



# CONFERENCE CALL FOR JOURNALISTS

Financial Results Q1/2017

May 11, 2017



# REASONED JOINT STATEMENT: STADA RECOMMENDS THE ACCEPTANCE OF THE TAKEOVER OFFER SUBMITTED BY BAIN CAPITAL / CINVEN

The Executive Board and Supervisory Board have carefully reviewed the takeover offer submitted by Bain Capital / Cinven and published their Reasoned Joint Statement on May 11, 2017.

## Consideration

**A total consideration of Euro 66.00 per STADA share is appropriate**

- **Significant premium on relevant share prices**
  - 13.3% on the last share price before the announcement (April 7, 2017)
  - 48.9% on the last share price that was possibly unaffected by concrete takeover speculation (December 9, 2016)
- **The implicit EBITDA multiple of 12.3x EV / EBITDA 2017E is significantly higher than STADA's historic average multiples** (last 12 months: 10.2x; last 3 years: 8.7x)
- This assessment is supported by **Fairness Opinions from Deutsche Bank, Evercore and Perella Weinberg Partners.**


*Note: We refer readers to the published version of the Reasoned Joint Statement of the Executive Board and the Supervisory Board (<https://www.stada.com/investor-relations/takeover-offer.html>) for detailed information on the assessment of the consideration and the derivation of the individual premiums and multiples shown here as well as the intentions of the bidder.*

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## Intentions

The Executive Board and Supervisory Board support the intentions of the bidder expressed in the offer document

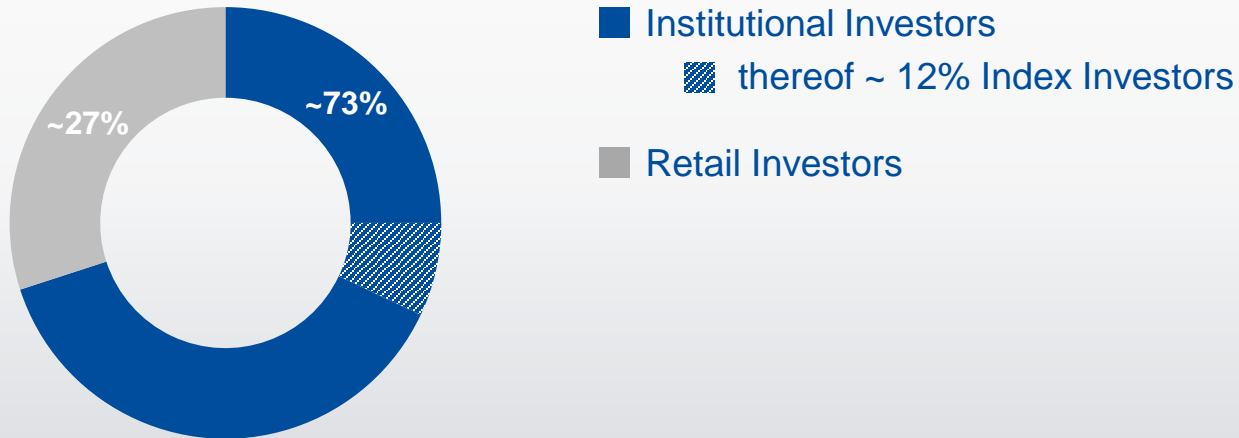
- **Measures and targets correspond to the commitments agreed in the Investment Agreement**
  - Strengthen the business of the STADA Group
  - Generate growth
  - Support management in implementing its strategy
- **The commitments made by the bidder with respect to the employees are particularly important to the Executive Board and Supervisory Board**
  - There will be no staff reduction measures Group-wide for the next four years beyond the staff cuts planned by the Executive Board.
  - Furthermore: The bidder will refrain in full from business-related layoffs of industrial employees in Germany until January 1, 2020



**The Executive Board and Supervisory Board each recommend that STADA shareholders accept the takeover offer**

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# CURRENT SHAREHOLDER STRUCTURE



Source: Orient Capital. Shareholder analysis based on share register as of May 10, 2017.

# Q1/2017: STRONG START INTO THE YEAR

## Group sales & earnings

- Increase in all key earnings figures – reported and adjusted

## Generics

- Continued growth in sales and earnings
- Particularly strong acq. based growth in Serbia
- Further adjusted segment margin improvement (up 60bps)

## Branded products

- Double-digit sales growth
- Particularly strong growth in Russia
- Significant increase in segment earnings

## Cash flow

- Operating cash flow, free cash flow and free cash flow adjusted significantly improved

## Leverage

- Net debt further reduced
- Leverage now at 2.5  
(December 31, 2016: 2.8)

## Strong pipeline

- 186 product introductions in Q1 (branded and generics)

# GENERICS

## KEY HIGHLIGHTS

» Strong growth in Serbia based on first-time consolidation effect of a wholesaler and change in distribution model (direct sales)

» Reorganization of STADApHarm and cell pharm in Germany expected to be completed in July

» Key product launches in Q1/2017: RUPATADIN, Olmesartan, Bimatoprost, Perindopril/Erbumine/Amlodipin and Olmesartan/HCT



**Generics business remains attractive core business**

# BRANDED PRODUCTS

## KEY HIGHLIGHTS

» Strong sales in Russia due to positive price and volume effects

» Good growth of established brands and numerous launches (internationalization of brands) incl. Fultium in Belgium and Portugal, Ombe drink (Lactoflora) in Austria, Flexitol in France, Daosin in Spain

» Reorganization of STADA GmbH and STADAvita in Germany expected to be completed in July

» Internationalization of branded products well on track

# FINANCIAL OVERVIEW

## Group results

€m	Q1/2017	Q1/2016	Δ
Sales	566.3	497.1	+14%
Sales (adj.) <sup>1</sup>	538.4	496.7	+8%
EBITDA	108.6	85.2	+27%
EBITDA (adj.) <sup>2</sup>	108.5	92.1	+18%
Financial result	-9.6	-12.6	+23%
Income taxes	15.2	11.8	+28%
Net Income	49.2	29.6	+66%
Net Income (adj.) <sup>2</sup>	53.3	40.1	+33%

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

Note: In connection with planned capital market transactions by the bidders as part of the takeover offer, the figures for the first quarter of 2017 are the subject of an external review, the result of which was not yet available at the time of publication.



# GENERICS

## Segment results

€m	Q1/2017	Q1/2016	Δ
Sales	325.9	307.2	+6%
Sales (adj.) <sup>1</sup>	311.6	306.8	+2%
EBITDA (adj.) <sup>2</sup>	69.4	63.6	+9%
Margin (adj.) <sup>2</sup>	21.3	20.7	+60bps

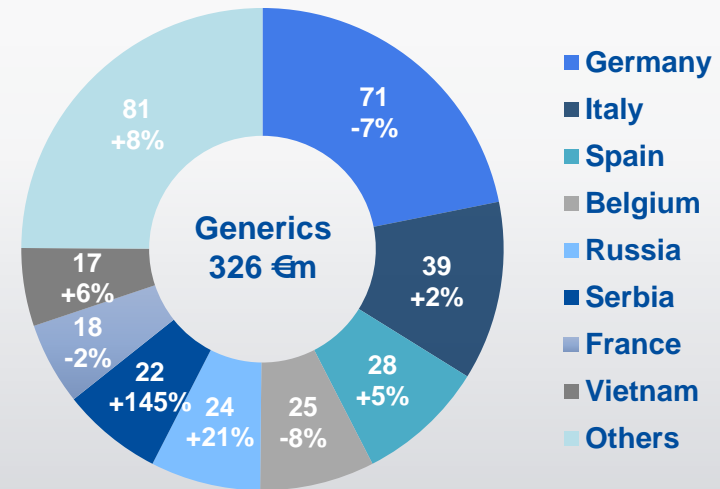
1) Adjusted for currency and portfolio effects. 2) Adjusted for special items.

# GENERICS

## Q1 segment sales

- » **Germany: lower sales reflect selected tender approach and stronger focus on profitability**
- » **Russia: decrease in adjusted numbers due to termination of contract manufacturing of one product**
- » **Serbia: strong increase due to first-time consolidation effect of a wholesaler and increased focus on direct sales**
- » **Belgium: slight decrease due to lower order volumes in March**

## Sales by country Q1/2017 in €m



# BRANDED PRODUCTS

## Segment results

€m	Q1/2017	Q1/2016	Δ
Sales	240.4	189.8	+27%
Sales (adj.) <sup>1</sup>	226.8	189.8	+19%
EBITDA (adj.) <sup>2</sup>	57.0	48.2	+18%
Margin (adj.) <sup>2</sup>	23.7	25.4	-140bps

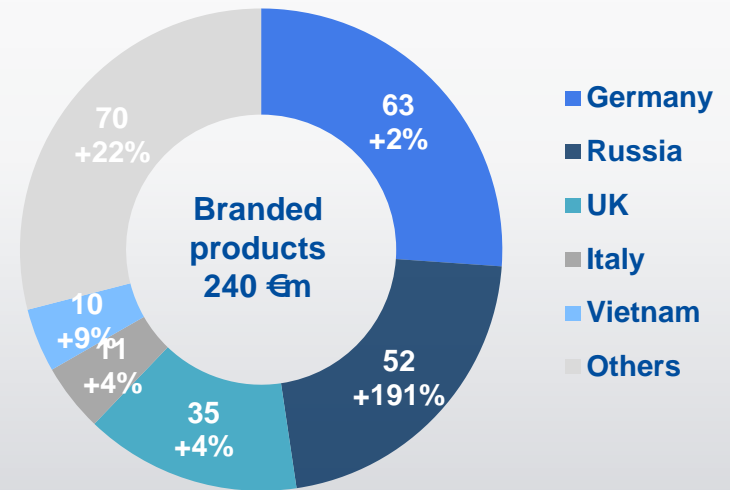
1) Adjusted for currency and portfolio effects. 2) Adjusted for special items.

# BRANDED PRODUCTS

## Q1 segment sales

- » **Germany: growth mainly due to new product launches and price increases for major products**
- » **Russia: strong growth due to increased volume effects**
- » **UK: good flu season and nice growth of established and recently acquired brands**

## Sales by country Q1/2017 in €m



# CASH FLOW DEVELOPMENT

€m	Q1/2017	Q1/2016	Δ
<b>Operating cash flow</b>	<b>59.5</b>	<b>47.2</b>	<b>+26%</b>
<b>Capex</b> (maintenance and other minor investments net of disposals)	<b>-20.1</b>	<b>-27.2</b>	
<b>Free cash flow (adj.)<sup>1</sup></b> (before dividends)	<b>39.4</b>	<b>20.0</b>	<b>+96%</b>
<b>Acquisitions net of disposals</b>	<b>-13.9</b>	<b>-14.1</b>	
<b>Free cash flow</b> (before dividends)	<b>25.5</b>	<b>5.9</b>	<b>+328%</b>

1) Adjusted for significant investments, acquisitions and disposals.

## NET DEBT/EBITDA (ADJ.)



**Net debt improved by 23.4 €m to 1,094.8 €m (December 31, 2016: 1,118.2 €m)**

*\* Before acquisitions and potential takeover.*

# GROUP GUIDANCE 2017 CONFIRMED

## Target

Sales adj.<sup>1</sup>

€2,280 - 2,350m

EBITDA adj.<sup>2</sup>

€430 - 450m

Net income adj.<sup>2</sup>

€195 - 205m



**Well on track to meet  
Full-Year Guidance**

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

# CONCLUSION: ON TRACK TO DELIVER ON OUR TARGETS

- » **Strong Start into 2017 – all key financial figures increased**
- » **Positive momentum in both Segments – Generics remains attractive core business, Branded Products shows attractive growth**
- » **STADA *Plus* well under way – strong cash flow development, major initiatives up and running**
- » **On course to reach our targets – clear commitment towards 2017 targets and mid-term strategic outlook**
- » **Clear recommendation to accept takeover offer – attractive offer consideration for our shareholders and strong intentions of the bidder towards employees, production sites and strategy**



# FINANCIAL CALENDAR / CONTACT

## Financial Calendar 2017

August 3, 2017	Publication of the first six months of 2017 results
August 30, 2017	Annual General Meeting 2017
November 9, 2017	Publication of the first nine months of 2017 results

Please note that these dates could be subject to change.

## Contact

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