Ypsomed Holding AG
Brunnmattstrasse 6
3400 Burgdorf / Switzerland
www.ypsomed.ch

MEDIA RELEASE

Ypsomed grows during first half-year and raises its forecast for the year

Burgdorf, 09.11.2017, 7.00 a.m. – During the first six months of the business year 2017/18, Ypsomed generated a consolidated total turnover of CHF 213.4 million. The growth corresponds to an increase in turnover of 15.1% (previous year: CHF 185.4 million). The net profit for the reporting period amounts to CHF 23.4 million (previous year CHF 22.4 million). The operating result amounts to CHF 26.9 million with an EBIT margin of 12.9%. Ypsomed expects a growth in turnover of approximately 18% versus the presently forecast 15% and increases the forecast to an operating result of around CHF 60 million for the business year 2017/18.

Ypsomed Diabetes Care: Successful in new markets

During the first half-year 2017/18, the Ypsomed Diabetes Care (YDC) segment achieved a growth in turnover of 25.2% to CHF 141.9 million (previous year: CHF 113.4 million). All sales organisations contributed to the growth of CHF 28.5 million, both in established and newly exploited markets.
In the YDC segment, the profits are burdened by the launch costs, market development and the supply of the mylife™ YpsoPump®. These initial market introduction costs will lead to higher turnover and profit contributions in the mid-term. The mylife™ YpsoPump® has been on the market for a good year and has meanwhile been launched in six countries and is in the launch phase in a further four countries. Feedback from patients and physicians is very positive and confirms that the need for an easy-to-operate insulin pump exists in the markets.
Ypsomed will also support Insulet Corp. in taking over distribution of the OmniPod® as per 01 July 2018. Until 30 June 2018, Ypsomed will continue to supply patients in the accustomed reliable manner.

Ypsomed Delivery Systems: Strong growth in the second half-year

During the first half-year 2017/18, the Ypsomed Delivery Systems (YDS) segment achieved a turnover of CHF 62.7 million. This corresponds to a slight decrease of CHF 1.4 million compared with the same period in the previous year. Larger volumes for GLP-1 in the previous year were largely compensated for by products from the new pen and autoinjector platforms. However, based on the current order volumes Ypsomed expects a growth in turnover of approximately 20% for the second half-year compared with the first half-year. The project business in the YDS segment remains at a high level with a continued increase in the number of project acquisitions and an extremely well-filled pipeline.

Others: Slight improvement in a difficult environment

The Others segment consists of Ypsomed's subsidiary Ypsotec and the assets not used operationally. This segment showed a modest recovery from CHF 7.8 million to CHF 8.7 million in a consistently difficult market environment. The consistent focus on demanding turned and milled components as well as the investments in Tábor are beginning to pay off.

Slight decrease in operating profits

In the first half-year of 2017/18, the operating result (EBIT) decreased by 4.3% to CHF 26.9 million (previous year: CHF 28.1 million). The EBIT margin is 12.6% (previous year: 15.2%).

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

- The geographic expansion into new markets has burdened the operating result in the YDC segment. Insulin pump therapy is well established in the newly exploited countries Australia, Spain, Belgium and Poland, which expands the future sales potential for the mylife™ YpsoPump®.
- Market introduction programmes and amortisation of the development costs to the amount of CHF 3.1 million and the time necessary to establish the mylife™ YpsoPump® represented a burden of CHF 7.5 million.
- With the mylife™ OmniPod®, Ypsomed was again able to demonstrate convincing growth during the first half-year. However, price regulations had a negative effect on the profit margin, particularly in France, a strong growth market.
- The installation and commissioning of additional machines and automated equipment for our pen and autoinjector platforms caused additional once-off costs.
- Compared with the previous year, production utilisation in the YDS segment was down slightly temporarily. During the second half-year production utilisation will however be increased considerably better.

Investments into building of new markets and production sites

The investment operations during the reporting period increased to CHF 26.4 million (previous year: CHF 17.4 million). CHF 6 million of this went on the new building in Burgdorf for the competence centre for moulding injection tools, the extended laboratory and the technical testing centre as well as new office workplaces in Burgdorf and Solothurn. A further CHF 5 million were invested in expanding production capacity for the pen and autoinjector platforms. Furthermore, CHF 10 million were spent on extending the production facilities in Burgdorf and Solothurn and for the in-depth planning of the new production site in Schwerin. CHF 5.6 million were invested into intangible assets. The majority went into the further development of the injection and infusion systems.

Equity capital remains stable at a high level

In terms of balance sheet, the level of liquid assets amounted to CHF 35.4 million for the first half-year 2017/18. The high cash holdings give Ypsomed the necessary flexibility in the operative business and allow us to invest further into expanding our production capacities, particularly in our new production site in Schwerin. Ypsomed's total equity amounts to CHF 303.8 million (previous year: CHF 301.8 million). The new equity ratio is 69%.

Outlook

According to the current position, the second half-year will be considerably better compared with the reporting period. The strong growth in turnover in the YDS segment with corresponding higher production utilisation will have a positive effect on the forecasts. Ypsomed expects a growth in turnover of approximately 18% versus the forecast 15%. On this basis, Ypsomed raises the outlook for the operating result to approximately CHF 60 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).

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‘400 employees worldwide. For more information please go to www.ypsomed.ch.