

Media release

The 2020 business year

Diversification proves its worth

The CPH Group delivered a relatively sound overall performance during the coronavirus pandemic in 2020, thanks to its diversification in various business segments. With net sales of CHF 445.2 million, the Group achieved annual earnings before interest and taxes (EBIT) of CHF 24.7 million. The net result for the year of CHF 47.0 million was broadly at its 2019 level, thanks to non-recurring income of CHF 25.9 million. The 2021 Ordinary General Meeting will be asked to approve the distribution of a dividend of CHF 1.80 per share for the 2020 financial year.

in CHF million	2019	2020	± in CHF	± in %
Net sales	524.7	445.2	-79.5	-15.1
Earnings before interest, taxes, depreciation and amortization (EBITDA)	88.0	55.2	-32.8	-37.3
in % of net sales	16.8	12.4		
Earnings before interest and taxes (EBIT)	56.6	24.7	-31.9	-56.4
in % of net sales	10.8	5.5		
Net result for the year	48.5	47.0	-1.5	-3.1
in % of net sales	9.2	10.5		

Perlen, 23 February 2021 – The coronavirus pandemic had differing impacts in 2020 on the CPH Group's three business divisions. The Packaging Division achieved new record earnings, and the Chemistry Division also raised its profitability despite a net sales decline. But the steep fall in demand on the paper markets depressed the Group's total net sales for the year, which at CHF 445.2 million were 15.1% down on their 2019 level, or 10.7% down excluding currency factors. "Our diversification in differing business segments paid off in 2020," says Group CEO Peter Schildknecht. "Our Group further strengthened its position during these pandemic times."

Chemistry raises profitability

The main customers for the Chemistry Division's products in the energy and industry sectors responded to the coronavirus crisis by reducing their order volumes. The increased demand for the molecular sieves used to concentrate medical oxygen only partly offset this, and the division's net sales for the year declined 6.3% to CHF 73.3 million. Excluding currency factors,

however, net sales were only 0.5% below their prior-year level. Thanks to a rigorous cost reduction programme and productivity improvements, however, divisional EBIT was increased to CHF 4.6 million and EBIT margin to 6.3%.

Paper sees sizeable decline in demand

The demand in Western Europe for printing and publication paper declined steeply in 2020 as a result of the coronavirus pandemic. The Paper Division was compelled to halt production at times, and the 439 000 tonnes of newsprint and magazine paper it produced for the year were a 15% decline on 2019. Despite this, the division increased its share of Europe's publication paper market. Rising overcapacities at paper manufacturers intensified the pressures on prices. The combination of its reduced sales volumes and the lower prices paid resulted in a 28.5% decline in the division's net sales for the year to CHF 209.6 million. Excluding currency factors, net sales were 25.8% down on their prior-year level. Thanks to lower recovered paper and energy prices, cost reductions and higher productivity, the division posted an EBITDA of CHF 17.4 million; but EBIT for the year was just short of a breakeven result.

Packaging still on a successful course

The Packaging Division saw increased demand for medicinal packagings during the coronavirus pandemic. Order volumes for its blister films climbed to record highs. Capacities were fully utilized at its European sites, while the utilization of its Chinese capacities was also further increased. The higher sales volumes helped boost net sales for the year 5.9% to CHF 162.3 million. Excluding currency factors, net sales were 10.7% up on their 2019 level. Buoyed by low raw materials costs in the first-half period, the division also increased its annual EBIT margin to a new record 13.3%. The division continues to pursue its global strategy of achieving greater penetration in the emerging pharmaceuticals markets, and will be investing a high single-digit million-franc amount in a new coating plant in Brazil.

Non-recurring items boost net result

The CHF 17.5 million of investments in tangible fixed assets in 2020 were primarily aimed at further improving the efficiency of existing facilities and processes. The CPH Group generated a cash flow of CHF 45.8 million and a free cash flow of CHF 39.7 million. With the prices of raw materials (and of recovered paper in particular) falling in view of lower demand, cost of materials as a proportion of production-generated group sales declined from 49% to 48%. The

slight rise in total workforce numbers to 1 098 is attributable to expansion in the Packaging Division: workforce numbers for Chemistry and Paper were down on 2019.

Group EBITDA for the year amounted to CHF 55.2 million, a 37.3% decline. After ordinary depreciation of CHF 30.5 million, the Group reported consolidated earnings before interest and taxes (EBIT) for 2020 of CHF 24.7 million. The financial result of CHF –4.7 million was a slight improvement on 2019. The year also brought non-recurring income of CHF 25.9 million, largely from the release of provisions previously made for the clean-up of the former Uetikon operating site and the transfer (at market value) of real estate in Perlen to a newly-founded subsidiary, which generated deferred tax income of CHF 11.9 million. After taxes, the CPH Group reports a net result for 2020 of CHF 47.0 million, which is broadly in line with that of 2019.

Dividend proposed of CHF 1.80 per share

In line with the company's consistent dividend policy, the Board of Directors will recommend to the Ordinary General Meeting of 18 March 2021 that CHF 1.80 per share again be distributed for the 2020 financial year, of which CHF 0.70 per share should be taken from the capital contribution reserve.

Change on the Board of Directors

Dr. Mauro Gabella will not stand for re-election to the Board of Directors of CPH Chemie + Papier Holding AG at the 2021 Ordinary General Meeting. Dr. Gabella has been a Board member since 2005, and served as Chair of its Personnel & Compensation Committee from 2010 to 2019. The Board thanks Mauro Gabella for his long and committed contribution to the CPH Group. The Board proposes Dr. Claudine Mollenkopf to serve as his successor. Claudine Mollenkopf can draw on more than 25 years of experience in the chemicals industry, and is Senior Vice President and General Manager Silicas at Germany's Evonik Industries specialty chemicals company. A German and French dual national, she holds a doctorate in chemistry from Strasbourg's Louis Pasteur University.

A cautious outlook for 2021

According to International Monetary Fund projections, economies should recover slowly from the coronavirus pandemic in 2021, with global growth for the year of some 5.5%. The CPH Group expects to see net sales increases of differing degrees in all three business divisions, although the scale of these will depend on the pace and the extent of such economic recovery.

“The Chemistry and Packaging Divisions will seek to further raise their earnings, but in the present market environment the Paper Division is likely to report a lower EBIT result,” concludes Peter Schildknecht. With the adversities in the paper markets likely to intensify, the improved results expected for Chemistry and Packaging may be more than nullified by the Paper earnings trends. As a consequence, group EBIT and the net group result (excluding non-recurring income) are unlikely to improve.

The planned 2021 investments of some CHF 40 million in tangible fixed assets are primarily intended to further enhance efficiency. The Packaging Division also aims to expand its Latin American production capacities.

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About CPH

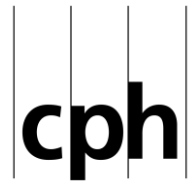
CPH is an internationally active and diversified industrial group which is headquartered in Switzerland. The CPH Group develops, manufactures and distributes chemical products, wood-based paper and pharmaceutical packaging films. The Group and its subsidiaries maintain production facilities in Switzerland, Germany, Bosnia and Herzegovina, the USA, Brazil and China. The shares of its holding company CPH Chemie + Papier Holding AG are listed on the SIX Swiss Exchange (ticker: CPHN).

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.

Presentation of the CPH Group’s 2020 annual results

Annual Results Presentation (in German)

Date:	Tuesday 23 February 2021
Time:	09:00 (CET) Presentation 10:00 (CET) Q&A for investors and analysts 11:00 (CET) Q&A for media representatives
Speakers:	Peter Schaub, Chairman of the Board of Directors Peter Schildknecht, CEO



Venue: Richard Unterhuber, CFO
Online

Key figures

in CHF million	2019	2020	± in CHF	± in %
The CPH Group				
Net sales	524.7	445.2	-79.5	-15.1
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Earnings before interest and taxes (EBIT)	56.6	24.7	-31.9	-56.4
in % of net sales	10.8	5.5		
Financial result	-5.6	-4.7	+0.9	n.a.
Earnings before taxes and extraordinary items	51.0	20.0	-31.0	-60.7
Net result for the year	48.5	47.0	-1.5	-3.1
in % of net sales	9.2	10.5		
in % of equity	11.0	10.0		
in % of total capital	6.9	6.7		
Cash flow	79.9	45.8	-34.1	-42.7
Gross investments in tangible fixed assets	21.9	17.5	-4.4	-20.0
Free cash flow	39.9 ¹⁾	39.7	-0.2	-0.6
Balance sheet total	702.7	704.2	+1.5	+0.2
Fixed assets	436.0	432.9	-3.1	-0.7
in % of balance sheet total	62.1	61.5		
Equity	441.3	471.9	+30.6	+6.9
in % of balance sheet total	62.8	67.0		
Net cash	-29.5	-1.5	+28.0	n.a.
Personnel at year-end (in FTEs)	1 086	1 098	+12	+1.1
By division				
Chemistry				
Net sales	78.2	73.3	-4.9	-6.3
EBIT	4.4	4.6	+0.2	+4.7
Paper				
Net sales	293.2	209.6	-83.6	-28.5
EBIT	34.7	-2.0	-36.7	n.a.
Packaging				
Net sales	153.2	162.3	+9.1	+5.9
EBIT	17.3	21.6	+4.3	+25.3
CPH Chemie + Papier Holding AG				
Net result for the year	52.6	14.3	-38.3	-72.7
Equity	438.4	441.9	+3.5	+0.8
Per-share statistics (in CHF)				
Consolidated equity per share	73.56	78.46		
Consolidated net result per share	8.06	7.82		
Consolidated cash flow per share	13.33	7.64		
Distribution	1.80	1.80		

¹⁾ Excluding CHF 100 million fixed-term deposit of funds generated by bond issue of 12.10.2018, repaid 9.7.2019