

Medical Devices for Self-injection

Company Presentation –November 2004

YPSOMED
SELF CARE SOLUTIONS

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Company Representatives

- Willy Michel
Chairman Ypsomed
- Matthew Robin
CEO Ypsomed
- Niklaus Ramseier
CFO Ypsomed
- Daniel Kusio
Investor & Media Relations



Offering Summary

- Company: Ypsomed Holding AG (Burgdorf, Switzerland)
- Listing: SWX Swiss Exchange
- Offering Size: Up to 3,239,600 million shares (pre-greenshoe)
- Free Float: Approximately 25% (pre-greenshoe)
- Greenshoe: 250,000 shares
- Use of Proceeds:
 - Finance capital expenditures, growth and general corporate purposes
 - Pay back debt granted by Willy Michel
- Lock-up:
 - 12 months for Willy Michel and Company
 - 12 months (50%) / 24 months (50%) for employee shares and BV Group convertible shares
- Pricing: 22 September 2004



Injection Systems Business
<ul style="list-style-type: none">Self Injection DevicesPen Needles
<hr/>
<ul style="list-style-type: none">Blood Glucose Monitoring

Infusion Systems Business
<ul style="list-style-type: none">Infusion SystemsContinuous Glucose Monitoring
<hr/>
<ul style="list-style-type: none">Blood Glucose Monitoring



- Today, Ypsomed is the world's leading independent manufacturer of custom made Self Injection Devices with over 15 years of experience

Investment Highlights

Compelling history as
division of Disetronic

Management track
record

Largest independent
manufacturer of
injection pens

Attractive financial
profile



Technological
excellence and
product development
expertise

Close and long-lasting
relationship with high
class customer base

Strong market
dynamics (diabetes,
biotechnology, patent
expirations)

Ypsomed's activities are organised in three business sectors:

Self Injection Devices

- Custom-made Self Injection Devices for pharmaceutical and biotech partners
- Marketed products
 - Disposable pens
 - Reusable pens
- Product pipeline
 - Semi-disposable pens
 - Auto-injectors
 - Motor-driven pens
 - Needle-free pens

Pen Needles

- Pen needles that fit all major brands of Self Injection Devices on the market
- Patented click-on mechanism

Diabetes Care

- Local access to customers and opinion leaders in various countries
- Direct distribution to customers in Germany / DiaExpert GmbH mail order and internet portal

Sustainable Partnerships

Insulin



hGH



interferon
& EPO



r-hFSH



Preos



... and other partners

- Customised injection systems for pharma and biotech partners

- Getting away from it all ...

- Cumbersome and painful injection
- Dependency on specialists
- Needle phobia



- To ...

- convenience
- accuracy
- increased compliance
- reduced pain
- social acceptance
- successful therapy



Self Injection Devices - Marketed Products

Reusable Pens

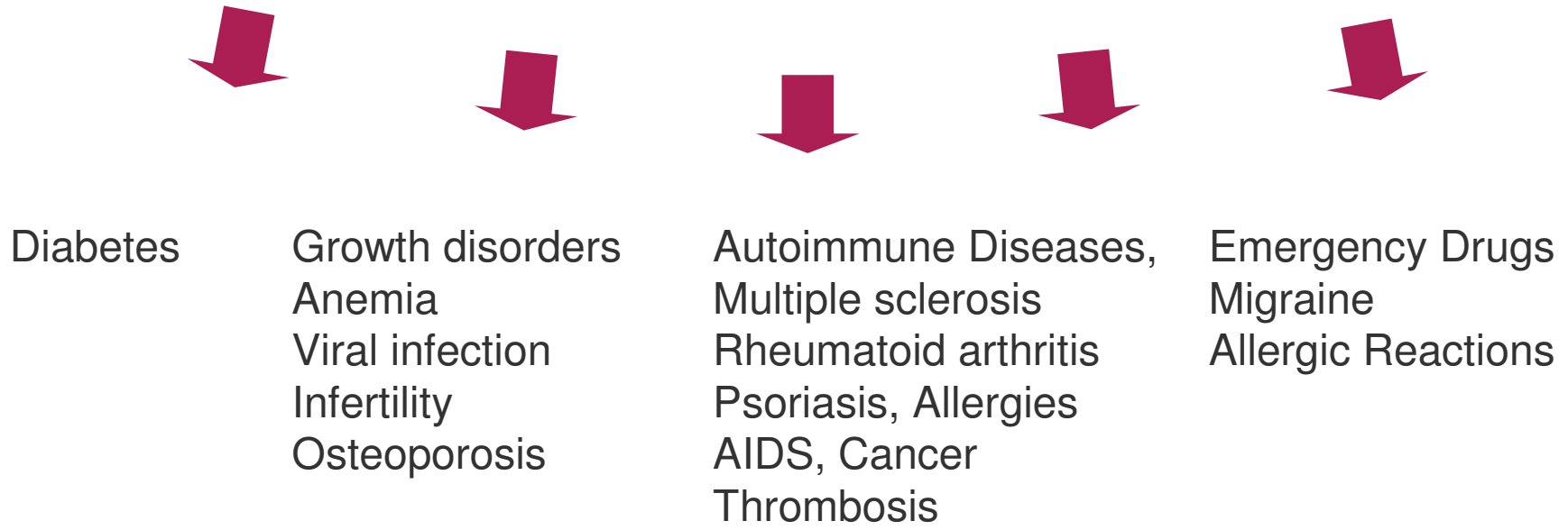
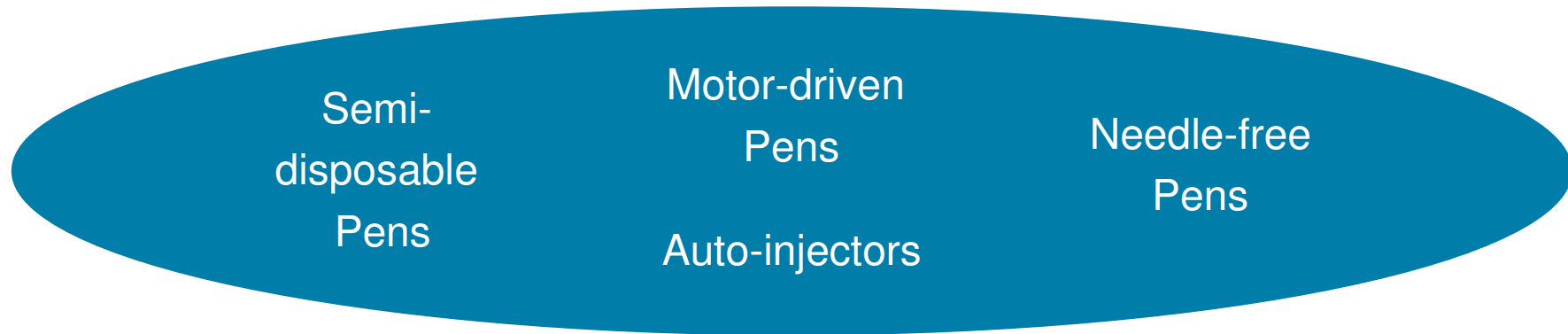
- Electronic display / max. 2 year lifetime
- Simple handling
- Variable dosing
- Unparalleled accuracy
- Single or two-chamber cartridges



Disposable Pens

- Simplest handling, used for multiple injections
- Device cost reimbursed in drug price
- Only 5 to 7 plastic parts





- Significant advantage of injection pens over traditional injection devices

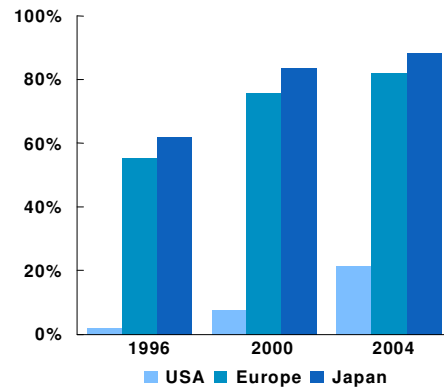
- Growth of diabetes market
 - Currently largest market for injection pens
 - WHO estimates over 150 million affected people worldwide, 300 million by 2014
 - Diabetes increasing due to ageing of population, unhealthy diets, sedentary lifestyle
 - Focus on type II (90% to 95% of all diabetics)

- Strong Lantus growth and penetration
 - 2003 Aventis revenues: \$551m
 - H1 2003 - H1 2004 growth rate: 102.1%
 - Ypsomed only pen supplier to Aventis

Growth Drivers for Injection Pens (II)

🕒 Increase in US pen penetration

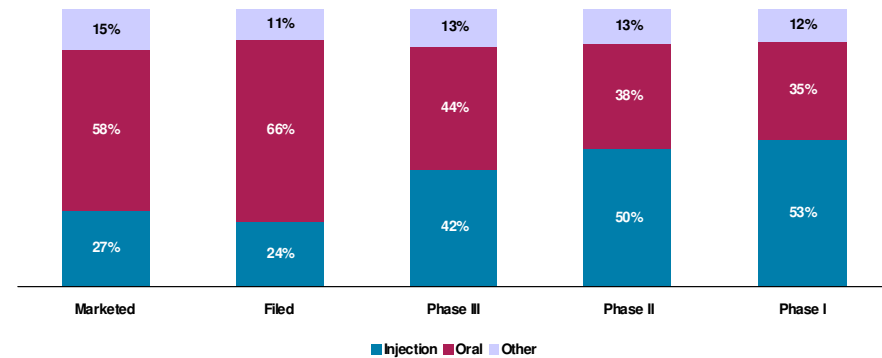
Injection Pen Penetration in the USA, Europe and Japan



Source: Pharma Partner (Aventis, CanAmCare)

🕒 New biotech applications

Number of Products by Delivery Technology



Source: Evaluate Pharma, includes only products where delivery technology is known

🕒 Pharma company differentiation needs

- Life-cycle management
- Increased competition

The Leading Independent Specialist

- Competitors of comparable size are divisions of pharmaceutical companies manufacturing pens for their own products internally
 - Novo Nordisk
 - Lilly
- Various much smaller direct competitors
 - Not necessarily regular revenues
 - e.g. Owen Mumford and Haselmeier
- High barriers to entry and high switching costs
 - Significant upfront investment
 - 3-5 years development time
 - Registration of production facilities
 - Long term contracts to partner's trust
 - Portfolio of approx. 100 patents with over 10 years average remaining patent lifetime



Pen Needles - Product Overview

- Penfine® - Universal Pen Needle
- Fits all major brands of pens on the market
- Patented click-on mechanism
- Maximum handling convenience
- Large range of different needle length
- Direct access to customers
- World market of over 3 billion
- Ypsomed is no. 3 player

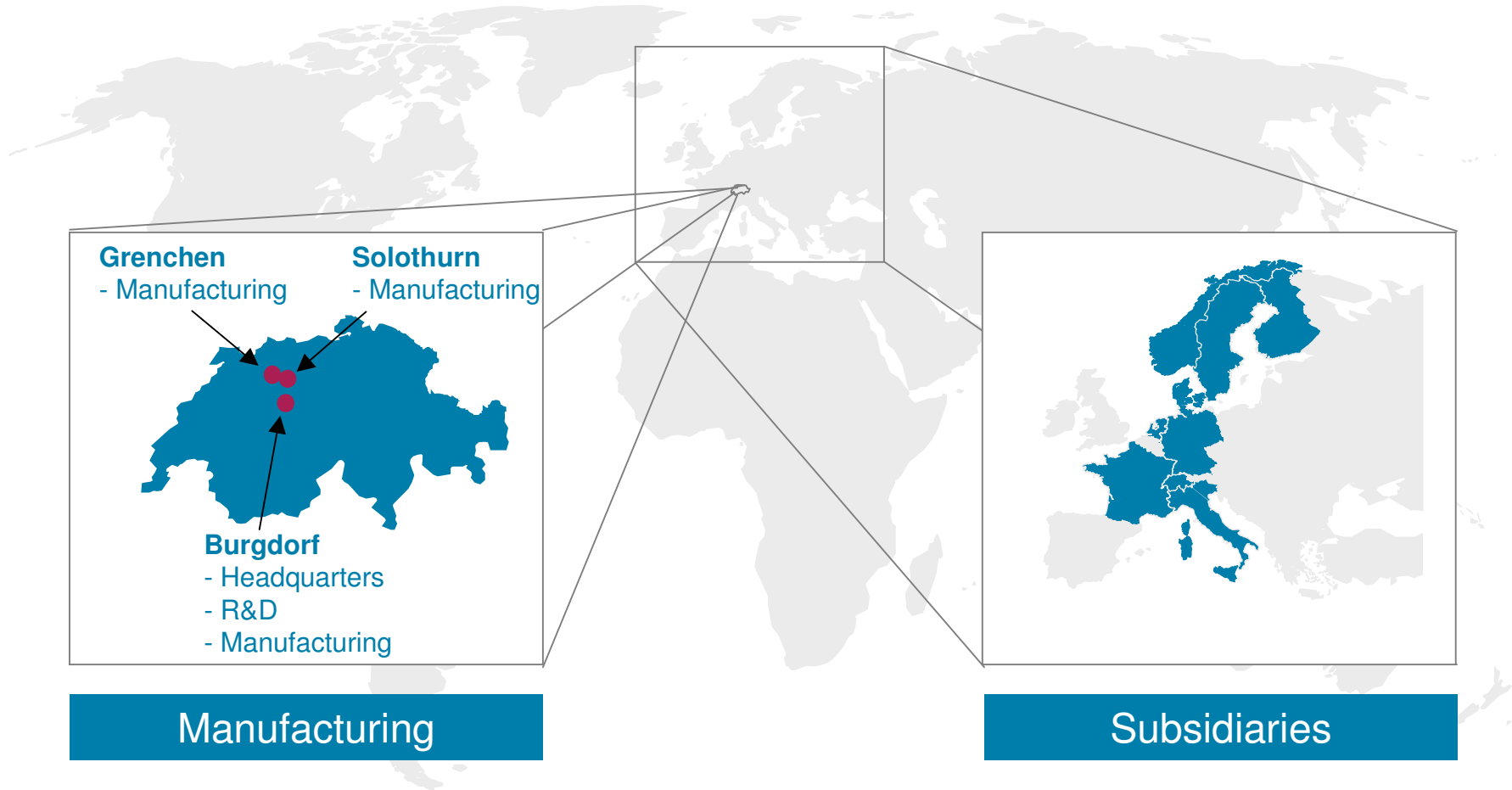


- Ypsomed's pen-needle business grew by more than 40% in the last financial year, compared to 10% overall pen-needle market growth
- Increasing market for injectables and increasing pen penetration rate
 - High growth from the US market
- Attitude towards hygiene and safety increasingly leading to single use of needles, as prescribed
- Geographical expansion
 - Increasing US presence by distribution agreement with Wal-Mart
 - Expansion in Asia
- Comprehensive diabetes care product portfolio allows leveraging sales force for needles in Europe

- The two major global players in the needles market are part of larger health care companies
 - Becton, Dickinson
 - Novo Nordisk

- Smaller competitors with a stronger regional presence include
 - B Braun Melsungen (Germany)
 - Artsana (Italy)

Ypsomed products are sold globally through pharma partners and through Ypsomed's distribution networks



- Currently 50 employees and CHF17 million spending in 2003/04, whereof CH 10 million have been paid by the pharma partners
- Development projects:
 - Development of specific applications for pharma partners
 - 12 ongoing projects driven by customers
 - High probability of launching those pens / devices over the next 3 years
- Technology projects:
 - Proprietary research to stay ahead of market demand
 - New reusable pen platform for insulin and other applications
 - New disposable pen platform
 - Disposable auto-injectors
- Development philosophy
 - Dedicated device design to cover patient / therapy needs and drug "branding"
 - Range of devices covering standard to customised requirements

- Secure and expand number 1 position as independent partner of the pharmaceutical and biotech industry in the area of self-injection

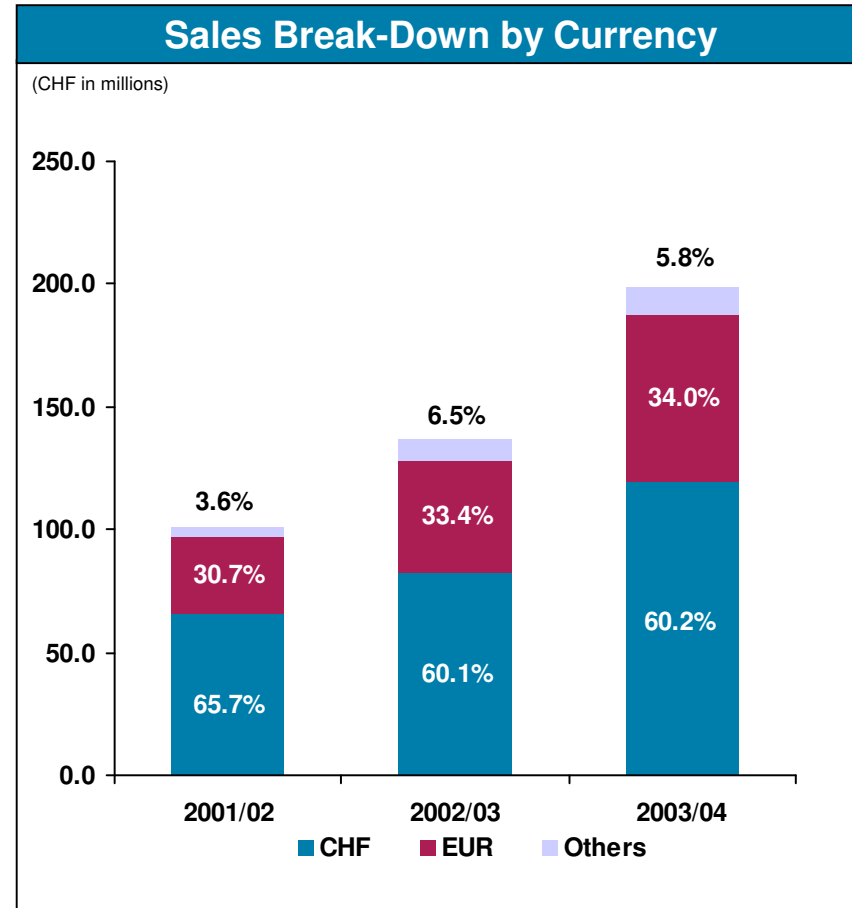
- Further develop needle business by bringing innovation and choice to customers

- Further expand partner and distribution network

- Capitalise on favourable positioning with
 - Valuable patents in core technologies
 - In-house development knowledge and competence
 - Strong existing customer relationships

Sales Break-Down

Sales Break-Down by Product Group			
(CHF in millions)	2003/2004	2002/2003	2001/2002
Sales			
Ypsomed own finished Products	138.5	97.6	78.6
<i>% of total sales</i>	<i>69.7%</i>	<i>71.1%</i>	<i>78.2%</i>
FreeStyle	46.3	36.2	17.4
<i>% of total sales</i>	<i>23.3%</i>	<i>26.4%</i>	<i>17.3%</i>
Other products	13.9	3.4	4.5
<i>% of total sales</i>	<i>7.0%</i>	<i>2.5%</i>	<i>4.5%</i>
Total Sales	198.7	137.2	100.6
	2003/2004	2002/2003	2001/2002
Growth Rates			
Ypsomed own finished Products	41.9%	24.1%	-
FreeStyle	28.0%	107.7%	-
Others products	311.3%	(25.5%)	-
Total Sales	44.9%	36.4%	-



Note: Others: USD, GBP, SEK

Consolidated Income Statement



in CHF 1 000

	<u>March 31, 2004</u>	<i>Margins</i>	<u>March 31, 2003</u>	<i>Margins</i>	<u>March 31, 2002</u>	<i>Margins</i>
Sales of goods and services	198,734		137,187		100,613	
Cost of goods and services sold	(122,877)		(94,917)		(74,954)	
Gross profit	75,857	38.2%	42,270	30.8%	25,659	25.5%
Research and development reimbursed	10,189	5.1%	13,700	10.0%	11,014	10.9%
Research and development expenses	(16,810)	-8.5%	(18,259)	-13.3%	(11,809)	-11.7%
Research and development – costs net	(6,621)	-3.3%	(4,559)	-3.3%	(795)	-0.8%
Marketing and sales expenses	(22,894)	-11.5%	(13,179)	-9.6%	(9,289)	-9.2%
Administrative expenses	(13,209)	-6.6%	(10,328)	-7.5%	(8,886)	-8.8%
Operating profit before goodwill amortization	33,133	16.7%	14,204	10.4%	6,689	6.6%
Amortization of goodwill	(14,691)	-7.4%	0	0.0%	0	0.0%
Operating profit after goodwill amortization	18,442	9.3%	14,204	10.4%	6,689	6.6%
Finance costs - net	(1,188)	-0.6%	(47)	0.0%	(26)	0.0%
Other income	276	0.1%	33	0.0%	132	0.1%
Profit before taxes	17,530	8.8%	14,190	10.3%	6,795	6.8%
Income tax expenses	(3,486)	-1.8%	(2,129)	-1.6%	(1,019)	-1.0%
Net profit	14,044	7.1%	12,061	8.8%	5,776	5.7%
Net profit before GW amortization	28,735	14.5%	12,061	8.8%	5,776	5.7%
Operating profit after goodwill amortization	18,442		14,204		6,689	
Amortization of goodwill	14,691		0		0	
Amortization of intangible assets	697		531		488	
Depreciation	15,734		12,913		11,485	
EBITDA	49,564	24.9%	27,648	20.2%	18,662	18.5%

Consolidated Balance Sheet

(in CHF 1 000)

	<u>31/03/04</u>	<u>31/03/03</u>	<u>31/03/02</u>
Assets			
Cash and cash equivalents	12,616	3,893	1,932
Trade receivables	29,986	19,446	16,085
Other current assets	13,008	7,004	2,048
Inventory	37,703	30,735	24,725
Total current assets	93,313	61,078	44,790
Financial assets	20	20	20
Deferred income tax assets	5,179	1,121	600
Other non-current assets	122	45	150
Fixed assets	101,570	79,866	70,778
Intangible assets	300,579	832	779
Total non-current assets	407,470	81,884	72,327
Total assets	500,783	142,962	117,117
Liabilities & Equity / capital employed			
Current financial liabilities	0	4,200	4,200
Trade payables	16,840	9,491	3,554
Current income tax payable	3,923	1,306	521
Other payables and accrued expenses	12,491	8,232	8,242
Total current liabilities	33,254	23,229	16,517
Long-term financial liabilities to shareholders	439,245	0	0
Provisions	12,556	4,457	2,675
Deferred income tax liabilities	3,888	3,593	2,347
Total non-current liabilities	455,689	8,050	5,022
Capital employed	0	99,622	89,802
Share capital	250	0	0
Net profit	0	12,061	5,776
Net profit 01.05.03 – 31.03.04 (11 months)	11,590	0	0
Equity / capital employed	11,840	111,683	95,578
Total liabilities & equity/capital employed	500,783	142,962	117,117

• Share Capital

- Ypsomed Holding AG has raised its share capital on July 28, 2004 from CHF 250'000 to CHF 100 million by offsetting 99.75 million of the loan provided by the shareholder Willy Michel.

• Loan provided by Willy Michel

- Willy Michel has granted a loan to Ypsomed which immediately before the IPO amounts to approx. CHF 341 million
- A portion of the IPO proceeds will be used to partially redeem this loan to a residual amount of approximately CHF 200 million
- The loan will bear interest of 0.5% p.a. and remain outstanding until March 31, 2010

• Convertible loan provided by BV Holding AG CHF 10 million

- The loan amount shall be converted into shares, whereby the applicable share price shall be the Offer Price being offered in the Offering less 10%.

Consolidated Cash Flow

in CHF 1 000

	<u>March 31, 2004</u>	<u>March 31, 2003</u>	<u>March 31, 2002</u>
Net profit	14,044	12,061	5,776
Depreciation of fixed assets	15,747	12,913	11,485
Amortization of intangible assets	685	531	488
Amortization of goodwill	14,691	0	0
Change in provisions	1,500	1,782	1,412
Income tax expense	3,486	2,129	1019
Cash flow from operating activities before changes in net working capital	50,153	29,416	20,180
Increase in networking capital	(16,613)	(9,018)	(13,684)
Cash flow from operating activities	33,540	20,398	6,496
Purchase of fixed assets	(37,960)	(22,330)	(18,219)
Disposal of fixed assets	641	328	254
Purchases of intangible assets	(998)	(589)	(522)
Disposal of intangible assets	37	5	19
Proceeds from repayment of loan	0	105	0
Acquisitions (net of cash)	(1,396)	0	0
Cash flow from investing activities	(39,676)	(22,481)	(18,468)
Decrease in current borrowings	(4,200)	0	(1,800)
Increase in non-current financial liabilities to shareholders	21,578	0	0
Increase / (decrease) in capital employed (financing)	(2,519)	4,044	14,664
Cash flow from financing activities	14,859	4,044	12,864
Net increase / (decrease) in cash and cash equivalents	8,723	1,961	892

Injection for your portfolio

- Attractive and fast growing markets
- Leading market position with long-standing partnerships
- Strong revenue growth with potential for further margin expansion
- Management with proven track record

Thank you.



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Back-up Slides

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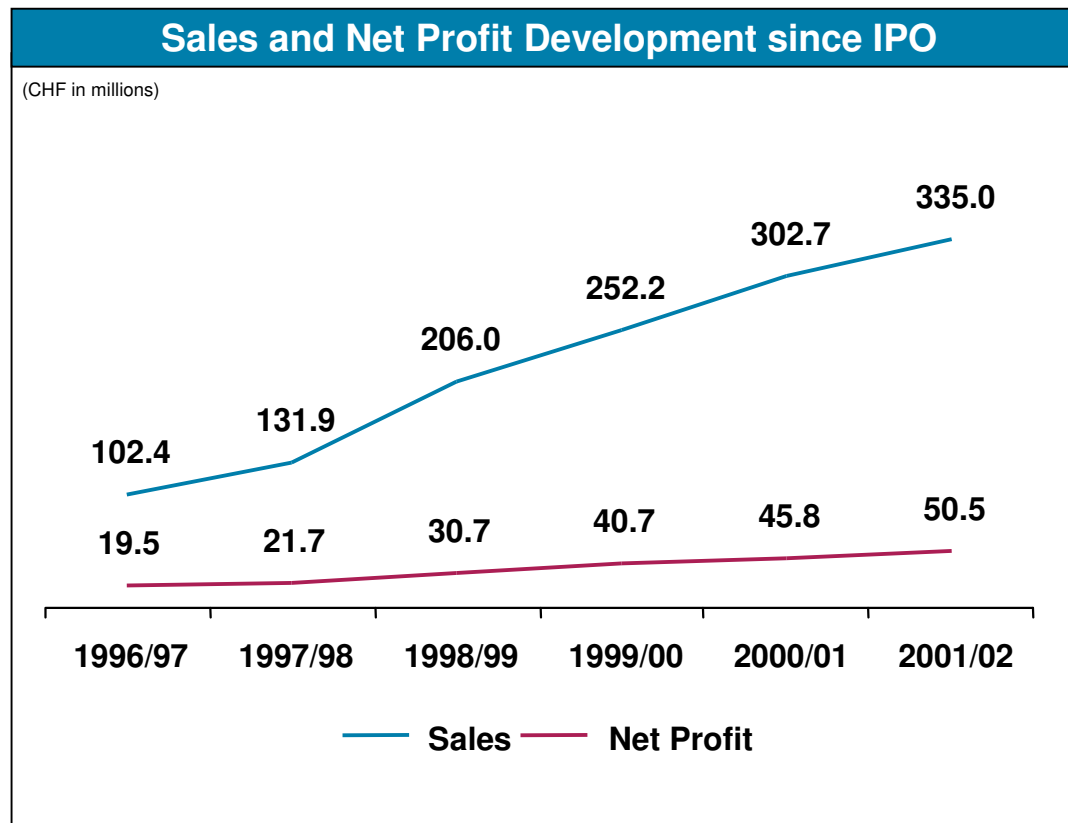
Why is Ypsomed Going Public

- IPO as a preferred option within available strategic alternatives
 - Funding to fuel Ypsomed's rapid growth
 - Additional marketing for company and its products
 - Equity as management and employee incentivisation tool
 - Provide additional acquisition currency for potential future acquisitions

- Positive experience of Disetronic as a public company

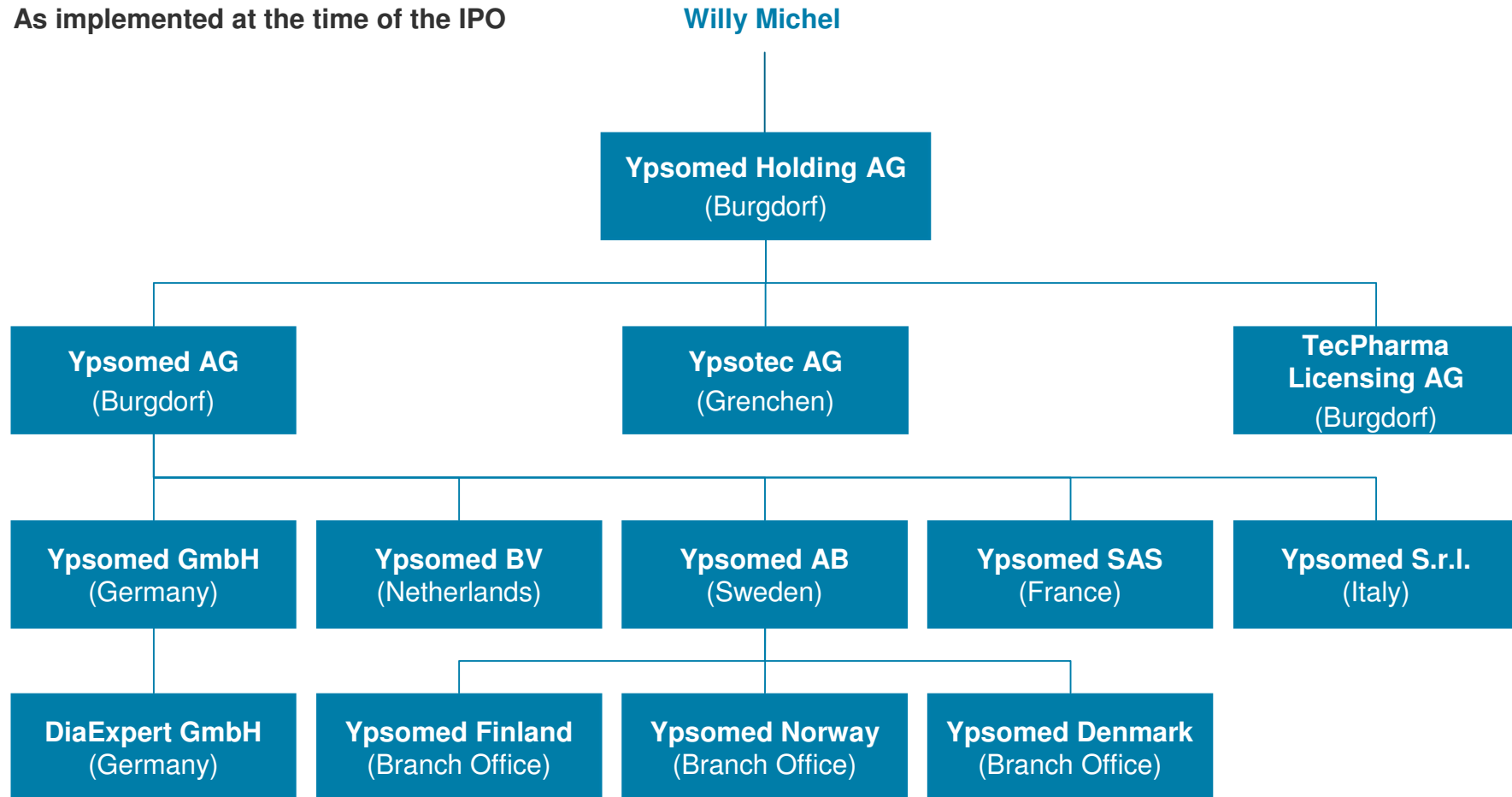
Disetronic Success Story

- Steady increase in sales and net profit
- Share price increase of over 26.3% p.a. over 7 years

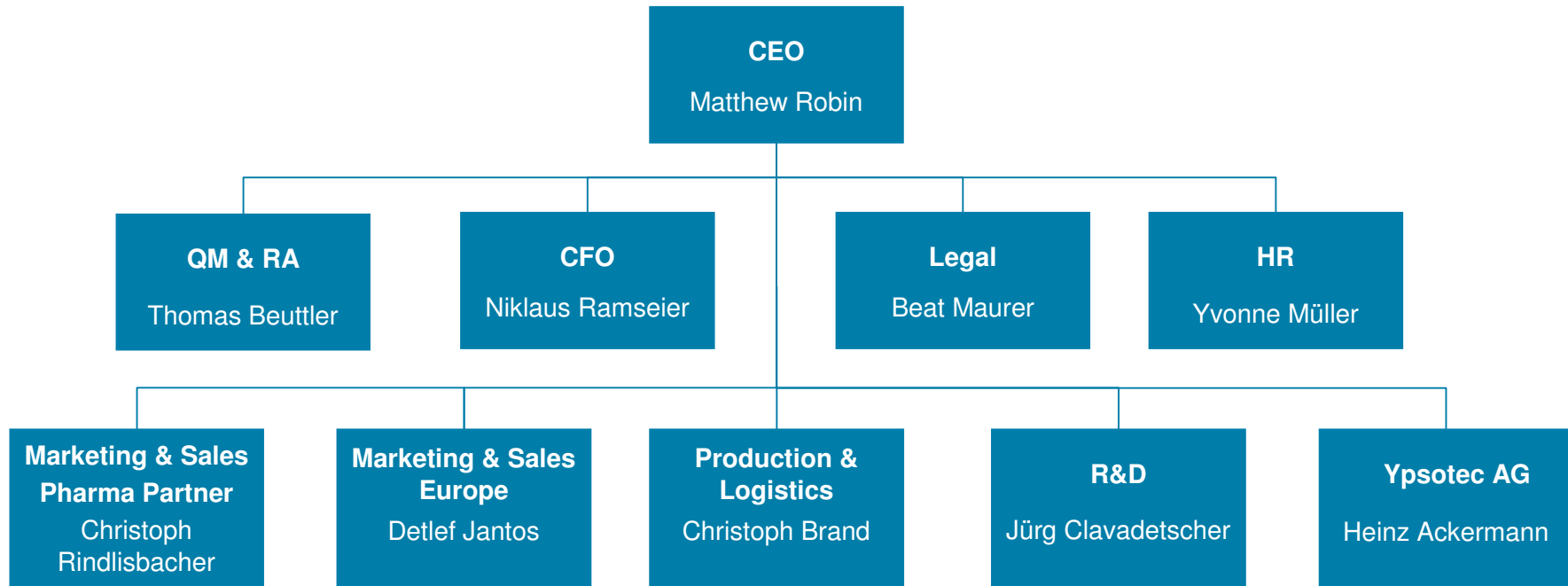


Corporate Structure

As implemented at the time of the IPO



Ypsomed Management Team



- High quality, innovative and reliable full service provider

- Innovative and patent protected products

- Production expertise compliant with the latest regulatory requirements
 - Manufacturing in FDA registered facilities and under cGMP standards
 - Devices approved for all leading markets including USA, Europe and Japan

- High reliability within long-lasting and close relationship with large customer base
 - Fast development and production scale-up

- Strong and sustainable market position
 - High barriers to entry
(complicated time-to-market process, large capital expenditure requirement)
 - High cost of changing for integrated pharma partners

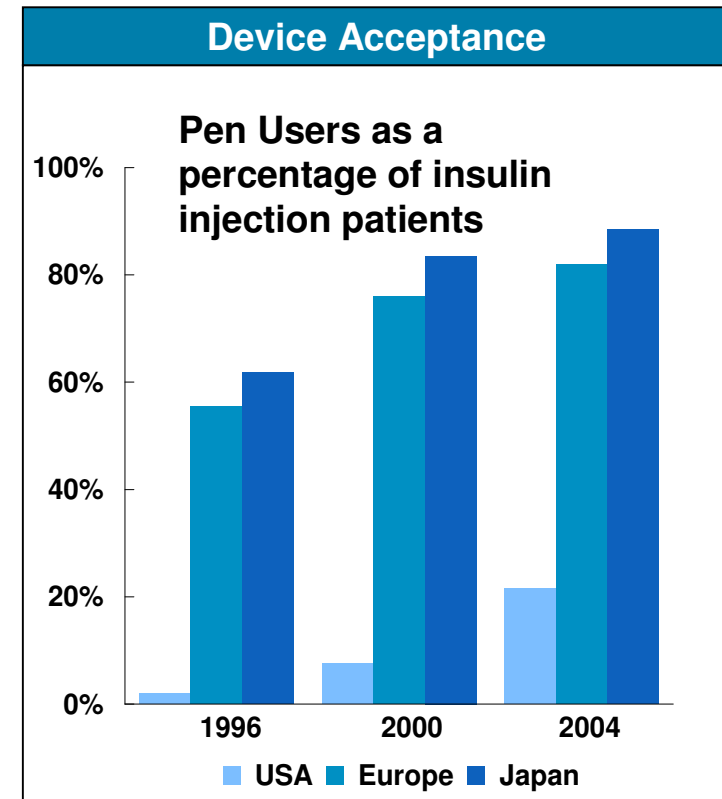
- Strong market growth of existing applications (e.g. diabetes)
 - Further growth of the diabetes market: 10 - 12% CAGR
 - Strong Lantus growth and penetration
 - Increasing pen penetration of US market

- New biotech applications
 - Majority are/will be injectable

- Pharma company differentiation needs
 - Life-cycle management
 - Increased competition

- Treatment trends
 - Lifestyle flexibility - lower dependence on healthcare professionals
 - Improving patient compliance
 - Rising safety requirements
 - Trend towards self-medication to reduce costs of healthcare systems

- US insulin pen market opening through launch of Lilly pen products, the largest US insulin provider
- Ypsomed is offering technical support to Aventis in order to strengthen the position of Aventis in the US market
 - Lantus has highest growth rates in the US market
 - Lantus in the US is still primarily administered with syringes but will progressively shift to pens
- Expected increased acceptance by patients and prescribers



Source: Pharma Partner (Aventis, CanAmCare)

- Extensive IP portfolio and comprehensive development expertise in-house

- Dedicated manufacturing sites in Burgdorf, Solothurn and Grenchen

- Management of growth:
 - Pens: units more than doubled over the past 2 years
 - Needles: doubling of units over the past 3 years

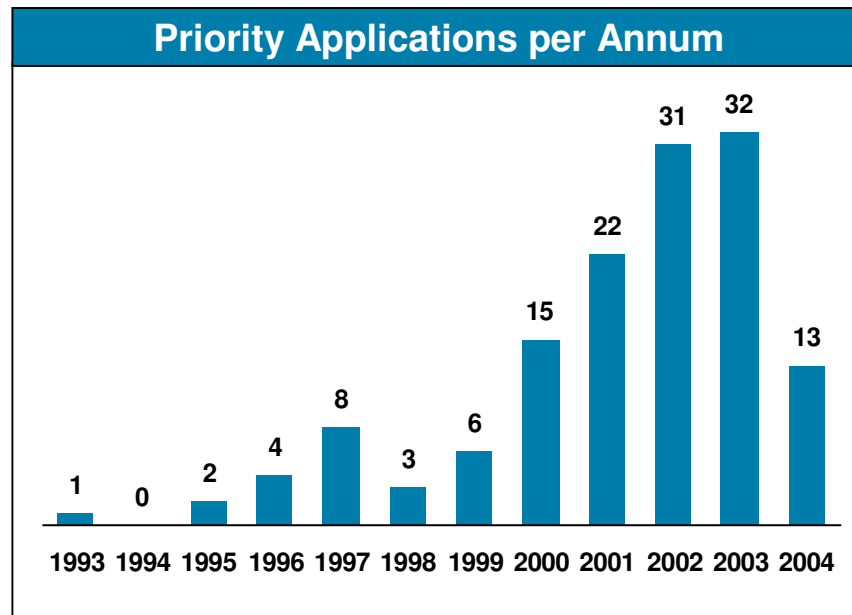
- All levels of moulding and assembly expertise from manual, semi-automatic to fully automated production systems in-house

- High level of vertical integration

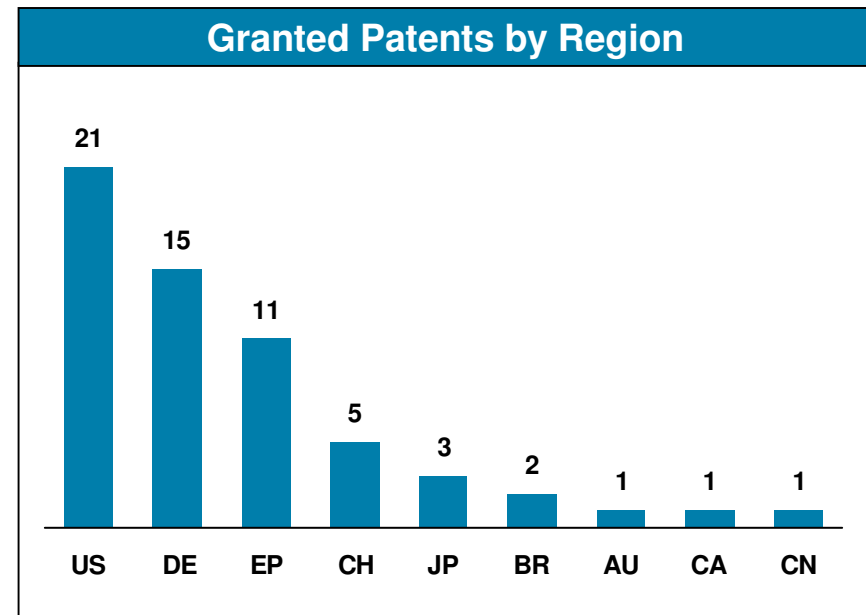
- High level of vertical integration allows for in-house back up and quick response to market needs
- Close interaction with in-house R&D
- Quality - Qualification of employees
 - Training
 - Experience and loyalty
 - Motivation, with a limited fluctuation rate
 - Retention of key employees
- Manufacturing in FDA registered facilities and under cGMP standards
- Registration in the EU: CE-mark
- Certifications: ISO 9001 and ISO 13485
- Close relationship with biotech and pharma partners

- 12 ongoing projects
- Strong product pipeline:
 - 1st semi-disposable pen
 - 1st disposable auto-injector
 - Novel reusable pen for new indication
 - Motor-driven injectors

- Active patent registration philosophy
- Patents held by TecPharma Licensing AG, an Ypsomed company
- Total of 146 patent families
- Extensive in-house experience leverages impact of IP portfolio



Note: (1) As of 15 June 2004



Note: US: USA - DE: Germany - EP: Spain - CH: Switzerland - JP: Japan - BR: Brasil - AU: Austria - CA: Canada - CN: China / As of 15 June 2004

- Long term collaboration
- Long lasting contracts
- Risk of in-sourcing relatively small (various risks, costs, time to market)
- Intellectual property
 - Device-related patents with Ypsomed
- Registration process
 - Approval process managed by partner
 - Product-specific interaction with regulatory authorities through partner
- Investments by partners
 - Sharing of development costs
 - Normally sharing of product specific capital expenditures

- DiaExpert GmbH internet portal
- Replacement of FreeStyle to be decided
- Keep sales force

Future Investments

- CHF 90 Mio. to be invested in 2004/2005
- Enhance capacity significantly
- Significant number of new machines
- Clean-room in Solothurn

Value Enhancement

- New products with higher margins
- Enhance cost effectiveness (logistics)
- Out-sourcing

- BV Holding AG has recently granted to Ypsomed a convertible loan of CHF10 million
- The Board of Directors of BV Holding AG has resolved to exercise the conversion rights, subject to the closing of the Offering. Pursuant to the terms of the loan, the applicable conversion price is the Offer Price less 10% per share
- 50% of the shares resulting from such conversion will be subject to a lock-up of 12 months and the remaining 50% to a lock-up of 24 months

- ⦿ Condition where the human body does not produce, or properly use insulin to convert sugar (glucose) into energy
- ⦿ Type I Diabetes
 - Complete deficiency in insulin production and secretion
 - Onset in young age
- ⦿ Type II Diabetes
 - Relative insulin deficiency; insulin resistance/insensitivity
 - Typically beyond age 40 but with increasing frequency among young adults
 - 90% to 95% of all diabetics
- ⦿ Diabetes cannot be cured, but treated and controlled effectively
- ⦿ “Uncontrolled or poorly controlled diabetes” may lead to serious and related costs
 - Blindness
 - Heart failure, strokes
 - Renal failure
 - Amputations
- ⦿ Many health experts refer to diabetes mellitus as the “disease of the future”
- ⦿ Focus on improving patient compliance to avoid indirect costs
- ⦿ Limitations of alternative treatments and insulin delivery technologies
- ⦿ Expensive treatment vs. cost-effective injection pens



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