

Herrliberg, February 9, 2018

## MEDIA INFORMATION

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### Annual Results 2017 of the EMS Group:

#### Positive development of net sales and income:

- Pleasing growth with high-margin specialties
- Successful realisation of new business
- 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 2017, **net sales** increased by **8.2%** and **net operating income (EBIT)** by **6.3%** compared to previous year. New record levels for net sales, net operating income and net result were achieved.

Compared to previous year, consolidated **net sales** grew by 8.2% to reach CHF 2,146 million (1,983). The global economy developed in a moderately positive way. Growth in the automotive industry however, slowed. With innovative new business, EMS was able to achieve disproportionately high growth and further expanded business successfully with specialties.

Continuing upstream supply shortages caused a significant rise in raw material prices and forced EMS to realize several sales price increases.

**Net operating income (EBIT)** closed at CHF 582 million (548) which is 6.3% above previous year. The operational cash flow (EBITDA) rose by 5.1% to reach CHF 635 million (604). Volume growth with high-margin specialties as well as efficiency improvements had a positive effect on result. The EBIT margin was 27.1% (27.6%), the EBITDA margin 29.6% (30.5%).

**Net income** rose to CHF 484 million (456) which is 6.3% above previous year. Earnings per share increased to CHF 20.59 (19.19).

At the Annual General Meeting 2018, the Board of Directors intends to propose distribution of an **ordinary dividend** of CHF 14.50 (13.00) per share and an additional **extraordinary dividend** of CHF 3.50 (4.00) per share. This means that a total of CHF 18.00 (17.00) per share would be distributed.

For the business year **2018**, EMS is expecting positive development of the global economy. The globally improved tax environment will support the economy. First signs of an overheated economy can be noticed however, and inflation expectations are rising.

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 continually exploiting market potential with new, innovative products and applications as well as on further strengthening market positions. Continually rising raw material prices will make sales price increases unavoidable. EMS is establishing efficiency programmes in preparation for a possible change in the economy.

For 2018, EMS again expects net sales and net operating income (EBIT) slightly above previous year.

## 2. Development of income 2017: Key figures EMS Group

in million CHF	2017	2016
<b>Net sales</b>	<b>2,146</b>	1,983
Change from previous year	<b>+8.2%</b>	
Currency effect	<b>+0.7%</b>	
<b>Operational cash flow (EBITDA) <sup>1)</sup></b>	<b>635</b>	604
Change from previous year	<b>+5.1%</b>	
In % of net sales	<b>29.6%</b>	30.5%
<b>Net operating income (EBIT) <sup>2)</sup></b>	<b>582</b>	548
Change from previous year	<b>+6.3%</b>	
In % of net sales	<b>27.1%</b>	27.6%
<b>Net financial income</b>	<b>1</b>	-5
<b>Income taxes</b>	<b>-98</b>	-87
<b>Net income <sup>3)</sup></b>	<b>484</b>	456
Change to previous year	<b>+6.3%</b>	
In % of net sales	<b>22.6%</b>	23.0%
<b>Cash Flow <sup>4)</sup></b>	<b>537</b>	512
Change from previous year	<b>+5.0%</b>	
<b>Investitions</b>	<b>49</b>	71
Change from previous year	<b>-31.0%</b>	
<b>Equity <sup>5)</sup></b>	<b>1,525</b>	1,405
In % of balance sheet total	<b>72.6%</b>	70.8%
Return on equity	<b>31.6%</b>	31.9%
Equity per share (in CHF) <sup>6)</sup>	<b>65.20</b>	60.09
<b>Number of employees</b>	<b>2,912</b>	2,897

- 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 31.12.2017: 23,387,951 shares  
(31.12.2016: 23,381,875 shares)

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

#### 3.1 Net sales

The economy developed in a moderately positive way. Pleasing growth of new business could be achieved. Sales volumes could be increased disproportionately compared to market development. Higher sales prices due to rising raw material costs had a positive effect on sales. Compared to previous year, net sales grew by 8.2% to reach CHF 2,146 million (1,983).

Global automotive production showed an overall increase of 2.3% in 2017. China, the largest automotive market in the world, showed moderate growth of +2.1% compared to previous year. In the NAFTA region, car production suffered a significant drop of -3.6%. The European automotive industry, on the other hand, showed growth of +2.1%.

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

96.8% (96.9%) of total net sales were generated outside Switzerland: 51.5% (49.0%) in Europe (excl. Switzerland), 27.3% (27.3%) in Asia, 15.8% (18.3%) in North America (NAFTA) and 2.2% (2.3%) in other countries.

#### 3.2 Net operating income

**Net operating income (EBIT)** increased to CHF 582 million (548) which is 6.3% above previous year. The operational cash flow **EBITDA** rose by CHF 635 million (604) and 5.1% compared to previous year. The **EBIT margin** was 27.1% (27.6%), the **EBITDA margin** 29.6% (30.5%).

With innovative new business, EMS was able to achieve disproportionally high growth compared to the market and successfully further expand business with specialties. Volume growth with high-margin specialties as well as efficiency improvements had a positive effect on result.

Continuing upstream supply shortages caused raw material prices to rise significantly and forced EMS to realize several sales price increases.

### 3.3 Net financial income

Net financial income was CHF 1 million (-5).

### 3.4 Equity

**Equity** increased to CHF 1,525 million (1,405). The **equity ratio** was 72.6% (70.8%) while **return on equity** was 31.6% (31.9%). 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

Total investments in 2017 amounted to CHF 49 million (71). EMS invested 61.1% (74.6%) in Switzerland, 21.1% (15.7%) in Asia, 13.4% (5.5%) in Europe, 4.3% (4.1%) in North America (NAFTA) und 0.1% (0.1%) in other countries. These investments were mainly used for capacity expansion.

With a **cash flow** of CHF 537 million (512), the investment volume was again easily financed from own financial resources. The generated free cash flow amounted to CHF 488 million (440).

## 4. Remarks on the individual business areas

In the main area of **High Performance Polymers** it was again possible to increase net sales and result. Numerous new applications with high-performance materials were realised providing customers with higher performance and, at the same time, with cost and weight savings. New and innovative technologies for automotive process materials were launched into the market.

In the secondary area of **Specialty Chemicals**, net sales and result were also increased. Innovative new business had a particularly positive effect on result.

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

In million CHF	2017	%-dev. prev. year	2016
<b>High Performance Polymers</b>			
Net sales	1,871	+9.2%	1,713
- Currency effect		+0.8%	
EBITDA	553	+5.3%	525
- In % of net sales	29.6%		30.6%
EBIT	506	+6.3%	476
- In % of net sales	27.1%		27.8%
<b>Specialty Chemicals</b>			
Net sales	275	+1.9%	270
- Currency effect		+0.3%	
EBITDA	82	+3.7%	79
- In % of net sales	29.8%		29.2%
EBIT	76	+6.2%	71
- In % of net sales	27.5%		26.4%
<b>EMS Group</b>			
<b>Net sales</b>	<b>2,146</b>	<b>+8.2%</b>	1,983
- Currency effect		<b>+0.7%</b>	
<b>EBITDA</b> <sup>1)</sup>	<b>635</b>	<b>+5.1%</b>	604
- In % of net sales	<b>29.6%</b>		30.5%
<b>EBIT</b> <sup>2)</sup>	<b>582</b>	<b>+6.3%</b>	548
- In % of net sales	<b>27.1%</b>		27.6%

<sup>1)</sup> EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation  
= Operational cash flow

<sup>2)</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 2018, the Board of Directors therefore intends to propose distribution of an **ordinary dividend** of CHF 14.50 (13.00) per share and an additional **extraordinary dividend** of CHF 3.50 (4.00) per share. This means that a total of CHF 18.00 (17.00) per share would be distributed.

## 7. Personnel Changes

With immediate effect, Darko Radanovic, previously Leader of the Business Unit EMS-GRILTECH, will become new Member of Executive Management of the EMS Group. He will replace Dr. Jürgen Spindler, who will leave the EMS Group for personal reasons by the end of March 2018. Darko Radanovic has been active in the EMS Group in various leadership positions for 22 years. During the next year, as Member of Executive Management, he will familiarize himself with the global business of EMS-GRIVORY before taking over the position of Leader of the Business Unit EMS-GRIVORY Europe on February 8, 2019, when his predecessor retires.

## 8. Outlook 2018

For the business year 2018, EMS is expecting positive development of the global economy. The globally improved tax environment will support the economy. First signs of an overheated economy can be noticed however and inflation expectations are rising.

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 continually exploiting market potential with new, innovative products and applications as well as on further strengthening market positions. Continually rising raw material prices will make sales price increases unavoidable. EMS is establishing efficiency programmes in preparation for a possible change in the economy.

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## 9. Schedule

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|--|-----------------|
| - First-quarter report 2018                | April 2018      |
| - Media conference / Half-year report 2018 | July 13, 2018   |
| - Annual General Meeting 2018              | August 11, 2018 |
| - Third-quarter report 2018                | October 2018    |
| - Media Conference / Annual results 2018   | February 2019   |

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