

Media Release

Zug, 13 May 2015

HBM Healthcare Investments closed financial year 2014/2015 with a net profit of CHF 257.5 million - Proposed cash dividend of CHF 5.50 per share

- Net asset value (NAV) per share rose by 32 percent and the share price climbed by 47 percent (including the cash dividend of CHF 3 per share distributed in June 2014)
- Board of Directors proposes a cash dividend of CHF 5.50 per share (+ 83% compared to last year), to be paid from reserves from capital brought in. Based on the share price at the end of March 2015, this corresponds to a yield of five percent;
- CHF 104 million in cash returned to Shareholders during financial year 2014/2015 by means of CHF 80 million through share buy-backs and CHF 24 million as dividend to shareholders;
- Despite the rise in valuation levels, the HBM Healthcare Investments portfolio continues to be well positioned;

Review of the 2014/2015 financial year

With a consolidated net profit of CHF 257.5 million, HBM Healthcare Investments again generated a solid result for the 2014/2015 financial year. Factoring in the cash dividend of CHF 3 per share, net asset value (NAV) per share rose by 32 percent to CHF 140.60, while the share price climbed by 47 percent to CHF 108.00.

The aggregated result from investment activities came to CHF 320.2 million. CHF 203.5 million, around two-thirds, was accounted for by private companies and public investments originating from the private companies and funds section of the portfolio (PTC Therapeutics: CHF 58.5 million, Nordic Biotech Fonds: CHF 39.9 million, Paratek Pharmaceuticals: CHF 39.7 million, Pacira Pharmaceuticals: CHF 37.6 million, Ophthotech Corporation: CHF 25.7 million, and other holdings: CHF 2.1 million).

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Other investments in public companies, as well as financial instruments, added CHF 116.7 million to the result (Skyepharma: CHF 33.5 million, Esperion Therapeutics: CHF 32.3 million, Receptos: CHF 15.9 million, other holdings: CHF 35 million). This included realised and unrealised losses totalling CHF 18.7 million from market hedging transactions that were built up in response to the increase in valuation levels in Q4 2014 and Q1 2015.

Despite the Swiss National Bank's decision to abandon the minimum euro exchange rate against the Swiss franc, foreign currencies made a positive aggregate contribution of CHF 44.7 million to results. This figure included CHF 15.8 million in profit from hedging the euro against the franc.

Fixed management fees and administration expenses declined further in relation to net assets, and are now less than 1.6 percent per year. The rise in net assets triggered a performance-related fee to the Board of Directors and the Investment Advisor that amounted in total to 15 percent of the increase in value that exceeded the high water mark. At the beginning of the 2015/2016 financial year, the high water mark is set at CHF 147.20 per share.

Abridged versions of the consolidated balance sheet and the statement of income for the 2014/2015 financial year, as well as an overview of the Company's largest investment holdings, are enclosed in the Appendix. The detailed Annual Report will be published on 2 June 2015.

Proposal for cash dividend of CHF 5.50 per share (yield of 5 percent)

The Board of Directors will be proposing to the forthcoming Ordinary Shareholders' Meeting on 26 June 2015 that a withholding tax-exempt cash dividend of CHF 5.50 per share be paid out of the reserves from capital brought in. Based on the share price at the end of March 2015, this corresponds to an attractive yield of five percent.

CHF 104 million returned to Shareholders

During the financial year 2014/2015, a total of CHF 104 million was returned to Shareholders, whereof CHF 56 million resulted from the share buy-back through the issue of put-options in June 2014, CHF 24 million from shares repurchased via the second trading line under the current share-buy-back programme and another CHF 24 million from reserves from capital brought in.

After deducting the capital returned to Shareholders, the net assets rose by CHF 154 million to CHF 1.074 billion as at the end of March 2015.

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Development of portfolio

Three companies – Paratek Pharmaceuticals, Probiodrug and Forward Pharma (indirectly held via the Nordic Biotech fund) – went public during the financial year, which resulted in significantly higher valuations in some cases. HBM Healthcare Investments invested a total of CHF 14 million in the Paratek and Probiodrug IPOs.

The large stakes in the public companies Pacira, Basilea, PTC and Ophthotech were reduced and profits were realised. HBM Healthcare Investments expanded its position in Skyepharma significantly via a capital increase in April 2014.

Some of the liquidity generated by selling shares were used to build up new holdings in public companies with excellent value growth potential, such as Esperion, Receptos, Celectis, Neurocrine Biosciences, Coherus and Relypsa. Thanks to promising data on their product candidates, some of these portfolio holdings have already shown considerable value growth over the past financial year.

In addition to follow-on financing of CHF 35 million for companies which already form part of the private portfolio, as well as investment funds, HBM Healthcare Investments made two new investments in private companies during the reporting year. A USD 8 million investment was made in US-company Vascular Dynamics, of which USD 4 million has been paid in to date. Vascular Dynamics is currently conducting pivotal clinical trials of an innovative implant to treat patients with resistant high blood pressure.

A further investment commitment of USD 15 million was made to HBM Genomics. USD 1.3 million of this had been called up by the end of March 2015. HBM Genomics was founded by Saeid Akthari, an experienced and successful executive from California's Silicon Valley, in collaboration with HBM Healthcare Investments as lead investor. Akthari is also responsible for managing the company. HBM Genomics invests in emerging start-ups that develop diagnostic products and procedures, as well as data-based and clinical applications, on the basis of sequencing technologies. Market studies indicate that this section of the market could reach revenues of over USD 700 billion by 2025. For HBM Healthcare Investments, this alliance with a recognised expert and his team offers a unique chance to participate in attractive investment opportunities in a fast-growing industry.

Outlook

Growth in the healthcare sector remains very pleasing. According to a study conducted by the IMS Institute for Healthcare Informatics (IMS), annual global spending on drugs will increase by USD 300

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billion to reach USD 1.3 trillion annually by 2018. With a transaction volume of over USD 390 billion, global M&A activity in the healthcare sector reached a new record high in 2014.

Despite the rise in valuation levels, the HBM Healthcare Investments portfolio continues to be well positioned. During the next 18 months a number of our portfolio companies are expected to publish study results which will have a bearing on their value. Advanced Accelerator Applications, for example, is expected to release phase III data on its Lutathera® compound for the treatment of neuro-endocrine tumours in the second half of 2015. The compound has been tested successfully on several hundred patients to date, and showed a significant improvement in survival rates compared to today's standard therapies. Subject to its approval, the drug's market potential is likely to be correspondingly large. Positive trial results would represent a substantial potential value driver for the company.

PTC Therapeutics is also expected to publish phase III study data in the second half of 2015, from its trial of Translarna™ for nonsense mutation Duchenne muscular dystrophy (nmDMD). The results are of high importance to the company and, if positive, will pave the way for the drug to be approved in the USA and achieve final approval in Europe.

Meanwhile, in the course of 2016 Ophthotech Corporation is expecting results from its ongoing phase III studies with Fovista™, a compound to treat age related macular degeneration. If the trials are positive, this drug will also enter a market which offers considerable sales potential.

Various private portfolio companies are targeting an IPO over the coming months. If successful, these should unlock hitherto undisclosed value from the portfolio.

We continue to monitor our portfolio closely, and to optimise its composition. We are selectively realising profits from some listed companies in order to reduce the public portfolio weighting. New investments in private companies will be undertaken if we are convinced by the business model and management of these companies, and their initial valuations offer an appropriate return for our Shareholders at a reasonable level of risk. We will continue to approach such investments with very strict discipline. As in the past, some of the liquidity that is generated will be invested in public companies which are developing new and innovative therapies with considerable market potential and delivering convincing study data.

It remains the Board of Directors' intention to share the HBM Healthcare Investments' success with its Shareholders in the form of cash dividends and share buy-backs.

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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 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).

Disclaimer

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Consolidated Balance Sheet (short version)

(CHF 000)		31.3.2015	31.3.2014
Cash and cash equivalents		140'381	46'490
Other current assets		186	623
Total current assets		140'567	47'113
Financial instruments		15'840	0
Investments		1'021'529	849'340
Other non-current assets		13'244	29'236
Total non-current assets		1'050'613	878'576
Total assets		1'191'180	925'689
Financial instruments		63'470	0
Provisions	1)	50'414	3'807
Other short-term liabilities		3'107	1'546
Total short-term liabilities		116'991	5'353
Shareholders' equity		1'074'189	920'336
Total liabilities and shareholders' equity		1'191'180	925'689
Number of outstanding shares (in 000)		7'640	8'462
Net asset value (NAV) per share (CHF)		140.60	108.76

Consolidated Income Statement (short version)

(CHF 000)		2014/2015	2013/2014
Gains / (losses) on investments, net		311'522	354'162
Dividend Income		105	11'970
Result from currency hedging transactions		15'840	236
Result from market hedging transactions		-18'659	0
Gains / (losses) from financial instruments, net		10'038	1'320
Gains / (losses) on other financial assets, net		1'395	3'089
Result from investment activities		320'241	370'777
Management fee		-12'448	-10'205
Performance fee	1)	-46'607	-3'807
Administration expenses		-3'396	-3'260
Financial result, net		-279	17
Net result for the year		257'511	353'522
Total comprehensive result		257'511	353'522
Number of outstanding shares, time-weighted (in 000)		7'930	8'627
Basic earnings per share (CHF)		32.47	40.98

1) Provision for a performance fee has been made, as the net asset value per share on the balance sheet date has been exceeded the high water mark of CHF 103.21. A payment will be made in the new financial year 2015/2016 as the net asset value per share exceeds the high water mark by more than 5 percent.

Investments	Investment-currency (IC)	Ownership	Fair Value 31.3.2015 (IC million)	Fair Value 31.3.2015 (CHF 000)	Fair Value 31.3.2014 (CHF 000)
Private companies					
Advanced Accelerator Applications	EUR	7.9%	25.0	26'095	24'360
Ellipse Technologies	USD	26.3%	18.1	17'642	8'185
Tensys Medical	USD	99.6%	15.7	15'223	11'367
Cathay Industrial Biotech	USD	12.6%	12.9	13'618	24'769
Nabriva Therapeutics	EUR	16.3%	8.1	8'406	9'636
Medimpulse Holding	USD	20.7%	8.3	8'068	7'337
Westmed Holding	USD	21.4%	6.9	6'666	5'740
Interventional Spine	USD	31.3%	5.9	5'726	14'999
MiCardia	USD	18.4%	5.9	5'720	3'252
Kolltan	USD	2.9%	5.0	4'856	3'891
Vascular Dynamics	USD	9.7%	4.0	3'891	0
Other investments				11'549	15'004
Total private companies				127'460	128'540
Funds					
Total funds				145'987	79'419
Public companies					
			<u>△ chg. shares FY 14/15</u>		
Skyepharma	GBP	28.3%	18'138'377	131'589	40'691
Basilea Pharmaceutica	p) CHF	10.1%	-202'233	114'048	124'357
Pacira Pharmaceuticals	p) USD	3.0%	-567'307	95'067	103'228
PTC Therapeutics	p) USD	2.9%	-1'475'995	57'147	56'456
Paratek Pharmaceuticals 2)	p) USD	12.3%	1'134'678	53'767	4'810
Esperion Therapeutics	USD	2.5%	561'188	50'547	0
Ophthotech	p) USD	3.1%	-2'590'230	47'523	114'879
Receptos	USD	0.8%	221'500	40'739	1'206
Genmab	DKK	0.5%	77'500	22'578	8319
Swedish Orphan Biovitrum	p) SEK	0.8%	-228'000	20'778	21'831
Probiobdrug 2)	p) EUR	10.6%	253'100	14'260	6'030
Collectis	EUR	1.0%	357'500	12'135	0
Incyte	USD	0.1%	102'000	9'941	450
Chimerix	USD	0.6%	226'000	8'469	101
Oxford Immunotec	USD	2.3%	310'500	6'992	3'551
Lpath	USD	14.4%	1'439'281	6'681	5'637
Neurocrine Biosciences	USD	0.2%	159'000	6'142	0
Coherus Biosciences	USD	0.6%	200'000	5'949	0
Relypsa	USD	0.4%	157'500	5'526	0
K2M Group Holdings	USD	0.5%	200'000	4'290	0
Aegerion	USD	0.5%	-154'694	3'699	12'255
Enanta Pharmaceuticals	p) USD	0.6%	-384'791	3'431	17'688
Skyepharma bond (3)	GBP			0	84'106
Other investments				26'784	35'786
Total public companies				748'082	641'381
Total investments				1'021'529	849'341

2) Paratek and Probiobdrug listed their shares on NASDAQ and Euronext Amsterdam, respectively, in October 2014. The investments were previously reported under private companies.

3) The bond was redeemed by Skyepharma on 2 May 2014, at a price representing 114.85% of the face value.

p) The position originates from the private companies portfolio.