



Press Release

STADA: Sales and earnings targets for 2014 at Group level met – dividend should be stable – outlook for 2015 confirmed

Important items at a glance

- Group sales rise by 3 percent – adjusted by +1 percent
- Adjusted EBITDA increases by 4 percent – adjusted EBITDA margin grows to 21.0 percent (previous year: 20.7 percent)
- Adjusted net income records substantial growth by 16 percent
- Expansion of self-pay patient portfolio from significant sales growth in branded products (+14 percent) – adjusted +6 percent
- Pleasing sales development in Central Europe (+11 percent) as well as Asia & Pacific (+52 percent)
- Dividend to amount to Euro 0.66 per common share as in the previous year
- Outlook for 2015 confirmed

STADA key figures

	2014	2013	+/-
Group sales	Euro 2,062.2 million	Euro 2,003.9 million	+3%
EBITDA, reported	Euro 418.8 million	Euro 382.6 million	+9%
<i>EBITDA, adjusted</i>	<i>Euro 431.9 million</i>	<i>Euro 414.3 million</i>	+4%
Net income, reported	Euro 64.6 million	Euro 121.4 million	-47%
<i>Net income, adjusted</i>	<i>Euro 186.2 million</i>	<i>Euro 160.6 million</i>	+16%
Earnings per share	Euro 1.07	Euro 2.04	-48%
<i>Earnings per share, adjusted</i>	<i>Euro 3.08</i>	<i>Euro 2.70</i>	+14%

Executive Board: Hartmut Retzlaff (Chairman) / Helmut Kraft / Dr. Matthias Wiedenfels
 Chairman of the Supervisory Board: Dr. Martin Abend



Bad Vilbel, March 26, 2015 – Today, on March 26, 2015, the Executive Board of STADA Arzneimittel AG confirmed the preliminary figures for financial year 2014 already published on February 19, 2015 and the preliminary outlook for 2015, and announced details on the development of segments.

"Despite challenging framework conditions in the two market regions Germany and CIS/Eastern Europe we were able to meet our sales and earnings targets at Group level. Both the Branded Products segment and the two market regions Central Europe and Asia & Pacific recorded a very pleasing development", commented Hartmut Retzlaff, Chairman of the Executive Board of STADA, on financial year 2014.

Development of sales

Group sales increased in the reporting year by 3 percent to Euro 2,062.2 million (previous year: Euro 2,003.9 million).

Sales of the core segment **Generics** decreased slightly by 1 percent to Euro 1,217.7 million in 2014 (previous year: Euro 1,227.9 million). Generics contributed 59.1 percent to Group sales (previous year: 61.3 percent). Sales of the core segment **Branded Products** showed a significant rise of 14 percent to Euro 800.5 million in financial year 2014 (previous year: Euro 704.4 million). Branded products contributed 38.8 percent to Group sales (previous year: 35.2 percent).

Development of earnings

The earnings development in the reporting year was characterized by an increase in operating performance as shown by growth in all of the Group's adjusted key earnings figures.

In 2014, **reported operating profit** decreased significantly by 24 percent to Euro 188.5 million (previous year: Euro 248.3 million), mainly due to impairments of goodwill in the market regions CIS/Eastern Europe as well as Asia/Pacific & MENA. **Reported EBITDA** rose by 9 percent to Euro 418.8 million (previous year: Euro 382.6 million). In view of high

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one-time special effects, **reported net income** recorded a substantial decrease of 47 percent to Euro 64.6 million (previous year: Euro 121.4 million).

After adjusting the key earnings figures for influences distorting the year comparison resulting from one-time special effects, the **adjusted operating profit** increased by 6 percent in financial year 2014 to Euro 320.7 million (previous year: Euro 303.1 million). **Adjusted EBITDA** showed growth of 4 percent to Euro 431.9 million (previous year: Euro 414.3 million). **Net income, adjusted** for one-time special effects and effects from the measurement of derivative financial instruments under financial income and expenses, increased substantially by 16 percent to Euro 186.2 million (previous year: Euro 160.6 million).

The **net debt to adjusted EBITDA ratio** improved to 3.1 in the reporting year (previous year: 3.2).

Dividend proposal

Due to the decreased net income reported, the STADA Executive Board already recommended on February 19, 2015 to distribute an unchanged dividend of Euro 0.66 Euro per common share for financial year 2014. If the STADA Annual General Meeting follows this proposal on June 3, 2015, this reflects a total dividend payment of Euro 40.0 million (previous year: Euro 39.8 million) and thus a significantly higher distribution ratio than the previous year at approximately 62 percent of reported net income (previous year: approximately 33 percent).

Development of the market regions

The development in the four STADA market regions was as follows:

In the **market region Central Europe**, sales in financial year 2014 increased significantly by 11 percent to Euro 956.3 million (previous year: Euro 858.7 million). This pleasing development is especially attributable to sales growth in the **United Kingdom** – predominantly due to the purchase of the British OTC supplier Thornton & Ross –, as well as in **Italy**, in **Belgium** and in **Spain**, and took place despite a high comparable basis of the

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previous year. Sales generated in this market region had a share of 46.4 percent in Group sales (previous year: 42.9 percent).

In the **market region CIS/Eastern Europe**, sales in 2014 increased by 5 percent applying the exchange rates of the previous year. In euro, sales decreased by 10 percent to Euro 564.5 million as a result of negative currency effects (previous year: Euro 629.2 million). Sales of the market region thereby contributed 27.4 percent to Group sales (previous year: 31.4 percent). In **Russia**, sales recorded growth by 4 percent in the reporting year applying the exchange rates of the previous year. As a result of a clearly negative currency effect of the Russian ruble, sales strongly decreased in euro by 14 percent to Euro 360.7 million (previous year: Euro 418.8 million). In **Serbia**, sales showed substantial growth of 13 percent applying the exchange rates of the previous year. In euro, sales recorded growth by 9 percent to Euro 93.4 million as a result of a negative currency effect of the Serbian dinar (previous year: Euro 86.0 million).

In the **market region Germany**, sales in the reporting year decreased by 2 percent to Euro 447.3 million (previous year: Euro 454.1 million). This development was due to various effects. While sales generated in the Generics segment in this market region were at the level of the previous year due to an increase in export sales, a significant increase in sales was recorded in the Branded Products segment. In opposition, the sale of intangible assets with subsequent back-licensing for further utilization in sales, which was carried out in the previous year, can be seen in the sales of this market region. In the previous year, these sales were reported outside the operating segments under "Group holdings/other". Overall, this market region contributed 21.7 percent to Group sales (previous year: 22.6 percent).

Sales in **market region Asia & Pacific** recorded a significant rise of 52 percent to Euro 94.1 million in 2014 (previous year: Euro 61.9 million). The pleasing development is predominately attributable to sales growth resulting from the consolidations of the Vietnamese company STADA Vietnam and the Chinese company STADA Pharmaceuticals (Beijing) as subsidiaries. This market region's contribution to Group sales amounted to 4.5 percent (previous year: 3.1 percent).

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Cash flow from operating activities amounted to Euro 223.8 million in the reporting year (previous year: Euro 203.7 million). **Free cash flow** was at Euro -38.2 million (previous year: Euro -108.2 million). **Free cash flow adjusted** for payments for significant investments or acquisitions and proceeds from significant disposals amounted to Euro 157.4 million (previous year: Euro 133.3 million).

Development, production and procurement

Research and development costs were at Euro 56.9 million in financial year 2014 (previous year: Euro 55.5 million). Worldwide, STADA launched a total of 626 individual products in the reporting year (previous year: 706 product launches).

Outlook

For the **outlook for 2015**, the Executive Board anticipates slight growth in Group sales adjusted for currency and portfolio effects. The Executive Board however expects a decreased earnings contribution from Russia due to the recent developments of the Russian ruble and increased risks in connection with consumer mood and the general market situation. Taking these developments into account and based on current currency relations, the Executive Board expects a substantial decrease in adjusted EBITDA and adjusted net income. The Executive Board expects the ratio of net debt excluding further acquisitions to adjusted EBITDA to be at a level of nearly 3 in 2015.



STADA adjustments

	2014
Net income, reported	Euro 64.6 million
One-time effects	
<ul style="list-style-type: none"> • Burden from impairments on goodwill • Burden from impairments of further intangible assets following impairment tests • Burden from currency translation expenses 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 • Burden from additional scheduled depreciation and other measurement effects due to purchase price allocations as well as significant product acquisitions taking financial year 2013 as basis • Net relief from several extraordinary expenses and income, among other things, for payments made and received in connection with damage claims • Relief on earnings from effects of the measurement of derivative financial instruments under financial income and expenses 	Euro +59.8 million Euro +41.5 million Euro +20.7 million Euro +10.6 million Euro -7.4 million Euro -3.6 million
Total one-time effects	Euro 121.6 million
Net income, adjusted	Euro 186.2 million

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