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MEDIA INFORMATION

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I. First-half report of the EMS Group / outlook 2003

With its companies combined in **EMS-CHEMIE HOLDING AG** and activities in the fields of **Performance Polymers**, **Fine Chemicals** and **Engineering**, the EMS Group reports sales and operating income for the first half of 2003 on the level of the previous year and hence in line with expectations. The positive development of margins and strict cost discipline largely cushioned the negative impact of the strong Swiss franc on EMS as an export-oriented business establishment.

Consolidated **net sales** in local currencies increased over the first half of 2002 by 2.9%; expressed in Swiss francs, this figure (CHF 613 million) remained slightly below that of the previous year (CHF 620 million; -1.1%) in spite of boosted volumes. The circle of consolidation changed as follows in comparison with the previous year: the business unit POWER STATIONS was sold per end of 2002, and the minority interest in the Changchun EFTEC Chemical Products Ltd. (China) company was increased to a majority interest as of the beginning of 2003. In an identical scope of consolidation the decline in sales would have amounted to 0.4% (+3.6% in local currencies). Sales in Europe and Asia developed according to plan. However, as a consequence of the strong Swiss franc and in spite of progress by volume, the development of sales in the USA remained below expectations.

The fact that the **operating income** (EBIT) of CHF 99 million is 1.0% higher than in the previous year (98) despite lower sales and a smaller circle of consolidation must be attributed to the strict cost-cutting measures applied in the business units.

The general climate of economic and political uncertainty remained a decisive factor all over the world throughout the 2nd quarter. On its part, EMS was particularly affected by currency weaknesses.

Key figures (provisional) of the EMS Group January – June 2003 *)

In CHF millions	2003 (Jan-June)	2002 (Jan-June)
Net sales	613	620
- Change	-1.1%	-3.7%
- In local currencies	+2.9%	+0.4%
- with same circle of consolidation	-0.4%	-3.7%
- In local currencies and with same circle of consolidation	+3.6%	+0.4%
EBITDA ¹⁾	132	132
- Change	0.0%	-2.9%
- In % of net sales	21.5%	21.3%
EBIT ²⁾	99	98
- Change	+1.0%	-6.7%
- In % of net sales	16.2%	15.8%

1) EBITDA = **Earnings Before Interest, Taxes, Depreciation and Amortisation**
= operational cash flow

2) EBIT = **Earnings Before Interest and Taxes**
= operating income

*) As of this year, EMS will provide the provisional key figures for the first-half operating results at the beginning of July, and will publish the final figures for the first half year of the year at the end of August.

The following table lists the provisional key figures per 30 June. They should not deviate to any significant extent from the final figures.

Development of sales and income in the individual business areas for the first half of 2003

In CHF millions	2003 (Jan-June)	% dev. prev. year	2002 (Jan-June)	% dev. prev. year
Net sales				
EMS Group	613	-1.1%	620	-3.7%
- Performance Polymers	471	+2.8%	458	-4.8%
- Fine Chemicals	92	-9.8%	102	+4.1%
- Engineering	50	-16.7%	60	-7.7%
EBITDA ¹⁾				
EMS Group	132	0.0%	132	-2.9%
In % of net sales	21.5%		21.3%	
- Performance Polymers	93	+2.2%	91	+2.2%
In % of net sales	19.7%		19.9%	
- Fine Chemicals	26	-3.7%	27	-18.2%
In % of net sales	28.3%		26.5%	
- Engineering	13	-7.1%	14	+0.0%
In % of net sales	26.0%		23.3%	
EBIT ²⁾				
EMS Group	99	+1.0%	98	-6.7%
In % of net sales	16.2%		15.8%	
- Performance Polymers	73	+4.3%	70	+1.4%
In % of net sales	15.5%		15.3%	
- Fine Chemicals	18	-5.3%	19	-26.9%
In % of net sales	19.6%		18.6%	
- Engineering	8	-11.1%	9	-10.0%
In % of net sales	16.0%		15.0%	

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Remarks on the first-half 2003 performance of the individual business areas

In the **Performance Polymers** business area, all business units were able to meet their growth targets. EMS-GRIVORY (metal substitution) reports a very satisfactory course of business with additional volumes sold in Europe in particular. EMS-GRILTECH made further progress on the technical adhesives market. EMS-TOGO profited especially from the enduringly good progress of the Chinese automobile market.

In the **Fine Chemicals** business area, sales of EMS-PRIMID – the leading supplier of weather-resistant PMC hardeners – are as expected, although investment in this field was perceptibly sluggish in the USA and Europe. Specialising in the field of exclusive synthesis primarily for the pharmaceuticals industry, EMS-DOTTIKON was held back by the excess capacities extant in this market, and has hence not yet been able to meet the improvement targets set for the unit.

The **Engineering** business area now comprises only the business units EMS-PATVAG and INVENTA-FISCHER due to the fact that POWER STATION is no longer relevant to the current business year. The decline in sales and income in the segment is essentially attributable to this divestment. EMS-PATVAG, Europe's No. 1 in the airbag ignitor business, continued to boost sales and income in the face of a general decline in the automobile industry, albeit at a reduced pace compared with the previous years. Launched last year, sales to the USA are developing according to plan. Previously delayed to some extent, the investment activities of plant manufacturer INVENTA-FISCHER in primary market China have now recovered, which in turn has generated a significant upturn in orders received.

Outlook 2003

The second half of 2003 will continue to experience sluggish economic development. On the basis of this not yet more positive forecast, and in view of the volatile currency situation – which is of particular significance to EMS as a highly export-oriented group – we expect sales and operating income for 2003 to remain as planned on the levels of the previous year.

II. EMS Group financial statement for the 2002 business year

EMS has already published the financial statement 2002 for the EMS Group dated 14 February 2003. In the meantime, the business report with the final consolidated figures is on hand.

Business years, in CHF millions	2002	2001
Net sales	1'221	1'252
Change	-2.5%	+7.9%
Change in local currencies	+2.8%	+12.5%
Operational cash flow (EBITDA) ¹⁾	261	258
Change	+1.2%	-6.6%
In % of net sales	21.4%	20.6%
Operating income (EBIT) ²⁾	195	163
Change	+19.3%	-23.3%
In % of net sales	16.0%	13.0%
Financial income	19	66
Change	-71.0%	-35.8%
Income taxes	49	51
Change	-4.4%	-9.7%
Net income ³⁾	161	176
Change	-8.7%	-30.2%
In % of net sales	13.2%	14.1%
Per dividend-bearing bearer share in CHF	308.41	337.81
Change	-8.7%	-30.2%
Cash flow ⁴⁾	227	274
In % of net sales	18.6%	21.9%
Investments	71	82
In % of cash flow	31.4%	29.9%
Shareholders' equity	1'289	1'437
In % of the balance-sheet total	40.7%	53.3%
Balance sheet equity ratio	12.5%	12.3%
Equity per div.-bearing bearer share in CHF	2'470.06	2'754.15
Change	-10.3%	+22.8%
Number of employees on 31.12.	2'702	2'731

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2) EBIT = **Earnings Before Interest and Taxes**
= operating income

3) Net income = profit after taxes less minority interests

4) Cash Flow = net income plus write-downs

Minor deviations against the key figures published on 14 February 2003 are to be found with regard to the figure of CHF 1'289 million (1'276) for shareholders' equity and for the net cash position of CHF 596 million (644). These discrepancies are the result of slightly differing forms of presentation.

III. Payment of dividends

On the occasion of the media conference on 8 January 2003 it was announced that EMS would not be going private and that the company would remain a publicly traded company. It was also announced that EMS would be returning to the strategy of innovative distribution of profits, whereby all tax-optimised options would be examined. In respect of the current year the board of directors proposes the payment of a dividend and a par value repayment. The board of directors hence proposes to the general meeting of EMS-CHEMIE HOLDING AG on 16 August 2003 the following appropriation of profit brought forward:

The profit brought forward, comprising	
Net income	(57'161'923.59)
Carryforward from previous year	770'441'374.12
<hr/> Profit brought forward	<hr/> 713'279'450.53

shall be used as follows:

Dividend	(198'306'800.00)
Brought forward to new account	514'972'650.53
<hr/> Profit brought forward	<hr/> 713'279'450.53

The negative declared income is the consequence of the lower of cost or market principle applied to financial investments and securities. Profit brought forward thus amounts to CHF 713 million (770).

The gross dividend per bearer share amounts to CHF 380 (less 35% withholding tax: CHF 247 net) and CHF 76 gross per registered share (CHF 49.40 net).

Dividend payment will commence on 20 August 2003 (ex date).

IV. Par value repayment

The shares of EMS-CHEMIE HOLDING AG were reduced in a two-step process initiated already in the years 1992 and 1995 by way of par value reduction and splitting from originally CHF 500 to CHF 50 (bearer shares) and from CHF 100 to CHF 10 (registered shares). The total sum of CHF 88 million was thus returned to shareholders. Due to the legal regulations applicable at the time (minimum par value CHF 10), no further-reaching par value reduction was then possible. In the meantime, the legally prescribed minimum par value has been reduced to CHF 0.01, which means that a further distribution of profits by way of par value reduction is now possible.

The board of directors therefore proposes a further par value repayment of CHF 9.90 net per existing registered share and of CHF 49.50 net per existing bearer share. The share capital will thus be reduced by CHF 25,832,070 from CHF 26,093,000 to CHF 260,930, the par value per registered share from CHF 10 to CHF 0.10 and per bearer share from CHF 50 to CHF 0.50.

The par value repayment will be effected together with the introduction of the standard share at the beginning of November 2003. The exact date will be announced in good time.

The total payment in form of dividend and par value repayment thus amounts to CHF 429.50 gross per bearer share.

In respect of 2% bond 2002-2008 (security number 1451555), the conversion price will be adjusted according to the terms and conditions of the bond.

V. Standard registered share / splitting

The first step towards becoming a broadly-based public company is the creation of the standard share. The introduction of the standard registered share will adjust the capital structure to the corporate governance principle of 'one share – one vote'. Subsequently the shares are to be split to achieve a customary market price level.

The board of directors hence proposes the introduction of the standard registered share by way of conversion of each existing par value-reduced registered share of CHF 0.10 par value into 10 registered shares (split 1:10) each with a par value of CHF 0.01 and by way of conversion of each existing par value-reduced bearer share of CHF 0.50 par value into 50 registered shares (split 1:50) each with a par value of CHF 0.01. As a result of these measures the share capital will comprise 26'093'000 registered shares each with a par value of CHF 0.01. These shares will be traded on the stock exchange.

VI. Revision of the articles of incorporation

The modification of the par value of the shares, the introduction of the standard registered share and the splitting require the amendment of the articles of incorporation. At the same time the articles of incorporation were simplified and shortened. Apart from this amendment of the articles of incorporation to cover par value adjustment, the introduction of the standard registered share and the splitting, no alteration of the content of the articles of incorporation was effected. The articles of incorporation were however streamlined by leaving out such provisions that are anyway covered by the relevant legal regulations.

VII. Elections

The board of directors proposes to the general meeting the reelection of the existing members of the board of directors (Christoph Blocher, Magdalena Martullo-Blocher, Hansjörg Frei, Peter Matter, Albert Sommerauer) for a further one-year term of office. The board of directors will thus retain its current number of members (five).

The invitation to the general meeting on 16 August 2003 will be sent out in the second half of July.

VIII. Schedule

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|--|---------------------|
| - General meeting 2003 in Domat/Ems | 16 August 2003 |
| - Publication of the half-yearly statement
per 30 June 2003 | end of August 2003 |
| - Third-quarter report 2003 | end of October 2003 |
| - Annual results 2003 | March 2004 |