



# PolyPeptide Group AG (SIX: PPGN)

2022 results & business update

14 March 2023

Baar, Switzerland

GLOBAL SUPPORT FOR A QUALITY SOLUTION

 PolyPeptide

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## Alternative Financial Performance Measures (APM)

This Presentation contains references to operational indicators, such as customer projects, and alternative financial performance measures ("APM") that are not defined or specified by IFRS, including revenue at constant currency rates, EBITDA, adjusted EBITDA, adjusted EBITDA margin, net operating assets, return on net operating assets, capital expenditures, equity ratio, net working capital, free cash flow, net cash, total financial debt and revenue associated with the coronavirus pandemic. These APM should be regarded as complementary information to and not as substitutes of the Group's consolidated financial results based on IFRS. For the definitions of the main operational indicators and APM used, including related abbreviations, as well as for selected reconciliations to IFRS, refer to the section "Definitions and reconciliations" in PolyPeptide Group AG's Annual Report 2022 available at <https://report.polypeptide.com/ar/22/>.

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# Agenda

1	Strategic agenda	Peter Wilden, Executive Chairman
2	2022 financial results	Jan Fuhr Miller, CFO
3	Q&A	All

# Q&A

The presentation will be followed by a Q&A session.

Anyone who wishes to ask a question, or make a comment can do it in the following ways:

- **Through the telephone by pressing \* and 1**  
(please register on the website to receive the personal dial-in details)  
**In case of assistance please press \* and 0**
- **Through the webcast by writing the questions via the relative field**

# Summary of 2022

Weaker performance in a more demanding environment

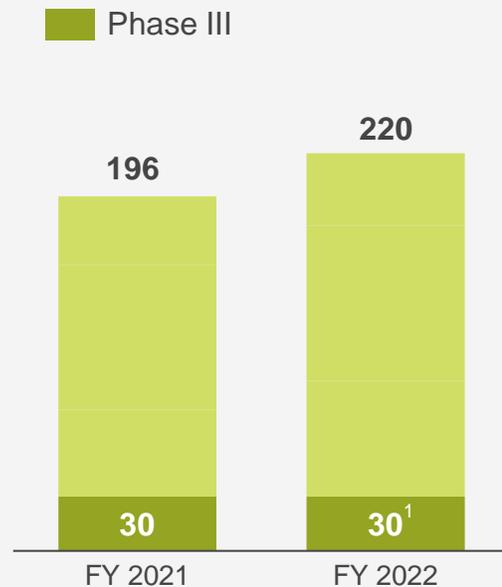
- **Geopolitical situation and macroeconomic environment**
  - Inflationary pressure and supply chain challenges
- **PolyPeptide with technical and manufacturing process issues in H2**
  - Compounded by lack of training and experience
- **Revenue stable at EUR 281.0 million** (2021: EUR 282.1 million)
  - Growth excluding coronavirus-pandemic-related business of 5.2%<sup>1</sup>
- **Adjusted EBITDA significantly lower at EUR 38.7 million (-56.2%), with margin of 13.8%**
  - Effects of increased cost base and operational issues
- **Profitable growth aspiration for 2023+**
  - Comprehensive measures launched

<sup>1</sup> Coronavirus-pandemic-related revenue contribution of EUR 50.7 million in 2022 and EUR 63.2 million in 2021.

# Expected growth driven by favorable industry trends

Further develop capabilities and manufacturing footprint

## Number of active custom projects



## Promising positioning

- Significant demand increase
- Multi-site sourcing opportunity for customers – challenge of process standardization
- Pro-active stakeholder engagement along the value chain

## Ongoing preparations for growth

- Capex of EUR 159.6 million in 2021 and 2022, plus EUR ~30 million planned for 2023
- Ongoing construction works for large-scale reactor infrastructure in Braine-l'Alleud
- Actively developing organization to serve the increase in operational scale

<sup>1</sup> Subsequent to the reporting period, one phase III project related to the treatment of cancer terminated by customer.

# Deliver profitable growth in 2023+

Taking the next steps within integrated growth strategy

## Operational execution and excellence

- Optimized production scheduling and execution
- Enhanced focus on employee onboarding and training
- Maintain focus on quality

## Commercial arrangements

- Exploring new collaboration models for large projects
- Implementation of pricing models

## Process standardization and innovation

- Consistency across sites providing flexibility
- Strengthen operational resilience
- Digitalization
- Green chemistry

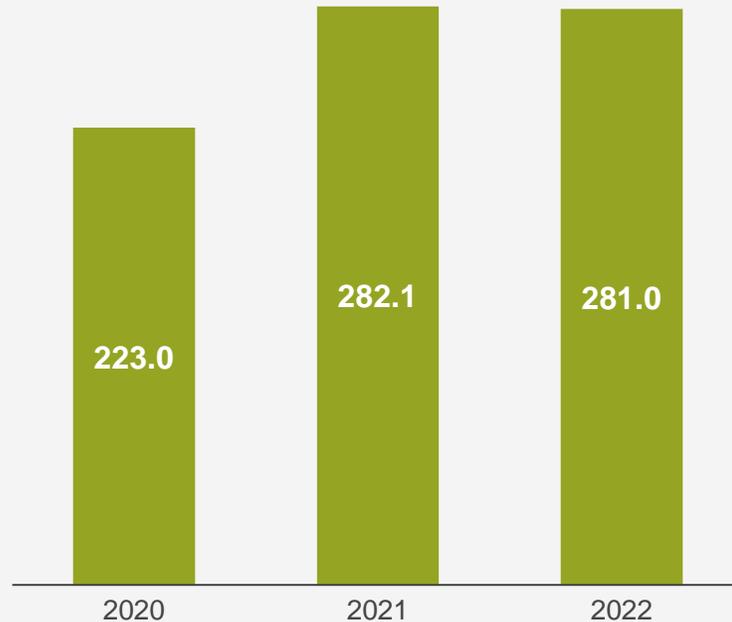
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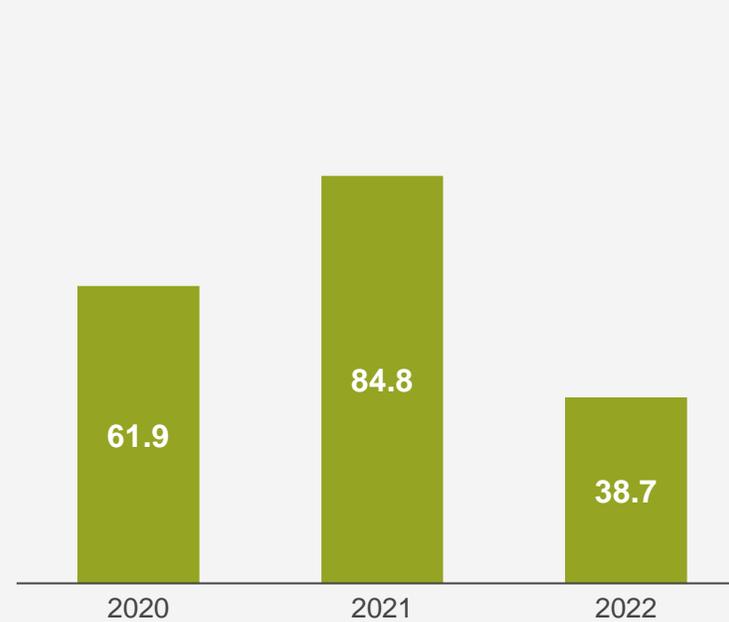
# Revenue and EBITDA development

Revenue and EBITDA impacted by operational challenges

Revenue € m



Reported EBITDA € m



**2022 revenue of EUR 281.0 million, -0.4%**

- Decline at constant currency of 3.0%
- Growth of 5.2%, excluding coronavirus-pandemic-related revenue<sup>1</sup>

**2022 EBITDA of EUR 38.7 million, -54.4%**

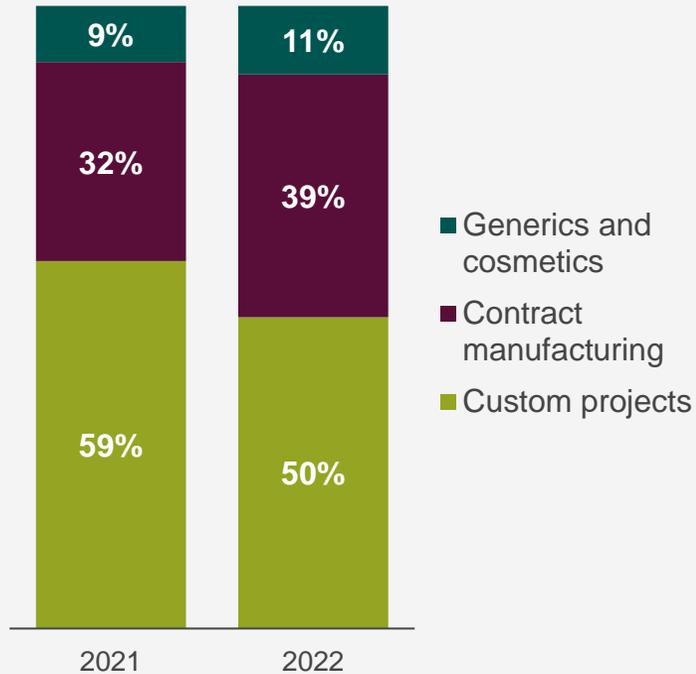
- Driven by higher personnel costs ahead of growth, which did not materialize as planned in H2
- Also reflecting inflationary pressure and additional operational costs

<sup>1</sup> Coronavirus-pandemic-related revenue contribution of EUR 50.7 million in 2022 and EUR 63.2 million in 2021.

# Revenue by business area

Shift of revenue into Contract manufacturing

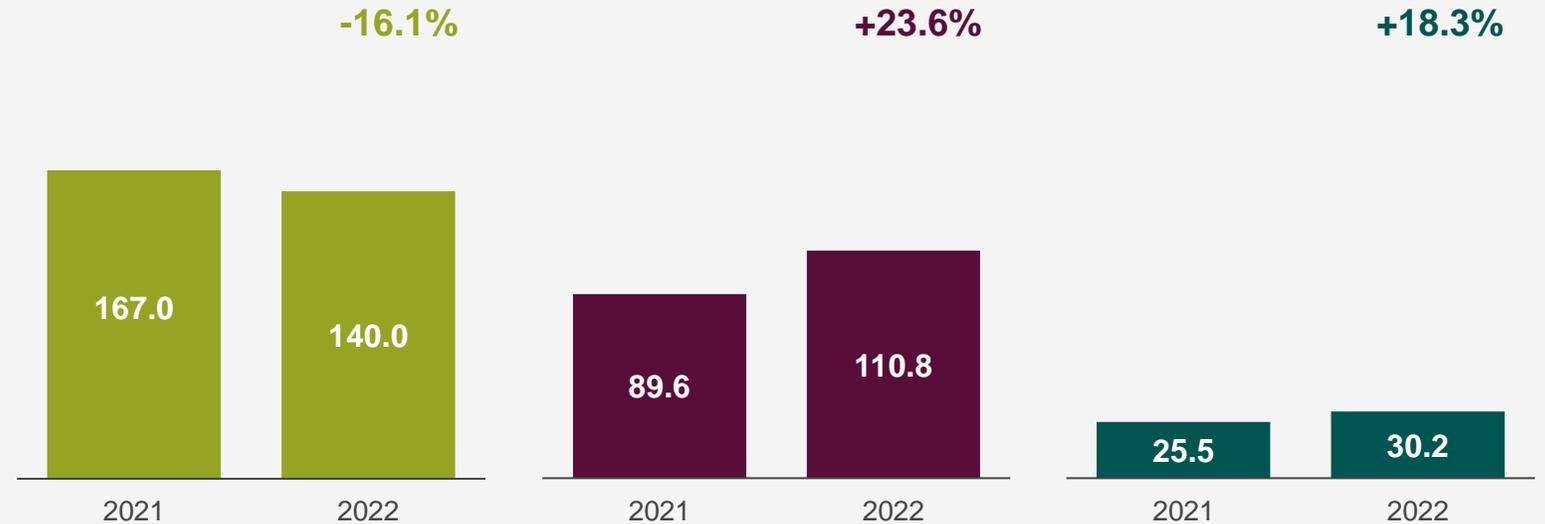
Composition of Group revenue



Custom projects € m

Contract manufacturing € m

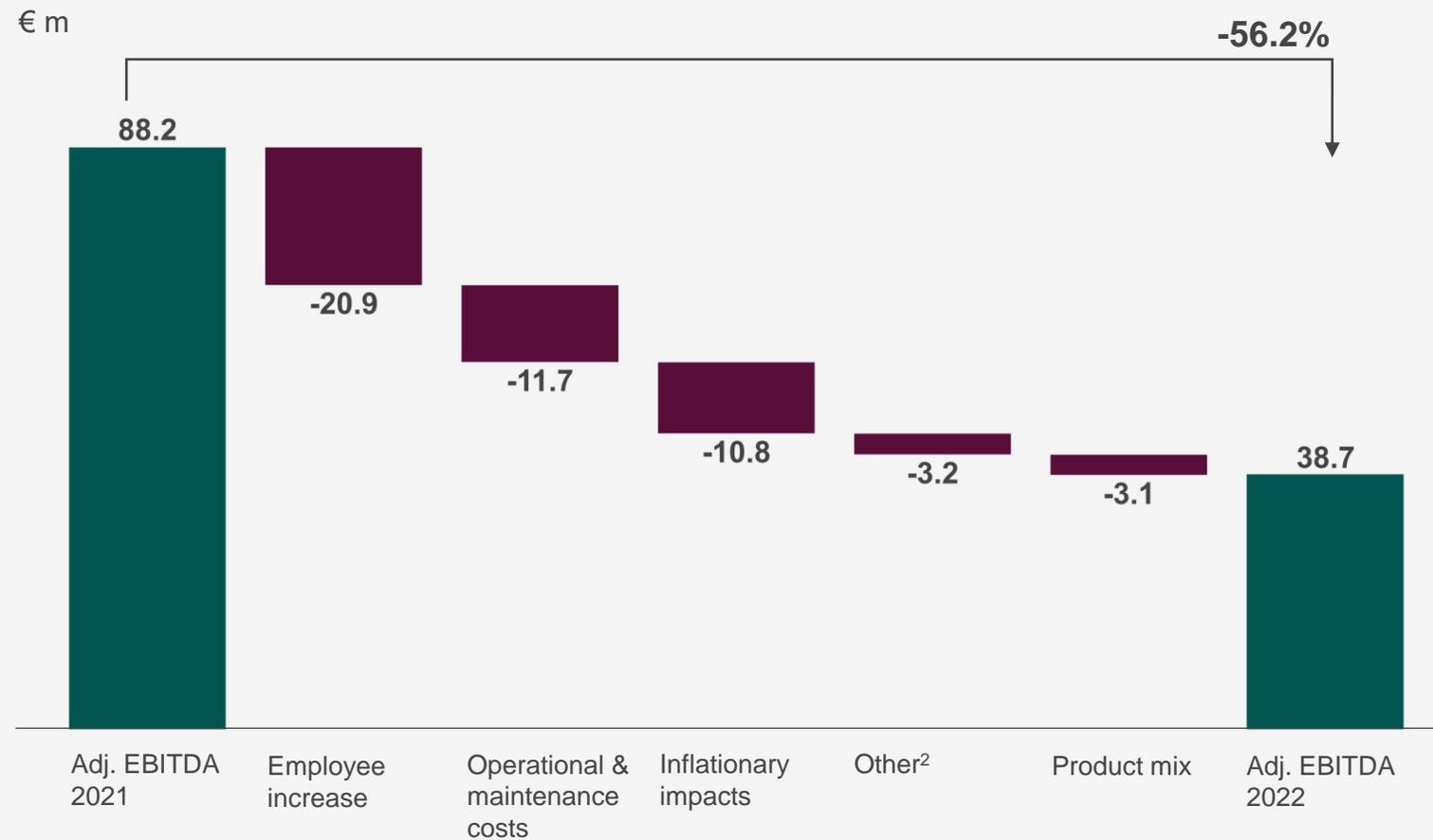
Generics and cosmetics € m



- Revenue development in CP and CM reflecting two commercial launches in 2022, resulting in a shift of associated revenue
- Revenue development in Gx reflecting continued efforts to build our Generics portfolio

# Adjusted EBITDA<sup>1</sup>

Adverse impacts from FTE increase, operational issues and inflationary pressure



## Adjusted EBITDA margin of 13.8%, -17.5 pts

- Increase in personnel of 9.5%, mainly in H1, ahead of growth expected in H2
- Operational and maintenance costs reflecting variations from production and delivery schedules, including operational issues experienced in H2
- Inflationary impacts reflecting raw material and wage inflation

<sup>1</sup> For FY 2022, no EBITDA adjustments were recognized. Adjusted EBITDA for FY 2021 excludes one-off IPO costs of EUR 5.7 million, partly offset by US government loans of EUR 2.4 million waived in context of the coronavirus pandemic. <sup>2</sup> Incl. travel, insurance and marketing.

# EBIT and result for the year

Result for the year down by 83.6% with basic EPS of EUR 0.24

## Summary P&L € m

	2019	2020	2021	2022
<b>Revenue</b>	<b>202.6</b>	<b>223.0</b>	<b>282.1</b>	<b>281.0</b>
<b>EBITDA</b>	<b>49.4</b>	<b>61.9</b>	<b>84.8</b>	<b>38.7</b>
margin %	24.4%	27.8%	30.1%	13.8%
Depreciation, amortization & impairment (if any)	-15.8	-17.5	-20.7	-26.1
<b>Operating result (EBIT)</b>	<b>33.5</b>	<b>44.4</b>	<b>64.2</b>	<b>12.6</b>
margin %	16.6%	19.9%	22.7%	4.5%
Total financial result	-3.3	-6.7	-4.3	-5.0
Income tax charges	-4.5	-6.4	-12.6	0.2
<b>Result for the year</b>	<b>25.7</b>	<b>31.3</b>	<b>47.3</b>	<b>7.8</b>
margin %	12.7%	14.0%	16.8%	2.8%

## 2022 margins

- EBITDA Margin of 13.8%
- EBIT margin of 4.5%
- Net profit margin of 2.8%

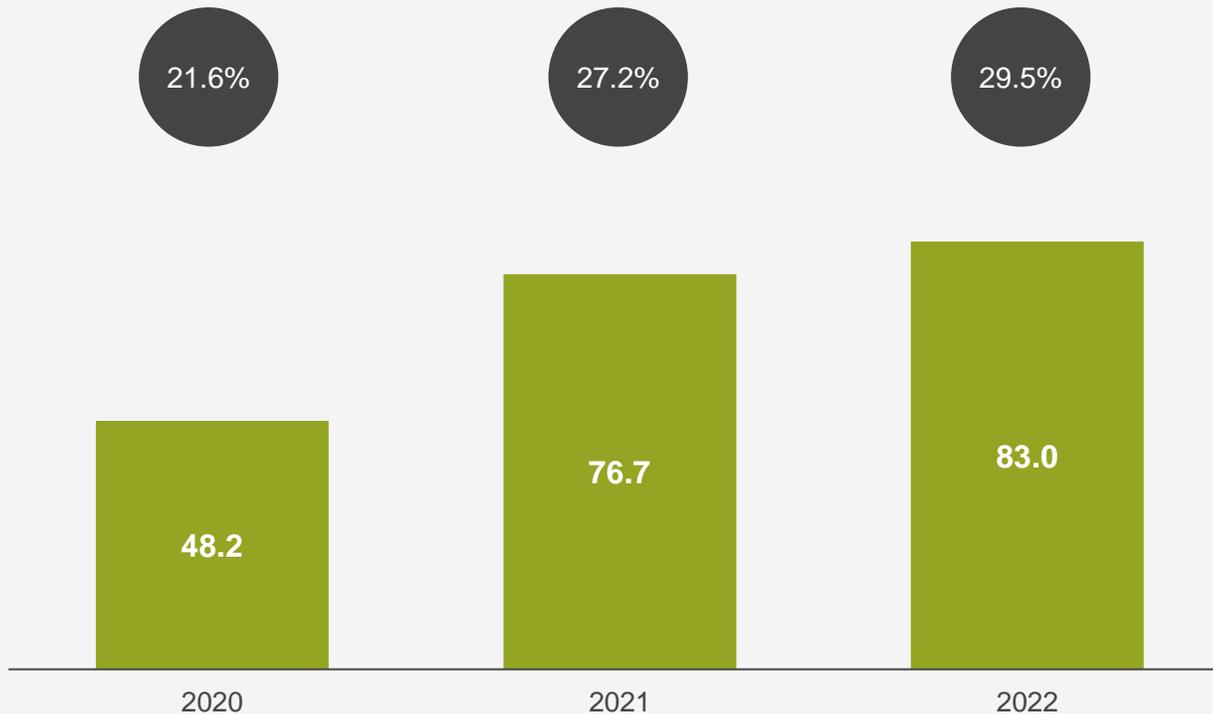
## Tax credits in the US

**Basic earnings per share (EPS) of EUR 0.24**

# Capital expenditure

Consistent execution on major investment projects

€ m



● as % of revenue

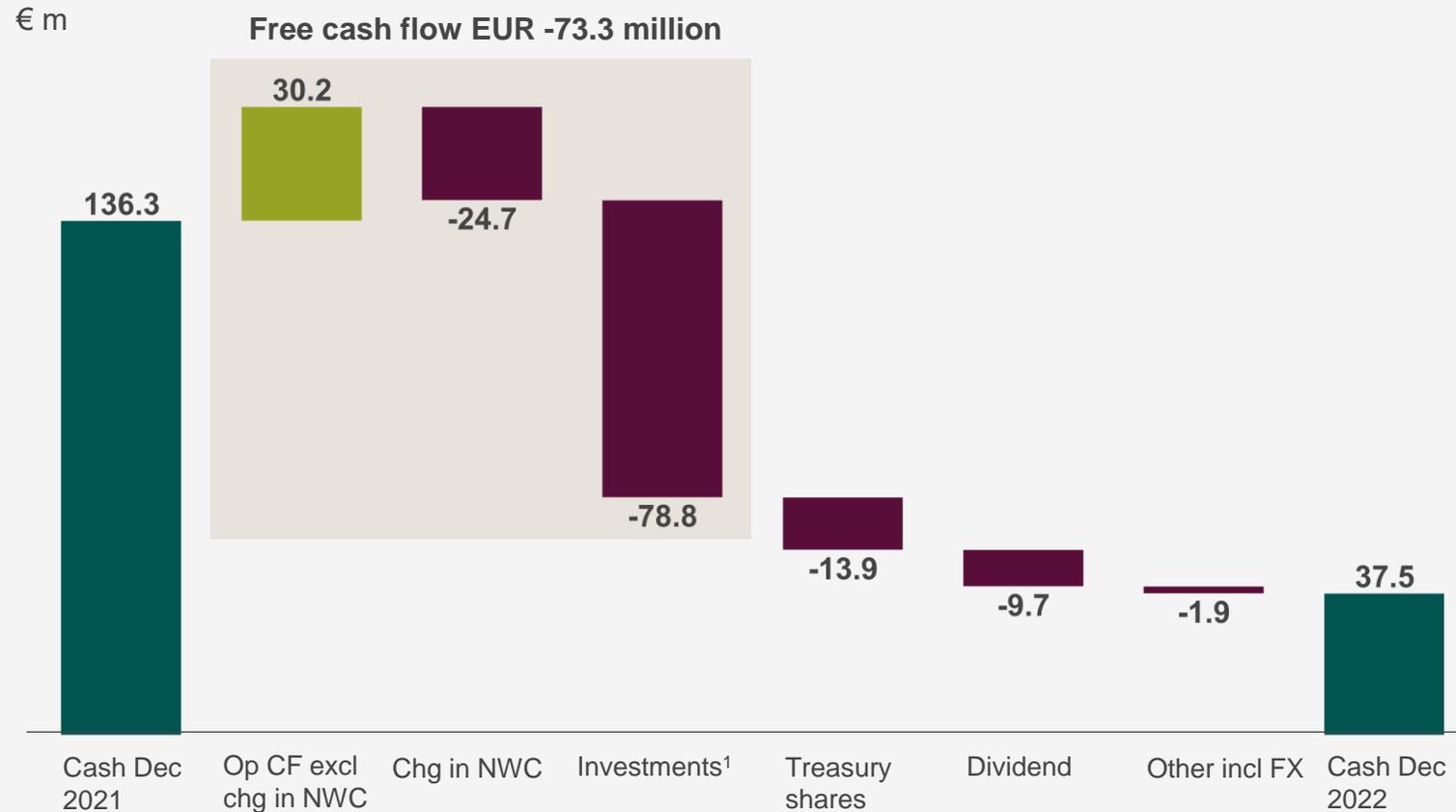
**2022 capital expenditure<sup>1</sup> of EUR 83.0 million, or 29.5% of revenue, including**

- Large-scale solid phase synthesis capacity in Braine-l'Alleud (Belgium)
- Large-scale downstream capacity in Malmö (Sweden)
- Freeze drying capacity in Malmö and Torrance (California)
- Product development and analytical labs
- IT infrastructure and digitalization efforts

<sup>1</sup> Capital expenditures defined as investments in intangible assets and property, plant and equipment capitalized during the reporting period.

# Cash flow and cash position

Cash utilization driven by capital deployment



**2022 net cash flows from operating activities (excl. NWC) of EUR 30.2 million**

- Net cash flow from changes in NWC of EUR -24.7 million
- Net cash flow from investments<sup>1</sup> of EUR -78.8 million as a result of continued accelerated capital investments

**Cash balance of EUR 37.5 million per YE 2022**

<sup>1</sup> CF from acquisition of intangible assets and property, plant and equipment.

# Guidance for 2023 and dividend

## Margin recovery will take time

- Confidence in structural growth opportunities
- Comprehensive remediation measures ongoing
- Substantial increase in fixed cost base
  
- H1 2023: Expect revenue comparable with PY, with profitability significantly lower
- H2 2023: Expect marked recovery in revenue and profitability
  
- Mid-term outlook: Expect update on mid-term outlook with HY results on 15 August 2023
- Refrain from proposing payment of dividend to the forthcoming AGM 2023 on 12 April 2023



### Guidance for full year 2023

Revenue (growth in % vs PY)	“high single-digit”
Adj. EBITDA margin (in %)	“mid teens”
Capex (as % of revenue)	“around 10%”

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# Appendix



# HY time series

## Summary P&L € m

	H1 2019	H2 2019	H1 2020	H2 2020	H1 2021	H2 2021	H1 2022	H2 2022
<b>Revenue</b>	<b>90.7</b>	<b>111.9</b>	<b>87.8</b>	<b>135.2</b>	<b>135.1</b>	<b>147.0</b>	<b>133.7</b>	<b>147.3</b>
<b>EBITDA</b>	<b>22.7</b>	<b>26.7</b>	<b>18.5</b>	<b>43.4</b>	<b>39.9</b>	<b>45.0</b>	<b>26.7</b>	<b>12.0</b>
margin %	25.0%	23.8%	21.1%	32.1%	29.5%	30.6%	20.0%	8.1%
Depreciation, amortization & impairment (if any)	-7.5	-8.3	-8.4	-9.2	-9.1	-11.6	-11.2	-14.9
<b>Operating result (EBIT)</b>	<b>15.2</b>	<b>18.3</b>	<b>10.2</b>	<b>34.2</b>	<b>30.8</b>	<b>33.4</b>	<b>15.5</b>	<b>-2.9</b>
margin %	16.8%	16.4%	11.6%	25.3%	22.8%	22.7%	11.6%	-2.0%
Total financial result	-0.9	-2.4	-0.9	-5.8	-1.3	-3.0	-2.6	-2.4
Income tax charges/credit	-2.9	-1.6	-1.5	-4.9	-4.9	-7.7	-2.6	2.8
<b>Result for the year</b>	<b>11.4</b>	<b>14.3</b>	<b>7.8</b>	<b>23.5</b>	<b>24.6</b>	<b>22.6</b>	<b>10.2</b>	<b>-2.4</b>
margin %	12.6%	12.8%	8.9%	17.4%	18.2%	15.4%	7.7%	-1.7%

# Consolidated income statement

1 January – 31 December

kEUR	Note	2022	2021
Revenue	3	280,978	282,126
Other operating income	3	2,486	4,091
<b>Total income</b>		<b>283,464</b>	<b>286,217</b>
Cost of sales		-228,987	-182,426
<b>Gross profit</b>		<b>54,477</b>	<b>103,791</b>
Marketing and sales expenses	3	-4,905	-3,864
Research expenses	3	-1,243	-1,407
General and administrative expenses	3	-35,722	-34,355
<b>Total operating expenses</b>		<b>-41,870</b>	<b>-39,626</b>
<b>Operating result (EBIT)</b>		<b>12,607</b>	<b>64,165</b>
Financial income	3	9	653
Financial expenses	3	-5,049	-4,970
<b>Total financial result</b>		<b>-5,040</b>	<b>-4,317</b>
<b>Result before income taxes</b>		<b>7,567</b>	<b>59,848</b>
Income tax charges	5	200	-12,590
<b>Result for the year</b>		<b>7,767</b>	<b>47,258</b>
Attributable to shareholders of PolyPeptide Group AG		7,767	47,258
Earnings per share in EUR, basic	7	0.24	1.47
Earnings per share in EUR, diluted	7	0.24	1.47

# Consolidated statement of financial position

As at 31 December

Assets, kEUR	Note	2022	2021
<b>Non-current assets</b>			
Intangible assets	8	15,865	14,268
Property, plant and equipment	9	275,878	216,486
Right-of-use assets	10	21,416	18,956
Deferred income tax assets	5	8,286	10,255
Other financial assets	24	2,767	3,467
<b>Total non-current assets</b>		<b>324,212</b>	<b>263,432</b>
<b>Current assets</b>			
Inventories	12	145,073	113,001
Trade receivables	13	46,486	65,233
Contract assets	3	2,660	2,556
Corporate income tax receivables		7,373	3,699
Other current assets	14	12,450	10,814
Cash and cash equivalents	15	37,528	136,303
<b>Total current assets</b>		<b>251,570</b>	<b>331,606</b>
<b>Total assets</b>		<b>575,782</b>	<b>595,038</b>

Equity and liabilities, kEUR	Note	2022	2021
<b>Equity attributable to equity holders of the parent company</b>			
Share capital	6	302	302
Share premium		203,129	212,800
Translation reserve		14,119	9,285
Treasury shares		-13,609	-1,187
Other capital reserves		3,590	3,946
Retained earnings		214,146	196,027
<b>Total equity</b>		<b>421,677</b>	<b>421,173</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	5	1,878	1,106
Pensions	16	26,637	38,981
Provisions	17	2,476	4,568
Lease liabilities	10	17,652	14,947
Other financial liabilities	18	9,410	10,302
<b>Total non-current liabilities</b>		<b>58,053</b>	<b>69,904</b>
<b>Current liabilities</b>			
Lease liabilities	10	3,566	3,058
Other financial liabilities	18	1,096	1,145
Corporate income tax payable		67	4,001
Trade payables	20	45,933	28,481
Contract liabilities	3	27,538	46,072
Other current liabilities	20	17,852	21,204
<b>Total current liabilities</b>		<b>96,052</b>	<b>103,961</b>
<b>Total liabilities</b>		<b>154,105</b>	<b>173,865</b>
<b>Total equity and liabilities</b>		<b>575,782</b>	<b>595,038</b>

# Consolidated statement cash flow

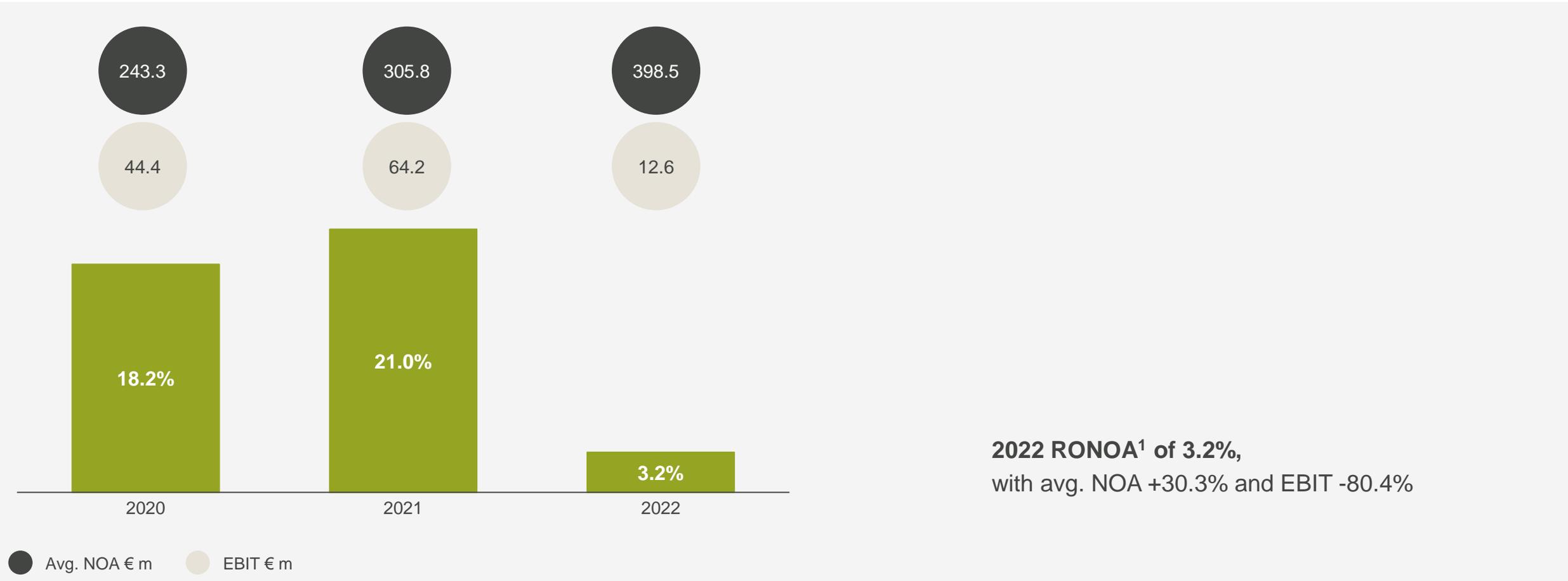
1 January – 31 December

kEUR	2022	2021
<b>Cash flow from operating activities</b>		
Result for the year	7,767	47,258
<b>Adjustments to reconcile cash generated by operating activities</b>		
Depreciation and amortization	26,063	20,683
Movement in provisions	-713	-236
Movement in pensions	1,545	1,465
Share-based payment expense	1,155	1,208
Financial income	-9	-653
Financial expenses	5,049	4,970
Income tax charge	-200	12,590
Government grant income	0	-2,387
IPO-related transaction costs	0	5,721
<b>Changes in net working capital</b>		
(Increase) / decrease in inventories	-33,129	-17,669
(Increase) / decrease in trade receivables	18,898	-11,751
(Increase) / decrease in contract assets	-115	-488
(Increase) / decrease in other current assets	-1,636	-3,905
Increase / (decrease) in trade payables	13,231	1,178
Increase / (decrease) in contract liabilities	-18,628	11,492
Increase / (decrease) in other current liabilities	-3,353	1,648
<b>Cash generated from operations</b>	<b>15,925</b>	<b>71,124</b>
Interest income received	9	8
Interest expenses paid	-2,494	-2,384
Income taxes paid	-7,980	-11,396
<b>Net cash flows from operating activities</b>	<b>5,460</b>	<b>57,352</b>
<b>Cash flow from investing activities</b>		
Acquisition of intangible assets	-3,665	-3,747
Acquisition of property, plant and equipment	-75,099	-73,961
Disposal of property, plant and equipment	12	122
Movement in other financial assets	317	-3,259
<b>Net cash flows from investing activities</b>	<b>-78,435</b>	<b>-80,845</b>

kEUR	2022	2021
<b>Cash flow from financing activities</b>		
Proceeds from the issue of ordinary shares	0	182,141
Purchase of own shares	-13,933	-5,464
Dividends paid	-9,671	0
IPO-related transaction costs	0	-7,376
Repayment by Draupnir Holding B.V. related to IPO bonus	0	2,998
Proceeds from short-term borrowings from banks	0	25,000
Repayment of long-term borrowings from banks	0	-25,000
Repayment of short-term borrowings from banks	0	-25,000
Repayment of lease liabilities	-2,695	-2,637
Repayment of other financial liabilities	-570	-13,734
<b>Net cash flow from financing activities</b>	<b>-26,869</b>	<b>130,928</b>
<b>Net movement in cash and cash equivalents</b>	<b>-99,844</b>	<b>107,435</b>
Cash and cash equivalents at the beginning of the year	136,303	17,208
Net foreign currency exchange differences	1,069	11,660
<b>Cash and cash equivalents at the end of the year</b>	<b>37,528</b>	<b>136,303</b>

# Return on net operating assets

Increased asset base to support planned growth



**2022 RONO<sup>1</sup> of 3.2%,**  
with avg. NOA +30.3% and EBIT -80.4%

<sup>1</sup> RONO defined as last twelve months operating result in percent of average net operating assets.

# Contact and IR calendar

## Contact

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## Share information

PolyPeptide Group AG has been listed on the Swiss Exchange (SIX) since 29 April 2021 under the symbol PPGN, Swiss security number 111 076 085 and ISIN CH111 076 085

## Share register

areg.ch ag

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T: +41 62 209 1660

## Selected events in 2023

28 March 2023 | Roadshow in Zurich, CH, with ZKB

## Corporate events in 2023 and 2024

14 March 2023 | FY 2021 Results

12 April 2023 | AGM 2023

15 August 2023 | HY 2023 Results

12 March 2024 | FY 2023 Results

10 April 2024 | AGM 2024

Thank you

