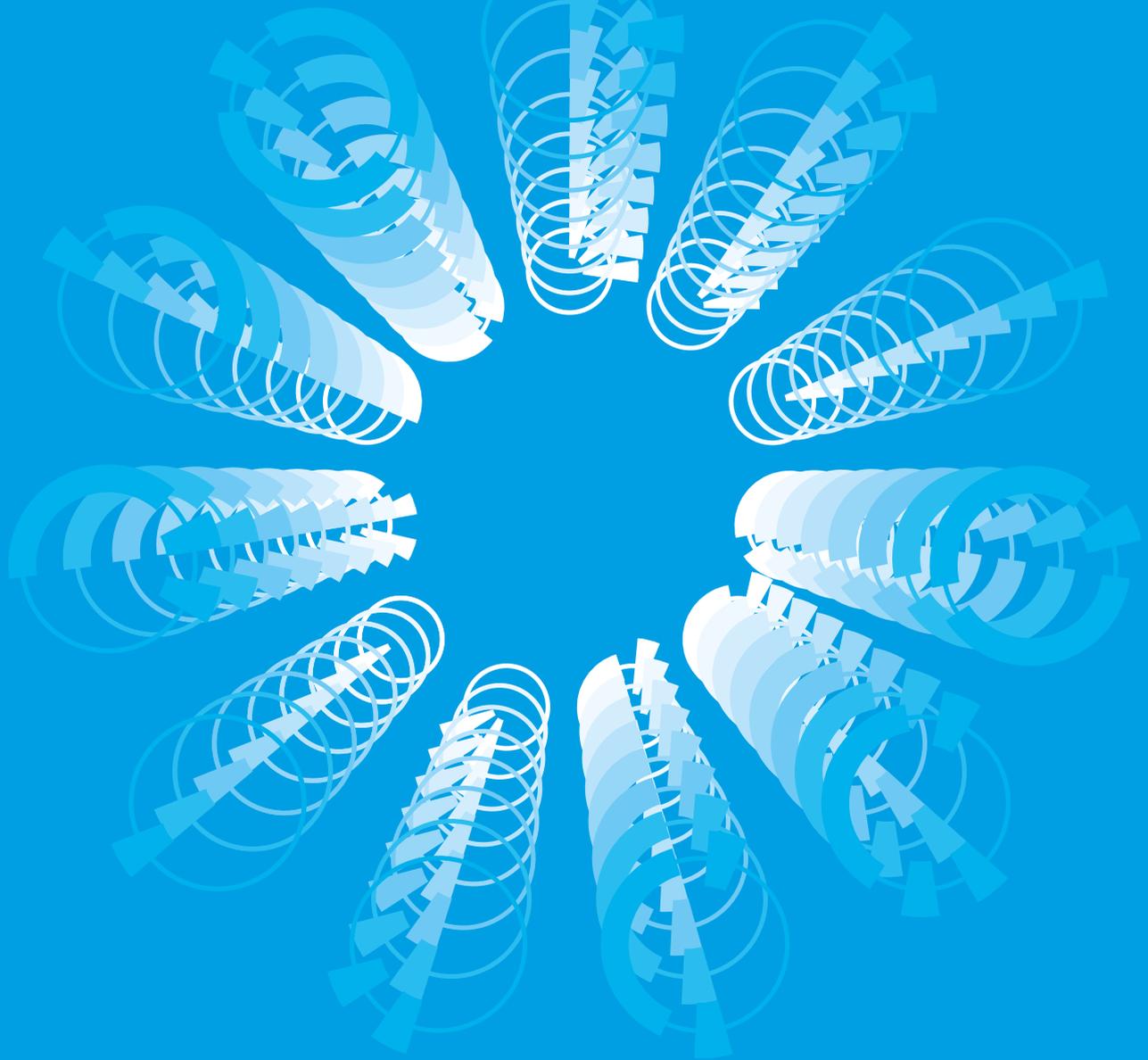


Powerful for the future



Half-Year Report
2016

Key Figures

	1st Half-Year 2016	1st Half-Year 2015	Change CHF (LC)
Net sales (million CHF)	353.6	200.7	+76.2% (+71.9%)
Gross profit (million CHF)	57.5	43.9	30.9%
Gross profit margin in percentage	16.3%	21.9%	
Results before special effects*			
EBITDA (million CHF)	47.8	34.6	38.1%
EBITDA margin in percentage	13.5%	17.2%	
EBIT (operating result) (million CHF)	24.0	20.5	16.9%
EBIT margin in percentage	6.8%	10.2%	
Net profit (million CHF)	16.7	16.0	4.6%
Net profit-margin in percentage	4.7%	8.0%	
Non-diluted earnings per share (CHF)	4.30	4.01	7.3%
Diluted earnings per share (CHF)	4.26	3.98	7.0%
Results including special effects*			
EBITDA (million CHF)	43.7	34.6	26.2%
EBITDA margin in percentage	12.4%	17.2%	
EBIT (operating result) (million CHF)	19.9	20.5	-3.1%
EBIT margin in percentage	5.6%	10.2%	
Net profit (million CHF)	14.0	20.1	-30.5%
Net profit-margin in percentage	3.9%	10.0%	
Non-diluted earnings per share (CHF)	3.59	5.03	-28.7%
Diluted earnings per share (CHF)	3.56	5.00	-28.8%
Cash flow from operating activities (million CHF)	24.2	2.6	825.4%
Investment in property, plant and equipment and intangible assets (million CHF)	36.5	53.7	-31.9%
	June 30, 2016	December 31, 2015	Change
Equity (million CHF)	491.0	492.7	-0.3%
Total assets (million CHF)	1 027.3	1 003.9	2.3%
Equity as a percentage of total assets	47.8%	49.1%	
Employees (number of full time positions)	2 320	2 238	3.7%

* Integration costs in 2016 incl. tax effect, positive effects on taxes in 2016 and 2015.

Table of Contents

02	Key Figures
04	Highlights
06	Reporting
11	Consolidated Balance Sheet
12	Consolidated Income Statement
13	Condensed Consolidated Statement of Cash Flows
14	Consolidated Statement of Changes in Equity
15	Notes to the Half-Year Report
17	Stock Market Data

Cover: Adaptation of the art installation by Brigitte Kowanz (2016), commissioned for the Forum Zofingen. It's a graphical translation of "Siegfried AG" in morse codes arranged as a circle.

Highlights

Siegfried Holding AG (SIX: SFZN) reported an impressive sales result for the first half of 2016 of CHF 353.6 million, representing a growth of 76.2%. Sales development in all business segments and at all sites was gratifying. The integration of the BASF units acquired in 2015 into the Siegfried network is well advanced. The expected synergies are already noticeable and will show positive effects in the short to medium term. Siegfried expects to report sales of over CHF 700 million and EBITDA of CHF 100 million before integration costs for the full 2016 financial year.

Impressive Sales Result

Siegfried reported an impressive sales result for the first six months in 2016 of CHF 353.6 million.

353.6
million

Significant Sales Increase

Following the acquisition of three BASF sites in the 2015 financial year, sales in the first half of 2016 grew significantly by 76.2%.

76.2
percent

New Plant in Zofingen Put into Operation

The new plant in Zofingen was put into operation. It will be available for commercial production from the second half of 2016.



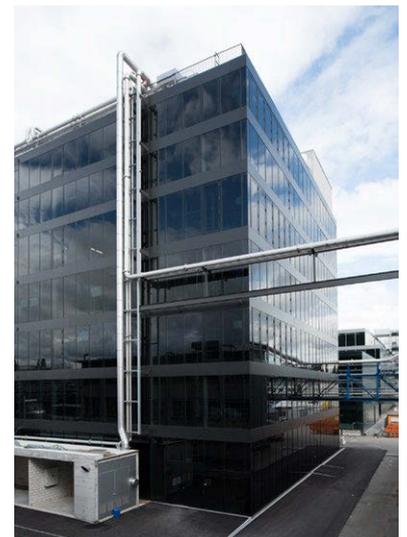
Construction of the new plant is based on vertical flow technology

Approval for Large-Scale Production in Nantong

The new production facility in Nantong (China) was inaugurated in August 2015. In May 2016, the facility was also given approval for large-scale production.



New production site in Nantong



Exterior view of building 425 in Zofingen

Siegfried with Jump in Sales

Siegfried Holding AG (SIX: SFZN) reported sales for the first half year of CHF 353.6 million, representing a growth of 76.2%. Earnings before interest, taxes, depreciation and amortization (EBITDA) of CHF 47.8 million before integration costs exceeded the previous year's result of CHF 34.6 million by 38.1%. After integration costs, EBITDA grew to CHF 43.7 million, representing an increase of 26.2%. Siegfried achieved net profit for the first six months of CHF 14.0 million (CHF 16.7 million before special effects; 2015: CHF 16.0 million). In the 2015 financial year, Siegfried acquired three sites and the connected active pharmaceutical ingredients business from BASF. Integration of the sites into the Siegfried network is well on track. As announced earlier, Siegfried expects to report EBITDA of CHF 100 million before integration costs for the full 2016 financial year, particularly as the acquired BASF business in the past years reported an earnings surplus in the second half of the year.

Siegfried CEO Rudolf Hanko: "Siegfried has achieved an impressive sales result. For the entire 2016 financial year, we expect to report sales of over CHF 700 million. As anticipated, the operating result reflects the high expenses for the integration of the new sites. However, corresponding synergies are already noticeable and will show positive effects in the short to medium term."

Gratifying Sales Development

Sales development in all business segments and at all sites was gratifying. Sales in the segment of active pharmaceutical ingredients more than doubled, and sales in finished dosage forms, which are not affected by the BASF transaction, grew by 16%.

As expected, owing to the brief period of time following the significant acquisition, the Siegfried Group's operating margins of 13.5% before integration costs are not yet within the target range of 15% to 20%. As announced earlier, Siegfried expects to reach this range again in the 2018 financial year the latest. Compared to the first six months of the previous year, net profit before integration costs and adjusted for the elimination of positive tax effects improved slightly.

Marketing with Wider-Ranging Possibilities

Siegfried maintains a high level of new business acquisition in all market segments. The company expects to report a record annual result in this regard.

In the field of exclusives, the sales organization is in discussion with customers concerning optimal use to be made of the company's new network comprising six chemical-pharmaceutical production sites. The aim is to evaluate the most suitable production site by taking into consideration the potential provided by Siegfried in China today.

Owing to the acquisition of the three BASF sites, Siegfried significantly expanded and reinforced its existing range of portfolio products. Distribution of the products acquired from BASF is already handled largely by Siegfried and – in accordance with the agreement – will be fully processed inhouse by the end of 2016. Siegfried is currently providing training to the newly recruited sales team.

Siegfried continues to experience lively customer interest in sterile products. The Hameln production facility successfully passed an inspection in the first half year by the US regulating authority FDA, the second in the past 18 months, further stabilizing our customers' trust. Siegfried continues to work on producing higher-grade products in Hameln and, for instance, to fill drugs produced on a biological basis. In Irvine, where very demanding application devices are being filled, the technological base is constantly being expanded by installing new production capabilities as required.

Integration of the BASF Sites

Siegfried's management is working with utmost concentration on the integration of the three sites acquired in 2015 in Minden (D), Evionnaz (CH) and St. Vulbas (F). The task is extremely demanding, especially concerning IT, and is being handled by a specially established internal project organization in coordination with a team of experts on the BASF side. The system transition, and consequently integration into Siegfried's SAP system, was put into effect at the beginning of August 2016. The aim of uncoupling all sites from BASF's systems by August 2016 was achieved.

This will pave the way to energetically take advantage and utilize the defined synergies, mainly in terms of overhead, processes, procurement and maintenance. Siegfried makes every effort to standardize its global processes as soon as possible and to eliminate redundancies recognized in several central services, such as IT, Administration, and Business Development & Sales. Owing to the nearly doubled purchasing volume, Procurement now can take advantage of increasing negotiating power. In terms of maintenance, Siegfried is currently working on the global cooperation with a third-party supplier. Positive profit contributions are expected to take effect from 2017 onward.

Nantong: Commencement of Commercial Production

Following inauguration of the facility in Nantong in 2015, Siegfried was given approval for large-scale production. Prior to authorization, and with successful results, the facility had been subjected to an extensive stress test by the Chinese authorities. Several products are currently at the development stage or in production in Nantong. Consequently, Siegfried is now in a position to take advantage of this essential cornerstone of its global production network. The fact that a Western supplier operates a production facility in China enjoys recognition in the market. Customer interest is large, and the facility repeatedly hosts visiting delegations.

While initial smaller commercial contributions are expected for the second half of 2016, a noticeable profit contribution will be recognized only in 2017.

New Production Building and Head Office Extension in Zofingen

Production trials are currently being carried out in the new facility in Zofingen, Building 425, which will be ready for commercial production in the second half of 2016. The facility is based on vertical flow and meets the latest technological standards; it will be significantly more efficient than the facilities it replaces. Siegfried thus actively contributes toward maintaining industrial jobs in Switzerland. Without this investment, cost-covering production in Zofingen would sooner or later be no longer possible. Starting in 2017, old and inefficient facilities will be closed step by step. In view of the good order situation, this adjustment could be made later than originally planned.

The first of the two new administration buildings was ready for occupation in August 2015. The so-called Building 150 provides a modern office environment that facilitates working procedures and promotes cooperation. Phase II is currently under construction and will be ready for occupation toward the end of 2017. In this way, Siegfried secures sufficient space to cope with the expansion of central group functions necessary due to the rapid growth in operations experienced in recent years.

Robust Financial Situation

Siegfried's financial situation is robust despite the acquisition activity seen in the previous two financial years. As at end June 2016, net debt in relation to EBITDA amounted to 2.1 and the equity ratio is reported at 48%.

Financial stability is of importance not only to the company but also to customers and shareholders. Moreover, in a volatile environment, the dimension that Siegfried now operates in makes the company considerably more stable.

Personnel Development and Corporate Culture

Following the BASF acquisition, the number of full-time jobs grew by 850. Today, Siegfried employs a workforce of about 2300 (full-time equivalents) at nine locations on three continents.

Owing to the fast personnel growth, management felt obliged to provide high priority within the parameters of post merger integration to the cultural integration of the new sites including Hameln. Siegfried's values, namely compliance, respect, loyalty, credibility, and sustainability, were introduced and elucidated at all sites by members of top management personally.

In the first months of inclusion in the Siegfried Group, many cultural similarities have been recognized between existing and new sites. This is connected on the one hand with the fact that both Siegfried and the acquired sites enjoy a long-standing tradition in the outsourcing business. On the other hand, all sites that Siegfried acquired are former family-owned operations (Orgamol in Evionnaz/St. Vulbas, Knoll in Minden, and Hameln Pharma in Hameln).

Owing to its larger size, Siegfried today is a clearly more attractive employer as it can now offer more and more varied career opportunities in its global network.

Positive Outlook

Siegfried expects sales for the entire financial year in a positive market to reach more than CHF 700 million and earnings performance to improve steadily. As announced earlier, Siegfried expects to report EBITDA before integration costs of CHF 100 million.

Siegfried Global

Siegfried is one of the top companies in the global CMO market.

EBITDA (before Integration Costs)

47.8
million

EBITDA before integration costs is reported at CHF 47.8 million for the first half-year of 2016.

Net Sales

353.6
million

Net sales of CHF 353.6 million reported for the first six months of 2016.

Employees

2320 employees at nine sites in six countries worldwide

Employee count at the end of June 2016 represented 2320 full-time positions.

Consolidated Balance Sheet

In 1000 CHF	June 30, 2016	December 31, 2015
Assets		
Non-current assets		
Property, plant and equipment	479 257	469 959
Intangible assets	9 411	10 139
Investments in associated companies and joint ventures	498	527
Financial and other non-current assets	3 156	3 424
Employer contribution reserves	8 639	8 763
Deferred tax assets	47 665	48 868
Total non-current assets	548 626	541 680
Current assets		
Inventories	274 469	256 923
Trade receivables	132 650	123 979
Other current assets	29 968	27 839
Accrued income and prepaid expenses	7 733	5 880
Current income taxes	122	249
Cash	33 710	47 386
Total current assets	478 652	462 256
Total assets	1 027 278	1 003 936
Liabilities and equity		
Equity		
Share capital	8 333	8 300
Treasury shares	-50 243	-37 197
Capital reserves	75 733	79 753
Hybrid capital	157 495	157 495
Retained earnings	299 687	284 303
Total equity	491 006	492 654
Non-current liabilities		
Non-current financial liabilities	225 502	214 667
Non-current provisions	27 178	27 118
Deferred tax liabilities	5 582	5 740
Other non-current liabilities	1 209	2 006
Non-current pension liabilities	115 352	114 025
Total non-current liabilities	374 823	363 556
Current liabilities		
Trade payables	63 234	64 703
Other current liabilities	23 972	12 505
Accrued expenses and deferred income	42 265	46 043
Other current financial liabilities	20 000	10 000
Derivative financial instruments	382	429
Current pension liabilities	100	619
Current provisions	10 532	10 688
Current income tax liabilities	964	2 739
Total current liabilities	161 449	147 726
Total liabilities	536 272	511 282
Total liabilities and equity	1 027 278	1 003 936

Consolidated Income Statement

In 1000 CHF	1st Half-Year 2016	1st Half-Year 2015
Net sales	353 564	200 707
Cost of goods sold	-296 048	-156 759
Gross profit	57 516	43 948
Marketing and sales costs	-8 383	-5 744
Research and development costs	-10 625	-10 834
Administration and general overhead costs	-21 448	-9 703
Other operating income	2 814	2 839
Share of results of associated companies	-13	-4
Operating result	19 861	20 503
Financial income	19	74
Financial expenses	-4 090	-1 958
Exchange rate differences	-86	-2 236
Profit before income taxes	15 704	16 383
Income taxes	-1 747	3 685
Net profit	13 957	20 068
Non-diluted earnings per share (CHF)	3.59	5.03
Diluted earnings per share (CHF)	3.56	5.00

Condensed Consolidated Statement of Cash Flows

In 1000 CHF	1st Half-Year 2016	1st Half-Year 2015
Net profit	13 957	20 068
Depreciation and impairment of PP&E and intangible assets	23 882	14 111
Financial result	4 157	4 120
Other non-cash items	4 531	-6 622
Cash flow from operating activities before change in net current assets	46 527	31 677
Change in net current assets and other items	-22 355	-29 065
Cash flow from operating activities	24 172	2 612
Purchase of property, plant and equipment and intangible assets	-36 538	-53 660
Proceeds from disposal of property, plant and equipment	-	5 478
Other cash flow from investing activities	2 617	12
Cash flow from investing activities	-33 921	-48 170
Increase in financial liabilities	20 943	52 563
Change in other non-current liabilities	-581	-
Purchase/disposal of treasury shares, net	-13 040	-9 455
Interest paid and bank charges	-4 012	-1 473
Dividend to the shareholders of Siegfried Holding AG	-6 993	-5 986
Cash flow from financing activities	-3 683	35 649
Net change in cash	-13 432	-9 909
Cash at the beginning of the year	47 386	50 224
Net effect of exchange rate changes on cash	-244	-669
Cash at the end of the period	33 710	39 646

Consolidated Statement of Changes in Equity

In 1000 CHF	Share capital	Treasury shares	Capital reserves	Hybrid capital	Value fluctuations of financial instruments*	Accumulated profits*	Cumulative translation adjustments*	Total equity
As of January 1, 2016	8 300	-37 197	79 753	157 495	-898	350 819	-65 618	492 654
Net profit	-	-	-	-	-	13 957	-	13 957
Dividends	-	-	-6 993	-	-	-	-	-6 993
Interest on Hybrid capital	-	-	-	-	-	-2 528	-	-2 528
Changes in financial instruments	-	-	-	-	73	-	-	73
Employee share plan	-	-	-	-	-	1 884	-	1 884
Change in treasury shares	-	-13 046	-	-	-	992	-	-12 054
Capital increase	33	-	2 973	-	-	-	-	3 006
Goodwill allocation	-	-	-	-	-	3 940	-	3 940
Currency translation differences	-	-	-	-	-	-	-2 933	-2 933
As of June 30, 2016	8 333	-50 243	75 733	157 495	-825	369 064	-68 551	491 006
As of January 1, 2015	8 300	-19 236	85 739	-	-759	368 595	-59 870	382 768
Net profit	-	-	-	-	-	20 068	-	20 068
Dividends	-	-	-5 986	-	-	-	-	-5 986
Changes in financial instruments	-	-	-	-	1 377	-	-	1 377
Employee share plan	-	-	-	-	-	1 044	-	1 044
Change in treasury shares	-	-9 965	-	-	-	510	-	-9 455
Adjustment Goodwill	-	-	-	-	-	-2 783	-	-2 783
Currency translation differences	-	-	-	-	-	-	-7 227	-7 227
As of June 30, 2015	8 300	-29 201	79 753	-	618	387 434	-67 097	379 806

* In the Consolidated Balance Sheet these items are disclosed as retained earnings.

Through the creation of new shares from conditional capital for the distribution of shares for participation plans the share capital of Siegfried Holding AG has increased from CHF 8.30 million to CHF 8.33 million. It is divided into 4 166 591 registered shares each with a nominal value of CHF 2 (2015: 4 150 000 registered shares).

All fully consolidated investments are held to 100% by the Group. Therefore, at period-end, as in the previous year the Group had no minorities of third parties.

Notes to the Half-Year Report

1. Accounting Principles

Scope of consolidation

This Half-Year Report includes the unaudited half-year consolidated financial statements of Siegfried Holding AG, which is domiciled in Switzerland, and its subsidiaries for the reporting period ended June 30, 2016 (1st half-year 2016). The half-year consolidated financial statements have been drawn up in accordance with Swiss GAAP FER 31 and should be read in conjunction with the Consolidated Financial Statements for the financial year ended December 31, 2015. The accounting principles are set out in detail in the Annual Report 2015 of the Siegfried Group. The half-year consolidated financial statements were approved by the Board of Directors on August 12, 2016.

Information about the Group

Siegfried is a worldwide pharmaceutical supplier with production sites in Switzerland, the USA, Malta, China, Germany and France. Siegfried develops under contract to the pharmaceutical industry manufacturing processes for active pharmaceutical ingredients and their intermediates and produces them (Drug Substances). Siegfried also produces finished pharmaceutical products (Drug Products). Siegfried Holding AG (head office in Zofingen, AG) is listed on the SIX Swiss Exchange.

2. Changes in Accounting Principles

Swiss GAAP FER Framework concept – Swiss GAAP FER 3 – Swiss GAAP FER 6

The Swiss GAAP FER Commission has undertaken revisions concerning revenue recognition and its disclosure, which are effective from January 1, 2016. These changes will have no significant effect on the results and the disclosure of the Siegfried Group.

3. Most Important Currency Translation Rates

Balance Sheet

Closing rates	June 30, 2016	December 31, 2015
1 USD	0.980	0.989
1 EUR	1.089	1.080
100 RMB	14.755	15.224

Income Statement

Average rates	1st Half-Year 2016	1st Half-Year 2015
1 USD	0.982	0.948
1 EUR	1.096	1.058
100 RMB	15.020	15.470

4. Scope of Consolidation

The scope of consolidation remained unchanged in the first half-year 2016.

5. Acquisitions

At the end of September 2015, Siegfried acquired BASF's pharmaceutical supply business and the corresponding three sites in Minden (D), Evionnaz (CH), and St. Vulbas (F). In the first half-year 2016 the provisional purchase price was adapted and led to a repayment in favor of Siegfried in the amount of CHF 5.1 million. In addition, the acquired net assets were adjusted by CHF 1.2 million which led to a total reduction of the goodwill by CHF 3.9 million which was directly attributed to equity.

The payment of the earn-out in connection with the acquisition of Hameln Pharma was executed in the first half-year 2016. The payment was settled 75% in cash and 25% in Siegfried shares (5346).

6. Seasonality

The operating results are subject to fluctuations that are not seasonable in nature.

7. Contingent Liabilities

In comparison with the contingent liabilities at December 31, 2015, in the period under review there have been no changes.

8. Segment Information

The Siegfried Group consists of one "reportable segment". Financial information is regularly reported to the Board of Directors at the level of the Siegfried Group as a whole. Based on this financial information the Siegfried Group is managed and their performance is measured.

Net sales by product group

In CHF million	1. Halbjahr 2016	1. Halbjahr 2015
Drug Substances	272.2	130.6
Drug Products	81.4	70.1
Total	353.6	200.7

9. Events after the Balance Sheet Date

There are no significant events after the balance sheet date.

Stock Market Data

			2016	2015	2014	2013	2012
Market prices registered share	high	CHF	205.0	206.2	171.0	163.5	122.0
	low	CHF	165.7	139.5	139.0	109.3	83.7
Year-end (2016: 30.6.)		CHF	187.6	195.7	162.0	161.6	114.3

Cautionary Statement regarding Forward-Looking Statements

This Annual Report contains certain forward-looking statements identified by words such as “believes”, “expects”, “anticipates”, “projects”, “intends”, “should”, “seeks”, “estimates”, “future” or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Various factors may cause actual results to differ materially in the future from those reflected in forwardlooking statements contained in this Annual Report, among others: (1) pricing and product initiatives of competitors; (2) legislative and regulatory developments and economic conditions; (3) delay or inability in obtaining regulatory approvals or bringing products to market; (4) fluctuations in currency exchange rates and general financial market conditions; (5) uncertainties in the discovery, development or marketing of new products or new uses of existing products, including without limitation negative results of clinical trials or research projects, unexpected side-effects of pipeline or marketed products; (6) increased government pricing pressures; (7) interruptions in production; (8) loss of or inability to obtain adequate protection for intellectual property rights; (9) litigation; (10) loss of key executives or other employees; and (11) adverse publicity and news coverage.

The statement regarding earnings per share growth is not a profit forecast and should not be interpreted to mean that Siegfried’s earnings or earnings per share for 2016 or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Siegfried.

Publisher’s Note

This Annual Report is also available in German, being the original version.

Editor:

Peter A. Gehler, Christa Brügger,
Nathalie Häfliger

Concept, layout, realization:

Hej GmbH, Zurich

Publishing system:

ns.publish by Multimedia
Solutions AG

Realisation and Prepress:

Neidhart + Schön AG, Zurich

Print:

SuterKeller Druck AG, Zofingen

Siegfried Holding AG

Untere Bruehlstrasse 4

CH-4800 Zofingen

Switzerland

Phone + 41 62 746 11 11

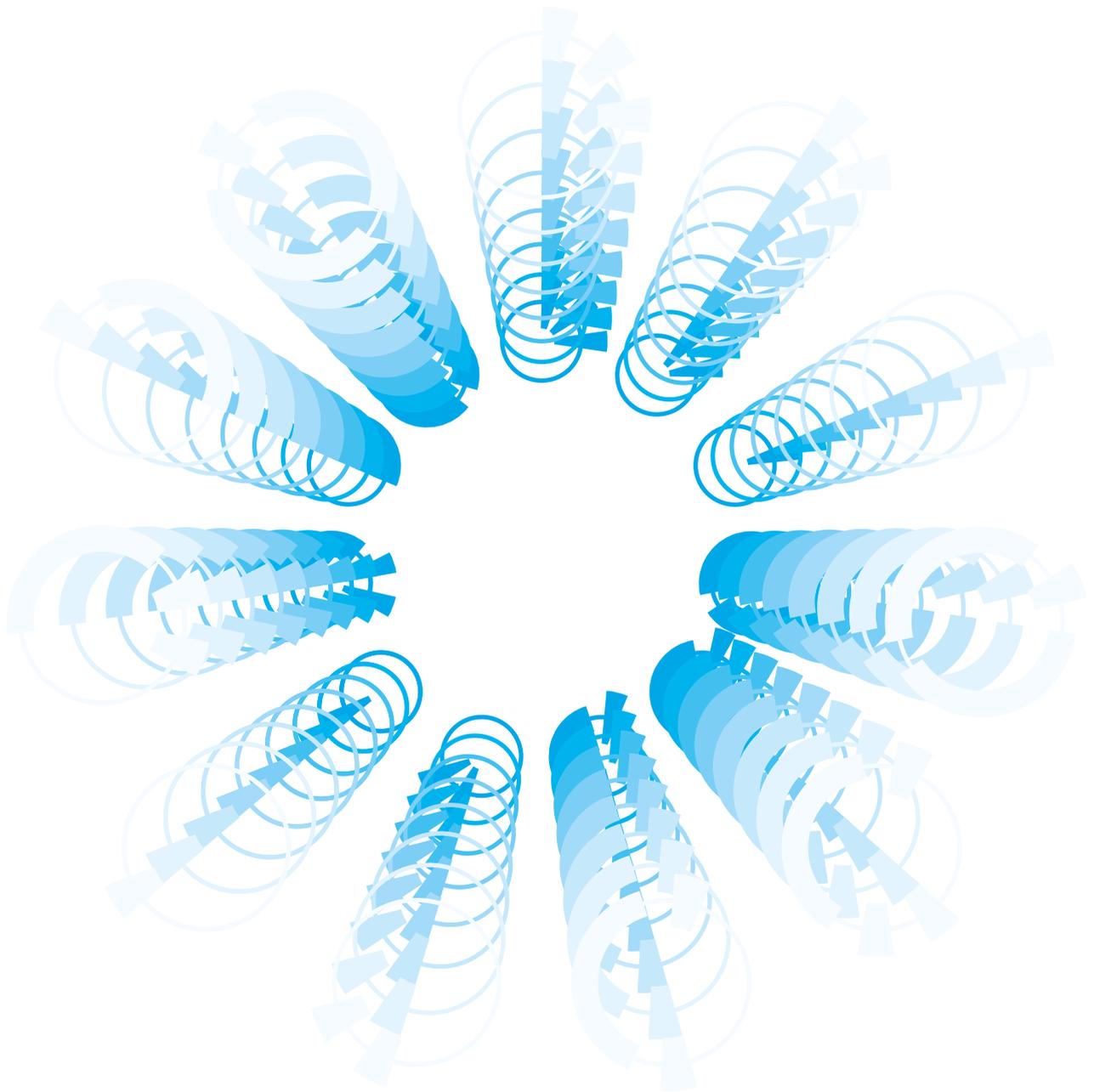
Fax + 41 62 746 11 02

www.siegfried.ch



Siegfried, headquartered in Zofingen (Switzerland), operates worldwide at nine locations in six countries on three continents. The production facilities are located in Switzerland, the USA, Malta, China, Germany and France.





**expect
more**

Siegfried Holding AG
Untere Bruehlstrasse 4
CH-4800 Zofingen

www.siegfried.ch