LETTER TO SHAREHOLDERS

November 4, 2015

Dear shareholders,

The past weeks have been challenging for all of us. As you know, we announced impairments totalling EUR 84 million on 20 October 2015, resulting in negative EBIT of EUR -82 million for the first three quarters. Most of the impairments and write-downs relate to our US therapy activities. The US plasma collection business was not affected. In addition, the expansion of production at our headquarters in Dreieich, which involves capital expenditure of EUR 250 million by 2019, and our operating activities outside the US market are not affected.

The impairments were attributable in part (EUR 13 million) to the deterioration in the market potential for the Hepatitis C product Civacir, which is in development and is intended to prevent reinfection with the Hepatitis C virus after liver transplants. Although the interim results of the phase III study for Civacir were promising and the objectives of the study have been achieved to date, we now expect the market potential to be substantially reduced. This is because highly effective oral antiviral therapies have been introduced in the past few years, and they have both reduced the post-liver transplant reinfection rate to significantly below 30% and, are expected to be administered sooner after transplantation. As such, both of these developments mean that the potential of Civacir is reduced considerably.

The impairments were also recognised due to the substantial downturn in revenue from Bivigam® over the past two months following the better than expected development in the first half of 2015. Bivigam® is a polyvalent immunoglobulin produced and sold by our subsidiary, Biotest Pharmaceuticals Corporation, Boca Raton, Florida, USA, which is manufactured and marketed solely in the USA. Weak sales development meant that we had to recognise an impairment on inventory with a short remaining shelf life (EUR 14 million). These inventory dates back to pre-production for the expected US market entry two years ago. We have since adjusted our production to reflect current sales levels in order to ensure that no further impairments are necessary in the future. Since we already had to scale back the production of Bivigam in response to the slowdown in sales, we anticipate that it will take some time until the capacity of the manufacturing facility is fully utilised. In addition, due to the reduced market potential of Civacir, the anticipated production volumes will not be sufficient to ensure full capacity utilisation in the short term. As such, the International Financial Reporting Standards (IFRS) requires recognition of impairment losses on the US manufacturing facilities, parts of the buildings and intangible assets (EUR 55 million). However, this does not imply that we are questioning the US business as a whole or the potential of immunoglobulins in the US market. We consider the opportunities for the US business to be as promising as previously anticipated – including for Bivigam®. We are closely monitoring Bivigam® consumption among end customers, and although this is rising more slowly than expected, a steady upward trend is observed.

As difficult as this impairment is in the short term, it will reduce our future risk. We are required to recognise these impairment losses up to the liquidation value of the land and building until the future utilisation of the facility is substantially increased due to Bivigam® production and/or additional toll manufacturing or partnership opportunities. The USA remains an important market for us and the growing demand for immunoglobulins remains strong. Despite the impairments, your company continues to enjoy a solid financial base and is consistently generating positive operating cash flows. The equity ratio still amounts to 41% as of 30 September 2015 and all of our development projects are financed. We expect to see a significant improvement in earnings in the fourth quarter of 2015. After our company generated EBIT of EUR 2.4 million in the first half of 2015, we anticipate EBIT of EUR 5-10 million in the fourth quarter of the year.

In numerous meetings with investors, we have made it clear that the expansion of production capacities at our Dreieich site as part of the "Biotest Next Level" (BNL) project remains at the heart of our future company development. In addition to doubling our production capacity, this project is focused in particular on the expansion of our product portfolio. In the future, we will obtain five instead of three products from each litre of plasma, thereby reducing the high cost ratio and improving our competitiveness. The expansion of our plasma product portfolio will lead to a significant increase in the future earnings potential of your company. The focus on plasma business, the growth of the US business, strict cost management and intensified cooperation with partners are the key measures in terms of returning us to a profitable growth path.

We intend to communicate this message to the capital markets openly and transparently. We will therefore expand our reporting to include disclosures on "Biotest Next Level" and our monoclonal antibody development projects.

However, it is essential that we make it clear to you, our shareholders, that you have invested in a reliable company that operates in steadily growing market segments and we will be happy to discuss your questions personally.

Yours sincerely

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