

Zurich, 28 May 1999



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.

II. Development of sales and income, January to April 1999 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 % |

*) Operating cash flow = income from operations plus depreciation (EBITDA)

**) Net operating income = net income before interest and taxes (EBIT)

