

Further on Track: Siegfried Increases Sales and Earnings in the First Half of 2021



Following a decent 2020 financial year, the Siegfried Group (SIX: SFZN) has also in the first half of 2021 achieved a good result. With 466.9 million Swiss francs, the company increased its net sales from H1 2020 by 78.8 million Swiss francs. This represents a growth of 20.3 percent in Swiss francs and 19.4 percent in local currencies (LC). Core EBITDA was 80.5 million Swiss francs (prior period: 58.1 million Swiss francs), which corresponds to a core EBITDA margin of 17.3 percent (prior period: 15.0 percent). Core net profit was 32.6 million Swiss francs (prior period: 21.5 million Swiss francs) and cash flow from operating activities grew to 96.9 million Swiss francs (prior period: 45.0 million Swiss francs). Siegfried confirms the positive outlook for the full year 2021.

Key Figures 2021

	1 st Half-Year 2021	1 st Half-Year 2020	Change CHF (LC)
Net sales (million CHF)	466.9	388.1	+20.3% (+19.4%)
Gross profit (million CHF)	92.3	72.2	27.9%
Gross profit margin (in %)	19.8%	18.6%	
Core¹ Results			
Core-EBITDA (million CHF)	80.5	58.1	38.7%
Core-EBITDA margin (in %)	17.3%	15.0%	
Core-EBIT (operating result) (million CHF)	40.4	31.3	29.1%
Core-EBIT margin (in %)	8.6%	8.1%	
Core Net profit (million CHF)	32.6	21.5	51.3%
Core Net profit-margin (in %)	7.0%	5.5%	
Core non-diluted earnings per share (CHF)	7.75	5.21	48.9%
Core diluted earnings per share (CHF)	7.52	5.06	48.6%
Cash flow from operating activities (million CHF)	96.9	45.0	115.3%
Free cash flow (million CHF)	34.9	17.1	103.8%
Investment in property, plant and equipment and intangible assets (million CHF)	62.1	27.9	122.4%
	June 30, 2021	December 31, 2020	Change
Equity (million CHF)	793.0	733.2	8.2%
Total assets (million CHF)	1 586.4	1 242.3	27.7%
Equity ratio (in %)	50.0%	59.0%	
Employees (number of FTEs)	3 432	2 532	35.5%

¹ As of June 30, 2021, CHF 0.5 million was reclassified from the current net interest on foreign pension liabilities to the financial result (previous year CHF 0.5 million). There are integration costs of CHF 2.7 million neutralized in CORE administration expenses from the acquisition of the two Spanish companies. The tax asset on the step up on trademark rights as of December 31, 2019, resulting from the TRAF 17 measures, was released as of June 30, 2021 in a proportionate amount of CHF 0.9 million (previous year CHF 0.9 million).

These positive figures for the first half year show that the consistent implementation of a long-term corporate strategy as well as numerous investments in the production network and in Siegfried's capabilities are paying off. This pleasing result was achieved despite the negative impact of a cyber attack in May 2021, which affected almost all sites of the Siegfried network and led to loss of production capacities and sales volumes.

Siegfried CEO Wolfgang Wienand: "The first half year was demanding. And yet we have jointly achieved many of our goals. We successfully kicked off the integration and transformation of the two new Spanish sites, we started vaccine filling in Hameln as planned despite significant challenges, we committed to specific demanding ESG targets as a company, and celebrated our debut in the Swiss debt capital market with the placement of senior bonds. We have thus laid the foundation in various important fields of action for continued success in the future."

Start of the Integration and Transformation of the Two Newly Acquired Spanish Sites

Siegfried acquired the two sites in Barberà del Vallès and El Masnou near Barcelona from Novartis on 1 January 2021. In Barberà del Vallès, solid dosage forms as well as inhalation capsules for the treatment of respiratory diseases are produced and highly potent substances for oncology are processed. The site in El Masnou specializes in products for ophthalmology, such as sterile eye drops and ointments, but also nasal sprays. With the two sites, Siegfried has reached critical size in the Drug Products area and gained access to additional differentiating technologies and attractive production capacities, which complement the existing activities in Malta, Irvine (USA) and Hameln (GER) very well. The integration of the two sites into the Siegfried network is proceeding according to plan. The implementation of important organizational adjustments at both sites and the establishment of a Cen-

ter of Excellence for high-quality development services in the area of Drug Products, including extensive investments in laboratories and pilot plants at both sites, have already begun. In addition to the long-term supply contract concluded with Novartis as part of the transaction, Siegfried has begun marketing the two new sites and is holding initial discussions with many potential customers. Siegfried continues to expect significant new business in 2023 or 2024.

Vaccine Filling in Hameln Started

The project for the aseptic filling ("Fill & Finish") of the innovative mRNA coronavirus vaccine BNT162b2 (Comirnaty®) for the German pharmaceutical company BioNTech at the Hameln site was realized on time in June 2021, within the ambitious schedule, and commercial production has started successfully. The new production equipment was procured, installed and qualified within record time, and around 60 additional employees were recruited and trained. The corresponding supply contract with BioNTech covers the aseptic filling and packaging of commercial quantities of the vaccine and runs until the end of 2022 with the possibility of an extension beyond that. In addition to this important partnership, Siegfried will provide aseptic filling services for the US pharmaceutical company Novavax's coronavirus vaccine NVX-CoV2373, subject to approval. The vaccine is still in the authorization process with various health authorities worldwide. Production is expected to commence in the second half of this year.

Strong Growth in Drug Products

Due to the acquisition of the two Novartis sites in Spain, Siegfried's sales of Drug Products grew by 96.4 percent compared to the same period last year contributing 41 percent to half-year sales (prior period: 25 percent). Up to now, the share of active pharmaceutical ingredients and intermediates (Drug Substances) was at around three quarters of sales and now amounts to 59 percent. The cyber attack resulted in noticeable delays in the first half of the year, especially in the Drug Substances business, and thus in slightly lower sales compared to the prior period (minus 5.4 percent). For the full year, Siegfried expects growth in both segments, Drug Substances und Drug Products, compared to the previous year.

Swift Handling of the Cyber Attack

At the end of May, Siegfried was attacked by cyber criminals with malware that affected large parts of Siegfried's IT systems worldwide. For safety reasons, production across the entire network with the exception of the sites in Spain was shut down immediately in a controlled manner. At no time was there any danger to the employees or the production facilities. A rapid return to normal operations was achieved thanks to determined and efficient crisis management and the enormous commitment shown by the employees in the IT departments in particular, but also many other employees at all locations. Production was resumed quickly and the impact on day-to-day business was kept within limits.

Further Investments in the Production Network and Competencies

Building on the investment and technology strategy initiated in 2019 and 2020 and the site master plans derived from it, Siegfried will continue to invest in its existing sites. This plan includes replacement and substantial expansion investments as well as the continuation of the Siegfried Academy, launched two years ago, to strengthen the skills of Siegfried's global teams. In this way, the company can continue to capitalize on the attractive growth opportunities in the future. In addition to these organic measures, Siegfried will continue to pursue external growth opportunities through acquisitions of attractive businesses, sites and technologies as part of its corporate strategy.

CO₂ Reduction Targets for 2030 and Net Zero Greenhouse Gas Emissions by 2050

For Siegfried, a strongly growing manufacturing company in a highly regulated industry, sustainable management was and is of special significance. Accordingly, sustainability is one of Siegfried's five core values, which the company has selected in 2019 as a framework for its own actions. The progress already made in this area was recognized last year by Institutional Shareholder Services Inc. (ISS) in the form of the well-regarded Prime Status, with Siegfried being ranked among the top 10% of all life science companies covered by ISS. Siegfried is now taking the next step: Based on the 2020 values, the company is aiming for a 50% reduction of its CO₂ emissions (in CO₂ equivalents, normalized to sales) by 2030. Siegfried is also planning long-term measures to meet the Net Zero Target, which envisages a net balance of zero of all greenhouse gases emitted by its own business activities and greenhouse gases removed from the atmosphere by measures taken by the company.

Successful Placement of Senior Bonds

For the first time, the company issued senior bonds in the Swiss debt capital market in May this year. The reaction of market participants was very positive and 200 million Swiss francs were raised at attractive conditions. The proceeds will be used for general corporate purposes including the early refinancing of the 160 million Swiss franc hybrid bond callable in October 2021.

Positive Outlook for Full Year 2021 Confirmed

Siegfried confirms its positive outlook on the full year 2021 and continues to expect net annual sales well above one billion Swiss francs. Profitability will continue to increase towards the target range of a core EBITDA margin of around 20%.

Contact

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

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

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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.

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.