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## MEDIA RELEASE

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### Ypsomed significantly increases turnover and invests more in the future

Burgdorf, 24 May 2018, 7.00 a.m. – In the business year 2017/18, Ypsomed generated consolidated sales of CHF 466.1 million (prior year: CHF 389.6 million). Compared with the previous year, this represents an increase in sales of 19.7%. The operating results (EBIT) increased by 10.4% compared to the previous year, from CHF 55.3 million to CHF 61.1 million. Net profit increased to CHF 52.1 million (previous year: CHF 46.2 million).

#### Ypsomed Diabetes Care continues to grow

The Ypsomed Diabetes Care (YDC) segment showed a growth in turnover of 28.2% to CHF 315.2 million (previous year: CHF 245.9 million) for the business year 2017/18. All sales organisations contributed to the growth of CHF 69.3 million. With the mylife™ OmniPod®, Ypsomed once again achieved very high sales of CHF 181.7 million (previous year: CHF 121.5 million). The share of sales of the mylife™ YpsoPump® increased in the business year 2017/18 in line with expectations. The marketing of the insulin pump accelerated last year and has been supplemented by the new system components mylife™ App and mylife™ Software. The blood glucose monitoring systems business grew slightly, although the market for conventional measurement systems and test strips is declining. The sales of pen needles increased by around 7%.

#### Strong second half-year for Ypsomed Delivery Systems

In the Ypsomed Delivery Systems (YDS) segment, Ypsomed increased sales by 3.6% to CHF 132.5 million in the 2017/18 business year (previous year: CHF 127.9 million). Particularly in the second half of 2017/18, sales increased to CHF 69.8 million which corresponds to a growth of 11.3% compared to the first half-year. Ypsomed expects significant growth for the YpsoMate® platform in the business year 2018/19. In the area of contract manufacturing, the need for additional volumes resulted in sales growth in high single digits.

#### Market recovery in the Others segment

Ypsotec achieved a growth in sales of CHF 2.7 million in the reporting period. This corresponds to an increase of around 17%. The share of sales grew at both locations, in Switzerland and the Czech Republic. Ypsotec has positioned itself well in the market and is benefiting from the improved market conditions.

#### Slightly lower gross margin

The gross margin fell from 32.2% to 30.0% in the business year 2017/18. More than half of the decline is due to price pressure on the mylife™ OmniPod®. Price regulations in several markets had a negative impact on the profit margin. As expected, the remainder is due to additional amortisation costs for the mylife™ YpsoPump®. These amounted to CHF 6.7 million in the reporting period (previous year: CHF 3.5 million). Furthermore, Ypsomed invested more in

research and development, especially in the area of concept development. Marketing and sales expenses rose at a disproportionately low rate to CHF 61.4 million (previous year: CHF 54.7 million).

### **Net profits increased by nearly 13%**

The operating result for the 2017/18 business year was CHF 61.1 million (previous year: CHF 55.3 million). The EBIT margin is now at 13.1% (previous year: 14.2%). The mylife™ OmniPod® contributed CHF 34.0 million to the operating result (previous year: CHF 24.1 million). This additional profit is due to the fact that no new markets were developed for the mylife™ OmniPod® in the past business year and that no additional costs were incurred as a result. The existing markets were fully served, which explains the high gain in profit. The mylife™ YpsoPump® burdened the result by CHF 18.0 million. This additional expenditure is attributable to increased amortisation costs and the introduction of new system components of the mylife™ YpsoPump® system, such as the mylife™ App. Basically, the introduction of the insulin pump causes uncovered additional costs per country for about two years. The insulin pump is available in 14 countries by the end of the 2017/18 business year and is in its full marketing phase, which reduces the operating result by an additional CHF 5.4 million compared to the previous year and explains the slight deviation in EBIT margin. The net financial result amounts to CHF 0.9 million (previous year: CHF 0.1 million). In the 2017/18 business year, Ypsomed increased net profits by 12.6% from CHF 46.2 million to CHF 52.1 million. The net profit margin is now 11.2% (previous year: 11.9%). The earnings per share amount to CHF 4.14 (previous year: CHF 3.67).

### **Sharp increase in investments**

In the business year 2017/18, Ypsomed generated an operative cash flow of CHF 53.3 million from business activities (previous year: CHF 75.1 million). The cash flow was influenced by higher customer balances and the build-up of inventories. In the 2017/18 business year, cash flow for investments in tangible assets amounted to CHF 51.0 million, of which CHF 35.3 million related to the various construction and conversion activities at the Burgdorf, Solothurn and Schwerin sites. A further CHF 15.7 million were invested in expanding production capacity for the pen and autoinjector platforms as well as the mylife™ YpsoPump®. An additional CHF 16.1 million were invested into intangible assets.

### **Focus of activities in the business year 2018/19**

Based on the results of the business year 2017/18 and the strategic orientation, Ypsomed has defined the following key activities for the coming months:

- Ypsomed will increasingly focus on the further development of their product portfolio. Additional resources are being built up and new standards implemented, particularly in the area of connectivity, i.e. the wireless connection of products.
- In development, Ypsomed is focusing on the concept finalisation of the mylife™ YpsoPod® patch pump. This is to be completed during the 2018/19 business year so that design realisation can then commence.
- Ypsomed will accelerate the market introduction of the mylife™ YpsoPump® and push the expansion of existing and the establishment of new subsidiaries. This includes preparing the entry into the US market in mid-2019, with an expected submission of the registration dossier to the US authorities in the first half of 2018.
- In order to meet the increasing demand from the market, the expansion projects in Switzerland and in particular the new production plant in Schwerin, will be completed on schedule. Constructional work is on schedule everywhere and the qualification of production in Schwerin will start in spring 2019, with the first production units starting in summer 2019.
- Ypsomed continues to work with Insulet Corp. on the handover of the Omnipod® business as of 1 July 2018 and the securing of the contractually agreed one-off payment. At present, Ypsomed estimates this to be between CHF 40 million and CHF 55 million. The focus is on the smooth supply of markets and users with the Omnipod®.

## Outlook

For the business year 2018/19, Ypsomed again anticipates an increase in turnover and earnings, primarily due to the one-off payment by Insulet Corp. As already announced, a temporary decline in sales and profits is expected in the following 2019/20 business year until the mylife™ YpsoPump® and the project commercialisation from the YDS business can fully compensate for the contribution of mylife™ OmniPod®. Investments in expansion, research and development will also temporarily affect profitability. Ypsomed is convinced that their own products will significantly boost business development. Accordingly, the mid- and long-term assessment of the situation has not changed. In the 2018/19 business year, sales will be in the same order of magnitude as in business year 2017/18. At the EBIT level, Ypsomed expects an amount of between CHF 61 million and CHF 76 million for the 2018/19 business year.

## Changes to the Board of Directors

Prof. em. Dr. Norbert Thom, 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 2018 Annual General Meeting. The Board of Directors proposes to the 2018 Annual General Meeting that Mr Paul Fonteyne be elected as a new member of the Board and the Compensation Committee. Paul Fonteyne is currently Chairman of the Board of Boehringer Ingelheim USA. From 2012 to March 2018 he was the Chairman of the Board and CEO of Boehringer Ingelheim USA. Paul Fonteyne, born in Brussels, is a dual citizen of the USA and Belgium. With his many years of international experience, Paul Fonteyne will enrich the expansion strategy and further market launches of the mylife™ YpsoPump® and make a significant contribution to the success of the Ypsomed Group.

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)).

You can find detailed background information on the 2017/18 figures in the 2017/18 Annual Report of Ypsomed Holding AG at [www.ypsomed.com](http://www.ypsomed.com) (under Media & Investors).

## 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 1'500 employees. Additional information is available under [www.ypsomed.com](http://www.ypsomed.com).