

Media release

2016 interim results

CPH returns to operating profit in the first half of 2016

The CPH Group's extensive endeavours to offset the adverse impact of a strong Swiss franc paid off in all three of the Group's business divisions in the first six months of 2016. Total net first-half sales amounted to CHF 219.5 million, a 10.1% increase on the prior-year period; and first-half EBITDA and EBIT were both raised by well over CHF 20 million, to CHF 22.0 million and CHF 6.0 million respectively. CPH expects to report a positive operating result for 2016 as a whole.

"The CPH Group achieved an impressive 10.1% increase in its net sales for the first six months of this year," says Peter Schildknecht, CEO of Chemie + Papier Holding AG, the group holding company. "And individually, our three business divisions of Chemistry, Paper and Packaging raised their net sales by between 7% and 17% and all gained further market share."

The actions taken to further enhance efficiency were clearly reflected in the Group's first-half operating results. EBITDA was raised CHF 22.7 million to CHF 22.0 million, producing an EBITDA margin of 10.0%. And after an EBIT of CHF –18.5 million for the first half of 2015 (due primarily to the repercussions of the Swiss National Bank's January abolition of its previous minimum Swiss franc/euro exchange rate), first-half EBIT for 2016 was a CHF 24.5 million improvement at CHF 6.0 million. The net group result for the period rose an even higher CHF 26.1 million, but remained negative at CHF –2.6 million owing to restructuring costs.

The Group's liquid funds rose CHF 21.1 million to CHF 74.3 million. The CPH Group remains soundly capitalized, with an equity ratio of 57%. Workforce numbers had risen from 864 to 1 001 by 30 June 2016. The increase is due largely to the addition of the two new production sites in China.

The expansion strategy for the Group's Chemistry and Packaging divisions is also delivering its first results, says Peter Schildknecht. "The inclusion of ALSIO of China in our consolidated results from March 2016 onwards combined with organic growth to bring our Chemistry operations back into the black," he explains. "And our Packaging Division put its new Chinese

plant into operation and, with its larger volumes, high-margin products and further cost reductions, delivered a record operating result.”

The Paper Division again raised its production volumes and also benefited from a slight increase in paper prices; and with further efficiency enhancements, the division posted an almost breakeven EBIT result for the first-half period.

The Paper Division’s first-ever Environmental Impact Statement, for 2015, confirmed that its Perlen operating site is a European leader in energy efficiency terms. Thanks to targeted actions such as replacing the use of fossil fuels with waste heat procured from the local Renergia waste incinerator, the division has reduced its carbon emissions to 114 kilos of CO₂ per tonne of paper produced, almost half the level of five years ago. This puts the site well above the best 10% of facilities that serve as the benchmark for the EU Emissions Trading Scheme in direct emissions terms.

Full-year outlook – “Provided currency exchange rates and paper prices remain broadly stable in the second half-year, the CPH Group should report higher net sales and a positive operating result for 2016 as a whole,” says Peter Schildknecht. The strategic alignment of the Chemistry and Packaging divisions to the growth markets in Asia will have a positive impact on business development; and the Paper Division will continue to strive to be the cost leader in its regional sales markets.

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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 seven production facilities in Switzerland, Germany, the USA and China, and generated net sales of CHF 420 million in 2015. 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.

Key figures

in CHF million	1 st half 2015	1 st half 2016	Change
The CPH Group			
Net sales	199.3	219.5	+10.1%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-0.7	22.0	
in % of net sales	-0.4	10.0	
Earnings before interest and taxes (EBIT)	-18.5	6.0	
in % of net sales	-9.3	2.7	
Earnings before taxes and extraordinary items	-28.3	2.7	
in % of net sales	-14.2	1.2	
Net result after minority interest	-28.7	-2.6	+90.9%
in % of net sales	-14.4	-1.2	
Personnel	854	1 001	+17.2%
By division			
Chemistry			
Net sales	30.0	35.0	+16.6%
EBITDA	0.2	2.5	+1 039.4%
EBIT	-1.4	0.5	
Paper			
Net sales	114.0	122.0	+7.0%
EBITDA	-7.1	9.9	
EBIT	-19.8	-0.9	+95.4%
Packaging			
Net sales	55.3	62.6	+13.1%
EBITDA	5.1	8.8	+71.9%
EBIT	2.5	6.1	+146.6%