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Stada's Owners Hold 'Initial Exploratory Talks' For Potential Sale

But Private Equity Duo 'Have No Pressure To Sell,' Stada's CEO Underlines

by Dean Rudge

For the first time, privately-owned Stada has acknowledged the potential for a sale of the business – six years after the private equity duo Bain Capital and Cinven announced a deal worth upwards of €5.4bn for the German firm.

Bain Capital and Cinven are considering the possibility of selling *STADA Arzneimittel AG*, the company's CEO Peter Goldschmidt has acknowledged, almost exactly six years to the day since the private equity duo took control of the Germany-based, European generics and biosimilars giant.

Goldschmidt's comments, made to the German Press Agency, follow reports in *Bloomberg* earlier this month that Bain and Cinven were mulling a potential sale valuing Stada at around €10bn ($10.1bn). Reports included the potential to conduct an initial public offering for the German firm.

"Whether and when Stada might be sold is solely the decision of our owners. Therefore, I cannot comment on that," Goldschmidt underlined in comments made to the Deutsche Presse-Agentur.

However, he added, "from my point of view, our owners are in an orientation phase in which initial exploratory talks are taking place."

"What speaks in favor of a sale process is that it is common for financial investors to exit after five to six years," he reasoned.

Good Starting Point For Talks

GENERICS BULLETIN
CITELINE COMMERCIAL

Goldschmidt, who will celebrate five years in his current role next month, said he did not expect a decision to be made before 2024 and insisted that Stada's "financial investors have no pressure to sell."

The German firm, in tandem with Goldschmidt's comments, has reported its "best half-year results to date," with adjusted sales shooting up by 16% to €2.1bn in the first six months of 2023, while its adjusted EBITDA climbed even higher, by 30%, to €509m.

"Bain Capital and Cinven have a good starting point for potential talks with Stada's strong growth momentum in recent years and a good product pipeline. The company is very well positioned for the future," he commented, "and is holding its own strongly against its competitors."

Six years ago, Bain and Cinven were able to move forward with their takeover of Stada after their revised offer for the company worth €5.4bn, or €66.25 per share, met its deadline at the very last moment for garnering the minimum level of acceptances needed from shareholders. (Also see "*Minimum Stada Takeover Level Reached Just In Time By Bain And Cinven*" - Generics Bulletin, 18 Aug, 2017.)

Nidda Healthcare, the acquiring company of Bain and Cinven, announced on 18 August 2017 that it had received acceptances representing "above 63%" of all outstanding shares of Stada and that "therefore the minimum acceptance threshold has been reached and all offer conditions have been fulfilled."

The following year, Bain and Cinven took their holding in Stada above 93% after completing their public delisting tender offer for remaining shares in the German company.

And by late 2020, the Nidda investment vehicle was able to take complete control of Stada after securing a squeeze-out of remaining Stada shareholders through settlement deals, shortly after it had set the cash compensation for remaining minority shareholders at €98.51 per share. (Also see "*Stada Settlements Secure Squeeze-Out*" - Generics Bulletin, 4 Nov, 2020.)

Stada Outperforms Market, Captures Share

Stada's six-month results were were driven by "above-market performance" across its three strategic business segments: Consumer Healthcare, Generics and Specialty Pharmaceuticals, according to the firm. "All regions contributed to the sales and profit development," it underlined.

For the company's Generics unit, "launches including the anticoagulant apixaban in countries such as the UK, the diabetes drug sitagliptin in several European markets, the antiparasitic agent permethrin and the pain-reliever tapentadol" helped Stada's adjusted sales to increase by 8% to

GENERICS BULLETIN
CITELINE COMMERCIAL

€756.2m

“Consistent supply reliability through investment in strong inventory levels, internal capacity building and dual sourcing of active ingredients enabled Stada to step in to meet demand,” noted Stada, as it “outperformed the market and captured retail share” in a long list of countries, including France and nations across western and eastern Europe.

Meanwhile its Specialty division, which includes its biosimilars, showed adjusted sales growth of a quarter to €432.1m, driven by its marketing-leading Movymia (teriparatide) rival to Forteo/Forsteo.

During the first half of 2023, the Specialty business entered into Europe’s ophthalmology market by introducing the Xbrane Biopharma-partnered Ximluci (ranibizumab) biosimilar to Lucentis in several countries, including in Germany and the UK.

“Ximluci is Stada’s sixth marketed biosimilar, with previous launches such as Hukyndra (adalimumab) continuing to gain traction and support patient access in more countries,” the firm observed.

On the other hand, a new North American commercialization partner for biosimilar ranibizumab is being sought by Stada and Xbrane Biopharma after the pair announced in late July that a previous deal with Bausch+Lomb had been “discontinued by mutual consent.” (Also see "*Xbrane And Stada Seek Fresh Ranibizumab Partner In North America*" - Generics Bulletin, 26 Jul, 2023.)

US Food and Drug Administration approval for Ximluci remains pending, with a recent refiling of biosimilar the biosimilar application providing for a Biosimilar User Fee Amendment goal date of 21 April 2024.

Summarizing Stada’s first half of the year, Goldschmidt said: “Stada’s purpose, values and strategy are the base for our continued double-digit growth in sales and earnings. With this momentum, we are well on track to exceed over €4bn sales and €1bn EBITDA this year,”

He continued: “Our unique culture and superior employee engagement drives our performance. With the good results of H1 and our strong pipeline, we continue our successful growth journey. Furthermore, our sustainability rating confirms that we are among the top 15% of pharmaceutical companies according to an independent ESG assessment.”