
MEDIA RELEASE

Ypsomed grows strongly in pharma customer business and continues to invest in the market development of the insulin pump

Burgdorf, 27 May 2020, 7:00 a.m. – In the financial year 2019/20, Ypsomed achieved consolidated sales of CHF 393.9 million (previous year: CHF 453.8 million). In the previous year, Ypsomed generated a turnover of 352.8 million in continuing operations. On this comparative basis, the result represents growth of CHF 41.0 million or 11.6 %. The operating result (EBIT) amounts to CHF 9.3 million. In the previous year, the discontinued operation contributed with CHF 61.9 million to the operating result of CHF 73.3 million. Net profit amounts to CHF 11.5 million (previous year: CHF 60.1 million).

The highlights of the financial year 2019/20 were:

- Market approval and launch of a total of 14 autoinjectors and pens led to a growth in sales of 35.7 % in this field.
- Preparation of the partnership with Dexcom for the integration of a continuous glucose monitoring system into the mylife™ YpsoPump® system and start of the mylife™ Loop program for a highly automated insulin delivery.
- Official opening of the new production site in Schwerin.
- Maintenance of ongoing operations despite the exceptional situation.
- Decision that Ypsomed commits to CO₂ neutrality till the end of the decade.

“We produce vital products for chronically ill people and thus have a responsibility towards society. At this point, I would like to express my thanks and appreciation to all our employees for fully maintaining our operation and production under such difficult circumstances”, comments Simon Michel, CEO Ypsomed, on the performance of the last months.

Outlook

In the business with insulin pumps, new pump starts are difficult in the current situation. Ypsomed expects that these new pump starts will be largely made up for as soon as operations have returned to normal. In the business with injection systems, no significant impact on deliveries of already approved drugs is expected. However, projects with pharma partners may experience delays in clinical trials or approvals, which may have a corresponding impact on project revenues.

Especially due to the uncertainty surrounding the start of new users on insulin pumps, it is difficult to provide a reliable outlook for the group. For the financial year 2020/21, Ypsomed expects a growth in turnover and an increase in profitability.

With its forward-looking business model, Ypsomed is well positioned for the changing environment. Ypsomed will consistently pursue its growth strategy and continue to invest in research and development as well as its employees. From today's perspective, the company still considers a medium-term EBIT target of CHF 100 million to be achievable.

Ypsomed is launching a multi-year strategic initiative to accelerate the increase in profitability. As a first measure, Ypsomed is decidedly striving for a distribution partnership for the market entry of the YpsoPump® in the USA.

Ypsomed Delivery Systems increases turnover by 23.3 %

The sales of the Ypsomed Delivery Systems (YDS) segment increased by 23.3 % or CHF 36.3 million in the financial year 2019/20. The turnover for the reporting period amounts to CHF 192.0 million (previous year: CHF 155.7 million).

- In the field of pens and autoinjectors, Ypsomed achieved a growth in sales of 35.7 %.
- In the field of contract manufacturing, sales are 6.5 % below the previous year's level, largely due to foreign currency effects.

Ypsomed Diabetes Care below expectations

The Ypsomed Diabetes Care (YDC) segment achieved sales of CHF 187.3 million in the 2019/20 financial year (previous year: CHF 280.4 million). In the previous year, the sales contribution of the continued operation was CHF 179.5 million in this segment. On this comparative basis, Ypsomed generated a growth of CHF 7.8 million, which is equivalent to 4.4 %. Growth was curbed by foreign currency effects of around CHF 9 million.

- Sales with the mylife™ YpsoPump® increased by 14.4 % in the reporting period.
- Business with pen needles is 11.2 % below the previous year in the reporting period, due to the sales development in the USA.

"In the past financial year, we grew at different rates in the two segments. In the segment of injection systems, we look back on the most successful financial year since the company was founded. In the Diabetes Care segment, we closed below expectations. We are not satisfied with this and are focusing even more on market development and technical advancements of the insulin pump", comments Simon Michel, CEO Ypsomed.

Capacity expansion and market development influences the operating result

The operating result for the financial year 2019/20 amounts to CHF 9.3 million (previous year: CHF 73.3 million). After adjusting the result for discontinued operations, the EBIT in the previous year amounted to CHF 11.4 million. The following factors have influenced the result for the 2019/20 financial year:

- Increased sales in the field of injection systems make a clearly positive contribution.
- The commissioning of the Schwerin site burdens the financial year with a total of CHF 6 million.
- The mylife™ YpsoPump® burdens the result with CHF 47.6 million.
- The Ypsotec Group generates a loss of CHF 3 million.

The net financial result is CHF -1.8 million (previous year: CHF -3.5 million), of which CHF 0.8 million is interest expense. In the 2019/20 financial year, Ypsomed generated an income on tax income of CHF 4.0 million, compared with expenses of CHF 9.7 million in the previous year. This was due to accounting effects from the sale of patents

and trademarks between two Swiss group companies. In the 2019/20 financial year, Ypsomed generated a net profit of CHF 11.5 million (previous year: CHF 60.1 million). The net profit margin is 2.9 % (previous year: 13.3 %). The earnings per share are CHF 0.91 (previous year: CHF 4.77).

High investment in production expansion

In the financial year 2019/20, Ypsomed generated an operative cash flow of CHF 49.1 million from business activities (previous year: 59.9 million). In the reporting period, the cash flow for investments in property, plant and equipment amounted to CHF 76.7 million (previous year: CHF 106.8 million). The majority of the investments went into the group's infrastructure and production expansion. Ypsomed invested an additional CHF 42.0 million (previous year: CHF 22.3 million) into intangible assets. Ypsomed's short-term financial liabilities to banks amount to CHF 183.0 million (previous year: CHF 112.0 million).

Sustainable dividend policy

In the interests of a sustainable dividend policy, the Board of Directors will propose to the Annual General Meeting that approximately CHF 2.5 million be distributed in dividends. Adjusted for tax income that has not yet been received, this represents a pay-out ratio of 35 %. Shareholders will be paid CHF 0.20 per registered share for the 2019/20 financial year (previous year: CHF 0.55).

Sustainability as an integral part of Ypsomed's strategy

Sustainability is included into Ypsomed's strategy as the fourth pillar. Ypsomed is focusing on substitution and compensation and is striving to achieve the objective of becoming CO₂-neutral at group level by the end of this decade.

Changes in the Board of Directors

Mr Anton Kräuliger, member of the Board of Directors and member of the Compensation Committee of the Ypsomed Group, will resign from the Board of Directors with effect from the 2020 Annual General Meeting. The Board of Directors proposes to the 2020 Annual General Meeting that Mr Gilbert Achermann be elected as a new member of the Board and the Compensation Committee. He is Chairman of the Board of Directors of the Straumann Group, the global market leader in dental implantology, and member of the Board of Directors of Vifor Pharma AG and Julius Bär Gruppe AG. He is member of the Supervisory Board at IMD Lausanne and member of the Committee of the Basel Chamber of Commerce.

General Meeting 2020

Due to these exceptional circumstances in connection with the COVID-19 pandemic, the General Meeting 2020, which takes place on 01 July 2020, will be held in accordance with the requirements of the Swiss Federal Council's Ordinance. The Board of Directors has therefore decided that this year exercising of voting rights at the General Meeting will be performed exclusively via independent proxy.

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). You can find detailed background information on the 2019/20 annual figures in the Annual Report 2019/20 of Ypsomed Holding AG at www.ypsomed.com (under Media & Investors).

About Ypsomed Holding AG

The Ypsomed Group is a leading developer and manufacturer of injection and infusion systems for self-medication and a renowned diabetes specialist with over 30 years' experience. As a leader in innovation and technology, Ypsomed is the preferred partner for pharmaceutical and biotech companies for the supply of pens, autoinjectors and infusion systems to administer liquid drugs. Ypsomed promotes and sells its product portfolio under the umbrella brands mylife™ Diabetescare directly to patients or through pharmacies and clinics and under YDS Ypsomed Delivery Systems as business-to-business to pharmaceutical companies. Ypsomed has its headquarters in Burgdorf, Switzerland, and operates a global network of manufacturing sites, subsidiaries and distributors. The Ypsomed Group employs almost 1 700 employees. Additional information is available under www.ypsomed.com.