

Siegfried to Acquire Two Pharmaceutical Manufacturing Sites from Novartis in Spain



Siegfried (SIX: SFZN) has signed binding agreements with Novartis regarding the acquisition of two pharmaceutical manufacturing sites in Spain. With this acquisition, Siegfried will significantly enhance its global production network in terms of capacity and technological capabilities and will achieve the targeted critical size in the field of drug products (finished dosage forms), thus creating further potential for profitable growth in the highly attractive CDMO market. Subject to customary closing conditions, the transaction is expected to close at the end of 2020.

Dr. Wolfgang Wienand, Chief Executive Officer of Siegfried: "This acquisition is perfectly in line with our corporate strategy EVOLVE and represents another major step towards our vision to create one of the most competitive integrated global networks in the CDMO industry. The two new manufacturing sites are ideal complements to our current activities in the field of drug products. They will help us to achieve the necessary critical size in our drug product network and enable us to apply our successful network strategy not only in the field of drug substances but also for drug products. Thanks to the significant additional capacity and the enhanced technological capabilities, we will become an even more attractive strategic partner for the pharmaceutical industry and create further potential for profitable growth. Now, my team and I look forward to our close cooperation with Novartis."

The two sites in the Barcelona province with approximately 1'000 employees are specialized in the manufacturing of ophthalmic steriles (El Masnou) as well as oral solid dosage forms

(OSD) and capsules used in inhalation devices (Barberà del Vallès). The site in El Masnou is a leading manufacturer for its markets and complements Siegfried's existing capacity and capabilities for ophthalmology products and sterile filling at its sites in Irvine (USA) and Hameln (GER). The site in Barberà del Vallès significantly strengthens Siegfried's existing OSD capabilities in Malta by adding large-scale capacity and capabilities to manufacture highly potent drug products as well as enhancing the portfolio with attractive inhalation products. Both sites are operated by strong and capable teams, have a well-invested asset base, an impeccable quality track record and thus provide an excellent platform for further profitable growth of the Siegfried Group.

Starting in 2021, Siegfried intends to transform the currently captive manufacturing sites into competitive customer-facing CDMO platforms offering their services to various clients worldwide. This transformation will include a review with regard to operational efficiency as well as plans to invest into development capacity and capabilities with the aim to create a center of excellence for the sites' current technology portfolio in the Barcelona region. As a result, Siegfried will be able to offer existing and new customers an even broader range of development services and enhanced production capacity to take on new business.

"We are convinced that Siegfried, with its commercial scale, development capabilities, financial strength and strategic ambitions, has the capacity to create a sustainable future for the plants while guaranteeing the supply of lifesaving medicines to patients and customers, including ourselves," commented Novartis Spain Country President, Jesús Ponce.

As part of the transaction, Novartis and Siegfried have entered into various agreements covering a close cooperation during the carve-out and post-merger integration phase and providing for multi-year purchase commitments for the manufacturing and supply of important Novartis products, making Siegfried a significant strategic partner of Novartis with the status as a preferred supplier. Under the manufacturing and supply agreement Novartis will procure significant volumes of products from both sites. Based on the available capacity and capabilities, Siegfried will be able to service both, Novartis and new clients, in order to build a broad portfolio of customers and products over time.

Subject to customary closing conditions and the necessary regulatory approvals, the transaction is expected to close at the end of 2020. Following the acquisition the overall sales of the Siegfried Group are expected to exceed 1 billion Swiss francs in 2021, with the drug product operations achieving the targeted critical size.

Financing of the transaction is secured by existing credit facilities. Following completion of the transaction, Siegfried intends to issue hybrid convertible bonds for refinancing. An increase of capital stock is not planned.

Contact

Media:

Peter A. Gehler
Chief Communications Officer
peter.gehler@siegfried.ch
Tel. +41 62 746 11 48
Mob. +41 79 416 41 16

Media in Spain:

Iván Carballido
Roman
i.carballido@romanrm.com
Tel. +34 690 256 988

Financial Analysts:

Dr. Reto Suter
Chief Financial Officer
reto.suter@siegfried.ch
Tel. +41 62 746 11 35

Siegfried Holding AG
Untere Bruehlstrasse 4
CH-4800 Zofingen

This media release on the web:

www.siegfried.ch/media-releases

About Siegfried

The Siegfried Group is a global life sciences company with sites in Switzerland, the USA, Malta, China, Germany and France. In 2019, the company achieved sales of 833.5 million Swiss francs and currently employs about 2500 people at nine sites on three continents. Siegfried Holding AG is publicly listed on SIX Swiss Exchange (SIX: SFZN).

Siegfried is active in manufacturing pharmaceutical APIs (and their intermediates) as well as drug products (tablets, capsules, sterile vials, ampoules, and cartridges) for the pharmaceutical industry and provides development services.

Cautionary Statements Regarding Forward-Looking Statements

This media release includes statements concerning the future. They are based on assumptions and expectations that may prove to be wrong. They should be considered with due caution as, by definition, they contain known and unknown risks, insecurities and other factors which could result in a difference in the actual results, financial situation, developments or the success of Siegfried Holding AG or Siegfried Group from the explicit or implicit assumptions made in these statements.