

STADA



General information

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We accept no liability arising from the use of this document.

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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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Note:

The previous year's figures in this presentation have been adjusted according to the new IFRS 11 in connection with IAS 8 in connection with IAS 1, as the new accounting standard IFRS 11 "Joint Arrangements" is to be applied with retrospective effect as from January 1, 2014. The adjustments relate to the presentation of the balance sheet of January 1, 2013 as well as the income statement and the derived key figures including the cash flow statement in the first half of 2013.

Forward-looking-statements

This STADA Arzneimittel AG presentation (subsequently "STADA") contains certain statements regarding future events (as understood in the U.S. Private Securities Litigation Reform Act of 1995) that express the beliefs and expectations of management. Such statements are based on current expectations, estimates and forecasts on the part of company management and imply various known and unknown risks and uncertainties, which may result in actual earnings, the financial 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 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 or adapt them to future events and developments.

The STADA Executive Board:

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

Strategy and Outlook

Focus on strategy

Consumer focus

- Expansion of leading brands, cementing the strong position in pharmacies
- Limited governmental regulation allows for increased prices
- Goal: 2/3 adjusted operating profit of the two core segments out of Branded Products (1-6/2014: 51%)

Spreading the Generics portfolio across market regions

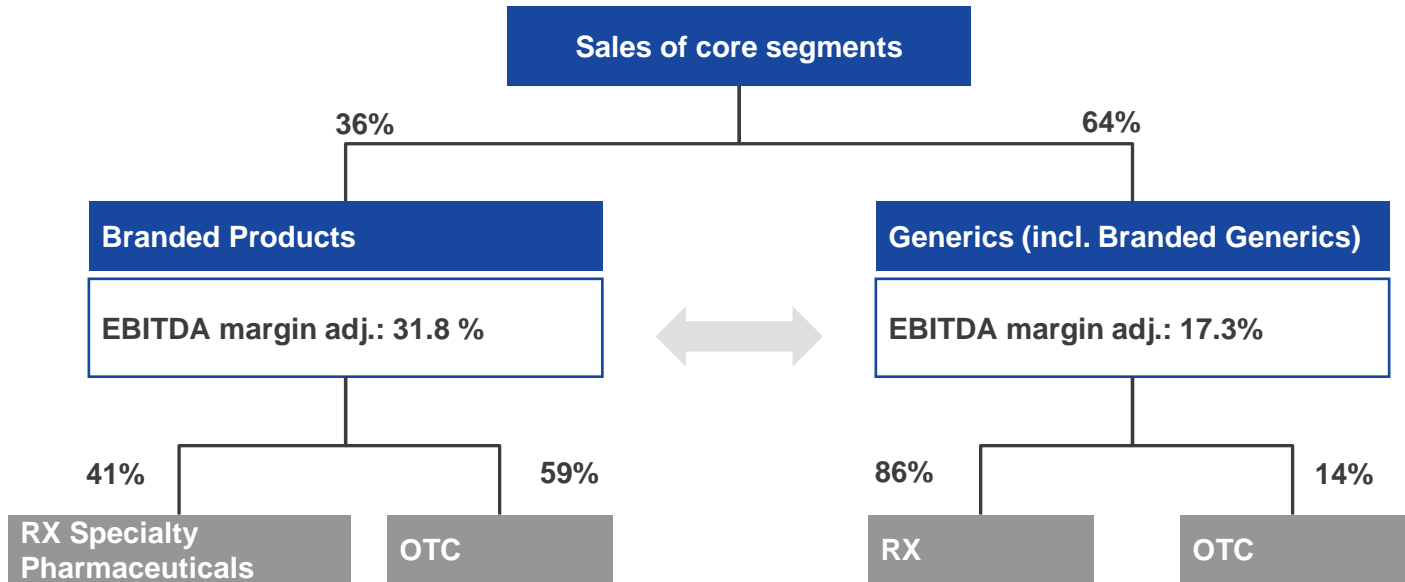
- Focus on growth markets with high share of self-pay patients, e.g. CIS, Asia and MENA
- Establishment of a biosimilar portfolio with low-risk licensing approach

Opportunistic selection of value-adding acquisitions

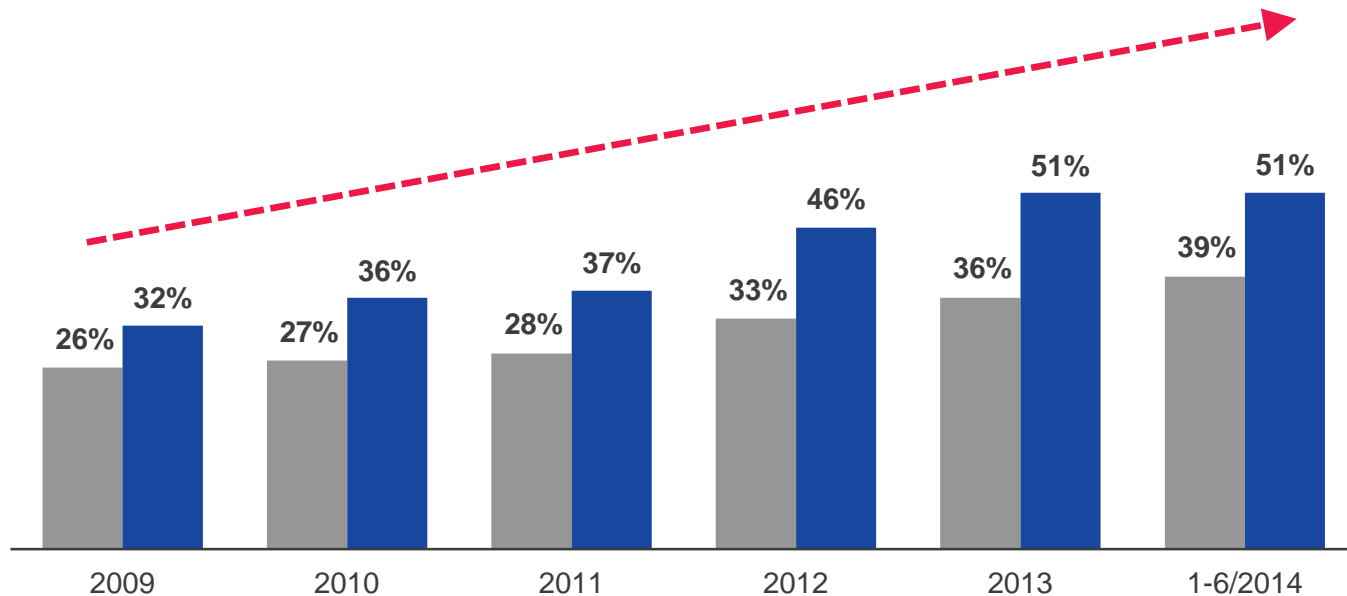
- Concentration on high-margin OTC product portfolio and/or emerging markets

Risk-averse business strategy: product portfolio without research, no risk concentration or liability risk

Sales split 2013



Branded Products contribute 51% to adjusted operating profit¹⁾



■ Share of Branded Products in sales¹⁾

■ Share of Branded Products in adjusted operating profit¹⁾

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

Outlook for 2014

Group:

- Slight growth in sales, adjusted EBITDA and adjusted net income

Segments:

- Generics: slight growth in sales, adjusted EBITDA slightly above previous year
- Branded Products: substantial growth in sales and adjusted EBITDA

New: Adjustment for special effects in connection with currency effects recorded in the income statement resulting from the fluctuation of the Russian ruble as well as further significant currencies of the market region CIS/Eastern Europe

New: Adjusted for additional impairments due to purchase price allocations as well as significant product acquisitions taking financial year 2013 as basis

Market region assumptions for 2014

Operational growth drivers

Germany

- Stabilization of income from Generics with slight decrease in sales
- Growth in highly profitable Branded Products

Central Europe

- Less regulatory impediments than in previous year
- Positive development of the top 3 markets of UK, Belgium and Italy with relatively higher profitability
- UK: strong growth in highly profitable branded products at Thornton & Ross and Britannia (Apo-Go®)

CIS/Eastern Europe

- Uncertainties regarding the future business development, but no escalation of the CIS crisis; growth in local currencies
- Excellent growth in high-margin products such as Vitaprost®, Chondroxide® in Russia
- Strong performance in Central Asia

Asia & Pacific

- Growth in Vietnam after the consolidation of Pymepharco and STADA Vietnam as subsidiaries
- Licensing of STADA products in Myanmar – STADA one of the first to enter the market

Further assumptions

Non-operational growth drivers

Improved corporate structure

- Decreased tax rate
- Favorable refinancing

Cost efficiency

Culture of continuous cost optimization

- Individual efficiency improving projects, such as the founding of an IT shared service center in Serbia for the whole Group
- Strict spending management in the area of general and administrative expenses and marketing

Optimization of production

- Increased proportion of in-house developments
- Growing share of new developments from Serbia
- Own production of leading, high-margin branded products

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 (2013: 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

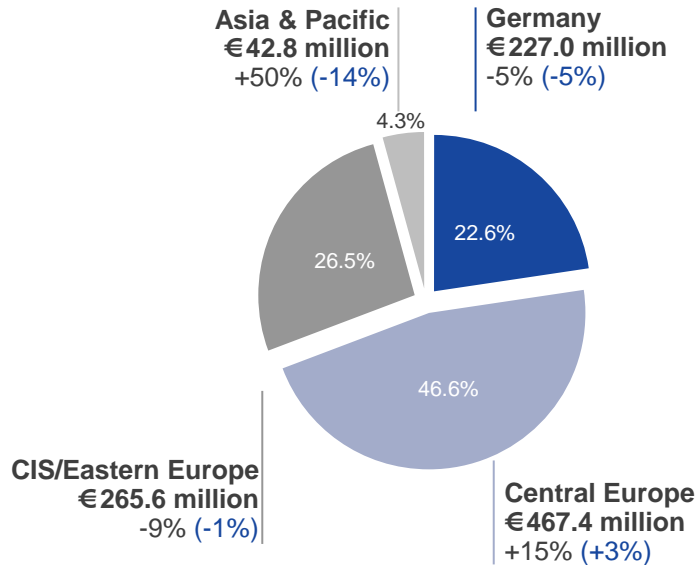
Market Regions

Sales 1-6/2014

By market region

Total group €1,002.8 million

+4% (-1%)



- Germany: Decrease in Generics, solid growth in Branded Products, successful start of new STADAvita

- Central Europe shows overall positive trend

- CIS/Eastern Europe: CIS crisis with dampening effects on Russian business

- Asia & Pacific: continuing on expansion path

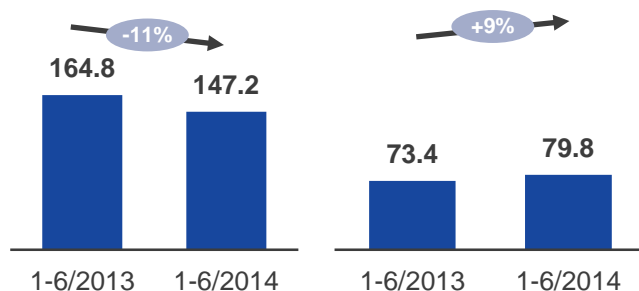
(x) = Adjusted for changes in the Group portfolio and currency effects.

Market region Germany

Generics sales (in € million)

Branded product sales (in € million)

Total 1-6/2014: €227.0 million (-5%)



Market

- Expiration of portfolio agreements in Q2/2013 leads to substantial decrease in Generics
- Branded Products increase by 2% in Germany, Ladival is primary driver
- Exports increase up to €27 million, attributable to reclassification within the Group

Optimization of the German sales activities



- Successful start of STADAvita
- Footballer of the century Pelé is the new Eunova® brand ambassador

Outlook STADA 2014

- Sales decrease
- Operating profitability under Group average

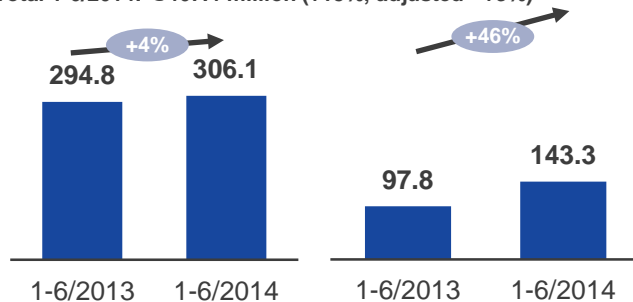
Market region Central Europe

Generics sales (in € million)

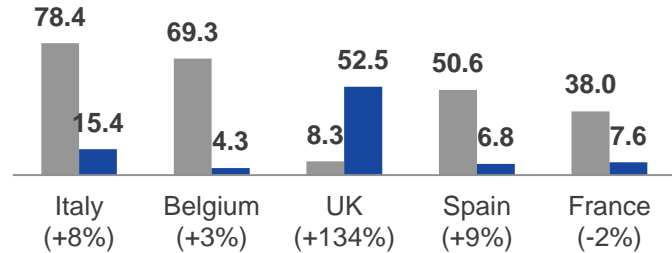
Branded product sales (in € million)

Most important countries (Sales in € million)

Total 1-6/2014: €467.4 million (+15%, adjusted¹⁾ +3%)



■ Generics
■ Branded products



Market

- Key markets such as Belgium, Italy, the UK and Spain grow
- For Europe in 2014, IMS Health expects sales growth of +6% for Generics and +4.4% for OTC products

Outlook STADA 2014

- Substantial sales growth
- Operating profitability at Group average

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

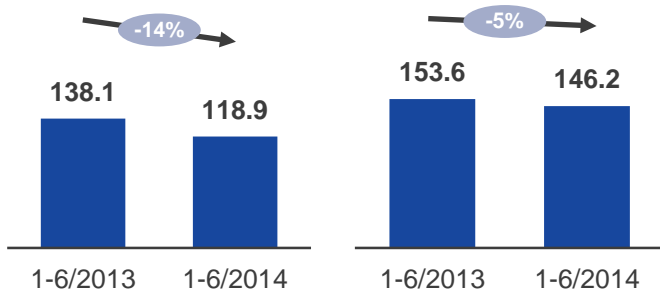
Market region CIS/Eastern Europe

Generics sales (in € million)

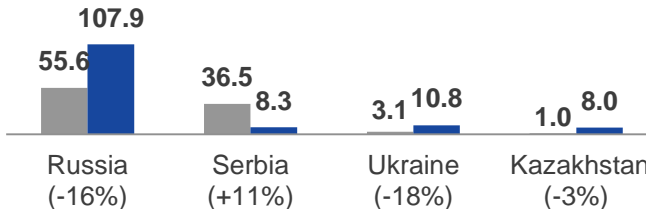
Branded product sales (in € million)

Most important countries (Sales in € million)

Total 1-6/2014: €265.6 million (-9%, adjusted¹⁾ -1%)



■ Generics
■ Branded products



Market

- Russia (-16% in Euro): demand hampered by CIS crisis, sales additionally burdened through devaluation of the ruble
- Ukraine, Kazakhstan: sales decrease due to currency devaluation

Outlook STADA 2014

- Sales growth in local currencies
- Operating profitability adjusted for currency effects above Group average

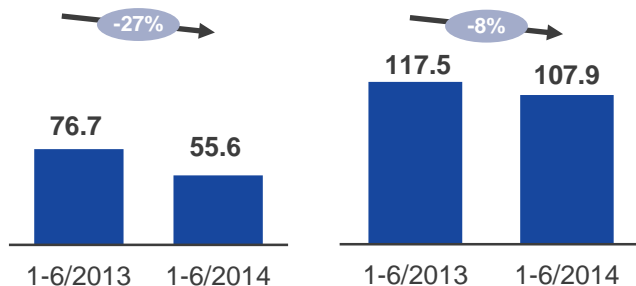
1) Adjusted for changes in the portfolio and currency effects.

Development of Russia

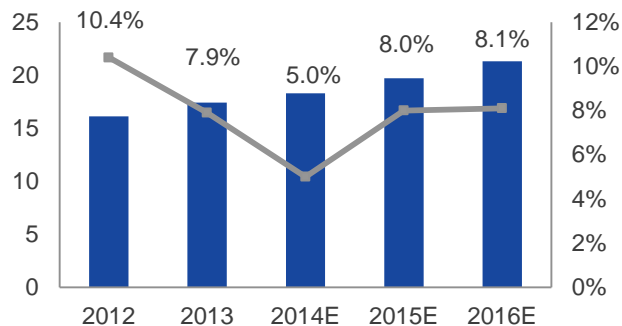
Generics sales (in € million)

Branded product sales (in € million)

Total 1-6/2014: €163.5 million (-16%, adjusted¹⁾ -9%)



Development of the pharmaceutical market²⁾ (in bn USD in CER)



Market

- STADA: No. 2 among local suppliers/producers
- 84% of the market are "out of pocket" (STADA: 92%)
- High traditional awareness of the Nizhpharm and Hemofarm brands
- Limited government regulation ("vital and essential drug list")

Measures in the currently difficult market environment

- Cost savings, primarily in administration
- Selective marketing measures: focus on high-margin products
- Support of successful regions, redistribution of resources in sales
- Temporary hiring freeze

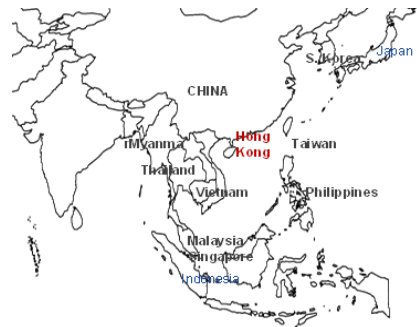
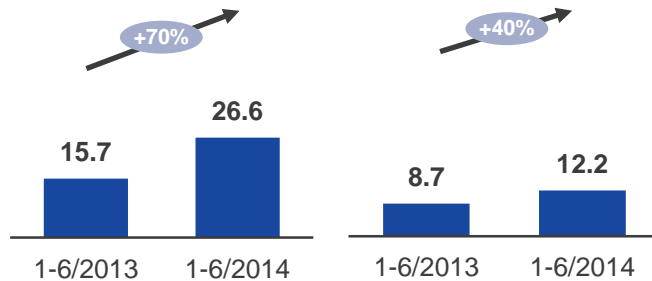
1) Adjusted for changes in the portfolio and currency effects. 2) Source: IMS March 2014

Market region Asia & Pacific

Generics sales (in € million)

Branded product sales (in € million)

Total 1-6/2014: €42.8 million (+50%, adjusted¹⁾-14%)



Highlights







- Control acquired over STADA Joint Venture Vietnam
- Initial consolidation of STADA Beijing
- Still on growth path
- IMS forecast market growth 2013-2018: 14% (constant exchange rates)

Outlook STADA 2014

- Significant sales growth
- Operating profitability above Group average

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

Generics

Belgium: #1	Eurogenerics	
Serbia: #1	Hemofarm	
Russia: #2 ¹⁾	Nizhpharm, MAKIZ	
Germany: #3	ALIUD, STADApHarm	
Spain: #4	Laboratorio STADA	
Italy: #5	EuroGenerici	



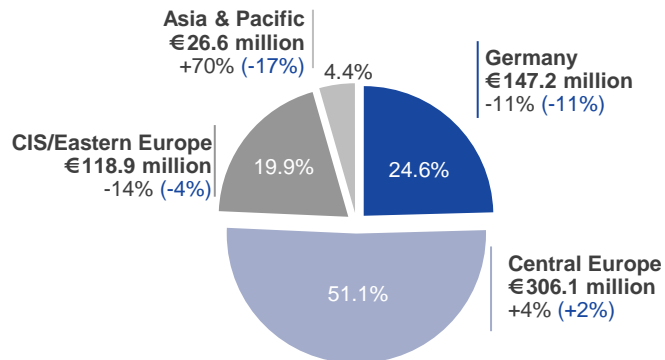
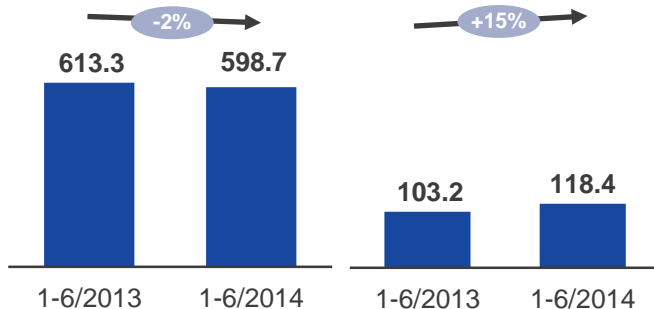
1) Local suppliers/producers

Generics

Sales (in € million)

Adj. EBITDA (in € million)

Regional Development



2014

Strategy

- Germany difficult, focus on costs
- CE benefiting from increasing penetration
- CIS/Eastern Europe due to CIS crisis with sales decrease in national currencies(-4.3%)
- Asia & Pacific: jump due to consolidations

- 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
- More in-house development

Environment analysis

Growth markets health care & pharma

- Global population growth
- Aging society in industrialized countries
- Medical progress
- International pharmaceutical market prognosis to 2018: 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 2018: up to 10.0% p.a.²⁾



Growth opportunities

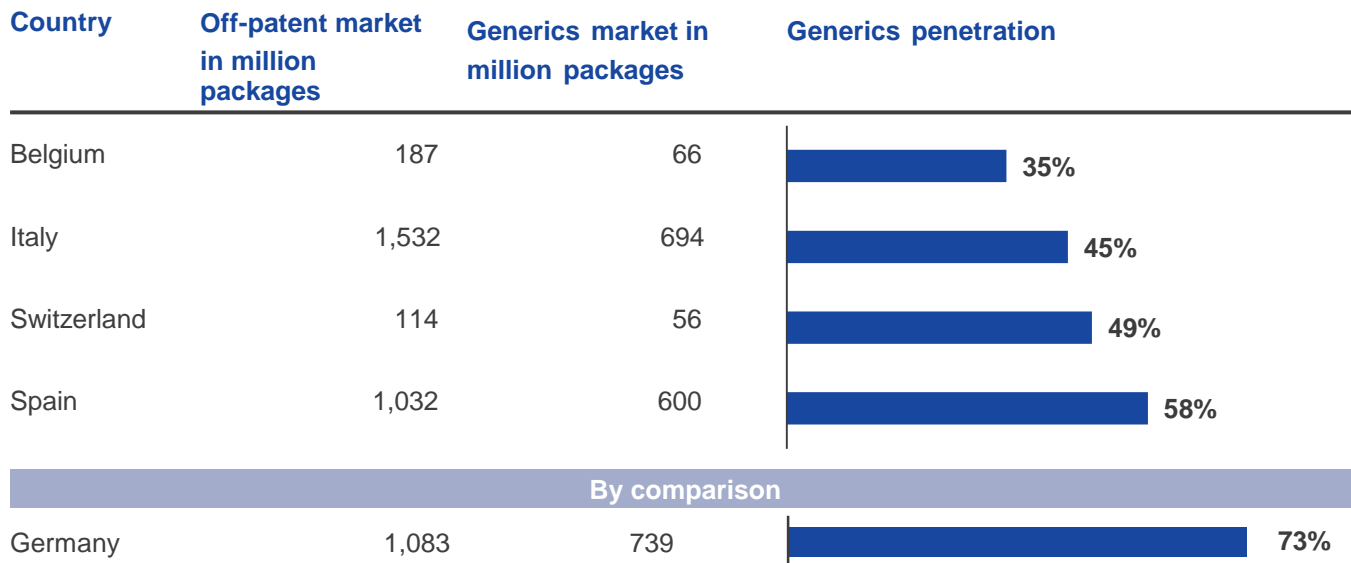
Specific challenges and additional risks

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

1) *IMS Market Prognosis, September 2013; IMS Market Prognosis Global, September 2013; IMS Syndicated Analytics Service (September) 2013; prepared for STADA March 2014.*

2) *IMS Market Prognosis, September 2013; IMS Market Prognosis Global, September 2013; IMS Syndicated Analytics Service (September) 2013; prepared for STADA March 2014. The market data on generics fluctuate in some cases substantially due to differing market definitions from source to source*

Still low penetration rates



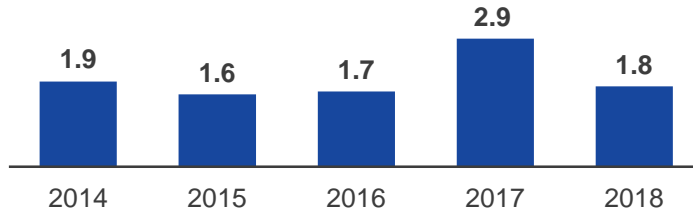
Source: STADA estimate at ex-factory prices based on market data provided by various international market research institutes for 2013

Growth driver patent expiry

New sales potential becoming available for generics competition (in €billion)

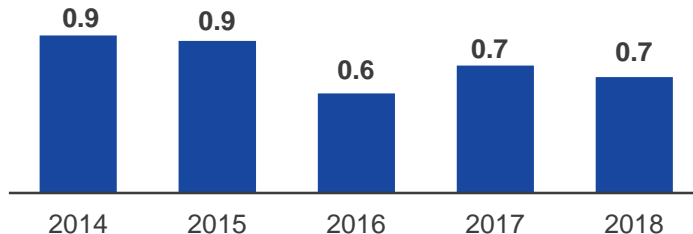
Central Europe¹⁾

Small chemical entities only –
excluding biologics



Germany²⁾

Small chemical entities only –
excluding biologics



Source: STADA estimate of sales volumes at ex-factory prices.

1) Here: France, Italy, Spain, UK. Source: IMS MIDAS (Q4/2013)

2) IMS MIDAS (Q4/2013)

Product launches

- Launch of 724 individual products worldwide in 2013 (717 in 2012)
- 301 new products in 1-6/2014 (343 in 1-6/2013)

Rich pipeline:

- Planning horizon: > 2022
- > 1,100 current approval procedures for > 150 active ingredients for > 50 countries worldwide
- Over 900 pharmaceutical ingredients, over 16,000 product packagings marketed by the Group

Optimization in the area of development

- Expansion of Vrsac (Serbia) as an additional development center (approx. 55% of current own development)
- Establishment of development contracts in India (currently four projects)

Branded Products

Outperforming the market

STADA is the fastest growing OTC company in the top ten – T&R will further accelerate expansion

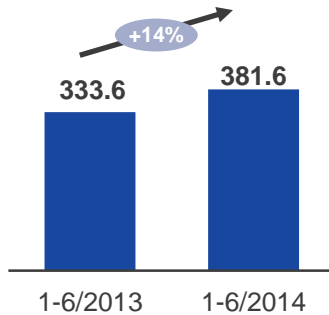
OTC corporation	Sales in €m	Growth in %
1 NOVARTIS	1,566	6.6
2 BAYER	1,225	1.5
3 SANOFI	1,170	2.6
4 JOHNSON & JOHNSON	968	-0.3
5 TEVA	616	7.5
6 RECKITT BENCKISER	497	5.2
7 GLAXOSMITHKLINE	484	0.0
8 BOEHRINGER INGELHEIM	473	6.1
9 STADA¹⁾	405	7.3
10 ABBOTT	392	0.1
Total	21,425	3.2

Source: IMS Health Midas – EU28+CH+RU – Year 2013

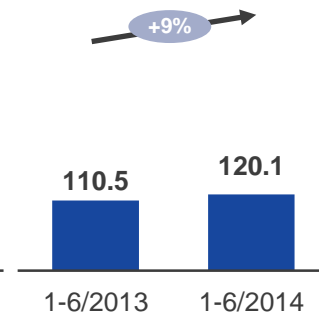
1) OTC sales of Thornton & Ross retrospectively calculated for full-year 2013.

Branded Products

Sales
(in € million)



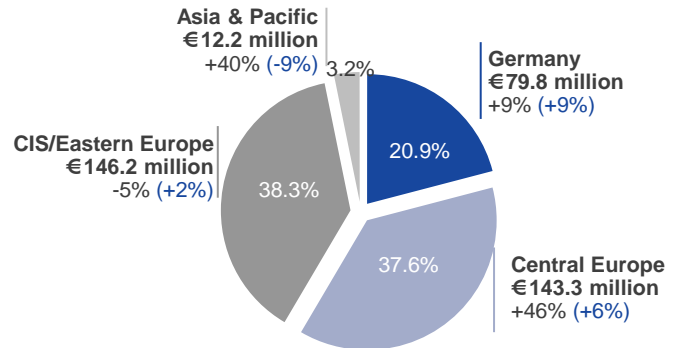
Adj. EBITDA
(in € million)



2014

- Germany with higher profitability
- CIS/Eastern Europe with sales growth in local currencies despite CIS crisis (+11.2%)
- Thornton & Ross highly dynamic
- ApoGo® on the growth path

Regional Development



Strategy

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

Strong brands in 1-6/2014

No.	Branded Product	Growth in %	Sales in €million	Indication
1.	Ladival® (OTC)	+57	24.1	Sun Protection
2.	ApoGo® (RX)	+15	23.6	Parkinson
3.	Grippostad® (OTC)	-23	14.7	Cough and cold
4.	Aqualor® ¹⁾ (OTC)		13.5	Rhinitis
5.	Snup® (OTC)	+9	13.2	Rhinitis
6.	Vitaprost® (RX)	+3	10.3	Prostate hyperplasia
7.	Hirudoid® (OTC)	+10	9.8	Inflammation of the veins
8.	Chondroxide® (OTC)	-9	9.7	Muscular and joint pain
9.	Tramal® (RX)	+81	9.0	Chronic pain
10.	Care® ²⁾ (OTC)		8.7	Umbrella brand
All Branded Products		+21	290.0	

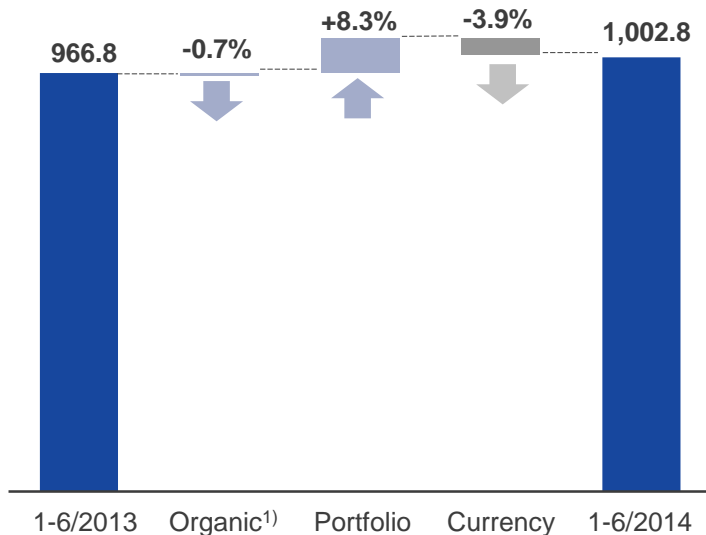
1) Sales of Aqualor®: initial consolidation as from March 1, 2014.

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

Financials

Development of sales 1-6/2014

Group sales in €



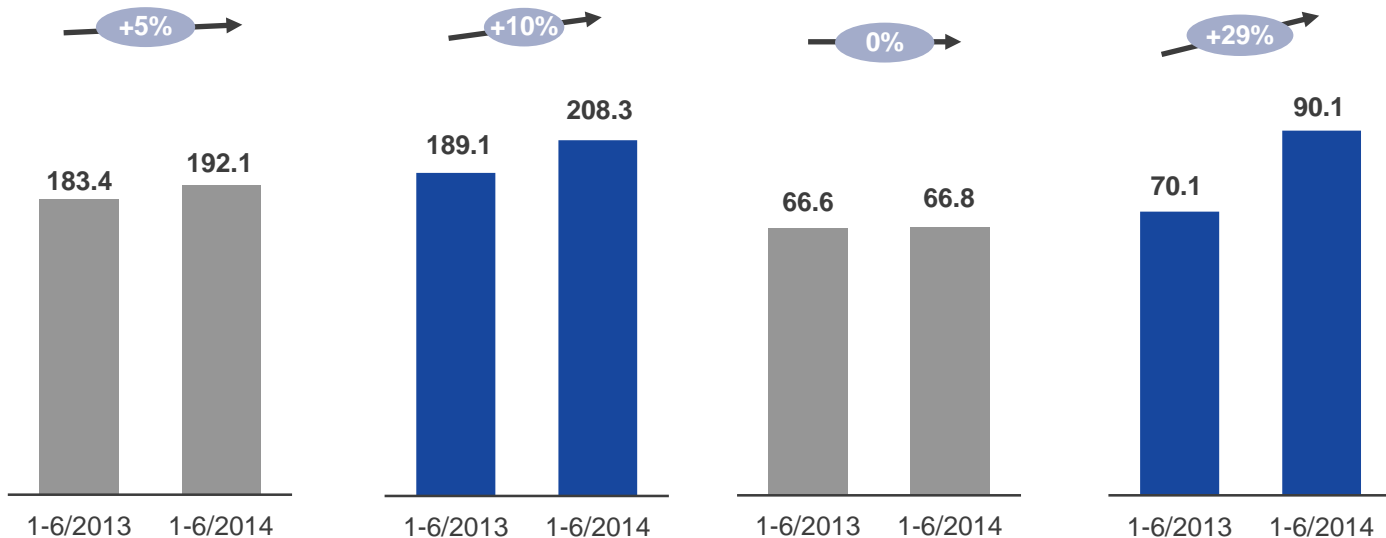
- Sales increase 1-6/2014 of 3.7%
- Organic¹⁾ sales growth -0.7%
- Portfolio effects: **+8.3 percentage points**, among others, due to the consolidation of STADA Vietnam and STADA Beijing, Spirig HealthCare AG (wholesale business) in Switzerland, Thornton & Ross in UK, Aqualor® in Russia and product acquisitions in Italy
- Currency effects: **-3.9 percentage points**, appreciation of the pound sterling could not compensate for the devaluation of the Ukrainian hryvnia, the Kazakhstani tenge and, in particular, the Russian ruble

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

Key earnings figures 1-6/2014

EBITDA (in € million) 1-6/2014 vs. 1-6/2013
reported adjusted¹⁾

Net income (in € million) 1-6/2014 vs. 1-6/2013
reported adjusted²⁾

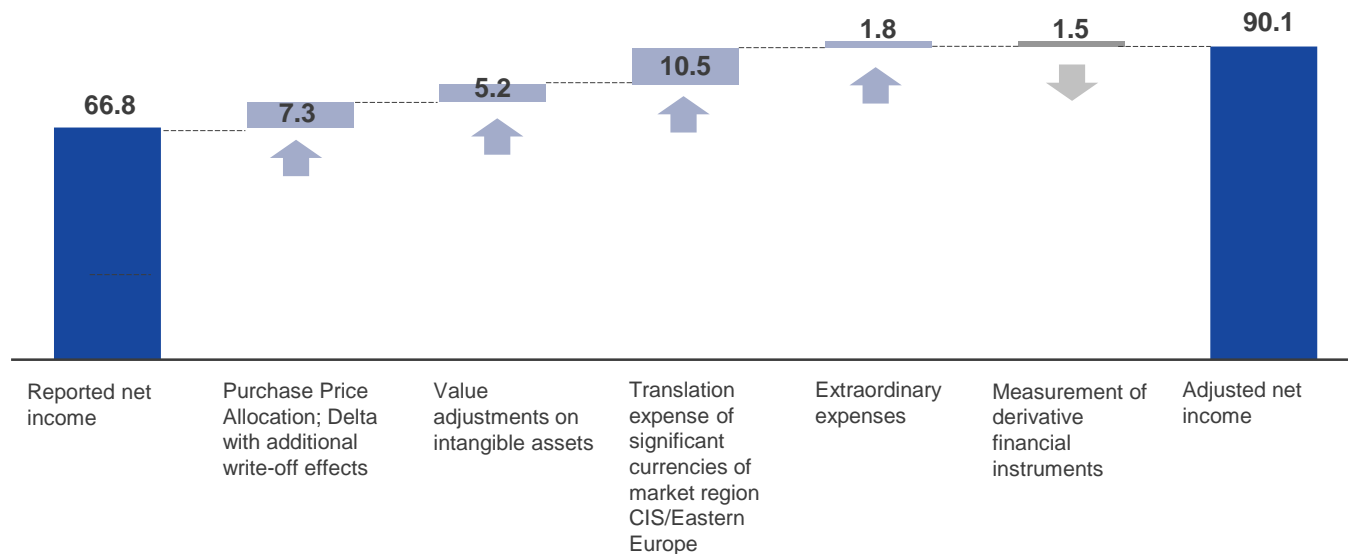


1) Adjusted for one-time special effects.

2) Adjusted for one-time special effects and non-operational effects from the evaluation of derivative financial instruments.

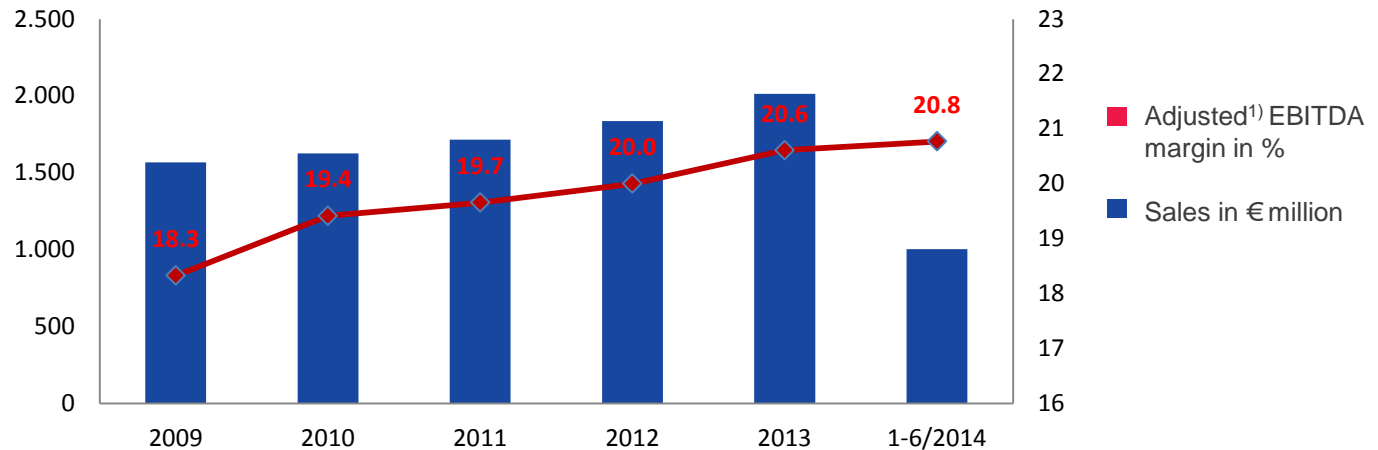
Net income adjustments in 1-6/2014¹⁾

in €million



1) For a detailed definition, see STADA's Interim Report 1-6/2014.

Development of sales and margins

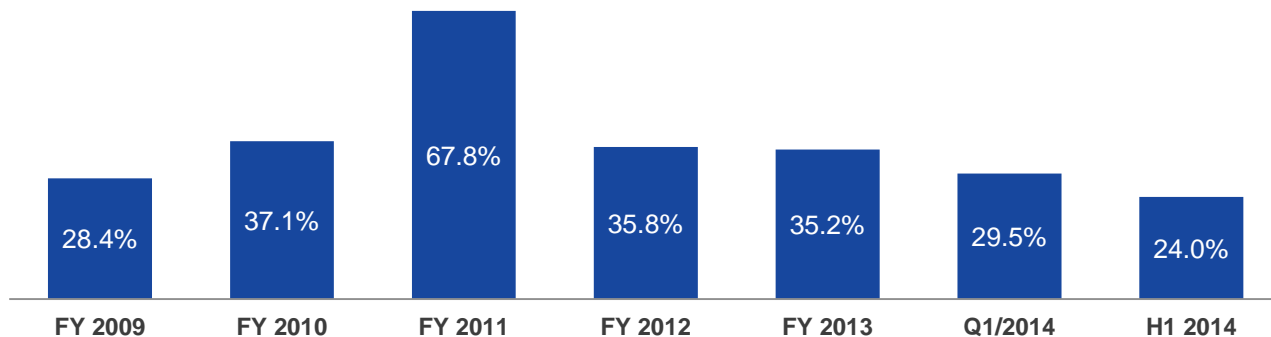


- Expansion of self-pay portfolio
- Shift to high margin product/country mix
- Economies of scale effects (volume gains)

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

Analysis of the tax rate

Historic development of the reported effective tax rate



Significant reduction in the effective tax rate in the first half of 2014 as compared to the tax burdens of the past five financial years:

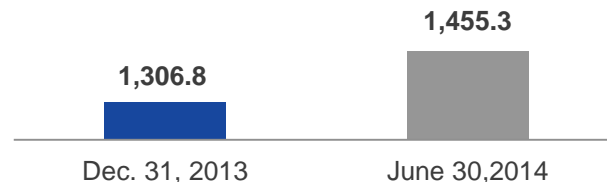
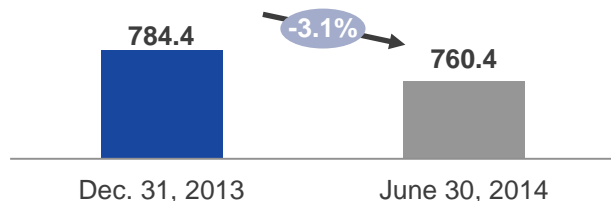
- As from Q1/2014, STADA Arzneimittel AG has been using existing tax interest carryforwards, which were primarily influenced by the regulations in connection with the so-called interest barrier, that have been valid in Germany since 2008, in previous years
- The substantial reduction of the effective 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

Stable balance sheet structure

Assets in €million	June 30, 2014	Dec. 31, 2013
A. Non-current assets	2,170.4	2,060.0
B. Current assets	1,366.0	1,353.2
Total assets	3,536.4	3,413.2
Equity and liabilities in €million	June 30, 2014	Dec. 31, 2013
A. Shareholders' equity	1,031.7	1,010.1
B. Non-current liabilities	1,306.7	1,358.4
C. Current liabilities	1,198.0	1,044.7
Total equity and liabilities	3,536.4	3,413.2

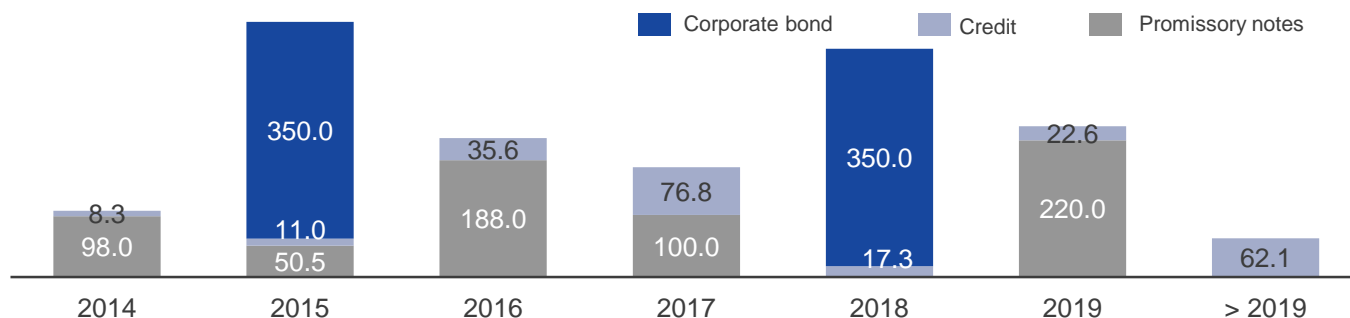
Net working capital in €million

Net debt in €million



Balanced and stable financing structure

Remaining maturities of financial liabilities due to banks as of June 30, 2014 in €million



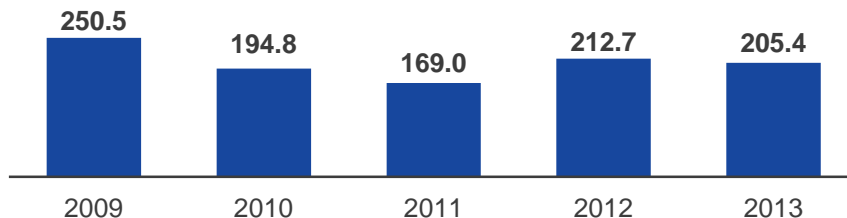
- In the first half of 2014, STADA was able to secure promissory notes in the total amount of €220 million with a term of five years
- As of June 30, 2014, the net debt to adjusted EBITDA ratio¹⁾ has increased on linear extrapolation of the adjusted EBITDA¹⁾ on a full year basis to 3.5 (December 31, 2013: 3.1) due to acquisitions
- Cash and cash equivalents including current securities: €134.8 million (December 31, 2013: €126.2 million)
- Access to committed credit lines from banking partners for many years

¹⁾ Adjusted for one-time special effects.

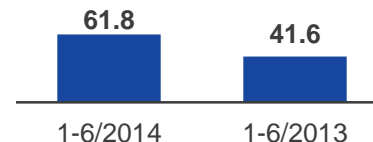
Cash flow from operating activities and adjusted free cash flow

Cash flow from operating activities (in €million)

2009-2013

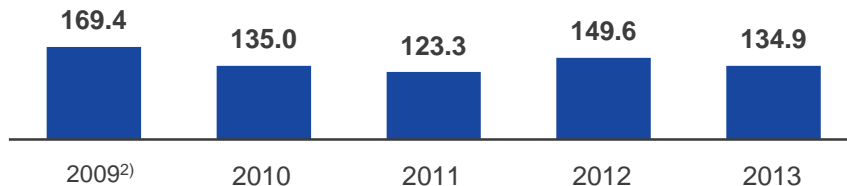


1-6/2014 vs. 1-6/2013

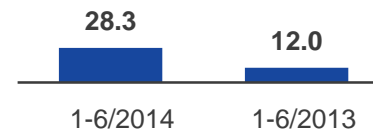


Adjusted free cash flow¹⁾ (in €million)

2009-2013



1-6/2014 vs. 1-6/2013



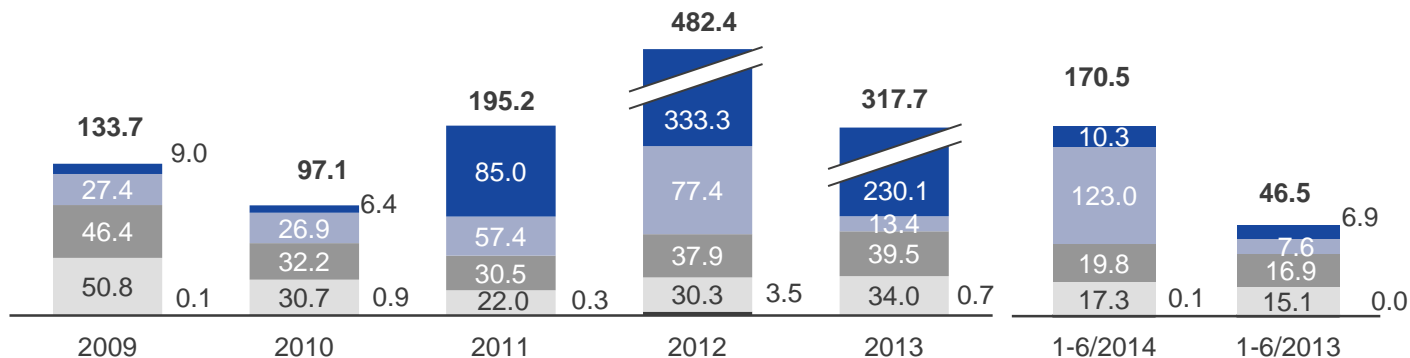
1) Free cash flow comprises cash flow from operating activities and cash flow from investing activities, adjusted for payments for significant acquisitions and proceeds from significant disposals

2) Additionally adjusted for influences outside of the reporting period

Expenses for capital expenditure

Total expenses 2009-2013 € million

1-6/2014 vs. 1-6/2013



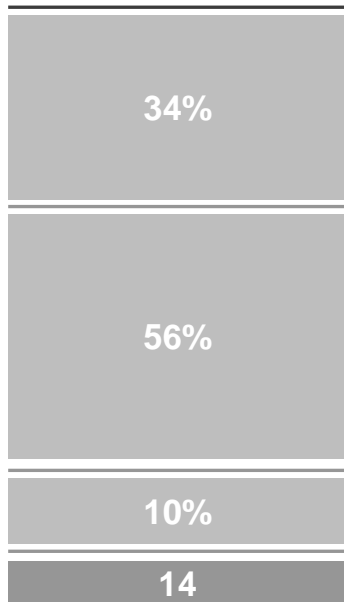
Proceeds

- 1-6/2014: €4.5 million
- 2013: €5.2 million
- 2012: €14.0 million
- 2011: €8.0 million
- 2010: €4.7 million
- 2009: €27.3 million

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

Concentration of the production processes

Share of production volume 2009



Own production locations

Market region Germany

- Bad Vilbel (Germany)
- Pfaffenhofen (Germany)

Market region CIS/Eastern Europe

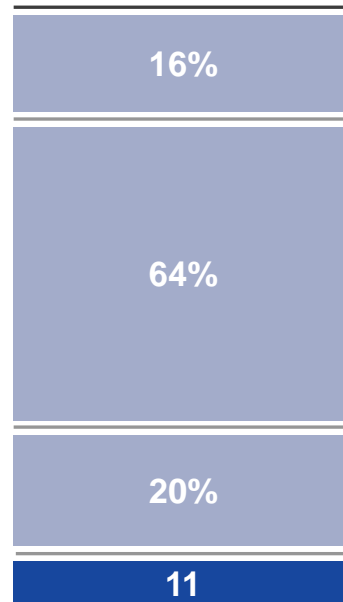
- Vrsac (Serbia)
- Sabac (Serbia)
- Dubovac (Serbia)
- Banja Luka (Bosnia-Herzegovina)
- Podgorica (Montenegro)
- Nizhny Novgorod (Russia)
- Obninsk (Russia)

Market region Asia/Pacific

- Ho-Chi-Minh-City (two locations in Vietnam)
- Tuy-Hoa-City (Vietnam)

Number of production sites¹⁾

Share of production volume 2013



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

1) Without site Huddersfield (UK): Purchase as of August 2013 with the acquisition of Thornton & Ross and without local site Peking

Notes

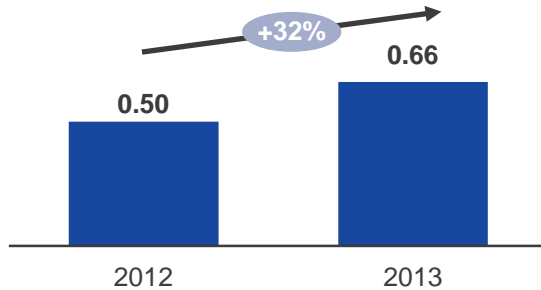
P&L details 1-6/2014

In € million	1-6/2014 in € million	1-6/2014 in % of Sales	1-6/2013 in € million	1-6/2013 in % of Sales
Gross profit	479.9	47.9	473.6	49.0
Selling expenses	219.3	21.9	224.6	23.2
G&A expenses	85.4	8.5	83.7	8.7
R&D expenses	29.3	2.9	27.4	2.8
Financial Result	-30.5		-27.4	
Taxes on income	21.8		34.6	

- Gross margin burdened by additional impairments due to acquisitions (adjusted gross margin at the level of the previous year), G&A expenses and R&D expenses nearly stable; general and administrative expenses decreased
- Tax rate adjusted for special effects for 1-6/2014 at 22.5 % significantly improved as a result of the tax optimization program (1-6/2013: 33.6%)
- Average weighted interest rate for all Group financial liabilities as of June 30, 2014 at 3.8% above the level of the previous year due to the financing of Aqualor® in foreign currency (December 31, 2013: approx. 3.3%)

Dividend

Dividend per STADA common share in €



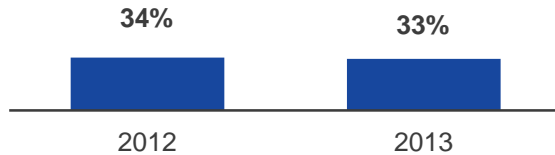
Dividend payout

2013: €39.8 million
(2012: €29.6 million)

Dividend policy

Appropriate share of reported net income to shareholders

Pay-out ratio



Share capital and shareholder structure

June 30, 2014

STADA shares ¹⁾²⁾	60,465,620
Potential number of shares from warrants 2000/2015 ³⁾	1,924,600
Amount of treasury shares	91,142

Current shareholder structure on Dec. 31, 2013

- 100% free float
- Approx. 60% 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.

Your contact

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