

Half-Year Report 2011: Bachem Shows Strength and Continues the Upswing

- Sales increased +17.5% in local currency - generics grew even faster at +24.9%
- Margins at constant exchange rates rose to 18.2% (EBIT) and 28.9% (EBITDA)
- Reported results in CHF affected by negative currency translation effect
- Market leadership nevertheless strengthened – Quality Matters!
- Short- and medium-term targets confirmed

Bubendorf/Basel, August 26, 2011 – Bachem Group (SIX: BANB) performed well during the first semester of 2011 and sustained the upswing from the second half-year of 2010. Local sales growth for the first six months of 2011 rose to 17.5% despite the persistent market challenges. Local growth rates were respectable high in both the USA (+11.5%) and Europe (+19.6%). The generics segment reported +24.9% growth in local currency. Custom synthesis sales were likewise strong, up +19.5% at comparable exchange rates (CER¹). Bachem achieved a CER operating profit of 15.8 million CHF, which corresponds to operating profit margins of 18.2% (EBIT) and 28.9% (EBITDA). Despite the current strength of the Swiss franc and the highly competitive environment, Bachem confirms its short- and medium-term guidance.

The high local sales growth of +17.5% achieved in the first half of 2011 is an indication of Bachem Group's competitiveness and operational strength. Results in CHF were diminished by the persisting appreciation of the Swiss franc. Currency translation had a negative effect on sales of -9.2 million CHF or -10.6% and at the EBIT line the reported figure was reduced by -5.7 million CHF or -36%. Reported sales for the first half of 2011 amounted to 77.7 million CHF and EBIT amounted to 10.1 million CHF, resulting in an EBIT margin of 13.1%. Despite the negative currency effect, sales in CHF were up +5% while EBIT soared +73.8%.

Net income for the period amounted to 7.0 million CHF, which resulted in a net income margin of 9%. The net income of 18.8 million CHF reported for the first half of 2010 largely consisted of a one-time gain on the sale of the company's stake in Polyphor AG. Factoring out these disposal proceeds, net income for the first half of last year was only 2.7 million CHF and the corresponding margin 3.7%. This comparison shows that Bachem also improved its profitability significantly during the first half of 2011. With an equity ratio of 71.8%, Bachem's balance sheet remains very strong.

Strengthening an already strong market position

Bachem achieved local sales growth of +24.9% in the generics segment. New supply contracts were signed and existing ones renewed, including several long-term agreements. Local sales of New Chemical Entities (NCEs) in the first six months were 9.4% below the corresponding previous-year figure because of fluctuations associated with projects spanning several reporting periods. Its portfolio of NCE projects remains well filled and NCE-related services generated high +69.9% sales

¹ CER: Comparable Exchange Rates
Transactions in foreign currencies were translated at the corresponding exchange rates in the prior year period.

growth in local currency. Sales in the research chemicals segment were unchanged year-on-year. Sales of catalog products in the USA were adversely affected by the strength of the Swiss franc but European sales were strong. Custom synthesis also performed well, reporting a +19.5% increase in sales at constant exchange rates.

Bachem completed a number of sales and marketing projects and initiatives during the period under review. Its Internet presence was given a more modern look and the redesigned website with an integrated online store was launched. The new “Bachem Spring Symposium” was held in May 2011. It brings Bachem customers as well as academic and industry experts together with Bachem specialists to exchange knowledge and insights about peptide-based therapies and related new developments.

Integration of Sochinaz SA completed at mid-year

The integration of Sochinaz SA, Vionnaz, into Bachem AG, Bubendorf, was successfully completed as of June 30, 2011. The plant in Vionnaz will operate as a branch of Bachem AG with the same line of products and services as before. Combining the organizational units of the two locations will produce synergies, particularly on the sales and marketing front and in research and development.

Outlook: Growth targets confirmed

Judging by the current order backlog, Bachem expects an approximately +10% increase in full-year sales at constant exchange rates and an EBIT margin of close to 18%. Management assumes that the Swiss franc will remain strong for a longer-term period and therefore a negative currency translation effect is expected to persist.

Dr. Rolf Nyfeler, CEO of Bachem Group, commented: *“The high sales growth in the first half shows that Bachem Group is capable of holding its ground against international competitors and solidifying its market leadership. I am pleased to report that the company is back on track for growth.”*

In its medium- to longer-term outlook, Bachem is expecting to generate average sales growth of +6% to +10% p.a. in local currency over the next five years, driven by its promising portfolio of products and services. Bachem is aiming to raise its EBIT margin towards the 25% mark again in the medium term.

The comprehensive Half-Year Report 2011 is available at the following website:
www.bachem.com/half-year_report

Key Figures

	First Half-Year 2011	First Half-Year 2010	Change in %	
			CHF	LC
Sales (in MCHF)	77.7	73.9	+ 5.0	+ 17.5
EBITDA (in MCHF)	19.2	14.5	+ 32.7	+ 73.6
EBITDA in % of sales	24.7 %	19.6 %		
EBIT (in MCHF)	10.1	5.8	+ 73.8	+ 171.4
EBIT in % of sales	13.1 %	7.9 %		
Net income (in MCHF)	7.0	18.8	- 62.8	
<i>Prior-year figure excl. one-time effect*</i>		2.7	+ 154.3	
Net income in % of sales	9.0 %	25.4 %		
<i>Prior-year figure excl. one-time effect*</i>		3.7 %		
Earnings per share (EPS – in CHF)	0.52	1.39	- 62.6	
<i>Prior-year figure excl. one-time effect*</i>		0.20	+ 160.0	
Number of employees (in full-time equivalents)	666	709	- 6.1	

* In the first half of 2010 Bachem sold its stake in Polyphor AG and recorded a one-time, after-tax gain of 16.1 million CHF on this transaction.

Financial Calendar

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

About Bachem

Bachem is an independent, technology-based, public biochemicals company providing full service to the pharma and biotech industry. Bachem is specialized in the process development and 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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