

BACHEM

FULL YEAR RESULTS 2022

Date | March 7, 2023
Location | Zurich/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 will be available on [bachem.com](https://www.bachem.com).

BACHEM

SPEAKERS



Thomas Meier
CEO



Alain Schaffter
CFO



Daniel Grotzky (Moderator)
Head Group Communication

AGENDA

- | | |
|---------------------------|-----------------|
| 1. Full Year Results 2022 | Thomas Meier |
| 2. Financial Review 2022 | Alain Schaffter |
| 3. Outlook 2023 | Thomas Meier |
| 4. Q&A | All |

FULL YEAR RESULTS 2022

Thomas Meier

KEY RESULTS 2022

Sales

- Sales of CHF 531.7m (+5.7%*).
- Return to growth from H1/22 with strong 2nd half with CHF 296.9m (+12.4% against H2/21).
- All product categories contributing.

Capacity

- Building K construction progressing in Bubendorf.
- Acquisition of land for new site.
- 1776 full-time equivalent employees (+147**).

Profitability

- EBITDA CHF 160.5m / margin 30.2%, in line with mid-term target of ahead of 30%.
- Proposal to increase dividend to CHF 0.75 per share (increase of CHF 0.05).

Portfolio

- CMC pipeline with 175 NCEs (+5).
- Secured large volume peptide contracts and oligonucleotide development collaboration.

GROWTH IN ALL PRODUCT CATEGORIES

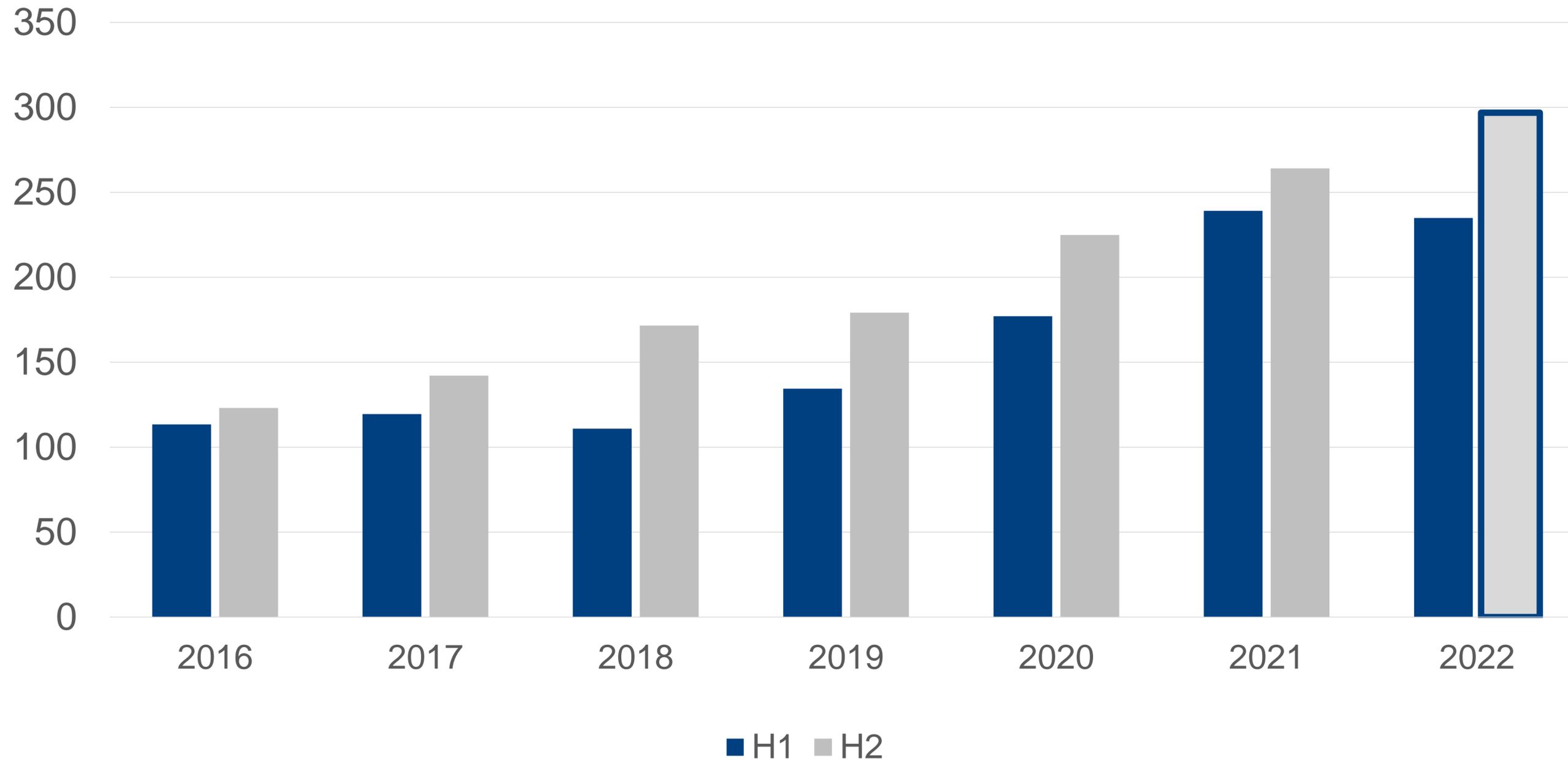
in CHF million	2022	Change in CHF	Change in local currency	Sales share
Research & Specialties	47.1	+ 5.2%	+ 3.9%	8.9%
CMC Development	185.8	+ 7.4%	+ 6.4%	34.9%
Commercial API	298.8	+ 4.7%	+ 3.1%	56.2%
Total sales	531.7	+ 5.7%	+ 4.3%	100.0%

GEOGRAPHIES

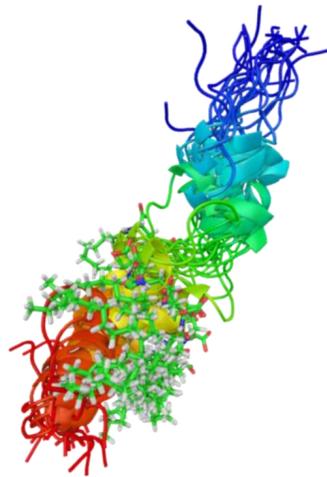
in CHF million	2022	Change in CHF	Change in local currency	Sales share
Europe/Asia	316.4	+ 17.0%	+ 17.8%	59.5%
North America	215.3	- 7.5%	- 11.3%	40.5%
Total sales	531.7	+ 5.7%	+ 4.3%	100.0%

VERY STRONG SECOND HALF DRIVES GROWTH

H1/H2 sales in CHF million



MARKET TRENDS



Peptides

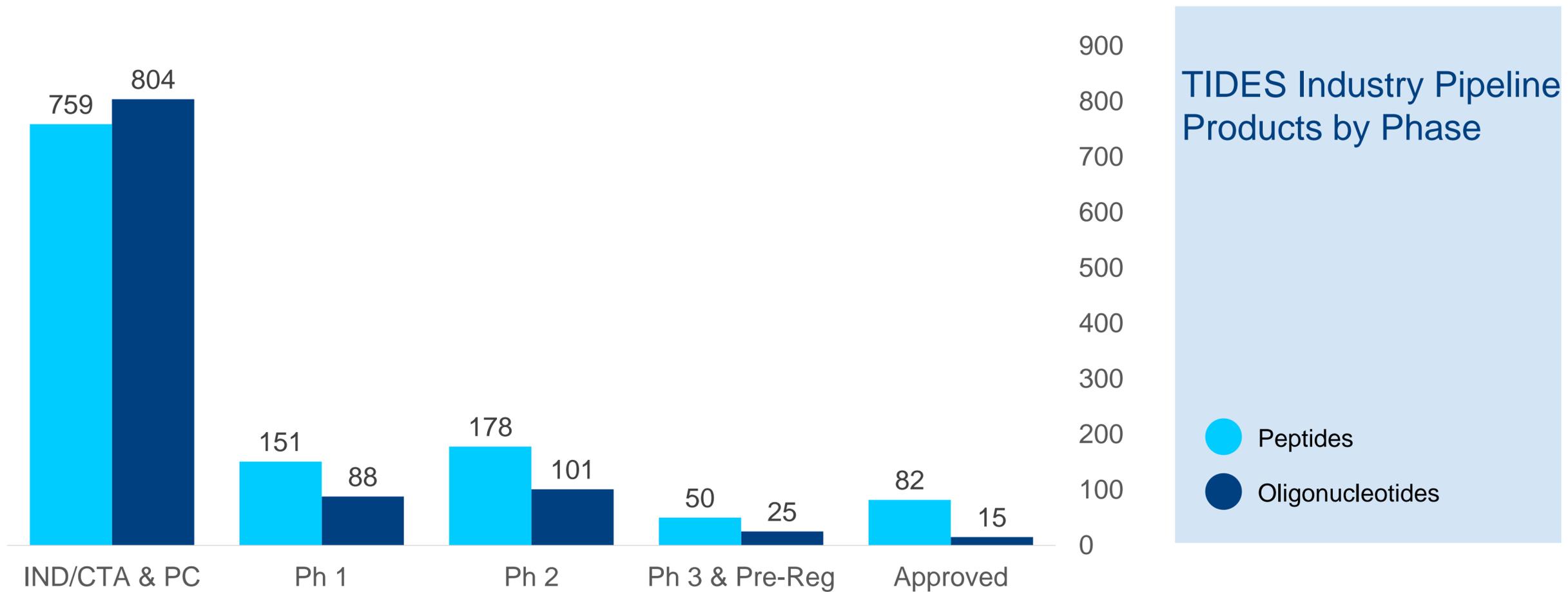
- Typ 2 Diabetes/obesity drugs put spotlight back on large-volume commercial peptide potential in 2022, industry investments in large scale capacity.
- Large-scale multi-year commercial manufacturing agreements.
- Ongoing peptide therapeutics approvals by FDA, e.g. pegcetacoplan in Geographic Atrophy (Feb 2023).



Oligonucleotides

- Strong concentration of clinical pipeline (c. 50% of Ph1-3 projects are with four companies: Ionis, Alnylam, Arrowhead, Novo Nordisk).
- Despite first large-scale (captive) drug (Leqvio, Novartis), long-term growth still a «R&D game».
- Industry ramping up capacities.
- Development partnerships and collaborations with increased investment in RNA oligo therapies.

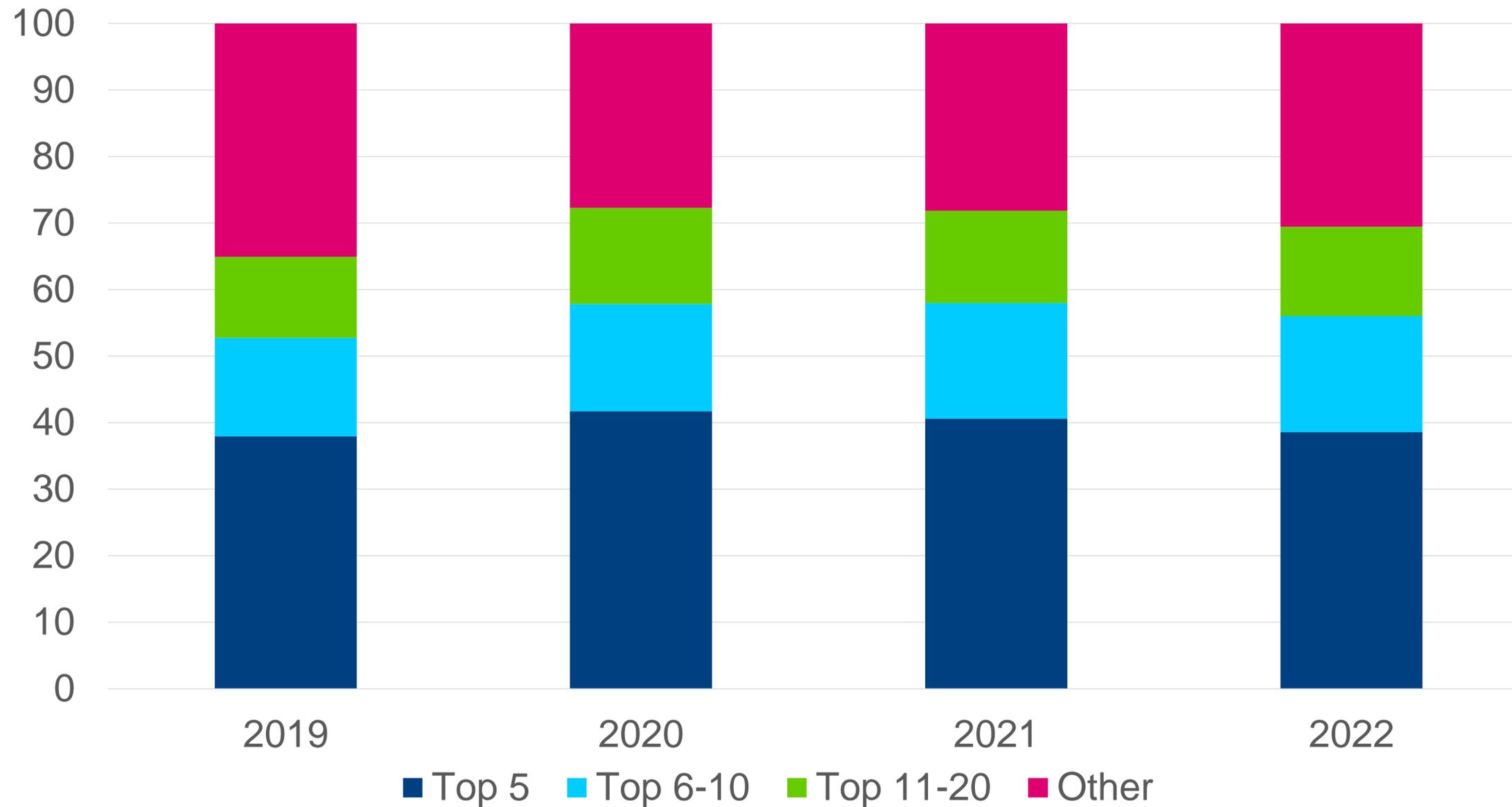
PEPTIDE AND OLIGONUCLEOTIDE INDUSTRY POTENTIAL



Source: Bachem Market Intelligence; IND=investigational new drug, CTA=clinical trial application, PC=pre-clinical

STABLE SALES DISTRIBUTION ACROSS CUSTOMER TIERS

Sales distribution by customer tiers in % of sales



CMC PIPELINE UPDATE

- Healthy NCE pipeline with 175 projects (all originator, not generics).
- Strong share of industry-wide Ph1-3 peptide projects.
- Promising Phase III includes likely 2023 submissions.

Phase	No. of projects End 2022	No. of projects end 2021
Preclinical	80	73
Phase 1	39	43
Phase 2	44	43
Phase 3	12	11
Total	175	170

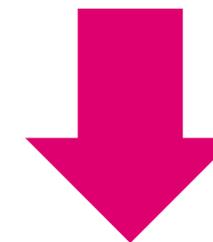
OLIGONUCLEOTIDE UPDATE

- Bachem footprint across technologies: siRNA, ASOs incl. PMOs; commercial and development presence.
- Complete pilot unit (50-200 mmol) for large scale production (1-2 mol).
- Long-term collaboration with Lilly (announced April 26, 2022).
- Manufacturing Technology, QC, Engineering, synergies with large-volume peptides.



**Long-term
Tailwinds**

**2023
Headwinds**



- Increasing competition for clinical development projects.
- Uncertain demand forecast for commercial oligo-based API.



SUSTAINABILITY UPDATE

- Increases sustainability score to join the **top 2% of all companies** rated by EcoVadis and the top 1% among industry peers.
- First publication of greenhouse gas emissions via the Carbon Disclosure Project (CDP) with a “B” ranking.
- Joined the United Nations Global Compact.
- Increased supply chain sustainability: 65% of identified high/medium risk suppliers have taken EcoVadis sustainability assessment to create the needed transparency for corrective actions.



LONG-TERM & LARGE-VOLUME COLLABORATION ACROSS TIDES

Strategic Collaboration with Lilly in Oligonucleotides (Apr 2022)

- Annual order volume with potential 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.

Large-volume Peptide order Customer A (Sep/Dec 2022)

- Three contracts signed with total communicated order volumes of min. CHF 1.2 bn. 2023-29.
- Demonstrates shift to larger peptide volumes of multiple tons.
- Manufacturing primarily in "Tides FABrication Plant" (Building K), Bubendorf.
- Largest order in Bachem history.
- Companies agree to maintain customer confidentiality.

Large-volume Peptide order Customer B (Mar 2023)

- Total committed order volume of more than CHF 500 million for the period of 2027-2031 with significant upside potential.
- Joint development project as a prerequisite.
- Diversification of large-volume peptide order book Building K, Bubendorf.
- Companies agree to maintain customer confidentiality.

STRATEGY TO INCREASE VOLUMES

Contract Volumes



Capacity Expansion



Building K Bubendorf ph 1.

Building K Bubendorf ph 2.



Sisslerfeld

Ongoing efficiency measures

FINANCIAL REVIEW 2022

Alain Schaffter

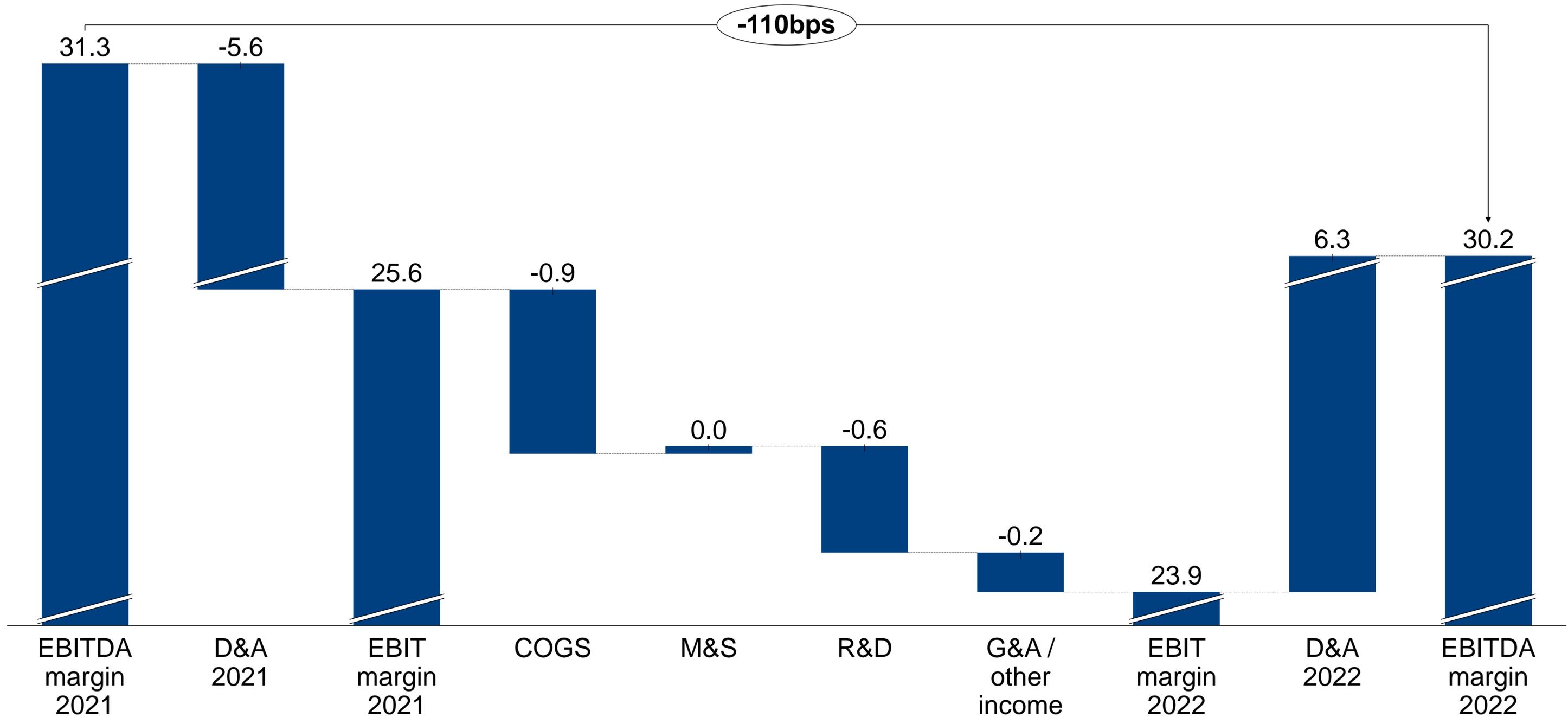
KEY FIGURES 2022

	2022	2021	Change CHF	Change in local currency
Sales (in CHF million)	531.7	503.2	+ 5.7%	+ 4.3%
EBITDA (in CHF million) <i>in relation to sales</i>	160.5 30.2%	157.4 31.3%	+ 2.0%	+ 0.1%
EBIT (in CHF million) <i>in relation to sales</i>	127.2 23.9%	128.9 25.6%	– 1.3%	– 3.6%
Net income (in CHF million) <i>in relation to sales</i>	100.7 18.9%	114.7 22.8%	– 12.2%	
Earnings per share (in CHF) ¹	1.37	1.62	– 15.6%	
Cash flow from operating activities (in CHF million)	92.6	97.6	– 5.0%	
Number of employees (in full-time equivalents)	1 776	1 639		

¹ Adjusted for post share-split.

Earnings per share are diluted by the effect on the weighted average due to the capital increase in October 2021.

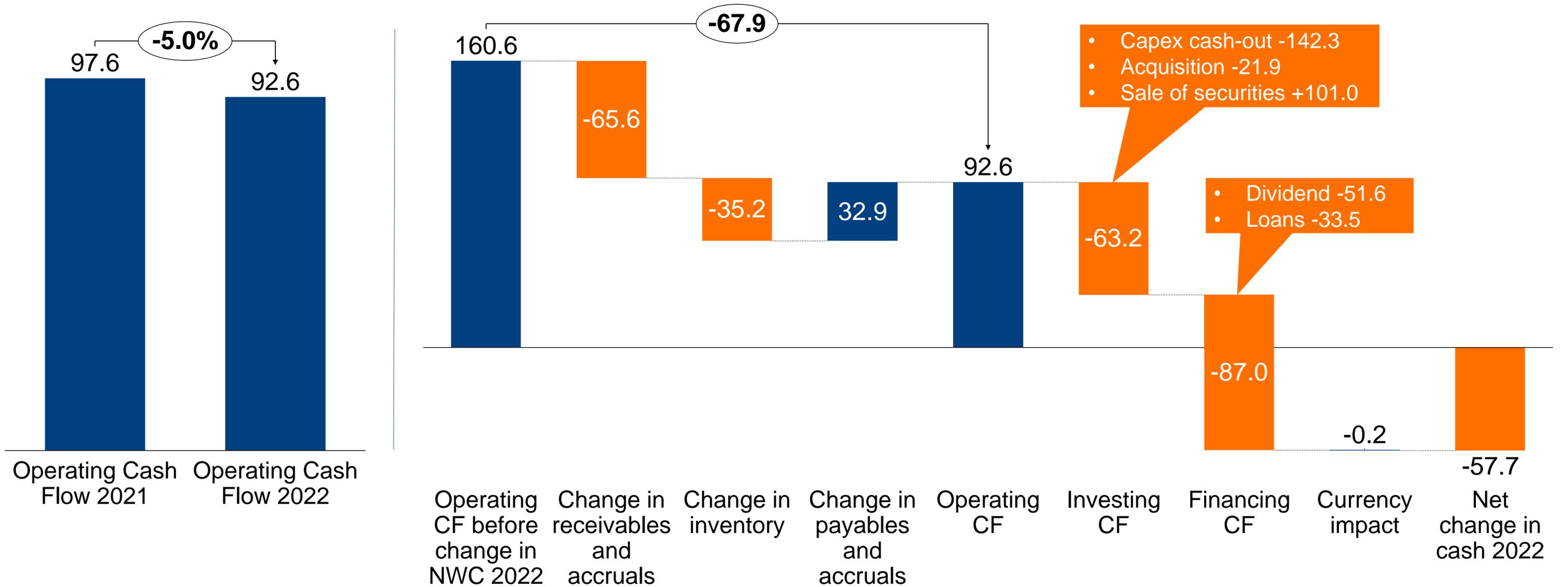
DRIVERS OF EBITDA MARGIN (IN %)



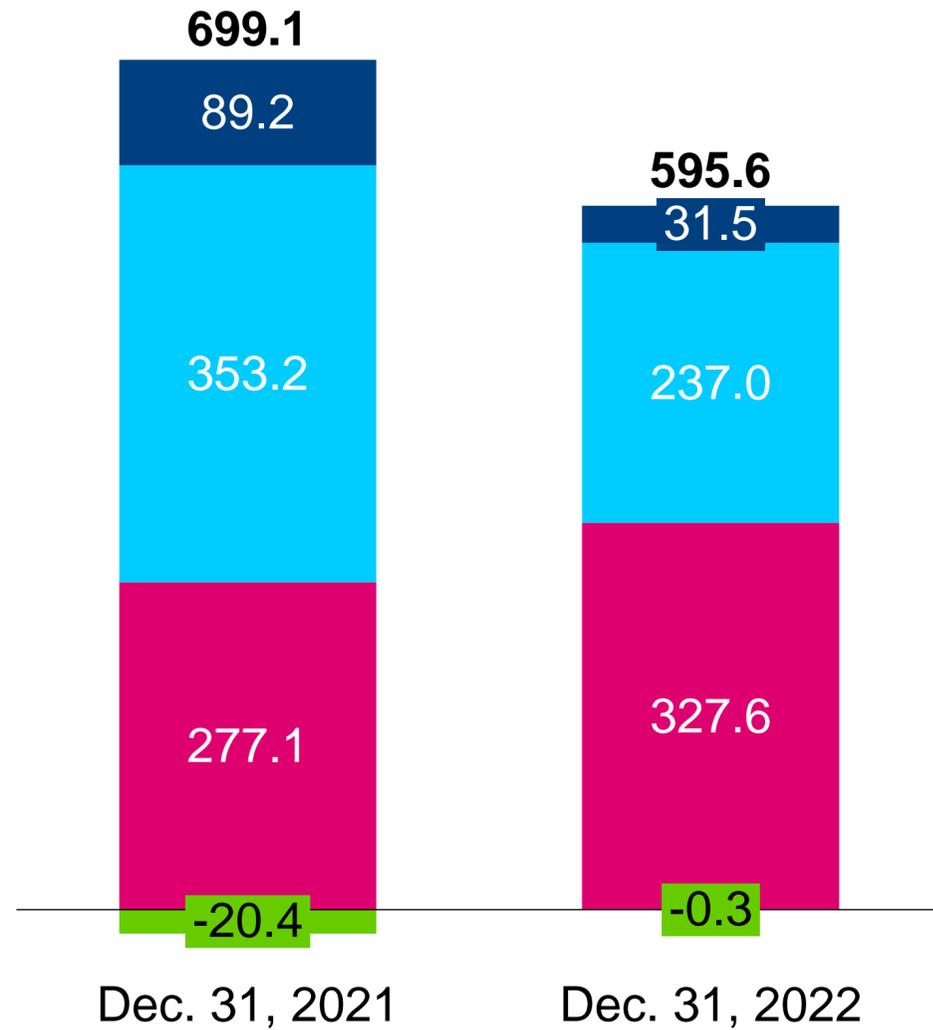
EBITDA MARGIN DEVELOPMENT

		2022	2023 estimates	Long-term
Upside		<ul style="list-style-type: none"> + Better distribution of COGS across higher sales volumes in H2 + Stable cost for M&S in relation to sales 	<ul style="list-style-type: none"> + Topline growth ahead of 2022 rates 	<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 Higher spending in R&D 	<ul style="list-style-type: none"> x Ramp up costs: staffing of «Building K» x Macroeconomic uncertainties 	<ul style="list-style-type: none"> x Macroeconomic uncertainties x Commoditization risks x Transformation risk
EBITDA		30.2%	around 30%	ahead of 30%

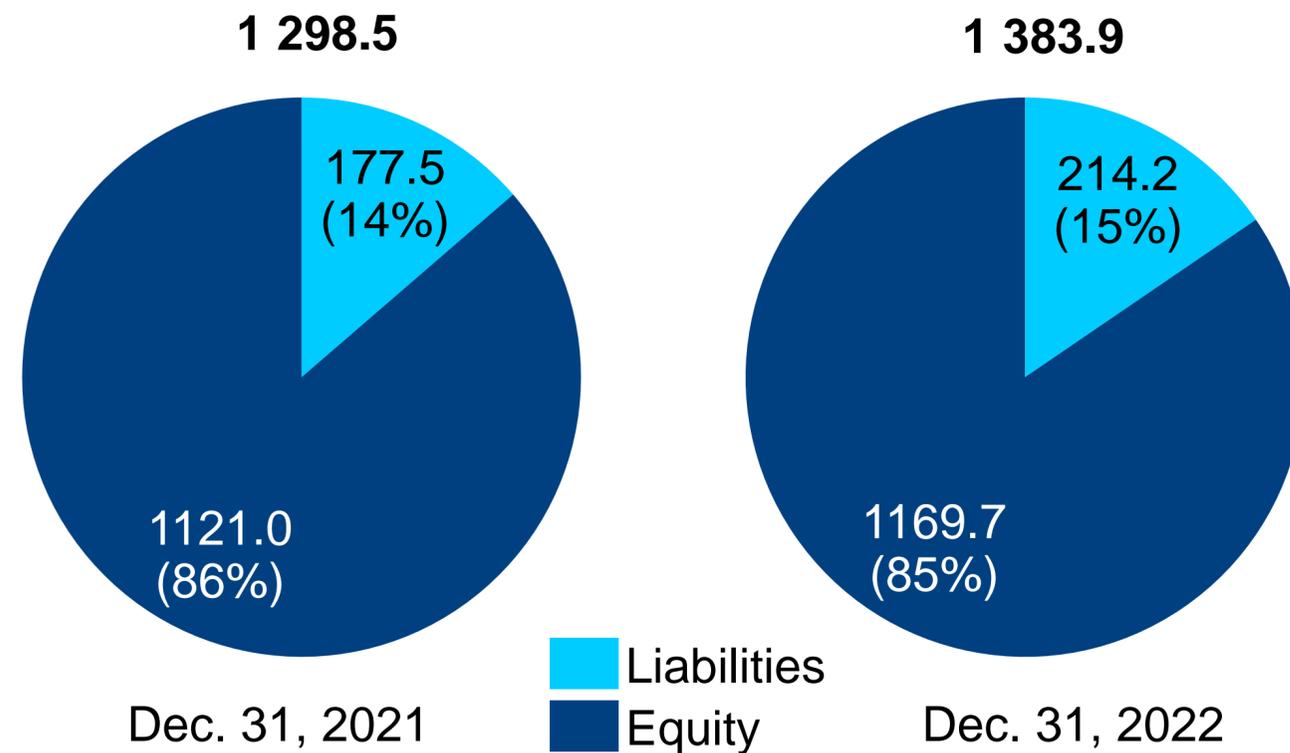
CASH FLOW ANALYSIS (IN CHF MILLION)



BALANCE SHEET ANALYSIS (IN CHF MILLION)

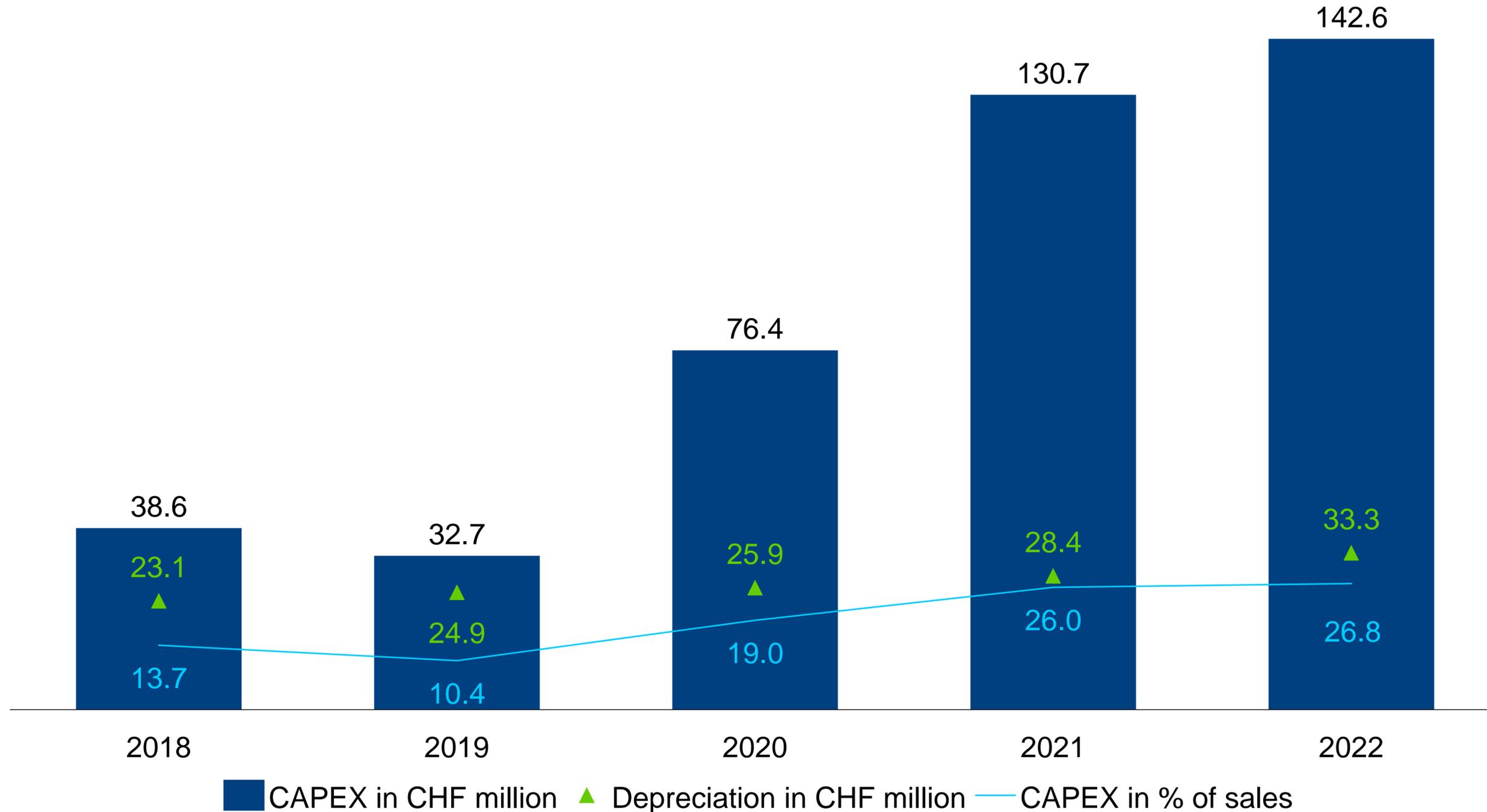


- Cash and cash equivalents
- Securities
- Current financial liabilities
- Net working capital



- Liabilities
- Equity

CAPEX OVERVIEW 2018 – 2022



INVESTMENT ESTIMATES

Long-term industry demand

- Peptides: Shift from «100s of kgs to tons».
- Oligonucleotides: Shift from «grams to tens of kgs».
- Preference for CDMO vs. In-house manufacturing.
- Need for highly specialised chemistry & quality.

Financing Principles

- Overall, CHF 1 CAPEX equals minimum of CHF 1 in annual sales.
- Preference for independent financing.
- Negotiate opportunity to accelerate capacity with customer participation like pre-payment on future supplies.

Project	Amount	Time frame
Bubendorf <i>incl. Building K, modernization & office space</i>	c. CHF 550m	Until 2026
Eiken/Sisslerfeld until end of decade incl. planning, construction, staggered land purchase	c. CHF 750m	Until end of decade
Other sites	Undisclosed	
Total until end of decade	> CHF 1.3 bn	

OUTLOOK 2023

Thomas Meier

TREND FAVORS CHEMICALLY SYNTHESIZED TIDES

Customer landscape shifting from recombinant to chemical synthesis

New generation of metabolic disease medicines

(diabetes, obesity)

only accessible synthetically

Synthetic manufacturing of peptide generics

15-20 peptide-based drugs with recent or imminent patent loss in the next decade*

TIDES expansion into new therapeutic indications

Peptides

e.g. peptidic complement inhibitors (PNH, GA and others); Interleukin 23 antagonists

Oligonucleotides

beyond rare diseases, estimated 13 new oligo approvals in industry over next five years**

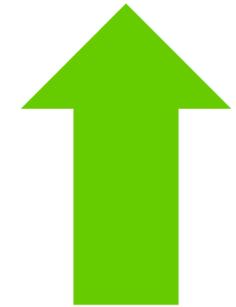
Bachem addresses shared challenge across TIDES:

Ramp-up of manufactured volumes for larger patient populations/indications.

Bachem with strong track record in increasing yields at high quality from kgs to tons.

BUSINESS OUTLOOK 2023

- **Favorable order situation:** mid/large scale equipment very well booked in 2023, confirmed bookings also for 2024/25.
- **Maturing CMC project portfolio:** several late-stage projects with anticipated high material demands upon commercialization.
- **Shifting product mix:** portfolio of commercialized product is growing.
- **Technology lead:** differentiation through innovative engineering solutions.



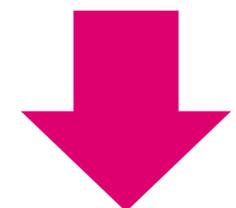
**Commercial
Tailwinds**

-
- **Production schedules:** maximize utilization of Bachem facility network.
 - **Capacity extension:** execute on existing plans.
 - **Talent acquisition:** ramp-up/onboard/train R&D and Production staff.

**Operational
Execution
Critical**

-
- **Commercial oligo-based APIs:** uncertain demand forecast for 2023.
 - **Cluster risks:** individual projects with large impact on sales.
 - **Supply chain:** accessibility of complex raw materials and related cost.

**Commercial
Headwinds**



OUTLOOK 2023



Expect to be significantly higher than in the previous year.



Stable EBITDA margin at around 30% anticipated.

Q&A

All

THANK YOU FOR YOUR ATTENDANCE!

Question? Send an e-mail to...

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