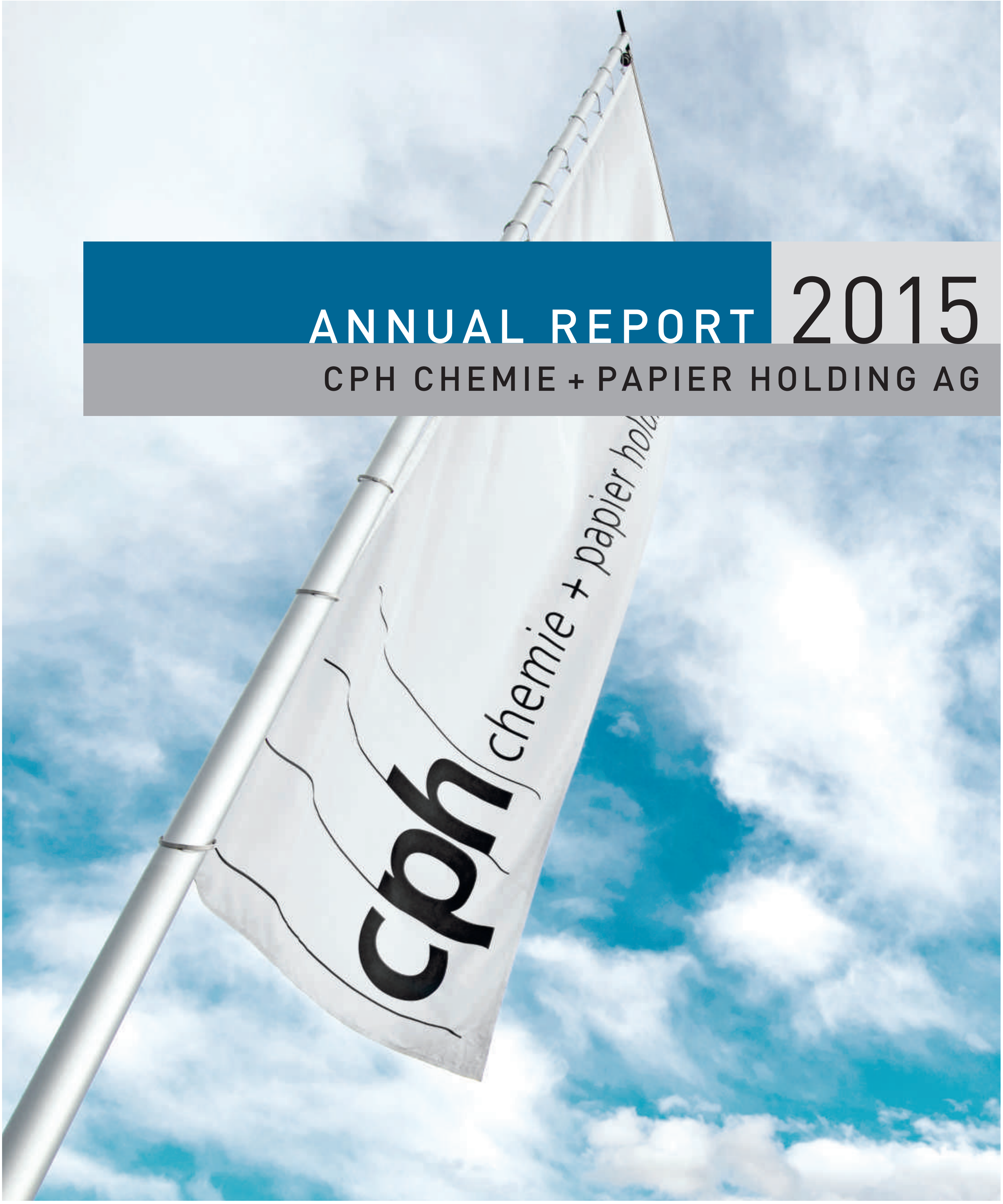
ANNUAL REPORT 2015

CPH CHEMIE + PAPIER HOLDING AG



Key figures

The CPH Group

in CHF thousand	2015	2014	2013	2012	2011
Net sales	420 046	492 463	481 303	488 691	520 932
Earnings before interest, taxes, depreciation and amortization (EBITDA)	12 222	50 835	30 933	38 102	46 816
in % of net sales	2.9	10.3	6.4	7.8	9.0
Earnings before interest and taxes (EBIT) before impairment	–21 818	16 037	–26 636	–22 234	–19 977
in % of net sales	–5.2	3.3	–5.5	–4.5	–3.8
Earnings before interest and taxes (EBIT)	–21 818	16 037	–277 557	–22 234	–19 977
in % of net sales	–5.2	3.3	–57.7	–4.5	–3.8
Financial result	–12 101	–5 621	–3 883	–6 108	–12 141
Earnings before taxes and extraordinary items	–33 919	10 416	–281 440	–24 265	–50 848
Net result for the year	–33 123	10 502	–271 480	8 061	–17 991
in % of net sales	–7.9	2.1	–56.4	1.6	–3.5
in % of equity	–8.2	2.4	–62.5	1.1	–2.5
in % of total capital	–5.3	1.5	–39.8	0.8	–1.8
Cash flow	7 183	40 795	27 275	28 812	29 921
Investments in tangible assets (gross)	21 922	19 170	18 201	10 942	24 405[1]
Free cash flow	1 355	430	13 652	63 649	33 573
Balance sheet total	623 955	688 388	681 788	972 381	992 134
Fixed assets	436 922	455 987	467 264	752 397	798 538
in % of balance sheet total	70.0	66.2	69.0	77.0	80.0
Equity	402 706	442 003	434 263	709 764	706 308
in % of balance sheet total	64.5	64.2	64.0	73.0	71.0
Net cash	–80 175	–75 380	–66 657	–80 286	–137 021
Personnel at year-end	858	860	859	849	853

CPH Chemie + Papier Holding AG

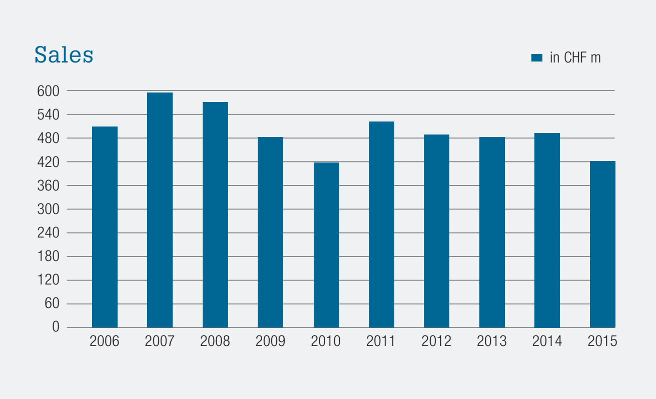
in CHF thousand	2015	2014	2013	2012	2011
Net result for the year	–30 973	–295	–216 375	12 763	6 329
Equity	396 141	431 055	435 366	655 641	646 777

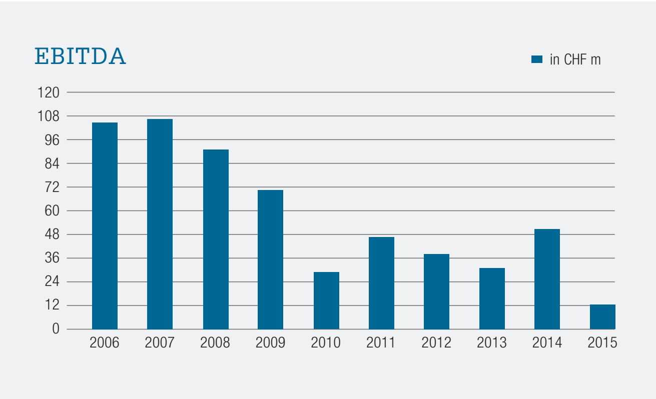
Per-share statistics [2]

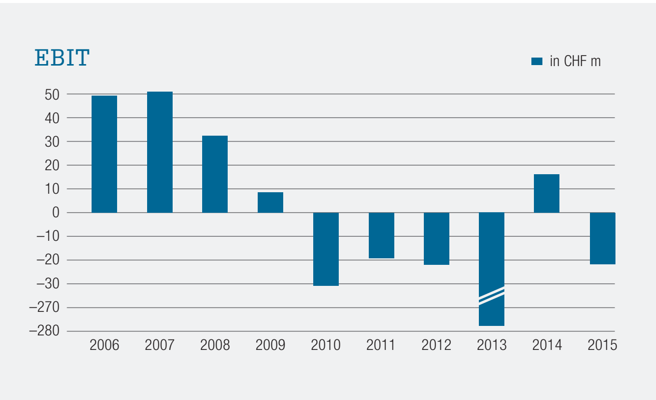
in CHF		2015	2014	2013	2012	2011
Share price	high	59.90	63.80	67.45	73.50	85.00
	low	30.00	55.95	59.20	49.25	47.50
	on 31 December	31.40	56.45	61.50	65.00	50.50
Equity per share [3]		67.12	73.67	72.38	118.29	117.72
Net result per share [3]		–5.52	1.75	–45.25	1.34	–3.00
Cash flow per share [3]		1.20	6.80	4.55	4.80	4.99
Dividend per share [4]		0.60	0.65	0.65	0.65	0.65

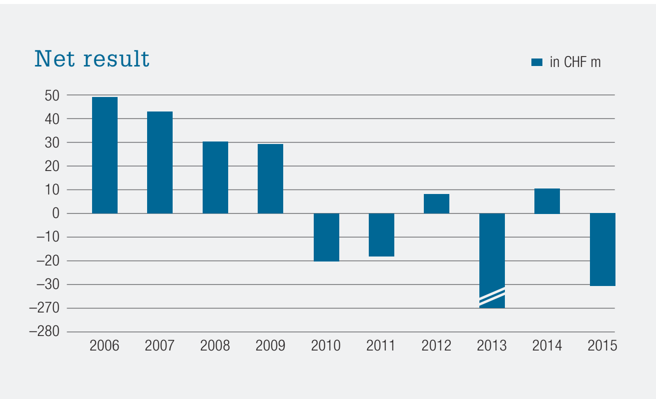
[1] excluding divestiture of fine chemistry operations
[2] all information restated in view of the 1:20 share split of 10 April 2015
[3] based on consolidated financial statements
[4] for 2015: Board's recommendation to the 2016 Ordinary General Meeting

At a glance









The CPH Group

Business in 2015

- Sales volumes raised in all three divisions
- Net sales and earnings depressed by falling paper prices and a strong Swiss franc
- Negative EBIT for the year
- Expansion strategy further pursued with second Asian production facility

in CHF million	2015	2014
Net sales	420.0	492.5
EBITDA	12.2	50.8
EBIT	–21.8	16.0

Portrait

CPH is an internationally active and diversified industrial group with its headquarters in Switzerland and production facilities in various countries. The CPH Group's three business divisions manufacture chemicals, newsprint and magazine paper and pharmaceutical packaging films, and market these worldwide. The CPH Group can draw on an industrial tradition which dates all the way back to 1818, when its chemicals business was founded in Uetikon, near Zurich. The paper operation was established in 1873.

Chemistry

Business in 2015

- Net sales raised through substantially higher sales volumes
- Higher-margin products expanded
- Improved operating result
- Acquisition of a competitor in China will strengthen Asian market position

in CHF million	2015	2014
Net sales	62.5	60.2
EBITDA	1.5	1.0
EBIT	–1.8	–2.2

Portrait

The CPH Group's Chemistry Division, which maintains production facilities in Switzerland, the USA and (from 2016) China, is active primarily in the silicate chemistry business. Trading under the Zeochem brand, its Silicate Chemistry operation is a leading global provider of molecular sieves (zeolites) for industrial applications and of high-value chromatography gels for the pharmaceuticals sector. The division also manufactures mineral fertilizers for the Swiss market and deuterated solvent products.

Paper

- Paper prices depressed by market overcapacities
- Net sales down owing to lower prices and a strong Swiss franc
- Clearly negative operating result
- Further extensive actions taken to enhance efficiency

in CHF million	2015	2014
Net sales	247.8	314.4
EBITDA	–3.8	37.0
EBIT	–28.0	12.5

The Group's Paper Division, which trades under the Perlen Papier brand, is Switzerland's biggest producer of newsprint and its sole manufacturer of magazine paper. Long and well established in its markets, the division produces all of its paper in Switzerland and exports 83% thereof, largely to the Eurozone. The paper manufactured is a recycled product that consists more than 90% of recovered paper and waste woodchip from sawmill operations.

Packaging

- Sales volumes and market share up
- Net sales slightly down owing to the Swiss franc's strength
- Operating result broadly unchanged thanks to better product mix
- Productivity in Perlen further enhanced
- Construction of new Chinese coatings plant progressing on schedule

in CHF million	2015	2014
Net sales	109.7	117.8
EBITDA	10.7	10.7
EBIT	5.9	5.1

With production facilities in Switzerland, Germany and the USA (and China from 2016), the Group's Packaging Division manufactures a comprehensive range of high-barrier PVdC-coated films and PVC monofilms for the pharmaceuticals sector, and is the world's third-largest supplier of laminated films. The products, which are marketed under the Perlen Packaging brand, are used primarily in the manufacture of blister packs for medicinal applications.

Contents

Efficiency – expansion – engagement
The visual theme of our 2015 Annual Report illustrates, through a series of concrete examples, how the three business divisions of the CPH Group are tackling the key challenges in their markets: how they are raising their efficiency, how they are further expanding their business and operations, and how they are each and all engaged in ensuring their continued sustainable success.

Report of the Board of Directors and Group Executive Management

Peter Schaub (left) and Peter Schildknecht

Dear shareholder, dear reader,

Two developments had a particularly strong effect on business at the CPH Group in 2015. The Swiss National Bank's decision to abolish its minimum Swiss franc/euro exchange rate at the start of the year had an adverse impact in all three business divisions. The action prompted the euro to fall from over CHF 1.20 in January to below parity, and only recover slowly to CHF 1.09 by year-end.

Hardest hit by these movements was the Paper Division, which produces solely in Switzerland but exports some 77% of its production to the Eurozone. The Chemistry and Packaging divisions have some production outside Switzerland, and were thus affected less severely by the stronger franc. Thanks to a number of targeted actions, the CPH Group has now reduced its Swiss-franc costs from 70% to around 50% of its total expense, and thereby diminished its exposure to currency movements. Some 13% of the Group's revenues are in Swiss francs.

The second major development was limited to the Paper Division, which, accounting for some 60% of total net sales, has the biggest influence on overall group results. The European press sector has been in a state of structural transformation for some time now. Demand for printed newspapers continues to decline, as reader habits evolve and classic news is increasingly consumed online and via mobile devices. The continuing overcapacities in the newsprint market further depressed paper prices. And the lower prices combined with the overvalued Swiss franc to weigh heavily on the Paper Division's business performance.

In the last few years the CPH Group has achieved cost reductions, productivity increases and process enhancements worth some CHF 20–30 million a year. And with numerous further actions, along with a persistent willingness to embrace change at all corporate levels, the Group should be able to steadily further raise its competitiveness and offset as far as possible the negative impact of adverse currency trends. "Efficiency" is also one of the three prime themes of the present Annual Report. And on the following pages we present various examples of how we continue to rise to this particular business challenge in our three divisions.

Despite the adverse currency movements, the Chemistry and Packaging divisions delivered favourable business performances for 2015. The Chemistry Division even raised its net sales year-on-year, thanks to a substantial increase in its sales volumes. These results are all the more impressive in that both divisions add much of the value to their product in Switzerland. Both divisions improved their annual earnings results.

Asian expansion pursued

The overall business performance of the CPH Group is strongly influenced by trends at its Paper Division and the movements of the Swiss franc against other key currencies. To lessen this dependence on the paper markets and the Swiss currency zone, CPH is currently investing in new production capacities outside the paper sector and outside Switzerland. With demand for the products of its Chemistry and Packaging divisions substantially stronger in the emerging economies than in the industrialized world, CPH is developing production facilities in

Asia, to enable it to respond even faster to local customer needs. In view of this, "Expansion" is the second prime theme of this Annual Report. And we present various examples of this in action at CPH, too, on the following pages.

The Packaging Division had resolved back in 2014 to build a new coatings production plant in Wujian, China. The first sod was cut on the project in spring 2015, and the work is progressing on schedule. Production should begin in mid-2016, so the first coated films should be delivered to pharmaceuticals customers in the Asia region in the course of this year.

The Chemistry Division announced its acquisition of the Jiangsu ALSIO Technology company, which is based in Jiangsu Province, China, at the end of 2015. ALSIO is a leading producer of molecular sieves in China, and employed 120 personnel at the end of 2015. ALSIO supplements the Zeochem product range, and enhances the division's global competitive credentials. The new production facility will be integrated into the Zeochem Group in the first quarter of 2016.

Group net sales decline

Consolidated net sales for the CPH Group totalled CHF 420.0 million for 2015, a 14.7% decline on their prior-year level that is attributable largely to lower paper prices and the strength of the Swiss franc. Excluding these two adverse effects, Group net sales for the year would have been 1.7% up on 2014. On a brighter note, the Chemistry Division posted a year-on-year increase in its annual net sales, on the strength of substantially higher sales volumes. The Packaging Division was able to offset part of the erosion of its net sales through adverse currency movements by improving its product mix.

Earnings hit by Swiss franc's strength

Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) declined from the CHF 50.8 million of 2014 to CHF 12.2 million, owing mainly to the difficult market environment in the paper sector. The higher valuation of the Swiss franc, following the Swiss National Bank's abolition in January of its minimum euro exchange rate, eroded CHF 24.5 million from the operating (EBIT) result. Despite the productivity gains achieved, earnings before interest and taxes (EBIT) for the year were negative at CHF –21.8 million, and the net result for the year was a CHF 33.1 million loss.

Dividend of CHF 0.60 per share proposed

The Board of Directors will recommend to the Ordinary General Meeting of 23 March 2016 that, in line with the company's consistent dividend policy, a dividend of CHF 0.60 per share be distributed for the 2015 business year.

Change on Group Executive Management

Manfred Häner will leave CPH at the end of February 2016 after four years as Group CFO and a member of Group Executive Management. CPH offers him its sincere thanks for all his work, service and commitment, and wishes him all the best for the future.

Outlook

Following their strong fluctuations in 2015, currency exchange rates have now settled at their new levels. But the Swiss franc remains substantially overvalued compared to the currencies of key trading partners in purchasing power parity terms. As a result, products manufactured in Switzerland are at a disadvantage on the global markets. The expanded presence of the Chemistry and Packaging divisions in Asia will help lessen the impact of currency factors and lower the Group's high production costs.

Once again, however, the operational success of the CPH Group in 2016 will be heavily contingent on developments at its Paper Division. Future currency exchange rate trends are almost impossible to predict. But paper prices are showing slight signs of recovery; and with the actions already initiated to further enhance its efficiency, the Paper Division should be able to deliver a broadly breakeven operating result for the year. Actions to further raise efficiency continue to be pursued with undiminished vigour in the other business divisions. And for 2016 the CPH Group aims to achieve an increase in its consolidated net sales and a return to profit at the operating level.

The Chemistry Division's Uetikon production site is currently being considered by Canton Zurich as the location for a new cantonal high school. CPH is in talks on this with the cantonal authorities.

CPH is engaged

"Engagement" is the third prime theme of the present Annual Report. The people of the CPH Group not only develop new products and devote themselves to finding the best possible solutions to meet their customers' needs: they are also totally committed to continuously improving the processes involved, to save on resources and minimize the environmental impact of the Group's business activities.

We offer all our personnel our sincere thanks for all their work and dedication here. We thank our customers and suppliers, too, for the confidence and trust that they continue to place in CPH. And to you, our valued shareholders, we offer our further thanks for your unstinting support as we continue to develop and expand the CPH Group.

Peter Schaub	Peter Schildknecht
Chairman of the Board	Group CEO

Strong Swiss franc and paper price declines depress sales and earnings results

Consolidated net sales for the CPH Group amounted to CHF 420.0 million, 14.7% down on their prior-year level. EBITDA also declined, from CHF 50.8 million to CHF 12.2 million. EBIT amounted to CHF –21.8 million, while the net result for the year was also negative at CHF –33.1 million.

The market environment

Global economic growth slowed slightly in 2015: according to World Bank estimates, gross domestic product increased by 2.4% for the year, marginally down on its prior-year rate. The growth slowdown was particularly pronounced among the emerging economies, where it was attributable to falls in the prices of natural resources (many of these economies are heavily reliant on raw materials exports), to geopolitical crises in parts of Africa and the Middle East, and to the structural transformation of the Chinese economy: growth rates in China fell from the 7.3% of the previous year to 6.9%.

Europe, the most important product market for the CPH Group, saw only a sluggish economic recovery in 2015. The Greek crisis put the Eurozone to a severe test, while the policy of “quantitative easing” pursued by the European Central Bank brought hardly any new impetus to the real economy. The opening of the monetary taps within the Eurozone did, however, force the Swiss National Bank to abandon in January its previously successfully-maintained minimum Swiss franc/euro exchange rate of CHF 1.20.

The SNB’s action had tough repercussions for Switzerland’s export industry. The CPH Group earns 68% of its revenues elsewhere in Europe, but adds the vast majority of the value to its products within Switzerland. With the minimum CHF/EUR exchange rate abolished, the euro slumped to below CHF 1.00, and only recovered – slowly – towards the end of the year to close it at CHF 1.09. Coping with an adverse currency movement of over 10% is a major challenge for an export-oriented concern like the CPH Group.

The US dollar benefited from favourable economic data from the USA and the year-end interest rate increase by the Federal Reserve to return to above parity with the Swiss franc towards the end of the year. This was a positive development for the CPH Group, albeit on a smaller scale than the adverse euro trends.

The Paper Division, which manufactures newsprint and magazine paper for the European markets, was faced with falling demand in 2015. The decline is not attributable to economic recession: it is the product of a greater structural change within the media sector. Newspaper print runs are shrinking, as more and more readers opt to consume their news online. The trend has resulted in extensive overcapacities among newsprint and magazine paper producers.

While some producers removed capacity from the market (and others were forced to cease their operations entirely in the face of the tough predatory competition), the overcapacity remained high in 2015, with corresponding pricing pressures. Paper prices declined so steeply, in fact, that every manufacturer in Europe suffered unsatisfactory earnings levels. Only towards the end of the year did matters improve somewhat, with newsprint prices stabilizing and magazine paper prices even seeing a modest recovery.

The Packaging Division is active in the pharmaceuticals market, which continues to enjoy solid growth all over the world. The European pharmaceuticals markets, which accounted for 66% of the division's sales in 2015, showed only sideways developments in the course of the year; but the dynamism in Asia continued, with double-digit percentage growth. The demand for generic products in particular is booming in the emerging markets.

The currently low energy prices are having an impact on the utilization of alternative energy sources, and made both ethanol energy generation and the exploitation of shale gas deposits less commercially attractive in the year under review. This in turn affected the demand for the molecular sieves produced by the Chemistry Division, which are used to purify gases within the energy sector. By contrast, the demand for higher-value molecular sieves, such as those used to purify medicinal oxygen, continued to rise. On the volume products front, the purchase of China-based molecular sieve manufacturer ALSIO at the end of 2015 will enable the Chemistry Division to substantially enhance its competitive credentials from 2016 onwards.

Group net sales down

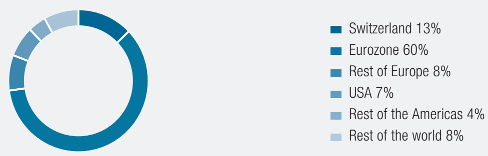
Consolidated net sales for the CPH Group amounted to CHF 420.0 million in 2015, a 14.7% decline from their prior-year level. All three divisions felt the adverse effects of a stronger Swiss franc. Only the Chemistry Division was able to offset this negative currency impact through higher sales volumes and post a net sales increase for the year. All three divisions maintain production facilities in Switzerland and largely serve export markets, so the strength of the Swiss franc had a correspondingly detrimental effect on their sales results. The weakness of the euro against the Swiss franc depressed consolidated net sales by CHF 50.4 million. The euro's average exchange rate for the year declined from the CHF 1.21 of 2014 to CHF 1.07. The dollar strengthened by contrast, from CHF 0.92 to CHF 0.96.

Chemistry raises both sales and earnings

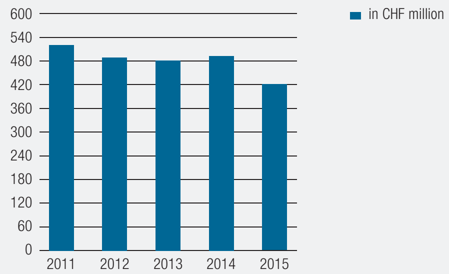
The Chemistry Division posted net sales for the year of CHF 62.5 million, a 3.8% improvement on 2014. The higher sales were only achieved, however, through a sizeable increase in sales volumes. Production capacity was well utilized at both the Swiss and the US sites. Demand remained high for both the molecular sieves used to produce medicinal oxygen and the chromatography gels used in complex medicinal separation procedures, while the business in the energy sector was focused on replenishing existing facilities. On the volume products front, prices were depressed by Asia-based competitors. Annual EBIT for the division was an improvement on 2014. The acquisition of former competitor Jiangsu ALSIO Technology of China

CPH Group net sales by division

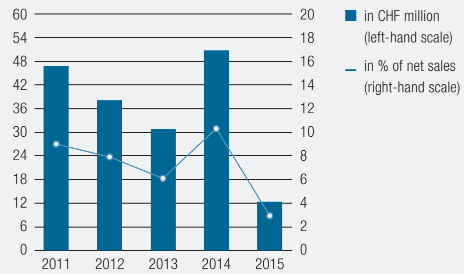
CPH Group net sales by region



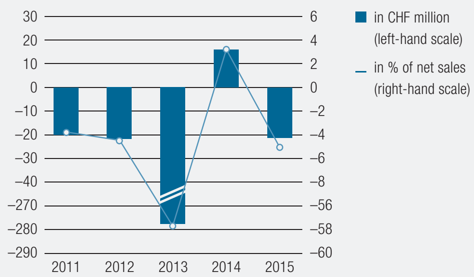
CPH Group net sales trends



CPH Group EBITDA trends



CPH Group EBIT trends



substantially strengthens the division's position in the Asian molecular sieves market.

Paper posts a clearly negative result

Business at the Group's Paper Division suffered tangibly from the high volumes of overcapacity on the European paper market. The division sold 350 000 tonnes of newsprint and 188 000 tonnes of magazine paper to post an aggregate sales volume of 538 000 tonnes, 0.7% up on 2014. The division generated 81% of its net sales elsewhere in Europe outside Switzerland; and with both newsprint and magazine paper price declines and a stronger Swiss franc, the net sales for the year of CHF 247.8 million were 21.2% below their 2014 level. Even the extensive efforts made to procure cheaper raw materials and energy and to further raise efficiency could not offset these two adverse trends, and the division posted a clearly negative annual EBIT result.

Packaging raises earnings

The Packaging Division increased its sales volumes in 2015 and gained a larger share of the stagnant European pharmaceuticals market. The greater sales volumes also partially compensated for the Swiss franc's higher valuation. But the annual net sales of CHF 109.7 million were still a 6.8% year-on-year decline. The construction of the new coatings plant in China proceeded on schedule: the new facility will enable the division to supply the rapidly-growing Asian pharmaceuticals markets with locally-produced films from 2016 onwards. Despite sizeable advance payments on the new facility's construction, the division was able to post an improved EBIT for the year – thanks primarily to further efficiency enhancements and a stronger focus on higher-margin products.

Decline in Paper's share of total net sales

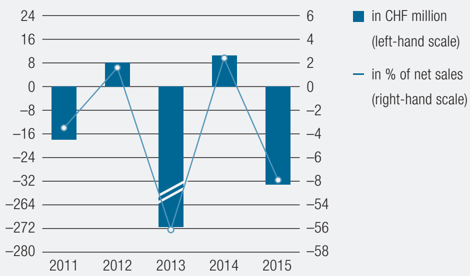
The Paper Division's share of the CPH Group's total net sales declined in 2015 from the 64% of the previous year to 59%. The division still carries the greatest net-sales weight within the Group, followed by Packaging with 26% (compared to 24% in 2014) and Chemistry with 15% (against 12% the previous year). Europe (including Switzerland) is CPH's most important sales market; and a large part of these sales are by the Paper Division, which distributes almost all its product to Swiss and Europe-based customers.

Expansion outside the Paper Division

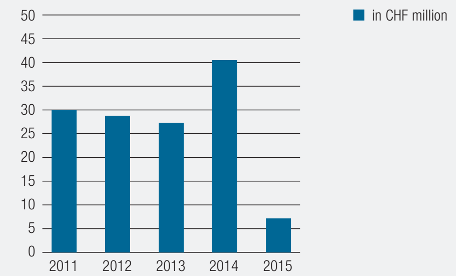
To reduce its dependency on the paper markets, the CPH Group has resolved to expand its other business activities. Its aim in doing so is to achieve a better balance between its paper and its non-paper businesses. The Group also generated 81% of its net sales in Europe in 2015, in markets that are largely saturated. The markets of the emerging economies, by contrast, are seeing far higher growth rates. And it was to share in this growth that the Group invested in raising its presence and increasing its own production in the Asian markets in the course of the year.

In a further strategic move, the CPH Group is taking active steps to reduce its vulnerability to adverse currency movements. The Paper Division produces solely in Switzerland, and the Chemistry and Pack-

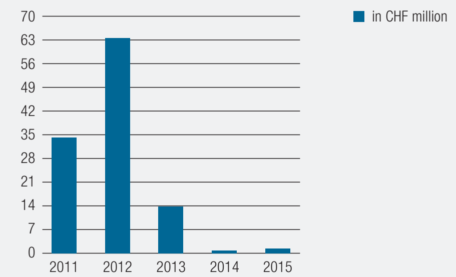
CPH Group net result trends



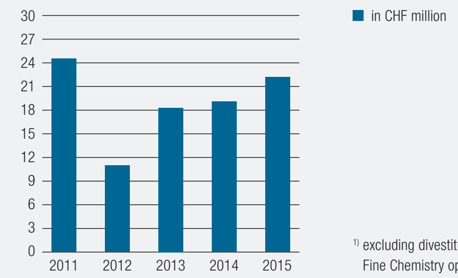
CPH Group cash flow trends



CPH Group free cash flow trends



Group investments in tangible assets[1)]



[1)] excluding divestiture of Fine Chemistry operations aging divisions also have Swiss manufacturing facilities. Thanks to a number of targeted actions, the CPH Group has now reduced its Swiss-franc costs from 70% to around 50% of its total expense. But only some 13% of its revenues are generated in the Swiss currency. The remaining revenues are subject to currency exchange rate risks. The strategic expansion into Asia of the activities of the Chemistry and Packaging divisions will help reduce this currency exposure, by ensuring that a larger share of the Group's costs and sales occur in the same currency zones.

Further efficiency enhancements

CPH's biggest expense item is the cost of materials, which for 2015 amounted to 53% of net sales, compared to 52% for the prior year. The slight percentage increase is due to the fact that, despite extensive efforts on the procurement front, the Group was unable to fully offset the double impact of lower net sales and adverse currency movements. Personnel cost declined in 2015 in absolute terms; but with net sales down (despite the higher sales volumes), personnel cost as a percentage thereof also increased, from 18% to 21%. Energy costs stood at 15% of net sales, compared to 14% for the previous year. And while the Group's efforts to raise efficiency generated a further double-digit million-franc amount, consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) for the year declined from CHF 50.8 million to CHF 12.2 million.

Negative EBIT and net result

Ordinary depreciation for 2015 amounted to CHF 34.0 million, which compares to CHF 34.8 million for the prior year. The rise in the value of the Swiss franc following the Swiss National Bank's abolition in January of its previous minimum CHF/EUR exchange rate had a CHF 24.5 million negative impact on the consolidated EBIT result, which declined from the CHF 16.0 million of 2014 to CHF –21.8 million.

The financial result of CHF –12.1 million was a substantial decline on the CHF –5.6 million of 2014, a development attributable primarily to the impact of the January increase in the Swiss franc's valuation. Non-operating income amounted to CHF 2.0 million, and the net result for the year was clearly negative at CHF –33.1 million.

A sound equity base

The CPH Group is on a sound financial footing with a balance sheet equity ratio of 65%. Capital spending was slightly up on 2014 at CHF 21.9 million. This consisted primarily of investment in the new packaging plant in China and the replacement of existing tangible assets to further raise efficiency. Despite the challenging business and market conditions and the Chinese investments, a positive cash flow was generated for the year, and free cash flow amounted to CHF 1.4 million.

The CPH Group's workforce decreased slightly in size in 2015. At year-end, the Group employed 858 personnel (prior year: 860) at six operating locations.

Outlook for 2016

The economic environment will remain challenging in 2016 in CPH's main target markets, and the Group's earnings results for the year will be heavily influenced by paper price developments and currency exchange rate trends. The CPH Group will be aiming to increase its consolidated net sales and return to operating profit for the 2016 business year.

The Chemistry Division expects to see the stable further development of its higher-margin products. The new production site in China also enhances Zeochem's competitive credentials. So for 2016 the division will be seeking an increase in sales and an improved EBIT result.

With its Swiss manufacturing base and its product largely exported to the Eurozone, the Paper Division is most exposed to Swiss franc/euro exchange rate trends. Future currency movements are almost impossible to predict. But paper prices are showing signs of slight recovery. The division will continue to focus its energies on further raising efficiency in 2016, and will be looking to increase its sales and achieve a broadly breakeven EBIT result.

The Packaging Division is confident of raising its net sales in 2016. The additional actions to improve productivity should offset the higher costs incurred through putting the new China plant into operation; and the new production facility will further enhance the division's ability to serve the growing Asian pharmaceuticals markets.

Efficiency

The CPH Group and its three business divisions have most of their production in high-cost Switzerland. But the majority of their products are exported, and must thus compete on the global markets. To steadily further enhance its competitive credentials, the Group invests constantly and intensively throughout all its divisions in actions that are intended to raise efficiency, optimize processes, lower costs, secure quality and accelerate the pace of innovation.

Engagement

To help ensure that it remains sustainably successful in its markets, the CPH Group is engaged in various initiatives to save energy and raw materials and minimize waste and emissions. The recycling philosophy is deep in CPH's DNA: its paper manufacture is a full materials cycle that makes a new product out of recovered paper and woodchip waste. It is also the engagement of its people that serves as the most vital driver of all for the Group's further long-term development.

Expansion

The CPH Group holds strong positions in all the European markets of its three business divisions. The Group is also confident of achieving further growth in these somewhat saturated markets, by developing innovative products that appeal to new customer groups. Many of the emerging markets are growing faster today than those of the industrialized countries, with the Asia region showing particularly rapid growth. In view of this, the CPH Group is specifically expanding its presence in China by adding two new production sites to even better tap and serve the markets concerned.

Chemistry

ENGAGEMENT

Training tomorrow's personnel

Attracting skilled and qualified personnel is a challenging undertaking. And that is why cultivating young talent is such a CPH priority. CPH is convinced that this is an engagement which makes sense for everyone involved. Offering in-house early training opportunities enables young people to prepare for the working world and find out about the wide range of interesting activities within the CPH Group.

CPH trains apprentices in various professions in all three of its business divisions. In 2015 a total of 43 apprentices were undergoing their basic professional training at locations in Switzerland and Germany. In past years, around half of those who have completed their apprenticeships have continued in CPH employment – like Sebastian Zeller (on the left above), who served an apprenticeship with Zeochem and now works as a chemistry lab technician at its Uetikon site.

CPH's Chemistry Division trained both laboratory and commercial apprentices in 2015. Its Swiss and US operations also offer regular internships for chemistry students. This not only promotes a healthy exchange between theory and practice: it also allows particular talents to be identified early. CPH's Swiss operations further take part in the annual National Future Day, when the children of Switzerland are invited to accompany their parents at work.

EXPANSION

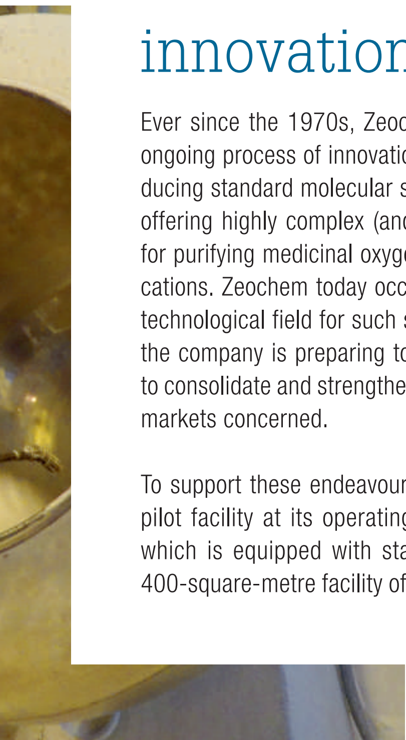
Zeochem acquires ALSIO of China

Zeochem announced its acquisition of Jiangsu ALSIO Technology at the end of 2015. The company, which was founded in 2008 and is domiciled in Lianyungang in the Chinese province of Jiangsu between Shanghai and Beijing, is one of the leading producers of molecular sieves in Asia today. ALSIO employed 120 personnel in its development, production and sales at the end of 2015.

ALSIO will be integrated into the Zeochem Group in the first quarter of 2016, and will in future trade under the Zeochem brand. The company ideally complements Zeochem's existing activities worldwide in both geographical and product programme terms. To date, Zeochem has focused its business on the markets of Europe and the Americas, which have accounted for 85% of its sales. The Asian markets for molecular sieve applications in the chemicals, pharmaceuticals and energy sectors are showing substantially faster growth. And with its new local presence, Zeochem will be far better equipped and positioned to serve the markets concerned. The new Chinese operation will also offer synergies in production and market cultivation, and will further consolidate Zeochem's global market position.

EFFICIENCY

Pilot facility accelerates innovation process



Ever since the 1970s, Zeochem has been engaged in an ongoing process of innovation and development, from producing standard molecular sieves for insulated windows to offering highly complex (and high-value) molecular sieves for purifying medicinal oxygen and further specialist applications. Zeochem today occupies a leading position in the technological field for such sophisticated applications; and the company is preparing to launch further such products to consolidate and strengthen its competitive position in the markets concerned.

To support these endeavours, Zeochem has established a pilot facility at its operating site in Louisville in the USA which is equipped with state-of-the-art technology. The 400-square-metre facility offers its development teams the latest apparatus and devices to develop new products and to trial and optimize them in the production environment. In doing so it provides the best possible foundation for these teams to bring a broader range of products even faster to production.

The pilot facility offers its highly-skilled chemists and procedural engineers a specialist molecular sieve laboratory, along with the capacity to manufacture small production batches. "Our pilot facility has helped us substantially shorten new product development times," confirms Kerry C. Weston, Zeochem Louisville's Head of Molecular Sieve R&D. "And in today's fast-moving environment, that edge can be crucial to achieving a prime market position."

Chemistry Division raises net sales and earnings and acquires a China-based competitor

The Chemistry Division delivered a favourable performance despite the Swiss franc's rise, increasing net sales 3.8% to CHF 62.5 million and improving its EBIT result. In acquiring ALSIO of China, its Silicate Chemistry business also strengthened its position in the growing Asian market.

Market environment

CPH's Chemistry Division primarily manufactures silica-based molecular sieves, which are used in industrial and chemical facilities and in the production of fuels. The sieves serve to purify gaseous substances such as ethanol, natural gas, hydrogen and oxygen. The division's Silicate Chemistry operation also produces chromatography gels, which are used to separate pharmaceutical agents. The division further manufactures fertilizer for the Swiss market, along with deuterated solvent products.

The market environment showed differing trends in business area, sector and regional terms. The molecular sieve business felt little momentum in Europe, where economic growth remained hesitant at best with a 1.5% increase in GDP terms. Despite record low interest rates in Europe and the USA, industry remained cautious to invest. Competition was correspondingly high and the pressure on prices remained strong, not only from other suppliers based in Europe but also – and increasingly – from Asia-based competitors.

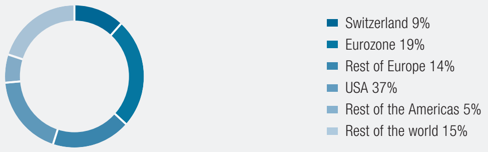
In North and South America the energy industry is a major consumer of molecular sieves. But here the lower energy prices diminished the appeal of alternative energy sources such as ethanol and the profitability of exploiting shale gas reserves, which is a relatively expensive undertaking. As a result, the regional demand for molecular sieves was largely limited to replenishing existing facilities. On a brighter note, the economic recovery in the USA did boost demand for industrial applications.

Asia saw further growth, though the dynamics thereof continued to slow in the Chinese market. The pharmaceuticals sector is becoming increasingly important to the Chemistry Division, and the demand remained high for molecular sieves used to purify medicinal oxygen, as well as for chromatography gels.

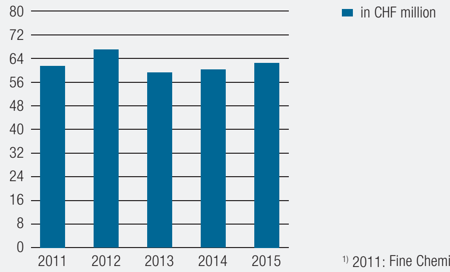
Business development

The division generated net sales for the year of CHF 62.5 million, an improvement on 2014. This is an encouraging result, given the steep and unexpected rise of the Swiss franc at the beginning of the year, and it was only achieved thanks to intensified sales efforts and a substantial increase in sales volumes. The facilities in the USA and Switzerland were well utilized throughout the year. At the same time, the division took further action to raise production efficiency. But with the strength of the Swiss franc, the production costs at its Swiss operating site further increased in international comparison terms. The geographical spread of the year's sales remained largely unchanged.

Chemistry net sales by region

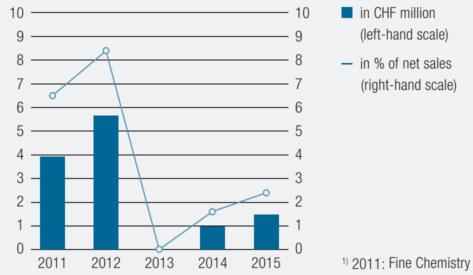


Chemistry net sales trends[1]



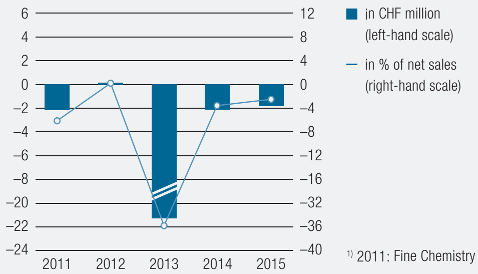
[1] 2011: Fine Chemistry excluded

Chemistry EBITDA trends[1]



[1] 2011: Fine Chemistry excluded

Chemistry EBIT trends[1]



[1] 2011: Fine Chemistry excluded

The Chemistry Division announced the acquisition of Chinese molecular sieve manufacturer Jiangsu ALSIO Technology, domiciled in Liangyungang in Jiangsu province, at the end of 2015. The transaction should be formally concluded in the first quarter of 2016. ALSIO will be assimilated into the Zeochem Group and consolidated within the Chemistry Division.

The manufacture of mineral fertilizer on behalf of Fenaco, the Swiss market leader, showed stable business trends. The capacities for producing solvents for chemical analysis applications were increased in response to encouraging demand.

The efficiency enhancements had a positive effect. EBITDA for the division increased to CHF 1.5 million, and annual EBIT was also improved to CHF –1.8 million.

The division invested CHF 2.2 million in 2015 (compared to CHF 3.1 million the previous year), primarily in further expanding the manufacture of its higher-margin products. A pilot facility for producing small batches is also being developed at the division's US site, to bring new products faster to market. The division employed 182 personnel at the end of 2015, compared to 180 the year before.

Strategy

In geographical terms the Chemistry Division plans to expand its business in the growth markets. The acquisition (announced at year-end) of ALSIO, a leading Chinese manufacturer of molecular sieves, will strengthen its position in the Asian market. The division also sees additional opportunities following the lifting of the embargo on Iran, whose petrochemicals industry has lagged substantially behind developments elsewhere over the past few years. And the product portfolio will be further expanded in the field of more sophisticated applications which offer better performance or, in the case of chromatography gels, better separation credentials, and thus provide added value for the customer.

Outlook

The Chemistry Division expects to see steady business development with its higher-margin products. The situation with its volume products, however, remains difficult in the light of pricing pressures. The new production facility in China will further enhance Zeochem's competitive credentials. The division anticipates stable demand in North and South America and growing demand in Asia, while Europe continues to offer the least growth prospects. For 2016 as a whole the division expects to report an increase in net sales and an improved EBIT result.

Paper

EFFICIENCY

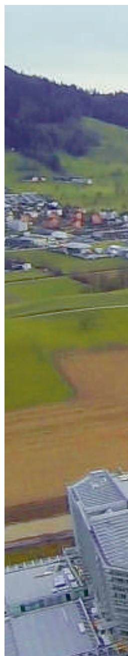
Processes further enhanced

ISO 9001, ISO 14001, OHSAS 18001… the demands made today on the quality and the sustainability of business processes and workplace safety are rising every year. At the same time, these processes are becoming increasingly interlinked. “So the logical response was to create an integrated management system or IMS that documents every process in detail and makes it all clear and transparent for every employee,” says Patrick Birrer (pictured), Head of Management Systems at Perlen Paper.

The previous management system was no longer adequate for the latest processes and requirements. So a series of workshops were held unit by unit from autumn 2014 onwards to revise the existing system and gradually introduce the new structures into the new process landscape by the end of 2015. The resulting IMS is a day-to-day worktool that is actively used by everyone involved.

The basis and starting point of the new IMS are the management processes regulating Perlen Paper’s overall approach to quality, safety, energy and environmental care. At its heart are a series of descriptions of every business process, from Procurement to Sales via Production and Logistics. And the third key element of the new system is the precise descriptions and depictions of all the support processes, from IT to Human Resources, Technical Services and Customer Care.

“Our new IMS has given us huge efficiency gains, because we can eliminate duplications, streamline our processes and interlink them, too,” Patrick Birrer continues. “It also ensures that everyone works with the latest work instructions, and can find all the workflows, forms and templates they need online on our Sharepoint platform. And that tangibly speeds up any changes or adjustments we need to make.”



EXPANSION

PerlenValue for higher demands

Numerous print publications are battling against smaller and smaller page counts. When the size of a magazine diminishes, the title can rapidly lose its perceived value. And it's to counter this effect that Perlen Paper has developed its new PerlenValue product. The new coated paper, which is produced on the PM 4 machine, achieves 30% more volume, thanks to a new production formula.

"A 30-page magazine printed on PerlenValue will feel like a 40-pager thanks to the higher paper volume," explains Wolfgang Bucher, Head of Sales at Perlen Paper. "But our new PerlenValue product is attractive to cost-conscious customers, too. The mailing costs of any magazine and its advertising supplements depend on the product's weight. An advertising supplement that would otherwise be printed on conventional 65 g/m^2 paper can be printed on PerlenValue, which weighs just 51 g/m^2, with zero quality loss. And that saves mailing costs." This 2015 CPH Annual Report is also printed on the new PerlenValue paper.

For its PM 7 machine, too, Perlen Paper has new products in the pipeline that will give customers smoother and brighter newsprint. To these ends, the division is investing some CHF 1 million in the machine's calendaring facility. The new products should be introduced in the course of 2016. "With these higher-margin paper qualities we can enhance our product mix and attract new customer groups," Wolfgang Bucher concludes.

ENGAGEMENT

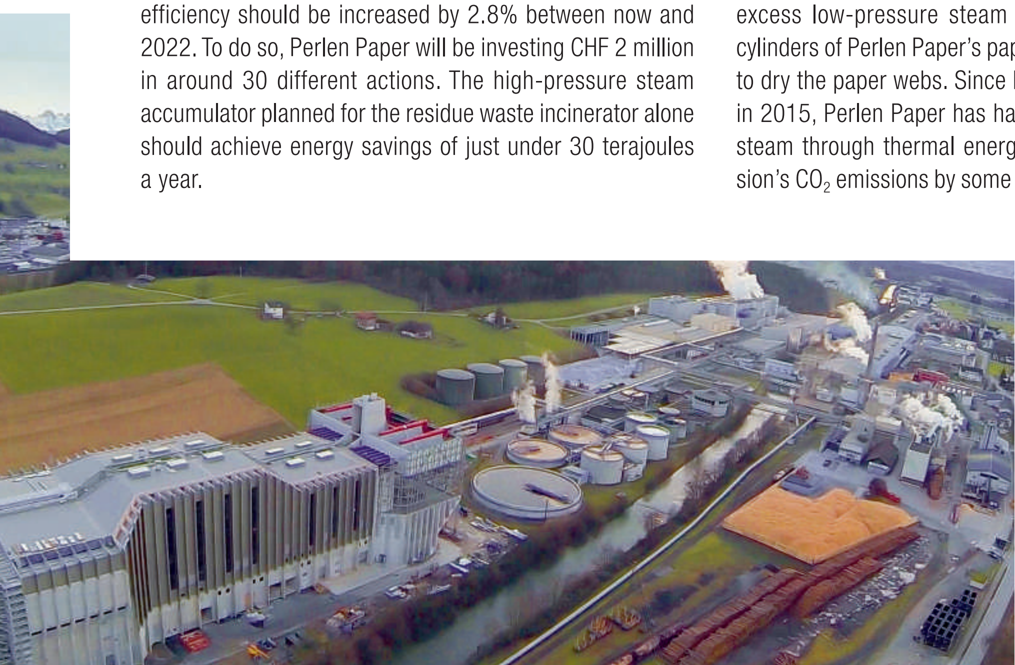
Renergia up and steaming

Paper manufacturing is a highly energy-intensive activity. To produce its 538 000 tonnes of paper in 2015, Perlen Paper used some 4 400 terajoules of energy, in the form of electricity, gas and steam. Indeed, energy is the Paper Division's second-highest variable cost item, after its pulp materials.

Perlen Paper concluded a target agreement with the Swiss Federal Office of Energy in 2015 under which its energy efficiency should be increased by 2.8% between now and 2022. To do so, Perlen Paper will be investing CHF 2 million in around 30 different actions. The high-pressure steam accumulator planned for the residue waste incinerator alone should achieve energy savings of just under 30 terajoules a year.

Perlen Paper is also engaged on the environmental front, under the Swiss Private Sector Energy Agency's programme to cut CO_2 emissions. With its involvement in the Renergia waste incinerator and the plant's placement nearby, Perlen Paper is well on the way to achieving these objectives.

The Renergia incinerator produces steam which drives a turbine to provide electricity for some 38 000 homes. The excess low-pressure steam is fed through pipes to the cylinders of Perlen Paper's paper machines, where it is used to dry the paper webs. Since Renergia came into operation in 2015, Perlen Paper has had no further need to produce steam through thermal energy. And this reduced the division's CO_2 emissions by some 40 000 tonnes in 2015 alone.



Strong Swiss franc and price declines depress Paper Division results

The Paper Division saw a 21.2% decline in its net sales to CHF 247.8 million. Industry overcapacities put downward pressure on prices, while the strength of the Swiss franc had a further negative impact on the export-oriented division's Swiss operating location. EBIT declined to CHF –28.0 million.

Market environment

Having fallen 6.3% in 2014, the demand for newsprint in Western Europe suffered a further 8.1% decline in the year under review. Magazine paper, too, was in less demand, though the 4.4% decline here (following a 3.2% fall in 2014) was less severe. The newspaper publishers are undergoing major structural change: more and more readers are acquiring their information online, while the volumes of smartphone access to the latest news and events are also on the rise. Many publishers are responding to the trend by developing their own news websites. The range of subscription online news sources is still relatively small, however, and print newspapers are still held in high regard. But both print runs and issue sizes have diminished, as some of the papers' advertisers have also shifted their business to the online channels.

Newsprint producers have responded to the declines in demand by adjusting their production and mothballing some 0.75 million tonnes of capacity. Some suppliers have also gone out of business entirely. But this was still not enough to bring production in line with demand, and the market still had some 0.5 million tonnes of newsprint overcapacity and 0.8 million tonnes of magazine paper overcapacity at year-end. Further suppliers also announced at the end of the year that they were considering closing facilities. But the scope and impact of such actions in 2016 remain to be seen.

The market situation kept paper prices under sizeable pressure throughout 2015. The price of newsprint suffered a particularly steep further decline on the European markets compared to the previous year. Only towards year-end were there some signs of a levelling-off, while magazine paper prices even showed a modest recovery. The current low pricing levels make it impossible for any manufacturer to generate sustainable profits, and all suppliers reported unfavourable earnings results.

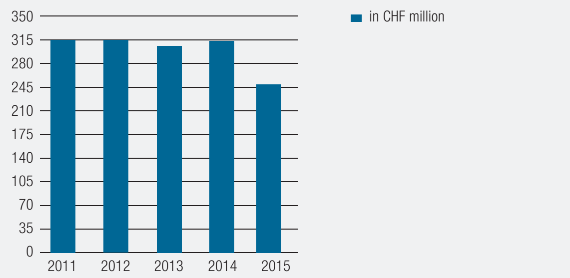
For Switzerland's paper producers, the price declines were also accompanied by a rapid rise in the value of the Swiss franc from January 2015 onwards. Perlen Paper exported 83% of its products in 2015 (compared to 82% the previous year). And since the Eurozone is by far its biggest sales market, the Swiss franc's rise against the euro hit business particularly hard. Switzerland has only one further producer of newsprint, while Perlen Paper is the sole Swiss manufacturer in the magazine paper sector.

Business development

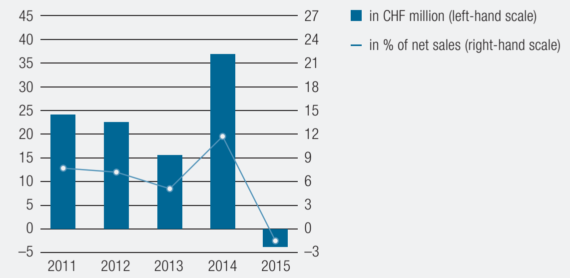
The Paper Division sold 538 000 tonnes of newsprint and magazine paper in 2015, a 0.7% increase on the previous year. Newsprint sales volumes rose 0.6% to 350 000 tonnes, while magazine paper sales volumes were increased 1.1% to 188 000 tonnes. Both paper machines were well utilized throughout the year.

Paper net sales by region

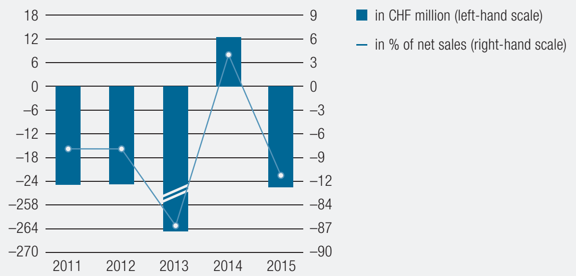
Paper net sales trends



Paper EBITDA trends



Paper EBIT trends



The falling paper prices and the strong Swiss franc proved an unfortunate combination for the Paper Division. Net sales declined 21.2% to CHF 247.5 million, and gave Perlen Paper a 31.3% share of the Swiss newsprint market and a 34.7% share of its magazine paper market (compared to 31.5% and 35.5% respectively for 2014). In Europe Perlen Paper raised its market shares, accounting for 5.3% of the newsprint market and 6.7% of the magazine paper market (compared to 4.8% and 6.6% respectively for the previous year).

With these volumes of market share, Perlen Paper has little influence on paper prices, and can only offset the strength of the Swiss franc by procuring lower-priced imports to a limited degree. This is why the division continues to put a prime focus on constantly enhancing its efficiency to make up for its disadvantages on the cost side. And to this end, a total of CHF 5.2 million was invested in tangible fixed assets in the course of the year.

All in all, the division made further good progress here. But the various actions taken – such as lower-cost procurements of raw materials and energy – still only partially offset the earnings declines as a result of the fall in paper prices and the lower euro exchange rate against the Swiss franc. EBITDA for the year declined from CHF 37.0 million to CHF –3.8 million, and EBIT fell from the CHF 12.5 million of 2014 to a clearly negative CHF –28.0 million. Personnel numbers remained virtually unchanged at 360 (compared to 364 in 2014).

Strategy

Perlen Paper aims to establish itself as the cost leader in its prime sales markets, and continues to consistently implement the actions required to enhance its competitive credentials. In addition to productivity improvements, these include investing in new higher-margin products. 2015 also saw the division switch its distribution to a country-based approach and simultaneously centralize the broad and detailed planning for its two paper machines. Both actions should help it provide even more direct and comprehensive customer care.

Outlook

2016 is almost certain to bring more declines in the demand for press paper products. But with further production still being withdrawn, the present overcapacities should ease somewhat, and paper prices may even slightly recover. This would have a positive impact on the paper manufacturers’ earnings.

Perlen Paper will invest a further CHF 10 million to enhance its production facilities and thus its profitability in the course of 2016. Provided the Swiss franc does not further gain in value, the division also expects to post higher net sales for the year. And it is confident, too, of returning its operations to profit and posting a positive EBIT result.

Packaging

EXPANSION

New production in China for Asia's growth markets

The market for blister packs continues to grow in Asia at double-digit percentage rates. Rising standards of living, a growing population, higher life expectancies and improved medical care are all increasing the demand for medicines and medications. At the same time, more and more pharmaceutical agents – especially more affordable generic products – are being locally produced. In fact, current market studies suggest that by 2020 the Asia-Pacific region will be the world's biggest pharmaceuticals packaging market, eclipsing the USA.

Perlen Packaging generated just under 20% of its net sales in Asia in 2015. And it is to serve the local markets here more swiftly and more efficiently that the division decided in 2014 to develop its own coatings factory in China.

"The first sod on the project to build our new plant in Wujiang, south of Suzhou, was cut in spring 2015, and the construction is well on schedule," says Philipp Morgenthaler, General Manager of the division's Perlen site and the man in overall charge of the new Chinese development. The first products should be manufactured and delivered in 2016, and the new operation should have a workforce of around 50 people by the end of that year. Perlen Packaging specializes in producing films with high barrier credentials for blister pack applications. These protect the pharmaceuticals inside from moisture, and are especially vital in tropical zones.

EFFICIENCY

"Smart Move Forward"

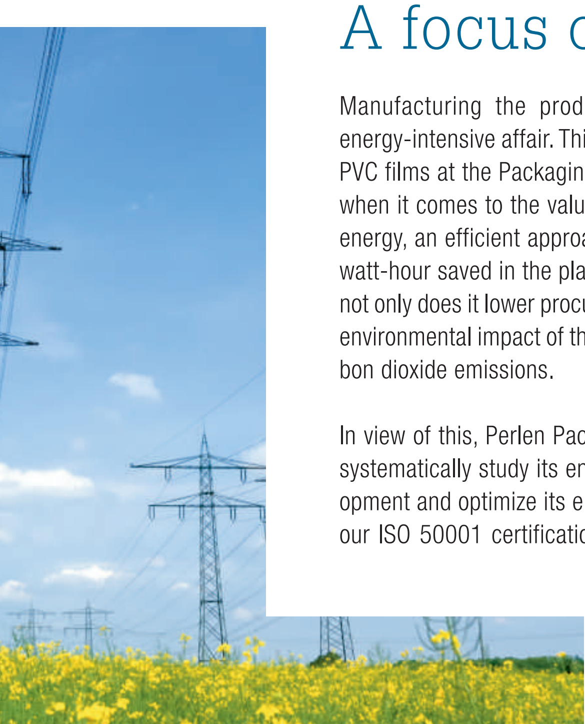
Perlen Packaging's "Smart Move Forward" programme consists of eight main projects and a range of subprojects that are all designed to make processes more efficient, lower costs and thereby steadily improve bottom-line results. "We're making every adjustment, however small, to make that happen," says Peter Henz, Head of Human Resources at Perlen Packaging. After all, the whole philosophy of Kaizen, which CPH consistently pursues under its Continuous Improvement Process (CIP), is that it is the changes made to small things and with each individual that can result – when combined – in major positive transformations.

The range of actions being taken here extends from procurement measures through capacity increases and into logistics and such specific areas as optimizing travel costs. "One main focus, though, is on enhancing our production processes," Peter Henz continues. "By revising our product ranges, increasing our batch sizes and generally improving our planning, for instance, we can substantially reduce both product waste and the times when our facilities are standing unused." Expanding the capacity of the Perlen coating facility has also brought greater efficiency to its production of high-barrier films.

Thanks to the consistent pursuit of all these activities, the goals set for 2015 – to generate some CHF 2 million of efficiencies at the EBIT level – were clearly exceeded. For 2016 the "Smart Move Forward" programme should deliver further improvements of similar dimensions. Perlen Packaging also hopes to achieve greater flexibility in serving its Asia-based customers once the new Chinese production facility comes into operation in the course of the year.

ENGAGEMENT

A focus on energy



Manufacturing the products of the CPH Group is an energy-intensive affair. This is also true of the production of PVC films at the Packaging Division's German facilities. So when it comes to the valuable (and expensive) resource of energy, an efficient approach is a must. In fact, every kilowatt-hour saved in the plant's operation is a double bonus: not only does it lower procurement costs, it also reduces the environmental impact of the associated waste heat and carbon dioxide emissions.

In view of this, Perlen Packaging Germany has resolved to systematically study its energy cycles, monitor their development and optimize its energy consumption. "By securing our ISO 50001 certification in 2015, we have really been able to sensitize our people to these issues," confirms Reiner Gerlach, General Manager of the Müllheim site. "Our new ISO status has given us a new Energy Team that documents our energy situation and processes and draws up a catalogue of requirements for us to continuously further improve our energy management over the next few years."

Effective energy management delivers benefits in fiscal terms, too. Companies in Germany that meet certain energy efficiency standards can claim back some of their expenses on renewable energy sources and part of the top energy tax rate. For Perlen Packaging, it is six-digit amounts that can be reclaimed in this way.

Earnings increased despite a stronger Swiss franc

The Packaging Division more than made up for the negative effects of the rise in the value of the Swiss franc. Net sales for the year were down 6.8% at CHF 109.7 million. But EBIT was increased 15.9% to CHF 5.9 million. The construction of the new Chinese production facility is proceeding on schedule.

Market environment

Europe's pharmaceuticals markets showed sideways trends in 2015, while the prime films market for the Packaging Division remained largely stagnant. The PVC films which the division produces are used in medicinal blister packs. Worldwide demand for such packs increased 4% in 2015, with the emerging markets continuing to show above-average growth. Asia topped the league here at a little over 10%. The majority of this growth in the emerging economies is in the generic medicines sector: customers in these markets are substantially more price-sensitive than those in the industrialized world.

The globalization of the pharmaceuticals sector continued apace in 2015. The trend was reflected in further industry consolidation, such as Pfizer and Allergan merging to create the world's biggest pharmaceuticals concern. These developments also had their impact on medicine sales and distribution – of both original products and their generic versions – which are similarly becoming increasingly global in scope. As the concentration proceeds, the contract packers involved must also keep pace with it, and ensure that they can follow their customers in the latter's increasingly global activities by offering them suitable local packaging solutions.

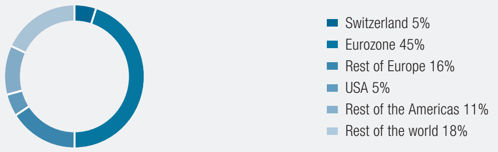
At the same time as all these developments, the industry is also seeing a certain polarization in its markets. On the one hand, the demand is growing for blister pack films with high barrier properties, to protect the increasingly complex molecules of the packs' contents from external influences in any climate zone; and on the other the manufacturers of generic medicines are seeking lower-cost packaging solutions, a trend that put pressure in 2015 on the prices of blister films with lower barrier properties and on monofilm products.

Business development

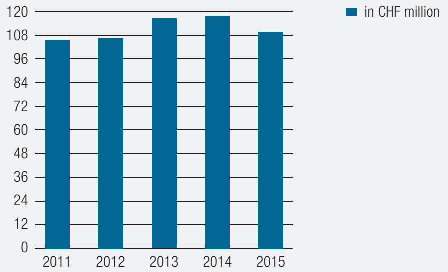
The Packaging Division raised its sales volumes by 1.8% in 2015, and thereby won an increased share of a stagnant European market. As one of the world's three leading producers of PVC films for blister pack applications, the division accounted for around 23% of the European market for this particular product. With its higher sales volumes, the division was also able to offset part of the adverse effects of the stronger Swiss franc. But net sales still declined 6.8% year-on-year to CHF 109.7 million.

As in 2014, some 66% of all sales were generated in Europe. To better serve its customers in the emerging markets, and in Asia in particular, the division is currently constructing its own manufacturing facility in China. The first sod was cut on the project in spring 2015, and the work progressed on schedule throughout the rest of the year.

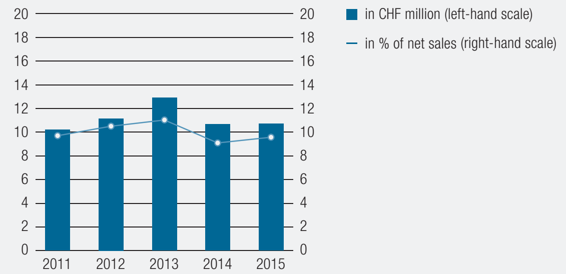
Packaging net sales by region



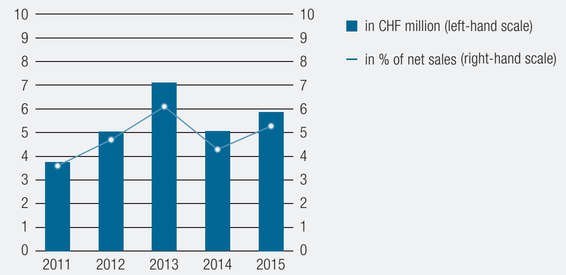
Packaging net sales trends



Packaging EBITDA trends



Packaging EBIT trends



Perlen Packaging's policy of putting a clear and consistent focus on higher-value products, i.e. on films with higher barrier credentials, paid off in 2015. These actions, together with further efficiency gains, enabled the division to maintain its EBITDA for the year at CHF 10.7 million. Despite the advance payments on the new Chinese facility, the EBIT for the year of CHF 5.9 million was an improvement on 2014, and EBIT margin rose accordingly from 4.3% to 5.3%.

The division invested some CHF 14.1 million in tangible fixed assets in 2015. The money was spent largely on the new Chinese plant and on enhancing the productivity of the division's Swiss operations. The latter efforts resulted in further improvements to the efficiency of the coating process for its high-barrier films. The division employed 309 personnel at year-end, compared to 307 at the end of 2014.

Strategy

Perlen Packaging is the only supplier of films that is clearly aligned to the pharmaceuticals market, and covers the whole range of products here from PVC monofilms to coated PVdC films with the highest barrier properties. The main focus of its development, production and distribution is on the high-barrier segment, where higher margins are available. Over the past five years the division has raised the contribution of its high-barrier films to total net sales by over 10% a year; and 15% of 2015's net sales were earned on products brought to market within the previous five years. The Packaging Division also aims to strengthen its position in the rapidly-growing emerging markets.

Outlook

Demand is sure to remain high for products and services in the healthcare sector over the next few years. The industrialized world will see further rises in the demand for medicines and medications as a result of unhealthy diet, lack of exercise and increasing longevity; and the emerging markets will see many medicines become affordable for the first time for large parts of the population through the boom in generic products. Current studies suggest that the global pharmaceuticals market will be worth some USD 80 billion a year by 2020 – a projection that would mean annual interim growth of some 6.5%. The Asia-Pacific region could well surpass the USA as the world's biggest pharmaceuticals market by the same date.

The Packaging Division will be making further investments of close to CHF 10 million in its tangible fixed assets in 2016. It will also be putting its new Chinese plant into operation. The new facility will both start to generate its own sales and free up capacity at the division's Swiss operation. Perlen Packaging expects to report an increase in net sales for 2016. And its additional actions to enhance productivity should also offset the higher costs incurred through the entry into service of the new Chinese production facility.

Corporate Governance Report

The CPH Board of Directors and Group Executive Management attach great value to practising responsible corporate management that is in the interests of shareholders, customers, employees and further stakeholders alike.

The following Corporate Governance section is structured in accordance with the corporate governance guidelines issued by the SIX Swiss Exchange. For certain items, reference is made to the annual financial statements from Page 43 onwards, and in particular to the additional corporate governance information provided in the annex to the consolidated financial statements from Page 71.

Group structure and shareholders

Management structure as of 31 December 2015

CEO
Peter Schildknecht

Business divisions

Chemistry
Alois Waldburg-Zeil

Paper
Klemens Gottstein

Packaging
Wolfgang Grimm

Service function

CFO
Manfred Häner

The CPH Group comprises three autonomous divisions. The Group is led by the Group CEO; the divisions are headed by the Divisional CEOs. Group Executive Management consists of the Group CEO, the Group CFO and the Divisional CEOs. The Group CEO reports directly to the Chairman of the CPH Board of Directors. CPH Chemie + Papier Holding AG (the holding company) is domiciled in Perlen/Root, Switzerland. For an overview of the subsidiaries included in the consolidated financial statements, see Page 76.

Capital structure

For further details of the capital structure, please see the additional corporate governance information on Page 71.

Shareholder structure (in %)	31.12.2015	31.12.2014
UBV Uetikon Betriebs- und Verwaltungs AG	49.9	49.9
Ella Schnorf-Schmid	7.2	7.2
Sarasin Investmentfonds AG	5.0	6.0
Members of the Board of Directors and Group Executive Management (and related parties)	1.0	1.5
Publicly-held shares	30.9	30.1
Shares currently not listed in the Share Register	6.0	5.3
Total shareholders	823	833

Board of Directors

The Board of Directors of CPH Chemie + Papier Holding AG is entrusted with the overall management of the company. The Board is responsible in particular for determining the company's strategic alignment and thrust, defining its accounting and financing principles, assessing business opportunities and risks and appointing and supervising Group Executive Management. In full compliance with the relevant legal provisions and the company's Articles of Incorporation, the Board of Directors has delegated the management of the company to Group Executive Management, headed by the Group CEO (see above). The delimitation of authorities here and the collaboration among the Board, its committees, Group Executive Management and the Group's three divisions are laid down in detail in the Company Bylaws of CPH Chemie + Papier Holding AG.

The members of the Board of Directors are elected individually by the Ordinary General Meeting to serve for a one-year period. They may be re-elected. In accordance with the Company Bylaws, a Board member's mandate will end at the latest at the Ordinary General Meeting of the year in which their 70th birthday falls.

The Chairman of the Board and the members of its Personnel & Compensation committee are elected from the Board's ranks by the Ordinary General Meeting. Apart from these appointments, the Board is self-constituting, and elects from its ranks a Deputy Chairman, the members of its Finance & Auditing committee and the chairs of its two committees. The Board consisted of six members as of 31 December 2015. No Board member currently serves the company in an executive capacity, and no Board member has done so in the past three years.

Members of the Board of Directors and its committees as of 31 December 2015

	Board member since	Board function	Finance & Auditing Committee	Personnel & Compensation Committee
Peter Schaub	1994	Chairman	Member	Personnel only
Tim Talaat	1994	Deputy Chairman		Member
Mauro Gabella	2005	Member		Chair
Kaspar W. Kelterborn	2015	Member	Chair	
Manuel Werder	2015	Member	Member	
Christian Wipf	2008	Member		Member

The Board of Directors has formed two permanent committees: Finance & Auditing and Personnel & Compensation. The committees take no decisions themselves: they primarily perform a preparatory and advisory function, helping the full Board to conduct its meetings more efficiently and take swift and well-founded decisions. Their duties are laid down in separate Descriptions of Duties.

The two board committees are currently composed as follows:

Finance & Auditing

The Finance & Auditing Committee reconstituted itself following the elections to the Board of Directors at the Ordinary General Meeting of spring 2015. In addition to previous committee member Peter Schaub, the Board elected Kaspar Kelterborn and Manuel Werder to the committee, with the former to serve as its chair. The Group CEO and CFO also attend all committee meetings as permanent guests.
The committee's tasks comprise in particular:
- evaluating the Group's financing and accounting systems in terms of their appropriateness, reliability and effectiveness
- examining the annual and half-yearly accounts and financial statements and other financial information intended for publication, and determining the guidelines, quality standards and content thereof
- monitoring the assessment of corporate risks and the Group's risk management practices
- monitoring the Group's investment and hedging policies
- monitoring the Group's Internal Control System and its effectiveness
- monitoring the Group's business activities in terms of its observance and implementation of Board resolutions, company policy principles and directives and the relevant legal provisions, particularly those relating to stock exchange law
- assessing the work, performance, independence and remuneration of the external group and statutory auditor, and making recommendations on the election of the same to the Board of Directors and the General Meeting, approving the auditing plan, processing audit reports and overseeing the adoption of the external auditor's recommendations
- monitoring the Group's real-estate strategy.

The committee met for three half-day deliberations in 2015.

Personnel & Compensation

The Personnel & Compensation committee comprises Mauro Gabella (chair), Tim Talaat, Christian Wipf and Peter Schaub (personnel affairs only). The Group CEO also attends all committee meetings as a permanent guest, unless his own compensation or other topics relating to him are being discussed.
The committee's tasks comprise in particular:
- devising guidelines for the CPH Group's compensation and benefit policy (in particular the compensation principles for the Board and Group Executive Management) on behalf of the Board of Directors
- submitting proposals to the full Board of Directors for the compensation of the same
- assessing the performance of the Group CEO and the further members of Group Executive Management and their achievement of their annual targets, and submitting corresponding proposals for their fixed and variable compensation to the full Board of Directors
- monitoring the implementation of the CPH Group's compensation policy along with groupwide salary developments
- making recommendations to the full Board of Directors on elections to its ranks and the appointment of a new Group CEO and/or further members of Group Executive Management, and on their terms and conditions of employment.

The committee met for two half-day deliberations in 2015.

The Board of Directors met seven times in 2015: for two half-day meetings, four full-day meetings and a two-day strategy meeting. The Group CEO and the CFO are permanent guests at all Board meetings unless topics relating directly to them (such as their compensation) are being discussed. Its own internal issues and further topics, such as the compensation of the Group CEO, are discussed by the Board in separate preliminary in-camera meetings.

The current and future development of each division are discussed in depth at dedicated annual half-day meetings. These are also attended by the full Divisional Management of the division concerned.

The Board's two-day strategy meeting is devoted to strategic issues and the medium-term development of the CPH Group and its constituent divisions. Parts of the meeting are also attended by the full Group Executive Management and members of the three Divisional Management teams.

The Chairman of the Board is in regular contact with the Group CEO to support him in his duties and in the implementation of business strategy.

The Board of Directors supervises Group Executive Management through structured reporting and controlling processes. The Board receives a comprehensive monthly written report on current business trends, financial results, market developments, emerging risks and other key events. The Group CEO also reports on the latest business trends and performance and all further issues of relevance to the Group at every Board meeting.

Risk management

Risk management is practised in accordance with principles laid down by the Board of Directors and Group Executive Management under which the strategic and operational business risks, the hedging of currency exchange rate, interest rate, market, credit and liquidity risks and the Internal Control System (ICS) are regularly analyzed and reappraised. These risks are summarized in an annual Risk Report which is submitted to the Board of Directors. Further details of the ICS will be found in the annex to the consolidated financial statements on Page 74. The external auditor supports the Board of Directors and its Finance & Auditing Committee in their control and monitoring functions.

Group Executive Management

Group Executive Management is CPH's supreme executive body, and is charged with the Group's operational management. Group Executive Management is tasked primarily with implementing the strategy defined by the Board of Directors, applying corporate policy and managing and coordinating the activities of the Group's business divisions. The members of Group Executive Management are appointed by the Board of Directors. Group Executive Management generally meets once a month. It also conducts an annual two-day retreat; and a further one-and-a-half-day management meeting is held every year together with the full managements of the Group's three business divisions.

Remuneration

For the remuneration paid to the Board of Directors and Group Executive Management, please see the Remuneration Report on Page 34.

Shareholders' rights and change of control

Details of shareholders' rights and change-of-control clauses will be found in the additional corporate governance information on Page 71.

External auditor

Statutory and group auditor

PricewaterhouseCoopers AG, Zurich
First elected: 1971
Current term: the 2015 financial year

Auditor-in-charge

René Rausenberger (since 2009)
The remuneration paid to the external auditor is shown on Page 72. The Board of Directors' Finance & Auditing Committee examines the reports of the external auditor and assesses its work. The Committee then reports on this to the full Board. Two meetings of the Finance & Auditing Committee in 2015 were also attended by representatives of the external auditor.

Information for shareholders and bondholders

Share price trends

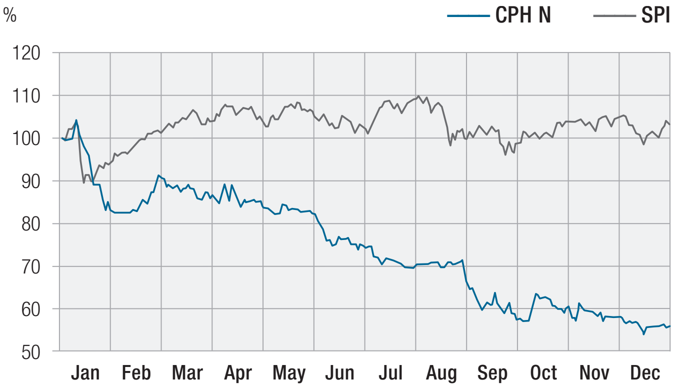
The CPH share was the subject of a 1:20 split in 2015. The share, which is listed on the SIX Swiss Exchange, closed at CHF 31.40 on 30 December 2015, a 44.4% decline from its closing price at the end of 2014. This was below the performance of the market as a whole: the Swiss Performance Index (SPI) rose 2.7% over the same period.

Bond price trends

CPH issued a five-year CHF 120 million bond with a coupon of 2.75% in July 2014. The bond is listed on the SIX Swiss Exchange. The CPH bond closed the 2015 business year on 30 December at 102.10, compared to 102.05 at the end of 2014.

Securities information	Share	Bond
Securities number	162 471	24 761 122
ISIN	CH0001624714	CH0247611228
Reuters	CPH.S	
SIX Swiss Exchange	CPHN	CPH14
Coupon		2.75% p.a.
Coupon payment		10 July
Repayment at par		10 July 2019
Amount		CHF 120 million

CPH share price developments in 2015



CPH 2014–2019 2.75% bond price developments in 2015

Per-share statistics [1]	2015	2014	2013	2012	2011
Share price on 31 December in CHF	31.40	56.45	61.50	65.00	50.50
High in CHF	59.90	63.80	67.45	73.50	85.00
Low in CHF	30.00	55.95	59.20	49.25	47.50
Nominal value per share in CHF	5.00	5.00	5.00	5.00	5.00
Key figures per share [2]					
Equity per share in CHF	67.12	73.67	72.38	118.29	117.72
Price-to-book ratio on 31 December	0.47	0.77	0.85	0.55	0.43
Net result per share in CHF	–5.52	1.75	–45.25	1.34	–3.00
Price/earnings ratio on 31 December	n.a.	32.25	n.a.	48.38	n.a.
Cash flow per share in CHF	1.20	0.34	0.23	0.24	0.25
Free cash flow per share in CHF	0.23	0.07	2.28	10.61	5.60
Dividend per share (2015: recommendation) in CHF	0.60	0.65	0.65	0.65	0.65
Market capitalization					
Number of shares [1]	6 000 000	6 000 000	6 000 000	6 000 000	6 000 000
Share capital in CHF million	30	30	30	30	30
Market capitalization in CHF million	188	339	369	390	303

[1] all information restated in view of the 1:20 share split of 10 April 2015
[2] based on consolidated financial statements

Investor relations agenda

26 February 2016	Publication of 2015 Annual Report; media conference & investors' meeting
23 March 2016	Ordinary General Meeting
July 2016	2016 Half-Year Report (to 30 June)

CPH's communications on its business trends and performance, its letters to shareholders and key ad-hoc disclosures may be obtained via an email service that is available from the www.cph.ch website (under Investors -> Communications). The latest CPH corporate communications and interim reports will also be found on the www.cph.ch website, together with further corporate information.

Investor relations contact

Peter Schildknecht, CEO
CPH Chemie + Papier Holding AG
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Phone +41 41 455 8000
Email investor.relations@cph.ch

The Board of Directors
as of 31 December 2015

From left:
Peter Schaub, Tim Talaat, Manuel Werder, Mauro Gabella,
Kaspar W. Kelterborn and Christian Wipf

Peter Schaub

Chairman, born 1960, Swiss national, lic. iur., attorney-at-law, first elected in 1994.

Current positions

Partner at Weber Schaub & Partner AG, tax and legal consultants, Zurich; Deputy Chairman of the Board of Directors of Mobimo AG, Lucerne; Deputy Chairman of the Board of Directors of Zindel Immo Holding AG, Chur; Deputy Chairman of the Board of Directors of UBV AG, Uetikon; Member of the Board of Directors of Rüegg Cheminée Holding AG, Zumikon; member of the boards of directors of various further unlisted companies; trustee of various foundations.

Previous positions

Tax commissioner at the Cantonal Tax Office, Zurich; junior associate at the Schellenberg Wittmer law firm, Zurich.

Tim Talaat

Deputy Chairman, born 1960, Swiss national, MSEE and MBA, first elected in 1994.

Current positions

Majority shareholder and Chairman of the Board of Directors of Swiss Industrial Holding AG, Uetikon; Member of the Board of Directors of Bachofen AG, Uster.

Previous positions

CEO of Looser Holding AG, Arbon; Managing Partner at Swiss Industrial Finance AG, Pfäffikon SZ; CEO of SR Technics Switzerland and Member of the SR Technics Group Executive Board, Zurich Airport.

Mauro Gabella

Born 1952, Swiss and French national, Dr. sc. nat., first elected in 2005.

Current positions

Chairman of the Board of Directors of The PME & Co, Luxembourg; CEO of HCS Healthcare Management Solutions, Chesières.

Previous positions

Chairman of the Board of Directors of Pharmalp SA; Vice President Organizational Excellence & Project Management Europe for Sanofi-Aventis, Paris; Vice President Central & Southern Europe for Sanofi-Aventis, Paris.

Kaspar W. Kelterborn

Born 1964, Swiss national, lic. oec. HSG, first elected in 2015.

Current positions

CFO and Member of the Executive Committee of the Conzzeta Group, Zurich; member of the boards of directors of various Conzzeta AG subsidiaries.

Previous positions

CFO and Member of the Executive Management of the Unaxis Group, Pfäffikon; leading executive functions in finance and controlling both in and outside Switzerland for the Clariant Group, Muttenz.

Manuel Werder

Born 1974, Swiss national, lic. iur. and LL.M. attorney-at-law, first elected in 2015.

Current positions

Partner at Niederer Kraft & Frey AG, Zurich; Member of the Board of Directors of UBV Uetikon Betriebs- und Verwaltungs AG, Uetikon; member of the boards of directors of various further unlisted companies; trustee of various foundations.

Previous positions

Senior Associate and Associate at Niederer Kraft & Frey AG; secondment to Allende & Brea Abogados, Buenos Aires; Foreign Associate at Fox Horan & Camerini LLP, New York.

Christian Wipf

Born 1957, Swiss national, lic. oec. HSG, first elected in 2008.

Current positions

Chairman and Delegate of the Board of Directors of Wipf Holding AG, Brugg; Chairman of the Board of Directors of Wipf AG, Volketswil; Chairman of the Board of Directors of Elco AG, Brugg; Chairman of the Board of Directors of Swiss Direct Marketing AG, Brugg.

Previous positions

CEO of Wipf AG, Volketswil; Executive Management of Seetal Schaller AG, Brugg.

Group Executive Management
as of 31 December 2015

From left:
Manfred Häner, Klemens Gottstein, Wolfgang Grimm,
Alois Waldburg-Zeil and Peter Schildknecht

Peter Schildknecht

Group CEO

Peter Schildknecht, who is a Swiss national, was born in 1962. A doctor of science, he joined CPH in 2008 and has been its Group CEO since 2009.

Dr. Schildknecht is a Member of the Board and Vice-Chairman of Euro-Graph (the European Association of Graphic Paper Producers), Deputy Chairman of the Board of the Central Switzerland Chamber of Industry & Commerce and Chairman of its Industry Commission.

Between 1995 and 2001 Peter Schildknecht held various functions in the Von Roll Group, including CEO of Von Roll Betec AG and Head of Industrial Services and a Member of Executive Management at Von Roll Infratec Holding AG, Bern. From 2001 he served as a Member of Group Executive Management at Sarna Kunststoff Holding AG, Sarnen, and led various group divisions, most latterly Sarnafil.

Klemens Gottstein

Head of the Paper Division

Industrial engineer and paper manufacturer Klemens Gottstein, who is a German national, was born in 1961. The holder of an MBA, he joined CPH to head its Paper Division in 2012.

Between 1989 and 2011 Klemens Gottstein held various functions at the Myllykoski Group, including HR Director, General Manager of its Dachau and Ettringen works and Director of Business Development for Coated Papers. He most latterly served as Executive Vice President Operations and a Member of the Executive Management of Myllykoski Europe, with responsibility for its six European plants and Human Resources Europe.

Wolfgang Grimm

Head of the Packaging Division

Wolfgang Grimm, who is a German national, was born in 1957 and holds a BA Diploma in Business Administration. He joined the then Perlen Group as its Head of Packaging in 1998, and was appointed to his present position in 2003.

Wolfgang Grimm was Sales Director at VAW Europack Export GmbH, Teningen (Germany) from 1993 to 1995. He then moved to Schüpbach AG, Burgdorf (Switzerland), where he rose to become Vice President Sales Central Europe for Danisco Flexible Schüpbach AG.

Manfred Häner

Head of Finance, Investor Relations, Real Estate & IT/CFO

Manfred Häner, who is a Swiss national, was born in 1956. The holder of a Swiss Federal Diploma as an Accounting & Controlling Specialist, he joined CPH as its Group CFO in 2012. He leaves the company at the end of February 2016.

From 1999 to 2010 Manfred Häner served as CFO and Deputy CEO of Micronas Semiconductor Holding AG. He commenced his professional career in 1975 with Sulzer, with whom he went on to hold various finance and controlling functions over the next 23 years, culminating in his serving as CFO and Deputy CEO of the Sulzer International division. His Sulzer service also included several years of secondments to New York and Madrid.

Alois Waldburg-Zeil

Head of the Chemistry Division

Alois Waldburg-Zeil, who is an Austrian national, was born in 1963. A doctor of law, he joined CPH as its Head of Chemistry in 2010.

Alois Waldburg-Zeil began his professional career as an auditor, and served with KPMG from 1993 to 1997. Between 1997 and 2009 he held a range of management functions with the Süd-Chemie Group (which is now part of Clariant), including Head of the General Secretariat and Public Relations, Sales Manager EMEA, Global Financial Manager for Süd-Chemie Performance Packaging in Paris (France), CEO of Süd-Chemie UK in Manchester (UK) and CEO of Süd-Chemie Zeolites GmbH in Bitterfeld (Germany).

Remuneration Report

The Remuneration Report contains information on the principles, programmes and procedures for determining the remuneration paid to the CPH Board of Directors and Group Executive Management and their amounts in 2015.

This report is divided into two sections. Section 1 is not subject to the auditing required under Article 13 of Switzerland's "VegüV" ordinance, while Section 2 is.

1. Remuneration and general information

The fundamental aim of the CPH Group is to provide remuneration that is in line with market levels. CPH regards such remuneration as a combination of a fixed and a variable salary component. The amount of each individual's overall remuneration and the components thereof are determined by regularly reappraising the current classification of each function, benchmarking the remunerations awarded and comparing these to market rates (see also the details below for the Board of Directors and Group Executive Management). Any modifications proposed to the remuneration for the Group CEO or further members of Group Executive Management are submitted for approval to the full Board of Directors by its Personnel & ompensation Committee, with due reference to the market comparisons conducted.

Every meeting of the Personnel & Compensation Committee is preceded by an agenda that is communicated to every Board member. The committee also informs the other Board members of the topics it has discussed and the background to any proposals or recommendations submitted at the next Board meeting. Any committee member will voluntarily withdraw from any meeting at which any issues or remuneration are to be discussed regarding themselves or related persons.

The Personnel & Compensation Committee generally meets three times (and at least twice) a year. Two such meetings were held in 2015.

The members of the Personnel & Compensation Committee are elected individually by the Ordinary General Meeting to serve for a one-year term. For further details of the Personnel & Compensation Committee's current composition and prime duties and responsibilities, please see the Corporate Governance section.

Individual performance has a direct influence on the remuneration paid to all CPH Group personnel, including management members. The assessment thereof is based on the degree to which broader and individual targets are achieved, and such achievement is remunerated via the variable salary compensation component. For each function, a target bonus is defined that will be paid if the targets concerned are achieved in full. The actual bonus to be paid will then be determined on the basis of the degrees to which such targets are achieved, with a maximum annual bonus payable amounting to 150% of the target bonus set. The bonus gradations between the lower and upper limits of 0% and 150% may either be linear or consist of a series of steps: the details here are determined as part of the annual target-setting process. For 2015 linear gradations were adopted for all the personnel concerned. CPH does not award any discretionary bonus payments.

While the Articles of Incorporation of CPH Chemie + Papier Holding AG permit long-term incentives (particularly in the form of employee share ownership), the CPH Group currently has no such remuneration components. There are no management share ownership or share option plans for Board or management members. There are also no contractual agreements regarding severance payments.

The Group CEO has a contractual notice period of 12 months, while the further members of Group Executive Management have a notice period of six months. CPH maintains occupational pension arrangements for all its employees. There are no additional insurance arrangements for Group Executive Management members. The members of the Board of Directors are not insured under any CPH occupational pension scheme. The CPH remuneration system remained unchanged in 2015 from the previous year. No external consultants were enlisted in 2015 to advise on the CPH remuneration structure.

Board of Directors

The remuneration paid to members of the Board of Directors consists of a fixed monetary amount. Members' work on either of the Board's two technical committees is additionally remunerated via meeting attendance fees. Board members are further awarded a flat per-day allowance for any work beyond their normal meeting activities. No such per-day allowances were paid in 2015.

The remuneration paid to Board members is determined on the basis of comparisons with corresponding publicly available data for comparable Swiss industrial companies whose shares are also listed on the SIX Swiss Exchange. The remuneration rates concerned are proposed to the full Board by its Personnel & Compensation Committee.

In accordance with Switzerland's new "VegüV" Ordinance against Excessive Compensation in Stock Exchange Listed Companies and the correspondingly-amended Articles of Incorporation of CPH Chemie + Papier Holding AG, the maximum aggregate amount payable to the Board of Directors in the period between two Ordinary General Meetings is now subject to the approval of the first such Meeting. The new provision enters into effect from the Ordinary General Meeting for the 2015 business year.

The corresponding proposal is prepared by the Personnel & Compensation Committee, appraised by the full Board and submitted to the General Meeting for approval. Should the proposal be rejected, and should the Board not submit a new proposal (or have this rejected too), an Extraordinary General Meeting should be convened within three months, or the Board may submit a further such proposal for retrospective approval at the next Ordinary General Meeting.

For specific remuneration payments, please see Section 2 below.

Group Executive Management

The remuneration paid to the members of CPH's Group Executive Management consists of a fixed and a variable component, both fully paid in monetary form. The target bonus for Group Executive Management members accounts for between around 20% and 67% of their basic salary. The actual variable remuneration paid depends on the degrees to which group targets and individual divisional or functional targets are achieved. The maximum variable remuneration amounts to 100% of the fixed basic salary for the Group CEO and 45% thereof for the further Group Executive Management members.

The assessment of the performance of Group Executive Management for variable-remuneration purposes is based on a specific target-setting process. These targets are set in five areas: financial results, customers & market, innovation, processes and leadership & personnel. The financial results targets are the same for all Group Executive Management members, while individual divisional and/or functional targets are set in the four further areas.

The achievement of the financial results targets accounts for 60% of the variable remuneration, with the remaining 40% based on the achievement of the targets set in the other four areas. EBIT, operating cash flow and net working capital targets were set as the financial results targets for 2015. The Heads of Divisions' performance in financial results terms is based two-thirds on the results of their division and one-third on Group results. The corresponding performances of the Group CEO and the CFO are based solely on the Group results achieved.

The targets for all target areas are prescribed by the Board of Directors for all Group Executive Management members (with the financial results targets derived directly from agreed budget parameters). The Group CEO and the further members of Group Executive Management may also make target proposals. The latter have their achievement of their targets assessed by the Group CEO, who submits appropriate recommendations to the Personnel & Compensation Committee. The Group CEO's target achievements are assessed by the Chairman of the Board. All such assessments are discussed by the Personnel & Compensation Committee, which then submits a report to the full Board on the degrees to which each member of Group Executive Management has achieved the targets set and recommendations on the individual bonuses to be paid. The final decision on such bonuses is then taken by the Board in toto (and with due regard to the maxima specified by the Ordinary General Meeting from the 2016 business year onwards).

With the exception of one company car, no fringe benefits are granted to Group Executive Management members.

The salaries of the members of Group Executive Management and the composition of their individual elements were last subjected to an extensive market comparison in 2011. Subsequent developments in such remuneration have been monitored against publicly published studies, and are also the subject of an annual discussion on the Personnel & Compensation Committee, as they were in 2015.

The Group CEO is entitled to make proposals on the remuneration to be paid to Group Executive Management members. The final amount of fixed and variable (target bonus) remuneration to be awarded to Group Executive Management in its entirety has been set annually (up to and including the 2015 business year) by the Board of Directors.

With effect from the Ordinary General Meeting for the 2014 business year, and in accordance with Switzerland's new "VegüV" ordinance and the correspondingly-amended Articles of Incorporation of CPH Chemie + Papier Holding AG, the maximum aggregate fixed and variable remuneration payable to Group Executive Management is now approved by each Ordinary General Meeting for the following business year (i.e. the Meeting in 2015 has set this for 2016).

The corresponding proposal is prepared by the Personnel & Compensation Committee, appraised by the full Board and submitted to the General Meeting for approval. Should it be rejected, and should the Board not submit a new proposal (or have this rejected too), an Extraordinary General Meeting should be convened within three months, or the Board may submit a further such proposal for retrospective approval at the next Ordinary General Meeting.

Any new members of Group Executive Management who are appointed and assume their duties after the Ordinary General Meeting has approved the maximum aggregate Group Executive Management remuneration for the year concerned may – under Article 22 of the CPH Chemie + Papier Holding AG Articles of Incorporation – be paid an additional amount totalling (for all such new members) no more than 40% of this maximum aggregate amount.

The remuneration paid in 2015 to the members of the Board of Directors, the Group CEO (who received the highest remuneration of any Group Executive Management member) and the further members of Group Executive Management is shown in the tables in Section 2.

2. Remuneration paid to members of the Board of Directors and Group Executive Management

This remuneration includes salaries, bonuses, credits, social security payments and occupational pension scheme contributions.

Remuneration paid to members of the Board of Directors

2015 in CHF thousand

Board of Directors	Board member since	Function	Finance & Auditing Committee	Personnel & Compensation Committee	Fixed remuneration	Board committee meeting fees	Social security contributions	Total
Peter Schaub	1994	Chairman	Member	Personnel issues only	282		17	299
Tim Talaat	1994	Deputy Chairman from 29.4.2015	Member until 1.4.2015	Member	72	8	5	85
Mauro Gabella	2005	Member		Chair	72	20	7	99
Kaspar W. Kelterborn	2015	Member from 1.4.2015	Chair from 1.4.2015		53	20	4	77
Manuel Werder	2015	Member from 1.4.2015	Member from 1.4.2015		53	5	4	62
Christian Wipf	2008	Member		Member	72	5	5	82
Max Walter	1990	Deputy Chairman until 1.4.2015	Chair until 1.4.2015		21	3	1	25
Total					625	61	43	729

A maximum aggregate remuneration of CHF 750 000 was set for the period between the 2015 and 2016 Ordinary General Meetings by the 2015 Meeting.

2014 in CHF thousand

Board of Directors	Board member since	Function	Finance & Auditing Committee	Personnel & Compensation Committee	Fixed remuneration	Board committee meeting fees	Social security contributions	Total
Peter Schaub	1994	Chairman	Member	Personnel issues only	305		18	323
Max Walter	1990	Deputy Chairman	Chair from 1.7.2014		76	15	4	95
Franz-Josef Albrecht	1989	Member until 10.4.2014			25		1	26
Hanspeter Balmer	1996	Member until 30.6.2014	Chair until 30.6.2014		40	10	3	53
Mauro Gabella	2005	Member		Chair	79	25	7	111
Tim Talaat	1994	Member	Member from 1.7.2014	Member	78	13	6	97
Christian Wipf	2008	Member		Member	78	10	6	94
Total					681	73	45	799

Notes on the remuneration paid to members of the Board of Directors

The amounts shown are the remuneration paid for the year concerned, regardless of when such payment was made. All such remuneration was in monetary form. Board members are not subject to any share ownership or share option plans. The remuneration is shown in gross form, including employees' social security contributions. The social security contributions shown separately include those of the employer.

No remuneration was paid to any former Board members. No loans were made to any current or former Board members, and no such loans are outstanding.

No remuneration was paid and no loans were made to any parties related to any Board members, and no such loans are outstanding. No transactions were conducted on non-market terms with any natural persons or legal entities related to any Board members.

Remuneration paid to members of Group Executive Management

2015 in CHF thousand

Group Executive Management	Function	Fixed compensation	Variable compensation	Pension scheme and social security contributions	Further compensation	Total
Peter Schildknecht	CEO	500	250	137	12	899
Further GEM members combined		1 168	310	306	15	1 799
Total		**1 668**	**560**	**443**	**27**	**2 698**

2014 in CHF thousand

Group Executive Management	Function	Fixed compensation	Variable compensation	Pension scheme and social security contributions	Further compensation	Total
Peter Schildknecht	CEO	430	205	121	12	768
Further GEM members combined		1 298	284	336	11	1 929
Total		**1 728**	**489**	**457**	**23**	**2 697**

Group Executive Management was reduced from six to five members in 2014.

Notes on the remuneration paid to members of Group Executive Management

The variable remuneration shown for 2015 corresponds to the provisions made (on an accrual basis). The variable remuneration shown for 2014 has been adjusted to reflect the payments actually made. This is not new remuneration, but the same remuneration as was shown in the 2014 Annual Report. That remuneration could only be shown on the basis of the provisions made (on an accrual basis), however, whereas the above table shows the final amounts actually paid for 2014. All such remuneration, both fixed and variable, was in monetary form. Group Executive Management members are not subject to any share ownership or share option plans. The remuneration is shown in gross form, including employees' company pension scheme and social security contributions. The company pension scheme and social security contributions shown separately include those of the employer. "Further compensation" relates to the private use of the company car and any long-service awards.

No remuneration was paid to any former Group Executive Management members. No loans were made to any current or former Group Executive Management members, and no such loans are outstanding.

No remuneration was paid and no loans were made to any parties related to any Group Executive Management members, and no such loans are outstanding. No transactions were conducted on non-market terms with any natural persons or legal entities related to any Group Executive Management members.

Report of the statutory auditor on the Remuneration Report

We have audited the accompanying remuneration report dated 12 February 2016 (pages 34 to 37) of CPH Chemie + Papier Holding AG for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditors' responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of CPH Chemie + Papier Holding AG for the year ended 31 December 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

René Rausenberger
Audit expert
Auditor in charge

Marcel Aeberhard
Audit expert

Zurich, 12 February 2016

Sustainability Report

CPH's paper production has been procuring the steam needed in its operations from the nearby Renegia waste incinerator since mid-2015. The resulting fossil fuel savings cut Perlen's 2015 CO_2 emissions by around 40 000 tonnes.

Strategy

Sustainability – in economic, social and environmental terms – is a cornerstone of the business activities of the entire CPH Group. Without economic sustainability, the Group could not ensure its long-term business success: a success that can look back on almost 200 years of industrial tradition, and one that has always put steady long-term development before short-term profit maximization.

The added value that CPH creates for the customer derives from its competitive products, services and procedures. These in turn are based on the Group's high quality standards, which are themselves ensured by rigorous adherence to the relevant ISO and GMP guidelines. The foundation of CPH's development and success, though, is the Group's employees, whose training, health and safety enjoy the highest of priorities.

The CPH Group pursues a policy of maintaining individual brands within its three business divisions, which are each active in their own distinctive markets. Under their "Zeochem", "Perlen Papier" and "Perlen Packaging" names, each division is well established and well known in its market as a reliable and autonomous partner.

Being active in two highly eco-sensitive fields – paper manufacture and chemicals production – CPH puts a strong emphasis on environmental sustainability in all its activities. Making efficient use of raw materials also has a direct impact on the profitability of the operations concerned.

Paper manufacture is by far the most resource-intensive activity within the CPH Group, with the energy expense involved representing one of the biggest cost items. At the same time, CPH's paper production makes a major contribution to conserving forestry resources through its recycling of recovered paper and its use of woodchip waste. The Group's chemistry operations produce molecular sieves, chromatography gels and fertilizers, while its packaging activities are centred on manufacturing and coating PVC films.

Avoiding and reducing emissions, waste water and solid waste has been integrated for years into the planning at all three business divisions. CPH is further committed to energy efficiency under the climate protection project of Switzerland's Business Energy Agency. And the Group is also a member of Responsible Care, a global initiative by the chemicals industry to effect constant further improvements in the environmental, health and safety fields. Perlen Papier AG is a member of ECOSwiss, the environmental protection organization of the Swiss business community; and Perlen Packaging is committed to recycling PVC through its "VINYLPlus" involvement.

Responsibility for environmental and quality issues at all of CPH's production sites rests with a designated and specially-trained employee at each facility who reports directly to top management. CPH also strives through its Continuous Improvement Process (CIP) to maintain a culture of constant further enhancement of its business flows and procedures.

Additional ideas and impetus for improvements derive from regular surveys among customers and employees. In 2015 the Chemistry Division conducted a customer satisfaction survey among the recipients of its chromatography gels, while the Paper Division performed a similar customer poll. Both surveys produced favourable results. More generally, all customer feedback on the quality of the CPH Group's products and services is carefully assessed, with the findings and conclusions channeled into the products' further development.

Personnel

The feedback of its employees on their satisfaction with their job, work and working environment is vitally important to the CPH Group. And an employee survey is conducted every three years to monitor these views. The next such survey is planned for 2016.

Annual group staff turnover declined to 4.5% in 2015 from a prior-year level of 6.6%. Overall personnel numbers showed only a modest year-on-year decline: a total of 858 personnel (including 43 apprentices) were employed by the CPH Group at the end of 2015, compared to 860 a year before.

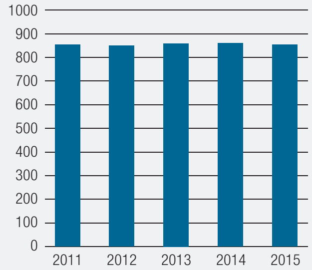
Salary policy

CPH pursues a fair and reasonable groupwide salary policy that is closely aligned to local customs and conditions. This policy is intended to offer salaries that pay due regard to the demands of the position, the conduct and performance of its occupant and general market levels. It also rewards above-average performance via a variable salary component that is linked to the achievement of individual performance goals and to divisional results.

Once again, no across-the-board salary increases were awarded during the year. The CPH Group spent CHF 86.3 million on salaries, company pension scheme contributions and staff training in 2015.

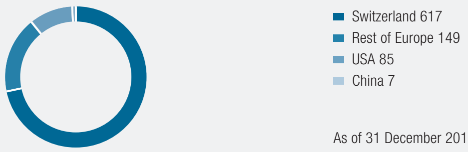
The collective labour agreement (CLA) of the Swiss paper industry, to which all employees at the Perlen site are subject, was renegotiated in 2015. The new CLA entered into effect at the beginning of 2016. Employees at the Müllheim site are subject to the CLA of the Industriegewerkschaft Bergbau Chemie Energie (IGBCE). The Uetikon silicate chemistry operation has its own staff association. Elsewhere, personnel are subject to individual employment contracts.

Total workforce numbers



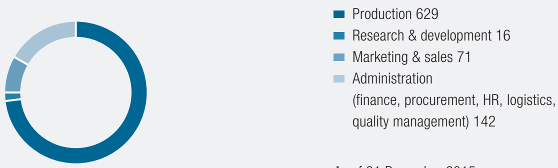
As of 31 December

Workforce numbers by region



As of 31 December 2015

Workforce numbers by function



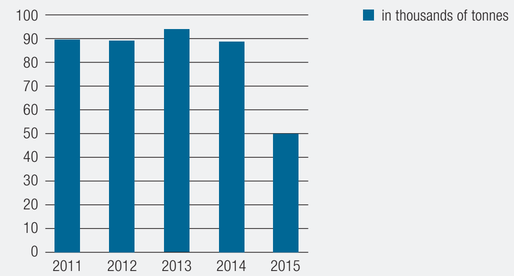
As of 31 December 2015

Initial and further training

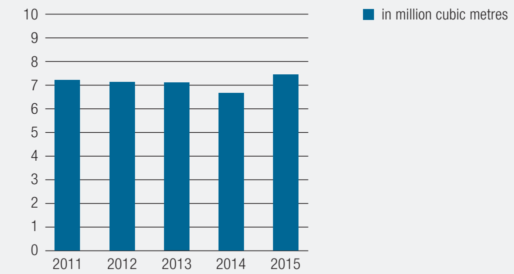
An increasingly dynamic economic environment and changing societal expectations are putting more and more demands today not only on employees but on their managers, too. The latter are helped by CPH to actively fashion the corresponding change process, together with their teams, through a management training programme. The latest cycle here, which began in 2013, was continued in 2014 and concluded with a third module in 2015. The three modules put a particular emphasis on leadership, management, specialist and personal expertise, all tailored specifically to the participants' management levels, and were offered to some 120 of the Group's executives. From 2016 onwards all management training is to be standardized groupwide. All in all, the CPH Group spent CHF 0.8 million on initial and further staff training for the year.

The task of training the Group's own personnel to assume future CPH duties and responsibilities remains as vital as ever. To this end, all the

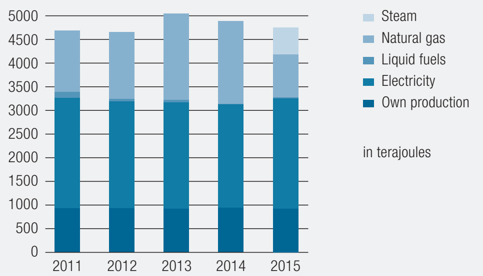
CO_2 emissions



Waste water produced



Energy consumption



Group's operating sites in Switzerland and Germany serve as active basic professional training centres. Some 43 apprentices are currently undergoing instruction in various trades and professions, from plant operator to chemical technician, polymechanic and commercial officer. Thirteen apprentices completed their training in the course of the year.

Continuous improvement

CPH's Continuous Improvement Process (CIP) is a vital element in the Group's constant endeavours to further develop and enhance the quality of its products, services and activities through the commitment of its personnel. The CIP has been adopted by all three divisions. All in all, employees contributed 511 ideas to the programme in 2015. Together with the 131 group moderations, the proposals submitted were expected to add some CHF 0.9 million to annual earnings results.

Occupational safety

CPH conducts regular training and instruction sessions to help prevent accidents and sensitize staff to dangers at all its operating sites. As a result, all personnel are keenly aware of workplace hazards and risks. Systematic analyses are also conducted of any incidents or accidents that occur, to help prevent their recurrence. The CPH Group incurred 1.3 occupational accidents per 100 employees in 2015, an increase on the 1.1 of the previous year. Fortunately no major occupational accidents were incurred, and both the Uetikon and the Louisville sites enjoyed 365 days of accident-free production. These low accident rates for an industrial manufacturing concern are a tribute to the keen sensitivity of the Group's employees to occupational hazards and risks. Sickness-related absence rates also remained low at 2.4% (compared to 2.5% in 2014).

Environmental care

The CPH Group's environmental reporting was changed in 2013 from the calendar year to one that runs from 1 November to 31 October. Figures for 2012 were restated accordingly.

Use of resources

In tonnage terms, the largest proportion of resources within the CPH Group is devoted to paper production. The two prime raw materials here are wood and recovered paper. Perlen Papier turned 117 851 bone-dry tonnes of round wood and woodchip into wood fibre in 2015 (2014: 99 925 bone-dry tonnes). In its procurement of these supplies, CPH attaches great importance to minimizing the transport distances involved: most of the wood used comes from within Switzerland. Perlen Papier also recycled 448 040 bone-dry tonnes of recovered paper in its operations in 2015 (2014: 448 478 bone-dry tonnes). All the recovered paper used came from sources in Switzerland or adjacent border areas, and 17% of it was delivered by rail (2014: 19%).

Perlen Packaging's film manufacturing process begins with unplasticized PVC, which, in addition to mineral oil, is 57% composed of chlorine extracted from naturally-occurring sodium chloride. In comparison to other oil-based polymers, PVC boasts a better product carbon footprint for its overall life cycle. Perlen Packaging manufactures both PVC monofilms and coated PVdC films. The net raw material utilization rate for its monofilm production stood at 98.5%, compared to 95.8% for the previous period. Wherever possible, waste and scrap material from the various manufacturing steps is fed back into the production process as secondary raw materials. For coated film production, which uses PVdC, the raw material utilization rate amounted to 95.0%, compared to 95.7% for the prior-year period.

The most important raw materials in the Group's silicate chemistry operations are sodium silicate, aluminium hydrate, sodium hydroxide, sulphuric acid and lithium chloride, of which a total of 33 187 tonnes were used in 2015 (2014: 30 658 tonnes). The division's fertilizer production consumed 16 388 tonnes of nitrogen, potassium and phosphorus compounds (2014: 16 415 tonnes). Some 84% of the raw materials needed for fertilizer production in Uetikon were delivered by rail. All the materials used for silicate production are supplied by truck.

Energy

All CPH's industrial processes require energy, be it in the form of electricity, oil, gas, waste heat or steam. Its paper manufacturing accounts for over 90% of the Group's total energy consumption, largely in the form of electricity. The Paper Division's annual electricity consumption rose slightly in 2015 from 2 145 terajoules to 2 285 terajoules. But gas consumption for its paper manufacturing activities was halved to 746 terajoules, as a result of the steam required now being procured from the nearby Renergia waste incinerator, which came into operation during the year. Paper production procured 581 terajoules of energy in steam form in 2015. All in all, the CPH Group's annual energy consumption declined 2.9% to 4 753 terajoules.

Emissions, waste water and solid waste

Being a major emitter of carbon dioxide (CO_2), CPH sets goals on its own initiative to reduce such emissions. These are more rigorous than those required by law; and, as a result, CPH's Perlen and Uetikon facilities are exempt from any CO_2 levy. CO_2 emissions for the year from non-renewable resources amounted to 48 502 tonnes. The substantial decline from the 87 413 tonnes of 2014 is due to the steam required in CPH's paper production now being procured from the Renergia incinerator instead of being produced in-house. The Group also earned CHF 0.8 million in 2015 from the sale of carbon credits. CPH's manufacturing facilities all have exhaust-air purification systems installed.

Emergency concepts have been devised to cope with any production malfunction. These centre largely on the scenario of fire. Apart from this, it is the handling of acids and sodium hydroxide at the Uetikon plant that poses the greatest potential environmental threat. The CPH Group again completed the year free of any incident subject to reporting requirements.

The waste water produced by the Group's Uetikon, Perlen and Louisville plants is processed in their own treatment facilities. Paper manufacturing also produces solid waste, largely in the form of sludge and residual waste. Some 37.5% of this was disposed of in Perlen Papier's own waste incinerator in 2015 (compared to 31% the previous year); the rest was incinerated in brickworks and cement factories.

Quality

Maintaining consistently high process and product quality in all areas of its activities is a key element in the CPH Group's business success. To ensure that it does so, the Group subjects its production facilities to regular audits by both customers and independent certification authorities.

The Packaging Division aligns its film manufacturing practices to the pharmaceuticals industry's Good Manufacturing Practice (GMP) standards. Perlen Packaging is one of the few companies in its field to be certificated to the pharmaceuticals sector's highest quality criteria throughout the manufacturing process and for the full range of its products from monofilms to barrier films.

The Packaging Division's Müllheim site earned its first ISO 50001 certification in 2015. The new energy management system is primarily intended to raise energy efficiency. The system serves to identify and assess energy processes, while also promoting an awareness of energy-saving potential. The German legal authorities are encouraging such endeavours with tax incentives, too.

PRODUCTION SITE QUALITY CERTIFICATIONS	Chemistry		Paper	Packaging		
	Uetikon	Louisville	Perlen	Perlen	Müllheim	Whippany
ISO 9001	•	•	•	•	•	•
ISO 14001 (environmental)			•	•		
ISO 14644-1 (cleanrooms)				•	•	
ISO 15378 (GMP pharmaceuticals packaging standards)				•	•	
ISO 50001 (energy)					•	
OHSAS 18001 (occupational safety)			•			
DMF 10 686 (FDA, USA)				•		
DMF 9072 (FDA, USA)					•	
Eurofins (hygiene and food monitoring)				•	•	
FSC COC			•			
PEFC COC			•			
Blue Angel			•			
ECOSwiss CO_2			•			
ENAW CO_2	•					

Contents

Consolidated income statement

	Note	2015	2014
Net sales	1	**420 046**	**492 463**
Changes to semi-finished and finished inventories		–7 169	3 119
Other operating income		4 320	11 244
Goods and services on own account		232	354
Total income		**417 429**	**507 180**
Cost of materials		221 099	256 388
Energy costs		61 180	71 189
Personnel cost	2	86 331	87 678
Outsourced maintenance/repairs		15 614	17 847
Other operating expense	3	20 983	23 243
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**12 222**	**50 835**
Depreciation on tangible fixed assets		33 563	34 234
Depreciation on intangible assets		477	564
Earnings before interest and taxes (EBIT)		**–21 818**	**16 037**
Financial income	5	980	1 562
Financial expense	6	13 081	7 183
Financial result		**–12 101**	**–5 621**
Earnings before taxes and extraordinary items		**–33 919**	**10 416**
Non-operating income	7	2 011	752
Non-operating expenditure	8	202	–727
Earnings before taxes		**–32 110**	**11 895**
Income taxes	9/25	1 013	1 393
Net result for the year		**–33 123**	**10 502**

in CHF	Note	2015	2014
Net result per share	30	**–5.52**	**1.75**
Diluted net result per share	30	**–5.52**	**1.75**

[1] 2014 figures restated in view of the 1:20 share split of 10 April 2015

Consolidated balance sheet

	Note	31.12.2015 in CHF thousand	31.12.2015 in %	31.12.2014 in CHF thousand	31.12.2014 in %
Assets					
Liquid funds	10	53 147	9	69 887	10
Securities	10	44	0	5 254	1
Trade accounts receivable	11	66 419	11	79 472	12
Other receivables	12	8 035	1	7 692	1
Prepaid expenses and accrued income		4 867	1	6 620	1
Inventories	4/13	54 521	9	63 389	9
Short-term financial receivables			0	87	0
Total current assets		**187 033**	**30**	**232 401**	**34**
Long-term trade accounts receivable	32		0	2 778	0
Intangible assets	14	2 413	0	1 320	0
Tangible fixed assets	4/15	404 300	65	419 144	61
Long-term financial assets	16	10 000	2	10 000	1
Assets from employer contribution reserves	17	10 750	2	10 830	2
Pension scheme assets	2/17	8 916	1	11 053	2
Prepaid taxes		543	0	862	0
Total fixed assets		**436 922**	**70**	**455 987**	**66**
Total assets		**623 955**	**100**	**688 388**	**100**
Equity and liabilities					
Trade accounts payable	18	46 700	7	53 756	8
Other payables	19	2 646	0	3 938	1
Accrued liabilities and deferred income	20/22	13 630	2	9 098	1
Short-term financial liabilities	21/23	6 845	1	22 627	3
Short-term provisions	22/20	1 541	0	5 109	1
Total current liabilities		**71 362**	**11**	**94 528**	**14**
Long-term financial liabilities	23	6 521	1	7 981	1
Corporate bonds issued	23	120 000	19	120 000	17
Pension scheme liabilities	17	1 032	0	635	0
Other long-term liabilities	24	2 294	0	2 416	0
Long-term provisions	25	20 040	3	20 825	3
Total long-term liabilities		**149 887**	**24**	**151 857**	**22**
Total liabilities		**221 249**	**35**	**246 385**	**36**
Share capital		30 000	5	30 000	4
Capital reserves		8 402	1	12 300	2
Profit reserves		397 587	64	389 317	57
Treasury shares	31	–160	–0	–116	–0
Net result for the year		–33 123	–5	10 502	2
Total equity		**402 706**	**65**	**442 003**	**64**
Total equity and liabilities		**623 955**	**100**	**688 388**	**100**

Consolidated cash flow statement

in CHF thousand	2015	2014
Net result for the year	**–33 123**	**10 502**
Depreciation on tangible and intangible assets	34 040	34 798
Profit/(Loss) on fixed-asset sales	–1 575	–752
Change in employer contribution reserves and pension scheme assets/liabilities	2 609	–397
Book gains on securities	–5	–563
Increase/(Release) of short-term provisions	1 101	–281
Release of long-term provisions	–144	–191
Use of provisions	–1 057	–2 150
Increase Impairments to trade accounts receivable	5 018	
Increase in/(Release of) of prepaid taxes	319	–171
Cash flow	**7 183**	**40 795**
Decrease/(Increase) in securities	5 215	5 584
Decrease/(Increase) in trade accounts receivable	8 133	–11 198
Decrease/(Increase) in other receivables and prepaid expenses	1 200	–1 769
Decrease/(Increase) in inventories	8 361	–5 500
Decrease in trade accounts payable	–6 822	–5 750
Increase/(Decrease) in other and accrued liabilities	43	–2 343
Decrease/(Increase) in net current assets	**16 130**	**–20 976**
Cash flow from operating activities	**23 313**	**19 819**
Investments in tangible fixed assets	–21 922	–19 170
Disposals of tangible fixed assets	1 592	417
Investments in intangible assets	–1 628	–636
Cash flow from investment activities	**–21 958**	**–19 389**
Free cash flow	**1 355**	**430**
Decrease in short-term financial liabilities and receivables	–15 254	–390
Increase in corporate bonds issued		120 000
Decrease in long-term financial liabilities	–1 075	–110 211
Decrease in other long-term liabilities	–99	–110
Treasury share purchases	–44	–116
Dividends to shareholders	–3 898	–3 900
Cash flow from financing activities	**–20 370**	**5 273**
Currency translation effects	2 275	248
Net change in cash and cash equivalents	**–16 740**	**5 951**
Cash and cash equivalents at 1 January	69 887	63 936
Change	–16 740	5 951
Cash and cash equivalents at 31 December	**53 147**	**69 887**

Consolidated statement of changes in equity

in CHF thousand	Share capital	Capital reserves	Goodwill	Treasury shares	Retained earnings	Equity
As at 31.12.2013	**30 000**	**16 200**	**–25 722**	**0**	**413 785**	**434 263**
Dividends to shareholders		–3 900				–3 900
Subtotal	**30 000**	**12 300**	**–25 722**	**0**	**413 785**	**430 363**
Net result for current year					10 502	10 502
Treasury share purchases				–928		–928
Treasury share sales				812		812
Year-end balance excluding currency factors	30 000	12 300	–25 722	–116	424 287	440 749
Impact of currency translation					1 254	1 254
As at 31.12.2014	**30 000**	**12 300**	**–25 722**	**–116**	**425 541**	**442 003**
Dividends to shareholders		–3 898				–3 898
Subtotal	**30 000**	**8 402**	**–25 722**	**–116**	**425 541**	**438 105**
Net result for current year					–33 123	–33 123
Treasury share purchases				–568		–568
Treasury share sales				524		524
Year-end balance excluding currency factors	30 000	8 402	–25 722	–160	392 418	404 938
Impact of currency translation					–2 232	–2 232
As at 31.12.2015	**30 000**	**8 402**	**–25 722**	**–160**	**390 186**	**402 706**

The statutory reserves of the holding company and its subsidiaries amounted to CHF 17.4 million on 31 December 2015 (prior year: CHF 19.0 million). Of this amount, CHF 11.8 million (prior year: CHF 12.3 million) cannot be distributed.

The company held 2 712 treasury shares on 31 December 2015 (prior year: 1 920). For further details see Note 31.

The CHF 25.7 million in goodwill deriving from the acquisition of ac-folien GmbH, Müllheim, Germany, was set against equity in the 2007 accounts. Should the company be resold, this amount would have to be recognized via the income statement.

Consolidated accounting principles

General

The consolidated financial statements of the CPH Group are compiled in full accordance with the currently valid Swiss GAAP Accounting and Reporting Recommendations (ARRs). These consolidated financial statements give a true and fair view of the financial positions, earnings and cash flows, and are based on historical values.

The capitalization and valuation principles are unchanged from the prior year.

Scope and method of consolidation

The consolidated financial statements consist of the annual financial statements of CPH Chemie + Papier Holding AG, Perlen, and of those Group member companies in and outside Switzerland in which CPH Chemie + Papier Holding AG, Perlen, directly or indirectly holds more than 50% of voting rights. In accordance with the Purchase Method used for fully consolidated companies, assets and liabilities and income and expenditures are incorporated in full. No minority holdings (or minority voting rights) of less than 50% were held in either the 2014 or the 2015 business year.

Intercompany balances and transactions have been eliminated. Intermediate profits on stocks from deliveries within the Group have also been eliminated

When a company is acquired, its net assets are determined at their current value and integrated using the Purchase Method. Since 1 January 2007, the resulting goodwill has been set against equity. Until 31 December 2006 such goodwill was capitalized and depreciated over its estimated useful life.

For the scope of consolidation, please see the separate "List of major shareholdings" on Page 76.

Definitions

"Long-term liabilities" are all liabilities not due for repayment within the next 12 months. "Short-term liabilities" are all liabilities due for repayment within the next 12 months, including that part of long-term liabilities whose repayment falls within this period. All interest-bearing receivables and liabilities are shown under financial receivables or financial liabilities. "Non-operating income" and "non-operating expense" arise from transactions not occurring in the normal course of business or relating to other accounting periods.

"Related parties" (see Note 26.3) are regarded as any company or person that either exerts a substantial influence on the CPH Group or is controlled by the same, together with the occupational pension schemes of Group member companies.

"EBITDA" shows earnings before interest and taxes and before depreciation on tangible fixed assets and amortization of intangible assets.

"Cash flow" shows the flow of cash before changes to net current assets and before cash flows from investment and financing activities.

"Free cash flow" shows all cash flows before financing activities and dividends to shareholders.

In accordance with the Swiss GAAP ARRs, the cash flow statement shows as funds only the liquid elements thereof (i.e. excluding securities and time deposits maturing in more than 90 days). Cash flow is calculated using the Indirect Method.

The balance sheet date for all CPH Group member companies is 31 December.

Capitalization and valuation principles

Registration of sales
Net sales comprise the sale of products and services. Sales are recorded as effected when it may be reasonably assumed that the economic benefit therefrom will accrue to the Group and the sales amount can be reliably determined. Sales are regarded as effected when the benefit and risks associated therewith are transferred to the customer.

Foreign currency translation
All assets and liabilities on balance sheets compiled in non-CHF currencies are translated into Swiss francs at the exchange rate ruling on the balance sheet date (the Effective Date Method). Any differences arising from the use of differing translation rates in the course of such translation are taken to equity. Any translation differences arising from long-term intragroup financing of an equity nature are also taken directly to equity.

Foreign-currency income and expenditure in the income statements are translated at the average rates ruling for the year. Any translation differences resulting from the application of different exchange rates in the balance sheet (effective date) and the income statement (average rate) are taken to equity.

Positions held in foreign currencies are translated using the Effective Date Method. All assets and liabilities are translated at the exchange rate ruling on the balance sheet date. Transactions in foreign currencies are translated at the exchange rate ruling on the date of the transaction. The effects of these foreign currency adjustments are taken straight to the income statement.

For the most important foreign currencies, the following CHF translation rates were used:

	2015	2014
Balance sheets: year-end rates		
EUR	1.0874	1.2024
USD	1.0010	0.9940
HKD	12.9000	12.8000
CNY	15.4000	16.0000
Income statements/ cash flow statements: average rates		
EUR	1.0681	1.2146
USD	0.9625	0.9150
HKD	12.4200	11.8000
CNY	15.4600	14.9000

Liquid funds
Liquid funds consist of cash on hand, postal and bank account balances and time deposits maturing in less than 90 days.

Securities
Securities are readily marketable commercial papers managed internally or externally. They are stated at their current market value.

Trade accounts receivable
Trade accounts receivable consist of amounts due for deliveries made and services rendered that have been invoiced but not yet paid. The values of trade accounts receivable are generally adjusted individually. Such individual adjustments include any amounts overdue for more than 120 days. Blanket adjustments are also made, based on past experience.

Other receivables
Other receivables consist of short-term claims that are not based on deliveries made and/or services rendered. Other receivables are stated at their nominal value, less any value adjustments.

Prepaid expenses and accrued income
This item consists of expenses paid in the current accounting period that will be incurred in a later accounting period, and of income not accounted until after the balance sheet date.

Inventories
Inventories are stated at their average purchase or production costs, but at no higher than their realizable liquidation value. Any discounts received on purchases are treated as purchase price reductions. The Lower of Cost or Market Value Principle is applied. The values of semi-finished and finished inventories include an appropriate proportion of their production overheads. Value adjustments are effected for obsolete stock.

Short-term financial receivables
These include interest-bearing receivables with a maturity of less than one year, and are reported at nominal value less any value adjustments.

Intangible assets
Intangible assets include licences, patents, brands, paid goodwill (until 31 December 2006) and software acquired from third parties. These are valued at their purchase price or manufacturing cost less any amortization required. Amortization is effected on a straight-line basis over the item's useful life, up to a maximum five-year period.

Research and development costs are not capitalized, but are taken straight to the income statement.

Tangible fixed assets

Land is capitalized at its purchase price less any devaluation. Other tangible fixed assets (buildings, structures, plant, machinery, installations, vehicles, moveable property, other equipment and production and business facilities) are capitalized at a maximum of their purchase price or manufacturing cost less any depreciation required under normal business practice.

The useful lives assumed for depreciation purposes are as follows:

Residential property	50 – 100 years
Industrial buildings and installations	25 – 50 years
Plant and equipment	10 – 30 years
Moveable property and vehicles	3 – 5 years

All depreciation is effected using the straight-line method.

Long-term financial assets

This item comprises all holdings of 20% or less in the capital of other organizations. These are shown at their purchase price less any value adjustments required.

Long-term financial receivables

This item comprises all long-term interest-bearing loans with a maturity of more than one year, which are shown at their (undiscounted) nominal value less any value adjustments.

Assets from employer contribution reserves

In accordance with Swiss GAAP ARR 16, employer contribution reserves or comparable positions are listed as assets. Any differences from the corresponding value in the prior accounting period are taken to the income statement as personnel cost.

Pension scheme assets

Any economic benefits deriving from occupational pension schemes are capitalized here. Any differences from the corresponding value in the prior accounting period are taken to the income statement as personnel cost.

Asset impairments

All assets are assessed for any impairment in value on the balance sheet date. This assessment is based on any developments and/or indications which may suggest that an asset has been overvalued in its book value. If the asset's book value exceeds its realizable value (i.e. the higher of its net market value and its value in use), the resulting impairment will be taken to the income statement. If the factors previously considered in the calculations of an asset's realizable value have significantly improved, an impairment effected in an earlier period will subsequently be wholly or partially reversed via the income statement.

Trade accounts payable

Trade accounts payable include all non-interest-bearing short-term liabilities resulting from ordinary business activities. They are stated at their nominal value.

Other payables

Other payables are short-term liabilities that are not classified as financial liabilities but derive from business activities. They are reported at their nominal value.

Accrued liabilities and deferred income

This item consists of liabilities incurred before the balance sheet date that will not be due for payment until a later accounting period, and of income accrued before the balance sheet date for a product or service to be provided in a later accounting period.

Short-term financial liabilities
This item consists of interest-bearing liabilities maturing in less than one year. These are stated at their nominal value.

(Short-term and long-term) provisions
Provisions are effected for likely liabilities arising from an event in the past (i.e. before the balance sheet date) whose extent and/or incurrence is uncertain but may be estimated. All provisions made are regularly reappraised (at least every year). Any release of provisions is effected via the same position through which the provision was originally effected. A distinction is made between short-term provisions (for liabilities likely to be incurred in the next 12 months) and long-term provisions (for liabilities likely to be incurred later than this). The changes in provisions are listed in the notes to the consolidated financial statements.

Long-term financial liabilities
This item consists of interest-bearing financial liabilities (bank loans and bonds) with a contractually-agreed maturity of more than one year. They are shown at nominal value.

Corporate bond
The bond is shown at nominal value.

Pension scheme liabilities
Any economic liabilities deriving from pension schemes are capitalized here. Any differences from the corresponding value in the prior accounting period are taken to the income statement as personnel cost.

Other long-term liabilities
This item consists of non-interest-bearing liabilities with a maturity of more than one year. They are shown at nominal value.

Deferred taxes
Deferred income tax amounts are calculated for all temporary differences using the Balance Sheet Liability Method. Such temporary differences arise from deviations between the Swiss GAAP ARR values and the taxable values of assets and liabilities.

If the taxable result differs from the consolidated profit for the year based on uniform valuation principles, the anticipated additional taxes are deferred. These differences result from the use of fiscally-approved degressive depreciation methods and value adjustments.

The deferred taxes due on these deviation amounts are calculated using local tax rates. In the event of any changes to such rates or deviations therefrom, the deferred tax amounts are adjusted accordingly. Any change in provisions for deferred tax amounts is taken straight to the income statement.

Deferred taxes on losses carried forward are not capitalized, in accordance with the consolidated accounting principles.

Derivative financial instruments
Derivative financial instruments are treated differently according to their underlying motives. Hedges intended to offset currency movements are shown at their market value on the balance sheet date, with the resulting differences in value taken straight to the income statement. Hedges of future cash flows are not capitalized, but are shown in the notes to the consolidated financial statements (under Note 28.3).

Notes to the consolidated financial statements

1. Segment information

1.1 Net sales by region

in CHF thousand	2015	%	2014	%
Switzerland	52 894	13	67 122	14
Eurozone	252 671	60	311 933	63
Rest of Europe	34 970	8	36 551	7
USA	28 511	7	26 986	5
Rest of the Americas	18 783	4	15 121	3
Rest of the world	32 217	8	34 750	7
Total	**420 046**	**100**	**492 463**	**100**

The two prime factors in the decline in net sales in 2015 were the CHF/EUR exchange rate (which reduced the net sales result by CHF 50.4 million) and the changes to paper prices (which reduced it by CHF 30.4 million). Net sales for the year were positively influenced (in the amount of CHF 8.4 million) by higher sales volumes and changes to the product mix.

1.2 Income statement by division

2015 in CHF thousand	Chemistry	Paper	Packaging	Other/ consolidation	Group
Net sales	**62 539**	**247 763**	**109 744**		**420 046**
EBITDA	**1 513**	**–3 814**	**10 714**	**3 809**	**12 222**
in % of net sales	2.4	–1.5	9.8		2.9
EBIT	**–1 826**	**–28 039**	**5 865**	**2 182**	**–21 818**
in % of net sales	–2.9	–11.3	5.3		–5.2
Financial result					–12 101
Earnings before taxes and extraordinary items					**–33 919**
Non-operating result					1 809
Earnings before taxes					**–32 110**
Taxes					1 013
Net result for the year					**–33 123**
in % of net sales					–7.9

2014 in CHF thousand	Chemistry	Paper	Packaging	Other/ consolidation	Group
Net sales	**60 246**	**314 420**	**117 797**		**492 463**
EBITDA	**958**	**36 989**	**10 669**	**2 219**	**50 835**
in % of net sales	1.6	11.8	9.1		10.3
EBIT	**–2 152**	**12 455**	**5 060**	**674**	**16 037**
in % of net sales	–3.6	4.0	4.3		3.3
Financial result					–5 621
Earnings before taxes and extraordinary items					**10 416**
Non-operating result					1 479
Earnings before taxes					**11 895**
Taxes					1 393
Net result for the year					**10 502**
in % of net sales					2.1

2. Personnel cost

in CHF thousand	2015	2014
Salaries and wages	70 853	72 063
Pension scheme contributions and other social security costs	13 339	13 045
Other personnel costs	2 139	2 570
Total	**86 331**	**87 678**

"Pension scheme contributions and other social security costs" includes a CHF 2.2 million decrease (prior year: a CHF 0.3 million increase) in net assets deriving from pension schemes and employer contribution reserves.

3. Other operating expense

The CHF 21.0 million in other operating expense (prior year: CHF 23.2 million) includes sales and administration costs and further operating expenditure.

4. Impairment

4.1 Impairment for 2015

The valuations of the tangible fixed assets held by the CPH Group for the 2015 business year confirmed that no impairment was required on the assets concerned. These valuations were conducted using a WACC of 5% (prior year: 7.25%) and a EUR/CHF exchange rate for the three-year plan period that was close to the rate on the balance sheet date (prior year: CHF 1.20). The values of the projected income statements were adjusted to take account of the facts and findings available on the balance sheet date.

The lower 5% WACC was adopted for 2015 in view of the currently very low long-term interest rates. The EUR/CHF exchange rate of 1.15 used for the years beyond the plan period was newly derived – following the Swiss National Bank's abolition of its minimum euro exchange rate – as the average of the exchange rate as of 31 December 2015 and purchasing-power parity as calculated by various Swiss banking institutions. We regard the inclusion of purchasing-power parity as warranted here because most of the assets concerned are plant and machinery with a remaining service life of over 25 years.

4.2 Impairment for 2014

The valuations of the tangible fixed assets held by the CPH Group for the 2014 business year confirmed that no impairment was required on the assets concerned. As for 2013, such valuations were conducted using a WACC of 7.25% and a EUR/CHF exchange rate of CHF 1.20 (the Swiss National Bank's minimum euro exchange rate). The values of the projected income statements were adjusted to take account of the facts and findings available on the balance sheet date.

5. Financial income

in CHF thousand	2015	2014
Interest income	21	22
Other financial income	464	828
– currency exchange rate gains	*28*	*251*
– further financial income	*436*	*577*
Income from securities	495	712
Total	**980**	**1 562**

6. Financial expense

in CHF thousand	2015	2014
Interest expense	3 954	4 623
– interest paid	*3 967*	*3 048*
– changes in deferred interest due	*–13*	*1 575*
Other financial expense	8 807	2 522
– currency exchange rate losses	*7 921*	*7*
– further financial expense	*886*	*2 515*
Expenditure on securities	320	38
Total	13 081	7 183

The “changes in deferred interest due” for 2014 consisted largely of CHF 1.5 million of accrued interest on the corporate bond. “Currency exchange rate losses” for 2015 include CHF 2.3 million in losses on financial positions following the Swiss National Bank’s abolition of its minimum euro exchange rate and currency hedging losses of CHF 5.6 million. “Further financial expense” for 2015 consists largely of the costs of ordinary financial expenses, while the same position for 2014 consisted mainly of these and the CHF 1.3 million costs of the corporate bond issue.

7. Non-operating income

The non-operating income of CHF 2.0 million (prior year: CHF 0.8 million) includes income from the sale of non-operating real estate in Uetikon and Perlen.

8. Non-operating expenditure

The non-operating expenditure of CHF 0.2 million (prior year: CHF –0.7 million) relates to expenses incurred in non-operating real-estate sales. The prior-year amount stemmed from the release of provisions associated with real-estate sales in previous years that were no longer required.

9. Income taxes

Tax rates vary between 5% and 41% (prior year: between 7% and 41%) depending on the country and the location.

Income taxes for 2015	Tax rate in %	Tax amount in CHF thousand
Earnings before taxes and extraordinary items		**–33 919**
Weighted average tax rate applicable/estimated tax expense	10.54	–3 575
Non-operating result and extraordinary earnings		**1 809**
Weighted average tax rate applicable/estimated tax expense	8.35	151
Earnings before taxes		**–32 110**
Weighted average tax rate applicable/estimated tax expense	10.66	–3 424
Impact of losses carried forward not previously recognized in tax terms		4 936
Taxes paid in prior years		–557
Other effects		58
Tax rate/tax expense as per income statement	**–3.15**	**1 013**

Income taxes for 2014	Tax rate in %	Tax amount in CHF thousand
Earnings before taxes and extraordinary items		**10 416**
Weighted average tax rate applicable/estimated tax expense	14.32	1 492
Non-operating result and extraordinary earnings		**1 479**
Weighted average tax rate applicable/estimated tax expense	14.27	211
Earnings before taxes		**11 895**
Weighted average tax rate applicable/estimated tax expense	14.32	1 703
Impact of losses carried forward not previously recognized in tax terms		–238
Taxes paid in prior years		–137
Other effects		65
Tax rate/tax expense as per income statement	**11.71**	**1 393**

In accordance with the consolidated accounting principles, deferred taxes on losses carried forward are not capitalized. These amounted to CHF 276.0 million for 2015 (prior year: CHF 268.5 million).

10. Liquid funds and securities

Liquid funds consist of cash on hand, postal cheque and bank account balances and time deposits maturing within 90 days. Securities (prior year: CHF 5.3 million) were mostly sold in 2015.

11. Trade accounts receivable

in CHF thousand	2015	2014
Receivables from third parties	73 311	84 142
Receivables from associates	8	12
Provisions for doubtful debts	–6 900	–1 904
– individual adjustments	*–6 708*	*–640*
– blanket adjustments	*–192*	*–1 264*
Total	66 419	82 250

The provisions for doubtful debts for the Paper Division were switched from blanket to individual adjustments in 2015. The blanket adjustments for the prior year derived largely from the Paper Division, and were made based on age structures.

12. Other receivables

As in 2014, all “other receivables” are from third parties. They relate largely to value-added tax claims.

13. Inventories

13.1 Inventories by division

in CHF thousand	2015	2014
Chemistry	18 994	17 944
Paper	22 116	29 452
Packaging	13 411	15 993
Total	54 521	63 389

13.2 Inventories by type

in CHF thousand	2015	2014
Raw materials	13 252	14 913
Auxiliary and operating materials	11 796	11 781
Finished and semi-finished products	28 625	36 145
Goods for resale	848	550
Total	54 521	63 389

Inventories were subject to an overall CHF 5.0 million value adjustment (prior year: CHF 4.4 million).

14. Intangible assets

Intangible assets in 2015 in CHF thousand	Software, licences and patents	Other intangible assets	Total intangible assets
At purchase values			
Opening balance on 1.1.2015	12 717	371	13 088
Currency impact on opening balance	–188	1	–187
Additions	732	896	1 628
Disposals/reclassifications	–28	–3	–31
Closing balance on 31.12.2015	**13 233**	**1 265**	**14 498**
Depreciation			
Opening balance on 1.1.2015	11 445	323	11 768
Currency impact on opening balance	–154	1	–153
Depreciation for the period	457	20	477
Disposals/reclassifications	–9		–9
Currency impact on movements	2		2
Closing balance on 31.12.2015	**11 741**	**344**	**12 085**
Impairments			
Opening balance on 1.1.2015	0	0	0
Currency impact on opening balance			
Disposals/reclassifications			
Closing balance on 31.12.2015	**0**	**0**	**0**
Book value on 1.1.2015	1 272	48	1 320
Book value on 31.12.2015	**1 492**	**921**	**2 413**

Intangible assets in 2014 in CHF thousand	Goodwill	Software, licences and patents	Other intangible assets	Total intangible assets
At purchase values				
Opening balance on 1.1.2014	9 268	12 979	356	22 603
Currency impact on opening balance	–39	–32	15	–56
Additions		636		636
Disposals/reclassifications	–9 229	–866		–10 095
Closing balance on 31.12.2014	**0**	**12 717**	**371**	**13 088**
Depreciation				
Opening balance on 1.1.2014	7 146	11 780	307	19 233
Currency impact on opening balance		–27	9	–18
Depreciation for the period		558	6	564
Disposals/reclassifications	–7 146	–864		–8 010
Currency impact on movements		–2	1	–1
Closing balance on 31.12.2014	**0**	**11 445**	**323**	**11 768**
Impairments				
Opening balance on 1.1.2014	2 122			2 122
Currency impact on opening balance	–39			–39
Disposals/reclassifications	–2 083			–2 083
Closing balance on 31.12.2014	**0**	**0**	**0**	**2 083**
Book value on 1.1.2014	0	1 199	49	1 248
Book value on 31.12.2014	**0**	**1 272**	**48**	**1 320**

15. Tangible fixed assets

Tangible fixed assets for 2015 in CHF thousand	Undevel-oped land	Developed land and buildings	Plant and equipment	Other facilities	Fixtures in rented property	Vehicles	Assets under construction	Total
At purchase values								
Opening balance on 1.1.2015	5 429	385 221	764 517	333 090	1 901	11 154	12 992	1 514 304
Currency impact on opening balance		–1 787	–3 589	–477	–16	–14	–117	–6 000
Investments		299	4 571	10 159		632	6 261	21 922
Disposals		–319	–6 758	–7 641		–169		–14 887
Reclassifications		381	1 021	370		–261	–1 492	19
Currency impact on movements		–3	–226	–28			–2	–259
Closing balance on 31.12.2015	**5 429**	**383 792**	**759 536**	**335 473**	**1 885**	**11 342**	**17 642**	**1 515 099**
Depreciation								
Opening balance on 1.1.2015	0	180 665	440 004	216 285	1 857	8 884	0	847 695
Currency impact on opening balance		–340	–2 271	–261	–12	–10		–2 894
Depreciation for the period		6 550	18 563	7 747	8	695		33 563
Disposals		–315	–6 758	–7 633		–163		–14 869
Reclassifications		261				–261		0
Currency impact on movements		17	–146	–23		1		–151
Closing balance on 31.12.2015	**0**	**186 838**	**449 392**	**216 115**	**1 853**	**9 146**	**0**	**863 344**
Impairments								
Opening balance on 1.1.2015		53 225	143 332	50 908			0	247 465
Currency impact on opening balance			–10					–10
Disposals								0
Reclassifications								0
Impairments for the period								0
Closing balance on 31.12.2015	**0**	**53 225**	**143 322**	**50 908**	**0**	**0**	**0**	**247 455**
Opening balance on 1.1.2015	5 429	151 331	181 181	65 897	44	2 270	12 992	419 144
Closing balance on 31.12.2015	**5 429**	**143 729**	**166 822**	**68 450**	**32**	**2 196**	**17 642**	**404 300**

The paper machines of Perlen Papier AG and the production facilities of Zeochem AG were assessed in detail in 2015 in terms of their current value. No impairment was deemed necessary in the light of these assessments. For further details see Note 4, “Impairment”.

Tangible fixed assets for 2014 in CHF thousand	Undevel-oped land	Developed land and buildings	Plant and equipment	Other facilities	Fixtures in rented property	Vehicles	Assets under construction	Total
At purchase values								
Opening balance on 1.1.2014	5 429	378 728	756 414	331 703	1 731	10 706	12 907	1 497 618
Currency impact on opening balance		758	3 481	226	163	35	–6	4 657
Investments		4 810	5 267	3 214	6	551	5 322	19 170
Disposals		–1 162	–3 421	–2 373		–155	–340	–7 451
Reclassifications		1 982	2 739	328		13	–5 062	0
Currency impact on movements		105	37	–8	1	4	171	310
Closing balance on 31.12.2014	**5 429**	**385 221**	**764 517**	**333 090**	**1 901**	**11 154**	**12 992**	**1 514 304**
Depreciation								
Opening balance on 1.1.2014	0	174 248	420 401	210 839	1 684	8 319	0	815 491
Currency impact on opening balance		737	2 799	202	164	27		3 929
Depreciation for the period		6 517	19 418	7 608	10	681		34 234
Disposals		–878	–2 755	–2 361	0	–146		–6 140
Currency impact on movements		41	141	–3	–1	3		181
Closing balance on 31.12.2014	**0**	**180 665**	**440 004**	**216 285**	**1 857**	**8 884**	**0**	**847 695**
Impairments								
Opening balance on 1.1.2014		53 225	142 632	50 858			1 759	248 474
Currency impact on opening balance			–2					–2
Disposals			–667				–340	–1 007
Reclassifications			1 369	50			–1 419	0
Impairments for the period								0
Closing balance on 31.12.2014	**0**	**53 225**	**143 332**	**50 908**	**0**	**0**	**0**	**247 465**
Opening balance on 1.1.2014	5 429	151 255	193 381	70 006	47	2 387	11 148	433 653
Closing balance on 31.12.2014	**5 429**	**151 331**	**181 181**	**65 897**	**44**	**2 270**	**12 992**	**419 144**

The paper machines of Perlen Papier AG and the production facilities of Zeochem AG were assessed in detail in 2014 in terms of their current value. No impairment was deemed necessary in the light of these assessments. For further details see Note 4, “Impairment”.

16. Long-term financial receivables and long-term financial assets

in CHF thousand	Long-term financial assets
At purchase values	
Opening balance on 1.1.2015	10 000
Investments	0
Disposals	0
Currency impact on movements	0
Closing balance on 31.12.2015	**10 000**
At purchase values	
Opening balance on 1.1.2014	10 000
Investments	0
Disposals	0
Currency impact on movements	0
Closing balance on 31.12.2014	**10 000**

As in 2014, the long-term financial assets consist of the 10% equity holding in waste incinerator company Renergia Zentralschweiz AG, Root, with which a supply agreement has been concluded for the provision of low-pressure steam from the incinerator to the Perlen paper factory.

17. Assets from employer contribution reserves and pension schemes

17.1 Pension schemes in Switzerland (611 working insurees)

Employer contribution reserve (ECR)	Nominal value	Appro-priation waiver	Other value adjustments	Discount	Balance sheet	Balance sheet	ECR result in personnel cost	
in CHF thousand	31.12.2015	31.12.2015	31.12.2015	31.12.2015	31.12.2015	31.12.2014	2015	2014
Pension schemes	10 750				10 750	10 830	80	–184
Total	**10 750**	**0**	**0**	**0**	**10 750**	**10 830**	**80**	**–184**

Economic benefit/economic obligation and pension scheme expense	Funding surplus/ shortfall as per Swiss GAAP ARR 26	Economic interest of company		Change from prior year or recognized in income statement	Accrued contribu- tions for the period	Pension scheme expense in personnel cost	
in CHF thousand	31.12.2015	31.12.2015	31.12.2014	31.12.2015	31.12.2015	2015	2014
Pension schemes with funding surplus							
CU Chemie Uetikon AG Pension Scheme	106				314	314	342
PVP Perlen	17					0	927
Pension schemes with funding surplus	123	0	0	0	314	314	1269
APP Perlen						0	2052
APV Uetikon					587	587	612
Pension schemes without funding surplus/shortfall	0	0	0	0	587	587	2664
UBV Betriebs- und Verwaltungs AG Staff Welfare Fund	5981						
Perlen Group Assistance Fund	8916	8916	11053	2137		2137	–27
Employer’s funds	14897	8916	11053	2137	0	2137	–27
Total	15020	8916	11053	2137	901	3038	3906

A pension scheme is considered to have a funding surplus if it has a fluctuation reserve amounting to at least 15% of its total assets held.

Perlen and Uetikon each have two defined-contributions pension schemes offering old-age, death and disability benefits. Employer’s contributions are strictly defined in the schemes’ regulations and deeds of trust. The companies concerned do not bear any primary risk, i.e. their insurance and investment risks are borne primarily by the pension schemes themselves. Recalculations are performed regularly. The latest statistical recalculation of actuarial capital was performed on 31 December 2014 and was based on an actuarial interest rate of 3.0% and the actuarial foundations of BVG 2010. Actuarial capital has since been further developed in line with insuree numbers and using the BVG interest rate. With the exception of the employer contribution reserve of CHF 10.8 million (prior year: CHF 10.8 million), all the schemes’ surpluses are payable solely to their beneficiaries. According to their provisional balance sheets, the schemes had an average funding ratio of 110% as of 31 December 2015 (prior-year actual average funding ratio: 113%).

The Perlen Group Assistance Fund, Perlen

The Perlen Group Assistance Fund is an employer's fund for all employees working at the CPH Group's Perlen site. The Fund provides provident benefits for employees and financial assistance for employees and their families in hardship situations. Contributions to it are made solely by the employer. The Fund can also be used to finance employer's contributions to the occupational pension schemes of the Group's Perlen-based companies. The Fund paid CHF 3.0 million to these schemes for such purposes in 2015 (prior year: CHF 0 million).

The Fund's freely disposable trust capital (including fluctuation reserves) amounted to CHF 11.1 million on 31 December 2015 (prior year: CHF 13.6 million). As for 2014, economic interest was calculated based on the Fund's freely disposable trust capital excluding fluctuation reserves.

The UBV Uetikon Betriebs- und Verwaltungs AG Staff Welfare Fund

The UBV Uetikon Betriebs- und Verwaltungs AG Staff Welfare Fund is an employer's fund for all employees working at the CPH Group's companies in Uetikon. The Fund provides provident benefits for employees and financial assistance for employees and their families in hardship situations. Contributions to it are made solely by the employer. The Fund's freely disposable trust capital (including fluctuation reserves) amounted to CHF 7.1 million on 31 December 2015 (prior year: CHF 7.3 million).

17.2 Pension schemes outside Switzerland

Economic benefit/ economic obligation and pension scheme expense	Funding surplus/ shortfall	Economic interest of company		Change from prior year or recognized in income statement	Accrued contributions for the period	Pension scheme expense in personnel cost	
in CHF thousand	31.12.2015	31.12.2015	31.12.2014	31.12.2015	31.12.2015	2015	2014
USA					176	176	166
Pension schemes without funding surplus/shortfall	**0**	**0**	**0**	**0**	**176**	**176**	**166**
USA	–1 032	–1 032	–635	397	429	826	151
Pension schemes with funding shortfall	**–1 032**	**–1 032**	**–635**	**397**	**429**	**826**	**151**
Total	**–1 032**	**–1 032**	**–635**	**397**	**605**	**1 002**	**317**

USA (109 insurees): In the USA the Group has one defined-contributions scheme and one defined-benefits scheme. Defined Contribution Plan 401 K is a purely contributions-based savings scheme that does not expose the company to any liability and has neither a surplus nor a shortfall.

The defined-benefits scheme is the traditional form of pension scheme for all employees. The contributions are paid by the employer. The defined-benefits scheme currently has a funding shortfall of USD 1 032 000 (prior year: USD 693 000). The calculations were made using the Current Liability Method, under which no regard is paid to future salary increases or expected returns on investment.

The Group's occupational pension schemes in its other countries of operation are of insignificant size, and provide all the social benefits prescribed by law.

17.3 Breakdown of pension scheme costs

in CHF thousand	In Switzerland	Outside Switzerland	2015	2014
Pension scheme contributions from employer	901	605	1 506	4 350
Total contributions	901	605	1 506	4 350
+/– changes in ECR through asset trends, value adjustments etc.	80		80	–184
Contributions and changes in employer contribution reserves	981	605	1 586	4 166
Decrease/Increase in company's economic benefit from funding surplus	2 137		2 137	–27
Decrease/Increase in company's economic obligation towards funding shortfall		397	397	–100
Change in economic impact on company of funding surplus/shortfall	2 137	397	2 534	–127
Pension scheme expenses as part of personnel cost for the period	3 118	1 002	4 120	4 039

18. Trade accounts payable

in CHF thousand	2015	2014
To third parties	46 673	53 706
To related parties and companies	27	50
Total	46 700	53 756

19. Other payables

in CHF thousand	2015	2014
To third parties	2 502	3 790
To related parties and companies	144	148
Total	2 646	3 938

20. Accrued liabilities and deferred income

in CHF thousand	2015	2014
Accrued interest expense	1 582	1 600
Income tax owed	1 154	
Accrued personnel expenses	4 747	
Other accrued liabilities and deferred income	6 147	7 498
Total	**13 630**	**9 098**

Taxes owed and not yet paid and outstanding vacation and overtime amounts were shown under short-term provisions (Note 22) for 2014.

21. Short-term financial liabilities

in CHF thousand	2015	2014
Towards third parties	6 760	22 574
– towards banks	*6 760*	*22 574*
Towards related parties and companies	85	53
Total	**6 845**	**22 627**

The outstanding CHF 15.4 million of the syndicated credit facility (headed by UBS) was repaid in May 2015.

22. Short-term provisions

in CHF thousand	Guarantee obligations	Other provisions	Income tax owed	Total short-term provisions
Opening balance on 1.1.2014	628	4 729	1 880	7 237
Currency impact on opening balance	5	69	–31	43
Additions	391	819	802	2 012
Use	–61	–883	–948	–1 892
Releases	–38	–2 052	–203	–2 293
Currency impact on movements	–3		5	2
Closing balance on 31.12.2014	**922**	**2 682**	**1 505**	**5 109**
Opening balance on 1.1.2015	922	2 682	1 505	5 109
Currency impact on opening balance	–10	–12	–79	–101
Additions	394	326	381	1 101
Use	–362	–70	–600	–1 032
Releases/reclasification	–16	–2 284	–1 197	–3 497
Currency impact on movements	1	–30	–10	–39
Closing balance on 31.12.2015	**929**	**612**	**0**	**1 541**

"Other provisions" for 2014 related mainly to outstanding vacation and overtime amounts. These are now shown (from 2015 onwards) under accrued liabilities and deferred income (Note 20). Income taxes owed and not yet paid are also shown under accrued liabilities and deferred income (Note 20) with effect from 2015.

23. Long-term financial liabilities

2015 in CHF thousand	Current +1 year	Current +2 years	Current +3 years	Current +4 years	Current +5 years	After +5 years	Total
Long-term bank loans	976	553	1 087		3 905		6 521
Corporate bond[1)]			120 000				120 000
Total	**976**	**553**	**121 087**	**0**	**3 905**	**0**	**126 521**

2014 in CHF thousand	Current +1 year	Current +2 years	Current +3 years	Current +4 years	Current +5 years	After +5 years	Total
Long-term bank loans	1 100	1 101	1 836	23	43	3 878	7 981
Corporate bond[1)]				120 000			120 000
Total	**1 100**	**1 101**	**1 836**	**120 023**	**43**	**3 878**	**127 981**

[1)] unsecured bond, SIX Swiss Exchange "CPH14", issued 10 July 2014

Financial liabilities for 2015

Instrument	Currency	Amount in currency (thousand)	Amount in CHF (thousand)	Interest rate	Duration	Covenants
Short-term financial liabilities						
Bank loan/current account credit	EUR	4 010	4 361	1.57	unlimited	
Current account credit	CHF		1 399	3.89	unlimited	
Current account credit	USD	1 000	1 001	2.67	unlimited	
Current account related party	CHF		84	1.75	unlimited	
Total			6 845			
Long-term financial liabilities						
Bank loan	EUR	1 167	1 268	2.80	30.6.2018	
Bank loan	EUR	241	262	2.85	30.9.2018	
Corporate bond	CHF		120 000	2.75	10.7.2019	
Industrial bond	USD	3 900	3 904	2.25	1.8.2021	
Bank loan	EUR	1 000	1 087	1.21	unlimited	
Bank loan	EUR					
Total			126 521			
Total			133 366			

Financial liabilities for 2014

Instrument	Currency	Amount in currency (thousand)	Amount in CHF (thousand)	Interest rate	Duration	Covenants
Short-term financial liabilities						
Fixed advance	CHF		15 362	2.01	30.6.2015	1)
Bank loan/current account credit	EUR	3 909	4 701	1.59	unlimited	
Current account credit	CHF		1 517	3.98	unlimited	
Current account credit	USD	1 000	994	2.25	unlimited	
Current account related party	CHF		53	1.75	unlimited	
Total			22 627			
Long-term financial liabilities						
Bank loan	EUR	1 944	2 338	2.80	30.6.2018	
Bank loan	EUR	361	434	2.85	30.9.2018	
Corporate bond	CHF		120 000	2.75	10.7.2019	
Industrial bond	USD	3 900	3 877	2.25	1.8.2021	
Bank loan	EUR	109	130	3.44	31.12.2021	
Bank loan	EUR	1 000	1 202	1.22	unlimited	
Total			127 981			
Total			150 608			

[1] interest cover ratio not < 1/equity not < 50%. The interest cover ratio is the sum of: EBITDA minus capital expenditure plus cash flow from the sale of assets not included in EBITDA minus pre-repayment of credits, divided by interest paid.

24. Other long-term liabilities

Other long-term liabilities relate solely to third parties.

25. Long-term provisions

in CHF thousand	Major repairs and renovations	Environmental protection measures	Other provisions	Deferred tax liabilities	Total long-term provisions
Opening balance on 1.1.2014	3 960	7 099	2 208	8 075	21 342
Currency impact on opening balance			–5	–59	–64
Additions			77	388	465
Use	–258				–258
Releases			–255	–401	–656
Currency impact on movements			–2	–2	–4
Closing balance on 31.12.2014	**3 702**	**7 099**	**2 023**	**8 001**	**20 825**
Opening balance on 1.1.2015	3 702	7 099	2 023	8 001	20 825
Currency impact on opening balance			–37	–567	–604
Additions			94	1	95
Use			–25		–25
Releases				–239	–239
Currency impact on movements			–8	–4	–12
Closing balance on 31.12.2015	**3 702**	**7 099**	**2 047**	**7 192**	**20 040**

The provisions for major repairs and renovations relate to the work required on the Perlen weir.

Environmental risks arise as a result of the Group’s business activities. The provision here relates largely to one landfill site for which the specific clean-up plans still need to be coordinated with the authorities. An order was issued by the authorities in 2015 under which a clean-up concept must be submitted here by 31 March 2016.

“Other provisions” consist mainly of provisions for agency agreements in the Paper and Packaging divisions.

26. Additional corporate governance information

26.1 Capital structure

	2015	2014
Share capital in CHF thousand	30 000	30 000
Registered shares issued	6 000 000	300 000
Nominal value per share in CHF	5	100
Market capitalization in CHF thousand	188 400	338 700

The registered shares of CPH Chemie + Papier Holding AG are listed on the SIX Swiss Exchange in the Swiss Reporting Standard segment. The company's share capital amounts to CHF 30 million and is fully paid in. The share capital consists of 6 000 000 registered shares with a nominal value of CHF 5 each. The share capital was the subject of a 1:20 share split in 2015.

26.2 Shareholders' rights

	2015	2014
Share transfer restrictions	none	none
Voting right restrictions	none	none
Opting-out clause	yes	yes

Each share entitles its holder to one vote. All shares are entitled to dividend payments. A written invitation to the Ordinary General Meeting, together with the meeting agenda, is provided 20 days in advance to all shareholders entered in the Share Register. Prior to the General Meeting, the Board of Directors will specify a cut-off date for registering shares in the Share Register. This date is published in the Schweizerisches Handelsamtsblatt (the Swiss Official Gazette of Commerce) together with the meeting invitation. In accordance with the Articles of Incorporation, any request by a shareholder for an item of business to be included on the meeting agenda must be submitted to the Board of Directors at least 60 days in advance of the meeting.

26.3 Transactions with related parties and companies

As in the previous year, all transactions with related parties and companies in 2015 were conducted at market rates. The following transactions were effected for services rendered with companies associated with Board members: CHF 48 000 (prior year: CHF 67 000) with Weber Schaub & Partner, Zurich; CHF 86 000 (prior year: not applicable) with Niederer Kraft & Frey AG (Manuel Werder); and CHF 32 000 (prior year: CHF 100 000) with UBV Immobilien Treuhand AG, Zurich. There were no transactions with members of Group Executive Management or related parties in 2015 or 2014.

26.3.1 Shares held by members of the Board of Directors and Group Executive Management

Shares held by members of the Board of Directors (including related parties):

Number of shares	2015			
Name	Own	Related parties	2015	2014[1)]
Peter Schaub	5 000	400	5 400	5 400
Tim Talaat	9 140	30 260	39 400	39 400
Manuel Werder (since 1.4.2015)	14 400	42 820	57 220	n.a.
Christian Wipf	400		400	400
Max Walter (until 1.4.2015)	n.a.	n.a.	n.a.	45 780
Total	**28 940**	**73 480**	**102 420**	**90 980**

Shares held by members of Group Executive Management (including related parties):

Name	2015	2014[1)]
Peter Schildknecht	200	200
Wolfgang Grimm	60	60
Alois Waldburg-Zeil	400	400
Total	**660**	**660**

26.3.2 Significant shareholders and numbers of shares held

Name	2015	2014[1)]
J. Safra Sarasin Investmentfonds AG	301 000	359 380
Ella Schnorf-Schmid	429 320	429 320
UBV Uetikon Betriebs- & Verwaltungs AG	2 999 800	2 999 800
Total	**3 730 120**	**3 788 500**

1) 2014 figures restated in view of the 1:20 share split of 10 April 2015

26.4 Auditor's remuneration and other fees

in CHF thousand	2015	2014
PricewaterhouseCoopers AG auditing fees	295	257
Other auditing fees	95	109
Other PricewaterhouseCoopers AG fees	163	150
Other auditing-related fees	0	110
Total	**553**	**626**

27. Net financial liabilities

in CHF thousand	2015	2014
Liquid funds and securities	53 191	75 141
Short-term financial receivables	0	87
Total liquid funds and financial receivables	**53 191**	**75 228**
Short-term financial liabilities to banks	6 761	22 574
Short-term financial liabilities to others	84	53
Total short-term financial liabilities	**6 845**	**22 627**
Corporate bonds	120 000	120 000
Long-term financial liabilities to banks	6 521	7 981
Total long-term financial liabilities	**126 521**	**127 981**
Net financial liabilities	**80 175**	**75 380**

28. Contingent liabilities and off-balance-sheet business

28.1 Contingent liabilities
As in the prior year, there were no guarantees towards third parties as of 31 December 2015.

28.2 Pledged assets
Real estate in Müllheim, Germany, with a book value of CHF 10.4 million (prior year: CHF 11.9 million) was subject to a CHF 6.1 million lien as of 31 December 2015 (prior year: CHF 7.4 million).

A plot of land in Perlen was sold for CHF 12.0 million on 6 September 2013. A downpayment of CHF 2.4 million was made on signature of the sale agreement; the balance of CHF 9.6 million will be due for payment with the entry into effect of the corresponding building permission, but on 31 August 2017 at the latest. A CHF 6.0 million lien assignment was entered into the land register as security on the downpayment.

28.3 Derivative financial instruments and foreign-currency hedges
As in the prior year, no derivative financial instruments subject to balance sheet reporting were held as of 31 December 2015.

Open foreign-currency hedges as of 31 December 2015

in CHF thousand	2015				2014			
Instrument	Contract value	Positive replacement value	Negative replacement value	Purpose	Contract value	Positive replacement value	Negative replacement value	Purpose
Forward foreign-exchange contracts	94 914		518	Cash-flow hedge				n.a.

29. Information on risk assessment activities including the Internal Control System (ICS)

29.1 Risk management organization

Financial and operational risk management are performed within the CPH Group in accordance with the principles and guidelines specified by the Board of Directors and Group Executive Management.

29.2 Risk management principles

These principles govern the regular assessment of operating and strategic business risks, the hedging of foreign-exchange, interest-rate, market, credit and liquidity risks and the Internal Control System (ICS). Guidelines have also been devised for liquid asset management and loan procurement activities. The management of non-essential liquidity and the procurement of short- and long-term loans are both centralized.

29.3 Risk overview

Risks are regularly recorded and analyzed, are summarized in an annual Risk Report which is presented to the Board of Directors and are compared with current insurance coverage. The major business risks are defined in a detailed Risk Catalogue and Risk Matrix, and are assessed in terms of their likelihood of occurrence and the possible scope of the damage such occurrence may cause.

29.4 Reporting

Reporting on the Group's risk management is effected on an annual basis, and extends to both strategic and operational risks. Exceptional events are reported immediately to the Board of Directors. With the risk management established, the Board of Directors is convinced that it has taken the necessary steps to ensure the future development of the CPH Group, even though unforeseen risks resulting from special circumstances and uncertainties can never be excluded.

30. Earnings per share

Earnings per share are calculated by dividing the net result for the year by the average number of shares entitled to dividend issued, less any treasury shares. The company held 2 316 treasury shares in 2015 (prior year: 1 920). Since no authorized or conditional capital is currently outstanding, diluted earnings per share are identical to the earnings per share amount.

	2015	2014[1]
Net result as per consolidated income statement (in CHF thousand)	–33 123	10 502
Weighted average number of shares entitled to dividend	5 997 684	5 998 080
Net result per share (in CHF)	–5.52	1.75

[1] 2014 figures restated in view of the 1:20 share split of 10 April 2015

31. Treasury shares

in CHF thousand	2015 Number	2015 Transaction price (CHF)	2015 Value (CHF thousand)	2014[1] Number	2014[1] Transaction price (CHF)	2014[1] Value (CHF thousand)
Opening balance on 1.1	**1 920**	**60.25**	**116**	**0**		**0**
Purchased	13 588	41.78	568	15 220	60.98	928
Sold	12 796	40.96	524	13 300	61.08	812
Closing balance on 31.12	**2 712**	**58.75**	**160**	**1 920**	**60.25**	**116**

[1] 2014 figures restated in view of the 1:20 share split of 10 April 2015

The company held 2 712 treasury shares at the end of 2015 (prior year: 1 920).

A total of 13 588 treasury shares were purchased on the SIX Swiss Exchange in the course of 2015 (prior year: 15 220 shares) at an average purchase price of CHF 41.78 (prior year: CHF 60.98). A total of 12 796 treasury shares were sold via the SIX Swiss Exchange in the course of 2015 (prior year: 13 300 shares) at an average sale price of CHF 40.96 (prior year: CHF 61.08).

32. Long-term trade accounts receivable

The amount shown here for 2014 was due for payment by a customer in 2016 under a payment-by-instalment agreement. This amount was written off in 2015 following the opening of bankruptcy proceedings against the customer concerned.

33. Subsequent events

The Board of Directors approved these consolidated financial statements at its meeting of 12 February 2016.

List of major shareholdings

	Registered office	Currency	Capital in thousand	Consolidation in %	Consolidation method
Chemie Uetikon AG	Uetikon/CH	CHF	2 220	100	F
CU Immobilien Lahr AG	Uetikon/CH	CHF	2 200	100	F
Consolidated chemistry companies:					
CU Deutero + Agro AG	Uetikon/CH	CHF	550	100	F
Zeowest AG (holding company)	Uetikon/CH	CHF	1 000	100	F
Zeochem AG	Uetikon/CH	CHF	14 000	100	F
Zeochem LLC	Louisville/USA	USD	36 547	100	F
Consolidated paper companies:					
Perlen Papier AG	Perlen/CH	CHF	81 000	100	F
Perlen Deutschland GmbH	Munich/D	EUR	100	100	F
Consolidated packaging companies:					
Perlen Converting AG	Perlen/CH	CHF	4 000	100	F
Perlen Converting LLC	Whippany/USA	USD	1 000	100	F
ac-Folien GmbH	Müllheim/D	EUR	1 300	100	F
Perlen Packaging (Hong Kong) Ltd.	Hong Kong/HK	HKD	100	100	F
Perlen Packaging (Suzhou) Co., Ltd.	Suzhou/CN	USD	2 794	100	F

Consolidation method:
F = fully consolidated

Changes to the scope of consolidation:
Perlen France Sarl, Champigny was liquidated on 17 July 2015.
BioUETIKON Ltd., Dublin was liquidated on 18 November 2015.

Perlen Packaging (Hong Kong) Ltd. was founded on 26 June 2014. Perlen Packaging (Suzhou) Co., Ltd. was founded on 15 September 2014. CPH Holding GmbH, Müllheim and Perlen Deutschland GmbH, Munich were merged on 21 August 2014 with retroactive effect to 1 January 2014.

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of CPH Chemie + Papier Holding AG, which comprise the income statement, balance sheet, cash flow statement, statement of changes in equity and notes (pages 44 to 76), for the year ended 31 December 2015.

Board of Directors’ responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

René Rausenberger Audit expert Auditor in charge	Marcel Aeberhard Audit expert

Zurich, 12 February 2016

Income statement

in CHF thousand	Note	2015	2014
Net revenue from sale of goods and services	2.10	**5 018**	**4 895**
Other income		359	359
Personnel expense		–2 840	–3 096
Other operating expense		–1 465	–1 922
Amortization/depreciation and impairment losses on non-current assets	2.11	–30 103	–5 097
Earnings before interest and taxes (EBIT)		**–29 031**	**–4 861**
Financial income		7 399	8 140
– Income from participations	*2.12*	*403*	*2 852*
– Interest income	*2.13*	*6 032*	*4 326*
– Book gains on securities held		*444*	*637*
– Other financial income	*2.14*	*520*	*325*
Financial expense		–10 107	–3 350
– Interest expense	*2.15*	*–3 302*	*–1 565*
– Book losses on securities held		*–321*	*–39*
– Other financial expense	*2.16*	*–6 484*	*–1 746*
Earnings before taxes and extraordinary items		**–31 739**	**–71**
Extraordinary, non-recurring or prior-period income	2.17	177	0
Extraordinary, non-recurring or prior-period expense		–4	0
Earnings before taxes (EBT)		**–31 566**	**–71**
Direct taxes		593	–224
Loss for the year		**–30 973**	**–295**

Balance sheet

in CHF thousand	Note	31.12.2015	31.12.2014
Assets			
Cash and cash equivalents and assets held for short-term disposal with a quoted market price	2.1	13 169	31 639
Other short-term receivables		5 549	6 168
– From third parties		*5 549*	*6 064*
– From group member companies		*0*	*104*
Prepaid expenses and accrued income		30	0
Total current assets		**18 748**	**37 807**
Financial assets		389 326	404 980
– Long-term receivables from group member companies	*2.2*	*389 326*	*404 980*
Participations	2.3	110 397	111 048
Property, plant and equipment		425	395
Total non-current assets		**500 148**	**516 423**
Total assets		**518 896**	**554 230**
Equity and liabilities			
Trade payables		154	200
– To third parties		*154*	*200*
Short-term interest-bearing liabilities		30	22
– Towards third parties	*2.4*	*30*	*22*
Other short-term liabilities		142	96
– Towards third parties		*48*	*16*
– Towards group member companies		*94*	*80*
Accrued expenses and deferred income	2.5	2 103	1 911
Short-term provisions		326	946
Total short-term liabilities		**2 755**	**3 175**
Long-term liabilities		120 000	120 000
– Corporate bond	*2.6*	*120 000*	*120 000*
– Towards group member companies		*0*	*0*
Total long-term liabilities		**120 000**	**120 000**
Total liabilities		**122 755**	**123 175**
Equity	2.7	30 000	30 000
Legal capital reserves	2.8	8 402	12 300
– Capital contribution reserve		*8 402*	*12 300*
Legal retained earnings		10 016	10 016
Voluntary retained earnings		379 151	379 150
Earnings available for distribution		–31 268	–295
– Balance brought forward from prior year		*–295*	*0*
– Loss for the year		*–30 973*	*–295*
Treasury shares	2.9	–160	–116
Total equity		**396 141**	**431 055**
Total equity and liabilities		**518 896**	**554 230**

Important information

1. Valuation principles used

These financial statements have been compiled in accordance with the provisions on business bookkeeping and accounting specified in the Swiss Code of Obligations (Article 957ff). The major balance sheet items have been capitalized as follows:

Financial assets and participations

Financial assets are stated at their nominal value less any value adjustments required. Participations are stated at their purchase price less any value adjustments required.

Corporate bond

CPH Chemie + Papier Holding AG issued a CHF 120 million corporate bond on 10 July 2014 with a duration until 10 July 2019 and a coupon of 2.75%. The bond is listed on the SIX Swiss Exchange with the securities number CPH14. It is shown on the balance sheet at its nominal value.

Foreign currency positions

Foreign currency positions have been translated into Swiss francs at the following conversion rates:

Foreign currency	2015 income statement	2015 balance sheet	2014 income statement	2014 balance sheet
EUR	1.0681	1.0874	1.2146	1.2024
USD	0.9625	1.0010	0.9150	0.9940

The balance sheet conversion rates are the rates that ruled on the balance sheet date of 31 December 2015, while the conversion rates used for the income statement are the average rates for 2015.

2. Notes on the financial statements

CPH Chemie + Papier Holding AG, Root

The company employed an average of six persons in full-time-equivalent terms in 2015 (prior year: eight).

2.1 Cash and cash equivalents and assets held for short-term disposal with a quoted market price

in CHF thousand	2015	2014
Cash and cash equivalents	13 125	26 385
Assets held for short-term disposal with a quoted market price	44	5 254
Total	**13 169**	**31 639**

2.2 Long-term receivables from group member companies

Long-term receivables from group member companies amounted to CHF 389.3 million for 2015, down CHF 15.7 million from the previous year. The decrease is due to the waiver of a CHF 24.0 million receivable from Perlen Papier AG and to a CHF 5.5 million increase in the subordination agreement with Zeochem AG and the resulting value adjustment. At the same time, loans totalling CHF 13.8 million net were granted to subsidiaries.

2.3 Participations

Name and legal form	Domicile	Remarks	Currency	Holding in 2015 Capital in thousand	Holding in 2015 Voting rights	Holding in 2014 Capital in thousand	Holding in 2014 Voting rights
Chemie Uetikon AG	Uetikon/CH		CHF	2 220	100	2 220	100
BioUetikon Ltd.	Dublin/IR	Liquidated on 18.11.2015	EUR	0	0	518	100
CU Immobilien Lahr AG	Uetikon/CH		CHF	2 200	100	2 200	100
Zeochem AG	Uetikon/CH		CHF	14 000	100	14 000	100
Zeowest AG	Uetikon/CH		CHF	1 000	100	1 000	100
Zeochem LLC	Louisville/USA		USD	36 547	100	36 547	100
CU Deutero + Agro AG	Uetikon/CH		CHF	550	100	550	100
Perlen Papier AG	Root/CH		CHF	81 000	100	81 000	100
Perlen Deutschland GmbH	Munich/D		EUR	100	100	100	100
Perlen France Sarl	Champigny/F	Liquidated on 17.07.2015	EUR	0	0	76	100
Perlen Converting AG	Root/CH		CHF	4 000	100	4 000	100
ac-Folien GmbH	Müllheim/D		EUR	1 300	100	1 300	100
Perlen Converting LLC	Whippany/USA		USD	1 000	100	1 000	100
Perlen Packaging (Hong Kong) Ltd.	Hong Kong/HK		HKD	100	100	100	100
Perlen Packaging (Suzhou) Co., Ltd.	Suzhou/CN		USD	2 794	100	2 794	100

The equity development of the Group's subsidiaries in 2015 resulted in a CHF 0.6 million impairment to participations (prior year: CHF 5.1 million).

2.4 Liabilities towards pension schemes

As of 31 December 2015, liabilities towards pension schemes amounted to CHF 0.03 million (prior year: CHF 0.02 million).

2.5 Accrued expenses and deferred income

Accrued expenses and deferred income for 2015 includes CHF 1.6 million in accrued interest payable on the CHF 120 million 2.75% corporate bond (duration 10 July 2014 to 10 July 2019) (prior year: CHF 1.5 million) and accruals for employees' salary and vacation entitlements.

2.6 Long-term interest-bearing liabilities

Long-term interest-bearing liabilities amounted to CHF 120 million at the end of 2015 (prior year: CHF 120 million). They relate to the unsecured corporate bond issued on 10 July 2014 with a duration until 10 July 2019 and a coupon of 2.75%. The bond is listed on the SIX Swiss Exchange with the securities number CPH14. The remaining CHF 15.4 million of the previous UBS-led syndicated credit facility was repaid in May 2015.

2.7 Share capital

The company's share capital was subjected to a 1:20 share split on 10 April 2015. Following this, share capital now consists of 6 000 000 registered shares each of CHF 5 nominal value. UBV Uetikon Betriebs- und Verwaltungs AG, Uetikon holds 49.99% thereof (prior year: 49.99%). For the shares held by members of the Board of Directors and other significant shareholders, please see Section 26.3.1 of the notes to the consolidated financial statements.

2.8 Legal capital reserves

The capital contribution reserve here derives from a quasi-merger in 1998, and has been shown separately since 2011.

2.9 Treasury shares

CPH Chemie + Papier Holding AG held 2 712 treasury shares at the end of 2015 (prior year: 1 920), at a purchase price of CHF 58.75 per share (prior year: CHF 60.25).

2.10 Net revenue from sale of goods and services

The CHF 5.0 million in this item (prior year: CHF 4.9 million) represents the net revenue from goods and services provided for subsidiaries by the holding company and invoiced accordingly.

2.11 Amortization/depreciation and impairment losses on non-current assets

Negative equity at certain subsidiaries prompted a CHF 29.5 million impairment to intercompany loans (prior year: CHF 0.0 million). Together with the CHF 0.6 million impairment to participations (prior year: CHF 5.1 million), this resulted in a total impairment to non-current assets of CHF 30.1 million (prior year: CHF 5.1 million).

2.12 Income from participations

This item includes profit distributions by certain subsidiaries.

2.13 Interest income

Interest income stems predominantly from intercompany loans. As in the previous year, an interest rate of between 1% and 3% was applied in 2015.

2.14 Other financial income

This item includes income from securities and the positive net impact of currency movements on foreign currency amounts held. For 2015 it also includes the repayment of an intercompany loan to BioUETIKON Ltd., Dublin, on which an impairment had been effected the previous year.

2.15 Interest expense

This item consists largely of CHF 3.3 million (prior year: CHF 1.5 million) of accrued interest on the CHF 120 million 2.75% corporate bond (duration 10 July 2014 to 10 July 2019).

2.16 Other financial expense

Other financial expense for 2015 consists largely of the costs of currency hedges (CHF 5.6 million), currency losses on loans to subsidiaries in foreign currencies (CHF 0.3 million) and ordinary financial expense of CHF 0.6 million. Other financial expense for 2014 consisted mainly of the costs of the issue of the corporate bond (CHF 1.3 million) and of CHF 0.3 million in ordinary financial expense.

2.17 Extraordinary, non-recurring or prior-period income

Pension scheme contributions amounting to CHF 0.2 million (prior year: CHF 0.0 million) were assumed by the CPH Group's employer's fund in 2015.

Guarantees to third parties

Contingent liabilities amount to CHF 28.9 million (prior year: CHF 21.9 million). These consist largely of guarantees by CPH Chemie + Papier Holding AG to Swiss banking institutions in respect of subsidiaries' credit limits and overdraft facilities.

Pledged assets

As in the prior year, no assets were pledged at the end of 2015.

Joint and several liability

CPH Chemie + Papier Holding AG is jointly and severally liable towards the Swiss federal tax authorities in Bern for current and future value-added tax payments of the CPH Group (group taxation).

Assets subject to reservation of ownership

The book value of leased property, plant and equipment amounts to CHF 0.05 million (prior year: CHF 0.02 million).

Leasing liabilities

The liabilities on leased vehicles amount to CHF 0.05 million (prior year: CHF 0.02 million).

Remuneration of members of the Board of Directors and Group Executive Management

The remuneration paid to members of the Board of Directors and Group Executive Management is detailed in the Remuneration Report on Pages 34 to 37.

Subordination agreements

Subordination agreements have been concluded between CPH Chemie + Papier Holding AG, Perlen and Zeochem AG, Uetikon (CHF 30.0 million; prior year CHF 24.5 million). CPH Chemie + Papier Holding AG has also undertaken to ensure that Zeochem AG does not become overindebted as defined in Article 725, Paragraph 2 of the Swiss Code of Obligations. In 2014 the CHF 160 million subordination agreement with Perlen Papier AG was converted into a debt waiver.

Subsequent events

None.

Recommendation on appropriation of the earnings available for distribution

Movements in earnings available for distribution

in CHF thousand	2015	2014
Balance brought forward from prior year	–295	–121 850
Appropriation of earnings available for distribution by resolution of the General Meeting		
To legal retained earnings	0	0
Offsetting of voluntary retained earnings	0	121 850
Dividend to shareholders	–3 898	–3 900
Loss for the year	–30 973	–295
Release from capital contribution reserve	3 898	3 900
Earnings available for distribution by the General Meeting	**–31 268**	**–295**

Board's recommendation to shareholders on appropriation of the earnings available for distribution

in CHF thousand	2015 Board's recommendation	2014 General Meeting's resolution
Earnings available for distribution by the General Meeting	–31 268	–295
Release from capital contribution reserve	3 600	3 900
Dividend to shareholders	–3 600	–3 900
Offsetting of voluntary retained earnings	31 268	0
Balance to be carried forward	**0**	**–295**

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of CPH Chemie + Papier Holding AG, which comprise the income statement, balance sheet and notes (pages 78 to 84), for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of retained earnings and reserves comply with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

René Rausenberger
Audit expert
Auditor in charge

Marcel Aeberhard
Audit expert

Zurich, 12 February 2016

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Disclaimer concerning future-oriented statements

This Annual Report contains future-oriented statements about CPH that are subject to risk and uncertainties. These statements reflect the management's opinions at the time of the Report's compilation, but they may deviate from actual future events.

Dieser Geschäftsbericht ist auch in deutscher Sprache erhältlich. The original language is German.