

Vifor Pharma Group reports strong H1 2019 results and raises full-year guidance

- **Strong financial performance in H1 2019**
- **Continued positive performance of all three strategic growth drivers**
- **Guidance raised on 2019 net sales and EBITDA**
- **On track to achieve Milestone 2020**

ZURICH, 8 AUGUST 2019 – In H1 2019, Vifor Pharma recorded a strong financial performance driven by its three strategic growth drivers. The company has raised its guidance on 2019 net sales and EBITDA and is on track to achieve Milestone 2020.

FINANCIAL PERFORMANCE: STRONG GROWTH CONTINUES

- Significant revenue growth with net sales of CHF 913.3 million, up 22.2%
- EBITDA increased to CHF 254.6 million, up 32.6%
- Strong balance sheet with equity ratio of 74.0%

FERINJECT®/INJECTAFER® ON TRACK TO ACHIEVE BLOCKBUSTER STATUS

- Net sales increased to CHF 273.4 million, up 19.4% in H1, on track for full-year 2019 growth of approximately 20%
- Potential for in-market sales of more than CHF 1 billion on rolling annual basis in H2 2019, a year earlier than anticipated
- Ferinject® marketing approval received in Japan in March 2019, with planned launch in H2 2019 subject to obtaining reimbursement

VFMCPRP GROWTH BOOSTED BY STRONG VELPHORO® PERFORMANCE IN US

- Mircera® net sales increased to CHF 276.2 million, up 29.0%
- Velphoro® grew by 126.6% to CHF 81.1 million, driven by strong US growth as a result of continued adoption of updated KDIGO (Kidney Disease Improving Global Outcomes) Guidelines
- Expansion of Akebia partnership for vadadustat in April 2019, increasing potential market to up to 60% of US dialysis patients
- Positive results from first pivotal US phase-III trial of CR845 announced by partner Cara Therapeutics, Inc. in May 2019

VELTASSA® AMONG FASTEST-GROWING NEPHROLOGY DRUGS IN LAST DECADE

- Strong net sales of CHF 62.6 million in H1 2019, up 69.9%
- Reimbursement in Germany, Spain and Belgium obtained in H1 2019
- Positive results from AMBER study announced in May 2019 demonstrating potential in patients with resistant hypertension and chronic kidney disease (CKD)

GUIDANCE RAISED FOR NET SALES AND EBITDA FOR FULL YEAR 2019 AND CONFIRMED FOR 2020

- In 2019 at constant exchange rates, net sales are expected to exceed 15%, EBITDA is expected to grow between 25% and 30%
- 2020 net sales expected to exceed CHF 2 billion and EBITDA to be in range of CHF 700 million

Commenting on the first half results, Etienne Jornod, Executive Chairman of Vifor Pharma Group, said: "Vifor Pharma Group delivered another strong performance in the first half of 2019, building on the progress made in 2018. Through the relentless focus on execution, each of our three growth drivers continued to justify our confidence in their potential. Ferinject®/Injectafer® reinforced its position as the leading intravenous iron therapy worldwide and is on track to achieve blockbuster status on a rolling annual basis in the second half of 2019. Our joint company Vifor Fresenius Medical Care Renal Pharma (VFMCRP), the cornerstone of our ambition to become the world's leading pharmaceutical company in the field of nephrology, enjoyed robust growth, supported by the success of Velphoro® in the US. Veltassa® increased in line with our expectations, making it one of the fastest-growing nephrology drugs in the last ten years. As a result of the H1 2019 performance we have updated our net sales and EBITDA guidance for the full-year 2019 and 2020."

1. FINANCIAL PERFORMANCE

<i>In million CHF</i>	<i>H1 2019</i>	<i>H1 2018</i>	<i>Change in %</i>
Net sales	913.3	747.4	22.2%
EBITDA	254.6	192.0	32.6%
Net profit after minorities	65.2	118.0	-44.8%
Core earnings per share (in CHF)	2.11	2.66	-20.7%

For further details, please see the Vifor Pharma Group 2019 Half-year Report (PDF) at www.viforpharma.com.

KEY PROFIT AND LOSS FIGURES

Vifor Pharma Group **net sales** grew to CHF 913.3 million, a strong increase of 22.2% compared to the previous year or 21.0% on a constant currency basis. **EBITDA** increased to CHF 254.6 million compared to CHF 192.0 million in the prior period, an increase of 32.6%. This increase was largely due to the strong growth in sales combined with cost containment.

Other operating income declined to CHF 20.4 million from CHF 41.0 million in the prior period. This was primarily due to the expected decrease of royalty payments from CellCept® as well as lower income from partnering activities.

Cost of sales amounted to CHF 373.3 million compared to CHF 288.1 million in the prior period, resulting in a **gross profit margin** of 60.0% compared to 63.5% in H1 2018. The strong growth of higher margin products such as Ferinject®/Injectafer® was offset by decreasing CellCept® royalties, lower partnering income as well as increasing asset amortisation related to Mircera® rights.

Marketing and distribution expenses amounted to CHF 218.5 million, up 3.6% from the prior period. The main drivers were the investments in pre-launch activities and the commercial organisations to further grow Ferinject®, as well as the continued rollout of Veltassa®.

Investments in R&D amounted to CHF 109.4 million compared to CHF 91.9 million in the prior period. The increase was driven by the initiation of the DIAMOND study for Veltassa®.

General and administration expenses amounted to CHF 83.8 million compared to CHF 82.3 million in the prior period. The increase is mainly attributable to higher personnel cost.

Core earnings per share amounted to CHF 2.11 in H1 2019, a decrease of 20.7% compared to CHF 2.66 in H1 2018. The decrease is due to an exceptional foreign exchange gain on USD intercompany loans of CHF 42.9 million as well as tax gains due to unrecognised tax losses of CHF 22.4 million in the previous year. Excluding these exceptional impacts in H1 2018 core earnings increased by 27.8%. Core earnings are defined as reported earnings after minorities adjusted for proportionate amortisation of intangible assets of CHF 71.9 million in H1 2019 (H1 2018: CHF 54.5 million).

CASH FLOWS

Cash flow from operating activities amounted to CHF +197.9 million compared to CHF +38.4 million in the prior period. The increase is due to the strong operating result of Vifor Pharma in H1 2019 as well as an optimised net working capital.

Cash flow from investing activities amounted to CHF -71.1 million due to upfront and milestone payments for in-licensing agreements of CHF -52.4 million, mainly in respect of the extension of commercialisation rights of Mircera® of CHF -37.7 million.

Cash flow from financing activities amounted to CHF -202.9 million and was mainly influenced by dividend distributions of CHF -174.7 million, whereof CHF -45.0 million was paid to Fresenius Medical Care and CHF -129.7 million was distributed to shareholders of Vifor Pharma in May 2019.

FINANCIAL POSITION

Goodwill and intangible assets amounted to CHF 2,643.0 million at the end of H1 2019 compared to CHF 2,676.0 million at the end of 2018, representing 59.0% of total assets (end of 2018: 59.5%).

Net debt was CHF -242.8 million resulting in a net-debt-to-EBITDA ratio of 0.54 at the end of H1 2019. This is compared to net debt of CHF -179.7 million at the end of 2018. The increase is mainly due to the dividend distributions of CHF 174.7 million in H1 2019.

With CHF 3,311.7 million of shareholders' equity, Vifor Pharma Group had a strong **equity ratio** of 74.0% at the end of H1 2019 compared to 74.8% at the end of 2018. The slight decrease is mainly due to the recognition of lease liabilities due to the adoption of IFRS 16. The **return on equity after minorities** amounted to 2.2% in H1 2019, compared to 3.9% in H1 2018.

2. 2019 OUTLOOK AND FINANCIAL GUIDANCE

Market Access

- Ferinject® is expected to be launched in Japan in H2 2019, subject to obtaining reimbursement.
- The go-to-market strategy in China for Ferinject® will be announced before the end of 2019.
- We expect to partner for the Japanese rights of CCX140 in H2 2019.

Clinical trials

- The phase-II trial of VIT-2763 (ferroportin inhibitor) in beta-thalassemia patients is planned to start in H2 2019.
- The results of the global phase-III ADVOCATE study of avacopan for anti-neutrophil cytoplasmic auto-antibody-associated vasculitis (ANCA-associated vasculitis) are expected in Q4 2019.
- The second global pivotal phase-III trial (KALM-2) of CR845 that is being conducted by Cara Therapeutics, Inc. is expected to read-out by the end of 2019.

Business development

One additional in-licensing, product acquisition or corporate transaction is expected before the end of 2019.

Financial guidance

In 2019 at constant exchange rates, Vifor Pharma net sales are expected to exceed 15%, reported EBITDA is expected to grow between 25% and 30%. In 2020 net sales are expected to exceed CHF 2 billion and EBITDA to be in the range of CHF 700 million. Going forward the dividend is expected to remain at the current level of CHF 2 per share.

For further details, please see the Vifor Pharma Group 2019 Half-year Report (PDF) at www.viforpharma.com.

Live conference call and webcast

Vifor Pharma will host a live conference call (see phone numbers below) and webcast (<https://swisscomstream.ch/vifor/20190808>) on 8 August 2019 at 2:00 p.m. (CET). The pin code for the live conference call is 3698301.

Phone numbers for the live conference call

Country	Local	Free
Switzerland	+41 44 580 4873	0800 740 368
France	+33 17 073 2727	0805 101 655
Germany	+49 692 222 4910	0800 000 7416
United Kingdom	+44 203 009 5710	0800 376 7425
United States of America	+1 917 720 0178	1866 869 2321
Other countries	+44 203 009 5710	

Replay

A webcast replay (<https://swisscomstream.ch/vifor/20190808>) will be available shortly after the end of the live conference.

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Vifor Pharma Group is a global pharmaceuticals company headquartered in Switzerland. It aims to become the global leader in iron deficiency, nephrology and cardio-renal therapies. The company is the partner of choice for pharmaceuticals and innovative patient-focused solutions. The Vifor Pharma Group strives to help patients around the world with severe and chronic diseases lead better, healthier lives. The company develops, manufactures and markets pharmaceutical products for precision patient care. The Vifor Pharma Group holds a leading position in all its core business activities and consists of the following companies: Vifor Pharma; Vifor Fresenius Medical Care Renal Pharma (a joint company with Fresenius Medical Care); Relypsa; and OM Pharma. The Vifor Pharma Group is listed on the Swiss Stock Exchange (SIX Swiss Exchange, VIFN, ISIN: CH0364749348). For more information, please visit viforpharma.com.