

# Siegfried

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# Successful as a Global Team

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Siegfried looks back on an exciting year with successful inspections and important construction projects.

The Building Blocks  
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Our mission and vision as well as our corporate values represent the basis for Siegfried's self-conception and thus the company's success.

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"Evolve" and "Elevate" stand for the growth strategy with which Siegfried aims to advance into the top league of the CDMO industry.

**Dr. Andreas Casutt**  
Chairman of the Board of Directors  
**Dr. Wolfgang Wienand**  
Chief Executive Officer



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**Dr. Reto Suter**  
Chief Financial Officer



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All single chapters of the  
Annual Report are available  
online.

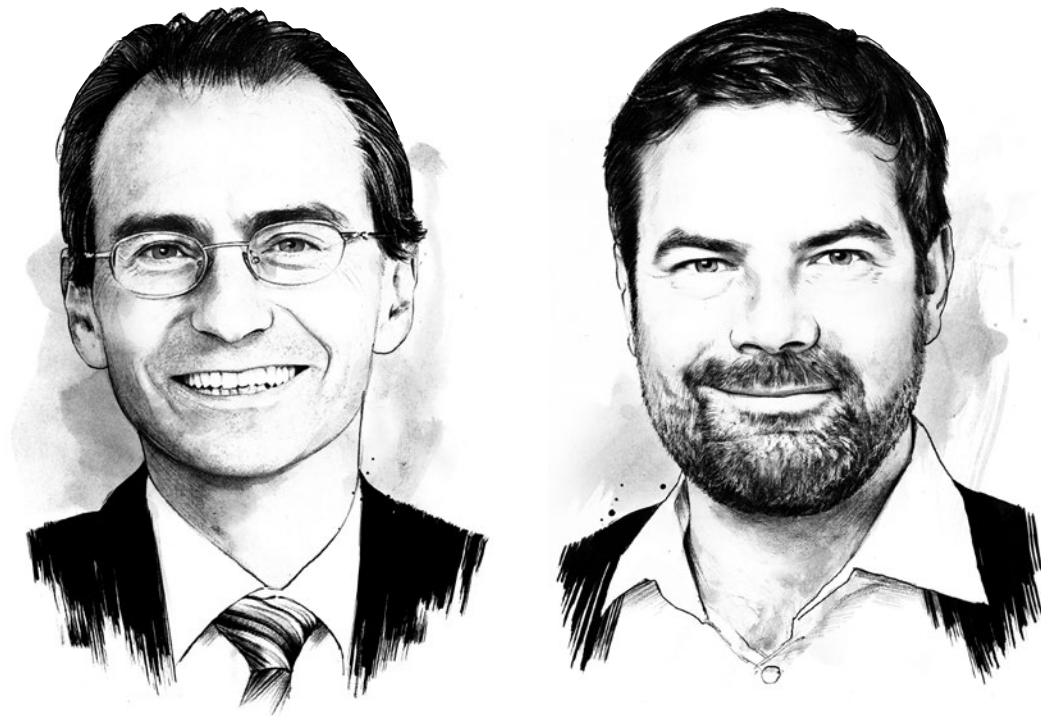
[Corporate Governance](#)

[Remuneration Report](#)

[Sustainability Report](#)

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# Dear Shareholders



The Siegfried Group looks back on a successful 2019 financial year in which it achieved its goal of profitable growth. Sales amounted to 833.5 million Swiss francs which, compared to the previous year, represents growth of 6.9 percent in local currencies, or 4.9 percent in Swiss francs. Core EBITDA (earnings before interest, taxes and amortization) grew by 11.3 percent to 140.7 million Swiss francs. This corresponds to a core EBITDA margin of 16.9 percent, 1 percent above the previous year's value (2018: 15.9 percent). Core EBITDA thus again grew faster than sales. Core net profit of 65.7 million Swiss francs is reported clearly above that of the previous year (55.4 million), representing an increase of 18.5 percent.

Against the background of this good result, the Board of Directors will recommend to the Annual General Meeting a distribution to shareholders of 2.80 Swiss francs per registered share. This is done by reducing the nominal value within the framework of a capital reduction. In the previous year, 2.60 Swiss francs were distributed to shareholders from capital contribution reserves. Siegfried reports operating cash flow for 2019 before changes in net current assets of 135.6 million Swiss francs (2018: 134.9 million). Investments in tangible and intangible fixed assets of 61.9 million Swiss francs remained at the previous year's level (2018: CHF 60.1 million).

Robust organic growth of nearly 7 percent is noticeably above that of previous years. Drug substances represented about three-quarters of Siegfried's sales and drug products one quarter.

In its business with drug substances, exclusive synthesis, especially, developed very favorably. The slight decline in portfolio products, particularly drug substances used in pain treatment, reflects various special

effects. In local currencies, business with drug products grew moderately compared to the previous year.

Siegfried is an important supplier of development services and a producer of drug substances and finished dosage forms for the pharmaceutical industry (Custom Development and Manufacturing Organization, CDMO) as well as a valued strategic partner of various pharmaceutical companies. We are in a position to produce about 200 of the 1,500 drug substances approved for marketing by the FDA, the US registration authority. Thus, according to an internal estimate, Siegfried supports the annual medical treatment of about 40 million patients. With its nine sites on three continents, Siegfried today competes in the top group of the worldwide leading CDMOs and is active in a highly competitive but attractive and continuously growing market. Siegfried is determined to keep up the good position in the current financial year while creating the preconditions for continued growth in the future.

The different measures with which we want to secure this growth are summarized in the corporate strategy "Evolve". Considering that the ten leading CDMO companies today have a market share of less than 20 percent and that size enables competitive advantages, we expect consolidation in the supplier market to the worldwide pharmaceutical industry to proceed by means of acquisitions and mergers. That is why, in addition to continued organic growth, the ongoing expansion of the company's critical size remains a key strategic objective. Our aim is to actively participate in this process of consolidation. We are considering acquisitions in the production of drug products and finished dosage forms. Our primary objective remains to provide our customers

both services – chemical and pharmaceutical development and industrial-scale production – as an integrated offering from a single source, thus enabling our customers to simplify their supply chains and make them more efficient. In this regard, as in the past, we shall continue to proceed proactively and in a disciplined manner. We will ensure that potential targets represent a good fit for Siegfried in terms of culture, business, technology and acquisition price and will in a timely manner contribute toward a rise of our enterprise value.

In the 2019, Siegfried attached great importance to effective networking among its production sites. Consequently, management has initiated numerous internal projects, which will allow us to increasingly act as a global team across all of our sites. This also applies to the group-wide introduction of software-based management processes in the areas of quality management and production, which will continue in 2020 and beyond. At the same time, in the year under review, more production transfers were implemented between sites than ever before in the history of the company. Our aim is to ensure that individual products are produced at that site, which is best suited while freeing up capacity for new business. At the same time, the qualification of two sites increases both reliability of supply and flexibility for important and large customer products.

Expansion of our technological capabilities represents a further focus in addition to strengthening our network concept. In the year under review, Siegfried Group implemented investments at several sites that will benefit research & development and connected production operations. At our headquarters in Zofingen, we initiated the construction of a multi-purpose train in Building 425 for a specialized chemical technology,

which will be completed and available in 2020. In Hameln, Siegfried worked on increasing capacity and capabilities required in sterile filling of biologically produced drug substances and took into operation new development laboratories in July. In Evionnaz, a new micronization plant for pharmaceutical drug substances is currently under construction and will be put into operation in 2020.

As we can successfully operate our high-quality and competitive plants with a strong team, we inaugurated the "Siegfried Academy" in the year under review. The Academy pools and strengthens our investment in our employees' capabilities. In addition to promoting scientific and technological Excellence, which is one of our five corporate values, the Academy's aim is to support Siegfried Group's junior and senior managers in their development by means of special programs concerning the company's strategic development and its management tasks.

All of these investments aim at strengthening the competitiveness of our global teams as well as of our sites and facilities, and they provide a basis on which our targeted long-term growth can be mastered. These efforts will continue in the current year and beyond.

Never before in the history of the company have so many inspections by regulatory authorities been carried out as in the year under review. Consequently, another corporate value – Quality – was put to the test more often than ever before. The FDA, the US American regulatory authority, paid Siegfried a visit six times. The results were positive, and they confirm that Siegfried's network of sites meets the highest quality standards. In this connection, the US-FDA inspection in Nantong – the first ever at the



site – was particularly positive. It concluded with the rating of “no action indicated”.

As a partner of the worldwide pharmaceutical industry, Siegfried attaches great emphasis not only on quality, but also on sustainability. In addition to quality, Sustainability is one of our five central corporate values. For several years, we reported on the basis of the standards set out by the Global Reporting Initiative (GRI). The current annual report, in addition, embraces the standards of the Sustainable Development Goals (SDG) of the United Nations. The aim is not only to strengthen Siegfried’s reputation, but also to combine the varied measures and make them available for internal and external use. A workgroup performed a materiality analysis and defined the nine most significant issues concerning sustainability, which include product safety, environmental protection, fair working conditions including health and occupational safety, avoidance of corruption and anti-competitive behavior, political representation of interests and involvement of the local population at the various sites. Both the Executive Committee and the Board of Directors regularly address issues concerning sustainability, especially the considerate dealing with natural resources, and our corporate social responsibility. The separate Sustainability Report, which is available online, reflects Siegfried’s high awareness for matters concerning sustainability and shows that the company has the necessary tools to meet the demands made on sustainability in its everyday work. We consider all of these measures and the connected reporting to be an active contribution by our company toward the ongoing discussion concerning the responsibility shown by internationally active companies.

Dr. Wolfgang Wienand started in his new position as Chief Executive Officer on 1 January 2019. Dr. Jürgen Roos succeeded Wolfgang Wienand as new Chief Scientific Officer and Daniel Nieper as new Chief Strategy Officer. Following many years as head of the Legal Department, Dr. Luca Dalla Torre was appointed General Counsel, and he will remain Secretary of the Board of Directors. The management change at the top of the company was successful; the positive annual result 2019 not only confirms the strategic but also the personnel orientation of the Siegfried Group.

On the occasion of the Annual General Meeting of Shareholders in April 2020, the Board of Directors will propose Isabelle Welton (1963) for election as an additional Board member. The entrepreneur looks back on a successful career in globally active corporations in the financial services and IT industries. Today, she runs a consulting company with a focus on corporate culture and change processes. She serves on the boards of NZZ Media Group, Avobis Group, Swisscontact, SOS Children’s Villages Switzerland, and Lucerne Festival. Isabelle Welton is a Swiss national. As an entrepreneur with extensive management experience she will strengthen our Board of Directors as she is well versed in important areas that are of great significance to Siegfried at the present and in the future.

Dr. Andreas Casutt (Chairman), Ulla Schmidt, Colin Bond, Prof. Dr. Wolfram Carius, Reto Garzetti and Dr. Martin Schmid stand for reelection. Following the successful transfer of his responsibilities as CEO to his successor, Dr. Wolfgang Wienand, Dr. Rudolf Hanko will not stand for reelection.

In the year under review, the Siegfried Group’s employees were again highly challenged and confronted with many changes.

Key Figures Overview

	2019	2018	Change CHF (LC)
Net sales (million CHF)	833.5	794.3	+4.9% (+6.9%)
Gross profit (million CHF)	172.7	156.5	10.3%
Gross profit margin (%)	20.7%	19.7%	
Core results <sup>1</sup>			
Core EBITDA (million CHF)	140.7	126.5	11.3%
Core EBITDA margin (%)	16.9%	15.9%	
Core EBIT (operating result) (million CHF)	89.2	76.9	16.0%
Core EBIT margin (%)	10.7%	9.7%	
Core Net profit (million CHF)	65.7	55.4	18.5%
Core Net profit-margin (%)	7.9%	7.0%	
Non-diluted Core earnings per share (CHF)	15.88	13.31	19.3%
Diluted Core earnings per share (CHF)	15.48	12.90	20.0%
Cash flow from operating activities before change in current assets (million CHF)	135.6	134.9	0.5%
Cash flow from operating activities (million CHF)	65.6	106.0	–38.1%
Free cash flow (million CHF)	3.8	46.0	–91.7%
Investment in property, plant and equipment and intangible assets (million CHF)	61.9	60.1	3.1%
	December 31, 2019	December 31, 2018	Change
Equity (million CHF)	691.7	678.8	1.9%
Total assets (million CHF)	1 168.7	1 103.1	5.9%
Equity ratio (%)	59.2%	61.5%	
Employees (number of FTEs)	2 407	2 294	4.9%

<sup>1</sup> For more information and reconciliation of Swiss GAAP FER to Core Results see Financial Report “Investor Information”, pages 57–59.

The Financial Report is available online at [report.siegfried.ch](https://report.siegfried.ch)



“In the 2019, Siegfried attached great importance to effective networking among its production sites. Consequently, management has initiated numerous internal projects, which will allow us to increasingly act as a global team across all of our sites.”

It was the only way to achieve continuing organic growth. Credit for the growth must be given to our dedicated and loyal workforce. We would like to take this opportunity to thank the Executive Committee and all employees for the great effort accomplished at all of the sites worldwide.

In spite of the uncertain macro environment due to the spread of the Coronavirus, Siegfried for 2020 expects low single-digit sales growth (at constant currencies) and a continued, modest expansion of the operating margin (Core EBITDA). Medium-term expectations are confirmed unchanged: growth in line with the market, with the ambition to exceed it (in local currencies). This is to be implemented by means of robust organic growth and by acquiring other companies, sites and business.

In closing, we would like to express our gratefulness to you, dear shareholders, for your support and loyalty to Siegfried. We

shall do everything in our power to ensure the company continues on its path of successful development in the current year and beyond and reports continued growth.

Dr. Andreas Casutt  
Chairman of the Board of Directors

Dr. Wolfgang Wienand  
Chief Executive Officer

Facts & Figures 2019

Net sales

833.5\_mio.

Net sales in 2019 reached 833.5 million Swiss francs.

Core EBITDA

Core EBITDA amount to 140.7 million Swiss francs.

Core EBIT

89.2\_mio.

The operating result (core EBIT) amounts to 89.2 million Swiss francs.

Core net profit

Core net profit amounts to 65.7 million Swiss francs.

Cashflow from operating activities

65.6\_mio.

The cashflow from operating activities reached 65.6 million Swiss francs in 2019.

Change in net sales compared to the previous year (in LC)

Sales grew by 6.9%.

Change in core EBITDA compared to the previous year

11.3%

The change compared to the previous year was +11.3%.

Change in core EBIT compared to the previous year

Core EBIT grew by 16.0%.

Change in core net profit compared to the previous year

18.5%

The change compared to the previous year was +18.5%.

Employees

Siegfried employs 2484 people at 9 sites around the world.

Consolidated Core Income Statement

In 1000 CHF (for the years ended December 31)	2019	2018
Core results <sup>1</sup>		
Net sales	833 514	794 297
Cost of goods sold	–660 791	–637 768
Gross profit	172 723	156 528
Marketing and sales costs	–16 644	–16 122
Research and development costs	–33 297	–27 471
Core administration and general overhead costs	–38 110	–42 773
Other operating income	4 504	6 733
Income of associated companies	–27	–38
Core EBIT (operating result)	89 149	76 857
Financial income	29	74
Core financial expenses	–5 180	–5 677
Exchange rate differences	–2 485	–2 529
Core profit before income taxes	81 513	68 725
Core income taxes	–15 819	–13 294
Core net profit	65 694	55 431
Depreciation	51 557	49 607
Core EBITDA	140 706	126 464
Non-diluted core earnings per share (CHF)	15.88	13.31
Diluted core earnings per share (CHF)	15.48	12.90

<sup>1</sup> For more information and reconciliation of Swiss GAAP FER to core results see Financial Report “Investor Information”, pages 57–59.

Consolidated Statement of Cash Flows

In 1000 CHF (for the years ended December 31)	2019	2018
Net profit	53 147	56 310
Depreciation and impairment of PP&E and intangible assets	51 557	49 607
Change in provisions	–9 732	336
Other non-cash items <sup>2</sup>	28 787	1 118
Share-based payments	7 901	7 382
Exchange rate differences	2 485	2 529
Financial income	–29	–73
Financial expenses	3 153	3 661
Income taxes	–1 713	13 854
Income of associated companies	27	38
Net result on disposal of property, plant and equipment	–7	187
Cash flow from operating activities before change in NWC	135 576	134 949
Change in net working capital:		
Trade receivables	–29 852	–27 274
Other current assets and accruals	–12 255	–4 487
Inventories	–34 492	19 849
Trade payables	14 143	–1 406
Other current liabilities and accruals	9 586	2 651
Payments out of provisions and pension liabilities	–5 325	–6 581
Income taxes paid	–11 738	–11 700
Cash flow from operating activities	65 643	106 001
Purchase of property, plant and equipment	–61 627	–58 779
Proceeds from disposal of property, plant and equipment	50	9
Purchase of intangible and other assets	–274	–1 274
Acquisition of Group companies	–	–4 754
Investments in financial fixed assets	–24	2 895
Interest received	25	38
Dividend received	4	36
Cash flow from investing activities	–61 846	–61 829
Free cash flow <sup>1</sup>	3 792	45 956
Capital increase	800	2 025
Change in financial liabilities	25 000	10 000
Change in other non-current liabilities	–91	–166
Purchase/Disposal of treasury shares, net	–22 922	–29 439
Interest paid and bank charges	–9 814	–10 390
Distribution to the shareholders of Siegfried Holding AG	–10 793	–9 964
Cash flow from financing activities	–17 820	–37 934
Net change in cash and cash equivalents	–14 022	6 238
Cash and cash equivalents 1/1/	39 880	34 137
Net effect of exchange rate changes on cash	–415	–495
Cash and cash equivalents 31/12/	25 443	39 880

\* The Notes on pages 11–39 are an integral part of the Group Financial Statements.  
<sup>1</sup> Calculation Free Cashflow: Operating Cashflow +/- Investment in PPE +/- Investment in Intangible Assets.  
<sup>2</sup> Other non-cash effective changes include mainly the effect of the discount rate change on foreign pension plan obligations.

Dr. Reto Suter  
Chief Financial Officer



Financial Commentary  
(extract)

Please find the complete financial commentary in the Financial Report, which is available and can be downloaded at [report.siegfried.ch](https://report.siegfried.ch).

Positive growth and higher margins

Siegfried sales reported for 2019 at 833.5 Mio Swiss Francs demonstrate continued strong growth. This is in spite of adverse headwinds from a foreign exchange rate movement in the Euro. Sales growth in local currencies is 6.9% and 4.9% in Swiss Francs; Gross Profit 172.7 Mio Swiss Francs has grown ahead of the top line sales by 10.3%.

Siegfried has introduced the core Metrics with the presentation of the half year results in 2019. The core results exclude extraordinary expenses and income. We believe that the disclosure of core results enables market participants a better understanding of the company and allows a better comparison across periods. We use the core results in addition to Swiss GAAP FER as important indicators for the internal assessment of the performance of the group. In the current year 2019, the reported results are corrected for technical and non-cash effects from an interest rate change effect on the value of pension obligations from foreign pension plans and extraordinary effects from changes in the Swiss tax law. [...]

Strong Growth of core EBITDA

The reported Sales at 833.5 Mio. Swiss Francs consists of 638.6 Mio Swiss France Drug Substances and 194.9 Mio. Swiss Francs Drug Product sales. Drug Substances grew strongly by 7.2% on a consolidated Swiss Franc basis (+9.0% in local currencies). In the reporting year Drug Products grew by 0.5% on a local currency basis (–2.0% consolidated). Since 2015 Drug Products sales have grown on average 7.5% per year from 147.4 Mio Swiss Francs to their current level 194.9 Mio Swiss Francs.

Gross Profit has correspondingly grown by 10.3% to 172.7 Mio Swiss Francs and Gross Profit Margin has increased by 1% point to 20.7%.

Marketing and Sales costs remain practically unchanged from the previous year at 16.6 Mio Swiss Francs. For Siegfried Research and Development remains an important aspect of our business, this is reflected in the increased spend in 2019 of 33.3 Mio Swiss Francs, +5.8 Mio Swiss Francs versus prior year. Administration and other overhead costs within the core results are 38.1 Mio Swiss Francs, this is significantly lower than prior year driven amongst other things by Exchange rates. Other Income is 4.5 Mio Swiss Francs which is a slight reduction versus prior year (6.7 Mio Swiss Francs).

In total, the above delivers a strong core EBITDA of 140.7 Mio Swiss Francs, core EBITDA Margin at 16.9% is +11.3% growth over the prior year. [...]

Cashflow and Reduction of Net Working Capital

Operating Cash flow before change in Net Working Capital is 135.6 Mio Swiss Francs, identical to prior year. Change in Networking Capital shows a temporary increase in Inventories of 34.5 Mio Swiss Francs driven by Semi Finished Goods, i.e. work in process which will be converted to sales in the coming reporting periods.

In a mid term view, the focus of the Siegfried Group for the last three years has been to significantly reduce working capital relative to sales. Above all, two components of net working capital contributed to this development: The inventory days (the average length of stay in the warehouse) decreased from 171 days in 2017 to 167 days in the reporting year. The days payables outstanding finally rose from 41 days in 2017 to 47 in the reporting year.

Capital investments in tangible and intangibles assets are approximately equal to the prior reporting period at 61.9 Mio Swiss Francs.

A total of 23.0 Mio Swiss Francs (net) was spent on the purchase of treasury shares in 2019. At the end of the year, Siegfried held 199 586 treasury shares at an average price of 368.20 Swiss Francs per share. Owned treasury shares at year end have a market value of 93.6 Mio Swiss Francs at a share price of 469.00 Swiss Francs.

At the year end 2019 Siegfried had 25.4 Mio Swiss Francs in Cash and Cash Equivalents. Outstanding credit / loan arrangements amounted to 135 Mio Swiss Francs, this results in a Net Debt position of 109.6 Mio Swiss Francs. Net Debt to core EBITDA ratio is 0.78. With a Equity ratio of 59.2% Siegfried is in a healthy position to take on more debt as required to fund growth as needed.

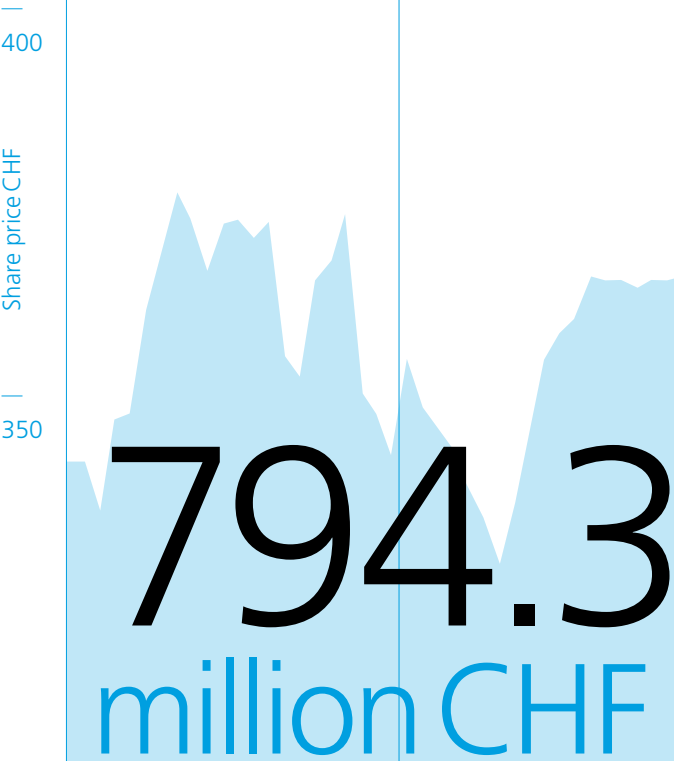
At the Annual General Meeting on April 17, 2020, the Board of Directors proposes to reduce the par value from 27.00 Swiss Francs per share by 2.80 to 24.20 Swiss Francs per share and to distribute the amount of the par value reduction of 2.80 Swiss Francs per share instead of a dividend.

*Bob hte*

Dr. Reto Suter  
Chief Financial Officer



# The Year 2019 in Review



**Publication of 2019 annual results**  
The Siegfried Gruppe achieves a sales and margin growth.



Wolfgang Wienand takes up his work as new CEO



Jürgen Roos takes up his work as Chief Scientific Officer and member of the ExeCom



Start of installation of MZA1 in building 425 in Zofingen



Start of construction of a micronization plant in Evionnaz (commissioning mid 2020)



Commissioning of a new production plant for an exclusive product in St. Vulbas

Inspections

US FDA inspection in Irvine  
Ghana FDA inspection in Malta

US FDA inspection in Minden

US FDA inspection in Zofingen  
US FDA inspection in Evionnaz

Jan–March

April–June



Inauguration of new Research & Development laboratory in Hameln

833.5  
million CHF

Net sales  
31 December  
2019



Construction of a clean room with two new fill lines in Irvine (commissioning beginning of 2020)

Publication of half-year results

393.9  
million CHF

Net sales  
30 June 2019

US FDA inspection in Nantong

GMP inspektion in Malta by the Malta Medicines Authority (MMA)

Swissmedic inspection in Zofingen

GMP inspection in Hameln by the Ministry of Industry and Trade of the Russian Federation (MoIT)

GMP inspection in St. Vulbas by the French authority (ANSM)

US FDA inspection of Siegfried Pharma AG in Zofingen

July–Sept

Oct–Dec



# Globally Connected

Caption



Employees

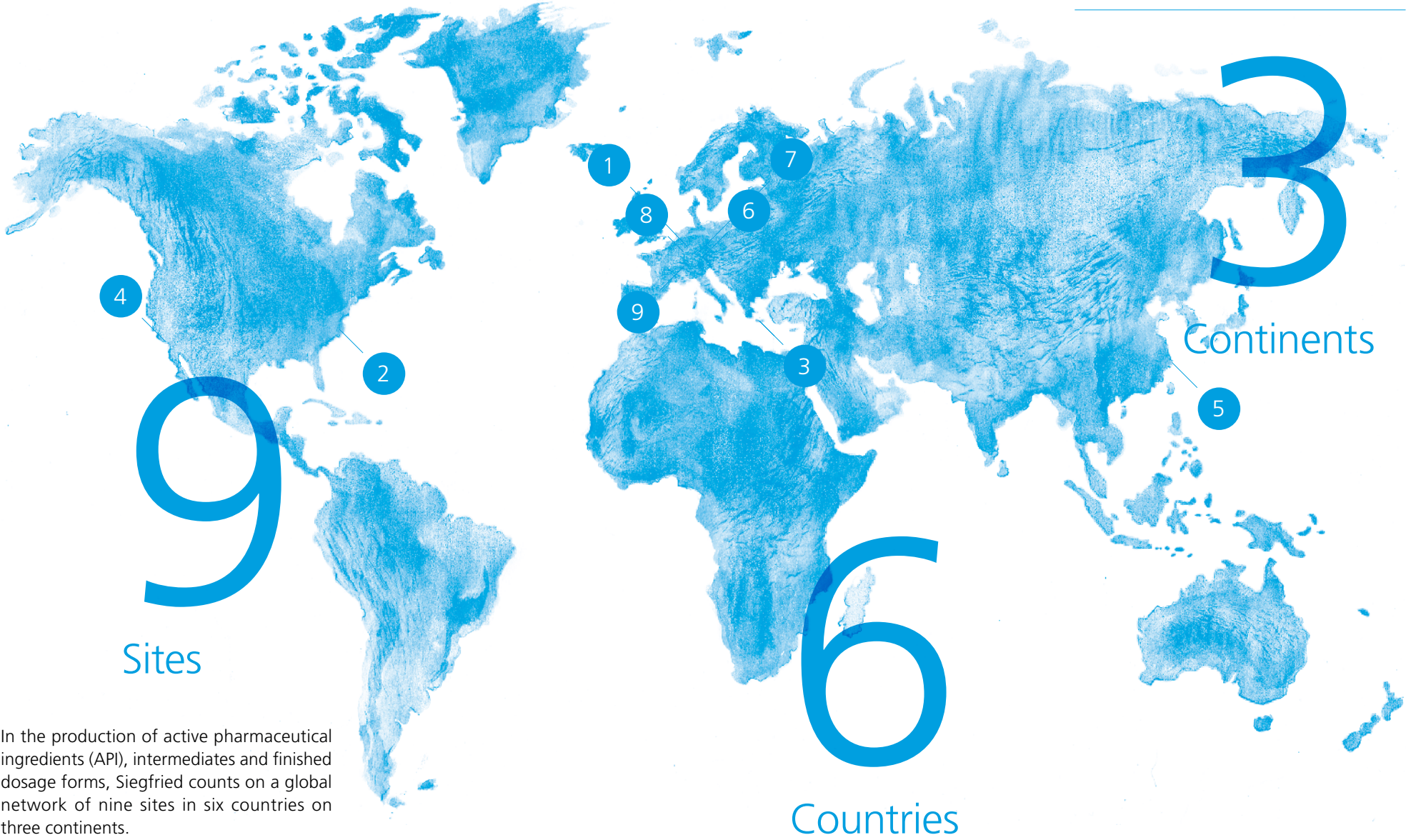


With Siegfried since



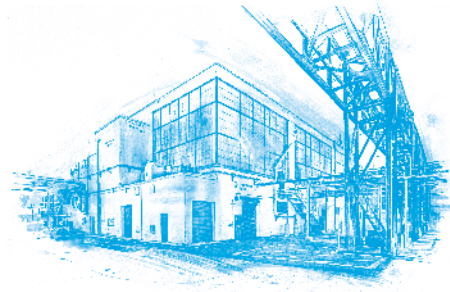
Competencies

- Active pharmaceutical ingredients (API)
- △ Intermediates
- ⊗ Controlled substances
- Oral solid dosage forms
- ☆ Sterile filling



In the production of active pharmaceutical ingredients (API), intermediates and finished dosage forms, Siegfried counts on a global network of nine sites in six countries on three continents.

USA



## 2 Pennsville

Specialist for spray drying: The site is located in the US state of New Jersey and produces mainly active pharmaceutical ingredients for the US market, such as controlled substances meeting particular requirements set out by the regulatory authorities. Thanks to its spray drying capacity, Pennsville also supplies our customers worldwide. Siegfried's PSD4 pharmaceutical spray dryer is one of the largest in the world and operates in accordance with cGMP regulations.



Malta



## 3 Hal Far

Center for solid dosage forms: Hal Far in Malta is our site for the production of solid dosage forms, such as tablets and capsules for the global market. The site includes a separate production area for highly effective substances. The offer ranges from tablets and capsules to blistered and packaged finished dosage forms.



USA



## 4 Irvine

Aseptic filling and packaging specialist: In Irvine, California, near Los Angeles, we fill and pack chemical and biological drug substances in syringes, vials and glass cartridges and dripper bottles (with cap closures and tips). From this site we serve not only American but also international customers and support customers at the early stages of clinical development.



China



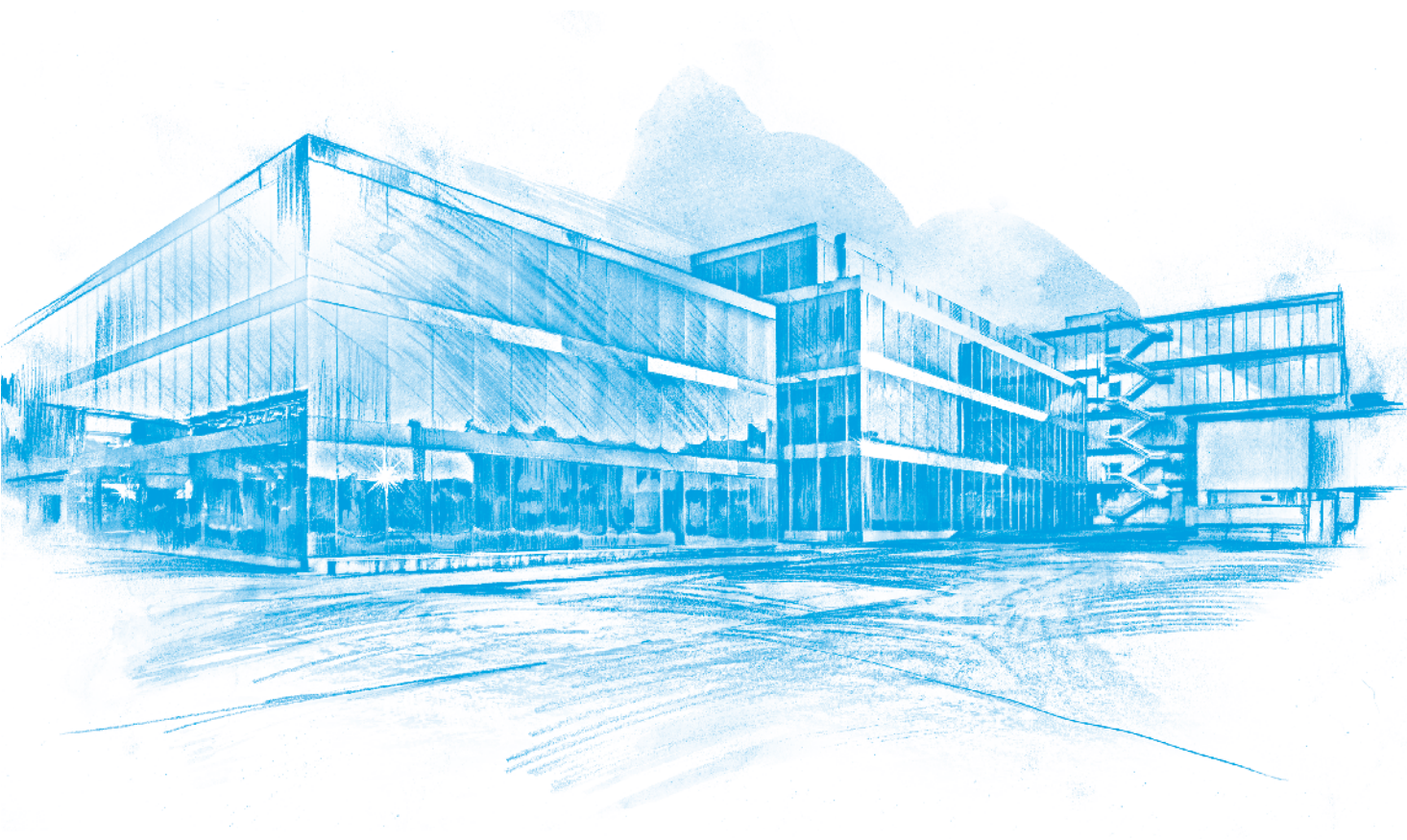
## 5 Nantong

Our foothold in Asia: Erected in 2013 and put into operation in 2016, the site is our cGMP production site in China supplying all western countries. The offer comprises research & development, pilot plants and commercial production of active pharmaceutical ingredients. Nantong's cost-effective production environment improves our competitiveness in the global market.

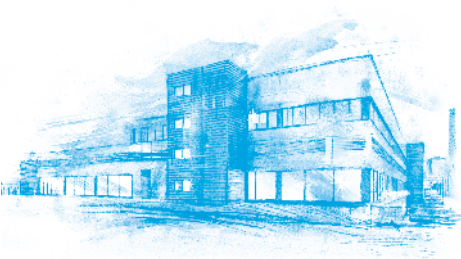




# First-class in Quality, Efficiency and Flexibility



Germany



## 6 Hameln

Driver of future technologies: Our plant in Hameln specializes in sterile filling of vials and ampoules. Moreover, Hameln’s business activity now includes aseptic filling of biologics. The Hameln site corresponds to an investment in an attractive market with potential for growth. Furthermore, Hameln provides contract development for finished dosage forms and regulatory services for injectable and topical applications.



Germany



## 7 Minden

Partner for high throughputs: In Minden, Siegfried commands a high know-how in the production of various active pharmaceutical ingredients. World-scale and modern multi-purpose plants for high throughputs allow for flexible production structures. Minden specializes in controlled substances and is active in exclusive synthesis. All processes comply with cGMP guidelines.



Switzerland



## 8 Evionnaz

Active pharmaceutical ingredients and intermediates: The site in Evionnaz (Switzerland) is our production site for chemical development and production offering our customers intermediates and active pharmaceutical ingredients from only a few grams to several tons. Evionnaz is active mainly in exclusive synthesis of patent-protected active pharmaceutical ingredients and intermediates.



Switzerland

## 1 Zofingen HQ

Parent company: Our Swiss site in Zofingen is Siegfried’s hub. The brand-new production building was designed in accordance with the state-of-the-art vertical-flow principle and supplies our global customers with proverbial Swiss quality. Siegfried is a well-respected employer in Zofingen, trains apprentices in various areas, cooperates with several universities and advanced technical colleges and, therefore, carries responsibility for future generations.



France



## 9 St. Vulbas

State-of-the-art plant for active pharmaceutical ingredients: The Siegfried site located in St. Vulbas in France masters a wide range of technologies including cryogenic and phosgenic reactions and produces various active pharmaceutical ingredients in a modern production facility. The site cooperates closely with the plant in Evionnaz.



Products

APIs and Intermediates

**Wirkstoffe** Active pharmaceutical ingredients (APIs) are used in the production of a medication. APIs are the key ingredient of an end product that is ready for administration with a direct effect concerning treatment.

**Intermediates** are created in the course of a multi-step chemical reaction. They are not final products but the result of the previous step and the initial product for the following reaction step.

Thanks to investments in capacity and modern technologies, our worldwide network for the production of APIs has grown strongly in the past years and has become clearly more efficient.

Sites: Zofingen, Pennsville, Nantong, Minden, Evionnaz, St. Vulbas

Services

Exclusive Synthesis (Single Client)

Siegfried features expertise in the manufacturing of custom active pharmaceutical ingredients (API) and intermediates. Our services in the field of exclusive synthesis comprise:

- **Process and chemical development:** We develop genuinely scalable, cost-effective and robust pharmaceutical manufacturing processes, appropriate to our customers' products' market needs.
- **Analytical development:** For effective and robust processes Siegfried applies requisite analytical parameters and controls.
- **Pilot manufacturing and scale up:** Siegfried's core strength is taking a chemical process from development and scaling it up into a cost-effective and robust manufacturing process.
- **Commercial manufacturing:** We provide reliable and consistent commercial supply combined with good quality product and performance. We do this by providing our customer's versatile cGMP manufacturing capability and robust manufacturing processes suitable for specific market needs.

Drug Substances  
Drug Products

Products

Solid Oral Dosage Forms

In galenics – the science of the preparation of medicinal products – active pharmaceutical ingredients (APIs) are applied in a suitable dosage and delivered precisely to where they are required in the body. The API is mixed with certain auxiliary materials and then processed to a liquid, solid or semisolid dosage form. In the field of **solid oral dosage forms**, tablets and capsules prevail.

Siegfried offers a specific range of pharmaceutical development and production of solid dosage forms for the global market. Siegfried's plant in Hal Far (Malta) produces capsules and tablets. The offer ranges from cGMP-compliant scaling-up and production of clinical trial material to mass production and packaging of finished products.

The Zofingen plant operates a modern facility for the development of highly effective finished dosage forms – a market that has grown strongly for a number of years. This allows us to develop both corresponding APIs and finished dosage forms under the same roof. These medications increase not only efficiency but also reduce undesired side effects for patients.

Sites: Zofingen, Hal Far

Liquid Dosage Forms

**Sterile and aseptic filling** are the main activities of Siegfried in the area of liquid dosage forms. They are among the most demanding processes in galenic production and impose high demands on rooms, air quality, staff, raw materials and surfaces.

Siegfried operates state-of-the-art production facilities in Hameln (Germany) and Irvine (USA), where Siegfried has the capacity to satisfy customer demand for injectables.

Our sites in Hameln and Irvine focus on ampoules, vials and recently also on prefilled syringes. Irvine additionally specializes in the production of sophisticated pharmaceutical products such as ophthalmics and devices for the controlled release of active pharmaceutical ingredients. The plant in Irvine also produces emulsions, ointments and gels. Siegfried constantly expands the technological base on both sites by installing additional production facilities.

In the field of sterile filling, the Hameln facility offers a wide range of additional services along the pharmaceutical value chain: from product development to laboratory services; from preclinical and clinical studies to a comprehensive approval service including monitoring of existing approvals; and the supply of APIs as well as final products ant their release.

Sites: Irvine, Hameln

Services

Contract Development and Manufacturing

Siegfried features broad base knowledge and experience for complex oral and sterile dosage forms for customer specific development, production and packaging. Our services comprise:

- **Pharmaceutical development:** We offer our customers a broad range of pharmaceutical development services, be it in the area of complex oral dosage forms or of standard and complex injectable and ophthalmic formulations.
- **Analytical development:** Our specialists from the drug product analytical development team work closely with their pharmaceutical development counterparts to ensure our customer's product is fully supported at every phase in the development process.
- **Scale up and clinical trial material production:** Siegfried's core expertise lies in scaling up a formulation in development into a cost-effective and robust manufacturing process as well as in supporting the customer's clinical trial material needs.
- **Process and analytical transfer:** From an early development phase, Siegfried plans and designs processes that ensure a successful scale up and transfer to commercial production. Siegfried supports the complete process transfer of a product, either into commercial production or to the client's own location.



# Portfolio Offering (Multi Client)

Siegfried offers a wide portfolio of APIs no longer protected by patents and controlled substances used amongst others as anesthetics, for pain treatment (e.g. in cancer therapy), and for diseases of the central nervous system and the respiratory tract. Controlled substances are chemicals, whose production, ownership and use are strictly regulated by international conventions and national legislation. Siegfried owns all the

know-how and copyrights for their production process and is therefore free to sell individual APIs not only to one customer (single client in exclusive synthesis) but to a large number of pharmaceutical customers (multi client). Our outstanding quality and regulatory track record make Siegfried the ideal partner for active pharmaceutical ingredient needs.

Sites Drug Substances

Zofingen

Pennsville

Nantong

Minden

Evionnaz

St. Vulbas

## Integration DS & DP

Siegfried creates added value by means of an integrated formulation development process. Siegfried operates the necessary bridging technologies such as spray drying and micronization.

— **Commercial manufacturing and packaging:** Both our Malta and Zofingen plants have a multitude of state-of-the-art technologies and equipment at their disposal to manufacture various complex solid oral dosage forms. At its sites in Hameln and Irvine, Siegfried offers specialized contract aseptic manufacturing for both the pharmaceutical and biotechnology industries, thereby supporting the entire value chain for aseptic services from simple to complex formulation.

# Licensing

For our customers wishing to expand their product pipeline, we have selected oral solid and sterile products commercially available. Also, Siegfried assembles complete registration dossiers and offers a Common Technical Document (CTD) for all products.

Sites Drug Products

Zofingen

Hal Far

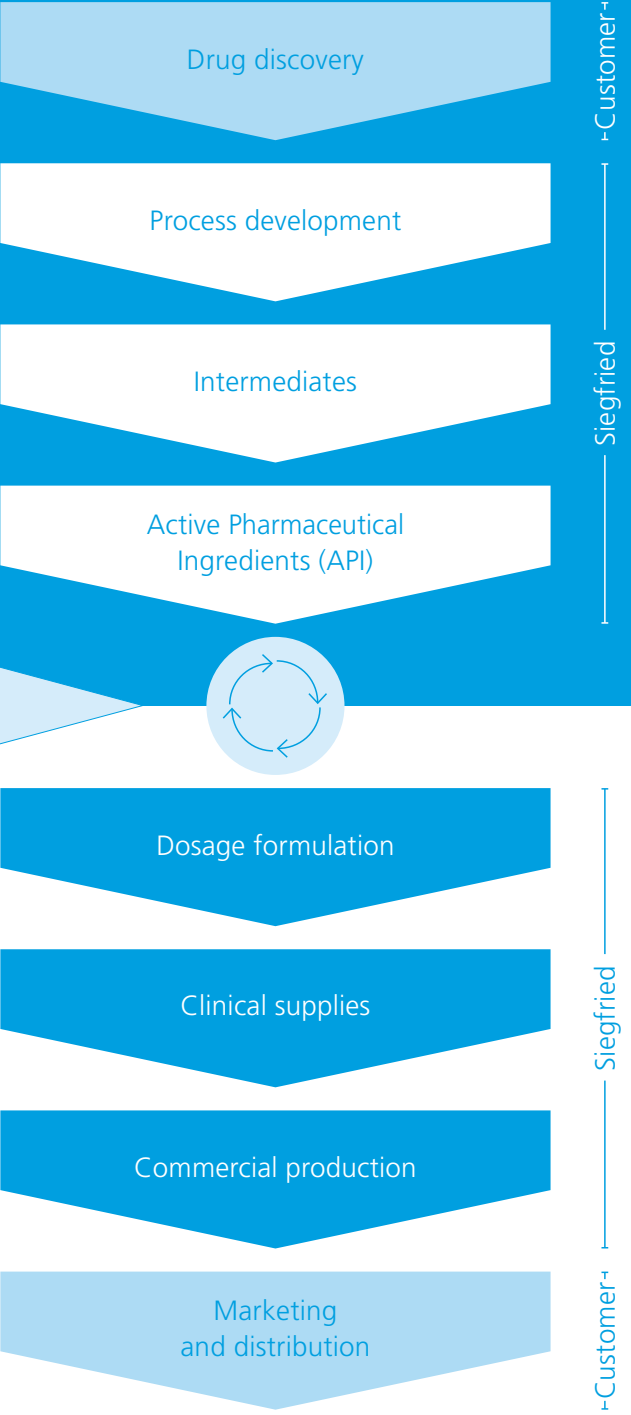
Irvine

Hameln

## Active Pharmaceutical Ingredients (API), the Key to Healing

A drug needs a target inside the body in order to achieve a therapeutic effect. Treatment with a drug aims to alleviate or relieve an illness. The prerequisite for this is the suitable API. Siegfried's chemical expertise comprises process development and the production of such APIs and the corresponding intermediates. Our global network comprises production sites in North America, Europe and Asia. Our customers benefit from synergies and flexible solutions directed at concrete needs.

## Drug Development from Discovery to Marketing



## Drugs Deliver the API into the Body

A drug is a pharmaceutical product which, in a certain dosage and dosage form, serves to recognize, prevent or heal an illness. Since ancient times, certain plants and parts of plants and animal-based substances serve as drugs and, more recently, also synthetic preparations and biological substances. Siegfried offers a wide range of services in the development and production of complex oral and sterile drug products. The aseptic filling and biopharmaceutical business segments are especially attractive. Finished dosage forms are produced in Europe and North America.

# Board of Directors



**Dr. Andreas Casutt**  
Chairman



**Dr. Rudolf Hanko**  
Vice Chairman



**Colin Bond**  
Member



**Prof. Dr. Wolfram Carius**  
Member



**Reto A. Garzetti**  
Member



**Dr. Martin Schmid**  
Member



**Ulla Schmidt**  
Member

## Dr. Andreas Casutt

Andreas Casutt (1963) joined the Board of Siegfried Holding AG in 2010 and was elected Chairman in 2014. He has been a partner of the law firm Niederer Kraft Frey AG in Zurich since 2002, and held office as managing partner from 2006 to 2014. Andreas Casutt specializes in Corporate law, Contract law, Mergers & Acquisitions, and Stock Exchange law. In addition, he is a board member of Mikron Holding AG, maxon international AG, Liechtenstein-based Bendura Bank AG and various privately held companies. Andreas Casutt studied law and received his Ph.D. in Zurich and completed an LL.M. program at the University of Michigan, Ann Arbor. Andreas Casutt is a Swiss citizen.

## Dr. Rudolf Hanko

Rudolf Hanko (1955) joined the Board of Siegfried Holding AG in 2019. From May 2009 to December 2018, he served as CEO of Siegfried. Prior to joining Siegfried, he worked in the chemical-pharmaceutical industry in various management positions, at Evonik Industries AG (Germany) as Head of Exclusive Synthesis & Amino Acids. Rudolf Hanko also headed the pharmaceutical division of Bayer AG as Head of Chemical Research and as General Manager of the fine chemicals division. Rudolf Hanko received his Ph.D. in chemistry from the University of Göttingen and completed post-doctoral studies at the Max Planck Institute in Mülheim. Rudolf Hanko is a German citizen.

## Colin Bond

Colin Bond (1961) joined the Board of Siegfried Holding AG in 2013. In 2016, he was appointed Chief Financial Officer of Vifor Pharma AG. Previously, Colin Bond held the position of Group Chief Financial Officer of Evotec in Hamburg. Following career stations as a pharmacist, chartered accountant and management consultant, he worked for 25 years as Chief Financial Officer for several international companies in various industries, of which 11 years for Great Lakes Chemical Corporation, today Lanxess, a US-based global specialty chemicals company. He is a board member at BioPharma Credit PLC. Colin Bond holds a university degree in pharmacy from the University of Aston, Birmingham, and a MBA degree from London Business School. He is a citizen of Great Britain and Switzerland.

## Prof. Dr. Wolfram Carius

Wolfram Carius (1961) joined the Board of Siegfried Holding AG in 2014. In 2016, he was appointed Executive Vice President Pharmaceutical Product Supply at Bayer and, in this function, serves as a member of the Executive Committee at Bayer Pharma. Previously, Wolfram Carius worked for Sanofi, a French healthcare company, as Senior Vice President Biopharma Biologics and member of the Global Leadership Team. From 1987 to 2013, Wolfram Carius held various positions with the pharma company Boehringer Ingelheim. In 2009, he was appointed to the company's Board of Managing Directors, initially with responsibility for Human Resources and Technical Operations, and from 2012 for Biopharma and Operations. Before that, he was responsible for the development and expansion of the biopharma unit. He managed the company's production site in Japan and worked later in Brazil as technical director before being appointed member of Boehringer Ingelheim's Board of Managing Directors in Germany.

Wolfram Carius holds a Ph.D. in pharmaceutical biology and analytical phytochemistry from the University of Saarland, Germany. In 2009, the Biberach University of Applied Sciences awarded him the title of honorary professor in recognition of his long and exceptional service. Wolfram Carius is a German citizen.

## Reto A. Garzetti

Reto A. Garzetti (1960) joined the Board of Siegfried Holding AG in 2011. Since 1999, he is a partner and Vice President of the board of SE Swiss Equities. He additionally serves on the board of SKW Stahl Metallurgie Holding AG (until 2016), listed on the German stock exchange, the board of Peach Properties AG (President), listed on the SIX Swiss Exchange, as well as on the board of the privately held companies AGI AG, Occlutech AG, Südpack Medica AG, and other privately held companies in Switzerland and abroad. Previously, he served for many years on the board of multinational US companies. Reto Garzetti graduated 1986 from the University of Zurich in business administration (lic. oec. publ. / MBA) with the main emphasis on banking, trade and securities law. He is a Swiss and Italian citizen.

## Dr. Martin Schmid

Martin Schmid (1969) joined the Board of Siegfried Holding AG in 2016. He was elected Councilor of State for the Canton of Grisons in 2011. From 2003 to 2011, he served as a member of the Canton of Grisons government, where he was in charge of the Department of Justice, Security, and Health as well as subsequently the Department of Finance. Martin Schmid is an attorney at law. He serves on the boards of Swiss Life Holding AG and Repower AG, and holds various other board mandates in the energy, health and construction sectors. In addition, he presides the Swiss Gas Industry Association (VSG ASIG), the foundation of the Cantonal Hospital Grisons and the Institute for Financial Economy and Financial Law (IFF) of the University of St. Gallen. Furthermore, he is a board member of economiesuisse, a Swiss corporate union. He studied law at the University of St. Gallen, where he was awarded a Ph.D. in 2005. Martin Schmid is a Swiss citizen.

## Ulla Schmidt

Ulla Schmidt (1949) joined the Board of Siegfried Holding AG in 2016. She has been a member of the German Bundestag since 1990 and its Vice President from 2013 to 2017. From 2001 to 2009, she held the position of Federal Minister of Health in the Republic of Germany. She served in several public office functions; among others as City Councilor in Aachen. Ulla Schmidt is Chairwoman of the board of Federal Lebenshilfe Association headquartered in Marburg, Germany, an expert member on the supervisory board of Charité-University Medicine Berlin, and was a member of the advisory committee of K&S Sozialbau AG, Sottrum, until December 31, 2019. Furthermore, she serves on the board of Aktion Mensch, Bonn, and is Chairwoman of the board of trustees of Hospizstiftung Region Aachen. Ulla Schmidt studied psychology at the Technical University of Aachen until the prediploma, and was awarded school teaching degrees from the University of Aachen. She studied and graduated from the Distance University of Hagen, with a degree that qualifies her to teach special education relating to the rehabilitation of children with learning disabilities and children with behavioural disturbances. Ulla Schmidt is a German citizen.



# Executive Committee



**Dr. Wolfgang Wienand**  
 Chief Executive Officer



**Dr. Reto Suter**  
 Chief Financial Officer



**Dr. René Imwinkelried**  
 Global Head Technical Operations



**Arnoud Middel**  
 Global Head Human Resources



**Dr. Jürgen Roos**  
 Chief Scientific Officer



**Marianne Späne**  
 Global Head Business Development,  
 Marketing & Sales

## Dr. Wolfgang Wienand

Wolfgang Wienand (1972) joined the Siegfried Group in 2010 and was appointed CEO as per January 1, 2019. When joining Siegfried, Wolfgang Wienand first served as Chief Scientific Officer, responsible for Siegfried’s global Research & Development activities, before taking over the function as Chief Strategy Officer with responsibility for Strategy, Mergers & Acquisitions, Legal and Intellectual Property Management and Regulatory Affairs in December 2011. From May 2017 until December 2018, he held in parallel both functions, Chief Scientific Officer and Chief Strategy Officer. Before joining Siegfried, Wolfgang Wienand held senior management positions at Evonik Industries AG with a focus on fine chemical and custom development & manufacturing for the pharmaceutical industry. Wolfgang Wienand studied chemistry at the University of Bonn and subsequently obtained a Ph.D. in organic and bioorganic chemistry from the University of Cologne. In addition, he holds an Executive Master’s Degree in International Finance of HEC in Paris. Wolfgang Wienand is a German citizen.

## Dr. Reto Suter

Reto Suter (1971) joined Siegfried on May 1, 2017, as Chief Financial Officer. Over the last 16 years, he held a range of responsible positions in industry as well as in finance and private equity. In his last function as COO, CIO and Board Member of Lonrho, a long-established company headquartered in London (UK) and Johannesburg (SA), Reto Suter was responsible for overseeing the public takeover and subsequent delisting and restructuring. Reto Suter studied economics at the University of Zurich and the University of Washington in Seattle and took his doctorate in banking and finance at the University of Zurich. Reto Suter is a Swiss Citizen.

## Dr. René Imwinkelried

René Imwinkelried (1957) heads the Technical Operations since November 2016. From 2012 to May 2017, René Imwinkelried was responsible for the Research & Development of the Siegfried Group. From 2010 to 2012, he was Head of Global Technical Development Small Molecules at Roche in Basel. From 1991 to 2004, he worked in various R&D management positions at Lonza, and then as Head of Global Chemical and Physical Sciences at US-based Schering-Plough. He holds a Ph.D. in organic chemistry from the ETH Zurich and completed a post-doctoral fellowship at Colorado State University and Harvard University. René Imwinkelried is a Swiss citizen.

## Arnoud Middel

Arnoud Middel (1971) joined the Siegfried Group in September 2011 as Head of Human Resources. Previously, he worked for various companies in the field of HR. From 2004 to 2006, he held a leading position in the Human Resources department of the Baloise insurance Switzerland. From 2006 to 2008, he was Head HR for the region Continental Europe and Asia of the American industry- and reinsurance group XL-Insurance (today XL-Catlin). From 2008 to 2011, he worked as Head of HR Switzerland and Global Headquarters for Syngenta in Basel. He completed his studies in biology and biochemistry at the University of Basel. Arnoud Middel is a Dutch citizen.

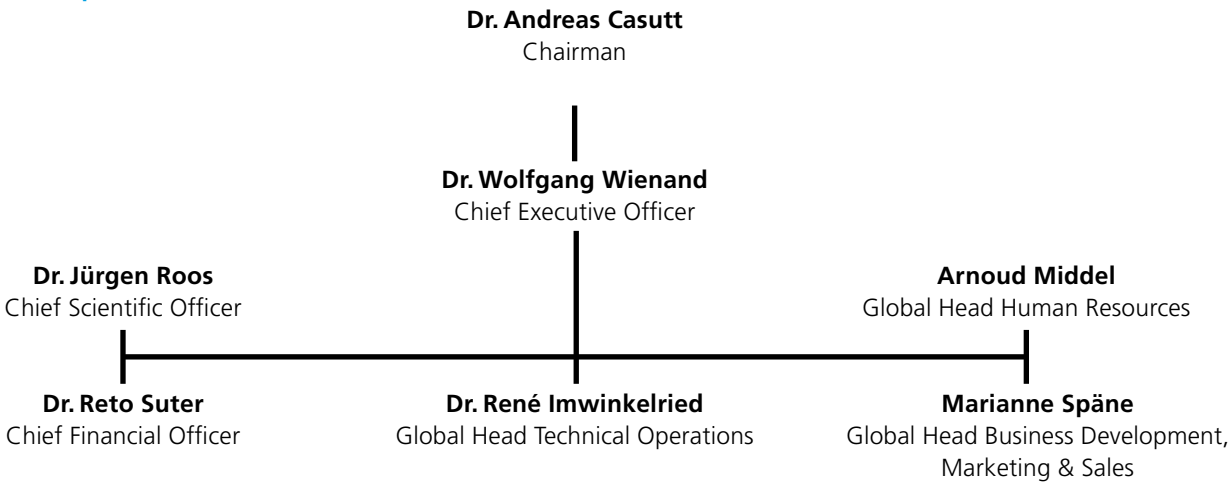
## Dr. Jürgen Roos

Jürgen Roos (1968) joined the Siegfried Group in April 2019 as Chief Scientific Officer. Before joining Siegfried, Jürgen Roos was working for Evonik Industries AG as Vice President for Innovation Management of the Animal Nutrition business line. Jürgen Roos startet his professional career at Evonik (formerly Degussa-Hüls and Degussa AG) in 1999 as laboratory team leader in chemical research in the field of fine chemicals. After various functions within the R&D organization of Evonik, including several years in Canada and the United Kingdom, Jürgen Roos was appointed head of process development in the field of exclusive synthesis in 2008, and subsequently took over the global responsibility for research and development of Evonik’s Health Care division. Jürgen Roos studied chemistry at the University of Stuttgart and subsequently obtained a Ph.D. in organic chemistry. Jürgen Roos is a German citizen.

## Marianne Späne

Marianne Späne (1962) joined the Siegfried Group in 2004 and was appointed Head of Business Development & Sales in March 2010. She headed the Siegfried Generics Division from 2008 to 2010. From 2004 to 2008, Marianne Späne managed the Business Development Department and the Supply Chain for Generics. Prior to joining Siegfried, she worked in logistics, business development and as site manager for Boucheron, a cosmetics company. Later, Marianne Späne moved to the pharmaceutical industry and joined the pharma division of Schweizerhalle as Head of the Sales and Marketing department. Subsequently, she joined Aceto, a US-based company, where she developed European expansion strategies. Marianne Späne holds degrees in finance, business administration and marketing from the Business Management School (KFS) in Basel and the Marketing & Business School in Zurich (MBSZ). Marianne Späne is a German citizen.

### Operational Group Structure



# Information for Investors

## Core Results

“Siegfried believes that the disclosure of core results enables financial markets a better understanding of the company and allows a better comparison over the years.”

“The core results do exclude extraordinary expenses and income. Siegfried uses the core results in addition to Swiss GAAP FER as important indicators for the internal assessment of the performance of the Group.”

Siegfried defines the effects of changes in the interest rate of foreign pension plans (discount rate for actuarial reports), restructuring, transaction and integration costs as well as impairments on non-financial and intangible assets as extraordinary expenses and income. Such effects can vary significantly from year to year and distort the presentation of results.

The current interest on foreign pension liabilities is reclassified in the core results and not shown in personnel expenses but outside the operating result in financial expenses.

Due to the recent tax reform in Switzerland, Siegfried Holding AG has used the transitional measure of the step up (existing law). The trademark rights were capitalized in the tax balance sheet. This leads to a deferred tax asset under Swiss GAAP FER. The revaluation will be depreciated over the next 5 years, so that the deferred tax assets will be reduced again.

## Key Figures Overview 2015–2019

Consolidated Figures		2019	2018	2017 <sup>1</sup>	2016 <sup>2</sup>	2015 <sup>2</sup>
Net sales	CHF million	833.5	794.3	750.5	717.7	480.6
Growth in CHF	in %	4.9	5.8	4.6	49.3	52.4
Growth in LC	in %	6.9	4.4	3.8	47.3	57.9
Core EBITDA	CHF million	140.7	126.5	111.3	104.2	80.1
Growth	in %	11.3	13.6	6.8	30.1	36.2
Core EBITDA margin	in %	16.9	15.9	14.8	14.5	16.7
Core operating profit (EBIT)	CHF million	89.2	76.9	61.9	54.2	46.4
Growth	in %	16.0	24.2	14.2	16.8	36.5
Core operating margin	in %	10.7	9.7	8.2	7.6	9.7
Core nep profit	CHF million	65.7	55.4	40.8	33.4	34.1
Core net profit margin	in %	7.9	7.0	5.4	4.7	7.1
Net net debt	CHF million	109.6	70.1	65.9	59.5	177.3
Net debt / Core EBITDA		−0.8	−0.6	−0.6	−0.6	−2.2
Net Working Capital <sup>3</sup>	CHF million	419.7	373.0	365.1	342.3	314.2
As % of net sales		50.4	47.0	48.6	47.7	40.5
Total assets	CHF million	1 168.7	1 103.1	1 071.0	1 021.4	1 003.9
Equity	CHF million	691.7	678.8	667.8	660.7	492.7
Equity ratio	in %	59.2	61.5	62.4	64.7	49.1
Average capital employed <sup>4</sup>	CHF million	895.9	880.5	833.9	818.0	562.0
Return on capital employed (average) ROCE <sup>5</sup>	in %	15.7	14.4	13.3	12.7	14.3
Cash flow from operating activities	CHF million	65.6	106.0	84.6	57.1	23.1
As % of net sales		7.9	13.3	11.3	8.0	4.8
Free cash flow	CHF million	3.8	46.0	32.3	−11.1	−66.3
Investments in PPE and intangible assets	CHF million	61.9	60.1	52.8	68.4	95.0
As % of net sales		7.4	7.6	7.0	9.5	19.8
Employees (number of FTEs) <sup>6</sup>	Number	2 407	2 294	2 260	2 315	2 238

<sup>1</sup> Restatement – Employee benefits.  
<sup>2</sup> Results before special charges as core results.  
<sup>3</sup> Calculation of Net Working Capital: Trade Receivables + inventories – Trade Payables – Customerer Prepayments.  
<sup>4</sup> Calculation of Capital Employed over twelve months: PPE + Intangible Assets + Net Working Capital.  
<sup>5</sup> Calculation ROCE: Core EBITDA in relation to average capital employed over twelve months.  
<sup>6</sup> Year-end values.

Average Annual Sales Growth in the past 5 years  
(in CHF)

21.5%

Equity Ratio  
31 Dec. 2019

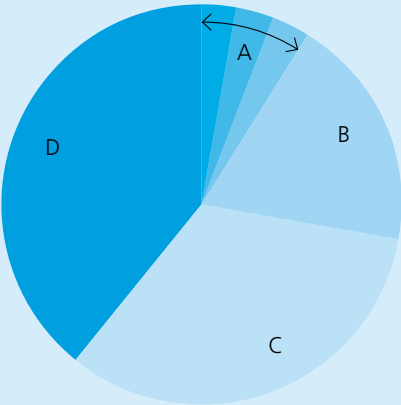
59.2%



Significant Shareholders

	Shares as of 31.12.2019	Holding % as of 31.12.2019 <sup>1</sup>	Shares as of 31.12.2018	Holding % as of 31.12.2018 <sup>2</sup>
<b>Shareholding &gt;3%</b>				
Credit Suisse Funds AG, Zurich	129 258 <sup>3</sup>	3.0	127 304 <sup>4</sup>	3.0
René Braginsky, Susanne Braginsky, David Braginsky; Zurich/Tel Aviv	128 000 <sup>5</sup>	3.0	128 000	3.0
Siegfried Holding AG (own shares)	127 824 <sup>6</sup>	3.0	127 824	3.0
Dimensional Holdings Inc., Wilmington, USA	126 587 <sup>7</sup>	3.0	126 587	3.0
Norges Bank (the Central Bank of Norway), Oslo, Norway		<3 <sup>8</sup>	130 203 <sup>9</sup>	3.1
<b>Total</b>	<b>511 669</b>	<b>12.0</b>	<b>639 918</b>	<b>15.1</b>

Shareholding by segments in %



- A: 9%**  
3 %  
3 %  
3 %
- Significant shareholders (>3%\*)**  
Credit Suisse Funds AG, Zurich  
René Braginsky, Susanne Braginsky, David Braginsky; Zurich/Tel Aviv  
Dimensional Holdings Inc., Wilmington, USA

- B: 19%**  
**Individual**
- C: 33%**  
**Institutional investors**
- D: 39%**  
**Own shares and non-registered shares**

\* According to SIX disclosure notifications; excluding own shares

<sup>1</sup> Based on 4 306 000 issued shares as of December 31, 2019.  
<sup>2</sup> Based on 4 256 749 issued shares as of December 31, 2018.  
<sup>3</sup> According to the disclosure notification of April 2, 2019.  
<sup>4</sup> According to the disclosure notification of February 22, 2018.  
<sup>5</sup> According to the disclosure notification of December 12, 2018.  
<sup>6</sup> According to the disclosure notification of December 12, 2018.  
<sup>7</sup> According to the disclosure notification of March 3, 2018.  
<sup>8</sup> According to the disclosure notification of December 20, 2019.  
<sup>9</sup> According to the disclosure notification of December 30, 2018.

Share Price Development

from January, 2015 to December 31, 2019



Stock Market Data

			2019	2018	2017	2016	2015
Registered shares nom. CHF 27 <sup>2</sup>			4 306 000	4 256 748	4 210 915	4 166 591	4 150 000
Share capital		CHF million	116.3	8.5	8.3	8.3	8.3
Distribution per registered share <sup>2</sup>		CHF	2.80	2.60	2.40	2.00	1.80
Total distribution <sup>2</sup>		CHF	12 056 800 <sup>1</sup>	10 686 699	9 942 072	7 759 840	6 997 641
Market prices registered share							
	high	CHF	469.0	469.5	327.0	216.9	206.2
	low	CHF	321.5	304.0	213.3	165.7	139.5
	31/12	CHF	469.0	336.0	324.0	213.0	195.7
Distribution yield per registered share		%	0.6	0.7	0.7	0.9	0.9
Non-diluted Core earnings per share (CHF) <sup>3,7</sup>		CHF	15.88	12.81	10.28	7.18	9.89
Diluted Core earnings per share (CHF) <sup>4,7</sup>		CHF	15.48	12.49	9.97	7.04	9.76
Consolidated operating cash flow per registered share <sup>3</sup>							
		CHF	15.1	25.4	21.3	14.7	5.8
Consolidated equity and reserves per registered share <sup>3</sup>							
		CHF	160.6	162.7	169.3	170.0	124.6
P/E ratio (year-end) <sup>5</sup>			30	27	32	30	20
Market capitalization at year-end <sup>6</sup>		CHF million	1 926	1 363	1 342	826	769

<sup>1</sup> In accordance with the profit appropriation proposal 2019.  
<sup>2</sup> Increase of par value from CHF 2 to CHF 27 in 2019, repayment of par value in accordance with the profit appropriation proposal 2019, until 2018 there was a distribution from CCR.  
<sup>3</sup> Calculated on the basis of year-end share price and diluted EPS.

<sup>4</sup> Calculated on the weighted average number of shares outstanding, deducting treasury shares.  
<sup>5</sup> Adjustment for assumed exercise of share-based payments, where dilutive.  
<sup>6</sup> Calculated on the number of listed shares, net of treasury shares.  
<sup>7</sup> Core EPS for 2019 and 2018, prior years not adjusted.

The Siegfried Group is a leading supplier in the global CDMO market with production facilities in Switzerland, the USA, Malta, China, Germany and France. Siegfried employs a workforce of about 2500 employees at nine sites in six countries. Siegfried Holding AG, headquartered in Zofingen (Switzerland), is listed on the Swiss Exchange (SIX:SFZN).



# We do matter to customers, patients and society

## The Signals are Green

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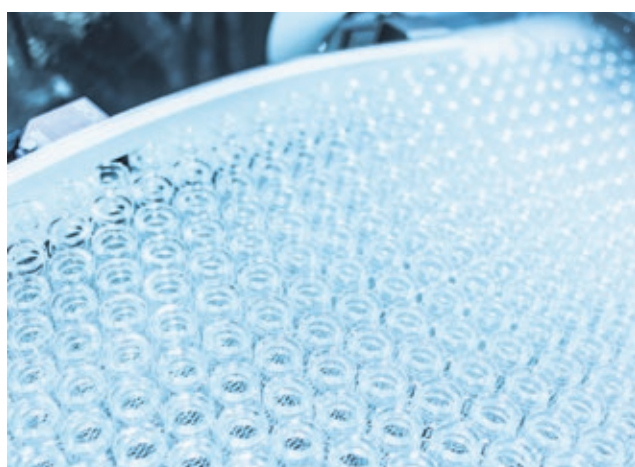
## Like a First-class Orchestra

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## Striving for the Exceptional

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## Values and Perspectives

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## CEO Interview

**Dr. Wolfgang Wienand**  
Chief Executive Officer

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## 3 Questions to



**Marianne Späne**  
Global Head Business Development,  
Marketing & Sales

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**Dr. René Imwinkelried**  
Global Head Technical Operations

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**Dr. Jürgen Roos**  
Chief Scientific Officer

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**Arnoud Middel**  
Global Head Human Resources

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**Dr. Reto Suter**  
Chief Financial Officer

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In addition to the interviews, please find  
ExeCom video statements at [report.siegfried.ch](http://report.siegfried.ch)





# The Building Blocks of Our Corporate DNA

Our mission and vision as well as our corporate values represent the basis for Siegfried’s self-conception and thus the company’s success.

Siegfried is a long-established company with a history reaching back nearly 150 years. The last ten years of this long period of time were remarkable from various points of view. Several significant strategic projects were successfully implemented within a short time, catapulting the company into a new order of magnitude. As a result, Siegfried today operates a performance-oriented global network consisting of nine sites on three continents. The company’s financial position is sufficiently robust to autonomously shape its future strategic development.

We are one of the leading worldwide service providers and suppliers to the global pharmaceutical industry. The potential of our company is considerable. Correspondingly, Siegfried aims to advance to the forefront of the CDMO market (Custom Manufacturing and Development Organizations) and reach a top position in the industry. On our way there, a significant contribution is made by our “Evolve” corporate strategy and, in addition, by an internal action program named “Elevate”. Simultaneously, the company is actively enhancing its organization and getting it in shape for the future as a global Siegfried team.

Due to its internal cooperation and networking our company’s performance is greater than the sum of its individual sites. This is true as much for our customers as it is for

ourselves. In addition, it requires the willingness of the management teams at the various sites to think and act in terms of a network. Our aim is to produce a chemical step at that site in our network that provides the most suitable equipment and the necessary skills. This is demanding as it is connected with additional expense and higher complexity. The fact that a considerably larger number of tech transfers were carried out in the year under review than ever before in

the history of our company shows that the sites demonstrate a high willingness to work together as a network.

Furthermore, excellent technical conditions are a prerequisite. Our current “Evolve” strategy pursues the goal of strengthening the Siegfried Group technically and adding new skills. Various investment projects at several sites are addressing this strategic objective. At the same time, Siegfried is cons-

tantly examining potential acquisitions in order to ensure future critical size for the company.

- While “Evolve” mainly formulates strategic intentions, “Elevate” formulates four internal goals addressing the biggest challenges expected for the coming years:
- Network and strategy for future technological development
  - Business processes and resource planning
  - Operational excellence
  - Digitalization

These four strategic thrusts took up considerable space in the year under review, and they will put their stamp on the coming years. “Elevate” will decisively improve the Siegfried Group’s competitiveness through uncompromising customer orientation, a higher degree of efficiency and improved utilization of plant.

Siegfried also made great progress concerning the implementation of its corporate values. During a visit to all sites following his appointment as CEO, Wolfgang Wien- and made our values a subject for discussion. In 2019 they were affixed easily visible at central locations at each of our sites. Moreover, at roundtable meetings run by members of the Executive Committee (ExeCom) they are put up for discussion. They represent the guiding principles for all employees in their daily work.

	Excellence	“We excel in everything we do”
	Passion	“We deeply care about what we do and how we do it”
	Integrity	“We act responsibly, reliably, respectfully and live up to our own standards”
	Quality	“We do it right first time”
	Sustainability	“We do not only think about tomorrow, but far beyond”



CEO Interview



Dr. Wolfgang Wienand  
Chief Executive Officer

How do you rate the 2019 financial year?

That's a question which, for me, embraces rational and emotional elements. Concerning the latter, it's certainly of significance that it was my first year in the role of CEO. During my tour of all Siegfried sites at the start of 2019, I outlined my CEO agenda and had many enlightening conversations in my contact with many employees in all corporate areas and at all levels. Regardless of whether a conversation partner seemed satisfied or made critical comments, the basic tenor always reflected pragmatic optimism, a sense of belonging and a connection echoing: "this is my company". I sensed that our employees are ready for a next successful chapter in our long corporate history.

Rationally, in terms of hard facts, we have jointly achieved a great deal in the first year of working together. Obviously, there is a lot more that needs to be achieved. By means of investments we improved our technological skills, tied closer connections among the sites, and continued to strengthen our network. We extended our training and continued-education activities and pooled them in our newly established "Siegfried Academy". The expertise and the capabilities

existing in our team are decisive when it comes to the quality and success of our work. Moreover, there were numerous individual efforts and accomplishments at all of our nine sites which, together, resulted in recognizable and profitable growth for 2019.

**Concerning the emotional aspects, how will they influence the next chapter?**  
We shouldn't forget that while Siegfried Group will soon celebrate its 150th anniversary, our current corporate setup and the way we work together started only four years ago. We've successfully left behind the first phase of finding our way along an uncertain path, but the kind of continuous growth we showed in 2019 and which we aim for in the future involves continuous change and transformation. In order to cope with such a phase of progress, a company needs clear parameters that provide security and also point in the direction to be taken in the future. At Siegfried, our five ambitious and demanding corporate values, namely Excellence, Passion, Integrity, Quality and Sustainability, represent these parameters. My management team and I jointly identified and defined these values, and on which I based my CEO agenda. I was very pleased to receive broad approval and positive feedback from many colleagues at our different sites, which reinforced my view that this company not only enjoys great potential but also has the necessary mentality to transform its potential step by step into tangible success, and in 2019 we succeeded in taking such a step.

**In your messages to employees and in media contacts you often not only mention the strongest team but also the most competitive network as being key components of your vision for Siegfried. Why is this so important for you?**  
True. While the team concept is, of course, underpinned by sport and dynamics – we in competition with other leading CDMOs – it also encourages emotional wellbeing and the solidarity experienced in "Team Siegfried". My aim is that we work together well in an environment based on trust and with joy, supporting each other to our mutual benefit and to that of our customers.

Concerning the network issue, I'd like to first tell you something about drug substances. Each drug substance that we produce

has its individual production process. Hardly any process matches another. Some require large capacity, others less, some drug substances require special technologies and skills that are not available at all production sites to the same extent. That is why bottlenecks occur frequently which cannot be resolved by one site alone or only with great effort. In a network of sites that cooperate and are complementary in terms of technology and capacity, better solutions can often be found and implemented at minimal cost. If we produce the individual stages of a process at the most suitable site, the result will always be superior in terms of feasibility and cost. At the same time, we will utilize our plant more evenly and avoid inefficiencies caused by bottlenecks or less suitable setups. In terms of new products, we not only consider where they can be produced most favorably but also look for better solutions in the network for the production of existing products, some of which have been produced at a site for years, and we will transfer them if the benefit is sufficiently evident. While the initial cost of such tech-transfers is considerable, our cross-site teams are consistently achieving better results. In 2019 we transferred more products within our network than ever before. This helps us free up capacity to handle more business or acquire new orders. Organic growth to the extent that we have shown in 2019 would otherwise not have been possible.

**In how far is this true for the pharmaceutical part of Siegfried's business, namely Drug Products?**  
Exchange among our three drug-product sites is currently still playing a secondary role. These sites enable us to cover the entire value chain concerning pharmaceutical production for our customers. In other words, we can supply chemistry and pharmaceuticals, from a simple chemical raw material to complex intermediates and from pharmaceutical drug substances to finished dosage forms fully packaged including package insert. Our customers appreciate this service even though the market is not quite ready in all countries to obtain everything from a single source, so, as a result, that part of our business in which we truly supply the entire added value for an individual product remains manageable. However, the advantages of pooling production in one hand are given. Therefore, I am convin-

ced that this business model will gain significance in the future and give us a competitive edge. Siegfried has laid the ground and is ready to deal with growing demand.

**In addition to strengthening the network, you invested heavily.**  
Correct, we don't only invest in routine maintenance and replacement of existing facilities, but also in our technological competences within the parameters of the "Evolve" Strategy. I'm thinking of the construction of a micronization plant for chemical drug substances at our Evionnaz site and the new R&D laboratories in Hameln. In the future, they will allow us to offer services for biologically produced drug substances in addition to formulation development for smaller molecules. Moreover, in Zofingen we are currently building an additional multi-purpose plant in our drug substance operation in Building 425, which includes a rare hydration-technology installation that will supplement and further differentiate our technological offer.

**You mentioned that Siegfried had grown steadily in recent years, last year even faster and at the upper end of general market growth, although there was no acquisition. Why not?**  
At the start of my time as CEO I said: the basis for sustainable success will be our ability to manage existing business as efficiently and successfully as possible and deliver stable organic growth. Although this alone is a challenging task, I expressed my opinion that this would not be sufficient. There are major opportunities for Siegfried beyond our daily business – in terms of acquiring other companies, sites, businesses and technologies. The ambition to grow by means of mergers & acquisitions is based on the recognition that in our business, corporate size can represent competitive advantage. While we can certainly afford to make acquisitions, our shareholders may rest assured that our acquisitions will be made with a cool head. In such a scenario, impatience is a poor adviser. We keep in mind our long-term goals and sustainable success and we, therefore, know that a potential acquisition must be a perfect fit. All our acquisitions since 2012 – which I was responsible for myself as Head Strategy and M&A – have been successful. As an integral part of Siegfried, they all developed very positively, and

read further on the following page

Mission  
Vision  
Values

Our Mission

We do matter to customers, patients and society.

"With mastery of science and technology, we take the precious innovations of our pharmaceutical customers to industrial scale and manufacture safe drugs for patients worldwide."

Our Vision

We aim for industry leadership.

"Siegfried is the most trusted partner of the pharmaceutical industry and the global leader in the CDMO space – because we are the strongest team running the most competitive network."

Our Values

We strive for outstanding performance.

"Our values and leadership principles are the basis to build the strongest team in the industry."


Continuation of CEO Interview...  
today they represent a cornerstone of our success. As always, we keep our eyes open in a proactive way, and we shall not hesitate to acquire a company or a business that will take our network forward and create value for our shareholders.

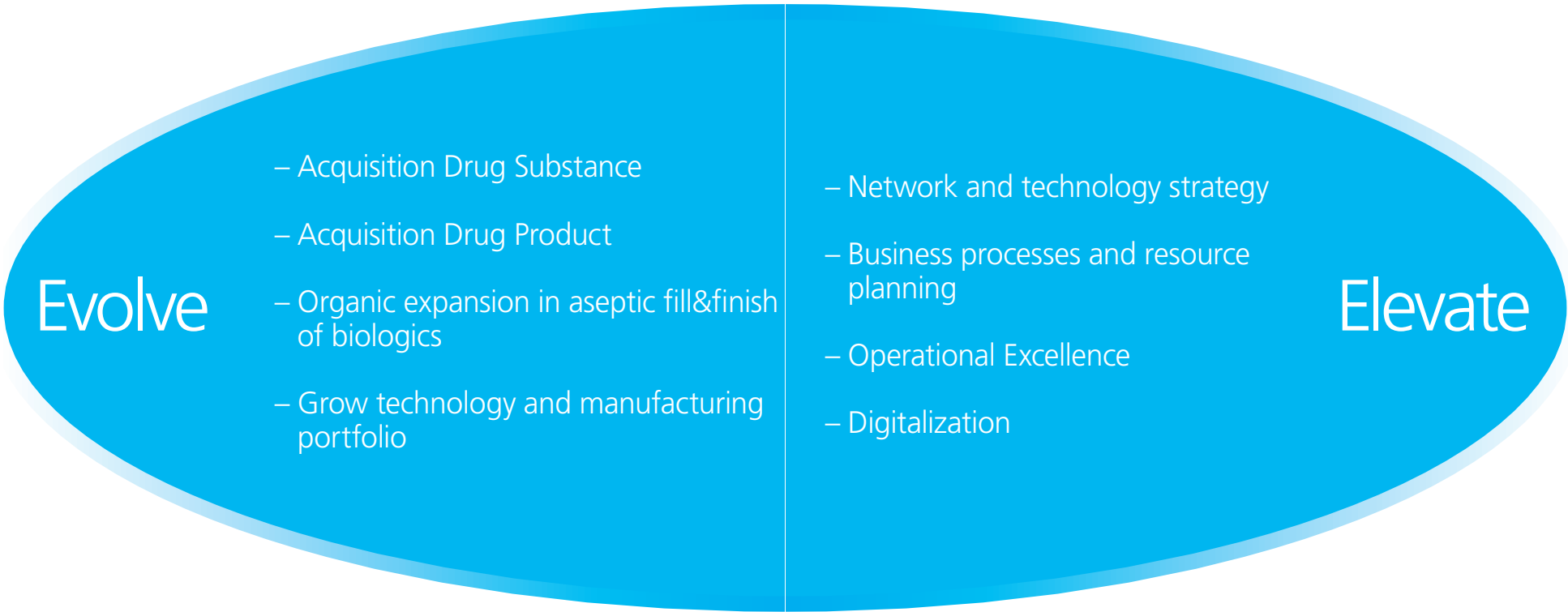
**What are your goals for the current year?**  
In 2019, each one of us worked hard, and we delivered good results. And yet, primarily, I don't look at what we achieved in the past, but on what we aim to achieve in the future, over and above last year's result. It is clear to me that we at Siegfried are on the way toward unleashing our full potential.

We are aware of our strengths and of the possibilities of implementing them to create value. However, we have some additional ideas of how we can and must improve – and of how we'll go about it. We at Siegfried are fully determined to be successful also in the future.

**In addition to financial success, what is most important to you as CEO of Siegfried?**  
Outstanding achievements have always inspired me, both in my previous life as a sportsman and then in science and in my career. In other words, those achievements, which represent the difference between the expected and the outstanding. And this is

exactly what I consider to be the core of my task as CEO: to jointly organize and deliver top performance in cooperation with other qualified and motivated people and, thereby, unlocking Siegfried's great potential. It is my wish that each one of us can enjoy this experience. And each one of us is required to participate. By means of our personal contribution, we can make a positive difference to the benefit of the entire Siegfried Group.

 A video to this interview is available at [report.siegfried.ch](https://report.siegfried.ch)



The CDMO business model has to adapt to new requirements – Siegfried’s strategies are addressing them

Fundamental pharma trends	Strategic answers of Siegfried			
	Evolve & Elevate			
	Technological breadth	Critical size	Integration DS & DP	Site network
– Focus on innovation and marketing less on development & production	✓	✓	✓	
– Increased cost awareness complex supply chain is a cost driver	✓	✓	✓	✓
– Breakthrough innovations small pharma without own supply chain	✓		✓	✓
– Increasing complexity process integration of API & Drug Product	✓		✓	✓
– Focus on life-cycle management maximize value from post LOE phase	✓	✓		✓





# Power in Continuity

“Evolve” and “Elevate” stand for the growth strategy with which Siegfried aims to advance into the top league of the CDMO<sup>1</sup> industry.

Siegfried's management with CEO Wolfgang Wienand at its helm has clear ambitions. The aim is to be the first choice in the vigorously growing and fragmented pharmaceutical supplier market. It all started ten years ago when Siegfried began its transition within the parameters of its “Transform” strategy to become the leading outsourcing partner. From 2012 to 2015, Siegfried grew by means of targeted acquisitions in the USA, Europe and Asia. Thanks to operational improvements and targeted investments in key technologies, our product portfolio grew continuously more attractive which, in turn, resulted in a greatly expanding and deepening global customer base. Year after year, sales and profitability grew vigorously. The result reported for 2019 is a continuation of this success story. Siegfried today plays a leading role in the CDMO industry.

## Industry Trends Considered a Challenge and an Opportunity

The pharmaceutical industry is currently undergoing rapid change. Shifting customer needs, pressure on prices, and technological developments are setting the tone for the future which, for Siegfried, represents challenges and opportunities alike.

Owing to the increasing complexity and considerable risks involved in the development and production of new drug substances and finished products, pharmaceutical companies are increasingly focusing on innovation and marketing, their actual strategic value drivers. Therefore, they transfer development and production of drug substances and finished dosage forms to special-

ized companies, such as Siegfried. On the one hand, this helps them reduce risks and, on the other, optimize the deployment of resources, capital and skills, which they can now direct toward marketing new medical therapies and drugs.

These new developments are very much to Siegfried's advantage. Pharmaceutical customers of all sizes and with varied needs receive the highest quality, efficiency, safety and flexibility thanks to Siegfried's many years of experience and its competence as a fully integrated supplier, its distinct process and compliance know-how, and its worldwide development and production network. Customers' growing demands coupled with progressing technological change require Siegfried to constantly improve.

## “Evolve”, the Growth Agenda

With “Evolve”, Siegfried continues to advance organic and acquisition-related growth in order to obtain additional market share and continue to play an active role in the industry-wide process of consolidation.

We are considering targeted acquisitions to strengthen our production network and to provide a boost toward reaching the billion-dollar sales mark. Concerning classical drug substances, our focus is on the USA, the most important CDMO market worldwide.

Siegfried started investing in the market for biopharmaceuticals two years ago, especially at its Hameln site. The market represents above-average growth perspectives. Additional acquisitions in this segment will provide increased capacity and a higher draw for our customers.

In terms of the production of finished dosage forms, Siegfried works toward organic and acquisition-based growth regarding oral solid dosage forms (tablets, capsules) and aseptic filling of liquid dosage forms.

Various internal measures also contribute toward growth. Our drug substance plant in Nantong, China, recently received a “no action indicated” certification by the FDA. The export permit to the USA connected with this milestone will considerably strengthen our global network. Siegfried is investing in key technologies, such as micronization and lyophilization. In mid-2019, new research laboratories were inaugurated in Hameln which will accelerate the acquisition of customer orders.

## “Elevate” Encourages Above-average Performance

Siegfried's customers make very high demands on Siegfried's performance. They ask for the highest level of quality while keeping costs low, efficient planning and implementation of their orders, maintaining delivery schedules, and operational flexibility. In line with our company slogan, “expect more”, Siegfried is strengthening its skills within the parameters of “Elevate” in order to identify scope for differentiation in the market.

“Elevate” consists of four areas of activity. First, optimization of the networking capability among our sites, and of the role of each individual site, to further strengthen the overall performance of our global production network. Second, the efficiency of our business processes and implementation of the most effective methods and instru-

ments. Third, measures serving the enhancement of operational excellence at each site, strengthening resources and skills of the teams. Fourth, digitalization. In this area of activity, we aim to identify technologies and to accelerate pilot projects with a long-term effect on Siegfried's business model from which potential for opportunities in the future can emerge.

<sup>1</sup> CDMO: Custom Development and Manufacturing Organization



# The Signals are Green

Signs in the worldwide health market continue to be set on growth. Demand for strategic outsourcing by the pharmaceutical industry is growing. Great perspectives for Siegfried to expand in an attractive environment.

Siegfried's environment remains promising and geared for growth in the near future. As a reference market, the OECD<sup>1</sup> expects for the United States an average annual growth in the health sector (CAGR<sup>2</sup> 2014–2016) of 5.1 percent. At 4.9 percent, the value of relevance to Siegfried in the pharma and medical technology market is similarly high, and expectations for the CDMO market are even better. Experts estimate that this market will grow by 6.2 percent by 2022, faster than the global pharmaceutical market<sup>3</sup>. All geographical regions and CDMO segments will increase, the BRIC states the fastest, and finished dosage forms slightly faster than drug substances. We expect the highest growth, namely 8.3 percent, for sterile and aseptic drugs. For years, Siegfried has invested continuously in this future-oriented market in terms of technology, capacity and skills. The acquisition and targeted expansion of the sites in Hameln and Irvine serve as an example.

Fundamental change in the pharmaceutical industry will provide additional positive impulses to the CDMO market in the coming years. The large pharmaceutical companies increasingly focus on research and development, which is of importance to their innovative power, and on marketing and sales. They are increasingly outsourcing production capacity in order to minimize the risks connected with production and to improve yield on invested capital. Figures document this development: while business volume of the pharmaceutical companies grew by 28 percent across recent years, they expanded

their production capacity by only 9 percent. In the case of small-molecule drug substances, which today represent the majority of drugs, a 56-percent growth of outsourcing volume is expected<sup>4</sup>. High complexity, risks connected with volatile demand, and pressure to achieve the highest quality at simultaneously low costs, encourage the pharmaceutical industry to expand their strategic outsourcing. This is true also for the phase following the expiry of patent protection during which the retail prices for generic drugs decline drastically. If margins are to be more or less maintained, anticipatory, comprehensive life-cycle management will gain strategic significance. This is the core competence of outsourcing partners, such as Siegfried, with its integrated business model.

New, innovative drugs represent a highly promising area of growth for Siegfried. In many cases, these come from small or medium-sized pharmaceutical companies and biotechnology startups without in-house process development or production capacity. The increasing complexity of advanced medical therapies requires first-class suppliers, such as Siegfried, that continuously invest in their technological base and in the optimization of their operational processes.

## Promising Perspectives for Siegfried

Positive developments in the global health market and growing demand for strategic outsourcing generated by the changes experienced in the pharmaceutical industry confirm the business model's sustainability for Siegfried. Critical size is one of the most im-

portant success factors as large CDMOs are capable of generating higher EBITDA margins which, in turn, can be invested in additional offers and, consequently, additional growth. Moreover, only the leading suppliers as preferred life-cycle partners have the capacity, flexibility and skills to understand their customers' growing needs and transfer them into value-creating solutions. Siegfried itself makes ever increasing demands on this expertise and has enshrined them in its corporate values. Proof of this is the strategic approach taken by the "Evolve" and "Elevate" strategies (for more on this topic, refer to the "Strategy" chapter on page 20/21), which have set the course for a successful future.

<sup>1</sup> Global Data 2016, [www.stats.oecd.org](http://www.stats.oecd.org)

<sup>2</sup> Compound Annual Growth Rate

<sup>3</sup> EvaluatePharma World Preview 2018; Visiongain Market Report – Pharmaceutical Contract Manufacturing Market 2017–2027

<sup>4</sup> Estimates by Siegfried; Jan Ramakers; Visiongain; BCG; IMS Health Market Prognosis; Visiongain Market Report "Pharma Contract Manufacturing World Market Outlook 2013–2023"





### 3 Questions to

**Marianne Späne**  
Global Head Business  
Development,  
Marketing & Sales



**How are the outsourcing market and the CDMO industry developing – and how is Siegfried reacting to the current challenges?**

The CDMO industry is in a state of flux. While demand for outsourcing remains unbroken, the supplier field is strongly fragmented and thus attractive for M&A activities. Today, pharmaceutical companies worldwide are confronted with an enormous pressure on costs. Consequently, outsourcing is driven by the need to reduce costs and the avoidance of operational risks. CDMOs play an important role in this regard because they provide the capacity to minimize risks concerning supply shortages.

Today, outsourcing activities occur across the entire value chain. The relatively young CDMO industry is challenged to meet the changing requirements of the pharmaceutical industry and to develop new business models. By means of our development know-how, which we have in Switzerland, in China and in Germany, we offer the optimization of developed products along the entire value chain. In addition, we provide various specialized technologies such a spray drying, micronization, hydration (up to 40 bar), low-temperature reactions and the production of highly effective drug substances plus capsules, eye drops, ready-to-fill syringes in the field of finished dosage forms.

**How is the Business Development organization structured in order to provide customers with the best possible services?**

We are close to our customers and can offer them the required reliability of supply by means of our own network of sites. We achieve this by means of splitting long syntheses between two production sites or produce entire syntheses at several sites located in the USA, China and Europe. We are well-versed in chemical production, formulation and finished dosage forms.

Our teams enjoy sound knowledge in the chemical-pharmaceutical field and in the area of formulation. Technical experts and business-development teams work hand-in-hand and are often referred to as twins. Working across departments and production segments is a natural part of our activities, by means of which we successfully manage our strategic partnerships. Moreover, we place great importance on personal contact with our customers. Similar to a chemical process, the chemistry among participants must be right beyond project discussions.

**Passion is one of Siegfried’s core values.**

**What does it imply for you and for the employees in your field of responsibility?**

Passion is connected with dedication and with heart and soul. It is the prerequisite for doing an excellent job and being successful. The passion for what we do must be reflected in all of our actions. Be it toward our customers, our colleagues, or in view of our patients and the entire society. Passion is the force that drives us every day, motivates us, puts meaning in our activity and gives us the strength to unperturbedly strive toward our goals. It’s important to continuously reawaken the passion for our business, so we can glow and radiate for our customers, employees and colleagues.

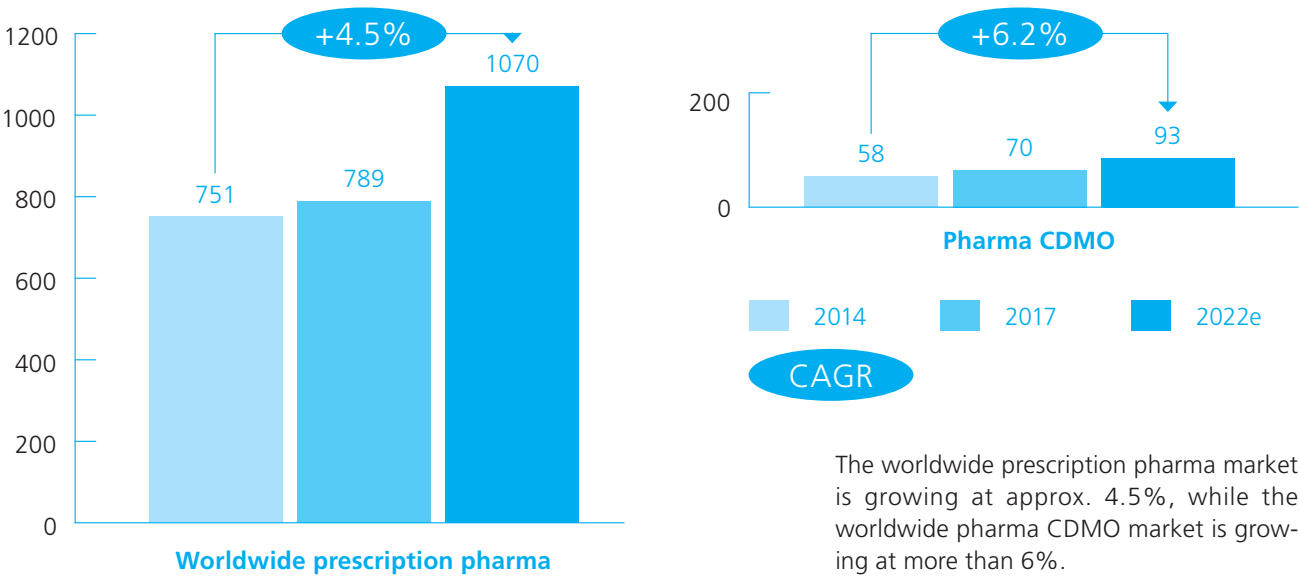
It is a management task to motivate others and to bring out the best in oneself. Not only does this provide deep satisfaction and fun – it also motivates. If we at Siegfried experience this passion and dedication toward our job, we will become the strongest team with the most competitive network.

A video to this interview is available  
at [report.siegfried.ch](https://report.siegfried.ch)



**Global prescription pharma market vs. pharma CDMO market**

Global market revenue in USDb



The worldwide prescription pharma market is growing at approx. 4.5%, while the worldwide pharma CDMO market is growing at more than 6%.

**Patients per year**

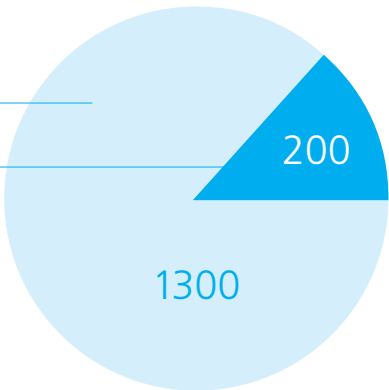
By means of its current portfolio, Siegfried’s customers serve about 40 million patients a year.

**Siegfrieds API portfolio**

Siegfried produces about 200 of the approx. 1500 FDA approved APIs worldwide, and is therefore an important source to secure the therapy of numerous patients.

**APIs worldwide**

**Siegfried’s share**



## It’s important what we do – and how we do it

Siegfried develops and produces drug substances and finished dosage forms not only for important but for essential drugs in different therapy classes as oncology, antidiabetics,

anti-virals, immunosuppressants, antithrombotics or chronic pain (other CNS drugs), to name but a few. The well-being of the patients is our main concern.

**Global Pharma Market 2019 – leading top 10 therapy classes (ATC2)**

	2019	2024	US \$ Bn	Share of 2018–2019 Growth	% CAGR 2019–2024
Antineoplastics (Oncology)	121	217		50%	10.2%
Antidiabetics	95	118		20%	3.6%
Immunosuppressants	77	93		20%	3.3%
Systemic antivirals	51	53		–12%	0.5%
Anti-asthma & COPD	47	53		1%	2.1%
Anti-thrombotics	43	51		12%	2.7%
Other CNS drugs	43	65		–1%	7.0%
Systemic antibacterials	35	50		–3%	6.4%
Ophthalmologicals	27	32		3%	2.9%
Psycholeptics	25	35		–1%	6.2%

Source: IQVIA MIDAS 2019 prescription drug data, Evaluate Pharma market forecast data March 2020. Analysis by EphMRA ATC Code



# Like a First-class Orchestra

Siegfried's ambition is to be the leading outsourcing partner of the pharmaceutical industry. To reach this aim, Siegfried relies on a highly competitive and finely tuned global production network, making close analogies to an orchestra obvious.

As a worldwide leading CDMO<sup>1</sup>, Siegfried Group is positioned as the preferred trusted partner of the pharmaceutical industry. This presents special challenges in a time characterized by permanent change in the market and in the own industry, but also in view of increasing complexity of the CDMO business as such. The aim is to do justice to the needs of pharmaceutical customers of all sizes and origin at all times and everywhere. Siegfried provides the highest quality of products and services connected with the permanent readiness to deliver, flexibility and efficiency at attractive prices.

## Strategy Starts with Priorities

A clear look at priorities points the way. Peter Kienholz, Head Strategic Projects Operations, explains: "We pursue a clearly defined network strategy by means of which we define the primary roll and the core capabilities of each site and its technology portfolio". At each site, the defined strategic guidelines are translated into concrete initiatives and consistently implemented. In addition to the operational management team, planning and implementation of measures closely involves specialist departments, such as Engineering and Supply Chain. This is a good example of the interdisciplinary cooperation between planning and implementation required and supported at Siegfried. Concrete examples of such strategic measures include the development of Siegfried's capacity in

the field of micronization or sterile filling of biologics. In the year under review, production capacity was expanded by both, de-bottlenecking existing facilities and installing entirely new capacity. "All of this allows us to offer our existing and new customers an even more attractive and flexible production network – one that meets the highest industry demands", says Peter Kienholz.

## Large Potential for Growth

Siegfried's network, which is constantly being enhanced and expanded based on the overriding strategy, opens up a range of attractive opportunities for the future. The concept is a global platform, which will allow the transfer of services and products, technology, know-how, skills and talents.

By means of a flexible transfer of services, products and technology, production capacity can be secured – in the interest of the customer. This permits Siegfried to reduce dependency on individual production sites and increases flexibility concerning supply and demand fluctuations. A transfer of know-how, skills and talents facilitates the internal exchange of recipes for success and provides attractive career opportunities. Moreover, this will support Siegfried's culture of cooperation and team spirit – a factor that is not to be underestimated.

## Development in Carefully Defined Steps

In 2019, FDA<sup>2</sup>, the US regulating authority, successfully audited Siegfried's sites in Minden, Irvine, Evionnaz, Zofingen and Nantong. In addition, the sites in Malta, St. Vulbas and Minden were audited by the European authorities. These results again prove that Siegfried meets the highest demands in its services and production facilities. They are a central precondition for Siegfried Group's competitiveness in the global market and represent a great compliment. The successful FDA audit of our site in Nantong represents a special milestone, similar to the expected import permission for the USA, the reference market. This import permission will further increase Siegfried Group's economic performance.

In addition to investments made at practically all sites, a new production plant for drug substances was installed in St. Vulbas. Following a construction period of less than a year, new research laboratories were put up in Hameln in mid-2019, which serve the development of drugs on customers' account. This strengthens the acquisition of new business in the growing market for sterile filling of drug substances and biologics.

## Interaction Makes the Difference

As in a first-class orchestra, the quality of interaction among the people within the Siegfried network makes the difference. At

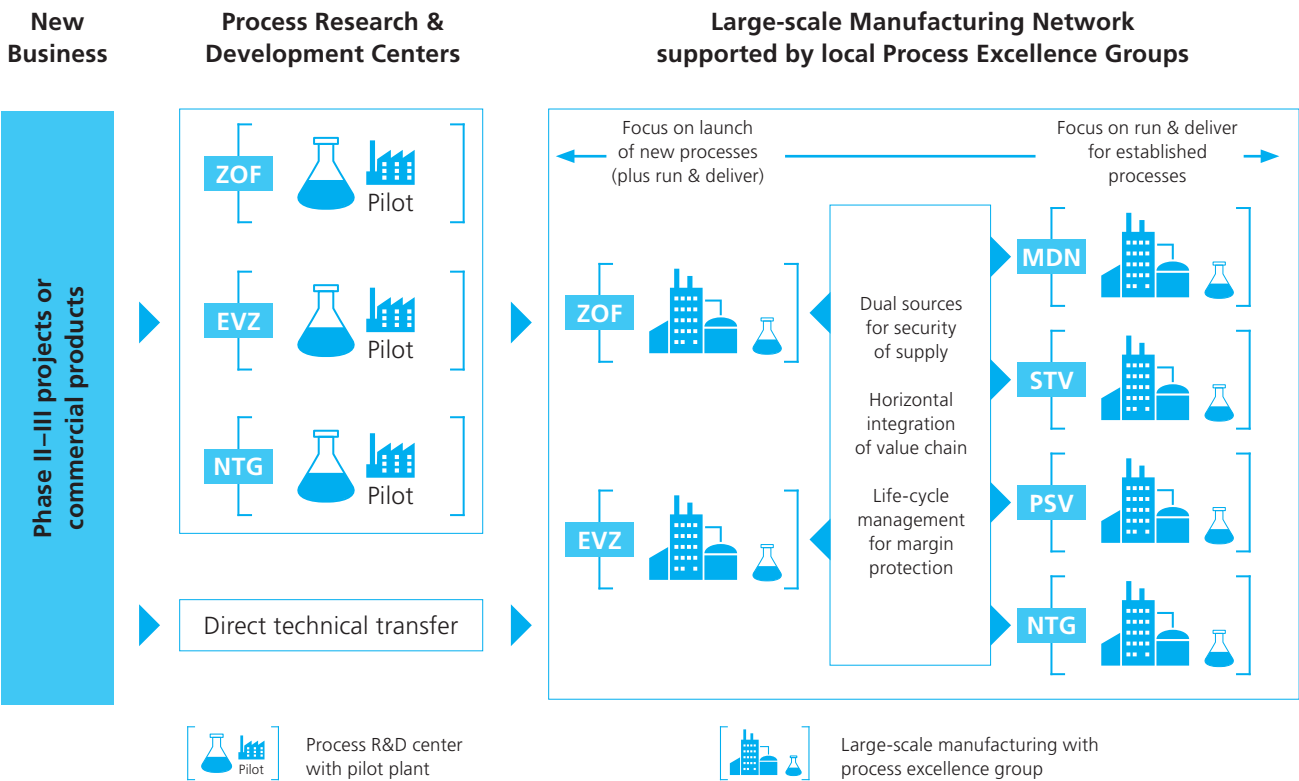
Siegfried, rapidly changing customer requirements are part of our everyday culture and demand the ongoing reinvention of our employees and their continued development: "Reset and Restart". Siegfried with its integrated business model serving the development and production of drug substances and finished products is a complex structure with many specialists and production units spread across the globe. An organization of this nature can only be successful if its people are able to contribute exceptional performance as individuals and as a team, while also showing responsibility for the company as a whole. Siegfried is well aware of this enormous challenge, and has for many years consistently focused on the development of the employees.

<sup>1</sup> Custom Development and Manufacturing Organization  
<sup>2</sup> Food and Drug Administration

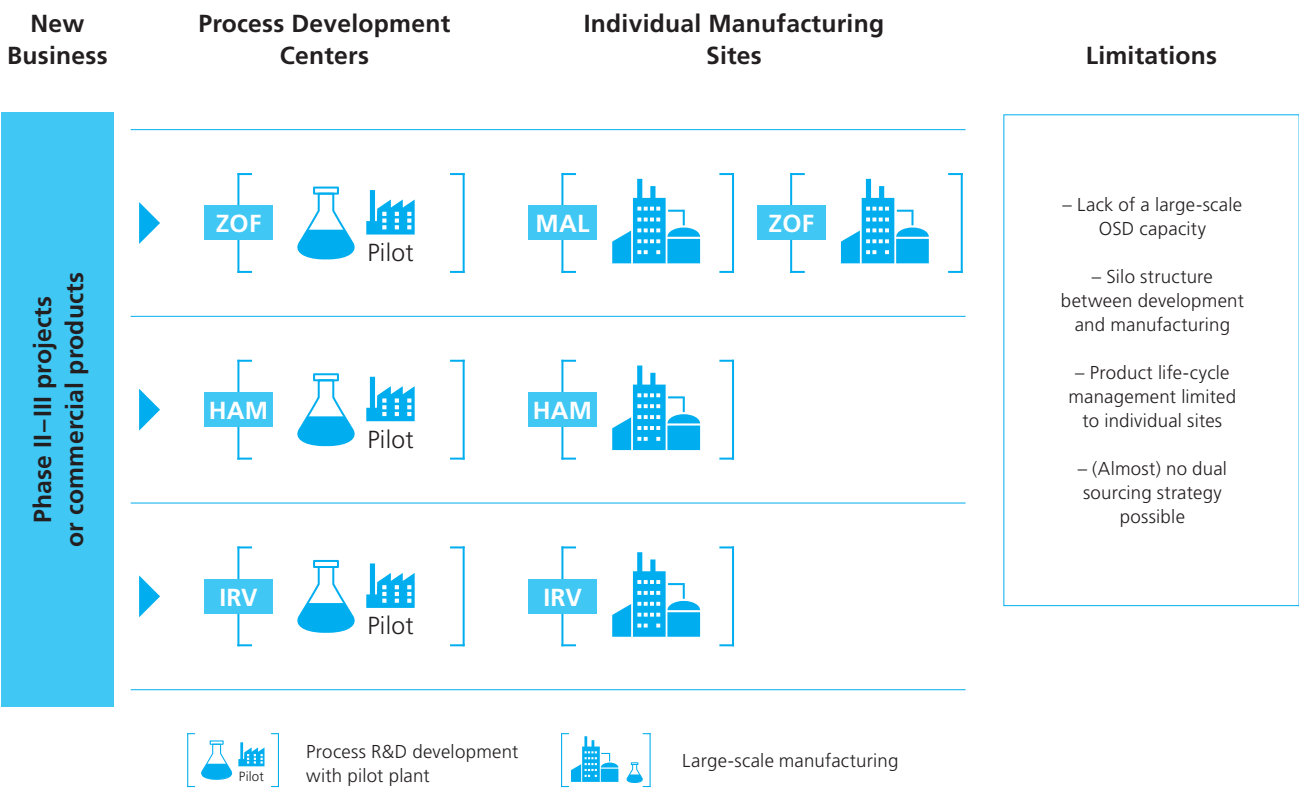


Our network is a global platform which facilitates the transfer of services and products as well as technology, know-how, skills and talents. By means of close cooperation, integration and clever allocation of products and resources, the network's added value is larger than the sum of the individual sites.

## Drug Substance Network



## Drug Product Network



### New Production Planning Software

“Elevate” – that part of Siegfried’s overall strategy focused on organic development – includes a row of initiatives that will further increase growth, profitability and competitiveness owing to operating excellence, a clear network strategy, and higher efficiency.

A concrete example of such an initiative refers to the harmonization and continued optimization of Siegfried’s production planning processes. In addition to process-related improvements, state-of-the-art production-planning software is currently being rolled out. The new software supports further optimization of

planning and utilization of production capacity. This initiative will result in measurable advantages for both Siegfried and its customers. The targeted advantages include:

- Optimized resource utilization by means of specialized solvers for production planning
- Higher flexibility and shorter reaction times in the event of short-term orders and/or rescheduling
- Scalability of planning processes through harmonization across the entire production network



## 3 Questions to

**Dr. René Imwinkelried**  
Global Head Technical Operations



**Your aim is to increase Siegfried Group’s available capacity and technological capabilities by raising performance of the worldwide network of production sites. How do you proceed?**

The behavior of our production network is similar to that of a living organism. It has to constantly remain in action and adjust to customer needs and requirements. At the same time, we put great emphasis on occupational safety, quality and efficiency. A comprehensive consideration of the entire production network is essential. Based on strategic demands made on the network, we plan the development of the individual sites in such a way that we achieve the best result for the whole network. To achieve this, we establish a plan for each site concerning its ongoing development of technological capabilities and capacity. Our management teams at the individual sites have great ambitions to continue the development of their site. This is the correct approach and a prerequisite to find the best solution for the network as a whole. It is essential that our approach is disciplined and sets the right priorities.

**Siegfried operates in a heavily regulated environment. Customers, however, expect flexibility, and the improved utilization of our network asks for a certain amount of adaptability. How do you master this balancing act?**

Indeed, that is demanding and, especially, when we shift production processes for products among sites, we have to observe strict regulations by the authorities as well as customer specifications. We plan each individual transfer meticulously and coordinate it in detail with the customer. No process transfer will be carried out without customer approval. Basically, a process transfer represents a transfer of knowledge between the experts at the different sites. In this kind of situation, good cooperation and mutual trust are essential prerequisites. Sometimes, the employees of a site are not really happy to relinquish a product. It is therefore important that we clearly and intelligibly explain the reason for undertaking such a step. By means of continuous optimization of our production network, we increase our competitiveness and provide our customers with flexibility and bigger reliability of supply for their product. In the year under review, our employees further improved the efficiency of our production network. And this I am very proud of.

**“Excellence” is one of Siegfried’s core values. How do you implement it in your area of responsibility?**

To me, achieving excellence implies constant striving to “become better” and never to be satisfied with mediocre performance. This is true for each individual, our teams, and for Siegfried as a whole. For each employee, constant striving to improve performance is the best means of achieving personal development, in both professional and private life. I am firmly convinced that improved performance also leads to more personal satisfaction.



A video to this interview is available at [report.siegfried.ch](http://report.siegfried.ch)



# Striving for the Exceptional

At Siegfried, we never rest on our laurels in our striving for market leadership. That is why “Excellence” is one of our core values. This becomes particularly evident in the area of research and development.

For Siegfried, “Excellence” means providing top-quality performance for the benefit of our customers. This requires a comprehensive view on the company’s value- chain and the necessary preconditions and skills. The main contribution is made by our employees, be it in the areas of science, technology, innovation, management, customer service or the operation of production equipment. The shortest formulation for this is the company’s slogan, “expect more”.

One example of consistent implementation of this philosophy is the management function of the Chief Scientific Officer. The list of his tasks is impressive. It reaches from chemical research and process development to galenic and analytical development thru to quality control, project and program management and regulatory tasks. Jürgen Roos, Siegfried’s new Chief Scientific Officer, is fully aware of his area of responsibility. His conviction exemplifies Siegfried’s value focus: “I consider my function, research & development, to be the entrance gate for new talents. My aim is to support their development and bind them to the company across the long term. We will reach our goals only with highly qualified and motivated employees”.

**Research & Development Serves the Network**

At Siegfried, research & development enjoys high significance as the linchpin of our complex integrated business model. The department’s tasks are complex: initially, we develop a made-to-measure production

process for our customers in a very short period of time. Siegfried’s customers are under great pressure because they cannot afford to lose valuable time and, consequently, money during clinical studies. Usually, investment in clinical phases for new drugs represents several hundred million US dollars. Efficient development instruments are therefore decisive. Some of the keywords are: laboratory automation, reaction simulation, state-of-the-art measuring methods and analytics. Competent supervision of production processes during the introductory phase and their ongoing optimization is of great importance in order to keep production costs as low as possible.

At Siegfried, new customer requests are evaluated by our experts in research & development. In coordination with the customer, they identify the most suitable site for later production. A large degree of research and development work is required for drug substances, and the departments at the Zofingen and Evionnaz launch sites work on new customer projects. Subsequently, a project will either be upgraded and produced at one of these two sites or transferred to another production site. In cases of lower development efforts, the process will be introduced directly at the corresponding site and adjusted and optimized by the local team.

**Global Network Is a Competitive Advantage**

The strategic significance of Siegfried’s global network is manifested not only in the production of drug substances and drug

products (see chapter on “Operations”, page 24), but also in research & development. Siegfried’s global network is characterized by sophisticated coordination of skills and capacity.

Renowned experts in Zofingen-based “Center of Excellence” support individual drug substance sites in such areas as particle technology, reaction simulation, laboratory automation, and the introduction of new process technologies.

The other production sites on three continents also work with highly qualified research & development teams, which exchange ideas, experiences and results amongst each other. The development network for drug substances, with production sites in Zofingen, Evionnaz, Nantong and Pennsville, comprises about 200 professionals in laboratories and pilot plants.

Galenic development for oral solid dosage forms (tablets, capsules) is located in Zofingen. Our colleagues there enjoy a great deal of experience in the development, scaling up and commercial production of drugs. On the one hand, they produce clinical samples in a pilot plant for customers in the pharmaceutical industry and, on the other hand, they work closely with the Malta production site when introducing new products.

Development of sterile drugs is carried out in Hameln. Here, liquid formulations of classical drug substances (small molecules) and biopharmaceuticals are filled every year in more than 100 million ampoules and 30 mil-

lion vials. In 2019, a new research and development laboratory was inaugurated in Hameln. As a result, Siegfried is now capable of providing additional development services, acquiring new customers and offering the latest technologies, such as analytics and process development for biopharmaceuticals.

**Permanent Encouragement and Continued Education**

Considering that technology and the market are constantly faced with change, a holistic approach is required to ensure the continued development of our employees’ skills. The “Siegfried Academy” is Siegfried’s answer to this challenge. This internal institution pools all measures concerned with the promotion of talent and continued education at various levels.





# Inauguration of New R&D Laboratory in Hameln

In the summer of 2019, the new laboratory facilities in Hameln were inaugurated. State-of-the-art laboratories with a total floor space of 450 m<sup>2</sup> were constructed for the analytical development of methods, clean rooms for formulation, process development and evaluation areas, offices, store room and social area. An additional 150m<sup>2</sup> are reserved for expansion. The new laboratory currently provides 20 workplaces.

The new facilities allow Siegfried to strengthen development services and acquire new customers as well as to offer technologies in the fields of analytics, formulation and process development for biologics. The new infrastructure underlines the significance of the Hameln site for the entire Siegfried network.



## 3 Questions to

**Dr. Jürgen Roos**  
Chief Scientific Officer



### **What does R&D contribute toward Siegfried's success, and to what extent is the network principle of significance?**

At Siegfried, research & development covers a very broad spectrum of activities. It covers the entire field from the design of new synthesis routes, process development for new products to optimization of ongoing production processes and troubleshooting. Our aim is to develop and optimize efficient processes at a high scientific and technological standard. This is an important value contribution which our customers attach great importance to. It ensures their competitiveness and helps us continuing to grow.

Siegfried operates a global production network for drug substances and finished dosage forms. Our launch sites, Zofingen and Evionnaz, are particularly well-placed to pilot and introduce new APIs. We determine the most suitable production site in coordination with the customer and by taking into consideration the needs of the product. Our worldwide network allows us to produce product at several sites which provides customers additional reliability of supply. Our R&D is sufficiently flexible to support this concept. Development can therefore be carried out directly at the production site. This is managed and administered very efficiently thanks to our global project management.

### **With regard to innovation and technical skills, Siegfried has to be at eye level, at least, with the customer and the competition. How do you ensure this?**

Key to success is the availability of highly qualified and committed employees. We attach great importance to the process of selecting our employees and on continued training. This includes the exchange of employees between sites, which strengthens our network. A well-equipped laboratory and pilot plant plus the use of state-of-the-art technology and methods of analysis represent essential elements of success. Zofingen and Evionnaz are two excellent research & development sites for APIs and Hameln and Zofingen for finished drugs.

Our Regulatory Affairs department is responsible for submission to the authorities. We use this service for our own products and offer them to our customers. In this connection it is essential to prepare data for the authorities in accordance with requirements of the individual countries. The high quality of our preparation and close coordination with the authorities allow for fast authorization and, therefore, a reduction in time to market.

### **Quality is one of Siegfried's corporate values. What is your department's contribution?**

Quality plays a central role for us. It starts with research and process development. We aim to achieve precise results with the help of the most modern methods, which can then be reliably upgraded in a next step. High quality of work in the laboratory is essential for success in the pilot plant and, subsequently, in commercial production.

Excellent project and program management is an additional success factor. Experienced professionals manage projects and supervise products across the sites. This allows for the best possible use of skills and technological possibilities available across the entire corporate network. Strict quality approach at all levels and at all sites is absolutely essential in order to survive as a leading supplier organization, such as Siegfried, in a business environment governed by tough competition.



A video to this interview is available at [report.siegfried.ch](https://report.siegfried.ch)





# Values and Perspectives

A rapidly changing market, high demands made by customers and fast-paced development put the people working at Siegfried to the test – a tough and continuous test. How is constant top performance possible in this kind of environment?

As a quality supplier with a highly complex business model and with its global presence in an extremely competitive environment, Siegfried has learned across the years to deal with the challenges this environment poses upon it. Value-based management and targeted investments in the continued training of employees are effective answers to these challenges. Arnoud Middel, member of Siegfried's Executive Committee and responsible for Human Resources, adds: "Our aim is to provide each employee with an environment in which he or she can develop to their full potential, enjoy perspectives of continued personal growth, and obtain outstanding achievements".

## Values – Essential Prerequisites for Success

Successful companies, such as Siegfried, base their management on a set of values and on the strong conviction that quantitative targets alone no longer suffice to achieve top performance in a highly demanding market environment. It has been proven that a credible corporate culture based on values has a decisive influence on corporate success. A value-based environment provides the best precondition to increase the loyalty of capable employees to the company across the long term. In day-to-day operations, values provide orientation, security and, especially, an increased sense of purpose beyond statistics and figures – a dimension to which individuals today react very sensitively.

Based on this recognition, the Executive Committee in 2019 defined five carefully evaluated values and introduced them in all parts of the company. The emotional power of the values triggers an incentive for employees to deliver a level of performance that is beyond the expected. Values unfold an integrating effect – which is of particular importance concerning inter-cultural cooperation among the employees of Siegfried's global network.

## Growing as an Individual in the Siegfried Universe

Siegfried recognizes the contribution of continued training to gain skilled and committed employees and obtain long-term loyalty. If you demand a lot, you have to nurture a lot. Within this context, the Siegfried Academy was established, and it today represents the centerpiece of employee development. Its basic principle proclaims that all career steps reflect a holistic understanding while they should be individually tailored. Siegfried CEO Wolfgang Wienand puts it in a nutshell: "Growing personally in a growing company – as an expert, project manager or executive".

Siegfried Academy's aim is to develop each employee as comprehensively as possible in accordance with his or her development perspectives. The knowledge conveyed relates to social, business and technical issues. Moreover, the participants are encouraged to apply their skills in a management posi-

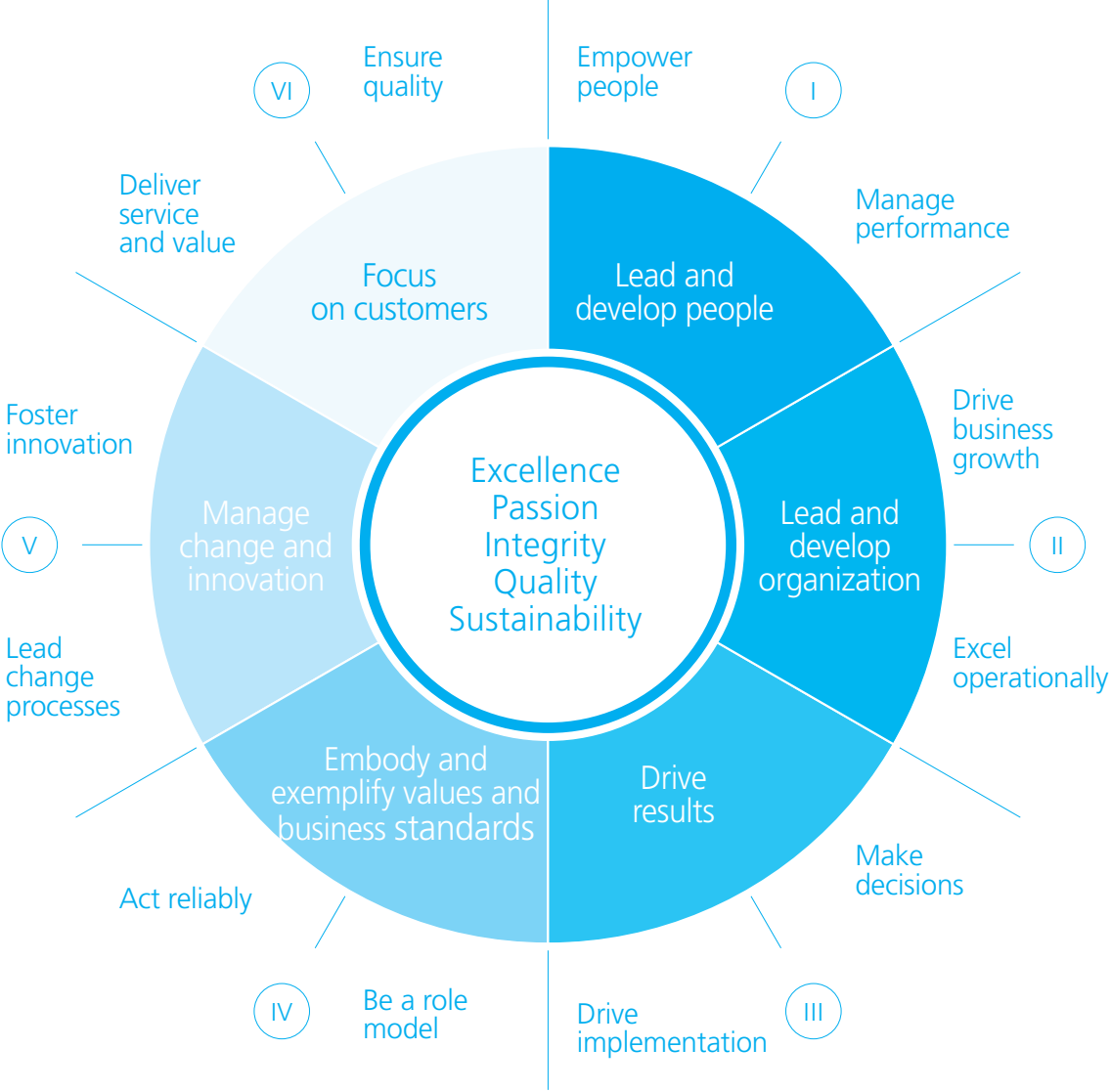
on or to develop their personality. These areas are broken down in more detail into relevant contents. Skills transferred in the social arena are: communication, motivation, decision-making, cooperation and partnerships, and cultural training. Skills in a business-related context include: strategy and markets, project management, process management, planning, and change management. These contents provide our employees with fundamental knowledge required in their function as an expert, project manager or executive.

## Accepting Responsibility for the Whole

The intention is that our employees develop a pronounced awareness of their responsibility for the whole by means of the clever combination of values and individual advancement. Our aim is to motivate the people working in the Siegfried universe to act as if they personally owned the company – a very high demand on our employees. They, in turn, may expect the active support by their own company.



Our Leadership Model



Our values and leadership principles are the basis to build the strongest team in the industry.

The Siegfried Academy



Siegfried Academy's aim is to develop each employee as comprehensively as possible in accordance with his or her development perspectives. The knowledge conveyed relates

to social, business and technical issues. Moreover, the participants are encouraged to apply their skills in a management position or to develop their personality.



3 Questions to

**Arnoud Middel**  
Global Head Human Resources



**Arnoud Middel, the 2019 financial year must have been a very demanding period for Siegfried Group's Head of Human Resources. A management change, shortage of specialists, development of advanced training, and high expectations concerning network flexibility characterized the year. In retrospect, what do you remember most vividly?**

The individual has always been and will remain the decisive factor concerning the success of every organization. 2019 has confirmed the trend and the recognition of recent years that finding, developing and keeping good employees in a very competitive labor market enjoys high significance. Consequently, we focus our efforts on the development of corporate culture and the advanced training of our employees at all levels. It is our aim to provide a workplace at which our employees feel happy, enjoy perspectives for continued development and, consequently, perform with outstanding achievements.

**In its search for the best talents, Siegfried attaches great importance to advanced training. From your perspective, what are the most important criteria of the training program, and how did Siegfried's employees receive it?**

In the past year, Siegfried Academy created a basis for the development of advanced training in the coming months and years. Initial activities were well received, and we aim to consistently advance the program. Our clear objective is to provide our employees with needs-oriented training options that will allow them to take on exciting professional opportunities and to constantly develop further.

**You played a decisive role in the definition of Siegfried's values which were introduced at all sites in 2019. As you are aware, many other companies promulgate similar values. From your point of view, is there one value or a combination of individual values that is of exceptional importance to Siegfried?**

For me, the combination of our values, namely excellence, passion, integrity, quality and sustainability, in a compact way expresses our ambition of who we are, how we aim to be, and how we wish to be perceived. The value of integrity is very close to my heart as I believe it is of central importance to Siegfried. This single word exemplifies what is important to us in the cooperation and communication among ourselves, with customers and with the authorities.



A video to this interview is available at [report.siegfried.ch](http://report.siegfried.ch)

# Siegfried's Commitment to Sustainability

Sustainability is a key topic in the life-science industry. The energy-intensive chemical production processes require special measures for employees, society and the environment. Owing to their use in the pharmaceutical industry, our products must satisfy the highest safety requirements so as not to endanger patients and their health. That is why, at Siegfried, sustainability is one of the five corporate values and an integral part of our corporate strategy. Consistent integration of the sustainability concept in our business model represents an investment in the future. Only when we act responsibly and are accepted by society can we be and remain economically successful. A company's growth must be carried out sustainably and earn consideration in the social and environmental areas and in the field of human rights.

Moreover, sustainability is a central factor concerning competition and reputation, and it is of high economic significance. We take the needs of all stakeholders regarding transparency and truthfulness seriously. At Siegfried, important sustainability issues are addressed in various central guidelines and documents. Sustainability reporting is geared to the standards of internationally acknowledged guidelines, such as the Global Reporting Initiative (GRI) and the Sustainable Development Goals (SDGs) of the United Nations.

Goals of Sustainable Development

On 25 September 2015, the member states of the United Nations adopted the Agenda 2030 for sustainable development. The agenda formulates international guidelines and priorities for sustainable development. In doing so, the international community of states recognizes that global challenges connected with worldwide, socially just and ecologically

compatible growth in prosperity can only be solved by working together. The key components of Agenda 2030 are the seventeen Sustainable Development Goals, or SDGs, and their 169 sub-objectives.

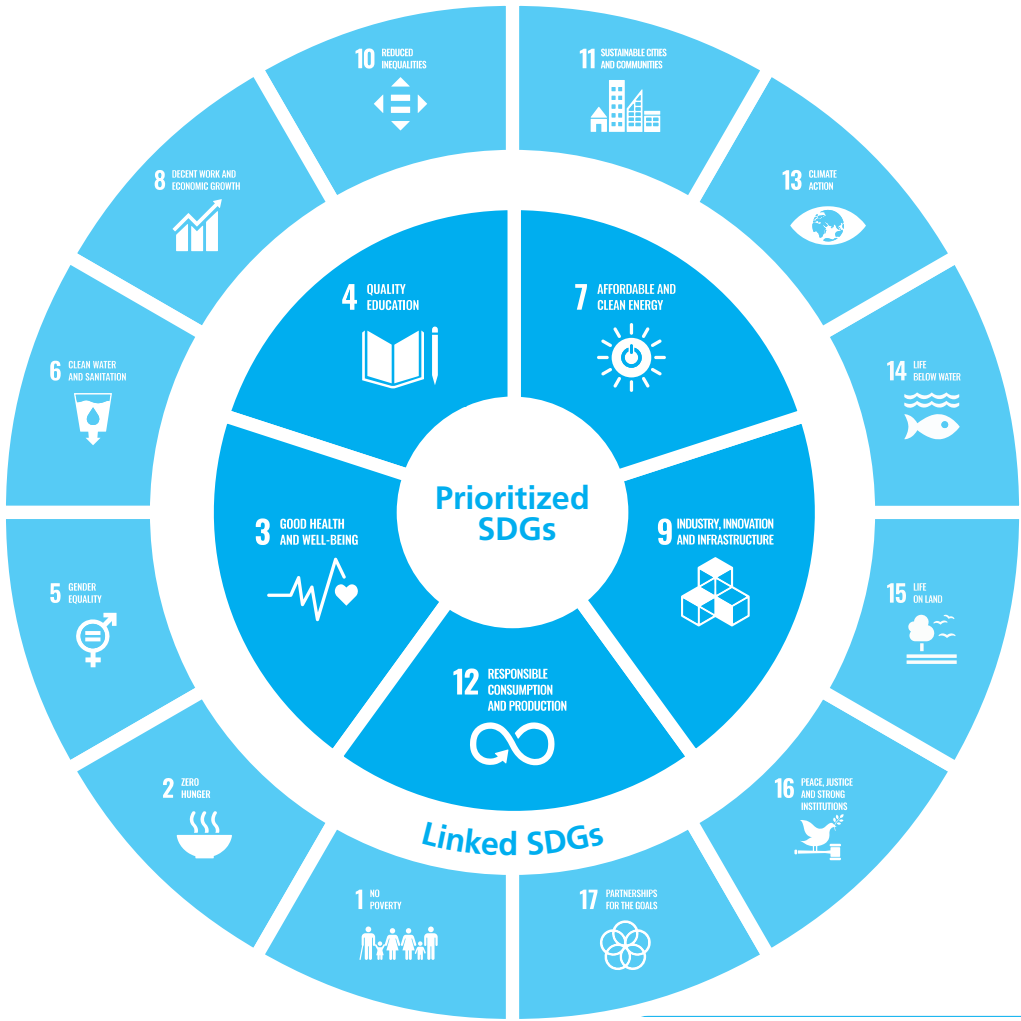
In addition to member states, non-governmental actors are called to contribute toward economic development, promote human wellbeing and protect the environment. We accept this responsibility and do our part toward implementing sustainable development.

In a first step toward prioritizing the Sustainable Development Goals (SDG), we aligned the SDGs with our own sustainability issues. In a second step, we identified five SDGs with particularly positive and negative effects on our business and sustainability activities. In our Sustainability Report (available online at [report.siegfried.ch](http://report.siegfried.ch)) we describe how we intend to reduce the negative effects and reinforce the positive outcomes.

Sustainability reporting follows along those topics which Siegfried identified as being essential, namely:

- Product safety
- Waste and contamination
- Fair working conditions
- Sustainability in the supply chain
- Occupational health and safety
- Local population
- Energy and climate change
- Political representation of interest
- Corruption and anti-competitive conduct

These topics are plotted on the materiality matrix and shown in connection with the SDGs.



## 3 Questions to

Dr. Reto Suter  
Chief Financial Officer



**In 2019, Siegfried again reported organic growth and higher profitability. From your point of view, what is more important?**

Both are important. Profitable growth generates the financial means that can subsequently be invested to accelerate growth.

Should we have to decide between growth and margin expansion, we would probably choose growth. In our business environment, growth and size will in the medium-term lead to higher profitability.

**Last year, Siegfried Group reinvested about 60 million Swiss francs. According to which criteria do you invest resources?**

An essential part of these investments concern replacement investments. They serve to maintain and improve the efficiency and performance of our infrastructure. Moreover, we invest in internal growth initiatives and in new technologies and skills. Furthermore, we increase our network capacity by investing in expansion.

What is true for all investments is that our focus is on capital efficiency, in other words, on return on capital. Each Swiss franc must be allocated to the highest yield potential in the network. As a result, individual investment projects may compete against each other.

**Sustainability is an omnipresent buzzword. How does a long-established company, such as Siegfried, deal with this issue?**

As a production company and strategic partner of the pharmaceutical industry, sustainability has for decades been common practice. Thinking in terms of material cycles, increasing the efficiency of chemical processes, and the avoidance or reduction of waste has been an essential part of our daily work. From a commercial perspective, this makes sense to us and to our customers.

A few years ago, we began to systematically collect data concerning sustainability and to report them in a sustainability report by applying the GRI guidelines. This year, we progressed a step further and included the Sustainable Development Goals (SDG) issued by the United Nations, and we selected individual goals of relevance to us.

However, this is not the end of the journey. We have undertaken to continuously improve and constantly adjust our reporting to the latest findings.



A video to this interview is available at [report.siegfried.ch](http://report.siegfried.ch)

Additional information concerning the Sustainable Development Goals and the link between SDGs and material topics in the materiality matrix is available in the Sustainability Report at: [report.siegfried.ch](http://report.siegfried.ch)



# Good Reasons that Speak for Siegfried

**Worldwide Leading  
Life-science Company**

In cooperation with our customers from the pharmaceutical industry we develop and produce drug substances, intermediates and finished dosage forms from a single source. Our core competence is integrating complementary chemical and pharmaceutical capabilities in a single consistent business model.

We consistently aligned Siegfried to position it as a CDMO (Custom Development and Manufacturing Organization) and, thanks to acquisitions and targeted organic growth, we achieved a leading worldwide position.

Our network of development and production sites comprises nine sites in Europe, North America and Asia. This integrated platform provides individual solutions for customers of all sizes and for any requirement while maintaining a high degree of flexibility, quality, supply reliability and efficiency during patent protection and thereafter.

**Strong in Growth,  
Value-oriented, Reliable**

For years, Siegfried has achieved robust and distinctive growth. Since 2015, sales grew organically and by means of acquisitions from CHF 480.6 million to CHF 833.5 mill on in 2019. This corresponds to average annual growth (CAGR<sup>1</sup>) of 21.45 percent.

Our growth platform comprises a broaly diversified customer portfolio on all continents. The ten largest customers represent less than 40 percent and the ten largest products approximately 30 percent of sales. The spectrum ranges from large pharmaceutical companies to small bio-pharmaceutical companies focusing on drug substances and drug product research and marketing.

The very robust balance sheet with an equity rate of 59.2 percent and an excellent net debt to EBITDA ratio of 0.8<sup>2</sup> ensure security and a strong capital base as well as agility in a rapidly consolidating market.

**Strong in Processes and Innovation  
thanks to High Quality of the Teams**

As a leading supplier we build on technological innovation and each year invest extensively in research & development. In 2019, R&D expenses amounted to 33.3 million francs or 4.0 percent of sales. Own innovations increase the quality of integrated development and production processes.

Each year, we invest a considerable sum in training our approximately 2500 highly qualified and skilled employees worldwide. Siegfried's corporate values and management principles with company-wide validity unify all employees to form a global team. They represent the basis for our corporate promise "expect more".

**Perspectives in a Dynamic  
and Forward-looking Market**

The health care market – specifically the drug market – enjoys outstanding growth and earnings perspectives. Drugs play a crucial role for people to attain an increasingly high age at a good quality of life, and Siegfried as a supplier to pharmaceutical companies operates in the midst of this attractive market.

The outsourcing market is growing because the development of drugs is connected with increasingly large risks. Consequently, the pharmaceutical industry relies on reliable, strong partners such as Siegfried to minimize risks. The CDMO market is heavily fragmented and undergoing an ongoing process of consolidation. In this market we shall continue to play an active role.

<sup>1</sup> Compound Annual Growth Rate

<sup>2</sup> The net debt to EBITDA ration gives an indication as to how long a company would need to operate at its current level to pay off all its debt.

<sup>3</sup> Total Shareholder Return is a measure of the performance of different companies' stocks and shares over time.

<sup>4</sup> Long-Term Incentive Plan (LTIP)

**About this Annual Report**

Dn addition to highlighting Siegfried's business performance and its position concerning assets, finances and earnings, this report throws light on the company's commitment concerning sustainability and its interaction with society and the various stakeholders.

They are to gain a comprehensive and differentiated understanding of how Siegfried incorporates these issues into its corporate strategy and progress made during the course of the year. The report appears in both English and German language.

**Scope**

We report on the financial year ending 31 December 2019. The future-oriented topics dealt with in the report represent an exception. Siegfried's Annual Report appears annually and was last published in March 2019, both in a printed version and as PDF on our corporate website. The next report will come out in the spring of 2021.

**Governance**

Our statement concerning Governance describes the principles of management and the control of the Siegfried Group. Essentially, the Siegfried Group's corporate governance follows the Swiss Code of Best Practice and is subject to regular reviews and further development by the Board of Directors. Any deviations from these guidelines find mention in the report.

**Principles of accounting**

The Siegfried Group's financial reporting is carried out in accordance with the entire guidelines of Swiss GAAP FER and the provisions of the Swiss law.

**External validation**

PricewaterhouseCoopers AG (PwC) as auditors reviewed Siegfried Holding AG's Compensation Report (tables with remark "Audited") for the financial year ending 31 December 2019 and came to the conclusion that it corresponds with the law and with article 14 to 16 of the Ordinance against excessive remuneration for listed stock corporations. The process of sustainability reporting was supported by BSD Consulting, a consulting company specialized in the management of sustainability issues.

**Sustainability Report in accordance  
with GRI standards**

This report has been prepared in accordance with the GRI Standards: core option. Furthermore, for the present annual report, the GRI Materiality Disclosures Service was carried out and the accuracy of the GRI references 102–40 to 102–49 confirmed. Please refer to the detailed GRI content index on the Internet at report.siegfried.ch.

**Impressum**

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Remuneration Report, Sustainability Report  
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