

Siegfried with Sales and Margin Growth



- The Siegfried Group reported sales of 750.5 million francs for the 2017 financial year, corresponding to a growth of 4.6%
- Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to 114.0 million francs, a growth of 17.8%
- This corresponds to an EBITDA margin of 15.2%, a growth of 1.7 percentage points
- Net profit of 39.7 million francs is reported clearly above that of the previous year (27.9 million francs), a growth of 42.4%
- The Board of Directors proposes a higher dividend (distribution to shareholders) of 2.40 francs per registered share charged to capital reserves (previous year: 2.00 francs)

Key Figures

	2017	2016	Change CHF (LC)
Net sales (million CHF)	750.5	717.7	+4.6% (+3.8%)
Gross profit (million CHF)	138.8	109.2	27.1%
Gross profit margin (%)	18.5%	15.2%	
EBITDA (million CHF)	114.0	96.7	17.8%
EBITDA margin (%)	15.2%	13.5%	
EBIT (operating result) (million CHF)	64.6	46.7	38.2%
EBIT margin (%)	8.6%	6.5%	
Net profit (million CHF)	39.7	27.9	42.4%
Net profit-margin (%)	5.3%	3.9%	
Non-diluted earnings per share (CHF)	10.01	7.18	39.4%
Diluted earnings per share (CHF)	9.71	7.04	37.9%
Cash flow from operating activities (million CHF)	84.4	57.1	47.8%
Free cash flow (million CHF)	32.1	-11.1	390.0%
Investment in property, plant and equipment and intangible assets (million CHF)	52.8	68.4	-22.8%
	December 31, 2017	December 31, 2016	Change
Equity (million CHF)	673.4	660.7	1.9%
Total assets (million CHF)	1 068.6	1 021.4	4.6%
Equity ratio	63.0%	64.7%	
Employees (number of FTEs)	2 260	2 315	-2.4%

For the 2017 financial year, the Siegfried Group reported a very sound result. Sales amounted to 750.5 million Swiss francs, corresponding to a growth of 4.6%. Following years of significant acquisitions, Siegfried achieved robust organic growth. Earnings before interest, taxes and amortization (EBITDA) grew significantly by 17.8% to 114.0 million francs, corresponding to an EBITDA margin of 15.2%. The margin is within the targeted range of 15 - 20%. Siegfried achieved net profit of 39.7 million francs, which is clearly above that reported the previous year (27.9 million francs), representing a growth of 42.4%.

Increase of the dividend

Based on the gratifying annual result, the Board of Directors will recommend to the Annual General Meeting a higher dividend (distribution to shareholders) of 2.40 francs per share from the capital contribution reserves (previous year: 2.00 francs).

Significant increase of operating cash flow

Siegfried reports operating cash flow for 2017 after change in net current assets of CHF 84.4 million (2016: CHF 57.1 million). This corresponds to a significant increase of 47.8%. Investments in tangible and intangible fixed assets were lower than for the

previous year and amounted to CHF 52.8 million (2016: CHF 68.4 million). Following heavy investments in previous years, investment activity in 2017 has returned to normal.

Critical size remains strategic focus

In the past three years, with three acquisitions, the Siegfried Group achieved the critical size required in the pharmaceutical supplier industry. At the same time, the company completed its entrance into sterile filling and significantly increased the competitiveness of its production network thanks to the new production plant in Nantong (China). Siegfried's production network today comprises nine sites, of which six are active in the area of drug substance and three in drug product. By means of the "Evolve" strategy, the Siegfried Group is sharpening its strategic orientation and giving it a concrete form in order to launch the next chapter in the company's development.

Given the ongoing consolidation in the CDMO market, the supplier market to the worldwide pharmaceutical industry, critical size will remain a major topic. Consequently, in addition to continuous organic growth, Siegfried is actively evaluating potential acquisitions to meet the demands of customers. In addition, the "Evolve" strategy strengthens the continued technological expansion of the nine sites worldwide. A significant milestone has been achieved in the year under review by means of developing and expanding capabilities in sterile filling of biologically produced drug products and the corresponding investments in Irvine and Hameln. The close cooperation with Symphogen, a Danish biotechnology company, represents an initial success in this market segment.

Further growth in the current financial year, mid-term guidance confirmed

Siegfried anticipates sales to continue growing. At constant exchange rates, sales are expected to grow at a mid-single-digit percentage rate in the current financial year. The operating margin (EBITDA) is also expected to continue to improve significantly. The company confirms its expectations: sales of CHF 900 million and EBITDA margin of about 20% in the medium term. We aim to further increase the dividend payout.

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This Media Release on the web

www.siegfried.ch/medienmitteilungen

Annual Report Microsite with CEO video statement

report.siegfried.ch

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.

Consolidated Income Statement

In 1000 CHF (for the years ended December 31)	2017	2016
Net sales	750 468	717 729
Cost of goods sold	-611 658	-608 509
Gross profit	138 810	109 220
Marketing and sales costs	-16 228	-16 028
Research and development costs	-25 631	-21 193
Administration and general overhead costs	-38 631	-31 488
Other operating income	6 264	6 239
Income of associated companies	-8	-36
Operating result	64 576	46 714
Financial income	35	25
Financial expenses	-8 208	-12 593
Exchange rate differences	-96	587
Profit before income taxes	56 307	34 733
Income taxes	-16 575	-6 827
Net profit	39 732	27 906
Non-diluted earnings per share (CHF)	10.01	7.18
Diluted earnings per share (CHF)	9.71	7.04

Consolidated Balance Sheet

In 1000 CHF (as of December 31)	2017	2016
Assets		
Non-current assets		
Property, plant and equipment	500 209	488 234
Intangible assets	9 425	9 048
Investments in associated companies and joint ventures	475	473
Financial and other non-current assets	3 513	3 524
Employer contribution reserves	9 222	9 151
Deferred tax assets	32 246	42 803
Total non-current assets	555 090	553 233
Current assets		
Inventories	248 294	243 669
Trade receivables	189 160	155 771
Other current assets	35 403	29 029
Accrued income and prepaid expenses	6 034	7 115
Current income taxes	192	433
Derivative financial instruments	296	471
Cash and cash equivalents	34 137	31 636
Total current assets	513 516	468 124
Total assets	1 068 606	1 021 357
Liabilities and equity		
Equity		
Share capital	8 422	8 333
Treasury shares	-21 601	-51 787
Capital reserves	74 193	75 699
Hybrid capital	255 985	315 985
Retained earnings	356 385	312 506
Total equity	673 384	660 736
Non-current liabilities		
Non-current financial liabilities	100 000	91 107
Non-current provisions	16 951	25 105
Deferred tax liabilities	6 948	4 638
Other non-current liabilities	1 392	1 869
Non-current pension liabilities	122 201	114 268
Total non-current liabilities	247 492	236 987
Current liabilities		
Trade payables	71 316	55 336
Other current liabilities	19 221	18 017
Accrued expenses and deferred income	44 874	37 638
Derivative financial instruments	97	385
Current pension liabilities	406	136
Current provisions	6 917	9 669
Current income tax liabilities	4 899	2 453
Total current liabilities	147 730	123 634
Total liabilities	395 222	360 621
Total liabilities and equity	1 068 606	1 021 357

Consolidated Statement of Cash Flows

In 1000 CHF (for the years ended December 31)	2017	2016
Net profit	39 732	27 906
Depreciation and impairment of PP&E and intangible assets	49 374	50 000
Change in provisions	-8 850	-1 940
Other non-cash items	-3 645	-2 734
Share-based payments	4 891	3 830
Exchange rate differences	96	-586
Financial income	-35	-25
Financial expenses	8 209	12 593
Income taxes	16 575	6 827
Income of associated companies	8	36
Change in net working capital:		
Trade receivables	-33 734	-30 210
Other current assets and accruals	-4 091	-4 274
Inventories	1 241	13 881
Trade payables	14 313	-7 791
Other current liabilities and accruals	8 925	-1 165
Payments out of provisions and pension liabilities	-6 521	-5 042
Income taxes paid	-2 066	-4 193
Cash flow from operating activities	84 422	57 113
Purchase of property, plant and equipment	-51 918	-64 909
Proceeds from disposal of property, plant and equipment	545	138
Purchase of intangible and other assets	-922	-3 516
Proceeds from disposal of intangible assets	-	97
Acquisition of Group companies	-	2 157
Investments in financial fixed assets	14	249
Interest received	23	11
Dividend received	12	11
Cash flow from investing activities	-52 246	-65 762
Free cash flow	32 127	-11 077
Capital increase	1 371	1 557
Issuance of hybrid capital	-	158 490
Change in financial liabilities	9 024	-132 856
Change in other non-current liabilities	-448	456
Purchase/Disposal of treasury shares, net	-19 894	-13 242
Interest paid and bank charges	-12 241	-12 754
Dividend to the shareholders of Siegfried Holding AG	-7 831	-6 998
Cash flow from financing activities	-30 019	-5 347
Net change in cash and cash equivalents	2 157	-13 996
Cash and cash equivalents 1/1/2017	31 636	47 386
Net effect of exchange rate changes on cash	344	-1 754
Cash and cash equivalents 31/12/17	34 137	31 636