

## Media Release

Zug, 25 January 2018

### **A strong third quarter further extended HBM Healthcare Investments' profit for the first nine months of the 2017/2018 financial year to a total of CHF 85.6 million.**

HBM Healthcare Investments closed the third quarter of the 2017/2018 financial year, as at 31 December 2017, with a profit of CHF 72.0 million. This takes profit for the first nine months of the financial year to a total of CHF 85.6 million. Net asset value (NAV) per share rose by 8.2 percent, and the share price by 24.9 percent, during the same period.

#### **Significant portfolio developments**

The stand-out event during the quarter under review was, without a doubt, Novartis's takeover offer for Advanced Accelerator Applications, the largest holding in the portfolio (quarterly profit of CHF 36 million). HBM Healthcare Investments first took an interest in the then-private company in 2014, and went on to invest a total of just under CHF 40 million before its IPO. After the takeover offer had been announced, the holding was sold in full via the stock exchange at close to the takeover price. The CHF 200 million profit that this realised is HBM Healthcare Investments' highest-ever return on a single investment.

There were two other major contributors to the strong result for the quarter, however. Encouraging data from a clinical phase IIa trial of a drug to treat dermatitis multiplied the market value of AnaptysBio (quarterly profit of CHF 29 million). The company also originates from the portfolio of private companies. Meanwhile, in December Dutch-based public company Argenx presented phase II results for a compound to treat an autoimmune disorder. This substantially increased the company's valuation (quarterly profit of CHF 17 million).

In addition, private Canadian company Vitaeris reported that it had successfully agreed a strategic alliance with CSL, a public company from Australia. Under the terms of the partnership, CSL will fund clinical trials of Vitaeris's clazakizumab antibody (anti-IL6 MAb) as a treatment to address

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## HBM Healthcare Investments

kidney transplant rejection. CSL also received an option to acquire Vitaeris. As one of its founding shareholders, HBM Healthcare Investments took a USD 3 million stake in Vitaeris, and holds 20 percent of the company. In line with the prudent valuation policy of HBM Healthcare Investments, the deal will not be reflected immediately in reported NAV. However, there should be a significant increase in value if the clinical trials proceed successfully and CSL exercises its purchase option.

### New investments

HBM Healthcare Investments made its first investment, of USD 6.5 million, in private US company Aptinyx during the reporting period. Aptinyx has a platform for discovering promising molecules that can be used to treat disorders of the central nervous system. Its most advanced clinical development programme is conducting phase II trials of a compound to treat neuropathic pain.

The existing portfolio of private companies received follow-on financing totaling CHF 11.5 million. As part of this, contractually agreed investment tranches went to Amicus (EUR 4.0 million), Neurelis (USD 2.7 million) and Vascular Dynamics (USD 1.0 million). In addition, US-Danish portfolio company Y-mAbs raised its financing round by USD 30 million to a total of USD 80 million in response to strong demand. HBM Healthcare Investments used this opportunity to boost its existing investment by USD 3.2 million.

As part of the strategy to continue increasing investment exposure to Asia, HBM Healthcare Investments took on a new investment commitment of USD 25 million to the 6 Dimensions Capital investment fund, paying an initial tranche of USD 4.8 million during the quarter just ended. A variety of other holdings in the portfolio of public companies were also extended, and a number of new investments made.

### Outlook

The HBM Healthcare Investments portfolio remains in an excellent position in calendar 2018. We expect Vectura, our largest portfolio company, to report in the coming months on talks with the FDA, and further requirements for the approval of the generic version of Advair.

Pacira, the second-largest holding in the portfolio, will participate in February in an Advisory Committee meeting at the FDA to discuss extending approval for its Exparel® pain relief drug for the nerve block indication. The FDA's decision on approval is set for the beginning of April.

Furthermore, over the next 12 months a series of companies representing significant portfolio holdings – AnaptysBio, Esperion, Nabriva and ObsEva – will be releasing clinical study data which, if positive, should produce the corresponding increase in the value of our investments.

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Further value-generating events over the next 12 to 18 months are expected, such as financing rounds, IPOs and acquisitions. In HBM Healthcare Investments' experience, this will release the added value contained within the holdings in question.

The Quarterly Report as at 31 December 2017 is available on the HBM Healthcare Investments Ltd website [www.hbmhealthcare.com](http://www.hbmhealthcare.com).

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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 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).

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