

Media Release

Zug, 28 October 2016

HBM Healthcare Investments Quarterly Report September 2016

A strong second quarter to the 2016/2017 financial year enabled HBM Healthcare Investments to offset the negative result of the first three months. The Company's net asset value (NAV) per share rose by 5.3 percent to CHF 139.42 as at 30 September 2016, while the share price advanced by 5.0 percent to CHF 97.75.

First-half result

All in all, HBM Healthcare Investments made a profit of CHF 24 million for the first half of the year. The portfolio of **public companies** rose in value by CHF 32 million. In addition to the general recovery in equity valuations in the biotechnology sector, the takeovers of Relypsa (by Galenica), Anacor and Medivation (both by Pfizer) contributed CHF 27 million to earnings.

The performance of the portfolios of **private companies** and **funds** was neutral on aggregate, with a modest increase of CHF 1 million. Contributors here included two final milestone payments totalling CHF 16 million from the sale of the former private portfolio companies Syntonix (sold to Biogen Idec in 2007) and ESBATech (sold to Alcon/Novartis in 2009). Value adjustments on the investments in Tensys and Kolltan had a negative effect on results.

New investments

In the portfolio of public companies, HBM Healthcare Investments invested the proceeds of the aforementioned takeovers in a number of new companies. All have development pipelines which have already been validated by positive clinical data, or have even secured product approval. In addition, most of these companies are promising candidates for a takeover at a later date. Furthermore, the Company used capital increases at some small-cap firms as an opportunity to expand its shareholdings.

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In the portfolio of private companies, a new CHF 10 million investment in Californian True North Therapeutics was completed successfully in mid October. True North is developing an antibody to treat cold agglutinin disease (CAD), a rare auto-immune condition. Its current phase-I b study has already delivered promising initial data.

Outlook

HBM Healthcare Investments continues to view the small and mid-cap segment of the biotechnology sector as highly attractive. The great innovative drive of these companies is generating added value, and making them attractive takeover candidates for major pharmaceutical and biotechnology players. Selecting the right companies is key, and requires the appropriate expertise.

The fourth calendar quarter of 2016 and first quarter of 2017 will hold important milestones for some of our portfolio holdings, with the corresponding effect on these companies' valuations. The focus is on phase-III data from Ophthotech on Fovista® (wet AMD), the approval decision for Lutathera® (neuroendocrine tumours), which has been developed by Advanced Accelerator Applications, and phase-III data from Pacira Pharmaceuticals on Exparel® (approval to be extended to use as a nerve block). Looking further ahead, the US Food and Drug Administration FDA will decide in the second quarter of 2017 on the Vectura Group's application for approval for a generic version of asthma blockbuster Advair®. Success would also have a positive effect on the value of this shareholding.

The climate for IPOs and M&A activity remains favourable, and the HBM Healthcare Investments portfolio continues to enjoy an attractive position.

The online version of the Quarterly Report as at 30 September 2016 is available on the HBM Healthcare website www.hbmhealthcare.com.

For further information, please contact Dr Andreas Wicki on +41 41 710 75 77, or at andreas.wicki@hbmhealthcare.com

Information on HBM Healthcare Investments Ltd

HBM Healthcare Investments invests in the healthcare sector. The Company holds and manages an international portfolio of 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

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biotechnology companies. HBM Healthcare Investments has an international shareholder base and is listed on SIX Swiss Exchange (ticker: HBMN).

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