



Siegfried – Results 2009

Media/Analyst Conference

Zofingen, March 5, 2010

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Important Aspects

- *Cash-Management: since the summer of 2009, the company is being managed consistently along the principles of cash management*
- *The financial figures are to be interpreted in view of this aspect*
- *In other words:*
 - *Cash flow was improved considerably*
 - *Risk items were removed from the balance sheet*
 - *Net working capital was reduced*
- *Sales in Siegfried's core business grew significantly. The results are good, also when compared to the competition*

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Highlights 2009

- *Base business with slight sales increase in 2009 despite negative economic environment.*
- *Normalized operating profit and margin increased.*
- *Impairments of development costs and financial assets in 2009*

- *Strong focus on net working capital management allows to reduce net debt position despite negative operating and net result in 2009 and further negative impact from inhalation*

- *Reduced capital expenditure – new lab building completed*

- *Capital increase proposed by BoD to accelerate implementation of “Transform” strategy*
- *BoD proposes to pay no dividend for business year 2009.*

Business Development 2009

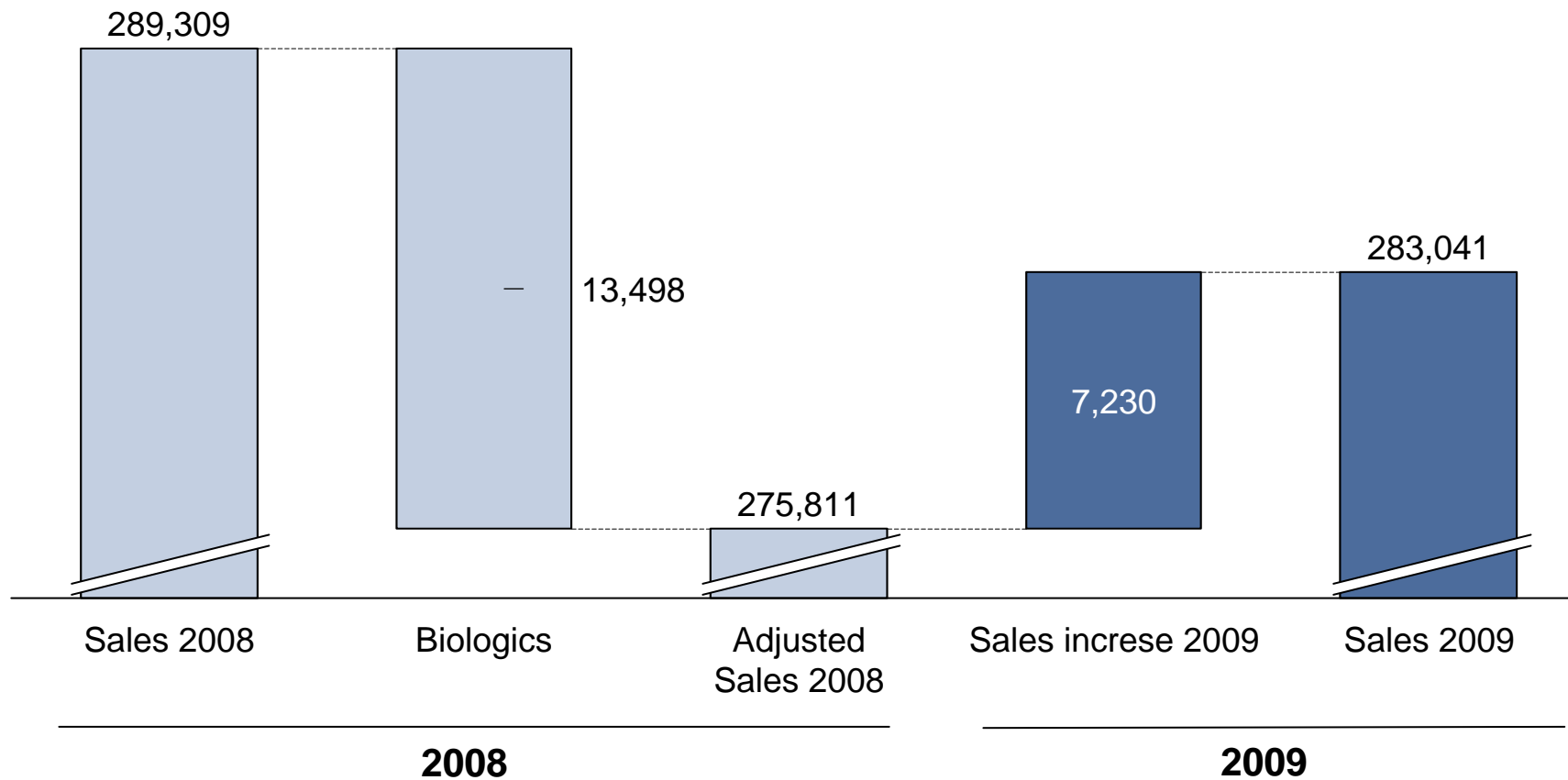
Net Sales Business Operations

	<i>2009 CHF Mio.</i>	<i>2008 CHF Mio.</i>	<i>Change %</i>	<i>Change % in LC</i>
<i>Siegfried Actives</i>	220.9	191.6	+15.3	+16.1
<i>Siegfried Generics</i>	62.1	97.7	-36.4	-34.8
<i>Siegfried Group</i>	283.0	289.3	-2.2	-1.1
<i>Base Business</i>	283.0	275.8	+2.6	+3.8

Business Development 2009

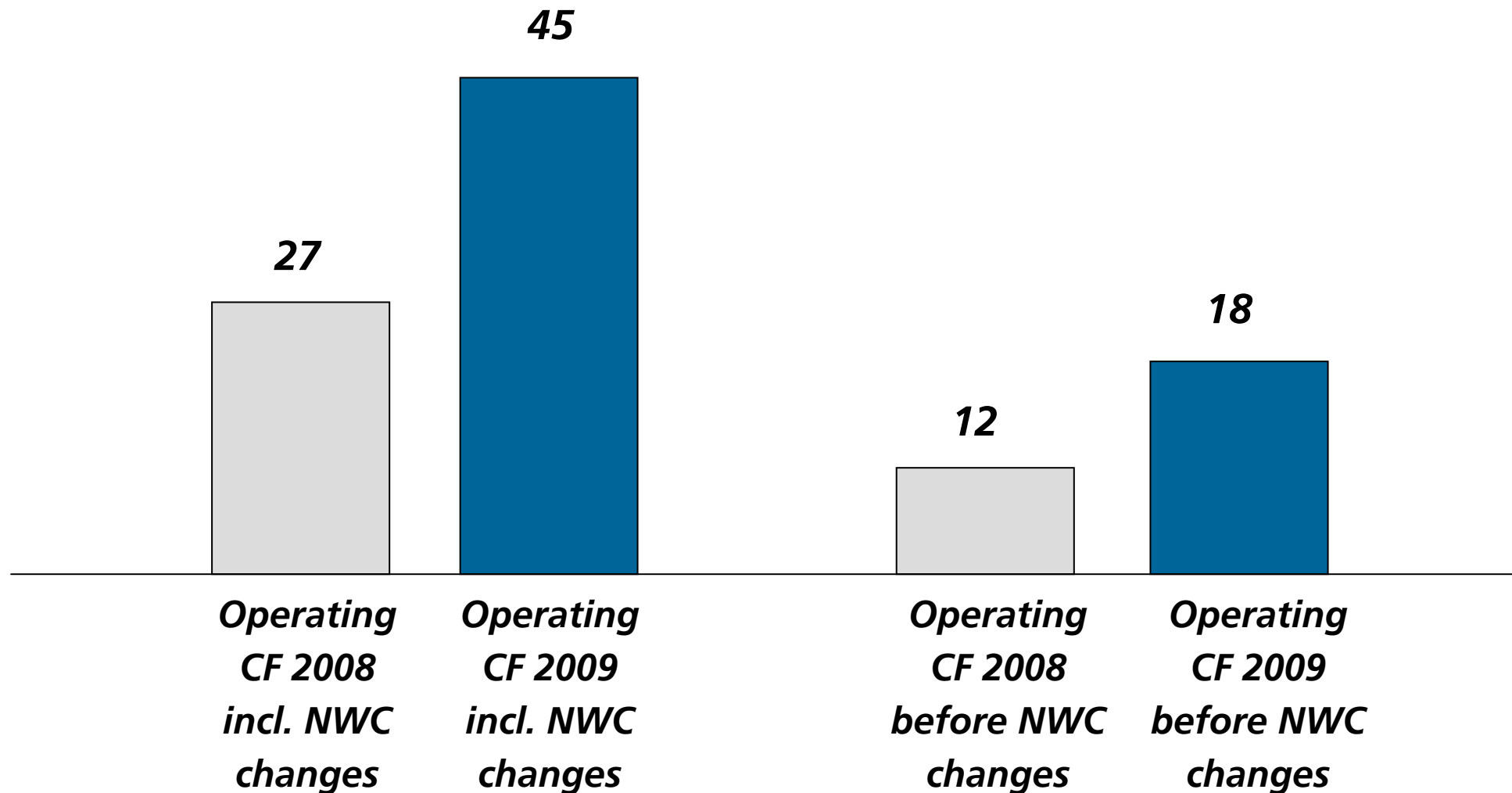
One-time effects 2008/2009 – Net sales

In CHF '000



Business Development 2009

Cash flow from operating activities



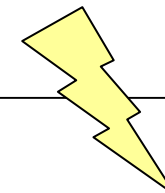
Business Development 2009

Optimization of net working capital

Net working capital		
Accounts receivable	Inventory	Accounts payable
<ul style="list-style-type: none">• Re-negotiation of customer contracts• Focused Overdue-Management	<p>Introduction Focused Factories</p> <ul style="list-style-type: none">• Better flexibility• Optimized Supply Chain	<ul style="list-style-type: none">• Better payables management

Net working capital reduction of more than 20% in 2009

2009: CHF 39m
2010: appr. CHF 10m



Negative impact
on profitability
(EBITDA, EBIT)

Business Development 2009

EBITDA

	2009 CHF Mio.	2008 CHF Mio.	Change %
<i>EBITDA base business before special charges</i>	37.1	38.4	-3.5
<i>Margin</i>	13.1	13.9	
<i>EBITDA before special charges</i>	25.3	52.0	-51.4
<i>Margin</i>	8.9	18.0	
<i>EBITDA</i>	21.0	52.0	-59.6
<i>Margin</i>	7.4	18.0	

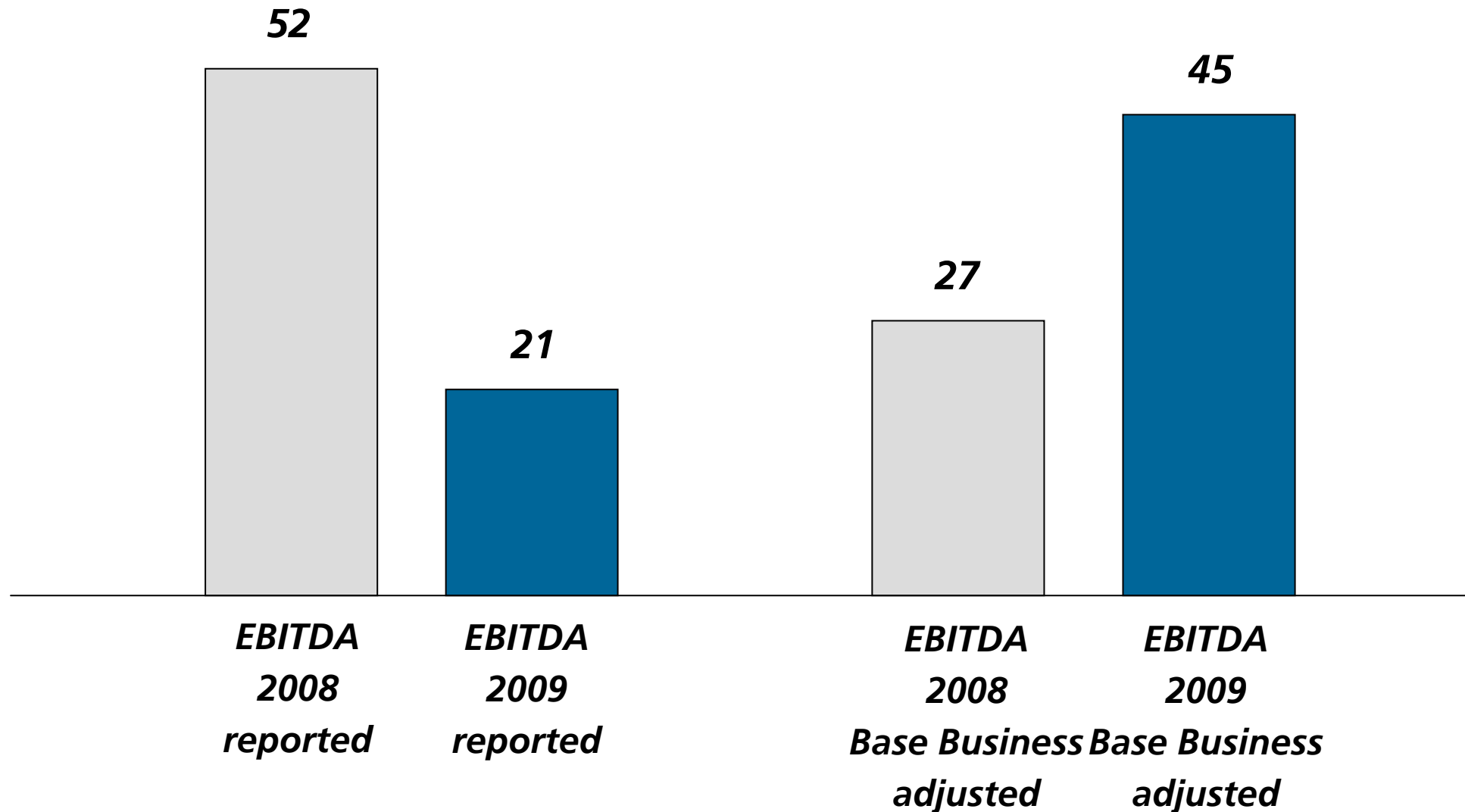
Business Development 2009

EBIT - Net Income

	2009 CHF Mio.	2008 CHF Mio.	Change %
<i>EBIT Base Bus. before special charges Margin</i>	6.1 2.1	2.2 0.8	69.5
<i>EBIT before special charges Margin</i>	-7.3 -2.6	14.8 5.1	n/a
<i>EBIT Margin</i>	-27.7 -9.8	-84.7 -29.3	n/a
<i>Net income (after taxes)</i>	-35,3	-74.9	n/a

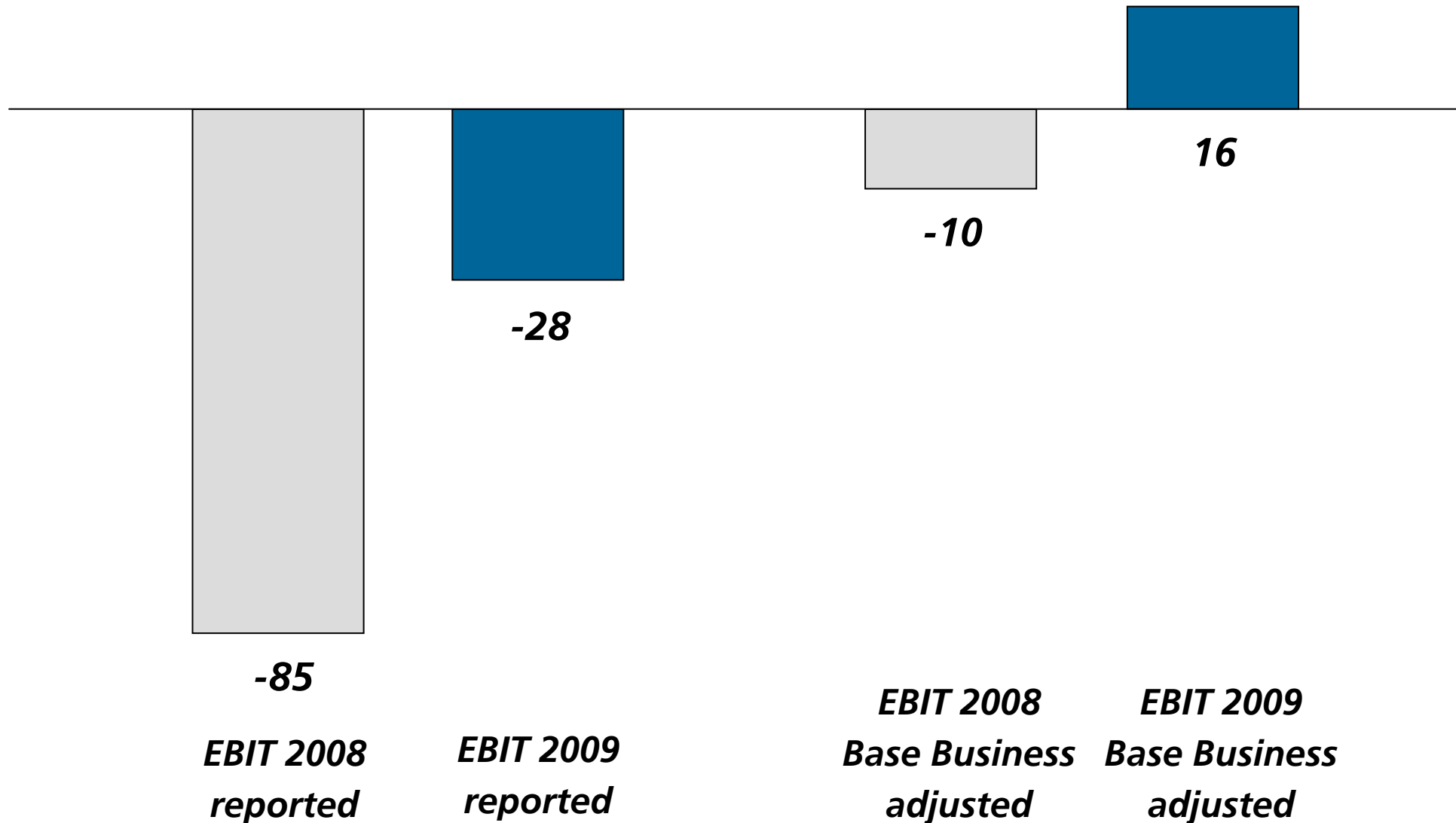
Business Development 2009

One-time effects 2008/2009 - EBITDA



Business Development 2009

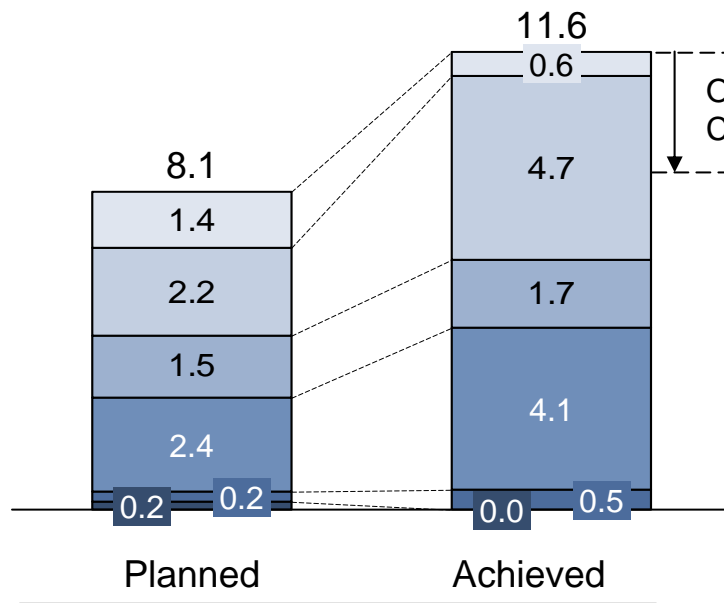
One-time effects 2008/2009 - EBIT



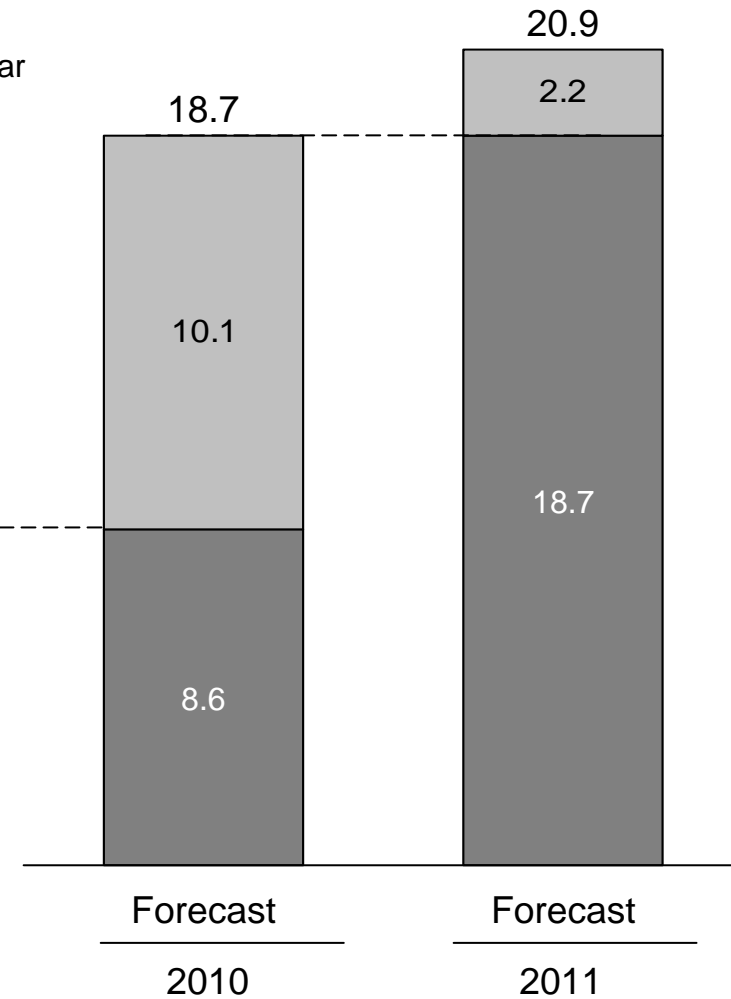
Business Development 2009

Deliver savings 2009 CHF 11.6m

In CHF Mio.



One-time effect 2009:
 CHF 3 Mio.

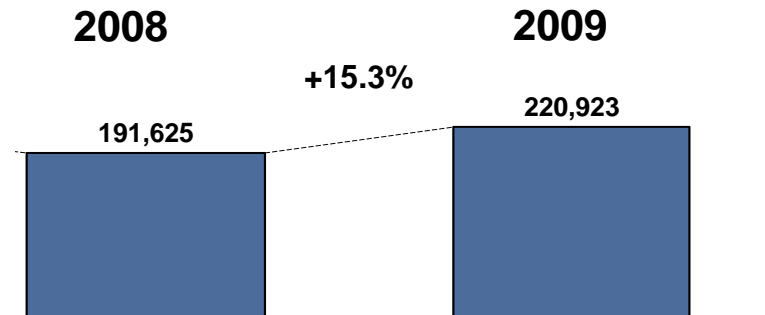


Business Development 2009

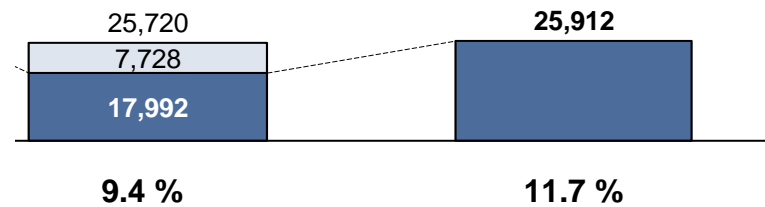
Actives

In CHF '000

Net sales

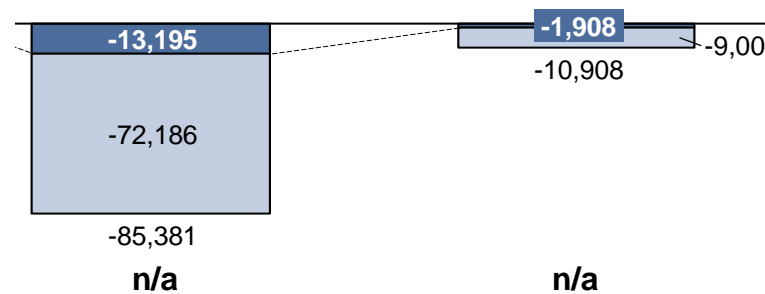


EBITDA



EBIT

Special Effects
 Adjusted values



Special Effects EBITDA

Pension Plan gain (+7'728)

n/a

Special Effects EBIT

Asset Impairment (-72'186)

Impairment Opiates (-9'000.)

Business Development 2009

Actives

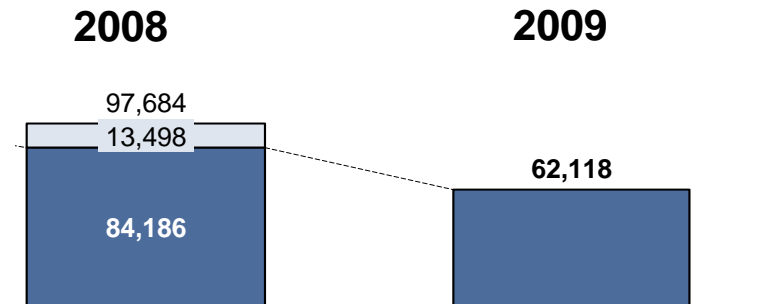
- ***Significant sales increase of 15.3% despite difficult economic situation. Strong performance compared to the industry in 2009.***
- ***14 new projects acquired***
- ***2 new important contracts signed for Opiates business***
- ***Improvement of normalized operating result and margin (EBITDA and EBIT)***
- ***Impairment intangible assets (development costs) Opiates CHF 9m***
- ***New technologies successfully implemented (spray-drying, microreactors)***

Business Development 2009

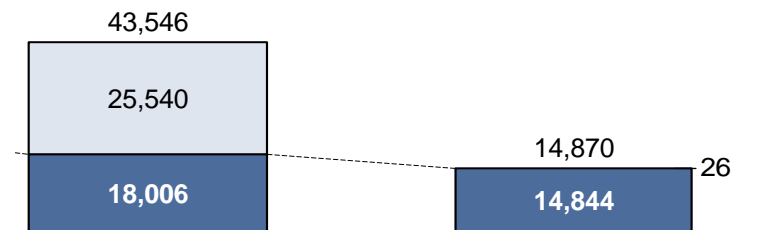
Generics

In CHF '000

Net sales



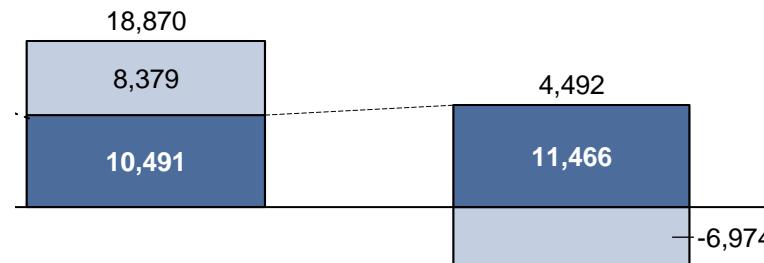
EBITDA



21.4%

23.9%

EBIT



12.5%

18.5%

Special Effects
 Adjusted values

Special Effects Sales

Special Effects EBITDA

Special Effects EBIT
 (on top of EBITDA)

Biologics (+13'498)

Arena (+13'537)

Canada (- 2'516)

Biologics (+13'415)

Pension Plan (+1'104)

Asset Impairment (-8'299)

Canada (-80)

Canada (+26)

Impairment Development Projects (-6'974)

Business Development 2009

Generics

Classical Generics

- *Sales decline due to changes in the German market; stabilization of sales in H2 2009 (H2 -3.9%, full-year base business -26.2%)*
- *Improvement of normalized operating margin (EBITDA- and EBIT-margin)*
- *Impairment intangible assets (development costs) Generics dossiers of CHF 7m due to reassessment of project pipeline*
- *Risk minimization based on partnering approach*

Inhalation

- *Project fully on track. Strong performance of device supported by experts.*
- *Lower costs than planned in 2009.*
- *Partnering discussions in advanced stage.*

Business Development 2009

Consolidated Income Statement

In 1 000 CHF (for the year ended December 31)	Notes*	2009	2008 ¹
Net sales	29	283 041	289 309
Cost of goods sold	8	-235 529	-226 865
Gross profit		47 512	62 444
Marketing and sales		-9 478	-11 220
Research and development		-31 515	-40 336
Administration and general overhead		-22 476	-14 609
Other operating income	20	4 425	18 537
Operating result before impairment		-11 532	14 816
Impairment	2,3	-16 209	-99 551
Operating result		-27 741	-84 735
Share of results of associated companies	4	906	1 252
Financial income	21	857	1 125
Financial expenses	21	-13 519	-6 068
Exchange rate differences	21	-823	243
Loss before income taxes		-40 320	-88 183
Income taxes	7	5 057	13 299
Net loss group		-35 263	-74 884

Business Development 2009

Consolidated Balance Sheet (I)

In 1 000 CHF (as of December 31)	Notes*	2009	2008 ¹
Assets			
Non-current assets			
Property, plant and equipment	2	235 613	241 729
Intangible assets	3	44 248	51 252
Investments in associated companies and joint ventures	4	5 971	6 024
Financial and other non-current assets	5, 6	15 661	20 391
Non-current pension assets	19	–	–
Deferred tax assets	7	–	–
Total non-current assets		301 493	319 396
Current assets			
Inventories	8	111 055	130 841
Trade receivables	5, 9	45 462	63 143
Other current assets	5, 10	10 393	10 720
Current taxes	7	582	13
Derivative financial instruments	11	–	434
Cash	12	8 083	14 937
Total current assets		175 575	220 088
Non-current assets held for sale		–	–
Total assets		477 068	539 484

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Consolidated Balance Sheet (II)

Liabilities and Equity			
Equity			
Share capital		5 600	5 600
Treasury shares	13	-4 867	-5 039
Reserves and retained earnings		326 613	351 452
Total equity		327 346	352 013
Non-current liabilities			
Non-current financial liabilities	5, 14	71 336	86 127
Non-current provisions	15	6 350	10 911
Deferred tax liabilities	7	436	573
Other non-current liabilities	16	5 645	6 530
Pension liabilities	19	2 471	18 943
Total non-current liabilities		86 238	123 084
Current liabilities			
Trade payables	17	23 581	21 657
Other current liabilities	18	25 942	33 048
Derivative financial instruments	11	3 854	4 300
Pension liabilities	19	921	922
Current provisions	15	8 866	4 420
Current income tax liabilities	7	320	40
Total current liabilities		63 484	64 387
Total liabilities		149 722	187 471
Total liabilities and equity		477 068	539 484

Business Development 2009

Capex 2009

<i>Capital expenditure</i>	<i>2008 CHF Mio.</i>	<i>2009 CHF Mio.</i>
<i>Capex fixed assets</i>	30	21
<i>Capex intangible assets</i>	12	12
<i>Total Capex</i>	42	33

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Strategy

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Strategy Principles

- *Focus on core business*
- *Existing USP developed considerably further*
- *Optimization of asset base allows for substantial margin improvement*

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Strategy Principles

- *A focus on relevant market segments is decisive for success in the integration of primary and secondary production*
- *This differentiates Siegfried from the “plain vanilla concepts”*

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Summary

- *2009 results show sound performance in Siegfried's core business*
- *The adjustment of financial risk options gives Siegfried a sound base for strategy implementation*
- *The capital increase opens up scope for rapid and efficient implementation*
- *The "Transform" strategy will turn Siegfried into a company with strong margins and convincing USP*

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Outlook

The main focus of Siegfried for 2010 will be the implementation of the new “Transform” strategy including the capital increase

In addition, the implementation of the new functional organization plays an important role for the future success of Siegfried.

The current project pipeline and order situation allow an optimistic outlook for 2010. Still, certain corrections in the asset base will be necessary which might have a negative impact in the short-run. For the normalized result, Siegfried expects a further improvement during 2010.



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*Thank you for your
attention*