



Herrliberg, April 28, 2009

## **MEDIA INFORMATION**

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### **EMS Group:**

### **Considerably lower net sales with higher cash flow**

First-quarter report 2009 (January to March 2009)

### **Course of business January - March 2009**

With its companies combined in the EMS-CHEMIE HOLDING AG and with global activities in the business areas **Performance Polymers** and **Fine Chemicals / Engineering**, the EMS Group achieved **net sales** of CHF 254 million (422), an **operative cash flow** of CHF 83 million (55) and a **net operating income margin (EBIT margin)** of 10% for the first three months of 2009.

Consolidated net sales were CHF 254 million (422) which is 39.8% lower than for the same period of the previous year. In local currencies net sales were 37.7% lower than for the previous year. Following the noticeable decline in the economy in 2008, demand for consumer and investment goods dropped again sharply in the first quarter of 2009 and reached historically low values. Reductions in inventory stocks perceived at all preceding levels of the supply chain, reduced demand even further.

In the first quarter of 2009 the automotive industry suffered another particularly strong decline. Inventory stocks were reduced exceedingly and production was restricted so that the number of vehicles produced in the main regions USA, Europe and Japan amounted to only 55% of that of the previous year. A similar decline could also be observed in other industrial branches (electronics, household appliances, optics). As a result, a strong reduction in volumes also occurred for EMS, although all planned new business was realised successfully.

EMS had prepared itself quickly and at an early stage for an economic slowdown. Comprehensive cost-reduction programmes were implemented from the beginning of 2008. A worldwide recruitment freeze has been in force since April 2008. Organisation and processes were continually adapted according to the lower production quantities. At the start of 2009 various production sites throughout the world introduced short working hours. Inventory stocks were reduced and management of accounts receivable tightened. In this way, despite considerably lower net sales figures, it was possible to achieve a higher operative cash flow of CHF 83 million (55) and a net operating income margin (EBIT margin) of 10% for the first quarter of 2009.

## **Outlook**

For 2009 EMS continues to expect a further significant deterioration of the world economy. Due to the pace and intensity of the economic slump, higher unemployment figures must be expected and the number of cases of bankruptcy is increasing. This will negatively affect the consumer and investment climate.

In the USA, which is traditionally leader with economic cycles, some isolated indications of stabilisation can, however, be seen. Economic recovery before the end of this year is possible for the USA. In Europe and Asia (in particular in Japan) however, EMS is not expecting any recovery yet this year.

The considerable state finance programmes will selectively boost demand accompanied by inflation and turbulences with currencies. In the automotive industry they will have a stabilising effect, above all in Europe.

EMS will monitor further development of the markets and is also prepared to take rapid action in future. Due to the innovative, high-margin business with speciality products, ongoing expansion of market position, abundant liquidity and a strong equity ratio, EMS sees itself to be in a good position to make use of opportunities in an independent, rapid and flexible manner.

EMS will continue unabatedly to follow its successful strategy of expansion of speciality business in the main area of Performance Polymers. Demand from customers for innovative products has increased strongly. The programme for accelerated work in research and application development as well as in marketing and sales, introduced at the start of the year will, therefore, be continued.

Due to the difficult economic environment EMS expects net sales and net operating income (EBIT) for 2009 significantly below the previous year.

## Development of net sales / Key financial figures

### January - March 2009

in million CHF	2009 (Jan-Mar)	in local currencies	2008 (Jan-Mar)
<b>Net sales EMS Group</b>	<b>254</b>		<b>422</b>
change from previous year	-39.8%	-37.7%	+7.7%
<b>- Performance Polymers</b>	<b>212</b>		<b>350</b>
change from previous year	-39.4%	-37.4%	+11.1%
<b>- Fine Chemicals / Engineering *)</b>	<b>42</b>		<b>72</b>
change from previous year	-41.7%	-39.1%	-6.5%
<b>Operative cash flow <sup>1)</sup></b>	<b>83</b>		<b>55</b>
change from previous year	+50.9%		+14.6%

in million CHF	31.03.09	31.12.08
<b>Cash and cash equivalents</b>	<b>520</b>	<b>448</b>
change from previous year	+16.1%	
<b>Net cash position</b>	<b>342</b>	<b>251</b>
change from previous year	+36.3%	
<b>Equity ratio</b>	<b>59.7%</b>	<b>58.1%</b>

<sup>1)</sup> Operative cash flow = net operating income (EBIT) plus write-downs on intangible assets, property, plant and equipment plus changes in net working capital less tax payments.

\*) As announced at the media conference held on February 6, 2009, from January 1, 2009 the Business Unit EMS-GRILTECH will now be included in the business area "Fine Chemicals / Engineering" (previously: business area "Performance Polymers"). Figures shown for previous periods have been adjusted accordingly.

## Schedule

EMS announces net sales figures on a quarterly and the consolidated net sales and income results on a half-year and full-year basis.

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|--|----------------|
| - Media conference / Half-year report 2009 | July 10, 2009  |
| - Annual General Meeting 2009              | August 8, 2009 |
| - Third-quarter report 2009                | October 2009   |
| - Media Conference / Annual results 2009   | February 2010  |
| - First-quarter report 2010                | April 2010     |

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