

# Media and Investors' Conference

21 February 2023



## 1 Introduction

**Peter Schaub**

2 Business development

Peter Schildknecht

3 Financial results

Gerold Brütsch

4 Outlook

Peter Schildknecht

# The CPH Group 2022 in brief



- Double-digit net sales growth at all three business divisions
- Group net sales and EBIT raised to new record highs
- Investments in further expanding Chemistry and Packaging capacities
- Triple-digit-million group net result
- Dividend proposed of CHF 4.50 per share

# Agenda



1 Introduction

Peter Schaub

**2 Business development**

**Peter Schildknecht**

3 Financial results

Gerold Brütsch

4 Outlook

Peter Schildknecht

# The CPH Group 2022 at a glance

**725**

**Net sales**  
in CHF millions

**18.1**

**EBITDA margin**  
in %

**112**

**EBIT**  
in CHF millions

**101**

**Net result**  
in CHF millions

**1181**

**Headcount**  
in FTEs

**60**

**Equity ratio**  
in %

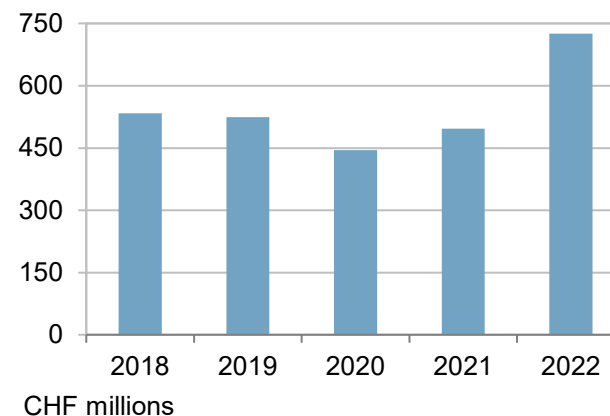
CPH is an internationally active and diversified industrial group that is headquartered in Switzerland and was founded in 1818. The shares of its holding company CPH Chemie + Papier Holding AG have been listed on the SIX Swiss Exchange since 2001. The Group's founding families remain strong anchor shareholders.

# The CPH Group Key figures

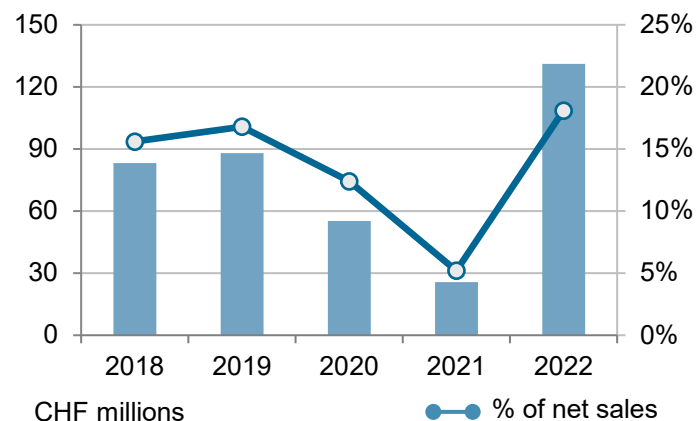
in CHF millions	2021	2022	±	± in %
<b>Net sales</b>	<b>497</b>	<b>725</b>	<b>+228</b>	<b>+46.0%</b>
<b>EBITDA</b>	<b>26</b>	<b>131</b>	<b>+105</b>	<b>+410%</b>
EBITDA margin	5.2%	18.1%		
<b>EBIT</b>	<b>-3<sup>1</sup></b>	<b>112</b>	<b>+115</b>	<b>n.a.</b>
EBIT margin	-0.5%	15.5%		
<b>Net result</b>	<b>-151</b>	<b>101</b>	<b>+252</b>	<b>n.a.</b>
<b>Earnings per share (in CHF)</b>	<b>-25.26</b>	<b>16.83</b>	<b>+42.09</b>	<b>n.a.</b>
<b>Cash flow</b>	<b>17</b>	<b>129</b>	<b>+112</b>	<b>+677%</b>
<b>Total assets</b>	<b>560</b>	<b>666</b>	<b>+106</b>	<b>+18.9%</b>
<b>Shareholders' equity</b>	<b>310</b>	<b>400</b>	<b>+90</b>	<b>+28.7%</b>
in % of total assets (equity ratio)	55.4%	60.0%		
<b>Headcount (in FTEs)</b>	<b>1 104</b>	<b>1 181</b>	<b>+77</b>	<b>+7.0%</b>

<sup>1</sup> before impairment

## Net sales



## EBITDA



# The CPH Group Business divisions

Key figures for 2022 in CHF millions

Strategy

Market position

Production sites

Brands



## Chemistry

**110** Net sales

**19** EBITDA

Differentiation



Number 3 worldwide in molecular sieves for industrial applications



**ZEOCHEM**<sup>®</sup>



## Paper

**384** Net sales

**81** EBITDA

Cost leadership



Number 1 in Switzerland for newsprint and magazine paper manufacture and waste paper recycling



**perlen papier ag** **APS**  
ALUMINUM SERVICE SCHWEIZ AG



## Packaging

**231** Net sales

**31** EBITDA

Differentiation

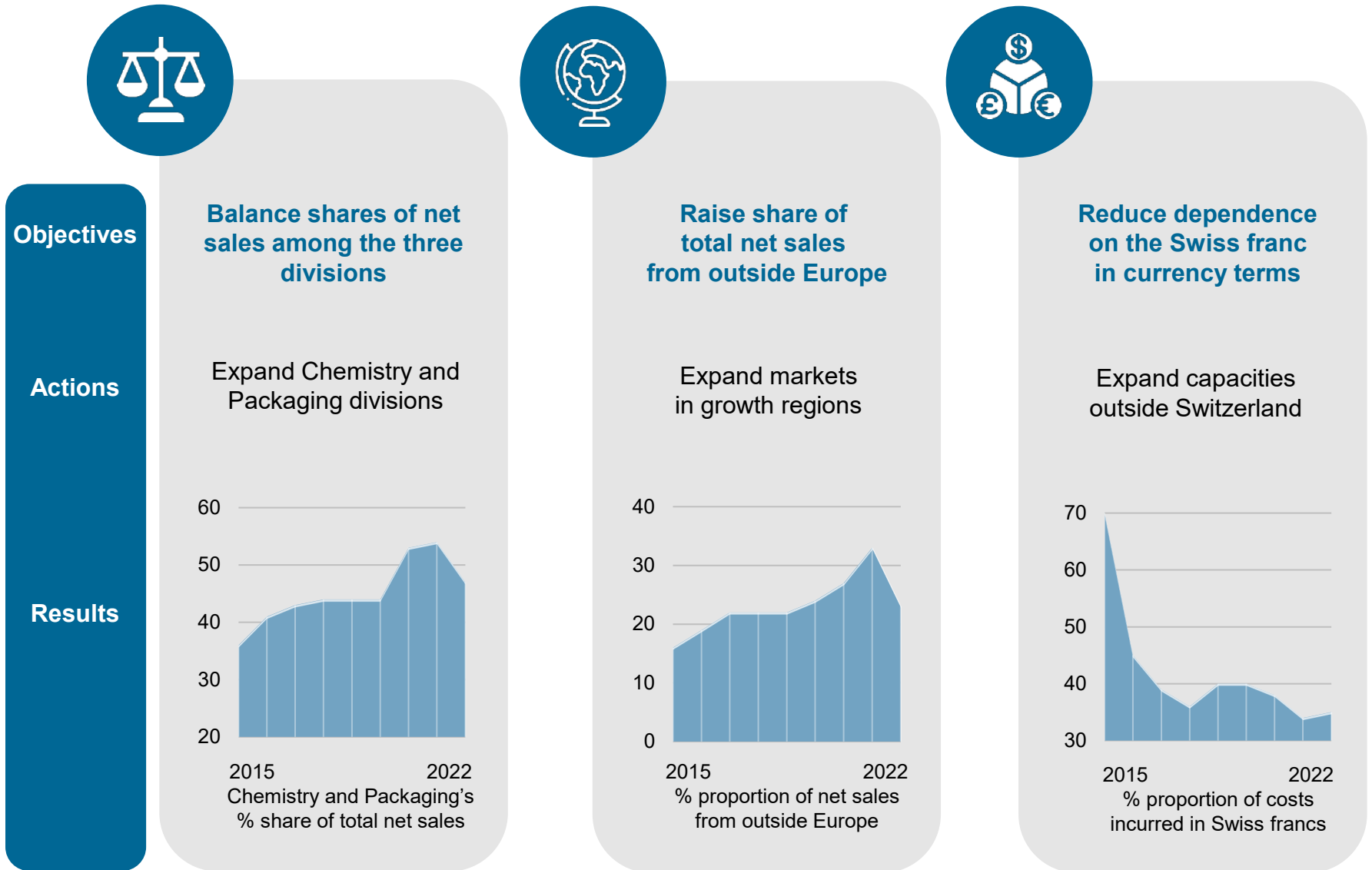


Number 3 worldwide for coated barrier films for pharmaceutical applications

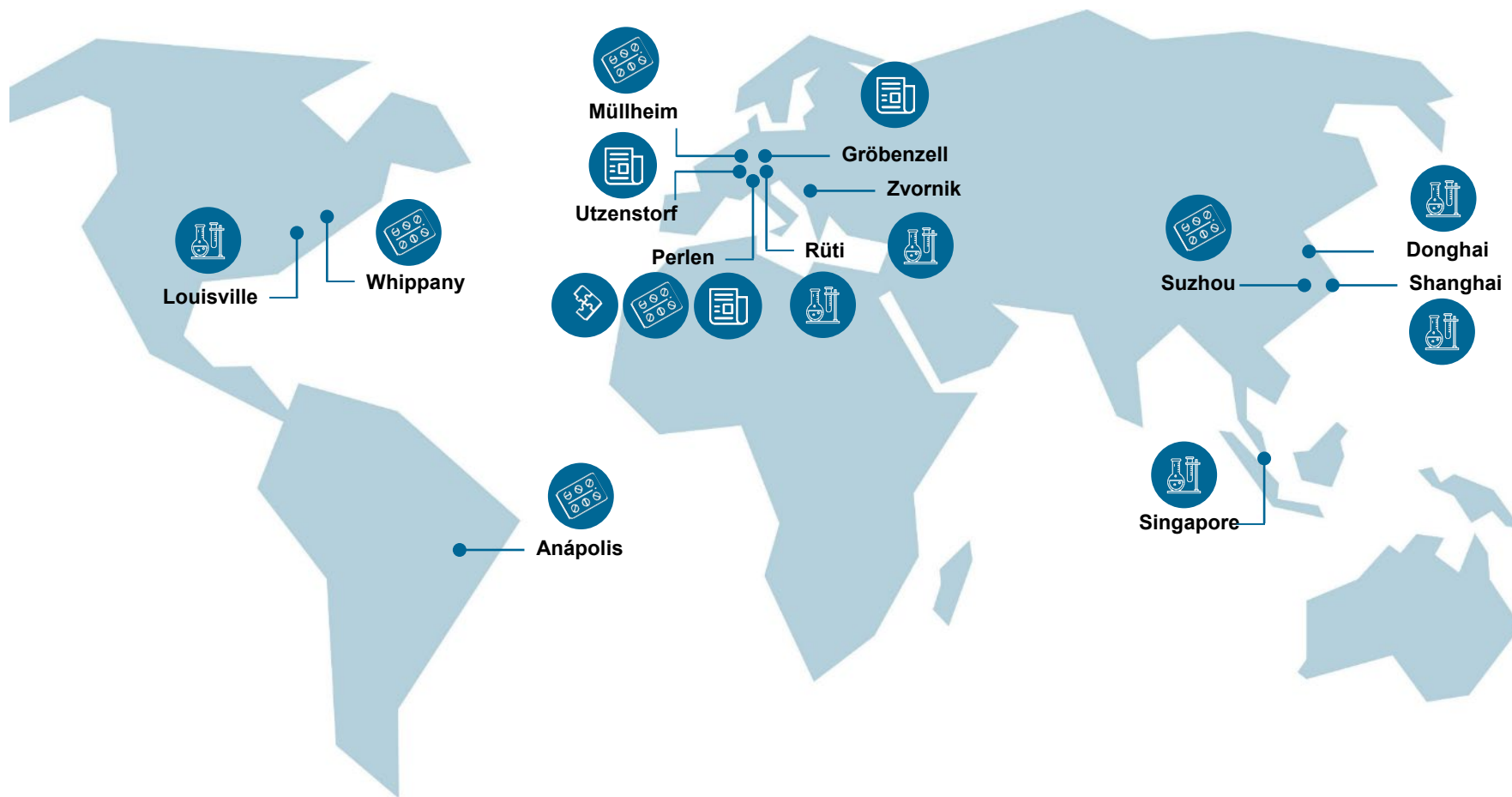


**perlen packaging**

# The CPH Group Strategy implementation



# The CPH Group Business and operating locations

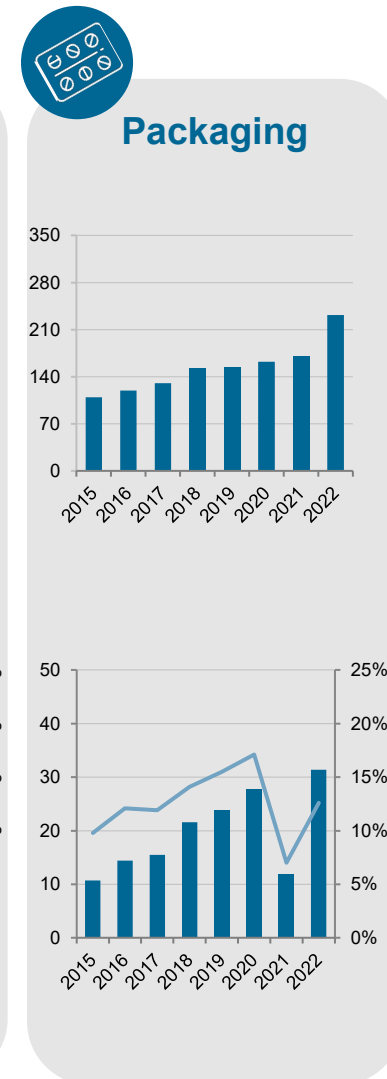
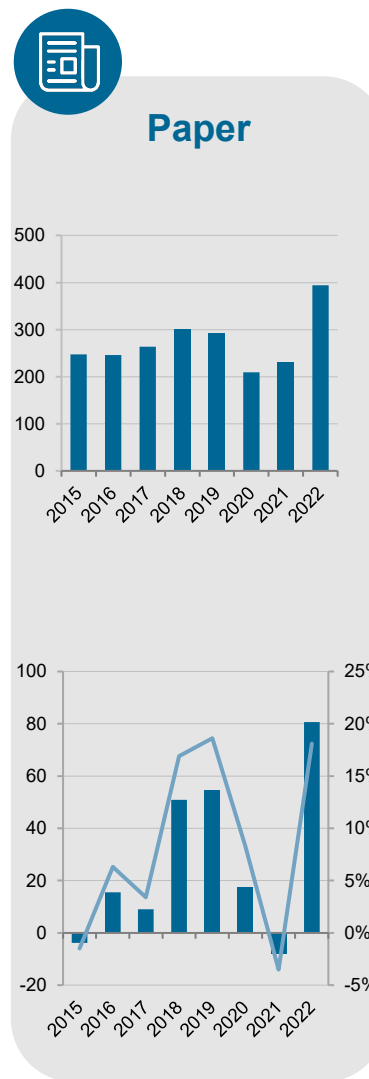
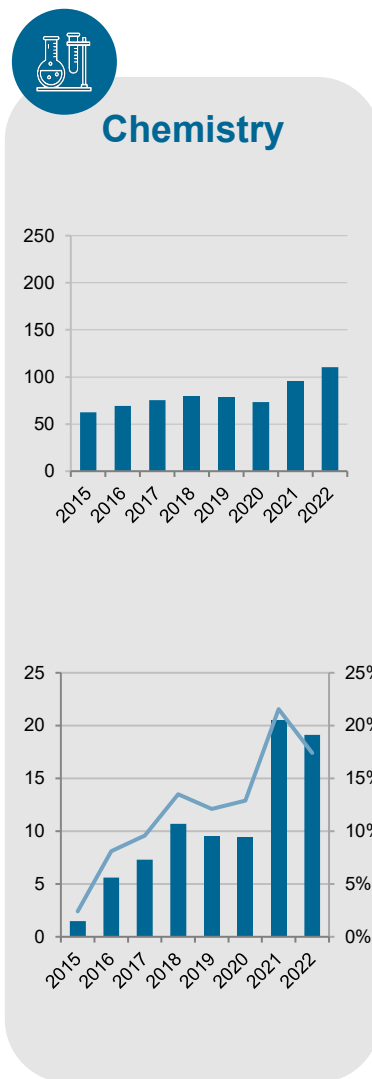
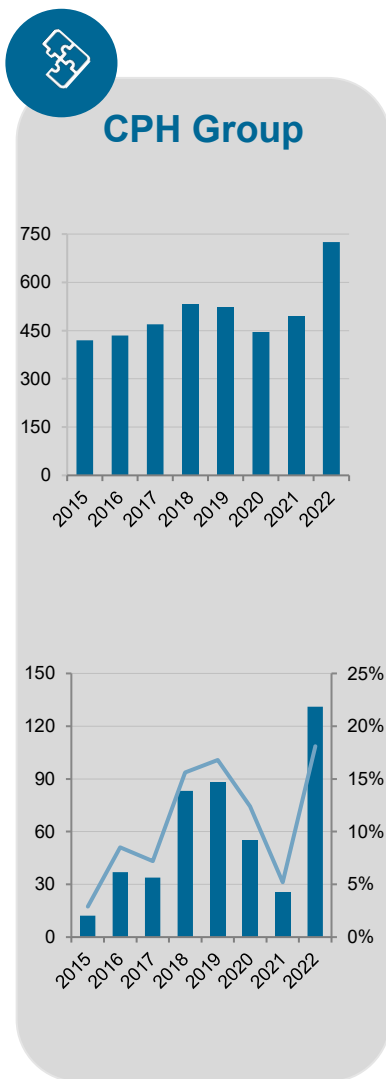


# The CPH Group Business development

**Net sales**  
in CHF  
millions

**EBITDA**  
in CHF  
millions

in %  
of net sales  
(right scale)

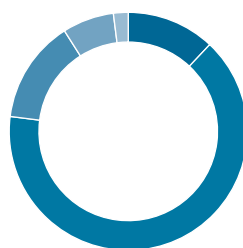


# The CPH Group Income statement

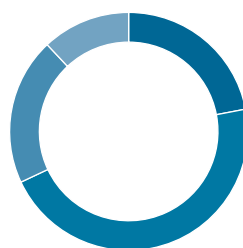
	CPH Group			Chemistry			Paper			Packaging		
in CHF millions	2021	2022	± in %	2021	2022	± in %	2021	2022	± in %	2021	2022	± in %
<b>Net sales</b>	<b>497</b>	<b>725</b>	<b>+46.0%</b>	<b>95</b>	<b>110</b>	<b>+15.9%</b>	<b>231</b>	<b>384</b>	<b>+66.5%</b>	<b>171</b>	<b>231</b>	<b>+35.1%</b>
<b>EBITDA</b>	<b>26</b>	<b>131</b>	<b>+410%</b>	<b>20</b>	<b>19</b>	<b>-6.4%</b>	<b>-8</b>	<b>81</b>	<b>n.a.</b>	<b>12</b>	<b>31</b>	<b>+163%</b>
EBITDA margin	5.2%	18.1%		21.5%	17.4%		-3.5%	21.0%		7.0%	13.6%	
<b>EBIT</b>	<b>-3</b>	<b>112</b>	<b>n.a.</b>	<b>15</b>	<b>14</b>	<b>-9.8%</b>	<b>-25<sup>1</sup></b>	<b>75</b>	<b>n.a.</b>	<b>6</b>	<b>24</b>	<b>+316%</b>
EBIT margin	-0.5%	15.5%		16.1%	12.5%		-10.8%	19.5%		3.3%	10.3%	
<b>Headcount</b>	<b>1 104</b>	<b>1 181</b>	<b>+7.0%</b>	<b>290</b>	<b>296</b>	<b>+1.9%</b>	<b>357</b>	<b>371</b>	<b>+3.9%</b>	<b>449</b>	<b>507</b>	<b>+12.8%</b>

\* before impairment

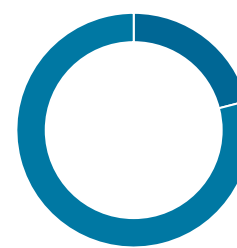
## 2022 net sales by region



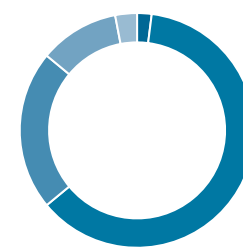
- 12% Switzerland
- 65% Rest of Europe
- 14% Americas
- 7% Asia
- 2% Rest of the world



- 22% Europe
- 46% Americas
- 20% Asia
- 12% Rest of the world



- 21% Switzerland
- 79% Rest of Europe

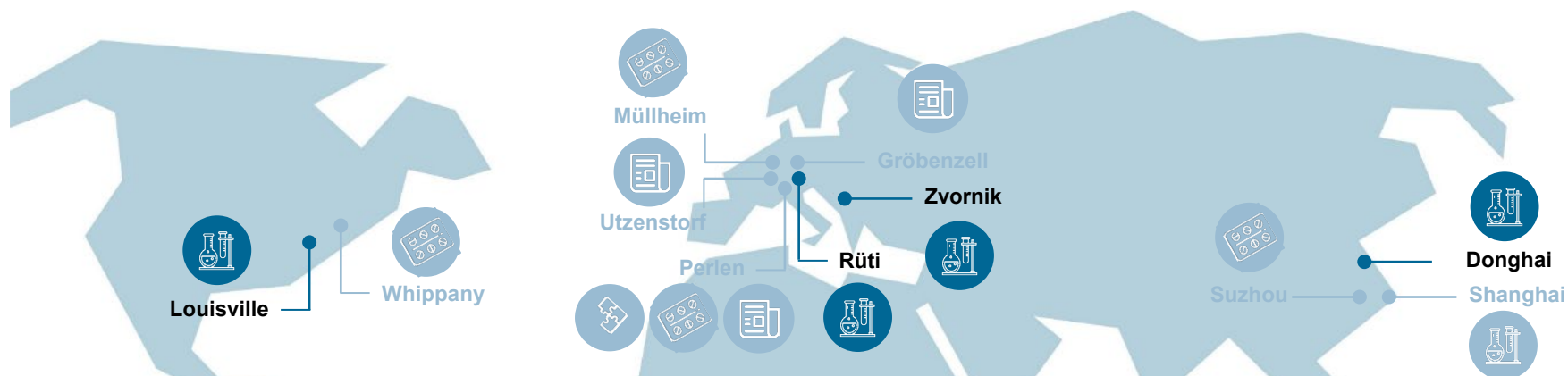


- 2% Switzerland
- 62% Rest of Europe
- 22% Americas
- 11% Asia
- 3% Rest of the world

# The Chemistry Division



# Chemistry Investments in additional production capacities



## Louisville (USA)



- Capacities expanded for lithium-based products
- New Service Center: laboratory, QM, sales, management

## Rütli (CH)



- Capacities expanded for DMSO products
- Enrichment column

## Zvornik (BiH)



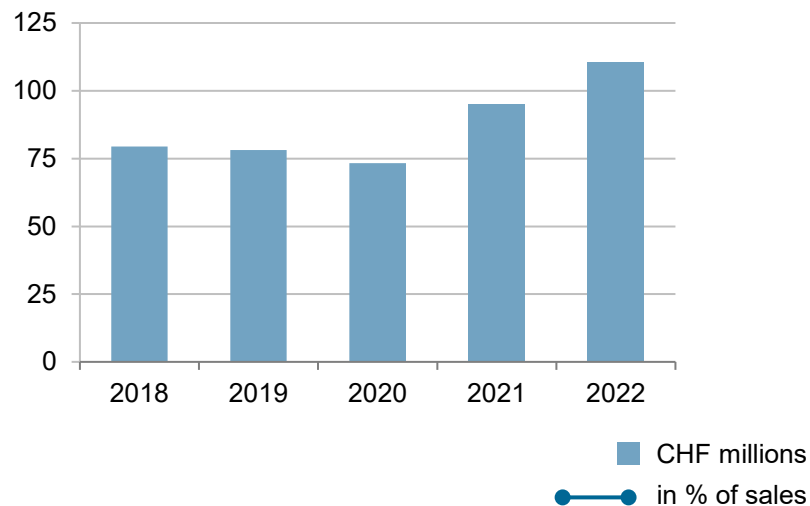
- Molecular sieve powder production capacities expanded

## Donghai (CN)

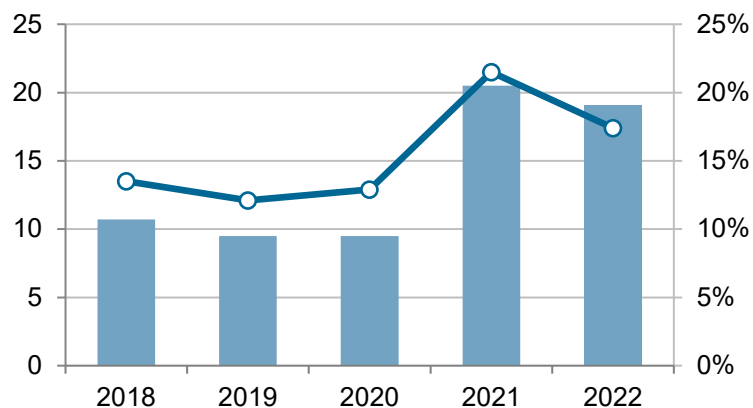


- Dust extraction facility and further environmental protection measures
- Production line automated

## Net sales



## EBITDA



## Market environment

- Strong demand for molecular sieves for concentrating industrial oxygen; steep increase in the price of the lithium used in such processes
- Substantial increase in demand for molecular sieves from the natural gas and ethanol industry
- Sizeable demand for deuterated compounds for use in analysis and for OLED displays
- Weakening in demand in the second half of the year

## Business development

- Facilities well utilized and new order volumes encouragingly high
- Net sales raised and market shares gained
- EBIT maintained at high level
- Investments in new facilities in Louisville, Donghai, Zvornik and Rüti
- New Service Center opened in the USA

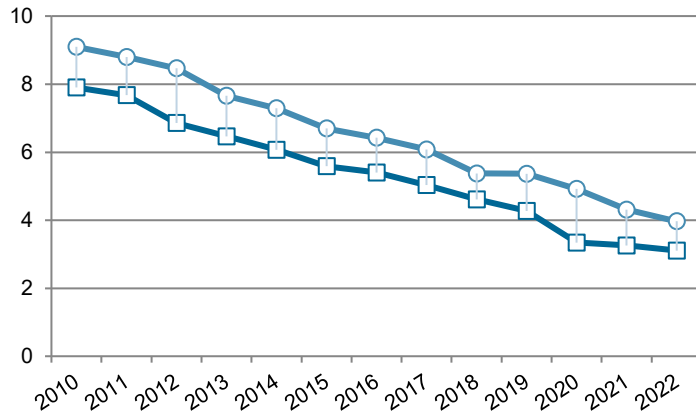
# The Paper Division



# Paper Market and pricing trends in Western Europe

## Newsprint

in million tonnes

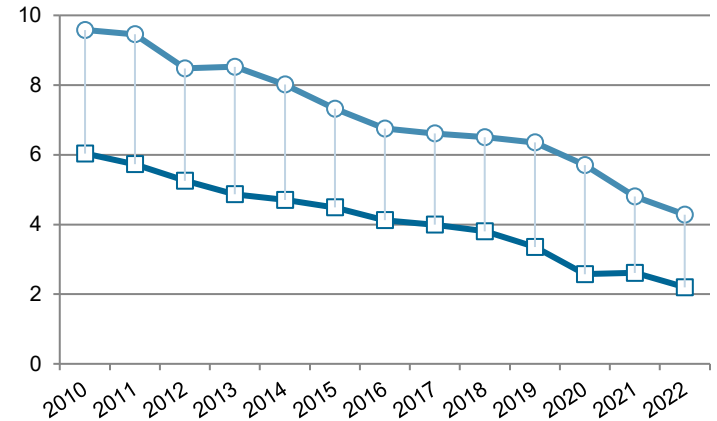


○ Kapazitäten  
 ■ Nachfrage

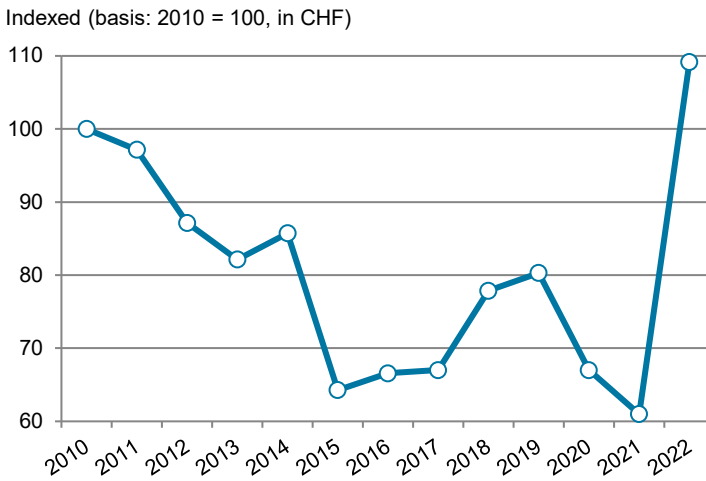
Source: PPPC

## Magazine paper

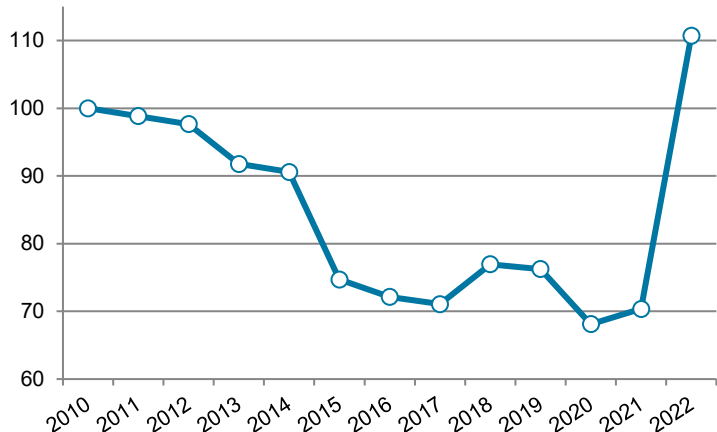
in million tonnes



Indexed (basis: 2010 = 100, in CHF)

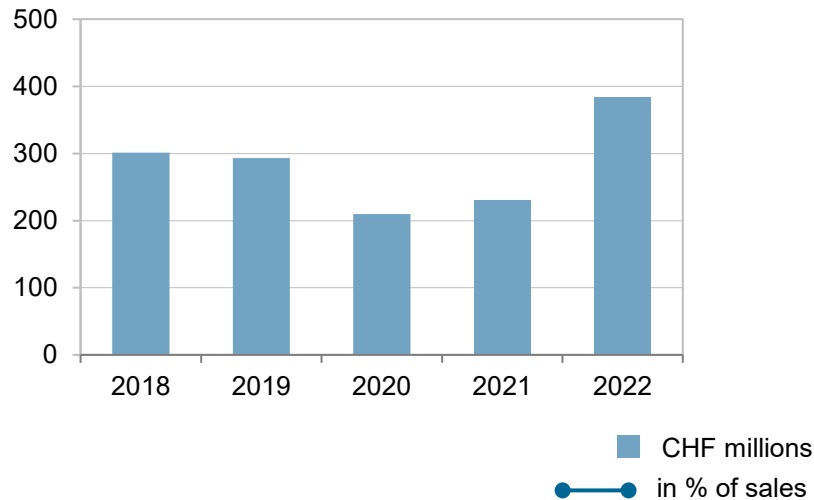


○ Preise

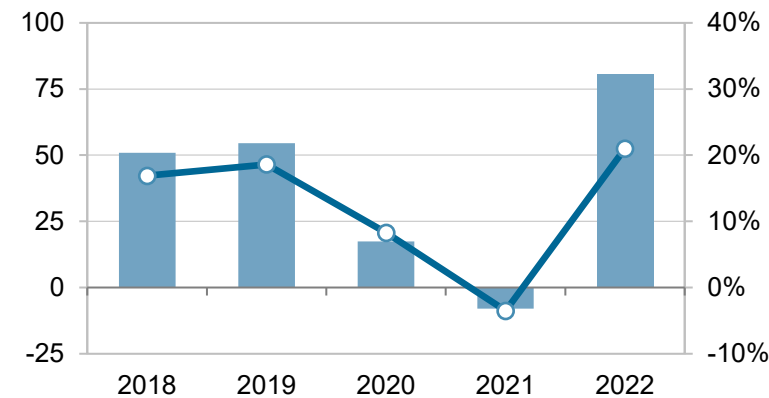


# Paper Business development

## Net sales



## EBITDA



## Market environment

- Structural change continues: further decline in demand for paper products in Europe and capacities withdrawn from market
- Waste paper still in short supply and prices raised to historic high levels
- Steep increases in thermal energy and electricity prices
- Fall in waste paper and energy prices towards year-end, but prices still at very high levels

## Business development

- Net sales raised through higher sales prices, despite lower sales volumes
- EBIT raised to new record high
- Steep increases in costs of energy and materials
- Competitive advantage thanks to structured electricity procurement

# The Packaging Division



# Packaging New coating plant in Brazil



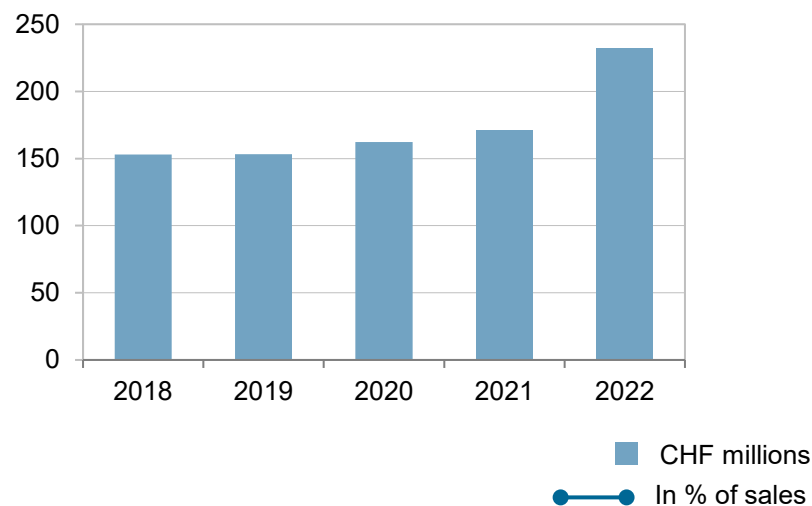
Anápolis

- New coating facility commenced operations in Q4/2022
- Exclusive collaboration with local PVC mono film manufacturer Cipatex
- Latin American pharmaceuticals market expected to show annual growth of 5-8% over the next few years

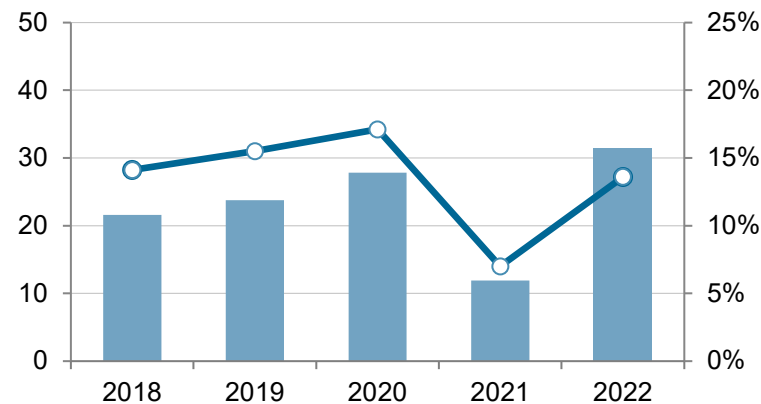


# Packaging Business development

## Net sales



## EBITDA



## Market environment

- Strong demand for pharmaceutical packagings
- Pharma customers increasing inventories and securing deliveries well in advance
- Below-average growth in Asian pharmaceuticals markets owing to coronavirus measures in China
- Raw materials in very short supply until late summer, prompting high materials prices
- Transport costs at new record levels, but slight easing in Q4

## Business development

- Higher raw materials costs passed on, raising net sales
- EBIT margin back to double digits
- Very high new order volumes
- Facilities operated at limits of capacities
- New coating plant in Brazil opened in Q4

# The CPH Group Strategic success factors



Leading market position  
in relevant sales markets



Own production facilities in Europe,  
Asia and North and South America



Diversification into multiple markets  
and business models



Consistent long-term leadership  
through a stable management team



Focus on markets with prospects  
of above-average growth



Lean organization with skilled and  
experienced personnel



Constant product innovations  
to maintain competitive edge



Descendants of founding families  
as strong anchor shareholders



## Environment

- Fossil fuels accounted for only 8% of energy sources by the end of 2022
- 205 GWh per year of renewable energy generated in-house
- 94% of resources used are of organic origin
- Net waste reduction for 2022: 557 000 tonnes of waste used in production but only 113 000 tonnes of resulting waste thermally utilized and 1 700 tonnes sent to external landfill sites
- Carbon intensity reduced by 87% from its 2013 level, down to 25 tonnes of CO<sub>2</sub> per CHF million of net sales; CO<sub>2</sub> emissions per tonne of paper produced at a quarter of peer group levels



## Social

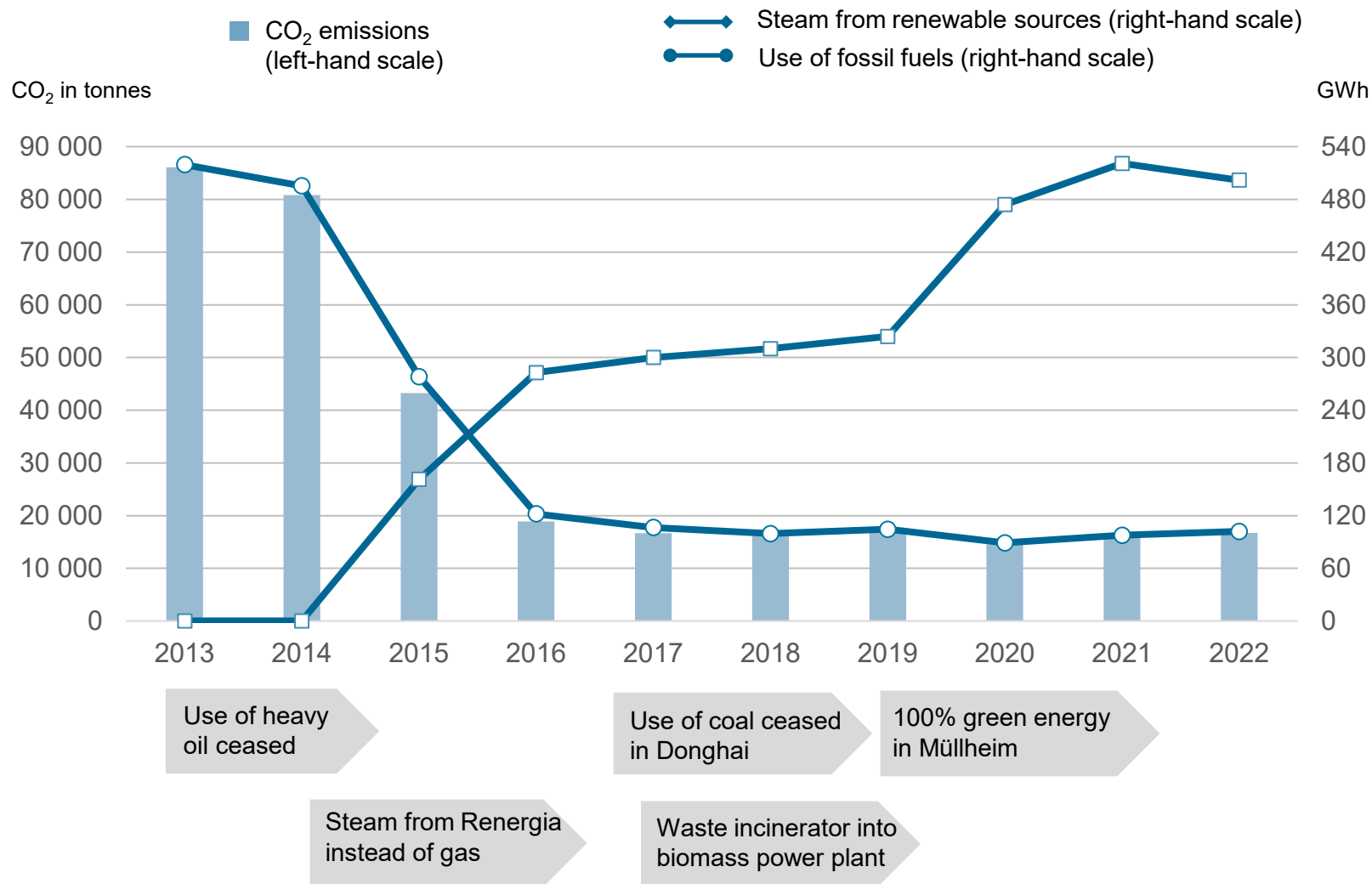
- Regular employee surveys and long-serving staff (20% with over 20 years of service) confirm good employer credentials
- 54 apprentices in 10 professions underline social commitment
- Highly diverse workforce with employees from 38 nations



## Governance

- Members of the Board of Directors with extensive experience and expertise
- Stable shareholder base, with 34% held by main shareholder group
- Board of Directors chaired by committed anchor shareholder

# The CPH Group Effective climate protection measures



# 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 millions		2022	%	2021	%	±	±%
<b>Net sales</b>	1	<b>725</b>	<b>100.0</b>	<b>497</b>	<b>100.0</b>	<b>+228</b>	<b>+46.0%</b>
Other operating income		21	2.9	25	5.1		
Change in inventories		19	2.6	6	1.2		
Cost of materials		-398	-54.8	-306	-61.7		
Cost of energy		-73	-10.1	-61	-12.3		
<b>Gross profit</b>	2	<b>294</b>	<b>40.6</b>	<b>161</b>	<b>32.3</b>	<b>+133</b>	<b>+83.3%</b>
Personnel expense		-101	-14.0	-92	-18.5		
Maintenance and repairs		-28	-3.8	-18	-3.6		
Other operating expense		-34	-4.7	-25	-5.0		
<b>EBITDA</b>	3	<b>131</b>	<b>18.1</b>	<b>26</b>	<b>5.2</b>	<b>+105</b>	<b>+410%</b>

- 1 Net sales growth at constant currency: +50% (Chemistry +12%, Paper +75%, Packaging +39%)
- 2 Gross margin substantially (8 percentage points) above prior year thanks to increased sales prices and temporary energy procurement benefits
- 3 Disproportionate (13-percentage-point) increase in EBITDA margin compared to gross margin increase thanks to efficiency enhancements and rigorous cost management

# The CPH Group Consolidated income statement (II)

in CHF millions	2022	%	2021	%	±	±%
<b>EBITDA</b>	<b>131</b>	<b>18.1</b>	<b>26</b>	<b>5.2</b>	<b>+105</b>	<b>+410%</b>
Depreciation expense	1	-19	-2.6	-178	-35.9	
<b>Operating result EBIT</b>	<b>112</b>	<b>15.5</b>	<b>-153</b>	<b>-30.7</b>	<b>+265</b>	<b>n.a.</b>
Financial result		-4	-0.6	-4	-0.8	
Non-operating result	2	-8	-1.1	8	1.5	
<b>Result before income taxes</b>	<b>100</b>	<b>13.8</b>	<b>-149</b>	<b>-30.0</b>	<b>+249</b>	<b>n.a.</b>
Income taxes	3	1	0.1	-2	-0.5	
<b>Net result</b>	<b>101</b>	<b>13.9</b>	<b>-151</b>	<b>-30.5</b>	<b>+252</b>	<b>n.a.</b>
<b>Earnings per share (in CHF)</b>	<b>4</b>	<b>16.83</b>		<b>-25.26</b>		<b>+42.09</b>

- 1 Prior-year depreciation expense includes a non-cash-relevant one-time CHF 150 million impairment to fixed assets used in paper production
- 2 Non-operating result includes the costs of higher environmental provisions as well as expenses and income from the disposal and rental of former production sites
- 3 The positive income tax result is due to the use of tax loss carry forwards (average expected income tax rate: 13.9%)
- 4 The earnings per share of CHF 16.83 are a new record high

# The CPH Group Consolidated balance sheet

in CHF millions	31.12.2022	%	31.12.2021	%	±	±%	
Cash and cash equivalents	144	21.6	95	17.0			
Trade receivables	1	94	14.1	69	12.4		
Inventories	1	113	17.0	88	15.6		
Other current assets		31	4.7	37	6.7		
Fixed assets		284	42.6	271	48.3		
<b>Total assets</b>		<b>666</b>	<b>100.0</b>	<b>560</b>	<b>100.0</b>	<b>+106</b>	<b>+18.9%</b>
Financial liabilities	2	99	14.8	110	19.6		
Trade payables		93	14.0	85	15.1		
Other payables		35	5.3	24	4.3		
Provisions		39	5.9	31	5.6		
Shareholders' equity	3	400	60.0	310	55.4	+90	+28.7%
<b>Total liabilities and equity</b>		<b>666</b>	<b>100.0</b>	<b>560</b>	<b>100.0</b>	<b>+106</b>	<b>+18.9%</b>
<b>Net cash</b>	4	<b>45</b>	<b>6.7</b>	<b>-15</b>	<b>-2.6</b>	<b>+60</b>	<b>n.a.</b>
<b>Capital employed</b>	1	<b>344</b>	<b>51.6</b>	<b>319</b>	<b>57.0</b>	<b>+25</b>	<b>+7.7%</b>

- 1 The increases in capital employed (+7.7%), trade receivables and inventories were far smaller in proportionate terms than the 46.0% net sales growth
- 2 Early repayment of financial liabilities from free cash flow
- 3 Sound self-financing with an equity ratio of 60%
- 4 Net debt totally eliminated and net cash built up to CHF 45 million by the end of 2022

# The CPH Group Consolidated cash flow statement



in CHF millions	2022	%	2021	%	±	±%
<b>Net result</b>	<b>101</b>	<b>100.0</b>	<b>-151</b>	<b>-100.0</b>	<b>+252</b>	<b>n.a.</b>
Non-cash items	28	28.1	168	111.0		
<b>Cash flow</b>	<b>129</b>	<b>128.1</b>	<b>17</b>	<b>11.0</b>	<b>+112</b>	<b>+677%</b>
Change in net working capital	-31	-31.5	-1	-0.5		
<b>Cash flow from operating activities</b>	<b>98</b>	<b>96.6</b>	<b>16</b>	<b>10.5</b>	<b>+82</b>	<b>+516%</b>
<b>Cash flow from investing activities</b>	<b>-30</b>	<b>-29.3</b>	<b>-19</b>	<b>-12.7</b>	<b>-11</b>	<b>+57.9%</b>
<b>Free cash flow</b>	<b>68</b>	<b>67.3</b>	<b>-3</b>	<b>-2.2</b>	<b>+71</b>	<b>n.a.</b>
Repayment of financial liabilities	-11	-10.9	-7	-4.6		
Distribution to shareholders	-8	-7.7	-11	-7.1		
Other	-	-0.2	-	-0.2		
<b>Cash flow from financing activities</b>	<b>-19</b>	<b>-18.8</b>	<b>-18</b>	<b>-11.9</b>	<b>-1</b>	<b>+5.6%</b>
<b>Currency translation</b>	<b>-</b>	<b>-0.5</b>	<b>-</b>	<b>0.2</b>		
<b>Change in cash and cash equivalents</b>	<b>49</b>	<b>48.0</b>	<b>-21</b>	<b>-13.9</b>	<b>+70</b>	<b>n.a.</b>

- 1 Strong cash flow (+ CHF 112 million) thanks to substantial increase in EBITDA (+ CHF 105 million)
- 2 Investments of CHF 34 million in expanding Chemistry and Packaging capacities and enhancing process efficiencies; cash inflow of CHF 4 million from disposal of real estate not required for operations
- 3 Premature repayment of financial liabilities (including CHF 1.3 million of outstanding corporate bond)
- 4 Continuous dividend distribution

# The CPH Group Information for shareholders



## Market capitalization at 31.12.2022

in CHF millions

# 468

6 000 000 registered shares of CHF 0.20 nominal value

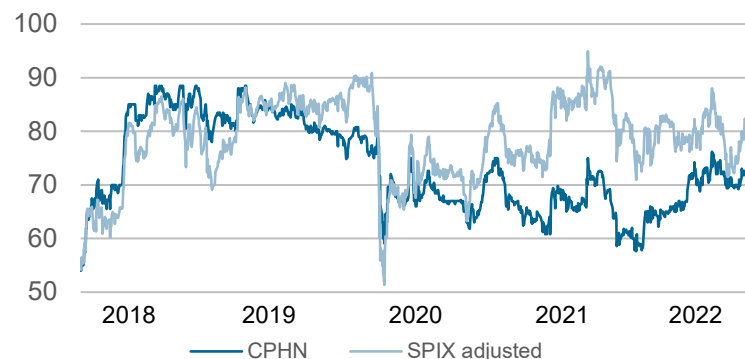
## Dividend policy and dividends

Dividend policy: distribution of 25% to 50% of net result for the year with due regard to free cash flow and continuity

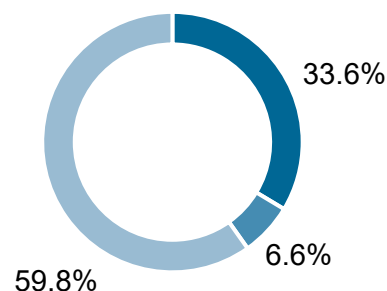
	2018	2019	2020	2021	2022
Distribution per share (in CHF)	1.80	1.80	1.80	1.30	4.50 <sup>1)</sup>
Dividend yield (as at 31.12)	2.2%	2.3%	2.5%	2.1%	5.8%

1) Board of Directors' recommendation to Annual General Meeting of 14 March 2023

## Share price development 2018-2022



## Shareholder structure



- Shareholder's group Elly Schnorf-Schmid Foundation and Swiss Industrial Finance AG (represented by Peter Schaub)
- J. Safra Sarasin Investmentfonds AG
- Free float

# The CPH Group Sound value with further growth potential



**Net sales** showing substantial growth (of **50.4%** at constant currency)

**Group EBITDA margin** of **18.1%**, buoyed by higher sales prices

**Chemistry EBITDA margin** of **17.4%** thanks to strong demand and high capacity utilization

**Paper EBITDA margin** of **21.0%** thanks to easing of paper market pressures

**Packaging EBITDA margin** of **13.6%** thanks to high capacity utilization and higher prices

**Net result** of **CHF 101 million** thanks to good capacity utilization and higher sales prices

**Free cash flow** of **CHF 68 million** through net sales and EBITDA growth and disproportionately low increase in capital employed

**Equity ratio** of **60%** provides a sound foundation for further development

**Net cash** increased by **CHF 60 million**

**Return on capital employed** at a high **29.2%**

# Agenda



1 Introduction

Peter Schaub

2 Business development

Peter Schildknecht

3 Financial results

Gerold Brütsch

**4 Outlook**

**Peter Schildknecht**

# Outlook for 2023 shows many uncertainties



## CPH Group

- Still sizeable uncertainties in the markets
- Higher net sales expected
- Developments in the divisions will depend on availabilities of raw materials and energy and passing on cost
- EBIT and net result expected to be in the mid-to-higher double-digit millions



## Chemistry

- Economic outlook uncertain
- Costs of raw materials and energy likely to remain high
- Lithium prices currently rising steeply
- Growing pricing pressures expected
- Net sales and EBIT will depend on passing on higher cost to the market



## Paper

- Demand for graphic paper products still declining in Europe
- Consolidation pressures persisting
- Waste paper and energy prices likely to remain high
- Net sales and EBIT will fall short of their very high 2022 levels



## Packaging

- Global blister pack market expected to grow in value by 3-6% a year over the next few years
- Net sales should increase at above-market rates
- EBIT should increase accordingly, provided higher raw material cost can be passed on



Thank you for your attention

## Key dates



14 March 2023	CPH Chemie + Papier Holding AG Annual General Meeting in Lucerne
20 July 2023	2023 Half-Year Report (to 30 June)
26 September 2023	CPH Group Investors' Day in Zurich
20 February 2024	Media and Investors' Conference and publication of the 2023 Annual Report