

On the move since 150 years:

150  
years

# Siegfried significantly increases sales and profits in 2022

Full Year Results 2022 – 22 February 2023



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All businesses  
growing

Driving organic  
investments

Creating  
opportunities

All margins  
expanding

M&A  
always on

Strong cash  
generation

Building  
the strongest  
team

Significant  
financing  
capacity

Sustainability  
– walking  
the talk for  
150 years



# Siegfried significantly increases sales and profits in 2022

In a year of macroeconomic uncertainties, Siegfried demonstrated its resilience and delivered a strong performance

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- Net sales up to CHF 1.229 billion (+15.6% vs. 2021 in local currencies, LC)
- Core EBITDA of CHF 272.5 million (2021: CHF 207.2 million) at an expanded margin of 22.2% (2021: 18.8%)
- Core net profit of CHF 127.8 million (2021: CHF 95.3 million)
- Inflow of attractive new business and continuation of active portfolio management
- BoD proposal: Increase of payout by 20 cents to CHF 3.40 per share (2021: CHF 3.20)

For 2023, Siegfried expects low to mid-single digit sales growth (in LC) with a core EBITDA margin at 20 percent or above, positive mid-term outlook – some macro uncertainty

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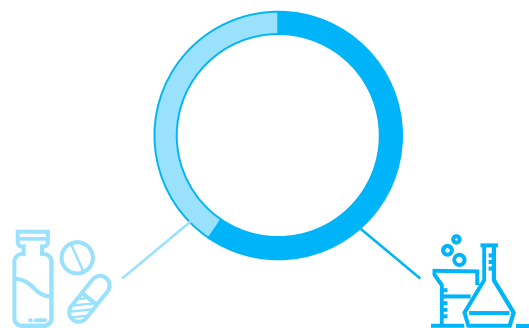


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# Strong net sales growth in a year of macroeconomic uncertainties

## Net sales split 2022



**38.7%**

Drug Products

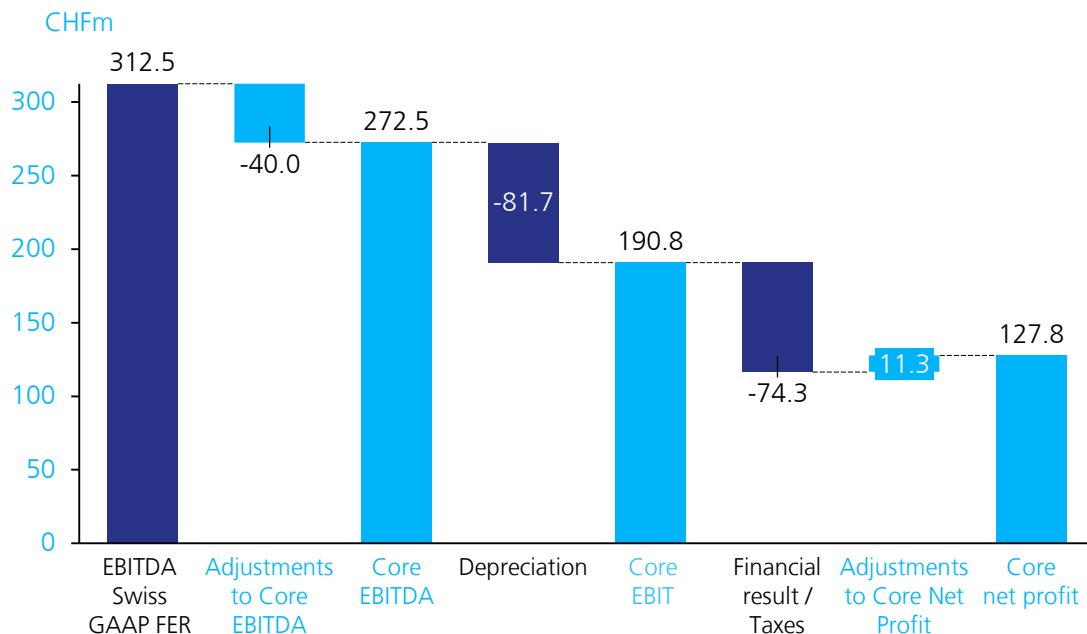
**61.3%**

Drug Substances

CHF million	2022	2021	Change
Drug Substances	753.7	656.0	↗ +14.9%
Drug Products	475.8	446.4	↗ +6.6%
<b>Total</b>	<b>1 229.5</b>	<b>1 102.4</b>	↗ <b>+11.5%</b> (+15.6% in LC)

- > Net sales grew by +15.6% in Local Currencies (LC)
- > Strong currency headwinds
- > Drug Substances as well as Drug Products contributed to growth
- > DS and DP growth almost equal in LC, due to higher EUR exposure of DP

# Reconciliation for 2022: From Swiss GAAP FER to Core results



Core numbers / - adjustments

## Comments

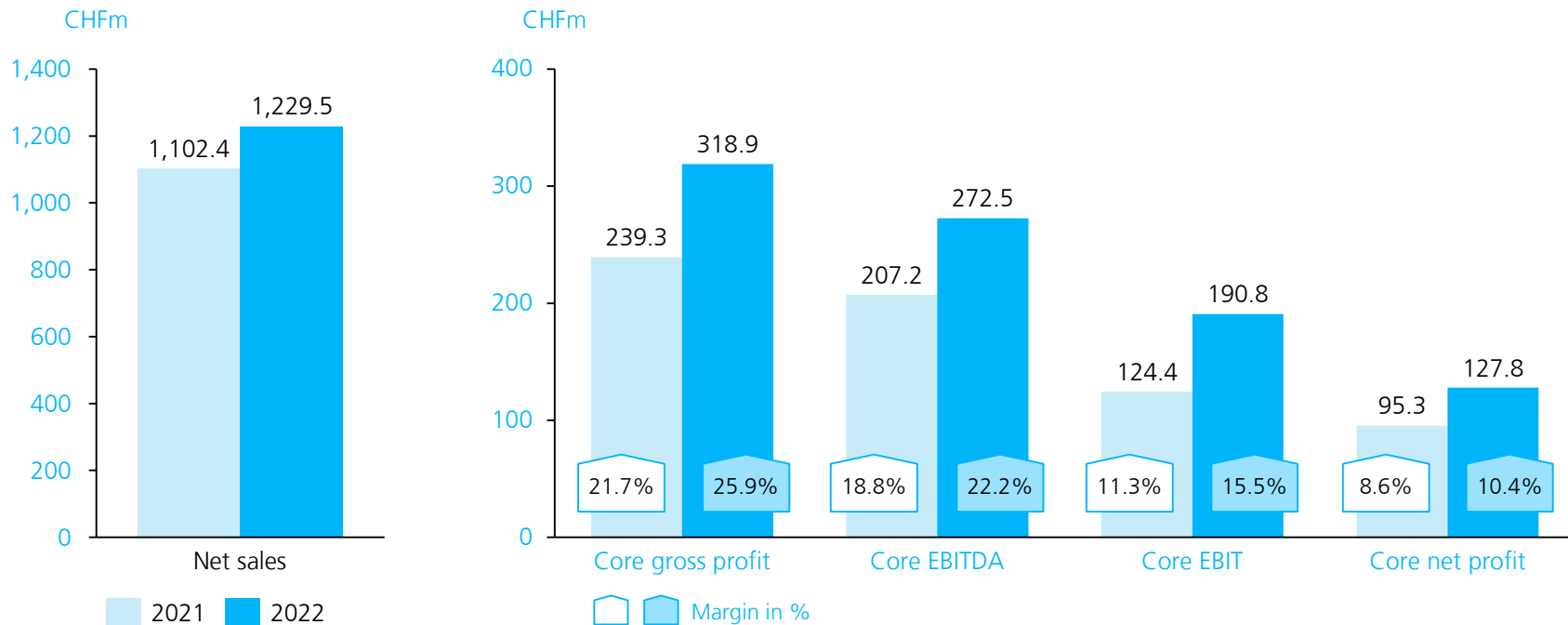
### Adjustments to Core EBITDA

- > Current net interest
  - > Discount rate change
  - > Restructuring costs
- Foreign pension plans

### Adjustments to Core net profit

- > Current net interest on foreign pension plans
- > Tax effect on Core effects
- > Step-up DTA







We have been able to further expand profit margins on all levels, despite higher costs of doing business





# Core P&L 2022:

## Profitable growth, despite inflation and macro challenges

CHF million	2022	2021
<b>Core results</b>		
<b>Net sales</b>	 <b>1 229.5</b>	<b>1 102.4</b>
Core cost of goods sold	-910.6	-863.1
<b>Core gross profit</b>	 <b>318.9</b>	<b>239.3</b>
Core marketing and sales costs	-18.1	-16.3
Core research and development costs	-43.2	-40.4
Core administration and general overhead costs	-71.1	-62.2
Other operating income	4.3	4.0
<b>Core EBIT</b>	 <b>190.8</b>	<b>124.4</b>
Core financial result (loss)	-8.9	-4.8
Exchange rate differences (loss)	-4.3	-1.4
<b>Core profit before income taxes</b>	 <b>177.6</b>	<b>118.2</b>
Core income taxes	-49.8	-23.0
<b>Core net profit</b>	 <b>127.8</b>	<b>95.3</b>
Depreciation	-81.7	-82.8
<b>Core EBITDA</b>	 <b>272.5</b>	<b>207.2</b>

Note: Each number is rounded individually

### Comments

- Expansion of Core gross profit and Core gross profit margin, despite higher costs of doing business
- Continued macro challenges: inflation, energy crisis, supply chain disruption
- SG&A as a percentage of sales constant to last year
- Cash funding costs reflect increase in interest rates, but only on parts of the liability structure
- Tax effect due to a significant change in profitability mix

# Significant increase in cash generation, despite temporary deployment of capital into Net Working Capital

CHF million	2022	2021
Operating cash flow before changes in NWC	276.1	210.7
Change in NWC	-133.8	-91.0
<b>Operating cash flow</b>	<b>142.3</b>	<b>119.7</b>
Purchase of PPE and intangibles (net)	-115.1	-113.3
Acquisitions	11.2	-136.5
Other investing activities	0.2	-0.2
<b>Cash flow from investing activities</b>	<b>-103.7</b>	<b>-250.0</b>
<b>Free cash flow</b>	<b>27.2</b>	<b>6.5</b>
<b>Cash flow from financing activities</b>	<b>-18.6</b>	<b>148.8</b>
<b>Net change in cash</b>	<b>20.1</b>	<b>18.5</b>

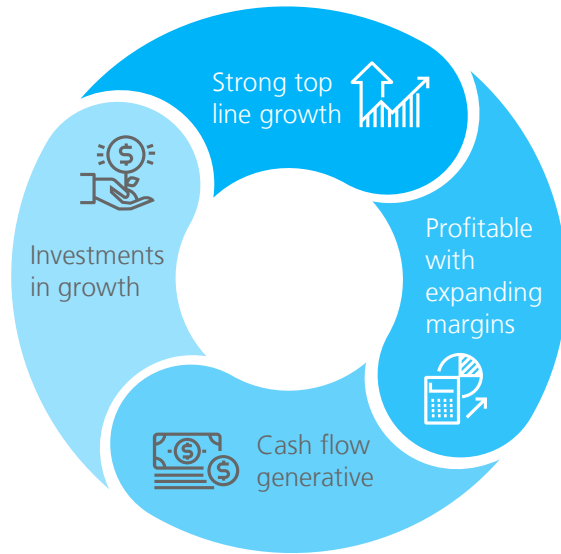
Note: Each number is rounded individually; Free cash flow is calculated as Operating cash flow minus Purchase of PPE and intangibles (net).

## Comments

- Massive increase of Operating cash flow before changes in Net Working Capital (NWC)
- 2022 NWC development subject to a few special items: High billing volume in Dec 22, inventory consuming capital for safety stocks and de-risking of supply chain
- Purchase of PPE/intangibles a bit lower than expectations, due to timing of cash flows

Pay-out proposal to the AGM on April 20, 2023: Increase by 20 cent to CHF 3.40 per share

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



## Invest in organic growth – in line with strategy

- › Expansion CapEx in capacity and technologies

## M&A – Core and beyond

## Deleverage and optimize funding cost

- › Continuous reduction of leverage by repayment of the RCF
- › Substantial non-dilutive funding capacity available

## Pay-out policy

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

**Support  
Strategy  
EVOLVE**

Investments in growth create the scale and the opportunity set required for further value creation

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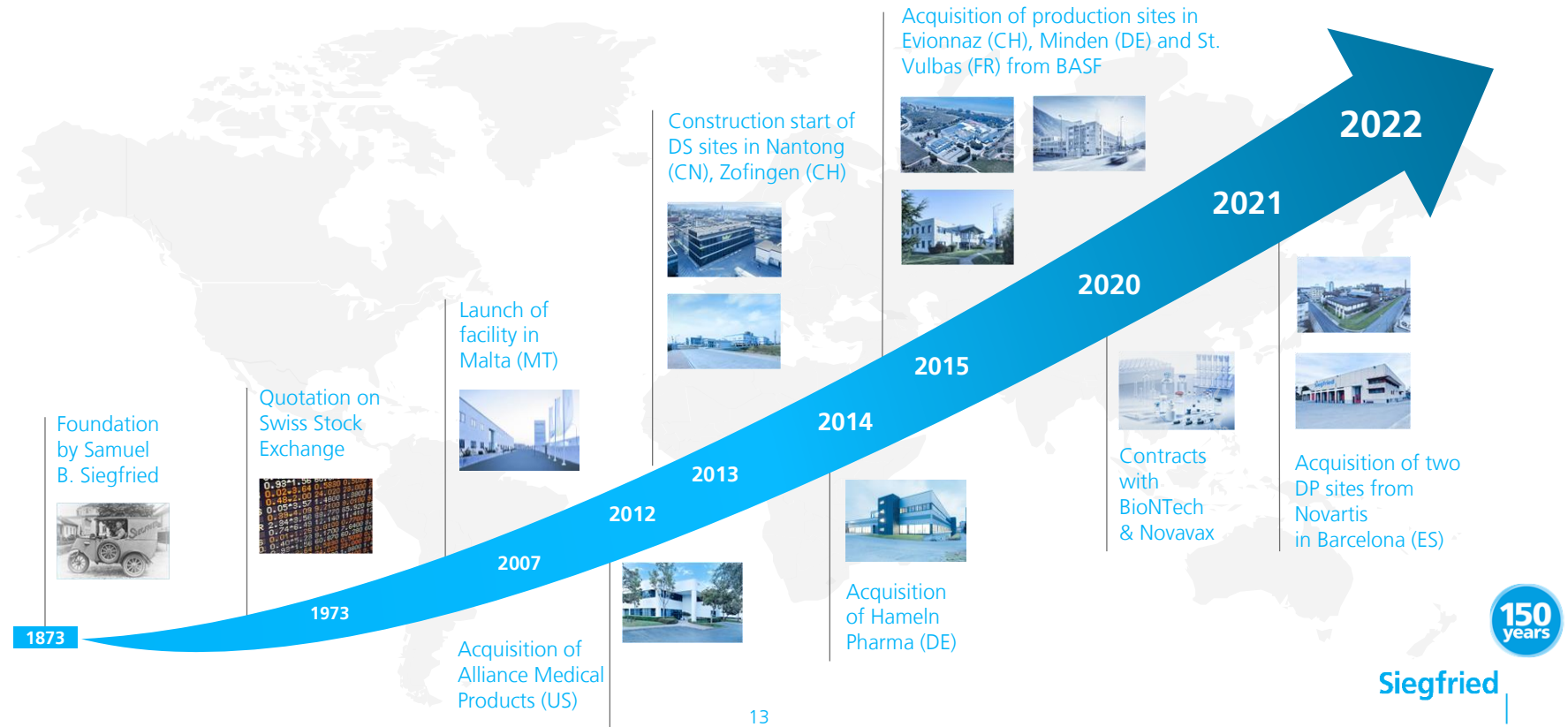
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# Siegfried on the move: Milestones of our corporate journey over 150 years



# Sustainability is one of our five core values: We do not only think about tomorrow, but far beyond



1 Absolut reduction compared to 2021  
2 Compared to 2020, equivalents normalized against Sales  
3 Compared to 2022

CO<sub>2</sub> eq Emissions<sup>1</sup>

-15.7%



Commitment:

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

-50%↓

Electricity consumption from  
Renewable Energy sources

73%



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

-10%





# The year 2022 in short: Delivering upon the opportunities at hand plus laying ground for continued profitable growth



## Minden (DE) – DS

- › Construction start for new large-scale production plant for high-value drug substances



## Barcelona (ES) – DP

- › Completion of carve-out and integration
- › Execution of first orders for new business
- › New Center of Excellence for high-end development services



## Hameln (DE) – DP

- › Additional aseptic vial filling line for biologics
- › Extension of collaboration with Novavax for their protein-based vaccine



## Evionnaz (CH) – DS

- › Preparation work for new Center of Excellence for high-end development services, start in 2023
- › Consolidation of all on-site development activities in one location



## Building our Global Team

- › Corporate Leadership Conference in Basel: "Whatever it takes"
- › Leadership program LEAP, Siegfried Academy, "Great Place to Work", GLINT surveys, Value Awards

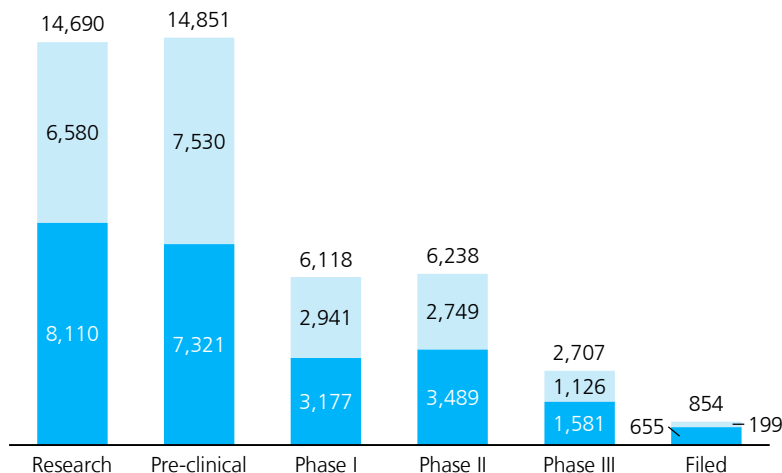
Key investments into Siegfried's people and network – the latter worth around CHF 175 million in line with guidance of capital expenditures in low teens of sales



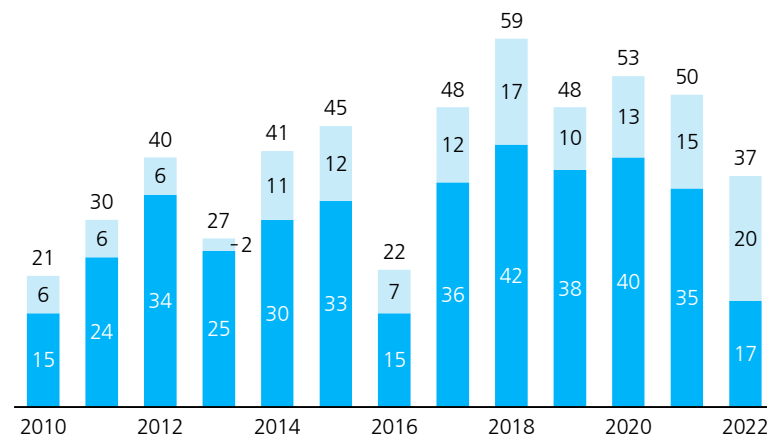
# Our organic growth is well supported by a strong development pipeline and healthy approval numbers of Small Molecules



Development Candidates in Pipeline



New Drug Approvals by the FDA



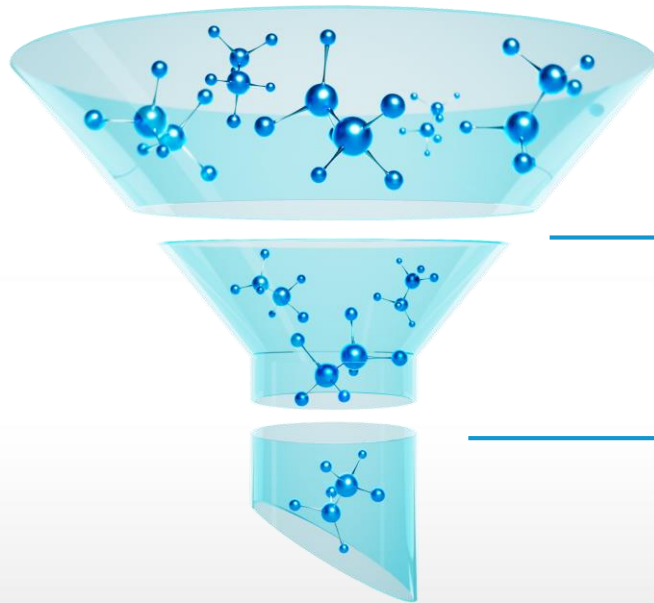
Source: EvaluatePharma as of February 2023, DCAT,  
Center for Drug Evaluation and Research (CDER) – FDA, SGD analysis

Biologics Small Molecules

Small Molecules continue to experience sustainable tailwind – with an increasing share of small to mid-size companies innovating and developing new chemical entities

Siegfried

# Siegfried's technological breadth generates a rich funnel of attractive new business opportunities for organic growth



## **Strong small molecules pipeline** of innovative drug candidates (Rx and Gx)

- > More than **10'000 small molecules** ("NCE") in development (pre-clinical to pre-approval)
- > Increased share of **small to mid-size innovators** with a strong preference for outsourcing



## **~80% of small molecules pipeline accessible for Siegfried**

- > Very broad **technology portfolio** suitable for almost any customer needs
- > Well above **100 "live" projects** at any given point in time – spanning from **early phase developments to commercial launch volumes**



## **Go-to-market approach based on flexibility and scale**

- > With our pharma heritage of 150 years, reputation and customer closeness we qualify for **strategic partnerships** – rather than purely transactional relationships
- > Strategic supplier status at key customers gives Siegfried a **right to quote**
- > Attractive **integrated offering** based on scope and size of the global network

Based on our strong position and attractive offering, we are able to continuously acquire attractive pipeline projects and convert them into large-scale commercial wins

# Expanding our capabilities and capacities to support long-term profitable growth



## Organic investments

- › Large-scale DS production plant in Minden
- › DP Center of Excellence in Barcelona
- › New DP vial capacity in Hameln
- › DS Center of Excellence in Evionnaz



## Portfolio management

- › Allocate high-value capacity to margin accretive products
- › Free up and de-risk bottlenecks
- › Deliver operational and commercial excellence



## Mergers & Acquisitions

- › Acquire idle capacity with attractive business and technologies within core
- › Onboard new technologies and capabilities
- › Enter new areas beyond core



Siegfried creates opportunities for long-term profitable growth by adding capabilities and by unlocking, expanding and acquiring capacities

# We will continue to strengthen our core by continued organic investments and use M&A to enter into adjacencies and beyond



## Grow existing core

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

- › Integrated services for small molecule drug substances and drug products
- › Complex chemistry
- › Oral / inhalation solid dosage forms
- › Sterile liquid dosage forms
- › Data analytics ("chemometrics")



## Add adjacencies

- › Diversification into new CDMO market segments (e.g.)

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



## Enter new areas

- › Expansion into other high-growth areas within CDMO business model

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

Time horizons



# Pushing digital technologies to further leverage the expertise and quality of our teams



## SAP S4 HANA roll-out

Global roll-out of S4/HANA enhancing operational efficiencies and decision making



## Separation of IT & OT<sup>1</sup>

Upgrading of our IT / OT infrastructure, enhancing resilience against cyber attacks



## Chemometrics

Acceleration of development timelines and scale-up from grams to tons



## Collaboration tools

Enhancing teams efficiencies and close interaction internally and externally



## Virtual site tours

Building virtual site tour and audit capabilities



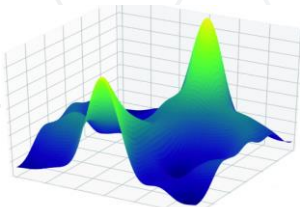
## Upgrading process control systems

Further improving operational efficiencies and quality standards

<sup>1</sup> OT = Operational Technology

# Operational efficiency and sustainability work hand-in-hand

## Sustainability



## Cost efficiency



### Digital technologies ("chemometrics")

- > Digital twins of large-scale assets to simulate processes in downscale models
- > Data analytics and virtual models, e.g.:
  - Big (process) Data
  - Quality by Design (QbD)
  - Design of Experiment (DoE)

### Process re-design and optimization

- > Re-design of API synthetic routes and manufacturing processes
- > New process technologies
- > "Green chemistry"
- > Increase of process yield and space-time yield

### Resource efficiency = Cost efficiency

- > Shorter time-to-market from shorter development time
- > Lower environmental impact from less raw materials, energy, waste
- > Reduction of Costs of Goods sold

# Siegfried's journey goes on: Consistently deliver profitable growth by investing in the global network and executing value adding M&A

- > Topline growth at least in line with CDMO market
- > Active portfolio management
- > Operational and commercial excellence
- > Investments in global network – adding technologies and capacities
- > M&A in core areas – and beyond



- > Further evolve as a global leader in the CDMO space
- > Be the strongest team running the most competitive network
- > Have critical size in all segments
- > Be the most trusted partner of the pharmaceutical industry

For 2023, Siegfried expects low to mid-single digit sales growth (in LC) with a core EBITDA margin at 20 percent or above, positive mid-term outlook – some macro uncertainty



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**expect  
more**



Annual General Meeting  
20 April 2022



Half-Year Reporting  
17 August 2023