

Bachem confirms upward trend in its anniversary year – positive developments in terms of local sales, productivity and cost management

- Sales up 5.5% in local currency
- EBITDA margin improved further to 22.8% (26.8% before currency effect)
- Highly negative currency effect of 15.6 million CHF at the top line and 10.0 million CHF at EBITDA level
- Higher production volumes on lower costs, with a stable headcount and reduction in capital expenditure
- Pipeline expanded by successful acquisition; number of projects increased from 138 to 173
- Leading market position defended and strengthened – Quality Matters!
- Attractive dividend of CHF 1.50 to be paid from reserves from capital contribution

Bubendorf/Basel, 16 March 2012 – Bachem Group (SIX: BANB) recorded sales of 145.8 million CHF in the challenging 2011 financial year (previous year 152.9 million CHF). Calculated at constant exchange rates (CER¹) sales amounted to 161.4 million CHF, which corresponds to 5.5% sales growth in local currency. The sales momentum from the first half of the year subsided during the third quarter in the face of ordering delays and currency turmoil. Sales rebounded strongly in the fourth quarter. Due to the strong Swiss franc, currency translation had an extremely negative effect of 15.6 million CHF, which is well over 10% of full-year sales. Operating profit (EBIT) amounted to 14.9 million CHF. Excluding the negative foreign currency effect, EBIT amounted to 24.5 million CHF and the corresponding margin was 15.2%. Considering the adverse business environment, this 56.2% y-o-y increase in EBIT (CER) is an impressive demonstration of Bachem's internal strengths. Net profit amounted to 9.4 million CHF. Unprecedented exchange-rate movements cast a dark shadow over every level of Bachem's income statement for 2011 and obscured the improvements in local operating performance as well as the significant cost savings that were achieved. Earnings per share (EPS) therefore declined to CHF 0.70.

The 2011 financial year was marked by the unprecedented appreciation of the Swiss franc. The local currency results achieved in the anniversary year extended the positive trends in the key metrics of sales, productivity and cost management. Bachem increased its production output while significantly lowering operating costs thanks to rigorous cost savings. Further efficiency gains were realized with the completion of the integration of Sochinaz SA into Bachem AG and an enterprise resource planning system (ERP) was introduced at the US operations during the second half of the year.

¹ CER: Comparable Exchange Rates

Transactions in foreign currency were translated into CHF using the corresponding exchange rates from the prior-year period.

Given the company's financial stability and high equity ratio of 72.6%, the Board of Directors is proposing to the annual general meeting a dividend of CHF 1.50 per share, to be paid from reserves from capital contribution.

Good progress with active pharmaceutical ingredients and services

Sales of active pharmaceutical ingredients (APIs) showed pleasing growth. The highly volatile new chemical entity (NCE) business displayed a positive sales trend, especially during the latter half of the year. Thanks to the well-stocked portfolio of projects, sales of NCEs in local currency were up 2.3% from the previous year. This growth was achieved despite the weak first half when sales declined by 9.4% y-o-y. Service revenues in connection with API projects advanced more than 40% in local currency. This high growth was driven by the acquisition of new projects and reflects high customer trust in Bachem's ability to deliver quality and reliability. Sales of generic APIs were also sharply higher thanks to significant volume growth. Despite the steep markdowns in prices from the previous year, sales of generic ingredients rose by 6.6% in local currency. This growth was severely diminished at the consolidated level by the strength of the Swiss franc. Sales in the research ingredients business were pressured by cutbacks in R&D budgets and activities at pharmaceutical companies as well as by unfavorable exchange-rate movements. The overall sales growth and portfolio expansion achieved by Bachem during the past year enabled it to further strengthen its leading market position.

Charting a course for further growth

Bachem steadfastly advanced towards its growth goals even amid the changing market environment. During the past year the Group increased the number of projects in preclinical and clinical trials from 138 to 173 and signed several cooperation agreements. For example, Bachem will collaborate with BioSpring on developing oligonucleotide-peptide conjugates for research applications, a field with promising potential. Bachem expects to double sales of Melusine[®] kits for the second year in a row. These kits - unique, new tools for lead finding and developing drugs - were launched one year ago and have attracted considerable market interest. With regard to the company's geographic expansion, the focus is still on the BRIC countries. Bachem registered several products for the Chinese market and more than doubled its sales of generics in China. In terms of applications, the Group has identified attractive growth potential in cosmetics and veterinary medicine. Various projects investigating anti-aging and anti-wrinkle ingredients have confirmed the company's expectations.

Dr. Rolf Nyfeler, CEO of Bachem Group: *"Sales trends were highly volatile in 2011 with the dollar and euro hitting historic lows against the Swiss franc. Maintaining a steady course in such stormy weather with strong headwinds was challenging. Thanks to our well qualified and highly motivated employees, our unwavering commitment to superior quality standards, and an outstanding team spirit, Bachem leveraged its strengths and acquired new projects, allowing it to gain additional market share during the course of 2011. We were quite pleased to see customers turn to Bachem as a "safe haven" for key projects precisely when seas are rough. We are confident that we will gain further momentum in 2012. It is still very difficult to make reliable forecasts because of the persisting challenging conditions and the uncertainty with regard to NCE projects, but our aim is to maintain local sales growth within a range of 6-10% in 2012. We also expect exchange rates to stabilize and slightly better operating profitability."*



The 2011 Annual Report can be downloaded from the following website:
www.bachem.com/annual_report

Key Figures	2011	2010	Changes in %	
			CHF	LC
Sales (in MCHF)	145.8	152.9	- 4.6	+ 5.5
EBITDA (in MCHF)	33.2	33.7	- 1.5	+ 28.3
EBITDA in % of sales	22.8%	22.1 % _b		
EBIT (in MCHF)	14.9	15.7	- 5.2	+ 56.2
EBIT in % of sales	10.2%	10.3 % _b		
Net income (in MCHF) ¹	9.4	28.3	- 66.7	
Net income in % of sales	6.5%	18.5 % _b		
Earnings per share (EPS - in CHF)	0.70	2.10	- 66.7	
Cash flow from operating activities (in MCHF)	24.6	38.1	- 35.4	
Return on equity (ROE)	2.7%	7.7 % _b		
Number of employees (in full-time equivalents)	671	668		
Sales per employee ² (in CHF)	231 000	233 000		

¹ The prior year value contains a one-time special effect in the amount of 16.1 million CHF from the disposal of the stake in Polyphor AG.

² basis: average full-time equivalents excluding apprentices

Financial Calendar

March 16, 2012 Publication of Annual Report 2011; Press and Analyst Conference
April 25, 2012 Annual General Meeting
August 24, 2012 Publication of Half-Year Report 2012

About Bachem

Bachem is an independent, public biochemicals company providing full service to the pharma and biotech industry. Bachem is specialized in the process development and the manufacturing of peptides and complex organic molecules as active pharmaceutical ingredients (APIs), as well as 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 a leading position in the field of peptides.

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