

ZS Pharma

Quick Update from Inside The J.P. Morgan Healthcare Conference - ALERT

ZSPH's breakout session is wrapping up at the 2015 J.P. Morgan Healthcare Conference, and we wanted to pass along a few brief takeaways. CEO Robert Alexander reiterated ZSPH's bullish stance on the hyperkalemia market opportunity and reviewed the ZS-9 development program/data presented to date in his presentation to a crowded room and breakout. Below we provide further details.

- **Key focus of the presentation.** ZSPH reviewed data from the Ph3 ZS004 trial that evaluated ZS-9 in hyperkalemia (presented at AHA in Nov). The company also emphasized the large market opportunity with significant unmet need that hyperkalemia presents. Most notably, ZSPH indicated that the rate of edema in the ZS004e and ZS005 studies is lower than the placebo rate in the ZS004 trial. As we indicated post AHA, we weren't overly concerned about edema given it wasn't a big problem at the lower doses and didn't require treatment in half of the pts, and are reassured by the lower than placebo rates observed. Additionally, the company noted pts have been treated out to 10 mos and 7 mos in the ZS004e and ZS005 trials, respectively, with enrollment going well in ZS005.
- **Key focus of the breakout.** In the interactive breakout session, ZSPH discussed its ex-US strategy indicating discussions are ongoing to seek an ex-US partner. The company noted the EU prevalence is similar to that of the US, the rate of hyperkalemia is higher in Japan because of higher CKD, and the potential market opportunity in the Middle East could be large due to increasing diabetes rates. On potential generic competition, ZSPH emphasized the difficulty of producing ZS-9 with large upfront costs and specialized equipment needed. On pricing, other oral CKD products on the market (Renvela & Sensipar) were pointed to as a comp with a price of ~\$750-800 per month. Also, ZSPH emphasized the ease of use of ZS-9 (tasteless and odorless) and noted a tablet formulation should be available ~1 yr after potential initial approval.
- **Key 2015 catalysts.** NDA/MAA filings for ZS-9 are anticipated in 1H15.

Overweight

ZSPH, ZSPH US

Price: \$41.22

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Biotechnology

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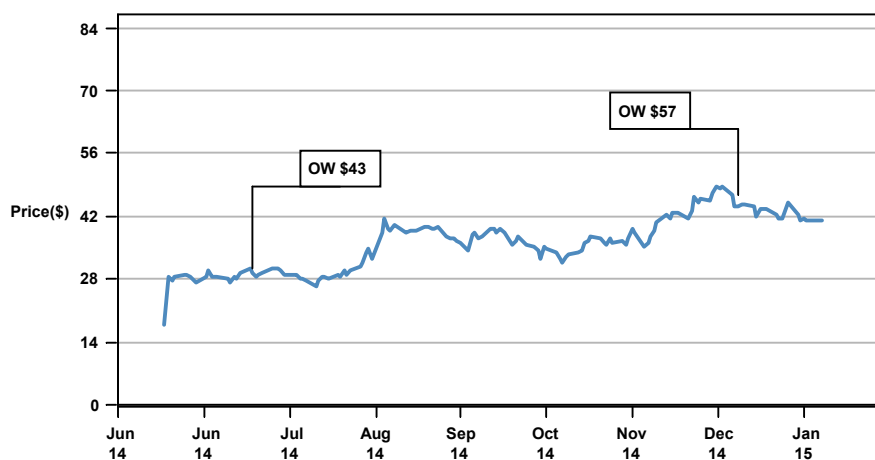
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ZS Pharma (ZSPH, ZSPH US) Price Chart



Date	Rating	Share Price (\$)	Price Target (\$)
14-Jul-14	OW	30.49	43.00
16-Dec-14	OW	47.02	57.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Jul 14, 2014.

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