

Zurich, 22 September 1997



## **PRESS RELEASE**

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### **8-months report (January to August 1997) of the EMS-Group: Continued positive growth in profit levels**

With its companies combined in EMS-CHEMIE HOLDING AG, the **EMS-Group**, which operates worldwide in the fields of Engineering Polymers, Fine Chemicals and Engineering, increased its consolidated **net sales** by 13,8 % to CHF 684 million (previous year, same period: CHF 601 million) in the first 8 months of 1997. The **operating cash flow** was also up by 36,4 % to CHF 161 million (CHF 118 million), as was the **operating income**, which rose by 45,3 % to CHF 125 million (CHF 86 million).

The **scope of consolidation has changed slightly** as a consequence of the joint venture between EMS-TOGO and H.B. Fuller (USA), which began on 1 April 1997. This development means that EMS-TOGO's American operations will no longer be consolidated with effect from 1 April 1997. The impact of this is, however, insignificant: measured against the same consolidated group, the growth in sales is 15,7 %, and the improvement in operating income is 43,5 %.

**I. Development in turnover and earnings, January to August**  
(as per IAS in CHF millions)

	1997	vs pyr		1996	vs pyr %		1995	vs pyr %
		in CHF cur.	in loc.					
<b>Consolidated net sales</b>	<b>684</b>	<b>+13,8%</b>	<b>+ 6%</b>	601	- 3%	620	+ 10%	
- Engineering Polymers	527	+14,6%	+ 8%	460	- 3%	475	+ 10%	
- Fine Chemicals	95	+14,5%	+ 8%	83	+ 8%	77	+ 4%	
- Engineering	53	+ 8,2%	- 6%	49	-- 17%	59	+ 26%	
- Others	9	0%	0%	9	0%	9	0%	
<b>Cash flow (from oper. *)</b>	<b>161</b>	<b>+36,4%</b>		118	- 8,5%	129	+ 31,4%	
- in % of sales	23,5%			19,6%		20,8%		
<b>Operating income **)</b>	<b>125</b>	<b>+45,3%</b>		86	-14,9%	101	+ 52,6%	
- in % of sales	18,3%			14,3%		16,3%		

\*) Cash flow (from operations) = Operating income plus depreciation (EBDIT)

\*\*\*) Operating income = Earnings before interest and tax (EBIT)

The marked improvement in operating income should not be overrated: it is due not only to the Group's own performance, but also - and very essentially - to a clear **upturn in the European economy**, a considerably **weaker Swiss Franc** than in the previous year and **favourable background circumstances**, i.e. to the fact that in 1996, the equivalent months were exceptionally weak ones. The previous years' results are of better quality, however, due to the weaker currency.

The biggest contribution to the improvement in operating income was generated by the **Engineering Polymers** section of the EMS-CHEMIE Division, in particular by thermoplastics for metal substitutes, petrol piping systems and adhesive powders for textile applications.

The 45,3 % improvement in operating income cannot be extrapolated over the entire year because September to December 1996 were very strong months and irregular earnings totalling CHF 18 million were posted in the 1996 end-of-year accounts. Nevertheless, **this year's operating income is expected to be in excess of the previous year (CHF 152 million).**

As usual, the **financial income** will only appear in the annual accounts as of December and only if any is actually realised. Based on the sales of securities already concluded, it is expected that this year's financial income will be higher than the previous year's (CHF 126 million).

The **investment volume** of approx. CHF 80 million for 1997 will be spent as planned and financed in full from the cash flow.

## II. Development in sales by the individual Divisions

	1997	vs pyr		1996		1995	
		in CHF loc.curr.	in	vs pyr %	vs pyr %	vs pyr %	vs pyr %
<b>Engineering Polymers</b>	<b>527</b>	<b>+14,6%</b>	<b>+ 8%</b>	460	-- 3%	475	+ 10%
- EMS-CHEMIE	422	+19%	+ 9%	356	-- 3%	368	+ 8%
- EMS-TOGO	105	+ 1%	- 6%	104	-- 2%	107	+ 16%
<b>Fine Chemicals</b>							
- EMS-DOTTIKON	<b>95</b>	<b>+14,5%</b>	<b>+ 8%</b>	83	+ 8%	77	+ 4%
<b>Engineering</b>	<b>53</b>	<b>+ 8,2%</b>	<b>- 6%</b>	49	-- 17%	59	+ 26%
- EMS-PATVAG	22	+ 22%	+ 18%	18	- 13%	21	+127%
- EMS-INVENTA	28	-- 10%	-- 24%	31	- 19%	38	
- EMS-SYNTECH	3						0%
<b>Others</b>	<b>9</b>	<b>0 %</b>	<b>0 %</b>	9	0 %	9	0 %
<b>Cons. net sales</b>	<b>684</b>	<b>+13,8%</b>	<b>+ 6 %</b>	601	-- 3 %	620	+ 10%

All the Divisions achieved better results than they did over the same period last year. The rather marginal increase in sales generated by EMS-TOGO is due to the change in the scope of consolidation. Were this change not taken into account, the increase in sales would be 11 %. The drop in sales suffered by EMS-INVENTA is due to the expected reduction in market volume on the one hand, and to the division of the plant construction work between EMS-INVENTA and EMS-SYNTECH on the other hand.

## III. Schedule

- Report on the EMS-Group's 1997 financial statements: end of February 1998.