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## MEDIA RELEASE

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### **Ypsomed grows strongly with own products**

**Burgdorf, 06.11.2018, 7.00 a.m. – Ypsomed increased sales by CHF 45.3 million in the first half year of 2018/19. The operating result (EBIT) amounts to CHF 68.4 million. The result includes a CHF 49.8 million compensation from Insulet Corp. in terms of revenue and profit. The growth strategies with own products in expansion, innovation and production will be continued with determination. The mylife™ YpsoPump® insulin pump is developing successfully above expectations.**

During the first semester of the financial year 2018/19 Ypsomed achieved a consolidated total turnover of CHF 258.7 million (previous year: CHF 213.4 million). This corresponds to an increase of CHF 45.3 million. Included in the result is a CHF 49.8 million revenue and profit-related compensation from Insulet Corp. for setting up the European distribution structure for the Omnipod® insulin patch pump. Adjusted for all Omnipod® effects, Ypsomed achieved growth of CHF 16.8 million, an increase of 12.6 %. The operating result (EBIT) amounts to CHF 68.4 million (previous year: CHF 26.9 million) with an EBIT margin of 26.4 %. The net profit for the reporting period amounts to CHF 56.1 million (previous year: CHF 23.4 million).

#### **Ypsomed Diabetes Care: strong performance with own products**

The Ypsomed Diabetes Care (YDC) segment achieved a turnover of CHF 181.7 million in the first half of 2018/19 (previous year: CHF 141.9 million). The revenues include the expected compensation from Insulet Corp. to the amount of CHF 49.8 million as well as the contributions from the distribution of the mylife™ OmniPod® until 30 June 2018. For the second quarter beginning on 01 July 2018, a CHF 28.9 million turnover contribution can be attributed to the discontinuation of the mylife™ OmniPod® compared with the previous year. At the same time, the diabetes specialist retailer DiaExpert has concluded a dealer agreement for the direct distribution of the Omnipod® in Germany as from 01 July 2018 with Insulet Corp. which contributed CHF 7.6 million to segment turnover for the first half of 2018/19. In the traditional business without contributions from Omnipod®, in other words, also without the mentioned turnover contribution from Omnipod® sales by DiaExpert, Ypsomed increased sales by 18.1 % to CHF 73.2 million (previous year: CHF 62.0 million) compared with the previous year. In particular, the launch of the own insulin pump mylife™ YpsoPump® has exceeded expectations. Ypsomed expects an installed base of around 10'000 active pump users by the end of March 2019, which corresponds to a growth of around 8'000 users in the current financial year. The business with pen needles made a gratifying contribution to the increase in turnover which exceeded expectations. Due to the new glucose measurement technologies, sales of test strips are significantly better than the market as a whole, but slightly lower.

#### **Ypsomed Delivery Systems: stable growth**

During the first half-year 2018/19, the Ypsomed Delivery Systems (YDS) segment achieved a turnover of CHF 68.1 million (previous year: CHF 62.7 million). This represents an increase in sales of 8.6 %. GSK's withdrawal from the market with its GLP-1 product Tanzeum® was more than overcompensated for by the diversified product and customer portfolio. In addition, increased project revenues and increased deliveries for clinical studies contributed to the result. Furthermore, there was an increase in delivery volumes during the reporting period so that pharmaceutical

partners could test final assembly and prepare for commercial market entry. The area of contract manufacturing continues to grow and proves to be a solid revenue generator due to good partnerships. With YDS SmartServices™, Ypsomed, together with technology expert Philips, is developing a new and unique digital service with which pharmaceutical companies can process data from Ypsomed's injection systems to improve therapy adherence.

#### **Development expenditure and expansion in sales affect result**

In the first half-year of 2018/19, the operating result (EBIT) compared with the previous year increased from CHF 26.9 million to CHF 68.4 million. The EBIT margin is 26.4 % (previous year: 12.6 %).

The following factors have affected the result of the first half-year:

- During the reporting period, Omnipod® distribution was transferred to Insulet Corp. as of 30 June 2018. Ypsomed booked CHF 49.8 million in compensation from Insulet Corp. for building up the European distribution structure for the Omnipod® insulin patch pump.
- For the introduction of mylife™ YpsoPump®, Ypsomed maintained the country sales and marketing structures. Together with the amortisation of increased development costs, this reduced the result by CHF 10.8 million.
- Costs for the further development of platforms for injection systems, such as the YpsoDose® patch injector, also impacted profits.

#### **Strong increase in cash flow and investments**

In the first half of the financial year 2018/19, the cash flow from business activities increased from CHF 31.4 million to CHF 54.2 million compared with the previous year's period. Investment activities in the reporting period have more than doubled compared to the previous year and amount to CHF 66.9 million (previous year: CHF 26.4 million). The largest part of this is attributable to the construction of the new production plant in Schwerin and the manufacturing infrastructure for injection moulds in Burgdorf.

#### **Strong increase in total equity**

With regard to the balance sheet, cash and cash equivalents totalled CHF 35.0 million for the first half of 2018/19. Other current assets of CHF 58.6 million include CHF 49.8 million in compensation from Insulet Corp. This provides for a quarterly payment obligation, beginning on 30 November 2018. The total equity amounts to CHF 376.3 million (previous year: CHF 341.5 million). The equity ratio is 69 %.

#### **Outlook**

In the 2018/19 financial year, sales will be in the same order of magnitude as in the financial year 2017/18. At the EBIT level, Ypsomed expects a result of CHF 73 million for the current financial year. This assumes compensation from Insulet Corp. of around CHF 50 million. The final amount will depend on Insulet's service and sales performance in Europe and may differ negatively if existing customers terminate their diabetes therapy with the Omnipod® within twelve months of the end of the contract. For the operating business, Ypsomed expects a slightly higher EBIT of CHF 23 million.

For further information, please contact Thomas Kutt, Head of Investor Relations at Ypsomed Holding AG, at the telephone number +41 34 424 35 55 or by e-mail ([thomas.kutt@ypsomed.com](mailto:thomas.kutt@ypsomed.com)).

#### **About the Ypsomed Group**

Ypsomed is the leading developer and manufacturer of injection and infusion systems for self-medication and a renowned diabetes specialist with 30 years of experience. As a leader in innovation and technology, it is a preferred partner of pharmaceutical and biotech companies for pens, autoinjectors and pump systems for administering liquid medications. Ypsomed presents and markets its product portfolios under the umbrella brands mylife™ Diabetescare directly to patients or via pharmacies and hospitals as well as under YDS Ypsomed Delivery Systems in business-to-business operations with pharmaceutical companies. The company is headquartered in Burgdorf, Switzerland, and has a global network of production facilities, subsidiaries and distribution partners employing a staff of around 1'500 employees worldwide. For more information please go to [ypsomed.com](http://ypsomed.com).