

Media release

The 2014 business year CPH posts black-ink result

CPH Chemie + Papier Holding AG increased its net sales by 2.3% to CHF 492.5 million in 2014, and achieved earnings before interest and taxes (EBIT) of CHF 16.0 million for the year. The 2015 Ordinary General Meeting will be asked to approve an unchanged capital repayment from the capital contribution reserve of CHF 13.00 per share, along with a 20-for-1 stock split. With lower paper prices and the abolition of the minimum euro exchange rate, CPH expects to post a negative operating result for 2015.

in CHF million	2014	2013	Change
Net sales	492.5	481.3	+ 2.3%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	50.8	30.9	+ 64.5%
in % of net sales	10.3	6.4	
Earnings before interest and taxes (EBIT)	16.0	-277.6	n/a
in % of net sales	3.3	-57.7	
Net result for the year	10.5	-271.5	n/a
in % of net sales	10.1	-56.4	

Perlen, 27 February 2015 – The economy in Europe, the most important sales market for the CPH Group, showed sideways trends in 2014. CPH was able to slightly increase its net sales for the year and substantially improve its earnings result, thanks largely to the performance of its Paper Division. “The annual efficiency enhancements of CHF 20 to 30 million that we have achieved over the past few years are reflected for the first time in our 2014 earnings results,” says Peter Schildknecht, CEO of the CPH Group. This is due to the fact that paper prices and the relevant currency exchange rates remained largely stable throughout the year.

Group sales slightly up

Total net sales for the CPH Group amounted to CHF 492.5 million in 2014, a 2.3% increase on the previous year. “All three of our business divisions contributed to this growth,” Peter Schildknecht points out. “Our Paper Division was particularly successful here,” he continues, “and achieved a notable first in using its PM 4 machine to produce higher-margin magazine paper throughout the year.” With production volumes also increased on the PM 7 machine and paper prices remaining largely stable, the division was able to raise its net sales for the year. The Packaging and Chemistry divisions also recorded slight increases in their annual net sales.

Operating results substantially improved

Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) were improved 64.5% to CHF 50.8 million. Consolidated earnings before interest and taxes (EBIT) for 2013 had been substantially influenced by the year’s impairments to tangible fixed assets. But even compared to its prior-year equivalent before such impairments, the 2014 consolidated EBIT of CHF 16.0 million represents a CHF 42.7 million year-on-year improvement. EBIT margin stood at 3.3%.

Net result clearly in the black

The net result for the year was also positive at CHF 10.5 million. It was also achieved without any major non-operating income, as no substantial real-estate assets were disposed of during the year.

Capital repayment from capital contribution reserve of CHF 13.00 per share proposed

The Board of Directors will recommend to the Ordinary General Meeting of 1 April 2015 that, as a further confirmation of the CPH Group's consistent dividend policy, an unchanged dividend of CHF 13.00 per share be distributed for the 2014 business year, in the form of a corresponding capital repayment from the capital contribution reserve.

20-for-1 stock split

The Board of Directors will further recommend a 20-for-1 split of the CPH Chemie + Papier Holding AG share. One current share of CHF 100 nominal value would thus be split into 20 shares of CHF 5 nominal value.

Construction of a manufacturing facility in China

CPH generates two-thirds of its sales in the paper segment. And 84% of the CPH Group's total sales derive from the saturated European markets. The Group earns only 14% of its sales in Switzerland, but incurs some 70% of its costs in Swiss francs. The present overvaluation of the Swiss franc, which has persisted for several years now, has a correspondingly adverse impact on CPH's earnings results.

To reduce the Group's dependence on the paper market and its exposure to currency movements, CPH now plans to invest in developing new production capacities beyond the paper segment and outside Switzerland, and to intensify its endeavours to tap new markets in Asia and Latin America. In accordance with these strategic guidelines, CPH resolved in the course of 2014 to expand the operations of its Packaging Division to China.

Under these plans, land has been acquired on a leasehold basis in Suzhou, near Shanghai, on which work will begin to construct a new PVC film manufacturing plant in the first quarter of 2015. The additional capacity, which will be available from 2016, will be used to serve the rapidly-growing Asian pharmaceuticals markets.

Changes on the Board of Directors

CPH will propose the election of two new members to the Board of Directors to the Ordinary General Meeting of 1 April 2015. Kaspar W. Kelterborn will be proposed to succeed Hanspeter Balmer, who stepped down from the Board for health reasons on 30 June 2014; and Manuel Werder will be proposed as the successor to Max Walter, who will not be standing for re-election having reached the statutory age limit for Board service.

Outlook for 2015

Following the Swiss National Bank's unexpected abolition of the minimum euro exchange rate in January 2015, key foreign currencies have suffered double-digit percentage declines against the Swiss franc. "Since the CPH Group has most of its production in Switzerland and exports the vast majority of its products, the movements of our key foreign currencies – the euro and the US dollar – against the Swiss franc have a direct impact on our sales and earnings," explains Peter Schildknecht. Foreign currencies are likely to remain weak against the franc in 2015, making any projections of business trends only tentative at best.



The operational success of the CPH Group is heavily contingent on developments in its Paper Division. With the present market overcapacities, paper prices will be under pressure in 2015 – a pressure that cannot be entirely offset through additional production volumes. The Chemistry and Packaging divisions will continue to expand their higher-value-product businesses and tap new markets in the growth regions. The Chemistry Division's Uetikon production site is currently being considered by Canton Zurich as the possible location for a new cantonal high school. CPH is in talks on this with the cantonal authorities.

"We will continue undiminished in 2015 with all our efficiency enhancement efforts in all our business divisions," emphasizes Peter Schildknecht. "CPH will also be striving to further increase its market shares. But we are likely to see a tangible decline in our sales in Swiss-franc terms, and we must expect a negative operating result for the year."

Contacts

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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 five locations in Switzerland, Germany and the USA; and a further production plant is currently under construction in China. The shares of the Group's holding company CPH Chemie + Papier Holding AG are listed on the SIX Swiss Exchange (SIX: 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 2014 annual results

Annual Results Media Conference (in German)

Date: Friday 27 February 2015

Time: 11:00 (CET)

Speakers: Peter Schildknecht, Group CEO

Manfred Häner, Group CFO

Venue: CPH Head Office, Perlenring 1, 6035 Perlen

Key figures

in CHF million	2014	2013	Change
The CPH Group			
Net sales	492.5	481.3	+ 2.3%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	50.8	30.9	+ 64.5%
in % of net sales	10.3	6.4	
Earnings before interest and taxes (EBIT) before impairment	16.0	-26.6	n/a
in % of net sales	3.3	-5.5	
Earnings before interest and taxes (EBIT)	16.0	-277.6	n/a
in % of net sales	3.3	-57.7	
Financial result	-5.6	-3.9	n/a
Earnings before taxes and extraordinary items	10.4	-281.4	
Net result for the year	10.5	-271.5	n/a
in % of net sales	2.1	-56.4	
in % of equity	2.4	-62.5	
in % of total capital	1.5	-39.8	
Cash flow	40.8	27.3	+ 49.6%
Gross investments in tangible fixed assets	19.2	18.2	+ 5.3%
Free cash flow	0.4	13.7	- 96.8%
Balance sheet total	688.4	681.8	+ 1.0%
Fixed assets	456.0	467.3	- 2.4%
in % of balance sheet total	66.2	69.0	
Equity	442.0	434.3	+ 1.8%
in % of balance sheet total	64.2	64.0	
Net financial debt	-75.4	-66.7	n/a
Personnel at year-end	860	859	+ 0.1%
By division			
Chemistry			
Net sales	60.2	59.2	+ 1.7%
EBIT before impairment	-2.2	-5.3	
EBIT	-2.2	-21.2	n/a
Paper			
Net sales	314.4	305.7	+ 2.9%
EBIT before impairment	12.5	-29.7	
EBIT	12.5	-264.7	n/a
Packaging			
Net sales	117.8	116.4	+ 1.2%
EBIT	5.1	7.1	- 29.1%
CPH Chemie + Papier Holding AG			
Net profit/loss for the year	-0.3	-216.4	n/a
Equity	431.1	435.4	- 0.1%
Per-share statistics			
Consolidated equity per share in CHF	1 473	1 447	+ 1.8%
Consolidated net result per share in CHF	35	-905	n/a
Consolidated cash flow per share in CHF	136	91	+ 49.6%
Dividend (capital repayment from capital contribution reserve)	13.00*	13.00	

* Board's recommendation to the 2015 Ordinary General Meeting