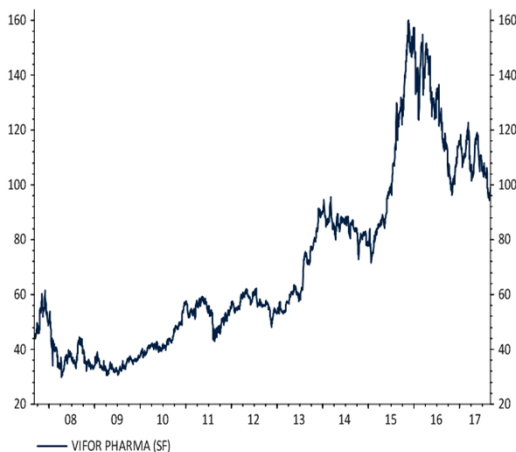


## Stock Information

Prix	05.09.2017	CHF	99.30
Capitalisation		CHF (mn)	6'455
Average volume (000/day)			258.3
52 weeks High / Low			122.8 / 94.6
ISIN		CH0364749348	
Bloomberg Code		GALN SW	

## 10 years performance



Graphic IAM - Source Thomson Reuters

## 1 year relative performance



Graphic IAM - Source Thomson Reuters

## Relative and absolute performances

In %	Absolute	Relative *
1 month	-4.0	-0.9
3 months	-10.5	-8.8
YTD	-12.1	-25.0
2016	-26.1	-24.7
2015	102.3	99.6

\*compared to the Swiss Performance Index (SPI)

## Description

Vifor pharma is the world number 1 producer of intravenous iron, a category used against anemia, mostly in connection to dialysis. The firm aims at expanding the treatment of anemia in other contexts such as cancers, cardiac and gastro conditions and women's health.

In 2016, Vifor Pharma took over US based Relypsa, a firm that has developed Veltassa, a new drug against hyperkalemia, a condition characterized by an excess of potassium. Patients undergoing dialysis are the prime target.

Moreover, the firm has entered several distribution agreements, for example with Roche for Mircera, which lead to a better use of its distribution network.

## Investment case

The iron market should remain a growth engine in the coming years. The success of the firm's strategy depends on its ability to convince the medical community of the advantages of intravenous iron beyond its traditional use in dialysis. In Switzerland, the firm has already been able to considerably expand its iron sales in applications like surgery, obstetrics, gastroenterology and oncology. It aims at reproducing these successes in other geographies.

With Veltassa, Vifor Pharma is confronted with the challenge of convincing the medical community to adopt a new approach against hyperkalemia, a condition which has been inadequately treated up until now. The risk is high, but so is the potential reward. In the short term, Veltassa is loss making.

## Per share (CHF)

	2014	2015	2016	2017e	2018e
Earnings	4.38	4.64	3.76	1.11	2.25
Variation	-3.9%	5.8%	-19.0%	-70.3%	101.6%
Earnings (IBES)	4.38	4.64	3.76	0.63	1.87
P/E	19.4	23.5	33.7	89.1	44.2
P/B	3.1	3.6	3.6	2.0	2.0
P/FCF	17.8	19	-4595	43.6	37.8
Dividend	1.5	1.8	2.0	1.3	1.8
Pay-out ratio	34%	39%	53%	120%	80%
Dividend yield	1.8%	1.7%	1.6%	1.3%	1.8%

## Strengths

- Proven success of the approach in intravenous iron
- World leader in intravenous iron

## Weaknesses

- Dependence on 2 lines of products: the intravenous iron and the potassium treatment

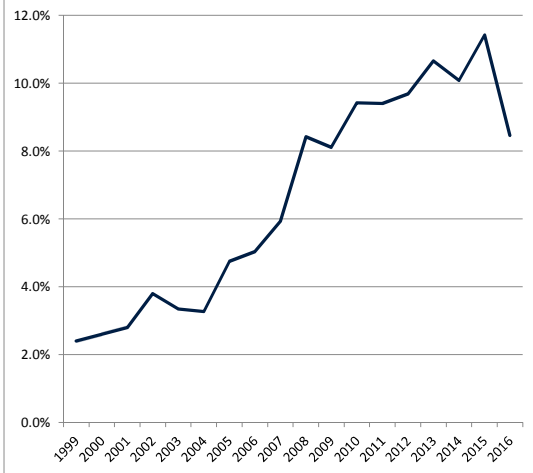
## Opportunities

- The niches of intravenous iron and potassium reduction seem very promising
- The company would be a take-over candidate

## Threats

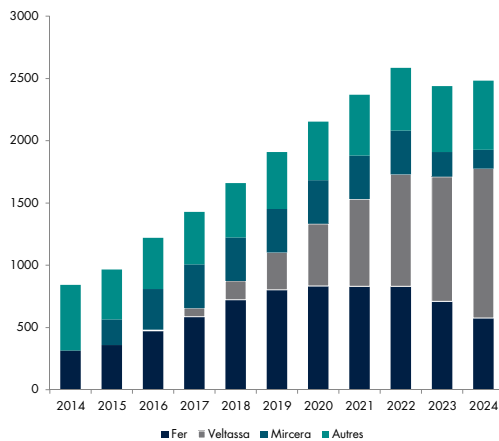
- Development of generic irons.
- Unability to develop a sizeable market for Veltassa.

**Operational margin**



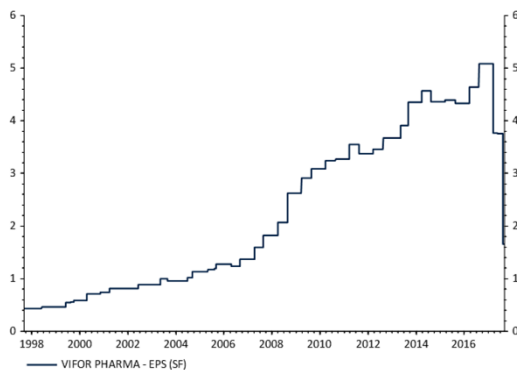
Graphic IAM - Source firm

**Sales projections**



Graphic IAM - Source IAM

**Earnings per share (CHF)**



Graphic IAM - Source Thomson Reuters

**Key figures (mn CHF), Dec 31st**

	2014	2015	2016	2017e	2018e
Sales	3'671	3'945	4'275	1'429	1'659
variation	0.2%	7.5%	8.4%	-66.6%	16.2%
Operating costs	3'301	3'494	3'914	1'292	1'426
EBIT	370	451	362	136	233
Earnings before taxes	357	429	336	112	220
Net earnings	312	370	324	96	188
Minorities	28	69	80	24	46
Shareholders earnings	284	301	244	72	141
Current assets	1'302	1'422	1'389	1'139	1'070
Net fixed assets	1'906	2'218	4'043	3'222	3'195
Total assets	3'208	3'640	5'432	4'362	4'264
Equity	1'750	1'976	2'301	3'271	3'146
Working capital	618	618	-1'249	775	678
Net debt	997	984	2'557	145	304
Operating cash flow	356	522	258	180	203
Capex	70	165	283	43	48
Free cash flow	309	377	-2	148	165

**Performance ratio**

	2014	2015	2016	2017e	2018e
Operating margin	10.1%	11.4%	8.5%	9.5%	14.1%
Net margin	7.7%	7.6%	5.7%	5.1%	8.5%
Equity yield	16.2%	15.2%	10.6%	2.2%	4.5%
NWC / Sales	16.8%	15.7%	-29.2%	54.2%	40.8%
Net debt / EBIT	2.7	2.2	7.1	1.1	1.3
Net debt / Equity	0.6	0.5	1.1	0.0	0.1
D&A / PPE	11.5%	8.7%	4.6%	3.3%	3.0%
Capex / D&A	0.9	1.9	2.2	0.5	0.6
Capex / Sales	1.9%	4.2%	6.6%	3.0%	2.9%
FCF / Net earnings	1.1	1.3	0.0	2.0	1.2

**Peers (in CHF)**

Name	Cap.	P/E trailing	P/E current	Div yield	Perf YTD
Stock Information	6454.5	59.8	157.1	2.0%	-12.1%
MERCK KGAA	13859.8	24.5	15.2	1.3%	-4.4%
SONOVA N	10722.8	30.7	25.0	1.4%	34.7%
CELESIO	6105.1	NA	NA	3.2%	5.7%

**Shareholders**

Free float	72.0%
Patinex	20%
R & M Stoffel	8%

**Management**

President: Etienne Jornod
COO: Stefan Schulze
CFO : Colin Bond

**Breakdown by products**

	2014	2015	2016	2017e	2018e
Intravenous iron	317.3	359.7	474.5	586.1	724.4
Variation	3.4%	13.4%	31.9%	23.5%	23.6%
Venofer	113.4	108.9	125.0	125.0	125.0
Ferinject	188.3	212.4	282.1	366.7	476.7
Royalties Injectafer	15.6	38.4	67.4	94.4	122.7
Veltassa	0.0	0.0	7.4	70.0	150.0
Variation				845.9%	114.3%
Royalties	99.0	13.7	0.3	0.3	0.3
Cellcept	91.8	87.0	86.4	60.0	40.0
Mircera	0.0	206.8	328.6	350.0	350.0
Velphoro	14.9	43.2	54.4	76.2	91.4