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P R E S S R E L E A S E

Ypsomed: better diversification and operational improvements

Burgdorf, 8th November 2007, 7:00am – In the first half of the 2007/08 business year, Ypsomed reported sales of CHF 134.5 million (prior year CHF 129.0 million) and an operating profit of CHF 12.7 million. This is equivalent to an EBIT margin of 9.5% and represents a clear trend reversal in comparison with the operating loss of CHF 5.3 million (-4.1% margin) reported in the first half of 2006. Total investments initiated during the first half of 2007 were CHF 41.9 million, and are for the strategically important capacity extension of pen needle production in Solothurn, the optimization of logistics and infrastructure and further product development. For the 2007/08 business year we expect sales of up to CHF 280 million and an EBIT margin as in the first half year, while licence revenues will be lower in the second half of 2007/08 and the diabetes direct business of Florian Müller GmbH will be consolidated over the entire period. The outcome of the lawsuits brought by Ypsomed and Novo Nordisk against the SoloStar® Pen made by Sanofi-Aventis can likewise influence Ypsomed's sales and profitability in the years 2008 and 2009. The current strategy and the actions taken to diversify sales, to acquire new customers and to improve profitability make Ypsomed confident about the future.

Sales growth and diversification through the acquisition of Florian Müller GmbH

In the first six months of the 2007/08 business year, Ypsomed reported strong growth in sales of pen needles (more than 25%) and pen systems for non-insulin pharmaceutical customers (more than 45%), and also in the diabetes direct business which grew by 16% after adjustment for acquisitions (+10% in local currency terms). Following the acquisition of Florian Müller GmbH, Ypsomed has also successfully achieved the desired diversification of the sales base reducing the Sanofi-Aventis share of sales to around 40% (prior year 55%) in the 2007/08 business year. With the acquisition of Florian Müller, Ypsomed has strengthened the strategically important diabetes business of DiaExpert and is now able to offer nationwide supply for the direct diabetes sales business in Germany. Ypsomed therefore steps up to number 1 position by a large margin in Germany for the treatment of patients with insulin pump therapy or intensified insulin therapy. The additional sales contribution by Florian Müller for Ypsomed will be around 13.0 million euros (approx. CHF 21.5 million) in the 2007/08 business year. The future sales contribution of Florian Müller will be around CHF 32.0 million per annum.

Stringent cost management improves profitability

With a view to enhanced profitability, the management has introduced stringent cost control, extended its controlling and budgeting measures and has also taken many measures to cut costs and improve quality. Key indicators and parameters in the area of quality management have shown a distinct improvement and the trend continues to point in the right direction. In addition, Ypsomed has performed very well in several customer audits, received high praise for the actions taken and therefore continued to build its customers' confidence. In the first half of the 2007/08 business year, the gross margin was 29.5%, representing a significant increase on the 20.1% reported in the same period last year. In the first half of 2007/08, expenditure on research and development stood at CHF 10.7 million (8.0% of sales), of which CHF 3.0 million were paid by customers. Today Ypsomed possesses more than 220 patent families in the area of self-injection devices, pen systems and auto-injector technology. In May 2007, a non-exclusive licence agreement was already concluded with a major, globally acting pharmaceutical company and in September 2007 Ypsomed went on to grant non exclusive licence rights for patents in the area of autoinjectors to Cilag GmbH International, a subsidiary company of the Johnson & Johnson Group. Overall operating costs were below budget in the first half year. At CHF 9.0 million, administration costs were one million lower than in the prior year while expenditure on marketing and sales reached CHF 12.4 million. The actions taken brought the EBITDA up from CHF 5.5 million (4.3%) to CHF 24.3 million for the comparable period, equivalent to an EBITDA margin of 18.1%. However, we are still not satisfied with our achievements and envisage further opportunities to improve productivity and profitability, without any active reduction of the present workforce. As of 30 September 2007, the Ypsomed Group employed a total of 1'214 employees, now including 45 from Florian Müller GmbH.

Ypsomed continues to make significant capital investments

Total investments initiated during the first half of 2007 were CHF 41.9 million, of which CHF 16.1 million were effectively paid out. The bulk of these investments will go on the strategically important capacity extension of pen needle production in Solothurn and on optimization of logistics and infrastructure. In addition, Ypsomed has made further investments to expand production of non-insulin pen systems and in product development for existing and new pen systems. Development of the continuous injection device for the intermittent administration of human insulin is proceeding as a high priority. The necessary resources are available and implementation is going ahead in close coordination between marketing and sales, development and process engineering.

Expansion of pen needle production and new safety pen needle

Visible progress is being made with the expansion of pen needle production in Solothurn. Rapid implementation of the expanded production capacity by around mid-2008 is an important goal because pen needles provide substantial growth opportunities for Ypsomed. Ypsomed was early in recognizing the regulatory trend towards greater safety in health care and has developed a new safety pen needle. This new safety pen needle provides a high level of protection against accidental injuries and is designed for disposable use in hospitals and patient care situations. The Ypsomed safety pen needle will also benefit from the patented "click-on" mechanism and will fit all current pen systems.

Launch of new products – numerous offers and customer projects

The new product generation of the OptiSet®-Pen designed for different types of insulin from Sanofi-Aventis as well as the HumatroPen® for Eli Lilly's growth hormone was launched on the market after Ypsomed had successfully implemented the necessary manufacturing infrastructure. We note with pleasure that our customer Amylin Pharmaceuticals received FDA authorization on 1 October 2007 for its SymlinPen™ 60 and SymlinPen™ 120. The diabetes pharmaceutical Symlin supports glucose control for insulin patients after meals and generally leads to a weight reduction. Both Symlin pens have

been developed by Ypsomed and are disposable systems manufactured in Solothurn. As Amylin publicly announced the new Symmlin pens are to be launched in January 2008.

In addition Ypsomed has specifically strengthened its marketing and business development activities over the past 12 months. Since the creation of the injection systems business division, more offers have been submitted and customer projects handled than ever before. In addition to the reusable pen systems, the various disposable pen systems in particular – especially the Trio disposable pen system which comprises of just three components – have attracted a high level of specific customer interest. Over the last six months, Ypsomed has signed contracts for projects with two major pharmaceutical companies and reached a general agreement on new developments with another. Based on the disposable auto-injector platform developed by Ypsomed itself, test devices have already been manufactured. Four customers are interested and their planned market launches could be scheduled between 2009 and 2012.

Sanofi-Aventis confirms expected orders

Our main customer, Sanofi-Aventis, has recently confirmed the order volumes for calendar year 2008 for the successfully launched and established pen systems OptiSet[®], OptiClik[®] and OptiPen[®] Pro. Order volumes for 2008 are within our expectations, but – as announced earlier – lower than in the past year. Although Ypsomed filed a lawsuit with the Düsseldorf (Germany) Provincial Court against Sanofi-Aventis on grounds of patent breaches by the SoloStar[®] injection system developed and manufactured by Sanofi-Aventis, all other discussions with Sanofi-Aventis have been very constructive. We are convinced that Ypsomed's patents are solid and that its legal action is therefore soundly based and has a very good prospect of success. Overall the Sanofi-Aventis order volumes as well as the strong growth of the pen system business with other pharma customers and of the pen needle business fully utilises the current employee capacity.

Transitional period with medium-term prospects

In the short-term, we expect sales of up to CHF 280 million for the 2007/08 business year and an EBIT margin as in the first half year, while licence revenues will be lower in the second half of 2007/08 and the diabetes direct business of Florian Müller GmbH will be consolidated over the entire period. The outcome of the lawsuits brought by Ypsomed and Novo Nordisk against the SoloStar[®] Pen made by Sanofi-Aventis and the resulting order volumes for OptiSet[®], OptiClik[®] and OptiPen[®] Pro can likewise influence Ypsomed's sales and profitability in the years 2008 and 2009. We expect the transitional period to last for around 12 to 18 months; whatever the outcome, we envisage attractive growth opportunities in the areas of self-medication in general and particularly in the diabetes market for Ypsomed in the medium to long term.

Further information is available from Daniel Kusio, Head of Investor & Public Relations at Ypsomed Holding AG. Tel. +41 34 424 41 43 or Tel. +41 34 424 41 11. This press release and the semi-annual report are available in electronic form at www.ypsomed.com.

Key figures of the Ypsomed Group (April 1 – September 30)

	H1 - 2007/08	H1 - 2006/07	Change	in %
Sales of goods and services	134 510	129 017	5 493	4.3
thereof Delivery Devices	110 224	112 069	-1 845	-1.6
thereof Diabetes Direct Business	24 286	16 948	7 338	43.3
Gross profit	39 642	25 966	13 676	52.7
Gross profit in %	29.5	20.1		9.4
Research and development expenses (gross)	10 720	11 903	-1 183	-9.9
Operating profit / (loss)	12 740	-5 338	18 078	
Operating profit / (loss) in %	9.5	-4.1		
Net profit / (loss)	11 396	-5 257	+16 653	
Net profit / (loss) in %	8.5	-4.1		
Investments in fixed assets	16 134	21 246	-5 112	-24.1
Equity ratio in %	64.7	61.4		3.3
Earnings per share	1.01	-0.47	1.48	
Employees headcount (as of September 30)	1 214	1 256	-42	-3.3
Employees fulltime equivalent (as of September 30)	1 165	1 210	-45	-3.7

Unaudited IFRS figures in thousand CHF. Earnings per share in CHF