

A solid result and a promising outlook

The CPH Group with its remaining Chemistry and Packaging divisions reported net sales of CHF 176.9 million for the first half of 2024. EBITDA for the period amounted to CHF 30.2 million, giving an EBITDA margin of 17.1 %. The net result for the Group's remaining divisions amounted to CHF 21.1 million. With results for the spun-off Paper Division included, the net result stood at CHF -8.7 million. The Group has confirmed its outlook for 2024.

In addition to its entry into the Indian market, business developments in the first six months of 2024 for the newly named CPH Group AG (formerly CPH Chemie + Papier Holding AG) were marked above all by the successful spin-off of its paper manufacturing activities and its real-estate assets at the Perlen industrial site into the newly founded Perlen Industrieholding AG. Shareholders approved the creation of the two independent companies at their Extraordinary General Meeting of 20 June 2024. The shares of Perlen Industrieholding AG have been traded over the counter on off-exchange platforms since 25 June 2024.

The Chemistry Division entered the Indian chemicals and pharmaceutical markets with its acquisition of Sorbead India and Swambe Chemicals in April 2024. The division also saw continued high demand for its deuterated products and its high-value molecular sieves used in ethanol production. Demand for its products remained low in the construction sector. Net sales for January to June 2024 were a further increase overall on the prior-year period.

As had been expected, the Packaging Division saw the high order volumes which it had recorded in 2023 return to pre-COVID levels in the first half of 2024. Customers' reductions of their safety stocks led to lower sales volumes, though the corresponding impact on net sales levels was largely offset by a very favourable product mix. The division's production capacities were well utilized worldwide. Net sales were down for the period, however, as a result of declines in both sales and raw materials prices.

The CPH Group with its remaining Chemistry and Packaging divisions reported net sales for the first six months of 2024 of CHF 176.9 million, an 6.9% decline on the prior-year period that is attributable to lower materials costs. At constant currency and net of acquisition effects, the decline amounted to 5.0%. EBITDA for the period amounted to CHF 30.2 million, giving an EBITDA margin of 17.1%. EBIT for the period amounted to CHF 23.5 million, and the net result for the remaining divisions totalled CHF 21.1 million.

The spun-off Paper Division reported a net result of CHF -29.8 million for the first-half period. The negative net result is attributable largely to a non-cash-effective expense of CHF 22.3 million deriving from its spinning-off. The division also reported a negative EBITDA before spin-off effects of CHF -5.6 million, owing primarily to continuing paper pricing pressures and increases in materials and energy costs. Competitors announced plant closures, which should lead to a more balanced supply and consumption ratio. The ongoing optimisation and cost-saving measures will continue unabated by the Paper Division.

The CPH Group took on new financial liabilities totalling CHF 28.9 million to finance the spinning-off of the Paper Division and the Sorbead India and Swambe Chemicals acquisition. This left the Group with net cash of CHF 1.0 million. With an equity ratio of 57.9%, however, the post-spin-off CPH Group remains in sound financial health.

Outlook for 2024 – Business prospects for the second half of 2024 are cautiously positive, though the overall climate remains volatile in the light of economic and geopolitical developments. For 2024 as a whole, the CPH Group with its remaining Chemistry and Packaging divisions expects to report an EBITDA in the mid-double-digit millions. Despite the negative net first-half result of CHF -29.8 million for the spun-off Paper Division, the Group expects to report a positive net result for the year as a whole.

The spinning-off of the Paper Division has changed the profile of the new CPH Group. The Group is now active in the chemistry and packaging segments, which both show sizeable potential for further growth. The CPH Group is already very well positioned with its strong Zeochem (chemistry) and Perlen Packaging (packaging) brands; and it can now focus more firmly on these to take full advantage of the above-average growth opportunities offered in niche markets worldwide.

Peter Schaub
Chairman of the Board of Directors

Dr. Peter Schildknecht
Group CEO

01.01.–30.06., in CHF million	2024	2023	±
Sales ¹	176.9	190.0	-6.9 %
EBITDA ¹	30.2	33.4	-9.6 %
EBITDA margin ¹	17.1 %	17.6 %	
EBIT ¹	23.5	27.5	-14.4 %
EBIT margin ¹	13.3 %	14.4 %	
Result from discontinued operations	-29.8	28.7	na.
Net result	-8.7	60.7	na.
Cash flow	17.0	52.2	-67.4 %
Headcount (FTE)	1 256	1 184	+6.1 %
in CHF million	30.06.2024	31.12.2023	±
Total assets	343	598	-42.6 %
Shareholders' equity	199	436	-54.4 %
Equity ratio	57.9 %	72.9 %	
Net cash	1.0	107	-99.0 %

¹ from continuing operations

Remaining divisions

Chemistry: entry into the Indian pharmaceutical market

The acquisition of Sorbead India and Swambe Chemicals in April 2024 gave the Chemistry Division its own presence in the Indian chemistry and pharmaceutical markets. The acquired companies now trade under the Sorbchem India Pvt. Ltd. name. The division's manufacturing facilities in Rütli, China and the USA were well utilized in the first half-year. Deuterated products for use in laboratory analyses and OLED displays and high-value molecular sieves used in the production of ethanol were in particularly strong demand, while weak activity in the construction sector depressed the demand for molecular sieve powders. The cost of lithium saw a substantial decline. This in turn reduced net sales, as the lower production costs are passed on to the customer. New order volumes were above prior-year levels overall, and net first-half sales were raised to CHF 62.0 million, an increase of 7.7% on the prior-year period (and of 8.0% at constant currency and net of acquisition effects). EBITDA was slightly up at CHF 10.4 million, giving an EBITDA margin of 16.7%.

Outlook for 2024 – The efficiency enhancements envisaged in the USA, the capacity expansion in Rütli and the integration of Sorbchem India will be effected as planned. Net sales and EBITDA for the full 2024 business year are likely to be at or around their high 2023 levels.

01.01.–30.06., in CHF million	2024	2023	±
Sales	62.0	57.5	+7.7%
EBITDA	10.4	9.4	+10.0%
EBITDA margin	16.7%	16.4%	
EBIT	7.0	6.9	+1.8%
EBIT margin	11.3%	11.9%	
Headcount (in FTE)	358	288	+24.3%

Packaging: capacities well utilized worldwide

As expected, the Packaging Division saw its very high order volumes of 2023 return to their lower pre-COVID levels in the first half of 2024. A tendency among customers to reduce safety stocks and a decline in the demand for dietary supplements depressed first-half sales volumes. But these declines were largely offset for the period by a highly favourable product mix and its corresponding benefits in pricing terms. The prices of raw materials (PVC in particular) continued to return to more normal levels. Disruptions to logistics chains such as in the Red Sea shipping route prompted rises in transport costs. The division's manufacturing facilities were well utilized worldwide. The new plant in Brazil further ramped up production and began supplying customers with coated PVC films. These serial deliveries are steadily being expanded. With the lower sales volumes combining with lower raw materials prices, the Packaging Division saw its net first-half sales decline to CHF 114.9 million, down 13.3% on the prior-year period (and -10.7% at constant currency). EBITDA margin was just below its prior-year level at 17.8%.

Outlook for 2024 – New order volumes are expected to increase again in the second half of the year. Further slitting capacities in Switzerland and the USA will also come into use as planned. After an exceptional 2023, EBITDA for the year is likely to return to its solid 2022 levels.

01.01.–30.06., in CHF million	2024	2023	±
Sales	114.9	132.5	-13.3%
EBITDA	20.4	24.1	-15.2%
EBITDA margin	17.8%	18.2%	
EBIT	17.1	20.7	-17.3%
EBIT margin	14.9%	15.6%	
Headcount (in FTE)	539	525	+2.7%

Spun-off divisions

Paper: continuing pricing pressures

The demand for paper in Western Europe saw significantly smaller declines in the first half of 2024 (newsprint down 2.8%, coated magazine paper down 1.0%) than it had in the prior-year period (newsprint down 22.0%, coated magazine paper down 26.8%). In addition to economic fluctuations, digitalization remains a structural driver of paper consumption trends. With continuing pressures on publication paper prices combining with rising costs, net first-half sales for the Paper Division declined to CHF 124.6 million in spite of higher sales volumes – down 12.1% on the prior-year period (and down -9.9% at constant currency). Despite the successful adoption of optimization and savings measures, EBITDA before spin-off declined as expected to CHF -5.6 million.

Outlook for 2024 – In parallel with overall economic trends, the consumption of paper products is expected to decline far less in 2024 than it did in 2023, and should remain more at the current level. The plant closures announced by competitors should lead to a more balanced supply and consumption ratio. The sector will

continue to consolidate, too. The Paper Division expects to report net sales for the full year of 2024 that are substantially below their prior-year level, along with a negative EBITDA for the year. Following the division's spin-off, however, its second-half results will no longer be consolidated in the 2024 accounts and financial statements of CPH Group AG.

01.01.–30.06., in CHF million	2024	2023	±
Sales	124.6	141.7	-12.1%
EBITDA ¹	-5.6	28.6	na.
EBITDA margin ¹	-4.5%	20.2%	
EBIT ¹	-9.2	25.5	na.
EBIT margin ¹	-7.3%	18.0%	
Headcount (in FTE)	352	364	-3.3%

¹ before spin-off

Consolidated 2024 half-year financial statements

Income statement

in CHF thousand	Remaining divisions			Spun-off divisions			CPH Group total		
	2024	2023	2023	2024	2023	2023	2024	2023	2023
	01.01.–30.06.	01.01.–30.06.	01.01.–31.12.	01.01.–30.06.	01.01.–30.06.	01.01.–31.12.	01.01.–30.06.	01.01.–30.06.	01.01.–31.12.
Net sales	176 866	190 043	361 500	124 604	141 712	262 482	301 470	331 755	623 982
Other operating income	1 422	1 065	2 309	12 044	5 058	11 113	13 466	6 123	13 422
Change in inventories	-2 536	1 038	-4 567	-204	-1 144	-3 329	-2 740	-106	-7 896
Total income	175 752	192 146	359 242	136 444	145 626	270 266	312 196	337 772	629 508
Cost of materials	-91 545	-106 476	-189 569	-66 477	-56 348	-113 616	-158 022	-162 824	-303 185
Cost of energy	-5 960	-6 195	-11 180	-41 162	-27 446	-54 989	-47 122	-33 641	-66 169
Personnel expense	-33 881	-32 923	-65 922	-19 428	-19 033	-36 990	-53 309	-51 956	-102 912
Maintenance and repairs	-4 027	-4 387	-8 671	-7 764	-6 686	-13 393	-11 791	-11 073	-22 064
Other operating expense	-10 153	-8 757	-18 949	-7 168	-7 543	-14 224	-17 321	-16 300	-33 173
Result from spin-off	-	-	-	-22 326	-	-	-22 326	-	-
Operating result before depreciation (EBITDA)	30 186	33 408	64 951	-27 881	28 570	37 054	2 305	61 978	102 005
Depreciation	-6 673	-5 954	-13 073	-3 601	-3 063	-6 129	-10 274	-9 017	-19 202
Operating result (EBIT)	23 513	27 454	51 878	-31 482	25 507	30 925	-7 969	52 961	82 803
Financial result	629	-860	-2 012	1 599	-99	-809	2 228	-959	-2 821
Ordinary result	24 142	26 594	49 866	-29 883	25 408	30 116	-5 741	52 002	79 982
Non-operating result	1 520	13 283	7 696	177	3 813	4 302	1 697	17 096	11 998
Result before income taxes	25 662	39 877	57 562	-29 706	29 221	34 418	-4 044	69 098	91 980
Income taxes	-4 539	-7 962	-12 425	-78	-483	-549	-4 617	-8 445	-12 974
Net result	21 123	31 915	45 137	-29 784	28 738	33 869	-8 661	60 653	79 006
Thereof:									
– Shareholders of the company	21 123	31 842	45 016	-29 784	28 738	33 869	-8 661	60 580	78 885
– Minority shareholders	-	73	121	-	-	-	-	73	121
Earnings per share (in CHF)	3.52	5.31	7.50	-4.97	4.79	5.65	-1.44	10.10	13.15
Diluted earnings per share (in CHF)	3.52	5.31	7.50	-4.97	4.79	5.65	-1.44	10.10	13.15

Balance sheet

in CHF thousand	Remaining divisions			Spun-off divisions			CPH Group total		
	30.06.2024	30.06.2023	31.12.2023	30.06.2024	30.06.2023	31.12.2023	30.06.2024	30.06.2023	31.12.2023
Cash and cash equivalents	29 962	96 552	35 379	-	61 344	72 261	29 962	157 896	107 640
Trade receivables	62 056	64 113	51 143	-	24 608	19 957	62 056	88 721	71 100
Inventories	75 041	84 174	72 479	-	33 334	29 598	75 041	117 508	102 077
Other current assets	16 401	22 492	22 831	-	5 970	2 301	16 401	28 462	25 132
Total current assets	183 460	267 331	181 832	-	125 256	124 117	183 460	392 587	305 949
Total fixed assets	159 873	145 675	146 099	-	139 695	146 143	159 873	285 370	292 242
Total assets	343 333	413 006	327 931	-	264 951	270 260	343 333	677 957	598 191
Financial liabilities	20 815	82 297	723	-	-	-	20 815	82 297	723
Trade payables	41 090	45 580	35 970	-	30 443	35 069	41 090	76 023	71 039
Other liabilities	42 969	40 907	42 193	-	10 125	6 657	42 969	51 032	48 850
Total current liabilities	104 874	168 784	78 886	-	40 568	41 726	104 874	209 352	120 612
Financial liabilities	8 102	-	-	-	-	-	8 102	-	-
Other liabilities	31 426	31 427	32 274	-	8 492	9 034	31 426	39 919	41 308
Total non-current liabilities	39 528	31 427	32 274	-	8 492	9 034	39 528	39 919	41 308
Total liabilities	144 402	200 211	111 160	-	49 060	50 760	144 402	249 271	161 920
Total shareholders' equity	198 931	212 795	216 771	-	215 891	219 500	198 931	428 686	436 271
Total liabilities and equity	343 333	413 006	327 931	-	264 951	270 260	343 333	677 957	598 191

Cash flow statement

01.01.–30.06., in CHF thousand	2024	2023
Net result	-8 661	60 653
Depreciation	10 274	9 017
Other non-cash items	15 413	-17 500
Cash flow before change in non-financial net working capital	17 026	52 170
Change in net working capital	6 521	-1 247
Cash flow from operating activities	23 547	50 923
Acquisition of subsidiary	-32 341	-
Capital expenditures for fixed assets	-12 082	-15 218
Disposal of fixed assets	7 099	22 834
Cash flow from investing activities	-37 324	7 616
Free cash flow	-13 777	58 539
Change in current financial liabilities	20 062	686
Repayment of bond	-	-17 190
Increase of non-current financial liabilities	8 215	-
Purchase of treasury shares	-102	-180
Distribution to shareholders	-24 000	-27 000
Spin-off of Paper division	-69 166	-
Cash flow from financing activities	-64 991	-43 684
Currency translation on cash and cash equivalents	1 090	-573
Net change in cash and cash equivalents	-77 678	14 282
Cash and cash equivalents as at 1 January	107 640	143 614
Cash and cash equivalents as at 30 June	29 962	157 896

Statement of changes in shareholders' equity

01.01.–30.06., in CHF thousand	2024	2023
Shareholders' equity as at 1 January	436 271	399 567
Distribution to shareholders	-24 000	-27 000
Net result	-8 661	60 653
Share-based remuneration	500	189
Purchase and sale of treasury shares	-102	-180
Spin-off of Paper division	-189 617	-
Goodwill from acquisition of subsidiary	-21 181	-
Currency translation	5 721	-4 543
Shareholders' equity as at 30 June	198 931	428 686

Notes to the half-year financial statements

1. Accounting principles

These unaudited consolidated 2024 half-year financial statements have been prepared in accordance with the Swiss GAAP FER Accounting and Reporting Recommendations. They constitute an interim report as defined in Swiss GAAP FER 31 (Complementary recommendation for listed companies), which permits an abbreviated presentation and disclosure compared to the annual financial statements.

These consolidated half-year financial statements do not contain all the disclosures provided by consolidated annual financial statements, and should therefore be read and interpreted in conjunction with the 2023 consolidated annual financial statements. The accounting principles used are identical to those used in the 2023 consolidated annual financial statements (as described on Pages 70 to 75 of the 2023 Annual Report), though due to the revision of Swiss GAAP FER 30 (consolidated financial statements), for acquisitions from the 2024 financial year onwards, previously unrecognized intangible assets which are relevant to the decision to obtain control will also be identified and recognized.

In view of the spin-off of the Paper Division, the consolidated income statement and the consolidated balance sheet have been broken down in such a way that the 'Remaining divisions' columns present the corresponding figures for CPH Group AG as if the spin-off had been effected at the start of the reporting period concerned. The 'Spun-off divisions' columns present the corresponding figures for the spun-off Paper Division, which, when combined with the figures from the 'Remaining divisions' columns, produce the total consolidated income statement and consolidated balance sheet amounts for CPH Group AG as shown in the 'CPH Group total' columns. See also Note 3, Spin-off of the paper business from chemistry and packaging activities.

These consolidated half-year financial statements include estimates and assumptions which affect the figures reported and associated disclosures. Actual results may deviate from such estimates.

The CPH Group is active in business segments in which net sales are subject to only minor seasonal fluctuations over the course of the business year.

2. Segment information

01.01.–30.06., in CHF thousand	Chemistry		Packaging		Other/ Consolidation		Remaining divisions		Spun-off divisions (Paper)		CPH Group total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Net sales	61 989	57 536	114 877	132 507	-	-	176 866	190 043	124 604	141 712	301 470	331 755
EBITDA before spin-off	10 361	9 422	20 398	24 062	-573	-76	30 186	33 408	-5 555	28 570	24 631	61 978
EBITDA margin before spin-off	16.7 %	16.4 %	17.8 %	18.2 %			17.1 %	17.6 %	-4.5 %	20.2 %	8.2 %	18.7 %
EBITDA	10 361	9 422	20 398	24 062	-573	-76	30 186	33 408	-27 881	28 570	2 305	61 978
EBITDA margin	16.7 %	16.4 %	17.8 %	18.2 %			17.1 %	17.6 %	-22.4 %	20.2 %	0.8 %	18.7 %
EBIT before spin-off	6 993	6 870	17 093	20 679	-573	-95	23 513	27 454	-9 156	25 507	14 357	52 961
EBIT margin before spin-off	11.3 %	11.9 %	14.9 %	15.6 %			13.3 %	14.4 %	-7.3 %	18.0 %	4.8 %	16.0 %
EBIT	6 993	6 870	17 093	20 679	-573	-95	23 513	27 454	-31 482	25 507	-7 969	52 961
EBIT margin	11.3 %	11.9 %	14.9 %	15.6 %			13.3 %	14.4 %	-25.3 %	18.0 %	-2.6 %	16.0 %
Headcount (in FTE)	358	288	539	525	7	7	904	820	352	364	1 256	1 184

3. Spin-off of the paper business from chemistry and packaging activities

The company resolved at its Extraordinary General Meeting of Shareholders of 20 June 2024 to create two independent companies, CPH Group AG (formerly CPH Chemie + Papier Holding AG) and Perlen Industrieholding AG. The separation was achieved by spinning off the paper business via a capital reduction and the distribution of a dividend-in-kind on 27 June 2024 under which every existing shareholder of CPH Group AG received one registered share of Perlen Industrieholding AG for every CPH registered share held.

As a result of the spin-off, the following companies left the scope of consolidation of the CPH Group:

Perlen Papier AG, Root, Switzerland

APS Altpapier Service Schweiz AG, Root, Switzerland

Perlen Deutschland GmbH, Munich, Germany

Perlen Immobilien AG (formerly CPH Immobilien AG), Root, Switzerland

Perlen Papier Immobilien AG, Root, Switzerland

Hotel & Gasthaus Die Perle AG, Root, Switzerland

The net sales and earnings of the spun-off paper business are shown in Note 2, Segment information.

The carrying values of the spun-off assets and liabilities are shown in the following table:

in CHF thousand

Cash and cash equivalents	69 166
Trade receivables	24 872
Inventories	28 234
Other current assets	7 710
Fixed assets	144 673
Trade payables	-45 083
Other liabilities	-17 629
Net assets derecognized	211 943

The CHF 22.3 million difference between the net assets derecognized of CHF 211.9 million and the goodwill recycled from equity and cumulative currency translation differences of CHF 20.9 million on the one hand and the net market value of the capital reduction/dividend-in-kind of CHF 210.5 million on the other was taken to the income statement as a non-cash-effective result from spin-off.

4. Acquisition of Sorbchem India

Zeochem AG acquired 100% of the equity of Sorbchem India Private Limited, a company domiciled in Vadodara, India, in which the activities of the previous Sorbead India and Swambe Chemicals were bundled, on 29 April 2024. Sorbchem India trades in molecular sieves and packaging materials, and manufactures chromatography gels for use in the packaging and pharmaceutical sectors.

The following table shows the preliminarily recognized market value of the assets and liabilities acquired at the time of their acquisition:

in CHF thousand

Trade receivables	2 099
Inventories	1 102
Other current assets	195
Tangible fixed assets	4 003
Identified intangible assets	5 896
Trade payables	-435
Other liabilities	-364
Net assets acquired at fair value	12 496

The CHF 21.2 million difference between the net assets acquired of CHF 12.5 million and the acquisition cost of CHF 33.7 million was taken to equity as goodwill. After deduction of the net cash acquired of CHF 0.2 million and an unpaid purchase price liability of CHF 1.1 million, this gives a net cash flow through the acquisition of subsidiaries of CHF 32.4 million. The income statement presented includes net sales from acquired subsidiaries of CHF 1.6 million. The acquisition's net sales for the first-half period up to the date of acquisition amounted to CHF 3.5 million.

5. Further notes

The total assets on 30 June 2024 of CHF 343 million were substantially down from the end of 2023. The decline stems from the spin-off of the paper manufacturing business from the chemistry and packaging activities (see Note 3). Shareholders' equity was also reduced through the spin-off to CHF 199 million. Even after this transaction, however, the CPH Group remains very solidly financed with an equity ratio of 57.9 % (prior year: 72.9%).

Other intangible assets at the end of the prior year included 98 000 carbon credits intended for sale. A further 143 000 such credits were issued to the Paper Division by the Swiss Federal Office for the Environment for the years 2022 and 2023 in the first half of 2024. No such credits were issued in the prior-year period. Up until the spin-off, these credits were capitalized under intangible assets at their zero acquisition price. A total of 135 000 such credits were sold in the first half of 2024 for a total of CHF 7.1 million. This amount is included in other operating income. No such sales were effected in the prior-year period.

As a consequence of the non-cash-effective result from the spin-off and from the paper business's negative operating result for the period (neither of which could be offset for income tax purposes), income tax expense of CHF 4.6 million was incurred for the first half-year despite the negative earnings-before-taxes result. For the prior-year period, income tax expense amounted to 14.1 % of earnings before taxes, thanks to the use of tax-loss carry forwards.

6. Currency translation rates

	Average, 01.01.–30.06.		Closing	
	2024	2023	30.06.2024	31.12.2023
1 EUR	0.9620	1.0320	0.9630	0.9300
1 USD	0.8890	0.9440	0.8990	0.8420
1 CNY	0.1233	0.1457	0.1237	0.1187
1 INR	0.0107	n/a	0.0108	n/a
1 BAM	0.4919	0.5277	0.4924	0.4755
1 BRL	0.1750	0.1870	0.1620	0.1730

7. Events after the balance sheet date

No events occurred between 30 June 2024 and 16 July 2024, the date of the approval and release for publication of these half-year financial statements, which would require adjustments to the Group's assets, equity and liabilities or would need to be disclosed here.

Agenda

18 September 2024	Investora, Zurich
24 September 2024	CPH Investors' Day, Perlen
6 November 2024	ZKB Swiss Equity Conference, Zurich
8 January 2025	Baader Helvea Swiss Equities Conference, Bad Ragaz
25 February 2025	2024 Annual Report; Media & Investors' Conference
18 March 2025	Annual General Meeting, Lucerne

Investor Relations

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