

Herrliberg, February 10, 2023

MEDIA INFORMATION

Annual Results 2022 of the EMS Group:

- **Successful new business with innovative specialties**
- **Net sales at record level**
- **Second highest profit in company history**
- **Weakened global economy with sluggish recovery**
- **Extraordinary dividend once again**

1. Summary

The EMS Group, with its companies combined in the EMS-CHEMIE HOLDING AG and globally active in the business areas **High Performance Polymers** and **Specialty Chemicals**, achieved **net sales** amounting to CHF 2,442 million (2,254) and a **net operating income** of CHF 611 million (640) in 2022. Net income amounted to CHF 535 million (553).

Recovery of the global economy after COVID-19 was stopped abruptly in the second quarter of 2022. The Ukraine conflict caused immense uncertainty and massively higher energy prices, particularly in Europe. Raw material prices rose exceptionally. Existing inflationary tendencies increased substantially, forcing central banks to raise interest rates. As a result, global purchasing power and economic development was hampered. In China, rigorous lockdown measures and the real-estate crisis depressed the consumer mood and had a negative effect on economic activity. A nationwide wave of infection with COVID-19 in December extending until the Chinese New Year in January 2023, led to a comprehensive consumer deficit and production shortage.

EMS had already prepared for unstable economic development at the beginning of 2022. The proven strategy of specialties was continued and planned new development and expansion projects to generate new business were pursued now more than ever. In this way, new business with profitable specialties was realized successfully and pleasing growth of net sales achieved in all geographic regions. New products providing energy and cost savings were realized together with customers and opportunities presenting themselves in the markets were seized immediately.

The investment programme announced last year, with more than CHF 300 million invested in increased capacity and energy efficiency at the main production site in Domat/Ems (Switzerland), is being implemented as planned. Production capacity at various other sites was also expanded. Through proactive measures taken early to safeguard the energy supply, delivery reliability worldwide was ensured at all times. Rising inflation, in particular the massive increases in raw material prices, made corresponding sales price increases for customers inevitable.

Consolidated **net sales** closed at CHF 2,442 million (2,254) which is 8.3% above previous year. Weaker foreign currencies reduced net sales in Swiss Francs. Adjusted for currency influences, net sales rose by 12.6% to a new record value.

Net operating income (EBIT) reached CHF 611 million (640), resulting, due to the difficult market environment and currency situation, in a decrease of 4.6% compared to the record year 2021. The operational cash flow (EBITDA) amounted to CHF 661 million (696). While customer orders in 2021 reflected the backlog demand and stocks were built up strongly throughout the whole supply chain, in 2022, customers followed the weakening economy, reducing stocks to gain liquidity and ordering extended holiday closures.

Net profit was CHF 535 million (553) which corresponds to the second highest result in company history. Earnings per share amounted to CHF 22.75 (23.53).

For the business year 2022, the Board of Directors intends to propose to the Annual General Meeting distribution of an **ordinary dividend** of CHF 15.75 (16.50) per share and an additional **extraordinary dividend** of CHF 4.25 (4.50) per share. This means a total of CHF 20.00 (21.00) per share would be distributed.

For the business year **2023**, EMS is expecting a subdued economy. In particular in the first half-year, economic development may still be very moderate due to the COVID-19 situation in China and the restrained consumer mood in Europe. Geopolitical conflicts, open energy issues and repeated increases in interest rates to counter inflation are having a dampening effect on economic development.

EMS will continue to follow the successful strategy of growth with specialties in the main area of High Performance Polymers. The proven innovation strategy with ongoing development of new business will be continued. The excellent market position also allows current chances in the market to be made use of quickly and flexibly.

For 2023 EMS is expecting net sales and net operating income (EBIT) very slightly higher than in the previous year.

2. Key index figures of result development of the EMS Group 2022

in million CHF	2022	2021
Net sales	2,442	2,254
Change to previous year	+ 8.3%	
In local currencies	+ 12.6%	
Operational cash flow (EBITDA) ¹⁾	661	696
Change to previous year	- 4.9%	
In % of net sales	27.1%	30.9%
Net operating income (EBIT) ²⁾	611	640
Change to previous year	- 4.6%	
In % of net sales	25.0%	28.4%
Net financial income	-5	1
Income tax	-72	-88
Net income ³⁾	535	553
Change to previous year	- 3.3%	
In % of net sales	21.9%	24.5%
Cash Flow ⁴⁾	585	608
Change to previous year	- 3.8%	
Investment	94	80
Change to previous year	+ 17.6%	
Equity ⁵⁾	1,816	1,799
In % of balance sheet total	78.4%	77.4%
Return on equity	29.3%	30.6%
Equity per share (in CHF) ⁶⁾	77.63	76.91
Number of employees	2,693	2,646

- 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 tangible assets, property, plants and equipment plus value adjustments to securities
- 5) Equity = Equity without minorities
- 6) Average weighted number of registered shares at 31.12.2022: 23,389,028 shares
(31.12.2021: 23,389,028 shares)

3. Remarks on the development of net sales and income

3.1 Net sales

EMS was able to successfully realize innovative new business as planned and achieve pleasing growth of net sales in all geographic regions. The proven strategy with specialties was continued and planned development and expansion projects to generate new business were pursued now more than ever. Massively higher raw material prices for EMS made corresponding sales price increases for customers inevitable. Thanks to measures taken at an early stage, delivery reliability worldwide was ensured at all times. While 2021 was characterised by general backlog demand in supply chains, in 2022, the Ukraine conflict, massively higher energy prices, inflation and corresponding increases in interest rates, as well as the COVID-19 problems in China, had an increasingly negative effect on the consumer mood and global economic development. Customers reduced production and decreased stocks for safety and liquidity considerations.

Compared to the previous year, consolidated **net sales** increased by 8.3% to reach CHF 2,442 million (2,254), a new record value. Adjusted for currency influences, growth of 12.6% was achieved.

96.0% (96.2%) of net sales were generated outside Switzerland, namely 49.3% (50.2%) in Europe (excl. Switzerland), 27.5% (29.4%) in Asia, 18.3% (15.7%) in America and 0.9% (0.9%) in other countries.

3.2 Net operating income

Net operating income (EBIT) closed at CHF 611 million (640). Innovative and profitable new business was successfully realized. Massively higher raw material prices were compensated by sales price increases. Due to the difficult market environment and currency situation, net operating income (EBIT) was 4.6% below that of the record year 2021.

3.3 Financial income

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

3.4 Equity

Equity rose to CHF 1,816 million (1,799). The **equity ratio** was 78.4% (77.4%). **Return on equity** was 29.3% (30.6%). 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 2022 amounted to CHF 94 million (80). Of these, EMS invested 76.4% (69.7%) in Switzerland, 9.7% (19.6%) in Europe (excl. Switzerland), 5.9% (3.1%) in America and 8.0% (7.6%) in Asia. The investments were mainly towards an increase in capacity, efficiency improvements and sustainability.

In order to satisfy increasing customer demand in future, EMS is continually investing in capacity expansion. The investment programme announced last year with more than CHF 300 million invested in increased capacity and energy efficiency at the main production site in Domat/Ems (Switzerland), is being implemented as planned.

With a **cash flow** of CHF 585 million (608), the investments were again easily financed through own financial resources. The generated free cash flow amounted to CHF 491 million (528).

4. Remarks on the individual business areas

In the main area of **High Performance Polymers**, EMS continued to show steady growth. With the successful strategy of growth with specialties and system solutions, EMS focuses on innovative products and solutions providing customers with cost and weight savings while reducing CO₂, and implements these successfully in international markets. New business was generated. Innovative development expertise in close customer proximity allows EMS to quickly recognise market requirements and to adapt flexibly to them. New products providing energy and cost savings were realized together with customers and opportunities presenting themselves in the markets were seized immediately.

The secondary area of **Specialty Chemicals** also achieved growth through successfully realized new business and price increases. The deteriorating economic environment caused a decline in result however.

5. Development of net sales and result by business area

in million CHF	2022	%-dev. prev. year	2021
High Performance Polymers			
Net sales	2,188	+ 8.8%	2,010
In local currencies		+ 13.1%	
EBITDA	593	- 4.6%	622
In % of net sales	27.1%		30.9%
EBIT	548	- 4.2%	571
In % of net sales	25.0%		28.4%
Specialty Chemicals			
Net sales	254	+ 4.3%	244
In local currencies		+ 8.1%	
EBITDA	68	- 7.4%	74
In % of net sales	26.9%		30.3%
EBIT	63	- 7.9%	69
In % of net sales	24.9%		28.3%
EMS Group			
Net sales	2,442	+ 8.3%	2,254
In local currencies		+ 12.6%	
EBITDA ¹⁾	661	- 4.9%	696
In % of net sales	27.1%		30.9%
EBIT ²⁾	611	- 4.6%	640
In % of net sales	25.0%		28.4%

1) EBITDA = Earnings **B**efore Interest, Taxes, **D**epreciation and **A**mortisation
= Operational cash flow

2) EBIT = Earnings **B**efore Interest and Taxes
= Net operating income

6. Payment of dividends

EMS consistently follows a policy of result and liquid-oriented profit distribution. Funds not required for operative business are distributed to shareholders.

The Board of Directors therefore intends to propose to the Annual General Meeting 2023, distribution of an **ordinary dividend** of CHF 15.75 (16.50) per share and an additional **extra-ordinary dividend** of CHF 4.25 (4.50) per share. A total dividend of CHF 20.00 (21.00) per share would be distributed.

7. Personnel changes in Executive Management of the EMS Group

Urs Janssen, since 2019 Business Unit Leader EMS-SERVICES and plant manager at Domat/Ems, will join Executive Management of the EMS Group as per March 1, 2023. His previous responsibility will be taken over by **Didier Grichting**, who will join the EMS Group on March 1, 2023. **Oliver Flühler**, Member of Executive Management and CFO since May 16, 2022, will take up a new challenge outside the EMS Group as per the end of March 2023. **Peter Germann**, Member of Executive Management and CFO of the EMS Group until 2017 will assume responsibility as CFO ad interim.

8. Outlook 2023

For the business year 2023, EMS is expecting a subdued economy. In particular in the first half-year, economic development may still be very moderate due to the COVID-19 situation in China and the restrained consumer mood in Europe. Geopolitical conflicts, open energy issues and repeated increases in interest rates to counter inflation are having a dampening effect on economic development.

EMS is confident however, about its own course of business in 2023. The successful growth strategy with specialty products in the main area of High Performance Polymers will be continued. Focus will be put on the proven innovation strategy, providing customers with reductions in cost, weight and CO₂, for continuing development of new business. The excellent market position will be used to take advantage of current market chances quickly and flexibly.

For 2023 EMS is expecting net sales and net operating income (EBIT) very slightly higher than in the previous year.

9. Schedule

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| - First quarter report 2023 | April 2023 |
| - Media Conference / Half-year report 2023 | July 14, 2023 |
| - Annual General Meeting 2023 | August 12, 2023 |
| - Third-quarter report 2023 | October 2023 |
| - Media Conference / Annual results 2023 | February 2024 |

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