

Herrliberg, February 10, 2017

MEDIA INFORMATION

Annual Results 2016 of the EMS Group:

- Significant growth with specialty products
- New record levels for net sales and income
- Further extraordinary dividend

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 2016, **sales volumes** increased by 6.7% compared to previous year. **Net sales** rose by 4.1% and **net operating income (EBIT)** by **16.9%**. New record levels for net sales, net operating income and net result were achieved.

Compared to previous year, consolidated **net sales** grew by 4.1% to reach CHF 1,983 million (1,905). In a moderately positive global economy, EMS was able to continually expand business with innovative specialty products. Pleasing growth was achieved in all regions and customer markets. Sales volumes were increased by a total of 6.7% compared to previous year.

Net operating income (EBIT) closed at CHF 548 million (469) which is 16.9% above previous year. The operational cash flow (EBITDA) rose by 15.1% to CHF 604 million (525). The EBIT margin was 27.6% (24.6%), the EBITDA margin 30.5% (27.5%). Strong growth with high-margin specialty products and simultaneous efficiency improvements had a positive effect on both result and result margin.

Net income closed at CHF 456 million (383) which is 19.0% above previous year. Earnings per share increased to CHF 19.19 (16.09).

At the Annual General Meeting 2017, the Board of Directors intends to propose distribution of an **ordinary dividend** of CHF 13.00 (11.00) per share and an additional **extraordinary dividend** of CHF 4.00 (4.00) per share for the business year 2016. This means that a total of CHF 17.00 (15.00) per share would be distributed.

For the business year **2017**, EMS is expecting a slower world economy with fluctuating instability. Political events may affect development of the world economy, also in the short term. Additionally, higher oil prices are driving inflation expectations and will result in an excessive increase in raw material and sales prices.

EMS is 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 positions. Sales price increases will secure result, even with strongly increasing raw material prices.

For 2017, EMS expects net sales and net operating income (EBIT) slightly above the previous year.

2. Development of income 2016: Key figures EMS Group

in million CHF	2016	2015
Net sales	1,983	1,905
Change from previous year	+4.1%	
Volume growth	+6.7%	
Currency effect	+0.3%	
Operational cash flow (EBITDA) ¹⁾	604	525
Change from previous year	+15.1%	
In % of net sales	30.5%	27.5%
Net operating income (EBIT) ²⁾	548	469
Change from previous year	+16.9%	
In % of net sales	27.6%	24.6%
Net financial income	-5	-10
Income taxes	-87	-76
Net income ³⁾	456	383
Change to previous year	+19.0%	
In % of net sales	23.0%	20.1%
Cash Flow ⁴⁾	512	439
Change from previous year	+16.6%	
Investments	71	55
Change from previous year	+30.4%	
Equity ⁵⁾	1,405	1,290
In % of balance sheet total	70.8%	68.2%
Return on equity	31.9%	29.2%
Equity per share (in CHF) ⁶⁾	60.09	55.17
Number of employees	2,897	2,855

- 1) EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation
= Operational 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 31.12.2016: 23,381,875 shares
(31.12.2015: 23,382,560 shares)

3. Remarks on the development of net sales and income

3.1 Net sales

Compared to the previous year, net sales grew by 4.1% to reach CHF 1,983 million (1,905). Business developed well and a 6.7% increase in sales volumes was achieved.

As expected, the economic environment developed in a moderately positive way. Economic development in the NAFTA region was pleasing. The automotive market in China developed in a very positive way due to effective government impulse programmes. The European market also showed slight growth. The emerging markets Russia and Brazil suffered further setbacks, but now seem to have reached the turning point.

EMS was able to successfully realise new business planned worldwide in both the main area of High Performance Polymers and the secondary business area Specialty Chemicals.

96.9% (96.6%) of total net sales were generated outside Switzerland: 49.0% (48.9%) in Europe (excl. Switzerland), 27.3% (27.6%) in Asia, 18.3% (17.9%) in North America (NAFTA) and 2.3% (2.2%) in other countries.

3.2 Net operating income

Net operating income (EBIT) increased to CHF 548 million (469) which is 16.9% above previous year. The operational cash flow **EBITDA** rose by 15.1% to CHF 604 million (525). The **EBIT margin** was 27.6% (24.6%), the **EBITDA margin** 30.5% (27.5%).

Volume growth was achieved with high-margin specialty products in both the main business area High Performance Polymers and the secondary business area Specialty Chemicals. Disproportional cost increases had a further positive effect on both result and result margin.

3.3 Net financial income

Net financial income was CHF -5 Mio. (-10).

3.4 Equity

Equity increased to CHF 1,405 million (1,290). The **equity ratio** was 70.8% (68.2%); **return on equity** was 31.9% (29.2%). 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

To satisfy growing demand, EMS invested further in expansion of production capacity.

Total investments in 2016 amounted to CHF 71 million (55), mainly used for capacity expansion. 74.6% (71.1%) was invested in Switzerland, 15.7% (11.7%) in Asia, 5.5% (10.9%) in Europe, 4.1% (5.9%) in North America (NAFTA) and 0.1% (0.4%) in other countries.

With a **cash flow** of CHF 512 million (439), the investment volume of CHF 71 million was again easily financed from own financial resources. The generated free cash flow amounted to CHF 440 million (384).

4. Remarks on the individual business areas

In the main area of **High Performance Polymers** new applications with high-performance polymers were realised and innovative process materials for the automotive industry launched. These solutions, providing customers with higher performance and, at the same time, with cost and weight savings, generated considerable new business. The corresponding increase in sales volumes amounted to 6.1%.

Growth in the secondary business area **Specialty Chemicals** was also a pleasing 10.5%. Profitable new business also had a positive effect on the result development.

5. Development of sales and result by business area

In million CHF	2016	%-dev. prev. year	2015
High Performance Polymers			
Net sales	1,713	+3.5%	1,655
- Volume growth		+6.1%	
- Currency effect		+0.3%	
EBITDA	525	+14.1%	460
- In % of net sales	30.6%		27.8%
EBIT	476	+15.8%	411
- In % of net sales	27.8%		24.9%
Specialty Chemicals			
Net sales	270	+7.9%	251
- Volume growth		+10.5%	
- Currency effect		+0.6%	
EBITDA	79	+21.6%	65
- In % of net sales	29.2%		25.9%
EBIT	71	+24.6%	57
- In % of net sales	26.4%		22.9%
EMS Group			
Net sales	1,983	+4.1%	1,905
- Volume growth		+6.7%	
- Currency effect		+0.3%	
EBITDA ¹⁾	604	+15.1%	525
- In % of net sales	30.5%		27.5%
EBIT ²⁾	548	+16.9%	469
- In % of net sales	27.6%		24.6%

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

²⁾ EBIT = Earnings Before Interest and Taxes
= Net operation 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 2017, the Board of Directors therefore intends to propose distribution of an **ordinary dividend** of CHF 13.00 (11.00) per share as well as an additional **extraordinary dividend** of CHF 4.00 (4.00) per share for the business year 2016. This means that a total of CHF 17.00 (15.00) per share would be distributed.

7. Outlook 2017

For the business year 2017, EMS expects an overall positive but slower global economy. Political changes will lead to instability in global economic development. Short-term oriented political actions may cause turbulence in market segments. Higher oil prices are also driving inflation expectations and will push raw material and sales prices up. Fluctuation in demand with shortages or surpluses may result.

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 positions. Sales price increases will safeguard result, even with strongly increasing raw material prices.

For **2017**, EMS expects net sales and net operating income (EBIT) slightly above the previous year.

8. Schedule

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|--|-----------------|
| - First-quarter report 2017 | April 2017 |
| - Media conference / Half-year report 2017 | July 14, 2017 |
| - Annual General Meeting 2017 | August 12, 2017 |
| - Third-quarter report 2017 | October 2017 |
| - Media conference / Annual results 2017 | February 2018 |

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