



CORPORATE PRESENTATION

Analyst Meeting Q4 and Full-Year 2016 Results /
Strategic Outlook 2019

March 29, 2017



FY/2016: STRONG PERFORMANCE

Generics

- Ongoing strong sales momentum: Russia with continued high demand/ Recovery in Belgium
- Segment margin significantly improved

Branded Products

- Sales and margin impacted by challenging environment in Russia and weak GBP
- Germany again standing out with double digit sales growth

Strong Pipeline

- 665 product introductions in 2016

Cash flow

- Operating Cash flow improved
- Significant increase in Free Cash flow

Net Income

- Financial result clearly improved
- Continued net income (adj.) growth

Leverage

- Leverage now at 2.8
- Net debt significantly reduced

GENERICS

KEY HIGHLIGHTS

- » Reorganization in Germany and Netherlands has been initiated
- » Belgium: early exit of contract with Omega to further strengthen our leading market position and improve profitability
- » Revitalization of the UK Generics business in process
- » Main launches in Generics in 2016:
Bendumastin, Memantin, Rasagalin und Valganciclovir
- » Biosimilars: approval for Teriparatide – launch expected in early 2019
- » Higher number of product launches planned in 2017



Stronger focus on profitability going forward

BRANDED PRODUCTS KEY HIGHLIGHTS

- **Successful product launches and internationalization in 2016,**
e.g. Flexitol, Grippostad, Lactoflora, Hedrin, Mobiflex
- **Solid growth of established Brands e.g.**
e.g. APO-Go, Grippostad, Hoggar
- **Ongoing positive development of recently acquired Fultium portfolio:**
+10% sales growth in 2016
- **Selected acquisitions to strengthen product portfolio:**
BSMW Limited in February and Natures Aid in November
- **8 products to be launched in 2017 in Germany, France, Spain**



**Internationalization of
Branded Products well
on track**



FINANCIAL OVERVIEW

Group Results

€m	Q4/2016	Q4/2015	Δ	FY/2016	FY/2015	Δ
Sales	598	582	3%	2,139	2,115	1%
Sales (adj.) ¹	599	578	4%	2,167	2,100	3%
EBITDA	72	96	-25%	362	377	-4%
EBITDA (adj.) ²	97	96	2%	398	389	2%
Financial result	-13	-16	19%	-51	-66	23%
Income taxes	-4	-6	30%	-32	-41	21%
Net Income ²	-14	20	n.m.	86	110	-22%
Net Income (adj.) ³	37	39	-4%	177	166	7%

1) Adjusted for currency and portfolio effects. 2) Attributable to shareholders of STADA Arzneimittel AG. 3) Adjusted for special items.

GENERICS

Segment Results

€m	Q4/2016	Q4/2015	Δ	FY/2016	FY/2015	Δ
Sales	349	333	5%	1,281	1,261	2%
Sales (adj.) ¹	343	331	4%	1,287	1,253	3%
EBITDA (adj.) ²	71	71	0%	265	232	14%
Margin (adj.) ²	20.4%	21.4%		20.7%	18.4%	

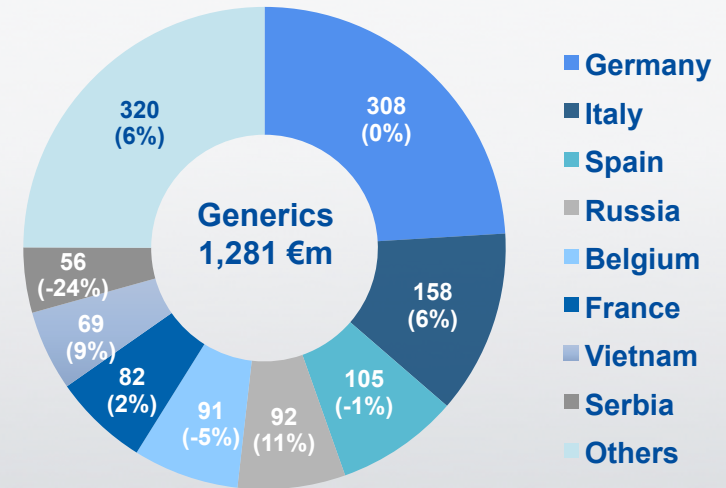
1) Adjusted for currency and portfolio effects. 2) Adjusted for special items

GENERICS

FY Segment Results

- » Stable Generics sales in Germany
- » Positive volume effects in Italy and Spain
- » Ongoing strong demand for generics in Russia
- » Successful tender business in Vietnam

Sales by country FY 2016 in €m

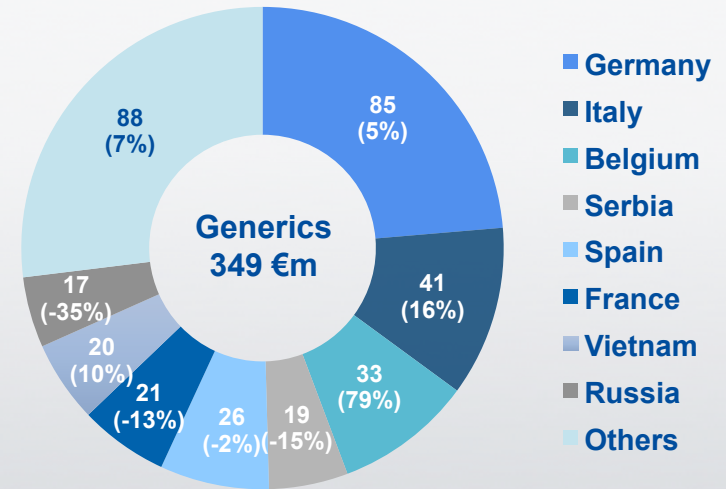


GENERICS

Q4 Segment Results

- » **Germany: solid growth despite selected approach in tenders and stronger focus on profitability**
- » **Belgium: recovery continued in Q4**
- » **Italy: growth supported by higher volumes**
- » **Russia: decrease in wholesaler stock levels**

Sales by country Q4/2016 in €m



BRANDED PRODUCTS

Segment Results

€m	Q4/2016	Q4/2015	Δ	1-12/2016	1-12/2015	Δ
Sales	249	248	0%	858	854	1%
Sales (adj.) ¹	256	247	4%	880	847	4%
EBITDA (adj.) ²	40	39	2%	201	220	-9%
Margin (adj.) ²	15.9%	15.6%		23.4%	25.8%	

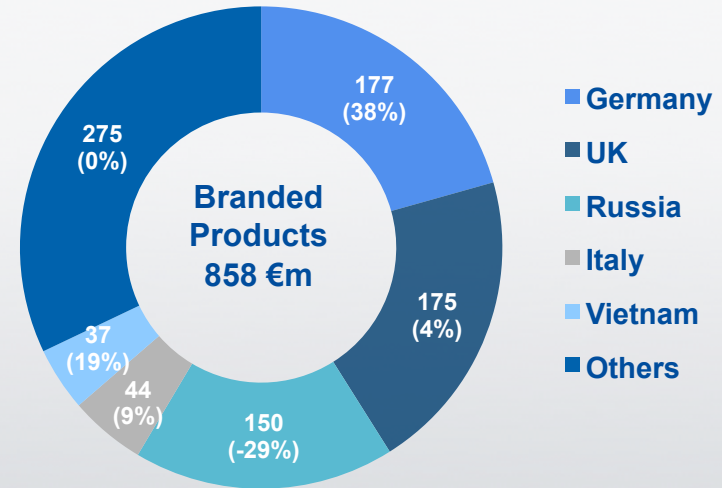
1) Adjusted for currency and portfolio effects. 2) Adjusted for special items

BRANDED PRODUCTS

FY Segment Results

- » Germany: strong sales growth supported by brands like Grippostad, Ladival, Mobilat
- » UK: organic sales increase of 7% in constant currency due to strong growth of top brands
- » Russia: ongoing challenging environment
- » Italy: growth from acquisition
- » Vietnam: double-digit sales growth driven by strong tender business

Sales by country FY 2016 in €m

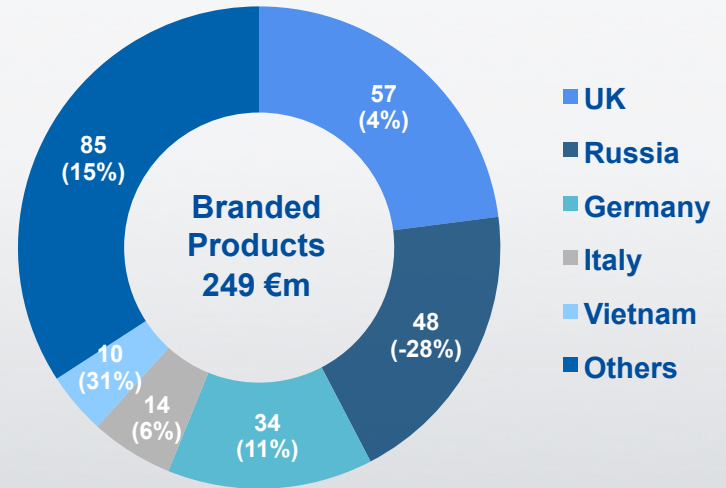


BRANDED PRODUCTS

Q4 Segment Results

- » UK: negative currency effects
- » Russia: consolidation on demand side, higher discount burdens
- » Germany: ongoing strong sales momentum
- » Increased marketing spend in Q4

Sales by country Q4/2016 in €m



CASH FLOW DEVELOPMENT

	Q4/2016	Q4/2015	Δ	FY/2016	FY/2015	Δ
Operating Cash flow	136	174	-22%	334	312	7%
Capex (maintenance and other minor investments net of disposals)	-25	-30	16%	-91	-99	9%
Free cash flow (adj.)¹ (before dividends)	110	144	-23%	243	212	14%
Acquisitions net of disposals	-28	-21	34%	-82	-79	4%
Free cash flow (before dividends)	82	123	-33%	161	134	20%

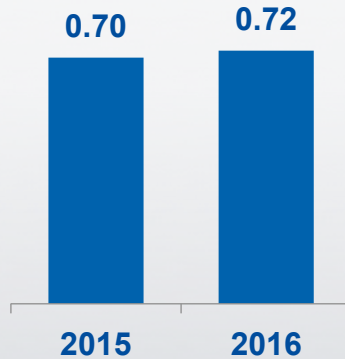
1) Adjusted for significant investments, acquisitions and disposals

LEVERAGE NET DEBT/EBITDA (ADJ.)



DIVIDEND PROPOSAL

Dividend per share in €



Dividend policy

➤ 2.9% dividend increase

➤ Dividend proposal based on strong underlying business and strong cash flows

GROUP GUIDANCE 2017

Target

Sales adj.¹	€ 2,280 - 2,350m
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EBITDA adj.²	€ 430 - 450m
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Net income adj.²	€ 195 - 205m
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1) Adjusted for currency and portfolio effects. 2) Adjusted for special items.



STRATEGIC OUTLOOK 2019



“STADA PLUS” – EFFICIENCY GAINS ALREADY BECOMING VISIBLE – SOME EXAMPLES

Organization & Processes

- **Consolidation:**
 - Consolidation of German entities underway
- **Complexity reduction:**
 - e.g. number of legal entities within the Group are currently being reduced
 - e.g. Delayering within the organization
- **Portfolio optimization:**
 - Portfolio pruning / discontinuation of selected SKUs in the Branded Products and Generics segment to increase efficiency and profitability of our product portfolio
 - IT-supported optimization of portfolio management process
- **Operational excellence:**
 - Reducing lead times and freeing up cash due to lower inventory levels

COGS Reduction

- **Packaging harmonization:**
 - e.g. new packaging center (Serbia) will consolidate solid dose packaging in two centers as of summer 2017. This allows us to be closer to the markets and make use of modern packaging equipment.
 - e.g. packaging harmonization for blisters and bottles
 - e.g. batch size optimization and harmonization of packaging material ongoing
- **Reduction in changeover times:**
 - The Changeover program (for solid dose) has given us a 50% reduction in changeover times. In a next step this initiative will be rolled out to the liquid and semi solids sites
- **Product transfers inhouse:**
 - Product transfers ongoing with approx. 40 projects currently underway

NEW STRATEGIC OUTLOOK 2019 – IN A NUTSHELL

- » **“STADA-Plus” launched in summer 2016 already bearing fruit**
- » **Execution timelines shorter and more efficient than originally anticipated**
- » **Stronger base business expected particularly in Generics Segment**
- » **Additional cost savings potential identified**
- » **Accelerated increase in profitability expected**
- » **Further cash flow improvement expected**



STADA raises medium-term growth targets!

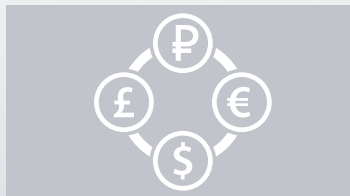
STADA well on track for more growth and increase in profitability 2019 and beyond!

BASIC UNDERLYING ASSUMPTIONS FOR STRATEGIC OUTLOOK 2019 UNCHANGED

**Organic growth
existing business**



**Constant
exchange
rates**



**Stable tax
environment and
current interest
levels**

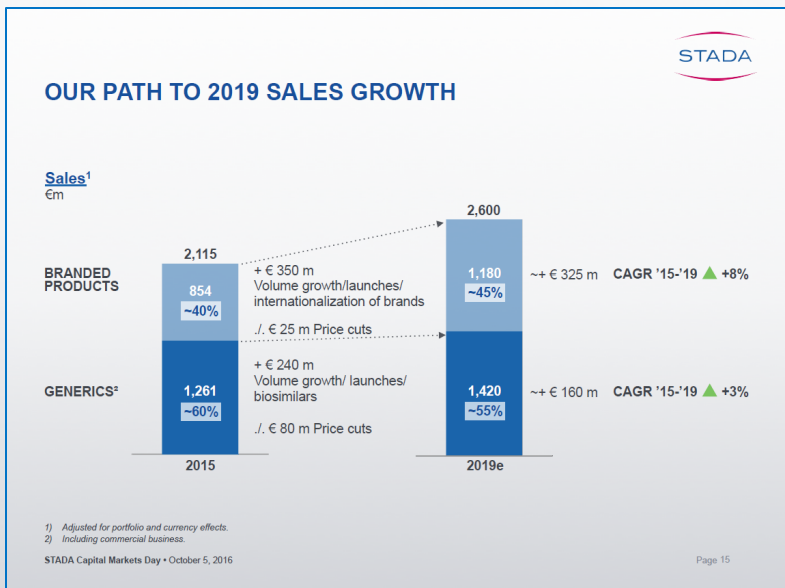


**Stable regulatory
environment for
generics business**



NEW STRATEGIC OUTLOOK 2019 – SALES GROWTH (ADJ.)

Guidance 2019 old



New Strategic Outlook 2019

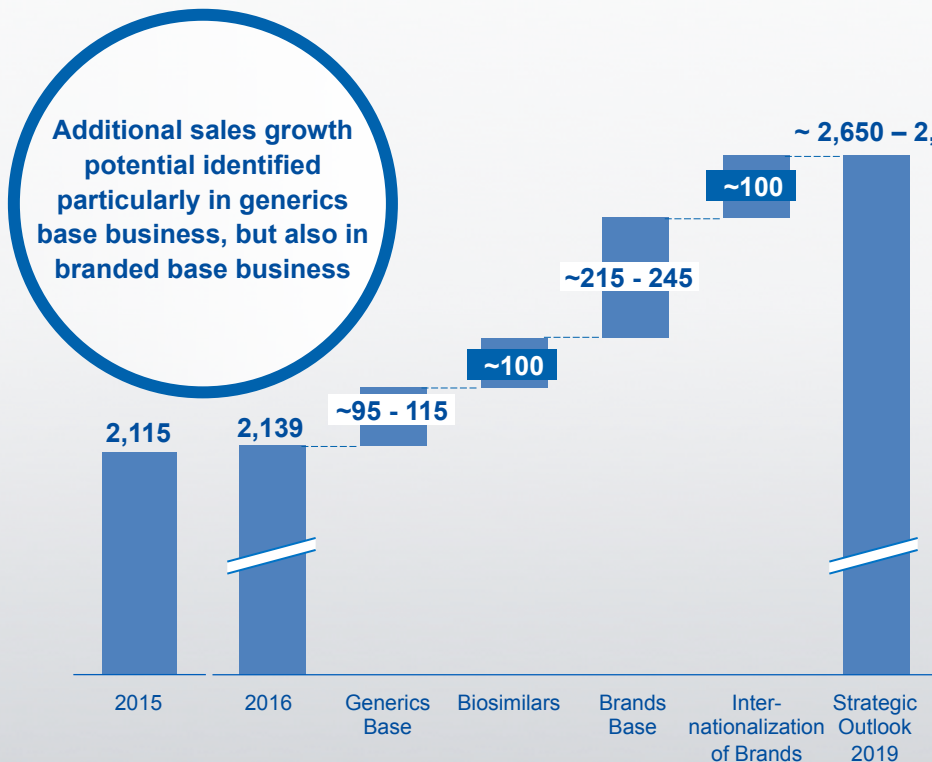
**Group Sales between
2,650 – 2,700 €m**

**Branded Products:
1,175 - 1,205 m€**

**Generics:
1,475 - 1,495 m€**



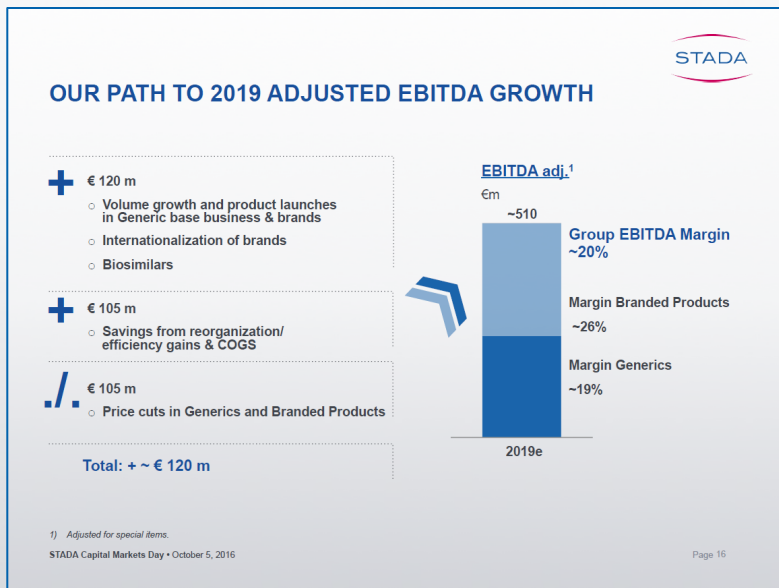
NEW STRATEGIC OUTLOOK 2019 – SALES GROWTH (ADJ.)



- Assumed segment split 2019 unchanged: approx. 55% Generics & 45% Brands
- Major growth regions Generics: Western Europe, Southern Europe & SEE
- Biosimilars: sales potential unchanged despite Pegfilgrastim delay
- Major growth countries Brands: UK/Ireland & CIS
- Internationalization on track: 7 products identified for phase I roll-out

NEW STRATEGIC OUTLOOK 2019 – EBITDA GROWTH (ADJ.)

Guidance 2019 old



New Strategic Outlook 2019

**Group adj. EBITDA
between 570-590 €m**

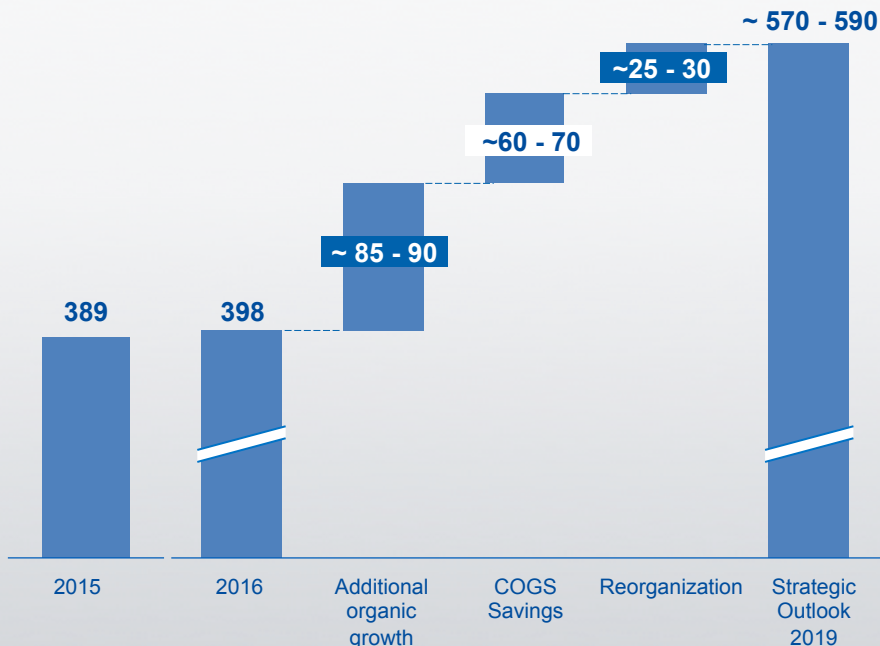
**» Add. profit drivers
vs. old 2019 guidance:**

- Stronger base business particularly in the generics business
- Additional improvements in procurement/production/portfolio optimization
- Organizational streamlining

**» In General: Execution timelines
quicker than originally anticipated**

**Group adj. EBITDA-margin:
~ 22 %**

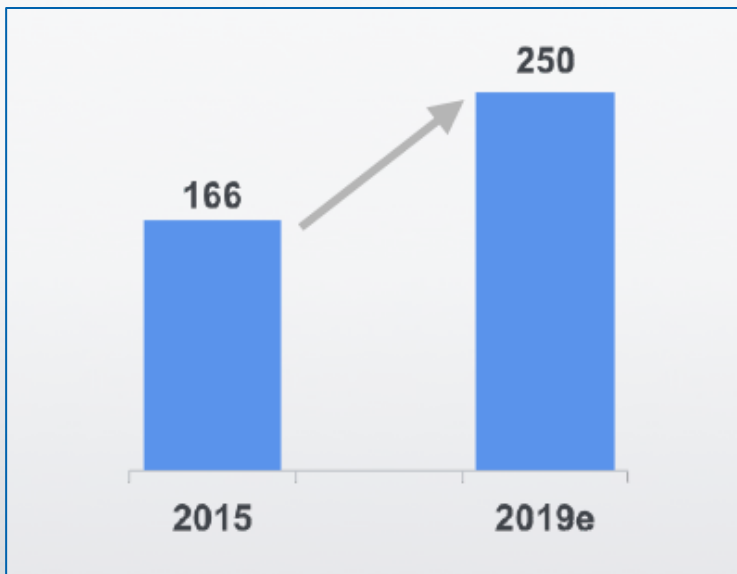
NEW STRATEGIC OUTLOOK 2019 – EBITDA GROWTH (ADJ.)



- » Group adj. EBITDA-margin to improve from 18.6% in 2016 to ~ 22% in 2019 mainly driven by significant savings in COGS and accelerated reorganization efforts across the Group
- » Adj. EBITDA-margin 2019:
 Generics 2019: ~ 21%
 Brands 2019: ~ 27%
- » Strong growth in base business in both segments drives EBITDA
- » Additional investments in internationalization of brands and biosimilars funded by strong base business

STRATEGIC OUTLOOK 2019 – NET INCOME GROWTH (ADJ.)

Guidance 2019 old




New Strategic Outlook 2019



Net Income (Adj.)
~ 250 – 270 m€

STRATEGIC OUTLOOK 2019 – OPERATING CASH FLOW


Guidance 2019 old



OPERATING CASH FLOW WILL FURTHER IMPROVE

Operating cash flow

- Strong operating cash flow from positive underlying business development
- Working capital improvement



OPERATING
CASH FLOW

~ € 500 m

2019e

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New Strategic Outlook 2019



Operating Cash Flow
~ 560 – 580 m€



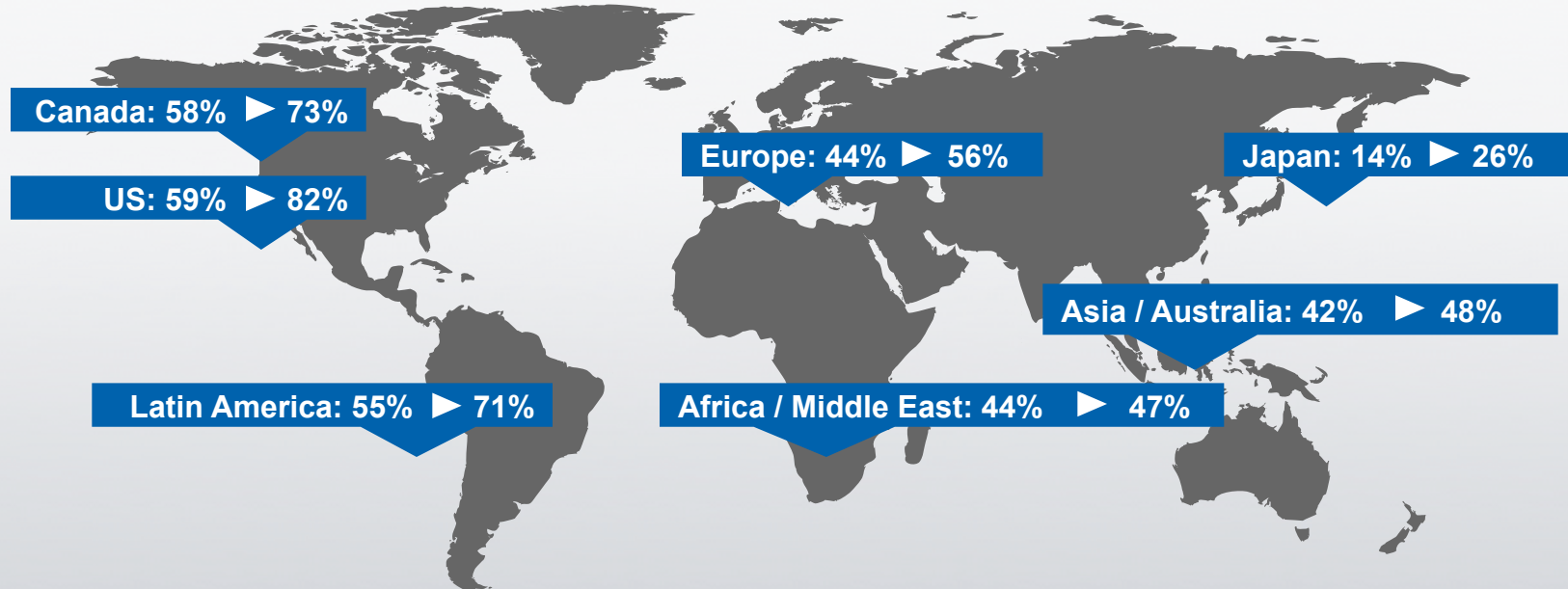
“FIT FOR THE FUTURE”!

APPENDIX

GENERICS

THE MARKET IS DRIVEN BY HIGH VOLUME GROWTH

Generics continue to take an increasing share of the scripts in all markets



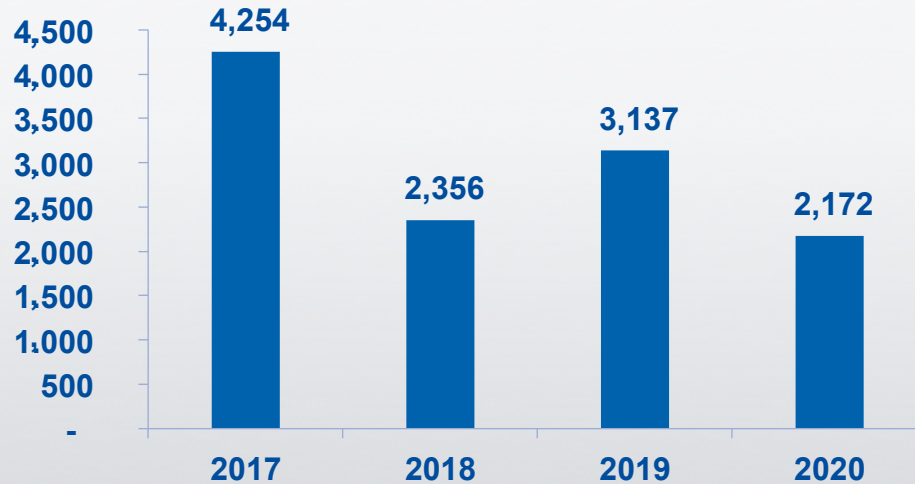
Generic volume market share 2006 vs. 2015. Source: IMS Health: "Why we need Generic medicines"; 2016.

STADA Corporate Presentation • March 2017

GENERICS FUTURE PATENT EXPIRATIONS

Patent expiration in Germany, France, Italy, Spain and UK

€bn



> € 11.9 bn of sales coming off patent in our key markets by 2020 not including biosimilars

Source: QuintilesIMS Midas.

STADA Corporate Presentation • March 2017

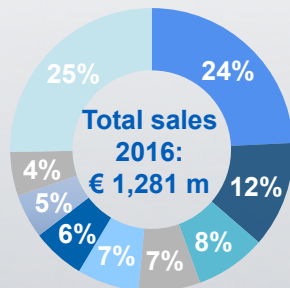
GENERICS – STADA’S TOP 5 GENERIC MARKETS

Growth rates¹ (ex-manufacturer sales before discounts) and market positions²

Market Growth CAGR 16-21		Germany	Italy	Spain	Russia	Belgium
Germany	4.8%	1. Novartis	1. Teva	1. Cinfa	1. STADA	1. STADA
Italy	4.9%	2. Teva	2. Mylan	2. Teva	2. Sanofi	2. Novartis
Spain	5.5%	3. STADA	3. Doc Generici	3. STADA	3. Octapharm	3. Teva
Russia	6.8%		4. STADA			
Belgium	3.2%					

STADA’s sales split regional

- Germany
- Italy
- Spain
- Russia
- Belgium
- France
- Vietnam
- Serbia
- Others

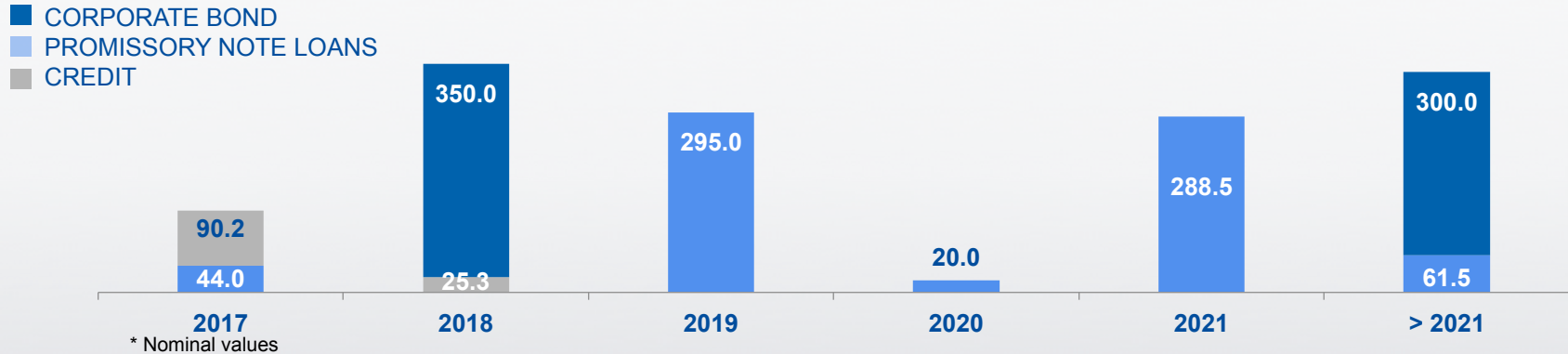


- STADA occupies leading market positions in key Western and Eastern European generic markets
- Benefits from attractive market growth
- Trend of increasing generic penetration in STADA’s key markets

1) Source: IMS Generic Forecasts. 2) Source: IMS Health / Retail. 3) Incl. Commercial business.

FINANCING STRUCTURE

Remaining terms of financial liabilities as of December 31, 2016 in €m*



- Net debt/ adj.¹ EBITDA : 2.8 (2015: 3.1)
- Cash and cash equivalents: € 352.6 m (December 31, 2015: € 143.2 m)
- Access to firmly committed credit lines from banking partners for many years
- In April 2016, STADA took up promissory note loans with a total nominal value of € 350 m with an average interest coupon of approx. 1% (term of five and seven years, fixed and variable)

1) Adjusted for special items.

RECONCILIATION Q4 2016

in € million ¹	Q4 2016 reported	Impairments / write-ups on fixed assets	Effects from purchase price allocations and product acquisitions ²	Currency effects CIS/Eastern Europe ³	Measurement of derivative financial instruments	Portfolio adjustments / Restructuring expenses ⁴	Other ⁵	Q4 2016 adjusted
EBITDA	72.4	-	-3.7	2.5		25.5	0.6	97.4
Balance from depreciation/amortization and impairments/write-ups on intangible assets (including goodwill), property, plant and equipment and financial assets	67.6	-36.5	-1.8	-	-	-	-	29.3
Financial income and expenses	12.5	-	-	-	-0.2			12.3
Income taxes	4.3	7.7	-0.6	0.3	0.1	5.3	-0.4	16.8
Result distributable to non-controlling shareholders	2.3	0.5	-1.3	-	-	-	-	1.6
Result distributable to shareholders of STADA Arzneimittel AG (net income)	-14.3	28.3	0.0	2.2	0.1	20.2	1.0	37.4

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 expenses, among other things, for the restructuring of the German business, the termination of main parts of the Aesthetics business, expenses in connection with the deconsolidation of the Egyptian subsidiary as well as the termination of a distribution agreement in Belgium.

5) Relates to miscellaneous extraordinary income and expenses, among other things, from a milestone payment received in the United Kingdom, tax rate changes in the United Kingdom as well as a severance payment for the former Chairman of the Executive Board.

RECONCILIATION FY 2016

in € million ¹	FY 2016 reported	Impairments/write-ups on fixed assets	Effects from purchase price allocations and product acquisitions ²	Currency effects CIS/Eastern Europe ³	Measurement of derivative financial instruments	Portfolio adjustments / Restructuring expenses ⁴	Other ⁵	FY 2016 adjusted
EBITDA	361.5	-	-2.9	9.1	-	28.2	2.0	398.0
Balance from depreciation/amortization and impairments/write-ups on intangible assets (including goodwill), property, plant and equipment and financial assets	182.7	-65.5	-14.3	-	-	-	-	102.9
Financial income and expenses	51.4	-	-	-	-0.5	-	-	50.9
Income taxes	31.9	12.8	3.1	1.1	0.1	5.3	4.0	58.4
Result distributable to non-controlling shareholders	9.6	0.5	-1.6	-	-	-	-	8.5
Result distributable to shareholders of STADA Arzneimittel AG (net income)	85.9	52.2	9.9	8.0	0.4	22.9	2.0	177.3

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.

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FINANCIAL CALENDAR / CONTACT

Financial Calendar 2017

May 11, 2017	Publication of the first three months of 2017 results
June 8, 2017	Annual General Meeting 2017
August 3, 2017	Publication of the first six months of 2017 results
November 9, 2017	Publication of the first nine months of 2017 results

Please note that these dates could be subject to change.

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The Executive Board of STADA Arzneimittel AG
Dr. M. Wiedenfels (Chairman), H. Kraft