Press release – May 11, 2017

STADA: Very good start in first quarter 2017

- Continued good sales growth in Generics (+6 percent) and further margin improvement
- Significant increase in sales (+27 percent) and earnings in Branded Products
- Substantial increase in all reported and adjusted key earnings figures
- Net debt to adjusted EBITDA ratio at 2.5
- Further increase in cash flow

STADA Group Key Figures

	Q1/2017	Q1/2016	+/-
Group sales, reported	€ 566.3 million	€ 497.1 million	+14%
Group sales, adjusted	*€ 538.4 million*	*€ 496.7 million*	*+8%*
EBITDA, reported	€ 108.6 million	€ 85.2 million	+27%
EBITDA, adjusted	*€ 108.5 million*	*€ 92.1 million*	*+18%*
Net income, reported	€ 49.2 million	€ 29.6 million	+66%
Net income, adjusted	*€ 53.3 million*	*€ 40.1 million*	*+33%*
Earnings per share, reported	€ 0.79	€ 0.48	+65%
Earnings per share, adjusted	*€ 0.86*	*€ 0.64*	*+33%*

"We have made a good start in the first quarter of 2017 and significantly increased both sales and all reported and adjusted key earnings figures. Thus, we are on track to reach the guidance for the current financial year," says Dr. Matthias Wiedenfels, Chairman of the Executive Board at STADA. "We appreciate that Bain Capital and Cinven have acknowledged STADA's excellent prospects with the takeover offer made on April 27, 2017 and that they intend to continue on our current path in the event of a takeover. Following a close review of the offer price, the bidders' intentions particularly in regard to employees as well as the conditions of the takeover offer, the Executive Board and Supervisory Board have decided to recommend the acceptance of the takeover offer to STADA's shareholders."

Favorable development in Group sales

Reported Group sales increased in the reporting period by 14 percent to Euro 566.3 million (1-3/2016: Euro 497.1 million). **Group sales adjusted** for currency and portfolio effects grew by 8 percent to Euro 538.4 million (1-3/2016: Euro 496.7 million).

Significant increase in all reported and adjusted key earnings figures

Both reported and adjusted key earnings figures recorded growth in the first three months of 2017. Improved earnings in the Russian Generics and Branded Products business as well as the good development in the German Branded Products business made a particular contribution 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 percent to Euro 76.5 million in the first quarter of 2017 (1-3/2016: Euro 56.3 million). The **adjusted operating profit** rose by 20 percent to Euro 81.7 million (1-3/2016: Euro 68.2 million). **Reported EBITDA** grew by 27 percent to Euro 108.6 million (1-3/2016: Euro 85.2 million). **Adjusted EBITDA** recorded growth of 18 percent to Euro 108.5 million (1-3/2016: Euro 92.1 million). **Reported net income** increased by 66 percent to Euro 49.2 million (1-3/2016: Euro 29.6 million). **Adjusted net income** posted growth of 33 percent to Euro 53.3 million (1-3/2016: Euro 40.1 million). **Reported earnings per share** increased to Euro 0.79 (1-3/2016: Euro 0.48). **Adjusted earnings per share** increased to Euro 0.86 (previous year: Euro 0.64).

Increase in cash flow

Cash flow from operating activities improved to Euro 59.5 million in the reporting period (1-3/2016: Euro 47.2 million). **Free cash flow** increased to Euro 25.5 million (1-3/2016: Euro 5.9 million). **Free cash flow adjusted** for payments for significant investments or acquisitions and proceeds from significant disposals increased to Euro 39.4 million (1-3/2016: Euro 20.0 million).

Improved net debt to adjusted EBITDA ratio

As of March 31, 2017, **net debt** was at Euro 1,094.8 million (December 31, 2016: Euro 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).

STADA Segment Key Figures Generics

	Q1/2017	**Q1/2016**	**+/-**
Sales, reported	€ 325.9 million	€ 307.2 million	+6%
Sales, adjusted	*€ 311.6 million*	*€ 306.8 million*	*+2%*
EBITDA, reported	€ 69.5 million	€ 62.2 million	+12%
EBITDA, adjusted	*€ 69.4 million*	*€ 63.6 million*	*+9%*
EBITDA margin, reported	21.3%	20.3%	
EBITDA margin, adjusted	*21.3%*	*20.7%*	

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

Within the Generics segment, the development of the eight largest countries according to sales was as follows in the first quarter of the current financial year:

Sales generated with generics in **Germany** decreased by 7 percent to Euro 70.7 million (1-3/2016: Euro 75.9 million). This development was based on opposing effects: ALIUD PHARMA developed positively, 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 achieved with generics in **Italy** grew by 2 percent to Euro 39.2 million, despite strong competition (1-3/2016: Euro 38.6 million).

Sales achieved with generics in **Spain** increased by 5 percent to Euro 28.3 million, in particular as a result of positive volume effects (1-3/2016: Euro 26.9 million).

Sales achieved with generics in **Belgium** decreased by 8 percent to Euro 24.8 million (1-3/2016: Euro 26.9 million). This development was primarily attributable to a lower order volume from a major customer at the end of March 2017.

Sales generated with generics in **Russia** declined by 7 percent, applying the exchange rates of the previous year. This development was due, in particular, to lower volume effects. In euro, sales increased by 21 percent to Euro 24.5 million as a result of a very positive currency effect of the Russian ruble (1-3/2016: Euro 20.2 million).

Sales generated with generics in **Serbia** recorded an increase of 147 percent, applying the exchange rates of the previous year. In euro, sales increased by 145 percent to Euro 22.0 million as a result of a slightly negative currency effect of the Serbian dinar (1-3/2016: Euro 9.0 million). This development resulted from both the initial consolidation of a Serbian wholesaler 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.

Despite continued strong price and discount competition, sales generated with Generics in **France** of Euro 18.4 million were only slightly below the level of the corresponding period of the previous year (1-3/2016: Euro 18.8 million).

Although the high price pressure continued, sales recorded with generics in **Vietnam** achieved growth of 5 percent, applying the exchange rates of the previous year. In light of a stable Vietnamese dong, sales in euro increased by 6 percent to Euro 17.3 million (1-3/2016: Euro 16.3

million). This development resulted, in particular, from local hospital tender processes that were won.

Adjusted EBITDA of **Generics** recorded an increase of 9 percent to Euro 69.4 million in the reporting period (1-3/2016: Euro 63.6 million). This development was primarily attributable to improved earnings in Russia primarily due to currency effects and a positive effect from a compensation agreement reached as part of a lawsuit in Spain. The **adjusted EBITDA margin** of **Generics** was 21.3 percent (1-3/2016: 20.7 percent).

STADA Segment Key Figures Branded Products

	Q1/2017	**Q1/2016**	**+/-**
Sales, reported	€ 240.4 million	€ 189.8 million	+27%
Sales, adjusted	*€ 226.8 million*	*€ 189.8 million*	*+19%*
EBITDA, reported	€ 57.0 million	€ 42.7 million	+33%
EBITDA, adjusted	*€ 57.0 million*	*€ 48.2 million*	*+18%*
EBITDA margin, reported	23.7%	22.5%	
EBITDA margin, adjusted	*23.7%*	*25.4%*	

Reported sales in the **Branded Products** segment increased by 27 percent to Euro 240.4 million in the first three months of 2017 (1-3/2016: Euro 189.8 million). This development resulted primarily from strong growth of segment sales in Russia. The increase in sales generated in the Branded Products segment in Germany and the United Kingdom also contributed. **Sales** in the **Branded Products** segment **adjusted** for portfolio and currency effects increased by 19 percent to Euro 226.8 million (previous year: Euro 189.8 million). Branded Products contributed 42.5 percent to Group sales (1-3/2016: 38.2 percent).

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

Sales achieved in **Germany** with branded products grew by 2 percent to Euro 62.8 million (1-3/2016: Euro 61.8 million).

In **Russia**, sales achieved with branded products increased by 125 percent, applying the exchange rates of the previous year. As a result of a very strong currency effect of the Russian ruble, sales in euro recorded growth of 191 percent to Euro 52.4 million, primarily due to increased volume effects (1-3/2016: Euro 18.0 million).

In the **United Kingdom**, sales generated with branded products in the first three months of 2017 rose by 15 percent, 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. In light of the negative currency effect as a consequence of the referendum decision in favor of the United Kingdom leaving the European Union, sales in euro increased by 4 percent to Euro 34.8 million (1-3/2016: Euro 33.5 million).

Sales achieved with branded products in **Italy** recorded growth of 4 percent to Euro 10.6 million, in particular as a result of a reorganization of sales structures (1-3/2016: Euro 10.2 million).

Sales generated in **Vietnam** with branded products recorded growth of 7 percent, applying the exchange rates of the previous year. In euro, sales increased by 9 percent to Euro 9.7 million as a result of a stable currency effect of the Vietnamese dong (1-3/2016: Euro 8.9 million).

Adjusted EBITDA of **Branded Products** recorded an increase of 18 percent to Euro 57.0 million in the first three months of 2017 (1-3/2016: Euro 48.2 million). This development was particularly attributable to strong sales development in Russia as well as an increased earnings contribution in the Serbian subgroup due to the integration of a consumer health product portfolio acquired in the third quarter of 2016 and a resulting strengthened market position. The **adjusted EBITDA margin** of **Branded Products** was 23.7 percent (1-3/2016: 25.4 percent).

STADA reconciliation – special items first quarter of 2017

in € million[1]	First quarter of 2017 reported	Impairments/ write-ups on fixed assets	Effects from purchase price allocations and product acquisitions[2]	First quarter of 2017 adjusted
Earnings before interest, taxes and amortization (EBITDA)	108.6	--	-0.1	108.5
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
Financial income and expenses	-10.9	--	--	-10.9
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

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 a basis.

STADA reconciliation – special items first quarter of 2016

in € million[1]	First quarter of 2016 reported	Impairments/ write-ups on fixed assets	Effects from purchase price allocations and product acquisitions[2]	Currency translation effects CIS/Eastern Europe[3]	Measurement of derivative financial instruments	First quarter of 2016 adjusted
Earnings before interest, taxes and amortization (EBITDA)	85.2	--	0.6	6.3	--	92.1
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
Financial income and expenses	-12.5	--	--	--	0.2	-12.3
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

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.

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.

About STADA Arzneimittel AG:

STADA Arzneimittel AG is a publicly-listed company with headquarters in Bad Vilbel, Germany. STADA consistently focuses on a multi-pillar strategy of generics and branded products (OTC) with an increasingly international market orientation. The Group is the only independent generics producer in Germany. Worldwide, STADA is represented in more than 30 countries with more than 50 subsidiaries. Branded products such as Grippostad and Ladival are among the highest selling in their product category in Germany. In financial year 2016, STADA achieved adjusted Group sales of Euro 2,167.2 million, adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) of Euro 398 million and adjusted net income of Euro 177.3 million. As of December 31, 2016, STADA employed about 10.900 people worldwide.

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