

Ypsomed

Industry

Health Care Equipment & Services

Rating

Under Review

Price Target

CHF 240

Ticker	YPSN SE
Share price	CHF 152
Mkt cap. (mns)	CHF 1,916
Free float (%)	27.6 %
Trad. vol. (mns)	CHF 3.1

Investment Case

#1 player in pen injectors: We estimate that Ypsomed will further expand its number 1 position as biosimilar insulins will bring new customers to the table. According to management, Ypsomed has won 80% of all potential contracts in the past few years. We expect the pipeline to materialize into accelerated revenue growth (>20%) starting in FY 19/20.

Interesting positioning in the insulin pump market:

The market is dominated by Medtronic (62%E), followed by #2 Roche and #3 Animas. Animas will exit the market and Roche has announced its exit from the US market. We therefore believe there is room for Ypsomed to gain market share from these two players. The YpsoPump is a small and intuitive insulin pump. In future, the company will need to add continuous glucose monitoring (CGM) connectivity and ultimately offer a smart loop (2020/21E).

Prevalence of diabetic diseases on the rise and fueled by biosimilars:

Trends such as increasing urbanization, unhealthy diets and low levels of physical activity increase the incidence of diabetes. Currently, more than 400 mn people suffer from diabetes. With the rise of biosimilars, insulin penetration will increase and fuel demand for Ypsomed's pen devices.

Strong management track record: CEO Simon Michel has shown strong execution since he took over leadership of the company. His father and founder, Willy Michel, remains Chairman of the Board.

Recent Newsflow

09-11-2017 - 1H17/18 results (=)

Results were in line with expectations, management gave clear forecasts regarding sales and EBIT for the next 3 years.

July 2017 - Insulet contract not extended (-)

Surprisingly, Insulet and Ypsomed did not prolong their contract for OmniPod distribution outside the US.

24-05-2017 - FY16/17 results (-)

Results were in line with expectations, but the EBIT outlook disappointed investors.

Next Catalysts & Events

24-05-2018 - FY17/18 results

We expect double-digit growth again with Diabetes Care growing faster than Delivery Systems.

Analyst

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Criteria analysis

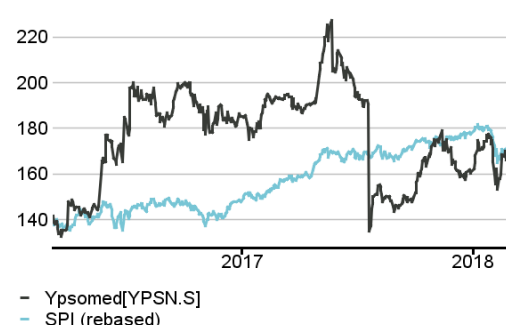
	Weak			Strong			Comment
Growth profile	1	2	3	4	5	6	– Diabetes prevalence & growing biosimilars market
Pricing power	1	2	3	4	5	6	– Pen prices negligible vs injected drugs
Margin resilience	1	2	3	4	5	6	– Margins clearly improved
Corporate governance	1	2	3	4	5	6	– Good corporate governance
Financial metrics	1	2	3	4	5	6	– Strong balance sheet
Valuation	1	2	3	4	5	6	– Strong long-term potential justifies valuation

Business description

Pioneer and market leader in field of self-medication: Ypsomed was created in 2003 through the split-up of Disetronic Group and is headquartered in Burgdorf, Switzerland. The company builds on long-term experience in diabetic diseases monitoring and management. It also addresses the self-injection of biologics.

Wide distribution network: The company operates through three segments: Ypsomed Delivery Systems, Ypsomed Diabetes Care and Other. The delivery systems developed and manufactured by Ypsomed are sold by leading pharma and biotech companies under their own brand names. In Diabetes Care, Ypsomed markets products and services directly to diabetes patients, doctors and specialist personnel or health insurance providers.

Performance



Risks to our investment case

Cancellation of a key customer contract: If a key consumer were to cancel its contract, Ypsomed's sales and profitability could be heavily impacted. In FY06/07, Sanofi-Aventis reduced its order volumes for insulin pens which caused a collapse in Ypsomed's sales.

No demand for YpsoPump: We believe there is demand for the YpsoPump although it does not offer a hybrid closed loop like competitor Medtronic offers. If we are proven wrong, there is considerable downside to our long-term estimates.

Healthcare systems reforms: Reforms, cost reductions or economic pressures are weighing on the healthcare systems in several regions (e.g. Netherlands, UK, France). If they were to increase over time, they could become challenging for Ypsomed.

Sensitivity analysis

	Low			High			Comment
Cyclicality	1	2	3	4	5	6	– Disease prevalence as growth driver
Earnings visibility	1	2	3	4	5	6	– Visibility for investors has recently improved
Operating leverage	1	2	3	4	5	6	– Utilization of existing production offers leverage
Dependence on FX movements	1	2	3	4	5	6	– Natural hedge to improve with German site
Dependence on raw material prices	1	2	3	4	5	6	– Not an issue - mainly plastics
Dependence on key customers	1	2	3	4	5	6	– Concentration has been reduced in recent years
Dependence on key suppliers	1	2	3	4	5	6	– Dependence on Insulet to disappear post June 2018

Corporate governance

Investor communication

Communication is good. Management is open to host investor meetings.

Track record during last downturn

High dependence on Sanofi and reduced demand from that customer was a problem in the past. Communication around problems/challenges were not addressed openly enough (under former management).

Remuneration & incentives

Compensation comprises 1) a fixed component, 2) performance-related component (between 0% and 41.6% of the fixed component) and 3) further benefits (e.g. attendance fee). The performance-related component depends on the achieved vs budgeted targets, 2/3 being based on consolidated EBIT margin and 1/3 on consolidated sales.

Management

Chairman

Dr. h. c. Willy Michel
since 2003

CEO

Simon Michel
since 2014

CFO

Niklaus Ramseier
since 2002

SWOT analysis

STRENGTHS	<ul style="list-style-type: none"> – #1 player in pens (delivery systems) – Only a few competitors (SHL, BD) – Strong know-how and key expert functions centralized at Ypsomed headquarter and flexibility to manufacture abroad. – Comprehensive platform products that meet key customer needs (injection systems, dosing needs, manufacturing capacity) 	WEAKNESSES	<ul style="list-style-type: none"> – FX exposure to CHF and EUR
OPPORTUNITIES	<ul style="list-style-type: none"> – Increasing prevalence of diabetes also in emerging markets – New biologics and surge in biosimilar product launches – Increasing demand for convenient, discreet, safe and cost efficient drug administration – Increased complexity in drug formulation - rise of customer-specific products – Huge untapped demand in emerging markets 	THREATS	<ul style="list-style-type: none"> – Cancellation of a key customer contract – IP threats and potential delays in launches of biosimilars – Slower than expected pick-up in emerging markets – Low/no reimbursement in EM, would put prices under considerable pressure – Risk of a product recall

Guidance vs Vontobel and consensus estimates

Guidance: The company guides for 15% sales growth and EBIT at the level of FY16/17 (CHF 55 mn) or slightly higher.

Vs Vontobel estimates: We expect sales growth of 17.8% and an EBIT of CHF 57.5 mn.

Vs consensus: 16.1% sales growth to CHF 387.4 mn and EBIT of CHF 57.6 mn.

Divisions (all figures as % share of total)

Ypsomed Delivery Systems		Revenues FY17E	CHF 142 (32%)
Description	The Delivery Systems segment consists of the manufacturing of pen systems and custom manufacturing.		
Drivers	Growth: 1) Growing demand for diabetes management, 2) new biologics formulations that need to be injected less often (autoinjectors) Profitability: Leverage from increasing utilization of existing production lines		
Market shares	VtE: ca. 40%		
Competitors	SHL, BD		
Customers	Pharmaceutical and biotech companies		
Suppliers	NA		
Ypsomed Diabetes Care		Revenues FY17E	CHF 291 (65%)
Description	The Diabetes Care Business consists of DiaExpert (distribution business), blood glucose monitoring systems, OmniPod, YpsoPump and infusion sets as well as pen needles		
Drivers	Growth: 1) Omnipod - first patch pump, 2) launch of YpsoPump ongoing and 3) attractive product offerings, own brands Profitability: Increasing product offering to leverage salesforce		
Market shares	VtE: roughly 10-20%, depending on country		
Competitors	Roche, Medtronic, JnJ etc.		
Customers	Physicians, patients		
Suppliers	NA		
Others (Ypsotec)		Revenues FY17E	CHF 15.9 (4%)
Description	The Others segment includes the precision mechanics supplier Ypsotec and non-operating real estate properties.		
Drivers	Growth: NA Profitability: NA		
Market shares	NA		
Competitors	NA		
Customers	NA		
Suppliers	NA		

		Explicit forecast period				Transition period				Terminal	
DCF/EVA valuation		2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Invested capital (average)	CHF mns	294	301	298	291	292	302	313	323	332	337
ROIC	%	16.3	12.4	17.8	26.0	30.0	34.0	38.0	42.0	48.0	48.0
ROIC-WACC	%	11.5	7.3	12.4	20.4	24.2	27.9	31.7	35.5	41.3	41.1
Economic profit (EVA)	CHF mns	33.8	21.9	37.1	59.3	70.5	84.4	99.1	115	137	138
Discounted EVA	CHF mns	4.48	20.7	33.1	49.9	55.7	62.4	68.2	73.1	80.7	75.0
NWC intensity	%	13.7	13.7	13.7	13.7	13.7	13.7	13.7	13.7	13.7	13.7
Implied P&L and FCF		2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Revenues	CHF mns	449	366	360	441	498	558	620	682	729	751
Revenues growth	%	15.3	-18.5	-1.6	22.4	13.0	12.0	11.0	10.0	7.0	3.0
EBIT	CHF mns	60.0	46.6	66.3	94.6	109	128	148	169	199	202
EBIT margin	%	13.4	12.7	18.4	21.4	22.0	23.0	24.0	24.9	27.3	26.9
Tax rate	%	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
NOPLAT (Invested capital * ROIC)	CHF mns	48.0	37.3	53.0	75.7	87.5	103	119	136	159	162
Depreciation	CHF mns	34.1	35.0	34.1	56.5	39.1	44.3	49.6	55.1	59.5	62.5
Other non-cash items	CHF mns	2.69	19.1	28.5	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Change in NWC	CHF mns	-7.86	11.4	0.82	-11.1	-7.86	-8.19	-8.41	-8.49	-6.54	-3.00
Capex	CHF mns	-42.0	-45.0	-30.0	-36.7	-41.5	-46.5	-51.6	-56.7	-60.7	-62.5
FCF to the firm	CHF mns	34.9	57.7	86.5	89.4	81.3	96.3	112	129	155	163
Discounted FCF	CHF mns	4.63	54.6	77.3	75.3	64.3	71.2	77.3	82.6	91.6	88.3
Weighted cost of capital		2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Cost of equity	%	4.8	5.1	5.4	5.6	5.8	6.1	6.3	6.5	6.7	6.9
After-tax cost of debt	%	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Market cap/EV	%	100	100	100	100	100	100	100	100	100	100
WACC	%	4.8	5.1	5.4	5.6	5.8	6.1	6.3	6.5	6.7	6.9
Net present value (NPV)		2017E	Sensitivity analysis for NPV per share (avg. WACC vs. term. EBIT margin)								
Explicit and transition period FCF	CHF mns	599	EBIT ^{WACC} 5.4% 5.9% 6.4% 6.9% 7.4% 7.9% 8.4%								
Discounted cont. value of FCF	CHF mns	2,242	23.9% 336 279 238 207 183 165 149								
Terminal value as % of EV	%	78.9	24.9% 348 288 245 214 189 169 153								
Terminal rev. growth assumption	%	3.0	25.9% 360 297 253 220 194 174 158								
Enterprise value (EV)	CHF mns	2,841	26.9% 372 307 261 226 200 179 162								
Net debt	CHF mns	-28.9	27.9% 384 316 268 233 206 184 166								
Minorities	CHF mns	0.00	28.9% 395 326 276 239 211 189 170								
Associates	CHF mns	0.00	29.9% 407 335 284 246 217 193 174								
Other adjustments to EV	CHF mns	-14.2									
Implied market cap	CHF mns	2,884									
Equivalent total # of listed shares	mns	12.6									
Reporting currency to CHF rate	x	1.00									
Net present value (NPV) per share	CHF	229									
NPV per share 12 months forward	CHF	240									

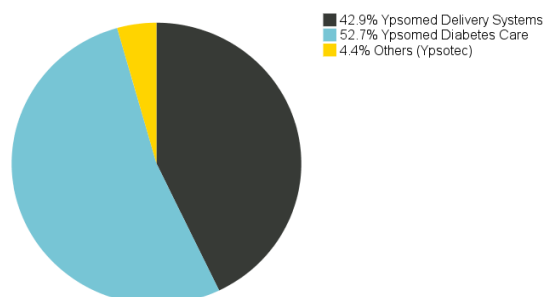
Financials

Segment information by divisions

Revenues		2012	2013	2014	2015	2016	2017E	2018E	2019E
Ypsomed Delivery Systems	CHF mns	NA	NA	NA	119	128	142	157	187
Ypsomed Diabetes Care	CHF mns	NA	NA	NA	202	246	291	193	158
Others (Ypsotec)	CHF mns	NA	NA	NA	16.2	15.8	15.9	16.0	16.0

Income Statement		2012	2013	2014	2015	2016	2017E	2018E	2019E
Revenues	CHF mns	245	276	307	337	390	449	366	360
Gross profit	CHF mns	57.1	70.5	85.9	103	125	144	117	133
Total operating expenses	CHF mns	-52.2	-54.9	-57.3	-58.8	-70.2	-83.7	-70.6	-67.0
EBITDA	CHF mns	30.5	40.7	57.4	73.3	87.8	94.1	81.6	100
Depreciation of tangible assets	CHF mns	-19.9	-18.9	-21.3	-21.2	-21.5	-23.1	-25.6	-26.1
EBITA	CHF mns	10.6	21.8	36.1	52.0	66.3	71.1	56.0	74.3
Amortization of intangibles	CHF mns	-5.70	-6.14	-7.51	-7.59	-11.0	-11.0	-9.38	-7.97
Impairment and amortization of goodwill	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBIT	CHF mns	4.85	15.6	28.5	44.4	55.3	60.0	46.6	66.3
Total operating one-off items	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Adjusted EBIT	CHF mns	4.85	15.6	28.5	44.4	55.3	60.0	46.6	66.3
Net financial result	CHF mns	-1.76	-0.40	-4.81	-1.24	0.09	1.07	1.46	1.85
Extraordinary result	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	50.0	0.00
Pretax profit	CHF mns	3.08	15.2	23.7	43.2	55.4	61.1	98.1	68.2
Taxes	CHF mns	-1.44	-1.64	-4.34	-7.39	-9.14	-10.4	-16.7	-11.6
Group net profit	CHF mns	1.65	13.6	19.4	35.8	46.2	50.7	81.4	56.6
Minority interests	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shareholders' net profit	CHF mns	1.65	13.6	19.4	35.8	46.2	50.7	81.4	56.6
Total one-off items	CHF mns	3.81	5.61	4.61	4.14	8.27	9.24	-42.1	6.53
Adjusted net profit	CHF mns	5.46	19.2	24.0	40.0	54.5	59.9	39.3	63.1
Growth		2012	2013	2014	2015	2016	2017E	2018E	2019E
Revenues	%	-1.6	13.0	11.0	9.9	15.6	15.3	-18.5	-1.6
Organic revenues	%	0.0	0.0	0.0	0.0	15.2	13.6	-19.4	-1.6
Gross profit	%	1.2	23.6	21.7	20.2	21.6	14.6	-18.5	13.7
EBITDA	%	-7.2	33.5	40.9	27.7	19.8	7.2	-13.3	23.1
EBIT	%	-5.7	222.8	82.5	55.7	24.5	8.5	-22.4	42.3
Net profit	%	-80.6	726.1	42.5	84.6	29.1	9.6	60.5	-30.5
Net profit adjusted	%	-62.5	252.0	24.9	66.4	36.5	9.9	-34.4	60.6
Margin analysis		2012	2013	2014	2015	2016	2017E	2018E	2019E
Gross margin	%	23.3	25.5	28.0	30.6	32.2	32.0	32.0	37.0
EBITDA margin	%	12.5	14.7	18.7	21.7	22.5	21.0	22.3	27.9
EBITA margin	%	4.3	7.9	11.8	15.4	17.0	15.8	15.3	20.6
EBIT margin	%	2.0	5.7	9.3	13.2	14.2	13.4	12.7	18.4
Adjusted EBIT margin	%	2.0	5.7	9.3	13.2	14.2	13.4	12.7	18.4
Tax rate	%	46.6	10.7	18.3	17.1	16.5	17.0	17.0	17.0
Net profit margin	%	0.7	4.9	6.3	10.6	11.9	11.3	22.2	15.7
Adjusted net profit margin	%	2.2	7.0	7.8	11.9	14.0	13.3	10.7	17.5

Revenues by divisions 2018E



Revenues by regions 2018E

Balance Sheet		2012	2013	2014	2015	2016	2017E	2018E	2019E
Cash and cash equivalents	CHF mns	9.61	16.2	16.2	25.5	38.9	62.3	107	173
Marketable securities	CHF mns	4.47	5.17	5.60	5.72	6.81	6.81	6.81	6.81
Inventories	CHF mns	56.6	52.2	51.8	49.1	48.3	73.8	60.2	59.2
Accounts receivable	CHF mns	38.1	41.0	49.9	68.0	81.4	55.4	45.2	44.4
Prepayment and accrued income	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other current assets	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total current assets	CHF mns	109	115	123	148	175	198	220	284
Tangible assets	CHF mns	162	160	151	154	159	178	197	201
Other intangible assets	CHF mns	55.1	61.3	69.0	73.0	73.6	62.5	53.2	45.2
Goodwill	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial assets	CHF mns	16.2	18.2	17.8	13.8	14.2	14.2	14.2	14.2
Other non-current assets	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total non-current assets	CHF mns	233	240	238	241	246	254	264	260
Total assets	CHF mns	342	355	361	389	422	453	484	544
Accounts payable	CHF mns	16.7	15.9	15.5	20.0	22.0	30.8	25.1	24.7
Short-term interest-bearing debt	CHF mns	64.5	62.5	56.0	39.0	27.0	27.0	27.0	27.0
Accrued expenses and deferred income	CHF mns	20.2	24.6	29.1	46.4	54.1	36.9	30.1	29.6
Other current liabilities/provisions	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total current liabilities	CHF mns	101	103	101	105	103	94.7	82.2	81.3
Long-term interest-bearing debt	CHF mns	21.7	21.1	15.5	10.0	10.1	10.1	10.1	10.1
Pension liabilities (long-term portion)	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other non-current liabilities	CHF mns	0.35	1.07	1.77	2.89	3.97	3.97	3.97	3.97
Provisions	CHF mns	1.01	1.17	2.71	2.80	2.97	2.97	-22.0	2.97
Total non-current liabilities	CHF mns	23.1	23.3	19.9	15.7	17.0	17.0	-8.00	17.0
Total liabilities	CHF mns	124	126	121	121	120	112	74.2	98.3
Total interest-bearing debt	CHF mns	86.2	83.6	71.5	49.0	37.1	37.1	37.1	37.1
Ordinary share capital	CHF mns	178	178	178	179	178	179	179	179
Share premium & retained earnings	CHF mns	38.9	49.7	62.1	89.2	123	162	231	267
Shareholders' equity	CHF mns	217	228	241	268	302	341	410	446
Minority interests	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Group equity	CHF mns	217	228	241	268	302	341	410	446
Total liabilities and equity	CHF mns	342	355	361	389	422	453	484	544
Balance sheet analysis		2012	2013	2014	2015	2016	2017E	2018E	2019E
Net working capital (NWC)	CHF mns	57.8	52.7	57.0	50.8	53.7	61.5	50.2	49.4
NWC/revenues	%	20.9	20.0	17.9	16.0	13.4	12.8	15.2	13.8
NWC/total assets	%	16.9	14.9	15.8	13.1	12.7	13.6	10.4	9.1
Inventory days	days	104	97	86	79	67	73	98	96
Receivables days	days	50	52	54	64	70	56	50	45
Payables days	days	34	29	26	28	29	31	41	40
Net debt (+) / net cash (-)	CHF mns	72.1	62.3	49.6	17.8	-8.63	-32.0	-77.1	-143
Equity/total assets	%	63.6	64.4	66.6	68.9	71.5	75.3	84.7	81.9
Net debt/equity (gearing)	%	33.2	27.3	20.6	6.6	-2.9	-9.4	-18.8	-32.1
Net debt/EBITDA	x	2.4	1.5	0.9	0.2	-0.1	-0.3	-0.9	-1.4

Cash flow statement		2012	2013	2014	2015	2016	2017E	2018E	2019E
Group profit	CHF mns	1.65	13.6	19.4	35.8	46.2	50.7	81.4	56.6
Depreciation + Amortization	CHF mns	25.6	25.1	28.8	28.8	32.5	34.1	35.0	34.1
Goodwill impairment	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-cash financial income (-)/expenses (+)	CHF mns	-1.28	-0.79	4.23	5.83	1.16	0.00	0.00	0.00
Inc. (+)/decr.(-) in deferred taxes	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inc. (+)/decr.(-) in pension provisions	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inc. (+)/decr.(-) in other provisions	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	-25.0	25.0
Other non-cash changes/adjustments	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operation cash flow (before chng in NWC)	CHF mns	26.0	37.9	52.4	70.5	79.9	84.8	91.4	116
Inc. (-)/decr. (+) in NWC	CHF mns	-10.8	3.32	-11.1	6.21	-4.81	-7.86	11.4	0.82
CF from operating activities	CHF mns	15.2	41.2	41.4	76.7	75.1	76.9	103	116
Capex	CHF mns	-15.4	-18.0	-12.0	-24.9	-27.4	-42.0	-45.0	-30.0
Operating free cash flow (FCF)	CHF mns	-0.24	23.2	29.4	51.8	47.7	34.9	57.7	86.5
Invest.(-)/disp.(+) of tang./intang.	CHF mns	-10.5	-12.1	-13.3	-11.0	-10.7	0.00	0.00	0.00
Invest.(-)/disp.(+) of associates	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Invest.(-)/disp.(+) of non-core assets	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Acquisitions	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other adjustments	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CF from investing activities	CHF mns	-25.9	-30.1	-25.3	-36.0	-38.1	-42.0	-45.0	-30.0
Proceeds from issue of share capitals	CHF mns	-0.02	0.00	1.12	-2.09	1.38	0.00	0.00	0.00
Disposal (+)/ purchase (-) of shares	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inc. (+)/decr. (-) in equity	CHF mns	-0.02	0.00	1.12	-2.09	1.38	0.00	0.00	0.00
Dividend paid	CHF mns	-2.52	-2.52	-3.78	-7.58	-12.6	-11.6	-12.7	-20.3
Inc. (+)/decr.(-) in interest bearing debt	CHF mns	13.5	-2.00	-11.5	-22.0	-12.0	0.00	0.00	0.00
Other adjustments	CHF mns	-0.41	0.01	-0.96	0.00	0.00	0.00	0.00	0.00
CF from financing activities	CHF mns	10.5	-4.51	-15.1	-31.7	-23.2	-11.6	-12.7	-20.3
Translation impact	CHF mns	0.04	-0.07	-0.90	0.22	-0.41	0.00	0.00	0.00
Inc. (+)/decr. (-) in cash	CHF mns	-0.12	6.55	0.08	9.26	13.4	23.4	45.0	66.1
Cash flow analysis		2012	2013	2014	2015	2016	2017E	2018E	2019E
Operating cash flow margin	%	6.2	14.9	13.5	22.8	19.3	17.1	28.0	32.3
Capex/revenues	%	6.3	6.5	3.9	7.4	7.0	9.3	12.3	8.3
Capex/depreciation	%	60.1	71.7	41.6	86.5	84.3	123.1	128.7	88.0

Price		2012	2013	2014	2015	2016	2017E	2018E	2019E
Price (year-end or current)	CHF	56.15	65.00	85.85	144.90	185.00	160.60	151.80	151.80
High	CHF	57.40	70.00	94.00	151.30	200.10	227.40	177.20	NA
Low	CHF	48.00	52.00	65.55	79.05	124.60	135.00	151.80	NA
Average basic shares outstanding	('000)	12,615	12,615	12,625	12,625	12,614	12,635	12,620	12,620
Year-end basic shares outstanding	('000)	12,615	12,615	12,615	12,627	12,613	12,620	12,620	12,620
Average fully diluted shares	('000)	12,615	12,615	12,625	12,625	12,614	12,620	12,590	12,590
Market capitalization	CHF mns	694	984	1,149	1,736	2,403	1,916	1,916	1,916
Enterprise value	CHF mns	750	1,028	1,181	1,740	2,380	1,869	1,824	1,758
Per-share data		2012	2013	2014	2015	2016	2017E	2018E	2019E
EPS (reported)	CHF	0.13	1.08	1.54	2.84	3.67	4.01	6.45	4.48
EPS (adjusted)	CHF	0.43	1.52	1.90	3.16	4.32	4.75	3.12	5.01
FCF	CHF	-0.02	1.84	2.33	4.10	3.78	2.77	4.57	6.85
Net cash (+) / net debt (-)	CHF	-5.72	-4.93	-3.93	-1.41	0.68	2.54	6.11	11.3
BVPS (reported)	CHF	17.2	18.1	19.1	21.2	23.9	27.0	32.5	35.3
Dividend	CHF	0.20	0.30	0.60	1.00	1.30	1.45	1.50	1.60
Payout ratio	%	153	27.8	39.1	35.3	35.5	36.1	23.3	35.7
Valuation		2012	2013	2014	2015	2016	2017E	2018E	2019E
P/E (reported)	x	421	72.3	59.3	48.5	52.0	37.8	23.5	33.9
P/E (adjusted)	x	127	51.2	47.9	43.5	44.1	32.0	48.6	30.3
P/Op. free cash flow	x	-2867	42.3	39.1	33.5	50.4	54.9	33.2	22.2
P/Book (reported)	x	3.19	4.31	4.78	6.48	7.96	5.62	4.68	4.30
EV/Sales	x	3.07	3.72	3.85	5.17	6.11	4.16	4.98	4.88
EV/EBITDA	x	24.6	25.2	20.6	23.8	27.1	19.9	22.4	17.5
EV/EBIT	x	155	65.7	41.4	39.2	43.0	31.1	39.2	26.5
EV/Op. free cash flow	x	-3098	44.2	40.2	33.6	49.9	53.5	31.6	20.3
EV/Equity free cash flow	x	-70.0	92.4	73.3	42.7	64.3	53.5	31.6	20.3
EV/Invested Capital	x	2.73	3.75	4.26	6.27	8.32	6.20	6.08	5.95
FCF yield	%	-0.03	2.36	2.56	2.98	1.98	1.82	3.01	4.51
Dividend yield	%	0.36	0.38	0.66	0.73	0.68	0.96	0.99	1.05
Profitability ratios & ROIC		2012	2013	2014	2015	2016	2017E	2018E	2019E
Average invested capital	CHF mns	268	275	276	277	282	294	301	298
NOPLAT	CHF mns	3.88	12.5	22.8	35.5	44.2	48.0	37.3	53.0
Economic profit (EVA)	CHF mns	-23.4	-15.5	-5.25	7.30	15.5	18.1	6.62	22.7
ROIC	%	1.4	4.6	8.3	12.8	15.7	16.3	12.4	17.8
ROE	%	0.8	6.1	8.3	14.1	16.2	15.8	21.7	13.2
ROA	%	0.5	3.9	5.4	9.5	11.4	11.6	17.4	11.0
Enterprise value		2012	2013	2014	2015	2016	2017E	2018E	2019E
Market capitalization	CHF mns	694	984	1,149	1,736	2,403	1,916	1,916	1,916
Net Debt (+) / net cash (-)	CHF mns	72.1	62.3	49.6	17.8	-8.63	-32.0	-77.1	-143
Value of minorities	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Value of associates	CHF mns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other adjustments for EV calculation	CHF mns	-16.2	-18.2	-17.8	-13.8	-14.2	-14.2	-14.2	-14.2
Enterprise value	CHF mns	750	1,028	1,181	1,740	2,380	1,869	1,824	1,758

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Ypsomed[YPSN.S] was last changed from Buy to Under Review on 07-03-18

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Buy	36	33	19
Hold	72	65	26
Reduce	2	2	0

The table above is revised at the beginning of each quarter, i.e. it currently reflects the status as at 31 December 2017.

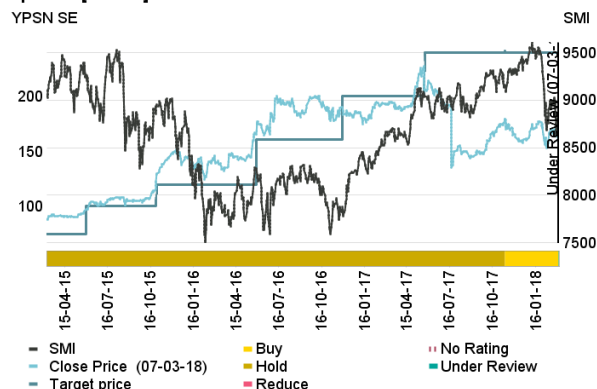
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YPSN SE



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Rating	Definition
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