Biotest

From Nature for Life

HALF-YEAR REPORT 2018 BIOTEST AG

KEY FIGURES

BIOTEST GROUP		H1 2018	H1 2017	Change in %
Revenue	€ million	**200.7**	170.1	18.0
thereof:				
Germany	€ million	**53.8**	53.0	1.5
Rest of world	€ million	**146.9**	117.1	25.4
thereof:				
Therapy	€ million	**172.8**	135.5	27.5
Plasma & Services	€ million	**24.8**	31.8	–22.0
Other Segments	€ million	**3.1**	2.8	10.7
EBITDA	€ million	**12.7**	–22.6	156.2
Operating profit (EBIT)	€ million	**0.6**	–32.1	101.9
EBIT in % of revenue	*%*	***0.3***	*–18.9*	–
Earnings before taxes in continuing operations	€ million	**–10.1**	–40.3	74.9
Earnings after taxes in continuing operations	€ million	**–8.0**	–30.2	73.5
Earnings after taxes from discontinued operations	€ million	**193.7**	12.4	1.462.1
Earnings after taxes (Total)	€ million	**185.7**	–17.8	
Financing				
Cash flow from operating activities from continuing operations	€ million	**–51.7**	–28.1	43.1
Depreciation and amortisation	€ million	**12.1**	9.5	27.4
		30 June 2018	31 December 2017	
Equity	€ million	**499.0**	347.8	43.5
Equity ratio	*%*	***37.4***	*35.5*	–
Employees (full-time equivalents)	amount	**1,620**	1,659	–2.4

CONTENTS

Dear Shareholders,

We have continued the positive development from the first three months of the year during the second quarter of 2018. Over the first six months of the year, Biotest Group markedly improved its sales and its operating profit (EBIT) compared to the same period of the previous year. As in the previous year, the EBIT of € 0.6 million for the first six months of 2018 includes significant expenses for our Biotest Next Level expansion project of € 23.7 million to double the production capacity at the Dreieich site.

Creat completed its takeover of Biotest in late January 2018. In the context of the approval from American authority CFIUS (Committee on Foreign Investment in the United States) for the takeover, Biotest signed an agreement on the sale of its US companies. The Federal Trade Commission (FTC), the U.S. antitrust authority, approved the transaction on July 31, 2018. The approval was becoming apparent in June, so that the estimated disposal gain of € 158 million as of June 30, 2018 was recognized in discontinued operations in the first half of the year.

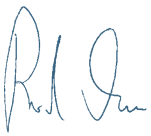
Positive study results were presented in May 2018 on the efficacy and safety of Cytotect® CP in the treatment of cytomegalovirus (CMV) infections in patients after haematopoietic (blood-forming) stem cell transplantation. Roughly 40,000 of these transplantations are performed each year in Europe, giving rise to a considerable number of CMV infections. The authors of the study suggest that Cytotect® CP be considered not only as the last possible treatment, but also as a prophylaxis. Cytotect® CP is sold in over 15 countries, and further marketing authorisations were granted in additional markets in August 2018.

Hannover Medical School also published a study with positive results. It shows that after a lung transplantation, the survival rate of patients with early development of donor specific antibodies can be significantly increased by administering Pentaglobin®, an IgM-enriched immunoglobulin. Biotest is the worldwide only manufacturer of an IgM-enriched immunoglobulin.

In the first six months of this financial year, important progress was made in the Biotest Next Level project. The first part of the plant for pre-production of IgG Next Generation passed the qualification and was transferred to Biotest. Additional parts of the plant will follow in the next few months. After that commissioning and validation stages for the IgG Next Generation process will take place.

Ensuring the supply of plasma for producing our drugs remains a high priority for Biotest. We opened our third Czech plasmapheresis centre in Brno in June. Biotest now operates 19 plasmapheresis centres in Europe.

This progress in the first half of the year makes us confident to achieve our projections for 2018 as a whole and our strategic targets.



Dr Bernhard Ehmer
Chairman of the Board of Management

INTERIM MANAGEMENT REPORT FOR THE BIOTEST GROUP AS OF 30 JUNE 2018

A. GROUP PRINCIPLES

I. BUSINESS MODEL OF THE GROUP

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

The Biotest Group is engaged in research and development in all three therapeutic areas. Biotest covers all material steps of the value chain from pre-clinical and clinical development to global distribution.

A. SEGMENTS OF THE BIOTEST GROUP

The Company's operations are divided into the segments Therapy, Plasma & Services and Other Segments. The Therapy segment includes products and development projects assigned to the three above-mentioned therapeutic areas. Plasma sales and toll manufacturing are combined in the Plasma & Services segment. Biotest reports on its merchandise business and cross-divisional costs not allocated to the Therapy or Plasma & Services segments in Other Segments.

All plasma collection activities of Biotest Pharmaceuticals Corporation (BPC), Boca Raton, USA, and Biotest US Corporation, Boca Raton, USA, which were previously shown in the Plasma & Services segment, were removed from the consolidated Biotest Group due to the sale of these companies and the related transfer of shares to a US trustee on January 19, 2018. The activities of these US companies as well as all expenses and income associated with their sale is shown as discontinued operation. The previous year's figures were adjusted accordingly.

Unless stated otherwise, the information and explanatory notes provided in this Half-Year Report refer to the continuing operations.

B. HUMAN RESOURCES

The Biotest Group employed 1,620 persons expressed as full time equivalents on 30 June 2018. As compared to the end of the 2017 financial year, the number of employees is down by 2.4 % with 1,659 FTEs.

II. GROUP STRATEGY

The core element of Biotest's strategy is a clear focus on the commercialization and development of plasma proteins. In addition to continuously advancing its own research and development pipeline, the company's focus is on registration and marketing authorisation activities for the internationalisation and diversification of its portfolio.

In order to participate in future global market growth, the Biotest Group has been expanding its production capacity at its headquarters at Dreieich since 2013. Under the Biotest Next Level project, the product portfolio will be expanded and production capacity doubled by 2021. In future, five instead of three proteins will be obtained from the raw material of plasma while increasing yield simultaneously; this will further strengthen profitability and hence the competitiveness of the Company on global markets and thus lay the foundation for further profitable growth of the Group.

In addition to blood plasma products, Biotest is developing monoclonal antibodies, which are produced by biotechnological methods. After the next clinical milestones are reached, these development programmes are to be partnered in a value-generating manner. Furthermore, Biotest is actively looking for development and/or distribution partnerships for selected plasma proteins as well.

The core element in implementing Biotest´s corporate strategy is utilising internal resources to cover key parts of the value chain. These include research and development, plasma collection, production, quality assurance and distribution. The existing expertise, especially in the areas of plasma collection and fractionation, is also used to offer available capacity for toll manufacturing on the market.

III. RESEARCH AND DEVELOPMENT (GENERAL)

Within the corporate strategy, the research and development area, among others, is the basis of future growth of the Biotest Group. Substantial potential is offered by the ongoing development of existing products and of new products. The focus in research and development projects is on plasma proteins. Biotest will continue its ongoing development activities concerning monoclonal antibodies until the next milestone is reached. Further activities will be carried out only if a partner is found.

A detailed schedule of the progress made in the research and development projects in the first half of 2018 can be found in the "Research and development" section of the economic report.

Biotest's research and development costs in continuing operations amounted to € 22.8 million in the first half of 2018 (same period of the previous year: € 26.6 million). € 20.3 million of this related to plasma proteins and € 2.5 million to monoclonal antibodies. These expenses amounted to 11.4 % of sales after 15.6 % in the same period of the previous year. The number of employees (converted into FTEs) in Research and Development was 178 as of 30 June 2018, which was lower compared to the 183 FTEs (continuing operations) as of 31 December 2017.

B. ECONOMIC REPORT

I. BUSINESS AND GENERAL FRAMEWORK

Based on the information published by the Bundesministerium für Wirtschaft und Energie (BMWi) (German Federal Ministry of Economics and Energy) up until July 2018, quarter-over-quarter gross domestic product growth was 0.3 % for the first quarter of 2018 after adjusting for inflation, calendar and seasonal effects. Although the German economy was thus expanding in the first three months of this year, the average quarterly GDP growth of +0.7 % in 2017 was far from being met. The German economy started the second quarter of 2018 cautiously, which included having 1.7 % less industrial production in April than the previous period and 2.5 % fewer incoming orders in manufacturing. In particular, the foreign economic developments had a dampening effect according to the assessment of BMWi. In particular the foreign policy and trade policy of the United Stated and the formation of a government in Italy increased uncertainty and risks regarding future economic development. According to BMWi, a hesitant approach was especially noticeable in investment decisions. According to the assessment of BMWi the trade dispute between USA and China/Europe remains uncertain, and it is thus a considerable risk for future economic developments. It is generally expected that the buoyancy of the German economy will prevail and gradually increase in impact.[1]

After adjustment for inflation, the German government anticipates further expansion of 2.3 % for 2018.[2] In its latest assessment, the International Monetary Fund (IMF) lowered its GDP growth forecast for Germany to +2.2 % in 2018 after having forecasted growth of 2.5 % in April. According to the IMF, the main cause for this correction was that economic activity in Germany was weakened more heavily than anticipated in the first quarter.[3]

[1] *Federal Ministry of Economics and Energy (2018), Highlights of Economic Policy. June 2018 monthly report*

[2] *Federal Ministry of Economics and Energy (2018), press release on the German government's spring forecast*

[3] *International Monetary Fund (2018), World Economic Outlook Update July*

In its summer forecast, the EU Commission anticipates that both the 28 member states and the euro zone will have further growth of 2.1 % in real GDP during 2018, down from 2.4 % in 2017. In its spring forecast the EU Commission was still projecting growth of 2.3 % for 2018. The EU Commission believes that the main obstacle for economic development is the ongoing trade tension. Although the direct economic impacts have been limited thus far, they are indirectly contributing to more cautious development due to the increasing uncertainty among stakeholders since it is investment decisions that are particularly hurt by increasing uncertainty.[4]

In the assessment of the IMF, the global economy is currently still on track for growth. Its July forecast still projects 2018 global growth to rise to 3.9 % after a growth rate of 3.7 % in 2017. However, the IMF currently considers the risks of weaker economic development to outweigh the prospects for accelerated growth. Higher tariffs announced by and expected from the United States as well as retaliatory measures by its trade partners have increased the likelihood that the trade dispute will escalate.

In its latest forecast for 2018, the IMF projects real GDP growth of 2.9 % (2017: +2.3 %) for the US, slightly slower growth than the previous year for China of 6.6 % (2017: +6.9 %), 1.6 % growth for the region of Latin America and the Caribbean (2017: +0.3 %) and growth of 3.5 % for the region of Middle East, North Africa, Afghanistan and Pakistan (2017: +2.2 %).[5]

Due to the high level of medical need for plasma protein products throughout the world, the Biotest Group is only marginally dependent on global economic cycles. However, it cannot be ruled out that operating business will be impacted, particularly by local crises and exchange rate fluctuations.

[4] *European Commission (2018), European Economic Forecast. Summer 2018*

[5] *International Monetary Fund (July 2018), World Economic Outlook Update*

II. INDUSTRY-SPECIFIC FRAMEWORK

Immunoglobulins and albumins, the best-selling products of the Biotest Group, are showing stable growth in the global market environment. This is true for the established markets such as the US and Europe as well as for other regions of the world. For example, industry experts expect the market for immunoglobulins (IgG) to see a long-term global increase in demand of between 7 % and 8 % annually.[6] To meet this growing demand, the industry is collecting more blood plasma. In the US, for example, the volume of blood plasma collected rose by around 11 % in the previous year compared to the same period in year before that.[7] The industry is also increasing the plasma collection volume in preparation for the additional fractionation capacities that are being built worldwide at this time. Biotest Group will participate in this growth trend by doubling its capacity.

EU prices for intravenous immunoglobulins (IVIG) are still significantly under the US price level.[8] The market volume for immunoglobulins in the US increased more than average in 2017.[9] Market volumes in Europe in 2017 developed as expected, albeit with weaker growth than in the US.[10] Also the German market also showed positive development last year in terms of sales volumes – for registered physicians as well as for hospitals.[11]

The average price in German hospitals showed a stable development in 2017.[12] The long-term growth of the albumin market is estimated to be 5 % per year.[13] Demand for plasmatic factor VIII products is also continuing to grow. This development is being driven in particular by factor VIII therapies becoming increasingly established in the emerging economies. Haemophilia patients do not yet have access to treatment with clotting factors in many of these countries. The global market for plasmatic factor VIII products is expected to grow by between 1 % and 2 % p. a. until 2020.[14] The recombinant segment is characterised by the introduction of new factor VIII products, which could intensify competition and thereby significantly increase price pressure in the market. In future, the market launch of new alternatives to factor VIII therapy will slow down the growth of the factor VIII market, especially in the US and Europe.

[6] *Biotest Market and Pricing Insights based on MRB (2014, 2015, 2016), PPTA (2017), Markets and Markets (2017).*

[7] *Plasma Protein Therapeutics Association (PPTA) (2018)*

[8] *US Centers for Medicare & Medicaid Services, IQVIA*

[9] *Plasma Protein Therapeutics Association (PPTA) (2018)*

[10] *Insight Health, IQVIA, PPTA (2018)*

[11] *Insight Health, IQVIA*

[12] *IQVIA*

[13] *Biotest Market and Pricing Insights based on MRB (2015)*

[14] *Biotest Market and Pricing Insights based on MRB (2016)*

III. BUSINESS PERFORMANCE

A. AT A GLANCE

Unless stated otherwise, the following figures relate exclusively to the continuing operations. The previous year's figures have been adjusted accordingly.

In the first half of 2018, the Biotest Group reported revenue of € 200.7 million. This is an increase of 18.0 % over the € 170.1 million in sales during the same period of the previous year. In particular, the product recall of human albumin and its limited availability as well as the postponement of tender deliveries had a negative effect on the development of sales in the first half of the previous year.

EBIT at Group level in the first half of 2018 came in at € 0.6 million (previous year: € –32.1 million).

As announced, during the first half of 2018 Biotest further expanded its network of the Group's own plasma collection centres in Europe. In the first half of 2018, Biotest opened two plasmacollection centres in Czechia. Now there are 19 collection centres in total in Europe to ensure the long-term supply of plasma.

The major expansion project Biotest Next Level was further advanced in the first half year of 2018. Contamination in the ultra-pure media systems discovered during commissioning were removed using intensive cleaning activities. Commissioning of the systems which had been interrupted was resumed in the second quarter and the first process system for purification of IgG Next Generation was successfully qualified in June 2018 and transferred to Biotest.

Upon closing of the public takeover bid for Biotest AG shares announced on 18 May 2017, Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany (Tiancheng) – a company indirectly controlled by Creat Group Co. Ltd., Nanchang, People's Republic of China (Creat) – holds a majority stake (approximately 90 % of the ordinary shares with voting rights of Biotest AG) in Biotest AG since 31 January 2018. A change of control under company law thus occurred on 31 January 2018 for Biotest AG and indirectly for Biotest Pharma GmbH.

In the context of the foreign trade approval from American authority CFIUS (Committee on Foreign Investment in the United States) for the takeover, Biotest signed an agreement on the sale of its US companies Biotest Pharmaceuticals Corporation, Boca Raton, USA, (BPC) and Biotest US Corporation, Boca Raton, USA. Until the closing of this sale, Biotest AG transferred the US companies to a US trust on 19 January 2018. As a result of the transfer to the US trustee, the conditions for including the US companies in the consolidated financial statements were no longer met, and as result, the US companies were removed from the consolidated Biotest Group. The business attributable to these companies was qualified as "discontinued operations".

With the approval of the American anti-trust authority FTC (Federal Trade Commission) on 31 July 2018, it was possible to finalise the sale to Grifols Shared Services North America, Inc., a subsidiary of Grifols S.A., Barcelona, Spain. Biotest will receive a purchase price of USD 286 million. The provisional disposal gains will amount to € 158 million.

US authority CFIUS had already approved the sale of US companies Biotest Pharmaceuticals Corporation, Boca Raton, USA, and Biotest US Corporation, Boca Raton, USA, at the end of April 2018.

In conjunction with sale of the US business, BPC and its former parent company, Biotest AG, signed a Share Transfer, Amendment and Release Agreement with ADMA Biologics, Inc. (ADMA) on 14 May 2018. Thereafter, BPC transferred all non-voting common stock in ADMA to ADMA. In return, ADMA waived, among other things, BPC's rights to repurchase two ADMA plasma collection centres from BPC as well as potential indemnification claims against BPC and Biotest connected to the original master purchase agreement.

On 8 February 2018, Tiancheng informed Biotest AG that it intends to enter into a domination and profit and loss transfer agreement pursuant to Section 291 para. 1 of the German Stock Corporation Act (AktG) with Biotest AG as the dominated and profit transferring company and Tiancheng as dominating company, which is authorised to receive the profit transfer, and to vote in favour of such domination and profit and loss transfer agreement in a general shareholders meeting of Biotest AG. Tiancheng is still evaluating this intention.

In the first quarter of 2018, Creat notified Biotest that it was considering to integrate Tiancheng International Investment Limited, Hong Kong – the majority shareholder in Biotest AG's voting capital – in Shanghai RAAS Blood Products Co., Ltd., Shanghai, People's Republic of China as part of a capital increase. The respective preparations are currently underway.

B. RESEARCH AND DEVELOPMENT

The costs of research and development in continuing operations decreased by 14.3 % to € 22.8 million in the first half of 2018 (same period of the previous year: € 26.6 million).

Development projects with plasma proteins accounted for 89.0 % of this figure (same period of the previous year: 86.4 %).

Biotest made further progress in the following research and development products in the period from January to June 2018:

Therapeutic area Haematology

Indatuximab ravtansine (BT-062): For the phase I/IIa clinical trial (no. 989) on triple-receptor negative metastasised breast cancer and metastasised bladder cancer the patient follow up was completed in 2017 and the trial was analysed. The clinical trial confirms the good safety profile of BT-062 and presents initial encouraging indications of efficacy in these severely ill patients for whom the options for further treatment of their cancer have largely been exhausted. Publication of the data is being prepared.

When combined with chemotherapy, BT-062 also shows synergetic efficacy in a tumour mouse model for triple-negative breast cancer that is particularly difficult to treat.

Clinical data on combined treatment using BT-062 and Lenalidomide or Pomalidomide and Dexamethasone in multiple myeloma (phase I/IIa clinical trial no. 983) from a period of nearly six years are now available. They show that BT-062 treatment in these patient groups combined with Lenalidomide or Pomalidomide and Dexamethasone results in a good response rate to the treatment. The study is ongoing since some patients have benefited from treatment using the drug combination for over four years.

Therapeutic area Clinical Immunology

IgG Next Generation: The immunoglobulin G product IgG Next Generation is being developed to treat primary immune deficiencies, secondary antibody deficiency syndromes and several autoimmune diseases. In the previous year a new production process was developed for this project with significantly higher yields and further improved product properties. In the long term, IgG Next Generation will replace the existing product Intratect® as a global product and will be the "master product" for the new Biotest Next Level manufacturing facility. Two pivotal studies of IgG Next Generation are currently underway in several European countries and in the US: Firstly a phase III clinical trial (no. 991) on the treatment of patients with primary immune deficiencies (PID) and secondly a phase III clinical trial (no. 992) on the treatment of immune thrombocytopenia (ITP). In clinical trial no. 991, the recruitment of adults has already been completed, while children are still being included in the study. The European Medicines Agency (EMA) agreed with the positive recommendation of the Paediatric Committee (PDCO) regarding the paediatric development plan (PIP) for the indications PID and ITP. The U.S. Food and Drug Administration (FDA) has approved the submitted Pediatric Study Plan (PSP) for the indication PID as well. Another paediatric study for this indication can be avoided by including more children in PID study no. 991. Patient recruitment is still ongoing in study no. 992. The preparations for transferring the IgG process to the new Biotest Next Level plant are ongoing according to plan.

BT-063: In the ongoing phase IIa clinical trial (no. 990), the safety and tolerability of the monoclonal antibody BT-063 are studied in the lead indication of systemic lupus erythematosus (SLE), and initial data were collected on efficacy. The phase IIa clinical trial (no. 990) is currently being analysed. The study report is now being drafted and publication of the data is being prepared.

Zutectra®: Since 2009, the preparation Zutectra® has been approved in the European Union for prevention of hepatitis B virus (HBV) reinfection in patients after liver transplantation due to HBV-induced liver failure. Worldwide, it is the first subcutaneously hepatitis B immunoglobulin to be applied viaa prefilled syringe suitable for self-treatment at home.

Cytotect®: Cytomegalovirus (CMV) infection is a frequent in patients after a haematopoietic (blood-forming) stem cell transplantation (HSCT) complication that leads to a substantial number of infections and cases of death. Some 40,000 HSCTs are performed in Europe each year, in most cases to treat certain types of blood cancer, such as myeloma or leukaemia. A

recently published retrospective data collection from France highlights the benefits of Cytotect® in treating CMV in HSCT patients. High-risk patients were treated with Cytotect® after antiviral drugs failed. The published overall response rate in patients was 78 % . In particular, CMV infection was eliminated in the blood in 70 % of all cases, which is an excellent result given the prior failure of alternative treatment approaches in these patients.

Therapeutic area Intensive Care Medicine

Trimodulin (IgM Concentrate): The finalised phase II clinical trial ("Cigma", no. 982) released in June 2015 investigating the use of Trimodulin (IgM Concentrate) in severe community-acquired pneumonia was published in full in the renowned scientific journal "Intensive Care Medicine".

Preparations are currently underway to start the phase III clinical trial with Trimodulin (IgM Concentrate). The clinical trial design has already been approved by the relevant authorities (EMA, FDA, Paul-Ehrlich-Institut).

Fibrinogen: In March 2018, the first patient with acquired fibrinogen deficiency was treated in the clinical phase III clinical trial "ADFirst" (no. 995). The ongoing phase I/III clinical trial (no. 984) in the treatment of patients with congenital fibrinogen deficiency is proceeding as planned. The EMA has already approved the paediatric development plan to treat children under 6 years of age in this study and the first children have already been included.

Pentaglobin®: In the first quarter of 2018, the first patient was added to the PERFORM registry (Pentaglobin® Registry For Outcome Report and Monitoring) – a non-interventional study to assess the efficacy and safety of Pentaglobin® in adult patients with life-threatening severe bacterial infections or sepsis. Biotest supports the PERFORM registry, which was initiated by the Center for Clinical Studies at Jena University Hospital.

A recently published study by Medizinische Hochschule Hannover (Hannover Medical School) showed that the rate of survival in patients with early development of donor specific antibodies (DSA) after lung transplantation was significantly increased by administering Pentaglobin® (IgM-enriched immunoglobulin).

In lung transplantation, the development of donor specific antibodies (DSA) significantly increases the mortality risk and the risk of organ rejection. Between 20 and 30 % of all patients with lung transplantations develop DSA. So far, there is no established treatment in lung transplantations.

In the Pentaglobin® group (128 patients) the 94 % rate of survival after one years was comparable with that of patients without development of DSA (452 patients) and significantly higher than the 79 % rate of survival in the historical comparison group (57 patients with development of DSA), who were treated with therapeutic plasma exchange. The relative reduction of the mortality rate after one year was over 70 %.

C. MARKETING AND DISTRIBUTION

Therapeutic area Clinical Immunology

Biotest received the **Fovepta®** and **Hepatect®** CP marketing authorisations for Jordan in May 2018.

Fovepta® received marketing authorisation by the Gulf Central Committee for Drug Registration in June 2018. In addition, initial sales were generated in Lebanon via the new distributor.

An expansion of the marketing authorisation for **Cytotect®** was submitted in a mutual recognition procedure (MRP) for the countries of Spain, Croatia, Slovenia and Poland.

Therapeutic area Haematology

Biotest received marketing authorisations for **Haemoctin®** SDH in Morocco and Palestine as well as a renewal of the marketing authorisation for Haemonine® in Iran.

Plasma & Services

In January 2018, Biotest opened the second Czech plasma-collection centre in Břeclav. Biotest received the operating licence for the third plasmacollection centre in Brno, Czechia, in June 2018. As of 30 June 2018, Biotest operates 19 plasma collection centres in Europe.

IV. PRESENTATION OF RESULTS OF OPERATIONS, FINANCIAL POSITION AND CASH FLOW

A. RESULT OF OPERATIONS

In the first half year of 2018, the Biotest Group generated revenue of € 200.7 million, after € 170.1 million in the same period of the previous year. Previous-year revenue was negatively impacted by credit notes for the recall of human albumin, particularly in the core segment Therapy. As a result, revenue in this segment increased 27.5 % to € 172.8 million, after € 135.5 million in the previous year. The revenue decrease in the Plasma & Services segment is due primarily to the general economic situation in the Near East and to the discontinuation of a toll manufacturing contract with a long-term customer.

SALES BY SEGMENT

in € million	**H1 2018**	H1 2017	Change in %
Therapy	172.8	135.5	27.5
Plasma & Services	24.8	31.8	–22.0
Other Segments	3.1	2.8	10.7
Biotest Group	**200.7**	**170.1**	**18.0**

In addition to the segments, which present both the type of sales and the underlying contract types, sales are also broken down geographically. Since the current 2018 financial year, Biotest has been reporting in four sales regions worldwide instead of previously six regions. The "Central Europe" sales region covers the countries Germany, Austria, Switzerland and Hungary. The "Eastern and South Europe" sales region covers the countries Italy, Spain, Portugal, Cyprus, Malta, the Balkan countries, Palestine, Israel, Poland, the Czech Republic, Slovakia, Bulgaria, Romania and Turkey. The "Intercontinental" sales region covers Latin America, Russia, China, the Regional Cooperation Council (RCC), North Europe, Asia-Pacific, as well as the United Kingdom and Brazil. The "Middle East, Africa and France" segment covers the regions named as well as the Indian subcontinent.

In the first six months of 2018, Biotest generated sales growth in all four regions. With sales of € 74.4 million, the Central Europe region made the largest contribution to sales.

SALES BY REGION

in € million	**H1 2018**	H1 2017	Change in %
Central Europe	74.4	69.7	6.7
Eastern and Southern Europe	35.1	28.7	22.3
Intercontinental	36.6	33.1	10.6
Middle East, Africa and France	54.6	38.6	41.5
Biotest Group	**200.7**	**170.1**	**18.0**

Discontinued operations generated sales of € 6.0 million in the first six months of the 2018 financial year 2018.

In the continuing operations cost of sales rose proportional to sales to € 136.8 million in the first half of 2018 after € 124.4 million in the same period of the previous year.

Marketing and distribution costs amounted to € 25.6 million for the first six months of the 2018 financial year, down by € 1.3 million or 4.8 % on the previous year's figure of € 26.9 million. The main reason for lower marketing and distribution costs was the restructuring and realignment of the sales organisation.

The administrative expenses of the Biotest Group amounted to € 16.0 million in the first half of 2018 after € 23.6 million in the first half of 2017. The considerable reduction of 32.2 % is essentially due to expenses for consultancy services recognised in the previous year in connection with the takeover of Biotest AG by the Creat Group.

Research and development costs of € 22.8 million were incurred in the first six months of the 2018 financial year, compared to € 26.6 million in the same period of the previous year. A key factor for the 14.3 % reduction was the supply of less clinical test material for IgG Next Generation thanin the previous year. In addition, the previous-year figures included expenses for preparing for the start of the clinical phase III study with Trimodulin (IgM-Concentrate), which has not yet taken place.

KEY INCOME STATEMENT ITEMS OF THE BIOTEST GROUP*

in € million	H1 2018	% of sales	H1 2017	% of sales
Cost of sales	–136.8	68.2	–124.4	73.1
Marketing and distribution costs	–25.6	12.8	–26.9	15.8
Administrative expenses	–16.0	8.0	–23.6	13.9
Research and development costs	–22.8	11.4	–26.6	15.6
Other operating income and expenses	1.0	0.5	–0.7	0.4
Financial result	–7.4	3.7	–8.2	4.8

* Costs/expenses are denoted with a negative sign

EBIT in continuing operations was € 0.6 million in the first half year of 2018 (same period of the previous year: € –32.1 million). The EBIT of the first half year includes expenses for the Biotest Next Level project of € 23.7 million (same period of the previous year: € 25.8 million). The EBIT in the previous year was also negatively impact by the albumin recall. For the first six months of the current financial year, the EBIT margin was 0.3 % after –18.9 % in the same period of the previous year. In the core segment Therapy, which was considerably impacted by the negative effect of the human albumin recall in the last financial year, EBIT was positive at € 1.3 million in the first six months of the 2018 financial year (same period of the previous year: € –25.5 million).

EBIT BY SEGMENT

in € million	H1 2018	H1 2017	Change in %
Therapy	1.3	–25.5	105.1
Plasma & Services	0.8	1.1	–27.3
Other Segments	–1.5	–7.7	80.5
Biotest Group	**0.6**	**–32.1**	**101.9**

In the Plasma & Services segment EBIT declined by 27.3 % to € 0.8 million (same period of the previous year: € 1.1 million), due to lower sales in the first half of 2018.

In the segment Other Segments, EBIT of the previous year was adversely impacted by expenses for consultancy services in connection with the takeover of Biotest AG by the Creat Group. As a result, EBIT for the first half of 2018 improved to € –1.5 million.

EBIT of discontinued operations amounted to € 193.9 million in the reporting period after € 12.4 million in the same period of the previous year. It was positively influenced with the recognition of the estimated disposal gains of approx. € 158 million and from foreign currency translation differences, which were previously recognized directly in equity under other comprehensive income and reclassified to profit and loss in connection with the deconsolidation of the US companies.

As there still may be adjustments of the purchase price until the sale is closed due to financial ratios which cannot be determined yet and due to valuation effects, this is an estimate of the disposal gains as at 30 June 2018. With closing the sale of the US businesses on 1 August 2018, a purchase price of USD 286 million was paid. For further details please refer to the supplementary report.

In the first half of 2018 the financial result of continuing operations was € –7.4 million after € –8.2 million in the same period of the previous year.

This resulted in earnings before taxes (EBT) of € –10.1 million for the Biotest Group's continuing operations, compared to € –40.3 million in the previous year.

Earnings after taxes of discontinued operations was € –8.0 million (same period of the previous year: € –30.2 million).

Earnings after taxes of discontinued operations amounted to € 193.7 million in the first half of 2018 after € 12.3 million in the comparable period of the previous year.

In the first half year of 2018, Biotest Group's total earnings after taxes (EAT) was € 185.7 million (same period of the previous year: € –17.8 million). This results in earnings per share of € 4.68 after € –0.46 in the first half of the previous year.

KEY PERFORMANCE FIGURES OF THE BIOTEST GROUP

in € million	H1 2018	H1 2017	Change in %
EBIT	0,6	–32,1	101,9
EBT	–10,1	–40,3	74,9
EAT	–8,0	–30,2	73,5

B. FINANCIAL POSITION

The Biotest Group's total assets increased from € 978.5 million as of 31 December 2017 to € 1,334.9 million as of 30 June 2018.

On the assets side, non-current assets increased from € 528.8 million as of 31 December 2017 to € 541.3 million as of 30 June 2018. This was mainly due to an increase in property, plant and equipment of 4.9 % to € 500.7 million (31 December 2017: € 477.1 million), which was primarily caused by the Biotest Next Level investment project at the Dreieich site.

Current assets increased considerably compared to the end of 2017 and amounted to € 793.6 million as of 30 June 2018 (31 December 2017: € 449.7 million). The increase was driven primarily by an increase in cash and cash equivalents and the first time recognition of a receivable from the US trust for the right to receive the divestiture proceeds from the sale of the US companies, which resulted in an increase in other financial assets.

Under equity and liabilities, due to the high profit for the period equity increased to € 499.0 million as of 30 June 2018 (31 December 2017: € 347.8 million). As a result, the equity ratio reached 37.4 %. Debt increased to € 835.9 million (31 December 2017: € 630.7 million). This was due primarily to the increase in non-current and current financial liabilities due to taking up two shareholder loans totalling € 340 million in the first half of 2018.

C. CASH FLOW

The Biotest Group reported negative operating cash flow for continuing operations of € –51.7 million the first six months of 2018 resulting from changes in working capital. In the same period of the previous year, operative cash flow amounted to € –28.1 million. Cash flow from investing activities for continuing operations amounted to € –12.7 million in the period from January to June 2018 (same period of the previous year: € 50.7 million). Cash flow from financing activities for continuing operations was € 206.8 million in the first half of 2018 and therefore above the previous year's level (same period of the previous year: € 58.8 million). Essentially, this was the result of taking up to two shareholder loans totalling € 340 million and the repayment of bank loans and promissory notes of € 150.7 million.

D. SUMMARY ASSESSMENT OF THE BUSINESS SITUATION OF THE COMPANY

Key factors impacting Biotest in the first six months are the takeover by Tiancheng (Germany) Pharmaceutical Holdings AG, Munich which belongs to the Creat Group (Tiancheng), the sale of the US business and progress in the Biotest Next Level expansion project.

On 19 January 2018, CFIUS granted foreign trade approval and at this point in time thus met the last remaining condition for the Tiancheng takeover offer. With the execution of the takeover offer, Biotest AG has been part of the Creat Group since 1 February 2018.

In the context of the approval by CFIUS, Biotest signed an agreement on the sale of its US companies Biotest Pharmaceuticals Corporation (BPC), Boca Raton, USA, and Biotest US Corporation, Boca Raton, USA. CFIUS and the American anti-trust authority FTC (Federal Trade Commission) have approved the sale of the two US companies. As of 30 June 2018, the estimated disposal gains from the sale of the US companies were recognised. For further details please refer to the supplementary report.

On 8 February 2018, Tiancheng announced it wanted to conclude a domination and profit and loss transfer agreement with Biotest AG. However, Tiancheng is still evaluating this intention.

Biotest wants to take advantage of the opportunities presented by belonging to the Creat Group. For this reason, in the first half of 2018 talks were initiated on synergy potential with the British plasma manufacturer Bio Products Laboratory Ltd., Elstree, Great Britain, which also belongs to the group.

The Biotest Next Level expansion project was pushed forward in the first six months of 2018. The contamination in den ultrapure media systems discovered during commissioning was removed with intensive cleaning activities. Commissioning of the systems which had been interrupted was resumed in the second quarter and the first process system for purification of IgG was successfully qualified in June and transferred to Biotest.

In the first half year of 2018, Biotest also opened two more plasma collection centres in the Czech Republic, thus further strengthening the long-term provision of blood plasma.

C. OUTLOOK, RISK AND OPPORTUNITIES REPORT

I. OUTLOOK REPORT

A. EXPECTED DEVELOPMENT OF THE MARKET ENVIRONMENT

Target markets

According to current studies, the worldwide demand for immunoglobulins (IgG) will continue to grow in the coming years by 7 % to 8 % annually.[15] Currently strong market demand is resulting in rising prices for these preparations.[16]

The plasma industry is reacting to ongoing high demand by developing additional plasma collection volume and fractionation capacities arising at plasma companies around the world and gradually making their way to market. The Biotest Group expects the global market volume also for plasmatic clotting factors to increase by approximately 1 % to 2 % p. a. until 2020.[17]

B. EXPECTED DEVELOPMENT OF THE BIOTEST GROUP

Expected business and earnings situation of the Biotest Group

For the 2018 financial year, the Board of Management expects sales of continuing operations to increase by a mid-single-digit percentage. Earnings will be influenced by various factors in 2018. Besides the deliberately further increased expenses as part of the Biotest Next Level (BNL) expansion project of € 60 to 70 million – including the associated research and development costs – the price pressure that is expected to persist in Europe in 2018 and the continued tense situation in the crisis regions, especially in the Middle East, could be noticeable.

Due to the above influences, the Board of Management anticipates EBIT of continuing operations in the range of € 10 to 12 million. Without the extraordinary impact from the BNL project, the adjusted EBIT would be approximately € 70 to 80 million. For 2018, the Board of Management expects a return on capital employed (ROCE) of approx. 1.2 % and cash flow from operating activities of approximately € 10 million.

Expected financial position and cash flows of the Biotest Group

The main focus of the Biotest Group will be on a balanced financing structure, both in terms of the ratio of debt to equity and the ratio of short-term to long-term debt financing. The Group has used and will continue to use a substantial portion of the cash and cash equivalents received over the last few years for the BNL project to finance the expansion of capacity at Dreieich.

Furthermore, the increase in current assets required for the sales growth must be financed. For the 2018 financial year, capital expenditure of approximately € 65 million is planned for the Biotest Group, of which a substantial portion is attributable to the Biotest Next Level project. However, there will also be further capital expenditure for expanding existing and adding new plasma centres in Europe. In addition to the organic growth described above and the financing thereof, partnerships could represent a future strategic option.

The acquisition of the majority of the shares of Biotest AG by Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany (Tiancheng), on 31 January 2018 resulted in a change of control, which affected the cash flow and financial position of Biotest and can also affect the cash flow and financial position of Biotest in future. For details, please refer to the corresponding statements in the supplementary report.

With execution of the takeover offer by Tiancheng, the existing loan agreements may be terminated in 2018 due to the change of control. As of 31 January 2018, Tiancheng granted Biotest a subordinated shareholder loan of € 190.0 million, with a term of 2 years, and on 8 June 2018 another subordinated shareholder loan in the amount of € 150.0 million with a term until 30 April 2020. Furthermore, the creditors confirmed a financing volume of € 298.8 million and USD 13.5 million, comprising loans, credits and approved operating credit lines, until 20 July 2018.

Within this period, Biotest will discuss the further financing with the creditors and Tiancheng. The purchasing price from the sale of the shares of the US companies Biotest Pharmaceuticals Corporation, Boca Raton, USA, and Biotest US Corporation, Boca Raton, USA, will be used to further reduce financial liabilities as well. For further details, please refer to the supplementary report.

[15] *Biotest Market and Pricing Insights based on MRB (2014, 2015, 2016), PPTA (2017), Markets and Markets (2017).*

[16] *IQVIA*

[17] *Biotest Market and Pricing Insights based on MRB (2016)*

II. RISK REPORT

The risk situation of the Biotest Group has changed as follows compared to the presentation in the 2017 annual report (pages 30 to 39):

The change of control executed on 31 January 2018 under company law at Biotest AG established grounds for termination or special repayment obligations according to the loan agreements. As a result, the remaining durations of financial liabilities has been reduced. This means that loans, credits and approved operating credit lines of up to € 487.5 million in the Biotest Group could therefore become due for payment over the course of 2018. As reported, the majority of lenders has agreed in an "agreement on the deferral of rights" to waive the right of termination due to the change of control until 20 July 2018. In return, Biotest has commited itself to take certain protective measures in favour of the lenders and to meet a financial ratio based on EBITDA. With the signing of such agreement on 29 August 2017, a financing volume of € 298.8 million and USD 13.5 million, consisting of loans, credits and approved operating credit lines, was secured.

Following the signing of the aforementioned agreement, the US business was sold in order to obtain CFIUS approval for completion of the takeover at the end of January 2018. Due to the sale of the US business the required financial ratio EBITDA of the continuing operations was not achieved in the first quarter of 2018, which could have triggered a special termination right for banks and lenders. At the beginning of May 2018, the required number of lenders decided not to adhere to this financial ratio. The agreement on the deferment of rights thus remained in force until 20 July 2018. Thereafter, the banks and lenders have the right to terminate the credits, loans and lines.

Therefore, upon expiration of the agreement with the lenders on 20 July 2018, special terminations and payment obligations from early repayment penalties may arise. For the current status, please refer to the supplementary report.

For the special termination rights already exercised, Tiancheng concluded a contract with Biotest on 28 August 2017 to grant a subordinated shareholder loan of € 190.0 million, with a term of two years from the date of drawing. The loan was granted to Biotest AG on 30 January 2018. In addition, on 8 June 2018, Biotest was granted an additional subordinated shareholder loan of € 150.0 million, with a term to 30 April 2020. The loan is for repaying loans to lenders which exercised their special termination rights after 20 July 2018.

In May 2018, US President Donald Trump announced that the US would withdraw from the nuclear deal with Iran. He reintroduced the sanctions against the country. This could have a negative impact on the value of Biotest's assets in the mid double-digit million range. The sanctions could also lead to a complete termination of business relations. The Board of Management currently assesses this risk as low.

III. OPPORTUNITIES REPORT

The opportunity situation of the Biotest Group has not changed significantly compared to the presentation in the 2017 annual report (pages 39 and 40). Please refer to the financial position in respect to the level of the disposal gains from the US business.

After approval from the British anti-trust authorities, initial talks have taken place between Biotest and Bio Products Laboratory Ltd., Elstree (London), UK, subsidiary of Tiancheng International, for assessing synergy effects.

D. SUPPLEMENTARY REPORT

To lenders who exercised their special termination rights as well as to lenders who did not accept the agreement on the deferral of rights as a result of the change of control on 29 August 2017 (the "Umbrella Agreement") after 20 July 2018, promissory notes of € 154.0 million and USD 36.5 million and a KfW loan of € 169.8 million were repaid until publication of the report. Contracts regarding short-term credit lines in the amount of € 97.5 million were cancelled by mutual agreement or were not extended. Prepayment penalties in connection with this change of the financing structure amounted to approximately € 8.5 million. Further special terminations in the amount of approx. € 33.4 million and payment obligations from prepayment penalties for promissory note loans may occur after the above-mentioned reference date.

For the special termination rights already exercised, Tiancheng concluded a contract with Biotest on 28 August 2017 to grant a subordinated shareholder loan of € 190.0 million, with a term of 2 years from the date of drawing. The loan was granted to Biotest AG on 30 January 2018. In addition, on 8 June 2018, Biotest was granted an additional subordinated shareholder loan of € 150.0 million, with a term to 30 April 2020. The loan is for repaying the loan to lenders which exercised their special termination rights after 20 July 2018.

For interim financing until the proceeds from the sale of the US companies were received, Biotest AG had taken out a loan of € 160.0 million on 18 July 2018 and this was fully repaid on 1 August 2018.

On 31 July 2018 the approval of the Federal Trade Commission (FTC), the U.S. antitrust authority, for the execution of the sale of Biotest US Corporation, Boca Raton, USA, and its operating subsidiary, Biotest Pharmaceuticals Corporation, Boca Raton, USA, to the acquiring company Grifols Shared Services North America Inc., a subsidiary of Grifols S.A., Barcelona, Spain, was granted. With the approval of the FTC, the last outstanding condition for the transfer of shares in the US companies was fulfilled.

As a result of the sale, Biotest AG received a purchase price of USD 286 million. The estimated disposal gain amounts to presumably € 158 million. With approval granted by the American authority CFIUS (Committee on Foreign Investment in the United States), Biotest AG concluded the agreement on the sale of its US companies in connection with the release of the public takeover bid of Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, the acquiring company of the Creat Group Corporation.

After receipt of the proceeds from the sale of the US business, the shareholder loan in the amount of € 50.0 million was partially repaid to the shareholder.

Until this sale was closed, Biotest AG had transferred the US companies to a US trustee. As part of the sale, various assets will temporarily remain with the US trustee or will be transferred to Biotest.

A significant factor influencing the calculation of pension obligations for people employed in Germany are mortality probabilities, which are determined using Heubeck mortality tables in version 2005G. On 20 July 2018, Heubeck AG published new mortality tables containing new mortality probabilities. To what extent these are generally applicable has not yet been determined. If the new mortality tables are generally accepted, Biotest assumes that this will not lead to a significant increase in pension obligations, which will be reflected in a change in equity not affecting profit or loss.

On 10 August 2018, the Biotest AG Supervisory Board again extended the Board of Management employment contract for Dr Ehmer to April 2019.

CONSOLIDATED STATEMENT OF INCOME

of the Biotest Group for the period from 1 January to 30 June 2018

in € million	Q2 2018	Q2 2017	H1 2018	H1 2017
Revenue	112.8	104.4	200.7	170.1
Cost of sales	–79.1	–60.9	–136.8	–124.4
Gross profit	**33.7**	**43.5**	**63.9**	**45.7**
Other operating income	2.2	0.5	3.0	1.1
Marketing and distribution costs	–13.2	–13.9	–25.6	–26.9
Administrative expenses	–7.4	–14.4	–16.0	–23.6
Research and development costs	–11.0	–13.6	–22.8	–26.6
Other operating expenses	–1.0	–0.9	–2.0	–1.8
Change of write downs on financial assets recognised at amortised cost	0.3	–	0.1	–
Operating profit	**3.6**	**1.2**	**0.6**	**–32.1**
Value adjustments on financial instruments recognised at fair value	–5.5	–	–3.3	–
Financial result	2.5	–6.6	–7.4	–8.2
Earnings before taxes	**0.7**	**–5.5**	**–10.1**	**–40.3**
Income taxes	–0.5	0.2	2.1	10.1
Earnings after taxes from continuing operations	**0.2**	**–5.2**	**–8.0**	**–30.2**
Earnings after taxes from discontinued operations	158.6	11.8	193.7	12.4
Earnings after taxes (Total)	**158.8**	**6.5**	**185.7**	**–17.8**
Attributable to:				
Equity holders of the parent	158.8	6.6	185.7	–17.9
thereof from continuing operations	0.2	–5.2	–8.0	–30.3
thereof from discontinued operations	158.6	11.8	193.7	12.4
Non-controlling interests	–	–	–	–
thereof from continuing operations	–	–	–	–
thereof from discontinued operations	–	–	–	–
Earnings per share in €	**4.01**	**0.15**	**4.68**	**–0.46**
thereof from continuing operations	0.01	–0.14	–0.21	–0.77
thereof from discontinued operations	4.00	0.29	4.88	0.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of the Biotest Group for the period from 1 January to 30 June 2018

in € million	H1 2018	H1 2017
Consolidated profit for the period	**185.7**	**–17.8**
Exchange difference on translation of foreign operations	–1.3	–3.4
Reclassification of foreign currency translation differences recognised in the statement of income.	–32.6	–
resulting income tax effect	–	–
Other comprehensive income, net of tax, reclassified to profit or loss or potentially to be reclassified to profit or loss in subsequent periods	**–33.9**	**–3.4**
Actuarial losses from defined benefit pension plans	–1.3	–
resulting income tax effect	–0.1	–
Other comprehensive income, net of tax, not to be reclassified to profit or loss in subsequent periods	**–1.4**	**–3.4**
Other comprehensive income, net of tax	**–35.3**	**–3.4**
Total comprehensive income, net of tax	**150.4**	**–21.2**
Attributable to:		
Equity holders of the parent	150.4	–21.2
Non-controlling interests	–	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of the Biotest Group as of 30 June 2018

in € million	30 June 2018	31 December 2017
ASSETS		
Non-current assets		
Intangible assets	16.2	16.6
Property, plant and equipment	500.7	477.1
Investments in joint ventures	2.3	2.3
Other assets	0.2	0.3
Other financial assets	0.2	13.0
Deferred tax assets	21.7	19.5
Total non-current assets	**541.3**	**528.8**
Current assets		
Inventories	166.0	146.9
Trade receivables	155.0	133.8
Current income tax assets	0.8	4.1
Other assets	10.8	10.5
Other financial assets	295.3	6.5
Cash and cash equivalents	165.7	22.3
Assets from discontinued operations	0.0	125.6
Total current assets	**793.6**	**449.7**
Total equity and liabilities	**1.334.9**	**978.5**
EQUITY AND LIABILITIES		
Equity		
Subscribed Capital	39.6	39.6
Share premium	219.8	219.8
Retained earnings	53.7	91.7
Share of profit or loss attributable to equity holders of the parent	185.7	–3.5
Equity attributable to equity holders of the parent	**498.8**	**347.6**
Non-controlling interests	0.2	0.2
Total equity	**499.0**	**347.8**
Non-current liabilities		
Provisions for pensions and similar obligations	88.5	86.3
Other provisions	2.1	2.5
Financial liabilities	360.7	286.8
Other liabilities	0.6	1.3
Deferred tax liabilities	2.6	2.6
Total non-current liabilities	**454.5**	**379.5**
Current liabilities		
Other provisions	23.8	22.1
Current income tax liabilities	2.8	3.4
Financial liabilities	254.8	119.6
Trade payables	72.3	65.0
Other liabilities	27.7	27.0
Liabilities from discontinued operations	0.0	14.1
Total current liabilities	**381.4**	**251.2**
Total liabilities	**835.9**	**630.7**
Total equity and liabilities	**1.334.9**	**978.5**

CONSOLIDATED CASH FLOW STATEMENT

of the Biotest Group for the period from 1 January to 30 June 2018

in € million	H1 2018	H1 2017
Operating cash flow before changes in working capital	12.6	8.4
Cash flow from changes in working capital	–58.8	–27.5
Interest and taxes paid	–5.5	–9.0
Cash flow from operating activities from continuing operations	**–51.7**	**–28.1**
Cash flow from operating activities from discontinued operations	–0.5	3.9
Cash flow from operating activities total	**–52.2**	**–24.2**
Cash flow from investing activities from continuing operations	–12.7	–50.7
Cash flow from investing activities from discontinued operations	0.0	–16.8
Cash flow from investing activities total	**–12.7**	**–67.5**
Cash flow from financing activities from continuing operations	206.8	58.8
Cash flow from financing activities from discontinued operations	0.0	12.8
Cash flow from financing activities total	**206.8**	**71.6**
Cash changes in cash and cash equivalents	**141.9**	**–20.1**
Exchange rate-related changes in cash and cash equivalents	1.5	–1.8
Cash and cash equivalents on 1 January	22.3	84.7
Cash and cash equivalents on 30 June	**165.7**	**62.8**
thereof from discontinued operations	0.0	0.0
thereof from continuing operations	**165.7**	**62.8**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of the Biotest Group for the period from 1 January to 30 June 2018

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
As of 1 January 2017	**39.6**	**219.8**	**37.6**	**63.5**	**360.5**	**0.2**	**360.7**
Gains/losses recognised directly in equity			–7.7	0.7	–7.0		–7.0
Profit for the period				–3.5	–3.5		–3.5
Total comprehensive income	**–**	**–**	**–7.7**	**–2.8**	**–10.5**	**–**	**–10.5**
Dividend payments				–2.4	–2.4		–2.4
Balance on 31 December 2017	**39.6**	**219.8**	**29.9**	**58.3**	**347.6**	**0.2**	**347.8**
As of 1 January 2018	**39.6**	**219.8**	**29.9**	**58.3**	**347.6**	**0.2**	**347.8**
Adjustment from first-time application of IFRS 9				1.6	1.6		1.6
As of 1 January 2018 (adjusted)	**39.6**	**219.8**	**29.9**	**59.9**	**349.2**	**0.2**	**349.4**
Gains/losses recognised directly in equity			–1.3	–1.4	–2.7		–2.7
Profit for the period			–32.6	185.7	153.1		153.1
Total comprehensive income	**–**	**–**	**–33.9**	**184.3**	**150.4**	**–**	**150.4**
Dividend payments				–0.8	–0.8		–0.8
Balance on 30 June 2018	**39.6**	**219.8**	**–4.0**	**243.4**	**498.8**	**0.2**	**499.0**

SELECTED DISCLOSURES

METHOD OF PREPARATION

The interim consolidated financial statements of Biotest AG and its subsidiaries as of 30 June 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Accordingly, these interim consolidated financial statements as of 30 June 2018 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and contain condensed reporting compared to the consolidated financial statements. IFRS include the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretation Committee (SIC). The accounting of the Biotest Group is prepared in accordance with IFRS effective for financial years beginning on or after 1 January 2018.

These interim consolidated financial statements were approved for publication by the Board of Management on 14 August 2018.

CONSOLIDATED GROUP

The consolidated financial statements of Biotest AG still include all material subsidiaries, comprising three domestic and 12 (as at 30 June 2017: 13) foreign companies in which Biotest AG directly or indirectly holds the majority of voting rights.

On 31 January 2018, all plasma collection activities of Biotest Pharmaceuticals Corporation (BPC), Boca Raton, USA, and Biotest US Corporation, Boca Raton, USA, which were previously shown in the Plasma & Services segment, were removed from the consolidated Biotest Group as a result of the takeover by Creat and the associated change of control. The activities of these US companies up until 19 January 2018 as well as all expenses and income associated with their sale was shown as a discontinued operation. The previous year's figures were adjusted accordingly.

Unless stated otherwise, the information and explanatory notes provided in this Half-Year Report refer to the continuing operations.

BioDarou P.J.S. Co., Tehran, Iran, is included in the consolidated financial statements as a joint venture and accounted for using the equity method.

IMPACTS OF THE NEW ACCOUNTING STANDARDS

IFRS 9: Financial Instruments

Biotest implemented the new IFRS 9 standard (Financial Instruments) as of the stipulated effective date, 1 January 2018; the information for the previous year was not adjusted. The preliminary assessment under IFRS 9 of the financial assets to be assessed at amortised cost resulted in € 1.5 million less in risk provisions, which had a beneficial impact on the recognition of trade receivables and equity. The subsequent assessment on 30 June 2018 resulted in a € 0.1 million reduction in the risk provisions recognised through profit or loss, which was reported under the item "Change of write downs on financial assets recognised at amortised cost" in the consolidated statement of income. The initial assessment under IFRS 9 of the financial assets classified as fair value recognised through profit or loss showed no impact on profit or loss since most of these financial instruments had already been assessed at fair value under IAS 39. The subsequent assessment as at 30 June 2018 lead to a € –3.3 million change in value recognised through profit or loss, which was reported under the item "Value adjustments on financial instruments recognised at fair value" in the consolidated statement of income.

IFRS 15: Revenue from Contracts with Customers

On 1 January 2018, IFRS 15 replaced the standard for revenue recognition previously in force. Under the first application of IFRS 15, Biotest is implementing the modified retrospective method. No impacts resulted from this as of 30 June 2018. In the half-year financial statements contract assets from the application of the percentage-of-completion method are presented as trade receivables and contract liabilities from bonus agreements as trade payables.

Revenues from the sale of medicins to customers are reported in the Therapy segment. These product sales are based on orders and contracts, providing in each case individually definable performance obligations. Revenues from the sale of these medicins are recognised at the point of time. The Plasma & Services segment includes the plasma toll manufacturing business. Revenues attributable to this business are recognised over time in accordance with IFRS 15, while the same method as before is used for determining the percentage-of-completion. In this segment, some contracts also include staggered annual discounts depending on the volumes delivered. To estimate the resulting variable consideration, Biotest uses the expected value method, which does not differ significantly from the previous method. Revenues from other segments are recognised at the point of time.

NET DEBT

in € million	30 June 2018	31 December 2017
Financial liabilities to financial institutions	254.7	394.6
Financial liabilities to shareholder	342.2	–
Financial liabilities to third parties	15.2	8.3
Liabilities from finance leases	3.4	3.5
Financial liabilities	**615.5**	**406.4**
Cash and cash equivalents	**165.7**	**22.3**
Net Debt	**449.8**	**384.1**

SEGMENT REPORTING

of the Biotest Group for the period from 1 January to 30 June 2018

	Revenue			EBIT		
in € million	**H1 2018**	H1 2017	Change in %	**H1 2018**	H1 2017	Change in %
Therapy	172.8	135.5	27.5	1.3	–25.5	105.1
Plasma & Services	24.8	31.8	–22.0	0.8	1.1	–27.3
Other Segments	3.1	2.8	10.7	–1.5	–7.7	80.5
Continuing Operations	**200.7**	**170.1**	**18.0**	**0.6**	**–32.1**	**101.9**
Discontinued Operations	6.0	85.5	–93.0	193.9	12.4	1,463.7
Sum	**206.7**	**255.6**	**–19.1**	**194.5**	**–19.7**	**1,087.3**

	Revenue based on customer's geographical location		
in € million	**H1 2018**	H1 2017	Change in %
Central Europe	74.4	69.7	6.7
Eastern and Southern Europe	35.1	28.7	22.3
Intercontinental	36.6	33.1	10.6
Middle East, Africa and France	54.6	38.6	41.5
Biotest Group	**200.7**	**170.1**	**18.0**

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

in € million	H1 2018	H1 2017
Operating profit (EBIT) (continuning and discontinued operations)	**194.5**	**–19.7**
Changes of impairment on financial instruments measured at fair value	–3.3	–
Financial result	–7.6	–8.3
Earnings before taxes (EBT) (continuning and discontinued operations)	**183.6**	**–28.0**
Income taxes	2.1	10.1
Earnings after taxes (EAT) (continuning and discontinued operations)	**185.7**	**–17.9**

QUARTER-TO-QUARTER COMPARISON

by business segments

	Revenue				
in € million	**Q2/2018**	Q1/2018	Q4/2017	Q3/2017	Q2/2017
Therapy	98.5	74.3	95.7	82.5	83.0
Plasma & Services	12.5	12.3	17.5	8.9	19.8
Other Segments	1.7	1.4	1.9	1.5	1.6
Continuing Operations	**112.7**	**88.0**	**115.1**	**92.9**	**104.4**
Discontinued Operations	–	6.0	40.1	37.5	38.5
Sum	**112.7**	**94.0**	**155.2**	**130.4**	**142.9**

	EBIT				
in € million	**Q2/2018**	Q1/2018	Q4/2017	Q3/2017	Q2/2017
Therapy	3.4	–2.1	12.2	–1.7	7.9
Plasma & Services	0.8	–	17.7	1.1	0.4
Other Segments	–0.6	–0.9	–5.3	–1.2	–7.2
Continuing Operations	**3.6**	**–3.0**	**24.6**	**–1.8**	**1.1**
Discontinued Operations	158.6	35.3	8.6	–	11.7
Sum	**162.2**	**32.3**	**33.2**	**–1.8**	**12.8**

OTHER DISCLOSURES

Schedule of assets – net presentation

in € million	Carrying amount as of 31 December 2017	Capital expenditure	Disposals net	Depreciation and amortisation	Currency translation differences	Carrying amount as of 30 June 2018
Intangible assets	16.6	0.5	–	–0.8	–0.1	16.2
Property, plant & equipment	477.1	35.6	–0.7	–11.3	–	500.7
Total	**493.7**	**36.1**	**–0.7**	**–12.1**	**–0.1**	**516.9**

Employees

by operating functions (Continuing Operations)

Full-time equivalents	**30 June 2018**	31 December 2017	Change in %
Marketing and distribution	182	204	–10.9
Administration	191	186	2.7
Production	1,069	1,086	–1.6
Research and development	178	183	–2.7
Biotest Group	**1,620**	**1,659**	**–2.4**

Financial instruments as of 30 June 2018

in € million	Carrying amount	Fair value
Assets		
Trade receivables	155.0	155.0
Other financial assets		
Receivable from BPC divestiture trust	204.7	204.7
Loan receivable from BPC	90.5	90.5
Derivatives not designated as hedging instruments	0.1	0.1
Receivables from joint ventures	0.1	0.1
Pension funds	0.1	0.1
Equity and liabilities		
Trade payables	72.3	72.3
Financial liabilities	615.5	619.2
Other liabilities		
Nonderivative financial liabilities	25.9	25.9
Derivatives not designated as hedging instruments	2.4	2.4

FAIR VALUE HIERARCHY

The financial instruments carried at fair value in the statement of financial position must be assigned to a three-level fair value measurement hierarchy in accordance with IFRS 7.27A. The level reflects the proximity to the market of the data used to calculate fair value. Fair value hierarchy levels are described below:

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

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.

For assets and liabilities recognised in the financial statements on a recurring basis, the Group determines whether reclassifications between the hierarchy levels have occurred by reviewing the classification (based on the input parameter of the lowest level significant to measurement at fair value) at the end of each reporting period.

In order to satisfy the fair value disclosure requirements, the Group has established groups of assets and liabilities based on their nature, characteristics, risks and the fair value hierarchy levels explained above.

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

No market prices are directly observable for other financial assets that are measured at fair value. These items are measured on the basis of observable market information at the time of issue and standard yield curves. Fair value is assigned to hierarchy level 2.

Derivative financial assets are marked to market based on quoted exchange rates and yield curve structures obtainable on the market. Fair value is assigned to hierarchy level 2.

The fair values of financial liabilities are measured as the present values of the payments associated with the liabilities taking into account the respective applicable yield curve and the credit spread curve observed for each currency.

Counterparty risk was taken into account using an add-on approach in determining fair value. The currency basis spread was also taken into account.

RELATED PARTY DISCLOSURES

Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany (Tiancheng) – an indirectly controlled subsidiary of Creat Group Co. Ltd., Nanchang, People's Republic of China (Creat) – has held the majority stake (approximately 90% of the ordinary shares with voting rights in Biotest AG) in Biotest AG since 31 January 2018.

In connection with the takeover by Creat and the associated refinancing due to change of control clauses, Tiancheng concluded a contract with Biotest on 28 August 2017 to grant a subordinated shareholder loan of € 190.0 million at a standard market interest rate of 2.5% and with a term of 2 years from the date of drawing. The loan was granted to Biotest AG on 30 January 2018. In addition, on 8 June 2018, Biotest was granted an additional subordinated shareholder loan of € 150.0 million at a standard market interest rate of 2.5% and with a term to 30 April 2020. The carrying amount of the loans with deferred interest was € 342.2 million as of 30 June 2018. Interest expense from the shareholder loans amounted to € 2.2 million in the first half of the year.

The Biotest Group's relationships with Bio Products Laboratory Ltd. (BPL), based in Elstree (London), UK, have to be reported since 31 January 2018 due to the joint affiliation with the Creat Group. Biotest acquired goods amounting to € 0.6 million from BPL in the period from 31 January 2018 to 30 June. Biotest's liabilities to BPL totalled € 0.0 million as at 30 June 2018.

All plasma collection activities of Biotest Pharmaceuticals Corporation (BPC), Boca Raton, USA, and Biotest US Corporation, Boca Raton, USA, which were previously shown in the Plasma & Services segment, were removed from the consolidated Biotest Group as a result of the takeover by Creat and the associated change of control on 31 January 2018.

On 20 October 2017, the representatives of Biotest AG and OGEL GmbH concluded a contract in which OGEL GmbH (OGEL), as a long-standing shareholder and the majority shareholder of Biotest AG, committed to paying Biotest AG a portion of the proceeds from the sale of Biotest's shares in Tiancheng (Germany) Pharmaceuticals AG, Munich, in the form of a special payment of € 2.6 million referred to as "contribution to Biotest equity as per Section 272 (2) No. 4 of the German Commercial Code". It was contractually stipulated that the allocation is ring-fenced and may only be used for the benefit of employees. In addition, it was subject to the condition precedent of payment of the purchase price. As a result of the receipt of full payment of the purchase price, OGEL paid the contractually owed "contribution to equity" on 7 February 2018. As the obligation to pass on the bonus to the employees arose at the same time as the inflow of the OGEL payment, the payment was shown largely with no impact on earnings on balance of all entries on account of its pass-through nature.

The Biotest Group also has reportable relationships with the joint venture BioDarou PJ.S. Co., Tehran, Iran, and its subsidiary Plasma Gostar Pars P.J.S., Tehran, Iran.

These two companies purchased goods and services from Biotest totalling € 3.9 million in the first six months. Biotest's receivables from BioDarou P.J.S. Co. and Plasma Gostar Pars P.J.S. amount to € 10.9 million as of 30 June 2018.

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

EVENTS AFTER THE REPORTING DATE

To lenders who exercised their special termination rights as well as to lenders who did not accept the agreement on the deferral of rights as a result of the change of control on 29 August 2017 (the "Umbrella Agreement") after 20 July 2018, promissory notes of € 154.0 million and USD 36.5 million and a KfW loan of € 169.8 million were repaid until publication of the report. Contracts regarding short-term credit lines in the amount of € 97.5 million were cancelled by mutual agreement or were not extended. Prepayment penalties in connection with this change of the financing structure amounted to approximately € 8.5 million. Further special terminations in the amount of approx. € 33.4 million and payment obligations from prepayment penalties for promissory note loans may occur after the above-mentioned reference date.

For the special termination rights already exercised, Tiancheng concluded a contract with Biotest on 28 August 2017 to grant a subordinated shareholder loan of € 190.0 million, with a term of 2 years from the date of drawing. The loan was granted to Biotest AG on 30 January 2018. In addition, on 8 June 2018, Biotest was granted an additional subordinated shareholder loan of € 150.0 million, with a term to 30 April 2020. The loan is for repaying the loan to lenders which exercised their special termination rights after 20 July 2018.

For interim financing until the proceeds from the sale of the US companies were received, Biotest AG had taken out a loan of € 160.0 million on 18 July 2018, but this was fully repaid on 1 August 2018.

On 31 July 2018 the approval of the Federal Trade Commission (FTC), the U.S. antitrust authority, for the sale of Biotest US Corporation and its operating subsidiary, Biotest Pharmaceuticals Corporation (BPC), to the acquiring company Grifols Shared Services North America Inc., a subsidiary of Grifols S.A., Barcelona, Spain, was granted. With the approval of the FTC, the last outstanding condition for the transfer of shares in the US companies was fulfilled.

As a result of the sale, Biotest AG received a purchase price of USD 286 million. The estimated disposal gain amounts to presumably € 158 million. With approval granted by the American authority CFIUS (Committee on Foreign Investment in the United States), Biotest AG concluded the agreement on the sale of its US companies in connection with the release of the public takeover bid of Tiancheng (Germany) Pharmaceutical Holdings AG, the takeover company of the Creat Group Corporation.

After receipt of the proceeds from the sale of the US business, the shareholder loan in the amount of € 50.0 million was partially repaid to the shareholder.

Until this sale was closed, Biotest AG had transferred the US companies to a US trustee. As part of the sale, various assets will temporarily remain with the US trustee or will be transferred to Biotest.

A significant factor influencing the calculation of pension obligations for people employed in Germany are mortality probabilities, which are determined using Heubeck mortality tables in version 2005G. On 20 July 2018, Heubeck AG published new mortality tables containing new mortality probabilities. To what extent these are generally applicable has not yet been determined. If the new mortality tables are generally accepted, Biotest assumes that this will not lead to a significant increase in pension obligations, which will be reflected in a change in equity not affecting profit or loss.

On 10 August 2018, the Biotest AG Supervisory Board again extended the Board of Management employment contract for Dr Ehmer to April 2019.

RESPONSIBILITY STATEMENT

Declaration in accordance with section 117 no. 1 of the German Securities Trading Act (WpHG) in conjunction with sections 297(2) sentence 4 and 315(1) sentence 5 of the German Commercial Code (HGB)

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the financial position, cash flow and result of operations of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Dreieich, 14 August 2018
Biotest Aktiengesellschaft
Board of Management

Dr Bernhard Ehmer
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

14 NOVEMBER 2018
Quarterly Statement
as of 30 September 2018
Conference Call

ACKNOWLEDGEMENTS

PUBLISHER
Biotest AG
Landsteinerstr. 5
63303 Dreieich
Germany
www.Biotest.com

IR Contact
Dr Monika Buttkereit
Phone +49-6103-801-4406
Fax +49-6103-801-347
investor_relations@Biotest.de

PR Contact
Dirk Neumüller
Phone +49-6103-801-269
pr@Biotest.com

CONCEPT AND DESIGN
Scheufele Hesse Eigler
Kommunikationsagentur GmbH,
Frankfurt am Main, Germany

EDITORIAL OFFICE AND PROJECT MANAGEMENT
cometis AG
Wiesbaden, Germany

—

BIOTEST AG | Landsteinerstr. 5, 63303 Dreieich, Germany, www.Biotest.com