

BACHEM

HALF-YEAR RESULTS 2022

Date | August 25, 2022
Location | Bubendorf/Zoom Call
Name | Thomas Meier, Alain Schaffter

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HOUSEKEEPING

Write to us in the **Q&A** section anytime and / or use the “Raise Hand” function.

At the end of the presentation we will have time for questions.

This call will be recorded and playback available on bachem.com.

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SPEAKERS



Thomas Meier
CEO



Alain Schaffter
CFO



Daniel Grotzky (Moderator)
Head Group Communication

AGENDA

1. Half-Year Results 2022
2. Financial Review H1 2022
3. Outlook
4. Q&A

Thomas Meier
Alain Schaffter
Thomas Meier
All

HALF-YEAR RESULTS 2022

Thomas Meier

KEY RESULTS H1 2022



Growth

- Sales of CHF 234.9m (-1.8%*)
- Strong CMC development business
- Fluctuations in commercial products – slower product launches



Capacity

- Capacity expansion going ahead as planned
- Search for 3rd Swiss manufacturing site advancing
- 1 663 full-time equivalent employees (+23 since YE 2021)



Profitability

- EBITDA: CHF 67.3m / margin 28.7%
- EBIT: CHF 51.6m / margin 22.0%
- Net income: CHF 36.6m / margin 15.6%
- Actively managing macroeconomic risks (supply chain, inflation, energy)



Portfolio

- CMC pipeline: large number of complex products and ramp-up efforts
- Commercial API: complex product launches & stable generics business

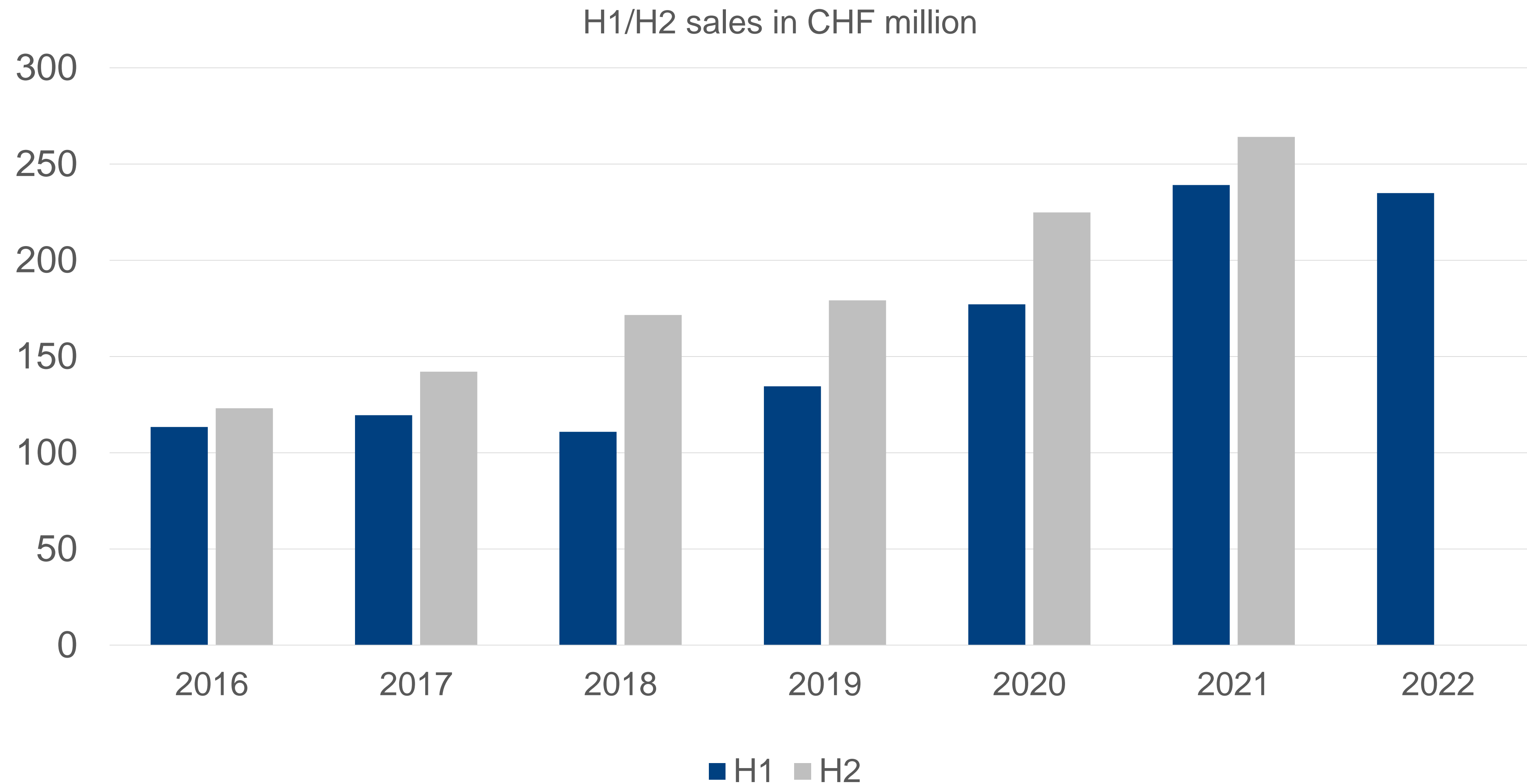
KEY FIGURES H1 2022

	H1 2022	H1 2021	Change CHF	Change LC
Sales (in CHF million)	234.9	239.1	– 1.8%	– 3.0%
EBITDA (in CHF million) <i>in relation to sales</i>	67.3 28.7%	75.5 31.6%	–10.8%	– 12.7%
EBIT (in CHF million) <i>in relation to sales</i>	51.6 22.0%	61.9 25.9%	– 16.8%	– 18.9%
Net income (in CHF million) <i>in relation to sales</i>	36.6 15.6%	53.1 22.2%	– 31.1%	
Earnings per share (in CHF) ¹	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 ²		

¹ Adjusted for post share-split. EPS H1 2022 diluted by capital increase in Oct 2021.

² Value as per December 31, 2021

H1 WITHIN CONTEXT OF LONG-TERM GROWTH STORY



PRODUCT CATEGORIES

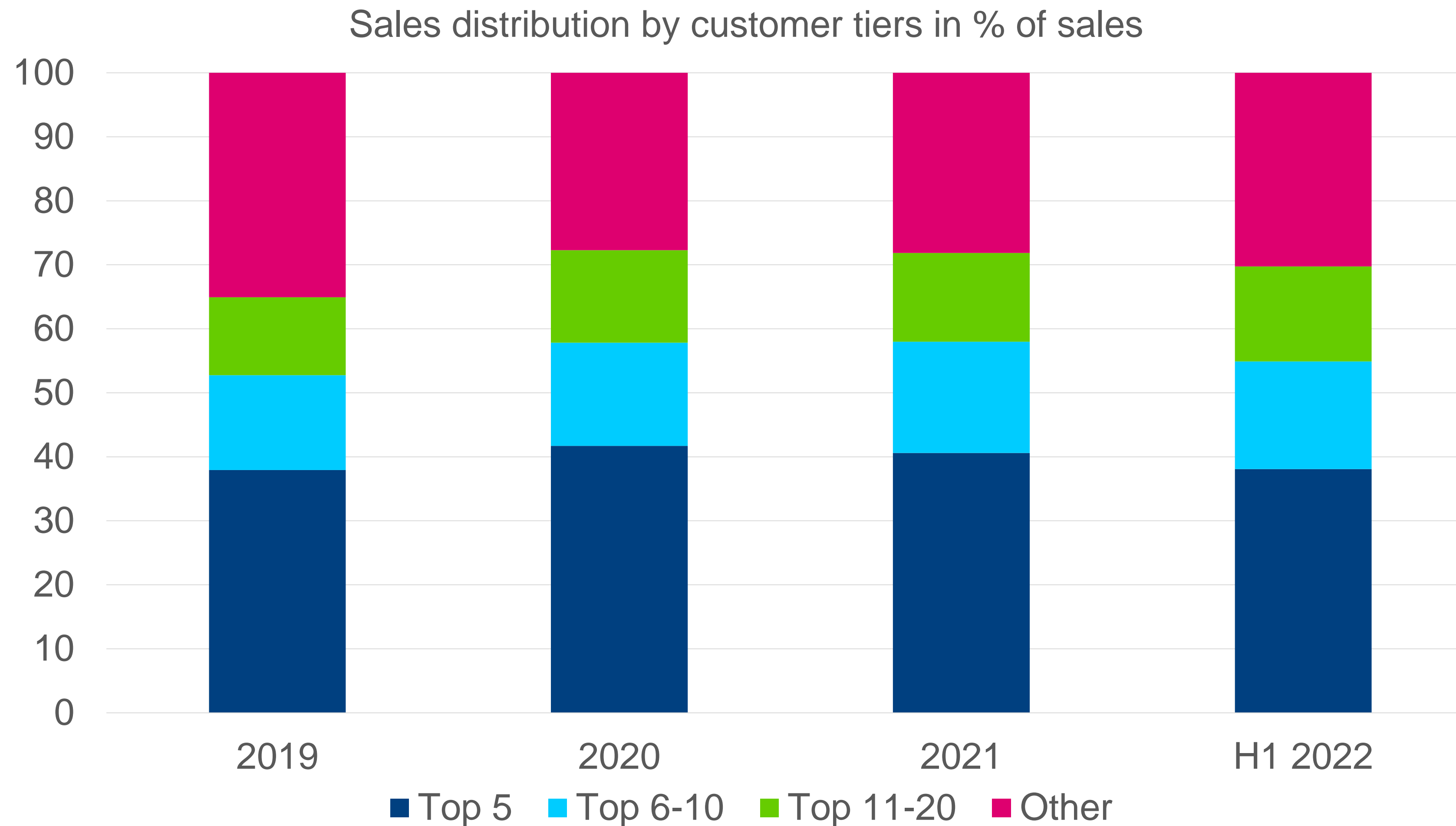
in CHF million	H1 2022	Change in local currency	Change in CHF	Sales share
Research & Specialties	24.6	+ 7.7%	+ 8.9%	10.5%
CMC Development	79.3	+ 15.2%	+ 16.2%	33.8%
Commercial API	131.0	– 13.0%	– 11.7%	55.7%
Total sales	234.9	– 3.0%	– 1.8%	100.0%

GEOGRAPHIES

in CHF million	H1 2022	Change in local currency	Change in CHF	Sales share
Europe/Asia	142.3	+ 22.2%	+ 21.7%	60.6%
North America	92.6	– 27.0%	– 24.2%	39.4%
Total sales	234.9	– 3.0%	– 1.8%	100.0%

- Commercial API impact stronger in North America

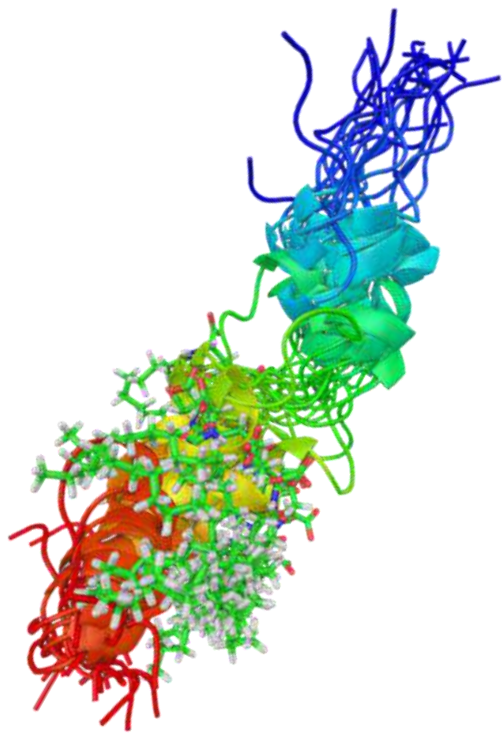
STABLE SALES DISTRIBUTION ACROSS CUSTOMER TIERS



TIDES CMO/CDMO PRODUCT PORTFOLIO EVOLUTION

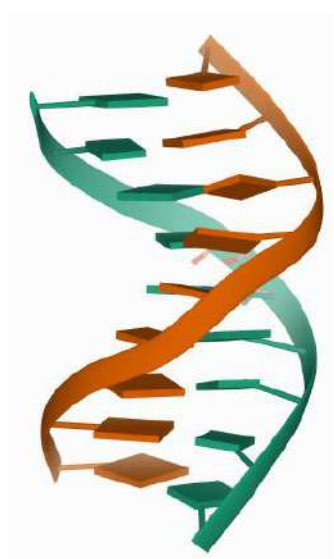
	H1 2022	FY estimates	Long-term outlook
CMC Development Pipeline	<p>x High complexity and diversity of project portfolio</p>	<p>+ Continued driver for H2 2022 sales</p> <p>+ Development-heavy oligonucleotide space</p>	<p>+ Quantity & quality of Bachem pipeline</p> <p>+ Full industry pipeline</p> <p>+ Strategic collaborations</p>
Commercial API	<p>x Complex drug launches</p>	<p>+ Expect return to prior year levels by full year</p>	<p>+ Captive large-volume opportunities</p> <p>+ Generics opportunities</p>
Growth impact	- 1.8%	«mid to high single-digit»	CAGR 15% 2022-26

MARKET DEVELOPMENTS



Peptides

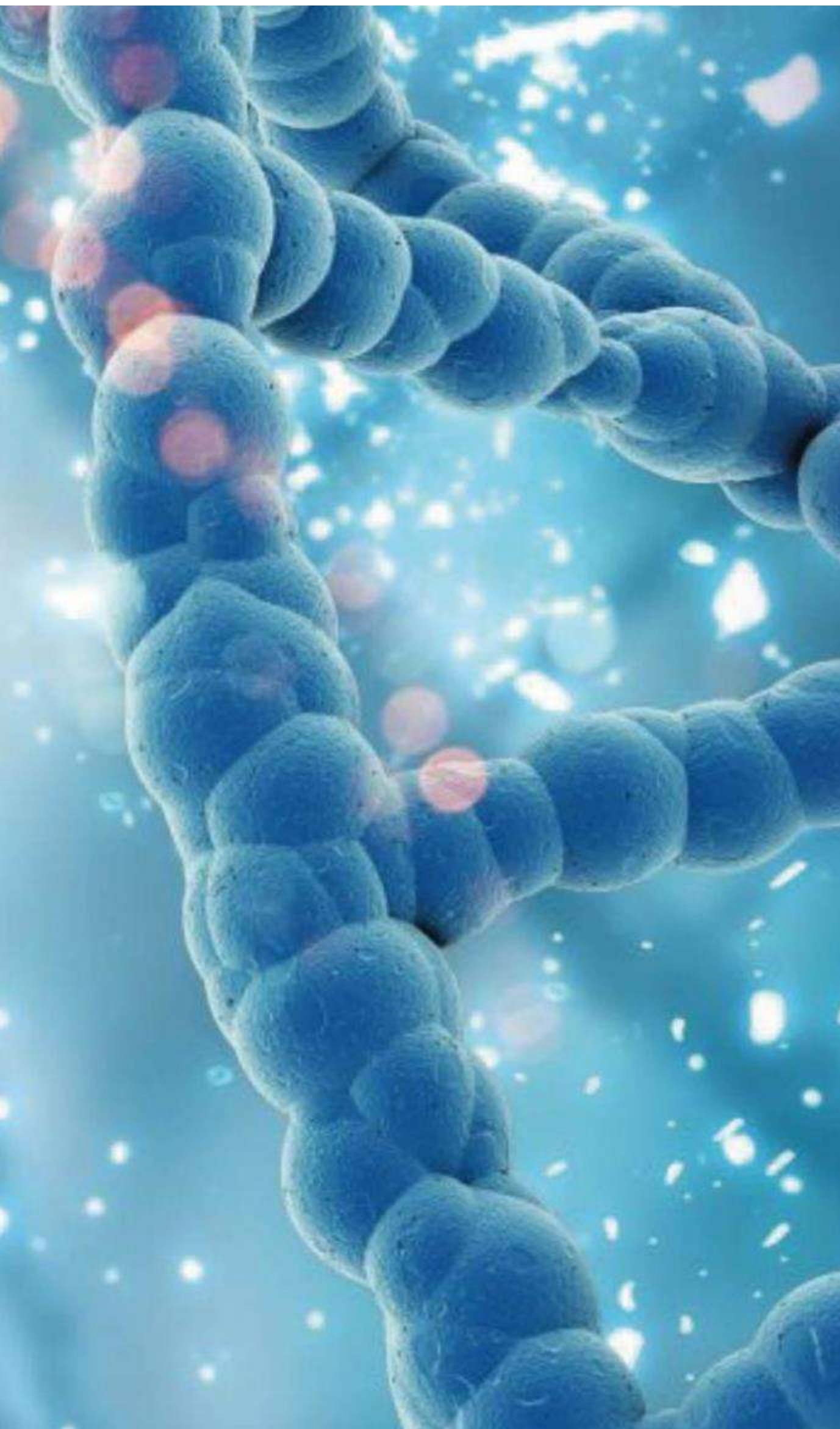
- Metabolic Disease: Strong data for tirzepatide in weight loss, high prevalence of diabetes and obesity, broad industry R&D activity, potential to expand GLP-1 in primary care
- Pegcetacoplan submission in Geographic Atrophy
- Generics opportunity: 15-20 peptide-based drugs that have either recently lost their patent or are slated to lose the patent in the next decade*
- Oral proteins and peptides market expected to grow annually at CAGR of around 10.4% (2022-2028)**
- Tightening of industry-wide capacity



Oligonucleotides

- Biotech-heavy development pipelines with strong outsourcing potential: 75-90% of industry oligo pipeline is biotech***
- Estimated 13 new oligo approvals in industry over next five years****
- Expansion from rare diseases to large patient populations i.e cardio vascular
- Manufacturing demand outstrips industry-wide capacities

Sources: *Cortellis, ** PharmaTell, Evaluate ***Company estimates ****Takebe et. al. in Clin Transl Sci. 2018 Nov; 11(6):



STRATEGIC COLLABORATION WITH LILLY IN OLIGONUCLEOTIDES

- Develop **innovative and efficient processing solutions** for the manufacture of oligonucleotide-based drug substances.
- Annual **order volume with of c. CHF 100 million** within the **coming seven years**.
- Best-practice example for **strategic collaboration** between CDMO & pharma company.
- **Long-term planning strengthened** through order placement and milestone-payment system.
- Underscores Bachem's **reputation as partner for oligonucleotides**.



SUSTAINABILITY UPDATE

Bachem awarded EcoVadis Gold Rating for sustainability



- Increases sustainability score to join the **top 5% of all companies** rated by EcoVadis and the top 2% among industry peers.
- Gold Rating applies to the **entire Bachem Group, including all four GMP-manufacturing sites.**
- Emphasizes efforts to expand **sustainability management to suppliers** and find **green chemistry solutions** together with customers.

Establishing KPIs for Group sustainability goals for each site

- Reduce **energy consumption** per FTE by 20% by 2026
- Reduce **Lost Time Incident Rate** to ≤ 1.0 by 2026
- Halve **GHG emissions** per FTE by 2026
- Achieve **climate neutrality** by 2030
- Increase **proportion of women** in workforce & management by 10% by 2026
- Reflect the **local communities** we are part of in Bachem's workforce

FINANCIAL REVIEW H1 2022

Alain Schaffter

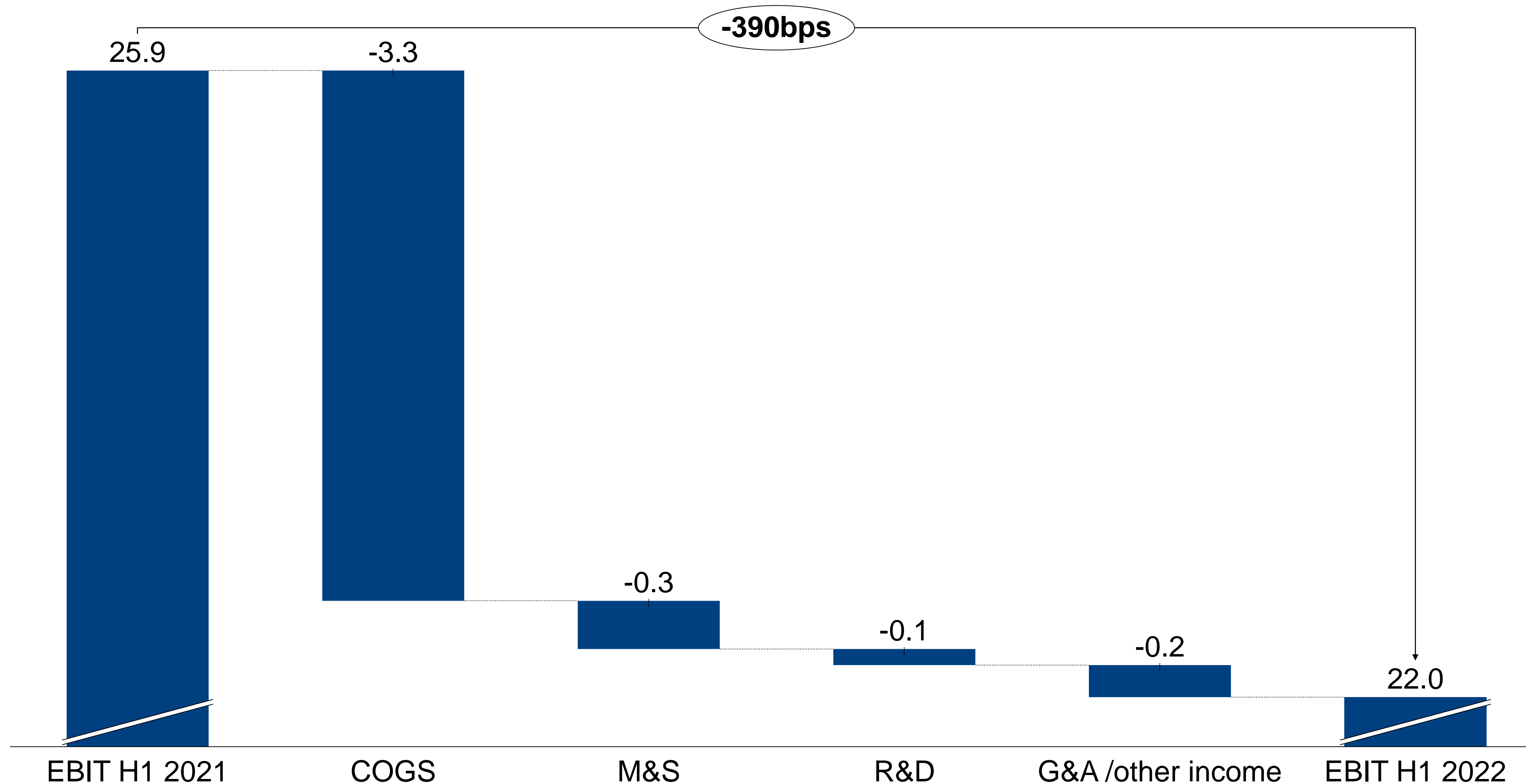
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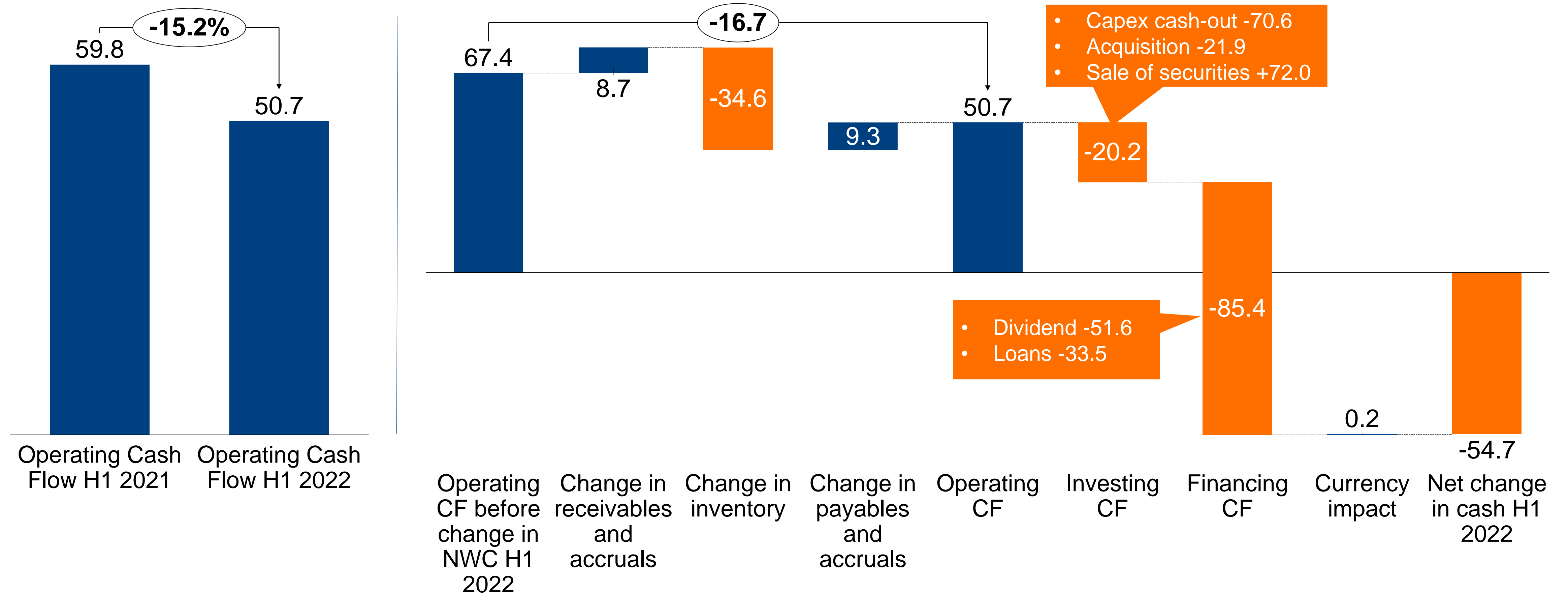
DRIVERS OF CHANGE IN EBIT MARGIN (IN %)



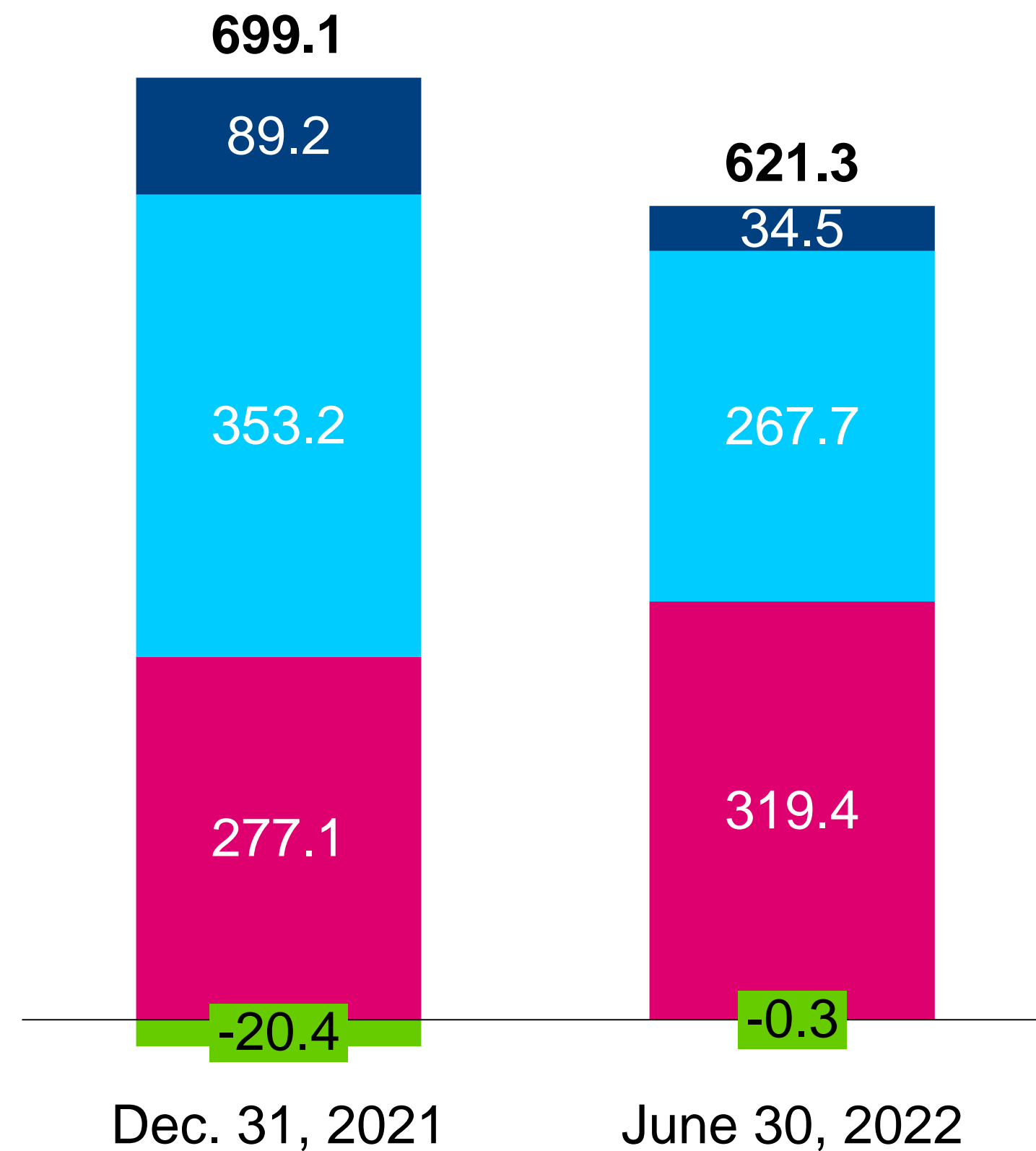
EBITDA MARGIN DEVELOPMENT

		H1 2022	FY estimates	Long-term outlook
Upside	↑		<ul style="list-style-type: none"> + Better distribution of COGS across higher sales volumes in H2 + Underproportional growth in M&S and G&A 	<ul style="list-style-type: none"> + Limited industry capacity / pricing power + Scale up oligos + Project portfolio management
Downside	↓	<ul style="list-style-type: none"> x Product mix x Ramp-up costs x Strong H1 2021 base 	<ul style="list-style-type: none"> x Macroeconomic uncertainties 	<ul style="list-style-type: none"> x Macroeconomic uncertainties x Commoditization risks
EBITDA		28.7%	<i>levels comparable to the previous year</i>	<i>ahead of 30%</i>

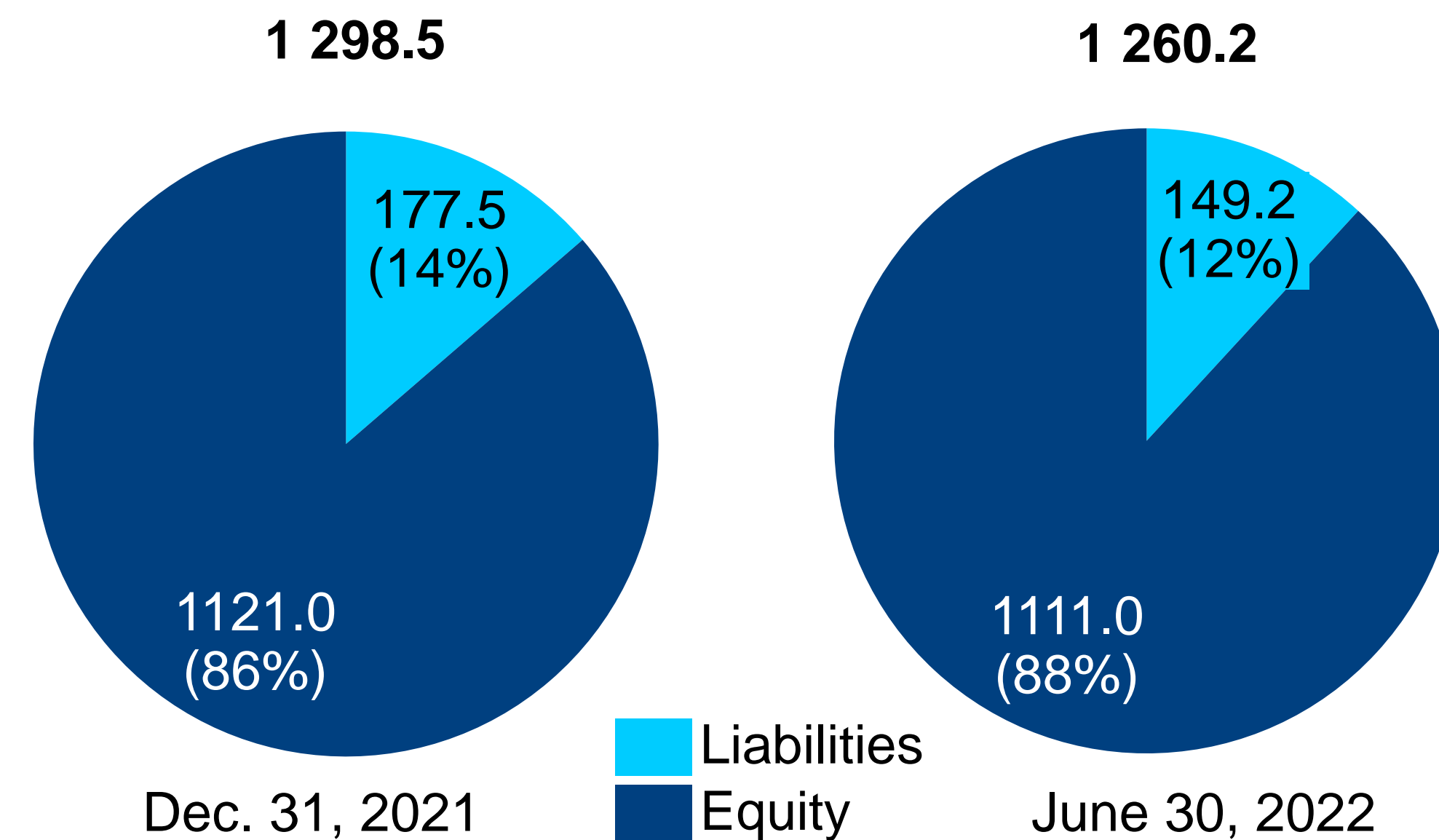
CASH FLOW ANALYSIS (IN CHF MILLION)



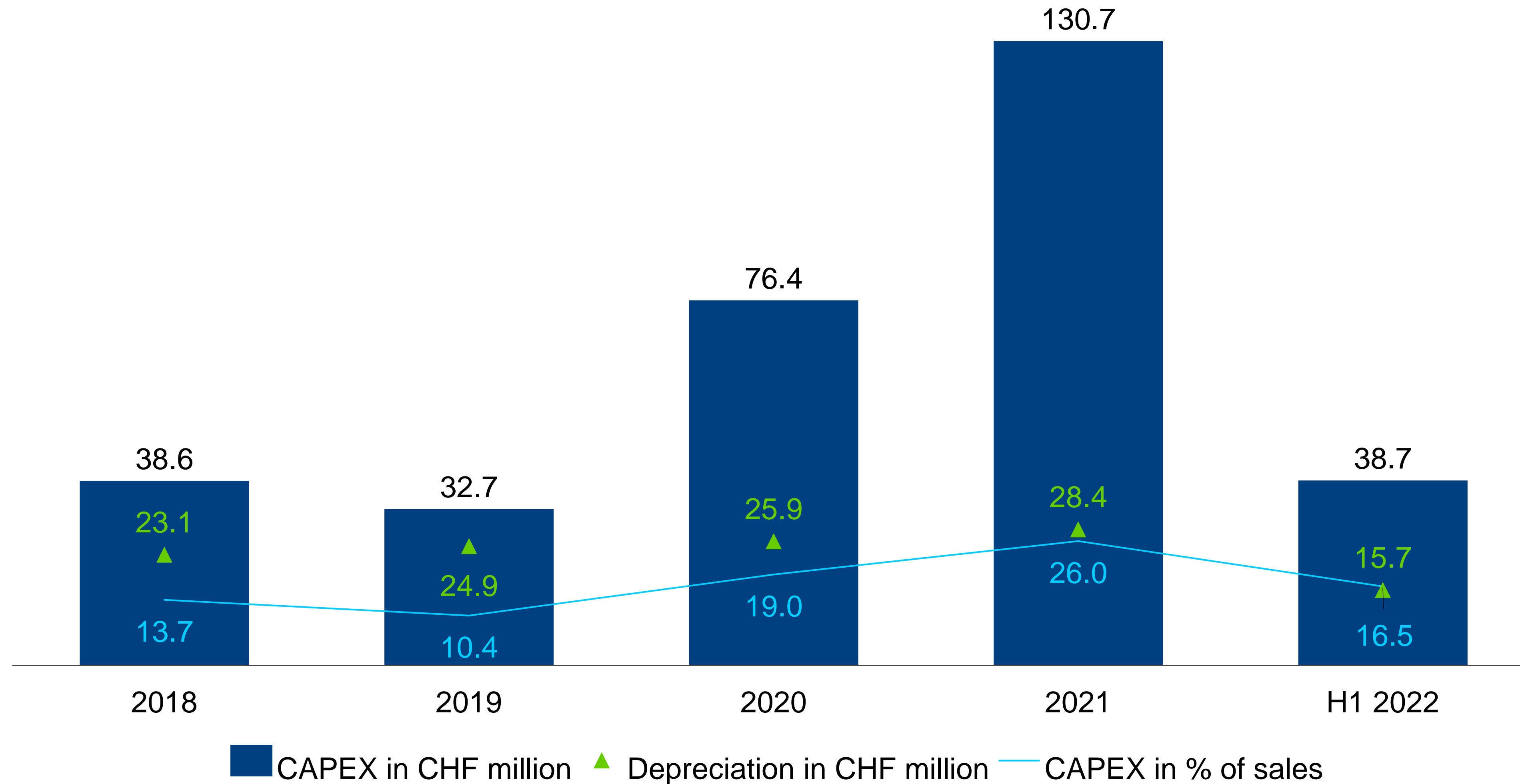
BALANCE SHEET ANALYSIS (IN CHF MILLION)



- Cash and cash equivalents
- Securities
- Current financial liabilities
- Net working capital



CAPEX OVERVIEW 2018 – H1 2022





EXPANSION OF BUBENDORF SITE

“Tides FABrication Plant” (Building K)

- Construction on track for launch of manufacturing in 2024
- Capabilities for both peptides and oligonucleotides.
- Strong focus on green chemistry and automation
- Investment in first construction phase of CHF 220 milion until 2024,
- Modular expansion after 2024 for overall doubling of Bubendorf capacity

Consolidation of Bubendorf Site assets

- On April 25, 2022, Bachem AG acquired 100% of Ingro Immobilien AG and the subsidiary Breiten Immobilien AG. Bachem is now the owner of the site and the office buildings in Bubendorf that had been rented until then.
- Both acquired companies were merged into Bachem AG as of June 21, 2022.
- The total consideration for the shares amounted to CHF 23.8 million. Based on the preliminary purchase price allocation, net assets with a total value of CHF 23.7 million were taken over.

OUTLOOK

Thomas Meier

OUTLOOK FULL YEAR 2022



- Mid to high single-digit growth due to strong order book for 2nd half



- 2022 EBIT and EBITDA at levels comparable to the previous year



- Higher CAPEX in H2 than H1
- Overall CAPEX at or above prior year level



- Ongoing CMC development growth
- Commercial API expect return to prior year levels by full year

OUTLOOK 2022-2026



Growth

same as March 2022

- Expected average sales of 15% per year 2022-2026 (CAGR)



Profitability

updated

- EBITDA ahead of 30%



Capacity

same as March 2022

- Deliver capacity for a rapidly growing demand
- Investments across global manufacturing network



Portfolio

same as March 2022

- Oligonucleotides and peptides that make a difference
- Build a strong second business pillar with Oligonucleotides
- Strengthen and leverage vertical integration



CAPITAL MARKETS DAY FOR INVESTORS & ANALYSTS

Tuesday, September 20, 2022
Zurich, Switzerland (Dorint Airport Hotel)

Presentations and discussion with the Bachem Corporate Executive Committee and Chairman of the Board on company strategy, financial outlook, market environment, technology and operations.

Begins 14:00 CET (welcome coffee for attendees from 13:30 CET)
Hybrid Event (Live & Virtual Dial-In Option)

Request registration details from ir@bachem.com

Q&A

All

THANK YOU FOR YOUR ATTENDANCE!

Question? Send an e-mail to...

ir@bachem.com

media@bachem.com



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This presentation contains certain forward-looking statements. These forward-looking statements may be identified by words such as ‘believes’, ‘expects’, ‘anticipates’, ‘projects’, ‘intends’, ‘should’, ‘seeks’, ‘estimates’, ‘future’ or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Various factors may cause actual results to differ materially in the future from those reflected in forward-looking statements contained in this presentation, among others:

- 1 pricing and product initiatives of competitors;
- 2 legislative and regulatory developments and economic conditions;
- 3 delay or inability in obtaining regulatory approvals or bringing products to market;
- 4 fluctuations in currency exchange rates and general financial market conditions;
- 5 uncertainties in the discovery, development or marketing of new products or new uses of existing products, including without limitation negative results of clinical trials or research projects, unexpected side-effects of pipeline or marketed products;
- 6 interruptions in production;
- 7 loss of or inability to obtain adequate protection for intellectual property rights;
- 8 litigation;
- 9 loss of key executives or other employees; and
- 10 adverse publicity and news coverage.

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