

# Further on track: Siegfried increases sales and earnings in H1 2021

Media & Analyst Virtual Conference

Zofingen – 19 August 2021

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# Agenda

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## **Status & Outlook**

Facts & Figures

Strategy

Q&A

## Further on track in H1 2021: Siegfried delivers growth on all levels while consistently implementing its strategy and mastering short-term challenges

- Siegfried grows on all levels – despite a temporary set-back by a cyber attack:
  - Net sales of CHF 466.9m (+20.2% in CHF, +19.4% in LC)
  - Core EBITDA of CHF 80.5m (+38.7%) – Core EBITDA margin of 17.3% (15.0%)
  - Increase of free cash flow to CHF 34.9m (+103.8%)
- Integration and transformation of the two new Spanish sites acquired from Novartis in January 2021 well on track with important initiatives kicked-off or in implementation
- Successful start of commercial aseptic filling & finishing of BioNTech's COVID vaccine in Hameln, capacity expansion in record time – Novavax's COVID vaccine expected to follow in H2 2021
- Organic investments in capacities, technologies and people throughout the whole network in order to prepare for continued mid to long-term growth
- Continued appetite for value accretive external growth through M&A
- Successful debut: Issuance of listed senior bonds of CHF 200m
- Siegfried's ESG journey: CO<sub>2</sub> reduction targets by 2030 and net zero GHG emissions by 2050

Outlook for 2021 confirmed: Significant jump in sales to well beyond one billion Swiss francs with profitability further expanding towards target range of 20 percent Core EBITDA margin – positive mid-term outlook

# Agenda

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**Facts & Figures**

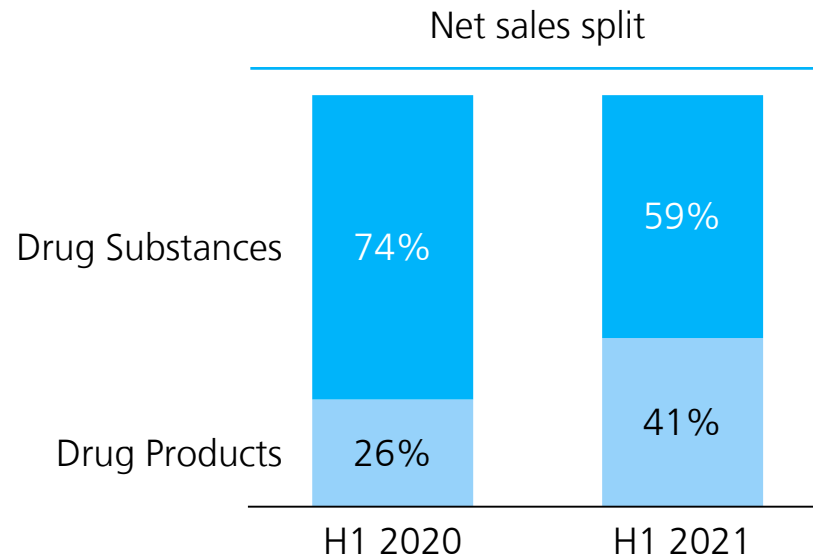
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# Siegfried shows much higher net sales in H1 2021 – Acquisition in DP, existing business hindered only temporarily by a cyber attack

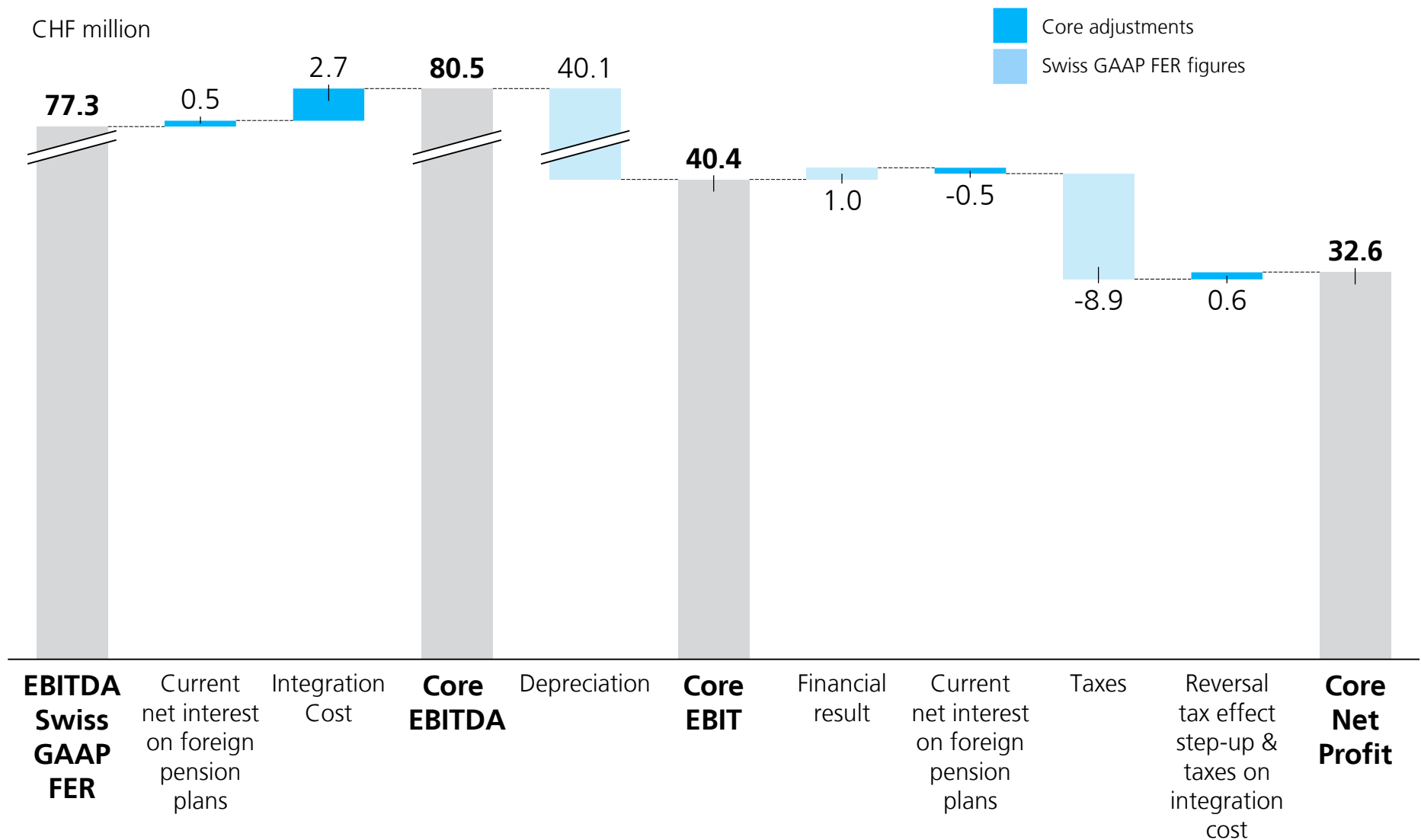
CHF million	H1 2021	H1 2020	Change
Drug Substances	274.5	290.2	-5.4%
Drug Products	192.3	97.9	+96.4%
Total	466.9	388.1	+20.3% (+19.4% in LC <sup>1</sup> )

- > Most of cyber attack effects in Drug Substances
- > Slight currency tail wind
- > Change in business mix reflects acquisition effect
- > CCY: Perfect natural hedge



<sup>1</sup> Local currency

# Reconciliation of Swiss GAAP FER EBITDA to Core Net Profit: Small and recurring adjustments



# Consolidated Core Income Statement: Jump in Sales and profits

CHF million	H1 2021	H1 2020
Core results		
Net sales	466.9	388.1
Cost of goods sold	-374.6	-315.9
Gross profit	92.3	72.2
Marketing and sales costs	-7.5	-7.3
Research and development costs	-19.3	-14.4
Core administration and general overhead costs	-26.6	-21.5
Other operating income	1.5	2.3
Core EBIT	40.4	31.3
Core financial result	-2.4	-2.2
Exchange rate differences	2.8	-1.9
Core profit before income taxes	40.9	27.4
Core income taxes	-8.3	-5.9
Core net profit	32.6	21.5
Depreciation	40.2	26.8
Core EBITDA	80.5	58.1

Each number is rounded individually



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

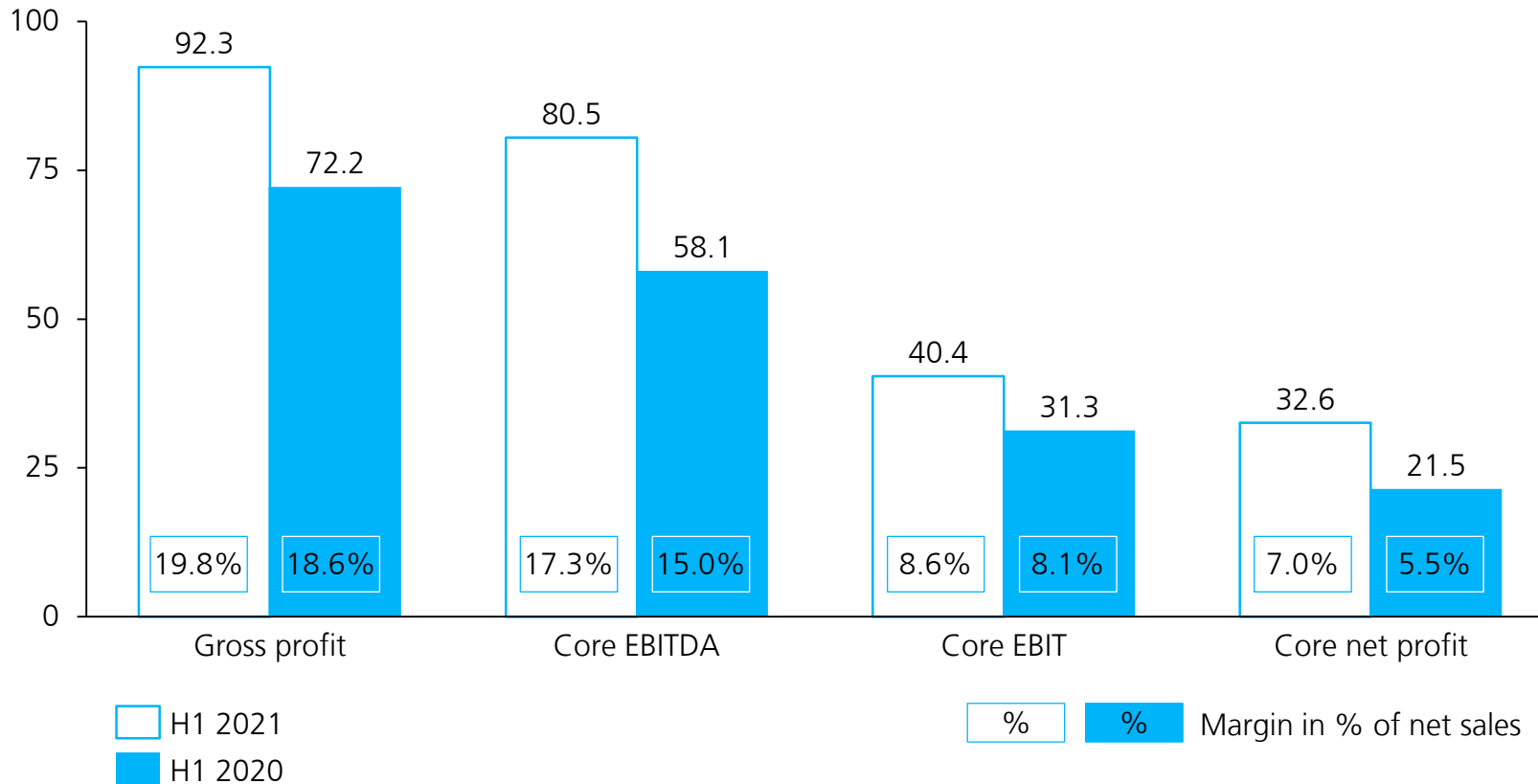
CHF million	H1 2021	H1 2020
Operating cash flow before changes in NWC	85.7	65.5
Change in NWC	11.2	-20.5
Operating cash flow	96.9	45.0
Purchase of PPE and intangibles (net)	-62.0	-27.9
Other investing activities, acquisitions, other	-138.0	0.1
Cash flow from investing activities	-200.0	-27.8
Free cash flow	34.9	17.1
Cash flow from financing activities	107.6	-2.0
Net change in cash	4.4	15.3

- Subsequent event: Detection of fraudulent payments, internal investigation (supported by external experts) launched immediately, still ongoing
- Purchase Price Allocation for recent acquisition: To be delivered with the Financial Report 2021

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

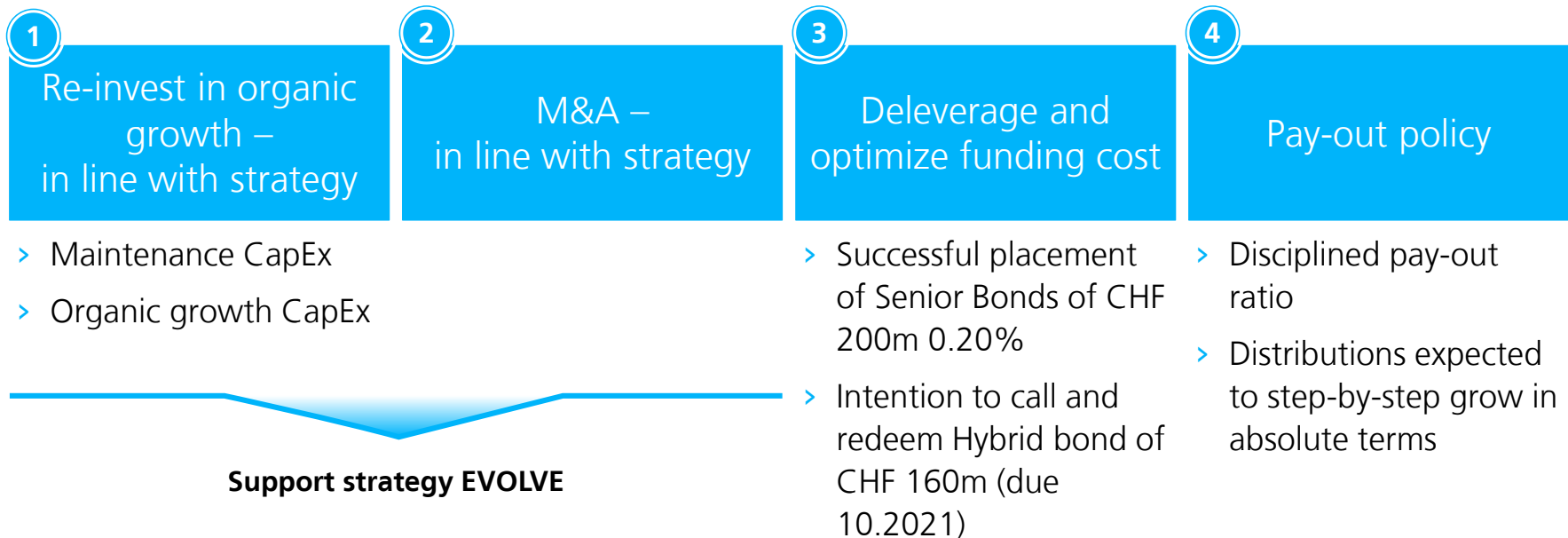
# Profit levels and margins: Improved on all levels, despite short-term challenges

CHF million



Business model has proven resilience

# Capital allocation framework: Strong cash generation and strong balance sheet support our strategy EVOLVE



Debut on the Swiss debt capital market: Listing of Senior Bonds will decrease funding cost for the years to come

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# Siegfried's strategy EVOLVE on track: Drive organic and external growth by executing a set of independent strategic initiatives

Investments in technology base and existing network



- > Strengthening capabilities and technology base in small molecule manufacturing
- > Organic expansion into large molecules: Aseptic fill & finish as well as formulation development for large molecules ("biologics")
- > Investments in capacity to de-bottleneck and release hidden capacity and add new capacity on existing sites

Acquisitions in Drug Products



- > Continue acquisitive growth in different dosage forms and technologies including sterile/aseptic filling in Europe and the US

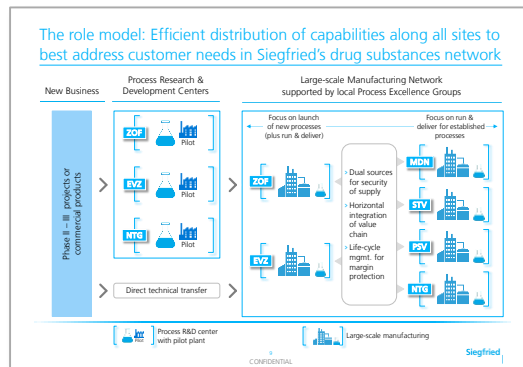
Acquisitions in Drug Substances



- > Continue acquisitive growth in small molecule DS
- > Depending on opportunity, acquire small-scale biologics DS manufacturing assets

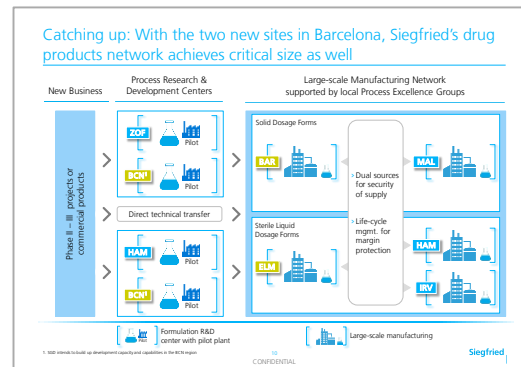
# Investments in technology base and existing network: Supporting future growth and enhancing global competitiveness

## DS Network



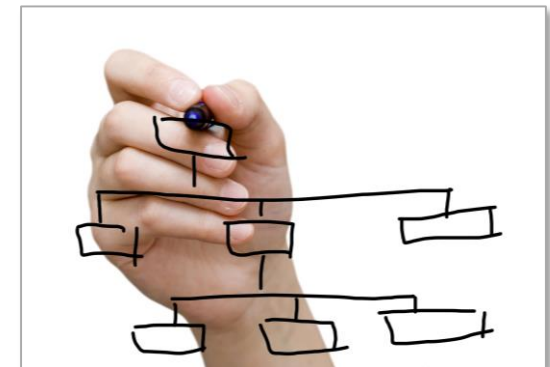
- Investment in high-potency micronization and particle technology in Evionnaz
- Capacity increase in Zofingen by revamping and upgrading existing manufacturing assets
- Continuous improvement and debottlenecking of existing manufacturing assets

## DP Network



- Post-merger integration of Spanish sites very well on track, investments in integration of systems and processes ongoing
- Investment in Development Center of Excellence (CoE) in Barcelona
- Expansion of fill & finish capacity for COVID vaccines in Hameln

## Corporate Network



- Invest in our people: Siegfried Academy and LEAP Program
- Globalization and concentration of shared services
- Driving ESG initiatives: Target setting, controlling and reporting

# New Development Center of Excellence in Barcelona to support new business development for local and global DP network

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## Investment highlights and status:

- Establishment Development Center of Excellence (CoE) in Barcelona leveraging existing infrastructure and talent
- Fast-track execution: New laboratories and GMP pilot facilities will be operational in the second half of 2022
- Total investment of up to CHF 15 million



## Scope and role in the global DP network:

- CoE for oral solid dosage forms, dry-powder inhalation, sterile ophthalmic products (solutions, suspensions, ointments)
- Comprehensive service offering for formulation development, pilot manufacturing (GMP) and analytical development
- CoE will become the hub for development projects that will subsequently be implemented in Barberà der Vallès, El Masnou and other DP sites in Siegfried's global network

# Investments into additional capacity and differentiating technologies to serve customer demand and build out strategic partnerships

mRNA COVID  
vaccine filling in  
Hameln (DP)



- > Cooperation and supply agreement for large-scale aseptic filling, finishing and packaging of BNT162b2 (Comirnaty®) for BioNTech signed in September 2020 (until 2022)
- > Project executed on ambitious timeline in June 2021
- > Production started successfully

Micronization in  
Evionnaz (DS)



- > New large-scale micronization unit for highly potent Active Pharmaceutical Ingredients (API)
- > Important technology enhancing bioavailability of API

Capacity addition  
in Zofingen (DS)



- > Revamping of assets for rapid increase of capacity:
  - 1<sup>st</sup> phase: Replacement and upgrading of utilities and infrastructure, production start in December 2020
  - 2<sup>nd</sup> phase: Additional replacement of reactors to be completed in Q3 2021

Well balanced investments within global network providing for both, capture of short-term opportunities as well as readiness for continued mid to long-term profitable growth in attractive market environment



# Siegfried's commitment to sustainability: Deeply embedded in our DNA and acknowledged by leading reporting standards



- > “Sustainability” is one of our five core values and an integral part of our corporate governance in a broad sense:  
“Siegfried is here not only for tomorrow, but for the next 150 years”



- > Siegfried started its ESG journey years ago and stepwise built out its activities including controlling and reporting – first sustainability report in 2016
- > Establishment of a crossfunctional ESG Governance Board sponsored by CEO and supervised by BoD

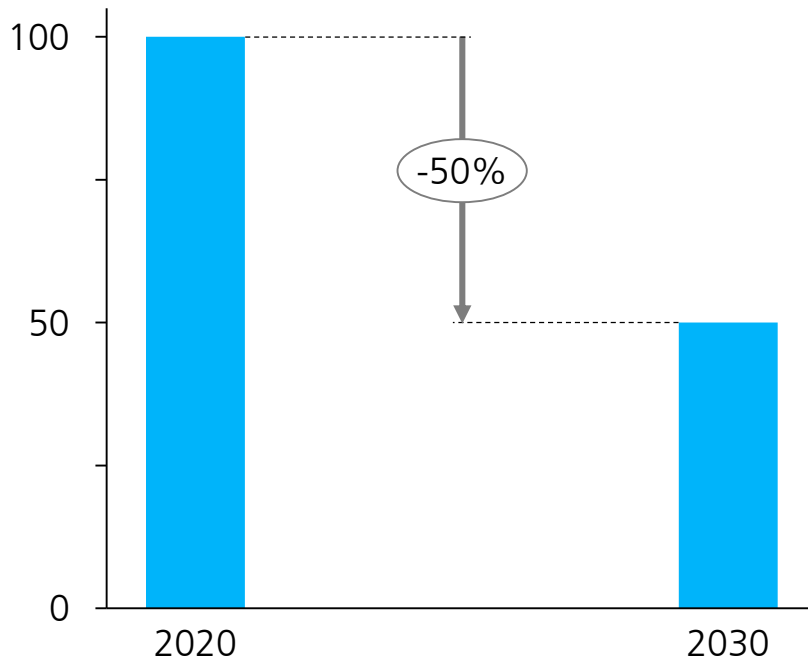


- > Our reporting follows our actions and is geared to the standards of internationally accepted guidelines: Sustainable Development Goals (SDG) of the United Nations and Global Reporting Initiative (GRI)
- > Siegfried is rated “A” in the MSCI ESG rating and “Prime Status” by Institutional Shareholder Services Inc. (ISS) – thus among the best 10% of all life-science companies certified by ISS

# The next step: Carbon footprint reduction target until 2030 and commitment beyond

## 1 Reduction of CO<sub>2</sub>-eq by 50% until 2030

CO<sub>2</sub> equivalents<sup>1</sup> / CHFm Sales  
(indexed = 100)



## Carbon Footprint Targets

Specific reduction target:

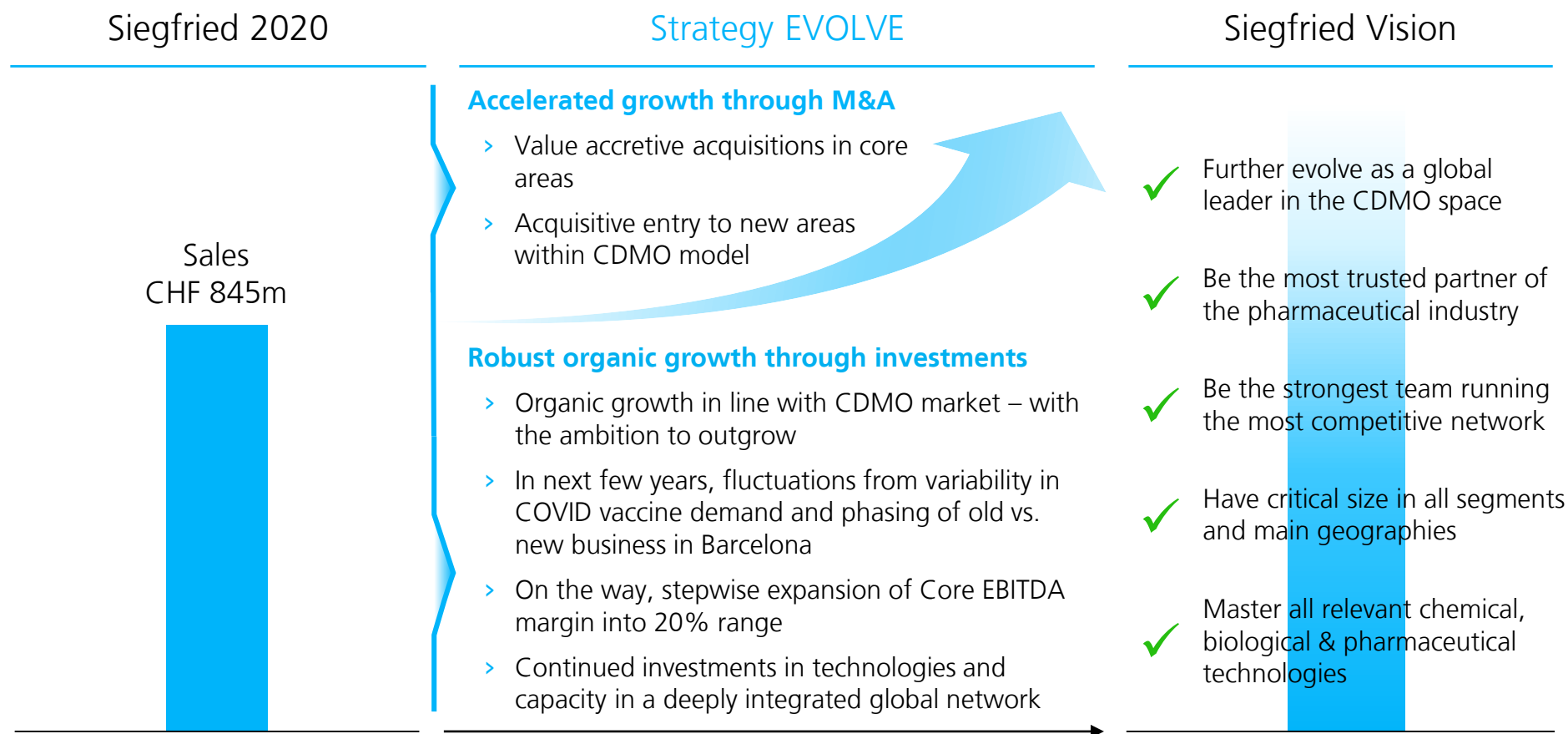
- 1 > Reduce Siegfried's carbon footprint by 50% until 2030 compared to 2020 (normalized against Sales)

Overarching commitment:

- 2 > Implementation of long-term measures in line with the 2050 GHG net zero goal to limit global warming to 1.5 °C

<sup>1</sup> A carbon dioxide equivalent or CO<sub>2</sub> equivalent, abbreviated as CO<sub>2</sub>-eq is a metric measure used to compare the emissions from various greenhouse gases on the basis of their global warming potential (GWP)

# Siegfried's ambition: Consistently deliver profitable growth and invest in optimization and expansion of the global network



Outlook for 2021 confirmed: Significant jump in sales to well beyond one billion Swiss francs with profitability further expanding towards target range of 20 percent Core EBITDA margin – positive mid-term outlook

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## Questions & Answers



# Financial reporting on full year 2021

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23 February 2022 in Zurich

10.30 a.m.      Media representatives

2.00 p.m.      Financial analysts

