

Diversified. Leading. Innovative.

The CPH Group made further progress in implementing its corporate strategy in 2017. The internationalization and expansion of the Chemistry and Packaging Divisions proceeded as planned.

Vision

The CPH Group is a diversified and profitable industrial corporation consisting of business divisions that each trade independently in their various markets. With its technological leadership and its innovative products, the Group offers its customers clear added value and thereby occupies a leading position in its market segments. In doing so, the Group focuses on markets that offer the prospect of sustainable profitable growth.

Value drivers

Pharma

The world's population is increasing. As are both standards of living and life expectancies. Thanks largely to medical advances, we can now fight many illnesses with impressive results. And the pharmaceuticals industry is playing a major part in these developments. Perlen Packaging has successfully positioned itself as a leading supplier for the blister packs in which medicines are packaged, while Zeochem's products include molecular sieves for medical oxygen and gels for separating complex pharmaceutical agents.

Industry

Gases must be cleaned and freed of harmful elements such as hydrogen or sulphur before they can be put to industrial use. Adsorbents ensure that such unwanted materials are removed from natural gas, ethanol, methane, oxygen, air and other gaseous substances. Zeochem benefits from the growing global demand for such processes from the energy and the chemicals sectors.

Recycling

The Earth's resources are finite. In many parts of the world, populations are already keenly aware of the need to minimize, separate and re-use waste as much as possible. In many countries valuable materials such as metals, glass, plastic, cardboard and paper are consistently separately collected and recycled. Perlen Papier processes around 500 000 tonnes of paper a year that has been recovered from households into newsprint and magazine paper, making it Switzerland's biggest paper recycler.

Strategy

The CPH Group comprises three business divisions – Chemistry, Paper and Packaging – that each trade separately in their various markets. The divisions are all among the three leading providers in their respective sales markets.

The Chemistry and Packaging Divisions have an international presence and pursue a strategy of differentiation, exploiting growth potential through innovation, global expansion and constant enhancements of their productivity.

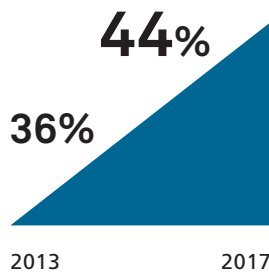
The Paper Division operates in a fiercely competitive market. The division strives to achieve and maintain cost leadership in its sales markets of Switzerland and adjacent border areas. Following its acquisition of the Utzenstorf recovered paper business, the division is now Switzerland's only recovered paper recycler.

Goals

1

A balanced sales breakdown among business divisions

The Chemistry and Packaging Divisions are being further expanded through strategic investments to counterbalance the Paper Division, which is the largest in sales terms. Between 2013 and 2017, their combined contribution to total Group sales has risen from 36% to 44%.

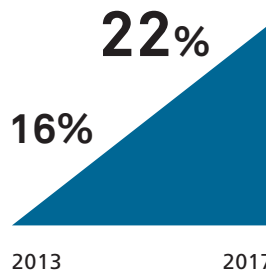


Chemistry and Packaging's contribution to total sales

2

A higher share of sales from outside Europe

The Group is strongly focused on the largely saturated European markets. The CPH Group sees greater prospects for growth outside Europe and in the emerging economies, and is therefore expanding its business in these regions. Between 2013 and 2017 the Group increased the portion of its total sales generated outside Europe from 16% to 22%.

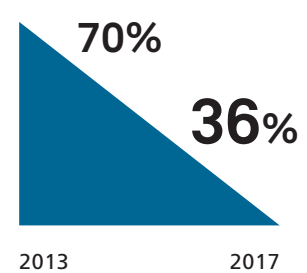


Proportion of total sales generated outside Europe

3

Less dependency on the Swiss franc in currency terms

As a result of its Swiss-based production facilities, the Group incurs a relatively high proportion of its costs in Swiss francs. At the same time, a large part of its earnings are generated in euros. The resulting imbalance exposes the Group to a currency risk. To bring more balance to the currencies in which its costs are incurred and its revenues are earned, the Group is expanding its production capacities outside Switzerland. The Packaging Division has established a new coatings plant in China in the last two years, and the Chemistry Division has acquired a competitor in China and built a new manufacturing facility in Bosnia-Herzegovina. Thanks to the partial transfer of production from Switzerland to these new operating locations, the proportion of the Group's total costs incurred in Swiss francs has been reduced from 70% in 2013 to 36% in 2017.



Proportion of total costs incurred in Swiss francs