

Herrliberg, February 7, 2014

## MEDIA INFORMATION

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### EMS Group: Annual results 2013

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

- **Successfully realised new business**
- **Strong growth in Asia**
- **Payment of an extraordinary dividend**

#### 1. Summary

In 2013, the EMS Group, globally active in the business areas **High Performance Polymers** and **Specialty Chemicals** and with its companies combined in the EMS-CHEMIE HOLDING AG, increased **net sales** by **7.4%** and **net operating income (EBIT)** by **15.4%** compared to the previous year. These are again new record levels for net sales and net operating income (EBIT).

Consolidated **net sales** in Swiss Francs increased by 7.4% compared to the previous year to reach CHF 1,885 million (1,755), while the increase in local currencies was 8.7%. In the main business area High Performance Polymers, net sales rose by 10.2%. Planned new business was realised successfully and market positions strengthened worldwide. Growth was recorded for all geographical regions and particularly strongly in Asia (namely in China).

**Net operating income (EBIT)** rose to CHF 369 million (320) which is 15.4% above previous year. Operational cash flow (EBITDA) increased to CHF 424 million (374) and by 13.4% compared to the previous year. The EBIT margin reached 19.6% (18.2%), the EBITDA margin 22.5% (21.3%). Growth achieved with high-margin specialty products in the main area High Performance Polymers had a positive effect on both result and result margin.

**Net financial income** amounted to CHF 16 million (3).

**Net income** closed 18.3% above the previous year at CHF 324 million (274). Earnings per share increased to CHF 13.58 (11.45).

For the business year 2013, EMS plans distribution of an **ordinary dividend of** CHF 8.50 (7.50) per share and an additional **extraordinary dividend** of CHF 2.50 (2.50) per share. This means that a total of CHF 11.00 (10.00) per share would be distributed.

For the business year **2014**, EMS is expecting the economic situation in the global markets to remain favourable. The transparent US Federal Bank policy and economic recovery in Europe support the trust of consumers and investors worldwide and create a positive mood for consumer spending and investments.

EMS will continue its successful strategy of growth with specialty products in the area of High Performance Polymers. Focus will be on further expanding global market positions and successful realisation of innovations. China will be the strategic center of innovation.

For 2014, EMS expects net sales to close slightly above previous year and net operating income (EBIT) to increase slightly over-proportionately.

## 2. Development of income 2013: Key figures EMS Group

In million CHF	2013	2012 <sup>8)</sup>
<b>Net sales</b>	<b>1,885</b>	1,755
Change from previous year	<b>+7.4%</b>	
In local currencies	<b>+8.7%</b>	
Effect of consolidation <sup>1)</sup>	<b>+3.9%</b>	
<b>Operational cash flow (EBITDA)<sup>2)</sup></b>	<b>424</b>	374
Change from previous year	<b>+13.4%</b>	
In % of net sales	<b>22.5%</b>	21.3%
<b>Net operating income (EBIT)<sup>3)</sup></b>	<b>369</b>	320
Change from previous year	<b>+15.4%</b>	
In % of net sales	<b>19.6%</b>	18.2%
<b>Net financial income</b>	<b>16</b>	3
<b>Income taxes</b>	<b>61</b>	49
<b>Net income<sup>4)</sup></b>	<b>324</b>	274
Change to previous year	<b>+18.3%</b>	
In % of net sales	<b>17.2%</b>	15.6%
<b>Cash flow<sup>5)</sup></b>	<b>379</b>	328
Change from previous year	<b>+15.5%</b>	
<b>Investments</b>	<b>57</b>	44
Change from previous year	<b>+29.9%</b>	
<b>Equity<sup>6)</sup></b>	<b>1,185</b>	1,123
In % of balance sheet total	<b>68.2%</b>	67.6%
Return on equity	<b>26.8%</b>	23.8%
Equity per share (in CHF) <sup>7)</sup>	<b>50.68</b>	48.03
<b>Number of employees</b>	<b>2,670</b>	2,371

<sup>1)</sup> In the business unit EMS-EFTEC, business in Central and Eastern Europe has been fully consolidated since April 1, 2013 (previously consolidated according to the equity method).

<sup>2)</sup> EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation  
= Operational cash flow

<sup>3)</sup> EBIT = Earnings Before Interest and Taxes  
= Net operating income

<sup>4)</sup> Net income = Profit after taxes, including minority shareholders

<sup>5)</sup> Cash flow = Net income plus amortisation of intangible assets, property, plant and equipment plus value adjustments to securities

<sup>6)</sup> Equity = Equity without minorities

<sup>7)</sup> Average weighted number of registered shares as at 31.12.2013: 23,381,559 shares  
(31.12.2012: 23,389,028 shares)

<sup>8)</sup> Insignificant adjustment of the previous year's figures due to the change of IAS 19

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

#### 3.1 Net sales

Net sales in Swiss Francs increased by 7.4% compared to the previous year to CHF 1,885 million (1,755). Growth in local currencies amounted to 8.7%. The consolidation effect was 3.9%.

As expected the individual sales markets developed in very different ways. While the economic downturn in Europe continued until the middle of 2013, Asian and American markets overall developed in an positive way throughout the year.

EMS was able to successfully realise new business worldwide. In addition, market positions in all geographical markets were further strengthened. Growth was particularly strong in Asia (namely in China).

96.1% (95.5%) of net sales were generated outside of Switzerland and 45.5% (44.5%) outside of Europe (including Switzerland). 28.4% (27.9%) of net sales were achieved in Asia, 13.3% (13.5%) in North America (NAFTA) and 3.7% (3.1%) in other countries.

EMS is a typical Swiss export company and produces around half of products sold, namely 46.2% (49.1%) in Switzerland. 25.3% (23.7%) of product sold were manufactured in Europe, 18.1% (17.0%) in Asia, 9.2% (9.4%) in North America (NAFTA) and 1.2% (0.8%) in other countries.

#### 3.2 Net operating income

Net operating income (**EBIT**) reached CHF 369 million (320), an increase of 15.4% compared to the previous year. The operational cash flow **EBITDA** increased to CHF 424 million (374) and was 13.4% above previous year. The **EBIT margin** reached 19.6% (18.2%), the **EBITDA margin** 22.5% (21.3%).

Expansion of high-margin speciality business in the main segment High Performance Polymers led to a pleasing increase in result and result margin.

The growth programme announced at the beginning of February 2013, with sales and application development significantly strengthened by additional human resources worldwide, has been initiated successfully.

### 3.3 Net financial income

Net financial income amounted to CHF 16 million (3).

### 3.4 Equity

**Equity** increased to CHF 1,185 million (1,123). The **equity ratio** was 68.2% (67.6%), **return on equity** 26.8% (23.8%). In a sector comparison, both the equity ratio and return on equity are high and express the sustained, above-average profitability of EMS.

### 3.5 Investments / cash flow

Investments made in 2013 totalled CHF 57 million (44). Of this amount, 74.6% (71.0%) was invested in Switzerland, 9.5% (12.7%) in Europe, 8.3% (10.6%) in Asia, 7.3% (4.1%) in North America (NAFTA) and 0.3% (1.6%) in other countries. The investments were mainly used for capacity expansion.

With a **cash flow** of CHF 379 million (328), the investment volume of CHF 57 million was smoothly financed again from own financial resources. The generated free cash flow amounted to CHF 321 million (284).

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

In the main area of **High Performance Polymers** it was possible to develop innovative process materials and to realise new structural parts with high-performance polymers. Innovative technical solutions were introduced in the automotive industry and the telecommunication sector (smartphones and tablets). In order to satisfy increasing customer demand, EMS invested in further production capacity, established additional new plants in Asia and took complete control of the EFTEC business in Central and Eastern Europe.

The secondary business area **Specialty Chemicals**, mainly active in Europe, was hit by the weak economic situation in this region and showed a drop in net sales. Thanks to concentration on strategic, innovative new business and cost discipline, it was still possible to maintain the result margin at a high level.

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

In million CHF	2013	%-dev. prev. year	2012 <sup>4)</sup>
<b>High Performance Polymers</b>			
Net sales	1,620	10.2%	1,471
- In local currencies		11.6%	
- Effect of consolidation <sup>1)</sup>		4.6%	
EBITDA	366	15.6%	317
- In % of net sales	22.6%		21.6%
EBIT	320	17.8%	271
- In % of net sales	19.7%		18.5%
<b>Specialty chemicals</b>			
Net sales	265	-6.9%	285
- In local currencies		-6.1%	
EBITDA	58	+1.3%	57
- In % of net sales	21.8%		20.0%
EBIT	49	+1.7%	48
- In % of net sales	18.5%		17.0%
<b>EMS Group</b>			
<b>Net sales</b>	<b>1,885</b>	<b>+7.4%</b>	1,755
- In local currencies		<b>+8.7%</b>	
- Effect of consolidation <sup>1)</sup>		<b>+3.9%</b>	
<b>EBITDA <sup>2)</sup></b>	<b>424</b>	<b>+13.4%</b>	374
- In % of net sales	<b>22.5%</b>		21.3%
<b>EBIT <sup>3)</sup></b>	<b>369</b>	<b>+15.4%</b>	320
- In % of net sales	<b>19.6%</b>		18.2%

<sup>1)</sup> In the business unit EMS-EFTEC, business in Central and Eastern Europe has been fully consolidated since April 1, 2013 (previously consolidated according to the equity method).

<sup>2)</sup> EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation  
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<sup>4)</sup> Insignificant adjustment of the previous year's figures due to the change of IAS 19

## 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 2014, the Board of Directors therefore intends to propose distribution of an **ordinary dividend** of CHF 8.50 (7.50) per share as well as an additional **extraordinary dividend** of CHF 2.50 (2.50) per share. This means that distribution of a total of CHF 11.00 (10.00) per share will be proposed.

## 7. Outlook 2014

For the business year **2014**, EMS is expecting the world economy to remain favourable. The monetary policy of the US Federal Bank, expansive but ending, stabilizes the markets. Economic recovery in Europe creates further confidence. Global consumer behaviour and investment mood will develop positively.

EMS will continue consistently to exploit existing global market potential. The successful growth strategy with specialty products in the area of High Performance Polymers will be maintained. China will be the strategic center of innovation.

For 2014, EMS expects net sales to close slightly above previous year and net operating income (EBIT) to increase slightly over-proportionately.

## 8. Schedule

- |  |                |
|--|----------------|
| - First-quarter report 2014                | April 2014     |
| - Media Conference / Half-year report 2014 | July 11, 2014  |
| - Annual General Meeting 2014              | August 9, 2014 |
| - Third-quarter report 2014                | October 2014   |
| - Media Conference / Annual results 2014   | February 2015  |

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