

## Evolving in Challenging Times: Siegfried Rises to the Next Level



- The Siegfried Group reports sales of 845.1 million Swiss francs for the 2020 financial year, representing an increase of 1.4 percent in Swiss francs and 4.5 percent in local currencies.
- Earnings before interest, taxes, depreciation and amortization (Core EBITDA) grew by 6.2 percent to 149.4 million Swiss francs. This corresponds to a Core EBITDA margin of 17.7 percent, a plus of 0.8 percentage points compared to the previous year.
- Core net profit of 72.2 million Swiss francs is also higher than in the previous year (65.7 million), an increase of 10.4 percent.
- Siegfried has signed a cooperation and supply agreement with the German company Biopharmaceutical New Technologies (BioNTech) for the aseptic filling ("Fill & Finish") and packaging of large commercial quantities of the COVID-19 mRNA vaccine BNT162b2 ("Comirnaty") and will thus make an important contribution to the global fight against the Coronavirus pandemic from mid-2021 onwards.
- With the acquisition of two large Drug Products sites from Novartis in Barcelona with approximately 1'000 employees, Siegfried has implemented a significant strategic step.
- The Board of Directors proposes to the Annual General Meeting to increase the distribution to the shareholders by 20 cents to 3.00 Swiss francs per registered share (previous year: CHF 2.80). This will be effected by reducing the nominal value as part of a capital reduction.

# Key Figures Overview

	2020	2019	Change CHF (LC)
Net sales (million CHF)	845.1	833.5	+1.4% (+4.5%)
Core gross profit (million CHF)	177.5	172.7	2.8%
Core gross profit margin (%)	21.0%	20.7%	
<b>Core results<sup>1</sup></b>			
Core EBITDA (million CHF)	149.4	140.7	6.2%
Core EBITDA margin (%)	17.7%	16.9%	
Core EBIT (operating result) (million CHF)	94.3	89.2	5.8%
Core EBIT margin (%)	11.2%	10.7%	
Core net profit (million CHF)	72.5	65.7	10.4%
Core net profit-margin (%)	8.6%	7.9%	
Non-diluted core earnings per share (CHF)	17.50	15.88	10.2%
Diluted core earnings per share (CHF)	16.90	15.48	9.1%
Cash flow from operating activities (million CHF)	114.8	65.6	74.8%
Free cash flow (million CHF)	45.7	3.8	1 106.4%
Investment in property, plant and equipment and intangible assets (million CHF)	69.1	61.9	11.7%
<b>Balance Sheet</b>			
	December 31, 2020	December 31, 2019	Change
Equity (million CHF)	733.2	691.7	6.0%
Total assets (million CHF)	1 242.3	1 168.7	6.3%
Equity ratio (%)	59.0%	59.2%	
Employees (number of FTEs)	2 532	2 407	5.2%

<sup>1</sup> For more information and reconciliation of Swiss GAAP FER to Core Results see Financial Report «Investor Information», pages 57–59.

**SIX: SFZN. The Siegfried Group achieved robust operating results in a challenging environment caused by the Coronavirus pandemic and proved that it can be successful and grow profitably even under adverse circumstances. In addition, with the acquisition of two pharmaceutical manufacturing sites from Novartis in Spain, Siegfried was able to make significant progress in implementing its corporate strategy EVOLVE, which will take the company into a new dimension and positively influence the business results already in the current year.**

Sales in Swiss francs increased by 1.4 percent to 845.1 million (2019: 833.5 million Swiss francs). In local currencies, growth even amounted to 4.5 percent. Core EBITDA grew faster than sales to 149.4 million Swiss francs (2019: 140.7 million), an increase of 6.2 percent, corresponding to a noticeable growth of the core EBITDA margin to 17.7 percent (2019: 16.9 percent). Core net profit amounted to 72.5 million Swiss francs (2019: 65.7 million), a plus of 10.4 percent.

In view of the good business development and the very robust financial situation of the company, the Board of Directors proposes to the Annual General Meeting to increase the distribution to the shareholders by 20 cents to 3.00 Swiss francs. This will be effected tax-free for Swiss shareholders by reducing the nominal value as part of a capital reduction.

Siegfried CEO Dr. Wolfgang Wienand: "Siegfried achieved a robust operating result in a challenging environment and exceeded its own targets in terms of sales and margin. The company has also demonstrated to be capable of strategic action even in the midst of a global crisis, in an M&A environment that has largely come to a standstill. With the acquisition of two large Drug Products sites from Novartis in Spain, Siegfried has reached the next

level and is now among the leaders in the CDMO market. I would like to take this opportunity to sincerely thank all employees of the Siegfried Group who helped to keep us well on track as a global team."

### **Positive cash flow development**

Operating cash flow for 2020 grew to 114.8 million Swiss francs, an increase of nearly 75 percent compared to the previous year, due to higher sales, higher profitability and the favorable development of net working capital. Investments in tangible and intangible fixed assets of 69.1 million Swiss francs are reported slightly above those of the previous year. Free cash flow amounted to 45.7 million Swiss francs (2019: 3.8 million).

### **Growth in both segments**

Both, the Drug Substances business – the larger of the two segments – as well as the Drug Products business grew. Sales in Drug Substances grew by 1.4 percent to 647.8 million Swiss francs, while business in exclusive synthesis as well as in portfolio products developed positively. In Drug Products, growth amounted to 1.2 percent, corresponding to sales of 197.2 million Swiss francs. Siegfried's business portfolio is well diversified with regard to customers and products and accordingly robust. The largest customer contributes only 6 percent and the largest product only 5 percent of sales, and the 10 largest customers together account for only 37 percent of sales.

### **Coronavirus pandemic as a continuing challenge**

The Coronavirus pandemic placed significant challenges in various areas on Siegfried and its employees. Thanks to early information also from our own site in Nantong (China), a crisis unit was put together as early as January 2020 and an updated pandemic plan set in motion, which had originally been developed for the SARS pandemic in 2002. The focus here was on our duty of care for our employees and their safety in the workplace. Also of paramount importance and a yardstick for our actions was our commitment, as one of the significant worldwide manufacturers of vital drugs and a company classified as systemically important, to maintain our production activities and supply capability with all our strength. In retrospect, the Siegfried Group has succeeded in this extraordinary effort to the largest extent. Although we did have downtimes in production and in our own supply chains, they have been kept within limits.

### **Contract with BioNTech**

Last fall, we signed a cooperation and supply agreement with Biopharmaceutical New Technologies (BioNTech), a German pioneering company in the field of biopharmaceuticals and immune therapy. The agreement covers the aseptic filling ("Fill & Finish") and packaging of large commercial quantities of the innovative COVID-19-mRNA vaccine BNT162b2 ("Comirnaty"). The vaccine, which BioNTech developed in cooperation with the US pharmaceutical company Pfizer, will be filled at Siegfried's Hameln site from mid-2021 onwards. For this technically demanding task, Siegfried is investing in a dedicated production line and will provide specialized storage capacity. Up to 50 additional jobs will be created for this purpose. The contract with BioNTech runs in a first step until the end of 2022, with the joint intention to expand the collaboration into a long-term strategic partnership between the two companies.

## **Acquisition of two Novartis sites as a significant strategic step**

Despite the uncertain environment caused by the pandemic, Siegfried took a significant step in implementing its corporate strategy EVOLVE in the year under review with the acquisition of two large Drug Products sites from Novartis in Barcelona. With about 600 employees, the site in Barberà del Vallès produces solid dosage forms including packaging and processes highly potent substances used in oncology and inhalation capsules for the treatment of respiratory diseases. With a total capacity of nearly eight billion units in Barberà del Vallès and Malta, the Siegfried Group has now achieved the necessary critical size in this segment. The El Masnou site with some 400 employees specializes in the production of ophthalmological drugs, such as sterile eye drops and eye ointments, as well as nasal sprays and other products. Together with the existing activities at our site in Irvine, Siegfried advances to a significant supplier of services and products in this market segment. As part of the acquisition, a long-term manufacturing and supply agreement was entered into, in which Novartis commits to source significant volumes of key products from both sites. In addition, Siegfried is awarded the status of a "Preferred Supplier" of Novartis. This acquisition strengthens Siegfried's global manufacturing network regarding capacity and technological skills, and it gives the company access to further profitable growth. The Drug Products segment, which formerly amounted only to about a quarter of total sales, will in the future contribute a significantly larger share to the Siegfried Group's sales.

## **Siegfried with sales of well above one billion in 2021**

For the current fiscal year 2021, we expect a significant jump in sales to well above one billion Swiss francs, driven by robust organic growth in all business areas and, in Drug Products, additionally driven by the acquisition of the two Novartis sites and the additional business with Coronavirus vaccines at the Hameln site. Siegfried's profitability will thereby continue to increase towards the target range of a Core EBITDA margin of around 20%. We are looking to the medium-term development of our company with healthy optimism and expect robust organic growth with a further stepwise expansion of our profitability.

The Siegfried Group has shown a high degree of resilience in the past year. Nevertheless, during the COVID-19 pandemic and the resulting global uncertainty, forecasts should generally be treated with a certain degree of caution.

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**About Siegfried**

The Siegfried Group is a global life sciences company with sites in Switzerland, Germany, Spain (from 1.1.2021), France, Malta, the USA and China. In 2020, the company achieved sales of 845.1 million Swiss francs and employed on 31.12.2020 about 2'500 people at nine sites on three continents. Following the acquisition of two sites in Spain as per 01.01.2021, this number rose to approximately 3'500 employees. 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, cartridges and ointments) for the pharmaceutical industry and provides development services.

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**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.

# Consolidated Income Statement

In 1000 CHF (for the years ended December 31)	Notes*	2020	2019
Net sales	25	845 062	833 514
Cost of goods sold		-668 866	-660 791
<b>Gross profit</b>		<b>176 196</b>	<b>172 723</b>
Marketing and sales costs		-15 934	-16 644
Research and development costs		-31 200	-33 297
Administration and general overhead costs		-52 059	-70 216
Other operating income	18	2 416	4 504
Income of associated companies		-27	-27
<b>Operating result</b>		<b>79 392</b>	<b>57 042</b>
Financial income	19	328	29
Financial expenses	19	-3 050	-3 153
Exchange rate differences	19	-2 640	-2 485
<b>Profit before income taxes</b>		<b>74 030</b>	<b>51 433</b>
Income taxes	5	-13 163	1 713
<b>Net profit</b>		<b>60 867</b>	<b>53 147</b>
Non-diluted earnings per share (CHF)	20	14.68	12.85
Diluted earnings per share (CHF)	20	14.18	12.53

# Consolidated Balance Sheet

In 1000 CHF (as of December 31)	Notes*	2020	2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	534 627	518 379
Intangible assets	3	6 660	8 467
Investments in associated companies and joint ventures	4	340	378
Financial and other non-current assets		582	595
Employer contribution reserves	16	9 581	9 362
Deferred tax assets	5	39 483	41 539
<b>Total non-current assets</b>		<b>591 273</b>	<b>578 720</b>
<b>Current assets</b>			
Inventories	6	272 432	256 958
Trade receivables	7	257 122	245 415
Other current assets		48 248	48 555
Accrued income and prepaid expenses		14 213	7 522
Current income taxes		4 021	5 342
Securities		30	30
Derivative financial instruments	8	525	726
Cash and cash equivalents		54 413	25 443
<b>Total current assets</b>		<b>651 004</b>	<b>589 991</b>
<b>Total assets</b>		<b>1 242 277</b>	<b>1 168 711</b>
<b>Liabilities and equity</b>			
<b>Equity</b>			
Share capital	10	105 295	116 262
Treasury shares	9	-66 257	-77 005
Capital reserves		55 251	48 818
Hybrid capital		237 530	255 985
Retained earnings		401 365	347 619
<b>Total equity</b>		<b>733 183</b>	<b>691 679</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	11	139 968	-
Non-current provisions	12	13 527	14 972
Deferred tax liabilities	5	9 130	11 959
Other non-current liabilities	13	1 338	1 783
Non-current pension liabilities	16	151 546	146 790
<b>Total non-current liabilities</b>		<b>315 509</b>	<b>175 504</b>
<b>Current liabilities</b>			
Trade payables		68 962	78 915
Other current liabilities	15	73 065	43 743
Accrued expenses and deferred income	14	36 076	31 052
Other current financial liabilities	11	-	135 000
Derivative financial instruments	8	233	-
Current pension liabilities	16	440	506
Current provisions	12	7 381	9 503
Current income tax liabilities		7 428	2 809
<b>Total current liabilities</b>		<b>193 585</b>	<b>301 528</b>
<b>Total liabilities</b>		<b>509 094</b>	<b>477 032</b>
<b>Total liabilities and equity</b>		<b>1 242 277</b>	<b>1 168 711</b>

# Consolidated Statement of Cash Flows

In 1000 CHF (for the years ended December 31)	Notes*	2020	2019
<b>Net profit</b>		<b>60 867</b>	<b>53 147</b>
Depreciation and impairment of PP&E and intangible assets	2,3	55 072	51 557
Change in provisions	12	-1 317	-9 732
Other non-cash items <sup>1</sup>		12 225	28 787
Share-based payments		8 001	7 901
Exchange rate differences	19	2 640	2 485
Financial income	19	-328	-29
Financial expenses	19	3 050	3 153
Income taxes	5	13 163	-1 713
Income of associated companies	4	27	27
Net result on disposal of property, plant and equipment		-26	-7
<b>Cash flow from operating activities before change in NWC</b>		<b>153 374</b>	<b>135 576</b>
Change in net working capital:			
Trade receivables		-15 184	-29 852
Other current assets and accruals		-7 531	-12 255
Inventories		-19 417	-34 492
Trade payables		-16 798	14 143
Other current liabilities and accruals		35 564	9 586
Payments out of provisions and pension liabilities		-6 054	-5 325
Income taxes paid		-9 186	-11 738
<b>Cash flow from operating activities</b>		<b>114 767</b>	<b>65 643</b>
Purchase of property, plant and equipment	2	-68 762	-61 627
Proceeds from disposal of property, plant and equipment		105	50
Purchase of intangible and other assets	3	-374	-274
Proceeds from disposal of intangible assets		11	-
Investments in financial fixed assets		-	-24
Interest received		322	25
Dividend received		6	4
<b>Cash flow from investing activities</b>		<b>-68 692</b>	<b>-61 846</b>
<b>Free cash flow</b>		<b>45 746</b>	<b>3 792</b>
Capital increase	10	1 109	800
Change of hybrid capital		-19 985	-
Change in financial liabilities	11	4 968	25 000
Change in other non-current liabilities		-95	-91
Purchase of treasury shares		-3 855	-43 009
Disposal of treasury shares		23 356	20 087
Interest paid and bank charges		-9 811	-9 814
Distribution to the shareholders of Siegfried Holding AG		-11 622	-10 793
<b>Cash flow from financing activities</b>		<b>-15 935</b>	<b>-17 820</b>
<b>Net change in cash and cash equivalents</b>		<b>30 139</b>	<b>-14 022</b>
Cash and cash equivalents 1/1/		25 443	39 880
Net effect of exchange rate changes on cash		-1 168	-415
Cash and cash equivalents 31/12/		54 413	25 443