

STADA



General information

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

STADA Arzneimittel AG, Bad Vilbel (in the following "STADA"), has made every effort to make sure that this document contains correct and up-to-date information. However, it accepts no responsibility or guarantee whatsoever in respect of topicality, accuracy and completeness of the information and assumes no obligation to update, complete or correct the information contained therein.

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 nine months of 2013.

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

Strategy and Outlook

Focus on strategy

Consumer focus

- Development/internationalization of brands
- Shifting the branded product/generics mix from the current 51% to 2/3 of adjusted operating profit in the core segments from branded products

Spreading the Generics portfolio across market regions

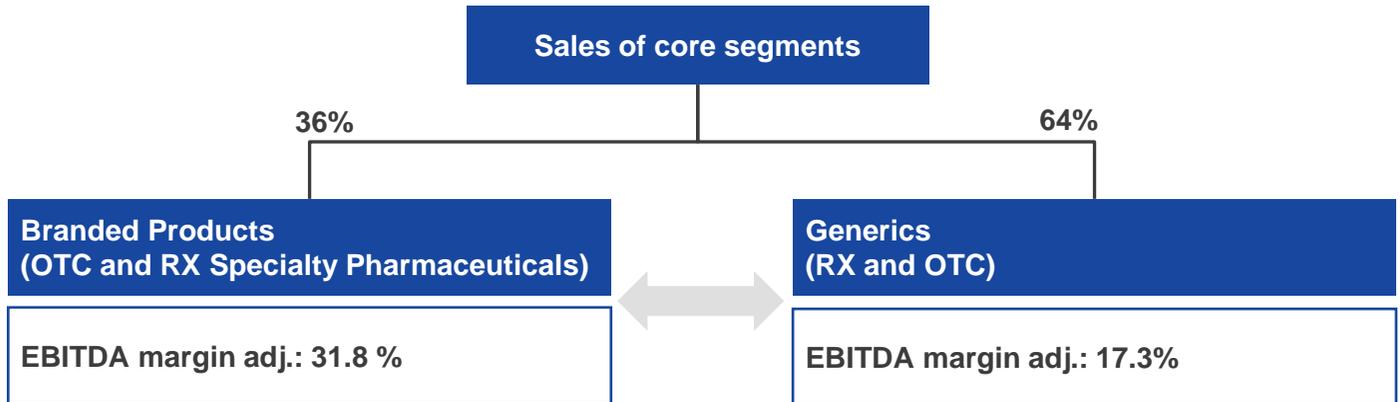
- Focus on growth markets with high share of self-pay patients, e.g. CIS, Asia and MENA
- Establishment of a biosimilar portfolio with low-risk licensing approach

Opportunistic selection of value-adding acquisitions

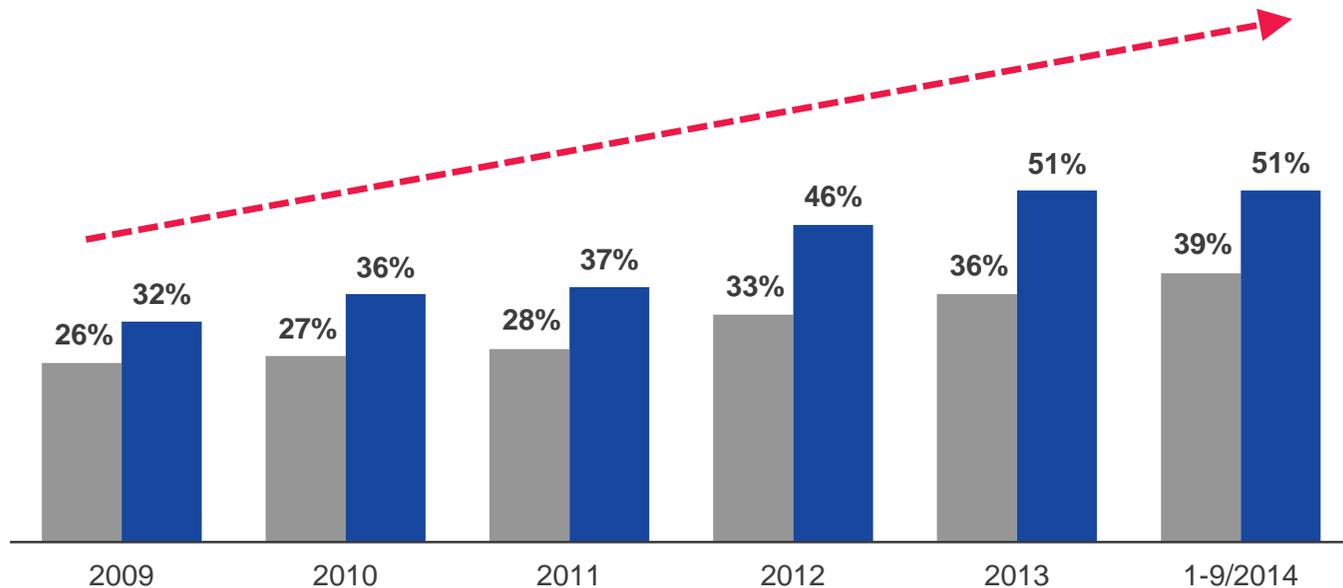
- Concentration on high-margin OTC product portfolio and/or emerging markets

Risk-averse business strategy: no product 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..

Innovations

Center of Excellence for branded products

- Interdisciplinary team: market research, marketing, R&D, production and corporate development
- Objective: development of new products in the OTC area and derma
- Ongoing development of the Group branded product portfolio

Expansion of biosimilar activities

- Since 2008: own development Silapo (epoetin zeta)
- 2014: introduction Grastofil (Filgrastim) through cooperation with Apotex
- In-licensing Rituximab through cooperation with Gedeon Richter
- In-licensing Teriparatide through license agreement with Richter-Helm
- Letter of Intent to in-license Adalimumab from mAbxience



**Product
development**

- Launch of 706 individual products around the world in 2013 (717 in 2012)
- Full pipeline: planning horizon beyond 2022
- More than 1,100 current approval procedures for more than 150 active pharmaceutical ingredients in 50 countries around the world
- Over 900 pharmaceutical ingredients, over 16,000 product packagings marketed by the Group

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

Market region assumptions for 2014

Operational factors

Germany	<ul style="list-style-type: none"> • Stabilization of income from Generics with decrease in sales • Growth in highly profitable Branded Products
Central Europe	<ul style="list-style-type: none"> • Less regulatory impediments than in previous year • Positive development of the top markets of UK, Belgium, Italy and Spain with relatively higher profitability • UK: strong growth in highly profitable branded products at Thornton & Ross and Britannia (Apo-Go®)
CIS/Eastern Europe	<ul style="list-style-type: none"> • Uncertainties regarding the future business development, but no escalation of the CIS crisis • Currency weakness in Russia, Ukraine and Serbia • Inventory reductions at wholesalers and pharmacists due to difficult financing conditions • Sales revival in Q4E: slight growth in local currencies in FY2014
Asia & Pacific	<ul style="list-style-type: none"> • 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 • First-time consolidation of STADA Beijing as subsidiary

Further assumptions

Non-operational growth drivers

Improved corporate structure

- Decreased tax rate

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, withdrawal of STADAPharm from discount agreements in Germany or planned outsourcing of logistics activities in Germany to a third party

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

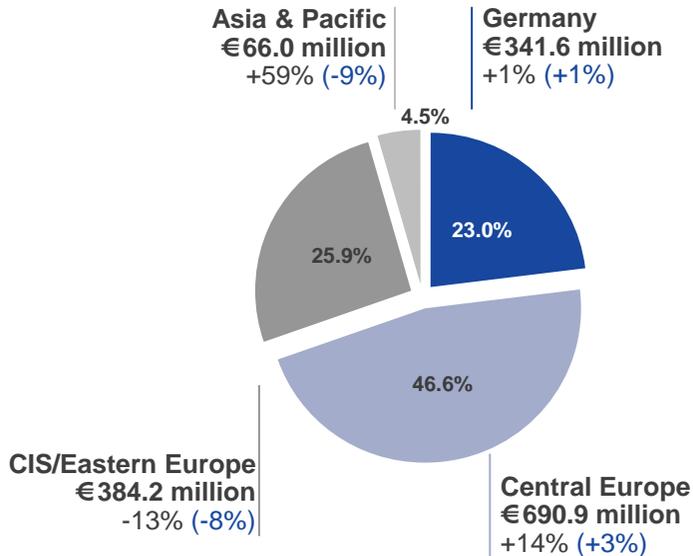
Market Regions

Sales 1-9/2014

By market region

Total group €1,482.7 million

+4% (-1%)



- Germany: Decrease in Generics, Branded Products stable, increase in export business

- Central Europe: continued positive trend

- CIS/Eastern Europe: CIS crisis with dampening effects

- Asia & Pacific: continuing on expansion path

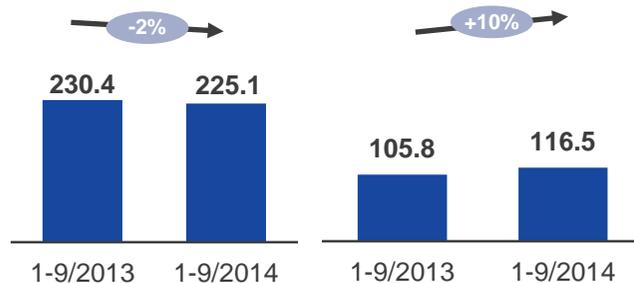
(x) = Adjusted for changes in the Group portfolio and currency effects.

Market region Germany

Generics sales (in € million)

Branded product sales (in € million)

Total 1-9/2014: €341.6 million (+1%)



Market

- In Q3/2014 +10% in Generics segment in Germany
- Exports increase to €45.8 million, attributable to reclassification within the Group

Optimization of the German sales activities



- STADAvita wins world footballer of the century Pelé as new brand ambassador
- Withdrawal of STADApHarm from discount agreement market

Outlook STADA 2014

- Sales decrease
- Operating profitability under Group average

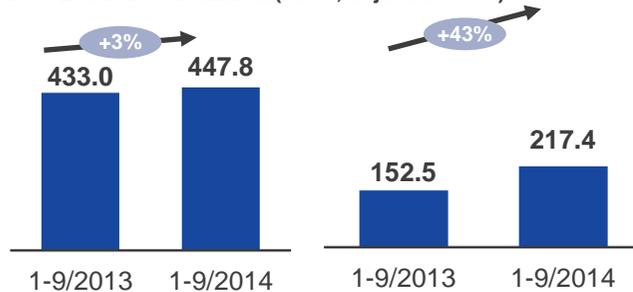
Market region Central Europe

Generics sales (in € million)

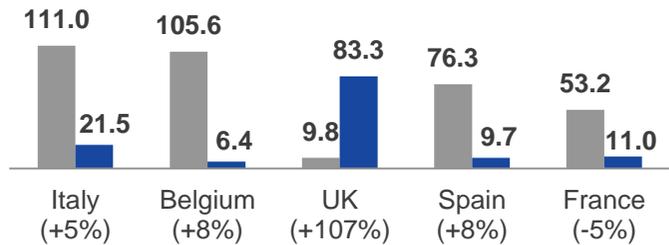
Branded product sales (in € million)

Most important countries (Sales in € million)

Total 1-9/2014: €690.9 million (+14%, 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.

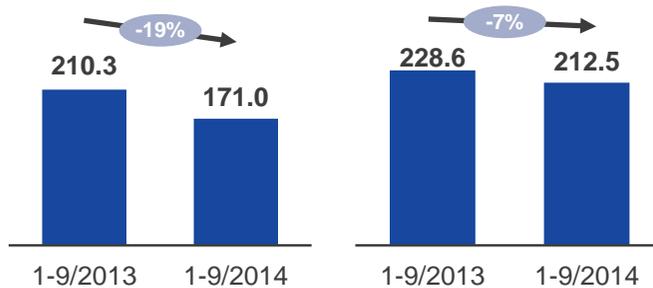
Market region CIS/Eastern Europe

Generics sales (in € million)

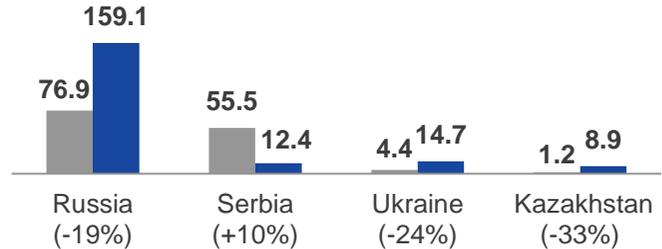
Branded product sales (in € million)

Most important countries (Sales in € million)

Total 1-9/2014: €384.2 million (-13%, adjusted¹⁾ -8%)



■ Generics
■ Branded products



Market

- Sales slowed due to CIS crisis, currency devaluations and inventory reductions burden result

Outlook STADA 2014

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

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

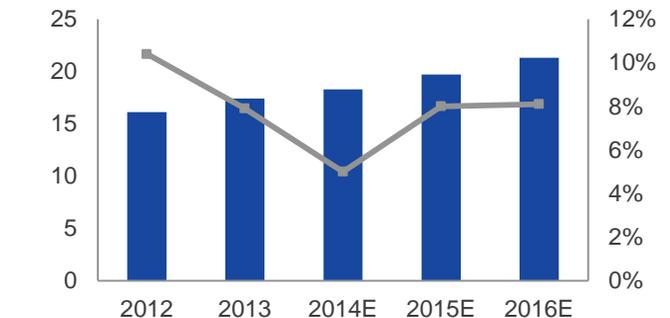
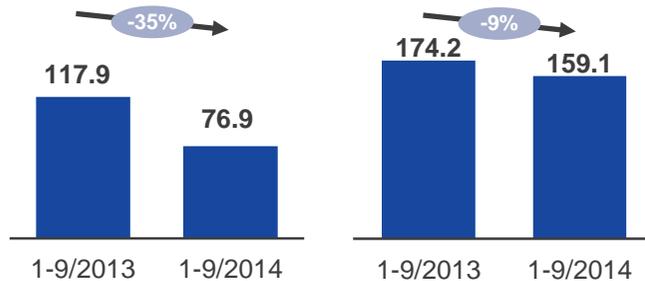
Development of Russia

Generics sales (in € million)

Branded product sales (in € million)

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

Total 1-9/2014: €236.1 million (-19%, adjusted¹⁾ -17%)



Market

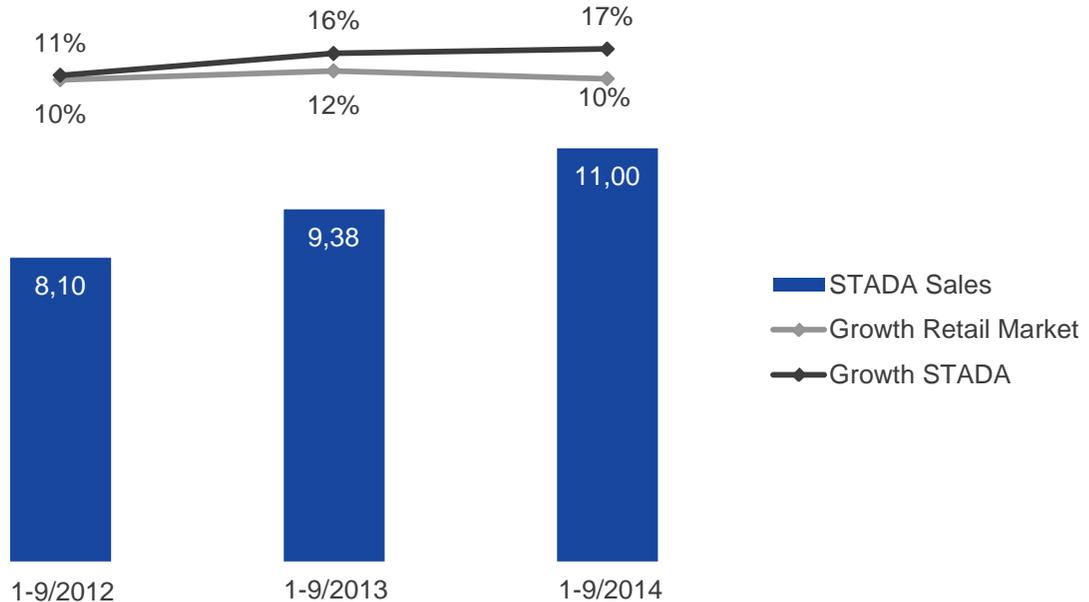
Measures in the currently difficult market environment

- 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

- Discipline with regard to functional costs
- 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

Sales development in Russia, in billion ruble

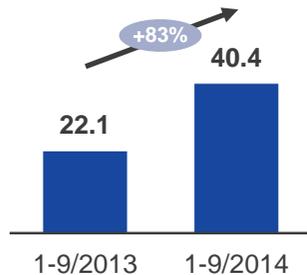


Source: IMS Health, DSM Group

Market region Asia & Pacific

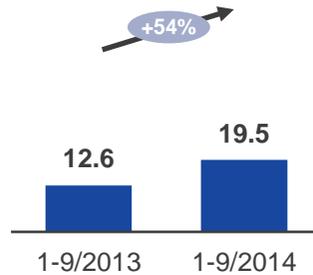
Generics sales (in € million)

Total 1-9/2014: €66.0 million (+59%, adjusted¹⁾-9%)

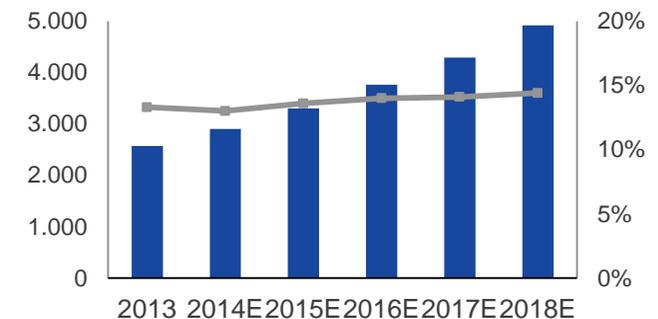


Vietnam

Branded product sales (in € million)



Development Vietnam (in bn USD in CER)



Outlook STADA 2014

- Vietnam accounts for more than 2/3 of A&P sales
- Current price pressure from non GMP-certified suppliers in hospital tenders
- Healthcare system being expanded
- Rising household income supports self-payer market
- IMS forecast market growth 2013-2018: 14% (with constant exchange rates)

- Significant sales growth
- Operating profitability above Group average

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

Generics

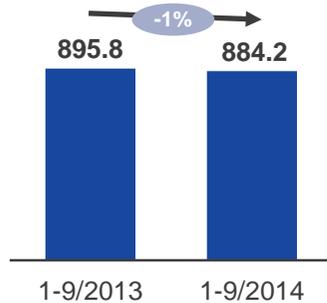
Belgium: #1	Eurogenerics	
Serbia: #1	Hemofarm	
Russia: #2 ¹⁾	Nizhpharm, MAKIZ	
Germany: #3	ALIUD, STADApHarm	
Spain: #4	Laboratorio STADA	
Italy: #5	EuroGenerici	



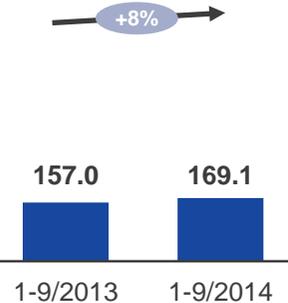
1) Local suppliers/producers

Generics

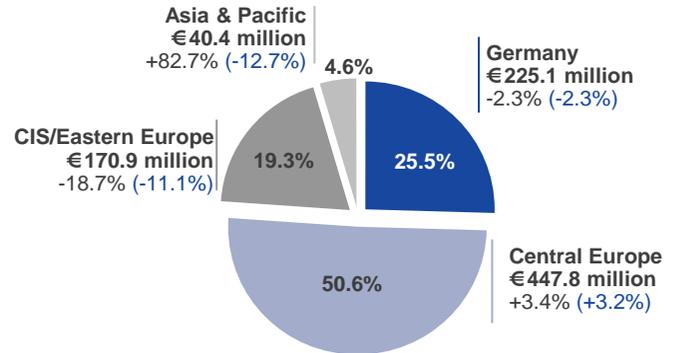
Sales (in € million)



Adj. EBITDA (in € million)



Regional Development



1-9/2014

- Germany difficult, focus on costs
- CE benefiting from increasing penetration
- CIS/Eastern Europe due to CIS crisis with sales decrease in national currencies (-11.1%)
- Asia & Pacific: jump due to consolidations

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
- 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

Country

Generics penetration (sales)



By comparison



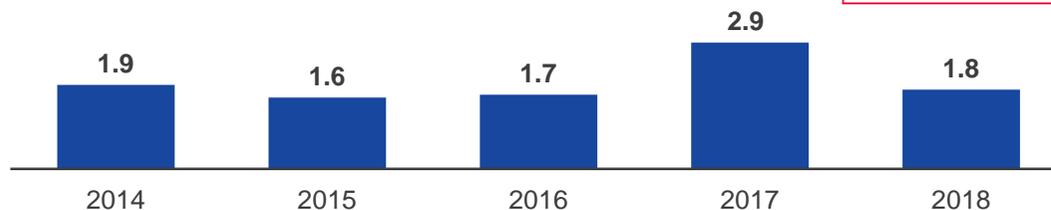
Source: STADA estimate at ex-factory prices based on market data provided by various international market research institutes for 2013

Growth driver patent expiry

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

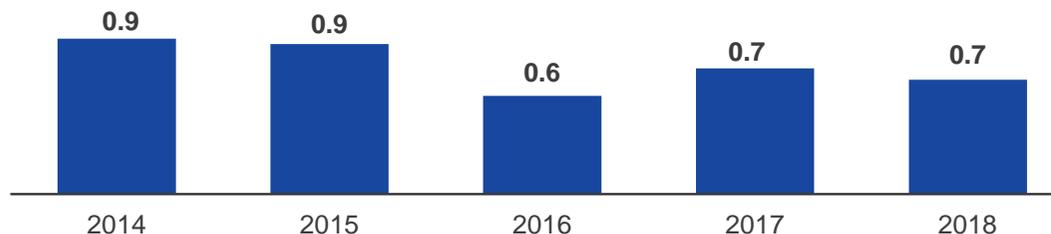
Central Europe¹⁾

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)

Branded Products

Strategic focus on OTC

6M/2010¹⁾

	OTC corporation	Sales in €m
1	Novartis	1,338
2	Bayer	1,160
3	Sanofi	1,074
4	Johnson & Johnson	997
5	GlaxoSmithKline	645
6	Teva	546
7	Reckitt Benckiser	517
8	Boehringer Ingelheim	402
9	Bristol-Myers Squibb	387
10	Roche	376
11	Abbott	371
12	Pierre Fabre	344
13	STADA	325
14	Menarini	302
	Total Market	19,808

6M/2014¹⁾

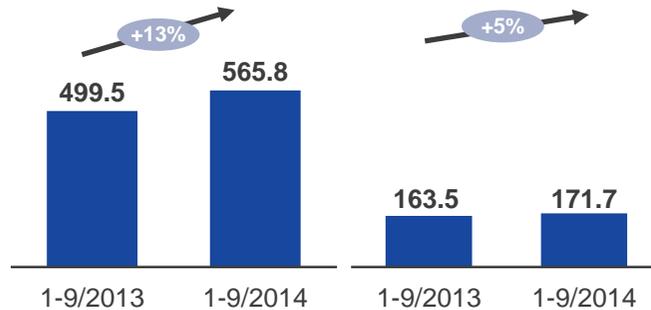
	OTC corporation	Sales in €m
1	Novartis	1,541
2	Bayer	1,179
3	Sanofi	1,163
4	Johnson & Johnson	962
5	Teva	615
6	Reckitt Benckiser	531
7	Boehringer Ingelheim	454
8	GlaxoSmithKline	450
9	STADA	386
10	Abbott	375
11	Roche	360
12	Menarini	329
13	Braun-Melsungen	310
14	Bristol-Myers Squibb	309
	Total Market	21,072

1) Source: IMS Health MIDAS – EU28+RU+CH+NO+RS – Panel: Retail + Hospital – MAT/06/2014, not including cosmetics and Rx branded products.

Branded Products

Sales
(in € million)

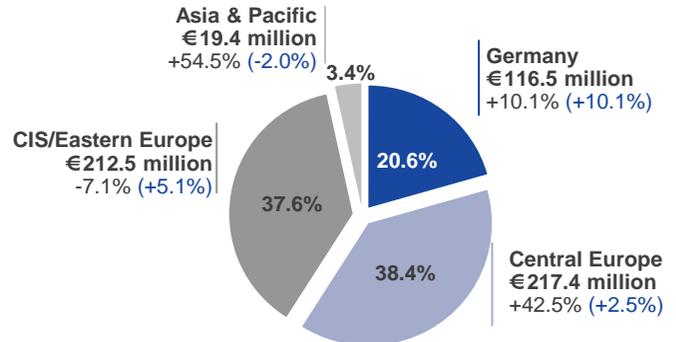
Adj. EBITDA
(in € million)



1-9/2014

- Germany with higher profitability and increase in export business
- 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 1-9/2014

No.	Branded Product	Growth in %	Sales in €million	Indication
1.	ApoGo® (RX)	+12	35.8	Parkinson
2.	Ladival® (OTC)	+50	25.7	Sun Protection
3.	Aqualor® ¹⁾ (OTC)		25.1	Rhinitis
4.	Grippostad® (OTC)	-24	23.8	Cough and cold
5.	Snup® (OTC)	+19	21.9	Rhinitis
6.	Hirudoid® (OTC)	+5	13.0	Inflammation of the veins
7.	Tramal® (RX)	+51	13.0	Chronic pain
8.	Care® ²⁾ (OTC)	>100	12.8	Umbrella brand
9.	Vitaprost® (RX)	-11	12.8	Prostate hyperplasia
10.	Chondroxide® (OTC)	-24	12.2	Muscular and joint pain
All Branded Products		+48	565.8	

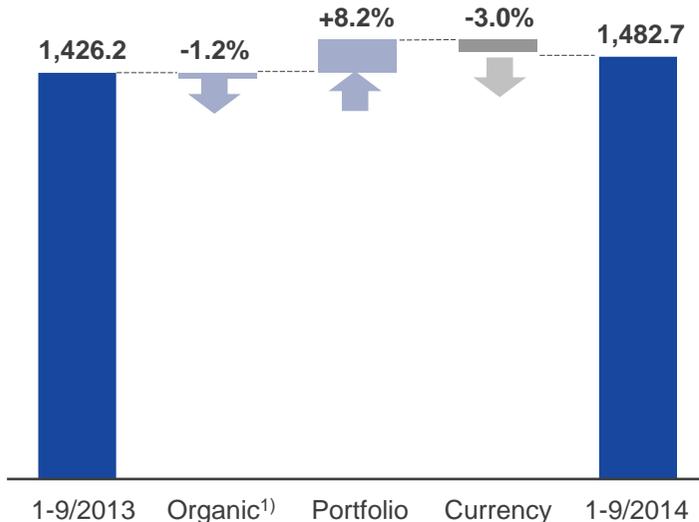
1) Sales of Aqualor®: initial consolidation as from March 1, 2014.

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

Financials

Development of sales 1-9/2014

Group sales in €

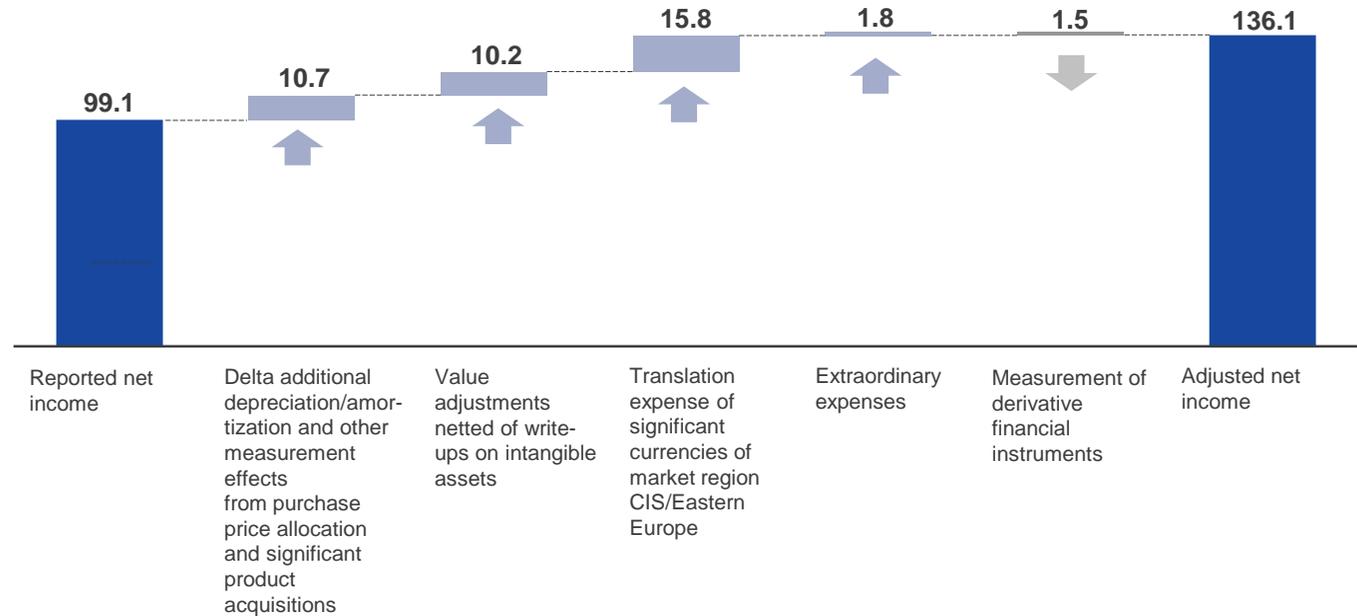


- Sales increase 1-9/2014 of 4.0%
- Organic¹⁾ sales development -1.2%
- Portfolio effects: **+8.2 percentage points**, among others, due to the consolidation of STADA Vietnam and STADA Beijing, Spirig HealthCare AG (wholesale business), Thornton & Ross, Aqualor® and product acquisitions in Italy
- Currency effects: **-3.0 percentage points**, appreciation of the pound sterling could not compensate for the devaluation of the Russian ruble, the Ukrainian hryvnya and the Serbian dinar

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

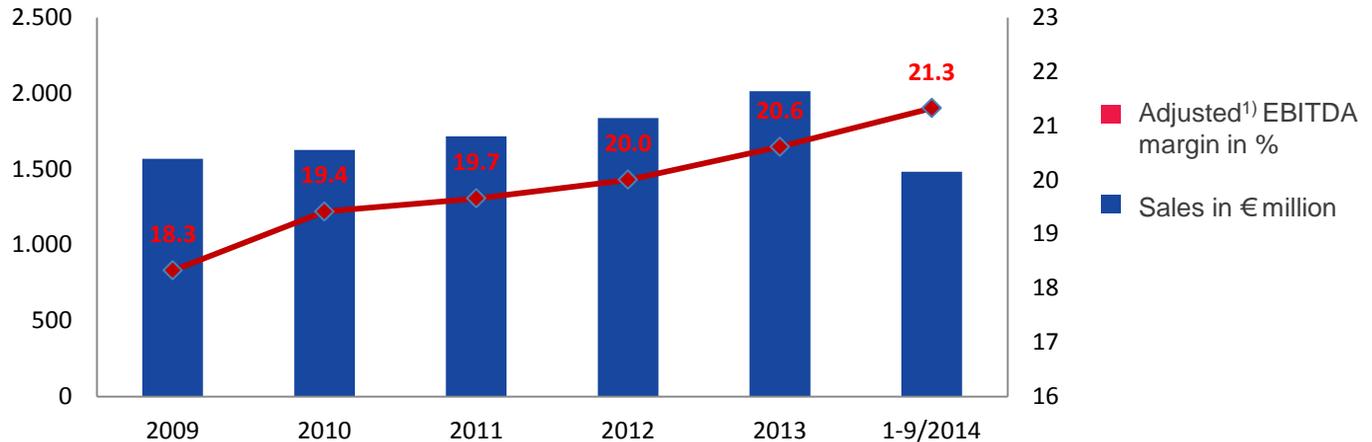
Net income adjustments in 1-9/2014¹⁾

in €million



1) For a detailed definition, see STADA's Interim Report 1-9/2014.

Development of sales and margins

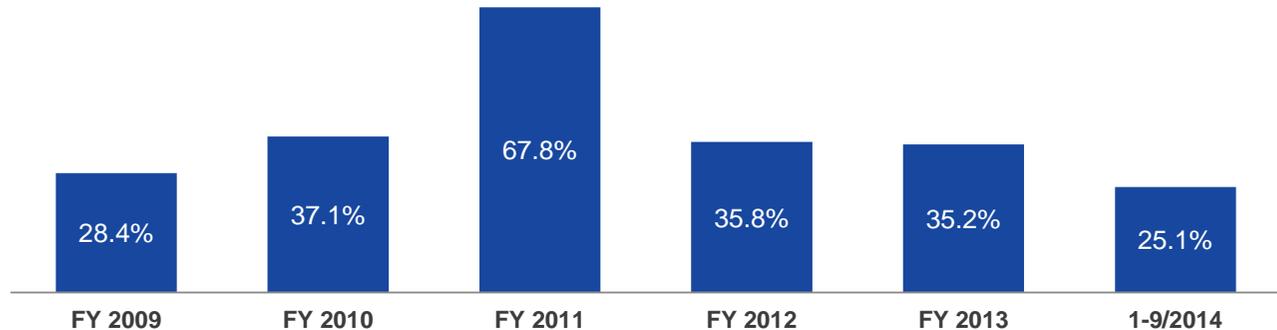


- Expansion of self-pay portfolio
- Shift to high margin product/country mix
- Economies of scale effects (volume gains)

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

Analysis of the tax rate

Historical development of the reported tax rate



Significant reduction in the effective tax rate in 1-9/2014:

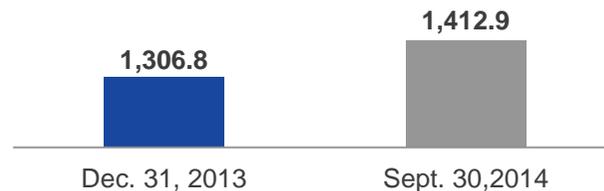
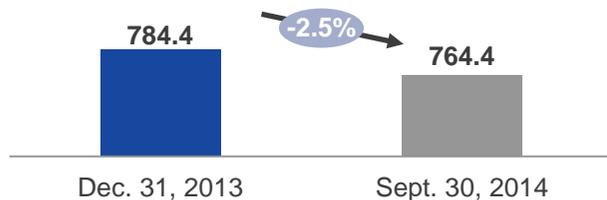
- The improvement of the effective tax rate primarily results from a changed profit allocation; since the end of 2013, STADA Arzneimittel AG has assumed – following the conclusion of the “build the future” program – the central service functions in connection with an adjustment in the corresponding internal transfer pricing model
- Beginning from Q1/2014, STADA Arzneimittel AG makes use of existing tax interest carryforwards which resulted from applying regulations in connection with the interest barrier in previous periods

Stable balance sheet structure

Assets in €million	September 30, 2014	Dec. 31, 2013
A. Non-current assets	2,140.6	2,060.0
B. Current assets	1,317.4	1,353.2
Total assets	3,458.0	3,413.2
Equity and liabilities in €million	September 30, 2014	Dec. 31, 2013
A. Shareholders' equity	1,053.3	1,010.1
B. Non-current liabilities	1,209.2	1,358.4
C. Current liabilities	1,195.5	1,044.7
Total equity and liabilities	3,458.0	3,413.2

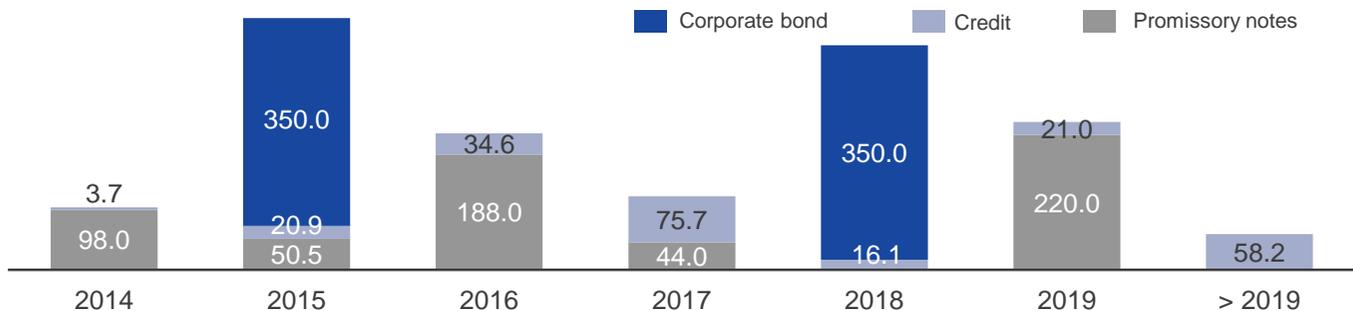
Net working capital in €million

Net debt in €million



Balanced and stable financing structure

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



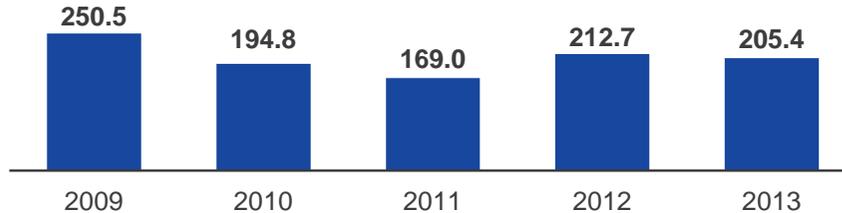
- In 1-9/2014, STADA was able to secure promissory notes in the total amount of €220 million with a term of five years
- Net debt to adjusted EBITDA ratio¹⁾: 3.4 (1-9/2013: 3.7).
- Cash and cash equivalents including current securities: €117.7 million (December 31, 2013: €126.2 million)
- Access to committed credit lines from banking partners for many years

1) Adjusted for one-time special effects.

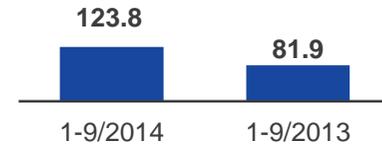
Cash flow from operating activities and adjusted free cash flow

Cash flow from operating activities (in € million)

2009-2013

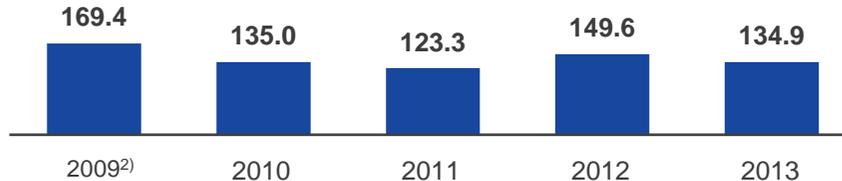


1-9/2014 vs. 1-9/2013

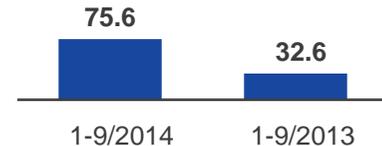


Adjusted free cash flow¹⁾ (in € million)

2009-2013



1-9/2014 vs. 1-9/2013

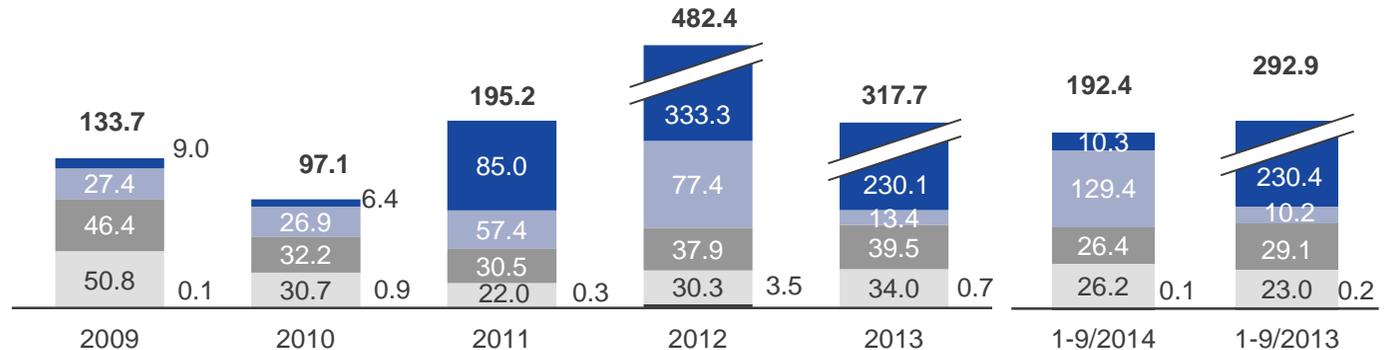


- 1) Free cash flow comprises cash flow from operating activities and cash flow from investing activities, adjusted for payments for significant acquisitions and proceeds from significant disposals
- 2) Additionally adjusted for influences outside of the reporting period

Expenses for capital expenditure

Total expenses 2009-2013 €million

1-9/2014 vs. 1-9/2013



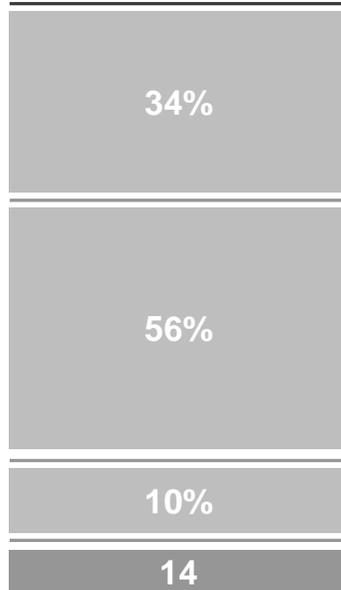
Proceeds

- 1-9/2014: €5.7 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

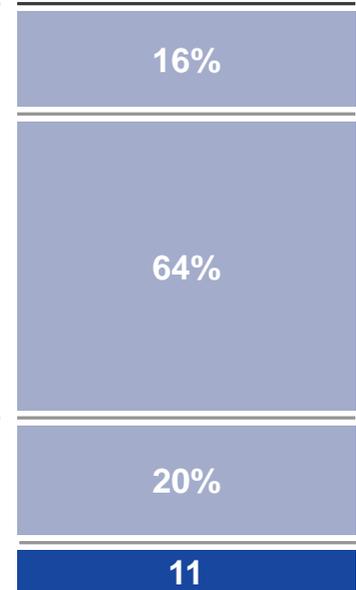
- Vrsac (Serbia)
- Sabac (Serbia)
- Dubovac (Serbia)
- Banja Luka (Bosnia-Herzegovina)
- Podgorica (Montenegro)
- Nizhny Novgorod (Russia)
- Obninsk (Russia)

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

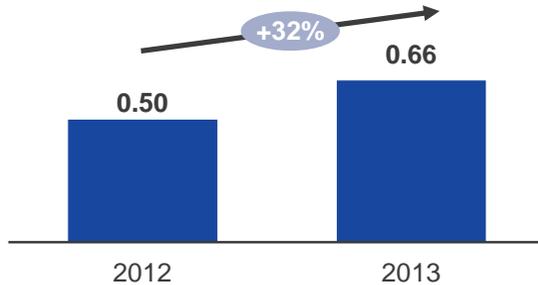
P&L details 1-9/2014

In € million	1-9/2014 in € million	1-9/2014 in % of Sales	1-9/2013 in € million	1-9/2013 in % of Sales
Gross profit	702.9	47.4	691.5	48.5
Selling expenses	322.1	21.7	341.1	23.9
G&A expenses	112.1	7.6	122.3	8.6
R&D expenses	44.4	3.0	39.6	2.8
Financial Result	-48.2		-43.1	
Taxes on income	34.4		50.4	

- Gross margin burdened by additional impairments due to acquisitions and the CIS crisis (adjusted gross margin at the level of the previous year), R&D costs nearly stable; decrease in selling expenses through strict cost controls, general administrative expenses decline as a result of earnings in connection with a change to the defined benefit plan of the Chairman of the Executive Board carried out in August
- Higher net debt and acquisition financing in foreign currencies (Aqualor®) lead to higher interest expense
- Average weighted interest rate for all Group financial liabilities as of September 30, 2014 at 3.8% above the level of the previous year due to the financing of Aqualor® in foreign currency (December 31, 2013: 3.3%)

Dividend

Dividend per STADA common share in €



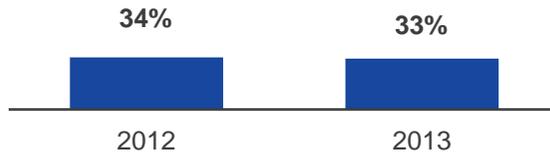
Dividend payout

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

September 30, 2014

STADA shares ¹⁾²⁾	60,533,360
Potential number of shares from warrants 2000/2015 ³⁾	1,856,860
Amount of treasury shares	90,664

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.

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