



RECORD YEAR POINTS TO INCREASING GROWTH DYNAMICS

SUCCESSFUL CAPITAL INCREASE

Bachem successfully carried out a capital increase during the first half of 2019, issuing 400 000 new shares at an issue price of 120.00 CHF each. The subscription ratio amounted to 34:1, i.e. 34 existing shares or subscription rights gave the holder the right to acquire one new share during the subscription period against payment of the subscription price. Although the issue price was higher than the stock market price when the capital increase was announced, the take-up ratio of existing shareholders nonetheless amounted to some 85%. Major shareholder Dr. h.c. Peter Grogg and Ingro Finanz AG also participated fully in the capital increase. Thanks to this issuance of new shares, Bachem Holding AG raised the gross sum of 48 million CHF, which was wholly channeled into financing the company's growth strategy and further strengthening the balance sheet structure.

LIGHTNING START FOR OLIGONUCLEOTIDES

Based on promising market analyses and specific customer inquiries, Bachem started to position herself as a supplier for the development and production of oligonucleotides as drug substances. It quickly became apparent that both demand and interest for the new offering were even greater

than originally anticipated. Bachem got off to what can only be described as a lightning start to its entry into this market segment. The new team of specialists had barely become operationally ready and the necessary certification had only just been obtained for the additionally required equipment when the first customer orders were ripe for execution. Assuming this momentum persists, management is expecting rapid expansion of its market share and an increasing sales contribution.

NORTH AMERICA EXHIBITS STRONG GROWTH

In North America, sales recorded growth of around 30% in 2019, following on from growth of almost 37% the previous year. This region increased sales by some 36 million CHF in 2019, achieving a new annual sales record of more than 155 million CHF. The main reason for these extremely pleasing

sales figures was once again the very good development of key NCE and generics projects. Bachem was able to successfully support a number of different products simultaneously in their submission or approval. This was particularly true of generics, which were successfully brought to market with innovative new dosage forms. In a parallel development, Bachem also increased the sales of existing products.

FOUNDATIONS LAID FOR EXPANSION OF PRODUCTION CAPACITY

In November 2019, the traditional ground-breaking ceremony kicked off the next company expansion project at the Bubendorf site in Switzerland. The building of an extension adjoining the company's largest existing production building will create additional space for capacity expansion. The transfer of production-related but not front-line manufacturing activities to the newbuild will free up additional space in the production building for the new manufacturing facilities needed for the company's further growth. This will have the effect of optimally utilizing the existing infrastructure while at the same time supporting compliance with industrial hygiene regulations. This building project is the first step in the planned development of the site and the significant expansion of production capacity.

155.1 million CHF

record sales
for North America



“TOGETHER WE LEAD” AS FOUNDATION FOR A SUCCESSFUL FUTURE

Given the excellent results and the promising market outlook, Bachem is currently in the midst of a dynamic growth phase. The company is creating new jobs and expanding the capacity on an ongoing basis so that it can seize these growth opportunities. The associated challenges require close coordination between all specialist areas and partnership-based collaboration with all stakeholder groups. The aim is to lead the company into a successful future together.

APPROVALS

Following a number of successful approvals in the reporting period and given the broad project portfolio, the company is anticipating being able to provide successful support to the customers over the next few years too in their submission and market launch of new NCEs and generics. Further approvals could be issued as soon as next year.

OLIGONUCLEOTIDES

The momentum accompanying the company's entry into the oligonucleotide market is promising. The demand for producers of drug substances is much greater than the existing supply. Bachem is anticipating growing interest in oligonucleotide-based drugs and an increasing number of the corresponding development projects. The Group will continue to work on the build-up of its project portfolio, with further investment in the corresponding facilities. Bachem will be offering capacity for the production of commercial drug substance quantities from 2021 onward. In the medium term, the company is seeking to achieve a market position in the “Top 3” of oligonucleotide CDMOs. This new product category is to be expanded to become a parallel mainstay of our business alongside peptides.

CAPACITY EXPANSION

The company is expecting sales in excess of 500 million CHF in four to five years' time. To facilitate this growth, Bachem will be investing around 300 million CHF over the next five years. More than half of this sum will be channeled into capacity expansion.

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