Annual Results Media Conference
26 February 2016
Introductory remarks

Business in 2015

Financial results

Outlook for 2016

Peter Schaub

Peter Schildknecht

Marcel Bernet

Peter Schildknecht
2015 in brief

- All three business divisions raised sales volumes and gained market share.
- Chemistry and Packaging improved EBIT in a challenging environment.
- Paper down on prior year owing to strong Swiss franc and lower prices.
- CPH Group: net sales down 14.7% year-on-year, but 1.7% up if currency and paper price factors excluded; negative EBIT for the year.
- Packaging: construction of new production facility in China well on track.
- Chemistry: China-based molecular sieve manufacturer ALSIO acquired.
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### Group and divisional results

<table>
<thead>
<tr>
<th></th>
<th>CPH Group</th>
<th>Chemistry</th>
<th>Paper</th>
<th>Packaging</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>492.5 420.0</td>
<td>60.2 62.5</td>
<td>314.4 247.8</td>
<td>117.8 109.7</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>50.8 12.2</td>
<td>1.0 1.5</td>
<td>37.0 -3.8</td>
<td>10.7 10.7</td>
</tr>
<tr>
<td>in % of net sales</td>
<td>10.3 2.9</td>
<td>1.6 2.4</td>
<td>11.8 -1.5</td>
<td>9.1 9.8</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>16.0 -21.8</td>
<td>-2.2 -1.8</td>
<td>12.5 -28.0</td>
<td>5.1 5.9</td>
</tr>
<tr>
<td>in % of net sales</td>
<td>3.3 -5.2</td>
<td>-3.6 -2.9</td>
<td>4.0 -11.3</td>
<td>4.3 5.3</td>
</tr>
<tr>
<td><strong>Personnel numbers</strong></td>
<td>860 858</td>
<td>180 182</td>
<td>364 360</td>
<td>307 309</td>
</tr>
</tbody>
</table>

- All three business divisions raised their sales volumes and increased their market shares.
- Chemistry and Packaging improved their EBIT results despite difficult market conditions and a stronger Swiss franc.
- Paper saw a decline in its net sales and reported a negative EBIT result owing to adverse currency trends and lower paper prices.
Higher sales volumes for all three divisions, but only translated at Chemistry into higher net sales

<table>
<thead>
<tr>
<th>Division</th>
<th>2014</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemistry</td>
<td>60.3</td>
<td>62.5</td>
<td>+3.8%</td>
</tr>
<tr>
<td>Paper</td>
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<td>247.8</td>
<td>-21.2%</td>
</tr>
<tr>
<td>Packaging</td>
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<td>109.7</td>
<td>-6.8%</td>
</tr>
<tr>
<td>CPH Group</td>
<td>492.5</td>
<td>420.0</td>
<td>-14.7%</td>
</tr>
</tbody>
</table>
Sold mainly in Europe, produced largely in Switzerland

- **Americas**: 11% of net sales
- **Europe**: 81% of net sales
- **Asia & RoW**: 8% of net sales

- **Paper**: Perlen (Switzerland), Whippany (USA)
- **Packaging**: Perlen (Switzerland), Müllheim (Germany)
- **Chemistry**: Louisville (USA), Uetikon (Switzerland)
Proportion of net sales outside Switzerland continues to rise

Net sales in CHF million

<table>
<thead>
<tr>
<th>Year</th>
<th>Switzerland</th>
<th>Rest of world</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>2000</td>
<td>46%</td>
<td>54%</td>
</tr>
<tr>
<td>2010</td>
<td>18%</td>
<td>82%</td>
</tr>
<tr>
<td>2015</td>
<td>13%</td>
<td>87%</td>
</tr>
</tbody>
</table>
Swiss francs-per-euro exchange rate trends
The Paper Division
Paper: fierce competition and a strong Swiss franc

2015 net sales by region:
- Switzerland: 17%
- Eurozone: 77%
- Rest of Europe: 4%
- Rest of the World: 2%

Net sales:
- 2011: 340 million CHF
- 2012: 330 million CHF
- 2013: 320 million CHF
- 2014: 310 million CHF
- 2015: 300 million CHF

EBITDA:
- 2011: 15%
- 2012: 10%
- 2013: 5%
- 2014: 0%
- 2015: -5%
European press paper production capacities have been reduced by 4.3 million tonnes to 14 million tonnes since 2011.

<table>
<thead>
<tr>
<th></th>
<th>Newsprint</th>
<th>Coated magazine paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in capacity 2011-2015</td>
<td>-2.1</td>
<td>-2.2</td>
</tr>
<tr>
<td>2015 capacities</td>
<td>6.7</td>
<td>7.3</td>
</tr>
<tr>
<td>Demand in 2015</td>
<td>6.2</td>
<td>6.5</td>
</tr>
</tbody>
</table>

Production facilities in Western Europe which reduced their capacities between 2011 and 2015

- Newsprint
- Magazine paper

Source: PPPC
Fierce competition depressing paper prices

**Newsprint**

- Tonnes (m)
- CHF / t (45 g/m²)

**Magazine paper**

- Tonnes (m)
- CHF / t (LWC 60 g/m²)
Net sales stagnant despite substantially higher sales volumes

Net sales in CHF million
Tonnages sold in thousand

EBITDA in % of net sales

Net sales in CHFm
Tonnages sold in thousand
EBITDA in % of net sales
Actions to ensure cost leadership in sales regions

PM 7, Europe's most advanced paper machine

PM 4 used to manufacture higher-margin magazine paper

Electricity purchased on free energy market

Steam procured from Renergia, reducing CO₂ emissions by around 60 000 tonnes

Further drive to obtain recycled paper from Swiss sources

Actions constantly being taken to further enhance efficiency

Introduction of new products such as PerlenValue
Per-tonne paper manufacturing costs substantially reduced: fixed costs constant with 80% increase in production volumes

CHF per tonne

- Total Costs - 32%
- Variable Costs - 28%
- Fixed Costs - 43%

Volumes produced in thousand tonnes

- Fixed costs in CHF million

2009 2011 2015

- Volumes produced (left-hand scale)
- Fixed costs (right-hand scale)
Share of European newsprint market continues to grow

**Newsprint**

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Volume (thousand tonnes)</th>
<th>Market Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>10,000</td>
<td>5%</td>
</tr>
<tr>
<td>2014</td>
<td>8,000</td>
<td>5%</td>
</tr>
<tr>
<td>2015</td>
<td>6,000</td>
<td>5%</td>
</tr>
</tbody>
</table>

**Magazine paper (LWC, offset)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Volume (thousand tonnes)</th>
<th>Market Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>5,000</td>
<td>15%</td>
</tr>
<tr>
<td>2014</td>
<td>4,000</td>
<td>15%</td>
</tr>
<tr>
<td>2015</td>
<td>3,000</td>
<td>15%</td>
</tr>
</tbody>
</table>

**Market share increased in 2015**

**Market share maintained in 2015**

*Market volume in thousand tonnes (left-hand scale)*

*Market share in % (right-hand scale)*
The Chemistry Division
Chemistry increased both net sales and earnings

### Net sales

- **2011**: 
- **2012**: 
- **2013**: 
- **2014**: 
- **2015**: 

### EBITDA

- **2011**: 
- **2012**: 
- **2013**: 
- **2014**: 
- **2015**: 

#### 2015 net sales by region

- Switzerland: 9%
- Eurozone: 19%
- Rest of Europe: 14%
- USA: 37%
- Rest of Americas: 5%
- Rest of the world: 15%
Chemistry growing through high-margin products

- Facilities for manufacturing higher-margin products for pharmaceutical applications (medical oxygen and chromatography gels) very well utilized
- Higher volumes of special zeolites produced
- Productivity raised and quality improved
- Substantial savings on the procurement front
- Bob Gray named General Manager at Zeochem LLC
- Warehouse purchased in Louisville
- Pilot plant planned in the USA for faster product development

Pilot plant to accelerate the innovation process

The growing pharmaceuticals market includes medical oxygen applications
The Packaging Division
Packaging raises profitability

**Net sales**

- 2011
- 2012
- 2013
- 2014
- 2015

**EBITDA**

- 2011
- 2012
- 2013
- 2014
- 2015

**2015 net sales by region**

- Switzerland 5%
- Eurozone 45%
- Rest of Europe 16%
- USA 5%
- Rest of Americas 11%
- Rest of the world 18%
Packaging’s success story continues

- Share raised of a stagnant European market
- Particularly strong growth in films with high-barrier credentials
- New products: PERLATOP™ with paper cover film
- Productivity-raising programme delivers substantial savings
- Sizeable wastage reduction
- Energy management introduced and Müllheim plant earns ISO 50001 certification
- PVdC coating capacities expanded at Perlen site
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Consolidated income statement for the CPH Group

<table>
<thead>
<tr>
<th></th>
<th>2014 CHFm.</th>
<th>2015 CHFm</th>
<th>in %</th>
<th>in %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>492.5</td>
<td>420.0</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Other income</td>
<td>14.7</td>
<td>-2.6</td>
<td>3</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>507.2</td>
<td>417.4</td>
<td>103</td>
<td>99</td>
</tr>
<tr>
<td>Cost of materials</td>
<td>256.4</td>
<td>221.1</td>
<td>52</td>
<td>53</td>
</tr>
<tr>
<td>Energy costs</td>
<td>71.2</td>
<td>61.2</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>Personnel cost</td>
<td>87.7</td>
<td>86.3</td>
<td>18</td>
<td>21</td>
</tr>
<tr>
<td>Outsourced maintce/repairs</td>
<td>17.8</td>
<td>15.6</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Other operating expense</td>
<td>23.2</td>
<td>21.0</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>50.8</td>
<td>12.2</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>Depreciation</td>
<td>34.8</td>
<td>34.0</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>16.0</td>
<td>-21.8</td>
<td>3</td>
<td>-5</td>
</tr>
</tbody>
</table>
Consolidated income statement for the CPH Group

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</thead>
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<tr>
<td>EBIT</td>
<td>16.0</td>
<td>-21.8</td>
</tr>
<tr>
<td>in % of net sales</td>
<td>3.3</td>
<td>-5.2</td>
</tr>
<tr>
<td>Financial result</td>
<td>-5.6</td>
<td>-12.1</td>
</tr>
<tr>
<td>Earnings before taxes</td>
<td>10.4</td>
<td>-33.9</td>
</tr>
<tr>
<td>and extraordinary items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-operating result</td>
<td>1.5</td>
<td>1.8</td>
</tr>
<tr>
<td>Earnings before taxes</td>
<td>11.9</td>
<td>-32.1</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-1.4</td>
<td>-1.0</td>
</tr>
<tr>
<td>Net result for the year</td>
<td>10.5</td>
<td>-33.1</td>
</tr>
<tr>
<td>in % of net sales</td>
<td>2.1</td>
<td>-7.9</td>
</tr>
<tr>
<td>Net result per share (in CHF)</td>
<td>1.75</td>
<td>-5.52</td>
</tr>
</tbody>
</table>
Consolidated balance sheet of the CPH Group

As at 31 December

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHFm</td>
<td>in %</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>232.4</td>
<td>34</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>456.0</td>
<td>66</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>688.4</td>
<td>100</td>
</tr>
<tr>
<td>Equity and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td>246.4</td>
<td>36</td>
</tr>
<tr>
<td>Equity</td>
<td>442.0</td>
<td>64</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>688.4</td>
<td>100</td>
</tr>
<tr>
<td>Investments</td>
<td>19.2</td>
<td></td>
</tr>
</tbody>
</table>
Additional information on the consolidated balance sheet of the CPH Group

**Net current assets 2015**

- Receivables: 66.4
- Inventories: 54.5
- Payables: 46.7
- Net current assets: 74.2

**Net financial liabilities 2015**

- Liquid funds: 53.2
- Current liabilities: 6.8
- Long-term liabilities: 126.5
- Net financial liabilities: 80.2

**Changes to net current assets**

2014:
- Receivables: 89.1
- Inventories: 13.1
- Payables: 8.9
- Net current assets: 74.2

2015:
- Receivables: 75.4
- Inventories: 22.0
- Payables: 15.8
- Net current assets: 74.2

**Changes to net financial liabilities**

2014:
- Lqf fds & securities: 75.4
- Current liabilities: 22.0
- Long-term liabilities: 15.8
- Net financial liabilities: 15.8

2015:
- Lqf fds & securities: 80.2
- Current liabilities: 15.8
- Long-term liabilities: 1.5
- Net financial liabilities: 80.2

Changes to net current assets:
- Receivables: -17%

Changes to net financial liabilities:
- +6%
Cash flow / investments of the CPH Group

- Net result: 33.1
- Depreciation: 34.0
- Changes to provisions: 6.3
- Changes to net current assets: 7.2
- Cash flow from operating activities: 16.1
- Investments: 23.3
- Free cash flow: 22.0
- Cash flow from financing activities: 1.4
- Currency transl’n effects: 22.0
- Change in cash & cash equivalents: 16.7
- Liquid funds 2015: 53.1
- Liquid funds 2014: 69.9

Change in cash & cash equivalents: -24.0%
### Appropriation of available earnings / dividend proposal for CPH Chemie + Papier Holding AG

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings available for distribution by the General Meeting</td>
<td>-31,268</td>
</tr>
<tr>
<td>Release from capital contribution reserve</td>
<td>3,600</td>
</tr>
<tr>
<td>Dividend to shareholders (CHF 0.60 per share)</td>
<td>-3,600</td>
</tr>
<tr>
<td>Release from voluntary retained earnings</td>
<td>-31,268</td>
</tr>
<tr>
<td><strong>Balance to be carried forward</strong></td>
<td>0</td>
</tr>
</tbody>
</table>
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Strategic objectives

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Expand non-paper business</th>
<th>Develop new capacities outside Switzerland</th>
<th>Expand in growth markets outside Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>CHF</td>
<td>Europe</td>
</tr>
<tr>
<td></td>
<td>Paper</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2014

- **CPH net sales**
  - 64% paper
- **CPH costs**
  - 70% in CHF
- **CPH net sales**
  - 84% in Europe
Strategic objectives

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Expand non-paper business</th>
<th>Develop new capacities outside Switzerland</th>
<th>Expand in growth markets outside Europe</th>
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<tr>
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</tr>
<tr>
<td>Develop new capacities</td>
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</tr>
<tr>
<td>outside Switzerland</td>
<td>outside Switzerland</td>
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</tr>
<tr>
<td>Expand in growth markets</td>
<td>Expand in growth markets</td>
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<tr>
<td>outside Europe</td>
<td>outside Europe</td>
<td>outside Europe</td>
<td>outside Europe</td>
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</tbody>
</table>

Goal

2015

<table>
<thead>
<tr>
<th>CPH net sales</th>
<th>CPH costs</th>
<th>CPH net sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>59% paper</td>
<td>50% in CHF</td>
<td>81% in Europe</td>
</tr>
</tbody>
</table>
Packaging: new PVdC coatings plant in China

Perlen Packaging, Wujiang
- Construction of new PVdC coatings plant proceeding on schedule
- Located near Shanghai
- Production planned to commence in the second quarter of 2016
- Should have a workforce of 50 personnel by the end of 2016
Chemistry: China-based ALSIO acquired

Jiangsu ALSIO Technology, Lianyungang
- Established in 2008; leading Asian producer of molecular sieves
- Wide range of standard to specialist products
- Located 550 km north of Shanghai
- 120 personnel
Sold mainly in Europe, produced largely in Switzerland

**Americas**
Net sales: 11%

**Europe**
Net sales: 81%

**Asia & RoW**
Net sales: 8%

- **Paper**
  - Perlen
  - Whippany
  - Louisville

- **Packaging**
  - Perlen
  - Müllheim
  - Suzhou

- **Chemistry**
  - Uetikon
  - Lianyungang
A return to operating profit is the goal for 2016

**Chemistry**
- Stable further development of higher-margin products
- Expand product range through new production location
- Enhance competitiveness of volume products
- Higher net sales and improved EBIT expected

**Paper**
- Demand for newsprint and magazine paper will further decline
- Reduction in overcapacities permitting slight price rises
- Further enhance production facilities
- Higher net sales and breakeven EBIT expected if Swiss franc remains stable

**Packaging**
- Pharmaceuticals market still growing, especially in Asia
- New operation in China will generate its first sales
- Higher net sales expected
- Productivity enhancements should help offset the costs of bringing the new Chinese plant into operation

**CPH** Further expand market positions of all three business divisions, increase net sales and return to profit at the operational level
Thank you for your attention!