

Media Release

Zug, 25 July 2014

HBM Healthcare Investments Quarterly Report June 2014

HBM Healthcare Investments had an excellent start to the new 2014/2015 financial year, generating a profit of CHF 48.2 million in the first three months, closing yet another quarter with a positive result.

The share price rose from CHF 75.50 to CHF 84.55 during the reporting period. Factoring in the cash dividend of CHF 3.00 per share that was paid out on 27 June 2014, this represents a 16 percent increase in value while the net asset value (NAV) per share rose by 6 percent to CHF 112.71.

In addition to the cash dividend, HBM Healthcare Investments conducted an accelerated share buy-back programme during the quarter under review, through the issue of free put options to shareholders, entitling them to sell a portion of their holdings to the Company at an exercise price of CHF 100 per share. Alternatively, shareholders were able to sell their put options on SIX Swiss Exchange, and thus generate an additional return on their investment. The programme enabled HBM Healthcare Investments to acquire just under 565 000 of its own shares for a total of CHF 56.5 million.

Significant events at portfolio companies

Investments contributed a total of CHF 61.5 million to profit for the quarter. The biggest factors here were advances in the share prices of Pacira Pharmaceuticals (CHF 29.3 million), Ophthotech (CHF 15.2 million) and Skyepharma (CHF 14.7 million).

In addition, public company Ophthotech Corporation announced in May that it had concluded a licensing agreement with Novartis. The agreement grants Novartis exclusive marketing rights for Fovista™ outside of the USA, and earns Ophthotech an upfront payment of USD 200 million and further payments of up to USD 830 million when defined milestones (in development, approval and sales) are reached. Ophthotech will also receive over 30 percent of future Fovista™ sales revenues outside the USA. Licence rights for the US market remain in full with Ophthotech.

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Also in May, PTC Therapeutics stated that the European Medicines Agency (EMA) had adopted a positive recommendation regarding conditional marketing authorisation for Translarna™ (ataluren) for the treatment of nonsense mutation Duchenne muscular dystrophy. If the competent committee follows this recommendation, PTC will be able to market the product in Europe until formal approval is granted. PTC is currently conducting extensive phase-III trials of Translarna™ for Duchenne muscular dystrophy. Their outcome is expected to confirm the results of earlier studies. The data from these latest trials are expected in 2015.

In June, Basilea Pharmaceutica revealed the outcome of talks with the US licensing authority FDA on approval for its ceftobiprole antibiotic for the treatment of pneumonia in the USA. An additional phase-III trial is required before the application can proceed. The drug has already been approved in Europe where its market launch is imminent.

Paratek Pharmaceuticals, from the portfolio of private companies, announced in early July that it is to merge with US NASDAQ-listed Transcept Pharmaceuticals. As part of the merger, Paratek and Transcept's current backers will join forces with new investors to raise a total of USD 93 million for the company. The capital will be used to fund a phase-III trial of Paratek's novel oral and intravenous antibiotic drug candidate omadacycline. HBM Healthcare Investments has undertaken to contribute USD 9.5 million to this financing round, and will hold just under 11 percent of the newly merged company once the deal has gone through.

Outlook

HBM Healthcare Investments expects the takeover market in the healthcare sector to remain active. Regarding the portfolio, its outlook has become much clearer compared to previous years and further trade sales and IPOs are expected to take place following well-structured processes. We believe that the major public companies continue to offer considerable value creation potential, although occasional periods of market-led volatility are likely. Subject to careful analysis, HBM Healthcare Investments will sell shares in certain public companies, and increase its holdings in private companies. The shareholder-friendly distribution policy will be maintained.

The online version of the Quarterly Report as at 30 June 2014 is available on the HBM Healthcare Investments Ltd website www.hbmhealthcare.com.

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Information on HBM Healthcare Investments Ltd

HBM Healthcare Investments actively invests in the human medicine, biotechnology, medical technology and diagnostics sectors, and related areas. 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

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