

Media Release

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**HBM Healthcare Investments Half-Year Report
September 2018**

The second quarter of the 2018/2019 financial year saw HBM Healthcare Investments far exceed what had already been a very successful first-quarter result to make a profit of CHF 110 million. This takes net earnings for the first half of the year to CHF 177 million. As in the previous quarter, the share price rose almost twice as strongly as net asset value (NAV) per share, at 28.8 percent and 15.3 percent respectively, thereby further reducing the discount.

The increase in value came from private and public companies equally, confirming the Company's investment strategy. To ensure that the portfolio remains well balanced, HBM Healthcare Investments invested more than CHF 44 million in five private companies during the quarter just ended. It is also considering locking in the profits generated by certain public holdings. The partial hedge of the public portfolio remains in place.

HBM Healthcare Investments generated a profit of CHF 110.4 million in the second quarter of the 2018/2019 financial year, taking the total for the first half-year to CHF 176.9 million. Net asset value (NAV) per share rose by 15.3 percent in the first six months, while the share price soared by as much as 28.8 percent, thereby further reducing its discount to NAV.

The main contributors to the increase in profit were two private and two public companies.

The value of our holding in Y-mAbs Therapeutics was up by over CHF 48 million, to CHF 80 million, following the company's IPO in September. HBM Healthcare Investments took a CHF 23 million stake in Y-mAbs in October 2017, and increased its holding by a further CHF 9 million as part of the IPO.

Principia Biopharma, in which HBM Healthcare Investments made an initial investment of CHF 12 million in August 2018 as part of a private financing round, also went public in September. Here, too, the company took the opportunity of the IPO to increase its holding, by CHF 7 million. The value of this position had increased by CHF 17 million to CHF 36 million by the end of September.

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BioArctic, which is listed on the Stockholm stock exchange, is working with partners Biogen and Eisai to develop a compound to treat Alzheimer's disease. The company attracted considerable attention in early July with the publication of positive data from a phase II trial. HBM Healthcare Investments invested just under CHF 8 million as the anchor investor when BioArctic went public in October 2017. Positive study results have seen the share price more than quadruple since then, contributing CHF 22 million to HBM Healthcare Investments' earnings.

The Pacira Pharmaceuticals share price also recovered from a low level, taking the value of the investment CHF 18 million higher, to CHF 53 million.

New investments in private companies

In addition to the investment in Principia Biopharma referred to above, HBM Healthcare Investments has taken stakes in four more private companies since the end of June.

> USD 15 million was invested in Guangdong Jianke Pharmaceutical, China's leading online pharmacy and healthcare service platform. The company is planning to go public in the USA in 2019.

> Cardialen, a US medical technology company, is developing a small implant as a new means of treating cardiac arrhythmia. We invested USD 5 million in the company.

> A further USD 5 million was invested in Galera Therapeutics. Galera is conducting clinical trials of a compound to treat oral mucositis, a common side-effect of radiation therapies to treat cancer.

> USD 2 million was invested in the Chinese company Nuance Biotech as a co-investment with C-Bridge Capital. Nuance has a portfolio of products for the Chinese healthcare market. Among its other ventures, in June the company acquired the Chinese rights to the pain-killer Exparel® from Pacira.

Outlook

The two IPOs – of Principia and Y-mAbs – increased the proportion of public companies in the portfolio by nine percentage points compared with the previous quarter. They now account for 66 percent of net assets, or 55 percent when the market hedge is taken into account. Private companies (including funds and milestone payments) contracted slightly to 36 percent. The portfolio thus remains carefully balanced and well diversified.

In view of further potential IPOs in the future, HBM Healthcare Investments will realise some of the increase in value on the public companies and use the liquidity this generates for new investments and follow-on financing in the private companies segment. With these new investments, as well as upward revaluations following new financing rounds, the company expects the proportion of private companies in the portfolio to rise again in the months to come.

All in all, HBM Healthcare Investments remains confident about future growth in the value of its portfolio companies, although uncertainty about general market trends persists where the public companies are concerned. HBM Healthcare Investments will therefore maintain the partial market hedge of around a fifth of this part of the portfolio.

The Half-Year Report September 2018 is available on the Company's website <https://www.hbmhealthcare.com/en/investors/financial-reports>.

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About HBM Healthcare Investments

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).

Disclaimer

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