

***Half-Year Report 2022***  
***of the EMS Group***



EMS-CHEMIE HOLDING AG  
Domat/Ems Switzerland

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## The EMS Group in the first half of 2022

The EMS Group, with its companies combined in the EMS-CHEMIE HOLDING AG and globally active in the business areas **High Performance Polymers** and **Specialty Chemicals**, achieved **net sales** amounting to CHF 1,284 million (1,166) and a **net operating income (EBIT)** of CHF 324 million (322) in the first half-year of 2022.

While the first quarter of 2022 was characterized by a positive consumer mood and generally high demand, the global economy worsened significantly in the second quarter. Particularly in Europe, the Ukraine conflict caused great uncertainty among consumers and companies. Massively increased energy costs caused raw material prices to rise abruptly and triggered additional surges in inflation. In China, rigorous lockdown measures forced customers to production shutdowns. Overheated demand in the USA was slowed by rising interest rates. As expected, the continuing shortage of semiconductors prevented any recovery by the global automotive industry.

EMS had already prepared for unstable economic developments at the beginning of the year. Innovative new business was realized successfully and new energy and cost-saving products were introduced into the market. Meanwhile, continual expansion of production capacity, together with local inventory stocks, safeguards delivery reliability. EMS was able to show overproportional growth compared to its markets. Rising inflation, in particular with regard to raw materials and energy costs, made corresponding sales price increases for customers inevitable.

Consolidated **net sales** rose compared to the previous year by 10.1% to close at CHF 1,284 million (1,166). **Net operating income (EBIT)** reached CHF 324 million (322) which is 0.8% above previous year. The operational cash flow (EBITDA) amounted to CHF 354 million (350) which is 1.2% above previous year. The EBIT margin reached 25.2% (27.6%), the EBITDA margin 27.6% (30.0%). Due to sales price increases, made necessary by higher raw material costs, net sales developed more strongly than the net operating income.

**Net financial income** amounted to CHF +7 Mio. (+4).

**Net income** for the first half of 2022 was CHF 286 million (281) which is +1.8% above the previous year. **Equity** attributable to shareholders of EMS-CHEMIE Holding AG increased to CHF 2,077 million (31.12.2021: CHF 1,799 million). The **equity ratio** is 79.1% (31.12.2021: 77.4%).

## Outlook 2022

For the second half-year 2022, EMS is expecting a slower global economy. The shortage of semiconductors in the automotive industry will continue. The generally high inflation, pushed by energy prices, will have an increasingly negative effect on overall economic development. Further interest rate increases by central banks will have an additional slowing effect. In China, economic development will be strongly influenced by the extent of any further lockdown measures. A shortage of energy or a military escalation of the Ukraine conflict could have an enormous negative impact on Europe.

In these turbulent times, EMS will continue to follow the proven strategy of concentration on specialties. Focus will be on implementing planned development and expansion projects. Now more than ever, planned research and development projects will be driven ahead and new opportunities appearing in the market will be rapidly made use of. Innovative products and solutions providing customers savings on energy and overall costs will be given primary focus. The investment program announced last year, with more than CHF 300 million to increase capacity at the main production location in Domat/Ems, Switzerland, is being implemented. Other production locations outside of Switzerland are also undergoing major expansion. EMS considers delivery reliability to be top priority.

Despite the currently adverse environment, EMS continues to expect net sales and net operating income (EBIT) for 2022 to be slightly above previous year.



Magdalena Martullo  
CEO and Vice-Chairman of the  
Board of Directors

## Financial report of the EMS Group for the first half of 2022

In million CHF	Notes	2022 Jan-Jun	2021 Jan-Jun
<b>Consolidated income statement (condensed)</b>			
<b>Net sales revenue from goods and services</b>		<b>1'284</b>	1'166
Change		<b>+10.1%</b>	
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA) <sup>1)</sup></b>		<b>354</b>	350
Change		<b>+1.2%</b>	
In % of net sales revenue		<b>27.5%</b>	30.0%
<b>Net operating income (EBIT) <sup>1)</sup></b>		<b>324</b>	322
Change		<b>+0.8%</b>	
In % of net sales revenue		<b>25.2%</b>	27.6%
<b>Net financial income</b>	1	<b>7</b>	4
<b>Net income before taxes</b>		<b>331</b>	326
Change		<b>+1.5%</b>	
<b>Income taxes</b>		<b>(45)</b>	(45)
<b>Net income</b>		<b>286</b>	281
Change		<b>+1.8%</b>	
In % of net sales revenue		<b>22.2%</b>	24.1%
<i>Of which attributable to:</i>			
<i>Shareholders of EMS-CHEMIE HOLDING AG</i>		<b>285</b>	278
<i>Non-controlling interests</i>		<b>0</b>	2
<b>Earnings per share (in CHF)</b>			
Basic / Diluted <sup>2)</sup>		<b>12.20</b>	11.91

<sup>1)</sup> The segment information by business area can be found on page 12.

<sup>2)</sup> The average weighted number of outstanding registered shares for the calculation is 23'389'028 shares on 30.06.2022 (30.06.2021: 23'389'028 shares). There is no earnings dilution.

In million CHF	Notes	2022 Jan-Jun	2021 Jan-Jun
<b>Consolidated statement of comprehensive income (condensed)</b>			
<b>Net income recognised in income statement</b>		<b>286</b>	281
Actuarial gains/(losses) from defined benefit pension plans, net of tax		<u>0</u>	<u>(0)</u>
<b>Items that will not be reclassified to income statement, net of tax</b>		<b><u>0</u></b>	<b><u>(0)</u></b>
Net changes from cash flow hedges, net of tax	2	<b>3</b>	(4)
Currency translation differences	3	<b><u>(11)</u></b>	<u>16</u>
<b>Items that are or may be reclassified to profit or loss</b>		<b><u>(8)</u></b>	<u>12</u>
<b>Other comprehensive income</b>		<b><u>(8)</u></b>	<u>11</u>
<b>Comprehensive income</b>		<b><u>278</u></b>	<u>292</u>
<i>Of which attributable to:</i>			
Shareholders of EMS-CHEMIE HOLDING AG		<b>278</b>	289
Non-controlling interests		<b>0</b>	3
<b>Consolidated statement of cash flows (condensed)</b>			
<b>Cash flow from operating activities</b>	<b>A</b>	<b>145</b>	260
<b>Cash flow from investing activities</b>	<b>B</b>	<b>(127)</b>	(237)
<i>Paid withholding taxes</i>	4	<i>(84)</i>	<i>(196)</i>
<i>Purchase of intangible assets and property, plant and equipment</i>		<i>(42)</i>	<i>(41)</i>
<i>Disposal of interest-bearing assets</i>		<i>(2)</i>	<i>(1)</i>
<b>Cash flow from financing activities</b>	<b>C</b>	<b>10</b>	3
<i>Repayment of interest-bearing liabilities</i>		<i>10</i>	<i>3</i>
<i>Borrowing of interest-bearing liabilities</i>		<i>0</i>	<i>0</i>
<i>Dividends paid to non-controlling interests</i>		<i>(1)</i>	<i>(0)</i>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>28</b>	26
Cash and cash equivalents at 1.1.		<b>111</b>	155
Translation difference on cash and cash equivalents		<b><u>(0)</u></b>	<u>5</u>
Cash and cash equivalents at 30.6.		<b>139</b>	186
<b>Additional key figures</b>			
Cash flow <sup>1)</sup>		<b>315</b>	309
In % of net sales revenue		<b>24.6%</b>	26.5%
<b>Investments</b>		<b>42</b>	38
<b>Number of employees at 30.06.</b>		<b>2'649</b>	2'593

<sup>1)</sup> Cash flow = net income plus write-downs on intangible assets, property, plant and equipment plus value adjustments to securities

In million CHF	Notes	30.06.2022	31.12.2021
<b>Consolidated balance sheet (condensed)</b>			
Non-current assets		<b>709</b>	702
Intangible assets		<b>60</b>	60
Property, plant and equipment		<b>578</b>	565
Rights of use of leased assets		<b>14</b>	16
Investments		<b>0</b>	0
Other non-current assets		<b>39</b>	40
Derivative financial instruments		<b>5</b>	8
Deferred income tax assets		<b>13</b>	12
Current assets		<b>1'916</b>	1'623
Inventories		<b>591</b>	518
Trade receivables		<b>405</b>	346
Income tax assets		<b>9</b>	8
Other current assets	4	<b>735</b>	614
Derivative and other financial assets		<b>38</b>	27
Cash and cash equivalents		<b>139</b>	111
<b>Total assets</b>		<b>2'625</b>	2'325
Equity		<b>2'106</b>	1'828
Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG		<b>2'077</b>	1'799
Share capital	5	<b>0</b>	0
Retained earnings and reserves		<b>2'077</b>	1'799
Equity, attributable to non-controlling interests		<b>29</b>	29
Liabilities		<b>519</b>	496
Non-current liabilities		<b>114</b>	116
Non-current financial liabilities	6	<b>10</b>	12
Other non-current liabilities		<b>0</b>	0
Deferred income tax liabilities		<b>70</b>	70
Employee benefit liability		<b>14</b>	14
Provisions		<b>20</b>	20
Current liabilities		<b>405</b>	380
Derivative financial instruments		<b>3</b>	0
Current financial liabilities	6	<b>17</b>	7
Trade payables		<b>152</b>	144
Income tax liabilities	7	<b>80</b>	94
Provisions		<b>1</b>	2
Other current liabilities		<b>151</b>	133
<b>Total equity and liabilities</b>		<b>2'625</b>	2'325
<b>Balance sheet equity ratio <sup>*)</sup></b>		<b>79.1%</b>	77.4%

\*) Excluding non-controlling interests

## Interim Consolidated Financial Statements

<b>Consolidated statement of changes in equity (condensed)</b>									
<b>In million CHF</b>	Share capital	Capital reserves (share premium)	Treasury shares	Retained earnings	Hedging reserves	Translation differences	<b>Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG</b>	Equity, attributable to non-controlling interests	<b>Equity</b>
<b>At 31.12.2020</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>1'706</b>	<b>4</b>	<b>(138)</b>	<b>1'598</b>	<b>26</b>	<b>1'624</b>
Net changes from cash flow hedges <sup>2)</sup>					(4)		(4)		(4)
Actuarial gains from defined benefit plans				(0)			(0)		(0)
Currency translation differences <sup>3)</sup>						15	15	1	16
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(4)</b>	<b>15</b>	<b>10</b>	<b>1</b>	<b>11</b>
Net profit recognized in income statement				278			278	2	281
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>278</b>	<b>(4)</b>	<b>15</b>	<b>289</b>	<b>3</b>	<b>292</b>
Transactions with treasury shares <sup>5)</sup>							0		0
Dividends paid				0			0	(0)	(0)
<b>At 30.06.2021</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>1'984</b>	<b>(1)</b>	<b>(123)</b>	<b>1'886</b>	<b>29</b>	<b>1'916</b>
<b>At 31.12.2021</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>1'894</b>	<b>28</b>	<b>(149)</b>	<b>1'799</b>	<b>29</b>	<b>1'828</b>
Net changes from cash flow hedges <sup>2)</sup>					3		3		3
Actuarial gains from defined benefit plans							0		0
Currency translation differences <sup>3)</sup>				(0)		(10)	(10)	(0)	(11)
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>3</b>	<b>(10)</b>	<b>(7)</b>	<b>(0)</b>	<b>(8)</b>
Net profit recognized in income statement				285			285	0	286
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>285</b>	<b>3</b>	<b>(10)</b>	<b>278</b>	<b>(0)</b>	<b>278</b>
Transactions with treasury shares <sup>5)</sup>							0		0
Dividends paid				0			0	(1)	(1)
<b>At 30.06.2022</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>2'179</b>	<b>31</b>	<b>(159)</b>	<b>2'077</b>	<b>29</b>	<b>2'106</b>



## Consolidated accounting principles

### General information on the consolidated financial statements

These consolidated financial statements (termed “the interim consolidated financial statements” in the following) cover the non-audited half-year results for EMS-CHEMIE HOLDING AG domiciled in Switzerland and for its subsidiaries, for the reporting period ending on June 30, 2022. The interim consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 (IAS 34) “Interim Financial Reporting”, published by the International Accounting Standards Board (IASB), and should be read in conjunction with the consolidated financial statements compiled for the financial year ending on December 31, 2021, as they comprise an update of previously published information.

Preparation of the interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the time the accounts are drawn up. If at some time in the future, these estimates and assumptions, made by management to the best of its belief at the time the accounts were drawn up, should deviate from the actual circumstances, the original estimates and assumptions will be adjusted accordingly in the reporting period in which the circumstances changed.

The EMS Group pursues activities in business areas in which sales are not subject to significant seasonal fluctuations over the business year. Income taxes are calculated on the basis of a best estimate of the weighted average tax rate as anticipated for the year as a whole.

The accounting principles applied to the interim consolidated financial statements correspond to the principles of the consolidated annual financial statements, with the exception of the changes described below.

The COVID-19-pandemic had no material impact on the significant accounting estimates and assumptions. Any indications for impairment of assets were analyzed. As of June 30, 2022, no impairment losses had to be recognized.

The impact of the Russia-Ukraine crisis on the business activities of the EMS Group is being evaluated on an ongoing basis. Both countries do not contribute significantly to the business results of the EMS Group (less than 1%).

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

## Notes

### Financial instruments

The difference between the carrying value less allowances of financial assets and liabilities is not material. Financial assets and liabilities that are measured at fair value, are insignificant, which is why no further disclosure is made.

#### 1 Net financial income

The net financial income comprises the interest result of CHF 0 million (0), the foreign exchange result of CHF +7 million (+4).

#### 2 Net changes from cash flow hedges, after taxes

In the first half of 2022, the deferred unrealized gains of the open foreign exchange hedges in the equity amounted to CHF -3 million (4). In the first half of 2022, CHF +3 million realized gains were transferred to the income statement (2021: -4).

#### 3 Currency translation differences

For the first half of 2022, the change from IAS 21 "Net investment in a foreign operation" amounts to CHF -14 million (+2), the change in the currency translation adjustment resulting from the translation of subsidiaries with a different functional currency amounts to CHF +3 million (+13).

#### 4 Cash flow from investing activities / other current assets

As of June 30, 2022, other current assets include a FTA withholding tax receivable of CHF 602 million (31.12.2021: CHF 652 million).

#### 5 Share capital

The share capital is CHF 0.234 million per 30.06.2022 (31.12.2021: CHF 0.234 million).

#### 6 Financial liabilities

As of June 30, 2022, financial liabilities include non-current lease liabilities of CHF 10 million (31.12.2021: CHF 12 million) and current lease liabilities of CHF 4 million (31.12.2021: CHF 5 million).

#### 7 Deferred income tax liabilities

In the first half of 2022, CHF 60 million tax was paid (61).

#### 8 Subsequent events

On August 13, 2021 the Annual General Meeting approved payment of a dividend of CHF 21.00 gross per dividend bearing registered share. On August 18, 2021, total dividends amounting to CHF 491 million were paid. The Board of Directors approved the interim consolidated financial statements on August 26, 2022.

No subsequent events occurred requiring an adjustment of the book values of Group assets and liabilities or needing to be published here.

## Segment information by business area

In million CHF	High Performance Polymers		Specialty Chemicals		Total	
	2022 Jan-Jun	2021 Jan-Jun	2022 Jan-Jun	2021 Jan-Jun	2022 Jan-Jun	2021 Jan-Jun
<b>Net sales revenue</b>	<b>1'141</b>	1'040	<b>143</b>	126	<b>1'284</b>	1'166
<b>EBITDA</b>	<b>313</b>	313	<b>40</b>	36	<b>354</b>	350
In % of net sales revenue	<b>27.5%</b>	30.1%	<b>28.2%</b>	29.0%	<b>27.5%</b>	30.0%
Depreciation, amortisation and impairments	<b>27</b>	25	<b>2</b>	3	<b>30</b>	28
<b>Net operating income (EBIT)</b>	<b>286</b>	288	<b>38</b>	34	<b>324</b>	322
In % of net sales revenue	<b>25.1%</b>	27.7%	<b>26.6%</b>	26.9%	<b>25.2%</b>	27.6%
Net financial income					<b>7</b>	4
<b>Net income before taxes</b>					<b>331</b>	326
Income taxes					<b>(45)</b>	(45)
<b>Net income</b>					<b>286</b>	280

Net sales revenue, operating profit before depreciation and amortisation and operating profit between the business areas are not material.

## Segment information by geographical region

In million CHF	Total net sales revenue (customers)			
	2021		2020	
	Jan-Jun	in %	Jan-Jun	in %
Europe	<b>723</b>	56.3%	648	55.6%
Asia	<b>329</b>	25.6%	323	27.7%
America	<b>219</b>	17.1%	180	15.4%
Others	<b>13</b>	1.0%	15	1.3%
<b>Total net sales revenue</b>	<b>1'284</b>	100.0%	1'166	100.0%

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