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**Ypsomed with continued success**

The Ypsomed Group recorded a strong first half in the 2004/05 business year, with continued above-average growth in sales and profits as well as completing a successful IPO on the SWX Swiss Exchange. In the first half between April and September 2004, the Ypsomed Group increased its consolidated sales by 33.7% to CHF 116.0 million and its earnings per share by 230% to CHF 1.60. The cash flow generated from operating activities improved by 151% against the same period last year to CHF 43.8 million. In the past 12 months, the Ypsomed Group has created 192 new jobs and currently employs 833 staff, 692 of them in Switzerland.

Burgdorf, 11. November 2004, 07.00 – In the first half of 2004/05, sales growth at the Ypsomed Group was in line with the company's own expectations at 33.7%. Consolidated sales of the Ypsomed Group rose to CHF 116.0 million compared with CHF 86.8 million in the first half of 2003/04. Pen systems and needles generated sales of CHF 79.5 million, equivalent to a 27.1% increase over the same period last year.

Matthew Robin, Ypsomed CEO, explains: "Ypsomed is benefiting greatly from market growth in the insulin sector, and especially from the success of Aventis with its long-acting insulin Lantus. We regard the potential for the new OptiClik Pen on the American market as particularly high, given that the current penetration rate for insulin pens is still low at less than 20% "

A further contribution to growth was made by strong demand for injection pens for the administration of human growth hormones and for the pre-filled Gonal-f® pen system introduced by Serono in April 2004 for the treatment of infertility. In addition, the direct diabetes business acquired from Roche last autumn in Germany (DiaExpert) contributed CHF 10.6 million to overall sales for the first time. Year-on-year sales of the FreeStyle blood glucose monitoring system were down slightly overall as a result of the termination of the distribution agreement with TheraSense. Revenues between April and the end of July 2004 amounted to CHF 18.8 million. A one-time compensatory payment of CHF 16.8 million was agreed with Abbott. This amount has already been paid in full to Ypsomed and thereof as per end of September 2004, income of CHF 13.9 million has been deferred.

**First half sales (April 1 to September 30)**

	<b>2004</b>	<b>2003</b>	<b>Change</b>
Own finished products	79 473	62 545	+ 27.1%
FreeStyle blood glucose monitoring device	18 803	22 555	- 16.6%
Other products (incl. DiaExpert)	17 741	1 657	+ 970.7%
<b>Total sales</b>	<b>116 017</b>	<b>86 757</b>	<b>+ 33.7%</b>

(Unaudited figures based on IFRS. Amounts in CHF 1000)

### **Margins and net profit increased**

The Ypsomed Group's earnings and margins improved in the first half of 2004/05 as planned. Gross profit increased to CHF 45.6 million and the gross margin grew to 39.3%. Marketing & sales expenses amounted to 11.1% of sales. Given the number of development projects underway, total research and development expenses increased to CHF 9.0 million in absolute terms, but, due to reimbursed development expenses from our pharmaceutical partners of CHF 5.4 million, remained unchanged on a net basis as a percentage of sales at 3.1%. The EBITDA margin increased from 24.9% to 28.3%. Operating profit before goodwill amortization amounted to CHF 22.0 million for the period under review, an increase of 50.7% compared with the prior-year level. This increased the operating margin before goodwill amortization from 16.8% to 18.9%. Ypsomed Group's consolidated net profit increased to a total of CHF 18.0 million or 15.5% of net sales, which corresponds to earnings per share of CHF 1.60.

### **Strong equity base following successful initial public offering**

Capital raised from the IPO on the SWX Swiss Exchange resulted in an increase of the equity ratio to 53.5% with cash and cash equivalents standing at CHF 105.1 million. The issue was 7.6 times oversubscribed at an issue price of CHF 68.00 per share. Since the first day's trading on 22 September 2004, when Ypsomed shares opened at CHF 73.00 per registered share, the share price has risen continuously, contrary to the trend of the SPI.

### **Significant expansion of production capacities – Attractive pipeline of new pen systems**

The launch of OptiClik will allow Ypsomed to be a major beneficiary of the expansion in this market and to continue significantly growing its business in pen systems and pen needles. The client forecasts currently available confirm this scenario and provide the basis for a significant expansion of production capacities. CHF 36.2 million were invested in the first half of the year in the Solothurn and Burgdorf production sites. Investments amounting to a total of CHF 90 million are planned for the financial year 2004/05. The pipeline for new pen projects is very promising, particularly since it includes a number of pens for drugs which have already been approved, thereby reducing the regulatory uncertainty.

### **Sales growth of 15 – 25 % expected for the financial year 2004/05**

Ypsomed is currently involved in intensive negotiations with two partners with regard to the distribution of a new blood glucose monitoring device. "We are confident to be able to communicate the outcome of these discussions in the near future," CEO Mathew Robin commented. Building on the sales growth in the first half, sales guidance for the Ypsomed Group for the financial year 2004/05 remain unchanged at 15 - 25%. A further improvement in net profit is anticipated.

For further information, please contact 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 media release and the detailed semi-annual report are available in electronic form at [www.ypsomed.com](http://www.ypsomed.com). A telephone conference will be held with the management in English on 12 November 2004 at 3 pm (CET). For further details, see next page.

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

	2004	2003	Change	Percentage
Sales	116 017	86 757	29 260	+ 33.7%
Gross profit	45 629	32 362	13 267	+ 41.0%
Research & development expenses	9 032	8 320	712	+ 8.6%
Operating profit before goodwill amortization	21 950	14 567	7 383	+ 50.7%
Net profit	17 963	5 442	12 521	+ 230.1%
Capital expenditures	36 162	18 777	17 385	+ 92.6%
Earnings per share (basic and dilution)	1.60 <sup>1)</sup>	0.48 <sup>1)</sup>	1.12	+ 230.1%
Number of employees	833	641	192	+ 30.0%

<sup>1)</sup> Calculated with the total number of shares after the IPO, i.e. 11 244 213 shares.

(Unaudited figures based on IFRS. Amounts in CHF 000. 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 15 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 some 100 patents, 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. Ypsomed also 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 consultants. The Ypsomed Group consists of Ypsomed AG with subsidiary companies in Germany, France, the Netherlands and Scandinavia, Ypsotec AG in Grenchen and TecPharma Licensing AG of Burgdorf. All manufacturing is based at three sites in Switzerland, i.e. Burgdorf, Solothurn and Grenchen. The Ypsomed Group employs a total of 833 persons, including 700 in Switzerland.

### Information about the telephone conference in English

The semi-annual results of the Ypsomed Group for 2004/05 will be presented during a telephone conference in English on Friday, 12 November 2004, at 3 pm (CET) by the CEO Matthew Robin, CFO Niklaus Ramseier and Head of Investor & Public Relations Daniel Kusio. Please dial in about 5 to 10 minutes before the beginning of the conference call. A recording of the conference will be available as audio-download on our web page from noon Monday, 15<sup>th</sup> November 2004.

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