

***Half-Year Report 2015***  
***of the EMS Group***



EMS-CHEMIE HOLDING AG  
Domat/Ems Switzerland

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## The EMS Group in the first half of 2015

With its companies combined in EMS-CHEMIE HOLDING AG and with global activities in the business areas **High Performance Polymers** and **Specialty Chemicals**, the EMS Group achieved a **net sales revenue** of CHF 966 million (999) and a **net operating income (EBIT)** of CHF 226 million (215) in the first half of 2015.

Due to currency effects, consolidated **net sales revenue** dropped -3.3% to CHF 966 million (999). In local currencies net sales revenue increased by 4.0%. Sales volumes were increased by 8%.

Despite substantial negative currency effects, **net operating income (EBIT)** increased by 5.3% to CHF 226 million (215), EBITDA increased by 4.0% to CHF 251 million (242).

**Net financial income** amounted to CHF -5 million (4).

**Net income** for the first half of 2015 was CHF 185 million (184) which is 0.5% above the previous year.

**Equity** increased to CHF 1'389 million (31.12.2014: CHF 1'268 million). The **equity ratio** is 71.0% (31.12.2014: 68.7%).

## Comments on the individual business areas

In the main business area of **High Performance Polymers**, an 8.4% increase in sales volumes was achieved. Planned new business, in particular in the global automotive industry, was successfully realised and additional business gained through a sales offensive. High-performing, low cost and weight saving solutions with EMS polymers enabled development of interesting structural parts for numerous customers. Market shares with process materials were further expanded worldwide. Based on the good order situation and the positive forecast, an additional investment programme amounting to CHF 35 million was started at the production site in Domat/Ems (Switzerland) in the first quarter of 2015.

The secondary business area **Specialty Chemicals** increased sales volumes by 4.6%. Currency effects had a particularly negative influence here.

## Forecast 2015

For the business year 2015 EMS expects a continuing positive global economy with moderate growth rates. While growth in China may continue to slow, the NAFTA area may develop in a stable way. Major European markets may have passed the low point in their development.

EMS will continue to consistently and rapidly exploit global market potential. The successful growth strategy with high-margin specialities in the area of high-performance polymers will be continued and efficiency programmes implemented continuously. The EMS Group has no business activities in Greece.

For 2015, EMS continues to expect net sales in Swiss Francs due to currency effects slightly below previous year, but now expects to achieve an operating income (EBIT) in Swiss Francs slightly above 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 2015

In million CHF	Notes	2015 Jan-Jun	2014 Jan-Jun
<b>Consolidated income statement (condensed)</b>			
<b>Net sales revenue</b>		<b>966</b>	999
Change		<b>-3.3%</b>	
In local currencies		<b>+4.0%</b>	
<b>Operating income</b>		<b>972</b>	1019
<b>Operating expenses</b>		<b>746</b>	804
<b>EBITDA</b> <sup>1) 3)</sup>		<b>251</b>	242
Change		<b>+4.0%</b>	
In % of net sales revenue		<b>26.0%</b>	24.2%
<b>EBIT</b> <sup>2) 3)</sup>		<b>226</b>	215
Change		<b>+5.3%</b>	
In % of net sales revenue		<b>23.4%</b>	21.5%
<b>Net financial income</b>	1	<b>(5)</b>	4
<b>Net income before taxes</b>		<b>221</b>	219
Change		<b>+0.9%</b>	
<b>Income taxes</b>		<b>(36)</b>	(35)
<b>Net income</b>		<b>185</b>	184
Change		<b>+0.5%</b>	
In % of net sales revenue		<b>19.2%</b>	18.5%
<i>Of which attributable to:</i>			
<i>Shareholders of EMS-CHEMIE HOLDING AG</i>		<b>182</b>	181
<i>Non-controlling interests</i>		<b>3</b>	3
<b>Earnings per share (in CHF)</b>			
Basic / Diluted <sup>4)</sup>		<b>7.78</b>	7.75

1) EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation  
= operational cash flow

2) EBIT = Earnings Before Interest and Taxes  
= net operating income

3) The segment information by business area can be found on page 12.

4) The average weighted number of outstanding registered shares for the calculation is 23'382'560 shares on 30.06.2015 (30.06.2014: 23'389'028 shares). There is no earnings dilution.

In million CHF			2015	2014
	Notes		Jan-Jun	Jan-Jun
<b>Consolidated statement of comprehensive income (condensed)</b>				
<b>Net income recognised in income statement</b>			<b>185</b>	184
Remeasurements of defined benefit liability / (asset), after taxes			<b>(3)</b>	<u>0</u>
<b>Total items that will not be reclassified to income statement</b>			<b>(3)</b>	<u>0</u>
Net changes from cash flow hedges, after taxes			<b>0</b>	(2)
Currency translation differences	1		<b>(63)</b>	<u>(3)</u>
<b>Total items that will be reclassified to income statement</b>			<b>(63)</b>	<u>(5)</u>
<b>Other comprehensive income, after taxes</b>			<b>(66)</b>	<u>(5)</u>
<b>Total comprehensive income</b>			<b><u>120</u></b>	<u>179</u>
<i>Of which attributable to:</i>				
Shareholders of EMS-CHEMIE HOLDING AG			<b>118</b>	176
Non-controlling interests			<b>2</b>	3
<b>Consolidated statement of cash flows (condensed)</b>				
Cash flow from operating activities	A	4	<b>17</b>	191
Cash flow from investing activities	B		<b>(47)</b>	(24)
Cash flow from financing activities	C	3, 5	<b>1</b>	<u>(78)</u>
Increase/(decrease) in cash and cash equivalents		(A+B+C)	<b>(29)</b>	88
Cash and cash equivalents at 1.1.			<b>473</b>	440
Translation difference on cash and cash equivalents		1	<b>(13)</b>	<u>(2)</u>
Cash and cash equivalents at 30.6.			<b>432</b>	526
<b>Additional key figures</b>				
<b>Cash flow <sup>*)</sup></b>			<b>210</b>	211
In % of net sales revenue			<b>21.8%</b>	21.1%
<b>Investments</b>			<b>16</b>	23
In % of cash flow			<b>7.8%</b>	10.8%
<b>Number of employees at 30.06</b>			<b>2'869</b>	2'714

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

In million CHF	Notes	30.06.2015	31.12.2014
<b>Consolidated balance sheet (condensed)</b>			
Non-current assets		627	651
Intangible assets		87	96
Property, plant and equipment		503	522
Investments		0	0
Other non-current assets		6	8
Derivative financial instruments		5	0
Deferred income tax assets		25	26
Current assets		1'330	1'194
Inventories		278	296
Receivables	4	615	425
Derivative financial instruments		5	0
Cash and cash equivalents		432	473
<b>Total assets</b>		<b>1'957</b>	<b>1'846</b>
Equity		1'389	1'268
Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG		1'369	1'250
Share capital	2	0	0
Retained earnings and reserves	3, 5	1'187	907
Net income		182	343
Equity, attributable to non-controlling interests		20	18
Liabilities		568	577
Non-current liabilities		191	189
Current liabilities		377	388
<b>Total equity and liabilities</b>		<b>1'957</b>	<b>1'846</b>
<b>Balance sheet equity ratio</b>		<b>71.0%</b>	<b>68.7%</b>

<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 from IAS 39	Translation differences	Equity, attributable to shareholders of EMS-CHEMIE HOLDING AG	Equity, attributable to non-controlling interests	Equity
<b>At 31.12.2013</b>	<b>0</b>	<b>22</b>	<b>(11)</b>	<b>1'248</b>	<b>2</b>	<b>(76)</b>	<b>1'185</b>	<b>14</b>	<b>1'199</b>
Net changes from cash flow hedges, after taxes					(2)		(2)		(2)
Remeasurements of defined benefit liability/ (asset), after taxes							0		0
Currency translation differences						(3)	(3)	0	(3)
<b>Other comprehensive income, after taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2)</b>	<b>(3)</b>	<b>(5)</b>	<b>0</b>	<b>(5)</b>
Net income recognized in income statement				181			181	3	184
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>181</b>	<b>(2)</b>	<b>(3)</b>	<b>176</b>	<b>3</b>	<b>179</b>
Transactions with non-controlling interest				(0)			(0)	(0)	(1)
Transactions with treasury shares		1	11				12		12
Dividends paid				0			0	(0)	(0)
<b>At 30.06.2014</b>	<b>0</b>	<b>23</b>	<b>0</b>	<b>1'428</b>	<b>0</b>	<b>(79)</b>	<b>1'373</b>	<b>17</b>	<b>1'389</b>
<b>At 31.12.2014</b>	<b>0</b>	<b>23</b>	<b>0</b>	<b>1'291</b>	<b>0</b>	<b>(64)</b>	<b>1'250</b>	<b>18</b>	<b>1'268</b>
Net changes from cash flow hedges, after taxes					0		0		0
Remeasurements of defined benefit liability/ (asset), after taxes				(3)			(3)		(3)
Currency translation differences						(62)	(62)	(1)	(63)
<b>Other comprehensive income, after taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3)</b>	<b>0</b>	<b>(62)</b>	<b>(64)</b>	<b>(1)</b>	<b>(66)</b>
Net income recognized in income statement				182			182	3	185
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>179</b>	<b>0</b>	<b>(62)</b>	<b>118</b>	<b>2</b>	<b>120</b>
Transactions with treasury shares		2	0				2		2
Dividends paid				0			0	(1)	(1)
<b>At 30.06.2015</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>1'470</b>	<b>0</b>	<b>(126)</b>	<b>1'369</b>	<b>20</b>	<b>1'389</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, 2015. 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, 2014, 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.

### Changes to the consolidated accounting principles

On January 1, 2015 the EMS Group introduced following new and revised standards and interpretations, having no effect on the present consolidated interim financial statements.

- Annual Improvements (2010-2012 cycle and 2011-2013 cycle)

### **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.

## Notes

### 1 Currency translation differences

On January 15, 2015, the Swiss National Bank announced that it was discontinuing the minimum exchange rate for the Swiss franc against the euro. This led to a strong appreciation of the Swiss franc, which is the presentation currency of the Group. In the case of Group companies with a different functional currency, the translation of those currencies into the Swiss franc had a negative translation impact on the consolidated financial statements and increased the negative cumulative exchange rate differences recognized in equity. Because of the appreciation of the Swiss franc, net financial income and the translation difference in cash and cash equivalents are negative.

As of June 30, 2015, the translation differences include CHF -48 million from IAS 21 "Net investment in a foreign operation" (31.12.2014: CHF -3.5 million).

### 2 Share capital

The share capital is CHF 0.234 million per 30.06.2015 (31.12.14: CHF 0.234 million).

### 3 Transactions with treasury shares

In the first half of 2015 a total of 30'141 treasury shares at an average market price of CHF 352.96 were purchased and 30'141 treasury shares at an average market price of CHF 407.18 were sold.

### 4 Receivables

The receivables include a withholding tax receivable of CHF 128.4 million from the Federal Tax Administration (31.12.2014: CHF 0.5 million). Because of this increase, the Cash flow from operating activities is lower than in the prior period.

### 5 Cash outflow from purchase of fully consolidated companies

On July 8, 2014, EMS Group acquired the remaining 2/3 shareholding of its Mexican partner in the joint venture Grupo Placosa EFTEC S.A. de C.V. Mexico and gained complete control of the EFTEC business in Mexico. The investment was treated as an associated company in prior years.

From July 8, 2014 to December 31, 2014, the acquired business contributed net sales revenue of CHF 20.4 million and a net gain of CHF 0.7 million to the EMS Group. If the acquisition had occurred on January 1, 2014, Group net sales revenue would have been CHF 18.3 million higher, while net income would have been CHF 0.5 million higher. These amounts have been calculated using the Group's accounting policies. For further information, please see note 24 in the Annual report 2014/15.

On January 15, 2014, the 75% participation in EFTEC (Elabuga) OOO was increased to 100%. The difference between the purchase price of KCHF 731 and the carrying amount of the non-controlling interests of KCHF 266 was accounted for as equity transaction.

#### 6 Subsequent events

On August 8, 2015 the Annual General Meeting approved payment of a dividend of CHF 12.00 gross per dividend bearing registered share. On August 13, 2015, total dividends amounting to CHF 280.7 million were paid. The Board of Directors approved the interim consolidated financial statements on August 30, 2015.

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	
	2015 Jan-Jun	2014 Jan-Jun	2015 Jan-Jun	2014 Jan-Jun	2015 Jan-Jun	2014 Jan-Jun
<b>Net sales revenue</b>	<b>839</b>	860	<b>128</b>	140	<b>966</b>	999
Change	-2.4%		-8.6%		-3.3%	
In local currencies	+5.2%		-3.4%		+4.0%	
<b>EBITDA</b>	<b>221</b>	211	<b>30</b>	31	<b>251</b>	242
In % of net sales revenue	<b>26.4%</b>	24.5%	<b>23.4%</b>	22.0%	<b>26.0%</b>	24.2%
Depreciation, amortisation and impairments	<b>21</b>	23	<b>4</b>	4	<b>25</b>	27
<b>Net operating income (EBIT)</b>	<b>200</b>	188	<b>26</b>	27	<b>226</b>	215
In % of net sales revenue	<b>23.9%</b>	21.9%	<b>20.4%</b>	19.0%	<b>23.4%</b>	21.5%
Net financial income					<b>(5)</b>	4
<b>Net income before taxes</b>					<b>221</b>	219
Income taxes					<b>(36)</b>	(35)
<b>Net income</b>					<b>185</b>	184

Net sales revenue, EBITDA and EBIT between the business areas are not material.

Segment assets and segment liabilities show no significant changes.

\* \* \* \* \*