

The background of the slide is a close-up photograph of a laboratory setting. It features several pipettes in the foreground, angled downwards, with their tips positioned over a multi-well microplate. The scene is bathed in a cool blue light, and the focus is sharp on the pipettes and the wells they are about to fill. The overall aesthetic is clean, professional, and scientific.

skan

SKAN Group AG
Presentation of the HY 2024 Financial Results

20 August 2024

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Agenda

1. Overview of HY 2024
2. Financial Results HY 2024
3. Outlook 2024
4. Questions and discussions

Thomas Huber (CEO)

Burim Maraj (CFO)

Thomas Huber (CEO)

Highlights of the first half year

Order Intake
in CHF million

177.2

+1.1%⁽¹⁾

Net Sales
in CHF million

163.7

+17.2%⁽¹⁾

EBITDA
in CHF million

21.5

+15.7%⁽¹⁾

EBITDA-Margin
as % of Net Sales

13.1

-0.2pp^(1, 3)

Investments
in CHF million

22.2

+118.5%⁽¹⁾

Order Backlog
in CHF million

328.0

+5.1%⁽²⁾

- High order backlog and book-to-bill ratio at 1.1 provide good visibility.
- Solid order intake, slightly more than previous year but well above second half of 2023. Order pipeline remains well-filled.
- Double digit net sales growth within guidance. At constant exchange rates (CER), growth exceeds guidance with 20.7%.
- EBITDA significantly increased compared to the same period last year. EBITDA-Margin within guidance.
- EBIT increased from CHF 12.4 million to CHF 15.2 million.
- Total investments of CHF 22.2 million mainly related to Pre-Approved Services project.

Both segments progressing well



Equipment & Solutions






















- Strategic initiatives driven forward to develop integrated process systems and to increase the level of equipment standardization. SKAN spent once again around 8 percent of sales on these initiatives as well as on general R&D.
- Both projects are developing according to plan. SKAN has set up a dedicated team for the standardization initiative, which is working with our partners to drive forward the standardization of processes and components.

Services & Consumables

- Segment grows dynamically and increases margins – in line with the strategy.
- Stake in Aseptic Technologies increased by 5 percent to 90 percent in June.
- Good progress with Pre-Approved Services project, which will contribute to the expansion of the services business in the future. The building has been completed and in August the filling equipment were brought in.

New drugs increase consumption of AT-Closed Vial®

Seven AT filled drugs on the market:

Customer	Product area	Phase
 Daiichi-Sankyo	DELYTACT®: Oncolytic virotherapy for brain cancer	 
 Boehringer Ingelheim	ARTI-CELL® FORTE: Cartilage repair for veterinary applications	 
 Janssen Oncology LEGEND BIOTECH	CARVYKTI™: Lentivirus used for the production of a drug against multiple myeloma	 
 ATARA BIO	EBVALLO™: Monotherapy for the treatment of Epstein-Barr virus	 
 Krystal	VYJUVEK™: Treatment of wounds in patients with dystrophic epidermolysis bullosa in collagen type VII alpha 1 chain gene	 
 VERTEX CRISPR THERAPEUTICS	CASGEVY™: Therapy for the treatment of sickle cell disease and transfusion-dependent Beta Thalassemia	 
 Pfizer	BEQVEZ™ / DURVEQTIX®: Therapy to treat Hemophilia B	 

→ Besides the expansion of the installed base of SKAN equipment, which requires maintenance, requalification and spare parts, the volume in the Services & Consumables segment was driven by higher sales of AT-Closed Vial® and associated disposable products.

→ This confirms the expectation that the commercialization of new drugs increases the consumption of AT-Closed Vial®.

→ **Today, 7 in AT vials filled drugs are on the market which received 16 approvals by 6 major health authorities**, including FDA, MHRA and EMA (31.12.2023: 7 drugs with 14 approvals).

→ The development pipeline of drugs in AT-Closed Vial® is likely to be in the region of 450 active ingredients.

→ Besides the sale of ready-to-fill closed vials and disposable products also the demand for AT production equipment increases.

Explanation of abbreviations:

FDA: Food and Drug Administration

MHRA: Medicines and Healthcare products Regulatory Agency

EMA: European Medicines Agency

Pre-Approved Services well on track

- With its **Pre-Approved Services**, SKAN will offer customers the possibility to **carry out their stability tests on our systems**.
- This will allow our customers to **shorten the time-to-market for a new drug significantly**.
- Investments in Pre-Approved Services to continue throughout 2025.
- Furthermore, we expect regulatory approval of Pre-Approved Services by the End of 2025.

Key data

- **Equipment:**
At start: filling equipment with potential to expand
At full capacity: a wide range of products can be handled
- **Commercial use:**
Q1/2026E: Start of commercial use with successive increase in capacity utilization over several years until full capacity is reached
- **Volume and return:**
Expected sales volume at full capacity: CHF 50 million
Expected return: EBITDA margin of up to 50%



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Thomas Huber (CEO)

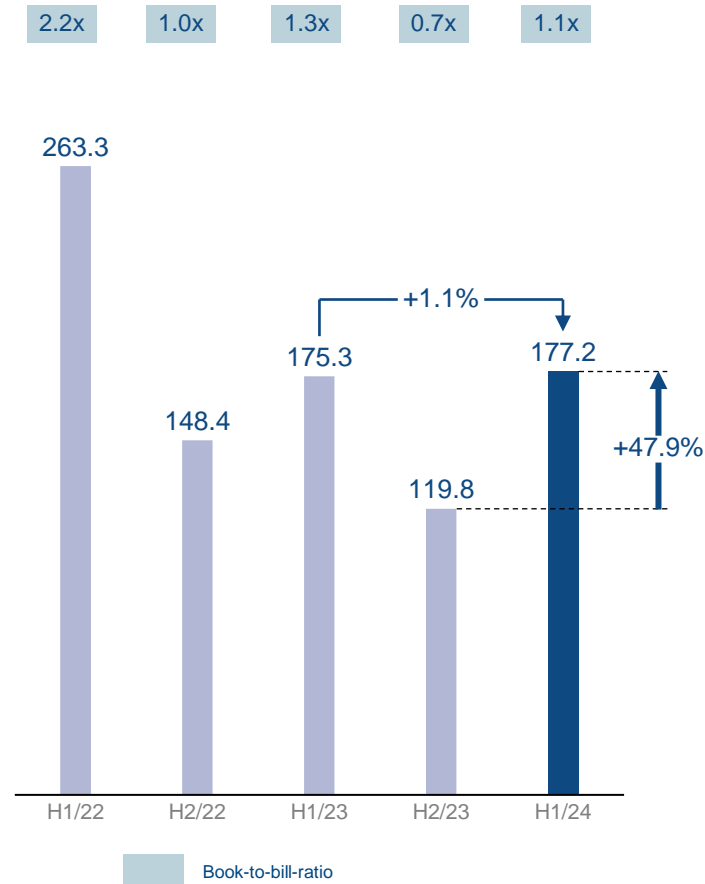
Burim Maraj (CFO)

Thomas Huber (CEO)

Order intake momentum has normalized at a good level

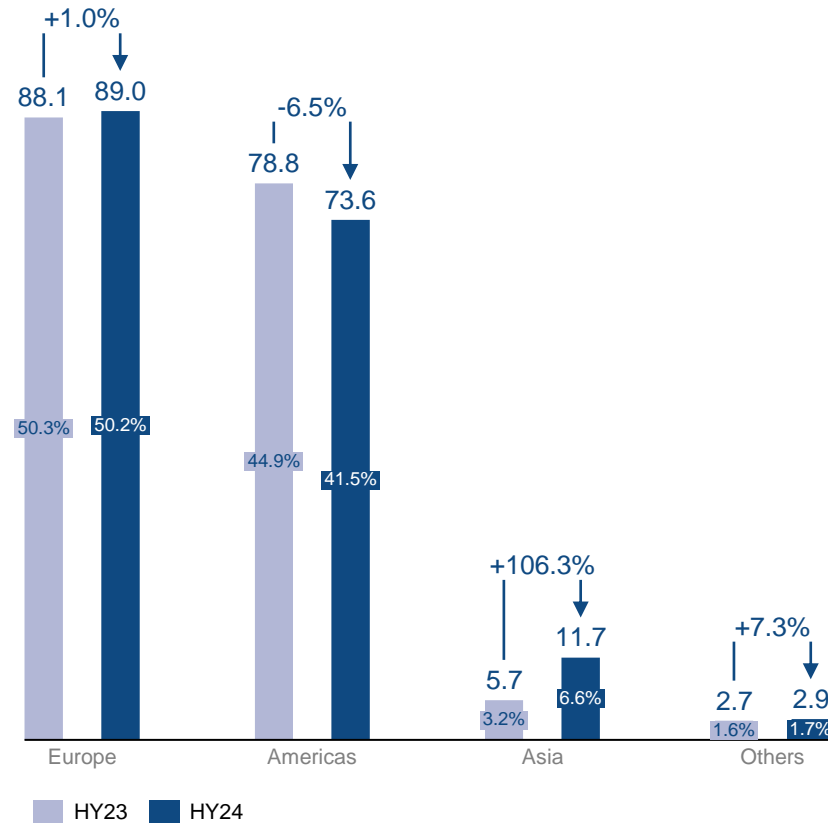
Order intake

(CHFm and Δ in%)



Order intake by regions

(CHFm and Δ in%)



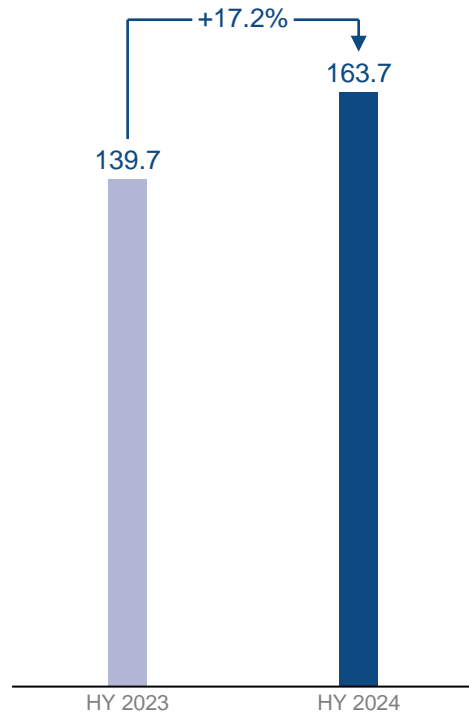
Comments

- Order intake is in line with our expectations.
- With a **book-to-bill ratio of 1.1x**, visibility for net sales development remains very good.
- Order **pipeline increased in the first months** of the year and is well-filled.
- Europe (50.2%) and Americas (41.5%) remain the main markets with a **strong catch-up in Americas compared to second half of 2023**.
- Asian market with 6.6% remains at a low level of the total volume, with fluctuations caused by a few larger individual orders.
- Importantly, the SKAN Group remains excellently positioned in the market thanks to its reputation, the quality and innovative nature of its systems and its unique process expertise.

Robust growth in net sales and solid order backlog

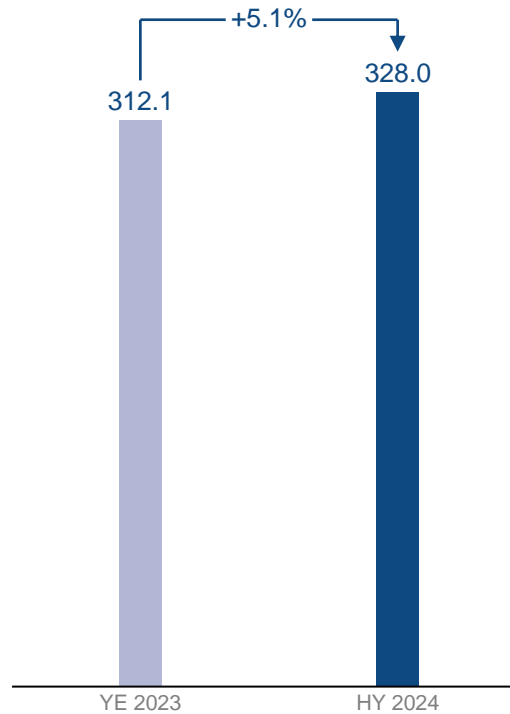
Net sales

(CHFm and Δ in%)



Order backlog

(CHFm and Δ in%)



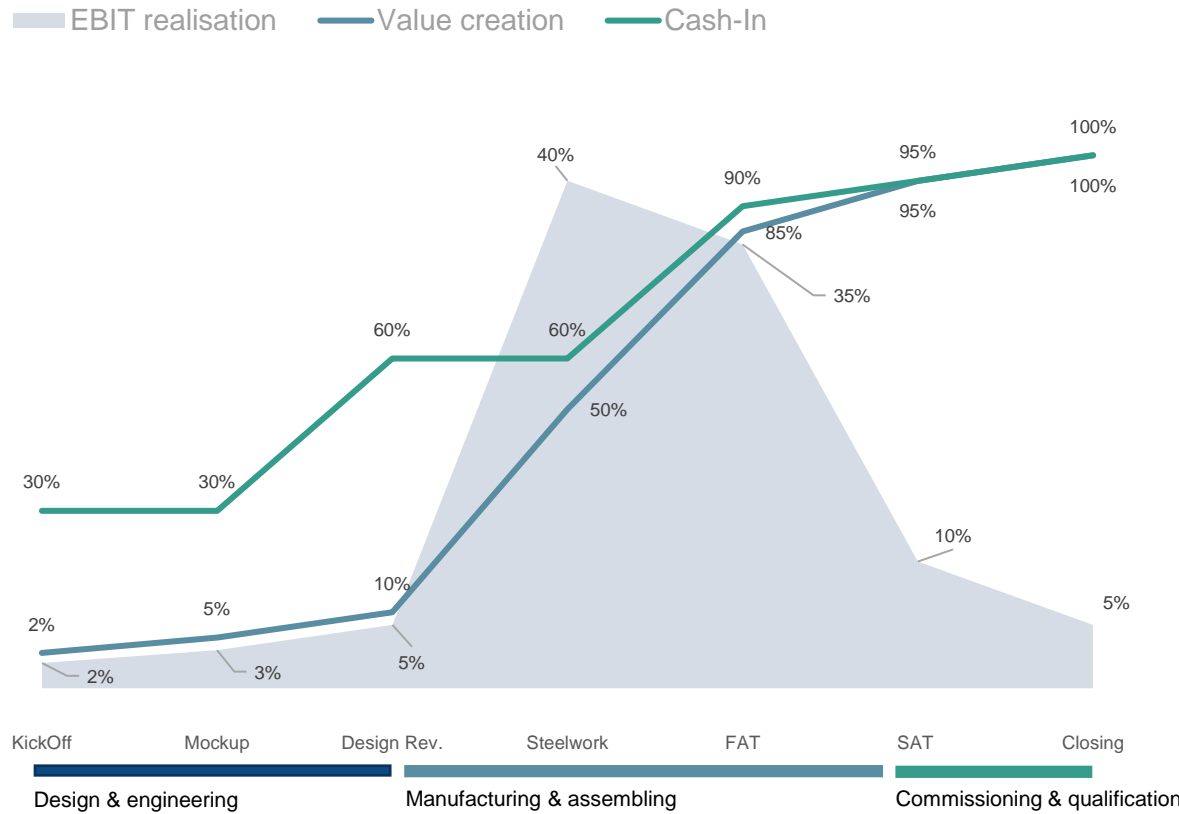
Comments

- Net sales grew by **+17.2% y-o-y**.
- At constant exchange rates (CER), **growth exceeds guidance with 20.7%**.
- Both segments contributed to growth, with S&C growing faster with 18.9% than E&S with 16.6%.
- The order backlog increased to a solid volume of **CHF 328.0m, providing SKAN with a solid foundation for planning and ensuring stability in our equipment business for more than one year.**

SKAN's project business characterized by non-linearity of value creation and cash-in

General value creation structure

(in % per project milestone)



- **Cash-in through advance payments from customers** at the beginning of a project and at milestones (start of manufacturing, factory acceptance test, site acceptance test, project completion).
- **Net sales and EBIT recognition is closely linked to value creation** based on project progress using the cost-to-cost PoC method.
- During the design & development phase, value added is low and accordingly net sales and EBIT are also lower. **During value-added manufacturing & assembly, the net sales and EBIT curve rises steeply**, while it flattens out again towards the end of a project.

Margin within the target corridor of the guidance

Expenses

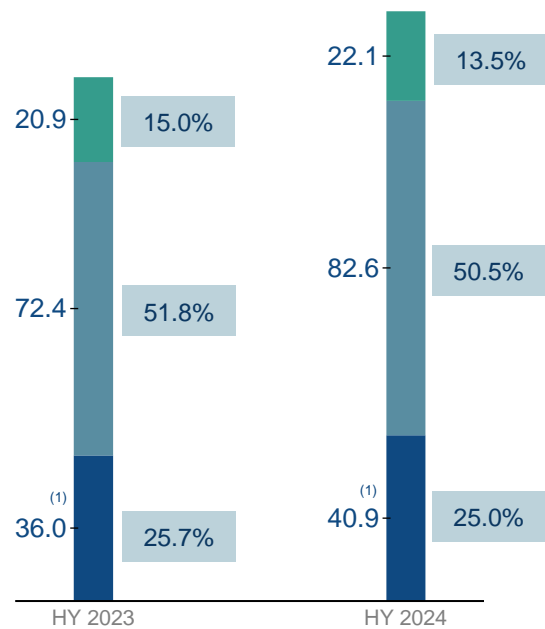
(CHFm)



+97



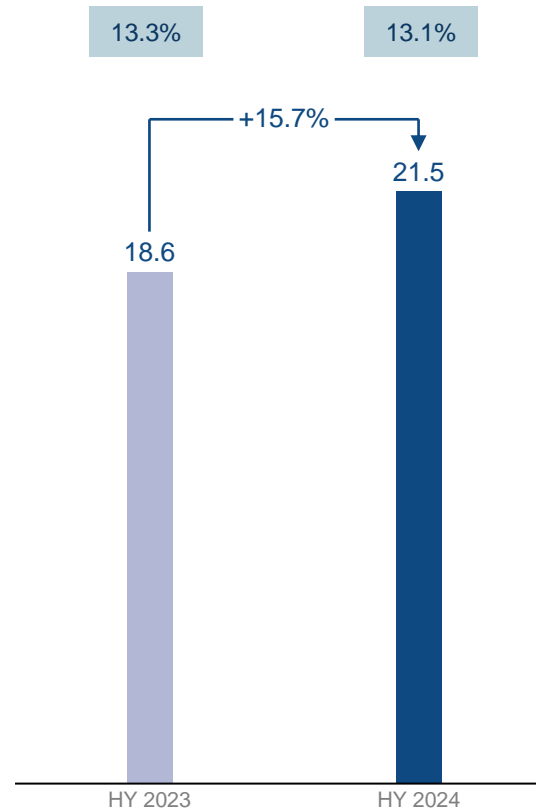
+31



■ Material and external services
 ■ Personnel expenses
 ■ Other operating expenses
 ■ as % of net sales

EBITDA

(CHFm and margin in %)



Comments

→ EBITDA grew 15.7% to CHF 21.5m, corresponding to an EBITDA margin of 13.1%.

Following factors impacted the margin:

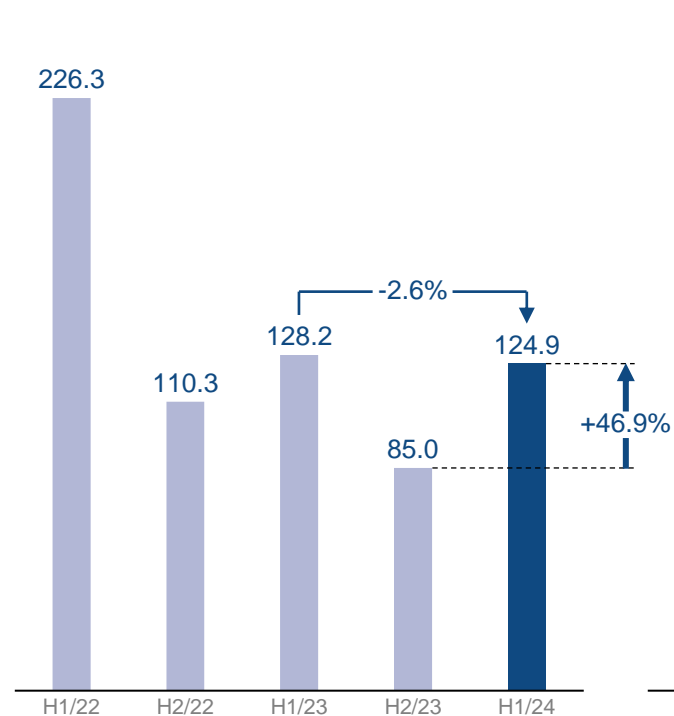
- Many projects were in the early design or the completion phase in HY 2024.
- Following the significant expansion of 216 employees last year, 31 more were added in the first half of this year to support continued growth.
- Expansions in Görlitz and Stein enabled further in-sourcing and thus to reduce material intensity from 25.7% to 25.0%.
- Other operating expenses increased by 5.5% to CHF 22.1 million, mainly driven by increased travel activity and rental costs reflecting the growth of our operational business.

Segment Equipment & Solutions (E&S)

Order intake

(CHFm)

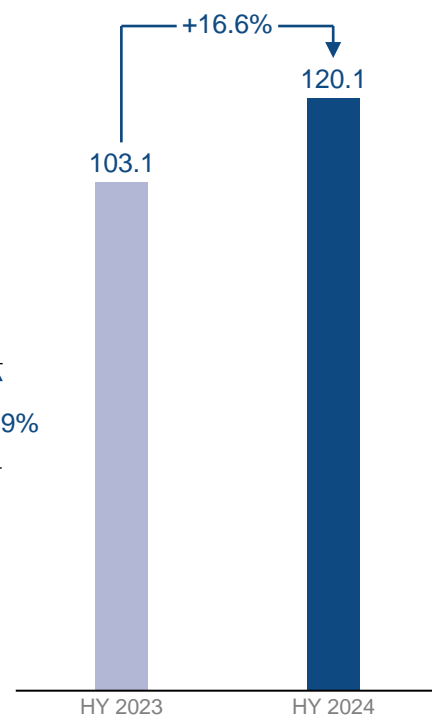
340.5 332.7 349.5 289.9 294.2



Net sales

(CHFm and as of % of Group net sales)

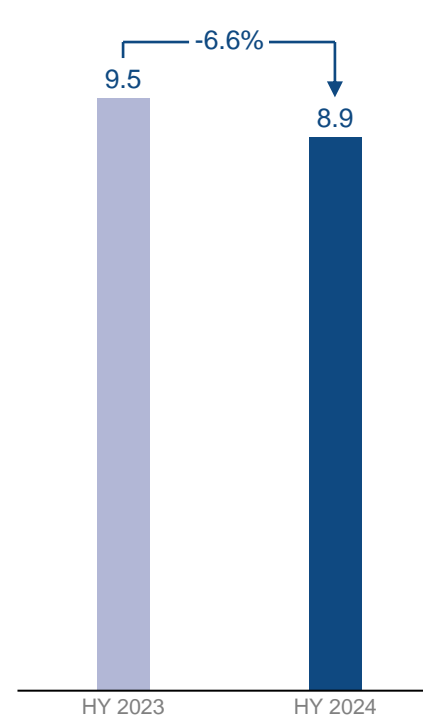
73.8% 73.4%



EBITDA

(CHFm and margin in %)

9.2% 7.4%



Comments

- Order intake with a moderate decline year-on-year, which is attributable to customers' initial reluctance to invest. **Compared to the second half of 2023, the order intake increased by 46.9%, indicating a solid stabilization of demand.**
- Delivery times have normalized.
- **EBITDA amounted to CHF 8.9m**, resulting in an EBITDA margin of 7.4%
- The year-on-year decline of EBITDA is mainly due to the periodic nature of the project business and also the higher costs for the strategic initiatives and general R&D.
- Increased order backlog to CHF 294.2m provides good visibility for future net sales.

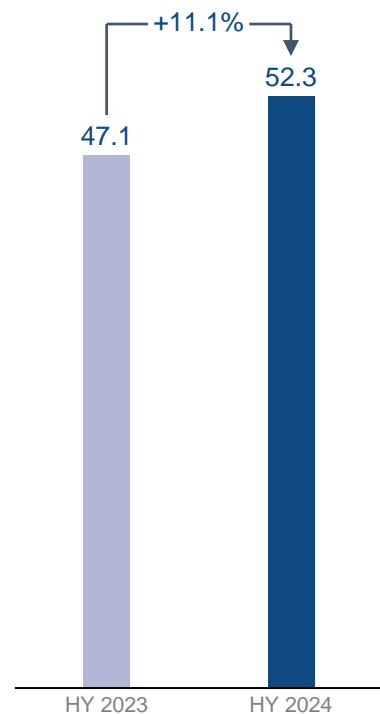
cum. Order backlog (CHFm)

Segment Services & Consumables (S&C)

Order intake

(CHFm)

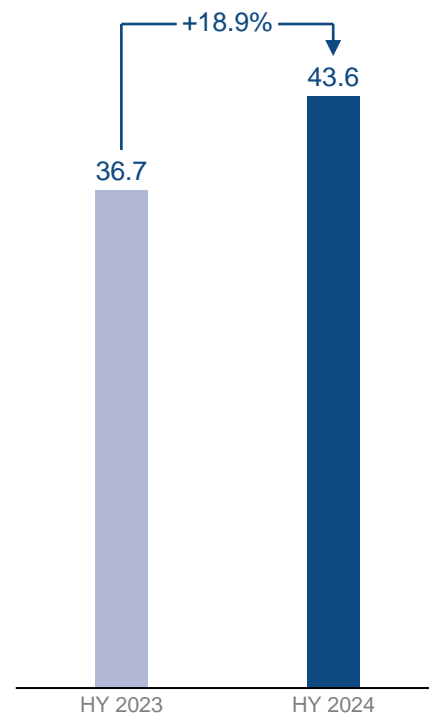
35.1 33.8



Net sales

(CHFm and as of % of Group net sales)

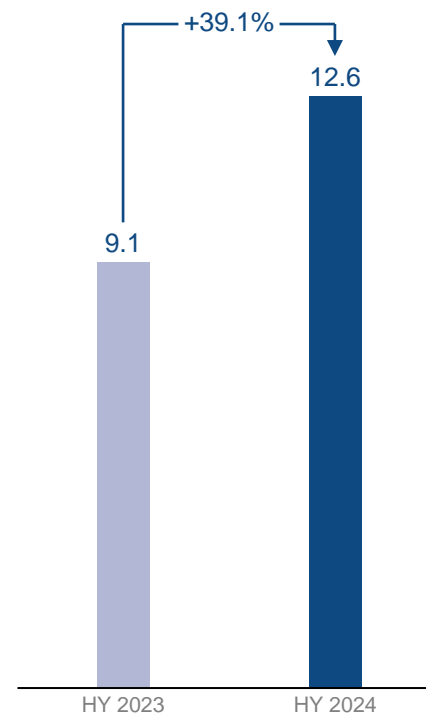
26.2% 26.6%



EBITDA

(CHFm and margin in %)

24.7% 28.9%

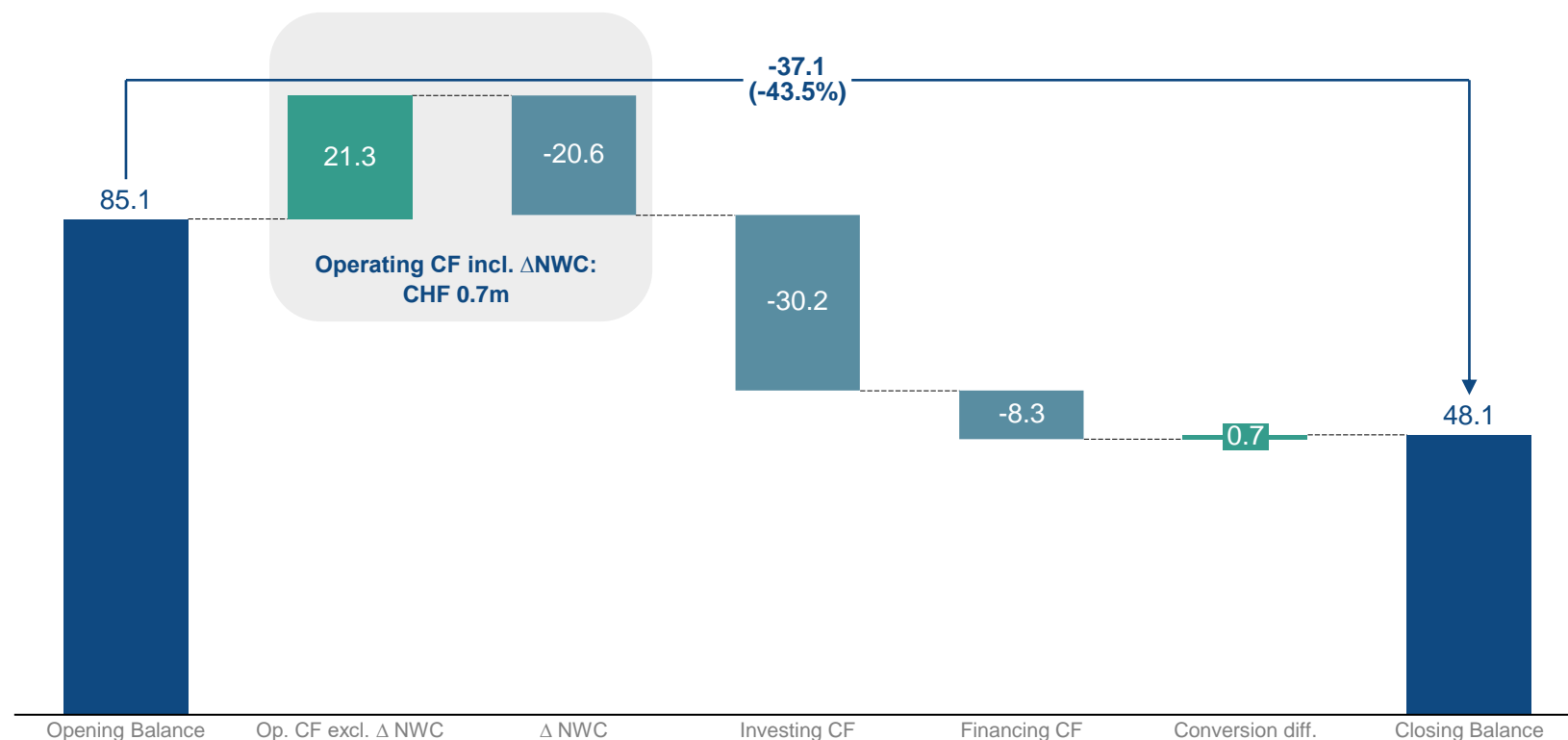


Comments

- Order intake grew +11.1% to CHF 52.3m in HY 2024.
- Net sales grew 18.9% to CHF 43.6m. Growth drivers were life cycle support and spare parts for installed SKAN isolators on the one hand, and higher sales of AT-Closed Vial® and filling kits from Aseptic Technologies on the other.
- **Significant increase in EBITDA and EBITDA margin compared to prior year.**
- In the reporting period, Aseptic Technologies acquired new customers outside the traditional field of cell and gene therapies, thereby broadening its application portfolio

Cash flow driven by non-linearity of projects & investments in future growth

Cash flow
(CHFm)



Comments

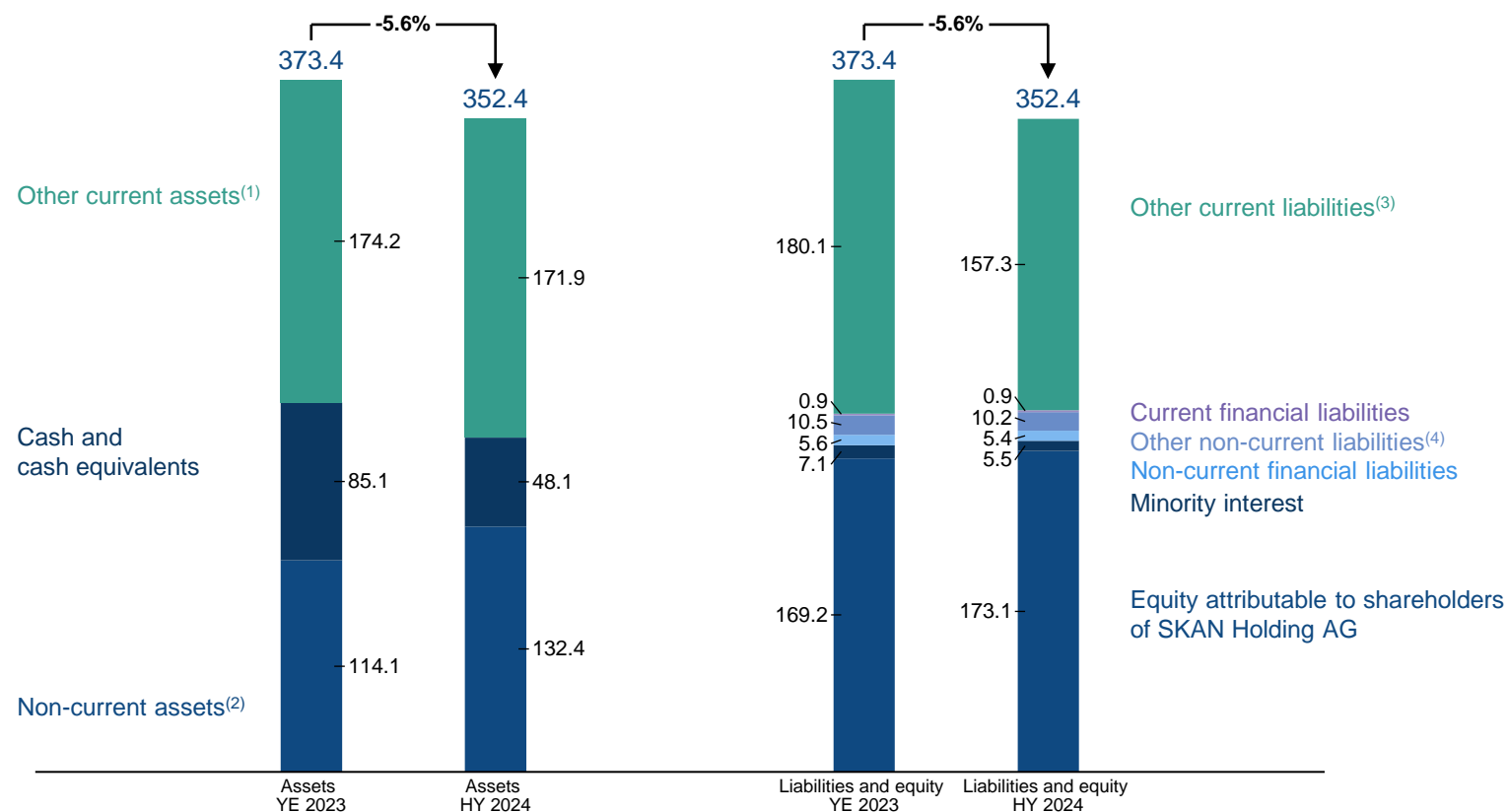
Main investments in HY 2024:

- investments primarily allocated to the strategic initiative "Pre-Approved-Services".
- further purchase of 5% AT shares to a total of 90%.
- Operating CF impacted by the non-linearity of project business driven by an increased "Work-in-Progress" and the timing effect of the order intake of new projects reflecting a decrease of down payments from customers.
- Inventories also increased slightly by CHF 1.1m compared to the previous year.
- Financing CF is mainly driven by the payout of the dividend in May.

Strong balance sheet & finance structure

Balance sheet as of 30th June 2024

(CHFm)



Comments

- SKAN Group posts a **net cash position of CHF 41.8 million** as of 30th June 2024.
- The decrease in cash and cash equivalents during the reporting period is mainly due to the dividend payment, the purchase of AT shares and investments in property, plant and equipment and intangible assets.
- Total equity amounted to CHF 178.6 million, which corresponds to a **very solid equity ratio of 50.7%**.

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, intangible assets and deferred tax 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.

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

2005 0% of top 10 drugs injectable dosage form

	Lipitor Pfizer		Zolof Pfizer
	Nexium Astra Zeneca		Plavix Sanofi
	Prevacid Takeda		Efexor Pfizer
	Zocor Pfizer		Singulair MSD
	Adavair Diskus GSK		Norvasc MSD

2020 50% of top 10 drugs injectable dosage form

	Eylea Regeneron /Bayer		Humira AbbVie
	Keytruda Merck		Stelara J&J
	Opdivo BMS		Revlimid, BMS
	Eliquis BMS, Pfizer		Singular MSD
	Imbruvica AbbVie, J&J		Norvasc MSD

2023 70% of top 10 drugs injectable dosage form

	Comirnaty Pfizer/ Biontech		Humira AbbVie
	Keytruda Merck		Stelara J&J
	Opdivo BMS		Spikevax Moderna
	Dupixent Sanofi		Paxlovid Pfizer
	Eliquis BMS, Pfizer		Singular MSD

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 more advanced isolator technology;
 - The boom in GLP-1 anti-obesity drugs, which require aseptic filling solutions.
- As a consequence, demand for SKAN's systems, services and consumables will continue, as evidenced by the well-filled order pipeline.
- The high order backlog makes it possible to absorb short-term fluctuations in incoming orders.
- Due to the typical periodicity of major projects, we expect the second half of 2024 to be stronger than the first half in terms of net sales and profitability.
- Guidance for the full year 2024 confirmed.

Guidance confirmed

Metric

2024 Targets ⁽¹⁾

Mid-Term Outlook

Group net sales growth

Mid- to upper teens

Mid- to upper teens

Segment net sales growth ⁽²⁾

 **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.

**Together always
one step ahead!**

SKan

Abbreviations and Definitions

Alternative Financial Performance Measures (APM)

- **EBITDA:** Operating result (EBIT) plus depreciation, amortisation.
- **EBITDA margin:** EBITDA as a percentage of net sales from goods.
- **EBT:** Profit before income taxes.
- **Equity ratio:** Equity at the end of the period divided by total assets at the end of the period.
- **Headcount:** Number of people employed by SKAN Group at the time indicated (i.e. excluding contractors).
- **Book-to-bill ratio:** Order intake divided by net sales.
- **Net Cash:** Cash and cash equivalents including liquid funds investment less current and non-current financial liabilities.
- **Net working capital (NWC):** Total current assets (excluding cash and cash equivalents) minus trade payables, advance payments from customers, other current liabilities, current provisions and accrued liabilities and deferred income.
- **Operating result (EBIT):** Earnings before total financial result and income taxes.
- **Return on capital employed (ROCE):** Operating result (EBIT) divided by the sum of the average total assets minus the average current liabilities, expressed as a percentage.