



**DOTTIKON ES with More than 40% Operating Profit Increase**

Dottikon, Switzerland, June 12, 2006 – DOTTIKON ES HOLDING AG, listed at the SWX since March 31, 2005, closed its business year 2005/06 on March 31, 2006.

- DOTTIKON ES increased its operating profit (EBIT) by 40.9%, from CHF 12.8 million to CHF 18.0 million whereas net sales were unchanged at CHF 133.6 million compared to the previous year.
- Net income increased from CHF 10.8 million to CHF 13.6 million.
- The Board of Directors of DOTTIKON ES HOLDING AG will propose on August 18, 2006, a dividend of CHF 8.00 per share to the General Meeting 2005/06.

**Key Figures DOTTIKON ES Group**

CHF million	FY 2004/05*	FY 2005/06	Changes
<b>Net Sales</b>	<b>133.6</b>	<b>133.6</b>	0.0%
Changes in semi-finished and finished goods	-9.1	-9.1	
Other operating income	2.6	3.0	
Material expenses	-41.6	-37.7	
Personnel expenses	-42.6	-42.8	
Other operating expenses	-18.4	-17.2	
<b>EBITDA</b>	<b>24.5</b>	<b>29.8</b>	+21.6%
<i>EBITDA margin (in % of net sales)</i>	18.4%	22.3%	
Depreciation and amortization	-11.7	-11.8	
<b>EBIT</b>	<b>12.8</b>	<b>18.0</b>	+40.9%
<i>EBIT margin (in % of net sales)</i>	9.6%	13.5%	
Financial result	0.9	0.2	
Income taxes	-2.9	-4.6	
<b>Net income</b>	<b>10.8</b>	<b>13.6</b>	+26.7%
<i>Net income margin (in % of net sales)</i>	8.1%	10.2%	
<b>Basic earnings per share (in CHF)</b>	<b>8.45</b>	<b>11.05</b>	+30.8%
Proposed dividend per share (in CHF)	–	8.00	
<b>Cash flow from operating activities</b>	<b>20.8</b>	<b>33.8</b>	+62.4%
Capital expenditure	-6.6	-8.4	
<b>Free cash flow</b>	<b>14.2</b>	<b>25.4</b>	+78.9%

\* Pro forma

FY 2004/05: Business year from April 1, 2004 until March 31, 2005

FY 2005/06: Business year from April 1, 2005 until March 31, 2006



The market 2005/06 was mainly driven by two overlapping effects: the profound structural changes of the fine chemical and pharmaceutical industry and the ongoing economic upswing.

Significant drivers of the structural changes in the field of fine chemicals were the tails of the prolonged consolidation wave and the global West-East conflict between technological innovation and low-cost production. The wave of consolidation consisted of an effective removal of idle capacity and increasing M&A activity.

The main drivers of the structural changes in the pharmaceutical industry were the cost pressure on health care systems initiated by the longevity paradox and the fragmentary pipelines of pharmaceutical companies as a result of the past strategies focusing on blockbusters. Patents of established APIs are expiring and the market share of generic medicinal products is increasing. The pharmaceutical industry reacts with further increase of research and development expenses, in-licensing and acquisition of active compounds in development or companies with APIs in the late clinical phases II and III, as well as aggressive acquisition into the generic drug market.

In this market environment of the past business year 2005/06, DOTTIKON ES made progress in positioning itself as the specialist for hazardous reactions and focusing on performance leadership. As a direct consequence the hit rate of new successful project acquisitions and the share of projects with hazardous reactions were increased, supported by an increasing market need for fast and reliable project development capability. The profit increase 2005/06 of DOTTIKON ES is a result of an improved product mix with lower portion of material expenses combined with cost discipline. As a result of praxis change to full foreign currency hedging, in order to reduce currency risks, and a technically accounting-related increased tax rate for deferred taxes for the business year 2005/06, the net income increased subproportionally compared to the EBIT.

Expanding research and development by two additional technology laboratories allowed further market-oriented development of hazardous reactions. Syntheses using hazardous reactions have been developed to upscale capable processes. The product portfolio of DOTTIKON ES has successfully been expanded with high-purity primary and secondary amines, tetrazol and additional indol derivatives. Additional investments have been made by DOTTIKON ES in a further modular plant for continuous hazardous reactions, in quality improvements and debottlenecking of multi-purpose production plants. DOTTIKON ES further acquired a strategic share of SYSTAG, System Technik AG, the technological leader for thermal analysis instruments, such as reaction calorimeters to determine safety-critical data for hazardous chemical reactions and lab automatization systems for process development and scale-up.

DOTTIKON ES continues to implement the strategy “performance leader and specialist for hazardous reactions”.

For the business year 2006/07 DOTTIKON ES expects a slight increase in net sales and a further improvement of the product mix. DOTTIKON ES intends to continue to distribute excess liquidity in the future in the amount not required for internal growth and related investments.



DOTTIKON ES, with its production site in Dottikon (Aargau, Switzerland), specializes on 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.

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