

Vifor Pharma Group reports continued growth in H1 2020

- **Net sales and EBITDA continued to grow in H1 2020 despite challenging market conditions due to COVID-19**
- **Ferinject®/ Injectafer® demand impacted by global COVID-19 restrictions**
- **Sustained growth in nephrology supported by dialysis business**
- **Veltassa® net sales impacted by reduced promotion to nephrologists due to COVID-19**
- **Etienne Jornod stepped down as Executive Chairman; Stefan Schulze appointed CEO of Vifor Pharma Group and Jacques Theurillat elected non-executive Chairman in May 2020**
- **Financial guidance 2020 updated to reflect COVID-19 impact**

ST GALLEN, 6 AUGUST 2020 – Vifor Pharma Group reported growth in H1 2020, despite challenges to patient access conditions caused by the COVID-19 pandemic. The financial guidance has been updated to reflect COVID-19 impact on a full-year basis. Restrictions caused by the COVID-19 pandemic have lowered revenues of Ferinject®/ Injectafer® and Veltassa®. However, growth was sustained in the nephrology area, mostly driven by the dialysis business.

Commenting on the first half results, Stefan Schulze, CEO of Vifor Pharma Group, said:

“Despite unprecedented challenges due to COVID-19, we are pleased to report overall sustained revenue growth and a strong EBITDA growth in H1 2020. The temporary impact to patient access caused by global COVID-19 restrictions has reduced revenues of Ferinject®/ Injectafer® and Veltassa®. We maintained growth in the nephrology area, driven by the dialysis business, further underlining the success of our therapeutic diversification in recent years. Targeted measures were implemented across the organisation in H1 to keep our employees safe, ensure business continuity and product supply to patients in need and to protect our profitability. We are proud of the efforts of our employees and partners, which have helped minimise the consequences of the pandemic for patients who depend on our products.”

FINANCIAL PERFORMANCE: SUSTAINED OVERALL GROWTH

- Net sales of CHF 922.5 million, up 1.0% (or 4.3% in local currency)
- Other income increased due to milestone payments from partnering activities
- EBITDA of CHF 305.1 million, up 19.8%
- Net profit before minorities of CHF 106.7 million negatively impacted by a CHF 56.2 million impairment of the intangible asset CCX140
- Strong balance sheet with equity ratio of 75.0%
- Net debt position of CHF 232.9 million

FERINJECT®/ INJECTAFER®: HOSPITAL DEMAND IMPACTED BY COVID-19

- Net sales of CHF 261.9 million, a decrease of 4.2%, or 0.1% in local currency
- Sales in Q2 declined as COVID-19 restrictions in many markets prevented patients from receiving infusions, we expect return to growth in H2 subject to continued normalisation of the COVID-19 situation
- Strategic partnership in China signed with Fresenius Kabi in February 2020 to create a joint company focusing on i.v. iron products; NDA submission for Ferinject® in China was accepted by the National Medical Products Administration in June 2020

- Reimbursement and launch expected in Japan in H2 2020

NEPHROLOGY GROWTH DRIVEN BY DIALYSIS BUSINESS

- Erythropoiesis-Stimulating Agent (ESA) portfolio increased by 4.9% to CHF 292.7 million (or 8.2% in local currency), mostly driven by higher demand of Retacrit® from FKC clinics and the mid-sized and independent segment (net sales of CHF 24.1 million, compared to 2.9 million in the prior period). Mircera® net sales amounted to CHF 268.6 million, down 2.7% from H1 2019 (up 0.4% in local currency)
- Venofer® net sales increased by 4.5% to CHF 68.3 million (or 8.1% in local currency). The majority of Venofer® sales continue to be in the US and the dialysis segment
- Velphoro® net sales decreased by 8.9% to CHF 73.9 million (or 6.1% in local currency), due to phasing impacts in H1 2019
- Vifor Fresenius Medical Care Renal Pharma (VFMCRP) and Cara Therapeutics announced in April 2020 positive results from KALM-2 global pivotal Phase-III trial, confirming positive outcome of KALM-1 study
- Akebia announced in May 2020 positive results from the INNO2VATE studies, which evaluated the safety and efficacy of vadadustat versus darbepoetin alfa for the treatment of anaemia due to chronic kidney disease (CKD) in adult patients on dialysis. Vadadustat achieved primary efficacy and cardiovascular safety endpoints
- In June 2020, Reference Member State Germany announced the successful completion of the decentralised regulatory procedure for Rayaldee® in selected EU countries. National marketing authorisations are now expected in H2 2020

VELTASSA®: NEW PRESCRIPTIONS IMPACTED BY COVID-19 RESTRICTIONS

- Net sales of CHF 59.6 million, down 4.8% (or 1.7% in local currency). The demand was significantly affected by COVID-19 due to patient discontinuations, postponed initiations, slow market growth, market access challenges in the US and suspension of face-to-face promotions
- Market access in Europe progressed in H1 2020 with reimbursement approval in Finland and Portugal and formulary access agreed in the UK outside Scotland
- Otsuka Canada Pharmaceutical Inc. launched Veltassa® in Canada in May 2020

CORPORATE DEVELOPMENT

- Etienne Jornod stepped down as Executive Chairman of the Board of Directors at the 92nd Vifor Pharma Annual General Meeting on 14 May 2020, following 25 years at that helm
- Jacques Theurillat elected as the new non-executive Chairman of the Board of Directors on 14 May 2020
- Stefan Schulze, previously President of the Executive Committee and Chief Operating Officer, appointed Chief Executive Officer (CEO) of Vifor Pharma Group on 14 May 2020
- Acquisition of US Food and Drug Administration (FDA) priority review voucher (PRV) intended for vadadustat, subject to contractual agreements with our partner Akebia
- In March 2020, Vifor Pharma initiated the sale process for OM Pharma

UPDATED FINANCIAL GUIDANCE 2020

- In 2020, net sales are expected to grow in the range of 5% at constant exchange rates, reported EBITDA is expected to grow in the range of 20%.¹

¹ Subject to no worsening of the situation due to COVID-19.

1. FINANCIAL PERFORMANCE

<i>In million CHF</i>	<i>H1 2020</i>	<i>H1 2019</i>	<i>Change in %</i>
Net sales	922.5	913.3	1.0%
EBITDA	305.1	254.6	19.8%
Net profit after minorities	67.9	65.2	4.3%
Core earnings per share (in CHF)	2.66	2.11	26.1%

For further details, please see the Vifor Pharma Group 2020 Half-year Report (PDF) at www.viforpharma.com.

KEY PROFIT AND LOSS FIGURES

Vifor Pharma Group **net sales** increased by 1.0% to CHF 922.5 million compared to the prior period, or 4.3% on a constant currency basis, despite impact from COVID-19 restrictions. **EBITDA** increased to CHF 305.1 million compared to CHF 254.6 million in the prior period, an increase of 19.8%. Growth was primarily driven by the increase in other income combined with cost containment measures to offset the COVID-19 impact on net sales.

Other income was CHF 43.0 million compared with CHF 20.4 million in the prior period. This was primarily due to higher income from partnering activities as well as a divestment of non-core products in Spain.

Cost of sales amounted to CHF 375.9 million compared to CHF 373.3 million in the prior period. This resulted in a **gross profit margin** of 61.1% compared to 60.0% in H1 2019, the increase is primarily due to the other income contribution.

Marketing and distribution expenses amounted to CHF 202.3 million, down 7.4% from the prior period. The additional investments in pre-launch activities of our pipeline products were more than offset by lower cost due to COVID-19 restrictions.

Investments in R&D amounted to CHF 156.2 million compared to CHF 109.4 million in the prior period. The increase was attributable to the impairment of the CCX140 intangible asset of CHF 56.2 million.

General and administration expenses amounted to CHF 96.0 million compared to CHF 83.8 million in the prior period. The increase was driven by growth across support areas including strengthening of legal and intellectual property capabilities as well as enhancement of technology and systems.

Core earnings per share amounted to CHF 2.66 in H1 2020, an increase of 26.1% compared to CHF 2.11 in H1 2019. The increase reflects the strong EBITDA growth in H1 2020. Core earnings are defined as reported earnings after minorities adjusted for proportionate amortisation and impairment of intangible assets of CHF 104.9 million in H1 2020 (H1 2019: CHF 71.9 million).

CASH FLOWS

Cash flow from operating activities amounted to CHF +172.6 million compared to CHF +197.9 million in the prior period. The decrease is due to investments in net working capital in H1 2020.

Cash flow from investing activities amounted to CHF -152.8 million and is mainly due to the purchase of the

Priority Review Voucher of CHF -107.7 million as well as upfront and milestone payments for in-licensing agreements of CHF -19.6 million related to Mircera®.

Cash flow from financing activities amounted to CHF -254.0 million and was mainly influenced by dividend distributions of CHF -219.6 million, whereof CHF -90.0 million was paid to Fresenius Medical Care and CHF -129.6 million was distributed to shareholders of Vifor Pharma.

FINANCIAL POSITION

Goodwill and intangible assets amounted to CHF 2,557.1 million at the end of H1 2020 compared to CHF 2,584.5 million at the end of 2019, representing 52.2% of total assets (end of 2019: 52.4%).

Net debt was CHF 232.9 million resulting in a net-debt-to-EBITDA ratio of 0.39 at the end of H1 2020. This is compared to net cash position of CHF 5.7 million at the end of 2019. The increase in net debt is mainly due to the dividend payment of CHF 219.6 million in H1 2020.

With CHF 3,672.8 million of **shareholders' equity**, Vifor Pharma Group continues to have a strong equity ratio of 75.0% at the end of H1 2020 compared to 75.7% at the end of 2019.

2020 OUTLOOK

Market Access

- Veltassa® partnering in China
- Ferinject® launch in Japan expected in H2 2020
- Filing of avacopan for treatment of ANCA-associated vasculitis in Europe expected before end of 2020
- Filing of CR845 in the US expected in H2 2020, followed by the application in Europe

Clinical trials

- AFFIRM-AHF readout expected by end of 2020
- Avacopan phase-II ACCOLADE in C3 Glomerulopathy study readout

Business development

At least one additional in-licensing, product acquisition or corporate transaction is expected before the end of 2020.

Live conference call and webcast

A live webcast and conference call will be held on the 6 of August 2020 at 2:00 pm (CET).

Access to live webcast → [link](#)

Access to conference call → [link](#) (only if you want to participate via phone). You will receive phone numbers and a personal PIN to access the conference call by registering from 1:30 pm (CET).

Replay

A webcast replay ([link](#)) will be available shortly after the end of the live conference.

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Vifor Pharma Group is a global pharmaceuticals company. 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. 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. 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); and OM Pharma. Vifor Pharma Group is headquartered in Switzerland, and listed on the Swiss Stock Exchange (SIX Swiss Exchange, VIFN, ISIN: CH0364749348). For more information, please visit viforpharma.com.