

MEDIA INFORMATION

EMS Group: Annual results 2015

Significant result increase due to higher sales volumes and efficiency improvements

1. Summary

The EMS Group, with its companies combined in the EMS-CHEMIE HOLDING AG, is globally active in the business areas **High Performance Polymers** and **Specialty Chemicals**. In 2015, **sales volumes** increased by 7.0% compared to previous year. Due to currency effects, **net sales** in Swiss Francs dropped 3.4% below the previous year's figure. In local currencies net sales increased by 3.7%. Strong growth with high margin specialty products and simultaneous efficiency improvements had a pleasing effect on result. **Net operating income (EBIT)** rose by **10.7%** to reach CHF 469 million (423). Despite substantial negative currency effects net operating income (EBIT) reached a new record level.

Consolidated **net sales** in Swiss Francs closed at CHF 1,905 million (1,972) which is 3.4% below previous year. Significant currency effects, together with raw-material related sales price reductions, lowered net sales in Swiss Francs. Growth of net sales in local currencies was 3.7%. Sales volumes were increased by 7.0%. In a moderately growing economy, EMS expanded new business and successfully implemented a growth offensive in response to the decoupling of the Swiss Franc from the Euro.

Net operating income (EBIT) rose to CHF 469 million (423) which is 10.7% above previous year. Operating cash flow (EBITDA) increased by 9.7% to CHF 525 million (478). Above-average growth with high-margin specialty products and a global efficiency improvement programme, had a positive effect on both result and result margin. The EBIT margin reached 24.6% (21.5%), the EBITDA margin 27.5% (24.3%).

Net income closed 9.5% above the previous year at CHF 383 million (349). Earnings per share increased to CHF 16.09 (14.66).

The **cash flow** rose by 8.5% to reach CHF 439 million (404).

At the Annual General Meeting 2016, the Board of Directors intends to propose distribution of an **ordinary dividend** of CHF 11.00 (10.00) per share and an additional **extraordinary dividend** of CHF 2.50 (2.00) per share. This means that a total of CHF 13.50 (12.00) per share would be distributed.

For the business year **2016**, EMS is expecting an overall slow and unstable world economy. Governments in all parts of the world are under pressure to react to major challenges in terms of security, finance and economic growth. Unpredictable political acts and measures may appear. Consumer and investor confidence may further weaken.

EMS however, is quite confident with regard to development of its own business. The successful strategy of worldwide **growth with specialty products** in the area of high-performance polymers will be continued. Focus will be put on exploiting global market potential with new, innovative products and applications, as well as on strengthening market position. For 2016, EMS expects net sales and net operating income (EBIT) slightly above the previous year.

2. Development of income 2015: Key figures EMS Group

In million CHF	2015	2014
Net sales	1'905	1'972
Change from previous year	-3.4%	
In local currencies	+3.7%	
Volume growth	+7.0%	
Operating cash flow (EBITDA) ¹⁾	525	478
Change from previous year	+9.7%	
In % of net sales	27.5%	24.3%
Net operating income (EBIT) ²⁾	469	423
Change from previous year	+10.7%	
In % of net sales	24.6%	21.5%
Net financial income	-10	-8
Income taxes	-76	-65
Net income ³⁾	383	349
Change from previous year	+9.5%	
In % of net sales	20.1%	17.7%
Cash Flow ⁴⁾	439	404
Change from previous year	+8.5%	
Investments	55	52
Change from previous year	+4.7%	
Equity ⁵⁾	1'290	1'250
In % of balance sheet total	68.2%	67.7%
Return on equity	29.2%	27.4%
Equity per share (in CHF) ⁶⁾	55.17	53.47
Number of employees	2'855	2'865

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

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

³⁾ Net income = Profit after taxes, including minority shareholders

⁴⁾ Cash flow = Net income plus amortisation of intangible assets, property, plant and equipment plus value adjustments to securities

⁵⁾ Equity = Equity without minorities

⁶⁾ Average weighted number of registered shares as at 31.12.2015: 23,382,560 shares
(31.12.2014: 23,382,560 shares)

3. Remarks on the development of net sales and income

3.1 Net sales

Net sales in 2015 were influenced by various exceptional effects. Even though the global economy showed only moderate growth, business developed favourably and sales volumes increased by 7.0%. The decoupling of the Swiss Franc from the Euro at the middle of January 2015 and raw-material related sales price reductions caused net sales in Swiss Francs to drop to CHF 1,905 million (1,972). In local currencies, net sales grew by 3.7% compared to previous year.

As expected, the global economic environment turned out to be moderately positive. While growth in North America was favourable, China showed a significant temporary slowdown. Europe recovered slightly, supported by a weaker Euro and lower oil prices. Emerging markets Russia and Brazil suffered a sustained slump again. Japan was unable to achieve the turnaround towards growth.

EMS successfully realised planned new business worldwide in both areas of High Performance Polymers and Specialty Chemicals. Market positions in all markets were further strengthened. The growth offensive launched at the beginning of the year generated additional business in all sectors.

96.6% (96.1%) of net sales were generated outside Switzerland: 48.9% (51.3%) in Europe (excl. Switzerland), 27.6% (27.0%) in Asia, 17.9% (15.0%) in North America (NAFTA) and 2.2% (2.8%) in other countries.

3.2 Net operating income

Net operating income (EBIT) rose to CHF 469 million (423) which is 10.7% above previous year. The operating cash flow **EBITDA** increased to CHF 525 million (478) and by 9.7% compared to the previous year. The **EBIT margin** reached 24.6% (21.5%), the **EBITDA margin** 27.5% (24.3%).

Volume growth achieved with high-margin specialty products – in both the main area of high-performance polymers and the secondary area of specialty chemicals – with simultaneous efficiency improvements had a positive effect on result and result margin.

3.3 Net financial income

Net financial income was CHF -10 Mio. (-8).

3.4 Equity

Equity increased to CHF 1,290 million (1,250). The **equity ratio** was 68.2% (67.7%), **return on equity** 29.2% (27.4%). In a sector comparison, both equity ratio and return on equity remain high and express the sustained, above-average profitability of EMS.

3.5 Investments / cash flow

Investments made in 2015 totalled CHF 55 million (52). Of this amount, 71.1% (55.7%) was invested in Switzerland, 11.7% (18.4%) in Asia, 10.9% (17.9%) in Europe, 5.9% (7.8%) in North America (NAFTA) and 0.4% (0.2%) in other countries. These were mainly for expansion of capacity.

With a **cash flow** of CHF 439 million (404), the investment volume of CHF 55 million was again easily financed from own financial resources. The generated free cash flow amounted CHF 384 million (352).

4. Remarks on the individual business areas

In the main business area of **High Performance Polymers** it was possible to generate further new business with new structural parts as well as with innovative process materials for the automotive industry. High-quality, cost-efficient and weight-saving solutions using high-performance polymers from EMS resulted in considerable new business. Overall, sales volumes grew by 7.3% compared to previous year.

The secondary business area **Specialty Chemicals** also achieved an increase in sales volumes of 4.5%. Profitable new business had a positive effect on result.

5. Development of net sales and result by business area

In million CHF	2015	%-dev. prev. year	2014
High Performance Polymers			
Net sales	1'655	-2.8%	1'703
- In local currencies		+4.5%	
- Volume growth		+7.3%	
EBITDA	460	+10.8%	415
- In % of net sales	27.8%		24.4%
EBIT	411	+11.6%	369
- In % of net sales	24.9%		21.6%
Specialty Chemicals			
Net sales	251	-6.8%	269
- In local currencies		-1.3%	
- Volume growth		+4.5%	
EBITDA	65	+3.1%	63
- In % of net sales	25.9%		23.4%
EBIT	57	+5.0%	55
- In % of net sales	22.9%		20.3%
EMS Group			
Net sales	1'905	-3.4%	1'972
- In local currencies		+3.7%	
- Volume growth		+7.0%	
EBITDA ¹⁾	525	+9.7%	478
- In % of net sales	27.5%		24.3%
EBIT ²⁾	469	+10.7%	423
- In % of net sales	24.6%		21.5%

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

6. Payment of dividends

EMS consistently pursues a policy of result and liquidity-oriented profit distribution. Financial resources not required for operational business are distributed to shareholders.

At the Annual General Meeting 2016, the Board of Directors therefore intends to propose distribution of an **ordinary dividend** of CHF 11.00 (10.00) per share as well as an additional **extraordinary dividend** of CHF 2.50 (2.00) per share. This means that a total of CHF 13.50 (12.00) per share would be distributed.

7. Outlook 2016

For the business year 2016, EMS is expecting an overall slow world **economy**. Governments in all parts of the world are under pressure to react to major challenges in terms of security, finance and economic growth. Unpredictable political acts and measures may appear causing substantial instability.

Europe has passed the low point, supported by a weak Euro and low oil prices. Growth in the NAFTA region may slow again. This may also occur in China, although at a significantly higher growth level. As long as oil prices remain low, raw-material oriented countries such as Russia and Brazil will not be able to emerge from the recession.

EMS however, is quite confident with regard to development of its own business. The successful strategy of worldwide **growth with specialty products** in the area of high-performance polymers will be continued. Focus will be put on exploiting global market potential with new, innovative products and applications as well as on strengthening market position. EMS will meet any possible market instability with flexibility.

For **2016**, EMS expects net sales and net operating income (EBIT) slightly above the previous year.

8. Schedule

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| - First quarter report 2016 | April 2016 |
| - Media conference / Half-year report 2016 | July 15, 2016 |
| - Annual General Meeting 2016 | August 13, 2016 |
| - Third-quarter report 2016 | October 2016 |
| - Media conference / Annual Results 2016 | February 2017 |

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