

Siegfried Reports Higher Sales and Further Improved Margin for First Half Year



- **The Siegfried Group (SIX: SFZN) reports net sales for the first half of 2018 of 377.2 million francs (2017: 349.1 million francs), corresponding to a growth rate of 8.0% (5.2% in local currencies).**
- **Earnings before interest, taxes, depreciation and amortization (EBITDA) and before special effects grew by 20.1% to 63.5 million francs (2017: 52.9 million francs). EBITDA after special effects was stated as 62.0 million francs.**
- **The EBITDA margin rose by 1.6 percentage points to 16.8% (2017: 15.2%).**
- **Net profit before special effects increased by 41.1% to 30.5 million francs (2017: 21.6 million francs).**
- **Cash flow from operating activity rose by 89.5% to 35.6 million francs (2017: 18.8 million francs).**

Siegfried CEO Rudolf Hanko: "As planned, Siegfried continued to deliver sales growth while increasing income and operating cash flow at an even higher rate. The EBITDA margin for the first half increased to 16.8%, which clearly indicates that we are well on track to reach our target margin. Experience has shown that the second half at Siegfried is stronger than the first. We therefore expect very good results for the entire year."

The company's headcount (fulltime equivalents) rose slightly. On 30 June 2018, the company employed a workforce of 2310 (FTE), compared with 2260 FTE at the end of 2017.

Key Figures 2018

	1st Half-Year 2018	1st Half-Year 2017	Change CHF (LC)
Net sales (million CHF)	377.2	349.1	8.0% (5.2%)
Gross profit (million CHF)	81.9	67.3	21.8%
Gross profit margin in %	21.7%	19.3%	
Results before special effects*			
EBITDA (million CHF)	63.5	52.9	20.1%
EBITDA margin in %	16.8%	15.2%	
EBIT (operating result) (million CHF)	39.2	30.0	30.6%
EBIT margin in %	10.4%	8.6%	
Net profit (million CHF)	30.5	21.6	41.1%
Net profit-margin in %	8.1%	6.2%	
Non-diluted earnings per share (CHF)	7.34	5.56	32.0%
Diluted earnings per share (CHF)	7.14	5.10	40.2%
Results after special effects			
EBITDA (million CHF)	62.0	52.9	17.2%
EBITDA margin in %	16.4%	15.2%	
EBIT (operating result) (million CHF)	37.7	30.0	25.5%
EBIT margin in %	10.0%	8.6%	
Net profit (million CHF)	29.3	21.6	35.5%
Net profit-margin in %	7.8%	6.2%	
Non-diluted earnings per share (CHF)	7.05	5.56	26.8%
Diluted earnings per share (CHF)	6.86	5.10	34.6%
Cash flow from operating activities (million CHF)	35.6	18.8	89.5%
Free cash flow (million CHF)	5.1	-3.6	
Investment in property, plant and equipment and intangible assets (million CHF)	30.5	22.7	34.3%
Balance Sheet			
	June 30, 2018	December 31, 2017	Change
Equity (million CHF)	707.6	673.4	5.1%
Total assets (million CHF)	1 095.0	1 068.6	2.5%
Equity ratio in %	64.6%	63.0%	
Employees (number of FTEs)	2 310	2 260	2.2%

* Restructuring costs Evionnaz

Earnings before interest, taxes, depreciation and amortization (EBITDA) of 63.5 million francs are before extraordinary expenses related to long-term structural adjustments to overheads at our Evionnaz site.

Earnings before interest and taxes (EBIT) grew faster than sales by 30.6% to 39.2 million francs (2017: 30.0 million francs). This corresponds to a margin of 10.4% or 1.8 percentage points above that reported the previous year. EBIT after special effects was stated as 37.7 million francs.

Strong sales of finished dosage forms

Sales of active pharmaceutical ingredients and intermediates grew, compared to the previous year, by approximately 15 million francs or 5.8% to 278.3 million francs. In terms of active pharmaceutical ingredients, a distinction is made between exclusive synthesis (exclusive production for one customer) and portfolio products / controlled substances (produced for various customers).

Sales of finished dosage forms, especially the sterile filling business, grew strongly by about 13 million to 98.9 million francs, corresponding to a growth of 14.7%. About three quarters of Siegfried's current sales refer to active pharmaceutical ingredients and intermediates and about one quarter to finished dosage forms, consisting of sterile filling and solid dosage forms.

Integration of Arena production site completed

As per 1 April 2018, Siegfried acquired a production plant in Zofingen from the company Arena Pharmaceuticals based in San Diego, California. Already prior to the acquisition, the plant produced mainly for Siegfried. Integration of the plant was completed in the period under review.

Extension in Nantong and Zofingen at final stage, investments in sterile filling

Taking into operation of the plant in Nantong is proceeding according to schedule. An initial inspection by the FDA, the US regulatory authority, is currently under preparation; Siegfried expects the inspection to be carried out in the first half of 2019. Utilization of the new production building in Zofingen is growing continually. The construction of a new logistics building in Zofingen is progressing according to plan. The building will be ready for occupancy from end third quarter 2018. Investment in some 40 new laboratory workplaces is continuing as scheduled; the workplaces will be ready in the fourth quarter 2018.

At the Hameln site, Siegfried is investing in new laboratory installations connected with the filling of biologically produced substances. In Irvine, the enlargement of the available floor space and the subsequent installation of additional capacity and capabilities was completed in the first half of the year.

Outlook on 2018 sales

Siegfried expects business development to remain positive. Experience has shown that the second half at Siegfried is stronger than the first, and this trend is expected to continue in 2018. Siegfried expects for the full year 2018 sales growth in the mid-to-high single-digit percentage range at a distinctly higher operating margin (EBITDA).

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This Media Release on the web

<http://www.siegfried.ch/media-releases/>

About Siegfried

The Siegfried Group is active worldwide in the field of Life Sciences with production facilities located in Switzerland, the USA, Malta, China, Germany and France. At the end of 2017, Siegfried reported annual sales of CHF 751 million and employs at the time being approximately 2300 employees at nine locations on three continents. Siegfried Holding AG is listed on the Swiss Exchange (SIX: SFZN).

Siegfried is active in both the primary and secondary production of drugs. The company manufactures active pharmaceutical ingredients for the research-based pharmaceutical industry as well as the corresponding intermediates and controlled substances, and provides development and production services for finished dosage forms including sterile filling.

Cautionary Statements Regarding Forward-Looking Statements

This press release may contain forward-looking statements based on current assumptions and forecasts made by Siegfried Group management and other information currently available to the Siegfried Group. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. Siegfried Holding AG does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to conform them to future events or developments.