

Annual Results Investors Conference

26 February 2019



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Agenda



1 Introduction

2 Business developments

3 Financial results

4 Outlook

Peter Schaub

Peter Schildknecht

Richard Unterhuber

Peter Schildknecht

The CPH Group 2018 in brief



- A successful anniversary year
- Good results from all divisions
- Double-digit percentage net sales growth
- Consolidated EBIT at new record level
- Net result more than doubled
- Further international expansion with new Latin America operation
- Acquired businesses successfully integrated:
Papierfabrik Utzenstorf into APS, and Armar and Yusheng into Zeochem
- Dividend of CHF 1.80 per share; special dividend of CHF 0.50 per share included

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The CPH Group Key figures



in CHF million	2017	2018	± in CHF	± in %
Net sales	469.8	533.5	63.7	13.6
EBITDA in % of net sales	33.8 7.2	83.1 15.6	49.3	146.2
EBIT in % of net sales	2.9 0.6	51.6 9.7	48.7	1679.8
Net result (including minorities) in % of net sales	16.2 3.4	42.3 7.9	26.1	161.3
Cash flow	14.5	69.0	54.5	376.7
Free cash flow	12.9	18.3	5.4	42.1
Balance sheet total	697.6	800.5	102.9	14.8
Equity in % of the balance sheet total	396.2 56.8	407.1 50.9	10.9	2.8
Personnel	1 019	1 081	62	6.1

The CPH Group Business divisions

Divisions



Key figures for 2018

Net sales

EBITDA

Production sites

Employees

Net sales by region

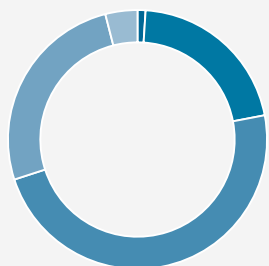
Chemistry

CHF 79.4 million

CHF 10.7 million

CH / USA / CN / BiH

293



- 1% Switzerland
- 21% Rest of Europe
- 48% The Americas
- 26% Asia
- 4% Rest der Welt

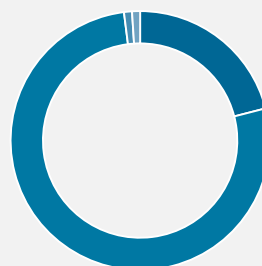
Paper

CHF 301.1 million

CHF 50.9 million

CH

369



- 21% Switzerland
- 77% Rest of Europe
- 1% The Americas
- 1% Asien

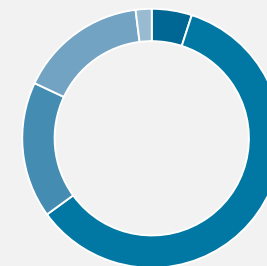
Packaging

CHF 153.0 million

CHF 21.6 million

CH / DE / USA / BRA / CN

413

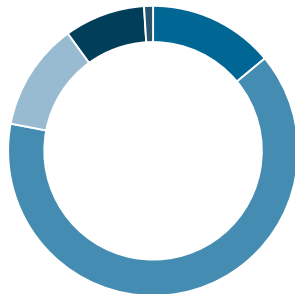


- 5% Switzerland
- 60% Rest of Europe
- 17% The Americas
- 16% Asia
- 2% Rest of the world

The CPH Group Sales markets and production sites

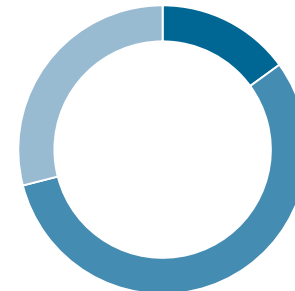


2018 net sales by region



- 14% Switzerland
- 64% Rest of Europe
- 12% America
- 9% Asia
- 1% Rest of the world

2018 net sales by division



- 15% Chemistry
- 56% Paper
- 29% Packaging

The CPH Group Strategic objectives

	1	2	3
Objectives	Net sales broadly balanced among the three divisions	Higher share of net sales from outside Europe	Less exposure to the Swiss franc in currency movement terms
Actions	Expand Chemistry and Packaging to counterbalance Paper	Expand in markets in growth regions	Expand production capacities outside Switzerland
Results	<p>36% 2013 44% 2018</p> <p>Chemistry and Packaging's share of total net sales</p>	<p>16% 2013 22% 2018</p> <p>Proportion of net sales from outside Europe</p>	<p>70% 2013 40% 2018</p> <p>Proportion of costs incurred in Swiss francs</p>

The CPH Group Highlights of 2018

200 Years CPH
1818-2018



January

Newly-founded APS Altpapier Service Schweiz takes over waste paper activities of Papierfabrik Utzenstorf.



February

Perlen Packaging acquires a 60% equity stake in Sekoya, its distribution partner in Brazil.



March

Chemistry Division takes over Shanghai Yusheng's molecular sieve distribution in China.



March

General Meeting resolves CHF 18 million reduction in nominal value in favour of capital contribution reserve.



March

Business activities of Armar are integrated into the Chemistry Division.



May

CPH Group celebrates its 200th anniversary and says farewell to its original Uetikon site.

The CPH Group Highlights of 2018

200 Years CPH
1818-2018



May

BLISTair inhaler earns the packaging world's biggest innovation prize, the Worldstar Packaging Award.



July

Zeochem moves into its new Swiss site in Rüti.



August

Sixteen apprentices in nine professions begin their training at CPH's Swiss and German sites.



September

The CPH Group places a CHF 100 million corporate bond on the Swiss capital market.



October

The CPH Group's occupational pension scheme celebrates its 100th anniversary.



November

Perlen Packaging opens its new finishing plant in Anápolis, Brazil.

The CPH Group Divisional success



in CHF million	CPH Group		Chemistry			Paper			Packaging		
	2017	2018	2017	2018	± in %	2017	2018	± in %	2017	2018	± in %
Net sales	469.8	533.5	75.5	79.4	5.3	264.1	301.1	14.0	130.2	153.0	17.5
EBITDA	33.8	83.1	7.3	10.7	47.6	9.1	50.9	459.0	15.5	21.6	39.1
EBITDA margin in %	7.2	15.6	9.6	13.5		3.4	16.9		11.9	14.1	
EBIT	2.9	51.6	3.8	6.1	60.6	-12.3	30.1	n.a.	9.6	15.4	61.2
EBIT margin in %	0.6	9.7	5.1	7.7		-4.7	10.0		7.3	10.1	
Personnel	1 019	1 081	302	293	-3.0	345	369	7.0	363	413	13.8

The Chemistry Division

200
Years CPH
1818-2018

cph

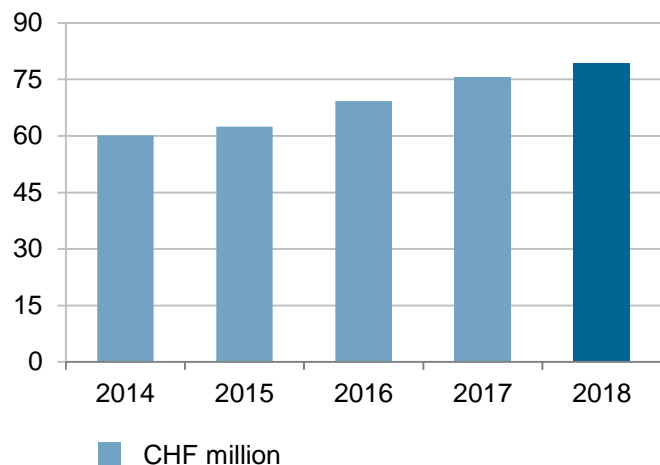


Chemistry New Swiss site in Rüti

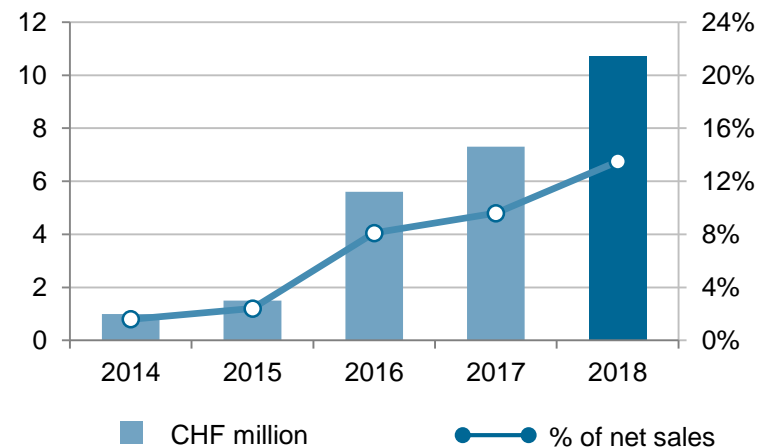
- New Rüti premises occupied as divisional head office and deuterated products manufacturing site
- Installations and equipment transferred from Uetikon to Rüti in summer 2018 and capacity expanded
- Deuterated products are a niche market with high potential
- Integration of Armar's business activities strengthens the division's deuterated products segment
- Manufacture of deuterated products begins at the new Rüti site in the fourth quarter of 2018
- Deuterated products are used in NMR analysis, electronics (OLEDs) and the pharmaceuticals segment



Net sales



EBITDA



Market environment

- Favourable economic conditions increase demand for molecular sieves for new facilities and to replenish existing operations
- Above-average growth in the market for lithium-based molecular sieves for purifying industrial and medical oxygen
- Molecular sieve business affected by tariffs between China and the USA, but no significant impact in earnings terms

Business development

- Net sales and EBIT both raised for the fifth year in succession
- EBIT substantially increased
- Business activities of Armar integrated
- Molecular sieve distribution activities of Shanghai Yusheng Chemical in China acquired
- Four-year strategic repositioning of the division concluded with the move into the new Rütli site

The Paper Division

200
Years CPH
1818-2018

cph



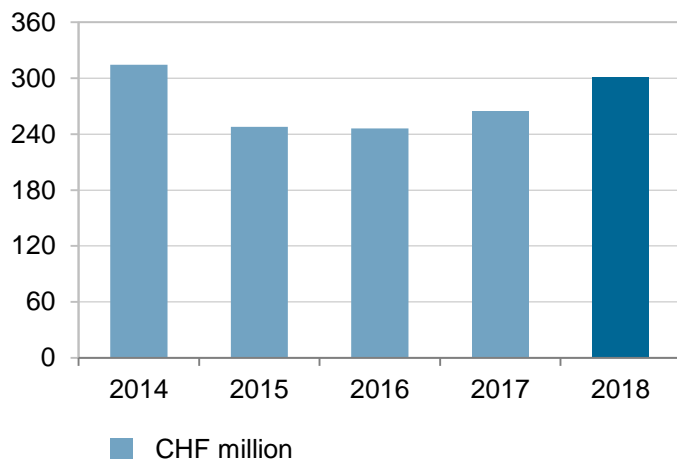
Paper Switzerland's biggest waste paper recycler

- Newly-founded APS Altpapier Service Schweiz acquires waste paper processing activities of Papierfabrik Utzenstorf
- APS focuses on paper sourcing, sorting and trading
- Paper Division now Switzerland's biggest waste paper recycler, turning 470 000 tonnes of recovered paper into new print and press paper in 2018
- Paper Division raises the proportion of its recovered paper sourced from within Switzerland to 81%, making a major contribution to reducing CO₂ emissions
- Up to 30 000 tonnes of mixed waste paper and cardboard are sorted in Utzenstorf each year

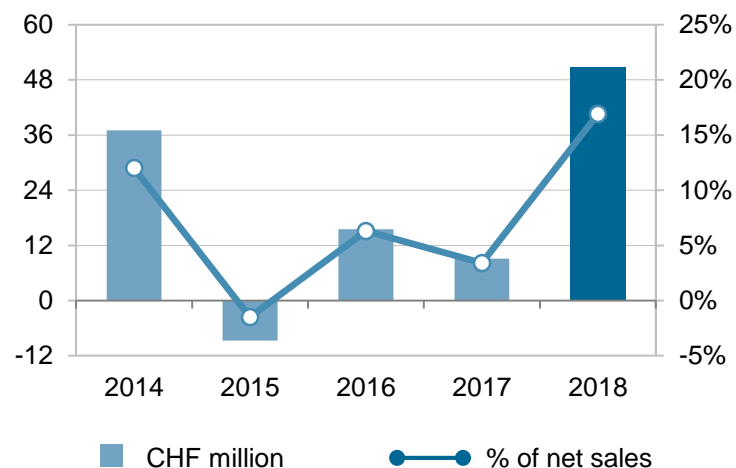


Paper Business developments

Net sales



EBITDA



Market environment

- Further decline in press and print paper demand in the light of continued digitalization of the media market and the advertising sector
- Higher paper sales prices thanks to closer balance between supply and demand
- Further rise in recovered paper prices
- Double-digit percentage rise in energy prices

Business development

- Production volumes and net sales both increased
- APS Altpapier Service Schweiz begins operations at its Utzenstorf sorting facility
- Despite higher recovered paper prices, expenditure reduced as most recovered paper is now Swiss-sourced with lower transport costs
- EBIT substantially increased
- Production site now almost carbon-neutral

The Packaging Division

200 cph
Years CPH
1818-2018



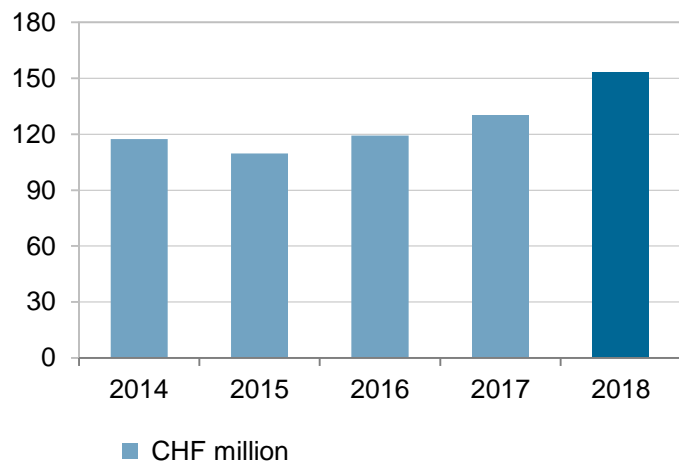
Packaging New plant in Brazil

- Brazilian generic medicines market has double-digit growth potential
- Brazil accounts for 50% of the Latin American pharmaceuticals market
- 60% holding acquired in Sekoya Indústria e Comércio of Brazil, which is renamed Perlen Packaging Anápolis
- New Anápolis film finishing plant formally opened in November with annual cutting capacity of 3000 tonnes
- May be further developed in the medium-term future with the addition of a film coating facility

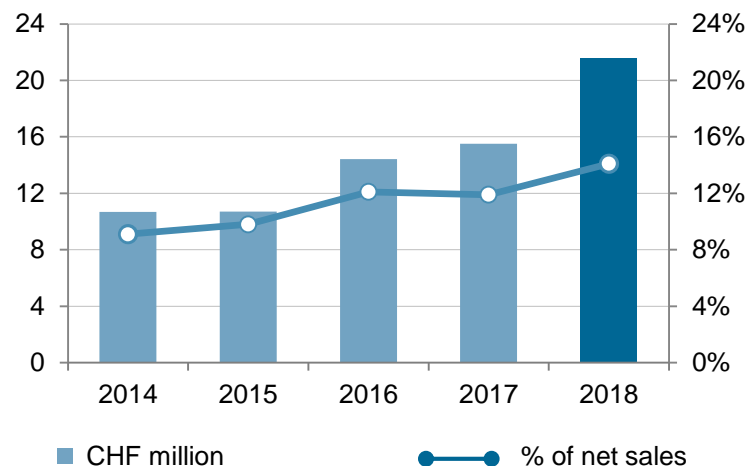


Packaging Business developments

Net sales



EBITDA



Market environment

- Health costs up 5%, with much of the increase in the medicines field
- Demand for blister packs up between 4% (in Europe) and 8% (in Asia)
- Strong demand for films with high-barrier credentials

Business development

- Double-digit percentage net sales growth
- Net sales and EBIT both at new record levels
- High utilization of production facilities
- International expansion with new site in Brazil
- First CFDA approval for local Chinese distribution
- BLISTair single-use inhaler wins World Packaging Award

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The CPH Group Consolidated income statement (I)



in CHF million	2017	in %	2018	in %	± in CHF	± in %
Net sales	469.8	100	533.5	100	63.7	13.6
Changes to semi-finished & finished inventories and other income	-6.6	-1	13.9	3		
Total income	463.2	99	547.4	103	84.2	18.2
Cost of materials	247.9	54	269.8	51		
Energy costs	54.2	12	55.3	10		
Personnel cost	84.5	18	92.3	17		
Outsourced maintenance/repairs	16.5	4	18.8	4		
Other operating expense	26.4	6	28.0	5		
Earnings before interest, taxes, depreciation and amortization (EBITDA)	33.8	7	83.1	16	49.3	146.2
Depreciation and amortization	30.9	7	31.5	6		
Earnings before interest and taxes (EBIT)	2.9	1	51.6	10	48.7	1679.8

- Net sales up 13.6%; net sales growth in all three divisions; currency impact +3.0%, acquisitions impact +0.7%
- Gross margin improved from 34% to 42%, owing primarily to higher paper prices
- Fixed cost growth disproportionately low at 26% of net sales (prior year: 28%)

The CPH Group Consolidated income statement (II)



in CHF million	2017	2018	± in CHF	± in %
EBIT	2.9	51.6	48.7	16.8
in % of net sales	0.6	9.7		
① Financial result	-6.6	-6.0		
Earnings before taxes and non-operating/extraordinary items	-3.7	45.7	49.4	1335.1
② Non-operating result	22.8	0.1		
Extraordinary result	0	0		
Earnings before taxes	19.1	45.7	26.6	139.3
③ Income taxes	-2.9	-3.4		
Net result (including minorities)	16.2	42.3	26.1	161.3
in % of net sales	3.4	7.9		
Net result per share (in CHF)	2.66	7.05		

① Higher interest expense and bond issuance costs, but result from currency hedges substantially better than in prior year

② Prior-year result includes sales of real estate in Perlen (CHF 17.8 million) and Full-Reuenthal (CHF 8.5 million)

③ Offsetting of losses carried forward; tax rate 7.5% (prior year: 15.4%)

The CPH Group Consolidated balance sheet



in CHF million (as of 31 December)	2017	in %	2018	in %	± in CHF	± in %
① Liquid funds	80.1	11	89.0	11	8.9	
② Other current assets	162.2	24	264.3	33	102.1	
Fixed assets	455.3	65	447.2	56	-8.1	
Total assets	697.6	100	800.5	100	102.9	14.8
③ Current liabilities	105.4	15	220.8	28	115.4	
④ Non-current liabilities	195.9	28	172.5	21	-23.4	
⑤ Equity	396.3	57	407.2	51	10.9	
Total equity and liabilities	697.6	100	800.5	100	102.9	14.8
Investments in tangible fixed assets (gross)	32.3		22.3		-10.0	-31.0

① Liquid funds up CHF 8.9 million despite CHF 27.9 million of investments in business activities

② Includes CHF 100 million fixed-term deposit of funds from new bond issue

③ Increase due to imminent maturity of CHF 120 million bond (reclassified from non-current to current liability)

④ Net reduction after reclassification of soon-to-mature CHF 120 million bond and new CHF 100 million bond issue

⑤ Solid equity ratio of 50.9% (58.1% excluding CHF 100 million bond), despite goodwill writedown of CHF 23.8 million

The CPH Group Consolidated cash flow statement



in CHF million	2017	2018	± in CHF	± in %
Net result (including minorities)	16.2	42.3	26.1	161.1
Depreciation, changes in provisions, other	-1.7	26.7		
① Cash flow	14.5	69.0	54.5	376.7
Change in net current assets	17.7	-4.6		
Cash flow from operating activities	32.2	64.3	32.1	99.7
② Cash flow from investment activities	-19.3	-46.0	-26.7	-138.3
Free cash flow	12.9	18.3	5.4	42.1
③ Financial liabilities	0.6	-5.2		
Dividends to shareholders	-3.9	-3.9		
Cash flow from financing activities	-3.3	-9.1	-5.8	-175.8
Currency translation effects	0.2	-0.3		
Net change in cash and cash equivalents	9.8	8.9	0.9	-9.2

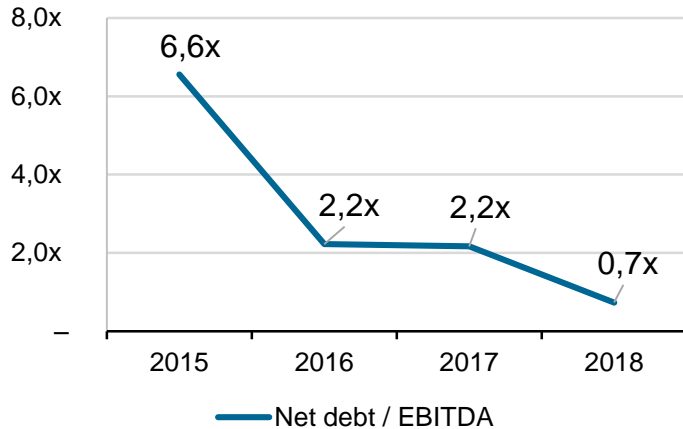
① Substantially higher cash flow from operational business

② Investments of CHF 24.5 million in fixed assets and CHF 27.9 million in business activities; divestitures of CHF 6.3 million

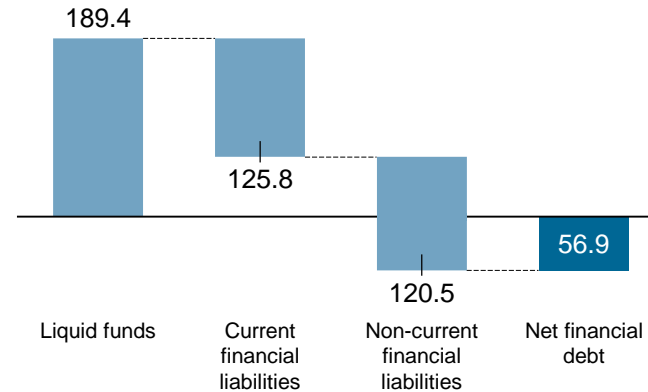
③ Financial liabilities reduced by CHF 5.2 million through high volume of liquid funds

The CPH Group Net debt and leverage

Leverage



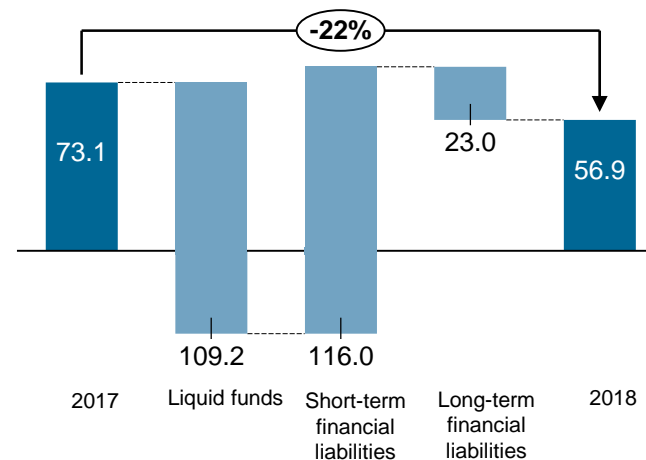
Net financial debt for 2018 (CHF million)



Remarks

- Leverage substantially reduced over past two years
- Net debt reduced 31% in 2017 and 2018, from CHF 82.1 million to CHF 56.9 million
- 2018 free cash flow at CHF 46.1 million before expenses for business activities

Change in net financial debt (CHF million)



CPH Dividend proposed

Dividends distributed

	2014	2015	2016	2017	2018
Dividend per share (in CHF)	0.65	0.60	0.65	0.65	1.80
Dividend yield (in %, as of 31.12)	1.2	1.9	1.6	1.2	2.2

- Consistent dividend policy
- CHF 1.80 per share proposed for 2018 includes special CPH 200th anniversary dividend of CHF 0.50 per share
- Full CHF 1.80 to be paid tax-exempt from capital contribution reserve

2018 share price trends



CPH Appropriation of available earnings



in CHF thousand	2017	2018
Earnings available to the General Meeting	7 084	20 173
Release from capital contribution reserve	3 900	10 800
Dividend to shareholders	-3 900	-10 800
Transfer to voluntary retained earnings	0	-20 173
Balance of earnings to be carried forward	7 084	0

The CPH Group shows its financial strength



13.6%	net sales growth, with substantial increases in all three divisions
13.5%	EBITDA margin for Chemistry, confirming growth course
16.9%	EBITDA margin for Paper, the highest in the industry Europewide
14.1%	EBITDA margin for Packaging with another record result
9.7%	EBIT margin for the Group, the highest since CPH's stock exchange listing
42.3m	CHF net result for the year, for a net result per share of CHF 7.05
50.9%	equity ratio, temporarily lower owing to early bond refinancing
46.0m	of investments, including CHF 27.9 million in new business activities
18.3m	CHF free cash flow, with liquid funds of CHF 89.0 million
0.7x	net debt ratio, with net debt of CHF 56.1 million
100m	CHF of financing secured early on favourable terms until 2023
177%	increase in dividend to shareholders to CHF 1.80 per share (special dividend included) for a dividend yield of 2.2%

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Outlook Encouraging prospects for 2019



Chemistry

- Strengthen sales activities in target markets
- More capacity expansion planned
- Division seeking to further raise net sales and maintain EBIT margin



Paper

- Further 6-8% decline expected in demand for newsprint and magazine paper
- CHF 14.3 million investments planned to further improve facilities and processes
- Steady net sales and EBIT margin slightly below 2018 expected for the year



Packaging

- 6.5% global growth expected in the pharmaceuticals packaging market
- Substantial increases likely in the Asian and Latin American shares of the overall market
- Above-market-average net sales growth sought with steady EBIT margin

The CPH Group

- Strong order volumes suggest favourable business developments in the first half of the year
- Provided currencies remain stable, total net sales should see a slight increase on 2018
- It may prove challenging to maintain EBIT margin at its prior-year level
- Net result for the year is likely to be broadly at its 2018 level



Thank you for your attention.

Key dates in 2019



19 March	CPH Chemie + Papier Holding AG Ordinary General Meeting in Lucerne
18 June	CPH Investors' Day in Rüti
19 July	2019 Half-Year Report (to 30 June)
18-19 September	Investora in Zurich
6 November	ZKB Equity Conference in Zurich