PRESS RELEASE

DATE 8 August 2018
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VIFOR PHARMA GROUP REPORTS STRONG H1 2018 RESULTS, RAISES FULL-YEAR GUIDANCE

- **Strong financial performance in H1 2018**
- **Three medium-term strategic growth drivers fully on track**
- **Strategic in-licensing deal concluded with Cara Therapeutics Inc.**
- **Net sales and EBITDA guidance for 2018 raised and positive outlook confirmed**

IN H1 2018, VIFOR PHARMA RECORDED A STRONG FINANCIAL PERFORMANCE DRIVEN BY ITS THREE STRATEGIC GROWTH DRIVERS. AS A RESULT OF THE STRONG H1 2018 FINANCIAL PERFORMANCE, THE COMPANY IS RAISING ITS NET SALES AND EBITDA GUIDANCE FOR 2018 AND CONFIRMING THE POSITIVE OUTLOOK.

FINANCIAL PERFORMANCE: STRONG GROWTH TREND CONTINUES

- Significant revenue growth with net sales of CHF 747.4 million, up 23.4%
- EBITDA increased to CHF 192.0 million, up 44.5%
- Strong balance sheet with equity ratio of 80.0%

THREE STRATEGIC GROWTH DRIVERS FULLY ON TRACK

- Strong growth reported in each of the three strategic growth drivers – Ferinject®, Vifor Fresenius Medical Care Renal Pharma (VFMCRP) and Veltassa®
- Implementation of Milestone 2020 strategic plan in-line with all objectives

FERINJECT®

- Net sales up 29.3% in H1; on track for growth in excess of 20% for the FY 2018
- Increase in overall i.v. iron market share to 45.7% compared to 39.8% the prior year.

VIFOR FRESENIUS MEDICAL CARE RENAL PHARMA

- Mircera® growth strong at CHF 214.0 million, up 38.1% from H1 2017.
- Conditional Marketing Application accepted (phase-II data basis) and in review for avacopan for the treatment of ANCA-associated vasculitis in Europe
- Agreement signed with Cara Therapeutics to develop and commercialise CR845/difelikefalin injection for haemodialysis patients with pruritus worldwide outside US, Japan, South Korea

VELTASSA®

- Strong momentum, with net sales of CHF 36.8 million for H1 2018 (up 51.8% from CHF 24.3 million in H1 2017)
- Launches in Germany, the UK, and Switzerland
- First successful ex-US reimbursement approval in Sweden and Denmark
- US Food & Drug Administration (US FDA) approves label change enabling Veltassa® to be taken with or without food
- Exclusive development and marketing licence signed with Zeria in Japan

NET SALES AND EBITDA GUIDANCE RAISED, POSITIVE OUTLOOK CONFIRMED

- Net sales expected to grow by more than 15%
- EBITDA expected to increase by more than 25%
- All other elements of financial guidance as of 15 March 2018 and positive outlook confirmed

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Commenting on the first-half results, Etienne Jornod, Executive Chairman of Vifor Pharma Group, said: “In the first half of 2018, we continued to build on our achievements in 2017, executing against our strategy to become a global leader in iron deficiency, nephrology and cardio-renal therapies. Our three strategic growth drivers all performed strongly. Ferinject®/Injectafer® continued to build on its position as the market-leading intravenous iron therapy worldwide, with growth of more than 29%, and is on track to grow at least 20% this year. Our joint company VFMCRP further strengthened its position in the nephrology market, helped by key products including Mircera®, which was up more than 38%. Hyperkalaemia therapy Veltassa® is performing in accordance with our expectations, strengthening our strategic position in cardio-renal therapies and our overall position in the key US market.

“Based on these results, we are increasing our full-year guidance, with net sales now expected to grow by more than 15% in 2018 at constant exchange rates and EBITDA expected to increase by more than 25%.”

1. FINANCIAL PERFORMANCE

In million CHF	**H1 2018**	**H1 2017**	**Change in %**
Net sales	747.4	605.9	23.4%
EBITDA	192.0	132.9	44.5%
Net profit after minorities (from continuing operations)	118.0	-9.6	--
Core earnings per share	2.66	0.61	336.1%

For further details, please see the Vifor Pharma Group 2018 Half-year Report (PDF) at www.viforpharma.com.

KEY PROFIT AND LOSS FIGURES

Vifor Pharma Group reported **net sales** in the first half of 2018 grew to CHF 747.4 million, an increase of 23.4% versus the prior year or 23.1% on a constant currency basis. The application of the new revenue recognition standard (IFRS 15) required a reclassification of certain elements between net sales and costs with zero impact on EBITDA. The new standard resulted in lower reported sales in H1 2018 of CHF 27.7 million and in H1 2017 of CHF 19.8 million with fully compensating effects in lower costs. **EBITDA** in H1 2018 rose to CHF 192.0 million compared to CHF 132.9 million in the prior year, an increase of 44.5% or 48.7% in local currency.

Cost of sales amounted to CHF 288.1 million in H1 2018 compared to CHF 250.4 million in the prior period. Other income decreased from CHF 56.1 million in H1 2017 to CHF 41.0 million in H1 2018 due to an expected decline in CellCept® entering the sunset period.

Gross profit increased by 21.5% from CHF 411.6 million in H1 2017 to CHF 500.2 million in H1 2018 with an improved gross profit margin of 63.5% (H1 2017: 62.2%) mainly due to strong Ferinject® growth overcompensating the decline in other income.

Marketing and distribution expenses amounted to CHF 210.9 million, up 17.9% compared to prior period. The main drivers were the investments in the European commercial organisations for the continued rollout of Veltassa®.

First half year investments in R&D amounted to CHF 91.9 million compared to CHF 86.2 million in the prior period. The increase on prior year was driven by clinical studies in Ferinject®, Veltassa® and the ferroportin inhibitor.

General and administration expenses amounted to CHF 82.3 million compared to CHF 84.4 million in H1 2017. The decrease is mainly attributable to a recharge of management costs by Galenica Santé top management costs during the first three months of 2017.

The **average number of full-time employees** (FTE) for the Group amounted to 2,658 in H1 2018, compared to 2,519 in H1 2017. The increase of 139 FTEs is to large extent driven by an expansion of Vifor Pharma's commercial workforce.

Amortisation and depreciations amounted to CHF 76.7 million vs. CHF 70.8 million in H1 2017 and are mainly considered under cost of sales (89% and 87%, respectively) as IP amortisations mainly for Veltassa® and Mircera®.

The financial result in H1 2018 was CHF 41.8 million positive compared to a financial loss in H1 2017 of minus CHF 5.2 million. The increase in financial income to CHF 47.5 million compared to CHF 15.0 million in H1 2017 was mainly attributable to a CHF 42.9 million foreign exchange gain on USD intercompany loans of approximately USD 1,084 million related to the Relypsa acquisition in 2016. Until 24 March 2018, these loans were considered equity loans and re-measured through other comprehensive income (OCI). On 24 March 2018 (USD/CHF rate of 0.95), management changed its intent with regards to the settlement of the IC loans, which led to the subsequent revaluation of these loans through P&L. Vifor Pharma effectively settled these loans as of 30 June 2018 (USD/CHF rate of 0.99). Additionally, interest expense was reduced to CHF 5.7 million compared CHF 20.2 million in 2017 due to the repayment of the bridge loan of CHF 1.45 billion in April 2017.

Tax income of CHF 1.0 million was reported in H1 2018 due to cash taxes being fully offset by capitalisation of previously unrecognised tax loss carry forwards in the US and Switzerland.

Net profit after minorities for H1 2018 decreased to CHF 118.0 million compared to CHF 1,093.7 million in the previous year, which included CHF 1,103.3 million from discontinued operations as a result of the IPO of Galenica Santé.

Core earnings per share H1 2018 were CHF 2.66. Core earnings are defined as reported earnings after minorities adjusted for amortisation of intangible assets to normalise for the significant impact from the acquisition of Relypsa. In H1 2018, attributable amortisation of intangible assets amounted to CHF 54.5 million.

CASH FLOWS AND FINANCIAL POSITION

Cash flow from operating activities for H1 2018 amounted to CHF 38.4 million compared to CHF 28.8 million in the prior-year period.

Cash flow from investing activities of minus CHF 185.8 million was mainly due to the agreements signed with Cara Therapeutics amounting to CHF 70.1 million, the milestone payment for the acceptance of the Conditional Marketing Authorization application for avacopan amounting to CHF 49.0 million, commercialisation rights for Mircera® and Retacrit™ amounting to CHF 17.5 million, as well as ordinary capital expenditures of CHF 26.3 million.

Cash flow from financing activities of minus CHF 163.6 million was mainly driven by the repayment of the private placement notes of CHF 114.3 million and a dividend distribution to Fresenius Medical Care of CHF 45.0 million. Also, the 2017 dividend of CHF 129.6 million was distributed to shareholders in May 2018. The overall cash flow for H1 2018 was minus CHF 310.6 million, resulting in a decrease in the cash position from CHF 425.1 million at the end of 2017 to CHF 114.5 million as of 30 June 2018.

SOLID BALANCE SHEET

Goodwill and intangible assets at the end of H1 2018 amounted to CHF 2,710.3 million or 65.5% of total assets of CHF 4,138.9 million, with the majority of these related to the acquisition of Relypsa. Cash and cash equivalents at the end of H1 2018 amounted to CHF 114.5 million or 2.8% of total balance sheet assets. Net debt was CHF 127.5 million resulting in a net-debt-to-EBITDA ratio of 0.38 at the end of H1 2018. With CHF

3,312.9 million of shareholders' equity, Vifor Pharma had a strong equity ratio at the end of H1 2018 of 80.0%. The return on equity after minorities (from continued operations) amounted to 3.9% in H1 2018, compared to minus 0.4% in H1 2017.

2. STRONG PERFORMANCE BY THREE MEDIUM-TERM STRATEGIC GROWTH DRIVERS

A strong performance was reported in H1 2018 in each of the three medium-term strategic growth drivers – Ferinject®, Vifor Fresenius Medical Care Renal Pharma (VFMCRP) and Veltassa®. In addition, implementation of the Milestone 2020 strategic plan is on track and proceeding according to plan.

Ferinject®/Injectafer®
In H1 2018, overall reported net sales of Ferinject® increased by CHF 51.9 million (29.3%) to 229.0 million. Approximately 3.8% of the reported increase in H1 2018 was due to phasing and timing differences in the ordering patterns of our wholesale customers. Another 3.5% of the reported net sales increase in H1 2018 was due to the favourable impact on foreign currency rates. On a full-year basis in 2018, we expect the increase in reported net sales of Ferinject®/Injectafer® versus prior year to be in excess of twenty percent at constant exchange rates.

We closely monitor in-market sales to determine actual growth rates for the product. The latest available IQVIA data from March 2018 indicates global market sales of Ferinject®/Injectafer® moving annual total (MAT) of approximately CHF 741.6 million, an increase of 29.7% versus the prior-year period. In addition, we saw an increase in overall i.v. iron market share to 45.7% compared to 39.8% in the prior year.

Injectafer® continues to drive the growth of the US intravenous iron market. US partner Luitpold Pharmaceuticals, Inc., a member of the Daiichi Sankyo Group, recorded net sales of USD 180.8 million in H1 2018, an increase of 42.6% compared to H1 2017. In the US, Vifor Pharma received a portion of Daiichi Sankyo's reported Injectafer® net sales, resulting in reported net sales of CHF 59.5 million (USD 61.5 million) in H1 2018, a 38.8% increase compared to CHF 42.9 million (USD 43.1 million) in H1 2017.

Our partner in Japan, Zeria Pharmaceutical Co., Ltd., submitted a New Drug Application (NDA) for Ferinject® to local regulatory authorities in March 2018, a key step in building access to the Japanese market.

Vifor Fresenius Medical Care Renal Pharma (VFMCRP)
Net sales of Mircera® increased strongly in H1 2018 to CHF 214.0 million, an increase of 38.1% compared to the prior year period. Mircera® is a long-acting erythropoiesis-stimulating agent (ESA) that was licensed from Roche in May 2015 to treat symptomatic anaemia associated with chronic kidney disease. Vifor Pharma has exclusive rights to commercialise Mircera® in the US and its territories. In September 2017, Vifor Pharma and Roche expanded their collaboration agreement, giving Vifor Pharma access to additional supplies of Mircera® for the US market. This increased volume is enabling Vifor Pharma to now meet the needs of new and existing partners and is the key driver of the strong revenue growth of Mircera® in the first half of 2018.

Reported net sales of the phosphate binder, Velphoro®, decreased by 8.9% in H1 2018 to CHF 35.8 million. However, adjusting for a year-over-year customer inventory decrease of CHF 10.5 million, net sales would have increased by 22.1% in H1 2018 compared to prior year. On a full-year basis in 2018, we expect the increase in reported net sales of Velphoro® versus prior year to be approximately twenty percent at constant exchange rates.

On 15 May 2018, the US FDA approved Pfizer's biologics license application (BLA) for Retacrit™ for the treatment of anaemia due to CKD in patients on dialysis and not on dialysis. Retacrit™ is now the first and only biosimilar ESA to be approved in the US. Vifor Pharma holds the US commercialisation rights for

Retacrit™ (epoetin alfa-epbx) in the US dialysis market and non-hospital nephrology office market. The launch of Retacrit™ in the US is expected in H2 2018.

VFMCRP plans to file a regulatory dossier for Rayaldee® in Europe for the treatment of secondary hyperparathyroidism (SHPT) in adult patients with non-dialysis CKD (ND-CKD) triggered by vitamin-D insufficiency in H2 2018.

Veltassa®

In H1 2018, reported net sales of Veltassa® CHF 36.8 million compared to CHF 24.3 million in H1 2017, an increase of 51.8% or 56.3% on a constant currency basis. However, adjusting for year-over-year inventory changes at wholesalers the increase was 79.6%, which was reflected in the 81% growth in the weekly demand for sachets in the US. This is because H1 2017 net sales were elevated by approximately CHF 3 million due to inventory increases at wholesalers, while H1 2018 net sales were reduced by about CHF 1 million due to lower wholesaler inventory levels.

On a full-year basis in 2018, we expect the reported net sales of Veltassa® to be in the range of USD 90 million. In the US, sales growth in H1 2018 was driven by an overall increase of market awareness of Veltassa and hyperkalaemia and continued growth in retail. The addressable patient population and our experience with Veltassa® since launch confirm our view that the product has blockbuster potential.

There has been a significant increase in the Medicare coverage, increasing from 44% at the beginning of 2018 to 64% at the date of publication of this report.

On 8 May, the US FDA approved a supplemental New Drug Application (sNDA) to enable the use of Veltassa® with or without food, potentially providing patients with greater flexibility in incorporating Veltassa® in their daily treatment regimen. The label update was based on results from the phase-IV TOURMALINE study, which showed no statistically significant difference between the groups taking Veltassa® with or without food in achieving serum potassium levels within the target range (3.8 to 5.0 mEq/L).

In the first half of 2018, Veltassa® was launched in Germany, the UK, and Switzerland. On 18 May the Dental and Pharmaceutical Benefits Agency (TLV) in Sweden issued the first ex-US positive reimbursement decision for Veltassa®, followed by launch in June 2018. Reimbursement negotiations and launches will continue across Europe throughout 2018 and 2019.

In March, Vifor Pharma concluded a licensing agreement with Zeria Pharmaceutical Co, Ltd, granting Zeria exclusive right to develop Veltassa® for the Japanese market and, once marketing authorisation has been granted, to commercialise it in Japan. The collaboration with Zeria represents an important step in Vifor Pharma's promise to make Veltassa® available to patients worldwide. Having Veltassa® and Ferinject® commercialised through the same partner represents a substantive step for Vifor Pharma in its goal towards expanding its cardio-renal network and becoming the global leader in cardio-renal therapies.

The EMERALD study, initiated in 2017, to test the safety and efficacy of Veltassa® in paediatric patients is progressing as planned. Study protocol development of the DIAMOND outcome-based study for enabling renin-angiotensin-aldosterone-system inhibitors (RAASi) is ongoing through 2018 with study initiation planned in H2 2018.

3. CONTINUED FOCUS ON PARTNERING AND LICENSING DEALS

On 23 May 2018, we announced a development and licensing agreement with US biopharmaceutical, Cara Therapeutics, Inc, to commercialise CR845 (difelikefalin) injection for the treatment of CKD-associated pruritus (CKD-aP), a highly debilitating disease, in haemodialysis patients worldwide excluding the US, Japan

and South Korea. CR845 injection is a potent itch and inflammation suppressant without the undesirable side-effects typical of an opioid medicine such as hallucination or opioid addiction. This investigational medicine was designated a breakthrough therapy for CKD-aP in haemodialysis patients by the US FDA in June 2017 and shows compelling phase-II data on safety and efficacy. Cara is conducting a phase-III study in uremic pruritus to test the efficiacy of CR845 injection in haemodialysis patients suffering from moderate-to-severe CKD-aP in the United States; data are expected in 2019. If approved, CR845 injection will be the first medicine for this indication outside of Japan. VFMCRP has also secured the first right of negotiation for using CR845 injection to treat post-operative pain outside of the US, Japan and South Korea.

4. OUTLOOK: FULL-YEAR NET SALES AND EBITDA GUIDANCE INCREASED

Clinical
Recruitment will continue in the AFFIRM-AHF phase-IV trial of Ferinject® for acute heart failure. The trial is the first study to investigate the effects of i.v. iron therapy on mortality and morbidity of acute heart failure patients. The study is currently in recruitment.

Recruitment for the AMBER study of Veltassa® for treatment of patients with resistant hypertension started in 2016 and is expected to conclude at the end of 2018, with top-line results at H1 2019. Study initiation of the DIAMOND outcome-based study for RAASi enabling is planned in H2 2018.

A study to test the safety and efficacy of Velphoro® for treating hyperphosphataemia in adults is expected to begin in China in 2018.

Product launches
Veltassa® will continue to be launched in selected countries across Europe.

Partnering
We expect to partner the Japanese rights for CCX140 before the end of 2018.

Guidance
Due to the strong financial performance of Vifor Pharma in H1 2018, the guidance for the full year 2018 that was issued on 15 March 2018 in respect of net sales and EBITDA is increased.

At constant exchange rates Vifor Pharma net sales are now expected to grow by more than 15% in 2018 compared to more than 10% communicated on 15 March 2018. EBITDA is also expected to increase by more than 25% instead of more than 20% that was communicated on 15 March 2018.

In 2020 net sales are expected to exceed CHF 2 billion and EBITDA to reach a high triple-digit level.

For 2018 and 2019, the dividend is expected to be at the same level as for 2017. From 2020 onwards, the payout ratio is targeted at 35% of net income.

For further details, please see the Vifor Pharma Group 2018 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://edge.media-server.com/m6/p/9bx3fhce) on 8 August 2018 at 2:00 p.m. (CET). The pin code for the live conference call is 8528258.

Phone numbers for the live conference call	Local	Free
Switzerland:	+41 22 567 5750	0800 222 801
France:	+33 1 76 77 2257	0805 101 278
Germany:	+49 69 2222 2018	0800 101 1732
United Kingdom:	+44 330 336 9411	0800 279 7204
United States of America:	+1 323 794 2588	888-394-8218
Other countries:	+44 330 336 9411	

Replay
A webcast replay ((https://edge.media-server.com/m6/p/9bx3fhce) will be available from 8 August 2018 at approximately 5:00 p.m. (CET).

FURTHER INFORMATION

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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; Relypsa; 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 www.viforpharma.com.