CPH Chemie + Papier Holding AG

Diversified. Leading. Innovative.

ZKB Swiss Equity Conference, Zurich, 1 November 2023

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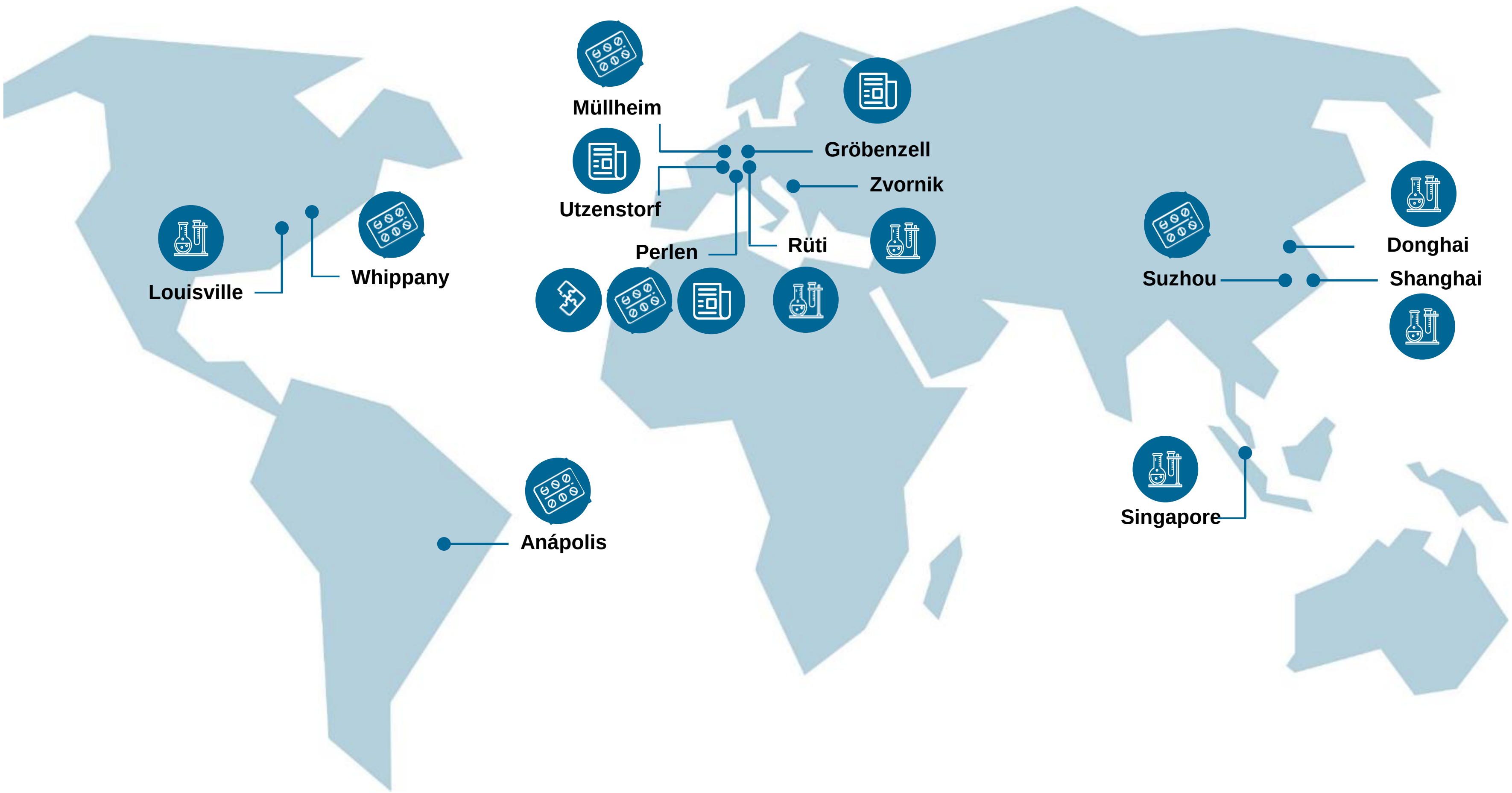
Agenda

The CPH Group and its business divisions

	Chemistry	Paper	Packaging
Key figures for 2022 in CHF millions	110 Net sales; 19 EBITDA	384 Net sales; 81 EBITDA	231 Net sales; 31 EBITDA
Strategy	Differentiation	Cost leadership	Differentiation
Market position	3 — Number 3 worldwide in molecular sieves for industrial applications	1 — Number 1 in Switzerland for newsprint and magazine paper manufacture and waste paper recycling	3 — Number 3 worldwide for coated barrier films for pharmaceutical applications
Production sites	Switzerland, USA, Bosnia and Herzegovina, China	Switzerland	Switzerland, Germany, USA, Brazil, China
Brands	ZEOCHEM®	perlen papier ag; APS Altpapier Service Schweiz AG	perlen packaging

The CPH Group Business and operating locations



The CPH Group **Value drivers**

Megatrends	Markets	Applications	Products
Healthcare	Pharma	Agents	Packaging films Molecular sieves Gels
Energy	Industry	Petrochemicals Ethanol Industry	Molecular sieves Energy production
Circular economy	Publishing	Printers Publishing houses	Newsprint Magazine papers

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

The CPH Group Strategy implementation

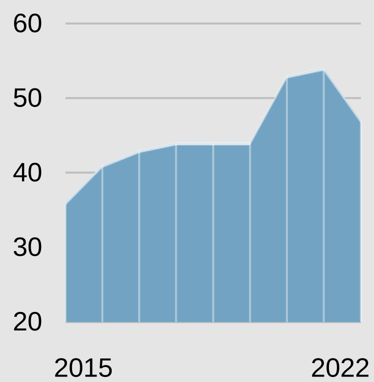
Objectives

Actions

Results

Balance shares of net sales among the three divisions

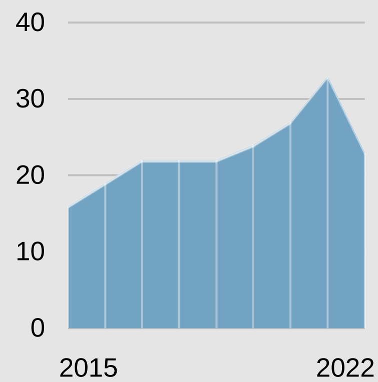
Expand Chemistry and Packaging divisions



Chemistry and Packaging's % share of total net sales

Raise share of total net sales from outside Europe

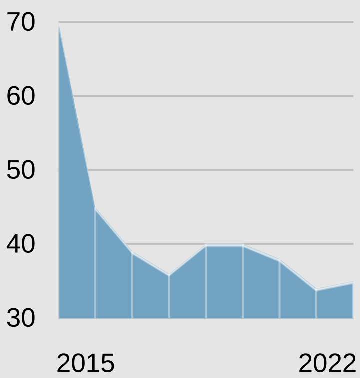
Expand markets in growth regions



% proportion of net sales from outside Europe

Reduce dependence on the Swiss franc in currency terms

Expand capacities outside Switzerland



% proportion of costs incurred in Swiss francs

The CPH Group M&A strategy

Rationales for M&A and strategic partnerships

- Support transformation
- Consistent strategy implementation
- Generate enterprise value

Systematic and global approach

- Focus on growth markets in Chemistry and Packaging
- Ongoing market screening and target identification resulting in continuously updated long and short lists
- Thorough approach of targets, due diligence, valuation, negotiations

Key criteria

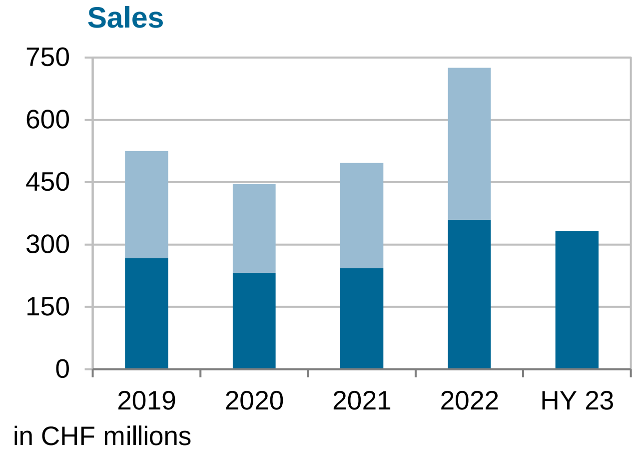
- Strategic alignment and fit
- Good management and integrability
- Increasing enterprise value

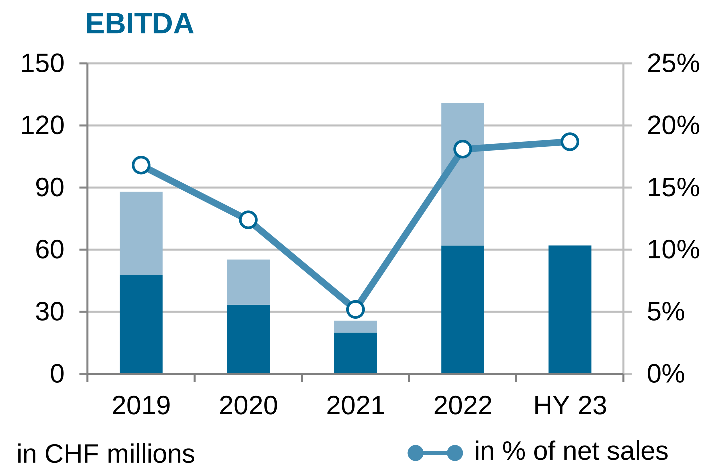
The CPH Group Key figures for the first-half of 2023

01.01.-30.06., in CHF millions	2023	2022	±	± in %
Sales	**332**	**360**	**-28**	**-7.8%**
EBITDA	**62**	**62**	**-**	**+0.5%**
EBITDA margin	18.7%	17.1%		
EBIT	**53**	**52**	**+1**	**+2.1%**
EBIT margin	16.0%	14.4%		
Net result	**61**	**47**	**+14**	**+27.7%**
Cash flow[1]	**52**	**60**	**-8**	**-13.1%**

in CHF millions	30.06.23	31.12.22	±	± in %
Total assets	**678**	**666**	**+12**	**+1.8%**
Shareholders' equity	**429**	**400**	**+29**	**+7.3%**
Equity ratio	63.2%	60.0%		
Net cash	**76**	**45**	**+31**	**+68.9%**
Headcount (FTE)	**1 184**	**1 126**	**+58**	**+5.2%**

[1] before change in non-financial net working capital





The CPH Group Business development

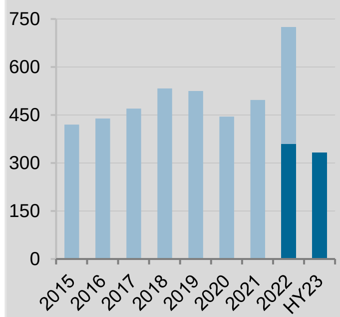
CPH Group

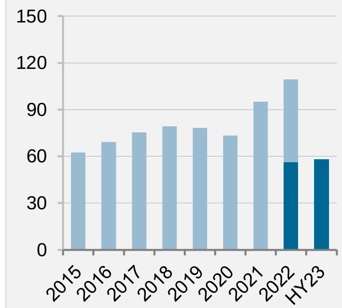
Chemistry

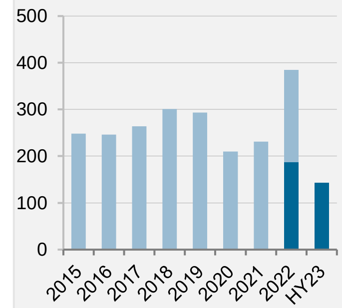
Paper

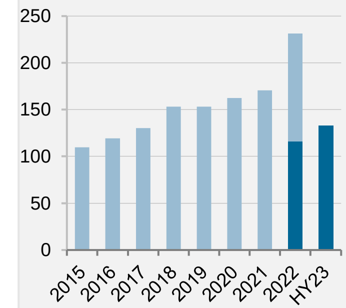
Packaging

Net sales
in CHF millions



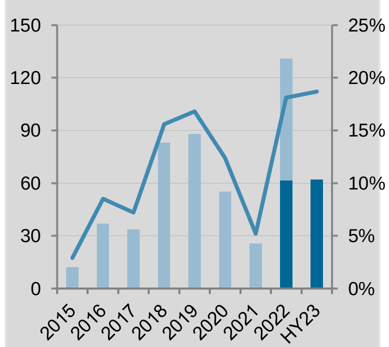


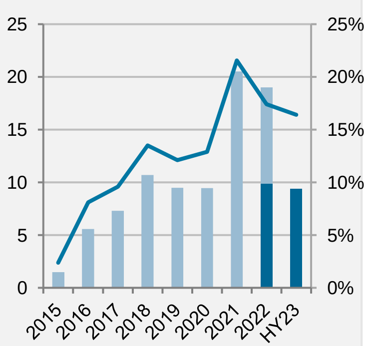


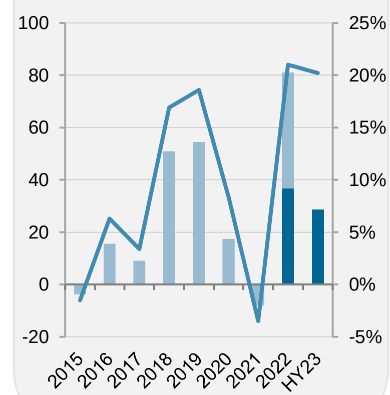


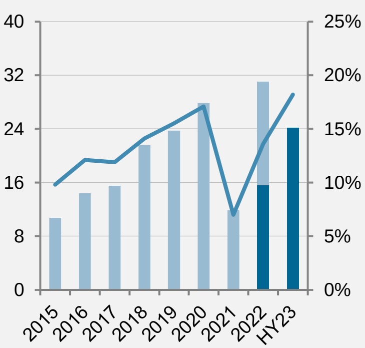
EBITDA
in CHF millions

in %
of net sales
(right scale)









Agenda

The Chemistry Division

Chemistry Investments in additional production capacities

Capacity and work quality

Louisville (USA)

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

Capacity and cost reduction

Rüti (CH)

- Capacities expanded for DMSO products
- Enrichment facility

Capacity

Zvornik (BiH)

- Molecular sieve powder production capacities expanded

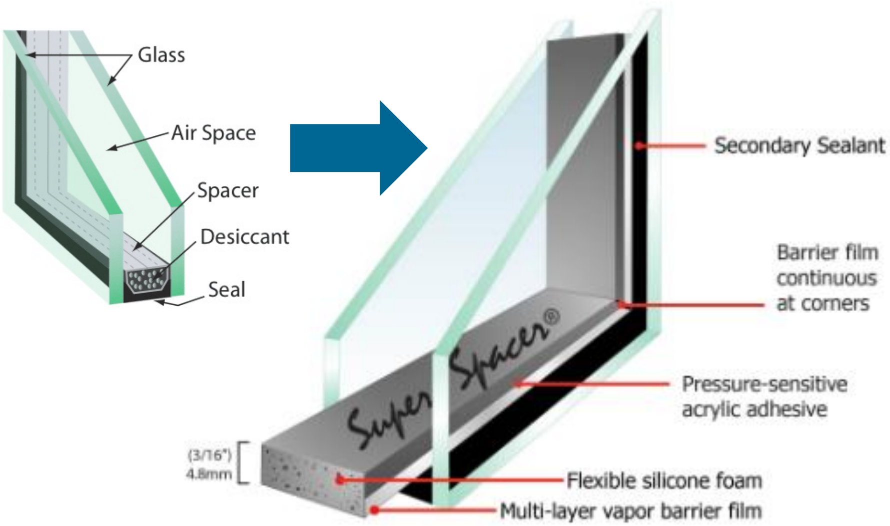
Capacity and quality

Donghai (CN)

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

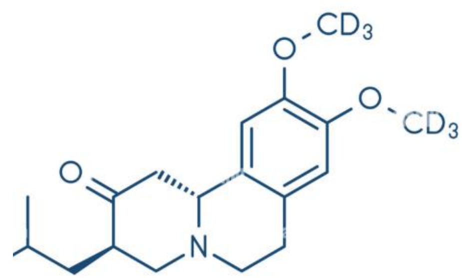
Chemistry Industry innovations drive demand

Modern multi-pane insulated glass windows



- A more energy-efficient way to manufacture non-fogging double glazing drive demand for molecular sieve powders
- They are integrated directly into the plastic spacers separating the panes to prevent internal misting

R&D projects and production ventures



deutetrabenazine

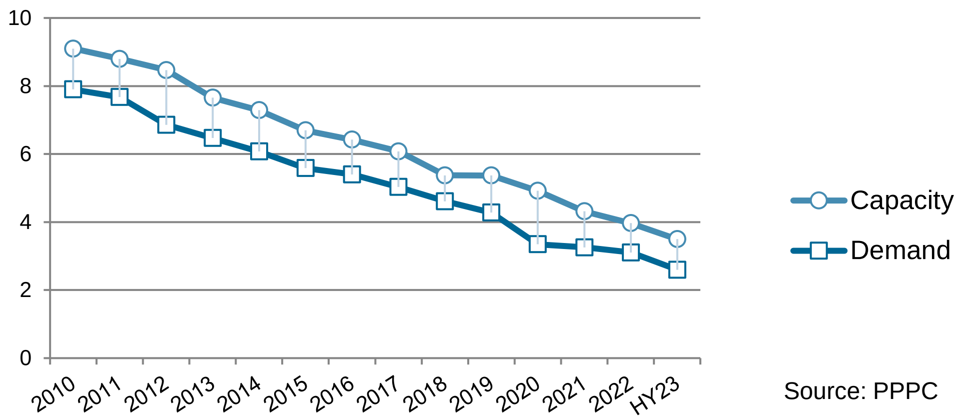
- The division produces various deuterated molecules for R&D projects within the pharmaceutical industry and for production ventures
- In view of the industry's growing interest in such deuterated molecules, the division is now intensifying its focus on introducing new products in the field

The Paper Division

Paper Market and pricing trends in Western Europe

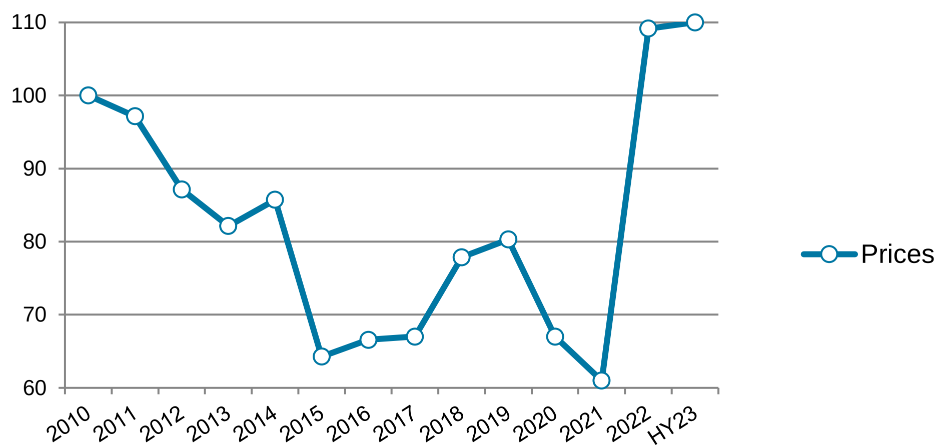
Newsprint

in million tons



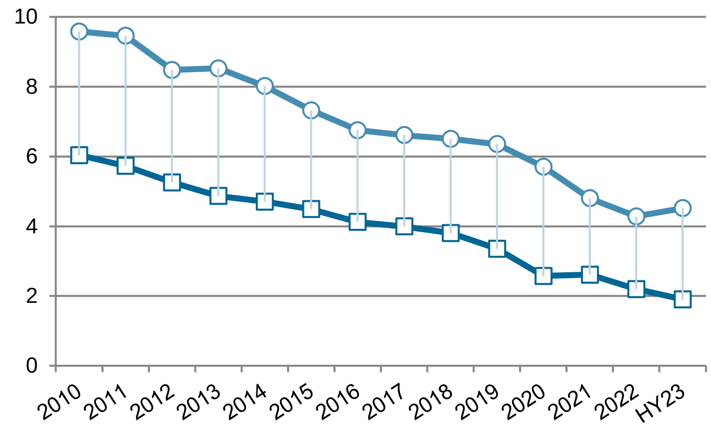
Source: PPPC

Indexed (basis: 2010 = 100, in CHF)



Magazine paper

in million tons



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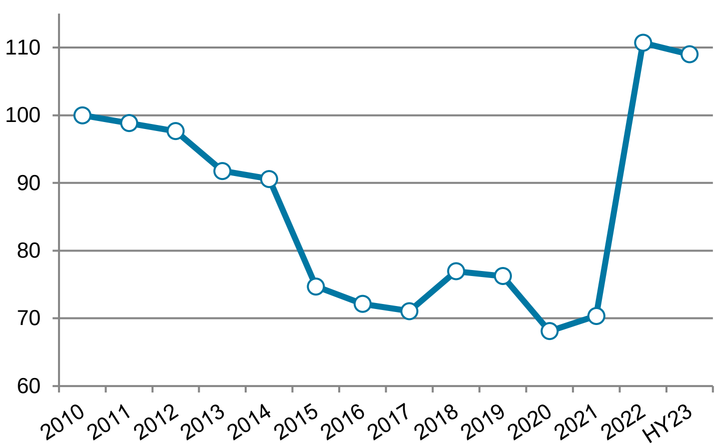


Paper Sustainable papers developed

First producer of climate neutral paper in the world

- Sole recovered paper recycler in Switzerland
- Steam supply from Renergia, from own biomass power and hydroelectric water plants
- Carbon footprint of Perlen paper is 76% lower than European average
- Since 2021, clients can compensate the remaining CO_2 via a certified reforestation project

Ecofriendly label backing papers

- Paper and polyethylene are the most important release liner for adhesive labels
- The Paper Division is developing a backing paper that is based on waste paper and waste wood, production trails and marketing issues are ongoing
- The papers enable the suppliers of release liners to substantially reduce their carbon footprint

Paper 480 000 m^2 of industrial area

- 412 000 m^2 for paper mill (incl. rounding off such as e.g. fiber and/or energy projects)
- 68 000 m^2 land leased out under building rights

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 years

Packaging Recyclable PVC mono blister developed

- PVC is the most extensively researched synthetical material for pharmaceutical packaging
- The new PERLALUX PVC Mono Blister is the Packaging Division’s first response to the growing demand for recyclable packaging solutions
- It was honored at the 2022 ‘K’ plastics and rubber trade fair in Germany with the Inovyn Gold Award in the Circularity category
- Development tests at machine manufacturers and customers are underway

Agenda

1 The CPH Group

2 Insights into the Divisions

3 Outlook

4 ESG

5 Investment Case

6 Q&A

Outlook for 2023 shows many uncertainties

CPH Group

- Sizeable uncertainties in the markets
- Lower sales expected due to steep decline in demand in Paper Division
- Falling prices for some raw materials provide some relief
- EBIT and net result expected to be in the higher double-digit millions

Chemistry

- Economic outlook uncertain
- Costs of raw materials (especially lithium) likely to remain high
- Growing pricing pressures
- Sales growth expected
- EBIT is likely to be at its prior-year level

Paper

- Demand for graphic paper products still declining in Europe
- Consolidation pressures persisting
- Waste paper and energy prices likely to remain high
- Sales and EBIT will be significantly below the very high level of 2022

Packaging

- Pharmaceutical manufacturers' procurement activities should normalize
- Order volumes expected to return to pre-corona levels
- Sales should increase at above-market rates
- EBIT margin is likely to be slightly below the first-half figures

Agenda

Sustainability Strategy Attitude and goals

- Long-term and sustainable value creation anchored in the articles of incorporation at AGM 2023 as a corporate purpose
- Commitment to net zero by 2050, developing an appropriate stage plan, while maintaining competitiveness, reduction of CO_2 emissions in the paper division by 88% since 2013
- Examination and exploitation of ESG-driven market opportunities by the divisions
- Attractive employer that addresses ESG issues appropriately
- Considering environmental aspects in every business decision
- ESG reporting:
  - 2022 reporting with significantly expanded KPIs – improvement in Bloomberg ESG disclosure score (from 27 to 45)
  - 2023 further expanding non-financial reporting
  - Mid-term: implementation of EU sustainability directives (CSRD/ESRS)
- Transparent and efficient fulfillment of information requests from customers and investors
- Laws and regulations are 100% complied with

Sustainability Strategy Dimensions

Environmental

- High climate awareness
- Continuous initiatives for energy consumption reductions
- Substantial in-house renewable energy production
- Resource-efficient use of materials
- Circular economy as core of paper production (recovered paper & waste wood)
- Economical use of water in closed circuits
- Reduction of transport distances and use of environmentally friendly means of transport

Social

- Sustainable relationships with clients, suppliers, employees and communities
- Promoting and continuing education of employees
- High quality apprenticeship training
- Occupational health and safety
- Diversity and equal opportunities
- Fair salary policy
- Open communication culture
- Continuous improvement process (CIP)
- Regular employee surveys (every three years)

Governance

- Registered shares as single class share category
- Neither registration nor voting restrictions
- Opting out
- Chairman of Board of directors represents anchor shareholders (33.6% of shares)
- Compensation model with appropriate long-term orientation
- Code of conduct and anti-corruption policy
- Comprehensive transparency for all stakeholders

The CPH Group Selected sustainability key figures

Environmental

Carbon intensity in tons per CHF million of net sales

25

(2021: 36)

Own-generated energy

18%

(2021: 20%)

Organic waste recycled (tons)

557 077

(2021: 513 774)

Social

Nationalities of employees

38

(2021: 35)

Engagement Index

76%

(previous survey in 2019: 75%)

CIP suggestions submitted

958

(2021: 740)

Governance

Independent Board members

5

(of 6)

Attendance at AGM

76.3%

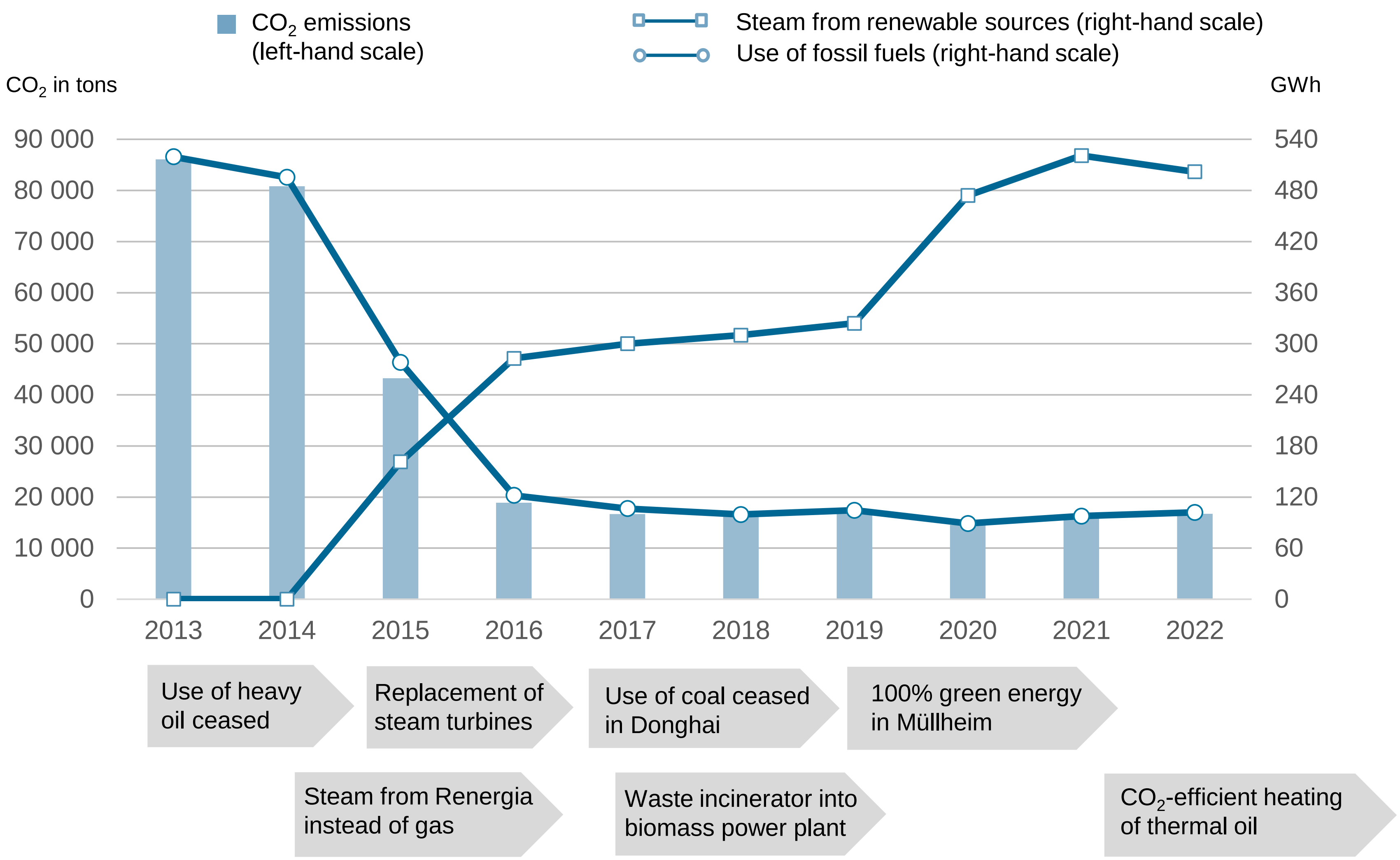
(2022: 73.1%)

Board meeting participation

100%

(2021: 100%)

The CPH Group Effective climate protection measures



Sustainability Current projects in the divisions

Chemistry

- Installation of more energy efficient equipment
- Several recycling programs for optimized material use and waste reduction
- Energy efficiency measures for lighting, heating and cooling in Louisville
- Evaluation of photovoltaic installation in Zvornik
- Waste water desalination project to reuse recycled materials in Donghai

Paper

- Updating of the greenhouse gas inventory and developing a roadmap for decarbonization – climate-neutral operation by 2050
- Reduction of greenhouse gas emissions in accordance with target agreement with the BAFU
- Implementation of digital training for employees, including topics for occupational safety and environmental protection
- Occupational safety campaign aimed at minimizing rule violations

Packaging

- Focus on sustainable development goals (SDGs)
- Preparation of a greenhouse gas inventory to derive new targets and measures
- CO_2-efficient heating of thermal oil by means of a new gas-electricity combined system in Müllheim
- Customer workshop and survey on ESG needs and requirements
- Implementation of a process on child labor and conflict minerals
- Aiming for gold certification at the Ecovadis Business Sustainability Rating

Agenda

The CPH Group Sound value with further growth potential

Sales at constant currency **3.9%** down on very strong prior-year period

Group EBITDA margin of **18.7%**, boosted by higher sales prices

Chemistry EBITDA margin of a strong **16.4%** thanks to high demand and good utilization of facilities

Paper EBITDA margin of a strong **20.2%** thanks to lower raw material prices

Packaging EBITDA margin of a strong **18.2%** thanks to higher prices and a favorable product mix

Net result of **CHF 61 million** including sales of industrial land in Full-Reuenthal

Free cash flow of **CHF 59 million** thanks to disposal of fixed assets

Equity ratio remains very solid at **63.2%**

Net cash increased by **CHF 31 million**

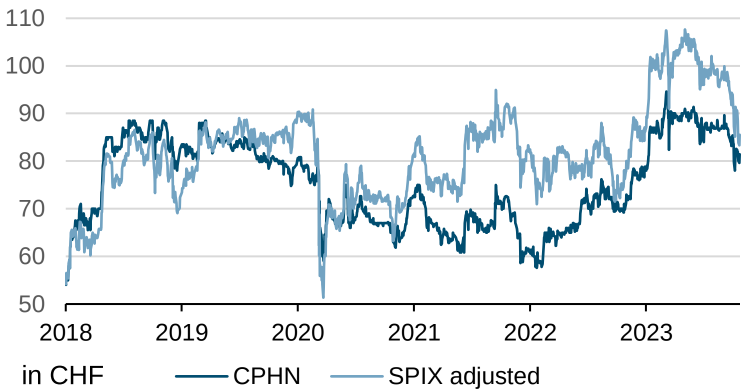
The CPH Group Information for shareholders

Market capitalization at 30.06.2023
in CHF millions

508

6 000 000 registered shares of CHF 0.20 nominal value

Share price development 1.1.2018-24.10.2023

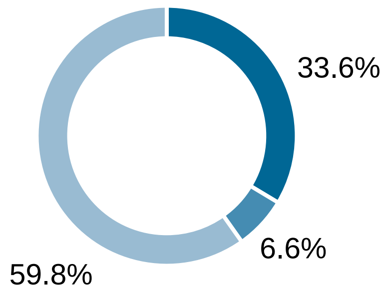


Dividend policy and dividends

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
Dividend yield (as at 31.12)	2.2%	2.3%	2.5%	2.1%	5.8%

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

CPH share An attractive investment

- Leading competitive positions in three industrial sectors with distinct and strong brands
- Chemistry and Packaging divisions expand in growth markets with focus on Asia and the Americas
- Expanding of production capacities outside Switzerland, increasing natural FX hedge
- Cost leadership in the newsprint and magazine paper market and Switzerland’s biggest recovered paper recycler
- High net cash and solid equity base
- Stable anchor shareholders with long-term commitment

➔ **Solid dividend yield and further share price increase potential**

Agenda

Financial calendar and contact

Financial calendar

10 January 2024	Baader Helvea Swiss Equities Conference, Bad Ragaz
20 February 2024	Media and investors' conference, 2023 Annual Report
20 March 2024	Annual General Meeting in Lucerne

Investor relations contact

Gerold Brütsch, CFO
CPH Chemie + Papier Holding AG
6035 Perlen

Phone +41 41 455 80 00
Email investor.relations@cph.ch

Q&A

Thank you for your attention