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Transcription

STADA Arzneimittel AG

July 10, 2017

EV00059747

00:00 Operator

Welcome to the analysts' conference call of STADA. After the presentation there will be an opportunity to ask questions. May I now hand you over to Ms. Itgen who will lead you through this conference call.

00:35 Leslie Itgen

Thank you very much and a warm welcome to everybody on this call and thank you for joining us on such a short notice. I am Leslie Itgen, Head of Investor Relations and here with me today are our CEO, Mr. Willink, our CFO Dr. Düttmann as well as Mr. Oetker, our chairman of the Supervisory Board. As you know, Mr. Willink and Dr. Düttmann have joined STADA's Executive Board only last week. Therefore they will take today's opportunity to shortly introduce themselves at the beginning of this call. Also Mr. Willink will give some introductory remarks on the announcement we published this morning. Mr. Willink, Dr. Düttmann and Mr. Oetker will then answer your questions at the end of the call. Before handing over to Mr. Willink, let me also remind you that this call is being recorded, a replay and also a transcript will be available on our Investor Relations website shortly after the call. With this I would like to hand over to Mr. Willink

01:31 Engelbert Coster Tjeenk Willink

Yes, also from my side welcome to this call. As you heard my name is Engelbert Coster Tjeenk Willink, I have been in the pharmaceutical industry to close to three decades now, holding many positions. A long period with Boehringer Ingelheim and experience both in Europe as well as in Latin America, North America and Asia and head offices in local outfits, so quite a broad experience, in the end I was responsible for marketing and sales and human pharma on a board level. And of course Boehringer at the time still had a consumer healthcare business and we also had a generics business in the U.S. so I feel sufficiently equipped to take on what I regard as a very exciting job and obviously a very interesting time with a company like STADA. I will now hand over to Bernhard Düttmann, my colleague, who will give a brief introduction to himself.

02:35 Dr. Bernhard Düttmann

Yes, I also have been in the industry for quite some time with a more finance experience. As some of you might now I was at Beiersdorf for almost 23 years, becoming at the time the first CFO of Tesa Tape Group, later on I became CFO of Beiersdorf, before the time I had worked in Controlling, Sales, Marketing and Finance so I am quite equipped with experience. In 2011 I joined Lanxess (**unclear**), stayed there for four years and was also on the Executive Board for finance and now I am here right now at STADA and it is an interesting and exciting time to accompany STADA and to manage STADA during these not so easy times.

03:41 Engelbert Coster Tjeenk Willink

From here I would like to give you a short introduction to the announcement published this morning and rehash some of the facts and afterwards you can ask your questions. As you are aware by now, Nidda Healthcare Holding intends to submit a renewed binding voluntary public takeover offer. STADA has given consent to release Bain Capital and Cinven from the one-year exclusion period for the submission of a renewed takeover bid. BaFin also issued their approval shortly afterwards. The Executive Board and the Supervisory Board support the intentions of Bain Capital and Cinven. We believe that their offer has been further improved compared to the previous one and we believe that it is in the best interest of shareholders, stakeholders and employees. The total financial consideration increased to 66.25 euros per share bidding price which consists of 65.50 euros plus a dividend of 0.72 euros. It leads to an equity value of approximately 4.1 billion, that is about 16 million above the first offer. An important element for us: We think Bain and Cinven have addressed very well the transaction security. There is a reduced minimum acceptance threshold of 63%, binding commitments from shareholders representing approximately 20% of STADA's outstanding shares and thereof a percentage of three were institutions that did not tender during the last one. Furthermore, we have adjusted some other things in the investor agreement, which were very important for us, e.g. the duration of the employee protection as it was in the previous one has been extended from four to five years. At this point in time we also confirm the 2017 and the 2019 guidance based on the results of Q1. On Q2 we will comment in August and then we will see how we view it then. But on the basis of Q1 we can confirm that. We have also improved the far-reaching commitments with Bain and Cinven in favor of locations and our strategy compared to the previous bid. Following the publication of the offer, both boards will once again brief you the offer and publish a reasoned statement within the legal provisions. Our expectation however is that we will recommend the acceptance. The acceptance period is four weeks, and anti-trust reviews that have already been conducted mostly are also valid for the renewed offer. If approvals of EU and Chinese anti-trust authorities are also continuing, it is currently reviewed by the bidders. Only approval of the anti-trust authority in Montenegro is still pending but expected shortly. So we believe that this is a clearly improved package over the one that was already supported by our esteemed predecessors in the

Executive Board and the same Supervisory Board, so we expect that we will come to the conclusion that we will support but obviously we have to review the offer documentation. With that I would like to open the question and answer session.

Q & A SESSION

07:34 Oliver Kleesen

Hello, thank you for taking my question, I've actually two very quick ones. The first is just can you confirm how much of the irrevocables represent shares that were not tendered into the last offer? And secondly, do you think a four-week acceptance period is long enough to get retail shareholders to tender into the offer?

08:00 Dr. Bernhard Düttmann

We learned that Bayne and Cinven has a 90.6% irrevocables in their pocket, out of that 3% were shareholders who have not given and who have not tendered in the first bid. The 2nd part of the question was four weeks sufficient? They have given (?) their program to address and convince our retail shareholders and that this will be enough time to get their bid tendered as well, their shares tendered as well, sorry. So the offer period is limited to four weeks and we feel that it is also sufficient to get to the right roll out.

09:10 Alan Lawrence

Can you hear me? Got my name wrong, it is Alan. I just wanted to ask, which anti-trust approval is still outstanding as it also Moscow that is outstanding? Thank you.

09:26 Dr. Bernhard Düttmann

Could you repeat your question, please? We could barely hear you.

09:29 Alan Lawrence

 Which anti-trust approvals are required to close the offer and is Moscow required?

09:38 Düttmann

Outstanding is still the anti-trust authority in Montenegro and for the EU and China we had anti-trust clearance, we just need a confirmation that for the new bid this bid is still valid.

10:00 Ian Davy

Hi, just a quick follow-up on the earlier comments. You mentioned that 3% of the irrevocables were not tendered into the first offer. Could you confirm that those shares were also held during the first offer? Because presumably that 3% could have been shares bought post the first offer and obviously you would have not been able to be tendered into the first offer? Thank you.

10:29 Dr. Bernhard Düttmann

We don't know whether this is the case or not, we don't have this information available but I can give you some more assurance that we also got information from shareholders that they would tender in a second offer and as far as we know some of them apparently not in the scope of BC.

11:03 Engelbert Coster Tjeenk Willink

I would like to thank everyone for your time and for your participation in this call. Have a great day.