

Siegfried Increases Sales and Earnings in First Half 2019



The Siegfried Group (SIX: SFZN) reports robust results for the 2019 half-year. Net sales rose to 393.9 million Swiss francs, from 377.2 million Swiss francs for the prior period, corresponding to a growth of 4.4 percent in Swiss francs and 5.8 percent in local currencies. Core EBITDA grew by 4.3 percent to 66.3 million Swiss francs at a margin of 16.8 percent (2018: 63.5 million Swiss francs at also 16.8%). Core EBIT grew faster than sales by 7.2 percent to 42.0 million Swiss francs (2018: 39.2 million Swiss francs). Net profit of 31.0 million Swiss francs is slightly above that of the previous year (2018: 29.3 million Swiss francs). Operating cash flow increased by 16.7 percent to 41.5 million Swiss francs, free cash flow grew by 14.7 million Swiss francs (2018: 5.1 million Swiss francs).

Siegfried CEO Wolfgang Wienand: "Our ambition was and continues to be robust profitable growth, which we achieved in the first half-year 2019. The Core EBITDA margin grew compared to the 2018 financial year to 16.8 percent and is developing in the right direction. Strong operating cash flow as well as the disproportionate increase in free cash flow are positive. As in the past, we expect that the second half-year will be stronger than the first. We are well on track toward a successful financial year 2019."

Undiluted earnings per share were 7.47 francs (2018: 7.05 francs), and diluted earnings per share amounted to 7.29 francs (2018: 6.86 francs).

The company's workforce grew by 1.6 percent to 2347 fulltime equivalents on 30 June 2019, compared with 2310 on 30 June 2018.

Key Figures 2019

	1 st Half-Year 2019	1 st Half-Year 2018 ¹	Change CHF
Net sales (million CHF)	393.9	377.2	4.4% (5.8% in LC)
Gross profit (million CHF)	92.4	81.9	12.8%
Gross profit margin (in %)	23.5%	21.7%	
Core Results ²			
Core EBITDA (million CHF)	66.3	63.5	4.3%
Core EBITDA margin (in %)	16.8%	16.8%	
Core EBIT (operating result) (million CHF)	42.0	39.2	7.2%
Core EBIT margin (in %)	10.7%	10.4%	
Results			
EBITDA (million CHF)	65.2	61.0	6.9%
EBITDA margin (in %)	16.6%	16.2%	
EBIT (operating result) (million CHF)	41.0	36.7	11.9%
EBIT margin (in %)	10.4%	9.7%	
Net profit (million CHF)	31.0	29.3	5.5%
Net profit-margin (in %)	7.9%	7.8%	
Non-diluted earnings per share (CHF)	7.47	7.05	6.0%
Diluted earnings per share (CHF)	7.29	6.86	6.2%
Cash flow from operating activities (million CHF)	41.5	35.6	16.7%
Free cash flow (million CHF)	14.7	5.1	188%
Investment in property, plant and equipment and intangible assets (million CHF)	26.9	30.5	-11.8%
	June 30, 2019	December 31, 2018	Change
Equity (million CHF)	701.7	678.8	3.4%
Total assets (million CHF)	1 106.6	1 103.1	0.3%
Equity ratio (in %)	63.4%	61.5%	1.9%
Employees (number of FTEs)	2 347	2 294	2.3%

¹ Restatement employee benefits see accounting policies.

² Core results exclude costs for restructuring, impairment and integration. Furthermore, in terms of core result figures, interest effects from liabilities concerning foreign pension plans are reclassified to financial results. In the first half of 2019, there were no costs for restructuring, impairment and integration (previous year: restructuring in Evionnaz amounting to 1.5 million francs). Reclassification of interest effects resulting from pension liabilities to financial results amounted to 1.0 million francs, as in the previous year.

Sales of drug substances and intermediates with significant growth

In the first half-year, Siegfried achieved approximately three quarters of its sales with drug substances and intermediates and approximately one quarter with drug products consisting of sterile liquid (vials, ampules, cartridges) and solid (tablets and capsules) dosage forms.

Sales of drug substances and intermediates grew by 7.5 percent compared to the previous year. The result includes sales of exclusive products and portfolio products to various customers. While sales of drug products were reported slightly below those of the comparable period of the previous year, they also show robust growth across a longer period of time, namely a CAGR of 7.8 percent when comparing first half 2019 with first half 2015. For the full year, Siegfried expects growth in drug product sales compared to the previous year, too.

Successful completion of FDA audits confirms Siegfried's high quality standards

In addition to numerous international authorities and customers, the US regulatory authority FDA (Food and Drug Administration) audited Siegfried's Minden, Irvine, Evionnaz and Zofingen sites. All inspections were successful. As a result, Siegfried continued to prove that its services and production facilities meet the highest quality standards. This is decisive in our aim to successfully operate as a long-term strategic partner of the pharmaceutical industry.

The Nantong (China) site has recently also been audited by the US regulatory authority FDA. The inspection went very well, and Siegfried therefore expects the import permit for the United States to be issued in the coming months. Thus, the Nantong site reached a significant milestone and it will further develop into an important part of Siegfried's network.

Siegfried continues to invest in its network

Besides targeted investments at almost all sites, a new drug substance production plant has been completed at the St. Vulbas site in June and is now being taken into operation. In the same month, new development laboratories became available at the Hameln site after less than a year of construction time. The laboratories will provide formulation development services to customers and thus strengthen acquisition of new business in the field of sterile drug products, including aseptic filling of biologics. Siegfried expects attractive growth in this segment in the coming years. In addition to investments in tangible fixed assets, Siegfried's focus will remain on increasing operational performance and strengthening internal technological competencies.

Outlook on 2019 financial year confirmed

Siegfried continues to expect sales growth for the entire 2019 financial year in at least the mid-single digit percentage range (at unchanged exchange rates) and corresponding improvement of the operating margin (Core EBITDA).

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This Media Release on the web

<http://www.siegfried.ch/media-releases/>

About Siegfried

The Siegfried Group is active worldwide in the field of Life Sciences with production facilities located in Switzerland, the USA, Germany, France, Malta and China. At the end of 2018, Siegfried reported annual sales of CHF 794.3 million and employs at the time being approximately 2350 employees at nine locations on three continents. Siegfried Holding AG is listed on the Swiss Exchange (SIX: SFZN).

Siegfried is active in both the primary and secondary production of drugs. The company manufactures active pharmaceutical ingredients for the pharmaceutical industry as well as the corresponding intermediates and controlled substances, and provides development and production services for finished dosage forms including aseptic filling.

Cautionary Statements Regarding Forward-Looking Statements

This press release may contain forward-looking statements based on current assumptions and forecasts made by Siegfried Group management and other information currently available to the Siegfried Group. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. Siegfried Holding AG does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to conform them to future events or developments.