



ANALYST PRESENTATION

Q4 and Full-year 2017 Results

Mark Keatley, CFO / March 8, 2018



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The Executive Board of STADA Arzneimittel AG
Dr. Claudio Albrecht (Chairman), Mark Keatley, Dr. Barthold Piening

2017 AT A GLANCE

- **Good business development; full-year 2017 targets achieved**
- **Strong growth in Group sales, driven by both segments
Significant increase in adjusted EBITDA, with margin improvement in Generics**
- **Successful product development with a total of 670 product launches (Generics and Branded Products)**
- **Transformation process well on track – implementation of further efficiency enhancement initiatives for sustainable savings**
- **Successful takeover by Bain Capital and Cinven**



**2017 –
a year of transition
and course setting
for the future**



STRONG PRODUCT PIPELINE

SUCCESSFUL DEVELOPMENTS AND APPROVAL COMPETENCES

- **Product market launches in FY/2017 e.g.:**
 - Dutasterid (Italy, Portugal, Spain)
 - Rosuvastatin (Nordics)
 - Tadalafil (Belgium, Germany, France, Austria, Italy, Spain, Ireland)
 - Tenofovir (Austria, Denmark, Germany, France)

- **Internationalization of successful brands well on track with more product launches underway; branded product launches in FY/2017:**
 - Hedrin (Germany)
 - Lactoflora (France, Austria, Poland)
 - Fultium (Belgium, Portugal)
 - Flexitol (France, Poland)

- **Over 1,200 ongoing approval procedures as of December 31, 2017 involving over 170 active pharmaceutical ingredients and active ingredient combinations for over 55 markets**



670 product launches in FY/2017 (Generics and Branded Products)



FINANCIAL OVERVIEW

Group results

€m	Q4/2017 ¹	Q4/2016	Δ	FY/2017 ¹	FY/2016	Δ
Sales	615.9	597.5	+3%	2,313.9	2,139.2	+8%
Sales (adj.)²	614.2	591.3	+4%	2,255.3	2,128.7	+6%
EBITDA	43.5	72.4	-40%	363.8	361.5	+1%
EBITDA (adj.)³	86.4	97.4	-11%	433.9	398.0	+9%
Financial result	-17.0	-12.8	+33%	-44.5	-50.7	-12%
Income taxes	+9.8	-4.4	>100%	53.0	32.0	+66%
Net Income	-23.8	-14.3	-66%	85.3	85.9	-1%
Net Income (adj.)³	50.3	37.4	+34%	195.6	177.3	+10%

1) STADA has two subsidiaries in Vietnam: Pymepharco Joint Stock Company and STADA Vietnam J.V. Co. Ltd. Sales reported for financial year 2017 include for STADA Vietnam J.V. the sales from January until November 2017; as a result of the contract concluded in Q4/2017 for the sale of the shares in the company held by STADA as of December 31, 2019, STADA Vietnam J.V. since December 2017 is no longer accounted for as a subsidiary in accordance with IFRS 10, rather as an associate pursuant to IAS 28. Since financial reports for STADA Vietnam were not available from April to October, STADA decided to use latest available plan figures for Q2/2017 and not to consider any financial data for Q3/2017 in its 9M-Reporting. As actual figures were presented accumulated in November 2017, Q4/2017 figures include the adjustments made to plan figures for Q2/2017 as well as the actual figures for Q3/2017. 2) Adjusted for currency and portfolio effects. 3) Adjusted for special items.

GENERICS - ROBUST SALES GROWTH AND DYNAMIC INCREASE IN PROFITABILITY

Segment results

€m	Q4/2017	Q4/2016	Δ	FY/2017	FY/2016	Δ
Sales	367.4	349.0	+5%	1,361.7	1,280.7	+6%
Sales (adj.) ¹	363.6	345.0	+5%	1,324.4	1,272.5	+4%
EBITDA (adj.) ²	82.8	71.3	+16%	302.8	264.9	+14%
EBITDA margin (adj.) ²	22.5%	20.4%	+210bps	22.2%	20.7%	+150bps

1) Adjusted for currency and portfolio effects.

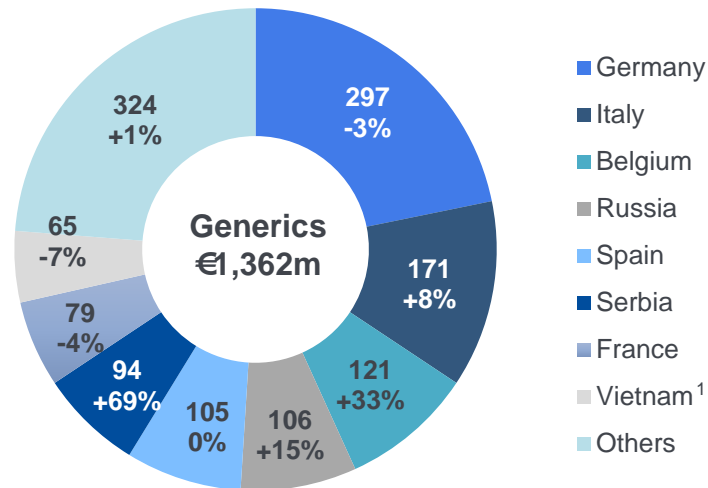
2) Adjusted for special items.

GENERICICS

FY/2017 segment sales by country

- **Germany:** sales development driven by a more selective tender approach and stronger focus on profitability
- **Italy:** very good sales development despite strong competition due to positive volume and price effects and new product launches
- **Belgium:** dynamic growth particularly resulting from taking full responsibility for distribution activities since January 2017
- **Russia:** volume growth and a very positive currency effect
- **Spain:** stable sales development despite a generally declining Spanish generics market
- **Serbia:** significant increase due to initial consolidation of Serbian wholesaler Velexfarm and increased focus on direct sales

Sales by country FY/2017 in €m



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BRANDED PRODUCTS STRONG SALES GROWTH

Segment results

€m	Q4/2017	Q4/2016	Δ	FY/2017	FY/2016	Δ
Sales	248.5	248.5	0%	952.2	858.5	+11%
Sales (adj.) ¹	250.6	246.3	+2%	930.9	856.2	+9%
EBITDA (adj.) ²	16.0	39.5	-60%	207.4	200.7	+3%
EBITDA margin (adj.) ²	6.4%	15.9%	> -100bps	21.8%	23.4%	-160bps

1) Adjusted for currency and portfolio effects.

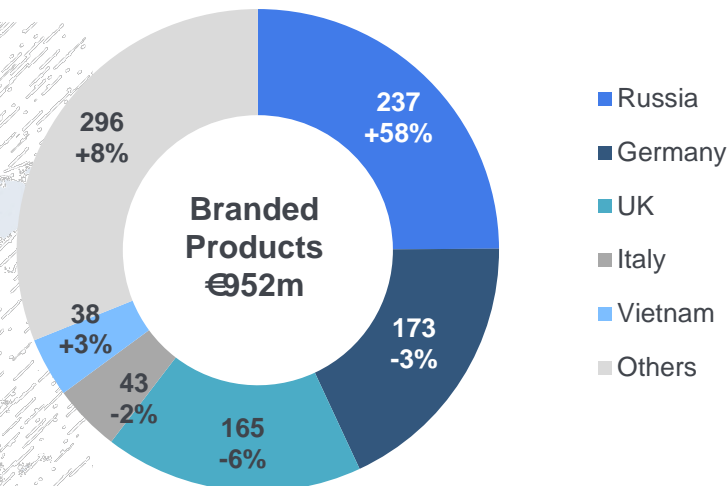
2) Adjusted for special items.

BRANDED PRODUCTS

FY/2017 segment sales by country

- **Russia:** Dynamic sales increase mainly attributable to volume growth and a very positive currency effect
- **Germany:** Decrease in sales particularly attributable to the development of the Parkinson's treatment APO-Go and a sales reorganization scheduled for 2018
- **Italy:** Decrease in sales particularly due to negative volume effects resulting from the termination of a license agreement in the second half of 2017
- **Vietnam:** Sales growth in particular due to positive volume effects – in both the OTC and hospital business
- **UK:** Positive sales contribution from Natures Aid but weak cough & cold season during the first half of 2017

Sales by country FY/2017 in €m



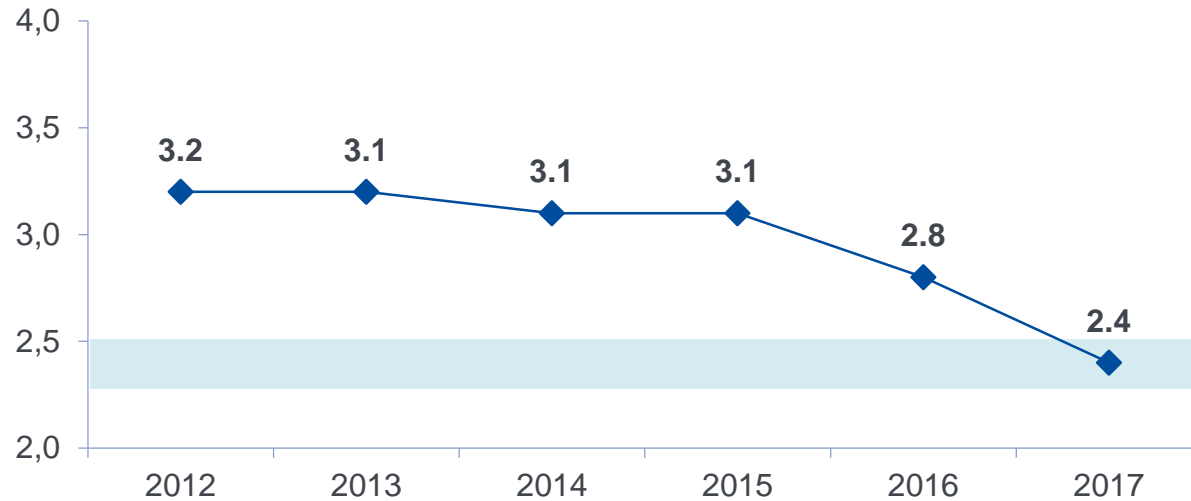
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CASH FLOW DEVELOPMENT

€m ¹	Q4/2017	Q4/2016	Δ	FY/2017	FY/2016	Δ
Operating cash flow	51.5	135.5	-62%	262.9	333.5	-21%
R&D/Intangibles	11.4	23.8	-52%	67.9	72.1	-6%
Capex/Other	12.5	8.4	+49%	51.7	42.7	+21%
Acquisitions	-	20.7	> -100%	3.1	56.9	-95%
Free cash flow (before dividends)	27.6	82.6	-67%	140.2	161.8	-13%

1) As a result of presentation in €m, deviations due to rounding may occur in the table.

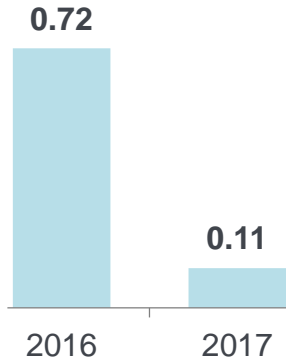
NET DEBT TO ADJUSTED EBITDA FURTHER IMPROVED



➤ Net debt improved by €63.5m to €1,054.7m (December 31, 2016: €1,118.2m)

DIVIDEND PROPOSAL

Dividend per share in €



STADA targets to accelerate growth and increase its ranking position in the global pharma market in the coming years.

The Executive Board and Supervisory Board propose to significantly increase investment in new products, technologies and markets, and therefore consider it necessary to apply cash primarily towards investments.

1) Subject to approval by the Annual Meeting.

GROUP GUIDANCE 2018

Target

Sales adj.¹ €2.495bn +/- 5%

EBITDA adj.² €480m +/- 5%

Net income adj.² €230m +/- 5%



High single-digit growth of sales and earnings expected



1) Adjusted for currency and portfolio effects.

2) Adjusted for special items.

STRATEGIC OUTLOOK 2019 UPDATED

	<u>Previous</u>	<u>New</u>
Sales adj. ¹	€2.650 – 2.700bn	€2.575bn +/- 5%
EBITDA adj. ²	€570 – 590m	€540m +/- 5%
Net income adj. ²	€250 – 270m	€275m +/- 5%



- **Portfolio effect:** Deconsolidation of STADA Vietnam J.V. Co. Ltd. following the contract concluded in Q4/2017 for the sale of the shares in the company held by STADA as of December 31, 2019
- **FX rates:** Changed fx rates reflecting lower volumes of the Russian Ruble and the British Pound compared to the previous assumptions
- **Biosimilars:** Changes made to portfolio and different expected launch times

1) Adjusted for currency and portfolio effects.

2) Adjusted for special items.

APPENDIX

RECONCILIATION FY/2017

in €m ¹	FY/2017 reported	Impairments/ write-ups on non-current assets	Effects from purchase price allocations and product acquisitions ²	Consultancy services in connection with the takeover process	Other ³	FY/2017 adjusted
EBITDA	363.8	-	-4.2	45.0	29.2	433.9
Balance from depreciation/amortization and impairments/write-ups on intangible assets (including goodwill), property, plant and equipment and financial assets	169.2	-46.4	-13.6	-	-	109.3
Financial income and expenses	46.8	-	-	-	0.0	46.8
Income taxes	53.0	8.8	0.9	12.8	-2.1	73.5
Result distributable to non-controlling shareholders	9.4	0.2	-0.9	-	-	8.7
Result distributable to shareholders of STADA Arzneimittel AG (net income)	85.3	37.4	9.4	32.2	31.3	195.6

1) As a result of the presentation in €m, deviations due to rounding may occur in the table.

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, among other things, to severance payments for departed members of the Executive Board and restructuring measures, the deconsolidation effects of a Vietnamese subsidiary and deferred taxes within the income statement.

FINANCIAL CALENDAR / CONTACT

Financial calendar 2018

May 3, 2018	Publication of the first three months of 2018 results
June 6, 2018	Annual General Meeting 2018
August 9, 2018	Publication of the half-year 2018 results

Please note that these dates could be subject to change.

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