

# BACHEM HALF-YEAR REPORT 2017

# 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.

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**SALES AND EBIT  
FURTHER  
INCREASED**

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**EBITDA AT 26.6%  
AND EBIT AT  
17.9% OF SALES**

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**NET PROFIT  
AFFECTED  
BY CURRENCY  
EFFECTS**

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**CAPACITY EXPAND-  
ED AND NEW  
JOBS CREATED**

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**STRONGER  
SECOND  
SEMESTER  
EXPECTED**

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**FISCAL 2017  
EXPECTED  
TO BE A VERY  
GOOD YEAR**

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**FULL-YEAR  
GUIDANCE  
CONFIRMED**

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# FIRST HALF-YEAR 2017 IN BRIEF

SALES  
(IN MCHF)

# 119.5

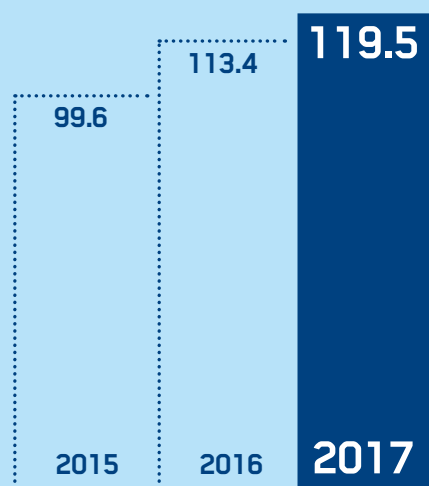
New sales record in H1:  
Sales increase by 5.3%

EBITDA  
(IN MCHF)

# 31.7

Renewed stronger performance:  
EBITDA up 6.6%

SALES  
(IN MCHF)



## CONTENT

### Comment

2-4

### Outlook

4

### Consolidated Interim Financial Statements

6-12

#### Consolidated Income Statement

6

#### Consolidated Balance Sheet

7

#### Consolidated Cash Flow Statement

8

#### Consolidated Statement of Changes in Equity

9

#### Selected Explanatory Notes to the Consolidated Interim Financial Statements

10-12

### Financial Calendar

13

	2017	2016	CHANGE IN %	
			CHF	LC
SALES (IN MCHF)	119.5	113.4	+5.3	+5.2
EBITDA (IN MCHF)	31.7	29.8	+6.6	+6.1
EBITDA IN % OF SALES	26.6	26.2		
EBIT (IN MCHF)	21.4	20.8	+2.9	+2.1
EBIT IN % OF SALES	17.9	18.3		
NET INCOME (IN MCHF)	15.8	17.1	-7.6	
NET INCOME IN % OF SALES	13.2	15.1		
EARNINGS PER SHARE (EPS - IN CHF)	1.16	1.26	-7.7	
CASH FLOW FROM OPERATING ACTIVITIES (IN MCHF)	14.6	20.3	-28.0	
NUMBER OF EMPLOYEES (IN FULL-TIME EQUIVALENTS)	1 026	910		

Despite some temporary delays in the launch of some projects, Bachem had a strong start to the new fiscal year and produced another very solid set of results during the first half of 2017. Sales and EBIT both rose, as expected. In contrast to the prior year period, currency translation had a significant negative effect on net profit.

### 5.3% sales growth

Bachem Group (SIX: BANB) generated sales of 119.5 million CHF during the first half of 2017. This was about 6 million CHF higher than in the prior year period, resulting in further significant year-on-year growth (+5.3%). In contrast to the previous year, exchange rate movements did not have a relevant impact on the translation of local sales, which were up by 5.2% year-on-year. Sales growth for the period under review was slightly lower than expected due to some project delays and postponements. These delays resulted in higher inventory of semi-finished and finished goods as well as a higher level of work in progress as of the reporting date, which will have a favorable impact on the course of business in the second half of the year.

### Generics a pillar of stability

Generics sales amounted to 52.0 million CHF and were slightly below the very strong level achieved during the

prior year period (53.9 million CHF). Regional performance varied. Whereas sales in North America fell well short of the comparable year-ago figure, sales in Europe rose by more than 15%. Once again, the Generics business proved to be a stable sales driver for the Group. Considering the current order backlog and excellent relationships Bachem maintains with its customers, the second half of the year should be stronger and lead to renewed growth for the year as a whole.

### Business with research ingredients grows stronger

There were promising developments in the research ingredients product line. Catalog peptides and custom synthesis products performed well in the face of a challenging, highly competitive market environment. Bachem's "Competence Center for Custom Synthesis" in St. Helens, England, confirmed and strengthened its strong position in the global marketplace for research grade chemicals. The activities acquired from American Peptide Company (APC) also contributed to the stable performance of this product line.

### New Chemical Entities a solid growth driver

Bachem's New Chemical Entities (NCEs) product line delivered outstanding results again, with sales advancing about 24% year-on-year. Both regions contributed equally to this growth. Growing NCE sales were accompanied by another pleasing increase in related services. Management expects the NCE business to generate more growth during the second half of 2017. NCEs thus remain a solid platform for Bachem Group's sustained growth.

### "Bachem Spring Symposium" attracts considerable interest

The 7<sup>th</sup> Bachem Spring Symposium took place in Bubendorf and Basel on April 27, 2017. It highlighted Bachem's pioneering role in the field of peptides and amino acids. The motto of this year's symposium was "State-of-the-Art Analytical Technologies for Peptides & Proteins". Professor Helma Wennemers (ETH Zurich) was the moderator of this exciting event, which featured fascinating speeches by renowned specialists and practical examples. This conference has proven its value once again as a top-notch platform for the exchange of knowledge and as a meeting point for experts from the worlds of science and business.

### Operating profit increased

Bachem increased its operating profit by about 3% to 21.4 million CHF in the first half of 2017 compared to the prior year period. This figure includes a gain of 0.4 million CHF on the sale of a building in the US. The EBIT margin for the period was 17.9%, slightly less than in the prior year period (18.3%), primarily because of the much greater weighting of research and development costs in the first

six months of the current year compared to last year. The postponement of certain sales to the second half of the year also had a negative impact on the margin.

**More jobs created**

Thanks to the good business momentum and current order situation, Bachem was able to create 47 new jobs during the first half of 2017. Around three-quarters of these jobs were created at the sites in the US. As of June 30, 2017, Bachem Group employed a total of 1069 people in 1026 full-time-equivalent positions.

**Gross profit impacted by project delays**

The cost of goods sold during the first half of 2017 amounted to 82.0 million CHF or 68.6% of sales. Production activities were temporarily impacted by delays in the issuance of permits by local authorities in the US and by further expansion at the plant in Vista, California. Capacity utilization was therefore suboptimal and cost absorption declined. These factors and a shift in some project-related sales and profits into the second half of the year led to a slightly lower gross profit margin of 31.4% at the mid-year mark (H1 2016: 32.3%). Management does not expect the aforementioned delays to have a significant impact on the full-year results. The negative effects should already be offset in the second half by an uptick in sales, higher capacity utilization rates and efficiency gains. Various organizational measures were also taken in the US to support the "Operational Excellence" program and additional talent was recruited to strengthen the management team.

**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, these costs declined to 5.7% (H1 2016: 6.0%). As various seasonal costs for marketing activities will be incurred during the second half, for example the company's participation in the CPhI, management expects marketing & sales costs for the entire fiscal year 2017 to be comparable to the prior year figure.

**Research & development**

Group research and development (R&D) expenses amounted to 1.3 million CHF (H1 2016: 0.4 million CHF). Given the expected strong course of business during the second half of the year and the high utilization of R&D resources that will entail, internal research plans were brought forward into the first half of 2017. Therefore, in contrast to the prior year, just over half of the approx. 2 million CHF allocated to R&D for 2017 has already been expended. The greater weighting of R&D

expenditure at the mid-year mark led to a pro rata increase in R&D costs of 0.9 million CHF, which diminished operating results and the EBIT margin versus the prior year period. Excluding this R&D effect, the EBIT margin was higher than in the prior year period, as had been expected. No development costs were capitalized during the period under review.

**General administrative costs**

General administrative costs for the first six months of 2017 amounted to 9.2 million CHF, unchanged from the prior year period. Measured as a percent of total sales, these costs declined to 7.7% (H1 2016: 8.2%). The introduction of a new group-wide ERP (Enterprise Resource Planning) system is a major project for internal service providers such as the IT, finance and human resources departments. Temporary staff hired to lighten their workload will likely lead to an increase in costs during the second half.

**Increase in depreciation and amortization**

With new production capacity now onstream, depreciation and amortization rose by 1.4 million CHF to 10.4 million CHF (H1 2016: 9.0 million CHF). This corresponds to 8.7% of sales (H1 2016: 7.9%). No impairments were recognized during the period under review.

**Net profit diminished by currency translation effects**

The effects of changes in foreign exchange rates had a clearly negative impact on net profit for the period under review, in contrast to the prior year period. This is largely attributed to the valuation at the balance sheet date of USD loans granted to subsidiaries by the holding company. Changes in foreign exchange rates led to a currency translation effect of -2.7 million CHF for the first half (H1 2016: -0.1 million CHF). Due to this negative effect, net profit for the period came in at 15.8 million CHF (H1 2016: 17.1 million CHF).

**Lower tax rate**

Income tax for the period amounted to 2.6 million CHF (H1 2016: 3.4 million CHF). Due to the decline in the share of profits generated in the US as well as to tax credits and allowances, the Group's tax rate receded to 14.2% (H1 2016: 16.5%).

**Increase in net current assets**

Cash flow from operating activities before changes in net current assets amounted to 27.3 million CHF for the first half of 2017 (H1 2016: 27.0 million CHF). Changes in net current assets resulted in a cash outflow of 12.7 million CHF. Trade receivables declined by 9.6 million CHF from the beginning of the year. This was partly offset by a decline in trade payables

of 5.3 million CHF and by the sum of 1.6 million CHF resulting from the change in other current receivables and liabilities as well as related accruals and deferrals. Most of the growth in net current assets is attributed to the increase of semi-finished and finished goods as well as work in progress totaling 15.4 million CHF resulting from some project delays. Operating cash flow for the first six months of 2017 amounted to 14.6 million CHF (H1 2016: 20.3 million CHF).

#### Capital expenditure at a high level

Cash flow from investing activities in the first half of 2017 amounted to –21.0 million CHF, slightly higher than in the prior year period (H1 2016: –20.7 million CHF) due to the ongoing expansion of production capacity. This figure includes a one-time gain of 5.3 million USD on the sale of a building in Torrance, California. This property was sold as management is focusing its expansion efforts on the location in Vista, California, where a corresponding building was purchased to secure an appropriate footprint for future growth.

#### Financing activity

Due to the increase in the dividend to 2.50 CHF (previous year: 2.25 CHF), the net cash outflow of 23.9 million CHF within the scope of financing activities was 3.5 million CHF above the corresponding figure from the prior year period. 10.0 million CHF of the dividend remained as a loan versus Ingro Finanz AG. During the period under review, Bachem repaid a total of 55.1 million CHF of the financial liabilities reported in the previous year and borrowed a total of 80.1 million CHF from three banks.

#### Cash and cash equivalents of 15.9 million CHF

Cash and cash equivalents declined by 3.3 million CHF, resulting in cash and cash equivalents as defined in the cash flow statement of 15.9 million CHF (H1 2016: 15.8 million CHF).

#### Solid capital base

Bachem's equity ratio remains very high at 68.4% as of June 30, 2017, albeit slightly lower than the ratio reported at year-end 2016 (73.6%) due to the recent dividend payout.

## OUTLOOK

### PEPTIDE MARKET CONTINUES TO BOOM

Demand for peptide-based active ingredients remains strong. New applications are constantly being tested. More peptide projects are in progress today than ever before. Thanks to its tremendous experience and unerring reliability, Bachem is capturing a disproportionate share of the market growth and steadily increasing its lead over the competition.

### CAPTIVE MARKET OFFERS OPPORTUNITIES

The production of active pharmaceutical ingredients is increasingly being outsourced to qualified, leading CMOs (Contract Manufacturing Organizations), especially in Europe. Bachem has already acquired and executed several such orders. As the undisputed market leader, Bachem is also in close contact with major drug makers to explore possibilities for future collaboration. In Asia and the Americas, strong demand for new chemical entities and successful project execution will continue to be the main factors for success and growth. In Europe, increasing demand for outsourcing solutions is likely to have a major impact on market developments.

As a manufacturer of active pharmaceutical ingredients, Bachem is already in an excellent position to capture this additional growth potential.

### GUIDANCE CONFIRMED

Despite the delays encountered with some projects, Bachem Group had a strong start to 2017. Its 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 2017 to be another very good year for the company. Sales growth in local currency is likely to come in at the upper end of the long-term guidance range of 6% to 10% per year. Despite capacity expansion and the growing workforce, profitability should show another year-on-year improvement compared to the previous year level.

**Bachem. Pioneering Partner for Peptides**



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### 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.**



**1. BACHEM IS THE MOST ROBUST AND SUSTAINED SUPPLIER IN THE INDUSTRY SINCE MORE THAN 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.**

# FIVE REASONS TO INVEST

# CONSOLIDATED INCOME STATEMENT

(Unaudited)

in 1000 CHF	Notes	First half-year 2017	First half-year 2016
Sales	5	119 450	113 438
Cost of goods sold		- 81 963	- 76 812
<b>Gross profit</b>		<b>37 487</b>	<b>36 626</b>
Other income		1 159	598
Marketing and sales costs		- 6 794	- 6 785
Research and development costs		- 1 276	- 424
General administrative costs		- 9 203	- 9 248
<b>Operating income (EBIT)</b>	5	<b>21 373</b>	<b>20 767</b>
Financial income		17	11
Financial expenses	6	- 2 985	- 292
<b>Ordinary income before taxes</b>		<b>18 405</b>	<b>20 486</b>
Income taxes		- 2 605	- 3 388
<b>Net income<sup>1</sup></b>		<b>15 800</b>	<b>17 098</b>
<b>Basic earnings per share (CHF)</b>		<b>1.16</b>	<b>1.26</b>
<b>Diluted earnings per share (CHF)</b>		<b>1.16</b>	<b>1.26</b>

<sup>1</sup> 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, 2017	Dec. 31, 2016
<b>Assets</b>			
Cash and cash equivalents		15 942	19 206
Trade receivables		39 073	49 390
Other current receivables		2 832	1 719
Prepaid expenses and accrued income		3 211	2 489
Current income tax assets		937	1 099
Inventories		165 483	151 890
<b>Total current assets</b>		<b>227 478</b>	<b>225 793</b>
Property, plant and equipment		260 782	255 265
Intangible assets		11 178	9 595
Assets from employer contribution reserve		320	320
Deferred tax assets		6 217	5 536
<b>Total non-current assets</b>		<b>278 497</b>	<b>270 716</b>
<b>Total assets</b>		<b>505 975</b>	<b>496 509</b>
<b>Liabilities and equity</b>			
Trade payables		16 364	21 998
Other current liabilities		3 199	7 058
Accrued expenses and deferred income		15 744	11 749
Current income tax liabilities		1 649	3 562
Current financial liabilities	7	90 245	55 134
<b>Total current liabilities</b>		<b>127 201</b>	<b>99 501</b>
Non-current financial liabilities	7	228	302
Deferred tax liabilities		32 542	31 342
<b>Total non-current liabilities</b>		<b>32 770</b>	<b>31 644</b>
<b>Total liabilities</b>		<b>159 971</b>	<b>131 145</b>
Share capital		680	680
Retained earnings		351 163	369 309
Share premium		29 551	27 687
Own shares		- 1	- 958
Cumulative translation differences		- 35 389	- 31 354
<b>Total capital and reserves attributable to the equity holders of the company</b>		<b>346 004</b>	<b>365 364</b>
<b>Total liabilities and equity</b>		<b>505 975</b>	<b>496 509</b>

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 2017	First half-year 2016
<b>Cash flow from operating activities</b>			
Net income		15 800	17 098
Adjustments for:			
Income taxes		2 605	3 388
Depreciation and amortization		10 372	9 006
Financial income		- 17	- 11
Financial expenses	6	2 985	292
Share based payments		527	440
Gain on sale of property, plant and equipment		- 437	0
Income taxes paid		- 4 071	- 3 493
Other non-cash items		- 427	232
<b>Cash flow from operating activities before changes in net current assets</b>		<b>27 337</b>	<b>26 952</b>
Change in trade receivables		9 565	6 788
Change in other current receivables, prepaid expenses and accrued income		- 1 925	- 1 631
Change in inventories		- 15 415	- 6 296
Change in trade payables		- 5 335	- 6 582
Change in other current liabilities, accrued expenses and deferred income		381	1 069
<b>Cash flow from operating activities</b>		<b>14 608</b>	<b>20 300</b>
<b>Cash flow from investing activities</b>			
Investments in property, plant and equipment		- 23 315	- 20 215
Sales of property, plant and equipment		5 178	0
Investments in intangible assets		- 2 757	- 419
Interest received		0	10
Other financial payments and proceeds		- 88	- 82
<b>Cash flow from investing activities</b>		<b>- 20 982</b>	<b>- 20 706</b>
<b>Cash flow from financing activities</b>			
Additions of own shares		0	0
Disposals of own shares		2 409	26
Dividends paid	4	- 23 946	- 20 484
Increase in financial liabilities		80 100	31 000
Repayment of financial liabilities		- 55 075	- 17 093
Interest paid		- 111	- 78
<b>Cash from financing activities</b>		<b>3 377</b>	<b>- 6 629</b>
Net effect of currency translation on cash and cash equivalents		- 267	- 374
<b>Net change in cash and cash equivalents</b>		<b>- 3 264</b>	<b>- 7 409</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>19 206</b>	<b>23 249</b>
<b>Cash and cash equivalents at the end of the half-year</b>		<b>15 942</b>	<b>15 840</b>
<b>Net change in cash and cash equivalents</b>		<b>- 3 264</b>	<b>- 7 409</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

2017 in 1000 CHF	Notes	Share capital	Retained earnings	Share premium	Own shares	Cumulative translation differences	Total
<b>Balance at January 1</b>		<b>680</b>	<b>369 309</b>	<b>27 687</b>	<b>- 958</b>	<b>- 31 354</b>	<b>365 364</b>
Net income according to income statement			15 800				<b>15 800</b>
Dividends	4		- 33 946				<b>- 33 946</b>
Transactions with own shares (net of tax)				1 337	957		<b>2 294</b>
Share based payments				527			<b>527</b>
Cumulative translation differences						- 4 035	<b>- 4 035</b>
<b>Balance at June 30</b>		<b>680</b>	<b>351 163</b>	<b>29 551</b>	<b>- 1</b>	<b>- 35 389</b>	<b>346 004</b>

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

Goodwill in the amount of 1 352 kCHF is offset in retained earnings.

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, 2017.

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, 2016, which were prepared in accordance with the Swiss Accounting and Reporting Recommendations (Swiss GAAP FER).

### *Changes in accounting policies*

For the reporting year 2017, no changes in accounting policies became effective. The accounting policies used are consistent with those used in the annual consolidated financial statements 2016.

### *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, 2017.

## 2 Foreign exchange rates

in CHF	Income statement average rates		Balance sheet period-end rates	
	First half-year 2017	First half-year 2016	June 30, 2017	Dec. 31, 2016
USD	0.99	0.98	0.96	1.02
EUR	1.07	1.10	1.09	1.07
GBP	1.26	1.41	1.25	1.26

## 3 Seasonality

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

## 4 Dividend distribution

On April 28, 2017, a dividend of 33 946 kCHF respectively 2.50 CHF per share was distributed for the year 2016 (previous year: 30 484 kCHF respectively 2.25 CHF per share). Of the total dividend in the amount of 33 946 kCHF (previous year: 30 484 kCHF), 23 946 kCHF (previous year: 20 484 kCHF) were paid out and 10 000 kCHF (previous year: 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
<b>Sales information first half-year 2017</b>					
Sales third parties	81 299	38 151	119 450	0	<b>119 450</b>
Sales intersegment	12 389	5 818	18 207	- 18 207	<b>0</b>
<b>Total sales</b>	<b>93 688</b>	<b>43 969</b>	<b>137 657</b>	<b>- 18 207</b>	<b>119 450</b>
<b>Income information first half-year 2017</b>					
Operating income (EBIT)	20 842	3 207	24 049	- 2 676 <sup>1</sup>	<b>21 373</b>
<b>Other information first half-year 2017</b>					
Additions in property, plant and equipment and intangible assets	14 631	11 454	26 085	0	<b>26 085</b>
Depreciation and amortization	- 8 903	- 1 452	- 10 355	- 17	<b>- 10 372</b>
Total assets	396 903	120 442	517 345	- 11 370 <sup>2</sup>	<b>505 975</b>
Total liabilities	199 411	56 945	256 356	- 96 385 <sup>3</sup>	<b>159 971</b>

<sup>1</sup> The amount consists of the operating income from corporate activities of -2551 kCHF and of eliminations in the value of -125 kCHF.

<sup>2</sup> The amount consists of corporate assets as for example cash and cash equivalents and loans to Group companies in the total of 182 032 kCHF and of eliminations in the value of -193 402 kCHF.

<sup>3</sup> The amount consists of corporate liabilities of 94 238 kCHF and of eliminations in the value of -190 623 kCHF.

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

<sup>1</sup> The amount consists of the operating income from corporate activities of -2564 kCHF and of eliminations in the value of -224 kCHF.

<sup>2</sup> 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.

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

## 6 Financial expenses

in 1000 CHF	<b>First half-year 2017</b>	First half-year 2016
Interest expenses	- 154	- 82
Other financial expenses	- 89	- 82
Foreign exchange result	- 2 742	- 128
<b>Total financial expenses</b>	<b>- 2 985</b>	<b>- 292</b>

## 7 Financial liabilities

As of June 30, 2017, Bachem's financial liabilities consist of loans from the related party Ingro Finanz AG in the amount of 10 000 kCHF (June 30, 2016: 10 000 kCHF), bank loans in the amount of 80 100 kCHF (June 30, 2016: 31 000 kCHF) and finance lease liabilities in the amount of 373 kCHF (June 30, 2016: 329 kCHF).

All loans were provided as unsecured business loans in CHF and bear an average interest of 0.4% 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 2.5 and 3.5 years.

## 8 Contingent liabilities and other commitments

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

## 9 Events after the balance sheet date

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

## Financial Calendar

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### **Annual Report 2017**

March 16, 2018

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### **Annual General Meeting**

(business year 2017)

April 25, 2018

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### **Half-Year Report 2018**

August 24, 2018

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#### **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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