



Press release

STADA: Development in 2015 as expected under difficult framework conditions – dividend to increase – outlook for 2016 confirmed

Important items at a glance

- Group sales rise by 3 percent – adjusted by +4 percent
- Adjusted EBITDA decreases by 10 percent
- Adjusted net income decreases by 11 percent
- Expansion of self-pay patient portfolio from sales growth in branded products +7 percent – adjusted +9 percent
- Pleasing sales development in Central Europe +5 percent as well as Asia/Pacific & MENA +55 percent, CIS/Eastern Europe -10 percent due to currency effects – adjusted +12 percent
- Cash flow from operating activities increases by 39 percent to Euro 311.7 million
- Dividend to increase to Euro 0.70 per share
- Outlook for 2016 confirmed

STADA Key Figures

	2015	2014	+/-
Group sales	Euro 2,115.1 million	Euro 2,062.2 million	+3%
EBITDA, reported	Euro 377.1 million	Euro 418.8 million	-10%
<i>EBITDA, adjusted</i>	<i>Euro 389.4 million</i>	<i>Euro 431.9 million</i>	-10%
Net income, reported	Euro 110.4 million	Euro 64.6 million	+71%
<i>Net income, adjusted</i>	<i>Euro 165.8 million</i>	<i>Euro 186.2 million</i>	-11%
Earnings per share	Euro 1.79	Euro 1.07	+67%
<i>Earnings per share, adjusted</i>	<i>Euro 2.69</i>	<i>Euro 3.08</i>	-13%

Executive Board: Hartmut Retzlaff (Chairman) / Helmut Kraft / Dr. Matthias Wiedenfels
 Chairman of the Supervisory Board: Dr. Martin Abend



Bad Vilbel, March 23, 2016 – Today, on March 23, 2016, the Executive Board of STADA Arzneimittel AG confirmed the preliminary figures for financial year 2015 already published on February 29, 2016 and the preliminary outlook for 2016, as well as announced details on the development of segments.

“In addition to the two market regions Central Europe and Germany, the market region Asia/Pacific & MENA also showed very positive development with a strong sales increase in the double-digit percentage area. We were also able to significantly improve both our Group tax rate and cash flow from operating activities in financial year 2015”, said Hartmut Retzlaff, STADA’s Chairman of the Executive Board about financial year 2015.

Development of Sales

Group sales increased in the reporting year by 3 percent to Euro 2,115.1 million (previous year: Euro 2,062.2 million). Adjusted for currency and portfolio effects, Group sales increased by 4 percent.

Sales of the core segment **Generics** in 2015 was approximately at the level of the previous year with Euro 1,217.5 million (previous year: Euro 1,217.7 million). Generics contributed 57.6 percent to Group sales (previous year: 59.1 percent). Sales of the core segment **Branded Products** showed a rise of 7 percent to Euro 853.6 million in financial year 2015 (previous year: Euro 800.5 million). Branded products contributed 40.3 percent to Group sales (previous year: 38.8 percent).

Earnings development

Earnings development in the reporting year was characterized by an increase in almost all reported key earnings figures. In the previous year, earnings development was influenced by high impairments on intangible assets as a consequence of the significantly changed interest rate and currency environment as well as ongoing higher risks in the market region CIS/Eastern Europe.

Reported operating profit increased by 19 percent to Euro 223.7 million in 2015 (previous year: Euro 188.5 million). **Reported EBITDA** decreased by 10 percent to Euro 377.1 million

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(previous year: Euro 418.8 million). **Reported net income** recorded an increase of 71 percent to Euro 110.4 million (previous year: Euro 64.6 million).

After adjusting the key earnings figures for influences distorting the year comparison resulting from one-time special effects, the **adjusted operating profit** decreased by 12 percent in financial year 2015 to Euro 283.8 million (previous year: Euro 320.7 million). **Adjusted EBITDA** declined by 10 percent to Euro 389.4 million (previous year: Euro 431.9 million). **Adjusted net income** decreased by 11 percent to Euro 165.8 million (previous year: Euro 186.2 million).

The **net debt to adjusted EBITDA ratio** was 3.1 in the reporting year (previous year: 3.1).

Dividend proposal

Due to the increased net income reported, the STADA Executive Board recommends that the Supervisory Board propose to the next Annual General Meeting on June 9, 2016 a **dividend** of Euro 0.70 per share for financial year 2015 (previous year: Euro 0.66). This would represent an increase in dividend of 6 percent as compared to the previous year. The resulting total dividend payment of Euro 43.6 million (previous year: Euro 40.0 million) would reflect a distribution ratio at approximately 39 percent of net income reported.

Development of the market regions

The development in the four STADA market regions was as follows:

In the **market region Central Europe**, sales showed an increase in the reporting year – with varying development of the countries included – of 5 percent to Euro 999.4 million (previous year: Euro 956.3 million). This development was primarily based on increases in sales in the **United Kingdom, Spain and Italy**. Sales generated in this market region had a share of 47.3 percent in Group sales (previous year: 46.4 percent).

In the **market region CIS/Eastern Europe**, sales in 2015 increased by 11 percent applying the exchange rates of the previous year. As a result of negative currency effects, sales in euro decreased by 10 percent to Euro 509.9 million (previous year: Euro 564.5 million). Sales achieved in this market region contributed 24.1 percent to Group sales (previous

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year: 27.4 percent). In **Russia**, sales rose by 7 percent in financial year 2015 applying the exchange rates of the previous year. As a result of a clearly negative currency effect of the Russian ruble, sales declined in euro by 18 percent to Euro 295.8 million (previous year: Euro 360.7 million). In **Serbia**, sales rose by 3 percent applying the exchange rates of the previous year. In euro, sales increased slightly by 0.3 percent to Euro 93.7 million as a result of a negative currency effect of the Serbian dinar (previous year: Euro 93.4 million).

In the **market region Germany**, sales in the reporting year increased by 3 percent to Euro 459.6 million (previous year: Euro 447.3 million). This development was achieved despite the fact that export activities to the MENA region are no longer disclosed in the market region Germany due to the grouping together of the activities from the MENA region and the former market region Asia & Pacific as of January 1, 2015. Overall, this market region contributed 21.7 percent to Group sales (previous year: 21.7 percent).

In the **market region Asia/Pacific & MENA**, sales in 2015 showed growth of 55 percent to Euro 146.2 million (previous year: Euro 94.1 million). This development was primarily based on sales increases in Vietnam and China. The sales contribution of this market region to Group sales was at 6.9 percent (previous year: 4.5 percent).

Cash flow from operating activities increased to Euro 311.7 million in financial year 2015 (previous year: Euro 223.8 million). **Free cash flow** improved to Euro 133.5 million (previous year: Euro -38.2 million). **Free cash flow adjusted** for payments for significant investments or acquisitions and proceeds from significant disposals increased to Euro 212.4 million (previous year: Euro 157.4 million).

Development, production and procurement

Research and development costs were at Euro 65.0 million in the reporting year (previous year: Euro 56.9 million). Worldwide, STADA launched a total of 578 individual products in the reporting year (previous year: 626 product launches).



Outlook

For the **outlook for 2016**, the Executive Board anticipates slight growth in Group sales adjusted for currency and portfolio effects, adjusted EBITDA and adjusted net income. The Executive Board expects the ratio of net debt excluding further acquisitions to adjusted EBITDA to be at a level of nearly 3.

From today's perspective, the Executive Board anticipates more subdued development in the first quarter of the current financial year.

STADA adjustments

	2015
Net income, reported	Euro 110.4 million
One-time effects	
<ul style="list-style-type: none"> • Net burden from currency translation expenses and currency translation income recorded in the income statement resulting from the fluctuation of the Russian ruble as well as further significant currencies of the market region CIS/Eastern Europe 	Euro +16.9 million
<ul style="list-style-type: none"> • Burden from additional scheduled depreciation and other measurement effects due to purchase price allocations as well as significant product acquisitions taking financial year 2013 as basis 	Euro +10.6 million
<ul style="list-style-type: none"> • Burden from value adjustments netted of write-ups on intangible assets after impairment tests 	Euro +29.1 million
<ul style="list-style-type: none"> • Net burden from effects from the measurement of derivative financial instruments and the underlying transactions 	Euro +2.9 million
<ul style="list-style-type: none"> • Net relief from several extraordinary expenses and income, among other things, from damage and claim payments made and received, tax rate changes in the United Kingdom, successful sale of a French branded product company and expenses in connection with the disposal of the German logistics activities 	Euro -4.1 million
Total one-time effects	Euro 55.4 million
Net income, adjusted	Euro 165.8 million

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