



## Press Release

### **STADA: First quarter of 2016 better than expected – reported key earnings figures substantially higher than previous year – very strong development of the German Generics segment**

#### ***Important items at a glance***

- Group sales rise by 2 percent – adjusted by +4 percent
- Adjusted EBITDA declines slightly by 1 percent
- Adjusted net income increases by 6 percent
- Sales increase in Branded Products by +3 percent – adjusted +4 percent
- Very positive development of the German Generics segment +8 percent – solid sales development in Central Europe +2 percent and Asia/Pacific & MENA +6 percent, CIS/Eastern Europe -15 percent due to currency effects – adjusted slightly above the level of the previous year
- Outlook for 2016 confirmed

#### ***STADA key figures***

	<b>Q1/2016</b>	<b>Q1/2015</b>	<b>+/-</b>
Group sales, reported	Euro 497.1 million	Euro 486.2 million	+2%
<i>Group sales, adjusted</i>	<i>Euro 502.4 million</i>	<i>Euro 480.9 million</i>	<i>+4%</i>
EBITDA, reported	Euro 85.2 million	Euro 79.2 million	+7%
<i>EBITDA, adjusted</i>	<i>Euro 92.1 million</i>	<i>Euro 92.6 million</i>	<i>-1%</i>
Net income, reported	Euro 29.6 million	Euro 21.2 million	+40%
<i>Net income, adjusted</i>	<i>Euro 40.1 million</i>	<i>Euro 37.9 million</i>	<i>+6%</i>
Earnings per share	Euro 0.48	Euro 0.35	+37%
<i>Earnings per share, adjusted</i>	<i>Euro 0.64</i>	<i>Euro 0.62</i>	<i>+3%</i>

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 Chairman of the Supervisory Board: Dr. Martin Abend



Bad Vilbel, May 12, 2016 – In the first quarter of 2016, the STADA Group recorded a development that exceeded expectations, which – as compared to the corresponding period of the previous year – was attributable to lower one-time special effects in connection with currency translation expenses recorded in the income statement. Furthermore, this was due to the very positive development of the German Generics segment, which primarily resulted from a decrease in revenue reductions.

"The reported key earnings figures in the first quarter of 2016 were significantly higher than in the corresponding period of the previous year. This was due to lower one-time special effects as well as to the very positive development of the German Generics segment", was the positive comment of Hartmut Retzlaff, STADA's Chairman of the Executive Board, on the business development of the first three months of 2016.

#### ***Development of sales***

**Group sales** in the first three months of the current financial year increased by 2 percent to Euro 497.1 million (1-3/2015: Euro 486.2 million). Adjusted for currency and portfolio effects, Group sales increased by 4 percent.

Sales of the core segment **Generics** increased by 2 percent to Euro 296.1 million in the reporting period (1-3/2015: Euro 289.8 million). Generics contributed 59.6 percent to Group sales (1-3/2015: 59.6 percent). Sales of the core segment **Branded Products** recorded an increase of 3 percent to Euro 189.8 million in the quarter under review (1-3/2015: Euro 185.1 million). Branded products contributed 38.2 percent to Group sales (1-3/2015: 38.1 percent).

#### ***Earnings development***

In view of the one-time special effects, which decreased as compared to the corresponding period of the previous year, as well as declined negative currency effects, the reported key earnings figures were significantly above the corresponding period of the previous year.

**Reported operating profit** increased by 12 percent to Euro 56.3 million in the first quarter of 2016 (1-3/2015: Euro 50.4 million). **Reported EBITDA** increased by 7 percent to Euro

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85.2 million (1-3/2015: Euro 79.2 million). **Reported net income** recorded growth of 40 percent to Euro 29.6 million (1-3/2015: Euro 21.2 million).

After adjusting the key earnings figures for influences distorting the period comparison resulting from one-time special effects, **adjusted operating profit** in the first three months of 2016 was approximately at the level of the corresponding period of the previous year with Euro 68.2 million (1-3/2015: Euro 68.0 million). **Adjusted EBITDA** declined slightly by 1 percent to Euro 92.1 million (1-3/2015: Euro 92.6 million). **Adjusted net income** increased by 6 percent to Euro 40.1 million (1-3/2015: Euro 37.9 million).

The **net debt to adjusted EBITDA ratio** in the reporting period was at 3.3 on linear extrapolation of the adjusted EBITDA of the reporting period on a full-year basis (1-3/2015: 3.6).

#### ***Development of the market regions***

The four STADA market regions developed as follows in the first quarter of 2016:

In the **market region Central Europe**, sales recorded an increase of 2 percent – with varying development of the countries included – to Euro 240.0 million in the first three months of 2016 (1-3/2015: Euro 235.6 million). This development was particularly based on sales increases in **Italy** with 12 percent and **Belgium** with 11 percent. Sales generated in this market region had a share of 48.3 percent in Group sales (1-3/2015: 48.5 percent).

In the **market region Germany**, sales increased by 14 percent to Euro 145.0 million in the first quarter of 2016 (1-3/2015: Euro 127.2 million). This market region contributed a total of 29.2 percent to Group sales (1-3/2015: 26.1 percent). Sales generated in **Germany**, i.e. sales excluding export sales of the market region Germany and excluding sales of other market regions in Germany, recorded an increase of 17 percent to Euro 135.3 million (1-3/2015: Euro 115.3 million). Despite the continued difficult local framework conditions for generics, which were attributable to the intensive competition in tenders for discount agreements from public health insurance organizations, sales in the German Generics



segment increased by 8 percent to Euro 75.6 million (1-3/2015: Euro 69.8 million). This very positive development was particularly based on a decrease in revenue reductions.

In the **market region CIS/Eastern Europe**, sales in the quarter under review applying the exchange rates of the previous year were slightly above the level of the corresponding period of the previous year. As a result of negative currency effects, sales in euro decreased by 15 percent to Euro 75.9 million (1-3/2015: Euro 89.0 million). Sales achieved in this market region contributed 15.2 percent to Group sales (1-3/2015: 18.3 percent). In **Russia**, sales rose slightly by 1 percent in the reporting period applying the exchange rates of the previous year. Due to a clearly negative currency effect of the Russian ruble, sales decreased in euro by 14 percent to Euro 38.3 million (1-3/2015: Euro 44.5 million). This development was primarily based on an unchanged reluctance to buy among the end consumers. In **Serbia**, sales declined by 30 percent applying the exchange rates of the previous year. In euro, sales decreased by 31 percent to Euro 11.7 million due to a negative currency effect of the Serbian dinar (1-3/2015: Euro 17.0 million). This development was, among other things, attributable to a planned repeated reduction of reimbursement prices, as a consequence of which a restrained demand among the Serbian wholesalers was noticeable.

In the **market region Asia/Pacific & MENA**, sales in the quarter under review showed growth of 6 percent to Euro 36.3 million (1-3/2015: Euro 34.4 million). This development, which was restrained compared to the previous quarters, was mainly based on a high comparable basis of the corresponding period of the previous year. Despite higher price pressure, sales in the two largest markets of this market region, Vietnam and China, could be increased through gains in local tender processes. The sales contribution of this market region to Group sales was at 7.3 percent (1-3/2015: 7.1 percent).

**Cash flow from operating activities** increased slightly to Euro 47.2 million in the first quarter of 2016 (1-3/2015: Euro 46.8 million). **Free cash flow** improved to Euro 5.9 million (1-3/2015: Euro 5.6 million). **Free cash flow adjusted** for payments for significant investments or acquisitions and proceeds from significant disposals amounted to Euro 20.0 million (1-3/2015: Euro 26.9 million).

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***Development, production and procurement***

**Research and development costs** amounted to Euro 14.9 million in the first three months of the current financial year (1-3/2015: Euro 16.2 million). Worldwide, STADA launched a total of 213 individual products in the reporting period (1-3/2015: 157 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.

***STADA adjustments***

	<b>1-3/2016</b>
Net income, reported	Euro 29.6 million
One-time effects	
<ul style="list-style-type: none"> <li>• 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</li> </ul>	Euro +5.8 million
<ul style="list-style-type: none"> <li>• 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 a basis</li> </ul>	Euro +4.1 million
<ul style="list-style-type: none"> <li>• Burden from value adjustments netted of write-ups on intangible assets after impairment tests</li> </ul>	Euro +0.4 million
<ul style="list-style-type: none"> <li>• Net burden from effects from the measurement of derivative financial instruments and the underlying transactions</li> </ul>	Euro +0.2 million
<b>Total one-time effects</b>	<b>Euro 10.5 million</b>
Net income, adjusted	Euro 40.1 million

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