

BACHEM

OPENING A NEW CHAPTER CAPITAL MARKETS DAY

Date | September 20, 2022
Location | Zurich/Zoom Call
Name | Bachem CEC

BACHEM

PANEL



Kuno Sommer
Chairman of the Board



Thomas Meier
CEO



Torsten Wöhr
CMO



Günther Loidl
CTO



Roland Schürmann
COO



Alain Schaffter
CFO

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Innovation	Pushing industry boundaries in chemical synthesis	Günther Loidl, CTO
Operations & Capacity	Aiming for best-in-class utilization	Roland Schürmann, COO
Financials	Securing long-term growth	Alain Schaffter, CFO
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INTRODUCTION: LONG-TERM FOCUS, MAJORITY SHAREHOLDER

Kuno Sommer

BACHEM

LONG-TERM FOCUS MAJORITY SHAREHOLDER

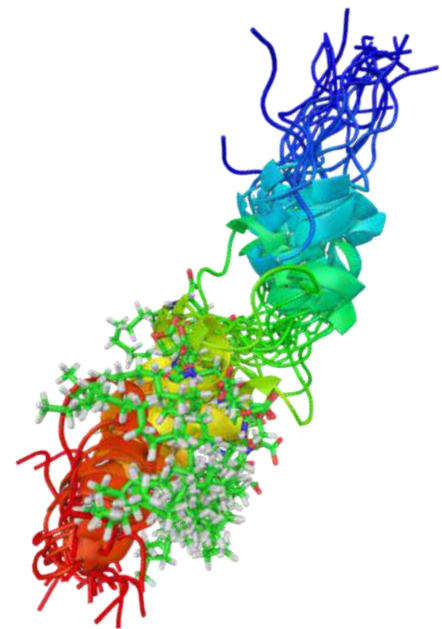
- Majority shareholder family long-term committed to sustainable growth.
- First 50 years history for CHF 500 million, next 5 year target for second CHF 500 million sales.
- TIDES markets are facing disruptive changes, driven through medical needs with blockbuster potential and growing switch from recombinant to chemical peptides production.
- **Bachem is able to capture these opportunities across of CDMO capabilities through massive capacity investments and long-term partnerships with key players.**



MISSION: TRANSFORMING THE TIDES CDMO SPACE

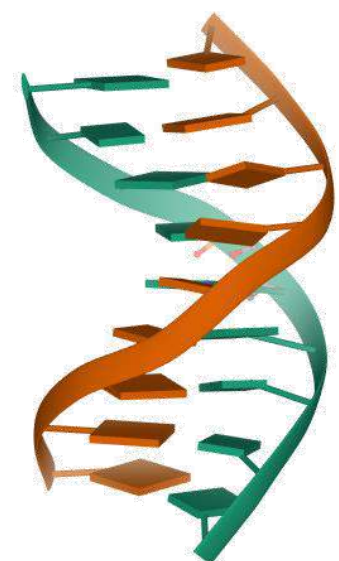
Thomas Meier

OUR FOCUS - PEPTIDES & OLIGONUCLEOTIDES



Peptides

- More specific, efficacious and safer than small molecules.
- Lower cost and immunogenicity than biologics.
- Complex production processes favor specialists with ability to scale.



Oligonucleotide therapeutics

- siRNA & ASO deliver gene-silencing i.e. «undruggable» targets.
- Similar advantage profile to peptides (specificity, efficacy, safety, immunogenicity, cost).
- Products (siRNA & ASOs) approved for rare diseases and high cholesterol.

Complexity makes
TIDES a
domain for specialists.

Requiring specific
knowledge, equipment &
infrastructure.



WHAT WE DO

- Contract development and manufacturing organization (CDMO) for TIDES (PepTIDES and OligonucleoTIDES).
- Full spectrum of TIDES active ingredients by volume (grams, kgs, tons) & complexity.
- Chemical synthesis for tailored formulations and delivery routes.
- Compact small molecule business & vertical integration.
- Long-term partnerships with pharmaceutical and biotech companies.
- Out of scope: biologics, recombinant manufacturing.

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)

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.

BACHEM SIGNS LARGE VOLUME CONTRACTS FOR PEPTIDES

Order details

- Two contracts signed with order volumes of CHF 25 million in 2023 and CHF 150 million in 2024.
- Potential for significantly larger orders for the following years under negotiation.
- Companies agree to maintain customer confidentiality.
- Manufacturing primarily in “Tides FABrication Plant” (Building K), Bubendorf.

Key takeaways

- Large-volume TIDES manufacturing potential beginning to take off in earnest.
- Order book for new building K progressing.
- Right decision to scale up and continue swiftly with further capacity expansion.

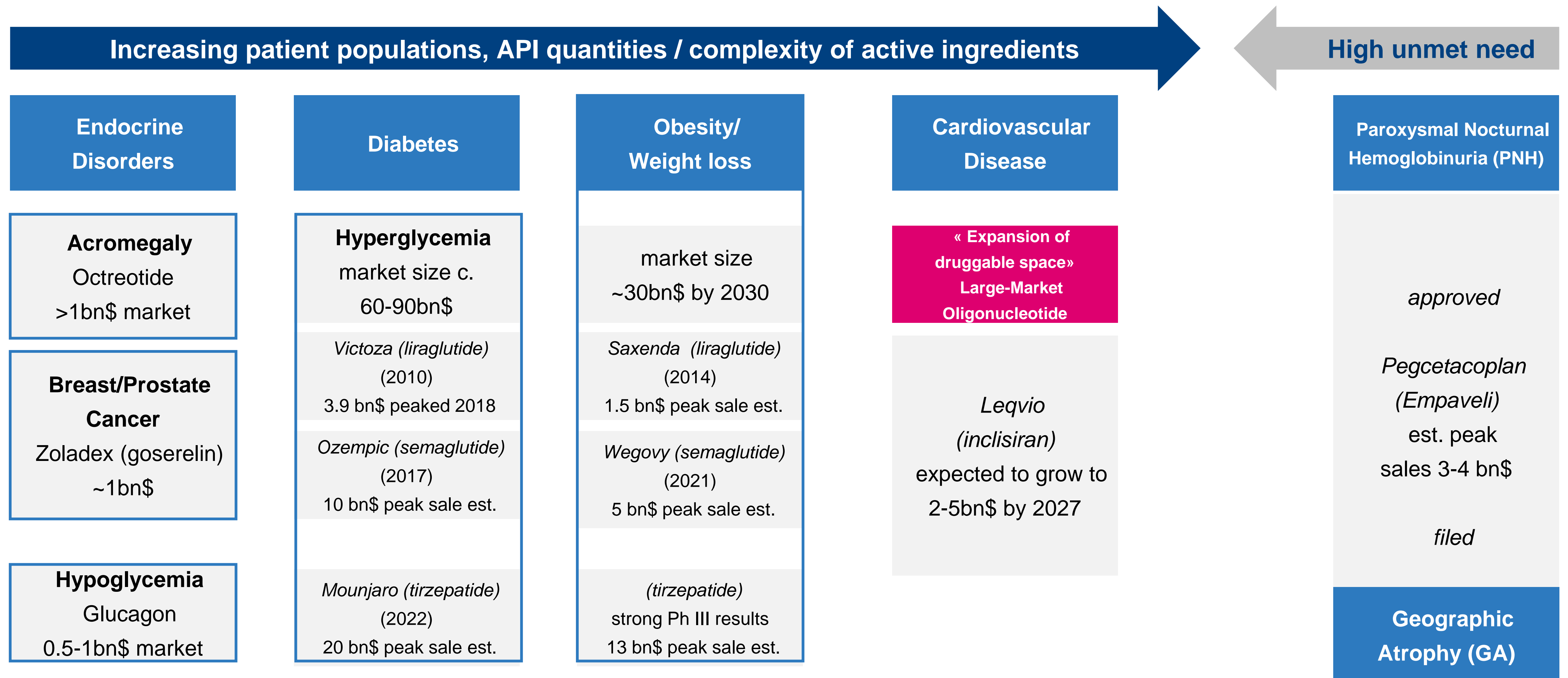
STRENGTHS ACROSS TIDES MANUFACTURING

CMO	CDMO	«Trailblazing» CDMO
		
Cost-effective manufacturing, e.g. for sponsors with existing processes.	“Best of both worlds”: Sponsor and Bachem develop and execute a tailored process to manufacture (complex) TIDES molecules.	First-mover advantage & access for sponsors to new manufacturing technology with superior quality and cost structure.

MARKET: BENEFITING FROM THE GROWTH OF TIDES THERAPEUTICS

Torsten Wöhr

GAME-CHANGING TIDES MEDICINES (EXAMPLES)



CAPTURE GROWING TIDES CAPACITY DEMAND

CMO



Commercial Benefit

Stable, predictable base business.

Strategic Rationale

Strong cash flow and increased recession resistance.

Contract Types

Long-term partnership agreements with CAPEX and capacity reservation components.

Key customer demand addressed

Supply security, capacity for future growth, efficient manufacturing.

LEVERAGE EXPERIENCE IN TIDES DEVELOPMENT

CDMO



Commercial Benefit

Feeder for commercial pipeline through active portfolio management and investment in generic product portfolio.

Strategic Rationale

Value of development- and regulatory expertise.

Contract Types

Master Service Agreements with purchase orders and additional agreements for services, e.g. quality.

Key customer demand addressed

Growing need for speed in clinical development, particularly biotech.

WIN PROJECTS ONLY BACHEM CAN DELIVER ON

«Trailblazing» CDMO



Commercial Benefit

Feeder for NCE pipeline and access to new markets.

Strategic Rationale

Technology partnership effects and ability to differentiate against competitor and captive players.

Contract Types

Purchase Order System and supply agreements with focus on technology collaboration/IP.

Key customer demand addressed

Complex peptides and entry point for siRNA and ASO projects.

INNOVATION: PUSHING INDUSTRY BOUNDARIES IN CHEMICAL SYNTHESIS

Günther Loidl

OligonucleoTIDES

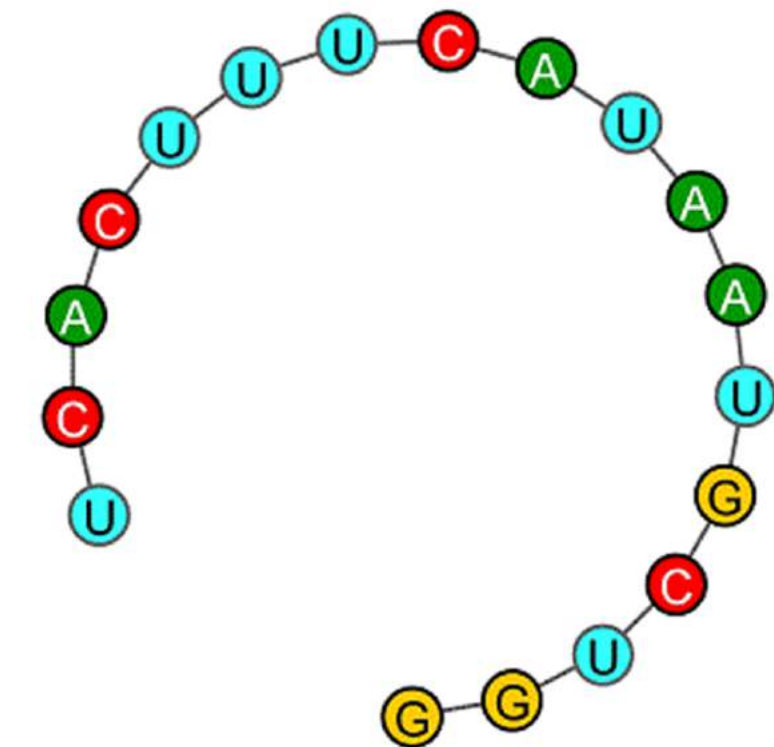
Present in all living organisms.

Built from monomers.

Most complex chemical APIs.

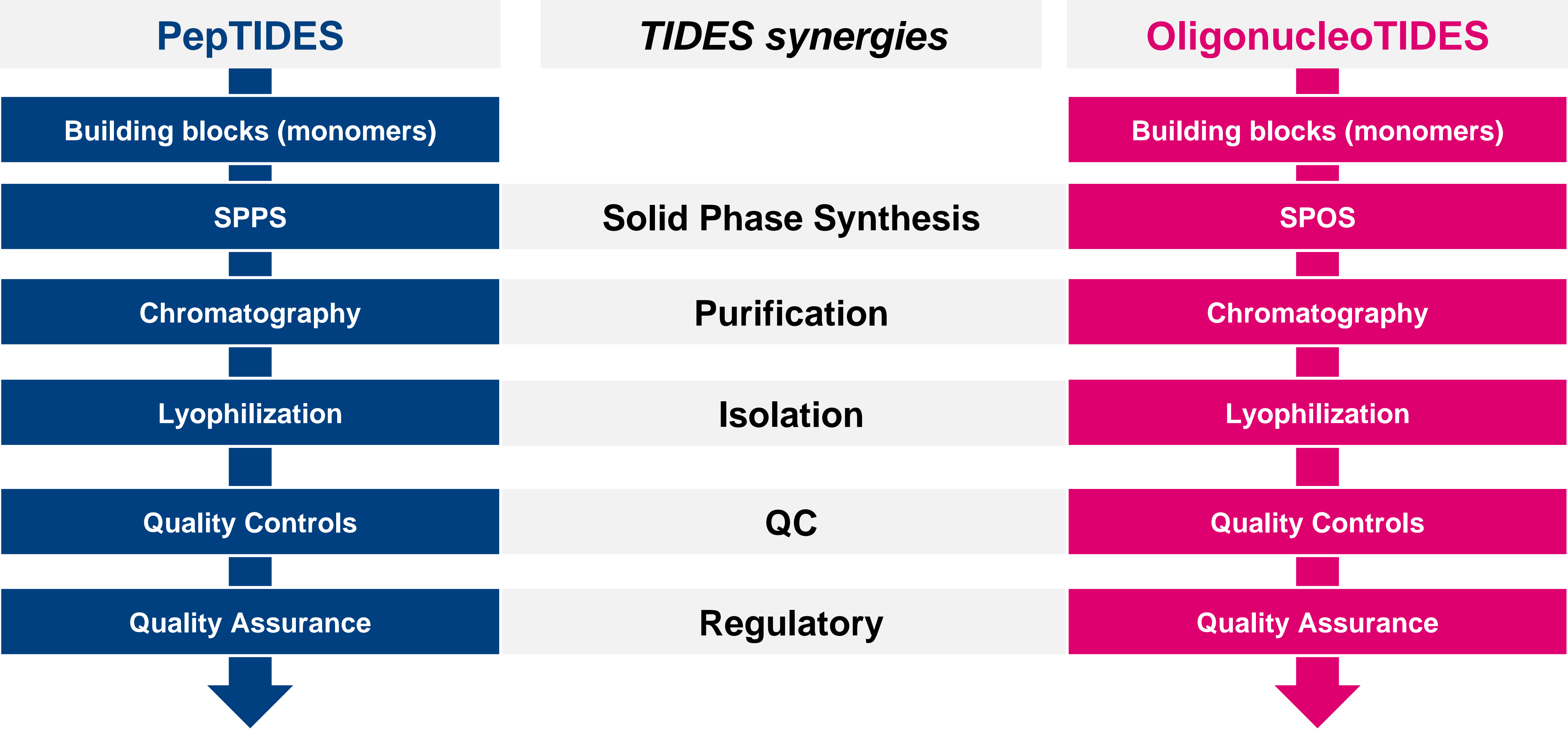
Knowhow and technology are key.

Synergies along entire value chain.



Example Nusinresen

TIDES MANUFACTURING BUILT ON SYNERGISTIC TECHNOLOGY PLATFORMS



CHEMICAL SYNTHESIS OUTPERFORMS RECOMBINANT METHODS FOR NEXT GEN DRUGS

The Challenge

Peptides are inherent to the human body, excellent safety profile, half-life elongation with chemical modifications.

Legacy

Chemical synthesis

peptides made with chemical means
focus on **small volumes & high molecule complexity.**

Recombinant production

peptides based on living cells
focus on **large volume & low molecule complexity.**

Current & Future Trend

Growing complexity of molecules & innovation drive chemical advantage!

- ✓ Allows for production of tailored high performance molecules.
- ✓ Greater stability: prolonged-half life, longer time for active ingredient to act in the body, oral trend requires stable molecules and favors chemical.
- ✓ Faster production shortens time to clinic and market.
- ✓ Technology innovation supports increasing scale of commercial production.

TECHNOLOGY AND INNOVATION ARE KEY DIFFERENTIATORS

Technology	Stirred bed reactor	Continuous Chromatography	Molecular Hiving Synthesis
Application Area	<ul style="list-style-type: none"> Oligonucleotides 	<ul style="list-style-type: none"> Peptides and Oligonucleotides 	<ul style="list-style-type: none"> Peptides, expansion to oligonucleotides
Innovative Quality	<ul style="list-style-type: none"> Bachem-owned IP Several patent applications Equipment available 	<ul style="list-style-type: none"> Bachem first-mover in TIDES ecosystem Continuous manufacturing 	<ul style="list-style-type: none"> Collaboration with Jitsubo (JP), Univ. Tokyo (JP) Bachem-owned IP Several patent applications
Technical Advances	<ul style="list-style-type: none"> Solve oligonucleotide scale-up challenge Lower COGS 	<ul style="list-style-type: none"> Substantial cost savings Highly automated Greener, less solvents 	<ul style="list-style-type: none"> Shorter molecules Greener, lower cost Scale-up to tons feasible

OPERATIONS & CAPACITY: AIMING FOR BEST-IN-CLASS UTILIZATION

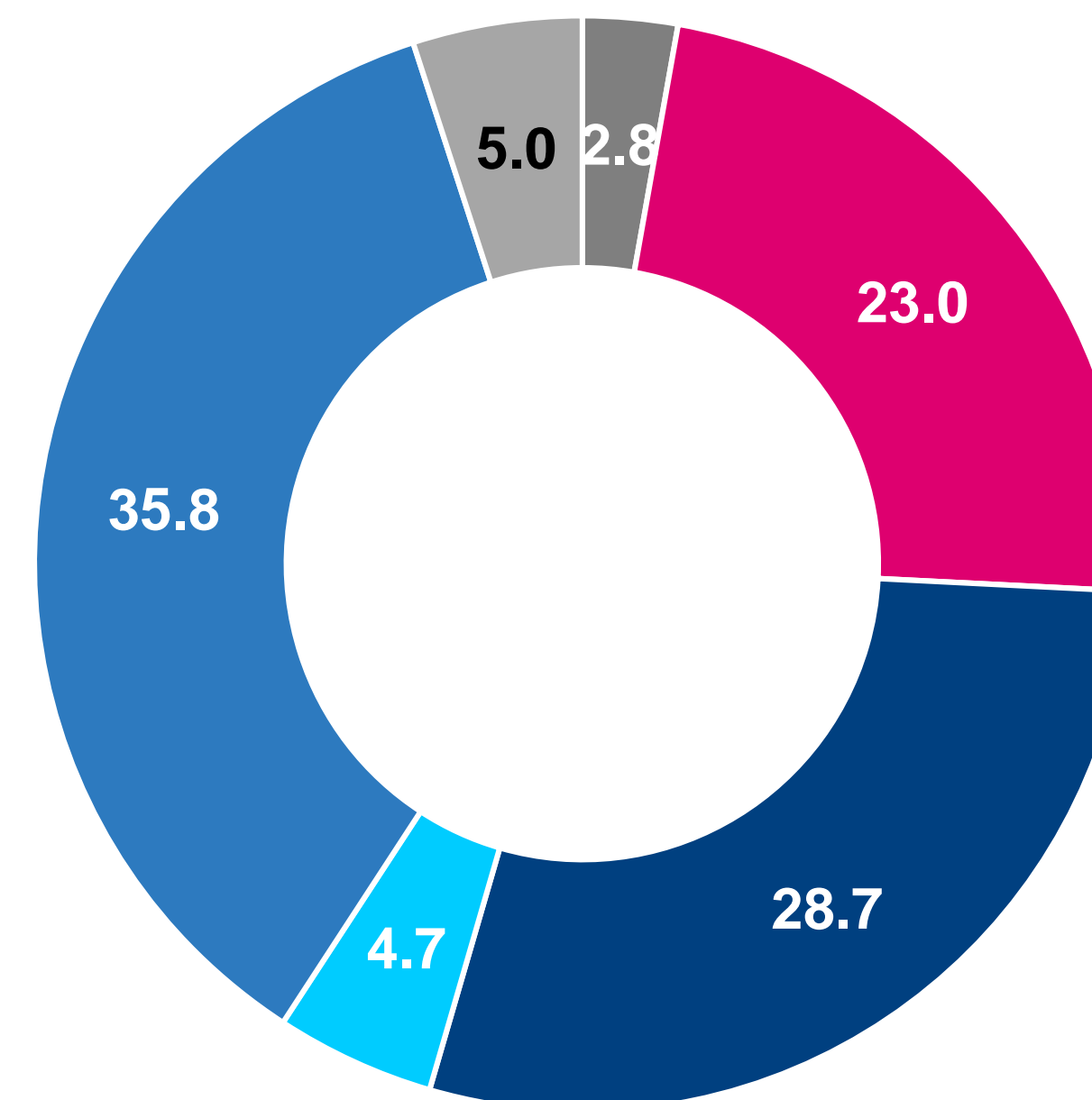
Roland Schürmann



WORLD-LEADING TEAM OF TIDES EXPERTS

Key Bachem advantages:

- Highly educated workforce.
- Position in Basel-region biopharma hub with strong headquarter hub.
- Extensive TIDES network at universities and chemistry faculties.
- Strong culture and commitment to apprenticeships, training and internal talent.



Education of Bachem workforce (2021)
by degree in %

- Apprentices
- University degree (master)
- Bachelor
- Associate & other degrees
- Professional training
- Without professional training

THE WORLD'S TIDES CENTER OF EXCELLENCE IN BUBENDORF



“Tides FABrication Plant” (Building K)

- TIDES fabrication plant: 15'700 m² (170'000 ft²).
- Groundbreaking: July 2021.
- Construction on track for launch of manufacturing in 2024.
- Capabilities for both peptides and oligonucleotides.
- Strong focus on green chemistry and automation
- Modular expansion after 2024 for overall doubling of Bubendorf capacity.

Ongoing further investments across the site:

- Expansion of existing production building G (SPPS/LPPS)
- Dispensation, shipping & cold storage rooms.
- Office, administration and parking expansion.

INVESTMENTS ACROSS A FOCUSED GMP NETWORK



Bubendorf (CH)

- Sustain and expand world-leading Center of Excellence for TIDES.
- Leverage position in Basel biopharma cluster.



Vionnaz (CH)

- Expand capacity for back-integration for AAD-supplies and small peptides.



Vista, California

- Increase scale and capacity for mid to large scale projects.
- Expand manufacturing scale and footprint.



Torrance, California

- Increase automation and efficiency.
- Modernize and close technology gap.

ADDITIONAL SITE IN SWITZERLAND

- Site focused on manufacturing.
- Land purchase planned for 2022.
- Plan to begin production latest by end of decade.
- Modular expansion over time.
- North-Western Switzerland:
Easy technology-transfer from
Bubendorf, tap into life science cluster.





VERTICAL INTEGRATION ROBUST SUPPLY CHAIN & ENERGY

- In-house production of quality-relevant starting materials and building blocks in small-molecule facility in Vionnaz.
- In-house production of price-relevant starting material to reduce dependencies on specific regions.
- Additional offering of exclusive building blocks to give our customers to diversify supply.
- Multi-source supply for commodities.
- Stable energy supply thanks to use of renewable sources and no direct dependency on gas.

OPERATIONAL EXCELLENCE TO UNLOCK FURTHER UTILIZATION IMPROVEMENT



Continuous 24/7 shift implementation
in Bubendorf.



Optimize the demand to supply planning/
data analyses/material-/information flow.



Campaign production and optimized
cleaning/set-up.



Rapid deployment of new technology,
e.g. automation, in-process analytics.

SECURING LONG-TERM GROWTH

Alain Schaffter

SECURING LONG-TERM GROWTH

Financing

- Overall, CHF 1 CAPEX equals minimum of CHF 1 in annual sales.
- Key sources: Proceeds from 2021 equity increase and operating cash flow.
- Preference for independent financing without external loans.
- Negotiate opportunity to accelerate capacity with customer participation like pre-payment on future supplies.

CAPEX Top Priorities

- **“Tides FABrication Plant” (Building K)**
2021-2024: CHF 220 million
2024-2026: CHF 150 million
- **New Manufacturing Site Switzerland**
2022: Land and terms for purchase planned for this year. Plan to begin production latest by end of decade.

SUMMARY

Thomas Meier

OUTLOOK 2022-2026



Growth

- Expected average sales of 15% per year 2022-2026 (CAGR).



Profitability

- EBITDA ahead of 30%.



Capacity

- Deliver capacity for a rapidly growing demand.
- Investments across global manufacturing network.



Portfolio

- Oligonucleotides and peptides that make a difference.
- Build a strong second business pillar with Oligonucleotides.
- Strengthen and leverage vertical integration.

STRONG MOMENTUM IN BACHEM'S WORLD

- Market expansion of synthetic pepTIDES and oligonucleoTIDES drug substances in large-patient diseases.
- Validation of Bachem's long-term organic growth vision & mission and specific investments:
 - World-class TIDES TEAM
 - Technical leadership e.g. «trailblazing CDMO»
 - Capacity expansion in lockstep with market demand
- Long-term partnership agreements for synthetic TIDES manufacturing.

Q&A

All

THANK YOU FOR YOUR ATTENDANCE!

Question? Send an e-mail to...

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