

# Presentation of Semi-Annual Results 2007/08

Burgdorf, 8th November 2007

**YPSOMED**  
SELFCARE SOLUTIONS



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## Presentation of Semi-Annual Results 2007/08

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- Financials H1 2007/08
- Florian Müller Acquisition
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- Net Sales in the first half-year of CHF 134.5 million, + 4.3% to prior year.
- Operating profit margin increased to CHF 12.7 million, equal to a 9.5% EBIT margin.
- Ypsomed committed over CHF 40 million in Capex, especially for the extension of the pen needle production, logistics and infrastructure and for its own technology platforms and the new continuous injection device for human insulin.
- Acquisition of Florian Müller GmbH boosts diabetes direct business and makes Ypsomed the no. 1 diabetes direct business supplier in Germany.
- Two non-exclusive license deals for auto-injector devices were signed with two major pharma companies, which bring additional royalty revenues.
- Signed two new customer contracts for pen projects and one additional contract for general device development.

# Key Financials H1 2007/08

<b>CHF million</b>	<b>H1 2007/08</b>	<b>H1 2006/07</b>	<b>Δ in %</b>
<b>Sales of goods and services</b>	<b>134.5</b>	<b>129.0</b>	<b>4.3%</b>
<b>Gross profit</b>	<b>39.6</b>	<b>26.0</b>	<b>52.7%</b>
Gross profit in %	29.5	20.1	9.4%
<b>Operating profit</b>	<b>12.7</b>	<b>-5.3</b>	
Operating profit in %	9.5	-4.1	
<b>Net profit</b>	<b>11.4</b>	<b>-5.3</b>	
Net profit in %	8.5	-4.1	

# Overview by business line

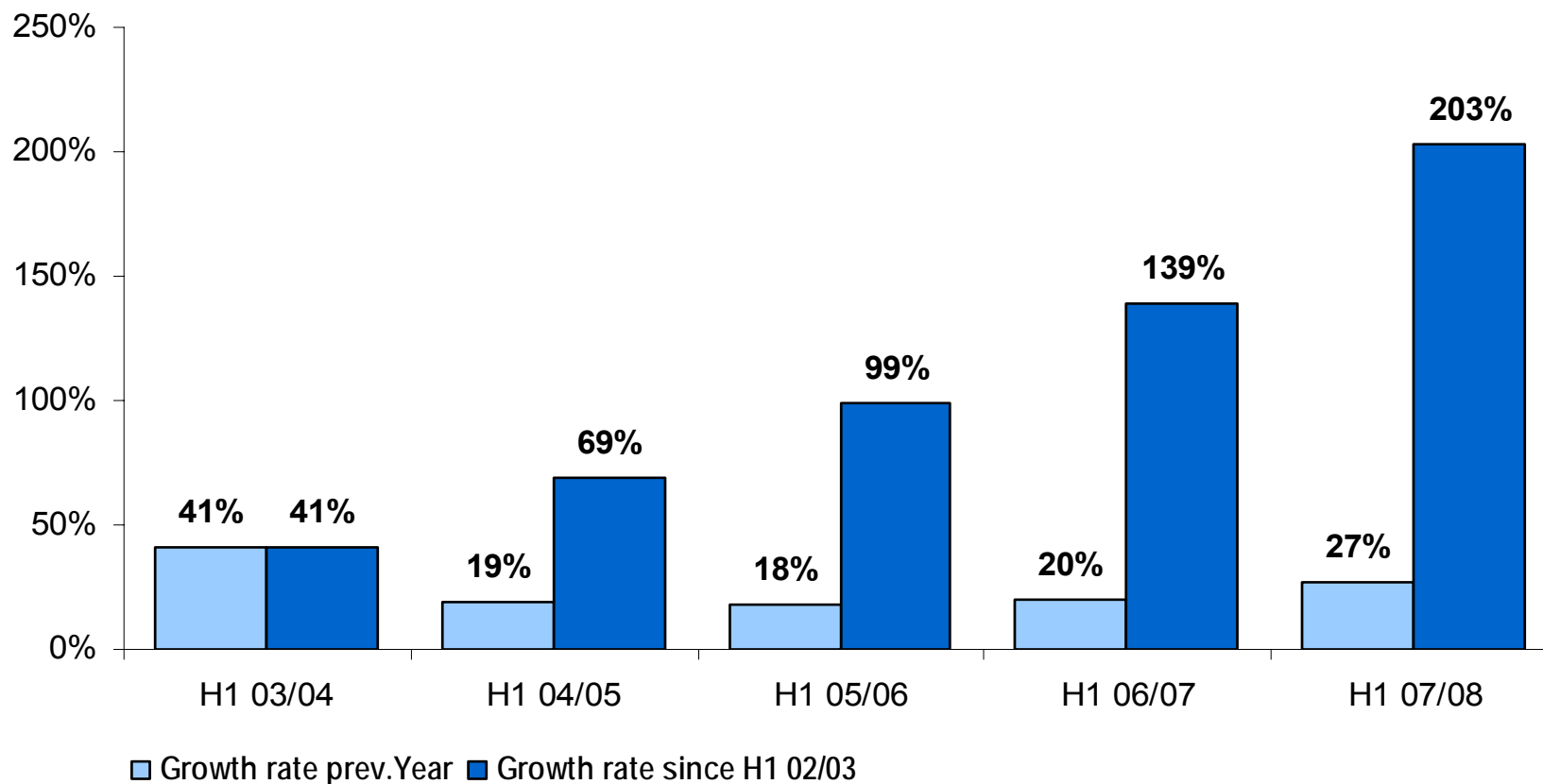
<b>CHF million</b>	<b>H1 2007/08</b>	<b>H1 2006/07</b>	<b>Δ in %</b>
Segment «Delivery Devices»	110.2	112.1	-1.6%
Segment «Diabetes Direct Business» (DDB)	24.3	16.9	43.3%
<b>Total sales</b>	<b>134.5</b>	<b>129.0</b>	4.3%
Segment DDB adjusted for acquisition	19.6	16.9	15.9%
<b>Total sales adjusted for acquisition</b>	<b>129.9</b>	<b>129.0</b>	0.7%

- Delivery Devices comprises the product groups pen systems, pen needles, precision turned parts and other injection moldings produced by Ypsomed.
- Diabetes Direct Business includes the direct trade in a range of diabetes articles.

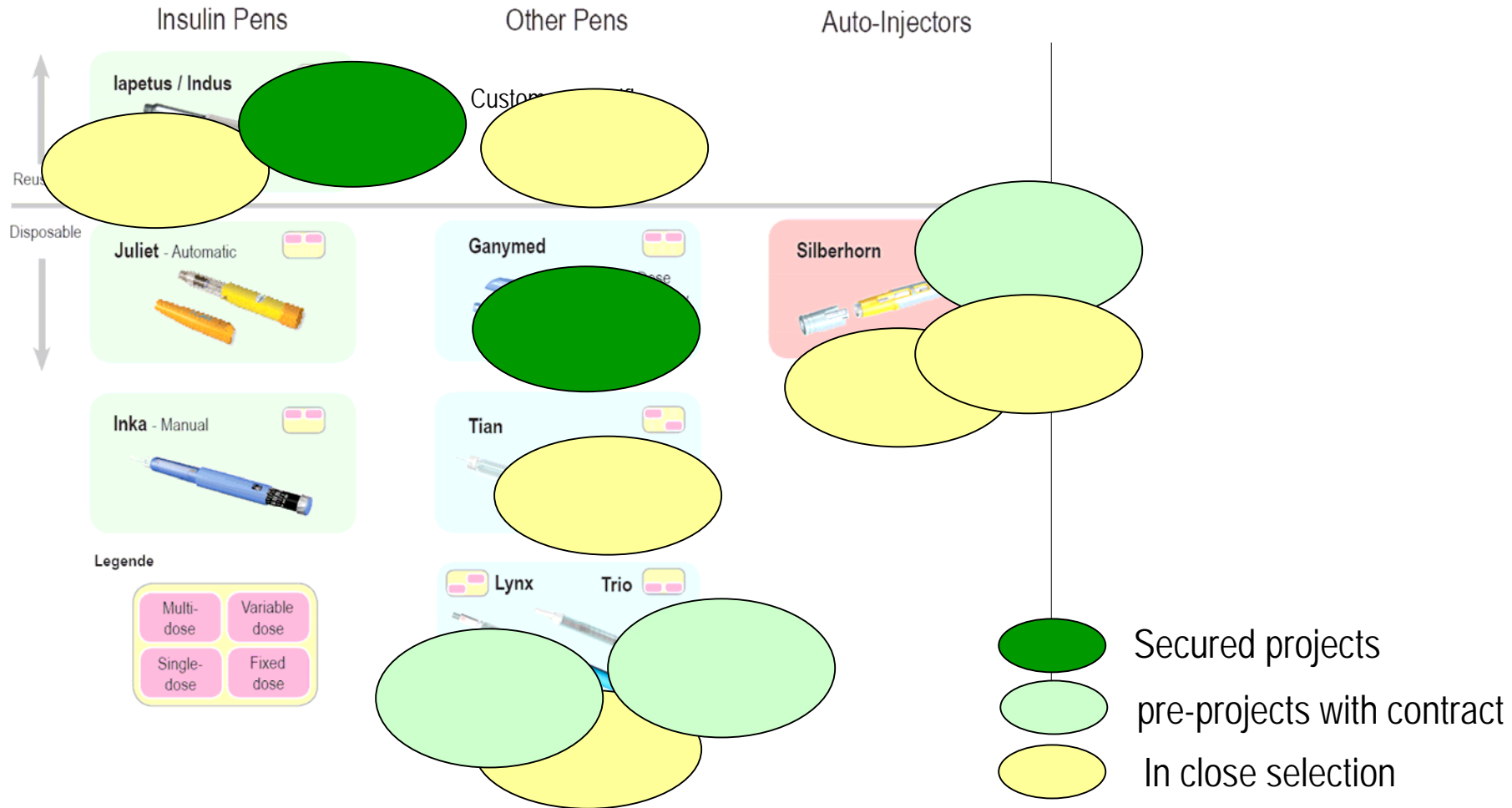
# Strong sales growth in pen needles

- Sales growth of Ypsomed pen needles in H1 2007/08 was more than 25%.

Ypsomed Group - Sales pen needles



## Project Pipeline



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# Improved operational profitability

CHF million	H1 2007/08	in %	H1 2006/07	in %	Δ in %
<b>Sales of goods and services</b>	<b>134.5</b>	<b>100.0%</b>	<b>129.0</b>	<b>100.0%</b>	<b>4.3%</b>
Cost of goods and services sold	-94.9	-70.5%	-103.1	-79.9%	-7.9%
<b>Gross profit</b>	<b>39.6</b>	<b>29.5%</b>	<b>26.0</b>	<b>20.1%</b>	<b>52.7%</b>
Other income	2.3	1.7%	0.0	0.0%	
Research and development reimbursed	3.0	2.3%	0.9	0.7%	<b>242.6%</b>
Research and development expenses	-10.7	-8.0%	-11.9	-9.2%	<b>-9.9%</b>
Research and development - expenses net	-7.7	-5.7%	-11.0	-8.5%	<b>-30.2%</b>
Marketing and sales expenses	-12.4	-9.2%	-10.3	-8.0%	<b>21.1%</b>
Administration expenses	-9.0	-6.7%	-10.0	-7.8%	<b>-9.9%</b>
<b>Operating profit / (loss)</b>	<b>12.7</b>	<b>9.5%</b>	<b>-5.3</b>	<b>-4.1%</b>	

# Earnings per share of CHF 1.01

CHF million	H1 2007/08	in %	H1 2006/07	in %	Δ in %
<b>Operating profit / (loss)</b>	<b>12.7</b>	9.5%	<b>-5.3</b>	-4.1%	
Financial income	1.8	1.3%	0.9	0.7%	<b>91.2%</b>
Financial expense	-0.8	-0.6%	-1.3	-1.0%	<b>-36.0%</b>
Other non-operating income / (expense)	0.2	0.2%	0.0	0.0%	<b>710.0%</b>
<b>Profit / (loss) before income taxes</b>	<b>14.0</b>	10.4%	<b>-5.6</b>	-4.4%	
Income tax expenses	-2.6	-1.9%	0.4	0.3%	
<b>Net profit / (loss)</b>	<b>11.4</b>	8.5%	<b>-5.3</b>	-4.1%	
<b>Profit / (loss) per share</b> in CHF (basic and diluted)	<b>1.01</b>		<b>-0.47</b>		

# EBITDA margin improved to 18.1%

CHF million	H1 2007/08	in %	H1 2006/07	in %
<b>Operating profit / (loss)</b>	<b>12.7</b>	9.5%	<b>-5.3</b>	-4.1%
Depreciation of fixed assets	10.8	8.1%	10.3	8.0%
Amortization of intangible assets	0.7	0.5%	0.6	0.5%
<b>EBITDA</b>	<b>24.3</b>	18.1%	<b>5.5</b>	4.3%

# Balance Sheet

CHF million	30.09.2007	in %	31.03.2007	in %	30.09.2006	in %
<b>Assets</b>						
Cash and cash equivalents	21.7	3.5%	40.7	6.5%	32.3	5.2%
Marketable securities	20.6	3.3%	25.5	4.1%	22.7	3.6%
Trade receivables	37.4	6.0%	33.8	5.4%	39.3	6.3%
Other current assets	10.8	1.7%	9.2	1.5%	9.7	1.6%
Current income tax assets	1.7	0.3%	1.3	0.2%	0.0	0.0%
Inventories	43.6	7.0%	37.5	6.0%	46.4	7.4%
Customer machinery	1.0	0.2%	13.5	2.2%	13.9	2.2%
<b>Total current assets</b>	<b>136.7</b>	22.0%	<b>161.5</b>	25.9%	<b>164.4</b>	26.4%
Financial assets	9.7	1.6%	9.7	1.6%	9.7	1.6%
Deferred income tax assets	2.9	0.5%	3.6	0.6%	2.3	0.4%
Other non-current assets	0.1	0.0%	0.1	0.0%	0.1	0.0%
Fixed assets	151.4	24.4%	146.3	23.5%	145.6	23.3%
Intangible assets	320.7	51.6%	301.5	48.4%	301.3	48.3%
<b>Total non-current assets</b>	<b>484.8</b>	78.0%	<b>461.2</b>	74.1%	<b>459.1</b>	73.6%
<b>Total assets</b>	<b>621.6</b>	100.0%	<b>622.8</b>	100.0%	<b>623.5</b>	100.0%

# Equity ratio of 64.7% - Solid Financing

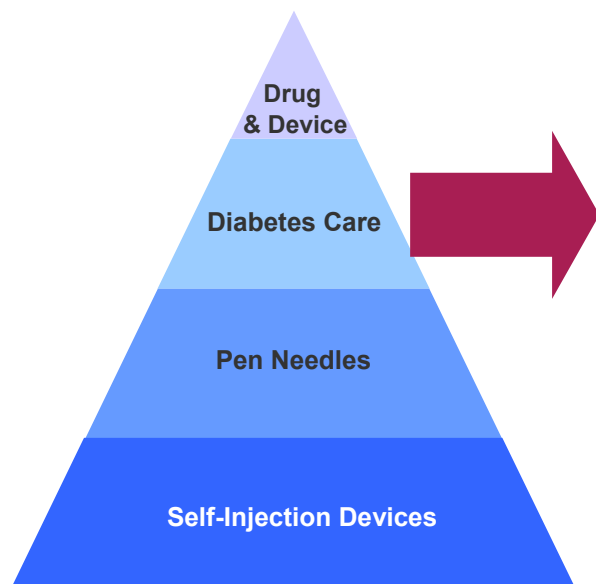
CHF million	30.09.2007	in %	31.03.2007	in %	30.09.2006	in %
<b>Liabilities and equity</b>						
Trade payables	13.9	2.2%	11.4	1.8%	15.5	2.5%
Prepayments from customers	1.3	0.2%	9.5	1.5%	10.9	1.7%
Current income taxes payable	1.3	0.2%	2.0	0.3%	0.5	0.1%
Other payables and accrued expenses	27.9	4.5%	16.1	2.6%	18.8	3.0%
Provisions (current portion)	1.5	0.2%	1.5	0.2%	1.8	0.3%
<b>Total current liabilities</b>	<b>45.9</b>	<b>7.4%</b>	<b>40.6</b>	<b>6.5%</b>	<b>47.5</b>	<b>7.6%</b>
Non-current financial liabilities to major shareholder	160.0	25.7%	180.0	28.9%	180.0	28.9%
Provisions (non-current portion)	7.9	1.3%	7.6	1.2%	9.2	1.5%
Deferred income tax liabilities	5.8	0.9%	4.6	0.7%	4.2	0.7%
<b>Total non-current liabilities</b>	<b>173.6</b>	<b>27.9%</b>	<b>192.2</b>	<b>30.9%</b>	<b>193.3</b>	<b>31.0%</b>
Share capital	116.4	18.7%	116.4	18.7%	116.4	18.7%
Group reserves	274.3	44.1%	270.9	43.5%	271.5	43.5%
Net profit / (loss)	11.4	1.8%	2.7	0.4%	-5.3	-0.8%
<b>Equity</b>	<b>402.0</b>	<b>64.7%</b>	<b>390.0</b>	<b>62.6%</b>	<b>382.6</b>	<b>61.4%</b>
<b>Total liabilities and equity</b>	<b>621.6</b>	<b>100.0%</b>	<b>622.8</b>	<b>100.0%</b>	<b>623.5</b>	<b>100.0%</b>

# Cash Flow

CHF million	H1 2007/08	H1 2006/07	Δ in %
<b>Cash flow from operating activities before changes in net work capital</b>	<b>24.8</b>	<b>5.7</b>	<b>335.6%</b>
Change in net working capital	3.3	0.6	
<b>Cash flow from operating activities</b>	<b>28.2</b>	<b>6.3</b>	<b>350.4%</b>
Investments in fixed assets	-16.1	-21.2	
Investments in intangible assets	-4.6	-0.2	
Trade in marketable securities	5.1	18.3	
Acquisitions, net of cash acquired	-13.1	0.0	
Other cash flows from investing activities	0.8	-0.3	
<b>Cash flow from investing activities</b>	<b>-27.9</b>	<b>-3.4</b>	<b>712.7%</b>
Decrease in non-current financial liabilities to major shareholder	-20.0	-20.0	
Par value repayment	0.0	-14.0	
Other cash flows from financing activities	0.6	-2.2	
<b>Cash flow from financing activities</b>	<b>-19.4</b>	<b>-36.2</b>	<b>-46.4%</b>
<b>Total cash flow</b>	<b>-19.1</b>	<b>-33.3</b>	<b>-42.8%</b>

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## Diabetes Care:

- Local access to customers and opinion leaders in various countries.
- Acquisition of Florian Müller GmbH strengthens Ypsomed's diabetes direct business.
- Total diabetes direct sales of CHF 24.3 million.
- DiaExpert with 15.9% growth stand alone.

- Florian Müller GmbH and DiaExpert have perfect match in respect to products, services and geographical reach in Germany.
- Nationwide coverage in diabetes direct sales and distribution in Germany, with a special focus on insulin therapy and intensified insulin therapy.
- Ypsomed will be an attractive partner for health insurance companies in Europe's largest market and for all target groups in matters related to diabetes.



- The additional sales of Florian Müller GmbH will diversify Ypsomed's future sales base by around CHF 32 million per annum.
- Sales contribution of Florian Müller GmbH in 2007/08 business year of estimated CHF 21.5 million.
- Profitability to be improved over the next years by change of product mix and leveraging synergies.
- Acquisition costs of approx. CHF 15.8 million.



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# Strong Growth in non-Insulin Pens

Insulin



hGH



interferon  
& EPO



r-hFSH



Preos



Symlin



... and other partners

# SymlinPen™ 60 & SymlinPen™ 120

- Ypsomed developed two systems of the Symlin disposable pen for Amylin Pharmaceuticals (USA).
- Symlin® is used along with insulin to help Type I and Type II diabetics enhance glucose control and has the potential for weight loss.
- The SymlinPen™ 60 allows dosages between 15 mcg (micrograms) and 60mcg and the SymlinPen™ 120 allows dosage of 60mcg or 120mcg.
- The pen allows for easy dosage setting with convenient dose memory as well as a dosage confirmation.
- Market launch early 2008.

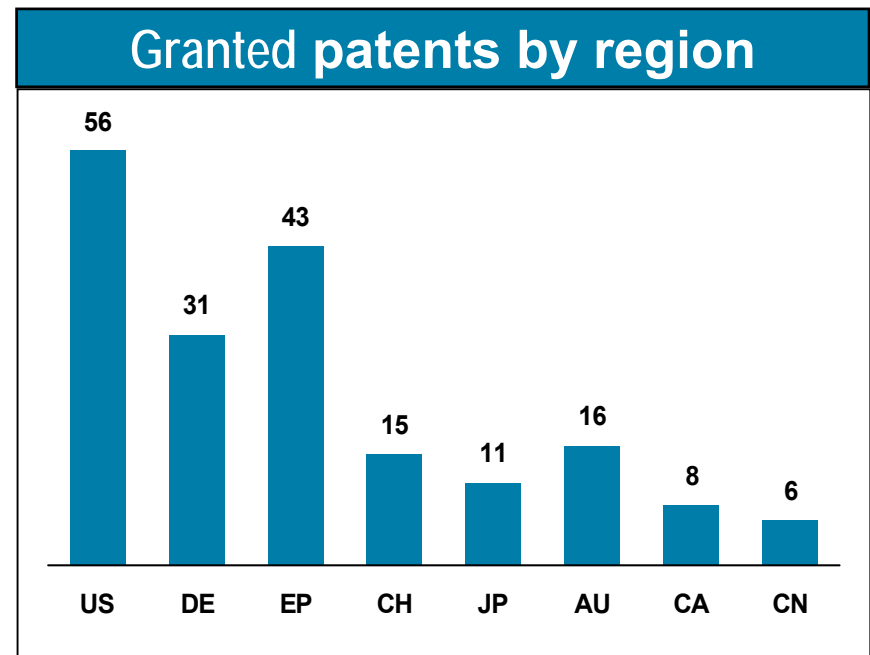
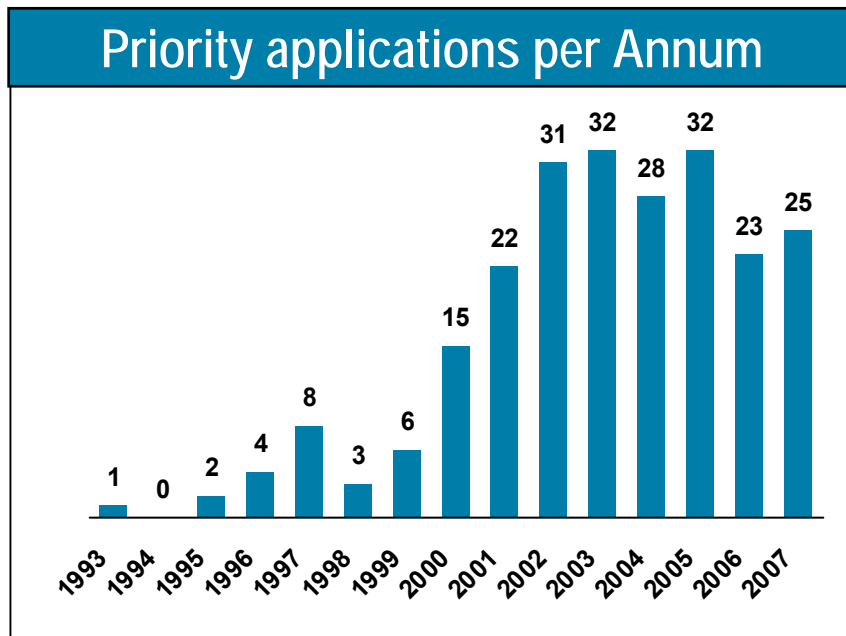


SymlinPen™ 60

SymlinPen™ 120

- Sanofi-Aventis has confirmed the order volumes for calendar year 2008 for the pen systems OptiSet<sup>®</sup>, OptiClick<sup>®</sup> and OptiPen<sup>®</sup> Pro.
- The order volumes are lower than last year and uncertainty remains over order levels for OptiSet<sup>®</sup>, OptiClick<sup>®</sup> and OptiPen<sup>®</sup> Pro in the coming years due to the patent infringement cases brought against the SoloStar pen.
- On 27th August 2007, Ypsomed via its group company TecPharma Licensing AG, filed an action against Sanofi-Aventis in the Court of Düsseldorf (Germany) in respect to European patents EP 1414507 B1 and EP 1458440 B1 owned by TecPharma Licensing AG in several respects.
- In addition, Novo Nordisk took legal action on 10th July 2007 against Sanofi-Aventis in the USA and Germany on grounds of patent breaches by the SoloStar<sup>®</sup> pen.
- Ypsomed is engaged in discussions with Sanofi-Aventis to reach a mutually acceptable agreement.

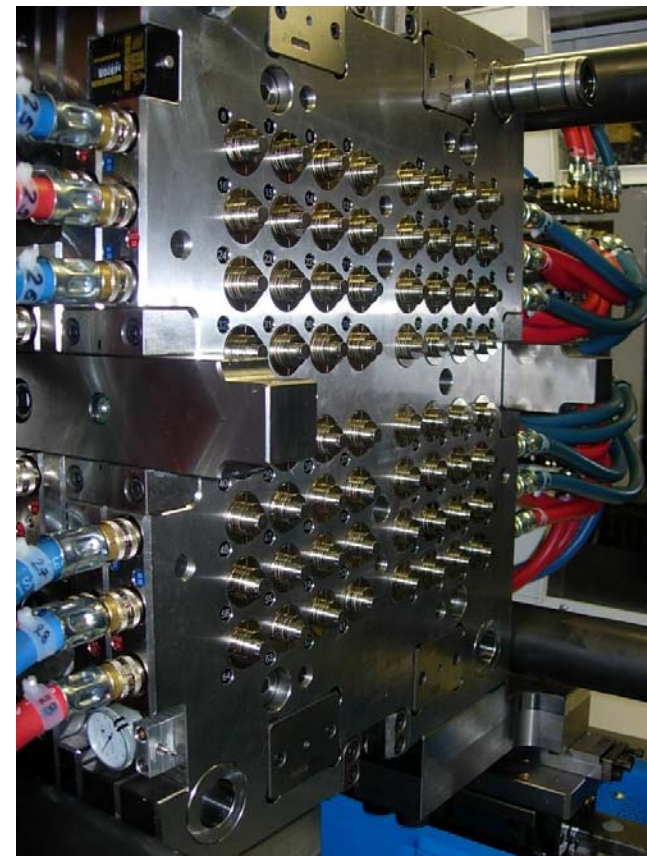
- Two non-exclusive license deals for auto-injector devices were signed with two major pharma companies, which will bring additional royalty revenues in the future
- Ypsomed's strong IP position will create additional revenues, secure profitability and enable the extended business strategy for "drug & devices".

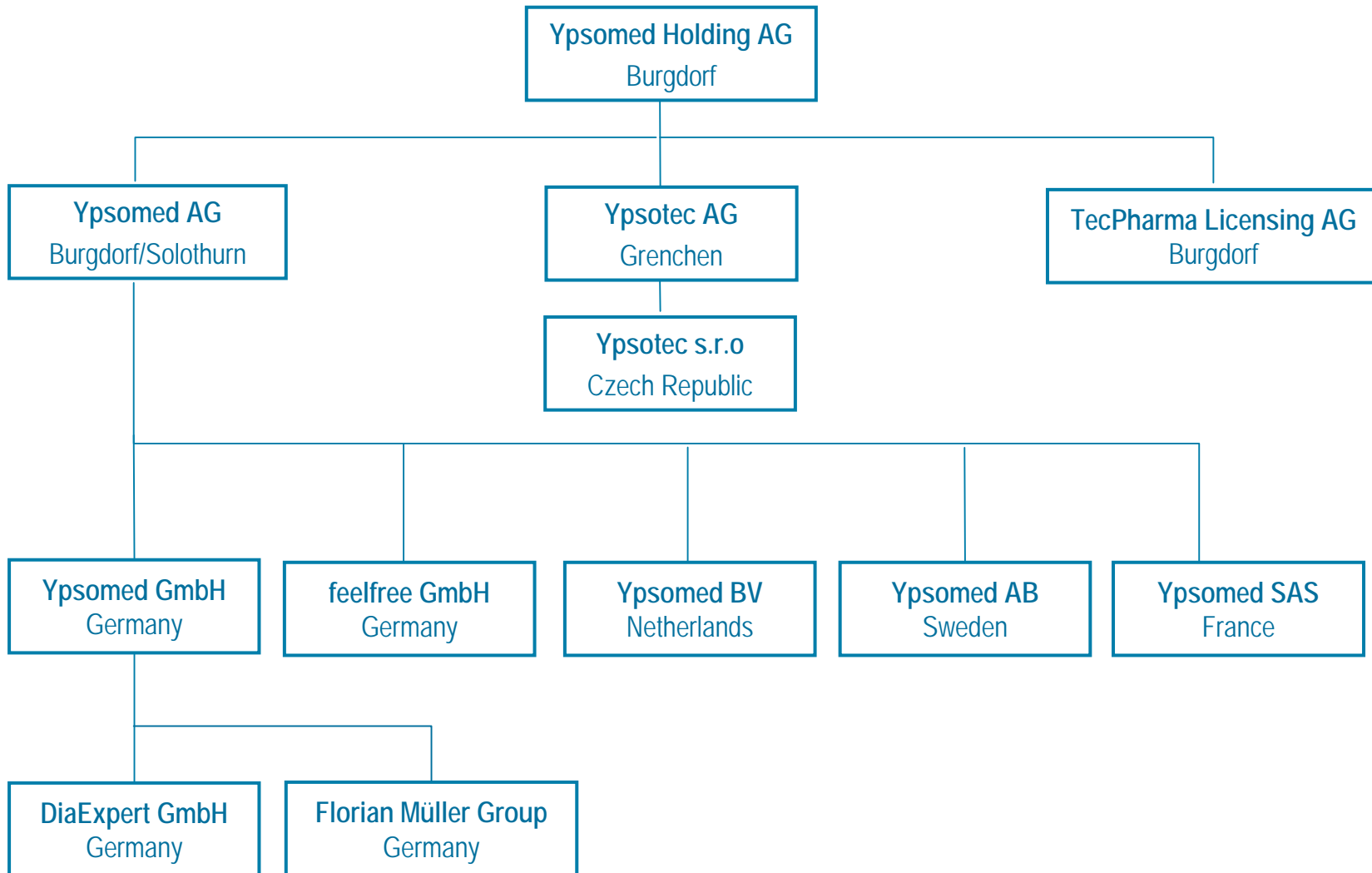


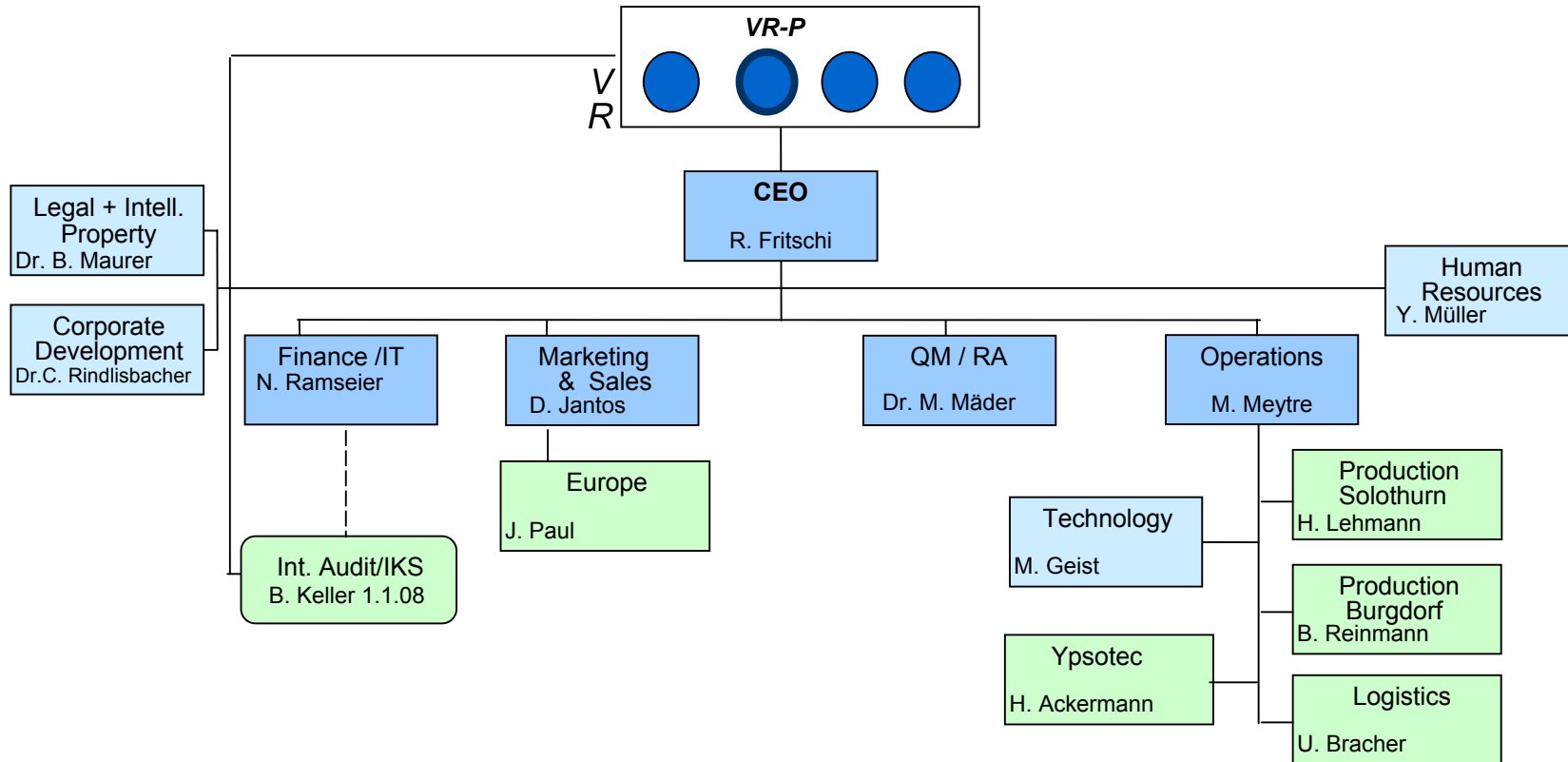
As of September 30, 2007

US: USA - DE: Deutschland - EP: Countries of European Patent convention - CH: Schweiz - JP: Japan - AU: Australien - CA: Kanada - CN: China / As of September 30, 2007

- Ypsomed expects this strategic cooperation to result in consistently high quality and precision of plastic components produced with the molds, reduced lead times and more extensive standardization of the molds used.
- Injection molds and the associated technology are important for the efficient, high-quality manufacture of Ypsomed high-precision plastic components.
- The Adval Tech Group is a leading supplier of tools, subassemblies, systems and volume components in the technology sectors of stamping and forming (metals) and injection molding (plastics).  
The group has more than 1'300 employees.



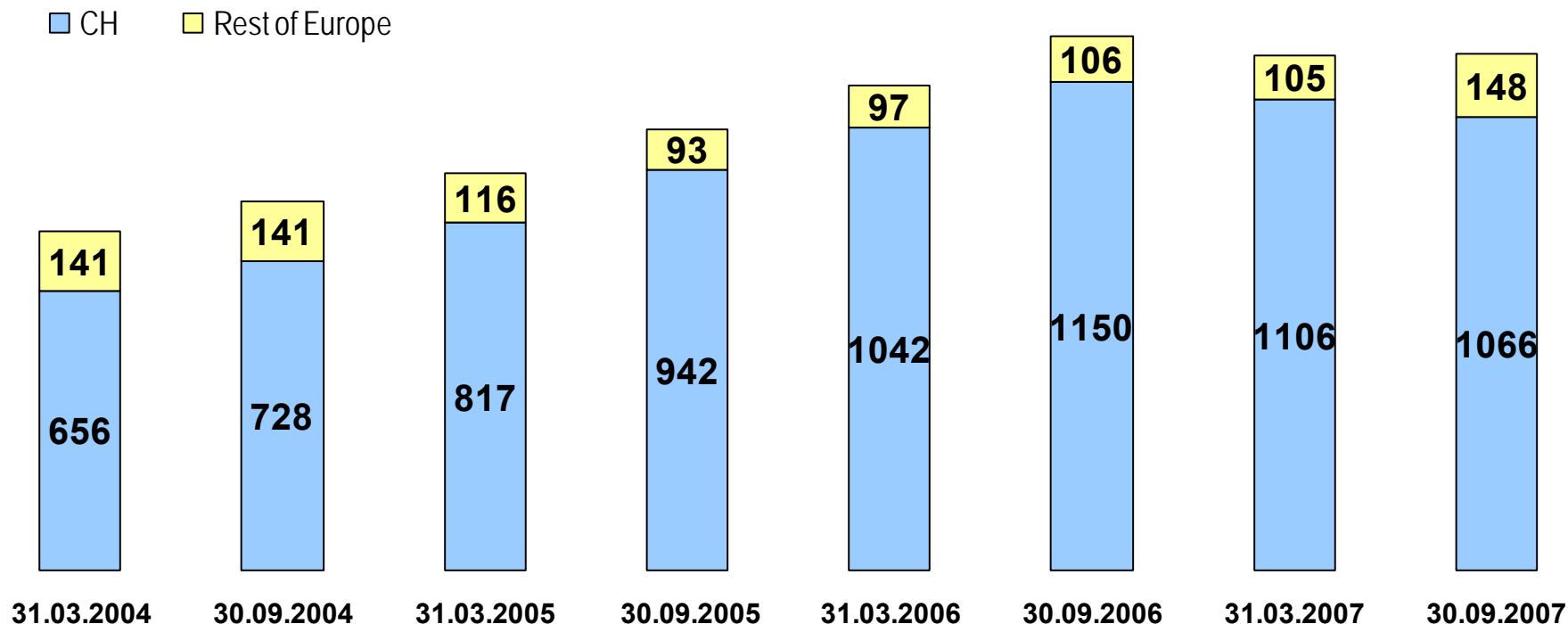




- Committee of the exec. Board*
- Executive Board*
- Extended Executive Board*

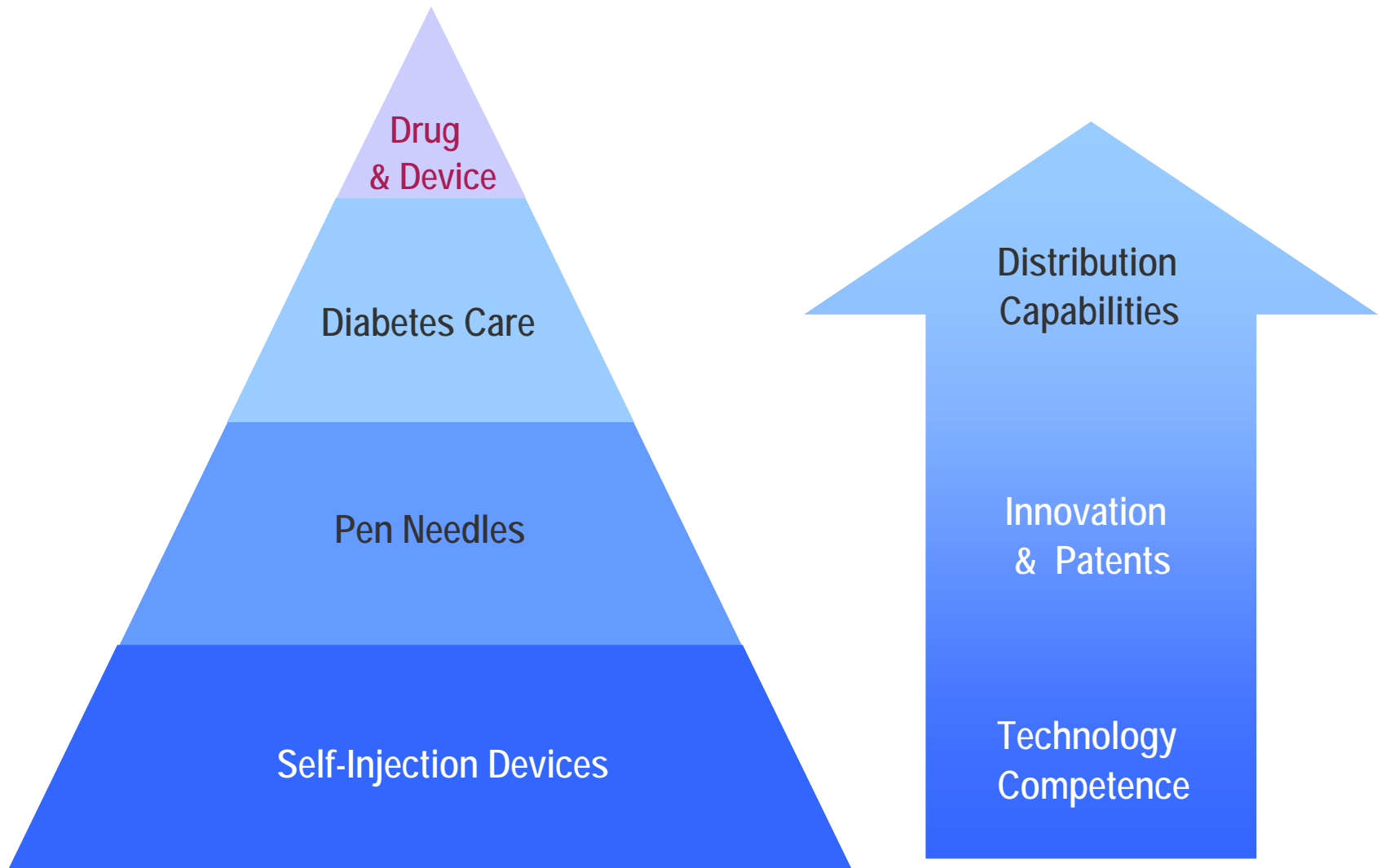
# Number of Employees in CH and Europe

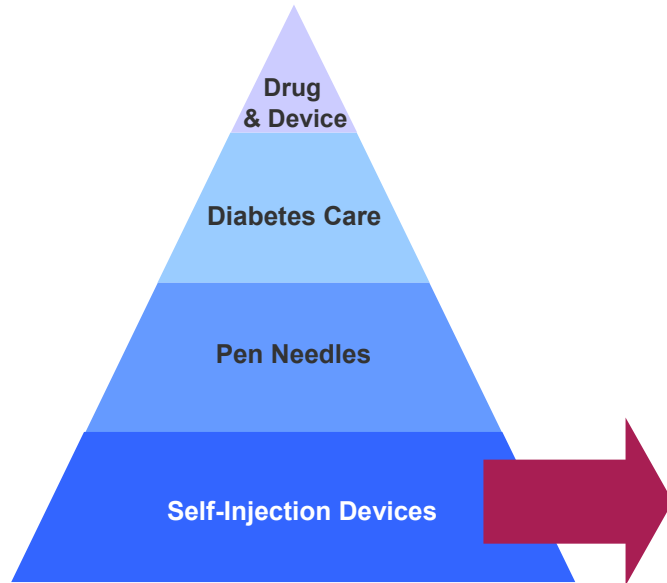
- As of 30 Sept. 2007 the Ypsomed Group employed a total of 1'214 employees, including 45 from Florian Müller GmbH.



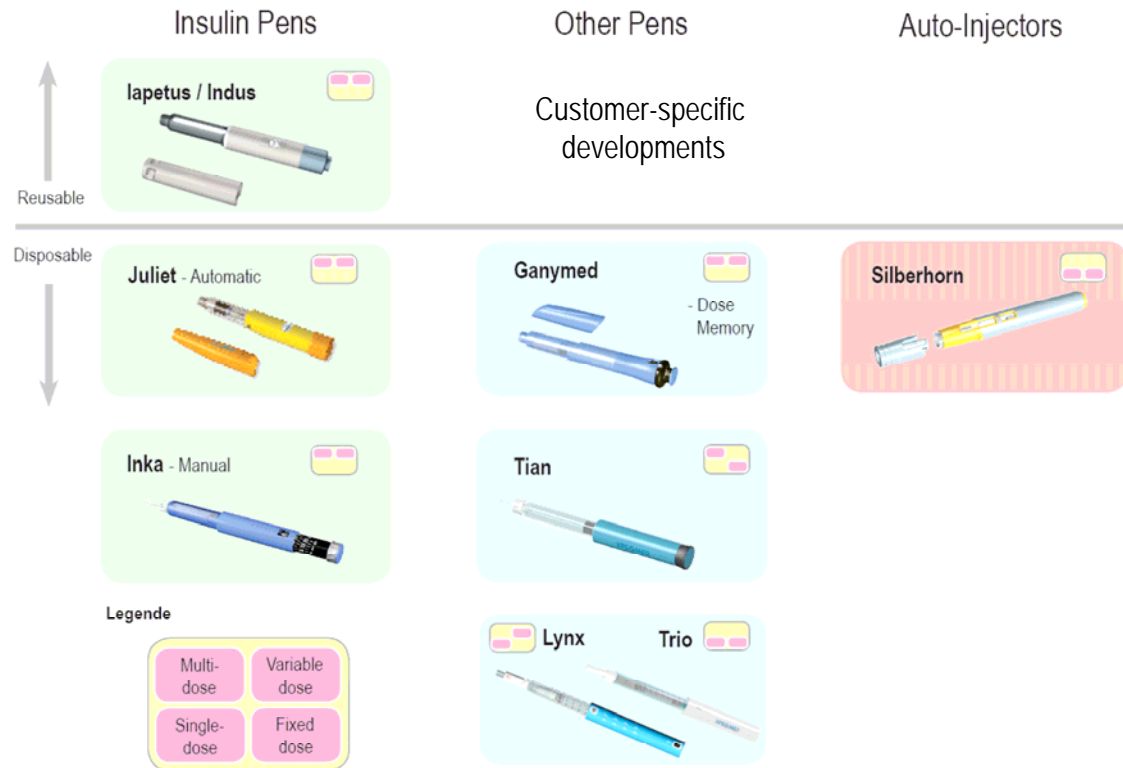
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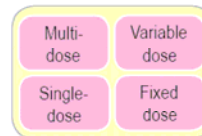




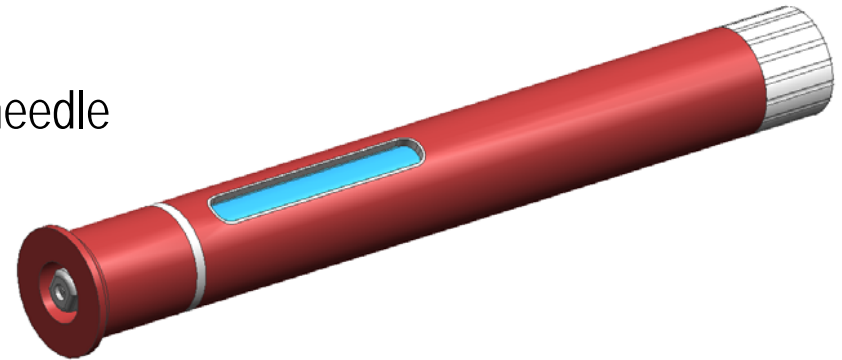
## Technology-Platforms



Legende

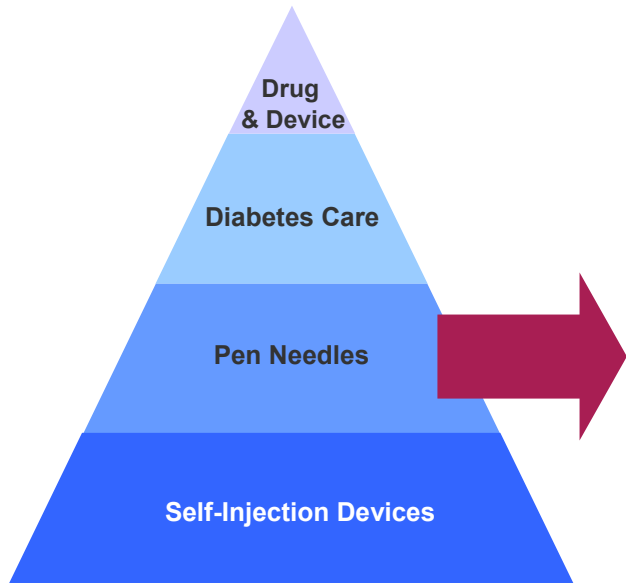


- Test devices have been manufactured
- Four potential customers interested
- Intended product use:
  - For standard pre-filled syringes with staked needle
- Functions:
  - Activation: "Push-on-skin" or "Button"
  - Full needle safety throughout
- Features:
  - Easy to remove needle cap
  - Separation of skin penetration and injection steps separated mechanically
  - Start and end-of-injection "CLICKS"
  - Large viewing window
- Dose range up to 1 ml



- Test devices have been manufactured
- Three potential customers interested
- Intended product use:
  - For standard 3ml Insulin cartridges
- Functions:
  - Reusable insulin pen
  - Automatic delivery, no force required
- Features:
  - Simple cartridge exchange
  - Dose correction function
  - Injection interruption possibility at any time
  - Large numbers for optimal legibility
- Dose range from 1 I.U. to 60 I.U. in 1 I.U. steps





## Pen Needles:

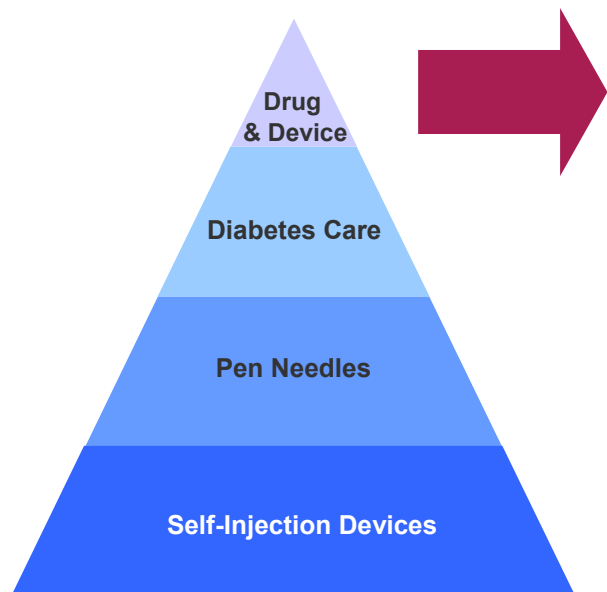
- Patented click-on mechanism
- Push sales & marketing activities
- Expansion of the pen needle production
- Development of a new safety pen needle for use in hospitals and clinical staff



- The pen needle business is strategically important and Ypsomed aims to achieve further growth in this area.
- Ypsomed is currently building a new clean room facility in Solothurn.
- Total Capex of up to CHF 35 million within the next two years.
- Implementation of the expanded production capacity by around mid-2008.



- Product Features:
  - Safety: reduces the risk of accidental needle sticks
  - Patient anxiety: hides the needle before, during and after injection
  - Eliminates needle re-use
- Application:
  - to protect healthcare professionals, patients and others against needle stick injury and infections
- Market:
  - for treatments with a high risk of infections such as Hepatitis C and HIV
  - everyday use in hospitals and home care where safety needles are demanded
  - patients with needle phobia



## Drug & Device:

- Combine Ypsomed's technology competence with distribution capabilities for insulin or other drugs (e.g. peptide hormones) to benefit from attractive margins within these growing market segments.
- First example of the implementation of the "drug & device" strategy is the Continuous Injection Device.
- Exploring partnerships for distribution.

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- Expected total sales for 2007/08 of up to CHF 280 million.
- Sales of pen systems depend on further development with Sanofi-Aventis and development with SoloStar patents infringement case.
- Strong organic growth expected in non insulin pen systems, pen needles and diabetes care with product mix to be optimized.
- Potential sales upside via acquisitions.
- EBIT target for 2007/08 at level of first half year.
- To be taken into account: lower licensing income and full consolidation of Florian Müller GmbH in the diabetes direct business.
- Ypsomed to remain in a transitional period for the next 12 to 18 months.

# Important Dates

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Key reporting dates:

Presentation of Annual Results 2007/08

May 27, 2008

Annual Shareholder Meeting

June 25, 2008 in Grenchen

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