

Media release

2020 first-half results

All divisions in profit for the first six months

The CPH Group reports net sales of CHF 231.8 million for the first half of 2020, a 13.3% decline on the prior-year period attributable largely to the coronavirus pandemic. First-half EBIT also declined to CHF 17.8 million. The net result was unchanged at CHF 27.2 million, thanks primarily to an extraordinary income item.

Perlen, 21 July 2020 – The coronavirus crisis dominated the first half of 2020, though its impact on the CPH Group’s business activities showed strong variations among its three divisions. The Packaging Division (which primarily serves the pharmaceuticals sector) and certain product segments of the Chemistry Division registered record order volumes, while demand declined steeply for graphic publication papers and for molecular sieves for industrial applications. The Group generated total net sales for the first-half period of CHF 231.8 million, a 13.3% decline on January-to-June 2019 or an 8.2% decline excluding currency movements.

Paper under pressure

The decline in net sales is attributable to a large extent to trends in the Paper Division. While the current crisis has prompted a substantial increase in people’s information needs, the media publishing houses have suffered tangible falls in their advertising income. They have responded to this by reducing their publications’ sizes and print runs; and this in turn has lowered the volumes of printing paper required. The division was even forced to keep both its paper machines idle for days at a time.

With the Group unable to reduce its materials, energy and personnel expenditure to a comparable degree, group earnings before interest and taxes (EBIT) for the period declined CHF 14.2 million to CHF 17.8 million. “Despite the major challenges that are being posed by the present coronavirus pandemic, all three of our divisions achieved a positive operating result for the first-half period,” observes Peter Schildknecht, CEO of the CPH Group.

Net result unchanged

That the first-half net result could be maintained at the CHF 27.2 million of 2019 is also due to extraordinary income of CHF 12.0 million. Canton Zurich appointed a full-services contractor in spring 2020 for the lake bed clean-up work required at the Chemistry Division’s

former Uetikon operating site. And with the costs of this work now expected to be lower than those estimated at the time of the site's sale to the canton, the CPH Group was able to release a proportionate part of its corresponding provisions.

First-half cash flow declined 35.1% to CHF 27.5 million, primarily for sales volume reasons. The CPH Group remains in sound financial health, with a balance sheet equity ratio of 66% and liquid funds of CHF 103.0 million. The Group's workforce numbered 1 095 employees as of 30 June 2020, virtually unchanged from its prior-year level.

Production and supplies assured

Thanks to the strategic and operational actions which were initiated right at the onset of the coronavirus crisis, all three of the Group's business divisions were able to maintain both their production and their supply capabilities. As early as January, before the likely impact of the pandemic could be meaningfully foreseen, local CPH management in China procured adequate stocks of the hygiene materials required. As a result, once the closures ordered by the authorities were rescinded, the Group's production facilities in Donghai and Suzhou could be returned to operation in a relatively short time, and were able to make up for the lost production over the following months.

Packaging benefits

As already mentioned, the coronavirus pandemic has also had its beneficial business effects. The crisis has increased the need for self-medication products, and this in turn has heightened the demand for blister pack films. As a result, the Packaging Division raised its first-half net sales in 2020, and also posted a new record EBIT margin for the period.

Full-year outlook

Whether and how fast the global economy will recover from the massive setback it has suffered through the coronavirus crisis is impossible to say. Even if the pandemic does not flare up again, it is still likely to have a tangible impact on further business developments at the CPH Group. "Both our sales and our earnings for 2020 will see substantial declines," says Group CEO Peter Schildknecht. "But CPH will still post a profit again for the year as a whole, with a net result that is likely to be in the low-double-digit millions."



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 524.7 million in 2019. 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 2019 | 1 st half 2020 | Change |
|---|------------------------------|------------------------------|--------|
| The CPH Group | | | |
| Net sales | 267.5 | 231.8 | -13.3% |
| Earnings before interest, taxes, depreciation and amortization (EBITDA) | 47.8 | 33.5 | -29.9% |
| in % of net sales | 17.9 | 14.5 | |
| Earnings before interest and taxes (EBIT) | 32.0 | 17.8 | -44.4% |
| in % of net sales | 12.0 | 7.7 | |
| Earnings before taxes and non-operating and extraordinary items | 28.5 | 15.4 | -46.0% |
| in % of net sales | 10.6 | 6.6 | |
| Net result including minorities | 27.2 | 27.2 | -0.2% |
| in % of net sales | 10.2 | 11.7 | |
| Cash flow | 42.3 | 27.5 | -35.1% |
| in % of net sales | 15.8 | 11.9 | |
| Employees | 1 092 | 1 095 | +0.3% |
| By division | | | |
| Chemistry | | | |
| Net sales | 39.7 | 36.2 | -8.8% |
| EBITDA | 5.6 | 5.0 | -12.2% |
| EBIT | 3.1 | 2.5 | -18.1% |
| Paper | | | |
| Net sales | 146.9 | 108.8 | -25.9% |
| EBITDA | 29.0 | 12.5 | -56.9% |
| EBIT | 19.0 | 2.3 | -87.8% |
| Packaging | | | |
| Net sales | 80.8 | 86.7 | +7.3% |
| EBITDA | 13.3 | 16.1 | +21.5% |
| EBIT | 10.1 | 13.0 | +29.6% |

You will find further information in our 2020 Half-Year Report, which is available at cph.ch/en/investors/documentation/