

# Investors' Day 2022

13 September 2022



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# The CPH Group The first half of 2022 at a glance



**360**

**Net sales**  
in CHF million

**17**

**EBITDA margin**  
in %

**52**

**EBIT**  
in CHF million

**48**

**Net result**  
in CHF million

**1 126**

**Employees**  
in full-time equivalents

**55**

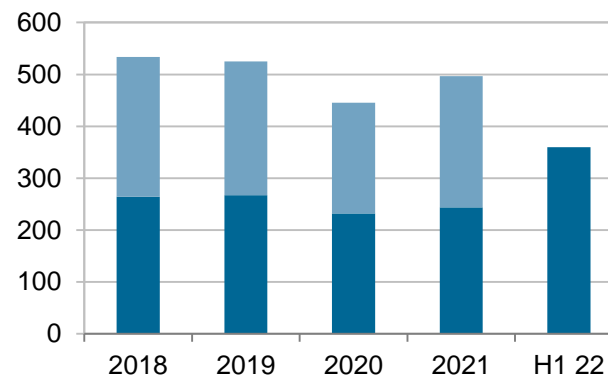
**Equity ratio**  
in %

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 are listed on the SIX Swiss Exchange. The Group's founding families remain strong anchor shareholders.

# The CPH Group Key figures for the first half of 2022

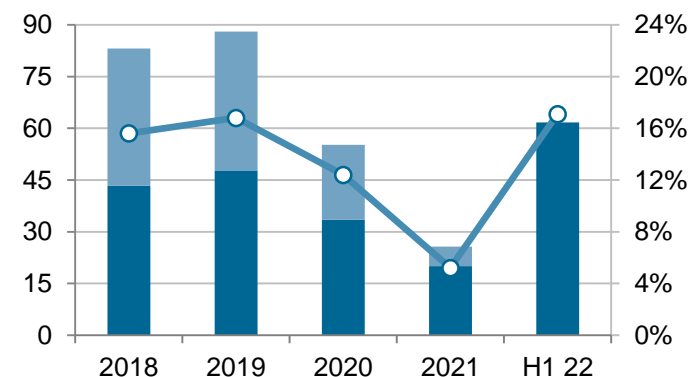
in CHF million	H1 22	H1 21	Change
<b>Net sales</b>	<b>360</b>	<b>244</b>	<b>+47.7%</b>
<b>EBITDA</b> in % of net sales	<b>61.7</b> 17.1%	<b>20.0</b> 8.2%	<b>+209%</b>
<b>EBIT</b> in % of net sales	<b>51.9</b> 14.4%	<b>5.7</b> 2.4%	<b>+804%</b>
<b>Net result</b> Earnings per share (in CHF)	<b>47.5</b> 7.90	<b>5.9</b> 0.97	<b>+705%</b>
<b>Cash flow</b>	<b>60.0</b>	<b>15.4</b>	<b>+289%</b>
<b>Total assets</b>	<b>643</b>	<b>560</b>	<b>+14.8%</b>
<b>Shareholders' equity</b> in % of total assets	<b>351</b> 54.5%	<b>310</b> 55.4%	<b>+13.0%</b>
<b>Employees (in FTEs)</b>	<b>1 126</b>	<b>1 101</b>	<b>+2.3%</b>

Net sales



in CHF million

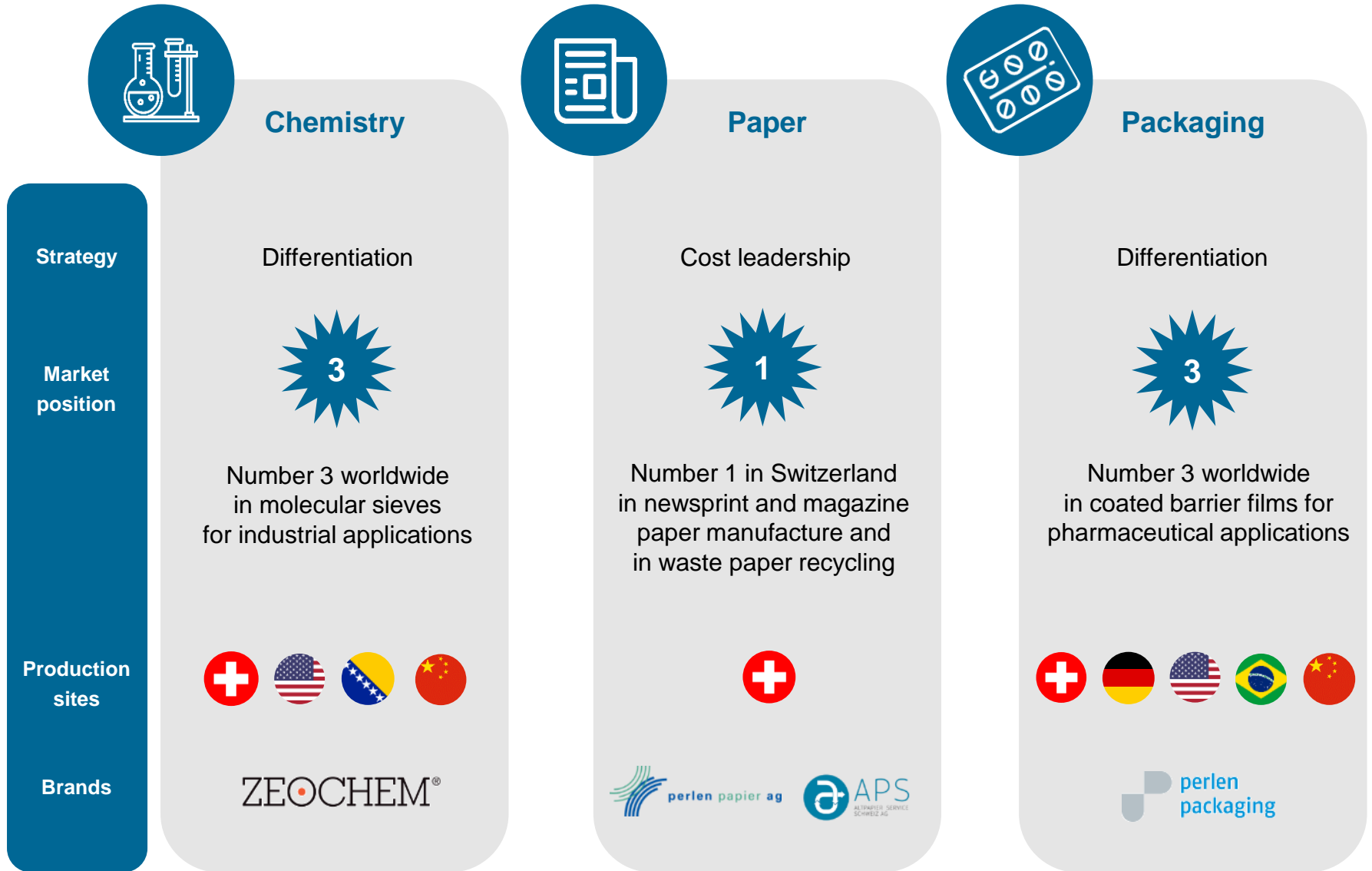
EBITDA







in CHF million

●—● in % of net sales

# The CPH Group Market position



# The CPH Group Segment results for the first half of 2022

	 CPH Group			 Chemistry			 Paper			 Packaging		
01.01-30.06 in CHF million	2022	2021	± %	2022	2021	± %	2022	2021	± %	2022	2021	± %
<b>Net sales</b>	<b>359.9</b>	<b>243.7</b>	<b>+47.7%</b>	<b>56.4</b>	<b>47.5</b>	<b>+18.9%</b>	<b>187.6</b>	<b>105.4</b>	<b>+78.0%</b>	<b>115.8</b>	<b>90.8</b>	<b>+27.5%</b>
<b>EBITDA</b> in % of net sales	<b>61.7</b> 17.1%	<b>20.0</b> 8.2%	<b>+209%</b>	<b>9.9</b> 17.6%	<b>9.9</b> 20.8%	<b>+0.4%</b>	<b>36.8</b> 19.6%	<b>-1.5</b> -1.5%	<b>n.a.</b>	<b>15.6</b> 13.5%	<b>11.5</b> 12.7%	<b>+34.9%</b>
<b>EBIT</b> in % of net sales	<b>51.9</b> 14.4%	<b>5.7</b> 2.4%	<b>+804%</b>	<b>7.3</b> 13.0%	<b>7.4</b> 15.7%	<b>-1.6%</b>	<b>34.0</b> 18.1%	<b>-10.1</b> -9.6%	<b>n.a.</b>	<b>11.2</b> 9.7%	<b>8.4</b> 9.3%	<b>+33.1%</b>
<b>Employees</b>	<b>1 126</b>	<b>1 101</b>	<b>+2.3%</b>	<b>291</b>	<b>289</b>	<b>+0.7%</b>	<b>355</b>	<b>359</b>	<b>-1.1%</b>	<b>472</b>	<b>446</b>	<b>+5.8%</b>



## Chemistry: facilities fully utilized

EBIT broadly at prior-year level; strong demand and high utilization of facilities; steep rises in raw materials and transport costs; structural costs in line with higher product volumes.



## Paper: back in profit

Higher paper prices owing to market developments (lower capacities); substantially higher costs of recovered paper, waste wood, auxiliary materials and energy; 2022 earnings raised by CHF 5.5 million reduction in depreciation (following fixed asset impairment at the end of 2021); 2021 earnings boosted by CHF 11.6 million from sales of carbon credits (issued from 2018 onwards).



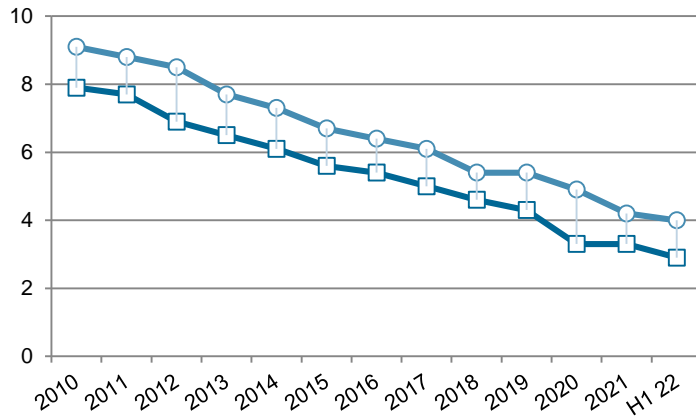
## Packaging: high order volumes

Strong demand for pharmaceutical packagings; customers increasing their stocks; rising costs of raw materials and transportation largely passed on to the market.

# Paper Western European market and pricing trends

## Newsprint

in million tonnes

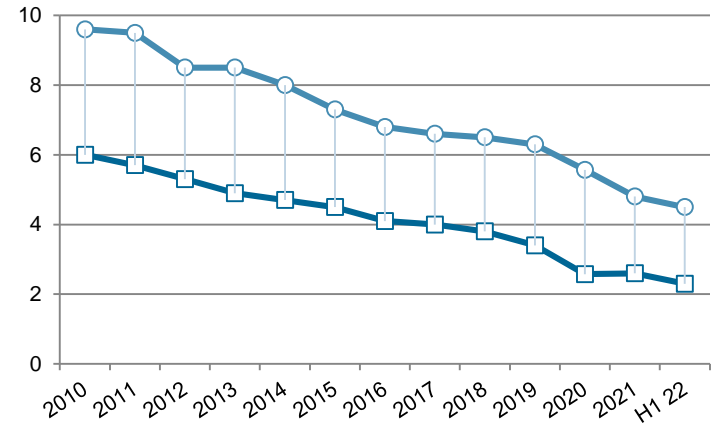


○ Capacities  
□ Demand

Source: PPPC

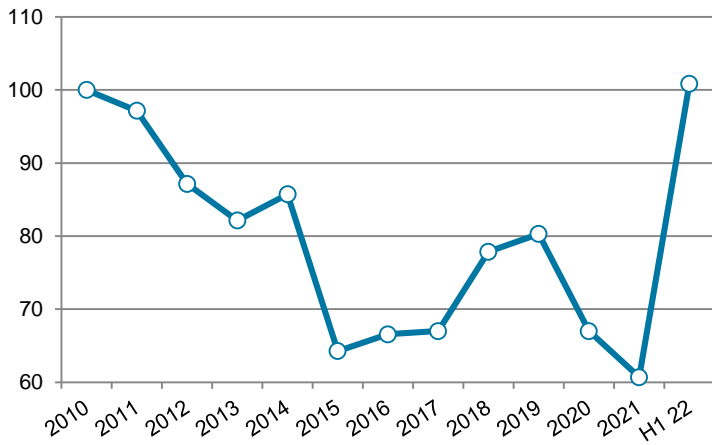
## Magazine paper

in million tonnes



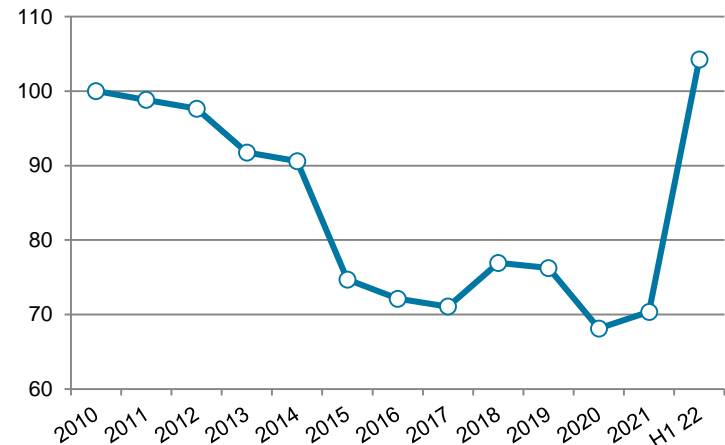
○ Capacities  
□ Demand

Indexed (basis: 2010 = 100, in CHF)

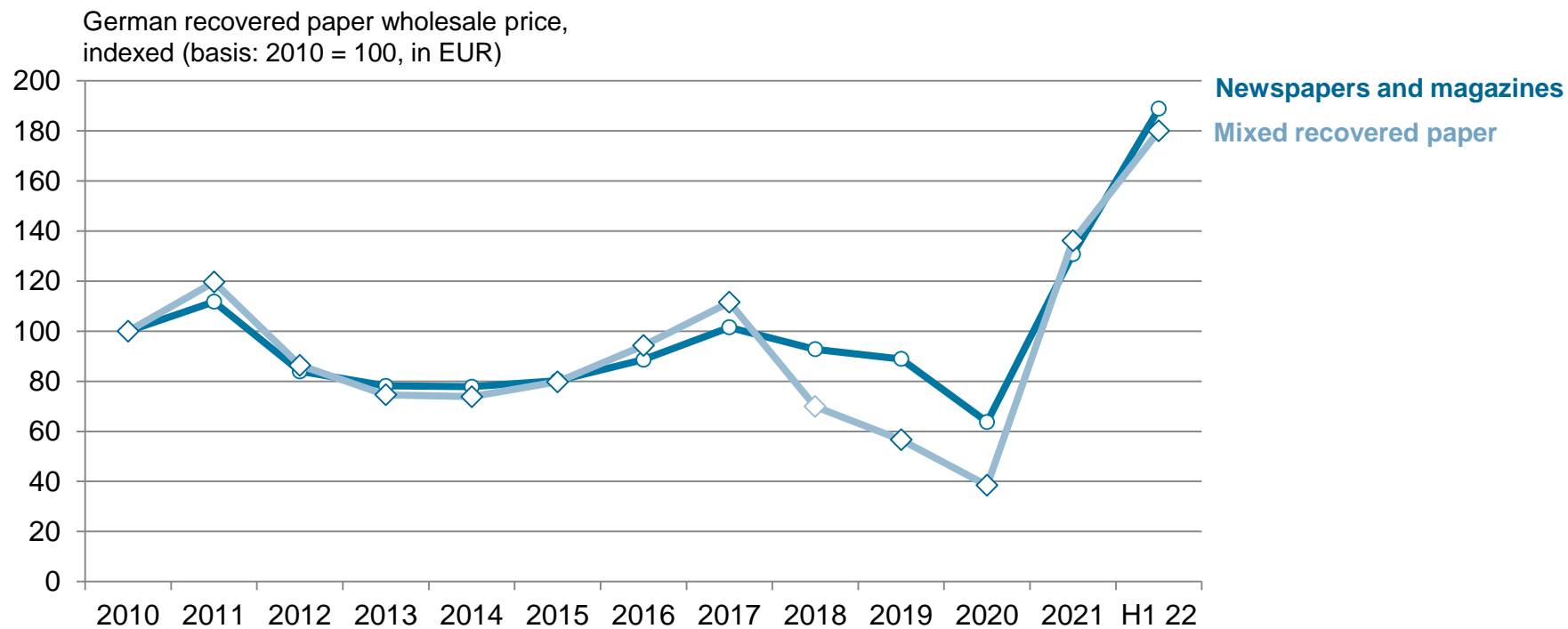


○ Preise

Indexed (basis: 2010 = 100, in CHF)

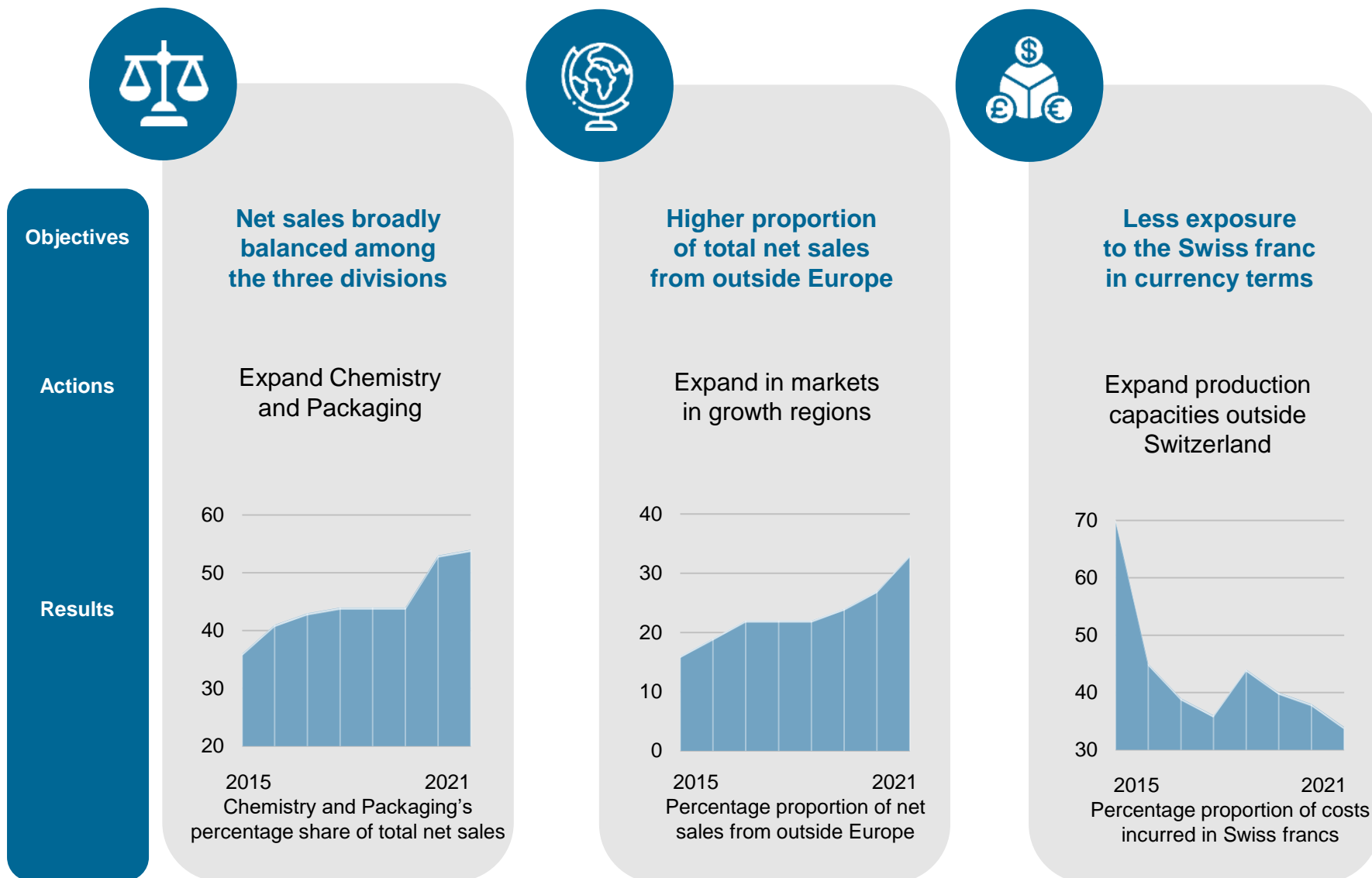


# Paper Recovered paper price trends in Germany

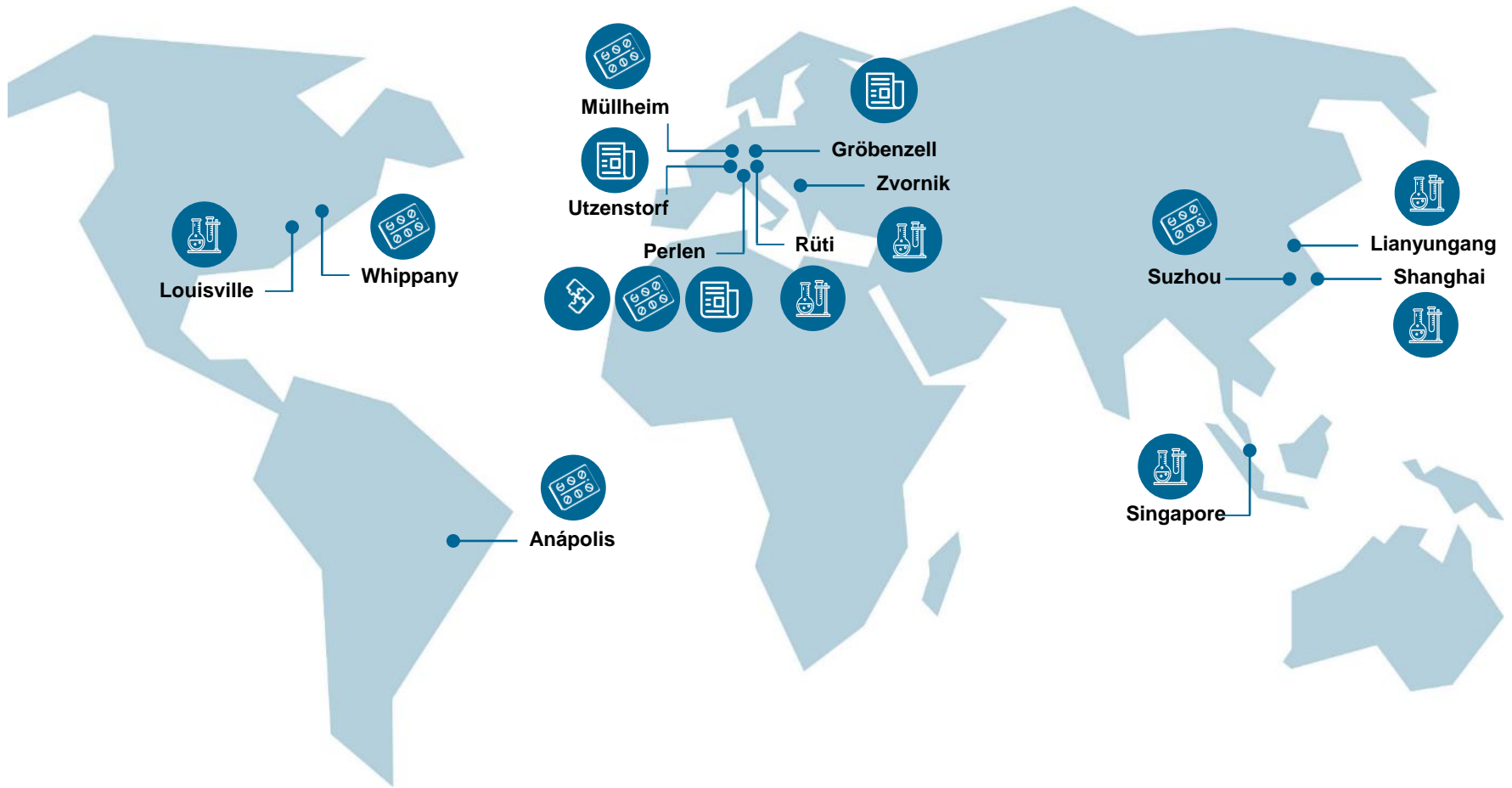


Source: Federal Statistical Office

# The CPH Group Strategy implementation



# The CPH Group Sites and offices worldwide



# The CPH Group Business development



## The CPH Group



## Chemistry

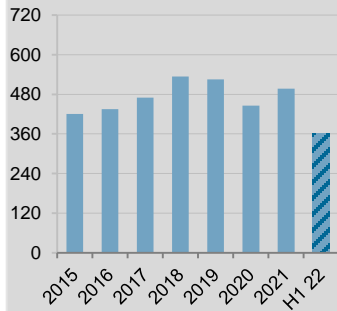


## Paper



## Packaging

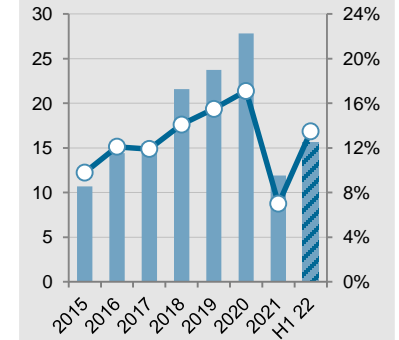
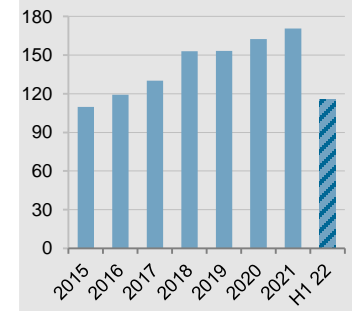
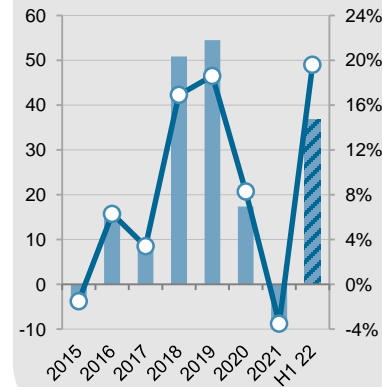
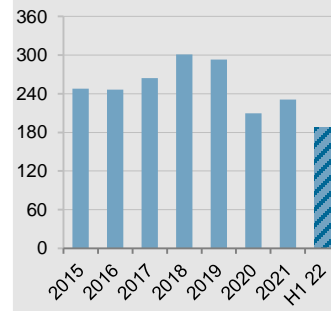
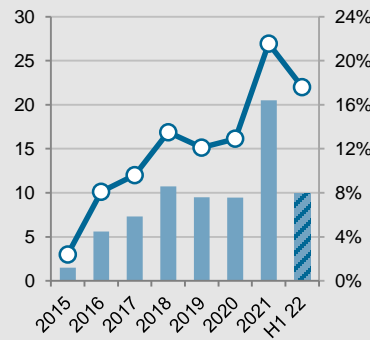
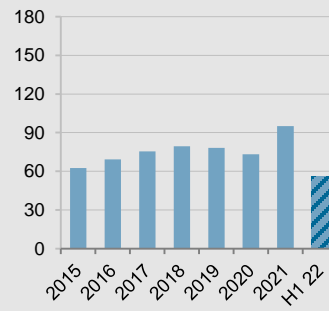
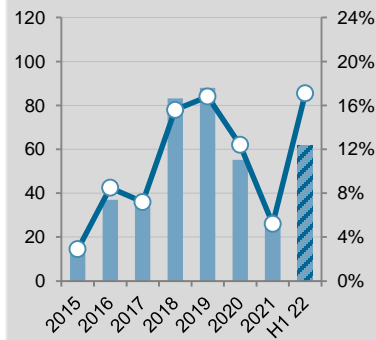
**Net sales**  
in CHF million



**EBITDA**

in CHF million  
(left scale)

in % of net sales  
(right scale)



# The CPH Group Strategic success factors



Leading market position in relevant sales markets



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



Diversification into different markets and business models



Sustainable corporate leadership through a stable management team



Focus on markets with above-average growth prospects



Lean organization with skilled and experienced personnel



Constant product innovation to secure competitive edge



Descendants of the founding families still strong anchor shareholders

## E

### Environment

- Only 8% of the energy used at the end of 2021 derived from fossil fuels
- Own production of renewable energy now at 205 GWh per year, with further expansion potential
- Raw materials used consist largely of biomass (waste paper and wood)
- CO<sub>2</sub> emissions per tonne of paper produced are 75% below peer group levels

## S

### Social

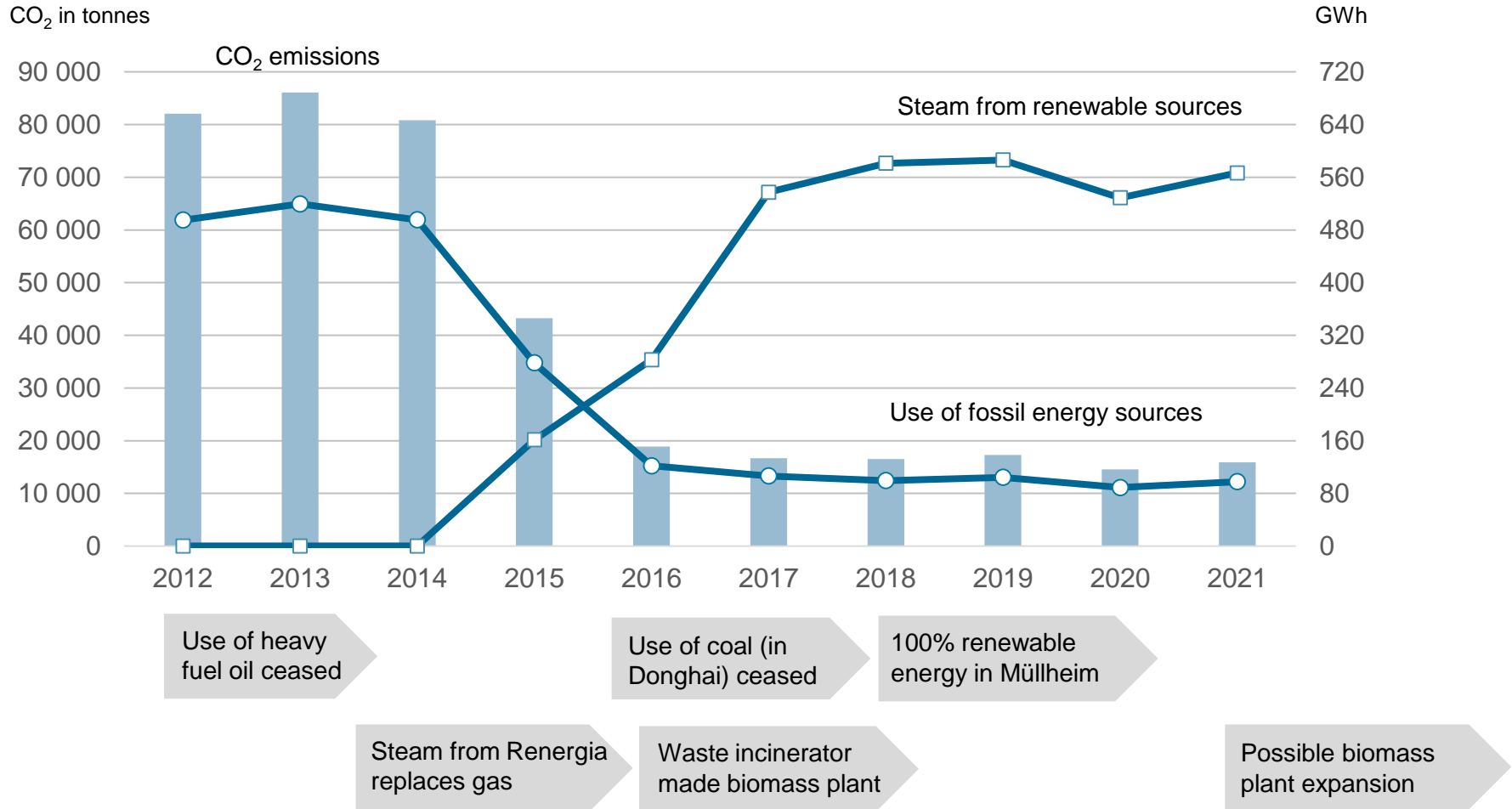
- 50 apprentices in 10 professions underline CPH's social commitment
- High diversity with employees from 35 nations
- Regular staff surveys and high proportion of long-serving employees (21% of staff have over 20 years of service) confirm CPH's attractiveness as an employer

## G

### Governance

- Board of Directors: most members independent, and growing proportion of women
- Stable shareholder base, with 34% of equity held by main shareholders
- Committed anchor shareholder as Chairman of the Board

# The CPH Group Successful climate protection measures



# The CPH Group Consolidated income statement (I)



01.01-30.06, in CHF million		2022	%	2021	%	±	± %
<b>Net sales</b>	①	<b>359.9</b>	<b>100%</b>	<b>243.7</b>	<b>100%</b>	<b>+116.2</b>	<b>+47.7%</b>
Change in inventory and other operating income	②	9.3	3%	11.7	5%		
Cost of materials and energy		-228.9	-64%	-168.4	-69%		
<b>Gross profit</b>	③	<b>140.2</b>	<b>39%</b>	<b>87.0</b>	<b>36%</b>	<b>+53.2</b>	<b>+61.2%</b>
Personnel expense	④	-50.3	-14%	-47.1	-19%		
Other operating expense		-28.2	-8%	-19.9	-8%		
<b>EBITDA</b>		<b>61.7</b>	<b>17%</b>	<b>20.0</b>	<b>8%</b>	<b>+41.7</b>	<b>+209%</b>
Depreciation expense		-9.8	-3%	-14.2	-6%		
<b>EBIT</b>	⑤	<b>51.9</b>	<b>14%</b>	<b>5.7</b>	<b>2%</b>	<b>+46.1</b>	<b>+804%</b>

- ① Net sales growth excluding currency factors of CHF 127 million or 51% (Chemistry +16%, Paper +83%, Packaging +30%) thanks to high facility utilizations and higher sales prices
- ② CHF 5.9 million attributable to increasing stocks (2021: CHF 11.6 million from sales of carbon credits issued from 2018 onwards)
- ③ Gross margin up (3 percentage points) on prior year thanks to closure of margin gap at Paper and Packaging, despite further sizeable increases in raw materials, energy and transport costs
- ④ Proportionately low increase in personnel expense compared to net sales growth
- ⑤ Disproportionately high 12-percentage-point increase in EBIT margin thanks to closure of margin gap (depreciation CHF 5.5 million lower following fixed asset impairment at the end of 2021)

# The CPH Group Consolidated income statement (II)



01.01-30.06, in CHF million		2022	2021	±	± %
<b>EBIT</b>		<b>51.9</b>	<b>5.7</b>	<b>+46.1</b>	<b>+804%</b>
in % of net sales		14.4%	2.4%		
Financial result	①	-1.4	-1.5		
<b>Ordinary earnings before taxes</b>		<b>50.4</b>	<b>4.2</b>	<b>+46.2</b>	<b>+1094%</b>
Non-operating result	②	-1.6	3.1		
<b>Earnings before taxes</b>		<b>48.8</b>	<b>7.3</b>	<b>+41.5</b>	<b>+566%</b>
Income taxes	③	-1.3	-1.4		
<b>Net result</b>	④	<b>47.5</b>	<b>5.9</b>	<b>+41.6</b>	<b>+705%</b>
<b>Earnings per share (in CHF)</b>	④	<b>7.90</b>	<b>0.97</b>	<b>+6.93</b>	<b>+713%</b>

- ① Financial result a slight improvement on prior year: interest expense, net currency result and other financial expense all CHF 0.1 million below 2021
- ② Non-operating result lower owing to sale in the prior year of real estate in Buchrain not required for operations
- ③ Tax expense a low 2.7% of earnings before taxes, thanks to use of uncapitalized losses carried forward (prior-year period: 19.6%)
- ④ Substantial increases in both net result for the period and earnings per share

# The CPH Group Consolidated balance sheet



in CHF million		30.06.2022	in %	31.12.2021	in %	±	± %
Cash and cash equivalents	①	121	19%	95	17%		
Trade receivables	②	108	17%	69	12%		
Inventories	②	94	15%	88	16%		
Other current assets		46	7%	38	7%		
Fixed assets		275	43%	271	48%		
<b>Total assets</b>		<b>643</b>	<b>100%</b>	<b>560</b>	<b>100%</b>	<b>+83</b>	<b>+14.8%</b>
Current financial liabilities		3	-	3	1%		
Other current liabilities	②	159	25%	114	20%		
Non-current financial liabilities		105	16%	107	19%		
Other non-current liabilities		26	4%	26	5%		
Shareholders' equity	③	351	55%	310	55%	+40	+13.0%
<b>Total liabilities and equity</b>		<b>643</b>	<b>100%</b>	<b>560</b>	<b>100%</b>	<b>+83</b>	<b>+14.8%</b>
<b>Net liquidity</b>	④	<b>13</b>	<b>2%</b>	<b>-15</b>	<b>-3%</b>	<b>+27</b>	<b>n.a.</b>

① Cash and cash equivalents up CHF 26 million from the end of 2021, owing to strong free cash flow

② Operating efficiency enhanced: the CHF 8 million increase in net working capital (excluding financial liabilities) is significantly low in proportion to the net sales growth; trade receivables up CHF 39 million, inventories up CHF 6 million; other current liabilities up CHF 45 million

③ Sound balance sheet equity ratio of 55%

④ Net debt eliminated and net liquidity achieved (total increase: CHF 27 million)

# The CPH Group Cash flow statement



01.01-30.06, in CHF million	2022	2021	±	± %
<b>Net result</b>	<b>47.5</b>	<b>5.9</b>	<b>+41.6</b>	<b>+705%</b>
Non-cash items	12.6	9.6		
<b>Cash flow</b> <sup>1</sup>	<b>60.0</b>	<b>15.4</b>	<b>+44.6</b>	<b>+289%</b>
Change in net working capital	-10.8	0.0		
<b>Cash flow from operating activities</b>	<b>49.3</b>	<b>15.5</b>	<b>+33.8</b>	<b>+218%</b>
<b>Cash flow used for investing activities</b> <sup>2</sup>	<b>-14.4</b>	<b>-6.8</b>	<b>-7.6</b>	<b>+111%</b>
<b>Free cash flow</b>	<b>34.9</b>	<b>8.7</b>	<b>+26.2</b>	<b>+302%</b>
Repayment of financial liabilities <sup>3</sup>	-1.6	-0.9		
Dividend distribution / reduction in nominal value <sup>4</sup>	-7.8	-10.8		
Other	-0.2	-0.2		
<b>Cash flow from financing activities</b>	<b>-9.6</b>	<b>-11.9</b>	<b>+2.2</b>	<b>-18.9%</b>
Currency translation	0.4	0.1		
<b>Change in cash and cash equivalents</b>	<b>25.7</b>	<b>-3.0</b>	<b>+28.7</b>	<b>n.a.</b>

- <sup>1</sup> Substantial CHF 45 million increase in cash flow, primarily attributable to CHF 42 million improvement in EBITDA for the period
- <sup>2</sup> Investments of CHF 17 million (gross) in expanding capacities in the Chemistry and Packaging divisions and in raising process efficiency; cash inflow of CHF 3 million from disposal of real estate not required for operations
- <sup>3</sup> Non-current financial liabilities contractually repaid
- <sup>4</sup> Dividend distribution of CHF 1.20 per share for the 2021 financial year

# The CPH Group Sound value with further growth potential



**Net sales** substantially increased by **51%** excluding currency factors

**Group EBITDA margin** of **17.1%**, boosted by higher sales prices

**Chemistry EBITDA margin** of a strong **17.6%** thanks to high demand and full utilization of facilities

**Paper EBITDA margin** of an adequate **19.6%** thanks to current easing of market pressures

**Packaging EBITDA margin** of a good **13.5%** thanks to higher prices and sales volumes

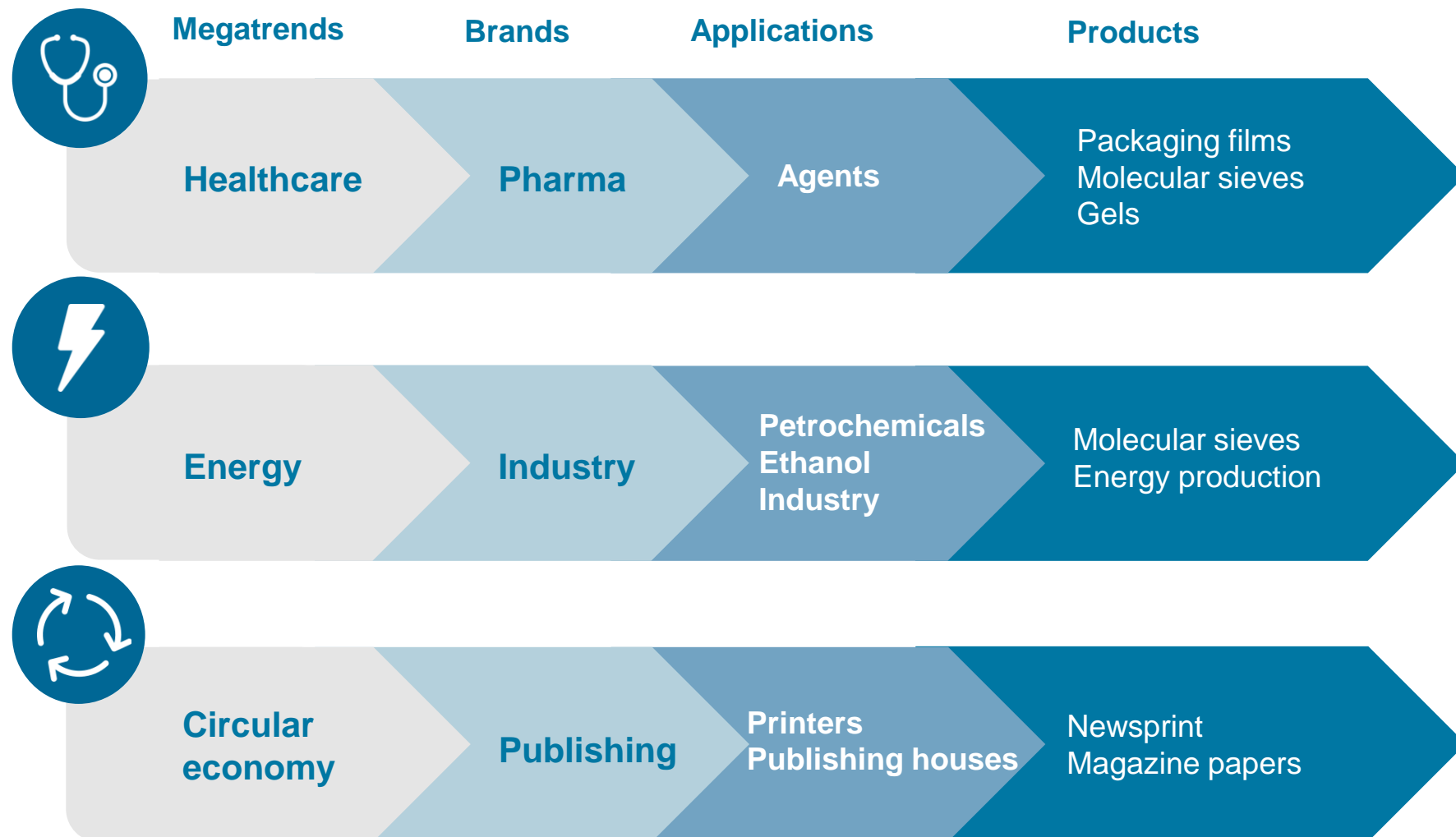
**Net result** of **CHF 47 million** thanks to high capacity utilizations and higher sales prices

**Free cash flow** of **CHF 35 million** thanks to net sales and EBITDA growth and substantially disproportionately low increase in net working capital

**Balance sheet equity ratio** remains very sound at **55%**

**Net liquidity** increased by **CHF 27 million**

# The CPH Group Value drivers



# Outlook for 2022 Substantially higher earnings expected



## The CPH Group

- Higher net sales expected in all three divisions
- Business development will depend on the availability and prices of raw materials and energy, and on transport capacities
- Operating and net result both expected to be in the high double-digit millions



## Chemistry

- Double-digit net sales growth expected
- Additional US capacities to come into operation
- Further rises in raw materials and transport costs
- Operating margin expected to fall somewhat short of its high prior-year level



## Paper

- European demand for graphic papers will continue to decline
- Production volumes will diminish as a result of capacity reductions
- Net sales expected to be well above prior-year levels
- Higher recovered paper and energy prices will put pressure on operating margins in the second-half period



## Packaging

- New Brazilian coating plant will come into operation
- Market introduction of mono-material PVC blisters
- Net sales growth may well slow in the second half-year
- Operating margin likely to be maintained at its first-half levels



Thank you for your attention