

MEDIA INFORMATION

First-half results 2001 of the EMS Group

Deteriorating economic environment - operating income maintained

1. Summary

With its companies combined in **EMS-CHEMIE HOLDING AG** and activities in the fields of **Performance Polymers**, **Fine Chemicals** and **Engineering**, the EMS Group reports consistently good income for the first six months of the current year, to no small extent thanks to the measures initiated more than one year previously in response to an anticipated worsening of the economic climate. In the first semester of 2001 the EMS Group thus boosted **net sales revenues** by 11.8% to CHF 644 million (576), **operating income** (EBIT) by 4.0% to CHF 105 million (101) and **net profit** by 18.3% to CHF 123 million (104), whereby net sales revenues and operating income (EBIT) would have risen by 4.0% and 0.9% respectively within the previous year's consolidation scope.

The scope of consolidation experienced some change in the course of the financial year: in February 2001 EMS acquired the **WAGNER Automobilsysteme** company, and **EMS-UBE Ltd. (Japan)**, a company producing an important raw material exclusively for EMS and UBE, has been reconsolidated. In February 2001 EMS increased its existing minority interest to 66 2/3 %. As EMS-UBE sells the raw material to its partners at full cost, this consolidation measure has generated higher sales but only an insignificant rise in profits.

Acquired in March 2001, the **AXANTIS group** is currently undergoing readjustment and integration into EMS-CHEMIE HOLDING. Statutory waiting periods dictate that this process will not be completed until November 2001; this group has hence yet to be consolidated. AXANTIS was acquired with a view to new products that will not have an impact on income until three years from now at the earliest. If consolidation were effected today, no profit dilution would result.

In particular as a consequence of the reconsolidation of raw material company EMS-UBE Ltd. (Japan), the operating income margin inevitably declined from 17.6% to 16.3%. Due to the less advantageous economic situation, and with a comparable scope of consolidation, this margin is slightly lower (from 17.6% to 17.1%).

Outlook

EMS does not expect a slight improvement of the general economic situation in the USA and Japan until the coming year. In Europe and in particular in Germany, the main market for EMS products, economic recovery will however take longer to materialise.

Two-digit sales growth will therefore continue also through the remaining months of 2001. As anticipated, **operating income** (EBIT) will not keep up with the growth in sales. It will however be maintained on the level of the previous year.

Investment in new plants and products will be applied as scheduled and financed in full from cash flow. Free cash flow should remain within the customary two thirds of total cash flow for 2001.

Current developments indicate that **finance income** will also remain within the scope of the previous year.

2. Key figures January – June 2001

CHF millions	2001 (Jan-Jun)	2000 (Jan-Jun)
Net sales revenues	644	576
- change	+11.8%	+8.4%
Operating income (EBIT) ¹⁾	105	101
- change	+4.0%	+10.1%
- in % of net sales revenues	16.3%	17.6%
Finance income	52	40
- change	+30.0%	+404.9%
Net profit ²⁾	123	104
- change	+18.3%	+38.8%
- in % of net sales revenues	19.1%	18.1%
- per dividend-bearing bs, in CHF	235.70	199.29
- change	+18.3%	+38.8%
Shareholders' equity	1'293	1'025
- in % of the balance-sheet total	40.9%	41.0%
- per dividend-bearing bs, in CHF	2'477.68	1'964.13
- increase in % against 31.12.	+10.5%	+11.3%

- 1) EBIT = Earnings Before Interest and Taxes
= operating income
- 2) Net profit = profit after taxes less minority interests

3. Development of sales and income: capsule commentary

3.1 Higher sales

Compared with the same period 2000, EMS boosted **net sales revenues** by 11.8% to CHF 644 million (576). Growth in local currencies amounted to 17.2%. Sales in an identical scope of consolidation would have risen by 4.0%. This positive development of sales and income was generated within Europe in particular, and was especially marked in the Engineering field and with the new products, particularly Grivory.

3.2 Better operating income

Operating income (EBIT) increased by 4.0% to CHF 105 million (101). This underproportional growth of operating income must be attributed to the fact that the reconsolidation of raw material company EMS-UBE primarily has an impact on sales but only an insignificant influence on EBIT. Within an unchanged scope of consolidation, the increase would amount to 0.9 %, due to the strong pressure on sales prices.

3.3 Improved net profit

As a consequence of the slightly higher operating income and the improved finance income, **net profit** rose by 18.3% to CHF 123 million (104). Profit per bearer share was also boosted, by 18.3% to CHF 235.70 (199.29).

3.4 Further strengthening of shareholders' equity

As a result of the first-half profit and the decision not to pay out dividends, **shareholders' equity** increased to CHF 1'293 million (1'170 per 31.12.2000). The equity ratio is 40.9% (44.7% per 31.12.2000). Equity per bearer share increased by 10.5% from CHF 2'242.05 on 31.12.2000 to CHF 2'477.68.

4. Development of sales and income in the business fields

CHF millions	2001 (Jan-Jun)	% dev. prev. yr	2000 (Jan-Jun)	% dev. prev. yr
Net sales revenues				
EMS Group	644	+11.8%	576	+8.4%
- Performance Polymers	481	+10.8%	434	+16.0%
- Fine Chemicals	98	+2.1%	96	-11.6%
- Engineering	65	+41.3%	46	-5.1%
EBITDA ¹⁾				
EMS Group	136	+3.0%	132	+8.8%
in % of net sales revenues	21.1%		22.9%	
- Performance Polymers	89	+3.5%	86	+10.3%
in % of net sales revenues	18.5%		19.8%	
- Fine Chemicals	33	+0.0%	33	+5.1%
in % of net sales revenues	33.7%		34.4%	
- Engineering	14	+7.7%	13	+9.2%
in % of net sales revenues	21.5%		28.3%	
EBIT ²⁾				
EMS Group	105	+4.0%	101	+10.1%
in % of net sales revenues	16.3%		17.6%	
- Performance Polymers	69	+3.0%	67	+11.4%
in % of net sales revenues	14.3%		15.4%	
- Fine Chemicals	26	+4.0%	25	+3.3%
in % of net sales revenues	26.5%		26.0%	
- Engineering	10	+11.1%	9	+22.9%
in % of net sales revenues	15.4%		18.6%	

¹⁾ EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation
= operational cash flow

²⁾ EBIT = Earnings Before Interest and Taxes
= operating income

5. Capsule remarks on the first-half report 2001

In the **Performance Polymers business field**, the favourable development of the new products in the EMS-GRIVORY unit (metal substitution) was contrasted by the distinct cooling of business experienced by the Group's exclusively automobile industry-oriented EMS-TOGO business unit. EMS-TOGO is directly affected by the decline in car production, especially in the USA, and is operating in a rather slack market.

Mixed developments are reported for the **Fine Chemicals business field**. EMS-PRIMID - the leading PMC hardener - made good progress, whereas the situation at EMS-DOTTIKON remains unsatisfactory in view of a further decline in sales and income. However, the results of the comprehensive restructuring measures applied in this field may be termed satisfactory: the majority of orders now come from the attractive pharmaceuticals industry, providing an increasingly solid foundation for substantial and consistent growth over the coming years.

In the **Engineering business field**, the airbag trigger business is developing in a very positive direction. Opportunities on the existing European market remain good, whilst in the USA the market is being processed through a local agency since April 2001. Capacity utilisation in the plant construction business - with special emphasis on polyester and polyamide plants - remains good, and order books are well filled.

6. Schedule

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|-----------------------------|---------------------|
| - Third-quarter report 2001 | end of October 2001 |
| - Annual results 2001 | March 2002 |