

120
YEARS

STADA
ALL THE BEST

STADA



Corporate Presentation
Investor Relations, May 2015

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The anticipated opportunities and risks to STADA's activities have been described in detail in the Executive Board's management reports in the annual reports. Current possible opportunities and risks are mentioned in the respective interim report.

STADA's performance indicators are partly influenced by one-time special effects and/or effects not arising from the operating business. Disclosure of key figures adjusted for these effects (so called “pro forma” key figures) by STADA is only to provide a supplement to the recorded IFRS key figures for a transparent comparison to a relevant period from the previous year.

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Forward-looking statements

This STADA Arzneimittel AG presentation (hereinafter "STADA") contains certain statements regarding future events that are based on the current expectations, estimates and forecasts on the part of the company management of STADA as well as other currently available information. They imply various known and unknown risks and uncertainties, which may result in actual earnings, the business, financial and earnings situation, growth or performance to be materially different from the estimates expressed or implied in the forward-looking statements. Statements with respect to the future are characterized by the use of words such as "expect", "intend", "plan", "anticipate", "believe", "estimate" and similar terms. STADA is of the opinion that the expectations reflected in forward-looking statements are appropriate; however, it cannot guarantee that these expectations will actually materialize. Risk factors include in particular: The influence of regulation of the pharmaceutical industry; the difficulty in making predictions concerning approvals by the regulatory authorities and other supervisory agencies; the regulatory environment and changes in the health-care policy and in the health care system of various countries; acceptance of and demand for new drugs and new therapies; the results of clinical studies; the influence of competitive products and prices; the availability and costs of the active ingredients used in the production of pharmaceutical products; uncertainty concerning market acceptance when innovative products are introduced, presently being sold or under development; the effect of changes in the customer structure; dependence on strategic alliances; exchange rate and interest rate fluctuations, operating results, as well as other factors detailed in the annual reports and in other Company statements. STADA not assume any obligation to update these forward-looking statements.

The STADA Executive Board:

H. Retzlaff (Chairman), H. Kraft, Dr. M. Wiedenfels

History

- 1895** Founded in Dresden as a pharmacists' cooperative
- 1970** Stock corporation with restricted registered common shares only for pharmacists
- 1975** Market entry in the young generics market
- 1986** Beginning of internationalization
- 1998** Start of trading on the stock exchange
- 2001** Included in MDAX on July 23, 2001
- 2004-2008** Start and expansion in Eastern Europe: Acquisition of Nizhpharm and Makiz-Pharma, Russia as well as Hemofarm Group, Serbia
- From 2011** Accelerated expansion of the Branded Products segment, among other things, acquisition of the branded product portfolio of Grünenthal in Central and Eastern Europe, the OTC manufacturer Thornton & Ross in the UK and the Aqualor® product portfolio in Russia
- Today** Enterprise value as of March 31, 2015: € 3.2 billion
 Employees as of December 31, 2014: approx. 10.360
 Present in over 30 countries
 Shareholder structure: approx. 11% pharmacists and doctors
 Free Float: 100%



Strategy and Outlook

Strategy focus

**Consumer focus:
expansion of branded products**

- Pushing of existing and acquired brands
- Higher share of branded products in adjusted operating profit of core segments (2014: 52%)

**Expansion of generics
portfolio across market regions**

- Focus on markets with high share of self-pay patients (e.g. CIS, Asia, MENA)
- Expansion of biosimilar portfolio with risk-averse approach

Full pipeline

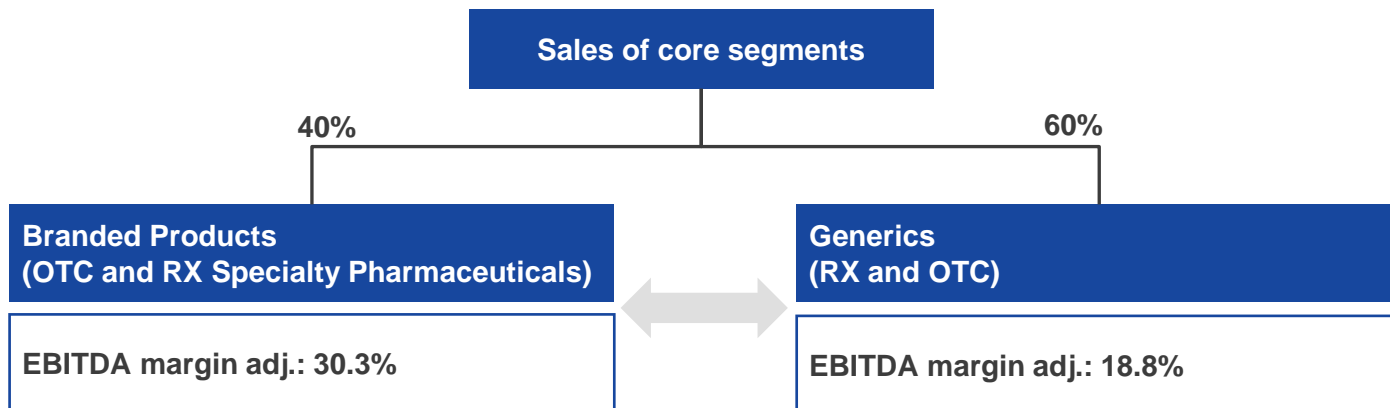
- Generics: over 1,300 running approval procedures as of Dec. 31, 2014
- Development partnerships
- Branded products: Center of OTC Excellence

Disciplined capital allocation

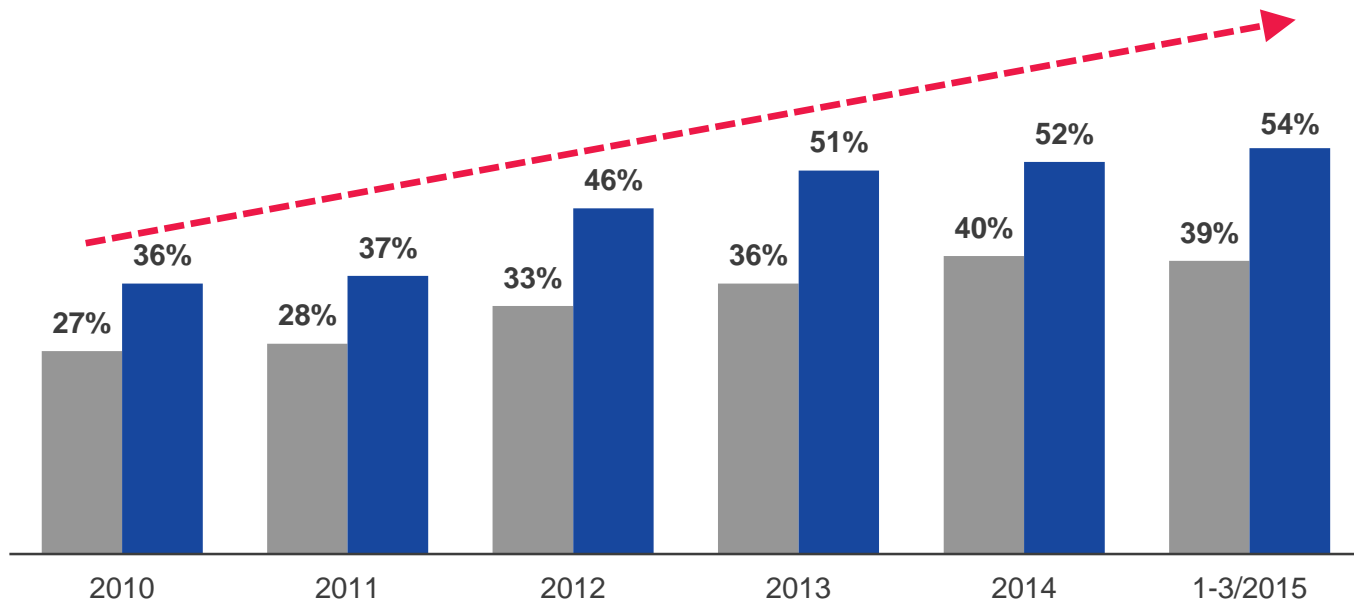
- Value-adding acquisitions with focus on high-margin OTC product portfolio and/or growth markets

Risk-averse business strategy: no risk concentration or liability risk

Sales split 2014



Expansion of the Branded Products segment



■ Share of Branded Products in sales¹⁾

■ Share of Branded Products in adjusted operating profit¹⁾

1) of the two core segments Generics and Branded Products..

Innovations


Center of Excellence for branded products

- Think tank for the entire STADA Group
- Multidisciplinary team: market research, marketing, R&D, production, and business development
- Objective: long-term pipeline and portfolio development in the areas of OTC and dermatology
- Ongoing development of the Group's branded product portfolio
- Support of expansion strategy for branded products
- Located at the British STADA subsidiary Thornton & Ross



Innovations

Expansion of biosimilar activities

- Comprehensive experiences with EMA's approval processes for biosimilars resulting from the successful development of Epo
 - Exploiting opportunities with adequate consideration of risks and benefits for the company
 - Choice of an in-licensing strategy, among other things, due to the experiences made with the European marketing of Epo
 - Avoidance of high R&D costs – milestone payments backloaded and depending on success
 - Selection of an experienced partner
- 
- Since 2008: in-house development of Silapo® (Epoetin zeta)
 - 2014: introduction of Grastofil® (Filgrastim) through cooperation with Apotex
 - In-licensing of Rituximab through cooperation with Gedeon Richter
 - In-licensing of Teriparatid through license agreement with Richter-Helm
 - Letter of intent (LOI) for in-licensing of Adalimumab from mAbxience

Innovations

Product development

- Introduction of 626 individual products worldwide in 2014 (706 in 2013)
- 157 new products in 1-3/2015 (148 in 1-3/2014)
- Full pipeline: planning horizon beyond 2024
- Over 1,300 approval procedures for more than 150 active pharmaceutical ingredients in over 55 countries worldwide
- Contractual joint venture with Hetero Drugs Ltd (LOI) increases pipeline security for oncology products
- Over 800 active pharmaceutical ingredients, over 10,000 product packagings marketed through the Group

Outlook for 2015

Group:

- Slight growth in sales adjusted for currency and portfolio effects
- Substantial decrease in adjusted EBITDA and adjusted net income¹⁾
- Ratio of net debt, excluding further acquisitions, to adjusted EBITDA of nearly 3

Adjustment for special effects in connection with the translation effects recorded in profit and loss resulting from the change in the Russian ruble as well as further significant currencies of the market region CIS/Eastern Europe

Adjustment for additional scheduled depreciation and other measurement effects due to purchase price allocations as well as significant product acquisitions taking financial year 2013 as basis

1) Currency relations at the time the preliminary outlook as of February 19, 2015 was published

Assumptions for market regions for 2015

Operational influence factors

Germany

- Decline in sales, operating profitability under Group average
- Stable sales of generics and brands in Germany, decline in export business due to reclassification

Central Europe

- Sales growth, operating profitability at Group average
- Positive development of the top markets of UK, Italy and Spain with relatively high profitability; Belgium more difficult
- UK: strong dynamic at Thornton & Ross and Britannia (APO-go®)

CIS/Eastern Europe

- Sales growth in local currencies, operating profitability adjusted for negative currency effects above Group average
- Uncertainties about future business development, but no escalation of CIS crisis; burdens from weakness of currencies in particular in Russia and Ukraine

Asia/Pacific & MENA

- Sales growth, operating profitability above Group average
- Notable sales growth in Vietnam, China and MENA
- Licensing of STADA products in Myanmar – STADA one of the first to enter the market

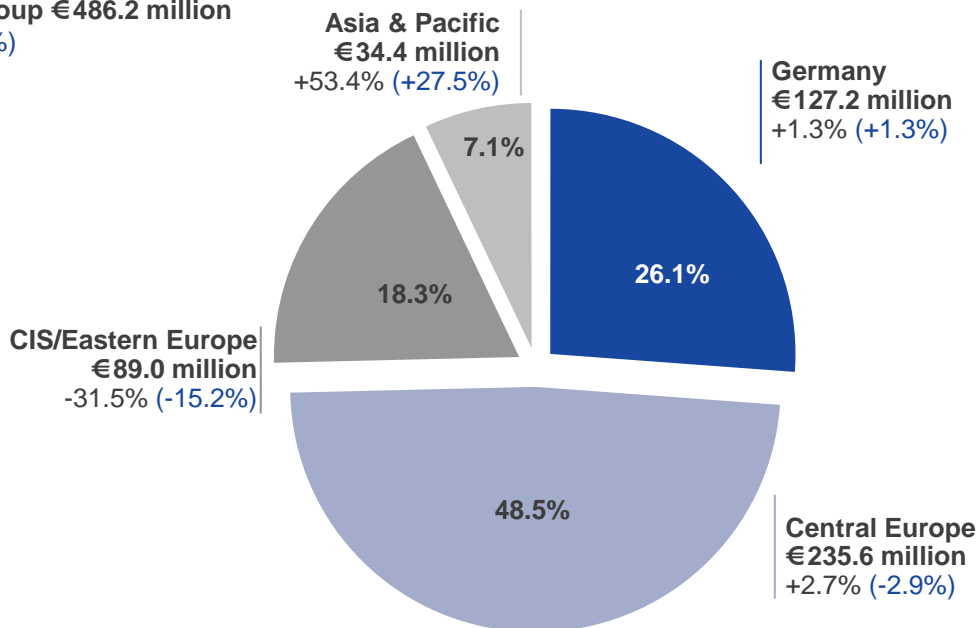
Market Regions

Sales 1-3/2015

By market region

Total group €486.2 million

-4% (-4%)



(x) = Adjusted for changes in the Group portfolio and currency effects.

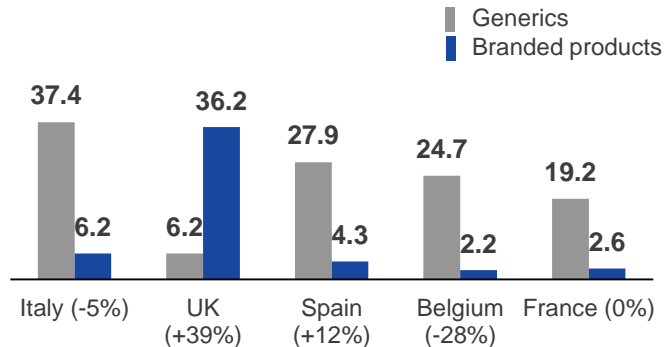
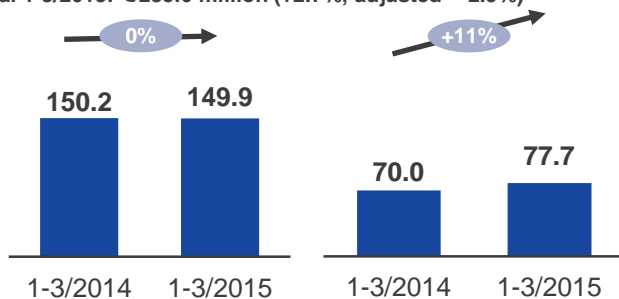
Market region Central Europe

Generics sales (in € million)

Branded product sales (in € million)

Most important countries (Sales in € million)

Total 1-3/2015: €235.6 million (+2.7%, adjusted¹⁾ -2.9%)



■ Generics
■ Branded products

1-3/2015

- Strong growth in the UK and Spain
- Slow start in Belgium and Italy; inventory effect and regulatory headwind
- Despite regulatory interventions +11% in the Generics segment in France, decrease in branded products due to portfolio optimization

Outlook 2015

- Sales growth
- Operating profitability at Group average
- For Europe in 2014-2019, IMS Health expects sales growth of +5.2% for Generics and +0.6% for OTC products

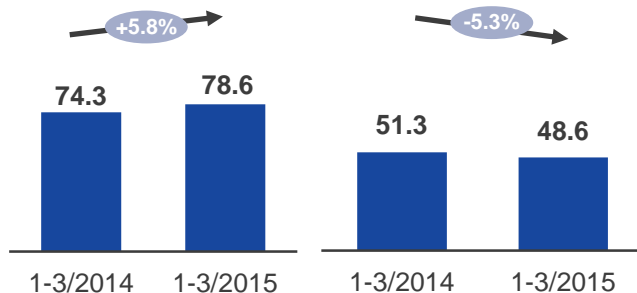
1) Adjusted for changes in the portfolio and currency effects.

Market region Germany

Generics sales (in € million)

Branded product sales (in € million)

Total 1-3/2015: €127.2 million (+1.3%)



1-3/2015

- Generics +5.8%, Branded Products -5.3%, export sales decreased by 22% due to a reclassification
- Positive local development in Germany (not including export): +5% for Generics, + 4% for Branded Products

Optimization of the German sales activities



- STADAvita (Preventative arm)
- STADAGmbH (Curative arm)
- Withdrawal of STADApHarm from discount agreement market

Outlook 2015

- Sales decrease
- Operating profitability under Group average

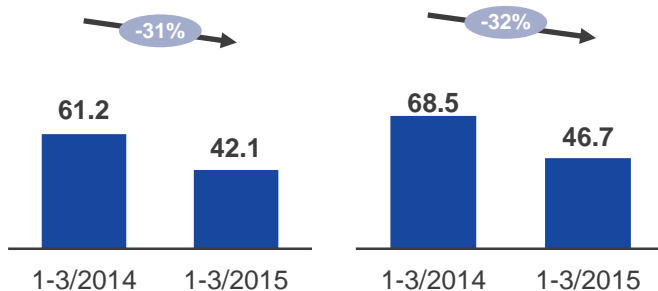
Market region CIS/Eastern Europe

Generics sales (in € million)

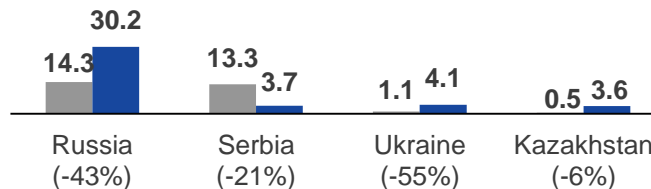
Branded product sales (in € million)

Most important countries (Sales in € million)

Total 1-3/2015: €89.0 million (-31.5%, adjusted¹⁾ -15.2%)



■ Generics
■ Branded products



1-3/2015

- Curbed sales due to CIS crisis, burden from currency weakness and pull-forward effects in Q4/2014
- Serbia affected by regulatory interventions in the Generics segment, branded products remain stable

Outlook 2015

- Earnings increase in local currencies
- Operating profitability adjusted for currency effects above Group average

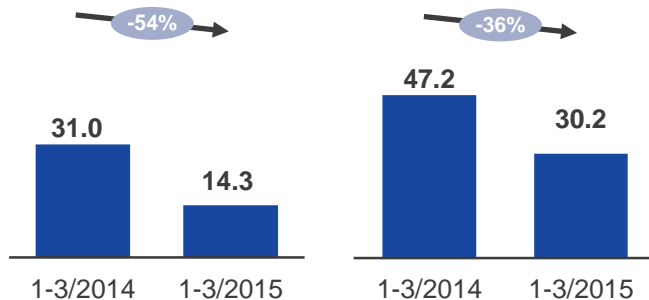
¹⁾ Adjusted for changes in the portfolio and currency effects.

Development of Russia

Generics sales (in € million)

Branded product sales (in € million)

Total 1-3/2015: €44.5 million (-43%, adjusted¹⁾ -24%)



Market

- STADA: No. 2 among local suppliers/producers
- 87% of the market are "out of pocket" (STADA: 88%)
- High traditional awareness of the Nizhpharm and Hemofarm brands
- Limited government regulation

Measures in the currently difficult market environment

- Discipline with regard to functional costs
- Portfolio management: focus on high-margin products, selective price increases
- Support of successful regions, redistribution of resources in sales
- Temporary hiring freeze

Outlook 2015

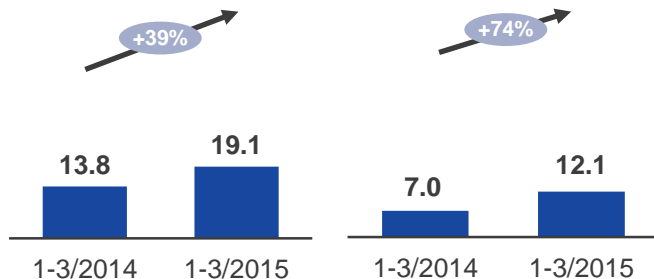
- Sales and earnings contributions significantly influenced by exchange rate development

¹⁾ Adjusted for changes in the portfolio and currency effects.

Market region Asia & Pacific

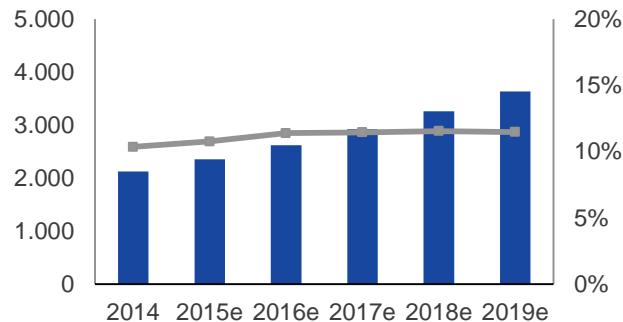
Generics sales (in € million)

Total 1-3/2015: €34.4 million (+53%, adjusted¹⁾ +27%)



Branded product sales (in € million)

Development Vietnam (in bn USD in CER²⁾)



1-3/2015

- Strong growth in Vietnam
- Initial consolidation of STADA Egypt and STADA MENA
- Reclassifications within the MENA regions

Outlook 2015

- Significant sales growth
- Operating profitability above Group average
- IMS forecast market growth 2014-2019: 11.3% (with constant exchange rates)

1) Adjusted for changes in the portfolio and currency effects. 2) Constant exchange rates.

Branded Products

STADA branded products



Strategic focus on OTC

2010¹⁾

	OTC corporation	Sales in €m
1	Novartis	1,364
2	Bayer	1,186
3	Sanofi	1,081
4	Johnson & Johnson	1,010
5	GlaxoSmithKline	605
6	Teva	546
7	Reckitt Benckiser	537
8	Boehringer Ingelheim	408
9	Abbott	396
10	Roche	382
11	Bristol-Myers Squibb	370
12	Pierre Fabre	343
13	STADA	342
14	Meda	336
	Total Market	20,093

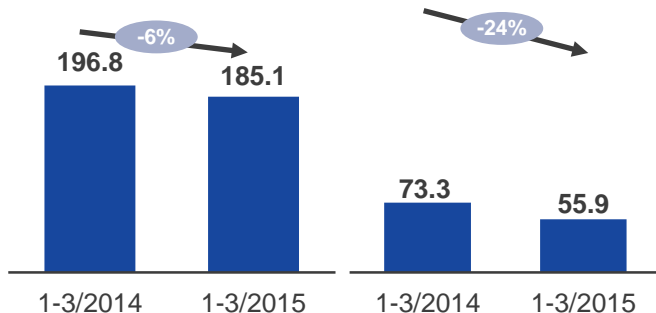
2014¹⁾

	OTC corporation	Sales in €m
1	Novartis	1,550
2	Bayer	1,183
3	Sanofi	1,176
4	Johnson & Johnson	957
5	Teva	597
6	Reckitt Benckiser	541
7	Boehringer Ingelheim	446
8	GlaxoSmithKline	411
9	STADA	391
10	Abbott	373
11	Roche	365
12	Meda	316
13	Menarini	314
14	Braun-Melsungen	313
	Total Market	21,156

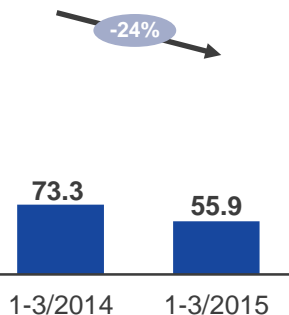
1) Definition of overall market: EU28+RU+CH+NO+RS – Panel: Retail + Hospital – MAT/12/2014, not including cosmetics and Rx branded products; Source: IMS Health MIDAS

Branded Products 1-3/2015

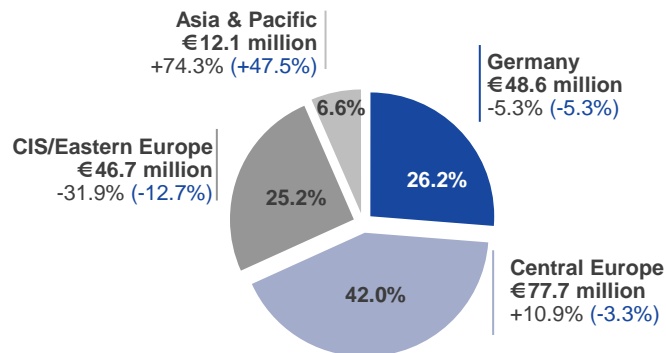
Sales (in € million)



Adj. EBITDA (in € million)



Regional Sales Development



1-3/2015

- Significant decrease in Russia due to currency weakness and pull-forward effects in Q4/2014
- Good performance in local German business (excluding export)
- Thornton & Ross highly dynamic
- APO-go® on the growth path

Strategy

- Internationalization of leading brands
- Expansion with focus on growth niches
- Support through advertising and strong position in pharmacies

(x) = Adjusted for changes in the Group portfolio and currency effects.

Strong brands in 1-3/2015

No.	Branded Product	Growth in %	Sales in €million	Indication
1.	APO-go® (RX)	+19	13.4	Parkinson
2.	Grippostad® (OTC)	+7	13.2	Cough and cold
3.	Ladival® (OTC)	-2	13.0	Sun Protection
4.	Covonia® (OTC)	+65	5.7	Cough and cold
5.	Care® ¹⁾ (OTC)	+14	5.4	Umbrella brand
6.	Snup® (OTC)	+43	5.1	Rhinitis
7.	Aqualor® (OTC)	+18	4.6	Cough and cold
8.	Hedrin® (OTC)	+31	4.3	Pediculosis
9.	Kamistad® (OTC)	-13	4.2	Oral care
10.	Hoggar® (OTC)	+37	3.9	Sedation, sleep aid
	All Branded Products	-6	185.1	



1) Umbrella brand for various indications such as skin care, cold medicine, gastrointestinal disease, pain medication, among others.

Strong sales growth in branded products area¹⁾ in 2014



1) Each relating to the market region.

Successful product supplements

Acquisitions 2014/2015







- Purchase of cosmetics line Claire Fisher
- Acquisition of the Russian branded product portfolio Aqualor®
- Purchase of production and distribution rights for the branded products portfolio Flexitol® for the United Kingdom and Ireland (internationalization intended)
- Purchase of the British Internis Pharmaceuticals Ltd., which is active in the therapeutic treatment of vitamin D3 deficiency (internationalization intended)
- Acquisition of the Russian branded products AndroDoz® and NeroDoz® in the area of men's health
- Purchase of the nutritional supplement Rydex® Immun-Power* for Germany



Generics

STADA

Leading position in key markets

Belgium: #1	Eurogenerics	
Serbia: #1	Hemofarm	
Russia: #2 ¹⁾	Nizhpharm, MAKIZ	
Germany: #3	ALIUD, STADApHarm	
Spain: #2	Laboratorio STADA	
Italy: #5	EuroGenerici	

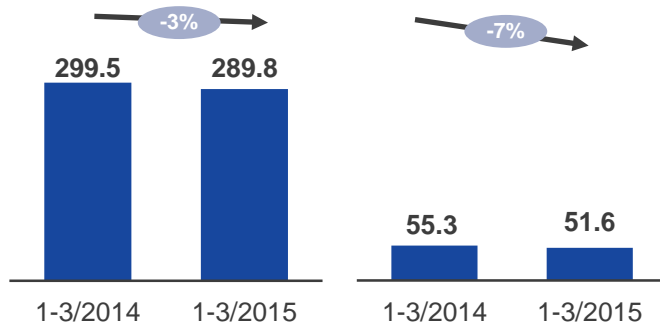


1) Local suppliers/producers

Generics 1-3/2015

Sales
(in € million)

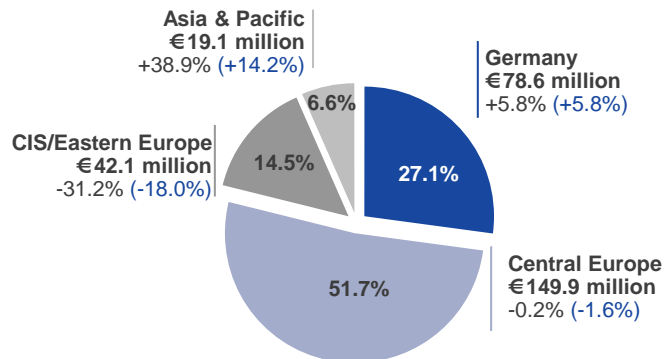
Adj. EBITDA
(in € million)



2015

- CIS/Eastern Europe: significant decrease in Russia due to currency weakness, pull-forward effects in Q4/2014
- Central Europe benefits from increased penetration
- Local German business (excluding export) a bit more stable, rein on costs
- Positive development in Asia/Pacific & MENA

Regional Sales Development



Strategy

- Set priority on growth markets with high share of self payers, e.g. CIS, Asia and MENA
- Build portfolio of biosimilars based on risk-averse in-licensing approach
- Production focus on Serbia
- Development Partnerships

(x) = Adjusted for changes in the Group portfolio and currency effects.

Environment analysis

Growth markets health care & pharma

- Global population growth
- Aging society in industrialized countries
- Medical progress
- International pharmaceutical market prognosis to 2019: 5 to 7% p.a.¹⁾

Growth opportunities for generics

- Progressive generics penetration
- Continuous patent expirations, especially in biologicals with high sales potential
- Expansion in attractive growth markets
- World generics market prognosis to 2019: up to 7,4% p.a.¹⁾

**Growth
opportu-
nities**

Specific challenges and additional risks

- Government regulation
- Exchange rate volatility
- Default risks, among other things

1) IMS Market Prognosis, September 2014; IMS Market Prognosis Global, September 2014; IMS Syndicated Analytics Service (September 2014; prepared for STADA February 2015. The market data on generics fluctuate in some cases substantially due to differing market definitions from source to source.

Cooperation with Hetero Drugs Ltd., India (LOI) – significant synergies

Synthetic active pharmaceutical ingredients

- Obtaining low-cost active pharmaceutical ingredients in the form of finished goods for existing products and new developments
-

Dossiers

- Access to numerous dossiers for the EU and, in sub-license, for further regions
 - Focus initially on highly potent oncology products, e.g. chemotherapeutics and kinase inhibitors
 - Closer collaboration in further areas imaginable
-

Synergies

- Finished goods at local cost of sales
 - Attractive development costs
 - High pipeline security including highly potent products
-

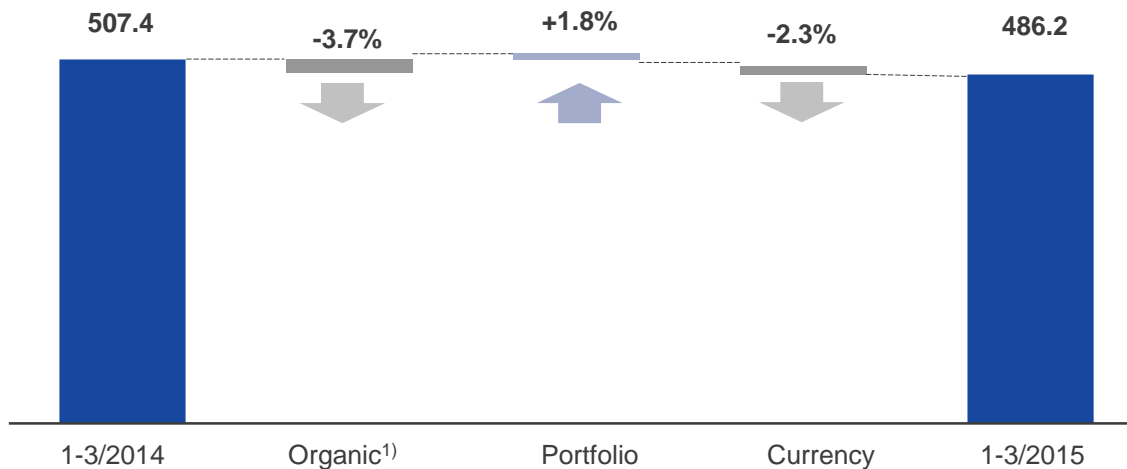
Structure

- Cooperation
 - STADA assumes approval costs and sales in the contractually agreed regions
-

Financials

Growth components 1-3/2015

Group sales in €



1) Adjusted for changes in the Group portfolio and currency effects.

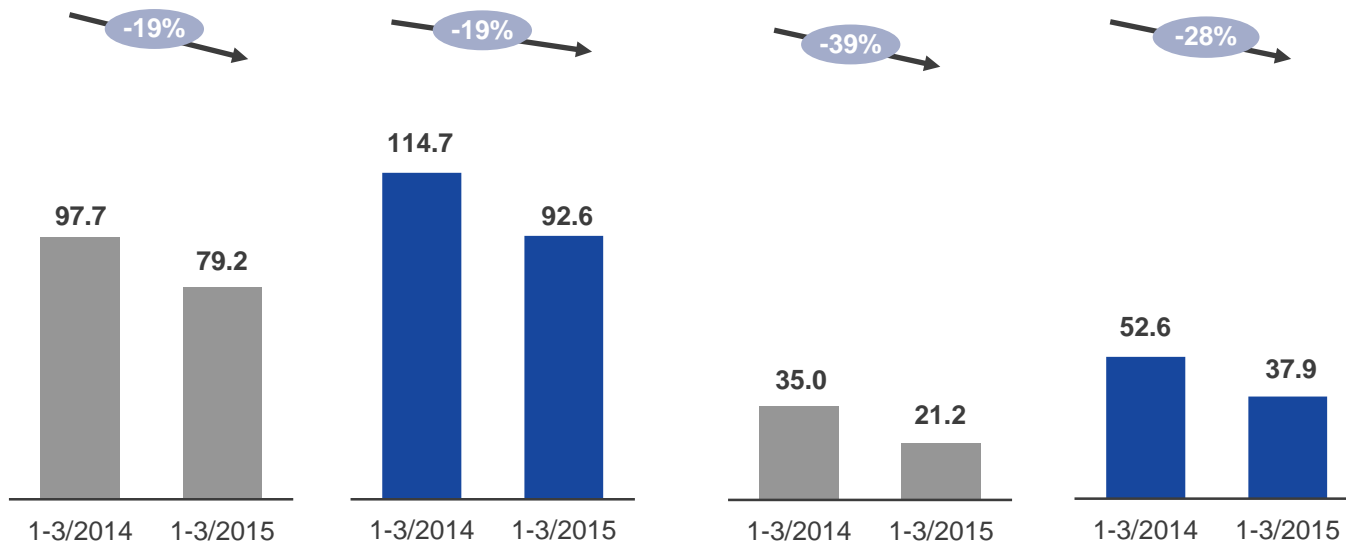
Key earnings figures 1-3/2015

EBITDA (in €million) 1-3/2015 vs. 1-3/2014
reported

adjusted¹⁾

Net income (in €million) 1-3/2015 vs. 1-3/2014
reported

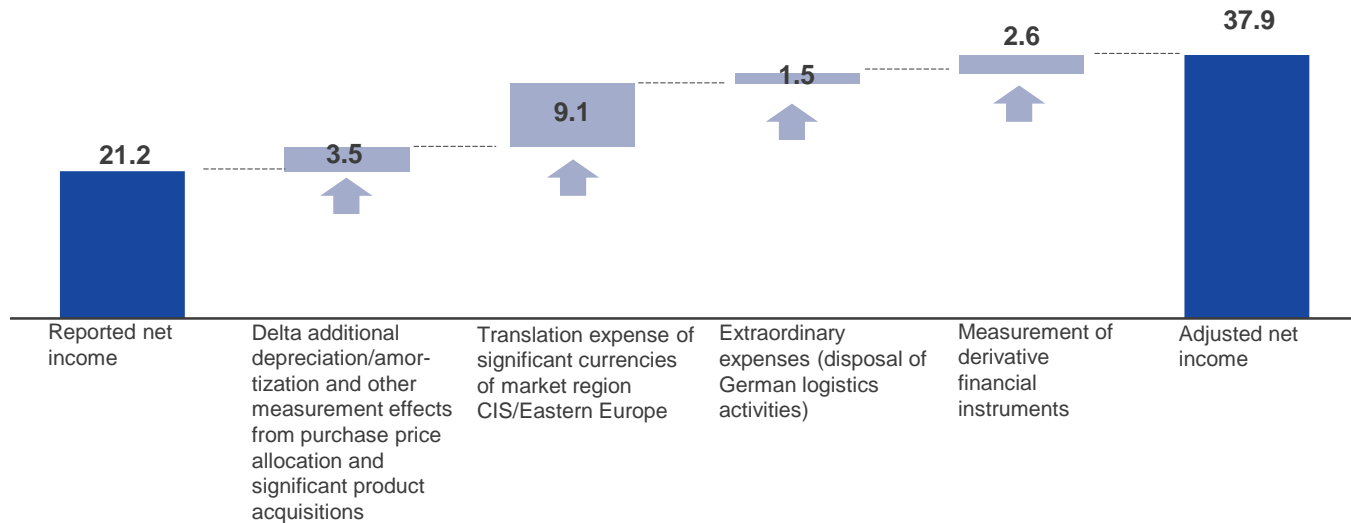
adjusted¹⁾



1) Adjusted for one-time special effects.

Net income adjustments in 1-3/2015¹⁾

in € million

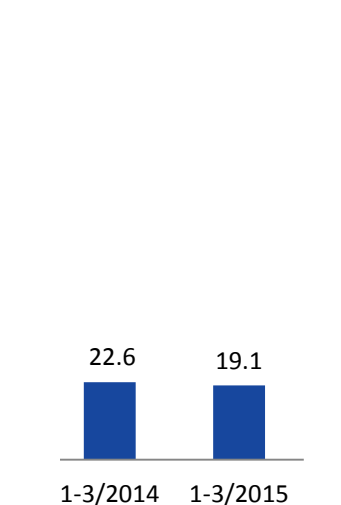
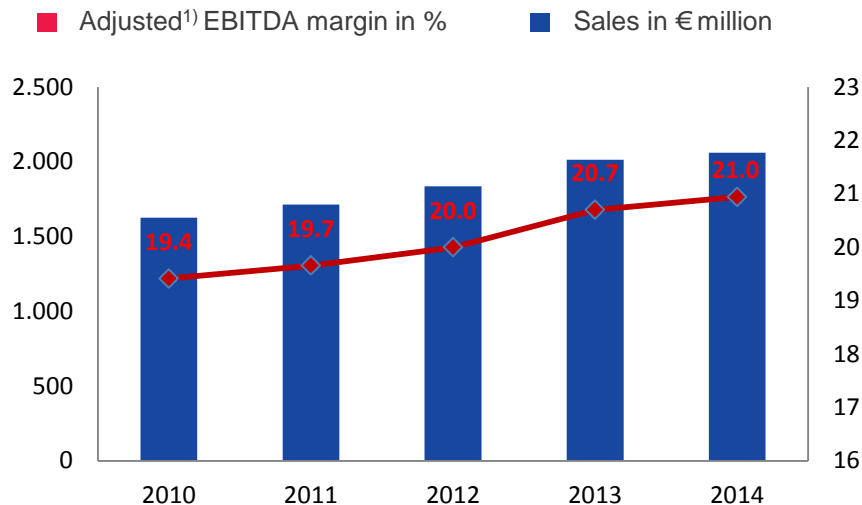


¹⁾ For a detailed definition, see STADA's Interim Report 1-3/2015.

Development of sales and margins

2010-2014

1-3/2015 vs. 1-3/2014



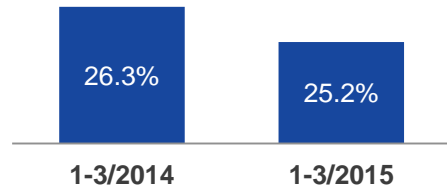
- Expansion of self-pay portfolio
- Shift to high margin product/country mix
- Scale effects (volume gains)

- Q1 burdened by CIS crisis

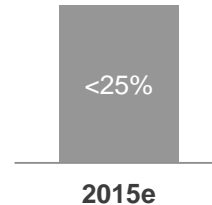
1) Adjusted for one-time special effects (2009-2014) and non-operational effects from currency influences (2009/2010).

Analysis of the tax rate

Development of the adjusted tax rate



Outlook adjusted tax rate



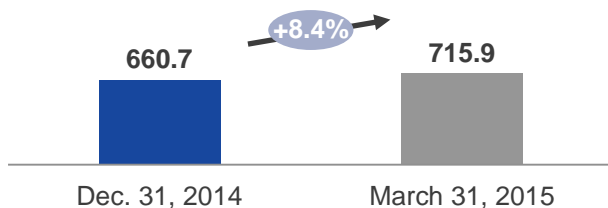
Tax rate in 1-3/2015 within expectations for 2015:

- The improvement of the tax rate primarily results from a changed profit allocation; since the end of 2013, STADA Arzneimittel AG has assumed – following the conclusion of the “build the future” program – the central service functions in connection with an adjustment in the corresponding internal transfer pricing model
- In financial year 2014 as well as in 1-3/2015, STADA Arzneimittel AG did not face any additional disadvantage from the regulations in connection with the tax barrier in Germany

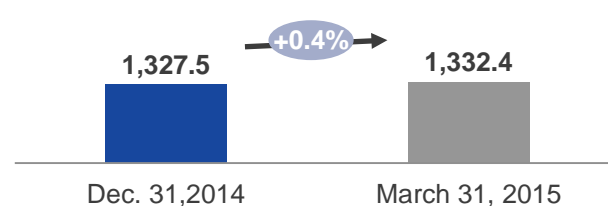
Stable balance sheet structure

Assets in €million	March 31, 2015	Dec. 31, 2014
A. Non-current assets	2,095.2	2,013.8
B. Current assets	1,314.5	1,321.7
Total assets	3,409.7	3,335.5
Equity and liabilities in €million	March 31, 2015	Dec. 31, 2014
A. Shareholders' equity	1,028.0	903.4
B. Non-current liabilities	1,175.4	1,246.7
C. Current liabilities	1,206.3	1,185.4
Total equity and liabilities	3,409.7	3,335.5

Net working capital in €million

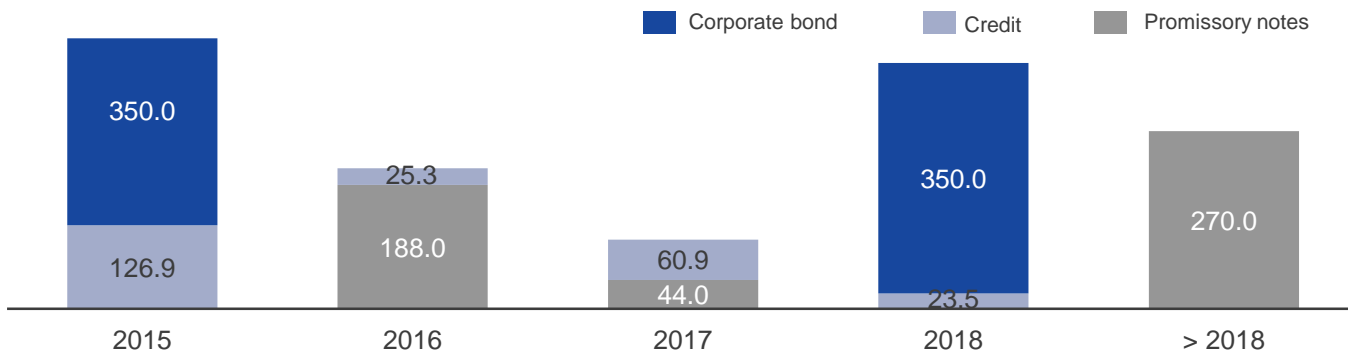


Net debt in €million



Balanced and stable financing structure

Remaining maturities of financial liabilities due to banks as of March 31, 2015 in € million



- In the first quarter of 2015, STADA was able to secure a corporate bond in the total amount of € 300 million with a term of seven years. Payout in the second quarter of 2015
- Net debt to adjusted EBITDA ratio¹⁾: 3.6²⁾ (Q1/2014: 3.1).
- Cash and cash equivalents including current securities: € 106.1 million (December 31, 2014: € 164.2 million)
- Access to committed credit lines from banking partners for many years

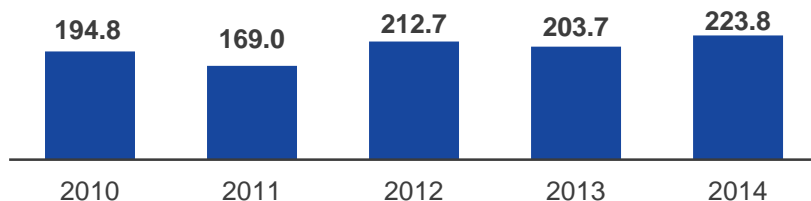
1) Adjusted for one-time special effects.

2) Net debt to adjusted EBITDA ratio (during the year on on linear extrapolation)

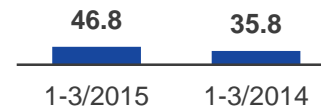
Cash flow from operating activities and adjusted free cash flow

Cash flow from operating activities (in € million)

2010-2014

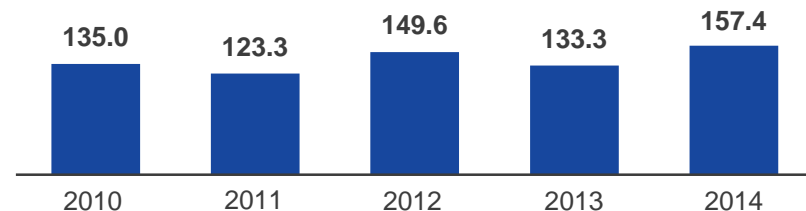


1-3/2015 vs. 1-3/2014

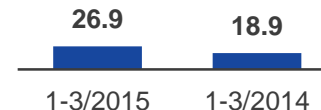


Adjusted free cash flow¹⁾ (in € million)

2010-2014



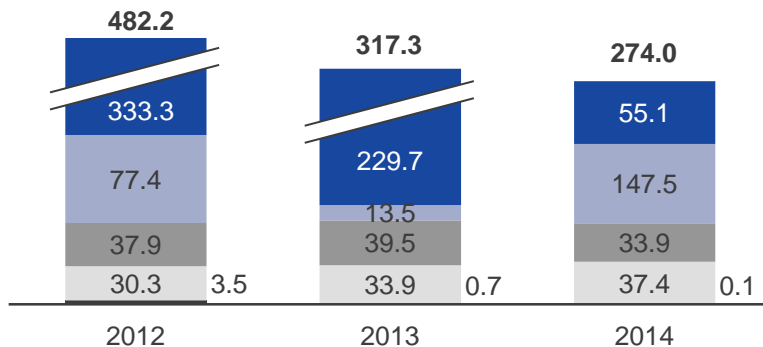
1-3/2015 vs. 1-3/2014



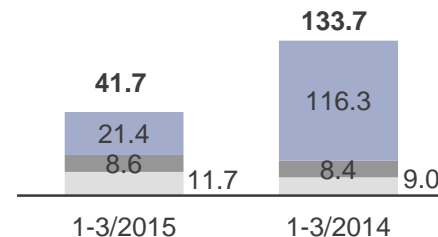
¹⁾ Free cash flow comprises cash flow from operating activities and cash flow from investing activities, adjusted for payments for significant investments or acquisitions and proceeds from significant disposals

Expenses for capital expenditure

Total expenses 2012-2014 €million



1-3/2015 vs. 1-3/2014 in €million



Proceeds

- 1-3/2015: €0.3 million
- 2014: €12.0 million
- 2013: €5.4 million
- 2012: €14.0 million

- Share of consolidated companies and business combinations
- Significant investments in intangible assets for the short-term expansion of the product portfolio
- Investments in other intangible assets (support of organic growth)
- Investments in property, plant and equipment
- Investment in financial assets

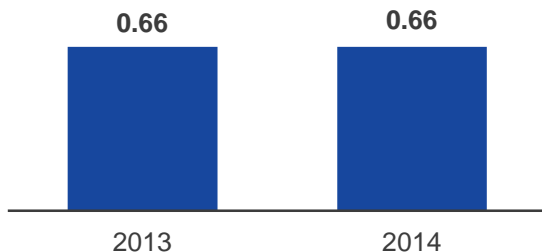
Notes

P&L details 1-3/2015

in € million	1-3/2015 in € million	1-3/2015 in % of Sales	1-3/2014 in € million	1-3/2014 in % of Sales	
Gross profit	233.4	48.0	249.4	49.2	Burden from CIS crisis (higher procurement prices)
Selling expenses	110.3	22.7	109.3	21.5	Higher marketing expenses
G&A expenses	44.0	9.1	41.8	8.2	Disposal of logistics business
R&D expenses	16.2	3.3	13.9	2.7	Among others Project cost in Germany and the UK
Financial Result	-16.4		-12.3		Measurement of derivative financial instruments

Dividend proposal

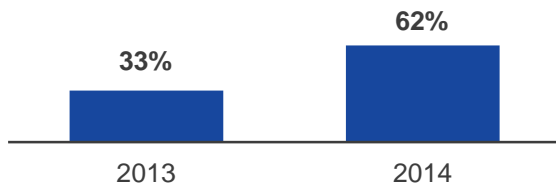
Dividend per STADA common share in €



Dividend payout 2014: €40.0 million
(2013: €39.8 million)

Dividend policy Appropriate share of reported net income to shareholders

Pay-out ratio

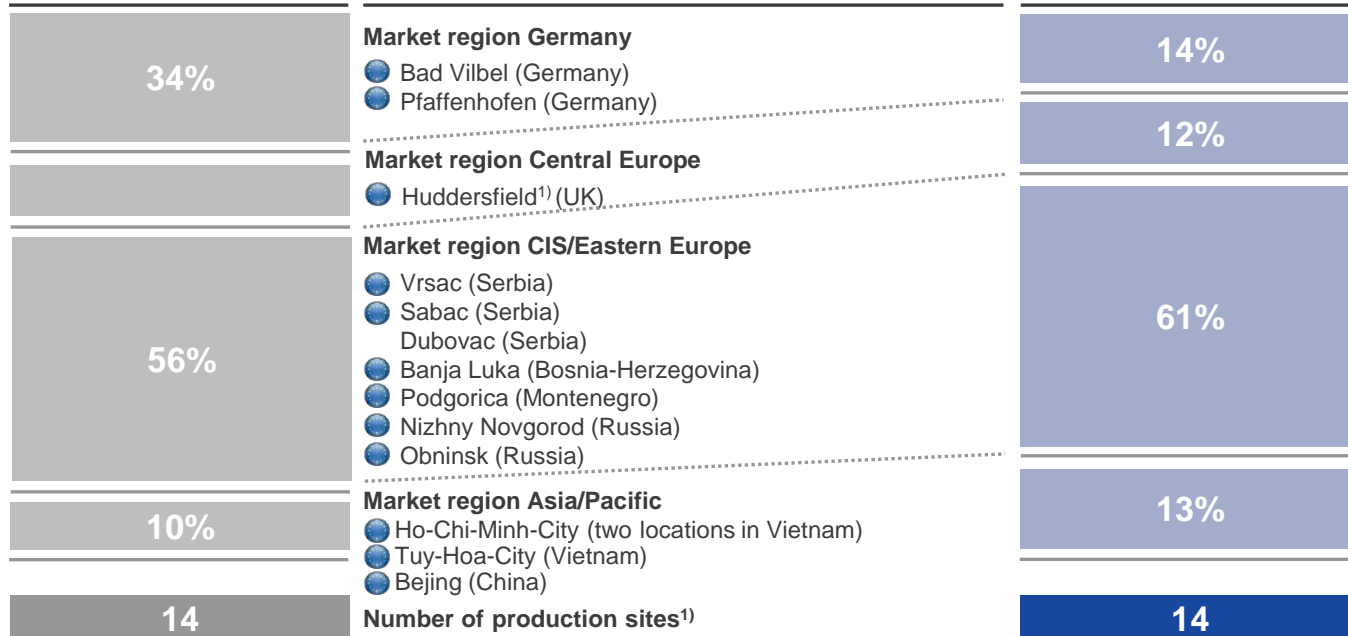


Concentration of the production processes

Share of production volume 2009

Own production locations

Share of production volume 2014



● Locations or parts of the locations are EU-GMP certified.

¹⁾ Purchase as of August 2013 with the acquisition of Thornton & Ross.

Share capital and shareholder structure

March 31, 2015

STADA shares ¹⁾²⁾	60,856,320
Potential number of shares from warrants 2000/2015 ³⁾	1,533,900
Amount of treasury shares	88,476

Current shareholder structure on Dec. 31, 2014

- 100% free float
- Approx. 58% institutional investors
- Current notices with regard to the exceeding of the legal reporting threshold of > 3% of shareholdings are published on STADA website (www.stada.com)
- Approx. 11% pharmacists and doctors

1) Owners of registered common shares with restricted transferability must be recorded in the shareholders' register in order to be able to exercise their shareholders' rights. Recording in the shareholders' register is only possible with the approval of the Executive Board.

2) Additional authorized capital of 29.4 million common shares.

3) Exercise price for subscription of 20 common shares: € 329.00.

Responsibility and sustainability

Code of Conduct

Markets and products

- STADA mission statement: care for people's health and well-being.
- Generics contribute to efficient and affordable health care for society
- Risk-averse business: limited research and clinical studies (no animal testing), no risk concentration
- Focus on marketing and sales in over the counter drug market

Environment

- Increased priority of quality and product safety
- GMP-certified production facilities
- Business model without significant emissions risk due to lack of active pharmaceutical ingredient production
- Regular Group-wide quality control reviews – in individual production facilities as well as suppliers

Society

- Strengthening of employee well-being through fitness and health care
- High share of women in management positions (2014: 51%)
- Professional training, language classes, talent development programs
- Additional forms of remuneration, such as child care contributions
- Sponsoring activities, support of culture and sports

Governance

- Annual Declaration of Compliance in accordance with the German Corporate Governance Code: determination of shareholder rights, cooperation between Executive Board and the Supervisory Board, as well as remuneration, reporting and transparency obligations
- Group-wide Compliance Management System based on best practices

Your contact

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