



STRONG PUSH FOR GROWTH AND CHANGE

Press Conference 2016

March 29, 2017



AGENDA

- 1. A look back at 2016: What we achieved**
(Dr. Matthias Wiedenfels)
2. Overview 2016: Our figures in detail
(Helmut Kraft)
3. Outlook 2019: *STADA Plus* – How we are shaping our future
(Dr. Matthias Wiedenfels)

2016 – WHAT WE ACHIEVED

1. Hurdles cleared in a year of upheaval –course set for the future
2. Generics: Ongoing growth dynamic, robust business in core markets
3. Branded Products: Difficult market conditions tackled, investment in the future
4. Positive operational dynamic – full year targets widely met and exceeded

A LOOK BACK AT 2016

HURDLES CLEARED IN A YEAR OF UPHEAVAL

Change introduced

- Personnel changes:
 - Newly elected Supervisory Board
 - Changes in the Executive Board
- Strategic development and ambitious medium-term targets

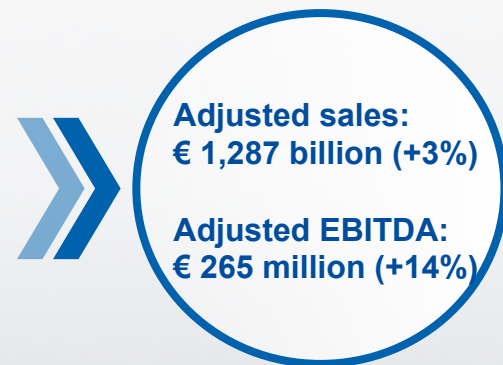


Course set for the future

- Group structure optimized, transparency increased
- Improved cooperation across the business
- Future program “STADA *Plus*”:
 - Growth initiatives launched
 - Portfolio adjustments initiated
 - Cost potentials addressed
 - M&A strategy adapted
 - Cultural transformation introduced

HIGHLIGHTS GENERICS BUSINESS: CONTINUING GROWTH DYNAMIC

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



HIGHLIGHTS BRANDED PRODUCTS INVESTMENT IN THE FUTURE

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



Adjusted sales:
€ 880 billion (+4%)

Adjusted EBITDA:
€ 201 million (-9%)

FINANCIAL RESULTS 2016

WE HAVE WIDELY REACHED OUR TARGETS

- » Adjusted Group sales increases to € 2,167 billion
- » Adjusted Group EBITDA increases to € 398 million
- » Adjusted net income increases to € 177 million
- » Adjusted free cash flow at record high of € 243 million
- » Dividend proposal increased once again: € 0.72 per share – represents a dividend payment of 48%

 **We deliver on our promises, even in challenging circumstances!**

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FINANCIAL OVERVIEW

Group Results

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

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

GENERICICS

Segment Results

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

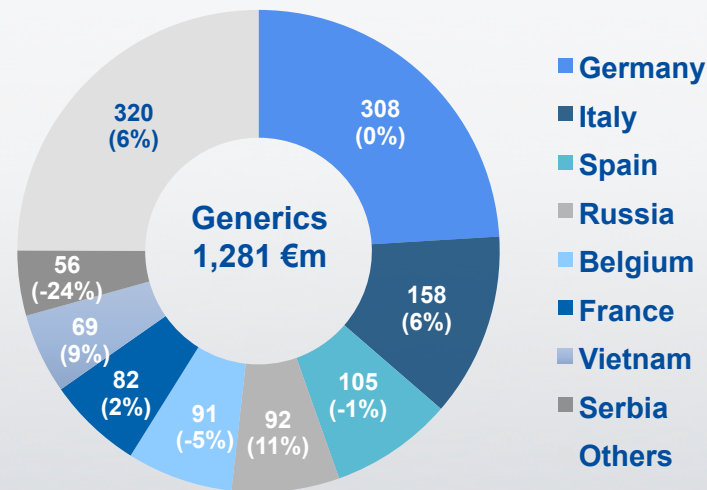
1) Adjusted for currency and portfolio effects. 2) Adjusted for special items

GENERICS

FY Segment Results

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

Sales by country FY 2016 in €m

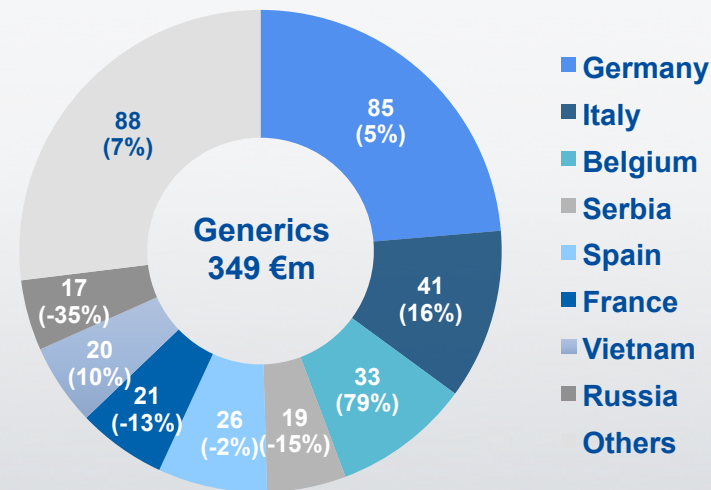


GENERICS

Q4 Segment Results

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

Sales by country Q4/2016 in €m



BRANDED PRODUCTS

Segment Results

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

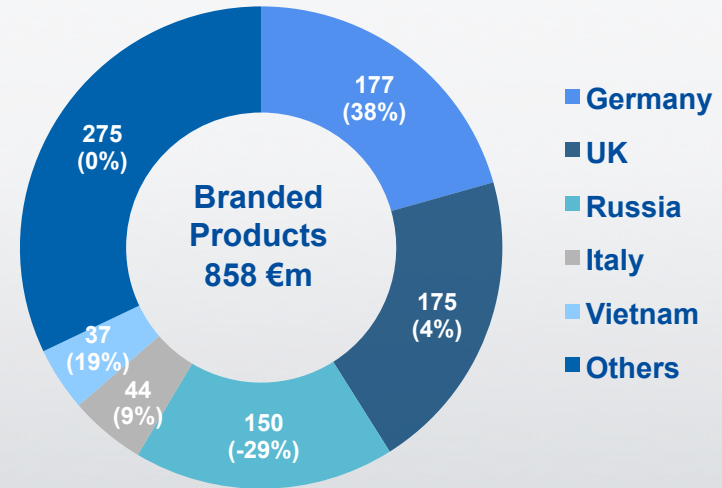
1) Adjusted for currency and portfolio effects. 2) Adjusted for special items

BRANDED PRODUCTS

FY Segment Results

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

Sales by country FY 2016 in €m

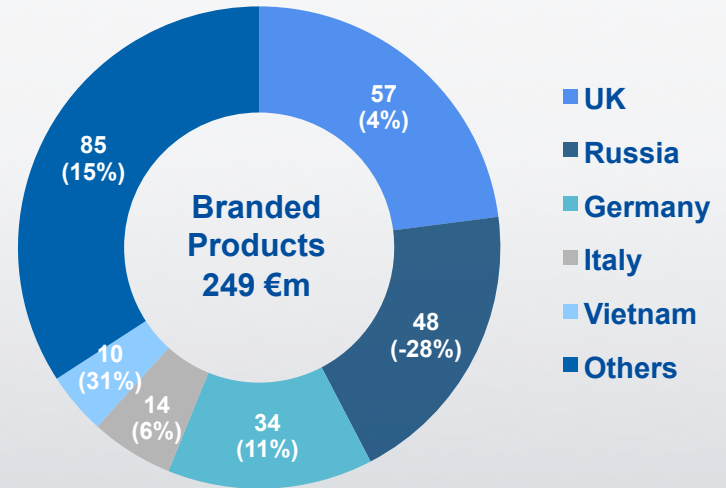


BRANDED PRODUCTS

Q4 Segment Results

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

Sales by country Q4/2016 in €m

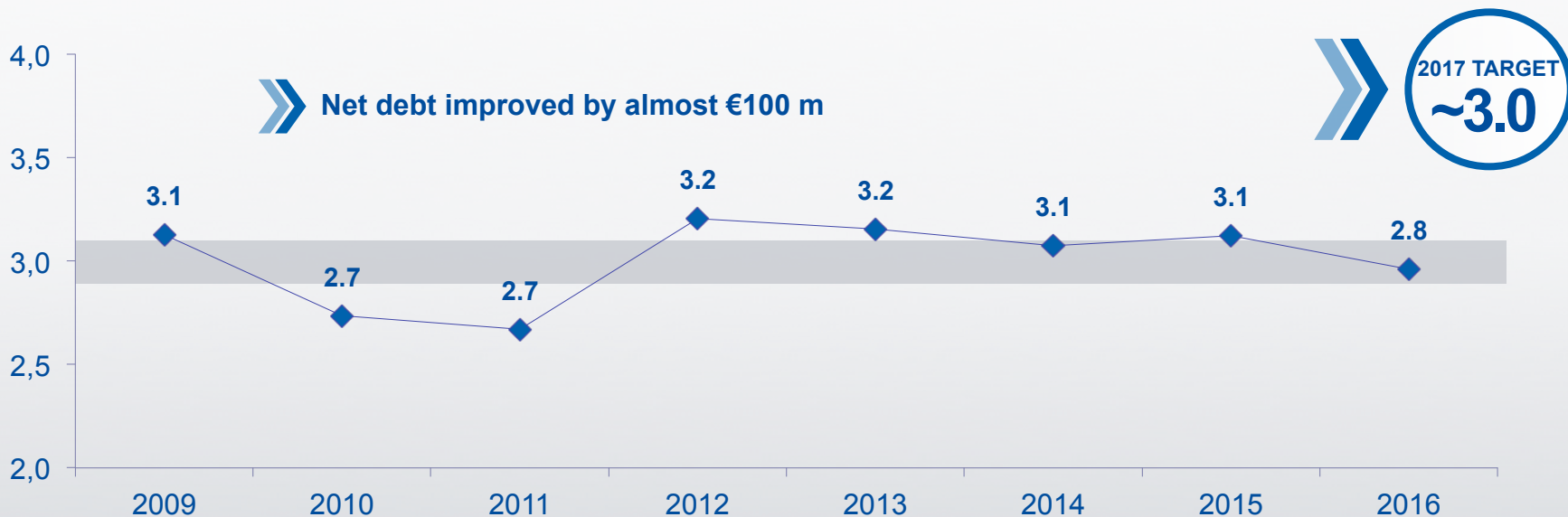


CASHFLOW DEVELOPMENT

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

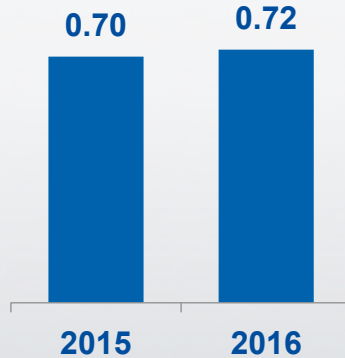
1) Adjusted for significant investments, acquisitions and disposals

LEVERAGE NET DEBT/EBITDA (ADJ.)



DIVIDEND PROPOSAL

Dividend per share in €



Dividend policy

➤ 2.9% dividend increase

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

GUIDANCE 2017

Target

Sales adj.¹

€ 2,280 - 2,350m

EBITDA adj.²

€ 430 - 450m

Net income adj.²

€ 195 - 205m

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

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STADA PLUS

WHAT WE HAVE ACHIEVED SO FAR

Organization & Processes

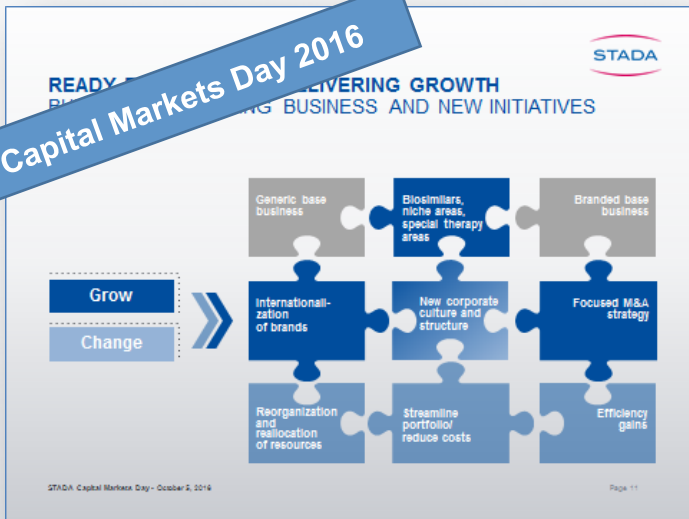
- **Consolidation:**
 - Consolidation of German entities underway
- **Complexity reduction:**
 - e.g. number of legal entities within the Group are currently being reduced
 - e.g. Delayering within the organization being considered
- **Portfolio optimization:**
 - Portfolio pruning / discontinuation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

COGS Reduction

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

STADA *PLUS* PROGRESS IN ALL AREAS

Capital Markets Day 2016

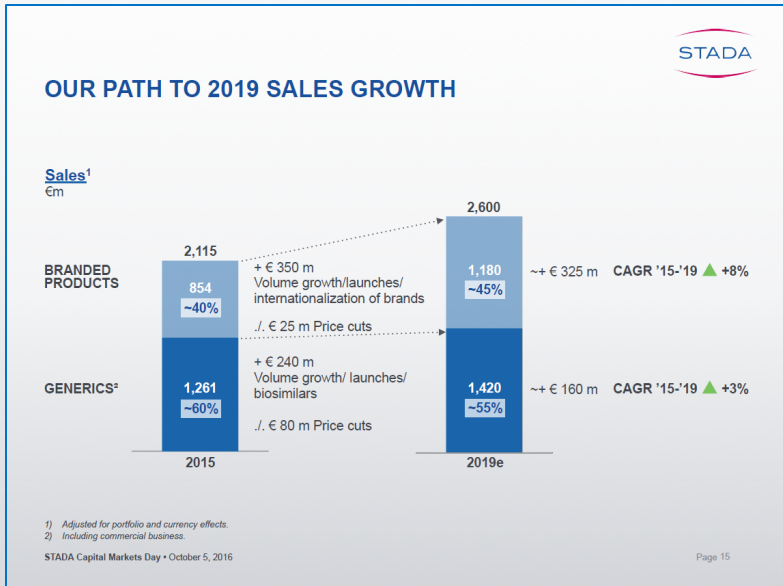


- **STADA *Plus* is having an impact: We are progressing faster and more efficiently than planned**
- **Generics: Base case with higher potential than expected, biosimilars case confirmed**
- **Branded Products: Further improve base case and internationalization through central management**
- **Production: Additional savings potentials organized, measures have already been introduced**
- **Profitability improvement faster than expected, further improvement in cash flow**

➤ **We are using our positive momentum and increasing our strategic outlook 2019!**

STRATEGIC OUTLOOK 2019 – SALES GROWTH (ADJ.)

Guidance 2019 old



New Strategic Outlook 2019

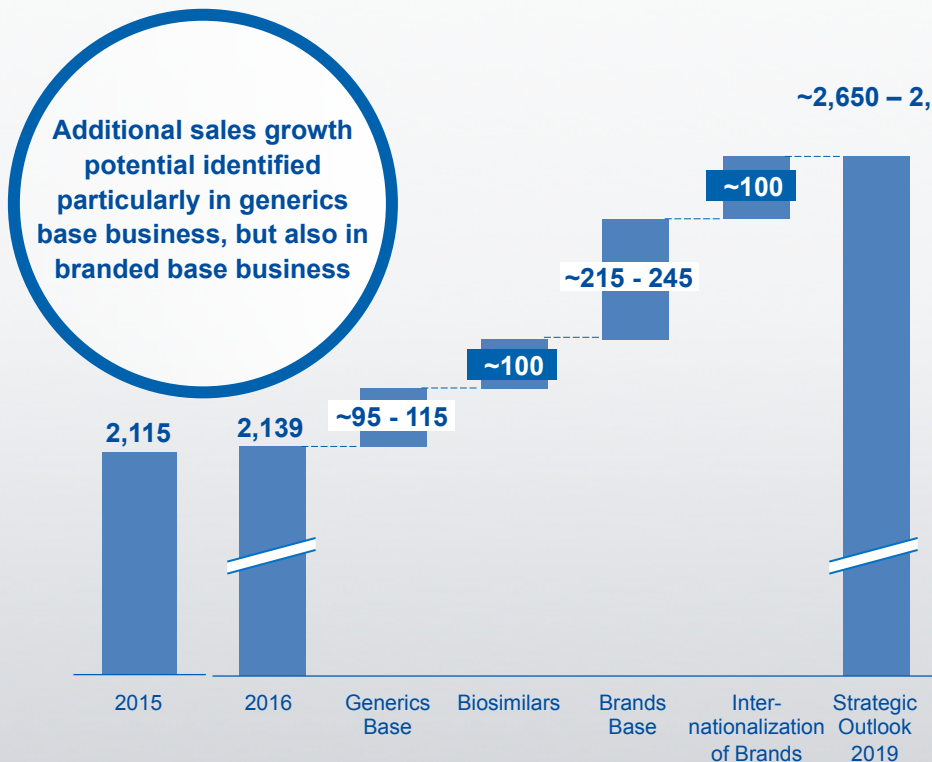
**Group Sales between
2,650 – 2,700 €m**

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

**Generics:
1,475 - 1,495 m€**



STRATEGIC OUTLOOK 2019 – SALES GROWTH (ADJ.)



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

STRATEGIC OUTLOOK 2019 – EBITDA GROWTH (ADJ.)

Guidance 2019 old



New Strategic Outlook 2019

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

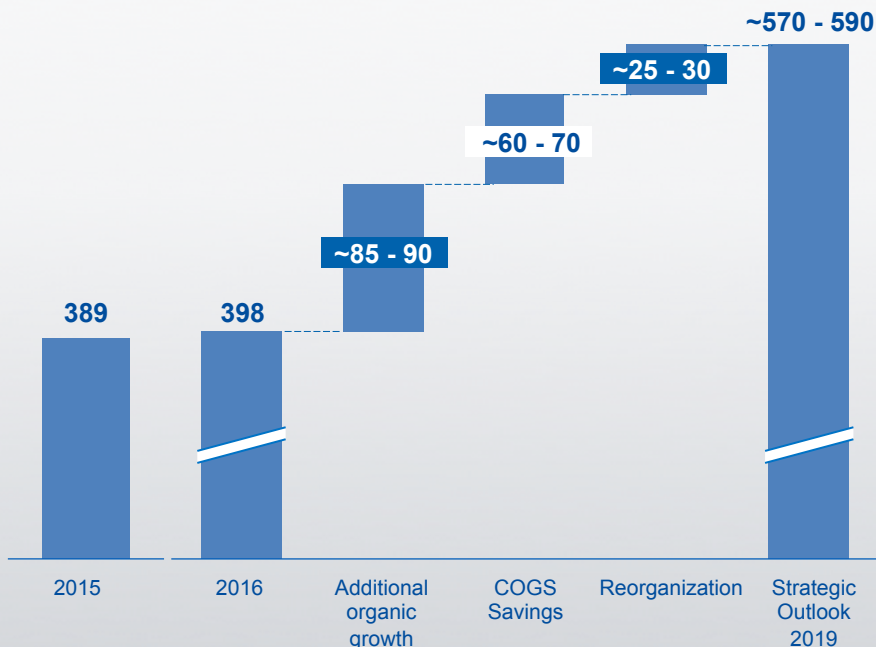
**» Add. profit drivers
vs. old 2019 guidance:**

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

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

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

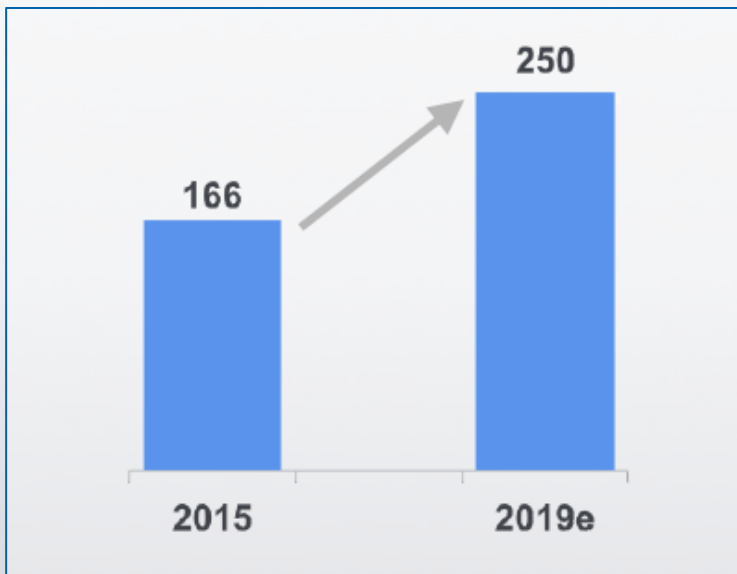
STRATEGIC OUTLOOK 2019 – EBITDA GROWTH (ADJ.)



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

STRATEGIC OUTLOOK 2019 – NET INCOME GROWTH (ADJ.)

Guidance 2019 old




New Strategic Outlook 2019



**Adj. Net Income
~ 250 – 270 m€**

STRATEGIC OUTLOOK 2019 – OPERATING CASH FLOW


Guidance 2019 old



OPERATING CASH FLOW WILL FURTHER IMPROVE

Operating cash flow

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



OPERATING
CASH FLOW

~ € 500 m

2019e

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New Strategic Outlook 2019



Operating Cash Flow
~ 560 – 580 m€

STADA *PLUS*

WE ARE TAPPING TO OUR FULL POTENTIAL

- » Significant growth opportunities and efficiency potentials confirmed
- » Clear plan and concrete measures to realize our potential
- » High dynamic, workforce in transition
- » New culture: Entrepreneurship, knowledge exchange, performance, innovation
- » Ambitious goals to improve STADA's position amongst the competition



STADA *Plus*: Greater performance, stronger, sustainable!



FINANCIAL CALENDAR / CONTACT

Financial Calendar 2017

May 11, 2017	Publication of the Q1 2017 results
June 08, 2017	Annual General Meeting 2017
August 03, 2017	Publication of the Q2 2017 results
November 09, 2017	Publication of the Q3 2017 results

Please note that these dates could be subject to change.

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