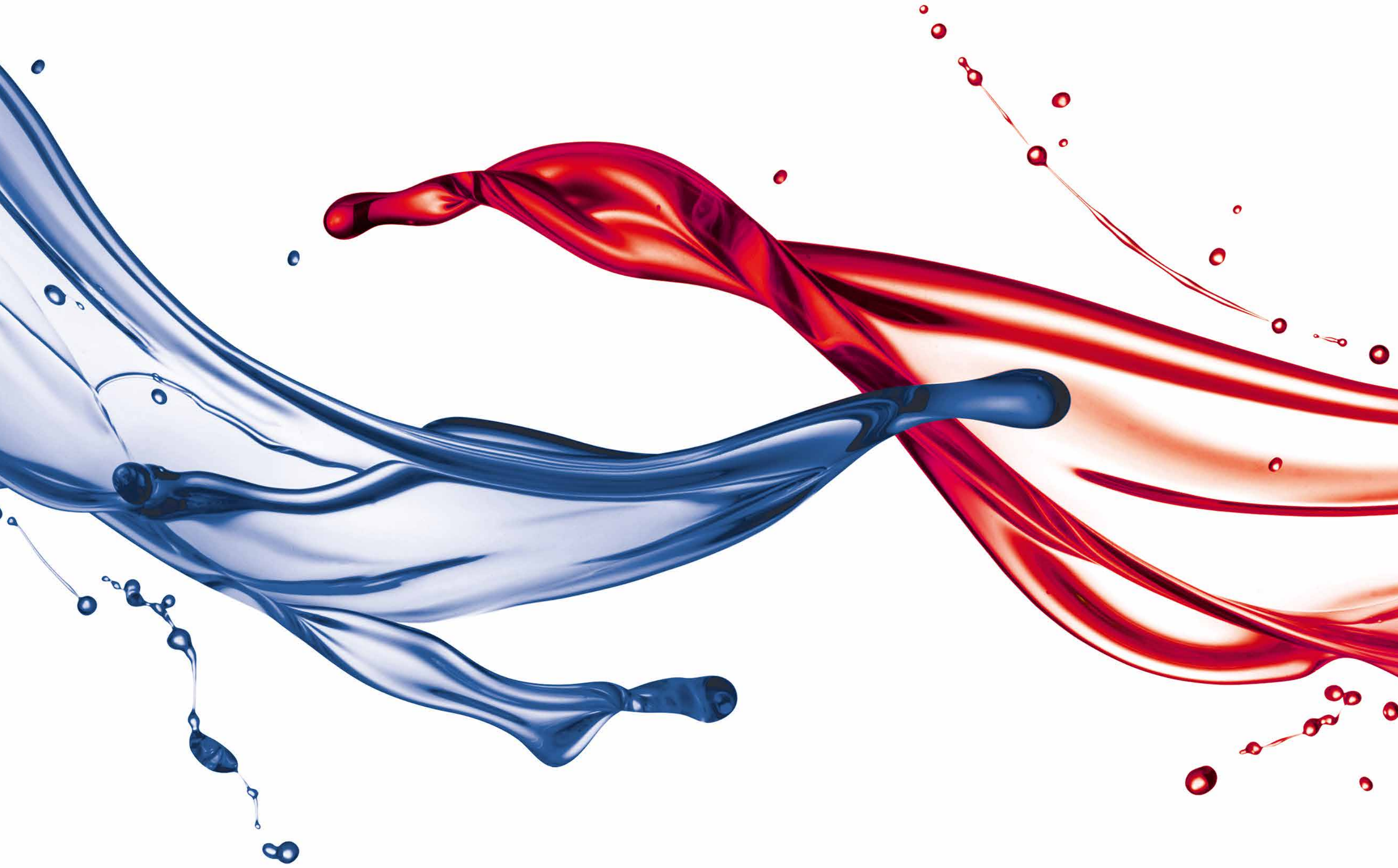
INTERIM REPORT
ON THE FIRST
NINE MONTHS

2016



STADA

STADA KEY FIGURES

Key figures for the Group in € million	9 months 2016 Jan. 1 – Sep. 30	9 months 2015 Jan. 1 – Sep. 30	± %
Group sales	1,541.7	1,533.5	+1%
• Generics[1]	931.8	928.2	0%
• Branded Products	609.9	605.3	+1%
Group sales adjusted for currency and portfolio effects	*1,568.4*	*1,522.1[2]*	*+3%*
• Generics[1]	*944.3*	*921.8[2]*	*+2%*
• Branded Products	*624.1*	*600.3[2]*	*+4%*
Operating profit	173.0	179.8	-4%
Operating profit, adjusted[3][4]	*225.9*	*217.8*	*+4%*
EBITDA (Earnings before interest, taxes, depreciation and amortization)	289.1	281.2	+3%
EBITDA (Earnings before interest, taxes, depreciation and amortization), adjusted[3][4]	*300.6*	*293.8*	*+2%*
EBIT (Earnings before interest and taxes)	174.0	180.8	-4%
EBIT (Earnings before interest and taxes), adjusted[3][4]	*227.0*	*218.8*	*+4%*
EBT (Earnings before taxes)	135.1	129.6	+4%
EBT (Earnings before taxes), adjusted[3][4]	*188.4*	*170.1*	*+11%*
Net income	100.3	89.9	+11%
Net income, adjusted[3][4]	*139.9*	*126.9*	*+10%*
Cash flow from operating activities	198.0	137.7	+44%
Capital expenditure	117.7	100.0	+18%
Depreciation and amortization (net of write-ups)	115.1	100.4	+15%
Employees (average number calculated on the basis of full-time employees)[5]	10,811	10,410	+4%
Employees (as of the balance sheet date calculated on the basis of full-time employees)	10,872	10,447	+4%

Key share figures	9 months 2016 Jan. 1 – Sep. 30	9 months 2015 Jan. 1 – Sep. 30	± %
Market capitalization in € million (as of Sep. 30)	3,083.5	1,995.0	+55%
Closing price (XETRA®) in € (as of Sep. 30)	49.46	32.00	+55%
Average number of shares (without treasury shares, Jan. 1 – Sep. 30)	62,256,382	61,431,877	+1%
Earnings per share in €	1.61	1.46	+10%
Earnings per share in €, adjusted[3][4]	*2.25*	*2.07*	*+9%*
Diluted earnings per share in €[6]	-	1.46	-%
Diluted earnings per share in €, adjusted[3][4][6]	*-*	*2.07*	*-%*

1) Figures for the reporting period and the corresponding period of the previous year include the non-core activity “Commercial Business”, which was previously disclosed separately.
2) Sales of the previous year adjusted for currency and portfolio effects represent the comparable basis which is relevant for the key figure of the current reporting year.
3) The deduction of such effects which have an impact on the presentation of STADA’s earnings situation and the derived key figures aims at improving the comparability of key figures with previous years. To achieve this, STADA uses adjusted key figures, which, as so-called pro forma figures, are not governed by the accounting requirements in accordance with IFRS. As other companies may not calculate the pro forma figures presented by STADA in the same way, STADA’s pro forma figures are only comparable with similarly designated disclosures by other companies to a limited extent.
4) Within the context of this interim report, adjustments in connection with the key earnings figures generally relate to special items.
5) This average number includes changes in the scope of consolidation on a pro-rata basis.
6) Earnings per share will not be diluted in financial year 2016, because the share options from the STADA warrants in connection with the Conditional Capital Increase 2004/I expired on June 26, 2015.

CONSOLIDATED INTERIM MANAGEMENT REPORT

Overview

Despite difficult framework conditions, the STADA Group was able to record solid business development in the first nine months of 2016.

Reported net income showed a slight increase of 0.5% to € 1,541.7 million (1-9/2015: € 1,533.5 million) in the reporting period. When effects on sales based on changes in the Group portfolio and currency effects are deducted, adjusted Group sales grew by 3.0% to € 1,568.4 million (1-9/2015: € 1,522.1 million).

Primarily due to improved gross profit in comparison with the corresponding period of the previous year and decreased negative currency expenses, most of the reported and all of the adjusted key earnings figures in the first nine months of 2016 were above those of the corresponding period of the previous year. The development of reported operating profit was significantly influenced by negative translation effects, which were attributable to a weaker Russian ruble and the increasing weakness of the British pound sterling since the EU referendum. The earnings situation of the third quarter of 2016 alone was mainly characterized by expenses in connection with reorganization decisions. The reporting structures, which were changed in July 2016 and with which we are moving away from regional responsibilities and towards central management of the Generics and Branded Products segments, resulted in a series of structural measures, particularly in relation to divestments and personnel decisions, as well as the new assessment of portfolio activities. As a consequence, the development of reported operating profit, EBIT and EBT differed significantly from the development of the respective adjusted key earnings figures. Despite these negative influences, both reported and adjusted net income increased significantly in the first nine months of 2016 as compared to the corresponding period of the previous year. This development was mainly based on the further decline of interest expenses as well as a continued good Group tax rate. In addition, cash flow from operating activities – which was strongly influenced by decreasing payments for interest and taxes – recorded an extraordinarily positive development with an increase of 44%.

Reported EBITDA increased by 3% to € 289.1 million in the first nine months of the current financial year (1-9/2015: € 281.2 million). Reported net income grew by 11% to € 100.3 million (1-9/2015: € 89.9 million). Adjusted EBITDA recorded a plus of 2% to € 300.6 million (1-9/2015: € 293.8 million). Adjusted net income recorded growth of 10% to € 139.9 million (1-9/2015: € 126.9 million). The increase of reported and adjusted net income was primarily attributable to a further optimized financial result and a continued low effective tax rate.

The financial position of the STADA Group in the first nine months of the current financial year recorded positive development. Net debt amounted to € 1,187.0 million as of September 30, 2016 (December 31, 2015: € 1,215.7 million). The net debt to adjusted EBITDA ratio in the first three quarters of 2016 improved to 3.0 on linear extrapolation of the adjusted EBITDA of the reporting period on a full-year basis (1-9/2015: 3.4).

On August 15, 2016, the long-standing Chairman of the Executive Board Hartmut Retzlaff resigned from his office as member of the Executive Board with immediate effect. The employment relationship between him and STADA Arzneimittel AG was ended with effect from December 31, 2016 by mutual agreement due to personal circumstances.[1)] The STADA Supervisory Board had already decided on a change at the company's helm at an extraordinary meeting held on June 5, 2016, due to the serious and likely long-term illness of Mr. Retzlaff.[2)] As a result, Dr. Matthias Wiedenfels was appointed as Chairman of the Executive Board.

1) See the Company's ad hoc release of August 15, 2016.
2) See the Company's ad hoc release of June 5, 2016.

In the third quarter of the current financial year, the Executive Board decided to fundamentally change the reporting structures. To date, the STADA Group has reported according to operating segment and market region. In accordance with the changed reporting structure since the third quarter of 2016, the Group is now managed exclusively by operating segments, i.e. the two segments Generics and Branded Products. This measure is designed to take account of the growth strategy including central management of the segments, increasing internationalization of the product portfolio as well as stricter cost control. In the course of the change, the non-core activity Commercial Business was integrated into the Generics segment. Therefore the figures reported for the Generics segment for the first nine months of 2016 as well as those for the corresponding period of the previous year include the non-core activity Commercial Business, which was previously disclosed separately.

In the course of the announced strategic development of the Group, it is planned to bundle the organizational and sales structures of the German business activities and increase their competitiveness to improve perception on the market and achieve sales and cost advantages. In this context, STADA GmbH and STADAvita as well as STADApharm and cell pharm are to be grouped together in future.

On July 11, 2016, the Executive Board approved medium-term growth targets[1)], in accordance with which, Group sales of € 2.6 billion, adjusted EBITDA of € 510 million and adjusted net income of € 250 million within a range of +/-5% each are targeted for 2019. Group-wide initiatives to improve performance have been implemented in order to achieve these growth targets. As part of the initiatives, untapped sales potential will be leveraged, marketing expenses will be optimized and sales efficiency will be enhanced. Furthermore, plans call for reductions primarily in cost of sales and general and administrative expenses. The implementation of these initiatives is expected to be completed in 2019. The Executive Board presented further details in the context of a capital markets day on October 5, 2016 in Frankfurt am Main.[2)] In accordance with these plans, progress has already been made in implementing the initiatives to improve performance, with which the Company intends to enhance its competitiveness and innovation power to create more value in the long-term.

In terms of the 2016 outlook, the Executive Board continues to anticipate slight growth in Group sales adjusted for currency and portfolio effects along with slight growth in adjusted Group sales and adjusted EBITDA. As far as adjusted net income is concerned, a minimum of € 180 million is now expected, in particular as a result of a further optimized financial result as well as an improved tax rate due to a changed earnings allocation. The Executive Board continues to expect the ratio of net debt excluding further acquisitions to adjusted EBITDA to be at a level of nearly 3.

Sales development of the STADA Group

Reported Group sales recorded a slight increase of 0.5% in the first nine months of 2016 to € 1,541.7 million (1-9/2015: € 1,533.5 million).

When effects on sales based on changes in the **Group portfolio** and **currency effects** are deducted, **adjusted Group sales** increased by 3.0% to € 1,568.4 million in the reporting period (1-9/2015: € 1,522.1 million).

1) See the Company's ad hoc release as of July 11, 2016.
2) See the Company's press release as of October 5, 2016.

The reconciliation of reported Group sales to Group sales adjusted for currency and portfolio effects is as follows:

in € million	9 months 2016 Jan. 1 – Sep. 30	Comparable period for 2016 of the previous year	+/- %	9 months 2015 Jan. 1 – Sep. 30	Comparable period for 2015 of the previous year	±%
Reported Group sales	**1,541.7**	**1,533.5**	**+1%**	**1,533.5**	**1,482.7**	**+3%**
• Generics	931.8	928.2	0%	928.2	916.9	+1%
• Branded Products	609.9	605.3	+1%	605.3	565.8	+7%
Currency effects	**59.9**	**-**		**54.7**	**-**	
• Generics	20.5	-		12.0	-	
• Branded Products	39.4	-		42.7	-	
Portfolio changes	**33.2**	**11.4**		**30.3**	**7.8**	
• Generics	8.0	6.4		4.4	4.4	
• Branded Products	25.2	5.0		25.9	3.4	
Group sales adjusted for currency and portfolio effects	1,568.4	1,522.1	+3%	**1,557.9**	**1,474.9**	**+6%**
• **Generics**	**944.3**	**921.8**	**+2%**	**935.8**	**912.5**	**+3%**
• **Branded Products**	**624.1**	**600.3**	**+4%**	**622.1**	**562.4**	**+11%**

In detail, the effects on sales, which can be attributed to changes in the Group portfolio and currency effects, were as follows:

- In the reporting period, portfolio changes totaled € 33.2 million and in the corresponding period of the previous year € 11.4 million, which includes the retrospective adjustment. This represents 1.4 percentage points.
- As a result of applying the foreign exchange rates from the first nine months of 2016 compared with the first nine months of 2015 for the translation of local sales contributions into the Group currency euro, STADA recorded a negative currency effect for Group sales in the amount of € 59.9 million or -3.9 percentage points, because the development of all three of the most important national currencies for STADA was weaker than the Group currency euro. The development of the Russian ruble was worse, the development of the Serbian dinar was slightly weaker and the development of the British pound sterling was increasingly weak since the EU referendum. Furthermore, the Ukrainian hryvnia as well as the Kazakhstani tenge developed significantly worse, and the Vietnamese dong as well as the Swiss franc were weaker. The currency relations in other countries relevant for STADA only had a minor impact on the translation of sales and earnings in local currencies into the Group currency euro.

To the extent that adjusted sales figures are reported in the following, this refers to sales adjusted for these portfolio effects and currency fluctuations in each case.

Earnings development of the STADA Group

Primarily due to improved gross profit in comparison with the corresponding period of the previous year and decreased negative currency effects, both most of the reported and all of the adjusted key earnings figures in the first nine months of 2016 were above those of the corresponding period of the previous year. The earnings situation of the third quarter of 2016 alone was mainly characterized by expenses in connection with reorganization decisions. The reporting structures, which were changed in July 2016 and with which we are moving away from regional responsibilities and towards central management of the Generics and Branded Products segments, resulted in a series of structural measures, particularly in relation to divestments and personnel decisions, as well as the new assessment of portfolio activities. As a consequence, the development of reported operating profit, EBIT and EBT differed significantly from the development of the respective adjusted key earnings figures.

Reported operating profit recorded a decrease of 4% to € 173.0 million in the first nine months of 2016 (1-9/2015: € 179.8 million). **Reported EBITDA** rose by 3% to € 289.1 million (1-9/2015: € 281.2 million). **Reported net income** increased by 11% to € 100.3 million (1-9/2015: € 89.9 million).

Adjusted operating profit showed growth of 4% in the reporting period to € 225.9 million (1-9/2015: € 217.8 million). **Adjusted EBITDA** recorded growth of 2% to € 300.6 million (1-9/2015: € 293.8 million). **Adjusted net income** increased by 10% to € 139.9 million (1-9/2015: € 126.9 million).

Special items amounted to a net burden on earnings of € 53.3 million before or € 39.6 million after taxes in the first nine months of 2016. The reconciliation of the reported financial key performance indicators and further essential key earnings figures of the STADA Group to those adjusted for special items is as follows:

in € million[1]	9 months 2016 reported	Impairments/ write-ups of intangible assets	Effects from purchase price allocations and product acquisitions[2]	Currency effects CIS/ Eastern Europe[3]	Measurement of derivative financial instruments	Other[4]	*9 months 2016 adjusted*
Operating profit	**173.0**	**29.0**	**13.3**	**6.6**	**-**	**4.0**	***225.9***
Result from investments measured at equity	1.0	-	-	-	-	-	*1.0*
Investment income	0.0	-	-	-	-	-	*0.0*
Earnings before interest and taxes (EBIT)	**174.0**	**29.0**	**13.3**	**6.6**	**-**	**4.1**	***227.0***
Financial income and expenses	-38.9	-	-	-	0.3	-	*-38.6*
Earnings before taxes (EBT)	**135.1**	**29.0**	**13.3**	**6.6**	**0.3**	**4.1**	***188.4***
Income taxes	27.6	5.1	3.7	0.8	0.0	4.4	*41.6*
Result distributable to non-controlling shareholders	7.2	0.0	-0.3	-	-	-	*6.9*
Result distributable to share-holders of STADA Arzneimittel AG (net income)	**100.3**	**23.9**	**9.9**	**5.8**	**0.3**	**-0.3**	***139.9***
Earnings before interest and taxes (EBIT)	**174.0**	**29.0**	**13.3**	**6.6**	**-**	**4.1**	***227.0***
Balance from depreciation/ amortization and impairments/ write-ups of intangible assets (including goodwill), property, plant and equipment and financial assets	115.1	-29.0	-12.5	-	-	-	*73.6*
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**289.1**	**-**	**0.8**	**6.6**	**-**	**4.1**	***300.6***

1) As a result of the presentation in € million, deviations due to rounding may occur in the tables.
2) Relates to additional scheduled depreciation and other measurement effects due to purchase price allocations as well as significant product acquisitions taking financial year 2013 as basis.
3) Relates to currency translation effects recorded in the income statement resulting from the fluctuation of the Russian ruble as well as other significant currencies of the region CIS/Eastern Europe.
4) Relates to miscellaneous extraordinary income and expenses, among other things, from a received milestone payment in the United Kingdom, tax rate changes in the United Kingdom and a severance payment for the previous Chairman of the Executive Board.

In the corresponding period of the previous year, there was a net burden on earnings from special items of € 40.5 million before or € 37.0 million after taxes, which had the following effects on the reconciliation of the reported financial key performance indicators and further essential key earnings figures of the STADA Group to those adjusted for special items in the first nine months of 2015:

in € million[1]	9 months 2015 reported	Impairments/ write-ups of intangible assets	Effects from purchase price allocations and product acquisitions[2]	Currency effects CIS/ Eastern Europe[3]	Measurement of derivative financial instruments	Other[4]	*9 months 2015 adjusted*
Operating profit	**179.8**	**12.2**	**12.1**	**13.7**	**-**	**0.0**	***217.8***
Result from investments measured at equity	0.9	-	-	-	-	-	*0.9*
Investment income	0.1	-	-	-	-	-	*0.1*
Earnings before interest and taxes (EBIT)	**180.8**	**12.2**	**12.1**	**13.7**	**-**	**0.0**	***218.8***
Financial income and expenses	-51.2	-	-	-	2.5	-	*-48.7*
Earnings before taxes (EBT)	**129.6**	**12.2**	**12.1**	**13.7**	**2.5**	**0.0**	***170.1***
Income taxes	34.4	2.5	0.7	0.1	0.2	-0.4	*37.5*
Result distributable to non-controlling shareholders	5.3	0.1	0.4	-	-	-0.1	*5.7*
Result distributable to share-holders of STADA Arzneimittel AG (net income)	**89.9**	**9.6**	**11.0**	**13.6**	**2.3**	**0.5**	***126.9***
Earnings before interest and taxes (EBIT)	**180.8**	**12.2**	**12.1**	**13.7**	**-**	**0.0**	***218.8***
Balance from depreciation/ amortization and impairments/ write-ups of intangible assets (including goodwill), property, plant and equipment and financial assets	100.4	-12.2	-13.2	-	-	-	*75.0*
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**281.2**	**-**	**-1.1**	**13.7**	**-**	**0.0**	***293.8***

1) As a result of the presentation in € million, deviations due to rounding may occur in the tables.
2) Relates to additional scheduled depreciation and other measurement effects due to purchase price allocations as well as significant product acquisitions taking financial year 2013 as basis.
3) Relates to currency translation effects recorded in the income statement resulting from the fluctuation of the Russian ruble as well as other significant currencies of the region CIS/Eastern Europe.
4) Relates to miscellaneous extraordinary income and expenses, among other things, from damage claim payments made and received and in connection with the disposal of the German logistics activities.

In the third quarter of 2016, special items amounted to a net burden on earnings of € 35.4 million before or € 25.5 million after taxes. The reconciliation of the reported financial key performance indicators and further essential key earnings figures of the STADA Group to those adjusted for special items is as follows:

in € million[1]	Third quarter of 2016 reported	Impairments/ write-ups of intangible assets	Effects from purchase price allocations and product acquisitions[2]	Currency effects CIS/ Eastern Europe[3]	Measurement of derivative financial instruments	Other[4]	*Third quarter of 2016 adjusted*
Operating profit	**36.7**	**22.1**	**3.3**	**2.2**	**-**	**8.1**	***72.4***
Result from investments measured at equity	0.0	-	-	-	-	-	*0.0*
Investment income	0.0	-	-	-	-	-	*0.0*
Earnings before interest and taxes (EBIT)	**36.7**	**22.1**	**3.3**	**2.2**	**-**	**8.1**	***72.4***
Financial income and expenses	-12.9	-	-	-	-0.3	-	*-13.2*
Earnings before taxes (EBT)	**23.8**	**22.1**	**3.3**	**2.2**	**-0.3**	**8.1**	***59.2***
Income taxes	2.8	3.6	2.1	0.2	-0.1	4.7	*13.3*
Result distributable to non-controlling shareholders	2.7	-	-0.6	-	-	-	*2.1*
Result distributable to shareholders of STADA Arzneimittel AG (net income)	**18.3**	**18.5**	**1.8**	**2.0**	**-0.2**	**3.4**	***43.8***
Earnings before interest and taxes (EBIT)	**36.7**	**22.1**	**3.3**	**2.2**	**-**	**8.1**	***72.4***
Balance from depreciation/ amortization and impairments/ write-ups of intangible assets (including goodwill), property, plant and equipment and financial assets	51.7	-22.1	-3.7	-	-	-	*25.9*
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**88.4**	**-**	**-0.4**	**2.2**	**-**	**8.1**	***98.3***

1) As a result of the presentation in € million, deviations due to rounding may occur in the tables.
2) Relates to additional scheduled depreciation and other measurement effects due to purchase price allocations as well as significant product acquisitions taking financial year 2013 as basis.
3) Relates to currency translation effects recorded in the income statement resulting from the fluctuation of the Russian ruble as well as other significant currencies of the region CIS/Eastern Europe.
4) Relates to miscellaneous extraordinary income and expenses, among other things, from a received milestone payment in the United Kingdom, tax rate changes in the United Kingdom and a severance payment for the previous Chairman of the Executive Board.

In the corresponding period of the previous year, there was a net burden on earnings from special items of € 6.6 million before or € 5.6 million after taxes, which had the following effects on the reconciliation of the reported financial key performance indicators and further essential key earnings figures of the STADA Group to those adjusted for special items in the third quarter of 2015:

in € million[1]	Third quarter of 2015 reported	Impairments/ write-ups of intangible assets	Effects from purchase price allocations and product acquisitions[2]	Currency effects CIS/ Eastern Europe[3]	Measurement of derivative financial instruments	Other[4]	*Third quarter of 2015 adjusted*
Operating profit	**67.7**	**2.6**	**4.3**	**5.1**	**-0.7**	**0.7**	***79.7***
Result from investments measured at equity	0.1	-	-	-	-	-	*0.1*
Investment income	0.0	-	-	-	-	-	*0.0*
Earnings before interest and taxes (EBIT)	**67.8**	**2.6**	**4.3**	**5.1**	**-0.7**	**0.7**	***79.8***
Financial income and expenses	-15.7	-	-	-	-5.4	-	*-21.1*
Earnings before taxes (EBT)	**52.1**	**2.6**	**4.3**	**5.1**	**-6.1**	**0.7**	***58.7***
Income taxes	14.2	1.4	0.4	-1.5	0.2	0.3	*15.0*
Result distributable to non-controlling shareholders	1.6	0.1	0.1	-	-	-	*1.8*
Result distributable to shareholders of STADA Arzneimittel AG (net income)	**36.3**	**1.1**	**3.8**	**6.6**	**-6.3**	**0.4**	***41.9***
Earnings before interest and taxes (EBIT)	**67.8**	**2.6**	**4.3**	**5.1**	**-0.7**	**0.7**	***79.8***
Balance from depreciation/ amortization and impairments/ write-ups of intangible assets (including goodwill), property, plant and equipment and financial assets	32.0	-2.6	-4.6	-	-	-	*24.8*
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**99.8**	**-**	**-0.3**	**5.1**	**-0.7**	**0.7**	***104.6***

1) As a result of the presentation in € million, deviations due to rounding may occur in the tables.
2) Relates to additional scheduled depreciation and other measurement effects due to purchase price allocations as well as significant product acquisitions taking financial year 2013 as basis.
3) Relates to currency translation effects recorded in the income statement resulting from the fluctuation of the Russian ruble as well as other significant currencies of the region CIS/Eastern Europe.
4) Relates to miscellaneous extraordinary income and expenses, among other things, from damage claim payments made and received and in connection with the disposal of the German logistics activities.

In the charts below, the major key earnings figures of the STADA Group including the resulting margins are presented both as reported figures as well as adjusted for aforementioned special items for the first nine months of 2016 with the corresponding period of the previous year to allow for comparison.

Development of the STADA Group's reported key earnings figures

in € million	9 months 2016 Jan. 1 – Sep. 30	9 months 2015 Jan. 1 – Sep. 30	± %	Margin[1] 9 months 2016 Jan. 1 – Sep. 30	Margin[1] 9 months 2015 Jan. 1 – Sep. 30
Operating profit	173.0	179.8	-4%	11.2%	11.7%
• Operating segment result Generics	149.9	122.1	+23%	16.1%	13.2%
• Operating segment result Branded Products	90.8	121.3	-25%	14.9%	20.0%
EBITDA[2]	289.1	281.2	+3%	18.8%	18.3%
EBIT[3]	174.0	180.8	-4%	11.3%	11.8%
EBT[4]	135.1	129.6	+4%	8.8%	8.5%
Net income	100.3	89.9	+11%	6.5%	5.9%
Earnings per share in €	1.61	1.46	+10%		
Diluted earnings per share in €[5]	-	1.46	-%		

Development of the STADA Group's adjusted[6] key earnings figures

in € million	*9 months 2016 Jan. 1 – Sep. 30*	*9 months 2015 Jan. 1 – Sep. 30*	*± %*	*Margin[1] 9 months 2016 Jan. 1 – Sep. 30*	*Margin[1] 9 months 2015 Jan. 1 – Sep. 30*
Operating profit, adjusted	*225.9*	*217.8*	*+4%*	*14.7%*	*14.2%*
• Operating segment result Generics, adjusted	*156.8*	*124.4*	*+26%*	*16.8%*	*13.4%*
• Operating segment result Branded Products, adjusted	*127.5*	*148.6*	*-14%*	*20.9%*	*24.6%*
EBITDA[2], adjusted	*300.6*	*293.8*	*+2%*	*19.5%*	*19.2%*
• EBITDA Generics, adjusted	*193.6*	*160.7*	*+20%*	*20.8%*	*17.3%*
• EBITDA Branded Products, adjusted	*161.1*	*181.4*	*-11%*	*26.4%*	*30.0%*
EBIT[3], adjusted	*227.0*	*218.8*	*+4%*	*14.7%*	*14.3%*
EBT[4], adjusted	*188.4*	*170.1*	*+11%*	*12.2%*	*11.1%*
Net income, adjusted	*139.9*	*126.9*	*+10%*	*9.1%*	*8.3%*
Earnings per share in €, adjusted	*2.25*	*2.07*	*+9%*		
Diluted earnings per share in €[5], adjusted	*-*	*2.07*	*-%*		

Cost of sales decreased in the first nine months of 2016 in comparison with the corresponding period of the previous year by € 1.1 million to € 793.0 million (1-9/2015: € 794.1 million), although sales were able to be increased by € 8.2 million as compared with the corresponding period of the previous year. The corresponding improvement of the gross margin to 48.6% (1-9/2015: 48.2%) primarily resulted from a decrease in revenue reductions in the Generics segment in Germany.

1) Related to relevant Group sales.
2) Earnings before interest, taxes, depreciation and amortization.
3) Earnings before interest and taxes.
4) Earnings before taxes.
5) Earnings per share will not be diluted in financial year 2016, because the share options from the STADA warrants in connection with the Conditional Capital Increase 2004/I expired on June 26, 2015.
6) Adjusted for special items.

Selling expenses in the reporting period declined by € 3.9 million to € 339.8 million (1-9/2015: € 343.7 million) as compared to the corresponding period of the previous year. This development was primarily based on a decrease due to currency translation effects in the Russian subgroup STADA CIS.

Other income increased in the first nine months of 2016 by € 3.0 million to € 13.7 million (1-9/2015: € 10.7 million) as compared to the corresponding period of the previous year, in particular due to a milestone payment received in the Branded Products segment in the United Kingdom.

Other expenses increased in the first nine months of 2016 as compared to the corresponding period of the previous year to € 67.9 million (1-9/2015: € 47.9 million). This development was mainly based on increased impairments of intangible assets, particularly in the Branded Products segment, as well as the severance payment for the previous Chairman of the Executive Board. Lower currency translation expenses in both segments, in particular in the Russian subgroup STADA CIS, had an opposite effect.

The decrease in **financial expenses** in the reporting period as compared to the corresponding period of the previous year to € 41.0 million (1-9/2015: € 52.5 million) was mainly a result of lower expenses from the valuation of derivative financial instruments as well as lower interest expenses.

Income tax expenses decreased in the reporting period by € 6.8 million to € 27.6 million as compared to the corresponding period of the previous year (1-9/2015: € 34.4 million). The reported tax rate improved to 20.4% (1-9/2015: 26.6%), in particular due to a tax rate change in the United Kingdom as well as a changed profit allocation in the STADA Group.

Sales development of the Generics and Branded Products segments

In accordance with the fundamental change to reporting structures in the third quarter of 2016, agreed by the Executive Board and briefly described in the “Overview” chapter, the STADA Group now reports exclusively by operating segments, i.e. the two segments Generics and Branded Products. In the presentation of the two segments, STADA also describes how the most important countries within these two segments have developed.

Reported sales of the **Generics** segment was slightly above the level of the corresponding period of the previous year at € 931.8 million in the first nine months of 2016 (1-9/2015: € 928.2 million). Adjusted for portfolio effects and currency effects, sales of the segment Generics increased by 2% as compared to the corresponding period of the previous year. Generics contributed 60.4% to Group sales (1-9/2015: 60.5%).

For financial year 2016, the Executive Board expects sales in the Generics segment to be approximately at the level of the previous year.

Within the Generics segment, the eight largest countries according to sales developed as follows:

Sales in the **German** Generics segment decreased by 2% to € 223.2 million in the first nine months of 2016 (1-9/2015: € 227.7 million). The increasing expiration of discount agreements of STADApharm in particular contributed to this. Sales generated in the German market with generics had a share of 61% in the overall sales achieved in the German market (1-9/2015: 70%). The market share of generics sold in German pharmacies in the reporting period was approx. 11.5%[1] (1-9/2015: approx. 12.7%[1]). The STADA Group thus continues to be the clear number 3[1] in the German generics market.

Sales achieved with generics in **Italy** in the first three quarters of the current financial year increased by 3% to € 116.8 million (1-9/2015: € 113.7 million), in particular as a result of positive volume effects. Generics contributed 80% to local sales (1-9/2015: 81%).

In **Spain**, sales could be maintained at approximately the level of the previous year with € 79.1 million (1-9/2015: € 80.2 million), although the comparable basis was high as a result of numerous product launches in the previous year and the legal approval of discounts this year led to increased revenue reductions. Generics contributed 86% to local sales on the Spanish market (1-9/2015: 89%).

Sales generated with generics in **Russia** in the first three quarters of 2016 increased by 51%, applying the exchange rates of the previous year. Despite a clearly negative currency effect of the Russian ruble, sales in euro grew by 31% to € 75.5 million (1-9/2015: € 57.5 million). Generics contributed 43% to local sales (1-9/2015: 28%).

Sales generated with generics in **France** recorded an increase of 9% to € 60.5 million in the reporting period (1-9/2015: € 55.6 million) despite continued strong price and discount competition. Generics contributed 96% to local sales (1-9/2015: 88%).

In **Belgium**, sales generated with generics in the first nine months of 2016 decreased by 25% to € 57.7 million, in particular due to a still hesitant purchasing and sales strategy of the Belgian sales partner (1-9/2015: € 76.5 million). However, a positive sales development could be noticed in the third quarter of 2016 alone. While sales declined by 66% in the second quarter, growth of 47% was recorded in the third quarter. Generics had a share of 88% in local sales (1-9/2015: 92%). On an annual basis, STADA expects further recovery in the Belgian generics market.

Despite increased price pressure, sales generated with generics in **Vietnam** grew by 12%, applying the exchange rates of the previous year. As a result of a weaker Vietnamese dong, sales in euro increased by 9% to € 49.5 million (1-9/2015: € 45.4 million). This development resulted, in particular, from local tender processes that were won. Generics had a share of 65% in local sales (1-9/2015: 66%).

Sales generated with generics in **Serbia** decreased by 27% in the reporting period applying the exchange rates of the previous year. In euro, sales declined by 28% to € 37.2 million (1-9/2015: € 51.8 million) as a result of a slightly negative currency effect of the Serbian dinar. This development was, among other things, attributable to the decision on declining reimbursement prices. Additionally, wholesalers continued to have high inventories. Generics contributed 75% to sales in Serbia (1-9/2015: 78%). Overall, an unchanged general shift from generics to branded products can be observed in the sales mix of the Serbian market.

Reported sales of the **Branded Products** segment increased slightly by 1% to € 609.9 million in the first three quarters of 2016 (1-9/2015: € 605.3 million). This development was particularly attributable to strong development within the German market. Adjusted for portfolio effects and currency influences, sales of the segment Branded Products rose by 4% as compared to the corresponding period of the previous year. Branded Products contributed 39.6% to Group sales (1-9/2015: 39.5%).

In the Branded Products segment, the Executive Board expects sales growth for financial year 2016.

1) Data from IMS Health based on pharmacy sales to customers
(source: IMS/Pharmascope national).

Within the Branded Products segment, the development of the five largest countries according to sales was as follows:

Sales generated with branded products in **Germany** recorded significant growth of 47% to € 143.1 million in the reporting period (1-9/2015: € 97.3 million). This strong development was attributable to optimizations of the product portfolio, decreased returns and the invoicing of high seasonal orders. Overall, branded products contributed 39% to sales achieved in the German market (1-9/2015: 30%).

In the **United Kingdom**, sales generated with branded products in the first nine months of 2016 increased by 15%, applying the exchange rates of the previous year. Despite the negative currency effect as a consequence of the referendum decision in favor of the United Kingdom leaving the European Union, sales in euro increased by 5% to € 118.2 million (1-9/2015: € 112.8 million). The acquisition of both the Socialites Group in December 2015 and of BSMW Limited in February 2016 contributed to this growth in branded products sales. However, a weak cough and cold season at the beginning of the year and very wet and cloudy weather in June and July which reduced sales of suncream products had a dampening effect on sales. Branded products accounted for 89% of total sales in the UK market (1-9/2015: 86%).

The outlook for the development of the British pound sterling continues to be negative as a result of the United Kingdom's referendum decision in the second quarter of 2016 to leave the European Union and the associated uncertainties. Overall, such a devaluation of the British pound sterling results in negative translation effects on sales reported in euro for STADA.

In view of the continued difficult framework conditions, in particular in the self-pay market, sales generated with branded products in **Russia** decreased by 21%, applying the exchange rates of the previous year. As a result of a clearly negative currency effect of the Russian ruble, sales in euro declined by 30% to € 101.8 million (1-9/2015: € 144.9 million). This development was primarily driven by growing consolidation on the demand side and consequently higher discount burdens. In addition, price increases in the so-called Vital and Essential Drugs List (EDL) could not compensate for the high inflation rate. Branded products had a share of 57% in sales generated in the Russian market (1-9/2015: 72%).

The sales and earnings contributions of Russian STADA business activities will continue to be primarily affected by the development of the currency relation of the Russian ruble to the euro in the future. In addition, the unchanged bleak prospects for the Russian economy and the strong devaluation of the Russian ruble present an increased risk in terms of consumer sentiment and consumer spending.

Sales generated in **Italy** with branded products recorded an increase of 10% to € 30.1 million in the reporting period, in particular due to acquisitions (1-9/2015: € 27.4 million). Branded products contributed 20% to sales in Italy (1-9/2015: 19%).

Sales generated in **Vietnam** with branded products increased by 18% in the reporting period, applying the exchange rates of the previous year. In euro, sales increased due to a slightly negative currency effect of the Vietnamese dong by 15% to € 26.4 million (1-9/2015: € 22.9 million). Branded products conributed 35% to sales in Vietnam (1-9/2015: 34%).

Earnings development of the Generis and Branded Products segments

Reported operating segment profit of **Generics** increased by 23% to € 149.9 million in the first three quarters of the current financial year (1-9/2015: € 122.1 million). This development was based on a significant increase in operating profit of the German sales companies due to more limited revenue reductions as well as savings in the area of marketing and sales costs. In addition, the good sales performance in Italy, France and Vietnam had a positive effect on the key earnings figures. An opposing development occurred in Belgium due to a still hesitant purchasing and sales strategy of the Belgian sales partner. The resulting decrease in sales revenues could not be compensated with corresponding cost savings. In addition, there was a decrease in the Serbian market resulting from a reluctance to buy among the Serbian wholesalers due to the decision on decreasing reimbursement prices and the announcement that reimbursement prices are to be reduced again. The **reported operating profit margin** of **Generics** amounted to 16.1% (1-9/2015: 13.2%).

In the first nine months of 2016, **adjusted operating segment profit** of **Generics** increased by 26% to € 156.8 million (1-9/2015: € 124.4 million). **Adjusted EBITDA** of **Generics** showed an increase of 20% to € 193.6 million (1-9/2015: € 160.7 million). Both developments were primarily attributable to the aforementioned developments in Germany, Italy, France and Vietnam. The slightly more positive development of adjusted operating profit as compared to reported operating profit resulted from higher adjustments than in the corresponding period of the previous year, which mainly relate to impairments of intangible assets. The **adjusted operating profit margin** of **Generics** was at 16.8% (1-9/2015: 13.4%).

Reported operating segment profit of **Branded Products** in the reporting period decreased by 25% to € 90.8 million (1-9/2015: € 121.3 million). This development mainly resulted from various effects in the Russian market: On the one hand, high inflation affected consumer sentiment and purchasing power of end consumers, on the other hand, increased discount burdens and sales measures in connection with a clearly negative currency effect of the Russian ruble had a negative impact on the operating segment profit of Branded Products. In addition, a weak cold season as well as negative translation effects resulting from the EU referendum led to a burden on the key earnings figures of the British subgroup Thornton & Ross. In contrast, the operating profit of the Branded Products segment improved in Germany despite a slight increase in sales and marketing expenses. The **reported operating profit margin** of **Branded Products** was at 14.9% (1-9/2015: 20.0%).

Adjusted operating segment profit of **Branded Products** recorded a decrease of 14% to € 127.5 million in the reporting period (1-9/2015: € 148.6 million). **Adjusted EBITDA** of **Branded Products** decreased by 11% to € 161.1 million (1-9/2015: € 181.4 million). Both developments were based on the reasons relating to the markets of Russia and the United Kingdom already mentioned under reported operating profit of Branded Products. Furthermore, there was higher decrease in reported operating profit than in the adjusted key figure as compared to the corresponding period of the previous year due to higher special items, which mainly relate to impairments of intangible assets. The **adjusted operating profit margin** of **Branded Products** amounted to 20.9% (1-9/2015: 24.6%).

Development, production and procurement

Research and development costs amounted to € 46.4 million in the first nine months of 2016 (1-9/2015: € 47.9 million). In view of STADA's business model, in accordance with which STADA is not active in research for new active pharmaceutical ingredients, it is only a matter of development costs. Furthermore, the Group capitalized development costs for new products in the amount of € 18.9 million in the first nine months of 2016 (1-9/2015: € 18.8 million).

Worldwide, STADA launched a total of 502 individual products in the individual national markets in the period under review (1-9/2015: 405 product launches).

In consideration of the unchanged well-stocked product pipeline, the Executive Board expects to be able to continuously introduce new products in future as well. The focus here remains on generics in the EU countries.

As a general rule, STADA makes appropriate investments to ensure that all Group-owned production facilities and test laboratories are maintained at the level required by legal stipulations and technical production considerations. Investments in the expansion and renewal of production facilities, plants and test laboratories were at € 16.4 million in the reporting period (1-9/2015: € 23.4 million).

Financial position and cash flow

The financial position of the STADA Group recorded positive development in the first nine months of 2016. As of the reporting date of September 30, 2016, the **equity-to-assets ratio** was 29.6% (December 31, 2015: 31.0%) and thereby satisfactory in the opinion of the Executive Board.

Net debt was at € 1,187.0 million as of the reporting date of September 30, 2016 (December 31, 2015: € 1,215.7 million). The **net debt to adjusted EBITDA ratio** in the first three quarters of 2016 improved to 3.0 on linear extrapolation of the adjusted EBITDA of the reporting period on a full-year basis (1-9/2015: 3.4).

The long-term refinancing of the Group as of September 30, 2016 was provided for by a five-year bond that was placed in the second quarter of 2013 in the amount of € 350.0 million with an interest rate of 2.25% p.a. as well as a seven-year corporate bond placed in the first quarter of 2015 in the amount of € 300.0 million with an interest rate of 1.75% p.a. Furthermore, as of September 30, 2016, there were promissory note loans with maturities in the area of the end of 2016 until 2023 with a total nominal value in the amount of € 830.5 million. In order to ensure a balanced financing structure, promissory note loans are staggered in terms of their volume and duration.

Intangible assets decreased by € 61.9 million to € 1,587.1 million as of September 30, 2016 (December 31, 2015: € 1,649.0 million). The decrease was mainly attributable to amortization as well as currency translation differences. As of September 30, 2016, intangible assets included € 399.0 million goodwill (December 31, 2015: € 391.6 million).

The increase in **property, plant and equipment** as of September 30, 2016 to € 329.5 million (December 31, 2015: € 321.6 million) primarily resulted from investments in the production facilities in the Serbian subgroup.

Financial assets increased as of the balance sheet date of September 30, 2016 by € 2.2 million to € 3.5 million (December 31, 2015: € 1.3 million). This development was primarily based on a capital increase in connection with the purchase of two subsidiaries.

Current other financial assets decreased to € 48.1 million as of September 30, 2016 (December 31, 2015: € 74.3 million). This development resulted, among other things, from a decline in positive market values of derivative financial instruments as well as reduced settlement claims in Germany.

The reduction of **income tax receivables** as of September 30, 2016 to € 12.2 million (December 31, 2015: € 21.2 million) was primarily a result of payments received from the reimbursement of advance tax payments in Germany.

The increase of **current other assets** by € 10.9 million to € 39.9 million as of the balance sheet date of September 30, 2016 (December 31, 2015: € 29.0 million) primarily resulted from increased sales tax receivables in the Serbian subgroup as well as increased prepaid expenses during the year, in particular in Germany as well as in the Serbian and Russian subgroups.

Retained earnings including net income comprise net income for the financial year as well as earnings generated in previous periods, provided these were not distributed, including amounts transferred to retained earnings. In addition, revaluations of net debt from defined benefit plans that were recognized directly in equity are reported under this item, taking deferred taxes into account. As a result of a substantial decrease in the discount rate in countries with significant pension obligations, net debt from defined benefit obligations in these countries was assessed during the year as of June 30, 2016. The application of the discount rates updated as of June 30, 2016 resulted in the reduction of retained earnings recognized directly in equity in the amount of € 6.2 million after deferred taxes.

Other provisions include results recognized directly in **equity**. This relates, among other things, to foreign exchange gains and losses resulting from the currency translation with no effect on the income of financial statements of companies included in the Group, which are recognized in the statement of changes in equity under the currency translation reserve. In the reporting period, this resulted in a reduction of other provisions in the amount of € 48.4 million recognized directly in equity, which were primarily composed of the following effects: The devaluation of the British pound sterling since December 31, 2015 and the associated effects from the currency translation of financial statements of companies reporting in this currency could be only partially compensated through the appreciation of the Russian ruble since December 31, 2015.

As of September 30, 2016, the Group's **current and non-current financial liabilities** in the amount of € 202.5 million and € 1,374.9 million (December 31, 2015: € 274.7 million and € 1,084.2 million) particularly include promissory note loans, which have a nominal value in the amount of € 830.5 million (December 31, 2015: € 547.0 million), a bond with a nominal value in the amount of € 350.0 million and a bond with a nominal value in the amount of € 300.0 million (December 31, 2015: a bond with a nominal value in the amount of € 350.0 million and a bond with a nominal value in the amount of € 300.0 million). The increase in financial liabilities was attributable to the securing of additional promissory note loans in the total amount of € 350.0 million, which will be used for the refinancing of the promissory note loans expiring in financial year 2016 in the total amount of € 188.0 million.

As of the reporting date September 30, 2016, **trade accounts payable** decreased by € 22.2 million to € 306.3 million (December 31, 2015: € 328.5 million). This development was primarily a result of reduced liabilities for health insurance discounts as well as dossier acquisitions in Germany.

Current other financial liabilities decreased by € 11.5 million to € 207.3 million, mainly due to decreased accruals for health insurance discounts (December 31, 2015: € 218.8 million).

Income tax liabilities increased as of the balance sheet date of September 30, 2016 by € 20.6 million to € 60.0 million (December 31, 2015: € 39.4 million). This development resulted, among other things, from increased income tax expenses in Germany due to improved operational development.

Current other liabilities declined as of the balance sheet date of September 30, 2016 by € 10.6 million to € 91.8 million (December 31, 2015: € 102.4 million). This development was primarily based on lower sales tax liabilities in Germany as well as lower other liabilities.

Cash flow from operating activities – which consists of changes in items not covered by investing activities, financing activities or by changes in cash and cash equivalents due to exchange rates and/or the scope of consolidation – amounted to € 198.0 million in the first nine months of 2016 (1-9/2015: € 137.7 million). The substantial increase of € 60.3 million as compared to the corresponding period of the previous year mainly resulted from decreased payments for interest and income taxes as well as a significantly lower cash-effective increase in inventories and significantly decreased cash-effective decrease in trade accounts payable. The resulting positive effects were partially compensated by higher cash-efficiency in the area of other net assets as compared to the corresponding period of the previous year.

Cash flow from investing activities – which reflects the cash outflows for investments less the inflows from disposals – amounted to € -119.5 million in the reporting period (1-9/2015: € -127.1 million). The cash flow from investing activities was particularly influenced by payments for investments in property, plant and equipment and in intangible assets in the first nine months of 2016, which primarily relate to advance payments made for the development of approvals and trademarks in Germany and the United Kingdom. Furthermore, payments were also made for business contributions from the purchase of Argentinean Laboratorio Vannier S.A., the British BSMW Limited as well as a product portolio in Serbia.

Free cash flow, i.e. cash flow from operating activities plus cash flow from investing activities, amounted to € 78.6 million in the reporting period (1-9/2015: € 10.6 million). **Free cash flow adjusted** for payments for significant investments or acquisitions and proceeds from significant disposals amounted to € 132.8 million (1-9/2015: € 68.6 million).

Cash flow from financing activities in the reporting period amounted to € 164.4 million (1-9/2015: € -85.5 million). This development was primarily attributable to the securing of additional promissory note loans in the total amount of € 350.0 million, which will be used for the refinancing of the promissory note loans expiring in financial year 2016 in the total amount of € 188.0 million. In addition, fewer financial liabilities were repaid in the current financial year than in the corresponding period of the previous year.

Cash flow for the period is the balance of cash inflows and outflows from cash flow from operating activities, cash flow from investing and financing activities as well as from changes in cash and cash equivalents due to exchange rates and/or the scope of consolidation and amounted to € 247.2 million in the first nine months of 2016 (1-9/2015: € -61.5 million).

Acquisitions and disposals

The STADA Group pursues an active acquisition policy with the goal of further accelerating the company's organic growth with external growth impulses. In this context, the Group concentrates, on the one hand, on the regional expansion of business activities with a focus on high-growth emerging markets. On the other hand, STADA focuses on the expansion and internationalization of the segments, in particular Branded Products, as they are generally characterized by more attractive margins and less regulatory interventions than the generics area.

Regardless of this active purchasing policy, acquisition projects are subject to a strict selection process with uniform criteria and must, in particular, meet defined return specifications in addition to strategic criteria. For larger acquisitions or cooperations with capital investments, appropriate capital measures continue to be imaginable if the burden on the equity-to-assets ratio from such acquisitions or cooperations is too high.

In order to strengthen the Generics segment, STADA and the STADA subsidiary BEPHA Beteiligungsgesellschaft für Pharmawerte mbH signed a contract for the purchase of the Argentinian generics producer Laboratorio Vannier in the fourth quarter of 2015.[1)] The purchase price amounts to a maximum of USD 13.0 million (according to the exchange rate at the date of acquisition approx. € 11.9 million) and will be / was paid in cash or cash equivalents. The purchase was completed in the first quarter of 2016. Through the acquisition, STADA also expanded its international sales network in a country, in which the Group had not yet been represented with its own sales company.

In the first quarter of 2016, STADA acquired the British company BSMW Limited, based in Stockport. STADA achieved control upon conclusion of the contract on February 5, 2016. The purchase price for the acquisition amounted to GBP 3.4 million and was completely paid in cash or cash equivalents.

In the third quarter of 2016, the Serbian STADA subsidiary Hemofarm A.D. acquired a local product portfolio, which is primarily focused on the treatment of gastrointestinal disorders, to strengthen their position in the area of consumer health. The purchase price for the acquisition of the product portfolio including the associated sales structures amounted to a total of € 21.6 million and will be/was completely paid in cash or cash equivalents. The acquired business has been consolidated in the STADA Group since August 1, 2016.

STADA share

In the first nine months of 2016, the STADA share price recorded very pleasing development with an increase of 32%. Whereas the share price closed 2015 at € 37.34, it was at € 49.46 at the end of the first nine months of 2016. The market capitalization in this period increased from € 2.328 billion to € 3.083 billion.

As of September 30, 2016, the subscribed share capital of STADA Arzneimittel AG amounted to € 162,090,344.00 (December 31, 2015: € 162,090,344.00), consisting of 62,342,440 registered shares with restricted transferability[2)], each with an arithmetical share in share capital of € 2.60 (December 31, 2015: 62,342,440 registered shares with restricted transferability).

In the first nine months, the Group published all twelve of the received voting rights notices in accordance with Section 26 of the German Securities Trading Act (WpHG). The voting rights notices received by STADA can be viewed on the website at www.stada.de or www.stada.com.

On August 26, 2016, the Annual General Meeting formally approved the activities of the Executive Board and Supervisory Board. During their votes, shareholders followed most of the proposals made by the company's management.[3)] As part of the shareholders' decisions, the dividend for financial year 2015 was raised by 6% to € 0.70 per share and the elimination of restrictions on the transferability of registered shares was approved by means of a change to the Articles of Incorporation[4)]. In addition, the process of reshaping the Supervisory Board ahead of schedule was completed. Dr. Martin Abend, Dr. Eckhard Brüggemann, Dr. K. F. Arnold Hertzsch, Dieter Koch and Constantin Meyer were succeeded by Dr. Eric Cornut, Rolf Hoffmann, Dr. Birgit Kudlek, Tina Müller and Dr. Gunnar Riemann as new shareholder representatives on the Supervisory Board. Following the Annual General Meeting, the Supervisory Board elected Carl Ferdinand Oetker as its Chairman and Jens Steegers as the Deputy Chairman.

Report on expected developments and associated material opportunities and risks

The Executive Board confirms the outlook for financial year 2016 and the opportunities and risk report for the Group published in the Management Report of STADA's Annual Report 2015. Together with the supplements and updates listed in this interim report, it gives, in the view of the Executive Board, an up-to-date overall picture of the opportunities and risks for the STADA Group.

1) See the Company's press release of December 10, 2015.
2) Under the Company's Articles of Incorporation, STADA's registered shares with restricted transferability can only be entered into the share register with the consent of the Company and, pursuant to the statutes, grant one vote each in the Annual General Meeting. Shareholders are only those who are registered as such in the share registry and only such persons are authorized to participate in the Annual General Meeting and to exercise voting rights. No shareholder and no shareholder group shall have any special rights.
3) See the Company's press release of August 27, 2016.
4) The requested entry of the amendment to the Articles of Incorporation in the commercial register, which leads to the effectiveness of the resolution, had not yet taken place as of the editorial deadline.

Accordingly, STADA's business model is generally geared towards markets with long-term growth potential in the healthcare and pharmaceutical markets. Inseparably linked to this, however, are also risks and challenges resulting from changed or additional state regulation and intensive competition. In view of this, STADA can also be exposed to far-reaching regulatory interventions, a high level of competition, default risks and significant margin pressure in the individual markets in the future. The latter applies particularly to the increasing volume of business activities in the Generics segment, which are subject to tenders.

In addition, the Group will continue to be faced with non-operational influence factors in the future. As a consequence, relevant Group currency relations – in particular the Russian ruble, the Ukrainian hryvnia, the Kazakhstani tenge and the British pound sterling to the euro – will affect the Group's development. Furthermore, STADA will continue to be exposed to the effects of the CIS crisis. The Group continues to prepare itself, within the realms of possibility, for potential risks in this regard, such as a significantly increased default risk of business partners, subsidies to crisis-prone competitors that distort competition or strong volatility in interest rate levels and currency relations that are relevant for the Group. However, in view of the effects of the CIS crisis and the resulting burdens such as special items from impairment losses on intangible assets and property, plant and equipment, payment defaults, non-operational burdens on earnings from currency influences – in particular from the devaluation of the Russian ruble, the Ukrainian hryvnia and the Kazakhstani tenge – as well as curbed or further decreasing demand in the Russian pharmaceuticals market cannot be ruled out. With regard to the currently existing sanctions against Russia, however, STADA does not see any significant direct effects on the Group's business activities from today's perspective.

The outlook for the development of the British pound sterling is negative as a result of the United Kingdom's referendum decision in the second quarter of 2016 to leave the European Union and the associated uncertainties. Overall, such a devaluation of the British pound sterling will result in negative translation effects for STADA. The British companies are fully integrated subsidiaries, whose transactions are primarily made in local currency. Overall, the assets of these companies, whose transaction currency is not the pound sterling, are currently exceeding the corresponding liabilities, which means that STADA presently does not expect any significant negative translation effects from the devaluation of the pound sterling. From today's perspective, STADA does not anticipate any substantial currency effects for the income statement as a result of this possible currency development. It is very difficult to provide a prognosis on the possible macroeconomic effects of Brexit since this is an unprecedented event. In general, a decrease in investments and corresponding slower growth is to be expected. The developments and potential effects on the business model of STADA in the United Kingdom will therefore be monitored continuously.

Overall, the future sales and earnings development of the Group will be characterized both by growth-stimulating and challenging framework conditions in the individual markets. In the overall assessment of opposing influence factors, however, the positive prospects are expected to prevail in financial year 2016. In light of this, in terms of the 2016 outlook, the Executive Board continues to anticipate slight growth in Group sales adjusted for currency and portfolio effects along with slight growth in adjusted Group sales and adjusted EBITDA. As far as adjusted net income is concerned, a minimum of € 180 million is now expected, in particular as a result of a further optimized financial result as well as an improved tax rate due to a changed earnings allocation. The Executive Board continues to expect the ratio of net debt excluding further acquisitions to adjusted EBITDA to be at a level of nearly 3.

The Executive Board adopted growth targets for financial year 2019 on July 11, 2016. An essential part of this forecast are Group-wide initiatives to improve performance, which have already been introduced and which, in addition to the leveraging of untapped sales potentials, include efficiency enhancements and the reduction of functional costs. Taking these measures into consideration, the Executive Board targets Group sales of € 2.6 billion, adjusted EBITDA of € 510 million and adjusted net income of € 250 million within a range of +/-5% each for 2019. These targets are based on a primarily organic sales growth in the segments Generics and Branded Products and are before any significant disposals with an effect on sales and earnings. The assumptions also include the forward projection of current currency relations, the current interest rate levels and largely unchanged tax framework conditions in the countries where STADA has Group companies. In addition, the targets can only be achieved provided that there is a stable regulatory environment in the markets that are of relevance for STADA.

Dr. M. Wiedenfels H. Kraft

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST NINE MONTHS OF 2016 (ABRIDGED)

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement for the period from Jan. 1 to Sep. 30 in € 000s	9 months 2016 Jan. 1 – Sep. 30	9 months 2015 Jan. 1 – Sep. 30	3rd quarter 2016 July 1 – Sep. 30	3rd quarter 2015 July 1 – Sep. 30
Sales	1,541,707	1,533,546	507,042	507,661
Cost of sales	793,007	794,110	263,708	262,406
Gross profit	**748,700**	**739,436**	**243,334**	**245,255**
Selling expenses	339,770	343,670	106,923	107,984
General and administrative expenses	135,286	130,785	44,556	42,349
Research and development expenses	46,427	47,933	15,401	14,321
Other income	13,697	10,668	5,325	3,705
Other expenses	67,948	47,918	45,091	16,617
Operating profit	**172,966**	**179,798**	**36,688**	**67,689**
Result from investments measured at equity	998	944	-1	99
Investment income	23	62	0	2
Financial income	2,118	1,248	1,147	580
Financial expenses	41,025	52,465	14,064	16,302
Financial result	**-37,886**	**-50,211**	**-12,918**	**-15,621**
Earnings before taxes	**135,080**	**129,587**	**23,770**	**52,068**
Income taxes	27,580	34,428	2,832	14,132
Earnings after taxes	**107,500**	**95,159**	**20,938**	**37,936**
thereof				
• distributable to shareholders of STADA Arzneimittel AG (net income)	100,251	89,928	18,246	36,305
• distributable to non-controlling shareholders	7,249	5,231	2,692	1,631
Earnings per share in € (basic)	1.61	1.46	0.29	0.58
Earnings per share in € (diluted)[1]	-	1.46	-	-

1) Earnings per share will not be diluted in financial year 2016, because the share options from the STADA warrants in connection with the Conditional Capital Increase 2004/I expired on June 26, 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income in € 000s	9 months 2016 Jan. 1 – Sep. 30	9 months 2015 Jan. 1 – Sep. 30	3rd quarter 2016 July 1 – Sep. 30	3rd quarter 2015 July 1 – Sep. 30
Earnings after taxes	**107,500**	**95,159**	**20,938**	**37,936**
Items to be recycled to the income statement in future:				
Currency translation gains and losses	**-48,863**	**33,046**	**-13,230**	**-67,297**
thereof				
• income taxes	-292	117	-574	468
Gains and losses on available-for-sale financial assets	**-**	**-22**	**-**	**-21**
thereof				
• income taxes	-	5	-	5
Gains and losses on hedging instruments (cash flow hedges)	**913**	**857**	**-**	**218**
thereof				
• income taxes	-360	-260	-	-53
Items not to be recycled to the income statement in future:				
Revaluation of net debt from defined benefit plans	**-6,208**	**-**	**-**	**-**
thereof				
• income taxes	1,808	-	-	-
Other comprehensive income	**-54,158**	**33,881**	**-13,230**	**-67,100**
Consolidated comprehensive income	**53,342**	**129,040**	**7,708**	**-29,164**
thereof				
• distributable to shareholders of STADA Arzneimittel AG	46,933	122,389	5,326	-29,324
• distributable to non-controlling shareholders	6,409	6,651	2,382	160

CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet as of Sep. 30 in € 000s Assets	Sep. 30, 2016	Dec. 31, 2015
Non-current assets	**1,965,659**	**2,032,309**
Intangible assets	1,587,098	1,649,020
Property, plant and equipment	329,487	321,617
Financial assets	3,491	1,339
Investments measured at equity	14,167	13,168
Other financial assets	9,074	8,718
Other assets	2,397	4,374
Deferred tax assets	19,945	34,073
Current assets	**1,490,996**	**1,255,106**
Inventories	512,085	501,520
Trade accounts receivable	488,329	485,901
Income tax receivables	12,181	21,182
Other financial assets	48,110	74,279
Other assets	39,877	29,046
Cash and cash equivalents	390,414	143,178
Total assets	**3,456,655**	**3,287,415**

Equity and liabilities	Sep. 30, 2016	Dec. 31, 2015
Equity	**1,024,168**	**1,018,530**
Share capital	162,090	162,090
Capital reserve	514,178	514,171
Retained earnings including net income	686,184	635,344
Other provisions	-411,592	-364,105
Treasury shares	-1,432	-1,458
Equity attributable to shareholders of the parent	**949,428**	**946,042**
Shares relating to non-controlling shareholders	74,740	72,488
Non-current borrowed capital	**1,545,895**	**1,282,577**
Other non-current provisions	37,104	28,869
Financial liabilities	1,374,890	1,084,213
Other financial liabilities	7,400	7,201
Other liabilities	1,037	2,053
Deferred tax liabilities	125,464	160,241
Current borrowed capital	**886,592**	**986,308**
Other provisions	18,594	22,532
Financial liabilities	202,497	274,672
Trade accounts payable	306,343	328,487
Income tax liabilities	60,035	39,444
Other financial liabilities	207,284	218,792
Other liabilities	91,839	102,381
Total equity and liabilities	**3,456,655**	**3,287,415**

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement in € 000s	Sep. 30, 2016	Sep. 30, 2015
Net income	107,500	95,159
Depreciation and amortization net of write-ups of non-current assets	115,091	100,397
Income taxes	27,580	34,428
Income tax paid	-9,077	-34,103
Interest income and expenses	38,181	48,758
Interest and dividends received	2,724	3,469
Interest paid	-32,018	-46,928
Result from investments measured at equity	-998	-644
Result from the disposals of non-current assets	2,395	-212
Additions to/reversals of other non-current provisions	2,303	1,023
Currency translation income and expenses	7,158	14,546
Other non-cash expenses and gains[1)]	178,134	197,962
Gross cash flow	**438,973**	**413,855**
Changes in inventories	-26,566	-59,882
Changes in trade accounts receivable	5,088	9,889
Changes in trade accounts payable	-16,628	-48,544
Changes in other net assets, unless attributable to investing or financing activities[1)]	-202,865	-177,619
Cash flow from operating activities	**198,002**	**137,698**
Payments for investments in		
• intangible assets	-50,528	-60,443
• property, plant and equipment	-36,352	-39,716
• financial assets	-3,005	-98
• business combinations according to IFRS 3	-34,060	-29,457
Proceeds from the disposal of		
• intangible assets	2,233	1,193
• property, plant and equipment	1,461	1,138
• financial assets	-	239
• shares in consolidated companies	800	-
Cash flow from investing activities	**-119,451**	**-127,144**
Borrowing of funds	466,423	635,033
Settlement of financial liabilities	-254,318	-705,932
Dividend distribution	-49,360	-46,570
Capital increase from share options	-	28,224
Changes in non-controlling interests	1,623	3,756
Changes in treasury shares	32	35
Cash flow from financing activities	**164,400**	**-85,454**
Changes in cash and cash equivalents	**242,951**	**-74,900**
Changes in cash and cash equivalents due to the scope of consolidation	-209	222
Changes in cash and cash equivalents due to exchange rates	4,494	13,134
Net change in cash and cash equivalents	**247,236**	**-61,544**
Balance at beginning of the period	**143,178**	**164,209**
Balance at end of the period	**390,414**	**102,665**

1) Non-cash additions to accruals for discounts to health insurance organizations in the first nine months of 2016 in the amount of € 149.77 million (1-9/2015: € 153.76 million) are recognized in gross cash flow and are therefore not included in changes in other net assets.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Consolidated Statement of Changes in Shareholders' Equity in € 000s 2016	Number of shares	Share capital	Capital reserve	Retained earnings including net income
Balance as of Sep. 30, 2016	62,342,440	162,090	514,178	686,184
Dividend distribution				-43,580
Capital increase from share options				
Changes in treasury shares			7	
Changes in retained earnings				
Changes in non-controlling interests				
Changes in the scope of consolidation				
Other income				-5,831
Net income				100,251
Balance as of Jan. 1, 2016	**62,342,440**	**162,090**	**514,171**	**635,344**
Previous year				
Balance as of Sep. 30, 2015	62,342,440	162,090	514,167	612,237
Dividend distribution				-39,955
Capital increase from share options	1,715,740	4,461	23,763	
Changes in treasury shares			3	
Adjustments previous year on current account				1,177
Changes in retained earnings				
Changes in non-controlling interests				
Changes in the scope of consolidation				-92
Other income				-197
Net income				89,928
Balance as of Jan. 1, 2015	**60,626,700**	**157,629**	**490,401**	**561,376**

Provisions for currency translation	Provisions available for sale	Provisions for cash flow hedges	Treasury shares	Equity attributable to shareholders of the parent	Shares relating to non-controlling shareholders	Group equity
-411,592	-	-	-1,432	949,428	74,740	1,024,168
				-43,580	-5,780	-49,360
				-	-	-
			26	33	-	33
				-	-	-
				-	1,623	1,623
				-	-	-
-48,400		913		-53,318	-840	-54,158
				100,251	7,249	107,500
-363,192	**-**	**-913**	**-1,458**	**946,042**	**72,488**	**1,018,530**
-338,083	-	-1,110	-1,472	947,829	69,864	1,017,693
				-39,955	-7,831	-47,786
				28,224		28,224
			32	35		35
				1,177		1,177
					3,756	3,756
				-92		-92
31,823	-22	857		32,461	1,420	33,881
				89,928	5,231	95,159
-369,906	**22**	**-1,967**	**-1,504**	**836,051**	**67,288**	**903,339**

APPENDIX

1. General

1.1. Accounting policies

In accordance with the regulations of Section 51a (6) of the Rules and Regulations for the Frankfurt Stock Exchange in connection with Section 37w of the German Securities Trading Act (WpHG), this interim report of STADA includes consolidated interim financial statements and a consolidated interim management report. The consolidated interim financial statements have been prepared under consideration of the International Financial Reporting Standards (IFRS) for interim reporting as applicable in the European Union (EU).

The consolidated interim management report was prepared in consideration of the applicable WpHG regulations. The consolidated interim financial statements as of September 30, 2016 were prepared under consideration of the regulations outlined in International Accounting Standard (IAS) 34. In accordance with the provisions of IAS 34, an abridged scope of reporting as compared to the consolidated financial statements as of December 31, 2015 was selected.

All IFRSs published by the International Accounting Standards Board (IASB) and endorsed by the EU which are mandatory for financial years starting as of January 1, 2016 have been observed by STADA.

In these consolidated interim financial statements – with the exception of the changed accounting policies listed in Note 1.2. – the same accounting policies and methods of computation are applied as in the consolidated financial statements for financial year 2015. With regard to the principles and methods used in the context of Group Accounting, we generally refer to the notes to the consolidated financial statements of the Annual Report 2015.

1.2. Changes in accounting policies

In the first nine months of 2016, STADA observed and, if relevant, applied the pronouncements and amendments to pronouncements published by the IASB and endorsed by the EU which were first applicable as of January 1, 2016. The changes had no or no significant effect on the presentation of STADA's business, financial, earnings situation or cash flow.

The following IFRS standards, which are not yet applicable, have been published by the IASB. The adoption into European law is still pending:

In July 2014, IASB published the standard IFRS 9 "Financial Instruments". IFRS 9 replaces IAS 39 and includes guidelines for the classification, recognition and valuation of financial instruments. Furthermore, IFRS 9 also includes guidelines on the accounting of hedging transactions. IFRS 9 is to be applied for financial years beginning on or after January 1, 2018. Earlier application is permitted. An examination of the impact of the application of IFRS 9 on the consolidated financial statements has not yet been completed. As a result of the new guidelines for the impairment of financial instruments, in some cases expected future losses may lead to earlier recognition of expenses.

In May 2014, IASB published the new standard IFRS 15 “Revenue from Contracts with Customers”. IFRS 15 governs the revenue recognition for contracts with customers in a 5-step model and in particular replaces the existing standards IAS 11 “Construction Contracts” and IAS 18 “Revenue”. IFRS 15 is to be applied for financial years beginning on or after January 1, 2018. Earlier application is permitted. An examination of the impact of the application of IFRS 15 on the consolidated financial statements has not yet been completed. However, the new standard on revenue recognition will have little impact on sales accounting, as sales are largely realized in the consolidated financial statements as a result of routine transactions. There are no agreements in the Group which regulate multiple services within one contract or within several contracts (multi-element arrangements). Changes may occur exclusively in the accounting of licensing agreements, which amounted to less than 2% of the total sales revenue in financial year 2015. However, this only affects license agreements, which are not bound by the sales achieved by the licensee, and which grant the licensee the right to use the license, without further actions by STADA being required. For such license agreements, as a result of the new IFRS 15 standard, in future sales will be realized in the amount of the entire license fee with the granting of a license and therefore not, as they are presently, divided over the term of the license.

In January 2016, the IASB published the new IFRS 16 “Leases” standard, which determines the recording of contractual rights (assets) and obligations (liabilities) associated with leases in the balance sheet for lessees. Lessees are therefore no longer required to classify leases as finance leases or operating leases. IFRS 16 is to be applied for financial years beginning on or after January 1, 2019. Earlier application is permitted. An examination of the impact of the application of IFRS 16 on the consolidated financial statements has not yet been completed. As a result of the accounting of assets and liabilities in the lessee’s balance sheet, as required by IFRS 16, an increase of the balance sheet total is expected at the point of initial application. Instead of leasing expenses, as a result of the changes from IFRS 16, future depreciation and amortization and interest expenses will be recorded in the income statement – with a corresponding positive impact on the EBITDA.

From today’s perspective no or no significant effects on the consolidated financial statements are expected from the future application of the further standards and interpretations not yet applied.

1.3. Scope of consolidation

The consolidated interim financial statements of STADA have been prepared for STADA Arzneimittel AG as parent company.

The acquisition of the Argentinian company Laboratorio Vannier S.A. was completed in accordance with corporate law in the first nine months of 2016. The initial consolidation of the company as a subsidiary occurred on January 1, 2016. In addition, the acquisition of the British company BSMW Limited was completed in accordance with corporate law, which was consolidated as a subsidiary for the first time as of February 1, 2016. Furthermore, the Finnish company Oy STADA Pharma Ab was deconsolidated in the second quarter of 2016 as a result of the completed liquidation.

In addition, the Egyptian company STADA Egypt Ltd. was deconsolidated due to liquidation initiated on September 30, 2016.

In the consolidated interim financial statements of the STADA Group, 83 companies were thereby consolidated as subsidiaries and four companies as associates as of the balance sheet date of September 30, 2016.

1.4. Business combinations

In the first nine months of the current financial year, the following significant business combinations in terms of IFRS 3 occurred, for which the preliminary purchase price allocations are described in more detail below.

In the first quarter of 2016, the purchase price allocation for the British Socialites group, which is based in Chesterfield and was acquired in the fourth quarter of 2015, was finalized. STADA achieved control upon conclusion of the contract on December 4, 2015. The purchase price for the acquisition amounted to GBP 21.0 million and will be/was paid in cash or cash equivalents.

In the context of the final purchase price allocation, goodwill in the amount of € 16.6 million resulted from this business combination and was broken down as follows:

in € million	
Purchase price for 100% of the shares in the company approx.	29.5
Proportionate fair values of the assets and liabilities acquired approx.	12.9
Goodwill	**16.6**

Goodwill thereby primarily resulted from an expansion of presence and sales activities in the British market in the Branded Products segment.

The following fair values were applied at the acquisition date for the assets acquired and liabilities assumed in the context of business combinations:

Fair values in € million	
Intangible assets	13.9
Other non-current assets	0.4
Inventories	2.8
Other current assets	1.5
Assets	**18.6**
Deferred tax liabilities	2.8
Other non-current liabilities	0.0
Trade accounts payable	2.1
Other current liabilities	0.8
Liabilities	**5.7**

Fair values were determined on the basis of observable market prices. To the extent that market prices could not be determined, income or cost-oriented procedures were used for the evaluation of acquired assets and liabilities assumed.

Sales generated in the Branded Products segment with the Socialites group amounted to around € 9.4 million in the first nine months of 2016. The operating profit of this business combination adjusted for the effects of the purchase price allocation (around € 1.9 million) amounted to around € 1.2 million in the reporting period.

In order to strengthen the Generics segment, STADA and the STADA subsidiary BEPHA Beteiligungsgesellschaft für Pharmawerte mbH signed a contract for the purchase of the Argentinian generics producer Laboratorio Vannier in the fourth quarter of 2015. The purchase price amounted to USD 13.0 million (according to the exchange rate at the date of acquisition approx. € 11.9 million) and was/will be paid in cash or cash equivalents. This includes certain conditional purchase price components, which are to be paid upon reaching a fixed earnings figure. This is guaranteed to reach a minimum of USD 1 million, with a maximum of USD 1.5 million. The seller was a private individual. The purchase was completed in the first quarter of 2016. STADA achieved control on January 4, 2016.

In the context of the purchase price allocation completed in the third quarter of 2016, goodwill in the amount of € 5.9 million resulted from this business combination and was broken down as follows:

in € million	
Purchase price for 100% of the shares in the company approx.	11.9
Proportionate fair values of the assets and liabilities acquired approx.	6.0
Goodwill	**5.9**

Goodwill thereby primarily resulted from the expansion of the international sales network in a country in which the STADA Group had not yet been represented with its own sales company in the Generics segment.

The following fair values were applied at the acquisition date for the assets acquired and liabilities assumed in the context of business combinations:

Fair values in € million	
Intangible assets	5.6
Other non-current assets	0.2
Inventories and other current assets	2.5
Cash and cash equivalents	1.2
Assets	**9.5**
Deferred tax liabilities	1.9
Other non-current liabilities	0.2
Other current liabilities	1.4
Liabilities	**3.5**

Fair values were determined on the basis of observable market prices. To the extent that market prices could not be determined, income or cost-oriented procedures were used for the evaluation of acquired assets and liabilities assumed.

Sales generated in the Generics segment with Laboratorio Vannier amounted to around € 5.6 million in the first nine months of 2016. The operating profit of this business combination adjusted for the effects of the purchase price allocation (around € 0.2 million) amounted to around € 1.1 million in the reporting period.

In the first quarter of 2016, STADA acquired the British BSMW, based in Stockport. STADA achieved control upon conclusion of the contract on February 5, 2016. The purchase price of the acquisition amounted to GBP 3.4 million and was completely paid in cash or cash equivalents.

In the context of the final purchase price allocation in the first quarter of 2016, goodwill in the amount of € 3.5 million resulted from this business combination and was broken down as follows:

in € million	
Purchase price for 100% of the shares in the company approx.	4.4
Proportionate fair values of the assets and liabilities acquired approx.	0.9
Goodwill	**3.5**

Goodwill thereby primarily resulted from an expansion of presence and sales activities in the British market in the Branded Products segment.

The following fair values were applied at the acquisition date for the assets acquired and liabilities assumed in the context of business combinations:

Fair values in € million	
Property, plant and equipment	0.1
Inventories	0.3
Other current assets	0.2
Cash and cash equivalents	0.6
Assets	**1.2**
Deferred tax liabilities	0.0
Other current liabilities	0.3
Liabilities	**0.3**

Fair values were determined on the basis of observable market prices. To the extent that market prices could not be determined, income or cost-oriented procedures were used for the evaluation of acquired assets and liabilities assumed.

Sales generated in the Branded Products segment with BSMW amounted to around € 3.1 million in the eight months since the initial consolidation. The operating profit of this business combination adjusted for the effects of the purchase price allocation (around € 0.2 million) amounted to around € 1.7 million in the reporting period. If STADA had acquired BSMW on January 1, 2016, sales of around € 3.5 million and operating profit, adjusted for effects from the purchase price allocation (around € 0.2 million), of around € 1.9 million would have been achieved on linear extrapolation in 2016.

In the third quarter of 2016, the Serbian subsidiary of STADA Arzneimittel AG, Hemofarm A.D., acquired a local product portfolio, which is primarily focused on inflammations of the gastrointestinal tract, including the related processes.

The purchase price for the acquisition of the product portfolio including the associated sales structure amounted to a total of € 21.6 million and will be/was completely paid in cash or cash equivalents. The acquisition includes a portfolio of 50 product presentations for the sales in Serbia, Bosnia-Herzegovina, Macedonia and Montenegro, the corresponding IP rights and license agreements and a local production and packaging factory. In addition, Hemofarm will take over approximately 94 employees. STADA achieved control upon conclusion of the contract on August 1, 2016, as a result of which the acquired business has been consolidated within the STADA Group since August 1, 2016.

In the context of the preliminary purchase price allocation, goodwill in the amount of € 0.2 million resulted from this business combination and was broken down as follows:

in € million	
Purchase price for 100% of the shares in the company approx.	21.6
Proportionate fair values of the assets and liabilities acquired approx.	21.4
Goodwill	**0.2**

Goodwill thereby resulted primarily from the expansion of STADA's presence and sales activities in the Branded Products segment, particularly in the Serbian market.

For the assets acquired and liabilities assumed in the context of the business combination, the following fair values were recognized at the acquisition date:

Fair values in € million	
Intangible assets	18.7
Property, plant and equipment	2.7
Deferred tax assets	0.0
Assets	**21.4**
Liabilities	**0.0**

Fair values were determined on the basis of observable market prices. To the extent that market prices could not be determined, income or cost-oriented procedures were used for the measurement of assets acquired and liabilities assumed.

The acquired sales amounted to approximately € 1.6 million in the two months after initial consolidation. The operating profit of this business combination adjusted for the effects of the purchase price allocation (around € 0.0 million) amounted to around € 0.9 million in the reporting period. If STADA had acquired the Serbian product portfolio on January 1, 2016, sales of around € 7.2 million and operating profit, adjusted for effects from the purchase price allocation (around € 0.0 million), of around € 4.0 million would have been achieved on linear extrapolation in 2016.

During the negotiations with the seller of the rights for the product portfolio, Hemofarm A.D. acquired inventories for a purchase price of € 1.9 million in May 2016, which will be entirely settled in cash. The corresponding obligation was recognized as trade account payable. Since the acquisition date, the acquired inventories have been billed to third-party customers.

2. Notes to the Consolidated Income Statement

2.1. Sales

The increase in sales compared to the corresponding period of the previous year resulted primarily from sales growth in the German, Italian and Vietnamese markets. The influences of exchange rate effects and portfolio changes on the sales increase amounted to a total of -2.5 percentage points in the reporting period. Details on how sales are broken down according to segments and regions can be found in segment reporting (see Note 5.) and in additional information (see Note 6.).

2.2. Cost of sales

Cost of sales decreased in the first nine months of 2016 in comparison with the corresponding period of the previous year by € 1.1 million to € 793.0 million (1-9/2015: € 794.1 million) although sales were able to be increased by € 8.2 million as compared to the corresponding period of the previous year. The corresponding improvement of the gross margin to 48.6% (1-9/2015: 48.2%) primarily resulted from a decrease in revenue reductions in the Generics segment in Germany.

2.3. Selling expenses

Selling expenses in the reporting period declined by € 3.9 million to € 339.8 million as compared to the corresponding period of the previous year (1-9/2015: € 343.7 million). This development was primarily based on a decrease due to currency translation effects in the Russian subgroup STADA CIS.

2.4. Other income

Other income increased in the first nine months of 2016 by € 3.0 million to € 13.7 million (1-9/2015: € 10.7 million) as compared to the corresponding period of the previous year, in particular due to a milestone payment received in the Branded Products segment in the United Kingdom.

2.5. Other expenses

Other expenses increased in the first nine months of 2016 as compared to the corresponding period of the previous year to € 67.9 million (1-9/2015: € 47.9 million). This development was mainly based on increased impairments of intangible assets, particularly in the Branded Products segment, as well as the severance payment for the previous Chairman of the Executive Board. Lower currency translation expenses in both segments, in particular in the Russian subgroup STADA CIS, had an opposite effect.

2.6. Financial expenses

The decrease in financial expenses in the reporting period as compared to the corresponding period of the previous year to € 41.0 million (1-9/2015: € 52.5 million) was mainly a result of lower expenses from the evaluation of derivative financial instruments as well as lower interest expenses.

2.7. Income taxes

Income tax expenses decreased in the reporting period by € 6.8 million to € 27.6 million as compared to the corresponding period of the previous year (1-9/2015: € 34.4 million). The reported tax rate improved to 20.4% (1-9/2015: 26.6%), in particular due to a tax rate change in the United Kingdom as well as a changed profit allocation in the STADA Group.

2.8. Earnings per share

Earnings per share increased in the first nine months of 2016 by € 0.15 to € 1.61 compared to the same period of the previous year (1-9/2015: € 1.46). In the comparable period of the previous year, diluted earnings per share amounted to € 1.46 as a result of the STADA warrants (in connection with the Conditional Capital Increase 2004/I), whose exercise period expired on June 26, 2015.

3. Notes to the Consolidated Balance Sheet

3.1. Intangible assets

Intangible assets decreased by € 61.9 million to € 1,587.1 million as of September 30, 2016 (December 31, 2015: € 1,649.0 million). The decrease was primarily attributable to amortization as well as currency translation differences. As of September 30, 2016, intangible assets included € 399.0 million goodwill (December 31, 2015: € 391.6 million).

3.2. Intangible assets

The increase in property, plant and equipment as of September 30, 2016 to € 329.5 million (December 31, 2015: € 321.6 million) primarily resulted from investments in the production facilities in the Serbian subgroup.

3.3. Financial assets

Financial assets increased by € 2.2 million to € 3.5 million as of the balance sheet date of September 30, 2016 (December 31, 2015: € 1.3 million). This development was in particular based on a capital increase in connection with the purchase of two subsidiaries.

3.4. Other financial assets

Current other financial assets decreased to € 48.1 million as of September 30, 2016 (December 31, 2015: € 74.3 million). This development resulted, among other things, from a decline in positive market values of derivative financial instruments as well as a reduction of settlement claims in Germany.

3.5. Income tax receivables

The reduction of income tax receivables as of September 30, 2016 to € 12.2 million (December 31, 2015: € 21.2 million) was primarily a result of payments received from the reimbursement of advance tax payments in Germany.

3.6. Other assets

The increase of current other assets by € 10.9 million to € 39.9 million as of the balance sheet date of September 30, 2016 (December 31, 2015: € 29.0 million) primarily resulted from increased sales tax receivables in the Serbian subgroup as well as increased prepaid expenses during the year, in particular in Germany as well as in the Serbian and Russian subgroups.

3.7. Retained earnings and other provisions

Retained earnings including net income comprise net income for the financial year as well as earnings generated in previous periods, provided these were not distributed, including amounts transferred to retained earnings. In addition, revaluations of net debt from defined benefit plans that were recognized directly in equity are reported under this item, taking deferred taxes into account. As a result of a substantial decrease in the discount rate in countries with significant pension obligations, net debt from defined benefit obligations in these countries was assessed during the year as of June 30, 2016. The application of the discount rates updated as of June 30, 2016 resulted in the reduction of retained earnings recognized directly in equity in the amount of € 6.2 million after deferred taxes.

Other provisions include results recognized directly in equity. This relates, among other things, to foreign exchange gains and losses resulting from the currency translation with no effect on the income of financial statements of companies included in the Group, which are recognized in the statement of changes in equity under the currency translation reserve. In the reporting period, this resulted in a reduction of other provisions in the amount of € 48.4 million recognized directly in equity, which was primarily composed of the following effects: The devaluation of the British pound sterling since December 31, 2015 and the associated effects from the currency translation of financial statements of companies reporting in this currency could be only partially compensated through the appreciation of the Russian ruble since December 31, 2015.

3.8. Financial liabilities

As of September 30, 2016, the Group's current and non-current financial liabilities in the amount of € 202.5 million and € 1,374.9 million (December 31, 2015: € 274.7 million and € 1,084.2 million) particularly include promissory note loans, which have a nominal value in the amount of € 830.5 million (December 31, 2015: € 547.0 million), a bond with a nominal value in the amount of € 350.0 million and a bond with a nominal value in the amount of € 300.0 million (December 31, 2015: a bond with a nominal value in the amount of € 350.0 million and a bond with a nominal value in the amount of € 300.0 million). The increase in financial liabilities was attributable to the securing of additional promissory note loans in the total amount of € 350.0 million, which will be used for the refinancing of the promissory note loans expiring in financial year 2016 in the total amount of € 188.0 million.

3.9. Trade accounts payable

Trade accounts payable decreased as of the balance sheet date of September 30, 2016 by € 22.2 million to € 306.3 million (December 31, 2015: € 328.5 million). This development was primarily a result of reduced liabilities for health insurance discounts as well as dossier acquisitions in Germany.

3.10. Other financial liabilities

Current other financial liabilities decreased by € 11.5 million to € 207.3 million, mainly due to decreased accruals for health insurance discounts (December 31, 2015: € 218.8 million).

3.11. Income tax liabilities

Financial assets increased as of the balance sheet date of September 30, 2016 by € 20.6 million to € 60.0 million (December 31, 2015: € 39.4 million). This development resulted, among other things, from increased income tax expenses in Germany as a consequence of improved operational development.

3.12. Other liabilities

Other current liabilities declined as of the balance sheet date of September 30, 2016 by € 10.6 million to € 91.8 million (December 31, 2015: € 102.4 million). This development was primarily based on lower sales tax liabilities in Germany as well as lower other liabilities.

4. Notes to the Consolidated Cash Flow Statement

4.1. Cash flow from operating activities

Cash flow from operating activities – which consists of changes in items not covered by investing activities, financing activities or by changes in cash and cash equivalents due to exchange rates and/or the scope of consolidation – amounted to € 198.0 million in the first nine months of 2016 (1-9/2015: € 137.7 million). The strong increase of € 60.3 million as compared to the corresponding period of the previous year mainly resulted from decreased payments for interest and income taxes as well as a significantly lower cash-effective increase in inventories and significantly decreased cash-effective decrease in trade accounts payable. The resulting positive effects were partially compensated by higher cash-efficiency in the area of other net assets as compared to the corresponding period of the previous year.

4.2. Cash flow from investing activities

Cash flow from investing activities – which reflects the cash outflows for investments less the inflows from disposals – amounted to € -119.5 million in the reporting period (1-9/2015: € -127.1 million). The cash flow from investing activities was particularly influenced by payments for investments in property, plant and equipment and in intangible assets in the first nine months of 2016, which primarily relate to advance payments made for the development of approvals and trademarks in Germany and the United Kingdom. Furthermore, payments were also made for business contributions from the purchase of Argentinean Laboratorio Vannier S.A., the British BSMW Limited as well as a product portfolio in Serbia.

4.3. Cash flow from financing activities

Cash flow from financing activities in the reporting period amounted to € 164.4 million (1-9/2015: € -85.5 million). This development was primarily attributable to the securing of additional promissory note loans in the total amount of € 350.0 million, which will be used for the refinancing of the promissory note loans expiring in financial year 2016 in the total amount of € 188.0 million. In addition, significantly fewer financial liabilities were repaid in the current financial year than in the corresponding period of the previous year.

4.4. Net cash flow for the period

Net cash flow for the period is the balance of cash inflows and outflows from cash flow from operating activities, cash flow from investing and financing activities as well as from changes in cash and cash equivalents due to exchange rates and/or the scope of consolidation and amounted to € 247.2 million in the first nine months of 2016 (1-9/2015: € -61.5 million).

5. Segment Reporting

5.1. General information

The measurement approaches for segment reporting are in accordance with the financial reporting methods used in the IFRS consolidated financial statements. Services between the segments are charged based on market prices.

The reported segment result corresponds to the operating profit of the income statement of the STADA Group in accordance with IFRS. Reporting of individual non-current assets according to segment as well as segment liabilities is waived, as this information is not used for Group monitoring.

In the third quarter of the current financial year, the Executive Board decided to fundamentally change the reporting structures. Previously, the STADA Group reported according to operating segment and market region. According to the new reporting structure, which was introduced in the third quarter of 2016, the Group is only managed by operating segment, i.e. according to the two segments Generics and Branded Products. This measure is primarily designed to take account of the growth strategy including central management of the segments, increasing internationalization of the product portfolio as well as stricter cost control. In the course of the change, the non-core activity Commercial Business was integrated into the Generics segment. Therefore the figures reported for the Generics segment for the first nine months of 2016 as well as those for the corresponding period of the previous year include the non-core activity Commercial Business, which was previously disclosed separately.

5.2. Information by operating segment

in € 000s		9 months 2016 Jan. 1 – Sep. 30	9 months 2015 Jan. 1 – Sep. 30
Generics	**External sales**	**931,778**	**928,196**
	Sales with other segments	194	323
	Total sales	931,972	928,519
	Operating profit	149,886	122,146
	Depreciation/amortization	37,198	37,193
	Impairment losses	5,688	502
	Reversals	-3	-
	Other significant non-cash items within operating result	-162,287	-175,921
Branded Products	**External sales**	**609,928**	**605,350**
	Sales with other segments	-	-
	Total sales	609,928	605,350
	Operating profit	90,785	121,335
	Depreciation/amortization	45,538	44,894
	Impairment losses	21,583	5,220
	Reversals	-	-
	Other significant non-cash items within operating result	-18,049	-21,837
Reconciliation Group holdings/other and consolidation	**External sales**	**1**	**-**
	Sales with other segments	-194	-323
	Total sales	-193	-323
	Operating profit	-67,705	-63,683
	Depreciation/amortization	3,402	6,135
	Impairment losses	1,685	6,453
	Reversals	-	-
	Other significant non-cash items within operating result	-6,319	-1,667
Group	**External sales**	**1,541,707**	**1,533,546**
	Sales with other segments	-	-
	Total sales	1,541,707	1,533,546
	Operating profit	172,966	179,798
	Depreciation/amortization	86,138	88,222
	Impairment losses	28,956	12,175
	Reversals	-3	-
	Other significant non-cash items within operating result	-186,655	-199,425

5.3. Reconciliation of segment result to net profit

in € 000s	9 months 2016 Jan. 1 – Sep. 30	9 months 2015 Jan. 1 – Sep. 30
Operating segment profit	240,671	243,481
Reconciliation Group holdings/other and consolidation	-67,705	-63,683
Result from investments measured at equity	998	944
Investment income	23	62
Financial income	2,118	1,248
Financial expenses	41,025	52,465
Earnings before taxes, Group	**135,080**	**129,587**

6. Additional information

6.1. Information by segment

Sales Generics in € 000s	9 months 2016 Jan. 1 – Sep. 30	9 months 2015 Jan. 1 – Sep. 30	±%[1]	±% *adjusted*[2]
Top 8 markets				
• Germany	223,221	227,729	-2%	*-2%*
• Italy	116,828	113,711	+3%	*+3%*
• Spain	79,149	80,171	-1%	*-1%*
• Russia	75,510	57,459	+31%	*+52%*
• France	60,518	55,587	+9%	*+9%*
• Belgium	57,701	76,529	-25%	*-25%*
• Vietnam	49,464	45,371	+9%	*+12%*
• Serbia	37,225	51,823	-28%	*-27%*
Other	232,162	219,816	+6%	*+9%*
Total Generics	**931,778**	**928,196**	**0%**	***+2%***

1) Calculated on thousand euro basis.
2) Adjustments due to changes in the Group portfolio and currency effects.

Sales Branded Products in € 000s	9 months 2016 Jan. 1 – Sep. 30	9 months 2015 Jan. 1 – Sep. 30	±%[1]	±% *adjusted*[2]
Top 5 markets				
• Germany	143,073	97,329	+47%	*+45%*
• United Kingdom	118,238	112,814	+5%	*+3%*
• Russia	101,839	144,926	-30%	*-21%*
• Italy	30,050	27,407	+10%	*-8%*
• Vietnam	26,354	22,875	+15%	*+18%*
Other	190,374	199,999	-5%	*+2%*
Total Branded Products	**609,928**	**605,350**	**+1%**	***+4%***

7. Disclosures about fair value measurements and financial instruments

The following table shows how the valuation rates of assets and liabilities measured at fair value were determined:

Fair values by levels of hierarchy in € 000s on a recurring basis	Level 1 Quoted prices in active markets		Level 2 Valuation methods with input parameters observable in the market		Level 3 Valuation methods with input parameters not observable in the market	
	Sep. 30, 2016	Dec. 31, 2015	Sep. 30, 2016	Dec. 31, 2015	Sep. 30, 2016	Dec. 31, 2015
Available-for-sale financial assets (AfS)						
• Securities	-	-	-	-	-	-
Financial assets held for trading (FAHfT)						
• Currency forwards	-	-	-	-	-	3,118
• Interest rate/currency swaps	-	-	-	-	13,670	24,343
Financial liabilities held for trading (FLHfT)						
• Currency forwards	-	-	-	-	19,558	9
• Interest rate/currency swaps	-	-	-	-	3,061	3,329
Derivative financial liabilities with hedging relationship						
• Cash flow hedges	-	-	-	-	-	1,274

In the context of the preparation of the financial statements, STADA reviews the allocation to the respective hierarchy levels according to information available on the determination of the fair values. If the need for reclassification is determined, the reclassification is carried out as of the beginning of the reporting period.

The fair values are analyzed in the context of the preparation of the financial statements. For this purpose, market comparisons and change analyses are carried out.

1) Calculated on thousand euro basis.
2) Adjustments due to changes in the Group portfolio and currency effects.

Derivative financial assets (FAHfT) and derivative financial liabilities (FLHfT) include positive or negative market values of derivative financial instruments (interest rate/currency swaps and foreign exchange swaps) not part of a hedging relationship. The fair values were determined using appropriate valuation models by external third parties. This includes the application of discounted cash flow methods, which are largely based on input parameters observable in the market. The cash flows, which are already fixed or calculated by means of the current yield curve, are discounted to the measurement date with the discount factors determined by means of the yield curve valid on the balance sheet date. The same applies for the calculation of the fair values of the derivative financial liabilities with a hedging relationship in the previous year, which reflected the negative market values of the interest rate swaps used as hedging instruments.

As STADA utilizes pricing information from external third parties without further correction in the determination of the fair value, and therefore does not produce any quantitative, non-observable input factors, the option of IFRS 13 to waive the disclosure of quantitative information on such input factors is taken.

Financial assets and liabilities allocated to hierarchy level 3 and recognized at fair value developed as follows in the first nine months of 2016:

in € 000s	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance as of Jan. 1, 2016	**27,461**	**-4,611**
Reclassification from level 2	-	-
Currency changes	-	-
Total result	-5,480	-18,733
• in the income statement	-5,480	-20,006
• directly in equity	-	1,273
Additions	-	-
Realizations	-8,311	725
Reclassification in level 2	-	-
Balance at Sep. 30, 2016	**13,670**	**22,619**
Income recognized in the income statement	**-5,480**	**-20,006**
Other income/other expenses	-5,955	-11,772
thereof		
• attributable to assets/liabilities held as of the balance sheet date	-2,516	-11,800
Financial result	475	-8,234
thereof		
• attributable to assets/liabilities held as of the balance sheet date	-551	-7,492

Financial assets and liabilities allocated to hierarchy level 3 and recognized at fair value developed as follows in the first nine months of 2015:

in € 000s	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance as of Jan. 1, 2015	**33,250**	**-3,124**
Reclassification from level 2	-	-
Currency changes	-	-
Total result	-7,449	-3,113
• in the income statement	-7,449	-4,230
• directly in equity	-	1,117
Additions	-	-
Realizations	5,657	241
Reclassification in level 2	-	-
Balance at Sep. 30, 2015	**31,458**	**-5,996**
Income recognized in the income statement	**-7,449**	**-4,230**
Other income/other expenses	2,551	-1,270
thereof		
• attributable to assets/liabilities held as of the balance sheet date	4,027	-1,028
Financial result	-10,000	-2,960
thereof		
• attributable to assets/liabilities held as of the balance sheet date	-9,723	-2,960

The following disclosures are made for financial assets and financial liabilities whose fair value differs from the carrying amount as of September 30, 2016:

in € 000s	Carrying amount Sep. 30, 2016	Fair value Sep. 30, 2016	Carrying amount Dec. 31, 2015	Fair value Dec. 31, 2015
Amounts due to banks	102,053	103,482	167,290	165,045
Promissory note loans	828,795	878,493	545,921	577,812
Bonds	646,539	674,990	645,673	659,125
Financial liabilities	**1,577,387**	**1,656,965**	**1,358,884**	**1,401,982**

Financial liabilities shown in the table are allocated to the valuation category “Financial liabilities measured at amortized cost” in accordance with IAS 39. There have been no changes regarding the division of financial assets and financial liabilities into valuation categories in accordance with IAS 39 in the first nine months of 2016 as compared to the presentation in the Annual Report 2015.

For all other financial assets and liabilities not displayed in the table above, the carrying amounts – approximately or based on valuation methods taking the listed prices on active markets or observable input parameters in the market as a basis – correspond to the respective fair values of the individual assets and liabilities.

8. Contingent liabilities and other financial obligations

Contingent liabilities describe possible obligations with respect to third parties, which result from past events and which may lead to a future outflow of resources depending on specific events. As of the balance sheet date, these contingent liabilities were considered improbable and are therefore not recognized.

As compared to the contingent liabilities described in the Annual Report 2015, there were no significant changes in the first nine months of 2016.

In addition to the contingent liabilities, there were other future financial obligations, which can be broken down as follows:

in € 000s	Sep. 30, 2016	Dec. 31, 2015
Operating lease liabilities	63,304	81,288
Other financial obligations	32,008	33,634
Total	**95,312**	**114,922**

As of September 30, 2016, other financial obligations primarily included a guarantee amounting to € 25.0 million toward Hospira Inc., Lake Forest, Illinois, USA, in connection with a supply agreement between Hospira and the shares in the associated company BIOCEUTICALS Arzneimittel AG, which are recognized according to the equity method.

STADA, as guarantor, has continued to recognize this guarantee as a financial guarantee in accordance with IAS 39 with a fair value in the amount of only € 0.3 million in the reporting year (December 31, 2015: € 0.3 million), as STADA is currently not expecting utilization of this guarantee.

Furthermore, additional guarantees assumed by the STADA Group are included in other financial liabilities, among other things.

9. Related party transactions

In the scope of the ordinary course of business, STADA Arzneimittel AG and/or its consolidated companies have entered into related party transactions. In accordance with IAS 24, “related parties” refers to directly or indirectly controlled subsidiaries that are not consolidated due to lack of material significance, associates and joint ventures as well as persons in key positions and their close relatives. In principle, all trades are settled with related companies and natural persons at market-rate conditions.

No significant changes occurred with regard to related companies in the first nine months of 2016 compared with the situation as described in the Annual Report 2015, also taking the personnel changes in the Supervisory Board in the third quarter of 2016 into account.

The following changes occurred with regard to related persons in the reporting period compared with the situation as described in the Annual Report 2015: In view of the fact that Steffen Retzlaff, the son of former Chairman of the Executive Board Hartmut Retzlaff, focuses on his responsibilities as Senior Vice President of the region Asia/Pacific & MENA, his other mandates – with the exception of his position as member of the Board of Directors of STADA MENA DWC-LLC and STADA Pharmaceuticals (Asia) Ltd. – ended in June 2016.

10. Significant events after the balance-sheet date

The following significant events have occurred since the reporting date that could have a significant effect on the Group's business, financial and earnings situation:

At the beginning of the fourth quarter of 2016, the executive management of STADA GmbH and STADAvita as well as STADApharm and cell pharm started negotiations with the Works Council about the details for a merger as well as negotiations about a balancing of interests and a social compensation plan.

Publisher: STADA Arzneimittel AG, Stadastrasse 2–18, 61118 Bad Vilbel, Germany, Phone: +49 (0) 6101/603-0, Fax: +49 (0) 6101/603-259, E-mail: info@stada.de

Members of the Executive Board: Dr. Matthias Wiedenfels (Chairman), Helmut Kraft
Members of the Supervisory Board: Carl Ferdinand Oetker (Chairman), Jens Steegers[1] (Deputy Chairman), Dr. Eric Cornut, Halil Duru[1], Rolf Hoffmann, Dr. Birgit Kudlek, Tina Müller, Dr. Ute Pantke[1], Dr. Gunnar Riemann

Contact: STADA Arzneimittel AG · Investor Relations · Phone: +49 (0) 6101/603-113 · Fax: +49 (0) 6101/603-215 · E-mail: ir@stada.de

STADA on the Internet: www.stada.com

1) Employee representatives.