

Media Release

Zug, 30 January 2015

HBM Healthcare Investments Quarterly Report December 2014

HBM Healthcare Investments closed the third quarter of the 2014/2015 financial year with a substantial value growth. As at 31 December 2014, net asset value (NAV) per share had risen by 13.3 percent to CHF 137.50, while the share price was up a little more, by 15.9 percent to CHF 97.65.

For the first nine months of the current financial year (1.4.2014-31.12.2014) these latest figures took value growth to 29.2 percent for NAV, and 33.3 percent for the share price. Consolidated profit for the period stands at CHF 237.0 million. Factoring in the total of CHF 95 million in cumulated share buy-backs and cash dividend to shareholders, net assets increased from CHF 920 million to CHF 1.062 billion.

Significant events at portfolio companies

Three public offerings from the portfolio of private companies were major drivers behind the increase in net asset value during the quarter under review.

Paratek Pharmaceuticals completed its merger with exchange-listed Transcept Pharmaceuticals, and secured more than USD 90 million in funding to conduct phase III trials of the new broad-spectrum antibiotic omadacycline. The valuation of this holding rocketed by 349 percent, resulting in a book profit of CHF 53.7 million.

The German company Probiodrug, which is currently testing a compound for the treatment of Alzheimer's disease in a phase IIa trial, went public on the Amsterdam Euronext exchange. This increased the valuation of our holding by CHF 6.3 million.

The IPO of Danish company Forward Pharma, in which HBM Healthcare Investments indirectly holds around three percent through the Nordic Biotech fund, multiplied the book value of the fund by more than eight, and contributed a total of CHF 31.2 million to the nine-month result.

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Other major factors in this result were the performances of Skyepharma (contribution to result CHF +53 million; share price +40 percent), PTC Therapeutics (CHF +50 million; +98 percent), Pacira Pharmaceuticals (CHF +40 million; +27 percent), Basilea Pharmaceutica (CHF –11 million; –9 percent) and Cathay Industrial Biotech (CHF –11 million; –50 percent).

Shortly before the end of 2014, Novartis accepted the first patients for a phase III trial of its ESBA1008 compound to treat age-related macular degeneration. This triggered a milestone payment of USD 88 million to the former shareholders of the Swiss company ESBATech, which was acquired by Alcon (now Novartis) in 2009. The payment will generate cash proceeds of around CHF 13 million for HBM Healthcare Investments in the first quarter of 2015 and thus led to an increase in the risk-adjusted value of the expected milestone payment from ESBATech by CHF 8.1 million as at the end of December 2014.

During the quarter under review, HBM Healthcare Investments invested USD 8 million, as lead investor, in Vascular Dynamics, a privately held company based in Mountain View, California. The entire financing round of USD 18 million will enable Vascular Dynamics to continue with a clinical registration trial of MobiusHD™, an implant to treat patients with resistant hypertension (high blood pressure). More than 74 million patients suffer from hypertension in the USA alone. In around a quarter of cases, blood pressure cannot be regulated sufficiently with either medication or lifestyle changes.

This positive result was also supported by the appreciation of the US dollar, which has gained 12 percent against the Swiss franc from the beginning of the financial year on 1 April 2014 up to the balance sheet day end of December.

Outlook

A number of events that will have a bearing on the value of HBM Healthcare Investments are expected during the first calendar quarter of 2015.

At Basilea, the US FDA's approval decision for the antifungal compound isavuconazole is anticipated on 8 March. In addition, on 5th March 2015 the FDA is expected to decide on extending approval for Pacira Pharmaceuticals' analgesic Exparel™ for the additional indication nerve block. A positive outcome will significantly boost the drug's market potential. We also expect further IPOs from the portfolio of private companies if market conditions remain favourable.

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Information on HBM Healthcare Investments Ltd

HBM Healthcare Investments invests in the healthcare sector. The Company holds and manages an international portfolio of some 25 promising companies in the human medicine, biotechnology, medical technology and diagnostics sectors and related areas. 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 in their strategic direction. This is what makes HBM Healthcare Investments an interesting alternative to investments in big pharma and biotechnology companies. HBM Healthcare Investments has an international shareholder base and is listed on SIX Swiss Exchange (ticker: HBMN).

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