

# 2020/21 Half Year Results Ypsomed

Webcast, 03 November 2020



## Important information

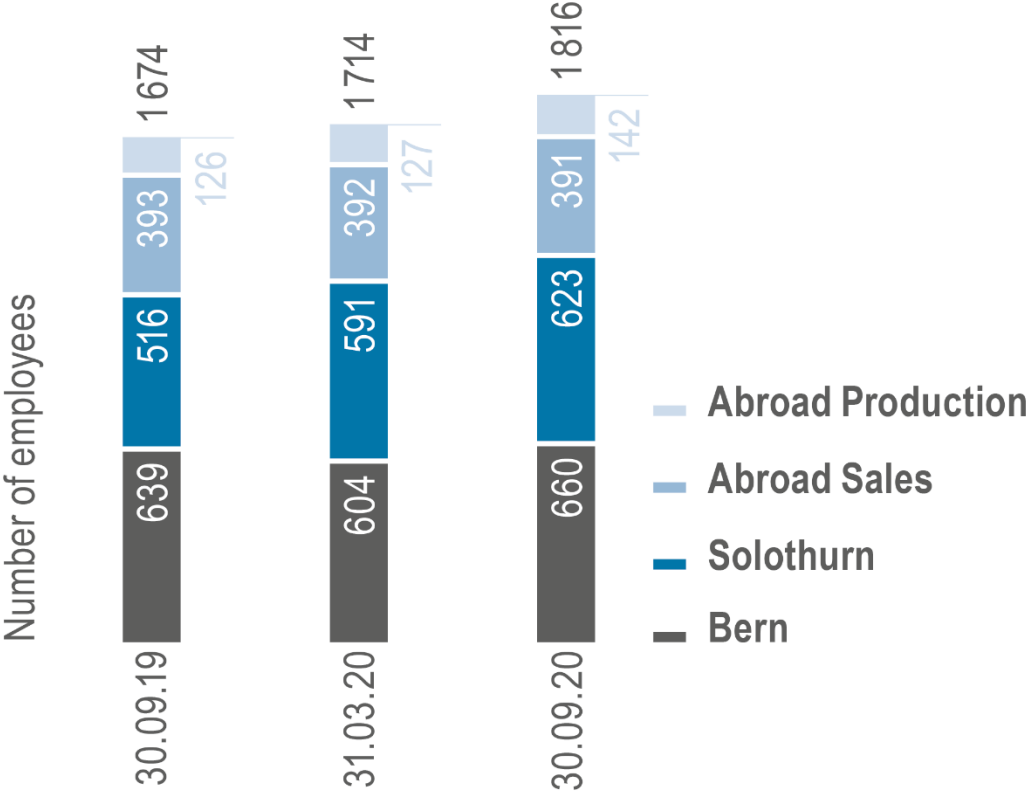
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## Committed to the society

- **Our future-oriented business model has proven itself**
  - Our **products** are vital for people with chronic diseases.
  - Our **processes** are highly automated and vertically integrated.
  - **Production, supply chains** and the **supply** of customers are ensured.
- **We continue to pursue our growth path with our pioneering strategic initiatives.**

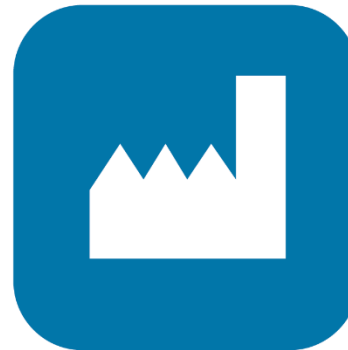


# We have created 102 more jobs during the crisis, with 88 new jobs in Switzerland



# Strategic initiatives for sustainable objectives

- **Expansion**  
Establishment as a global provider
- **Innovation**  
Digitisation of the portfolio
- **Operational Excellence**  
Extending cost leadership
- **Sustainability**  
Responsibility to society, zero carbon emission by 2030



# Strategic progress



## Expansion

- Injection Systems: Sales growth of +22% year-on-year
- YpsoPump®: Finalizing an important U.S. partnership



## Innovation

- YpsoPump®: mylife™ Loop Program on track
- YpsoDose®: already two committed customer orders



## Operational Excellence

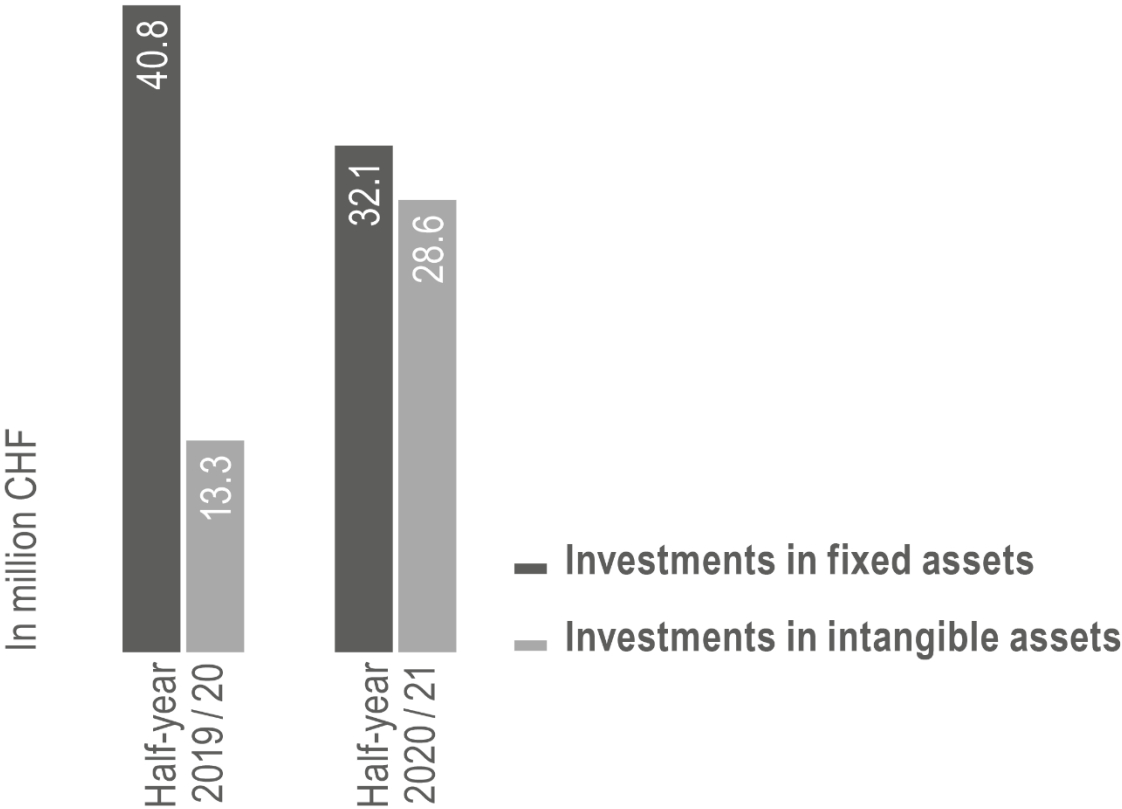
- YpsoMate®: Doubling capacities
- YpsoPump®: assembly line for the infusion set for Schwerin



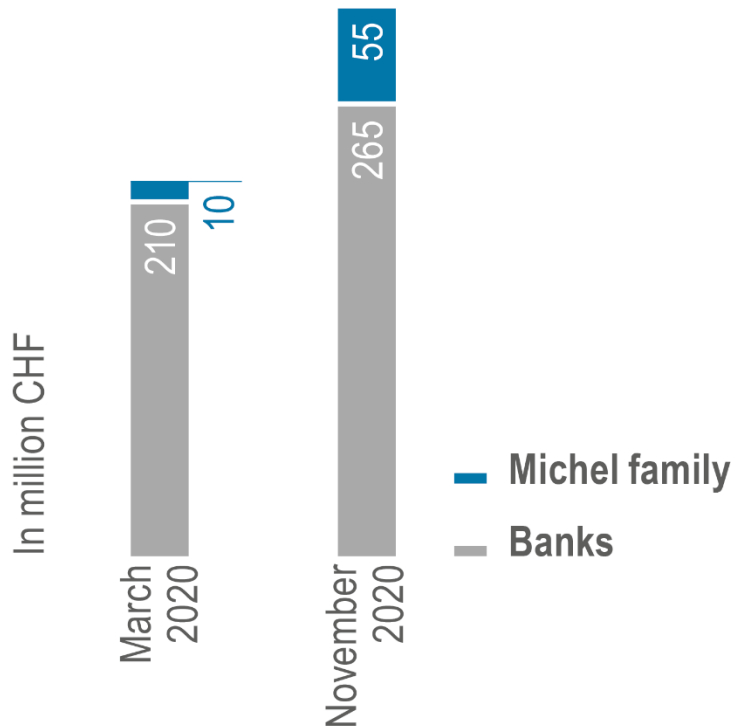
## Sustainability

- YpsoMate® Zero: world first zero carbon emission autoinjector
- Enhancement of our sustainability program

# Investments for sustainable growth



## Financing for growth ensured



- To **fund** the significant growth investments, the short-term credit line with banks was increased from CHF 210 million to CHF 265 million.
- The **Michel family shareholder group** is exercising its commitment and contributing an additional CHF 45 million in the form of a long-term loan at market conditions.

## Sale of YpsoPod® relieves Ypsomed

- The development project **YpsoPod®** will be sold to TecMed AG, a company controlled by Willy Michel, for CHF 13 million as of 01.01.2021.
- **Ypsomed** will achieve a **profit** of around **CHF 4 million** as an one-time effect.
- **TechMed AG** will invest a further **CHF 75 million** in the **YpsoPod®** project in the coming years.
- **Ypsomed** participates in a **later success** or can **buy back** the **market-ready product**.
- Ypsomed thereby increases the financial flexibility for **investments** and also increases resources for **activities** that will **improve profitability faster**.

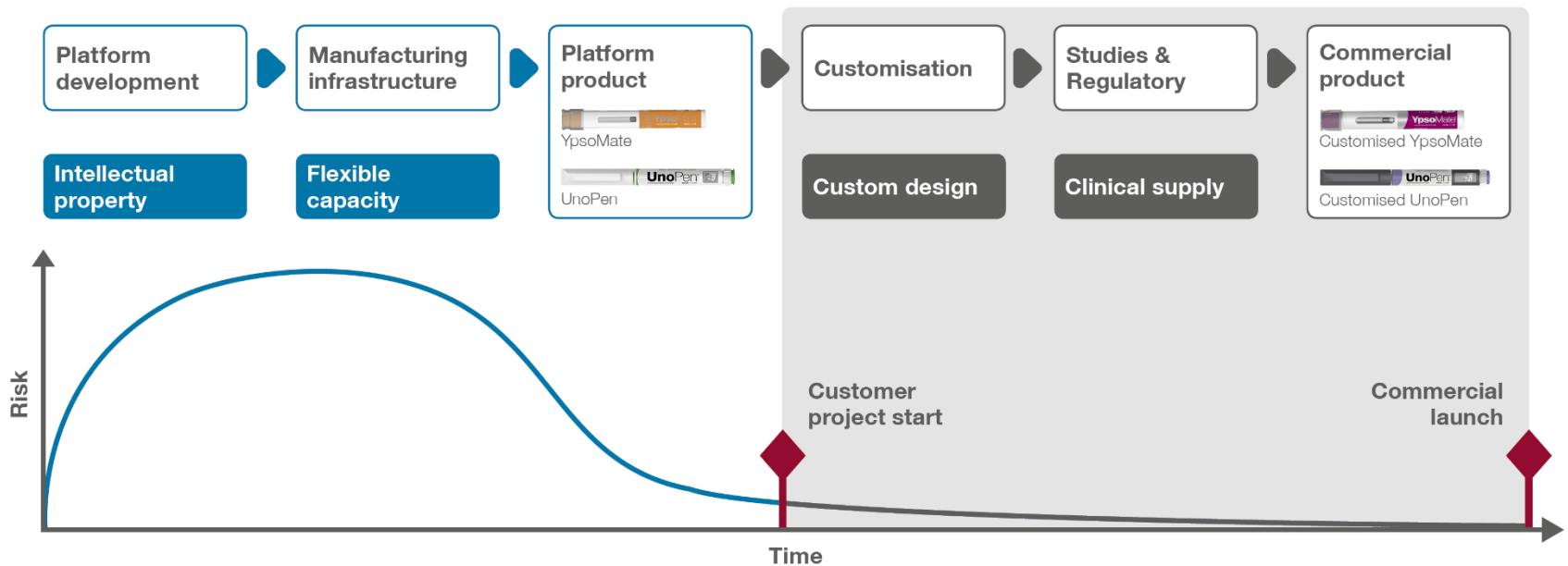
## Current environment – Ypsomed Delivery System



- The **operating business** with deliveries for already approved drugs is performing **reliably**.
- For our pharmaceutical partners, the **commercial launch of new products** is partially **limited**.
- The projects continue to run largely **uninterrupted**, with only a **few studies** being **delayed**.
- And the **acquisition of customer orders** is even **increasing**.

# Ypsomed Delivery Systems - Platform device strategy

- **Reduction of risks** and shortened "time-to-market".
- **Technological leadership** due to consistent ongoing development.
- **Cost leadership** due to scaling effects and highly automated production.



## Current environment – Ypsomed Diabetes Care



- Consumables such as **infusion sets**, **pen needles** and **test strips** are still needed by our customers.
- The **gaining of new users** of the mylife™ YpsoPump® **remains severely restricted**.
- We consistently use the time for:
  - **commercial enhancements**,
  - the implementation of the mylife™ **Loop program** and
  - **preparing the market entry in the USA**.

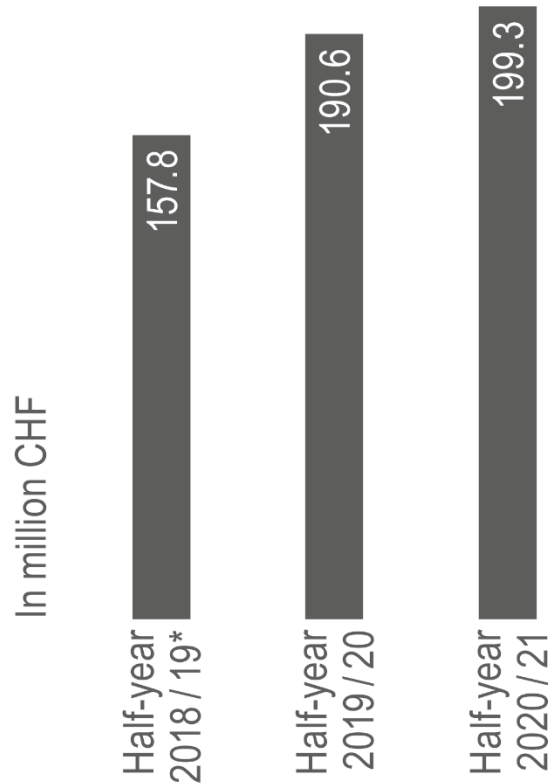
## Current environment – Insulin pump therapy

- Access to new customers is highly dependent on the organisation of the regional health care system.
- In **Germany** and **Switzerland**, many patients are also treated in specialised practices. As a result, care is relatively good.
- In the **UK, France, Spain** and **Italy**, care and necessary therapy training is provided in clinics. There are major restrictions due to the pandemic.
- Tenders in **Nordics, Poland, Spain** and **Italy** were postponed.
- There is a **clear pent-up demand**.
- But in the case of diabetes, patients are **less responsive** than in other indications.
- This means patients continue to use old pumps or remain with their usual pen therapy for longer.
- In the **Canadian** province of British Columbia, we achieved a preferred **Tier 1 reimbursement** in the summer.

## Outlook for the financial year 2020/21

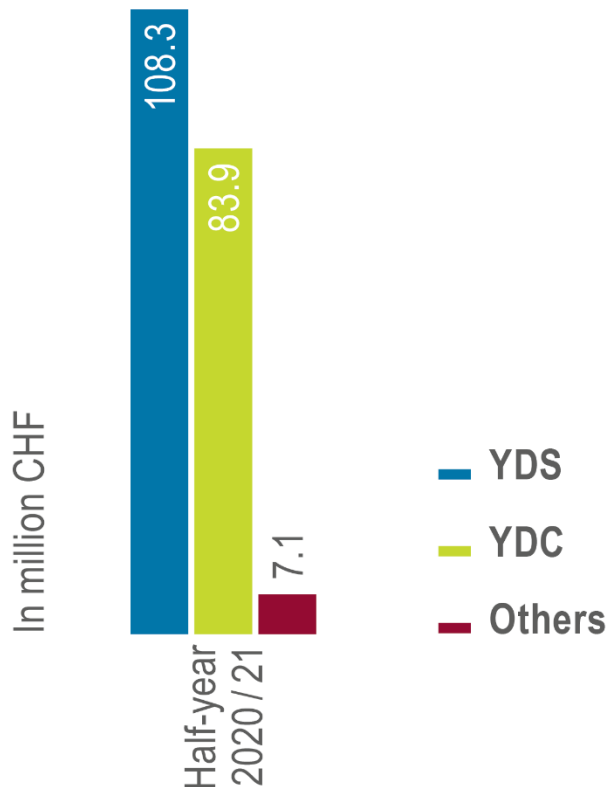
- Based on our well-diversified business model, we expect for the 2020/21 financial year a **slight increase in sales** and still **further growth in operating profit** from core operating activities compared to previous year, despite the pandemic.
- **Strict cost control** in operations will support this target.
- We still consider our **medium-term EBIT target of CHF 100 million** to be achievable.

## Diversified portfolio delivers +4.6 % growth in sales



\* In 2018/19 only contributions from continuing operations. For information about discontinued operations, see Annual Report 2019/20, page 59.

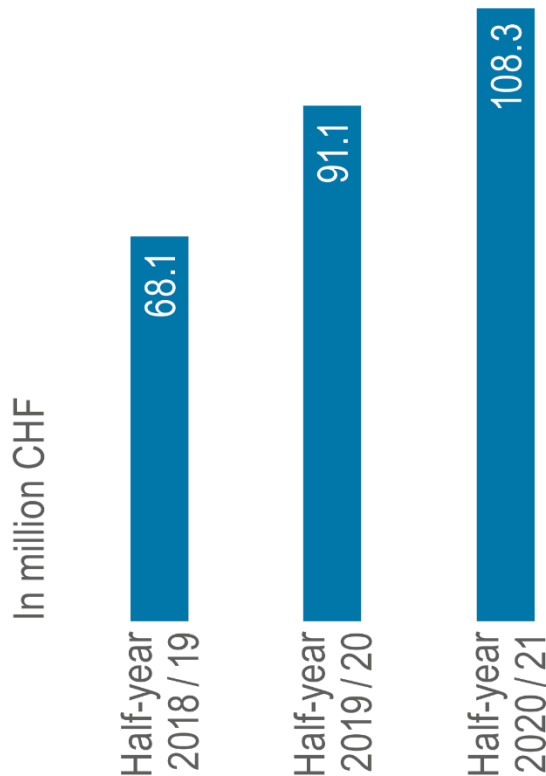
## YDS is the strongest revenue driver



- Sales in **Ypsomed Delivery Systems (YDS)** segment rose by **18.9 %** to **CHF 108.3 million**.
- In **Ypsomed Diabetes Care (YDC)** segment, turnover declined by **-8.9 %** to **CHF 83.9 million**.
- Revenues in the **Others** segment decreased slightly by **-4.3 %** to **CHF 7.1 million**.

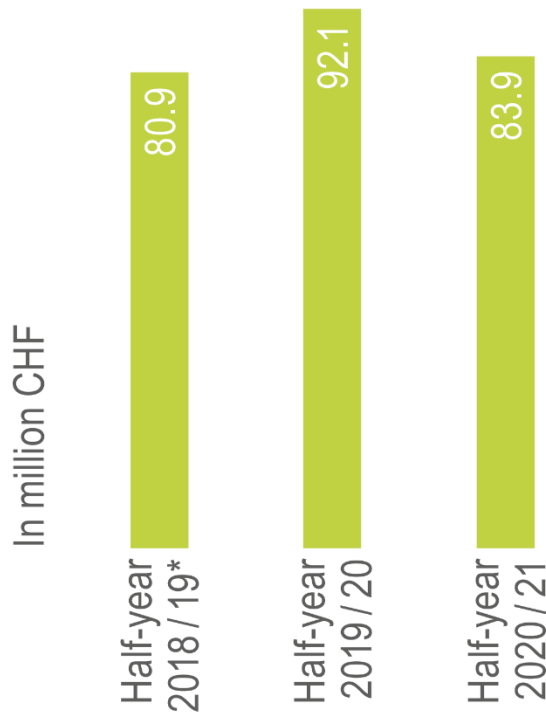
# Development of sales Ypsomed Delivery Systems

Growth of +59 % in two years



- Sales increase of **+21.7 %** for **Injection Systems** year-on-year.
- Next to **autoinjectors, UnoPen™**, **FixPen™** und **reusable pens** contribute to the growth.
- **Project revenues** have also increased compared to previous year.
- The sales contribution of **Contract Manufacturing** rose by **+10.3 %** despite negative FX effects.

## Development of sales Ypsomed Diabetes Care

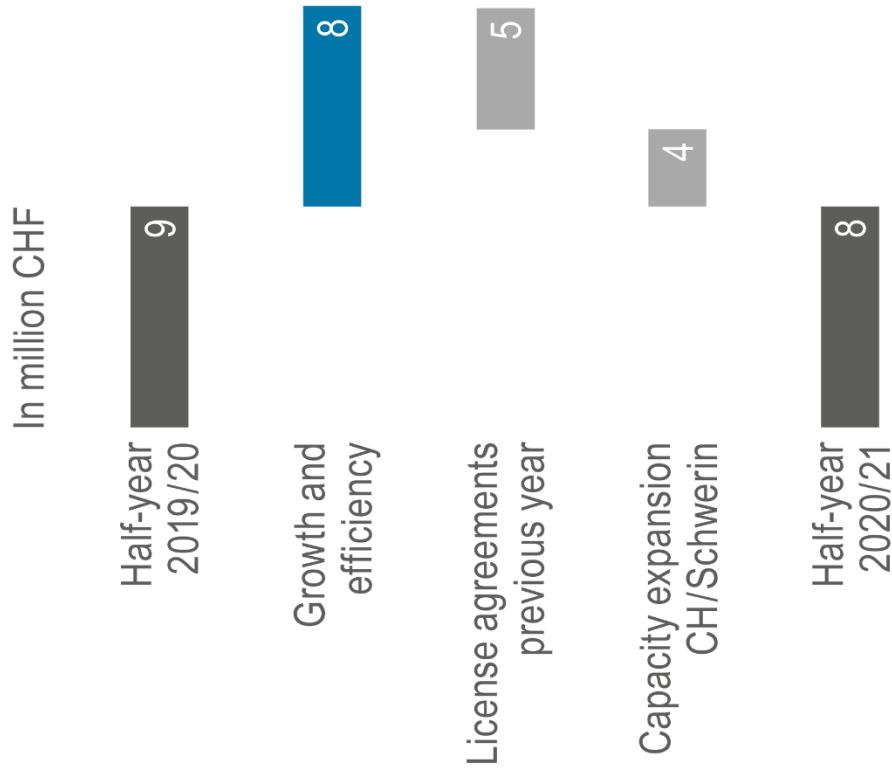


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- Due to COVID-19, the sales contribution of **mylife™ YpsoPump®** decline by **-13.7 %** compared to previous year.
- **Pen needles** sales are down **-12.3 %** due to loss of a mayor customer in the USA and stockpiling in March 2020.
- Revenues of **test strips** fell **-9.1 %**.
- **DiaExpert** sales decreased by **-5.7 %**, mainly due to currency effects.

# EBIT development solid

## Growth and efficiency improvements



# Ypsomed Delivery Systems



Pen systems



Autoinjector systems



Patch injector systems



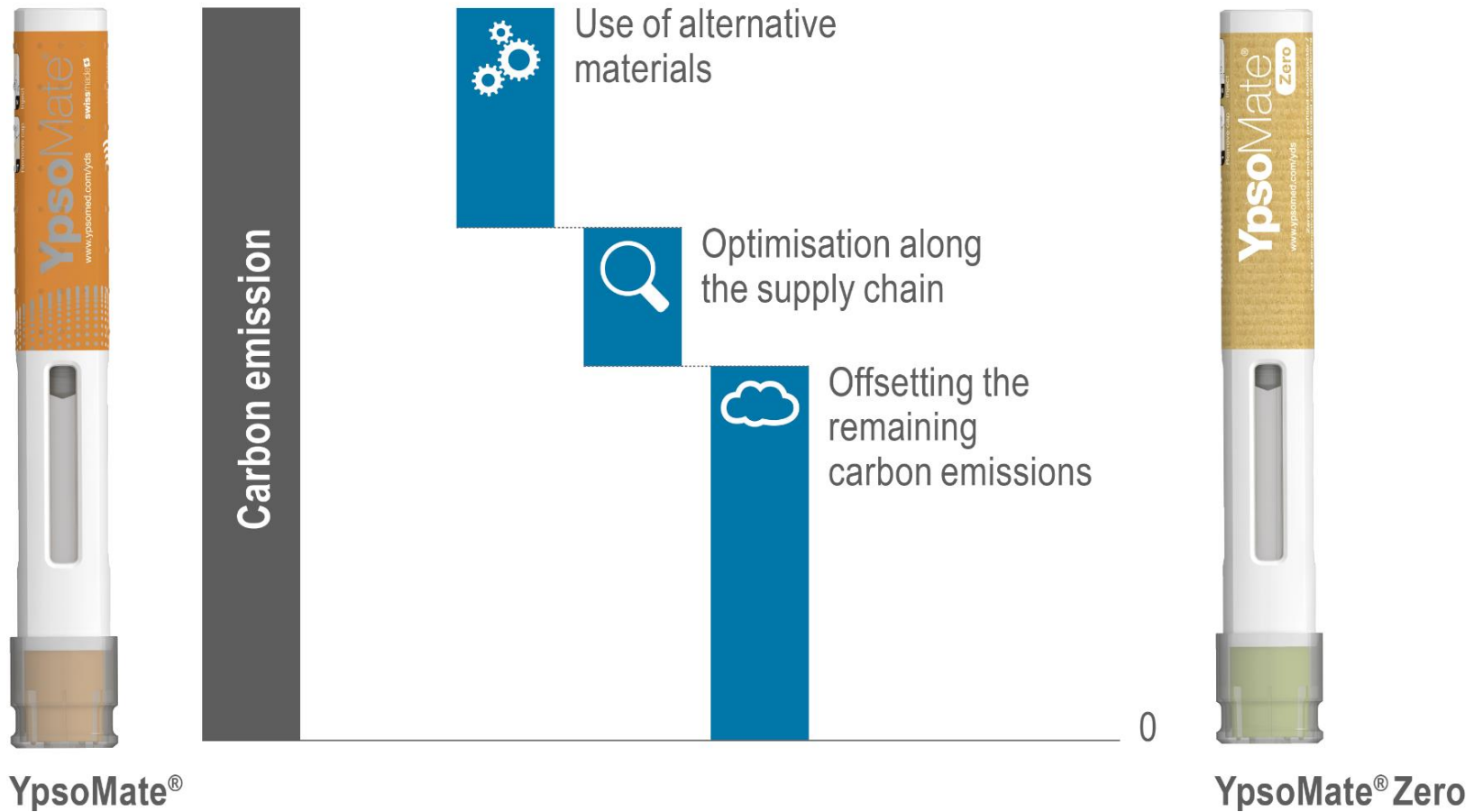
Smart services

# YpsoMate® Zero – first zero carbon emission autoinjector

- Pioneering development based on the established **YpsoMate® platform**.
- Comprehensive **life-cycle assessment**.
- Use of alternative **bio-polymers** for product and packaging.
- **Optimisation** along the **entire supply chain** according to the principle of **circular economy**.
- **Compensation** of remaining emissions with our **own reforestation program Ahueni** (from 2022).



# YpsoMate® Zero – the three areas of impact



# Doubling the capacities for YpsoMate®

## YpsoMate® 1.0

- Installation of a third automated assembly line and additional, complete injection moulding set-ups in Schwerin.
- Increase of the existing injection moulding capacities in Burgdorf.

## YpsoMate® 2.25

- Installation of a second automated assembly line and additional, complete injection moulding set-ups in Schwerin.
- Further expansion of injection moulding capacities at the Swiss sites.



## Increase in order pipeline very strong

- The **acquisition** of customer orders is even **accelerating** in the current environment.
- In the last 6 months we have already been able to ensure as many projects as in the entire previous business year.
- This includes **two initial customer orders** for our new **patch injector YpsoDose®**.



# Ypsomed Diabetes Care



Pen needles



Blood glucose  
monitoring



Infusion systems



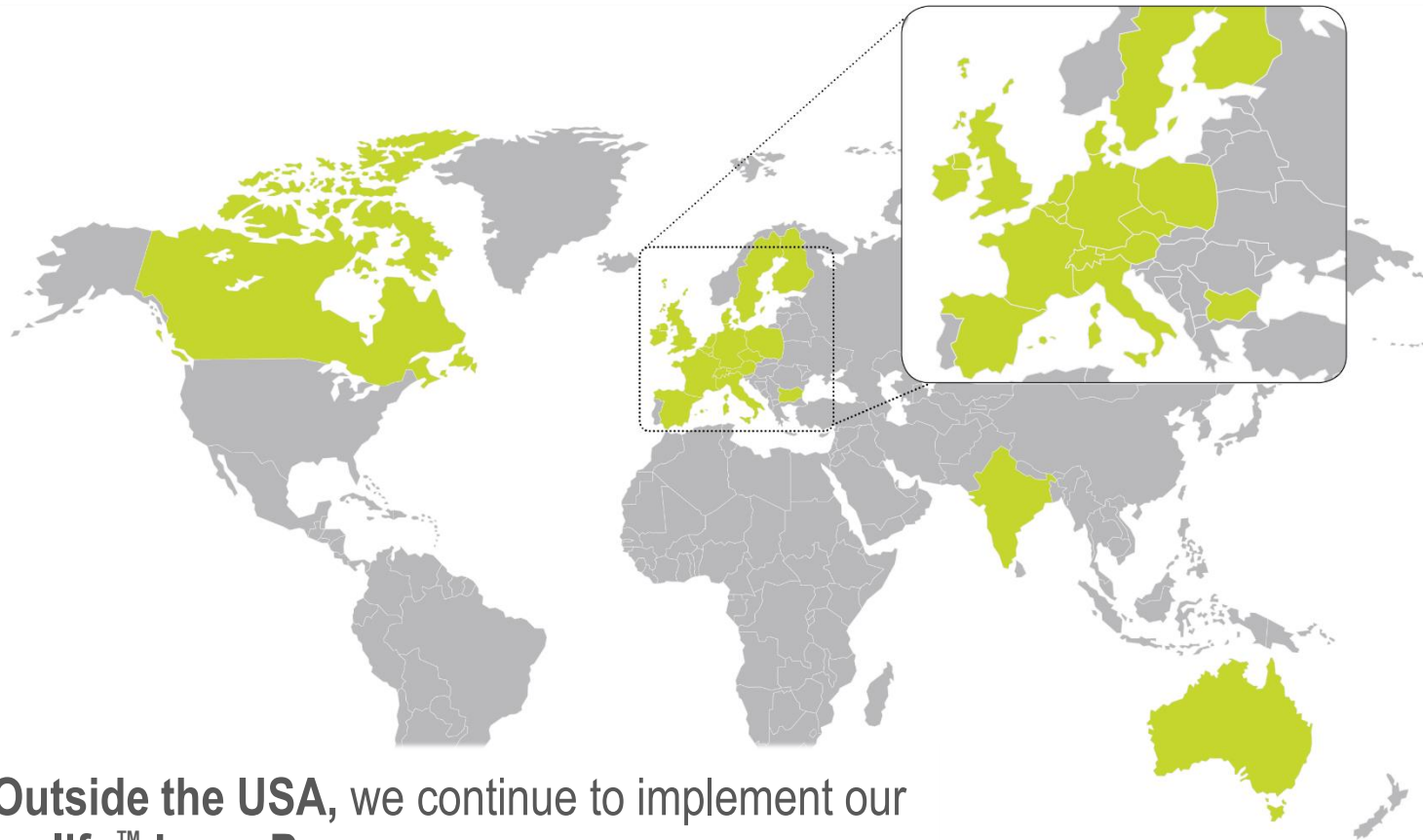
Therapy  
management

## mylife™ YpsoPump® – Update market entry USA



- We will submit to the American FDA for approval in a **step-by-step process** following the **interoperable ACE insulin pump approval pathway** with the Dexcom CGM connectivity.
- First the insulin pump **YpsoPump® stand-alone** as an interim step, subsequently the **system** including sensor, app and cloud connectivity for commercial launch.
- We expect market approval by mid-2022.

# mylife™ YpsoPump® – Update outside the USA



- **Outside the USA, we continue to implement our mylife™ Loop Program.**

# mylife™ YpsoPump® – mylife™ Loop Program on track

- **mylife™ Assist**

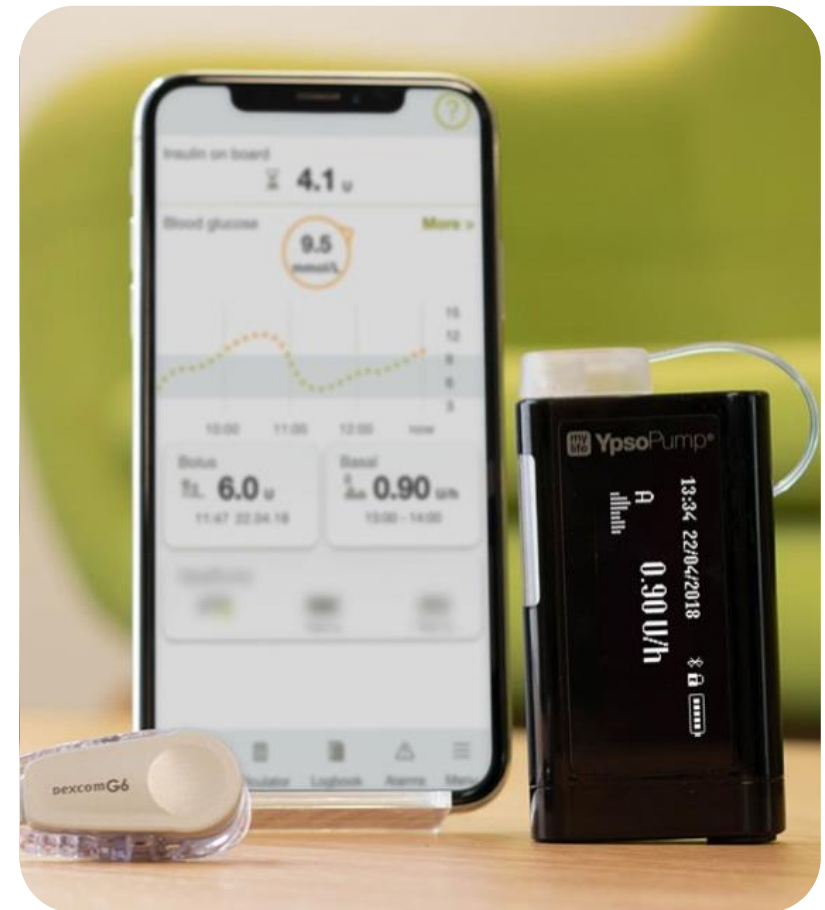
Wireless connectivity: all data, including CGM, at a glance on the smartphone and in the cloud.

- **mylife™ Dose**

Bolus calculation and delivery from your smartphone. Via a secure Bluetooth connection to mylife™ YpsoPump® by the user.

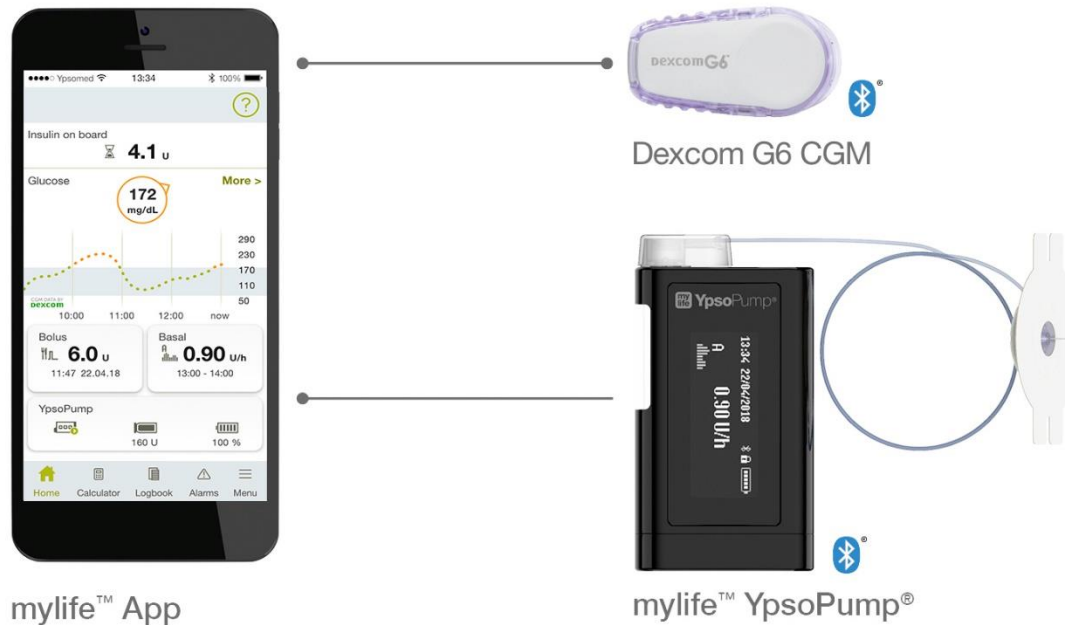
- **mylife™ Loop**

Automated, algorithm-supported insulin delivery via smartphone.



# mylife™ YpsoPump® – mylife™ Assist<sup>1)</sup> feature

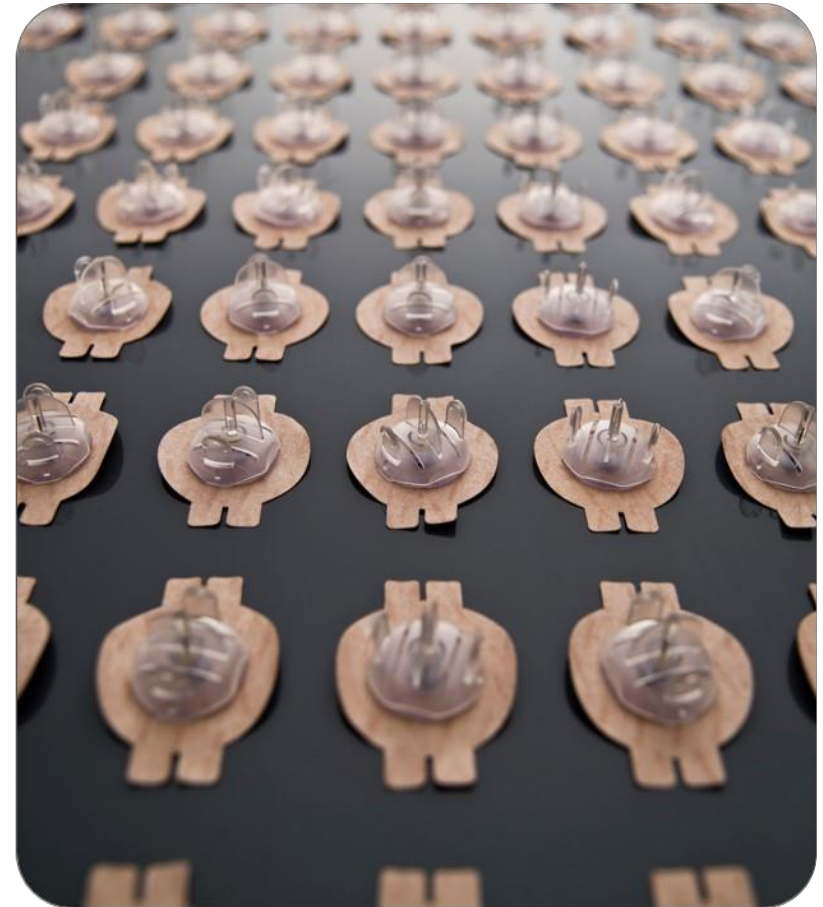
## App-based Dexcom G6 CGM integration



1) Product mylife Assist not approved and not commercially available. Features and performance of any future technologies may vary. The Bluetooth® word mark and logos are registered trademarks owned by Bluetooth SIG, Inc., and any use of such marks by Ypsomed is under license. Dexcom and Dexcom G6 are registered trademarks of Dexcom, Inc. in the U.S., and may be registered in other countries.

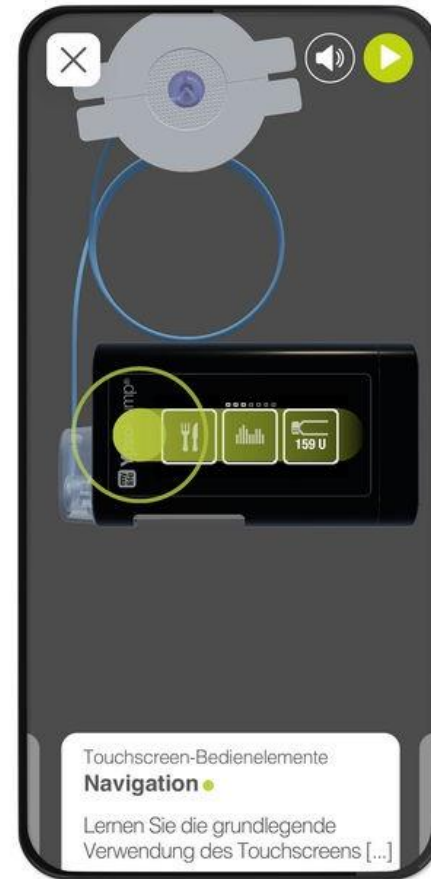
## mylife™ YpsoPump® – assembly line for infusion set

- Fully automated production line for the **new generation of the YpsoPump® Orbit® infusion set 2.0.**
- The installation takes place in a **clean room in Schwerin.**
- **Full automation** ensures supply for increasing demand and creates qualified jobs.
- Production is expected to start in the **second half of 2021.**



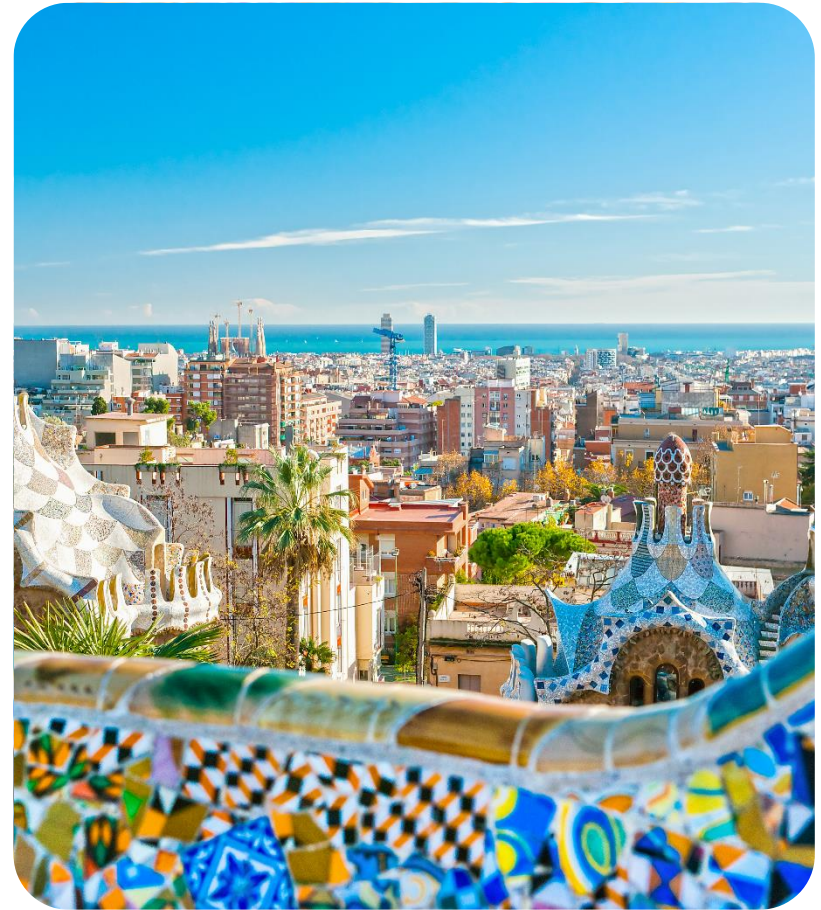
# mylife™ YpsoPump® – Explorer App

## Introduction of a digital training tool



## Establishing a digital hub in Barcelona

- We are significantly expanding our internal resources for the consistent implementation of **digitisation**.
- For this, we are setting up a **digital hub** in Barcelona.
- The set-up is proceeding successfully and we have already been able to recruit **15 new employees**.
- Within 24 months, we expect to have around **40 staff members**.



## Our Sustainability Program



**Zero carbon  
emission  
by 2030**

# Sustainable logistics by replacement of pallets by silos

- Through storage in silos we save large quantities of packaging material for the granulate, per year at the Solothurn-site only:
  - **10'800 kg wooden pallets**
  - **8'784 kg carton packaging**
  - **1'008 kg plastic film**
  - **288 kg metal**
- We gain additional storage capacity and production area.
- In addition, we achieve higher work safety and more efficient processes via connected compressed air lines.



## Lasting effects of COVID-19

- **Home Care**

The global relevance of our vision of selfcare is increasing.

- **Digitisation**

We see a significant acceleration of digitisation in the healthcare sector.

- **Affordability**

The demand for affordable medical devices is growing.

- **Supply Chain**

Supply chain reliability and "de-risking" is becoming a priority.

- **Collaboration**

Building pragmatic and innovative partnerships becomes easier.

# Ypsomed makes selfcare simpler

**Diabetes Care – Established diabetes specialist with 35 years' experience**



Pen needles



Blood glucose monitoring



Infusion systems



Therapy management

**Delivery Systems – Preferred partner for systems to administer liquid drugs**



Pen systems



Autoinjector systems



Patch injector systems



Smart services

