

Building a leading fully integrated CDMO player

The Octavian Seminar 2021

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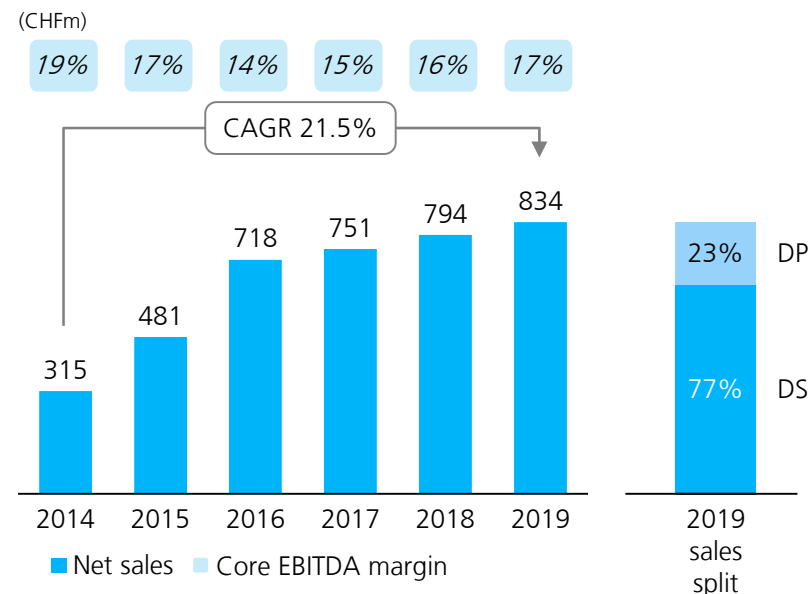
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Siegfried at a glance: Leading market position underpinned by over 145 years of excellence

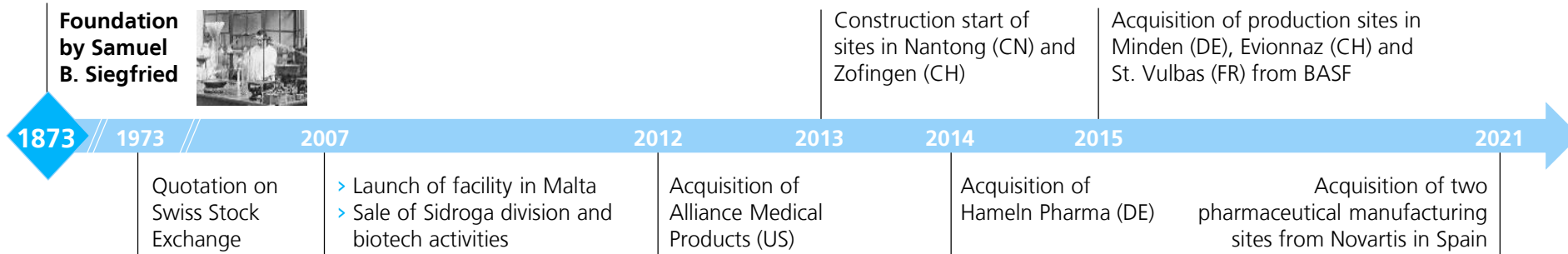
Key facts

Who we are	<p>> A leading contract development and manufacturing organisation (CDMO)</p> <p>> Sales of CHF 834m (2019) with HQ in Zofingen (CH) and approx. 3,500 employees worldwide</p>					
What we do	 <p>Drug Substance (DS): Development & production for drug intermediates & API</p>	 <p>Drug Product (DP): Development & production of finished dosage forms</p>				
Who we work with	<p>Total customers: c.500</p> <table border="1"> <tr> <td>Big pharma</td> <td>Regional / mid pharma</td> <td>Small pharma / biotech</td> </tr> </table> <p>Large share of long-standing business relationships</p>			Big pharma	Regional / mid pharma	Small pharma / biotech
Big pharma	Regional / mid pharma	Small pharma / biotech				
Where we are	 <p>Europe 8 facilities</p>	 <p>North America 2 facilities</p>	 <p>Asia 1 facility</p>			

Key financials



Company milestones



Recent acquisition as another important step on our way to build a globally leading fully integrated CDMO player

Strategic Rationale

- > Effective Jan 1, 2021, Siegfried has acquired two pharmaceutical manufacturing sites from Novartis in Spain
- > Through this acquisition, Siegfried has significantly enhanced its global production network in terms of capacity and technological capabilities and has achieved the targeted critical size also in the field of drug products (finished dosage forms)
- > As a result, Siegfried creates further potential for profitable growth in the very attractive CDMO market

Scope of Transaction

- > Two pharmaceutical manufacturing sites in the Barcelona region (Spain) with approx. 1'000 employees:
 - El Masnou, specialized in sterile ophthalmic products
 - Barberà des Vallès, specialized in oral solid dosage forms (OSD) including highly potent substances (e.g. oncology) and capsules used in inhalation devices
- > Based on a multi-year manufacturing and supply agreement, Novartis commits to procure significant volumes of products from both sites making Siegfried a significant strategic supplier with preferred supplier status

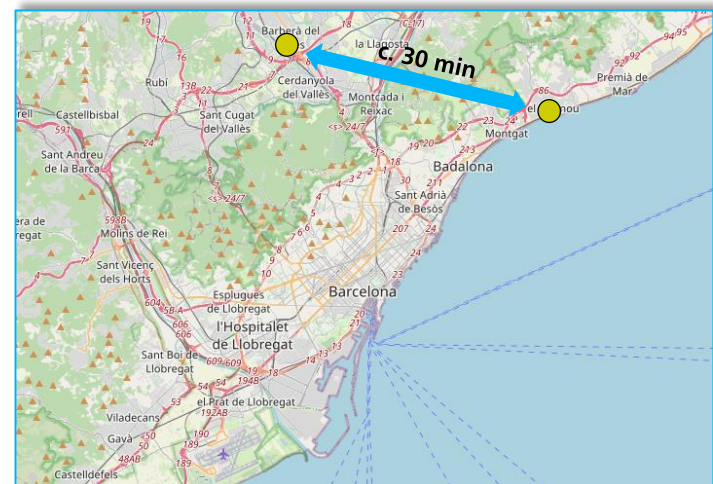
Financial Profile

- > Following the acquisition, the overall sales of the Siegfried group are expected to exceed 1 billion Swiss francs in 2021
- > Additional business is expected to be Core EPS accretive already in 2021
- > After the initial phase of carve-out and transformation of the captive sites into CDMO operations, the business is expected to be Core EBITDA margin accretive as well

El Masnou (Barcelona, Spain): A leading manufacturer of ophthalmic drug products

Fact Sheet

- **Location:** El Masnou
(~20 km from Barcelona city)
- **Employed staff:** approx. 400
- **Business segment:** Bulk manufacturing and packaging of sterile ophthalmic products including eye drops, eye ointments, otic / nasal sprays
- **Value rationale:** Significant source for the specialized market segment of sterile ophthalmic products, expansion of Siegfried's existing small-scale business with ophthalmics in Irvine (US) by adding large-scale capacities and technological capabilities

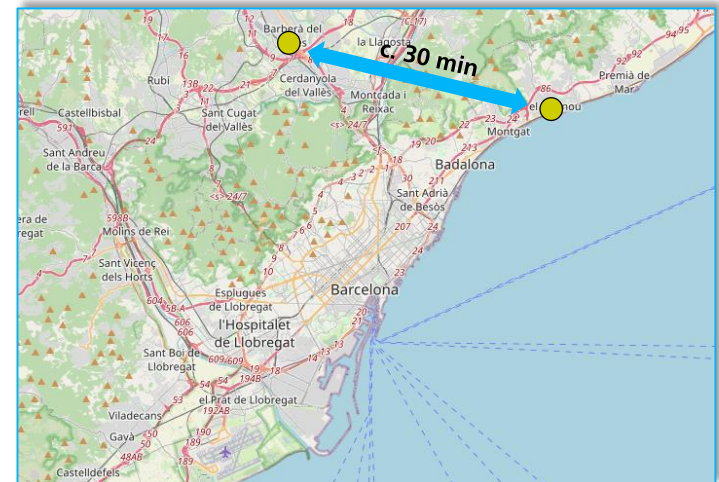


The El Masnou site will significantly strengthen Siegfried's existing ophthalmics business out of Irvine (US)

Barberà del Vallès (Barcelona, Spain): A strong combination of scale and specialized technologies

Fact Sheet

- › **Location:** Barberà del Vallès
(~20 km from Barcelona city)
- › **Employed staff:** approx. 600
- › **Business segment:** Bulk manufacturing and packaging of solid dosage forms for:
 - oral applications incl. high potency (e.g. oncology)
 - inhalation capsules for medical devices to treat respiratory diseases
- › **Value rationale:** Critical size in solid dosage forms plus attractive specialized technologies for highly potent substances (e.g. oncology) and difficult-to-make capsules for inhalation



The Barberà site will significantly strengthen Siegfried's existing OSD business out of Hal Far (Malta) and will add differentiating specialized technologies

The acquisition is perfectly in line with Siegfried's corporate strategy EVOLVE and adds complementary capabilities and capacities

Investments in technology base and existing network



- > Strengthening technology base in small molecule manufacturing
- > Organic expansion into large molecules: Aseptic fill & finish as well as formulation development for large molecules ("biologics")
- > Investments to de-bottleneck and release hidden capacity as well as addition of new capacity on existing sites

Acquisitions in Drug Products



- > Acquisitive growth in oral solid dosage form and sterile / aseptic filling capacities in Europe and the US to reach critical size in DP space

Acquisitions in Drug Substances

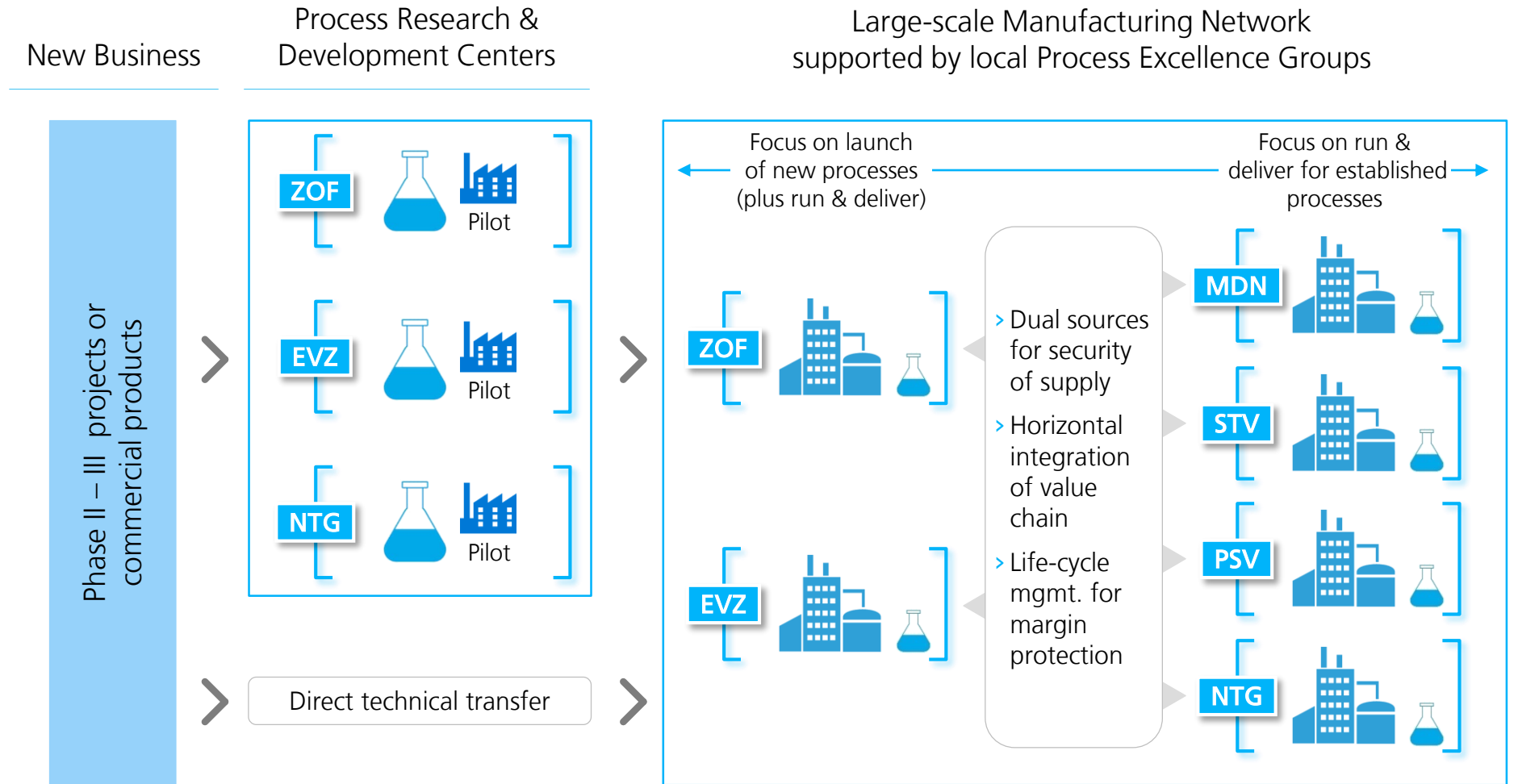


- > Continued acquisitive growth in small molecule DS
- > Depending on opportunity, acquisition of small-scale biologics DS manufacturing assets

Welcome Barcelona: Creating a leading integrated global manufacturing network for drug substances and drug products



The role model: Efficient distribution of capabilities along all sites to best address customer needs in Siegfried's drug substances network



Process R&D center with pilot plant

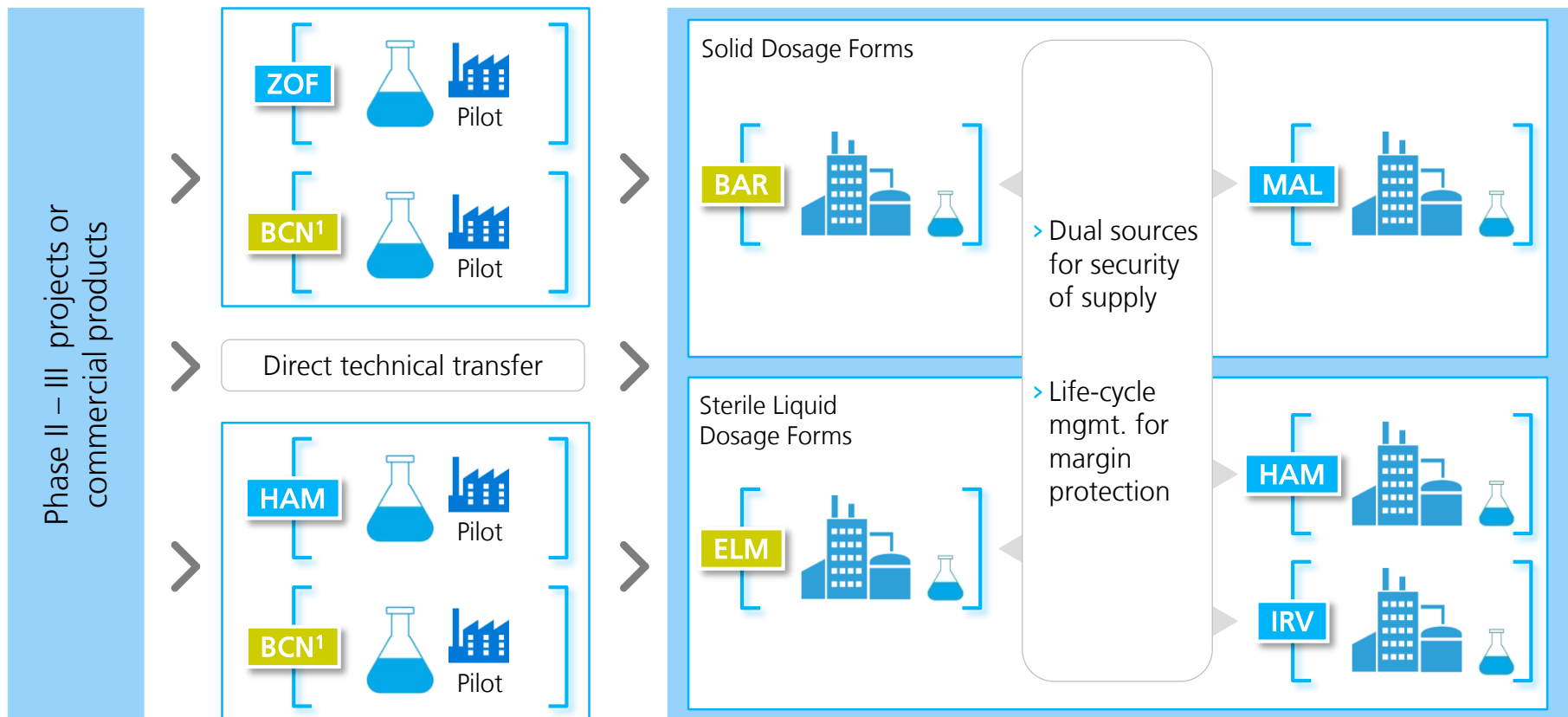
Large-scale manufacturing

Catching up: With the two new sites in Barcelona, Siegfried's drug products network achieves critical size as well

New Business

Process Research & Development Centers

Large-scale Manufacturing Network supported by local Process Excellence Groups



Formulation R&D center with pilot plant

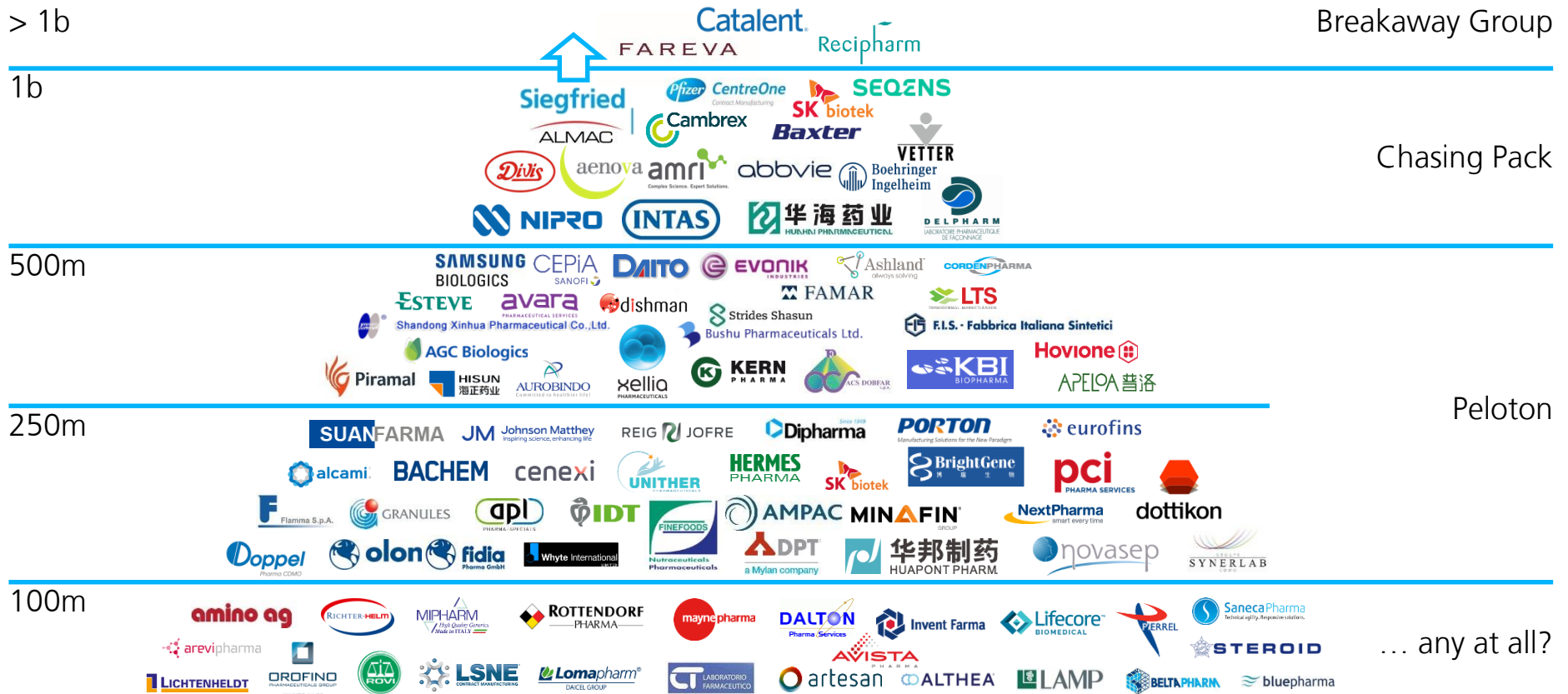
Large-scale manufacturing

1. SGD intends to build up development capacity and capabilities in the BCN region

With this acquisition, Siegfried advances to the top tier of the CDMO industry with expected sales beyond CHF 1 billion in 2021

Revenues USD

Role in the consolidation game



Source: Siegfried analysis, Kurmann Partners

After integration and transformation, this acquisition will further drive Siegfried's Core EBITDA margin expansion into the 20% corridor



EBITDA growth > Sales growth

Profitability vs Size

- > **Growth** translates into **higher profitability**
- > **Operating leverage** and **improved utilization rates** lead to **profitable growth**
- > Continuous review and **optimization of cost structure**

Fixed cost of free capacity: Small CDMO > Large CDMO

Capacity vs Size

- > Critical size allows to **continuously take on margin-accretive business**
- > As one of the top CDMOs, **Siegfried is positioned as a strategic partner** to attract high-margin business

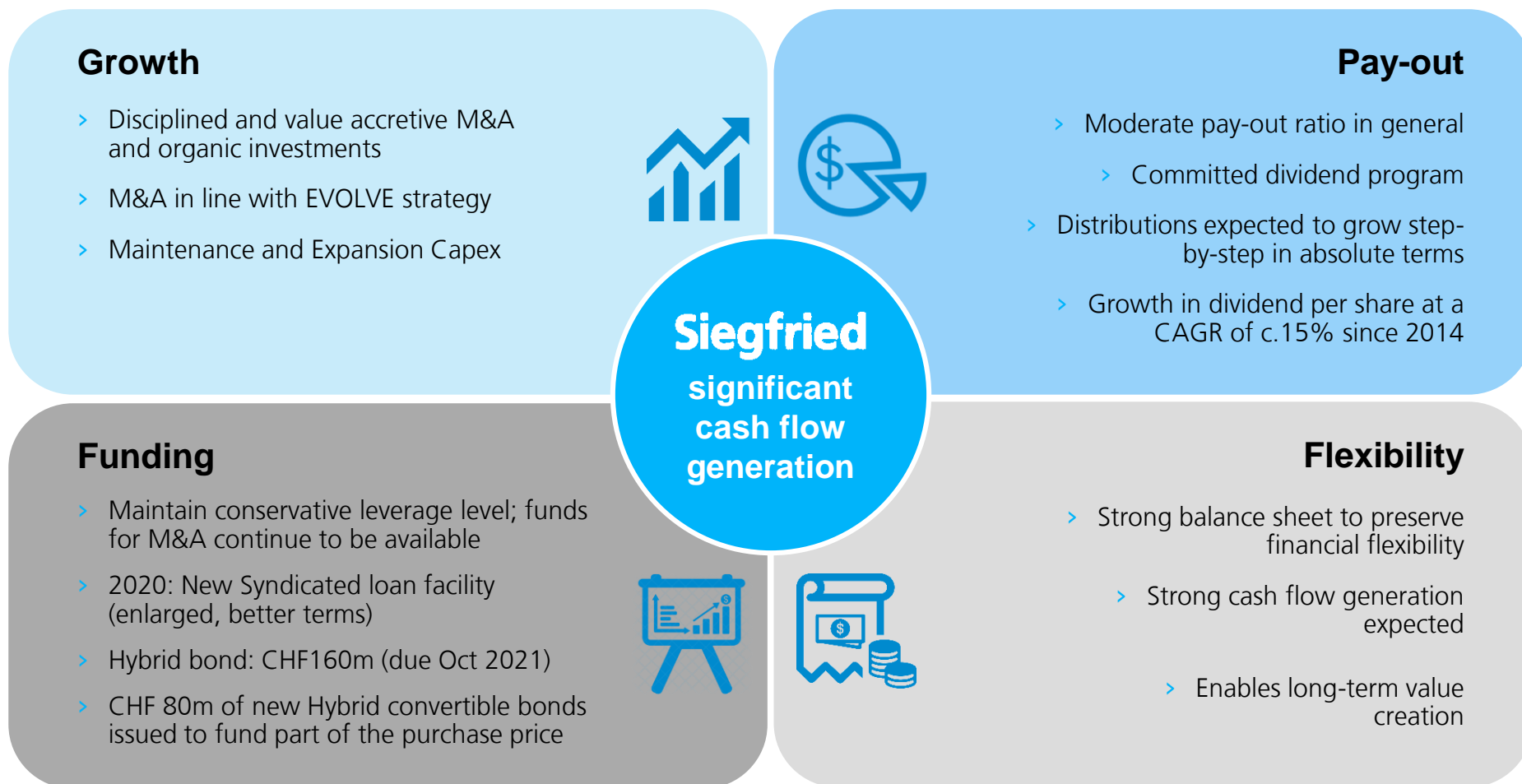
2010 vs 2021

- > **Margin expansion** due to **increasing share of DP** with higher-margin businesses as well as **portfolio mix effects within DS**
- > **Sterile and aseptic filling capabilities were expanded** through the acquisition of **AMP and Hameln Pharma** in 2012 and 2014, respectively
- > **Sterile and OSD will be significantly expanded** through the **acquisition of the Novartis sites in Spain in 2020**

- > Optimize product allocation within network and **free up capacity** in high-technology / resource-intensive sites
- > **Product allocation based on best ownership concept**
- > **Leverage lower cost structure of Nantong – increase in utilization** will be accompanied by profitability improvements

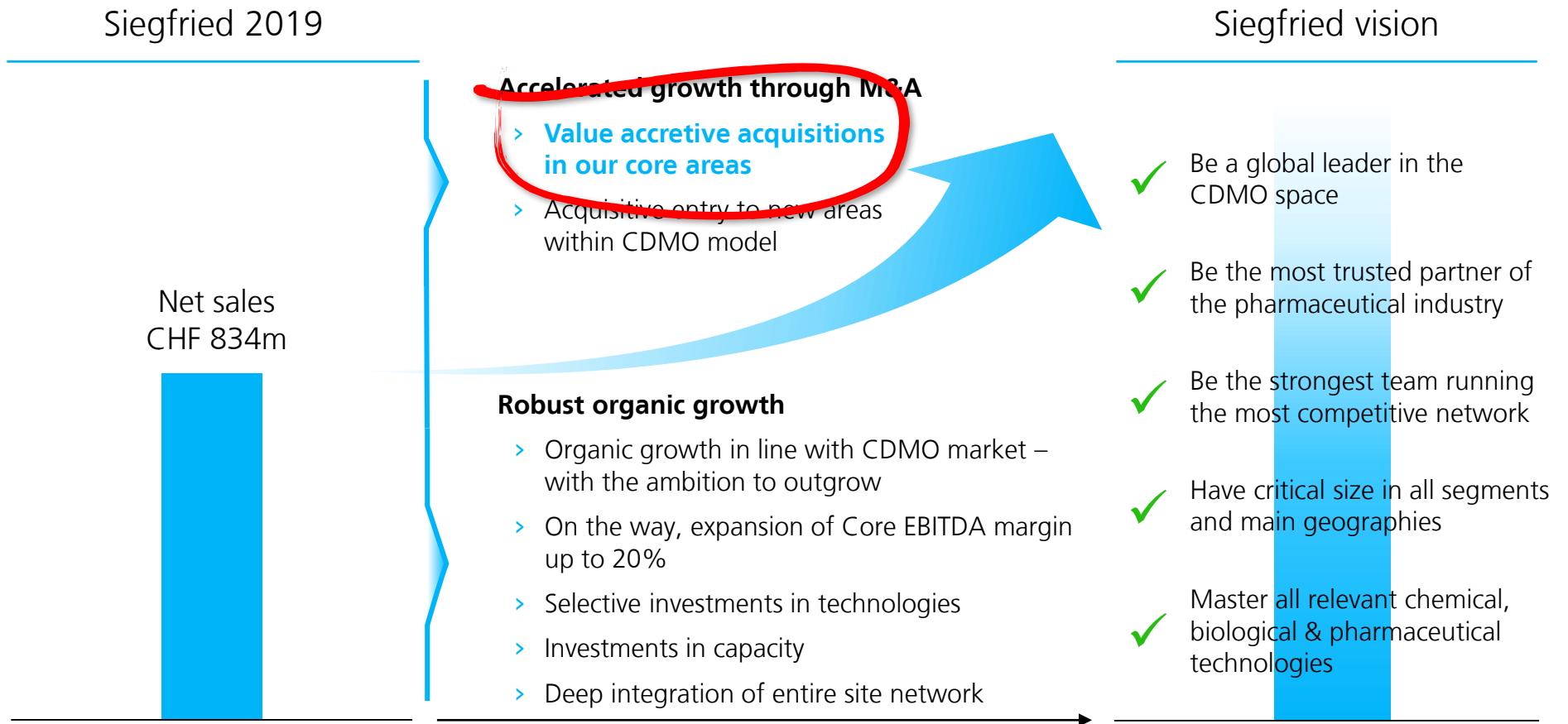
Siegfried's core margin expansion is based on a number of robust drivers – the current acquisition adds to that

New Hybrid Convertible Bonds issued to fund part of the purchase price – zero equity dilution at conversion



The acquisition funding structure results in attractive funding cost and zero equity dilution at conversion – while still maintaining significant funding capacity for future strategy execution

Delivering upon Siegfried's strategic ambitions, today and going forward: Robust organic growth plus value accretive M&A



Delivering on our promise – accelerated growth through M&A to add further potential for profitable growth

