



skan

# SKAN Group AG Presentation of the 2021 Financial Results

5 April 2022

# Disclaimer

THIS PRESENTATION AND ITS CONTENTS ARE CONFIDENTIAL AND ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES OF AMERICA, CANADA, AUSTRALIA, JAPAN OR ANY JURISDICTION WHERE SUCH DISTRIBUTION IS UNLAWFUL.

This presentation ( the "Presentation"), contains information regarding SKAN Group AG (the "Company") and each of its subsidiaries and affiliates (the "Group"). The information and opinions contained in this Presentation do not purport to be comprehensive and are provided as at the date of this Presentation or as of the date specified herein. Certain financial information (including percentages) in this Presentation may have been rounded according to commercial standards. As a result, the aggregate amounts may not correspond in all cases to the aggregated amounts of the underlying (unrounded) figures appearing elsewhere in this Presentation.

The financial information presented herein has been prepared in accordance with Swiss GAAP FER. Certain financial data included in this Presentation consists of non-Swiss GAAP FER financial measures. These non-Swiss GAAP FER financial measures may not be comparable to similarly titled measures presented by other companies, nor should they be construed as an alternative to other financial measures determined in accordance with Swiss GAAP FER. In addition, certain financial information contained herein has not been audited, confirmed or otherwise covered by a report by independent accountants and, as such, actual data could vary, possibly significantly, from the data set forth herein. None of the Company, the Group, and any other person is under any obligation to update or keep current the information contained in this Presentation or to correct any inaccuracies which may become apparent, and any opinions expressed herein are subject to change without notice.

Statements made in this Presentation may include forward-looking statements. These statements may be identified by the fact that they use words such as "anticipate", "estimate", "should", "expect", "guidance", "project", "intend", "plan", "believe", "will", "could" and/or other words and terms of similar meaning in connection with, among other things, any discussion of results of operations, financial condition, liquidity, prospects, growth, strategies or developments in the industry in which we operate. Such statements are based on management's current intentions, expectations or beliefs and involve inherent risks, assumptions and uncertainties, including factors that could delay, divert or change any of them. Forward-looking statements contained in this Presentation regarding trends or current activities should not be taken as a representation that such trends or activities will continue in the future. Actual outcomes, results and other future events may differ materially from those expressed or implied by the statements contained herein. Such differences may adversely affect the outcome and financial effects of the plans and events described herein and may result from, among other things, changes in economic, business, competitive, technological, strategic or regulatory factors and other factors affecting the business and operations of the company. Neither the Company nor any of their subsidiaries or affiliates are under any obligation, and each such entity expressly disclaims any such obligation, to update, revise or amend any forward-looking statements, whether as a result of new information, future events or otherwise.

Further, this Presentation may include market share and industry data obtained by the Company from industry publications and market surveys. The Company may not have access to the facts and assumptions underlying the numerical data, market data and other information extracted from public sources and neither the Company, the Group, nor any of their respective directors, officers, employees, shareholders, affiliates, agents and advisers are able to verify such information, and assume no responsibility for the correctness of any such information.

This Presentation does not constitute or form part of, and should not be construed as, an offer or invitation or inducement to subscribe for or otherwise acquire, any securities of the Company, nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of the Group, nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This Presentation does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Neither the Company nor any other member of the Group has registered or intends to register any securities under the Securities Act or the securities laws of any state or other jurisdiction of the United States.

THIS PRESENTATION IS NOT AN INVITATION TO PURCHASE SECURITIES OF THE COMPANY OR THE GROUP.

# Agenda

1. Overview of Business Year
2. Aseptic Technologies
3. Financial Results 2021
4. Outlook 2022
5. Questions and discussions

Thomas Huber (CEO)

Thomas Huber (CEO)

Burim Maraj (CFO)

Thomas Huber (CEO)

# Highlights of an outstanding and successful year

**Order Intake**  
in CHF million

**280.3**

+39%<sup>(1)</sup>

**Net Sales**  
in CHF million

**234.3**

+22%<sup>(1)</sup>

**EBITDA**  
in CHF million

**30.7**

+86%<sup>(1)</sup>

**EBITDA Margin**  
as % of Net Sales

**13.1**

+4.5pp<sup>(1, 2)</sup>

**Investments**  
in CHF million

**42.6**

+194%<sup>(1)</sup>

**Order Backlog**  
in CHF million

**226.1**

+28%<sup>(1)</sup>

Order intake, net sales and EBITDA reach new record levels; EBITDA margin meets target range.

Continued high investments in strategy implementation and expansion of production capacity.

SKAN successfully managed the impact of the COVID pandemic as well as delays in the supply chain.

Strong growth of the organization; exceeded the threshold of 1'000 employees for the first time and moved into new headquarters Allschwil.

Successful IPO and start of trading on SIX on 28 October 2021.

First Sustainability Report according to GRI standard is published.

Record order backlog and book-to-bill ratio at 1.2 provide good visibility.

Proposed dividend of CHF 0.24 per share.

# Both business segments performed well

in CHF m	2021	2020	Δ in %
<b>Equipment &amp; Solutions</b>			
Order intake	212.3	159.5	33%
Net sales	172.0	144.4	19%
EBITDA	16.1	6.5	148%
EBITDA margin	9.4%	4.5%	–
<b>Services &amp; Consumables</b>			
Order intake	68.0	41.6	64%
Net sales	58.0	47.3	23%
EBITDA	13.6	11.0	24%
EBITDA margin	23.5%	23.2%	–

## Equipment & Solutions

- Business driven by strong demand from customers for aseptic production capacities.
- COVID crisis further increased order intake for high-speed vaccine production lines; COVID effect not yet translated into sales.
- High success rate of offers means that market share was further expanded.

## Services & Consumables

- Business driven by life cycle support, spare parts and retrofit business based on the increasing installed base.
- Additional boost from commercialization of the 2nd product in closed vial technology.

# Good operational progress



- Organization was able to manage a double-digit organic growth.
- Delays in supply chain solved by changes in the manufacturing process. Critical components were ordered earlier to secure their availability.
- Product milestones in 2021: Launch of innovative Cellana isolator for cell and gene therapy; Red Dot Award for product design for skanfog spectra isolator.
- COVID related air travel restrictions boosted digitization. Instead of on-site, SKAN supported customers remotely through augmented and virtual reality.
- Expansion of production capacity continued at high cadence: Move to new headquarter in July 2021, doubled capacities in Stein went into operation beginning of April, doubled capacities in Görlitz will follow in June 2022.
- In the USA, local competencies were built up so that the organization is closer to customers and can handle a broader range of tasks.



# Strong and growing global footprint

## Allschwil CH

### Headquarters / production sites

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



## Stein CH

### Production site

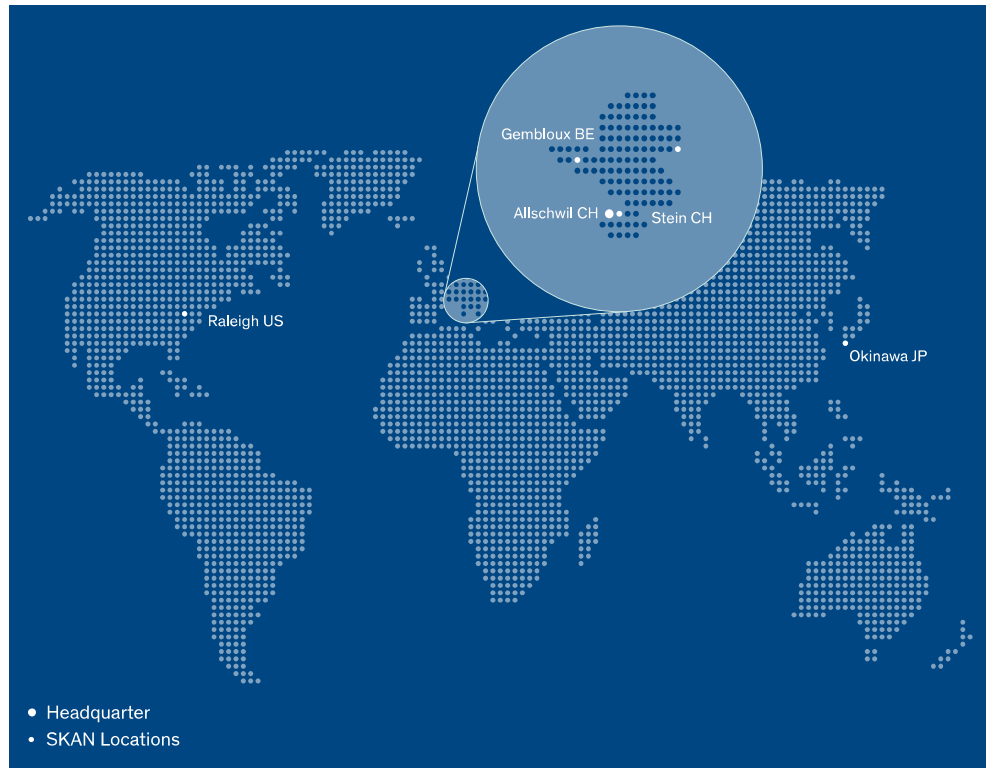
- Prototype construction, steelwork, E-Beam competence
- Approx. 3,320 m<sup>2</sup>
- 78 employees



## Görlitz DE

### Production site

- Focus: Steelwork, production, assembly, qualification
- Approx. 8,900 m<sup>2</sup>
- 227 employees



## Gembloux BE

### Production site / AT

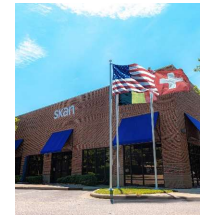
- Aseptic Filling equipment (Closed Vial® Technology)
- Approx. 3,590 m<sup>2</sup>
- 35 employees



## Raleigh US

### Sales & services office

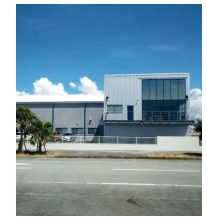
- Sales and life cycle support Americas
- Approx. 1,200 m<sup>2</sup>
- 55 employees



## Okinawa JP

### Production site

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



# Agenda

1. Overview of Business Year
2. Aseptic Technologies
3. Financial Results 2021
4. Outlook 2022
5. Questions and discussions

Thomas Huber (CEO)

Thomas Huber (CEO)

Burim Maraj (CFO)

Thomas Huber (CEO)

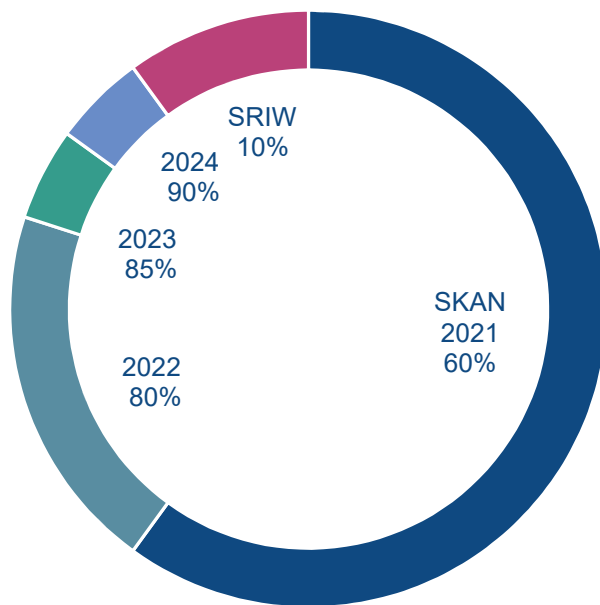


# Aseptic Technologies of strategic importance for SKAN



- Aseptic Technologies (AT) is a subsidiary of SKAN located in Gembloux, Belgium.
- AT provides automated, robot-assisted process solutions for closed vials (Crystal Closed Vial Technology) for applications in cell and gene therapy.
- AT made good progress in 2021 with another drug using the closed vial process going into commercial production.
- Besides the sale of the production equipment this increases the demand for ready-to-fill closed vials and has a positive impact on the Services & Consumables segment.
- AT has a promising pipeline with 300 compounds in research and clinical trials, 17 of which are in the third and thus final phase of development before market approval.

# SKAN increases stake in Aseptic Technologies to 90%



On April 4<sup>th</sup>, 2022, SKAN signed a share purchase agreement with S.R.I.W. Société Régionale d'Investissement de Wallonie to acquire another 30% of the shares to finally own 90% of AT shares.

The deal is split in 3 tranches (20% in 2022, 5% in 2023, 5% in 2024).

S.R.I.W. will remain a 10% shareholder in Aseptic Technologies and continues to support the company alongside SKAN, in the build-up of a new production site in Belgium, together with a Belgian company specializing in plastic injection molding.

With this transaction SKAN is continuing to strengthen its Services and Consumables Business stream, fully in line with our long-term strategy.

# Agenda

1. Overview of Business Year
2. Aseptic Technologies
3. **Financial Results 2021**
4. Outlook 2022
5. Questions and discussions

Thomas Huber (CEO)

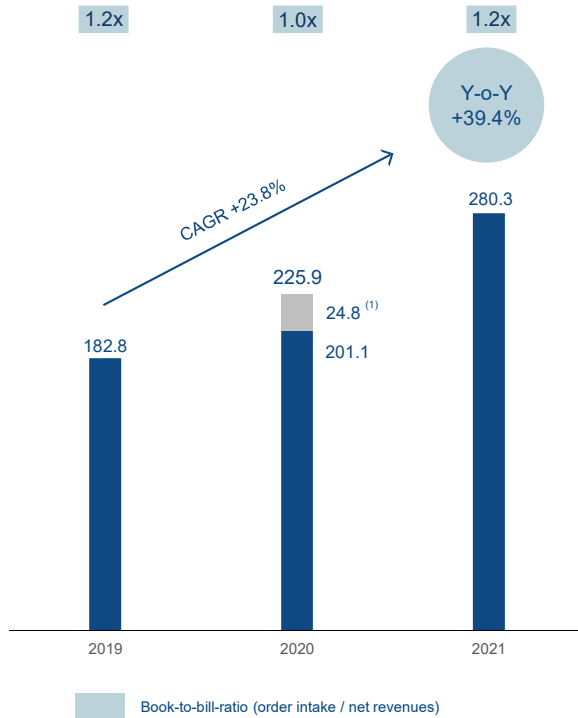
Thomas Huber (CEO)

**Burim Maraj (CFO)**

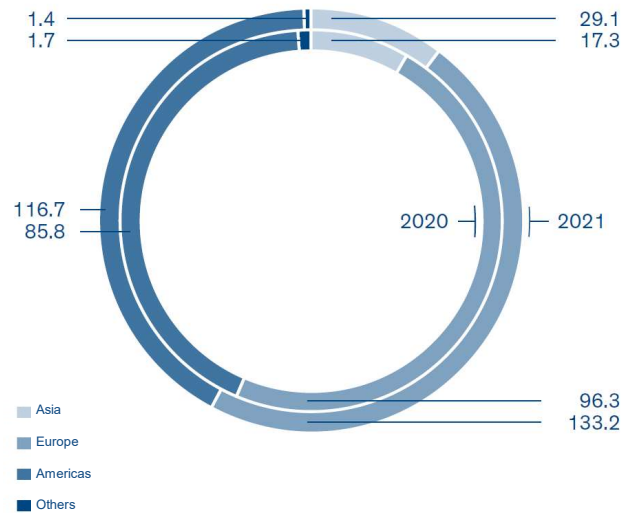
Thomas Huber (CEO)

# Sustained order intake momentum

Order intake  
(CHFm)



Order intake by regions  
(CHFm)

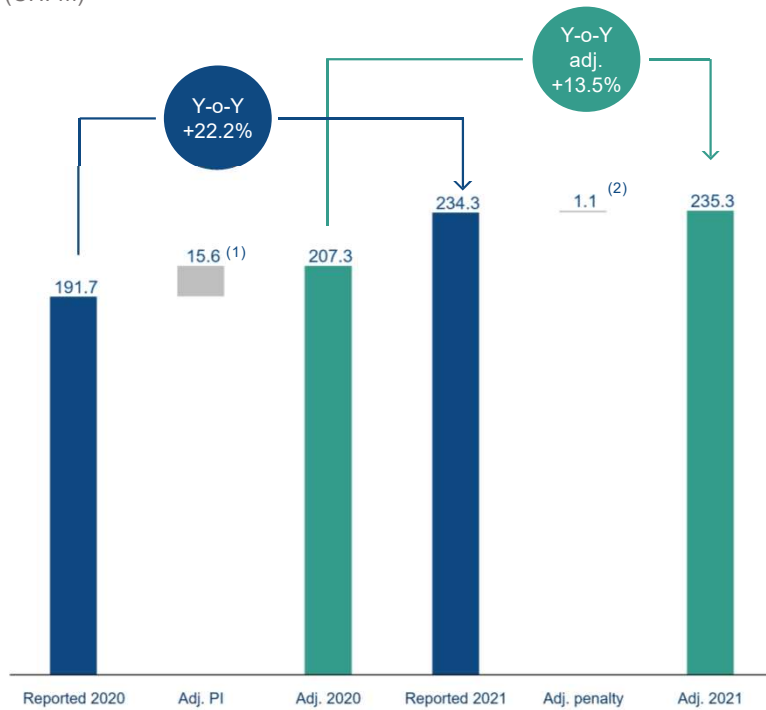


## Comments

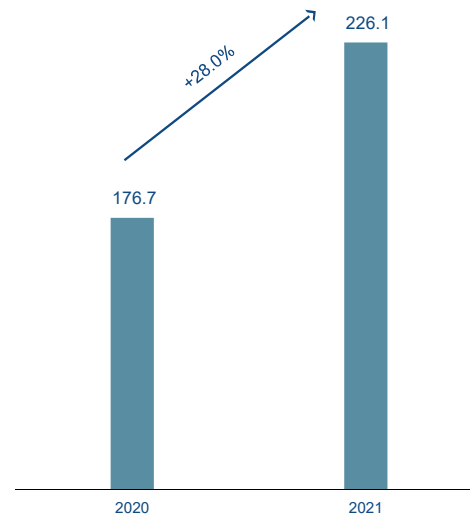
- Order intake grew by **+39.4% y-o-y**
- Sustained order intake momentum with solid book-to-bill ratio, reflecting strong market momentum
- On top of the generally strong demand for sterile filling solutions for the (bio)pharmaceutical industry, COVID triggered orders for high-speed vaccine filling lines
- All business units contributed to the strong growth
- Europe (48%) and Americas (42%) remain the main markets. Asia increased from 8.6% to 10.4% of the total value
- SKAN was once again able to significantly increase the closing rate of offers, especially in the second half year

# Above market growth and high top-line visibility

## Net sales (CHFm)



## Order backlog (CHFm)



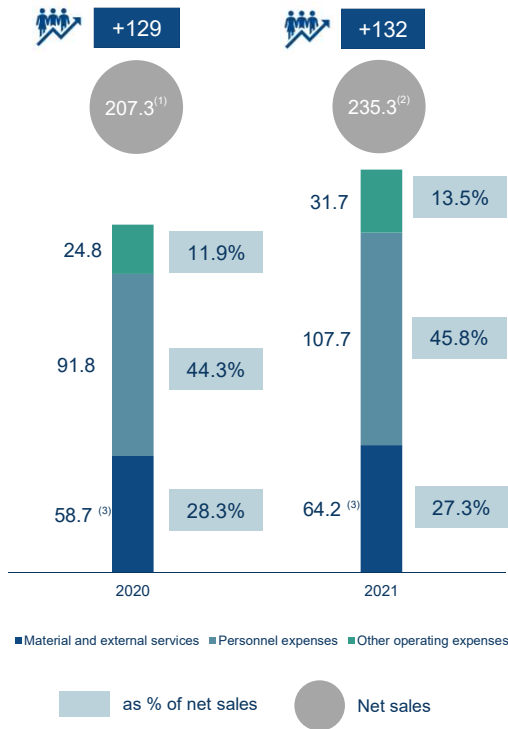
## Comments

- **Net sales grew by +22.2% y-o-y**
- Net sales 2021 include the extraordinary penalty payment of CHF 1.1m with regards to the sale of Pharma Integration
- All business units contributed to the strong growth; in particular driven by standardized isolators but also by Life Cycle Support and Aseptic Technologies
- 62 customer projects completed
- Future top-line visibility is further substantiated by **record order backlog of CHF 226.1m**

# Cost management and margin development

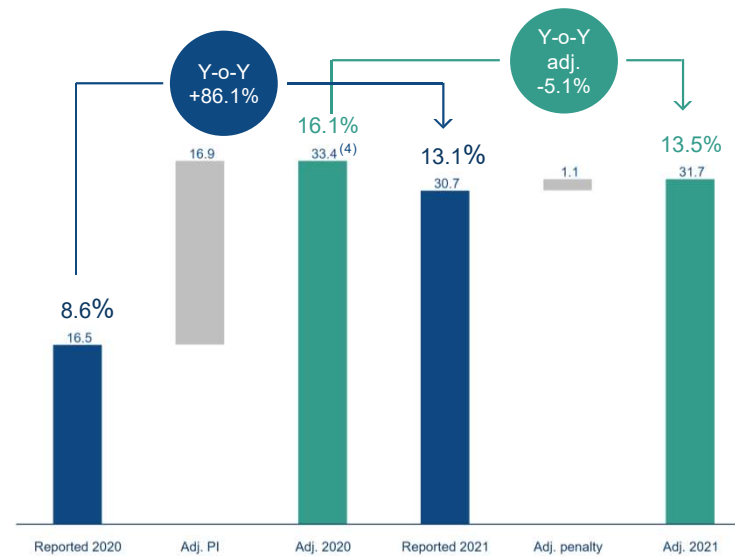
## Expenses

(CHFm)



## EBITDA

(CHFm and margin in %)



## Comments

**EBITDA margin reported with 13.1% and adjusted 13.5%, both within the guidance**

Ramp-up of personnel impacted profitability in 2021 to **support future growth**: beside lag-time in productivity (training, onboarding) also the full cost allocation of the previous year hires impacted the margins

Other operating expenses increased y-o-y mainly driven by travel expenses, rental cost (overlapping rental cost & new HQ) and also administrative and ICT cost related to the increased resources

The relatively low share of material and external services in % of net sales is due to various projects that were in the completion phase which does not trigger high material cost

Overall, more complicated conditions in the supply chain had no significant impact on the figures in 2021

Note: Rounding differences may occur.

(1) 2020 figures adjusted (CHF 15.6m) for discontinued operations in Process Automation (Pharma Integration)

(2) EUR 1.0m (CHF 1.1m) penalty for cancellation of one project related to the sale of Pharma Integration

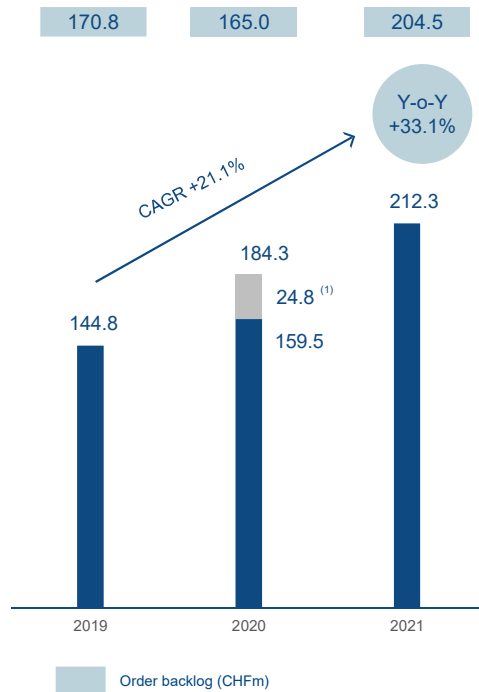
(3) Less change in inventory of finished, unfinished goods and work in progress

(4) The difference of EBITDA from CHF 34.4 in the analyst presentation to CHF 33.4 million are costs of ex. BV Holding AG

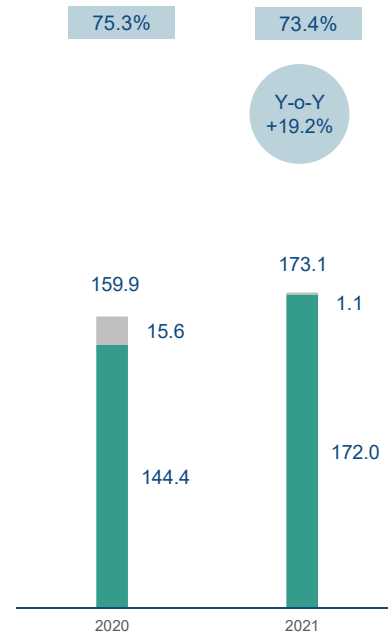


# Segment Equipment & Solutions (E&S)

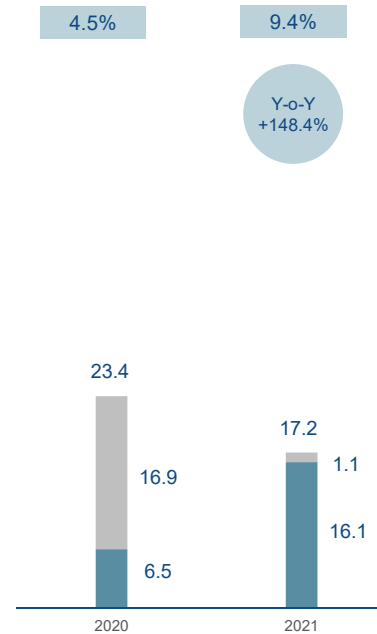
## Order intake (CHFm)



## Net sales<sup>(2)(3)</sup> (CHFm and as of % of total net sales)



## EBITDA<sup>(2)(3)</sup> (CHFm and margin in %)



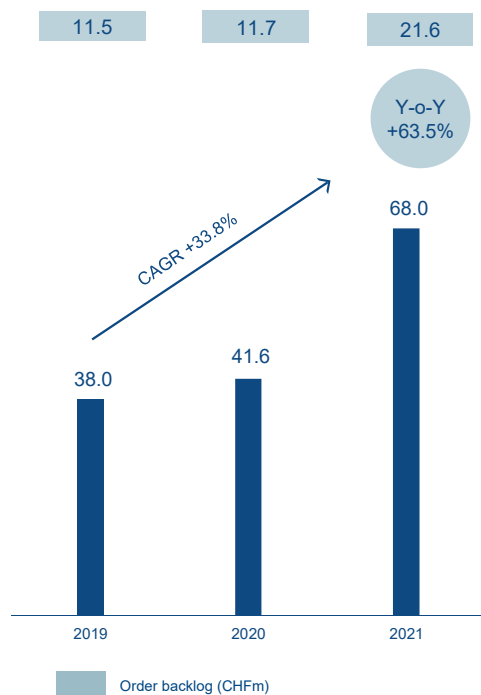
## Comments

- Order intake growth in E&S primarily driven by customized projects (+57.3% y-o-y)
- Strong growth also in trading business (>76.7% order intake y-o-y) due to several large Laboratory orders
- Net sales growth driven by 42 completed standardized isolators (+29.0% y-o-y)
- Total 62 completed customer projects, which secure recurring revenues in S&C segment going forward
- Aseptic Technologies contributed also with 69 sold M1 machines
- Adj. EBITDA-Margin decrease due to ramp-up of resources and also allocation of directly expensed R&D cost

# Segment Services & Consumables (S&C)

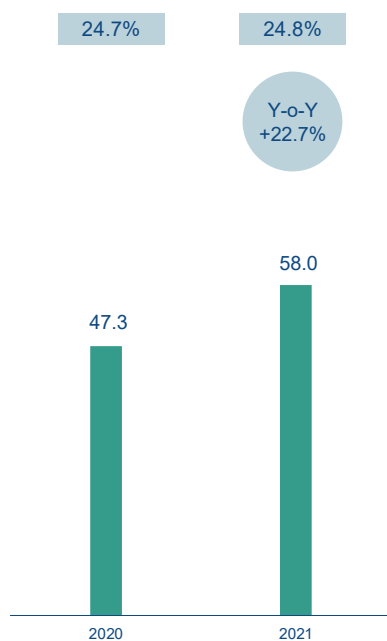
## Order intake

(CHFm)



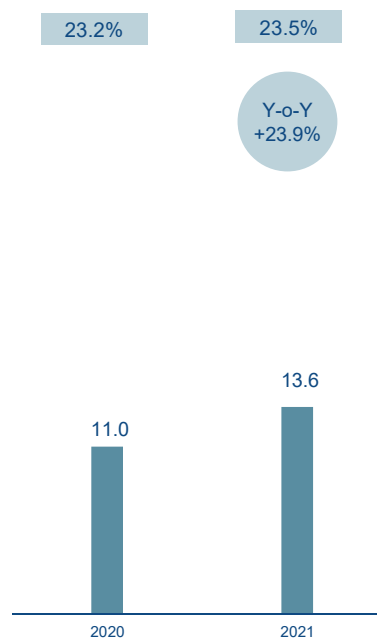
## Net sales

(CHFm and as of % of total net sales)



## EBITDA

(CHFm and margin in %)

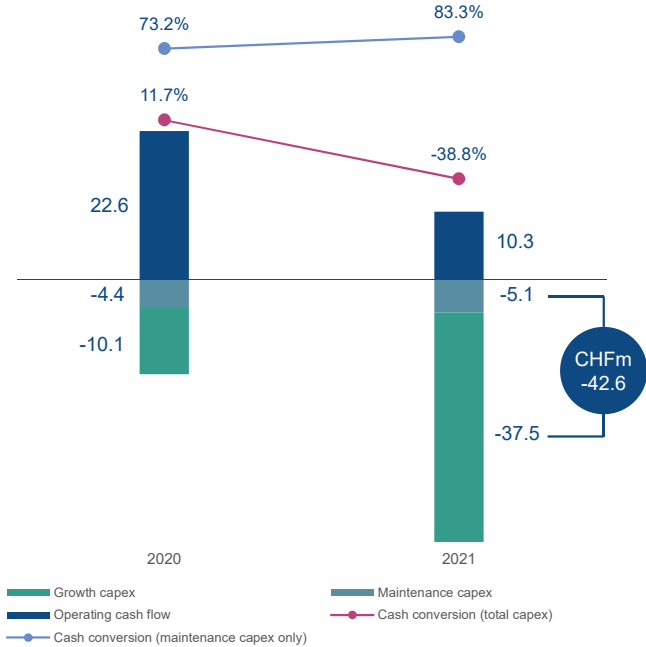


## Comments

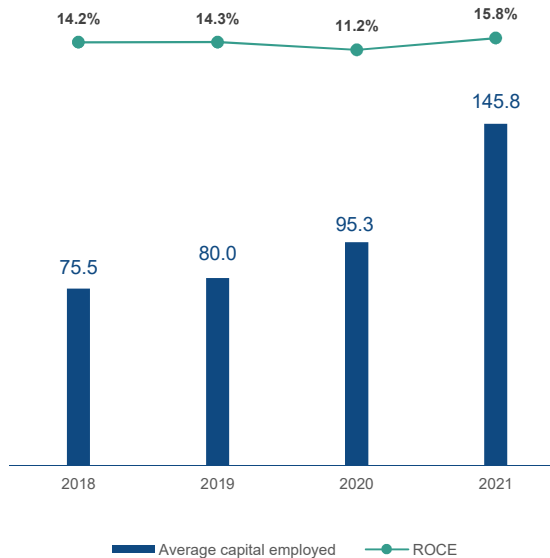
- Increased installed base triggered (re-)qualification services and parts business
- Major “Retrofit” orders contributed to the growth and margin improvements
- Additional momentum in order intake and net sales by commercialization of the 2<sup>nd</sup> product in our closed vials technology
- Net sales growth (+22.7%) below growth in order intake due to the work in progress “Retrofit” and PM orders, which will be invoiced after completion. This increased order backlog to 21.6m
- EBITDA-Margin improvement to 23.5% despite to ramp-up of service resources

# Strong ROCE despite significant growth capex

**Cash flow and conversion rate <sup>(1)</sup>**  
(CHFm and cash conversion in %)



**Return on capital employed <sup>(2)</sup>**  
(CHFm and in %)



## Comments

- Operating cash flow impacted by reversal of provisions/inventory etc. of c. CHF 15m for projects in relation to the discontinued activities of Pharma integration
- Increased inventory and decreased pre-payments from customers in 2021 mainly drove the negative development of the operating cash flow y-o-y
- Negative NWC of CHF -8.1m as of end 2021 will decrease significantly due to the currently outstanding advance payments for the project business
- Significant growth capex of CHF 37.5m (in HQ, Görlitz and Stein) leads to a ROCE of 15.8%
- Growth capex below guidance; shift into 2022
- Maintenance capex with 2.2% of net sales below guidance

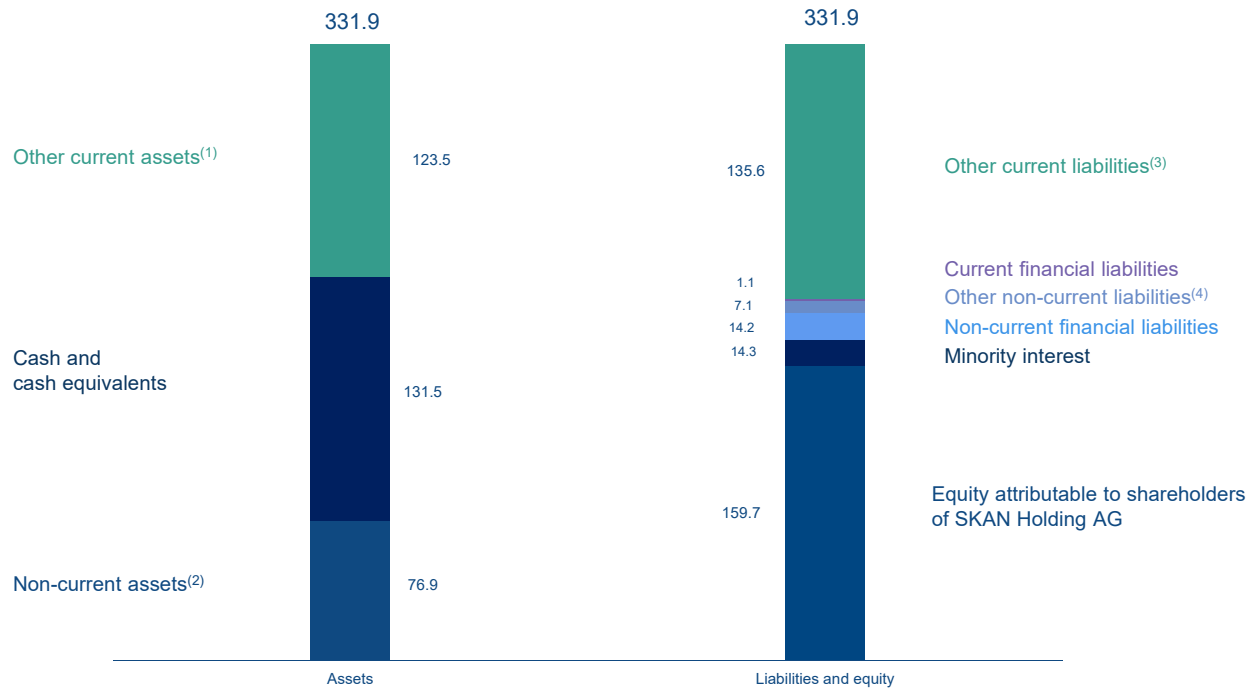
Note: Rounding differences may occur.

(1) Cash conversion defined as (EBITDA – capex) / EBITDA. Capex includes the acquisition of property, plant & equipment as well as intangible assets.

(2) Defined as EBIT / (Average Total Assets – Average Short-term Liabilities).

# Strong balance sheet & finance structure

## Balance sheet as of 31 Dec 2021 (CHFm)



## Comments

- High liquidity and only limited financial debt lead to a **net cash position of CHF 116.2m** as of 31. Dec 2021
- Primary proceed from IPO of c. CHF 90m
- Non-current financial debt comprises loans and borrowings with banks (CHF 13.9m) as well as lease liabilities (CHF 0.3m) and increased due to loans for investment in Stein and Görlitz by CHF 7.5m
- Equity ratio increased from 31.8% to 52.4% mainly driven by primary proceeds
- Minority interest primarily attributable to share capital of Aseptic Technologies S.A. not owned by SKAN (39.79%)

Note: Rounding differences may occur.

(1) Includes trade receivables, other current receivables, inventories, work in progress and prepayments & accrued income.

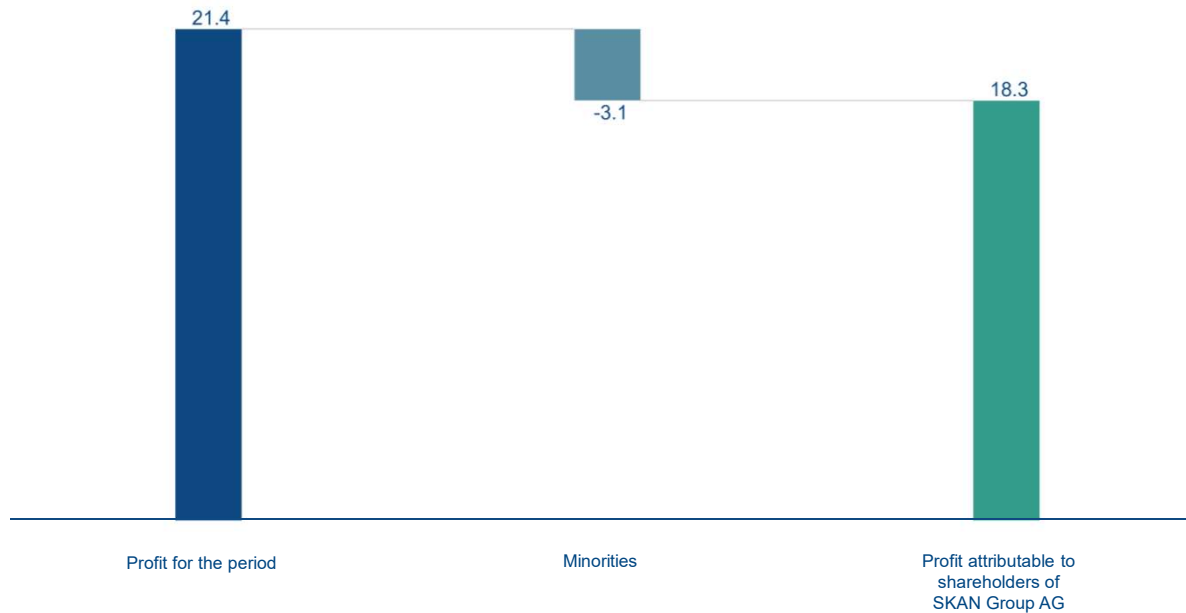
(2) Includes property, plant and equipment, financial assets and intangible assets.

(3) Includes trade payables, advance payments from customers, other current liabilities, current provisions, and accrued liabilities & deferred income.

(4) Includes other non-current liabilities, deferred tax liabilities and non-current provisions.

# Dividend proposal

## Calculation of the basis for dividend proposal (CHFm)



## Comments

- Profit calculated as if the former SKAN Holding AG shareholders have been shareholders of SKAN Group AG since the beginning of 2021
- Deduction of minorities in Aseptic Technologies and SKAN JP of total CHF -3.1m
- **Proposed dividend of CHF 0.24/share**
- Distribution of CHF 5.4 Mio.
- Payout ratio of 30% of 2021 profit which is in line with dividend policy

# 2021 — At a glance

skan





# Agenda

1. Overview of Business Year
2. Aseptic Technologies
3. Financial Results 2021
4. **Outlook 2022**
5. Questions and discussions

Thomas Huber (CEO)

Thomas Huber (CEO)

Burim Maraj (CFO)

**Thomas Huber (CEO)**

# Market and business outlook

## General development of market trends:

- Market growth expected to remain high in the coming years. Development of the (bio)pharmaceutical industry and shift towards the superior isolator technology as main drivers.
- SKAN continues to increase market share versus competitors.
- Further increase of order backlog in the first three months of 2022 and good project pipeline ensures growth and high-capacity utilization well into 2023 and 2024.
- Bottlenecks in the supply chain are likely to persist. Long lead times and adapted manufacturing processes guarantee that SKAN maintains a high level of delivery readiness. However, SKAN also increased the stock of critical components and raw materials.
- SKAN has made price adjustments to account for the high level of raw material prices as well as energy and logistics costs.

# SKAN resilient to current crisis

## No major impact by current “international crisis” on SKAN:

### → Ukraine

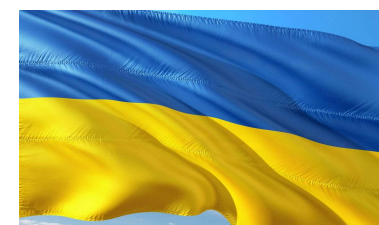
SKAN has no direct material exposure to Ukraine, Russia or Belarus, and is not impacted by sanctions or potential loss of markets. Although the global impact on energy cost will impact the price policy of SKAN.

### → EUR – CHF parity

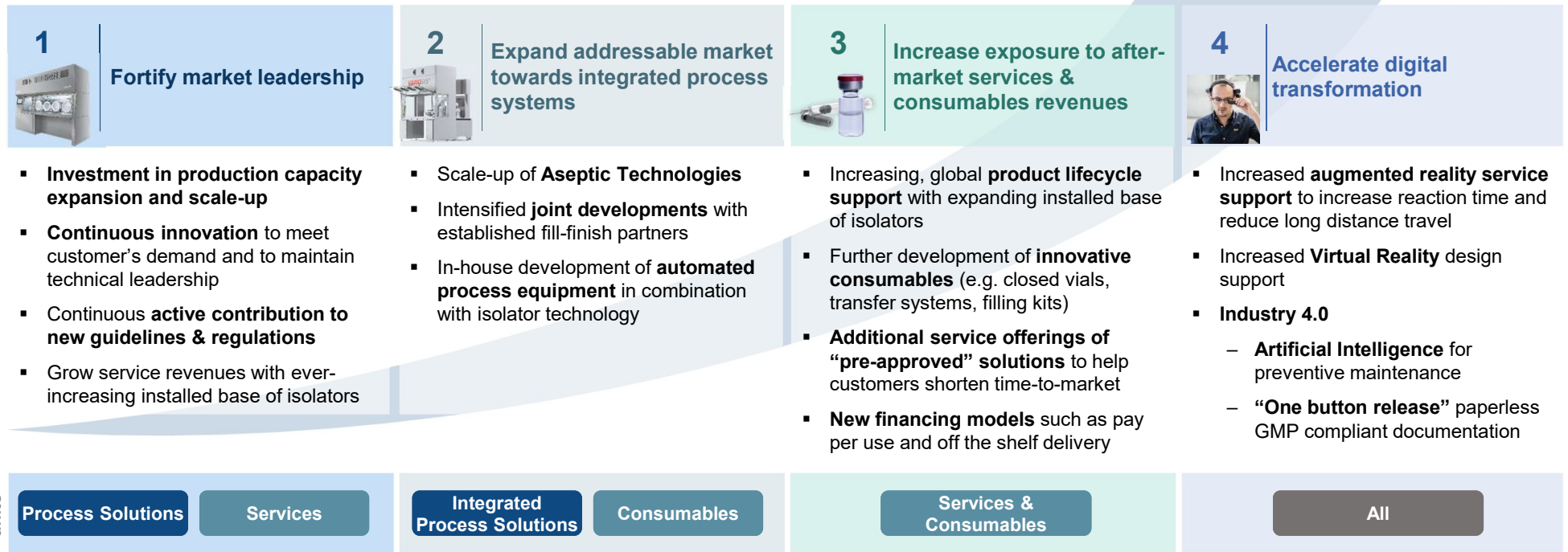
SKAN has started to develop countermeasures since 2015, today natural hedge, fabrication in EUR countries and market- and technology leadership minimize a potential negative impact.

### → COVID

Thankfully the COVID crisis becomes less restrictive. During the crisis SKAN was able to realize a big step forward in Digitalization and is still profiting from the “reshoring investment activities” in North America and Western Europe. Material shortages and limited logistic capacities are an issue and impact production efficiency.



# SKAN Group's growth strategy



# Priorities in 2022



1	2	3	4
 <p><b>Fortify market leadership</b></p>	 <p><b>Expand addressable market towards integrated process systems</b></p>	 <p><b>Increase exposure to after-market services &amp; consumables revenues</b></p>	 <p><b>Accelerate digital transformation</b></p>
<ul style="list-style-type: none"> <li>▪ New, state of the art products have been launched to the market and will start to make an impact</li> <li>▪ cGMP Annex 1 compliance has been further improved</li> <li>▪ A very solid project pipeline ensures growth and pushes modularisation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cell&amp;Gene technology continues to gain market share</li> <li>▪ SKAN is expanding stake in AT and is continuing to support growth initiatives</li> <li>▪ Partnership with established Technology Partners has been intensified and focusses on modularization and shorter lead times</li> <li>▪ Inhouse automation is continuously progressing and will reach major milestones in 2022</li> </ul>	<ul style="list-style-type: none"> <li>▪ Product lifecycle support is continuously growing and supported by SKAN Academy and the decentralization of competencies to SKAN hubs.</li> <li>▪ Increasing the stake in AT strengthens consumables in SKAN Group</li> <li>▪ Pre-approved solutions concept have been defined, partners are on board and realization has started</li> </ul>	<ul style="list-style-type: none"> <li>▪ Virtual customer support is applied globally</li> <li>▪ Digital connectivity of SKAN equipment has been standardized and will be rolled out on all equipment</li> <li>▪ One button release, conceptual stage completed, and realization will be started</li> </ul>
<p><b>Process Solutions</b>   <b>Services</b></p>	<p><b>Integrated Process Solutions</b>   <b>Consumables</b></p>	<p><b>Services &amp; Consumables</b></p>	<p><b>All</b></p>

Business units

# Guidance

## Metric

## 2022 Targets <sup>(1)</sup>

## Mid-Term Outlook

**Group net revenue growth**

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

Mid- to upper teens



Mid- to upper teens



**EBITDA margin**

13 - 15%

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



# Agenda

1. Overview of Business Year
2. Aseptic Technologies
3. Financial Results 2021
4. Outlook 2022
5. Questions and discussions

Thomas Huber (CEO)

Thomas Huber (CEO)

Burim Maraj (CFO)

Thomas Huber (CEO)

**Together always  
one step ahead!**

**SKAN**