

## Media release

### The 2016 business year

## CPH Group expands in Asia and posts a positive EBIT result

The CPH Group raised its net sales 3.5% to CHF 434.8 million in 2016. With actions consistently taken to further enhance efficiency, EBIT was improved CHF 27.7 million to CHF 5.9 million. The Chemistry and Packaging divisions continued to pursue their Asian growth strategy.

in CHF million	2015	2016	+/- in CHF m	+/- in %
Net sales	420.0	434.8	+14.8	+3.5
Earnings before interest, taxes, depreciation and amortization (EBITDA)	12.2	36.9	+24.7	+202.2
in % of net sales	2.9	8.5		
Earnings before interest and taxes (EBIT)	-21.8	5.9	+27.7	n.a.
in % of net sales	-5.2	1.4		
Net result for the year	-33.1	-7.7	+25.4	n.a.
in % of net sales	-7.9	-1.8		

Perlen, 24 February 2017 – The CPH Group increased its annual net sales 3.5% to CHF 434.8 million for the 2016 business year. CPH successfully further pursued its strategy of reducing its dependence on the Swiss franc, expanding its Chemistry and Packaging divisions and strengthening its presence outside Europe. The expansions in Asia and the repositioning of the Chemistry Division were the prime developments in the business year.

Following the sale of the operating site in Uetikon (near Zurich) to the Zurich cantonal authorities, the Chemistry Division has largely completed the transfer of its production of standard molecular sieves to Jiangsu ALSIO Technology of China, which was acquired in 2016. The manufacture of further Uetikon product lines is being transferred to Zvornik in Bosnia and Herzegovina, where a new production facility is being built this year. And a further part of the Uetikon site's production is being relocated to Rüti within Canton Zurich. "The realignment of our Chemistry Division should be complete by the end of this year," says Peter Schildknecht, CEO of CPH Chemie + Papier Holding AG. "But it already had an impact on the

division's business trends and results in 2016, which show double-digit percentage net sales growth and a return to the black in its EBIT result.”

The Packaging Division benefited from further growth in the pharmaceuticals sector, and posted an 8.7% increase in net sales for the year. The division also continued to pursue its Asian growth strategy. The new barrier film coating plant in China commenced operations on schedule in the course of the year, and delivered its first film products to pharmaceuticals customers in the Asia region.

The Paper Division continues to operate in an industry that is saddled with a structural decline in demand and production overcapacities. The demand for newsprint and magazine paper fell further in 2016. With capacity removed from the market largely in the newsprint segment, newsprint prices held up better than magazine paper rates. The Paper Division sold more newsprint (356 000 tonnes) but substantially less magazine paper (157 000 tonnes) in 2016 than it had the year before. As a result, net sales could only be maintained at broadly prior-year levels.

### **Continued focus on efficiency enhancements**

The CPH Group puts a clear emphasis on constantly raising efficiency, to strengthen its market position and enhance its competitive credentials. The actions taken here reduced expenditure by a double-digit million-franc amount. The cost of materials as a percentage of sales remained constant in 2016 at 53%, despite rises in the price of recovered paper, CPH's biggest raw material. The greatest relative savings were seen in energy costs, which declined from 15% to 12% of sales. The actions taken had a positive overall impact on operating results, and consolidated EBITDA for the year was tripled to CHF 36.9 million, giving an EBITDA margin of 8.5%.

### **Net result affected by exceptional items**

After ordinary depreciation of CHF 31.0 million, the CPH Group reported earnings before interest and taxes (EBIT) of CHF 5.9 million, a CHF 27.7 million improvement on the previous year. “We were particularly pleased with the performance of our Packaging Division, which reached a new high in its EBIT result,” says Peter Schildknecht. The acquisition of ALSIO was financed through a CHF 20 million bank loan, with a resulting rise in interest expense. The sale of the Uetikon site earned the Group CHF 20 million; but this was offset by CHF 24.4

million in expenses for the write-off of residual values, personnel-related restructuring costs and provisions for the decommissioning of the site's facilities. The net result amounted to CHF –7.7 million, a CHF 25.4 million improvement on the previous year.

### **Dividend of CHF 0.65 per share proposed**

The Board of Directors will recommend to the Ordinary General Meeting of 21 March 2017 that, in line with the company's consistent dividend policy, a dividend of CHF 0.65 per share be distributed for the 2016 business year.

### **CPH retains a sound balance sheet**

The CPH Group is in sound financial health. At the end of 2016 the Group held liquid funds of CHF 70.3 million, while the equity ratio stood at 56.6%. The decline from the 64.5% of the prior year is due largely to a CHF 32 million provision for the clean-up of the lake bed adjacent to the now-sold Uetikon site and to the offsetting with equity of CHF 12.2 million of goodwill deriving from the ALSIO acquisition. The Group invested CHF 20.7 million in tangible fixed assets in the course of 2016. The majority of this was for the two new Chinese production plants. Further investments were made in improving the efficiency of existing facilities. The Group generated a cash flow for the year of CHF 28.3 million and a free cash flow of CHF 1.9 million.

### **Outlook for 2017**

The economic trends in CPH's prime target markets suggest further positive – albeit fragile – growth. The CPH Group will continue to press to expand its businesses in the faster-growing Asian markets in 2017. The realignment of the Chemistry Division should be completed by the end of the year. The Chemistry and Packaging divisions plan to further extend their present operations. The prospects for the Paper Division are heavily dependent on future market developments, and on the hard-to-predict factors of paper price and Swiss franc/euro exchange rate trends. The division will be seeking to further increase its sales volumes and to post a breakeven earnings result. The current efficiency enhancement endeavours will continue undiminished groupwide, with some CHF 36 million earmarked for corresponding investments in the course of the year. "Provided paper prices and currency exchange rates remain largely stable," says Peter Schildknecht, "we expect to report higher sales and a slightly-improved operating result for 2017 for the Group as a whole."



## **Contacts**

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## **About CPH**

CPH is an internationally active and diversified industrial group which is headquartered in Switzerland. The CPH Group develops, manufactures and distributes chemical products, wood-based paper and pharmaceutical packaging films. The Group and its subsidiaries maintain seven production facilities in Switzerland, Germany, the USA and China. The shares of the Group's holding company CPH Chemie + Papier Holding AG are listed on the SIX Swiss Exchange (ticker: CPHN).

This release contains future-oriented statements about CPH that are subject to risk and uncertainties. These statements reflect the management's opinions at the time of the release's compilation, but they may deviate from actual future events.

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## **Presentation of the CPH Group's 2016 annual results**

### **Annual Results Media Conference (in German)**

Date:	Friday 24 February 2017
Time:	11:00 (CET)
Speakers:	Peter Schaub, Chairman of the Board of Directors Peter Schildknecht, CEO Richard Unterhuber, CFO
Venue:	CPH Head Office, Perlenring 1, CH-6035 Perlen

## Key figures

in CHF million	2015	2016	+/- in CHF m	+/- in %
<b>The CPH Group</b>				
Net sales	420.0	434.8	+14.8	+3.5
Earnings before interest, taxes, depreciation and amortization (EBITDA)	12.2	36.9	+24.7	+202.2
in % of net sales	2.9	8.5		
Earnings before interest and taxes (EBIT)	-21.8	5.9	+27.7	n.a.
in % of net sales	-5.2	1.4		
Financial result	-12.1	-5.1	+7.0	+57.9
Earnings before taxes and extraordinary items	-33.9	0.8	+34.7	n.a.
Net result for the year	-33.1	-7.7	+25.4	n.a.
in % of net sales	-7.9	-1.8		
in % of equity	-8.2	-2.0		
in % of total capital	-5.3	-1.1		
Cash flow	7.2	28.3	+21.1	+293.6
Gross investments in tangible fixed assets	21.9	20.7	-1.2	-5.5
Free cash flow	1.4	1.9	+0.5	+35.7
Balance sheet total	624.0	672.4	+48.4	+7.8
Fixed assets	436.9	450.3	+13.4	+3.1
in % of balance sheet total	70.0	67.0		
Equity	402.7	380.8	-21.9	-5.4
in % of balance sheet total	64.5	56.6		
Net cash	-80.2	-82.1	-1.9	n.a.
Personnel at year-end	858	985	+127	+14.8
<b>By division</b>				
<b>Chemistry</b>				
Net sales	62.5	69.3	+6.8	+10.9
EBIT	-1.8	1.6	+3.4	n.a.
<b>Paper</b>				
Net sales	247.8	246.2	-1.6	-0.6
EBIT	-28.0	-5.8	+22.2	n.a.
<b>Packaging</b>				
Net sales	109.7	119.3	+9.6	+8.7
EBIT	5.9	9.0	+3.1	+53.8
<b>CPH Chemie + Papier Holding AG</b>				
Net profit/loss for the year	-31.0	-8.4	+22.6	n.a.
Equity	396.1	384.2	-11.9	-8.1
<b>Per-share statistics (in CHF)</b>				
Consolidated equity per share	67.12	63.49		
Consolidated net result per share	-5.52	-1.32		
Consolidated cash flow per share	1.20	4.71		
Dividend (capital repayment from capital contribution reserve)	0.60	0.65*		

\* Board's recommendation to the 2017 Ordinary General Meeting