

A photograph of a modern industrial building under construction. The building features a dark grey facade and is surrounded by extensive metal scaffolding. The sky is a mix of blue and light orange, suggesting a sunset or sunrise. The image is partially obscured by white circular shapes on the left and right sides.

PolyPeptide Group AG

H1 2024 results & mid-term outlook

13.08.2024

Baar
Switzerland

 PolyPeptide

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The financial information contained in this Presentation is unaudited.

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Q&A



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- **Through the telephone by pressing * and 1**
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Agenda

- 1 Summary & progress update** **Juan José González**
- 2 H1 financial results & guidance 2024** **Marc Augustin**
- 3 Strategy & mid-term outlook** **Juan José González**



Key messages for today



Solid progress in H1 with improved profitability and operating cash flow; on track to start production ramp-up of large-scale capacity in H2

Upgrade of guidance for 2024, now expecting high single-digit revenue growth for 2024 with a positive mid single-digit EBITDA margin

Sharpening of growth strategy by focusing on technical innovation, superior development capabilities and potential for modular expansion to maximize GLP-1 opportunity

Target to double revenue by 2028 vs 2023, driven by existing contracts and supply forecasts, with EBITDA margin expected to approach 25%



Strong operational progress in H1 2024



- Operational excellence program driving improvements in manufacturing planning and execution, resulting in higher capacity utilization
- Disciplined net working capital management allowed to invest in higher inventories ahead of planned growth in H2 2024
- Ongoing capacity expansion
 - Capex of 15% of revenue in H1 2024
 - Advancing projects across network (Belgium, Sweden, France and the US)
 - Commissioning of large-scale SPPS capacity in Belgium on track with production ramp-up to start in H2 2024



Continuing to strengthen the organization



- Upgrade of senior-level positions over the last 12 months
 - Key roles upgraded, including appointment of new Site Directors, with industrial capabilities
 - Strengthening of Group functions, incl. quality, development, program management
- Appointment of Chief Commercial Officer to strengthen large-scale commercial capabilities and contract sophistication
 - Stéphane Varray, PhD in Organic Chemistry
 - Joining from Corden Pharma, where he led the peptide's platform
 - Nearly two decades with Lonza with commercial and leadership responsibilities in biologics and chemistry, including peptides



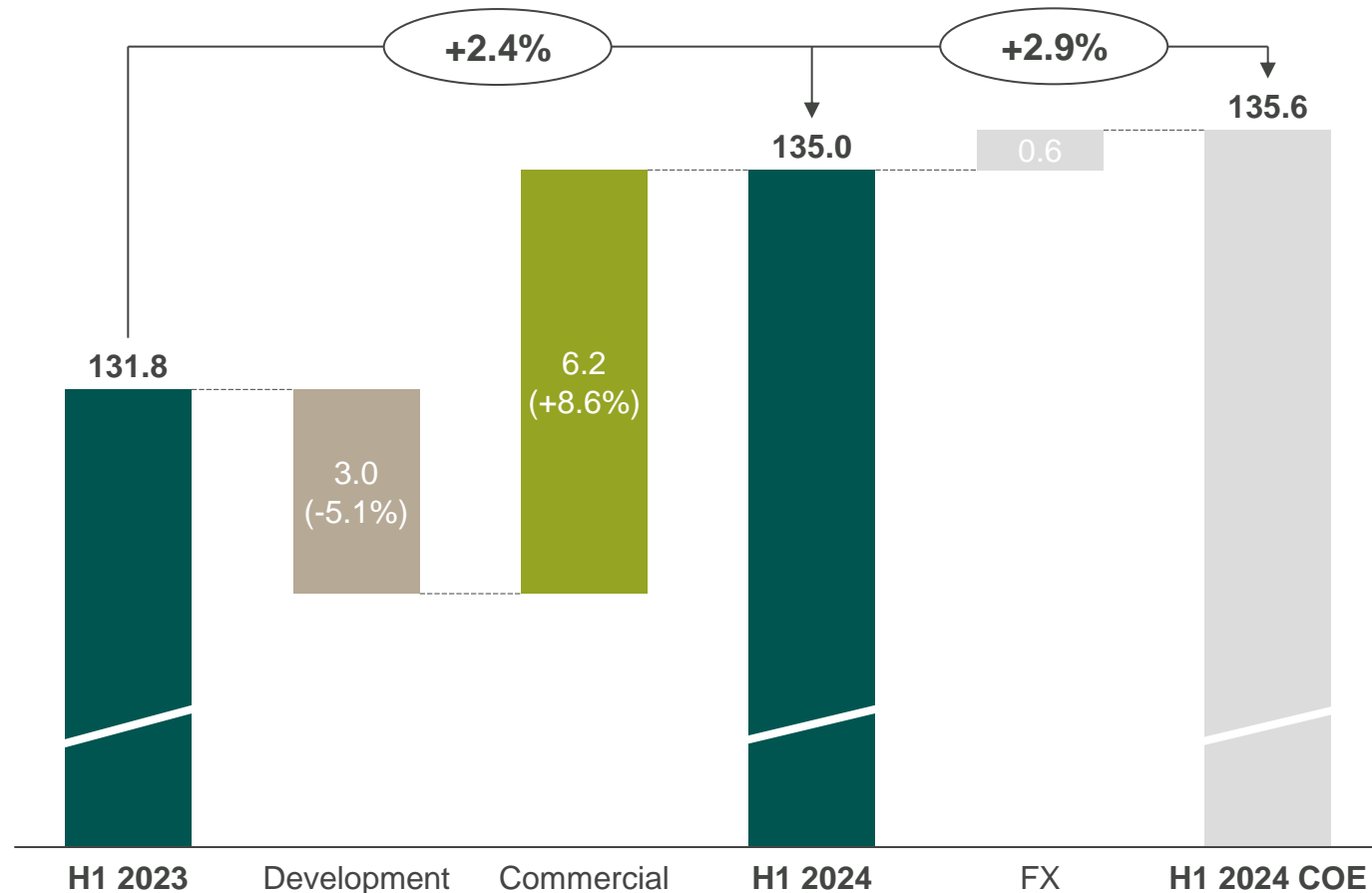
Agenda

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Commercial revenue growth driving H1 results

EUR m

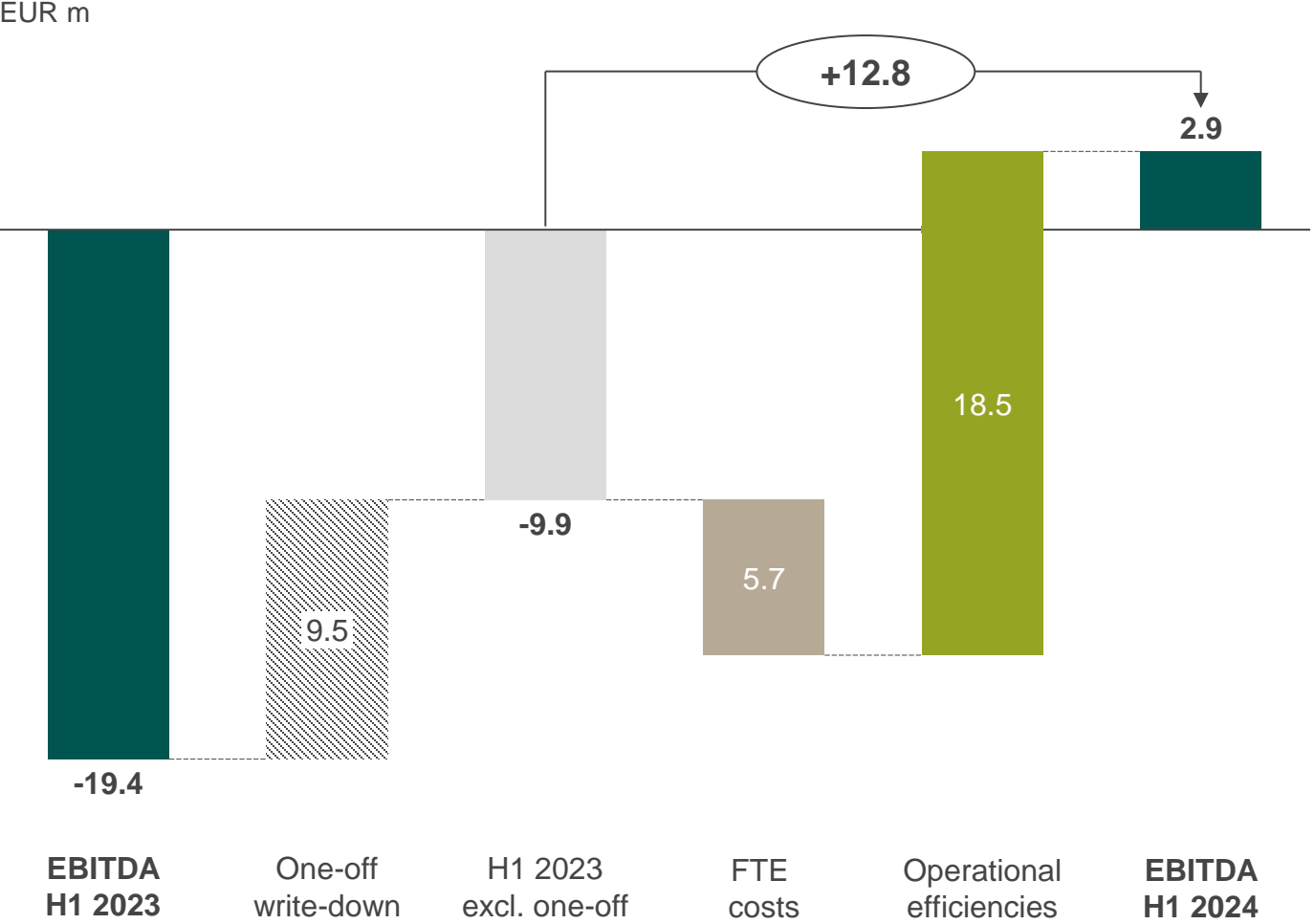


- YoY revenue growth of 2.4%; 2.9% at constant exchange rates
- Commercial revenue up 8.6%, reflecting solid customer demand and favorable market trends across broad portfolio
- Development revenue down 5.1%, reflecting project phasing and the continuing recovery within the biotech funding environment

For a more concise discussion of business drivers, revenue for the business areas Contract Manufacturing and Generics & Cosmetics have been combined to “Commercial revenue”. “Development revenue” shows revenue in the business area Custom Projects. For revenue by business area, refer to Note 4 of the Financial Report 2024.



Back to positive EBITDA

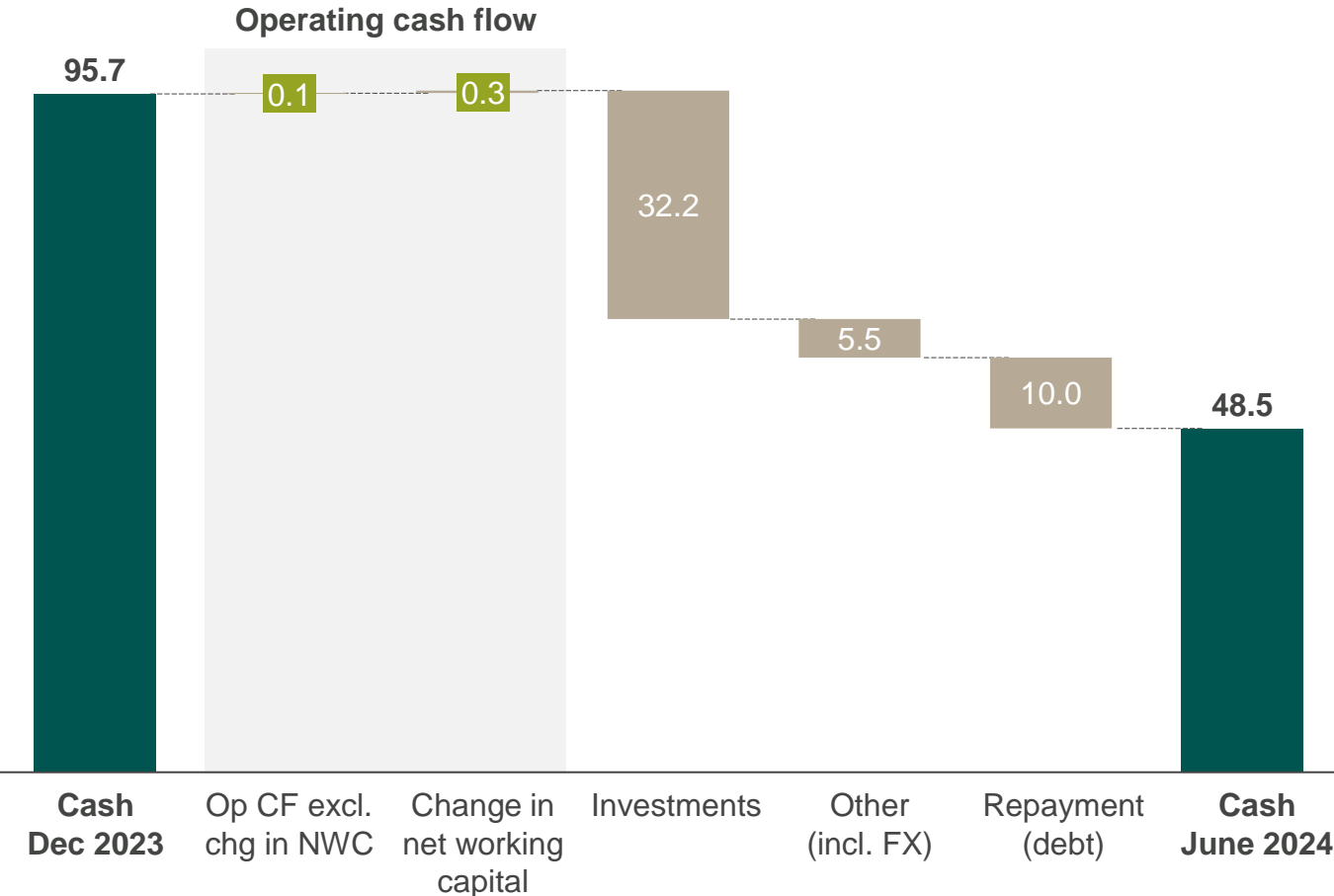


- EBITDA increase of EUR 12.8 m in H1 2024 (excluding one-off effect in H1 2023)
- Cost increases from investment in headcount as well as inflation
- Operational efficiencies driving higher productivity and a favorable product mix



Improved operating cash flow

EUR m



- Operating net cash flows break even vs EUR -48.3 m in H1 2023
- Disciplined working capital management offset buildup of inventory to support planned growth in H2 2024
- Net cash flow from investments of EUR 32.2 m – advancing capacity expansion across network
- Partial repayment of Revolving Credit Facility (RCF), with EUR 40 m drawn at the end of H1 (total facility EUR 111 m)
- Period-end cash and cash equivalents of EUR 48.5 m



We upgrade our guidance for 2024

Priorities for 2024 unchanged

- Meet increasing customer demand, continue to strengthen operations and profitability
- Further expanding capacity, particularly related to GLP-1 opportunity

	Previous	New
Revenue growth in % (vs 2023 at constant currency rates)	Mid to high single-digit	High single-digit
Profitability	Positive EBITDA, operating at a net loss	Positive mid single-digit EBITDA margin, operating at a net loss
Capital expenditures	EUR 60 to 70 million	EUR 60 to 70 million



Agenda

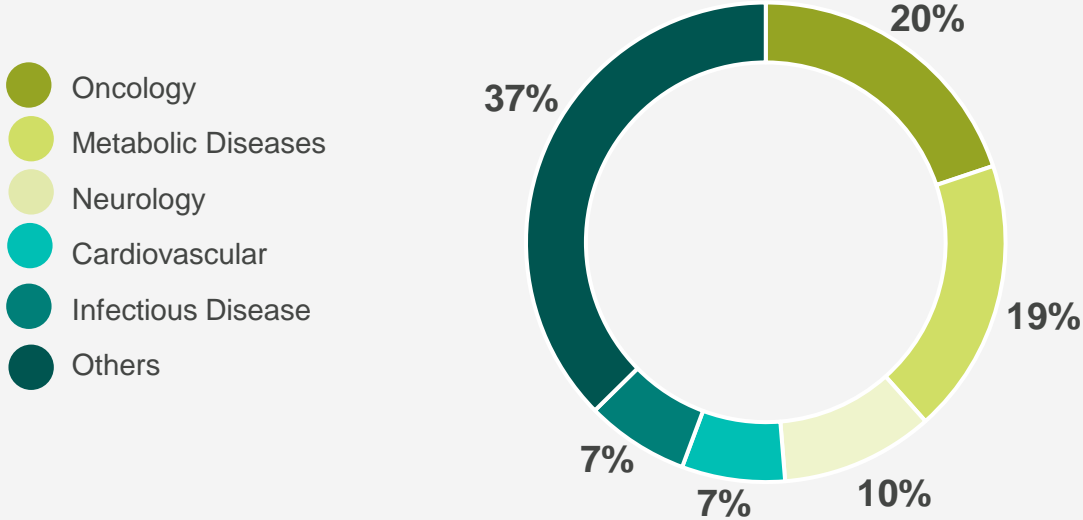
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Peptides are a highly attractive CDMO market

Peptide drugs in clinical development (Phase I to III)¹

Total 337, split by therapeutical area in %



- Expect peptide therapeutics market CAGR of around 10% until 2033, driven by GLP-1 commercial launches²
- Robust metabolic and oncology pipeline, supported by large pharma investments
- Expect continued trend toward synthetic peptides with complex molecular structure and robust outsourcing, especially toward western-based CDMOs
- Increasing demand expected to drive competition

¹ Source: GlobalData, accessed in June 2024.

² PolyPeptide estimate based on third-party market reports accessed in June 2024.



PolyPeptide is well positioned

Torrance (US)



Braine-l'Alleud (BE)



Malmö (SE)



San Diego (US)



Strasbourg (FR)



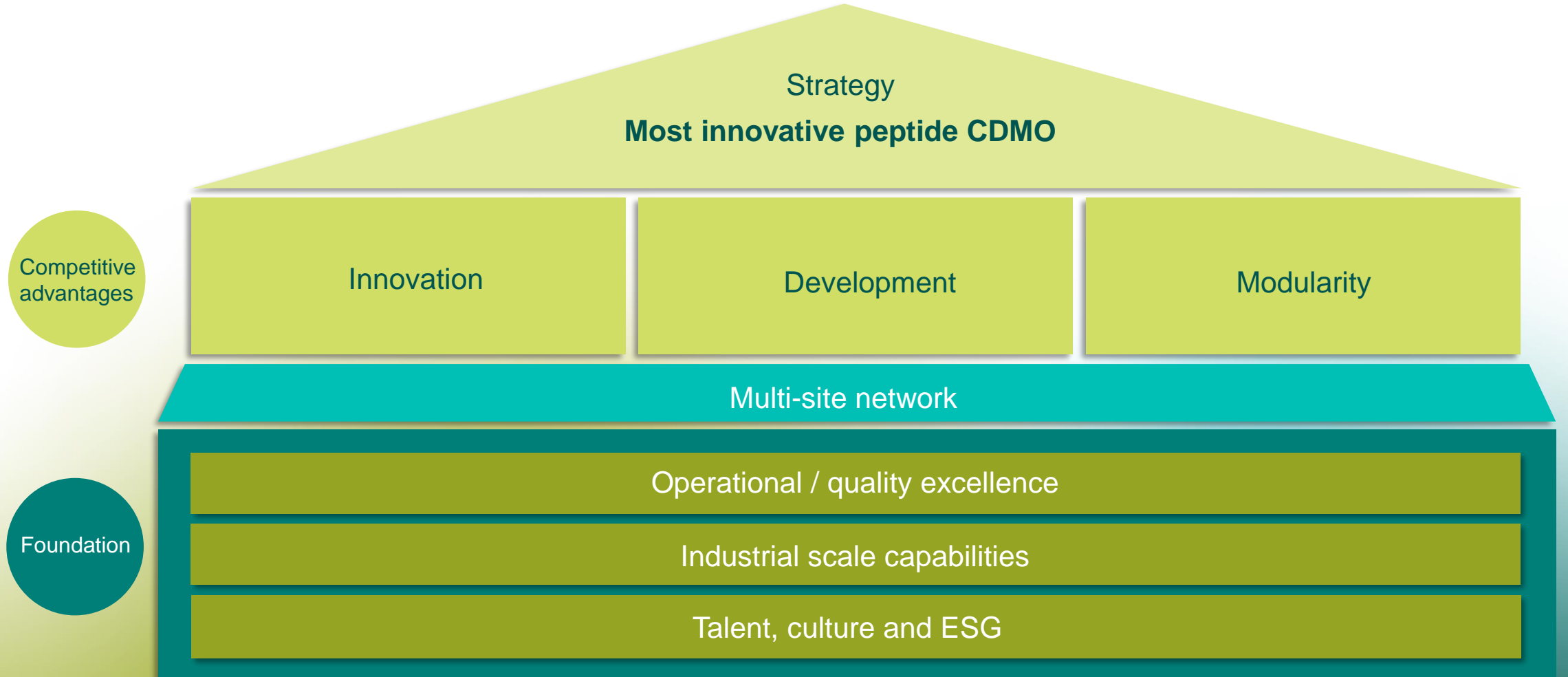
Ambernath (IN)



- Track record of >1,000 therapeutic peptides manufactured over the last 70 years
- Multi-site development and manufacturing network providing customer proximity and flexibility
- Superior development capabilities driving a rich pipeline (29 phase III projects) and commercial contracts with broad diversification and strong exposure to GLP-1

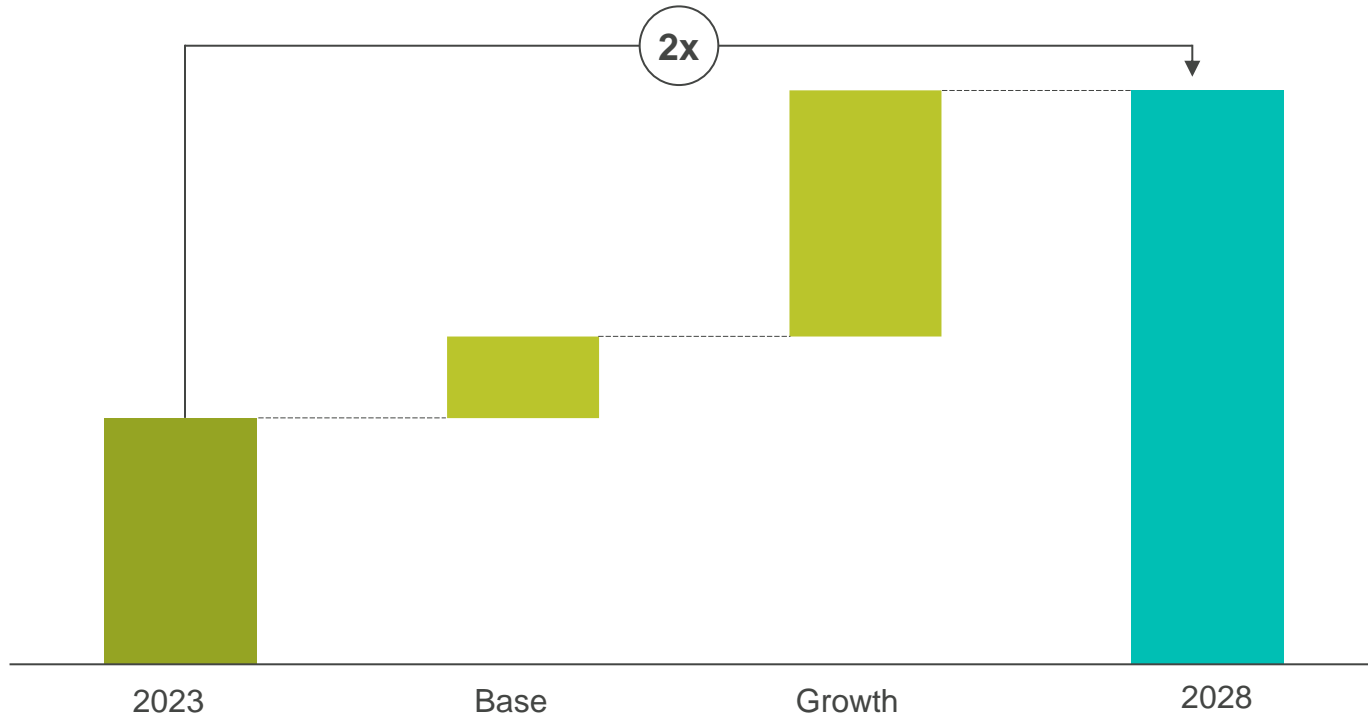


Sharpened growth strategy



We target to double 2023 revenue by 2028

Illustrative

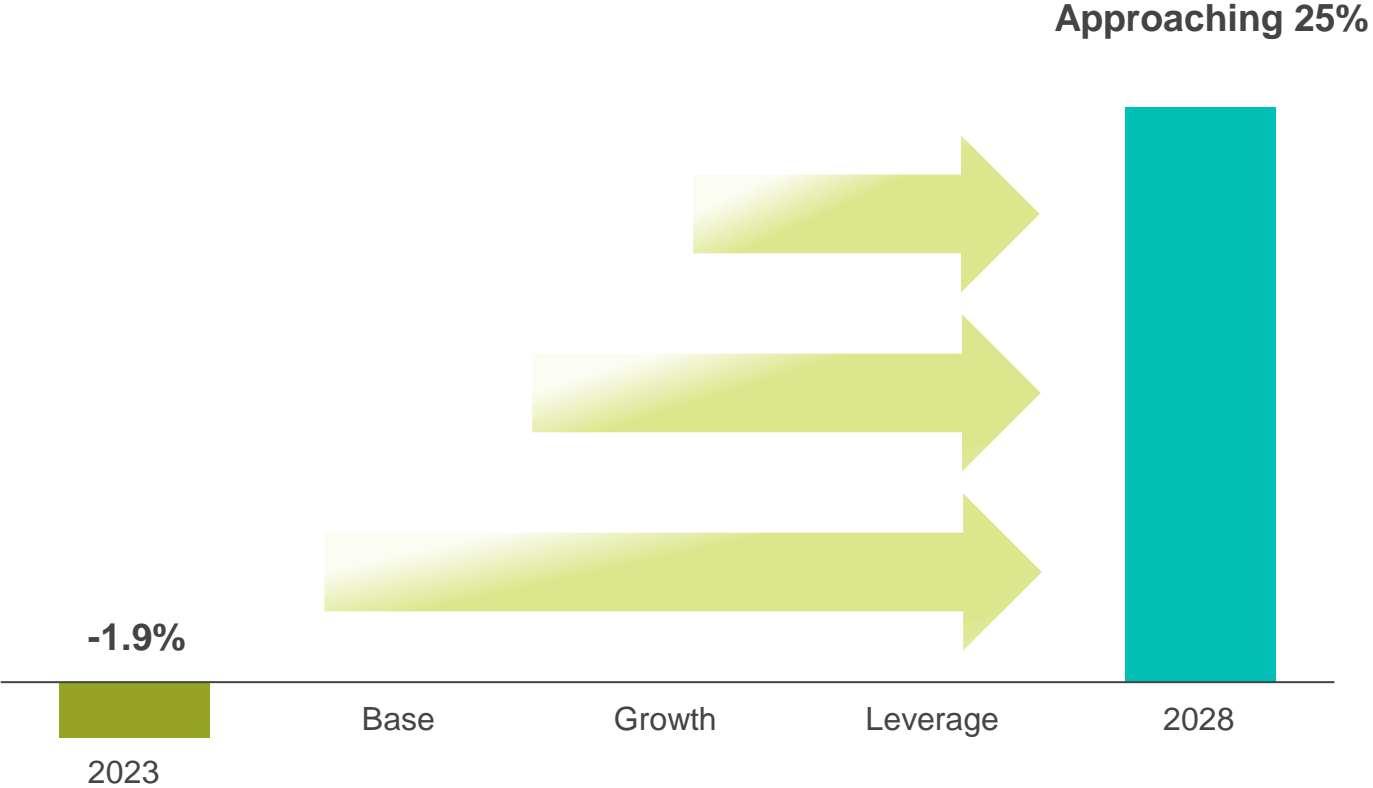


- Growth until 2028 supported by commitments and supply forecasts of existing customers
- Main contribution driven by commercial contracts communicated earlier
- Base business expected to grow with increasing asset utilization and improved efficiency



EBITDA margin expected to approach 25% by 2028

Illustrative



- Contribution from base business with increasing asset utilization and improving efficiency
- Contribution from growth initiatives with implementation of commercial contracts communicated earlier
- Operating leverage mainly from economies of scale with better absorption of global overhead
- Expect temporary margin impacts from growth investments with uneven phasing



Capital expenditures strategy



- 2021 – 2024 capex cycle of EUR ~280 m to be completed by the end of 2024
- 2025 – 2028 capex cycle with 15% to 20% of revenue
- Capacity expansion focused on high return on capital by:
 - Continuing with expansion across multi-site network
 - Leveraging proprietary technology and the potential of modularity to maximize manufacturing throughput and flexibility
 - Being in line with specific customer projects
- 2025 – 2028 capex cycle are required to also ensure capacity beyond 2028



PolyPeptide mid-term outlook

- Strategy to be the most innovative peptide CDMO, anchored on three competitive advantages
 - Innovation focused on green chemistry and industrial manufacturing
 - Superior pipeline development capabilities
 - Capacity expansion leveraging the potential for modularity
- Execution of this strategy to create significant value for stakeholders

Double 2023 revenue by 2028

EBITDA margin approaching 25% by 2028

Capital expenditures of 15% to 20% of revenue



Q&A



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Appendix



Result for the period

Summary P&L 30 June 2024 (unaudited)

kEUR	H1 2024	H1 2023
Revenue	135,043	131,834
EBITDA	2,869	-19,387
margin %	2.1%	-14.7%
Depreciation, amortization & impairment	-15,440	-15,007
Operating result (EBIT)	-12,571	-34,464
margin %	-9.3%	-26.1%
Total financial result	260	-4,763
Income tax charges / credit	925	4,961
Result for the period	-11,386	-34,266
margin %	-8.4%	-26.0%

Financial result

- Higher interest expenses in H1 2024 related to the revolving credit facility (RCF) communicated in October 2023 more than offset by currency-driven revaluation gain of an intra-Group receivable (with offsetting impact in Other Comprehensive Income)

Tax

- Benefit driven by result for the period and deferred tax income



Consolidated income statement

1 January – 30 June (unaudited)

kEUR	Note	H1 2024	H1 2023
Revenue	4	135,043	131,834
Other operating income		787	1,544
Total income		135,830	133,378
Cost of sales	5	-125,287	-144,006
Gross profit / (loss)		10,543	-10,628
Marketing and sales expenses		-1,922	-1,993
Research expenses		-451	-746
General and administrative expenses	5	-20,741	-21,097
Total operating expenses		-23,114	-23,836
Operating result (EBIT)		-12,571	-34,464
Financial income		8,873	21
Financial expenses		-8,613	-4,784
Total financial result		260	-4,763
Result before income taxes		-12,311	-39,227
Income tax		925	4,961
Result for the period		-11,386	-34,266
Attributable to shareholders of PolyPeptide Group AG		-11,386	-34,266
Earnings per share in EUR, basic		-0.35	-1.04
Earnings per share in EUR, diluted		-0.35	-1.04



Consolidated statement of financial position

As at 30 June (unaudited)

Assets, KEUR	Note	As at 30 June 2024	As at 31 December 2023
Non-current assets			
Intangible assets		16,469	16,454
Property, plant and equipment		309,692	300,582
Right-of-use assets		24,293	23,523
Deferred income tax assets		15,632	16,690
Other financial assets		6,242	5,237
Total non-current assets		372,328	362,486
Current assets			
Inventories		160,008	128,507
Trade receivables		47,701	76,674
Contract assets		11,438	2,103
Corporate income tax receivables		9,794	7,424
Other current assets		15,227	16,188
Cash and cash equivalents		48,475	95,706
Total current assets		292,643	326,602
Total assets		664,971	689,088

Equity and liabilities, KEUR	Note	As at 30 June 2024	As at 31 December 2023
Equity attributable to equity holders of the parent company			
Share capital	7	302	302
Share premium		203,129	203,129
Translation reserve		13,123	21,832
Treasury shares	7	-9,365	-10,394
Other capital reserves		939	1,217
Retained earnings		151,789	165,139
Total equity		359,917	381,225
Non-current liabilities			
Deferred income tax liabilities		2,959	3,644
Pensions		28,021	25,111
Provisions		1,693	1,649
Interest-bearing loans and borrowings	10	39,274	49,087
Lease liabilities		19,303	18,869
Other financial liabilities		9,946	9,893
Contract liabilities		20,249	23,160
Total non-current liabilities		121,445	131,413
Current liabilities			
Interest-bearing loans and borrowings	10	41,218	41,253
Lease liabilities		4,794	4,453
Other financial liabilities		1,277	1,227
Corporate income tax payable		204	227
Trade payables		41,584	60,906
Contract liabilities		67,781	42,969
Other current liabilities		26,751	25,415
Total current liabilities		183,609	176,450
Total liabilities		305,054	307,863
Total equity and liabilities		664,971	689,088



Consolidated statement cash flow

1 January – 30 June (unaudited)

KEUR	H1 2024	H1 2023
Cash flow from operating activities		
Result for the period	-11,386	-34,266
Adjustments to reconcile cash generated by operating activities		
Depreciation, amortization and impairment	15,440	15,077
Movement in provisions	-5	-427
Movement in pensions	233	277
Share-based payment expense	750	393
Financial income	-8,873	-21
Financial expenses	8,613	4,784
Income tax expense / (income)	-925	-4,961
Changes in net working capital		
(Increase) / decrease in inventories	-31,196	-6,715
(Increase) / decrease in trade receivables	29,239	-22,117
(Increase) / decrease in contract assets	-9,346	-4,790
(Increase) / decrease in other current assets	963	-1,120
Increase / (decrease) in trade payables	-11,146	-5,106
Increase / (decrease) in contract liabilities	20,499	5,676
Increase / (decrease) in other current liabilities	1,336	10,786
Cash generated from operations	4,196	-42,530
Interest income received	322	20
Interest expenses paid	-3,649	-1,671
Income taxes paid	-398	-4,141
Net cash flows from operating activities	471	-48,322
Cash flow from investing activities		
Acquisition of intangible assets	-1,357	-2,277
Acquisition of property, plant and equipment	-28,376	-29,089
Investments in other financial assets	-2,489	270
Net cash flows from investing activities	-32,222	-31,096

KEUR	H1 2024	H1 2023
Cash flow from financing activities		
Proceeds from short-term borrowings from banks	-	55,172
Repayment of long-term borrowings from banks	-10,000	-
Repayment of lease liabilities	-1,943	-1,411
Repayment of other financial liabilities	-353	-276
Net cash flow from financing activities	-12,296	53,485
Net movement in cash and cash equivalents	-44,047	-25,933
Cash and cash equivalents at the beginning of the period	95,706	37,528
Net foreign currency exchange differences	-3,184	-2,610
Cash and cash equivalents at the end of the period	48,475	8,985



Contact and calendar

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ISIN: CH111 076 085

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Events 2024

14 August 2024

Roadshow Zurich with Octavian

5-6 September 2024

Morgan Stanley Healthcare Conference New York

9 September 2024

Roadshow London with RBC Capital Market

7 November 2024

ZKB Swiss Equities Conference, Zurich

19-20 November 2024

Jefferies Health Care conference London

Events 2025

11 March 2025

Full year results 2024

9 April 2025

General Meeting 2025

12 August 2025

Half year results 2025

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