

Press Release

STADA with positive development in the first quarter of 2014 – Group sales rise by 7 percent – reported EBITDA and reported net income slightly over previous year level despite CIS crisis

Important items at a glance

- Group sales increase to Euro 507.4 million (+7 percent) – organic growth +3 percent
- Despite currency translation expenses of Euro 15.9 million before tax due to the devaluation of the Russian ruble as well as further significant currencies of the market region CIS/Eastern Europe, reported EBITDA rises slightly to Euro 97.7 million (+1 percent) – adjusted EBITDA records growth to Euro 114.7 million (+17 percent)
- Reported net income approximately at the level of the previous year with Euro 35.0 million – adjusted net income shows growth to Euro 52.6 million (+43 percent)
- Share of branded products in the adjusted operating profit of the core segments increases to 58 percent
- Outlook for 2014 confirmed

STADA Key Figures

	1-3/2014	1-3/2013	+/-
Group sales	Euro 507.4 million	Euro 473.2 million	+7%
Operating profit, reported	Euro 63.1 million	Euro 70.0 million	-10%
<i>Operating profit, adjusted</i>	<i>Euro 87.6 million</i>	<i>Euro 71.9 million</i>	+22%
EBITDA, reported	Euro 97.7 million	Euro 96.6 million	+1%
<i>EBITDA, adjusted</i>	<i>Euro 114.7 million</i>	<i>Euro 98.2 million</i>	+17%
Net income, reported	Euro 35.0 million	Euro 34.9 million	0%
<i>Net income, adjusted</i>	<i>Euro 52.6 million</i>	<i>Euro 36.7 million</i>	+43%
Earnings per share	Euro 0.58	Euro 0.59	-2%
<i>Earnings per share, adjusted</i>	<i>Euro 0.87</i>	<i>Euro 0.62</i>	+40%

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



Bad Vilbel, May 8, 2014 – Despite challenging framework conditions in the two market regions Germany and, in particular, CIS/Eastern Europe, as well as high currency translation expenses recorded in the income statement, STADA Arzneimittel AG had positive business development in the first three months of 2014 within the scope of the expectations of the Executive Board. Group sales as well as all adjusted key earnings figures increased at Group level.

“Overall, we are satisfied with the operational development in the first quarter of the current financial year. We were able to achieve pleasing sales developments in the double-digit percentage range in our two market regions Central Europe as well as Asia & Pacific. As a result of the further expansion of the self-pay patient portfolio, the shift to a high-margin product/country mix and leveraging economies of scale, reported net income was approximately at the level of the previous year – and this despite high currency translation expenses of Euro 13 million after taxes due to the devaluation of the Russian ruble as well as further significant currencies of the market region CIS/Eastern Europe”, comments Hartmut Retzlaff, Chairman of the Executive Board of STADA Arzneimittel AG, on the Group's business development in the reporting period.

Development of sales

Group sales in the first three months of 2014 increased by 7 percent to Euro 507.4 million (1-3/2013: Euro 473.2 million).

Sales of the core segment **Generics** recorded a slight decline of 1 percent to Euro 299.5 million in the period under review (1-3/2013: Euro 303.4 million). Generics thus contributed 59.0 percent to Group sales (1-3/2013: 64.1 percent). Sales of the core segment **Branded Products** increased substantially by 22 percent to Euro 196.8 million in the first quarter of 2014 (1-3/2013: Euro 161.7 million). Branded products thereby contributed 38.8 percent to Group sales (1-3/2013: 34.2 percent).

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Development of earnings

Reported operating profit decreased by 10 percent in the first three months of 2014 to Euro 63.1 million (1-3/2013: Euro 70.0 million). **Reported EBITDA** rose slightly by 1 percent to Euro 97.7 million (1-3/2013: Euro 96.6 million). **Reported net income** was approximately at the same level of the corresponding period of the previous year with Euro 35.0 million (1-3/2013: Euro 34.9 million).

After adjusting the key earnings figures for influences distorting the period comparison resulting from one-time special effects, **adjusted operating profit** showed growth of 22 percent in the reporting period to Euro 87.6 million (1-3/2013: Euro 71.9 million). **Adjusted EBITDA** recorded an increase of 17 percent to Euro 114.7 million (1-3/2013: Euro 98.2 million). **Net income, adjusted** for one-time special effects and non-operational effects from the measurement of derivative financial instruments under financial income and expenses, increased by 43 percent to Euro 52.6 million (1-3/2013: Euro 36.7 million).

The development of both reported and adjusted net income recorded in the first quarter of 2014 benefited substantially from the tax optimization program introduced in the second half of financial year 2013.

The **net debt to adjusted EBITDA ratio** was 3.1 in the reporting period (1-3/2013: 3.0).

Development of the market regions

The four STADA market regions recorded varying developments in the first three months of the current financial year. Whereas the sales of market region Germany were approximately at the same level of the corresponding period of the previous year, sales of market region Central Europe increased by 15 percent and market region Asia & Pacific increased by 81 percent. In market region CIS/Eastern Europe, sales increased by 12 percent using the exchange rates of the previous year, whereas sales in euro, however, declined by 4 percent due to negative currency effects.

Sales in the **market region Central Europe** recorded pleasing growth – despite the high basis of comparison in the corresponding period of the previous year and in consideration

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of the acquisition of the British OTC supplier Thornton & Ross completed in the second half of 2013 – of 15 percent to Euro 229.4 million in the reporting period (1-3/2013: Euro 199.1 million). Sales of the market region thus contributed 45.2 percent to Group sales (1-3/2013: 42.1 percent). Whereas sales in the **United Kingdom** increased by 137 percent, **Switzerland** and **Austria** both reached sales growth in the double-digit percentage range.

In the **market region CIS/Eastern Europe**, sales in the first three months of 2014 increased by 12 percent applying the exchange rates of the previous year. In euro, however, sales recorded a decline of 4 percent to Euro 130.0 million as a result of negative currency effects (1-3/2013: Euro 135.7 million). Sales achieved in this market region thereby contributed 25.6 percent to Group sales (1-3/2013: 28.7 percent). In **Russia**, sales rose by 4 percent in the first quarter of 2014 applying the exchange rates of the previous year. As a result of a clearly negative currency effect of the Russian ruble, sales decreased in euro by 13 percent to Euro 78.2 million (1-3/2013: Euro 89.9 million). In **Serbia**, sales rose in the first three months of 2014 by 12 percent applying the exchange rates of the previous year. In euro, sales increased by 8 percent to Euro 21.6 million as a result of a negative currency effect of the Serbian dinar (1-3/2013: Euro 20.1 million).

In the **market region Germany**, sales in the reporting period were approximately at the same level of the corresponding period of the previous year with Euro 125.6 million (1-3/2013: Euro 126.0 million). This development is primarily attributable to the strong seasonal branded products business of the German sales companies, whereas the sales generated with generics continued to decline. Overall, the market region contributed 24.8 percent to Group sales (1-3/2013: 26.6 percent).

In the **market region Asia & Pacific**, sales in the first quarter of 2014 increased by 81 percent to Euro 22.4 million (1-3/2013: Euro 12.4 million). This market region's contribution to Group sales amounted to 4.4 percent (1-3/2013: 2.6 percent). The growth in the market region Asia & Pacific was primarily attributable to the sales increase in Vietnam following the consolidation of STADA Vietnam J.V. Co., Ltd. as a subsidiary. This pleasing development can also be attributed to the initial consolidation as a subsidiary of STADA Pharmaceuticals (Beijing) Ltd. in China.

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Development, production and procurement

Research and development costs amounted to Euro 13.9 million in the first three months of the current financial year (1-3/2013: Euro 13.1 million). Worldwide, STADA launched a total of 148 individual products in the individual national markets in the period under review (1-3/2013: 140 product launches).

Outlook

The Executive Board confirms the **outlook** for financial year 2014 as published on March 24, 2014. According to this, STADA expects slight growth in Group sales, adjusted EBITDA and adjusted net income. For reasons of transparency, the adjustments as from 2014 will also include currency expenses recorded in the income statement from the devaluation of the Russian ruble as well as further significant currencies of the market region CIS/Eastern Europe.



STADA Adjustments

	1-3/2014
Net income, reported	Euro 35.0 million
One-time effects	
<ul style="list-style-type: none"> • Burden from currency expenses recorded in the income statement resulting from the devaluation of the Russian ruble as well as further significant currencies of the market region CIS/Eastern Europe 	Euro +13.0 million
<ul style="list-style-type: none"> • Burden from value adjustments netted of write-ups on intangible assets after impairment tests 	Euro +3.3 million
<ul style="list-style-type: none"> • Burden from additional impairments and other measurement effects due to purchase price allocations as well as significant product acquisitions taking financial year 2013 as basis 	Euro +3.2 million
<ul style="list-style-type: none"> • Relief on earnings from the measurement of derivative financial instruments under financial income and expenses 	Euro -1.9 million
Total one-time effects	Euro 17.6 million
<i>Net income, adjusted</i>	<i>Euro 52.6 million</i>

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