



ANALYST PRESENTATION

Q3/9M 2017

November 9, 2017



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

Q3/2017: GOOD OPERATING PERFORMANCE

Group Sales & Earnings

- High single-digit sales and double-digit EBITDA growth (both reported and adjusted)

Cash Flow

- Positive cash flow development

Leverage

- Net debt further improved
- Leverage at 2.3 (December 31, 2016: 2.8)

Strong Pipeline

- 148 product-market launches in Q3 (Generics and Branded Products)

Generics

- Single-digit sales growth
- Particularly good sales growth in Belgium, Serbia and Italy
- Strong EBITDA growth and further margin expansion


Branded Products

- Double-digit sales growth
- Particularly strong sales growth in Russia, Germany and Italy
- Substantial increase in EBITDA and margin improvement

GENERICS

KEY HIGHLIGHTS

- Dynamic growth in Belgium mainly attributable to positive volume effects as a result of the independent execution of sales activities since January 2017 as well as a reduced discount rate
- Significant sales increase in Serbia due to consolidation effect of the Serbian wholesaler Velexfarm and increased focus on direct sales
- Key product launches in Q3/2017 e.g.:
 - Emtricitabine-Tenofovir (Austria, Germany, France)
 - Etoricobix (Finland, Germany, Italy, Serbia, Spain)
 - Dutasterid (Italy, Portugal, Spain)
 - Tenofovir (Austria, Denmark, Germany, France)



Generics business continues to be our strong and reliably growing base business

BRANDED PRODUCTS

KEY HIGHLIGHTS

Dynamic sales development mainly attributable to strong volume growth in Russia, particularly for some of STADA's key brands and increased sales contribution from the Serbian subgroup

Strong sales development in Germany due to the early delivery of cough & cold products as well as some new product launches in Q3

Internationalization of successful brands well on track with more product launches underway;
examples for branded product launches in Q3:

- Hedrin (Germany)
- ViruProtect (Austria, Germany, Belgium)
- Grippostad Forte (Austria)
- Lactoflora (France)

Branded Products with increasing contribution to Group sales and profitability

FINANCIAL OVERVIEW

Group results

€m	Q3/2017 ¹	Q3/2016	Δ	9M/2017 ¹	9M/2016	Δ
Sales	554.8	507.0	+9%	1,698.0	1,541.7	+10%
Sales (adj.)²	544.7	505.1	+8%	1,641.1	1,537.4	+7%
EBITDA	99.4	88.4	+12%	320.3	289.1	+11%
EBITDA (adj.)³	109.8	98.3	+12%	347.5	300.6	+16%
Financial result	-8.3	-12.9	-36%	-27.6	-37.9	-27%
Income taxes	37.9	2.8	>100%	62.8	27.6	>100%
Net Income	18.9	18.2	+4%	109.2	100.3	+9%
Net Income (adj.)³	31.2	43.8	-29%	145.4	139.9	+4%

1) STADA has two subsidiaries in Vietnam: Pymepharco Joint Stock Company and STADA Vietnam J.V. Co. Ltd. As a result of financial reports not been available since April 2017 for STADA Vietnam J.V. Co. Ltd., last available planning figures for the 2nd quarter of 2017 are included and no financial information for the 3rd quarter of 2017.

2) Adjusted for currency and portfolio effects.

3) Adjusted for special items.

GENERICIS

STRONG INCREASE IN EARNINGS AND MARGINS

Segment results

€m	Q3/2017	Q3/2016	Δ	9M/2017	9M/2016	Δ
Sales	319.8	304.6	+5%	994.2	931.8	+7%
Sales (adj.) ¹	312.5	302.6	+3%	960.8	927.5	+4%
EBITDA (adj.) ²	69.4	64.0	+8%	220.1	193.6	+14%
EBITDA margin (adj.) ²	21.7%	21.0%	+70bps	22.1%	20.8%	+130bps

1) Adjusted for currency and portfolio effects.

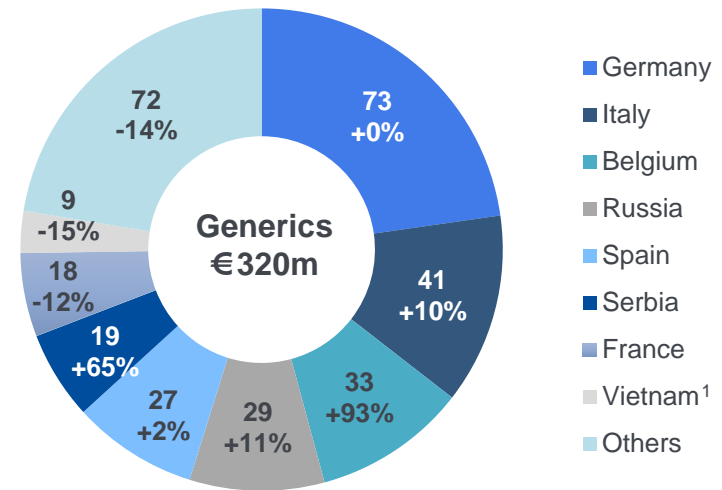
2) Adjusted for special items.

GENERICS

Q3 segment sales by country

- **Germany:** stable sales development despite a more selective tender approach and stronger focus on profitability
- **Italy:** strong growth due to positive volume growth and price effects, new product launches and decreasing discounts
- **Belgium:** dynamic growth resulting from the independent execution of sales activities as of January 2017 supported by reduced discount rates
- **Serbia:** significant increase due to consolidation of Serbian wholesaler Velexfarm and increased focus on direct sales
- **Russia:** increase mainly attributable to positive volume and fx effects
- **Spain:** positive sales momentum particularly driven by new product launches

Sales by country Q3/2017 in €m



1) STADA has two subsidiaries in Vietnam: Pymepharco Joint Stock Company and STADA Vietnam J.V. Co. Ltd. Since financial reports for STADA Vietnam J.V. Co. Ltd. are not available since April 2017, sales for Vietnam in Q3 2017 only include sales of Pymepharco. The comparative base of Q3 2016 was correspondingly adjusted.

BRANDED PRODUCTS

GOOD GROWTH IN SALES AND EARNINGS

Segment results

€m	Q3/2017	Q3/2016	Δ	9M/2017	9M/2016	Δ
Sales	235.0	202.6	+16%	703.8	609.9	+15%
Sales (adj.) ¹	232.2	202.6	+15%	680.3	609.9	+12%
EBITDA (adj.) ²	70.1	52.5	+33%	191.5	161.1	+19%
EBITDA margin (adj.) ²	29.8%	25.9%	+390bps	27.2%	26.4%	+80bps

1) Adjusted for currency and portfolio effects.

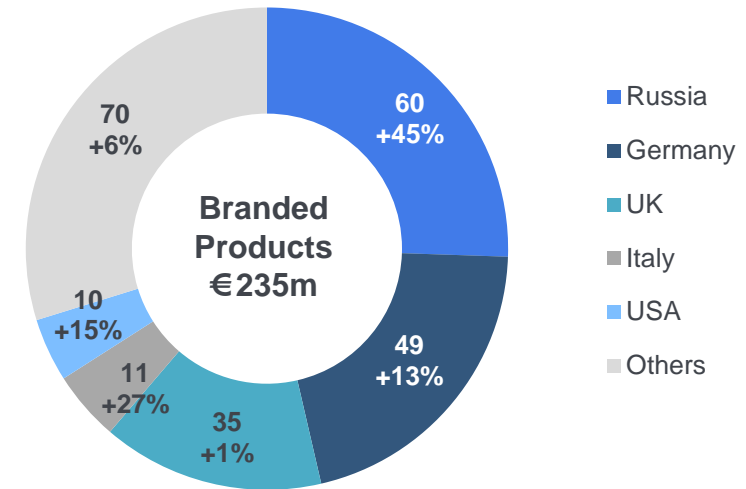
2) Adjusted for special items.

BRANDED PRODUCTS

Q3 segment sales by country

- **Russia:** Dynamic sales increase mainly attributable to volume growth, particularly for some of the key brands
- **Germany:** Strong sales growth due to the early delivery of cough & cold products and new product launches
- **Italy:** Increase in sales particularly attributable to a reorganization of sales structures carried out at the end of 2016
- **USA:** Sales growth resulted from good development of Parkinson treatment APO-Go

Sales by country Q3/2017 in €m

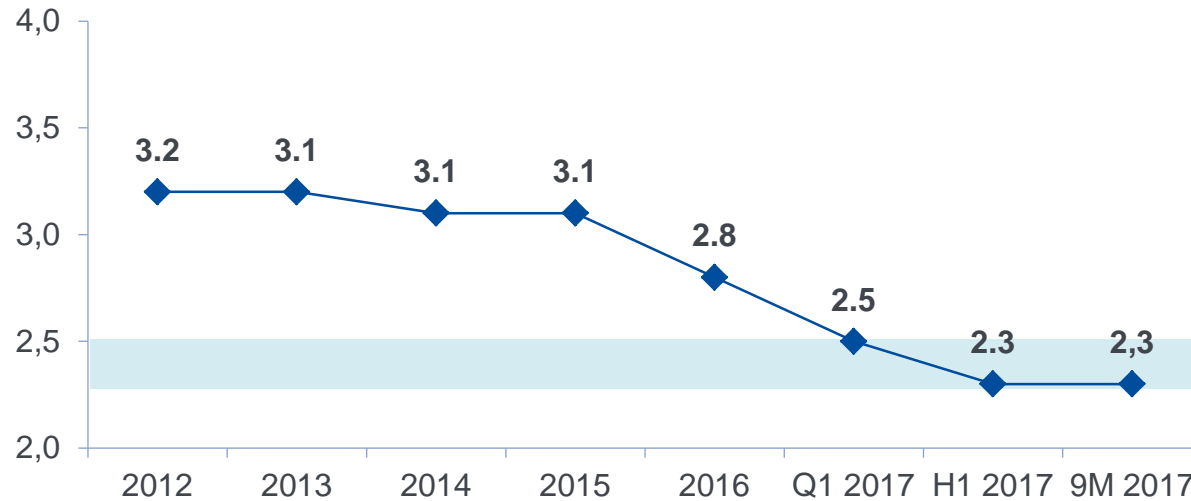


POSITIVE CASH FLOW DEVELOPMENT

€m	Q3/2017	Q3/2016	Δ	9M/2017	9M/2016	Δ
Operating cash flow	121.9	85.0	+43	211.4	198.0	+7
Capex (maintenance and other minor investments net of disposals)	-20.0	+5.4	>-100	-66.7	-65.2	+2
Free cash flow (adj.)¹ (before dividends)	101.9	90.3	+13	144.7	132.8	+9
Acquisitions net of disposals	-6.5	-26.8	-76	-33.1	-54.2	-39
Free cash flow (before dividends)	95.3	63.6	+50	111.6	78.6	+42


1) Adjusted for significant investments, acquisitions and disposals.

NET DEBT TO ADJUSTED EBITDA FURTHER IMPROVED



➤ Net debt improved by 51.9 €m to 1,066.3 €m (December 31, 2016: 1,118.2 €m)

GROUP GUIDANCE 2017 CONFIRMED

	<u>Target</u>	
Sales adj. ¹	€2,280 – 2,350m	
EBITDA adj. ²	€430 – 450m	
Net income adj. ²	€195 – 205m	



STADA well on track to meet full-year guidance

1) Adjusted for currency and portfolio effects.

2) Adjusted for special items.

APPENDIX

FINANCING STRUCTURE

- Net debt: 1,006.3 €m (December 31, 2016: 1,118.2 €m)
- Net debt to adjusted¹ EBITDA: 2.3 (December 31, 2016: 3.0)²
- Cash and cash equivalents: 368.8 €m (December 31, 2016: 352.6 €m)
- As a result of STADA's financing contracts, the Company anticipates that a repayment could take place short-term. A corresponding reclassification of the financial liabilities from long-term to short-term liabilities has been made in the balance sheet for this reason. As part of the takeover offer, Nidda Healthcare Holding AG (upon registration on October 23, 2017 now Nidda Healthcare Holding GmbH), has committed to provide STADA with financing for financing amounts, which are incurred for the early repayment of STADA financing.

1) Adjusted for special items.

2) Linear extrapolation of the adjusted EBITDA of the reporting period on a full year basis.

RECONCILIATION Q3/2017

in €m ¹	Q3/2017 reported	Write-downs/ write-ups on fixed assets	Effects from purchase price allocations and product acquisitions ²	Consultancy services in connection with the takeover process	Reversal of tax provisions	Q3/2017 adjusted
EBITDA	99.4	-	-0.3	10.7	-	109.8
Balance from depreciation/amortization and impairments/write-ups on intangible assets (including goodwill), property, plant and equipment and financial assets	31.9	-2.3	-3.6	-	-	26.1
Financial income and expenses	-10.3	-	-	-	-	-10.3
Income taxes	37.9	0.4	0.4	3.0	-	41.7
Result distributable to non-controlling shareholders	0.4	0.0	0.1	-	-	0.5
Result distributable to shareholders of STADA Arzneimittel AG (net income)	18.9	1.9	2.8	7.7	-	31.2

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.

RECONCILIATION 9M/2017

in €m ¹	9M/2017 reported	Write-downs/ write-ups on fixed assets	Effects from purchase price allocations and product acquisitions ²	Consultancy services in connection with the takeover process	Reversal of tax provisions	9M/2017 adjusted
EBITDA	320.3	-	-0.6	27.8	-	347.5
Balance from depreciation/amortization and impairments/write-ups on intangible assets (including goodwill), property, plant and equipment and financial assets	111.1	-20.5	-12.6	-	-	78.0
Financial income and expenses	-31.9	-	-	-	-	-31.9
Income taxes	62.8	3.7	1.5	7.8	10.4	86.2
Result distributable to non-controlling shareholders	5.4	0.3	0.3	-	-	6.0
Result distributable to shareholders of STADA Arzneimittel AG (net income)	109.2	16.5	10.1	20.0	-10.4	145.4

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.

FINANCIAL CALENDAR / CONTACT

Financial calendar 2018

March 8, 2018	Publication of the full-year 2017 results
May 3, 2018	Publication of the first three months of 2018 results
June 6, 2018	Annual General Meeting 2018

Please note that these dates could be subject to change.

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