

Zurich, 23 May 2000



MEDIA INFORMATION

EMS Group: a highly satisfactory start to the year 2000

4-months report 2000 (January to April 2000)

I. General information

With its companies combined in EMS-CHEMIE HOLDING AG, the EMS Group operates its world-wide business activities in the fields of **Performance Polymers, Fine Chemicals** and **Engineering**. The Group reports results for the first 4 months of 2000 exceeding both expectations as well as the (albeit poor) showing for the corresponding period of the previous year: **consolidated net sales** increased by 5.0% over the previous year to CHF 380 million (CHF 362 million), **operational cash flow** (EBITDA) improved by 8.7% to CHF 90.8 million (CHF 83.5 million), and **income from operations** (EBIT) was boosted by 10.6% to CHF 70.8 million (CHF 64.0 million).

The better than expected development of sales and income reported for all business fields must primarily be ascribed to the weak Swiss franc. Completed last year, the comprehensive restructuring project (discontinuation of low-income products and investment in new products, in particular high-temperature resistant plastics) generated only a small rise in sales – a modest 0.5% in local currency – but has brought about a significant improvement of margins.

Assuming an identical scope of consolidation, net sales would have risen not by 5.0% but by 6.1%, and by 9.2% taking into account the discontinued products. Adjusted sales growth, i.e. with the same currency, the same scope of consolidation and without accounting for product range streamlining, amounted to **4.4%**.

II. Development of sales and income, January to April 2000 compared with the previous year

According to IAS, in CHF millions	2000 (Jan-Apr)	1999 (Jan-Apr)	% deviation prev. year
Net sales revenues			
EMS-Group	380	362	+ 5.0%
- Performance Polymers	310	275	+ 12.7%
- Fine Chemicals	41	52	- 21.2%
- Engineering	29	35	- 17.1%
EBITDA *			
EMS-Group	90.8	83.5	+ 8.7%
in % of net sales revenues	23.9%	23.1%	
- Performance Polymers	67.8	56.3	+ 20.4%
in % of net sales revenues	21.9%	20.5%	
- Fine Chemicals	13.9	18.2	- 23.6%
in % of net sales revenues	33.9%	35.0%	
- Engineering	9.1	9.0	+ 1.1%
in % of net sales revenues	31.4%	25.7%	
EBIT **			
EMS-Group	70.8	64.0	+ 10.6%
in % of net sales revenues	18.6%	17.7%	
- Performance Polymers	54.4	42.7	+ 27.4%
in % of net sales revenues	17.5%	15.5%	
- Fine Chemicals	10.2	15.2	- 32.9%
in % of net sales revenues	24.9%	29.2%	
- Engineering	6.2	6.1	+ 1.6%
in % of net sales revenues	21.4%	17.4%	

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

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

In the **Fine Chemicals** field, the drop in supply volumes encountered in the second half of 1999 for intermediate products (a consequence of the unsuccessful market launch of pharma products by EMS customers) was not yet able to be compensated for in full. As the first 4 months of 1999 were not affected by this development, a negative base effect must be assumed in the comparison with the previous year.

The improved economic situation in Asia is having a positive impact on **Engineering** business. Demand for plant and equipment for the production of polyester and polyamide fibres in Asia shows significant growth. The decline in sales can be attributed to the irregular intake of new orders in this business field.

As usual, **finance income** is posted only in the annual financial statement per December and, in the case of income from securities, only if realised. As a result of sales of securities already effected, and on the basis of current valuation of holdings and securities, EMS will presumably again report positive finance income for the current year.

III. Outlook

The results for the whole year cannot simply be extrapolated on the basis of the first months. The second half of 1999 was particularly strong; the reference base effect must hence be taken into appropriate account. Provided no unexpectedly negative market developments are encountered, EMS will boost income from operations (EBIT) beyond the level of the previous year (CHF 199 million). The proposed CHF 100 million for investment in new plant, equipment and products will be applied as planned and financed in full from cash flow.

IV. Schedule

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| - Financial media conference: | 14 July 2000 |
| - General meeting | 19 August 2000 |
| - 8-months report 2000 | end of September 2000 |
| - Annual financial statement 2000 | March 2001 |