
P R E S S R E L E A S E

Ypsomed Back on Track for Success

Burgdorf, 27th May 2008, 7:00am – Ypsomed has achieved a great deal and looks back on a successful 2007/08 business year:

- Total revenues of the Ypsomed group grew by 3.6% to CHF 287.5 million (previous year CHF 277.5 million)
- Gross profit increased due to strict cost management by +40.4% to CHF 90.2 million, which equals a gross profit margin of 31.4% (previous year 23.2%)
- Operating profit (EBIT) improved considerably from CHF 2.3 million to CHF 31.0 million
- EBIT-Margin reached 10.8% (previous year 0.8%) and outperformed the 2007/08 target
- Operating cash flow increased by +118% from CHF 32.2 million to CHF 70.2 million
- Significant investments in research & development (total expenditures of CHF 31.2 million) and fixed assets (CHF 42.7 million)
- Profit distribution of 25.4% as par value reduction, equal to CHF 0.60 per share
- Outlook: Ypsomed is confident about the mid- to long-term perspective and expects sales in the business year 2008/09 on last year's level and an overall slight improvement of EBIT margins

Sales diversified and improved by 3.6% to CHF 287.5 Million

In the 2007/08 business year, the Ypsomed Group achieved consolidated sales of CHF 287.5 million, 3.6% more than the previous year's CHF 277.5 million. Ypsomed posted strong growth in pen needles, in pen systems for non-insulin pharma customers, and especially in the diabetes direct business with the acquisition of the Florian Müller Group. The diabetes direct business also grew by 13.8% over the previous year (up 10.2% in local currency), adjusted for the acquisition. The targeted diversification of the sales base was successful through the acquisition of the Florian Müller Group. Ypsomed has strengthened its market position in the strategically important diabetes business as targeted and offers nationwide supply in the diabetes direct business throughout Germany. Ypsomed is Germany's leader in offering services for diabetes patients using an insulin pump or who are on an intensified insulin therapy. Florian Müller's supplemental sales reached about CHF 18.6 million in the 2007/08 business year.

New products launched and royalties generated thanks to innovation and strong patents

During the 2007/08 business year, Ypsomed was able to conclude two similarly important licensing agreements and, for the first time, achieved CHF 2.3 million in licensing revenues. In May 2007, a non-exclusive licensing agreement was signed with a worldwide pharma group and, in September 2007, another contract was concluded with Cilag GmbH International, both in the field of autoinjectors. In addition, Ypsomed brought three new pen systems to market that were successfully launched in the 2007/08 business year (Symlin™ pen for Amylin, Nutropin® pen for Genentech and Ypsomed's own ypsopen® in Germany).

Ypsomed has considerably improved on operational, gross profit margin and operating profit levels

Ypsomed has not only achieved its financial goals, but also significantly improved its operations: the overriding goals were improving customer satisfaction, reducing operating costs, continuous quality assurance and speeding up business processes, particularly in developing and industrializing pen systems. In order to achieve these goals, numerous projects and measures were agreed with the Board of Directors. The management team and all employees worked together to implement projects effectively. This resulted in an increased gross profit of CHF 90.2 million, up from CHF 64.2 million in the previous year. Optimization measures enabled gross profit margin to increase from 23.2% to 31.4%. At the operating income level, Ypsomed was able to increase profitability during the 2007/08 business year and achieved an operating profit of CHF 31.0 million, which equals an operating profit margin of 10.8%. In addition, business activities of the Florian Müller Group were quickly and effectively integrated with the diabetes direct business of DiaExpert. By March 31, 2008, the Ypsomed Group's workforce remained stable at a total of 1'210 employees.

Technology platforms lead to numerous customer projects

In the 2007/08 business year Ypsomed invested an above average of CHF 31.2 million in Research & Development, roughly 10.8% of total revenues. In total CHF 9.6 million were invested in the development of the own products continuous injection device and safety pen needles and capitalized in the balance sheet in accordance with IFRS regulations while CHF 21.6 million of Research & Development costs were charged directly to the profit and loss statement. Payments from client-specific projects rose 80% from CHF 3.5 million to CHF 6.4 million. Ypsomed enjoys the trust of its customers, as the excellent results in customer audits demonstrate. Overall, numerous new contracts were closed, which allowed Ypsomed to further enhance its leadership position in innovation in the 2007/08 business year, and which will create growth impulse for Ypsomed in about two years from a broader customer base.

Ypsomed achieved a net profit of CHF 26.5 Million

In the 2007/08 business year, Ypsomed achieved a CHF 55.3 million operating profit before interest, taxes, depreciation and amortization (EBITDA), thereby topping the previous year's result by about 100%. The EBITDA margin rose from 9.9% to 19.2%, while depreciation remained at about the same level (CHF 22.7 million in 2007/08 versus CHF 23.8 million in 2006/07). For the 2007/08 business year, the Ypsomed Group posted a consolidated net profit of CHF 26.5 million. The net profit margin improved from 1.0% to 9.2%. This equals a net profit per share of CHF 2.37 based on an average of 11'233'080 outstanding Ypsomed shares.

Profit distribution of 25.4% as par value repayment

In the 2007/08 business year, the Ypsomed Group accomplished the targeted rebound and achieved a solid net profit. The Ypsomed Group also has no bank debts and the Ypsomed Group's consolidated equity was CHF 417.6 million as of March 31, 2008, which equals a solid equity ratio of 65.4%. Therefore the Board of Directors proposes a profit distribution of CHF 0.60 per share as a par value reduction to the General Shareholders Meeting. This equals a payout ratio of 25.4%. The total distribution will amount to approximately CHF 6.7 million and will be executed as a tax-preferred repayment of par value during September 2008.

Sanofi-Aventis and Ypsomed have strengthened their collaboration and mutually settled all disputes

Ypsomed's extensive and strong patents have been a decisive factor in enabling pending legal proceedings to be resolved amicably, and to sign new, important contracts with the main customer Sanofi-Aventis. These contracts include a licensing agreement for the non-exclusive use of Ypsomed's rights, a new production and delivery contract for a significant portion of the SoloStar® pens that Sanofi-Aventis uses, a collaboration contract in the field of pen needles, as well as the extended and adjusted production contracts for OptiClik® and OptiSet®. With these contracts, Ypsomed remains a principal supplier to Sanofi-Aventis for a large number of high quality pen systems for administering Lantus®, Apidra®, and other insulins worldwide.

Ypsomed is confident about the future

With injection systems and pen needles for self-medication as well as with its diabetes direct business, Ypsomed is active in numerous growth markets, because the worldwide demographic development and the social change in terms of our way of life give rise to an increasing number of patients whose quality of life Ypsomed can improve significantly through its products. Chairman Dr. h.c. Willy Michel is very pleased: "Ypsomed has excellent mid- to long-term growth prospects, which we can take advantage of based on our success factors: With the know-how of our employees, with patent protected innovations, and a broad portfolio of products and services, we will be able to expand our customer base significantly in the next two years, diversify our total revenue basis, and further increase profitability thanks to sensible cost management". CEO Richard Fritschi added: „We will benefit from the expansion of the pen needle production in Solothurn most noticeably in the second half of our 2008/09 business year. The new agreement with Sanofi-Aventis for the production of the SoloStar® pen system will show positive effects in approximately 18 to 24 months, after completion of the required industrialization and set-up phases." Due to reduced order volumes from Sanofi-Aventis for the existing pen systems OptiPen® Pro, OptiSet® und OptiClik® Ypsomed expects sales in the business year 2008/09 at last year's level and an overall slight improvement of EBIT margins, depending on product mix and royalties. Ypsomed will continue to invest in research & development, also for the strategically important continuous injection device. For the 2008/09 business year, Ypsomed is planning investments of CHF 35 to CHF 40 Million in fixed assets.

Further information is available from Daniel Kusio, Head of Investor & Public Relations at Ypsomed Holding AG. Tel. +41 34 424 41 43 or Tel. +41 34 424 41 11. This press release, the annual report and additional information are available in electronic form at www.ypsomed.com.

Information about the telephone conference in English

A telephone conference in English will be held today on 27th May 2008 at 4:30pm (CET). CEO Richard Fritschi and CFO Niklaus Ramseier will be available for questions. Please dial in about 5 minutes before the beginning of the conference call. A recording of the conference call will be available as audio-download on our web page from noon Wednesday, 28th May 2008. The dial-in numbers are as follows:

Europe and ROW: +41 (0) 91 610 56 00 UK: +44 (0) 207 107 0611 USA: +1 (1) 866 291 4166

Key figures of the Ypsomed Group (April 1 – September 30)

Audited IFRS figures in thousand CHF. Earnings per share in CHF	2007/08	2006/07	Change	in %
Sales of goods and services	287 468	277 450	10 018	3.6
thereof Delivery Devices	228 423	242 044	- 13 621	- 5.6
thereof Diabetes Direct Business	59 045	35 406	23 639	66.8
Gross profit	90 197	64 239	25 958	40.4
Gross profit in %	31.4	23.2		
Operating profit / (loss)	30 976	2 338	28 638	1 224.9
Operating profit / (loss) in %	10.8	0.8		
Net profit / (loss)	26 583	2 742	23 841	869.5
Net profit / (loss) in %	9.2	1.0		
Research and development expenditures (total)	31 241	25 446	5 795	22.8
Investments in fixed assets	42 741	36 808	5 933	16.1
Equity ratio in %	65.4	62.6		
Earnings per share	2.37	0.24	2.13	886.0
Employees headcount (as of March 31)	1 210	1 211	- 1	- 0.1
Employees fulltime equivalent (as of March 31)	1 150	1 166	- 16	- 1.4