



Stada Arzneimittel AG rose the most in more than two years in Frankfurt trading after saying the Serbian government guaranteed the settlement of outstanding bills from drugmakers.

The shares increased 13 percent to 19.40 euros, the biggest gain since March 27, 2009. The Serbian government issued a letter committing itself for the payment of deliveries from pharmaceutical manufacturers to government agencies yesterday, the Bad Vilbel, Germany-based generic-drug company said today in a statement. The letter covers the next two years as well, Chief Executive Officer Hartmut Retzlaff told analysts during a webcast today.

“The business in Serbia has become more stable now,” he said. “It will allow us to be more aggressive in 2012 and 2013.”

Stada posted a nine-month loss earlier today, including a 96.9 million-euro (\$132 million) writedown before taxes during the third quarter for unpaid bills from the Serbian business. Stada acquired Serbia’s Hemofarm Koncern AD for 480 million euros in 2006, part of a push to shift manufacturing capacity as well as sales into eastern Europe. The company announced a 29.5 million-euro writedown on unpaid bills from Serbian drug wholesalers last year.

Sales in Serbia rose 37 percent to 72.2 million euros during the first nine months of the year.

“In consideration of stable demand for Hemofarm products in the Serbian market, the group continues to expect a sales increase in the local currency in Serbia for financial year 2011 and the following years,” the company said in a statement today.

Stada said it will continue talks with the Serbian government in the coming weeks.