

Herrliberg, February 8, 2013

## MEDIA INFORMATION

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### EMS Group: Annual Results 2012

#### Positive development of net sales and result:

- **Successfully realised new business**
- **Strong growth outside of Europe**
- **Payment of an extraordinary dividend**

#### 1. Summary

In 2012, the EMS Group, globally active in the business areas **High Performance Polymers** and **Specialty Chemicals** and with its companies combined in EMS-CHEMIE HOLDING AG, increased **net sales** by **5.9%** and **net operating income (EBIT)** by **8.4%** compared to the previous year. This means that net sales and net operating income (EBIT) again reached new record levels.

Consolidated **net sales** in Swiss Francs increased by 5.9% compared to the previous year to reach CHF 1,755 million (1,658), while the increase in local currencies was 4.9%. Successfully realised new business and a strong increase in net sales outside of Europe led to this positive growth despite increasingly difficult market conditions in Europe. Market positions in all geographical markets were further strengthened.

**Net operating income (EBIT)** increased to CHF 319 million (294), 8.4% above the previous year. Operational cash flow (EBITDA) increased to CHF 373 million (346), which is 7.8% above the previous year. The pleasing increase in result and result margin was primarily due to successful additional business with high-margin specialty products in the area of High Performance Polymers. The **EBIT margin** increased to 18.2% (17.7%), the **EBITDA margin** to 21.2% (20.9%).

**Net financial income** was CHF 3 million (1).

**Net income** closed 12.7% above the previous year at CHF 273 million (242). Earnings per share increased to CHF 11.42 (10.14).

For the business year 2012, EMS plans to distribute an **ordinary dividend** of CHF 7.50 (7.00) per share and an additional **extraordinary dividend** of CHF 2.50 per share. This means that a total of CHF 10.00 (7.00) per share would be distributed.

For the business year **2013**, EMS is expecting differing economic developments in the various geographical markets: While the markets in Asia and North America may develop in a positive way, increasing unemployment and structural problems of competitiveness in Western Europe will have a negative effect on consumer behaviour and the investment mood.

EMS will continue its successful strategy of growth with speciality products in the area of High Performance Polymers. In order to push medium-term growth even more consistently, EMS will launch a sales and development offensive throughout the world and will significantly expand the corresponding human resources.

For 2013, EMS expects net sales and net operating income (EBIT) slightly above those of the previous year.

## 2. Development of income 2012: Key figures EMS Group

In million CHF	2012	2011
<b>Net sales</b>	<b>1,755</b>	1,658
Change from previous year	<b>+5.9%</b>	
In local currencies	<b>+4.9%</b>	
<b>Operational cash flow (EBITDA) <sup>1)</sup></b>	<b>373</b>	346
Change from previous year	<b>+7.8%</b>	
In % of net sales	<b>21.2%</b>	20.9%
<b>Net operating income (EBIT) <sup>2)</sup></b>	<b>319</b>	294
Change from previous year	<b>+8.4%</b>	
In % of net sales	<b>18.2%</b>	17.7%
<b>Net financial income</b>	<b>3</b>	1
<b>Income taxes</b>	<b>48</b>	53
<b>Net income <sup>3)</sup></b>	<b>273</b>	242
Change from previous year	<b>+12.7%</b>	
In % of net sales	<b>15.5%</b>	14.6%
<b>Cash flow <sup>4)</sup></b>	<b>327</b>	296
Change from previous year	<b>+10.7%</b>	
<b>Investments</b>	<b>44</b>	76
Change from previous year	<b>-41.7%</b>	
<b>Equity</b>	<b>1,151</b>	1,057
In % of balance sheet total	<b>68.6%</b>	64.6%
Return on equity	<b>23.7%</b>	22.9%
Equity per share (in CHF) <sup>5)</sup>	<b>49.22</b>	45.17
<b>Number of employees</b>	<b>2,371</b>	2,242

<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

<sup>3)</sup> Net income = Profit after taxes, including minority shareholders

<sup>4)</sup> Cash Flow = Net income plus amortisation of intangible assets, property, plant and equipment plus value adjustments to securities

<sup>5)</sup> Average weighted number of registered shares as at 31.12.2012: 23,389,028 shares  
(31.12.2011: 23,388,212 shares)

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

#### 3.1 Net sales

Net sales in Swiss Francs increased by 5.9% compared to the previous year to CHF 1,755 million (1,658). In contrast to the previous year (strengthening of the Swiss Franc), significant currency effects were no longer seen in 2012. Growth of net sales in local currencies amounted to 4.9%.

As expected, the individual sales markets developed in very different ways. Asia and North America continued their positive economic development while Western Europe moved into an economic downturn. The declining development in Western Europe and the Fiscal Cliff discussion in the USA led in the 4<sup>th</sup> quarter of 2012 to worldwide insecurity and, in association, to a slowing of the economy.

EMS was able to realise successful new business worldwide. In addition, market positions in all geographic markets were strengthened. In Asia and North America, EMS increased net sales by around 19% compared to the previous year, while in Europe net sales suffered a market-related drop of around 3%.

95.5% (94.7%) of net sales were generated outside of Switzerland. 46.3% (41.1%) of net sales were generated outside of Europe (including Switzerland); of these, 27.5% (24.4%) in Asia, 11.9% (10.6%) in North America and 6.9% (6.1%) in other countries.

EMS is a typical Swiss export company and produces around half of products sold, namely 49.1%, in Switzerland. 23.7% (27.6%) of products sold were manufactured in the European Union, 17.0% (14.3%) in Asia, 9.4% (7.3%) in North America and 0.8% (0.2%) in South America.

#### 3.2 Net operating income

Net operating income (**EBIT**) reached CHF 319 million (294), an increase of 8.4% compared to the previous year. The **EBITDA** increased to CHF 373 million (346) and was 7.8% above previous year. The **EBIT margin** was 18.2% (17.7%), the **EBITDA margin** 21.2% (20.9%).

Expansion of high-margin speciality business led to a pleasing increase in result and result margin. Due to the efficiency programme already launched at the beginning of 2011, it was also possible to dampen the effects of market-related cost increases (especially raw material prices).

### 3.3 Net financial income

Net financial income amounted to CHF 3 million (1).

### 3.4 Equity

**Equity** increased to CHF 1,151 million (1,057). The **equity ratio** was 68.6% (64.6%) **return on equity** 23.7% (22.9%). In a sector comparison, both the equity ratio and return on equity are high and are an expression of the sustained, above-average profitability of EMS.

### 3.5 Investments / cash flow

Investments made in 2012 totalled CHF 44 million (76). Of this amount 71.0% (79.9%) was invested in Switzerland, 12.7% (13.0%) in the European Union, 10.6% (5.9%) in Asia, 4.1% (1.1%) in the USA and 1.6% (0.1%) in South America. The majority of this amount was invested in capacity expansions.

With a **cash flow** of CHF 327 million (296), the investment volume of CHF 44 million was – as in previous years – smoothly financed from own financial resources. As usual, EMS generated an appreciable free cash flow of CHF 283 million (220).

#### 4. Remarks on the individual business areas

In the main area of **High Performance Polymers**, market positions were further strengthened. New applications were developed. Extraordinary project success was achieved with applications in particular in the optical industry, in the strongly growing smartphone market and in the worldwide automotive market. In the USA and in Asia, the increased efforts of the last years, supported by a positive course of the economy, led to significant growth of net sales and result. In Europe, the expected decline of the industrial economy had a curbing effect on business development.

The secondary area **Specialty Chemicals** developed according to plan. It was possible to achieve strategically relevant new business.

## 5. Development of net sales and income in the business areas

In million CHF	2012	%-dev. prev. year	2011
<b>High Performance Polymers</b>			
Net sales	1,471	+7.6%	1,367
- In local currencies		+6.4%	
EBITDA	316	+9.4%	289
- In % of net sales	21.5%		21.1%
EBIT	270	+9.7%	247
- In % of net sales	18.4%		18.0%
<b>Specialty Chemicals</b>			
Net sales	285	-2.1%	290
- In local currencies		-2.5%	
EBITDA	57	-0.6%	57
- In % of net sales	20.0%		19.7%
EBIT	48	+1.7%	47
- In % of net sales	17.0%		16.3%
<b>EMS Group</b>			
<b>Net sales</b>	<b>1,755</b>	<b>+5.9%</b>	1,658
- In local currencies		<b>+4.9%</b>	
<b>EBITDA</b> <sup>1)</sup>	<b>373</b>	<b>+7.8%</b>	346
- In % of net sales	<b>21.2%</b>		20.9%
<b>EBIT</b> <sup>2)</sup>	<b>319</b>	<b>+8.4%</b>	294
- In % of net sales	<b>18.2%</b>		17.7%

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

<sup>2)</sup> EBIT = Earnings **B**efore Interest and **T**axes  
= Operational 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 2013, the Board of Directors therefore intends to propose distribution of an **ordinary dividend** of CHF 7.50 (7.00) per share as well as an additional **extraordinary dividend** of CHF 2.50 per share. This means that distribution of a total of CHF 10.00 (7.00) per share will be proposed.

## 7. Outlook 2013

In **2013**, EMS is expecting the different economic development of the individual geographical markets to continue. Following a slowing down in the 4<sup>th</sup> quarter of 2012, growth in North America and Asia may accelerate again. In Western Europe, however, a continuation of the economic downturn must be expected. Here, increasing unemployment figures and structural problems of competitiveness will dampen consumer behaviour and the investment mood.

EMS will continue its successful strategy of growth with speciality products in the area of High Performance Polymers. In order to push medium-term growth even more consistently, EMS will launch a sales and development offensive throughout the world. Human resources in sales and application development will be significantly expanded in order to make use of existing growth potential in a rapid and determined way.

In order to satisfy the strongly growing demand in the emerging countries, EMS will invest in capacity increases worldwide and in additional sites in Asia and Eastern Europe.

For 2013, EMS expects net sales and net operating income (EBIT) to be slightly above those of the previous year.



## 8. Schedule

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|--|-----------------|
| - First-quarter report 2013                | April 2013      |
| - Media Conference / Half-year report 2013 | July 12, 2013   |
| - Annual General Meeting 2013              | August 10, 2013 |
| - Third-quarter report 2013                | October 2013    |
| - Media Conference / Annual results 2013   | February 2014   |

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