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

Ypsomed significantly boosts sales and profitability

The Ypsomed Group once again visibly boosted sales and profitability during the first semester (April 1 to September 30, 2005) and increases its sales growth guidance to between 25% and 30% for the full 2005/06 business year. Particularly satisfying is the progress in the core business with pen systems and pen needles, where sales increased by 52% compared with last year. Ypsomed was furthermore successful in reaching - for the first time - an operating margin of 20.5%. Net profit increased to a total of CHF 26.4 million, which represents 18.6% of net sales. Based on the figure of 11.24 million outstanding shares, the net profit per share increased by 46.8% from CHF 1.60 to CHF 2.35 during the first half of the 2005/06 business year. Within the last six months, Ypsomed once again created over 100 new jobs and now has 1035 employees, 940 of which are based in Switzerland.

Burgdorf, 15th November 2005, 7:00am – During the first semester 2005/06, Ypsomed achieved consolidated sales of CHF 141.5 million. This corresponds to an increase of 22.0% on the first prior-year figure; respectively 42.8% when the previous year's sales of FreeStyle are eliminated. Sales generated with pen systems, pen needles and products delivered by Ypsotec to third parties increased to CHF 120.8 million. Compared with CHF 79.5 million during the first half of 2004/05, this represents an increase of 52%.

Increasing sales growth guidance to between 25% and 30% for business year 2005/06

In Ypsomed's principle market of diabetes, the insulin-segment continues growing world-wide at a rate of over 10% per annum and Sanofi-Aventis's blockbuster insulin Lantus grew by more than 50% during the first six months of the current calendar year. Matthew Robin, Ypsomed CEO, explains: „We expect to increase our sales in the 2005/06 business year by 25% - 30%. However, the implementation of such rapid growth is challenging”

Development of net sales (April 1 – September 30)

	2005	2004	Change in %
Own finished products	120 784	79 473	52.0
FreeStyle	1 752	18 803	- 90.7
Other products (incl. DiaExpert)	18 980	17 741	7.0
Total sales	141 516	116 017	22.0
Total sales adjusted for FreeStyle	141 516	99 088	42.8

Unaudited IFRS figures in thousand CHF.

OptiClik® pen system on track again

Since its official launch in the US market in January 2005, the globally unique pen system OptiClik® has reached a high level of acceptance among a broad customer base and enjoys great popularity. The technical problems, which were experienced with four batches in Japan, resulted in the temporary interruption of the production of a particular OptiClik®-sub-assembly. The manufacturing problem has now been solved and all OptiClik®-components are now being produced again in regular production. Several hundred-thousand OptiClik® pens have been sold and introduced into the United States and Japan, and the product will be launched in other markets as well.

Ypsomed reaches operating margin goal already during first six months with a margin of 20.5%

The goal of increasing the operating margin during the next 12 months to above 20%, which was communicated at the beginning of the business year, could already be accomplished during the first six month period. Through a re-dimensioning of the European distribution, expenses for marketing & sales were reduced from CHF 12.8 million to CHF 9.2 million, respectively from 11.1% to 6.5% of net sales. Research & development expenses amounted to CHF 6.1 million (4.3% of sales) on a net basis. Ypsomed realized an operating profit of CHF 28.9 million in the first six months and thereby improved the operating margin from 18.9% to 20.5%. The operating profit therefore increased by almost 32% or 1.6 percentage points.

Continuous expansion of production capacity

The first expansion phase was finished on schedule in July 2005. Further expansion of the production capacity is ongoing. In order to ensure that sufficient factory space is available in a timely manner, Ypsomed is currently evaluating various alternatives. Investment expenditures of CHF 24.0 million met forecasts. Total investments of approximately CHF 65.0 million are projected for the 2005/06 business year.

Attractive prospects for innovative disposable pen systems and auto-injectors

The Ypsomed pipeline currently consists of 45% disposable pen systems and 45% auto-injectors and is consistent with the market trend for injection systems. Disposable pen systems offer partners in the pharmaceutical industry several advantages, such as competitive differentiation, highest precision in dosing as well as a simpler logistics and a lower level of customer support as compared with reusable pens. Disposable auto-injectors are particularly suitable for medications, which are applied less regularly or for depot formulations, an increasingly observed trend in biotech-based medications.

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

	2005	2004	Change	in %
Sales of goods and services	141 516	116 017	25 499	22.0
Gross profit	53 557	45 629	7 928	17.4
Gross profit in %	37.8	39.3		- 1.5
Research and development expenses (gross)	11 062	9 032	2 030	22.5
Operating profit	28 946	21 950	6 996	31.9
Operating profit in %	20.5	18.9		1.6
Net profit	26 377	17 963	8 414	46.8
Net profit in %	18.6	15.5		3.1
Capital expenditures	24 023	35 813	-11 790	- 32.9
Equity ratio in %	57.6	53.5		4.1
Earnings per share (in CHF) (basic & diluted)	2.35 ¹⁾	1.60 ¹⁾	0.75	46.8
Employees headcount (as of September 30)	1 035	869	166	19.1
Employees fulltime equivalent (as of September 30)	995	833	162	19.4

¹⁾ In the first semester of the 2005/06 business year the average outstanding number of shares was 11'238'243. In the first half year 2004 the basis was the number of shares outstanding after the IPO of 11'244'213 shares.

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

Information about Ypsomed Holding AG

Operating in the field of medical technology, Ypsomed is the leading independent manufacturer of injection pens for pharmaceutical and biotech companies and also one of the leading suppliers of pen needles. The fast-growing medical technology business with its headquarters in Burgdorf (Switzerland) is backed by over 20 years of experience and has gained a high reputation for the consistently high quality, safety and reliability of its products, as well as its proven expertise in diabetes treatment. Due to a broadly based technology platform and over 150 patent families, Ypsomed is regarded as the technology and innovation leader in this industry. Ypsomed's core business is the development, manufacturing and marketing of products and services which allow patients to administer their own medication in a safe and simple way. The range of custom-made injection pens extends from simple disposable pens and pens with variable dosing and an electronic display through to highly complex injectors with multifunctional electronics. The product range of Ypsomed also encompasses newly developed disposable and re-usable auto-injectors. Ypsomed in addition manufactures compatible pen needles with unique click-on function for both its own and all other widely available pens. As a distributor of pen needles in the major European markets, Ypsomed is in direct contact with patients, doctors and diabetes nurses. The Ypsomed Group consists of Ypsomed AG with subsidiary companies in Germany, France, the Netherlands and Scandinavia, Ypsotec AG in Grenchen and in the Czech Republic and TecPharma Licensing AG in Burgdorf. All main manufacturing is based at three sites in Switzerland, Burgdorf, Solothurn and Grenchen. The Ypsomed Group has over 1000 employees, 940 of which are based in Switzerland.

Information on market and industry trends

Innovative devices and systems enabling patients to inject drugs themselves (Medical Selfcare Solutions) are increasingly popular because they make a large contribution to ensuring therapeutic success whilst at the same time improving the patient's quality of life. Injection pens are simple to use, offer precise dosing and are psychologically better accepted than traditional syringes. Straightforward, user-friendly appliances facilitate correct handling by patients, which in turn results in higher therapeutic success rates. Injection systems therefore represent a key success factor for pharmaceutical and biotech companies. In an increasingly competitive environment, they also provide companies with an important marketing instrument for differentiating their own drugs from those of their competitors. Injection therapies are therefore continually being extended to new areas. Diabetes is currently the main application, but other existing uses or likely candidates for injection treatments with devices include anaemia, hepatitis, infertility, osteoporosis, psoriasis, rheumatoid arthritis, thrombosis and growth disorders. An ageing population also means additional growth in the total market. Moreover, pharmaceutical and biotech companies have numerous substances in their pipelines which will provide promising new treatments (some of which will have unique new modes of action) for serious illnesses, thereby significantly improving the quality of life enjoyed by those concerned. Many of these new drugs are manufactured using biotechnological methods and have to be injected because of their large chemical structure, and demand for custom made injection systems is set to grow.