

Investors' Day 2020

8 September 2020



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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.

524.7

Sales 2019 in CHF million

56.6

EBIT 2019 in CHF million

48.4

Net result 2019 in CHF million

3

Business Divisions

1086

Personnel

13

Production sites

The CPH Group Key figures



in CHF million	2018	2019	± in CHF	± in %
Net sales	533.5	524.7	-8.9	-1.7
EBITDA in % of net sales	83.1 15.6	88.0 16.8	+4.9	+5.9
EBIT in % of net sales	51.6 9.7	56.6 10.8	+5.0	+9.6
Net result (including minorities) in % of net sales	42.3 7.9	48.5 9.2	+6.2	+14.6
Cash flow	69.0	79.9	+10.9	+15.9
Adjusted free cash flow ¹⁾	19.5	39.9	+20.4	+104.6
Balance sheet total	800.5	702.7	-97.8	-12.2
Equity in % of the balance sheet total	407.1 50.9	441.3 62.8	+34.2	+8.4
Personnel	1081	1086	+5 FTEs	+0.5

¹⁾ excluding CHF 100 million fixed-term deposit of funds generated by corporate bond issue of 12.10.2018, repaid 9.7.2019

The CPH Group Broad and innovative product portfolio



Chemistry



Molecular sieves, chromatography gels, specialty zeolites, deuterated products



Industry, energy, pharmaceuticals



Paper



Newsprint and magazine paper



Publishing



Packaging



PVC monofilms, PVdC coated films

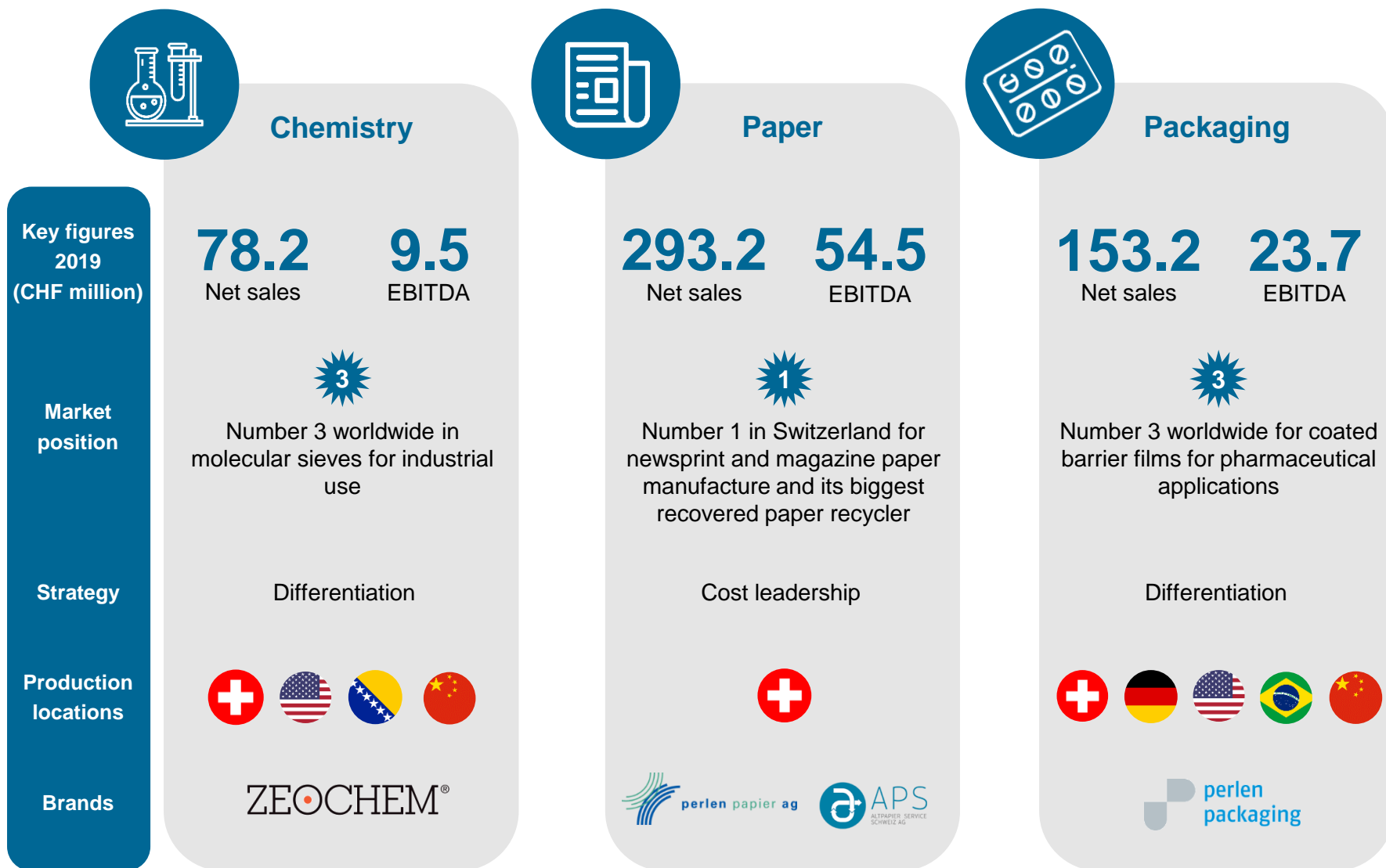


Pharmaceuticals

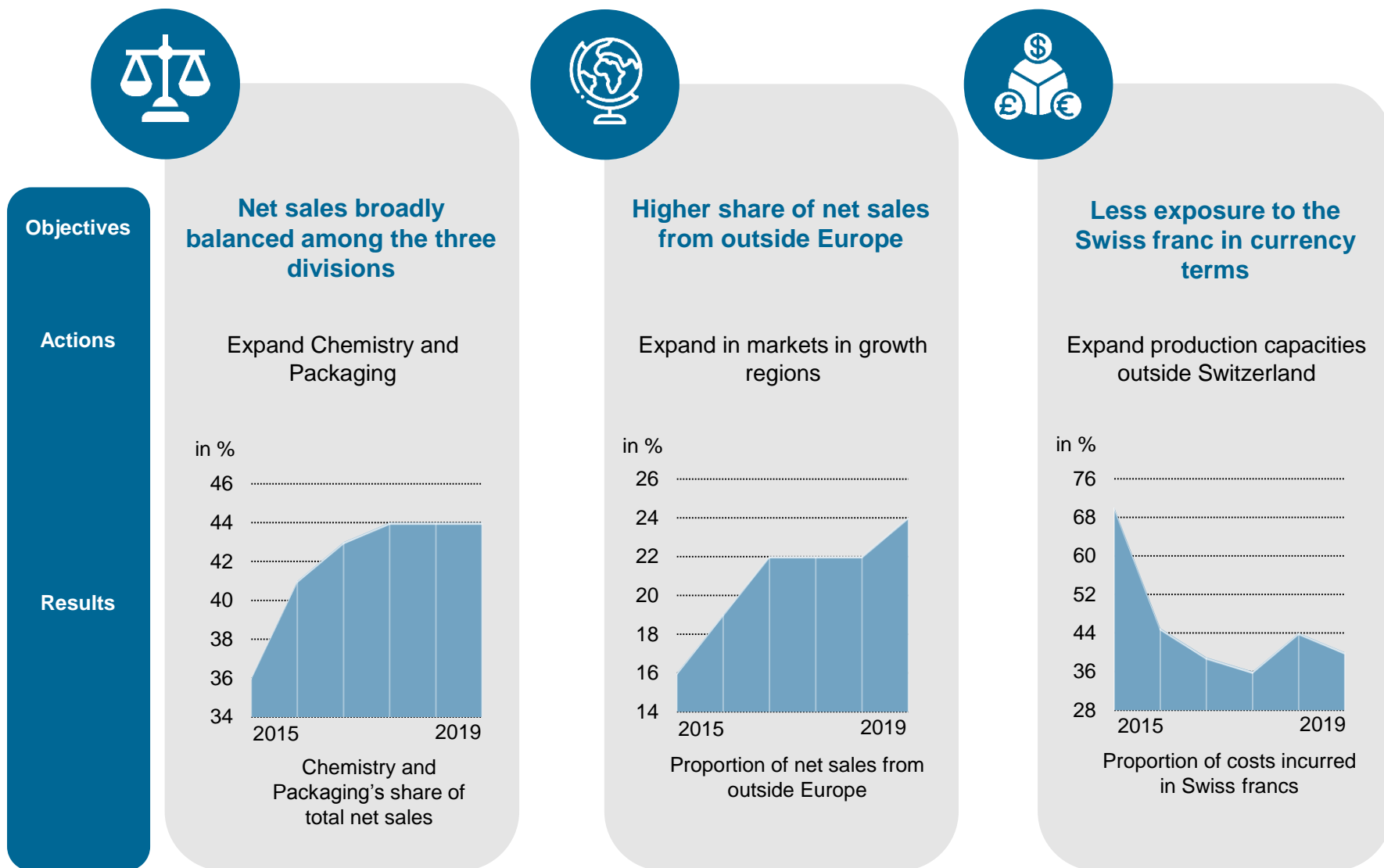
Products

Markets

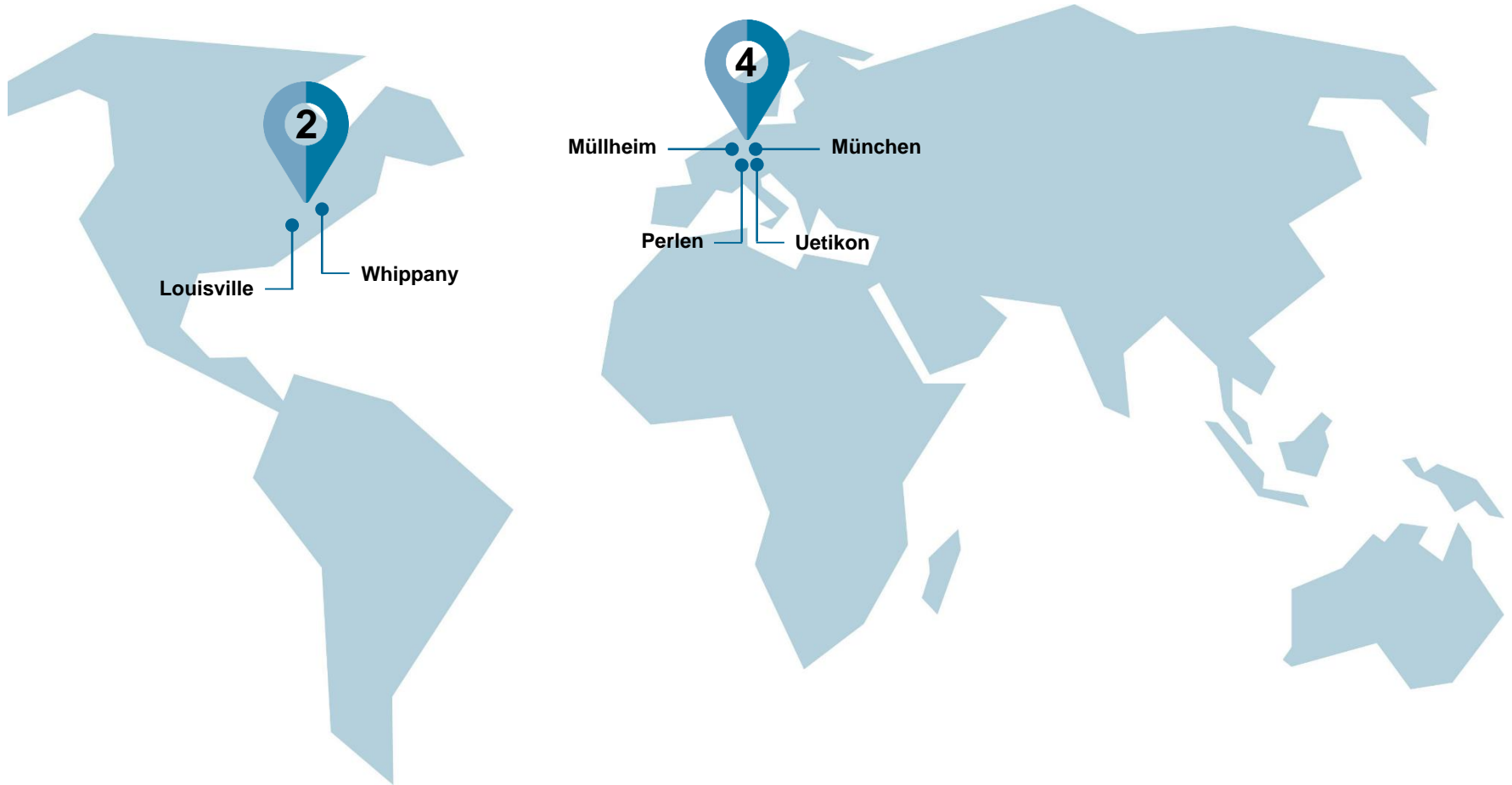
The CPH Group Business Divisions



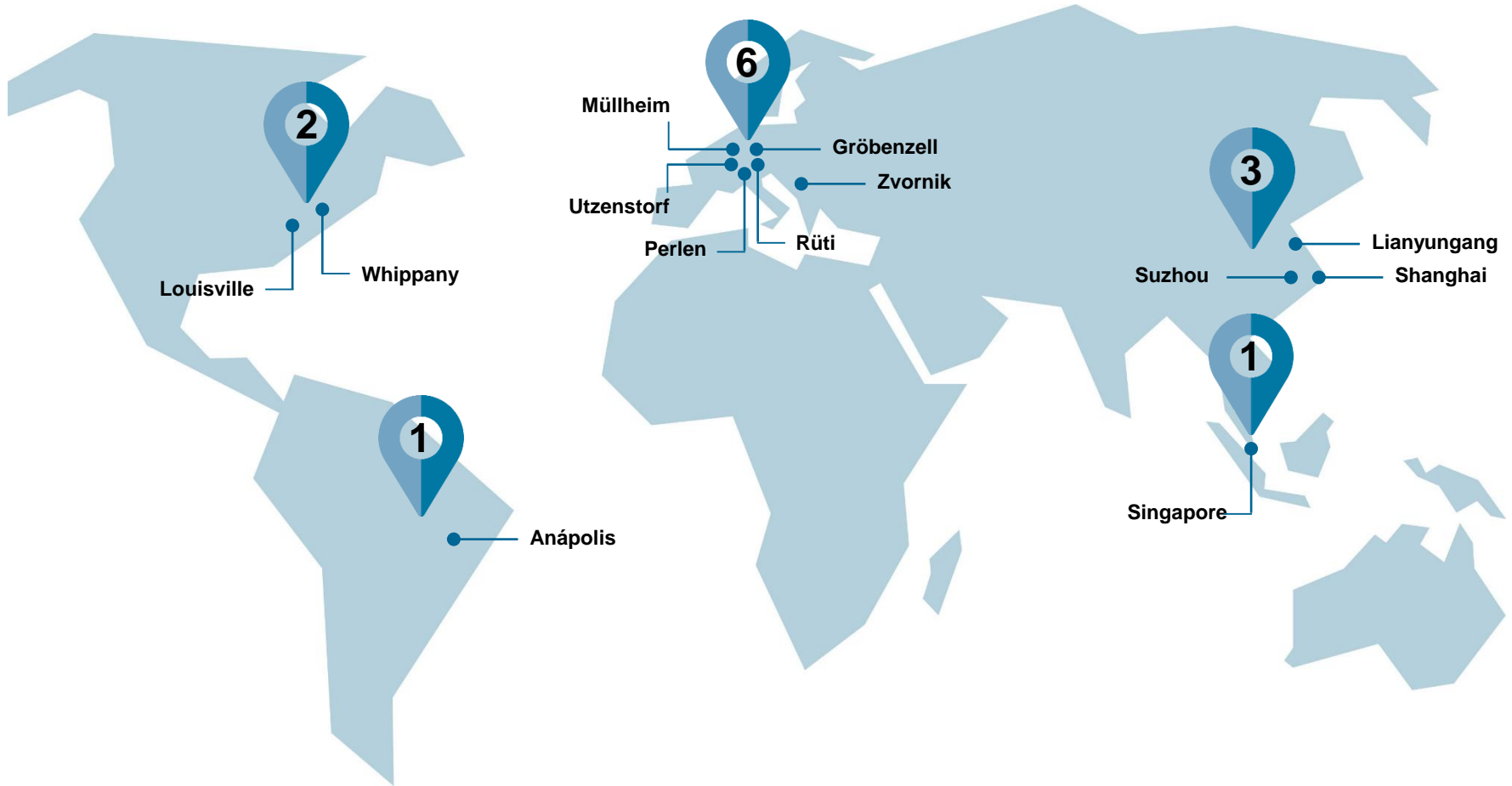
The CPH Group “Strategy 2024” approved



The CPH Group Worldwide sites in 2014



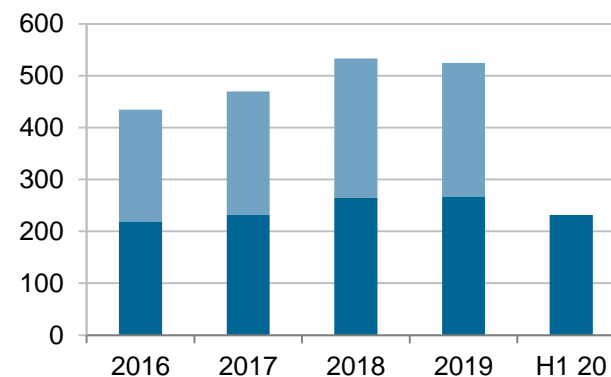
The CPH Group Worldwide sites in 2019



The CPH Group Key figures 1st half of 2020

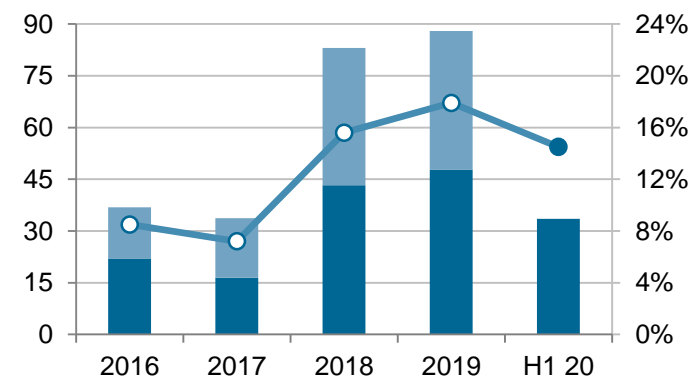
in CHF million	H1 19	H1 20	± in %
Net sales	267.5	231.8	-13.3
EBITDA	47.8	33.5	-29.9
EBITDA margin in %	17.9	14.5	
EBIT	32.0	17.8	-44.4
EBIT margin in %	12.0	7.7	
Net result (incl. minorities)	27.2	27.2	-0.2
in % of net sales	10.2	11.7	
Cash flow	42.3	27.5	-35.1
Free cash flow	21.4	22.9	7.0
Balance sheet total	815.8	691.1	-15.3
Equity	422.3	454.2	7.6
in % of balance sheet total	51.8	65.7	
Personnel	1092	1095	0.3

Net sales



in CHF million

EBITDA



in CHF million

— % of net sales

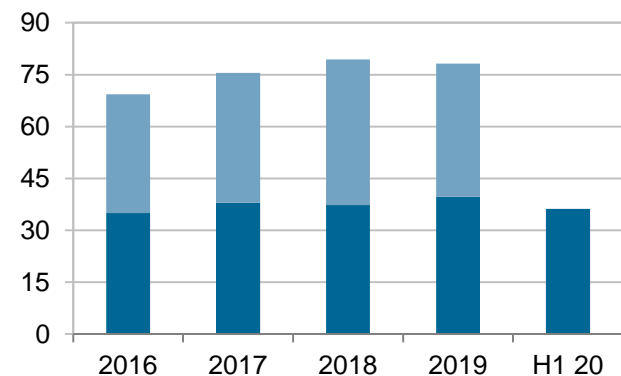
1st Half of 2020 Divisional results

in CHF million	CPH Group		Chemistry		Paper		Packaging	
	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020
Net sales	267.5	231.8	39.7	36.2	146.9	108.9	80.8	86.7
EBITDA	47.8	33.5	5.6	5.0	29.0	12.5	13.3	16.1
EBITDA margin in %	17.9	14.5	14.2	13.7	19.7	② 11.5	16.4	18.6
EBIT	32.0	17.8	3.1	2.5	19.0	2.3	10.1	13.1
EBIT margin in %	12.0	7.7	7.8	① 7.0	12.9	2.1	12.4	③ 15.0
Personnel	1092	1095	306	283	369	364	411	442

- ① Good value compared to industry development
- ② Best in European comparison
- ③ Record margin for the division

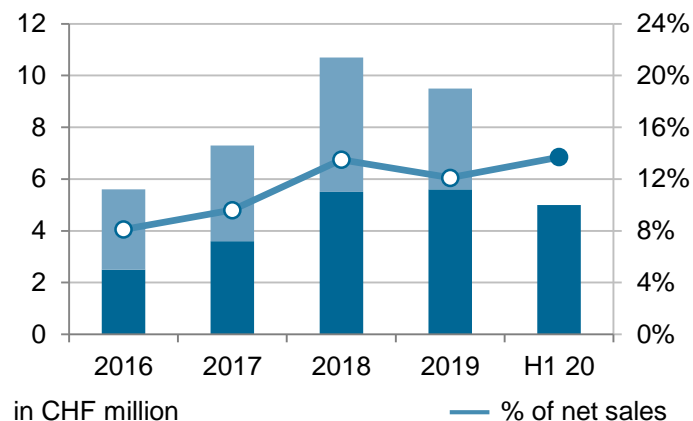
Chemistry Business developments

Net sales



in CHF million

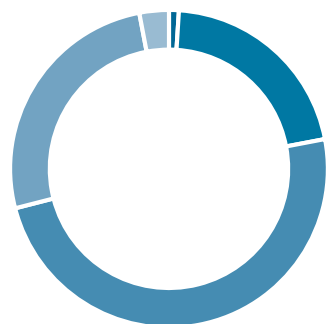
EBITDA



in CHF million

— % of net sales

Net sales 2019 by region



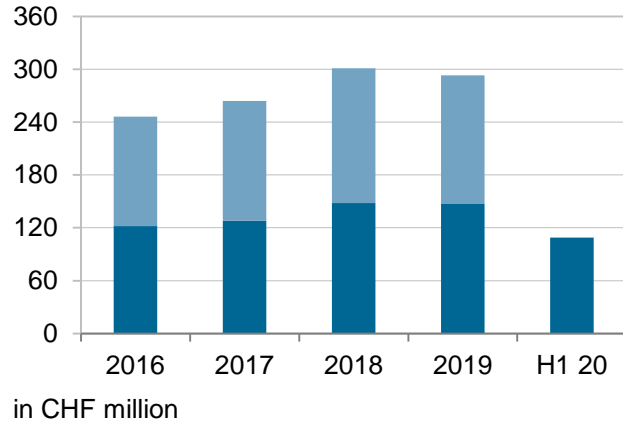
- 1% Switzerland
- 21% Rest of Europe
- 49% The Americas
- 26% Asia
- 3% Rest of the world

1st half of 2020

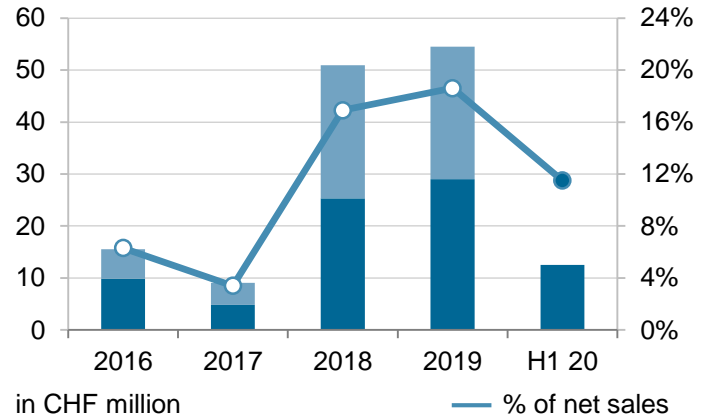
- Good start, followed by slowdown due to the corona crisis
- Order intake in Medox segment at record level
- Energy industry's demand is collapsing
- Investments in industrial gas plants have been postponed

Paper Business developments

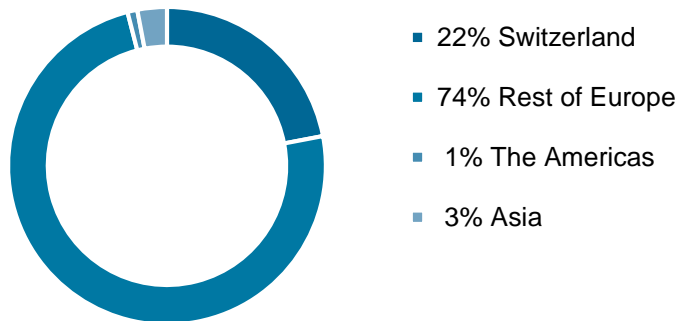
Net sales



EBITDA



Net sales 2019 by region

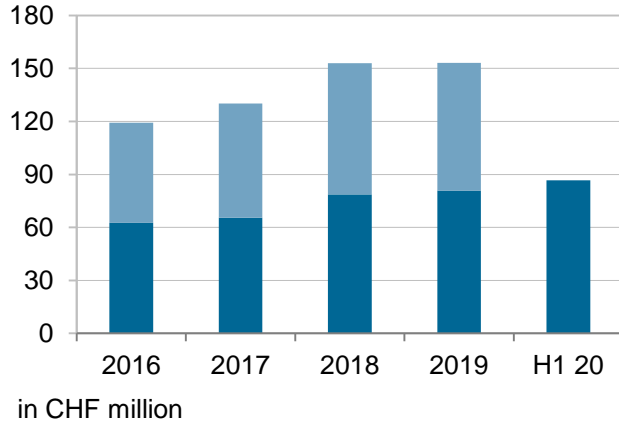


1st half of 2020

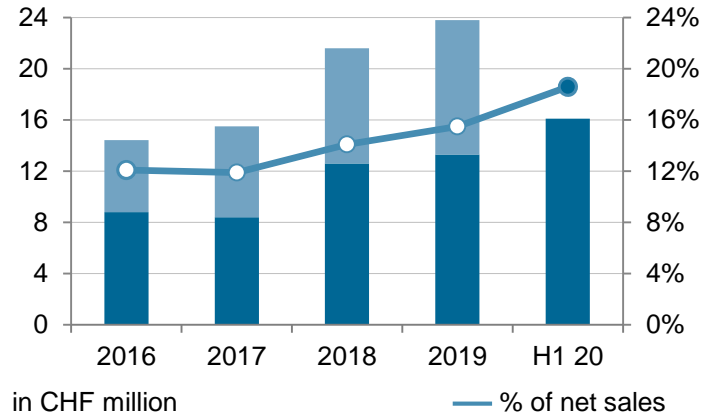
- Q1: Demand for paper already down by 10%
- Q2: Corona crisis causes demand for paper to fall by 40%
- Overcapacities force stoppages in production lasting for several days
- Prices for waste paper rose when the corona crisis started as collection activity was limited

Packaging Business developments

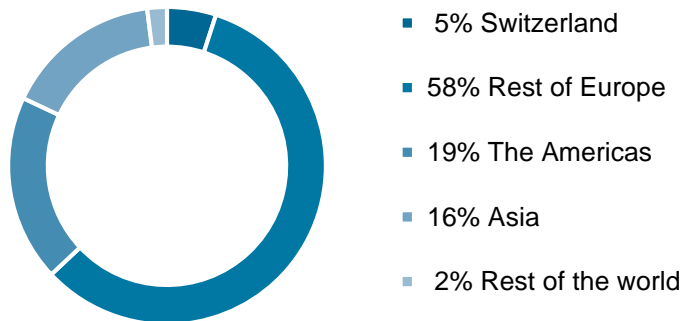
Net sales



EBITDA



Net sales 2019 by region



1st half of 2020

- Demand for medication sharply increased during the corona crisis
- Order intake on record level
- Capacity balancing within the production facilities secured delivery capability
- Expansion of capacities in Brazil by means of new coating plant



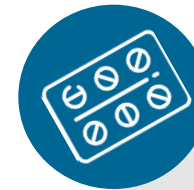
Chemistry

- Speed and extent of recovery from corona crisis crucial for investment demand
- Rigorous cost control
- Sales will decrease compared to previous year
- EBIT margin planned to be within the scope of previous year



Paper

- Demand for magazine and newsprint paper expected to slightly recover in H2
- Massive overcapacities put pressure on paper prices
- Market consolidation becomes inevitable
- Sales will be below 2019 figures
- EBIT will be negative



Packaging

- Demand is expected to return to normal once the corona crisis subsides
- Further expansion of the high-barrier segment
- Construction of a coating plant planned in Brazil
- Significant increase in revenue and higher EBIT planned



The CPH Group

Sales and operating result will decline significantly in 2020. The net result is likely to be in the lower double-digit million range.

1st Half of 2020 Consolidated income statement

in CHF million	H1 2019	H1 2020	± in CHF	± in %
1 Net sales	267.5	231.8	-35.7	-13.3
Changes to semi-finished & finished inventories, other income	15.5	1.9	-13.6	-88.0
Total income	282.9	233.6	-49.3	-17.4
Cost of materials and energy	-163.6	-133.1	30.5	18.6
2 Personnel cost, outsourced maintenance/repairs, other operating expense	-71.5	-67.0	4.5	6.3
EBITDA	47.8	33.5	-14.3	-29.9
Depreciation and amortization	-15.8	-15.7	0.1	0.6
EBIT	32.0	17.8	-14.2	-44.4
3 Financial result	-3.5	-2.4	1.1	31.3
Earnings before taxes and non-operating/extraordinary items	28.5	15.4	-13.1	-46.0
Non-operating result	0.5	2.0	1.5	300.0
Extraordinary result	0	12.0	12.0	
Earnings before taxes	29.0	29.4	0.4	1.4
4 Income taxes	-1.8	-2.2	-0.4	-22.3
Net result (incl. minorities)	27.2	27.2	0.0	-0.2

1 Net sales: -13.3%, currency-adjusted: -8.2% (Chemistry: -4.2%, Paper: -22.9%, Packaging: +14.6%)

2 Reduction of structural costs (cost-cutting measures)

3 “Double” interest cost of bond issue in H1 2019; lower refinancing costs, reduction of financial debt

4 Low tax rate of 7.6%

1st Half of 2020 Consolidated balance sheet

in CHF million	31.12.2019	30.06.2020	± in CHF	± in %
① Liquid funds	93.1	103.0	9.9	-10.6
② Other current assets	173.6	163.0	-10.6	-6.0
③ Fixed assets	436.0	425.1	-10.9	-2.6
Total assets	702.7	691.1	-11.6	-1.7
Current liabilities	95.9	87.5	-8.4	-8.7
④ Non-current liabilities	165.5	149.4	-16.1	-9.7
Equity	441.3	454.2	12.9	2.9
Equity ratio in %	62.8	65.7		2.9
Total equity and liabilities	702.7	691.1	-11.6	-1.7

- ① Increase despite nominal value repayment and further repayment of short-term financial debt
- ② Reduction due to lower trade account receivables (especially Paper) and inventory reduction
- ③ Investments of CHF 7.2 million below depreciation level of CHF 15.8 million
- ④ Reduction of provisions for environmental protection measures of CHF 14 million (lake restoration in Uetikon ZH and Rotholz in Meilen ZH)

1st Half of 2020 Consolidated cash flow statement

in CHF million	H1 2019	H1 2020	± in CHF	± in %
Net result (incl. minorities)	27.2	27.2	0.0	-0.2
Depreciation, changes in provisions	15.1	0.3	-14.8	
① Cash flow	42.3	27.5	-14.8	-35.1
② Change in net current assets	-13.6	2.9	16.5	
Cash flow from operating activities	28.7	30.4	1.7	5.8
Cash flow from investment activities	-7.3	-7.5	-0.2	
Free cash flow	21.4	22.9	1.5	7.0
③ Financial liabilities	-4.0	-2.7	1.3	
Dividends to shareholders	-10.8	-10.8	0	
Cash flow from financing activities	-14.8	-13.5	1.3	8.5
Currency translation effects	-0.1	0.5	0.6	
Net change in cash and cash equivalents	6.5	9.9	3.4	52.5

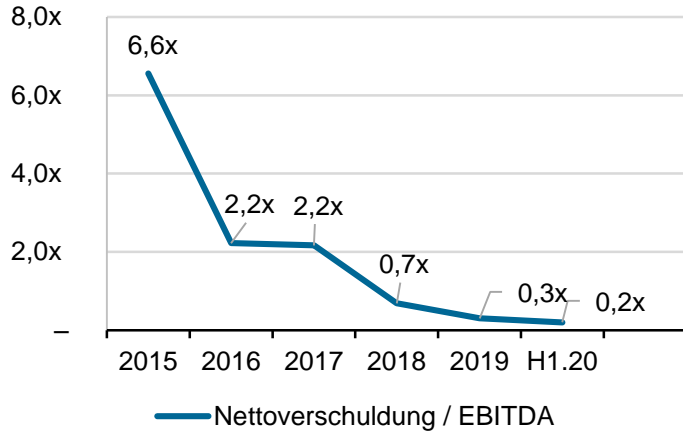
① Significantly lower cash flow due to lower volumes

② Sharp expansion of inventories in previous year; slight reduction of net current assets in reporting period

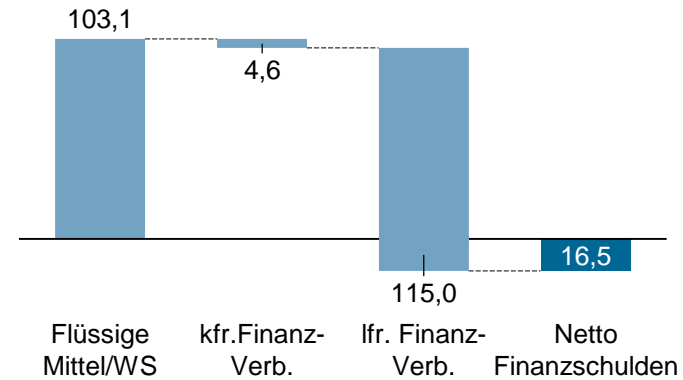
③ Further reduction of financial liabilities of CHF 2.7 million due to good levels of liquid funds

The CPH Group Net debt and leverage

Leverage



Net financial debt for 1st half of 2020 (in CHF million)



Remarks

- Strong reduction of leverage over the last years (solid free cash flow)
- Net financial debt again reduced, by CHF 13.0 million in H1 2020
- Gross debt of around CHF 120 million
- Additional credit line of CHF 40 million with Swiss banks since mid-2019

The CPH Group demonstrates financial strength in H1 2020



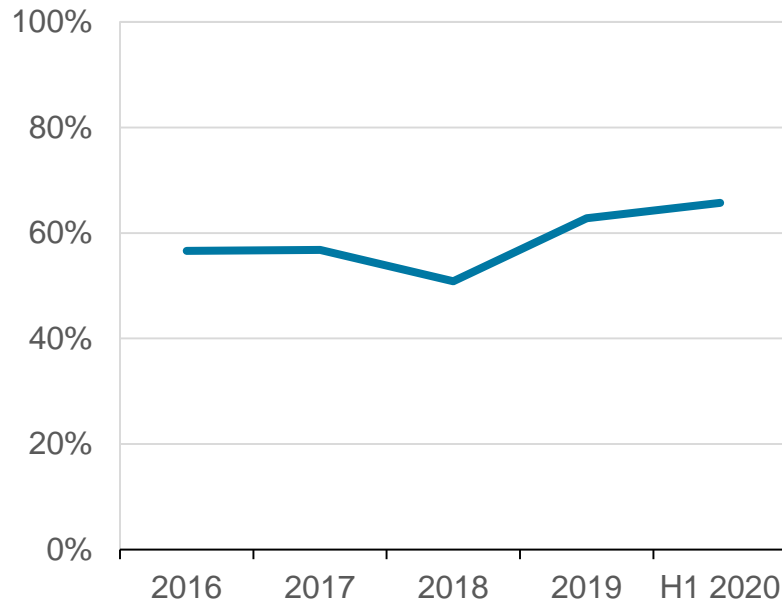
13.7%	EBITDA margin Chemistry – affirmation despite difficult environment
11.5%	EBITDA margin Paper – best in European comparison
18.6%	EBITDA margin Packaging – record result once again
7.7%	EBIT margin CPH Group – on reasonable level despite corona crisis
27.2 Mio.	Net result – on previous year's level due to special effects
65.7%	Equity ratio – soundly financed
7.2 Mio.	Investments to further raise efficiency and capacities
22.9 Mio.	Free cash flow – liquid funds of CHF 103.0 million
0.2x	Net debt ratio – net debt of CHF 16.5 million

The CPH Group Target financial KPIs

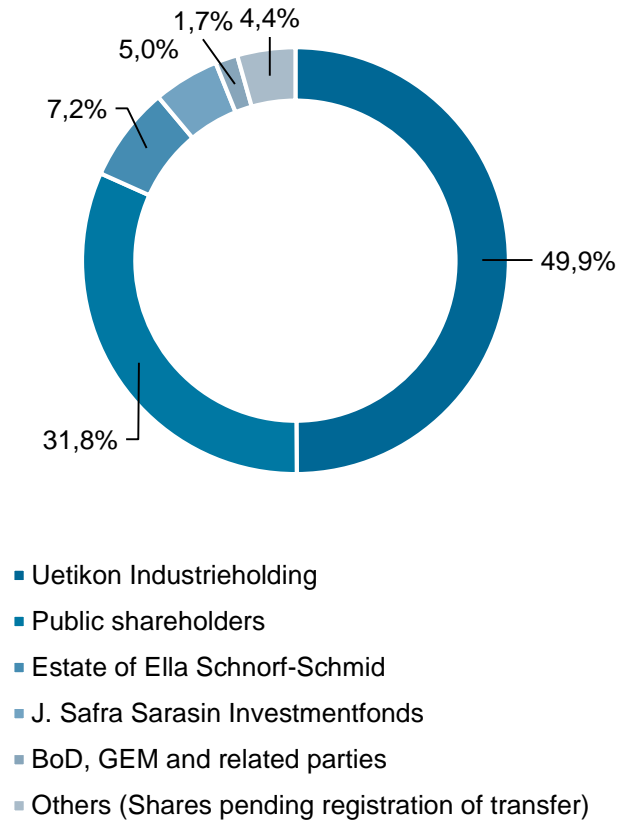
- Organic net sales growth of more than 3% a year
- EBITDA margin of over 10%
- Equity ratio above 50%
- Liquidity of at least CHF 30-50 million
- Annual operating investments of CHF 20-25 million

The CPH Group Solid key figures and stable anchor shareholders with a long-term commitment

Equity ratio



Shareholders (as of 31 December 2019)



CPH Share Dividend and share price development



Distributions

Business year	2015	2016	2017	2018	2019
Dividend per share (in CHF)	0.60	0.65	0.65	1.80	1.80
Dividend yield (in % at 31.12.)	1.6	1.2	2.2	2.3	(2.3)

- Dividend policy: distribution of 25% to 50% of the net result, with due regard to liquidity and free cash flow
- Long-term distribution policy
- 2015-2018: distributions from tax-exempt capital contribution reserve
- 2019: instead of a dividend, reduction in nominal value of CHF 1.80 per share

Share price trends 01/01/2019 – 06/30/2020



CPH Share An attractive investment



- Leading competitive positions in three industrial sectors with three distinct brands
 - Cost leader in the predatory newsprint and magazine paper market and Switzerland's biggest recovered paper recycler
 - Expansion of Chemistry and Packaging divisions reducing dependence on Paper
 - Expanding (Chemistry and Packaging) production capacities outside Switzerland to reduce currency risks
 - Investing in growth markets
 - Sound equity base
 - Stable anchor shareholders with long-term commitment
- Solid dividend levels (around 2%) with further share price rise potential