



Media release

The 2017 business year

CPH Group achieves growth in all business divisions

The CPH Group increased its annual net sales by 8.0% to CHF 469.8 million in 2017, and achieved further success in its internationalization strategy. Thanks to extraordinary income, the net result for the year was improved by CHF 23.9 million to CHF 16.2 million. The dividend payment for the year remains unchanged at CHF 0.65 per share.

in CHF million	2016	2017	± in CHF	± in %
Net sales	434.8	469.8	35.0	8.0
Earnings before interest, taxes, depreciation and amortization (EBITDA)	36.9	33.8	-3.1	-8.6
in % of net sales	8.5	7.2		
Earnings before interest and taxes (EBIT)	5.9	2.9	-3.0	-50.8
in % of net sales	1.4	0.6		
Net result for the year	-7.7	16.2	23.9	n.a.
in % of net sales	-1.8	3.4		

Perlen, 20 February 2018 – The CPH Group achieved growth in all three of its business divisions in 2017, and raised its annual net sales 8.0% to CHF 469.8 million. “Our internationalization drive was successfully pursued, and our Chemistry and Packaging Divisions were further expanded,” says Peter Schildknecht, CEO of parent company CPH Chemie + Papier Holding AG. “And in taking over the recovered paper activities of Papierfabrik Utzenstorf, our Paper Division also marked a further milestone on its path towards cost leadership.”

Chemistry realignment now well advanced

The Chemistry Division raised its net sales 8.8% to CHF 75.5 million. Demand was high for molecular sieves for industrial applications and oxygen purification, and capacities were well utilized throughout the year. The division’s deuterated products segment also showed very encouraging trends, and was further strengthened by the acquisition of Armar AG. The transfer of work from Uetikon to the existing facilities in China and the USA and to the new production plant in Bosnia-Herzegovina which opened in 2017 was also completed by year-end. The realignment generated a further substantial improvement in the division’s operating result.

Switzerland's biggest waste paper recycler

The Paper Division raised its volumes of publication paper sales 8.0% to 553 600 tonnes, and increased its net sales for the year by 7.3% to CHF 264.1 million. The sizeable rises in recovered paper prices and (to a lesser extent) energy costs were only partially offset by further efficiency enhancements, however, and the division posted a negative EBIT result. Perlen Papier took over the recovered paper activities of Papierfabrik Utzenstorf on 1 January 2018, and transferred these to the newly-founded APS Altpapier Service Schweiz AG. As a result, the division can now meet most of its recovered paper needs from Swiss sources, and the shorter transport distances will have a positive impact on both its procurement costs and its ecological performance. "Perlen Papier now processes some 500 000 tonnes of recovered paper a year," says Peter Schildknecht. "And this makes it Switzerland's biggest waste paper recycler."

Packaging reports solid growth

While Europe's pharmaceuticals markets showed only modest growth in 2017, the Packaging Division raised its net sales 9.2% to CHF 130.2 million. It also increased its market share, thanks to its consistent focus on high-barrier blister films. Production capacities at the division's European operations were very well utilized. With a view to better serving the emerging markets, the division acquired a majority equity holding in Sekoya of Brazil effective 1 January 2018. Despite higher raw materials prices for ethylene and expenditure on the new plant in China, the division posted a further improvement on the prior year's record EBIT result.

Continuing focus on growth and efficiency enhancements

The prices of a number of key raw materials showed unfavourable trends in 2017, causing materials costs to rise from 52% to 54% of production-generated sales. In response, the CPH Group continues to make substantial efforts to steadily enhance its efficiency and offset these adverse effects. "Despite our higher net sales, our fixed costs were further lowered in 2017, while our year-end net working capital was tangibly reduced from the 19.5% of 2016 to 14.4%," Peter Schildknecht confirms. The proportion of costs incurred in Swiss francs also declined from the 40% of the previous year to 36%. The efficiency enhancements achieved were not sufficient in the Paper Division to fully offset the higher costs (primarily of recovered paper) and the lower sales prices. And despite encouraging operating results from Chemistry and Packaging, consolidated EBITDA for the year declined from CHF 36.9 million to CHF 33.8 million, giving an EBITDA margin of 7.2%.

Positive net result thanks to real-estate disposals

After ordinary depreciation and amortization of CHF 30.9 million, consolidated EBIT for the year was positive at CHF 2.9 million. “The business developments in our Chemistry and Packaging Divisions largely compensated for the decline in the Paper Division, which confirms our successful implementation of our overall CPH Group strategy,” comments Peter Schildknecht. The non-operating result improved to CHF 22.8 million thanks to real-estate disposals; and the net result for the year was enhanced accordingly, rising CHF 23.9 million to CHF 16.2 million.

Dividend of CHF 0.65 proposed

The Board of Directors will recommend to the Ordinary General Meeting of 14 March 2018 that an unchanged dividend of CHF 0.65 per share be distributed for the 2017 business year, further confirming the company’s consistent dividend policy. The Board of Directors will simultaneously propose that the nominal value of the CPH share be reduced from CHF 5.00 to CHF 2.00, and that the resulting CHF 18.0 million capital reduction be allocated to the capital contribution reserve.

CPH Group retains a sound balance sheet

The CPH Group is in sound financial health. At the end of 2017 the Group held liquid funds of CHF 80.1 million, while the equity ratio stood at 56.8%. Some CHF 32.3 million was invested in tangible fixed assets in the course of the year, primarily in establishing the new production facilities in Zvornik (BA), Suzhou (CN) and Rüti (CH) and in expanding the Louisville (US) capacities. The Group generated a cash flow of CHF 14.5 million and a free cash flow of CHF 12.9 million. The CPH workforce grew from 985 to 1 019 employees.

A positive outlook for 2018

The CPH Group expects positive economic development in its target markets in 2018, though growth is likely to remain modest in its prime market of Europe. The Chemistry Division will move to its new Rüti Swiss base in 2018, and should derive further benefits from its business realignment. With its takeover of Papierfabrik Utzenstorf’s waste paper volumes, the Paper Division should see an easing of the procurement situation on the recovered paper front. With the demand for newsprint and magazine paper still declining, future business projections are uncertain. But the division expects to see further sales increases and a positive EBIT result. The Packaging Division plans to further expand its business and intensify its cultivation of markets in the emerging economies.

Actions will also be taken in all three divisions to further raise efficiency, for which the Group plans total investments in tangible fixed assets of CHF 24.0 million. “Provided prices and currency rates remain broadly stable, the CPH Group expects to report higher sales and a clearly improved operating result for 2018, its bicentennial year,” says Peter Schildknecht. The Group will be celebrating the 200th anniversary of its foundation with an extensive public event at its original Uetikon site on Saturday 26 May.

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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-Herzegovina, the USA, Brazil 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.

Presentation of the CPH Group’s 2017 annual results

Annual Results Media Conference (in German)

Date:	20 February 2018[PD1]
Time:	11:00 (CET)
Presenters:	Peter Schaub, Chairman of the Board of Directors Peter Schildknecht, Group CEO Richard Unterhuber, Group CFO
Venue:	CPH Group Head Office, Perlenring 1, CH-6035 Perlen

Key figures

in CHF million	2016	2017	± in CHF	± in %
The CPH Group				
Net sales	434.8	469.8	35.0	8.0
Earnings before interest, taxes, depreciation and amortization (EBITDA)	36.9	33.8	-3.1	-8.6
in % of net sales	8.5	7.2		
Earnings before interest and taxes (EBIT)	5.9	2.9	-3.0	-50.8
in % of net sales	1.4	0.6		
Financial result	-5.1	-6.6	-1.5	n.a.
Earnings before taxes and extraordinary items	0.8	-3.7	-4.5	n.a.
Net result for the year	-7.7	16.2	23.9	n.a.
in % of net sales	-1.8	3.4		
in % of equity	-2.0	4.1		
in % of total capital	-1.1	2.3		
Cash flow	28.3	14.5	-13.8	-48.8
Investments in tangible fixed assets (gross)	20.7	32.3	11.6	56.0
Free cash flow	1.9	12.9	10.9	563.4
Balance sheet total	672.4	697.6	25.1	3.7
Fixed assets	450.3	455.3	5.0	1.1
in % of the balance sheet total	67.0	65.3		
Equity	380.8	396.2	15.5	4.1
in % of the balance sheet total	56.6	56.8		
Net cash	-82.1	-73.1	-9.0	n.a.
Personnel at year-end (in full-time equivalents)	985	1 019	34	3.5
Business divisions				
Chemistry				
Net sales	69.3	75.5	6.2	8.8
EBIT	1.6	3.8	2.2	135.5
Paper				
Net sales	246.2	264.1	17.9	7.3
EBIT	-5.8	-12.3	-6.5	n.a.
Packaging				
Net sales	119.3	130.2	10.9	9.2
EBIT	9.0	9.6	0.6	6.1
CPH Chemie + Papier Holding AG				
Net result for the year	-8.4	7.1	15.5	n.a.
Equity	384.2	387.4	3.2	0.8
Per-share statistics (in CHF)				
Equity per share (consolidated)	63.49	66.06		
Net result per share (consolidated)	-1.32	2.66		
Cash flow per share (consolidated)	4.71	2.41		
Dividend per share (repayment from capital contribution reserve)	0.65	0.65*		

* Recommendation by the Board of Directors to the 2018 Ordinary General Meeting