

## Media release

### 2018 interim results

## First-half earnings substantially improved

**The CPH Group generated total net sales of CHF 264.1 million in the first six months of 2018, a 14.0% increase on the prior-year period. First-half EBITDA amounted to CHF 43.3 million. All three business divisions posted substantially-improved earnings, and the group EBIT margin for the period rose to 10.5%. The Packaging Division achieved a new record operating result.**

Perlen, 20 July 2018 – “With favourable market conditions, the high utilization of our production facilities and our stable fixed costs, we were able to achieve double-digit percentage sales growth and a disproportionately strong CHF 26.7 million improvement in our EBIT result to CHF 27.8 million,” says Peter Schildknecht, CEO of parent company CPH Chemie + Papier Holding AG, of the CPH Group’s 2018 first-half results. The net result for the period was raised CHF 24.9 million to CHF 22.6 million, and first-half cash flow amounted to CHF 33.4 million. The CPH Group remains on a sound financial footing, with liquid funds of CHF 74.6 million and an equity ratio of 57%.

Demand was high for the products of the Group’s **Chemistry Division**. But net sales for the first-half period were slightly below their 2017 level, partly because production still had to be ramped up in the first quarter following its transfer from Uetikon to Zvornik, and partly because of the absence of sales from fertilizer products, whose manufacture ceased in summer 2017.

The restructuring of the division, which was embarked on in 2016, will be successfully concluded later this summer with the transfer from Uetikon to Rütli of its deuterated product manufacturing. This product segment was further strengthened with the integration of Armar AG, a Swiss-based deuterated product manufacturer and distribution partner. The division also took over the molecular sieve distribution activities of Shanghai Yusheng Chemical Co. Ltd. in China. Its own molecular sieve production capacities in China and the USA were fully utilized, and the division achieved another substantial improvement in its earnings result.

The **Paper Division** benefited from an increase in paper prices, following years of declines. With several paper manufacturers mothballing capacities in the face of fierce competition, supply and demand are currently well balanced. But demand for paper will continue to decline in Europe, for structural reasons.

The paper recovery activities taken over from Papierfabrik Utzenstorf were transferred to the new APS Altpapier Service Schweiz AG, which was founded at the beginning of the year. Following these developments, a large proportion of the recovered paper which the division requires for its production can now be sourced in Switzerland at lower costs, owing to the shorter transports involved. A weaker Swiss franc worked to the division's advantage, too, since much of its product is exported to Eurozone countries. The division posted substantial increases in both its net sales and its earnings for the first-half period.

With high demand in the pharmaceuticals markets, the production facilities of the **Packaging Division** were well utilized in the first half of 2018. The division also expanded to South America, following its acquisition of a majority 60% holding in Sekoya Indústria e Comércio Ltda. of Brazil. The new BLISTair single-use inhaler won further innovation prizes, including the industry's most prestigious distinction, the Worldstar Packaging Award. The division recorded sizeable increases in both net sales and earnings, and posted a new record first-half operating result.

**Full-year outlook** – “With the currently favourable economic situation, our production facilities should be well utilized in the second half of 2018, too,” says Peter Schildknecht. The new businesses of Armar and Yusheng in the Chemistry Division, APS in Paper and Sekoya in Packaging will have a positive impact on net sales volumes. “And provided currency exchange rates remain broadly stable,” Peter Schildknecht continues, “the CPH Group expects to report increased net sales for 2018 as a whole and a consolidated earnings result that is a substantial improvement on the previous year.”

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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 at nine locations in Switzerland, Germany, Bosnia-Herzegovina, the USA, Brazil and China. The CPH Group generated total net sales of CHF 469.8 million in 2017. The shares of its 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.

## Key figures

in CHF million	1st half 2017	1st half 2018	Change
<b>The CPH Group</b>			
Net sales	231.7	264.1	+14.0%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	16.5	43.3	+162.0%
in % of net sales	7.1	16.4	
Earnings before interest and taxes (EBIT)	1.1	27.8	+2 413.2%
in % of net sales	0.5	10.5	
Earnings before taxes and non-operating items	-1.0	25.5	n.a.
in % of net sales	-0.4	9.7	
Net result including minorities	-2.2	22.6	n.a.
in % of net sales	-1.0	8.6	
Cash flow	12.6	33.4	+ 164.4%
in % of net sales	5.5	12.7	
Employees	979	1 055	+7.8%
<b>By division</b>			
<b>Chemistry</b>			
Net sales	38.0	37.3	-1.9%
EBITDA	3.6	5.5	+52.6%
EBIT	1.9	3.4	+85.3%
<b>Paper</b>			
Net sales	128.1	148.1	+15.6%
EBITDA	4.8	25.3	+431.5%
EBIT	-6.0	14.8	n.a.
<b>Packaging</b>			
Net sales	65.5	78.7	+20.1%
EBITDA	8.4	12.6	+50.7%
EBIT	5.5	9.6	+75.7%

For further details please see the CPH 2018 Half-Year Report, which is available at [cph.ch/en/investors/documentation/](http://cph.ch/en/investors/documentation/)