MEDIA RELEASE

Dottikon, May 30, 2008

DOTTIKON ES Invests, and Increases Net Sales and Net Income

Dottikon, Switzerland, May 30, 2008 – SWX-listed DOTTIKON ES HOLDING AG closed its business year 2007/08 on March 31, 2008.

- DOTTIKON ES increased net sales by 3.7% year-on-year from CHF 136.8 million to CHF 142.0 million.
- Operating profit (EBIT), burdened by a special write-off in the previous year, was raised from the previous year's CHF 15.9 million to CHF 21.2 million. The EBIT margin consequently grew from 11.6% to 14.9%.
- Net income rose from CHF 17.1 million to CHF 20.2 million.
- A strong increase in inventories of semi-finished and finished goods, as well as raw materials, combined with a further intensification of capacity expansion, resulted in a net outflow of cash from operating and investment activities of CHF 10.7 million.
- DOTTIKON ES will continue its investment activities on a higher level in the current business year. The Board of Directors of DOTTIKON ES HOLDING AG will consequently propose to the Annual General Meeting 2007/08, that no dividend will be paid and to allocate the entire retained earnings to other reserves.

Demand for energy and raw materials remains at a very high level. Despite the gathering signs of an economic slowdown, there is a bubble forming on the raw materials market. The duration and development of this bubble will be highly dependent on the intensity of the approaching slowdown in global economic activity.
Product safety and quality deficiencies in products from the Asia region have led to increasing awareness on the part of consumers, health authorities, and companies supplying the end market. Against this background, the relationship between price and quality is now being accorded greater importance again.

The number of new, active pharmaceutical ingredients approved by the FDA in 2007 reached another 20-year low in absolute terms. The greatest success was achieved by innovative drugs that for the first time enable treatments in therapeutic areas not covered thus far, or those that provide substantial benefits over conventional therapies. Over the next few years, a large proportion of the branded drugs on the market today will be affected by the expiration of patent protection. New product launches are at the same time addressing ever more specific indications, and this is resulting in lower sales expectations. While pharmaceutical companies in the past invested almost twice as much in the marketing of drugs as in research and development, the future challenge lies in a major shift of emphasis from marketing to innovation.
An over ageing demographic structure and affluent lifestyles in the industrialized nations are fueling a rise in health care costs. To check this rise in spending, we are seeing regulatory intervention to foster pricing pressure and price competition and therefore additionally increase innovation and cost pressure on the pharmaceutical companies. In light of these tensions, there is a growing demand for innovation, efficiency, and reliable quality. The pharmaceutical companies have to concentrate on their core competencies of clinical research and development, patenting,

and distribution, and initiate close cooperation with strategic, i.e. innovative, experienced and reliable partners in process development and production.

To meet the growing demand for high-quality, sophisticated exclusive synthesis, DOTTIKON EXCLUSIVE SYNTHESIS expanded its existing process development and production capacity and brought most of this on stream during the past business year.
More than 80 percent of the CHF 20 million capital expenditure program was devoted to this capacity expansion. The firm responded to the pharmaceutical industry's growing demand for innovation and development of production-ready processes and production by expanding its research and development capacity, as well as large-volume production involving corrosion-resistant hydration, autoclave and separator capacity for active pharmaceutical ingredients. This was followed by the commencement of a program to expand low-temperature and active pharmaceutical ingredient production capacity. With a view to meeting ever-increasing quality requirements, the firm invested in additional analytical instruments and quality systems (LIMS). The expansion of capacity was coupled with an increase in qualified personnel of over eight percent, together with a sharp increase in inventories of finished and semi-finished goods as well as raw materials. This consequently resulted in significantly higher material and personnel expenses, and also tied up a greater amount of capital. The higher material expenses are also attributable to a shift in the product mix toward multistep manufacturing at a higher value level, and to an average increase in raw material prices of more than ten percent, whereby most of the latter was passed on to customers.
As a result, DOTTIKON ES again increased net sales and net income in the business year under review. Cash flow from operations, on the other hand, was sharply reduced due to an increase in working capital – relating to preparatory efforts in existing customer orders for the running business year – and payment of outstanding income tax liabilities. Combined with the intensified investment activity, this resulted in a substantial outflow of cash. With the ongoing investment activity this will be further continued.

DOTTIKON ES continues the strategy of performance leadership in hazardous reactions. In the current business year, investment activities will be once again intensified in high-quality, technologically advanced capacity expansion. Provided there aren't any unforeseen events, DOTTIKON ES expects a further increase in net sales and a further improvement of the product mix for the business year 2008/09.

Key Figures DOTTIKON ES Group

CHF million	FY 2006/07	FY 2007/08	Changes
Net sales	**136.8**	**142.0**	+3.7%
Changes in semi-finished and finished goods	-5.7	9.4	
Other operating income	3.3	3.6	
Material expenses	-41.3	-57.1	
Personnel expenses	-43.8	-47.4	
Other operating expenses	-17.7	-18.1	
EBITDA	**31.6**	**32.4**	+2.5%
EBITDA margin (in % of net sales)	*23.1%*	*22.8%*	
Depreciation and amortization	-15.7	-11.2	
EBIT	**15.9**	**21.2**	+32.9%
EBIT margin (in % of net sales)	*11.6%*	*14.9%*	
Financial results	0.7	1.9	
Income taxes	0.5	-2.9	
Net income	**17.1**	**20.2**	+18.3%
Net income margin (in % of net sales)	*12.5%*	*14.2%*	
Basic earnings per share (in CHF)	**13.84**	**16.35**	+18.1%
Proposed dividend per share (in CHF)	8.00	–	
Cash flow from operating activities	**29.6**	**9.9**	-66.6%
Capital expenditure	-15.8	-20.6	
Free cash flow	**13.8**	**-10.7**	-177.6%

FY 2006/07: business year from April 1, 2006, to March 31, 2007
FY 2007/08: business year from April 1, 2007, to March 31, 2008

DOTTIKON ES, with its production site in Dottikon (Aargau, Switzerland), is specialized in hazardous chemical reactions and focuses on the exclusive synthesis of fine chemicals for the pharmaceutical and chemical industry worldwide. The product range of DOTTIKON ES includes active pharmaceutical ingredients (APIs) and pharmaceutical intermediates as well as in-house-developed, high-value industrial chemicals.

DOTTIKON ES HOLDING AG is listed at the SWX Swiss Exchange.
Symbol: DESN
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