

News Release

Sales growth continues – Strategy implementation on track

The Siegfried Group (SIX: SFZN) achieved solid results and returned to profitability during the first half of 2011. Net sales increased by 28.3% over 2010, to CHF 173.8 million and earnings before interest, taxes, depreciation and amortization (EBITDA) were CHF 18.9 million (2010: CHF 17.2 million), or a 10.9% margin. Net profit reached CHF 2.4 million. In terms of operations and strategy, the company is on track and the necessary funds for implementation of the strategy are available. The outlook for 2011 remains positive.

Despite the demanding economic environment that characterized the first six months of 2011, the Siegfried Group returned to profitability and continued to make progress with strategic and operational priorities. The company increased net sales by 28.3%, to CHF 173.8 million over 2010 (in local currencies: +42.4%). Earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 10.2% to CHF 18.9 million (previous year: CHF 17.2 million), or a 10.9% margin. As Siegfried responded early to the unpredictable developments in the currency markets by implementing corresponding measures, the negative effects of a strong Swiss franc on operating profits were kept within a tolerable range. The Siegfried Group achieved an operating cash flow of CHF 18.2 million (2010: CHF 11.5 million).

Dr. Rudolf Hanko, Siegfried CEO: “Siegfried is running smoothly. Our sales growth, achieved in difficult economic environment, underlines our competitive strength. Combined with our strong balance sheet, we are in an excellent position to take the necessary steps to create a foundation for sustainable growth and increased profitability.”

Exclusive Synthesis drives growth

The Siegfried Group reported strong growth for the first half of 2011 thanks to significant increase in API sales. Exclusive Synthesis contributed the lion's share, with over 50% in growth, contributing over 60% of total revenues. Controlled substances, including APIs for analgesics and opiates, also continue to grow, especially in the European market. These products contributed about 20% of sales during the first half of 2011.

Siegfried is striving to develop new Drug Products. Due to the considerable risks involved, these efforts are generally carried out with partners that contribute additional technology skills or enable a market entry in specific countries. The first market launches are expected by the end of this year. In addition, Siegfried has increased collaboration with research-based customers. However, these development contracts are complex and long-term.

Outlook

Siegfried sees significant sales growth (in local currencies) for 2011. The EBITDA margin should be similar to the first half of the year; the company expects a net profit for the year.

Dr. Rudolf Hanko: “We want to use the momentum of our progress in operations to achieve a sustainable improvement in our competitive position. Siegfried continues to focus on improving our market position and the targeted promotion of our USP – the combined offer of APIs and drug products. As a strong partner for the life sciences industry, we strive to strengthen our position even further.”

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About Siegfried

Active in Life Science markets, the Siegfried Group is a global manufacturer of pharmaceutical products with production facilities located in Switzerland, Malta and the USA. At the end of 2010, Siegfried employed approximately 700 employees and achieved annual sales of CHF 314 million. Siegfried Holding AG is listed on the Swiss Exchange in Zurich (SIX: SFZN).

Siegfried is active in both the primary and secondary production of drugs. The company develops and manufactures active pharmaceutical ingredients for the research-based pharmaceutical industry as well as the corresponding intermediate steps and standard products, and provides development and production services for drugs in finished dosage forms.