Interim Report on the First Three Months **2017**

Brands for People

STADA

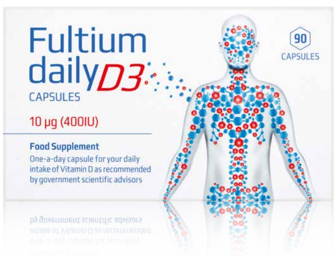
STADA KEY FIGURES

Key figures for the Group in € million	3 months 2017 Jan. 1 – Mar. 31	3 months 2016 Jan. 1 – Mar. 31	± %
Group sales	566.3	497.1	+14%
• Generics[1]	325.9	307.2	+6%
• Branded Products	240.4	189.8	+27%
Group sales adjusted for currency and portfolio effects	*538.4*	*496.7[2]*	*+8%*
• Generics[1]	*311.6*	*306.8[2]*	*+2%*
• Branded Products	*226.8*	*189.8[2]*	*+19%*
Operating profit	76.5	56.3	+36%
• Generics[1]	55.2	49.6	+11%
• Branded Products	40.9	28.8	+42%
Operating profit, adjusted[3][4]	*81.7*	*68.2*	*+20%*
• Generics[1]	*56.3*	*51.3*	*+10%*
• Branded Products	*45.5*	*38.5*	*+18%*
EBITDA (Earnings before interest, taxes, depreciation and amortization)	108.6	85.2	+27%
• Generics[1]	69.5	62.2	+12%
• Branded Products	57.0	42.7	+33%
EBITDA (Earnings before interest, taxes, depreciation and amortization), adjusted[3][4]	*108.5*	*92.1*	*+18%*
• Generics[1]	*69.4*	*63.6*	*+9%*
• Branded Products	*57.0*	*48.2*	*+18%*
EBIT (Earnings before interest and taxes)	77.7	56.3	+38%
EBIT (Earnings before interest and taxes), adjusted[3][4]	*82.9*	*68.1*	*+22%*
EBT (Earnings before taxes)	66.8	43.8	+53%
EBT (Earnings before taxes), adjusted[3][4]	*72.0*	*55.8*	*+29%*
Net income	49.2	29.6	+66%
Net income, adjusted[3][4]	*53.3*	*40.1*	*+33%*
Cash flow from operating activities	59.5	47.2	+26%
Capital expenditure	27.6	36.5	-25%
Depreciation and amortization (net of write-ups)	30.9	28.8	+7%
Employees (average number calculated on the basis of full-time employees)[5]	11,020	10,752	+2%
Employees (as of the balance sheet date calculated on the basis of full-time employees)	11,020	10,752	+2%

Key share figures	3 months 2017 Jan. 1 – Mar. 31	3 months 2016 Jan. 1 – Mar. 31	± %
Market capitalization in € million (as Mar. 31)	3,577.8	2,175.1	+64%
Year-end closing price (XETRA®) in € (as Mar. 31)	57.39	34.89	+64%
Average number of shares (without treasury shares, Jan. 1 – Mar. 31)	62,257,816	62,256,075	0%
Earnings per share in €	0.79	0.48	+65%
Earnings per share in €, adjusted[3][4]	*0.86*	*0.64*	*+33%*

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 corresponding period 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 period.
3) The elimination of effects which have an impact on the presentation of STADA's results of operations and the derived key figures improves the comparability of key figures from 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.
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.

INTERIM REPORT
ON THE FIRST THREE MONTHS 2017



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GROUP INTERIM MANAGEMENT REPORT

Overview

In the first quarter of 2017, development of the STADA Group was very positive.

Reported Group sales in the first three months of the current financial year increased by 14% to € 566.3 million (1-3/2016: € 497.1 million). After deducting effects on sales from changes in the Group portfolio and currency effects, adjusted Group sales grew by 8% to € 538.4 million (1-3/2016: € 496.7 million). The improvement in reported Group sales compared with adjusted Group sales was attributable to positive translation effects in particular.

There was growth in both reported and adjusted key earnings figures in the period. In light of the fact that the Group reported significantly fewer special items in the first quarter of 2017 than in the same period of the previous year, the difference between reported and adjusted key earnings figures was significantly lower in the period under review than in the corresponding period of the previous year. Reported EBITDA increased by 27% to € 108.6 million (1-3/2016: € 85.2 million). Reported net income recorded an increase of 66% to € 49.2 million (1-3/2016: € 29.6 million). Adjusted EBITDA recorded a plus of 18% to € 108.5 million (1-3/2016: € 92.1 million). Adjusted net income increased by 33% to € 53.3 million (1-3/2016: € 40.1 million).

Development in the net assets and financial position of the STADA Group was positive in the reporting period. Net debt was at € 1,094.8 million as of March 31, 2017 (December 31, 2016: € 1,118.2 million). The net debt to adjusted EBITDA ratio in the first quarter of 2017 improved to 2.5 on a linear extrapolation of the adjusted EBITDA from the reporting period on a full-year basis (1-3/2016: 3.3).

Dr. Barthold Piening, Chief Technical Officer, took up his position as Member of the Executive Board of STADA on April 1, 2017.[1] He is primarily responsible for the areas of Production, Supply Chain, Research, Biotechnology as well as Quality Assurance and Control.

In the context of the planned merging of STADA GmbH and STADAvita GmbH[2] as well as STADApharm GmbH and cell pharm Gesellschaft für pharmazeutische Präparate mbH[3], further progress was made in the current second quarter. The organizational and sales structures are expected to be bundled in the new STADA GmbH and the new STADApharm GmbH with effect from the beginning of July 2017.

On April 10, 2017, STADA announced that following a careful review, the Executive Board and Supervisory Board decided to support the voluntary public tender offer from Bain Capital and Cinven at a total price of € 66.00 per share.[4]

The Executive Board continues to expect further growth for financial year 2017. Group sales adjusted for currency and portfolio effects will be between € 2.280 billion and € 2.350 billion, adjusted EBITDA between € 430 million and € 450 million and adjusted net income between € 195 million and € 205 million. The Executive Board expects the ratio of net debt – excluding further acquisitions and subject to a possible takeover – to adjusted EBITDA to be at a level of below 3.

The Executive Board agreed medium-term growth targets in financial year 2016.[5] In the first quarter of 2017, the Board increased the strategic outlook for 2019.[6] In accordance with this outlook, adjusted Group sales of between € 2.650 billion and € 2.700 billion will be achieved in financial year 2019 (previously around € 2.600 billion). In terms of adjusted EBITDA, the Executive Board expects a range between € 570 million and € 590 million (previously around € 510 million). Adjusted net income will increase to between € 250 million and € 270 million (previously around € 250 million). The adjusted EBITDA margin in 2019 will be nearly 22%. Cash flow from operating activities is expected to improve to between € 560 million and € 580 million.

1) See the Company's investor news of January 23, 2017 and the "Report on Post-Balance Sheet Date Events" chapter of the Company's Annual Report 2016.
2) Continuation of the business of the transferred STADA GmbH.
3) Continuation of the business of the transferred STADApharm GmbH.
4) See the Company's ad hoc release of April 10, 2017.
5) See the Company's ad hoc release of July 11, 2016.
6) See the Company's ad hoc release of March 17, 2017.

Sales development of the STADA Group

Reported Group sales increased by 14% to € 566.3 million (1-3/2016: € 497.1 million) in the reporting period.

After deducting effects on sales from changes in the **Group portfolio** and **currency effects**, **adjusted Group sales** grew by 8% to € 538.4 million in the first quarter of 2017 (1-3/2016: € 496.7 million).

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

in € million	3 months 2017	Comparable period for the first 3 months 2017	±%	3 months 2016	Comparable period for the first 3 months 2016	±%
Reported Group sales	**566.3**	**497.1**	**+14%**	**497.1**	**486.2**	**+2%**
• Generics	325.9	307.2	+6%	307.2	301.1	+2%
• Branded Products	240.4	189.8	+27%	189.8	185.1	+3%
Currency effects	**-14.0**	**–**	**–**	**16.2**	**–**	**–**
• Generics	-6.0	–	–	7.0	–	–
• Branded Products	-8.0	–	–	9.2	–	–
Portfolio changes	**13.9**	**0.4**	**–**	**10.9**	**5.3**	**–**
• Generics	8.3	0.4	–	2.6	3.6	–
• Branded Products	5.6	0.0	–	8.3	1.7	–
Group sales adjusted for currency and portfolio effects	**538.4**	**496.7**	**+8%**	**502.4**	**480.9**	**+4%**
• **Generics**	**311.6**	**306.8**	**+2%**	**311.6**	**297.5**	**+5%**
• **Branded Products**	**226.8**	**189.8**	**+19%**	**190.7**	**183.4**	**+4%**

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

- In the first three months of 2017, portfolio changes totaled € 13.9 million and in the corresponding period of the previous year € 0.4 million, which includes the retrospective adjustment. This represents 2.7 percentage points.
- Applying the exchange rates of the first quarter of 2017 compared with those of the first quarter of 2016 for the translation of local sales contributions into the Group currency euro, STADA recorded a positive currency effect on Group sales in the amount of € 14.0 million or 2.8 percentage points.

The development of the most important national currencies for STADA, the British pound sterling, Russian ruble, and Serbian dinar in relation to the Group currency euro was as follows in the first quarter of 2017 compared with the corresponding period of the previous year:

Significant currency relations in local currency to € 1	Closing rate on Mar. 31 in local currency			Average rate for the reporting period		
	3 months 2017	3 months 2016	±%	3 months 2017	3 months 2016	±%
Pound sterling	0.85553	0.79150	+8%	0.85977	0.77013	+12%
Russian ruble	60.31300	76.30510	-21%	62.51982	82.47300	-24%
Serbian dinar	123.96790	122.92450	+1%	123.87842	122.85127	+1%

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 below, these refer to sales adjusted for portfolio effects and currency fluctuations.

Earnings development of the STADA Group

From the first quarter of 2017, STADA will only carry out adjustments related to “impairments/write-ups on fixed assets” and “effects from purchase price allocations and product acquisitions”.

Both reported and adjusted key earnings figures recorded growth in the first three months of 2017. The improved earnings in Russian generics and branded products activities as well as the good development in the German branded products segment contributed to this. In light of the fact that the Group reported significantly fewer special items in the first quarter of 2017 than in the same period of the previous year, the difference between reported and adjusted key earnings figures was significantly lower in the reporting period than in the corresponding period of the previous year.

Reported operating profit increased by 36% to € 76.5 million (1-3/2016: € 56.3 million) in the first quarter of 2017. **Reported EBITDA** increased by 27% to € 108.6 million (1-3/2016: € 85.2 million). **Reported net income** recorded an increase of 66% to € 49.2 million (1-3/2016: € 29.6 million).

Reported operating profit increased by 20% to € 81.7 million (1-3/2016: € 68.2 million) in the reporting period. **Adjusted EBITDA** recorded growth of 18% to € 108.5 million (1-3/2016: € 92.1 million). **Adjusted net income** recorded a plus of 33% to € 53.3 million (1-3/2016: € 40.1 million).

The increase in reported and adjusted net income was primarily attributable to a further optimized financial result and a continued low effective tax rate.

Special items in the **first quarter of 2017** amounted to a net burden on earnings of € 5.2 million before or € 4.1 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]	3 months 2017 reported	Impairments/ write-ups on fixed assets	Effects from purchase price allocations and product acquisitions[2]	*3 months 2017 adjusted*
Operating profit	**76.5**	**0.7**	**4.5**	***81.7***
Result from investments measured at equity	1.2	–	–	*1.2*
Investment income	–	–	–	*–*
Earnings before interest and taxes (EBIT)	**77.7**	**0.7**	**4.5**	***82.9***
Financial income and expenses	-10.9	–	–	*-10.9*
Earnings before taxes (EBT)	**66.8**	**0.7**	**4.5**	***72.0***
Income taxes	15.1	0.3	0.7	*16.1*
Result distributable to non-controlling shareholders	2.5	–	0.1	*2.6*
Result distributable to shareholders of STADA Arzneimittel AG (net income)	**49.2**	**0.4**	**3.7**	***53.3***
Earnings before interest and taxes (EBIT)	**77.7**	**0.7**	**4.5**	***82.9***
Balance from depreciation/amortization and impairments/write-ups of intangible assets (including goodwill), property, plant and equipment and financial assets	30.9	-0.7	-4.6	*25.6*
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**108.6**	**–**	**-0.1**	***108.5***

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.

In the **first quarter of 2016**, there was a net burden on earnings from **special items** of € 12.1 million before or € 10.5 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 quarter of 2016:

in € million[1]	3 months 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	*3 months 2016 adjusted*
Operating profit	**56.3**	**0.5**	**5.0**	**6.3**	**–**	***68.2***
Result from investments measured at equity	0	–	–	–	–	*0*
Investment income	–	–	–	–	–	*–*
Earnings before interest and taxes (EBIT)	**56.3**	**0.5**	**5.0**	**6.3**	**–**	***68.1***
Financial income and expenses	-12.5	–	–	–	0.2	*-12.3*
Earnings before taxes (EBT)	**43.8**	**0.5**	**5.0**	**6.3**	**0.2**	***55.8***
Income taxes	11.9	0.1	0.8	0.5	0.0	*13.3*
Result distributable to non-controlling shareholders	2.3	0.0	0.1	–	–	*2.4*
Result distributable to shareholders of STADA Arzneimittel AG (net income)	**29.6**	**0.4**	**4.1**	**5.8**	**0.2**	***40.1***
Earnings before interest and taxes (EBIT)	**56.3**	**0.5**	**5.0**	**6.3**	**–**	***68.1***
Balance from depreciation/amortization and impairments/write-ups of intangible assets (including goodwill), property, plant and equipment and financial assets	28.9	-0.5	-4.4	–	–	*24.0*
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**85.2**	**–**	**0.6**	**6.3**	**–**	***92.1***

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.

In the tables 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 three months of 2017 with the corresponding period of the previous year to allow for comparison.

Development of the STADA Group's reported key earnings figures

in € million	3 months 2017 Jan. 1–Mar. 31	3 months 2016 Jan. 1–Mar. 31	±%	Margin[1] 3 months 2017 Jan. 1–Mar. 31	Margin[1] 3 months 2016 Jan. 1–Mar. 31
Operating profit	76.5	56.3	+36%	13.5%	11.3%
• Generics	55.2	49.6	+11%	16.9%	16.2%
• Branded Products	40.9	28.8	+42%	17.0%	15.2%
EBITDA[2]	108.6	85.2	+27%	19.2%	17.1%
• Generics	69.5	62.2	+12%	21.3%	20.3%
• Branded Products	57.0	42.7	+33%	23.7%	22.5%
EBIT[3]	77.7	56.3	+38%	13.7%	11.3%
EBT[4]	66.8	43.8	+53%	11.8%	8.8%
Net income	49.2	29.6	+66%	8.7%	6.0%
Earnings per share in €	0.79	0.48	+65%		

Development of the STADA Group's adjusted[5] key earnings figures

in € million	*3 months 2017 Jan. 1–Mar. 31*	*3 months 2016 Jan. 1–Mar. 31*	*±%*	*Margin[1] 3 months 2017 Jan. 1–Mar. 31*	*Margin[1] 3 months 2016 Jan. 1–Mar. 31*
Operating profit, adjusted	*81.7*	*68.2*	*+20%*	*14.4%*	*13.7%*
• Generics	*56.3*	*51.3*	*+10%*	*17.3%*	*16.7%*
• Branded Products	*45.5*	*38.5*	*+18%*	*18.9%*	*20.3%*
EBITDA[2], adjusted	*108.5*	*92.1*	*+18%*	*19.2%*	*18.5%*
• Generics	*69.4*	*63.6*	*+9%*	*21.3%*	*20.7%*
• Branded Products	*57.0*	*48.2*	*+18%*	*23.7%*	*25.4%*
EBIT[3], adjusted	*82.9*	*68.1*	*+22%*	*14.6%*	*13.7%*
EBT[4], adjusted	*72.0*	*55.8*	*+29%*	*12.7%*	*11.2%*
Net income, adjusted	*53.3*	*40.1*	*+33%*	*9.4%*	*8.1%*
Earnings per share in €, adjusted	*0.86*	*0.64*	*+33%*		

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) Adjusted for special items.

Cost of sales increased to € 288.3 million in the first quarter of 2017 (1-3/2016: € 255.6 million), in line with increased sales.

Selling expenses increased to € 123.6 million (1-3/2016: € 117.0 million) in the reporting period. This development was mainly based on increased marketing expenses in the Branded Products segment, particularly in Russia and the United Kingdom.

General and administrative expenses increased to € 53.1 million in the first three months of the current financial year (1-3/2016: € 43.7 million), particularly due to increased consulting expenses.

Other income increased in the first three months of the current financial year to € 6.2 million (1-3/2016: € 3.3 million), particularly due to a compensation agreement reached as part of a lawsuit in the Generics segment in Spain.

The decline in **financial expenses** in the first quarter of 2017 to € 11.7 million (1-3/2016: € 13.2 million) was primarily due to lower expenses for the measurement of derivative financial instruments as well as reduced interest expense.

Income tax expenses increased to € 15.2 million in the reporting period (1-3/2016: € 11.8 million). The reported tax rate improved to 22.7% (1-3/2016: 27.0%), primarily as a result of a changed earnings allocation in the STADA Group.

Sales Development of the Generics and Branded Products Segments

Reported sales in the **Generics** segment increased by 6% to € 325.9 million in the first three months of 2017 (1-3/2016: € 307.2 million). This development was primarily due to the initial consolidation of the Serbian Velexfarm d.o.o. Furthermore, segment sales in Switzerland increased and segment sales in Russia recorded growth due to positive exchange rate effects. **Sales** of the **Generics** segment **adjusted** for portfolio and currency effects increased by 2% to € 311.6 million (1-3/2016: € 306.8 million). Generics contributed 57.5% to Group sales (1-3/2016: 61.8%).

Within the Generics segment, development of the eight largest countries by sales was as follows:

Sales generated with generics in **Germany** decreased by 7% to € 70.7 million in the reporting period (1-3/2016: € 75.9 million). This development was based on opposing effects. ALIUD PHARMA recorded positive development, particularly as a result of tenders for discount agreements won. In contrast, the high comparable basis of the corresponding period of the previous year had a dampening effect on sales at STADApharm, as sales from discount agreement tenders had been included, which fully expired in December 2016. Sales generated in the German market with generics had a share of 53% in the overall sales achieved in the German market (1-3/2016: 55%). The market share of generics sold in German pharmacies in the first quarter of 2017 was approx. 11.2%[1)] (1-3/2016: approx. 11.9%[1)]). The STADA Group holds third place in the German generics market.[1)]

Sales generated with generics in **Italy** in the first three months of 2017 increased by 2% to € 39.2 million (1-3/2016: € 38.6 million), despite high competition. Generics had a share of 79% in local sales (1-3/2016: 79%).

Generics sales in **Spain** increased by 5% to € 28.3 million in the reporting period, particularly due to positive volume effects (1-3/2016: € 26.9 million). Generics contributed 83% to sales on the Spanish market (1-3/2016: 84%).

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

In **Belgium**, sales generated with generics in the reporting period decreased by 8% to € 24.8 million (1-3/2016: € 26.9 million). This development was primarily based on a lower order volume from a major customer at the end of March 2017. The share of generics in local sales was 89% (1-3/2016: 90%).

Sales generated with generics in **Russia** in the first quarter of 2017 decreased by 7%, applying the exchange rates of the previous year. This development resulted, in particular, from reduced volume effects. In euro, sales rose by 21% to € 24.5 million due to a very positive currency effect of the Russian ruble (1-3/2016: € 20.2 million). Generics contributed 32% to local sales (1-3/2016: 53%).

Sales generated with generics in **Serbia** recorded an increase of 147% in the first quarter of 2017, applying the exchange rates of the previous year. In euro, sales increased by 145% to € 22.0 million (1-3/2016: € 9.0 million) as a result of a slightly negative currency effect of the Serbian dinar. This development resulted from both the initial consolidation of wholesaler Velexfarm as well as a change to the previous distribution model of the Serbian STADA subsidiary in the Serbian generics market and an increased focus on direct sales rather than sales through wholesalers. Generics contributed 82% to Serbian sales (1-3/2016: 77%).

Sales generated with generics in **France** in the first three months of 2017 were only slightly below the corresponding period of the previous year at € 18.4 million (1-3/2016: € 18.8 million), despite continued strong price and discount competition. Generics had a share of 94% in French sales (1-3/2016: 97%).

Despite the continued high-price pressure, sales recorded with generics in **Vietnam** achieved growth of 5% in the reporting period, applying the exchange rates of the previous year. As a result of a stable currency effect of the Vietnamese dong, sales in euro increased by 6% to € 17.3 million (1-3/2016: € 16.3 million). This development was primarily the result of local hospital tender processes that were won. Generics contributed 64% to Vietnamese sales (1-3/2016: 65%).

Reported sales of the **Branded Products** segment recorded an increase of 27% to € 240.4 million in the first three months of 2017 (1-3/2016: € 189.8 million). This development was mainly based on a strong development of segment sales in Russia. Furthermore, the increase in sales in the Branded Products segment in Germany and the United Kingdom also contributed. **Adjusted** for portfolio effects and currency effects, **sales** of the core segment **Branded Products** recorded growth of 19% to € 226.8 million (1-3/2016: € 189.8 million). Branded Products contributed 42.5% to Group sales (1-3/2016: 38.2%).

Within the Branded Products segment, the five largest countries according to sales developed as follows:

Sales generated with branded products in **Germany** recorded growth of 2% to € 62.8 million in the reporting period (1-3/2016: € 61.8 million). Overall, the share of branded products amounted to 47% of the sales achieved in the German market (1-3/2016: 45%).

In **Russia**, sales generated with branded products in the first quarter of 2017 recorded an increase of 125% applying the exchange rates of the previous year. As a result of a very positive currency effect of the Russian ruble, sales in euro recorded growth of 191% to € 52.4 million (1-3/2016: € 18.0 million), primarily due to increased volume effects. The share of branded products in sales generated in Russia was at 68% (1-3/2016: 47%).

The sales and earnings contributions of Russian STADA business activities will also continue to be primarily affected by the development of the currency relation of the Russian ruble to the euro in the future and therefore by consumer sentiment and consumer spending.

In the **United Kingdom**, sales generated with branded products in the first three months of 2017 increased by 15% applying the exchange rates of the previous year. This development was primarily attributable to a good cough and cold season, despite high disposals in the fourth quarter of 2016. As a result of the negative currency effect arising from the referendum decision in favor of the United Kingdom leaving the EU, sales in euro increased by 4% to € 34.8 million (1-3/2016: € 33.5 million). Branded products contributed 89% to sales generated in the British market (1-3/2016: 91%).

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 EU and the associated uncertainties. Overall, such a devaluation of the British pound sterling will result in negative translation effects on sales reported in euro for STADA.

Sales generated with branded products in **Italy** in the reporting period grew by 4% to € 10.6 million, particularly due to a reorganization of sales structures (1-3/2016: € 10.2 million). Branded products contributed 21% to sales in Italy (1-3/2016: 21%).

Sales recorded with branded products in **Vietnam** grew by 7% in the first three months of 2017, applying the exchange rates of the previous year. In euro, sales rose by 9% to € 9.7 million due to a stable currency effect of the Vietnamese dong (1-3/2016: € 8.9 million). Branded products had a share in sales of 36% in Vietnam (1-3/2016: 35%).

Earnings development of the Generics and Branded Products segments

Reported operating segment earnings of **Generics** increased by 11% to € 55.2 million in the first quarter of the current financial year (1-3/2016: € 49.6 million). This development was primarily attributable to improved earnings in Russia due to currency effects and a positive effect from a a compensation agreement reached as part of a lawsuit in Spain. **Reported EBITDA** of **Generics** recorded an increase of 12% to € 69.5 million (1-3/2016: € 62.2 million). This development was attributable to the development of the reporting operating segment earnings described above. The **reported operating profit margin** of **Generics** amounted to 16.9% (1-3/2016: 16.2%). The **reported EBITDA margin** of **Generics** was 21.3% (1-3/2016: 20.3%).

The **adjusted operating segment earnings** of **Generics** in the reporting period increased by 10% to € 56.3 million (1-3/2016: € 51.3 million). The **adjusted EBITDA** of **Generics** recorded an increase of 9% to € 69.4 million (1-3/2016: € 63.6 million). These developments were mainly based on the aforementioned improvement in the operating profit in Russia as well as in Spain. The **adjusted operating profit margin** of **Generics** was at 17.3% (1-3/2016: 16.7%). The **adjusted EBITDA margin** of **Generics** amounted to 21.3% (1-3/2016: 20.7%).

The **reported operating segment earnings** of **Branded Products** increased by 42% to € 40.9 million in the first three months of 2017 (1-3/2016: € 28.8 million). This development was particularly attributable to strong sales development in Russia as well as an increased earnings contribution in the Serbian subgroup through the integration of the consumer health product portfolio acquired in the third quarter of 2016 and a resulting strengthened market position. The **reported EBITDA** of **Branded Products** recorded growth of 33% to € 57.0 million (1-3/2016: € 42.7 million). This development was particularly a result of the aforementioned developments in the operating segment earnings. The **reported operating profit margin** of **Branded Products** was at 17.0% (1-3/2016: 15.2%). The **reported EBITDA margin** of **Branded Products** was 23.7% (1-3/2016: 22.5%).

The **adjusted operating segment earnings** of **Branded Products** in the reporting period increased by 18% to € 45.5 million (1-3/2016: € 38.5 million). The **adjusted EBITDA** of **Branded Products** recorded an increase of 18% to € 57.0 million (1-3/2016: € 48.2 million). These developments were primarily attributable to the developments in Russia and the Serbian subgroup discussed above. The **adjusted operating profit margin** of **Branded Products** amounted to 18.9% (1-3/2016: 20.3%). The **adjusted EBITDA margin** of **Branded Products** was 23.7% (1-3/2016: 25.4%).

Development, production and procurement

Research and development costs were at € 16.5 million in the reporting period (1-3/2016: € 14.9 million). Due to 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 € 5.0 million (1-3/2016: € 5.9 million).

Worldwide, STADA launched a total of 186 individual products in the individual national markets in the first quarter of 2017 (1-3/2016: 213 product launches).

In light of the continued well-filled product pipeline, the Executive Board expects to be able to continuously launch new products. The focus remains on the introduction of generics in 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 totaled € 11.2 million in the reporting period (1-3/2016: € 4.2 million).

Continuous expansion of the Branded Products segment and increasing internationalization of successful brands

In financial year 2016, as part of the revised corporate strategy, the Group introduced numerous initiatives to improve performance. In Branded Products, STADA is aiming to further expand this attractive-margin area and is seeking to increasingly internationalize successful brands. Innovative marketing concepts will be used in this context.

STADA is investing in its own development activities to expand the Branded Products area, particularly in non-prescription drugs such as nutritional supplements. The Group also intends to supplement the existing portfolio through acquisitions.

With the aim of internationalizing successful brands, the Group has identified seven attractive branded products, which have so far had a leading regional position. In light of their success, they will be introduced into other countries this year and in the coming years.

Following the introduction of the dermatological product Flexitol® in Poland, Portugal and Denmark, the cold medicine Grippostad® in Spain, the probiotic Lactoflora® in Poland, the head lice treatment Hedrin® in Italy and the joint ointment Mobiflex® in Poland in 2016, STADA continued this course in the first quarter of 2017.

The reporting period saw the introduction of vitamin D supplement Fultium® in Belgium and Portugal, probiotic Ombe® drink in Austria, dermatological product Flexitol® in France and the product against enzymatic food intolerances, DAOSiN®, in Spain.

Financial position and cash flow

The financial position of the STADA Group in the first three months of the current financial year recorded positive development. As of March 31, 2017, the **equity-to-assets ratio** was 32.4% (December 31, 2016: 30.4%) and was satisfactory in the opinion of the Executive Board.

Net debt was at € 1,094.8 million as of March 31, 2017 (December 31, 2016: € 1,118.2 million). The **net debt to adjusted EBITDA ratio** in the first quarter of 2017 improved to 2.5 on linear extrapolation of the adjusted EBITDA of the reporting period on a full-year basis (1-3/2016: 3.3).

The long-term refinancing of the Group as of March 31, 2017 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 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 March 31, 2017, there were promissory note loans with maturities in the area of 2019 until 2023 with a total nominal value in the amount of € 665.0 million. The promissory note loans are principally staggered in terms of volume and maturity, in order to ensure a balanced financing structure.

Intangible assets increased by € 5.9 million to € 1,588.3 million as of March 31, 2017 (December 31, 2016: € 1,582.4 million). The development was attributable to currency effects, among other things. As of March 31, 2017, intangible assets included € 409.7 million goodwill (December 31, 2016: € 404.6 million).

Property, plant and equipment increased to € 331.1 million as of March 31, 2017 (December 31, 2016: € 322.7 million). The increase primarily resulted from investments in production facilities in the Serbian subgroup.

The reduction in **trade accounts receivable** as of March 31, 2017 to € 475.9 million (December 31, 2016: € 489.1 million) primarily resulted from temporary reporting date effects.

The increase in **income tax receivables** to € 15.9 million as of March 31, 2017 (December 31, 2016: € 12.8 million) was primarily a result of tax prepayments in Germany.

Current other financial assets decreased to € 27.4 million as of March 31, 2017 (December 31, 2016: € 39.9 million). This development was primarily attributable to the expiration of a derivative financial instrument.

The increase in **current other assets** as of the March 31, 2017 reporting date by € 14.6 million to € 43.3 million (December 31, 2016: € 28.7 million) was particularly due to advance payments made.

As of March 31, 2017, the STADA Group recorded **assets held for sale** of € 78.9 million (December 31, 2016: € 83.0 million) in the context of a disposal group and € 11.9 million (December 31, 2016: € 14.6 million) in **associated liabilities** in a separate item in the balance sheet. The decline in these two balance sheet items primarily resulted from the sale of STADA Import/Export International Ltd. in the first quarter of 2017. Changes also occurred to the aforementioned balance sheet items as a result of an Asian subsidiary, which is still held for sale as of March 31, 2017 and is expected to be sold in financial year 2017.

Retained earnings including net income comprise net income for the first quarter of 2017 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 through other comprehensive income are reported under this item, taking deferred taxes into account.

Other reserves 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 income of financial statements of companies included in the Group, which are reported in the statement of changes in equity under the currency translation reserve. The increase in other reserves compared with the corresponding period of the previous year is primarily attributable to the appreciation of the Russian ruble since December 31, 2016 and the resulting income recognized directly in equity from the currency translation of companies reporting in this currency.

As of March 31, 2017, the Group's **current and non-current financial liabilities** in the amount of € 92.5 million and € 1,336.8 million (December 31, 2016: € 134.3 million and € 1,336.4 million) particularly include promissory note loans, which have a nominal value in the amount of € 665.0 million (December 31, 2016: € 709.0 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, 2016: 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). This decline in current financial liabilities was primarily a result of the repayment of promissory note loans.

Trade accounts payable decreased as of the March 31, 2017 reporting date by € 5.7 million to € 331.1 million (December 31, 2016: € 336.8 million). This development was primarily due to reporting date effects, particularly in connection with accruals for outstanding invoices.

Current other financial liabilities decreased as of March 31, 2017 by € 23.7 million to € 190.3 million (December 31, 2016: € 214.0 million), primarily as a result of lower accruals for health insurance organization discounts .

Cash flow from operating activities, which consists of changes in items not covered by investments, financing, exchange differences on the conversion of foreign financial statements or transactions in foreign currencies or through changes in the scope of consolidation and measurement, improved to € 59.5 million in the reporting period (1-3/2016: € 47.2 million). This increase of € 12.3 million compared with the corresponding period of the previous year primarily resulted from improved gross cash flow, which was particularly characterized by significantly improved earnings after taxes compared with the same period of the previous year as well as lower income tax payments. In addition, a lower cash-effective decrease in trade accounts payable was recorded. A greater cash-effective increase in inventories partially compensated for these positive effects from the cash flow from operating activities.

Cash flow from investing activities – which reflects the cash outflows for investments reduced by the inflows from disposals – amounted to € -34.1 million (1-3/2016: € -41.2 million) in the first quarter of 2017. Cash flow from investing activities was particularly influenced by payments for investments in intangible assets in the first three months of 2017. In the context of company mergers, payments were made for the final purchase price for the acquisition of the Argentinean Laboratorio Vannier as well as for the acquisition of the Serbian wholesaler Velexfarm. In the corresponding period of the previous year, significantly higher payments were made for the acquisition of the Argentinean Laboratorio Vannier and the British BSMW.

Free cash flow, i.e. cash flow from operating activities plus cash flow from investing activities, increased to € 25.5 million in the reporting period (1-3/2016: € 5.9 million). **Free cash flow adjusted** for payments for significant investments or acquisitions and proceeds from significant disposals increased to € 39.4 million (1-3/2016: € 20.0 million).

Cash flow from financing activities amounted to € -45.1 million in the first three months of the current financial year (1-3/2016: € 33.1 million). This development was particularly attributable to a significantly higher borrowing of funds compared with the corresponding period of the previous year.

Cash flow for the current 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 € -18.1 million in the first quarter of 2017 (1-3/2016: € 42.1 million).

Acquisitions and disposals

STADA pursues an active acquisition policy to accelerate the Group's organic growth with selected acquisitions. The focus remains on both the regional expansion of business activities as well as on the expansion and internationalization of branded products in particular. These are subject to less regulatory intervention and are often characterized by more attractive margins than generics.

Regardless of this focused purchasing policy, acquisition projects are principally 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.

As a result of a lack of suitable acquisition objects, the Group did not make any large acquisitions in the reporting period.

The Group intends to continue its focused acquisition policy in the current financial year 2017.

STADA share

In the first three months of 2017, development of the STADA share price was very positive with growth of 17%. Whereas the share price closed 2016 at € 49.19, it was at € 57.39 by the end of the first quarter of 2017. Market capitalization in this period increased from € 3.066 billion to € 3.577 billion.

As of March 31, 2017, the subscribed share capital of STADA Arzneimittel AG amounted to € 162,090,344.00 (December 31, 2016: € 162,090,344.00) in 62,342,440 registered shares each with an arithmetical share in share capital of € 2.60 (December 31, 2016: 62,342,440 registered shares).

In the first quarter of 2017, the Group published all twelve of the received voting rights notices according to 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.

Report on expected developments and associated material opportunities and risks

The Executive Board confirms the guidance for financial year 2017 and the opportunities and risk report for the Group published in the Management Report of STADA's Annual Report 2016. 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.

STADA's business model is principally oriented towards markets with long-term growth potential, in light of the general and generics-specific stimulus in the health care and pharmaceutical industry.

Inseparably linked to this, however, are operating risks and challenges based in particular on changed or additional state regulation and/or intensive competition. The sales potential of Fultium®-D3 vitamin drops expected at the time of acquisition in 2015 has not yet been achieved. For this reason, the drops will now also be sold as an OTC product. This distribution channel is an addition to the previous distribution form as a prescription and reimbursable product. If this sales strategy is not successful, impairment risks to the carrying amount of approx. € 33 million cannot be ruled out. In addition, in the future the Group will continue to be faced with non-operational influence factors such as negative Group-relevant currency relations, the effects of the ongoing CIS crisis or the potentially negative macroeconomic consequences of the decision of the United Kingdom to leave the EU.

In general, the Group's future sales and earnings development will be characterized by growth-stimulating and challenging conditions.

In light of the changed corporate structure and repositioned corporate culture, the implementation of the numerous initiatives as part of the revised corporate strategy as well as the strategic success factors, however, the positive prospects are expected to prevail.

The Executive Board continues to expect further growth for financial year 2017. Group sales adjusted for currency and portfolio effects will be between € 2.280 billion and € 2.350 billion, adjusted EBITDA between € 430 million and € 450 million and adjusted net income between € 195 million and € 205 million. The Executive Board expects the ratio of net debt – excluding further acquisitions and subject to a possible takeover – to adjusted EBITDA to be at a level of below 3.

In financial year 2016, the Executive Board approved medium-term growth targets.[1] In the first quarter of 2017, the Executive Board increased the strategic outlook for 2019.[2] In accordance with this outlook, adjusted Group sales of between € 2.650 billion and € 2.700 billion will be achieved in financial year 2019 (previously around € 2.600 billion). In terms of adjusted EBITDA, the Executive Board expects a range between € 570 million and € 590 million (previously around € 510 million). Adjusted net income will increase to between € 250 million and € 270 million (previously around € 250 million). The adjusted EBITDA margin in 2019 is expected to be nearly 22%. Cash flow from operating activities will improve to between € 560 million and € 580 million.

The increase in the medium-term growth targets for 2019 is a reflection of the interim results from the "STADA Plus" program to improve performance that was introduced in the summer of 2016. Additional value enhancement potentials have also been identified as part of the strategy project that was launched at the beginning of the year. An expanded package of measures has been defined to leverage these. On the sales side, STADA anticipates additional growth through a generally stronger base business in both the generics and brands segments. On the cost side, additional savings potentials have been identified in areas including purchasing, through further optimization in production, as well as in the supply chain area. This is on top of the fact that it has been possible to implement the measures more quickly, which means that they will likely contribute to improved profitability earlier than previously assumed.

The medium-term growth targets are also based on the following assumptions:

- Organic sales growth in the core segments of Generics and Branded Products
- No significant disposals that would impact sales and earnings
- 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
- Forward projection of current regulatory conditions in markets relevant for STADA

Dr. M. Wiedenfels H. Kraft Dr. B. Piening

1) See the Company's ad hoc release of July 11, 2016.
2) See the Company's ad hoc release of March 17, 2017.

EUNOVA® B12 Komplex – More than just vitamin B12.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST THREE MONTHS 2017 (ABRIDGED)

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement for the period from Jan. 1 to Mar. 31 in € 000s	3 months 2017 Jan. 1 – Mar. 31	3 months 2016 Jan. 1 – Mar. 31
Sales	566,313	497,122
Cost of sales	288,257	255,613
Gross profit	**278,056**	**241,509**
Selling expenses	123,582	117,023
General and administrative expenses	53,082	43,694
Research and development expenses	16,540	14,861
Other income	6,244	3,287
Other expenses	14,631	12,883
Operating profit	**76,465**	**56,335**
Result from investments measured at equity	1,237	-8
Investment income	–	–
Financial income	838	669
Financial expenses	11,717	13,224
Financial result	**-9,642**	**-12,563**
Earnings before taxes	**66,823**	**43,772**
Income taxes	15,153	11,839
Earnings after taxes	**51,670**	**31,933**
thereof		
• distributable to shareholders of STADA Arzneimittel AG (net income)	49,195	29,606
• distributable to non-controlling shareholders	2,475	2,327
Earnings per share in € (basic)	0.79	0.48

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income in € 000s	3 months 2017 Jan. 1 – Mar. 31	3 months 2016 Jan. 1 – Mar. 31
Earnings after taxes	**51,670**	**31,933**
Items to be recycled to the income statement in future:		
Currency translation gains and losses	**18,918**	**-35,238**
thereof		
• income taxes	-981	91
Gains and losses on available-for-sale financial assets	**–**	**–**
thereof		
• income taxes	–	–
Gains and losses on hedging instruments (cash flow hedges)	**–**	**226**
thereof		
• income taxes	–	-89
Items not to be recycled to the income statement in future:		
Revaluation of net debt from defined benefit plans	**–**	**–**
thereof		
• income taxes	–	–
Other comprehensive income	**18,918**	**-35,012**
thereof		
• attributable to disposal groups held for sale in accordance with IFRS 5	-1,161	–
Consolidated comprehensive income	**70,588**	**-3,079**
thereof		
• distributable to shareholders of STADA Arzneimittel AG	69,009	-3,397
• distributable to non-controlling shareholders	1,579	318

CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet as of Mar. 31 in € 000s Assets	Mar. 31, 2017	Dec. 31, 2016
Non-current assets	**1,964,333**	**1,949,543**
Intangible assets	1,588,304	1,582,361
Property, plant and equipment	331,058	322,715
Financial assets	2,221	2,236
Investments measured at equity	15,109	13,872
Other financial assets	3,430	4,450
Other assets	1,937	3,095
Deferred tax assets	22,274	20,814
Current assets	**1,484,164**	**1,490,901**
Inventories	508,285	484,904
Trade accounts receivable	475,872	489,071
Income tax receivables	15,941	12,816
Other financial assets	27,447	39,880
Other assets	43,298	28,690
Cash and cash equivalents	334,456	352,580
Non-current assets and disposal groups held for sale	78,865	82,960
Total assets	**3,448,497**	**3,440,444**

Equity and liabilities	Mar. 31, 2017	Dec. 31, 2016
Equity	**1,117,667**	**1,047,105**
Share capital	162,090	162,090
Capital reserve	514,206	514,189
Retained earnings including net income	723,430	673,253
Other provisions	-359,259	-379,074
Treasury shares	-1,405	-1,418
Equity attributable to shareholders of the parent	**1,039,062**	**969,040**
Shares relating to non-controlling shareholders	78,605	78,065
Non-current borrowed capital	**1,504,492**	**1,493,712**
Other non-current provisions	35,149	35,997
Financial liabilities	1,336,831	1,336,414
Other financial liabilities	4,343	3,916
Other liabilities	918	969
Deferred tax liabilities	127,251	116,416
Current borrowed capital	**826,338**	**899,627**
Other provisions	18,662	20,273
Financial liabilities	92,474	134,343
Trade accounts payable	331,142	336,844
Income tax liabilities	60,402	60,625
Other financial liabilities	190,304	214,031
Other liabilities	121,486	118,933
Non-current liabilities and associated liabilities of disposal groups held for sale and disposal groups	11,868	14,578
Total assets	**3,448,497**	**3,440,444**

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement in € 000s	Mar. 31, 2017	Mar. 31, 2016
Net income	51,670	31,932
Depreciation and amortization net of write-ups of non-current assets	30,872	28,834
Income taxes	15,153	11,840
Income tax paid	-9,281	-13,897
Interest income and expenses	10,811	12,555
Interest and dividends received	820	1,117
Interest paid	-9,475	-8,590
Result from investments measured at equity	-1,237	8
Result from the disposal of non-current assets	-185	-48
Additions to / reversals of other non-current provisions	817	1,091
Currency translation income and expenses	1,907	7,241
Other non-cash expenses and gains[1]	96,016	97,724
Gross cash flow	**187,888**	**169,807**
Changes in inventories	-20,504	-6,081
Changes in trade accounts receivable	23,302	19,890
Changes in trade accounts payable	-12,107	-19,299
Changes in other net assets, unless attributable to investing or financing activities[1]	-119,056	-117,144
Cash flow from operating activities	**59,523**	**47,173**
Payments for investments in		
• intangible assets	-22,901	-16,689
• property, plant and equipment	-10,365	-10,946
• financial assets	–	-2,530
• business combinations according to IFRS 3	-1,609	-12,627
Proceeds from the disposal of		
• intangible assets	390	1,075
• property, plant and equipment	408	414
• financial assets	–	18
• shares in consolidated companies	6	54
Cash flow from investing activities	**-34,071**	**-41,231**
Borrowing of funds	14,098	110,189
Settlement of financial liabilities	-58,190	-76,373
Dividend distribution	-1,032	-761
Capital increase from share options	–	–
Changes in non-controlling interests	–	–
Changes in treasury shares	30	29
Cash flow from financing activities	**-45,094**	**33,084**
Changes in cash and cash equivalents	**-19,642**	**39,026**
Changes in cash and cash equivalents due to the scope of consolidation in accordance with IFRS 5	477	–
Changes in cash and cash equivalents due to exchange rates	1,041	3,070
Net change in cash and cash equivalents	**-18,124**	**42,096**
Balance at beginning of the period	**352,580**	**143,178**
Balance at end of the period	**334,456**	**185,274**

1) Non-cash additions to accruals for discounts to health insurance organizations in the first quarter of 2017 in the amount of € 73.9 million (1-3/2016: € 85.8 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 2017	Number of shares	Share capital	Capital reserve	Retained earnings including net income
Balance as of Mar. 31, 2017	62,342,440	162,090	514,206	723,430
Dividend distribution				
Capital increase from share options				
Changes in treasury shares			17	
Changes in retained earnings				
Changes in non-controlling interests				
Changes in the scope of consolidation				983
Other income				-1
Net income				49,195
Balance as of Jan. 1, 2017	62,342,440	162,090	514,189	673,253
Previous year				
Balance as of Mar. 31, 2016	62,342,440	162,090	514,176	665,133
Dividend distribution				
Capital increase from share options				
Changes in treasury shares			5	
Changes in retained earnings				
Changes in non-controlling interests				
Changes in the scope of consolidation				
Other income				183
Net income				29,606
Balance as of Jan. 1, 2016	62,342,440	162,090	514,171	635,344

	Provisions for currency translation	Provisions for cash flow hedges	Treasury shares	Equity attributable to shareholders of the parent	Shares relating to non-controlling shareholders	Group equity
	-359,259	**–**	**-1,405**	**1,039,062**	**78,605**	**1,117,667**
				–	-1,032	-1,032
				–		–
			13	30		30
				–		–
				–		–
				983	-7	976
	19,815			19,814	-896	18,918
				49,195	2,475	51,670
	-379,074	**–**	**-1,418**	**969,040**	**78,065**	**1,047,105**
	-396,604	**-687**	**-1,434**	**942,674**	**71,464**	**1,014,138**
				–	-1,342	-1,342
				–		–
			24	29		29
				–		–
				–		–
				–		–
	-33,412	226		-33,003	-2,009	-35,012
				29,606	2,327	31,933
	-363,192	**-913**	**-1,458**	**946,042**	**72,488**	**1,018,530**

NOTES

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 group 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 group interim management report was prepared under consideration of the applicable WpHG regulations. The consolidated interim financial statements as of March 31, 2017 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, 2016 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, 2017 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 2016. 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 2016.

1.2. Changes in accounting policies

In the first quarter of 2017, 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, 2017. 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:

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 the realization of sales 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 2016. 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 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 EBITDA. Adoption into European law in accordance with IFRS 16 is still pending.

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 a parent company.

On January 1, 2017, STADA Pharmaceuticals Australia, Sydney, based in Australia, was included in the scope of consolidation.

Furthermore, the acquisition of Serbian Velexfarm d.o.o., Belgrade, was completed in accordance with corporate law in the first quarter of 2017. The company was consolidated as a subsidiary for the first time on January 1, 2017.

STADA Import/Export International Ltd., Hong Kong, China, was also sold in the first quarter of 2017. The transaction was completed on March 29, 2017. The assets and liabilities of the company were reported as non-current assets and disposal groups held for sale and associated liabilities as of December 31, 2016. A gain of € 0.2 million was recorded with the deconsolidation of the company as of March 31, 2017.

In the consolidated interim financial statements of the STADA Group, 85 companies were thereby consolidated as subsidiaries and four companies as associates as of the reporting date of March 31, 2017.

1.4. Business combinations

In the first three 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.

The Serbian subsidiary of STADA Arzneimittel AG, Hemofarm A.D., acquired Serbian pharamaceutical wholesaler Velexfarm d.o.o., based in Belgrade, Serbia, to strengthen the business activities on the Serbian market. The acquisition was completed with the aim of vertical integration in the Serbian market. The purchase price for the acquisition will total a maximum of € 1.0 million and will be or has already been fully paid in cash or cash equivalents. The purchase was completed on January 6, 2017 after the competition authorities approved the purchase contract signed in October 2016.

The provisional purchase price allocation from this merger resulted in goodwill of € 0.2 million, which was attributable to the following:

in € million	
Purchase price for 100% of the shares of the company approx.	0.7
Proportionate fair values of the assets and liabilities acquired approx.	0.5
Goodwill	**0.2**

Goodwill resulted primarily from vertical integration into 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	
Non-current assets	0.2
Inventories	17.0
Trade accounts receivable	10.1
Other assets	2.8
Other current assets	0.0
Cash and cash equivalents	0.1
Assets	**30.2**
Deferred tax liabilities	0.0
Financial liabilities	1.8
Trade accounts payable	27.4
Other current financial liabilities	0.5
Liabilities	**29.7**

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.

The gross figure of trade accounts receivable amounted to € 10.2 million, € 0.1 million of which was deemed not recoverable. Trade accounts receivable were recorded at their fair value in the amount of € 10.1 million.

Business relationships with Serbian Hemofarm A.D. had already existed before the acquisition. In financial year 2016, these sales amounted to € 8.9 million.

The acquired sales amounted to approx. € 16.5 million in the first three months of financial year 2017. The operating profit of this business combination adjusted for the effects of the purchase price allocation (around € 0.0 million) amounted to around € 0.2 million in the first three months of the reporting year.

2. Notes to the Consolidated Income Statement

2.1. Sales

The increase in sales compared to the corresponding period of the previous year primarily resulted from sales growth in Russia and Serbia. The influences of exchange rate effects and portfolio changes on the sales increase amounted to a total of 5.5 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 increased to € 288.3 million in the first quarter of 2017 (1-3/2016: € 255.6 million), in line with increased sales.

2.3. Selling expenses

Selling expenses increased to € 123.6 million (1-3/2016: € 117.0 million) in the reporting period. This development was mainly based on increased marketing expenses in the Branded Products segment, particularly in Russia and the United Kingdom.

2.4. General and administrative expenses

General and administrative expenses increased in the first three months of the current financial year to € 53.1 million (1-3/2016: € 43.7 million), particularly due to increased consulting expenses.

2.5. Other income

Other income increased to € 6.2 million in the first three months of the current financial year (1-3/2016: € 3.3 million), particularly as a result of a compensation agreement reached as part of a lawsuit in the Generics segment in Spain.

2.6. Financial expenses

The decline in financial expenses in the first quarter of 2017 to € 11.7 million (1-3/2016: € 13.2 million) was primarily due to decreased expenses for the measurement of derivative financial instruments and lower interest expenses.

2.7. Income taxes

Income tax expenses increased to € 15.2 million in the reporting period (1-3/2016: € 11.8 million). The reported tax rate improved to 22.7% (1-3/2016: 27.0%), primarily as a result of a changed profit allocation in the STADA Group.

2.8. Earnings per share

Earnings per share increased in the first three months of 2017 by € 0.31 to € 0.79 compared with the same period of the previous year (1-3/2016: € 0.48).

3. Notes to the Consolidated Balance Sheet

3.1. Intangible assets

Intangible assets increased by € 5.9 million to € 1,588.3 million as of March 31, 2017 (December 31, 2016: € 1,582.4 million). This development was attributable to currency effects, among other things. As of March 31, 2017, intangible assets included goodwill in the amount of € 409.7 million (December 31, 2016: € 404.6 million).

3.2. Property, plant and equipment

Property, plant and equipment increased to € 331.1 million as of March 31, 2017 (December 31, 2016: € 322.7 million). The increase primarily resulted from investments in production facilities in the Serbian subgroup.

3.3. Trade accounts receivable

The decline in trade accounts receivable as of March 31, 2017 to € 475.9 million (December 31, 2016: € 489.1 million) primarily resulted from temporary reporting date effects.

3.4. Income tax receivables

The increase in income tax receivables to € 15.9 million as of March 31, 2017 (December 31, 2016: € 12.8 million) was primarily a result of tax prepayments in Germany.

3.5. Other financial assets

Current other financial assets decreased to € 27.4 million as of March 31, 2017 (December 31, 2016: € 39.9 million). This development was primarily attributable to the expiration of a derivative financial instrument.

3.6. Other assets

The increase in current other assets by € 14.6 million to € 43.3 million (December 31, 2016: € 28.7 million) as of the March 31, 2017 reporting date was particularly due to advance payments made.

3.7. Non-current assets and disposal groups held for sale and associated liabilities

As of March 31, 2017, € 78.9 million (December 31, 2016: € 83.0 million) in assets held for sale as part of a disposal group and € 11.9 million (December 31, 2016: € 14.6 million) in related liabilities were reported in separate line items in the balance sheet of the STADA Group. The decrease in these two balance sheet items results primarily from the disposal of STADA Import/Export International Ltd., Hongkong, China, which was carried out in the first quarter of 2017. In addition, there were also changes to these balance sheet items from the subsidiary STADA Vietnam J.V. Co. Ltd., Ho Chi Minh City, Vietnam, which continued to be held for sale as of March 31, 2017 with a sale expected in financial year 2017.

3.8. Retained earnings and other provisions

Retained earnings including net income comprise net income for the first quarter of 2017 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 through other comprehensive income are reported under this item, taking deferred taxes into account.

Other reserves 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 income of financial statements of companies included in the Group, which are reported in the statement of changes in equity under the currency translation reserve.

The increase in other provisions as compared to the corresponding period in the previous year can be allocated primarily to the appreciation of the Russian ruble since December 31, 2016 and the resulting earnings with no effect on income from the currency translation of companies accounted for in this currency.

3.9. Financial liabilities

As of March 31, 2017, the Group's current and non-current financial liabilities in the amount of € 92.5 million and € 1,336.8 million (December 31, 2016: € 134.3 million and € 1,336.4 million) particularly include promissory note loans which have a nominal value in the amount of € 665.0 million (December 31, 2016: € 709.0 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, 2016: 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 decline in non-current financial liabilities primarily resulted from the repayment of promissory note loans.

3.10. Trade accounts payable

Trade accounts payable decreased as of the March 31, 2017 reporting date by € 5.7 million to € 331.1 million (December 31, 2016: € 336.8 million). This development was primarily due to reporting date effects, particularly in connection with accruals for outstanding invoices.

3.11. Other financial liabilities

Current other financial liabilities decreased as of March 31, 2017 by € 23.7 million to € 190.3 million (December 31, 2016: € 214.0 million), primarily as a result of declining accruals for health insurance organization discounts.

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 investments, financing, exchange differences on the conversion of foreign financial statements or transactions in foreign currencies or through changes in the scope of consolidation and measurement, improved to € 59.5 million in the reporting period (1-3/2016: € 47.2 million). This increase of € 12.3 million over the comparable period from the previous year resulted primarily from an improved gross cash flow, which, in comparison with the previous year period, was primarily characterized by significantly improved earnings after taxes as well as lower income tax payments. In addition, there was a lower cash-effective decrease in trade accounts payable as compared to the same period of the previous year. A stronger cash-effective increase in inventories partially compensated for these positive effects on the cash flow from operating activities.

4.2. Cash flow from investing activities

Cash flow from investing activities, which also includes cash outflows for investments less payments from disposals, totaled € -34.1 million in the first quarter of 2017 (1-3/2016: € -41.2 million). In the first three months of 2017, the cash flow from investing activities was particularly influenced by payments for investments in intangible assets. Within the scope of business combinations, there were pay-outs for the final purchase price payment from the acquisition of the Argentinian Laboratorio Vannier as well as for the acquisition of the Serbian pharmaceutical wholesaler Velexfarm. In the corresponding period of the previous year, there were significantly higher pay-outs for business combinations, mainly for the acquisition of the Argentinian Laboratorio Vannier and the British BSMW. Proceeds from the disposal of shares in consolidated companies exclusively related to the sale of shares in STADA Import/Export International Ltd., Hongkong, China. The sale price amounted to € 6,000 and was paid in cash and cash equivalents. Assets in the total amount of € 1.7 million and liabilities in the total amount of € 1.7 million were hereby disposed of.

4.3. Cash flow from financing activities

Cash flow from financing activities amounted to € -45.1 million in the first three months of the current financial year (1-3/2016: € 33.1 million). This development was particularly attributable to a significantly lower borrowing of funds compared with the same period of the previous year.

4.4. Cash flow for the period

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 € -18.1 million in the first quarter of 2017 (1-3/2016: € 42.1 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.

5.2 Information by operating segment

in € 000s		3 months 2017 Jan. 1 – Mar. 31	3 months 2016 Jan. 1 – Mar. 31
Generics	**External sales**	**325,884**	**307,221**
	Sales with other segments	700	39
	Total sales	326,584	307,260
	Operating profit	55,229	49,620
	Depreciation/amortization	13,160	12,561
	Impairment losses	1,079	20
	Reversals	–	3
	Other significant non-cash items within operating result	-80,431	-92,884
Branded Products	**External sales**	**240,429**	**189,791**
	Sales with other segments	4	–
	Total sales	240,433	189,791
	Operating profit	40,902	28,807
	Depreciation/amortization	15,983	13,880
	Impairment losses	66	2
	Reversals	–	0
	Other significant non-cash items within operating result	-9,890	-9,290
Reconciliation Group holdings/ other and consolidation	**External sales**	**–**	**110**
	Sales with other segments	-704	-39
	Total sales	-704	71
	Operating profit	-19,666	-22,092
	Depreciation/amortization	991	1,920
	Impairment losses	–	454
	Reversals	-407	–
	Other significant non-cash items within operating result	3,599	-2,206
Group	**External sales**	**566,313**	**497,122**
	Sales with other segments	–	–
	Total sales	566,313	497,122
	Operating profit	76,465	56,335
	Depreciation/amortization	30,134	28,361
	Impairment losses	1,145	476
	Reversals	-407	3
	Other significant non-cash items within operating result	-86,721	-104,380

5.3. Reconciliation of segment results to net profit

in € 000s	3 months 2017 Jan. 1 – Mar. 31	3 months 2016 Jan. 1 – Mar. 31
Operating segment profit	96,131	78,427
Reconciliation Group holdings/other and consolidation	-19,666	-22,092
Result from investments measured at equity	1,237	-8
Investment income	0	0
Financial income	838	669
Financial expenses	11,717	13,224
Earnings before taxes, Group	**66,823**	**43,772**

6. Additional Information

6.1. Information by segment

Sales Generics in € 000s	3 months 2017 Jan. 1 – Mar. 31	3 months 2016 Jan. 1 – Mar. 31	±%[1]	±% *adjusted*[2]
Top 8 markets				
• Germany	70,706	75,914	-7%	*-7%*
• Italy	39,157	38,556	+2%	*+2%*
• Spain	28,349	26,939	+5%	*+5%*
• Belgium	24,775	26,896	-8%	*-8%*
• Russia	24,454	20,244	+21%	*-7%*
• Serbia	21,995	8,962	>100%	*+55%*
• France	18,364	18,825	-2%	*-2%*
• Vietnam	17,310	16,273	+6%	*+5%*
Other	80,774	74,612	+8%	*+9%*
Total Generics	**325,884**	**307,221**	**+6%**	***+2%***

Sales Branded Products in € 000s	3 months 2017 Jan. 1 – Mar. 31	3 months 2016 Jan. 1 – Mar. 31	±%[1]	±% *adjusted*[2]
Top 5 markets				
• Germany	62,808	61,776	+2%	*+2%*
• Russia	52,394	18,011	>100%	*>100%*
• United Kingdom	34,835	33,456	+4%	*+6%*
• Italy	10,576	10,205	+4%	*+4%*
• Vietnam	9,692	8,898	+9%	*+7%*
Other	70,124	57,445	+22%	*+19%*
Total Branded Products	**240,429**	**189,791**	**+27%**	***+19%***

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

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:

	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	
Fair values by levels of hierarchy in € 000s on a recurring basis	**Mar. 31, 2017**	**Mar. 31, 2016**	**Mar. 31, 2017**	**Mar. 31, 2016**	**Mar. 31, 2017**	**Mar. 31, 2016**
Financial assets held for trading (FAHfT)						
• Currency forwards	–	–	–	–	–	782
• Interest rate/currency swaps	–	–	–	–	–	20,237
Financial liabilities held for trading (FLHfT)						
• Currency forwards	–	–	14,873	–	–	6,825
• Interest rate/currency swaps	–	–	–	–	3,422	3,092
Derivative financial liabilities with hedging relationship						
• Cash flow hedges	–	–	–	–	–	958

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.

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 of currency forwards are determined using financial mathematics based on current market data provided by a reputable information service, such as spot exchange rates or swap rates, in one system according to standardized procedures. In the previous year, these fair values were determined using appropriate valuation models by external third parties. This continued to be the case for interest/currency swaps in the reporting year. 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 three months of 2017:

in € 000s	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance as of Jan. 1, 2017	**9,910**	**-3,362**
Reclassification from level 2	–	–
Currency changes	–	–
Total result	-268	-60
• in the income statement	-268	-60
• directly in equity	–	–
Additions	–	–
Realizations	-9,642	–
Reclassification in level 2	–	–
Balance at Mar. 31, 2017	**–**	**-3,422**
Income recognized through profit or loss	**-268**	**-60**
Other income/other expenses	-151	-109
thereof		
• attributable to assets/liabilities held as of the reporting date	–	-109
Financial result	-117	49
thereof		
• attributable to assets/liabilities held as of the reporting date	–	49

Financial assets and liabilities allocated to hierarchy level 3 and recognized at fair value developed as follows in the first three 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	-3,382	-6,264
• in the income statement	-3,382	-6,579
• directly in equity	–	315
Additions	–	–
Realizations	-3,059	–
Reclassification in level 2	–	–
Balance at Mar. 31, 2016	**21,019**	**-10,875**
Income recognized through profit or loss	**-3,382**	**-6,579**
Other income/other expenses	-4,159	-2,759
thereof		
• attributable to assets/liabilities held as of the reporting date	-41	-2,766
Financial result	777	-3,820
thereof		
• attributable to assets/liabilities held as of the reporting date	-331	-3,823

The following disclosures are made for financial assets and financial liabilities whose fair value differs from the carrying amount as of March 31, 2017:

in € 000s	Carrying amount Mar. 31, 2017	Fair Value Mar. 31, 2017	Carrying amount Dec. 31, 2016	Fair Value Dec. 31, 2016
Amounts due to banks	118,611	119,346	116,468	117,531
Promissory note loans	663,579	695,722	707,459	746,076
Bonds	647,115	669,565	646,830	665,138
Financial liabilities	**1,429,305**	**1,484,633**	**1,470,757**	**1,528,745**

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 three months of 2017 as compared to the presentation in the Annual Report 2016.

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.

There were no significant changes in contingent liabilities in the first quarter of 2017 as compared to those described in the Annual Report 2016.

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

in € 000s	Mar. 31, 2017	Dec. 31, 2016
Operating lease liabilities	65,764	69,111
Other financial obligations	49,661	42,460
Total	**115,425**	**111,571**

As of March 31, 2017, 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 using 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 period (December 31, 2016: € 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 three months of 2017 compared with the situation as described in the Annual Report 2016.

No significant changes occurred with regard to related parties in the first quarter of 2017 compared with the situation as described in the Annual Report 2016.

10. Significant events after the balance-sheet date

No significant events have occurred since the reporting date that could have a significant effect on the STADA Group’s net assets, financial position and results of operations.

Publishing Information

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Forward-looking statements: This Interim Report of STADA Arzneimittel AG (hereinafter referred to as "STADA") contains certain statements regarding future events that are based on current expectations, estimates and forecasts of STADA's company management and on other information which is currently available. They imply various known and unknown risks and uncertainties, which may result in actual earnings, the business, financial and earnings situation, growth or performance being materially different from the estimates expressed or implied in the forward-looking statements. Statements with respect to the future are characterized by the use of words such as "expect", "intend", "plan", "anticipate", "believe", "estimate" and similar terms. STADA may, where appropriate, also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. Furthermore, our representatives may from time to time make forward-looking statements verbally. STADA is of the opinion that the expectations reflected in forward-looking statements are appropriate; however, it cannot guarantee that these expectations will actually materialize. Risk factors include in particular: The influence of regulation of the pharmaceutical industry; the difficulty in making predictions concerning approvals by the regulatory authorities and other supervisory agencies; the regulatory environment and changes in the health-care policy and in the health care system of various countries; acceptance of and demand for new drugs and new therapies; the results of clinical studies; the influence of competitive products and prices; the availability and costs of the active ingredients used in the production of pharmaceutical products; uncertainty concerning market acceptance when innovative products are introduced, presently being sold or under development; the effect of changes in the customer structure; dependence on strategic alliances; exchange rate and interest rate fluctuations, operating results, as well as other factors detailed in the annual reports and in other Company statements. STADA does not assume any obligation to update these forward-looking statements.

Rounding: The key performance indicators presented in this interim report are generally stated in euro millions, while in the interim financial statements presented at the end of this report the same figures are generally stated more precisely in euro thousands. Thus, some rounding differences may occur, although they are not material in their nature.

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