

BACHEM HALF-YEAR REPORT 2016

BACHEM

Bachem is a listed technology-based company focused on peptide chemistry. The company provides a full range of services to the pharma and biotech industries. It specializes in the development of innovative, efficient manufacturing processes and the reliable production of peptide-based active pharmaceutical ingredients. A comprehensive catalog of biochemicals and exclusive custom syntheses for research labs complete the service portfolio. Headquartered in Switzerland with subsidiaries in Europe and the US, the group has a global reach with more experience and know-how than any other company in the industry. Towards its customers, Bachem shows total commitment to quality, innovation and partnership.

Bachem. Pioneering Partner for Peptides

PIONEERING PARTNER FOR PEPTIDES

BACHEM HAS BEEN A PIONEER IN THE FIELD OF PEPTIDES FOR OVER 40 YEARS. THE COMPANY LISTENS TO ITS CUSTOMERS AND IS A RELIABLE PARTNER WHEN IT COMES TO FULFILLING THEIR EXPECTATIONS.

New sales record with
13.9% year-on-year
growth

EBITDA at 26.2%
and EBIT at 18.3%
of sales

Net income jumps
35.5%

Capacity expanded
and 50 new jobs
created

High rate of utilization
and continued hiring
in the second half

Fiscal 2016 expected
to be a very good year

Full-year guidance
confirmed

FIRST HALF-YEAR 2016 IN BRIEF

SALES
(IN MCHF)

113.4

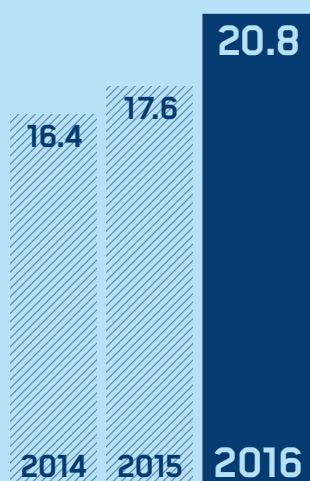
New sales
record:
Sales increase
by 13.9%

EBIT
(IN MCHF)

17.1

Strong surge
in profits:
Net income up
35.5%

EBIT
(IN MCHF)



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| | 2016 | 2015 | CHANGE IN % | |
|--|-------|------|-------------|-------|
| | | | CHF | LC |
| SALES (IN MCHF) | 113.4 | 99.6 | + 13.9 | +11.4 |
| EBITDA (IN MCHF) | 29.8 | 26.8 | + 11.2 | +5.8 |
| EBITDA IN % OF SALES | 26.2 | 26.9 | | |
| EBIT (IN MCHF) | 20.8 | 17.6 | + 18.1 | +10.1 |
| EBIT IN % OF SALES | 18.3 | 17.7 | | |
| NET INCOME (IN MCHF) | 17.1 | 12.6 | + 35.5 | |
| NET INCOME IN % OF SALES | 15.1 | 12.7 | | |
| EARNINGS PER SHARE (EPS - IN CHF) | 1.26 | 0.93 | + 35.4 | |
| CASH FLOW FROM OPERATING ACTIVITIES (IN MCHF) | 20.3 | 29.4 | - 31.0 | |
| NUMBER OF EMPLOYEES (IN FULL-TIME EQUIVALENTS) | 910 | 821 | | |

Bachem achieved very solid results in the first half, thereby extending its record-breaking performance from 2015. Sales growth remained high and profitability improved further. EBIT and net income were sharply higher despite an increase in operating costs due to expansion-related projects and non-recurring items.

First-half sales set new all-time high

Bachem Group (SIX: BANB) generated sales of 113.4 million CHF in the first half of 2016. Consolidated Group sales rose by approximately 14 million CHF from the first half of the previous year and were sharply higher in both local currency (+11.4%) and the reporting currency CHF (+13.9%). Reported sales growth in Swiss francs was buoyed by more favorable EUR/CHF and USD/CHF exchange rates compared to the year-ago period. First-half sales clearly surpassed the record-setting figure from last year, marking a new record high.

Generics a stable pillar of business

Generics continued to grow as product group sales rose by approximately 9% to 53.9 million CHF. Business in the North America region was particularly strong with sales up more than 50%. As expected, European sales did not quite reach the excellent level from the prior year period. Judging by its current order backlog and the latest

customer inputs, Bachem expects the generics business to be stable in the second half, and full-year sales should approximate the outstanding figure reported for fiscal 2015.

Research ingredients strengthened

The research grade chemicals business maintained its pleasing momentum. Catalog products and custom synthesis performed well in the face of a challenging, highly competitive market environment. Measures introduced by management in recent years have been effective and are now contributing to the sales and profit growth. The business acquired from American Peptide Company (APC) also made a sustainable, positive contribution to operating results. The slump in the value of the British pound after the Brexit referendum had no material impact on the Group's results for the first half of 2016 and Bachem's "Competence Center for Custom Synthesis" in St. Helens, Great Britain, actually benefited from the currency-driven improvement in its competitive profile. This is a positive factor that should reinforce Bachem's already strong position as a global player in the research grade chemicals business.

New Chemical Entities an engine of growth

Bachem achieved outstanding results in the New Chemical Entities (NCEs) business with sales advancing more than 40% in local currency year-on-year. The fast growth was fueled primarily by a sharp rise in European business volumes. In the US, sales were just below the very good level reported in the prior year period. Sales in the US were mainly held back by planned expansion-related work at the manufacturing site in Vista, California, which was acquired from APC. Due to construction, delivery dates for some orders had to be pushed back into the second half of the year. Mirroring the development of the NCE business, the NCE services business showed significant growth of approximately 20% versus the prior year period. Management expects another strong performance from the NCE business in the second half of 2016. This is likely to further improve the outstanding outlook and provide a solid platform for Bachem Group's sustained growth going forward.

Successful "Bachem Spring Symposium"

The theme of the "Bachem Spring Symposium" organized in the spring of 2016 was "Novel Approaches To Peptide Formulation and Delivery". Presentations by leading specialists such as Prof. Scott Lokey (University of California, Santa Cruz) and Prof. Roland Brock (Radboud University, Nijmegen Medical Centre) and the exciting practical examples given by Dr. Don Wellings (SpheriTech) and Dr. Leila Hassani-Benididir (Ipsen) helped to make the event a resounding success, as in previous years. The

industry experts and academics invited to the symposium appreciated the opportunity to share knowledge and ideas and discuss in detail the new possibilities for using peptides in pharmaceutical applications thanks to advances in drug delivery.

Market leadership expanded

Demand for peptide-based therapeutic agents remains firm and the current order backlog is high. Bachem's results for the first half of the year show that it was able to defend and extend its lead over the competition.

Operating profit increased once again

Bachem increased its operating profit by about 18% compared to the prior year period to 20.8 million CHF in the first half of 2016. The EBIT margin rose to 18.3% (H1 2015: 17.7%). One-off costs totaling 1.4 million CHF associated with legal counsel and the introduction of a new Group-wide Enterprise Resource Planning (ERP) system were recognized in the first half. Compared to the year-ago period, these additional costs were neutralized by the positive effect of currency exchange rates USD and EUR towards CHF.

More jobs created

Thanks to the good business momentum and high rates of capacity utilization, Bachem was able to create 50 additional jobs during the first half. As of June 30, 2016, Bachem Group employed a total of 952 people in 909 full-time-equivalent positions. As market leader and the "Pioneering Partner for Peptides", Bachem offers its employees attractive opportunities to work on exciting and demanding projects as part of an interdisciplinary team and in close collaboration with customers. "The best work with the best".

Capacity expansion impacts gross profit

The cost of goods sold in the first half of 2016 amounted to 76.8 million CHF or 67.7% of sales and the resulting gross profit margin declined slightly to 32.3% (H1 2015: 33.2%). Expansion work at the Vista, California, site led to a temporary reduction in capacity utilization and fixed cost absorption. These restraints and the significantly higher headcount had an impact on gross profit despite the high rate of utilization at all other company operations. Management expects the situation in the US to improve markedly during the rest of the year and the result for the entire year should be very good.

Marketing & sales

Marketing and sales costs for the first half amounted to 6.8 million CHF, unchanged from the prior year period. Measured as a percent of total sales, they declined to 6.0% (H1 2015: 6.8%). Since various seasonal costs,

such as for the CPhI, will be incurred in the second half, management expects marketing & sales costs for the year as a whole to be comparable to the prior year figure.

Research & development

Group research and development expenses amounted to 0.4 million CHF (H1 2015: 0.9 million CHF). Bachem postponed several internal projects in order to concentrate on the high volume of incoming orders. As a result, the entire R&D budget of approximately 2 million CHF for 2016 will probably not be spent. No development costs were capitalized during the period under review.

General administrative costs

General administrative costs for the first six months of 2016 amounted to 9.2 million CHF (H1 2015: 8.3 million CHF). The difference to the prior year period is mainly attributable to the recruitment of additional staff and specialists for internal services units and for the operations acquired from APC.

Depreciation & amortization virtually unchanged

Depreciation and amortization showed virtually no change at 9.0 million CHF (H1 2015: 9.2 million CHF). Measured as a percentage of sales, there was a renewed decline to 7.9%. No impairments were recognized during the period under review.

Net income jumps 35.5%

Bachem's net income for the period eclipsed the year-ago figure. Up by 4.5 million CHF (+35.5% y-o-y) to 17.1 million CHF, Bachem was able to sustain its steady profit growth from previous reporting periods.

No currency translation effect

Currency translation had only a marginal influence on the reported results for the first half of 2016, whereas net income for the prior year period was obviously negatively impacted by the SNB's decision to de-peg the EUR/CHF exchange rate. Exchange rate fluctuations had an overall impact of -0.1 million CHF on the Group's reported net profit (H1 2015: -2.2 million CHF).

Tax rate

Net income included income tax of 3.4 million CHF (H1 2015: 2.6 million CHF). Due to the decline in the share of profits generated in the US, the Group's tax rate receded to 16.5% (H1 2015: 17.2%).

Net current assets burden cash flow

Cash flow from operating activities before changes in net current assets amounted to 27.0 million CHF for the first half of 2016, which corresponds to a significant improvement of more than 18% from the prior year period.

Changes in net current assets resulted in a cash outflow of 6.7 million CHF. A decline in trade receivables of 6.8 million CHF over the reporting period was virtually balanced by the 6.6 million CHF decline in trade payables. Capital employed largely consisted of the 6.3 million CHF increase in inventory to meet growing business requirements and the sum of 0.6 million CHF from the change in other current receivables and liabilities as well as related accruals and deferrals. Operating cash flow for the first six months of 2016 amounted to 20.3 million CHF (H1 2015: 29.4 million CHF).

High investment as expected

At –20.7 million CHF, cash flow from investing activities was, as expected, significantly higher in the first half of 2016 compared to the prior year period (H1 2015: –15.1 million CHF). After recognizing more than 70% or 10.7 million CHF of the total investment outlays for the acquisition of APC in the prior year period, Bachem completed all investments in tangible and intangible assets during the period under review.

Financing activity

Due to the increase in the dividend to 2.25 CHF (previous year: 2.00 CHF), the net cash outflow within the scope of financing activities rose by 3.4 million CHF from the previous year to 20.5 million CHF. 10.0 million CHF of the dividend remained as a loan versus Ingro Finanz AG. Bachem repaid a total of 17.1 million CHF of the financial liabilities reported in the previous year and borrowed 31.0 million CHF from two Swiss banks.

Cash and cash equivalents of 15.8 million CHF

Cash and cash equivalents declined by 7.4 million CHF in the cash flow statement, resulting in cash and cash equivalents as defined in the cash flow statement of 15.8 million CHF.

Solid capital base

Bachem's financial position remains very solid with an equity ratio of approximately 76%.

OUTLOOK

CAPACITY EXPANSION

After the acquisition of American Peptide Company (APC) at the end of March 2015, APC was integrated into Bachem Group as scheduled by the end of 2015. Selective investments were made to optimize the company's plant in Vista, California, and to ready it for projects and tasks in the pipeline. In Bubendorf, Switzerland, the Group operationally commissioned its most modern building dedicated to R&D projects and small lot production. Bachem is also making investments at almost every other site and creating new jobs in the process. Management expects a steady increase in the utilization of its expanded capacity as of the second half of 2016.

BOOMING PEPTIDE MARKET

Demand for peptide-based active ingredients remains strong. Not least due to novel drug delivery methods and systems, new application for peptides are constantly being investigated. Never before were so many peptide projects in progress as there are today. Thanks to its tremendous experience and superior reliability, Bachem is capturing a disproportionate share of the market's growth and steadily increasing its lead over competitors.

GUIDANCE CONFIRMED

Bachem Group had an excellent start in the first half. Its interim results and current order backlog and the ongoing market developments confirm that the Group is on the right track with its strategic focus on the peptides business. Bachem is seeking to expand its undisputed leading market position and it will maintain its strong commitment to quality, reliability and customer partnerships to this end. Assuming exchange rates and the economy are stable, management expects fiscal 2016 to be a very good year. Sales growth in local currency should exceed last year's result by more than 10% and therefore be above the long-term guidance range of 6% to 10% per year. Profitability should show another year-on-year improvement despite the increase in costs due to capacity expansion and, above all, the larger work force.

Bachem. Pioneering Partner for Peptides

Quality Strategy

The quest for the perfect solution. Continuous improvement thanks to creativity and the ability to adapt. Always seeing what has been achieved and the current challenge as a starting point and incentive for the next development.

Doing this requires a specific mindset: namely, that of an entrepreneur who always wants to offer his partners the best possible quality. With 100% reliability, no exceptions. Steadfastly convinced of doing the right thing.

We at Bachem have lived this commitment to quality from the very outset. Embedded as a strategy, established as a Company-wide initiative, it shapes our day-to-day activities over the long term. Our well-established position as market leader in the production of active ingredients is a result of this consistent focus and, of course, the requirements and appreciation of our customers: **Quality Matters.**



FIVE REASONS TO INVEST

1.
BACHEM IS THE MOST ROBUST AND SUSTAINED SUPPLIER IN THE INDUSTRY SINCE 40 YEARS.

2.
ALL STAGES OF DRUG DEVELOPMENT (PRECLINICAL RESEARCH, CLINICAL PHASES I-III AND AFTER COMMERCIAL LAUNCH) ARE SUPPORTED BY BACHEM'S API PRODUCTION AND SERVICES.

3.
CAPABILITY TO PRODUCE LONG AND COMPLEX PEPTIDES AT LARGE VOLUME COMMERCIAL SCALES IS SPECIAL.

4.
HIGHEST INDUSTRY STANDARDS FOR QUALITY ASSURANCE, CONTROL AND REGULATORY COMPLIANCE ARE PART OF BACHEM'S "QUALITY MATTERS" COMMITMENT.

5.
EXCELLENT PROJECT MANAGEMENT RECORD WITH THE WORLD'S BEST PHARMACEUTICAL AND BIOTECHNOLOGY COMPANIES – THE BEST WORK WITH THE BEST.

CONSOLIDATED INCOME STATEMENT

(Unaudited)

| in 1000 CHF | Notes | First half-year 2016 | First half-year 2015 |
|---|-------|-------------------------|-------------------------|
| Sales | 5 | 113 438 | 99 591 |
| Cost of goods sold | | - 76 812 | - 66 479 |
| Gross profit | | 36 626 | 33 112 |
| Other income | | 598 | 443 |
| Marketing and sales costs | | - 6 785 | - 6 753 |
| Research and development costs | | - 424 | - 891 |
| General administrative costs | | - 9 248 | - 8 324 |
| Operating income (EBIT) | 5 | 20 767 | 17 587 |
| Financial income | | 11 | 12 |
| Financial expenses | 6 | - 292 | - 2 369 |
| Ordinary income before taxes | | 20 486 | 15 230 |
| Income taxes | | - 3 388 | - 2 615 |
| Net income¹ | | 17 098 | 12 615 |
| Basic earnings per share (CHF) | | 1.26 | 0.93 |
| Diluted earnings per share (CHF) | | 1.26 | 0.93 |

¹ The net income is completely attributable to the equity holders of the parent.

The notes on pages 10 to 12 are an integral part of the consolidated interim financial statements.

CONSOLIDATED BALANCE SHEET

(Unaudited)

| in 1000 CHF | Notes | June 30, 2016 | Dec. 31, 2015 |
|---|-------|----------------|----------------|
| Assets | | | |
| Cash and cash equivalents | | 15 840 | 23 249 |
| Trade receivables | | 31 638 | 38 645 |
| Other current receivables | | 3 554 | 2 324 |
| Prepaid expenses and accrued income | | 2 004 | 1 664 |
| Current income tax assets | | 1 334 | 1 078 |
| Inventories | | 145 337 | 139 664 |
| Total current assets | | 199 707 | 206 624 |
| Property, plant and equipment | | 233 913 | 223 120 |
| Intangible assets | | 8 714 | 9 325 |
| Assets from employer contribution reserve | | 320 | 320 |
| Deferred tax assets | | 3 845 | 4 443 |
| Total non-current assets | | 246 792 | 237 208 |
| Total assets | | 446 499 | 443 832 |
| Liabilities and equity | | | |
| Trade payables | | 14 534 | 21 229 |
| Other current liabilities | | 4 669 | 4 733 |
| Accrued expenses and deferred income | | 12 493 | 11 459 |
| Current income tax liabilities | | 3 985 | 4 272 |
| Current financial liabilities | 7 | 41 092 | 17 146 |
| Total current liabilities | | 76 773 | 58 839 |
| Non-current financial liabilities | 7 | 237 | 277 |
| Deferred tax liabilities | | 31 183 | 31 353 |
| Total non-current liabilities | | 31 420 | 31 630 |
| Total liabilities | | 108 193 | 90 469 |
| Share capital | | 680 | 680 |
| Retained earnings | | 345 202 | 358 588 |
| Share premium | | 27 154 | 26 689 |
| Own shares | | - 958 | - 959 |
| Cumulative translation differences | | - 33 772 | - 31 635 |
| Total capital and reserves attributable to the equity holders of the company | | 338 306 | 353 363 |
| Total liabilities and equity | | 446 499 | 443 832 |

The notes on pages 10 to 12 are an integral part of the consolidated interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(Unaudited)

| in 1000 CHF | Notes | First half-year 2016 | First half-year 2015 |
|---|-------|-------------------------|-------------------------|
| Cash flow from operating activities | | | |
| Net income | | 17 098 | 12 615 |
| Adjustments for: | | | |
| Income taxes | | 3 388 | 2 615 |
| Depreciation and amortization | | 9 006 | 9 189 |
| Financial income | | - 11 | - 12 |
| Financial expenses | 6 | 292 | 2 369 |
| Share based payments | | 440 | 305 |
| Income taxes paid | | - 3 493 | - 3 667 |
| Other non-cash items | | 232 | - 621 |
| Cash flow from operating activities before changes in net current assets | | 26 952 | 22 793 |
| Change in trade receivables | | 6 788 | 12 821 |
| Change in other current receivables, prepaid expenses and accrued income | | - 1 631 | - 1 407 |
| Change in inventories | | - 6 296 | 1 457 |
| Change in trade payables | | - 6 582 | - 5 780 |
| Change in other current liabilities, accrued expenses and deferred income | | 1 069 | - 445 |
| Cash flow from operating activities | | 20 300 | 29 439 |
| Cash flow from investing activities | | | |
| Investments in property, plant and equipment | | - 20 215 | - 3 040 |
| Investments in intangible assets | | - 419 | - 1 316 |
| Acquisitions | 8 | 0 | - 10 693 |
| Interest received | | 10 | 12 |
| Other financial payments and proceeds | | - 82 | - 78 |
| Cash flow from investing activities | | - 20 706 | - 15 115 |
| Cash flow from financing activities | | | |
| Additions of own shares | | 0 | - 3 |
| Disposals of own shares | | 26 | 29 |
| Dividends paid | 4 | - 20 484 | - 17 069 |
| Increase in financial liabilities | | 31 000 | 19 000 |
| Repayment of financial liabilities | | - 17 093 | - 21 066 |
| Interest paid | | - 78 | - 72 |
| Cash from financing activities | | - 6 629 | - 19 181 |
| Net effect of currency translation on cash and cash equivalents | | - 374 | - 728 |
| Net change in cash and cash equivalents | | - 7 409 | - 5 585 |
| Cash and cash equivalents at the beginning of the year | | 23 249 | 29 494 |
| Cash and cash equivalents at the end of the half-year | | 15 840 | 23 909 |
| Net change in cash and cash equivalents | | - 7 409 | - 5 585 |

The notes on pages 10 to 12 are an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

| 2016 in 1000 CHF | Notes | Share capital | Retained earnings | Share premium | Own shares | Cumulative translation differences | Total |
|---|-------|------------------|----------------------|------------------|---------------|--|----------------|
| Balance at January 1 | | 680 | 358 588 | 26 689 | - 959 | - 31 635 | 353 363 |
| Net income according to income statement | | | 17 098 | | | | 17 098 |
| Dividends | 4 | | - 30 484 | | | | - 30 484 |
| Transactions with own shares (net of tax) | | | | 25 | 1 | | 26 |
| Share based payments | | | | 440 | | | 440 |
| Cumulative translation differences | | | | | | - 2 137 | - 2 137 |
| Balance at June 30 | | 680 | 345 202 | 27 154 | - 958 | - 33 772 | 338 306 |

| 2015 in 1000 CHF | Notes | Share capital | Retained earnings | Share premium | Own shares | Cumulative translation differences | Total |
|---|-------|------------------|----------------------|------------------|---------------|--|----------------|
| Balance at January 1 | | 680 | 339 471 | 41 568 | - 957 | - 31 631 | 349 131 |
| Net income according to income statement | | | 12 615 | | | | 12 615 |
| Dividends | 4 | | - 11 369 | - 15 700 | | | - 27 069 |
| Offset negative goodwill | 8 | | 2 244 | | | | 2 244 |
| Transactions with own shares (net of tax) | | | | 28 | - 2 | | 26 |
| Share based payments | | | | 305 | | | 305 |
| Cumulative translation differences | | | | | | - 4 001 | - 4 001 |
| Balance at June 30 | | 680 | 342 961 | 26 201 | - 959 | - 35 632 | 333 251 |

The notes on pages 10 to 12 are an integral part of the consolidated interim financial statements.

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Accounting policies

Principles of consolidation

These consolidated interim financial statements comprise the unaudited consolidated financial statements of Bachem Holding AG, a company registered in Switzerland, and its subsidiaries for the six-month period ended June 30, 2016.

The consolidated interim financial statements were prepared in accordance with Swiss GAAP FER 31 “Complementary recommendation for listed public companies”. These consolidated interim financial statements do not include all the information and disclosures contained in the annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2015, which were prepared in accordance with the Swiss Accounting and Reporting Recommendations (Swiss GAAP FER).

Changes in accounting policies

For the reporting year 2016, revisions concerning revenue recognition and its disclosure became effective (Swiss GAAP FER Framework, Swiss GAAP FER 3 “Presentation and Format” and Swiss GAAP FER 6 “Notes”). These revisions had no effect on the results of the Bachem Group. The accounting policies used are consistent with those used in the annual consolidated financial statements 2015.

Approval of the interim financial statements

The consolidated interim financial statements were approved for issue by the Board of Directors of Bachem Holding AG on August 17, 2016.

2 Foreign exchange rates

| in CHF | Income statement average rates | | Balance sheet period-end rates | |
|--------|---------------------------------|-------------------------|--------------------------------|---------------|
| | First half-year 2016 | First half-year 2015 | June 30, 2016 | Dec. 31, 2015 |
| USD | 0.98 | 0.95 | 0.98 | 1.00 |
| EUR | 1.10 | 1.05 | 1.09 | 1.09 |
| GBP | 1.41 | 1.44 | 1.31 | 1.48 |

3 Seasonality

The operating income is subject to fluctuations having no seasonal origin.

4 Dividend distribution

On April 22, 2016, a dividend of 30 484 kCHF respectively 2.25 CHF per share was distributed for the year 2015 (previous year: 27 069 kCHF respectively 2.00 CHF per share). Of the total dividend in the amount of 30 484 kCHF, 20 484 kCHF were paid out and 10 000 kCHF remained as a loan versus Ingro Finanz AG.

5 Segment information

The presented values are based on the same valuation principles according to Swiss GAAP FER as used for the whole interim financial statements.

| in 1000 CHF | Europe | North America | Total segments | Corporate and eliminations | Consolidated values |
|--|---------------|---------------|----------------|----------------------------|---------------------|
| Sales information first half-year 2016 | | | | | |
| Sales third parties | 74 594 | 38 844 | 113 438 | 0 | 113 438 |
| Sales intersegment | 18 844 | 5 955 | 24 799 | - 24 799 | 0 |
| Total sales | 93 438 | 44 799 | 138 237 | - 24 799 | 113 438 |
| Income information first half-year 2016 | | | | | |
| Operating income (EBIT) | 21 407 | 2 148 | 23 555 | - 2 788 ¹ | 20 767 |
| Other information first half-year 2016 | | | | | |
| Additions in property, plant and equipment and intangible assets | 11 189 | 9 445 | 20 634 | 0 | 20 634 |
| Depreciation and amortization | - 7 656 | - 1 332 | - 8 988 | - 18 | - 9 006 |
| Total assets | 357 436 | 95 232 | 452 668 | - 6 169 ² | 446 499 |
| Total liabilities | 168 150 | 32 909 | 201 059 | - 92 866 ³ | 108 193 |

¹ The amount consists of the operating income from corporate activities of -2 564 kCHF and of eliminations in the value of -224 kCHF.

² The amount consists of corporate assets as for example cash and cash equivalents and loans to Group companies in the total of 134 600 kCHF and of eliminations in the value of -140 769 kCHF.

³ The amount consists of corporate liabilities of 45 542 kCHF and of eliminations in the value of -138 408 kCHF.

| in 1000 CHF | Europe | North America | Total segments | Corporate and eliminations | Consolidated values |
|--|---------------|---------------|----------------|----------------------------|---------------------|
| Sales information first half-year 2015 | | | | | |
| Sales third parties | 66 559 | 33 032 | 99 591 | 0 | 99 591 |
| Sales intersegment | 15 991 | 1 384 | 17 375 | - 17 375 | 0 |
| Total sales | 82 550 | 34 416 | 116 966 | - 17 375 | 99 591 |
| Income information first half-year 2015 | | | | | |
| Operating income (EBIT) | 18 533 | 1 298 | 19 831 | - 2 244 ¹ | 17 587 |
| Other information first half-year 2015 | | | | | |
| Additions in property, plant and equipment and intangible assets | 3 963 | 361 | 4 324 | 32 | 4 356 |
| Depreciation and amortization | - 7 847 | - 1 325 | - 9 172 | - 17 | - 9 189 |
| Total assets | 341 473 | 82 300 | 423 773 | - 1 205 ² | 422 568 |
| Total liabilities | 158 316 | 21 279 | 179 595 | - 90 278 ³ | 89 317 |

¹ The amount consists of the operating income from corporate activities of -2 481 kCHF and of eliminations in the value of 237 kCHF.

² The amount consists of corporate assets as for example cash and cash equivalents and loans to Group companies in the total of 124 414 kCHF and of eliminations in the value of -125 619 kCHF.

³ The amount consists of corporate liabilities of 33 221 kCHF and of eliminations in the value of -123 499 kCHF.

6 Financial expenses

| in 1000 CHF | First half-year 2016 | First half-year 2015 |
|---------------------------------|-------------------------|-------------------------|
| Interest expenses | - 82 | - 69 |
| Other financial expenses | - 82 | - 79 |
| Foreign exchange result | - 128 | - 2 221 |
| Total financial expenses | - 292 | - 2 369 |

7 Financial liabilities

As of June 30, 2016, Bachem's financial liabilities consist of loans from the related party Ingro Finanz AG in the amount of 10 000 kCHF (June 30, 2015: 10 000 kCHF), bank loans in the amount of 31 000 kCHF (June 30, 2015: 19 000 kCHF) and finance lease liabilities in the amount of 329 kCHF (June 30, 2015: 286 kCHF).

All loans were provided as unsecured business loans in CHF and bear an average interest of 0.5% p.a. The maturity of the bank loans is less than 12 months and the other loans have an open-ended maturity. Since Bachem has the intention to repay the loans from related parties during the next 12 months in full, they are presented as part of the current liabilities. The remaining durations of the existing finance leases are between 0.5 and 4.5 years.

8 Acquisitions

As of March 27, 2015, Bachem has taken over all shares of the American Peptide Company, Inc., in California, USA. The American Peptide Company provides a wide range of services from small-scale catalog business and custom synthesis to large-scale manufacturing under cGMP.

In addition to the symbolic purchase price of 1 USD paid in cash, loans in the amount of 13.2 million CHF were settled. The acquired net assets at fair values amounted to 12.3 million CHF. Since the acquisition costs were slightly higher than the acquired net assets at fair values, the acquisition results in a goodwill. The goodwill in the amount of 1.4 million CHF, including transaction costs of 0.5 million CHF, was offset against equity.

The values of net assets disclosed per half-year 2015 were provisional and have been further analyzed and adjusted accordingly by December 31, 2015, which is why the above-mentioned final values do not match with the disclosure as of June 30, 2015.

9 Contingent liabilities and other commitments

There are no material contingent liabilities or other commitments at the balance sheet date.

10 Events after the balance sheet date

There have been no material events after the balance sheet date.

Financial Calendar

Annual Report 2016

March 17, 2017

Annual General Meeting

(business year 2016)

April 24, 2017

Half-Year Report 2017

August 25, 2017

Forward-looking statements

Forward-looking statements contained herein are qualified in their entirety and are of only limited validity. Investors are cautioned that all forward-looking statements involve risks and uncertainty. There are certain factors that could cause results to differ materially from those anticipated. This includes as well the timing and strength of new product offerings, pricing strategies of competitors, the Group's ability to continue to receive adequate products from its vendors on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs, and changes in the political, social and regulatory framework in which the Group operates, or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis.

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