

H1 2020 FINANCIAL RESULTS

Bond Investor Call
24th September 2020

KEDRION
B I O P H A R M A

Keep Life *Flowing*

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1. COVID 19 - SPOTLIGHT

2. BUSINESS UPDATE

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4. Q&A

COVID-19: HOW DID THE COMPANY REACT?

- The first and the primary objectives of the company were to ensure **safety** of all employees, donors and patients and to ensure **business continuity** in order to keep alive the supply chain towards our patients
- In order to mitigate the consequences of the pandemic, Kedrion extended the possibility to all employees not involved directly in manufacturing activities, to **work from home**. In this way, the company protected its plasma plants and centers, whose safety was considered a vital issue
- For employees who are not included in the home working program, **policies of social distancing, sanitization and cleaning of the environments** have been rigorously implemented
- Where proper social distancing was not possible, employees have been equipped with **Personal Protective Equipment (PPE)** and have been continuously updated on emergency management and good practices to be adopted
- Today, a “return to normality” plan is in the process of being implemented, maintaining all safety measures

COVID-19: CHALLENGE & OPPORTUNITY

Challenge

- Plasma collection have been impacted due to a decrease in donations: the company estimates a shortfall of about 10% in terms of plasma availability during the full year 2020

Opportunity

- Development manufacturing of Anti-SARS-COV-2 Immunoglobulins starting from convalescent plasma

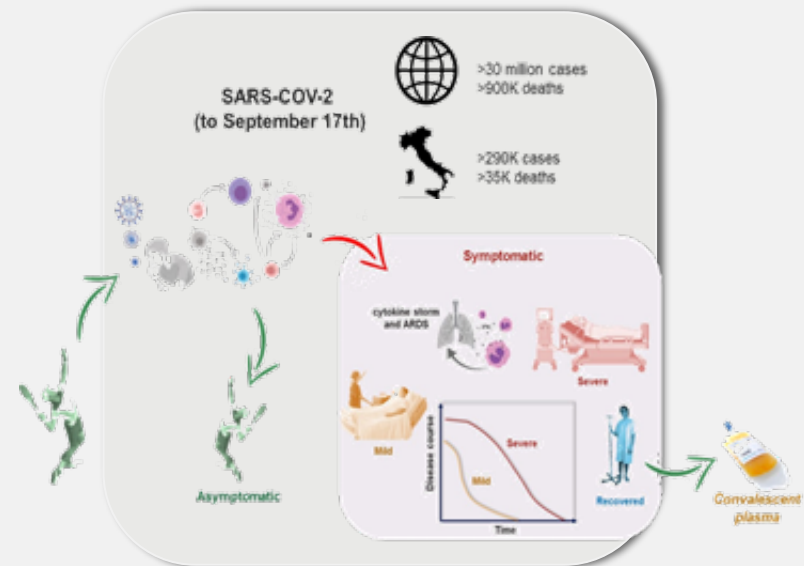
COVID-19 – KEDRION'S HYPERIMMUNE IGG PROGRAM

Many pharmacological (antiviral, anti-inflammatory, etc.) and immunotherapy (hyperimmune IgG, monoclonal antibodies, vaccines) approaches are currently being explored

Immunotherapy approaches: individuals exposed to the virus eventually develop antibodies against the virus

- **Active:** vaccine (requires time to induce antibody response)
- **Passive:** convalescent plasma, hyperimmune IgG, monoclonal antibodies (active immediately)

Leveraging its experience with plasma-based therapeutics Kedrion initiated a program to develop hyperimmune IgG



Partnership with Kamada allows access to hyperimmune IgG purification technology scaled to available convalescent plasma supply:

- **Scope:** Co-Development Manufacturing, Supply Distribution Agreement of Anti-SARS-COV-2 Immunoglobulins;
- **Roles:** Kamada: product development, manufacturing, clinical development & regulatory submissions / Kedrion plasma collection from convalescent donors in US & Europe;
- **Territories:** Kedrion: US, EUROPE, AUSTRALIA , SOUTH KOREA (Kamada: all other territories)



COVID-19 – TIMELINE PARTNERSHIP WITH KAMADA

Program started in 1Q2020 and rapidly progressed to production of hyperimmune IgG with high anti-SARS-COV-2 titers and antiviral activity in vitro

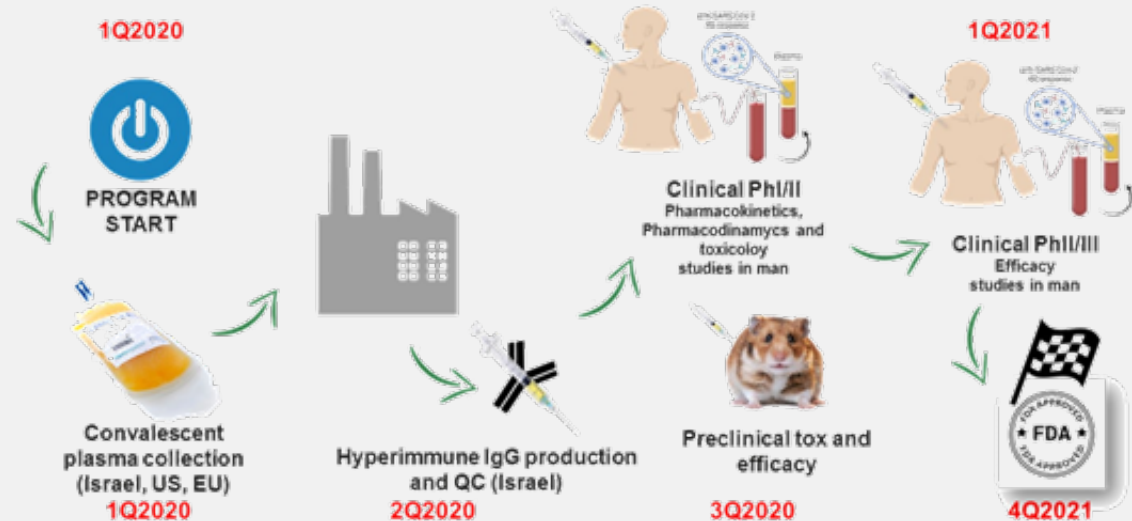
Preclinical toxicology and efficacy studies are nearing completion (October 2020)

Candidate therapeutic is currently in clinical development (Ph/II)
In a compassionate trial in Israel on hospitalized COVID-19 patients, >90% recovered and returned home

Completion of clinical development expected in 2Q2021

BLA and CTD expected by 4Q2021

Marketing in 2022



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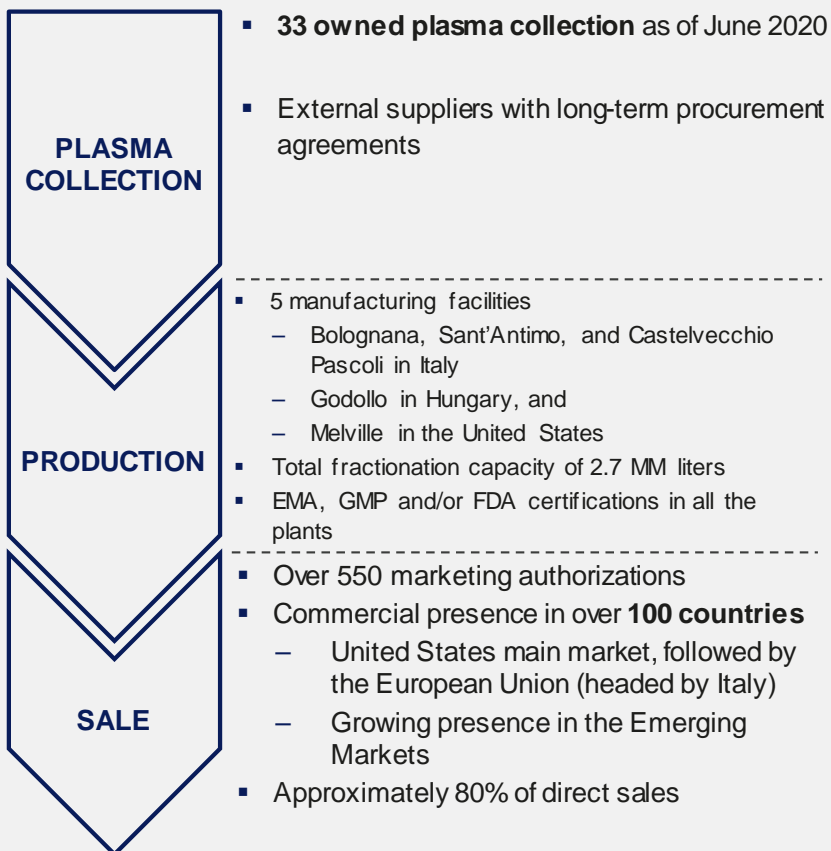
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KEY FIGURES

A LEADING GLOBAL SPECIALTY PHARMACEUTICAL COMPANY, SPECIALIZED IN THE DEVELOPMENT, PRODUCTION & DISTRIBUTION OF A WIDE RANGE OF PROTEIN PRODUCTS DERIVED FROM HUMAN PLASMA

Fully integrated business model



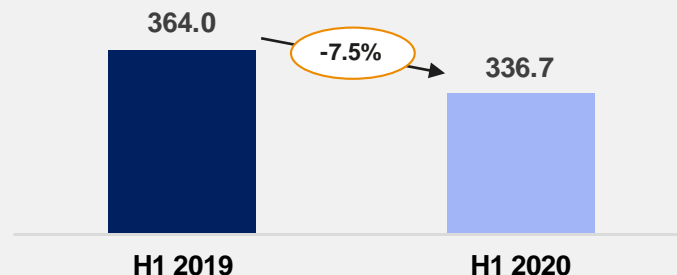
Notes:

1. Revenues included the impact of IFRS15

Financial highlights

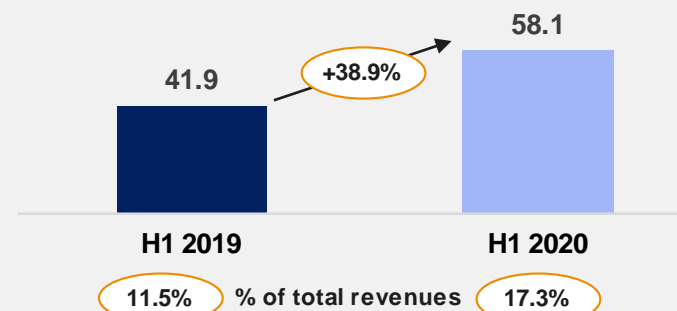
REVENUES⁽¹⁾

€MM



REPORTED EBITDA

€MM



SEGMENT PERFORMANCE

| SEGMENT | REVENUES (€MM) | % OF TOTAL | VS PY % | HIGHLIGHTS |
|--|----------------|------------|---------|---|
| PRODUCTION AND SALE OF PLASMA DERIVATIVES | H1 2019 | 260.6 | 71.6% | <ul style="list-style-type: none"> ▪ 6.2% decrease in sales mainly due to lower volumes worked in Italian Contract Manufacturing and postponed hospitals therapies and infusions in some countries due to a Covid 19; ▪ Great performance of US market up by 21% vs 2019 thanks to IVIG volume and price increase ▪ Price increase for IVIG in Ex-US countries |
| | H1 2020 | 244.4 | 72.6% | |
| COLLECTION AND SALE OF PLASMA | H1 2019 | 91.8 | 25.2% | <ul style="list-style-type: none"> ▪ 14.8% decrease in sales due to a less availability of plasma volumes (collected and procured) compared to same period in 2019 caused by this contingent situation of COVID-19; ▪ ASP growth for standard plasma due to the market shortage |
| | H1 2020 | 78.2 | 23.2% | |
| OTHER ACTIVITIES | H1 2019 | 11.5 | 3.2% | <ul style="list-style-type: none"> ▪ Sale of synthetic products, including NUWIQ (recombinant Factor VIII distributed in Italy on behalf of Octapharma) accounting for €7.6MM vs €6.1MM in 1H2019; ▪ Contract manufacturing in Melville and Godollo for €5.6MM (vs €4.1MM in 2019) |
| | H1 2020 | 14.2 | 4.2% | |

GEOGRAPHIC AREAS

| REGION | REVENUES (€MM) | % OF TOTAL | VS PY % | HIGHLIGHTS | |
|-------------------|----------------|------------|---------|------------|--|
| UNITED STATES | H1 2019 | 140.4 | 38.6% | -8.5% | <ul style="list-style-type: none"> Decrease in revenues due to: <ul style="list-style-type: none"> - €28.9MM on Plasma segment (less available plasma due to COVID-19) partially compensated by a great performance on Plasma derivatives segment with an increase of about €17.2MM (+21%) compared to 2019 |
| | H1 2020 | 128.5 | 38.1% | | |
| ITALY | H1 2019 | 72.0 | 19.8% | -12.2% | <ul style="list-style-type: none"> Includes sale of finished products on the commercial market and toll manufacturing for the National Health System Reduction is driven by lower volumes in contract manufacturing due to COVID-19 situation and lower product requests in the new tenders |
| | H1 2020 | 63.2 | 18.8% | | |
| EUROPEAN UNION | H1 2019 | 42.7 | 11.7% | +19.2% | <ul style="list-style-type: none"> Main European markets are Germany Poland, Austria and Portugal Main product sold is IVIG representing 75% of total sales; Higher allocation of plasma volumes to an European customer |
| | H1 2020 | 50.9 | 15.1% | | |
| REST OF THE WORLD | H1 2019 | 108.9 | 29.9% | -13.5% | <ul style="list-style-type: none"> Switzerland first market in this area (€28.6MM) thanks to plasma sales. followed by Turkey (€10.7MM), Mexico (€10MM) and Russia (€6MM) |
| | H1 2020 | 94.2 | 28.0% | | |

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CONSOLIDATED PROFIT AND LOSS

Reclassification of profit and loss statement

| (In thousands of Euro) | June 2020 | % of total revenues | June 2019 | % of total revenues |
|--|----------------|---------------------|----------------|---------------------|
| Revenues | 336,740 | 100.0% | 363,981 | 100.0% |
| Cost of goods sold ⁽¹⁾ | 236,682 | 70.3% | 255,736 | 70.3% |
| ADJUSTED GROSS MARGIN⁽²⁾ | 100,058 | 29.7% | 108,245 | 29.7% |
| Other income | 20,483 | 6.1% | 20,077 | 5.5% |
| General and administrative expenses | 30,588 | 9.1% | 32,957 | 9.1% |
| Sales and marketing expenses | 20,290 | 6.0% | 23,559 | 6.5% |
| Research and development costs | 9,707 | 2.9% | 7,553 | 2.1% |
| ADJUSTED EBITDA⁽²⁾ | 74,364 | 22.1% | 76,126 | 20.9% |
| One-off items | (16,217) | (4.8%) | (34,259) | (9.4%) |
| EBITDA | 58,146 | 17.3% | 41,867 | 11.5% |
| Net amortisation | 22,376 | 6.6% | 19,730 | 5.4% |
| EBIT | 35,770 | 10.6% | 22,137 | 6.1% |
| Financial management | 23,530 | 7.0% | 9,617 | 2.6% |
| EBT | 12,240 | 3.6% | 12,520 | 3.4% |
| Taxes | 1,550 | 0.5% | (3,181) | (0.9%) |
| NET PROFIT | 10,690 | 3.2% | 15,701 | 4.3% |

The impact on EBITDA of IFRS16 is about EUR 6.0 million in 2020 and EUR 4.3 million in 2019

Notes:

1. Of which amortisation: €14.8MM in 2020 and 12.4MM in 2019.
2. Adjusted by the management by removing non-recurring items.

Highlights

- **Adjusted Gross Margin** for H12020 stable with the positive impact of IVIG ASP growth balanced by plasma cost increase due to Covid 19
- Important savings at G&A and S&M level thanks to specific efficiency & performance improvement programs (- €5.6MM vs 2019)
- **EBITDA adj reached 22.1%** on revenues thanks to higher weight of plasmaderivatives segment with the positive IVIG trend in term of volumes and price
- **One-off items 52%** saving for 1H 2020 respect to 2019 and include mainly:
 - H1 2020 Non-recurring costs related to the Melville refitting for €8.5MM vs €13.3MM of H1 2019;
 - **COVID-19:** non recurring costs mainly due to an increase in cost of plasma related to donors fee growth, not absorbed costs for US plasma centers that closed one day a week, bonus for employees at work and extraordinary sanitization (€3.8MM);
- **38.9 % EBITDA reported growth** thanks to positive profitability and to opex saving
- The increase in **financial management** is connected to the evolution of the main currencies to which the company is exposed

CONSOLIDATED BALANCE SHEET

Reclassification of statement of financial position

| (in thousands of Euro) | 30.06.2020 | | 31.12.2019 | |
|---|------------------|---------------|------------------|---------------|
| INVESTMENTS | | | | |
| Net working capital (*) | 337,751 | 31.6% | 286,852 | 28.6% |
| Fixed assets and other long-term assets | 728,542 | 68.2% | 716,823 | 71.5% |
| Short-term liabilities | (1,787) | -0.2% | (1,680) | (0.2%) |
| Long-term liabilities | 3,540 | 0.3% | 534 | 0.1% |
| Net Invested capital | 1,068,046 | 100.0% | 1,002,529 | 100.0% |
| SOURCES | | | | |
| Net Financial Position (**) | 575,367 | 53.9% | 516,455 | 51.5% |
| of which IFRS 16 | 74,213 | | 74,345 | |
| Net financial Position - Pro forma | 501,154 | 46.9% | 442,110 | 44.1% |
| Shareholder's equity | 492,679 | 46.1% | 486,074 | 48.5% |
| Total sources of financing | 1,068,046 | 100.0% | 1,002,529 | 100.0% |

Notes:

(*) Net working capital is calculated as current assets net of current liabilities, except for overdrafts and loans maturing within 1 year and financial assets and liabilities.

(**) Net financial position is calculated as the sum total of overdrafts and loans maturing within one year and non-current financial liabilities, net of cash and cash equivalents, current and non-current financial assets and fair value of financial derivatives.

Highlights

- The trend of **Net working capital** is mainly driven by:
 - Reduction on trade receivables due to the lower level of sales caused by the contingent situation of COVID-19 more than balanced from payable decrease due to high level of plasma purchases at the end of 2019
 - Increase of inventory mainly due to WIP and finished product growth related to more commercial plasma worked respect to 2019
- **Fixed assets** increased as a result of the completion of the acquisition of 4 plasma centers in the first half of 2020;
- Because of the increase in the Net working capital and of the high level of **investments** **Net financial position reached €501.2MM** not including IFRS 16

CONSOLIDATED CASH FLOW STATEMENT

Reclassification of cash flow statement

| (in thousands of Euro) | 30.06.2020 | 30.06.2019 |
|---|-----------------|-----------------|
| Net cash flow generated by operating activities | 6,112 | (12,485) |
| Net cash flow by investment activities | (34,669) | (19,972) |
| Net cash flow generated/ absorbed by financing activities | (15,337) | 2,473 |
| TOTAL NET CASH FLOW | (43,894) | (29,984) |
| Cash and cash equivalents at the beginning of the period | 121,415 | 116,323 |
| Net effect of conversion of foreign currencies on cash and cash equivalents | 525 | 386 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 78,082 | 86,725 |

Highlights

- H1 2020 **operating cash flow is positive reaching €6.1MM**, showing an **improvement compared to H1 2019**
- Increase in the level of **investments** due to the acquisition of plasma centers that caused an absorption of €34.7MM in H1 2020 compared to €19.9MM in H1 2019
- In July 2020 the company subscribed 2 new stand-by 18m credit lines of about €35MM

DEBT STRUCTURE

Net Financial Position

| (in thousands of Euro) | 30.06.2020 | 31.12.2019 |
|---|----------------|----------------|
| Medium/Long-term debt towards banks and other lenders- current portion | 11,230 | 12,217 |
| Current financial liabilities towards banks and other lenders | 73,497 | 68,103 |
| Current borrowing | 84,727 | 80,320 |
| Medium/Long-term debt towards banks and other lenders - non current portion | 578,013 | 569,048 |
| Other non-current financial liabilities | 282 | 396 |
| Non-Current borrowing | 578,295 | 569,444 |
| TOTAL GROSS BORROWING | 663,022 | 649,764 |
| Cash and cash equivalents | (78,127) | (121,468) |
| Other current financial assets | (651) | (1,912) |
| Other non-current financial assets | (8,832) | (9,929) |
| NET FINANCIAL POSITION | 575,367 | 516,445 |
| IFRS 16 | 74,213 | 74,345 |
| NET FINANCIAL POSITION - PRO FORMA | 501,154 | 442,100 |

Highlights

- **Current financial liabilities as of H1 2020:**
 - €30MM RCF (exp.April 2022);
 - €26MM short term banks loans;
 - €11MM accrued interests;
 - €4MM factoring liabilities;
 - €4MM leases;
 - €7MM IFRS16 impact;
 - €2MM financial derivatives
- **M/L Term Debt as of H1 2020:**
 - €350MM 3% notes due July 2022;
 - €118MM RCF due April 2022;
 - €30MM RCF due December 2021;
 - €10MM Equity Loan due November 2027 subscribed with Simest;
 - €6MM leases;
 - €7MM IFRS 16 impact
- Cash at the end of the period was €78.1MM. In addition:
 - €70.0MM available committed credit lines;
 - €41MM undrawn credit lines;
 - €60MM of available factoring credit lines.

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