



Investing in the Future: German Success Stories in Vietnam **STADA Vietnam**

October 2023



Delegation der Deutschen
Wirtschaft in Vietnam
Delegation of German Industry
and Commerce in Vietnam

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About the Blog Series

In the world of international business, stories of triumph often transcend borders and cultures. As we embark on our new blog series, "German Success Stories in Vietnam" we invite you to join us on a journey that transcends both geography and industry, shedding light on the remarkable achievements of German investors in the dynamic landscape of Vietnam.

For decades, Germany has been recognized as a global powerhouse in innovation, precision engineering, and sustainable practices. Their foray into the Vietnamese market has not only been a testament to their entrepreneurial spirit but also a catalyst for positive change within Vietnam's economic fabric.

Through this series, we aim to introduce you to visionary German investors who have not just ventured into Vietnam but have seamlessly woven their expertise and values into the nation's development tapestry. From pioneering renewable energy projects, through the healthcare ones to fostering cutting-edge technology hubs, these investors are contributing significantly to Vietnam's sustainable growth.

Our objective is clear: to bring you inspiring narratives, real-life anecdotes, and impactful data that showcase how German investments are not just transforming businesses but also fostering a more sustainable, equitable, and prosperous future for Vietnam.

Join us as we dive into these "German Success Stories" and uncover the pivotal role played by German investors in Vietnam's journey towards a brighter and more sustainable tomorrow.



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Introduction

Founded by German pharmacists more than 125 years ago, STADA Arzneimittel AG is headquartered in Bad Vilbel, Germany. The company focuses on a three-pillar strategy consisting of consumer healthcare products, generics, and specialty pharmaceuticals. Worldwide, STADA Arzneimittel AG sells its products in approximately 120 countries. In the financial year 2022, STADA achieved group sales of EUR 3,797.2 million and reported earnings before interest, taxes, depreciation, and amortization (EBITDA) of EUR 884.7 million. As of 31 December 2022, STADA employed 13,183 people worldwide.

STADA Vietnam is a subsidiary of STADA Arzneimittel AG, one of the largest generic pharmaceutical companies in Europe. STADA entered the Vietnamese market in the form of a joint venture in 2000, making it one of the earliest foreign investors in the country's developing healthcare and pharmaceutical market.

In 2009, STADA began investing in Pymepharco, a Vietnamese pharmaceutical company, with the aim of expanding its presence in the Asian market. In 2019, Pymepharco completed the construction of a state-of-the-art factory in Phu Yen province with technical guidance from FormaPharm Company and technology transfer from STADA Group in Germany. This modern facility, covering an area of over 30,000m² and with an investment of nearly 800 billion VND, is capable of participating in the global supply chain. The full acquisition of Pymepharco by STADA Group in 2020 marked a significant milestone for the company, opening new opportunities for growth and expansion.

Over the past 20 years, STADA Vietnam has played a prominent role in improving public health outcomes, transferring technology and expertise, and acting as a guiding beacon to attract investments from Germany and across Europe. Currently, according to the latest report of AHK Vietnam "Current Status of German Investments in Vietnam 2023/24", STADA is recognized as one of the top three German companies that have made substantial investments in Vietnam. With a focus on quality, innovation, and sustainability, STADA Vietnam has not only improved the well-being of the Vietnamese people but has also fostered economic growth and international collaboration.

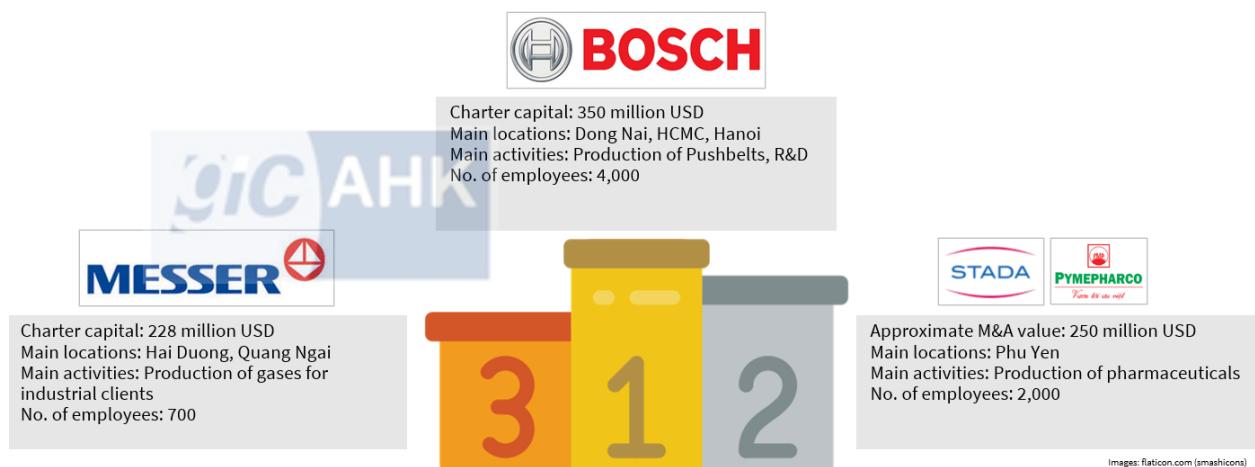


Figure 1: STADA is among the top three German companies that have invested in Vietnam.

1. Community Health Enhancement

STADA Vietnam has emerged as a leading pharmaceutical company in Vietnam. STADA Vietnam is driven by the same purpose as STADA Group: Caring for people's health as a trusted partner. The focus of STADA Vietnam extends beyond the provision of pharmaceutical products. A comprehensive approach to healthcare is adopted, which includes initiatives aimed at enhancing community health and well-being. These initiatives encompass raising awareness about diseases, promoting preventive healthcare practices, and offering support to underserved communities.

1.1. Accessible and Affordable Healthcare



Figure 2: Inside STADA's Pharmaceutical Factory (Photo: STADA Vietnam)

One of the key aspects of STADA Vietnam's commitment to community health is its focus on providing accessible and affordable healthcare solutions. The company has made significant investments in research and development to develop a wide range of high-quality pharmaceutical products.

STADA Vietnam has unveiled its expertise and comprehensive product catalog, featuring treatments for heart diseases, high cholesterol, and diabetes. Alongside familiar medications like Orlistat for obesity treatment, they offer a wide array of healthcare products spanning categories such as vitamins, minerals, musculoskeletal aids, urology solutions, items promoting blood circulation, and prostate health,... By importing successful brands from different parts of the world to Vietnam, STADA envisions enriching the array of available healthcare products. Concurrently, the pharmaceutical company anticipates expanding its repertoire

of generic prescription drugs under the STADA brand.

1.2. Global Standards

Besides, STADA Vietnam's dedication extends beyond domestic borders, evident in its commitment to exporting high-quality products proudly stamped with the "Made in Vietnam" label and the prestigious EU-GMP certificate. STADA Vietnam stands as a beacon of excellence, showcasing the nation's capabilities and commitment to delivering top-tier healthcare solutions.

1.3. Preventive Initiatives

In addition, STADA Vietnam has also been actively involved in raising awareness about diseases and promoting preventive healthcare. The company has organized health campaigns, awareness programs, and educational initiatives to educate the public about various health issues and encourage healthy lifestyle practices. By empowering individuals with knowledge and preventive measures, STADA Vietnam aims to reduce the prevalence of diseases and improve overall community health.



Figure 3: Seminar “Improving Public Health Care in Vietnam”, August 9, 2023, Ho Chi Minh City (Photo: STADA Vietnam)

1.4. Community Engagement

Moreover, STADA Vietnam has collaborated with local healthcare authorities, hospitals, and non-profit organizations to support community health programs. The company has sponsored medical consultations, health screenings, and treatment programs to ensure that underserved communities have access to quality healthcare services. STADA Vietnam's dedication to community health has not only benefited the local population but has also contributed to the overall development of Vietnam's healthcare sector. STADA Vietnam's commitment to community health reflects its core values and demonstrates its role as a responsible and socially conscious pharmaceutical company in Vietnam.

2. Sustainable Long-Term Investment

STADA Vietnam's commitment to long-term investments demonstrates their dedication to the local market and their confidence in the country's potential. These investments go beyond the establishment and operation of their manufacturing facilities and encompass various aspects of their business operations.

2.1. Quality Manufacturing

STADA Vietnam is currently operating under the entity PYMEPHARCO JSC – STADA Group with 2 manufacturing sites that meet EU-GMP standards. Starting in 2020, the STADA Group from Germany has made substantial investments in Pymepharco, leading to remarkable accomplishments. The STADA Vietnam factory situated at 189 Hoang Van Thu Street, Ward 9, Tuy Hoa City, has officially met the EU-GMP criteria, and similarly, the Pymepharco factory at 166-170 Nguyen Hue Street, Ward 7, Tuy Hoa City, has achieved successful EU-GMP reevaluation. With a production capacity of over 4 billion units per year, including more than 350 diverse products such as antibiotics, injectable powder medicines, cardiovascular drugs, and anti-inflammatory drugs, all meeting EU-GMP standards, STADA Vietnam aims to become a leading player in the pharmaceutical market in Vietnam and export products to Europe and worldwide.



Figure 4: STADA Vietnam Factory at 189 Hoang Van Thu
(Photo: STADA Vietnam)

2.2. Occupational Safety and Health Protection

Occupational safety and health protection are also integrative parts of operational management at STADA. STADA's global Health-Safety-Environment Management System (HSE Management System) lays out the framework for safe and healthy working conditions for employees as well as contractors and is operationally implemented through location-specific management systems. In 2022, a certified occupational health and safety management system was introduced at the two sites in Tuy Hoa, Vietnam, bringing the total number of sites certified in accordance with ISO 45001 to eight as of December 31, 2022.

2.3. Environmental Responsibility



Figure 5: Inside STADA's Pharmaceutical Factory
(Photo: STADA Vietnam)

As a manufacturer of pharmaceutical products, STADA Vietnam is aware of the impact that it has on the environment as a result of its consumption of natural resources and the generation of greenhouse gases, wastewater, and waste. The company therefore seeks to reduce and minimize this negative impact by complying with environmental regulations and continuously improving its processes. In the year under review, the respective environmental management systems at the two production sites in Tuy Hoa, Vietnam were certified in accordance with ISO 14001 for the first time. In addition to implementing operational energy-saving measures, STADA has also implemented a "lighthouse" project by installing photovoltaic systems at both

production locations in Vietnam, which helped the company save around 2,500 tons of CO₂ in 2022.

2.4. Economic Contribution

STADA Vietnam's dedication to sustainable investment goes beyond its operational endeavors. Their commitment extends to enhancing the well-being of local communities, particularly in the Phu Yen region. Since their establishment, they have played a crucial role in driving economic progress and enhancing the quality of life for residents. According to STADA Vietnam:

- In 2022, STADA Vietnam made a significant contribution to Phu Yen by paying over 76 billion VND in corporate income tax (CIT).
- Since 2017, the company's investments in Phu Yen have surpassed 821 billion VND (equivalent to 33 million EUR), bolstering the local economy and infrastructure.
- Their operations have resulted in the creation of around 2,000 jobs as of 2023, providing valuable employment opportunities for the local populace.



#1
(VND 76B+ in 2022)
CIT Payer



VND 821B+
(EUR 33M+)
Investment since 2017



~2,000
jobs created as of 2023

3. An Inviting Beacon for Investment

In recent times, Vietnam has risen as a compelling hub for international investors in pursuit of prospects within the dynamic markets thanks to its young and dynamic population, its location right in the center of ASEAN, its strong political system, its global market reach through free trade agreements (FTAs), and its investor-friendly rules and regulations.

3.1. STADA Vietnam's Success and Growth Potential

On August 9, STADA Vietnam was delighted to celebrate the grand opening ceremony of its new headquarters office in Ho Chi Minh City. The grand opening served as a testament to STADA Vietnam's strong commitment to improving healthcare in the country and its significant long-term investment in the region. STADA is among the top three German companies that have invested in Vietnam.



Figure 6: Ribbon cutting ceremony for STADA Vietnam's new head office in Ho Chi Minh City (Photo: STADA Vietnam)

STADA Vietnam's presence in Vietnam serves as a testament to the nation's appeal to both German and European investors. Mr. Marko Walde, Chief Representative of AHK in Vietnam, Myanmar, Cambodia, and Laos, has underlined that STADA Vietnam's commitment to investment offers compelling proof of Vietnam's suitability as a favorable destination for high-value production in a dynamic industry. By establishing and expanding manufacturing facilities, STADA Vietnam demonstrates unwavering dedication to producing top-quality pharmaceuticals that meet international standards. According to IQVIA, STADA ranked among the top 10 largest pharmaceutical companies in Vietnam in 2022. However, their ambitions go beyond that. STADA aims to not only become one of the top three pharmaceutical companies in Vietnam but also establish itself as a major pharmaceutical exporter to Europe. This strategic positioning not only addresses local healthcare needs but also solidifies Vietnam's reputation as a reliable hub for pharmaceutical manufacturing, attracting investments from Germany and Europe seeking quality production bases in new markets.

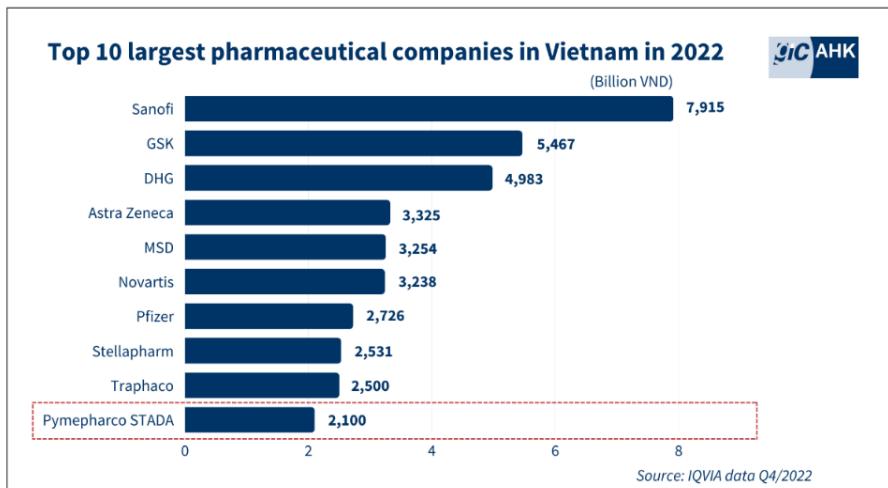


Figure 7: STADA is one of the 10 largest pharmaceutical companies in Vietnam in 2022 (Source: IQVIA data Q4/2022)

3.2. Inspiring Investment in Vietnam

STADA Vietnam's excellence in pharmaceutical manufacturing and research has captured the attention of German and European businesses, encouraging them to explore investment opportunities in Vietnam. The success story of STADA Vietnam serves as inspiration and proof of the country's favorable business environment and growth potential. Through its long-term investment strategy, STADA Vietnam showcases confidence in Vietnam's economic stability and development prospects, further enticing German and European investors to consider Vietnam as a viable investment destination.

In addition to attracting investments, STADA Vietnam also actively engages in initiatives that foster collaboration and knowledge exchange between German and Vietnamese businesses. They facilitate partnerships and promote technology transfer, enhancing the capabilities of local enterprises and enabling them to compete globally. This transfer of expertise and technology contributes to the sustainable development of Vietnam's pharmaceutical industry, positioning the country as a regional leader in healthcare innovation.

Furthermore, STADA Vietnam's commitment to corporate social responsibility strengthens its reputation as a responsible and trusted partner for German and European investors. They actively participate in community development programs, focusing on education, healthcare, and environmental sustainability. By investing in the local community, STADA Vietnam demonstrates its long-term dedication to Vietnam's social and economic progress.



Figure 8: CEO STADAAG, Mr. Peter Goldschmidt, visited both sites in Tuy Hoa (Photo: STADA Vietnam)

4. Conclusion

STADA Vietnam's transformative efforts in healthcare, long-term investments, and role as an inviting beacon for German and European investment have positioned them as a key player in Vietnam's healthcare sector. Through its commitment to community health, affordable healthcare solutions, and disease awareness programs, the company has improved the well-being of the Vietnamese population. Their sustainable investments and adherence to international standards demonstrate their dedication to responsible business practices. Moreover, STADA Vietnam's establishment and continued presence in Vietnam stand as a compelling testament to the country's appeal and attractiveness to both German and European investors. STADA Vietnam's contributions are instrumental in shaping the future of healthcare in Vietnam and empowering the nation's growth and development.

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