

**GERRESHEIMER**



# Q2 2018 Earnings Presentation

## Accelerating our Journey

Rainer Beaujean, Speaker of the Management Board and CFO  
July 12, 2018

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- For an overview of abbreviations and definitions please see the glossary slide in the backup section

# Accelerating our journey: Agenda

- 1. Highlights**
- 2. Sensile Medical**
- 3. Recent operational developments**
- 4. Q2 2018 financials & FY 2018 outlook**
- 5. Conclusion**
- 6. Appendix**



# Highlights



# Gerresheimer enhances business model and increases revenues projections

**1**

Sensile Medical



Strategic enhancement of our business model through the acquisition of Sensile Medical



Gerresheimer now positioned as platform partner for Pharma and Biotech/Biosimilars customers with digital & electronic solutions

**2**

Growth Projects



New projects won with Inhalation and Heparine/Vaccines customers, translating into superior organic revenues growth and profitability in 2021 & 2022



Launch of new projects requires footprint reorganisation to accommodate future volumes, necessitating higher capex spend in 2019 & 2020

**3**

2018 Guidance



Confirming higher growth expectations for H2 2018 year-on-year



FY 2018 FXN revenues guidance narrowed to the upper end parameters

SENSILE'S DRUG DELIVERY PLATFORM



# Sensile Medical



# Sensile Medical at a glance

## GENERAL INFORMATION

### HISTORY

Founded in 2004 to develop a **micro pump based on a rotary piston pump technology**. The pump consisted of only a few parts but provided high accuracy.

### FTEs

Approx. currently 120 FTEs

### LOCATION

Headquartered in Olten, Switzerland

### SPECIFIC KNOW HOW

- R&D as well as Technology
- Patents, contracts and IPs
- No material tangible assets
- No own product manufacturing

## 3 Platforms; Unique Technology; Customized products

### 3 PLATFORMS

- Small volume patch pump
- Large volume patch pump
- Belt worn pump

### ROTARY PISTON TECHNOLOGY



### CUSTOMIZED PRODUCTS



### SECURED PATENTS

- >140 patents
- 34 patent families



**Strong device pipeline with dedicated and therapy optimized solutions**

Developer of patch pumps focusing on the delivery of Insulin for diabetes type 2 patients (products gPump) and Injectable Furosemides (Diuretics) for patients with Chronic Heart Failure (CHF) through reusable and disposable patch pumps in Europe and North America.

Besides these two main projects other projects under development are focusing on other treatment areas:

- Parkinson
- Immunodeficiency
- Immunostimulants

For all existing projects, partnerships with customers are contracted

# Disposal delivery systems balancing requirements for viscosity & volumes still considered today as unmet needs in the industry

	DRUG DELIVERY	DESCRIPTION	BENEFITS
Under physician control	IV-line injections	Drugs are delivered directly into the vein with a syringe or an infusion	Fastest way to deliver drugs throughout the body
	Pre-filled syringes	Single dosed pack of medication containing a pre-measured dose of a drug	Easy use in emergency situations and home care setting as well as reduced dosing errors and high sterility
Self-administration	Pen-Injectors	Cartridge based devices to self-administrate hormone-based drugs in multiple repeating doses until the cartridge is empty	Reduced dosing errors and reusability of the device over multiple doses
	Auto-Injectors	Devices that automatically insert the needle at the correct site of injection and designed to be used with pre-filled syringes	Easy drug delivery at the correct site and prevention of needle stick injuries
	Needle-free Injectors	Drugs mediated without needles by using high-pressure gas or spring-based infection systems that drive drugs through a small orifice into skin	Pain free drug delivery and minimization of hypodermic injections
	Wearable injectors	Portable devices (infusion sets or patch pumps) that are attached to the patient's body for a specific period of time	Subcutaneous administration of large doses and viscous biologics



# Patch pumps are highly precise drug delivery devices



**Can self-administrated by patients over a designated time period**



**1. Primary drug container**

Drug reservoir which carries the drug from a standard vial. Insertion of a cartridge directly (as shown here) is feasible as well.

**2. Needle**

Fully automatic needle insertion and retraction mechanism allows a smooth drug delivery into the subcutaneous tissue (*not shown since at the backside*)

**3. Patch**

An adhesive lining or patch is essential for the injector to get fixed on the patient's skin

**4. Pump**

A specific technology driven mechanism empowers the device to pump the drug out of the drug reservoir

**5. Push button**

Pushed by the user for automatic needle insertion and drug administration

**6. Other**

User interface for audible and tactile feedback (LED, screen, alarm system, battery etc)



**Provide several benefits over traditional self-administration devices**



Injectable volume



Safety precautions



Patient comfort



Patient confidence



Treatment discretion

# An asset light business model with a focus on revenues generation through licences and royalties



Cooperation to gain approval of relevant authorities for the registration of the device and or the drug/device combination

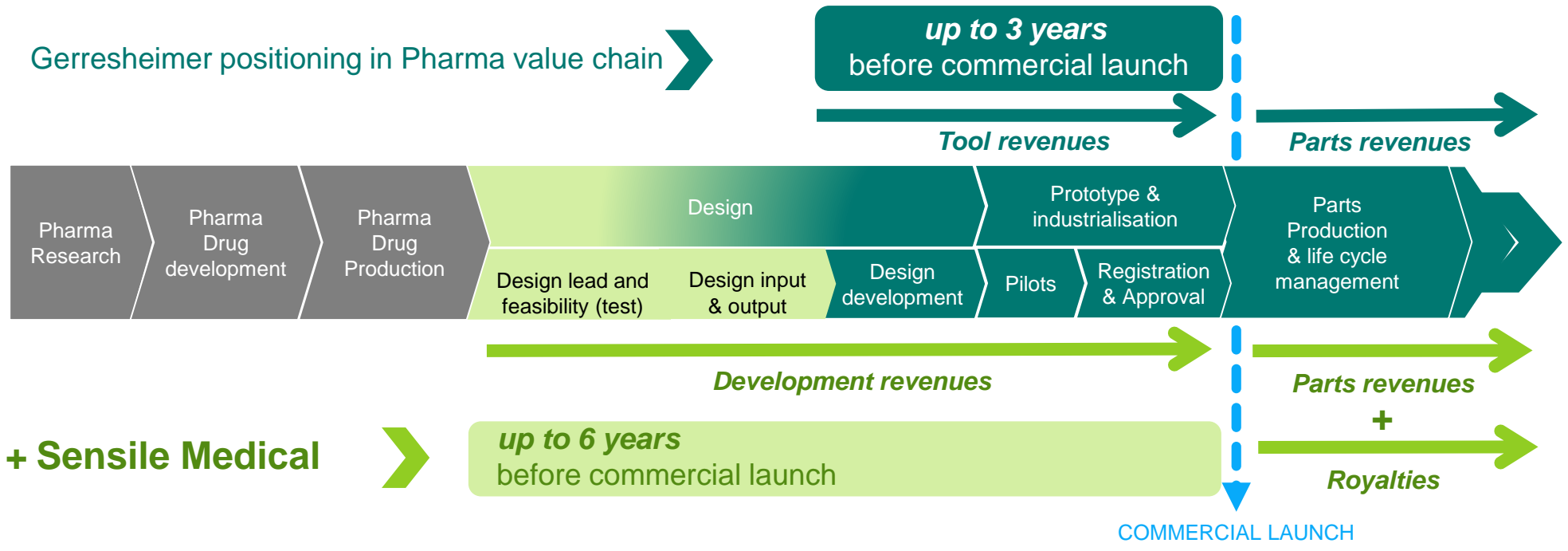


# Strong customer relationships and attractive product pipeline already in place

Selected examples	Lead & Feasibility	Design phase	Registration with drug authorities	Approved by drug authorities	Customer (if disclosed)	Therapeutic area	Global market size, in EUR, including value of drug <sup>1</sup>	Supplier partners
Small volume patch pump	→				Sanofi In cooperation with Verily, an Alphabet company	Insulin => <b>Diabetes Type 2</b>	Total Insulin market : <b>34.4bn</b>	Zollner <b>Gerresheimer</b>
Large volume patch pump	→				scPharmaceuticals	Chronic heart failure (CHF) => <b>Injectable (furosemide) Diuretics</b>	Total Cardiovascular market: <b>74bn</b>	Zollner Raumedic
Belt-worn pump	→				Specialty Pharma	Nervous system => <b>Parkinson</b>	Anti- Parkinson drugs: <b>3.4bn</b>	Zollner Phillips Medisize
Large volume patch pump	→				Top 25 Pharma	Antiinfectives => <b>Immunodeficiency</b>	Immunodeficiency drugs: <b>6.9bn</b>	Zollner <b>Gerresheimer</b>
Small volume patch pump	→				Top 25 Pharma	Immunology / Oncology => <b>Immunostimulants</b>	Immunostimulant drugs: <b>8.9bn</b>	Tbd

1. Source: IQVIA (IMS) Health Data '13-'17; company analysis

# Earlier involvement in customers' pipeline provides new opportunities and shapes business model for Gerresheimer



## + Sensile Medical



up to 6 years before commercial launch

### NEW BUSINESS MODEL AND APPROACH

Multi faceted contract revenue model based on reusable and disposable device sale and royalty payment on drug net sale

### NEW OPPORTUNITIES FOR CMO BUSINESS

Opportunity to source future device production in-house and increase capacity utilisation in contract manufacturing, but is not a must

### BUT

Early exposure to drug pipeline also implies greater link with registration & commercialization successes and timeline and hence higher variability of revenues

# Modelling assumptions Sensile Medical

## PRELIMINARY TARGETS

### Revenues and Adj. EBITA

Assuming all milestones achieved with all key projects:

EUR m	FY 2018 <sup>1</sup>	FY 2020	FY 2022	FY 2027
Revenues	~ 15	~ 100	~ 200	~ 400
- Of which development <sup>2</sup>	~13	~ 40	~10	-
- Of which parts	~ 2	~ 55	~ 160	~ 340
- Of which royalties	-	~ 5	~ 30	~ 60
Adj. EBITA	~ -2	~ 10	~ 25	~ 90

- These numbers are only based on current contracted projects
- Sensile Medical and Gerresheimer management will continue to work on other leads, which in turn should further fuel the revenues pipeline and hence bring additional development revenues in the first instance

### Other modelling considerations

- No material tangible assets on the balance sheet
- NWC ~5% of sales long term
- Nearly no capex and depreciation
- Patents secured beyond 2030
- Pre PPA assumes
  - Almost no goodwill
  - Fair Value Amortization of acquired Technology of EUR 25m per year, starting FY 2018
  - Sensile Medical's tax rate expected to be at around 10% for the next 8 years

1. Expected for H2 2018 (July – November)

2. Only relating to current ongoing contracted projects

# Cash out schedule based on achievement of specific milestones

## EARN OUT MODEL

EUR m

■ Maximum consideration: **350**

Initial payment at Closing (Q3/18)	175
2nd. Payment in Dec. 2018	25
4 Tranches @ 18.75 in June/July 2019	75 max.
1 Tranche early 2020	37.5 max.
1 Tranche early 2021	37.5 max.

■ Tranches are based on the achievement of specific milestones regarding the main customer projects, e.g. regulatory approvals

## FINANCING STRUCTURE

■ Consideration to be exclusively financed through drawing of existing Revolving Credit Facility and use of cash at hands

# Transaction summary: Closing expected for July 17, 2018

## Total consideration for 100% of company

- Initial payment of EUR 175m
- Up to EUR 175m consideration mainly subject to achievement of defined milestones over the next 3 years.

## Financing

- The acquisition will be fully cash and debt funded out of our existing RCF
- Increase in adjusted Leverage above 3.0x at closing
- Committed to Investment grade profile in the long term with 2.5x as appropriate aspiration for our net financial debt to adjusted EBITDA ratio

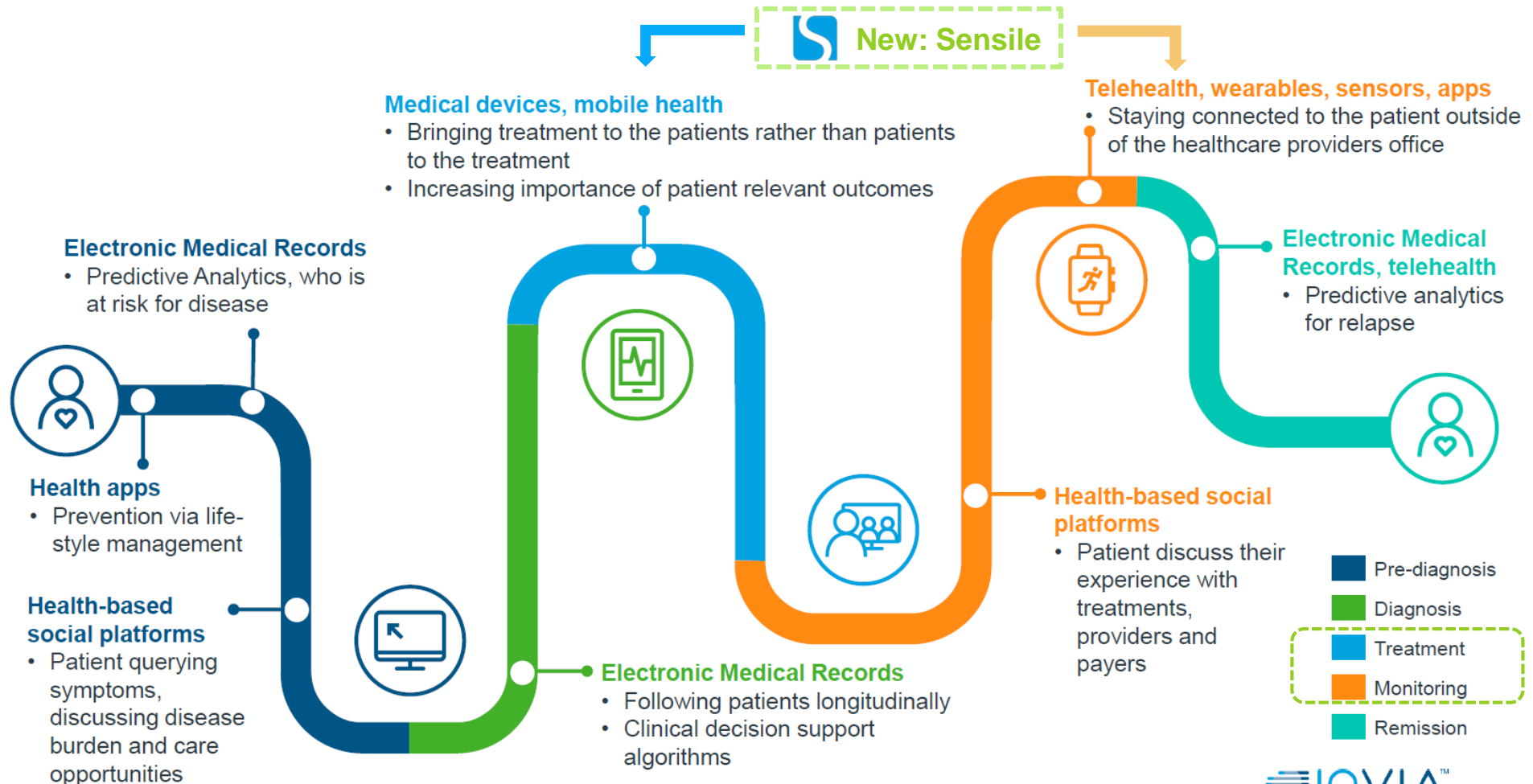
## Due diligence & Approval process

- Contracted leading strategy consulting firm conducted market research and assessed competitive positioning
- Led in-depth customer discussions to sense-check business case assumptions
- Confirmed existing patent protection through the support of specialised patent law firm beyond 2025 and notice of allowance for pending patent protection received up to 2034 and verified “freedom to operate”
- Obtained fairness opinion from renowned independent auditors
- Key management to stay on board until at least 2023
- No regulatory approval necessary

## Anticipated closing

- Closing expected for July 17, 2018
- Sensile Medical to be reported as separate Division, alongside Plastics & Devices and Primary Packaging Glass
- Pre PPA anticipates almost no goodwill. Estimated Fair Value Amortization of acquired Technology of EUR 25m per year for a period of 15 years, starting 2018.
- Sensile Medical’s tax rate expected to be at around 10% for the next 8 years

# Digital Health now impacts the entire patient journey



© 2018 IQVIA Commercial GmbH & Co. OHG – Digital Trends in Healthcare – Dr. Frank Wartenberg, Dr. Markus Gores

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# Through Sensile Medical, Gerresheimer is radically enhancing its business approach towards Pharma and Biotech/Biosimilar

Becoming a partner of choice for both Pharma & Biotech/Biosimilars with competencies in electronic/connected devices as major long-term lever

Customer Groups  
End markets  
Applications



Large Pharma & Generics  
Chronic Diseases



Biotech/Biosimilar Companies  
Other therapeutic areas  
Precision injections



Flow measurement  
Data gathering  
Data management



+ OEM / ODM & electronics



+ Connected

CURRENT BUSINESS

Plastics **players**<sup>1</sup>  
include:

- Ypsomed
- West Pharma
- Consort Medical
- Aptar
- Nemerax
- Etc.

Gerresheimer  
CMO / CDMO<sup>2</sup>  
business

NEW MODEL



Plastics & electronics<sup>3</sup> **players**<sup>1</sup>  
include:

- Ypsomed
- West Pharma
- Insulet
- Jabil
- Flextronics
- Etc.

Sensile Medical  
OEM / ODM<sup>3</sup>  
business

Connected **partners**<sup>1</sup> to include<sup>3</sup>:

- R&D teams
- Universities
- Verily, an Alphabet company
- Etc.

Today



~ 5 Years

~ 10 Years

1. Listed companies illustrative

2. CMO / CDMO: Contract Manufacturer Operation, Contract Manufacturer & Development (Design) And Operation

3. OEM / ODM: Original Equipment and Development / Design Manufacturer

# Recent operational developments



## Two significant customer contracts awarded

### Confirming #1 position in Inhalation

Track record in Inhalation rewarded



New contract won in Europe with existing customer

### First time ever to become main Syringe supplier to large Pharma customer

Continuing systematic execution of our Syringes strategy



New long-term contract won with existing customer, one of the two main heparine / vaccines companies in the world



# Expecting superior organic revenues growth and profitability in the mid term<sup>1</sup>

**Assessing for the mid term :  
DELTA IMPACT ON REVENUES**

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**Anticipating superior organic growth ...**

Estimated FXN revenues growth delta upside  
2021 & 2022  
Compared with 2019 & 2020

**~ + 2 Percentage points**

**Assessing for the mid term :  
DELTA IMPACT ON PROFITABILITY**

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**... Leading to improved operating leverage**

Estimated delta adj. EBITDA margin upside  
2021 & 2022  
Compared with 2019 & 2020

**~ + 2 Percentage points**

1. Excluding Sensile Medical

# Growth facilitated by additional capex and ramp-up investment in the short term<sup>1</sup>

## Assessing for the short term : DELTA IMPACT ON CAPEX

### Growth capex required

Estimated Capex delta for 2019 & 2020 Compared to historic levels of 8%	
<b>Immediate capacity expansion (new projects)</b>	+ ~2 Percentage points
<b>Additional capex need (pending)<sup>2</sup></b>	+ ~2 Percentage points

**Pending:**

- Evaluating decision to build a new plant
- Automation upgrades

## Assessing for the short term : DELTA IMPACT ON PROFITABILITY

### Ramp up costs expected

Estimated margin impact 2019 & 2020

**~ 1 Percentage point decline<sup>3</sup>**

- Short term increase in low margin tooling revenues
- Additional training and hires required
- Ramp up costs due to inefficiencies at project start

1. Excluding Sensile Medical

2. This will be finalized at the end of the year alongside our next strategic plan and communicated to the markets in February 2019 (release of FY 2018 earnings)

3. Compared with the figure for the financial year 2017, excluding the effect from fair value measurement of the Triveni put option.

# Adapting our manufacturing footprint in Medical Devices and Systems to new customer requirements

## Growth projects

**INHALATION:  
Horsovsky Tyn**  
(Czech Republic)

- Peak revenues: ~EUR 30m
- First parts revenues expected for Q4 /2020
- Requires immediate capacity extension, training of personal and extra tooling volume

**SYRINGES SYSTEMS:  
Buende**  
(Germany)

- Peak revenues: ~EUR 20m
- First revenues expected 2019
- Currently assessing capacity availability in Bünde with regards to new heparine / vaccine contract won and expected increase in biosimilar / biotech volumes

- Immediate capacity expansion ground work required by newly awarded projects
- Evaluating decision to build a new MDS (medical devices and syringe systems) production facility in Eastern Europe

## Footprint reorganisation

**INHALATION:  
Küssnacht**  
(Switzerland)

- Customer informed us that they won't be placing any further orders. Negotiations about compensation based on supply contract started immediately.
- Lost contribution expected to recouped for FY 2018 via claimed compensation
- Mid size contract, recurring revenues were approx. EUR 15.0m (on a full year basis)

- Partial restructuring of the facility already initiated
- Foreseeing full closure until end of FY 2019 once all other projects have been relocated to other plants
- All booked as exceptional items



**Q2 2018 financials & FY 2018 outlook**

3



# FY 2018 FXN revenues guidance narrowed to the upper end parameters

Strict monitoring of all business and macro drivers



## Markets & Macro

- Overall, current assessment on Pharma and Healthcare customers and market trends unchanged
- USD / EUR translation impact remains a headwind
- Uncertainty continues to prevail regarding NAFTA (US import taxes)
- Changes in US Healthcare less likely in FY 2018 but reforms could be considered again in 2019



## Operations

- Modest growth in Q2, driven by US injectable recovery
- Primary packaging business as a whole (glass and plastics) performing alongside expectations
- Syringes systems on track
- Unfavourable customer dynamics for the device business in Europe continue to be a drag in particular for Inhalation, whilst Peachtree is further ramping up
- Confirming higher YoY FXN<sup>1</sup> revenues growth in H2



## FY 2018 Guidance<sup>1</sup>

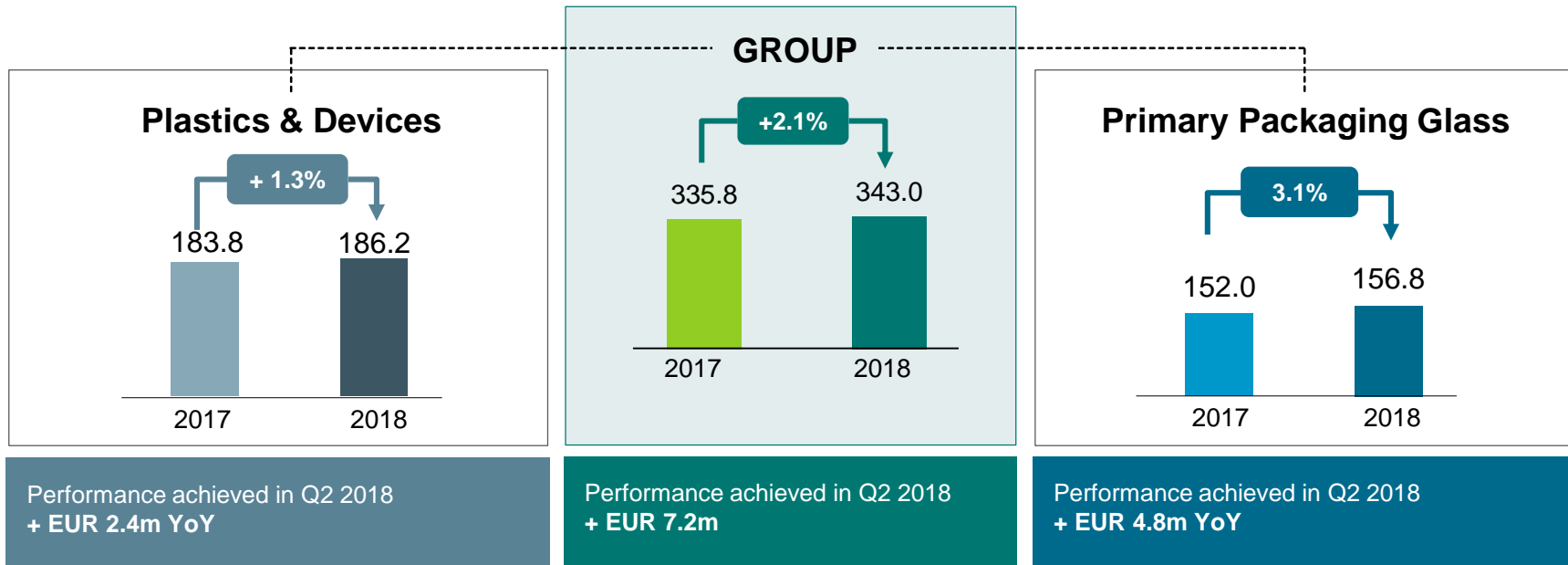
- FY 2018 FXN<sup>2</sup> revenues guidance narrowed to the upper end parameters
- Currently expecting FY FXN<sup>1</sup> 2018 revenues to land between EUR 1.38bn to approx. EUR 1.4bn
- Range for adjusted EBITDA at constant exchange rate unchanged for FY 2018 at EUR 305m to EUR 315m
- Other guidance parameters unchanged for FY 2018

1. Excluding Sensile Medical

2. At const. average FX rates of EUR 1.00 = USD 1.12, based on FY 2017 reported numbers



# Q2 saw encouraging trends in Primary Packaging Glass



**P&D: Q2 2018 performance review**

- Solid performance in Syringes and Plastic Packaging

**Inhalation**

- Peachtree revenues continue to perform well
- Lower demand from a few device customers where we are single source supplier
- Contract termination
- Tooling revenues lower YoY

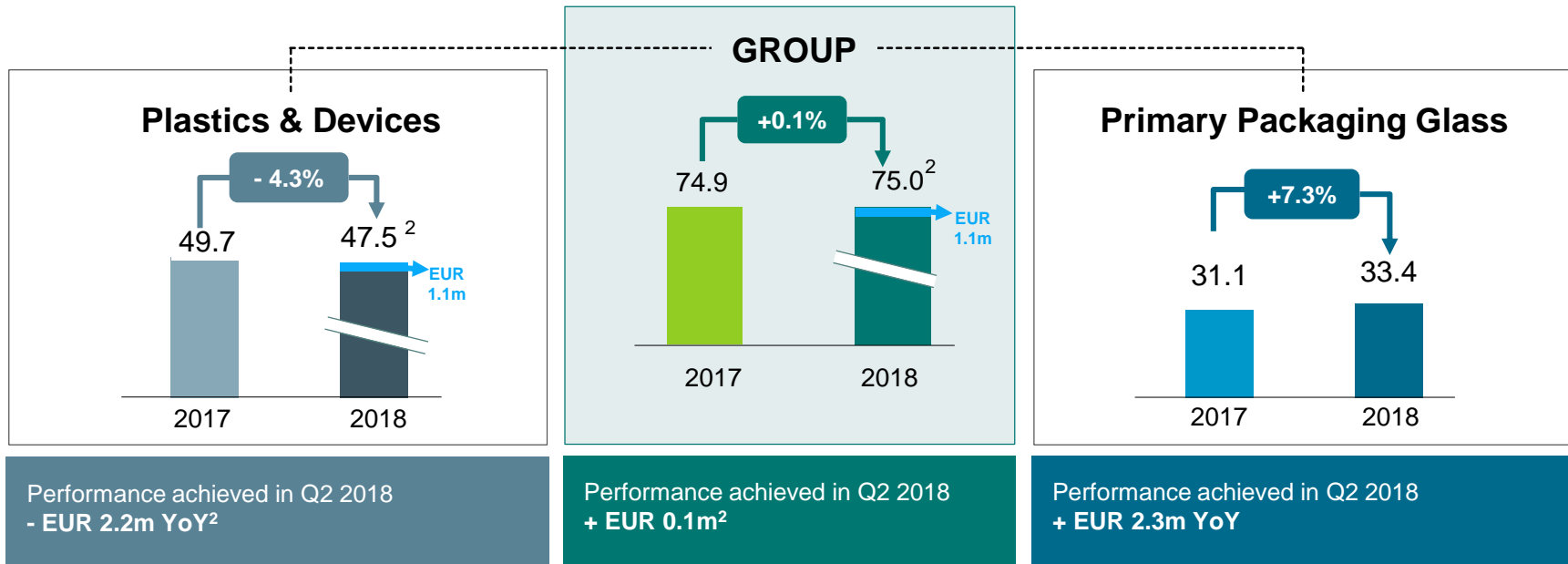
**PPG: Q2 2018 performance review**

- US injectable business with good recovery
- Strong growth in China
- Satisfying growth in Cosmetics

FXN<sup>1</sup> REVENUES IN Q2 18  
VS Q2 17, IN EUR M

1. Average budgeted exchange rate assumption for FXN guidance 2018: Average currencies for FY 2017 (e.g. EUR 1.00 = USD 1.12)

# FXN adj. EBITDA stable YoY, supported by an overall good performance in Primary Packaging Glass



**P&D: Q2 2018 performance review**

**Inhalation**

- Peachtree margin still in ramp up phase
- Lower demand from a few device customers where we are single source supplier continues to impact capacity utilisation
- Initial compensation of EUR 4.8m recorded as a consequence of contract termination partially compensates for lower business activity
- Tooling revenues lower YoY

FXN<sup>1</sup> ADJUSTED EBITDA IN Q2 18 VS Q2 17, IN EUR M

**PPG: Q2 2018 performance review**

- Higher utilisation rate in US PPG
- Stable performance overall for European and Asian business

1. Average budgeted exchange rate assumption for FXN guidance 2018: Average currencies for FY 2017 (e.g. EUR 1.00 = USD 1.12)  
 2. Excluding expense from the fair value evaluation of the Triveni Polymers Private Ltd. put option in Q2 2018 in the amount of EUR 1.1m

# FX-Impact of EUR 14.1m on Q2 2018 Revenues and EUR 3.7m on Adjusted EBITDA

## Group Q2 2018 review

EUR M	Q2 2018	Q2 2017	Change in %
Revenues	332.6	339.5	-2.0
- of which FX effect	-10.4	3.7	N.A.
Adj. EBITDA	71.1 <sup>1</sup>	75.8	-6.1
- of which FX effect	-2.8	-0.9	N.A.
- Adj. EBITDA margin %	21.4 <sup>1</sup>	22.3	-90bps

## P&D Q2 2018 review

EUR M	Q2 2018	Q2 2017	Change in %
Revenues	179.7	185.8	-3.3
Adj. EBITDA	44.5 <sup>1</sup>	50.2	-11.4
- Adj. EBITDA margin %	24.7 <sup>1</sup>	27.0	-230bps

## PPG Q2 2018 review

EUR M	Q2 2018	Q2 2017	Change in %
Revenues	153.0	153.7	-0.5
Adj. EBITDA	32.6	31.4	+3.8
- Adj. EBITDA margin %	21.3	20.4	+90bps

1. Including expense from the fair value evaluation of the Triveni Polymers Private Ltd. put option in Q2 2018 in the amount of EUR 1.1m.

## Decrease in Adjusted EBITDA and slight increase in depreciation as main drivers for Adjusted Net Income variation

<i>EUR M</i>	Q2 2018	Q2 2017	CHANGE in EUR
Adjusted EBITDA	71.1	75.8	-4.7
Depreciation	-25.4 <sup>1</sup>	-22.8	-2.6
Adjusted EBITA	45.7	53.0	-7.3
Total one-off items	-1.0	-0.5	-0.5
Amortization of fair value adjustments	-7.6	-8.6	+1.0
Results of operations	37.1	43.9	-6.8
Net finance expense	-9.4	-8.6	-0.8
Net income before income taxes	27.7	35.3	-7.6
Income taxes	-8.4	-10.2	+1.8
<b>Net income</b>	<b>19.3</b>	<b>25.1</b>	<b>-5.8</b>
<b>Net income</b>	<b>19.3</b>	<b>25.1</b>	<b>-5.8</b>
Total one-off items (including amortization and tax effects)	7.2	5.9	+1.3
Adjusted net income	26.5	31.0	-4.5
Adjusted net income attributable to non-controlling interests	0.5	0.6	-0.1
Adjusted net income after non-controlling interests	26.0	30.4	-4.4
Adjusted EPS after non-controlling interests in EUR	0.83	0.97	-0.14

1. Includes EUR 1.8m impairment losses

## Dividend and last bond interest payments close to EUR 50m impact on net debt in Q2 2018

EUR M	MAY 31, 2018	NOV 30, 2017	MAY 31, 2017	CHANGE IN % <sup>2</sup>
Total assets	2,244.6	2,444.1	2,289.3	- 8.2%
Equity	822.9	789.5	752.0	+4.2%
Equity ratio	36.7%	32.3%	32.9%	+440bps
Net working capital	242.0	185.7	230.4	+30.3%
NWC in % of LTM revenues	18.2%	13.8%	17.1%	+440bps
Average NWC in % of LTM revenues	16.9%	16.5%	16.4%	+40bps

EUR M	H1 2018	H1 2017	CHANGE IN %
Operating Cash Flow	40.8	68.6	-40.5%
Operating CF <sup>1</sup> in % of revenues <sup>1</sup>	6.7%	10.7%	-400bps
Capex <sup>1</sup> in % of revenues <sup>1</sup>	4.1%	5.5%	-140bps

EUR M	MAY 31, 2018	NOV 30, 2017	CHANGE IN %
Net financial debt	773.7	712.7	+8.6%
Adjusted EBITDA leverage (x)	2.6x	2.3x	+0.3x

1. Average budgeted exchange rate assumption for FXN Guidance 2018: Average currencies for FY 2017 (e.g. EUR 1.00 = USD 1.12)

2. Change May 31, 2018 vs Nov 30, 2017

# FY 2018 FXN revenues guidance narrowed to the upper end parameters, other metrics unchanged

## Organic (excluding Sensile Medical) and FXN:

2018 GUIDANCE	PREVIOUS EXPECTED RANGE	NEW EXPECTED RANGE
Revenues	EUR 1.348bn to approx. EUR 1.4bn (FXN <sup>1</sup> )	EUR 1.38bn to approx. EUR 1.4bn (FXN <sup>1</sup> )
Adj. EBITDA	EUR 305m to approx. EUR 315m (FXN <sup>1</sup> )	UNCHANGED
Capex (% FXN sales)	~8% (FXN <sup>1,2</sup> )	UNCHANGED

## Wider financial framework including Sensile Medical:

KEY METRICS	POLICY
Adjusted EBITDA leverage (x)	2.5x
Dividend payout as % of Adj. NI after non-controlling interests	20% to 30%
Gx ROCE	~ 15%

1. Average budgeted exchange rate assumption for FXN Guidance 2018: Average currencies for FY 2017 (e.g. EUR 1.00 = USD 1.12)

2. Excluding capital expenditure on intangible assets in relation to licensing agreements

# Conclusion



# Gerresheimer enhances business model and increases revenues projections

1

Sensile Medical



Strategic enhancement of our business model through the acquisition of Sensile Medical



Gerresheimer now positioned as platform partner for Pharma and Biotech/Biosimilars customers with digital & electronic solutions

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Growth Projects



New projects won with Inhalation and Heparine/Vaccines customers, translating into superior organic revenues growth and profitability in 2021 & 2022



Launch of new projects requires footprint reorganisation to accommodate future volumes, necessitating higher capex spend in 2019 & 2020

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2018 Guidance



Confirming higher growth expectations for H2 2018 year-on-year



FY 2018 FXN revenues guidance narrowed to the upper end parameters



**Appendix / Q&As**



# The Sensile Medical opportunity



# Developing our business model beyond our current setup: Adding Sensile Medical as separate Division going forward

## Plastics & Devices



Contract Design Manufacturing  
Medical Devices (incl. tooling)

Primary Packaging Plastics

Prescription Business  
(Centor, US)

Syringes Systems

## Primary Packaging Glass



Moulded Glass Pharma

Moulded Glass Cosmetics  
(incl. Beverages)

Tubular Glass Pharma  
(Converting)

## New Division Incl. Sensile Medical



Technology & Platform operator

Own R&D capabilities

Partnering with customers much  
earlier at the beginning of the  
development phase

Entering into a new business model  
based on IP licensing & royalties

# Sensile Medical is uniquely positioned for high impact across the entire healthcare continuum

Cost efficient



Precise



Secure



Scalable



Flexible



## Accuracy of volumes administered

- Increased drug regimen adherence and better disease management
- Greater flexibility as to where and by whom drug can be administered
- Doctor can place device and program administration of patient to avoid any risk of misuse and dosing errors



## Costs

- As cost effective as other solutions (pens or infusion pumps)
- Some device parts are re-usable
- Significant lower treatment burden, prevented extended stay in healthcare setting
  - Or hospitalization for the administration of diuretics (Chronic Heart Failure CHF)



## Patient convenience

- Simple, intuitive and patient friendly patch pump for continuous drug delivery
- Increased patient safety and comfort
- Better health outcome
- Improved quality of life



## Connectivity enhancements

### Diabetes case study:

- Connected to diabetes management system
- Treatment data readily available increasing patient engagement
- Better health outcome
- Improved quality of life

### Example small volume patch pump

- Extended delivery time over several hours up to 3 days
- Highly accurate small volumes
- Variable and pre-programmed dosing administration



### Example of standard care for CHF



### Example of Sensile advantage for CHF



### Example large volume patch pump

- Adheres to the skin and has an integrated auto-inserter for the needle
- Fully automated needle insertion and retraction.








### Example Belt worn pump solution

- Drug detection via RFID and option for data download



# Gerresheimer is operating in large and attractive markets

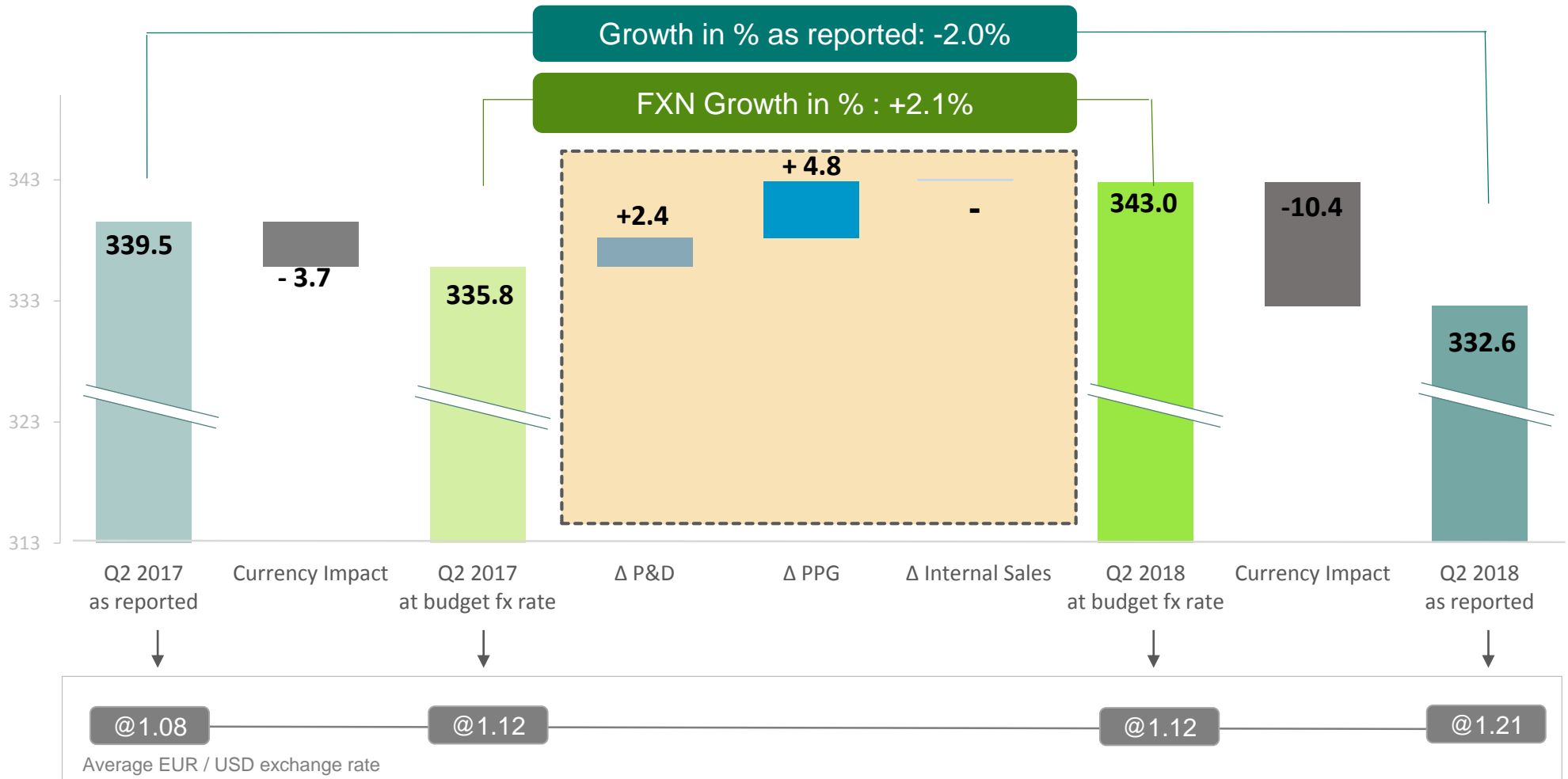
	Cosmetics Glass	Pharma Glass <sup>1</sup>	Pharma Plastic	Syringes	Drug Delivery Devices
					
<b>Estimated Market Size 20173</b> (in € bn)	~ 1.8	~ 2.2	~ 5.8	~ 0.9	~ 4.0
<b>Market CAGR '17-'22<sup>2)</sup></b> (in %)	LOW SINGLE DIGIT			MID SINGLE DIGIT	

**The strategic relevant core market for Gerresheimer is today ~ € 15bn**

1. Tubular Glass + Moulded Glass Pharma  
 2. Strategic relevant markets, Gerresheimer estimates

# Negative translation effects of EUR -14.1 m, due to continued USD currency headwind

Group: Revenues Q2 2018 vs. Q2 2017 (EUR m)



## Development of net working capital

	MAY 31, 2018 EUR M	NOV 30, 2017 EUR M	MAY 31, 2017 EUR M
Inventories	180.7	148.4	172.5
<i>thereof prepayments made</i>	4.9	2.1	2.5
Trade receivables	224.3	242.7	222.9
Trade payables	131.6	176.3	126.7
Payments received	31.4	29.1	38.3
Net working capital	242.0	185.7	230.4
<i>Average NWC in % of LTM revenues</i>	16.9%	16.5%	16.4%

# Development of inventories

	<b>MAY 31, 2018</b> <i>EUR M</i>	<b>NOV 30, 2017</b> <i>EUR M</i>	<b>MAY 31, 2017</b> <i>EUR M</i>
Raw materials, consumables and supplies	56.1	49.9	51.0
Work in progress	17.5	15.0	20.1
Finished goods and merchandise	102.2	81.4	98.9
Prepayments made	4.9	2.1	2.5
<b>Inventories</b>	<b>180.7</b>	<b>148.4</b>	<b>172.5</b>



# Technical guidance: EPS



1

## TOPIC

**Revaluation of deferred tax assets and liabilities**

## STATUS QUO

- US tax reform, the Tax Cuts and Jobs Act passed on December 22, 2017
- Triggered a.o. immediate revaluation of all deferred tax assets and liabilities on US Companies.

## ESTIMATED IMPLICATIONS ON MODELLING FOR FY 2018 and FY 2019

- Positive one-off effect for the financial year 2018 of USD 52.9m recognized in the first quarter of 2018
- Non-cash item

2

**Reduced corporate tax rate**

- US tax reform, the Tax Cuts and Jobs Act passed on December 22, 2017
- Includes US Federal Corporate Tax rate cut from 35% down to 21% as well as elimination of certain previously available deductions from taxable income. There are also additional restrictions to the tax-deductibility of certain expenses
- Applicable from Jan 1, 2018 onwards

- Lower federal tax rate expected from FY 2018 onwards
- Had the impact of the US tax reform already applied in the financial year 2017, there would have been a positive effect on current income taxes and our net income for 2017 in a low single digit million Euro amount

3

**Impact of new financing structure from H2 2018 onwards when Bond is redeemed**

- EUR 300m bond maturing on May 19, 2018 has been redeemed

- ~ EUR 5.5m estimated savings in H2 2018 on net finance expense compared to FY 2017
- Total of ~ EUR11m estimated savings in FY 2019 net finance expense compared to FY 2017



4

Negotiations have begun in the USA with regard to the **North American Free Trade Agreement (NAFTA)**

- This could possibly result in tariffs on certain imports and exports between the USA and other North American countries
- The outcome of changes to NAFTA could have a negative impact on our Mexican subsidiary's exports to the USA and hence on our net income

- In the financial year 2017, our Mexican subsidiary's exports to the USA were approximately EUR 27m. The effects of the NAFTA negotiations are not currently quantifiable because precise information is lacking.
- We will continue to track the potential impacts

**Positive effect expected on adjusted EPS after non-controlling interest**

**? Discussions ongoing**

# GXI Key Data

in EUR per share	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Dividend	0.40	–	0.50	0.60	0.65	0.70	0.75	0.85	1.05	1.10
<i>Dividend yield</i>	1.5%	–	1.8%	1.9%	1.7%	1.4%	1.7%	1.2%	1.5%	1.6%
<i>Payout ratio</i>	22%	–	26%	25%	25% <sup>1</sup>	23%	26%	25%	25%	27%
Share price high	38.20	27.05	29.85	36.62	41.34	50.14	56.42	76.32	76.86	78.01
Share price low	23.99	13.24	22.09	28.30	31.00	37.60	42.31	41.99	57.10	61.03
Share price at FY end	27.10	23.05	28.20	31.17	39.41	49.67	44.44	73.90	68.85	67.06
Book value per share	15.26	15.29	16.86	17.59	17.14	17.94	19.25	22.23	24.31	25.14
P/E ratio <sup>2</sup>	14.81	17.20	14.46	12.77	15.04 <sup>1</sup>	16.13	15.38	21.67	16.31	16.51
Market cap in EUR m	851	724	886	979	1,238	1,560	1,395	2,320	2,162	2,106
<i>MDAX weighting year end</i>	11.48% <sup>3</sup>	1.33%	1.24%	1.40%	1.47%	1.33%	1.01%	1.42%	1.33%	1.00%
Number of shares in million	31.4	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. Based on adj. EPS after non-controlling interests

3. 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>Gx 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>Gx RONOA</b>	The ratio of adjusted EBITA to average net operating assets, comprising the sum of property, plant and equipment and net working capital
<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>yoy</b>	year-on-year

# Financial calendar and contact details

## FINANCIAL CALENDAR

October 11, 2018	Interim Report 3rd Quarter 2018
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**GERRESHEIMER**



## **Our Vision**

Gerresheimer will become the leading global partner for enabling solutions that improve health and well-being.

Our success is driven by the passion of our people.