



Zurich, September 17, 1999

MEDIA INFORMATION

EMS Group: Business brighter than at start of year

8-month report 1999 (January to August 1999)

I. General information

With its companies combined in EMS-CHEMIE HOLDING AG, the EMS Group with its world-wide activities conducted in the fields of **Performance Polymers**, **Fine Chemicals** and **Engineering** was able to significantly close the gap to the previous year's income level in the months of May to August. Whilst **income from operations** (EBIT) remained 8.2 % below the previous year in the first 4 months of the report year, the figure for the first 8 months of the year CHF 122 million (previous year CHF 126 million) remains just 3.2% short of the performance recorded for the corresponding period of the previous year. Consolidated **net sales** (CHF 700 million) dropped against the previous year by 2.5% and **operational cash flow** (EBITDA) of CHF 161 million (CHF 163 million) by 1.2%. Assuming an identical scope of consolidation, the decline in sales would amount to 5.8%.

This result is essentially attributable to contrary developments: on the one hand, the planned discontinuation of low-margin products in the Performance Polymers field (sales down by CHF 32 million) and the drop in sales in the Fine Chemicals field (sales reduced by approximately CHF 25 million) had a negative impact on sales; on the other hand, sales figures were boosted by the first-time consolidation of Karl Fischer Industrieanlagen GmbH Berlin – acquired 1998 – and of Pyrmo GmbH in Bad Pyrmont, Germany (by a total of + CHF 24 million), and as a result of an improved performance in the other fields.

The markets showed signs of improvement from May 1999 onwards: in particular, the situation continued to improve in Asia, and the general economic prospects in the USA remain bright.

Contrary to previous forecasts, the global automobile market – on which EMS directly and indirectly realises roughly one third of sales – developed better than expected.

The planned product streamlining process in the Performance Polymers field has been completed smoothly. Despite the introduction of substitute products in the Fine Chemicals field, the drop in volumes supplied caused by the unsuccessful market launch of pharma products by two EMS customers was not able to be compensated for in full. Although further replacement orders for the sales shortfall thus suffered are anticipated, they will not suffice to prevent an end-of-year drop in sales revenues.

**II. Development of sales and income, January to August 1999
compared with the previous year**

According to IAS in CHF millions	1999	%deviation against pyr	1998	%deviation against pyr
Net sales				
EMS Group	700	- 2.5%	719	+ 5.1%
- Performance Polymers	543	- 2%	554	+ 5%
- Fine Chemicals	88	- 22%	113	+ 19%
- Engineering	69	+ 33%	52	- 19%
EBITDA *				
EMS Group	161	- 1.2%	163	+ 1.2%
In % of net sales	23.0%		22.7%	
- Performance Polymers	117	+ 4%	112	+ 3%
In % of net sales	21.5%		20.2%	
- Fine Chemicals	27	- 37%	43	+ 23%
In % of net sales	30.7%		38.1%	
- Engineering	17	+ 107%	8	- 50%
In % of net sales	24.6%		15.4%	
EBIT **				
EMS group	122	- 3.2%	126	+ 0.8%
In % of net sales	17.4%		17.6%	
- Performance Polymers	92	+ 5%	88	+ 2%
In % of net sales	16.9%		15.9%	
- Fine Chemicals	19	- 47%	35	+ 30%
In % of net sales	21.6%		31.0%	
- Engineering	11	+ 254%	3	- 73%
In % of net sales	15.9%		5.8%	

* EBITDA = earnings before interest, taxes, depreciation and amortisation
= operational cash flow

** EBIT = earnings before interest and taxes
= income from operations

III. Outlook

By the end of 1999 EMS should have boosted income from operations (EBIT) to the level of the previous year, i.e. to approx. CHF 189 million. Similarly, the CHF 110 million investment programme for new plants and products will be implemented as planned, and financed in full from cash flow.

IV. Schedule

- Report on the 1999 financial statement for the EMS Group: March 2000
- 4-month report: end of May 2000
- Media conference: July 14, 2000
- General meeting of EMS-CHEMIE HOLDING AG:
August 19, 2000, 10.30, in Domat/Ems