Biotest

From Nature for Life

Biotest AG

Analyst call - Nine months 2018

14 November 2018

Disclaimer

- This document contains forward-looking statements on overall economic development as well as on the business, earnings, financial and asset situation of Biotest AG and its subsidiaries. These statements are based on current plans, estimates, forecasts and expectations of the company and thus are subject to risks and elements of uncertainty that could result in deviation of actual developments from expected developments.
- The forward-looking statements are only valid at the time of publication. Biotest does not intend to update the forward-looking statements and assumes no obligation to do so.
- All figures reported relate to the Continuing Operations of the Biotest Group, if not specified otherwise. After the sale of all US subsidiaries, these activities are being reported as Discontinued Operations. The previous year´s figures have been adjusted accordingly.
- All comparative figures relate to the corresponding last year´s period, unless stated otherwise.

Biotest Group: Q1 – Q3 2018 at a glance

- Sale of two US subsidiaries incl. the US Plasma collection centres to Grifols Shared Services North America, Inc., a subsidiary of Grifols S.A., Barcelona, Spain for US$ 286 m completed
- Sales proceeds used to repay bank debt and promissory notes
- Sales of Continuing Operations in Q1-Q3 2018 at € 289.6 m (+ 10.1%) vs. € 263.0 in Q1-Q3 2017
- EBIT in Q1-Q3 2018 at € 5.1 m
- Biotest Next Level project progressing

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Financials Q1-Q3 2018

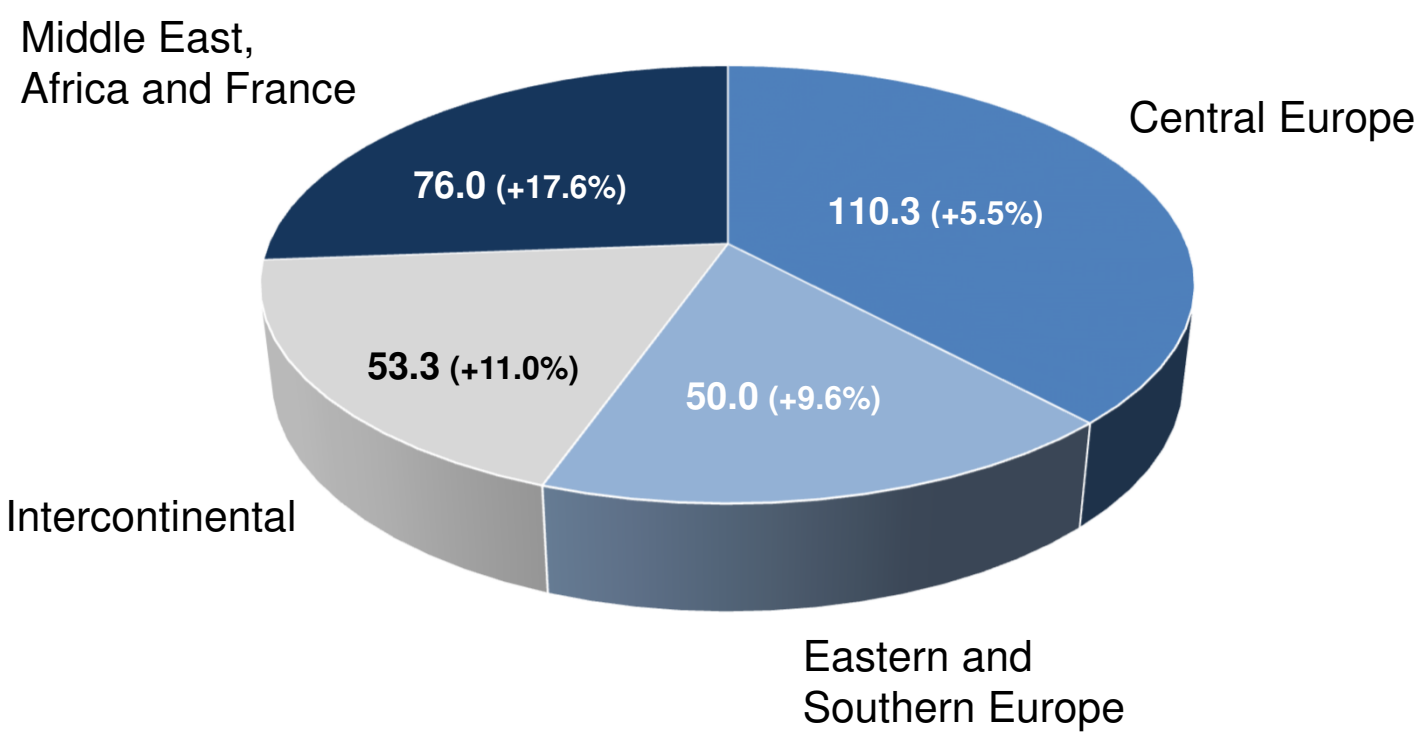
Sales development

(€ million)

	Q1-Q3 2017	Q1-Q3 2018	Change in %
Sales	**263.0**	**289.6**	**10.1%**
Therapy	218.0	252.8	16.0%
Plasma & Services	40.7	32.2	-20.9%
Other Segments	4.3	4.6	7.0%

Sales by region

(€ million)



EBIT by segment

(€ million)

	Q1-Q3 2017	Q1-Q3 2018	Absolute Change
EBIT	**-33.9**	**5.1**	**+ 39.0**
Therapy	-27.2	8.2	+35.4
Plasma & Services	2.2	0.2	-2.0
Other Segments*	-8.9	-3.3	+5.6

*: Other segments include merchandise and corporate costs not allocated to Segments, for instance cost for re-alignement (Creat)

EBIT reported and adjusted

(€ million)

	Q1-Q3 2017	Q1-Q3 2018
EBIT reported	**-33.9**	**5.1**
Biotest Next Level costs*	40.9	37.8
Monoclonal Antibodies	5.7	3.1
Human albumin recall	28.8	0.0
Strategic Re-alignment (Creat)	6.8	1.3
EBIT adjusted	**48.3**	**47.3**

*: The R&D costs for those products that can be produced only at the new plant are part of Biotest Next Level costs

Biotest Next Level costs

(€ million)

	Q1-Q3 2017	Q1-Q3 2018
Biotest Next Level costs*	**40.9**	**37.8**
a) Ramp up of Facility	9.6	12.6
b) R&D activities	31.3	25.2
• IgG Next Gen	12.5	11.2
• Trimodulin	12.0	7.3
• Fibrinogen	6.8	6.7

*: The R&D costs for those products that can be produced only at the new plant are part of Biotest Next Level costs

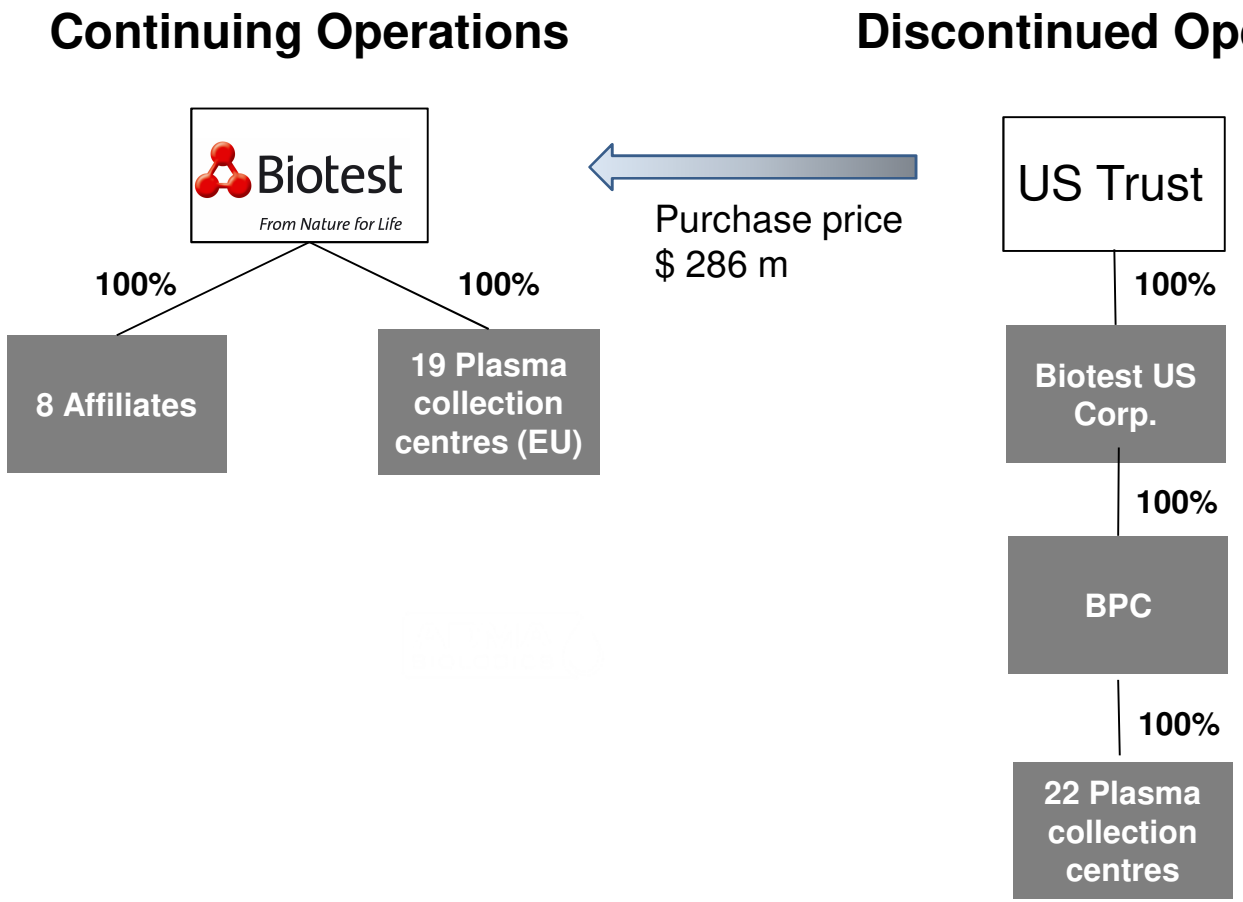
Income statement

(€ million)

	Q1-Q3 2017	Q1-Q3 2018
Sales	**263.0**	**289.6**
Operating costs & expenses	-184.4	-191.9
Operating profit (EBIT)	**-33.9**	**5.1**
Financial result, taxes, income from joint ventures	-7.1	-11.7*
Earnings after tax (EAT) from Continuing Operations	**-41.0**	**-6.6**
Earnings after tax (EAT) from Discontinued Operations	18.9	197.5
Earnings after tax (EAT) Biotest Group	**-22.2**	**190.9**

*: thereof € 8.5 m prepayment expenses

Biotest Continuing Operations after divestment of US assets



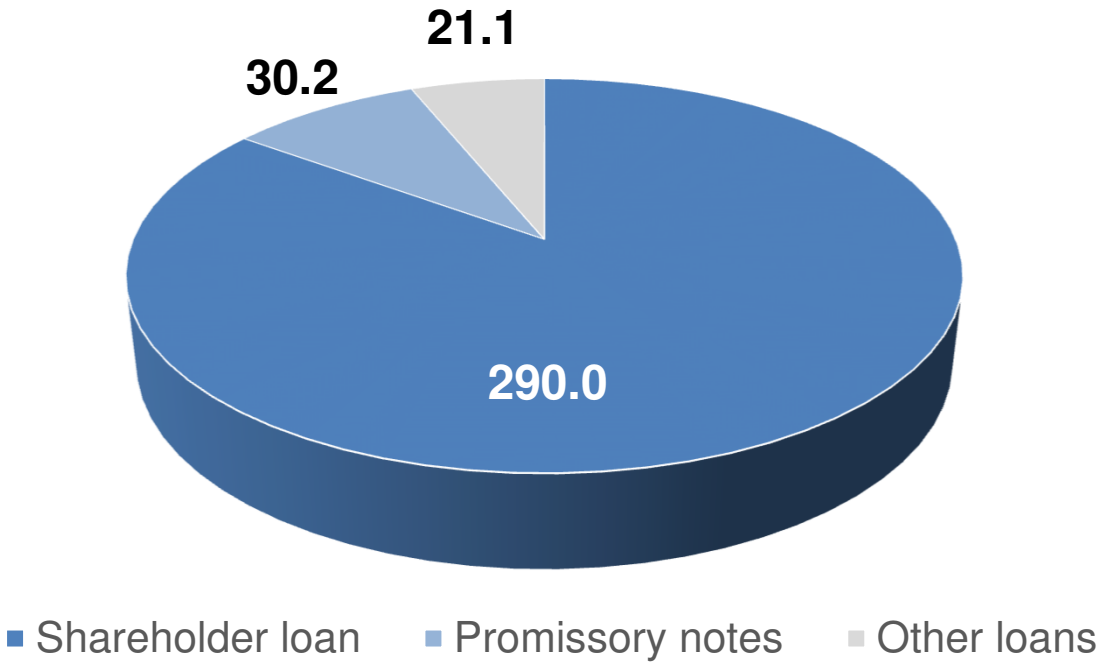
Use of the proceeds from sale of plasma centres

(€ million)

Cash proceeds from US divestiture ($286 m)	**244.5**
Repayment of loans and promissory notes	-190.2
Partial repayment of shareholder loan	-50.0
Cash after repayment	**4.3**

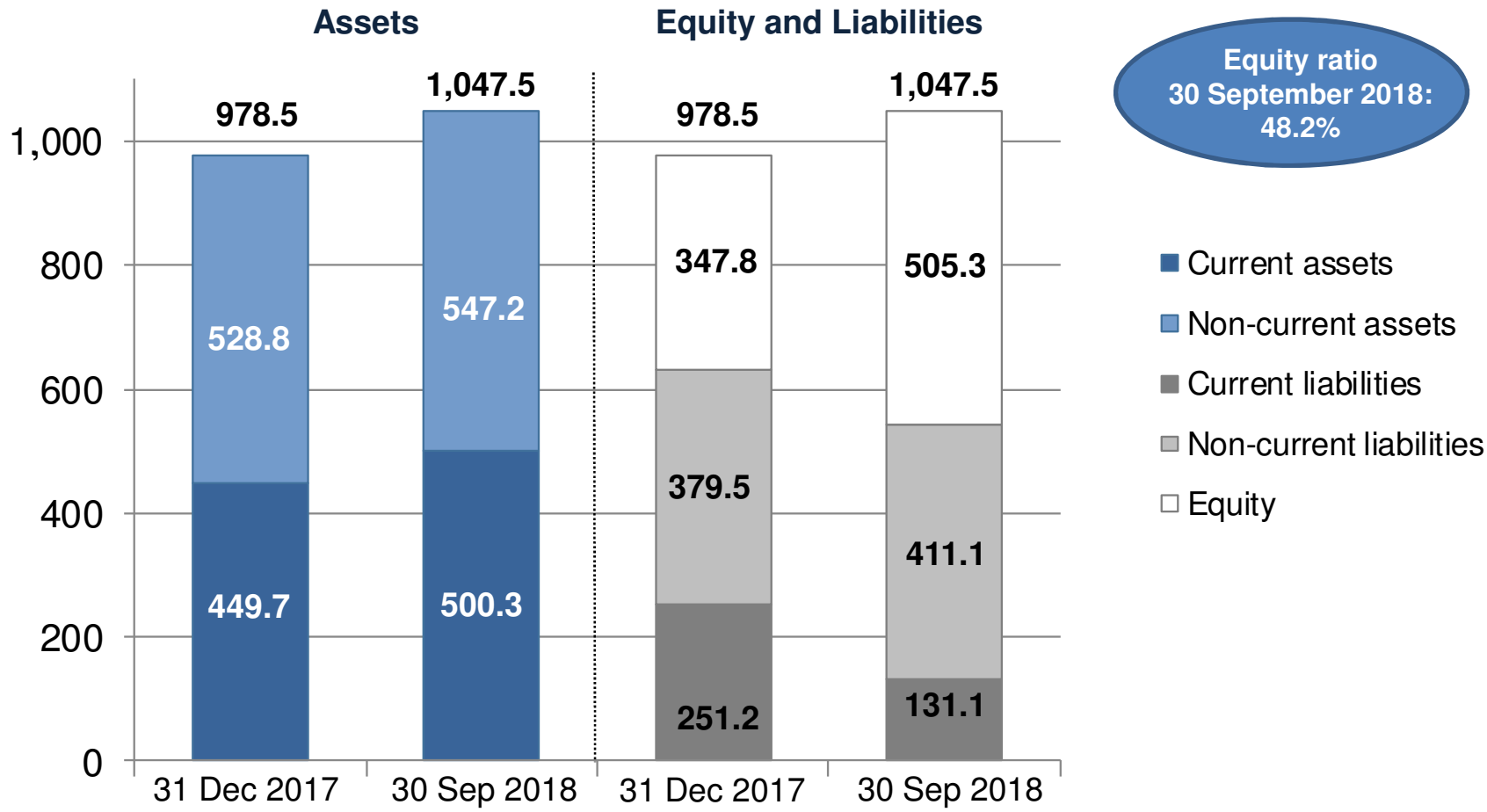
Status financing as of 30 September 2018

(€ million)



Balance sheet (Continuing + Discontinued Operations)

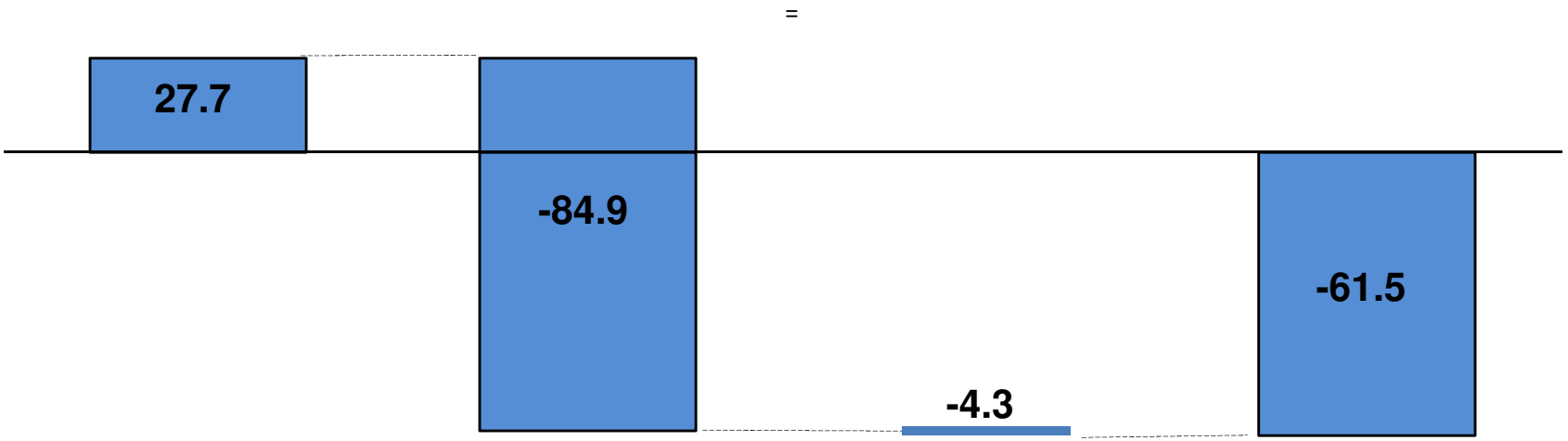
(€ million)



Cash flow from Continuing Operating activities 2018

(€ million)

Operating Cash Flow before changes in working capital + Δ Working capital + Δ Interest & tax expense = Cash flow from operating activities



Cash flow: Δ working capital

(€ million)

Δ Inventories	-32.8
Δ Trade receivables	-17.3
Δ Other assets	-5.7
Δ Trade payables	-26.5
Δ Other payables	-2.6
= Δ Working capital	**- 84.9**

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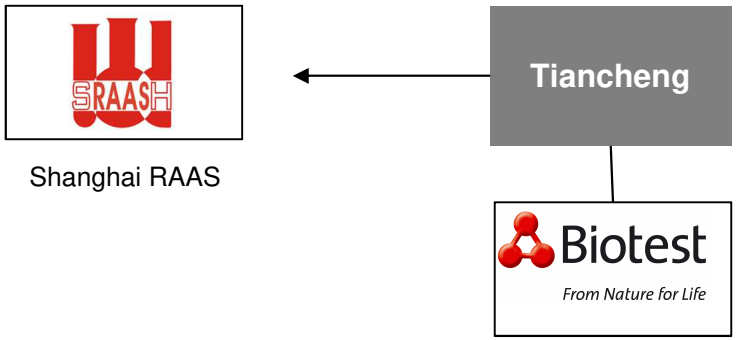
Strategy Update & Biotest Next Level

Update Creat – Shanghai Raas

- Shanghai Raas has publicly announced to initiate a capital increase against cash and contribution in kind. Creat will contribute Tiancheng as contribution in kind. Other shareholders will acquire new shares against cash. These cash proceeds may be used for future investments into Biotest and BPL
- During this process, (to be completed in HY1 2019), Biotest AG (the “underlying asset” of the contribution in kind) may not be changed or adjusted
- A decision about the future structure of Tiancheng’s European entities will be taken earliest in 2nd half of 2019



Biotest Next Level update

August

- Integration of an innovative, technologically leading system for virus inactivation into the production process

September

- Operational qualification of major equipment completed

IgG Next Generation (IVIG)

- Development of successor of Intratect® helps patients with immune system dysfunctions and some autoimmune disorders
- Global commercialisation planned
- New efficient production process with high IgG yield established
- "Master product" for the Biotest Next Level production plant

Clinical development

- **Phase III study in PID* (EU + US): recruitment of adults completed – recruitment of children almost completed (~ 01/2019)**
- **Phase III study in ITP** (EU): recruitment of patients nearly completed (~12/2018)**
- Phase III study in CIDP*** (USA + EU): study design in discussion with FDA

*: Primary Immune Deficiency; **: Idiopathic Thrombocytopenic Purpura; ***: Chronic Inflammatory Demyelinating Polyneuropathy, or other neurological indication

Trimodulin and Fibrinogen

Trimodulin:

- Preparations currently under way to start the phase III trial
- FDA and PEI feedback on quality of production process and preclinical project status
- Very positive feedback on clinical programme

➢ Communication with experts and scientific advices lead to a clear development path for the project

Fibrinogen:

a) Congenital fibrinogen deficiency: phase I/III clinical trial (no. 984) ongoing

EMA approved the paediatric development plan to treat children under 6 years of age in this study

b) Acquired fibrinogen deficiency: phase III clinical trial “ADFirst” (no. 995) ongoing

Research & development projects to market (overview)

Today	2021	>2021
▪ BNL product development ▪ Life cycle management projects	▪ **IgG Next Generation** • **PID*** • **ITP**** ▪ Albiomin ▪ Haemoctin	▪ **IgG Next Generation** • **Subcutaneous (SC)** • **CIDP***** ▪ **Trimodulin (IgM Con.)** ▪ **Fibrinogen** • **congenital** • **acquired** ▪ Haemophilia A Therapeutic

*: Primary Immune Deficiency; **: Idiopathic Thrombocytopenic Purpura; ***: Chronic Inflammatory Demyelinating Polyneuropathy, or other neurological indication

Plasma sourcing after divestment of US plasma donation centres

Accelerated expansion in Europe ongoing

- A new centre will be acquired in Germany
- 4 new centre in 2017
  (Prague, Székesfehérvár, Debrecen, Kaposvár)
- 2 new centre in 2018 (CZ)
  (Břeclav, Brno)

Marketing & sales activities

Biotest is supporting Shanghai RAAS in selling first Shanghai Raas product in Hungary

- First cooperation with Shanghai RAAS on a European level
  - Gammaraas (Liquid 5% IVIG) from Shanghai RAAS
  - first patient successfully treated with Gammaraas on 1 October 2018

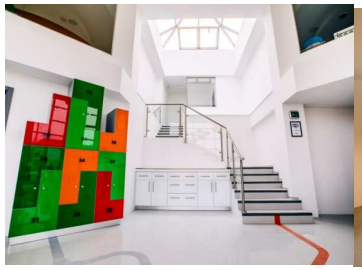
Guidance 2018

- Increased demand for immunoglobulins worldwide (price and volume increases)
- Considerable uncertainties in key markets due to political uncertainties

➢ EBIT guidance unchanged (€10 to 12 million)

Summary

- Continued focus on Biotest Next Level
- Opening of new plasma collection centres in Europe





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Financial Calendar 2019
Contact

Financial Calendar 2019

28 Mar 2019	FY 2018 Report
28 Mar 2019	Analyst conference
07 May 2019	Q1 Report 2019
07 May 2019	Annual shareholders' meeting
14 Aug 2019	H1 Report 2019
14 Nov 2019	Q1-Q3 Report 2019

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