CPH Chemie + Papier Holding AG

CPH Investors’ Day
18 June 2019
Agenda

14.00 Uhr  Introduction
14.05 Uhr  Strategy, Business developments, Q & A
14.30 Uhr  Break
14.35 Uhr  Introduction Chemistry Division, Q & A
15.30 Uhr  Factory tour Zeochem AG
16.30 Uhr  Aperitif
The CPH Group At a glance

The CPH Chemie + Papier Holding AG is a diversified and international operating industrial group founded in 1818 and headquartered in Switzerland. The CPH shares have been listed on the SIX since 2001 with the founding families as strong anchor shareholders.

533.5 51.6 42.3
Sales 2018 in CHF million  EBIT 2018 in CHF million  Net result 2018 in CHF million

3 1081 10
Business Divisions  Personnel  Production sites
## The CPH Group Key figures

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>± in CHF</th>
<th>± in %</th>
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<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>469.8</td>
<td>533.5</td>
<td>63.7</td>
<td>13.6</td>
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<tr>
<td><strong>EBITDA</strong> in % of net sales</td>
<td>33.8</td>
<td>83.1</td>
<td>49.3</td>
<td>146.2</td>
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<td>7.2</td>
<td>15.6</td>
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<tr>
<td><strong>EBIT</strong> in % of net sales</td>
<td>2.9</td>
<td>51.6</td>
<td>48.7</td>
<td>1679.8</td>
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<td>0.6</td>
<td>9.7</td>
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<tr>
<td><strong>Net result (including minorities)</strong> in % of net sales</td>
<td>16.2</td>
<td>42.3</td>
<td>26.1</td>
<td>161.3</td>
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<tr>
<td></td>
<td>3.4</td>
<td>7.9</td>
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</tr>
<tr>
<td><strong>Cash flow</strong></td>
<td>14.5</td>
<td>69.0</td>
<td>54.5</td>
<td>376.7</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>12.9</td>
<td>18.3</td>
<td>5.4</td>
<td>42.1</td>
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<tr>
<td><strong>Balance sheet total</strong></td>
<td>697.6</td>
<td>800.5</td>
<td>102.9</td>
<td>14.8</td>
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<tr>
<td><strong>Equity</strong> in % of the balance sheet total</td>
<td>396.2</td>
<td>407.1</td>
<td>10.9</td>
<td>2.8</td>
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<tr>
<td></td>
<td>56.8</td>
<td>50.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Personnel</strong></td>
<td>1 019</td>
<td>1 081</td>
<td>62</td>
<td>6.1</td>
</tr>
</tbody>
</table>
The CPH Group Business Divisions

Key figures 2018

<table>
<thead>
<tr>
<th>Divisions</th>
<th>Chemistry</th>
<th>Paper</th>
<th>Packaging</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>CHF 79.4 million</td>
<td>CHF 301.1 million</td>
<td>CHF 153.0 million</td>
</tr>
<tr>
<td>EBITDA</td>
<td>CHF 10.7 million</td>
<td>CHF 50.9 million</td>
<td>CHF 21.6 million</td>
</tr>
<tr>
<td>Production</td>
<td>CH / USA / CN / BiH</td>
<td>CH</td>
<td>CH / DE / USA / BRA / CN</td>
</tr>
<tr>
<td>Personnel</td>
<td>293</td>
<td>369</td>
<td>413</td>
</tr>
</tbody>
</table>

Sales by region

- Chemistry:
  - 1% Switzerland
  - 21% rest of Europe
  - 48% The Americas
  - 26% Asia
  - 4% rest of the world

- Paper:
  - 21% Switzerland
  - 77% rest of Europe
  - 1% The Americas
  - 1% Asia

- Packaging:
  - 5% Switzerland
  - 60% rest of Europe
  - 17% The Americas
  - 16% Asia
  - 2% rest of the world
The CPH Group Markets and Locations

2018 sales by region:
- 14% Switzerland
- 64% Europe
- 12% America
- 9% Asia
- 1% Rest of the world

2018 sales by division:
- 15% Chemistry
- 56% Paper
- 29% Packaging
The CPH Group Strategic objectives

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Actions</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales broadly balanced among the three divisions</td>
<td>Expand Chemistry and Packaging to counterbalance Paper</td>
<td>Chemistry and Packaging’s share of total net sales</td>
</tr>
<tr>
<td>Higher share of net sales from outside Europe</td>
<td>Expand in markets in growth regions</td>
<td>Proportion of net sales from outside Europe</td>
</tr>
<tr>
<td>Less exposure to the Swiss franc in currency movement terms</td>
<td>Expand production capacities outside Switzerland</td>
<td>Proportion of costs incurred in Swiss francs</td>
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</table>

Chemistry and Packaging’s share of total net sales

Proportion of net sales from outside Europe

Proportion of costs incurred in Swiss francs
### The CPH Group Divisional success

<table>
<thead>
<tr>
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<th>CPH Group</th>
<th>Chemistry</th>
<th>Paper</th>
<th>Packaging</th>
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<td>293</td>
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± in %
The CPH Group Business developments

<table>
<thead>
<tr>
<th>Chemistry</th>
<th>Paper</th>
<th>Packaging</th>
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<tr>
<td>Sales</td>
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<tr>
<td>in CHF million</td>
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<td>2014</td>
<td>50</td>
<td>300</td>
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<td>2015</td>
<td>55</td>
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<td>2016</td>
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<td>2017</td>
<td>65</td>
<td>360</td>
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<tr>
<td>2018</td>
<td>70</td>
<td>360</td>
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<tr>
<td>EBITDA</td>
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<tr>
<td>in CHF million in % of sales</td>
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<tr>
<td>2014</td>
<td>4%</td>
<td>-5%</td>
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<tr>
<td>2015</td>
<td>8%</td>
<td>5%</td>
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<tr>
<td>2016</td>
<td>12%</td>
<td>10%</td>
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<tr>
<td>2017</td>
<td>16%</td>
<td>15%</td>
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<td>2018</td>
<td>20%</td>
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CPH Presentation Investors' Day, 18 June 2019
Paper Market and price development in Europe

in million tonnes

Newsprint

Capacity

Demand

CHF / t (45 g/m²)


Prices


Magazine paper

Capacity

Demand

CHF / t (LWC 60 g/m²)


CPH Presentation Investors’ Day, 18 June 2019
As both paper machines are constantly operating at full capacity, sales are not driven by production volume but mainly by paper prices and exchange rates.
Outlook Encouraging prospects for 2019

Chemistry
- Strengthen sales activities in target markets
- More capacity expansion planned
- Division seeking to further raise net sales and maintain EBIT margin

Paper
- Further 6-8% decline expected in demand for newsprint and magazine paper
- CHF 14.3 million investments planned to further improve facilities and processes
- Steady net sales and EBIT margin slightly below 2018 expected for the year

Packaging
- 6.5% global growth expected in the pharmaceuticals packaging market
- Substantial increases likely in the Asian and Latin American shares of the overall market
- Above-market-average net sales growth sought with steady EBIT margin

The CPH Group
- Strong order volumes suggest favourable business developments in the first half of the year
- Provided currencies remain stable, total net sales should see a slight increase on 2018
- It may prove challenging to maintain EBIT margin at its prior-year level
- Net result for the year is likely to be broadly at its 2018 level
Questions

Thank you for your attention
The CPH Group **Key dates**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>19 July 2019</td>
<td>2019 Half-Year Report (to 30 June)</td>
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<td>19 September 2019</td>
<td>Investora Investor Conference in Zurich</td>
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<td>6 November 2019</td>
<td>ZKB Equity Conference in Zurich</td>
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<td>16/17 January 2020</td>
<td>Baader Helvea Swiss Equities Conference</td>
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<td>17 March 2020</td>
<td>CPH Chemie + Papier Holding AG</td>
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<td>Ordinary General Meeting in Lucerne</td>
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Agenda

• The Zeochem Group: what we do
• The strategic reshaping of the Zeochem Group and its impact on performance
Agenda

• The Zeochem Group: what we do
• The strategic reshaping of the Zeochem Group and its impact on performance
Zeochem’s global production and distribution

Production
- Zeochem LLC
- Zeochem Ltd
- Zeochem doo
- Zeochem AG

Distribution
- LLC
- Ltd
- AG

Market
- Molecular sieves

Business unit
- C&E
- IG
- Medox
- TD

Specialties
- Gels
- Deutero
Zeochem’s global production and distribution: molecular sieves
Zeochem’s global production and distribution: specialties
# Zeochem’s global markets

<table>
<thead>
<tr>
<th>Market</th>
<th>Molecular sieves</th>
<th>Specialties</th>
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<tbody>
<tr>
<td>Business unit</td>
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<tr>
<td>C&amp;E</td>
<td>Ethanol</td>
<td>Gels</td>
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<td>IG</td>
<td>Natural gas</td>
<td>Specialties</td>
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<tr>
<td>Medox</td>
<td>VPSA</td>
<td>Deutero</td>
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<td>TD</td>
<td>Sodium</td>
<td>Irregular</td>
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<td>SZ</td>
<td>Lithium</td>
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<td>Applications</td>
<td>Ethanol plants</td>
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<td>Natural gas plants</td>
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<td>Odor removal</td>
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<td>APIs</td>
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<td>Electronics:</td>
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<td>OLEDs</td>
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</tbody>
</table>
Zeochem’s global markets

Molecular sieves

C&E
IG
Medox
TD
SZ

Specialties
Gels
Deutero

Products
- 3A
- 4A
- 13X

Applications
Removal of moisture, hydrocarbons, carbon dioxide and sulfur in ethanol production and natural gas treatment

Source: CropEnergies
Zeochem’s global markets

<table>
<thead>
<tr>
<th>Molecular sieves</th>
<th>Specialties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business unit</td>
<td>C&amp;E</td>
</tr>
</tbody>
</table>

**Products**
- Z10-05-03
- Z10-05-07
- Z5-03HP

**Applications**
Air separation (removal of CO$_2$ and N$_2$) to increase oxygen content or to produce hydrogen

Source: Linde AG
Source: Messer Group
Zeochem’s global markets

Molecular sieves

<table>
<thead>
<tr>
<th>Business unit</th>
<th>C&amp;E</th>
<th>IG</th>
<th>Medox</th>
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<th>SZ</th>
</tr>
</thead>
</table>

Specialties

- Gels
- Deutero

Products
- ZEOX II
- OP 32
- OP 92

Applications
- Air separation (removal of CO₂ and N₂) to increase oxygen content for use in mobile oxygen concentrators

Source: DeVibiss
Zeochem’s global markets

**Molecular sieves**

- C&E
- IG
- Medox
- TD
- SZ

**Specialties**

- Gels
- Deutero

**Business unit**

**Products**
- 3A and 4A Purmol
- Window beads
- Air brake beads

**Applications**

- Absorption of moisture in air brake systems, in refrigeration and in double-glazed windows
- Adsorbing moisture in polyurethane

Source: Audi

Source: Knorr-Bremse
Zeochem’s global markets

Molecular sieves

Business unit
C&E  IG  Medox  TD  SZ

Specialties
Gels  Deutero

Products
- ZSM5 powder (ZEOflair)

Applications
Removal of undesirable odors, flavors and volatile organic components (in plastics, carpets, plasterboards and similar)
Zeochem’s global markets

Molecular sieves

<table>
<thead>
<tr>
<th>Business unit</th>
<th>C&amp;E</th>
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</tr>
</thead>
</table>

Specialties

Gels

Deutero

Products

- Irregular gels (ZEOprep)
- Spherical gels (ZEOsphere)

Applications

Separation of ingredients such as:
- APIs (insulin, peptides)
- small molecules
- natural products
- lipids
- carbohydrates
- pigments

Source: seilnacht.com
Source: Pall
### Zeochem’s global markets

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<td></td>
</tr>
<tr>
<td>Gels</td>
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</tr>
</tbody>
</table>

#### Applications
- Neutral testing liquids for NMR spectroscopy
- Improving the longevity and color quality of OLED screens
- Improving the properties of new APIs while replacing H₂O by D₂O, resulting in better compatibility in the human body

Source: LG

**Products**
- Deuterated solvents (ZEOtope)
Agenda

• The Zeochem Group: what we do
• The strategic reshaping of the Zeochem Group and its impact on performance
Acquisition and integration of Alsio

Canton Zurich’s new cantonal high school project opened up new prospects for Zeochem’s historic Uetikon site. To continue the molecular sieves business and also gain better access to the Asian market, it was decided to acquire a competitor in China and move molecular sieve production from Switzerland to this low-cost country.
Setting up of Zeochem Pte. in Singapore

Zeochem’s market share in Southeast Asia was not commensurate with its position as a global player in the molecular sieves market. To increase this regional market share, an experienced sales executive was appointed to develop a new Zeochem Pte. business based in Singapore. Since then, sales in the region have been rapidly increasing.
Construction of the new Zvornik site

To continue and further expand the chromatography gel, zeolite powder and specialty zeolite businesses, a new production site had to be found. To this end, Zeochem signed a long-term agreement with its supplier in Zvornik, Bosnia and Herzegovina and moved production there from its Uetikon site. The project took just 19 months from the initial idea (a call to a local lawyer in Bosnia) to the first trucks delivering finished goods to clients.
Capacity expansion in Louisville

The production capacity in Louisville has been expanded to meet the increasing demand for lithium products (for industrial gas and medical oxygen applications).
Move to Rüti

In order to continue and further expand the deutero business, the production of deuterated components and high-performance gels was moved from Uetikon to Rüti, together with the global management and administration of the Zeochem Group.
Merger of Uetikon companies

With the closure of the Uetikon site, the companies previously domiciled in Uetikon were merged into Zeochem AG to simplify the organizational structure.

Chemie Uetikon AG
CU Deutero + Agro AG

ZEOCHEM®
Renamings of Zeochem Group companies

With its increasingly global presence, it became important to sharpen the Zeochem Group’s global profile, too. So all its constituent companies were renamed “Zeochem” in 2018.
Closure of the Uetikon site

To prepare its handover to Canton Zurich, Zeochem cleaned up the Uetikon site and removed plant and equipment for further use in China, Bosnia and the USA. Unusable equipment was sold. 75% of the workforce had to be laid off. But a severance benefits plan combined with outplacement support helped the large majority of employees to find new opportunities with other employers or enabled them to receive a retirement package.
Acquisition of Armar

Business partner Armar AG was acquired under the strategy of growing the high-margin business. Armar and Zeochem have been working together for more than 30 years, and have now agreed to combine their businesses in the new Rüti premises.
Acquisition of Shanghai Yusheng

To expand its business activities in China, Zeochem acquired the molecular sieve distribution business of its distribution partner Shanghai Yusheng Chemical.
Sales force expansion

Parallel to these strategic projects, we have also been increasing our sales force globally:
The Zeochem Group’s global presence in 2015
The Zeochem Group’s global presence in 2019

- Zeochem AG, Uetikon (CH)
- Zeochem doo, Zvornik (BIH)
- Zeochem LLC, Louisville (USA)
- Zeochem LLC, Houston (USA)
- Zeochem (Aquachemie), Bahrain
- Zeochem, (Czech Republic)
- Zeochem Ltd, Donghai (China)
- Zeochem Ltd, Shanghai (China)
- Zeochem (Japan)
- Zeochem Ltd, Louisville (USA)
- Zeochem Ltd, Shanghai (China)
- Zeochem Pte., Singapore

Production site and sales hub
Sales hub
The strategic reshaping of the Zeochem Group has had a positive impact on its business development.