

Ad hoc announcement pursuant to Art. 53 LR

The 2021 business year

Net sales up but steep rises seen in raw materials costs

The CPH Group generated net sales of CHF 496.7 million in 2021, an 11.6% increase on the previous year. Annual EBITDA declined to CHF 25.7 million as a result of steep rises in raw materials costs. Following a one-time impairment of CHF 150 million to the fixed assets of the Group's paper production in Perlen, the net result for the year amounted to CHF -151.4 million. The 2022 Ordinary General Meeting will be asked to approve a dividend distribution of CHF 1.30 per share for the 2021 financial year.

in CHF million	2020	2021	± in CHF	± in %
Net sales	445.2	496.7	51.5	11.6
Earnings before interest, taxes, depreciation and amortization (EBITDA)	55.2	25.7	-29.5	-53.4
in % of net sales	12.4	5.2		
Earnings before interest and taxes (EBIT) before impairment	24.7	-2.7	-27.4	n.a.
in % of net sales	5.5	-0.5		
Earnings before interest and taxes (EBIT)	24.7	-152.7	-177.4	n.a.
in % of net sales	5.5	-30.7		
Net result	47.0	-151.4	-198.4	n.a.
in % of net sales	10.5	-30.5		

Perlen, 22 February 2022 – The CPH Group generated net sales in 2021 of CHF 496.7 million, an 11.6% increase which largely recouped the net sales decline of the previous year. Excluding currency factors, net sales for 2021 were 12.6% above their prior-year level. “All the business divisions of the CPH Group were able to raise their net sales in 2021,” says Group CEO Peter Schildknecht. “The Chemistry Division showed the strongest improvement, growing its net sales by 30% and tripling its EBIT to a new record high.”

Chemistry Division tangibly increases earnings

In the Chemistry Division the catch-up effect had a positive impact on every product segment, and demand was up for the molecular sieves used in the industrial, energy and pharmaceutical sectors. Production facilities were well utilized, and the division resolved to

invest in expanding the capacities at its sites in the USA, China, Bosnia and Herzegovina and Switzerland. Net sales were raised 29.8% to CHF 95.1 million, and EBIT margin improved to 16.1%, a new record level.

High waste paper and low paper sales prices depress Paper Division's results

Having declined more than 20% the previous year largely as a result of the coronavirus pandemic, the demand in Western Europe for press and printing papers remained broadly stable in 2021. Paper prices suffered further falls, however, and reached new lows. The Paper Division sold 505 000 tonnes of paper in 2021, some 15.0% more than in the prior year, and further increased its market share. Net sales were raised 10.2% to CHF 230.9 million. Raw materials prices increased steeply in the course of the year. Waste paper in particular was in extremely short supply, and recovered paper prices reached historic new highs. The poor availability of such recovered paper prevented the division's paper machines from being fully utilized all year. Despite rigorous cost-saving measures and additional income from sales of carbon credits, the Paper Division's EBIT before impairment declined to CHF -24.9 million.

In view of the continuing predatory competition in the paper market, the CPH Group reassessed the value of its fixed assets in this business segment and consequently made a non-cash one-time impairment of CHF 150 million to the paper production assets at its Perlen site. The Group remains convinced of the potential of such activities. "Our Paper Division holds a number of key competitive advantages with which it should secure and sustainably further expand its market position over the longer term," explains Peter Schildknecht. "Thanks to its advanced paper machines, its production is highly cost-efficient and is almost carbon-neutral."

Packaging Division sees decline in European demand

With the protection measures taken in response to the coronavirus pandemic substantially reducing the transmission of other infections, too, 2021 brought declines in demand in Europe for over-the-counter medicines and thus also for blister pack films. The Packaging Division increased the proportion of higher-value items in its product portfolio, and also raised prices. As a result, despite lower sales volumes, its net sales for 2021 of CHF 170.7 million were 5.1% up on the previous year. The division's strategic focus on emerging markets also reaped rewards, with double-digit growth rates recorded in Latin America and Asia. But steep rises in raw materials costs, which could only be passed on to the market with some time delay,

depressed the EBIT result, which declined from the CHF 21.6 million of 2020 to CHF 5.7 million.

Investments in expanding capacities

The CPH Group invested CHF 23.0 million in tangible fixed assets in 2021. Some of this investment was in further improving existing plant and processes, while some was spent on expanding capacities in the Chemistry and Packaging divisions. The CPH Group generated a cash flow of CHF 16.7 million and a free cash flow of CHF -3.4 million. The steep increases in the prices of certain raw materials such as recovered paper and plastics raised the cost of materials as a proportion of production-generated group sales from 48% to 62%. Year-end personnel numbers totalled 1 104, a slight rise on the 1 098 of 2020.

Non-cash one-time impairment depresses net result

The steep rises in raw materials costs negatively impacted EBITDA for the year, which declined 53.4% to CHF 25.7 million. After ordinary depreciation and amortization of CHF 28.4 million, consolidated EBIT before impairment amounted to CHF -2.7 million. Consolidated EBIT after one-time impairment amounted to CHF -152.7 million. The financial result was improved year-on-year to CHF -3.9 million. Non-operating income of CHF 7.3 million was generated, primarily through the sales of land not required for business operations. The net result for the year after taxes amounted to CHF -151.4 million.

Proposed dividend of CHF 1.30 per share

The Board of Directors will recommend to the Ordinary General Meeting of 17 March 2022 that, in line with the company's consistent dividend policy, a dividend should again be distributed despite the negative net result, and that this dividend should amount to CHF 1.30 per share.

A positive outlook for 2022

The International Monetary Fund forecasts global economic growth of 4.4% for 2022. The CPH Group expects to achieve higher net sales in all three of its divisions. But concrete developments in each will be heavily influenced by the pandemic's further course and by the extent to which the higher raw materials prices can be passed on to the market. The present shortages of some raw materials such as recovered paper should ease over the next few months, and this should have a positive impact on costs. The Paper Division expects to report

a sizeable improvement in profitability and a double-digit-million EBIT, while the Packaging Division also expects to post a substantially improved operating result. Group EBIT and the net group result for 2022 should both be in the mid-double-digit millions. Investments in tangible fixed assets of some CHF 50 million are planned which should both better align production capacities to rising demand and further enhance the efficiency of existing installations.

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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 production facilities in Switzerland, Germany, Bosnia and Herzegovina, the USA, Brazil and China. The shares of its holding company CPH Chemie + Papier Holding AG are listed on the SIX Swiss Exchange (ticker: CPHN).

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

Presentation of the CPH Group's 2021 annual results

Annual Results Presentation (in German)

Date: 22 February 2022

Times: 09:00 (CET): Presentation

10:00 (CET): Q&A for investors and analysts

11:00 (CET): Q&A for media representatives

Speakers: Peter Schaub, Chairman of the Board of Directors

Peter Schildknecht, CEO

Gerold Brütsch, CFO

Venue: Online

Key figures

in CHF million	2020	2021	± in CHF	± in %
The CPH Group				
Net sales	445.2	496.7	51.5	11.6
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Earnings before interest and taxes (EBIT)	24.7	-152.7	-177.4	n.a.
in % of net sales	5.5	-30.7		
Financial result	-4.7	-3.9	0.8	n.a.
Earnings before taxes and extraordinary items	20.0	-156.5	-176.6	n.a.
Net result	47.0	-151.4	-198.4	n.a.
in % of net sales	10.5	-30.5		
in % of shareholders' equity	10.0	-48.8		
in % of total capital	6.7	-27.0		
Cash flow	45.8	16.7	-29.1	-63.7
Gross investments in tangible fixed assets	17.5	23.0	5.5	31.2
Free cash flow	39.7	-3.4	-43.1	n.a.
Balance sheet total	704.2	560.4	-143.8	-20.4
Fixed assets	432.9	270.7	-162.2	-37.5
in % of balance sheet total	61.5	48.3		
Shareholders' equity	471.9	310.5	-161.4	-34.2
in % of balance sheet total	67.0	55.4		
Net cash	-1.5	-14.6	-13.1	n.a.
Personnel at year-end (in FTEs)	1 098	1 104	6	0.5
By division				
Chemistry				
Net sales	73.3	95.1	21.8	29.8
EBIT	4.6	15.3	10.7	231.9
Paper				
Net sales	209.6	230.9	21.3	10.2
EBIT before impairment	-2.0	-24.9	-22.9	n.a.
Packaging				
Net sales	162.3	170.7	8.4	5.1
EBIT	21.6	5.7	-15.9	-73.7
CPH Chemie + Papier Holding AG				
Net result	14.3	-46.6	-60.9	n.a.
Equity	441.9	384.4	-57.5	-13.0
Per-share statistics (in CHF)				
Consolidated equity per share	78.46	51.52		
Consolidated earnings per share	7.82	-25.26		
Consolidated cash flow per share	7.64	2.78		
Distribution	1.80	1.30*		

*Proposal