



skan

# SKAN Group Investor Presentation

November 2023

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# Key challenge for (bio-)pharmaceutical products

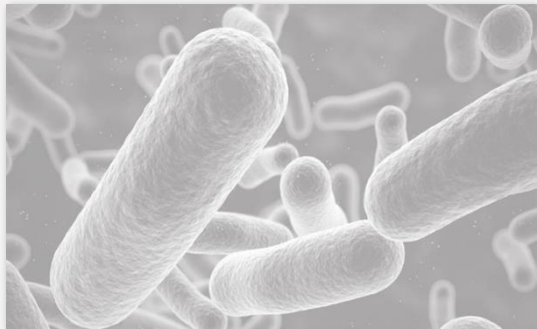
## Key challenge:

### Medical safety

Medication safety is key and (cross-) contamination unacceptable

Key contamination sources:

- **Air particles**
- **Input:** Raw materials, containers, closures
- **Personnel**



## Products:

### Injectables

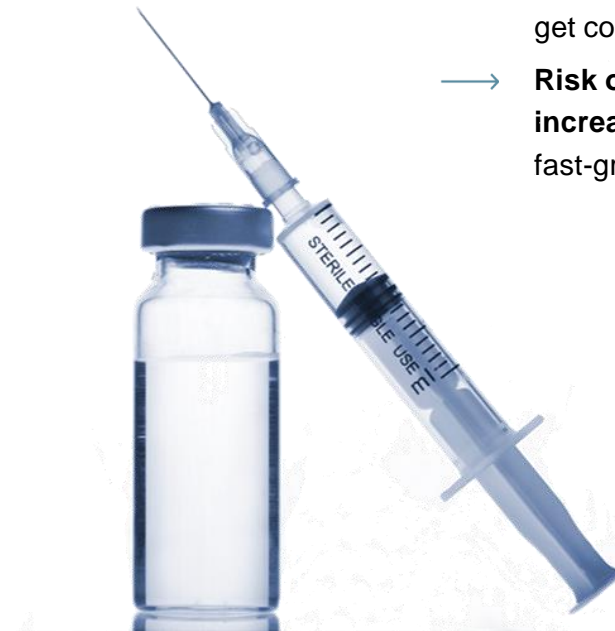
- **Cancer drugs** (ADC, Cytotoxics)
- **Cell & gene therapy** (Advanced Therapy Medicinal Products (ATMPs))
- **Hormones:** Insulin
- **Medical drugs** (Thrombosis, EPO, blood plasma products, botox, etc.)
- **Vaccines:** Flu, COVID-19, etc.

Increased infection risk as their application bypasses many of the human body's natural defenses

## In particular true for:

### High-value biopharma drugs

- **Risk of significant economic losses** if high-value biopharma drugs get contaminated
- **Risk of cross-contamination increases** with small batch size of fast-growing personalized medicine



# Isolators – Mission critical for (bio-)pharmaceutical processes

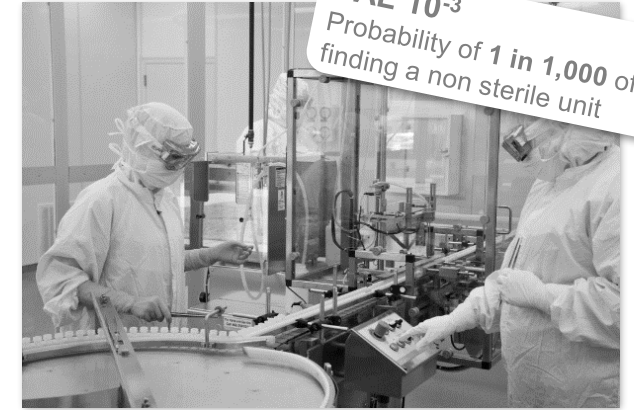
## Solution: Medication sterility

### Traditional pharma

Pharma products mainly chemical based

### Cleanroom

- + Filling / closing in cleanroom with terminal sterilization
- Inappropriate for complex biopharmaceuticals



### Biopharma of today and tomorrow

New products mainly biotech-based (sensitive to heat and pressure)

### Isolators

- + Filling/closing under aseptic conditions eliminating effectively all contamination risk
- + Reduced cleanroom footprint and running costs and environmental-friendly
- + Complex process results in high market entry barriers

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# SKAN's investment highlights

**1** | **Market leader globally for high-end aseptic process solutions** catering the global biopharma industry

**2** | **Technology & innovation leadership** with first-to-market solutions and reference point for aseptic manufacturing guidelines

**3** | Strategically positioned in a **highly dynamic & rapidly growing niche market** driven by strong underlying end market growth

**4** | **Significant barriers to entry** due to regulatory requirements know-how and mission criticality of aseptic processes



**5** | **Trusted, long-term partner** to a large, diversified customer base including almost all major blue-chip (bio-)pharma companies

**6** | **Experienced & entrepreneurial management** with proven track record of organic growth

**7** | **Excellent financial profile** with demonstrated profitable above-market growth and solid revenue visibility

**8** | **Clear strategy** with multiple avenues for growth and expansion of addressable market

# Global market leader for aseptic process solutions

## Who is SKAN ?

- **A global market leader** in high-end, mission-critical isolator solutions for aseptic and aseptic-toxic production processes across (bio-)pharma
- **Pioneer in the isolator technology** with 50+ years of experience in cleanroom equipment
- **Trusted, long-term partner** to almost all major blue-chip (bio-)pharma companies
- **Diversified customer base** with more than 1,000 total active customers
- **Global footprint** across Europe, North America and Asia

## SKAN aseptic process offering

### Equipment & Solutions (75%)

- Customized and standard isolator solutions
- Automated aseptic filling stations, e.g. for cell & gene therapy
- Process solution from design & engineering to process qualification



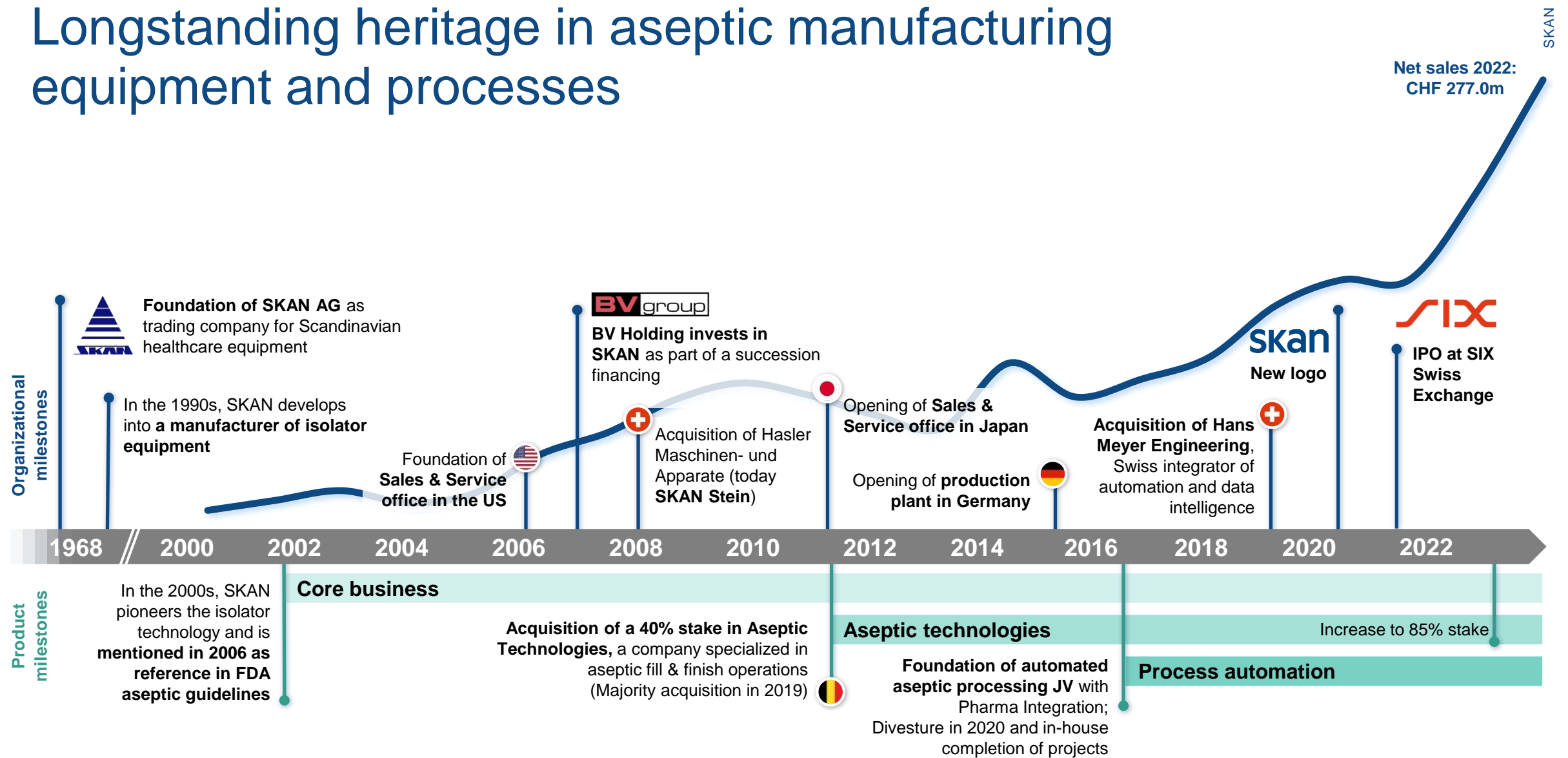
### Services & Consumables (25%)

- Lifecycle management services
- Consumables: transfer connectors, closed vials, etc.

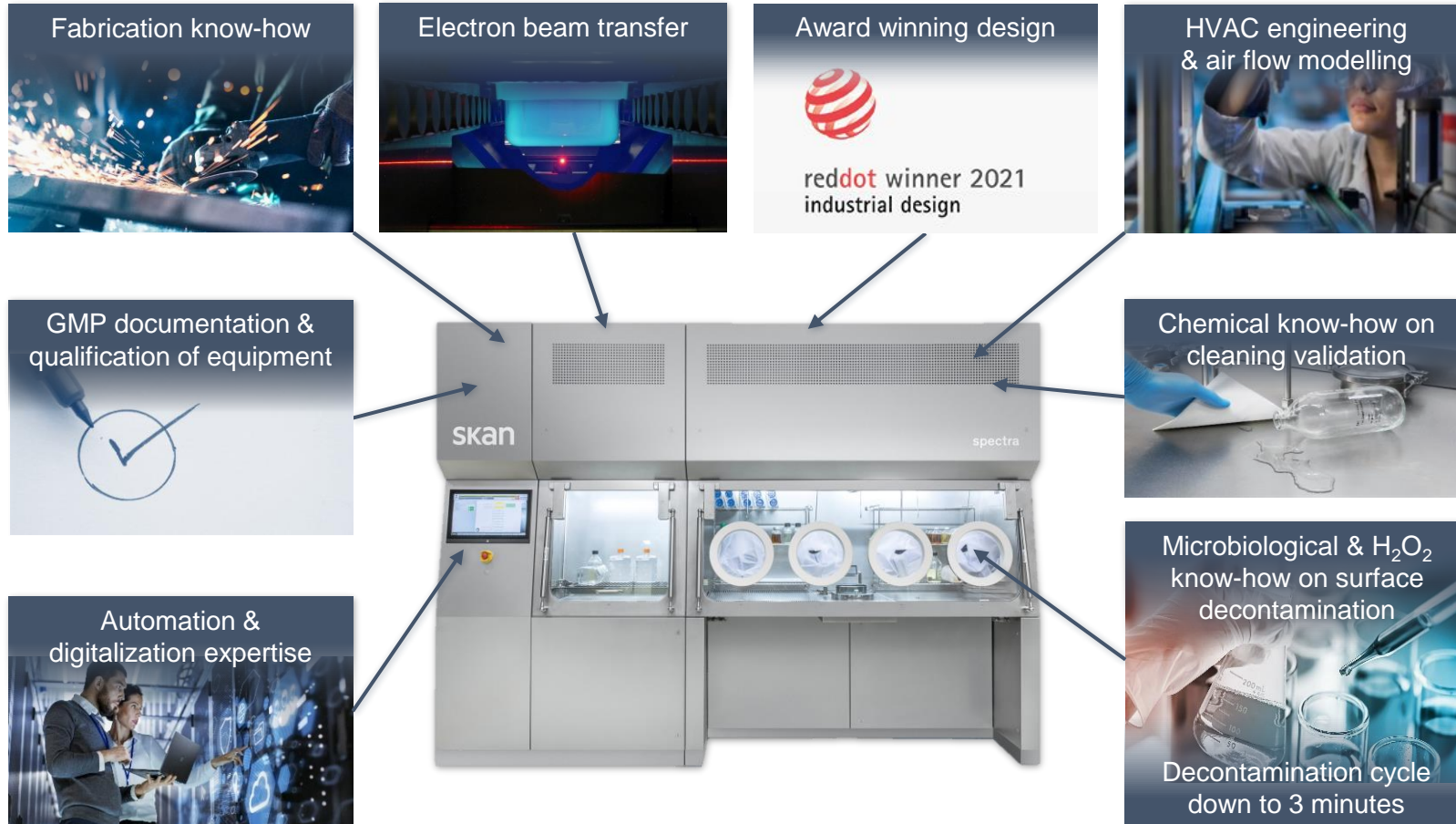
## SKAN key figures



# Longstanding heritage in aseptic manufacturing equipment and processes



# Technology & innovation leadership



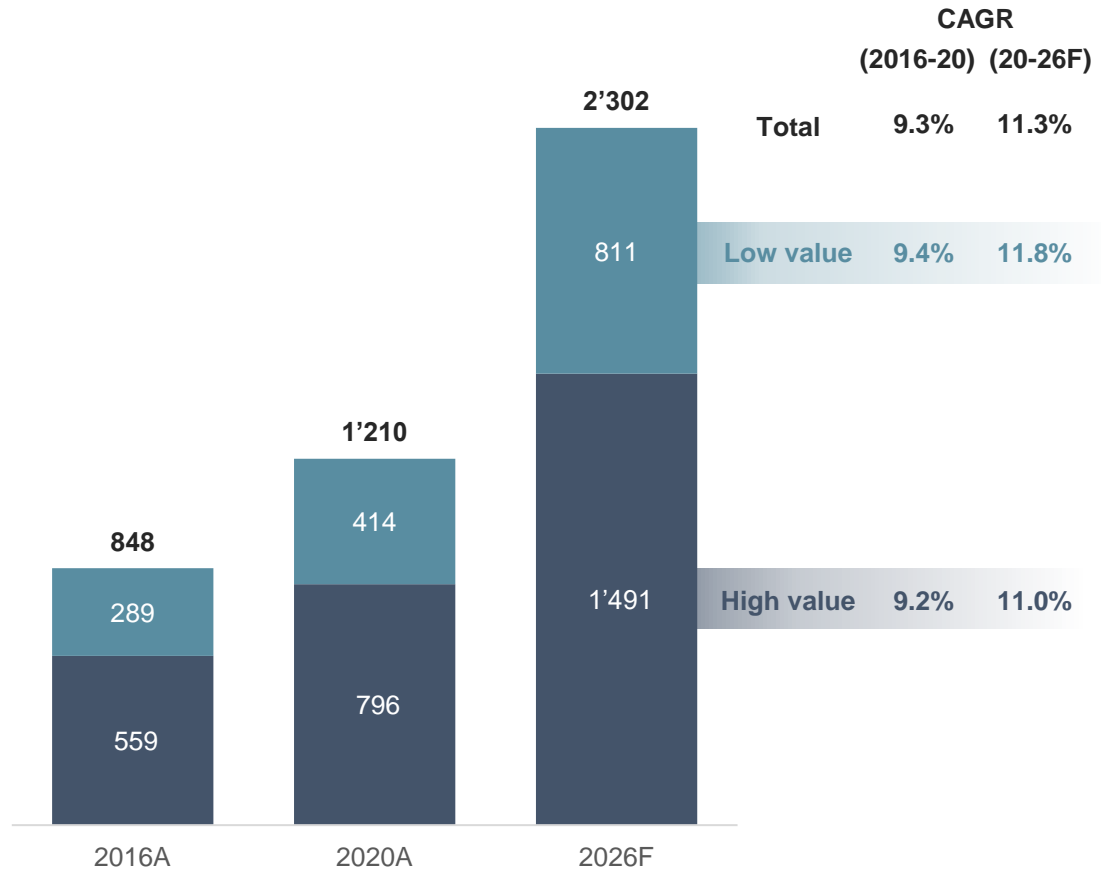
- **Technology leadership & foresight allows SKAN to be the market defining player**
- **Continuous active contribution to new guidelines & regulations** through industry standards setting organisations (ISPE, PDA, ISO)
- **Pure-play business model** enables an undiluted focus of resources to drive technology and innovation
- **More than 1,200 employees globally, of which more than 500 have an academic background, such as scientists and engineers** to ensure seamless innovation and production




# Highly dynamic niche market with strong end market growth

## Strong growth of aseptic manufacturing<sup>(1)</sup>

Isolator market by value (EURm)




## Key growth drivers



**Underlying biopharma industry growth:**

- Global pharmaceutical industry: +4.5% p.a. (CAGR 2021-2026F)<sup>(2)</sup>
- Cell & gene therapy market: +58% p.a. (CAGR 2020-2024F)<sup>(2)</sup>
- Highly potent APIs market: +8.9% p.a. (CAGR 2020-2024F)<sup>(2)</sup>



**Shift towards injectable therapies**

Peptide products by administration route<sup>(3)</sup>:

23% Approved / Marketed

12% Injection

9% Oral

65% Other

➔

16% Approved / Marketed


9% Injection

75% Oral

16% Other


Expected injectable market value growth: +8.5% p.a. (CAGR 2020-2025F)<sup>(2)</sup>

Growth in no. of injectable molecules in development: +17.8% p.a. (CAGR 2014-2020)<sup>(2)</sup>



**Shift towards personalized medicine** requiring aseptic manufacturing

- Growing demand for injection administration
- Growing demand for smaller batch sizes (e.g. expected orphan drug sales growth +10.8% CAGR 2020-2024F)<sup>(2)</sup>
- Increased risk of cross-contamination addressed by isolators



**Continuing trend of pharma outsourcing**

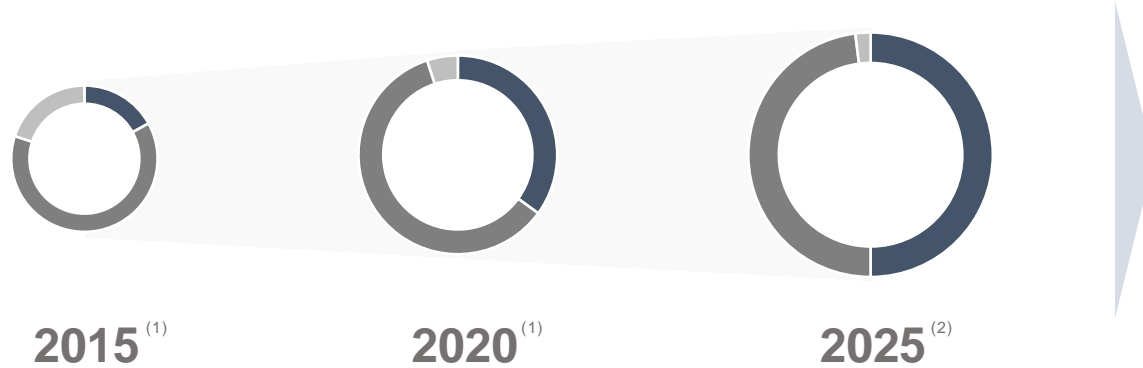
- Increased outsourcing via CMOs is driving the demand for isolation equipment
- Global CMO market: +6.3% p.a. (CAGR 2020-2025F)<sup>(2)</sup>

(1) L.E.K. market study.  
 (2) L.E.K. market study based on third-party data.  
 (3) A.N. Ganesh et al, *Medicine in Drug Discovery* 9 (2021) 100079.

# Constantly expanding addressable market

## Aseptic manufacturing market by technology

Isolators RABS Cleanroom equipment



### Isolator

#### Integrated, fully-automated robotics



### Shift from cleanroom towards isolator solutions...

#### Key trends



**Regulatory environment**



**Personalized medicine**

#### Competitive advantages of isolators vs. cleanroom

- ▣ Separation of production process from environment
- ▣ Automated, reproducible, documented bio-decontamination
- ▣ Isolator modularity / flexibility
- ▣ Reduced cleanroom footprint
- ▣ Lower running costs (energy, quality, etc.)

### ... and further to integrated aseptic manufacturing

#### Applications

- Filling / closing of vials, bottles, pre-filled syringes, IV-bags, inhalers, cartridges
- Loading / unloading of freeze dryers
- Sterilisation of tubes

# Protected market leadership in aseptic processing underpinned by high entry barriers and significant switching costs

## Market entry barriers

## SKAN's value proposition

## Market leadership



# Trusted, long-term partner for global (bio-)pharma customers

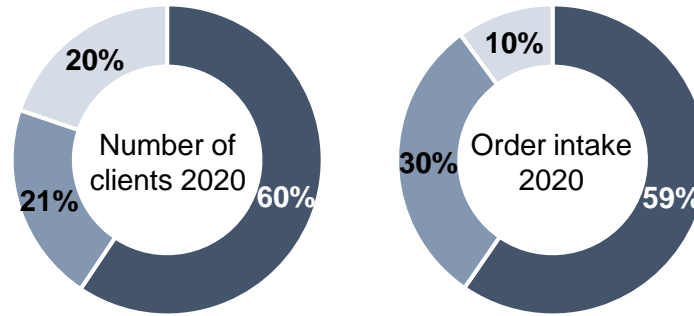
## Selected (bio-)pharma customers...



## Key statistics

### High level of recurring customers

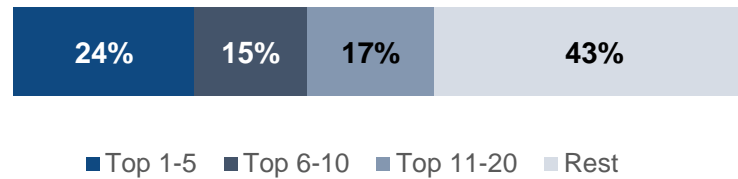
Number of clients & order intake share by type of client<sup>(1)</sup>



- Recurring customers (2018–2020)
- New clients (2019 & 2020)
- Opportunistic clients

### Limited customer concentration

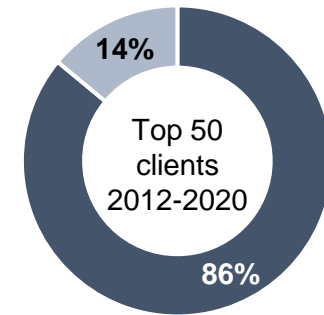
Total order intake 2018-2020 per customer<sup>(2)</sup>



- Top 1-5
- Top 6-10
- Top 11-20
- Rest

### Loyal customers

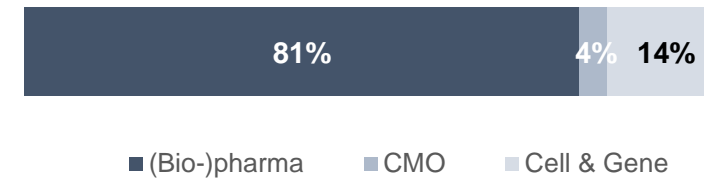
Share of top 50 customers over 2012-2020 contributing to 75% of total order intake over last 9 years<sup>(1)</sup>



- Recurring clients (Continuous new order intake)
- New clients (First order intake)

### Large exposure to biopharma market

Total order intake 2018-2020 per end market<sup>(2)(3)</sup>



- (Bio-)pharma
- CMO
- Cell & Gene

(1) Analysis based on customers of SKAN AG (SKAN AG includes almost all of SKAN's projects while Service & Consumables may be ordered on the local subsidiary level).  
 (2) Analysis based on customers of SKAN AG and Aseptic Technologies.  
 (3) Analysis based on management estimates and suffers from limited customer disclosure on actual use of SKAN's equipment. (Bio-)pharma includes Pharma and Vaccines. Customers of Aseptic Technologies classified as Cell & Gene (or CMO if a clear distinction can be made).

# Comprehensive portfolio for aseptic manufacturing processes

Equipment & Solutions ("E&S")

75% of revenue

Services & Consumables ("S&C")

25% of revenue

**Cleanroom**



**Pure Solutions**

**Pure Solutions Trading**

- Trading of Laboratory/cleanroom equipment, mostly in Switzerland
- Horizontal/vertical workbenches
- Fume cupboards
- Particle counters



**Consumables**

- Personal protective equipment
- Biosanitizer

**Services**

- Qualification

**Customized and modular isolators**



**Process Solutions**

**Customized Solutions ("CusSol")**

- Customer-specific isolator solutions for aseptic manufacturing and filling
- Process warranty incl. complete GMP compliance



**System Solutions ("SysSol")**

- Modular isolators equipped flexibly with process tools
- Close collaboration with process tool partners



**Consumables**

- Biological Indicator
- Electron Beam (bulbs)
- Spares (gloves, filters, etc.)



**Services**

- Life cycle support
- GMP requalification
- Performance studies

**Integrated processes**



**Integrated Process Solutions**

**Aseptic Technologies (AT)**

- Proprietary, automated closed-vial filling equipment for small/medium-batch cell & gene therapy integrated within isolator



**Process Automation**

- Global process solution providing automated (robotic) process handling fully integrated within the isolator



**Consumables**

- Closed vials
- Connectors
- Filling kits



**Services**

- Rent a machine
- Life cycle support

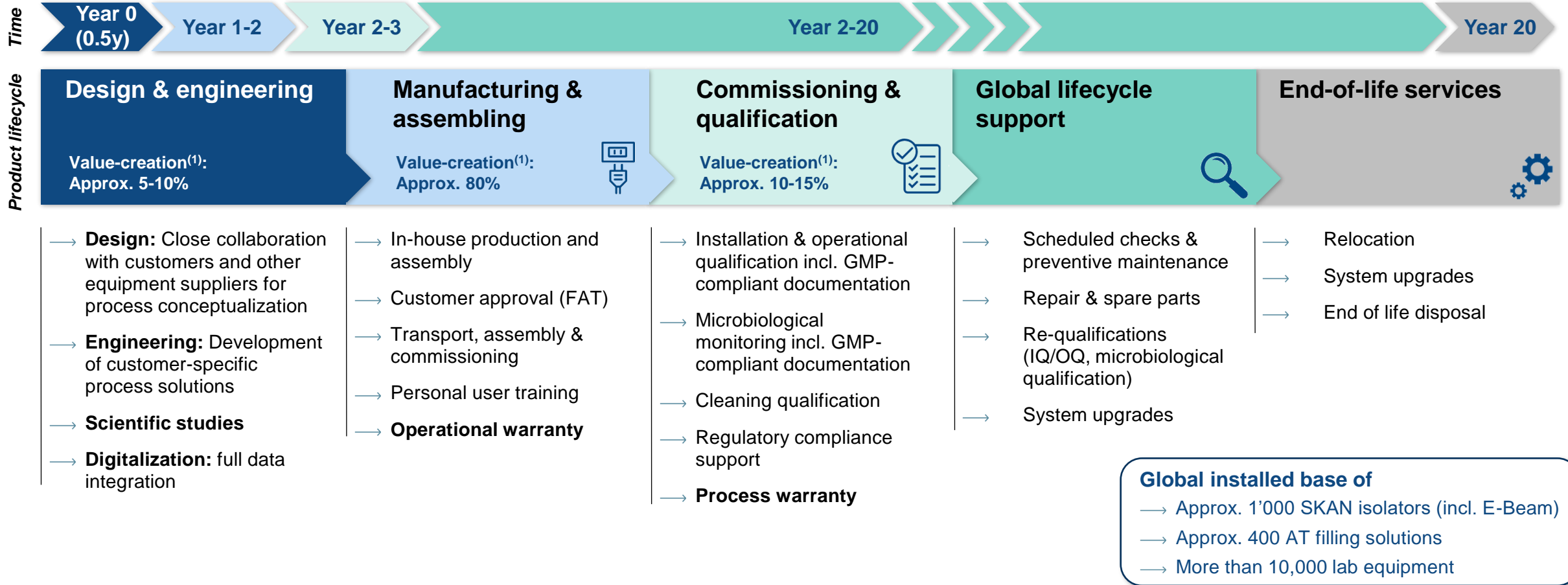
**Consumables**

- Refer to process consumables

**Services**









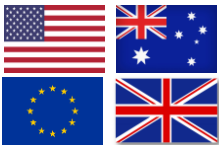







- Refer to process services
- Digital integration into MES<sup>(1)</sup> and ERP systems

# One-stop-shop across the entire lifecycle of SKAN's mission-critical aseptic process solutions



# Aseptic Technologies is of strategic importance for SKAN

## Five AT filled drugs on the market:

Customer	Product area	Phase
 Daiichi-Sankyo	Oncolytic virotherapy for brain cancer	 
	Cartilage repair for veterinary applications	 
 <small>PHARMACEUTICAL COMPANIES OF Johnson &amp; Johnson</small> 	Lentivirus used for the production of a drug against multiple myeloma	 
 ATARA BIO	Monotherapy for the treatment of Epstein-Barr virus	 
	Treatment of wounds in patients with dystrophic epidermolysis bullosa in collagen type VII alpha 1 chain gene	 

- Aseptic Technologies (AT) provides automated, robot-assisted process solutions for polymer closed vials (AT-Closed Vial® Technology) for **applications in cell and gene therapy**, a market segment that is **growing +58% p.a.** (CAGR 2020-2024)(1).
- Injection molded AT-Closed Vials® are suitable for **cryogenic storage** at temperatures down to -196°C, which is not possible with glass vials and is **a unique selling point**
- There are now five drugs on the market that are filled using the closed vial solution of AT. The development pipeline of drugs is in the range of approx. 400 active ingredients.
- SKAN increased its stake in AT to 85% and is strengthening its Services & Consumables business, fully in line with our long-term strategy.

# Strong and growing global footprint

## Allschwil CH

### Headquarters / production sites

- Engineering, sales, service, assembly, R&D, laboratories
- Approx. 26,682 m<sup>2</sup>
- 678 employees



## Stein CH

### Production site

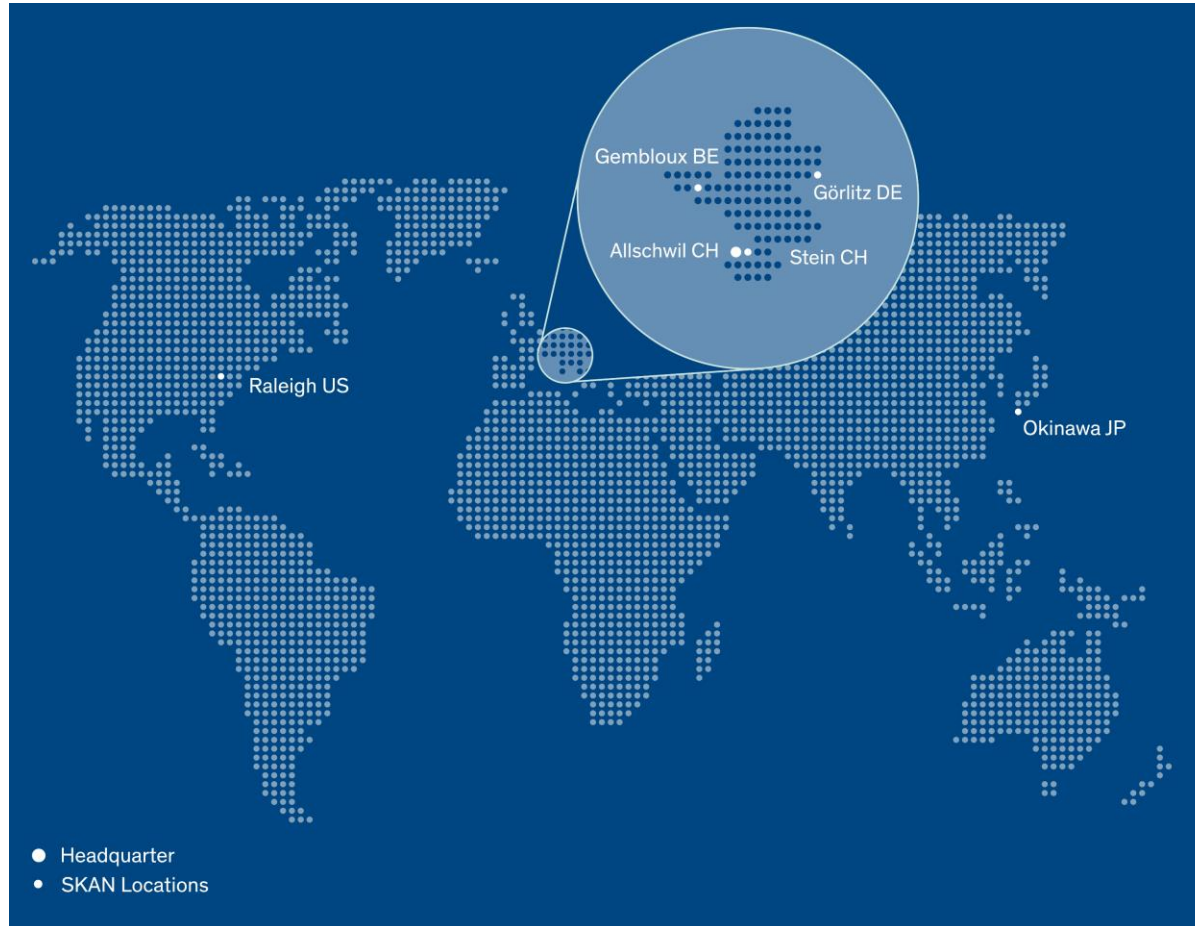
- Prototype construction, steelwork, E-Beam competence
- Approx. 6,923 m<sup>2</sup>
- 118 employees



## Görlitz DE

### Production site

- Focus: Steelwork, production, assembly, qualification
- Approx. 26,649 m<sup>2</sup>
- 291 employees



## Gembloux BE

### Production site / AT

- Aseptic Filling equipment (Closed Vial® Technology)
- Approx. 3,590 m<sup>2</sup>
- 43 employees



## Raleigh US

### Sales & services office

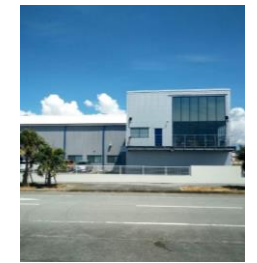
- Sales and life cycle support Americas
- Approx. 1,200 m<sup>2</sup>
- 97 employees



## Okinawa JP

### Production site

- Sales, assembly, and life cycle support Far East
- Approx. 2,170 m<sup>2</sup>
- 42 employees

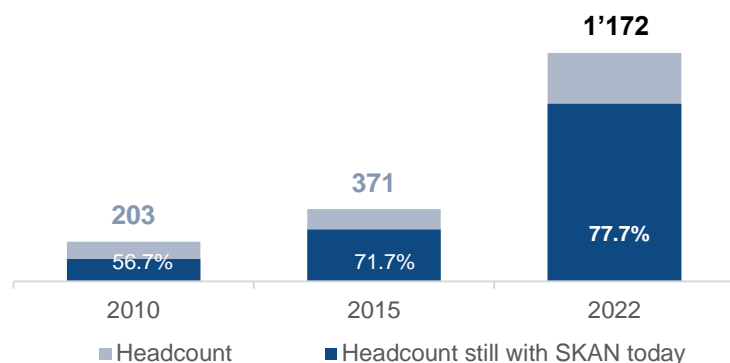




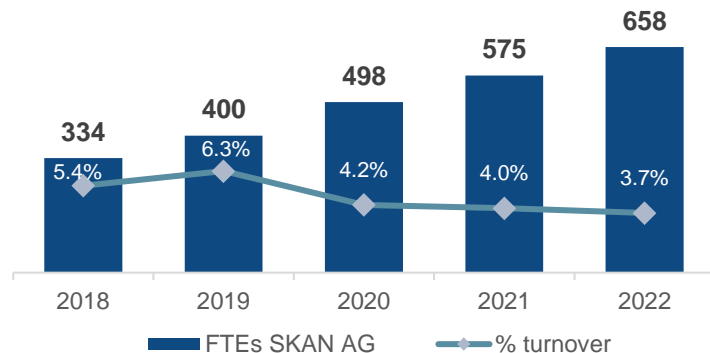
# Experienced, entrepreneurial management and highly qualified workforce loyal to the firm

## Dedicated workforce

### Loyal, increasing workforce<sup>(1)</sup>



### Low employee turnover<sup>(2)</sup>

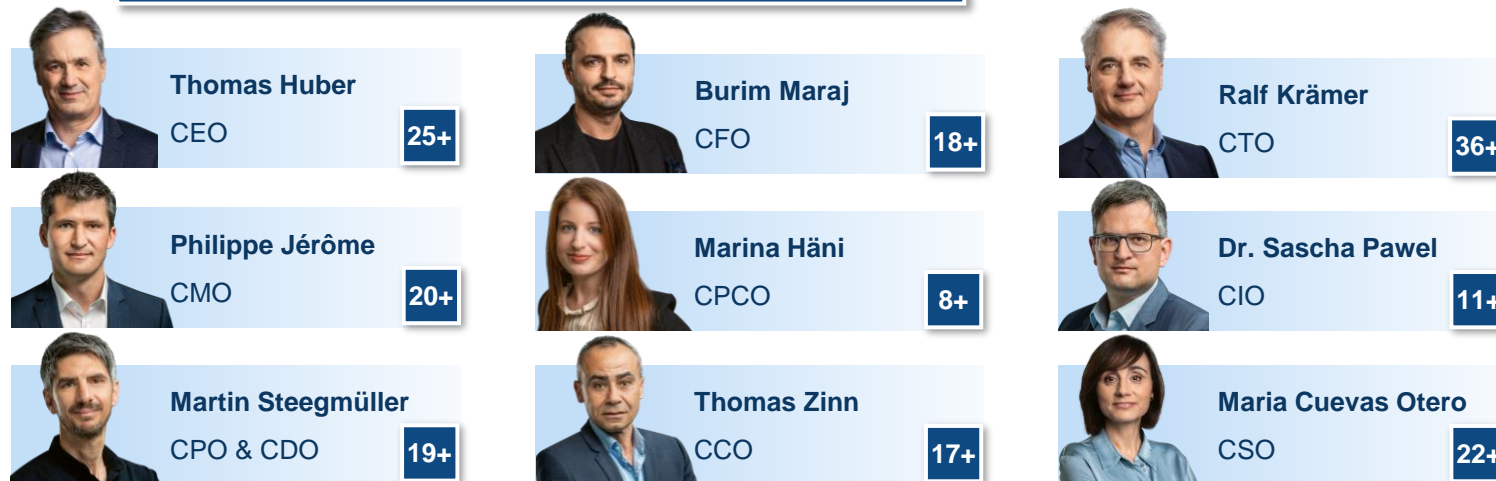


## Board of Directors



## Experienced management team

» **>70** combined years at SKAN  
**approx. 180** combined years in the industry



# Years of industry experience

(1) All figures as of December of respective year and exclusive of temporary workers.  
 (2) Refers to SKAN AG.

# Highlights of the first half year 2023

**Order Intake**  
in CHF million

**175.3**

-33.4%<sup>(1)</sup>

**Net Sales**  
in CHF million

**139.7**

+15.6%<sup>(1)</sup>

**EBITDA**  
in CHF million

**18.6**

+74.1%<sup>(1)</sup>

**EBITDA-Margin**  
as % of Net Sales

**13.3**

+4.5pp<sup>(1, 3)</sup>

**Investments**  
in CHF million

**10.2**

-35.1%<sup>(1)</sup>

**Order Backlog**  
in CHF million

**384.6**

+6.8%<sup>(2)</sup>

- Record high order backlog and book-to-bill ratio at 1.3 provide good visibility.
- Order intake normalized at a continued high level in the first six months of 2023. Overall, the order pipeline remains well-filled.
- Double digit net sales growth within guidance.
- EBITDA significantly increased compared to the same period last year. EBITDA-Margin withing guidance.
- EBIT more than doubled from CHF 5.9 million to CHF 12.4 million.
- Total investments of CHF 10.2 million mainly related to Pre-Approved Services project.

# Century of biology: Shift toward injectable biotech drugs drives need for aseptic process solutions

## Top 10 medicines 2005



Lipitor  
Pfizer



Zoloft  
Pfizer



Nexium  
Astra Zeneca



Plavix  
Sanofi



Prevacid  
Takeda



Efexor  
Pfizer



Lipitor  
Pfizer



Singulair  
MSD



Adavair Diskus  
GSK



Norvasc  
MSD

## Top 10 medicines 2020



Eylea  
Regeneron, Bayer  
2020 Sales: \$8.36 Mia.



Keytruda  
Merck & Co.  
2020 Sales: \$14.38 Mia.



Revlimid  
Bristol Myers Squibb  
2020 Sales: \$12.15 Mia.



Eliquis  
Bristol Myers Squibb, Pfizer  
2020 Sales: \$9.17 Mia.



Imbruvica  
AbbVie, Johnson & Johnson  
2020 Sales: \$8.43 Mia.



Humira  
AbbVie  
2020 Sales: \$20.39 Mia.



Stelara  
Johnson & Johnson  
2020 Sales: \$7.94 Mia.



Opdivo  
Bristol Myers Squibb  
2020 Sales: \$7.92 Mia.



Biktarvy  
Gilead Sciences  
2020 Sales: \$7.26 Mia.



Xarelto  
Bayer, Johnson & Johnson  
2020 Sales: \$6.93 Mia.

# Confident market and business outlook

- Demand momentum in our market is expected to continue at a high level. Main drivers are:
  - The underlying growth of the global (bio)pharmaceutical market;
  - The reinforcing trend towards injectable drugs (three quarters of the drugs in development are now designed for an injectable dosage form);
  - The shift from traditional cleanrooms to the technologically more advanced isolator technology;
  - The reshoring of pharmaceutical production.
- As a consequence, demand for SKAN's equipment, services and consumables will continue, as evidenced by the well-filled order pipeline.
- To accommodate the strong growth, we will – besides North America – further expand production capacity at the existing sites in Switzerland and Germany.
- SKAN Group expects the 2nd half of 2023 to be even stronger than the 1st half in terms of net sales and profitability.
- Guidance for the full year 2023 confirmed.

# Financial targets and outlook

## Metric

## 2023 Targets <sup>(1)</sup>

## Mid-Term Outlook

**Group net revenue growth**

Mid- to upper teens

Mid- to upper teens

Segment net revenue growth<sup>(2)</sup>

 **E&S**     **S&C**

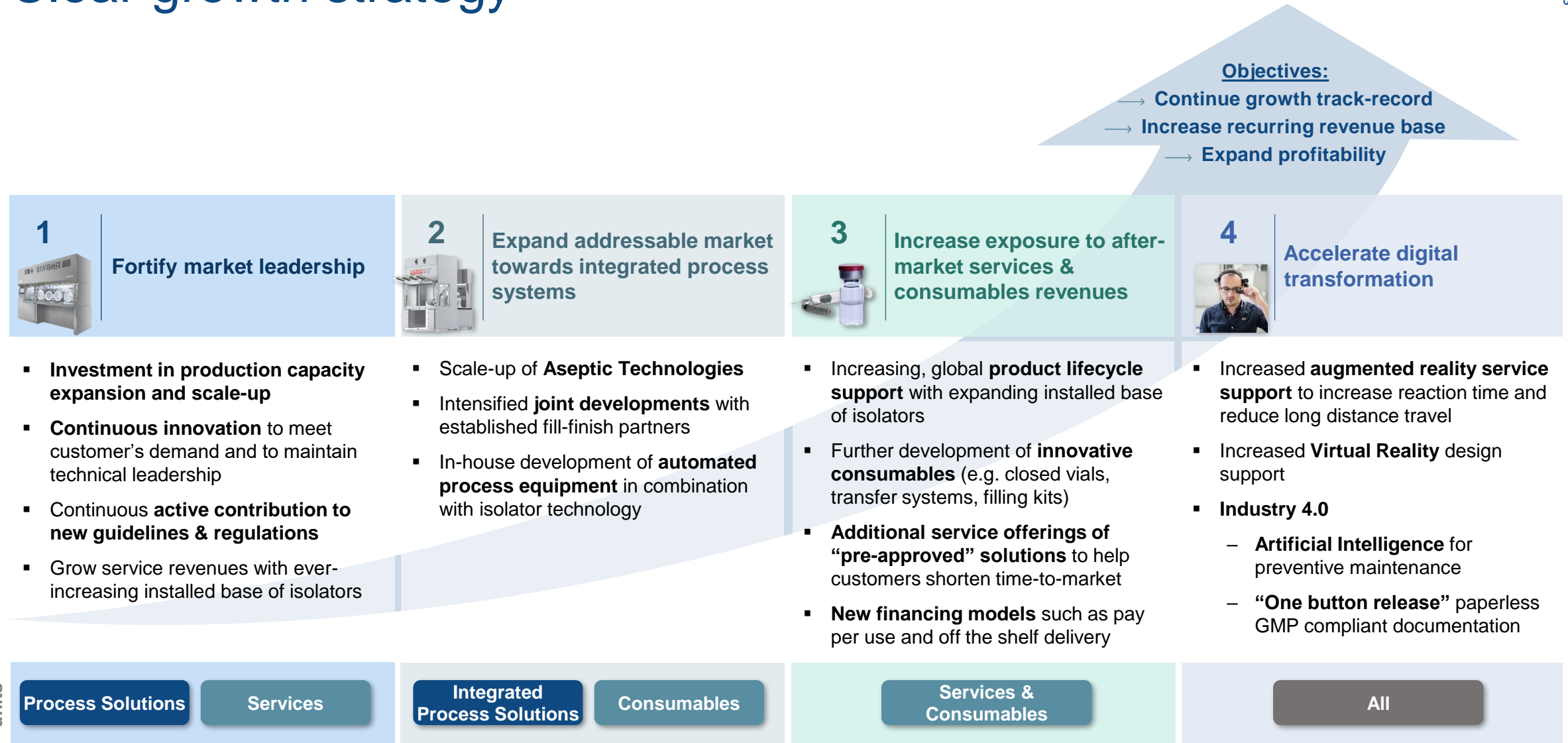
 **E&S**     **S&C**

**EBITDA margin**

13 - 15%

Gradually increase profitability level to upper teens in the mid-term. Potential for further increase beyond mid-term period.

# Clear growth strategy



- Investment in production capacity expansion and scale-up
- Continuous innovation to meet customer's demand and to maintain technical leadership
- Continuous active contribution to new guidelines & regulations
- Grow service revenues with ever-increasing installed base of isolators

- Scale-up of Aseptic Technologies
- Intensified joint developments with established fill-finish partners
- In-house development of automated process equipment in combination with isolator technology

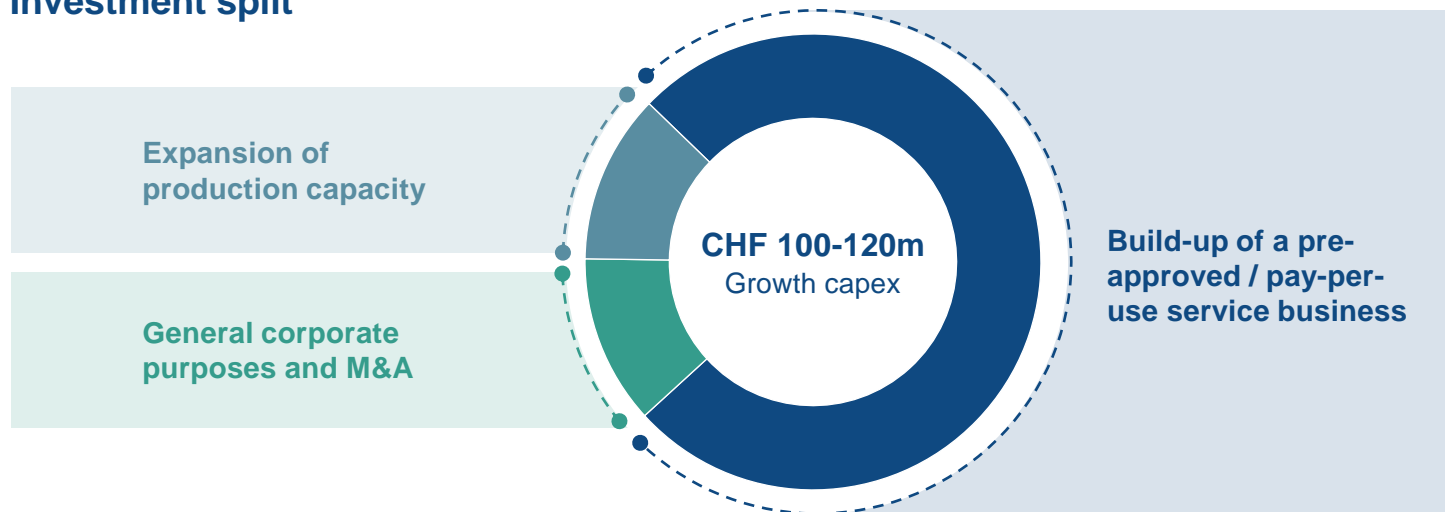
- Increasing, global product lifecycle support with expanding installed base of isolators
- Further development of innovative consumables (e.g. closed vials, transfer systems, filling kits)
- Additional service offerings of "pre-approved" solutions to help customers shorten time-to-market
- New financing models such as pay per use and off the shelf delivery

- Increased augmented reality service support to increase reaction time and reduce long distance travel
- Increased Virtual Reality design support
- Industry 4.0
  - Artificial Intelligence for preventive maintenance
  - "One button release" paperless GMP compliant documentation

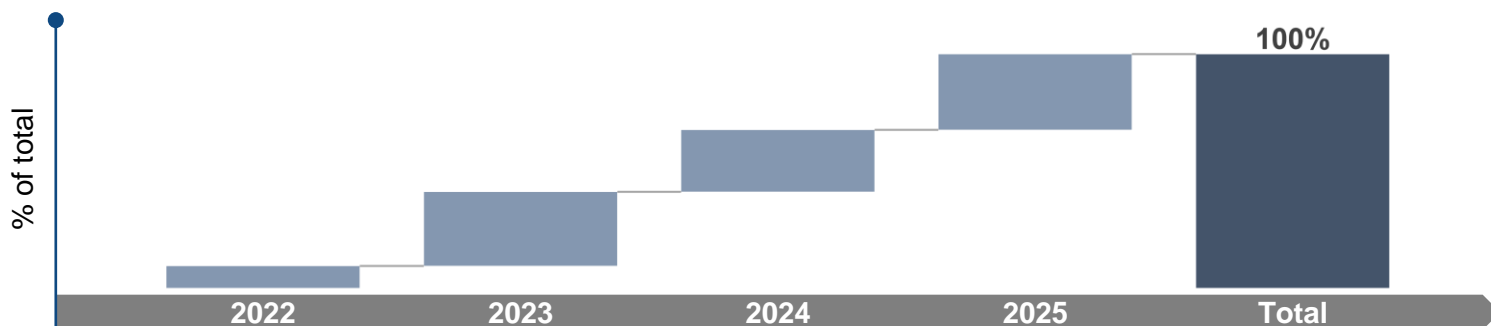
Business units

# SKAN is committed to invest significantly in its core business and in future growth

## Investment split



## Planned investments over the mid-term



- SKAN will use the **proceeds from the IPO as well as cash generated from operations** to
  - Expand the production capacity to strengthen the core business
  - Further build up of the company's services business
  - General corporate purposes and opportunistic M&A opportunities
- SKAN plans to invest into **pre-approved / pay-per-use service business**
- These pre-approved services are **expected to deliver attractive EBITDA margins of up to 50%**

**Together always  
one step ahead!**

**SKan**