

MEDIA INFORMATION

EMS GROUP:

Business developing as expected

First-quarter report 2003 (January - March 2003)

With its companies combined in EMS-CHEMIE HOLDING AG and global activities in the fields of **Performance Polymers**, **Fine Chemicals** and **Engineering**, the EMS Group reports sales and income for the first quarter of 2003 within the scope of expectations.

Consolidated **net sales** in local currencies increased over the first quarter 2002 by 3.9%, with the CHF 302 million equivalent remaining virtually on the level of the previous year (CHF 305 million; -1.0%). Due to the fact that the KRAFTWERKE division was sold per end of 2002, and as a result of the augmentation of the previously held minority interest in Changchun EFTEC Chemical Products Ltd. in Changchun (China) into a majority holding per beginning of 2003, the scope of consolidation has changed somewhat against the previous year. The increase in net sales would amount to 0.1% (in local currencies +5.0%) in an identical scope of consolidation.

As in 2002, the first quarter of the current year was characterised by major economic uncertainties. The significant oil price fluctuations – which also had an impact on petrochemical raw materials – and in particular the strong Swiss franc had an adverse effect on the development of sales and income.

Ongoing ambivalence on the economic front must be anticipated for the coming months. On the basis of these not-yet-positive economic perspectives, and in view of an exchange rate situation that inserts an additional measure of volatility especially for the highly export-oriented EMS Group, the forecast we issued at the beginning of the year remains valid: operating income for 2003, on a comparable basis, will remain at the level of the previous year.

Development of sales in the individual business fields

Sales developed as follows:

| Net sales in CHF millions | 2003 (Jan.-March) | 2002 (Jan.-March) | % dev. prev. year |
|---------------------------|----------------------|----------------------|----------------------|
| Total EMS Group | 302 | 305 | - 1.0% |
| - Performance Polymers | 235 | 226 | + 4.0% |
| - Fine Chemicals | 43 | 49 | - 12.2% |
| - Engineering | 24 | 30 | - 20.0% |

Sales of all **PERFORMANCE POLYMERS** units were boosted in spite of world-wide customer industry reticence and, in particular, the unsatisfactory situation of the automobile industry. Especially the new metal replacement and high-temperature resistant plastics as well as the new technical bonding agents experienced positive development. As a result of the strong Swiss franc and rising prices for raw materials, this increase in sales could not be fully translated into higher income.

In the **FINE CHEMICALS** business field, sales of environment-friendly PMCs by market leader EMS-PRIMID declined as a consequence of the enduring global reluctance to invest and a strong Swiss franc. Sales of EMS-DOTTIKON also remained slightly below the previous year's level.

The drop in sales reported by the **ENGINEERING** business field was caused primarily by the sale of the power stations unit at the end of 2002. Specialising in the manufacture of airbag triggering systems, EMS-PATVAG also felt the impact of the problems afflicting the automobile industry, but was nevertheless able to further increase sales and income. With its activities focused on China, polyester and polyamide plant builder INVENTA-FISCHER reports satisfactory capacity utilisation and slightly lower sales.

EMS Group pension funds

The EMS Group currently maintains four employee benefit institutions, which will be combined into a single fund per end of 2003 to optimise administration costs and yield capacity. These funds reported differing cover ratios at the end of 2002: 117%, 100%, 98% and 90%. The gaps in the cover of the latter two funds have been closed by way of appropriate amendment of the employer's contribution reserves by EMS as the employer. Today, all the pension funds have a cover ratio of 100% or higher. Neither benefit cuts nor contribution increases were hence required to secure the covering capital.

Schedule

EMS publishes its sales figures on a quarterly basis, and the consolidated sales and income results every half and full year.

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|---|-----------------------------|---------------------|
| - | Second-quarter results 2003 | end of July 2003 |
| - | General meeting 2003 | 16 August 2003 |
| - | Third-quarter report 2003 | end of October 2003 |
| - | Annual results 2003 | March 2004 |