



Presenting Our Corporate Governance

Dr. Martin Abend, Chairman of the Supervisory Board





Outline

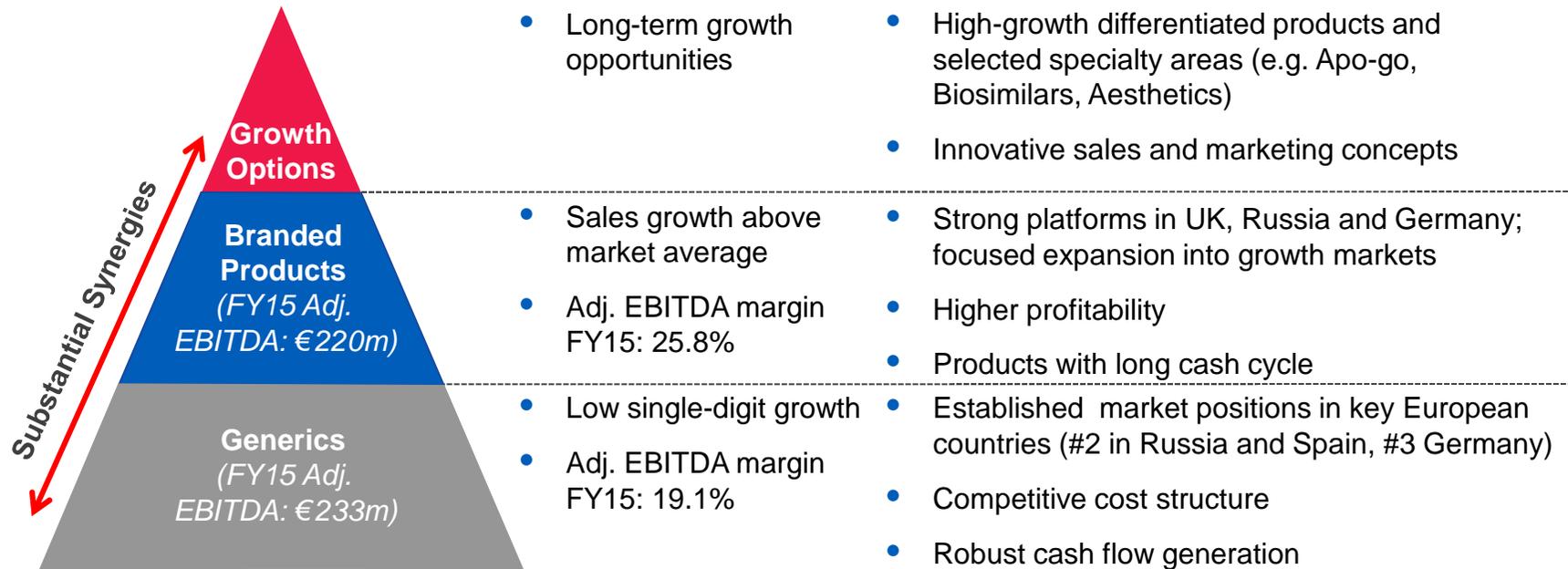
1. Company overview
 - STADA in a Nutshell
 - Clear Strategy for Continuous Growth
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 - Executive Remuneration 2015



STADA's Core Values

- For 120 years, STADA has been providing people with high quality and affordable medicines. With our self medication products, we are also serving the growing needs of people to do something for their health on their own initiative.
- We stand for the internationalization and consistent expansion of our branded products portfolio, particularly in the areas of wellness, life style and aesthetics. Our top priority in this regard is our positioning in line with the needs of our customers.
- An excellent infrastructure in growth markets and the experience of our employees are our greatest advantage and, together with our product portfolio, give us a basis for sustainable value added.
- We focus on products with off-patent active pharmaceutical ingredients in the health care market concentrating on the pharmaceutical market.
- Core segments
 - Generics (58% share of Group sales)
 - Branded Products (40% share of Group sales)

STADA – Clear Strategy for Continuous Growth



A Highly Efficient, Cash-generative Generics Business to Support Continued Branded Products Growth



The Supervisory Board

Board Evolution

- **The Supervisory Board:**
 - First steps towards a new orientation and rejuvenation of the Supervisory Board (SB) were taken in time for orderly succession planned for 2018 AGM and a nomination committee was formed in 2015 with the main goal to identify suitable candidates to:
 - Extend diversity in professional backgrounds and skills
 - Allow a smooth generational change within the SB
 - A well respected external HR consultancy was hired to identify nominees based on a pre-determined SB profile, which would correspond to the experience required to see STADA through the strategic re-organisation ahead
 - In Q2 2016, Dieter Koch joined the nomination committee to speed up the process
 - All identified potential candidates, including initial nominees by AOC were thoroughly assessed, resulting in today's candidates proposed at the AGM 2016
- **The Management Board:**
 - CEO Hartmut Retzlaff fell unexpectedly ill in June 2016 for undetermined period of time
 - Matthias Wiedenfels took on the CEO's responsibilities and the smooth transition in unfavourable circumstances proves that the STADA SB is well prepared to act appropriately, even in difficult times.
- **Going forward:**
 - SB has in the past and will continue to have regular Board reviews carried out by external law firm
 - SB will continue to review our Board structure to ensure the SB is best positioned to support Stada's strategy at all times



The Proposed Supervisory Board

Fully applicable	Partially applicable
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STADA Board Profile Criteria*	First Time Nominees (2016 – 2021)				Incumbent Nominees (2013-2018)	
	Rolf Hoffmann	Tina Müller	Gunnar Riemann	Birgit Kudlek	Ferdinand Oetker	Martin Abend (CHAIR)
Professional criteria (at least one NED experienced in each dimension)						
• Pharmaceutical perspective (ideally pharmacist/pharmacologist)						
• Leadership experience in the European pharma industry						
• Understanding of Eastern European markets/CIS						
• Expertise in the market in Generics and Biosimilars						
• Leadership experience with various distribution channels, in particular non food/fast-moving consumer goods						
• Marketing/Branding know how						
• Financial expert						
• Experience on German public companies Boards						
• Experience with M&A						
• Regulatory Experience (focus: pharma)						
• Corporate Governance						
• Corporate law						
Balance criteria (to be fulfilled by the Supervisory Board – shareholder representatives – as a whole)						
• Age (majority born in 1956 or later)	1959	1968	1958	1967	1972	1963
• Supervisory Board experience listed company (2-4 out of 6)						
• Knowledge transfer and stability (at least 2 should have spent several years on the STADA AG board)						
• Gender (at least two should be male/female respectively)	m	f	m	f	m	m

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* Full list of evaluation criteria can be found here: <https://www.stada.com/investor-relations/events/annual-general-meeting/overview.html>



Management Remuneration

Remuneration Evolution

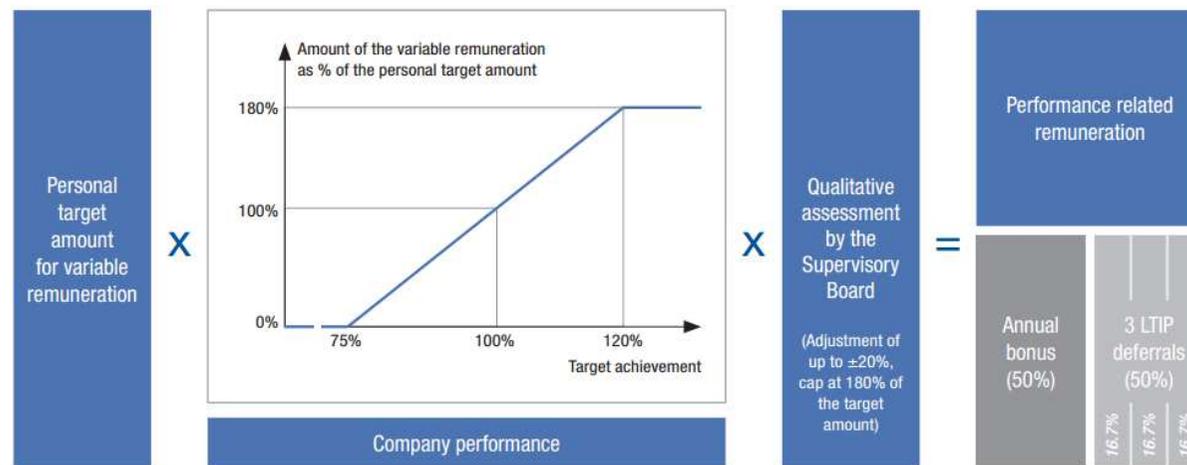
- Formal **review of Executive remuneration initiated in 2014** supported by Ernst&Young (EY), primarily to update variable remuneration structure and introduce long term incentive plan
- Further **adjustments made following 2015 AGM** to improve disclosure and transparency for shareholders
- External advice was sought (EY, Freshfields Bruckhaus Deringer, Willis Towers Watson) and shareholders consulted
 - All reviews found executive remuneration at STADA **appropriate and in line with market practice**
 - Findings of external reviews disclosed*
- Resulting recommendations implemented:

Response to areas of concern for shareholders

- Introduced Long Term Incentive Plan 
- No LTI component with performance period < 3 years 
- Future disclosure of performance targets (above guidance for FY2016) 
- Include a mix of absolute and relative as well as operational and financial performance criteria for variable pay 
- Variable remuneration capped 
- Clearly define and publish criteria for qualitative performance assessment through Supervisory Board 
- Increase weight of long-term incentive by adjusting bonus:LTIP ratio from 50:50 to 40:60 

Management Remuneration Structure*

- Annual **fixed salary** is determined in accordance with the requirements of stock company law under consideration of usual market remuneration, based on regular peer benchmarking
- **Variable pay** is capped at 180% of personal target amount
 - Performance criteria: adjusted profit (“company performance”) and share performance relative to MDAX (LTIP)



- **Other remuneration** consists of fringe benefits (mostly private use of a company car), contributions to health and nursing care insurance and other insurance services (accident insurance, among other things).
 - The remuneration does not include any company-organized pension plans. The abandonment of an executive board member pension plan eliminates potential liability risks.



Best Practice at STADA



Implementing Best Practice

We are at the forefront of corporate social responsibility*

- Group wide code of conduct, underlined by our “All the best” mission statement
- Management Board directly responsible for CR and ESG management
- STADA Steering Group CR ensures operational implementation, e.g.
 - In Germany
 - STADA pro-actively increased customer safety by introducing the 2D bar code labelling on a large scale already in 2013, as the first pharmaceutical company in Germany
 - Incentive schemes for German employees to use public transport or car pools
 - “All the best” initiative focussed to measure and improve public knowledge of health in Germany
 - And globally
 - Global quality control of all STADA entities as well as all suppliers according to European Good Manufacturing Practice Standard to ensure medicine safety, from packaging to safety systems audit
 - Holistic approach to employee health and wellbeing, such as family-friendly work place organisation, annual health day, STADAktiv programme or health center access in the work place
 - Medication and financial donations when emergency aid is needed during disaster
 - Main sponsorship of dolphin aid e.V. offering alternative therapies for ill and disabled children since 2007
 - “Mobile Diagnosis” programme of STADA CIS in Russia to provide information on the risks of cardiovascular disease, basic diagnosis methods and useful measures
 - “kNOW Alzheimer” project by Laboratorio STADA in Spain to inform about dementia disease Morbus Alzheimer
 - Further health education projects, specifically supporting the poor and the older population in Thailand, Vietnam and the Philippines

Implementing Best Practice

We listen to our shareholders

- Proposed a Supervisory Board ideally equipped to guide Stada's strategic evolution
- Amended management remuneration, taking account of shareholder and expert views
- Publish shareholding of Supervisory and Management Board members*
- Propose to abolish impediments to shareholder rights ("*Vinkulierung*")
- Publish lead auditor name and tenure
 - Scheduled tender of audit contract in FY 2016 following due process
- Publish individual meeting attendance to increase transparency
 - 100% in FY 2015

We will continue to do so in the future

- Review of Non-Executive remuneration structure
- Corporate Governance roadshow
- Join UN Global Compact
- Define and implement Group-wide environmental indicators and KPIs in the categories of CO2 emissions, energy, water and waste to define concrete, measurable environmental goals in the future



Any Questions?

Dr. Markus Metzger

Vice President Investor Relations

Alles Gute | All the best

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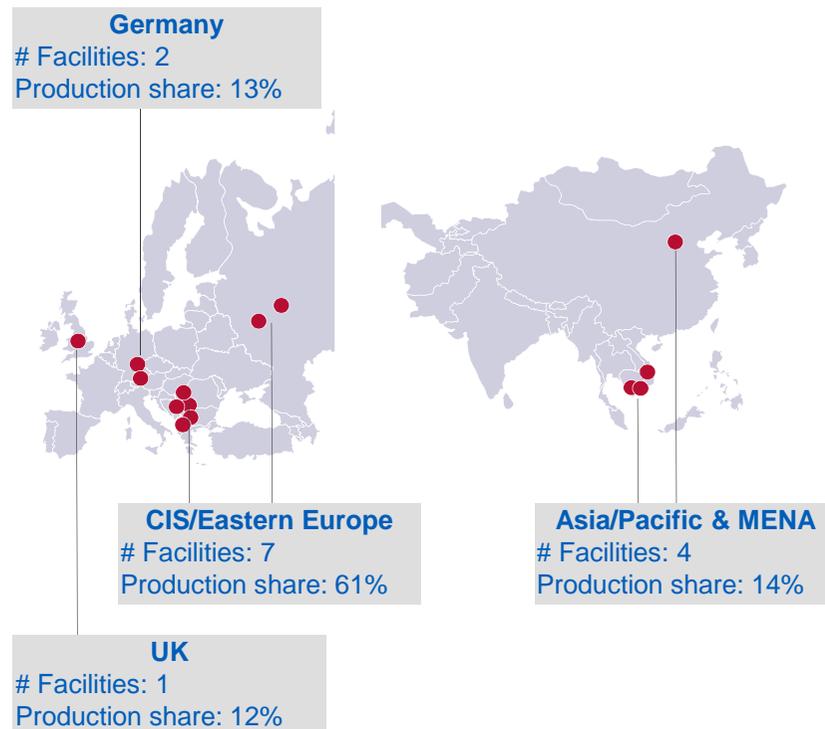
Appendix



STADA Growth Strategy

We Will Excel because of our Cost Position and Efficiency Focus

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 of 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
- >€80m** Cost savings realized through btf and ongoing optimisation

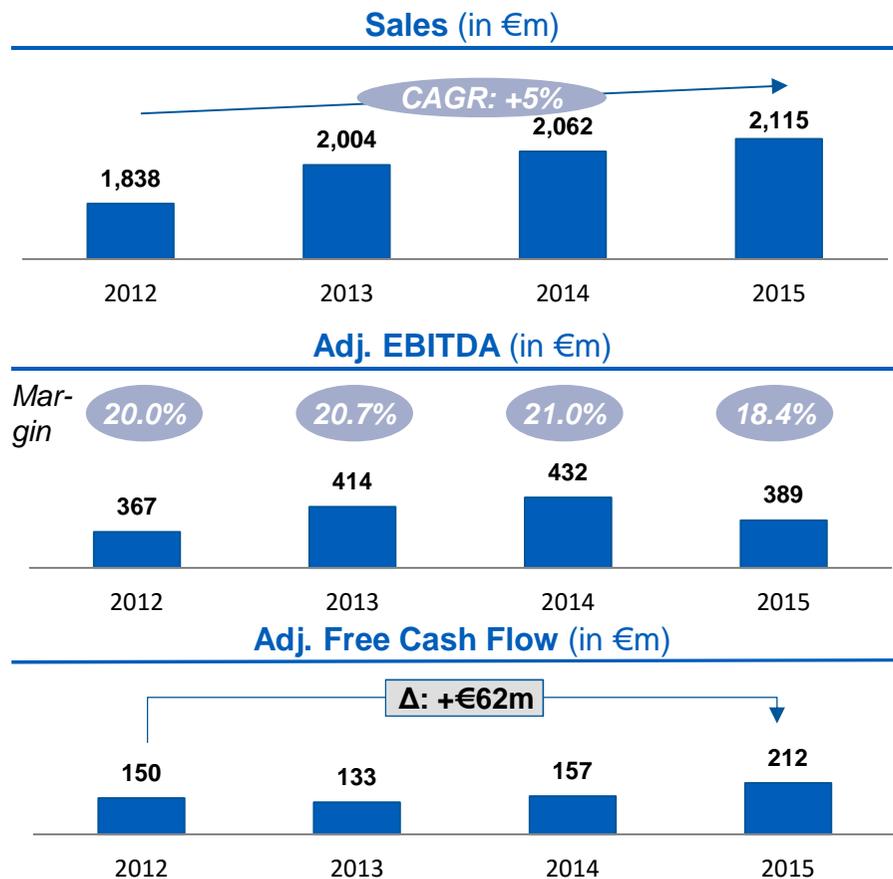


STADA: Continuous Focus on Cost Structure to Underpin Growth

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
	Near Shoring	<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

Group Performance – Significantly Improved Cash Flow Generation



Comments

- Continued top-line growth with 2012-15 CAGR of 5%
- Branded Products segment as key sales growth driver
- Stable adj. EBITDA margin; reduction in 2015 largely driven by FX effects, notably from CIS/Eastern Europe
- Significant NWC improvements (38% of sales in 2012 vs. 31% in 2015)
- Free cash flow generation significantly increased since 2012

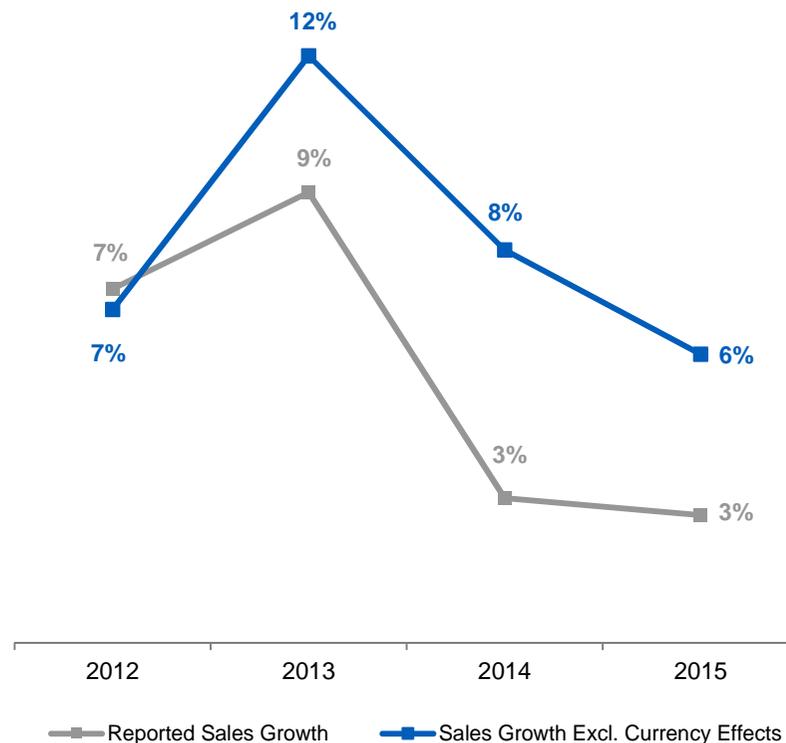
Outlook 2016

- Slight growth in sales¹, adj. EBITDA and adj. net income
- Ratio of net debt² to adj. EBITDA at a level of nearly 3x

1) Adjusted for currency and portfolio effects. 2) Excluding further acquisitions.

Looking Through FX Impacts

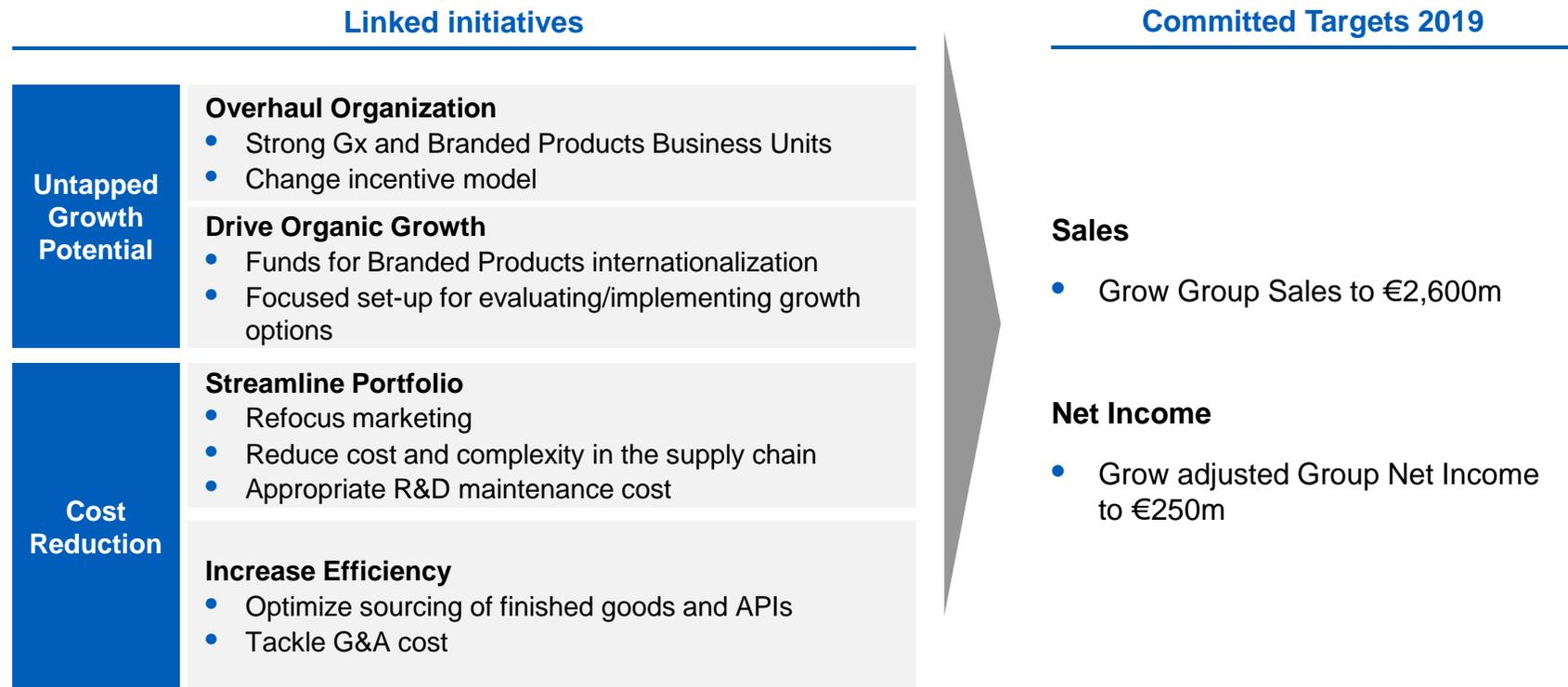
Sales Growth (Reported vs. Currency-adjusted)



Comments

- Continued sales growth over the last 4 years
- Since 2013 sales growth negatively impacted by currency effects in the amount of 3-5% 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's Program to Improve Performance



Details Will be Communicated at Capital Markets Day on 05-Oct-2016



Supervisory Board CVs

CV Dr. Martin Abend



Profession Lawyer

Place of residence Dresden, Germany

Date of birth 16.03.1963

Place of birth Heilbronn am Neckar

Training & qualification

Studies in law at the University of Heidelberg, Cornell Law School, NY (USA), Lausanne (CH) and Genf (CH)

Degrees in law from the Universities of Heidelberg (doctorate in law) and Cornell Law School, NY (USA), LL.M.

Professional career

since 2011 Vice President of the German Federal Bar (Bundesrechtsanwaltskammer)

since 2009 Chairman of the Supervisory Board at STADA Arzneimittel AG

2007 – 2015 President of the Bar Association of Saxony

2005 – 2007 Vice President of the Bar Association of Saxony

since 2003 Member of the Supervisory Board at STADA Arzneimittel AG

since 1996 Member of the European Committee at the German Bar Association

since 1993 Lawyer

Mandates in statutory Supervisory Boards of companies based in Germany or comparable domestic and foreign supervisory bodies of commercial enterprises: None

CV Rolf Hoffmann



Profession Senior Vice President of US Commercial Operations, Amgen; adjunct professor at University of North Carolina Kenan-Flagler Business School, Chapel Hill, USA

Place of residence Weggis, Switzerland

Date of birth 01.05.1959

Place of birth / qualification Cologne

Studied English and Sport Sciences at the University and German Sport University of Cologne, subsequent MBA of the University of North Carolina's Kenan-Flagler Business School, Chapel Hill, USA

Professional career

2016	Adjunct professor at University of North Carolina Kenan-Flagler Business School, Chapel Hill, USA (since end of June 2016)
2012 – 2016	Senior Vice President of US Commercial Operations, Amgen (until 31 August 2016)
2006 – 2012	Senior Vice President, International Commercial Operations, Amgen
2004 – 2006	Senior Vice President, Europe, Amgen
2003 – 2004	General Manager, Germany, Eli Lilly
2000 – 2003	President Latin America, Eli Lilly
1998 – 2000	Executive Director – Marketing, Eli Lilly
1995 – 1998	General Manager, South Africa, Eli Lilly
1987 – 1995	Various positions in Sales and Marketing, Eli Lilly

Mandates in statutory Supervisory Boards of companies based in Germany or comparable domestic and foreign supervisory bodies of commercial enterprises: None

CV Dr. Birgit Kudlek



Profession	Manager in the Pharma Industry
Place of residence	Bad Soden, Germany
Date of birth	02.03.1967
Place of birth	Leverkusen

Training & qualification

Studied Pharmacy and Economics at the Technical University Braunschweig, subsequent doctorate in Pharmaceutical Technology

Professional career

2014 – 2015	Chief Operating Officer, General Manager, AENOVA
2012 – 2013	Head of Sandoz QTP and Manufacturing & Quality PMO, Sandoz
2009 – 2012	Head of Sandoz Development Network, Member of the Corporate Executive Group Novartis, Sandoz
2007 – 2008	Chief Operating Officer & Member of the Executive Board, LTS LOHMANN THERAPIE-SYSTEME
2004 – 2007	Head of Generic Drug Development Worldwide, Merckle (Ratiopharm)
2003 – 2004	Head of International Production Coordination, Merckle (Ratiopharm)
1999 – 2002	Manager, Accenture
1996 – 1998	Trainee and Managing Assistant, Hoechst

Mandates in statutory Supervisory Boards of companies based in Germany or comparable domestic and foreign supervisory bodies of commercial enterprises: WILEX AG (Member of the Supervisory Board since May 2012)

CV Tina Müller



Profession Chief Marketing Officer

Place of residence Frankfurt am Main, Germany

Date of birth 10.09.1968

Place of birth Bad Neuenahr-Ahrweiler

Training & qualification

Studied Economics (Diplom-Kauffrau / Maîtrise Science Économique) at the Universities of Trier, Germany, and Lyon III, France, European Business Studies, Fachhochschule Rheinland-Pfalz

Professional career

Since 2014	Managing Director (Marketing), Opel Group GmbH
2013 – 2014	Member of the Management Board (Marketing), Adam Opel AG
2012 – 2013	Corporate Senior Vice President, Regional Sales Head West Europe, Henkel
2010 – 2012	Corporate Senior Vice President, Chief Marketing Officer Beauty Care, Henkel
2007 – 2010	Corporate Senior Vice President, Chief Marketing Officer (Hair, Skin, Oral Care), Henkel
2004 – 2006	Corporate Vice President (Hair), Henkel
2003 – 2004	Marketing Director Henkel Cosmetics, Henkel Italy
1995 – 2002	International Marketing Cosmetics, various positions from International Product Manager to International Marketing Director, Henkel
1994 – 1995	International Product Manager, Salon Business, WELLA
1993 – 1994	Trainee, L'Oréal

Mandates in statutory Supervisory Boards of companies based in Germany or comparable domestic and foreign supervisory bodies of commercial enterprises: MLP AG (Member of the Supervisory Board since 2015)

CV Carl Ferdinand Oetker



Profession Entrepreneur

Place of residence Düsseldorf, Germany

Date of birth 03.10.1972

Place of birth Munich

Training & qualification

Degree in economics and international relations from Brown University, Providence, RI (USA)

Professional career

since 2016	Managing Partner of FO Holding GmbH
since 2009	Member of the Supervisory Board at STADA Arzneimittel AG (Deputy Chairman since 2014)
2009 - 2015	General Agent, Head of Department, Bankhaus Lampe KG, Düsseldorf
2005 - 2009	Director, Regional Manager North, Branch Manager Hamburg, Bankhaus Lampe KG, Hamburg
2004 - 2005	Director, Head Office Credit Department, Bankhaus Lampe KG, Düsseldorf
2002 - 2003	Authorized Signatory, Sector Team Industrials, Manufacturing, Electronics, Engineering, B2B, ING BHF-BANK Aktiengesellschaft, Frankfurt am Main
1999 - 2002	Authorized Signatory, Senior Manager Institutional Advisory, Co-Head of the Institutional Advisory Team, Director, AXA Investment Managers Deutschland GmbH, Frankfurt am Main
1998 - 1999	Executive Assistant, Schroder Fonds Service GmbH, Frankfurt am Main
1997 - 1998	Consultant at the International Financial Services Group, Boston Consulting Group, Frankfurt am Main

Mandates in statutory Supervisory Boards of companies based in Germany or comparable domestic and foreign supervisory bodies of commercial enterprises: Koenig & Bauer AG (Member of the Supervisory Board and Member of the Audit Committee since May 21, 2015), Cloverfield Inc. (Chairman of the Board of Directors, non-executive)*

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* Excluding non-listed companies. Please refer to website for details.

CV Dr. Gunnar Riemann



Profession Business Consultant in the Life Science Industry

Place of residence Berlin, Germany

Date of birth 26.10.1958

Place of birth Hameln

Training & qualification

Studied Pharmacy at the Technical University of Braunschweig, subsequent doctorate in Biochemistry

Professional career

2010 – 2015	President of Global Division Environmental Science, Bayer CropScience
2006 – 2009	Member of the Executive Board of Bayer Schering Pharma, Bayer Healthcare
2004 – 2006	Executive Vice President, Bayer Healthcare & President of Global Division Animal Health, Bayer Healthcare
2001 – 2004	Executive Vice President, Bayer Healthcare & President of Global Division Biological Products, USA, Bayer Healthcare
1999 – 2001	Executive Vice President Europe, Consumer Care, Bayer Healthcare
1996 – 1999	Executive Vice President Asia/South America, Consumer Care, Bayer Healthcare
1994 – 1996	Head of Business Unit Insect Control, Consumer Care, Bayer Healthcare
1991 – 1994	Head of Product Development, Consumer Healthcare Division, USA, Self Medication Business Group, Bayer Healthcare
1987 – 1991	Operations Manager, Pharma, Bayer Healthcare
1986 – 1987	Trainee, Pharma, Bayer Healthcare

Mandates in statutory Supervisory Boards of companies based in Germany or comparable domestic and foreign supervisory bodies of commercial enterprises: None



Executive Remuneration 2015

Executive Remuneration 2015

Hartmut Retzlaff, CEO (Chairman of the Executive Board since 1993)						
in € 000s	Benefits granted				Allocation	
	2015	2014	2015 (min)	2015 (max)	2015	2014
Fixed remuneration	2,000	2,000	2,000	2,000	2,000	2,000
Fringe benefits	35	142	35	35	35	142
Total	2,035	2,142	2,035	2,035	2,035	2,142
One-year variable remuneration	589	848	0	850	589	848
Multi-year variable remuneration						
• Long-term targets 2014	-	1,244	-	-	-	1,727
• Long-term targets 2016	971	-	0	1,323	0 ¹⁾	-
Other	-	-	-	-	-	-
Total	1,560	2,092	0	2,173	589	2,575
Service cost	-	-17,603	-	-	-	-17,603
Total remuneration	3,595	-13,369	2,035	4,208	2,624	-12,886

Executive Remuneration 2015

Helmut Kraft, Chief Financial Officer (on the Executive Board since 01/2010)						
in € 000s	Benefits granted				Allocation	
	2015	2014	2015 (min)	2015 (max)	2015	2014
Fixed remuneration	800	750	800	800	800	750
Fringe benefits	30	26	30	30	30	26
Total	830	776	830	830	830	776
One-year variable remuneration	350	399	0	350	350	399
Multi-year variable remuneration						
• Long-term targets 2014	-	315	-	-	-	832
• Long-term targets 2018	303	-	0	360	0 ²⁾	-
Other	-	-	-	-	-	-
Total	653	714	0	710	350	1,231
Service cost	-	-	-	-	-	-
Total remuneration	1,483	1,490	830	1,540	1,180	2,007

Executive Remuneration 2015

Dr. Matthias Wiedenfels, Chief Business Development & Central Services Officer (on the Executive Board since 05/2013)						
in € 000s	Benefits granted				Allocation	
	2015	2014	2015 (min)	2015 (max)	2015	2014
Fixed remuneration	750	750	750	750	750	750
Fringe benefits	33	27	33	33	33	27
Total	783	777	783	783	783	777
One-year variable remuneration	350	300	0	350	350	300
Multi-year variable remuneration						
• Long-term targets 2016	394	394	0	495	0 ³⁾	200
Other	-	-	-	-	-	-
Total	744	694	0	845	350	500
Service cost	-	-	-	-	-	-
Total remuneration	1,527	1,471	783	1,628	1,133	1,277