

***Half-Year Report 2021***  
***of the EMS Group***



EMS-CHEMIE HOLDING AG  
Domat/Ems Switzerland

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## The EMS Group in the first half of 2021

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**, increased **net sales** to CHF 1,166 million (845) and **net operating income (EBIT)** to CHF 322 million (227) in the first half year of 2021. These figures are well above those of the previous year. In local currencies, net sales and operating income (EBIT) reached new record levels in the 85-years of company history.

Compared to the previous year, consolidated **net sales** rose by 38.0% to close at CHF 1,166 million (845). After the slump caused by COVID-19, the global economy recovered noticeably, which had a positive influence on sales volumes. Strong growth could be achieved, in particular in the Chinese sales market. Significant state support and stimulus measures, above all in the USA, are generating confidence having a positive effect on consumer spending. Sudden surges in demand and delivery bottle necks in supply chains are forcing the automotive industry to reduce production. Shortages in the raw material markets and logistic capacity are causing prices to rise continuously.

During the pandemic, EMS continued to pursue ongoing development and generation of new business. With the successful strategy of speciality products in the main area of High Performance Polymers, EMS is in a good position to make use of all possible opportunities in the market. Expanded production capacity and local inventory stocks safeguard the delivery capability of all EMS companies, even with current high demand. Raw material shortages and corresponding continually rising prices are forcing EMS to implement sales price increases for customers.

**Net operating income (EBIT)** amounted to CHF 322 million (227), which is 41.9% above previous year. Compared to the previous year, operational cash flow (EBITDA) increased by 37.8% to CHF 350 million (254). The EBIT margin rose to 27.6% (26.8%), the EBITDA margin reached 30.0% (30.0%). Strong sales development and the strong position with speciality products influenced the result development and the result margin in a positive way. This was hampered, however, by strongly rising raw material prices which made sales price increases for customers inevitable.

**Net financial income** amounted to CHF 4 Mio. (-2).

**Net income** for the first half of 2021 was CHF 281 million (192) which is +45.9% above the previous year.

**Equity** increased to CHF 1,886 million (31.12.2020: CHF 1,598 million). The **equity ratio** is 76.1% (31.12.2020: 76.9%).

## Outlook 2021

For the business year 2021, EMS is expecting further economic recovery worldwide. The state stimulus programmes and low interest rates will come into their full effect and provide support for consumer spending and investment activities worldwide. Continuing instability, bottlenecks and price increases in global supply chains must, however, still be expected. The shortage of semi-conductors in the automotive industry will continue.

EMS will continue to follow its successful strategy of speciality products in the main area of High Performance Polymers. Customer demand for innovative products, solutions achieving weight savings and lower CO<sub>2</sub> emissions as well as cost reduction through metal replacement, is continually growing. This allows EMS to develop new business and further strengthen market positions. Innovative development expertise in close cooperation with customers enables EMS to quickly recognise market developments and to adapt flexibly to them.

Based on a comprehensive number of new and innovative customer projects, EMS is confident to further expand business in the next years. In order to satisfy this increasing market demand in future, EMS will invest in additional capacity increases. Over the next five years, EMS will invest more than CHF 300 million in expansion of the production site at Domat/Ems (Canton Grisons, Switzerland).

For 2021, EMS continues to expect higher net sales and a higher net operating income (EBIT) than in the previous year.



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

## Financial report of the EMS Group for the first half of 2021

In million CHF	Notes	2021 Jan-Jun	2020 Jan-Jun
<b>Consolidated income statement (condensed)</b>			
<b>Net sales revenue from goods and services</b>		<b>1'166</b>	845
Change		<b>+38.0%</b>	
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA) <sup>1)</sup></b>		<b>350</b>	254
Change		<b>+37.8%</b>	
In % of net sales revenue		<b>30.0%</b>	30.0%
<b>Net operating income (EBIT) <sup>1)</sup></b>		<b>322</b>	227
Change		<b>+41.9%</b>	
In % of net sales revenue		<b>27.6%</b>	26.8%
<b>Net financial income</b>	1	<b>4</b>	(2)
<b>Net income before taxes</b>		<b>326</b>	224
Change		<b>+45.4%</b>	
<b>Income taxes</b>		<b>(45)</b>	(32)
<b>Net income</b>		<b>281</b>	192
Change		<b>+45.9%</b>	
In % of net sales revenue		<b>24.1%</b>	22.8%
<i>Of which attributable to:</i>			
<i>Shareholders of EMS-CHEMIE HOLDING AG</i>		<b>278</b>	191
<i>Non-controlling interests</i>		<b>2</b>	1
<b>Earnings per share (in CHF)</b>			
Basic / Diluted <sup>2)</sup>		<b>11.91</b>	8.18

<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 30.06.2021 (30.06.2020: 23'389'028 shares). There is no earnings dilution.

In million CHF	Notes	2021 Jan-Jun	2020 Jan-Jun
<b>Consolidated statement of comprehensive income (condensed)</b>			
<b>Net income recognised in income statement</b>		<b>281</b>	192
Actuarial gains/(losses) from defined benefit pension plans, net of tax	2	<u>(0)</u>	<u>(1)</u>
<b>Items that will not be reclassified to income statement, net of tax</b>		<b><u>(0)</u></b>	<b><u>(1)</u></b>
Net changes from cash flow hedges, net of tax	3	<u>(4)</u>	<u>(1)</u>
Currency translation differences	4	<u>16</u>	<u>(16)</u>
<b>Items that are or may be reclassified to profit or loss</b>		<b><u>12</u></b>	<b><u>(17)</u></b>
<b>Other comprehensive income</b>		<b><u>11</u></b>	<b><u>(17)</u></b>
<b>Comprehensive income</b>		<b><u>292</u></b>	<b><u>175</u></b>
<i>Of which attributable to:</i>			
Shareholders of EMS-CHEMIE HOLDING AG		<b>289</b>	174
Non-controlling interests		<b>3</b>	1
<b>Consolidated statement of cash flows (condensed)</b>			
<b>Cash flow from operating activities</b>	<b>A</b>	<b>260</b>	225
<b>Cash flow from investing activities</b>	<b>B</b>	<b>(237)</b>	(221)
<i>Paid withholding taxes</i>	5	<u>(196)</u>	<u>(171)</u>
<i>Purchase of intangible assets and property, plant and equipment</i>		<u>(41)</u>	<u>(30)</u>
<i>Disposal of interest-bearing assets</i>		<u>(1)</u>	<u>(21)</u>
<b>Cash flow from financing activities</b>	<b>C</b>	<b>3</b>	(2)
<i>Repayment of interest-bearing liabilities</i>		3	(2)
<i>Borrowing of interest-bearing liabilities</i>		0	0
<i>Dividends paid to non-controlling interests</i>		<u>(0)</u>	<u>(1)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>26</b>	2
Cash and cash equivalents at 1.1.		<b>155</b>	253
Translation difference on cash and cash equivalents		<u>5</u>	<u>(5)</u>
Cash and cash equivalents at 30.6.		<b>186</b>	250
<b>Additional key figures</b>			
Cash flow <sup>1)</sup>		<b>309</b>	219
In % of net sales revenue		<b>26.5%</b>	25.6%
<b>Investments</b>		<b>38</b>	25
In % of cash flow		<b>12.4%</b>	11.5%
<b>Number of employees at 30.06.</b>		<b>2'593</b>	2'537

<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	30.06.2021	31.12.2020
<b>Consolidated balance sheet (condensed)</b>			
Non-current assets		700	678
Intangible assets		60	60
Property, plant and equipment		553	537
Rights of use of leased assets		17	17
Investments		0	0
Other non-current assets		49	49
Derivative financial instruments		3	0
Deferred income tax assets		18	15
Current assets		1'779	1'399
Inventories		491	404
Trade receivables		367	300
Income tax assets		12	12
Other current assets	5	720	522
Derivative and other financial assets		2	6
Cash and cash equivalents		186	155
<b>Total assets</b>		<b>2'479</b>	<b>2'078</b>
Equity		1'916	1'624
Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG		1'886	1'598
Share capital	6	0	0
Retained earnings and reserves		1'886	1'598
Equity, attributable to non-controlling interests		29	26
Liabilities		563	453
Non-current liabilities		160	163
Non-current financial liabilities	7	14	17
Other non-current liabilities		0	0
Deferred income tax liabilities		69	69
Employee benefit liability		57	56
Provisions		20	20
Current liabilities		403	291
Derivative financial instruments		4	2
Current financial liabilities	7	12	6
Trade payables		139	86
Income tax liabilities	8	68	80
Provisions		1	1
Other current liabilities		178	115
<b>Total equity and liabilities</b>		<b>2'479</b>	<b>2'078</b>
<b>Balance sheet equity ratio <sup>*)</sup></b>		<b>76.1%</b>	<b>76.9%</b>

\*) Excluding non-controlling interests

<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 31.12.2019</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>1'738</b>	<b>14</b>	<b>(116)</b>	<b>1'663</b>	<b>23</b>	<b>1'686</b>
Net changes from cash flow hedges <sup>3)</sup>					(1)		(1)		(1)
Actuarial gains from defined benefit plans <sup>2)</sup>				(1)			(1)		(1)
Currency translation differences <sup>4)</sup>						(15)	(15)	(1)	(16)
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1)</b>	<b>(1)</b>	<b>(15)</b>	<b>(17)</b>	<b>(1)</b>	<b>(17)</b>
Net profit recognized in income statement				191			191	1	192
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>191</b>	<b>(1)</b>	<b>(15)</b>	<b>174</b>	<b>1</b>	<b>175</b>
Transactions with treasury shares <sup>6)</sup>							0		0
Dividends paid				0			0	(1)	(1)
<b>At 30.06.2020</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>1'929</b>	<b>13</b>	<b>(131)</b>	<b>1'837</b>	<b>23</b>	<b>1'860</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>3)</sup>					(4)		(4)		(4)
Actuarial gains from defined benefit plans <sup>2)</sup>				(0)			(0)		(0)
Currency translation differences <sup>4)</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>6)</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>



## 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, 2021. 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, 2020, 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. In addition, no impairment loss or government subsidies were recognized as a result of the pandemic situation in the reporting period.

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 +4 million (-2).

#### 2 Actuarial gains/(losses) from defined benefit pensions plans, net of tax

In the first half of 2021, the discount rate used to value the pension obligation remained constant at 0.15%. In the prior year period the discount rate decreased from 0.20% to 0.15%.

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

In the first half of 2021, the deferred unrealized losses of the open foreign exchange hedges in the equity amounted to CHF 4 million (13). In the first half of 2021, CHF -4 million realized losses were transferred to the income statement (2020: -1).

#### 4 Currency translation differences

For the first half of 2021, the change from IAS 21 "Net investment in a foreign operation" amounts to CHF +2 million (-5), the change in the currency translation adjustment resulting from the translation of subsidiaries with a different functional currency amounts to CHF +13 million (-10).

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

As of June 30, 2021, other current assets include a FTA withholding tax receivable of CHF 652 million (31.12.2020: CHF 458 million).

#### 6 Share capital

The share capital is CHF 0.234 million per 30.06.2021 (31.12.2020: CHF 0.234 million).

#### 7 Financial liabilities

As of June 30, 2021, financial liabilities include non-current lease liabilities of CHF 14 million and current lease liabilities of CHF 4 million.

#### 8 Deferred income tax liabilities

In the first half of 2021, CHF 61 million tax was paid (57).

## 9 Subsequent events

On August 7, 2021 the Annual General Meeting approved payment of a dividend of CHF 17.00 gross per dividend bearing registered share. On August 12, 2021, total dividends amounting to CHF 398 million were paid. The Board of Directors approved the interim consolidated financial statements on August 30, 2021.

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	
	2021 Jan-Jun	2020 Jan-Jun	2021 Jan-Jun	2020 Jan-Jun	2021 Jan-Jun	2020 Jan-Jun
<b>Net sales revenue</b>	<b>1'040</b>	741	<b>126</b>	104	<b>1'166</b>	845
<b>EBITDA</b>	<b>313</b>	224	<b>36</b>	30	<b>350</b>	254
In % of net sales revenue	<b>30.1%</b>	30.2%	<b>29.0%</b>	28.4%	<b>30.0%</b>	30.0%
Depreciation, amortisation and impairments	<b>25</b>	24	<b>3</b>	3	<b>28</b>	27
<b>Net operating income (EBIT)</b>	<b>288</b>	200	<b>34</b>	27	<b>322</b>	227
In % of net sales revenue	<b>27.7%</b>	27.0%	<b>26.9%</b>	25.9%	<b>27.6%</b>	26.8%
Net financial income					<b>4</b>	(2)
<b>Net income before taxes</b>					<b>326</b>	224
Income taxes					<b>(45)</b>	(32)
<b>Net income</b>					<b>281</b>	192

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>648</b>	55.6%	462	54.7%
Asia	<b>323</b>	27.7%	232	27.4%
America	<b>180</b>	15.4%	141	16.7%
Others	<b>15</b>	1.3%	10	1.2%
<b>Total net sales revenue</b>	<b>1'166</b>	100.0%	845	100.0%

\* \* \* \* \*