

Press Release

Zug, 2 May 2013

HBM Healthcare Investments achieves net profit of CHF 67 million for the year and proposes a par-value repayment of CHF 1.50 per share to shareholders' meeting

- Holdings performed well and made a net CHF 78 million contribution to annual profit;
- The Board of Directors will propose a cash distribution to the Shareholders' Meeting; this will take the form of a par-value repayment of CHF 1.50 per share (return of 3%);
- It is intended to continue this shareholder-friendly distribution policy in the years to come. A combination of cash distributions and share buy-backs shall return around 5 percent of net assets back to shareholders each year;
- The healthcare sector offers interesting investment opportunities at attractive valuations in strongly growing private companies. The Board of Directors of HBM Healthcare investments has decided that, irrespective of the level of the discount between the share price and net asset value, the company will once again invest in selected private companies, as provided for by the Investment Guidelines and expected by the majority of shareholders;
- The Board of Directors has agreed with the investment advisor to extend the management contract from 1 April 2014 on amended terms that take even greater account of shareholder interests. The management fee will remain unchanged at 1.5 percent per year, but will now be calculated in equal parts on the basis of company assets (NAV) and market capitalisation (share price);
- HBM Healthcare Investments is looking confidently to the future and firmly believes that the thoroughly built-up portfolio will generate significant added value over the years to come, resulting in considerable inflows of liquidity. Many of the portfolio companies' products and preparations are reporting rising sales, or are about to get approval and market launch, which increases their chances of success.

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HBM Healthcare Investments

Successful 2012/2013 financial year

HBM Healthcare Investments can look back at a successful financial year, which closed with a profit of CHF 67 million. We have experienced good operational growth at several of our holdings for some time, and after a certain delay this is now being reflected in rising valuations, and thus also in the result. Net asset value (NAV) per share rose by 13 percent to CHF 68.35 during the reporting period, while the share price climbed by 24 percent to CHF 51.35. The HBM portfolio generated a positive net contribution of CHF 78 million to the Company's overall result during the year just ended.

Attached are abridged versions of the consolidated balance sheet and statement of income for the 2012/2013 financial year, as well as an overview of the Company's largest investment holdings. The detailed Annual Report will be published at the end of May.

Performance of investment holdings during the 2012/2013 financial year

Pacira Pharmaceuticals successfully launched its long-acting analgesic Exparel™ on to the market. In response, the company's share valuation rocketed by 150 percent. This contributed some CHF 57 million to HBM Healthcare Investments' profit for the year.

The Basilea Pharmaceuticals share price rose by 14 percent during the reporting year. This move somewhat reduced the company's undervaluation. Basilea sold the global rights of Toctino® to GlaxoSmithKline. The deal brought in CHF 216 million in cash, plus entitlement to a further CHF 74 million, and licence payments on future sales revenues in the USA.

Progress on clinical studies increased the market capitalisation of ChemoCentryx by just under 30 percent. Among other factors, in the second half of 2013 the company is expecting data from a phase-II study of an agent to treat chronic kidney diseases. If the data are positive, the active agent candidate would be a potential blockbuster.

Swedish Orphan Biovitrum (SOBI) published good results from a phase-III trial of a drug, developed in association with Biogen Idec, to treat the blood disorder haemophilia B. SOBI's share price rose by 87 percent on the strength of this data.

The holding in Lux Biosciences had to be written off in full at the end of December, resulting in a CHF 22 million charge. An unexpectedly high placebo response rate meant that the outcome of a phase-III trial of the drug candidate Luveniq™, to treat non-infectious uveitis, failed to confirm the findings of a previous study.

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PTC Therapeutics concluded a major financing round for a total of over USD 60 million with a syndicate of new investors, led by Brookside Capital Partners. The conditions which apply resulted in the book value of our holding being corrected downward by CHF 10 million. HBM Healthcare Investments is still of the opinion that PTC's lead product, Ataluren®, has a high chance of success and offers significant value generation potential. We therefore held our percentage shareholding in the company during this latest financing round.

The IPO of Enanta Pharmaceuticals went ahead with a pleasing result. The company is working in partnerships with AbbVie and Novartis to develop promising drugs to treat Hepatitis C. Going public netted USD 56 million in new capital for Enanta, at a price-per-share that was 65 percent higher than the book value of our holding. HBM Healthcare Investments put another CHF 9 million into the company as part of its market launch. Enanta's share price rose by another 30 percent after trading began. This investment thus contributed CHF 11 million to our overall result.

The British diagnostics company Vivacta was sold to Novartis for just over double the capital originally invested. The deal generated a profit of CHF 7 million for HBM Healthcare Investments.

The fund portfolio delivered a positive performance of CHF 6 million and was cash-flow neutral, as expected.

Tensys Medical no longer consolidated

The position in Tensys Medical, in which HBM Healthcare Investments holds 100 percent of voting rights, is no longer consolidated following a change to IFRS financial reporting standards for investment companies. It is now carried under "Investments" at its fair value. This increased the net asset value of our Company by CHF 10 million. The IFRS rules require the amendment to be applied retroactively, which necessitated an adjustment to the prior-year figures.

Sound financial position allows us to seize opportunities in the healthcare sector

HBM Healthcare Investments has a solid financial foundation, with no borrowed capital, and cash and cash equivalents of CHF 52 million. The many trade sales and IPOs among our holdings have increased the proportion of our investments accounted for by exchange-traded companies to 46 percent. By contrast, the proportion of direct investments in privately held companies has declined to 25 percent. Future trade sales and IPOs will further reduce the proportion of holdings in private companies. However, HBM Healthcare's Investments strategy foresees that the majority of capital

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is to be invested in private companies. Steps must therefore be taken to restock the private company share of the portfolio.

The prospects for the healthcare sector remain good, and share prices have risen – sometimes sharply – over the past twelve months. Meanwhile, private companies continue to offer interesting investment opportunities at attractive valuations. With its sound balance sheet structure and financial strength, HBM Healthcare Investments has the necessary flexibility to undertake further investments in companies which already form part of our portfolio, as well as first-time investments in new holdings.

Shareholder-friendly distribution policy, share buy-backs, and investments

The Board of Directors will propose to the shareholders' meeting of 21 June 2013 that shareholders should receive a cash distribution of CHF 1.50 per share in the form of a tax-free par value repayment. Based on the current share price, this corresponds to a yield of 3 percent.

Furthermore, some 266,000 of the Company's own shares (2.9 percent of all issued shares, worth a total of CHF 13 million) were repurchased during the year just ended under the current share buy-back programme via the second trading line. The average repurchase price of CHF 48.34 represents a discount of 29 percent on net asset value at end-March 2013.

HBM Healthcare Investments intends to continue this distribution and buy-back policy in the years to come. Depending on annual results and the liquidity situation and subject to approval by shareholders, the combination of cash distributions and share buy-backs shall return around five percent of net assets back to shareholders each year.

In the summer of 2009, HBM Healthcare Investments notified shareholders that it would not make any further investments in private companies until the average discount in the share price compared with average net asset value (NAV) per share was less than 15 percent for a continuous three-month period. The Company has since upheld this principle, and repurchased 1,763,000 of its own shares at a total price of CHF 79.5 million since September 2009. When this figure is added to that for the 2008 share buy-back programme, the total is as high as 2,326,000 shares, for CHF 103.7 million. This corresponds to just under 21 percent of our original free float.

HBM Healthcare Investments has also strengthened investor relations. As a result, more than 40 percent of the Company's outstanding shares have been bought by existing and new shareholders. The share price discount compared with net asset value has more than halved since 2009. It stood at an average of 22 percent during the reporting year, because despite the pleasing growth in NAV, there are still shareholders who are willing to sell at a high discount. We expect that the

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discount will contract further in response to the announced cash distribution, continued share buy-backs, the participation of new shareholders and the anticipated successes on the business front.

It has emerged in talks with our shareholders that the great majority support these measures, although they very much expect that we will invest a portion of disposable liquidity, in accordance with the Investment Guidelines, in new private companies which are a good fit with the existing portfolio. The Board of Directors has therefore decided that, irrespective of the level of any discount between the share price and NAV, HBM Healthcare Investments will once again invest in selected private companies that do not form part of the present portfolio. The focus will no longer be on venture capital financing, but rather on strongly growing companies with predictable business development. There are a variety of interesting investment opportunities open to HBM Healthcare Investments in this segment, a small and selected number of which have been examined in greater detail over the past 12 months. We will continue to manage our existing portfolio, and investments in new public companies, as we have done to date. A portion of the assets will still be held in the form of liquidity, so that we are able to honour short-term commitments at all times.

Amendments to the management contract

The Board of Directors of HBM Healthcare Investments has agreed with its investment advisor HBM Partners to extend the management contract from 1 April 2014. The management fee will remain unchanged at 1.5 percent per year, but will now be calculated in equal parts on the basis of company assets and market capitalisation (previously four-fifths on the basis of company assets and one-fifth on the basis of market capitalisation). This new formula takes even greater account of shareholder interests. The high water mark for the calculation of the performance fee remains unchanged at CHF 107.71 (CHF 106.21 when the proposed par value repayment is factored in). The agreement will initially have a fixed term up to 30 June 2015. If not terminated, it will continue to run automatically for further periods of 12 months each.

Confident outlook

HBM Healthcare Investments firmly believes that the portfolio remains well-positioned and will generate significant added value over the years to come. This will result in considerable inflows of liquidity. It is pleasing to see that many of our portfolio companies' products and preparations are reporting rising sales, or are moving ever closer to approval and market launch. This increases their chances of success, and permits more accurate forecasting.

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Information on HBM Healthcare Investments Ltd

HBM Healthcare Investments actively invests in the biotechnology/human medicine, medical technology and diagnostics sectors. The company holds and manages an international portfolio of some twenty five promising companies. Many of these companies have their lead products already available on the market or at an advanced stage of development. The focus of investment is on follow-on financing for existing portfolio companies. These portfolio companies are closely tracked and actively guided on their strategic directions. This is what makes HBM Healthcare Investments an interesting alternative to investing in big pharma and biotech companies. HBM Healthcare Investments has an international shareholder base and is listed on SIX Swiss Exchange (ticker: HBMN).

Disclaimer

This media release does not constitute an issue prospectus within the meaning of Art. 652a or Art. 1156 of the Swiss Code of Obligations, a listing prospectus in the sense of the SIX Swiss Exchange Listing Rules or a securities prospectus as defined in the German Securities Prospectus Act (*Wertpapierprospektgesetz*). Publication is for information purposes only and constitutes neither an offer to sell nor an invitation to buy or subscribe for securities. This media release and the information it contains must not be distributed or forwarded to or within the United States of America (USA) or to US persons (including legal entities) or publications with a general circulation in the USA. This media release does not constitute an offer or invitation to purchase any securities in the USA. The securities of HBM Healthcare Investments Ltd have not been registered under United States securities legislation and may not be offered, sold or delivered within the USA or to US persons without prior registration or the corresponding exemption from the registration requirements of US securities legislation.

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Consolidated Balance Sheet (short version)

(CHF 000)	31.3.2013	31.3.2012 <i>restated</i>
Cash and cash equivalents	51'691	41'224
Other current assets	3'351	1'272
Total current assets	55'042	42'496
Investments	512'287	472'999
other non-current assets	34'655	31'963
Total non-current assets	546'942	504'962
Total assets	601'984	547'458
Financial instruments	236	0
Other current liabilities	787	1'063
Total current liabilities	1'023	1'063
Shareholders' equity	600'961	546'395
Total liabilities and shareholders' equity	601'984	547'458
Number of outstanding shares (in 000)	8'793	9'047
Net asset value (NAV) per share (CHF)	68.35	60.40

Consolidated Income Statement (short version)

(CHF 000)	2012/2013	2011/2012 <i>restated</i>
Gains / (losses) on investments, net	74'028	921
Gains / (losses) from financial instruments, net	1'571	-9'839
Gains / (losses) on other financial assets, net	2'484	565
Result from investment activities	78'083	-8'353
Management fee	-7'873	-8'211
Administration expenses	-3'380	-3'495
Financial result, net	175	-2'110
Net result for the year	67'005	-22'169
Currency translation differences (reported in shareholders' equity)	57	0
Total comprehensive result	67'062	-22'169
Number of outstanding shares, time-weighted (in 000)	8'914	9'430
Basic earnings per share (CHF)	7.52	-2.35

Investments	Investment-currency (IC)	Ownership in %	Fair Value 31.3.2013 (IC million)	Fair Value 31.3.2013 (CHF 000)	Fair Value 31.3.2012 (CHF 000)
<u>Private companies</u>					
Cathay Industrial Biotech	USD	12.6%	28.0	26'578	25'270
PTC Therapeutics	USD	12.6%	22.1	20'976	22'835
Interventional Spine	USD	31.4%	17.0	16'095	13'647
Nabriva Therapeutics	EUR	11.9%	13.1	15'890	15'582
Ophthotech	USD	15.1%	16.5	15'622	14'853
Tensys Medical	USD	100.0%	10.0	9'445	6'227
Medimpulse Holding	USD	20.7%	8.3	7'873	7'485
Ellipse Technologies	USD	24.7%	8.0	7'597	7'223
Probiodrug	EUR	9.9%	4.6	5'537	9'151
Delenex Therapeutics	CHF	14.3%	4.8	4'771	4'771
MiCardia	USD	11.5%	4.3	4'068	3'389
Westmed Holding	USD	14.2%	3.5	3'275	3'114
Lux Biosciences 1)	USD	15.2%	0.0	0	21'622
Cylene Pharmaceuticals 1)	USD	10.0%	0.0	0	7'791
Vivacta 2)	GBP	0.0%	0.0	0	5'867
Other investments				14'872	24'787
Total private companies				152'599	193'615
1) The investment has been fully value adjusted during the period under review.					
2) The investment was sold during the period under review.					
<u>Funds</u>					
Total Funds				80'792	75'736
<u>Public companies</u>					
Basilea Pharmaceutica	CHF	24.97%		137'656	115'737
Pacira Pharmaceuticals	USD	6.8%		61'198	35'765
ChemoCentryx	USD	5.2%		25'318	25'373
Enanta Pharmaceuticals	USD	8.6%		24'911	6'947
Swedish Orphan Biovitrum	SEK	0.5%		8'529	4'256
SkyePharma	GBP	10.8%		3'338	2'804
Other investments				17'946	12'766
Total public companies				278'896	203'648
Total investments				512'287	472'999