

MEDIA RELEASE

EMS Group: Positive performance continues Third-quarter report 2004 (January to September 2004)

Summary

The EMS Group, which operates worldwide in **Performance Polymers** and **Fine Chemicals/Engineering** and whose companies operate within EMS-CHEMIE HOLDING AG, lifted its sales by 3.5% in the first nine months of 2004 over the year-back period, thus slightly exceeding expectations. If the scope of consolidation had remained the same, the increase in sales would have been 5.9% (the INVENTA-FISCHER business unit – which was sold during the reporting period – was thus no longer consolidated).

Consolidated **net sales** in Swiss francs were lifted by 3.5% to CHF 949 million (up from 917 million). In local currencies, they rose by 2.8%. If the scope of consolidation had remained unchanged the increase in sales would have amounted to 5.9% (in local currencies: 5.2%). As the INVENTA-FISCHER business unit was sold on July 14, 2004 with retroactive effect as of January 1, 2004 to the plant construction company UHDE GmbH, based in Dortmund, Germany, the scope of consolidation changed retroactively as of January 1, 2004.

Whereas sales were according to plan in the US and Asia, third-quarter sales in Europe were higher than expected. The volume trend for Performance Polymers in particular was encouraging.

At the end of 2004, EMS still expects both sales and EBIT to be slightly higher than in the previous year.

**Development of EMS Group sales for January - September 2004
compared with the previous year**

Net sales in CHF million	2004 (Jan-Sep)	in local currencies	2003 (Jan-Sep)
Total EMS Group	949		917
Change vs. previous yr.	+3.5%	+2.8%	-1.4%
- Performance Polymers	763		703
Change vs. previous yr.	+8.6%	+8.0%	+3.7%
- Fine Chemicals / Engineering	186		214
Change vs. previous yr.	-13.1%	-14.2%	-15.1%

All business units achieved their growth targets in the **Performance Polymers business area**. The volume trend was positive, despite the cautious stance taken by customers, in particular the automotive industry. The main applications – metal replacement and high-temperature polymers – posted gratifying growth.

EMS's strategy for future growth focuses primarily on the field of Performance Polymers. The other two business units – Fine Chemicals and Engineering – are now being grouped together in a single unit following the sale of INVENTA-FISCHER.

The drop in sales in the **Fine Chemicals/Engineering** business area is due primarily to the sale of INVENTA-FISCHER. EMS-PRIMID (hardeners for weather-resistant powder coatings) performed as expected. EMS-DOTTIKON (specializes in exclusive synthesis) noticed slightly more stable figures in its relevant market. EMS-PATVAG (airbag ignitors) saw market growth decline further and faced growing pressure on prices.

Outlook

EMS expects the positive volume trend in Performance Polymers to continue. The substantially higher raw material prices are, however, preventing the additional volumes from being fully reflected in the results. At the end of 2004, EMS still expects both sales and EBIT to be slightly higher than in the previous year.

The company is well prepared for 2005. The first signs of an economic upswing are emerging. In the first nine months of this year, a programme to promote speciality products was conducted throughout the Group, by increasing the teams of development, application technology and sales in the Performance Polymers unit so as to boost the company's capacity for innovation. EMS is confident that it is paving the way for further, profitable growth.

Dates

- Financial media / financial analysts conferences
for the business year 2004 February 11, 2005
- First-quarter report 2005 End-April 2005
- Second-quarter report 2005 July 8, 2005
- General Meeting 2005 August 13, 2005
- Third-quarter report 2005 End-October 2005