

STADA



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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 for full-year 2014, as well as for the previous year.

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

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

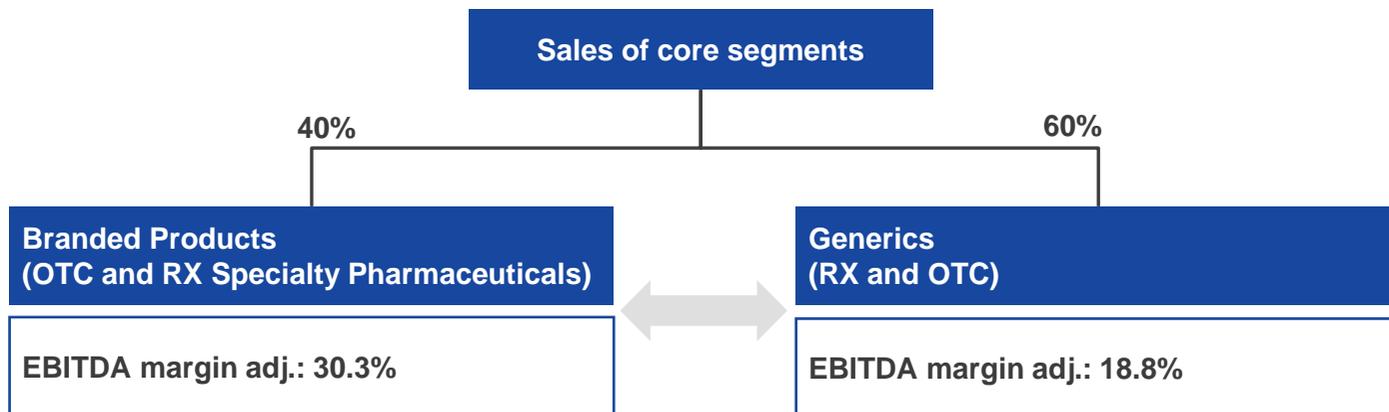
- Generics: over 1,300 running approval procedures as of Dec. 31, 2014
- Development partnerships
- Branded products: Center of OTC Excellence

Disciplined capital allocation

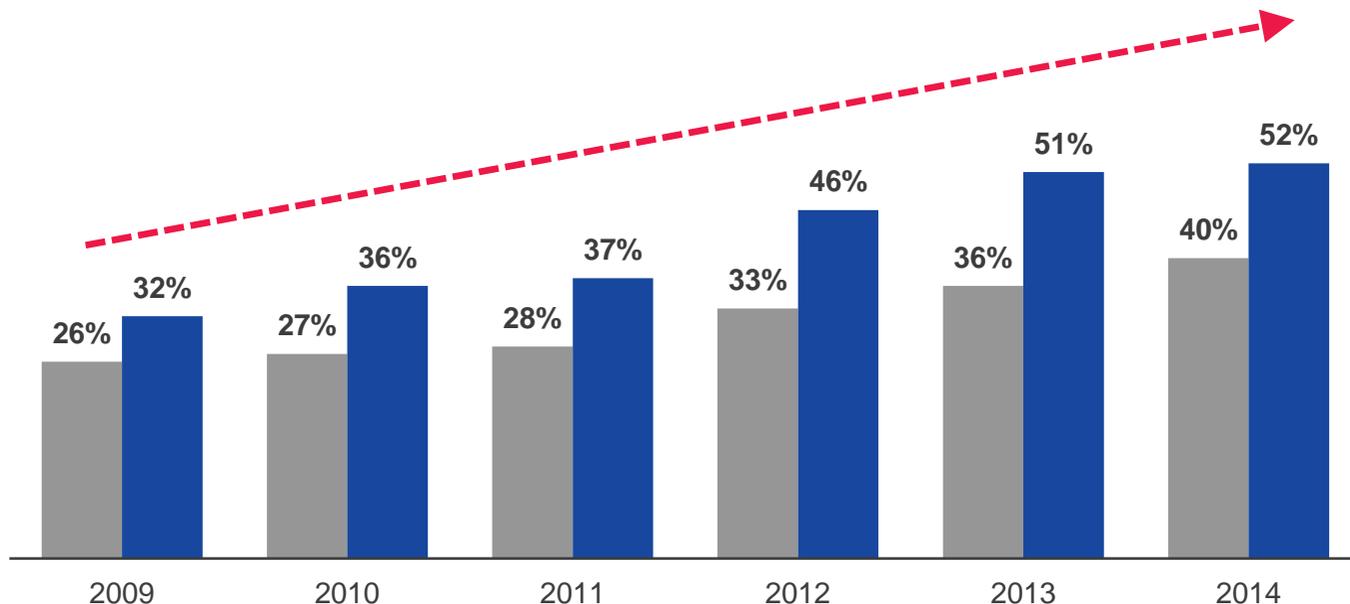
- Value-adding acquisitions with focus on high-margin OTC product portfolio and/or growth markets

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

- 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

Product development

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

- Launch of 626 individual products around the world in 2014 (706 in 2013)
- Full pipeline: planning horizon beyond 2022
- Over 1,300 approval procedures for more than 150 active pharmaceutical ingredients in over 55 countries worldwide
- Over 800 pharmaceutical ingredients, over 16,000 product packagings marketed by the Group

Outlook for 2015

Group:

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

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

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 currency, 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

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

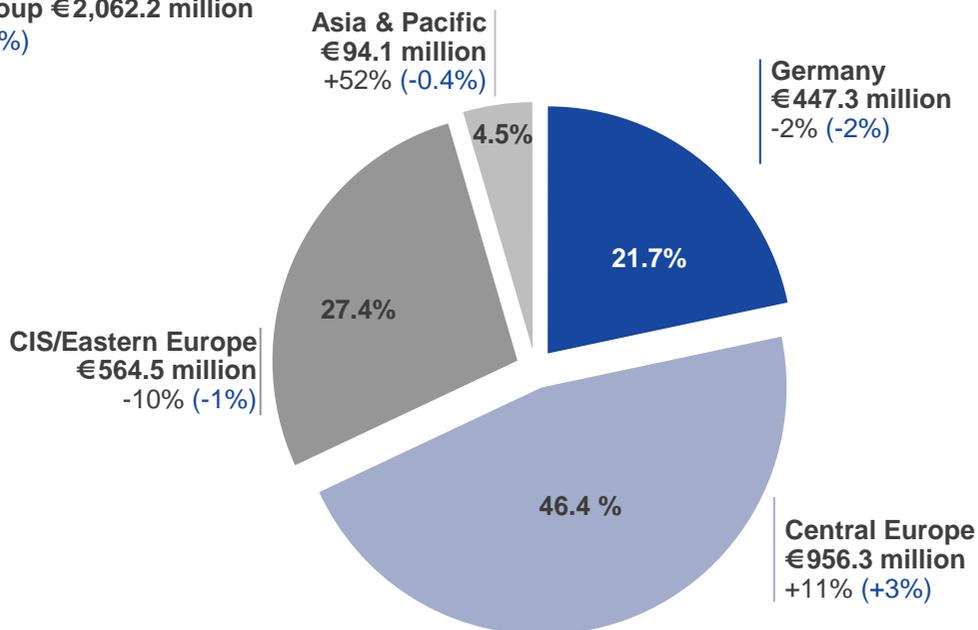
- Annual Declaration of Compliance in accordance with the German Corporate Governance Code: determination of shareholder rights, cooperation between Executive Board and the Supervisory Board, as well as remuneration, reporting and transparency obligations
- Group-wide Compliance Management System based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

Market Regions

Sales 2014

By market region

Total group €2,062.2 million
+3% (+1%)



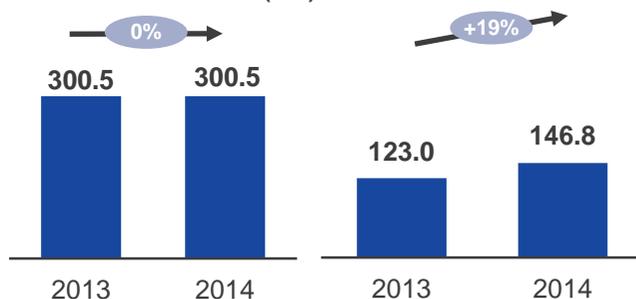
(x) = Adjusted for changes in the Group portfolio and currency effects.

Market region Germany

Generics sales (in € million)

Branded product sales (in € million)

Total 2014: €447.3 million (-2%)



2014

- Generics stable, Branded Products up +19%, with both segments supported by export sales
- Local development in Germany (ex export): -6% in Generics, +12% in Branded Products

Optimization of the German sales activities



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

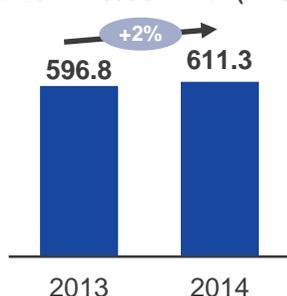
Outlook 2015

- Sales decrease
- Operating profitability under Group average

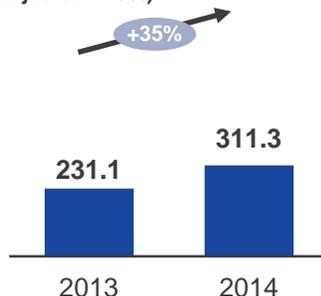
Market region Central Europe

Generics sales (in € million)

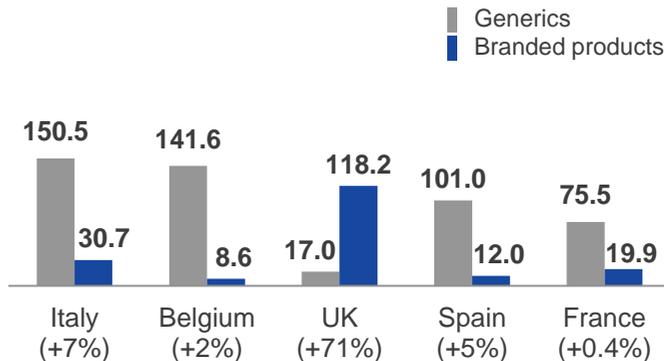
Total 2014: €956.3 million (+11%, adjusted¹⁾ +3%)



Branded product sales (in € million)



Most important countries (Sales in € million)



2014

- Key markets such as Belgium, Italy, the UK and Spain grow

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.

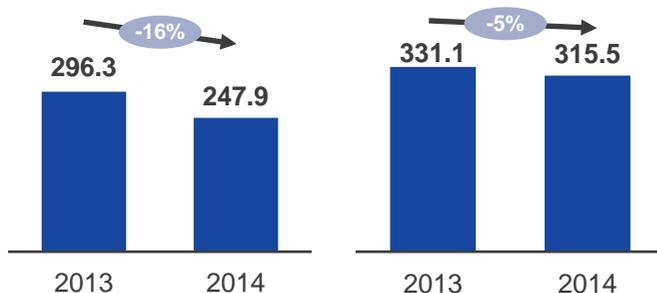
Market region CIS/Eastern Europe

Generics sales (in € million)

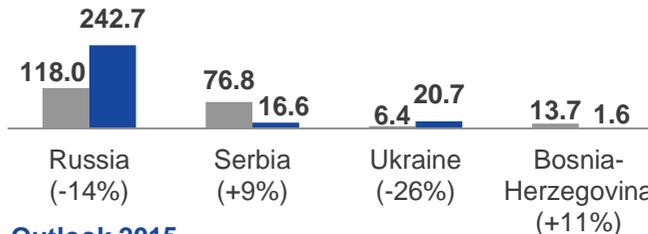
Branded product sales (in € million)

Most important countries (Sales in € million)

Total 2014: €564.5 million (-10%, adjusted¹⁾ -1%)



■ Generics
■ Branded products



2014

- Sales hampered by CIS crisis, burdens from currency devaluations and inventory reductions
- Sales growth in local currencies +5%

Outlook 2015

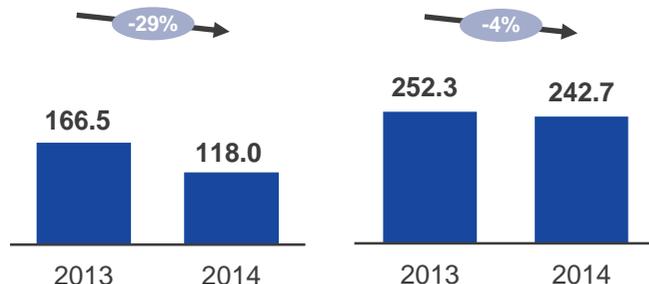
- Earnings increase in local currencies
- Operating profitability adjusted for currency effects above Group average

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

Development of Russia

Generics sales (in € million)

Total 2014: €360.7 million (-14%, adjusted¹⁾ -6%)

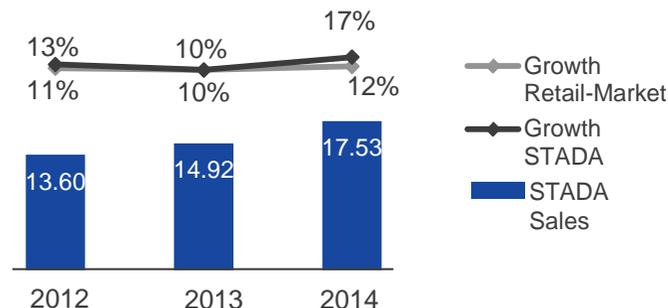


2014

- STADA: No. 2 among local suppliers/producers
- 87% of the market are "out of pocket" (STADA: 92%)
- High traditional awareness of the Nizhpharm and Hemofarm brands
- Limited government regulation

Branded product sales (in € million)

Development of sales 2012-2014 (sell-out)²⁾ (in billion ruble)



Measures in the currently difficult market environment

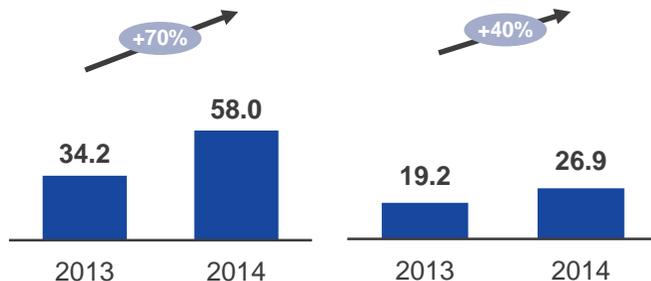
- Discipline with regard to functional costs
- Selective marketing measures: focus on high-margin products
- Support of successful regions, redistribution of resources in sales
- Temporary hiring freeze

1) Adjusted for changes in the portfolio and currency effects. 2) Source: IMS Health, DSM Group

Market region Asia & Pacific

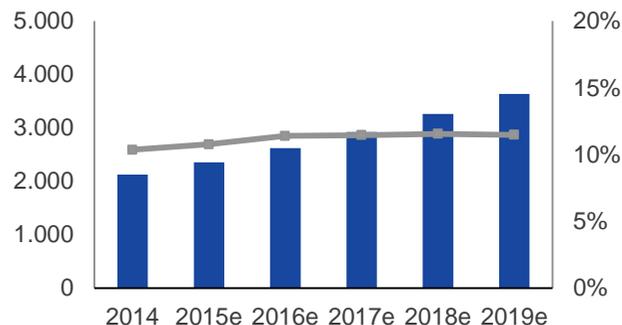
Generics sales (in € million)

Total 2014: €94.1 million (+52%, adjusted¹⁾-0.4%)



Branded product sales (in € million)

Development Vietnam (in bn USD in CER²⁾)



2014

- Vietnam accounts for more than 3/4 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

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.

Generics

STADA

Leading position in key markets

120
YEARS

STADA
ALL THE BEST

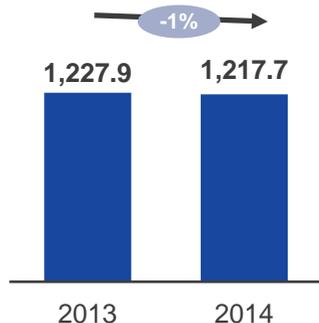
Belgium: #1	Eurogenerics	
Serbia: #1	Hemofarm	
Russia: #2 ¹⁾	Nizhpharm, MAKIZ	
Germany: #3	ALIUD, STADApHarm	
Spain: #2	Laboratorio STADA	
Italy: #5	EuroGenerici	



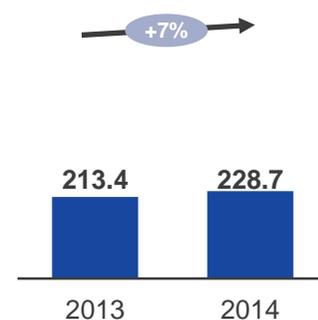
1) Local suppliers/producers

Generics

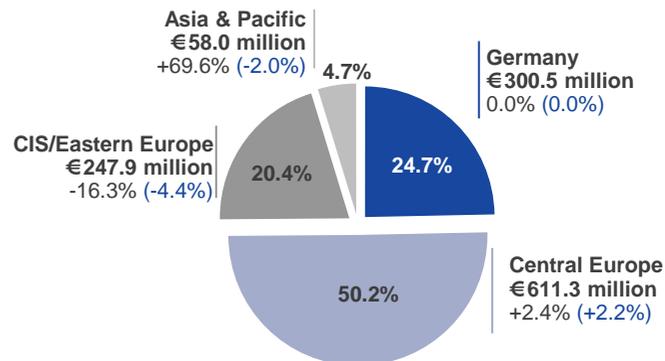
Sales
(in € million)



Adj. EBITDA
(in € million)



Regional Sales Development



2014

- Germany difficult, focus on costs
- CE benefiting from increasing penetration
- CIS/Eastern Europe due to CIS crisis with sales decrease
- Asia & Pacific with jump in sales 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
- Development Partnerships

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

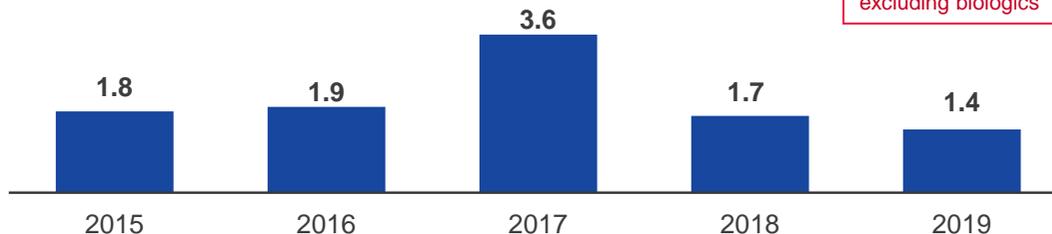
1) IMS Market Prognosis, September 2014; IMS Market Prognosis Global, September 2014; IMS Syndicated Analytics Service (September 2014; prepared for STADA February 2015. The market data on generics fluctuate in some cases substantially due to differing market definitions from source to source

Patent expiration

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

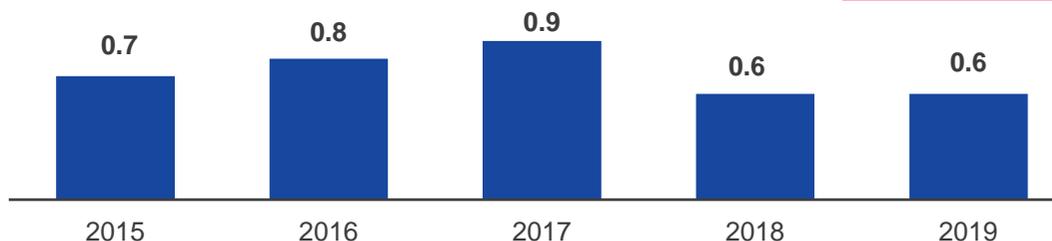
Central Europe¹⁾

Small chemical entities only –
excluding biologics



Germany²⁾

Small chemical entities only –
excluding biologics

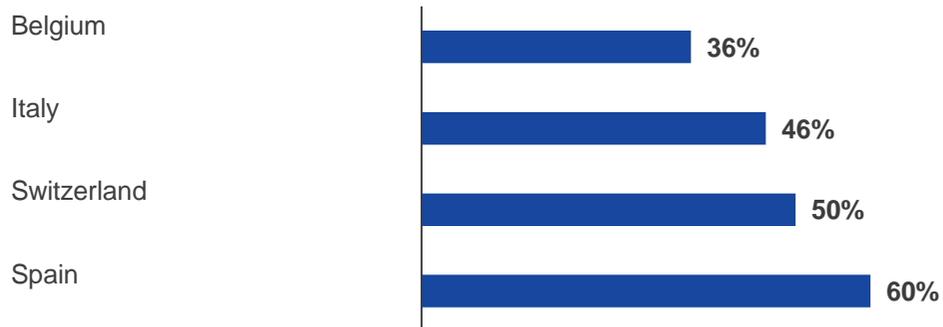


Source: STADA estimate of sales volumes at ex-factory prices.
1) Here: France, Italy, Spain, UK. Source: IMS MIDAS (Q4/2014)
2) IMS MIDAS (Q4/2014)

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 2014

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⁾

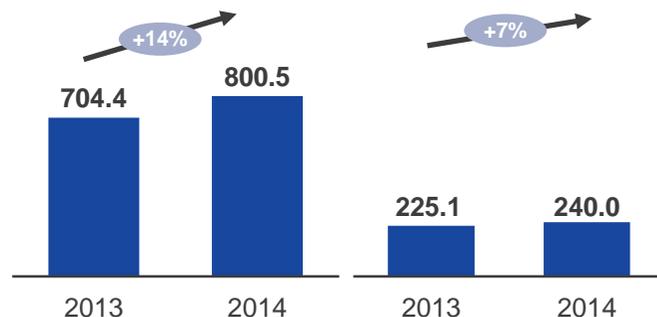
	OTC corporation	Sales in €m
1	Novartis	1,550
2	Bayer	1,183
3	Sanofi	1,176
4	Johnson & Johnson	957
5	Teva	597
6	Reckitt Benckiser	541
7	Boehringer Ingelheim	446
8	GlaxoSmithKline	411
9	STADA	391
10	Abbott	373
11	Roche	365
12	Meda	316
13	Menarini	314
14	Braun-Melsungen	313
	Total Market	21,156

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

Sales
(in € million)

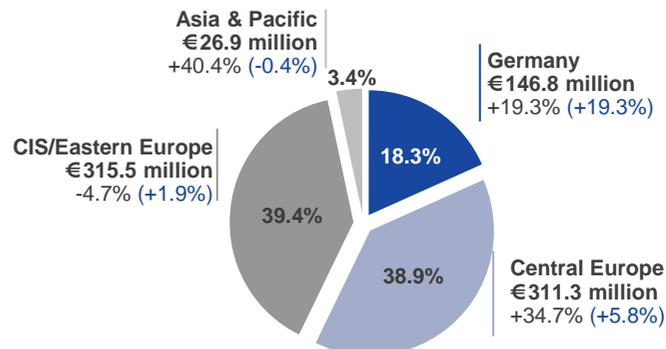
Adj. EBITDA
(in € million)



2014

- Germany with higher profitability and increase in export business
- Thornton & Ross highly dynamic
- ApoGo® on the growth path
- Russia with growth in local currency

Regional Sales Development



Strategy

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

Strong brands in 2014

No.	Branded Product	Growth in %	Sales in €million	Indication
1.	ApoGo® (RX)	+18	51.3	Parkinson
2.	Aqualor® ¹⁾ (OTC)		40.3	Cough and cold
3.	Grippostad® (OTC)	-14	33.7	Cough and cold
4.	Snup® (OTC)	+34	33.0	Rhinitis
5.	Ladival® (OTC)	+63	26.1	Sun Protection
6.	Vitaprost® (RX)	-10	20.6	Prostate hyperplasia
7.	Hirudoid® (OTC)	+2	18.2	Inflammation of the veins
8.	Tranexam (RX)	-15	17.9	Anti-bleeding
9.	Chondroxide® (OTC)	-23	17.9	Muscular and joint pain
10.	Care® ²⁾ (OTC)		17.2	Umbrella brand
All Branded Products		+14	800.5	

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.

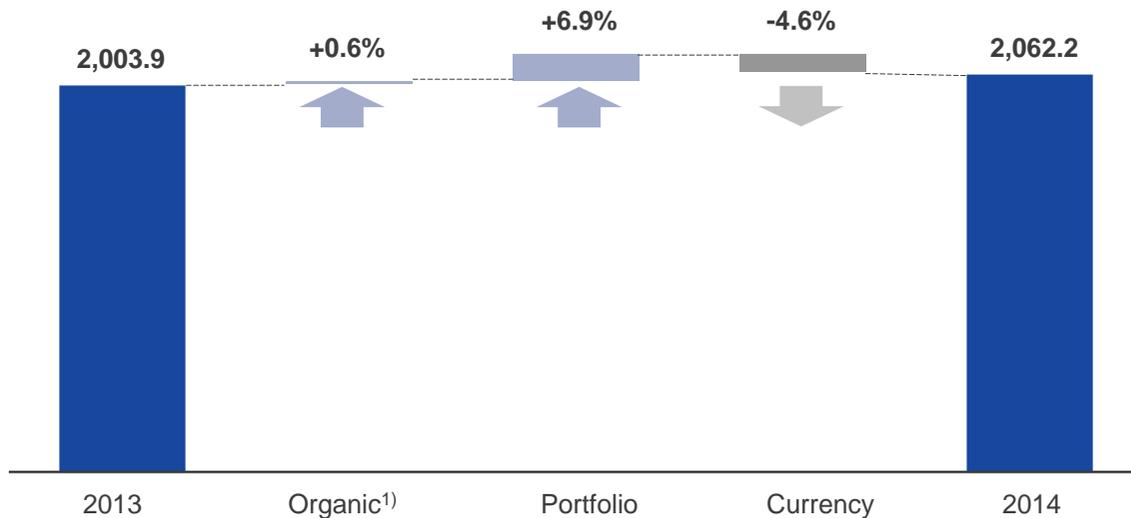
STADA branded products



Financials

Growth components 2014

Group sales in €

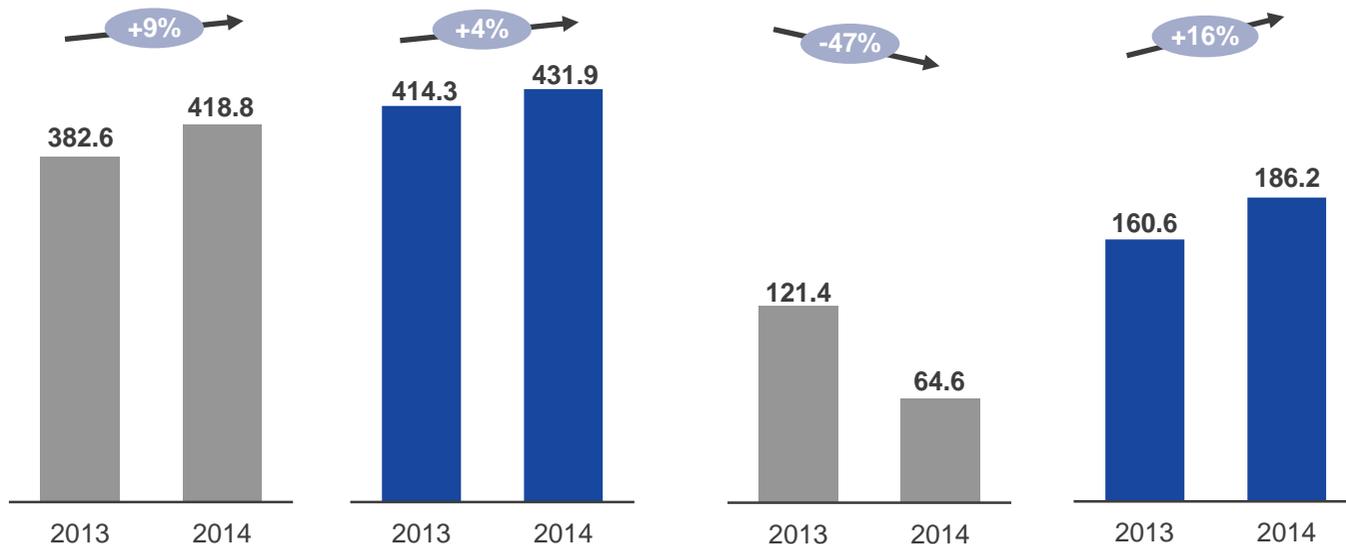


1) Adjusted for changes in the Group portfolio and currency effects.

Key earnings figures 2014

EBITDA (in € million) 2014 vs. 2013
reported adjusted¹⁾

Net income (in € million) 2014 vs. 2013
reported adjusted²⁾

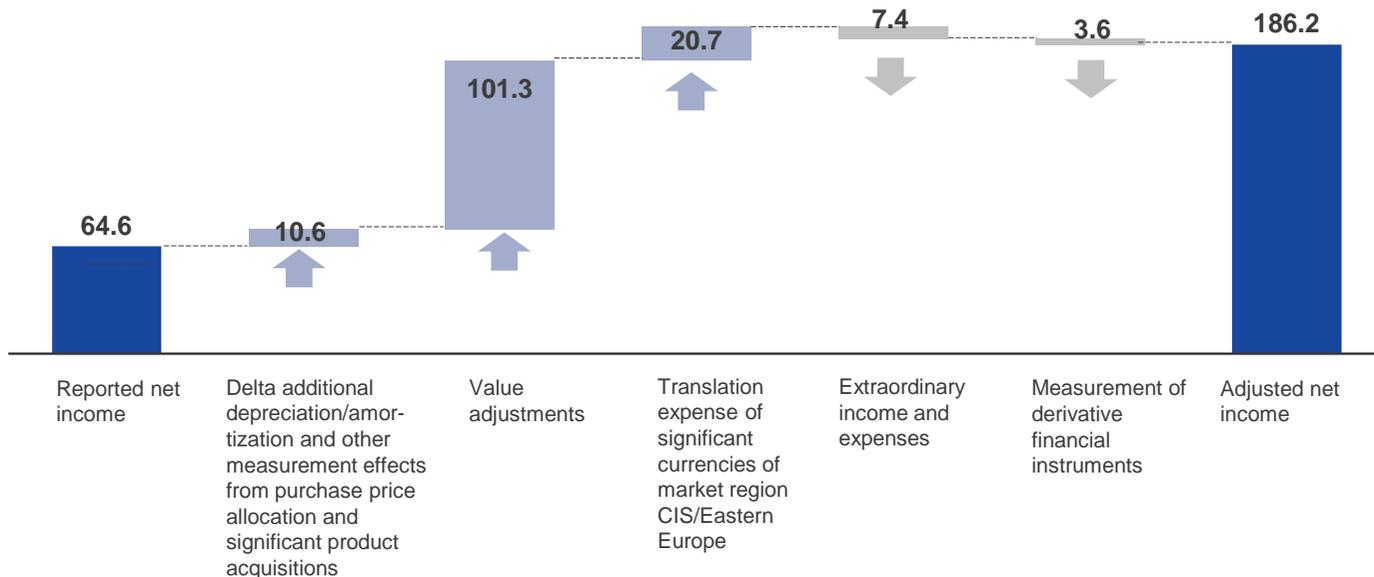


1) Adjusted for one-time special effects.

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

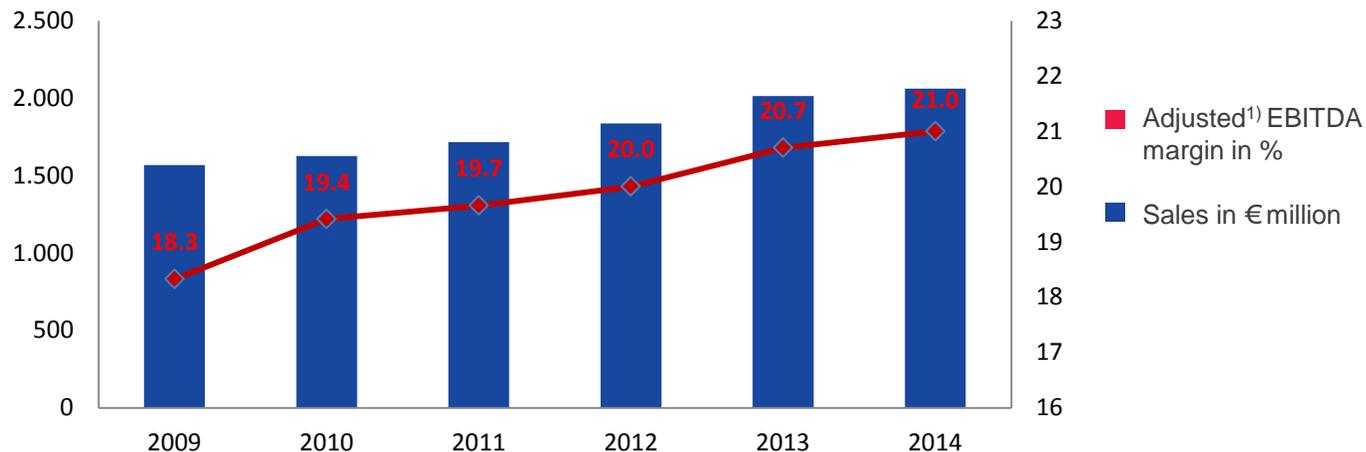
Net income adjustments in 2014¹⁾

in €million



1) For a detailed definition, see STADA's Annual Report 2014.

Development of sales and margins

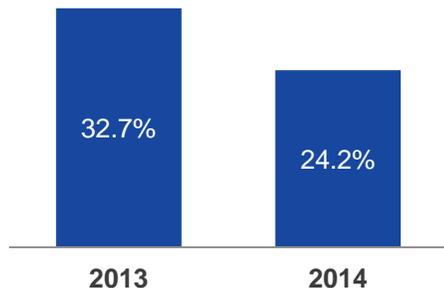


- Expansion of self-pay portfolio
- Shift to high margin product/country mix
- Economies of scale effects (volume gains)

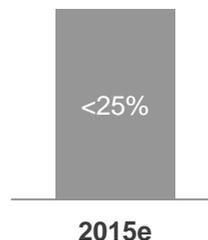
1) Adjusted for one-time special effects (2009-2014) and non-operational effects from currency influences (2009/2010).

Analysis of the tax rate

Development of the adjusted tax rate



Outlook adjusted tax rate



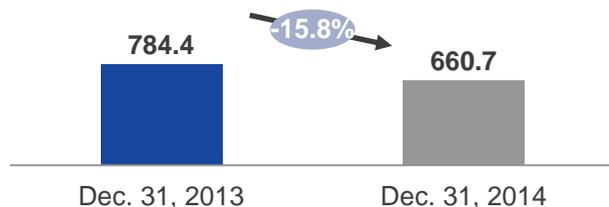
Significant reduction in the tax rate in 2014:

- 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, STADA Arzneimittel AG did not face any additional disadvantage from the regulations in connection with the interest barrier in Germany

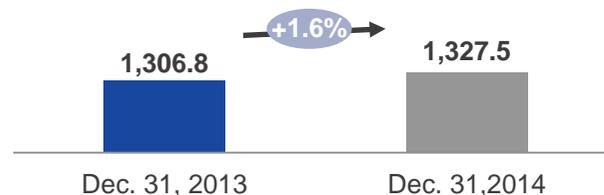
Stable balance sheet structure

Assets in €million	Dec. 31, 2014	Dec. 31, 2013
A. Non-current assets	2,013.8	2,060.0
B. Current assets	1,321.7	1,353.2
Total assets	3,335.5	3,413.2
Equity and liabilities in €million	Dec. 31, 2014	Dec. 31, 2013
A. Shareholders' equity	903.4	1,010.1
B. Non-current liabilities	1,246.7	1,358.4
C. Current liabilities	1,185.4	1,044.7
Total equity and liabilities	3,335.5	3,413.2

Net working capital in €million



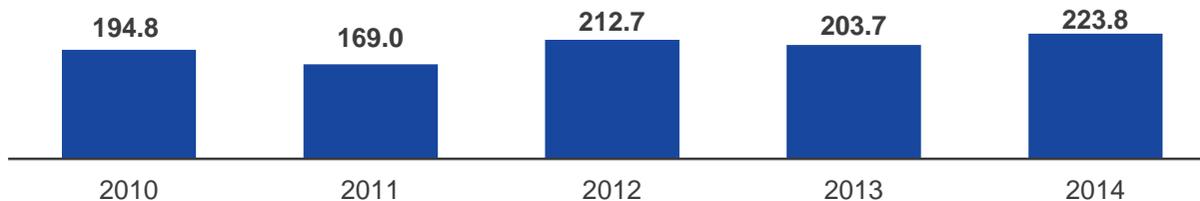
Net debt in €million



Cash flow from operating activities and adjusted free cash flow

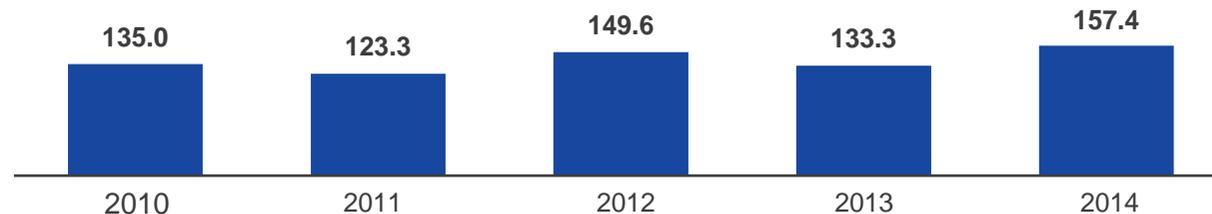
Cash flow from operating activities (in € million)

2010-2014



Adjusted free cash flow¹⁾ (in € million)

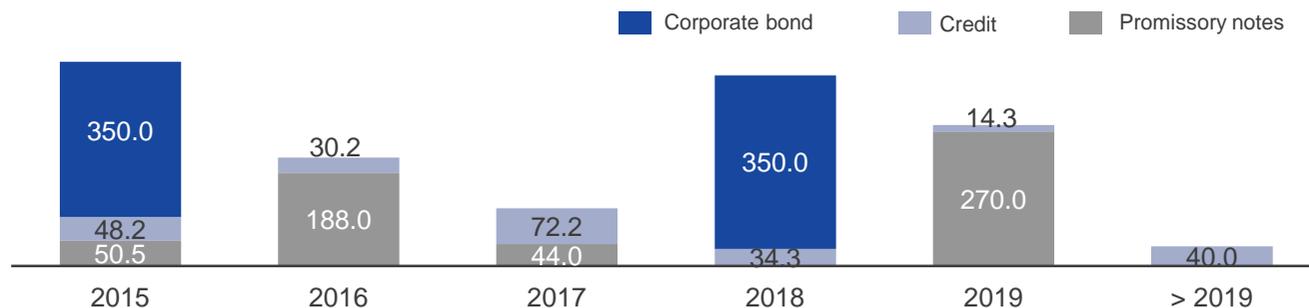
2010-2014



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

Balanced and stable financing structure

Remaining maturities of financial liabilities due to banks as of December 31, 2014 in €million



- In 2014, STADA was able to secure promissory notes in the total amount of €270 million with a term of five years
- Net debt to adjusted EBITDA ratio¹⁾: 3.1 (2013: 3.2).
- Cash and cash equivalents including current securities: € 164.2 million (December 31, 2013: € 126.2 million)
- Access to committed credit lines from banking partners for many years
- Dividend policy: Appropriate share of reported net income to shareholders

1) Adjusted for one-time special effects.

Notes

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

Synthetic active pharmaceutical ingredients

- Obtaining low-cost active pharmaceutical ingredients or/and 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

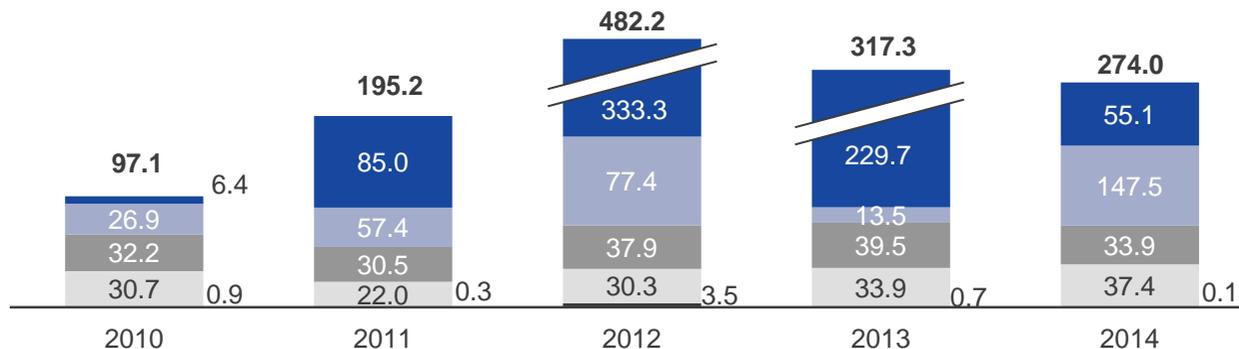
- Contractual joint venture, 50:50 sales split
 - STADA assumes approval costs and sales in the contractually agreed regions
-

P&L details 2014

in € million	2014 in € million	2014 in % of Sales	2013 in € million	2013 in % of Sales	
Gross profit	991.8	48.1	979.4	48.9	Burden from additional depreciation/amortization from acquisitions and the CIS crisis
Selling expenses	458.4	22.2	488.2	24.4	Strict cost control
G&A expenses	152.8	7.4	159.5	8.0	Income in connection with a change in the benefit plan for the Chairman of the Executive Board
R&D expenses	56.9	2.8	55.5	2.8	Nearly stable
Financial Result	-63.8		-59.0		Interest expense grew as a result of increase in interest rate as of Dec. 31, 2014 (3.7%) due to the financing for Aqualor® in foreign currency (Dec. 31, 2013: 3.3%)
Taxes on income	54.6		66.5		Adjusted tax rate 2014 (24.2%) significantly reduced (2013: 32.7%); reported tax rate increased (impairment losses not deductible for tax purposes)

Expenses for capital expenditure

Total expenses 2010-2013 €million



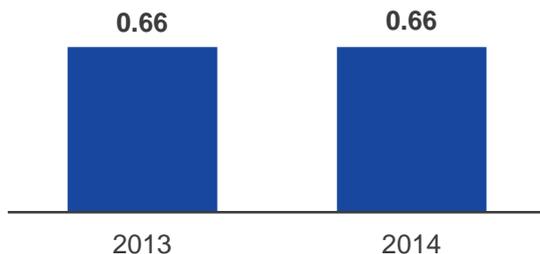
Proceeds

- 2014: € 12.0 million
- 2013: € 5.4 million
- 2012: € 14.0 million
- 2011: € 8.0 million
- 2010: € 4.7 million

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

Dividend proposal

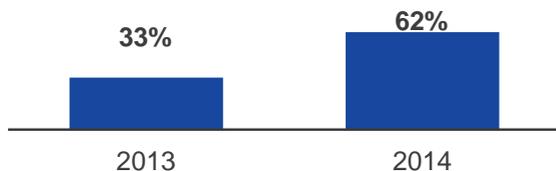
Dividend per STADA common share in €



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

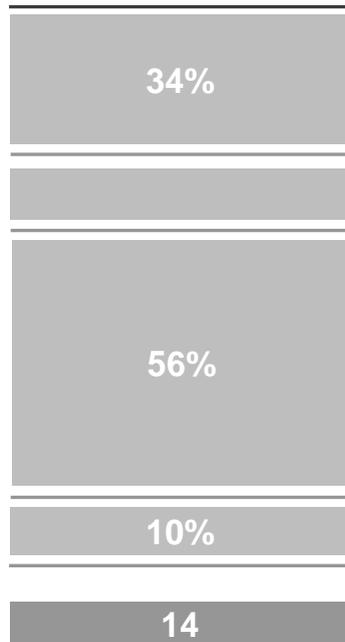
Dividend policy Appropriate share of reported net income to shareholders

Pay-out ratio



Concentration of the production processes

Share of production volume 2009



Own production locations

Market region Germany

- Bad Vilbel (Germany)
- Pfaffenhofen (Germany)

Market region Central Europe

- Huddersfield¹⁾ (UK)

Market region CIS/Eastern Europe

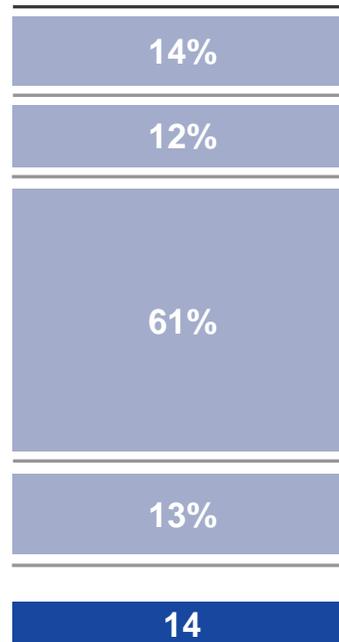
- Vrsac (Serbia)
- Sabac (Serbia)
- Dubovac (Serbia)
- Banja Luka (Bosnia-Herzegovina)
- Podgorica (Montenegro)
- Nizhny Novgorod (Russia)
- Obninsk (Russia)

Market region Asia/Pacific

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

Number of production sites¹⁾

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

December 31, 2014

STADA shares ¹⁾²⁾	60,626,700
Potential number of shares from warrants 2000/2015 ³⁾	1,763,520
Amount of treasury shares	89,835

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.

Your contact

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