

Herrliberg, February 7, 2020

## MEDIA INFORMATION

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### Annual Results 2019 of the EMS Group:

- **Economic downturn dampens positive course of business**
- **Record result thanks to early efficiency programmes**
- **Further extraordinary dividend**

#### 1. Summary

The EMS Group, with its companies in the EMS-CHEMIE HOLDING AG, is globally active in the business areas **High Performance Polymers** and **Specialty Chemicals**. In 2019, **net sales** of CHF 2'153 million (2'318) and a **net operating income** of CHF 624 million (620) were achieved. While net sales were below previous year due to the economy and to currencies, it was possible to slightly improve the record result from the previous year thanks to early implementation of efficiency programmes.

As already expected at the start of 2019, the global economy slowed down progressively. Unresolved and repeated trade conflicts between major powers lowered consumer and purchasing confidence and global supply chains were unsettled. Slowing industrial development in China and Europe became apparent and signs of uncertainty could be seen in the USA. Inventory stocks were reduced along the whole supply chain. As a result of this uncertainty, the Swiss Franc, as "Safe Haven", became stronger, in particular compared to the Euro.

EMS prepared particularly early and consistently for a slowing of the economy. Already at the beginning of 2018, comprehensive efficiency programmes were drawn up and fully implemented. Along with on-going development projects, EMS launched acceleration programmes for new business. Employees in research, development and sales voluntarily increased their working hours.

Due to innovative new business with its strong specialty products and its early and decisive actions with regard to costs, EMS was able to secure net operating income slightly above the record result of 2018.

**Net operating income (EBIT)** closed at CHF 624 million (620) which is 0.6% above previous year. The operational cash flow (EBITDA) rose by 0.5% to reach CHF 677 million (673). The EBIT margin was 29.0% (26.8%), the EBITDA margin 31.4% (29.0%).

Sale of the secondary business **EMS-PATVAG** on November 26, 2019 was insignificant for the annual results 2019 of the EMS Group. From January 1, 2020, the Business Unit **EMS-SERVICES** will be managed under the business area "Specialty Chemicals".

For the business year 2019, the Board of Directors intends to propose to the Annual General Meeting, distribution of an **ordinary dividend** of CHF 15.60 (15.50) per share and again, an additional **extra-ordinary dividend** of CHF 4.40 (4.25) per share. This means that a total of CHF 20.00 (19.75) per share would be distributed.

For the business year **2020**, EMS expects continuing weak economic development. Unresolved political and economic conflicts, as well as the coronavirus, may cause further uncertainty. Due to current economic and financial policies, no effective stimulating measures for the global economy are to be expected.

EMS will continue its successful strategy of growth with specialty products in the main area of High Performance Polymers. Its profound experience in metal replacement is particularly well suited to meet the current high demand from customers for cost and CO<sub>2</sub> savings.

For 2020, EMS expects net operating income (EBIT) at the previous year's level.

## 2. Development of income 2019: Key figures EMS Group

in million CHF	2019	2018
<b>Net sales</b>	<b>2'153</b>	2'318
Change from previous year	-7.1%	
Currency effect	-2.1%	
<b>Operational cash flow (EBITDA) <sup>1)</sup></b>	<b>677</b>	673
Change from previous year	+0.5%	
in % of net sales	31.4%	29.0%
<b>Net operating income (EBIT) <sup>2)</sup></b>	<b>624</b>	620
Change from previous year	+0.6%	
in % of net sales	29.0%	26.8%
<b>Net financial income</b>	<b>-3</b>	-2
<b>Income Taxes</b>	<b>-88</b>	-96
<b>Net income <sup>3)</sup></b>	<b>532</b>	522
Change from previous year	+1.8%	
in % of net sales	24.7%	22.5%
<b>Cash Flow <sup>4)</sup></b>	<b>585</b>	576
Change from previous year	+1.6%	
<b>Investments</b>	<b>63</b>	60
Change from previous year	+4.6%	
<b>Equity <sup>5)</sup></b>	<b>1'663</b>	1'625
in % of balance sheet total	75.1%	75.3%
Return on equity	31.7%	32.0%
Equity per share (in CHF) <sup>6)</sup>	71.09	69.48
<b>Number of employees</b>	<b>2'648</b>	2'939

- 1) EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation  
= Operational cash flow
- 2) EBIT = Earnings Before Interest and Taxes  
= Net operating income
- 3) Net income = Profit after taxes, including minority shareholders
- 4) Cash Flow = Net income plus amortisation of intangible assets, property, plant and equipment plus value adjustments to securities
- 5) Equity = Equity without minorities
- 6) Average weighted number of registered shares as at 31.12.2019: 23'389'028 shares  
(31.12.2018: 23'389'028 shares)

### 3. Remarks on the development of net sales and income

#### 3.1 Net sales

Compared to previous year, net sales dropped by 7.1% to close at CHF 2,153 million (2,318). The slow global economy, declining automotive and industrial production and general decrease in inventory stocks in the global supply chains also put pressure on EMS' sales volumes, particularly in Europe and Asia.

EMS was able to successfully realise further planned new global business and, thus, to compensate to a great degree the economy-related drop in sales volumes. Sales prices adapted to fluctuating raw material prices while the strong Swiss Franc reduced net sales figures compared to previous year by 2.1%.

96.3% (96.6%) of net sales were generated outside of Switzerland: 50.3% (52.2%) in Europe (excl. Switzerland), 26.7% (26.4%) in Asia, 18.2% (16.9%) in America and 1.1% (1.1%) in other countries.

#### 3.2 Net operating income

**Net operating income (EBIT)** increased to CHF 624 million (620) which is 0.6% above the record level of the previous year. The operational cash flow (**EBITDA**) rose by 0.5% to CHF 677 million (673). The **EBIT margin** reached 29.0% (26.8%), the **EBITDA margin** 31.4% (29.0%).

EMS was able to successfully realise the planned innovative and profitable new business. The efficiency programmes already implemented at the beginning of 2018 had a positive effect on costs. Sustainable efficiency improvements could be achieved.

#### 3.3 Financial income

Due to the currency situation, net financial income was CHF -3 million (-2).

#### 3.4 Equity

**Equity** increased to CHF 1,663 million. (1,625). The **equity ratio** was 75.1% (75.3%). **Return on equity** was 31.7% (32.0%). In a sector

comparison, both equity ratio and return on equity remain high and express the sustained, above-average profitability of EMS.

### 3.5 Investments / cash flow

Total investments in 2019 amounted to CHF 63 million (60). Of these, EMS invested 83.6% (69.9%) in Switzerland, 7.9% (14.4%) in Europe (excl. Switzerland), 4.4% (4.2%) in America and 4.1% (11.5%) in Asia. These investments were put mainly towards improved, more efficient production plants.

With a **cash flow** of CHF 585 million (576), the investment volume was again easily financed from its own financial resources. The generated free cash flow amounted to CHF 522 million (515).

## 4. Remarks on the individual business areas

In the main area of **High Performance Polymers**, EMS continued to achieve growth with specialty products. Innovative products and solutions were launched successfully onto global markets, providing customers with cost and weight savings as well as lower CO<sub>2</sub> emissions. With the implemented acceleration programmes in research, development and sales, EMS is now taking customer requirements for rapid and cost-efficient solutions even more consistently into account.

As expected, due to the poor economic environment, the secondary business area **Specialty Chemicals** showed a further decline in the development of net sales and result. The Business Unit EMS-PATVAG was sold on November 26, 2019 and has not been included in the financial statements since then.

## 5. Net sales and result development by business area

In million CHF	2019	%-dev. prev. year	2018
<b>High Performance Polymers</b>			
Net sales	1'906	-6.0%	2'028
- Currency effect		-2.1%	
EBITDA	600	+2.3%	587
- In % of net sales	31.5%		29.0%
EBIT	553	+2.4%	540
- In % of net sales	29.0%		26.6%
<b>Specialty Chemicals</b>			
Net sales	247	-15.1%	291
- Currency effect		-2.0%	
EBITDA	76	-11.4%	86
- In % of net sales	31.0%		29.7%
EBIT	71	-12.0%	80
- In % of net sales	28.6%		27.6%
<b>EMS Group</b>			
<b>Net sales</b>	<b>2'153</b>	<b>-7.1%</b>	<b>2'318</b>
- Currency effect		<b>-2.1%</b>	
<b>EBITDA <sup>1)</sup></b>	<b>677</b>	<b>+0.5%</b>	<b>673</b>
- In % of net sales	<b>31.4%</b>		29.0%
<b>EBIT <sup>2)</sup></b>	<b>624</b>	<b>+0.6%</b>	<b>620</b>
- In % of net sales	<b>29.0%</b>		26.8%

<sup>1)</sup> EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation  
= Operational Cash Flow

<sup>2)</sup> EBIT = Earnings Before Interest and Taxes  
= Net operating income

## 6. Payment of dividends

EMS consistently pursues a policy of result and liquidity-oriented profit distribution. Financial resources not required for operational business are distributed to shareholders.

At the Annual General Meeting 2020, the Board of Directors intends to propose distribution of an **ordinary dividend** of CHF 15.60 (15.50) per share, and an additional **extra-ordinary dividend** of CHF 4.40 (4.25) per share. This means that a total of CHF 20.00 (19.75) per share would be distributed.

## 7. Outlook 2020

For the business year **2020**, EMS expects continuing weak economic development. Unresolved political and economic conflicts may cause further uncertainty. Based on the current economic and tax situation, no effective stimulating measures for the global economy are to be expected.

EMS continues to monitor further developments in the market and is prepared to take appropriate action quickly. Thanks to innovative, high-margin specialty business, further expansion of global market positions, high liquidity and a strong equity ratio, EMS sees itself in good shape to realise opportunities independently, quickly and flexibly.

EMS will continue its successful strategy of growth with specialty products in the main area of High Performance Polymers. Its profound experience in metal replacement is particularly well suited to meet the current high demand from customers for cost and CO<sub>2</sub> savings.

For 2020, EMS expects net operating income (EBIT) at the previous year's level.

## 8. Schedule

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|--|----------------|
| - First-quarter report 2020                | April 2020     |
| - Media conference / Half-year report 2020 | July 10, 2020  |
| - Annual General Meeting 2020              | August 8, 2020 |
| - Third-quarter report 2020                | October 2020   |
| - Media conference / Annual Results 2020   | February 2021  |

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