



## **PRESS RELEASE**

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### **8-months report (January to August 1996) of the EMS-Group**

#### **EMS: Adverse general economic situation, sales down, profit margins retained**

With its companies combined in EMS-CHEMIE HOLDING AG, the **EMS Group** with its world-wide activities in the fields of Performance Polymers, Fine Chemicals and Engineering generated **sales** of CHF 601 million (CHF 620 million) in the first eight months of 1996, down 3,1 % against the corresponding figure for the previous year. The **cash flow** amounts to CHF 120 million and is hence on the level of the previous year, whilst **income from operations** (CHF 67 million) is 1,3 % below last year's figure (CHF 68 million).

It should be noted that the figures given above are **operative results**. Financial income generated outside of the operative field is only posted in the end-of-year accounts, and only if and when realised.

Although the general economic circumstances in Europe - the principal market processed by EMS - remains unsatisfactory, the sales, orders and income situation improved slightly for EMS in the second trimester. A very satisfactory improvement of the **income shortfall** of the initial four months (- 5,1 %) can however be reported: this figure has been reduced to 1,3 %, a consequence of the special measures initiated at the beginning of the year, and of the weaker Swiss franc. With the exception of the engineering company EMS-INVENTA, all business units report improved income. **Operative cash flow rates** and **profit margins** (19,8 % and 11,1 % respectively) have been maintained on the high levels of the previous year (19,4 %/ 11,0 %).

In addition to the weak general economic situation in Europe, the EMS Group is feeling the impact of the world-wide excess capacities in the textiles field. The problem has now spread to the Far East, and is affecting the operations not only of the Swiss textile machine industry, but also the engineering arm of the EMS Group. The **drop in sales** compared with the previous year is hence attributed on the one hand to the lower sales prices for performance polymers caused by a decline in raw material prices, on the other hand, however, also by the reduced volume of sales recorded by the Engineering business unit.

<b>Development of sales, cash flow and income January to August</b>						
<b>In CHF millions</b>	<b>1996</b>	<b>vs pyr</b>	<b>1995</b>	<b>vs pyr</b>	<b>1994</b>	<b>vs pyr</b>
<b>Total sales</b>	<b>601</b>	<b>- 3,1 %</b>	620	+ 9,9 %	564	+ 1,8 %
- Performance Polymers	<b>460</b>	<b>- 3,2 %</b>	475	+ 9,5 %	434	+ 0,5 %
- Fine Chemicals	<b>83</b>	<b>+ 7,8 %</b>	77	+ 4,1 %	74	+ 4,2 %
- Engineering	<b>49</b>	<b>- 17,0 %</b>	59	+ 25,5 %	47	+ 9,3 %
- Others	<b>9</b>	<b>0,0 %</b>	9	0,0 %	9	+ 12,5 %
<b>Cash-flow</b>	<b>120</b>	<b>0,0 %</b>	120	+ 9,1 %	110	+ 1,8 %
in % of sales	<b>19,8 %</b>		19,4 %		19,5 %	
<b>Income from operations</b>	<b>67</b>	<b>- 1,3 %</b>	68	+ 13,3 %	60	- 1,6 %
in % of sales	<b>11,1 %</b>		11,0 %		10,6 %	

## **Outlook**

As a result of an increase in orders received and the slightly weaker Swiss franc compared with the previous year, and in spite of the unfavourable general economic situation, EMS expects income from operations to reach the level of the previous year.

The development of financial income is viewed with optimism. The investment volume for 1996 (approx. CHF 90 million) is being applied as planned, and will be financed in full from cash flow.

## **Schedule**

- Report on the 1996 financial statements: middle of March 1997