IFBC

Fairness Opinion Vifor Pharma

For the public tender offer by CSL Behring AG for all publicly held registered shares of Vifor Pharma Ltd.

Zurich, 17 January 2022

IFBC

Fairness Opinion Vifor Pharma

Content

IFBC

Fairness Opinion Vifor Pharma

1 Introduction

1 Introduction

1.1 Background

Vifor Pharma is a leading pharmaceutical company in the field of iron deficiency, nephrology and cardio-renal therapies listed on the Swiss Stock Exchange

Vifor Pharma Ltd. ("Vifor Pharma" or "the company") is a pharmaceutical company developing, manufacturing and marketing pharmaceutical products with a focus on the treatment of iron deficiency. Vifor Pharma's diversified product portfolio and pipeline expands to nephrology and cardio-renal therapies. The company's strategic focus is on identifying and supporting under-served treatment areas.

The company is headquartered in St. Gallen, Switzerland. With a network of affiliates and partners around the world, Vifor Pharma is present in more than 100 countries. In FY2020, the company generated revenues of CHF 1'802 million and an EBITDA of CHF 576 million. Vifor Pharma's flagship product is Ferinject / Injectafer[1], an intravenous treatment against iron deficiency which has received market approval in 84 countries.

Vifor Pharma's shares have been listed on the SIX Swiss Exchange ("SIX") under its name since 7 April 2017, when Galenica Group conducted an IPO of its business unit Galenica Santé and Galenica Group became Vifor Pharma. As of 13 December 2021, Vifor Pharma had a market capitalization of CHF 9.1 billion. The share capital of Vifor Pharma consists of 65 million registered shares with a nominal value of CHF 0.01 each ("shares").[2]

On 14 December 2021, CSL pre-announced the public tender offer for all publicly held registered shares of Vifor Pharma with an offer price of USD 179.25 in cash per share of Vifor Pharma

On 14 December 2021, Vifor Pharma and CSL Limited ("CSL") entered into a transaction agreement, pursuant to which CSL agreed to, or cause a subsidiary to, submit a voluntary public tender offer ("the offer") for all publicly held registered shares of Vifor Pharma. The offer was pre-announced by CSL on 14 December 2021 after the execution of the transaction agreement and before the opening of trading on the SIX. The offer price is USD 179.25 in cash per Vifor Pharma share (the "offer price"). In addition, the payment of an ordinary dividend expected to be declared at the annual general meeting of Vifor Pharma on 26 April 2022 of CHF 2.00 gross (consistent with past practice) per share to holders of Vifor Pharma shares shall not constitute a dilutive effect and therefore not impact the offer price. Based on the exchange rate as of 13 December 2021 of USD/CHF 0.92285[3], the offer price of USD 179.25 corresponds to CHF 165.42 ("CHF equivalent offer price"). Adding the expected dividend payment of CHF 2.00, this results in a CHF equivalent offer price of CHF 167.42 ("CHF equivalent offer price (incl. dividend)") for purposes of

1 The product is sold under different brands depending on the jurisdiction (see section 2.2).
2 Source: Refinitiv Eikon.
3 Last closing date prior to the pre-announcement of the offer; source: Refinitiv Eikon.

this Fairness Opinion. The CHF equivalent offer price and the CHF equivalent offer price (incl. dividend) are subject to change depending on the actual exchange rate prevailing at the settlement of the tender offer which is currently expected to occur around mid-2022. However, this Fairness Opinion relates exclusively to the offer price as well as the CHF equivalent offer price and the CHF equivalent offer price (incl. dividend) based on the USD/CHF exchange rate as of 13 December 2021.

1.2 Our mandate

The present Fairness Opinion provides an independent valuation analysis of Vifor Pharma

IFBC AG ("IFBC") was mandated on 24 November 2021 by the Board of Directors ("BoD") of Vifor Pharma to prepare an independent Fairness Opinion regarding the financial fairness of the offer price.

This report was solely prepared to support the BoD of Vifor Pharma assessing the offer. It may be used only for the financial assessment of the offer by the BoD of Vifor Pharma. The use for any purpose other than assessing the financial fairness of the offer is excluded. In particular, the Fairness Opinion does not constitute a recommendation to the shareholders to accept or reject the offer.

IFBC is an independent advisor and does not receive any compensation depending on the result of the valuation analysis or of the success of the proposed transaction

IFBC issues this Fairness Opinion as an independent corporate finance advisor and will receive usual marketable fees for its services. IFBC does not receive any compensation that depends on the statements in this valuation report nor is IFBC entitled to receive a success fee if the proposed transaction is successfully completed. IFBC confirms that it is independent of the involved parties. IFBC also confirms that it is authorized to issue Fairness Opinions according to the applicable Art. 30 para. 6 of the takeover ordinance and that it is independent of the target company.

When preparing our valuation analyses, we relied on the accuracy and completeness of the information received by the management of Vifor Pharma. We further have assumed that the information received has been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of Vifor Pharma. Our responsibility is limited to accuracy and professional valuation and plausibility of the provided information and calculation. In particular, no audit or due diligence was performed by IFBC.

Valuation date is 13 December 2021

The results of our independent valuation analysis were presented to the BoD of Vifor Pharma on 13 December 2021, in the evening before the pre-announcement of the offer by CSL on 14 December 2021. The valuation is based on the current business plan approved by the BoD on 28 November 2021 and the half-year financial statements of Vifor Pharma as of 30 June 2021. According to the management of Vifor Pharma, no significant events and transactions occurred between 30 June 2021 and the publication of the Fairness Opinion, which are not considered in the current forecast for FY2021 and the relevant business plan. In particular, the divestment of non-core finished drug manufacturing to CordenPharma as well as the settlement of the Injectafer patent litigation in the USA announced in December 2021[4] are included in the data basis for the valuation.

1.3 Our approach

The assessment of the financial fairness of the offer by CSL Behring AG (the "offeror" or "CSL Behring") to the shareholders of Vifor Pharma is based on valuation considerations of IFBC. These rely on the following analyses which are described in detail within this report:

- Analyses of the company's business, its marketed products, its product pipeline and strategy as well as the market environment
- Assessment of the business plan, approved by the BoD of Vifor Pharma
- Company valuation and calculation of the value per share based on the following approaches:
  - Sum-of-the-parts discounted cash flow approach
  - Valuation based on trading multiples
  - Valuation based on transaction multiples
- Analysis of the share price and current target share prices published by analysts

The assessment of the financial fairness of CSL Behring's offer to the shareholders of Vifor Pharma does not consider tax, legal and other issues which are specific to each investor. Therefore, quantitative statements on the value of Vifor Pharma are only possible in the context of this valuation report from the perspective of all shareholders.

[4] See press releases of Vifor Pharma as of 16 December 2021 and 20 December 2021, respectively.

1.4 Sources

Among others, our valuation work is based on the analysis of the following information:

- Audited annual reports of Vifor Pharma (consolidated)
- Unaudited actual financial statements H1 FY2021 as of 30 June 2021
- Business plan of Vifor Pharma approved by the BoD on 28 November 2021
- Capital market and financial data of selected comparable companies (source: Refinitiv Eikon)
- Data from selected comparable transactions, based on publicly available information (source: Refinitiv Eikon)
- Other publicly available information
- Management discussions

2 Company and market description

2 Company and market description

2.1 Overview of Vifor Pharma

Vifor Pharma is a leading pharmaceutical company in the field of iron deficiency, nephrology and cardio-renal therapies

Vifor Pharma is a Swiss pharmaceutical company domiciled in St. Gallen, Switzerland, focusing on the development, manufacturing and marketing of pharmaceutical products. In particular, the company strives to identify and support under-served areas of therapies in the field of iron deficiency, nephrology, and cardio-renal failure. Vifor Pharma has a comprehensive organization to manage its products, to grow its pipeline (acquisition and in-licensing) and R&D (early stage). The company had on average 2'429 employees during FY2020.

Vifor Pharma's strong position in nephrology is driven by the joint venture company Vifor Fresenius Medical Care Renal Pharma Ltd. ("VFMCRP"). Vifor Pharma holds 55% of VFMCRP, the other 45% are owned by Fresenius Medical Care. VFMCRP is a global leader for products for clients with chronic kidney failure (dialysis patients).

Vifor Pharma is listed on the SIX Swiss Exchange since 7 April 2017, when Galenica Group performed an IPO of its business unit Galenica Santé and Galenica Group became Vifor Pharma. As of 13 December 2021, strategic and financial investors with a stake of at least 3.0% each held together 44.0% of the shares of the company.[5] Thereof, Rosmarie and Martin Ebner (through Patinex AG and BZ Bank Aktiengesellschaft) held 20.4%, BNP Paribas SA 8.8%, Manuela and Remo Stoffel (through Priora Suisse AG and Priora Investment Ltd.) 7.1%, BlackRock Institutional Trust Company 4.7% and UBS Asset Management 3.0%.

Vifor Pharma is headquartered in St. Gallen, Switzerland

The product portfolio stretches across three fields: iron deficiency, nephrology and cardio-renal therapies

As of 13 December 2021, 44.0% of Vifor Pharma is owned by strategic and financial investors with a stake > 3.0% each

As of 13 December 2021, market cap amounts to CHF 9.1 billion

[5] Source: Refinitiv Eikon.

2.2 Business model of Vifor Pharma

2.2.1 Strategy

Strategy

Vifor Pharma has established itself as a global leader in the treatment of iron deficiency. Vifor Pharma's strategy is built on supporting under-served markets. With its extensive expertise in iron-based therapies, the company demonstrates strong scientific, regulatory and commercial expertise to find and develop new markets. Vifor Pharma's strategy extends from early-stage R&D to marketed products, both in own development and licensed candidates. However, partnering and in-licensing of late-stage candidates remains the cornerstone of Vifor Pharma's growth.

While Vifor Pharma have its own R&D, the company mainly relies on (early stage) R&D efforts of its licensors. With the support of its partnerships, Vifor Pharma directly addresses specific geographic markets and is closer to its patients. Within their core capability – medicine against iron deficiency – Vifor Pharma depends to a certain degree on its flagship products. The company is growing its pipeline mainly by expanding into two further sectors: nephrology (with a focus on dialysis) and cardio-renal.

Vifor Pharma operates their dialysis products mainly through the joint venture VFMCRP

The portfolio of the joint venture ("JV") with Fresenius Medical Care, VFMCRP, reaches approximately 350'000 dialysis patients worldwide, including a strong presence in the USA.[6] VFMCRP is a trusted partner for dialysis centers, strengthening its case for bringing forward new medicine to the target patient group. However, this segment shows a distinct pattern as only a relatively small percentage of dialysis patients in the USA are covered by commercial health insurance plans. The American Centers for Medicare & Medicaid Services ("CMS") has therefore introduced a transitional drug add-on payment adjustment, allowing for new drugs to enter the so-called "bundle" system. Once in the bundle, only a single, comprehensive payment covering all services in a patient's episode of care is covered leading to diminished margins for its manufacturers. Through Medicare, patients who meet certain criteria, can get financial support for their treatment.

As a third pillar besides iron deficiency and dialysis, Vifor Pharma is targeting transplantation as well as autoimmune cardio-renal diseases and rare diseases.

6 Source: Vifor Pharma annual report 2020.

2.2.2 Overview of product portfolio

Overview

Vifor Pharma's product portfolio currently consists of fourteen main different marketed and in-development pharmaceuticals across three primary fields of treatment: iron deficiency, dialysis and nephrology & rare.

In the following table products are categorized according to their main area of treatment. However, selected products are used to treat patients across several medical areas.

Product portfolio of Vifor Pharma

	Iron deficiency	**Dialysis**	**Nephrology & rare**
In market	■ Ferinject / Injectafer ■ Venofer ■ Maltofer	■ Velphoro ■ ESA: Mircera ■ ESA: Retacrit	■ Veltassa
Pipeline		■ Difelikefalin / Korsuva ■ ESA: Vadadustat	■ Rayaldee ■ Avacopan ■ ANG-3777 ■ Sparsetan ■ Vamifeport

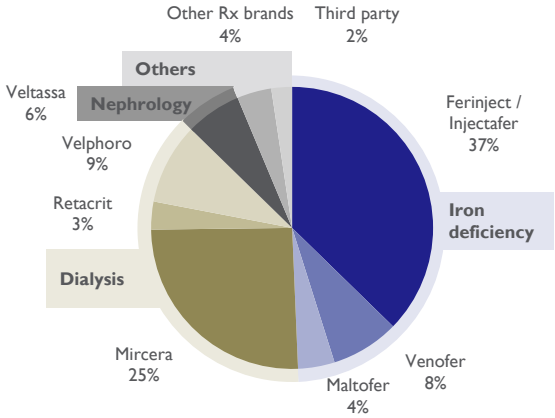
Source: Vifor Pharma investor presentation as of November 2021.

Sales split

As of H1 FY2021, 49% of net sales stemmed from the iron deficiency field. Dialysis accounted for roughly 38% while 6% occurred in the nephrology & rare segment. Other products accounted for 6%.

With an increase by 5 percentage points, a sales shift towards iron deficiency products occurred in H1 FY2021 (44% in FY2020), while the dialysis and nephrology & rare segments decreased by 3 percentage points and 1 percentage point, respectively compared to FY2020.

Net sales split of H1 FY2021 by product and medical areas



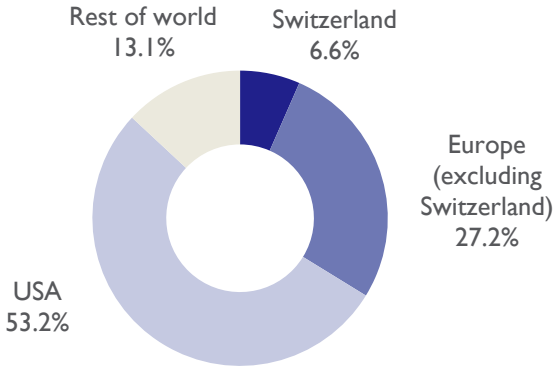
Source: Vifor Pharma half-year report 2021.

Geographic breakdown

Vifor Pharma operates globally in four different geographical regions:

- Switzerland contributing 6.6% of operating revenue.
- Europe (excluding Switzerland) with 27.2% operating revenue contribution.
- USA with the majority of 53.2% operating revenue contribution.
- Rest of world accounts for 13.1% of operating revenue.

Operating revenue split of H1 FY2021 by region



Source: Vifor Pharma half-year report 2021.

2.2.3 Products in market

The portfolio of Vifor Pharma's main in market products is subsequently described along the three primary medical areas:[7]

Iron deficiency

Ferinject / Injectafer

Ferinject / Injectafer[8] is the flagship product of Vifor Pharma. It is a leading intravenous iron therapy with a significant market share. The product had market authorization in 84 countries by the end of June 2021. Ferinject / Injectafer addresses patients with iron deficiency and iron deficiency anemia. Key therapy areas include chronic heart failure, patient blood management, nephrology, gastroenterology, oncology and women's health. The product is a complex nanomedicine consisting of nanoparticles. Nanomedicines are bigger and have a more complex structure than biologics. Ferinject / Injectafer is therefore a Non-Biological-Complex-Drug ("NBCD"). NBCDs demonstrate a complex set of physical chemical characteristics which depend on the manufacturing process. This is one of the main reasons why they are harder to copy after losing exclusivity.

Venofer

Venofer is an intravenous iron sucrose product for iron deficiency. It is used when oral iron preparations are ineffective or cannot be used. The product is the preferred iron sucrose treatment in iron therapy for anemic dialysis patients. Venofer is a lower dose product compared to Ferinject / Injectafer and is also considered a NBCD. Therefore, it is classified as a harder-to-copy complex product.

Maltofer

Maltofer is the second important iron deficiency treatment out of Vifor Pharma's portfolio. In contrast to Ferinject / Injectafer which is administered intravenous, Maltofer is an oral iron polymaltose complex ("IPC"). Due to the well-tolerated therapy, it is often used for iron deficiency in infants, children, adolescents and pregnant women. The product is registered in 76 countries and has been on the market for over 50 years.

7 Sources: Vifor Pharma annual report 2020, Vifor Pharma half-year report 2021, Vifor Pharma investor presentations and Vifor Pharma management.

8 In the USA and Belgium, the product is marketed as Injectafer while in the rest of the world it is commercialized under the brand name Ferinject.

Dialysis

Velphoro

Velphoro is primarily used for patients with chronic kidney diseases ("CKD") on dialysis to control the phosphate levels in the blood. It has a leading position in the calcium-free-phosphate binder segment in the USA, the world's largest market for phosphate binders. Velphoro is mainly distributed by VFMCRP.

ESA brands

The erythropoiesis-stimulating agent ("ESA") portfolio of Vifor Pharma constitute of two main products Mircera and Retacrit. The distribution through VFMCRP accounts for approximately two thirds of Vifor Pharma's ESA net sales.

Mircera is a long-acting ESA which is used for symptomatic anemia associated with CKD. Mircera has been licensed from F. Hoffmann-La Roche AG since 2015. The product is classified as a biologics and is currently supplied to over 3'800 dialysis clinics in the USA.

The second treatment is **Retacrit** which is the first and only biosimilar ESA approved for use in the USA. In contrast to Mircera, Retacrit is a short acting ESA. These ESA treatments ensure patients in hemodialysis to maintain adequate hemoglobin levels. Vifor Pharma licensed rights from Pfizer Inc. in 2015 to commercialize Retacrit in certain channels.

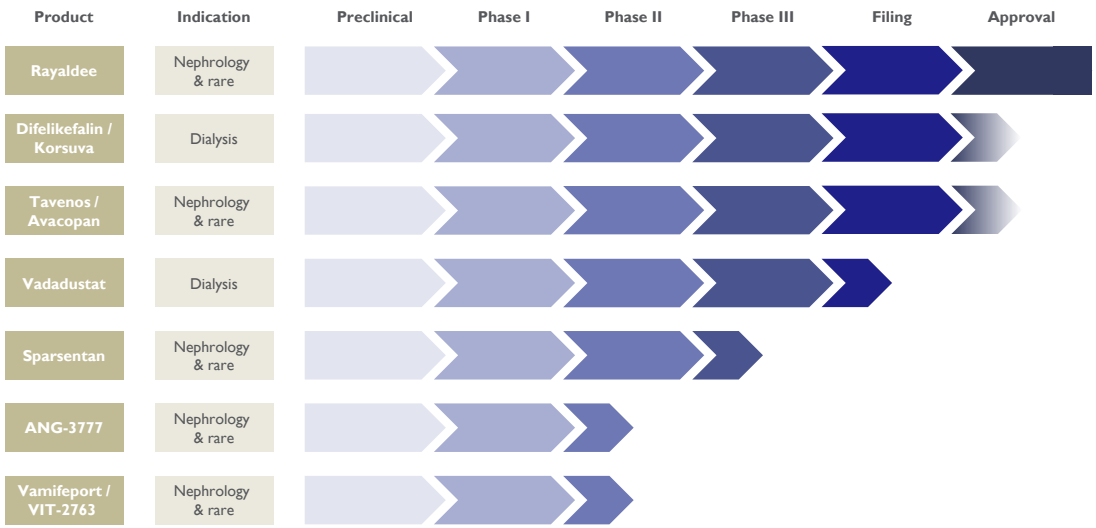
Nephrology & rare

Veltassa

Veltassa is a polymer-based potassium binder to address hyperkalemia in CKD and chronic heart failure patients. Hyperkalemia is a serious medical condition which can have life-threatening consequences. The condition is increasingly found in patients being treated with renin-angiotensin-aldosterone system inhibitors ("RAASi"), which happens to be the cornerstone treatment for patients with CKD and heart failure. As a consequence, Veltassa enables the continuation of RAASi treatments for affected patients. Veltassa belongs to the family of NBCD.

2.2.4 Product pipeline

Vifor Pharma has several products in its R&D pipeline.[9] The illustration below gives an overview to the main products in the development pipeline of Vifor Pharma and the respective clinical trial stages of the products.



Source: Vifor Pharma investor presentation November 2021.

Rayaldee

Rayaldee is a treatment for patients with CKD with vitamin D insufficiency. Secondary hyperparathyroidism ("SHPT") is a chronic progressive disease which becomes more severe as CKD worsens, against which Rayaldee's formulation of calcifediol, the prohormone of the active form of vitamin D3, is administered. The treatment is unique in sense that it raises vitamin D level needed for CKD patients without affecting serum calcium and phosphate levels in the blood. This connection promises treatment of SHPT without the risk of exposing the patient to hypercalcemia and hypophosphatemia. VFMCRP obtained the rights from OPKO Health Inc. for this indication in Europe and selected markets outside the USA. It gained market authorization for all European countries applied for. The launch of Rayaldee is expected in 2022.

[9] Sources: Vifor Pharma annual report 2020, Vifor Pharma half-year report 2021, Vifor Pharma investor presentations and Vifor Pharma management.

KORSUVA™ (difelikefalin) Injection

Difelikefalin / Korsuva

Difelikefalin / Korsuva received the approval by the United States Food and Drug Administration ("FDA") in the USA and its launch is expected in H1 2022. EU approval is expected in Q2 2022. It is a peripherally-restricted kappa opioid receptor agonist (a small molecule drug) designed as a treatment for chronic kidney disease-associated pruritus which up to 30% of dialysis patients suffer from. Difelikefalin / Korsuva acts on the peripheral nervous system and does not cross the brain-blood barrier, hence has no systemic activity avoiding opioid addiction and toxicity. There are currently no other treatments approved in Europe and the USA with favorable tolerability and efficacy. The treatment was developed by Cara Therapeutics Inc. and is licensed by VFMCRP.

TAVNEOS™ (avacopan)

Tavenos / Avacopan

Tavenos / Avacopan is an inhibitor of C5aR1 (complement C5a receptor1). It is an important component for the inflammatory cycle which drives blood vessel damage in autoimmune diseases. Tavenos / Avacopan is a small molecule medicine which binds to the C5aR1 which prevents it from binding to the corresponding receptor. This reduces the number of immune cells which in case of autoimmune diseases would lead to inflammation. Tavenos / Avacopan is licensed from ChemoCentryx, Inc. The treatment has been approved in Japan and EU approval is expected in Q1 2022.

Vadadustat

Vadadustat

Vadadustat is an investigational oral hypoxia-inducible factor prolyl hydroxylase inhibitor developed by Akebia Therapeutics Inc. Vadadustat stimulates the production of erythropoietin which leads to the production of red blood cells. Higher erythropoietin levels may improve the management of anemia in patients resistant to treatment with ESA. In contrast to the other two ESA drugs in the portfolio of Vifor Pharma, Vadadustat is orally administered. It is a small molecule product. The new drug application for Vadadustat for the treatment of anemia due to CKD is under review by the FDA. Approval is expected in March 2022.

Sparsentan

Sparsentan

Sparsentan is a small molecule candidate, currently running phase III development as a treatment of focal segmental glomerulosclerosis and IgA nephrophathy – two rare renal disorders. Marketing authorization application based on interim data of phase III studies are expected in mid-2022. Sparsentan is licensed from Travere Therapeutics, Inc. for the markets in Europe, Australia and New Zealand.

ANG-3777

ANG-3777

ANG-3777 is a small molecule medicine in development to treat cardiac surgery-associated acute kidney injury and kidney transplant patients at risk for delayed graft function. Delayed graft function is a failure of renal transplant which requires dialysis after transplantation. The molecules mimic the activity of the hepatocyte growth factor, a natural organ repair function. Vifor Pharma signed a worldwide license agreement, excluding Greater China, with Angion Biomedica Corp. for the commercialization of the product. However, recent phase II and phase III trial results were disappointing for both applications.

Vamifeport / VIT-2763

Vamifeport / VIT-2763

Vamifeport / VIT-2763 is in phase II development for beta-thalassemia and sickle cell disease, two rare non-malignant hematological disorders of the red cells. The treatment has been developed by Vifor Pharma.

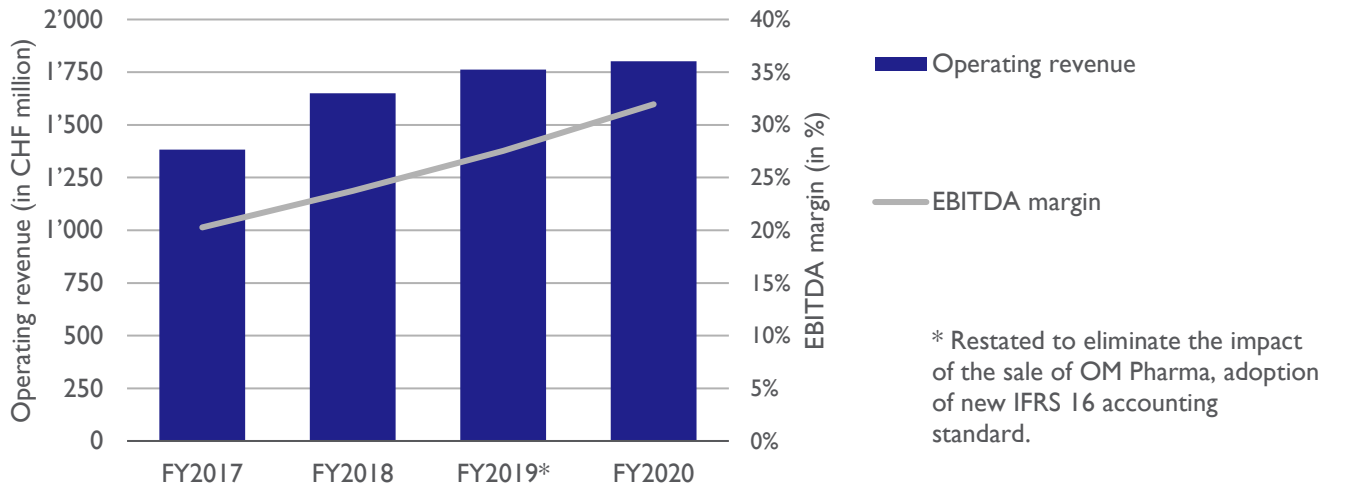
2.3 Historical financials of Vifor Pharma

Historical key events

Among others, the development of Vifor Pharma was characterized by the following key events:

- In 2010, Fresenius Medical Care and Galenica formed the joint venture VFMCRP to continuously license and collaborate with partners and to grow their portfolio.
- In 2017, Galenica Santé had its IPO at SIX and Galenica Group subsequently became Vifor Pharma.
- After the separation of Vifor Pharma from Galenica Santé, Vifor Pharma increased its global reach through several licensing and joint commercialization agreements. This increased profitability over the years.
- In 2020, Vifor Pharma sold the OM Pharma division. The net gain after tax from the sale amounted to CHF 190.6 million.

Development of operating revenue and EBITDA margin



Source: Vifor Pharma annual reports FY2017 – FY2020.

The financial statements of FY2019 are restated to eliminate the effects of the sale of OM Pharma in FY2020 (prior years are not retrospectively restated). In addition, IFRS 16 was applied for the first time in FY2019. The application of IFRS 16 had an increasing effect on EBITDA, as rental and lease contracts are generally recognized below EBITDA. For these reasons, comparability between the last two financial years and FY2017/FY2018 is limited.

Continuously increased operating revenue and EBITDA margin

Despite the sale of OM Pharma[10], operating revenue had continuously increased from CHF 1.4 billion to CHF 1.8 billion between FY2017 and FY2020 in line with the growth of existing products and the introduction of new products. However, operating revenue growth slowed in FY2020 which was mainly affected by the outbreak of the Covid-19 pandemic as well as a weakening of USD against CHF.

EBITDA margin increased as well from 20.3% to 32.0% mainly due to the application of IFRS 16 and the realization of economies of scale.

[10] Operating revenue of OM Pharma was CHF 122.6 million in FY2020 and CHF 153.7 million in FY2019, respectively.

Historical KPIs of Vifor Pharma (in CHF million)

	FY2017 actual	FY2018 actual	FY2019* restated	FY2020 actual
Operating revenue	**1'383.3**	**1'649.2**	**1'762.0**	**1'802.0**
Growth rate	n/a	19.2%	n/a**	2.3%
EBITDA (inkl. IFRS 16 from FY2019 onwards)	**280.4**	**391.5**	**485.0**	**575.8**
EBITDA margin	20.3%	23.7%	27.5%	32.0%
Operating CAPEX	**-138.2**	**-276.0**	**-128.7**	**-395.0**
In % of operating revenue	-10.0%	-16.7%	-7.3%	-21.9%
Cash flow from operating activities ***	**92.3**	**193.8**	**472.7**	**402.6**
Operating cash conversion factor (in % of EBITDA)	32.9%	49.5%	97.5%	69.9%
Net debt (inkl. IFRS 16 from FY2019 onwards)	**-130.7**	**208.3**	**99.3**	**-98.4**
Equity (book value, incl. minorities)	**3'332.5**	**3'364.6**	**3'735.3**	**4'017.6**

* Restated to eliminate the impact of the sale of OM Pharma, adoption of new IFRS 16 accounting standard.

** Growth rate not meaningful due to restatement after sale of OM Pharma.

*** Excl. discontinuing operations.

Source: Vifor Pharma annual reports FY2017 – FY2020.

Operating capital expenditures ("CAPEX") were in the last years between CHF 128.7 million and CHF 395.0 million. The wide range is particularly due to payments in relation to intangible assets that depend on the patents and licenses for new products acquired in the respective years.

Cash flow from operating activities (excl. discontinuing operations) increased from CHF 92.3 million in FY2017 to CHF 402.6 in FY2020. In the last two years, the cash conversion factor (cash flow from operating activities in % of EBITDA) varied between 97.5% (FY2019) and 69.9% (FY2020) with an average of 83.7%. The large difference is mainly explained by higher investments in net working capital in FY2020 compared to FY2019.

Vifor Pharma's financial liabilities as of 31 December 2020 mainly consisted of a bond financing in the amount of CHF 465.0 million issued in September 2018 with a tenor of four years and a bank loan of CHF 75.0 million that matures in July 2024. Lease liabilities due to the adoption of IFRS 16 amounted to CHF 69.9 million as of 31 December 2021.

Due to the accumulation of cash over the past years, the company was able to reduce its net debt to a net cash position of CHF 98.4 million as of 31 December 2020.

Covid-19 impact

The sales of Vifor Pharma's blockbuster product Ferinject / Injectafer suffered from Covid-19 restrictions. Local lockdowns in Q2 2020 lead to intravenous products being replaced by their less effective substitutes which can be administered orally since infusion centers were temporarily closed. In addition, as the products are often used in combination to surgeries, the decline in elective surgeries further impacted the decline.

The sales of Ferinject / Injectafer recovered quickly in Q3 2020 and returned to the expected growth path. However, with increased restrictions in Q4 2020 another decline of revenue growth was witnessed. Sales recovered strongly again in Q2 2021. In some areas elective surgeries are still (or again) not being done. As surgeries are rather postponed than canceled, this provides for a certain catch-up potential of sales eventually going out of the Covid-19 restriction regimes.

General sales activities and thereby the growth capability of Vifor Pharma was also significantly impacted as the acquisition of new patients and clinics was restricted because of the pandemic.

For products in the dialysis segment, no Covid-related decline was observed. Such life-saving therapies have continued their growth as patients are required to get treatment on a regular basis.[11]

[11] Source: Vifor Pharma annual report 2020 and half-year report 2021.

2.4 Market overview

Iron deficiency

Iron is a central mineral in the hemoglobin production in the blood. If the level remains below a certain threshold, the body is unable to produce adequate amounts of hemoglobin, leading to fatigue and tiredness. Deficiency or anemia is often seen in conjuncture with chronic heart failure, chronic kidney diseases and inflammatory bowel diseases. It is also more prevalent with women of reproductive age and during pregnancy.[12]

Iron deficiency is one of the most prevalent diseases in the world. Approximately one in three people worldwide suffer from anemia and more of half of the cases can be led back to iron deficiency. [13] Iron deficiency oftentimes remains undiagnosed and hence untreated. If diagnoses of iron deficiency increase in the future, additional market potential could be generated. Vifor Pharma is committed to increasing awareness to address this potential. Based on a very recent market study, the iron deficiency anemia market in the USA, EU5 (Germany, France, Italy, Spain and the United Kingdom) and Japan is expected to grow at a CAGR of 3.7% until 2030. The highest growth rates are expected for the USA which is also the country with the highest market size. In 2020, 9.3 million cases of iron deficiency anemia were observed in the USA.[14]

Nephrology & dialysis

CKD is a prevalent disease among adults, with about 13.4% suffering from it.[15] Prevalence of CKD increases with age. Important risk factors for CKD are diabetes and hypertension. For advanced stages of CKD, the disease is often not curable. Hence, patients will require treatment (dialysis) to take over the blood cleansing process the kidneys can no longer provide. Usually, the only way to get away from dialysis, once a patient suffers end-stage CKD, is a kidney transplant.[16]

The population of dialysis-requiring patients is growing quickly. Currently 3.7 million patients worldwide are on dialysis, a number which is expected to increase to over 6 million by 2030. Medicines in this field often fall into the bundled system, as a significant portion of patients is covered by commercial health plans. This affects the level and

[12] Source: Vifor Pharma annual report 2020 and half-year report 2021.

[13] Sources: Kassebaum N. et al, A systematic sanalysis of global anemia burden from 1990 to 2010, Blood (2014) 123 (5): 615–624. & Paricha S. et al, Control of iron deficiency anemia in low- and middle-income countries, Blood (2013) 121 (14): 2607–2617.

[14] Source: DelveInsight, September 2021, Iron Deficiency Anemia – Market Insight, Epidemiology and Market Forecast – 2030.

[15] Source: Hill NR, Fatoba ST, Oke JL, Hirst JA, O'Callaghan CA, Lasserson DS, et al. (2016) Global Prevalence of Chronic Kidney Disease – A Systematic Review and Meta-Analysis. PLOS ONE 11(7).

[16] Source: Romagnani, Paola, et al. Chronic kidney disease. Nature reviews Disease primers 3.1 (2017): 1-24.

duration of margins pharmaceutical companies can earn on their medicines.[17] Within patients suffering from CKD, there are further side effects associated with the disease. For example, 40% – 82% of patients suffering from stage 3 or 4 CKD, also suffer from SHPT. Furthermore, 50% of CKD patients suffer from hyperphosphatemia.[18]

Other treatment areas

The cardio-renal area of treatment is an interplay of diseases of heart and kidney, where the organs' treatments affect each other. Vifor Pharma is focusing in this field on the treatment of hyperkalemia (elevated blood potassium levels) which is prevalent with patients suffering from CKD and chronic heart failure.

The hyperkalemia treatment market is expected to grow rapidly over the next years, globally a CAGR of over 20% is anticipated until 2027 (an increase from USD 434 million to USD 1'686 million by 2027). Vifor Pharma and AstraZeneca are two of the leading pharmaceutical companies in the hyperkalemia segment.[19]

17 Source: ZKB company study as of 6 October 2021.

18 Source: Levin, A., Bakris, G. L., Molitch, M., Smulders, M., Tian, J., Williams, L. A.& Andress, D. L. (2007). Prevalence of abnormal serum vitamin D, PTH, calcium, and phosphorus in patients with chronic kidney disease: Results of the study to evaluate early kidney disease. Kidney International, 71(1), 31–38.

19 Source: 360 Research Reports, August 2021, Global Hyperkalemia Treatment Market Research Report 2021.

3 Valuation analysis

3 Valuation analysis

3.1 Valuation approach

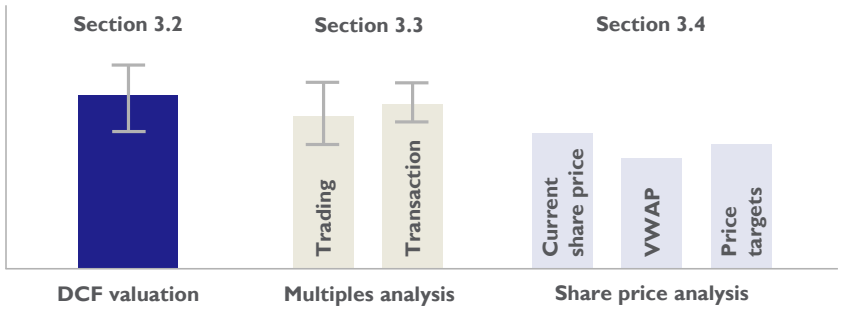
According to best practice, we basically focus on the DCF approach to value Vifor Pharma. In addition, we apply trading and transaction multiples and consider the results of our share price analysis.

We value Vifor Pharma on a stand-alone basis applying different valuation approaches to assess the fairness of the offer made by CSL Behring from a financial point of view. The value per share of Vifor Pharma is calculated as of the relevant valuation date of 13 December 2021 in accordance with the pre-announcement of the public tender offer made on 14 December 2021.

Within our valuation framework the discounted cash flow approach ("DCF approach") is of the greatest importance. In line with best practice for pharmaceutical companies, the products are valued separately (sum-of-the-parts) to consider their specific life cycles and profitability. In addition, overhead costs are considered. Drug candidates in the pipeline are risk-adjusted in Vifor Pharma's business plan to consider the likelihood of future positive cash flow realization depending on development phase and corresponding probability of success.[20] Furthermore, only products that are currently in the product pipeline of Vifor Pharma are valued.

The resulting value per share based on the DCF approach as well as the trading and transaction multiples valuations are compared to the current share price of Vifor Pharma, its volume weighted average price ("VWAP") and the target share prices published by analysts.

Valuation approach



[20] This is in line with best practice. See among others H. Sanchez et al., How to Approach Asset Valuation in Pharma & Biotech: Putting a price tag on emerging therapies, 2018.

3.2 DCF valuation

3.2.1 Introduction to the valuation approach

The applied DCF valuation approach is in line with corporate finance theory as well as best practice for company valuation. In general, the value of a company results by discounting the expected future free cash flows ("FCF") with the weighted average cost of capital ("WACC") to the defined valuation date.

Based on the described valuation approach, the equity value as of 13 December 2021, the day before the pre-announcement, can be determined as follows:

Determination of equity value

1. The product-specific expected free cash flows until FY2030 are determined according to the business plan provided by the management of Vifor Pharma. For H2 FY2021, the expected free cash flow is based on the semiannual financial statement as of 30 June 2021 and the latest forecast for FY2021 of Vifor Pharma. Within the rough planning period from FY2031 to FY2040 the product-specific life cycles are considered. In consultation with Vifor Pharma's management, the fade-out periods as well as the estimated sustainable revenue level per product through FY2040 were estimated. To account for the free cash flows after the rough planning period, the future value of these free cash flows is calculated ("terminal value", "TV").

   The free cash flows of products in clinical trial stages are risk-adjusted using development stage-specific probabilities of success for the different products. Net working capital changes and effective expected tax payments are considered as part of an operating cash conversion factor.[21] Free cash flows also include product-specific investments, milestone and royalty payments. In the resulting free cash flows, minority interests (45% minority stake in VFMCRP) are deducted to determine the free cash flows attributable to the shareholders of Vifor Pharma.

2. The expected free cash flows of the business plan period, the rough planning period and the terminal value are then discounted to 30 June 2021 by applying a specific WACC for Vifor Pharma. This results in the operating enterprise value.

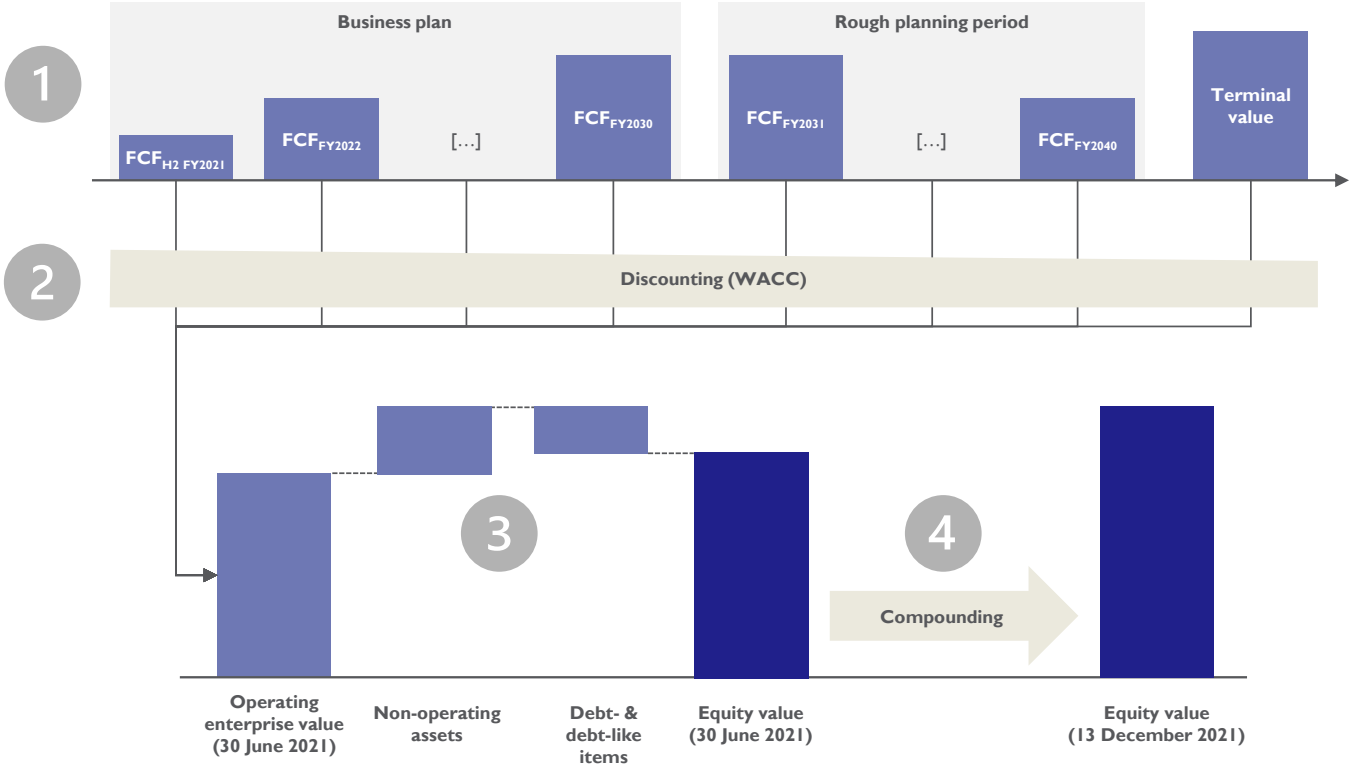
[21] Due to the consideration of effective tax payments, no tax adjustment needs to be applied when calculating the cost of debt in the WACC determination.

3 Adding non-operating assets to the operating enterprise value and deducting debt and debt-like items based on the semiannual financial statement of Vifor Pharma as of 30 June 2021 results in the fair value of equity as of 30 June 2021.

4 The resulting equity value is then compounded to the relevant valuation date (13 December 2021).

The illustration below summarizes the determination of the equity value of Vifor Pharma as of 13 December 2021:

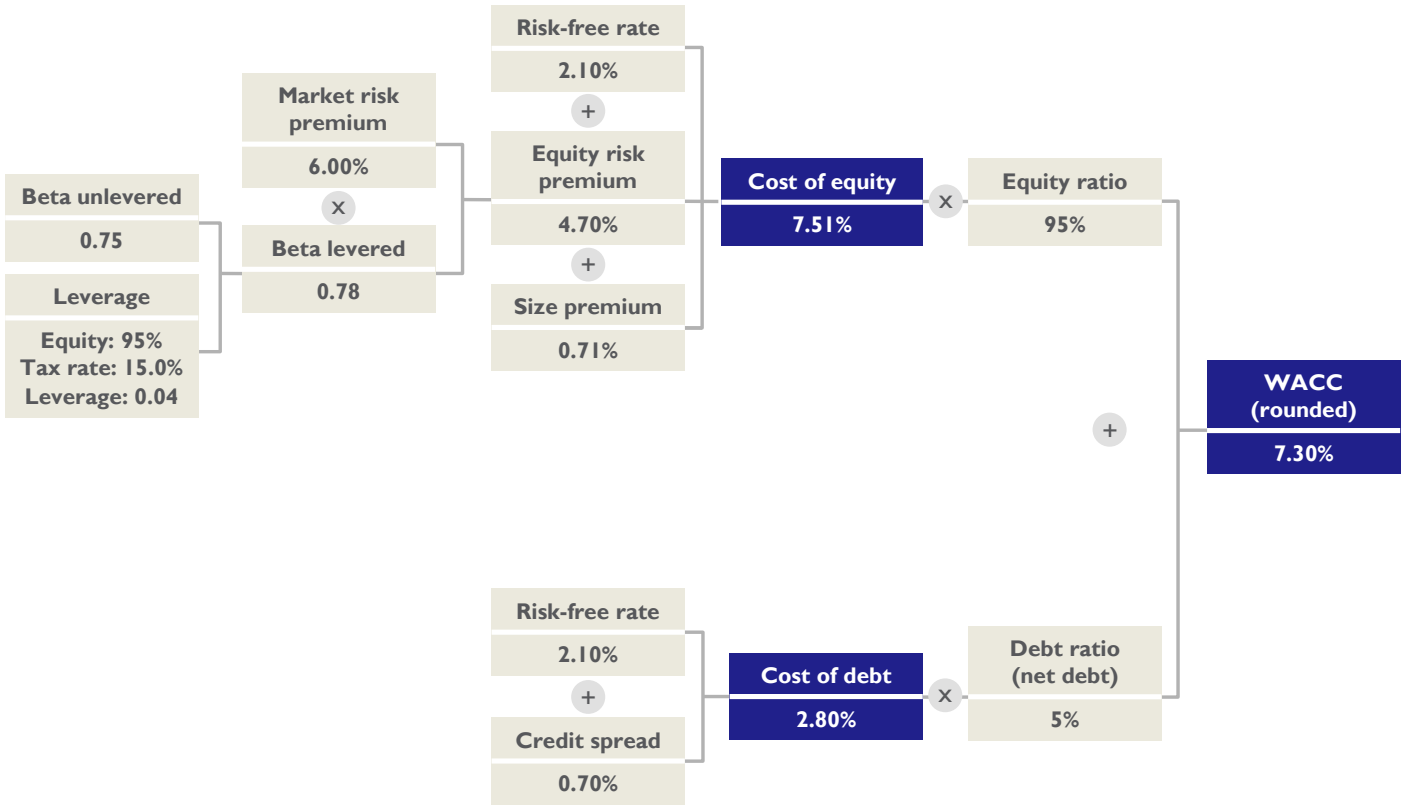
Determination of equity value of Vifor Pharma as of 13 December 2021



Finally, the resulting equity value is divided by the current number of dilutive shares outstanding to calculate the value per share as of 13 December 2021.

The illustration below summarizes the determination of the WACC:[22]

Determination of WACC of Vifor Pharma



[22] For further details see appendix (section 5.1).

3.2.2 Business plan

Free cash flow estimations are based on the business plan approved by the BoD of Vifor Pharma and the independent assessment and verification by IFBC

The forecasted free cash flows for FY2021 through FY2030 are based on the business plan and the latest financial statement as of 30 June 2021 of Vifor Pharma. To perform our valuation, we received the business plan approved by the BoD of Vifor Pharma on 28 November 2021. The business plan also includes the divestment of non-core finished drug manufacturing to CordenPharma as well as the settlement of the Injectafer patent litigation in the USA announced in December 2021[23]. The key value drivers and the main assumptions are shown on an aggregated basis (including minority interests) in the table on the right. For the DCF valuation, however, these factors are estimated on a product- and entity-specific basis in order to consider the product-specific free cash flow profiles and ultimately to calculate the free cash flows attributable to Vifor Pharma's shareholders.

Summary of the main assumptions in the business plan

Average	FY2021 - FY2030	FY2031 - FY2040	Terminal value
Revenue growth (CAGR)	8.3%	-13.0%	0.0%
EBITDA margin	46.7%	49.1%	47.3%
Operating CAPEX in % of revenue	6.1%	2.5%	2.5%
Operating cash conversion factor	83.2%	85.6%	85.7%

Source: Business plan of Vifor Pharma, analysis by IFBC.

The business plan is based on a product-specific bottom-up planning. Sales volumes are determined based on market analysis considering the product-specific life cycles and market prices (e.g., expected patient pool, competitive environment, sales prices and point in time of losing exclusivity). Products in the pipeline are risk-adjusted based on the estimated probability of a successful market launch. Free cash flows also include royalties, milestone and upfront payments for the granting of license rights to products.

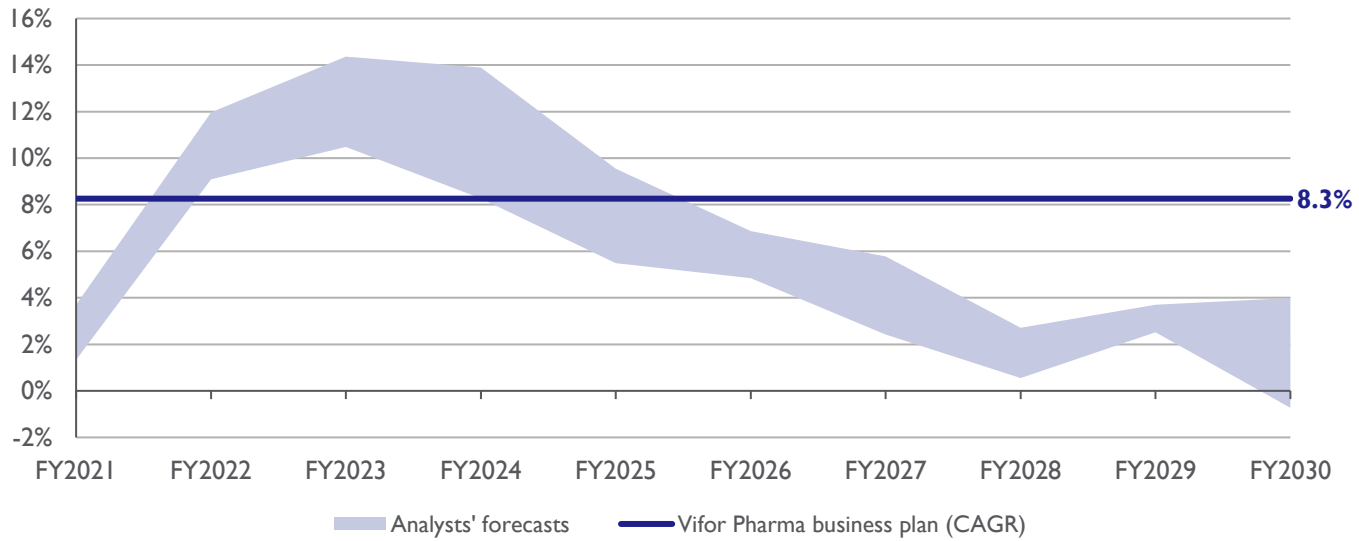
In addition to the business plan, a rough planning period (FY2031 to FY2040) and a terminal value are considered. In the rough planning period, product-specific sales volumes, EBITDA margins and CAPEX are modelled and reconciled with the management of Vifor Pharma. In particular, for the years after losing exclusivity, a fade-out phase as well as a sustainable sales level were estimated. In the case of generic market entries, the sales potential was reduced to zero.

We assessed and verified Vifor Pharma's business plan from an independent point of view. For this reason, the main business plan assumptions have been cross checked with the analysts' forecasts for Vifor Pharma as well as for the peer group companies and market studies. In the following, the main assumptions are described in more detail.

[23] See press releases of Vifor Pharma as of 16 December 2021 and 20 December 2021, respectively.

Revenue assumptions

Comparison of forecasted revenue growth rate of Vifor Pharma



Sources: Analyst reports, Refinitiv Eikon, business plan Vifor Pharma.

In FY2020 and H1 FY2021, Vifor Pharma's revenue plateaued due to the Covid-19 pandemic.[24] For the business plan period FY2021 – FY2030, management expects a compound average growth rate ("CAGR") of 8.3%. This is above the analysts' forecasts for Vifor Pharma (CAGR: 5.9%).[25] As indicated by the interquartile range (25% to 75% quartile, blue area), higher growth rates are expected by analysts especially in the next few years due to the further growth of Ferinject / Injectafer sales. The higher medium-term growth expectations of analysts are in line with Vifor Pharma's business plan. However, the company estimates the medium-term growth potential of Ferinject / Injectafer in particular to be higher compared to analysts' estimates.[26]

[24] See section 2.3.

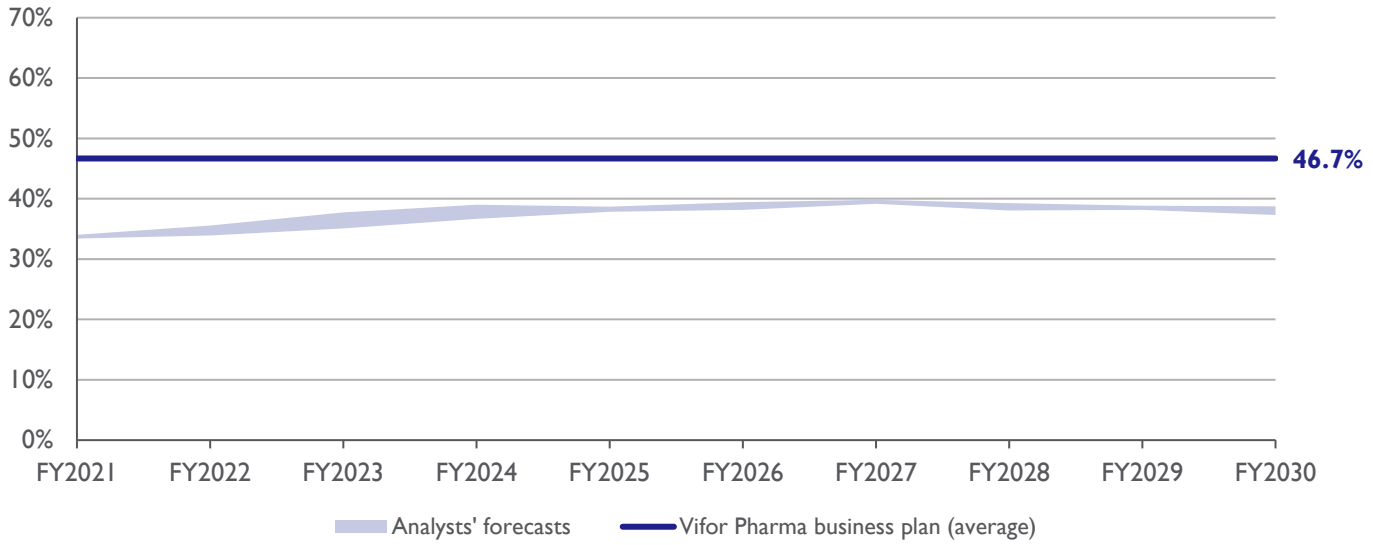
[25] Only five analysts provide revenue estimates until FY2030.

[26] Among others due to different assumptions regarding the timing of the expected market entries of competitors, additional areas of application of Ferinject / Injectafer and additional geographic markets.

For the rough planning period FY2031 – FY2040, a negative CAGR of -13.0% is assumed by management. This assumption is mainly based on the product specific life cycles with a fading-out to a sustainable long-term sales level after loss of exclusivity. Since all products are expected to reach their sustainable sales levels by FY2040 a terminal value can be calculated to account for the value of the free cash flows from FY2041 onwards. Management does not consider it realistic that prices for individual products can be increased on a sustainable basis due to inflation. For this reason, a nominal growth rate of 0.0% is assumed when calculating the terminal value.

EBITDA margin assumptions

Comparison of forecasted EBITDA margin of Vifor Pharma



Sources: Analyst reports, Refinitiv Eikon, business plan Vifor Pharma.

In the past years, Vifor Pharma was able to continuously improve its EBITDA margin from 20.3% in FY2017 to 32.0% in FY2020.[27] For the coming years, Vifor Pharma's management expects to further increase the EBITDA margin, resulting in an average level of 46.7% during the business plan period. This improvement is more optimistic than forecasted by the analysts covering Vifor Pharma (10-year average of median of the analysts' estimates of 37.4%). One of the main reasons for this difference is the higher expected sales volume by the management of Vifor Pharma

[27] See section 2.3

in comparison to the analysts combined with the economies of scale of Vifor Pharma's business model which naturally increases EBITDA margins in line with higher sales volumes.

Based on increasing margins in the business plan management estimates an average EBITDA margin in the rough planning period of 49.1%. For the terminal value, management assesses an EBITDA margin of 47.3% as sustainable.

Operating cash conversion factor

The operating cash conversion factor denotes the cash flow from operating activities as a percentage of EBITDA. With this factor, planned effective tax charges and the changes in net working capital ("NWC") are taken into account. In the business plan period, the operating cash conversion factors are determined on a yearly basis with an average of 83.2%. For the rough planning period and the terminal value the cash conversion factor as of FY2030 are assumed to be sustainable. This leads to average operating cash conversion factors of 85.6% and 85.7%, respectively.

For the years FY2021 to FY2030 the planned effective tax charges by Vifor Pharma are considered based on an average group tax rate of 15.0%. Vifor Pharma's tax department also estimates this rate to be appropriate from a sustainable perspective. The current deferred tax assets (net) of Vifor Pharma are not explicitly considered in the business plan. Therefore, these assets are treated as non-operating assets when determining the equity value.[28]

Operating cash

In addition to effective tax expenses and investments in net working capital, operating cash needs are considered. Management estimates an operating cash level of 5% of net sales to be appropriate.

CAPEX assumptions

Between FY2017 to FY2020 Vifor Pharma had operating CAPEX between CHF 128.7 million to CHF 395.0 million (average CHF 234.5 million p.a.) which corresponds to 7.3% to 21.9% of revenue. In the business plan period, lower CAPEX of 6.1% of revenue are planned on average whereby the investments in the individual years vary considerably depending on the planned product launches. In the long-term, a sustainable CAPEX level in relation to revenue is estimated by management to be 2.5%.

IFRS 16

Vifor Pharma considers the impact of applying IFRS 16 in the business plan. Therefore, corresponding investments in future rights of use assets are considered in the calculation of the free cash flows.

Free cash flows attributable to Vifor Pharma's shareholders

All components of the free cash flow are separately planned for VFMCRP and the rest of Vifor Pharma. To calculate the free cash flows attributable to Vifor Pharma's shareholders, VFMCRP 's free cash flows are reduced by the minority interest of 45%. With this approach, the value-reducing impact of the minority interests is directly taken into account in the calculation of the free cash flows.

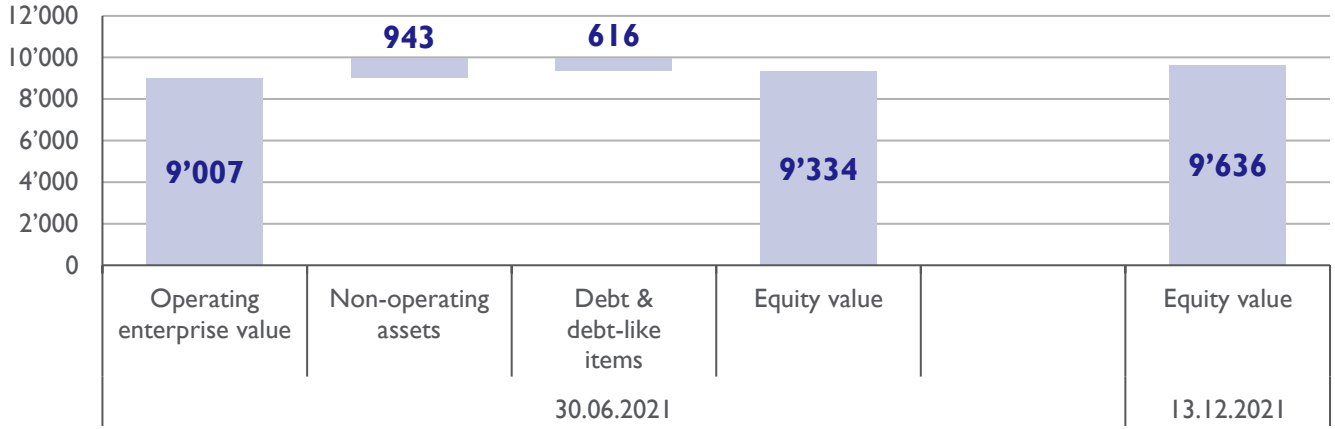
[28] See section 3.2.3.

3.2.3 Discounted cash flow analysis

Determination of the equity value

Discounting the expected free cash flows for H2 FY2021 to FY2040 as well as the terminal value (all after minorities) with the WACC of 7.30%[29] results in an operating enterprise value as of 30 June 2021 of CHF 9'007 million. Non-operating assets (including excess cash, financial assets, deferred tax assets and employee benefit assets) in the amount of CHF 943 million are added to the operating enterprise value. Divestments of certain financial assets are already considered in the business plan. Debt and debt-like items (including interest-bearing financial liabilities, lease liabilities and provisions) as of 30 June 2021 are deducted in a total amount of CHF 616 million. The resulting equity value of Vifor Pharma as of 30 June 2021 in the amount of CHF 9'334 million is finally compounded with the cost of capital to the valuation date (13 December 2021). This results in an equity value as of 13 December 2021 of CHF 9'636 million.

Determination of equity value as of 13 December 2021 (in CHF million)



Calculation of value per share in CHF

As of 13 December 2021, a total of 65'000'000 shares are outstanding.[30] According to management, Vifor Pharma held 118'099 treasury shares on 13 December 2021. Additionally, the dilutive effect of share-based payment plans is considered. Dividing the equity value as of 13 December 2021 by the total diluted number of shares of 65'033'948 results in a value per share of CHF 148.2.

29 See appendix for details on the calculation of the WACC.

30 Source: SIX Swiss Exchange.

Sensitivity analyses

Sensitivity analyses of value per share as of 13 December 2021 (in CHF)

Sustainable shift of sales level as of 2031	WACC 7.80%	7.55%	7.30%	7.05%	6.80%
10.00%	146.0	149.0	152.1	155.3	**158.7**
5.00%	144.3	147.1	150.1	153.3	156.6
0.00%	142.5	145.3	**148.2**	151.2	154.5
-5.00%	140.7	143.4	146.2	149.2	152.3
-10.00%	**138.9**	141.5	144.3	147.2	150.2

Sustainable shift of EBITDA margin as of 2031	WACC 7.80%	7.55%	7.30%	7.05%	6.80%
5.00%	147.7	150.7	153.9	157.2	**160.8**
2.50%	145.1	148.0	151.0	154.2	157.6
0.00%	142.5	145.3	**148.2**	151.2	154.5
-2.50%	139.8	142.5	145.3	148.2	151.3
-5.00%	**137.2**	139.8	142.4	145.2	148.2

Source: IFBC.

The tables above show sensitivity analyses for the value per share in CHF. Thereby, the valuation impact of a change in the WACC by ± 50 basis points and a sustainable shift of the sales level as of 2031 (rough planning period and terminal value) by ± 1'000 basis points leads to a value range between CHF 138.9 and CHF 158.7. If the WACC is changed by ± 50 basis points and the EBITDA margin as of 2031 is sustainably changed by ± 500 basis points the value per share ranges between CHF 137.2 and CHF 160.8.

Summary

- Applying the DCF approach to determine a company value is recognized as best practice. In this specific case, the valuation is based on a sum-of-the-parts calculation taking into account the existing product portfolio of Vifor Pharma.
- The assumptions regarding free cash flows are based on the business plan approved by the BoD on 28 November 2021.
- This business plan of Vifor Pharma is subject to various risks, including the future development of its products and the probability of success of the products in its pipeline. Hence, probabilities are applied to take into account the specific development stage of a product, if appropriate.
- To determine the enterprise value of Vifor Pharma a WACC of 7.30% is applied.
- The resulting value per share of Vifor Pharma as of 13 December 2021 is CHF 148.2.
- The sensitivity analyses result in a range for the value per share of CHF 137.2 to CHF 160.8.

3.3 Multiples analysis

The valuation based on trading and transaction multiples is used to cross-check the value per share resulting from the DCF valuation.

Trading multiples approach

For the trading multiples valuation, a peer group consisting of comparable listed companies was defined.[31] For each selected company, the EBITDA multiple is calculated by setting the total enterprise value as of 30 June 2021 (equity value plus net debt) in relation to the respective EBITDA (06/2021 last twelve months ("LTM"), 12/2021 estimate ("E") and 12/2022 E). The median EBITDA multiples of the peer group companies for the respective years are then applied to Vifor Pharma's actual and forecasted EBITDA (excl. minorities) to calculate the operating enterprise value (excl. minorities) of Vifor Pharma as of 30 June 2021. Considering non-operating assets, debt and debt-like items as of 30 June 2021 leads to the equity value. This equity value as of 30 June 2021 is then compounded to the valuation date of 13 December 2021 and divided by the dilutive number of shares outstanding in order to calculate the value per share.

Transaction multiples approach

For the transaction multiples analysis, the enterprise value is determined based on observable transactions of comparable companies. To ensure a certain degree of comparability, only transactions were considered where the target company was already profitable, had a multiple product portfolio and had an equity value of more than USD 1.0 billion. The enterprise values of the target companies are calculated based on the purchase price paid in individual transactions (100%) plus net debt and compared to EBITDA of the last twelve months before the transaction.[32] The resulting transaction multiples are then multiplied by Vifor Pharma's EBITDA (excl. minorities) as of 30 June 2021 (LTM) to determine the enterprise value (excl. minorities). The value of a share is derived in the same way as described above for the trading multiples.

Although only companies operating in the same sector were selected, the specific business models and the individual situation of the peer group companies can vary widely. Among others, the differences between the companies are due to the following factors:

- Number of products and therefore diversity of product portfolio
- Life cycle stage of the individual products (i.e. date of loss of exclusivity)
- Products' market potential (i.e. peak sales and royalty agreements)

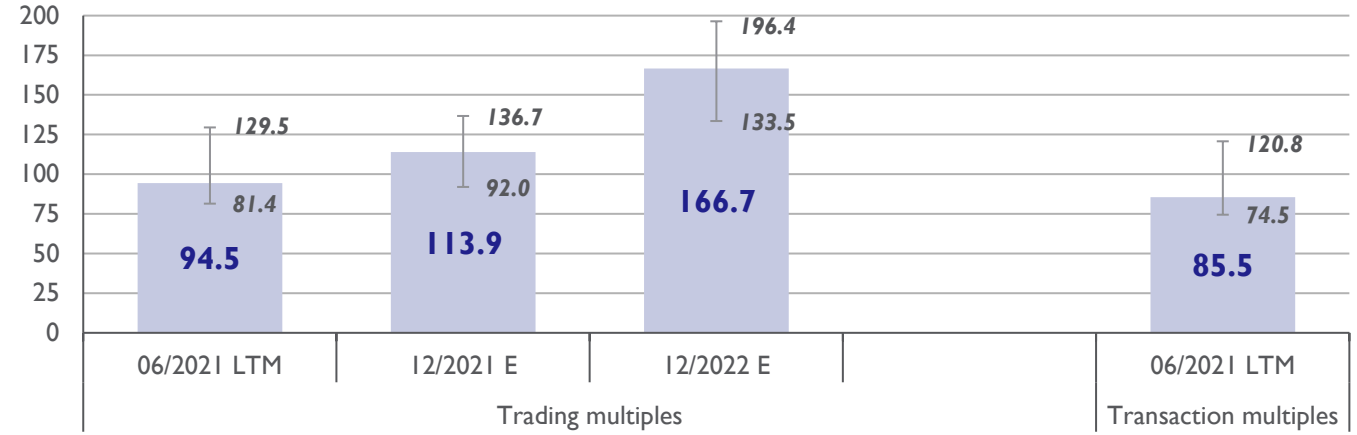
[31] A detailed list of the peer group companies for the trading multiples analysis can be found in the appendix (section 5.3).

[32] See section 5.4.

Consequently, the individual trading and transaction multiples can differ significantly. This limits the explanatory power of valuations based on multiples.

Valuation results based on EBITDA multiples

Value per share as of 13 December 2021 (in CHF)



Range defined with the 25% and 75% quartile.

Source: Refinitiv Eikon, analysis: IFBC.

Trading multiples valuation

For the valuation of Vifor Pharma based on trading multiples Vifor Pharma's actual and forecasted EBITDA (excl. minorities) are multiplied with the corresponding median multiple of the peer group. Because operating cash needs of peer group companies are unknown, the equity value of Vifor Pharma as of 30 June 2021 is correspondingly calculated on a net debt basis. In line with the DCF valuation of Vifor Pharma non-operating assets and debt-like items are considered. Compounded with the WACC it finally results in a value range per share between CHF 94.5 and CHF 166.7 as of 13 December 2021 taking the median multiples into account. The average value per share of the three median values is CHF 125.0.

Transaction multiples valuation

Comparable transactions between January 2011 and December 2021 were analyzed for the valuation using the transaction multiples approach. The resulting median of the transaction multiples is applied to the last twelve months EBITDA as per 30 June 2021. The average transaction volume of the comparable companies is considerably above the market capitalization of Vifor Pharma, which is why the implicit size premiums in the comparable transactions are lower. In the valuation based on the transaction multiples, we take this relative difference in the implicit size premiums into account accordingly.[33] Using the same calculation methodology as for the valuation based on trading multiples the value per share amounts to CHF 85.5 with a range of CHF 74.5 to CHF 120.8.

Summary

- To assess the plausibility of the DCF value, further valuation analyses are made based on trading and transaction multiples.
- The explanatory power of the valuation based on multiples is limited since the valuations of pharmaceutical companies can vary significantly due to their product portfolios (e.g. number of products, market potential, product life cycles) and business models.
- The valuation using median trading multiples yields in a range of CHF 94.5 to CHF 166.7 per share (average CHF 125.0).
- Applying the median transaction multiple results in a value per share of CHF 85.5 with a range of CHF 74.5 to CHF 120.8.

[33] Such a size premium adjustment is not necessary when applying trading multiples, as the average market capitalization of the peer companies is comparable to Vifor Pharma.

3.4 Share price analysis

Development of share price

In particular due to the outbreak of the Covid-19 pandemic and the uncertainties it created, Vifor Pharma's share price dropped to CHF 97.00 on 18 March 2020[34], close to the all-time low of CHF 95.00. After a recovery phase to about CHF 150.00, the share price traded primarily between CHF 100.00 and CHF 150.00. Among others, the share price was impacted by the announcements of the sale of OM Pharma, the signing of license agreements, clinical trial results, FDA approvals, changes in the management as well as the acquisitions of Sanifit Therapeutics and Inositec. The share price closed on 1 December 2021 at a price of CHF 103.80. Due to takeover rumors, the share price increased the following day to around CHF 125.00. On Friday, 10 December 2021, the share price closed at CHF 118.45. Monday morning, 13. December 2021, CSL officially confirmed negotiations between CSL and Vifor Pharma regarding a potential public tender offer. At that day, the share price closed at CHF 140.30. Tuesday morning, 14 December 2021, the pre-announcement of the offer was published.

Vifor Pharma share price development since January 2019 (in CHF)

Source: Refinitiv Eikon.

As the share price prior to the pre-announcement was initially influenced by rumors and subsequently by the publicly confirmed negotiations, we show the implied premiums of the CHF equivalent offer price (incl. dividend) of CHF 167.42 compared to the share price of Vifor Pharma and the VWAP of the last 60 trading days for the following three dates:

1. **1 December 2021:** Last trading day prior to rumors regarding a potential transaction.
2. **10 December 2021:** Last trading day prior to the announcement of negotiations between the parties.
3. **13 December 2021:** Last trading day prior to the pre-announcement of the offer by CSL Behring.

[34] Intraday low price on 18 March 2020.

Premiums of CHF equivalent offer price (incl. dividend) to share price and VWAP

The premiums of the CHF equivalent offer price (incl. dividend) compared to the share prices are 61.3% (1 December 2021), 41.3% (10 December 2021) and 19.3% (13 December 2021). The respective premiums to the VWAP (60 days) are 41.9% (1 December 2021), 41.6% (10 December 2021) and 38.3% (13 December 2021). Except for the share price as of 13 December 2021, which was heavily influenced by the announcement regarding negotiations between the parties, the premiums are significantly above the historical median premium paid within voluntary public tender offers in Switzerland (21.9%).[35] For further assessment, the share price and the VWAP as of 10 December 2021 are used as reference value.

Premiums of CHF equivalent offer price (incl. dividend) to share price and VWAP

Date	Share price	Premium	VWAP (60 days)	Premium
1 December 2021	103.80	*61.3%*	117.96	*41.9%*
10 December 2021	118.45	*41.3%*	118.25	*41.6%*
13 December 2021	140.30	*19.3%*	121.06	*38.3%*

Sources: SIX Swiss Exchange, Refinitiv Eikon, analysis by IFBC.

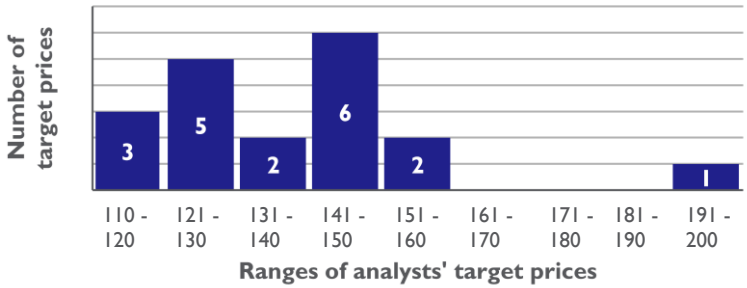
Liquidity analysis

According to applicable takeover law, shares of companies listed in the Swiss Leader Index ("SLI") are considered as liquid.[36] As the shares of Vifor Pharma are part of the SLI, the shares of Vifor Pharma can be considered as liquid and the share price is therefore a valid reference to assess the offer by CSL Behring.

Analysts' target prices

Between March 2021 and 10 December 2021, 19 analysts published reports on Vifor Pharma with a corresponding target price. Their most recent target prices range between CHF 110 and CHF 195 per share, with the second highest estimate at CHF 155 per share (Deutsche Bank) and the highest estimate at CHF 195 (Mirabaud). The median target price is CHF 140 per share.[37]

Analysts' target prices per share (in CHF)



Sources: Refinitiv Eikon, analysts' reports, Finanz und Wirtschaft.

35 See appendix (section 5.5).
36 See Swiss Takeover Board: TOB Circular No. 2 on liquidity in the context of takeover law, 26 February 2010.
37 An overview on the analysts target prices is shown in the appendix (section 5.6).

Summary

- The shares of Vifor Pharma are liquid in the sense of the applicable takeover law. Therefore, the share price is a valid reference to assess the offer by CSL Behring.
- On the last trading day prior to the first rumors regarding a potential public tender offer (1 December 2021), the share price closed at CHF 103.80. The average volume-weighted share price of the last 60 trading days was CHF 117.96 at that date. The implicit premium of the CHF equivalent offer price (incl. dividend) is 61.3% compared to the share price and 41.9% compared to the VWAP.
- On the last trading day prior to the official confirmation of negotiations between CSL and Vifor Pharma (10 December 2021), the share price closed at CHF 118.45. The VWAP was CHF 118.25 at that date. The implicit premium of the CHF equivalent offer price (incl. dividend) is 41.3% compared to the share price and 41.6% compared to the VWAP.
- On the last trading day prior to the pre-announcement of the offer by CSL Behring (13 December 2021), the share price closed at CHF 140.30. The VWAP was CHF 121.06 at that date. The implicit premium of the CHF equivalent offer price (incl. dividend) is 19.3% compared to the share price and 38.3% compared to the VWAP.
- Except for the share price as of 13 December 2021, the calculated premiums of the CHF equivalent offer price (incl. dividend) compared to the share price and VWAP are considerably above the historical median premium paid within voluntary public tender offers in Switzerland (21.9%).
- Target prices of analysts published between March 2021 and 10 December 2021 are in a range between CHF 110.00 and CHF 195.00 with a median target price of CHF 140.00 per share. 18 of the 19 target prices of analysts are below the CHF equivalent offer price (incl. dividend).

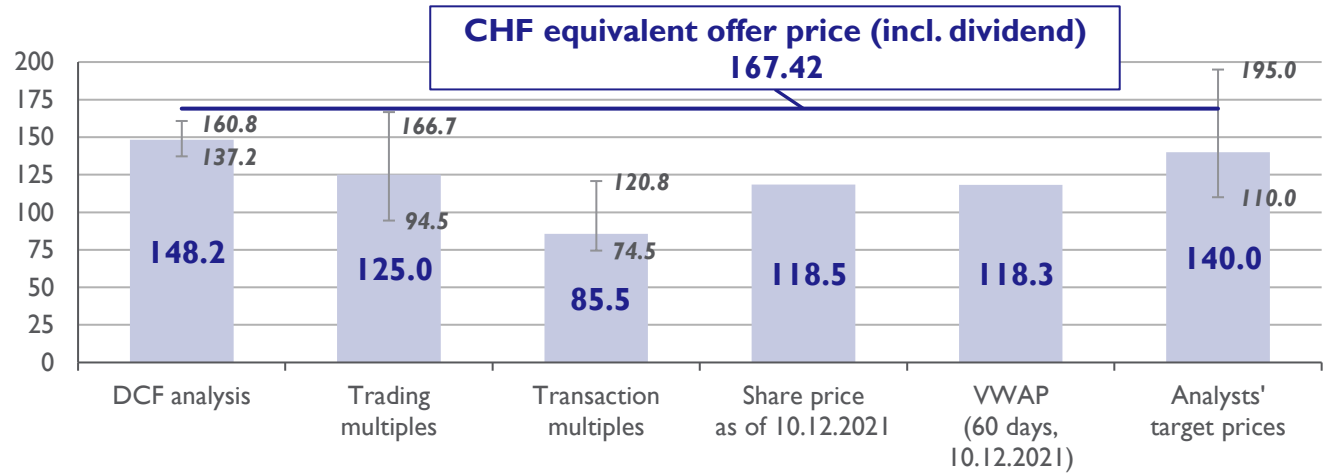
4 Conclusion

4 Conclusion

Based on the analyses described above and the information provided, IFBC arrives at the following assessment regarding the financial fairness of the offer made by CSL Behring for all outstanding shares of Vifor Pharma:

Overview of the valuation results

Overview of the valuation results for Vifor Pharma as of 13 December 2021 (value per share in CHF)[38]



Source: IFBC.

- According to best practice we applied a set of valuation methodologies to determine the value per share of Vifor Pharma.
- The valuation based on the DCF methodology results in a value per share of CHF 148.2 with a valuation range between CHF 137.2 and CHF 160.8 as of 13 December 2021. The valuation result is especially sensitive regarding the estimated peak sales and the long-term profitability of the different products in Vifor Pharma's portfolio, i.e. the estimated long-term sales level and EBITDA-margin. Within this Fairness Opinion, we attach the highest relevance to the result of the DCF analysis, as this approach best takes the company-specific circumstances of Vifor Pharma into account.

[38] In the overview of the valuation results, only the share price and the VWAP as of 10 December 2021 is shown (last trading day prior to the announcement of negotiations between CSL and Vifor Pharma). For additional share price analyses see section 3.4.

- The valuation based on trading multiples results in a value range per share between CHF 94.5 and CHF 166.7 as of 13 December 2021 (median values). Applying transaction multiples leads to a value range of CHF 74.5 to CHF 120.8 per share as of 13 December 2021. Although the peer group companies were selected very carefully, we assess the explanatory power of the multiples valuation approach to be limited because the specific situations of the peer group companies do not fully reflect the specific situation and expected development of Vifor Pharma's product portfolio.
- As the shares of Vifor Pharma are part of the SLI, the shares of Vifor Pharma fulfil the liquidity requirements according to the applicable Swiss takeover law. Therefore, the share price as well as the VWAP of the last 60 trading days can be considered for assessing the offer by CSL Behring.
- The CHF equivalent offer price (incl. dividend) of CHF 167.42 represents a premium of 41.3% compared to the last closing price of CHF 118.45 on 10 December 2021, the last trading day before the official confirmation of negotiations between CSL and Vifor Pharma. The premium of the CHF equivalent offer price (incl. dividend) is 41.6% compared to the VWAP (60 days) of CHF 118.25 as of 10 December 2021. These premiums are considerably above the historical median premium paid within voluntary public tender offers in Switzerland (21.9%).
- Analysts assess the share of Vifor Pharma at a target price between CHF 110.0 and CHF 195.0 with a median of CHF 140.0.

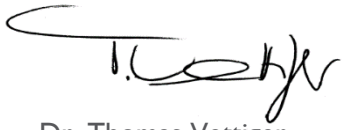
Final assessment of the offer

Based on the analyses, the value consideration and the valuation results shown in this report, IFBC assesses the CHF equivalent offer price (incl. dividend) per share of CHF 167.42 considering the USD/CHF exchange rate as of 13 December 2021 as fair from a financial point of view. This conclusion is based on the following reasons:

1. The CHF equivalent offer price (incl. dividend) exceeds the value range of the DCF valuation of the business plan approved by the BoD of Vifor Pharma.
2. The CHF equivalent offer price (incl. dividend) is higher than the implied values calculated by applying trading multiples and transaction multiples of comparable companies and transactions, respectively.
3. The CHF equivalent offer price (incl. dividend) is above the share price and VWAP of Vifor Pharma. The shares of the company are liquid according to the applicable Swiss takeover law and the share price is therefore a valid point of reference to assess the offer.
4. The CHF equivalent offer price (incl. dividend) is above the median of the target share prices published by analysts. Moreover, the target prices of 18 out of the 19 analysts covering Vifor Pharma are below the CHF equivalent offer price (incl. dividend).

In addition, also the CHF equivalent offer price of CHF 165.42 considering the USD/CHF exchange rate as of 13 December 2021 is clearly above the valuation results presented in chapter 3. We therefore conclude that not only the CHF equivalent offer price (incl. dividend) but also the CHF equivalent offer price is fair from a financial point of view.

Zurich, 17 January 2022



Dr. Thomas Vettiger
Managing Partner

Christian Hirzel
Partner

5 Appendix

5 Appendix

5.1 Weighted average cost of capital

Parameter	Value	Comment
Inflation	2.10%	■ Rounded EBITDA weighted inflation expectations for Vifor Pharma. ■ Source: Company information and IMF, World Economic Outlook, October 2021.
Minimum real risk-free rate	0.00%	■ A sustainable real risk-free rate of 0.00% is applied in the current low interest rate environment.
Risk-free rate	**2.10%**	
Market risk premium	6.00%	■ The market risk premium reflects the long-term difference between the return of a market portfolio and the risk-free rate. It reflects the additional premium an investor expects of an investment in stocks compared to a risk-free investment. In accordance with best practice a sustainable implied market risk premium of 6.00% is considered. ■ Source: IFBC.
Unlevered beta	0.75	■ The unlevered beta captures the systematic, non-diversifiable risk of a comparable, unlevered company. ■ In order to increase the statistical quality of the beta analysis, not only the beta of Vifor Pharma is analyzed, but also statistically significant betas of peer group companies. ■ The average unlevered beta is calculated as of 30 November 2021 (last month-end before valuation date) based on weekly returns over 2 years (see section 5.2). ■ Source: Refinitiv Eikon.
Leverage factor	0.04	■ Calculation of the leverage factor under consideration of the target capital structure and the corresponding relevant tax rate (Hamada approach).
Levered beta	0.78	■ The levered beta reflects the systematic risk and includes the operating as well as the financial risk of a company.
Equity risk premium	**4.70%**	
Size premium	0.71%	■ Empirical evidence and practice show that smaller companies have significantly higher cost of equity than comparable larger companies. ■ Due to that fact, a size premium is added to the CAPM. The size premium is statistically determined based on the market capitalization of the company. ■ Based on the current market capitalization of Vifor Pharma of CHF 9.1 billion (as of 13 December 2021) a size premium of 0.71% (3rd decile) is applied. ■ Source: Refinitiv Eikon, Duff & Phelps.
Cost of equity	**7.51%**	

Parameter	Value	Comment
Risk-free rate	2.10%	■ The same minimum risk-free interest rate as in the cost of equity determination is considered.
Credit spread	0.70%	■ Credit spread of Vifor Pharma based on its current rating (BBB-) and current market data incl. issuance cost. ■ Sources: Credit Suisse, Swiss Credit Handbook, June 2021; Refinitiv Eikon.
Tax rate	n/a	■ In the DCF valuation, the effectively planned tax expenses were taken into account. Accordingly, no tax adjustment needs to be applied when calculating the cost of debt.
Cost of debt	**2.80%**	
Share of net debt	**5.00%**	■ Definition of a target capital structure considering the planned deleveraging in the year 2022.
Share of equity	**95.00%**	
WACC (nominal, rounded)	**7.30%**	

5.2 Beta analysis as of 30 November 2021

Company	Local currency	Country	Tax[1)]	Leverage[2)]	Levered adj. Beta[3)]	Unlevered adj. Beta
Almirall SA	EUR	Spain	25.00%	0.11	0.75	0.67
Evotec SE	EUR	Germany	30.00%	0.01	0.67	0.66
Genmab A/S	DKK	Denmark	22.00%	0.00	1.14	1.14
H Lundbeck A/S	DKK	Denmark	22.00%	0.09	0.92	0.85
Hikma Pharmaceuticals PLC	USD	United Kingdom	19.00%	0.05	0.63	0.60
Idorsia Ltd	CHF	Switzerland	14.93%	0.00	1.16	1.15
Ipsen SA	EUR	France	26.50%	0.06	0.85	0.80
MorphoSys AG	EUR	Germany	30.00%	0.00	0.78	0.78
Orion Oyj	EUR	Finland	20.00%	0.00	0.65	0.65
Recordati Industria Chimica e Farmaceutica SpA	EUR	Italy	27.90%	0.07	0.63	0.59
Ucb SA	EUR	Belgium	25.00%	0.03	0.75	0.73
Vifor Pharma Ltd	CHF	Switzerland	15.00%	0.00	1.37	1.36
Median				**0.02**	**0.76**	**0.75**

1) Sources: KPMG, Corporate Tax Rates Table, Vifor management (for Vifor Pharma Ltd).

2) Leverage = 2 years average (net debt x (1-tax) / equity).

3) Source: Refinitiv Eikon, adj. weekly beta (2 years), November 2021.

5.3 Trading multiples as of 30 June 2021

Company	Local currency	Accounting standard	Market cap as of 30.06.2021	Enterprise value as of 30.06.2021[1)]	EBITDA multiples		
			in CHFm	in CHFm	06/21 LTM	12/21 E	12/22 E
Almirall SA	EUR	IFRS	2'900	3'188	12.7x	12.8x	15.0x
Evotec SE	EUR	IFRS	6'889	6'947	58.8x	59.0x	48.6x
Genmab A/S	DKK	IFRS	24'952	22'382	31.8x	50.1x	32.4x
H Lundbeck A/S	DKK	IFRS	5'842	6'446	10.5x	11.3x	9.8x
Hikma Pharmaceuticals PLC	USD	IFRS	7'257	7'811	12.2x	11.8x	10.5x
Idorsia Ltd	CHF	US GAAP	4'251	3'963	N/A	N/A	N/A
Ipsen SA	EUR	IFRS	8'033	8'402	7.6x	7.0x	7.2x
MorphoSys AG	EUR	IFRS	2'537	2'178	N/A	N/A	N/A
Orion Oyj	EUR	IFRS	5'587	5'531	15.9x	16.7x	16.2x
Recordati Industria Chimica e Farmaceutica SpA	EUR	IFRS	11'064	12'025	19.7x	18.2x	16.6x
Ucb SA	EUR	IFRS	18'795	20'167	12.2x	11.7x	12.9x
Vifor Pharma Ltd[2)]	CHF	IFRS	7'799	7'789	20.1x	16.8x	12.7x
75% quartile			8'791	9'308	20.0x	17.9x	16.5x
Median			**7'073**	**7'368**	**14.3x**	**14.7x**	**13.9x**
25% quartile			5'253	5'139	12.2x	11.7x	11.0x

1) Considering net debt.

2) Excluding minorities.

Sources: Refinitiv Eikon, analysts' reports.

5.4 Transaction multiples

Date	Target	Acquirer / investor	Equity value (100%) in CHFm	Enterprise value (100%) in CHFm	EBITDA multiple
05.11.2013	Paladin Labs Inc	Endo Health Solutions Inc	1'427	2'418	15.7x
07.04.2014	Questcor Pharmaceuticals Inc	Mallinckrodt Plc	4'966	4'995	10.0x
17.11.2014	Allergan Inc	Actavis PLC	66'016	70'466	27.6x
04.08.2015	Baxalta Inc	Shire PLC	30'283	34'856	21.5x
03.05.2016	Biogen Inc-Hemophilia Business	Private shareholders	4'633	4'633	14.0x
22.01.2018	Bioverativ Inc	Sanofi SA	11'181	10'721	23.7x
28.03.2018	Shire PLC	Takeda Pharmaceutical Co Ltd	57'513	68'498	14.8x
25.06.2019	Allergan PLC	AbbVie Inc	60'589	83'390	12.0x
12.12.2020	Alexion Pharmaceuticals Inc	AstraZeneca PLC	34'963	35'937	12.8x
75% quartile			57'513	68'498	21.5x
Median			**30'283**	**34'856**	**14.8x**
25% quartile			4'966	4'995	12.8x

Source: Refinitiv Eikon.

5.5 Premium analysis of public tender offers in Switzerland since 2011[39]

Year	Target	Acquirer/Investor	Offer price (in CHF)	VWAP 60 days (in CHF)	Premium	Sucess rate
2011	Newave Energy Holding SA	ABB Schweiz AG	56.0	41.2	35.9%	95.3%
2011	Escor Casinos & Entertainment AG	Highlight Communications AG	17.5	17.4	0.4%	39.2%
2011	Feintool International Holding AG	Artemis Beteiligungen II AG	350.0	326.9	7.1%	72.2%
2011	Edipresse SA	Lamunière S.A., Epalinges, Suisse; bearer shares	450.0	324.7	38.6%	37.6%
2011	EGL AG	Axpo Holding AG	850.0	703.7	20.8%	98.0%
2013	Acino Holding AG	Pharma Strategy Partners GmBH	115.0	75.3	52.8%	93.6%
2013	Fortimo Group AG	Forty Plus AG, Fortimo Group	136.0	114.3	19.0%	98.6%
2013	Tornos Holding AG	Walter Fust	4.7	4.5	3.8%	14.3%
2014	Swisslog Holding	KUKA Aktiengesellschaft	1.4	1.2	14.4%	92.2%
2014	Advanced Digital Broadcast Holding SA	4T S.A	15.5	12.9	20.2%	73.4%
2014	Nobel Biocare Holding AG	Danaher Corporation	17.1	13.9	23.5%	77.2%
2015	Micronas Semiconductor Holding AG	TDK Corporation	7.5	4.4	70.5%	90.5%
2016	Kuoni Reisen Holding AG	Kiwi Holding IV Sarl (EQT)	370.0	275.9	34.1%	87.2%
2016	Syngenta AG	CNAC Saturn (NL) B.V. (ChemChina)	490.3[40]	374.0	31.1%	94.7%
2016	gategroup Holding AG	HNA Aviation Air Catering Holding Co.	53.0	38.7	37.0%	96.1%
2016	Charles Vögele AG	Sempione Retail AG (OVS)	6.4	6.4	0.0%	94.1%
2017	Actelion Ltd	Janssen Holding GmbH (Johnson & Johnson)	280.0	191.2	46.4%	92.5%
2018	Goldbach Medien	Tamedia	35.5	34.2	3.7%	96.9%
2018	Hügli Holding AG	Bell Food Group AG	915.0	800.0	14.4%	97.6%
2018	Bank Cler AG	Basler Kantonalbank	52.0	42.3	22.9%	93.3%
2019	CEVA	CMA CGM S.A	30.0	20.2	48.2%	95.7%
2019	Edmond de Rothschild (Suisse) S.A.	Edmond de Rothschild Holding SA	17'945.0[40]	15'169.1	18.3%	93.3%
2019	Alpiq Holding AG	Schweizer Kraftwerksbeteiligungs AG	70.0	72.5	-3.4%	13.1%
2020	Sunrise	Liberty Global plc	110.0	83.2	32.3%	96.6%
75% quartile					36.2%	95.8%
Median					**21.9%**	**93.3%**
25% quartile					12.5%	76.2%

Source: Swiss Takeover Board.

39 The list includes voluntary tender offers in cash and excludes tenders offer for investment and real estate companies.

40 Including special dividend paid prior to the transaction.

5.6 Analysts target share prices

Analyst	Date	Target price
Research Partners AG	03.12.2021	110.0
Berenberg	24.11.2021	116.0
Barclays	29.10.2021	118.0
Kepler Cheuvreux	13.12.2021	126.0
Vontobel	10.12.2021	127.0
UBS	10.12.2021	127.0
Goldman Sachs	05.08.2021	129.0
CFRA	06.12.2021	130.0
J.P.Morgan	20.08.2021	140.0
Julius Bär	06.09.2021	140.0
Credit Suisse	19.11.2021	141.0
Octavian	16.09.2021	145.0
Stifel	06.08.2021	145.0
Commerzbank	25.06.2021	146.0
Oddo	23.09.2021	146.0
Baader Europe / Helvea	05.08.2021	147.0
Undisclosed	09.12.2021	151.0
Deutsche Bank	23.11.2021	155.0
Mirabaud	08.03.2021	195.0

Max	**195.0**
Median	**140.0**
Min	**110.0**

Sources: Refinitiv Eikon, analysts' reports, Finanz und Wirtschaft.

5.7 List of abbreviations

BoD	Board of Directors
CAGR	Compound annual growth rate
CAPEX	Capital expenditures
CAPM	Capital Asset Pricing Model
CHF	Swiss Franc
CHF equivalent offer price	Offer price at USD/CHF exchange rate of 0.92285 corresponding to CHF 165.42
CHF equivalent offer price (incl. dividend)	CHF equivalent offer price including expected dividend of CHF 2.00, equals CHF 167.42
CKD	Chronic kidney diseases
CSL	CSL Limited
CSL Behring, the offeror	CSL Behring AG
CMS	Centers for Medicare & Medicaid Services
DCF	Discounted cash flow
DCF approach	Discounted cash flow approach
E	Estimate
EBITDA	Earnings before interest, taxes, depreciation and amortization
ESA	Erythropoiesis-stimulating agent
EU	European Union
FCF	Free cash flow
FDA	United States Food and Drug Administration
FY	Financial year
H1	First half-year of a FY
H2	Second half-year of a FY
IFBC	IFBC AG
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPC	Iron polymaltose complex
IPO	Initial public offering
JV	Joint venture

KPIs	Key performance indicators
LTM	Last twelve months
Market cap	Market capitalization
NBCD	Non-Biological-Complex-Drug
NWC	Net working capital
Offer price	Offer of USD 179.25 in cash by CSL Behring
p.a.	Per annum
Q	Quarter
RAASi	Renin-angiotensin-aldosterone system inhibitors
R&D	Research and development
Shares	Registered shares of Vifor Pharma with a nominal value of CHF 0.01
SHPT	Secondary hyperparathyroidism
SIX	SIX Swiss Exchange
SLI	Swiss Leader Index

The offer	Voluntary public tender offer by CSL Behring for shares of Vifor Pharma AG
TOB	Swiss Takeover Board
TV	Terminal value
USD	US Dollar
VFMCRP	Vifor Fresenius Medical Care Renal Pharma Ltd.
Vifor Pharma, the company	Vifor Pharma Ltd.
VWAP	Volume weighted average price
WACC	Weighted average cost of capital

IFBC AG · Riedtlistrasse 19 · 8006 Zurich · Tel. +41.43.255 14 55 · info@ifbc.ch · www.ifbc.ch

IFBC