The acquisition of American Peptide Company (APC) in March 2015 is an important milestone in Bachem’s drive to extend its global leadership. Briskly growing demand for the Company’s products and services necessitated the expansion of production capacity, and the new site in Vista provided that opportunity. With its full order books, Bachem could benefit from the existing underutilization of the new cGMP plant. The Vista site is the only ISO-certified site in the Bachem Group, making it ideal for the production of peptides for cosmetics and diagnostic products and for capturing additional market share in these sectors. Furthermore, APC’s product pipeline and customer base have boosted the Group’s growth. Following the successful integration of APC in the Bachem Americas organization during the past fiscal year, the first phase in ramping up the production capacity in Vista is set for completion in the first quarter of 2016.

APC’s Sunnyvale site focusing on research and development projects was shut down at the end of 2015. APC produced research chemicals to customer specifications at the Sunnyvale site. Bachem has now transferred these projects to its St. Helens, UK site, which has been designated a Center of Excellence for custom synthesis and the production of catalog products as part of Bachem’s drive to concentrate its activities in this business area. Bachem expanded capacity at the St. Helens site accordingly. Project transfer proceeded smoothly thanks to the close and very effective teamwork of staff at both facilities. In addition, management reached out to customers at an early stage in the process to familiarize them with the strategy.

A clear focus on the core business of peptides and active participation in the consolidation in the industry are the key principles underpinning Bachem’s strategy. Bachem already identified American Peptide Company (APC) based in California as a potential acquisition target several years ago.
and optimize conditions so as to maximize the likelihood of retaining the relocated customer projects for Bachem in the future.

Growth was the distinguishing feature of the 2015 fiscal year. Sales rose for the fifth year in a row, and both regions showed very pleasing trends. This led to an increasing rate of capacity utilization and necessitated further job growth and investments in capacity expansion projects at all sites. In addition to the successful integration of APC, the abandonment of the minimum EUR/CHF exchange rate by the Swiss National Bank put the entire organization under increased pressure.

55
employees
7
MUSD sales
8
projects

36
MCHF investments for the future
MILESTONES REVIEW

PARTNER OF CHOICE
Bachem performed well amid persisting market challenges. As market leader with more than 40 years of experience in peptide synthesis and a steadfast focus on quality, Bachem serves its customers as a reliable and trusted partner.

HIGH DEMAND
Demand for peptide-based compounds continued to grow during the year under review and pushed both sales and the order backlog to record highs. Management consequently created more jobs and invested additional capital in production capacity.

EXPANDED PROJECT PIPELINE
Bachem’s project portfolio grew significantly during the past year. At year-end Group companies in Europe and North America were working on a total of 241 development projects for customers (previous year 199). Several projects, including some generic peptides, are on the verge of receiving regulatory approval.

QUALITY MATTERS
Bachem made specific investments in compliance and replacements to ensure unfailing compliance with the company’s high standards. Bachem’s commitment to quality and reliability in all dealings with customers is a key factor for its success.

EUR/CHF CURRENCY EFFECT SUCCESSFULLY OFFSET
Fluctuations in various foreign exchange rates had a negative effect of 1.7 million CHF on EBIT. The negative effect of the much weaker EUR to CHF was diminished somewhat by the stronger USD. Bachem managed to compensate for much of the remaining negative currency effect by stepping up its sourcing in EUR and capturing further cost savings and efficiency gains. Thanks to the excellent sales momentum, the remaining gap was completely bridged and operating profit in CHF increased considerably.

PROVIDING HIGH PERFORMANCE
Bachem is an internationally unique team of experts who collaborate in an interdisciplinary manner to create sound and sustainable solutions. Under the motto of “Providing High Performance”, Bachem is constantly strengthening its professionalism and performance level in the areas of finance, IT and human resources.

INTEGRATION OF AMERICAN PEPTIDE COMPANY
After the acquisition of American Peptide Company (APC) in March 2015, Bachem integrated the firm into the Group and merged it with Bachem Americas, Inc. headquartered in Torrance, California by year-end. APC’s production site in Vista, California, already made a positive contribution to Group sales in the first year of consolidation. APC’s second production site in Sunnyvale, California, was closed and its activities and customer relationships were successfully transferred to Bachem’s Center of Excellence for custom synthesis in England.

148 new employees
MILESTONES OUTLOOK

SHAPING THE FUTURE TOGETHER

INVESTMENT AND GROWTH
Bachem endeavors to extend its leading market position. The company is investing in additional production capacity at all of its sites, hiring more staff and continuously optimizing its organizational structure and processes. Growing demand from customers and the sizeable order backlog provide a sound platform for future, self-powered organic growth. Management is also examining potential alliances in emerging Asian markets to supplement that growth.

MARKET LEADERSHIP
Bachem is recognized around the world as the leader in the peptide market. This perception is built on a foundation of superior quality, reliability, know-how and experience. With its vast expertise, Bachem can and will continue to offer its customers and business partners groundbreaking, sustainable solutions.

ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM
As a result of the company’s growing size and to further the optimization of group-wide processes, Bachem will modernize its ERP system and ensure that it meets increasing demands. The integration and harmonization of internal workflows significantly reduces complexity across a wide range of business operations and enables Bachem to enhance operational efficiency.

AUTOMATION
As the degree of automation steadily increases, business processes are becoming even more secure, quality and production efficiency are being improved further, and the costs associated with manual interventions are on the decline. Automation has been achieved, for example, by establishing a direct connection to systems for the addition and removal of solvents in the production process, by introducing electronic process control systems and by fully automating the synthesis of peptides.

COLLABORATION
Close collaboration with customers is crucial for Bachem’s success. It is rooted in quality, innovation and partnership.

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6–10% sales growth p.a.