

Bubendorf, August 25, 2022

Ad hoc announcement pursuant to Art. 53 LR of the Swiss stock exchange SIX

Bachem with slight decline in sales to CHF 234.9 million in the first half of 2022. Strong growth expected in the second half of the year.

- Group sales at CHF CHF 234.9 million at half year (-1.8% compared to prior-year period).
- EBITDA of CHF 67.3 million (-10.8% compared to prior-year period) with a margin of 28.7%.
- EBIT of CHF 51.6 million (-16.8% compared to prior-year period) with a margin of 22.0%.

Outlook

- For the full year 2022, Bachem expects mid-to-high single-digit growth in Group sales with EBITDA and EBIT margins at levels comparable to the previous year.
- For the five-year period 2022–2026 Bachem continues to expect average annual sales growth of 15%.
- Bachem expects an EBITDA margin during this period ahead of 30%.
- The target of CHF 100 million in sales from the oligonucleotides business is expected to be reached in 2023.
- Bachem is pursuing an investment program across all sites to expand capacity. The launch of operations for the world's most modern and largest building for peptide and oligonucleotide production in Bubendorf is planned for 2024. A third site in Switzerland is to strengthen the production network by the end of the decade.

	2022	2021	Changes in CHF	LC
Sales (in CHF million)	234.9	239.1	- 1.8%	- 3.0%
EBITDA (in CHF million)	67.3	75.5	- 10.8%	- 12.7%
EBITDA margin	28.7%	31.6%		
EBIT (in CHF million)	51.6	61.9	- 16.8%	- 18.9%
EBIT margin	22.0%	25.9%		
Net income (in CHF million)	36.6	53.1	- 31.1%	
Net income margin	15.6%	22.2%		
Earnings per share (in CHF)	0.50	0.76	- 34.6%	
Cash flow from operating activities (in CHF million)	50.7	59.8	- 15.2%	
Number of employees (in full-time equivalents)	1 663	1 639 ¹		

¹ Value as per December 31, 2021

Thomas Meier, CEO of Bachem, on the results of the past half year: «The result of the first half of 2022 was shaped by a large number of complex development projects. Meanwhile, order volumes in the commercial product portfolio were lower due to factors such as delayed market launches of customer products. Accordingly, sales and profit results are under those of the previous year's reporting period.»

Meier further: « The order situation for the second half is very positive. We expect to significantly improve sales and earnings for 2022 as a whole against the first half of the year. We continue to observe a sustainable long-term demand trend for peptides and oligonucleotides and a corresponding potential to reach sales of one billion Swiss francs until 2026 with an EBITDA margin ahead of 30%.»

Group Results

Bachem Group (SIX: BANB) achieved sales of CHF 234.9 million in Swiss francs in the first half of 2022 (-1.8% compared to the prior-year period). In local currencies, sales declined by 3.0%. A large number of complex development projects was offset by lower order volumes in the commercial product portfolio.

Operating profit before depreciation and amortization (EBITDA) came to CHF 67.3 million (-10.8%) in the first half of 2022 while operating profit (EBIT) amounted to CHF 51.6 million (-16.8%). This represents an EBITDA margin of 28.7% (first-half year 2021: 31.6%) and an EBIT margin of 22.0% (first half-year 2021: 25.9%). A major factor in the lower operating income figures compared to the prior-year period was a product mix with a large number of elaborate development projects. High capacity utilization is expected in the second half.

Net income was CHF 36.6 million (-31.1%) with a margin of 15.6% (first half-year 2021: 22.2%). Net income was strongly influenced by the financial result of minus CHF 11.2 million (first half-year 2021: net income of CHF 0.7 million), which included a net expenditure of CHF 12.0 million from financial assets (first half-year 2021: CHF 0.0 million). In addition, there was a net foreign exchange gain of CHF 1.2 million (first half-year 2021: CHF 1.0 million).

Sales by product categories and regions

The Commercial API category recorded sales of CHF 131.0 million (first half-year 2021: CHF 148.2 million, -11.7%) due to lower order quantities, especially of launch-stage customer products. In the CMC Development category, sales came to CHF 79.3 million (first half-year 2021: CHF 68.3 million, +16.2%). The growth in this category reflects an expanded global pipeline of clinical development projects with peptide and oligonucleotide-based ingredients. The Research & Specialties business amounted to CHF 24.6 million (first half-year 2021: CHF 22.6 million, +8.9%).

In the regional sales breakdown, the Europe/Asia region contributed CHF 142.3 million (first half-year 2021: CHF 116.9 million, +21.7%). The North America region accounted for CHF 92.6 million of sales (first half-year 2021: CHF 122.2 million, -24.2%). The decline in commercial orders most heavily impacted the North America sales region.

Oligonucleotides business

The expansion of the oligonucleotide business is proceeding according to plan. The goal of CHF 100 million in sales in the oligonucleotide business is expected to be reached in 2023. In the period under review, a strategic collaboration was announced with the pharmaceutical concern Lilly for the development and production of medical ingredients based on oligonucleotides, with long-term sales potential of some CHF 100 million annually within seven years.

Investment program

Capital investments of CHF 38.7 million across all sites were undertaken in the first half of 2022. Investments are on track, with the major portion of capital expenditures scheduled to occur in the second half of 2022. Bachem began construction of the world's most advanced peptide and oligonucleotide production plant in 2021. The facility is scheduled to open in 2024. A total of CHF 220 million from the start of the project is budgeted for the first phase. Bachem AG acquired Ingro Immobilien AG with Breiten Immobilien AG effective April 25, 2022 and is now the owner of the respective land and formerly leased office buildings in Bubendorf. The search for a third location in Switzerland for long-term capacity expansion is at an advanced stage.

Sustainability

Bachem was awarded an EcoVadis Gold Medal for sustainability in the first half of 2022. The EcoVadis Gold rating applies to the entire Bachem Group, including the four GMP locations producing medical ingredients according to Good Manufacturing Practice. The rating places Bachem among the top 5% of all companies evaluated by EcoVadis and among the top 2% of companies in the industry.

The Half Year Report 2022 and the presentation for the analyst- and media call are available on the website under the following link:

www.bachem.com/about-bachem/investors-and-media/reports-and-presentations

Financial Calendar

September 20, 2022	Capital Markets Day for Analysts and Investors
March 7, 2023	Publication of the Annual Report 2022; Media- and Analyst Conference
April 19, 2023	Annual General Meeting
July 27, 2023	Publication Half Year Report 2023

About Bachem

Bachem is a leading, innovation-driven company specializing in the development and manufacture of peptides and oligonucleotides. The company, which has over 50 years of experience and expertise, provides products for research, clinical development, and commercial application to pharmaceutical and biotechnology companies worldwide and offers a comprehensive range of services. Bachem operates internationally with headquarters in Switzerland and locations in Europe, the US and Asia. The company is listed on the SIX Swiss Exchange. For further information, see www.bachem.com.

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