

Investors' Day 2021

Monday 14 June 2021 in Perlen



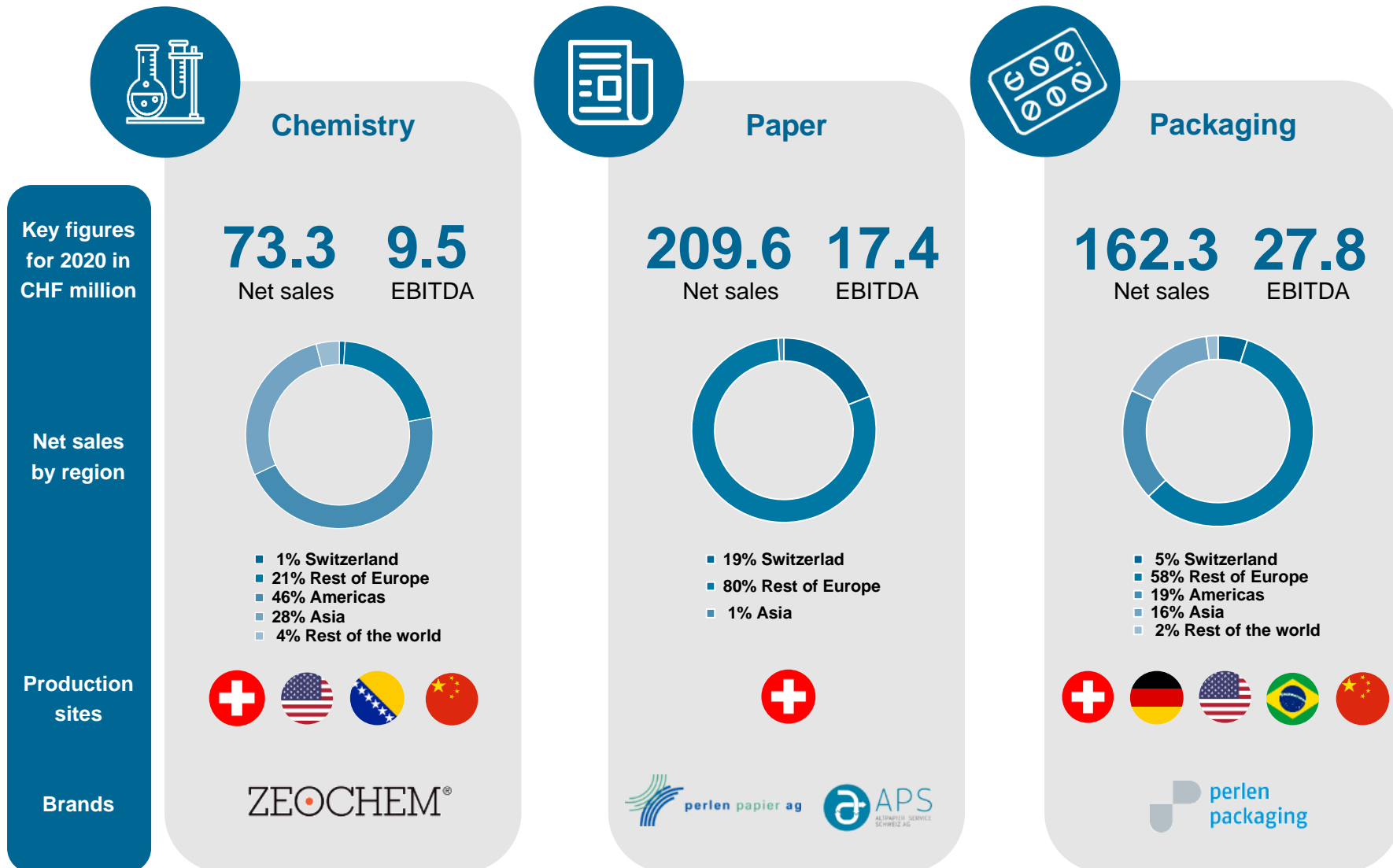
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Agenda

- 10:00 CPH Group strategy and business development
(Dr. Peter Schildknecht, CEO and Richard Unterhuber, CFO)
- 10:30 The Packaging Division: strategy, business development and Brazil
(Wolfgang Grimm, Head of Packaging)
- 11:00 Q&A
- 11:30 Aperitif at the “Perle” restaurant
- 12:00 Event ends

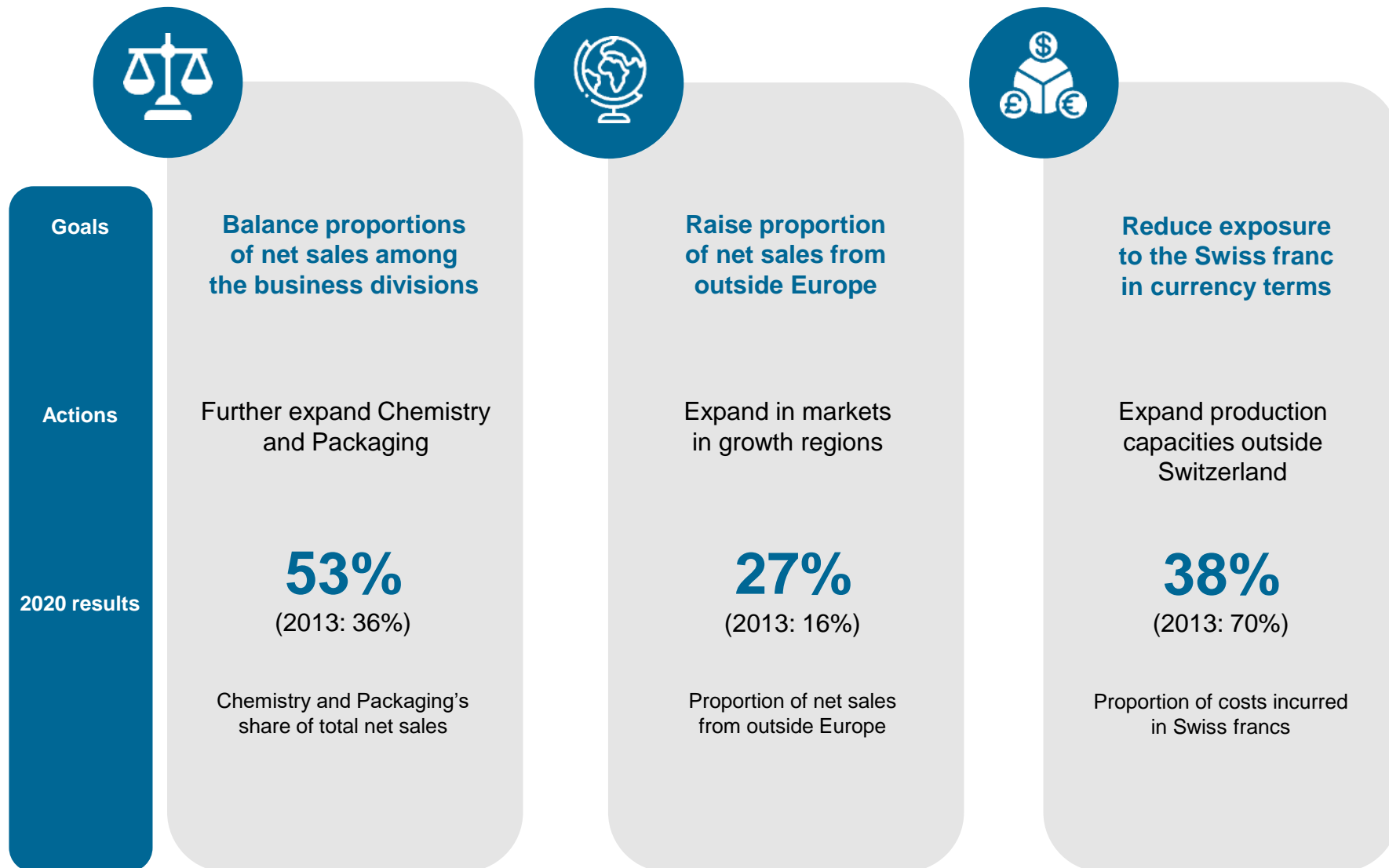
CPH strategy and business development

The business divisions in 2020



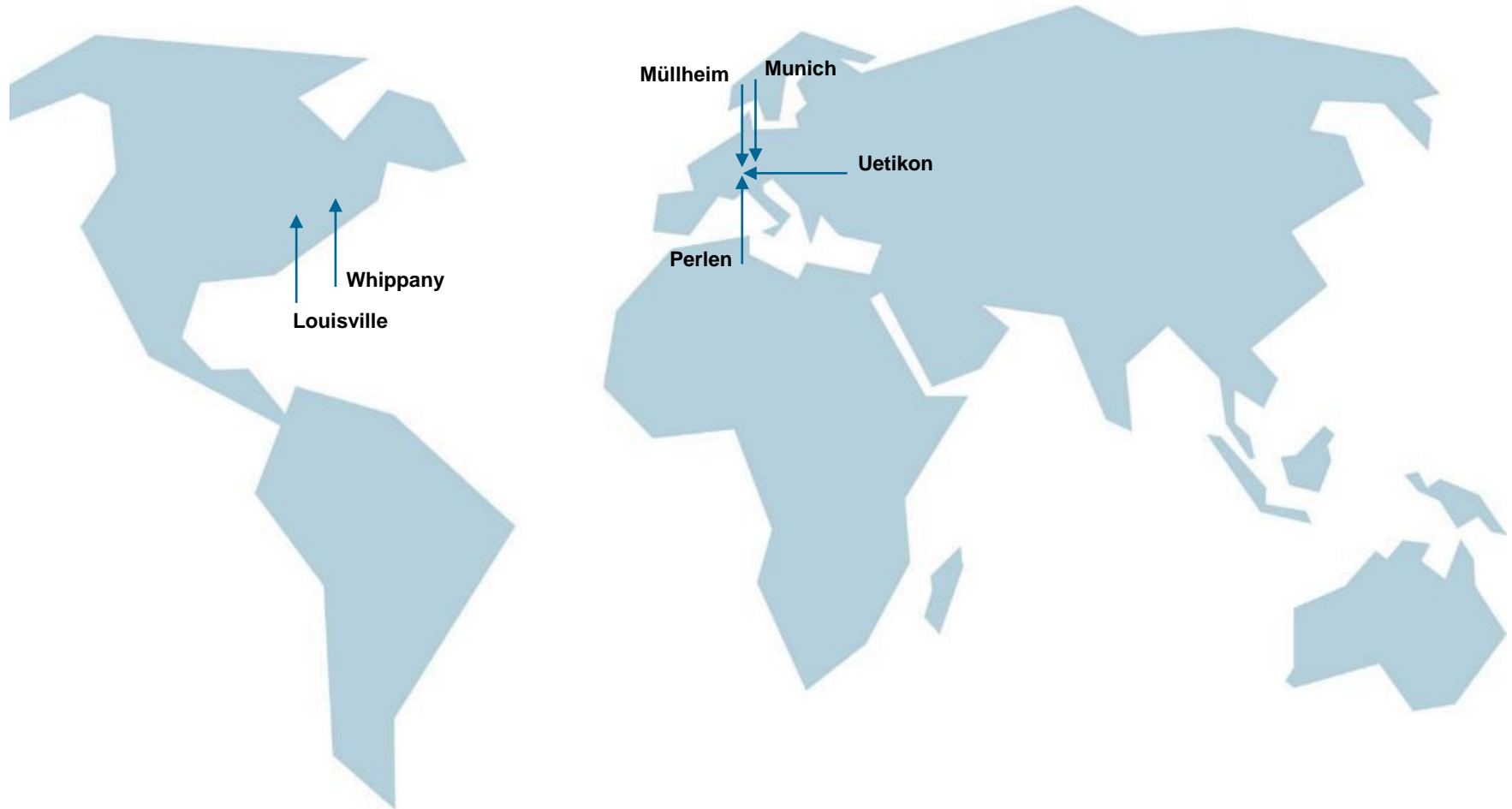
CPH strategy and business development

Strategy implementation



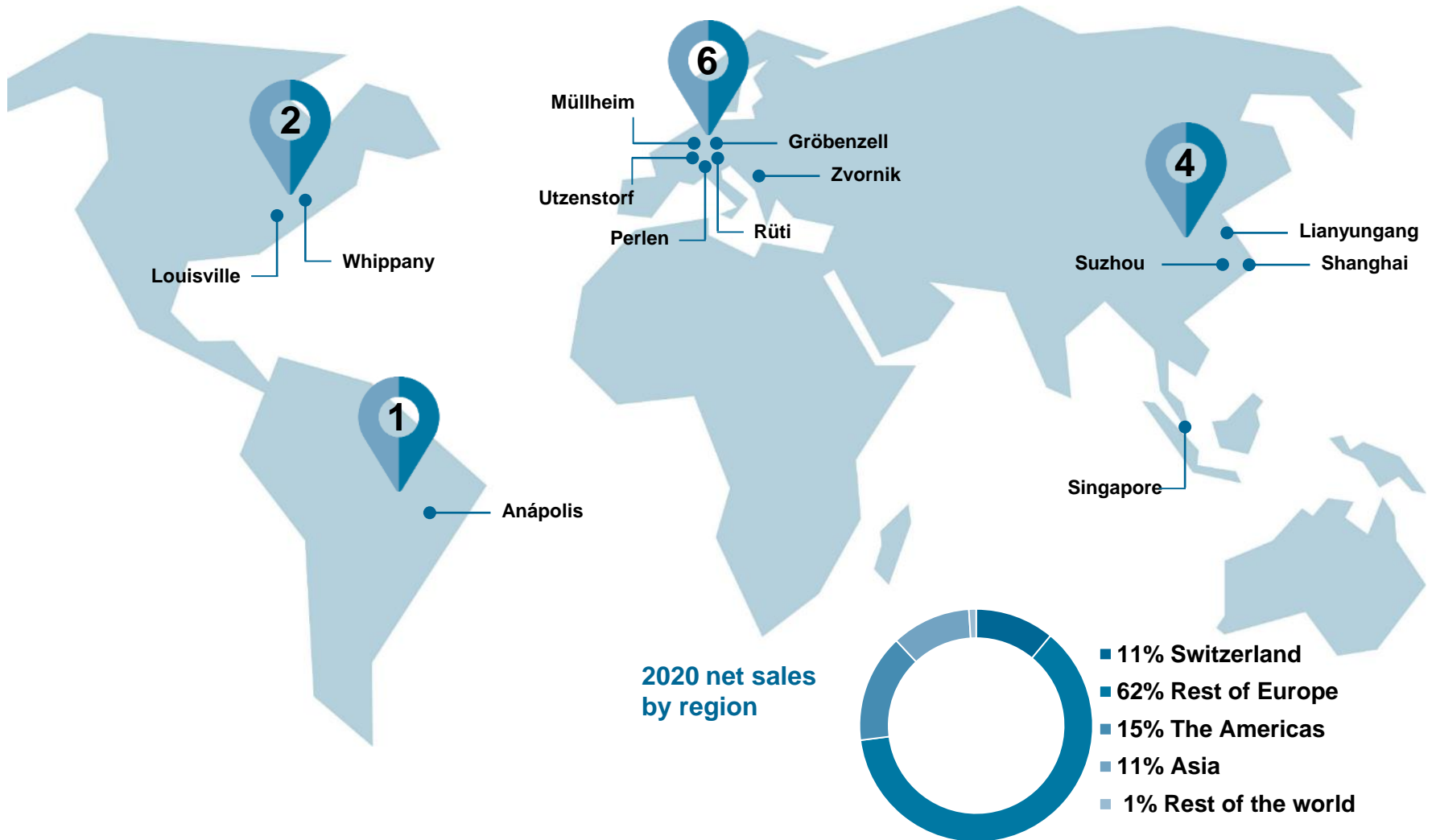
CPH strategy and business development

Strategy implementation: geographical presence in 2013



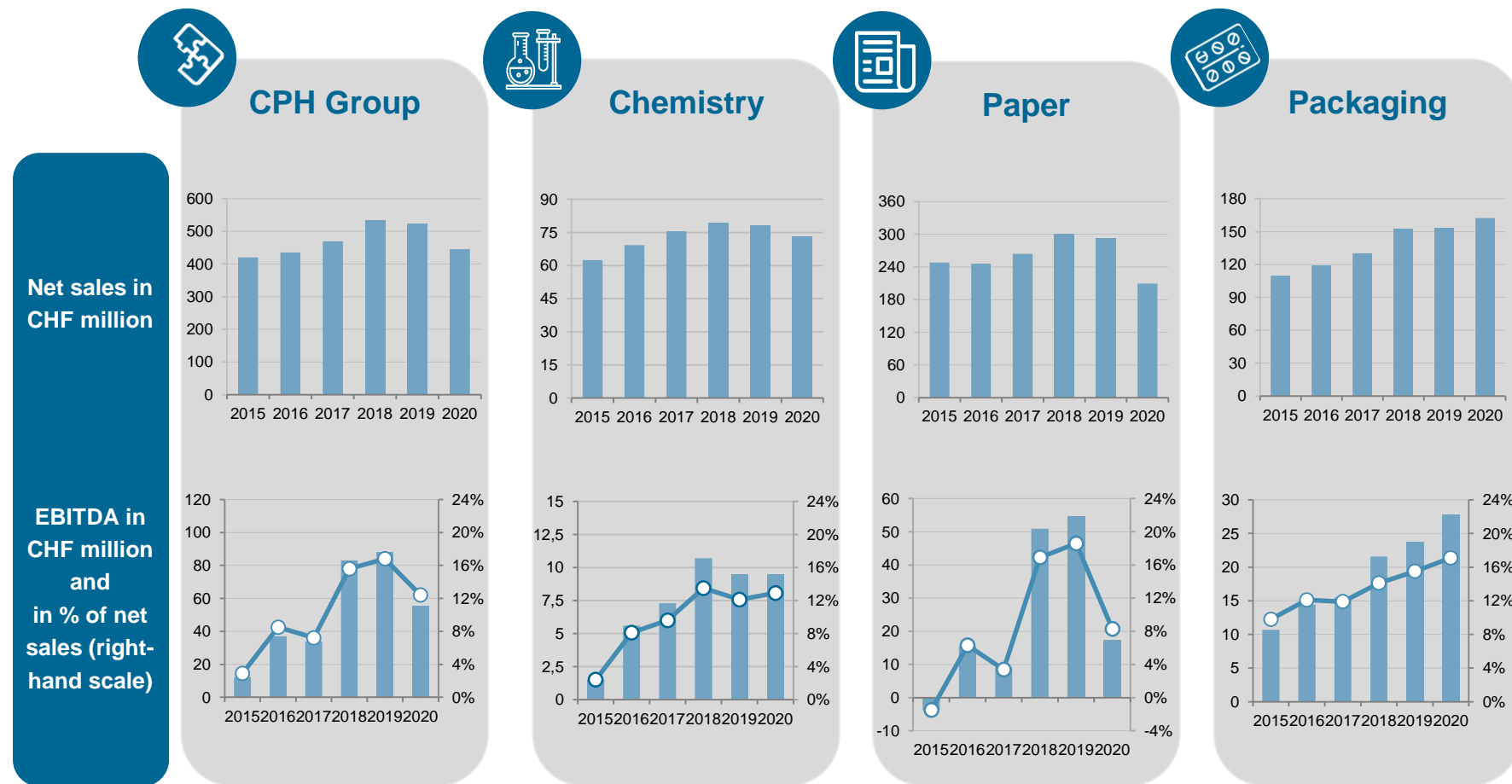
CPH strategy and business development

Strategy implementation: 13 own production sites on 4 continents



CPH strategy and business development

Strategy implementation: divisional business development

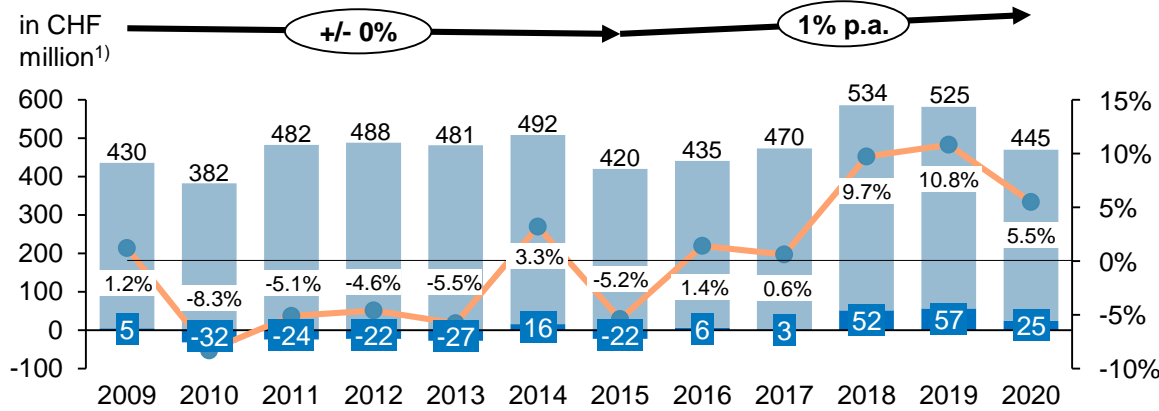


Sustainable profitable growth in Chemistry and Packaging

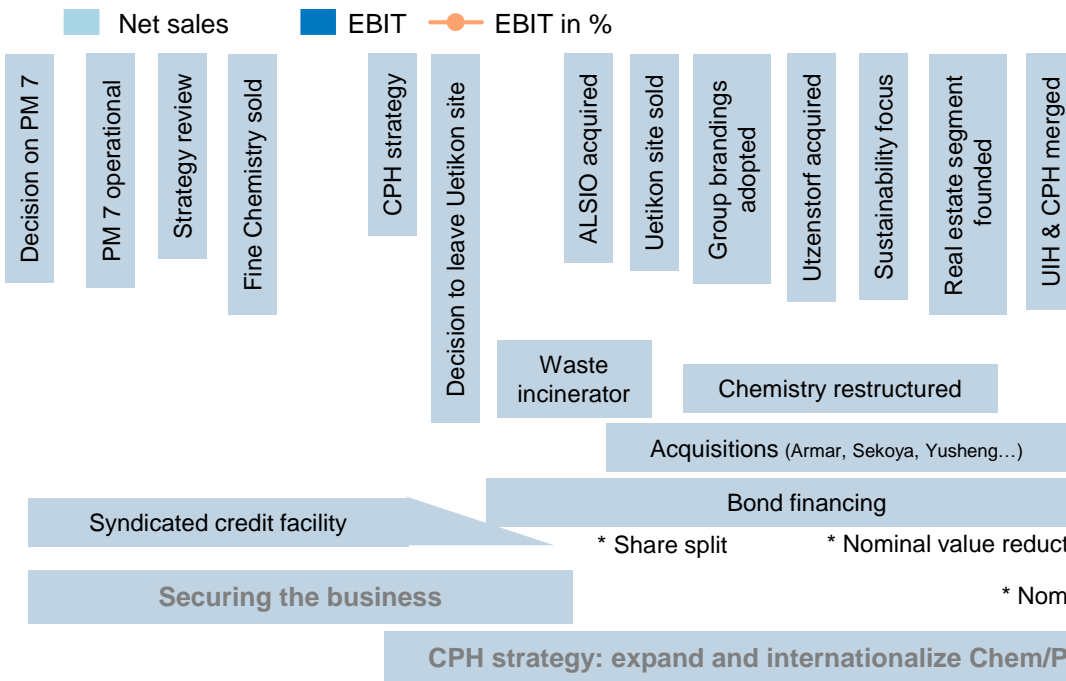
High earnings volatility in Paper owing to structural declines in demand (and fluctuating supply/demand relations)

CPH strategy and business development

The CPH Group



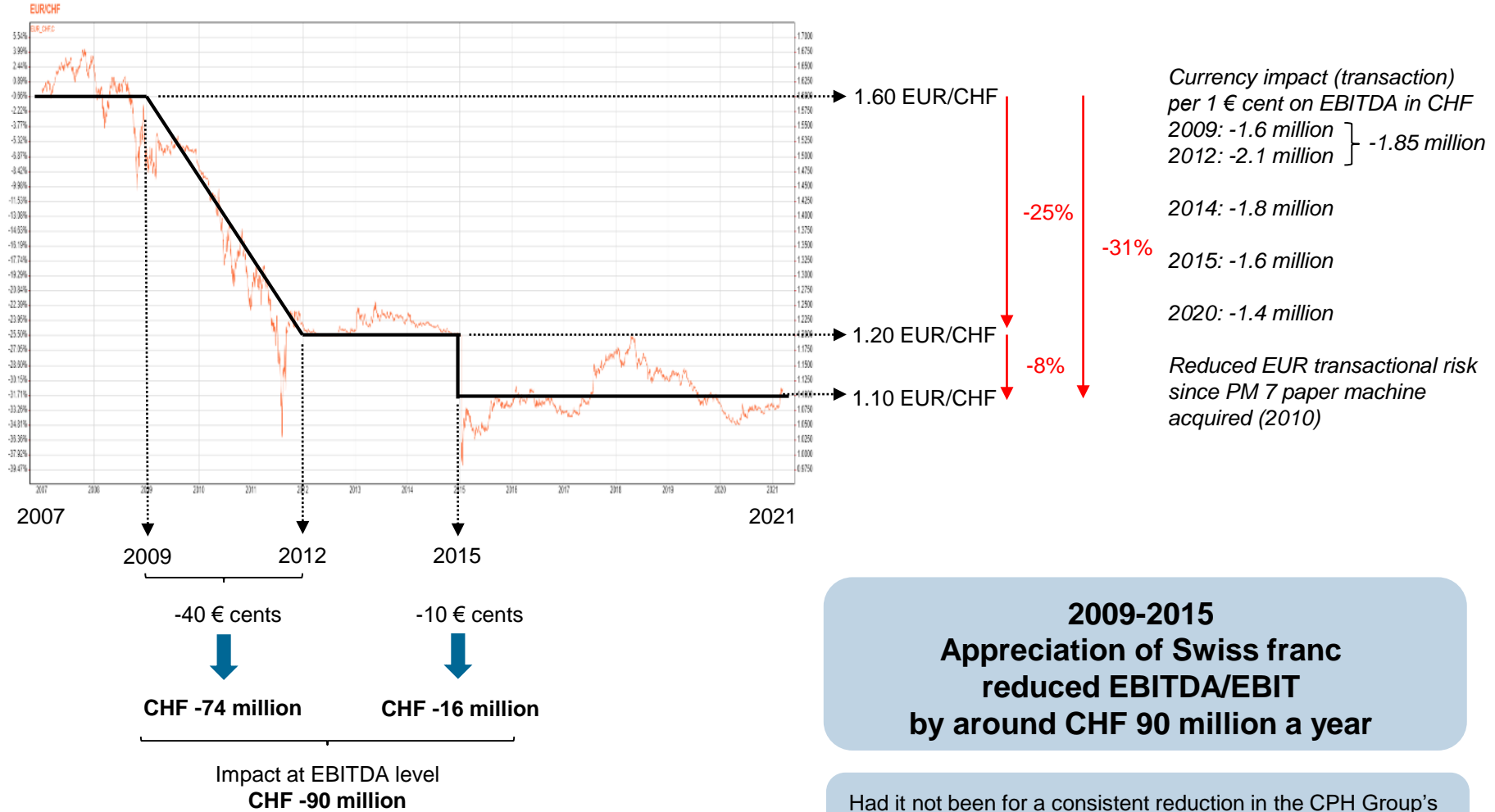
- 2008 banking/financial crisis and 2009 economic crisis
- Swiss franc appreciated by around 40% against the euro between 2009 and 2015 (from 1.50 EUR/CHF to 1.05 EUR/CHF); pressure on sales and earnings
- 1% p.a. net sales growth since 2015
- Substantial increase in EBIT and no operating loss since 2016



¹⁾ excluding Fine Chemistry (divested in 2011)

CPH strategy and business development

CPH: impact on EBIT of EUR/CHF exchange rate trends



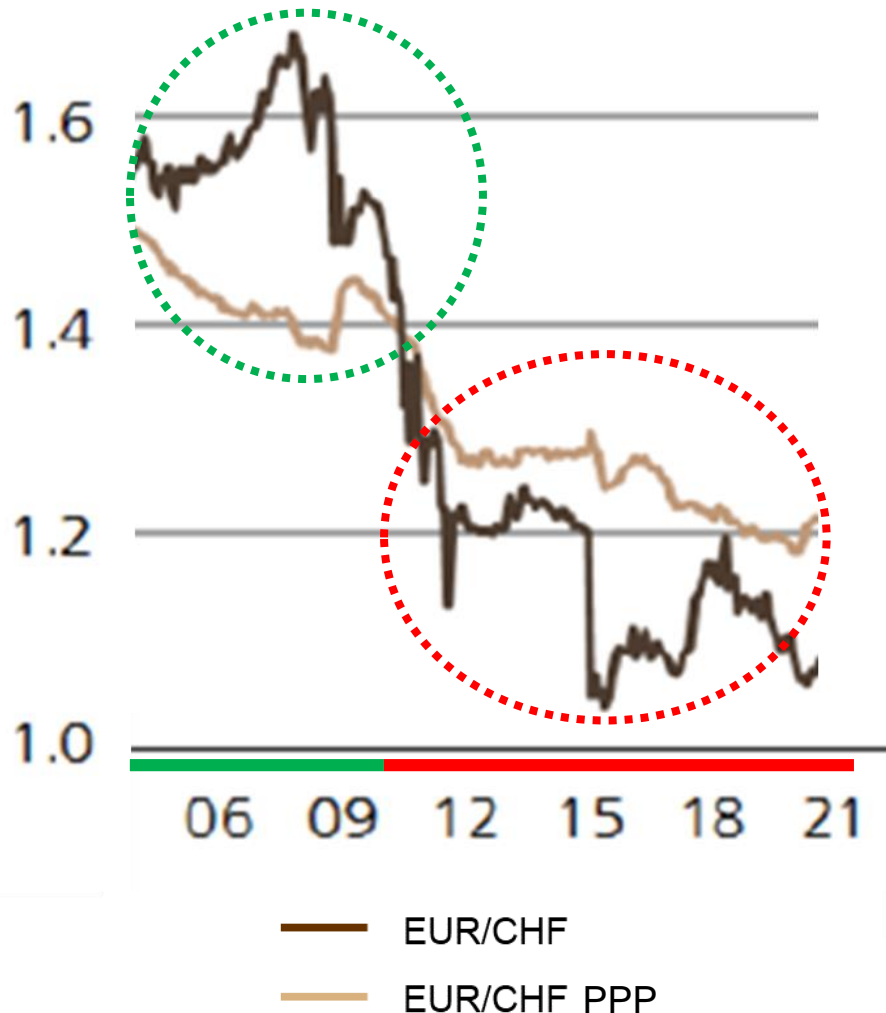
From the 2011 Annual Report:

"Currency movements eroded CHF 50 million from EBIT in 2010-2011"

Had it not been for a consistent reduction in the CPH Group's Swiss-franc cost base (2013: 70%; 2020: 38%), currency movements would have depressed EBITDA/EBIT even more.

CPH strategy and business development

CPH: EUR/CHF trends and purchasing power parity (PPP)



Currency impact (transaction) per 1 € cent on EBITDA in CHF:

2007: -1.6 million
 2009: -1.6 million
 2012: -2.1 million
 2014: -1.8 million
 2015: -1.6 million
 2020: -1.4 million

Difference in currency vs. purchasing power parity (PPP) and impact on annual EBITDA in CHF

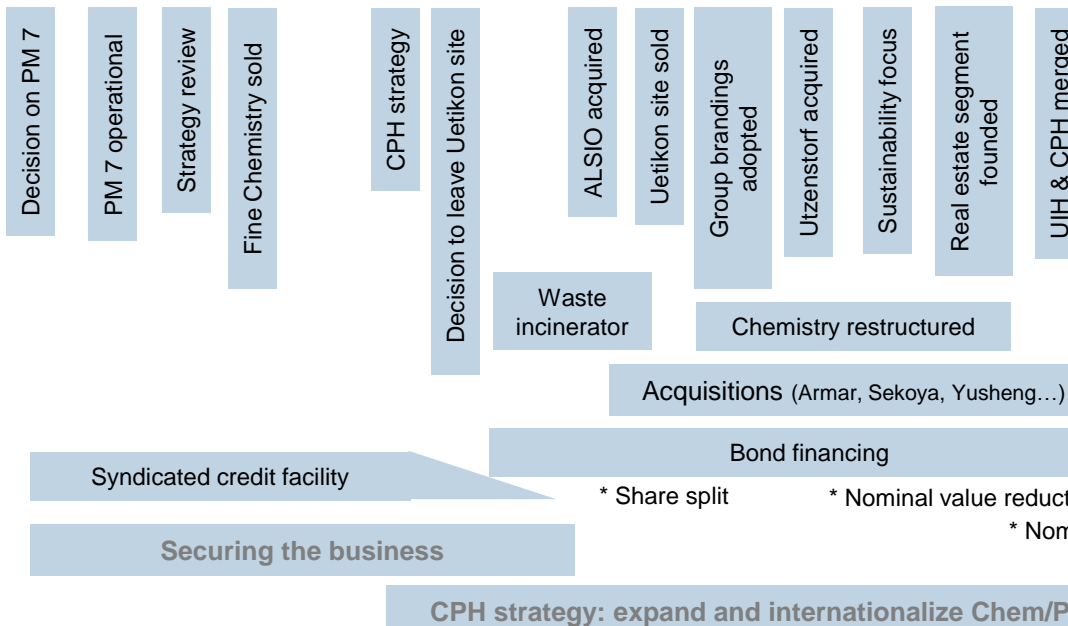
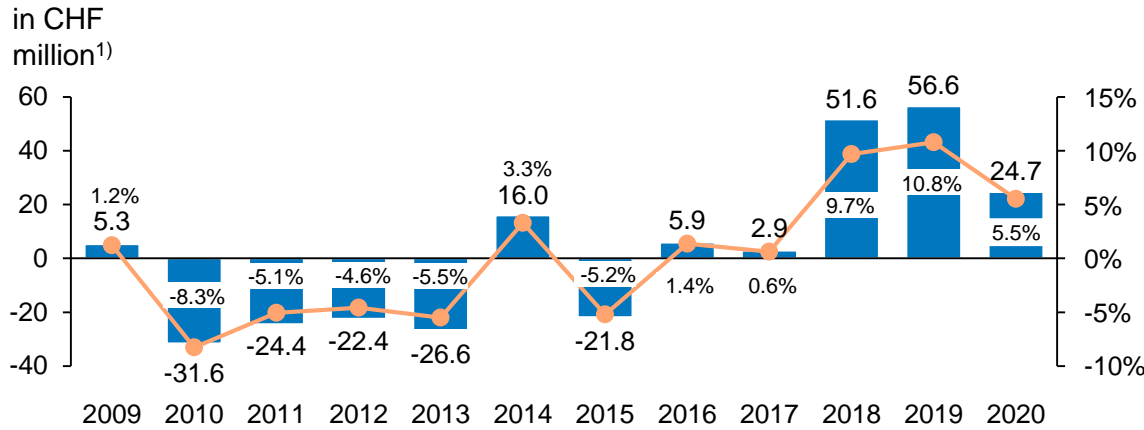
2005/2008: +15.0 € cents => + 24 million
 2012/2015: - 7.5 € cents => - 15 million
 2015/2017: -10.0 € cents => - 16 million
 2019/2020: -10.0 € cents => - 14 million

ca. 40 million

While an undervaluation of the Swiss franc added around CHF 24 million to annual EBIT before 2008, the Swiss franc's subsequent strong appreciation depressed annual EBIT by some CHF 15 million a year in the years thereafter.

CPH strategy and business development

The CPH Group



2009 to 2015:

- Earnings improvements through structural adjustments and productivity increases were more than nullified by appreciation of the Swiss franc on the currency front.

Currency impact on EBIT:

Nominal: CHF 90 million p.a.

Real (PPP): CHF 40 million p.a.

Also throughout this period:

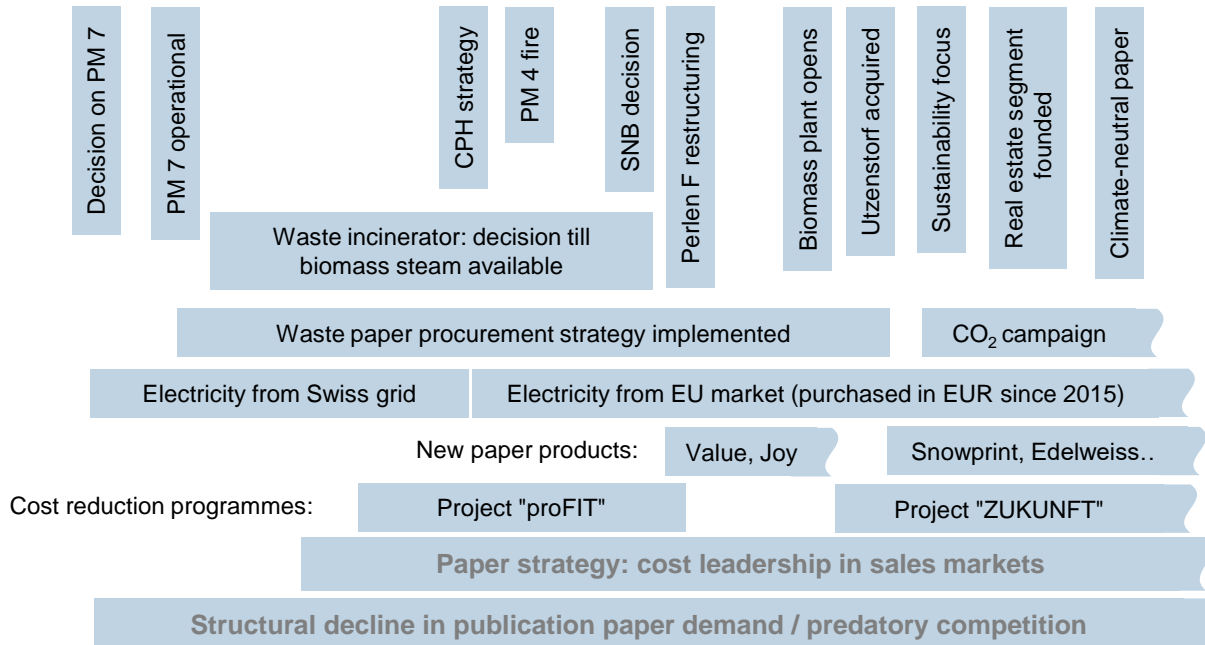
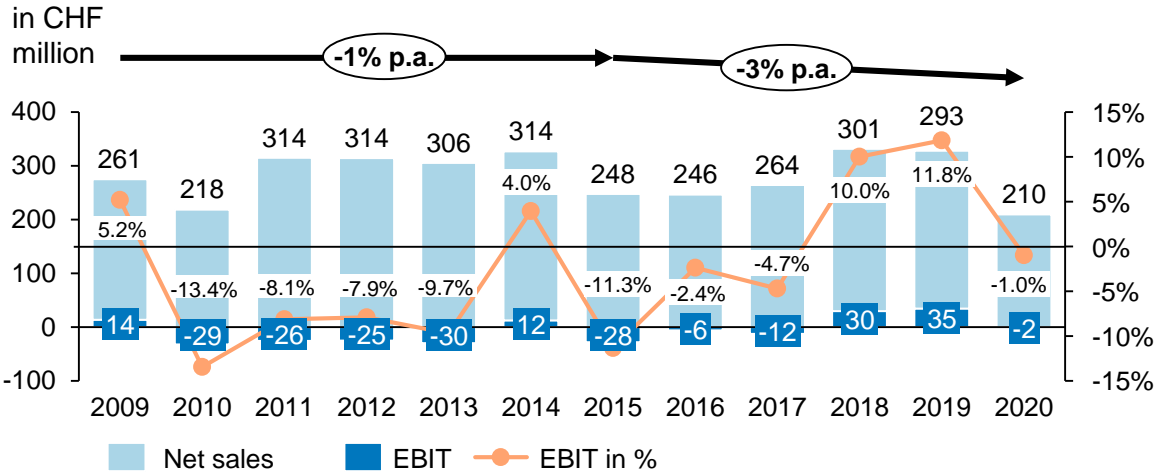
- Business development overshadowed by structural predatory competition in the paper market.
2009-2020: paper prices halved (in CHF terms)

2015 to 2020:

- CPH strategy consistently implemented and pursued

¹⁾ excluding Fine Chemistry (divested in 2011)

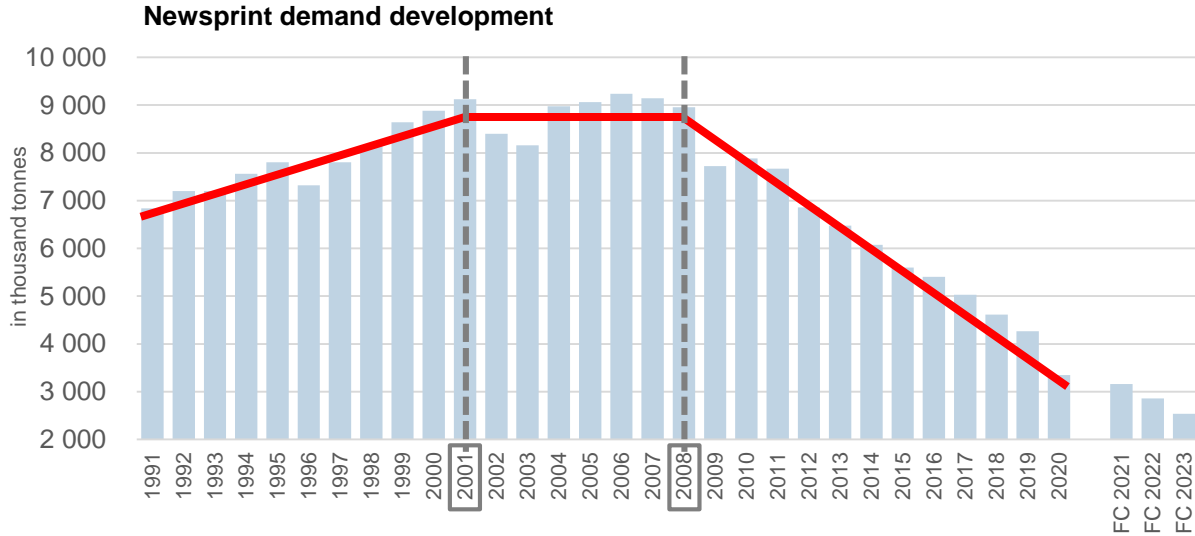
CPH strategy and business development Paper



- Swiss franc appreciated by around 40% against the euro between 2009 and 2015 (from 1.50 EUR/CHF to 1.05 EUR/CHF); pressure on sales and earnings
- Structural decline in demand for publication paper as print media replaced by digital alternatives
- 2009 to 2020: Despite over 80% increases in production and sales volumes from 300 000 to 550 000 tonnes, net sales decline of 20%!
- Predatory competition since 2009 and paper prices halved
- Maximum possible production volumes sold
Except 2020: 15% reduction in volumes owing to COVID-19 (temporary suspensions of production)

CPH strategy and business development

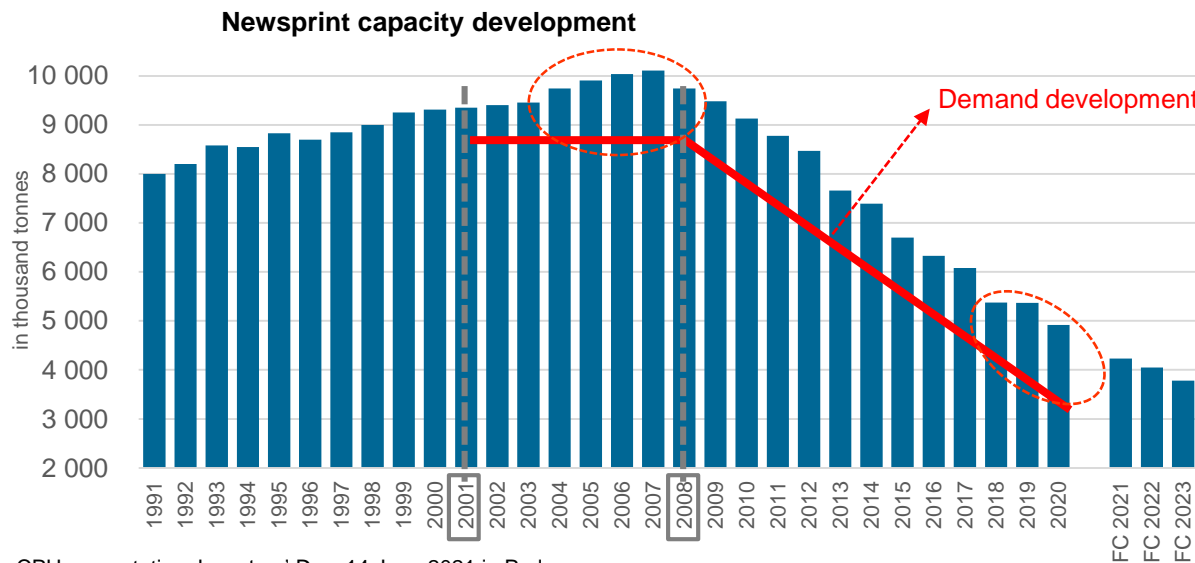
Paper: Western European newsprint supply/demand trends



Up to 2001:
⇒ Growth in demand

2001 to 2008:
⇒ Stagnant demand

2009: recession and 2009 to date
⇒ Structural decline in demand as print media replaced by digital alternatives (2007: market launch of iPhone and development of broadband internet)

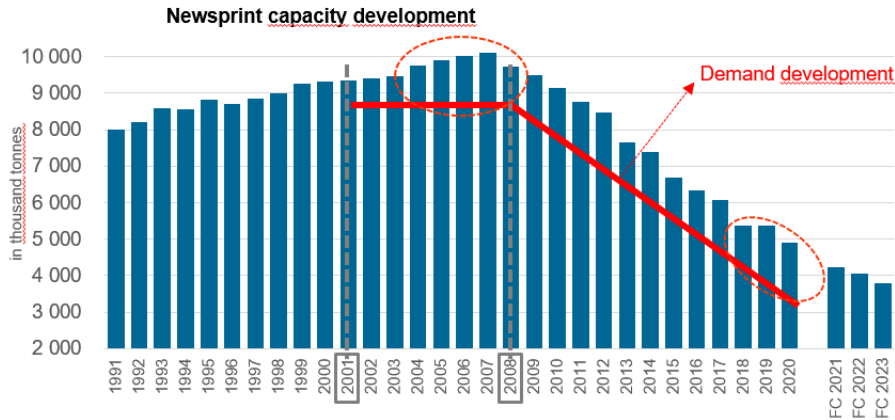


2001 to 2008:
Production capacities further expanded despite stagnation in demand
⇒ **overcapacities**

2009 to date:
Overcapacities continue owing to structural decline in demand
⇒ **predatory competition**

CPH strategy and business development

Paper: predatory competition in W. European newsprint market

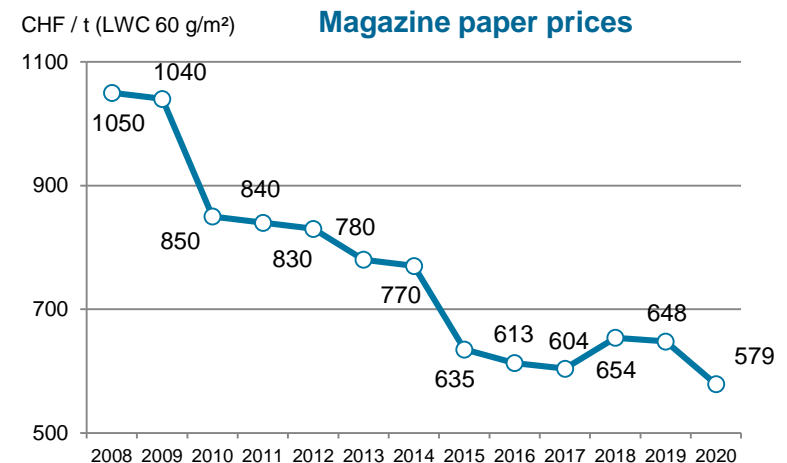
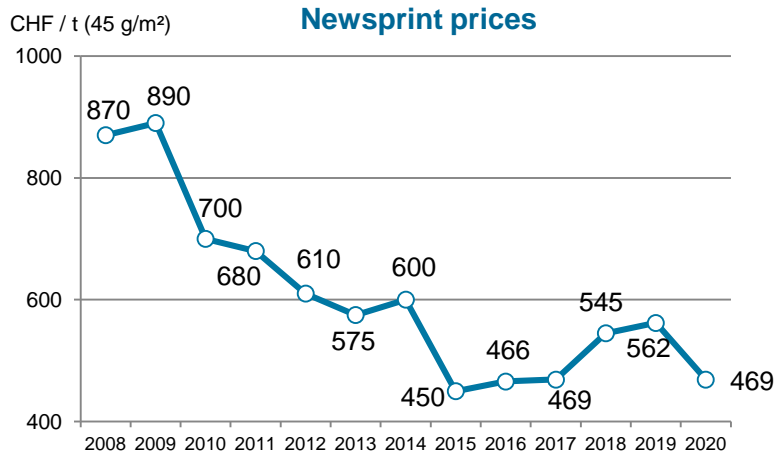


Key features of the paper market:

- Little scope for product differentiation (commodity)
 - Geographically limited markets (logistics)
 - High fixed costs (depreciation)
 - Volume market (economies of scale)
- and
- Structural overcapacities (declining demand)

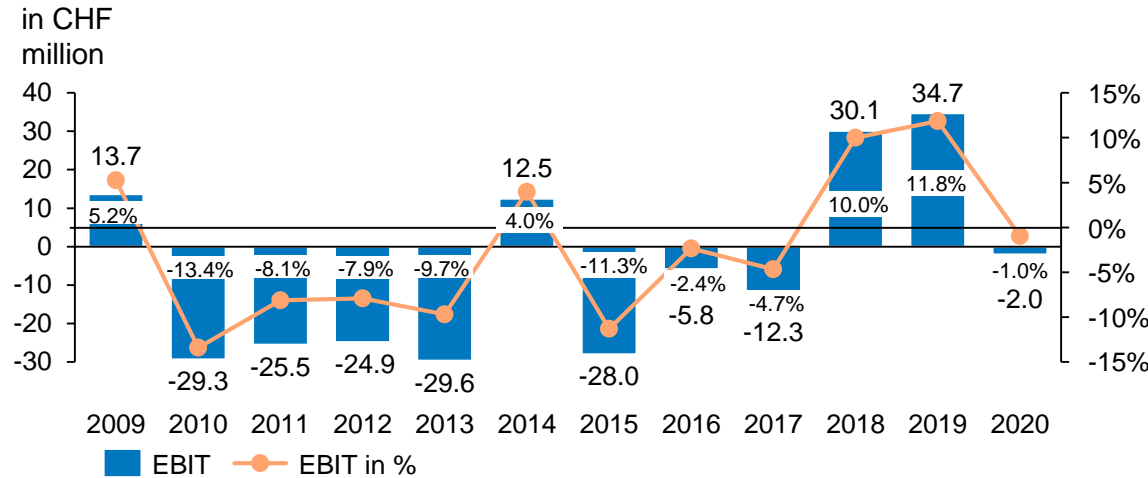
Predatory competition via paper prices (cost leadership strategy)

⇒ Paper prices almost halved in Swiss franc terms



CPH strategy and business development

Paper

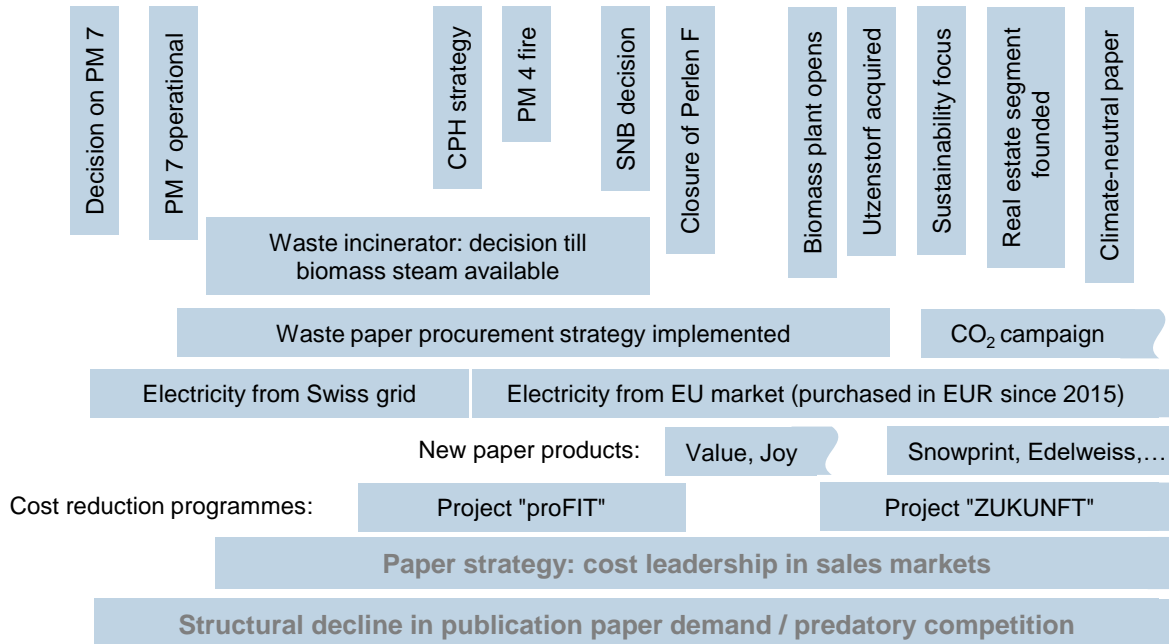


Key features of the paper market:

- Geographically limited markets
- Little scope for product differentiation
- High fixed costs (depreciation)
- Volume market (economies of scale) and
- Structural overcapacities

Heavily influenced by exogenous factors: (recovered) paper prices, energy prices, (€/CHF) currency movements

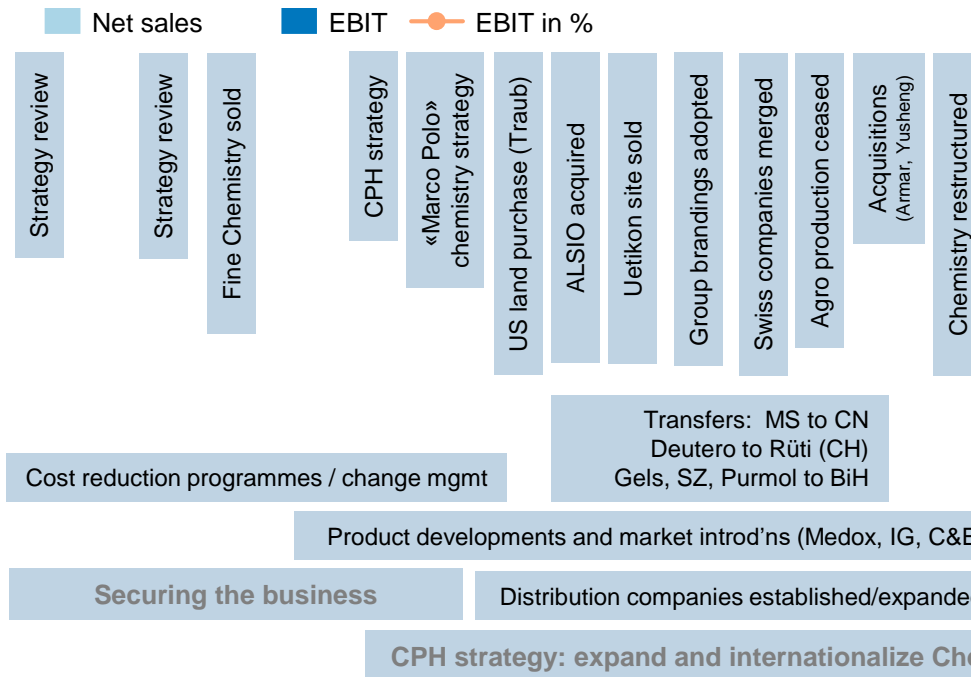
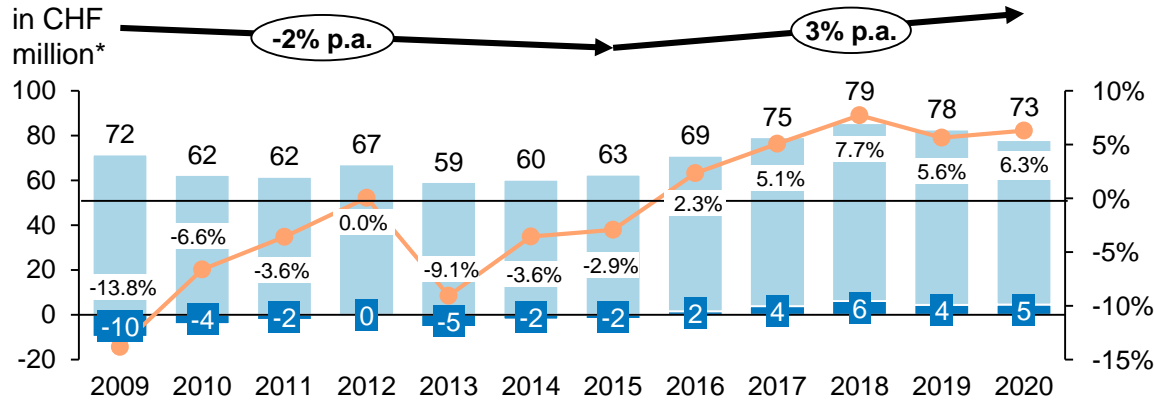
Predatory competition via paper prices; CHF paper prices halved since 2009



- Cost reduction programmes consistently pursued
 - Operationally: productivity increases, process enhancements, reducing input costs (energy, recovered paper), improving fixed cost structures
 - Strategically: RENERGIA waste incinerator, Utzenstorf (APS) acquired, biomass power plant
- New products developed to secure sales and production volumes
- Establishing sustainability (carbon neutrality) as a new differentiation criterion in the publication paper market

CPH strategy and business development

Chemistry



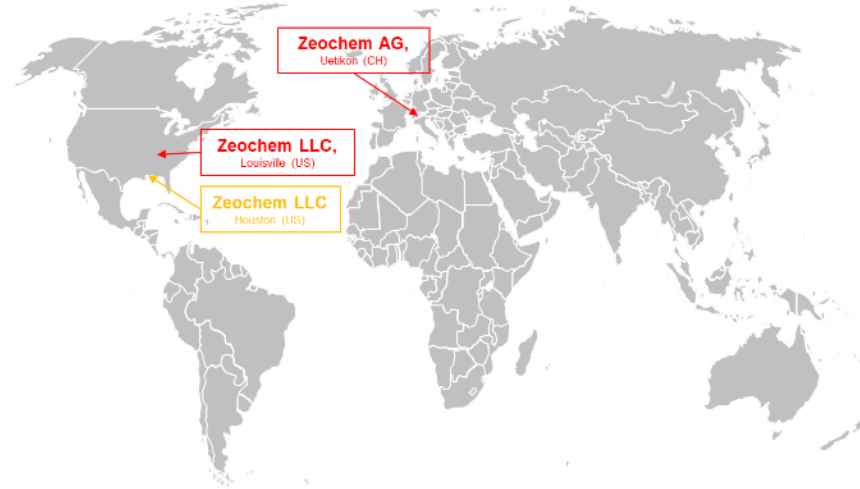
- Swiss franc appreciated by around 40% against the euro between 2009 and 2015 (from 1.50 EUR/CHF to 1.05 EUR/CHF); pressure on sales and earnings
- 2007/2008: collapse of business-focused bio-ethanol business
2009 on: customers “regained” from withdrawn market areas
- 2009-2015: Net sales decline of 13% or -2% p.a.
- 2015-2020: Net sales growth of 17% or 3% p.a.
- Substantial growth in EBIT and EBIT margin to the present 6.3% (2020)
- Sustainable turnaround

* Silicate Chemistry / Other Chemistry (until 2015)

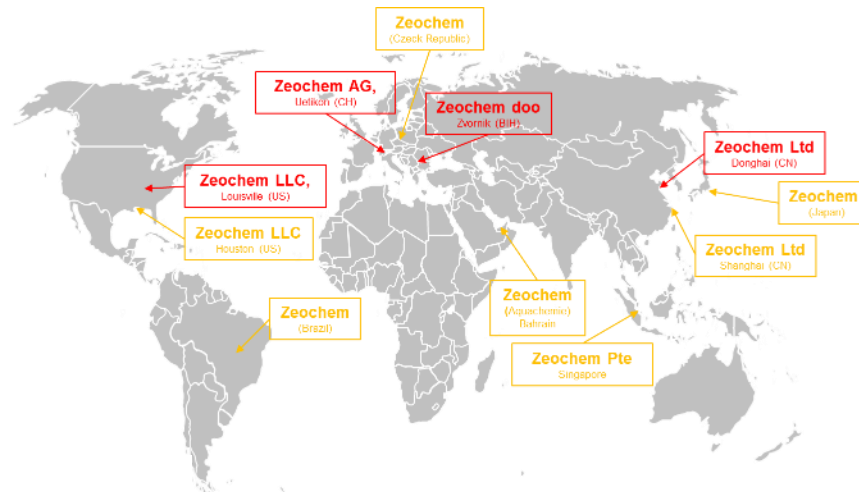
CPH strategy and business development

Chemistry: internationalization (production and sales)

2009

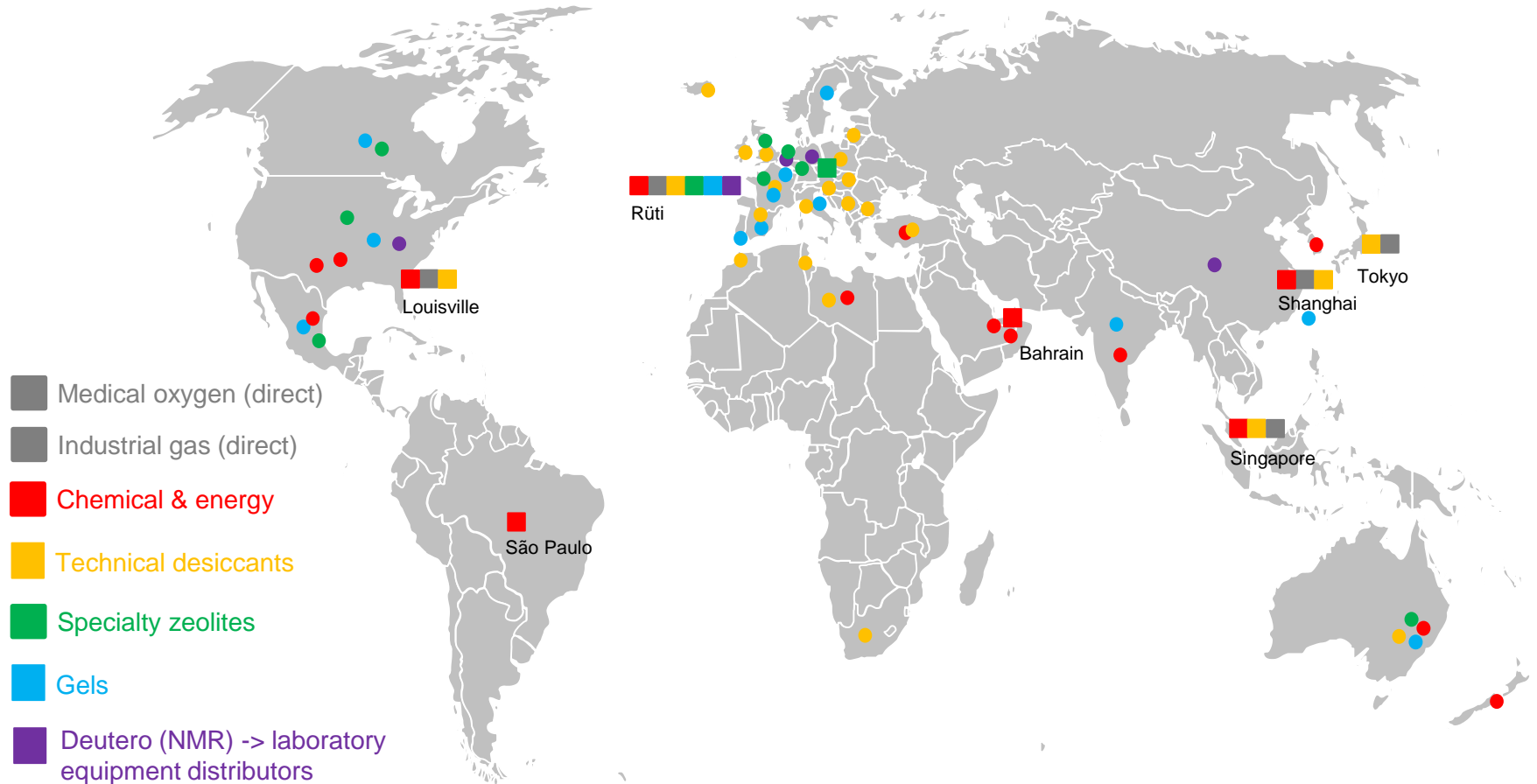


2020



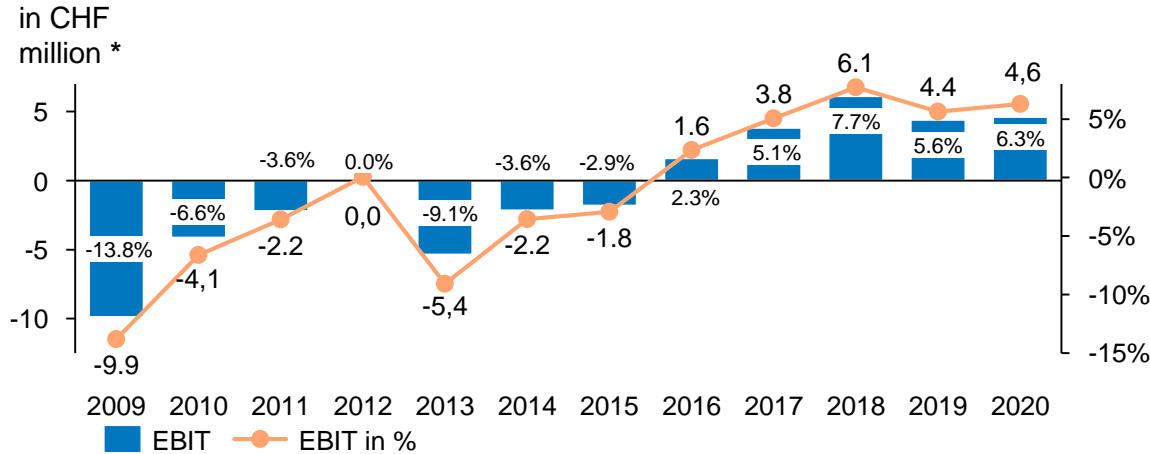
CPH strategy and business development

Chemistry: sales and distribution partners in 2020



CPH strategy and business development

Chemistry

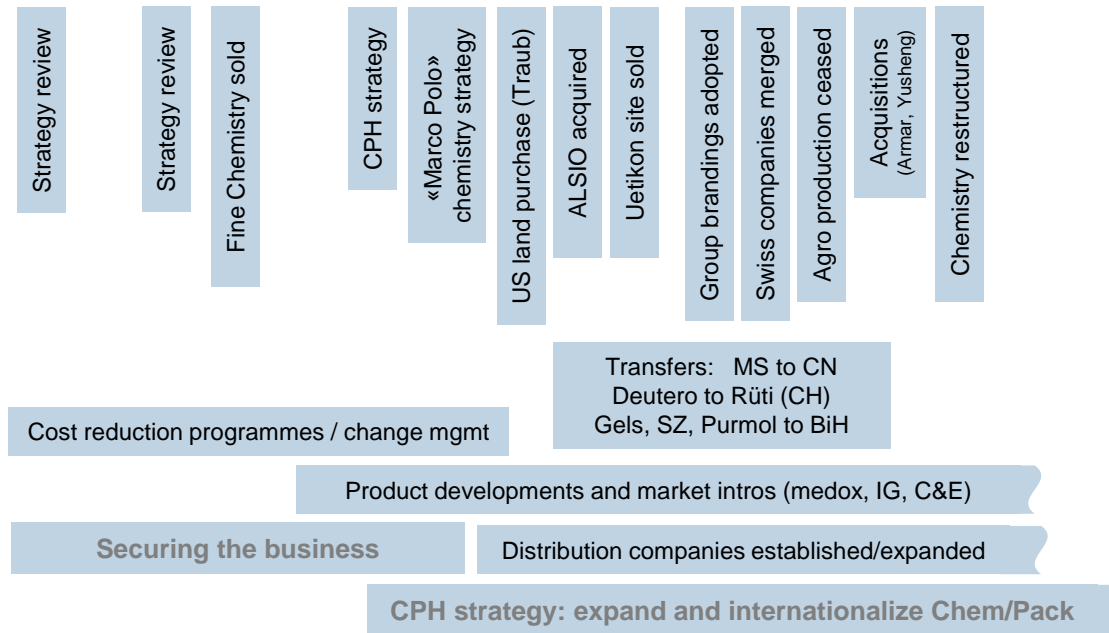


Benchmark

- Zeochem
EBITDA margin: 12.9% (2020)
- Chemistry companies CHF 80-100 million
EBITDA margin: 11.5% (2019)

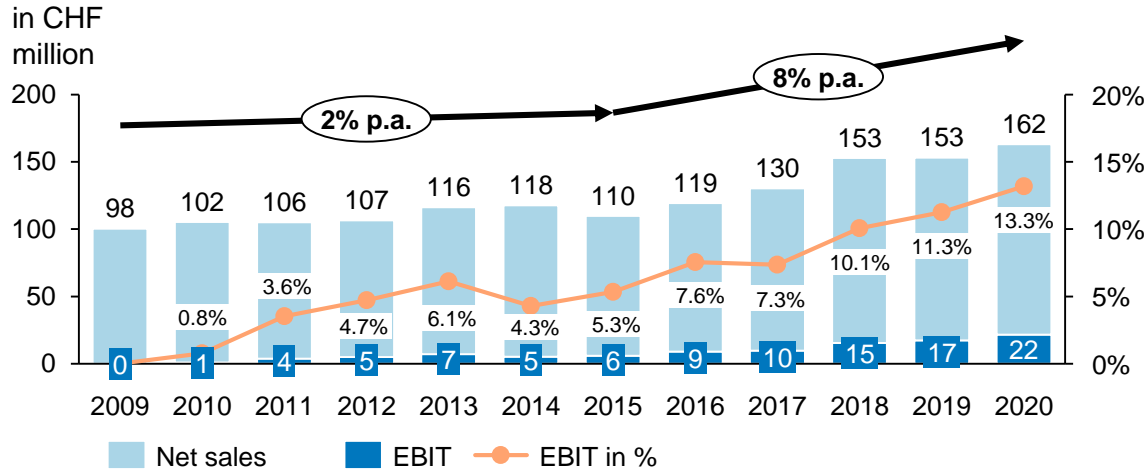
Internationalization:

- International distribution organization (LatAm, Middle East, Asia...) established and strengthened
- Production established and developed in growth markets with lower cost structures (CN, BiH)
- Consistent focus on products/markets with growth potential (healthcare, pharma, electronics...)
- Innovations/product developments with expansion of product range for higher-value products (medox, IG, C&E...)
- Process enhancements, productivity increases and efficiency improvements at all sites divisionwide (ERP introduced in 2016)
- 2016-2018: structural cost reduction through closure of Uetikon site and transfer of production to China, Bosnia and Herzegovina and the USA

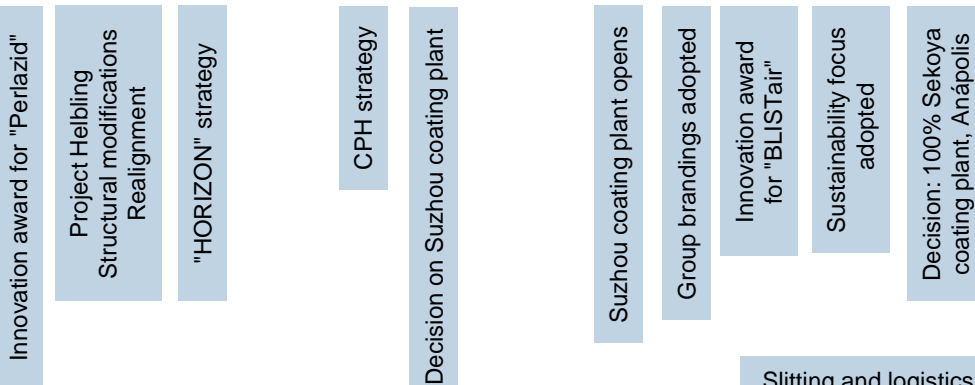


CPH strategy and business development

Packaging



- Swiss franc appreciated by around 40% against the euro between 2009 and 2015 (from 1.50 EUR/CHF to 1.05 EUR/CHF); pressure on sales and earnings
- 2009-2015:
Net sales growth of 12% (2% p.a.)
Organic growth of 32%
[(31%*0.66) = 20% +12%]
- 2015-2020:
Net sales growth of 48% (8% p.a.)
- 2009-2020:
Market share in Europe doubled from around 15% to around 30%
- Substantial increases in EBIT and EBIT margin from breakeven (2009/2010) to currently 13.3% (2020)
- Solid and sustainable business development



Market development in Asia/Latin America

Slitting and logistics centre established in Anápolis

Basic developments for halogen-free films and mono-material blister packs

Product developments and market intros: Tristar Ultra, Ultra Protect, MultiLayer Ultra

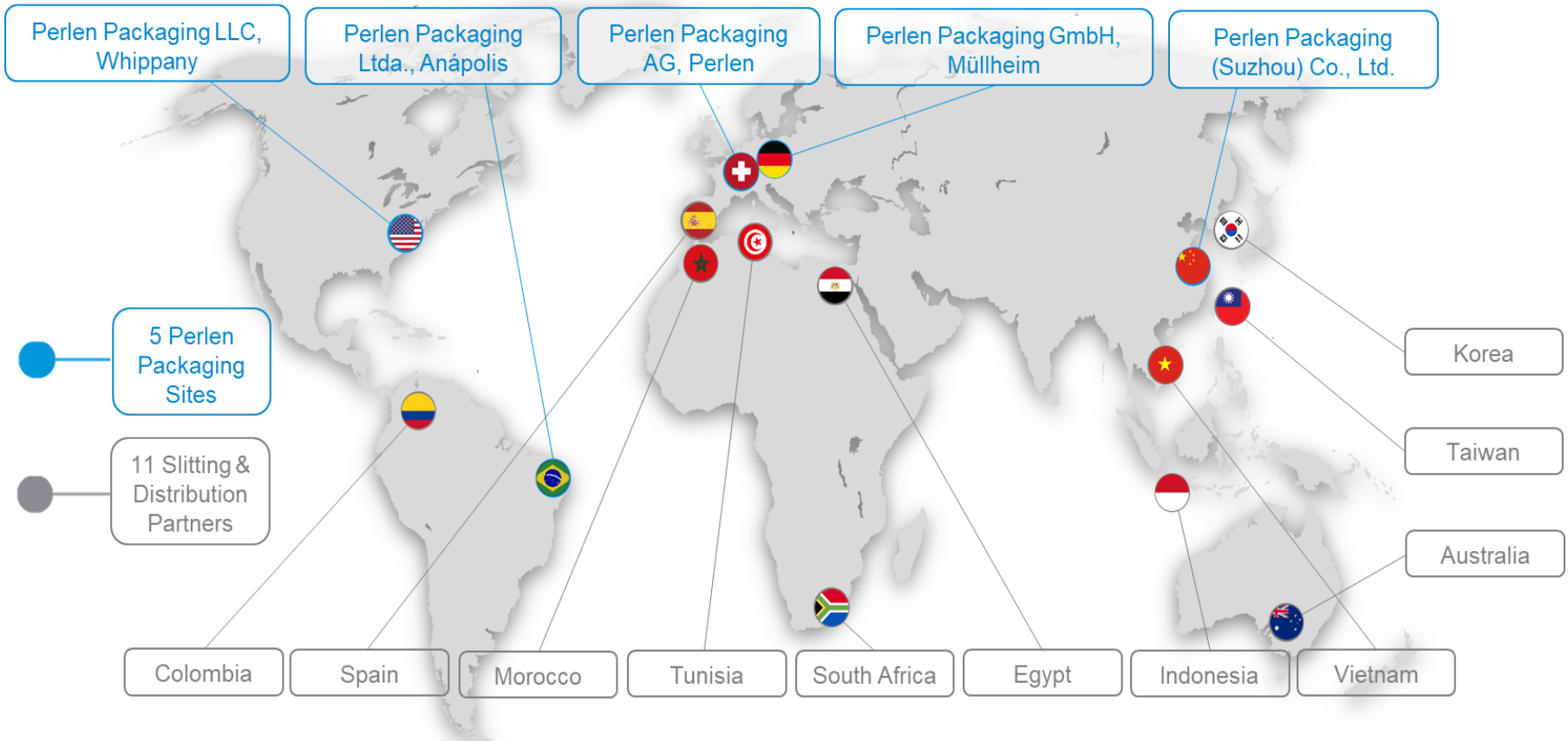
Focusing **CPH strategy: expand and internationalize Chem/Pack**

CPH strategy and business development

Packaging: production and distribution partners in 2020

Worldwide

- 5 production sites (blue, top)
- 11 slitting and distribution partners (grey, bottom/right)

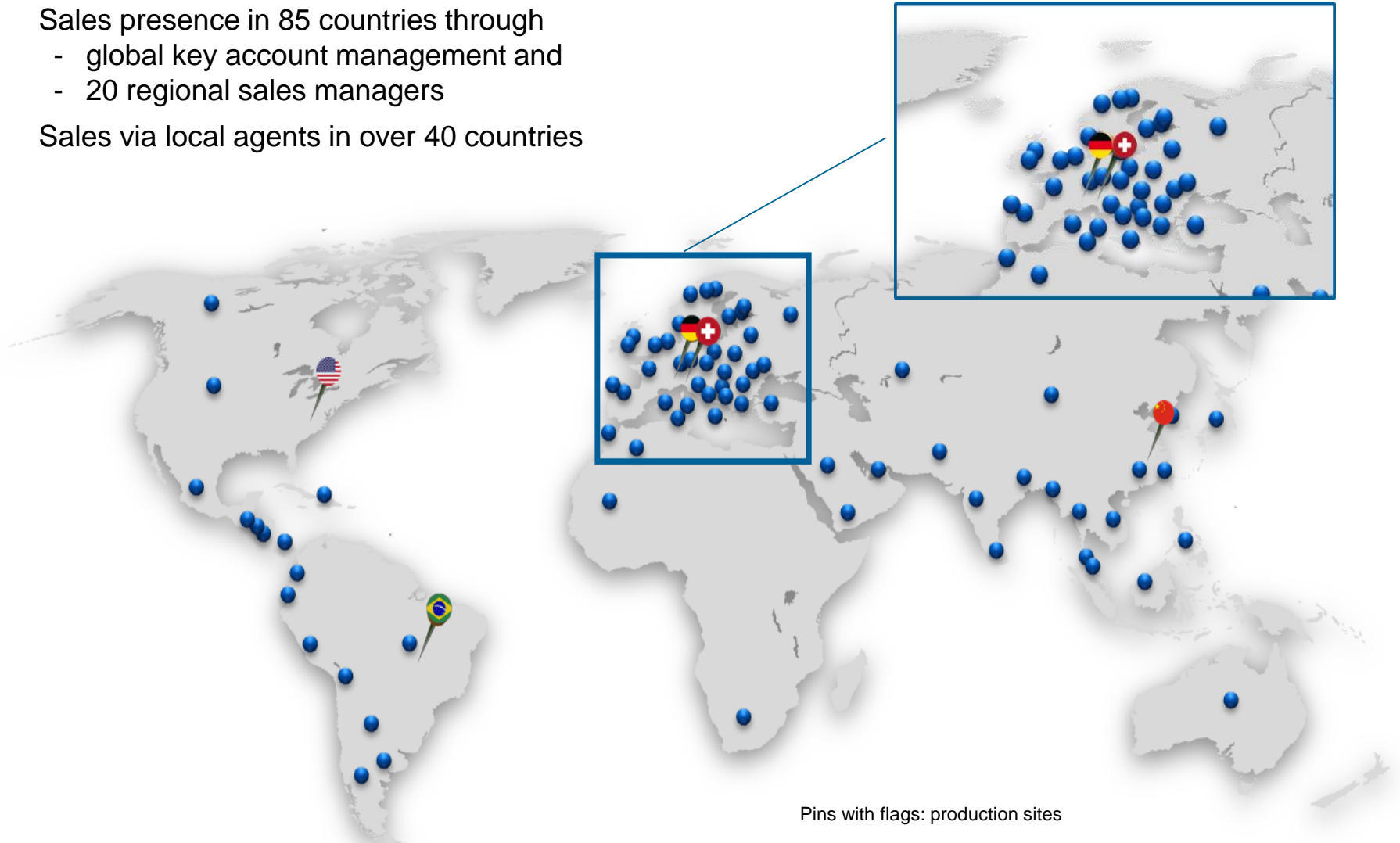


CPH strategy and business development

Packaging: internationalization (sales/representatives 2020)

- Sales presence in 85 countries through
- global key account management and
 - 20 regional sales managers

Sales via local agents in over 40 countries

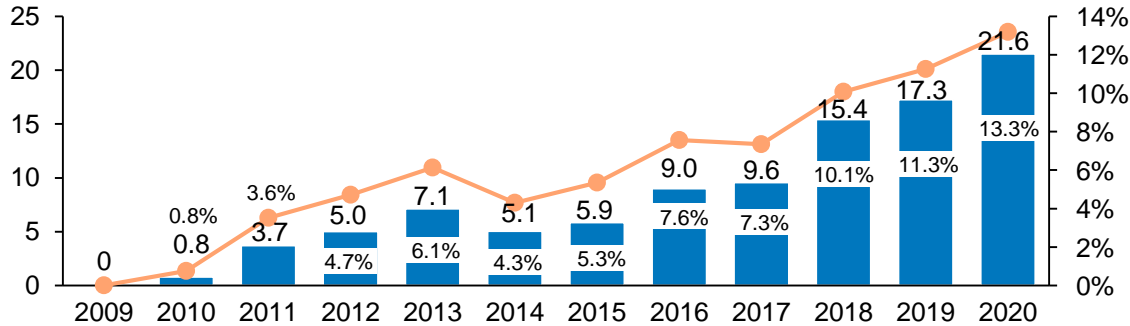


Pins with flags: production sites

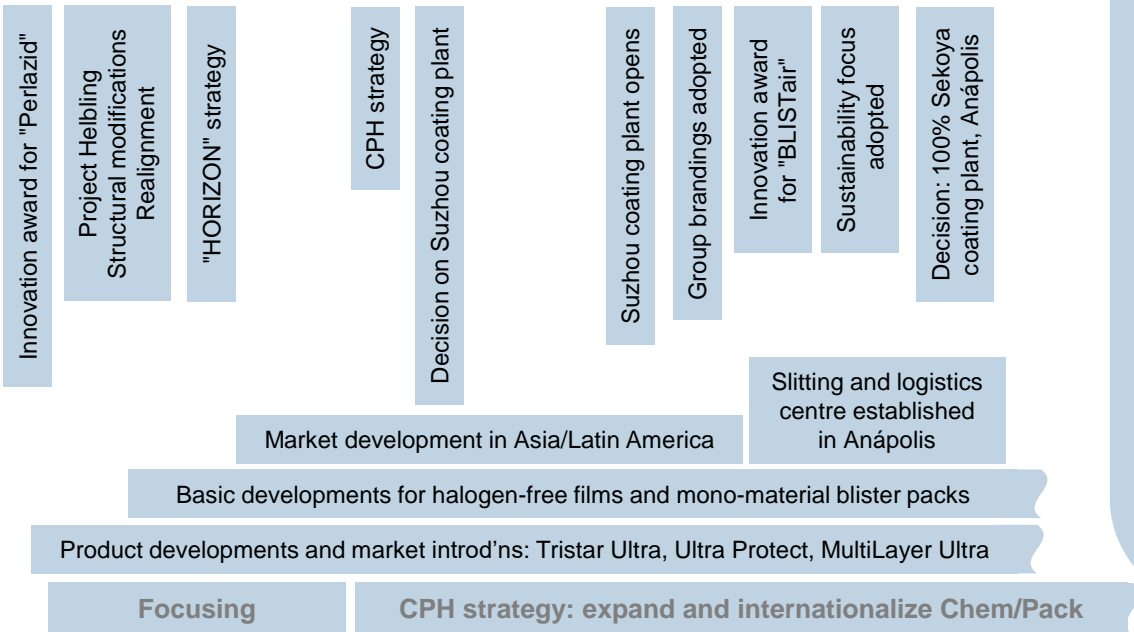
CPH strategy and business development

Packaging

in CHF million



■ EBIT — EBIT in %



Profitability development

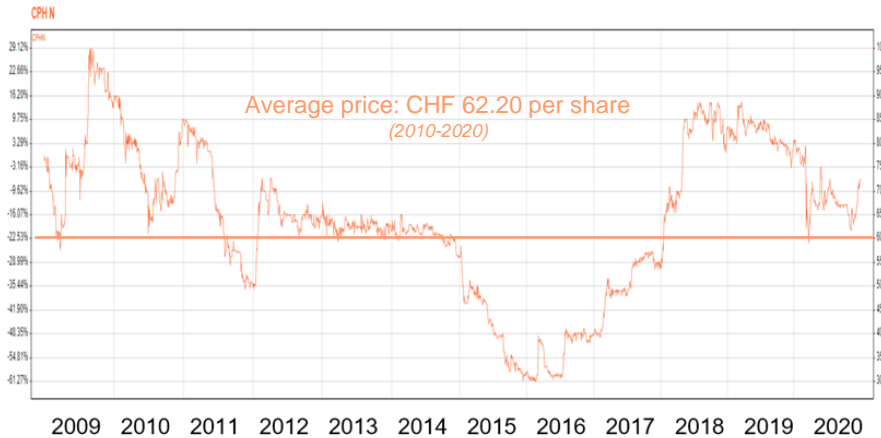
- Substantial increases in EBIT and EBIT margin from breakeven (2009/2010) to currently 13.3% (2020)
- Consistent focus on the pharmaceuticals market and on films with the highest barrier properties
- Exclusive focus on core competence (USP: film coating) in all capacity expansion projects
- Innovations/product developments with expansion of product range into higher-value high-barrier films (Tristar Ultra, Ultra Protect, MultiLayer Ultra)
- Innovations for new markets ("Perlazid", "BLISTair")
- Process enhancements, productivity increases and efficiency improvements at all sites divisionwide
- Internationalization:
 - Development of an international distribution organization
 - Establishment of coating plants in Asia (China) and Latin America (Brazil)

CPH strategy and business development

CPH: enterprise value

Share price trends

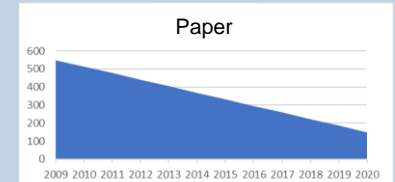
CPH Chemie + Papier Holding AG



Enterprise value development 2009-2020

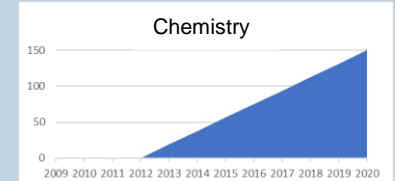
Paper

- Structural decline in demand
- Predatory competition



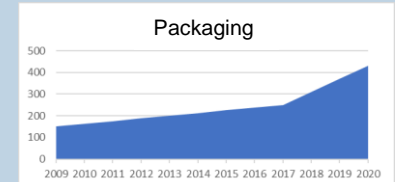
Chemistry

- Successful turnaround
- Internationalization



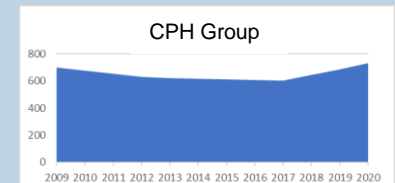
Packaging

- Consistent pursuit of strategy
- Innovations



CPH Group

- Diversification
- "Sum of the parts"



CPH strategy and business development

Summary

All three of CPH's business divisions achieve profitability margins that are among the best in their markets.

Chemistry and Packaging (differentiation strategy)

- Internationalization:
 - Establishment and consolidation of an international distribution organization
 - Establishment of production facilities in local growth markets
- Consistent focus on products and markets with growth potential
- Innovations/product development with expansions of product range into higher-value products
- Process enhancements, productivity increases and efficiency improvements at all sites divisionwide

Actions (largely) already taken, and the present positioning permits multiplication of value-adding for shareholders through non-organic growth / acquisitions in near-core markets.

Paper (cost leadership strategy)

- Consistent pursuit of cost reduction programmes
 - Operationally: productivity increases, process enhancements, reducing input costs (energy, recovered paper), improving fixed cost structures
 - Strategically: RENERGIA waste incinerator, acquisition of Utzenstorf (APS), biomass power plant
- Introduction of new products to secure sales and production volumes
- Sustainability (carbon neutrality) being established as a new differentiation criterion for the publication paper market

Actions (largely) already taken, and the present positioning opens up rounding-off possibilities in the recycling market and/or the location of energy-intensive business activities (electricity/steam) at the Perlen site, with synergic potential in paper production terms.

CPH strategy and business development

CPH: dividend policy

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: following distribution of CHF 4.2 million (CHF 0.70 per share), the tax-exempt capital contribution reserve is now exhausted

CPH strategy and business development

CPH: 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

CPH strategy and business development

The CPH share: an attractive investment case

- Leading competitive positions in three industrial sectors with three distinct brands
 - Cost leader in the predatory newsprint and magazine paper market and Switzerland's biggest recovered paper recycler
 - Expansion of Chemistry and Packaging divisions reducing dependence on Paper
 - Expanding (Chemistry and Packaging) production capacities outside Switzerland to reduce currency risks
 - Investing in growth markets
 - Sound equity base
 - Stable anchor shareholders with long-term commitment
- Solid dividend levels (around 2-3%) with further share price rise potential