

Herrliberg, February 6, 2015

## MEDIA INFORMATION

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### EMS Group: Annual results 2014

#### Positive development of net sales and result 2014:

- **Growth in all global regions**
- **New business successfully realised**

#### Compensation of the strong Swiss Franc 2015:

- **Growth offensive focussing on specialty products**
- **Efficiency improvements**

### 1. Summary

The EMS Group, with its companies consolidated in the EMS-CHEMIE HOLDING AG is globally active in the business areas **High Performance Polymers** and **Specialty Chemicals**. In 2014, **net sales** increased by **4.6%** and **net operating income (EBIT)** by **14.7%** compared to the previous year. These are again new record levels.

Consolidated **net sales** in Swiss Francs increased by 4.6% compared to the previous year to reach CHF 1,972 million (1,885), while the increase in local currencies was 7.8%. Significant new business was realised successfully and market positions further strengthened worldwide.

**Net operating income (EBIT)** rose to CHF 423 million (369) which is 14.7% above previous year. Operating cash flow (EBITDA) increased to CHF 478 million (424) and by 12.8% compared to the previous year. The EBIT margin reached 21.5% (19.6%), the EBITDA margin 24.3% (22.5%). Strong growth of high-margin specialty products and strict cost discipline had a positive effect on both result and result margin.

**Net financial income** was CHF -8 million (16).

**Net income** closed 7.9% above the previous year at CHF 349 million (324). Earnings per share increased to CHF 14.66 (13.58).

At the Annual General Meeting 2015, the Board of Directors intends to propose distribution of an **ordinary dividend** of CHF 10.00 (8.50) per share and an additional **extraordinary dividend** of CHF 2.00 (2.50) per share. This means that a total of CHF 12.00 (11.00) per share would be distributed.

For the business year **2015**, EMS is expecting an overall positive world economy. The dominance of politics and its fundamental intervention in monetary and real economic systems however, are causing considerable instability worldwide. Within this context, overvaluation of the Swiss Franc is likely to continue and to become even stronger temporarily.

EMS will **compensate** these **effects** by following its successful growth strategy with **specialties** in the area of high-performance polymers **with even more focus**. Innovative products and solutions will be quickly launched onto world markets and the global market positions continually strengthened. In addition, implementation of efficiency measures already introduced last year will be accelerated and intensified.

**For 2015**, without taking the recent currency rate developments into account, EMS expects net sales and net operating income (EBIT) above previous year. Due to the above-mentioned measures **net sales** in **Swiss Francs** will close slightly lower, while **net operating income (EBIT)** in Swiss Francs will reach the previous year's figures.

## 2. Development of income 2014: Key figures EMS Group

In million CHF	2014	2013
<b>Net sales</b>	<b>1'972</b>	1'885
Change from previous year	<b>+4.6%</b>	
In local currencies	<b>+7.8%</b>	
Effect of consolidation <sup>1)</sup>	<b>+2.3%</b>	
<b>Operating cash flow (EBITDA) <sup>2)</sup></b>	<b>478</b>	424
Change from previous year	<b>+12.8%</b>	
In % of net sales	<b>24.3%</b>	22.5%
<b>Net operating income (EBIT) <sup>3)</sup></b>	<b>423</b>	369
Change from previous year	<b>+14.7%</b>	
In % of net sales	<b>21.5%</b>	19.6%
<b>Net financial income</b>	<b>-8</b>	16
<b>Income taxes</b>	<b>-65</b>	-61
<b>Net income <sup>4)</sup></b>	<b>349</b>	324
Change from previous year	<b>+7.9%</b>	
In % of net sales	<b>17.7%</b>	17.2%
<b>Cash flow <sup>5)</sup></b>	<b>404</b>	379
Change from previous year	<b>+6.7%</b>	
<b>Investments</b>	<b>52</b>	57
Change from previous year	<b>-8.9%</b>	
<b>Equity <sup>6)</sup></b>	<b>1'250</b>	1'185
In % of balance sheet total	<b>67.7%</b>	68.2%
Return on equity	<b>27.4%</b>	26.8%
Equity per share (in CHF) <sup>7)</sup>	<b>53.47</b>	50.68
<b>Number of employees</b>	<b>2'865</b>	2'670

<sup>1)</sup> In the business area High Performance Polymers, EMS-EFTEC business in Central and Eastern Europe has been fully consolidated since April 1, 2013 and business in Mexico since July 1, 2014 (previously consolidated according to the equity method).

<sup>2)</sup> EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation  
= Operating cash flow

<sup>3)</sup> EBIT = Earnings Before Interest and Taxes  
= Net operating income

<sup>4)</sup> Net income = Profit after taxes, including minority shareholders

<sup>5)</sup> Cash flow = Net income plus amortisation of intangible assets, property, plant and equipment plus value adjustments to securities

<sup>6)</sup> Equity = Equity without minorities

<sup>7)</sup> Average weighted number of registered shares as at 31.12.2014: 23,382,560 shares  
(31.12.2013: 23,381,559 shares)

### 3. Remarks on the development of net sales and income

#### 3.1 Net sales

Net sales in Swiss Francs increased by 4.6% compared to the previous year to reach CHF 1,972 million (1,885). The consolidation effect was 2.3%. Weaker currencies reduced development of net sales in Swiss Francs. Net sales in local currencies increased by 7.8%.

As expected, the global economy developed in a favourable way in 2014. The major Asian and American markets were able to continue their growth. Crisis-shaken Europe recovered slightly in the first half-year but dropped back again in the second half-year.

Geopolitical conflicts and the renewed awareness of European debt problems affected consumer confidence worldwide. This resulted in a slowing global economy.

EMS successfully realised planned new business. Market positions in all geographical regions were further strengthened. Business developed particularly well in the global automotive industry where numerous new polymer applications were realised and the Business Unit EMS-EFTEC achieved new business.

96.1% (96.1%) of net sales were generated outside of Switzerland: 51.3% (50.7%) in Europe (excl. Switzerland), 27.0% (28.4%) in Asia, 15.0% (13.3%) in North America (NAFTA) and 2.8% (3.7%) in other countries.

#### 3.2 Net operating income

**Net operating income (EBIT)** rose to CHF 423 million (369) which is 14.7% above previous year. The operating cash flow **EBITDA** increased to CHF 478 million (424) and by 12.8% compared to the previous year. The **EBIT margin** reached 21.5% (19.6%), the **EBITDA margin** 24.3% (22.5%).

Continued growth achieved with high-margin specialty products – particularly in the main area of high-performance polymers – and strict cost discipline led to a pleasing increase in both result and result margin.

### 3.3 Net financial income

Net financial income was CHF -8 Mio. (16).

### 3.4 Equity

**Equity** increased to CHF 1,250 million (1,185). The **equity ratio** was 67.7% (68.2%), **return on equity** 27.4% (26.8%). In a sector comparison, both equity ratio and return on equity are high and express the sustained, above-average profitability of EMS.

### 3.5 Investments / cash flow

Investments made in 2014 totalled CHF 52 million (57). Of this amount, 55.7% (74.6%) was invested in Switzerland, 18.4% (8.3%) in Asia, 17.9% (9.5%) in Europe, 7.8% (7.3%) in North America (NAFTA) and 0.2% (0.3%) in other countries. These were mainly for expansion of capacity and rationalisation measures.

With a **cash flow** of CHF 404 million (379), the investment volume of CHF 52 million was again easily financed from own financial resources. The generated free cash flow amounted to CHF 352 million (321).

#### 4. Remarks on the individual business areas

In the main business area of **High Performance Polymers** it was possible to further develop business with innovative process materials and to realise numerous new structural parts with high-performance polymers. Particularly positive development could be seen here in the major automotive markets China and Germany. The Business Unit EMS-EFTEC further strengthened its global presence with the complete takeover of its Mexican business as per beginning of July 2014. EMS-EFTEC now holds a leading position in all significant automotive markets.

In the secondary business area **Specialty Chemicals**, strategically important and profitable new business was generated which had a positive effect on result development.

## 5. Development of net sales and result by business area

In million CHF	2014	%-dev. prev. year	2013
<b>High Performance Polymers</b>			
Net sales	1'703	+5.1%	1'620
- In local currencies		+8.3%	
- Effect of consolidation <sup>1)</sup>		+2.7%	
EBITDA	415	+13.3%	366
- In % of net sales	24.4%		22.6%
EBIT	369	+15.3%	320
- In % of net sales	21.6%		19.7%
<b>Specialty Chemicals</b>			
Net sales	269	+1.5%	265
- In local currencies		+4.2%	
EBITDA	63	+9.3%	58
- In % of net sales	23.4%		21.8%
EBIT	55	+11.2%	49
- In % of net sales	20.3%		18.5%
<b>EMS Group</b>			
<b>Net sales</b>	<b>1'972</b>	<b>+4.6%</b>	<b>1'885</b>
- In local currencies		<b>+7.8%</b>	
- Effect of consolidation <sup>1)</sup>		<b>+2.3%</b>	
<b>EBITDA <sup>2)</sup></b>	<b>478</b>	<b>+12.8%</b>	<b>424</b>
- In % of net sales	<b>24.3%</b>		<b>22.5%</b>
<b>EBIT <sup>3)</sup></b>	<b>423</b>	<b>+14.7%</b>	<b>369</b>
- In % of net sales	<b>21.5%</b>		<b>19.6%</b>

<sup>1)</sup> In the business area High Performance Polymers EMS-EFTEC business in Central and Eastern Europe has been fully consolidated since April 1, 2013 and in Mexico since July 1, 2014 (previously consolidated according to the equity method).

<sup>2)</sup> EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation  
= Operating cash flow

<sup>3)</sup> 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 2015, the Board of Directors therefore intends to propose distribution of an **ordinary dividend** of CHF 10.00 (8.50) per share as well as an additional **extraordinary dividend** of CHF 2.00 (2.50) per share. This means that distribution of a total of CHF 12.00 (11.00) per share will be proposed.

## 7. Outlook 2015

For the business year **2015**, EMS is confident and expects the main markets, especially China and the USA, to show positive development, although growth rates may be lower and development less stable. The exceptional dominance of politics and its fundamental intervention in monetary and real economic systems however entail risks with effects difficult to foresee.

In this context, the overvaluation of the Swiss Franc apparent since the discontinuation of the minimum exchange rate Swiss Franc / Euro is likely to continue and to become even stronger temporarily.

EMS will compensate the currency effects by following its successful growth strategy with high-margin specialties in the area of high-performance polymers with even more focus. Innovative products and solutions will be quickly launched onto world markets and global market positions further strengthened. A growth offensive should ensure additional business. The Chinese market organisation will be further expanded. Implementation of efficiency programmes already introduced last year will now be accelerated and intensified.

**For 2015**, without taking the recent currency rate developments into account, EMS expects net sales and net operating income (EBIT) above previous year. Due to the above-mentioned measures **net sales** in **Swiss Francs** will close slightly lower, while **net operating income (EBIT)** in Swiss Francs will reach the previous year's figures.



## 8. Schedule

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|--|----------------|
| - First quarter report 2015                | April 2015     |
| - Media conference / Half-year report 2015 | July 10, 2015  |
| - Annual General Meeting 2015              | August 8, 2015 |
| - Third-quarter report 2015                | October 2015   |
| - Media conference / Annual Results 2015   | February 2016  |

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