).

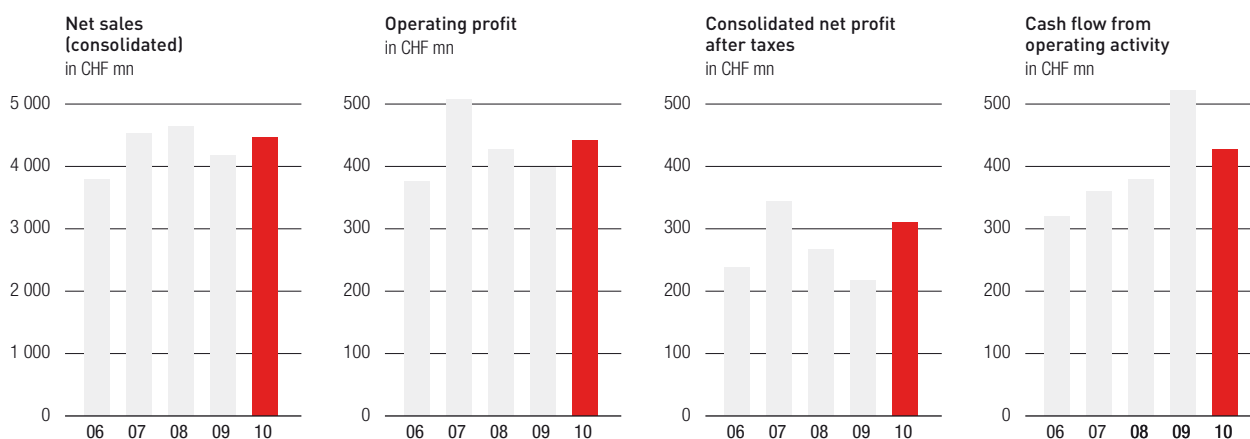
Sika's performance in the year under review varied considerably from Region to Region. While the high turnover Regions Europe and North America achieved only a very hesitant recovery, Sika posted substantial gains in the emerging markets throughout the entire year. Growth rates in the individual Regions in local currencies: Europe North 4.5%, Europe South 1.7%, North America 8.5%, Latin America 18.0%, IMEA (India, Middle East, Africa) 9.5%, Asia/Pacific 41.4%. Particularly developments in North America and Asia/Pacific were additionally influenced by acquisitions.

Owing to the significant increase in sales achieved in emerging markets, the proportion of Sika Group sales generated by these countries rose to 36%.

In local currencies, Group sales of products for the building and construction industry were up by 8.7% in the 2010 business year; of this figure, 4.9% were attributable to acquisitions. Sales of products for industrial manufacturing increased 16.7% in local currencies, including an acquisition effect of 0.6%.

The strong franc was not without influence on the sales figures. The overall currency effect of -3.9% almost exclusively corresponds to a translation effect. The currency effect was particularly substantial in the final quarter of 2010. The Group's decentralized regional structuring and the largely local-based generation of value added at Sika's 120-plus locations in 74 countries provides a good natural hedge against exchange rate movements.

During the reporting period Sika acquired six companies: The auto glass replacement business of ADCO Products, Inc., USA, the construction sealants operations of Henkel Japan Ltd., Czech-based flooring manufacturer Panbex Group, structural waterproofing manufacturers Dyflex HD Co. Ltd., Japan, Greenstreak Group, Inc., North America, and US-based silicone and polyurethane products manufacturer May National Associates, Inc.



PROFIT. Raw material prices witnessed increases in 2010, owing primarily to low supplier capacity at the beginning of the year coinciding with increased demand. The fact that higher raw material prices could only be passed on to sales prices after a certain time lag squeezed the gross margin. Overall, Sika increased its gross profit to CHF 2.385 billion (2009: 2.295 billion), corresponding to a gross margin of 54.0%.

Sika improved operating profit before restructuring by 9.7% to CHF 439.5 million (2009: CHF 400.6 million; 2009 operating profit after restructuring: 344.0 million), resulting in an operating profit margin of 10.0%. At CHF 310.9 million (2009: CHF 225.7 million), consolidated net profit was up 37.7% year on year. One-off tax effects also had a positive impact on consolidated net profit.

INVESTMENTS. Sika's unchanged investment strategy is geared to consolidating its global presence, built up during the last few years, and unlocking new markets or expanding its existing activities. To encourage focused growth, selected markets, customers, technologies and products are prioritized. Given the changed economic climate triggered in many parts of the world by the financial crisis, Sika has reviewed all investment plans and adjusted these to the new conditions. The volume of investment during the period under review therefore remained below the level of the previous years at CHF 100 million.

LIQUIDITY AND BALANCE SHEET. Operating free cash flow reached CHF 332.2 million (2009: CHF 368.7 million) in the year under review. Cash and cash equivalents increased from CHF 801.6 million to CHF 938.4 million as of the end of the year. Net debt could be pared from CHF 264.8 million to CHF 164.5 million, reducing the ratio of net debt to shareholders' equity (gearing) from 16.6% to 9.4%. The syndicated credit limit of CHF 450 million was not drawn on in 2010. It expired on November 15, 2010. Given the company's high level of cash holdings, Sika opted not to have the limit extended.

Customers and Markets

INDIVIDUAL SOLUTIONS FOR GLOBAL REQUIREMENTS. Sika's growth strategy focuses on four customer groups, whose varying requirements are actively addressed and conscientiously met at global, regional and local level.

CUSTOMERS. Sika's marketing, service and sales operations are geared to four key customer groups, each with its own special demands.

Concrete producers ("Concrete") need cost-optimized solutions, purpose designed for the particular cement and application, and subject to individual fine-tuning in ready-mixed and precast concrete plants, or on the job site. As a result, Sika's business success largely hinges on its presence in all relevant local markets. Key account management is, however, also playing an ever more important role due to the increasingly globalized operations of major cement and concrete producers.

Specialized applicators ("Contractors") purchase Sika products, such as Sikaplan® or Sarnafil® polymeric sheet membranes, which they then incorporate as waterproof barriers in roof or basement constructions. They use liquid polymers to install industrial flooring or protective coatings, and apply sealants and adhesives to prevent water infiltration through structural joints or to bond wooden floor finishes. As these works are always part of a larger scheme, Sika offers its support and know-how to owners, architects, engineers and other involved parties at the earliest possible project stage. The professional counseling of all project parties is the key to success. This holistic approach is enshrined in the Sika watchword: "From Roof to Floor."

Builders' merchants ("Distribution") play a more or less prominent role in different countries, depending on the traditional organization of the construction sector. In some countries, the smaller tradesmen's businesses obtain materials from building supplies stores, while the

larger contractors and specialist applicators purchase their products directly from Sika. In other countries, builders' merchant outlets represent the principal distribution channel for practically all users. In the latter case, merchants also act in an advisory capacity and help tradesmen to tackle the diverse challenges arising on the job site. This function is particularly important for Sika in the emerging markets, e.g. India or Latin America, given that merchants act as disseminators and promote market penetration.

Industrial customers ("Industry") require Sika products that are tailored to their particular needs – and these generally in bulk. Here, the focus tends to be on bonding, reinforcing and soundproofing applications. Sika technologies are primarily employed in the manufacture of automobiles, buses, trucks, railway cars and ships. Other sectors offering attractive sales potential include industrial window production, wind turbines and solar power stations.

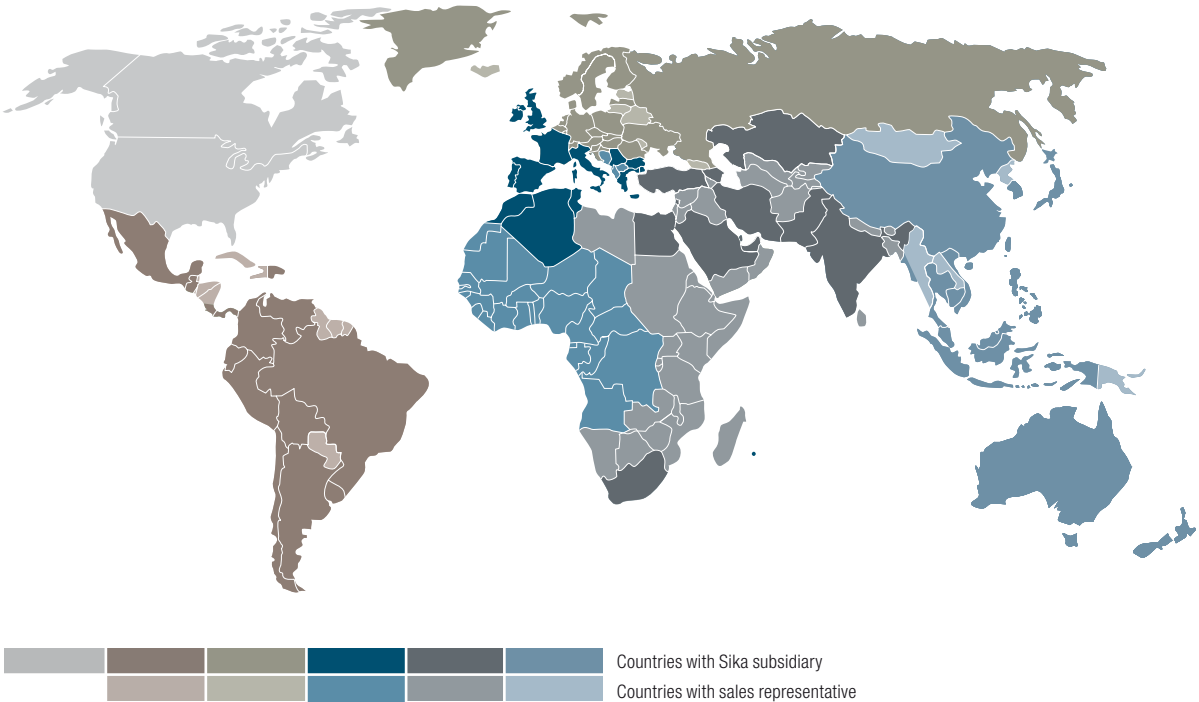
REGIONS. Sika has grown continuously since its foundation in 1910. The first subsidiary outside Europe was established as early as 1932 in Japan. The Group was split into Regions at an early stage so as to allow the national organizations to capitalize on synergies and set up further companies. These Regions, currently six in number and headed by regional managers since 1993, now effectively shape the company's management structure. The regional managers are members of Group Management and assume line responsibility for their Region. The regional management structures encompass sales functions as well as the marketing and development activities geared to the customer groups.

In 2002, following strong growth, the Region Europe was segmented into the Regions Europe North and Europe South. The latest restructuring, in 2006, set out to exploit Sika's full potential in the Middle East, where the company was thought to have underperformed for

years. The grouping together of the Middle East with India and South and East Africa led to the creation of the new IMEA (India, Middle East and Africa) Region. The reorganization has paid dividends: Since its formation, the Region IMEA has been one of Sika's growth engines.

Worldwide Market Presence

North America	Latin America	Europe North	Europe South	IMEA	Asia/Pacific
Sales in CHF mn 633	Sales in CHF mn 480	Sales in CHF mn 1 457	Sales in CHF mn 874	Sales in CHF mn 286	Sales in CHF mn 676



Products and Innovation

INVESTMENT IN A SUSTAINABLE FUTURE. Products that have been on the market for a maximum of five years accounted for 30.3% of Sika sales in 2010. This success largely derives from the company's strategic focus, expert research and development management primarily geared to client projects, efficient development processes and a targeted response to the needs of the customer groups.

INNOVATION AND GROWTH. Innovation is a key driver in the successful implementation of the company's growth strategy. It makes a major contribution to the achievement of an average medium-term organic growth of 8 to 10%. Research and development (R&D) enjoy an accordingly high priority within the company. The R&D strategy adopted by Sika in recent years has yielded a high innovation rate, with numerous patents plus a host of new products. Products that have been on the market for only five years or less accounted for 30.3% of Sika sales in the reporting year.

CORE COMPETENCIES. One key factor for the success of Sika's R&D work is its strategic focus on clearly defined core competencies, namely: Sealing, bonding, damping, reinforcing and protecting of load-bearing structures in building and industry.

Sealing. Sealing minimizes the infiltration of gases and liquids through voids and cavities as well as the transmission, spread or loss of heat. Large expanses of flat roofing, complex tunnel systems, damage-prone water-retaining structures and sophisticated wall-cladding assemblies are durably weatherproofed and made resistant to temperature fluctuations, aging and vibration – thereby enhancing the functionality and comfort of the interior environment.

Bonding. Bonding ensures the permanent, elastic and structurally continuous connection of different materials. Innovative processes are used to bond vehicle components, window assemblies or even concrete bridge units weighing several tons. Sika's bonding technology enhances the safety of end products while increasing design freedom. These applications may also be used to optimize manufacturing processes and reduce cycle times.

Damping. Damping reduces vibrations of all frequencies in fixed and moving objects, thereby lowering resonance and noise emission in load-bearing structures and cavities. The attenuation of noise, for instance, in vehicle interiors – in cars, on buses or on cruise ships – significantly increases the comfort of drivers and passengers alike.

Reinforcing. Reinforcing components are strategically incorporated in structures to improve their resistance to static and dynamic loads. Applications range from lightweight window frames and crash-resistant car bodies to monumental concrete bridges. These solutions can be used to strengthen existing and optimize new-build load-bearing structures.

Protecting. Protective elements increase the durability of load-bearing structures and help to preserve the fabric of new and renovated facilities. Sika's solutions guarantee long-term protection for concrete and steelwork assemblies against climatic conditions, chemical action, pollution and fire.

RESEARCH STRATEGY. At Sika, research and development are dictated by two main factors. The first of these relates to global trends driven by the principles of sustainable development, such as the demand for resource-saving building methods, energy-efficient construction materials or lightweight vehicles. The second relates to the considerable adaptation of products necessary to meet local needs, which vary according to the particularities of construction industry in different countries – e.g. with regard to raw materials, climate or legal framework. Accordingly, Sika's research strategy has both centralized and decentralized components.

The centralized elements of the research strategy are devolved to the subsidiary Sika Technology AG, which is responsible for long-term research programs, analytical services and research management. The long-term research programs are geared to the technology roadmaps governed by the five megatrends (population growth in the emerging countries, increasing urbanization, greater standardization, mounting shortages of natural resources, and more intensive environmental protection). Here, the identification of new products or alternative raw materials is only one aspect. Equally important is the refinement of existing products or their introduction in new fields of application.

Corporate expert teams play a crucial role in the management of research and development projects. These global teams include representatives from wide-ranging corporate functions, such as purchasing, development, fabrication, marketing and logistics. They ensure that the different perspectives are given due consideration in projects.

The decentralized components of Sika's research strategy are entrusted to the eleven technology centers in America, Europe and Asia. These sites assume specific technology responsibilities and develop new products and applications independently. The technology centers also support the global market launch of their innovations. For this, they liaise closely with regional and local customer-oriented laboratories. This allows the swift adjustment of new products to local requirements, e.g. the fine-tuning of concrete admixtures to climatic conditions or to locally sourced aggregates such as gravel or sand. The Sika technology centers are also responsible for finding local raw materials that allow production costs to be minimized.

COLLABORATIONS. In the field of basic research, Sika relies mainly on collaborations with premier universities in Switzerland, the USA, Germany, Spain, France, China, India and other countries. In one initiative, Sika is sponsoring a new professorship for sustainable construction at the ETH (Swiss Federal Institute of Technology) Zurich. The partnership entailed a one-time funding contribution to the ETH Zurich Foundation of CHF 7 million. The combination of shared interests and geographic proximity often spawns prompt, unbureaucratic solutions that bring obvious benefits for the company. At the same time, Sika is at pains to counteract the prevailing shortage of engineers and chemists in certain countries by attracting suitable candidates to the company.

Sika is permanently engaged in a range of international projects such as the NanoCem consortium. This European research network studies nanoscale and microscale phenomena that influence the performance of cementitious materials and the products and structures in which they are used. Sika collaborates with its key suppliers and customers to promote innovation as early as possible in the supply chain and pave the way for the use of tailored intermediate products.

Sika Technology AG participates actively in a range of projects funded by the European Union:

- FUTURA: Integration of multifunctional materials in the automotive industry and introduction of modular and scalable approaches for designing and producing vehicles (www.futura-ip.eu)
- MUST: Development of chromium-free anticorrosion systems for steel and lightweight alloys (www.must-eu.com)
- i-SBB: Safe and intelligent construction methods for high-earthquake-risk areas (conclusion at end of 2010)
- TunConstruct: Research and development for innovative tunneling methods, materials and machines (conclusion at start of 2010; www.tunconstruct.org)

Sika Technology AG participates in the United Nations Sustainable Buildings and Climate Initiative (SBCI; www.unepsbci.org), whose aim is to establish sustainable building practices worldwide. Sika also sponsors the YES (Youth Encounter on Sustainability) program which targets future leaders in the field of sustainability. Moreover, the Group has been a member of the WBCSD (World Business Council for Sustainable Development) since 2010.

INNOVATION. Expenditure on research and development in the Group in the year under review totaled CHF 74.4 million (2009: CHF 74.7 million), roughly equivalent to 1.7% of sales (2009: 1.8%). The R&D budget was allocated in accordance with strategic priorities.

The Sika Group's Corporate R&D unit is aligned with the enterprise strategy and focuses on research into technology platforms and implementation procedures for high-priority R&D projects in the development departments. The seven-stage development process for products, the so-called Product Creation Process (PCP), is employed uniformly worldwide to ensure that new and patented products can be brought to market as quickly as possible. Yet, apart from short time to market, Sika also aims for high efficiency and strives to achieve cost leadership for its products in all target markets. In collaboration with Corporate Operations, the R&D unit also works to streamline the comprehensive product range in order to consolidate, simplify and lower the cost of marketing, production and distribution processes.

The regional technology support functions are responsible for compliance with the PCP in their area and perform regular PCP audits to review process quality.

The audits ensure that employees always apply an up-to-date state of knowledge so as to meet the high standards specified by Sika and that local chemists are kept abreast of the latest technologies. At the same time, innovative ideas from the Regions are collected and leveraged for the Group.

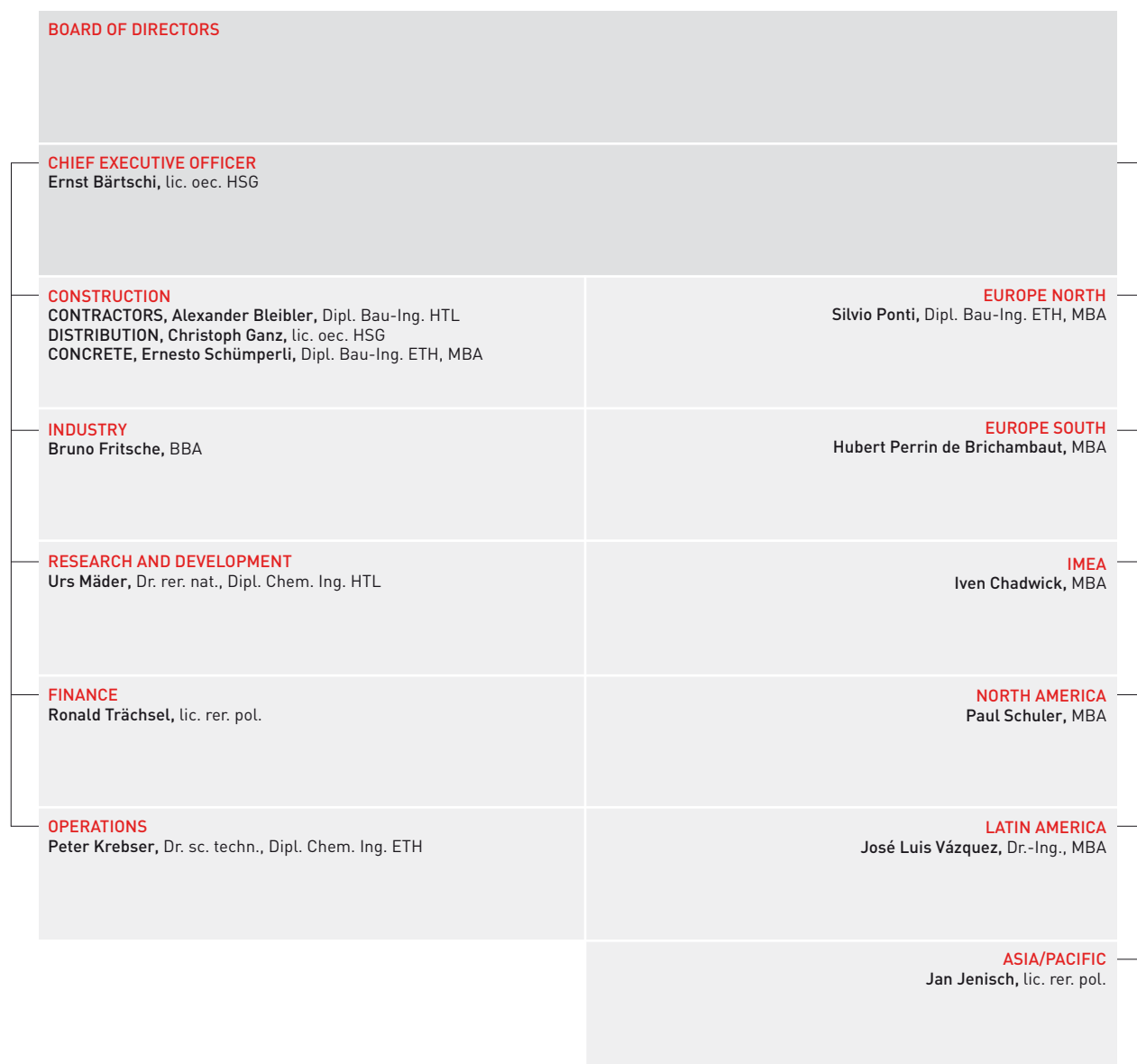
2010 saw Sika launch a number of new important products onto the market:

- Rollout of first adhesives and sealants employing innovative i-Cure technology
- Introduction of three new adhesives for global automotive manufacturers plus innovative SikaPower® structural adhesives for use in vehicle bodywork construction
- For shotcrete: New Sika® ViscoCrete® superplasticizer along with new accelerators
- Launch of Sika® ViscoFlow® superplasticizer based on new polymer concepts
- Rollout of new two-component polyurethane adhesives for wind turbines

PATENTS. In 2010, Sika filed for 60 patents (2009: 63) and made 82 invention disclosures (2009: 81).

Organizational Diagram

CLEARLY DEFINED STRUCTURES. Stability and continuity are factors of entrepreneurial sustainability. As a company operating in a global arena, Sika places considerable emphasis on strong leadership within transparent structures.



CHANGES IN GROUP MANAGEMENT. In the year under review there were no changes in Group Management.

Group Management

MANAGEMENT BY PERSONALITY. Sika's Group Management team is made up of personalities with a vast wealth of experience to draw on when serving the needs of their sector, their markets and their regions. Familiarity with both the theory and practice of their subject matter is the cornerstone of their management competence.



1 Ernst Bärtschi, 2 Silvio Ponti, 3 Alexander Bleibler, 4 Iven Chadwick, 5 Bruno Fritsche,
6 Christoph Ganz, 7 Jan Jenisch, 8 Peter Krebser, 9 Urs Mäder, 10 Hubert Perrin de Brichambaut,
11 Paul Schuler, 12 Ernesto Schümperli, 13 Ronald Trächsel, 14 José Luis Vázquez



Waterproofing

Waterproofing.

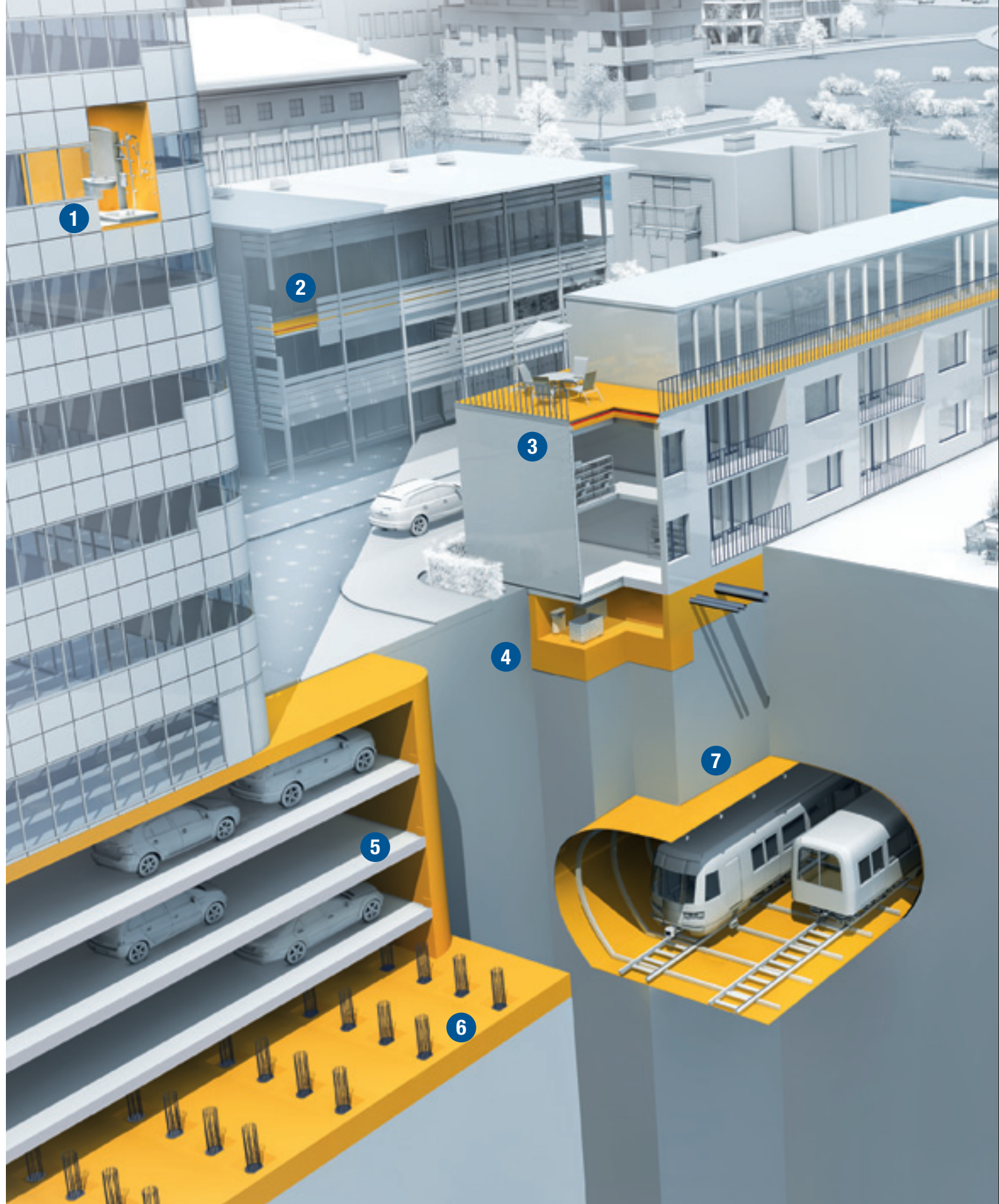
This is a topic which will increasingly occupy the construction world. Sustainability pays off double here: In both ecological and economic terms.

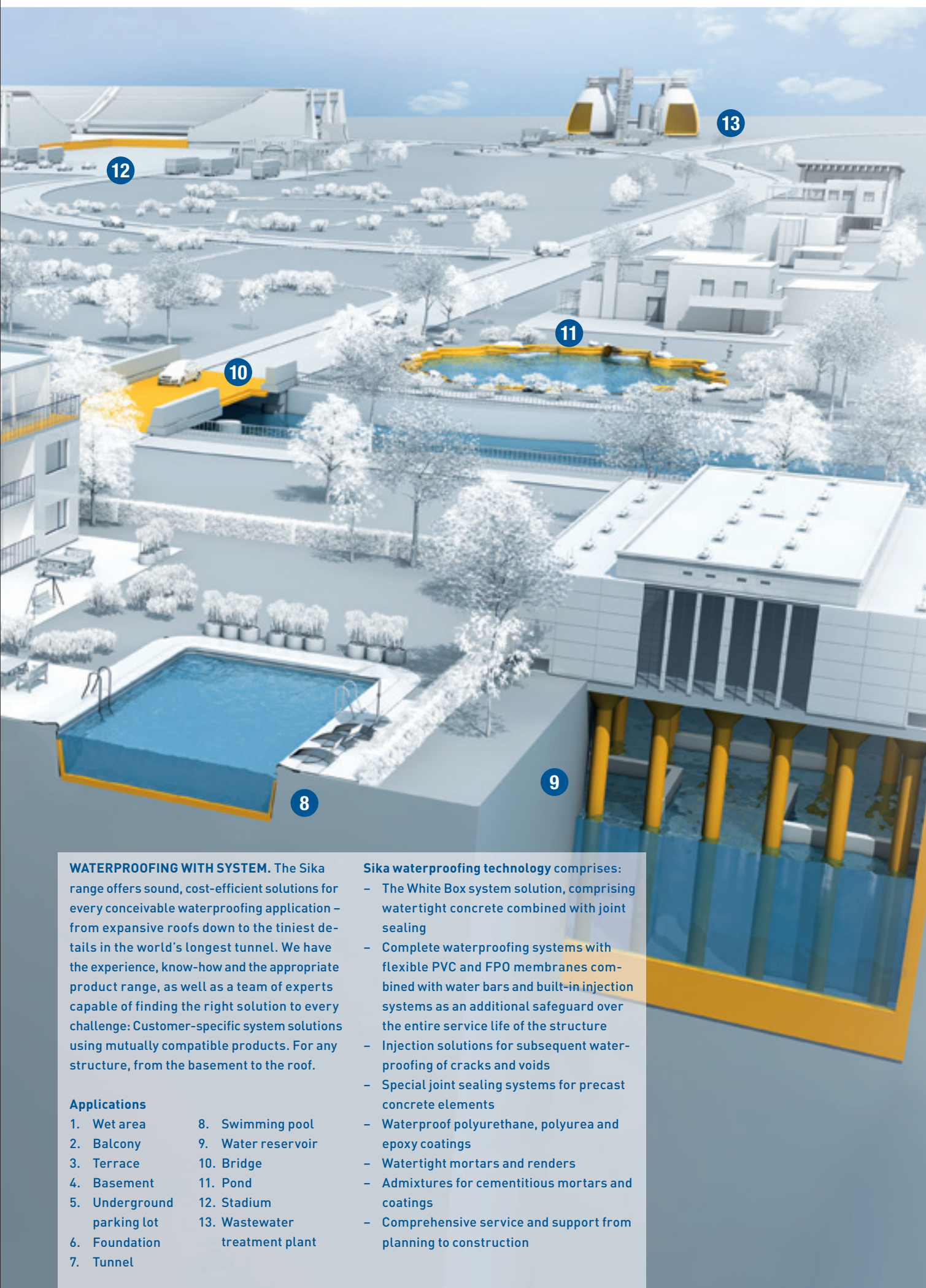


WATERPROOFING. KEYSTONE OF SUSTAINABLE CONSTRUCTION AND CORE COMPETENCE OF SIKA. Innovation has been Sika's driving force ever since the company's foundation. What began a century ago with waterproof mortar and expanded through countless new products and applications has culminated in a technology fit for the twenty-first century. Waterproofing serves a dual function: It prevents either the escape or the infiltration of water, i.e. keeps water in or out of structures. While the theory is simple, its practical application is complex and demanding. The elaborate

system solutions employed today are necessitated by compelling economic and ecological arguments: Waterproofing preserves the structural fabric and prolongs the service life of facilities. It prevents damage and cuts maintenance costs. It protects investment. Yet, its impact is far more profound. Much state-of-the-art infrastructure would be unthinkable without reliable waterproofing systems. On tunnel, bridge, high-rise and multi-story parking projects, in industrial and plant engineering, systematic structural waterproofing is fundamental to sustainable construction.

Sika from the basement to the roof.





WATERPROOFING WITH SYSTEM. The Sika range offers sound, cost-efficient solutions for every conceivable waterproofing application – from expansive roofs down to the tiniest details in the world’s longest tunnel. We have the experience, know-how and the appropriate product range, as well as a team of experts capable of finding the right solution to every challenge: Customer-specific system solutions using mutually compatible products. For any structure, from the basement to the roof.

Applications

- | | |
|----------------------------|--------------------------------|
| 1. Wet area | 8. Swimming pool |
| 2. Balcony | 9. Water reservoir |
| 3. Terrace | 10. Bridge |
| 4. Basement | 11. Pond |
| 5. Underground parking lot | 12. Stadium |
| 6. Foundation | 13. Wastewater treatment plant |
| 7. Tunnel | |

Sika waterproofing technology comprises:

- The White Box system solution, comprising watertight concrete combined with joint sealing
- Complete waterproofing systems with flexible PVC and FPO membranes combined with water bars and built-in injection systems as an additional safeguard over the entire service life of the structure
- Injection solutions for subsequent waterproofing of cracks and voids
- Special joint sealing systems for precast concrete elements
- Waterproof polyurethane, polyurea and epoxy coatings
- Watertight mortars and renders
- Admixtures for cementitious mortars and coatings
- Comprehensive service and support from planning to construction

City-Tunnel, Leipzig.

Waterproofing as
the foundation for
infrastructure.



Leipzig's City-Tunnel ranks among Germany's foremost infrastructure projects. It is designed to ease traffic problems, shorten travel times and relieve congestion in the city by approximately 43 million car kilometers per year. Sika's mandate includes lead consultancy for the waterproofing systems and materials specification plus on-site quality control. The tunnel incorporates Sika's integral White Box system, combining

watertight concrete and joint waterproofing. The 40 cm thick lining of the pressurized tunnel comprises 1 640 tubbing rings, each weighing 47 tons. The segments are precast using Sika® ViscoCrete®. In the stations and ramps the joints are sealed with Tricosal® water bars and injection grouts. Builders and engineers can thus enjoy the certainty of absolutely reliable performance, both today and in future.

"The four-year design phase and four years on site were mastered by outstanding cooperation between all partners: The Leipzig City-Tunnel project was exciting and demanding in equal measure. Particularly challenging was the joint sealing at the junctions between tunnels and stations, which had to withstand 1.7 bar hydrostatic pressure. But that's what the Sika team is there for!"

Matthias Lange, Head of Structural Waterproofing, Chemnitz branch, Sika Deutschland GmbH





Doha Convention Center, Qatar. Waterproofing as fundamental factor in green building.



"We opted for Sika, following meticulous assessment, because we were convinced by the technical and commercial benefits of its system approach and because it employs some of the most proficient, experienced and forward-looking waterproofing engineers in the world. Our trust has been fully borne out by the results."

Mohammed Al Buainain, PMP, SCPM,
Projects Senior Manager, Qatar Local Projects



Doha Convention Center is with its enormous dimensions of 600 x 180 meters one of the first facilities of its type to be comprehensively designed and constructed in line with the LEED* eco-efficiency criteria. It has also marked a milestone in waterproofing engineering. The solutions used to protect the foundation from groundwater and seawater

drew on the full panoply of Sika membrane systems down to the last detail. Sika's expert counseling, product quality and direct collaboration with client, engineer and general contractor proved to be key success factors that were every bit as important as the constant on-site supervision provided by the company's technicians.

* Leadership in Energy and Environmental Design (LEED), certified by U.S. Green Building Council

Glina wastewater treatment plant, Bucharest.

Waterproofing as integral environmental protection.



Wastewater treatment plants are exposed to a diversity of structural, dynamic, mechanical and chemical loads. Extra-high-performance waterproofing systems are thus required for both new-build and renovation projects. Bucharest's wastewater treatment facility, the largest in Central Europe, purifies the sewage produced by the city's two million inhabitants and helps to improve the quality of river water

in the region. The project included new-build and repairs to clarifiers and aeration tanks. The size, unconventional shape and poor condition of the digestors placed particularly high demands on the rehabilitation work. Yet, the finished plant speaks for itself: Highly efficient and absolutely watertight – which is hardly surprising given the presence of Sika products in practically every building of the facility.

"The general contractor singled out Sika for two reasons: First, the high quality of its technical counseling and, second, the smooth collaboration with Sika on previous projects in Greece. Then, as now, Sika's technicians carried out all their duties promptly and professionally."

Alexandru Mateevici, Site Manager,
Holding Aktor-Athena JV





Subway, New York.

Waterproofing as safeguard for metropolitan investment.



"As a businessman, I need to work with partners I can rely on. New York is an inherently challenging location, especially for major projects. We opted for Sika because it offers the ideal combination of technology, design expertise, cost-effectiveness, logistics and counseling. The company also enjoys the full confidence of the New York Metropolitan Transportation Authority (MTA), as client."

Peter Strasser, Founder, President & CEO,
Wisko America Inc.



In the years ahead, New York City is set to invest over 30 billion dollars on developing the subway system. This is needed to accommodate increasing passenger numbers and prepare the city for the future. The most notable improvements will be achieved by the projects involving the extension and upgrading of the Manhattan East Side Access, Line 7 and Second-Avenue Subway. With installation technology and expertise, Wisko was awarded the tunnel and subway station waterproofing contracts for all 3 important

projects – and selected Sika as its partner for each. In North America, Sika has emerged as the only company able to act as sole-source supplier for the full range of waterproofing solutions – from concrete and shotcrete admixtures, to waterstops, to membrane systems and injection technology – needed on such a large and complex scheme. On the strength of its size, know-how and experience, Sika is the partner of choice for clients and general contractors on city tunnel projects.

Consolidated Balance Sheet as of December 31

in CHF mn	2009	2010
Cash and cash equivalents	801.6	938.4
Accounts receivable	739.4	780.6
Inventories	451.4	499.7
Prepaid expenses and accrued income	60.9	82.6
Other current assets	39.8	49.7
Total current assets	2 093.1	2 351.0
Property, plant and equipment	861.7	816.5
Intangible assets	562.0	630.9
Investments in associated companies	24.0	23.4
Deferred tax assets	69.2	88.0
Other non-current assets	19.4	21.9
Total non-current assets	1 536.3	1 580.7
Total assets	3 629.4	3 931.7
Accounts payable	355.2	478.2
Accrued expenses and deferred income	211.8	192.3
Bond	0.0	274.6
Income tax liabilities	38.2	57.2
Current provisions	43.5	16.8
Other current liabilities	17.6	37.6
Total current liabilities	666.3	1 056.7
Bonds	1 066.9	794.4
Non-current provisions	103.1	92.0
Deferred tax liabilities	62.6	79.2
Employee benefit obligation	130.3	131.7
Other non-current liabilities	7.2	25.5
Total non-current liabilities	1 370.1	1 122.8
Total liabilities	2 036.4	2 179.5
Share capital	22.9	22.9
Treasury shares	-106.3	-69.9
Reserves	1 671.7	1 795.5
Equity attributable to Sika shareholders	1 588.3	1 748.5
Non-controlling interests	4.7	3.7
Total shareholders' equity	1 593.0	1 752.2
Total liabilities and shareholders' equity	3 629.4	3 931.7

Consolidated Income Statement from January 1 to December 31

in CHF mn	%	2009	%	2010	Change in %
Net sales	100.0	4 154.9	100.0	4 416.0	6.3
Other operating income	0.2	7.4	0.1	5.8	
Changes in inventory	-0.4	-16.2	0.3	11.7	
Operating revenue	99.8	4 146.1	100.4	4 433.5	6.9
Material expenses	-44.5	-1 850.8	-46.4	-2 048.6	
Gross result	55.2	2 295.3	54.0	2 384.9	3.9
Personnel expenses	-23.0	-954.3	-21.6	-953.4	
Other operating expenses	-19.3	-801.1	-19.3	-854.5	
Operating profit before depreciation and restructuring	13.0	539.9	13.1	577.0	6.9
Depreciation	-2.5	-104.5	-2.3	-102.7	
Amortization	-0.8	-32.0	-0.8	-33.0	
Impairment	-0.1	-2.8	0.0	-1.8	
Operating profit before restructuring	9.6	400.6	10.0	439.5	9.7
Restructuring	-1.4	-56.6	0.0	0.0	
Operating profit	8.3	344.0	10.0	439.5	27.8
Interest income	0.1	3.1	0.1	4.0	
Interest expenses	-0.7	-27.4	-0.9	-34.0	
Other financial income	0.0	0.9	0.1	5.4	
Other financial expenses	-0.2	-10.3	-0.3	-14.2	
Income from associated companies	0.1	5.3	0.1	3.0	
Profit before taxes	7.6	315.6	9.1	403.7	27.9
Income taxes	-2.2	-89.9	-2.1	-92.8	
Net profit	5.4	225.7	7.0	310.9	37.7
Profit attributable to Sika shareholders	5.4	225.9	7.0	310.8	
Profit attributable to non-controlling interests	-0.0	-0.2	0.0	0.1	
Undiluted earnings per bearer share (in CHF)		91.03		124.60	33.6

Consolidated Cash Flow Statement

in CHF mn	2009	2010
Operating activities		
Profit before taxes	315.6	403.7
Depreciation / amortization / impairment	159.4	137.5
Increase (+) / decrease (-) in provisions / employee benefit plans	42.4	-22.7
Increase (-) / decrease (+) in net working capital	100.7	14.8
Other adjustments	10.5	-2.8
Income taxes paid	-102.3	-105.7
Cash flow from operating activities	526.3	424.8
Investing activities		
Property, plant and equipment: capital expenditures	-134.7	-91.3
Property, plant and equipment: disposals	3.6	6.7
Intangible assets: capital expenditures	-26.5	-8.6
Intangible assets: disposals	0.0	0.6
Acquisitions less cash and cash equivalents	-45.9	-90.6
Acquisitions (-) / disposals (+) of financial assets	-8.3	2.3
Capital increase at associated companies	-2.0	0.0
Cash flow from investing activities	-213.8	-180.9
Financing activities		
Increase in financial liabilities	1.1	7.0
Repayment of financial liabilities	-20.1	-29.5
Bond issue	297.2	0.0
Acquisitions (-) / disposals (+) in treasury shares	6.1	38.8
Dividend payment to shareholders of Sika AG	-111.7	-112.0
Dividends related to minorities	-0.6	-1.0
Cash flow from financing activities	172.0	-96.7
Exchange differences on cash and cash equivalents	-1.2	-10.4
Net change in cash and cash equivalents	483.3	136.8
Cash and cash equivalents at the beginning of the year	318.3	801.6
Cash and cash equivalents at the end of the year	801.6	938.4
Cash flow from operating activities contains:		
Dividends from associated companies	2.9	3.8
Interest received	2.7	4.3
Interest paid	-19.8	-35.4

Five-Year Reviews

Consolidated Balance Sheet as of December 31

in CHF mn	2006	2007	2008	2009	2010
Cash and cash equivalents	428	439	318	802	938
Accounts receivable c	790	861	779	739	781
Inventories d	413	500	513	451	500
Other current assets	112	116	134	101	132
Total current assets b	1 743	1 916	1 744	2 093	2 351
Property, plant and equipment	764	831	832	862	817
Intangible assets	486	463	525	562	631
Other non-current assets	67	108	108	112	133
Total non-current assets e	1 317	1 402	1 465	1 536	1 581
Assets held for sale	4	0	0	0	0
Total assets	3 064	3 318	3 209	3 629	3 932
Accounts payable g	387	439	398	355	478
Bonds (short term)					275
Other current liabilities	326	303	287	311	304
Current liabilities f	713	742	685	666	1 057
Bonds	765	767	768	1 067	794
Non-current provisions, employee benefit liabilities	237	266	221	233	224
Other non-current liabilities	74	68	71	70	105
Total non-current liabilities	1 076	1 101	1 060	1 370	1 123
Total liabilities	1 789	1 843	1 745	2 036	2 180
Capital stock	23	23	23	23	23
Treasury shares	-2	-65	-118	-106	-70
Reserves	1 242	1 514	1 556	1 672	1 795
Equity attributable to Sika shareholders	1 263	1 472	1 461	1 589	1 748
Non-controlling interests	11	3	3	5	4
Total shareholders' equity h	1 274	1 475	1 464	1 593	1 752
Total liabilities and shareholders' equity a	3 063	3 318	3 209	3 629	3 932

Five-Year Reviews

Consolidated Income Statement from January 1 to December 31

in CHF mn	2006	2007	2008	2009	2010
Net sales	3 896	4 573	4 625	4 155	4 416
Operating revenue	3 910	4 573	4 642	4 146	4 434
Material expenses	1 809	2 137	2 251	1 851	2 049
Gross result	2 101	2 436	2 391	2 295	2 385
Personnel expenses	845	926	958	954	953
Other operating expenses	741	872	877	801	855
Operating profit before depreciation and restructuring	515	638	556	540	577
Depreciation / amortization / impairment	143	127	134	139	138
Operating profit before restructuring i	371	511	422	401	440
Restructuring	0	0	0	57	0
Operating profit	371	511	422	344	440
Interest income / expense	18	22	21	24	30
Financial income / expense	19	9	28	4	6
Profit before taxes	334	480	373	316	404
Income taxes	99	138	106	90	93
Net profit	235	342	267	226	311
Free cash flow	146	183	90	313	244
Gross result as % of net sales	53.9	53.3	51.7	55.2	54.0
Operating profit (EBIT) as % of net sales	9.5	11.2	9.1	9.6	10.0
Consolidated net profit as % of net sales (ROS)	6.0	7.5	5.8	5.4	7.0
Consolidated net profit as % of shareholders' equity (ROE)	18.4	23.2	18.3	14.2	17.8

Key balance sheet data

in CHF mn	Calculation	2006	2007	2008	2009	2010
Net working capital	(c+d-g)	816	922	893	835	802
Net working capital as % of net sales		21	20	19	20	18
Non-current assets as % of balance sheet total	(e : a)	43	42	46	42	40
Shareholders' equity as % of non-current assets	(h : e)	97	105	100	104	111
Net debt ¹	j	389	352	465	265	165
Gearing in %	(j : h)	31	24	32	17	9
Equity ratio in %	(h : a)	42	44	46	44	45

¹ Net debt: Interest-bearing indebtedness (short and long-term bank debt + bonds) ./ interest-bearing current assets (cash, cash equivalents and securities)

Value-based key data

in CHF mn	Calculation ¹	2006	2007	2008	2009	2010
Capital employed ¹		1 884	2 041	2 109	2 041	2 086
Annual average of capital employed	k	1 838	1 963	2 075	2 075	2 064
Operating profit before restructuring	i	371	511	422	401	440
Return on capital employed (ROCE) in %	(i : k)	20	26	20	19	21

¹ Capital employed = Operating assets ./ cash ./ non-interest-bearing current liabilities

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