

Herrliberg, July 8, 2005

## **MEDIA INFORMATION**

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## I. First-Half Result of the EMS Group / Outlook 2005

### Summary

#### EMS Group:

**Business developing as expected**

**Better result despite higher raw material costs**

For the first half of 2005 the EMS Group, with global activities in the fields of **Performance Polymers and Fine Chemicals / Engineering** and with its companies combined in EMS-CHEMIE HOLDING AG, reports sales boosted by 8.7% and operating income (EBIT) up by 3.5% against the first half of 2004. These results were achieved with the continued business activities and are within expectations.

Following the sale of the business unit INVENTA-FISCHER on July 14, 2004 and the spin-off of business unit EMS-DOTTIKON on March 31, 2005, the EMS scope of consolidation has changed significantly. The scope of consolidation as of April 1, 2005 is shown under "continued activities".

The consolidated **net sales** of the continued activities increased by 8.7% to CHF 633 million (583), the corresponding increase in local currencies is 9.7%. The very satisfactory development of volumes in the Performance Polymers field as well as the higher average sales prices had a positive effect on sales revenues.

**Operating income (EBIT)** for the continued activities was boosted to CHF 103 million (100), i.e. by 3.5% against the previous year, **EBITDA** by 4.9% to CHF 132 million (126). The **EBIT margin** is hence 16.3% (17.1%), the **EBITDA margin** 20.9% (21.7%). As expected, income did not increase in step with the development of sales; this discrepancy was caused by the significant price hike for raw materials and the unfavourable currency situation in the dollar zone.

As before, EMS expects the continued activities to generate overall 2005 figures for sales and operating income (EBIT) that are slightly above the previous year's level.

## Provisional key figures \*)

### Continued activities, EMS Group January – June 2005

<b>CHF millions</b>	<b>2005 (Jan-Jun)</b>	<b>2004 (Jan-Jun)</b>
<b>Net sales</b>	<b>633</b>	583
change	+8.7%	+6.8%
in local currencies	+9.7%	+4.7%
<b>Operational cash flow (EBITDA) <sup>1)</sup></b>	<b>132</b>	126
change	+4.9%	+5.3%
in % of net sales	20.9%	21.7%
<b>Operating income (EBIT) <sup>2)</sup></b>	<b>103</b>	100
change	+3.5%	+6.5%
in % of net sales	16.3%	17.1%

<sup>1)</sup> EBITDA = Earnings before interest, taxes, depreciation and amortization  
= operational cash flow

<sup>2)</sup> EBIT = Earnings before interest and taxes  
= operating income

\*) At the beginning of July EMS provides the provisional key figures for the first-half operating results and publishes the final first-half statement at the end of August. The provisional key figures for the period ending June 30 are given in the following. It may be assumed that they will not deviate significantly from the final figures.

## Development of net sales and income in the individual business areas

(CHF millions)	2005 (Jan-Jun)	% dev. prev. year	2004 (Jan-Jun)	% dev. prev. year
<b>Performance Polymers</b>				
Net Sales	562	+10.2%	510	+7.8%
- in local currencies		+11.3%		+5.8%
EBITDA	109	+5.8%	103	+10.2%
- in % of net sales	19.4%		20.2%	
EBIT	88	+6.0%	83	+12.9%
- in % of net sales	15.7%		16.3%	
<b>Fine Chemicals / Engineering</b>				
Net Sales	72	-2.2%	73	+0.6%
- in local currencies		-1.6%		-2.9%
EBITDA	23	+0.7%	23	-12.0%
- in % of net sales	32.7%		31.8%	
EBIT	15	-8.8%	17	-16.5%
- in % of net sales	21.5%		23.1%	
<b>Total continued activities</b>				
<b>EMS Group</b>				
<b>Net Sales</b>	<b>633</b>	<b>+8.7%</b>	<b>583</b>	<b>+6.8%</b>
- in local currencies		+9.7%		+4.7%
<b>EBITDA</b>	<b>132</b>	<b>+4.9%</b>	<b>126</b>	<b>+5.3%</b>
- in % of net sales	20.9%		21.7%	
<b>EBIT</b>	<b>103</b>	<b>+3.5%</b>	<b>100</b>	<b>+6.5%</b>
- in % of net sales	16.3%		17.1%	
<b>Discontinued activities</b>				
<b>EMS Group <sup>3)</sup></b>				
Net Sales	35		63	
EBITDA	5		14	
EBIT	2		7	
<b>EMS Group including discontinued activities</b>				
Net Sales	668	+3.5%	645	+5.1%
EBITDA	137	-2.4%	140	+6.7%
EBIT	105	-2.1%	107	+8.2%

3) Discontinued activities comprise the business units EMS-DOTTIKON and INVENTA-FISCHER. EMS-DOTTIKON was spun off on March 31, 2005 and listed at the stock exchange. INVENTA-FISCHER was sold to plant construction company UHDE GmbH, Dortmund, on July 14, 2004.

## Remarks on the individual business areas

Growth as planned was achieved by the **PERFORMANCE POLYMERS** business area. In particular the applications for high-temperature polymers and metal substitution as well as the Asian market developed very positively. Business of the customer industries in main market Europe continued to develop sluggishly. As a result of the high raw materials prices and an unfavourable currency situation in Asia and the USA, the boosted volumes did not produce a fully equivalent income increase.

In the **FINE CHEMICALS / ENGINEERING** business area, EMS-PATVAG (airbag ignition systems) experienced the anticipated downward trend caused by weaker market growth and increasing pressure on prices. EMS-PRIMID as the leading producer of weather-resistant PMC hardeners developed according to plan.

## Outlook 2005

EMS continues to anticipate a positive global economic situation for the second half of 2005, fuelled by the USA and Asia. Progress in main market Europe and in the European automobile industry in particular will remain slow. Overall, EMS plans to boost sales volumes. The unfavourable currency situation in Asia and the USA and the severe hike in the cost of raw materials will continue to impede full translation of the planned volume increases into corresponding income growth.

For overall 2005 EMS remains confident that the continued activities will produce net sales and operating income (EBIT) slightly over the previous year's level.

## II. Annual Result of EMS-CHEMIE HOLDING AG as at April 30, 2005

Net income for EMS-CHEMIE HOLDING AG, with its financial year ending on April 30, amounts to CHF 218 million (40) for the year May 01, 2004 to April 30, 2005. Profit brought forward amounts to CHF 394 million (555) including carryforward from the previous year.

### III. Dividend payment

EMS pursues a consistently result- and liquidity-oriented distribution policy. As already announced at the presentation of the 2004 annual financial statement, EMS plans to pay a dividend of CHF 4 per dividend-bearing registered share for 2005, corresponding to a total dividend payment of CHF 98 million. The Annual General Meeting on August 13, 2005 will hence be asked to approve the following appropriation of profit brought forward:

The profit brought forward, comprising

net income	CHF	217'823'002.41
carryforward from previous year	CHF	360'712'580.43
capital reduction	CHF	(135'206'498.70)
spin-off EMS-DOTTIKON AG	CHF	(60'000'000.00)
miscellaneous	CHF	<u>10'525'853.30</u>
Profit brought forward	CHF	393'854'937.44

shall be appropriated as follows:

Payment of an ordinary dividend  
of CHF 4 (gross) per dividend-  
bearing registered share \*)

CHF (97'541'684.00)

Carryforward to new account

CHF 296'313'253.44

\*) Dividend-bearing registered shares = issued registered shares (25'052'870 shares) less own shares (667'449 shares) [status July 8, 2005]

The dividend will be paid out as of August 17, 2005 (ex-date).

### IV. Elections

At the Annual General Meeting of August 13, 2005 the Board of Directors will propose the re-election of the current Board members Dieter Klug, Magdalena Martullo, Dr Hansjörg Frei, Albert Reich and Egbert Appel, for a further one-year term of office.

Dr Albert Sommerauer will not be available for re-election. At the age of 68 and after 17 years of active service for EMS, Dr Albert Sommerauer wishes to gain more time for his private pursuits.

The Board of Directors will ask the Annual General Meeting to appoint KPMG Fides Peat, Badenerstrasse 172, 8026 Zurich, as statutory auditors and Group auditors, for a further one-year term.

The invitation to the Annual General Meeting on August 13, 2005 will be dispatched in the second half of July 2005.

## V. Schedule

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|--|--------------------|
| - Annual General Meeting 2005                                | August 13, 2005    |
| - Publication of the Half-Year Report<br>as at June 30, 2005 | end of August 2005 |
| - Third-Quarter Report 2005                                  | October 2005       |
| - Full-Year Results 2005                                     | February 2006      |

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