

# PRESS INFORMATION

# EMS Group 4-month report (January to April 1999): Sluggish start of year for EMS

#### I. General information

With its companies combined in EMS-CHEMIE HOLDING AG, the EMS Group with its worldwide activities conducted in the fields of **Performance Polymers**, **Fine Chemicals** and **Engineering** was unable to match the performance of the same 1998 period in the first 4 months of the current year. Consolidated **net sales** of CHF 362 million are 0,8 % below the previous year (CHF 365 million), **operating cash flow** declined by 5,9 % to CHF 84 million (CHF 89 million), and **net operating income** dropped 8,2 % to CHF 64 million (CHF 70 million).

This result is essentially attributable to contrary developments: on the one hand, the planned discontinuation of low-margin product lines in the Performance Polymers field caused the anticipated drop in sales and income; on the other hand, the first-time consolidation of Karl Fischer Industrieanlagen GmbH in Berlin and of PYRMO GmbH in Bad Pyrmont (Germany) - acquired 1998 - had a boosting effect on sales. On the basis of an unchanged scope of consolidation, sales would have declined by 4,2 %. The decrease of sales and income in the Fine Chemicals field is unexpected, and must be seen as a consequence of the less than successful market launch of pharma products by EMS customers for which EMS-DOTTIKON supplies intermediates. We will most probably not be able to offset these shortfalls with other products this year, although appropriate measures have been initiated.

The first 4 months were characterised by somewhat slack business in Europe, a continuingly strong US economy and an improved sales situation in Asia. In particular Engineering subsidiary INVENTA-FISCHER AG, which last year suffered a substantial drop in sales and income caused by the Asian crisis, reports a significant rise in orders which will ensure full capacity utilisation up to the middle of 2000. This increase in orders placed will have a positive impact on income in the second half of this year.

#### Development of sales and income, January to April 1999 II. compared with the previous year (CHF millions)

(acc. to IAS in CHF millions)

Sales	1999	1998
- Consolidated net sales	362	365
- change against previous year in CHF	- 0,8 %	+ 4,7 %
- in local currency	+ 0,6 %	+ 7,1 %
- Performance Polymers	275	281
- change against previous year	- 2%	+ 2%
- Fine Chemicals	52	56
- change against previous year	- 7%	+ 21 %
- Engineering	30	23
- change against previous year	+ 30 %	- 3%
- Others	5	5
Operating cash flow *)	83,5	88,7
- change against previous year	- 5,9 %	+ 6,9 %
- in % of sales	23,1 %	24,3 %
Net operating income **)	64,0	69,7
- change against previous year	- 8,2 %	+ 7,2 %
- in % of sales	17,7 %	19,1 %

 <sup>\*)</sup> Operating cash flow = income from operations plus depreciation (EBITDA)
 \*\*) Net operating income = net income before interest and taxes (EBIT)

## III. Outlook

Provided no unexpected negative market forces are encountered, EMS will be able to take operating income as planned to the level of the previous year, and will proceed with the scheduled scope of disinvestment. Moreover, the CHF 100 million budgeted for investment in new plants and products will be applied as proposed, and financed in full from cash flow.

### IV. Schedule

- Financial media conference/conference of financial analysts for the 1998 business year of the EMS Group and the 1998/99 business year of EMS-CHEMIE HOLDING AG:
   9 July 1999 in Domat/Ems
- General meeting of EMS-CHEMIE HOLDING AG:
   21 August 1999 in Domat/Ems
- 8-months report 1999 for the EMS Group: end of September 1999
- Annual financial statement 1999 for the EMS Group: end of February 2000