

Herrliberg, July 9, 2004

MEDIA INFORMATION

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I. First-Half Result of the EMS Group / Outlook for 2004

Summary

EMS Group – which comprises the business areas **Performance Polymers, Fine Chemicals** and **Engineering** and whose companies operate within EMS-CHEMIE HOLDING AG – reports a rise of 5.1% in net sales and a 7.9% increase in operating income (EBIT) for the first half of 2004 compared with the previous year. This result exceeded expectations: both net sales and operating income were boosted by increased sales volumes and the successful implementation of the cost-cutting program.

Consolidated **net sales** in Swiss francs were lifted by 5.1% to CHF 645 million (614). The rise in local currency terms came to 3.3%. The scope of consolidation remained unchanged.*) Net sales in the USA and Asia developed according to plan, while net sales in Europe were higher than expected. The encouraging volumes were additionally buoyed by the positive currency situation in relation to the Euro.

Operating income (EBIT) amounted to CHF 107 million an increase of 7.9% related to previous year (99). **EBITDA** rose 6.4% to CHF 140 million (132). This produced an **EBIT margin** of 16.6% (16.1%) and an **EBITDA margin** of 21.7% (21.4%). The disproportionate increase in operating income was achieved with the help of favorable commodity purchasing activities and successful implementation of the cost-cutting program.

For 2004, EMS continues to expect net sales and operating income to be slightly higher than in the previous year.

*) Following the sale of the Business Unit INVENTA-FISCHER, ownership will most probably be transferred on July 14, 2004.

Key figures (provisional) of the EMS Group January – June 2004 *)

In CHF millions	2004 (Jan-June)	2003 (Jan-June)
Net sales	645	614
Change	+5.1%	-0.9%
Change in local currencies	+3.3%	+3.1%
EBITDA ¹⁾	140	132
Change	+6.4%	-0.3%
In % of net sales	21.7%	21.4%
EBIT ²⁾	107	99
Change	+7.9%	+1.2%
In % of net sales	16.6%	16.1%

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

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

*) EMS provides the provisional key figures for the first-half operating results at the beginning of July, and publishes the final figures for the first half of the year at the end of August. The following table lists the provisional key figures for the period ended June 30. They are unlikely to deviate to any significant extent from the final figures.

Development of net sales and income in the individual business areas for the first half of 2004

In CHF millions	2004 (Jan-June)	% dev. prev. year	2003 (Jan-June)	% dev. prev. year
Net sales				
EMS Group	645	+5.1%	614	-0.9%
<i>in local currencies</i>		+3.3%		+3.1%
- Performance Polymers	510	+7.8%	473	+3.3%
<i>in local currencies</i>		+6.0%		+7.6%
- Fine Chemicals	89	-3.4%	92	-10.1%
<i>in local currencies</i>		-5.3%		-8.1%
- Engineering	47	-5.5%	49	-17.5%
<i>in local currencies</i>		-7.6%		-13.6%
EBITDA ¹⁾				
EMS Group	140	+6.4%	132	-0.3%
In % of net sales	21.7%		21.4%	
- Performance Polymers	103	+10.3%	93	+2.7%
In % of net sales	20.2%		19.8%	
- Fine Chemicals	25	-0.4%	26	-5.2%
In % of net sales	28.8%		27.9%	
- Engineering	12	-8.5%	13	-10.1%
In % of net sales	24.6%		25.4%	
EBIT ²⁾				
EMS Group	107	+7.9%	99	+1.2%
In % of net sales	16.6%		16.1%	
- Performance Polymers	83	+12.7%	74	+5.0%
In % of net sales	16.2%		15.5%	
- Fine Chemicals	17	-2.8%	18	-5.4%
In % of net sales	19.7%		19.6%	
- Engineering	7	-12.9%	8	-14.4%
In % of net sales	14.3%		15.6%	

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

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

Remarks on the individual business areas

In the **PERFORMANCE POLYMERS** business area, all Business Units were able to meet their growth targets. Volumes showed a positive trend despite caution on the part of client industries, in particular the automotive sector. There was especially encouraging growth for the key applications of metal substitution and high-temperature polymers.

In the **FINE CHEMICALS** business area, EMS-PRIMID (weather-resistant PMC hardeners) performed in line with expectations. Exclusive synthesis specialist EMS-DOTTIKON experienced a stabilization in its key market.

The **ENGINEERING** business area was affected by weaker market growth and increasing pressure on prices, not least for EMS-PATVAG (airbag ignition systems). Plant builder INVENTA-FISCHER finally overcame the delays imposed by customers on the realization of their investment projects.

As EMS announced on May 24, 2004, the Business Unit INVENTA-FISCHER has been sold to German engineering company UHDE GmbH in Dortmund with retroactive effect to January 1, 2004. The move has since been approved by the antitrust authorities. Transfer of ownership will most probably be effected on July 14, 2004.

Outlook 2004

EMS expects its business performance to progress according to plan in the second half of 2004 as well. The positive trend in volumes, particularly in the Performance Polymers business area, will continue through the second half of the year. Owing to the uptrend in raw material costs, however, the additional volumes will only partly be reflected in the result. For 2004, and on a like-for-like basis, EMS continues to expect net sales and operating income to be slightly higher than in the previous year.

II. Annual Result of EMS-CHEMIE HOLDING AG as at April 30, 2004

The net income of EMS-CHEMIE HOLDING AG, whose financial year ends April 30, amounts to CHF 40 million (-57) for the year from May 1, 2003 to April 30, 2004. Retained earnings, including the balance brought forward from the previous year, amount to CHF 555 million (713).

III. Dividend payment

As announced at the Extraordinary General Meeting of the Shareholders held December 31, 2003, EMS is proposing that another substantial dividend of CHF 8 per dividend-bearing registered share be paid in respect of 2004, bringing the total payout to CHF 194 million. The Annual General Meeting of the Shareholders on August 14, 2004 will therefore be asked to approve the following appropriation of retained earnings:

The retained earnings, comprising

Net income	CHF	39'682'889.90
Balance brought forward from previous year	CHF	<u>514'972'650.53</u>
Retained earnings	CHF	554'655'540.43

shall be used as follows:

Formation of reserve for treasury shares	CHF	(144'751'876.80)
Payment of a dividend of CHF 8 gross per dividend- bearing registered share *)	CHF	<u>(193'942'960.00)</u>
Balance to be carried forward	CHF	<u>215'960'703.63</u>

*) Dividend-bearing registered shares = Registered shares issued (26'093'000 shares) less treasury shares (1'850'130 shares) [as at July 9, 2004]

The dividend is payable as of August 18, 2004 (ex date).

IV. Reduction of Share Capital

On May 14, 2004, EMS announced the repurchase of 4% of the share capital of EMS-CHEMIE HOLDING AG for the purpose of capital reduction. The share repurchase was effected through negotiable put options, with 25 put options conferring the right to redeem one EMS registered share at the price of CHF 130. A total of 26'003'250 put options were exercised, corresponding to the redemption of 1'040'130 registered shares.

At the Annual General Meeting of the Shareholders of August 14, 2004, the Board of Directors of EMS-CHEMIE HOLDING AG will present its proposal to reduce the share capital from CHF 260'930 to CHF 250'528.70 through the cancellation of 1'040'130 repurchased registered shares, and to amend the articles of incorporation accordingly.

V. Elections

The Board of Directors will propose to the Annual General Meeting of the Shareholders of August 14, 2004 that existing Board members Dieter Klug, Magdalena Martullo, Hansjörg Frei, Albert Reich and Albert Sommerauer be re-elected for a further one-year term of office.

Peter Matter does not stand for re-election anymore. After a 5 year term at EMS, Peter Matter will concentrate on his own financial investments and will actively manage them.

The Board of Directors will propose to the Annual General Meeting of the Shareholders that Egbert Appel, German citizen, from Eschen (FL), be elected to the Board of Directors for a term of one year. Aged 55, Mr. Appel has served with HILTI for the last 20 years. There, he was responsible for managing the company's operations in Japan and Germany before being appointed to the executive board 10 years ago. As a member of the HILTI executive board, he is currently

responsible for human resources, finance and information technology. Mr. Appel will join EMS on January 1, 2005.

In the first half of 2004, the statutory and group auditing mandate was put out to tender. The Board of Directors will propose to the Annual General Meeting of the Shareholders that KPMG Fides Peat, Badenerstrasse 172, 8026 Zurich, be elected as statutory and group auditors with effect from financial year 2004. KPMG Fides Peat replaces PricewaterhouseCoopers AG, which has assumed this auditing function since 1996.

VI. Schedule

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|---|---------------------|
| - Annual General Meeting of the Shareholders
2004 in Domat/Ems | August 14, 2004 |
| - Publication of the Half-Year Report
as at June 30, 2004 | end of August 2004 |
| - Third-quarter report 2004 | end of October 2004 |
| - Annual results 2004 | February 2005 |

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