



YPSOMED

Annual Figures 2017/18

Burgdorf, 24 May 2018

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Agenda

1. Financial figures
2. Ypsomed Diabetes Care
3. Ypsomed Delivery Systems
4. Ypsomed Group
5. Questions and answers

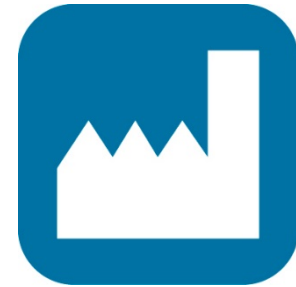
Confirmation of strategic initiatives



Establishment as
a global provider



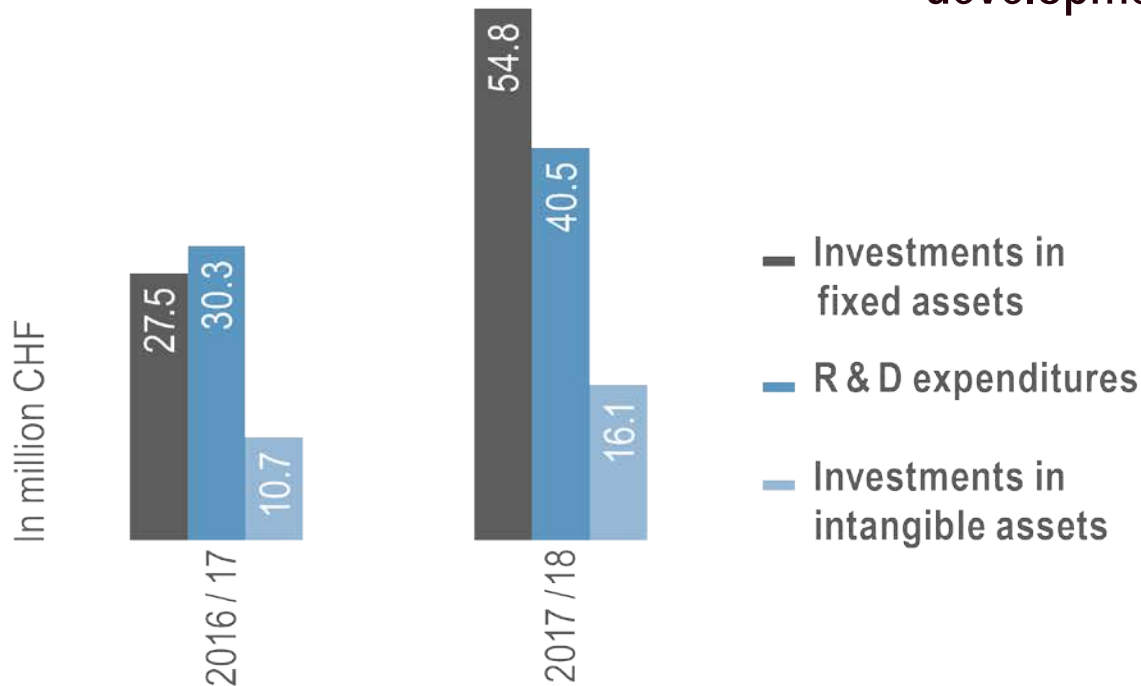
Digitisation of the
portfolio



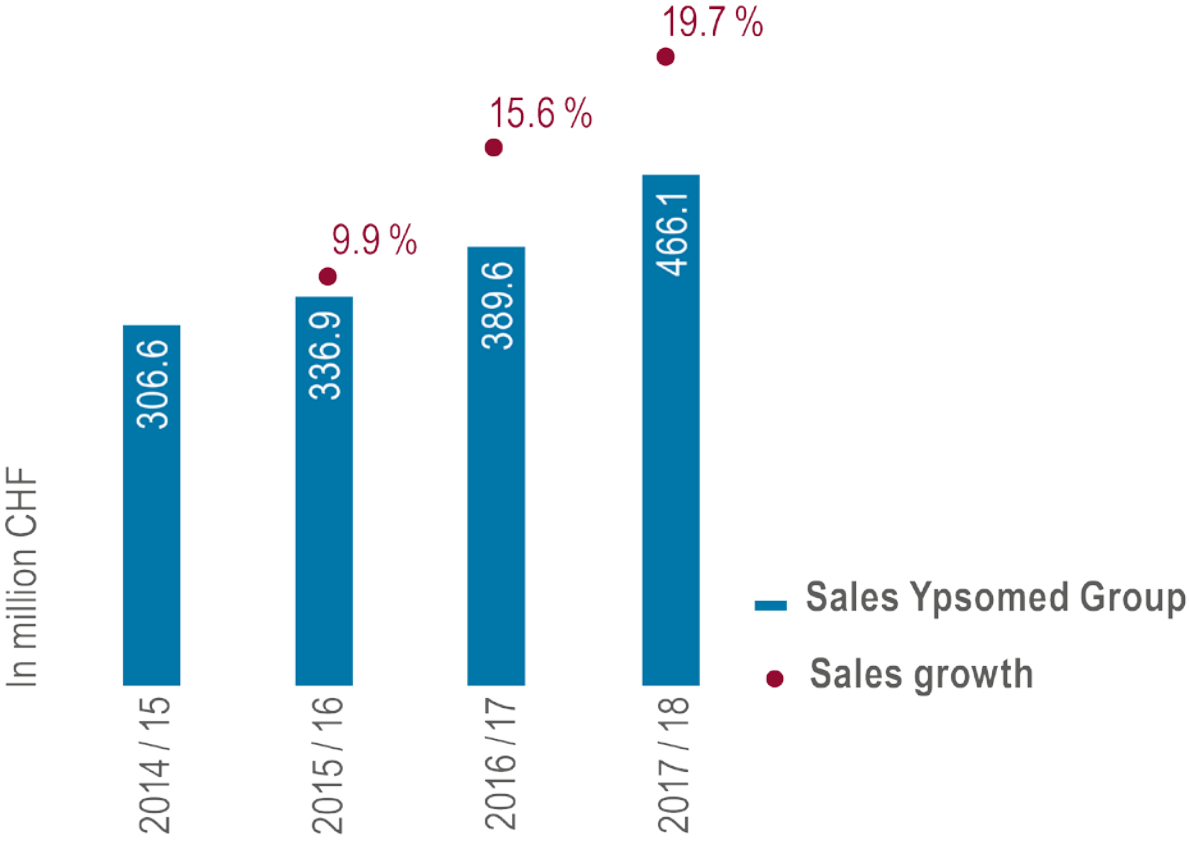
Extending cost
leadership

Implementation of the strategy requires investments in fixed assets and expenditures in R&D

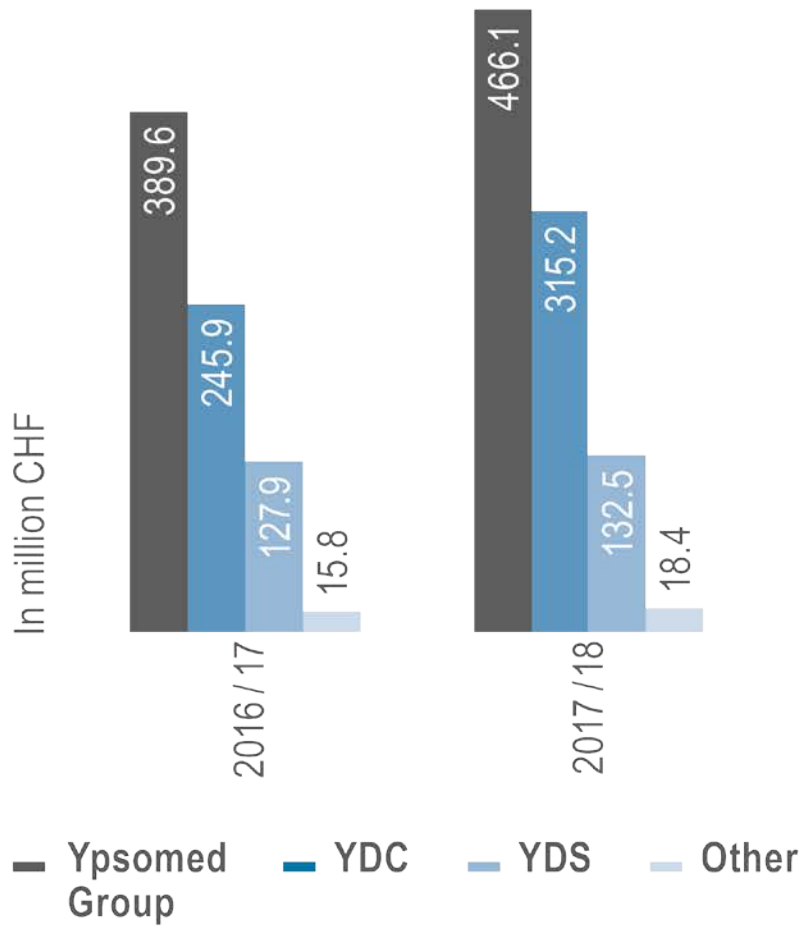
- Increase in investments by a total of +86%
- +34% increase in research & development (R&D)



Sales increase by 20% and exceed outlook

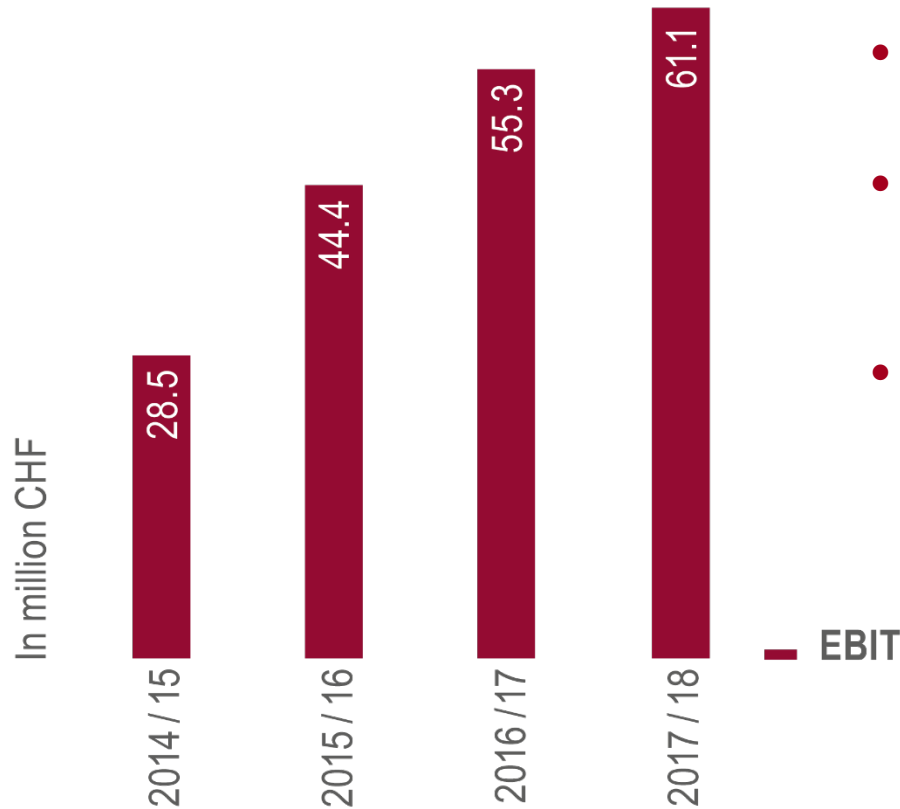


All segments contribute to growth



- The **Ypsomed Diabetes Care (YDC)** segment grows by 28.2% to CHF 315.2 million.
- The turnover in the **Ypsomed Delivery Systems (YDS)** segment grows by 3.6% to CHF 132.5 million. In the second half of the year in particular, we achieved pleasing growth of +11.3% compared with the first half of 2017/18.

EBIT rises by 10% to CHF 61.1 million and is above outlook

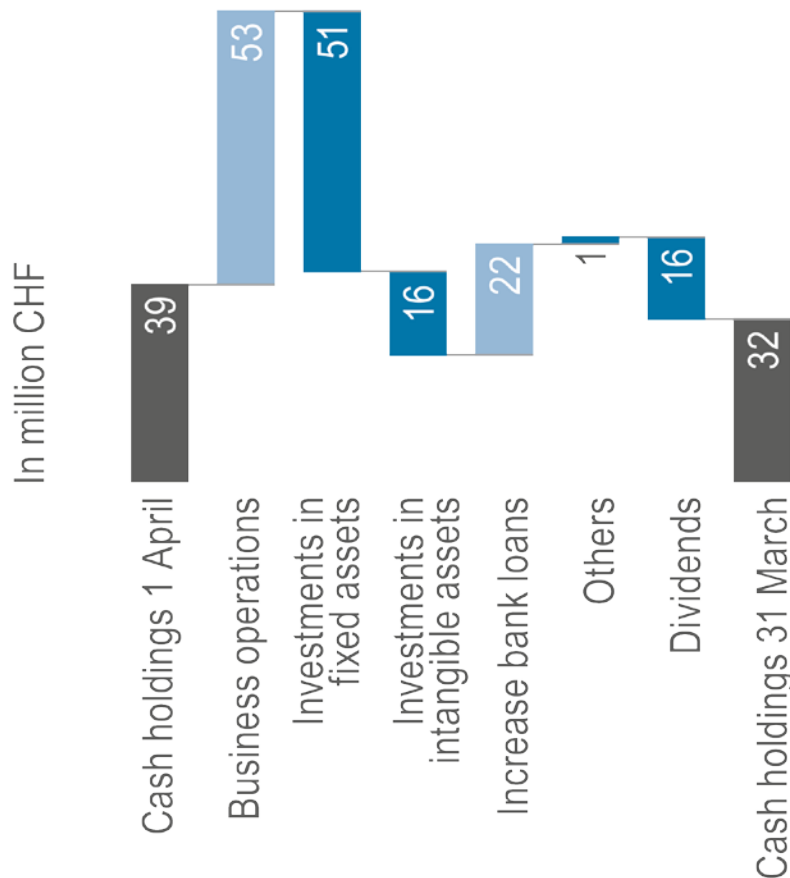


- Continuation of geographical expansion
- Increase in research and development expenditures
- Market launch costs and depreciation for the development of **mylife™** YpsoPump®
- Price pressure on **Omnipod®**

Earnings per share up 12.6% to CHF 4.14

in million CHF	1 April 2017– 31 March 2018	in %	1 April 2016– 31 March 2017	in %
Operating results	61.1	13.1 %	55.3	14.2 %
Earnings before taxes	62.0	13.3 %	55.4	14.2 %
Net profits	52.1	11.2 %	46.2	11.9 %
Earnings per share (basic and diluted) in CHF	4.14		3.67	

Increase in investing activities by CHF 29 million

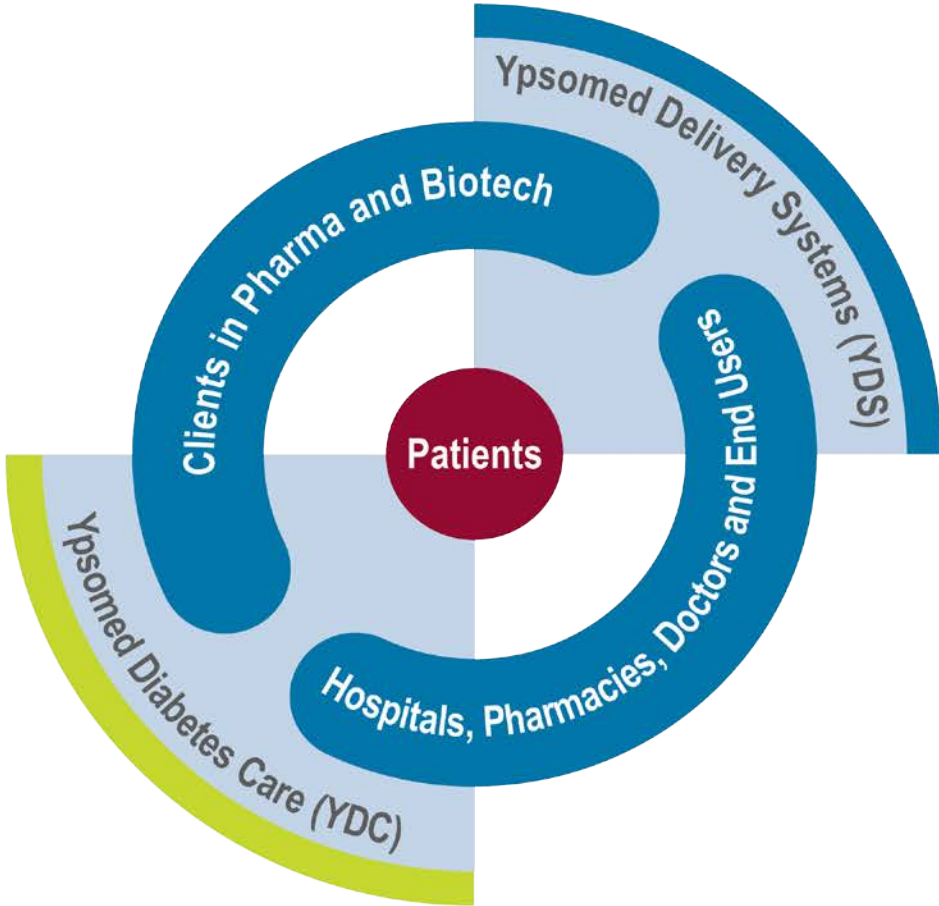


- **Investments* increase to CHF 67 million** (previous year: CHF 38 million)
 - CHF 35 million for new buildings in Burgdorf, Solothurn and Schwerin
 - CHF 16 million for capacity expansion
 - CHF 16 million for further development of infusion and injection systems
- * Investments in fixed assets (CHF 54.8 million) adjusted for non-cash transactions of CHF 3.8 million.
- Higher sales, build-up of inventories and longer payment terms **temporarily lead to higher capital commitment** at the expense of cash flow from operating activities (previous year: CHF 75 million).

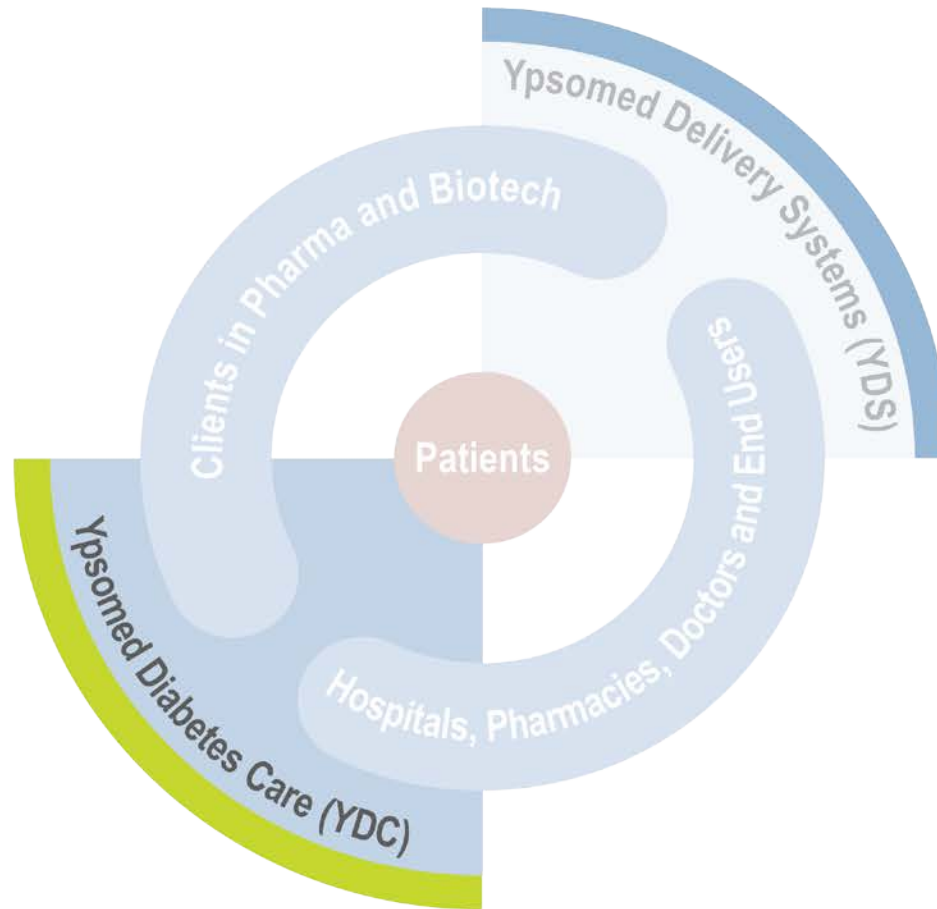
Balance sheet remains solid

in million CHF	31 March 2018	31 March 2017	Change
Cash and cash equivalents	32.1	38.9	-6.8
Inventories	59.3	48.3	11.0
Trade receivables	98.5	63.7	34.8
Other current assets	28.4	24.5	3.9
Non-current assets	281.9	246.4	35.5
Total assets	500.2	421.8	78.4
Current financial liabilities	49.0	27.0	22.0
Other financial liabilities	93.5	76.0	17.5
Non-current liabilities	16.2	17.0	-0.8
Equity	341.5	301.8	39.7
Total liabilities and equity	500.2	421.8	78.4
Working Capital	75.8	72.4	3.4
Equity ratio	68.3%	71.5%	-3.3%

Ypsomed Business Segments



Ypsomed Diabetes Care



More and more people need diabetes therapy



— People who depend on insulin.

Source: IDF Diabetes Atlas 2017; WHO 2015; Ypsomed estimates

Differentiation between type 1 and type 2 diabetes

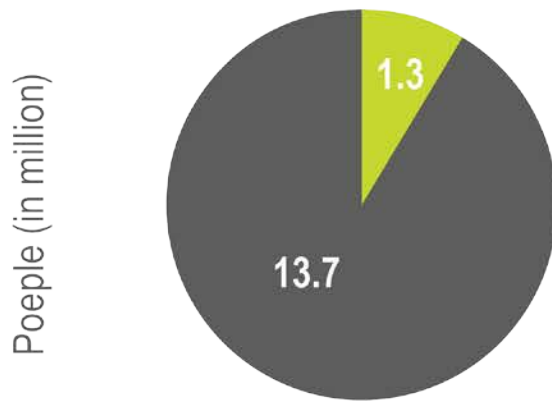


— People who depend on insulin.

Source: IDF Diabetes Atlas 2017; WHO 2015; Ypsomed estimates

YDC and mylife™ Diabetescare focus on the insulin pump market for type 1 diabetics

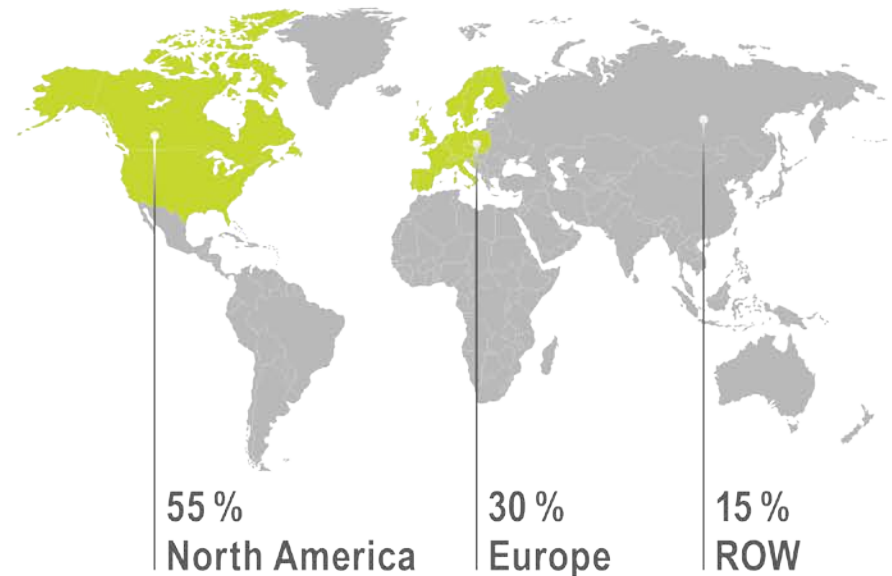
Type 1 diabetics



— without pump — with pump

Source: IDF Diabetes Atlas 2017; WHO 2015; Ypsomed estimates

geographical distribution of current pump users



mylife™ Diabetescare is committed to the user

Our insulin pump system...

- Easy to learn and use
- Small, light and discreet
- Excellent customer service
- Added value through a **broad portfolio**

...is a modular solution.

- Customer benefit through **modularity**
- For every user

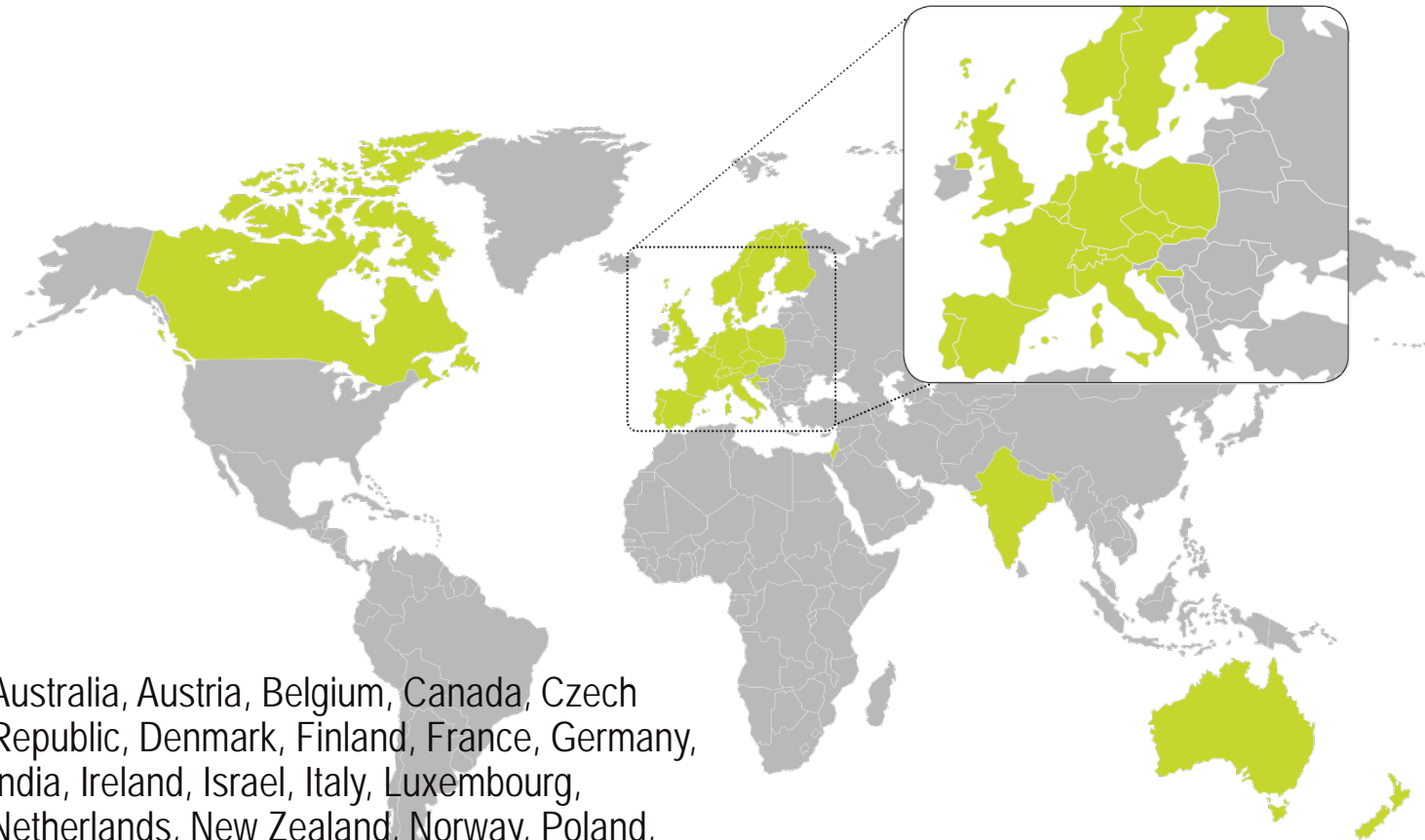


Focusing on own products is key

- We not only have the **full flexibility** in the technical development and digital integration of the mylife™ Diabetescare portfolio,...
- ... but also complete **freedom in the design** and **rapid expansion of global market access** in order to take advantage of the unique market opportunity.

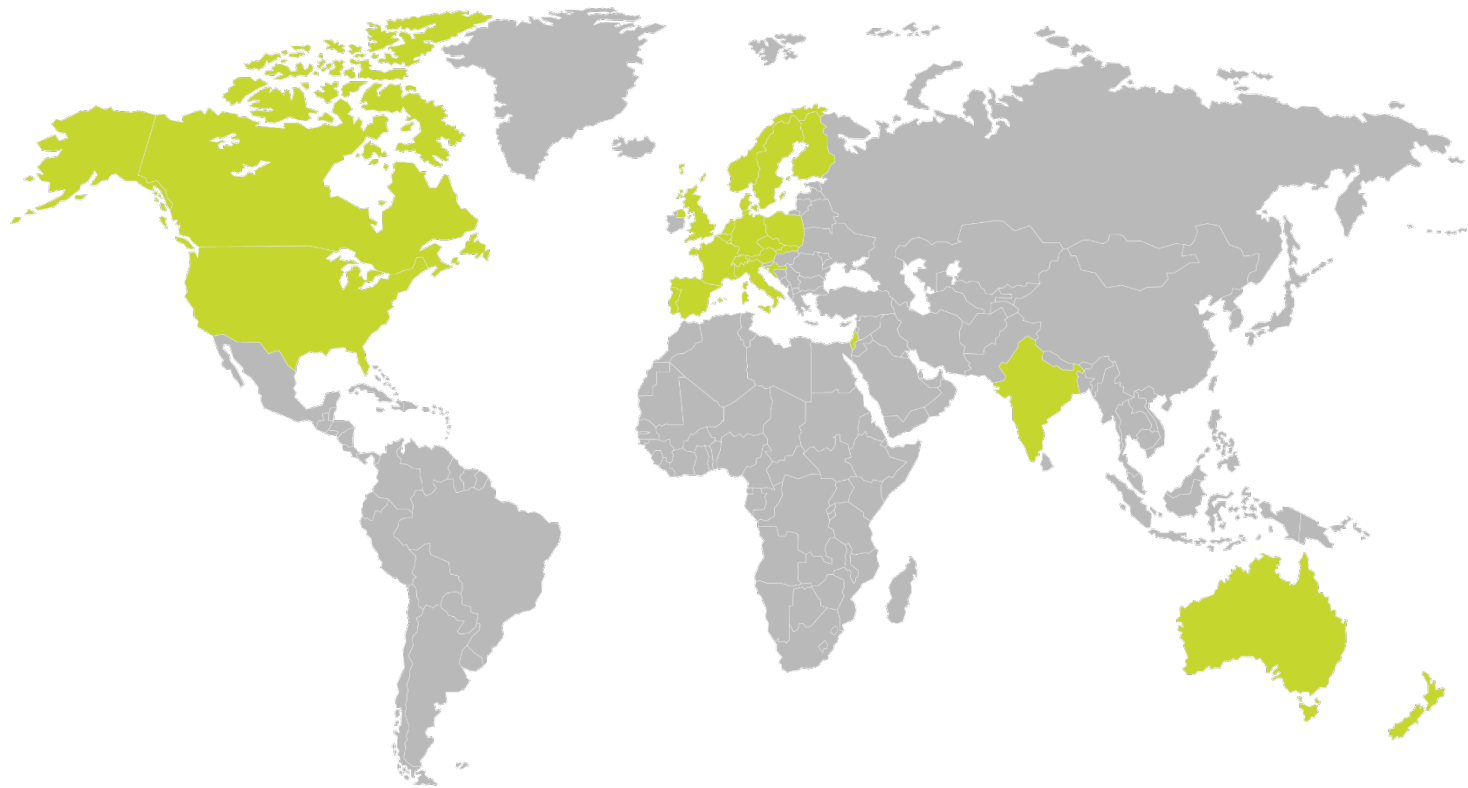


mylife™ YpsoPump® – Availability by the end of 2018



- Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, India, Ireland, Israel, Italy, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, UK

mylife™ YpsoPump® – From mid-2019 in the USA



mylife™ YpsoPump® – Entry into world's largest market



2018

- Submission for FDA approval (End of May 2018)
- Recruitment of key positions (Q3 2018)
- Foundation of a subsidiary
- Establishment of the infrastructure
- Evaluation of suitable partners for controlled market entry

2019

- Sales of mylife™ YpsoPump® from summer 2019

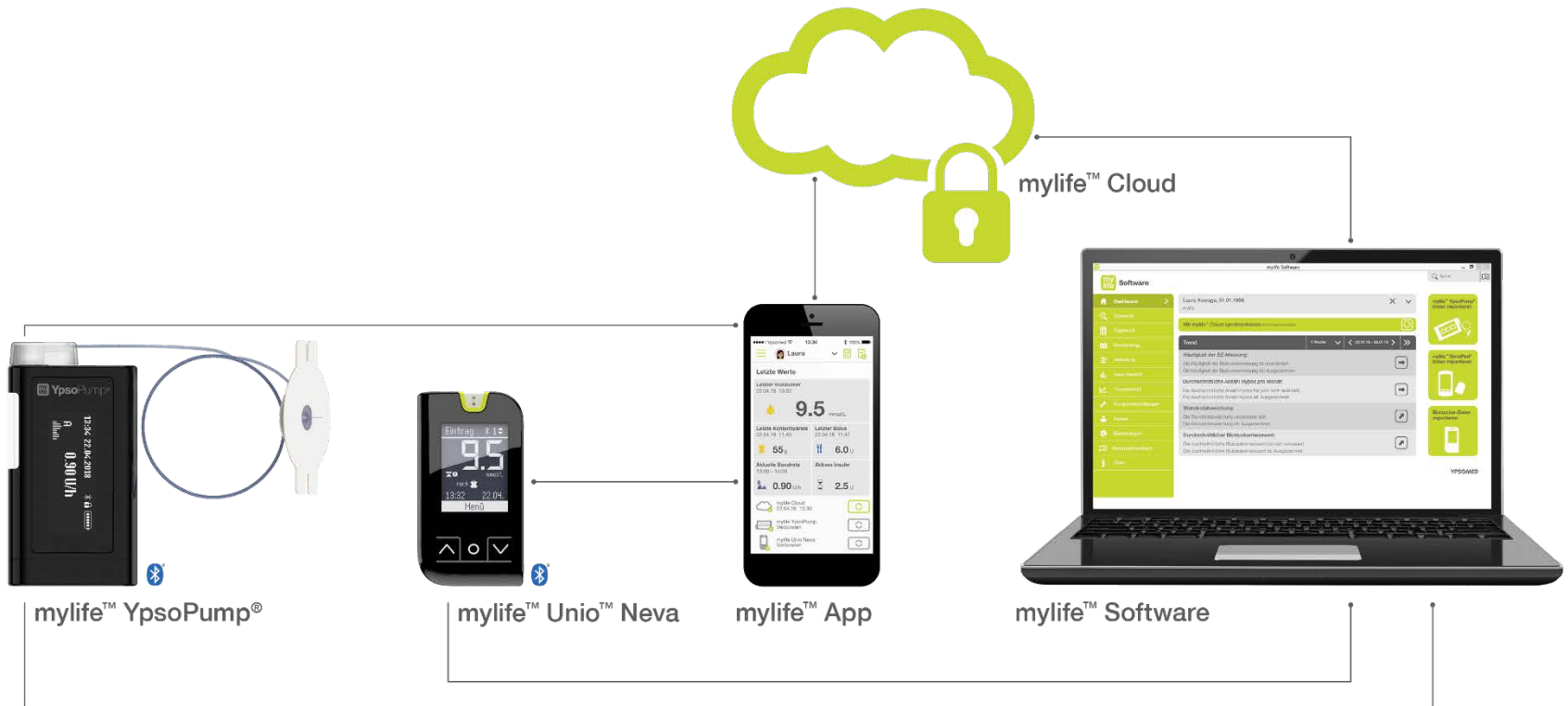
We will repeat our success, but faster

- With mylife™ Diabetescare, we have established ourselves as a **trustworthy**.
- We have a **competitive product**.
- We are represented in **more countries than ever** before.
- We have **well-functioning IT and logistic**.
- We have full functional and operational **freedom for implementation**.
- The mylife™ YpsoPump® comes at a **very good point of time**.

Order for a line for the Orbit[®] infusion set with an annual capacity of 10 million units



Digitisation creates added value in therapy



The digital product pipeline enables further applications for the mylife™ YpsoPump® system

Bolus Calc



BGM



CGM



Control



SmartAdvice



SmartLoop®



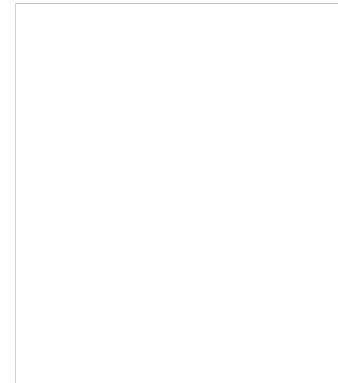
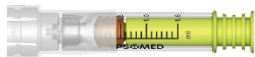
Version 1.5

mylife
Unio™ Neva

Version 2.0

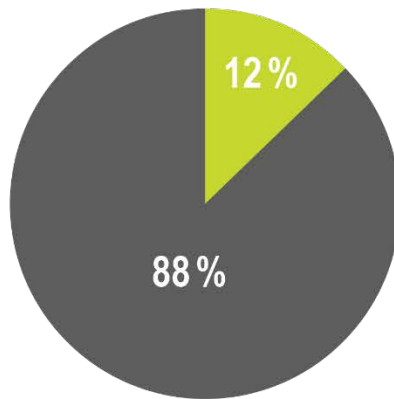


Reservoir/NovoRapid® PumpCart®



The insulin pump market is becoming more segmented

- Two different segments are emerging globally.
- Due to increasing competition, we expect a market potential for patch pumps of up to 25% in the medium term.



— Tubing pumps — Patch pumps

Source: Ypsomed estimates, as of 2018

Ypsomed will serve both segments in the medium term

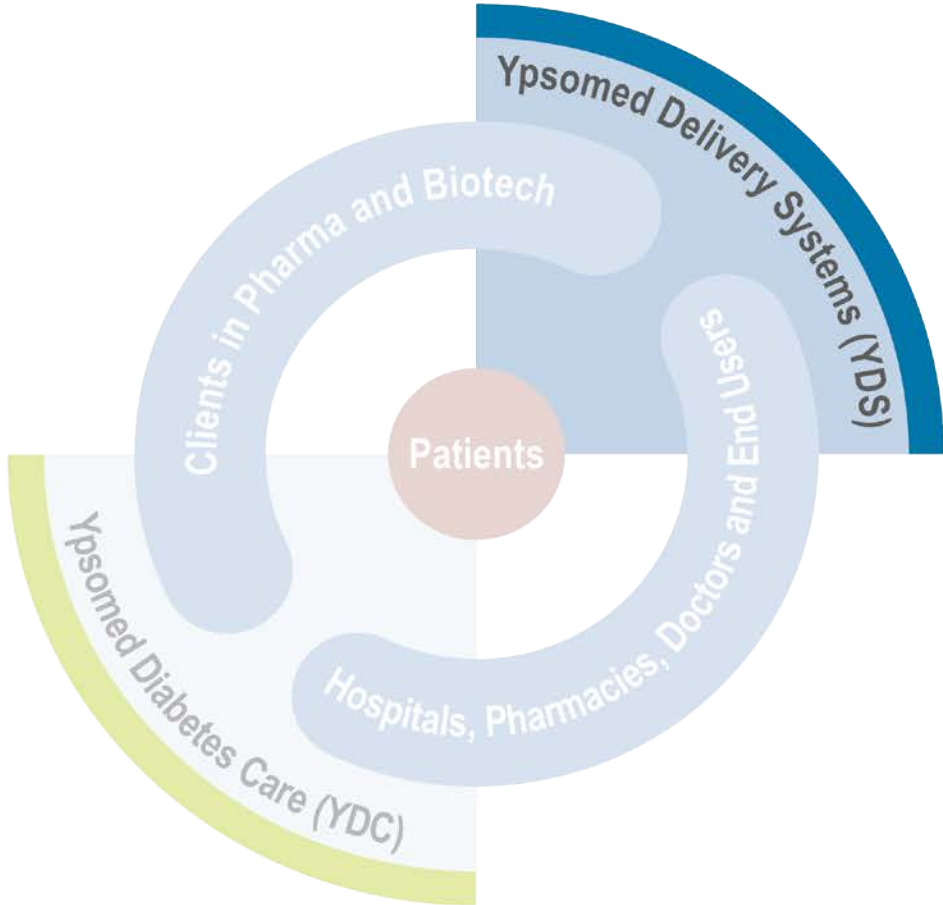
- The mylife™ YpsoPod® offers the user and society an economically and ecologically better solution.
- Development resources have been increased.
- The finalization of the concept will take place in the course of the 2018/19 financial year, followed by the implementation of the design.



mylife™ OmniPod® – Handover to Insulet Corp.

- Ypsomed will fulfil all its obligations by 30 June 2018.
- Accordingly, the sales contribution of the mylife™ OmniPod® increased to CHF 182 million and the EBIT-contribution to CHF 34 million.
- For the **first quarter of the 2018/19** financial year, we expect the mylife™ OmniPod® to contribute **around CHF 50 million** to operating sales and an EBIT contribution of around **CHF 7 million**.
- Furthermore, we expect a payment of **between CHF 40 million and CHF 55 million** for the seven-year expansion of the customer base in the 2018/19 financial year with an impact on sales and earnings.

Ypsomed Delivery Systems



Overview of indications and current platforms

Indications

- Diabetes (insulin, GLP-1)
- Growth disorders
- Fertility

Indications

- Autoimmune disorders
- Migraine
- Multiple sclerosis
- Immuno-oncology

Pens



Autoinjectors



Platform family pens



Established systems for the administration of insulins and other hormones

- Ypsomed is the leading developer and manufacturer of pen systems
- High proportion of biosimilars due to the patent cliff for existing drugs
- High share for emerging countries to improve local supply

Platform family autoinjectors



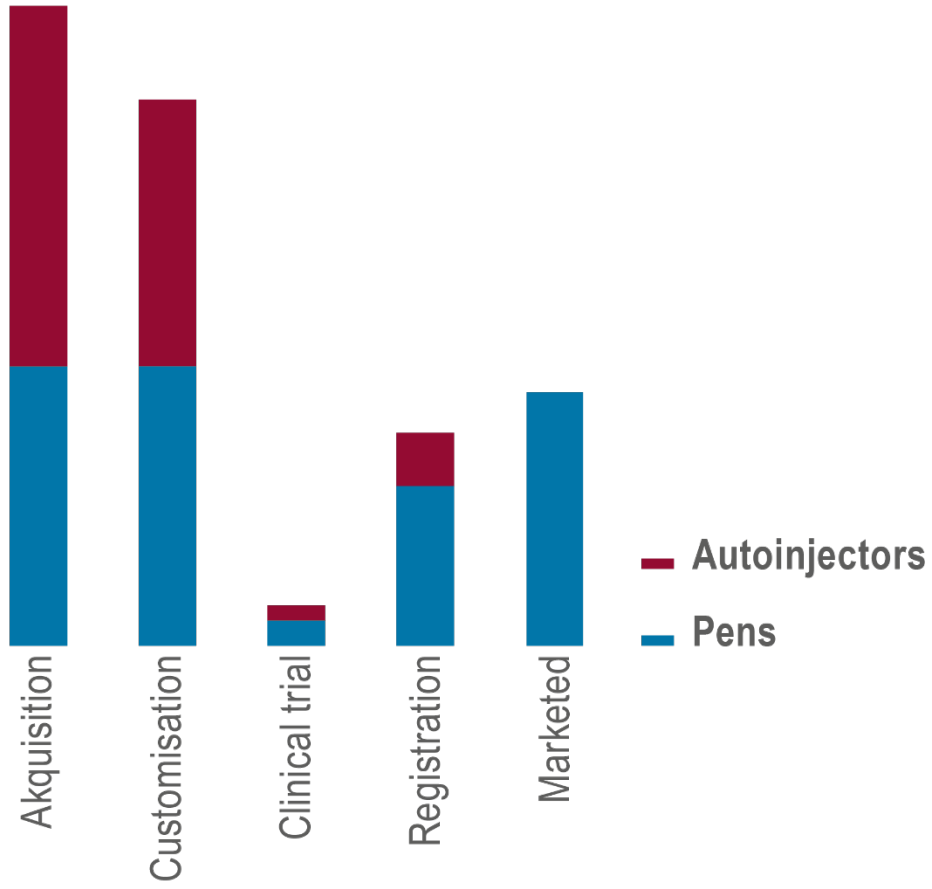
New system for the administration of complex drug formulations

- Very high growth potential for Ypsomed
- Biosimilars and in particular novel drugs
- New requirements due to larger volumes or higher viscosity
- First commercial delivery of Ypsomate[®] in 2018

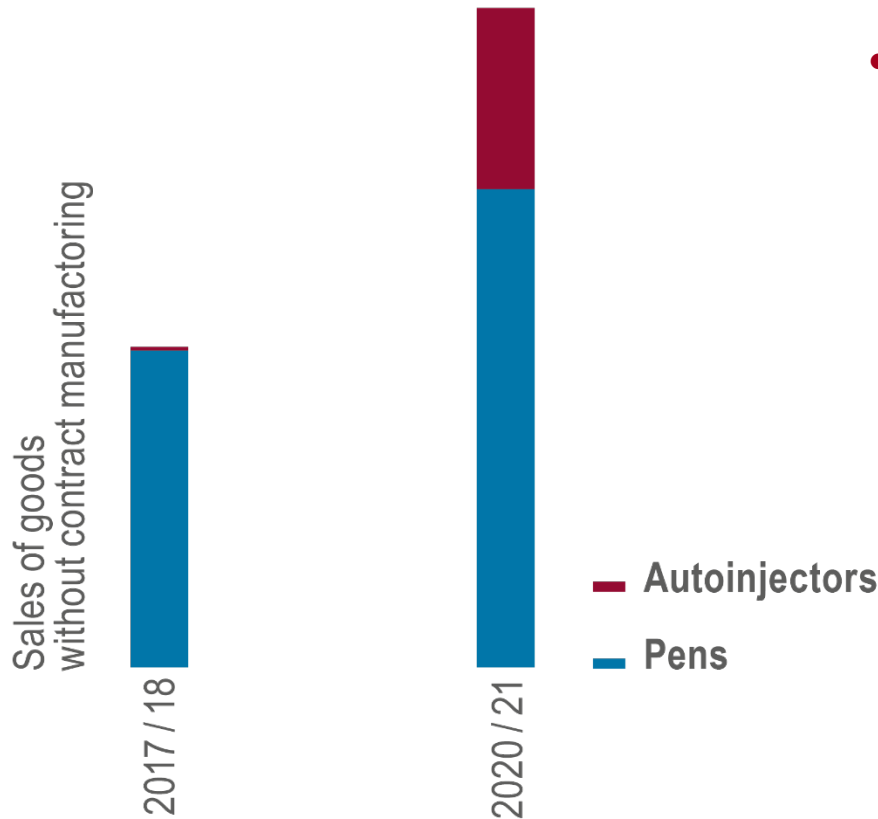
Trends and indications for future medicines

- Drugs are becoming **more specific**, e.g. in the treatment of **autoimmune diseases**. Instead of a generic drug (e.g. Humira), a large number of new, very specific drugs for e.g. **psoriasis**, **rheumatoid arthritis** or **Crohn's disease** come onto the market.
- **Prophylactic** therapies, e.g. against migraine with CGRP receptor agonists, are under development.
- New drugs for **Alzheimer's disease** and **obesity** are being developed, as well as for **rare diseases**.
- **Cancer drugs** are also becoming more specific. Efforts to develop active ingredients for subcutaneous injection open up opportunities for self-medication with auto- and patch injectors.

Full order pipeline



Full order pipeline leads to strong growth



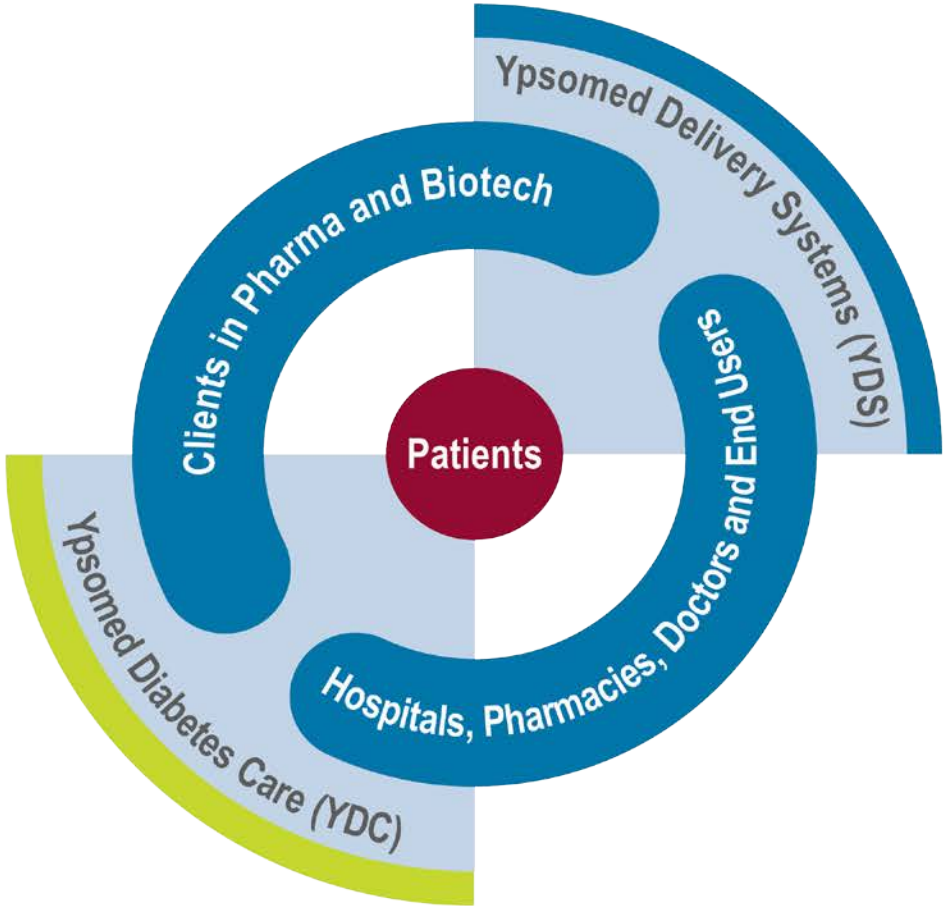
- The planned CAGR for 3 years is around 25%.
- Sales planning is subject to several uncertainties:
 - Risk of delay: postponement of the market launch
 - Quantity risk: Fluctuations in order quantities
 - Market risk: No market launch or sales stop

Test of the 5G mobile phone generation in production



- In connection with a pilot project with Swisscom, Ypsomed has **digitised various production processes** on a trial basis:
 - Evaluation of machine data in real time
 - Virtualisation of the machine PC's
 - Optimisation of the flow of goods
 - Quality inspection using Augmented Reality (AR)
- This makes our **processes more robust, safer and more efficient.**

Ypsomed Group



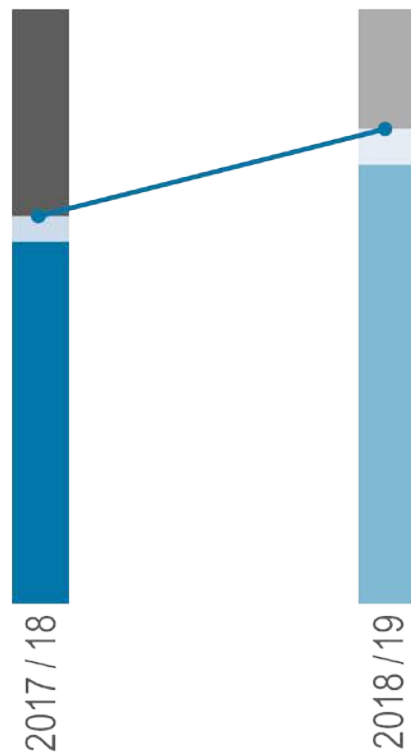
Construction work at headquarters and in Schwerin on schedule



Outlook for Ypsomed for the business year 2018/19

- Following the successful 2017/18 financial year, we are planning for 2018/19 to generate **similar sales** overall.
- We expect **EBIT between CHF 61 and 76 million**.
- An **important assumption** here is the payment by Insulet Corp. for the termination of the distribution agreement between **CHF 40 million and CHF 55 million** (recognised in sales and EBIT).
- Ypsomed's existing **dividend policy** remains unchanged.

Outlook for sales for business year 2018/19



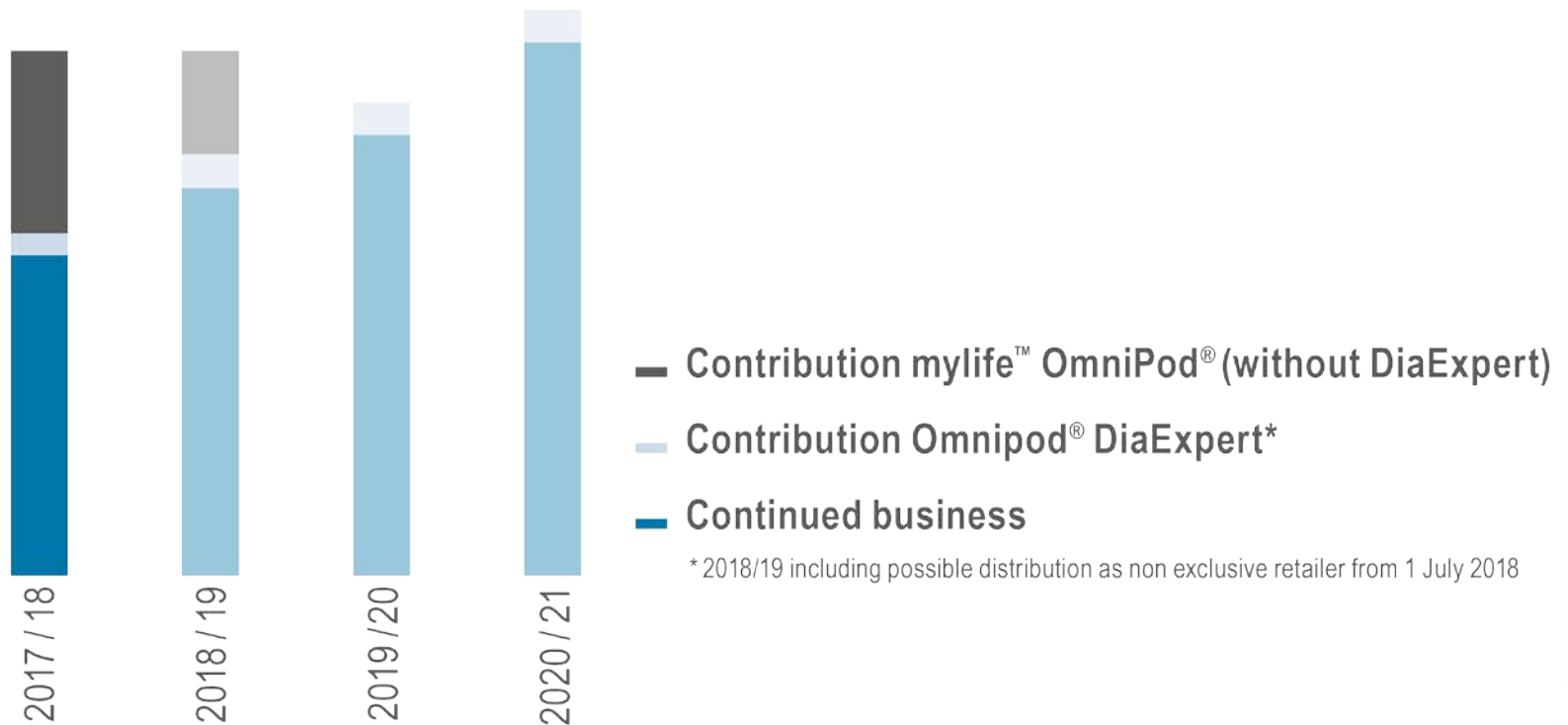
- Sales are expected to be of the same level including the extraordinary payment.
- The sales contributions of the **continued business will increase by around 22%**.

- Contribution mylife™ OmniPod® (without DiaExpert)
- Contribution Omnipod® DiaExpert*
- Continued business

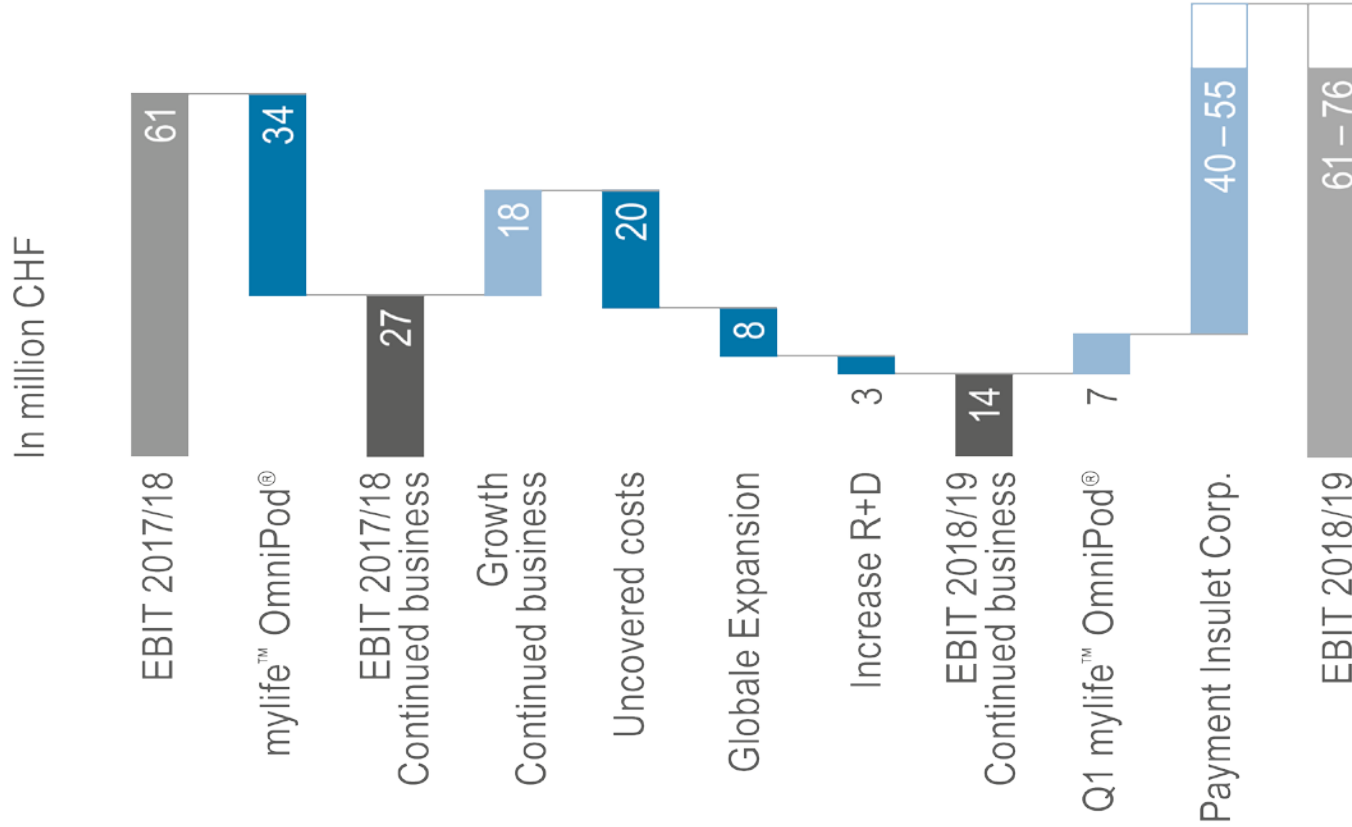
* 2018/19 including possible distribution as non exclusive retailer from 1 July 2018

Development of sales up to business year 2020/21

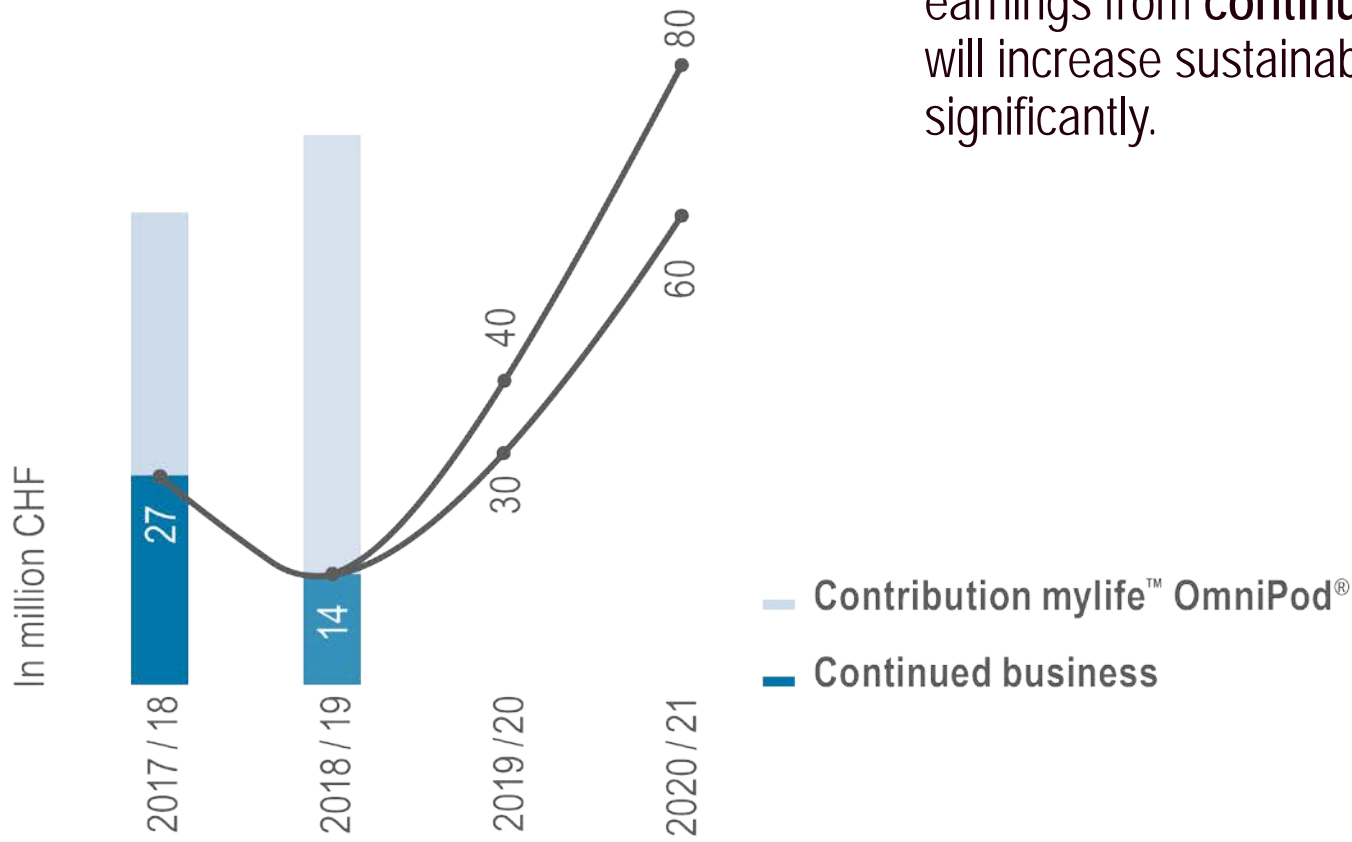
- Complete compensation for the decline in sales due to the loss of the mylife™ OmniPod® by 2020/21.



Outlook EBIT for the business year 2018/19



Development of EBIT up to business year 2020/21



- Following a decline in 2018/19, earnings from **continuing business** will increase sustainably and significantly.

Proposal to the Annual General Meeting – Election of Paul Fonteyne to the Board of Directors

- **Chairman and CEO of Boehringer Ingelheim, USA** since 2012 until March 2018.
- Paul joined Boehringer Ingelheim in 2003 and was responsible for the **Human Pharma business in the US** from 2003 to 2008.
- He moved to **Germany** to lead the global marketing team for the **global Human Pharma business** from 2008 to 2011.
- Prior to joining BI, Paul held various M&S positions at **Abbott Labs** and **Merck & Co.**
- Paul holds dual citizenship in **US** and **Belgium**.
- He earned an **M.S. in Chemical Engineering** from **University of Brussels** in 1985 and an **MBA** from **Carnegie Mellon University** in 1987.



Key upcoming dates

- **General Assembly** of Shareholders in Burgdorf 27 June 2018
- **Presentation of half-year figures 2018/19** in Zurich 6 November 2018

Questions and answers

