Siegfried

Media Release

Zofingen, 23 August 2017

Siegfried Reports Higher Profit and Increased Margin for First Six Months

- **The Siegfried Group (SIX: SFZN) reports higher earnings and a clearly higher margin at stable sales for the first half of 2017.**
- **The company generated net sales of 349.1 million francs compared to 353.6 million francs in the corresponding period of the previous year (minus 0.9% in local currencies or minus 1.3% in Swiss francs).**
- **Earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 20.9% to 52.9 million francs (2016: 43.7 million francs).**
- **The EBITDA margin increased by 2.8 percentage points to a gratifying 15.2% (2016: 12.4%).**
- **Net profit rose by 55.1% to 21.6 million francs (2016: 14.0 million francs).**

Siegfried CEO Rudolf Hanko: "Siegfried again posted sound results. In only the second year following the acquisition of BASF's active pharmaceutical ingredients (API) business, including three production sites, we took considerable advantage of synergies while keeping sales stable. Therefore, Siegfried returned to the lower end of the EBITDA target corridor of 15 – 20% earlier than expected, thereby providing a very good basis for the company's continued strategic development."

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Key Figures

	1st Half-Year 2017	1st Half-Year 2016	Change CHF (LC)
Net sales (million CHF)	349.1	353.6	–1.25% (–0.89%)
Gross profit (million CHF)	67.3	57.5	17.0%
Gross profit margin in percentage	19.3%	16.3%	
Results			
EBITDA (million CHF)	52.9	43.7	20.9%
EBITDA margin in percentage	15.2%	12.4%	
EBIT (operating result) (million CHF)	30.0	19.9	51.1%
EBIT margin in percentage	8.6%	5.6%	
Net profit (million CHF)	21.6	14.0	55.1%
Net profit-margin in percentage	6.2%	3.9%	
Non-diluted earnings per share (CHF)	5.56	3.59	54.8%
Diluted earnings per share (CHF)	5.10	3.56	43.2%
Cash flow from operating activities (million CHF)	18.8	24.2	–22.4%
Investment in property, plant and equipment and intangible assets (million CHF)	22.7	36.5	–37.9%
	June 30, 2017	**December 31, 2016**	**Change**
Equity (million CHF)	668.3	660.7	1.2%
Total assets (million CHF)	1 027.7	1 021.4	0.6%
Equity as a percentage of total assets	65.0%	64.7%	
Employees (number of full time positions)	2 318	2 315	0.13%

Earnings before interest and taxes (EBIT) grew by 51.1% to 30 million francs, corresponding to a margin of 8.6%, or 3 percentage points above that of the corresponding period of the previous year. As a result, net profit developed positively from 14.0 million francs in the previous year to 21.6 million francs in the period under review. This corresponds to an undiluted net profit of 5.56 francs per share (previous year: 3.59 francs), or a diluted net profit per share of 5.10 francs (previous year: 3.56 francs).

Growing Sales of Finished Dosage Forms

Sales of active pharmaceutical ingredients (APIs) and intermediates were 263 million francs, 9 million francs below the corresponding period last year. The sales decline is due mainly to a shift of necessary maintenance downtimes from the 2016 financial year to the first half of 2017.

Sales of finished dosage forms, especially in the field of sterile filling, increased significantly by about 5 million francs.

Currently, APIs and intermediates represent about three quarters of Siegfried's sales and finished dosage forms, consisting of sterile filling and solid dosage forms (tablets and capsules), one quarter.

Intensified Cooperation with Important Customers

Siegfried concluded significant agreements in the first half of 2017, thereby enhancing strategic partnerships. In particular, the US pharmaceutical company Bristol-Myers Squibb (BMS) has extended their current contract, consolidating and expanding a long-term partnership between both companies.

Siegfried CEO Rudolf Hanko: "We are very pleased that this contract renewal elevates our strategic partnership with BMS to a new level."

Finalization of Extension in Nantong and Zofingen

In Nantong, commissioning of the production plant is progressing according to schedule. Siegfried expects a first inspection by the US regulatory authority, FDA, to be carried out in 2018. Capacity utilization in the new Zofingen production plant is being expanded gradually. With complete utilization, Siegfried will close down inefficient production facilities in Zofingen. The construction of a new logistics building is also progressing according to schedule and will be ready for use in the third quarter of 2018.

Outlook 2017

Siegfried expects business development in the second half-year to remain positive. The second half-year will be stronger. Therefore, for the entire 2017 financial year, Siegfried expects sales compared to the previous year to grow in the single-digit and EBITDA in the double-digit percentage range.

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This Media Release on the web

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

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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 2016, Siegfried reported annual sales of CHF 718 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 develops and 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