

Herrliberg, February 12, 2021

## MEDIA INFORMATION

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### Annual Results 2020 of the EMS Group:

- **Worldwide business recovering**
- **Strong new business and early measures safeguard high result margin**
- **Pleasing order situation at the beginning of the year**
- **Bottlenecks in global supply chains lead to price increases**

#### 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 2020, **net sales** of CHF 1,802 million (2,153) and a **net operating income** of CHF 515 million (624) were achieved. While net sales in the first half-year were significantly lower due to COVID-19, sales recovered in the third quarter and exceeded previous year's figures in the fourth quarter. Thanks to the strong position with speciality products and measures taken at an early stage, EMS was able to maintain the net operating income margin (EBIT margin) at the previous year's level.

Demand for consumer and investment goods declined to historic low levels in the first half-year of 2020 and automotive plants worldwide closed for several weeks. However, demand recovered steadily in the second half of the year. Easing of COVID-19 measures in most countries and extensive state support programmes generated confidence and purchasing power for consumers and companies. Domestic demand in China already reached pre-crisis levels in the third quarter, while other regions in the world have still not achieved this. At many production plants, a need to catch up could be noticed.

Inventory stocks and capacity were generally reduced during the crisis. The sudden increase in demand in the second half of the year provoked various supply shortages in international supply chains as logistic capacity also reached its limits. A lack of semiconductors is having a damping effect on the global automotive industry.

EMS prepared particularly early for a slowing of the economy. A comprehensive efficiency programme and quickly implemented measures at all locations allowed rapid adjustment of costs to lower sales figures. In the second half-year, production plants in the world were successively ramped up to meet the strong demand.

In addition, development and expansion projects for new business were further followed. Due to the speciality position with innovative new business and decisive action taken at an early stage, EMS was able to achieve again a high operational cash flow margin (EBITDA) of 31.6% (31.4%). Net operating income (EBIT) amounted to CHF 515 million (624); the EBIT margin reached 28.6% (29.0%).

For the business year 2020, the Board of Directors intends to propose to the Annual General Meeting, distribution of an **ordinary dividend** of CHF 13.00 (15.60) per share and an **extra-ordinary dividend** of CHF 4.00 (4.40) per share. This means a total of CHF 17.00 (20.00) per share would be distributed.

For **2021**, EMS is expecting further economic recovery. Economic stimulus programmes and state support measures are encouraging demand although the exact course of economic recovery will further depend on the pandemic and the associated political interventions. Temporary instability in the global markets is, therefore, to be expected.

EMS has started well in the business year 2021. With its successful strategy of special products in the main area of High Performance Polymers, EMS is in good shape to continuously make quick and flexible use of market opportunities as they arise.

For 2021, EMS expects higher net sales and a higher net operating income (EBIT) than in the previous year.

## 2. Development of income 2020: Key figures EMS Group

in million CHF	2020	2019
<b>Net sales</b>	<b>1,802</b>	2,153
Change from previous year	<b>-16.3%</b>	
Organic development of net sales *	<b>-11.0%</b>	
<b>Operational Cash Flow (EBITDA) <sup>1)</sup></b>	<b>569</b>	677
Change from previous year	<b>-15.9%</b>	
In % of net sales	<b>31.6%</b>	31.4%
<b>Net operating income (EBIT) <sup>2)</sup></b>	<b>515</b>	624
Change from previous year	<b>-17.4%</b>	
In % of net sales	<b>28.6%</b>	29.0%
<b>Net financial income</b>	<b>-4</b>	-3
<b>Income taxes</b>	<b>-71</b>	-88
<b>Net income <sup>3)</sup></b>	<b>440</b>	532
Change from previous year	<b>-17.3%</b>	
In % of net sales	<b>24.4%</b>	24.7%
<b>Cash Flow <sup>4)</sup></b>	<b>494</b>	585
Change from previous year	<b>-15.5%</b>	
<b>Investments</b>	<b>48</b>	63
Change from previous year	<b>-23.2%</b>	
<b>Equity <sup>5)</sup></b>	<b>1,598</b>	1,663
In % of balance sheet total	<b>76.9%</b>	75.1%
Return on equity	<b>27.2%</b>	31.7%
Equity per share (in CHF) <sup>6)</sup>	<b>68.31</b>	71.09
<b>Number of employees</b>	<b>2,521</b>	2,648

\*) In local currencies, without the business unit EMS-PATVAG, sold per November 26, 2019

<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

<sup>3)</sup> Net income = Profit after taxes, including minority shareholders

<sup>4)</sup> Cash Flow = Net income plus amortisation of intangible assets, property, plants and equipment, plus value adjustments to securities

<sup>5)</sup> Equity = Equity without minorities

<sup>6)</sup> Average weighted number of registered shares as at 31.12.2020: 23,389,028 shares  
(31.12.2019: 23,389,028 shares)

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

#### 3.1 Net sales

Compared to the previous year, net sales dropped by 16.3% to close at CHF 1,802 million (2,153). 4.8% of this decline is accounted for by the stronger Swiss Franc.

96.0% (96.3%) of net sales were generated outside of Switzerland, 49.0% (50.3%) in Europe (excl. Switzerland), 28.2% (26.7%) in Asia, 17.6% (18.2%) in America and 1.2% (1.1%) in other countries.

Demand for consumer and investment goods declined to historic low levels in the first half-year of 2020 and automotive plants closed worldwide for several weeks, significantly affecting business for EMS. Sales recovered remarkably in the third quarter, however, and exceeded previous year's figures in the fourth quarter.

EMS implemented comprehensive measures and protective concepts at all locations at a very early stage to prevent COVID-19 infections. In order to ensure delivery reliability to customers at all times, local inventories of raw materials were stocked and stocks of finished goods built up near customer plants. Thanks to these farsighted measures, the delivery capability of all EMS production sites was ensured.

With efficiency programmes already initiated in the previous year, extremely cautious recruiting policies and quickly implemented cost-reducing measures, EMS had continually adjusted organisation, processes, production and inventory stocks to customer order levels. In Switzerland, order fluctuations were absorbed through a flexible working hours model. As a sign of solidarity, the Board of Directors and Executive Management of EMS voluntarily took a 15% reduction in fees and fixed salaries.

Development of specialties was further followed and market opportunities were quickly realized. Thus, business with specialty products was successfully expanded in all regions of the world and positions with customers strengthened worldwide.

### 3.2 Net operating income

EMS was able to realise planned innovative and profitable new business even in this difficult market environment. Additionally, the efficiency programmes already started in the previous year generated sustainable cost and efficiency improvements. In this way, it was possible to maintain the high operational cash flow margin (EBITDA) at 31.6% (31.4%). Net operating income (EBIT) amounted to CHF 515 million (624), the EBIT margin reached 28.6% (29.0%).

With its innovative specialties, EMS has always generated a high result margin and a strong free cash flow. Correspondingly, due to high liquidity and a strong equity ratio, EMS considers itself in good shape to realise opportunities in the market rapidly and flexibly.

### 3.3 Financial income

Due to currency effects, net financial income was CHF -4 million (-3).

### 3.4 Equity

**Equity** amounted to CHF 1,598 million (1,663). **Equity ratio** increased to 76.9% (75.1%). **Return on equity** reached 27.2% (31.7%). 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 2020 amounted to CHF 48 million (63). Of these, EMS invested 78.8% (83.6%) in Switzerland, 5.2% (7.9%) in Europe (excl. Switzerland), 8.5% (4.4%) in America and 7.5% (4.1%) in Asia. These investments were mainly put towards an increase in capacity as well as improvements in efficiency and sustainability.

With a **cash flow** of CHF 494 million (585), the investment volume was again easily financed from own financial resources. The generated free cash flow amounted to CHF 446 million (522).

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

In the main area of **High Performance Polymers**, EMS was able to successfully launch innovative products and solutions onto international markets, providing customers with cost and weight savings as well as lower CO<sub>2</sub> emissions. With the acceleration programmes implemented right at the start of the year in research, development and sales, EMS took customer requirements for rapid and cost-efficient and environmentally-friendly solutions even more consistently into account.

In the secondary business area of **Specialty Chemicals**, it was also possible to introduce new specialty products onto the markets. The Business Unit EMS-PATVAG was sold on November 26, 2019 and has not been included in the financial statements since then.

## 5. Net sales and result development by business area

in million CHF	2020	%-dev. prev. year	2019
<b>EMS Group</b>			
Net sales	<b>1,802</b>	<b>-16.3%</b>	2,153
Organic development of net sales*		<b>-11.0%</b>	
EBITDA <sup>1)</sup>	<b>569</b>	<b>-15.9%</b>	677
In % of net sales	<b>31.6%</b>		31.4%
EBIT <sup>2)</sup>	<b>515</b>	<b>-17.4%</b>	624
In % of net sales	<b>28.6%</b>		29.0%
<b>High Performance Polymers</b>			
Net sales	<b>1,596</b>	-16.3%	1,906
Organic development of net sales **		-11.4%	
EBITDA	<b>507</b>	-15.5%	600
In % of net sales	<b>31.8%</b>		31.5%
EBIT	<b>458</b>	-17.1%	553
In % of net sales	<b>28.7%</b>		29.0%
<b>Specialty Chemicals</b>			
Net sales	<b>206</b>	-16.5%	247
Organic development of net sales *		-7.2%	
EBITDA	<b>62</b>	-18.8%	76
In % of net sales	<b>30.1%</b>		31.0%
EBIT	<b>57</b>	-19.7%	71
In % of net sales	<b>27.5%</b>		28.6%

\*) in local currencies without the Business Unit EMS-PATVAG, sold on November 26, 2019.

\*\*\*) in local currencies.

1) EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation  
= Operational Cash Flow

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 2021, the Board of Directors therefore intends to propose distribution of an **ordinary dividend** of CHF 13.00 (15.60) per share and an **extra-ordinary dividend** of CHF 4.00 (4.40) per share. This means that a total of CHF 17.00 (20.00) per share would be distributed.

## 7. Outlook 2021

For the business year **2021**, EMS expects a recovery of the economy. The negative effect of COVID-19 on consumer spending and economic activities will not be as strong globally as in the previous year. The economic stimulus programmes and state support measures are encouraging demand and generating confidence and increasing purchasing power. Worldwide demand for goods will increase, in particular from Asia, although the exact course of economic recovery, however, will further depend on the pandemic and associated political interventions. Temporary instability in the global markets, delivery bottlenecks and price increases in supply chains are, therefore, to be expected. The current lack of semiconductors is having a damping effect, particularly in the automotive industry.

EMS has started well in the business year. The successful strategy of special products in the main area of High Performance Polymers will be continued. The high demand from customers worldwide for cost and CO<sub>2</sub> reductions is being met by EMS with its many decades of experience in creating innovative specialty product solutions. Thanks to innovative, high-margin specialty business, further expansion of global market positions, high liquidity and a strong equity ratio, EMS considers itself in good shape to realise opportunities independently, quickly and flexibly. Raw material shortages causing higher prices will make sales price increases with customers inevitable.

For 2021, EMS is expecting higher net sales and a higher net operating income (EBIT) than in the previous year.



## 8. Schedule

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|--|----------------|
| - First-quarter report 2021                | April 2021     |
| - Media conference / Half-year report 2021 | July 16, 2021  |
| - Annual General Meeting 2021              | August 7, 2021 |
| - Third-quarter report 2021                | October 2021   |
| - Media conference / Annual Results 2021   | February 2022  |

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