

Ad hoc announcement pursuant to Art. 53 LR

2021 first-half results

Chemistry and Packaging on track; earnings for Paper depressed by higher raw materials costs

The CPH Group raised its first-half net sales by 5.1% in 2021 to CHF 243.7 million. The Chemistry and the Packaging divisions performed on-track, while earnings for the Paper Division were depressed by higher raw materials costs. Group EBIT for the period declined as expected to CHF 5.7 million. The first-half net result amounted to CHF 5.9 million.

Perlen, 21 July 2021 – The restrictions imposed in response to the coronavirus pandemic were gradually eased in many countries in the first half of 2021, and economies showed some signs of recovery. The higher demand helped raise the CPH Group's net sales for the period to CHF 243.7 million – an increase of 5.1%, or of 5.7% excluding currency factors.

Chemistry posts highly favourable earnings

The Chemistry Division benefited from its customers' action backlogs and saw high order volumes for various product lines, especially for the molecular sieves used in oxygen concentration. "With its innovative products, our Chemistry Division has earned itself a leading market position," says Group CEO Peter Schildknecht. "It substantially increased its first-half net sales, and achieved an even stronger improvement in its first-half earnings result."

Paper feels the effects of greater predatory competition

The Paper Division sold higher volumes of its products than it had in the first half of 2020, when its machines had stood idle for lengthy periods as a result of the coronavirus pandemic. But with paper prices simultaneously declining as a result of increasing industry overcapacities, its first-half net sales were below their 2020 levels, despite the higher sales volumes.

Packaging achieves growth in Latin America and Asia

First-half developments in the Packaging Division were a mixed affair. On the one hand, demand for its products was lower in western countries, where pharmaceuticals manufacturers had built up their stocks in 2020 and were more restrained in their new order placements. At the same time, the extensive mask-wearing requirements prompted declines in the prevalence

of other viral infections such as colds and influenza, which in turn substantially reduced the sales volumes of over-the-counter self-medication products. Both these trends were more than offset, however, through double-digit percentage net sales growth in Latin America and Asia.

Steep rises in raw materials costs

The increase in demand – steep in some cases – led to delivery shortages of certain raw materials and massive hikes in their prices. Many of the plastics used in the Packaging Division were in short supply, and their prices rose dramatically. The cost increases could only be passed on to the markets with some delay, and margins were pressured accordingly. Recovered paper is the key raw material for the Paper Division. But the declines in the production volumes of graphic printing paper during the pandemic reduced the amounts of waste paper collected. The resulting lower recovered paper volumes coincided in spring with a pick-up in demand for newsprint and magazine paper. The situation was exacerbated by a high demand for the mixed paper used by the cardboard industry in packagings for the booming online sales segment. Recovered paper prices rose accordingly, and first-half earnings for the Paper Division were negative as expected.

Group earnings before interest and taxes (EBIT) for the first-half period declined 67.8% to CHF 5.7 million. The net result amounted to CHF 5.9 million, which was still around one-third of its prior-year level (excluding prior-year extraordinary income of CHF 12.0 million).

Cash flow for the first-half period decreased accordingly, declining 43.8% to CHF 15.4 million. With a balance sheet equity ratio of 65%, the CPH Group remains in sound financial health, with liquid funds of CHF 113.2 million.

A pioneering COVID testing and vaccination role

To protect its many employees who are involved in production at its various sites and are thus unable to work temporarily from home, the CPH Group has developed and consistently applies hygiene and protection concepts to prevent coronavirus infection. At the Group's Perlen site, several hundred employees participated in a pilot scheme by Canton Lucerne in spring under which weekly mass COVID testing was conducted throughout the operation. The Perlen operation played a further pioneering role in June by offering its employees on-site COVID vaccinations.

A cautious full-year outlook

“Should the coronavirus pandemic be effectively contained through the current vaccination programmes, economies are likely to show further positive developments in the rest of 2021 in many parts of the world,” says Peter Schildknecht. “So we are confident of reporting higher net sales for the year for the CPH Group.” On the expenditure side, high raw materials costs (especially for recovered paper) must continue to be expected, and can only be partially passed on to the markets concerned. As already announced in February, the Group’s full-year EBIT for 2021 will be substantially below its 2020 level. Based on current knowledge, however, the CPH Group still expects to report a marginally positive net result for the year.

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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 actual future events may deviate therefrom.

Key figures

in CHF million	1 st half 2020	1 st half 2021	Change
The CPH Group			
Net sales	231.8	243.7	5.1%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	33.5	20.0	-40.4%
in % of net sales	14.5	8.2	
Earnings before interest and taxes (EBIT)	17.8	5.7	-67.8%
in % of net sales	7.7	2.4	
Earnings before taxes and non-operating and extraordinary items	15.4	4.2	-72.5%
in % of net sales	6.6	1.7	
Net result including minorities	27.2	5.9	-78.3%
in % of net sales	11.7	2.4	
Cash flow	27.5	15.4	-43.8%
in % of net sales	11.9	6.3	
Employees	1 095	1 101	0.5%
By division			
Chemistry			
Net sales	36.2	47.5	31.1%
EBITDA	5.0	9.9	99.6%
EBIT	2.5	7.4	195.2%
Paper			
Net sales	108.8	105.4	-3.2%
EBITDA	12.5	-1.5	n.a.
EBIT	2.3	-10.1	n.a.
Packaging			
Net sales	86.7	90.8	4.7%
EBITDA	16.1	11.5	-28.4%
EBIT	13.0	8.4	-35.5%

For further information please see our 2021 Half-Year Report, which is available at cph.ch/en/investors/documentation/