

#150yearsonthefirst

# Siegfried



## On the move. Since 1873

Octavian Seminar 2023 – 13<sup>th</sup> January 2023 – Flims



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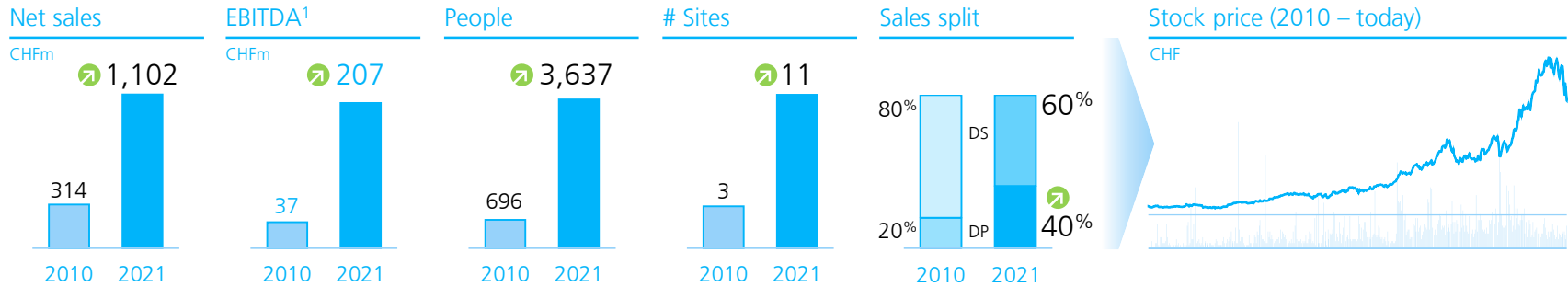
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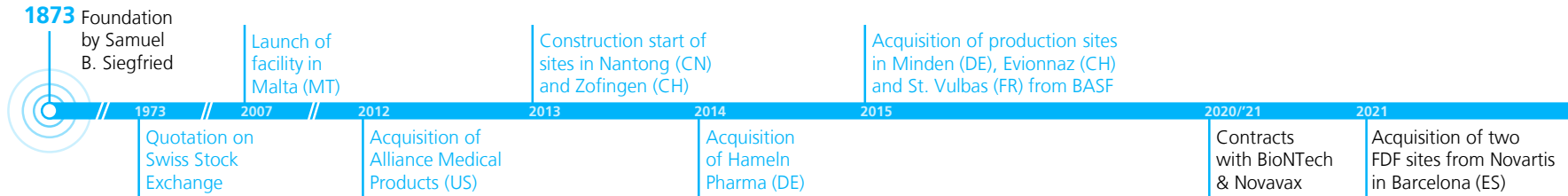
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# Siegfried's journey since 2010: We walked our talk and delivered on our strategy and growth aspirations

Progressing key metrics since 2010



## Corporate journey & milestones



<sup>1</sup> Figures related to FY2010 as reported, figures related to FY2021 based on Core metrics.

# Mission accomplished: Successful carve-out and integration of acquired Drug Products sites in Spain



## On time

- > Separation and PMI executed as planned before Closing
- > Carve-out and IT separation of the sites from Novartis successful:
  - » April 2022 (El Masnou)
  - » August 2022 (Barberà del Vallès)
- > First projects won and already in execution, noticeable new business expected for 2023 or 2024

## In full

- > Both sites now fully integrated into our network
- > Alignment of all core processes, including Finance, Quality, Supply Chain Management
- > Increasing number of global functions and responsibilities transferred to Barcelona

## On budget

- > Integration cost within initial budget, despite very complex IT carve-out
- > Increased level of cost flexibilization at both sites

# We will continue to strengthen our core by continued organic investments and use M&A to enter into adjacencies and beyond



## Grow existing core

- > Enhance value proposition to our customers and outgrow the market

- > Small molecule drug substances
- > Oral / inhalation solid dosage forms
- > Aseptic fill & finish
- > Integrated DS and DP development services



## Add adjacencies

- > Diversification into new CDMO market segments

- > Large molecule formulation
- > Particle technologies
- > Encapsulation / DP delivery systems
- > Antibody drug conjugates (ADC)



## Enter new areas

- > Long-term expansion into high growth areas within CDMO business model

- > Antibodies
- > Cell & Gene therapy
- > Viral vectors
- > Bioengineered vaccines
- > Data analytics

Present

2025+

# Expanding our capabilities and capacities to support long-term profitable growth



## Organic investments

- > New large-scale production plant in Minden
- > Center of Excellence in Barcelona
- > Additional filling line in Hameln
- > R&D Center in Evionnaz
- > Digitalization



## Portfolio management

- > Allocate high value capacity to margin accretive products
- > Free up and de-risk bottlenecks
- > Pricing and operational excellence



## Mergers & Acquisitions

- > Acquire idle capacity with attractive business within core – or beyond
- > Onboard new technologies and capabilities

We are creating opportunities for long-term profitable growth by adding capabilities and expanding capacities – for the benefit of our customers, stakeholders and shareholders

# We do not only think about tomorrow, but far beyond

Siegfried started its ESG journey years ago:

- > Code of Business Conduct
- > Global Quality Policy
- > Resource and waste management
- > Safety initiatives



Cross-functional ESG  
Governance Board sponsored  
by CEO and supervised by BoD



Commitment: Siegfried's carbon  
footprint to be reduced by 50%  
until 2030 compared to 2020<sup>1</sup>



Global initiatives proliferating  
best practices



Introduction of Siegfried's  
supplier integrity commitment



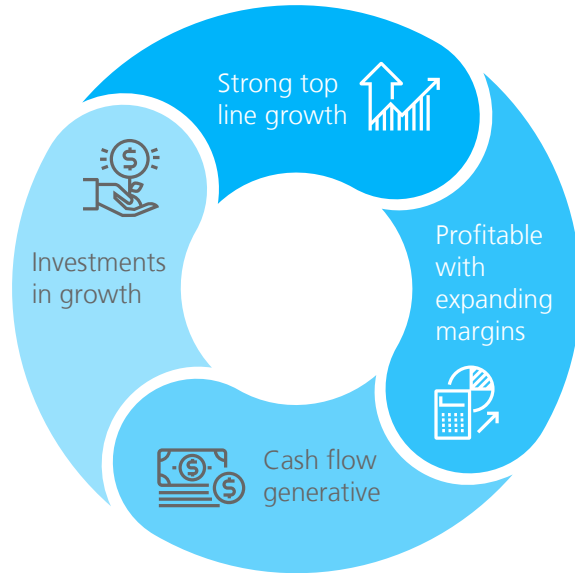
## Reporting & recognition

- > Member of UN Global Compact
- > ISS "Prime" status awarded 2020, confirmed 2022
- > MSCI ESG "AA" rating
- > Dow Jones Sustainability Index Europe 2022



<sup>1</sup> Normalized against Sales

# Capital allocation framework: A strong balance sheet provides the financial flexibility required to execute our EVOLVE strategy



## Invest in organic growth – in line with strategy

- > Expansion CapEx in capacity and technologies
- > Investments in capabilities and our people

## M&A – Core and beyond

## Deleverage and optimize funding cost

- > Continuous reduction of leverage by repayment of the RCF

## Pay-out policy

- > Distributions expected to step-by-step grow in absolute terms
- > Disciplined pay-out ratio

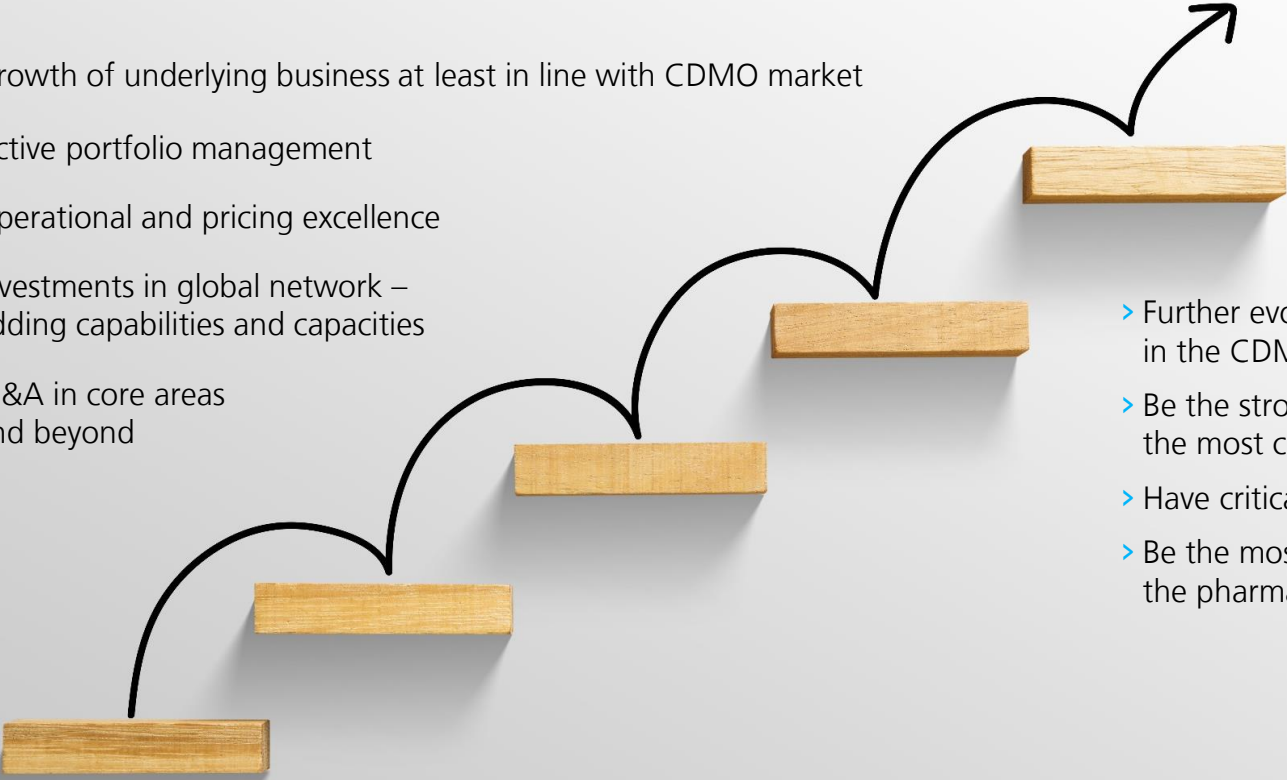
**Support  
Strategy  
EVOLVE**

Investments in growth create the readiness to seize our opportunities and further create value



# Siegfried's ambition: Consistently deliver profitable growth by investing in the global network and executing value adding M&A

- > Growth of underlying business at least in line with CDMO market
- > Active portfolio management
- > Operational and pricing excellence
- > Investments in global network – adding capabilities and capacities
- > M&A in core areas and beyond

- 
- > Further evolve as a global leader in the CDMO space
  - > Be the strongest team running the most competitive network
  - > Have critical size in all segments
  - > Be the most trusted partner of the pharmaceutical industry

All businesses growing

Driving organic investments

Creating opportunities

All margins expanding

M&A always on

Strong cash generation

Building the strongest team

Significant financing capacity

Sustainability – walking the talk





**expect  
more**



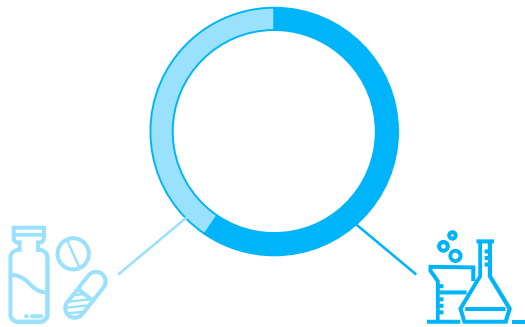
Full-year Reporting  
22 February 2023



Annual General Meeting  
20 April 2023

# Significant growth delivered

Net sales split H1 2022



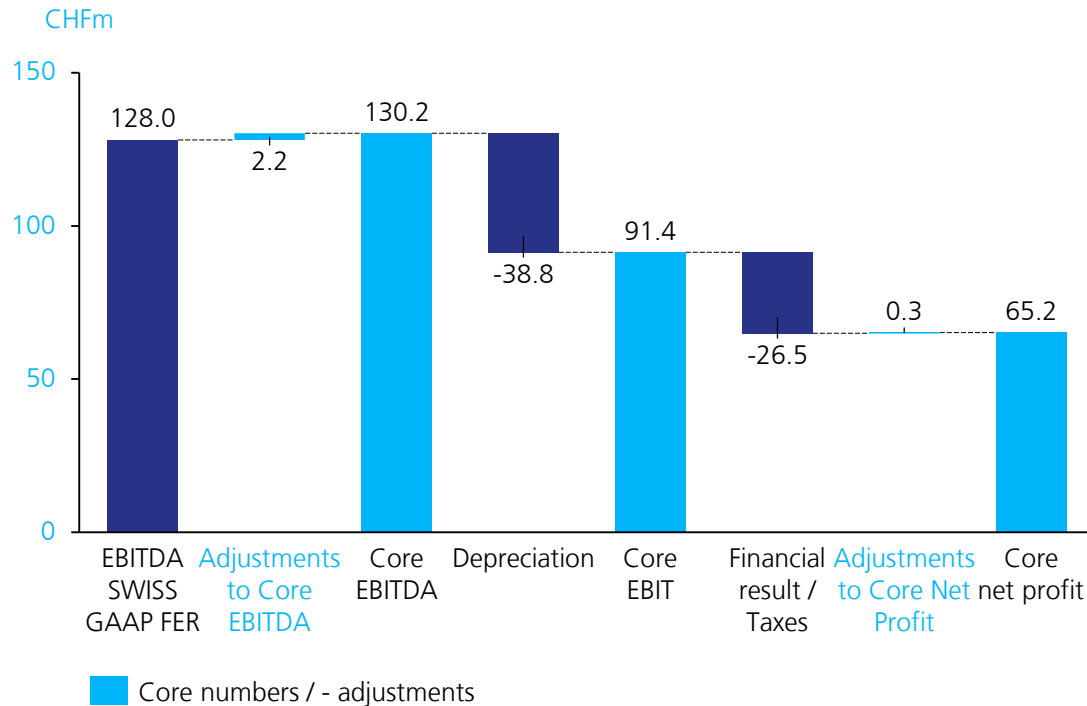
**42.1%**  
Drug Products

**57.9%**  
Drug Substances

CHF million	H1 2022	H1 2021	Change
Drug Substances	339.5	274.5	↗ +23.7%
Drug Products	247.2	192.3	↗ +28.5%
<b>Total</b>	<b>586.7</b>	<b>466.9</b>	↗ <b>+25.7%</b> (+29.9% in LC)

- > Net sales grew by +29.9% in Local Currencies (LC)
- > Both businesses, DS and DP, significantly contributed
- > Strong Fx headwind

# Reconciliation from Swiss GAAP FER to core results



## Comments

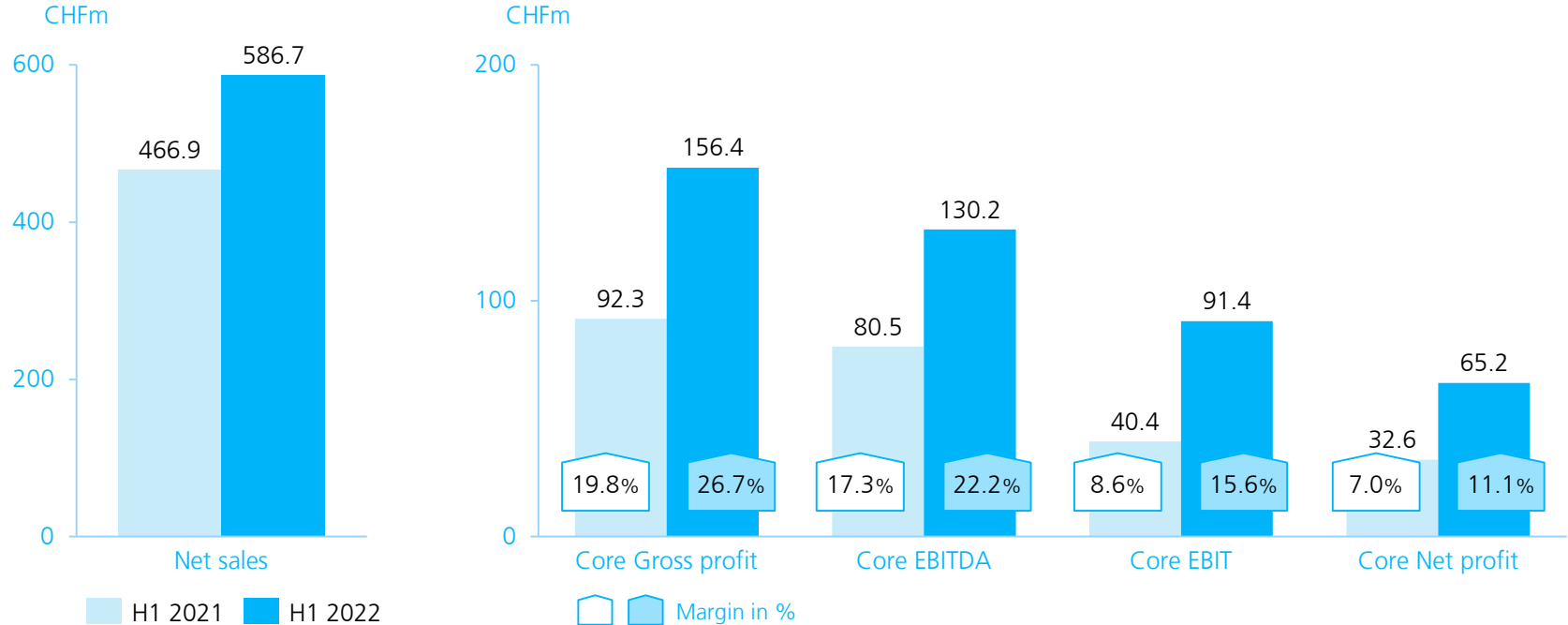
### Adjustments to Core EBITDA

- Current net interest foreign pension plan (CHF 0.6m)
- Restructuring costs (CHF 1.6m)

### Adjustments to Core Net profit

- Current net interest on foreign pension plans (-CHF 0.6m)
- Step-up DTA (CHF 0.9m)

# Expanding profit margins on all levels



# Profitable growth delivered

	CHF million	H1 2022	H1 2021
<b>Core results</b>			
<b>Net sales</b>		<b>586.7</b>	<b>466.9</b>
Core Cost of goods sold		-430.4	-374.6
<b>Core Gross profit</b>		<b>156.4</b>	<b>92.3</b>
Core Marketing and sales costs		-9.5	-7.5
Core Research and development costs		-21.3	-19.3
Core administration and general overhead costs		-36.7	-26.6
Other operating income		2.6	1.5
<b>Core EBIT</b>		<b>91.4</b>	<b>40.4</b>
Core financial result (loss)		-3.5	-2.4
Exchange rate differences (loss)		-2.6	2.8
<b>Core profit before income taxes</b>		<b>85.2</b>	<b>40.9</b>
Core income taxes		-20.0	-8.3
<b>Core net profit</b>		<b>65.2</b>	<b>32.6</b>
Depreciation		-38.9	-40.2
<b>Core EBITDA</b>		<b>130.2</b>	<b>80.5</b>

Notes: Each number is rounded individually

## Comments

- > Expansion of Core Gross profit and Core Gross profit margin
- > SG&A as a total stable relative to Net Sales; Admin costs trending higher due to lower comparable base H1 2021

# Improvement in operating cash flow before investments in NWC

CHF million	H1 2022	H1 2021
Operating cash flow before changes in NWC	128.1	85.7
Change in NWC	-51.9	11.2
<b>Operating cash flow</b>	<b>76.3</b>	<b>96.9</b>
Purchase of PPE and intangibles (net)	-60.7	-62.0
Acquisitions	-	-137.8
Other investing activities	-	-0.2
<b>Cash flow from investing activities</b>	<b>-60.7</b>	<b>-200.0</b>
<b>Free cash flow</b>	<b>15.5</b>	<b>34.9</b>
<b>Cash flow from financing activities</b>	<b>-43.5</b>	<b>107.6</b>
<b>Net change in cash</b>	<b>-28.0</b>	<b>4.4</b>

Note: Each number is rounded individually; Free cash flow is calculated as Operating cash flow minus Purchase of PPE and intangibles (net).

## Comments

- > Significant increase of Operating cash flow before changes in Net Working Capital
- > Substantial investment into inventory position to de-risk the supply chain
- > CapEx in line with guidance

Operating cash flow is the foundation for investments into further growth