

# Media and Investors' Conference

22 February 2022



# Agenda



## 1 Introduction

**Peter Schaub**

2 Business development

Peter Schildknecht

3 Financial results

Gerold Brütsch

4 Outlook

Peter Schildknecht

# The CPH Group 2021 in brief



- Sales increased in all three business divisions
- Steep rises in raw materials and energy prices
- Profitability up on 2020 for Chemistry but down for Paper and Packaging
- One-time impairment to Paper production assets
- Investments in expanding capacities at Chemistry and Packaging
- Collaboration with Schilliger Holz AG in Perlen on a new fibreboard production plant
- 33.6% of CPH shares held by anchor shareholders

# The CPH Group Highlights of 2021



## February

Perlen Papier receives the IV Award from Lucerne's disability insurance authority for its exemplary integration of persons with disabilities.



## March

The Perlen site participates in a preventive mass COVID-19 testing project of Canton Lucerne and sets up its own testing and vaccination centre.



## June

CPH Chemie + Papier Holding AG merges with its main shareholder Uetikon Industrieholding AG.



## July

Zeochem begins construction of a new office building and invests in additional production facilities in Louisville (USA).



## August

The CPH Group announces a collaboration with Schilliger Holz AG on a new fibreboard production plant in Perlen.



## October

Zeochem invests in a new DMSO production line for the OLED industry at its Rütli site.

# Agenda



1 Introduction

Peter Schaub

**2 Business development**

**Peter Schildknecht**

3 Financial results

Gerold Brütsch

4 Outlook

Peter Schildknecht

# 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.

**497**

Sales  
in CHF million

**26**

EBITDA  
in CHF million

**5.2**

EBITDA margin  
in %

**23**

Investments in tangible fixed assets  
in CHF million

**1 104**

Personnel  
in FTEs

**55**

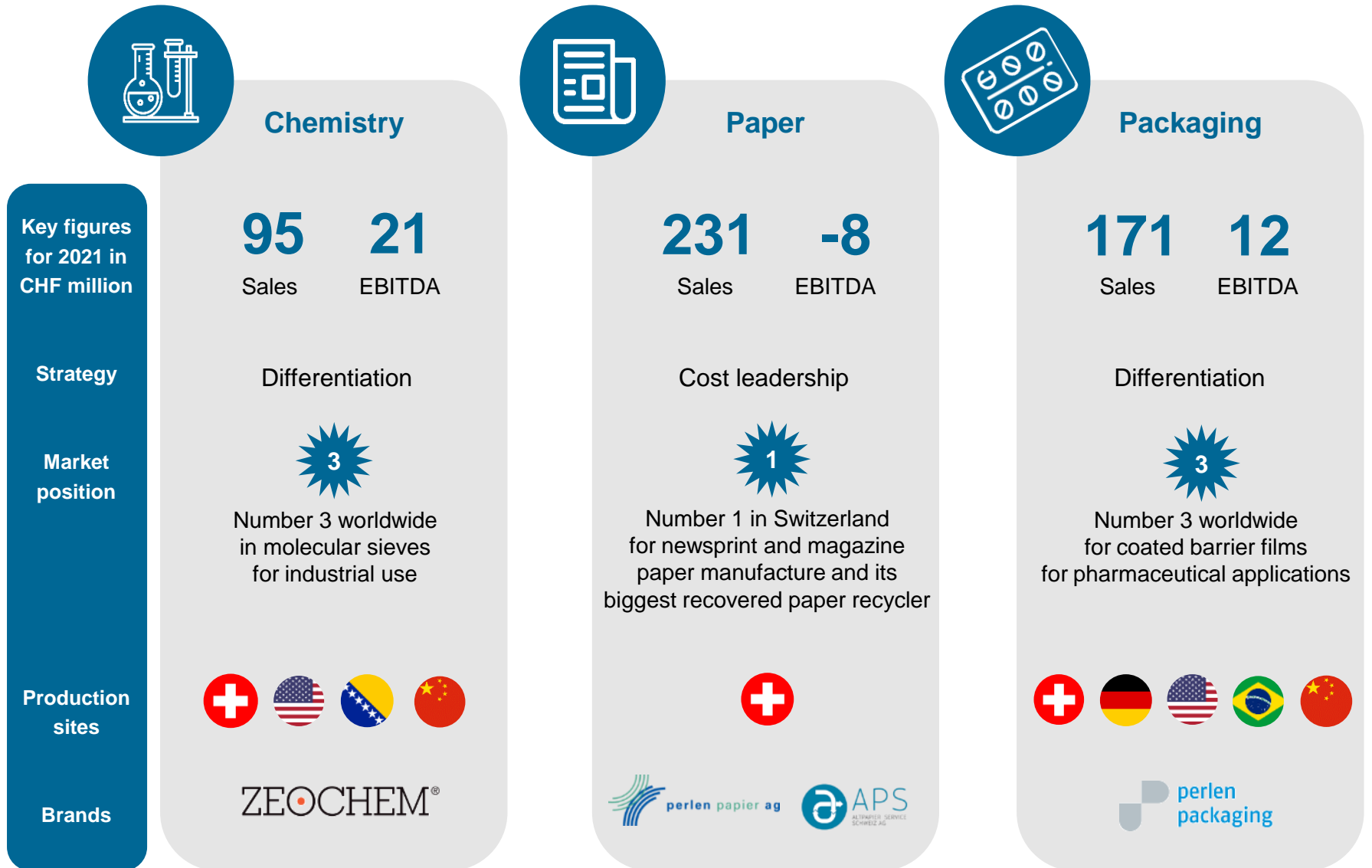
Equity ratio  
in %

# The CPH Group Key figures



in CHF million	2020	2021	± in CHF	± in %
<b>Net sales</b>	<b>445.2</b>	<b>496.7</b>	<b>+51.5</b>	<b>+11.6</b>
<b>EBITDA</b> in % of net sales	<b>55.2</b> 12.4	<b>25.7</b> 5.2	<b>-29.5</b>	<b>-53.4</b>
<b>EBIT before impairment</b> in % of net sales	<b>24.7</b> 5.5	<b>-2.7</b> -0.5	<b>-27.4</b>	<b>n.a.</b>
<b>EBIT</b> in % of net sales	<b>24.7</b> 5.5	<b>-152.7</b> -30.7	<b>-177.4</b>	<b>n.a.</b>
<b>Net result (including minorities)</b> in % of net sales	<b>47.0</b> 10.5	<b>-151.4</b> -30.5	<b>-198.4</b>	<b>n.a.</b>
<b>Cash flow</b>	<b>45.8</b>	<b>16.7</b>	<b>-29.1</b>	<b>-63.7</b>
<b>Balance sheet total</b>	<b>704.2</b>	<b>560.4</b>	<b>-143.8</b>	<b>-20.4</b>
<b>Shareholders' equity</b> in % of balance sheet total	<b>471.9</b> 67.0	<b>310.5</b> 55.4	<b>-161.4</b>	<b>-34.2</b>
<b>Personnel</b>	<b>1 098</b>	<b>1 104</b>	<b>+6</b>	<b>+0.5</b>

# The CPH Group Business divisions



# The CPH Group Strategy



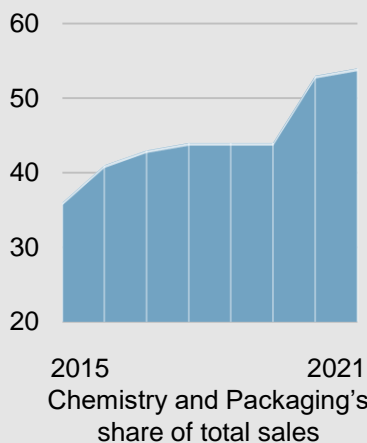
Objectives

**Sales broadly balanced among the three divisions**

Actions

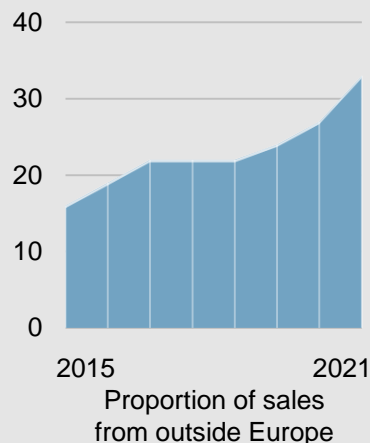
Expand Chemistry and Packaging

Results



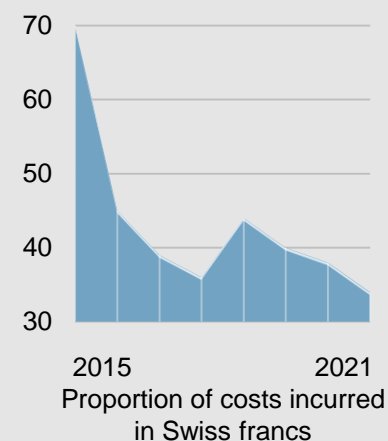
**Higher proportion of total sales from outside Europe**

Expand in markets in growth regions

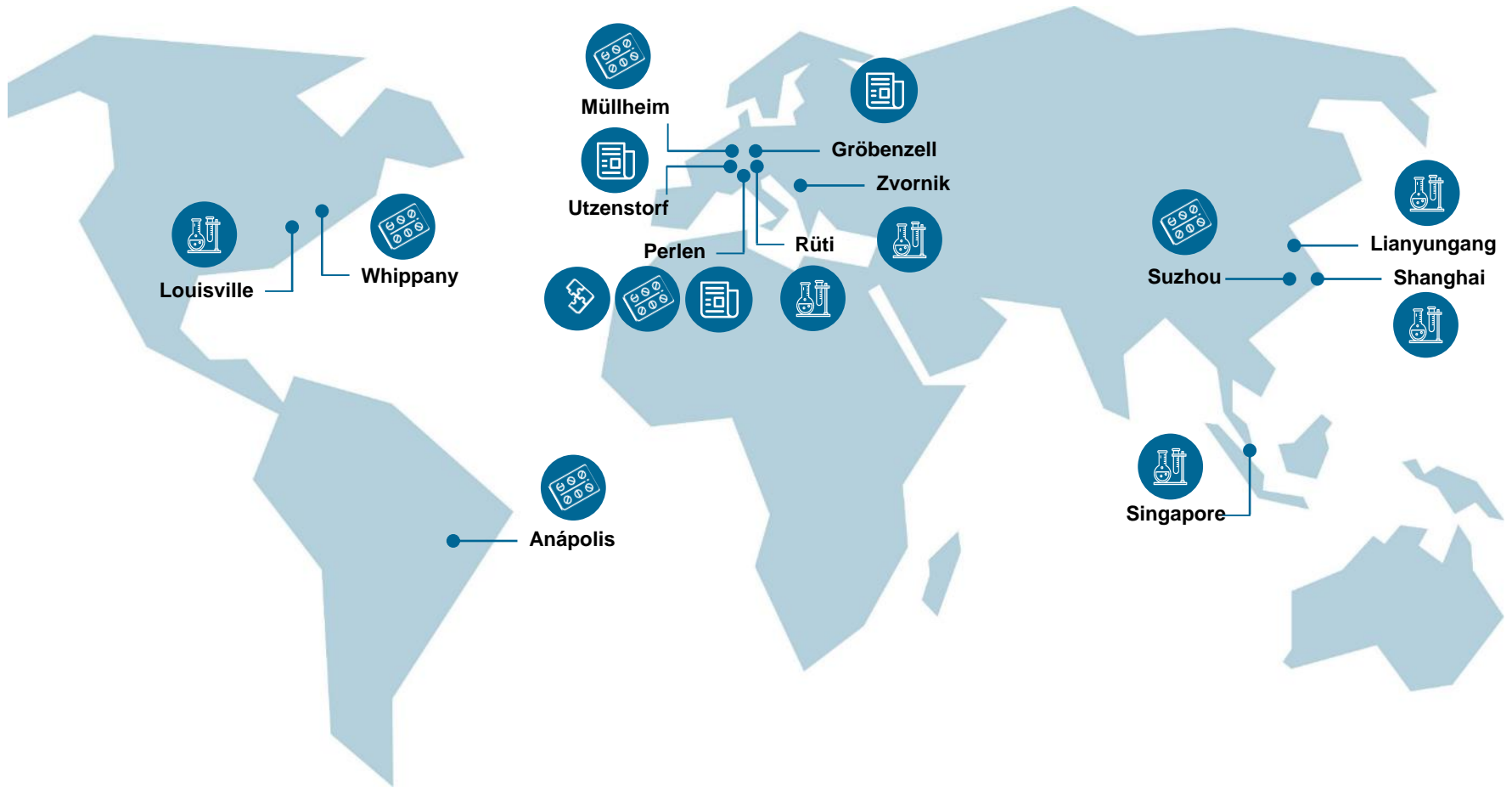


**Less exposure to the Swiss franc in currency terms**

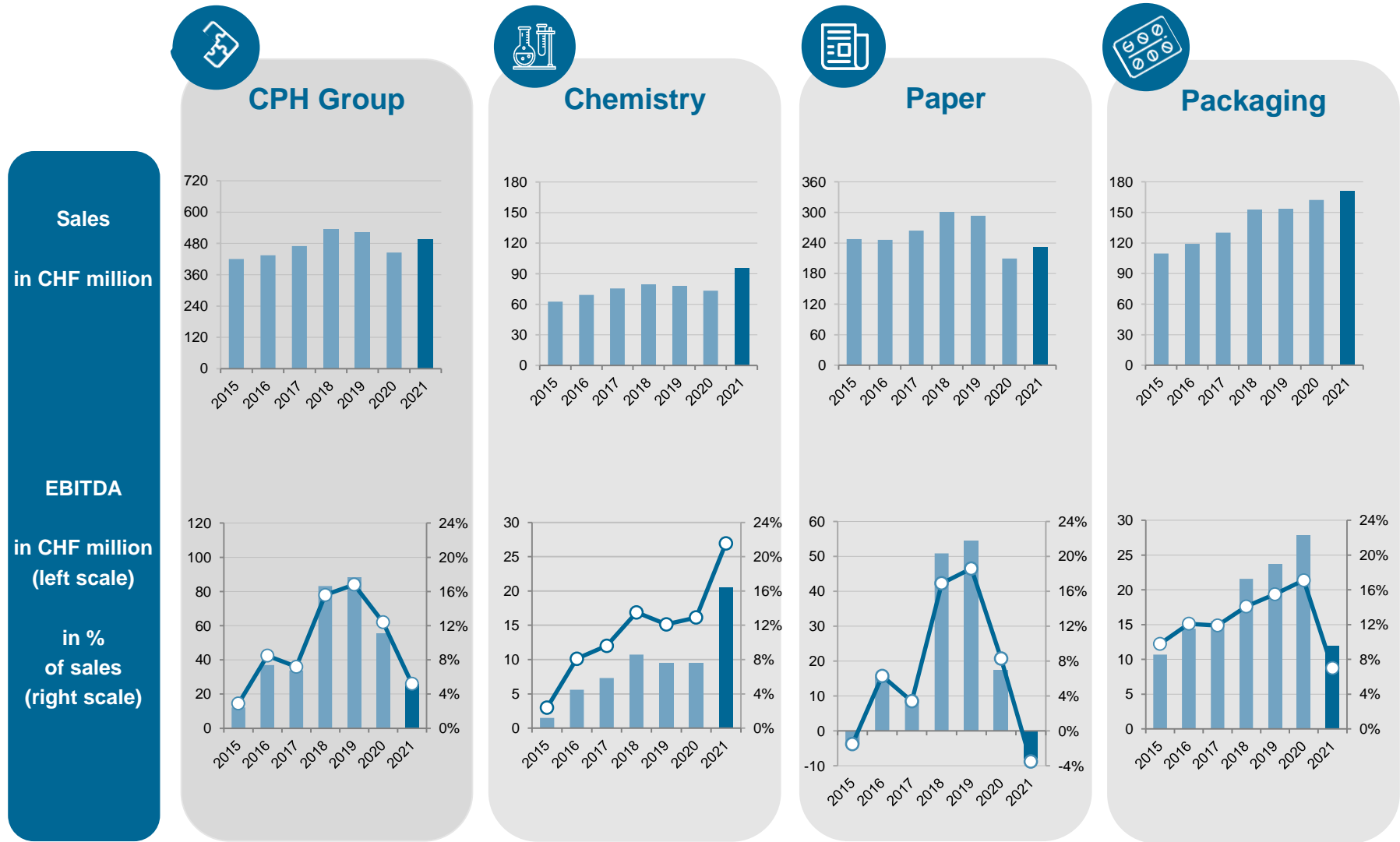
Expand production capacities outside Switzerland



# The CPH Group Sites



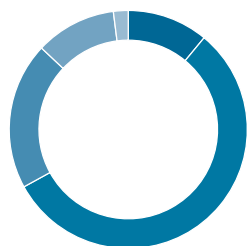
# The CPH Group Business development



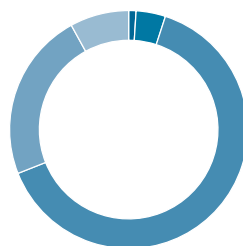
# The CPH Group Divisional results

	CPH Group			Chemistry			Paper			Packaging		
in CHF million	2020	2021	± in %	2020	2021	± in %	2020	2021	± in %	2020	2021	± in %
<b>Net sales</b>	<b>445.2</b>	<b>496.7</b>	<b>+11.6</b>	<b>73.3</b>	<b>95.1</b>	<b>+29.8</b>	<b>209.6</b>	<b>230.9</b>	<b>+10.2</b>	<b>162.3</b>	<b>170.7</b>	<b>+5.1</b>
<b>EBITDA</b>	<b>55.2</b>	<b>25.7</b>	<b>-53.4</b>	<b>9.5</b>	<b>20.5</b>	<b>+116.1</b>	<b>17.4</b>	<b>-8.0</b>	<b>n.a.</b>	<b>27.8</b>	<b>11.9</b>	<b>-57.2</b>
EBITDA margin in %	12.4	5.2		12.9	21.5		8.3	-3.5		17.1	7.0	
<b>EBIT before impairment</b>	<b>24.7</b>	<b>-2.7</b>	<b>n.a.</b>	<b>4.6</b>	<b>15.3</b>	<b>+231.9</b>	<b>-2.0</b>	<b>-24.9</b>	<b>n.a.</b>	<b>21.6</b>	<b>5.7</b>	<b>-73.7</b>
EBIT margin in %	5.5	-0.5		6.3	16.1		-1.0	-10.8		13.3	3.3	
<b>EBIT</b>	<b>24.7</b>	<b>-152.7</b>	<b>n.a.</b>	<b>4.6</b>	<b>15.3</b>	<b>+231.9</b>	<b>-2.0</b>	<b>-174.9</b>	<b>n.a.</b>	<b>21.6</b>	<b>5.7</b>	<b>-73.7</b>
<b>Personnel</b>	<b>1 098</b>	<b>1 104</b>	<b>+0.5</b>	<b>277</b>	<b>291</b>	<b>+5.1</b>	<b>367</b>	<b>357</b>	<b>-2.7</b>	<b>448</b>	<b>449</b>	<b>+0.5</b>

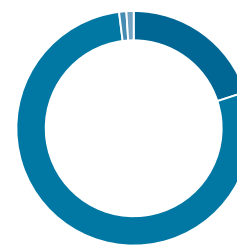
Sales in 2021 by region



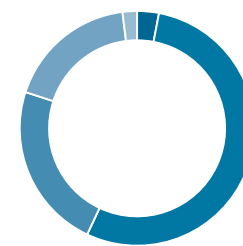
- 11% Switzerland
- 56% Rest of Europe
- 20% The Americas
- 11% Asia
- 2% Rest of the world



- 1% Switzerland
- 4% Rest of Europe
- 64% The Americas
- 23% Asia
- 8% Rest of the world



- 20% Switzerland
- 78% Rest of Europe
- 1% Asia
- 1% Rest of the world



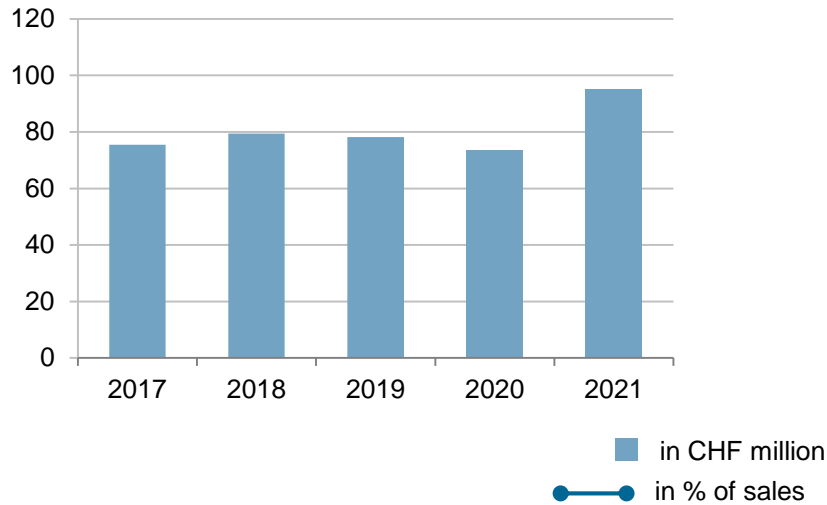
- 3% Switzerland
- 54% Rest of Europe
- 23% The Americas
- 18% Asia
- 2% Rest of the world

# The Chemistry Division

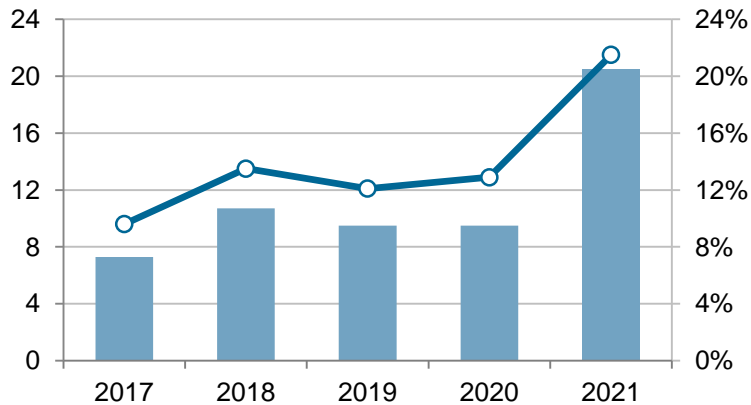
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## Sales



## EBITDA



## Market environment

- Being active in an early-cycle market, the Chemistry Division swiftly felt the general economic upturn
- Molecular sieves for concentrating medical oxygen were still in high demand
- Rising energy prices prompted increases in deliveries to the energy sector in the second half of the year
- Demand for deuterated compounds was raised by new OLED display production capacities

## Business development

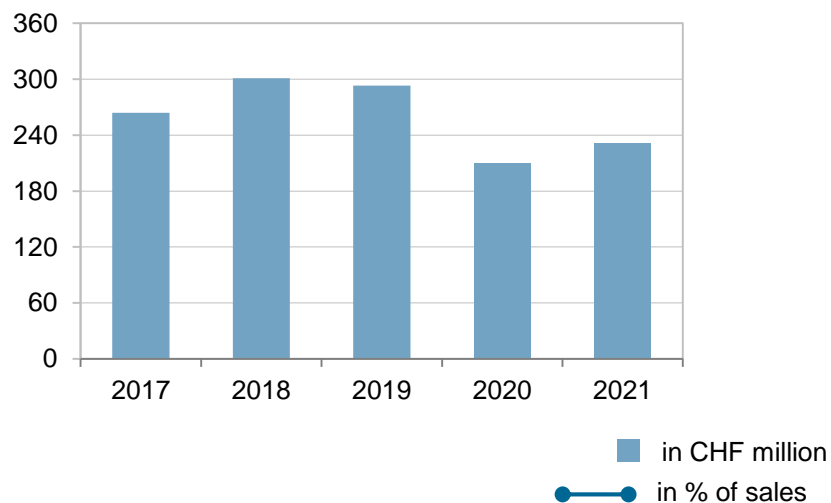
- Higher demand in all product segments
- Sales raised 30%
- EBIT margin tripled to new record high
- Investments in new facilities in Louisville, Donghai, Zvornik and Rüti
- New US office building under construction

# The Paper Division

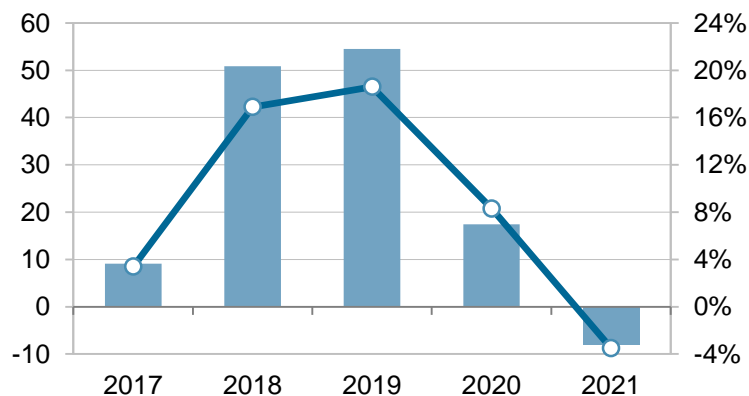
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## Sales



## EBITDA



## Market environment

- Record low paper prices accelerated market consolidation and intensified predatory competition
- COVID-related double-digit first-half declines in demand were recouped in the second six months
- Waste paper was in extremely short supply, and recovered paper prices rose to historically high levels
- Substantial increases in the costs of electricity and thermal energy
- European paper producers suffered supply shortages in Q4

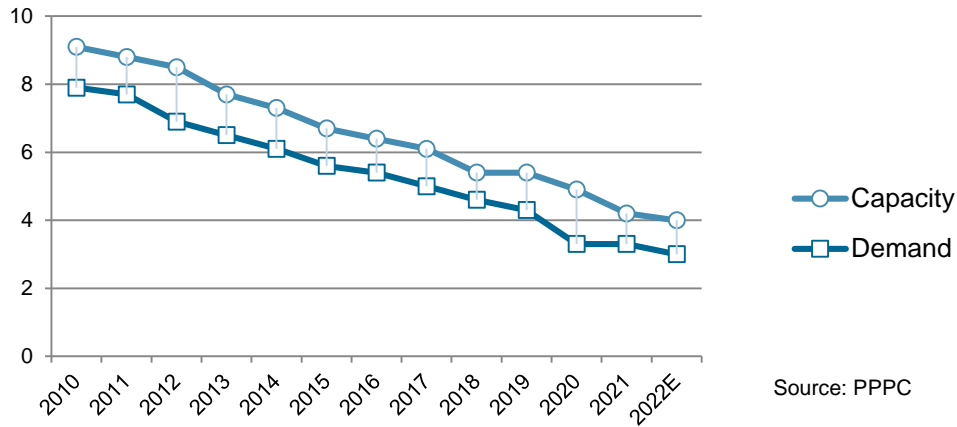
## Business development

- Further gains in market shares
- Sales raised through higher sales volumes
- Lower paper sales prices and record high recovered paper prices pushed EBIT into the red
- Result boosted by extraordinary income from carbon credit sales
- One-time impairment to paper production assets
- New collaboration with Schilliger Holz AG

# Paper Market and pricing trends in Western Europe

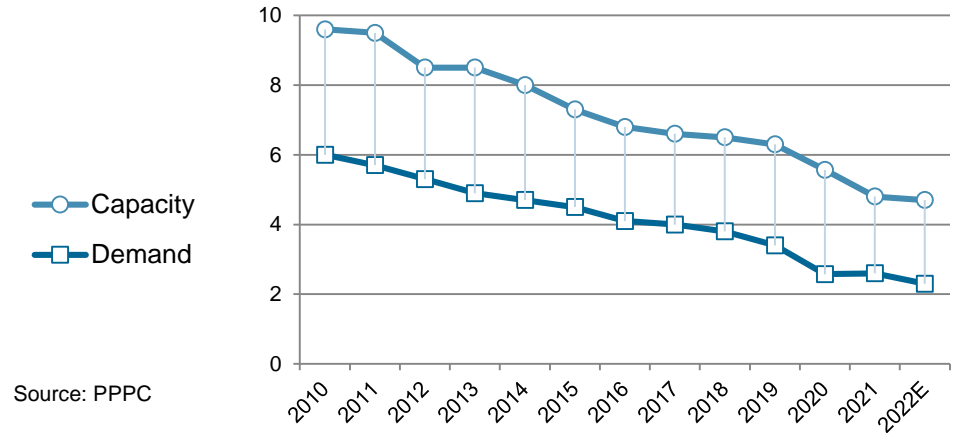
## Newsprint

in million tonnes

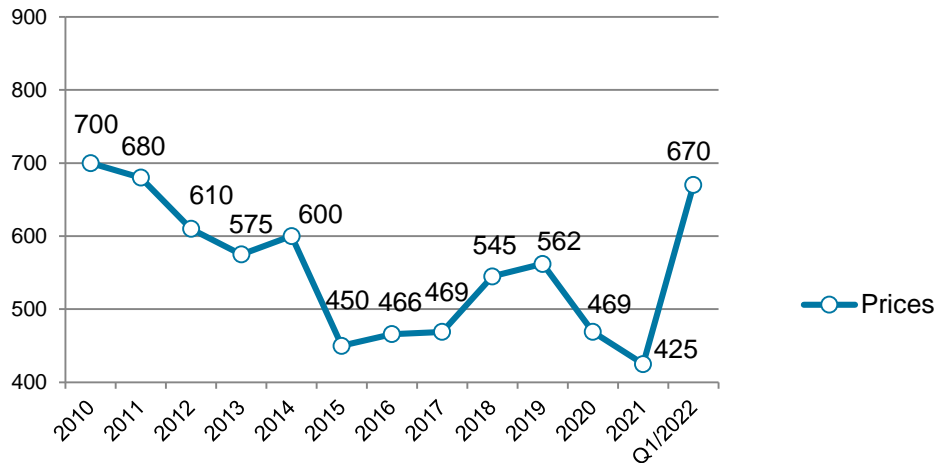


## Magazine paper

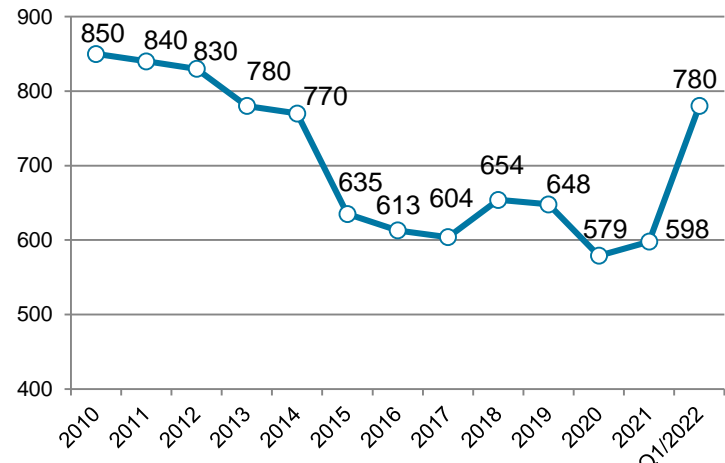
in million tonnes



CHF per tonne (45 g/m<sup>2</sup>)



CHF per tonne (LWC 60 g/m<sup>2</sup>)



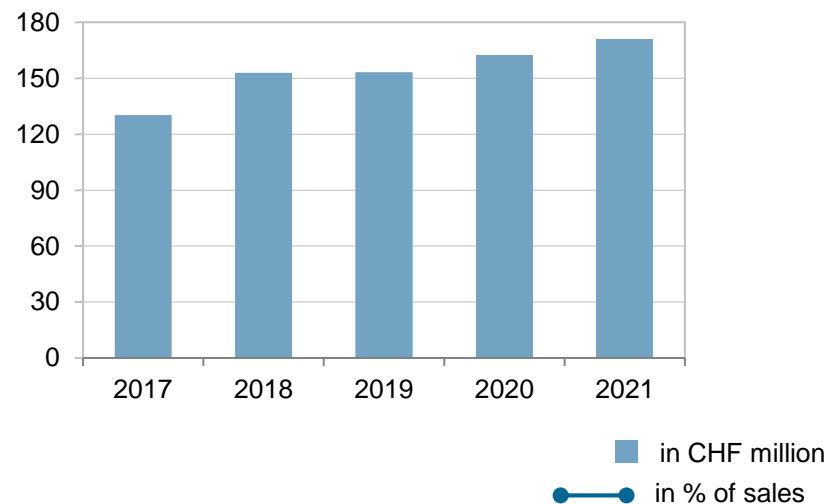
# The Packaging Division

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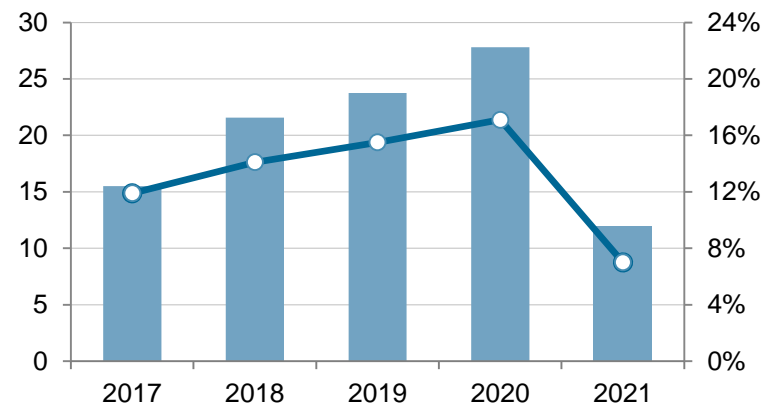


# Packaging Business development

## Sales



## EBITDA



## Market environment

- Demand for medicines declined as pandemic precautions meant fewer other virus transmissions
- Pharma customers still had extensive stocks from 2020
- 7% decline in demand for blister packs in the European pharmaceutical market
- Raw materials costs rose to historic new highs
- Steep increases in transport and logistics costs

## Business development

- Sales up thanks to higher-value products and increases in prices
- Double-digit sales growth in Latin America and Asia
- Record high raw materials costs depressed EBIT margin
- New coating plant being built in Brazil

# The CPH Group Sustainability KPIs



**35**

Nationalities of employees

**740**

CIP proposals submitted

**50**

Apprentices in training

**21**

% of staff with 20+ years of service

**1220**

Energy consumption in GWh

**10**

Training occupations

**92 791**

Waste wood used in tonnes

**99**

Recycling quota of PVC in %

**420 983**

Recovered paper recycled in tonnes

# Agenda



1 Introduction

Peter Schaub

2 Business development

Peter Schildknecht

**3 Financial results**

**Gerold Brütsch**

4 Outlook

Peter Schildknecht

# The CPH Group Consolidated income statement (I)



in CHF million	2020	in %		2021	in %	± in CHF	± in %
<b>Net sales</b>	<b>445.2</b>	<b>100</b>	①	<b>496.7</b>	<b>100</b>	<b>+51.5</b>	<b>+11.6</b>
Inventory change and other income	7.1	2		31.2	6		
Material expense	214.4	48		306.0	62		
Energy expense	47.5	11		61.2	12		
<b>Gross profit</b>	<b>190.4</b>	<b>43</b>	②	<b>160.7</b>	<b>32</b>	<b>-29.7</b>	<b>-15.6</b>
Personnel expense	93.1	21		92.4	18		
Outsourced repairs / maintenance	17.4	4		17.7	4		
Other operating expense	24.7	6		24.9	5		
<b>Operating result before depreciation EBITDA</b>	<b>55.2</b>	<b>12</b>	③	<b>25.7</b>	<b>5</b>	<b>-29.5</b>	<b>-53.4</b>
Depreciation and amortization	30.5	7		28.4	6		
<b>Operating result EBIT before impairment</b>	<b>24.7</b>	<b>6</b>		<b>-2.7</b>	<b>-1</b>	<b>-27.4</b>	<b>n.a.</b>
Impairment	0	0		150.0	30		
<b>Operating result EBIT</b>	<b>24.7</b>	<b>5</b>	④	<b>-152.7</b>	<b>-31</b>	<b>-177.4</b>	<b>n.a.</b>

- ① Sales growth currency adjusted: +13% (Chemistry +32%, Paper +12%, Packaging +5%)
- ② Gross margin substantially below prior year (-11 percentage points) owing to record high raw materials costs (especially of recovered paper and PVC) and rising energy prices; other income includes CHF 18 million from sales of carbon credits (issued from 2018 onwards)
- ③ Seven-percentage-point decline in EBITDA margin lower than gross margin decline (-11 percentage points), thanks to efficiency enhancements and rigorous cost management
- ④ EBIT depressed by non-cash one-time CHF 150 million impairment to paper production assets

# The CPH Group Consolidated income statement (II)



in CHF million	2020	2021	± in CHF	± in %
<b>Operating result EBIT</b>	<b>24.7</b>	<b>-152.7</b>	<b>-177.4</b>	<b>n.a.</b>
in % of sales	5.5	-30.7		
Financial result	-4.7	① -3.9		
<b>Ordinary result before taxes</b>	<b>20.0</b>	<b>-156.6</b>	<b>-176.6</b>	<b>n.a.</b>
Non-operating result	6.9	② 7.4		
Extraordinary result	12.0	0.0		
<b>Earnings before taxes</b>	<b>38.9</b>	<b>-149.2</b>	<b>-188.1</b>	<b>n.a.</b>
Income taxes	-8.1	③ 2.2		
<b>Net result</b>	<b>47.0</b>	<b>-151.4</b>	<b>-198.4</b>	<b>n.a.</b>
<b>Earnings per share (in CHF)</b>	<b>7.82</b>	<b>-25.26</b>	<b>-33.08</b>	

- ① Currency result CHF 0.7 million up on 2020; interest expense CHF 0.2 million lower than prior year
- ② Sales of real estate not required for operations in Buchrain (CHF 4.6 million) and Full-Reuenthal (CHF 3.1 million) less non-operating expense of CHF 0.3 million
- ③ Tax expense of CHF 2.2 million despite negative net result, because tax losses carried forward equivalent to CHF +20.0 million not capitalized; expected long-term tax rate of 15% to 20%

# The CPH Group Consolidated balance sheet



in CHF million (as at 31.12)	2020	in %	2021	in %	± in CHF	± in %	
Cash	116.3	17	95.1	17			
Trade accounts receivable	52.9	8	1	69.3	12		
Inventories	78.3	11	1	87.5	16		
Other current assets	23.8	3		37.8	7		
Fixed assets	432.9	61	2	270.7	48		
<b>Total assets</b>	<b>704.2</b>	<b>100</b>		<b>560.4</b>	<b>100</b>	<b>-143.8</b>	<b>-20.4</b>
Short-term financial liabilities	8.1	1		3.2	1		
Other short-term liabilities	81.4	12		114.4	20		
Long-term financial liabilities	109.7	15		106.6	19		
Other long-term liabilities	33.1	5		25.7	5		
Shareholders' equity	471.9	67		310.5	3	55	
<b>Total shareholders' equity and liabilities</b>	<b>704.2</b>	<b>100</b>		<b>560.4</b>	<b>100</b>	<b>-143.8</b>	<b>-20.4</b>
<b>Net debt</b>	<b>1.5</b>	<b>0</b>		<b>14.6</b>	<b>3</b>	<b>+13.1</b>	<b>n.a.</b>

- 1 Trade accounts receivable and inventories higher than prior year owing to higher sales and higher raw materials costs
- 2 Tangible reduction in fixed assets and balance sheet total following non-cash one-time impairment to paper production assets
- 3 Equity ratio still sound at 55%; decline due to fixed-asset impairment
- 4 Low net debt of CHF 14.6 million; low net-debt-to-EBITDA ratio of 0.6

# The CPH Group Consolidated cash flow statement



in CHF million	2020	2021	± in CHF	± in %
<b>Net result</b>	<b>47.0</b>	<b>-151.4</b>	<b>-198.4</b>	<b>na.</b>
Non-cash income and expense	-1.1	+168.0		
<b>Cash flow</b>	<b>45.9</b>	<b>16.6</b>	<b>-29.3</b>	<b>-63.7</b>
Change in net current assets	9.1	-0.8		
<b>Cash flow from operating activities</b>	<b>55.0</b>	<b>15.8</b>	<b>-39.2</b>	<b>-71.2</b>
<b>Cash flow from investment activities</b>	<b>-15.3</b>	<b>-19.2</b>	<b>-3.9</b>	<b>+25.8</b>
<b>Free cash flow</b>	<b>39.7</b>	<b>-3.4</b>	<b>-43.1</b>	<b>na.</b>
Repayment of financial liabilities	-4.8	-7.2		
Dividend distribution / nominal value reduction	-10.8	-10.8		
<b>Cash flow from financing activities</b>	<b>-15.6</b>	<b>-18.0</b>	<b>-2.4</b>	<b>+15.1</b>
Currency translation	-0.9	0.2		
<b>Net change in cash and cash equivalents</b>	<b>23.2</b>	<b>-21.2</b>	<b>-44.4</b>	<b>na.</b>

- ① CHF 29 million cash flow decline attributable to CHF 30 million EBITDA decline
- ② Investments of CHF 24 million in expanding Chemistry and Packaging capacities and enhancing process efficiencies; CHF 5 million cash inflow from disposals of real estate not required for operations
- ③ Contractual repayments of short-term financial liabilities
- ④ Consistent dividend payments of CHF 1.80 per share for 2019 and 2020 business years

# The CPH Group Information for shareholders



## Market capitalization at 31.12.2021 in CHF million

# 366

6 000 000 registered shares of CHF 0.20 nominal value

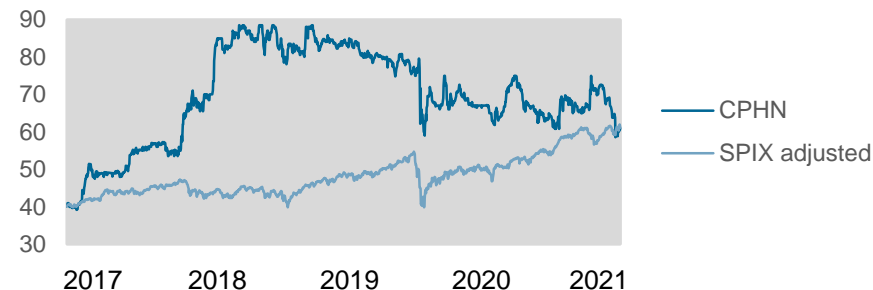
## Dividends and dividend policy

	2017	2018	2019	2020	2021
Distribution per share (in CHF)	0.65	1.80	1.80	1.80	1.30*
Dividend yield (as at 31.12)	1.2%	2.2%	2.3%	2.5%	2.1%

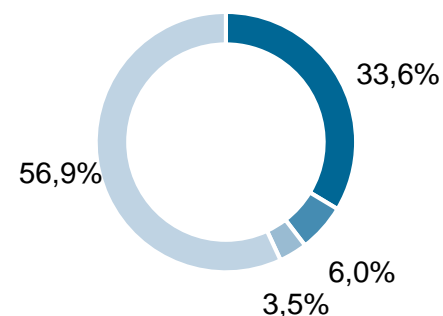
\* Proposal to Annual General Meeting of 17 March 2022

Dividend policy: distribution of 25% to 50% of net result with due regard to liquidity and free cash flow

## Share price development 2017-2021



## Shareholder structure



- Estate Ella Schnorf-Schmid and Swiss Industrial Finance AG
- J. Safra Sarasin Investmentfonds
- Dr. Richard Kind
- Free float

# The CPH Group Sound value with further growth potential



**Sales** showing substantial growth (of **13%** excluding currency factors)

**Group EBITDA margin** of **5.2%** depressed by steep rises in raw materials and energy prices

**Chemistry EBITDA margin** at new record high of **21.5%** thanks to strong demand

**Paper EBITDA margin** of **-3.5%** due to low paper sales prices and record high recovered paper prices

**Packaging EBITDA margin** of **7.0%** down from prior year owing to delay in passing on higher raw materials costs

**Net result** of **CHF -151 million** negative owing to non-cash one-time impairment

**Free cash flow** of **CHF -3.4 million** negative owing to investments in expanding capacities and in further process efficiencies

**Equity ratio** still sound at **55%**

**Net-debt-to-EBITDA ratio** low at **0.6**

**Dividend proposed** of **CHF 1.30** per share

# Agenda



1 Introduction

Peter Schaub

2 Business development

Peter Schildknecht

3 Financial results

Gerold Brütsch

**4 Outlook**

**Peter Schildknecht**

# Outlook for 2022 Higher sales expected



## CPH Group

- Higher sales expected for all three business divisions
- Concrete divisional developments will depend on pandemic's course and on passing higher raw materials costs on to the market
- EBIT and net result expected in the mid-double-digit millions



## Chemistry

- Product demand may grow less strongly than in 2021
- Some raw materials and energy will remain in short supply
- Production line in China to be automated
- Modest sales increase expected and EBIT broadly in line with prior-year level



## Paper

- European demand for graphic papers likely to see high single-digit decline
- Overcapacities and consolidation pressures will remain high
- Higher paper sales prices should raise sales and help deliver a double-digit-million EBIT for the year



## Packaging

- Global pharmaceutical market growth of some 2%-5% a year expected by 2025
- Above-average growth planned in Asia and Latin America
- Coating plant in Brazil to come into operation
- Higher sales and substantially improved EBIT expected



Thank you for your attention

## Key dates



17 March 2022	CPH Chemie + Papier Holding AG Annual General Meeting
21 July 2022	2022 Half-Year Report (to 30 June)
13 September 2022	Capital Markets Day in Perlen
3/4 November 2022	ZKB Swiss Equity Conference
21 February 2023	Publication of the 2022 Annual Report; media conference and investors' meeting
14 March 2023	CPH Chemie + Papier Holding AG Annual General Meeting