Biotest

From Nature for Life

Biotest Group: Creating Value. Living Values

Analyst Conference – Q1-Q3 2010

Frankfurt/Main, November 8, 2010

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 after the disposal of the transfusion and transplantation diagnostic activities to Bio-Rad Laboratories Inc. These activities are being reported as Discontinued Operations. With the exception of the statement of financial position, the previous year´s figures have been adjusted accordingly.
All comparative figures relate to the corresponding last year´s period, unless stated otherwise.

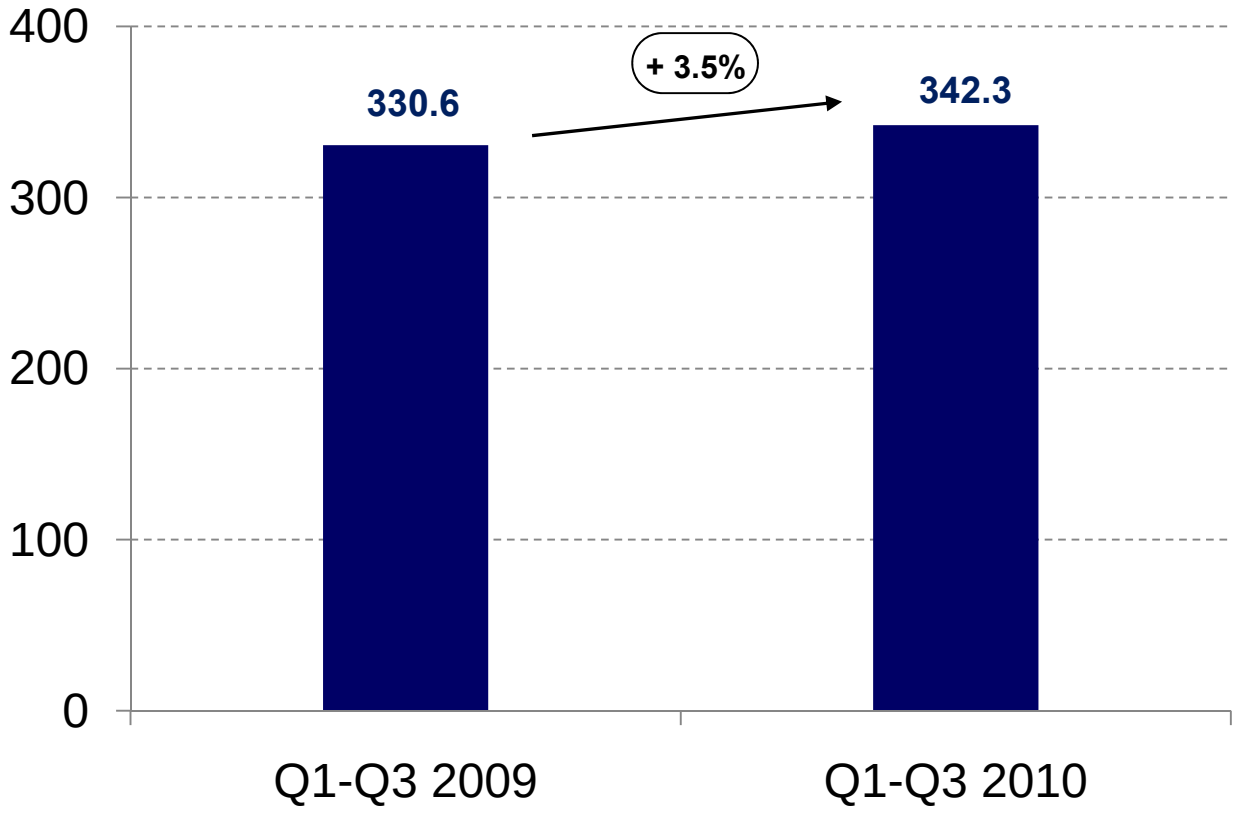
Biotest

From Nature for Life

Biotest Group: Creating Value. Living Values.

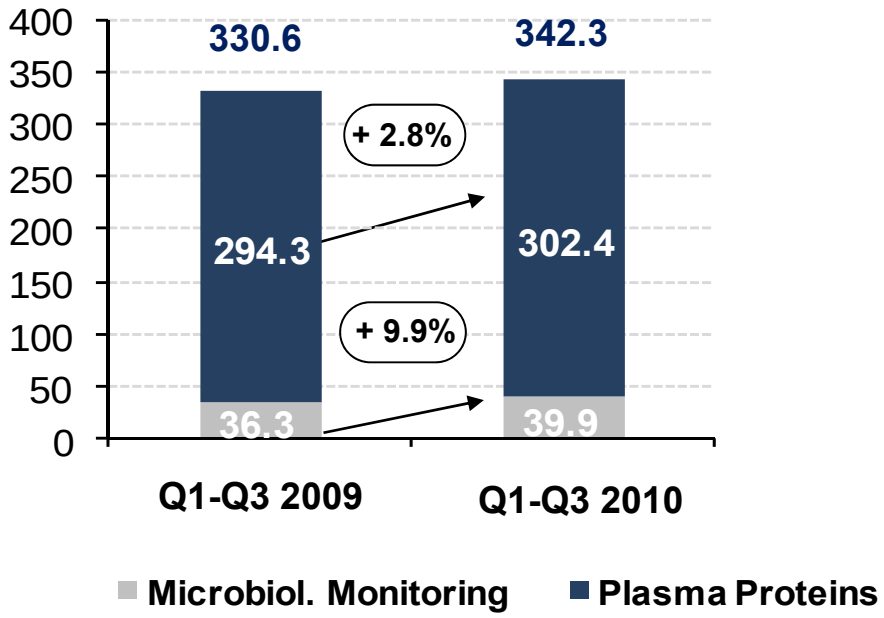
Financials Q1-Q3 2010

Biotest Group: small sales growth (€ m)



Small sales growth despite difficult environment

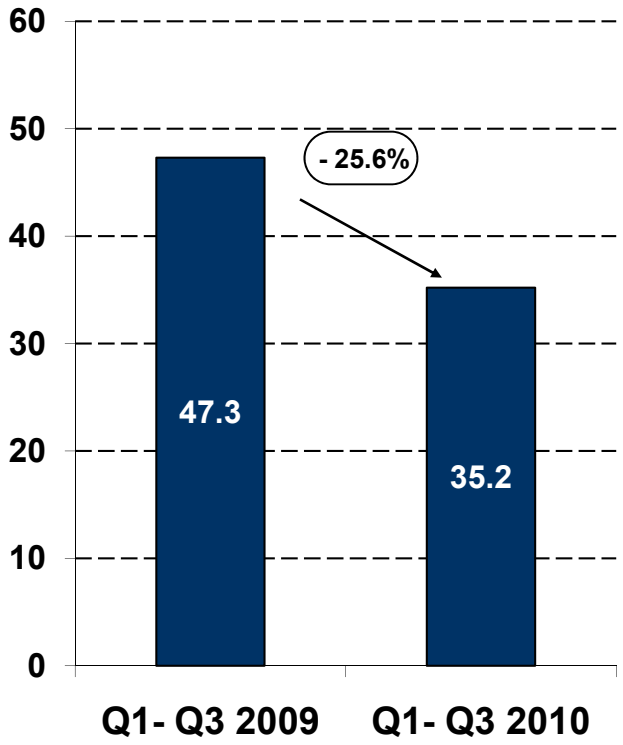
Sales of Plasma Proteins & Microbiological Monitoring (€ m)



- Sales in Q1 – Q3 of 2010 were up by 3.5% to € 342.3 m vs. Q1 – Q3 2009
- Plasma Proteins
  Volume: + € 15.8 m
  Price: - € 7.7 m

Despite sales growth, EBIT decreased

EBIT (in € m)



- Despite 3.5% sales growth, EBIT almost 26% lower than 2009
- Continuing price pressure for immunoglobulins and clotting factors
- Increase in volume could not compensate negative price effect
- Unfavorable product mix: more products sold with less attractive margins: plasma, clotting factors
- Positive, but non recurring: € 2.7 m insurance payment for BPC
- R&D expenses € 6 m higher than in 2009:
  Plasma Proteins: + € 2.8 m
  Biotherapeutics: + € 3.2 m

Q1 – Q3 2010: EBIT Biotest Group (€ m)

	Q1 – Q3 2009	Q1 – Q3 2010	Δ
Plasma Proteins	63.7	53.6	- 16 %
Biotherapeutics	- 13.2	- 16.3	- 23 %
Microbiology	3.9	4.9	+ 26 %
Corporate	- 7.1	- 7.0	+ 2 %
Biotest Group	**47.3**	**35.2**	**- 26 %**

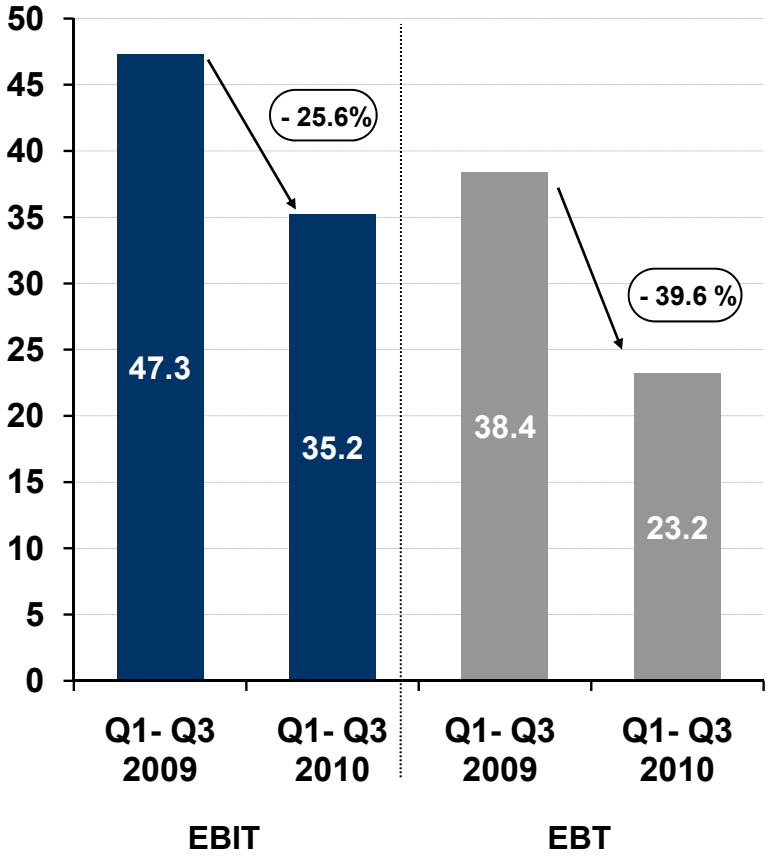
Biotest
From Nature for Life

Situation Greece

- The Greek parliament passed a bill to pay the outstanding accounts receivables of the pharmaceutical industry with zero-coupon bonds with a maturity of up to three years
- Biotest decided to participate in the program with an amount of € 24.7 m
- In September Biotest agreed with each hospital individually to accept the payment with bonds by exchanging the trade receivables towards the hospitals into claims against the state
- Since the bonds will carry no interest, Biotest discounted the nominal value with comparable interest rates. Financial result: - € 4.8 m
- Consequence: substantially lower EBT (€ 23.2 m vs. € 38.4 m last year) and EAT (€15.4 m vs. € 26.9 m last year)
- This loss is a one time effect in Q3 2010 and will be reversed until the bonds mature (1-3 years)

Sharp decrease in EBIT and EBT (earnings before tax) in Q1-Q3 2010

EBIT and EBT (in € m)

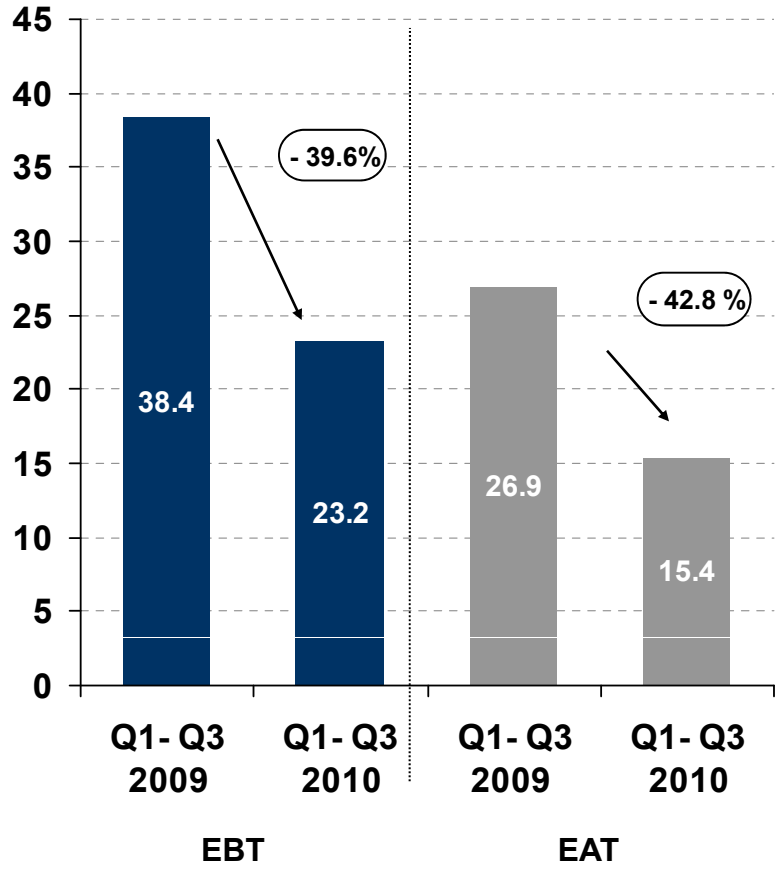


Financial result:

Q1-Q3 2009:	**- € 8.9 m**
Discount on Greek zero coupon bond	- € 4.8 m
Lower interest expenses	+ € 1.7 m
Q1-Q3 2010:	**- € 12.0 m**

High tax rate, low EAT (earnings after tax)

EBT and EAT (in € m)



Tax Rate:

Tax rate Q1-Q3 2009:	**29.9%**
Tax audit payment	↑
Losses in Greek due to bond discount (€4.8 m):	↑
Low tax rate: 25%	
Earnings in the US due to insurance payment (€2.7 m):	↑
High tax rate: 34%	
Tax rate Q1-Q3 2010:	**33.5%**

Sharp decrease in profits in Q1-Q3 2010

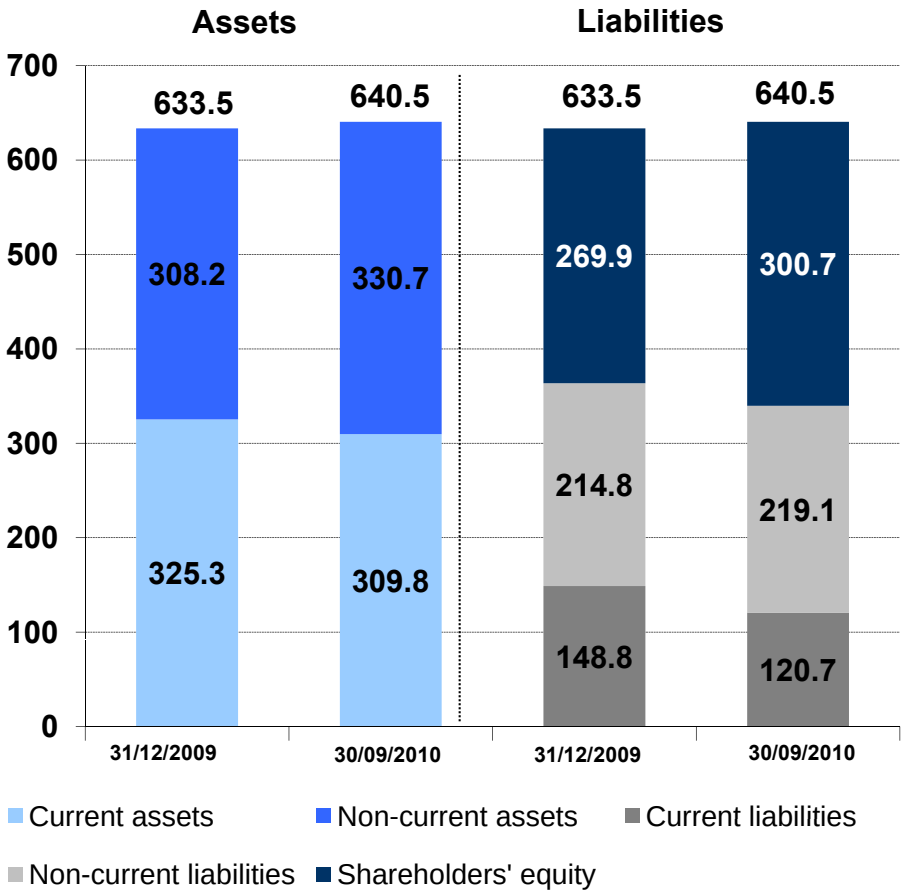
	Q1-Q3 2010		Q1-Q3 2009		△
(€ m)		in %		in %	
Sales	**342.3**		**330.6**		+ 4%
Gross Margin	141.3	41%	159.1	48%	-680 bps
EBIT	**35.2**	10.3%	**47.3**	14.3%	-26%
Financial result	-12.0		-8.9		-35%
EBT	**23.2**	6.8%	**38.4**	11.6%	-40%
Income tax	-7.8	[34%]	-11.5	[30%]	-360 bps
EAT	**15.4**	4.5%	**26.9**	8.%	-43%

Greece: balance sheet impact

	Income Statement (€ m)	Balance Sheet (€ m)
Switch from payment claim (trade receivables) to claim against State of Greece to get zero coupon bonds		Trade receivables: - 24.7 Financial investm.: + 19.9
Discount on bonds due to no interests during maturity	Financial results: - 4.8	Retained earnings (equity): - 3.6 Tax liability: - 1.2

Strong balance sheet

Balance sheet of the Biotest Group
(in € m)



Assets

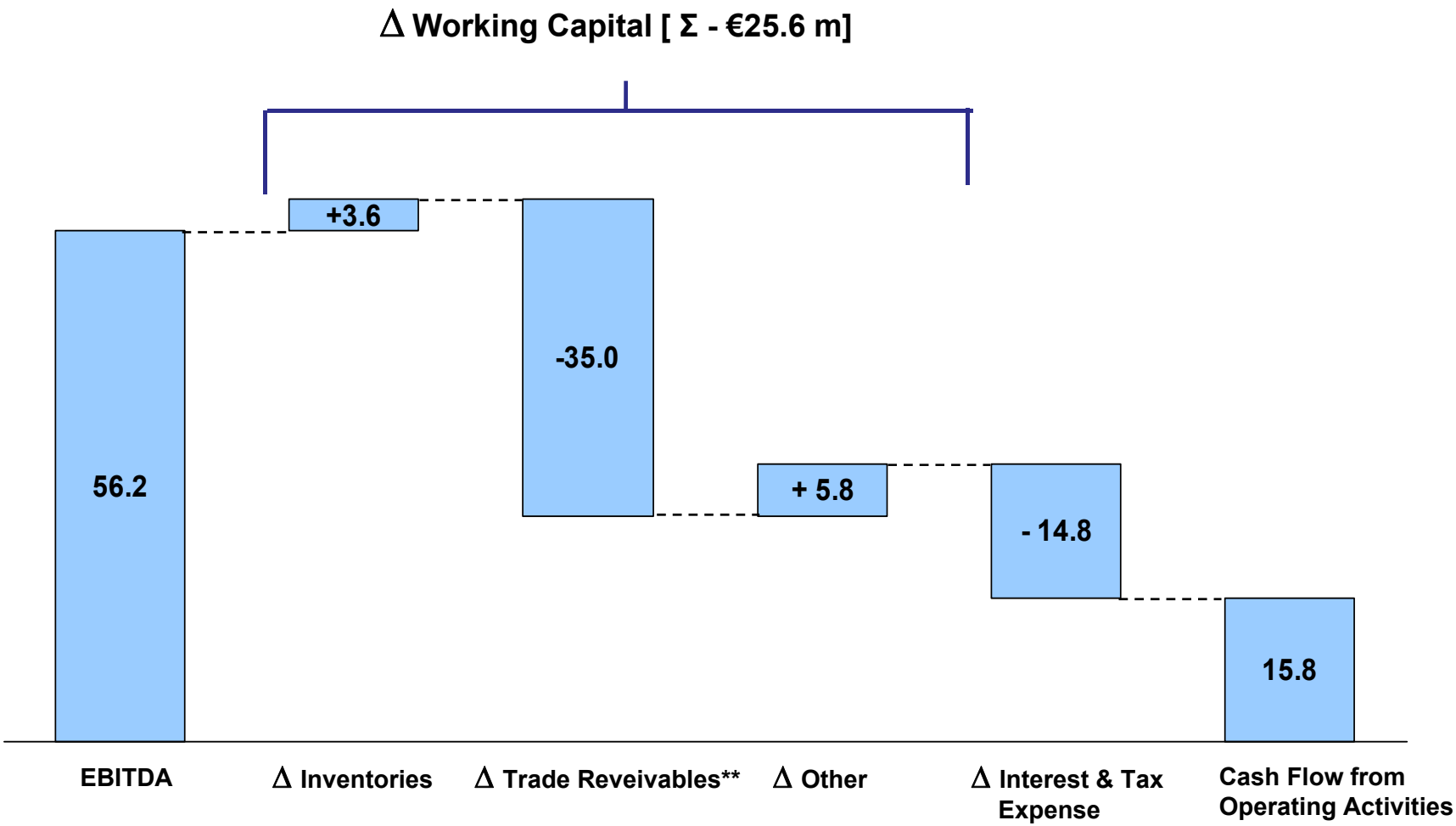
- Lower inventories due to strong Q3 Sales
- Higher Trade receivables due to higher sales volumes despite switch in Greek assets

Liabilities

- Decrease in current financial liabilities
- Equity ratio as of 30 Sept. 2010: 47% (31 Dec. 2009: 43%)

Cash Flow from Operating Activities in € m*

Q1 – Q3 : January – September 2010



* Continued Operations ** reduction of €24.7 m Greek trade receivables without cash impact

Current IVIG supply situation

- After a higher rate of thromboembolic side effects:
  - Licence of a competitve IVIG product (5% and 10%) had been suspended in the EU
  - Products had been withdrawn in Europe as well as in the US
- Coagulation activating factors may have triggered such side effects* – they are definitively removed in production process for Intratect®
- Since 2nd week of October 2010 customers of the competitor are looking for another supplier.
- Biotest was and is able to deliver Intratect® instead of the withdrawn product – we made the first deliveries and see more orders from new customers
- Up to now IVIG inventories in the market are sufficient to substitute the withdrawn volumes. With lower inventories we may see less price pressure midterm

* according to Biotest‘s assessment

Outlook

We confirm our guidance given in July 2010:

Sales: Sales will grow compared to 2009 with a low single digit percentage

EBIT: € 45 m (+/- 10%)

Biotest

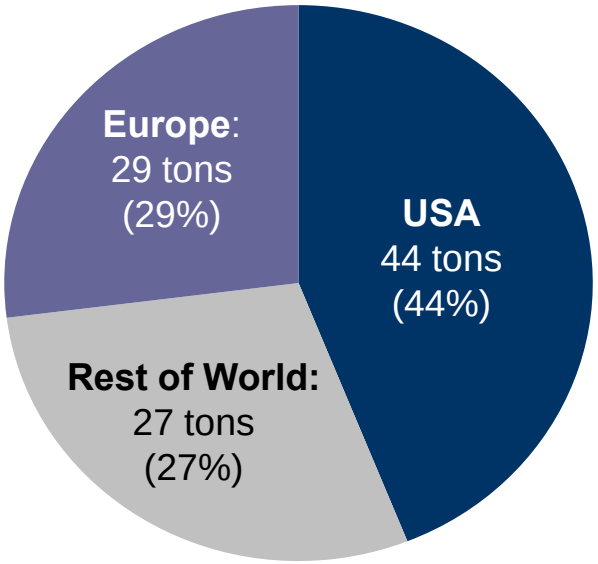
From Nature for Life

Biotest Group: Creating Value. Living Values.

Plasma Proteins

Current market environment and pricing situation for polyspecific immunoglobulins

IVIG world market 2010e:
volume (in tons) and
regional distribution (in %)



- Total volume IVIG world market as of 2010: ~ 100 tons
- USA by far the most important market for IVIG worldwide

→ Therefore, Biotest's strategic goal: launch of Bivigam in the US

Sources: MRB, UBS, Biotest Market Research

Bivigam ™ (IVIG) FDA filing in US

- On November 3, 2010 BPC filed the licence application for the newly developed polyspecific IVIG with the FDA
- FDA filing occured later than planned because we voluntarily generated data showing that Bivigam™ does not contain thrombogenic factors
- Brand name: Bivigam™, ready for use 10% liquid solution
- Without sugar, instead glycin as stabilizer

Filing of strategic importance to Biotest
Market potential ~ 100 m USD

IVIG market – Growth Rate and Price Trends

Growth Rate 1st HY 2009 vs. 1st HY 2010

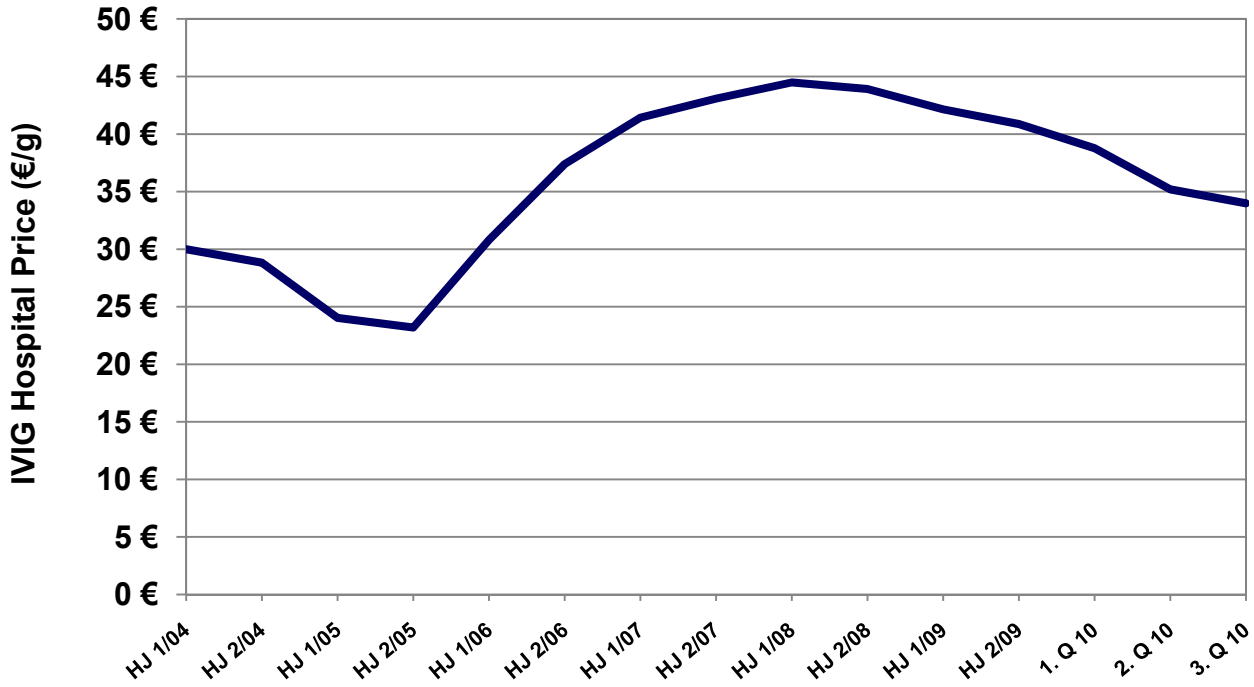
The consumption in the Biotest key markets was growing by 6 - 7% in volume (Germany, Austria, Greece, Switzerland, Italy, UK)

However, in many countries decreasing prices

Price Trend:

- Austria: ↓ ~ - 5 - 10%
- Greece: →
- Hungary: →
- Italy: ↘ ~ - 4%
- Switzerland: ↘ ~ - 3%
- UK: →

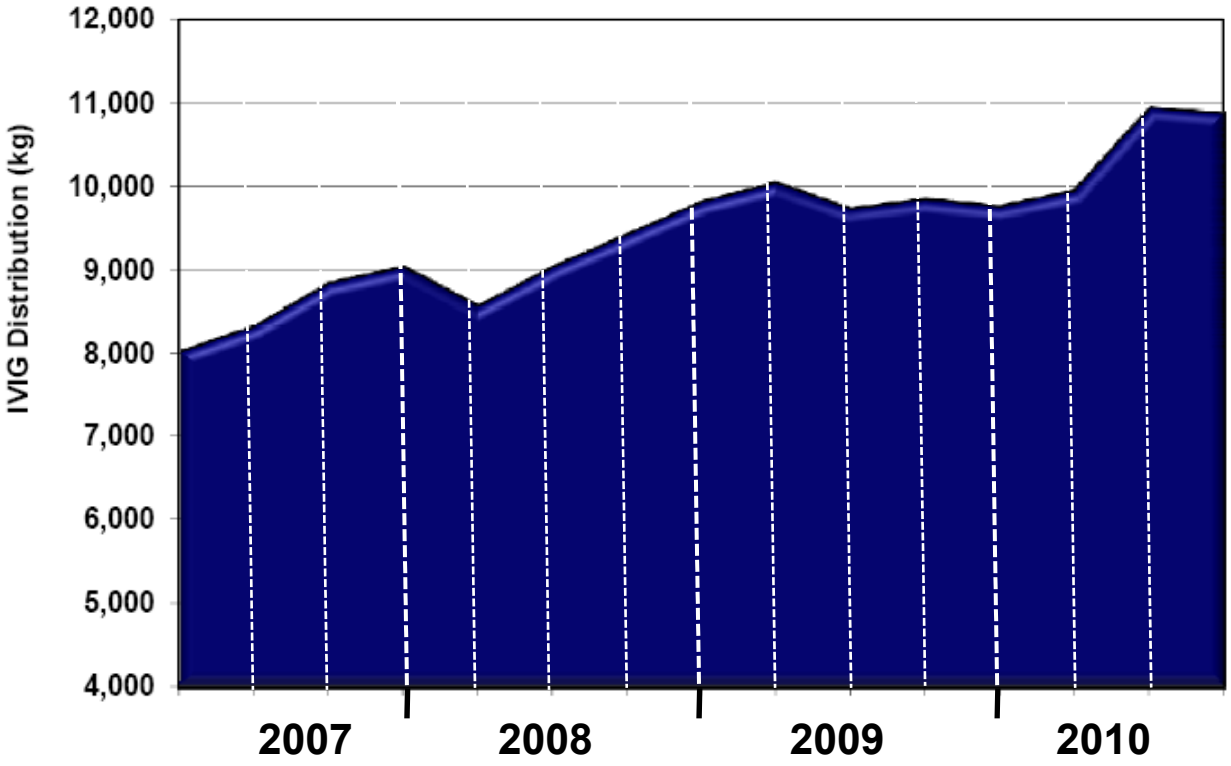
Price trend IVIG – Germany



(IMS Data)

Biotest expectations:
Prices are stable in Q4/2010 and slightly increasing in 2011

US IVIG market development, 2007 – Q3 2010 distribution according to PPTA



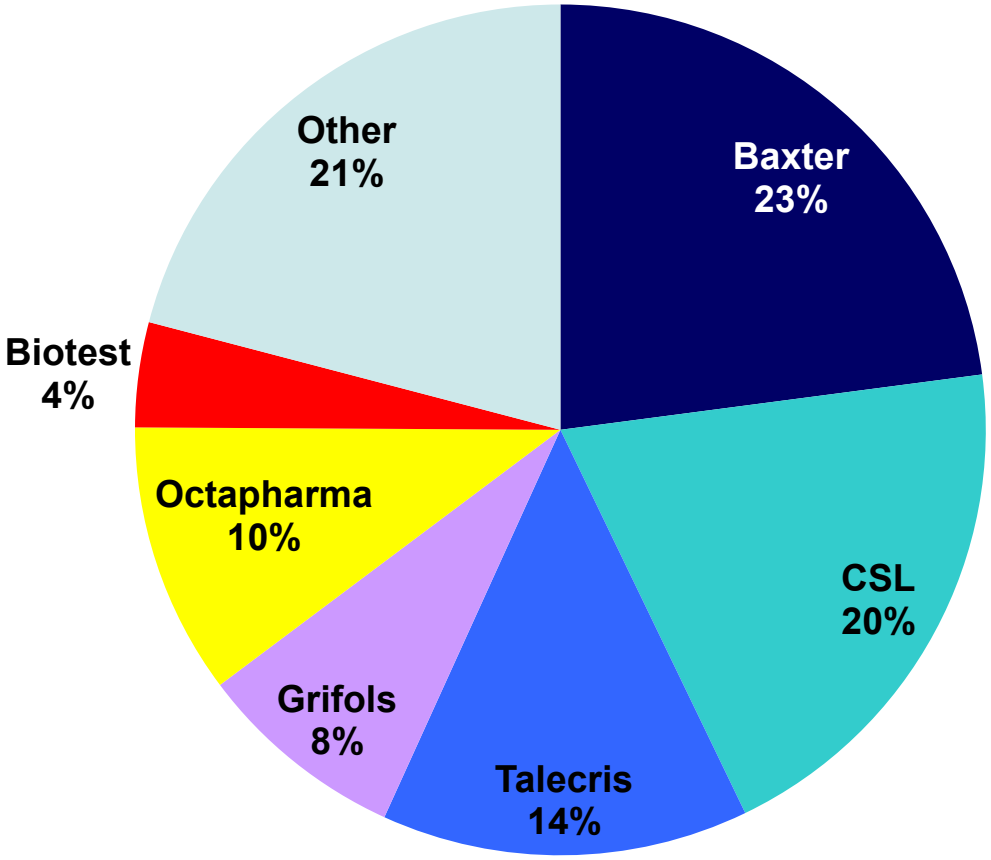
Q1 – Q3 2009:
29,600 kg

Q1 – Q3 2010:
31,700 kg

- Quarter over quarter growth was negative in Q3 2010 (-0.6%), but cumulated distribution (Jan. – Sept.) was 7.0% up on previous year

Source: PPTA data as reported by Jan-Aug 2010: UBS September 23, 2010; Jul 06 - Dec 09: Morgan Stanley; Volume September 2009: estimate on basis of graph

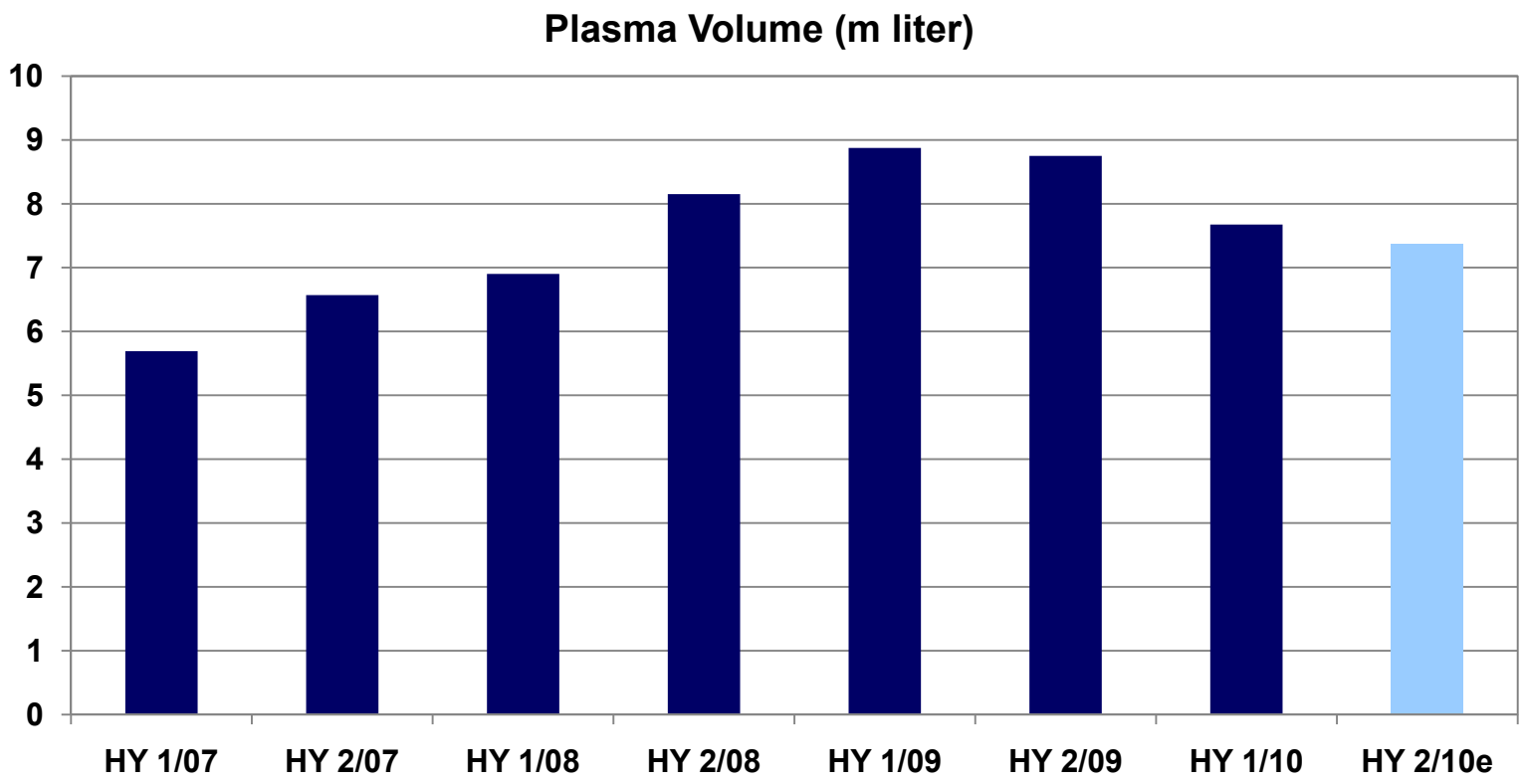
Worldwide IVIG market, estimate 2009



Total Volume:
~ 94 tons

Source: Own estimate based on MRB – 'The Worldwide Plasma Market 2008' & Citigroup Investment Research, 10 November 2009

Biannual volumes of US Source Plasma



Source: PPTA; HY2 2010e: Biotest AG

Biotest's expectations on IVIG volumes and prices in 2011

- **Demand for IVIG will continue to rise** despite budget restrictions of social security systems
- In 2011 **volumes of IVIG offered** to be sold will be 12 – 15 tons **lower** than in 2010:
  - Volume of plasma being collected in the US will be 2 – 2.5 m liters lower than in 2009 due to reduced plasma collection
  - Octapharma will need some time to return to the market

Biotest expects that **prices will go up again in Europe and RoW earlier than previously projected**. We estimate that this will rather happen end of Q2 in 2011 than end of 2011

Major progress in development of Plasma Proteins (I)

Zutectra®		Launched in Germany, UK, Austria, Italy, Ireland
Bivigam™		BLA submitted (Nov 3, 2010) Launch planned for Q4/2011
Fovepta® (s.c. Hepatitis hyperimmunoglobulin for neonates)		Phase III trial completed
Cytotect 70		More than 6000 pregnant women screened 32 seroconverted women included

Major progress in development of Plasma Proteins (II)

IgM Concentrate		Phase I trial completed Phase II trial under preparation
Intratect 10%		Phase III trial started First patient expected to be included Nov 2010
Civacir®		Product characteristics optimized to increase potency of the product
Fibrinogen		New development started Indication: acute bleeding disorders

CapEx ensuring further growth of Plasma Proteins

Bivigam Production in Florida:
Expansion completed in Dec. 2010

Total spending: approx. US$ 40 m

Expansion of filling and packaging facility in Dreieich: start: Dec. 2010

Total spending: approx. € 25 m

Biotest

From Nature for Life

Biotest Group: Creating Value. Living Values.

Biotherapeutics

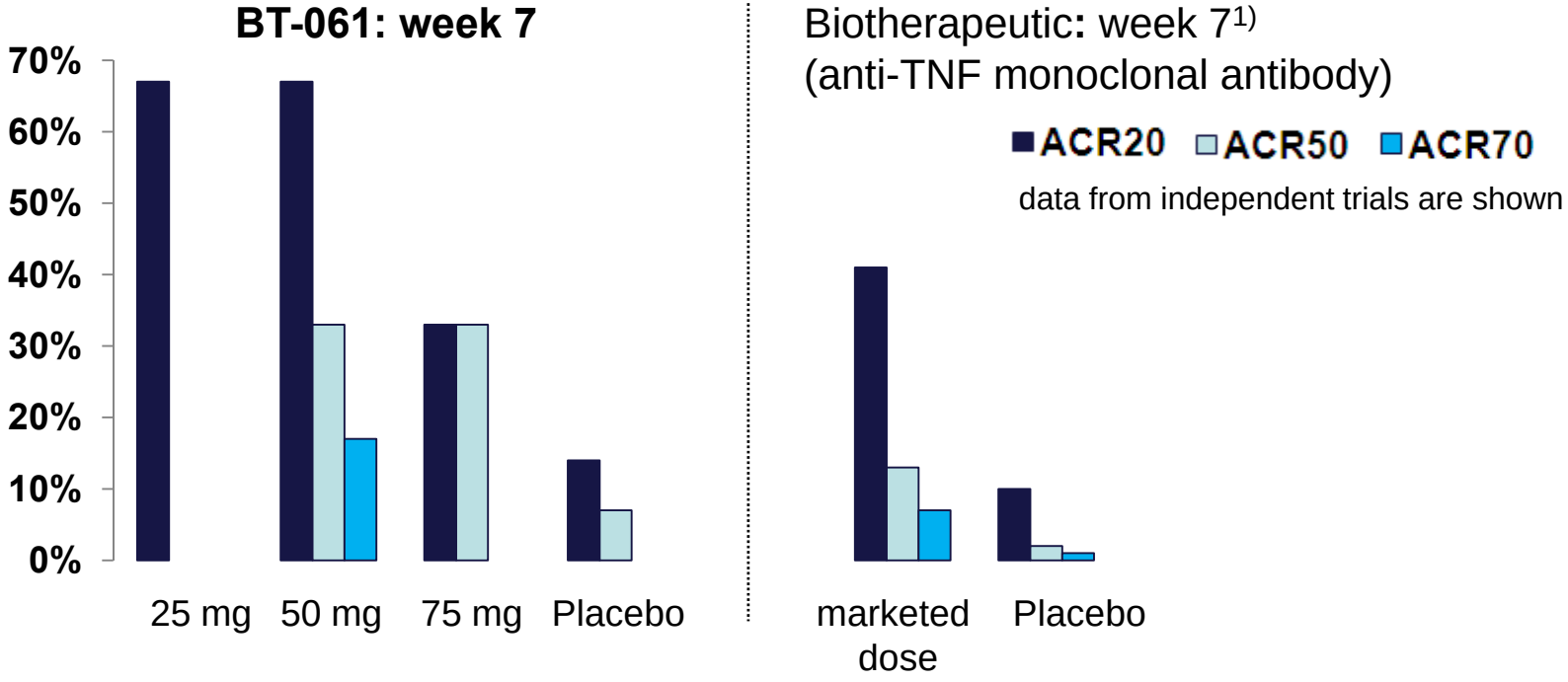
Clinical development BT-061
Overview

Study no.	Indication	Design	Subjects planned	Status
961	Healthy volunteers	single dose *iv and sc up to 180 mg*	57	Completed ✓
967	Phase I/IIa: Psoriasis	single dose, placebo controlled *iv and sc*	56	Completed ✓
973	Phase II: Psoriasis	multiple dose, placebo controlled *iv and sc; focus on sc*	48	Recruitment ongoing
962	Phase IIa: Rheumatoid Arthritis	multiple dose, placebo controlled *iv and sc*	96	Completed ✓
971	Phase II: Rheumatoid Arthritis	BT-061 + MTX multiple dose, placebo controlled *iv and sc*	110	Recruitment completed
979	Phase II: Rheumatoid Arthritis	BT-061 + MTX multiple dose, placebo controlled; *sc*	176	Submitted

Repeated treatment of RA patients with BT-061(monotherapy)

Study 962: Benchmarking against gold standard of biologic therapy (TNF-Antagonist)

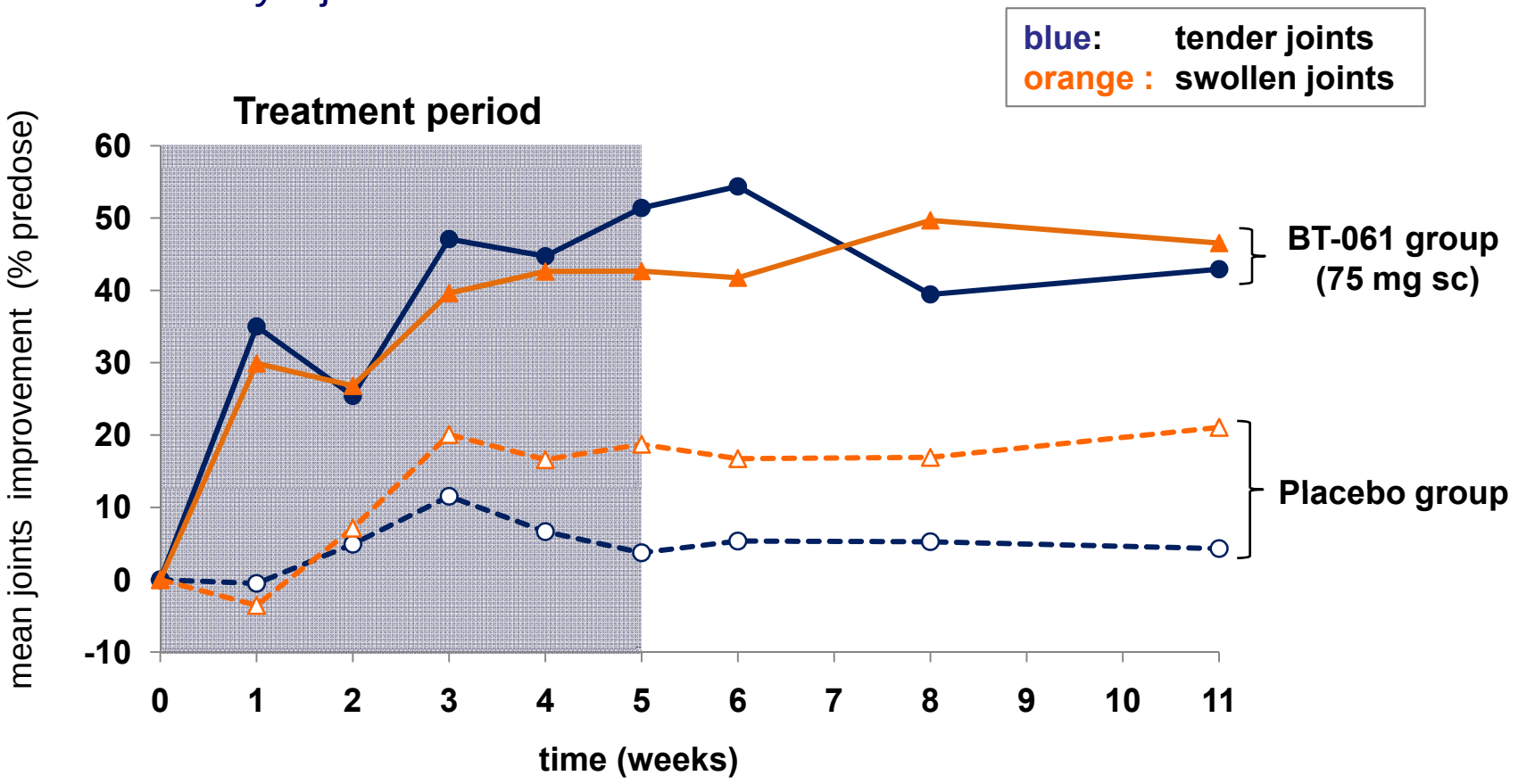
ACR responses at week 7 (primary endpoint), monotherapy



1) Phase III trial results of anti-TNF monotherapy in DMARD non-responders at week 7 (results estimated from graphs)
Please note: data from independent trials are not directly comparable as patient characteristics, route of administration, dose levels and treatment frequency are different

Rheumatoid Arthritis Phase IIa Study (No. 962)

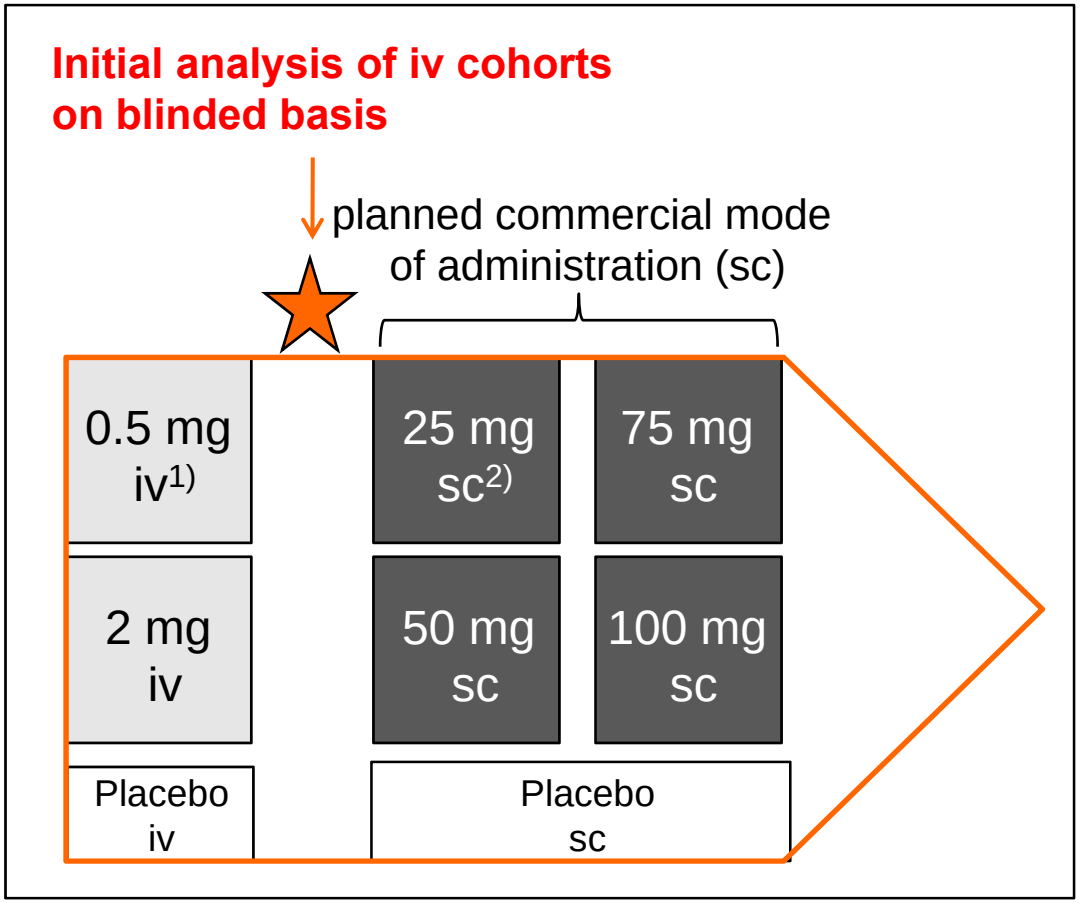
Mean improvement of tender and swollen joints after 6 weekly injections of BT-061



Improvement of joints lasts at least 6 weeks after end of treatment

Psoriasis Phase II Study (No. 973)
Trial Design

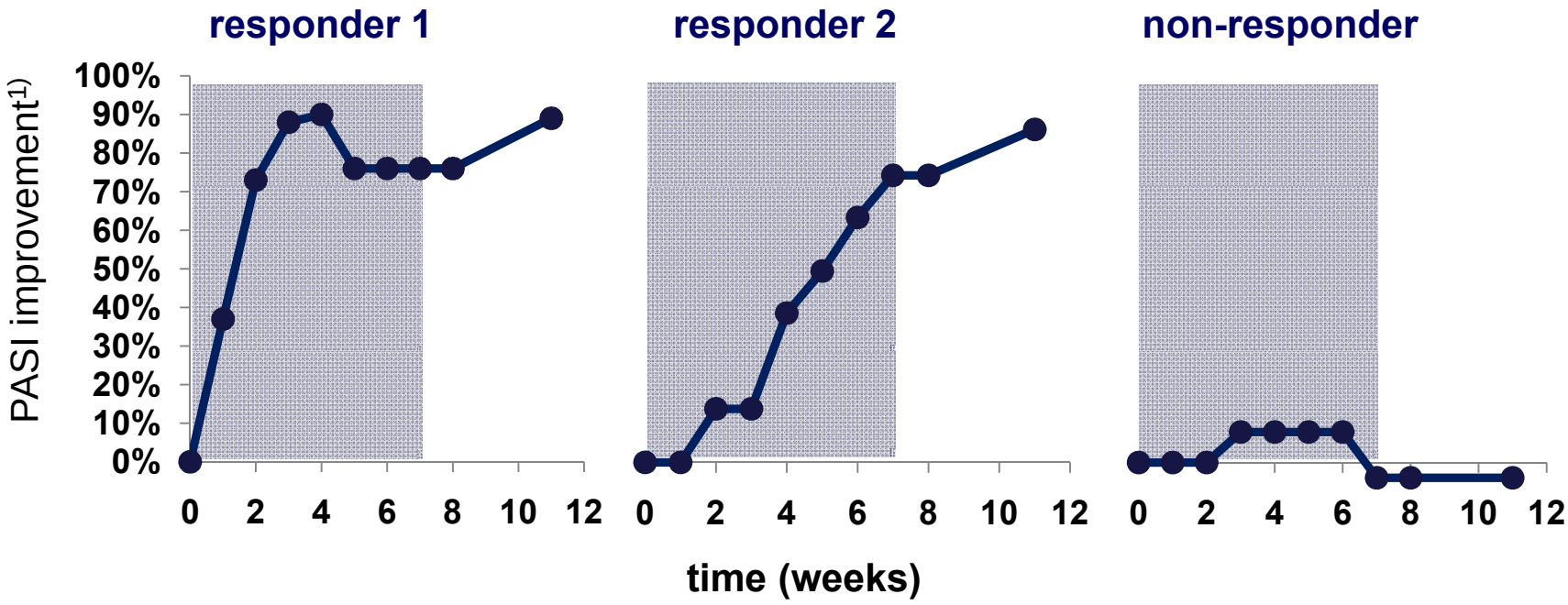
- **Indication**:
  moderate to severe chronic plaque psoriasis
- **Therapeutic regimen**:
  multiple dosing (8 weekly injections of BT-061 or placebo)
- **Follow-up period**:
  8 weeks
- In previous single dose trial (study 971): clinical benefit of up to 90 days



1) iv intravenous infusion
2) sc subcutaneous injection

Psoriasis Phase II Study (No. 973) Preliminary Results:
Improvement of clinical symptoms - characteristic time courses

Responders and non-responders based on blinded data



treatment period: 8 weekly injections of BT-061 (0.5 or 2 mg) or placebo

1) PASI (average redness thickness and lesions by the Psoriasis Area and Severity Index) measures the redness, scaliness of the lesions, weighted area of involvement.

Current clinical data support targeted product positioning

Rheumatoid Arthritis

Phase IIa (No. 962)
Monotherapy
- study completed
- competitive efficacy
- good tolerability

Phase II (No. 971)
Combination therapy with MTX (No. 971)
- treatment completed
- follow-up phase ongoing

Psoriasis

Phase I/IIa (No. 967)
- up to ~ 90% improvement of clinical symptoms (PASI)
- long duration of therapeutic effect after single administration (up to 90 days)
- good tolerability

Phase II (No. 973)
- multiple dosing
- first promising results obtained
- recruitment in sc cohorts ongoing

Potential to position BT-061 via efficacy, safety, convenient administration (self-administration, 1 ml subcutaneously)

BT-061: Highlights

Clinical Development

- Encouraging results in both lead indications obtained

Partnership

- Negotiations with international pharmaceutical companies about co-development / co-marketing intensified after completion of additional clinical trials
- Focus on companies with strong experience in Rheumatoid Arthritis

Further Indications

- Positive preclinical results with BT-061 in the indication Multiple Sclerosis obtained
- Further development in this indication supported by the German Federal Ministry of Education and Research in the framework of the "Neu² Konsortium"[1)]

1) Neu² "Neue Wirkstoffe für neurologische Erkrankungen"

Complex partnering discussions

Regions + Scope

Europe: Co-development
Co-marketing / Co-promotion

USA: Exclusive licence for partner for development and marketing

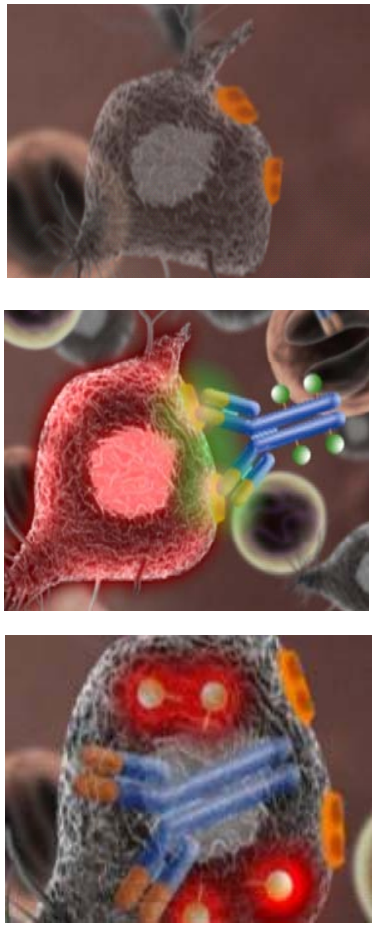
Asia: Exclusive licence for partner for development and marketing

Challenges

- Co-development:
  - goal, priorities
  - time line
  - decision rules
  - deadlock procedures
  - cost split
  - transfer + exchange of results/new developments
- Co-marketing / Co-promotion:
  - countries, scope
  - definition of costs
  - profit sharing
  - conflict of interest
- Upfront-, Milestone payments, Royalties

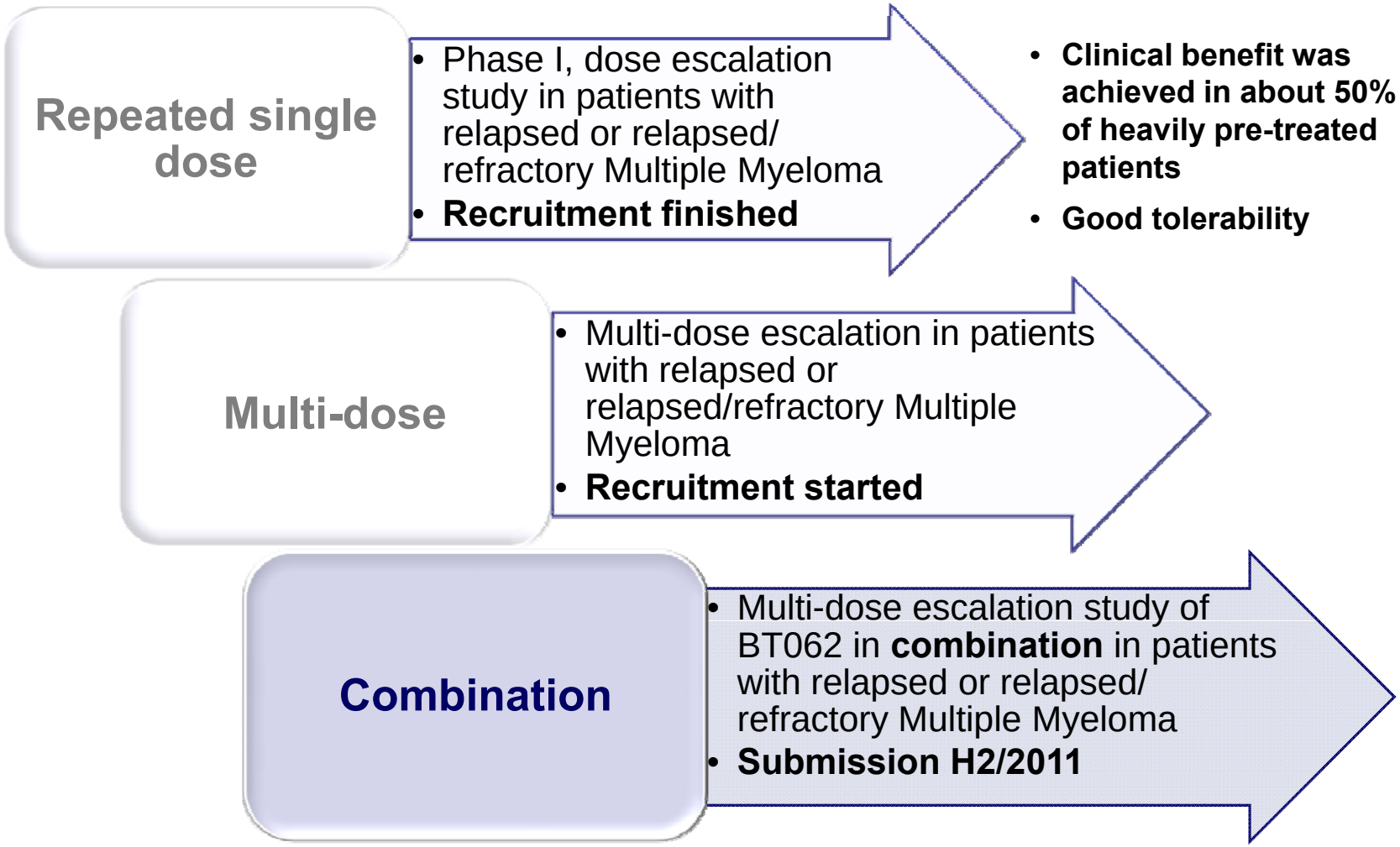
Our goal: not a fast deal but an optimized structure and transaction

BT-062 : Good tolerability, proven anti-tumour activity

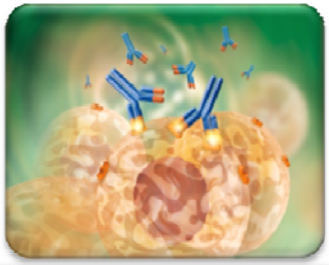


- BT-062: specific and highly effective immunotoxin: toxin part mediates high efficacy – antibody part mediates high specificity
- Phase I Study: Repeated single dose, dose escalation study in patients with relapsed or relapsed/refractory Multiple Myeloma
  - Indications of efficacy already with low dosages:
    - **Disease progression halted in some patients for several months**
    - **Maximum treatment dose defined (160 mg) and recruitment finished**

Clinical development plan BT-062
Development expansion to Europe: planned 2011

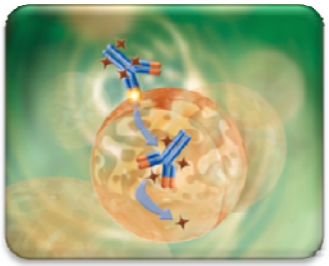


Outlook Biotherapeutics:
Next steps in clinical development Initiated



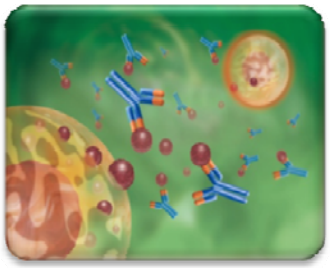
BT-061:

- encouraging clinical data from both lead indications
- phase IIb trial in Rheumatoid arthritis submitted
- negotiations with strategic partners intensified



BT-062:

- first indications of efficacy from dose-escalating study
- multi dose phase I/IIa trial approved by FDA, patient recruitment has started



BT-063:

- treatment in phase I study completed
- report in Q1 2011

Outlook Biotest Group

- Growing demand for IVIG with corresponding increasing prices mid of 2011
- Stable market for clotting factors and albumin
- Bivigam™ market authorisation expected Q4 (2011); annual market potential ~ US$ 100 m
- Promising R + D pipeline for plasma proteins and biotherapeutics




Biotest

From Nature for Life

Thank you for your attention!

Biotest Group: Creating value. Living values.