Evolving in challenging times:

Siegfried rises to the next level

Virtual media and analyst conference on full year 2020

Zofingen – 24 February 2021

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Agenda

Executive summary: Status and outlook

Looking back: Facts and figures of 2020

Looking ahead: Strategy for 2021 and beyond

Q&A

Successful as a global team in challenging times: Continuing on our path of profitable growth and executing our strategic ambitions

Siegfried has shown a high degree of resilience in 2020 and delivered both, growth and higher margins:

- Robust organic growth: Net sales up to CHF 845.1m (+1.4% and +4.5% in LC)
- Core EBITDA of CHF 149.4m (+6.2%) at an expanded margin of 17.7%; core net profit CHF 72.5m; strong operating cash flow of CHF 114.8m (previous year CHF 65.6m)
- BoD proposal to the AGM in April 2021: Cash distribution of CHF 3.00 per share to shareholders (+CHF 0.20)

Despite challenging times in 2020, we – as a global team – have been successful in:

- Protecting our employees and providing a safe working environment, thus keeping our operations up and running for continued supply of vital drugs for millions of patients worldwide
- Entering into a cooperation with BioNTech for the large-scale manufacture ("fill & finish") and supply of its innovative mRNA vaccine from mid-2021 onwards – thus, Siegfried will make an important contribution to the fight against COVID-19
- Executing on our corporate strategy EVOLVE: Acquisition of two large sites in Barcelona from Novartis in September 2020 (closing on 1 January 2021) creating critical size for our drug products network
- Continuing investments into our people (Siegfried Academy and LEAP) as well as in technology and capacity at all sites

With expected sales well above one billion Swiss francs in 2021 and a further expansion of profitability, Siegfried rises to the next level and further advances to its vision of being one of the leaders in our industry

Despite challenging circumstances, Siegfried's global team was able to live up to its mission – and to further advance towards its vision

WHY
Mission and Vision

- Mission: Mastery in science and technology for the manufacture of safe drugs for patients worldwide
- Vision: Be a global leader by having the strongest team running the most competitive network

WHAT
EVOLVE Strategy

- Size matters: Organic and external investments into growth – now and going forward
- Continuous improvement through sharing of best practices, deep network integration, standardization and operational excellence

HOW
Values People

- Our five core values define our way of working together – and helped us not to crack under pressure in 2020:

Excellence – Passion – Integrity – Quality – Sustainability

Siegfried matters: It is important what we do and how we do it – well confirmed in 2020

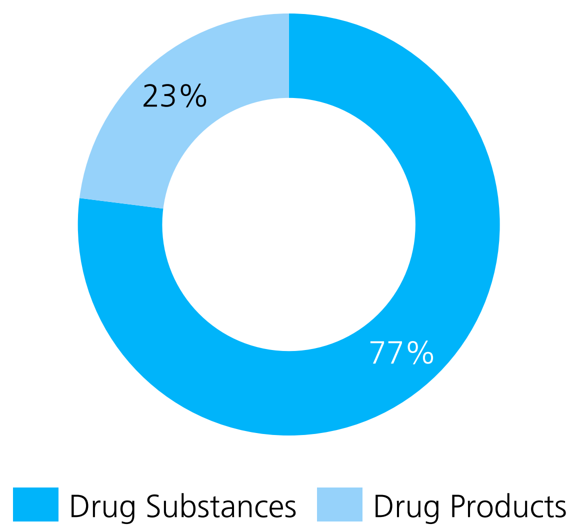
Agenda

Despite some negative impact by the Coronavirus pandemic, we have been able to deliver robust growth

CHF million	2020	2019	Change
Drug Substances	647.8	638.6	+1.4%
Drug Products	197.2	194.9	+1.2%
Total	845.1	833.5	+1.4% (+4.5% in LC)

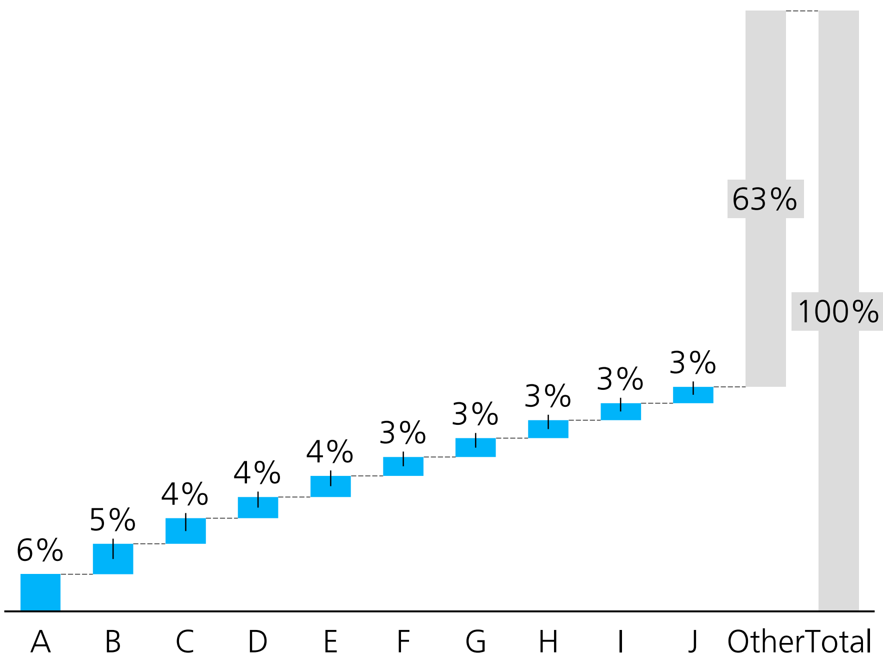
- Significant currency headwind, both EUR and USD have depreciated against the CHF
- Net sales grew by +4.5% in Local Currencies (LC)
- Both Drug Substances as well as Drug Products contributed to growth

Net sales split 2020

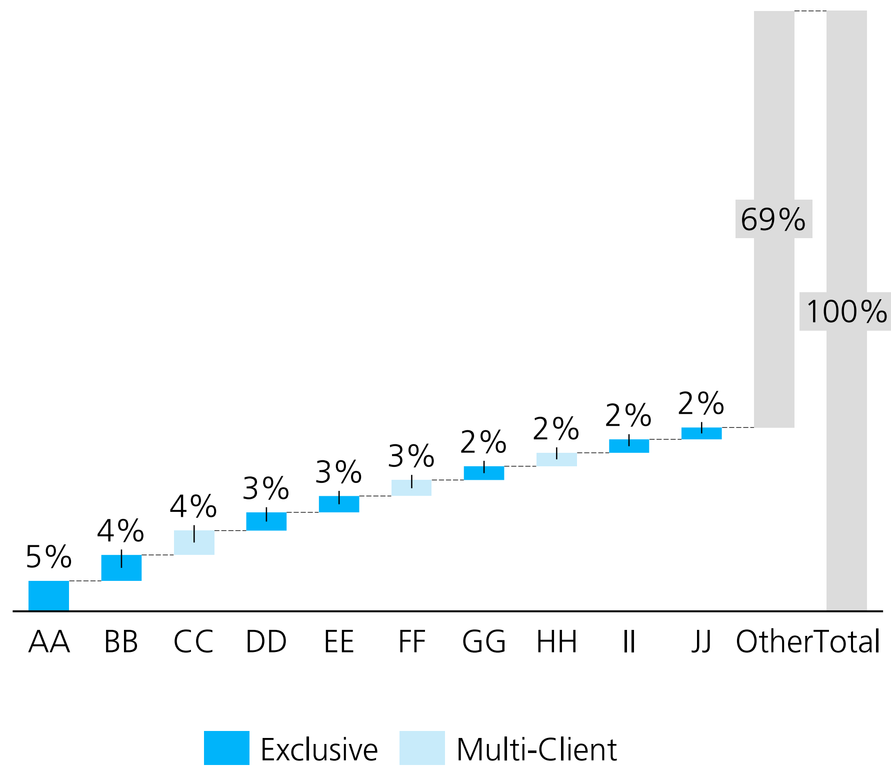


Highly diversified business portfolio across products and customers with low single exposures

Customer concentration 2020

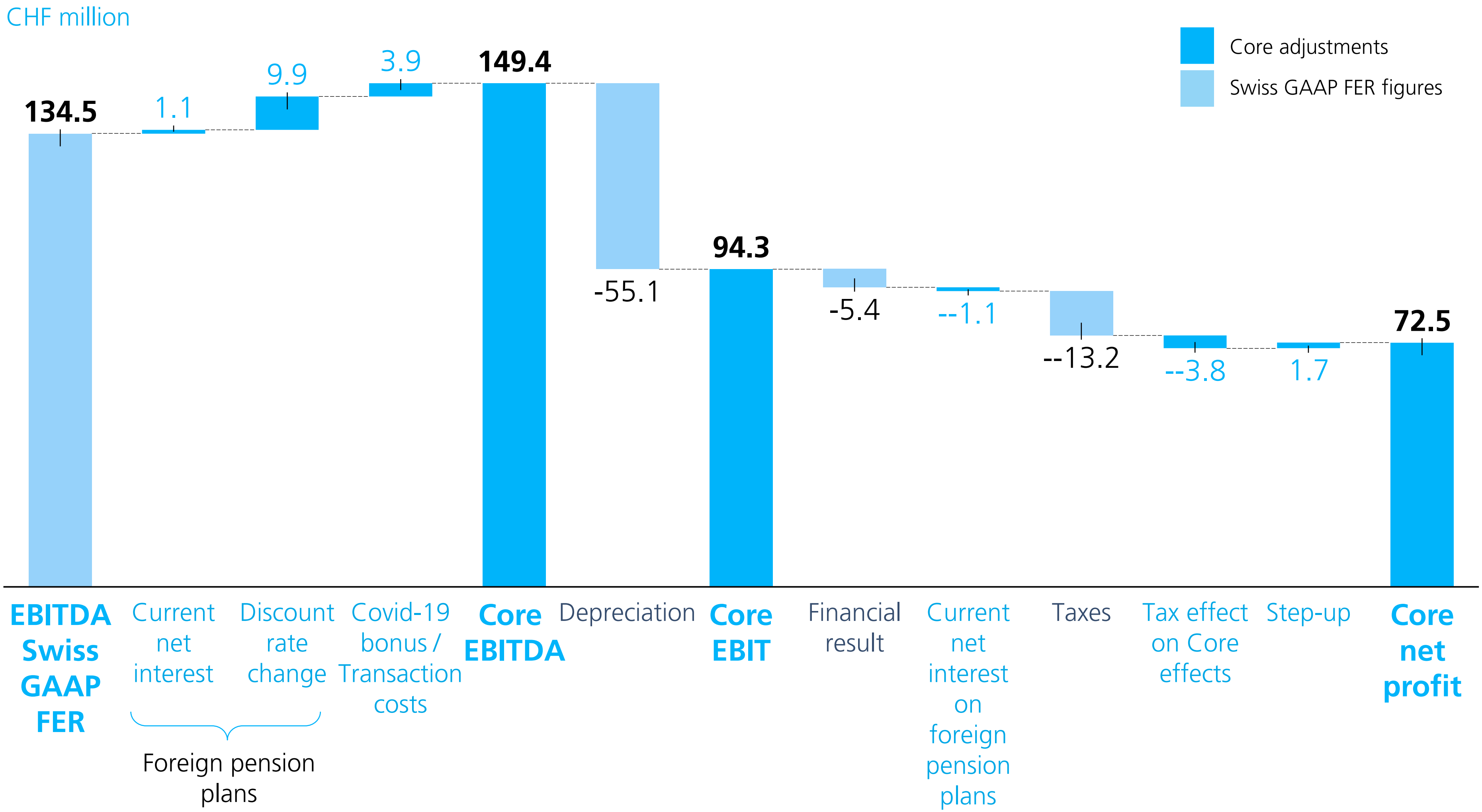


Product concentration 2020



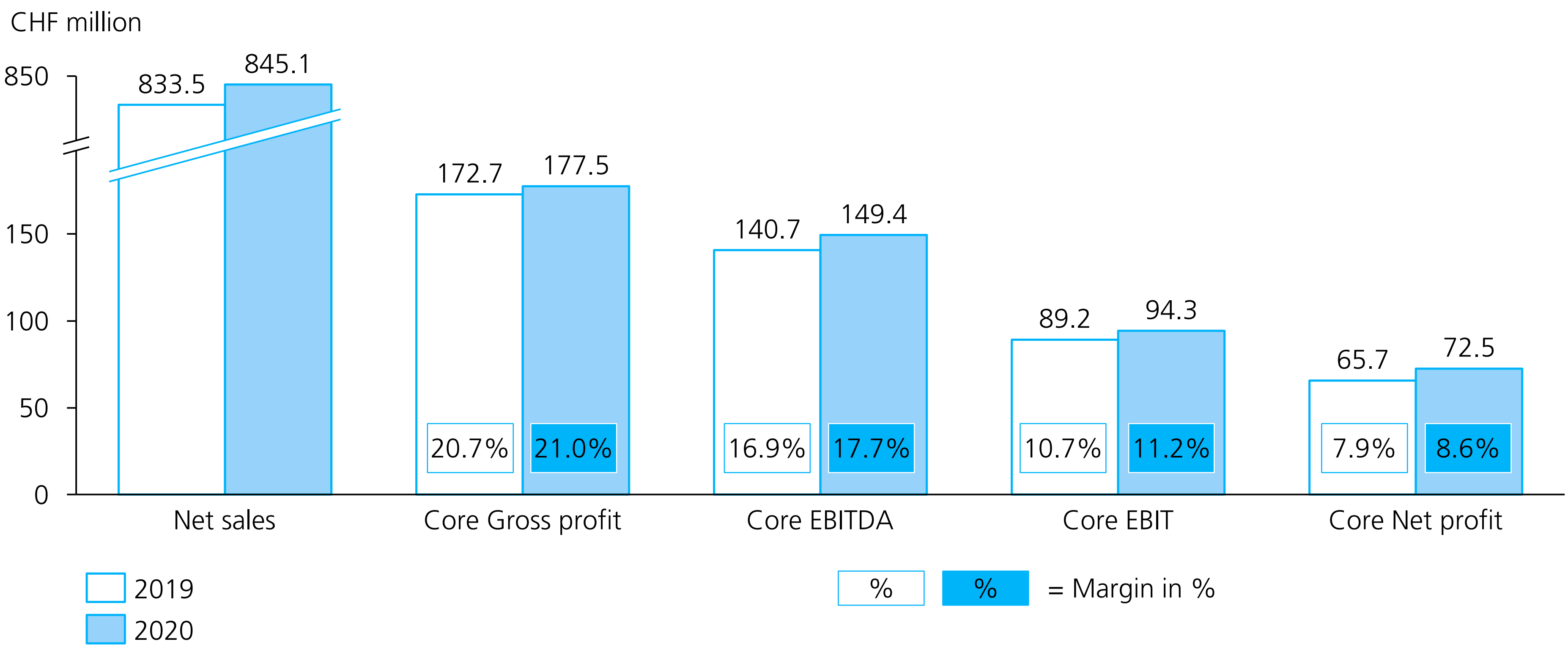
Siegfried

Reconciliation for 2020: From Swiss GAAP FER to core results



Siegfried

Despite higher costs of doing business, we have been able to further expand profit margins on all levels – reduced funding costs



Robust financials in 2020 at a glance: Margin expansion despite higher costs of doing business at reduced funding cost

CHF million	2020	2019
Core results		
Net sales	845.1	833.5
Core Cost of goods sold	-667.5	-660.8
Core Gross profit	177.5	172.7
Core Marketing and sales costs	-15.6	-16.6
Core Research and development costs	-30.9	-33.3
Core administration and general overhead costs	-39.2	-38.1
Other operating income	2.4	4.5
Core EBIT	94.3	89.1
Core financial result	-3.9	-5.2
Exchange rate differences	-2.6	-2.5
Core profit before income taxes	87.8	81.5
Core income taxes	-15.3	-15.8
Core net profit	72.5	65.7
Depreciation	55.1	51.6
Core EBITDA	149.4	140.7

Each number is rounded individually

Significant improvement in operating cash flow and free cash flow – laying the foundations for investments into further growth

CHF million	2020	2019
Operating cash flow before changes in NWC	153.4	135.6
Change in NWC	-38.6	-70.0
Operating cash flow	114.8	65.6
Purchase of PPE and intangibles (net)	-69.1	-61.9
Other investing activities, acquisitions	+0.4	-
Cash flow from investing activities	-68.7	-61.9
Free cash flow	45.7	3.8
Cash flow from financing activities	-15.9	-17.8
Net change in cash	30.1	-14.0

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

Capital allocation framework: A strong balance sheet provides the financial flexibility required to execute our strategy EVOLVE

1 Re-invest in organic growth – in line with strategy

- Maintenance CapEx
- Organic growth CapEx

2 M&A – in line with strategy

3 Deleverage and optimize funding cost

- Hybrid bond of CHF 160m (due 10.2021)

4 Pay-out policy

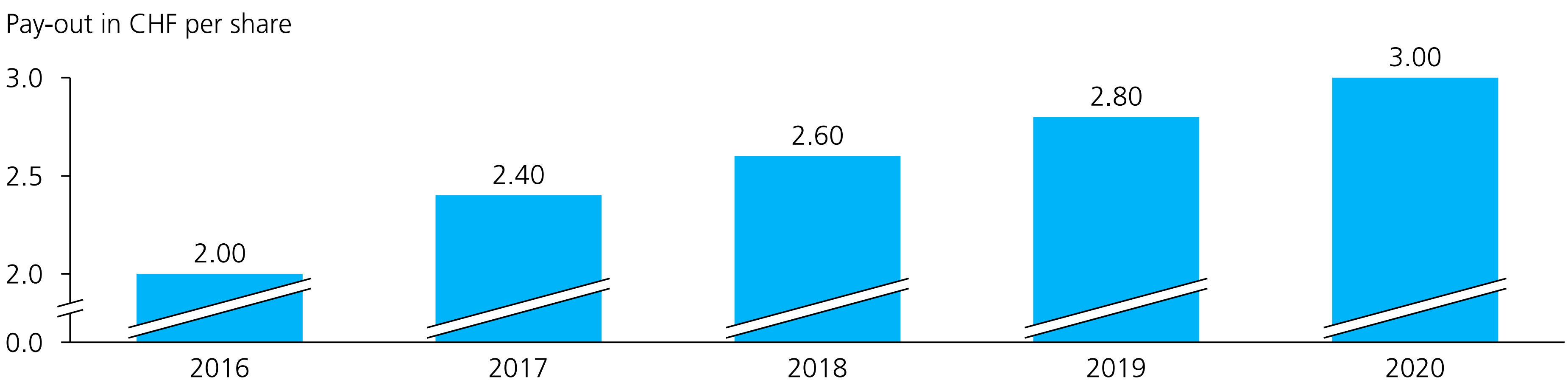
- Disciplined pay-out ratio
- Distributions expected to step-by-step grow in absolute terms

Support strategy EVOLVE

Continue to maintain a strong balance sheet to preserve financial flexibility, while at the same time optimize funding cost

Pay-out proposal to the AGM on 22 April 2021: Increase by 20 cent to CHF 3.00 per share

- Siegfried's Board of Directors will propose to the Annual General Meeting in April 2021:
  - Reduction of the par value from CHF 24.20 per share by CHF 3.00 to CHF 21.20 per share
  - Distribution of the amount of the par value reduction of CHF 3.00 per share to shareholders (instead of a dividend)



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The CDMO business model benefits from attractive growth dynamics with a low risk profile

CDMO market

1 Low cyclicality

- Non-discretionary nature of pharmaceutical industry
- Stable in changing economic environments

Spending on pharma remains stable at c.1.4% of global GDP over 20 years

2 Low volatility

- Long investment cycles and lifetime of pharmaceutical products
- Long term contracts and sticky customers due to pharma companies desire to reduce complexity by establishing strategic partnerships

c.20-30 years typical drug lifetime

3 Resilient growth

- Sustainable end market drivers
- Strong outsourcing trends including pharma companies moving towards R&D focused, asset-light business models

CDMO market expected to grow at a CAGR of c.6% between 2014 - 2024

4 Structural profitability

- Strong pipeline for complex, innovative drugs and demand for high margin advanced drug delivery solutions (e.g. sterile and aseptic filling)

High structural profitability across CDMO segments between 15 - 30%

Resilience proven during a global crisis like the Coronavirus pandemic

Siegfried's corporate strategy builds on favourable trends resulting from fundamental changes in the pharmaceutical industry

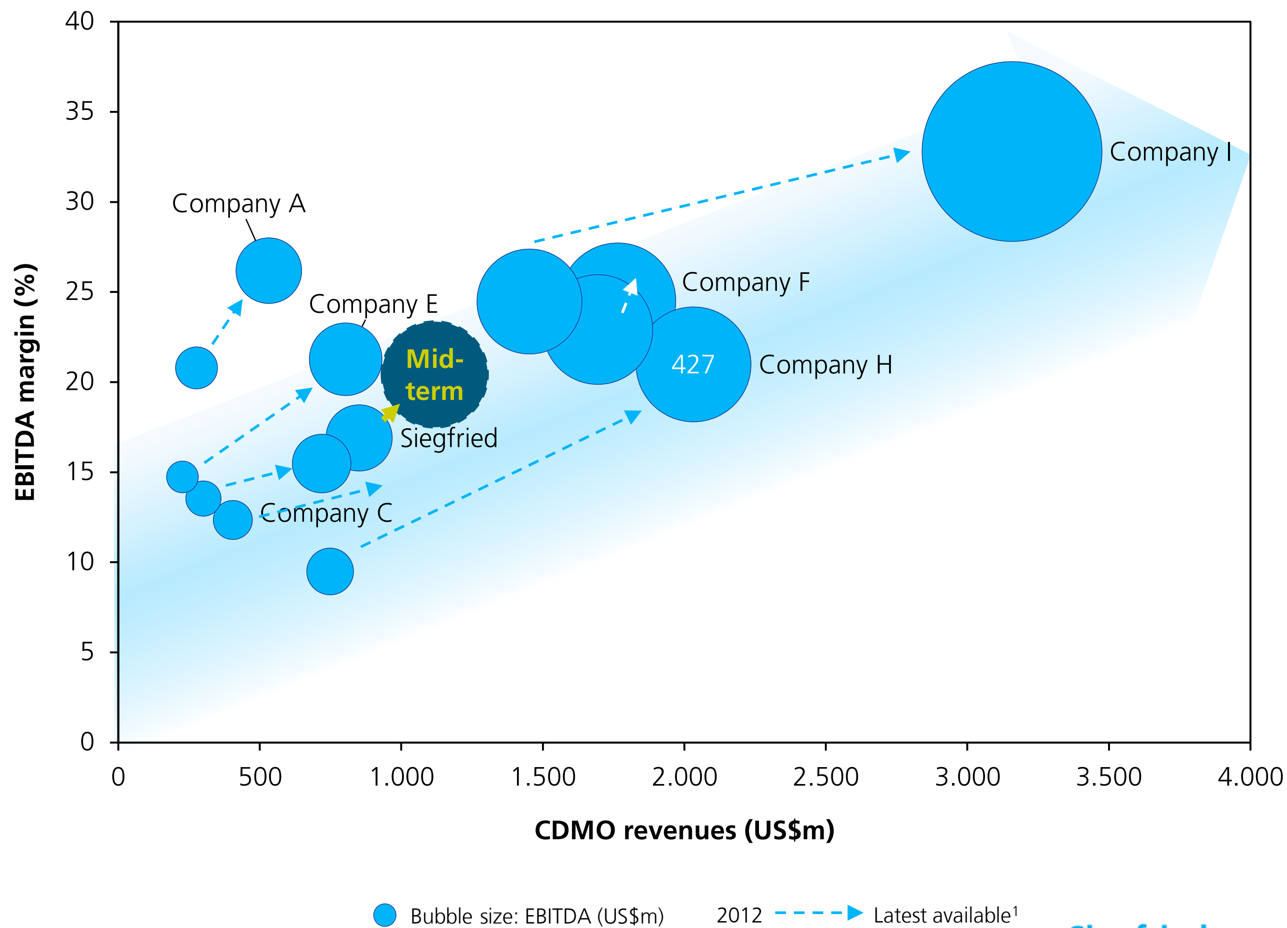
1	**Focus on R&D and marketing & distribution**	› Focus of investments on key value drivers: Innovation, marketing / distribution › Increasingly less focus on in-house process development and production as pharma companies are changing their business model towards more asset light manufacturing set-up
2	**Increased cost awareness**	› Pharma companies are reducing the complexity of their supply chains driven by an increasing cost pressure within the industry › Outsourcing can serve as "insurance" against R&D failure and fixed asset write-offs
3	**Break-through innovations**	› Innovations often come from small pharma which do not have in-house process development or manufacturing capabilities
4	**Increasing complexity**	› New pharmaceutical entities and medicinal therapies benefit from integrated offering of drug substances and drug products to reduce "time-to-market"
5	**Proactive life cycle management**	› Loss of exclusivity requires pharma companies to lower production cost in order to maintain profitability and maximize value of innovative drugs after patent expiry

Size matters: Well executed growth strategies translate into higher profitability for CDMOs

Key features

- **CDMO business model offers significant economies of scale**
  - Larger players generate higher EBITDA margins
  - Sales growth often translates into increasing EBITDA margins
- **Self-amplifying process**
  - Larger players generate more EBITDA (absolute and relative) than smaller peers, which can then be invested in further growth and margin expansion
- **Strategic optionality**
  - Pursuing growth strategies via either internal development or M&A – or both

Scale and profitability

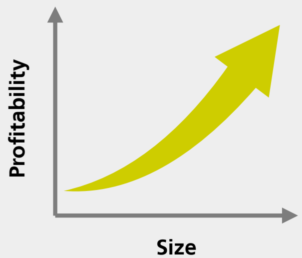


1 Based on 2019 figures data for Siegfried and 2017 data for peers
Source: Company information

Drivers to expand Core EBITDA margin towards target range of around 20 percent

Economies of scale

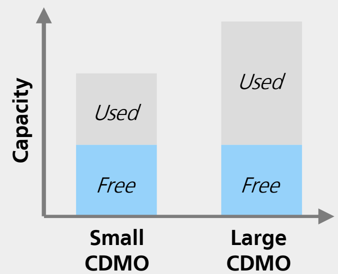
EBITDA growth > Sales growth



- **Growth** translates into **higher profitability**
- **Operating leverage** and **improved utilization rates** lead to **profitable growth**
- Continuous review and **optimization of cost structure and price setting**

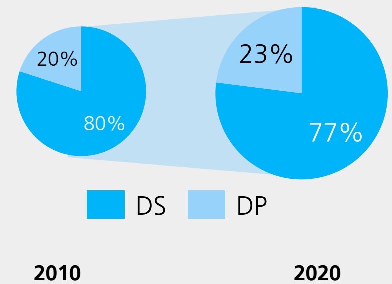
Critical size

Fixed cost of free capacity: Small CDMO > Large CDMO



- Critical size allows to **continuously take on margin-accretive business**
- As one of the top CDMOs, **Siegfried is positioned as a strategic partner** to attract high-margin business

Portfolio mix effects



- **Margin expansion** due to **increasing share of DP** with higher-margin businesses as well as **portfolio mix effects within DS**
- **Sterile and aseptic filling capabilities were expanded** through the acquisition of **AMP and Hameln Pharma** in 2012 and 2014, and **Novartis Site in El Masnou** (as of January 1, 2021)

Network and product allocation

- Optimize product allocation within network and **free up capacity** in high-technology / resource-intensive sites
- **Product allocation** based **on best ownership concept**
- **Leverage lower cost structure of Nantong** by increase of utilization accompanied by disproportionate profitability improvements

Siegfried's continued margin expansion is driven by a set of different tangible measures

Strategy EVOLVE will continue to drive Siegfried's organic and external growth agenda based on a set of independent options

Investments in technology base and existing network

- Strengthening technology base in both areas, DS and DP
- Organic expansion into large molecules: Aseptic fill & finish as well as formulation development for large molecules ("biologics")
- Investments to de-bottleneck and release hidden capacity as well as addition of new capacity on existing sites

Acquisitions in Drug Products

- Acquisition of two Novartis sites from Novartis in Spain
- Continued acquisitive growth in solid dosage forms and sterile / aseptic filling capacities preferably in Europe and the US

Acquisitions in Drug Substances

- Continued acquisitive growth in small molecule DS
- Depending on opportunity, acquisition of small-scale biologics DS manufacturing assets

Executing on our strategy EVOLVE: Another important step to build a globally leading and fully integrated CDMO player

Scope of transaction

- Signing of binding agreements to acquire two pharmaceutical manufacturing sites from Novartis in Spain (Barberà des Vallès, El Masnou) with approx. 1'000 employees on 28 September 2020 – closing on 1 January 2020 as planned
- Based on a multi-year manufacturing and supply agreement, Novartis commits to procure significant volumes of important products from both sites making Siegfried a significant strategic supplier with "preferred supplier" status

Strategic rationale

- Through this acquisition, Siegfried significantly enhances its global production network in terms of capacity and technologies and achieves the targeted critical size in drug products
- Barberà will significantly strengthen Siegfried's existing OSD business out of Malta and will add differentiating specialized technologies
- El Masnou will significantly strengthen Siegfried's existing ophthalmic business out of Irvine
- As a result, Siegfried creates further potential for profitable growth mid to long term

Financial profile

- Additional business is expected to be Core EPS accretive immediately and not to dilute Siegfried's Core EBITDA margin in 2021 – possibly even contributing to margin expansion
- Intake of new third-party business expected from 2023 or 2024 onwards – after successful carve-out, integration and transformation into customer-facing CDMO operations

New global footprint: Siegfried operates a network of eleven sites in seven countries on three continents with around 3'500 employees

1 Zofingen (Switzerland)
DS Development & Manufacturing
Employees: approx. 550

2 Evionnaz (Switzerland)
DS Manufacturing
Employees: approx. 300

3 Minden (Germany)
DS Manufacturing
Employees: approx. 360

4 Hameln (Germany)
DP Manufacturing
Employees: approx. 450

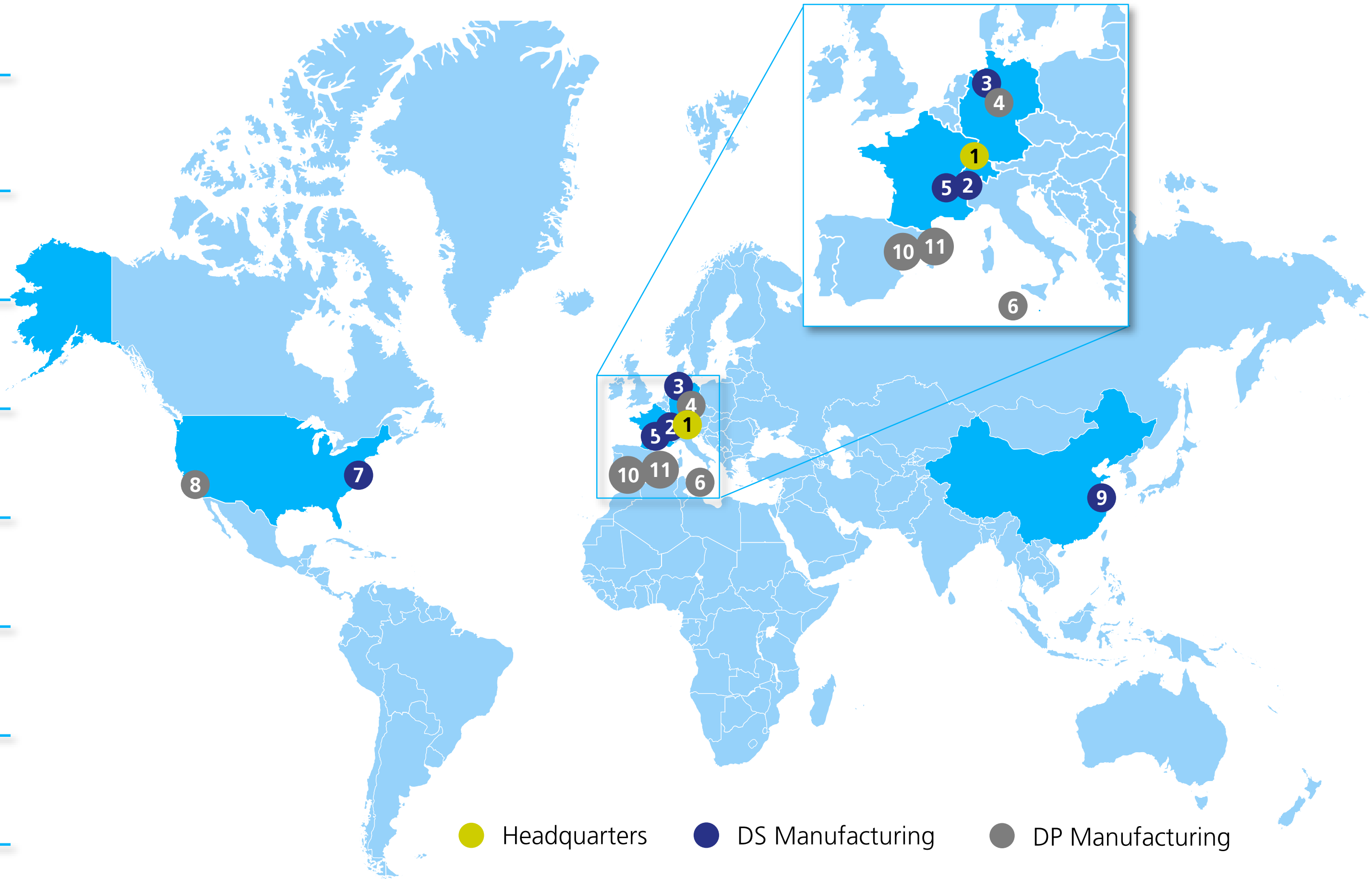
5 Saint Vulbas (France)
DS Manufacturing
Employees: approx. 120

6 Hal Far (Malta)
DP Manufacturing
Employees: approx. 150

7 Pennsville (USA)
DS Manufacturing
Employees: approx. 170

8 Irvine (USA)
DP Manufacturing
Employees: approx. 130

9 Nantong (China)
DS Manufacturing
Employees: approx. 230



+

10 Barberà del Vallès
DP Manufacturing
Employees: approx. 550

11 El Masnou
DP Manufacturing
Employees: approx. 380

The two new members to the Siegfried network: Barberà del Vallès for solid dosage forms and El Masnou for sterile ophthalmics

- Location: Barberà del Vallès (~20 km from Barcelona city)
- Employees: approx. 600
- Activities: Bulk manufacturing and packaging of solid dosage forms for oral applications incl. high potency (e.g. oncology) and inhalation capsules for medical devices to treat respiratory diseases

- Location: El Masnou (~20 km from Barcelona city)
- Employees: approx. 400
- Activities: Bulk manufacturing and packaging of sterile ophthalmic products including eye drops, eye ointments, otic / nasal sprays

Map Source: OpenStreetMap contributors

First success story: Smooth "Day-1" only three months after signing with no business interruptions – thanks to great global teamwork

Day-1 readiness three months after signing…

… and hundred of tasks addressed by the team

- Joint teams across many different work streams worked one hundred of different action items
- Many last minute issues needed to be resolved in a constructive way
- Great teaming between SGD and former NVS colleagues

Next steps: Carve-out, integration and transformation

- Implement full carve-out from NVS systems over the next 12+ months
- Integrate into SGD organization, network and management systems
- Build a competitive, market-facing organization winning new customers and business

No surprises as compared to due diligence – strong capable teams, high-quality assets operated in accordance with state-of-the quality standards and processes

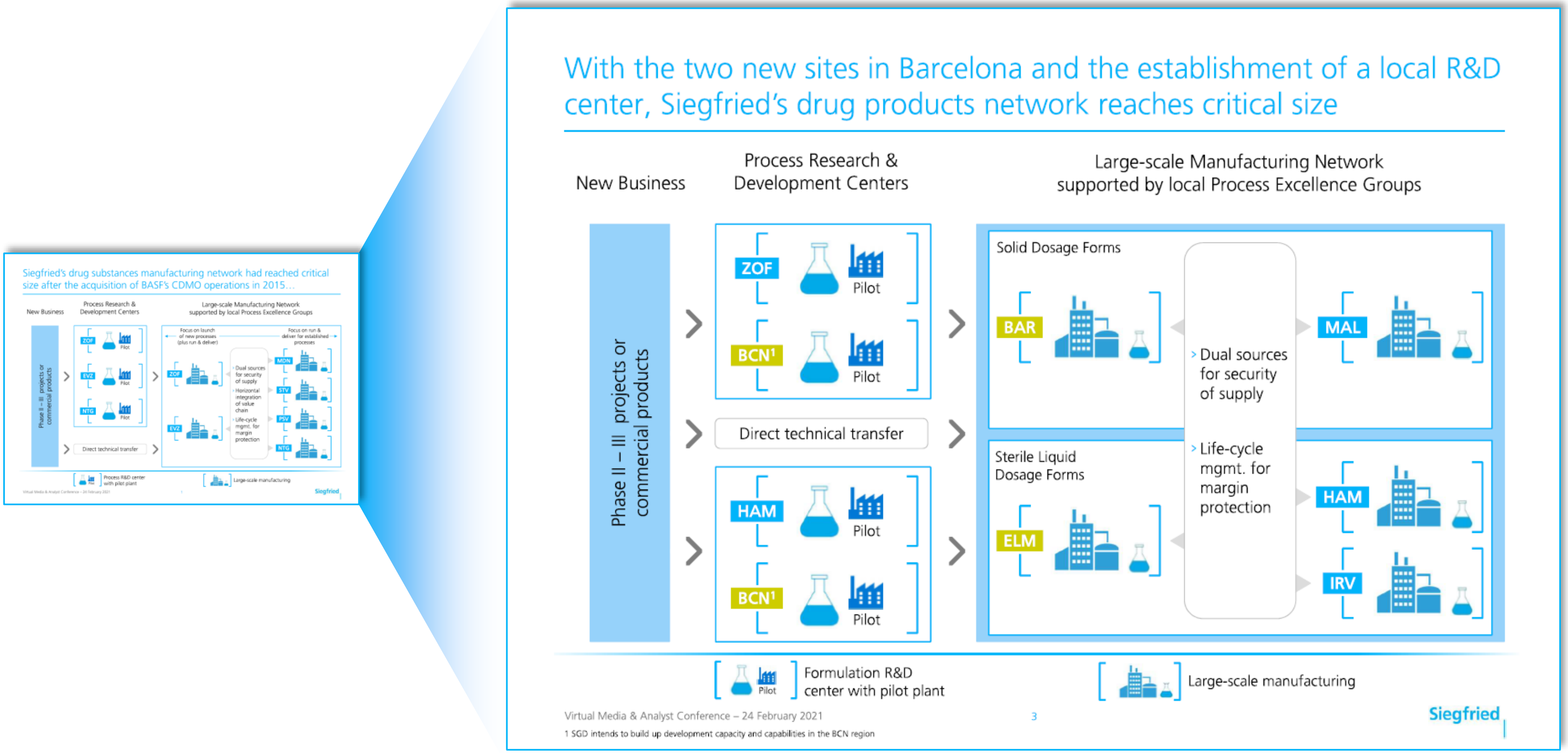
Impressions of "Day 1" in January 2021 (1/2): Successful start of the integration and transformation by joint teams in a great spirit

Barberà del Vallès

Impressions of "Day 1" in January 2021 (2/2): Successful start of the integration and transformation by joint teams in a great spirit

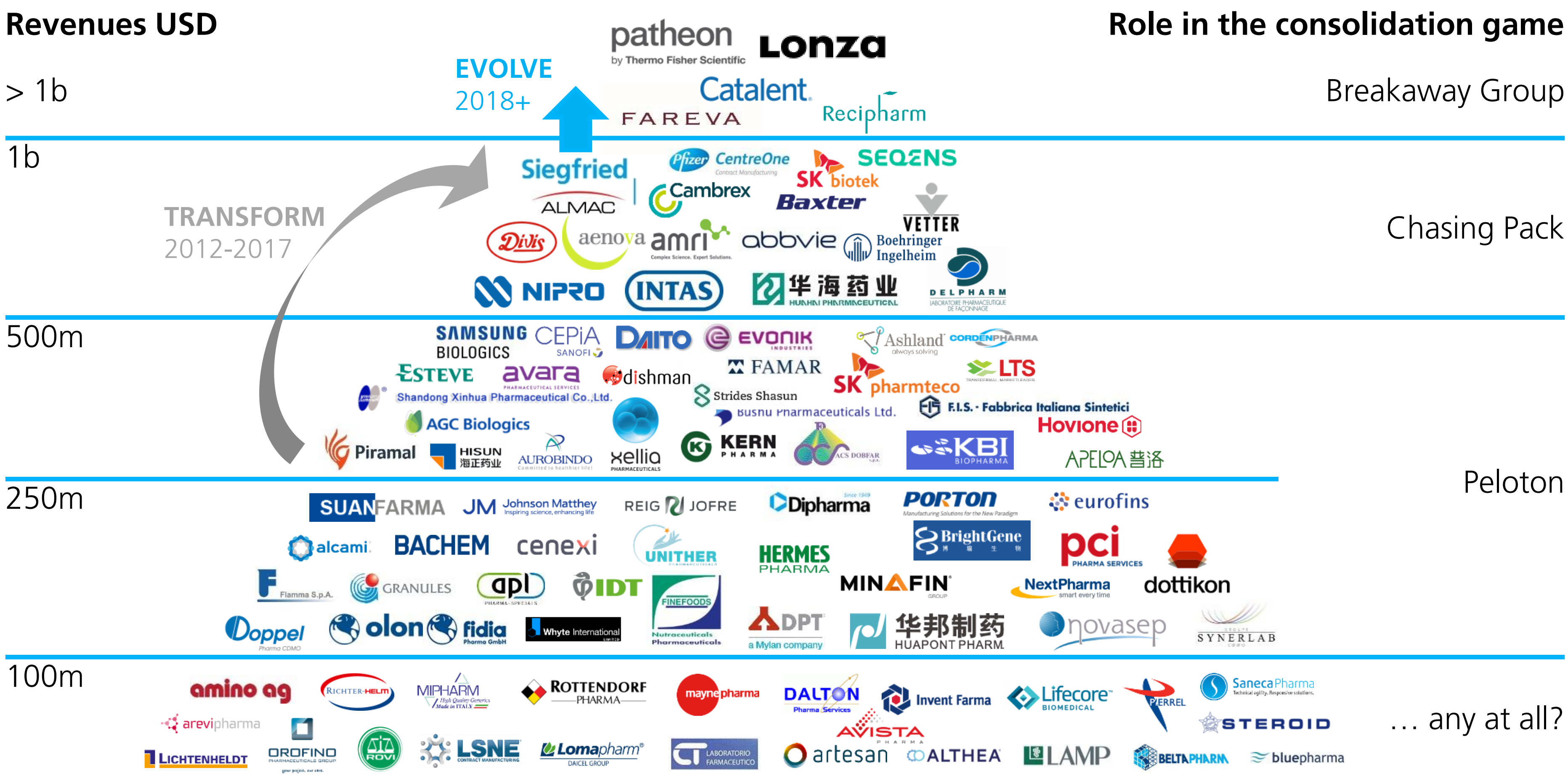
El Masnou

Siegfried's drug substances network serves as the blueprint to create a strong integrated network for drug products with the new Spanish sites



Siegfried will fully integrate the new Spanish sites and build an integrated network similar to its drug substances set-up to address customer needs efficiently

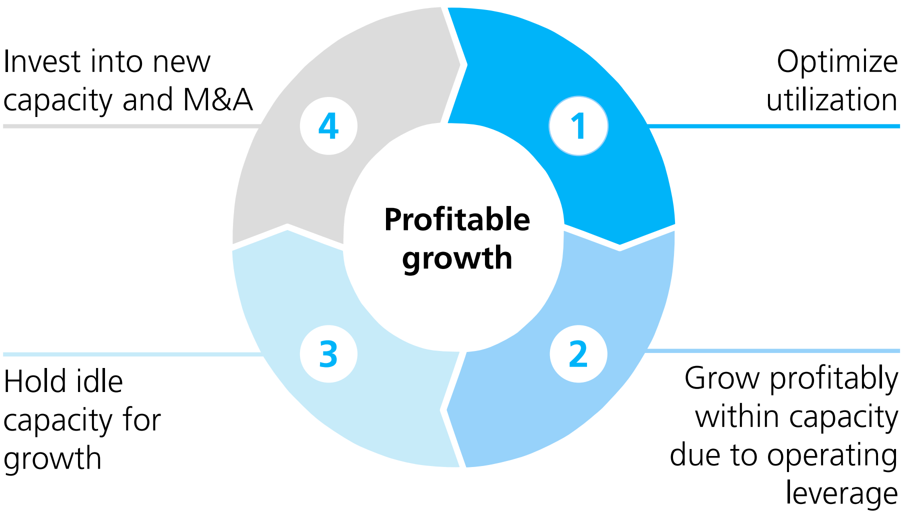
With this acquisition, Siegfried advances to the top tier of the CDMO industry with expected sales beyond CHF 1 billion in 2021



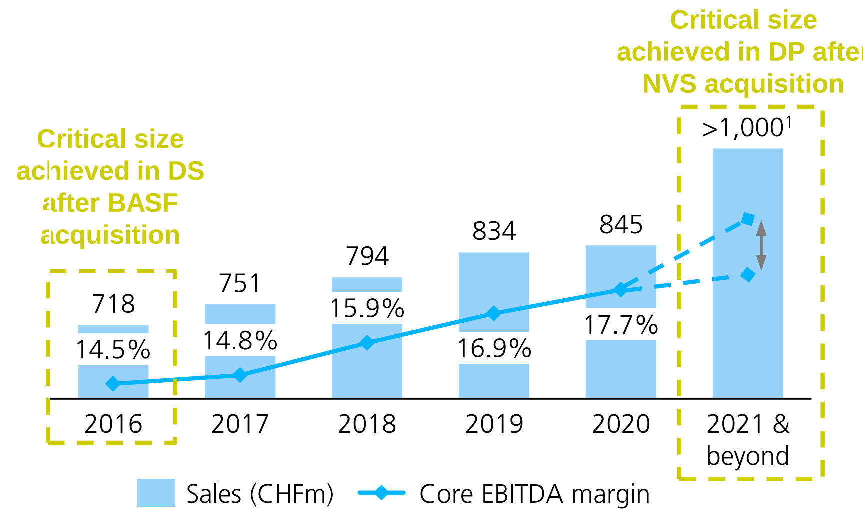
Source: Siegfried analysis based on 2018 data, Kurmann Partners

Critical size: Well managed operations and portfolios allow for profitable growth – which provides the funds for investments into further growth

Critical size allows for margin expansion via growth …



… and Siegfried has proven to grow profitably in the past



- Siegfried continuously optimizes the utilization of its network
- Free capacity allows to grow organically within the existing structure and to harvest market opportunities
- Due to the operating leverage of an optimized network, incremental growth increases profitability which translates to more available funds for investments
- In order to hold idle capacity, new capacity needs to be added – such new capacity can be added via organic investments and via acquisitions of new assets

1 Not to scale

Siegfried's ambition: Consistently deliver profitable organic growth and execute value accretive M&A to outgrow market and competition

Siegfried 2020

Sales
CHF 845m

Strategy EVOLVE

Accelerated growth through M&A

- Value accretive acquisitions in core areas
- Acquisitive entry to new areas within CDMO model

Robust organic growth through investments

- Organic growth in line with CDMO market – with the ambition to outgrow
- In next few years, some fluctuations from variability in COVID vaccine demand and phasing of old vs. new business in Barcelona
- On the way, stepwise expansion of Core EBITDA margin into 20% range
- Continued investments in technologies and capacity in a deeply integrated global site network

Siegfried vision

- ✓ Be a global leader in the CDMO space – Top 5 in 2021
- ✓ Be the most trusted partner of the pharmaceutical industry
- ✓ Be the strongest team running the most competitive network
- ✓ Have critical size in all segments and main geographies
- ✓ Master all relevant chemical, biological & pharmaceutical technologies

Outlook for 2021: Significant jump in sales to well beyond one billion Swiss francs with profitability further expanding towards target range of 20 percent Core EBITDA margin – COVID-19 still a source of uncertainty

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Siegfried

expect
more