

Media release

2017 first-half results

CPH increases net sales in all its business divisions

The CPH Group generated total net sales of CHF 231.7 million in the first six months of 2017, a 5.5% improvement on the same period last year, and achieved a slightly positive first-half operating result. Earnings for its Chemistry and Packaging divisions showed encouraging trends, while the EBIT result for the Paper Division was depressed by higher recycled paper prices.

Perlen, 21 July 2017 – “All our divisions increased their net sales in the first half of 2017, and the CPH Group raised its overall net sales by 5.5% to CHF 231.7 million,” reports Peter Schildknecht, CEO of CPH Chemie + Papier Holding AG. “Our groupwide actions to enhance efficiency and lower costs were nullified mainly by higher raw materials prices,” Schildknecht continues. EBITDA for the period amounted to CHF 16.5 million; first-half EBIT remained positive at CHF 1.1 million; and with the absence of the extraordinary expenses of the prior-year period, the net result for the first six months improved slightly to CHF -2.2 million.

The Chemistry Division benefited from a recovering economy and saw above-average growth in its higher-value product areas. The first sod was cut for the new production facility in Zvornik (Bosnia and Herzegovina), which will be completed by year-end. The conversion work at the new Swiss premises in Rüti near Zurich is also on schedule. The reorganization of the Chemistry Division had a positive impact on its first-half EBIT result, which was almost a fourfold improvement on its prior-year level.

The Paper Division operates in a still-shrinking market. Demand in Europe for newsprint and magazine paper declined by some 6% in the first six months of 2017, and paper prices remained under pressure. On a positive note, the division raised its net sales for the period by achieving higher sales volumes. But with substantial rises in the price of recycled paper and declines in the volumes of high-value coated paper sales, the division posted a negative EBIT for the period.

The Packaging Division earned further shares of a stagnant European pharmaceuticals market and increased its net sales for the period. Production continues to be ramped up at the new Chinese manufacturing facility. The division’s first-half operating margin fell somewhat short of

the record level of the previous year, owing largely to the rising costs of PVC and, as expected, the start-up costs of the new Chinese operation.

The liquid funds of the CPH Group amounted to CHF 77.0 million on 30 June 2017, up 9.5% from their 2016 year-end level. With an equity ratio of 55.4% the Group remains soundly capitalized. Employee numbers declined to 979 in the first-half period, largely as a result of workforce reductions at the Uetikon site.

Full-year outlook – The Chemistry Division is confident of maintaining its net sales growth and operating margin broadly at their first-half levels for the rest of the year. The Paper Division faces continuing overcapacities in Europe and strong pressures on paper prices. But price increases for certain paper products are not entirely impossible in the second six months. The Packaging Division aims to further increase its net sales, and expects to post an annual EBIT result that is largely in line with its record prior-year level.

The CPH Group as a whole expects higher net sales for the year. “We are likely to see favourable earnings results from our Chemistry and Packaging divisions and still-difficult conditions on the paper markets,” concludes Peter Schildknecht. “In operational terms we will be striving to post a broadly breakeven EBIT; and with extraordinary income from real-estate sales, we expect to report a positive net result for the year.”

Contacts

CPH Chemie + Papier Holding AG

Dr. Peter Schildknecht, CEO, +41 41 455 8757, investor.relations@cph.ch

Christian Weber, Head of Corporate Communications, +41 41 455 8751, medien@cph.ch

About the CPH Group

The CPH Group is an internationally active and diversified group of industrial companies which is headquartered in Switzerland. It develops, manufactures and distributes chemical products, wood-based paper and pharmaceutical packaging films. The CPH Group and its subsidiaries maintain seven production facilities in Switzerland, Germany, the USA and China, and generated net sales of CHF 434.8 million in 2016. 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 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 2016	1 st half 2017	Change
The CPH Group			
Net sales	219.5	231.7	+5.5%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	22.0	16.5	-24.8%
in % of net sales	10.0	7.1	
Earnings before interest and taxes (EBIT)	6.0	1.1	-81.6%
in % of net sales	2.7	0.5	
Earnings before taxes and non-operating items	2.7	-1.0	
in % of net sales	1.2	-0.4	
Net result including minorities	-2.5	-2.2	+10.1%
in % of net sales	-1.1	-1.0	
Employees	1 001	979	-2.2%
By division			
Chemistry			
Net sales	35.0	38.0	+8.7%
EBITDA	2.5	3.6	+46.5%
EBIT	0.5	1.9	+295.5%
Paper			
Net sales	122.0	128.1	+5.1%
EBITDA	9.9	4.8	-52.0%
EBIT	-0.9	-6.0	-564.4%
Packaging			
Net sales	62.6	65.5	+4.7%
EBITDA	8.8	8.4	-5.1%
EBIT	6.1	5.5	-10.5%