
Cham Paper Group

Ad hoc media release

Cham, 17 August 2017

Pleasing business performance in the first half of 2017

There has been an encouraging trend in both divisions over the first six months of the 2017 financial year. The paper division is benefiting from the excellent reputation that its products enjoy on the market, with distribution focusing increasingly on the sale of high-margin speciality papers. Efficiency gains at the company's mills are also increasing profitability. The real estate division achieved higher rental income and is developing according to plan, with a focus on the planning process for the first stage of construction. Slightly lower revenue of CHF 99.2 million (previous year: CHF 103.8 million) resulted in an operating profit of CHF 9.9 million (previous year: CHF 5.2 million). Net income came to CHF 7.1 million (previous year: CHF 3.3 million).

Further progress in the paper division

The paper division enjoyed high demand in every market segment in the first half of the year and thus benefited from the outstanding quality of Cham Paper Group's products and services. This allowed the Group to focus on selling high-margin speciality papers. For instance, sales of digital imaging papers outperformed the market, rising by 15% (revenue share 15%). Sales of speciality papers for industrial applications (industrial release segment) also increased by 3% (revenue share 38%). The revenue share of the consumer goods segment was reduced slightly to 47%. Overall the paper division generated revenue of EUR 91.6 million (previous year: EUR 94.0 million). Production volumes were just below the previous year's levels due to the switchover to TRANSJET products (digital imaging) on the company's own base paper. In terms of tonnage, volumes dropped to lower basis weights as a result of the market trend.

At the same time, after the major efforts of the past few years, efficiency gains are proving increasingly profitable in production, while gross margins have risen considerably. The partial hedging of pulp costs largely compensated for the sharp rise in pulp prices and this effect should be partially offset in the second half of the year too now that sales prices have increased. A slight dip in operational costs resulted in an operating profit of EUR 9.4 million for the paper division, a figure which has doubled year on year (previous year: EUR 4.8 million) and corresponds to a pleasing EBIT margin of 10.3%.

Scheduled development in the real estate division

Preparations are under way for two commissioned studies for the first two substages of the site's development. Once complete, this stage will see around 80 owner-occupied flats, 130 rental flats and 30 affordable homes built. These are expected to go on sale from 2020/2021 together with some 9,000 m² of service and commercial space. Around CHF 180 million is being invested in the first stage, while the long-term financing has been secured on favourable terms. The rental income generated by existing buildings rose by 28% to TCHF 1.089 million. The lessee Specialized moved into the renovated workshop building on 1 October 2016, which had a particularly positive effect on rental income. The division was also able to make greater interim use of free space. The operating profit for the first half of the year amounted to TCHF 484 (previous year: TCHF 29).

The Tour de Suisse got under way in glorious weather, attracting thousands of cycle racing fans to the Papieri-Areal from 9 to 11 June. The new website www.papieri-cham.ch was launched to coincide with the event and will provide information about further developments on the site in future. The Zug cantonal council ruling on approving the development plan as well as the partial change to the building regulations and zoning plan is due to be announced after the summer holidays.

Further increase in shareholder's equity ratio

Cham Paper Group further bolstered its balance sheet in the reporting period. Free cash flow of CHF 6.0 million was generated. The shareholders' equity ratio stood at 59.2% at the end of the first half of the year (end of 2016: 55.4%), while net cash amounted to CHF 5.4 million. The site in Cham will continue to be valued at acquisition cost for the time being.

Functional change on the Executive Management Board

Luis Mata, who has played a significant role in restructuring the company over the past five years and has managed the Italian mill for the past two years as COO, is to take over the role of CFO of the entire Group with effect from 1 September 2017 and will thus support both divisions in their next phase of growth. Delegate of the Board and CEO of the paper division Susanne Oste shall assume direct responsibility for mills, sales and innovation.

Outlook

The Board of Directors and Executive Management Board are optimistic that the financial year will continue to develop well. They anticipate that the paper division will see continued positive market demand and further efficiency gains in production in the second half of the year, although higher pulp costs will curb margin development. The commissioned studies for the first two substages are scheduled to begin in the real estate division.

Conference call, presentation and full half-year report

A conference call is taking place at 9.00 a.m. today, 17 August 2017, with Delegate of the Board Susanne Oste, Group CFO Luis Mata and Head of the Real Estate Division Andreas Friederich, to discuss the half-year results.

The dial-in number is +41 44 580 72 69 and the confirmation code is 2450097. A brief presentation is available at

<http://ir.champaper.com/cgi-bin/show.ssp?id=500&companyName=champaper&language=German>

The complete half-year report (in German) can be downloaded from the Investor Relations section of our website (see 'Financial Reports') or via the following link:

<http://ir.champaper.ch/cgi-bin/show.ssp?id=311&companyName=champaper&language=German>

Key figures

In CHF thousands, unless otherwise specified

1 January to 30 June	2017	2016
Sales in tonnes	76,748	76,263
Net turnover	99,244	103,834
EBITDA	14,262	9,608
as a % of net turnover	14.4%	9.3%
EBIT	9,948	5,230
as a % of net turnover	10.0%	5.0%
Group profit	7,059	3,321
Earnings per share (in CHF)	9.48	4.46
Net cash flow from operating activities	7,231	4,084
Investments in tangible and intangible assets	1,393	4,889
	30/06/2017	31/12/2016
Shareholders' equity	113,033	108,118
as a % of total assets	59.2%	55.4%
(Net debt) / Net cash	5,437	3,248
Number of employees (FTE)	386	375

For information, please contact

Media and IR office Cham Paper Group Holding AG

Edwin van der Geest

E-Mail: media@cham-group.com oder investor@cham-group.com

Phone: +41 43 268 32 32 / +41 79 330 55 22

Valor / ISIN / Ticker: registered shares Cham Paper Group Holding AG 193 185 / CH0001931853 / CPGN

Cham Paper Group

The Cham Paper Group is a leading manufacturer of coated speciality papers. Surface finishing lends papers properties that generate added value for its customers. The company, which was founded in 1657, has three sites, one in Switzerland (Cham) and two in Italy (Carmignano and Condino), and a global sales network.

The decision to focus on development and sales and discontinue paper manufacturing in Switzerland has made way for a new project on the factory site in the centre of Cham. The Cham Paper Group is developing an eleven-hectare quarter there called the Papieri-Areal.

The Cham Paper Group (stock exchange symbol: CPGN) is listed on Switzerland's SIX Swiss Exchange.

Disclaimer

This communication may contain statements about the future that use words such as, for example, "believe", "assume", "expect" and other similar expressions. Such statements about the future are subject to known risks, uncertainties, and other factors, which can cause the true results of the company to differ significantly from those which are expressly or implicitly assumed in these statements. In view of these uncertainties, the reader should not depend on this type of statement about the future. The company gives no undertaking whatever to update such statements regarding the future, or to adapt them to future events or developments.

This press release is issued in English and German. The German version is binding.