2013

Bachem

Half-Year Report

BACHEM

Q
Bachem
Quality Matters

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

REASON 1

Bachem is the most robust and sustained supplier in the industry since 40 years.

REASON 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.

REASON 3

Capability to produce long and complex peptides at large volume commercial scales is special.

REASON 4

Highest industry standards for quality assurance, control and regulatory compliance are part of Bachem's "Quality Matters" commitment.

REASON 5

Excellent project management record with the world's best pharmaceutical and biotechnology companies – the best work with the best.

Bachem is an independent, technology-based, public biochemicals company providing full service to the pharma and biotech industry. Bachem is specialized in the process development and the manufacturing of peptides and complex organic molecules as active pharmaceutical ingredients (APIs), as well as innovative biochemicals for research purposes. With headquarters in Bubendorf, Switzerland, and affiliates in Europe and the US, Bachem works on a global scale and holds a leading position in the field of peptides.

BACHEM

Content

First Half-Year 2013 in Brief

Expectations confirmed

Sustained top-line growth. Another significant improvement in profitability and net income. Operating cash flow rises to 25 million CHF. EBITDA margin of 26.6%, EBIT margin 15.6%. Second half results expected to be stronger versus first half.

Key Figures

	First Half-Year 2013	First Half-Year 2012[1]	Change in % **CHF**	**LC**
Sales (in MCHF)	**81.8**	76.2	**+ 7.3**	**+ 6.7**
EBITDA (in MCHF)	**21.7**	20.0	**+ 8.9**	**+ 7.5**
EBITDA in % of sales	**26.6 %**	26.2 %		
EBIT (in MCHF)	**12.8**	10.8	**+ 18.3**	**+ 15.9**
EBIT in % of sales	**15.6 %**	14.2 %		
Net income (in MCHF)	**10.4**	7.3	**+ 43.0**	
Net income in % of sales	**12.7 %**	9.6 %		
Earnings per share (EPS – in CHF)	**0.77**	0.54	**+ 42.6**	
Cash flow from operating activities (in MCHF)	**25.0**	8.2	**+ 204.7**	
Number of employees (in full-time equivalents)	**641**	649	**– 1.2**	

[1] Since 2013, the consolidated financial statements are prepared in accordance with Swiss GAAP FER. The prior year period has been restated to ensure comparability.

EBIT First Half-Year (in MCHF)[2]

[2] 2011 IFRS, 2012/2013 Swiss GAAP FER

Comment

Bachem continued to grow in the first half of 2013. First-half sales exceeded all other half-year figures published since 2009. Generics were stable while sales of NCEs surged, especially in North America. EBIT and net income grew faster than sales. Operating cash flow increased sharply.

Sustained sales growth

Bachem Group (SIX: BANB) recorded sales of 81.8 million CHF in the first half of 2013, which represents its strongest half-year sales performance since 2009. First-half sales surpassed the prior year figures both in local currency (+6.7%) and in CHF (+7.3%), which is the company's reporting currency. Revenues were also slightly higher compared to the second half of 2012.

Generics sales edged slightly higher to 45.6 million CHF. In Europe, business was still somewhat weaker at the mid-year mark but this was more than offset by the pleasing sales growth achieved in the US. Judging by the current order situation, the Group expects stable generics sales for the year as a whole, in line with the level achieved in 2012.

In the research ingredients business, the initial positive effects of measures taken to improve its organizational efficiency and market profile became apparent. Sales rose by 14.8% in CHF compared to the prior year period and were also higher on a sequential basis. Global competition in catalog products and custom synthesis remains intense, however, and prices are under pressure. Bachem will therefore continue to strengthen its market activities in this core business area as well as its efforts to bring internal operations into close alignment with customer needs.

Bachem recorded further significant growth in its New Chemical Entities (NCEs) business with sales advancing +13.9% in CHF. Achieving this growth in the period under review was particularly challenging because one customer unexpectedly withdrew a product from the market shortly after it had been approved by regulators, requiring Bachem to compensate for the cancelled order. Bachem's extensive portfolio of outstanding projects built up over the years proved to be an effective sales tool in securing new business at such short notice.

Services related to NCEs were likewise very strong, resulting in sales growth of +29.4% in CHF. This figure included the business services associated with sterile fill-finished products (Clinalfa®).

The theme of the "Bachem Spring Symposium" organized in May of 2013 was "Peptide-based cancer vaccines and immunotherapies". It proved to be a resounding success. Presentation topics and panel discussions with experts from academia and business covered the latest and most promising developments in this field.

Overall Bachem performed well given the persisting market challenges. A change for the better was observed with regard to the financing of research and development activities and of projects in the biotech industry. Sales of NCEs picked up, especially in the USA. As a market leader with more than 40 years of experience in peptide synthesis and an organization steadfastly focused on "Quality Matters," Bachem is a reliable partner with a sturdy platform that its customers can count on to deliver added value throughout the project development process. Once again, the maxim that "the best work with the best" held true.

Renewed increase in operating income

Bachem improved its operating income by 18.3% to 12.8 million CHF in the first half of 2013. Operating income also rose in comparison with the second half of 2012 (+10.5%, on slightly higher sales). The EBIT margin widened to 15.6% (1H 2012: 14.2%).

Divergent exchange-rate developments during the period under review ultimately had an only marginal impact on the results published in Swiss francs. At the EBIT level, currency translation had a positive effect of 0.3 million CHF in the first half.

Employee headcount declined by 4 since the beginning of the year, in the wake of normal employee turnover. As of June 30, 2013, Bachem Group employed a total of 677 people in 641 full-time-equivalent positions.

The cost of goods sold in the first half of 2013 amounted to 54.6 million CHF or 66.7% of sales. Bachem thus maintained a stable gross profit margin of 33.3% during the reporting period (1H 2012: 33.4%).

Marketing and sales costs for the first half of 2013 declined by 0.3 million CHF compared to the prior year period, mainly due to the absence of publishing costs for a new immunology product catalog that had been incurred during the prior year reporting period.

General administrative costs for the first six months of 2013 were unchanged at 8.9 million CHF. This figure includes non-recurring costs associated with the switch in accounting standards from IFRS to Swiss GAAP FER.

Research and development costs during the first half of 2013 totaled 0.7 million CHF and capitalized development costs amounted to 0.4 million CHF. Gross R&D spending was therefore roughly unchanged year-on-year at 1.1 million CHF (1H 2012: 1.0 million CHF).

Depreciation and amortization declined by about 0.2 million CHF to 9.0 million CHF. This item also declined as a percentage of sales, to 11.0%. No impairments were recognized during the period under review.

Net income of 10.4 million CHF

Net income for the period was significantly higher (+43.0%) than in the prior year period. The net income margin rose from 9.6% to 12.7%. As a reminder, last year's figure included the Group's share of loss in associated companies in the amount of 0.8 million CHF. In the period under review, this investment no longer had an impact on consolidated net income.

The Group tax rate was 20.0% (23.3% in prior year period).

Cash and cash equivalents of 30.4 million CHF

Cash flow from operating activities in the first half of 2013 before changes in net current assets amounted to 19.8 million CHF, which corresponded to an increase of +13.7% compared to the first half of 2012.

Net current assets declined by 5.3 million CHF. This resulted primarily from a 3.9 million CHF decrease in trade receivables and the corresponding impact on cash flow, a 3.2 million CHF decrease in inventory assets and a 1.8 million CHF decrease in other net current assets. Compared to the beginning of the year, trade accounts payable declined by 3.7 million CHF. Operating cash flow rose to 25.0 million CHF in the first half of 2013, corresponding to 30.6% of sales (1H 2012: 8.2 million CHF or 10.8% of sales).

Cash flow used for investing activities increased in the first half of 2013 by 1.7 million CHF from the first half of 2012 to 4.6 million CHF. This mainly entailed expenditure on the modernization and expansion of production capacity in the USA. Group-wide capital expenditure for the year is expected to total approximately 14 million CHF. Tight controls are still in place but quality-related expenditure on compliance and replacement will remain a priority.

As for cash flow used for financing activities, the dividend distribution of 20.3 million CHF was marginally higher compared to the previous year's period (1H 2012: 20.2 million CHF). In contrast to previous years when part of the dividend was converted into a general operating loan, the entire dividend was paid out directly to shareholders in the current period. Bachem also borrowed a total of 52.5 million CHF from three Swiss banks during the first half of 2013 and repaid a total of 50 million CHF in financial liabilities reported during the previous fiscal year.

On aggregate, these activities resulted in a net increase in cash and cash equivalents of 2.5 million CHF. Cash and cash equivalents as defined in the cash flow statement amounted to 30.4 million CHF as of mid-year.

Bachem's financial position remains very solid with an equity ratio of 75.0%.

Outlook

The first half of 2013 was in line with management expectations and confirmed the company's operational performance from the previous year. The conditions for a solid, somewhat stronger performance in the second half of the year are in place. Judging by the current order situation, Bachem is confident that it will achieve the forecast increase in sales compared to the previous year.

The renewed increase in profitability achieved in the first half is expected to be held in the second half, underscoring the company's potential for further profit growth. In view of this pleasing development, Bachem is expecting another significant year-on-year increase in profits.

With regard to currency risks, the Group expects relatively stable EUR/CHF and USD/CHF exchange rates in the near to medium term. Consequently, the corresponding effect on fiscal 2013 results should be neutral to slightly positive, as was the case in the first half of the year.

Bachem Group remains well on track to achieve its medium-term goals. Based on the updated multi-year plan, the company is confident sales will continue to grow. Considering the cost savings and efficiency gains that have been achieved so far, profits are likely to grow faster than sales in the near term. This medium-term guidance is predicated upon stable foreign exchange rates and a stable economy. Regardless of the impact external factors may have, Bachem will continue to strive to strengthen its leadership position in the peptides business in terms of quality and profitability.

Consolidated Income Statement

(Unaudited)

in 1000 CHF	Notes	First half-year 2013	First half-year 2012[1]
Sales	6	81 757	76 162
Cost of goods sold		–54 568	–50 719
Gross profit		**27 189**	**25 443**
Other income		172	282
Marketing and sales costs		–5 001	–5 281
Research and development costs		–682	–763
General administrative costs		–8 921	–8 895
Operating income (EBIT)	6	**12 757**	**10 786**
Result from associates		0	–785
Financial income		549	21
Financial expenses		–275	–516
Ordinary income before taxes		**13 031**	**9 506**
Income taxes		–2 609	–2 218
Net income[2]		**10 422**	**7 288**
Basic earnings per share (CHF)		**0.77**	**0.54**
Diluted earnings per share (CHF)		**0.77**	**0.54**

[1] Since 2013, the consolidated financial statements are prepared in accordance with Swiss GAAP FER. The prior period has been restated to ensure comparability.
[2] The net income is completely attributable to the equity holders of the parent.

The notes on pages 9 to 12 are an integral part of the consolidated interim financial statements.

Consolidated Balance Sheet

(Unaudited)

in 1000 CHF	Notes	June 30, 2013	Dec. 31, 2012[1]
Assets			
Cash and cash equivalents		30 416	27 934
Trade receivables		25 472	28 942
Other current receivables		822	1 244
Prepaid expenses and accrued income		1 937	1 159
Current income tax asset		1 974	2 311
Inventories		147 933	150 411
Total current assets		**208 554**	**212 001**
Property, plant and equipment		212 469	216 316
Intangible assets		10 173	9 726
Assets from employer contribution reserve		320	320
Deferred tax assets		3 173	2 758
Total non-current assets		**226 135**	**229 120**
Total assets		**434 689**	**441 121**
Liabilities and equity			
Trade payables		8 157	11 737
Other current liabilities		3 554	2 285
Accrued expenses and deferred income		7 642	6 688
Current income tax liabilities		3 014	3 168
Current financial liabilities		52 718	50 211
Total current liabilities		**75 085**	**74 089**
Non-current financial liabilities		388	496
Deferred tax liabilities		33 001	32 976
Total non-current liabilities		**33 389**	**33 472**
Total liabilities		**108 474**	**107 561**
Share capital		680	680
Retained earnings		297 224	286 802
Share premium		64 360	84 115
Own shares		–1 309	–1 308
Cumulative translation differences		–34 740	–36 729
Total capital and reserves attributable to the equity holders of the company		**326 215**	**333 560**
Total liabilities and equity		**434 689**	**441 121**

[1] Since 2013, the consolidated financial statements are prepared in accordance with Swiss GAAP FER. The prior period has been restated to ensure comparability.

The notes on pages 9 to 12 are an integral part of the consolidated interim financial statements.

Consolidated Cash Flow Statement

(Unaudited)

in 1000 CHF	Notes	First half-year 2013	First half-year 2012[1]
Cash flow from operating activities			
Net income		10 422	7 288
Adjustments for:			
Income taxes		2 609	2 218
Depreciation and amortization		8 983	9 184
Financial income		–549	–21
Financial expenses		275	516
Result from associates		0	785
Share based payments		499	386
Income taxes paid		–2 805	–2 813
Other non-cash items		332	–153
Cash flow from operating activities before changes in net current assets		**19 766**	**17 390**
Change in trade receivables		3 905	–4 763
Change in other current receivables, prepaid expenses and accrued income		–338	2 496
Change in inventories		3 245	–2 445
Change in trade payables		–3 708	–5 175
Change in other current liabilities, accrued expenses and deferred income		2 169	714
Cash flow from operating activities		**25 039**	**8 217**
Cash flow used for investing activities			
Investments in property, plant and equipment		–3 163	–1 824
Investments in intangible assets		–1 416	–1 093
Interest received		16	14
Other financial proceeds		0	7
Other financial payments		–40	–41
Cash flow used for investing activities		**–4 603**	**–2 937**
Cash flow used for financing activities			
Additions own shares		–2	0
Dividends paid	5	–20 253	–10 030
Increase in financial liabilities		52 500	50 000
Repayment of financial liabilities		–50 103	–50 506
Interest paid		–267	–291
Cash flow used for financing activities		**–18 125**	**–10 827**
Net effect of currency translation on cash and cash equivalents		171	7
Net change in cash and cash equivalents		**2 482**	**–5 540**
Cash and cash equivalents at the beginning of the year		**27 934**	**20 302**
Cash and cash equivalents at the end of the half-year		**30 416**	**14 762**
Net change in cash and cash equivalents		**2 482**	**–5 540**

[1] Since 2013, the consolidated financial statements are prepared in accordance with Swiss GAAP FER. The prior period has been restated to ensure comparability.

The notes on pages 9 to 12 are an integral part of the consolidated interim financial statements.

Consolidated Statement of Changes in Equity

(Unaudited)

2013 in 1000 CHF	Notes	Share capital	Retained earnings	Share premium	Own shares	Cumulative translation differences	Total
Balance at January 1 [1]		**680**	**286 802**	**84 115**	**–1 308**	**–36 729**	**333 560**
Net income according to income statement			10 422				**10 422**
Dividends	5			–20 253			**–20 253**
Transactions with own shares (net of tax)				–1	–1		**–2**
Share based payments				499			**499**
Cumulative translation differences						1 989	**1 989**
Balance at June 30		**680**	**297 224**	**64 360**	**–1 309**	**–34 740**	**326 215**

2012 [1] in 1000 CHF	Notes	Share capital	Retained earnings	Share premium	Own shares	Cumulative translation differences	Total
Balance at January 1 according to IFRS		**680**	**276 735**	**94 635**	**–1 295**	**–36 818**	**333 937**
Change in accounting policies (see note 2)			–5 491	8 904		1 735	**5 148**
Balance at January 1 according to Swiss GAAP FER		**680**	**271 244**	**103 539**	**–1 295**	**–35 083**	**339 085**
Net income according to income statement			7 288				**7 288**
Dividends	5			–20 233			**–20 233**
Transactions with own shares (net of tax)				–3	3		**0**
Share based payments				386			**386**
Cumulative translation differences						936	**936**
Balance at June 30		**680**	**278 532**	**83 689**	**–1 292**	**–34 147**	**327 462**

[1] Since 2013, the consolidated financial statements are prepared in accordance with Swiss GAAP FER. The prior period has been restated to ensure comparability.

The notes on pages 9 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, 2013.

The consolidated interim financial statements were prepared in accordance with Swiss GAAP FER 31 “Complementary recommendation for listed public companies” for the very first time. 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, 2012, which were prepared in accordance with the International Financial Reporting Standards (IFRS). The accounting policies applied under Swiss GAAP FER correspond to those previously applied under IFRS except where noted below.

Changes in accounting policies

International Financial Reporting Standards (IFRS) were applied in prior reporting periods until the end of 2012. The ever-growing body of rules and regulations under IFRS has led to increasingly complex financial disclosure requirements. These standards are imposing more and more detailed formal requirements that, for the most part, do not lead to a better understanding of the company’s financial position and operating results. On the other hand, they are causing additional administrative costs. Bachem therefore decided to switch the accounting standards used by Bachem Group to Swiss GAAP FER with effect from January 1, 2013. For the sake of comparison, the figures and presentation structure from the prior reporting period were restated to conform to the requirements of Swiss GAAP FER. The most significant effects as a result of the conversion to Swiss GAAP FER are described below (A-F) and the resulting reconciliations are disclosed in note 2.

A) Goodwill:
Under IFRS the goodwill acquired in a business combination was recognized as an intangible asset not subject to regular amortization and subsequently tested at least once a year for impairment. Bachem is now electing to make use of the option provided by FER to write off acquired goodwill directly to retained earnings. On January 1, 2012, the entire goodwill in the amount of 10 438 kCHF was offset against retained earnings.

B) Employee benefit plans:
According to FER 16 “Pension benefit obligations”, a pension benefit obligation must be recognized if a company has an economic obligation as described in FER 23 “Provisions” to alleviate any shortfall in a pension plan’s funding. A net pension asset may arise if a company stands to reap an economic benefit from an overfunded pension plan. The financial situation of a pension plan is relevant for the measurement of plan assets and liabilities. Swiss employee pension plan disclosures are based on the financial statements prepared in accordance with FER 26 “Accounting of pension plans”. Swiss GAAP FER does not stipulate that a surplus position be recognized as a net pension asset. However, employer contribution reserves that may be allocated to future contribution requirements must always be capitalized on the balance sheet.

The deficit of 17 884 kCHF for defined benefit plans recognized under IFRS as of January 1, 2012 was set off against retained earnings, while employer contribution reserves in the amount of 320 kCHF were capitalized retroactively. Pension plan expense recognized in the income statement for the whole year 2012 was reduced by 296 kCHF (first half-year 2012: 220 kCHF).

C) Intangible assets with an indefinite useful life:
Under IFRS, intangible assets with an indefinite useful life are not subject to amortization. Instead they are tested for impairment once a year. FER 10 “Intangible assets” specifies an amortization period of 5 years for such assets in most cases and a maximum period of 20 years under certain circumstances. Under IFRS, the Clinalfa® brand had been carried as an intangible asset with an indefinite useful life. Bachem has concluded that a useful life of 20 years is appropriate for the Clinalfa® brand under FER because an end to the brand’s useful life is not foreseen. Consequently, the accumulated amortization of 108 kCHF was written to retained earnings and the amortization expense reported for fiscal 2012 was increased by 24 kCHF (first half-year 2012: 12 kCHF).

D) Capitalization of borrowing costs:
In fiscal 2009 and 2010, the cost of borrowed capital for assets under construction was capitalized in accordance with IFRS guidelines. Under Swiss GAAP FER there is no mandatory requirement to capitalize these costs. With the switch to FER, Bachem has decided to recognize the cost of borrowed capital directly in the income statement rather than capitalize this cost on the balance sheet. Consequently, as of January 1, 2012, the remaining capitalized borrowing costs of 107 kCHF were set off against retained earnings and amortization expense for 2012 was reduced by 12 kCHF (first half-year 2012: 6 kCHF).

E) Deferred taxes:
The aforementioned corrections had an impact on deferred tax assets, deferred tax liabilities and income taxes (see note 2).

F) Profit or loss from the sale of own shares:
Under IFRS profit or loss from the sale of own shares was recognized in retained earnings. FER 24 “Equity and transactions with shareholders” requires such transactions to be recognized in share premium. A corresponding adjustment within equity in the amount of 8 904 kCHF was made as of December 1, 2012.

Effective January 1, 2013, Bachem Group voluntarily early adopts the Swiss GAAP FER 31 “Complementary recommendation for listed public companies” standard, which will be effective for reporting periods beginning on or after January 1, 2015. Swiss GAAP FER 31 is applicable for listed companies only and addresses the issues of first time adoption, share based payment, earnings per ownership right, income taxes, financial liabilities, segment reporting and interim reporting. As these particular topics were largely included in the previous IFRS reporting requirements, the adoption of this standard leads to only minor adjustments for Bachem.

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 14, 2013.

2 Effects of the conversion of the accounting standards on equity and net income of the Bachem Group

	Effects on the consolidated balance sheet due to change in accounting policies in 1000 CHF	Dec. 31, 2012	June 30, 2012	Jan. 1, 2012
	Equity according to IFRS	**326 823**	**321 227**	**333 937**
A)	Offsetting goodwill against equity	−10 337	−10 484	−10 438
B)	Derecognition of defined benefit plan liability (according to IAS 19)	19 718	19 308	17 884
B)	Recognition of employer contribution reserve	320	320	320
C)	Amortization of Clinalfa® brand	−132	−120	−108
D)	Derecognition of capitalized borrowing costs	−95	−101	−107
E)	Deferred taxes	−2 737	−2 688	−2 403
	Equity according to Swiss GAAP FER	**333 560**	**327 462**	**339 085**

	Effects on the consolidated income statement due to change in accounting policies in 1000 CHF	2012	First half-year 2012
	Net income according to IFRS	**15 300**	**7 118**
B)	Write-back of costs relating to increase of former defined benefit plan liability (according to IAS 19)	296	220
C)	Amortization of Clinalfa® brand	−24	−12
D)	Write-back of amortization of former capitalized borrowing costs	12	6
E)	Deferred taxes	−26	−44
	Net income according to Swiss GAAP FER	**15 558**	**7 288**

3 Foreign exchange rates

	Income statement average rates		Balance sheet period-end rates	
in CHF	First half-year 2013	First half-year 2012	June 30, 2013	Dec. 31, 2012
USD	0.94	0.93	0.95	0.91
EUR	1.23	1.20	1.23	1.21
GBP	1.45	1.47	1.44	1.48

4 Seasonality

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

5 Dividend distribution

On May 2, 2013, a dividend of 20 253 kCHF, respectively 1.50 CHF per share was distributed for the year 2012 (previous year: 20 233 kCHF, respectively 1.50 CHF per share). In prior years, part of the dividend was temporarily converted into a loan payable to a related party. In this reporting year, the dividend was directly fully paid out.

6 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.

First half-year 2013 in 1000 CHF	Europe	North America	Total segments	Corporate and eliminations	Consolidated values
Sales third parties	54 279	27 478	81 757	0	**81 757**
Sales intersegment	11 780	1 134	12 914	–12 914	**0**
Total sales	**66 059**	**28 612**	**94 671**	**–12 914**	**81 757**
Operating income (EBIT)	13 040	2 134	15 174	–2 417 [1]	**12 757**

[1] The amount consists of the operating income from corporate activities of –2 181 kCHF and of eliminations in the value of –236 kCHF.

First half-year 2012 in 1000 CHF	Europe	North America	Total segments	Corporate and eliminations	Consolidated values
Sales third parties	54 364	21 798	76 162	0	**76 162**
Sales intersegment	9 060	1 655	10 715	–10 715	**0**
Total sales	**63 424**	**23 453**	**86 877**	**–10 715**	**76 162**
Operating income (EBIT)	9 773	2 835	12 608	–1 822 [2]	**10 786**

[2] The amount consists of the operating income from corporate activities of –1 573 kCHF and of eliminations in the value of –249 kCHF.

7 Contingent liabilities and other commitments

As disclosed previously, Bachem AG, Bubendorf, was sued in the course of the second half-year 2010. In December 2012, the claim was dismissed by the District Court of Liestal.

Furthermore, in 2012, an individual in the USA sued twelve different companies, including Bachem Inc., Torrance, for damages relating to alleged side effects caused by a drug.

Management believes that there is no merit to the claim and estimates the probability of a payment as low. Consequently no provision has been recognized.

8 Events after the balance sheet date

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

Financial Calendar

Annual Report 2013
March 21, 2014

Annual General Meeting
(business year 2013)
April 28, 2014

Half-Year Report 2014
August 2014

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.

Imprint

Publisher
Bachem Holding AG,
Bubendorf, Switzerland

Conception/Design
hilda design matters, Zurich

Prepress/Print
Linkgroup, Zurich

This Half-Year Report is printed on FSC-certified paper and is published in ***German*** *and* ***English.***

FSC www.fsc.org MIX Paper from responsible sources FSC® C007447

Switzerland

Investor Relations
Bachem Holding AG
Stephan Schindler
Chief Financial Officer
Hauptstrasse 144
4416 Bubendorf
Switzerland
Tel +41 61 935 2333
Fax +41 61 935 2324
ir@bachem.com
Internet: www.bachem.com

Bachem Holding AG
Bachem AG
Hauptstrasse 144
4416 Bubendorf
Switzerland
Tel +41 61 935 2333
Fax +41 61 935 2325
sales.ch@bachem.com

Bachem SA
Succursale Vionnaz
Route du Simplon 22
1895 Vionnaz
Switzerland
Tel +41 24 482 4444
Fax +41 24 482 4445
info.bvi@bachem.com

Germany

Bachem Distribution
Services GmbH
Hegenheimer Strasse 5
79576 Weil am Rhein
Germany
Tel +41 61 935 2323
Fax +41 61 935 2325
sales.ch@bachem.com

Great Britain

Bachem (UK) Ltd.
Delph Court
Sullivans Way, St. Helens
Merseyside WA9 5GL
England
Tel +44 1744 61 2108
Fax +44 1744 73 0064
sales.uk@bachem.com

USA

Bachem Americas, Inc.
3132 Kashiwa Street
Torrance, CA 90505
USA
Tel +1 310 539 4171
Fax +1 310 539 9428
U.S. toll-free number:
1-888-4-BACHEM
sales.us@bachem.com

Peninsula Laboratories, LLC
305 Old County Road
San Carlos, CA 94070
USA
Tel +1 650 801 6090
Fax +1 650 595 4071
U.S. toll-free number:
1-888-4-BACHEM
immunosales@bachem.com

BACHEM