



Investor Update
August 2016



General Information

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The anticipated opportunities and risks to STADA's activities have been described in detail in the Executive Board's management reports in the annual reports. Current possible opportunities and risks are discussed in the respective interim report.

STADA's performance indicators are partly influenced by one-time special effects and/or effects not arising from the operating business. Disclosure of key figures adjusted for these effects (so called "pro forma" key figures) by STADA is only to provide a supplement to the recorded IFRS key figures for a transparent comparison to a relevant period from the previous year.

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Forward-Looking Statements

This STADA Arzneimittel AG (hereinafter "STADA") presentation contains certain statements regarding future events that are based on the current expectations, estimates and forecasts on the part of the company management of STADA as well as other currently available information. They imply various known and unknown risks and uncertainties, which may result in actual earnings, the business, financial and earnings situation, growth or performance to be 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 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.

The Executive Board of STADA Arzneimittel AG:

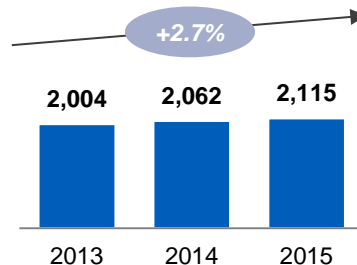
Dr. M. Wiedenfels (Chairman), H. Kraft

STADA at a Glance

- 30
STADA is present in more than 30 countries
- 49%
49% adj. EBITDA contribution from Branded Products in 2015
- 74%
74% Branded Products sales¹ from top 3 market positions
- 80
Approximately 80 OTC product/market launches by 2019
- 3,000
Strong global sales force; >3,000 employees in Sales and Marketing
- 10,000
More than 10,000 employees globally

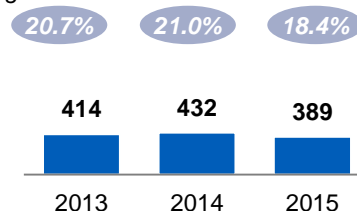
Sales (in €m)

CAGR '13-'15

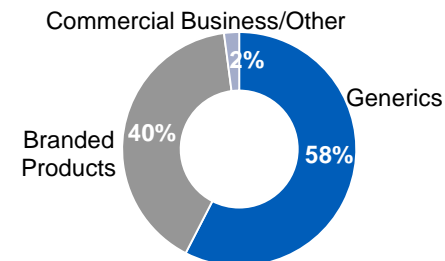


Adj. EBITDA (in €m)

Margin

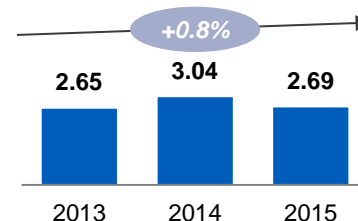


Sales Split by Business (2015)



Adj. EPS (in €)

CAGR '13-'15



1) Among top 30 Branded Products

Moving Forward

Ambitious Mid-Term Guidance 2019

Sales (adjusted) ¹	€2,600m	CAGR 2015 - 2019: 5%
EBITDA (adjusted) ²	€510m	CAGR 2015 – 2019: 7%
Net Income (adjusted) ²	€250m	CAGR 2015 - 2019: 11%

Assumptions

- Constant exchange rates
- Organic
- Stable tax environment and current interest levels in STADA's markets
- Assuming stable regulatory environment
- Guidance range: +/- 5%

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

STADA's Program to Improve Performance

Linked initiatives

Untapped Growth Potential	Overhaul Organization <ul style="list-style-type: none"> • Strong Gx and Branded Products Business Units • Change incentive model
	Drive Organic Growth <ul style="list-style-type: none"> • Funds for Branded Products internationalization • Focused set-up for evaluating/implementing growth options
Cost Reduction	Streamline Portfolio <ul style="list-style-type: none"> • Refocus marketing • Reduce cost and complexity in the supply chain • Appropriate R&D maintenance cost
	Increase Efficiency <ul style="list-style-type: none"> • Optimize sourcing of finished goods and APIs • Tackle G&A cost

Committed Targets 2019

Sales

- Increase adjusted Group Sales to €2,600m

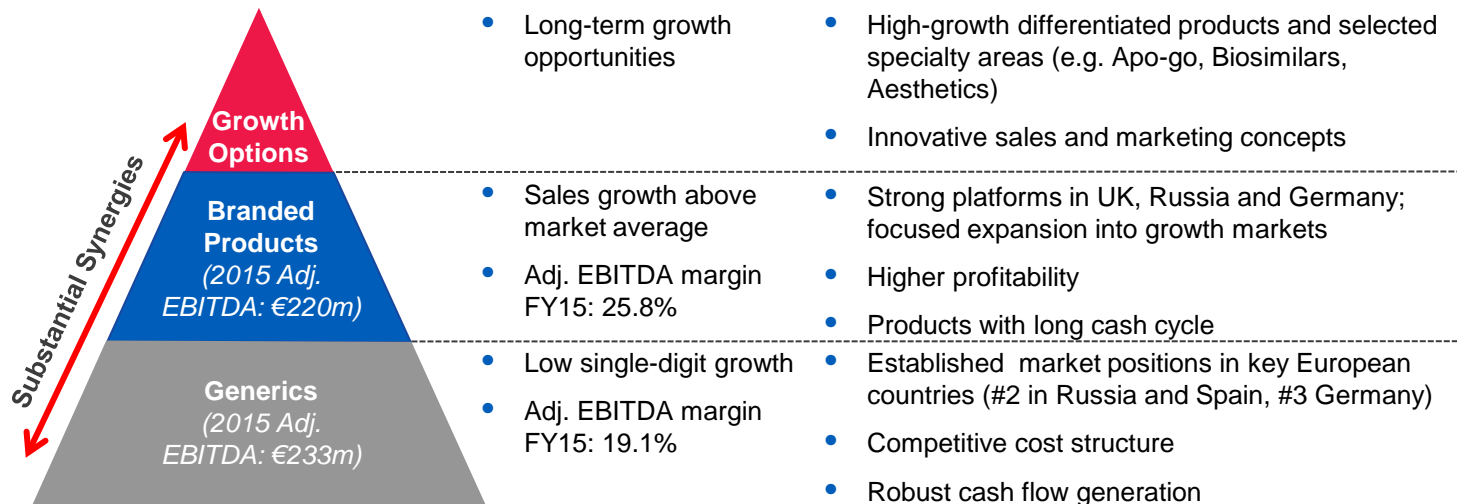
Net Income

- Increase adjusted Group Net Income to €250m

Details will be communicated at Capital Markets Day on 05-Oct-2016

STADA Today

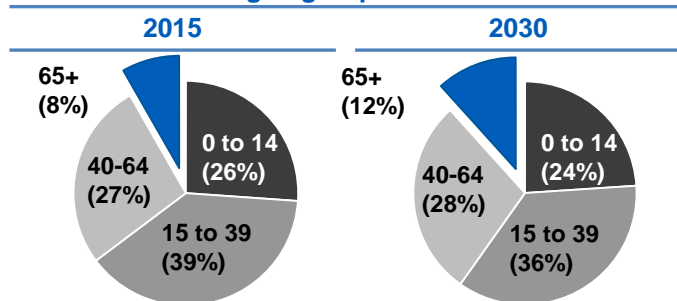
STADA – Clear Strategy for Continuous Growth



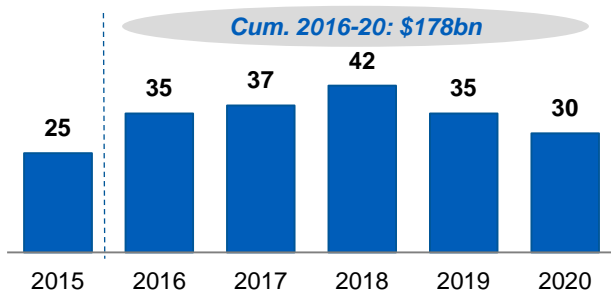
A highly efficient, cash-generative Generics business to support continued Branded Products growth

Generics is our “Bread-and-Butter“ Business Poised for Growth

Ageing Population

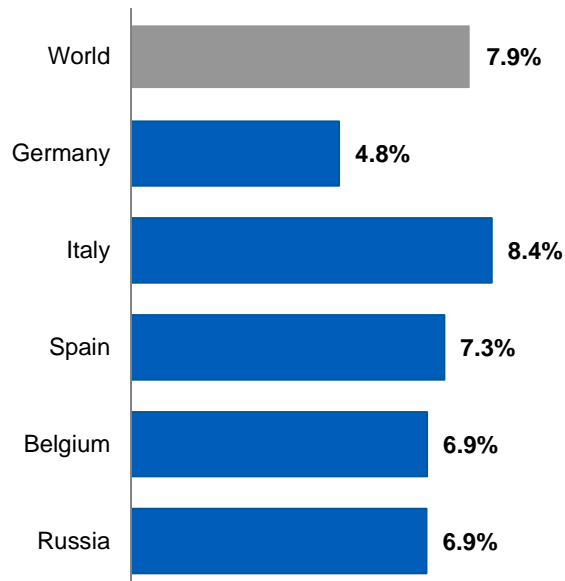


Patent Expiration in Developed Markets (\$bn)¹



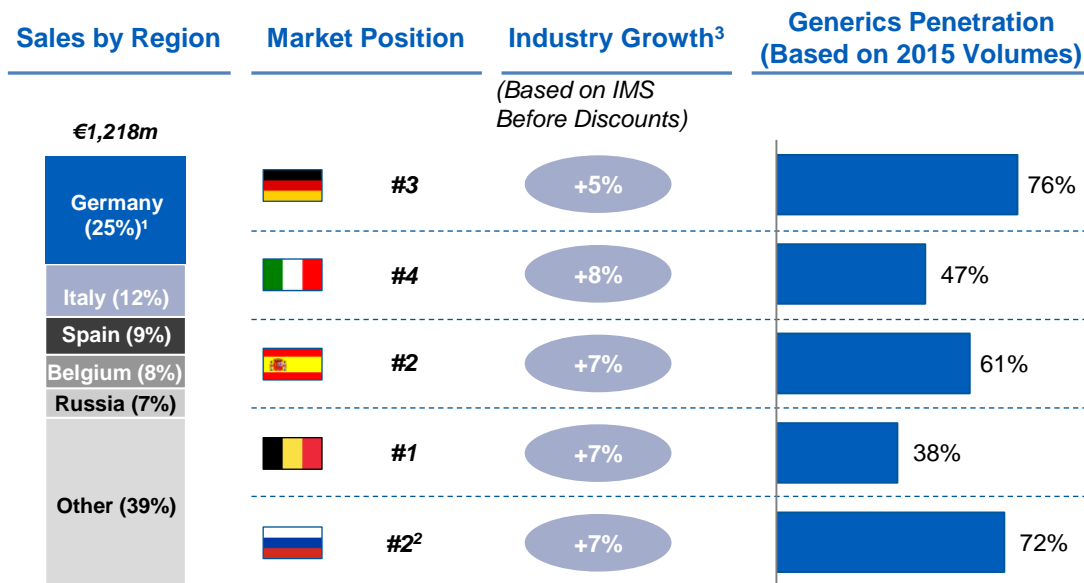
Expected Generics Market Growth in Selected Countries

CAGR 2015-2020 (Based on IMS Before Discounts)



Source: IMS, Euromonitor; 1) Reflects lower brand spending including biologic at constant US\$bn.

Our International Generics Business is Positioned in Highly Attractive Markets



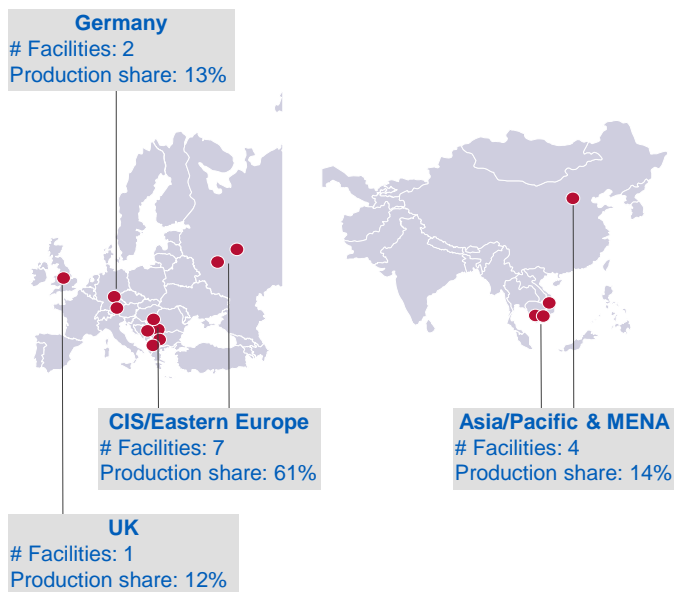
- Leading market positions in key Western and Eastern European Generics markets
- Benefit from attractive market growth
- Trend of increasing Generics penetration in STADA's key markets

Generics Sales FY15

1) Excluding export sales of the market region Germany. 2) Local manufacturers/producers. 3) Reflects 2015-20 CAGR. Source: IMS

STADA with Excellent Cost Basis

Geographic Footprint of Key Production Facilities

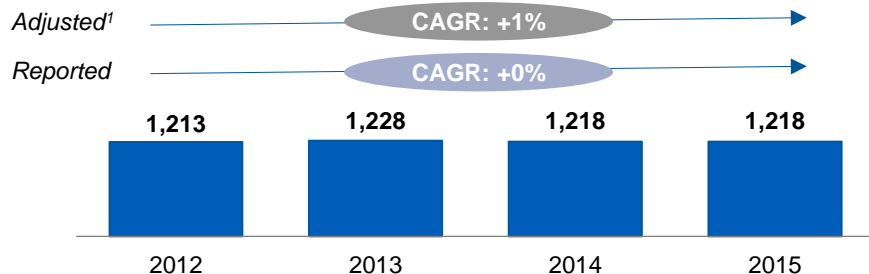


Active Production Portfolio Management

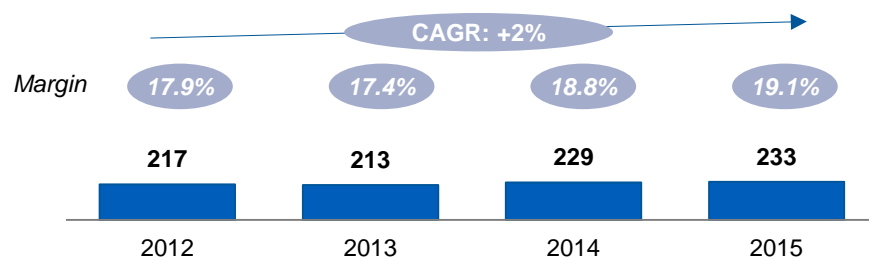
- 75%** 75% of production volume manufactured in low-cost countries (vs. 66% in 2009)
- 50%** 50% increase in in-house production volumes since 2011
- High** High utilization of manufacturing plants achieved – cost-efficient setup in place
- Flexible** Flexible API and Finished Goods sourcing with focus on low-cost countries/Asia
- Optimal** Optimal balance between in-house and flexible third party sourcing
- >€30m** Cost savings realized through btf and ongoing optimisation

We Have Stabilized our Generics Business at a High Profitability Level Despite Headwinds

Historical Sales Performance (in €m)



Historical Adj. EBITDA Performance (in €m)



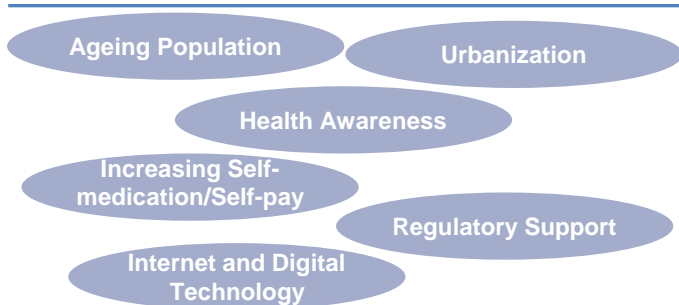
Comments

- Volume development compensates for price declines
- Currency effects negatively impacted growth in CIS/Eastern European countries
- Stabilized margin with continuous cost improvements despite continuous pricing headwinds
- Key profitability drivers include
 - Sourcing cost reductions
 - Manufacturing focus on low-cost countries

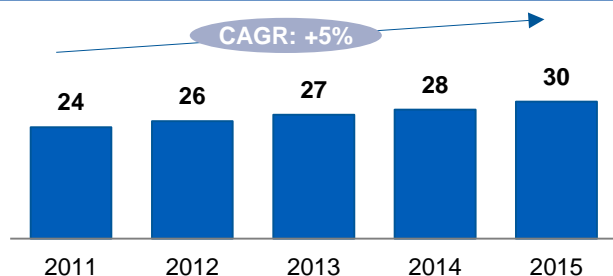
1) Adjusted for portfolio and currency effects.

Branded Products Segment Delivers Profitable Growth with a Long Cash Cycle

Key Demand and Supply Drivers

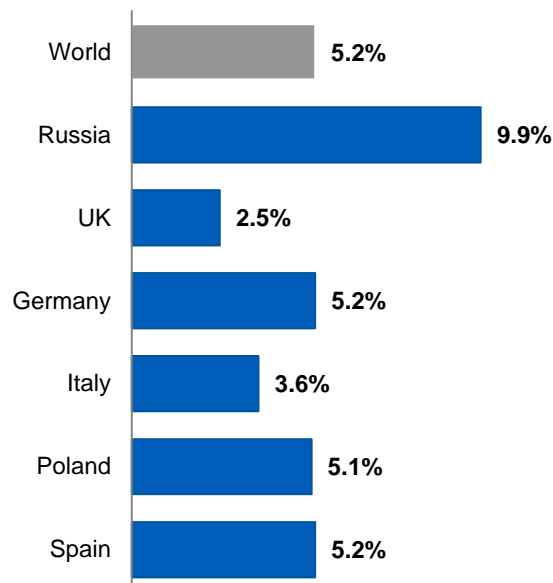


Non-Rx Bound Product Sales in Europe (LC\$bn)¹



OTC Market Growth Forecasts

CAGR 2015-2020 (Based on IMS)



Source: IMS. 1) Ex-manufacturer sales in local currency dollars.

Strong Branded Products Platform as the Basis for Accelerated Internationalization

Strong Platforms in the UK, Russia and Germany

Country	FY15 Sales/ Growth ¹	Full Local Platform	Leading Local Brands
	• €212m (+14% vs. 2014)	✓	 Aqualor Vitaprost
	• €168m (+9% vs. 2014)	✓	 Apo-Go Cetraben
	• €123m ² (-1% vs. 2014)	✓	 Ladival Grippostad

Other Countries • €351m **Multiple**

Strong established platforms in key european countries and access to attractive growth markets

Internationalization of Leading Brands

 Apo-go (Parkinson's) 31 Countries	 Hedrin (Head Lice) 43 Countries	 Radian B (Muscular & Joint Pain) 34 Countries
 Ladival (Sun Protection) 24 Countries	 Grippostad (Cough and Cold) 29 Countries	 Vitaprost (Prostate Hyperplasia) 14 Countries
 Snup (Rhinitis) 18 Countries	 Chondroxid (Muscular & Joint Pain) 13 Countries	 Hexicon (Antiseptic) 14 Countries

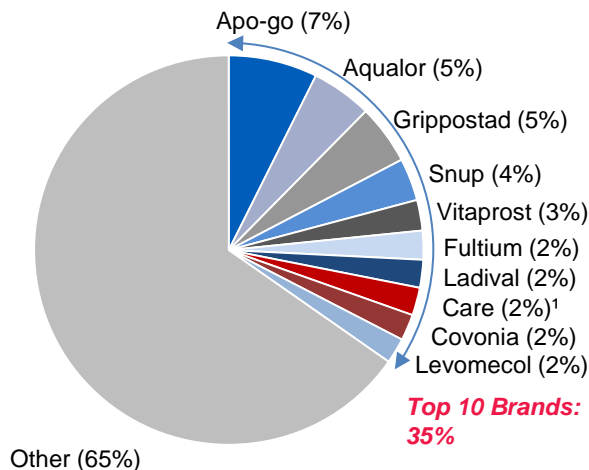
Internationalization of Branded Products from core platform markets

1) Adjusted for portfolio and currency effects. 2) Excluding export sales of the market region Germany. Sales growth in 2015 negatively impacted by weak summer in Germany.

Our Branded Products Business is Diversified with Leadership Positions in the Markets

Branded Products Sales by Brand

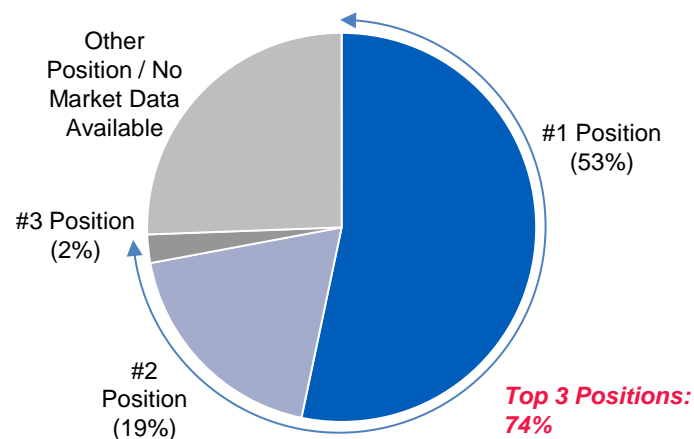
Sales in 2015: €854m



Diversified sales base at product-level with top 10 products constituting approx. 35% of FY2015 sales

Top 30 Branded Products by Market Position

Sales in 2015²: €540m



Among top 30 Branded Products 74% of sales is generated from products with top 3 market positions³

1) Umbrella brand for various indications such as a.o. skin care, cold medicine, gastrointestinal disease, pain medication. 2) Reflects 63% of Branded Products Sales of €854m in 2015. 3) Relates to market positions in each respective country.

Our Leading Brands Target the Most Attractive Indications

	Cough and Cold	Skin Treatments/ Cosmetics	Vitamins, Minerals & Nutritional Supplements	Pain	Others
Selected Products	<p>аквалор Aqualor®</p> <p>Grippostad[®] C</p> <p>SNUP[®]</p> <p>COVONIA</p>	<p>Ladival Multilind[®] HIF der Haut.</p> <p>Cetraben[®] As close to your skin as you are</p> <p>Zeroderma[®]</p> <p>Flexitol[®]</p>	<p>Fultium[®]-D₃</p> <p>Magnetrans[®]</p> <p>EUNOVA[®]</p> <p>Curazink[®]</p> <p>DAOSin[®]</p>	<p>Mobilat[®] Tramal[®]</p> <p>versatis[®] 5% laktan medonin tableti ZALIJEPIJE GDJE BOLII</p> <p>ZALDIAR[®]</p> <p>Transtec[®] Transdermalni kovanostiti Za kontrolu kronične boli</p> <p>PALEXIA[®]</p>	<p>АРО-go[®] Виталпрост[®] 15 Vitaprost[®]</p> <p>ЛЕВОМЕКОЛЬ[®] Levomecol[®]</p> <p>Hedrin[®] Hoggar[®]</p> <p>HIRUDOID[®]</p>
Selected Market Positions	<p>#1 Cough & Cold</p> <p>#1 Cough & Cold</p> <p>#1 Cough & Cold</p> <p>#2 Rhinitis</p>	<p>#1 Sun Protection¹</p> <p>#2 Foot Treatment</p> <p>#5 Sun Protection¹</p> <p>#5 Skin Eczema & Dry Skin</p>	<p>#1 Vitamin D3</p> <p>#1 Zinc Deficiency</p> <p>#1 Dietary Supplement</p> <p>#3 Dietary Supplement</p>	<p>#1 Muscular & Joint Pain</p> <p>#1 Non-Narcotics & Anti-Pyretics</p> <p>#1 Narcotics</p> <p>#1 Non-Narcotics & Anti-Pyretics</p>	<p>#1 Parkinson's</p> <p>#1 Anti-Bleeding</p> <p>#1 Inflammation of the Veins</p> <p>#2 Prostate Hyperplasia</p>

Note: Market positions reflect STADA estimates based on market data provided by various international market research institutes.

1) In pharmacies.

Buy-and-Build Case Study: Acquisition of Thornton & Ross (T&R)

T&R at a Glance

Transaction Details

- Acquired in Aug-2013
- Purchase price: €226m¹
- Transaction multiple: 10.3x 2013A EV/EBITDA

Key Highlights

- #5 OTC Player in UK
- Strong OTC franchise
- Wide variety of indications (including cough & cold, pain, derma)

Synergistic Platform Effects

STADA Brands via T&R

(Launch: 2015)

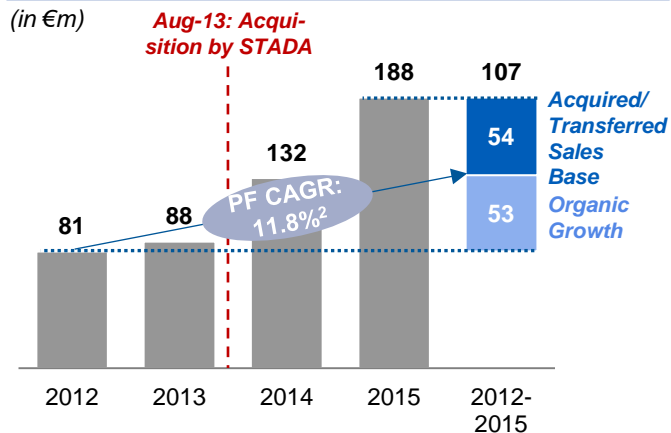
As close to your skin as you are

T&R Brands via STADA

(Launch in Italy: 2015)

Strong Organic Growth

(in €m)



Leveraging Platform

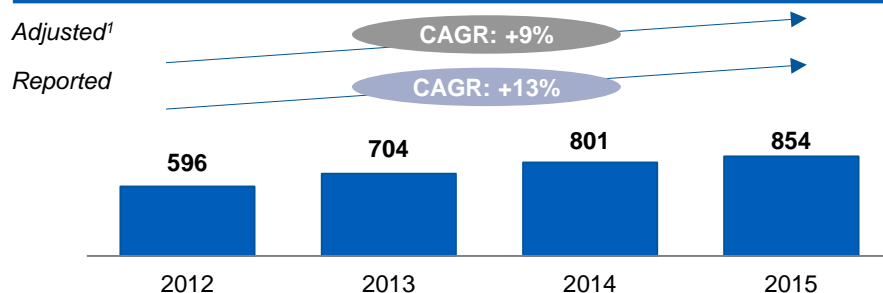
- Integration of STADA's UK business into T&R (2014)
- Bolt-on acquisitions: Flexitol (2014) and Fultium (2014)

Total sales contribution of €54m through transfer/acquisitions

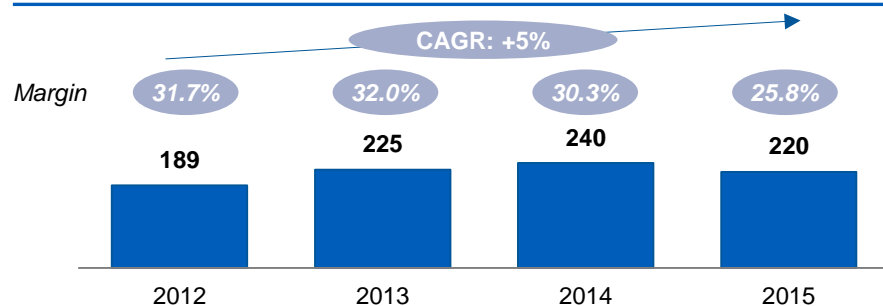
¹) Cash and debt-free basis. ²) Excluding transfer/M&A and FX-adjusted. Actual 2012-15 CAGR of c. 32%.

We Have Significantly Expanded our Branded Products Business over the Last Few Years

Historical Sales Performance (in €m)



Historical Adj. EBITDA Performance (in €m)

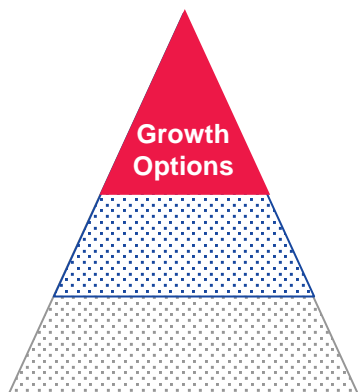


1) Adjusted for portfolio and currency effects.

Comments

- Significant sales increase driven by strong organic growth of approx. 9% p.a. in 2012-2015
- In addition targeted acquisitions focusing on high-margin OTC product portfolio and/or growth markets
- Strong performance dynamics of Thornton & Ross
- Track record of high level of profitability with adj. EBITDA margin between 30% and 32% in 2012-2014
- Lower adj. EBITDA margin in 2015 due to currency effects (largely related to CIS/Eastern Europe)

Focus on Growth Options



Selected Specialty Areas



Biosimilars
(Risk-averse strategy of biosimilar in-licensing)



Aesthetics
(Expansion in aesthetic dermatology)



Apo-go
(Drug/device combination with nurse service for Parkinson's disease)



Daosin
(Acquisition in 2015; only product on market for histamine intolerance)



Socialites
(T&R entering market for electronic vaping/smoking cessation with acquisition of Socialites in Dec-2015)

Future Innovative Concepts

Product innovations in attractive niche markets

Value-added concepts

Innovative Go-to-markets concepts

Growth options will add more than €200m in the next five years

Growth Options: Broad Product Pipeline Biosimilars

Portfolio Expansion

- Marketing and sales are STADA's strengths, therefore in-licensing of biosimilars rather than own development
- Avoidance of high R&D costs – milestone payments backloaded and performance related; risk-averse strategy

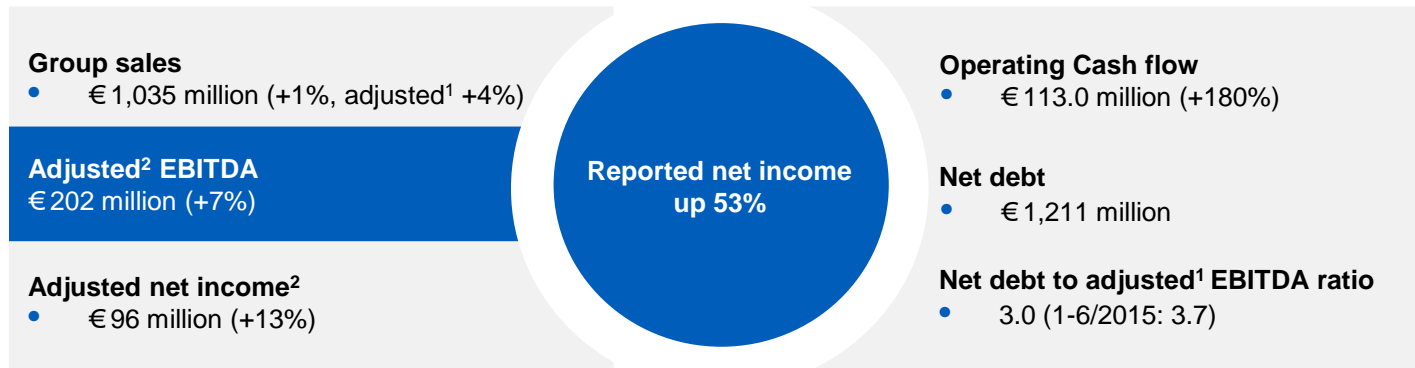
 Strategic partnerships allow the possibility of benefiting from the huge market potential of biosimilars



- Epoetin zeta (Silapo®) – since 2008 (STADA/Bioceuticals)
- Filgrastim (Grastofil®) – since 2014 (Apotex)
- Pegfilgrastim – in EMA approval process (Gedeon Richter)
- Teriparatid – in EMA approval process (Richter-Helm)
- Rituximab (Gedeon Richter)
- Adalimumab (mAbxience)

Performance Update

Outstanding Performance 6M 2016



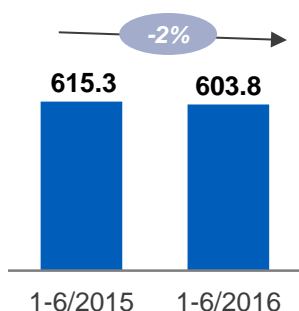
Further developments:

- Outlook 2016 confirmed
- Ambitious Mid-term Guidance 2019
- Dividend proposal of € 0.70 p. s.

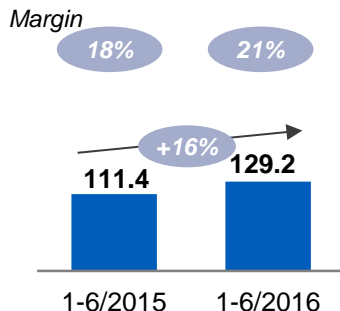
1) Adjusted for portfolio and currency effects. 2) Adjusted for special effects.

Generics: Good Margin development

Sales (in € million)



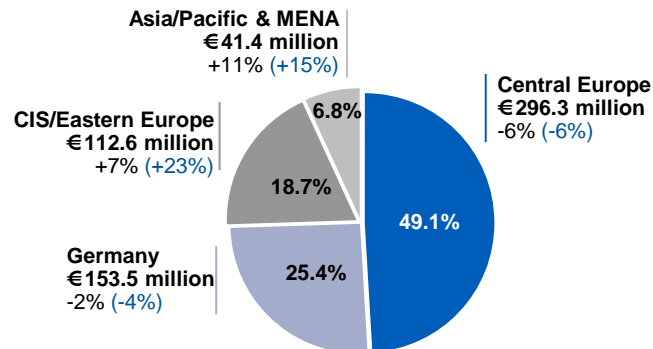
Adj.¹ EBITDA (in € million)



1-6/2016

- CIS/Eastern Europe with positive development in local currencies
- Strong performance in Germany and Asia/Pacific & MENA
- Central Europe down (destocking Belgium)

Regional Sales Development



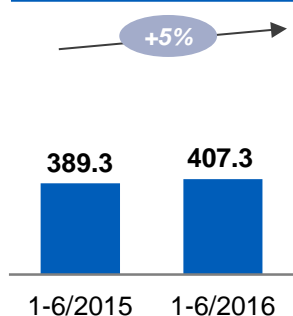
Strategy

- Expansion of the biosimilar portfolio
- Focus on growth markets
- Cost leadership

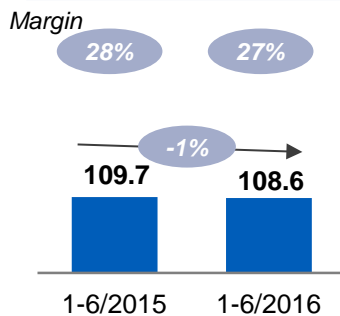
1) Adjusted for special effects. (x) = Adjusted for portfolio and currency effects.

Branded Products: Sound Momentum

Sales (in € million)



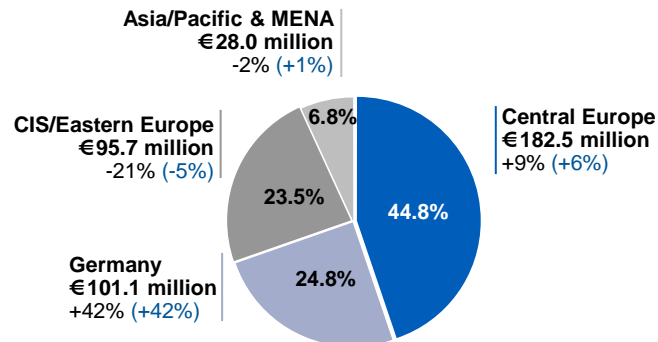
Adj.¹ EBITDA (in € million)



1-6/2016

- Strong growth in local currencies (+9%)
- UK recovered in Q2, Spain with momentum
- Germany with seasonal effects
- CIS/Eastern Europe remains challenging (currency weakness, reluctance to buy)

Regional Sales Development



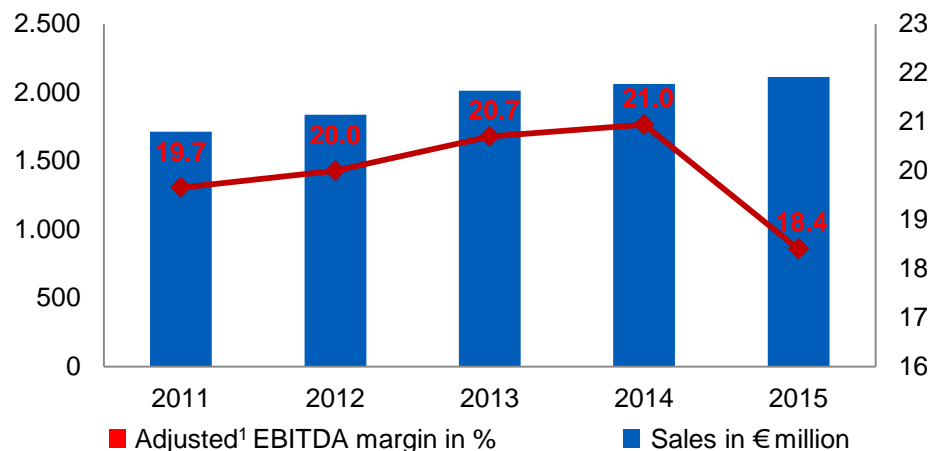
Strategy

- Internationalization
- Intelligent acquisitions
- Strong position in pharmacies

1) Adjusted for special effects. (x) = Adjusted for portfolio and currency effects.

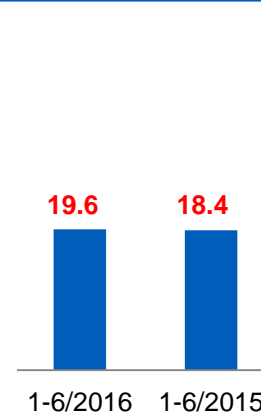
Improved Margins in 1-6/2016 Despite Negative Currency Effects

2011-2015



- Improved gross margin, primarily through reduced procurement and production costs as well as a changed product mix
- 2015 burdened by negative currency effects, notably from the CIS region

1-6/2015 vs. 1-6/2016

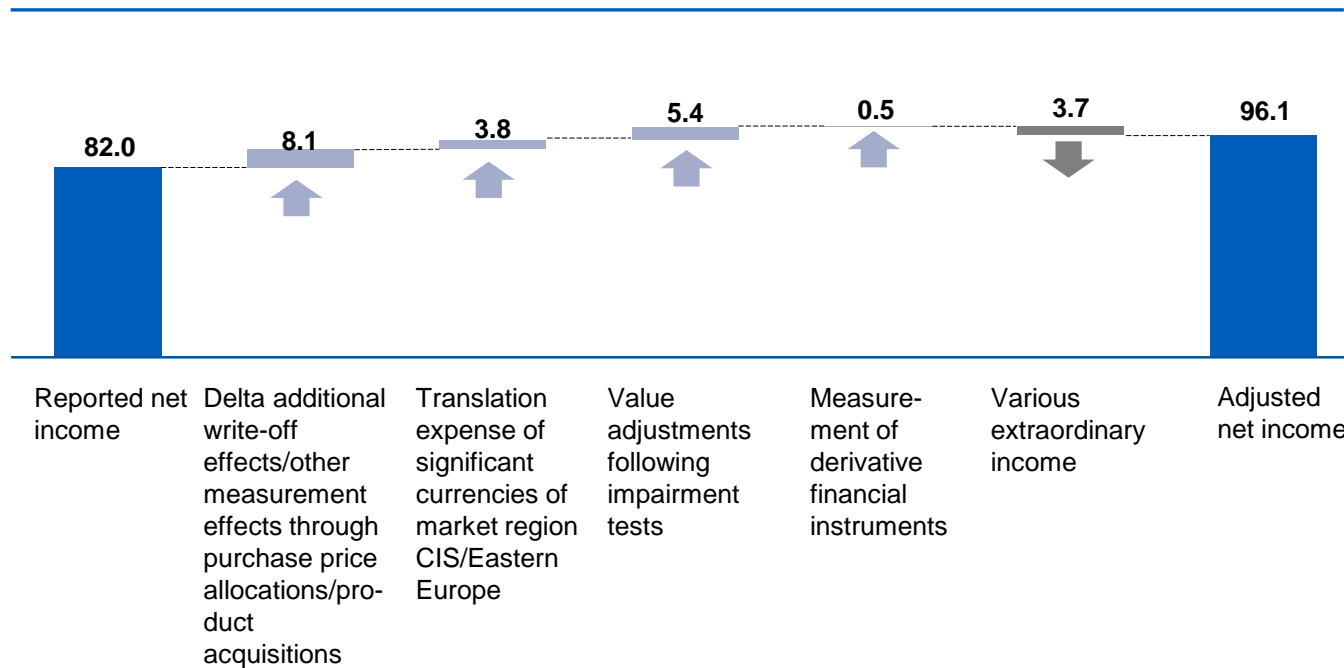


- UK recovered in Q2
- Germany with strong performance in generics and seasonal effects in brands
- CIS crisis still burdens

¹) Adjusted for special effects (2009-2015) and non-operational effects from currency influences (2009/2010).

Only Minor Adjustments¹

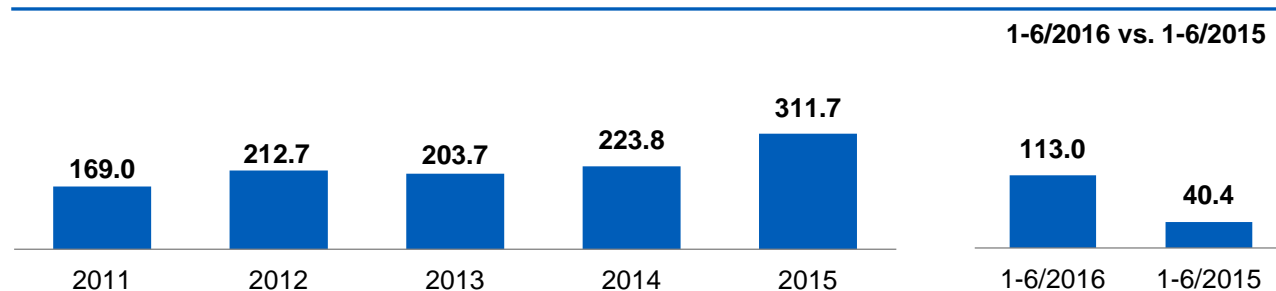
In €million



1) For a detailed definition, see STADA's Interim Report 1-6/2016.
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Cash Flow at All-Time High

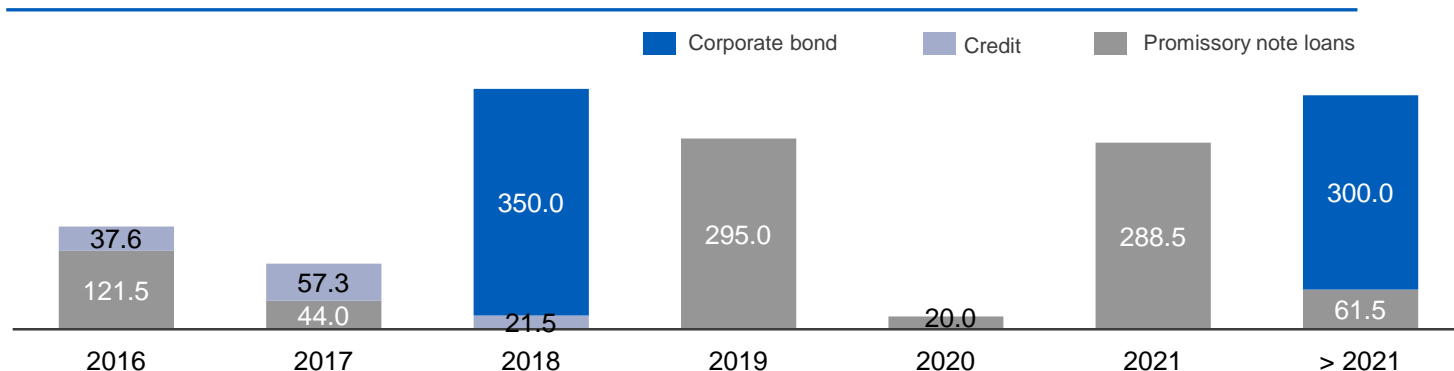
Cash Flow from Operating Activities (in €million)



- Strong operating profit in 1-6/2016
- Reduced interest costs
- Substantially improved tax rate
- Optimized net working capital

Financing Structure

Remaining terms of financial liabilities due to banks as of June 30, 2016 in €million

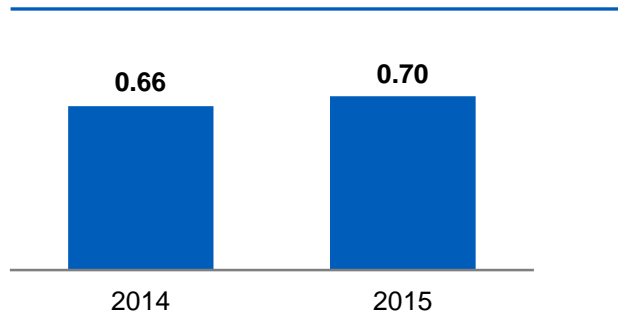


- Net debt to adjusted¹ EBITDA ratio: 3.0²⁾ (1-6/2015: 3.7²⁾)
- Cash and cash equivalents: € 385.5 million (December 31, 2015: € 143.2 million)
- Access to firmly pledged credit lines from banking partners for many years
- In April 2016, STADA took up promissory note loans with a total nominal value of € 350 million with an average interest coupon of approx. 1% (term of five and seven years, fixed and variable)

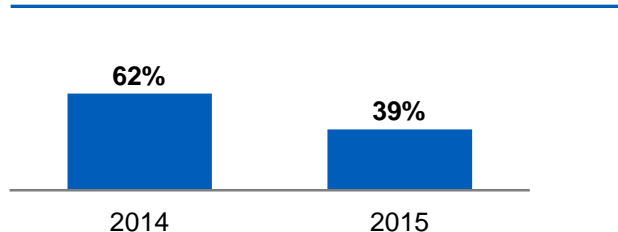
1) Adjusted for special effects. 2) Net debt to adjusted EBITDA ratio of the reporting period on the basis of linear extrapolation.

Dividend Increase of 6%

Dividend Proposal per STADA Share in €



Pay-Out Ratio



Dividend Payout	2015: € 43.6 million (2014: € 40.0 million)
Dividend Policy	<ul style="list-style-type: none"> • Appropriate share of reported net income to shareholders • Attractive dividend yield • Distribution ratio above the average of comparable companies

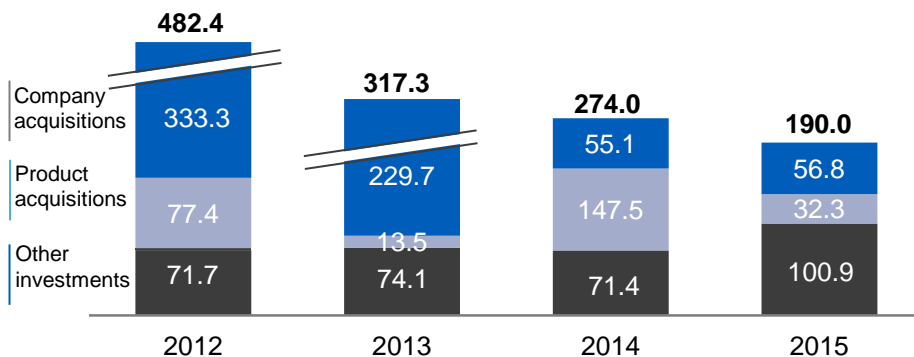
Appendix

P&L details 1-6/2016

in € million	1-6/2016 in € million	1-6/2016 in % of sales	1-6/2015 in € million	1-6/2015 in % of sales
Gross profit	505.4	48.8	494.2	48.2
Selling expenses	232.8	22.5	235.7	23.0
General and administrative expenses	90.7	8.8	88.4	8.6
R&D expenses	31.0	3.0	33.6	3.3
Financial result	-25.0		-34.6	
Taxes on income	24.7		20.3	

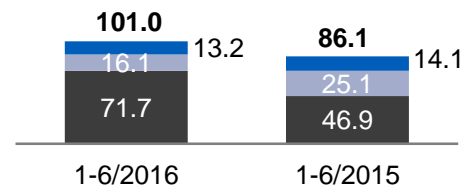
Disciplined capital allocation

Total expenses 2012-2015 €million



- Share of consolidated companies and business combinations
- Significant investments in intangible assets for the expansion of the product portfolio
- Investments in other intangible assets, in property, plant and equipment and financial assets





1-6/2016 vs. 1-6/2015 in €million



Proceeds

- 1-6/2016: €2.9 million
- 2015: €11.8 million
- 2014: €12.0 million
- 2013: €5.4 million
- 2012: €14.0 million

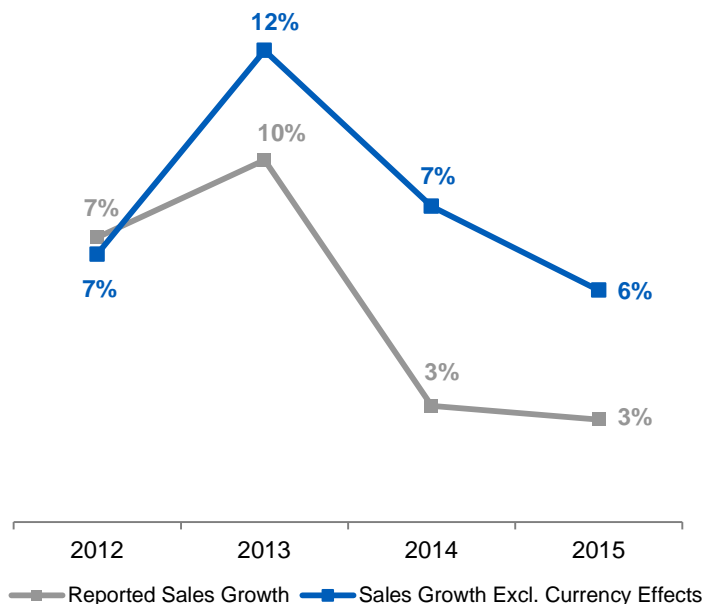
We Benefit from our Local Market Expertise to Compete in Heterogeneous Market Environments

Type of Decision Maker	Public Health Insurer	Doctor	Pharmacy	Patient/Out-of-Pocket
Description	<ul style="list-style-type: none"> Tender scheme with price-driven tender award 	<ul style="list-style-type: none"> Doctors' prescriptions 	<ul style="list-style-type: none"> Based on INN prescription pharmacists decide what to dispense 	<ul style="list-style-type: none"> Patients make purchasing decisions, mostly based on (1st) prescription
Example				
STADA's Go-to-Market	<ul style="list-style-type: none"> Sophisticated tender management (without sales force) 	<ul style="list-style-type: none"> Sales force targeting doctors 	<ul style="list-style-type: none"> Sales force targeting pharmacies 	<ul style="list-style-type: none"> Sales force targeting patients indirectly via doctors
Market Specifics	<ul style="list-style-type: none"> Focus on supply capability to guarantee swift product availability 	<ul style="list-style-type: none"> Importance of strong company brand 	<ul style="list-style-type: none"> Discounts at the retail level 	<ul style="list-style-type: none"> Supportive sales force promotion to pharmacies

STADA serves 30+ markets with its individual sales and portfolio approach to achieve growth

Looking Through FX Impacts

Sales Growth (Reported vs. Currency-adjusted)



Comments

- Continued sales growth over the last 4 years
- Since 2013 sales growth negatively impacted by currency effects in the amount of 2-5% per year
- Negative impact of currency effects largely related to CIS/Eastern Europe
- E.g. Russia: 18% reported sales decrease in 2015 translates into 7% sales increase by applying the FX rate as of 2014
- GBP depreciation expected to impact operational result in low single-digit EUR million range in FY2016

STADA: Continuous Focus on Cost Structure to Underpin Growth

Cost Structure Optimizations	Sourcing	<ul style="list-style-type: none"> • Presence in India/China established in 2013/2014 • Streamlining of group-wide API sourcing 	COGS
	Operations	<ul style="list-style-type: none"> • Reduced number of manufacturing locations • Optimization of production in-housing/outsourcing mix • Central demand planning on product-level to optimize stock level 	COGS/ SG&A
	Nearshoring	<ul style="list-style-type: none"> • Transfer of low-tech functions (R&D maintenance, quality control, IT) to low-cost countries (Romania, Serbia) 	COGS/ R&D
	Outsourcing Non-core	<ul style="list-style-type: none"> • Concentration on core activities and outsourcing of non-core activities • E.g. outsourcing of logistics services in Germany to DHL 	SG&A
Op. Synergies	Cross-Selling	<ul style="list-style-type: none"> • Cross-selling through shared sales force • One legal entity approach for selling Generics and Branded Products • Transformation of Generics into Branded Products 	Net Sales/ SG&A
	Shared Functions	<ul style="list-style-type: none"> • Shared supplier base for sourcing of raw materials/finished goods • Shared production facilities and R&D development/maintenance activities • Shared service functions and back-office activities 	COGS/R&D/ SG&A

We continue to maintain strong profit margins through a continued focus on cost structure Improvements along the entire P&L

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