

Media release

2019 first-half results

Encouraging business performances in all three divisions

The CPH Group generated net sales of CHF 267.5 million in the first six months of 2019, a 1.3% improvement on the prior-year period. All three business divisions reported encouraging operating results. Group first-half earnings before interest and taxes (EBIT) were raised 15.0% to CHF 32.0 million, and the net result of CHF 27.2 million was a 20.1% improvement on January-to-June 2018.

Perlen, 19 July 2019 – The first six months of 2019 saw challenging business conditions. The trade dispute between the USA and China and continuing Brexit uncertainties in Europe both contributed to a cooling of economies worldwide. The slower pace of growth in its sales markets was also felt by the CPH Group, whose net sales for the period of CHF 267.5 million were 1.3% above their prior-year level. “On the plus side, our order volumes were high and our plant and equipment remained well utilized,” says Peter Schildknecht, CEO of parent company CPH Chemie + Papier Holding AG. Adjusted for currency factors, the Group’s net sales growth for the period amounted to 2.1%.

With sales price increases outpacing the rises in materials costs, the CPH Group’s first-half earnings before interest and taxes (EBIT) showed a disproportionately high 15.0% increase to CHF 32.0 million. “The resulting EBIT margin of 12.0 per cent is the highest that we have recorded since CPH was first listed on the Swiss stock exchange in 2001,” Peter Schildknecht continues. The net result for the period was raised 20.1% to CHF 27.2 million. At 52%, the balance sheet equity ratio was brought back towards 60% after the repayment of the CHF 120 million bond on 10 July 2019. Personnel numbers increased slightly to 1 092 employees.

The **Chemistry Division** benefited from continued strong demand for the molecular sieves used to purify natural gas and ethanol and to produce concentrated oxygen. The deuterated compounds segment, which has been based in Rüti since the end of 2018, showed very favourable trends: in addition to its traditional analysis applications, the business made new inroads into the attractive OLED screen market. Having concluded its strategic realignment, the Chemistry Division focused on expanding its marketing activities in the first-half period. Net sales were raised, but EBIT showed a slight decline because higher volumes of other operating income had been recorded for the prior-year period.

On the **Paper Division** front, supply and demand for newsprint and magazine paper were virtually equal at the beginning of 2019, permitting further increases in paper prices. Renewed overcapacities developed worldwide, however, in the course of the first-half period. The reasons for this lie in the continued structural decline in the demand for such paper products. With growing industry overcapacities, the second half of 2019 may well bring a reduction in paper prices in European markets. The Paper Division maintained its first-half net sales at their prior-year level, and was able to further raise its EBIT for the period through a combination of higher prices and effective cost management.

With its new finishing and logistics centre in Brazil, the **Packaging Division** has substantially improved its market position and achieved an above-average increase in its sales in the Latin American market. Elsewhere, the Suzhou coatings plant now holds the requisite product licences for China, which will enable the operation to supply blister films directly to the key Chinese market. The Packaging Division's European markets saw only modest growth in the first-half period. Despite this, the division still achieved a new record net sales result. And with another increase in the proportions of high-value products sold, the division's EBIT margin was also further improved in the first-half period.

Full-year outlook – The CPH Group expects to see a substantial slowdown in economic growth for 2019 as a whole, and reaffirms the prediction for its business development which it issued at the beginning of this year. “Provided currency rates remain largely stable in the second six months, we expect to report full-year net sales, EBIT margin and net profit results for 2019 that are around their prior-year levels,” Peter Schildknecht confirms.

Contacts

CPH Chemie + Papier Holding AG

Dr. Peter Schildknecht, CEO, +41 41 455 8757

Richard Unterhuber, CFO, +41 41 455 8753, investor.relations@cph.ch

Christian Weber, Head of Corporate Communications, +41 41 455 8751, medien@cph.ch

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 and Herzegovina, the USA, Brazil and China. The Group generated net sales of CHF 533.5 million in 2018. The shares of its holding company CPH Chemie + Papier Holding AG (ticker: CPHN) are listed on the SIX Swiss Exchange.

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 they may deviate from actual future events.

Key figures

in CHF million	1 st half 2018	1 st half 2019	Change
The CPH Group			
Net sales	264.1	267.5	+1.3%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	43.3	47.8	+10.3%
in % of net sales	16.4	17.9	
Earnings before interest and taxes (EBIT)	27.8	32.0	+15.0%
in % of net sales	10.5	12.0	
Earnings before taxes and non-operating and extraordinary items	25.5	28.5	+11.7%
in % of net sales	9.7	10.6	
Net result including minorities	22.6	27.2	+20.1%
in % of net sales	8.6	10.2	
Cash flow	33.4	42.3	+26.7%
in % of net sales	12.7	15.8	
Employees	1 055	1 092	+3.5%
By division			
Chemistry			
Net sales	37.3	39.7	+6.3%
EBITDA	5.5	5.6	+2.5%
EBIT	3.4	3.1	-10.5%
Paper			
Net sales	148.1	146.9	-0.8%
EBITDA	25.3	29.0	+14.7%
EBIT	14.8	19.0	+28.0%
Packaging			
Net sales	78.7	80.8	+2.8%
EBITDA	12.6	13.3	+5.2%
EBIT	9.6	10.1	+4.4%

You will find further information in our 2019 Half-Year Report, which is available at cph.ch/en/investors/documentation/