

Media and Investors' Conference

23 February 2021



Agenda

1 Introduction

2 Business development

3 Financial results

4 Outlook

Peter Schaub

Peter Schildknecht

Richard Unterhuber

Peter Schildknecht

The CPH Group 2020 in brief

- Diversification in three business segments proves its worth in the coronavirus crisis
- Profitability at Chemistry and Packaging Divisions above prior-year levels
- Paper Division gains market share in a challenging business environment
- Double-digit-million group EBIT for the year
- Net result of CHF 47.0 million broadly in line with prior-year level
- Distribution of CHF 1.80 per share proposed
- Environmental audits conducted in all three divisions for the first time
- CPH strategy consistently further pursued

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The CPH Group At a glance



CPH is an internationally active and diversified industrial group that was founded in 1818 and is headquartered in Switzerland. The shares of its holding company CPH Chemie + Papier Holding AG have been listed on the SIX Swiss Exchange since 2001. The Group's founding families remain strong anchor shareholders today.

445.2

2020 net sales in CHF million

24.7

2020 EBIT in CHF million

47.0

2020 net result in CHF million

3

business divisions

1 098

employees

13

production sites

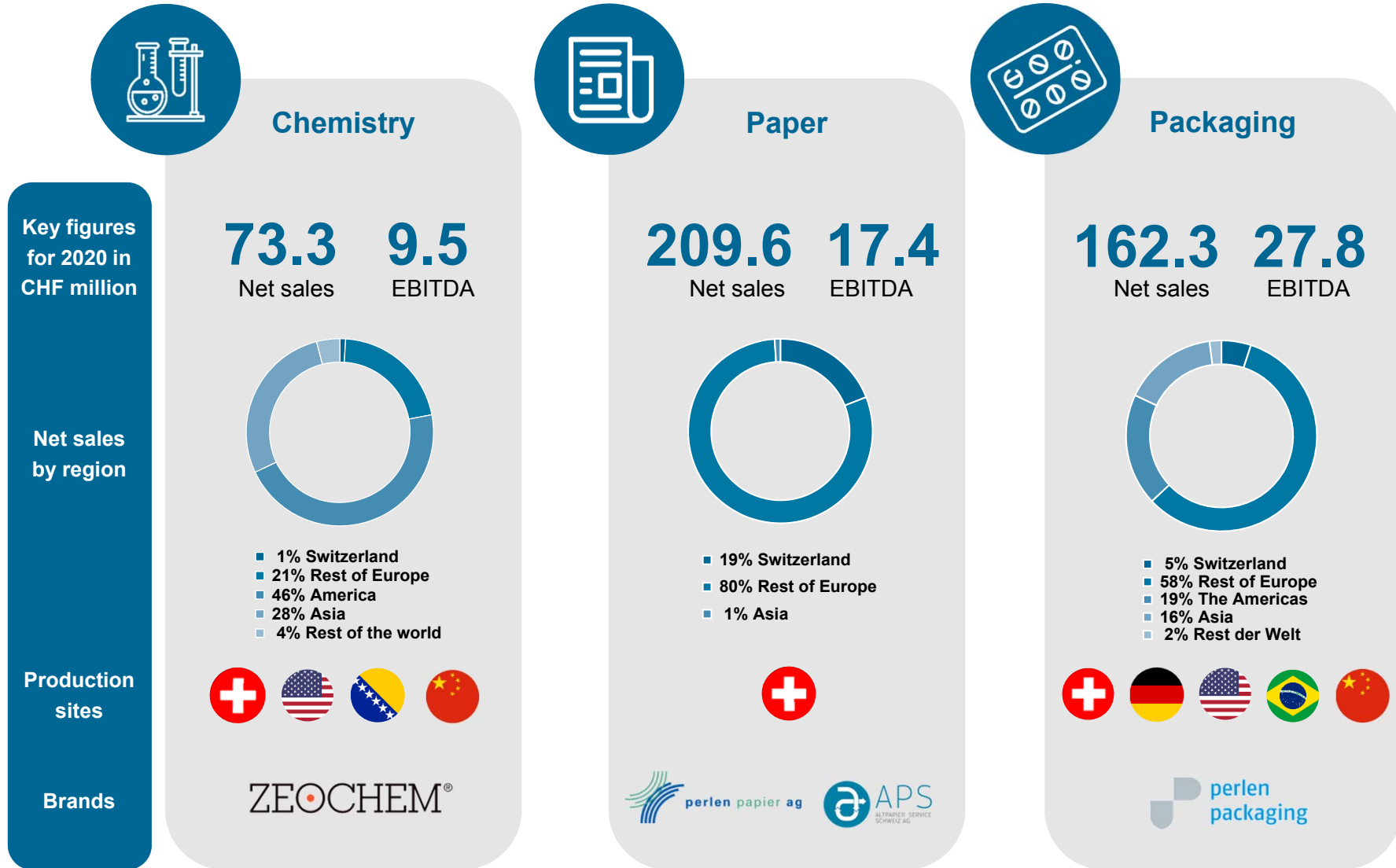
The CPH Group Key figures



in CHF million	2019	2020	± in CHF	± in %
Net sales	524.7	445.2	-79.5	-15.1
EBITDA in % of net sales	88.0 16.8	55.2 12.4	-32.8	-37.3
EBIT in % of net sales	56.6 10.8	24.7 5.5	-31.9	-56.4
Net result (including minorities) in % of net sales	48.5 9.2	47.0 10.5	-1.5	-3.1
Cash flow	79.9	45.8	-34.1	-42.7
Free cash flow	39.9¹⁾	39.7	-0.2	-0.6
Balance sheet total	702.7	704.2	+1.5	+0.2
Equity in % of the balance sheet total	441.3 62.8	471.9 67.0	+30.6	+6.9
Personnel	1 086	1 098	+12	+1.1

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 Business divisions



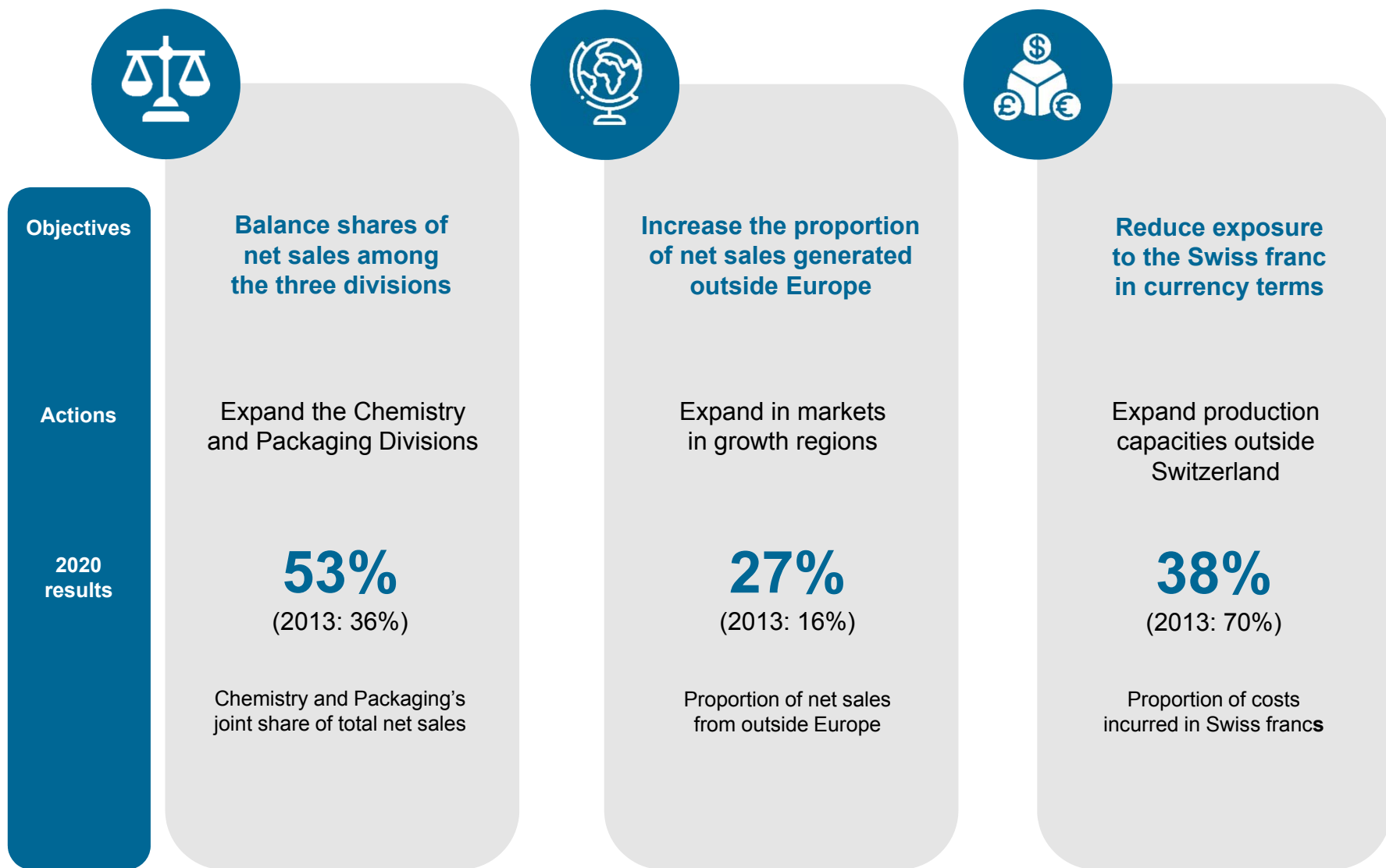
Key figures for 2020 in CHF million

Net sales by region

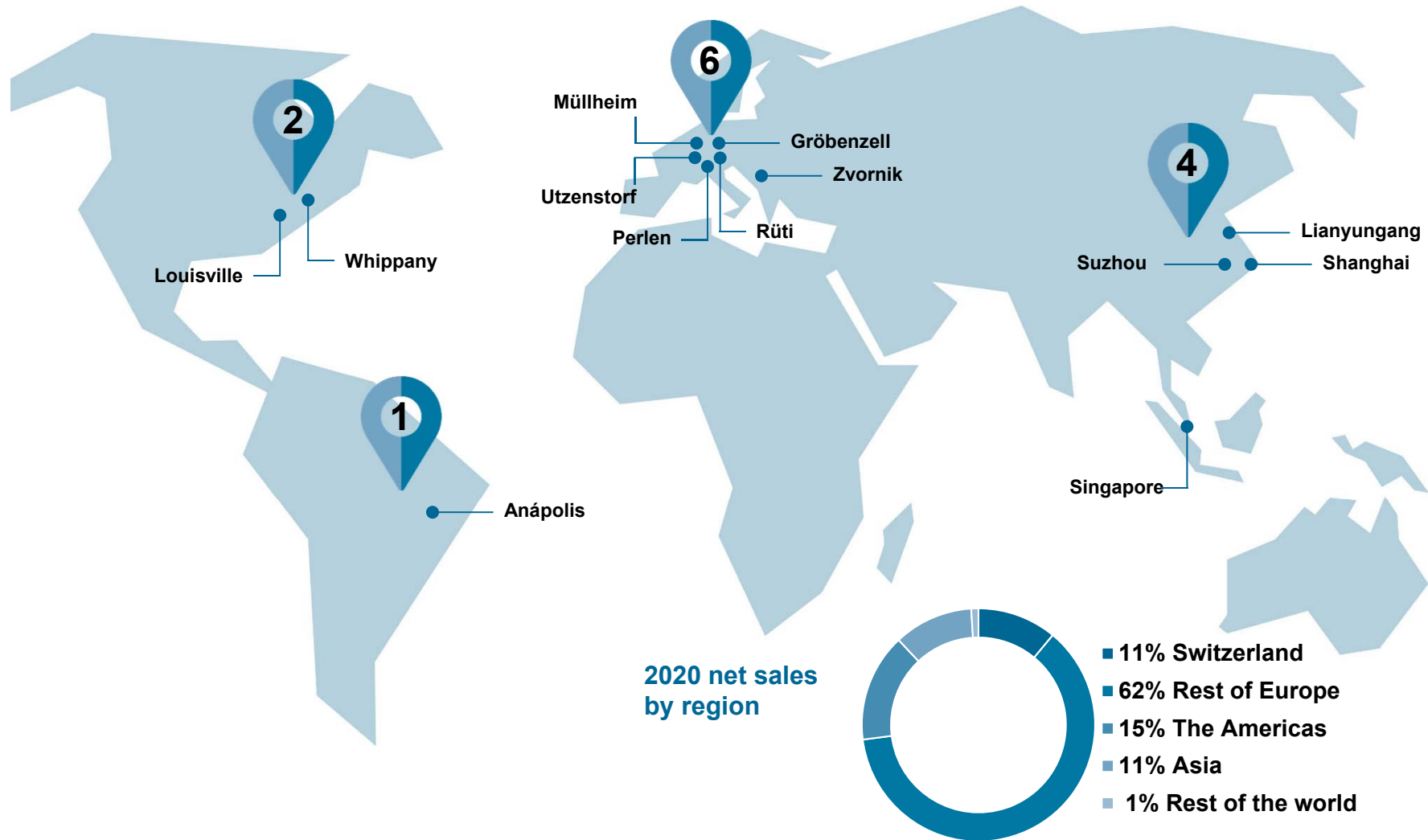
Production sites

Brands

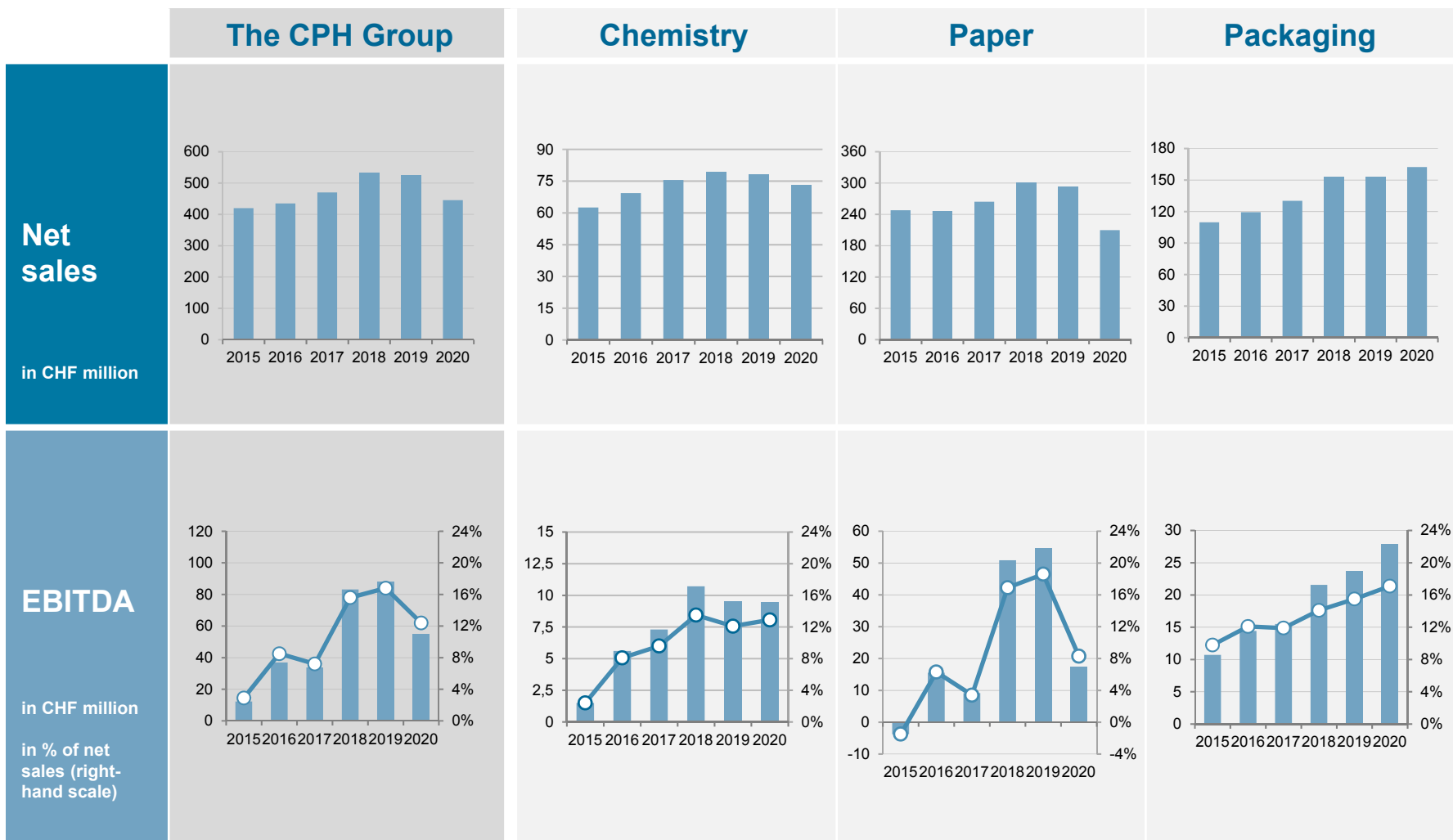
The CPH Group Strategy implementation



The CPH Group Thirteen locations on four continents



The CPH Group Business trends by division



The CPH Group Sustainability KPIs



34

Nationalities in workforce

568

Continuous Improvement ideas submitted

51

Apprentices in training

21

% of staff with 20+ years of service

1 110

Energy consumption in GWh

11

Training occupations

14 785

CO₂ emissions in tonnes

99

PVC recycling rate in %

391 231

Waste paper recycled in tonnes

The CPH Group Divisional results



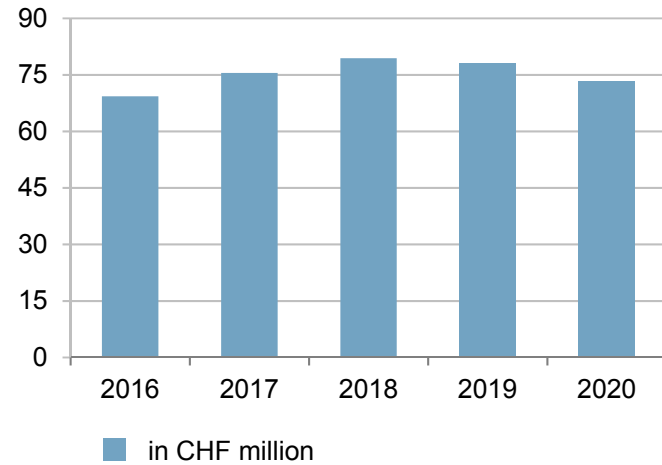
in CHF million	CPH Group		Chemistry			Paper			Packaging		
	2019	2020	2019	2020	± in %	2019	2020	± in %	2019	2020	± in %
Net sales	524.7	445.2	78.2	73.3	-6.3	293.2	209.6	-28.5	153.2	162.3	+5.9
EBITDA	88.0	55.2	9.5	9.5	-0.3	54.5	17.4	-68.1	23.7	27.8	+17.2
EBITDA margin in %	16.8	12.4	12.1	12.9		18.6	8.3		15.5	17.1	
EBIT	56.6	24.7	4.4	4.6	+4.7	34.7	-2.0	n.a.	17.3	21.6	+25.3
EBIT margin in %	10.8	5.5	5.6	6.3		11.8	-1.0		11.3	13.3	
Personnel	1 086	1 098	287	277	-3.6	376	367	-2.4	416	448	+7.7

The Chemistry Division

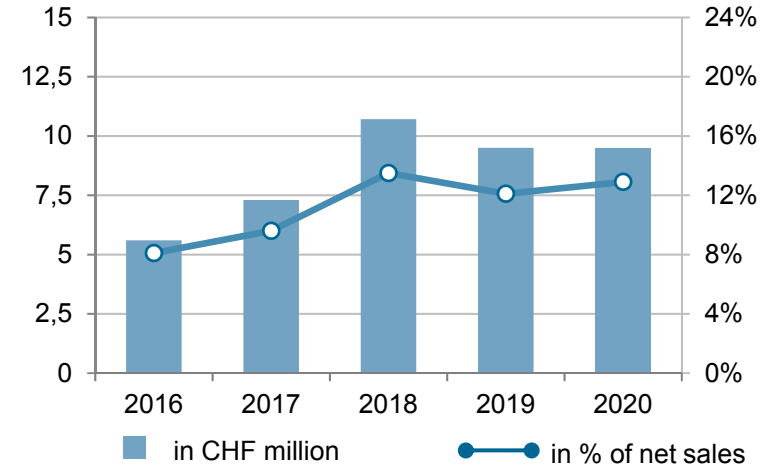


Chemistry Business development

Net sales



EBITDA



Market environment

- Coronavirus crisis slowed investment activities
- Ethanol and natural gas sectors hit by slump in demand for fuel; first-ever negative crude oil prices
- High demand for molecular sieves used to concentrate medical oxygen

Business development

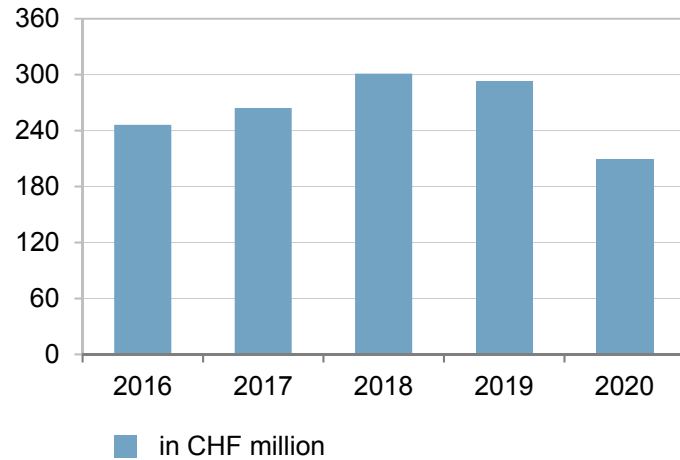
- Diversification proved beneficial in the coronavirus situation
- Encouraging business trends in China: land purchased to expand operating facilities
- First-ever environmental audit conducted
- EBITDA margin an improvement on 2019
- Profitability above prior-year level, despite lower net sales

The Paper Division

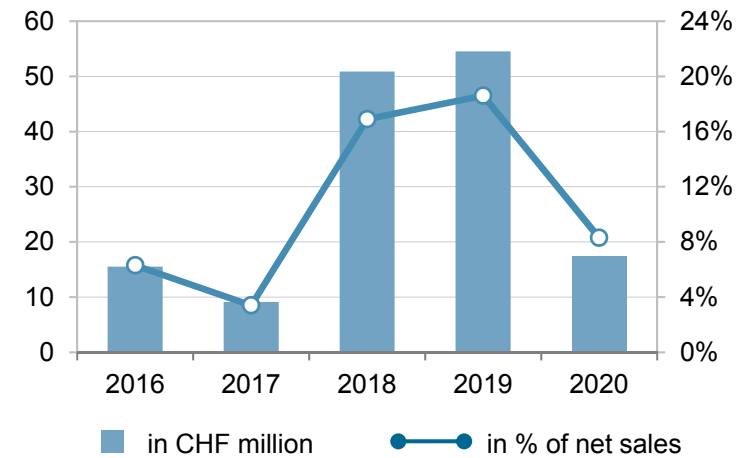


Paper Business development

Net sales



EBITDA



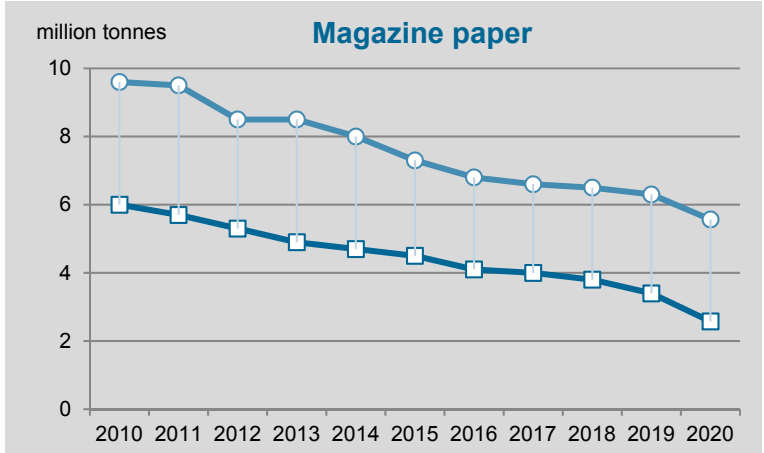
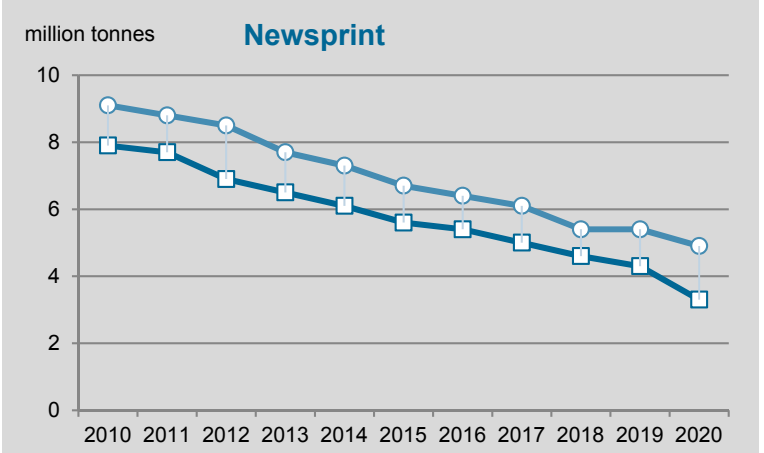
Market environment

- With the coronavirus crisis prompting a slump in advertising, Western European demand for publication and printing paper fell over 20%
- Growing overcapacities increased pressure on paper prices
- Reduction of 2 million tonnes of capacity in Europe announced for 2021
- Recovered paper and energy prices at lower levels

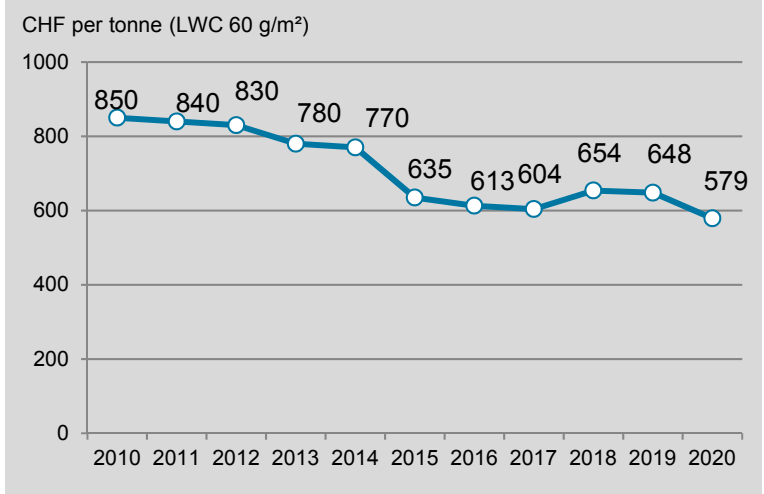
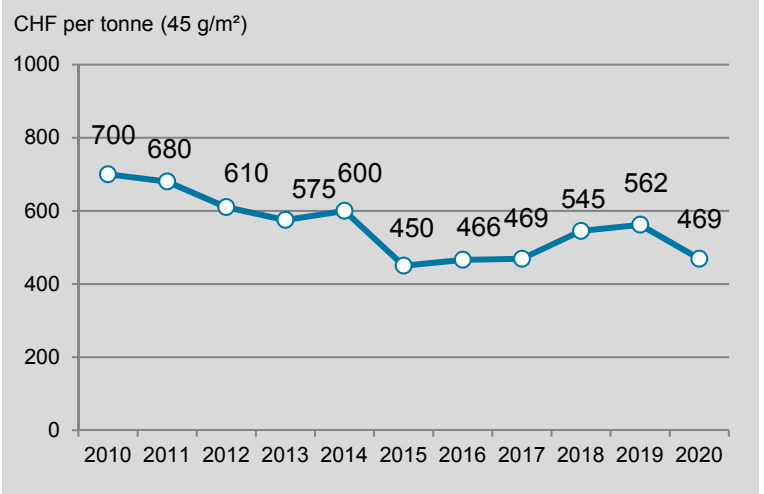
Business development

- Market share gained thanks to favourable positioning in a challenging business environment
- Production temporarily suspended in response to sudden slump in demand
- Declines in both sales volumes and net sales for the year
- Further consistent pursuit of productivity-enhancing measures
- Respectable business development compared to competitors

Paper Market and pricing trends in Western Europe

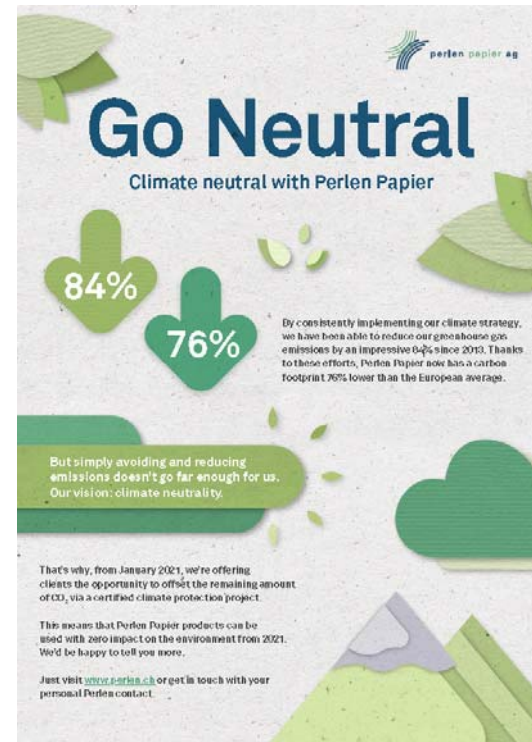


○ Capacity
 □ Nachfrage



○ Prices

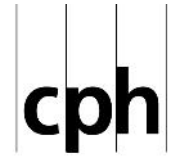
Paper First-ever climate-neutral paper product



Campaign for using sustainable paper launched among customers in Switzerland.

Perlen Papier became the first supplier in the world to offer climate-neutral paper in January 2021.

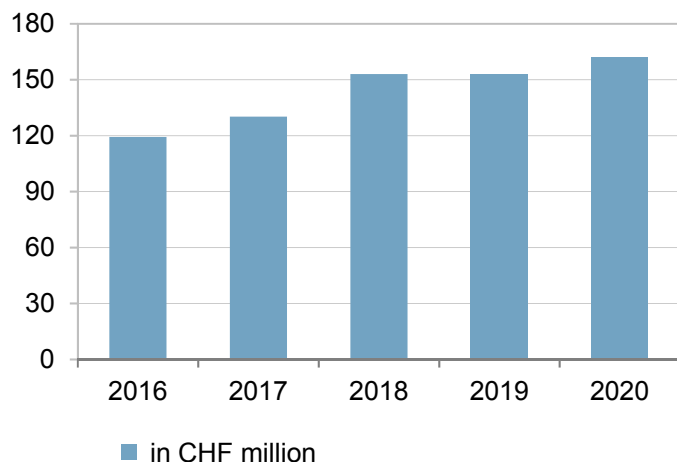
The Packaging Division



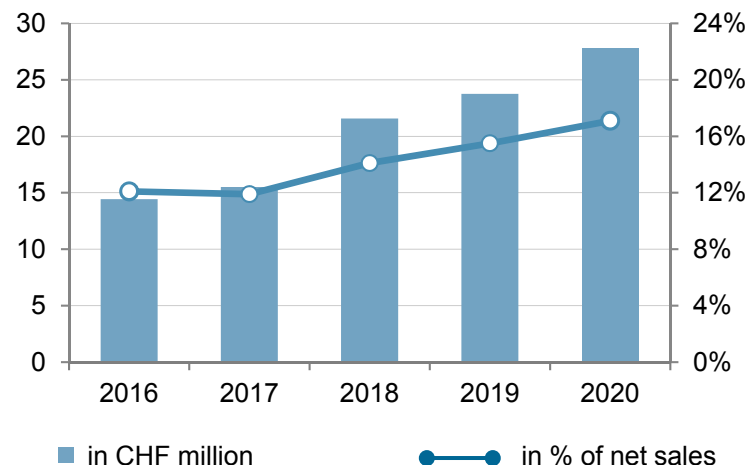
Packaging Business development



Net sales



EBITDA



Market environment

- Coronavirus pandemic triggered steep rise in demand for non-prescription medicines
- Temporary bottlenecks in medicine supplies as the pandemic evolved
- Customers using blister packs built up stock reserves
- Normalization after initial wave for the rest of the year

Business development

- Capacities in Europe fully utilized
- New production line in China for duplex films
- Brazilian subsidiary acquired in full, and decision taken to build a coating plant at the Anápolis site
- First-ever environmental audit conducted
- EBITDA margin up on prior year
- Net sales and EBITDA at new record levels

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The CPH Group Consolidated income statement (I)



in CHF million	2019	in %	2020	in %	± in CHF	± in %
1 Net sales	524.7	100	445.2	100	-79.5	-15.1
Changes to semi-finished & finished inventories and other income	15.0	3	6.9	2		
Total income	539.7	103	452.3	102	-87.4	-16.2
2 Material expense	260.3	50	214.4	48		
Energy expense	52.5	10	47.5	11		
Personnel expense	92.9	18	93.1	21		
3 Outsourced maintenance/repairs	19.9	4	17.4	4		
Other operating expense	26.1	5	24.7	6		
Earnings before interest, taxes, depreciation and amortization (EBITDA)	88.0	17	55.2	12	-32.8	-37.3
Depreciation and amortization	31.4	6	30.5	6		
Earnings before interest and taxes (EBIT)	56.6	11	24.7	6	-31.9	-56.4

- ① Net sales down 15.1%, or down 10.7% excluding currency factors (Chemistry -0.5%, Paper -25.9%, Packaging +10.7%)
- ② Gross margin maintained despite paper pricing/volume pressures:
Chemistry: better product mix; Paper: recovered paper prices, cost efficiency; Packaging: lower raw materials costs
- ③ Structural costs CHF 3.7 million below prior-year levels: lower demand, rigorous cost management, short-time working compensation, less travel activity owing to COVID-19

The CPH Group Consolidated income statement (II)

in CHF million	2019	2020	± in CHF	± in %
EBIT	56.6	24.7	-31.9	-56.4
in % of net sales	10.8	5.5		
① Financial result	-5.6	-4.7		
Earnings before taxes and non-operating/ extraordinary items	51.0	20.0	-31.0	-60.7
② Non-operating result	0.8	6.8		
③ Extraordinary result	0	12.0		
Earnings before taxes	51.8	38.9	-12.9	-25.0
④ Income taxes	-3.3	8.1		
Net result (including minorities)	48.5	47.0	-1.5	-3.1
in % of net sales	9.2	10.6		
Net result per share (in CHF)	8.06	7.82		

- ① Two parallel corporate bonds in prior-year result
- ② Real estate sales in Buchrain (CHF 5.2 million); release of provision for Rotholz site (CHF 2.0 million)
- ③ Reduction in provisions for clean-up of lake bed beside former Uetikon site
- ④ Deferred tax income from intragroup real estate transaction; use of losses carried forward (CHF 11.9 million)

The CPH Group Consolidated balance sheet



in CHF million (as of 31 December)	2019	in %	2020	in %	± in CHF	± in %
① Liquid funds	93.1	13	116.3	17		
② Other current assets	173.5	25	155.0	22		
③ Fixed assets	436.0	62	432.9	61		
Total assets	702.7	100	704.2	100	+1.5	+0.2
Current liabilities	95.9	14	89.5	13		
④ Non-current liabilities	165.5	23	142.8	20		
⑤ Equity	441.3	63	471.9	67		
Total equity and liabilities	702.7	100	704.2	100	+1.5	+0.2
Investments in tangible fixed assets (gross)	21.9		17.5		-4.4	-20.0

- ① CHF 23.2 million increase despite CHF 10.8 million nominal value repayment and repayment of net debt
- ② Lower trade receivables (especially in the Paper Division)
- ③ Investments lower than depreciation for the year
- ④ Decline in provisions (lake bed clean-up CHF 12 million, Rotholz waste disposal site CHF 2 million) and reduction in financial liabilities
- ⑤ Sound equity ratio of 67.0% (prior year: 62.8%)

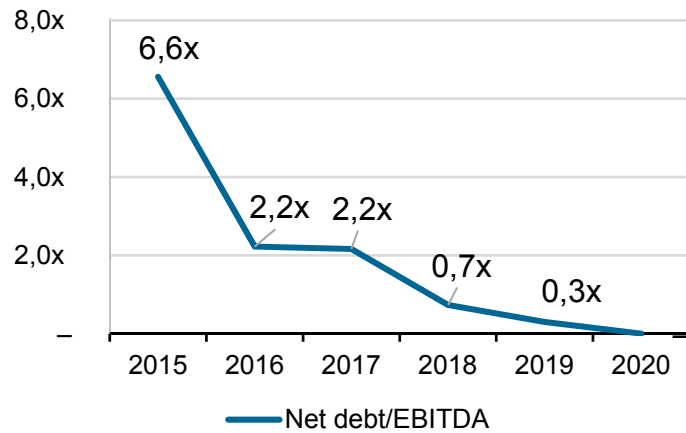
The CPH Group Consolidated cash flow statement

in CHF million	2019	2020	± in CHF	± in %
Net result (including minorities)	48.5	47.0	-1.5	-3.1
Depreciation, changes in provisions, other	31.4	-1.2		
① Cash flow	79.9	45.8	-34.1	-42.7
② Change in net current assets	-18.9	9.1		
Cash flow from operating activities	61.0	55.0	-6.0	-10.0
③ Cash flow from investment activities	78.9	-15.3	-94.2	n.a.
④ Free cash flow	139.9	39.7	-100.2	-71.6
⑤ Financial liabilities	-124.7	-4.8		
Profit distribution	-10.9	-10.8		
Cash flow from financing activities	-135.6	-15.6	+120.0	n.a.
Currency translation effects	-0.2	-0.9		
Net change in cash and cash equivalents	4.1	23.2	+19.1	+568.2

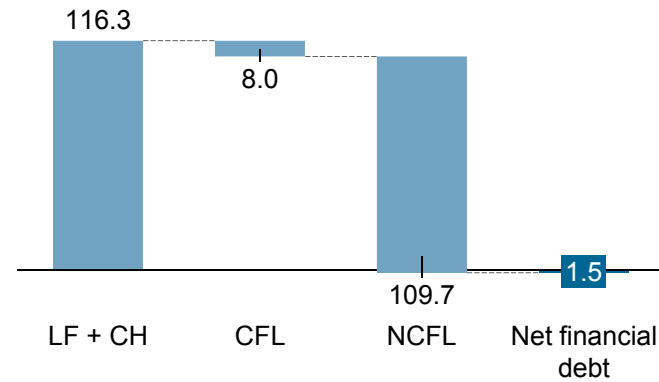
- ① Lower cash flow owing to net sales decline
- ② Decline in trade receivables of around CHF 20 million
- ③ Investments in tangible fixed assets CHF -17.5 million, intangible assets CHF -1.3 million, purchases of minorities CHF -1.6 million; real estate sales CHF 5.2 million
- ④ Free cash flow almost at 2019 level (excluding repayment of CHF 100 million fixed-term deposit) despite net sales decline
- ⑤ Repayment of financial liabilities

The CPH Group Net debt and leverage

Leverage



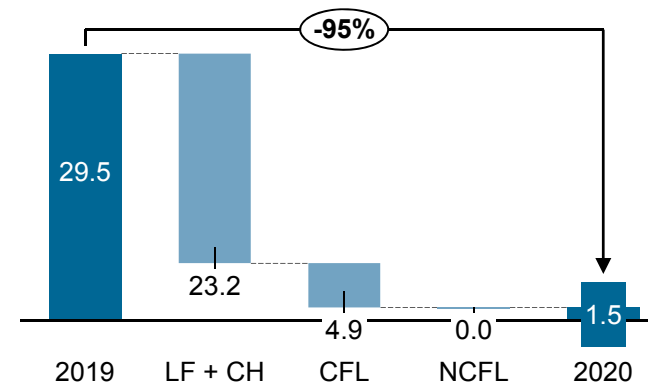
Net financial debt for 2020 (in CHF million)



Remarks

- Leverage substantially reduced over the past few years
- Gross debt now CHF 117.7 million
- Additional CHF 40 million credit facility at Swiss banks since mid-2019

Change in net financial debt (in CHF million)



CPH Unchanged distribution proposed

Distributions

	2016	2017	2018	2019	2020
Distribution per share (in CHF)	0.65	0.65	1.80 ¹	1.80 ²	1.80 ³
Distribution yield (in %, as of 31.12)	1.6	1.2	2.2	2.3	2.5

¹ including special dividend of CHF 0.50

² nominal value reduction

³ of which CHF 0.70 from capital contribution reserve

- Dividend policy: distribution of 25% to 50% of the net result, with due regard to liquidity and free cash flow
- Consistent distribution policy
- Distributions up to 2018 from tax-exempt capital contribution reserve
- 2019: instead of a dividend, reduction in nominal value of CHF 1.80 per share
- 2020: after distribution of CHF 4.2 million (CHF 0.70 per share), the tax-exempt capital contribution reserve will be exhausted

2020 share price trends

Compared to the SPI (indexed, left-hand scale) and in CHF (right-hand scale)



CPH Appropriation of available earnings



in CHF thousand	2019	2020
Earnings available to the General Meeting	52 553	14 335
Release from capital contribution reserve	0	4 200
Distribution to shareholders	0	-10 800
Transfer to voluntary retained earnings	-52 553	-7 735
Balance of earnings to be carried forward	0	0

The CPH Group Solid earnings power

12.9%	EBITDA margin for Chemistry: up on prior year despite net sales decline
8.3%	EBITDA margin for Paper: respectable development compared to competitors
17.1%	EBITDA margin for Packaging: a further record high
5.5%	EBIT margin for the Group: a solid result in a challenging year
CHF 47.0m	net result for the year -> net result per share of CHF 7.82 (almost at prior year)
67.0%	equity ratio: increased again
CHF 17.5m	investments to further raise efficiency and capacities
CHF 39.7m	free cash flow: in line with prior-year level
0.0x	net debt ratio: sound debt-free basis for further growth
2.5%	dividend yield: stable rate

Target financial KPIs

- Organic net sales growth of over 3% a year
- EBITDA margin of over 12%
- Equity ratio of over 50%
- Liquidity of at least CHF 30-50 million
- Annual operating investments of CHF 20-25 million

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Outlook for 2021 Economic recovery the prime driver



Chemistry

- Economic recovery should spur investment activity
- Further D₂O concentration plant to be built in Rütli
- Louisville: concentration on one location
- Slightly higher net sales and correspondingly improved EBIT planned



Paper

- Further declines in demand for newsprint and magazine paper
- Massive overcapacities in Europe will mean lower paper prices
- First-time offering of carbon-neutral paper
- Net sales should be up on 2020, but negative EBIT result



Packaging

- Further market expansion planned in Asia and Latin America
- New coating plant to be built at Brazilian site
- Higher procurement prices
- Net sales and EBIT planned to be broadly at 2020 levels



The CPH Group

Further solid development at Chemistry and Packaging; development at Paper uncertain in view of intensified market consolidation. Net sales should slightly increase, but EBIT unlikely to achieve prior-year level.

Questions



Thank you for your attention.

Further key dates in 2021

18 March	CPH Chemie + Papier Holding AG Ordinary General Meeting
14 June	CPH Group Investors' Day in Perlen
21 July	2021 Half-Year Report (to 30 June)
15/16 September	Investora Swiss Equities Conference in Zurich
3/4 November	ZKB Swiss Equity Conference