Biotest

From Nature for Life

REPORT FOR THE FIRST QUARTER OF 2014 OF BIOTEST AG

KEY FIGURES

BIOTEST GROUP		Q1 2014	Q1 2013	Change in %
Revenue	€ million	**122.2**	118.7	2.9
thereof:				
Germany	€ million	**22.7**	22.3	1.8
Rest of world	€ million	**99.5**	96.4	3.2
thereof:				
Therapy	€ million	**93.0**	91.3	1.9
Plasma & Services	€ million	**27.5**	26.0	5.8
Other Segments	€ million	**1.7**	1.4	21.4
EBITDA	€ million	**18.5**	19.6	–5.6
Operating profit (EBIT)	€ million	**10.7**	11.8	–9.3
EBIT in % of revenue	*%*	***8.8***	*9.9*	
Earnings before taxes	€ million	**7.8**	11.0	–29.1
Earnings after taxes	€ million	**5.0**	7.0	–28.6
Financing				
Cash flow from operating activities	€ million	**–13.4**	–19.4	30.9
Depreciation and amortisation	€ million	**7.8**	7.8	0.0
		31 March 2014	31 December 2013	
Equity	€ million	**465.7**	460.7	1.1
Equity ratio	*%*	***51.6***	*52.0*	
Employees (full-time equivalents)		**2,090**	1,997	4.7

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INTERIM MANAGEMENT REPORT FOR THE BIOTEST GROUP AS OF 31 MARCH 2014

A. GROUP PRINCIPLES

I. BUSINESS MODEL OF THE GROUP

The Biotest Group, with its headquarters in Dreieich, Germany, is an international supplier of biological medicines. Products currently on the market and new developments are obtained from human blood plasma as well as manufactured using biotechnology methods. The main indication areas are haematology, clinical immunology and intensive care medicine.

The Biotest Group is engaged in research and development in all three of these indication areas. The Company covers all essential stages in the value chain from pre-clinical and clinical development – which is conducted in collaboration with internationally renowned partners for certain projects – to global marketing.

A. SEGMENTS OF THE BIOTEST GROUP

The Company's operations are divided into the following segments: Therapy, Plasma & Services and Other Segments. The Therapy segment includes products and development projects assigned to each of the three indication areas. Plasma sales and toll manufacturing are combined under the Plasma & Services segment. In Other Segments, Biotest reports its merchandise business as well as any cross-divisional costs not allocated to the Therapy or Plasma & Services segments.

B. PERSONNEL

As of 31 March 2014 the Biotest Group employed a staff of 2,090 full-time equivalents. This number has increased by 4.7 % compared to the end of the financial year 2013 (1,997 full-time equivalents).

II. GROUP STRATEGY

The core element of the Biotest strategy is a clear focus on marketing and the further development of biological products in the three indication areas of haematology, clinical immunology and intensive medicine. Aside from systematically continuing its own research and development pipeline, the Company is focusing on the further internationalisation of its business through its advance expansion of marketing authorisations and activities and on diversifying the product portfolio. In addition to the successful expansion of the product portfolio in European markets, including establishing a Group subsidiary in France, the focus is on the US, Asia and South America.

The Biotest Group has decided to expand production capacity at its company headquarters at Dreieich so as to continue to participate in future global market growth. Production capacity will be doubled by 2018/19 under the "Biotest Next Level" project. The purpose of this project is not only to strengthen the Company's competitiveness in the global market, but also to contribute to achieving a sales target of € 1 billion by 2020.

III. RESEARCH AND DEVELOPMENT

Research and development lay the foundation for future growth under the corporate strategy. Significant potential will be exploited in this area through the further development of existing products and new developments. In addition to research and development in the area of plasma proteins, great importance is attached to the development of monoclonal antibodies. A detailed list of current research and development projects is provided in the "research and development" section of the 2013 Annual Report.

B. ECONOMIC REPORT

I. BUSINESS AND GENERAL FRAMEWORK

According to the European Commission's winter forecast, global economic growth is accelerating. Reform efforts by the individual countries in crisis and institutional improvements to Economic and Monetary Union seem to be having an impact in the eurozone.[1] Among the industrialised countries, robust economic activity particularly in the US over the coming years will be the main driver of the global economy.[2] The outlook for emerging countries with weak macroeconomic data, notably Russia, Ukraine and Turkey, remains subdued – also as a result of the uncertain political situation and the resulting flight of capital.[3] In general, economic growth in emerging countries will continue to provide only a weak positive stimulus to the global economy.[4] In the eurozone the economic climate has slightly improved in first quarter of 2014 according to the ifo Institute for Economic Research.[5] The Institute for the World Economy forecasts 1.2 % growth in GDP of the eurozone for 2014.[6]

1 European Commission, Winter Forecast, 25 February 2014

2 The Conference Board, The U.S. Economic Forecast, 12 March 2014

3 National Bank of Austria, Economy today, 5 March 2014

4 Austrian Institute for Economic Research (WIFO) economy portal, WIFO monthly report 3/2014, 11 March 2014

5 CESifo, Ifo World Economic Survey (WES), 13 February 2014

6 Institute for the World Economy, forecast centre, 13 March 2014

The German economy is continuing to gain momentum. The German Institute for Economic Research has been talking about an upswing since April of this year and sees increasing domestic demand as the main driving force.[7] The Organisation for Economic Cooperation and Development (OECD) expects that economic output will probably increase by 3.7 % in the first quarter compared to the previous quarter.[8] Total growth for 2014 is estimated at 1.7 %.[9]

The International Monetary Fund (IMF) expects a positive trend in the US economy and forecasts growth of 2.8 % for 2014. The primary reasons given are decreasing consolidation pressure, the decrease in US private household debt to a sustainable level and a continued rise in domestic demand.[10]

II. INDUSTRY-SPECIFIC FRAMEWORK

Market researchers expect the global market for intravenous immunoglobulins (IVIG) to continue to grow by an average rate of 7 – 8 % per year.[11] There was a slight price increase of around 2 % in the US at the beginning of 2014. Prices in the EU are still about 25 % below those achievable in the USA for immunoglobulins.[12] The relevant European markets for IVIGs grew by around 5 % in 2013 and this trend is also likely to continue over the medium term.[13] Prices for the Biotest preparation Intratect® were also stable as the market for IVIGs expanded in Germany.

The market for human plasma as a raw material of all Biotest products continues to grow. The number of plasma collection centres in the US increased in 2013 by about 12 % compared to the previous year. The number of plasma centres in the US is also constantly increasing and grew by 3 % in 2013. Source plasma volumes also increased in 2013, recording 5 % growth in the European market in 2013 compared to the previous year.[14]

After safety warnings were issued in 2013 by the FDA and the European PRAC (Pharmacovigilance Risk Assessment Committee) with regard to solutions containing hydroxethyl starch (HES), the market for human albumin showed a clear upward trend, primarily in Europe, recording growth rates of an average 5 – 6 %. It is expected that HES will continue to lose market share in the current year, and that this will be offset by replacement products such as human albumin.[15]

III. BUSINESS PERFORMANCE

A. AT A GLANCE

The Biotest Group was again able to increase sales in the first three months of the 2014 financial year. The Group generated revenues of € 122.2 million in the period under review compared to € 118.7 million in the same period in the previous year. This represents an increase of 2.9 %.

Significant increases in sales (+ 11.5 %) were achieved in the rest of Europe in particular. The increase in Germany was more moderate at 1.8 %.

The Biotest Group also continued to expand its research and development activities in the first quarter of 2014. Higher project costs and start-up costs for "Biotest Next Level" resulted in a reduction in operating profit (EBIT). An EBIT of € 10.7 million was generated for the first three months of 2014 compared to € 11.8 million for the same period in the previous year. Without the recall of batches of Bivigam® sales and earnings would have been higher. As stated in the Annual Report, the cost of the recall was already accounted in 2013 fiscal year. However, the recall had a negative impact on sales in the first quarter 2014. This effect will affect the entire financial year. Nevertheless, we anticipate very strong sales in tender business already in the second quarter.

For the reasons mentioned above, the Management Board considers the forecasted increase of both sales and operating profit (EBIT) by approximately 10 % in the current fiscal year 2014 as challenging, but still realistic. The business development of the Biotest Group for the 2014 financial year will continue to be judged positively.

7 German Institute for Economic Research, press release, Joint Economic Forecast Spring 2014: Upswing in the German economy – but economic policy headwind, 10 April 2014

8 Organisation for Economic Co-operation and Development (OECD), Interim Economic Assessment, 11 March 2014

9 Organisation for Economic Cooperation and Research (OECD), Country comparison – OECD Economic Outlook, as of 10 April 2014

10 International Monetary Fund (IMF), World Economic Outlook Update, 21 January 2014

11 Morgan Stanley Research, Ig Survey: growth and share OK, AD surprises, 29 October 2013

12 UBS Investment Research, Dec-13 qtr Plasma Price & Supply Survey, 10 February 2014

13 IMS Health Germany, database, as of: April 2014

14 Plasma Protein Therapeutics Association (PPTA), March and April 2014

15 IMS Health Germany, database, as of: April 2014

B. RESEARCH AND DEVELOPMENT

Research and development are an integral part of Biotest Group's corporate strategy. In the first three months of the 2014 financial year, the proportion of their costs to sales was 14.1 % (same period in the previous year: 12.2 %); a total of 174 full-time equivalents are employed in this area (same period in the previous year: 171). Development projects are detailed in the 2013 Annual Report in the "Research and Development" section starting on page 14 of the Group management report.

Biotest was able to make significant progress in various studies and clinical development during the first three months of the current financial year. In the first quarter 2014 the first patient was treated as part of the phase I/II clinical trial of indatuximab ravtansine (BT-062) in solid tumours. Patients with triple-negative metastatic breast cancer (these tumours do not respond to treatment with oestrogen-, progesterone- or HER2- (Herceptin-2 receptors) based therapy) as well as patients with invasive bladder cancer are to be treated in this monotherapy study and the product is tested for its efficacy and tolerability.

In addition, the first Civacir® study patients included in the pivotal phase III study (no. 988) successfully completed the study protocol. During this pivotal study patients are treated with Civacir®, which is to be used for the prophylaxis of hepatitis C re-infection following liver transplantation.

The number of patients included in the phase III study (ZEUS – **Z**utectra **E**arly **US**e, no. 987) to be treated with Zutectra® has almost doubled since December 2013. Zutectra® has been approved in the European Union since 2009 for the indication of prevention of hepatitis B virus (HBV) re-infection in patients six months after liver transplantation due to HBV-induced liver failure. The objective is to use the ZEUS study data to obtain marketing authorisation for the use of Zutectra® already one to two weeks after transplantation. This study involves about 20 study centres in Italy, France, England and Spain and is expected to be completed in 2014.

The "TREAT 2b" (**T**cell **RE**gulating **A**rthritis **T**rial **2b**, no. 986) phase IIb clinical trial, which started in 2013 to further develop the monoclonal antibody tregalizumab (BT-061), is progressing on schedule. The study protocol has been approved in 14 countries in the meantime. Over 70 clinical centres are participating in the study so that more than half of the planned 304 patients have already been included in the study.

C. MARKETING AND DISTRIBUTION

Following the market authorisation for Intratect® 100 g/l (10 % solution) under the decentralised European marketing authorisation procedure in October 2012, Biotest was able to launch the product in several countries in Europe and the Middle East in the 2013 financial year. In the first quarter of 2014 Biotest started marketing activities in additional European countries and numerous Gulf States. Applications for further marketing authorisations have been submitted so that sales activities should begin in these countries following approval.

In addition, Biotest was able to acquire a further partner in Central Asia in line with the internationalisation strategy. Following the market authorisation of Intratect® and Haemoctin® a scientific meeting will be held in May 2014 in collaboration with the local partner for the purpose of introducing human albumin and Pentaglobin® to the market.

IV. PRESENTATION OF RESULTS OF OPERATIONS, FINANCIAL POSITION AND FINANCIAL STATUS

A. RESULTS OF OPERATIONS

In the first quarter of 2014, the Biotest Group generated sales of € 122.2 million. This represents an increase of 2.9 % compared to the same period in 2013, in which sales of € 118.7 million were generated. Sales increased in the Therapy (+ 1.9 %) and Plasma & Services (+ 5.8 %) segments.

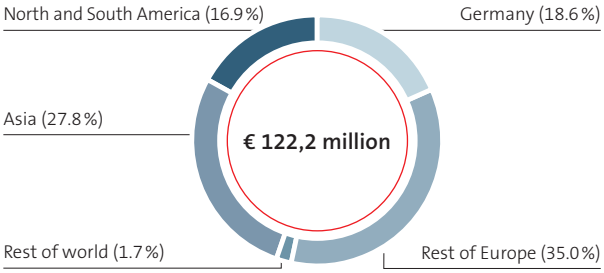
SALES BY SEGMENT

in € million	**Q1 2014**	Q1 2013	Change in %
Therapy	93.0	91.3	1.9
Plasma & Services	27.5	26.0	5.8
Other Segments	1.7	1.4	21.4
Biotest Group	**122.2**	**118.7**	**2.9**

Foreign markets in particular were a driving force behind sales in the first quarter of 2014. Whereas revenues increased by 1.8 % in the German home market, an increase of 11.5 % was recorded for the rest of Europe. Sales in the US were also significantly above the level for the same period in the previous year (+ 7.3 %) – as a result of the expansion of the marketing of Bivigam®. This is a pleasing development insofar as some lots of Bivigam® were recalled in February 2014 due to potential integrity defects in the vial. In contrast, lower sales than one year ago were generated in South America (– 5.9 %) and Asia (– 6.8 %) due to the deferral of large tender contracts.

Overall, the proportion of sales attributable to foreign markets continues to increase. In the first three months of 2014 the Biotest Group generated 81.4 % of its sales outside of Germany (same period in the previous year: 81.2 %).

SALES BY REGION



Production costs also increased in line with the rise in sales and increased to their current level of € 71.0 million from € 69.3 million in the first quarter of 2013. Their proportion of sales decreased slightly from 58.4 % to 58.1 %. Marketing and distribution costs increased disproportionately to € 15.2 million (same period in the previous year: € 14.8 million). At 12.4 %, the ratio was slightly below the previous year's level (12.5 %).

However, administrative expenses increased from € 7.0 million to € 9.1 million. This is mainly attributable to a change in cost allocation, whereby some expenses previously recorded under other operating expenses are now directly allocated to the functional areas. The administrative expense ratio is therefore not comparable with that of the previous year.

Costs increased by 18.6 % in this area as a result of the significant expansion of research and development work. Research and development costs amounted to € 17.2 million for the first quarter of 2014 compared to € 14.5 million in the comparable period in 2013. Their percentage of sales of 14.1 % was also significantly above that of the previous year (12.2 %).

Other operating income of € 1.4 million (same period in the previous year: € 2.8 million) were offset by expenses of € 0.4 million (same period in the previous year: € 4.1 million). This clearly reflects the change in the method of cost allocation.

Costs incurred as a result of increased research and development activities are also reflected in operating profit (EBIT). This decreased by 9.3 % to € 10.7 million compared to € 11.8 million in the same period in the previous year. As a result, the EBIT margin decreased to 8.8 % from 9.9 % in the first quarter of 2013. Whereas EBIT contributed by the Therapy segment remained constant at € 7.1 million, that of the Plasma & Services segment decreased by 18.2 %. The reduction from € 5.5 million to € 4.5 million was attributable to a changed allocation of costs, whereby costs incurred were directly allocated to this segment.

The financial result amounted to € –2.9 million (same period in the previous year: € –0.8 million). The capital measures successfully implemented in the past financial year were particularly evident in this regard. The fully placed loan note of € 210.0 million, amongst other things, gave rise to an increase in interest-bearing liabilities.

This resulted in earnings before taxes (EBT) of € 7.8 million for the Biotest Group compared to € 11.0 million in the same period in the previous year. Earnings after taxes (EAT) also decreased from € 7.0 million to € 5.0 million. Earnings per share were – also as a result of the increased number of shares by way of the capital increase – € 0.38, compared to € 0.59 for the first three months of 2013.

KEY FINANCIAL PERFORMANCE FIGURES OF THE BIOTEST GROUP

in € million	**Q1 2014**	Q1 2013	Change in %
EBIT	10.7	11.8	–9.3
EBT	7.8	11.0	–29.1
EAT	5.0	7.0	–28.6
Earnings per share in €	0.38	0.59	–35.6

COST POOLS OF THE BIOTEST GROUP*

in € million	**Q1 2014**	**as a % of sales**	Q1 2013	as a % of sales
Production costs	–71.0	58.1	–69.3	58.4
Marketing and distribution costs	–15.2	12.4	–14.8	12.5
Administrative costs	–9.1	7.4	–7.0	5.9
Research and development costs	–17.2	14.1	–14.5	12.2
Other operating income and expenses	1.0	0.8	–1.3	1.1
Financial result	–2.9	2.4	–0.8	0.7

* Costs/expenses are denoted with a negative sign

B. FINANCIAL POSITION

Total assets of the Group increased slightly to € 902.5 million as of the 31 March 2014 reporting date compared to € 886.5 million as of 31 December 2013.

On the assets side, non-current assets increased in particular. A slight decrease in intangible assets was offset by a significant increase in other financial assets, which rose to € 20.1 million as of 31 March 2014 (31 December 2013: € 0.2 million). These include previous cash and cash equivalents, which are not yet required for the "Biotest Next Level" investment project and were invested on an interest-bearing basis for terms of more than three months. On the other hand, current assets decreased slightly. Expanded production of Bivigam®, planned volume increases for sales as well as pre-production for the second half of 2014 resulted in an increase in inventories to € 247.0 million (31 December 2013: € 227.0 million). Trade receivables increased as of the reporting date of 31 March 2014 to € 123.5 million (31 December 2013: € 118.5 million). Cash and cash equivalents decreased slightly to € 174.2 million or € 194.1 million including the financial assets of € 19.9 million (31 December 2013: € 204.4 million). Their planned reduction was characterised by payments for investments made and the above-mentioned shift into longer-term assets (over three months).

On the liabilities side equity increased to € 465.7 million primarily as a result of the positive Group results (31 December 2013: € 460.7 million), whereas the equity ratio fell slightly to 51.6 % compared to 52.0 % as of 31 December 2013 as a result of the increase in total assets. Debt also increased to € 436.8 million (31 December 2013: € 425.8 million). Whereas non-current debt increased by 4.7 %, current debt decreased slightly by 2.7 %. Non-current financial liabilities in particular increased from € 226.2 million to a current level of € 240.7 million due to additional borrowings. The Biotest Group received an energy efficiency loan of about € 15.0 million from the Kreditanstalt für Wiederaufbau (KfW) at advantageous terms and conditions for the completed construction of the plasma goods receipt area. However, trade payables decreased from € 51.4 million to € 44.8 million as of the reporting date.

C. FINANCIAL STATUS

Cash flow from operating activities amounted to € –13.4 million for the first three months of 2014. There was a higher outflow of € 19.4 million in the comparable period of 2013. The reason for this is the lower increase in working capital in the first quarter of 2014.

Cash flow from investing activities amounted to € –11.5 million in the period between January and September 2013 compared to € 5.0 million in the same period in the previous year. The subsequent purchase price payment made by Merck KGaA at the beginning of the past financial year in the amount of € 10.3 million in connection with the sale of the Microbiological Monitoring division was a positive component of this item.

In the first quarter of 2014 the Biotest Group recorded a positive cash flow from financing activities of € 14.6 million due to the new borrowings described above. This amounted to € –10.5 million in the same period in the previous year due to the scheduled amortisation of previously drawn down credit lines. Cash and cash equivalents decreased from € 204.4 million at the end of 2013 to a current level of € 174.2 million taking into account the outflow of funds of € 19.9 million into financial assets with a term of more than three months.

D. OVERALL ASSESSMENT OF THE BUSINESS SITUATION OF THE COMPANY

The Biotest Group continued its growth course in terms of sales in the first quarter of 2014. Sales increased by 2.9 % compared to the same period in the previous year. EBIT decreased by 9.3 % compared to the same period in 2013 because of the increase in costs incurred in the area of research and development. Nevertheless, the assessment of business performance continues to be positive for the whole of 2014, which is also reflected in the confirmed forecast.

Overall, the Biotest Group has the resources to drive forward its operating business as planned. The continued increase in the marketing of Bivigam® in the US, market entry into other lucrative markets, either completed or imminent, and further development of monoclonal antibodies amongst others over the medium- and long-term offer additional profit potential. Its financial position, which has been sustainably strengthened by the successful capital measures implemented in 2013, and its balanced financing structure form the foundation for Biotest's planned future growth.

C. EVENTS AFTER THE REPORTING DATE

In 2013 the Italian health authorities asserted a claim for the reimbursement of Zutectra® sales generated in 2011 and 2012, against which our Italian subsidiary, Biotest Italia S.r.l, brought an action. The action was fully upheld with convincing arguments. The Italian health authorities have now appealed against this ruling. According to an assessment by our Italian lawyers, the Italian health authorities will not be successful. Biotest agrees with this assessment.

D. OUTLOOK, RISK AND OPPORTUNITIES REPORT

I. OUTLOOK

A. EXPECTED DEVELOPMENTS IN THE MARKET ENVIRONMENT

According to current studies, global demand for immunoglobulins will continue to grow at an annual rate of 7–8% over the coming years.[16] Biotest Group anticipates supply will increase at a slightly higher rate, such that these products will continue to be subject to price pressure despite increased demand. Nevertheless, market entry into the US, the largest immunoglobulin market in the world, as a result of the market launch of Bivigam®, provides additional sales opportunities that were not previously available. Biotest also expects the global market volume for plasmatic clotting factors to increase by about 2% per year.[17]

In addition, the resumption of sales of human albumin in China offers significant medium-term sales potential. It is expected to get the market authorisation here in the second half of 2014.

After safety warnings were issued in 2013 by the FDA and the European PRAC (Pharmacovigilance Risk Assessment Committee) regarding solutions containing hydroxethyl starch (HES), the market for these products collapsed by 60% in the second half of 2013 in the largest EU countries (Germany, Spain, France, Italy, Great Britain) compared to the same period in the previous year. Demand for replacement products such as crystalloids and human albumin increased significantly in the same period. Albumin recorded an increase of 5.9%, whereby demand could not be fully satisfied due to limited availability. It is expected that HES will continue to lose market share in the current year and that this will be offset by crystalloids and human albumin.

B. EXPECTED PERFORMANCE OF THE BIOTEST GROUP

Revenue and earnings

The Management Board considers the forecasted increase of both sales and operating profit (EBIT) by approximately 10% in the current fiscal year 2014 as challenging, but still realistic. The business development of the Biotest Group for the 2014 financial year will continue to be judged positively.

Cash flow

Cash flow forecasts also remain valid. In 2014 Biotest will maintain a balanced financing structure, in terms of both the ratio of debt to equity and the ratio of short- to long-term debt financing. The Group will use a substantial portion of the cash and cash equivalents received as a result of the capital measures implemented in the past financial year for the "Biotest Next Level" project to cover the planned capacity expansion at Dreieich. The planned increase in inventories will also be financed. The targeted increase in the marketing of Bivigam® will result in an increase in inventories of interim and end products. In addition, current assets will increase as a result of the expected growth in sales in this and following years and full utilisation of the significantly increased albumin production capacity.

In addition to the organic growth described above and its financing, licensing of market-ready products could represent a future strategic option.

II. RISK REPORT

The Biotest Group's risk situation has not changed materially since the 2013 Annual Report (pages 23 to 29).

III. OPPORTUNITIES

The Biotest Group's opportunity situation has not changed significantly since the 2013 Annual Report (pages 29 and 30).

16 *Morgan Stanley Research, Ig Survey: growth and share OK, AD surprises, 29 October 2013*

17 *Market Research Bureau (2012), Forecast of the global coagulation factors concentrates market 2010 to 2025*

CONSOLIDATED STATEMENT OF INCOME

of the Biotest Group for the period from 1 January to 31 March 2014

in € million	Q1 2014	Q1 2013
Revenue	122.2	118.7
Cost of sales	−71.0	−69.3
Gross profit	**51.2**	**49.4**
Other operating income	1.4	2.8
Distribution costs	−15.2	−14.8
Administrative expenses	−9.1	−7.0
Research and development costs	−17.2	−14.5
Other operating expenses	−0.4	−4.1
Operating profit	**10.7**	**11.8**
Financial result	−2.9	−0.8
Earnings before taxes	**7.8**	**11.0**
Income tax	−2.8	−4.0
Earnings after taxes	**5.0**	**7.0**
Attributable to:		
Equity holders of the parent	5.0	7.0
Non-controlling interests	0.0	0.0
Earnings per share in €	**0.38**	**0.59**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of the Biotest Group for the period from 1 January to 31 March 2014

in € million	Q1 2014	Q1 2013
Consolidated profit for the period	**5.0**	**7.0**
Exchange difference on translation of foreign operations	0.0	2.2
Income tax effect	0.0	0.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods	**0.0**	**2.2**
Other comprehensive income not being reclassified to profit or loss in subsequent periods	**0.0**	**0.0**
Other comprehensive income, net of tax	**0.0**	**2.2**
Total comprehensive income, net of tax	**5.0**	**9.2**
Attributable to:		
Equity holders of the parent	5.0	9.2
Non-controlling interests	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of the Biotest Group as of 31 March 2014

in € million	31 March 2014	31 December 2013
ASSETS		
Non-current assets		
Intangible assets	47.1	48.1
Property, plant and equipment	254.5	254.9
Investments in associates	1.6	1.6
Other financial investments	20.1	0.2
Other assets	0.8	0.7
Deferred tax assets	18.7	18.5
Total non-current assets	**342.8**	**324.0**
Current assets		
Inventories	247.0	227.0
Trade receivables	123.5	118.5
Current income tax assets	3.0	1.0
Other assets	12.0	11.6
Cash and cash equivalents	174.2	204.4
Total current assets	**559.7**	**562.5**
Total assets	**902.5**	**886.5**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	33.8	33.8
Share premium	225.6	225.6
Retained earnings	201.2	169.2
Shares of profit or loss attributable to equity holders of the parent	5.0	32.0
Equity attributable to equity holders of the parent	**465.6**	**460.6**
Non-controlling interests	0.1	0.1
Total equity	**465.7**	**460.7**
Liabilities		
Provision for pensions and similar obligations	59.3	59.1
Other provisions	7.2	5.4
Financial liabilities	240.7	226.2
Other liabilities	0.0	0.5
Deferred tax liabilities	7.8	7.8
Liabilities from deferred revenue	0.8	2.5
Total non-current liabilities	**315.8**	**301.5**
Other provisions	21.3	24.5
Current income tax liabilities	9.3	10.0
Financial liabilities	5.4	5.3
Trade payables	44.8	51.4
Other liabilities	33.3	26.2
Liabilities from deferred revenue	6.9	6.9
Total current liabilities	**121.0**	**124.3**
Total liabilities	**436.8**	**425.8**
Total equity and liabilities	**902.5**	**886.5**

CONSOLIDATED CASH FLOW STATEMENT

of the Biotest Group for the period from 1 January to 31 March 2014

in € million	2014	2013
Operating cash flow before changes in working capital	18.3	19.5
Cash flow from changes in working capital	−25.4	−35.4
Interest and taxes paid	−6.3	−3.5
Cash flow from operating activities	**−13.4**	**−19.4**
Cash flow from investing activities	−11.5	5.0
Cash flow from financing activities	14.6	−10.5
Cash changes in cash and cash equivalents	**−10.3**	**−24.9**
Exchange rate-related changes in cash and cash equivalents	0.0	0.0
Cash and cash equivalents on 1 January	204.4	57.2
Cash outflow into financial assets	−19.9	0.0
Cash and cash equivalents on 31 March	**174.2**	**32.3**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of the Biotest Group for the period from 1 January to 31 March 2014

in € million	Subscribed capital	Share premium	Accumulated differences from currency translation	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance on 1 January 2013	**30.0**	**153.3**	**8.1**	**177.9**	**369.3**	**0.1**	**369.4**
Gains/losses recognised directly in equity	—	—	2.2	—	2.2	—	2.2
Profit for the period	—	—	—	7.0	7.0	—	7.0
Total comprehensive income	**0.0**	**0.0**	**2.2**	**7.0**	**9.2**	**0.0**	**9.2**
Balance on 31 March 2013	**30.0**	**153.3**	**10.3**	**184.9**	**378.5**	**0.1**	**378.6**
Balance on 1 January 2014	**33.8**	**225.6**	**−0.4**	**201.6**	**460.6**	**0.1**	**460.7**
Gains/losses recognised directly in equity	—	—	—	—	0.0	—	0.0
Profit for the period	—	—	—	5.0	5.0	—	5.0
Total comprehensive income	**0.0**	**0.0**	**0.0**	**5.0**	**5.0**	**0.0**	**5.0**
Capital increase	—	—	—	—	0.0	—	0.0
Cost relating to the capital increase	—	—	—	—	0.0	—	0.0
Dividend payments	—	—	—	—	0.0	—	0.0
Balance on 31 March 2014	**33.8**	**225.6**	**−0.4**	**206.6**	**465.6**	**0.1**	**465.7**

SELECTED NOTE DISCLOSURES

METHOD OF PREPARATION

The interim consolidated financial statements as of 31 March 2014 of Biotest AG and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS), application of which is mandatory in the European Union. Accordingly, these interim consolidated financial statements as of 31 March 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting and are presented in a condensed form compared to the consolidated financial statements. The IFRS comprise the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRS IC) and the interpretations of the Standing Interpretation Committee (SIC). The accounts of the Biotest Group are prepared in accordance with the IFRS which are mandatory for financial years beginning on 1 January 2014.

These interim consolidated financial statements were approved for publication by the Board of Management on 7 May 2014.

RECONCILIATION OF TOTAL SEGMENT RESULTS TO EARNINGS AFTER TAXES OF THE BIOTEST GROUP

in € million	Q1 2014	Q1 2013
Operating profit (EBIT)	**10.7**	**11.8**
Financial result	−2.9	−0.8
Earnings before taxes (EBT)	**7.8**	**11.0**
Income taxes	−2.8	−4.0
Earnings after taxes (EAT)	**5.0**	**7.0**

SEGMENT REPORTING

of the Biotest Group for the period from 1 January to 31 March 2014

	Revenue			EBIT		
in € million	Q1 2014	Q1 2013	Change in %	Q1 2014	Q1 2013	Change in %
Therapy	93.0	91.3	1.9	7.1	7.1	0.0
Plasma & Services	27.5	26.0	5.8	4.5	5.5	−18.2
Other Segments	1.7	1.4	21.4	−0.9	−0.8	−12.5
Biotest Group	**122.2**	**118.7**	**2.9**	**10.7**	**11.8**	**−9.3**

	Revenue from third parties by customer's geographical location		
in € million	Q1 2014	Q1 2013	Change in %
Germany	22.7	22.3	1.8
Rest of Europe	42.8	38.4	11.5
North and South America	20.6	19.4	6.2
Asia	34.0	36.5	−6.8
Rest of world	2.1	2.1	0.0
Biotest Group	**122.2**	**118.7**	**2.9**

QUARTER-TO-QUARTER COMPARISON
by business segments

	Revenue				
in € million	**Q1/2014**	Q4/2013	Q3/2013	Q2/2013	Q1/2013
Therapy	93.0	102.1	98.6	94.2	91.3
Plasma & Services	27.5	26.4	24.1	26.0	26.0
Other Segments	1.7	4.8	1.5	4.4	1.4
Biotest Group	**122.2**	**133.3**	**124.2**	**124.6**	**118.7**

	EBIT				
in € million	**Q1/2014**	Q4/2013	Q3/2013	Q2/2013	Q1/2013
Therapy	7.1	7.3	11.1	6.6	7.1
Plasma & Services	4.5	7.1	4.1	7.0	5.5
Other Segments	−0.9	−0.5	−1.2	0.5	−0.8
Biotest Group	**10.7**	**13.9**	**14.0**	**14.1**	**11.8**
EBIT in % of sales	*8.8*	*10.4*	*11.3*	*11.3*	*9.9*
Earnings before taxes	**7.8**	**11.8**	**12.6**	**12.4**	**11.0**

OTHER NOTE DISCLOSURE

Schedule of assets – net presentation

in € million	Carrying amount as of 31 December 2013	Additions	Net disposals	Depreciation and amortisation	Currency translation differences	Carrying amount as of 31 March 2014
Intangible assets	48.1	0.5	−0.1	−1.4	0.0	47.1
Property, plant & equipment	254.9	6.0	0.0	−6.4	0.0	254.5
Total	**303.0**	**6.5**	**−0.1**	**−7.8**	**0.0**	**301.6**

As of 31 March 2014, the Biotest Group had commitments to acquire fixed assets in the amount of € 16.4 million.

Employees
by operating functions

full-time equivalents	**31 March 2014**	31 December 2013	Change in %
Marketing and distribution	202	201	0.5
Administration	229	223	2.7
Production	1,485	1,402	5.9
Research and development	174	171	1.8
Biotest Group	**2,090**	**1,997**	**4.7**

Financial instruments as of 31 March 2014

in € million	Carrying amount	Fair value
Assets		
Trade receivables	123.5	123.5
Other assets		
Other receivables	12.8	12.8
Derivatives not designated as a hedging instrument	0.0	0.0
Other financial investments	20.1	20.1
Equity and liabilities		
Trade payables	44.8	44.8
Financial liabilities	246.1	250.1
Other liabilities	33.3	33.3

Fair value hierarchy

The financial instruments recognised at fair value in the statement of financial position are to be assigned under IFRS 7.27A to a three-level fair value measurement hierarchy. Fair value hierarchy levels are described below:

Level 1: quoted prices for identical assets or liabilities in active markets,

Level 2: information other than quoted prices that is directly (such as prices) or indirectly (such as derived from prices) observable, and

Level 3: information on assets and liabilities that is not based on observable market data.

The fair values of trade receivables and trade payables, other receivables and liabilities are assumed to be equal to their carrying values due to their short maturities.

In the case of derivative financial assets, the mark-to-market measurement performed is based on quoted exchange rates and yield curve structures obtainable on the market. Fair value classification takes place in hierarchy level 2.

The fair of financial liabilities are measured as the present values of payments relating to the debt based on the respective applicable yield curve as well as the analysed credit spread curve for each currency.

In determining fair value, counterparty risk was taken into account via an add-on approach. The currency basis spread was also taken into consideration.

BUSINESS RELATIONSHIPS WITH RELATED PARTIES AND/OR COMPANIES

Biotest Group maintains reportable relationships with its associate BioDarou P.J.S. Co., Teheran/Iran and its subsidiary, Plasma Gostar Pars P.J.S, Teheran/Iran.

Both companies acquired goods and services totalling € 2.1 million from Biotest in the first three months. The amount due to Biotest from BioDarou P.J.S. Co. Plasma Gostar Pars P.J.S Co. amounted to € 6.7 million at 31 March 2014.

As a related party of the Biotest Group, Kreissparkasse Biberach maintains the employees' custody accounts as part of the Long Term Incentive Programme.

Apart from these business relationships, no material transactions were conducted with related parties during the reporting period.

EVENTS AFTER THE REPORTING DATE

In 2013 the Italian health authorities asserted a claim for the reimbursement of Zutectra® sales generated in 2011 and 2012, against which our Italian subsidiary, Biotest Italia S.r.l, bought an action. The action was fully upheld with convincing arguments. The Italian health authorities have now appealed against this ruling. According to an assessment of our Italian lawyers the Italian health authorities' appeal against the ruling will not be successful. Biotest agrees with this assessment.

Dreieich, 7 May 2014
Biotest Aktiengesellschaft
Board of Management

Prof. Dr. Gregor Schulz
Chairman of the Board of Management

Dr. Michael Ramroth
Member of the Board of Management

Dr. Georg Floß
Member of the Board of Management

FINANCIAL CALENDAR

12 August 2014
Q2 2014 quarterly report

12 November 2014
Q3 2014 quarterly report

12 November 2014
Analyst conference

IMPRINT

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This quarterly report 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 of this quarterly report. Biotest does not intend to update the forward-looking statements and assumes no obligation to do so.