



## Press Release

### **STADA invites the holders of the STADA Bond to participate in the bondholders' meeting and to vote in favor of the proposed resolutions**

Bad Vilbel, 12 September 2018 – On 24 August 2018, STADA Arzneimittel Aktiengesellschaft (“**STADA**” or “**the Company**”) has invited the holders of its EUR 300,000,000 1.750% fixed-rate bearer notes 2015/2022 with ISIN: XS1213831362, WKN: A14KJP (the “**STADA Bond**”) to a bondholders' meeting, which will take place in Bad Vilbel on 18 September 2018.

During this meeting, the holders of the STADA Bond will be asked to vote on (a) the accession of the joint representative of the bondholders to an intercreditor agreement dated 17 August 2017 (the “**Intercreditor Agreement**”) and (b) certain changes to the terms and conditions of the STADA Bond. This participation is necessary for the holders of the STADA Bond to participate in new security interests related to assets (so-called *in rem* securities) to be potentially provided by STADA and certain of its operative subsidiaries, and for the terms and conditions of the STADA Bond to reflect these changes accordingly.

In the meantime, individual market participants have expressed a concern that accepting the proposed resolutions could result in a downgrading of the bondholders' economic position. STADA does not share this view and asks the bondholders again to participate in the bondholders' meeting and to vote in favor of the proposed resolutions.

In order to better understand the arguments of STADA in favor of both resolutions at the bondholders' meeting, their background shall be outlined briefly in the following.

When issuing the STADA Bond, the Company was listed on the MDAX, owned by a widely spread range of investors, and not having a majority shareholder with controlling influence. In 2017, the financial investors Bain Capital and Cinven acquired the majority of shares in STADA through their holding company Nidda Healthcare Holding GmbH (“**Nidda**”). As a reaction to the changed ownership structure, also called a “change of control”, the holders had a right to ask for redemption of the STADA Bonds held by them according to the terms and conditions thereof, which could be exercised between November 2017 and beginning of January 2018. This termination right, the background of which was explained to the holders of the STADA Bond, gave each holder the opportunity to freely decide for or against maintaining their investment in the STADA Bond. A very large number of bondholders did not exercise their right to terminate. STADA considered this decision as an expression of the bondholders' confidence in STADA's new ownership and financing structure.

To finance the acquisition of the majority of shares in STADA, the new majority shareholders entered into loan agreements with different banks and also issued two bonds, one of which was secured and one unsecured, on the different holding levels. These financing instruments require, inter alia, that STADA and certain operative subsidiaries grant security interests related to assets as collateral. STADA offered the bondholders of the STADA Bond to participate in these security

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interests. This offer was made in the course of a bondholders' vote without a meeting according to the German Act on Debt Securities (*SchVG*), which took place from 26 to 28 June 2018, by suggesting the accession to the Intercreditor Agreement through a joint representative. However, the quorum of participants, which is required by law for such voting processes, was not reached. For this reason, on 29 June 2018 STADA invited the bondholders to a subsequent bondholders' meeting on 17 July 2018.

At the same time, STADA made an offer to repurchase the STADA Bonds for cash ("**Tender Offer**") in order to offer an additional exit option to the holders of the STADA Bond who did not want to maintain their investment under the circumstances. However, this Tender Offer was only accepted by few individual holders, whereas the vast majority decided to remain invested in the STADA Bond.

On 18 July 2018, STADA and certain operative subsidiaries granted guarantees to secure the financings of Nidda, which Nidda was obliged to ensure under the conditions of its financing agreements and which at the same time was in accordance with the terms and conditions of the STADA Bond. At the same time, STADA by way of accession became party to one of the Nidda financing agreements, thereby receiving the option to draw loans thereunder under certain conditions.

The financing agreements of Nidda still require that STADA and certain operative subsidiaries grant, in addition to already existing guarantees, certain additional *in rem* collateral over certain assets. The bondholders' meeting on 18 September 2018 shall set the basis for the holders of the STADA Bond to participate in such *in rem* security on a *pari passu* basis, thus not placing them in a less favorable position compared to the other secured creditors.

Enduring and trustful investor relationships are of great value to STADA. For this reason, the Company has actively sought contact to its bondholders after the change of control and has already made various offers to them. The participation of all creditors in any potential new *in rem* security is of great importance to STADA. For this reason, STADA kindly invites and encourages the holders of the STADA Bond again to participate in the meeting and to vote in favor of the proposed resolutions. For bondholders who cannot participate in person at the meeting, STADA provides proxy forms online (<https://www.stada.com/investor-relations/bonds.html>).

Further information for capital market participants:

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