



KEDRION
BIOPHARMA

ANNUAL REPORT

2 0 1 5

KEDRION
B I O P H A R M A



ANNUAL REPORT

2 0 1 5

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KEDRION IN THE WORLD

LETTER FROM PAOLO MARCUCCI



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LETTER FROM PAOLO MARCUCCI



As in previous years, even 2015 has been a year marked by growth and expansion for Kedrion Biopharma. Turnover increased by over 22% compared to 2014, reaching 570 million Euro. Sales in foreign markets have grown significantly and now represent 74% of total revenue. In particular, sales in the US increased by +58% compared to the previous year, exceeding 250 million Euro and further consolidating our US position, which since 2014 represented the most important market for the Company.

These few figures also indicate that, among other things, we have grown significantly above the industry growth rate, even if these data are evaluated in constant currency. What makes these results even more remarkable is that they were achieved in the absence of new facts or circumstances. That is to say that during 2015 we did not complete new acquisitions, we “simply” worked hard to gradually increase production and distribution, and in doing so, we were able to increase greatly our presence on the global market

gaining significant market share in countries such as Mexico and Turkey.

The substantial expansion into international markets was accompanied by a satisfactory margin that led us to achieve a 20.8% EBITDA margin and a net profit of 38.7 million Euro. We concentrated on margin growth by increasing our exposure to the US market in the last months of the fiscal year, which resulted in the Biotest Pharmaceutical Corporation Agreement, signed in January 2016. Under the terms of the Agreement, Kedrion will market an immunoglobulin indicated for the treatment of primary immunodeficiencies in the United States. Thanks to this expansion of our immunoglobulin portfolio, we expect further significant increase in turnover in the United States.

During 2015, additional impetus was given to promote the integration of our manufacturing plants. We developed a new organizational model that aims to harmonize activities of our various industrial facilities. In Gödöllő, Hungary, harmonization with

the Bolognana plant has been concluded, whereas the integration process is still ongoing in our Melville plant, in the United States, where additional investments were made last year. Additionally, in February 2015, the new production site in Castelvecchio Pascoli was unveiled.

These are only some of the most important events that occurred in 2015; and I felt it important to highlight them on the opening pages of this publication. Encouraged by the positive budget results, we are ready to take on 2016 in the belief that this year will see Kedrion expanding further in international markets.

*Paolo Marcucci,
Kedrion Chairman and CEO*

A handwritten signature in blue ink, appearing to read 'Paolo Marcucci', with a stylized flourish underneath.

CORPORATE OVERVIEW

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ABOUT US

Kedrion Biopharma is an international company that develops, produces and distributes human plasma-derived therapies for use in the treatment of Hemophilia, immunodeficiencies and other severe debilitating conditions.

Founded in Italy in 2001, over the years Kedrion has expanded its activities globally. Today, Kedrion has more than 2,200 employees, a commercial presence in about 100 countries worldwide, is the fifth world player and the first player in Italy in the field of plasma-derived therapies.

We manage the entire plasma transformation cycle in our six* production plants based in Italy, Hungary and the United States, and in our nineteen KEDPLASMA collection centers located in the USA, Germany and Hungary: from the collection of raw material to the production of plasma-derived therapies and their distribution on the market.

We actively cooperate with the Italian National Health Service in the pursuit of national plasma-derived product self-sufficiency.

At the same time, we are committed to offering our expertise and technologies to communities and health systems worldwide in order to achieve the same goal.

People are at the core of Kedrion's activities, and the very nature of our enterprise is to help people live more full and healthy lives.

In line with our mission to "Keep Life *Flowing*", we put ourselves at the service of our communities, and believe we are the bridge between donors and those in need of care. Our goal is to broaden patient access to plasma-derived therapies, and to help those who are suffering from rare diseases to "Keep Life *Flowing*".



PARTNER IN THE SELF-SUFFICIENCY PROGRAM IN ITALY



6* MANUFACTURING PLANTS IN **3** COUNTRIES



19 PLASMA COLLECTION CENTERS WORLDWIDE



COMMERCIAL PRESENCE IN APPROXIMATELY 100 COUNTRIES



2015 TURNOVER: **570.3 MILLION EURO**



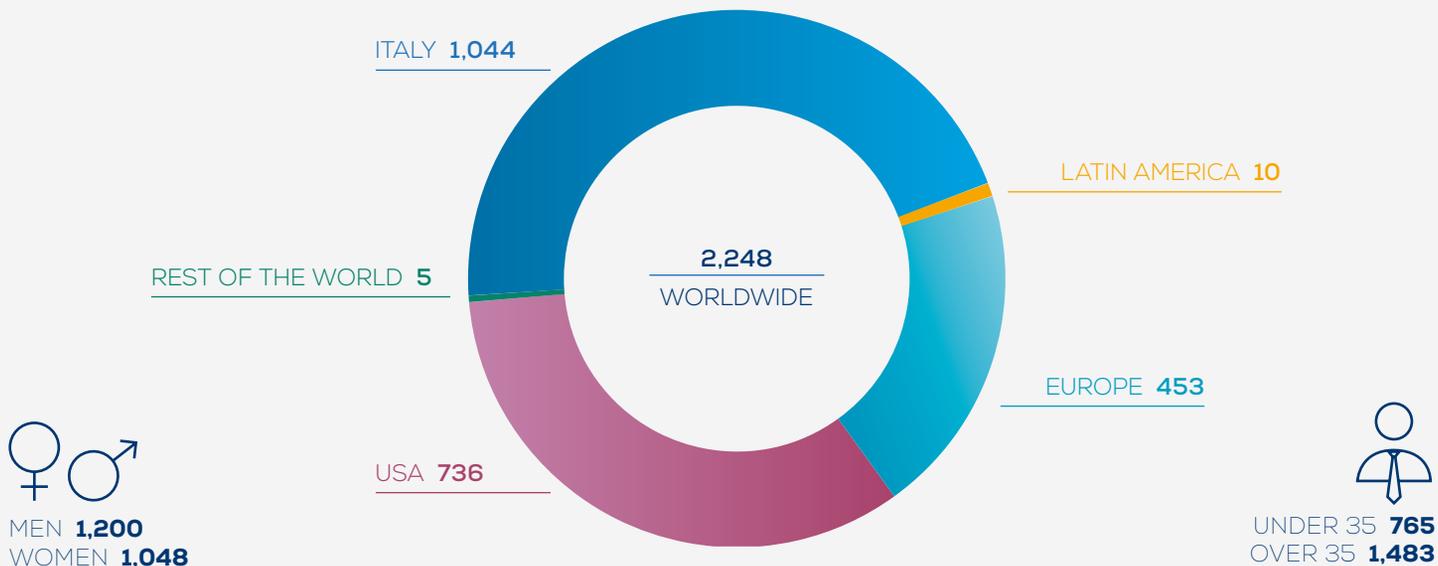
PEOPLE: ANNUAL INCREASE SINCE 2010: **13.17%**

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* The completion of our plant in Castelvecchio Pascoli, Lucca (Italy) is still ongoing.

ABOUT US

PEOPLE



HEADQUARTERED IN ITALY WITH SUBSIDIARIES IN EUROPE, USA, LATIN AMERICA AND ASIA



BIOSC, THE FIRST GLP CERTIFIED LABORATORY IN ITALY FOR PATHOGEN SAFETY

5TH

WORLD PLAYER AND 1ST IN ITALY IN TERMS OF REVENUES IN THE FIELD OF PLASMA-DERIVED PRODUCTS**



IKOD, ITALIAN FACILITY FULLY DEDICATED TO THE DEVELOPMENT OF ORPHAN DRUGS



ANNUAL GROWTH RATE SINCE 2008: **14.5%**



11 VOLUNTARY CERTIFICATIONS IN MANUFACTURING, HUMAN RESOURCES, ENVIRONMENT

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OUR VISION



Striving to Keep Life *Flowing* means putting people at the center of our actions; those who rely on us for treatment, and also those who work with, and for, the company. We are aware that we exist and operate within communities, and a strong sense of responsibility guides our enterprise.

For us at Kedrion, corporate social responsibility means making a conscious commitment to our communities, which in turn manifests itself in a set of concrete choices and actions:

- Ensuring that our workers are treated well and compensated fairly;
- Providing a safe and comfortable workplace;
- Minimizing the environmental impact of our processes and activities and finding ways to improve the environment in which we work;
- Ensuring that whoever operates for and on behalf of Kedrion adheres to internationally recognized principles of best practices, and is compliant with national and international legislation;
- Encouraging all partners and collaborators to observe socially responsible practices and contractually obliging them to conform to our social responsibility principles;
- Ensuring that corporate social responsibility is a prominent consideration in all business transactions and decisions.

Being socially responsible means taking a pro-active role in the communities in which we operate. This is why we cooperate with both patient and donor organizations, providing them with information, practical support and expertise, developing, in close collaboration, projects that can make a difference.

Our CSR Standards and Certifications

- Our own ideals, principles and goals;
 - The Global Compact's Ten Principles regarding human rights, labour, the environment and the fight against corruption;
 - The OECD (Organization for Economic Cooperation and Development) Guidelines for Multinational Enterprises;
 - The ILO (International Labour Organization) Principles;
 - The SA8000 Standard.
-

GIVING BACK



Giving back to the communities in which we operate is a fundamental aspect of how we work.

Everything we do has an impact on those who surround us. Aware of this, we place a high value on people's well-being; and we continue pursuing with passion, and coherence, initiatives that allow us to take care of our employees and of the communities in which we operate, in Italy and in the world, thinking of the present and looking towards the future.

In 2015, we backed initiatives aimed at scientific research, protection of human rights, commitment in volunteer work and in medical professional development. In this framework, for example, we supported:

- Fondazione Veronesi (advancement of science initiative)
- Robert F. Kennedy Foundation of Europe Onlus (activities and special events)
- OXFAM (fund-raising to support training schemes in disadvantaged countries)
- University of Würzburg (support to research study on CIDP)
- ASNP, the Italian Peripheral Nerve Association (medical and scientific

professional development)

- University of Tor Vergata, Rome (medical and scientific professional development)
- Local care in the community services and volunteer associations in the province of Lucca (support volunteer activities).

At the same time, we offered our contribution to donor and patient associations, to foundations and to non-profit organizations working in the field of medical and scientific research. Among others, we supported:

- Italian donor associations: AVIS, FIDAS, FRATRES (activities and special events)
- FIODS, International Federation of Blood Donor Organizations (activities and campaigns)
- Fondazione Lionello Forin Hepatos not-for-profit (activities and special events)
- FedEmo, Italian Federation of Hemophilia Associations (activities and projects)
- WFH, World Federation of Hemophilia (activities and projects)

GIVING BACK

- PPTA, Plasma Protein Therapeutics Association (FIND-ID campaign in Germany)
- Jeffrey Modell Foundation (activities and support in favor of JMF center at Meyer Hospital in Florence, Italy)
- A.I.P. not-for-profit, Primary Immunodeficiencies Association (activities)
- Alpha 1 Foundation (activities)
- A.C.E.P. “Massimo Chesta” not-for-profit (activities)
- Fondazione EURABI not-for-profit (activities and initiatives)
- Gordon Research Conferences (activities).

In the United States, with the *Kedrion Cares* program we strengthened our commitment to supporting the community, working side by side with local partners to promote charitable activities, with the ultimate goal of “leaving every place better than how we found it”.

In Italy, based on our conviction that smiles and joy help and can be decisive

in improving patients health conditions, we supported the not-for-profit organization “*Chez nous, ... le cirque!*” that, for many years now, has been carrying out clown therapy activities on the pediatric wards of hospitals in and around Tuscany. In addition to helping out the clown doctors, that same day 40 of Kedrion’s employees also undertook a range of small maintenance jobs, from gardening work to interior decorating, at the Ospedale San Francesco in Barga, Lucca. Strong in the knowledge that, together with the other members of the communities in which Kedrion operates, it is possible to help bring joy to those who need it. It’s our chance to feel better and make others feel better too.

In 2015, Kedrion backed the “Put your gift into circulation” campaign (*Metti in circolo il tuo dono*), organized by FIDAS – the Italian Federation of Blood Donors Association - during one of Italy’s most popular sporting events, the Giro d’Italia cycling race. Additionally, we supported initiatives tied to the XI World Hemophilia Day, a tra-

ditional opportunity to promote a greater awareness of congenital blood disorders nationally and internationally, and to make our support felt to all those who are forced to live with them.

Finally, in 2015, we renewed our commitment to ethical, transparent and sustainable projects addressed to disadvantaged countries, to ensure those in need a wider and more equitable access to plasmaderived therapies. For example, we continued our collaboration with the Fondazione Paracelso in Milan by sponsoring the shipment of coagulation factors to Kabul last August. The overall goal is of expanding access to Hemophilia treatment in Afghanistan, and to support the diagnostic and treatment activities of the Kabul Hemophilia Center, the only specialized structure in the whole of Afghanistan.

ENVIRONMENT, HEALTH AND SAFETY



At Kedrion Biopharma, putting people at the center of our business also means thinking about those who work with us and about the environment that surrounds us.

The health and safety of our employees is as important to us as that of those who use our plasma-derived products. This is not simply a matter of complying with existing regulations regarding the workplace and workers, nor is it just a matter of good intentions. It is the natural extension of our history as a family-owned, community-based company. Once, all of our workers were also our neighbors, and even today, notwithstanding our international growth, we still maintain a similar relationship with our employees. The choice to extend our Environment, Health & Safety management model to all our production sites continues to be a priority, and a goal we have steadfastly pursued in 2015. Reaching this objective goes hand in hand with continuously monitoring performance and sharing our expertise. Our sites must know and cross-fertilize each other to form a network of close-knit relationships, so as to draw the best from each other and thus continue growing together.

Environment

- We completed the Environmental Product Declaration (EPD®) for our Factor VIII, which has been validated by an accredited body and is an absolute first for the industry in which we operate. The results have confirmed the validity of the Life-Cycle Assessment (LCA), which associates to each package of 500 IU product the same carbon footprint (CO₂ emissions) as that of an 0.75 l bottle of white wine¹.
- In our new Castelveccchio Pascoli (Lucca, Italy) facility, developed in cooperation with local authorities and with the fullest respect for the landscape and its residents, we are working to ensure low environmental impact industrial development.
- For our premises in the Lucca area (our Bolognana plant, and warehouse and offices in Castelveccchio Pascoli), we have developed an emergency management system, which allows

ENVIRONMENT, HEALTH AND SAFETY

for optimal cooperation with local authorities and helps minimize disruption and inconvenience in case of adverse events.

- We paid particular attention to increasing our employees' awareness of environmental issues. For example, we promoted a company carpooling program to foster sustainable mobility, which resulted in over 400 "shared" trips between home and work (equivalent to about 10,000 kilometers traveled) with a saving of 775 kg of CO₂.

Health & Safety

- As evidence of Kedrion's commitment to adopt the same Health & Safety management model in production sites around the world, in 2015 the OHSAS 18001 voluntary certification was extended to the Gödöllő and Üllő production areas in Hungary. Kedrion Biopharma sites located in Italy had already obtained the same certification.

- To protect our employees, we organized three meetings with SIMVIM experts (Italian Society of Travel and Migration Medicine) to train staff travelling on a regular basis, in order to make business trips increasingly safer.
- We intensified personnel training in our Italian offices, with per capita professional development hours increasing by 10% compared to 2014. The focus was on specific training for driving emergency vehicles in emergency conditions.

Resources & Energy

- We implemented an energy audit program of our production sites. This allows us to map the current state and level of energy consumption, and helps us to identify improvement areas. An energy management platform stemmed from this program, to promote the launch and development of energy efficiency projects. For example, at

the Gödöllő plant we completed an energy pre-audit, a preparatory step to the energy audit required by industry regulations that will be implemented over the course of 2016.

- Still on the subject of energy efficiency, we replaced the system for the production of compressed air and a refrigeration unit at the S. Antimo site (Naples, Italy), which resulted in a total annual energy saving of 500,000 kWh. In the site in Naples we also reduced drain water consumption by more than 30% - from 114,490 m³ to 69,840 m³ - thanks to interventions on the cooling system.

EHS Standards and Certifications

- OHSAS 18001 Standard;
 - EMAS Regulations;
 - ISO 14001 Standard;
 - ISO 9001 Standard;
 - ISO 26000 guidelines.
-

DEVELOPING TALENT



Kedrion Biopharma's commitment to the welfare of its employees goes well beyond the mere protection of their health and safety. Our guiding principle is respect for the contribution that each employee is able to offer. Our responsibility is to welcome external talents while at the same time cultivating the qualities of those who have chosen to grow with us. Regular, meaningful feedback at all company levels is key to nurturing the performance improvements that lead to the professional development of each individual.

We aim to expand and strengthen Kedrion's relationships with research institutes, schools and universities, and to develop local and international cooperation projects, such as the already existing collaboration with the Fondazione "Vita" in Siena, Italy, for the establishment of a Higher Technical Institute to train pharmaceutical technicians; or the project we are currently developing in collaboration with the Peripheral Nerve Society to offer scholarships for outstanding young researchers in the field of peripheral nerve disorders.

In 2015, Kedrion Biopharma exceeded 2,200 employees, registering over 200 new recruits worldwide, the majority of whom are involved in areas related to production (Operations and Quality) and to the supply of raw material (Plasma Business Unit).

It is a notable increase in terms of headcount - which undoubtedly is a sign of the company's great vitality. At the same time, it is also a qualitative improvement, as we are striving to create a diverse workforce through tailored career paths that go hand in hand with pro-

fessional development and training sessions. Our training programs divide themselves into behavioral/managerial, technical/functional and medical/scientific, thus promoting a broader vision of business operations. This also constitutes a real growth opportunity, through the recognition of personal skills and professional ambitions, through the sharing of good working practices and through the expansion of knowledge and technical skills.

In 2015, 1,600 employees - 70% of Kedrion's total workforce - attended courses for over 30,000 hours of training and, of these, nearly 1,000 employees took part in technical/operational training sessions, for a total of nearly 20,000 hours.

This is because we strongly believe that education is fundamental to the development of personal skills, and to nurture the professional talents of each of our employees. We are convinced that professional development should be promoted, regardless of its immediate impact on the company's growth as it indeed constitutes one of our cornerstones.

DEVELOPING TALENT

Scuola Kedrion

With the support of Fondazione Campus, Scuola Kedrion offers corporate managers access to training courses on cultural and organizational issues, applying a didactic approach that alternates lectures, workshops, digital collaborative learning and e-learning.

It is a setting in which our staff can cultivate and develop skills and talents to support the achievement of Kedrion Biopharma's strategic objectives. A place where one can acquire new knowledge or examine in depth information that is relevant to one's current role in the company, but that is also expendable, in the future, in other business areas.

By encouraging the sharing of common values through dialogue and debate, Scuola Kedrion is also an important tool for consolidating corporate identity. Learning together helps Kedrion to grow and further strengthen its multiculturalism.

Scuola Kedrion enhances this invaluable asset by involving in its training sessions and programs colleagues from all around the world. In fact, in the course of 2015, about 30% of the activities were carried out in English and attended by managers from the US, Germany, Hungary and Austria.

Learning Together, Growing Together

For several years, Scuola Kedrion has organized a training session focusing on the presentation of a department, of a business macro-area or of a strategically important project for the company. Kedrion managers are also actively involved as lecturers in these training sessions. After presenting Italian Contract Manufacturing (2011), international markets (2012), internationalization strategies (2013) and the Operations BU (2014), in 2015, Scuola Kedrion focused on Corporate Central Services, describing its legal, economic-financial and IT departments.

After having, for years, attended Scuola Kedrion as a "student", in July 2015, I was asked to design and lead a corporate training session. Organizing this course inspired me to look at my job from a different point of view and to fine tune some of its aspects. In the classroom, I taught some things and I learned others. I was able to communicate that the diversity of the cultural systems in which we operate also has an impact on our business approach, highlighting how the challenges a company like ours faces every day - a company that over a few years has extended its activities to many countries - are above

all cultural. Because we operate in a legal context, a highly intellectual environment, I ask my global team members to trust each other and to enjoy working in an environment that thrives on multiculturalism.

Doretta Moni,
Global Legal Office Director

Over the years, Scuola Kedrion gave us the opportunity to meet and "tell our stories", without the fear of having to search for the right words. While I was developing my module, I reflected on how training is primarily based on collaboration. You learn by comparing experiences, by trying to figure out together new venues for growth. The key word is "together", whatever the role you play in the classroom setting. The educational process is a circular one, a constant flow between the speaker and the listener; it generates a real synergy everyone benefits from. Consequently, the course I held also taught me a lot, exactly because the questions and the open debate with others on my work gave me the opportunity to reflect on some unresolved points, thus accelerating the change management process that was already underway in my department.

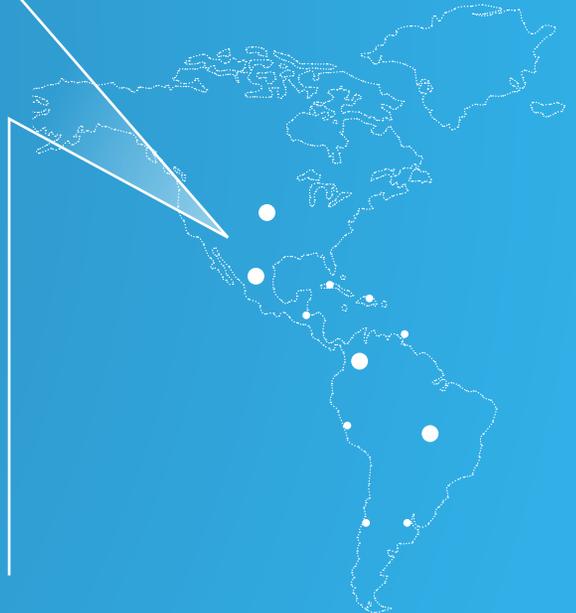
Alessandra Moscaggiura,
Global Information Technology Manager

EXPANDING WORLDWIDE



MAP LEGEND

- 🎯 HEADQUARTERS
- 🏭 PRODUCTION
- 📦 DISTRIBUTION
- 🔬 PLASMA COLLECTION
- COMMERCIAL PRESENCE



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PRODUCT PORTFOLIO

HEMATOLOGY / HEMOPHILIA

EMOCLOT/Koöte-DVI*/WILATE***

Factor VIII/von Willebrand Factor concentrate

HUMAFactor-8**/HUMACLOT**

Factor VIII/von Willebrand Factor concentrate

WILFACTIN***

von Willebrand Factor concentrate

AIMAFIX/HUMAFactor-9**

Factor IX concentrate

EMOSINT

DDAVP Desmopressin

NUWIQ***

Recombinant Factor FVIII concentrate

IMMUNOLOGY / NEUROLOGY

Ig VENA/HUMAGLOBIN/KEDRIGAMMA/ Gammaked*/GAMTEN**/INTRATECT***

Standard intravenous Immunoglobulin

OCTANORM***

Standard subcutaneous Immunoglobulin

VENBIG/KEYVENB***

Anti-hepatitis B intravenous Immunoglobulin

IMMUNOHBs/UMAN BIG

Anti-hepatitis B intramuscular Immunoglobulin

TETANUS GAMMA

Anti-tetanus intramuscular Immunoglobulin

IMMUNORHO/RhoGAM/MICRhoGAM/ KeyRho

Anti-D intramuscular Immunoglobulin

BIVIGAM*

Polyvalent 10% intravenous Immunoglobulin

CRITICAL CARE

UMAN ALBUMIN/UMAN SERUM/HUMAN ALBUMIN/KEDRIALB/PLASBUMIN/ KEDBUMIN*/Albuked*

Human Albumin solution

AT III KEDRION

Antithrombin concentrate

K FLEBO***

Potassium aspartate

PLASMASAFE***

Pharmaceutical grade plasma

UMAN COMPLEX/PRONATIV***

Prothrombin Complex concentrate

PRODUCTS DEDICATED TO THE ITALIAN SELF-SUFFICIENCY PROGRAM

VENITAL

Standard intravenous Immunoglobulin

ALBITAL/KALBI

Human Albumin solution

ATKED

Antithrombin concentrate

PLASMAGRADE

Pharmaceutical grade plasma

KLOTT

Factor VIII/von Willebrand Factor concentrate

IXED

Factor IX concentrate

KEDCOM

Prothrombin Complex concentrate

KEDHBs

Anti-hepatitis B intramuscular Immunoglobulin

VEBIKED

Anti-hepatitis B intravenous Immunoglobulin

* product only available for the US market

** product only available for the Hungarian market

*** product only available for the Italian market

ORPHAN DRUGS DEVELOPMENT

At Kedrion Biopharma, we have always focused on the research and development of plasma-derived orphan drugs intended for the treatment of rare diseases. To this end, we set up a plant in Siena, renamed IKOD (Kedrion Orphan Drugs Plant). First of its kind not only in Italy but also in Europe, in October 2015 IKOD obtained authorization for the production of biological hemoderived experimental therapies from the Italian Medicines Agency (Agenzia Italiana del Farmaco, AIFA). In particular, the authorization concerns the production of experimental batches of the human Plasminogen concentrate developed by Kedrion, a drug that has proven effective in the treatment

of Ligneous Conjunctivitis (LC), an extremely rare condition often diagnosed in infants and children. This product has already obtained Orphan Drug designation in both Europe (from European Medicines Agency, EMA) and the United States (from Food and Drug Administration, FDA). In 2015, the first part of the clinical study was concluded. All subjects included in this (6 in the United States and 4 in Italy) will continue to receive Plasminogen concentrate for duration of the study continuation period. Meanwhile, Kedrion works with physicians to provide Plasminogen concentrate to patients who were ineligible for our clinical trial, through compassionate use programs.

During 2015, we also continued our plas-matic Factor V production process optimization study and, in Siena, two lots were produced on a semi-industrial scale. In the first half of 2016, Kedrion will kick off a process optimization and product characterization project that has received funding from the Region of Tuscany. Finally, a project funded by the Italian Ministry for Universities and Research, focused on high-activity Recombinant Factor IX, came to a close; the final report was submitted in December.

2015 MILESTONES



FEBRUARY – PLASMA COLLECTION NETWORK EXPANDS: NEW KEDPLASMA CENTER OPENS IN ROCK HILL, USA

Our tenth American plasma collection center is inaugurated in South Carolina. In Rock Hill, all data related to plasma collection is tracked and archived through an innovative software to be rolled out in all US centers during 2016.



FEBRUARY - ITALY, LAND OF INVESTMENTS: KEDRION CEO PARTICIPATES IN "ITALY MEETS THE USA" SUMMIT IN NEW YORK
Kedrion CEO Paolo Marcucci participates in a trade summit held in Manhattan attended by the Italian Minister of Foreign Affairs Paolo Gentiloni. Success stories based on internationalization in the hi-tech, pharmaceutical and biotechnology sectors are illustrated, and new opportunities for American investment in Italy are promoted.



FEBRUARY - FROM ITALY TO COMPETE WORLDWIDE: NEW PLANT UNVEILED IN CASTELVECCHIO PASCOLI, LUCCA

Kedrion's new manufacturing plant in Castelvechio Pascoli (Lucca) is presented to local and regional authorities and to the press. The site will be used to produce 10% immunoglobulins. This investment, the first part of which nears 50 million Euro, reaffirms our commitment to keep Italy at the center of the Kedrion industrial model.



MAY - KEDRION CONSOLIDATES US PRESENCE: NEW RHOGAM® PRODUCTION LINE AT THE MELVILLE FACILITY PRESENTED

Key political, economic and sports figures meet at the Melville production site in New York State to celebrate Kedrion Biopharma's presence in the United States. Our growth plans in the US market and the initial investments in the new RhoGAM® production line are presented, as we reaffirm our commitment to local communities.



MAY - PLASMAPHERESIS IS THE KEY TO SELF-SUFFICIENCY: KEDRION SYMPOSIUM AT SIMTI CONGRESS IN NAPLES

Our commitment in support of the Italian Blood System towards national self-sufficiency in plasma-derived products continues, in the full awareness that the key to success is promoting plasma donation. During the IV National Conference on Italian Transfusion Services organized by SIMTI (Italian Association of Transfusion Medicine and Immunohematology), we organized a symposium to discuss plasmapheresis.



JUNE - HEMOPHILIA PORTFOLIO COMPLETED: NUWIQ® DISTRIBUTION KICKS OFF IN ITALY

Our Hemophilia portfolio is complete thanks to NuwIQ®, the new recombinant Factor VIII produced by Octapharma AG, which we exclusively distribute in Italy. Kedrion now offers a complete range of therapeutic solutions in the field of hemostasis and coagulation disorders.

2015 MILESTONES



JUNE - THE PATIENT AT THE CENTER: KEDRION AND MEYER HOSPITAL JOIN FORCES FOR EARLY SCREENING OF PID

We offer our full support to the event “Together for the treatment of children with Primary Immunodeficiency Disorders (PID)” organized by the Anna Meyer Children’s Hospital of Florence (Italy). The goal is to promote newborn screening for primary immunodeficiency disorders, with trailblazing testing already offered at the Jeffrey Modell Center, located inside the Meyer Hospital.



JUNE - BROADENING ACCESS TO THERAPIES: WFH AND CNS KICK OFF THE WISH PROJECT, AN INITIATIVE STRONGLY PROMOTED BY KEDRION

The new global humanitarian aid program - strongly supported by Kedrion - kicks off with the signing of an agreement between the World Federation of Hemophilia (WFH) and the Italian National Blood Center (Centro Nazionale Sangue, CNS). The program is aimed at reducing the gap in the access to clotting factor concentrates between countries.



JUNE - TRAINING THE WORKFORCE OF THE FUTURE: KEDRION AMONG THE FOUNDERS OF THE NEW ITS “VITA” IN SIENA, ITALY

Professional development is the key to success, both inside and outside the company. Together with Toscana Life Sciences (TLS) and other 20 companies in the Tuscan Pharma Valley, Kedrion founds the Higher Technical Institute “New Technologies for Life” in Siena. The institute will train technicians for the chemical-pharmaceutical industry, a field in which Tuscany is the leader in Italy for number of companies, employees and turnover.



JULY - PRESTIGIOUS PARTNERSHIP: AGREEMENT BETWEEN THE UNIVERSITY OF LEIPZIG AND KEDPLASMA GERMANY

KEDPLASMA Germany signs a three-year agreement for the supply of plasma to the prestigious University of Leipzig, the first blood transfusion center in Germany and one of the largest blood collection centers of that country.



JULY - PLASMA COLLECTION NETWORK GROWS: NEW KEDPLASMA CENTER OPENS IN AUGSBURG, GERMANY

Kedrion opens the fourth KEDPLASMA center in Germany in the heart of the Bavarian city of Augsburg. The new collection center is able to welcome up to 40 donors at the same time.



OCTOBER - TRAINING THE WORKFORCE OF THE FUTURE: KEDRION AND FONDAZIONE CAMPUS SUPPORT THE FOUNDING OF AVIS SCHOOL

The Italian Association of Voluntary Blood Donors (AVIS) School is born from the collaboration of AVIS with Kedrion and Fondazione Campus. The aim is to support the most promising young AVIS executives in improving their managerial, financial and organizational skills.

2015 MILESTONES



OCTOBER - BROADENING ACCESS TO THERAPIES: KEDRION SUPPORTS PARACELSO HUMANITARIAN PROJECT IN AFGHANISTAN

We confirm our global commitment to ensuring a broader and fairer access to the treatment of Hemophilia. Kedrion supports the Fondazione Paracelso by shipping coagulation factors, made available respectively by the Foundation and the CRS Friuli Venezia Giulia (Regional Blood Center), to Afghanistan.



OCTOBER - INTERNATIONAL EXPANSION: A STABLE PRESENCE IN COLOMBIA

The creation of the company Kedrion de Colombia Sas allows us to consolidate our presence on a strategically important market, and to strengthen our activities in support of patient communities throughout Latin America.



OCTOBER - LIABILITY MANAGEMENT ON 300 MILLION EURO BOND

Kedrion successfully settled the repurchase of the outstanding 5-year Eurobond issued in 2014 for 150.7 million Euro, replacing it with a same expiry, lower interest rate bank loan.



NOVEMBER - GROWING REPUTATION: KEDRION KEY PLAYER OF FARMINDUSTRIA'S ROADSHOW IN ITALY

During Farmindustria's roadshow "Innovation and the Creation of Added-Value. The pharmaceutical industry: a legacy that Italy cannot lose", we are invited to take the floor as an example of excellence in the Italian pharmaceutical industry. The event, near Siena in Tuscany, brings together the entire national pharmaceutical industry (Farmindustria is the association of pharmaceutical companies operating in Italy).



NOVEMBER - TECHNOLOGICAL INNOVATION: EMOKED AMONG THE BEST DIGITAL PROJECTS OF 2015

During the 3rd edition of "About Digital Pharma Awards", EmoKed is nominated among the best digital projects. The software was designed and developed by Kedrion to improve the traceability of the entire plasma derivatives chain in Italy.



DECEMBER - FIGHT AGAINST INHIBITORS IN HEMOPHILIA: SIPPET STUDY PRESENTED AT ASH CONGRESS

The results of the SIPPET study are presented during the prestigious Plenary Session of the Congress of the American Society of Hematology (ASH) in Orlando, Florida. The clinical study by Italian researchers focuses on the incidence of inhibitors in Hemophilia, and is made possible thanks to the non-binding funding provided by Grifols, Kedrion and LFB.

BRIDGING COMMUNITIES



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DONATION IS THE KEYSTONE



Plasma is at the core of all Kedrion Biopharma's activities, of all our planning, research, development and distribution. However, plasma does not appear out of nowhere. It is not extracted, nor synthesized, nor manufactured. Plasma comes from people. Volunteers who contribute a precious gift so that others can live a better life. Selfless people who generously give to others they most often never know. Donors.

Through KEDPLASMA in the United States and in Europe, Kedrion collaborates with donors by providing them with state-of-the-art collection centers that meet the highest industry certifications, including the Quality Standards of Excellence, Assurance and Leadership (QSEAL) voluntary certification, awarded by the Plasma Protein Therapeutics Association (PPTA). In 2015, the number of centers operated by KEDPLASMA increased to 19, thanks to new openings in Augsburg (Germany), Rock Hill, Hattiesburg and Dothan (United States). Additionally, three of the existing centers were moved to new locations, ensuring higher plasma collection volumes and an improved experience for donors.

"I belong to a family of donors," states Richárd Rácz, who over the past nine years has made 324 donations at Hungarian KEDPLASMA centers. *"Following my father's example, my brother and I regular-*

ly donate plasma, driven by a strong motivation: to help others."

Optimizing plasma collection is one of Kedrion's main growth strategy goals. During 2015, our collection volumes grew by 25% compared to 2014, reaching a total of 695,000 liters of plasma. For the future, we are working towards a greater number of collection centers, a marked increase in collected plasma volumes, general cost reduction, and the development of long term strategic partnerships. A big element of our growth is recruiting and retaining a strong and talented workforce, and in the next few years we forecast investing heavily in the search for new professionals to join our Plasma Business Unit.

In Italy, we stand by donors associations and federations, collaborating to raise general awareness of the need to donate blood and plasma. Also thanks to Kedrion Biopharma's great dedication to

DONATION IS THE KEYSTONE

supporting the Italian Blood System, a commitment that has its foundation in our close collaboration with volunteer organizations and professionals, and a constant dialogue that materializes in training sessions and information initiatives, in 2015 the volumes of plasma collected in Italy have started increasing again after going down for the last two years. The “Kedrion Incontra - Kedrion Meets” project is particularly appreciated by our stakeholders. We periodically organize guided visits to our plants and hold seminars to let donors know how important their contribution is to the community, making them ever more aware of how their donation could save or improve lives; undoubtedly a strong incentive to keep on this path. Furthermore, well-informed donors are able to offer the most complete and effective responses to the System, helping it to adopt the best and most efficient practices.

“Your willingness to improve mutual understanding has produced one of the best initiatives of recent years”, commented Luciano Franchi, donor and AVIS (Italian Association of Voluntary Blood Donors) executive. “Visiting the company and being able to see with our own eyes what happens after our donation was a veritable training course for us. Higher awareness among executives leads to a more proactive attitude when it comes to designing campaigns to promote donation.”

Andrea Tieghi, donor and President AVIS for the Region of Emilia-Romagna, added: *“For donors, first-hand experience of the journey plasma undertakes to become a life-saving therapy is a great motivation to keep donating. By organizing these visits, the company opens up to others; this encounter is an added value that enhances the perception of the entire System and highlights the importance of Italian self-suf-*

iciency in the supply of plasma-derived medicinal products.”

Kedrion continues to interact with its local communities to raise awareness of the importance of plasma donation. The company's participation in local events and dedicated global events, such as the Italian Association of Transfusion Medicine and Immunotherapy (SIMTI) Congress dedicated to plasmapheresis, in Naples, Italy, which we strongly promoted, and the annual PPTA International Plasma Awareness Week are testimony to our concrete commitment to being a strong local presence that engages communities in the company's life and activities, fostering in people an increased awareness of issues related to donation and to therapies in which plasma derivatives are used.

A COMMITTED INDUSTRY PLAYER



Every year, Kedrion Biopharma processes about two and a half million liters of plasma in its plants in Italy, Hungary and the United States, transforming it in to medicinal products used in the treatment of rare and debilitating diseases. In doing so, Kedrion helps people help other people and is, therefore, the vital connection between donors and recipients that makes the entire plasma chain possible.

Long experience and great expertise, combined with a strong commitment to research and development, have allowed Kedrion to become a leading world industry player, a recognized partner of donor and patient organizations, and of the medical, health, institutional communities. Production is concentrated in the two Italian plants of Bolognana (Lucca) and Sant'Antimo (Naples), the Hungarian plant of Gödöllő (Budapest) and the American plant in Melville (New York). A small production facility located in Siena, Tuscany, is dedicated to the research and development of orphan drugs to treat particularly rare diseases.

In 2015, we restated our brave decision to invest in Italy, increasing and further consolidating our role in the national pharma-

ceutical industry. In February, the not yet active new plant in Castelvechio Pascoli, Lucca, was presented to local institutions, authorities and the community. Around 50 million Euro have been invested in this facility, which will be dedicated to the production of 10% immunoglobulins.

The industrial and commercial growth of our company, which is becoming more and more international, has its origins in Italy and is put into effect in the United States, which has become Kedrion's primary market. In May 2015, we celebrated our presence in the USA by inviting institutions and local community representatives to visit our plant in Melville and presenting the investments made in the new production line for RhoGAM®, an anti-D immunoglobulin prescribed to prevent Rh

A COMMITTED INDUSTRY PLAYER

sensitization. Rh sensitization (in women) could lead to Hemolytic Disease of the Fetus and the Newborn (HDFN).

Last year was also marked by strong public recognition for Kedrion Biopharma.

In Italy, Farmindustria, the national association of pharmaceutical companies, introduced us as an example of excellence in Tuscany, and nationwide, during a stopover of its roadshow "Innovation and Creation of Added-Value" in Rosia (Siena) in November. This testifies the company's key role in the national and international pharmaceutical industry.

The importance of this role is enhanced by Kedrion's long term partnership with the Italian Transfusion System. According to Francesco Picardi, CRS Marche (Regional Blood Center) and Pesaro

Hospital's Transfusion Services Director, *"Its role is crucial: every time a product is needed, Kedrion acts as an intermediary with those Regions that have a surplus of it, ensuring it is made available to those who need it. This is not something the company is required to do, but a task that it has – nonetheless – carried out in full, illustrating what it means to be part of the System"*.

Furthermore, at the working roundtable set up by the Region of Tuscany with the aim of creating a regional Pharma Valley to strengthen Tuscany's position as the third national pharmaceutical district in terms of number of companies, employees and size of investments, our contribution is highly valued.

At the same time, major international

companies such as Biotest and Octapharma recognized the value of partnering with Kedrion by entrusting us with the exclusive distribution of strategic products like Nuwiq® in Italy and BIVIGAM® in the United States; all of which in markets where the two companies have their own sales networks and established distribution channels.

Kedrion Biopharma positively welcomes the challenge of facing up to its role, working to maintain industry standards of excellence, to consolidate its leadership in domestic markets, and to increase its presence in international markets.

SERVING PATIENTS' NEEDS



Kedron Biopharma offers a wide and increasing range of plasma-derived medicinal specialties for the treatment of rare and life-threatening diseases. Starting from Italy, in recent years we have expanded our activities, becoming an international company thanks to a direct presence in Europe, the United States, Latin America and Asia, and to making our therapies available in approximately 100 countries worldwide.

Our commitment to R&D, our dedication to manufacturing critical plasma-derived therapies, our history of distributing them globally, our full attention to the quality and safety of each product and process, have one goal: serving patients' needs. We supply our products to people who in most cases could not be without them, and we strive to make these products available to those who need them worldwide, with the ultimate goal of meeting as yet unanswered therapeutic needs, and of broadening access to plasma-derived treatments even in those countries where their availability cannot always be fully guaranteed.

For us, growing means first of all being able to reach an increasing number of patients globally. In 2015, Kedron kept on growing, mainly thanks to our performances in the United States (+58% compared to 2014) and in Latin America (+18%) where, last October, we established the commercial company Kedron de Colombia Sas, with the aim of consolidating our

presence and expressing our closeness to that country's patient communities.

In Italy, where the market is becoming increasingly challenging, we have confirmed our strategic plan's expected results, and further expanded our product portfolio with the addition of fibrin glue and subcutaneous immunoglobulin.

Since its inception, Kedron has worked with the National Health Service and the Italian Regions with the aim of reaching self-sufficiency in plasma-derived therapies. *"That Italy is not as yet self-sufficient should be remedied as a matter of urgency"*, Francesco Picardi, CRS Marche and Pesaro hospital's Transfusion Services Director, has stated, adding that *"from this standing, the Plasmapheresis Working Group, fostered by Kedron, has the merit of gathering the main actors of the national Blood System around the same table, with the aim of finding sustainable ways to increase plasma collection"*.

Close collaboration with international and local patient associations is, for us, a key

SERVING PATIENTS' NEEDS

strength. One example is the German Association of Patients with Immunodeficiencies (DSAI) in Germany. *"Together we are stronger. Together we can take action to promote greater awareness of congenital immunodeficiencies and, especially, of the importance of early diagnosis. This is the only way to ensure adequate treatment to those who suffer from these diseases, helping them lead as normal a life as possible"*, stated Gabriele Gründl, Chairwoman of DSAI.

In Germany, Kedrion experienced an exceptional 82% increase in sales compared to 2014, mainly due to immunoglobulin demand: *"The launch of new, high-quality and -safety therapies on the German market is always welcome"*, Prof. Hans-Peter Hartung, Director of Düsseldorf's Heinrich Heine Universität's Department of Neurology, has stated, going on to say that *"in Germany, Kedrion is so much more than a commercial enterprise: it is a reliable partner that supports research and the development of continuing education and training in the field of immune-mediated diseases of the nervous system and especially the peripheral nerve"*.

Much has been done in Russia, where Kedrion operated directly to increase

awareness and knowledge of our immunoglobulin portfolio; in Brazil, where we are about to obtain the first market authorizations for our products; and in Vietnam, where we carried out intense training and information sessions with the local medical and scientific communities to create awareness for better diagnosis and treatment of specific rare conditions.

Kedrion's commitment to the patient community has also taken shape in the promotion and support of global strategic healthcare projects. As in the case of CURhE (Consortium for Universal Rh-disease Elimination), an initiative strongly backed by Kedrion and led by neonatologists at Stanford University (California, USA) and the Hospital for Sick Children (Toronto, Canada), developed in collaboration with internationally acclaimed research institutions and companies with the aim of eradicating the Hemolytic Disease of the Fetus and Newborn (HDFN), which still affect more than 300,000 babies a year worldwide.

"The enthusiasm and commitment of the Marcucci family, as well as people in Kedrion, have created the background in which CURhE was created and will succeed", commented Dr. Alvin Zipursky, founder and

former Scientific Director of the Program for Global Paediatric Research at the Hospital for Sick Children in Toronto, Canada.

Lastly, our commitment to the research and development of new therapies is unwavering. To this end, in 2015 we helped complete a clinical study of great importance to the Hemophilia community, as well as the industry and to Kedrion: SIPPET (Survey of Inhibitors in Plasma-Products Exposed Toddlers). This study was presented at the American Society of Hematology (ASH) Congress in Orlando, Florida, in December 2015, and it constitutes a major step forward in the fight against the main problem arising from the treatment of severe Hemophilia A, which is the development of inhibitors against FVIII concentrate.

As Dr. Louis Aledort, Professor of Medicine, Hematology and Medical Oncology at the Icahn School of Medicine in New York, and Chair of SIPPETS's Data and Safety Monitoring Board, explains, *"This is an extraordinary study with very clear findings. It has important implications for the treatment of hemophilia A and will ultimately result in more effective and less costly treatment for previously untreated patients"*.*

* Dr. Louis Aledort has been compensated by Kedrion Biopharma Inc. for advisory service.

ECONOMIC & FINANCIAL INDICATORS



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ECONOMIC & FINANCIAL INDICATORS

RELEVANT EVENTS OF THE YEAR

The significant revenue growth during the 2015 fiscal year was supported by higher volumes available thanks to the further development and optimization of the additional fractionation capacity at European plants and by the increased use of the US Melville facility in New York State to satisfy the sales market. In previous years, a larger share had been devoted to contract manufacturing.

Regarding sales prices, 2015 was characterized by an overall stability with a growth trend in the demand for albumin and immunoglobulin, particularly in some markets.

Analyzing our final markets, what stands out is the continuous increase of US turnover, the main market in our industry. Over the past year, and in part due to the extremely positive performance of the plasma collection sector, the United States has consolidated its position as Kedrion's

most important market, thus surpassing Italy's historical role.

This result derives from a gradual internationalization process aimed at boosting Kedrion's presence in all major international markets. The outstanding results reached in other major markets such as Mexico, Germany, Austria and Vietnam allowed exports to account for 74.3% of total revenue.

An important factor in 2015 was the Euro exchange rate variation against some major currencies. Its weakening against the US Dollar positively impacted the conversion of US sales into Euro, while it negatively affected plasma purchases in the USA. Other important markets for Kedrion such as Turkey and Russia, however, registered a decrease in sales due to the weakening of local currencies.

Additionally, during the 2015 fiscal year

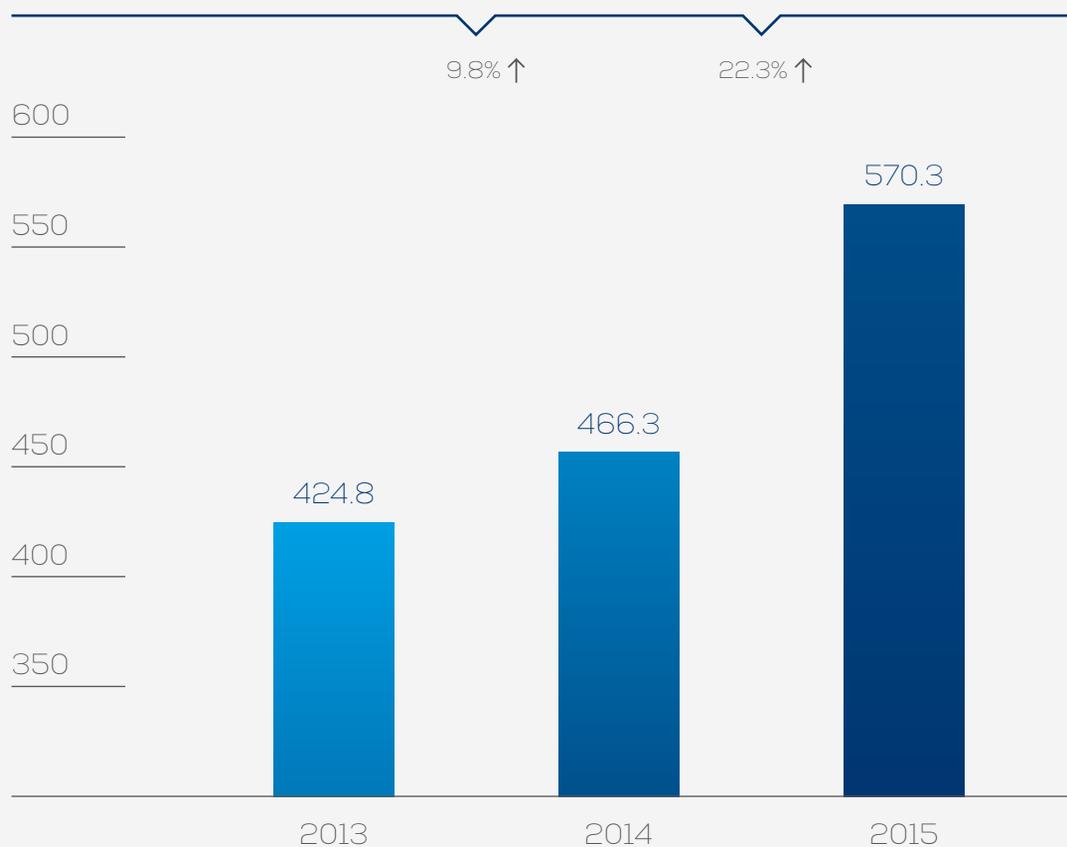
Kedrion continued in its quest to pursue further operating efficiencies by internalizing some production processes that are to date entrusted to third parties. In particular, through significant investments made in 2015, the installation of two new production lines has been substantially advanced from an industrial point of view: the new fractionation and purification line for Anti-D immunoglobulin in Melville and the 10% immunoglobulin line in the new Italian plant in Castelvecchio Pascoli, near Lucca.

Funding of these investments was secured through the issuance of a 300 million Euro Eurobond in April 2014, then subject to financial restructuring during the 2015 fiscal year, with the partial repurchase of part of it against a new facility obtained by a pool of banks.

ECONOMIC & FINANCIAL INDICATORS

REVENUES (€ MLN)

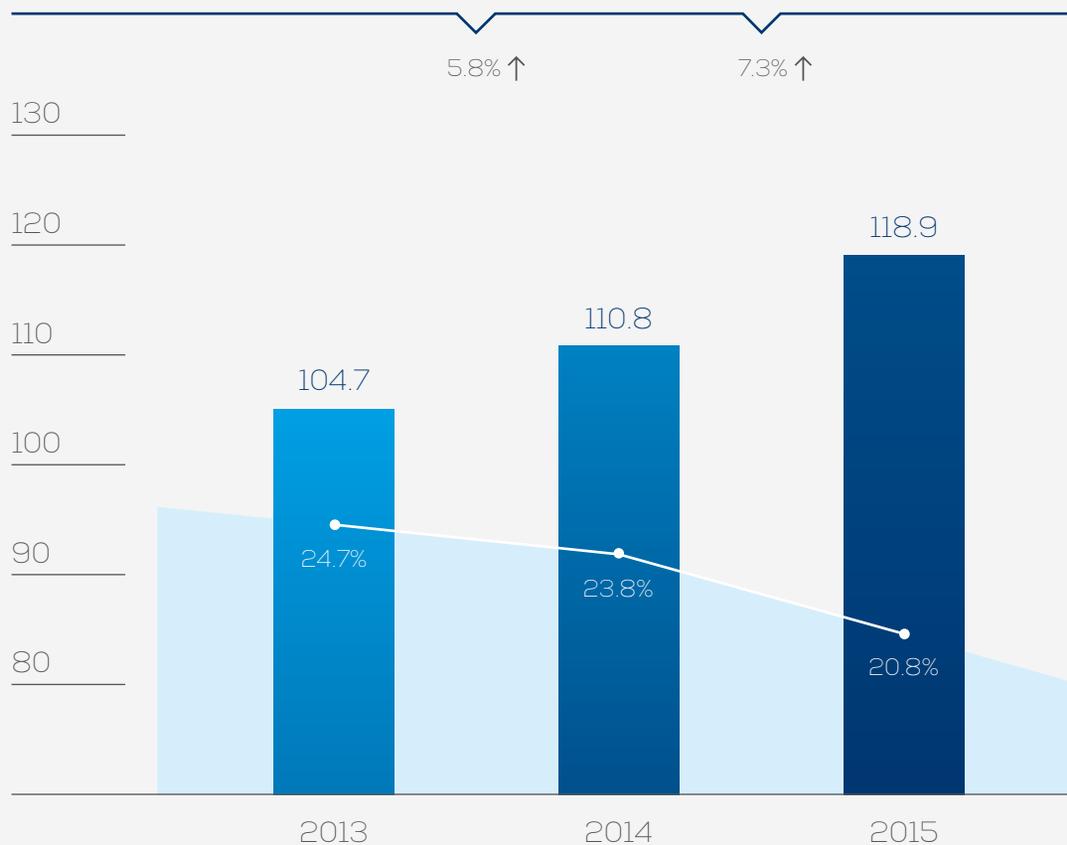
CAGR 15.9% ↑



ECONOMIC & FINANCIAL INDICATORS

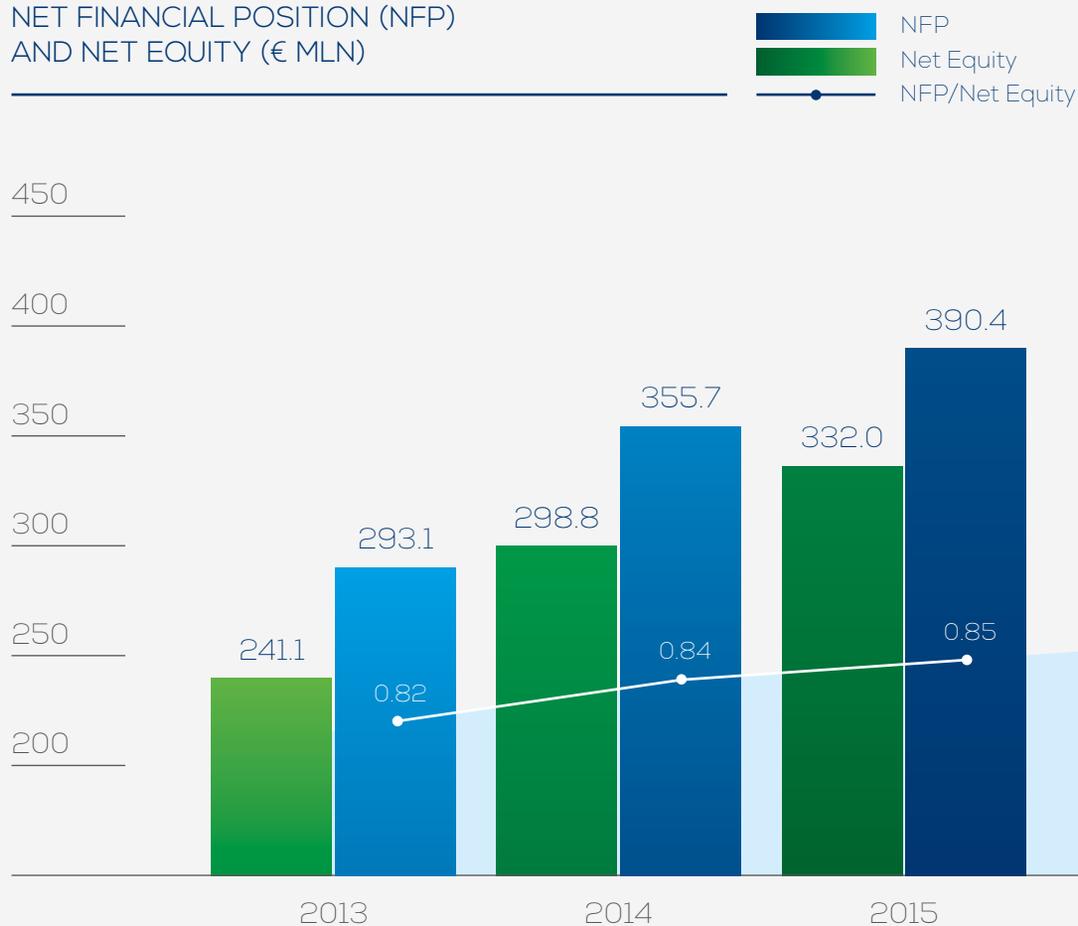
EBITDA ADJUSTED (€ MLN) AND
ADJUSTED EBITDA MARGIN (%)

CAGR 6.5% ↑



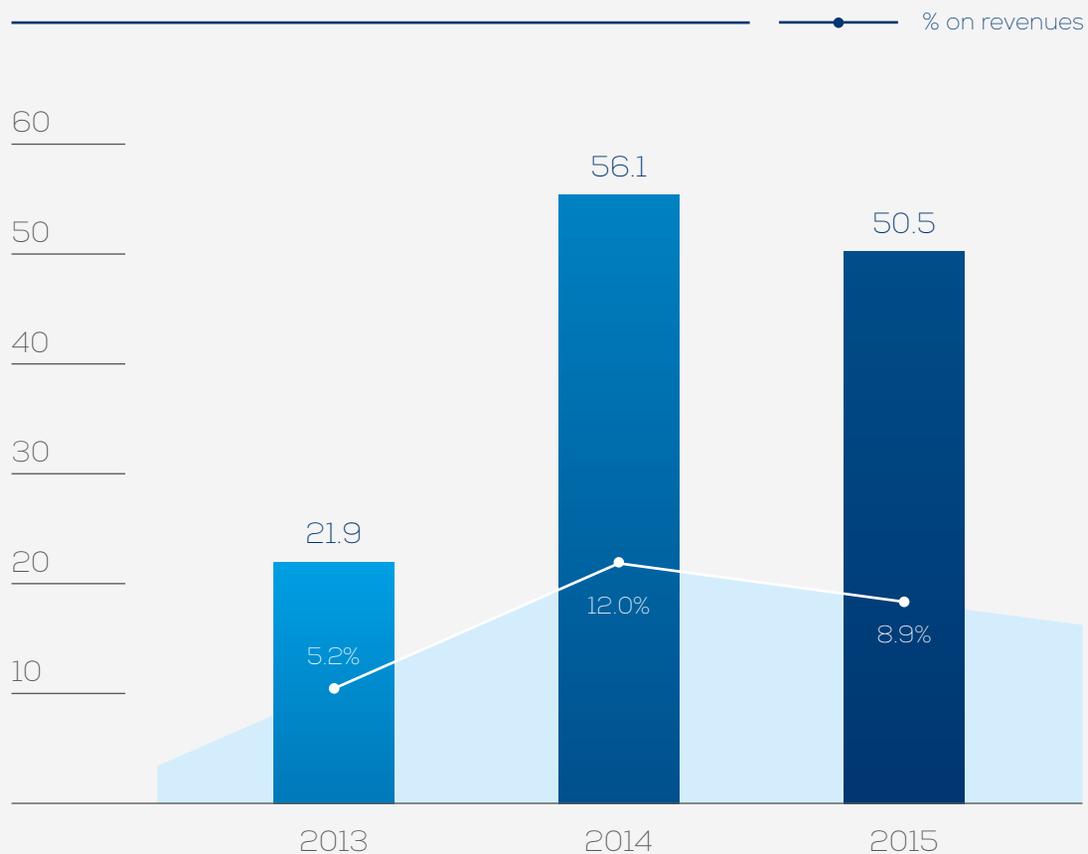
ECONOMIC & FINANCIAL INDICATORS

NET FINANCIAL POSITION (NFP)
AND NET EQUITY (€ MLN)



ECONOMIC & FINANCIAL INDICATORS

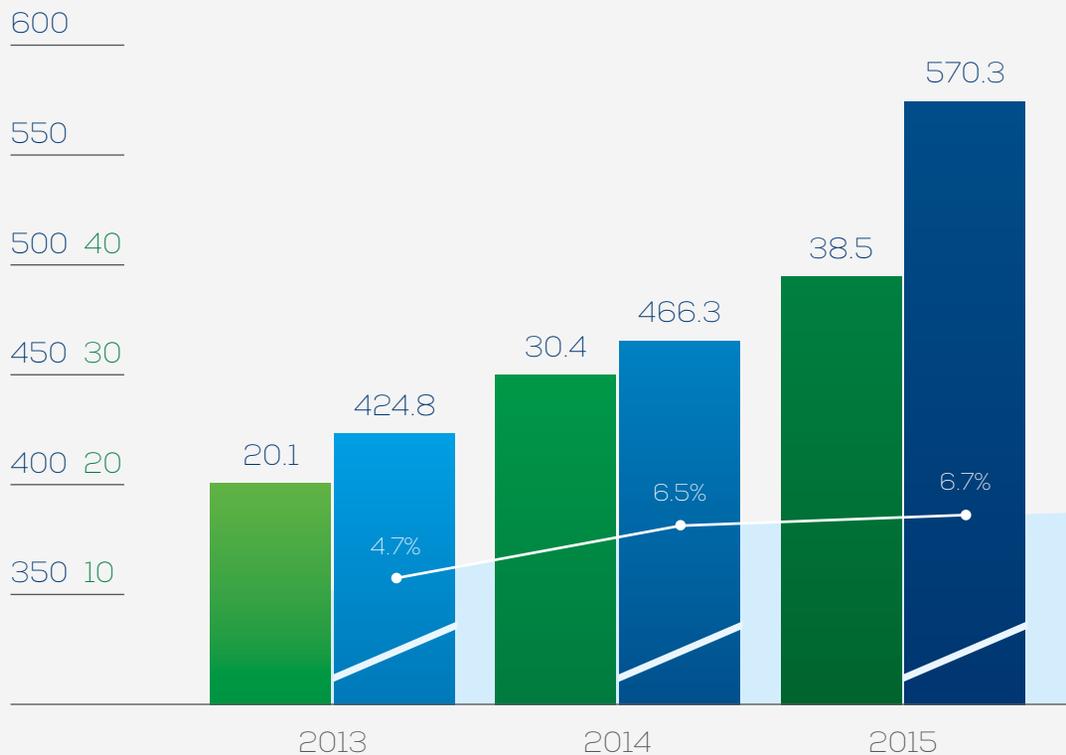
NET INVESTMENTS (€ MLN)



ECONOMIC & FINANCIAL INDICATORS

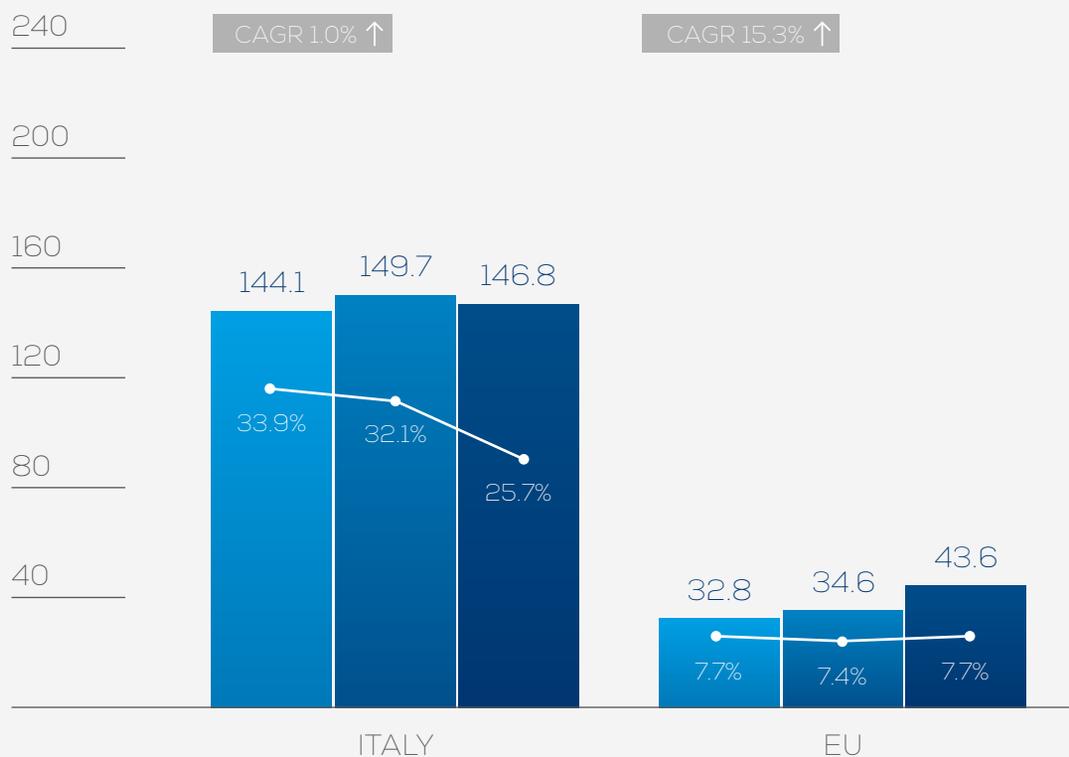
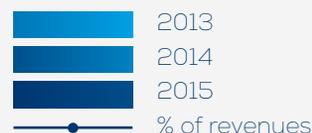
R&D TOTAL EXPENDITURE
AND INVESTMENTS (€ MLN)

R&D
Sales
%



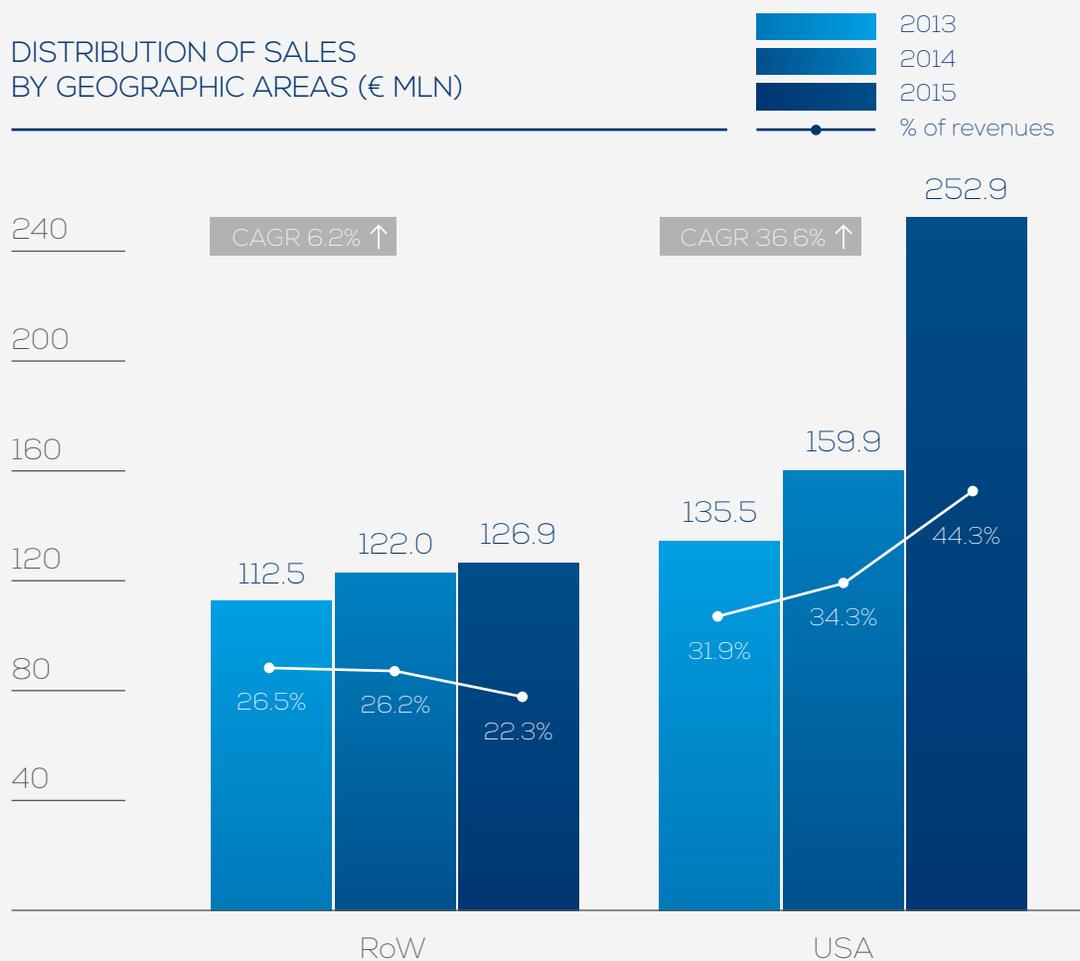
ECONOMIC & FINANCIAL INDICATORS

DISTRIBUTION OF SALES
BY GEOGRAPHIC AREAS (€ MLN)



ECONOMIC & FINANCIAL INDICATORS

DISTRIBUTION OF SALES
BY GEOGRAPHIC AREAS (€ MLN)



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT
(IN THOUSANDS OF EURO)

YEAR ENDED AT 31 DECEMBER

2015

Revenues from sales and services	570,303
Cost of sales	341,906
GROSS OPERATING MARGIN	228,397
Other revenues	6,698
General and administrative expense	74,375
Sales and marketing expense	49,020
Research and development expense	34,643
Other operating costs	8,193
OPERATING RESULT	68,864
Financial charges	37,788
Financial income	26,577
RESULT BEFORE TAX	57,653
Income taxes	18,883
NET RESULT FOR THE PERIOD	38,770
OF WHICH:	
GROUP RESULT	36,328
MINORITIES RESULT	2,442

CONSOLIDATED FINANCIAL STATEMENTS

OTHER COMPREHENSIVE INCOME
(IN THOUSANDS OF EURO)

YEAR ENDED AT 31 DECEMBER

2015

PROFIT FOR THE PERIOD	38,770
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:	
Net movement on cash flow hedges	(851)
Income tax effect	234
	(617)
Exchange differences on translation of foreign operations	10,778
Income tax effect	0
	10,778
NET OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	10,161
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:	
Re-measurement gains (losses) on defined benefit plans	265
Income tax effect	(191)
	74
NET OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	74
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	10,235
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	49,005
ATTRIBUTABLE TO:	
EQUITY HOLDERS OF THE PARENT	46,563
NON-CONTROLLING INTERESTS	2,442

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(IN THOUSANDS OF EURO)

YEAR ENDED AT 31 DECEMBER

2015

NON CURRENT ASSETS

Property, plant and equipment	174,613
Investment property	2,505
Goodwill	209,068
Fixed term intangible assets	62,983
Investments in associated companies	0
Investments in other companies	2,307
Other non current financial assets	4,573
Deferred tax assets	1,568
Non current trade receivables	0
Other non current assets	1,632
TOTAL NON CURRENT ASSETS	459,249

CURRENT ASSETS

Inventories	277,120
Trade receivables	122,663
Current tax credits	5,756
Other current assets	24,803
Other financial current assets	95
Cash and cash equivalents	59,243
TOTAL CURRENT ASSETS	489,680

TOTAL ASSETS

948,929

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(IN THOUSANDS OF EURO)

YEAR ENDED AT 31 DECEMBER

2015

GROUP SHAREHOLDERS' EQUITY

Share capital	55,186
Reserves	296,209
Group net income	36,328
TOTAL GROUP SHAREHOLDERS' EQUITY	387,723

MINORITIES SHAREHOLDERS' EQUITY

Minorities capital and reserves	209
Minorities net income	2,442
TOTAL MINORITIES SHAREHOLDERS' EQUITY	2,651

TOTAL SHAREHOLDERS' EQUITY

390,374

NON CURRENT LIABILITIES

Medium-/long-term debt	338,021
Provisions for risks and charges	298
Payables for employee benefits	4,685
Other non current liabilities	6,986
TOTAL NON CURRENT LIABILITIES	349,990

CURRENT LIABILITIES

Payables to banks and other lenders	42,064
Current portion of medium-/long-term debt	15,831
Provisions for risks and charges	176
Trade payables	112,210
Current tax payables	5,633
Other current liabilities	32,651
TOTAL CURRENT LIABILITIES	208,565

TOTAL LIABILITIES

558,555

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES

948,929

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT (IN THOUSANDS OF EURO)

YEAR ENDED AT 31 DECEMBER

2015

Net cash flow generated by operating activities (A)	43,208
Net cash flow absorbed by investment activities (B)	(37,092)
Net cash flow generated / (absorbed) by financing activities (C)	13,448
TOTAL NET CASH FLOW D=(A+B+C)	19,564
Cash and cash equivalents opening balance (E)	39,572
Net effect of conversion of foreign currencies on cash and cash equivalents (F)	71
CASH AND CASH EQUIVALENTS CLOSING BALANCE G=(D+E+F)	59,208



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Independent auditor's report in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010

(Translation from the original Italian text)

To the Shareholders of Kedrion S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Kedrion Group, which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in consolidated shareholders' equity, the statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The Directors of Kedrion S.p.A. are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

Reconta Ernet & Young S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
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Inscritta all'Albo Speciale delle società di revisione
Consoli al progressivo n. 2 delibera n. 10831 del 16/7/1997

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Kedrion Group as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree n. 38, dated 28 February 2005.

Report on other legal and regulatory requirements

Opinion on the consistency of the Report on Operations with the consolidated financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Report on Operations and of its corporate governance section, solely for the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 2, letter b), with the consolidated financial statements. The Directors of Kedrion S.p.A. are responsible for the preparation of the Report on Operations and of its corporate governance section in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 2, letter b), presented in the specific section of the Report on Operations, are consistent with the consolidated financial statements of Kedrion Group as at 31 December 2015.

Florence, April 8th, 2016

Reconta Ernst & Young S.p.A.

Signed by: Lorenzo Signorini, partner

This report has been translated into the English language solely for the convenience of international readers.

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