

Press release

Bachem reports record results on 2006 sales and profit

- Sales at CHF 171.8 million – plus 12.0% in local currencies, plus 11.8% in CHF
- Operating income grows overproportionately at 18.2%
- Record net income of CHF 46.6 million – up 18.5%
- Increase in dividend to CHF 2.00 and special dividend of CHF 5.00 proposed
- High level of purchase orders and market development promise continued growth in 2007

Bubendorf, Switzerland, March 16, 2007 - The Bachem Group (SWX: BANB) today announced results for the business year 2006. The company achieved a new sales record in 2006 with CHF 171.8 million. Net sales grew by 12.0% in local currencies and 11.8% in CHF compared with 2005. After sales of CHF 82.2 million were achieved in the first half-year of 2006, they increased further to CHF 89.6 million in the second half.

Both business segments contributed to this strong performance with double-digit growth rates. Sales of active pharmaceutical ingredients (APIs) thus increased by 10.5% in local currencies and 10.1% in CHF. The research ingredients, too, made a substantial contribution to the very gratifying overall result with increases of 17.7% in local currencies and 18.5% in CHF. In the case of APIs, new chemical entities (NCEs) posted an increase of 50.0%, whereas sales of generics remained unchanged. The peptide generics achieved single-digit growth, while non-peptide generics posted a decline on a similar scale. In the case of research ingredients, catalog sales increased only slightly, while sales in custom synthesis more than doubled in 2006.

In geographic terms, the European business in particular showed very strong growth in 2006 with a plus of 16.2% in local currencies and 16.6% in CHF. This region's share of sales thus also increased again and now amounts to 62.1%. Sales in North America increased by 5.7% in local currencies and by 4.7% in CHF. The marked increase in sales of substances manufactured in the USA was offset by a decline in sales of two substances produced in Switzerland for this market. One of these was due to the abandonment of a project by one of our customers, the other was due to delays in delivery with another important customer. The gratifying development of sales from local production was supported by the further expansion of facilities in the US. The additional capacity is already very well utilized and has already made a substantial contribution to sales in 2006.

In view of the dynamic progress of business, Bachem during 2006 increased the number of employees by 69 full-time equivalents to 609 worldwide. 37 of the new positions were created as part of the capacity expansion in California, and 32 positions were added in Switzerland.

Rolf Nyfeler, CEO of Bachem Holding AG commented business performance: "The gratifying results in 2006 were achieved through the consistent expansion of our core business and underline our leading position in the field of peptides. Boosting sales for patent protected peptides and custom synthesis on the one side confirm the increasing interest in peptides as medicines. On the other side, they prove the success of the strategy we have been pursuing for years now, namely to get access to projects on potentially new active ingredients for innovative drugs as early as possible."

Operating income, compared with the previous year, in 2006 grew overproportionately by 18.2% or CHF 8.6 million. EBIT was thus CHF 55.8 million versus CHF 47.2 million in the previous year. The EBIT margin was again substantially improved and amounted to 32.5% in 2006 compared with 30.7% in the previous year.



On the basis of the overproportionate increase in operating income, net profit likewise showed a correspondingly positive development, increasing by 18.5% from CHF 39.4 million to CHF 46.6 million. The net profit margin improved from 25.6% to 27.2%, a top result in Switzerland and also internationally.

Cash flow from operating activities improved markedly in 2006. With a plus of 46.4%, it amounted to CHF 40.2 million or 23.4% of sales.

On the basis of the excellent results and perspectives, the Board of Directors decided to propose to the Annual General Meeting an increase in dividend from CHF 1.50 to CHF 2.00 plus a special dividend of CHF 5.00 for each share entitled to a dividend.

Peter Grogg, Chairman of the Board, commented: "In view of the good prospects for our core business, we set great store by organic growth and do not envisage any expansion in the near future through acquisitions for which we would have to fall back on free funds. The Board of Directors will therefore propose to the Annual General Meeting not only an increase in dividend from CHF 1.50 to CHF 2.00, but also the payment of a special dividend of CHF 5.00. This proposal is based on the conviction that the profitability and efficiency of the current business and the expected further growth will also assure in the future to generate the cash flow needed for the planned continuous development of our leading position in the market."

Outlook

The latest successes in custom synthesis, progress in product development of our clients up to market approvals as well as long-term supply agreements with renowned partners form a sound basis for further expansion of the core business. For 2007, Bachem assumes continued high demand. The level of orders at the end of 2006 was even above the record level a year before. Given the additional production capacity in Switzerland and the US, the company is well prepared for further growth. Barring any unforeseen events, Bachem expects overall a distinct increase in sales and income for 2007. Accordingly, the sales growth objective is raised to an average of 8% - 12% per year. The EBIT target margin of 30% - 35% remains unchanged.

The Annual General Meeting of Bachem Holding AG for the business year 2006 takes place on April 18, 2007. The comprehensive Bachem Annual Report 2006 is available at www.bachem.com.

About Bachem

Bachem is an independent, technology-based public biochemicals company providing full service to pharma and biotech industries. Bachem is specializing in the process development and the manufacturing of peptides and complex organic active pharmaceutical ingredients and innovative biochemicals for research purposes. With headquarters in Bubendorf, Switzerland, and affiliates in Europe and the US, Bachem works on a global scale and holds the leading position in the field of peptides.

For further questions, please contact:

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Key figures in brief	2006	2005	Change in %
Sales (in CHF m)	171.8	153.7	11.8%
EBIT (in CHF m)	55.8	47.2*	18.2%
EBIT in % of sales	32.5%	30.7%*	
Net income (in CHF m)	46.6	39.4*	18.5%
Net income in % of sales	27.2%	25.6%*	
Earnings per share (EPS – in CHF)	3.54	2.99*	18.4%
Cash flow from operating activities (in CHF m)	40.2	27.4*	46.4%
Return on equity (ROE)	12.4%	11.3%*	
Number of employees in full-time equivalents	609	540	

* restated