

With strong momentum through turbulent times: Siegfried significantly increases sales and profits in the first half of 2022 despite challenging environment

- > Net sales up to CHF 586.7 million (29.9% in local currencies)
- > Core EBITDA of CHF 130.2 million (prior year CHF 80.5 million) at an expanded margin of 22.2% (prior year 17.3%)
- > Core net profit of CHF 65.2 million (prior year CHF 32.6 million)
- > Outlook for full-year upgraded despite challenging environment: Siegfried now expects growth in net sales to be above 15% for the full-year and Core EBITDA margin in the range of the profitability of the first half-year 2022

Key Figures 2022

	1 st Half-Year 2022	1 st Half-Year 2021	Change CHF (LC)
Net sales (million CHF)	586.7	466.9	+25.7% (+29.9%)
Gross profit (million CHF)	156.4	92.3	69.4%
Gross profit margin (in %)	26.7%	19.8%	
Core¹ Results			
Core EBITDA (million CHF)	130.2	80.5	61.7%
Core EBITDA margin (in %)	22.2%	17.3%	
Core EBIT (operating result) (million CHF)	91.4	40.4	126.3%
Core EBIT margin (in %)	15.6%	8.6%	
Core Net profit (million CHF)	65.2	32.6	100.4%
Core Net profit-margin (in %)	11.1%	7.0%	
Core non-diluted earnings per share (CHF)	15.43	7.75	99.1%
Core diluted earnings per share (CHF)	15.09	7.52	100.6%
Cash flow from operating activities before change in current assets (million CHF)	128.1	85.7	49.4%
Cash flow from operating activities (million CHF)	76.3	96.9	-21.3%
Free cash flow (million CHF)	15.5	34.9	-55.4%
Investment in property, plant and equipment and intangible assets (million CHF)	60.7	62.1	-2.1%
	June 30, 2022	December 31, 2021	Change
Equity (million CHF)	719.0	688.2	4.5%
Total assets (million CHF)	1 720.7	1 669.2	3.1%
Equity ratio (in %)	41.8%	41.2%	
Employees (number of FTEs)	3 511	3 432	2.3%

¹ As of June 30, 2022, CHF 0.6 million was reclassified from the current net interest on foreign pension liabilities to the financial result (previous year CHF 0.5 million). In the reporting period, consulting services were used at individual locations as part of specific performance improvement projects. For this purpose, CHF 1.6 million was neutralized in core administration expenses. In the previous year, the acquisition of the two Spanish companies resulted in integration costs of CHF 2.7 million, which were neutralized in core administration expenses. The tax asset on the step up on trademark rights as of December 31, 2019 was released as of June 30, 2022 in a proportionate amount of CHF 0.9 million (previous year CHF 0.9 million).

In the first half of 2022, Siegfried Group (SIX: SFZN) continued the previous year's good performance and made further progress concerning the implementation of the corporate strategy geared to long-term profitable growth.

Net sales amounted to CHF 586.7 million, a growth of 25.7 percent in Swiss francs and 29.9 percent in local currencies. In addition to the positive business development in both clusters, Drug Substances and Drug Products, price increases due to higher raw material and production costs contributed to the growth as well. Moreover, the prior period was affected by the cyberattack from end of May 2021.

Core EBITDA amounted to CHF 130.2 million (prior period: CHF 80.5 million), representing a Core EBITDA margin of 22.2% (prior period: 17.3%). Core net profit amounted to CHF 65.2 million (prior period: CHF 32.6 million). Cash flow from operating activities reached CHF 128.1 million (prior period: CHF 85.7 million) before changes in net working capital, and CHF 76.3 million (prior period: CHF 96.9 million) after changes to net working capital.

Wolfgang Wienand, CEO Siegfried: "Given the macro uncertainties of the last few months, it has been very gratifying to see how decisively and quickly we as a global team can respond to short-term challenges and protect the interests of our customers and our own, even in turbulent times. This shows how firmly we hold the reins in our hands and stay on track. I expect the financial year 2022 to be a very good one overall and remain confident concerning our ambitious plans for the future."

On track in a challenging environment

Demand for Siegfried's services and products remained high in both clusters, Drug Substances and Drug Products, thanks to attractive products and successful customer relations. However, Russia's attack on Ukraine and the ongoing coronavirus pandemic also showed an effect on Siegfried. Although the company is not directly exposed to either Russia or Ukraine on the sales or the procurement side, the considerable price increases of raw materials, energy (gas and electricity) and services in addition to ongoing delays and disruptions in global supply chains and shortage of staff created risks concerning Siegfried's ability to supply and its profitability.

Siegfried recognized these risks at an early stage and addressed them proactively. Restrictions in performance were largely avoided by adjusting production plans and by investing into additional safety stock. As a result, inventories grew stronger in the period under review than originally planned. Siegfried expects this effect to revert once the global supply chains have normalized. With regard to price increases, by means of cost discipline and on the basis of its relevance, Siegfried was able to find appropriate solutions together with its customers in almost all cases. Consequently, negative effects on cash flow could be avoided almost completely and negative effects on the margin were kept within limits. In addition to these defensive measures, the positive development of the business including coronavirus vaccines as well as the active management of the entire product portfolio contributed to the significant increase in profitability well over 20 percent Core EBITDA margin.

Successful integration and transformation of the new Spanish sites

The Integration of the two new sites in Barcelona, which Siegfried acquired beginning of 2021, is on schedule. Many of the services, especially IT services, provided by Novartis for a transition period, have been onboarded, and Siegfried expects to be entirely autonomous by the end of 2022. With its deep pool of well-educated employees, the Barcelona sites play a significant role in Siegfried's network, not only as a production sites, but also as a location

for various global functions, especially in finance and IT. The establishment of the Center of Excellence is progressing according to schedule. Here, Siegfried will offer its customers a wide range of differentiating pharmaceutical production technologies and development services in state-of-the-art development laboratories and with flexible pilot capacities. Already today, production orders for new customers are being executed at both sites, and Siegfried continues to expect noteworthy new business starting 2023 or 2024.

Targeted investments in the existing network

In addition to these comprehensive integration activities, Siegfried continued to invest in the maintenance, optimization and capacity extension of the entire network to the planned extent. This is true, especially, for the current investment of up to 100 million Swiss francs in a new state-of-the-art drug substances production plant at the Minden site in Germany. Despite the unfavorable environment for construction projects and plant engineering, the new production plant will be available from 2024 to cover a higher demand for existing products and for new business.

Outlook for the entire 2022 financial year adjusted upward

The geopolitical and macroeconomic environment remains demanding. Siegfried closely monitors the connected potential effects on energy supply. The company has prepared for a potential gas shortage in Europe, specifically Germany, by means of a partial or entire switch to alternative sources of energy, savings measures, or the constructive exchange with the relevant authorities concerning Siegfried's systems relevance as a producer of essential drugs.

Subject to significant changes in the economic environment and unexpected geopolitical developments, Siegfried expects the business to develop favorably and, based on the strong results in the first half of 2022, adjusts its outlook for the full financial year upwards: Siegfried now expects net sales to grow by more than 15 percent in local currencies for the full financial year 2022 and a Core EBITDA margin at a similar level as in the first half-year 2022.

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About Siegfried

The Siegfried Group is a global life sciences company with sites in Switzerland, Germany, Spain, France, Malta, the USA and China. In 2021, the company achieved sales of 1.1 billion Swiss francs and employed on 31.12.2021 more than 3'600 people at eleven sites on three continents. Siegfried Holding AG is publicly listed on SIX Swiss Exchange (SIX: SFZN).

Siegfried is active in manufacturing pharmaceutical APIs (and their intermediates) as well as drug products (tablets, capsules, sterile vials, ampoules, cartridges and ointments) for the pharmaceutical industry and provides development services.

Cautionary Statements Regarding Forward-Looking Statements

This media release includes statements concerning the future. They are based on assumptions and expectations that may prove to be wrong. They should be considered with due caution as, by definition, they contain known and unknown risks, insecurities and other factors which could result in a difference in the actual results, financial situation, developments or the success of Siegfried Holding AG or Siegfried Group from the explicit or implicit assumptions made in these statements.