

Media release

CPH Chemie + Papier Holding posts 25% increase in net sales

CPH Chemie + Papier Holding AG (SIX: CPHN) reports consolidated net sales for 2011 of CHF 520.7 million – a 24.8% improvement on the previous year, following three years of sales volume declines. Consolidated earnings before interest and taxes (EBIT) were also improved, but remain negative for the year.

All three constituent divisions of CPH Chemie + Papier Holding AG achieved increases in their net sales for 2011, with the Paper Division posting particularly strong growth of 44%. The CHF 520.7 million consolidated net sales for the CPH Group as a whole were a 24.8% increase on 2010. In view of the Group's largely export-oriented business, however, the strength of the Swiss franc and the high price of raw materials both eroded earnings. Consolidated EBIT for 2011 was an improvement on the previous year, but remains clearly negative. The Group's net result for the year will be broadly in line with its 2010 level.

Chemistry: stable demand, enhanced efficiency

The Chemistry Division raised its annual net sales 3.3% to CHF 100.4 million, and returned to profit in overall EBIT terms. The disposal of its fine chemistry operations was accomplished as planned at the end of November with the sale of Lahr (Germany)-based CU Chemie Uetikon GmbH. In the 11 months leading up to its disposal, the division's fine chemistry business raised its net sales 11.5% over their 2010 (full-year) equivalent. The intensified focus on the pharmaceuticals sector here resulted in encouraging new order volumes and higher margins, and business was further buoyed by producing in the Eurozone. The silicate chemistry business maintained its net sales broadly at prior-year levels. The actions initiated in previous years to enhance efficiency and optimize costs had a positive impact on the EBIT result.

Paper: a sizeable sales increase

The Paper Division achieved net sales for 2011 of CHF 314.6 million. The substantial 44% increase is attributable partly to a gradual recovery in the price of newsprint paper following its slump in 2010, and partly to the higher production and sales volumes generated by the new PM 7 paper machine. In its first full year of operation, the PM 7 already produced just under 296,000 tonnes of high-quality newsprint; all in all, Perlen Paper sold over 477,000 tonnes of paper in 2011. The higher production and sales volumes helped raise divisional EBIT, but with substantial increases in the price of recovered paper (its most important raw material) and the continued strength of the Swiss franc, the division reports a further clearly negative result.

Packaging: increases in sales, margins and order volumes

The Packaging Division generated net sales for 2011 of CHF 105.7 million, a 3.9% improvement on its prior-year performance. Less-than-favourable currency exchange rate trends were offset by major efforts to raise efficiency and production volumes. The division gained further market share, too, and increased its volume of product sold by 10.7%. Order volumes also showed encouraging trends; and the divisional EBIT result was a tangible improvement on the previous year.

Outlook for 2012: upturn ahead

With the Swiss National Bank having undertaken to ensure that the franc/euro exchange rate does not fall below 1.20 and the prices of raw materials having declined somewhat since last November, the general business situation has now stabilized to some extent. Provided the minimum franc/euro exchange rate can be maintained, the efforts currently under way within all three CPH divisions to raise efficiency and optimize costs should help engineer a tangible improvement in operating results. The CPH Group's still-sound balance sheet equity ratio and strong liquidity base also provide the firmest of foundations on which to ensure its divisions' further development and growth within their various markets.

Net sales	2010	2011	Change	
	CHF million	CHF million	in CHF million	in %
Chemistry Division	97.2	100.4	3.2	+3.3
Paper Division	218.5	314.6	96.1	+44.0
Packaging Division	101.7	105.7	4.0	+3.9
CPH Group (consolidated)	417.4	520.7	103.3	+24.8

Detailed information on the CPH Group's 2011 business year will be provided at the Annual Results Media Conference on Friday 30 March.

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