

# LETTER TO SHAREHOLDERS

Dear Shareholders,

As the “Pioneering Partner for Peptides,” Bachem is the clear market leader in the field of peptides. Our aim is to hold and expand this position through top quality and innovation. In a constantly challenging market and competitive environment, Bachem again achieved its sales and profit growth targets in fiscal year 2019. We systematically invested in future growth and created new jobs at all of our locations worldwide.

Sales growth for the year as a whole was 11.0%. Sales of active pharmaceutical ingredients (APIs) continued to develop encouragingly. This product category consists of new chemical entities (NCEs) and generics and saw growth of roughly 10%. In 2019 Bachem again succeeded in significantly increasing operating profit, which gained 13.8% over the previous year. The EBIT margin reached 19.9%. Bolstered by the one-time effect of the Swiss tax reform, net profit rose by 16.1% despite negative currency effects.

As a worthwhile complement to the core peptides business, Bachem achieved initial success in the newly entered field of oligonucleotide APIs in 2019 – an area we first entered the year before. We are confident that in the coming years we will be able to build an oligonucleotide project portfolio on a par with the peptide pipeline, thus creating a second pillar for the Bachem Group in the medium term.

Based on the company’s strong market positioning and increasing demand, the Board of Directors and the Corporate Executive Committee are expecting Bachem to break through the 500 million CHF sales barrier over the next four to five years. Priority will continue to be given to profit growth over sales growth. We are striving to achieve a sustainable EBITDA margin of 30% by 2021. We intend to further improve earnings, not least thanks to efficiency enhancements through implementation of new digitalization and automation projects. In order to facilitate the targeted growth, we will be investing some 300 million CHF in our various locations over the next five years, of which more than half will be channeled into further capacity expansion, and will create additional jobs.

Based on the results we have achieved, our continuing good prospects and financial stability, the Board of Directors will propose at the Annual General Meeting that the dividend be raised from 2.75 CHF to 3.00 CHF per share.



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Dr. Kuno Sommer  
Chairman of the  
Board of Directors



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Dr. Thomas Früh  
CEO and Chairman of the  
Corporate Executive Committee



Dr. Kuno Sommer



Dr. Thomas Früh