

# Highlights of 2024

**The 2024 business year was one of strategic transformation for CPH Group AG. In a dynamic market environment, the company took decisive steps to further strengthen its market position and tap new opportunities for growth. Here we present the most important events and developments at CPH Group AG over the course of the year.**



The separation and spinning-off of the paper business from the company's chemistry and packaging activities was approved by the Extraordinary General Meeting of 20 June 2024.

## Paper Division spun off

CPH Group AG successfully effected the spinning-off of its Paper Division and the real-estate assets at the Perlen operating site into the new Perlen Industrieholding AG on 25 June 2024. The move represented a landmark moment in our company's more than 200-year history. The decision to spin off the Paper Division was based on a desire to transform the stock exchange-listed CPH Chemie + Papier Holding AG industrial conglomerate which had evolved over time into three independent business divisions each operating in its own markets into two separate focused companies: CPH Group AG with the remaining chemistry and packaging activities, an innovative, globally active and rapidly expanding company with further growth potential, which will remain stock exchange-listed, and the newly founded Perlen Industrieholding AG, which will focus on the Western European paper business in a market that continues to experience structural decline, while also making optimum use of the further exploitation and development potential of the business's attractive Perlen industrial site.

The continuation of the 'Perlen Papier' brand by Perlen Industrieholding AG confirms the new OTC-traded company's clear commitment to its paper business. With its high productivity, the business still boasts

sound competitive credentials, and should continue to generate solid free cash flows over the industry's economic cycles.

The spin-off of its former paper business will simultaneously enable CPH Group AG to further strengthen the global presence of its chemistry (Zeochem) and packaging (Perlen Packaging) businesses by putting a long-term focus on high-margin and growth-oriented business activities and by pursuing constant product innovations. The company's strategy will be consistently aligned to further expansion in international niche markets offering above-average opportunities in Asia, the USA and Latin America, via a combination of organic growth and acquisitions.

The successful spin-off transaction underlines CPH Group AG's commitment to generating long-term added value. Following the spin-off's completion, the company can now move ahead virtually debt-free and from a position of sizeable business strength. Long-term megatrends such as healthcare and energy offer highly promising value-adding potential which should in turn provide further added value for the company's investors.



The teams of Sorbead India and Swambe Chemicals and CPH Group AG in Vadodara, India.

## Entry into India's pharmaceutical and chemistry markets

With its acquisition of Sorbead India and Swambe Chemicals, CPH Group AG has both gained itself a presence in the Indian chemistry and pharmaceutical markets and expanded its Zeochem product portfolio. Following the completion of the sale transaction as planned at the end of April 2024, the acquisition now trades under the name of Sorbchem India Pvt. Ltd.

Sorbchem India sells and distributes molecular sieves and packaging materials and manufactures chromatography gels for use in the packaging and the pharmaceutical sectors. The company achieved an EBITDA in the lower mid-single-digit USD millions for 2024, has a workforce of some 120 personnel and maintains its own production facilities in the Indian state of Gujarat.

India is home to some 1.4 billion people, and overtook China in 2024 as the world's most populous country. The Indian economy has been experiencing continuous growth which is powered by a number of drivers such as a young and dynamic population, an aspirational technology sector and the country's growing urbanization.

The Indian government is putting an increasing emphasis on reforms which should help ameliorate the investment climate and attract direct foreign investments, all of which will help further strengthen the country's economic growth. Against this background, CPH Group AG's Chemistry Division is expanding its global activities at the ideal moment, and is doing so both geographically and in product portfolio terms.

The acquisition of Sorbchem India represents a further consistent step in CPH Group AG's pursuit of its strategy of expanding its global market position in regions with high growth potential. By tapping into the dynamic and growing Indian market, the company is both extending its global presence and positioning itself to take full and fruitful advantage of local and regional business opportunities.

Sorbchem India's motivated employees, for their part, are pleased that they will now be able to contribute their expertise and their experience within an industrial concern with such a long business history and such high quality aspirations.





The new fully automated waste water desalination plant in Donghai

## Waste water used to reclaim raw materials

Zeochem successfully put a new waste water desalination plant into operation at its Donghai production site in China in autumn 2024. The company's employees had been steadily developing the technology which the new facility required in close collaboration with its supplier over the previous two years. In establishing the new plant, Zeochem has made further progress in optimizing sustainability and the efficient use of resources at its production facilities, within the broader framework of CPH Group AG's endeavours to ensure and maintain responsible and environmentally minded business activities.

The fully automated desalination plant also allows further progress to be made in ensuring the sustainable manufacture of binder-free molecular sieves, which are particularly effective in oxygen production. The manufacture of these molecular sieves generates a by-product of various types of saline water waste. Zeochem's new desalination plant

efficiently and automatically removes and separates the various salts involved. This in turn enables Zeochem to either re-use these salts as raw materials or solidify them and sell them in this solid form. The desalinated water can also be re-used at the production site, to reduce waste water volumes and further spare resources.

Zeochem expects the new desalination plant, which it has essentially developed itself, to produce more than 25 million litres of desalinated water and over 1 000 tonnes of salts a year from 2025 onwards. The resulting efficiency enhancements not only support Zeochem's pursuit of its sustainability objectives: they also help to lower operating costs, by eliminating the charges that would otherwise be levied for the treatment of the waste water involved and through the generation of valuable process heat which can then be re-used.

## Automation and capacity expansion

CPH Group AG's strategy of being close to its customers is also pursued by Perlen Packaging at its Whippany operating site in the USA, which is home to the company's slitting activities and logistics organization for the US, Canada and Mexico. In response to growing demand for pharmaceutical packagings in the markets concerned, Perlen Packaging increased the site's slitting capacities in 2024. The operation also made further infrastructural improvements to raise efficiency and to enhance workplace ergonomics for its personnel.

The company's first action here was to automate its reel packaging. Process-controlled conveyors now transport the slitted reels which have been tailored in the slitting plant to each customer's specifications to the packaging facility. Here each reel is weighed before being packaged in stretch film, labelled and sent to the warehouse for palleting, all entirely automatically and in full compliance with all hygiene standards. In addition to these process enhancements, Perlen Packaging has also doubled the slitting capacity at its US site by adding a second slitting machine.

At the same time, the company has also installed a robot to ensure that the process is automated throughout, by automatically taking the reels from the two slitting machines and transferring these to the packaging facility. As well as raising efficiency, the new procedure eliminates the need to physically lift heavy film reels anywhere in the

production process. In making this improvement to its workplace ergonomics, Perlen Packaging has further raised its care and concern for the health and the safety of its employees. And this in turn enhances the company's attractiveness as a considerate employer in the New York metropolitan area, which continues to experience jobseeker shortages in its employment market.



Perlen Packaging's US capacity was doubled through the relocation of a slitting machine from its Perlen to its Whippany site.

## Latin American market tapped

Perlen Packaging has been active in the Latin American market for over 25 years. What began with exporting the company's products from Europe to the continent and having them distributed via local sales representations has evolved into a sizeable regional success story.

Perlen Packaging took its first steps in Latin America in Brazil, the continent's biggest pharmaceutical market, where it entered into a joint-venture collaboration with its local representative, the Anápolis-based Pharmaexpress. This initial involvement was then followed by investment in a local slitting and logistics centre, to allow larger reels of pharmaceutical packaging films to be imported from Europe and then be locally cut and tailored to specific regional customers' requirements, thereby reducing delivery times. Local dedicated sales and customer service teams were also established and developed.

To further strengthen its regional competitive credentials, Perlen Packaging has continued to invest over the past few years in manufacturing its own products in Brazil for the Latin American market. These actions saw the establishment at the end of 2022 of a new local coating plant to produce barrier films. Parallel to this, the company embarked on a partnership with Brazil-based PVC specialist Cipatex for the local manufacture of the basic PVC pharmaceutical film used in its film manufacturing activities.

2023 saw the successful ISO auditing of the new operation in Anápolis, which is Brazil's second-most-important pharmaceuticals hub after São Paulo. Perlen Packaging remains the only local producer of pharmaceutical blister film materials that are certificated to ISO 15378, the highest international standard for the manufacture of primary medicinal packaging materials.

These extensive endeavours have been duly recognized by Perlen Packaging's customers, too: Sindusfarma, the biggest business association within Brazil's pharmaceutical industry, whose members account for more than 95% of the country's medicinal products market, honoured the Perlen Packaging Anápolis team with its 2024 Gold Award for the best local pharmaceutical packaging manufacturer, in acknowledgement of their outstanding products and services.



Above: The Perlen Packaging Latin America sales and service team at the FCE in São Paulo, the continent's biggest trade show for suppliers to the pharmaceutical industry. Left: The Gold Award earned by Perlen Packaging in Brazil.