

**GERRESHEIMER**



# Schuldscheindarlehen (Promissory Loan)

## Gerresheimer AG

### Investor Presentation

August 23, 2017

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# Agenda



## 1. At a glance

2. Q2 2017 earnings review

3. Appendix

■ Financials

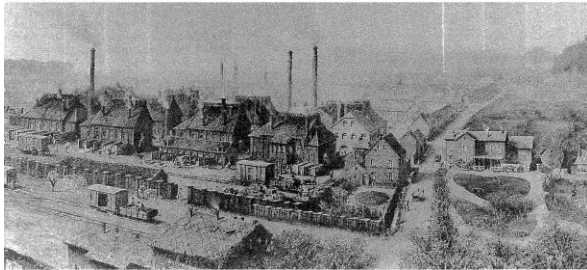
# A leading international manufacturer for the global pharma and healthcare industry

- Pharmaceutical packaging solutions made out of glass and plastics
- Primary packaging products and medical devices for storage, dosage and safe administration of drugs as well as packaging for the cosmetics industry



# Solid heritage, stringent concentration on core businesses

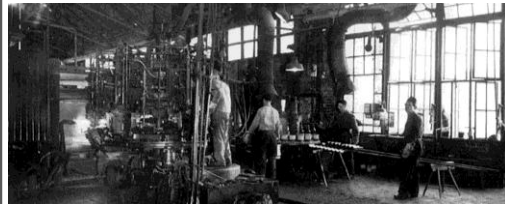
**Foundation by F. Heye in Duesseldorf-Gerresheim**



1864



End of 19<sup>th</sup> century



**Gerresheimer is the world's largest glassworks**

**Saturation of the F&B markets**



Mid of 20<sup>th</sup> century

End of 20<sup>th</sup> century



**Paradigm shift**

- Focus on Pharma & Cosmetics
- Divestment of cans, cartons and other packaging companies

**Leading global partner to the pharma and healthcare industry**



1999 - Today



**IPO in 2007**

- Global footprint as leading pharma supplier of primary packaging and devices made of glass & plastics

# Strong business foundations, efficient and lean organisation with a strong track record

## Solid financial profile

Revenues FY 2016 <b>EUR 1,375.5m</b>	adj. EBITDA FY 2016 <b>EUR 307.8m</b>
Strong Cash Flow generation and lower capital intensity	
Adj. EPS after non-controlling interests in FY 2016 (excl LSR) <b>EUR 4.07</b>	

## Leading market positions in attractive niche markets

<b>#1</b> in Europe for plastic packaging and inhalation	<b>#1</b> in the US for prescription and injectables
<b>#2</b> in Europe for diabetes, pens and syringes	<b>Strong emerging market presence</b> in South America, India and China for plastic packaging, pens, moulded glass, ampoules, vials and cartridges

## Well invested assets & factories, solid customer basis

<b>36</b> plants in <b>14</b> countries	Delivering to <b>97</b> countries over 5 continents
Over <b>1500</b> customers	Supplying all <b>Top 10</b> Pharma customers
Largest customer make up for <b>less than 7%</b> of total revenues	

## Homogenous business portfolio with clear strategic focus

Focus on Pharma and Cosmetics
Greater revenue diversification post LSR disposal
Stable and balanced customer basis

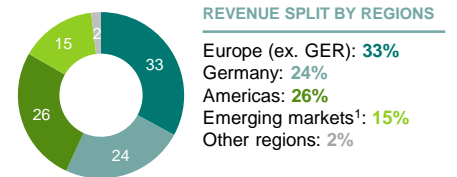
## Plastics & Devices Andreas Schütte

Revenues 2016 <b>EUR 765.4m</b>	adj. EBITDA 2016 <b>EUR 204.0m</b>	Margin 2016 <b>26.6%</b>
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## Primary Packaging Glass Uwe Röhrhoff

Revenues 2016 <b>EUR 610.6m</b>	adj. EBITDA 2016 <b>EUR 124.7m</b>	Margin 2016 <b>20.4%</b>
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1. According to IMS Health definition of emerging markets for FY 2016. For further details see note 8 of consolidated financial statements within FY 2016 annual report

# Management changes effective as of August 31, 2017



**Uwe Röhrhoff (CEO)**  
until August 31

**Primary Packaging Glass Division**

- Strategy & Planning
- Communication & Marketing
- Human Resources
- Legal & Compliance
- Business Excellence & Continuous Improvement



**Dr. Christian Fischer (CEO)**  
from September 1 onwards

- Worked at BASF since 1993, lastly as President, Performance Chemicals and before that as President, Advanced Materials & Systems Research
- Held various marketing and sales positions at the company, in Germany and Asia
- Doctor in Chemistry, honorary professor at the TUM, München



**Rainer Beaujean (CFO)**

- Finance & Controlling
- Investor Relations & Creditor Relations
- Information Technology
- Internal Audit
- Mergers & Acquisition



**Andreas Schütte**

**Plastics & Devices Division**

- Key Account Management

# Leading market positions in attractive niche markets

DIVISION	PLASTICS & DEVICES					PRIMARY PACKAGING GLASS	
	Plastic Packaging <sup>1</sup>	Inhalation (DPI) <sup>2</sup>	Diabetes Diagnostics <sup>3</sup>	Pens	Syringe Systems	MG Pharma (Type I)	Ampoules, Vials, Cartridges
EUROPE	#1	#1	#2	#2	#2	#2	#3
NORTH AMERICA	#1	#1			#2	#1	#1
EMERGING MARKETS	#1 (South America and India)			#1 (South America)		#2 (India)	#1 (China)

1. North America: plastic vials for oral prescription drugs
2. DPI = Dry Powder Inhaler (World market)
3. Lancets and lancing devices



# We provide solutions across all key product categories

DIVISION	PLASTICS & DEVICES					PRIMARY PACKAGING GLASS		
	Plastic Packaging	Inhalation (DPI) <sup>2</sup>	Diabetes Diagnostics <sup>3</sup>	Pens	Syringe Systems	MG Pharma (Type I)	OTC Liquids and Syrups (Type II & III)	TG Injectables
Gerresheimer	✓	✓	✓	✓	✓	✓	✓	✓
Schott					✓			✓
Becton Dickinson <sup>1</sup>	✓		✓		✓			
Nipro <sup>1</sup>	✓				✓			✓
Ompi					✓			✓
Jabil Circuit (Nypro) <sup>1</sup>	✓	✓	✓	✓				
Consort Medical <sup>1</sup>		✓						
West Pharma <sup>1</sup>				✓				
Nemera		✓		✓				
Berry Plastics <sup>1</sup>	✓							
Facet			✓					
Ypsomed <sup>1</sup>				✓				
Desjonquères						✓	✓	
Rocco Bormioli	✓					✓	✓	
Duran								
Corning <sup>1</sup>								

1. Public company // 2. DPI = Dry Powder Inhaler (World market) // 3. Lancets and lancing devices

Source: Company estimates

# Scale underpins leading market position and operating leverage 15.5bn products produced every year – nearly 500 per second

## SYRINGES



~ 400m pieces

## PLASTIC BOTTLES (INCL. CENTOR)



~ 5.5bn pcs

## PHARMA GLASS BOTTLES



~ 2.5bn pcs

## COSMETICS



~ 1bn pcs

## INJECTION VIALS



~ 3bn pcs

## AMPOULES



~ 2bn pcs

## INHALERS



~ 100m pcs

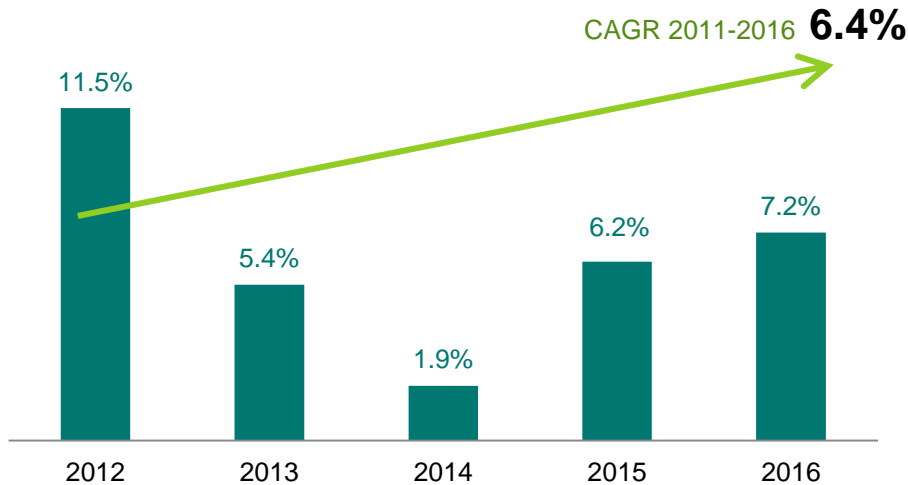
## CARTRIDGES



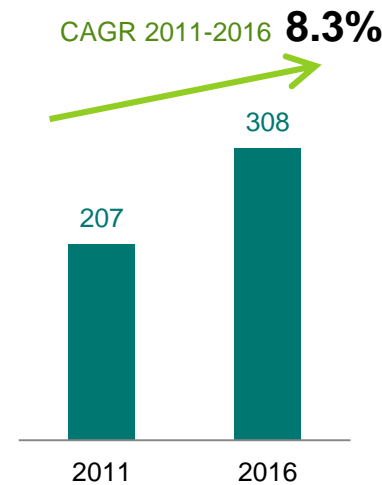
~ 1bn pcs

# Ability to deliver solid earnings growth due to our robust business model despite fluctuations in revenues growth

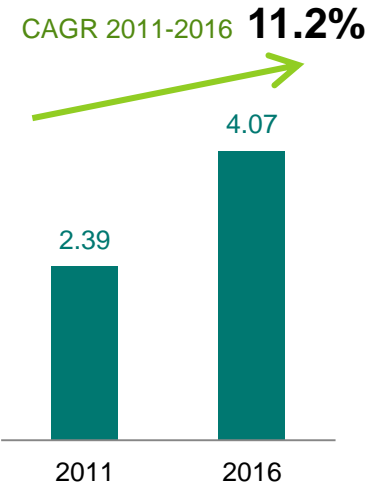
Revenues growth ex. LSR<sup>1</sup>  
% yoy



Adj. EBITDA ex. LSR<sup>1</sup>  
(EUR m)



Adj. EPS<sup>1,2</sup> ex. LSR  
(EUR )



Combination of organic growth, productivity gain, accretive M&A and portfolio improvements deliver superior earnings growth

Relentless focus on driving profitable growth whilst keeping patient safety and innovation as a priority



Organic expansion and M&A are both pillars of our growth strategy



Solid revenues increase over the past 5 years despite annual fluctuations, outpaced by superior profitability and earnings growth

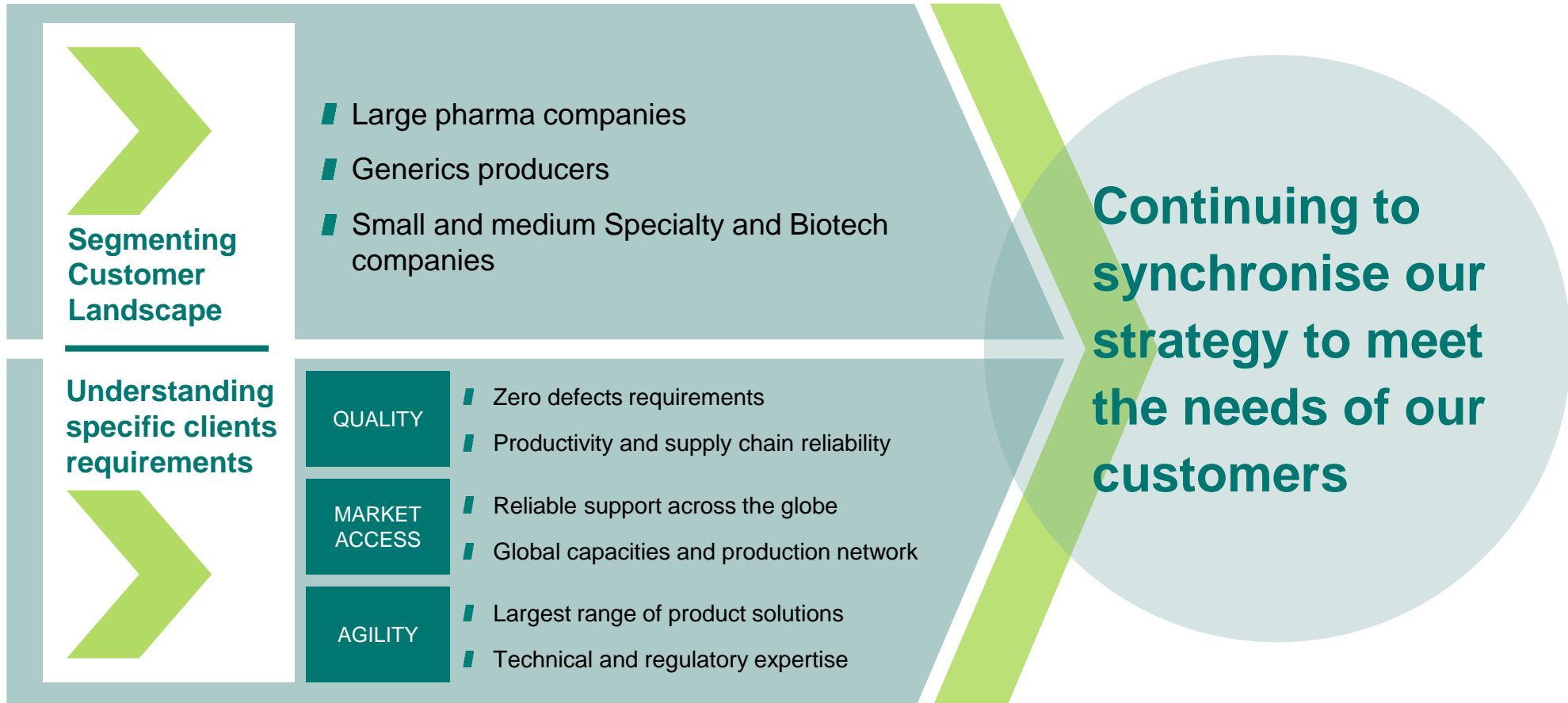


1. As reported  
2. After non-controlling interests

Long term growth drivers such as globalization and population increase underpinned by megatrends in pharma and healthcare



# Targeted market approach



# Agenda



1. At a glance
2. **Q2 2017 earnings review**
3. Appendix
  - Financials

## Soft performance in Q2 2017, as previously communicated



### Q2 revenues down 2.2% year-on-year at EUR 339.5m

- Revenues decrease in line with Q1 business trends, albeit at a softer pace
- Down 3.7% organic



### Adj. EBITDA margin of 22.3% in Q2 2017 against 23.2% in Q2 2016

- Margin in Plastics & Devices maintained at a high level
- Significant improvement of margin in Primary Packaging Glass versus Q1 2017, but cycling high comparables versus Q2 2017



### Better indication of demand going forward, based on current order book

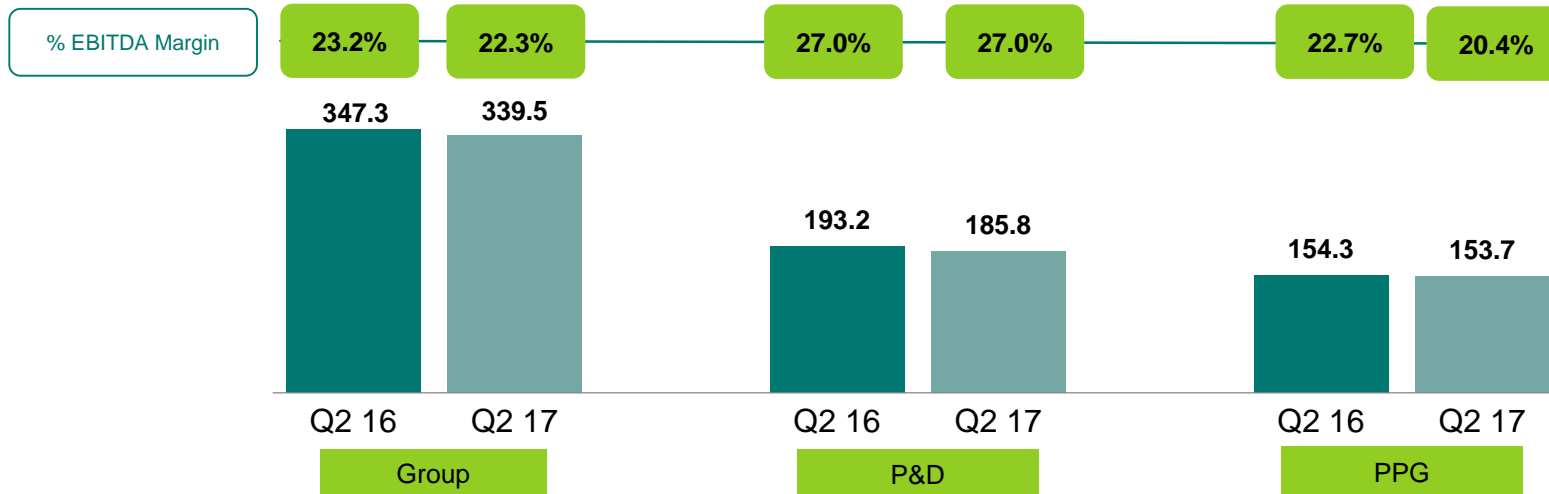
- Expecting to return to growth in H2 2017
- Q4 2017 anticipated as the strongest quarter in terms of revenues and profitability contributions



Continuing to expect improved revenues and earnings contribution in H2 2017

# Demand fluctuations & shifts into H2 as main drivers behind revenues decrease in Q2 2017

Evolution of Revenues and Adj. EBITDA margin in Q2 17 vs Q2 16



## P&D Q2 2017 REVIEW

- Systems & Devices sales continued to be affected by lower customer demand and postponements into H2
- Tooling revenues down year-on-year
- Top line growth for Plastic Packaging
- Lower tooling revenues and pricing mechanisms support margin stability year-on-year

## PPG Q2 2017 REVIEW

- Weaker demand in the US
- Modest organic growth posted outside the US
- Profitability impacted by reduced production output and lower utilization year-on-year, on the back of strong Q2 2016 comparable.



# Improved visibility for remainder of the year

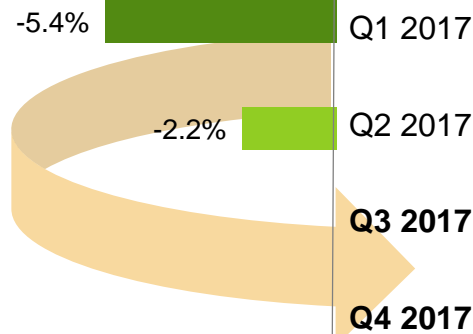
## IDENTIFIED DRIVERS H2 2017 P&D

- Revenues shifts in Devices from H1 into H2
- Strong tooling pipeline to drive higher sales
- Primary packaging with solid developments

## IDENTIFIED DRIVERS H2 2017 PPG

- Normalizing of US demand to drive sales growth in H2
- Europe and cosmetics with further solid developments
- Favourable comparables vs H2 2016 (furnace repair Tettau)

### Group quarterly revenues trends 2017/2016



Moving into positive territory

# The short and longer term view: Driving earnings and cash growth, while top line targets remain ambitious

2017 GUIDANCE	REPORTED FY 2016	EXPECTED FY 2017	PRECISION POST Q2
Revenues	EUR 1,375.5m	~ EUR 1.43bn (FXN <sup>1</sup> - plus/minus EUR 25m) → Starting at lower end of the range	~ EUR 1.4bn (FXN <sup>1</sup> )
Adj. EBITDA	EUR 307.8m	~ EUR 320m (FXN <sup>1</sup> - plus/minus EUR 10m)	~ EUR 320m (FXN <sup>1</sup> )
Adj. EPS (after non-controlling interests)	EUR 4.07 <sup>3</sup>	EUR 4.20 – EUR 4.55	~ EUR 4.25
Capex (% sales, FXN) <sup>1</sup>	8.2% <sup>3</sup>	~8% (FXN <sup>1</sup> )	✓

OTHER OBJECTIVES FY 2018	REPORTED FY 2016	EXPECTED FY 2018 (FXN <sup>1</sup> )	PRECISION POST Q2
Organic <sup>2</sup> sales growth CAGR 2017-2018	2.9% (vs FY 2015)	4% to 5%	✓
Adj. EBITDA margin	22.4%	~ 23%	✓
Capex (% sales, FXN)	8.2% <sup>3</sup>	~ 8%	✓
Avg NWC (% sales, FXN)	15.8% <sup>3</sup>	16%	✓
Op. CF margin (% sales, FXN)	14.3%	~13%	✓

MID TO LONG TERM GOALS	REPORTED FY 2016	EXPECTED MID TO LONG TERM	PRECISION POST Q2
Leverage	2.6x	~2.5x	✓
ROCE	12.6%	>12%	✓
Dividend policy (as % of adj. NI ex non-controlling interests)	24.9%	20% to 30%	✓

1. FXN growth: At const. FX rates, based on FY 2016 reported numbers - Average budgeted exchange rate assumption for FY 2017: EUR 1.00 = USD 1.10

2. Organic growth: Adjusted for exchange rate effects, acquisitions and divestments 3. Excluding LSR

# Addressing specialty pharma market opportunity

## Glass product portfolio systematically upgraded

Elite & Valor



RTU Vials & cartridges



## New value proposition for Biotech & new organisation

- Growing niche market
- Emergence of new actors requiring packaging and regulation expertise
- Gx solutions set up in H1 2017
- Spanning across all divisions with a product and business development focus

## Syringes product range continuously enhanced

Gx Baked-on RTF® syringes



Metal-free glass syringes



Plastic COP syringes



Tamper evident closures / Needle shields



Safety devices



## Clear focus on execution for the mid and long term

- Ongoing strict monitoring of order book, product ramp up and contract execution
- Dedicated management of operations to balance key drivers of margin performance
- Continuing to lay important ground work to support growth strategy in the long term
- Long-term mega trends unchanged, contributing to shape business and growth environment for the future

- Strong and stable business model with proven track record
- Well established company, founded in 1864
- Long-term strategy for profitable growth
- Leading positions in attractive pharma markets
- Quick deleveraging through strong cash flows

# Agenda

1. At a glance
2. Q2 2017 earnings review
- 3. Appendix**
  - Financials



## Lower adjusted EBITA<sup>(1)</sup> as main adjusted EPS<sup>(1)</sup> driver

<i>EUR M</i>	Q2 2017	Q2 2016 <sup>1</sup>	CHANGE in EUR
Adjusted EBITDA	75.8	80.7	-4.9
Depreciation	-22.8	-21.4	-1.4
Adjusted EBITA	53.0	59.3	-6.3
Total one-off effects	-0.5	-0.1	-0.4
Amortization of fair value adjustments	-8.6	-8.9	+0.3
Result from operations (EBIT)	43.9	50.3	-6.4
Net finance expense	-8.6	-8.8	+0.2
Result before income taxes	35.3	41.5	-6.2
Income taxes	-10.2	-12.6	+2.4
<i>Income tax rate</i>	<i>29.0%</i>	<i>30.3%</i>	<i>-130bps</i>
Net income from continuing operations	25.1	28.9	-3.8
<i>All items below applying to continuing operations in Q2 2016 only <sup>1</sup></i>			
Net income from continuing operations	25.1	28.9	-3.8
Total one-off effects (including amortization and tax effects)	5.9	5.8	-0.1
Adjusted net income from continuing operations	31.0	34.7	-3.7
Adjusted net income <sup>(1)</sup> attributable to non-controlling interests	0.6	0.5	+0.1
Adjusted net income <sup>(1)</sup> after non-controlling interests	30.4	34.2	-3.8
Adjusted EPS <sup>(1)</sup> after non-controlling interests in EUR	0.97	1.08	-0.11

1. For continuing operations in Q2 2016 – accounting for LSR as discontinued operations in 2016

## Increase in net debt reflects dividend and interest payments, leverage at 2.7x

<i>EUR M</i>	MAY 31, 2017	NOV 30, 2016	CHANGE IN %
Total assets	2,289.3	2,374.3	-3.6%
Equity	752.0	763.3	-1.5%
<i>Equity ratio</i>	32.9%	32.1%	+80bps
Net working capital	230.4	200.3	+ 15.0%
<i>NWC in % of LTM revenues<sup>2</sup></i>	17.1%	14.6%	+250bps
<i>Average NWC in % of LTM revenues<sup>2,3</sup></i>	16.4%	15.8%	-60bps

<i>EUR M</i>	H1 2017	H1 2016	CHANGE IN %
Operating Cash Flow <sup>2</sup>	68.6	87.0	-21.2%
<i>Operating CF in % of revenues<sup>2,3</sup></i>	10.7%	12.9%	-220bps
<i>Capex in % of revenues<sup>2,3</sup></i>	5.5%	5.1%	+40bps

<i>EUR M</i>	MAY 31, 2017	NOV 30, 2016	CHANGE IN %
Net debt	812.6	788.2	+3.1%
<i>Leverage</i>	2.7x	2.6x	+0.1x

1. As reported, that is including LSR for Q2 2016
2. Excluding LSR for all periods
3. In percentage of FXN revenues

## P&D margins maintained at a high level, PPG margins impacted by lower production output during the quarter

### Revenues by division

<i>EUR M</i>	Q2 2017	Q2 2016	GROWTH IN %	Organic Growth in %
Total Group	339.5	347.3	-2.2	-3.7
- Of which P&D	185.8	193.2	-3.8	-5.9
- Of which PPG	153.7	154.3	-0.4	-1.1

### Adjusted EBITDA by division

	Q2 2017		Q2 2016	
	EUR M	MARGIN IN %	EUR M	MARGIN IN %
Total Group	75.8	22.3	80.7	23.2
- Of which P&D	50.2	27.0	52.2	27.0
- Of which PPG	31.4	20.4	35.0	22.7



# Development of net working capital

	MAY 31, 2017 EUR M	NOV 30, 2016 EUR M	MAY 31, 2016 EUR M <sup>3</sup>
Inventories	172.5	155.4	190.4
<i>thereof prepayments made</i>	2.5	3.1	3.7
Trade receivables	222.9	232.1	229.6
Trade payables	126.7	157.0	148.6
Payments received on account of orders	38.3	30.2	40.7
<b>Net working capital</b>	<b>230.4</b>	<b>200.3</b>	<b>230.7</b>
<i>Average NWC in % of LTM revenues<sup>1</sup></i>	<i>16.4%</i>	<i>15.8%<sup>2</sup></i>	<i>16.1%<sup>2</sup></i>

1. In percentage of FXN revenues
2. Excluding LSR
3. Including LSR as of May 2016

# Development of inventories

	<b>MAY 31, 2017</b> <i>EUR M</i>	<b>NOV 30, 2016</b> <i>EUR M</i>	<b>MAY 31, 2016</b> <i>EUR M<sup>(1)</sup></i>
Raw materials, consumables and supplies	51.0	49.9	53.4
Work in progress	20.1	18.4	24.6
Finished goods and merchandise	98.9	84.0	108.7
Prepayments made on inventories	2.5	3.1	3.7
<b>Inventories</b>	<b>172.5</b>	<b>155.4</b>	<b>190.4</b>

1. Including LSR as of May 2016

# GXI Key Data

in EUR per share	2008	2009	2010	2011	2012	2013	2014	2015	2016
Adjusted EPS after non-controlling interests	1.83	1.34	1.95	2.44	2.62 <sup>1</sup>	3.08	2.89	3.41	4.07 <sup>2</sup>
Cash flow from operating activities per share	5.26	3.74	5.09	4.13	5.53	4.67	5.04	6.49	5.52
Dividend	0.40	–	0.50	0.60	0.65	0.70	0.75	0.85	1.05
<i>Dividend yield</i>	1.5%	–	1.8%	1.9%	1.7%	1.4%	1.7%	1.2%	1.5%
<i>Payout ratio</i>	22%	–	26%	25%	25% <sup>1</sup>	23%	26%	25%	25%
Share price high	38.20	27.05	29.85	36.62	41.34	50.14	56.42	76.32	76.86
Share price low	23.99	13.24	22.09	28.30	31.00	37.60	42.31	41.99	57.10
Share price at FY end	27.10	23.05	28.20	31.17	39.41	49.67	44.44	73.90	68.85
Book value per share	15.26	15.29	16.86	17.59	17.14	17.94	19.25	22.23	24.31
P/E ratio <sup>3</sup>	14.81	17.20	14.46	12.77	15.04 <sup>1</sup>	16.13	15.38	21.67	16.31
Market cap in EUR m	851	724	886	979	1,238	1,560	1,395	2,321	2,162
<i>MDAX weighting year end</i>	11.48% <sup>4</sup>	1.33%	1.24%	1.40%	1.47%	1.33%	1.01%	1.42%	1.33%
Number of shares in million	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4

1. Retrospective restatement due to the early adoption of IAS 19 (amended in 2011) from December 1, 2012

2. Excluding LSR

3. Based on adj. EPS after non-controlling interests

4. SDAX weighting at year end

# Overview of Abbreviations and Definitions

## Abbreviations and Definitions

<b>Adj. EBITDA</b>	Earnings before income taxes, net finance expense, amortization of fair value adjustments, depreciation and amortization, impairment losses, restructuring expenses and one-off income and expenses
<b>Adjusted EPS</b>	Adjusted net income divided by 31.4m shares
<b>Adjusted net income</b>	Consolidated net income before non-cash amortization of fair value adjustments, restructuring expenses, impairment losses, one-off income and expenses (including non-cash expenses) and the related tax effects.
<b>CAGR</b>	Compound Annual Growth Rate
<b>Capex</b>	Investments in tangible and intangible assets
<b>EBIT</b>	Earnings before interest and taxes
<b>EBITA</b>	Earnings before interests, taxes and amortization
<b>EBITDA</b>	Earnings before interests, taxes and depreciation and amortization
<b>FXN</b>	"Foreign currency neutral" - based on budgeted FX-rates
<b>Leverage</b>	The relation of net financial debt to adjusted EBITDA of the preceding twelve months, according to the current credit facility agreement.
<b>Net debt</b>	Short and long term debt minus cash and cash equivalents
<b>Net finance expense</b>	Interest income and expenses and related to the net financial debt of the Gerresheimer Group. It also includes net interest expenses for pension provisions together with exchange rate effects from financing activities and from related derivative hedges.
<b>Net working capital (NWC)</b>	Inventories plus trade receivables minus trade payables plus/minus prepayments
<b>Op. CF margin</b>	Adjusted EBITDA plus/minus the change in net working capital, minus capex and in relation to revenues
<b>Operating cash Flow</b>	Adjusted EBITDA plus/minus change in net working capital, minus capex
<b>P/E Ratio</b>	Company's share price divided by the adj. EPS after non-controlling interests
<b>RCF</b>	Revolving credit facility
<b>ROCE</b>	Adjusted EBITA divided by capital employed (total assets minus investments, investments accounted for using the equity method and other loans, minus cash and cash equivalents, minus pensions (without pension provisions), deferred tax liabilities, and income tax liabilities, minus prepayments received, trade payables, and other non-interest bearing liabilities)
<b>yoy</b>	year-on-year