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MEDIA RELEASE

Ypsomed grows strongly in the pen business

Burgdorf, 05.11.2019, 7.00 a.m. – Ypsomed achieved a consolidated total turnover of CHF 190.6 million during the first half-year of the business year 2019/20. EBIT from continuing operations increased by 71 %, the Ypsomed Delivery Systems segment grew by 33.8 %. The half-year results show that the platform strategy for pens and autoinjectors is paying off.

During the first half-year of the financial year 2019/20, Ypsomed achieved a consolidated total turnover of CHF 190.6 million (previous year: CHF 258.7 million). In the previous year, Ypsomed achieved a turnover of CHF 157.8 million in continuing operations without contributions of the mylife™ OmniPod®. On this basis of comparison, Ypsomed achieved growth of CHF 32.8 million or 20.8 % in the reporting period. The operating result amounted to CHF 9.0 million (previous year: CHF 68.4 million). Operating income (EBIT) from continuing operations increased by 70.8 % from CHF 5.3 million to CHF 9.0 million. The net profit amounted to CHF 7.6 million (previous year: CHF 56.1 million, incl. effects discontinued operations).

Ypsomed Delivery Systems grows by 55 % in the pen business
During the first half-year 2019/20, the Ypsomed Delivery Systems (YDS) segment increased turnover by 33.8 % or CHF 23.9 million, respectively. The turnover for the reporting period amounts to CHF 91.1 million (previous year: CHF 68.1 million).
The development of pen and autoinjector systems with several market approvals and first deliveries in the first half of 2019/20 and a growth of 55 % is particularly gratifying. The pleasing result shows that the platform strategy is paying off and that more and more products have now reached market readiness after several years of project, study and approval phases. In the reporting period, a total of four autoinjectors and six pen systems have received marketing approval or have been launched.
Sales in the Contract Manufacturing segment were around 10 % below the previous year's level, partly due to currency effects.

Foreign currency effects impair Ypsomed Diabetes Care
In the Ypsomed Diabetes Care (YDC) segment, Ypsomed achieved a turnover of CHF 92.1 million at mid-year of 2019/20 (previous year: CHF 181.7 million). The previous year's turnover included the expected expiration fee of Insulet Corp. to the amount of CHF 49.8 million as well as the contributions from the distribution of the mylife™ OmniPod® until June 30, 2018. In continuing operations, including the retailer contract of DiaExpert, Ypsomed's diabetes specialist retailer, for the distribution of the Omnipod® in Germany, Ypsomed generated a sales growth of CHF 11.3 million, which is equivalent to 13.9 %. Growth was curbed by foreign currency effects of around CHF 3 million.

Sales of the mylife™ YpsoPump® increased by 18 % in the reporting period. Despite obtaining market approval for the insulin pump in Canada in May 2019, no sales were generated in the reporting period as administrative approvals for reimbursement had not yet been obtained in several provinces. Due to a slight decline in demand in the USA, business with pen needles was below year-on-year in the reporting period. Business with blood glucose monitoring systems remains stable.

The Others segment is affected by a difficult market environment

The Others segment consists of Ypsomed's subsidiary Ypsotec and the properties not used for operational purposes. At CHF 7.4 million, turnover in this segment was some CHF 1.5 million below the previous year's result. Ypsotec suffers from the current negative economic development in the industry.

Significant growth in EBIT of approximately 71 % in continuous operations

The operating result (EBIT) for the first half of 2019/20 was CHF 9.0 million (previous year: CHF 68.4 million). The previous year's result included an expiration fee and contributions from mylife™ OmniPod® totalling CHF 63.1 million. EBIT from continuing operations increased from CHF 5.3 million to CHF 9.0 million, representing a growth of 70.8 %. The following factors have affected the operating result of the first half-year 2019/20:

- The increase in turnover and higher utilisation of the production capacity for pen systems made an encouraging contribution to earnings. Add to this, there were increased contributions from the project business.
- Additional license income of CHF 4.7 million for claimed and ongoing patents in the area of injection systems contributed positively to the result.
- The mylife™ YpsoPump® burdens the result with CHF 20.8 million (previous year: CHF 10.8 million). Marketing and distribution structure costs of CHF 6 million, previously covered by the mylife™ OmniPod®, as well as the establishment of new national subsidiaries are having an impact on the result.
- Ypsomed's new production plant in Schwerin was officially opened in August 2019. Ongoing commissioning costs have burdened the result.

Consistent investments in capacity expansion

In the first half of the financial year 2019/20, the cash flow from business operations amounted to CHF 33.1 million (previous year: CHF 54.2 million). Cash flow is burdened by CHF 10.5 million due to an increase in inventories and the expansion of capacity. This compares with the previous year where Ypsomed mainly reduced inventories of trade goods to the amount of CHF 8.6 million as part of the ending distribution of the mylife™ OmniPod®. Ypsomed's investment operations during the reporting period at CHF 52.9 million were slightly below those of the previous year (previous year: CHF 66.9 million). Of these, CHF 42.3 million were invested in property, plant and equipment, which included CHF 11.6 million for the construction and commissioning of the new production plant in Schwerin, CHF 8.6 million for the capacity expansion of the YpsoMate® autoinjector as well as CHF 22.1 million for the expansion of the building and manufacturing infrastructures at Ypsomed's existing sites. Ypsomed invested an additional CHF 13.3 million into intangible assets. The majority went into the further development of Ypsomed's infusion and injection systems.

Ypsomed's short-term financial debt to banks increased by CHF 39.0 million during the first half-year 2019/20 to the new amount of CHF 151.0 million. On July 05, 2019, Ypsomed distributed CHF 6.9 million as tax-free dividends from capital reserves.

Solid balance sheet as basis for the growth strategy

Long-term receivables of CHF 44.9 million include the outstanding expiration fee due from Insulet Corp. In the first half of 2019/20, approximately CHF 2.5 million of the expiration fee were transferred by the Insulet Corp. Ypsomed's total equity amounts to CHF 376.0 million (previous year: CHF 378.8 million). The equity ratio is 61.2 %.

Outlook

Due to currency effects, Ypsomed is reducing its turnover projection for the 2019/20 business year from CHF 415 million to around CHF 400 million.
The delayed launch of the YpsoPump® in Canada and Ypsotec's difficult market environment may be offset by contributions from the YDS segment. However, due to negative currency effects, Ypsomed expects a result between CHF 21 million and CHF 25 million at the EBIT level for the 2019/20 business year.

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About the Ypsomed Group

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.