

Herrliberg, February 8, 2019

MEDIA INFORMATION

Annual Results 2018 of the EMS Group:

Net sales and result at new record levels

- Pleasing growth with innovative specialities
- Strengthening of the global market position
- Further extraordinary dividend

1. Summary

The EMS Group, with its companies combined in the EMS-CHEMIE HOLDING AG, is globally active in the business area **High Performance Polymers** and **Specialty Chemicals**. In 2018, **net sales** increased by **8.0%** and **net operating income (EBIT)** by **6.6%** compared to previous year. These are new record levels for net sales, net operating income and net result.

As expected at the beginning of 2018, the global economy slowed more strongly. Political conflicts between major powers and new trade restrictions unsettled consumers. In the European automotive industry delayed model approvals and changing political framework conditions caused a decline. Continuing supply shortages caused raw material prices to increase further.

EMS however, was able to achieve disproportionately high growth compared to the market with innovative new business. Business with specialities was successfully expanded in all global regions. At the beginning of 2018, EMS had already prepared for possible economic change with efficiency programmes worldwide.

Consolidated **net sales** increased by 8.0% to reach CHF 2,318 million (2,146) compared to previous year.

Net operating income (EBIT) closed at CHF 620 million (582) which is 6.6% above previous year. The operational cash flow (EBITDA) rose by 6.0% to reach CHF 673 million (635). The EBIT margin was 26.8% (27.1%), the

EBITDA margin 29.0% (29.6%).

Net income rose to CHF 522 million (484) which is 7.8% above previous year. Earnings per share increased to CHF 22.22 (20.59).

At the Annual General Meeting 2019, the Board of Directors intends to propose distribution of an **ordinary dividend** of CHF 15.50 (14.50) per share and again, an additional **extraordinary dividend** of CHF 4.25 (4.00) per share. This means that a total of CHF 19.75 (18.50) per share would be distributed.

For the business year **2019**, EMS is expecting the global economy to develop in a restrained and unstable manner. Above all in the first half-year, unresolved political and economic relations among major powers may have a constraining effect on the general consumer mood.

For 2019, EMS however, is confident about development of its own business. The successful strategy of global **growth with speciality products** in the area of high-performance polymers will be further pursued. Focus will be put on continually exploiting market potential with new and highly profitable products and applications. Thanks to innovative development work in close cooperation with customers, EMS is well positioned to make use of market opportunities quickly and in a flexible way and to further strengthen market positions.

For 2019, EMS expects net sales and net operating income (EBIT) at least on previous year's level.

2. Development of income 2018: Key figures EMS Group

in million CHF	2018	2017
Net sales	2'318	2'146
Change from previous year	+8.0%	
Currency effect	+1.6%	
Operational cash flow (EBITDA) ¹⁾	673	635
Change from previous year	+6.0%	
In % of net sales	29.0%	29.6%
Net operating income (EBIT) ²⁾	620	582
Change from previous year	+6.6%	
In % of net sales	26.8%	27.1%
Net financial income	-2	1
Income taxes	-96	-98
Net income ³⁾	522	484
Change to previous year	+7.8%	
In % of net sales	22.5%	22.6%
Cash Flow ⁴⁾	576	537
Change to previous year	+7.1%	
Investments	60	49
Change to previous year	+22.1%	
Equity ⁵⁾	1'625	1'525
In % of balance sheet total	75.3%	72.6%
Return on equity	32.0%	31.6%
Equity per share (in CHF) ⁶⁾	69.48	65.20
Number of employees	2'939	2'912

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 31.12.2018: 23,389,028 shares
(31.12.2017: 23,387,951 shares)

3. Remarks on the development of net sales and income

3.1 Net sales

In a restrained economic environment disproportionately high growth of sales volumes was achieved. New business developed particularly well. Higher sales prices related to raw materials increased net sales. In the first half-year, a positive currency effect was recorded, which turned into a negative effect during the second half-year. Net sales in Swiss Francs were increased by 8.0% to reach CHF 2,318 million (2,146) compared to previous year.

Global automotive production decreased slightly in 2018. China and Western Europe in particular showed a substantial decline in the second half-year, while America stagnated. American customs duties on Chinese imports unsettled the Chinese export industry.

EMS was able to successfully realise planned profitable new business. Disproportionately high growth could be achieved in all main regions.

96.6% (96.8%) of net sales were generated outside Switzerland: 52.2% (51.5%) in Europe (excl. Switzerland), 26.4% (27.3%) in Asia, 16.9% (17.3%) in America and 1.1% (0.6%) in other countries.

3.2 Net operating income

Net operating income (EBIT) increased to CHF 620 million (582) which is 6.6% above previous year. The operational cash flow (**EBITDA**) rose by 6.0% to CHF 673 million (635). The **EBIT margin** was 26.8% (27.1%), the **EBITDA margin** 29.0% (29.6%).

EMS was able to successfully realise the planned innovative and profitable new business. Price increases for raw materials were compensated through various sales price increases. Efficiency programmes, already initiated at the beginning of 2018, had a positive effect on costs and sustainable efficiency improvements could be achieved.

3.3 Net financial income

Net financial income was CHF -2 Mio. (1).

3.4 Equity

Equity increased to CHF 1,625 million (1,525). The **equity ratio** was 75.3% (72.6%) while **return on equity** was 32.0% (31.6%). 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 2018 amounted to CHF 60 million (49). EMS invested 69.9% (61.1%) in Switzerland, 11.5% (21.1%) in Asia, 14.4% (13.4%) in Europe and 4.2% (4.4%) in America. These investments were mainly used for capacity expansion.

With a **cash flow** of CHF 576 million (537), the investment volume was again easily financed from own financial resources. The generated free cash flow amounted to CHF 515 million (488).

4. Remarks on the individual business areas

In the main area of **High Performance Polymers**, EMS continued to achieve growth with specialty products. Numerous new applications with high-performance materials were realised, providing customers with higher performance and, at the same time, with cost and weight savings. New and innovative technology for automotive process materials were launched onto the market.

The secondary area of **Specialty Chemicals** developed as expected. Here also, new business was realised.

5. Development of sales and result by business area

In million CHF	2018	%-dev. prev. year	2017
High Performance Polymers			
Net sales	2'028	+8.4%	1'871
- Currency effect		+1.6%	
EBITDA	587	+6.2%	553
- In % of net sales	29.0%		29.6%
EBIT	540	+6.7%	506
- In % of net sales	26.6%		27.1%
Specialty Chemicals			
Net sales	291	+5.6%	275
- Currency effect		+1.4%	
EBITDA	86	+5.3%	82
- In % of net sales	29.7%		29.8%
EBIT	80	+5.9%	76
- In % of net sales	27.6%		27.5%
EMS Group			
Net sales	2'318	+8.0%	2'146
- Currency effect		+1.6%	
EBITDA ¹⁾	673	+6.0%	635
- In % of net sales	29.0%		29.6%
EBIT ²⁾	620	+6.6%	582
- In % of net sales	26.8%		27.1%

¹⁾ EBITDA = Earnings **B**efore Interest, **T**axes, **D**epreciation and **A**mortisation
= Operational cash flow

²⁾ EBIT = Earnings **B**efore Interest and **T**axes
= 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 2019, the Board of Directors intends to propose distribution of an **ordinary dividend** of CHF 15.50 (14.50) per share and again, an additional **extraordinary dividend** of CHF 4.25 (4.00) per share. This means that a total of CHF 19.75 (18.50) per share would be distributed.

7. Outlook 2019

For the business year **2019**, EMS is expecting restrained economic development worldwide. Above all in the first half-year, unresolved political and economic relations among major powers may have a constraining effect on the general consumer mood.

EMS is confident with regard to development of its own business. The successful strategy of worldwide **growth with speciality products** in the area of high-performance polymers will be continued. Focus will be put on continually exploiting market potential with new and highly profitable products and applications and market positions further strengthened. Market opportunities and new developments will be realised quickly and flexibly.

For 2019, EMS expects net sales and net operating income (EBIT) at least on previous year's level.

8. Schedule

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|--|-----------------|
| - First-quarter report 2019 | April 2019 |
| - Media conference / Half-year report 2019 | July 12, 2019 |
| - Annual General Meeting 2019 | August 10, 2019 |
| - Third-quarter report 2019 | October 2019 |
| - Media conference / Annual results 2019 | February 2020 |

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