

# Siegfried delivers strong sales growth and profitability

H1 Results 2023

Zofingen, 17 August 2023

**expect  
more**



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# Siegfried delivers strong sales growth and profitability in the first half of 2023

A resilient and well-diversified business portfolio



- Net sales up to CHF 607.1 million (prior year CHF 586.7 million), an increase of 6.8% in LC (3.5% in CHF) – underlying business with double-digit percentages growth (in LC)
- Core EBITDA of CHF 125.7 million (prior year CHF 130.2 million) at a margin of 20.7% (prior year 22.2%)
- Core net profit of CHF 58.9 million (prior year CHF 65.2 million)
- Strategy EVOLVE well on track:
  - Significant investments in existing network to enable future growth
  - Entry into cell & gene therapy (CGT) through acquisition of DiNAMIQS to create additional opportunities in a high-growth CDMO segment

→ Outlook increased for full year 2023: Siegfried now expects mid single-digit percentages sales growth (in LC) with a Core EBITDA margin above 20%

A man with a beard, wearing a white lab coat, a white hard hat with the 'Siegfried' logo, and safety glasses, is looking towards the camera. He is in a laboratory or industrial setting with various equipment and pipes in the background. A blue semi-transparent box is overlaid on the left side of the image, containing the text 'Financial Update'.

# Financial Update

# Strong growth: Delivered

Despite phasing out of vaccines business

## Net sales split H1 2023



34.4%

● Drug Products

65.6%

● Drug Substances

Note: Net sales split H1 2022: 42.1% Drug Products, 57.9% Drug Substances

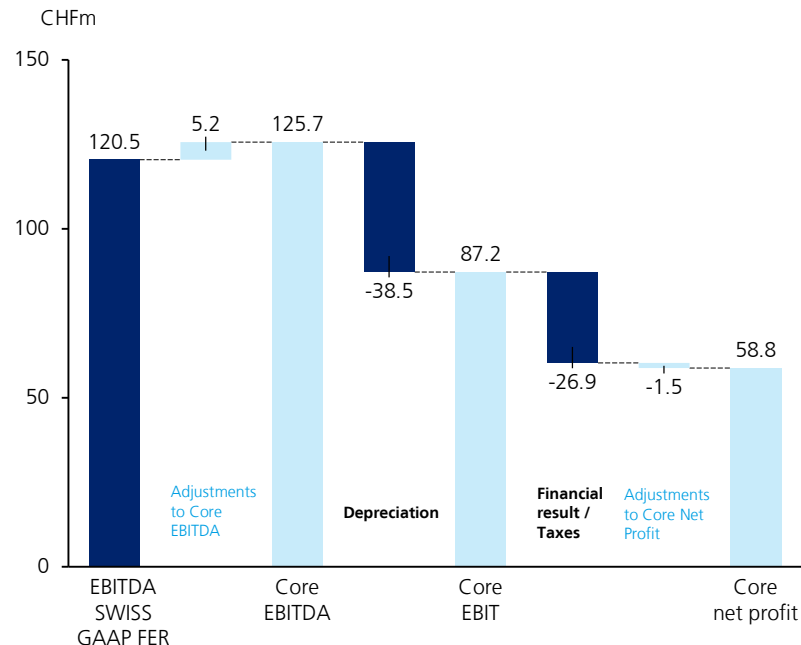
## Change H1 2022 – H1 2023

CHF million	H1 2023	H1 2022	Change
Drug Substances	398.5	339.5	⬆️ +17.4% (+20.2% in LC)
Drug Products	208.6	247.2	⬇️ -15.6% (-11.7% in LC)
<b>Total</b>	<b>607.1</b>	<b>586.7</b>	⬆️ +3.5% (+6.8% in LC)

- Net sales grew by 6.8% in Local Currencies (LC), strong FX headwind across all currencies
- 30% sales recorded in CHF, 58% in EUR, 11% in USD
- Strong development of underlying business

# Reconciliation for H1 2023

From Swiss GAAP FER to Core results



## Comments

### Adjustments to Core EBITDA

- Current net interest foreign pension plan (CHF 1.5m)
- Jubilee 150 years (CHF 0.8m)
- Restructuring projects costs (CHF 1.5m)
- Transaction costs (CHF 1.4m)

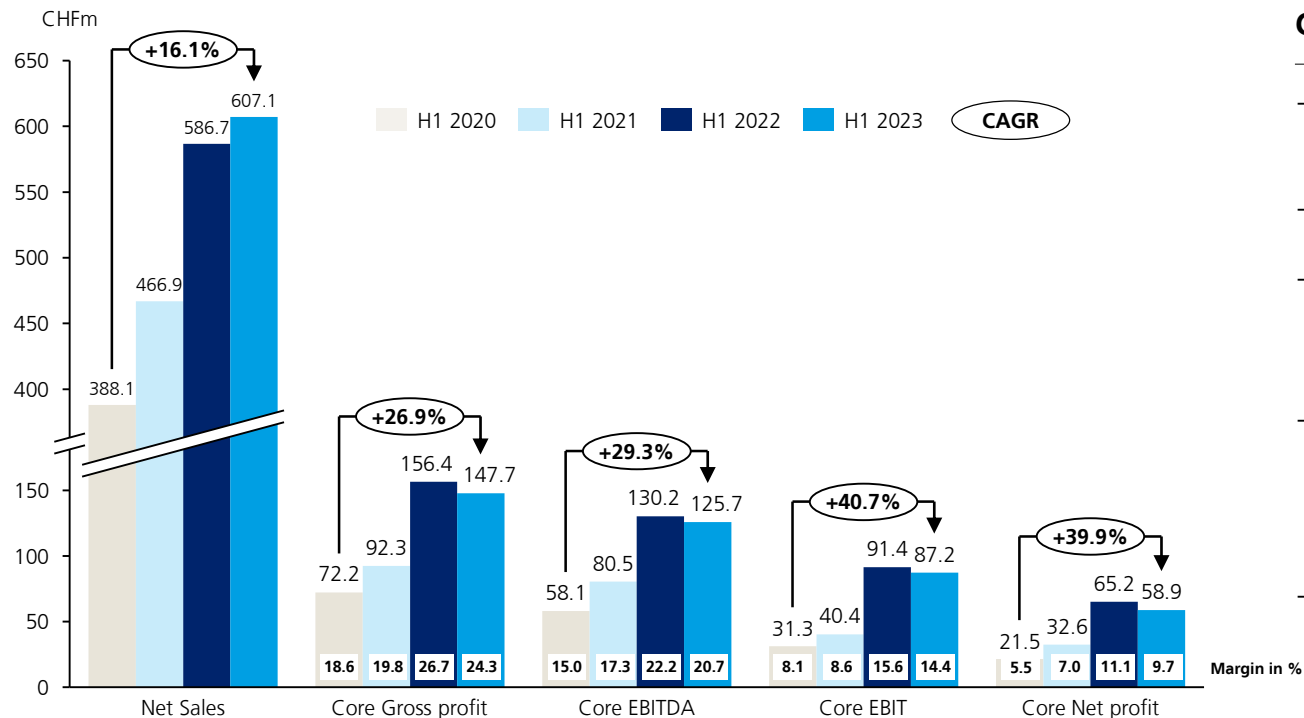
### Adjustments to Core net profit

- ⬇ Current net interest on foreign pension plans (CHF -1.5m)
- ⬇ Tax effect on Core EBITDA adjustments (CHF -0.9m)
- Step-up DTA (CHF 0.9m)

Core numbers / core adjustments

# Strong profitable growth over the cycle in a challenging macro environment

Resilience from business model, diversification and operational management



## Comments

- High CAGR for net sales – even higher for all profit aggregates
- Continued high demand
- Unprecedented macro environment: pandemic, supply chains, inflation, FX volatility, interest rates
- Efficiency measures, strict cost discipline and active portfolio management were key to successfully master the challenges
- Effect will be permanent and long-lasting

# H1 2023: Strong profitability protected

CHF million	H1 2023	H1 2022
<b>Net sales</b>	<b>607.1</b>	<b>586.7</b>
Core cost of goods sold	-459.4	-430.4
<b>Core gross profit</b>	<b>147.7</b>	<b>156.4</b>
Marketing and sales costs	-11.4	-9.5
Core research and development costs	-22.1	-21.3
Core administration & general overhead costs	-33.7	-36.7
Other operating income	6.6	2.6
<b>Core EBIT</b>	<b>87.2</b>	<b>91.4</b>
Core financial result (loss)	-5.5	-3.5
Exchange rate differences (loss)	-3.1	-2.6
<b>Core profit before income taxes</b>	<b>78.6</b>	<b>85.2</b>
Core income taxes	-19.7	-20.0
<b>Core net profit</b>	<b>58.9</b>	<b>65.2</b>
Depreciation	-38.5	-38.9
<b>Core EBITDA</b>	<b>125.7</b>	<b>130.2</b>

Note: Each number is rounded individually

## Comments

- SG&A as a total decrease relative to net sales, but also in absolute terms
- Core financial expenses higher than prior period – non-cash interest on pension liabilities (CHF 1.5m, CHF 0.9m higher than prior period) included



# Improvement in operating cash flow

Despite continued investments into inventory positions

CHF million	H1 2023	H1 2022
Operating cash flow before changes in NWC	119.5	128.1
Change in NWC	-40.7	-51.9
<b>Operating cash flow</b>	<b>78.8</b>	<b>76.3</b>
Purchase of PPE and intangibles (net)	-64.5	-60.7
Acquisitions	-10.6	-
Other investing activities	0.2	-
<b>Cash flow from investing activities</b>	<b>-74.9</b>	<b>-60.7</b>
<b>Free cash flow</b>	<b>14.3</b>	<b>15.5</b>
<b>Cash flow from financing activities</b>	<b>-64.3</b>	<b>-43.5</b>
<b>Net change in cash</b>	<b>-60.4</b>	<b>-28.0</b>

Each number is rounded individually; Free cash flow is calculated as Operating cash flow minus Purchase of PPE and intangibles (net).

<sup>1</sup> Technically, a repayment of capital

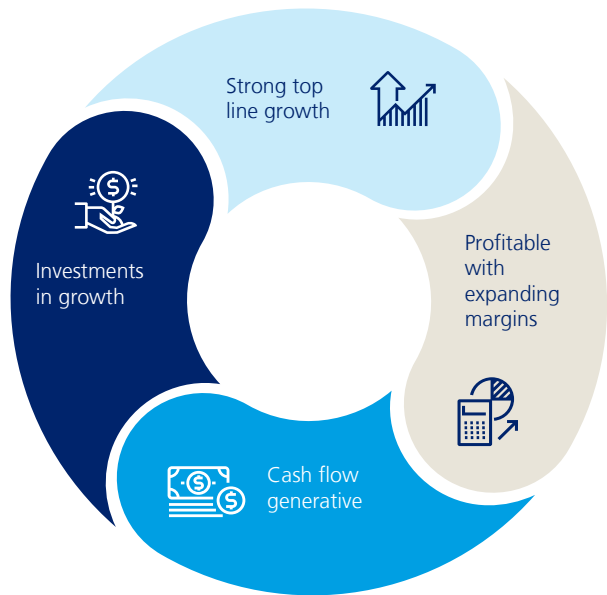
## Comments

- Slight increase of operating cash flow
- Reduced NWC absorption, but continued investments into inventory positions
- Capital expenditures in line with guidance
- Cash flow from financing includes dividend<sup>1</sup> to shareholders, which in 2022 had taken place in the second half of the year

→ Operating cash flow is the foundation for investments into further growth

# Capital allocation framework

A strong balance sheet provides the financial flexibility required to execute our strategy



## **Invest in organic growth – in line with EVOLVE strategy**

- Expansion investments in capacity and technologies
- Investments in capabilities and people

## **M&A – Core and beyond in line with EVOLVE strategy**

## **Deleverage and optimize funding cost**

- Continuous reduction of leverage by repayment of the RCF

## **Pay-out policy**

- Disciplined pay-out ratio

→ Investments in growth create the readiness to seize our opportunities and further create value

A woman wearing a white full-body protective suit, a clear face shield, and glasses is smiling. She is positioned inside a biosafety cabinet, with its glass front and metal frame visible in the background. A large blue semi-transparent rectangle is overlaid on the left side of the image, containing the word "Outlook" in white text.

# Outlook

# Strategy EVOLVE: We strengthen our core and open doors beyond

Through organic investments and M&A

## Grow existing core

Strengthening current value proposition to fully exploit significant potential in small molecules

- Small molecule DS and DP
- Complex chemistry
- Oral / inhalation solid dosage forms
- Sterile liquid dosage forms
- Integrated offering of DS and DP services

## Add and integrate adjacencies

Diversification into new CDMO market segments followed by integration into core

- Formulation and aseptic fill & finish of large molecules
- Particle technologies
- DP delivery systems
- DS Antibody drug conjugates (ADC)

## Enter and grow new areas

Expansion into other high-growth areas within CDMO business model

- DS Antibodies
- Cell & gene therapy
- Viral vectors
- Bioengineered vaccines
- Data analytics



# Delivering upon our strategy EVOLVE: Grow existing core

Expanding our development and manufacturing capacities and capabilities in small molecules



## Minden (DS, Germany)

New large-scale, world-class production plant for high-value DS:

Construction start in August 2022, to be operational in 2024 / 2025



## Evionnaz (DS, Switzerland)

New Center of Excellence for high-end DS development services:

Start in April 2023, to be operational 2024



## Barcelona (DP, Spain)

New Center of Excellence for high-end DP development services:

Completed and operational since March 2023

→ Siegfried further builds out its globally leading position in small molecules to fully exploit highly attractive market dynamics today and to enable long-term profitable growth in the future

# We strive for excellence to fully exploit our asset base and prepare for growth

Continued focus on commercial, operational and organizational excellence will drive returns and de-risk M&A



## Commercial Excellence

Allocate high value capacity to margin accretive products & optimize working capital

- Protection against inflation, demand volatility, FX effects
- Working capital and inventory financing
- Long-term customer development as strategic partners



## Operational Excellence

Free up and de-risk bottlenecks as well as improve operational efficiency

- Ensure cost competitiveness
- Strive for first-time-right
- Reduce non-quality cost
- Keep highest levels of quality standards
- Support sustainability targets



## Organizational Excellence

Increase organizational maturity and prepare for the next wave of growth

- Siegfried Academy: Train and develop our people
- SAP S4 / HANA, Salesforce: Define core processes and organizational setup

### PORTFOLIO MANAGEMENT





# Sustainability is one of our five core values

Good progress in H1 2023

**MSCI ESG RATINGS** **AA**

CCC B BB BBB A AA AAA

Confirmed on 12.2.23

Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA

Corporate ESG Performance  
RATED BY ISS ESG Prime

**SILVER 2022 ecovadis Sustainability Rating**

**GOLD 2020 ecovadis Sustainability Rating**

<sup>1</sup> Compared to H1 2021, based on actual consumption  
<sup>2</sup> Compared to 2020, CO<sub>2</sub> equivalents normalized against Sales  
<sup>3</sup> Compared to 2021

-8.6%

Energy

Energy saved in H1 2023<sup>1</sup>

73%



**Renewable Electricity**

454 Terajoules (TJ) electricity consumption came from renewable energy sources

-10%

Energy Target

Target: Total energy consumption reduction in 2023<sup>3</sup>

-50%

**Sustainability Commitment**

Siegfried's carbon footprint to be reduced by 50% until 2030<sup>2</sup>

# Delivering upon our strategy EVOLVE: Enter and grow new areas

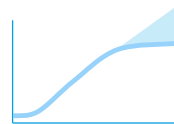
Acquisition of DiNAMIQS as nucleus for additional growth in the cell & gene therapy CDMO segment

## Bio-Technopark Zurich-Schlieren



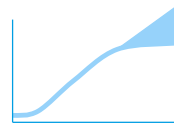
## Investment platform to be built out in line with market and technology trends

- Attractive AAV vector development and non-GMP manufacturing platform
- Strong team of cutting-edge scientists as core to further build the organization
- Build-out of a state-of-the-art GMP facility at 500L commercial scale underway – to be operational in 2025
- DiNAMIQS as separately managed entity to maintain start-up mindset



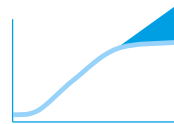
### Capacity

Expansion of GMP capacity for commercial-scale manufacturing



### Technology

Expansion of technology offering, e.g., LV, LNP, mRNA, non-viral technologies



### Network footprint

Geographical expansion of development and manufacturing services (US, EU)

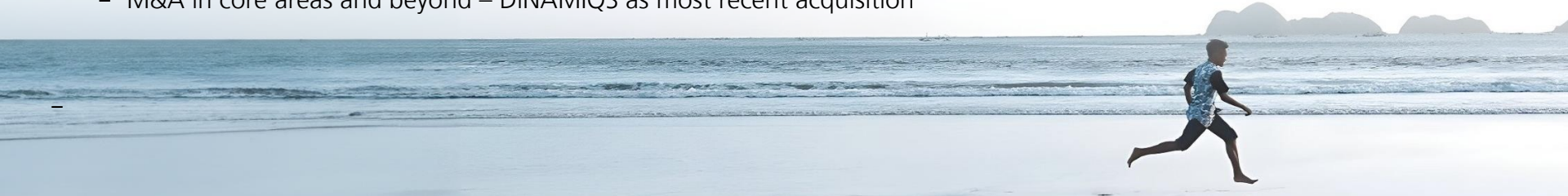
→ Investing in DiNAMIQS to build the basis for future growth in the CGT space



# Outlook increased: Siegfried keeps moving to deliver profitable growth

By investing in the global network and executing value-adding M&A

- Sales growth at least in line with CDMO market
- Active project and product portfolio management
- Commercial, operational and organizational excellence
- Further execution of corporate strategy EVOLVE:
  - Investments in global network, adding capacities and differentiating technologies
  - M&A in core areas and beyond – DiNAMIQS as most recent acquisition



→ Siegfried delivered a strong first half and now expects mid single-digit percentages sales growth (in LC) with a Core EBITDA margin above 20% for the full year 2023



# Q&A



Thank you for  
your attention



20 February 2024

**Publication:  
Full-Year-Results  
2023**

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18 April 2024

**Annual General  
Meeting**