
PRESS RELEASE

Ypsomed achieves retail business turnaround

Burgdorf, 5 November 2013, 7:00 a.m. – In the first half of the 2013/14 business year, the Ypsomed Group generated total consolidated sales of CHF 131.5 million, up by CHF 11.7 million (around 10%) on the same period in the previous year. Profitability year-on-year was improved by an even greater margin, with operating profit increasing by over 90% from CHF 2.4 million to CHF 4.6 million. Amongst other things, this was due to sharp growth in Ypsomed's retail business. For the whole of the 2013/14 business year, the Burgdorf-based diabetes specialist is anticipating sales growth of 10% year-on-year and a slightly higher operating profit than previously forecast.

Customers to launch new pen systems in the Delivery Devices segment

In the Delivery Devices segment, Ypsomed achieved sales of CHF 68.4 million in the first half of the 2013/14 business year, as against CHF 69.1 million in the same period in the previous year. At CHF 3.9 million, operating profit was down on the previous year's figure of CHF 5.7 million. The segment result was adversely affected by the product mix and the additional costs incurred in relocating pen needle production from Burgdorf to Solothurn. Two new pen systems were brought onto the Asian market during the period under review: the low-cost, reusable Sulin pen was launched in China in cooperation with Tonghua Dongbao Pharmaceutical Co., Ltd., an Ypsomed partner and customer of many years' standing, while India saw the introduction of the Lupisulin pen, manufactured by the country's third-largest pharmaceutical company, the generic manufacturer Lupin Ltd. Thanks to newly launched pen systems and a raft of customer enquiries and projects, Ypsomed is anticipating double-digit sales growth and improved profitability in the Delivery Devices segment in the future.

Diabetes Direct business segment returns to profitability after investment phase

In the Diabetes Direct business, Ypsomed increased sales from CHF 42.7 million to CHF 55.3 million, a rise of 30% on the previous year. Significant demand for the tubing-free insulin pump mylife™ OmniPod® has been the main driving force behind this strong growth: up by 117%, sales more than doubled on the same period of the previous year. However, a rise in sales of 24% and 8% enjoyed by blood glucose meters and the diabetes specialist retailer DiaExpert respectively also contributed to this growth. The improved profitability in the Diabetes Direct business segment has been very pleasing, with operating profit (EBIT) positive for the first time since the launch of the diversification strategy and the expansion of diabetes care. Ypsomed posted an operating profit of CHF 1.2 million for the first half of the 2013/14 business year. Many years of investment in building up the Diabetes Direct business are beginning to pay off.

Positive market trends expected in the Others segment

Despite a fall in Ypsotec's sales from CHF 7.9 million to CHF 7.7 million, Ypsomed reduced the operating loss by CHF 0.3 million to CHF – 0.5 million in the first half of the 2013/14 business year. Positive signals from the market and efficiency savings in production should help us return to profitability in this segment in the future.

Ypsomed investing further in expanding its production capacities

Ypsomed invested CHF 15.4 million in total during the period under review, as against CHF 12.8 million in the corresponding period of the previous year. Of this amount, some two-thirds (CHF 10.1 million) was invested in fixed assets, primarily new equipment such as automatic pen assembly machines and injection moulding tools. These investments were made in light of the increase in customer enquiries and projects. The remaining one-third (around CHF 5.3 mil-

lion) was invested in intangible assets, mainly in developing Ypsomed's own insulin pump, the mylife™ YpsoPump®. Ypsomed generated positive free cash flow of CHF 5.8 million during the period under review, which is vital for securing long-term business development.

Net profit more than doubled

At CHF 1.9 million, financial income was up by CHF 1.0 million year-on-year due to the reversal of an impairment in the amount of CHF 1.0 million relating to the stake in Bionime Corp. Financial expenses increased to CHF 1.5 million in the first half of the 2013/14 business year, as against CHF 1.0 million in the same period last year. This was mainly due to currency effects and the interest payable on slightly higher financial liabilities. Overall, net profit more than doubled in the first half of the 2013/14 business year and amounts to CHF 0.36 based on the average number of registered shares in issue (previous year: CHF 0.16).

Outlook

For the 2013/14 business year, Ypsomed is anticipating sales growth of around 10% and earnings before interest and taxes (EBIT) of some CHF 10 million.

Further information is available from Benjamin Overney, Head of Investor & Public Relations at Ypsomed Holding AG, tel. +41 34 424 41 59. This press release, the 2013/14 semi-annual report and additional documentation are available in electronic form at www.ypsomed.com.

Key figures for the first half of the 2013/14 business year

In thousand CHF Unaudited Swiss GAAP FER figures	April 1, 2013 – Sept. 30, 2013	April 1, 2012 – Sept. 30, 2012	Change	in %
Sales of goods and services	131 473	119 745	11 727	9.8%
thereof Delivery Devices*	68 415	69 115	-700	-1.0%
thereof Diabetes Direct Business*	55 322	42 695	12 628	29.6%
thereof Others*	7 736	7 936	-200	-2.5%
Gross profit	30 646	27 360	3 286	12.0%
Gross profit in %	23.3%	22.8%		
Operating profit	4 644	2 429	2 215	91.2%
Operating profit in %	3.5%	2.0%		
Net profit	4 600	2 037	2 563	125.8%
Net profit in %	3.5%	1.7%		
Earnings per share (in CHF)	0.36	0.16	0.20	125.0%
Research and development expenditures, total	11 223	10 240	983	9.6%
Investments in fixed assets	10 146	8 126	2 020	24.9%
Equity ratio in %	62.9%	63.6%		
Employee headcount (as of September 30)	989	1 020	-31	-3.0%
Employees fulltime equivalents (as of September 30)	948	974	-26	-2.7%

*The segment Delivery Devices comprises the product groups pen systems, pen needles, infusionsets and other injection moldings produced by Ypsomed. The business segment Diabetes Direct Business covers the direct trade in a range of diabetes articles. Segment Others contains the business segment Precision turned parts and real estate currently not used for operational purposes.