Gerresheimer AG

Annual Report 2015

Better and better

GERRESHEIMER

CHECKLIST

GERRESHEIMER

VISION

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

GOALS FOR 2015

GLOBAL MARKET LEADERSHIP IN OUR MARKETS

Clear focus on pharma and healthcare

Push ahead with international expansion

Augment capacity for future growth

Continue implementing machine strategy for more effective production

Weigh potential acquisitions

PROFITABLE AND ...

Adjusted EBITDA at constant exchange rates EUR 255m–EUR 265m

Boost cash flow

Improve production efficiency, reduce capital intensity

Higher EPS

Shareholders participate in success: Dividend of 20%–30% of adjusted net income

... SUSTAINED GROWTH

1%–3% revenue growth (organic); corresponds to revenue of approx. EUR 1,300m–EUR 1,330m

Capex between 9% and 10% of revenue at constant exchange rates

Launch new products, tap new regions and customers

Verifiably sustainable operations

Employee training and development

2015 RESULTS

GLOBAL MARKET LEADERSHIP IN OUR MARKETS

- [x] Acquisition of Centor: US market leader for plastic packaging for oral prescription medication

DONE → P. 10

- [x] Expansion of medical plastic systems plants in the USA and the Czech Republic

in progress

- [x] Expansion and improvement of our moulded glass plant in the USA

DONE → P. 14

- [x] Construction of a new tubular glass converting plant in India

in progress

- [x] Pursuit of global machine strategy: Standardization of tubular glass converting machines in the USA and Mexico

in progress → P. 16

PROFITABLE AND ...

- [x] Adjusted EBITDA at constant exchange rates increased to EUR 262.4m.

Target achieved

- [x] Operating cash flow significantly up by some 70% to EUR 177.0m (2014: EUR 103.6m)

DONE

- [x] Sale of glass tubing business to Corning, capital intensity reduced

DONE → P. 12

- [x] Adjusted earnings per share increased significantly by 18.0% to EUR 3.41 (2014: EUR 2.89)

DONE

- [x] Dividend increase by 13% to EUR 0.85 per share (25% payout ratio) proposed

DONE

... SUSTAINED GROWTH

- [x] 6.8% revenue growth to EUR 1,377.2m; organic revenue growth of 1.5%

Target achieved

- [x] Capex program fully completed, volume equivalent to some 9.0% of revenue at constant exchange rates

DONE

- [x] Closure of our moulded glass plant in Millville, USA

was necessary

- [x] Achieving our climate protection targets gets us top place in Carbon Disclosure Project

Target achieved → P. 55

- [x] Strong new financing structure on favorable terms

DONE → P. 44

OVERALL ASSESSMENT FOR 2015

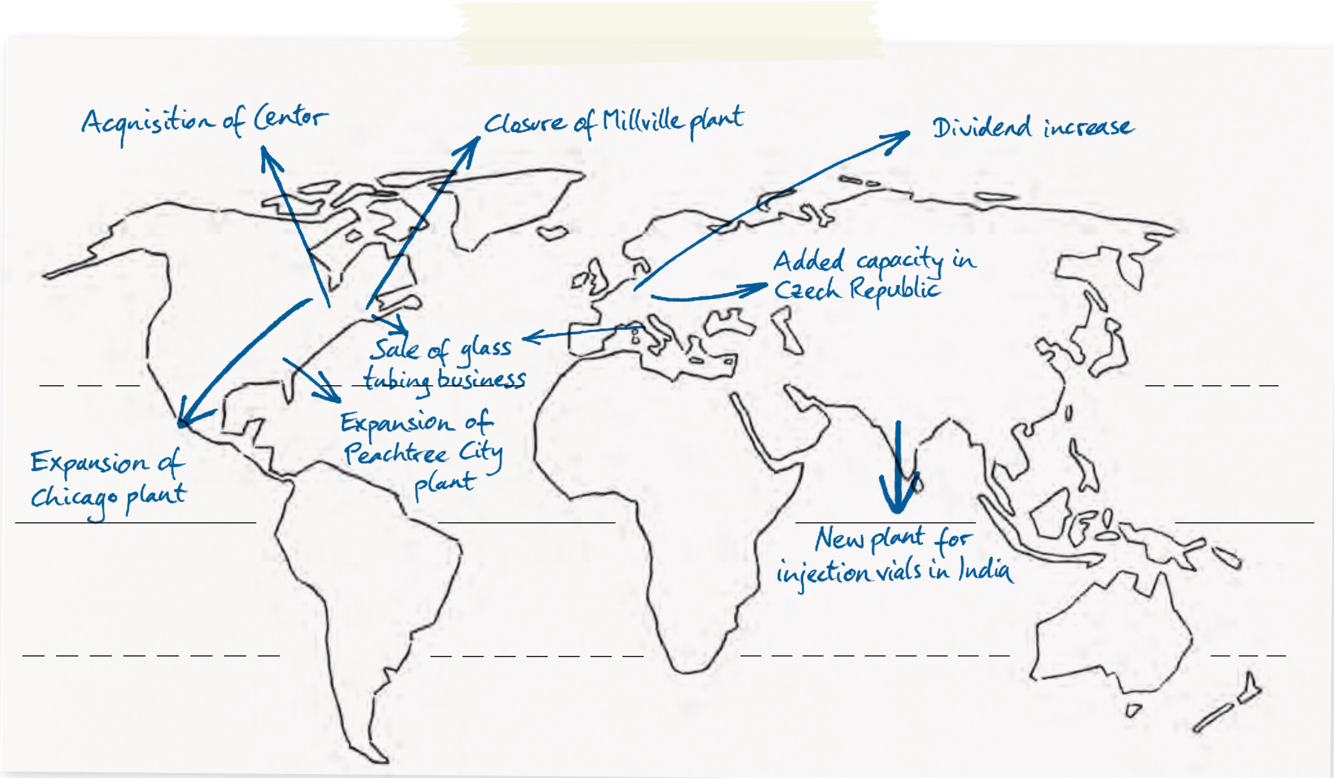
SUCCESSFUL FINANCIAL YEAR 2015

★★★★☆

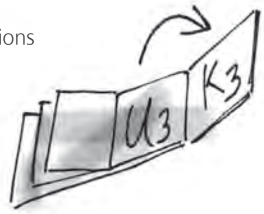
OVERVIEW

Gerresheimer is a leading global partner to the pharma and healthcare industry. With our specialty glass and plastic products, we contribute to health and well-being. We operate worldwide and, with some 11,000 employees, manufacture our products in local markets close to our customers. With more than 40 plants in Europe, North America, South America and Asia, we generate revenues of approximately EUR 1.4 billion. Our comprehensive product portfolio includes pharmaceutical packaging and products for the safe, simple administration of medicines: insulin pens, inhalers, prefillable syringes, injection vials, ampoules, bottles and containers for liquid and solid medicines with closure and safety systems, as well as packaging for the cosmetics industry.

BETTER AND BETTER



CONTENTS



PREFACE BY THE CHIEF EXECUTIVE OFFICER

DEAR SHAREHOLDERS AND BUSINESS PARTNERS,
LADIES AND GENTLEMEN,

The year 2015 was not only a successful, but also an important year for us. We made great strides on our path to becoming the leading global partner for enabling solutions that improve health and well-being. First and foremost, we successfully acquired a large, market-leading company in the USA – Centor – in 2015. The company spearheads manufacturing of the plastic containers used by pharmacies to package prescription medication in the United States.

This acquisition enabled us to achieve a long-standing goal – to strengthen our position in the US market for plastic pharmaceutical packaging. We have been the number one in North America for many years now with our glass vials and ampoules for packaging liquid medication administered by injection. With Centor, we are now America's number one when it comes to plastic packaging for oral prescription medication as well.

"We successfully acquired a large, market-leading company in the USA – Centor – in 2015."

As many of you know, we apply our expertise in glass and plastic to both simple and complex packaging. Simple packaging is mainly used to store medication, while complex solutions also enable drug dosage and administration. With Centor, we now dominate the US market for simple pharmaceutical plastic containers and have also gained significant ground in complex plastic packaging. We are currently expanding production at our plant in Peachtree City in the South of the USA, where we will produce an asthma inhaler for the North American market starting in 2016. It has also been a busy year for our glass business in the USA: We completely renovated our moulded glass plant in Chicago Heights in just two months. The refurbishment, including the construction of a new furnace and modernization of the production machinery, was completed in next to no time. We will unveil what is virtually a new plant and all of its features to our customers at a major event in spring 2016. The machinery at our two US plants in Morganton and Forest Grove, which produce injection vials from tubular glass, was modernized and standardized. Other sister plants will follow in 2016, including the plant in Kosamba, India, which is currently under construction. Our converting segment will soon share the same production machinery – and hence identical production processes – the world over. This guarantees the same high level of quality at all of our plants, something that is extremely important to our global customers.

From a strategic perspective, we will continue to focus on expanding our capacities in line with market requirements. This is the only way for us to become "better and better" – our motto for this year's Annual Report. For us, getting better and better also means constantly asking ourselves what makes us different, what do we do best. That includes questioning the status quo. Against this backdrop, another milestone in 2015 was the sale of our glass tubing business. How did it come about? We reviewed our portfolio and agreed that the production of glass tubes as an intermediary product is no longer a core area of our business. Our focus is on the end products – the glass packaging that reaches patients, such as injection vials, ampoules, cartridges and syringes. The intermediary product does not necessarily have to be manufactured by us. In the future, we will purchase tubular glass as an intermediary product – in the same way as we buy in granulates as the raw material for our plastic products. This gives us the time and energy to concentrate on our strengths. It also gives us greater financial flexibility going forward, since the production of tubular glass is extremely capital intensive. Ultimately, reducing the number of furnaces results in fewer regular major furnace overhauls, so our capital expenditure will be lower and less cyclical.

This is why I am very pleased with the successful sale of the glass tubing business – and to an expert partner like US company Corning at that. Our joint venture with Corning, coupled with the long-term supply contract for glass tubes, will enable us to continue playing a part in innovating the pharmaceutical glass segment.

"I am very pleased with the successful sale of the glass tubing business."

Revenues rose by 6.8% to EUR 1,377.2m in financial year 2015. Excluding exchange rate effects, we recorded organic revenue growth of 1.5%, which is within our target corridor of between 1% and 3%. We also performed well in terms of earnings, with operating income – measured as adjusted EBITDA – of EUR 277.9m. At EUR 262.4m, adjusted EBITDA, excluding exchange rate effects and without taking into account the sale of the glass tubing business and the acquisition of Centor, was within our target corridor of between EUR 255m and EUR 265m. Capital expenditure on property, plant and equipment and intangible assets totaled 9.0% of revenues at constant exchange rates and excluding Centor. This is at the lower end of our forecast range of between 9% and 10%. We therefore met all of our targets for financial year 2015.

The control of our Group's finances played a critical role last year given the acquisition and sale transactions. We firstly replaced the overall financing arrangement from 2011 with a EUR 450m revolving credit facility in the summer. In addition, we took out a EUR 550m bridging loan to finance the acquisition of Centor in September 2015. We repaid this in full in November 2015, largely from the EUR 425m debt issue as well as from the proceeds generated on the sale of our glass tubing business. Net financial debt was significantly higher as of November 30, 2015 as a result of the transactions. Leverage amounted to 2.9 as of the balance sheet date, compared with 1.7 in the prior year. Our goal is to reduce debt again as quickly as possible to secure an investment grade rating in the longer term.

Our share price performance last year was highly gratifying. After a sluggish start to the year, the share price picked up sharply through to July 2015 and shot up by around another EUR 12.00 within a few days of announcing our acquisition of Centor in late July – reflecting market approval of the takeover of the highly profitable US company. Following a brief pullback, the share price went on to make further substantial gains in the last three months of the financial year, marking an all-time high closing price of EUR 76.32 on November 17, 2015. The shares gained 66.3% over the course of financial year 2015, to close at EUR 73.90, making them the third-best performer in the MDAX.

"Our goal is to reduce debt again."

Based on the strong business performance, we will be joining with the Supervisory Board in proposing to the Annual General Meeting that a dividend of EUR 0.85 per share will be distributed for financial year 2015. This is 13% higher than the dividend per share distributed in the prior financial year and represents a dividend payout ratio of 25% of adjusted net income after non-controlling interests.

We are excellently positioned for the years ahead and have defined clear steps to ensure our continued success going forward. These include expanding capacities at various locations as well as further standardizing our production technology. We already initiated some of this last year. At the same time, we are optimistic about financial year 2016 and are forecasting revenues of around EUR 1.5bn, plus or minus EUR 25m. This corresponds to around 9% year-on-year revenue growth at constant exchange rates and organic revenue growth of between 4% and 5%. Adjusted EBITDA is expected to increase to some EUR 320m (plus or minus EUR 10m) in financial year 2016.

We are once again aiming for average annual organic revenue growth of between 4% and 5% for financial years 2016 to 2018. For the adjusted EBITDA margin, we have defined a target value of around 22% for 2018. To achieve these targets, we will require an estimated annual investment volume of 8% of revenues at constant exchange rates through to 2018 in order to maximize the return on our products while also improving quality.

It is important for us to strike a balance between growth and ecological responsibility. The targets we have set and met – notably our CO_2 emission targets – are also recognized by third parties. The Carbon Disclosure Project, a global environmental initiative, acknowledged our improvements and efforts in the past financial year with yet another improved rating.

On behalf of the entire Management Board, I would like to thank all our employees for their outstanding work and commitment to Gerresheimer. Without their dedication, motivation and resourcefulness, Gerresheimer would not be the company it is today. I also join with everyone on the Management Board in thanking our business partners, our Supervisory Board members and our works council officials for their loyal cooperation. We very much look forward to continuing this working relationship in the future.

And I wish to express gratitude to all of our shareholders for their continued support. We are fully committed to getting better and better on our path to becoming the leading partner to the pharma and healthcare industry.

With kind regards,

Uwe Röhrhoff

MANAGEMENT BOARD

Uwe Röhrhoff > Chief Executive Officer, responsible for Primary Packaging Glass

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

Career

- Born in 1962
- Degree in business administration
- Started career at Scheidt & Bachmann GmbH
- Joined Gerresheimer AG in 1991
- Various international management positions
- Management Board member from 2003
- CEO since 2010
- Currently appointed to the Management Board until 2018

Our headquarters in Duesseldorf

Rainer Beaujean > Chief Financial Officer, responsible for Life Science Research

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

Career

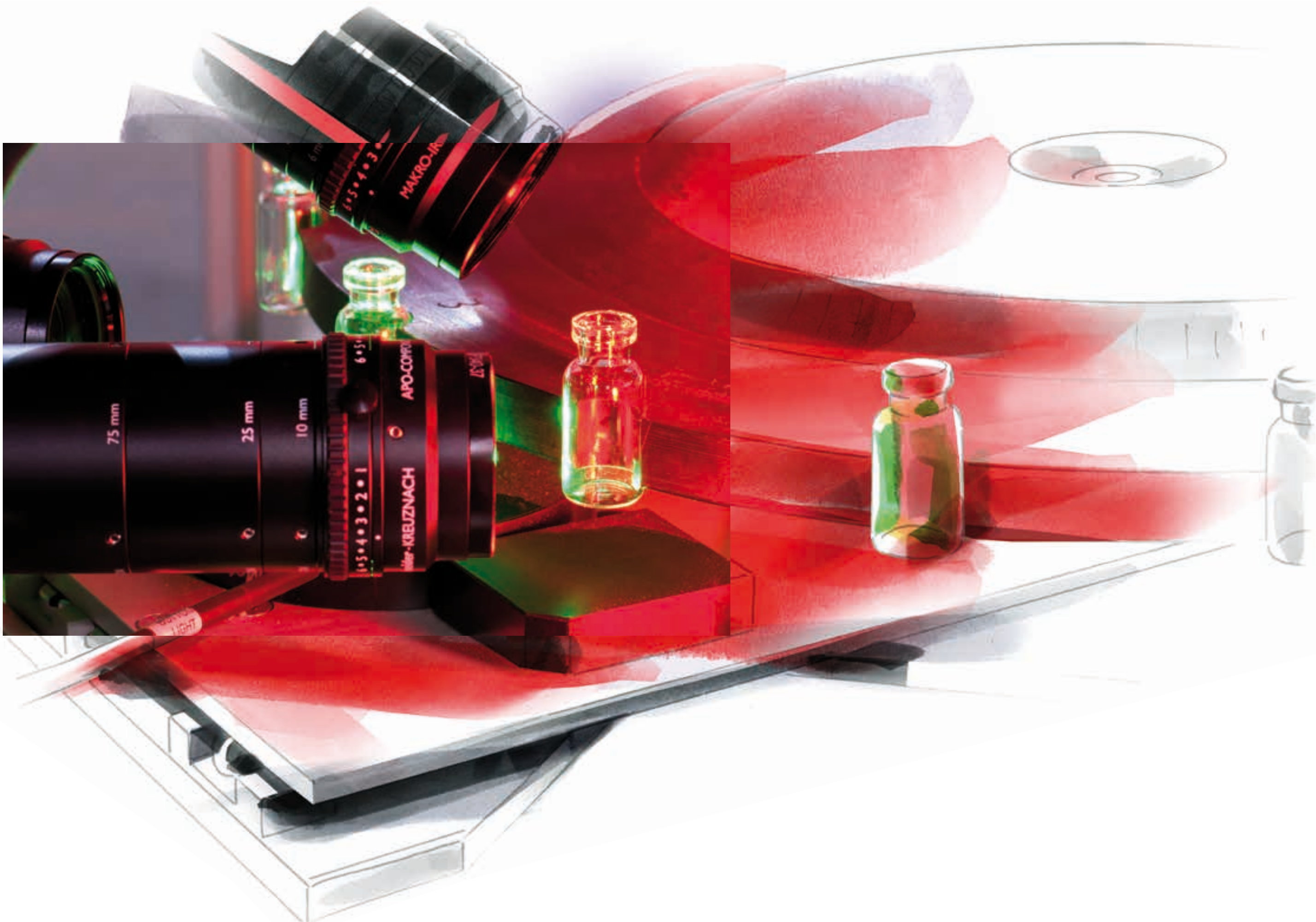
- Born in 1968
- Degree in business administration
- Started out at Deutsche Telekom AG
- CFO and Chief Executive Officer of T-Online AG
- CFO of Demag Cranes AG
- CFO of Elster Group SE
- Management Board member of Gerresheimer AG since the end of 2012
- CFO since the start of 2013
- Currently appointed to the Management Board until 2019

Andreas Schütte > Member of the Board, responsible for Plastics & Devices

- Key Account Management

Career

- Born in 1962
- Engineering degree and MBA
- Started out at VAW Aluminium AG
- Management Board member of Hydro Aluminium
- Chief Executive Officer of the Siteco Group
- Management Board member of Gerresheimer AG from 2009
- Currently appointed to the Management Board until 2017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25 mm
10 mm

BETTER AND BETTER

We have a plan to become the leading global partner for enabling solutions that improve health and well-being. How do we aim to achieve this goal? By reaffirming our commitment to top quality each and every day. By being a reliable partner to the pharma and healthcare industry. And by continuously improving. This goes for each one of us, whether we work at a plant, in sales or at headquarters. And it goes for Gerresheimer as a whole.

In pursuing our strategy, we made numerous changes at Gerresheimer in the past financial year. We significantly enhanced our position in North America with a major acquisition. We sold parts of the Company, where it made sense to do so. We improved quality by modernizing facilities and production machinery. We created new capacities in regions where we intend to accelerate growth.

Over the next few pages, we would like to show you how these steps are helping us to become better and better.

MARKET LEADER IN US MEDICINE CABINETS

Better and better: Now also in tablet packaging in the United States. Because Centor, the US market leader in plastic packaging for prescription tablets, has been part of Gerresheimer since the summer. In the United States, everyone knows the orange containers with the white caps.

Every American has held one in their hands, while in Europe they are familiar from US films and TV shows. The orange, semi-transparent plastic containers with the white caps can be found lined up in the medicine cabinet in every American home. They are manufactured by Centor. And now by Gerresheimer, since we acquired Centor in the summer.

Pour-and-count is the name of the statutory system in the United States by which pharmacists have to count out and package up prescription tablets. Completely different from the standard blister packaging found in Europe. This means demand for plastic containers from US pharmacists is high. These containers like the tried-and-trusted classic Screw-Loc® and 1-Clic® can be ordered directly from Centor or from a wholesaler. Centor is the market leader for plastic packaging for oral prescription medication. It supplies many pharmacy chains large and small – more than 60,000 of them in the United States alone. The trucks laden with the plastic containers start out from the Centor plant in Berlin, Ohio. While the area is familiar to many Americans as "Amish Country," the Centor plant contains state-of-the-art production technology, efficient process chains and sophisticated logistics.

The pharmacist counts out the tablets as stated in the prescription and packages them up.

Gerresheimer is America's number one when it comes to glass packaging for liquid medication administered by injection. And, for some time, we have been looking to strengthen our position in plastic packaging for medication in the United States. Now, we have succeeded in one stroke with the purchase of Centor. This is not just a strategic move for the Gerresheimer Group, it is also a rewarding one. After all, Centor is a highly profitable business.

Orange tablet containers made by Centor

Every American is familiar with the vials and safety caps.

NEW!

Centor

- Over a century of experience with prescription medication
- One plant in Berlin (Ohio, USA), headquarters in Perrysburg (Ohio, USA)
- Market leader in the USA
- Customers: Pharmacy chains and supermarkets as well as wholesalers
- Most of the dispensing machines in US pharmacies are calibrated to Centor containers

More on Centor:
www.centorrx.com

USA: POUR-AND-COUNT – PRESCRIPTION MEDICATION

- The pour-and-count system is the standard way of selling prescription medicines in the USA and Canada.
- Drug producers package large quantities (100 to 1,000 units) of tablets and capsules in containers.
- These containers are delivered to pharmacies by drug wholesalers on demand.
- Pharmacists pour tablets or capsules from the containers and count out the precise quantity stipulated in the prescription. Or dispensing machines do that in the pharmacy.
- The tablets or capsules are then dispensed in special plastic containers with a customer-specific label (in many cases, both the dispensing and labeling process are automated). This is where the plastic containers made by Centor come in.

THE PRODUCT PORTFOLIO

Plastic containers for solid prescription medication and closure systems (child-resistant and senior-friendly). Suitable for automated dispensing machines, the plastic containers are delivered with standardized or customized imprinted caps.

- 1-Clic® plastic containers for tablets
- Screw-Loc® plastic containers for tablets
- Recycled oval PET bottles for liquid medication with child-resistant closure
- Plastic ointment jars
- Applicators
- Droppers

BUYING IN GLASS TUBING INSTEAD OF PRODUCING IT IN-HOUSE

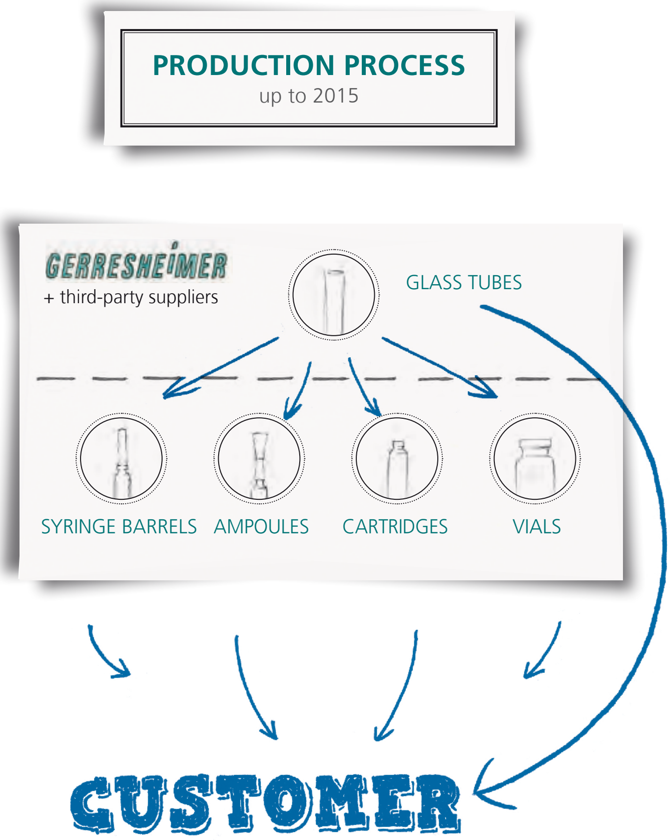
Better and better can also mean focusing on your core competencies. And letting others do what they can do better. That's the logic behind the sale of the glass tubing business to glass specialist Corning – no more and no less.

What do we do particularly well? Manufacture packaging for medication. This calls for raw materials, intermediary products and reliable suppliers. For the manufacture of pharmaceutical plastic containers, we buy plastic granules as an important intermediary product. For the manufacture of injection vials, ampoules, syringes and cartridges, glass tubes are an important intermediary product. For a long time, we produced a major part of this intermediary product ourselves in two plants: in Vineland, USA, and in Pisa, Italy. And also purchased another part from other suppliers, if that was what the customer wanted.

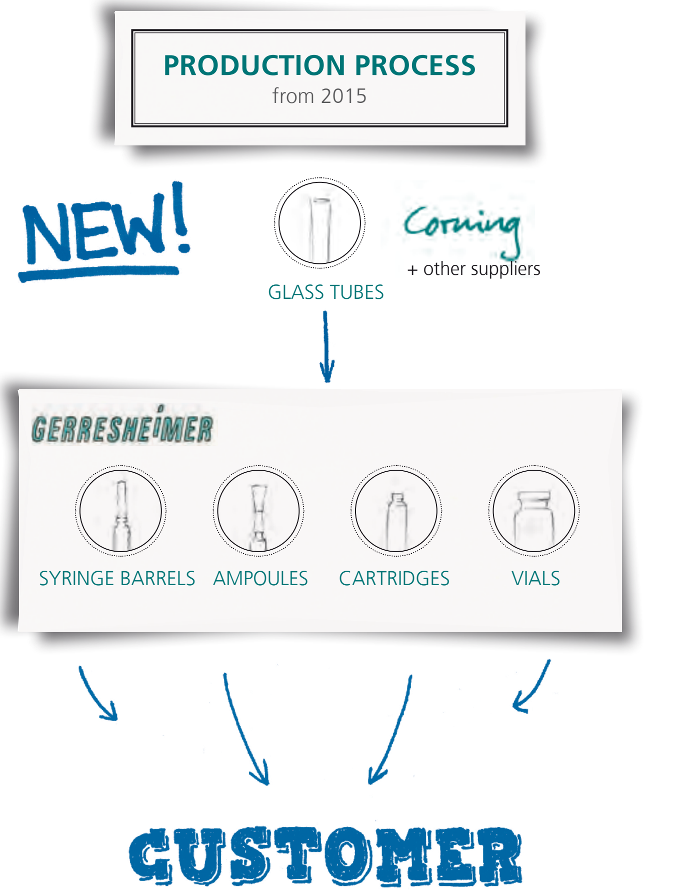
Now, we are doing the same thing with injection vials as we do with plastic containers. At the start of November, Corning took over the glass tubing business from us – and with it, the production in Pisa and Vineland. We continue to do what we do best, which is manufacture high-quality pharmaceutical packaging. And we have the glass tubes needed for this delivered. Corning is an icon of glass manufacturing. A company that invests so much money into materials research, is highly innovative when it comes to glass, and manufactures the world's best glass for smartphone displays will always deliver the best glass tubes for pharmaceutical packaging. We are happy to work with such partners. That's also why we have gone ahead and concluded a ten-year supply contract with Corning.

Plus, we will have less capital tied up in production facilities going forward. With the sale of the two plants, we disposed of six glass furnaces. Furnaces require regular general overhauls, and that entails investments. Money that in future we can use for other things. And that's not all: Together with Corning, we want to reach the next level – in other words, produce innovations with the next generation of injection vials and the like. In the future, this will be handled by a joint venture between Gerresheimer and Corning.

So the new setup makes sense. Everyone does what they do best, and some things we do together.



In the future, Gerresheimer will purchase glass tubes from Corning and other suppliers.



THE GLASS SPECIALIST: CORNING

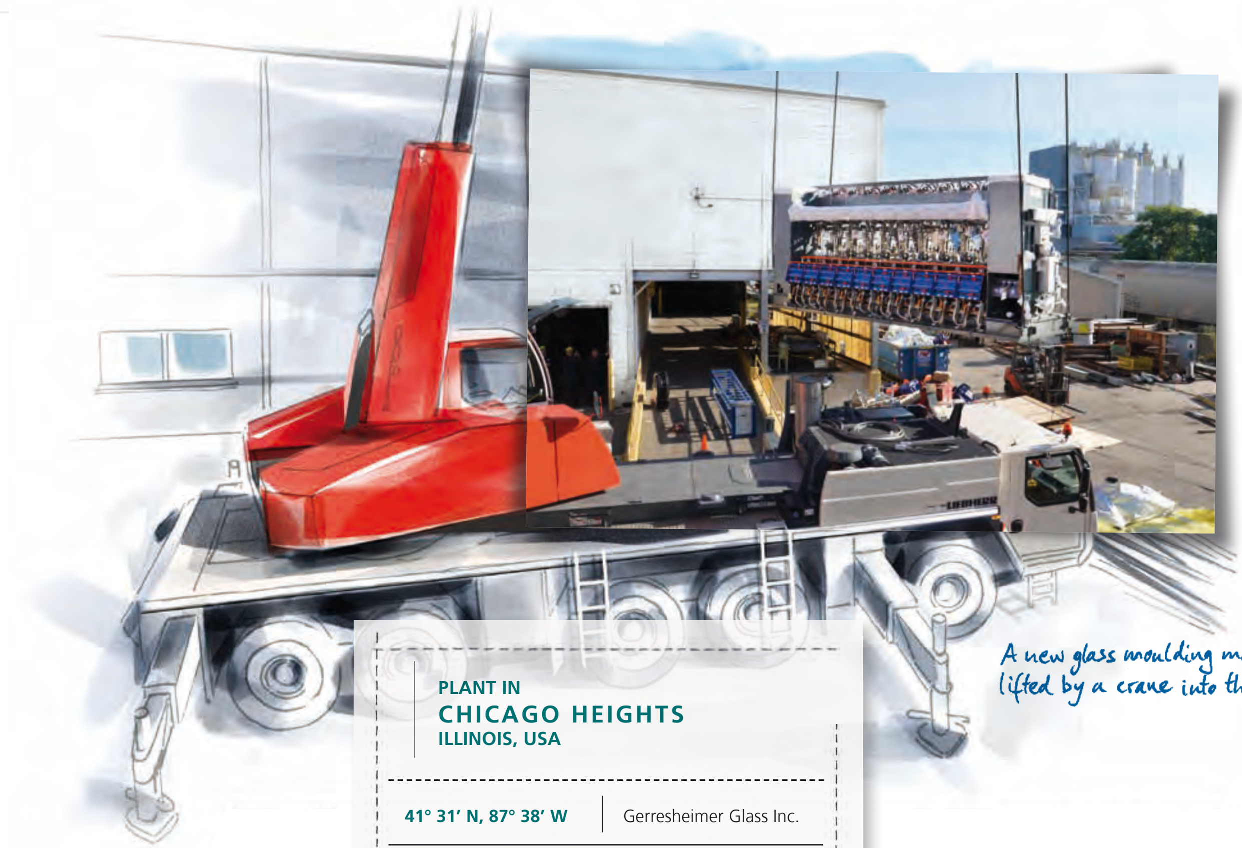
Global head office:
Headquarters in Corning (New York, USA)
Employees: Around 35,000 worldwide
Research centers: North America, Europe, Asia
Revenue: Approx. USD 10bn in 2014

WHAT ARE GLASS TUBES?

Pharmaceutical glass tubes are a special type of glass with a tubular shape. The raw materials are melted in an oven. The melted glass is then shaped into a long tube and conducted on 60-meter-long conveyor belts to the cold end of the production line, where the tubes are cut, inspected, bundled together and packed. The intermediary product glass tubing comes in the form of clear and amber glass. It used to be manufactured by Gerresheimer in two plants – in Vineland, USA, and in Pisa, Italy. Corning took over the plants in full, with all employees transferred to Corning. If you laid out all of the glass tubes produced by both plants in a year end to end, the line would stretch for 450,000 km. That's eleven times around the earth. You can make a fair few vials and syringes out of that.

BETTER AND BETTER: IN THE NORTH AND SOUTH OF THE USA

Better and better can also mean making new things from old. Or making more from new things. Two examples from the USA: In the North of the USA, near Chicago, and in the sunny southern states near Atlanta, we have been making substantial changes and additions.



A new glass moulding machine is lifted by a crane into the plant

PLANT IN
CHICAGO HEIGHTS
ILLINOIS, USA

41° 31' N, 87° 38' W | Gerresheimer Glass Inc.

TECHNICAL DETAILS

- Top-quality pharmaceutical serum bottles
- Type I borosilicate glass, clear
- 1 furnace
- 3 lines
- Controlled environment at the cold end and packaging

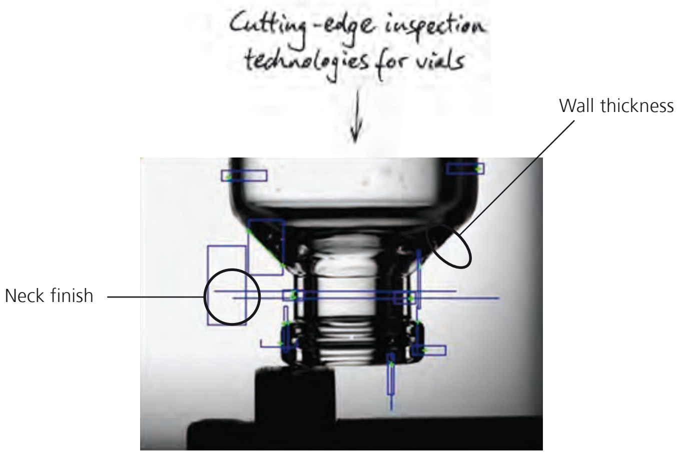
CHICAGO HEIGHTS: OFF WITH THE ROOF FOR ALL-ROUND IMPROVEMENTS

Regularly, it is the turn of every plant where glass is melted to have its furnace replaced after intensive, nonstop use. But at our moulded glass plant in Chicago Heights, we have remodeled and converted a whole lot more. Machinery has been replaced and new technologies installed. The team was given a good eight weeks. A tight schedule between the American holidays of Independence Day (July 4) and Labor Day (September 4). Not only did we have to install a new furnace in this time, we also had to turn the plant into a production facility of world-class caliber, compliant with the latest environmental standards. After all, our customers expect nothing less than the highest quality when it comes to packaging for their vaccinations and cancer medicines. Preferably manufactured in the USA, supplied locally and with no extended interruptions in supply. And all while saving resources, using energy efficiently and protecting the environment at the same time.

Sometimes, substantial improvements call for special measures. So it was at the plant in Chicago Heights. We needed a new steel foundation for the bigger and better furnace. So the engineers simply took off the roof so that the crane could lift the heavy loads in and out.

The result: A brand new furnace, two of the three glass moulding machines replaced, the third given a general overhaul. There are brand new compressed air systems in the basement, the entire pipe network has been overhauled and replaced. A process patented by Gerresheimer for preventing particles in the production process is making its debut. Two of our three annealing ovens have been replaced and enlarged. All this results in much lower energy consumption and carbon emissions per ton of glass melted. At the cold end, the vials are then screened, measured and checked fully automatically and with meticulous precision thanks to state-of-the-art inspection technology. Finally, the flawless vials are then safely packaged to perfection. Each process must dovetail seamlessly with the next. Even if it didn't seem possible at the height of the construction phase – as promised, we had the furnace heated up on schedule, put the new production equipment into operation and, in next to no time, were already showing customers around what is in effect a totally new plant. They were impressed by the "before" and "after" comparison. Just as well considering that the major annual customer event, Gerresheimer Pharma Days, is being held in Chicago in spring 2016, which, of course, will be followed by a visit to the plant in Chicago Heights.

BETTER AND BETTER – FOR US, FOR THE FDA, OR FOR PATIENTS?



The purpose of medication is to help people get better. In particular, medication that is injected needs to be especially clean and free of impurities. Flawless packaging – i.e., the injection vial – is instrumental in this regard. This is why our customers and the US Food and Drug Administration (FDA) demand very high quality for these vials. At our Chicago Heights plant, we manufacture these injection vials from melted glass. What's more, we are the only provider to do so in the USA. So when renovating the plant, we focused in particular on producing particle-free glass packaging. All renovation and modification work ultimately had to ensure we could meet the highest demands in terms of product quality.

+20%
Furnace capacity

More information:
www.gerresheimer.com/news-events/newsletter

PEACHTREE CITY: A CLEAN ROOM TO FIGHT ASTHMA

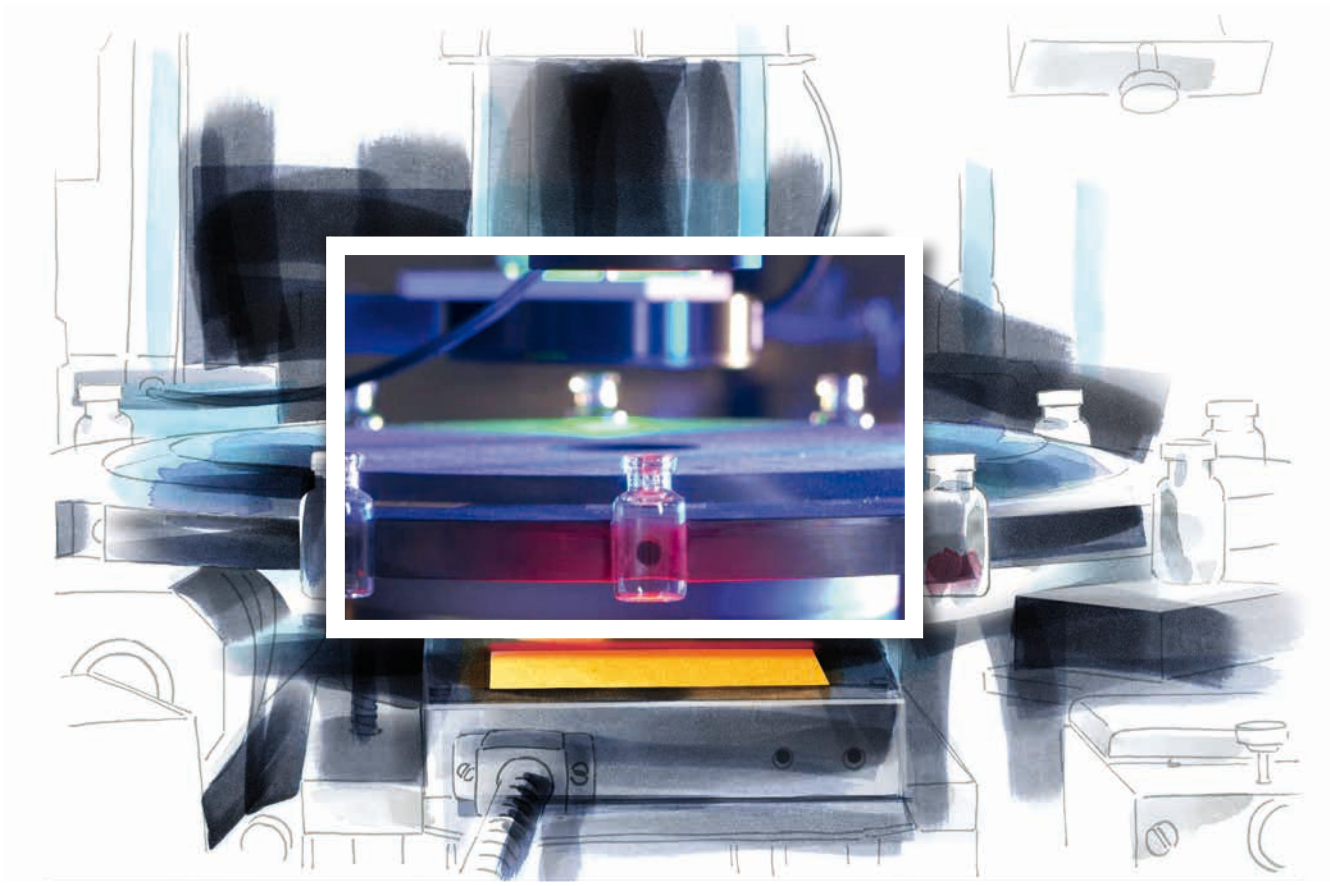
Just as the furnace and glass moulding machines are the centerpiece of the plant in the world of glass, for plastic it is high-precision production and automated assembly under effectively clinically clean conditions. Wherever we manufacture insulin pens, asthma inhalers and other products for the health of patients from a multitude of complex plastic parts, clean-room production plays a key role. We made good use of our time in 2015 at our plant in Peachtree City in the south of the USA: Completing new production buildings, installing the latest clean-room technology, setting up the first injection-molding machines including precision tools, beginning validation as well as fitting and testing assembly lines. After all, we will be commencing mass production of an asthma inhaler for the US market in 2016. In-house, high-precision, clean-room production – ultimately for the benefit of all those suffering from asthma.

> "In the past year, we reached important milestones in the expansion of Peachtree City."
>
> **Heiner Möller**
> Vice President Operations Americas & Asia Medical Systems

PEACHTREE CITY

THE SAME STATE-OF-THE-ART MACHINERY – WORLDWIDE

Our customers are getting better and better and they expect the same from us. High quality – regardless of where we are supplying them from. That's why we equip all plants manufacturing injection vials with the same cutting-edge machinery worldwide. So customers and patients in the USA, Europe and Asia can all rely on the vials in the same way.



We make our products locally in line with customer wishes. "Locally" means wherever the customer manufactures and packages the medication. Take this real example of a US pharmaceuticals company that produces an active substance in India, fills and packages it in India, and would like to be supplied locally with pharmaceutical packaging. The finished medication is then shipped to the United States, where it is sold. Naturally, the customer in India wants to have the same quality vials as can be found elsewhere. And, of course, the FDA in the USA is increasingly inspecting pharmaceuticals companies on-site in China, India and other countries if they produce medication for the US market. Moreover, Chinese and other supervisory authorities rightly hold companies to similarly high standards when it comes to patient safety.

Here's an example of how we deal with this: We produce injection vials in nine plants around the world – in other words, containers from which syringes draw vaccines or cancer medicines. In 2013, the green light was given for an ambitious multi-year program of investments in the double-digit million range. The aim is to provide our customers with significantly improved injection vials of the highest quality. Wherever customers procure their vials – in this business unit, our top quality standards are ensured in every one of our plants by the same latest generation of machines coupled with control and inspection systems. We began to deliver and install the new generation of machines at our plant in Morganton, USA, in 2014. Our team in Morganton is what we might call our best-in-class when it comes to injection vials. Shortly after that, we began installing the new machines at our sister plant in Vineland, USA, meaning that the upgrade in the USA was completed in 2015. Colleagues from our other plants across the globe are trained on the new machines in the USA. In Queretaro, Mexico, the process kicked off in 2015 – all the new machines will be installed there in 2016. It is also Europe's turn in 2016. Plus Kosamba in India for sure, as we are in the process of building a brand new plant there. And the plants in China are also on the starting blocks. Initial feedback from customers is extremely positive. To put it in technical terms: Vials that far exceed the industry standard in cosmetic and dimensional terms.

NEW MACHINERY – NEW INSPECTION SYSTEMS

We are installing two types of machinery for the production of injection vials at our plants around the world. One type was developed in-house by our own engineers and built by a partner. The other type is being procured from a European machine builder. The two types of machinery are complemented by our internally developed control, inspection and packaging technologies Gx® G3, Gx® RHOC and Gx® THOR, which are part of a close-knit testing system guaranteeing the ultimate in precision and quality assurance based on the latest standard.

5 x 5

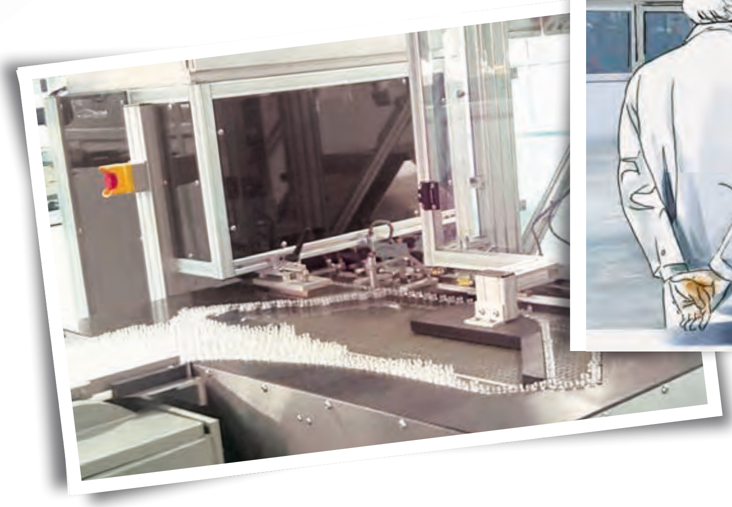
Gx® G3: Five HD cameras with five times better resolution reliably detect cosmetic flaws

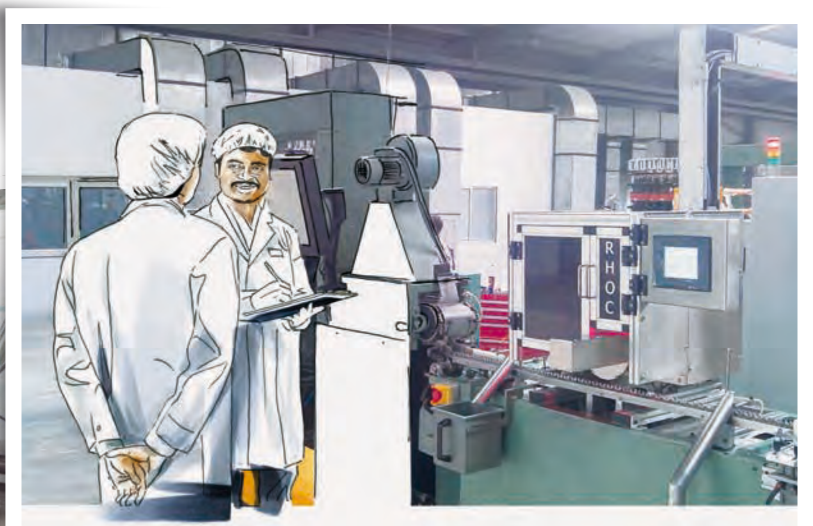
More information:
www.gerresheimer.com

2016 OFF TO A FLYING START IN KOSAMBA WITH THE LATEST MACHINERY

We have a moulded glass plant in Kosamba, India, not far from Mumbai. In 2015, a brand new plant for injection vials and ampoules was built right next door. The work on the interior is extensive and complex. Especially the installation of the clean-room technology. The first machines have been shipped to Kosamba, with more to follow – naturally, all of the latest generation. Preparations are underway for assessment and approval by customers, what we call validation. Commercial production is set to begin in earnest at the end of 2016, first with injection vials and then also with ampoules. The products are to be sold to all customers requiring pharmaceutical packaging manufactured to the highest international quality standards.

High quality vial production worldwide - soon in the new plant in India, too





REPORT OF THE SUPERVISORY BOARD

› **Dr. Axel Herberg**
Chairman of the Supervisory Board

In the financial year 2015, the Supervisory Board devoted considerable time and attention to the Company's position and fulfilled all its obligations under the law, the Company's Articles of Association and the Rules of the Supervisory Board. Those obligations include consultations on the basis of prompt, regular and comprehensive information provided by the Management Board, involvement of the Supervisory Board in decisions of material importance for the Company and the necessary supervision of management.

The Supervisory Board ensured that it was informed in detail about the Company's business development and financial position, including the risk situation, risk management and compliance. After thorough examination and discussion, the Supervisory Board – in six meetings and twice by written circular resolution – voted on the reports and proposed resolutions submitted by the Management Board to the extent required by law, the Company's Articles of Association and the Rules of the Management Board. In addition, the Chairman of the Supervisory Board was in regular contact with the Management Board and in particular its Chairman. He was regularly and promptly informed by the latter about important developments and upcoming decisions.

PERSONNEL CHANGES ON THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

In the financial year 2015, the Company's Supervisory Board consisted of Gerhard Schulze as Chairman (until April 30, 2015), Dr. Axel Herberg (Chairman since April 30, 2015), Francesco Grioli as Deputy Chairman, Sonja Apel, Andrea Abt (since April 30, 2015), Lydia Armer, Dr. Karin Dorrepaal, Eugen Heinz, Seppel Kraus, Dr. Peter Noé, Markus Rocholz, Theodor Stuth and Udo J. Vetter.

By decision of the Local Court of Duesseldorf on January 20, 2016, Katja Mögel was appointed as member of the Supervisory Board to succeed Sonja Apel, whose membership of the Supervisory Board ceased on termination of her employment at Gerresheimer AG as of midnight on December 31, 2015.

Throughout the financial year 2015, the Company's Management Board consisted of Uwe Röhrhoff as CEO, Rainer Beaujean and Andreas Schütte. There were no changes to the membership of the Management Board during that period.

MEETINGS OF THE SUPERVISORY BOARD

The regular discussions held by the full Supervisory Board covered the sales and earnings performance of the Company as a whole and of the individual business divisions. Furthermore, important strategic projects were reported and discussed.

At the Supervisory Board meeting on February 10, 2015, the Annual Financial Statements of Gerresheimer AG, the Consolidated Financial Statements and the Combined Management Report for the financial year 2014, the proposal on the appropriation of accumulated net earnings and the Report of the Supervisory Board were approved. The Annual Financial Statements were thereby adopted. At this meeting, the Supervisory Board also adopted a new pension arrangement to be granted on new appointments to the Management Board.

At its meeting after the Annual General Meeting on April 30, 2015, the Supervisory Board elected Dr. Axel Herberg as its new Chairman to succeed Gerhard Schulze, who had departed from the Supervisory Board. Dr. Axel Herberg was also elected as a member of the Audit Committee and as a member and the Chairman of the Nomination Committee. Udo J. Vetter was elected as a new member of the Presiding Committee. Rainer Beaujean was also reappointed as member of the Management Board.

At its June 9, 2015 meeting, the Supervisory Board approved the replacement of the previous EUR 400m credit facility agreement with a EUR 450m revolving credit facility as part of a refinancing arrangement.

After intensive discussion in previous Supervisory Board meetings, the Supervisory Board on June 25, 2015 adopted a written circular resolution approving the sale of the tubing business together with the execution of a long-term tubing supply agreement and the establishment of a joint venture with Corning for more innovation in pharmaceutical glass packaging.

At its meeting on July 22, 2015, the Supervisory Board approved the acquisition of Centor, USA, along with a bridge loan facility for this acquisition.

On August 28, 2015, again by written circular resolution, the Supervisory Board approved various capital transfers within the Gerresheimer Group to make the loan amount taken out by Gerresheimer AG to finance the purchase price for Centor available to the acquiring US entity.

On September 9, 2015, the main focus of the Supervisory Board, which afforded considerable time and attention to the matter, was the corporate strategy drawn up by the Management Board. The Supervisory Board also dealt with the annual declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (Aktiengesetz), the engagement of the auditor for the financial year 2015, the reference to the applicable statutory provision on the percentage of women in supervisory boards in the Company's targeted composition of the Supervisory Board and the Rules of the Supervisory Board, as well as the first-time objective for a percentage female membership of the Management Board.

The main items dealt with at the Supervisory Board meeting on November 24, 2015 were the Group's medium-term planning and the approval of the budget for the financial year 2016.

No member of the Supervisory Board took part in only half of or fewer Supervisory Board meetings in the financial year 2015. One Supervisory Board member was absent with apologies in two and one member in one of the six meetings.

At its meeting on February 10, 2016, the Supervisory Board focused on the approval of the Annual Financial Statements and the Management Report of Gerresheimer AG, the Consolidated Financial Statements and the Consolidated Management Report for the financial year 2015 as well as the proposal for appropriation of retained earnings.

MEETINGS OF THE COMMITTEES

To ensure that its duties are performed efficiently, the Supervisory Board has set up four committees: the Mediation Committee in accordance with Section 27 (3) of the German Codetermination Act (Mitbestimmungsgesetz), the Presiding Committee, the Audit Committee and the Nomination Committee. These committees prepare topics for resolution by the full Supervisory Board and, in certain cases, also have authority to take decisions autonomously. The Mediation Committee and the Presiding Committee each consists of two shareholder representatives and two employee representatives. The Audit Committee also has an equal number of shareholder and employee representatives and comprises six members. The Nomination Committee has three members and consists solely of shareholder representatives.

The Presiding Committee prepares the Supervisory Board's personnel-related decisions, notably the appointment and dismissal of Management Board members as well as decisions regarding the remuneration of Management Board members. In place of the Supervisory Board, the Presiding Committee decides on the signing, amendment and termination of the service contracts of Management Board members, except in the case of remuneration issues requiring the approval of the full Supervisory Board. The Presiding Committee met on December 16, 2014 and addressed a new pension arrangement for future members of the Management Board, as well as the reappointment of Rainer Beaujean. At its meeting on November 23, 2015, the Presiding Committee dealt with Uwe Röhrhoff's announcement that he would no longer be standing for reappointment as CEO after February 2018.

In particular, the responsibilities of the Audit Committee include preparing Supervisory Board decisions on the adoption of the Annual Financial Statements and the approval of the Consolidated Financial Statements as well as discussing the Quarterly Financial Reports and the Half-Year Financial Report. The Audit Committee's remit also includes monitoring the accounting process, the effectiveness of the internal control system, risk reporting and the risk management system, the internal audit system and compliance. The Audit Committee met four times, on February 9, April 13, July 8 and October 7, 2015. Its discussions focused on the reports on the audit of the Annual Financial Statements and Consolidated Financial Statements for the financial year 2014 as well as the Quarterly Financial Reports and Half-Year Financial Report for 2015. The Audit Committee also looked at the independence of the auditor, submitted the recommendation to the Annual General Meeting regarding the election of the auditor, issued the auditor with the audit engagement for the financial year 2015, and set out and monitored the audit process as well as the focal points of the audit, including the agreement on the audit fee. In addition, the Audit Committee discussed the effectiveness of the internal audit system as well as compliance at Gerresheimer.

The Nomination Committee recommends suitable candidates to the Supervisory Board for the proposed resolutions the latter puts to the Annual General Meeting for the election of Supervisory Board members as shareholder representatives. In the past financial year, the Nomination Committee met on December 15, 2014. At that meeting, it dealt with the appointment of a successor to Gerhard Schulze as a member of the Supervisory Board following his departure as of the close of the 2015 Annual General Meeting and drew up a proposal for submission to the full Supervisory Board.

The Mediation Committee did not meet during the past financial year.

All committee members took part in all Supervisory Board committee meetings in the financial year 2015.

CORPORATE GOVERNANCE

The Supervisory Board continuously monitored the development of corporate governance standards. The Company's Management Board and Supervisory Board report on corporate governance in the Gerresheimer Group on pages 21 to 23 of the Annual Report. On September 9, 2015, the Management Board and Supervisory Board submitted the annual Compliance Declaration in accordance with Section 161 of the German Stock Corporation Act (Aktiengesetz) and made it permanently available to shareholders on the Company's website.

ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS FOR 2015

The Annual Financial Statements, Management Report, Consolidated Financial Statements and Consolidated Management Report drawn up by the Management Board for the financial year from December 1, 2014 to November 30, 2015 were audited by, and received an unqualified auditor's opinion from, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Duesseldorf.

The Annual Financial Statements and Management Report of Gerresheimer AG, the Consolidated Financial Statements, the Consol- idated Management Report, the proposal on the appropriation of accumulated net earnings and the auditor's reports for the financial year 2015 were made available to the Supervisory Board for examination. The Audit Committee discussed and examined the documents in detail at its meeting on February 9, 2016 and issued recommended resolutions to the Supervisory Board. The latter examined the Annual Financial Statements and Management Report of Gerresheimer AG, the Consolidated Financial Statements, the Consolidated Management Report, the proposal on the appropriation of accumulated net earnings and the auditor's reports on these at the Supervisory Board meeting on February 10, 2016. The auditor attended the meetings of the Audit Committee and the Supervisory Board, reported on the conduct and main findings of the audit, and was available to answer questions.

On completion of the examination by the Audit Committee and on completion of its own examination, the Supervisory Board approves the auditor's findings and declares that there are no objections to be raised. The Supervisory Board has adopted the Annual Financial Statements and approved the Consolidated Financial Statements. The Supervisory Board concurs with the Management Board's proposal for the appropriation of accumulated net earnings.

The Supervisory Board thanks the Management Board and all employees of Gerresheimer AG and its affiliated companies for their contribution to the Gerresheimer Group's successful performance in the financial year 2015.

Duesseldorf, February 10, 2016

Dr. Axel Herberg
Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT

Gerresheimer AG identifies with the objectives of the German Corporate Governance Code and the principles of transparent and responsible management and supervision of the Company with the goal of value enhancement. The Management Board, the Supervisory Board as well as all executives and employees of Gerresheimer AG are obligated to pursue these objectives and principles. With one exception, Gerresheimer AG complies with all recommendations of the German Corporate Governance Code as amended on May 5, 2015.

MANAGEMENT BOARD

The Management Board of Gerresheimer AG consists of a minimum of two members. The Supervisory Board decides on the number of Management Board members subject to this proviso. The Supervisory Board nominates one Management Board member as chairman of the Management Board or as its spokesperson. The Management Board manages the Company autonomously. In so doing, it is bound to act in the Company's best interests and obligated to increase shareholder value on a sustainable basis.

The Management Board informs the Supervisory Board regularly, promptly and comprehensively of all issues relevant to the Company with regard to planning, business performance, the risk situation, risk management and compliance. Some of the key transactions and measures provided for in the Rules of the Management Board require the prior consent of the Supervisory Board.

The composition of the Management Board in the financial year 2015 is presented on page 127 of the Annual Report.

SUPERVISORY BOARD

The Supervisory Board of Gerresheimer AG consists of twelve members, half of whom represent the shareholders and half the employees. The shareholder representatives are generally elected by the Annual General Meeting and the employee representatives by the employees. The term of office of the current Supervisory Board members extends until the end of the Annual General Meeting in 2017.

The Supervisory Board monitors and advises the Management Board in running the business. To fulfill its duties, the Supervisory Board regularly discusses business performance as well as planning, strategy and strategy implementation with the Management Board. The Supervisory Board approves the annual budget drawn up by the Management Board and decides on adoption of the Annual Financial Statements as well as approval of the Consolidated Financial Statements of Gerresheimer AG, notably taking the auditor's reports into account. The Supervisory Board also decides on the appointment and dismissal of Management Board members and their remuneration. In the event of a tied vote in the Supervisory Board, the Chairman of the Supervisory Board will have two votes if a new ballot on the same matter is held and there is still a tie.

The composition of the Supervisory Board in the financial year 2015 is presented on pages 126 and 127 of the Annual Report. The Annual General Meeting on April 30, 2015 elected Andrea Abt as member of the Supervisory Board to succeed Gerhard Schulze, who departed from the Supervisory Board effective at the end of such Annual General Meeting. By court decision of January 20, 2016, Katja Mögel was appointed as member of the Supervisory Board as employee representative to succeed Sonja Apel, whose membership of the Supervisory Board ceased as of December 31, 2015.

The work of the Supervisory Board is supported by committees. According to the Rules of the Supervisory Board, the following Supervisory Board committees must be formed:

The Mediation Committee, set up in accordance with Section 27 (3) of the German Codetermination Act, presents proposals to the Supervisory Board for the appointment of Management Board members if the required majority of two-thirds of the votes of the Supervisory Board members is not obtained in the first ballot. In the past financial year, the Mediation Committee consisted of Gerhard Schulze (Chairman) (until April 30, 2015), Dr. Axel Herberg (Chairman) (since April 30, 2015), Dr. Karin Dorrepaal, Francesco Grioli and Eugen Heinz.

The Presiding Committee prepares the Supervisory Board's personnel-related decisions. In place of the Supervisory Board, the Presiding Committee decides on the signing, amendment and termination of the service contracts and pension agreements of Management Board members, except in the case of remuneration issues requiring the approval of the full Supervisory Board. Furthermore, the Presiding Committee is responsible for approving transactions between the Company and members of the Management Board. The Presiding Committee also decides on the approval of contracts with Supervisory Board members in accordance with Section 114 of the German Stock Corporation Act and on granting loans to the group of persons specified in Sections 89 and 115 of the German Stock Corporation Act. In the past financial year, the Presiding Committee was composed of Gerhard Schulze (Chairman) (until April 30, 2015), Dr. Axel Herberg (Chairman since April 30, 2015), Lydia Armer, Francesco Grioli and Udo J. Vetter (since April 30, 2015).

The Audit Committee prepares the Supervisory Board's decisions on adoption of the Annual Financial Statements, approval of the Consolidated Financial Statements and the agreement with the auditor, among other things. Furthermore, the Audit Committee discusses the Quarterly Financial Reports and the Half-Year Financial Report. It takes appropriate measures to establish and monitor the independence of the auditor. The Audit Committee also supports the Supervisory Board in monitoring the management. In this context, the Audit Committee deals with supervision of the accounting process, the effectiveness of the internal control system, risk reporting and the risk management system, the internal audit system and compliance. In the past financial year, the Audit Committee was made up of Theodor Stuth (Chairman), Francesco Grioli, Dr. Axel Herberg (since April 30, 2015), Seppel Kraus, Dr. Peter Noé, Markus Rocholz and Gerhard Schulze (until April 30, 2015).

The Nomination Committee presents proposals to the Supervisory Board regarding suitable candidates for its election proposals to the Annual General Meeting with regard to Supervisory Board members as shareholder representatives. In the past financial year, the Nomination Committee was made up of Gerhard Schulze (Chairman) (until April 30, 2015), Dr. Axel Herberg (Chairman) (since April 30, 2015), Dr. Karin Dorrepaal and Udo J. Vetter.

Pursuant to the German Corporate Governance Code and the Rules of the Management Board and the Supervisory Board, the members of the Management Board and the Supervisory Board must disclose any conflicts of interest to the Chairman of the Supervisory Board. In the event of significant conflicts of interest that are not merely temporary in nature, the Supervisory Board member in question must resign from office. In its report to the Annual General Meeting, the Supervisory Board provides information on any conflicts of interest that have arisen and how they have been handled. No conflicts of interest arose during the reporting period with regard to Management Board or Supervisory Board members.

In compliance with item 5.4.1 of the German Corporate Governance Code, the Supervisory Board in its meeting on September 9, 2015 stipulated the following revised specific objectives with regard to the composition of the Supervisory Board, supplementary to the requirements for Supervisory Board members under the law and the German Corporate Governance Code:

Knowledge, skills and professional experience
The Supervisory Board must be composed in such a way that its members as a group possess the knowledge, skills and professional experience required to properly complete its tasks. Candidates proposed must have the integrity, commitment, independence and personality to enable them to perform the duties of a Supervisory Board member in the parent company of an internationally operating group and to uphold its good reputation among the public.

The various functional areas of the Company should be represented by individual members of the Supervisory Board of Gerresheimer AG. Each Supervisory Board member should be as specialized as possible in areas of relevance to the Company's business operations. Proposals for candidates to the Supervisory Board should be made such as to ensure a balanced composition with the desired areas of expertise represented on the Supervisory Board as broadly as possible. The objective is for

› at least two representatives of the shareholders to have experience in the fields of business management, strategy and human resources;
› at least one representative of the shareholders to have Company-specific knowledge of the industry; and
› at least one representative of the shareholders to have specific industry knowledge on the customer side.

Independence and conflicts of interest
The Supervisory Board should include independent members in a number it deems to be sufficient. A Supervisory Board member is regarded as independent if that member has no business or personal connection with the Company or its Management Board that constitutes a conflict of interest. In the judgment of the Supervisory Board, former members of the Company's Management Board are not deemed to be independent until five years after leaving office. The existence of an employment relationship between a Supervisory Board member and Gerresheimer AG or a Group company, or the existence of pension commitments with one of these companies for the benefit of a Supervisory Board member, does not in itself constitute such a conflict of interest. In this connection, the Supervisory Board stipulates the following objectives for its composition:

› Supervisory Board members should not perform any functions in a controlling body or any advisory functions for significant competitors of the Company or a Group company;
› Supervisory Board members should not take on any active role with customers or suppliers of the Company or a Group company; and
› at least four out of six representatives of the shareholders on the Supervisory Board should be independent.

Age limit
The term of office of a Supervisory Board member ceases at the end of the first Annual General Meeting following the member's seventieth birthday. The Supervisory Board supports election proposals for candidates who will turn seventy during the statutory election period; however, their terms of office also cease at the end of the first Annual General Meeting following their seventieth birthday.

Internationalism
At least one representative of the shareholders should have several years' professional international business experience or be of foreign nationality.

Diversity
The minimum percentages of women and men on the Supervisory Board follow statutory requirements as amended.

The Supervisory Board in its current composition fulfills all of the above objectives.

ANNUAL GENERAL MEETING

The Annual General Meeting is the representative body of the shareholders and makes fundamental decisions for Gerresheimer AG. These include profit appropriation, formal approval of the acts of the Management Board and Supervisory Board, election of the shareholder representatives to the Supervisory Board and election of the auditor. In addition, the Annual General Meeting decides on amendments to the Articles of Association and key corporate measures, particularly inter-company agreements and conversions, the issue of new shares, convertible bonds and bonds with warrants as well as the authorization to purchase own shares.

The shareholders have the opportunity to exercise their voting rights at the Annual General Meeting themselves or to arrange for these to be exercised through a proxy of their choice or a voting representative of the Company who is bound by instructions. The Annual General Meeting is chaired by the Chairman of the Supervisory Board.

FINANCIAL ACCOUNTING AND AUDITING

Financial accounting in the Gerresheimer Group is based on the International Financial Reporting Standards (IFRS). The Annual Financial Statements of Gerresheimer AG are prepared in accordance with the German Commercial Code (Handelsgesetzbuch/HGB).

The auditor is elected by the Annual General Meeting in accordance with statutory provisions. Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Duesseldorf, was appointed as auditor for the financial year 2015. The Supervisory Board commissions the auditor elected by the Annual General Meeting and determines the key audit priorities as well as the fee. It ensures that the auditor's work is not impaired by any conflicts of interest.

The Company has entered into long-term, variable share-based payment agreements ("Phantom Stock Program") with all members of the Management Board. This Phantom Stock Program is presented and published in the remuneration report included in the Consolidated Management Report. In order to avoid unnecessary duplication, this Corporate Governance Report explicitly adopts the presentation in the Consolidated Management Report and hereby refers thereto.

RISK MANAGEMENT

Good corporate governance includes responsible management of risks to the enterprise. For this purpose, Gerresheimer AG has set up a systematic risk management system above and beyond the legally required early warning system for going concern risk. The risk management system ensures timely risk identification, evaluation and control. It is subject to continuous improvement, which helps to optimize risk positions.

TRANSPARENCY

Gerresheimer AG communicates openly, actively and comprehensively. It informs shareholders, shareholder associations, analysts and interested members of the public regularly, without delay and on an equal-entitlement basis of the Company's position and of key business changes. The Company's website (www.gerresheimer.com) is one of the primary mediums used for this purpose. The website contains the annual and interim reports, press releases, ad hoc announcements and other notifications in accordance with the German Securities Trading Act, the financial calendar and other relevant information. In addition, Gerresheimer AG regularly organizes analyst and press conferences as well as events for investors.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration paid to the Supervisory Board in the financial year 2015 is presented and published in the remuneration report included in the Consolidated Management Report. In order to avoid unnecessary duplication, this Corporate Governance Report explicitly adopts the presentation in the Consolidated Management Report and hereby refers thereto.

REMUNERATION OF THE MANAGEMENT BOARD

The remuneration paid to the Management Board in the financial year 2015 is likewise presented and published in the remuneration report included in the Consolidated Management Report. Here again, in order to avoid unnecessary duplication, this Corporate Governance Report explicitly adopts the presentation in the Consolidated Management Report and hereby refers thereto.

On April 30, 2015, the Annual General Meeting of the Company approved the remuneration system for the members of the Management Board. There have been no changes to the system since.

DECLARATION OF COMPLIANCE

Pursuant to Section 161 of the German Stock Corporation Act, the management board and supervisory board of listed German stock corporations are required to make an annual declaration of whether the recommendations of the "Government Commission on the German Corporate Governance Code" as published by the Federal Ministry of Justice in the official section of the Federal Law Gazette (Bundesanzeiger) have been and will continue to be complied with, or which recommendations have not been or are not being applied, and the reasons for this.

On September 9, 2015, the Management Board and the Supervisory Board of Gerresheimer AG approved the following, most recent, Declaration of Compliance:

"Declaration of the Management Board and Supervisory Board of Gerresheimer AG on the recommendations of the 'Government Commission on the German Corporate Governance Code' according to Section 161 of the German Stock Corporation Act

Since its last declaration on September 9, 2014, Gerresheimer AG has complied with all recommendations of the 'Government Commission on the German Corporate Governance Code' as amended on May 13, 2013.

Gerresheimer AG will in future comply with the recommendations of the 'Government Commission on the German Corporate Governance Code' as amended on May 5, 2015, with the following exception:

Number 5.4.1, paragraph 2, clause 1: The Supervisory Board has not defined a regular limit for length of membership on the Supervisory Board.

Justification: Suitability for performing the duties of the Supervisory Board depends in our opinion solely on the respective requirements of the Company and the individual competences of Supervisory Board members. We do not consider it to be meaningful to set a regular limit for length of membership on the Supervisory Board as the expert knowledge of experienced Supervisory Board members should be available to the Company."

The preceding Declaration of Compliance dated September 9, 2014 is also available on the Company's website at www.gerresheimer.com.

GERRESHEIMER ON THE CAPITAL MARKETS

DIVERGENT STOCK MARKET TRENDS IN FINANCIAL YEAR 2015

Major stock indices in Europe and America followed diverging trends in the financial year 2015. While the European and German equity markets recorded slight or substantial gains, the US Dow Jones and S&P 500 indices showed practically no change year on year. Notably, fears of a possible slowdown in Chinese economic growth somewhat dampened market sentiment in the second half of the year. Nonetheless, investors generally viewed the prospects of stocks listed in the MDAX index in a positive light, allowing the MDAX to rise in the course of the financial year 2015 and to show a gain of 12.0% as of the January 19, 2016 editorial date.

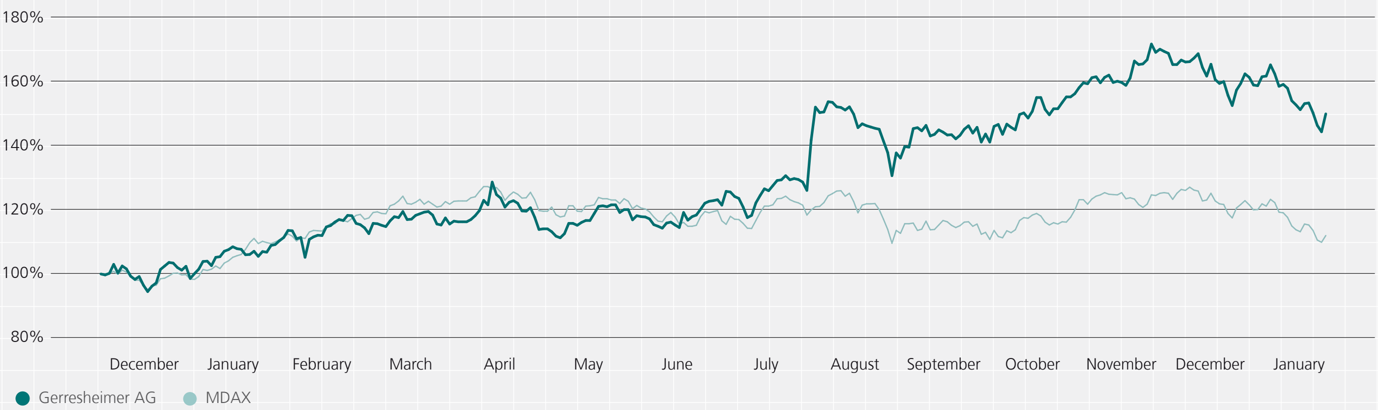
SUBSTANTIAL GAIN IN GERRESHEIMER SHARE PRICE

The price of Gerresheimer shares (ISIN: DE000A0LD6E6) performed very favorably in the financial year 2015. After a somewhat sluggish start to the financial year 2015, the share price subsequently picked up sharply through to July 2015 and then shot up by around another EUR 12 within only a few days of the announcement of Gerresheimer's acquisition of Centor in late July. This reflected market approval of the takeover of what is the highly profitable market leader in plastic packaging for oral prescription medication in the US end-consumer market. Following a brief pullback, the share price went on to make further very substantial gains in the last three months of the financial year, in the course of which it marked an all-time high closing price of EUR 76.32 on November 17, 2015. Although subsequent to this it was not quite possible to maintain the high level attained, the EUR 73.90 share price as of November 30, 2015 represented 66.3% net value growth during the financial year 2015. Of all 50 equities in the MDAX index, Gerresheimer shares consequently showed the third-best price performance in the financial year 2015. After the balance sheet date, headlines about the possible slowdown of the Chinese economy and the heavy decline of the oil price also made the shares give back some of their previous gains. But, Gerresheimer shares still managed to trade at a price of EUR 66.64 per share, and therefore posted a strong overall gain of 50.0% as of the January 19, 2016 editorial date.

The Company's market capitalization at the end of the financial year on November 30, 2015, amounted to EUR 2,320.5m. According to the German Stock Exchange index ranking, Gerresheimer shares advanced to 22nd place in MDAX (prior year: 33rd place). In terms of stock exchange turnover, the Company's shares held 37th place at the reporting date (prior year: 38th place).

Gerresheimer Shares Versus MDAX

Index: November 30, 2014 = 100%



BUY OR HOLD RECOMMENDATION FROM MOST ANALYSTS

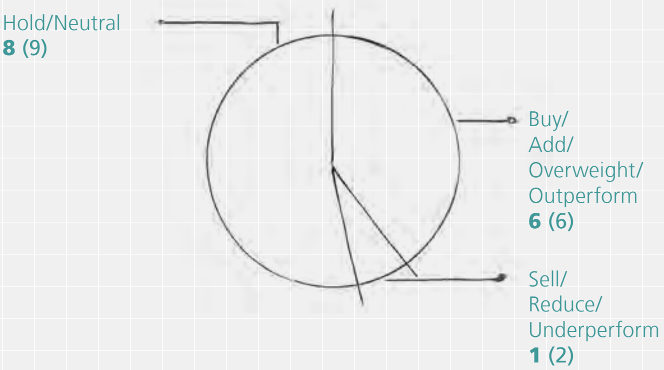
Fifteen bank analysts reported on Gerresheimer shares at the editorial date on January 19, 2016. Six analysts recommended to buy and a further eight analysts gave a hold recommendation. Only one analyst gave a sell recommendation. The following charts provide an overview of the banks reporting on January 19, 2016, along with their recommendations:

Analyst Coverage

Berenberg Bank	Hauck & Aufhäuser	LBBW
Commerzbank	HSBC	MainFirst
Credit Suisse	Independent Research	Metzler
Deutsche Bank	J.P. Morgan Cazenove	Montega
DZ Bank	Kepler Cheuvreux	Morgan Stanley

Overview of Analyst Recommendations (as of January 19, 2016)

Number (prior year)



2015 ANNUAL GENERAL MEETING: ONCE AGAIN VERY STRONG SHAREHOLDER ATTENDANCE; DIVIDEND RAISED TO EUR 0.75 PER SHARE

Some 78.5% of the capital stock was represented at the year's Annual General Meeting in Duesseldorf on April 30, 2015. Attendance in 2014 was 71.8%. This is a remarkable attendance rate considering Gerresheimer shares have a 100% free float. A EUR 0.75 per share dividend was approved by resolution and distributed to shareholders on May 4, 2015. This was the fourth dividend increase in succession. The prior year's dividend was EUR 0.70 per share. All resolutions put forward were passed with a wide majority.

Gerresheimer Shares: Key Data

	2015	2014
Number of shares at reporting date in million	**31.4**	31.4
Share price[1] at reporting date in EUR	**73.90**	44.44
Market capitalization at reporting date in EUR m	**2,320.5**	1,395.4
Share price high[1] during reporting period in EUR	**76.32**	56.42
Share price low[1] during reporting period in EUR	**41.99**	42.31
Earnings per share in EUR	**3.32**	2.11
Adjusted earnings per share[2] in EUR	**3.41**	2.89
Dividend per share in EUR	**0.85**[3]	0.75

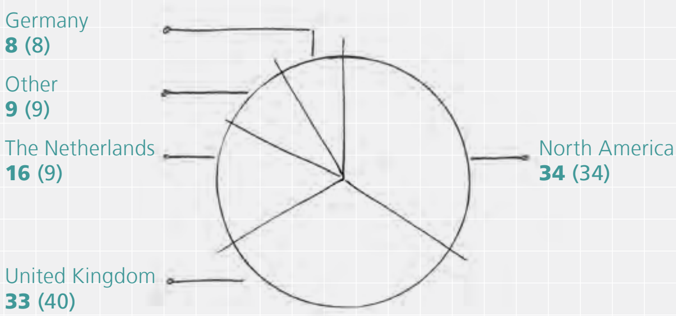
[1] Xetra closing price.
[2] Adjusted net income after non-controlling interests divided by 31.4m shares.
[3] Proposed appropriation of net earnings.

CONTINUED STRONG INTEREST AMONG INTERNATIONAL INVESTORS

Interest in Gerresheimer shares remains strong in the international arena and was again reflected in our shareholder structure in the past financial year. As of the January 19, 2016 editorial date, the majority of shares were held by foreign investors. The largest proportion, around 34% of shares, was held by investors from North America, followed by British investors who held a share of some 33%. Next came Dutch investors accounting for around 16% of the total. A further 8% of shares were held by German investors. The free float remained unchanged at 100% as of the editorial date.

Shareholder Structure by Region

In % (prior year)



TRANSPARENT SHAREHOLDER STRUCTURE

Shareholders are required to notify the company concerned and the Federal German Institute for Supervision of Financial Services (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) when specified notification thresholds are reached or crossed. According to the notifications we received up to January 19, 2016, the following persons and institutions held more than 3% or 5% of Gerresheimer shares as of the notification dates listed in the table. These investors thus hold a combined 31.1% of Gerresheimer AG shares:

Company	Share in %	Date of Notification
Templeton Investment Counsel LLC	4.99	January 12, 2016
Franklin Advisory Services LLC	4.73	September 11, 2015
APG Asset Management N.V.	5.10	July 30, 2015
Old Mutual Plc	3.01	January 23, 2015
NN Group N.V. (formerly ING Groep N.V.)	5.20	September 17, 2014
EP Overseas Fund Ltd. & EP Master Fund Ltd. (Eton Park Capital Management, L.L.C.)	4.92	July 16, 2012
Gilchrist B. Berg (Water Street Capital, Inc.)	3.10	February 16, 2010

Reference Data for the Shares

ISIN	DE000A0LD6E6
WKN	A0LD6E
Bloomberg reference	GXI
Reuters reference	GXIG.DE
Stock index membership	MDAX, CDAX, HDAX, Prime All Share, Classic All Share, EURO STOXX TMI, Russell Global Small Cap Growth Index and further sector and size indexes
Listings	Berlin, Duesseldorf, Frankfurt (Xetra und floor trading), Hamburg, Hanover, Munich, Stuttgart

GERRESHEIMER BOND PRICE TRADED SLIGHTLY LOWER AT HIGH LEVEL SINCE THE BEGINNING OF THE FINANCIAL YEAR 2015

After further net gains in the first three months of the financial year 2015, the Gerresheimer bond price (ISIN: XS0626028566) traded slightly lower at a high level afterwards. In the prior year, rating agency Moody's had upgraded Gerresheimer AG by one level from previously Ba1 to investment grade Baa3. The agency attributed the higher rating mainly to the resilience of Gerresheimer's business model in recent years despite challenging economic conditions. Other reasons given were the Company's prudent financial policies, its highly diversified revenue base and the positive fundamentals underlying Gerresheimer's key markets. On July 31, 2015 and January 15, 2016, Moody's confirmed the Baa3 rating, but placed the outlook on "negative" on January 15, 2016, mainly due to the anticipated increase in Gerresheimer's debt following the acquisition of Centor in July 2015.

However, the bond price remained at a high level, closing at 109.3% as of the January 19, 2016 editorial date. This high level is additionally underscored by the effective interest rate (yield to maturity) on an investment in the bonds, which stood at some 1.1% p.a. as of the editorial date. The low effective interest rate, which remains virtually unchanged relative to the prior-year reporting date, shows that investors continue to regard Gerresheimer bonds as a highly secure investment. The bond can be traded in Frankfurt in floor trading as well as on regional exchanges in Germany.

Gerresheimer AG Corporate Bond: Price Performance

November 30, 2014 = 113.0%

Bond Reference Data

ISIN	XS0626028566
WKN	A1H3VP
Issuer	Gerresheimer AG
Volume	EUR 300m
Coupon/coupon date	5% p.a./May 19
Maturity date	May 19, 2018
Bond price[1] at reporting date	109.6%
Effective annual interest rate (yield to maturity)[2] at reporting date	0.7% p.a.
Bond rating at reporting date	Standard & Poor's: BBB-, stable outlook Moody's: Baa3, negative outlook
Corporate rating at reporting date	Standard & Poor's: BBB-, stable outlook Moody's: Baa3, negative outlook
Denomination	EUR 1,000.00 par value
Listings	Berlin, Duesseldorf, Frankfurt (floor trading), Hamburg, Hanover, Munich, Stuttgart

[1] Closing price, Stuttgart Stock Exchange.
[2] Based on the closing price on Stuttgart Stock Exchange.

INTENSIVE DIALOG WITH INVESTORS AND ANALYSTS CONTINUED

During the financial year 2015, we remained in dialog with investors and analysts through numerous road shows, conferences and telephone conference calls, as well as a host of one-to-one conversations. In addition, we further stepped up our dialog with investors and analysts on the bond side.

As in prior years, members of the Management Board and the Investor Relations & Creditor Relations Team visited key financial centers in Europe and North America. These included Frankfurt, Berlin, Hamburg, London, New York, Toronto and Montreal. Our goal is open, timely and sustained communication with all interested parties. You will find an up-to-date financial calendar, including upcoming events at which we will present the Company, on our website at www.gerresheimer.com/en/investor-relations.

Financial Calendar

February 11, 2016	Annual Report 2015
April 13, 2016	Interim Report 1st Quarter 2016
April 28, 2016	Annual General Meeting 2016
July 7, 2016	Interim Report 2nd Quarter 2016
October 6, 2016	Interim Report 3rd Quarter 2016

HIGH PRIORITY OF CAPITAL MARKET COMMUNICATION

Continuous dialog with investors and analysts is an important part of our corporate philosophy. We are available to answer your questions and listen to your suggestions regarding any aspect related to Gerresheimer shares, the Gerresheimer bond or the Company. You can contact us as follows:

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Group Management Report of the Gerresheimer Group

FINANCIAL YEAR 2015 AT A GLANCE

› All targets attained in 2015
- › Revenues up 6.8% to EUR 1,377.2m; organic revenue growth of 1.5% (target: 1% to 3%)
- › Adjusted EBITDA increased to EUR 277.9m; at constant exchange rates to EUR 271.9m; at constant exchange rates and excluding Centor acquisition to EUR 262.4m (target: EUR 255m to EUR 265m)
- › Capital expenditure on property, plant and equipment and intangible assets as percentage of revenues at constant exchange rates and excluding Centor acquisition at 9.0% (target: 9% to 10%)

› Adjusted EBITDA margin attains 20.2%, above 20% for the first time (2014: 19.6%)

› Transactions successfully completed
- › Acquisition of Centor, US market leader for plastic packaging for oral prescription medication, completed September 1, 2015
- › Sale of glass tubing business (intermediary product in converting activities) completed November 2, 2015

› Solid Group financing
- › EUR 450.0m refinancing completed in June 2015
- › Successful EUR 425.0m issuance of bonded loans in November 2015

› International expansion continues
- › Expansion of our plant in Peachtree, USA, ready to start mass production of asthma inhalers in 2016
- › Further additions to production capacity at our location in Horsovsky Tyn, Czech Republic
- › Extension and quality improvements successfully completed at our moulded glass plant in Chicago, USA
- › New production building for converting business completed in India; production to start late 2016

› Increased dividend distribution
- › Proposed dividend of EUR 0.85 per share (2014: EUR 0.75 per share)

THE GERRESHEIMER GROUP

BUSINESS ACTIVITIES

The Gerresheimer Group is a leading international manufacturer of high-quality specialty glass and plastic products for the global pharma and healthcare industry. Drawing on in-house development and the latest production technologies, we provide pharmaceutical primary packaging, drug delivery systems, diagnostic systems, packaging for the cosmetics industry and a full range of glass products for the life science research sector.

The Group consists of Gerresheimer AG, with its registered office in Duesseldorf, Germany, together with its direct and indirect subsidiaries and associates. At the end of the financial year 2015, the Group had more than 40 locations in Europe, North and South America and Asia, with 10,684 employees worldwide. This represents a 3.7% reduction in our workforce compared with November 30, 2014.

As the parent company of the Gerresheimer Group, Gerresheimer AG manages its direct and indirect subsidiaries and associates.

DIVISIONS

The Gerresheimer Group is managed through strategic business units organized as divisions. These are aggregated into reporting segments based on their specific production technologies and the materials used for our products. From the beginning of the financial year 2014, our business model is organized in the three reporting and operating divisions Plastics & Devices, Primary Packaging Glass and Life Science Research.

We follow the management approach in segment reporting in accordance with IFRS 8. External reporting is consequently based on internal reporting.

PLASTICS & DEVICES

Our product portfolio in the Plastics & Devices Division includes complex, customer-specific products for the simple and safe administration of medicines. These include insulin pens, inhalers and prefillable syringes. The division also takes in diagnostics and medical technology products such as skin-prick aids and test systems, as well as pharmaceutical plastic containers for liquid and solid medicines with closure and safety systems.

In this division, we develop complex systems and system components made of plastic on an individual project basis. Our target market here comprises customers in the pharma industry, diagnostics and medical technology. We provide tailored services for these customers, spanning every link in the Medical Systems value chain. Our Medical Plastic Systems products range from inhalers for the treatment of respiratory diseases to lancets and insulin pen systems for diabetics as well as an extensive array of test systems and disposable products for laboratory and molecular diagnostics.

The Plastics & Devices Division also includes plastic system packaging for use with liquid and solid medication. Our broad range of high-quality primary drug packaging products includes application and dosage systems, such as eye droppers and nasal spray vials, as well as special containers for tablets and powders. In addition, the range includes tamper-evident multifunctional closure systems, child-resistant and senior-friendly applications, and integrated moisture absorbers under the Duma® brand name.

In Centor, we also have the leading producer of plastic packaging and closures for oral prescription medication in the North American end-consumer market. A feature of the US market for prescription medication is the pour-and-count system. The precise amount of oral medication stated in a prescription is specially packaged for each patient in a plastic container. Centor has a strong product portfolio for this purpose, supplying national and regional pharmacy chains, supermarkets and wholesalers.

PRIMARY PACKAGING GLASS

In the Primary Packaging Glass Division, we produce primary packaging made of glass for medicines and cosmetics. This includes pharma jars, ampoules, injection vials, cartridges, perfume flacons and cream jars, plus special glass containers for the food and drinks industry.

Our range for the pharmaceutical industry covers a broad array of glass primary packaging products. Moulded glass products meet market and customer needs with a variety of injection, dropper and syrup bottles. We also produce high-quality specialty products such as ampoules, vials and cartridges made with borosilicate glass tubing. On this basis, we offer a virtually complete range of pharmaceutical packaging in flint and amber glass.

Our product portfolio for the cosmetics industry encompasses high-quality glass packaging such as vials and glass containers for perfumes, deodorants, skin-care and wellness products. We process clear, colored and opal glass. All shaping, coloring, printing and exclusive finishing technologies are available to us for this purpose.

For the food and drinks industry, we supply both standard and custom miniature as well as other sizes of bottles and glass containers for products such as spirit miniatures. Our products include a range of variations such as amber, flint, colored and opal glass, diverse shape variants as well as numerous finishing options.

LIFE SCIENCE RESEARCH

In the Life Science Research Division, we produce glass containers and systems for special requirements in research, development and analytics. We also supply general laboratory ware.

The product portfolio spans the arc from standard items for wet chemistry, such as volumetric flasks, beakers, Erlenmeyer flasks and vials for laboratory analytics, to more complex products such as distillation and filtration systems, as well as components for precision lasers. We additionally produce a wide variety of application-specific variants to meet customer requirements.

GROUP STRATEGY AND OBJECTIVES

Worldwide demand for healthcare is continually growing. Key drivers include global trends such as rising life expectancy, world population growth and environmental change. Increasing numbers of out-of-patent drugs and the trend toward self-medication spell ongoing growth potential for the pharma and healthcare industry going forward. Quantitative demand growth is accompanied by rising quality requirements for pharmaceutical packaging. This is especially the case for drugs with complex molecular structures and poses challenges for everyone in the market.

For us as partners in the development and production of quality specialty packaging for the pharma and cosmetics industry, all this creates opportunities for further growth. With our global development and production capabilities, we can meet our customers' increasing needs in terms of impeccable quality standards – in industrialized nations and emerging markets alike.

We pursue the vision of becoming the leading global partner for enabling solutions that improve health and well-being.

We will achieve this vision by observing the following guiding principles:

- Understanding our customers and providing them with solutions to both their present and future needs.
- Living our commitment to excellent quality and continuous innovation.
- Leveraging our technological leadership and competence by acting as one team.
- Becoming a preferred employer with highly motivated and passionate employees all over the world.

We aim for profitable, sustained growth and global market leadership in the markets we serve.

Specifically, this means three things:

- Sustained growth
  We target ongoing growth. To attain this goal, we plan to increase revenues with existing customers and launch new products as well as secure new regions and customers. We also intend to make selective acquisitions to this end. Our focus here is to augment our portfolio with additions that gain us access to new regions or enable us to buy into new technologies.

- Rising profitability
  We aim to attain leading competitive positions in our target markets in terms of technology and product leadership as well as cost. Key factors here are our highly qualified workforce and global production network. Alongside high product quality, this most importantly means we have control of the cost side. We focus on profitable growth as mirrored in increasing adjusted EBITDA, higher operating cash flow and, in the medium term, improved return on capital employed (ROCE).

- Attractive investment and strong partner
  Sustained profitable growth makes us an attractive investment for existing and future investors and a reliable, financially well-resourced partner to our customers. This is a key factor, notably in the pharma and healthcare industry, where stable, long-term customer relationships lend a crucial competitive edge.

The central pillars of our strategy have applied unchanged for several years. In annual operating and strategic planning, we set the trajectory for the years ahead and specific targets for the next financial year. We publish these targets for each year at the beginning of the year.

Our strategy was reflected and successfully implemented in a number of strategic projects once again in 2015. Among others, such projects in 2015 included the acquisition of Centor U.S. Holding Inc. based in Perrysburg, Ohio, USA – subsequently referred to as Centor – and the sale of the glass tubing business. Both these moves significantly enhance our position as global partners to the pharma industry, boost our profitability and make Gerresheimer an even more attractive investment.

CONTROL SYSTEM

Our business activities are geared toward sustained, profitable growth and global market leadership in the pharma and healthcare segments. The most significant key performance indicators for the Gerresheimer Group are consequently revenue growth, adjusted EBITDA, operating cash flow, capital expenditure, net working capital and ROCE.

We measure growth on the basis of the organic period-to-period change in revenues for the Gerresheimer Group and its divisions. This growth rate is adjusted to factor out the effects of any acquisitions or divestments and of exchange rate movements. Our goal is to keep the resulting organic growth rate above the market growth rate, with separate growth targets assigned for each division and business unit.

Adjusted EBITDA is our principal measure of profitability. This is defined as operating earnings before interest, taxes, depreciation and amortization, less restructuring expenses and one-off income/expenses. One-off income and expenses consist of termination benefits for members of the Management Board, costs of refinancing, reductions in the workforce and large-scale restructuring (structural and strategic) that do not meet the strict criteria of IAS 37, costs of acquisitions (up to the acquisition date) and divestments, corporate legacy costs such as costs of arbitration proceedings, and costs relating to the outcomes of tax audits. We aim for cost, technology, workforce and process leadership relative to our competitors. This enables us to excel in serving customers' quality, service, price and innovation needs and to generate above industry average returns (ratio of adjusted EBITDA to revenues).

We attach great importance to generating ample cash flow in order to meet the varied expectations of our stakeholder groups. This is measured as operating cash flow, which we define as follows: Adjusted EBITDA plus/minus the change in net working capital (inventories, trade receivables, trade payables and prepayments made and received), minus capital expenditure. We set individual target levels by division and business unit for the two KPIs adjusted EBITDA and operating cash flow.

Rigorous control of capital expenditure is another critical factor in our success. We appraise each project in each business unit against the same target parameters. Discounted cash flow analysis, that means discounted income surplus, and payback periods, thus the amortization period, are important elements of the appraisal process. Expansion and rationalization projects are expected to achieve a minimum 18% post-tax internal rate of return and a payback period of less than three years. Strategic projects are normally required to have a payback period of no more than five years. New plants and plant extensions may exceed this.

The third parameter in operating cash flow alongside adjusted EBITDA and capital expenditure is net working capital. This represents another ongoing focus of our many improvement measures, including changes in payment terms, improved receivables collection and production planning optimization to cut inventory. Our objective is to lower average net working capital measured on a monthly basis for a lasting reduction in tied-up capital.

Focusing on adjusted EBITDA, capital expenditure (and hence, indirectly, depreciation) and net working capital also means that we keep watch on the key operating parameters determining ROCE. This is defined as adjusted EBITA over average capital employed, meaning equity plus interest-bearing debt capital less cash and cash equivalents or, using the top-down formula, total assets less non-interest-bearing liabilities and cash and cash equivalents. ROCE is a key medium to long-term target metric for us in addition to the indicators already covered. Based on the targeted 18% minimum post-tax internal rate of return for expansion and rationalization projects, ROCE should be in excess of 12% for the Gerresheimer Group.

Alongside the indicators for monitoring the financial development of the business, non-financial management parameters are also instrumental to our business success. Of key importance from a Group perspective in this regard are our readiness to innovate, problem-solving expertise and notably our ability to attract and retain highly qualified staff.

BUSINESS ENVIRONMENT

OVERALL ECONOMIC CONDITIONS

The International Monetary Fund (IMF)[1] anticipated a slight decline in the global economic growth rate in its October 2015 outlook. The IMF experts lowered the growth forecast by 0.2 percentage points compared to their last publication in July 2015 to 3.1% (2014: 3.4%). Key factors include the decline in commodity prices and lower capital flows in the emerging economies.

After an extended period of weaker growth, there are once again signs of an upward trend in the euro area. The IMF is predicting growth of 1.5% in the euro area for 2015 (2014: 0.9%). Among other factors, this trend is being driven by the low oil price, higher domestic demand, the growth-oriented monetary policy of the European Central Bank (ECB) and the depreciation of the euro against other currencies such as the US dollar. Countries such as Italy and Spain that saw relatively slow growth over the past few years are also gradually starting to regain traction. The IMF does not believe that the Greek economy, which continues to contract, is a contagion risk for the euro area.

For the reporting year, the IMF is forecasting growth of 1.5% in Germany (2014: 1.6%). One of the reasons for the slight deterioration was the weakness in a number of emerging economies. By contrast, domestic demand in Germany continued to gain momentum on the back of lower interest rates. According to the IMF, consumer spending rose by 1.8% in 2015. Economists believe that spending on refugees in Germany will have a positive impact on growth in that country going forward. This is expected to have the effect of a small economic stimulus program.

In the USA, economists are anticipating growth of 2.4% for 2015 (2014: 2.4%). The country's upbeat outlook is due among other things to the low oil price, which benefits consumers and makes a number of industrial processes cheaper. According to the IMF, the Federal Reserve is expected to continue its current low interest rate policy, at least in the medium term.

[1] International Monetary Fund: "World Economic Outlook", October 2015.

The recession in some of the emerging economies is easing. Overall, the IMF expects these to record solid growth of 4.0% in 2015 (2014: 4.6%). The fact that a number of companies in the emerging economies have taken out loans in US dollars introduces an element of uncertainty. Any further appreciation of the US dollar could have a correspondingly negative impact on growth.

According to current estimates, the People's Republic of China – a key driver of global growth for many years now – will narrowly miss its GDP growth rate target of 7% in 2015 (2014: 7.3%). However, with GDP growth of 6.8% expected in 2015, it is still one of the world's fastest-growing economies.

The IMF describes India as a "bright spot" in the world economy. Among other things, this is attributable to more effective policies and the end of political uncertainty. India is expected to record GDP growth of 7.3% in 2015 (2014: 7.3%). As a result, India – the third largest economy in the world by purchasing power parity – will probably grow even faster than China this year and next. After only twelve months in office, the government has initiated important measures such as a goods and services tax, which is set to boost growth and government revenue. It also aims to simplify direct foreign investment in a number of sectors.

According to the IMF, Brazil is in recession. The Brazilian economy is expected to contract by 3.0% this year (2014: growth of 0.1%), though the IMF is forecasting a return to economic growth in 2017. The IMF advised the Brazilian government to continue to drive forward consolidation of the national budget and to take measures to help reduce inflation.

In Russia, the economic outlook remains fraught: The Russian economy can expect a 3.8% decline in GDP in 2015 (2014: increase of 0.6%). Alongside the low oil price, this is primarily due to geopolitical risks from the conflict with Ukraine and the associated sanctions by the Western community of states.

SECTORAL DEVELOPMENT

Business sentiment in the pharma industry was again consistently positive in 2015. The industry was characterized by higher revenues, cost reductions and product innovations. There is potential for increasing revenue volumes notably in China and North America. The Russian pharma market showed clear signs of recovery in 2015. According to IMS Health's[2] latest review of the pharmaceutical industry, the trend will remain positive over the next few years. IMS expects annual spending in the global pharma market to increase by between 4% and 7% from 2016 to 2020. Although IMS is anticipating only low single-digit growth rates in the USA and Europe for 2015, global companies may continue to benefit from strong growth in the emerging economies[3]. The emerging markets already accounted for some 28% of worldwide spending on medicines in 2015.

After reaching a volume of USD 936.5bn in 2014, the global pharma market is expected to exceed USD 1tn in 2015, according to the IMS. Five national markets – the USA, Japan, China, Germany and France – accounted for well over half of this volume in 2015. The pharma industry is also witnessing a surge in demand in the fastest-growing economies. IMS experts believe that, over the medium term, the global market share will gradually shift toward emerging economies such as China and Brazil.

In 2015, developments in the sector were also marked by a significant increase in acquisition and merger activities. Following acquisitions worth USD 234bn in 2014, the total volume of acquisitions and mergers in the pharma industry in 2015 amounted to half a trillion US dollars. Aside from the increase in such transactions, the pharma industry continues to be shaped by a high level of innovation, making it an important economic driver for a country – including in Germany. Given the positive economic climate and high tax income, economic conditions in Germany are ideal for boosting the country's role as a pharmaceutical location. Revenues in the pharma industry amounted to some EUR 46.2bn in 2015.

Overall, the pharma sector is considered to be one of the highest-growth, most crisis-resistant industries. It continues to benefit from long-term growth drivers such as demographic change and the increase in life expectancy, which combine to create rising demand for healthcare. Widespread diseases such as diabetes, dementia, cancer and allergies also boost demand for healthcare.

This means the number of out-of-patent and biotech drugs is increasing. At the same time, the industry benefits from the rise in global population and the middle classes: Diseases of affluence such as cardiovascular disease and diabetes are on the increase, fueling higher spending on medical care. Besides innovative manufacturing processes, new compounds and new drugs call for further refinements in packaging and drug delivery systems. Protecting the high-quality contents as well as maintaining quality assurance and unrestricted functionality are a top priority. More and more innovative biotech medications are being released on the market in the form of injections, which need to be available in the right concentration in prefilled syringes. With respect to packaging for medications, this means that manufacturers must offer a wide range of technologies covering as much of the value chain as possible. We have played a pioneering role in this area for many years now with our end-to-end range of pharmaceutical primary packaging products made of glass and plastic.

[2] Institute for Healthcare Informatics: "Global Medicines Use in 2020", November 2015.

[3] IMS Health: The emerging economies referred to by the IMS Institute as the pharmerging countries include Algeria, Argentina, Bangladesh, Brazil, Chile, China, Columbia, Egypt, India, Indonesia, Kazakhstan, Mexico, Nigeria, Pakistan, the Philippines, Poland, Russia, Saudi Arabia, South Africa, Turkey and Vietnam.

The more cyclical market for high-quality cosmetic glass packaging also performed well in the financial year 2015. Glass packaging with an exclusive look and feel continues to be highly sought after, once again placing a premium on glass container design and additional finishing techniques in the past financial year.

Market demand for life science research products continued to be impacted by destocking and budget restrictions in the USA. Nonetheless, there were additional faint signs of stabilization in 2015. The current strength of the US dollar against the Group currency, the euro, similarly had a positive impact on business within the scope of consolidation activities.

CURRENCY MARKET TRENDS

The exchange rate of the euro to the US dollar remained under pressure in 2015 due to the different monetary policies in the two currency zones. Over the course of the financial year 2015, the continued strength of the US dollar saw the euro lose around 15% against the US dollar. At the close of the financial year on November 30, 2015, the exchange rate stood at 1.06 US dollars to the euro, compared with 1.25 US dollars to the euro at the end of the prior financial year on November 30, 2014. Financial year 2015 started out with a particularly strong US dollar; the exchange rates of the two currencies then trended mostly sideways between 1.05 and 1.16 US dollars to the euro. The weakness of the euro in the financial year 2015 can be largely explained by the imminent turnaround in interest rates planned by the FED in the USA, which was then implemented in December 2015 with the first key interest rate hike. Amplifying the effect on the two currencies was the likelihood that the European Central Bank (ECB) will stimulate the economy for a longer period of time with its growth-oriented low interest rate policy.

In the financial year 2015, the average exchange rate from December 1, 2014 to November 30, 2015 was 1.12 US dollars to the euro, lower than the prior-year average of 1.34 US dollars to the euro. This meant that the Gerresheimer Group recorded exchange gains on the translation of revenues in US dollars into euros, the Group currency.

Most other currencies subject to effects of translation into the Group reporting currency in our quarterly and annual financial statements rose against the euro over the reporting period. The weaker overall exchange rate for the euro in the reporting period meant that the effects of translating other currencies into the Group reporting currency boosted revenue growth. This is why we state revenue growth in the "Revenue Performance" section on an organic basis, i.e. adjusted for exchange rate effects, acquisitions and divestments. In the financial year 2015, the USD exchange rate assumed for budgeting purposes was USD 1.30 per EUR 1.00. The reporting date and average exchange rates of major currencies for the Gerresheimer Group in the financial year 2015 and the prior year are additionally set out in note (4) of the notes to the consolidated financial statements.

ENERGY AND COMMODITY MARKET TRENDS

A significant portion of production costs relates to raw materials for the manufacture of glass and plastic. We have substantial energy requirements on an ongoing basis, mainly due to the energy-intensive combustion and melting processes in our high-temperature furnaces. Any significant rise in energy prices could have a considerable impact on the Gerresheimer Group's results of operations. Accordingly, we make use of the special compensation rule for energy-intensive companies under section 64 of the German Renewable Energy Act (EEG). The Group fully hedges against energy (electricity and gas) price rises to absorb energy cost increases.

In the manufacture of plastic products, we are reliant on primary products such as polyethylene, polypropylene and polystyrene. The prices of these products largely depend on oil price trends.

As a manufacturer of high-quality pharmaceutical primary packaging, we mainly use quartz sand and soda lime as raw materials for glass products, along with various additives in relatively small quantities. We procure these basic products, which are freely available, from a range of suppliers.

When we sold our glass tubing business to Corning, we signed a ten-year supply contract for borosilicate glass tubing to meet our long-term demand for this important intermediary product for the converting business.

On the whole, we have negotiated escalation clauses in contracts with major customers to largely offset increases in these prices. This means that while we gained no major benefit from the lower oil price in the financial year 2015, we will probably not be significantly impacted should the price of oil rebound.

Additional information on the Gerresheimer Group's management of fluctuations in energy and raw material prices is provided under the heading "Energy and raw material prices" in the "Operational risks" section.

→ P.68

CHANGE IN THE REGULATORY ENVIRONMENT

Policymakers, especially in European industrialized countries and the USA, continue to attach great importance to proof of significant therapeutic added value before new drugs are approved. For this reason, the competent authorities usually carry out a detailed cost-benefit analysis before any new drug can be released onto the market. This once again lent momentum to generic drugs in industrialized countries in the financial year 2015.

Regulatory requirements tend to increase in quantity and scope from year to year. While delivering major benefits to patients, this presents major challenges for everyone in the market. Meeting and implementing regulatory requirements led to production stoppages at some of our customers during the first half of 2015, temporarily affecting demand for our pharmaceutical packaging products.

Overall, however, the financial year 2015 did not bring any material change in the regulatory environment as regards the pharma markets relevant to Gerresheimer. The heavy demands placed on our business also serve as a tall barrier to entry for potential new competitors.

DEVELOPMENT OF THE BUSINESS

EFFECT OF THE ECONOMIC CONDITIONS ON BUSINESS PERFORMANCE

Business with the pharma and healthcare industry is especially important to the Gerresheimer Group, as such business accounts for 84% of total revenues. We achieved 6.8% revenue growth in the financial year 2015, or 1.5% on an organic basis.

Financial year 2015 did not bring any material change in the regulatory environment for the pharma markets relevant to us, and so there was no significant regulatory impact on the growth of our business. However, our business was again temporarily affected by the increasing quantity and scope of regulatory requirements in the financial year, which led to production stoppages at some of our customers. The more cyclical market for high-quality cosmetic glass packaging showed a positive trend. Manufacturers reported growth in perfume and care products in particular. Demand in the market for life science research products remained at a low level in the financial year 2015, and was strongly impacted by budget restrictions in the USA.

We primarily market specialized, high-quality primary packaging products and drug-delivery systems made of glass and plastic. Our fully integrated production offering sets us apart from our competitors. We aim to be or become first or second in the markets and product segments we serve over the long term.

ATTAINMENT OF GUIDANCE IN THE FINANCIAL YEAR 2015

We give our shareholders, customers and all other partners the opportunity to assess our business development by publishing guidance at the beginning of each financial year and adjusting this as needed over the course of the year. Our guidance includes forward-looking statements on the development of the organic revenue growth rate, adjusted EBITDA and capital expenditure.

A comparison of our guidance with the figures reported for the financial year shows that our forecast of business developments in the financial year 2015 was accurate. The 1.5% organic revenue growth corresponded to our guidance of an increase of between 1% and 3%. At constant exchange rates and excluding Centor, the adjusted EBITDA of EUR 262.4m was within the projected range of EUR 255m to EUR 265m. At 9.0%, the ratio of capital expenditure to revenues was also within the estimated corridor of 9% to 10%, assuming constant exchange rates and without taking Centor into account. Centor's initial contribution to revenues and earnings – as first presented on July 28, 2015 – since the acquisition was completed on September 1, 2015 is not included in these figures.

The table below shows the changes in guidance over the course of the year:

Development of published guidance during the financial year 2015

	Actual FY 2014	Guidance FY 2015 Feb. 11, 2015	Specification of Guidance FY 2015 June 30, 2015 (Disposal of Glass Tubing business)	Specification of Guidance FY 2015 July 28, 2015 (Acquisition of Centor)	Specification of Guidance FY 2015 Oct. 8, 2015 (Results publication Q3 2015)
Revenues	EUR 1,290.0m	+1% to +3% (organic growth); equals revenues of approximately EUR 1,300m to EUR 1,330m	Confirmation of Guidance FY 2015 as given on Feb. 11, 2015	Confirmation of Guidance FY 2015 as given on Feb. 11, 2015	Confirmation of Guidance FY 2015 as given on Feb. 11, 2015
Adjusted EBITDA	EUR 256.1m (at const. exchange rates, excluding Triveni)	EUR 255m to EUR 265m (at constant exchange rates)	Confirmation of Guidance FY 2015 as given on Feb. 11, 2015	Confirmation of Guidance FY 2015 as given on Feb. 11, 2015	Confirmation of Guidance FY 2015 as given on Feb. 11, 2015
Capital expenditure	EUR 126.6m	9% to 10% of revenues (at constant exchange rates)	Confirmation of Guidance FY 2015 as given on Feb. 11, 2015	Confirmation of Guidance FY 2015 as given on Feb. 11, 2015	Confirmation of Guidance FY 2015 as given on Feb. 11, 2015
Expansion of prognosis	–	–	The Guidance for FY 2015 remains unchanged, under the assumption that the disposal of the Glass Tubing business will be closed by the end of 2015.	The closing of the acquisition of Centor is expected for Q4 2015; any Centor contribution in Q4 2015 would increase the figures accordingly. The closing of the disposal of the Glass Tubing business continues to be expected by the end of the calendar year 2015.	The Centor acquisition was closed on September 1, 2015; any Centor contribution in Q4 2015 will increase the figures accordingly. The closing of the disposal of the Glass Tubing business is expected by the end of the financial year 2015.

MANAGEMENT BOARD REVIEW OF BUSINESS PERFORMANCE

The Gerresheimer Group performed well in the financial year 2015. Revenues rose 6.8% to EUR 1,377.2m. This corresponds to organic growth of 1.5%. Our pharma industry revenues thus continued to prove robust in the financial year 2015. At EUR 112.7m, net income was up significantly on the prior-year figure (EUR 72.9m) in the financial year 2015. Adjusted net income amounted to EUR 117.7m, compared with EUR 97.9m in the same period the year before.

REVENUE PERFORMANCE

Gerresheimer Group revenues increased by 6.8% or EUR 87.2m in the financial year 2015 compared with the financial year 2014. Adjusted for exchange rate effects, acquisitions and divestments, organic revenue growth stood at 1.5%. The increase in revenues is mainly attributable to growth in the Plastics & Devices Division. Similarly, the Primary Packaging Glass and Life Science Research Divisions contributed to revenue growth.

in EUR m	2015	2014	Change in %
Revenues			
Plastics & Devices	645.3	598.8	7.8
Primary Packaging Glass	651.0	622.2	4.6
Life Science Research	100.7	87.3	15.3
Subtotal	**1,397.0**	**1,308.3**	**6.8**
Intra-Group revenues	-19.8	-18.3	-8.2
Total revenues	**1,377.2**	**1,290.0**	**6.8**

Revenues in the Plastics & Devices Division rose from EUR 598.8m in the prior-year period to EUR 645.3m in 2015, equivalent to growth of 7.8% (2.8% on an organic basis). Revenue growth in the financial year 2015 was mainly generated in the primary packaging business in Europe and the medical systems business. Notable gains were made here with inhalers, insulin pens and diabetes care products. As expected, tooling revenues returned to normal levels after the record set in the prior year. Centor also contributed to this positive revenue trend on a pro rata basis, generating a EUR 31.2m share of revenues in the first three months of inclusion in the Group following its consolidation in September 2015.

The Primary Packaging Glass Division generated revenues of EUR 651.0m in the financial year 2015, compared with EUR 622.2m in the prior-year period. This corresponds to revenue growth of 4.6% or an organic growth rate of 0.6% as against the prior year. The low organic revenue growth was mainly attributable to the decline in demand in the USA, as already communicated in the financial year 2014, which persisted in the first quarter of 2015 but returned to a growth trend over the course of the financial year under review. The drop in demand among some of our customers in the US market was down to FDA requirements. We adapted to this development by deliberately adjusting production capacity at a number of our US plants in the first half of 2015, notably on and around cost-intensive public holidays such as Christmas and New Year. Furthermore, as part of the portfolio optimization likewise announced in our Annual Report 2014, we opted to close our glass plant in Millville, USA, in the third quarter of 2015 and to bundle the vast majority of our moulded glass products at our Chicago Heights plant. As planned, the new furnace started operation following completion of repairs to, and enlargement of, the furnace coupled with infrastructure improvements at the Chicago Heights plant. Now that we have increased product quality, our aim is to boost productivity.

In euro terms, the Life Science Research Division recorded revenue growth of 15.3% to EUR 100.7m in the financial year 2015. However, this figure was significantly impacted by the EUR/USD exchange rate. On an organic basis, revenues decreased slightly by 0.8%.

REVENUES BY ECONOMIC REGIONS

We generate the vast majority of Group revenues outside Germany. International revenues came to EUR 1,052.4m or 76% of total revenues in the financial year 2015. In the prior financial year, revenues generated internationally amounted to EUR 978.1m or 76% of total revenues. Europe and the Americas remain Gerresheimer's most important geographical sales regions. As a growth region, the emerging markets also continue to be a focus in terms of revenues. The percentage weighting shifted toward the Americas region following the acquisition of Centor.

IMS Health updated its definition of emerging markets in the financial year 2015. As before, 21 countries are defined as emerging markets. Bangladesh, Chile, Kazakhstan and the Philippines were added to the list. Thailand, Romania, Ukraine and Venezuela are no longer defined as emerging markets. We have adjusted our reporting and restated the prior-year figures in line with this expanded definition. Please see note (8) in the notes to the consolidated financial statements.

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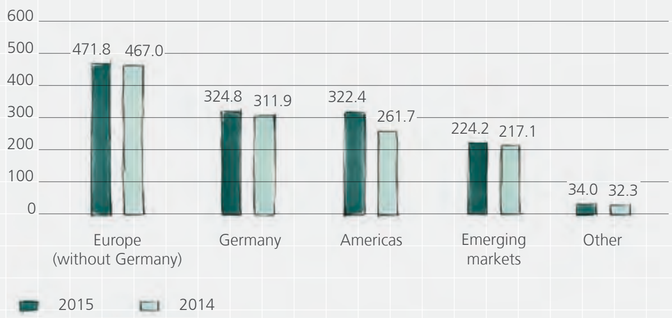
in EUR m



Revenues in Europe (excluding Germany) rose by EUR 4.8m or 1.0% to EUR 471.8m. Overall, there was a slight increase in European economic output. This increase mainly reflects the positive revenue trend in the UK, France, Belgium and the Netherlands, where we lifted revenues by 19.6%. However, this was offset by a 33.8% year-on-year revenue decline in Spain. At 34.3%, the share of revenues attributable to the Europe region (excluding

Germany) was down slightly in the financial year under review, as against 36.2% in the prior year. Revenues rose by EUR 12.9m or 4.1% in Germany, from EUR 311.9m in the prior year to EUR 324.8m in the financial year under review. However, the German market's share of Group revenues declined slightly from 24.2% to 23.6%.

With a 23.4% share of Group revenues (2014: 20.3%), the Americas remain an important market for the Gerresheimer Group. Centor's full-year revenues will be taken into account from the financial year 2016 onward, and so this figure will continue to increase over the coming financial years. Due to the presence of global pharma giants and the country's demographic potential, the USA in particular will remain a core region for our business activities.

Emerging market revenues accounted for some 16% of total Group revenues in 2015 (2014: approximately 17%). We recorded added revenue growth in India, China and Mexico. In contrast, revenues declined notably in Brazil. The higher US share following the acquisition of Centor also contributed to the percentage decline in the emerging markets.

RESULTS OF OPERATIONS

The Gerresheimer Group generated adjusted EBITDA of EUR 277.9m in the financial year 2015, up 9.7% on the prior-year level. The adjusted EBITDA margin came to 20.2%, higher than the prior-year figure of 19.6% and for the first time exceeding 20%. At constant exchange rates, adjusted EBITDA rose to EUR 271.9m. Also excluding the acquisition of Centor, adjusted EBITDA amounted to EUR 262.4m.

in EUR m	2015	2014	Change in %
Adjusted EBITDA			
Plastics & Devices	141.6	126.1	12.3
Primary Packaging Glass	143.7	134.0	7.2
Life Science Research	15.3	12.4	23.4
Subtotal	**300.6**	**272.5**	**10.3**
Head office/consolidation	-22.7	-19.1	18.8
Total adjusted EBITDA	**277.9**	**253.4**	**9.7**

In the financial year 2015, the Plastics & Devices Division generated adjusted EBITDA of EUR 141.6m, above the EUR 126.1m adjusted EBITDA recorded in the prior year. The adjusted EBITDA margin rose from 21.1% in the prior year to 21.9% in the financial year 2015. Alongside the overall increase in revenues, this is mainly due to the positive mix effect of lower tooling revenues and the inclusion of Centor in the Gerresheimer Group for the first time.

At EUR 143.7m, adjusted EBITDA in the Primary Packaging Glass Division was up EUR 9.7m on the prior year. The adjusted EBITDA margin rose from 21.5% to 22.1%. This improved performance is largely attributable to the moulded glass business in Europe and the converting business in the USA, where margins were lifted by a corresponding increase in revenues.

Adjusted EBITDA in the Life Science Research Division rose year on year to EUR 15.3m in 2015. Compared with 14.2% in the financial year 2014, the adjusted EBITDA margin in the financial year 2015 stood at 15.2%. This increase mainly reflects the division's improved productivity.

The head office expenses and consolidation items came to EUR 22.7m, EUR 3.6m more than in the prior year. This is largely attributable to the higher valuation of phantom stocks, the long-term share-price-based variable cash remuneration, on the back of a significant increase in the share price during the reporting period.

The table below shows the reconciliation of adjusted EBITDA to results of operations:

in EUR m	2015	2014	Change
Adjusted EBITDA	**277.9**	**253.4**	**24.5**
Depreciation	-86.3	-87.5	1.2
Adjusted EBITA	**191.6**	**165.9**	**25.7**
Sale of the glass tubing business	52.2	–	52.2
Thereof book gain on the sale	72.8	–	72.8
Impairment loss of brand name Kimble/Kontes[1]	-15.7	–	-15.7
Project-related and other costs	-4.9	–	-4.9
Akquisition Centor	-11.6	–	-11.6
Thereof hedging of the purchase price	-4.5	–	-4.5
Project-related costs	-7.1	–	-7.1
Portfolio optimization	-15.9	-17.0	1.1
Thereof restructuring expenses	-6.9	-4.4	-2.5
Portfolio adjustments	-9.0	-12.6	3.6
One-off income and expenses[2]	-0.4	-1.5	1.1
Total of one-off effects	**24.3**	**-18.5**	**42.8**
Amortization of fair value adjustments[3]	-22.3	-17.5	-4.8
Results of operations	**193.6**	**129.9**	**63.7**

[1] The impairment loss on the Kimble/Kontes brand is recognized in fair value adjustments.
[2] The one-off income/expenses item consists of one-off items that cannot be taken as an indicator of ongoing business. These comprise, for example, various reorganization and restructuring measures that are not included in restructuring expenses under IFRS.
[3] Amortization of fair value adjustments relates to the assets identified at fair value in connection with the acquisitions of Gerresheimer Vaerloese in December 2005; Gerresheimer Regensburg in January 2007; the pharma glass business of Comar Inc., USA, in March 2007; the establishment of the Kimble Chase joint venture in July 2007; the acquisitions of Gerresheimer Zaragoza and Gerresheimer Sao Paulo in January 2008; the acquisition of Vedat in March 2011; the acquisition of Neutral Glass in April 2012; the acquisition of Triveni in December 2012; and the acquisition of Centor in September 2015. Amortization of fair value adjustments relates to amortization of identified intangible assets.

Adjusted EBITA amounted to EUR 191.6m (2014: EUR 165.9m) based on adjusted EBITDA of EUR 277.9m (2014: EUR 253.4m) less depreciation of EUR 86.3m (2014: EUR 87.5m). This is reconciled to the results of operations (EUR 193.6m; 2014: EUR 129.9m) by adding one-off income totaling EUR 24.3m (2014: deducting one-off expenses of EUR 18.5m) and deducting amortization of fair value adjustments in the amount of EUR 22.3m (2014: EUR 17.5m). These one-off effects are largely attributable to the sale of the glass tubing business and the acquisition of Centor. As in the prior year, there were also portfolio adjustments as well as other one-off income and expenses.

The glass tubing business was sold to Corning on November 2, 2015 for a total price of EUR 196.0m before net working capital and net debt adjustments. The Gerresheimer Group generated an accounting profit of EUR 72.8m on this transaction. Expenses were also incurred in connection with the sale of the glass tubing business. An impairment loss of EUR 15.7m that had to be recognized on the fair value of the Kimble/Kontes brand as well as project-related and other costs amounting to EUR 4.9m.

One-off expenses from the acquisition of Centor totaled EUR 11.6m in 2015. Of this figure, EUR 4.5m relates to a currency hedge for the purchase price, which was to be paid in US dollars. The purchase price for the acquisition of Centor was USD 725m, part of which was payable in euros and part in US dollars. When the sale and purchase agreement was signed, a forward exchange contract was entered into to fix the USD purchase price at a set USD/EUR exchange rate for the period from signing the sale and purchase agreement to the expected payment of the purchase price of EUR 655.5m in order to be able to take out a corresponding bridging loan. Another EUR 7.1m was attributable to project costs, primarily consulting fees for the due diligence conducted, the negotiations and the lawyers engaged.

Portfolio optimization in the financial year 2015 amounted to a total of EUR 15.9m (2014: EUR 17.0m). This item includes restructuring expenses, mainly in connection with the previously announced permanent closure of the plant in Millville, USA. Also included are impairment losses of EUR 9.0m from the divisional streamlining and optimization already announced.

Amortization of fair value adjustments rose by EUR 4.8m in the financial year under review. This figure reflects two offsetting effects: On the one hand, amortization relating to past acquisitions is lower since this is reaching zero based on the applicable useful life assumptions and, on the other hand, amortization was negatively impacted – but only in the fourth quarter – by the acquisition of Centor, which was completed in September 2015.

RETURN ON CAPITAL EMPLOYED

Return on capital employed (ROCE) is implemented as a profitability metric at Group level and indicates how efficiently we put the capital employed in the business to work. It is a key medium- to long-term target indicator for the Gerresheimer Group. ROCE is defined as adjusted EBITA over average capital employed, which is calculated as total assets less non-interest-bearing liabilities and cash and cash equivalents.

Calculated on the basis of the published figures from the consolidated financial statements (as the average of the reporting date amounts for the prior year and the year under review), ROCE was 12.9% in 2015 and 14.0% in 2014. The ROCE for the financial year 2015 tends toward underreporting, mainly as a result of the acquisition of Centor and its first-time inclusion in the fourth quarter. As a result, a portion of adjusted EBITA is only taken into account for one quarter in the numerator, whereas the figures in the denominator impact the indicator in full.

INCOME STATEMENT: KEY ITEMS

	2015 in EUR m	in % of revenues	2014 in EUR m	in % of revenues
Revenues	**1,377.2**		**1,290.0**	
Cost of sales	-972.2	-70.6	-933.9	-72.4
Selling expenses	-170.7	-12.4	-135.7	-10.5
General administrative expenses	-91.3	-6.6	-86.4	-6.7
Restructuring expenses	-6.9	-0.5	-4.4	-0.3
Other operating income and expenses	57.5	4.2	0.3	–
Results of operations	**193.6**	**14.1**	**129.9**	**10.1**
Net finance expense[1)]	-34.6	-2.5	-30.5	-2.4
Income tax	-46.4	-3.4	-26.5	-2.1
Net income	**112.7**	**8.2**	**72.9**	**5.7**
Attributable to non-controlling interests	8.4		6.5	
Attributable to equity holders of the parent	**104.3**		**66.4**	

[1)] Net finance expense comprises interest income and expenses in relation 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.

FUNCTION COSTS

Cost of sales rose by 4.1% to EUR 972.2m (2014: EUR 933.9m). This rise reflected increased personnel expenses in line with normal pay trends and expenditure for repairs to, and enlargement of, the furnace as well as infrastructure improvements at the Chicago Heights plant. In contrast, as a percentage of revenues, cost of sales declined by 1.8 percentage points. At 12.4%, selling expenses rose by 1.9 percentage points as a percentage of revenues. This is attributable to significantly higher amortization of fair value adjustments following the acquisition of Centor. As a percentage of revenues, administrative expenses were on a par with the financial year 2014. In absolute figures, administrative expenses increased by EUR 4.9m, mainly due to the higher valuation of phantom stocks on the back of a significant increase in the share price during the reporting period.

Net other operating income and expenses rose by EUR 57.2m to EUR 57.5m in the financial year under review. The increase is primarily attributable to the EUR 72.8m in income realized on the sale of the glass tubing business to Corning in November 2015. One-off expenses in connection with the sale of the glass tubing business and the acquisition of Centor had an offsetting effect.

NET FINANCE EXPENSE

The net finance expense for the financial year 2015 was EUR 34.6m, EUR 4.1m higher than the prior-year figure of EUR 30.5m. This increase was due in particular to the amortization of bank commissions amounting to EUR 3.0m in the financial year 2015 from the overall financing redeemed in June 2015 and the bridging loan taken out in connection with the acquisition of Centor, which was also redeemed as of the end of the year. The net finance expense also includes EUR 3.5m from the currency hedge for the payment of the purchase price for Centor. Lower pension interest (EUR 1.6m) had an offsetting effect. In addition, interest income rose by EUR 1.4m as against the prior year.

INCOME TAXES

Income taxes stood at EUR 46.4m, compared with EUR 26.5m in the prior year. As of November 30, 2015, the effective tax rate was 29.2%, slightly higher than the forecast rate of 29.0% as well as above the prior-year effective tax rate of 26.7%.

The tax audit for the German tax group was completed in the financial year 2015 for the financial years 2009 up to and including 2012. Appropriate provision was made in the financial year 2015 for the resulting additional tax expense. In the prior year, the Group tax rate was reduced in particular by different foreign tax rates as well as the effects of changes to the tax rates in Denmark and Spain. Adjusted for these one-off effects, the tax rate for the financial year 2014 would also have been 29.9%.

NET INCOME AND ADJUSTED NET INCOME

The Gerresheimer Group recorded net income of EUR 112.7m as of November 30, 2015, a significant increase of EUR 39.8m on the prior-year figure.

in EUR m	2015	2014	Change
Net income	**112.7**	**72.9**	**39.8**
Amortization of fair value adjustments	52.2	–	52.2
Related tax effect	-16.8	–	-16.8
Acquisition Centor	-11.6	–	-11.6
Related tax effect	3.9	–	3.9
Portfolio optimization	-15.9	-17.0	3.8
Related tax effect	4.9	5.8	-1.7
One-off income and expenses	-0.4	-1.5	-1.6
Related tax effect	0.2	0.5	0.5
Amortization of fair value adjustments	-22.3	-17.5	-4.8
Related tax effect	7.0	5.5	1.5
One-off effects in the financial result	-6.5	–	-6.5
Related tax effect	2.1	–	2.1
Tax special effects	-1.2	-0.3	-0.9
Related tax effect	-0.6	-0.5	-0.1
Adjusted net income	**117.7**	**97.9**	**19.8**
Attributable to non-controlling interests	**8.4**	**6.5**	**1.9**
Amortization of fair value adjustments	-2.5	-0.9	-1.6
Related tax effect	0.2	0.1	0.1
Adjusted net income attributable to non-controlling interests	**10.7**	**7.3**	**3.4**
Adjusted income after non-controlling interests	**107.0**	**90.6**	**16.4**
Adjusted net income per share in EUR after non-controlling interests	3.41	2.89	

Adjusted net income (defined as net income, including net income attributable to non-controlling interests, before non-cash amortization of fair value adjustments, the non-recurring effect of restructuring expenses and the balance of one-off income/expense inclusive of related tax effects) came to EUR 117.7m in the financial year 2015, compared with EUR 97.9m in the prior year. Adjusted earnings per share after net income attributable to non-controlling interests was thus EUR 3.41, compared with EUR 2.89 in the prior year.

PROPOSAL FOR APPROPRIATION OF RETAINED EARNINGS (PROPOSED DIVIDEND)

At the Annual General Meeting on April 28, 2016, the Management Board and Supervisory Board of Gerresheimer AG will propose that a dividend of EUR 0.85 per share be paid for the financial year 2015 (2014: EUR 0.75 per share). This represents a total dividend distribution of EUR 26.7m and an increase of 13% against the prior-year dividend. The dividend ratio amounts to 25% of adjusted net income after non-controlling interests. This distribution is in line with our dividend policy of distributing to our shareholders between 20% and 30% of adjusted net income after non-controlling interests, depending on our operating performance. Furthermore, a proposal will be made to carry forward the Company's remaining retained earnings of EUR 64.8m. In this way, Gerresheimer shareholders will this year once again participate in the business success of the Gerresheimer Group.

NET ASSETS

BALANCE SHEET

The Gerresheimer Group's net assets changed as follows in the financial year 2015:

Assets in EUR m	Nov. 30, 2015	Nov. 30, 2014	Change in %[1]
Intangible assets, property, plant, equipment and investment property	1,862.9	1,140.6	63.3
Investment accounted for using the equity method	0.2	0.1	175.6
Other non-current assets	19.4	13.0	48.5
Non-current assets	**1,882.5**	**1,153.7**	**63.2**
Inventories	186.4	193.7	-3.8
Trade receivables	219.0	208.5	5.1
Other current assets	132.0	100.0	32.0
Current assets	**537.4**	**502.2**	**7.0**
Total assets	**2,419.9**	**1,655.9**	**46.1**
Equity and Liabilities in EUR m	**Nov. 30, 2015**	Nov. 30, 2014	Change in %[1]
Equity and non-controlling interests	**698.1**	**604.4**	**15.5**
Non-current provisions	165.0	175.2	-5.8
Financial liabilities	740.8	386.1	91.9
Other non-current liabilities	146.8	34.4	326.7
Non-current liabilities	**1,052.6**	**595.7**	**76.7**
Financial liabilities	249.6	124.2	101.0
Trade payables	160.9	125.5	28.3
Other current provisions and liabilities	258.6	206.1	25.5
Current liabilities	**669.2**	**455.8**	**46.8**
Total equity and liabilities	**2,419.9**	**1,655.9**	**46.1**

[1] The changes have been calculated on a EUR k basis.

Total assets in the Gerresheimer Group rose by EUR 764.0m or 46.1% year on year to EUR 2,419.9m as of November 30, 2015. This rise was mainly influenced by the acquisition of Centor and the inclusion of its assets and liabilities in the consolidated balance sheet for the first time as of November 30, 2015. The sale of the glass tubing business had an offsetting effect.

BALANCE SHEET STRUCTURE AND RATIOS

Non-current assets rose by EUR 728.8m, or 63.2%, to EUR 1,882.5m (2014: EUR 1,153.7m). Compared with the prior year, non-current assets increased to 77.8% of total assets (2014: 69.7%). Current assets amounted to EUR 537.4m as of the balance sheet date, up 7.0% on the prior-year figure (EUR 502.2m). They thus account for 22.2% of total assets (2014: 30.3%). The main changes on the assets side of the balance sheet relate to the significant increase in intangible assets following the acquisition of Centor, as well as higher deferred tax assets and an increase in cash and cash equivalents.

NON-CURRENT ASSETS

Intangible assets, property, plant and equipment, and investment property amounted to EUR 1,862.9m as of the balance sheet date (2014: EUR 1,140.6m). The increase is primarily attributable to the acquisition of Centor. Centor's intangible assets amounted to EUR 766.7m as of the November 30, 2015 reporting date and mainly related to goodwill (EUR 293.7m) and customer bases (EUR 468.8m). Centor also had property, plant and equipment in the amount of EUR 42.0m as of the reporting date, most of which related to plant and machinery (EUR 32.9m) and land and buildings (EUR 6.1m). The sale of the glass tubing business had an offsetting effect and reduced intangible assets by EUR 39.2m and property, plant and equipment by EUR 66.1m. Capital expenditure on intangible assets and property, plant and equipment amounted to EUR 125.8m (2014: EUR 126.6m) and was reduced by depreciation and amortization of EUR 86.3m (2014: EUR 87.5m), amortization of fair value adjustments of EUR 22.3m (2014: EUR 17.5m) and impairment losses on the fair value of the Kimble/Kontes brand of EUR 15.7m. Impairment losses totaled EUR 6.3m (2014: EUR 12.6m) and are attributable to the portfolio adjustments already communicated as well as to further standardization within the Group.

Other non-current assets rose from EUR 13.0m in the prior year to EUR 19.4m as of November 30, 2015. These primarily comprise deferred tax assets in the amount of EUR 8.1m.

CURRENT ASSETS

Inventories and trade receivables increased slightly by 0.8% compared with the prior year. Inventories came to EUR 186.4m as of the balance sheet date (2014: EUR 193.7m). Trade receivables amounted to EUR 219.0m (2014: EUR 208.5m). Inventories and trade receivables mainly increased in line with revenue growth. Inventories and trade receivables made up 16.8% of total assets as of the balance sheet date, compared with 24.3% in the prior year.

EQUITY

Gerresheimer Group equity, including non-controlling interests, rose by EUR 93.7m to EUR 698.1m. This increase is attributable to the positive impact of net income, which more than offset distributions in the amount of EUR 32.3m. In addition, equity was lifted by actuarial gains (after taxes) of EUR 2.3m on the remeasurement of pension provisions as a result of the current interest rate trend. The equity ratio was 28.8% as of November 30, 2015, compared with 36.5% as of the end of the financial year 2014.

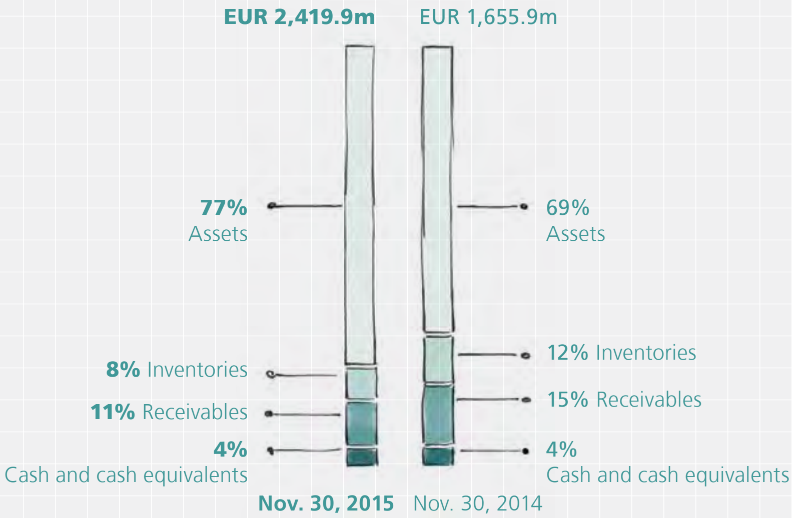
NON-CURRENT LIABILITIES

Non-current liabilities came to EUR 1,052.6m (2014: EUR 595.7m). This represents an increase of EUR 456.9m on the prior year. Non-current provisions were down 5.8% on the prior-year figure, primarily due to the decrease in pension provisions following the sale of the glass tubing business as well as the slightly higher discount rate. Non-current financial liabilities rose significantly year on year and amounted to EUR 740.8m as of November 30, 2015 (2014: EUR 386.1m). This is the result of Gerresheimer AG's successful EUR 425.0m debt issue in November 2015, to finance the acquisition of Centor. The increase in other non-current liabilities is mainly attributable to the significantly higher deferred tax liabilities following the acquisition of Centor.

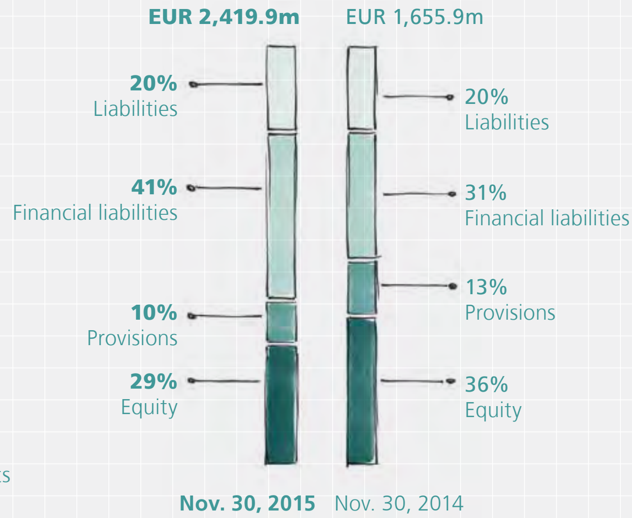
CURRENT LIABILITIES

Current liabilities amounted to EUR 669.2m as of the balance sheet date, up 46.8% on the prior year. They thus make up 27.7% of total equity and liabilities (2014: 27.5%). Trade payables rose to EUR 160.9m due to the first-time inclusion of Centor (2014: EUR 125.5m). Other current provisions and liabilities came to EUR 258.6m as of the reporting date, after EUR 206.1m in the prior year. The increase largely reflects the higher tax liabilities in connection with the sale of the glass tubing business.

Assets



Equity and liabilities



NET WORKING CAPITAL

The Gerresheimer Group's net working capital stood at EUR 213.7m as of November 30, 2015, a decrease of EUR 19.4m compared with November 30, 2014.

in EUR m	**Nov. 30, 2015**	Nov. 30, 2014
Inventories	**186.4**	193.7
Trade receivables	**219.0**	208.5
Trade payables	**160.9**	125.5
Prepayments received	**30.8**	43.6
Net working capital	**213.7**	**233.1**

Expressed as a percentage of revenues in the past twelve months, average net working capital amounted to 19.0% as of November 30, 2015, unchanged as against November 30, 2014. As of the reporting date, net working capital equated to 15.5% of revenues in the past twelve months. This low figure is mainly due to two one-off effects. Firstly, more finished inventory stock was sold off at both locations following the closure of our plant in Millville and the furnace overhaul in Chicago Heights. Stock levels at the Chicago Heights plant tended to be lower overall since it only resumed production at the end of the year. Trade payables also tended to be slightly higher in the USA as of the reporting date. Secondly, the sale of the glass tubing business also led to a disposal of net working capital for glass tubes. As a result, this indicator is positively impacted by the inclusion of eleven months' worth of revenues for this area. In contrast, net working capital is reported without the glass tubing business as of the reporting date. Overall, the two effects lifted net working capital by almost two percentage points as of the November 30, 2015 reporting date.

OFF-BALANCE-SHEET ARRANGEMENTS

There were operating lease obligations totaling EUR 43.2m as of the balance sheet date (2014: EUR 53.0m). These relate to building, machinery, vehicle and IT-related operating leases and rentals. There were also minor guarantees to lessors.

INFLUENCE OF ACCOUNTING POLICIES

No accounting policies or related accounting options were applied in the 2015 consolidated financial statements that differ from prior years, and that, if applied differently, would have had a material effect on the Group's net assets, financial position and results of operations. Information on the use of estimates and on the assumptions and judgments applied is provided in the notes to the consolidated financial statements.

P. 83 et seq.

FINANCIAL CONDITION AND LIQUIDITY

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

The control and optimization of the Gerresheimer Group's finances are primarily the responsibility of Group Treasury at Gerresheimer AG. Our overriding objective is to safeguard liquidity at all times through central procurement of funding as well as active control of currency and interest rate risk. We ensure an appropriate level of funding on an ongoing basis through rolling liquidity planning and central cash management.

In order to institutionalize decision and control processes in connection with safeguarding liquidity, financial planning and associated risk management, the Management Board has appointed an Investment Committee. Comprising the CFO as well as the heads of Controlling, Mergers & Acquisitions and Treasury, the committee normally meets on a quarterly basis. The core remit of the Investment Committee is to discuss and monitor relevant financial operating conditions for the Gerresheimer Group. Potential changes in extraneous factors in line with current market projections are appraised along with the financing situation and strategic growth options. All ideas and upcoming projects with a major financial impact are combined, assessed to determine whether they are fundable and re-examined from a risk management standpoint. This means we have an additional early warning and control mechanism to supplement universal application of the dual-control principle.

As we operate worldwide, we use a range of tools to ensure effective financial management. In this way, we minimize any negative impact of default, currency and interest rate risk on the Gerresheimer Group's net assets, financial position and results of operations or cash flows.

The maximum credit risk from receivables faced by the Gerresheimer Group is the aggregate carrying amount of the receivables. We extend trade credit in the ordinary course of business and carry out regular assessments for specific financial status levels (credit checks). Bad debt allowances are recognized for doubtful receivables. Specific customer credit risk is measured using past collection experience and other information such as credit reports. We counter default risk by restricting contractual partners to those of good to very good credit standing. This is based on national and international agency ratings and rigorous observance of risk limits stipulated under trade credit insurance or internally.

Our international focus means that we conduct many transactions in foreign currency. To counter the associated risk that exchange rates may move adversely from our perspective, we use forward exchange contracts to hedge cash flows from unfulfilled foreign currency orders. Orders, receivables and payables are hedged as a rule with forward exchange contracts on inception. To counter interest rate risk, Group Treasury at Gerresheimer AG monitors interest rate trends on an ongoing basis and takes out corresponding interest rate hedges as needed.

Safeguarding the Gerresheimer Group's liquidity while allowing sufficient reserves for special eventualities is an integral part of ongoing liquidity management. Intra-Group cash pooling and intercompany lending permit efficient use of liquidity surpluses at Group companies to meet the cash needs of others. Sufficient cash pool lines and intercompany loans meant that there were neither financing nor liquidity shortfalls in the financial year 2015.

FINANCING INSTRUMENTS

There are currently three main components to our overall financing. First, there is a EUR 300m bond issued on May 19, 2011 at a price of 99.4%, with a 5.0% coupon and seven-year term ending in spring 2018.

Second, a syndicated loan in the form of a EUR 450m revolving credit facility with a five-year term to maturity was signed in a refinancing arrangement on June 9, 2015. On June 15, 2015, this replaced the previous line of credit taken out in March 2011. The financial covenant underlying and applicable to the current syndicated loan is the ratio of net financial debt to adjusted EBITDA (EBITDA leverage). The revolving credit facility carries a basic rate of interest equal to EURIBOR for the drawing period plus a margin of between 0.60% and 1.30% depending on fulfillment of the EBITDA leverage covenant and plus a drawdown commission in line with the current loan status.

Gerresheimer AG took out a EUR 550m bridging loan with a maximum term of twelve months – plus an extension option for an additional six months – on September 1, 2015 in connection with the acquisition of Centor U.S. Holding Inc. This bridging loan was repaid in November 2015 following Gerresheimer AG's successful EUR 425m debt issue and pro rata from the proceeds of the sale of the glass tubing business. The Gerresheimer AG debt issue signed on November 2, 2015 and paid out on November 10, 2015 comprises one five-year tranche in the amount of EUR 189.5m, one seven-year tranche in the amount of EUR 210m and one ten-year tranche in the amount of EUR 25.5m. Most of the individual terms offer fixed interest and some variable interest.

Our foreign subsidiaries also have finance in the shape of approved bilateral credit lines in an amount equivalent to EUR 14.2m.

FINANCIAL LIABILITIES AND CREDIT FACILITIES

In the financial year 2015, the Gerresheimer Group replaced the old overall financing arrangement from 2011 with a EUR 450m revolving credit facility. In addition, a EUR 550m bridging loan was taken out to finance the acquisition of Centor in September 2015. This was repaid in full, largely from the EUR 425m debt issue in November 2015 and the remaining amount from the proceeds generated by Gerresheimer in the sale of its glass tubing business on November 2, 2015 (see also the "Financing Instruments" section).

Net financial debt developed as follows:

in EUR m	**Nov. 30, 2015**	Nov. 30, 2014
Financial debt		
Syndicated facilities		
Long-term loan (until June 15, 2015)[1]	–	91.4
Revolving credit facility (until June 15, 2015)[1]	–	86.0
Revolving credit facility (since June 15, 2015)[1]	232.8	–
Total syndicated facilities	**232.8**	**177.4**
Senior notes – euro bond	300.0	300.0
Bonded loans	425.0	–
Local borrowings[1]	7.6	8.6
Finance lease liabilities	5.8	5.7
Total financial debt	**971.2**	**491.7**
Cash and cash equivalents	93.7	67.9
Net financial debt	**877.5**	**423.8**

[1] The exchange rates used for the translation of US dollar loans to euros were as follows: As of November 30, 2014: EUR 1.00/USD 1.2483; as of November 30, 2015: EUR 1.00/USD 1.0579.

Net financial debt increased considerably year on year and amounted to EUR 877.5m as of November 30, 2015 after EUR 423.8m in the prior year. This is primarily attributable to the financing of the Centor acquisition in September 2015. According to the credit line agreement as of November 30, 2015, adjusted EBITDA leverage was 2.9 as of the balance sheet date, compared with the prior-year figure of 1.7.

The revolving syndicated loan (credit line of EUR 450m) was drawn down by EUR 232.8m as of November 30, 2015. Drawings on the old overall financing arrangement amounted to EUR 177.4m as of November 30, 2014. Of the revolving credit facility, EUR 217.2m was available to us for investments, acquisitions and other operational requirements as of November 30, 2015.

BUSINESS DISPOSALS AND ACQUISITIONS

The agreement on the acquisition of all shares in Centor U.S. Holding Inc. was signed on July 27, 2015. The transaction was completed on September 1, 2015, and the company was thus included in the consolidated financial statements of Gerresheimer AG for the first time in the fourth quarter of 2015. Based in Perrysburg, Ohio, Centor is the market leader in plastic packaging for oral prescription medication in the US end-consumer market. The USD 725m debt-free purchase price was financed in its entirety out of borrowing.

On June 29, 2015, Gerresheimer signed an agreement on the sale of its glass tubing business to Corning Inc. The transaction was completed on November 2, 2015. The business area employs around 300 people in Pisa, Italy, and at the Vineland location in the USA. To meet Gerresheimer's high glass tube demand, the two parties also signed a ten-year supply contract for glass tubes. In addition, the two companies founded Corning Pharmaceutical Packaging LLC, Wilmington, USA, to drive forward innovation in the pharmaceutical glass packaging market. Gerresheimer AG indirectly holds 25% of the shares in this newly established company.

For further information, please see note (2) of the notes to the consolidated financial statements.

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ANALYSIS OF CAPITAL EXPENDITURE

Gerresheimer undertook capital expenditure on property, plant and equipment and intangible assets as follows in the financial year 2015:

in EUR m	**2015**	2014	Change in %
Plastics & Devices	36.0	63.5	-43.3
Primary Packaging Glass	87.0	60.4	44.0
Life Science Research	1.7	2.1	-19.0
Head office	1.1	0.6	83.3
Total capital expenditure	**125.8**	**126.6**	**-0.6**
Depreciation	86.3	87.5	-1.4
Reinvestment ratio in %	**145.8**	**144.7**	**–**

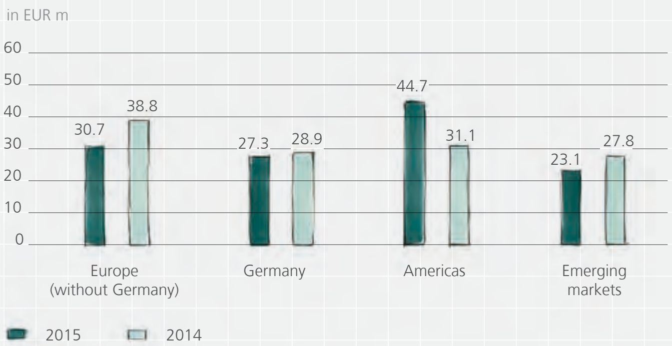
Our capital expenditure in the course of this financial year focused on construction and expansion as well as measures to increase plant availability. As in prior years, projects to increase plant safety, improve quality and ensure compliance with environmental regulations were carried out as planned.

Capital expenditure in the Plastics & Devices Division centered on making further additions to production capacity at our site in Horsovsky Tyn, Czech Republic. Investments were also made to expand production space at our plant in Peachtree, USA.

Alongside routine general furnace overhauls, capital expenditure in the Primary Packaging Glass Division primarily focused on repairing and enlarging the furnace in Chicago Heights, USA, as well as continuing implementation of the vials machine strategy in the converting business. As in prior years, we also invested in molds, tools and modernization.

The reinvestment ratio (capital expenditure to depreciation) was at 145.8% (2014: 144.7%).

Capital expenditure is broken down by economic region as follows:



From a regional perspective, 35.6% of capital expenditure in the financial year 2015 was accounted for by the Americas (2014: 24.6%), 18.4% by emerging markets (2014: 22.0%), 24.3% by Europe (excluding Germany; 2014: 30.6%) and 21.7% by Germany (2014: 22.8%).

The investments in Europe (excluding Germany) related mainly to capacity expansion measures in the Primary Packaging Glass Division as well as a new production building in the Plastics & Devices Division. In the Americas, capital expenditure focused primarily on the furnace repair and enlargement in Chicago Heights.

OPERATING CASH FLOW

in EUR m	2015	2014
Adjusted EBITDA	**277.9**	**253.4**
Change in net working capital	24.9	-23.2
Capital expenditure	-125.8	-126.6
Operating cash flow	**177.0**	**103.6**
Net interests paid	-27.5	-20.6
Net taxes paid	-38.8	-41.6
Pension benefits paid	-12.8	-14.2
Other	-18.8	6.1
Free cash flow before acquisitions	**79.1**	**33.3**
Acquisitions	-475.4	–
Financing activity	418.8	-41.1
Changes in cash and cash equivalents	**22.5**	**-7.8**

At EUR 177.0m, operating cash flow was up EUR 73.4m on the prior-year figure (EUR 103.6m). The increase is primarily attributable to the clear improvement in net working capital as well as the higher operating income.

CASH FLOW STATEMENT

in EUR m	2015	2014
Cash flow from operating activities	203.8	158.3
Cash flow from investing activities	-600.1	-125.0
Cash flow from financing activities	418.8	-41.1
Changes in cash and cash equivalents	**22.5**	**-7.8**
Effect of exchange rate changes on cash and cash equivalents	3.3	2.6
Cash and cash equivalents at the beginning of the period	67.9	73.1
Cash and cash equivalents at the end of the period	93.7	67.9

Cash inflows from operating activities rose by 28.7% to EUR 203.8m in the financial year 2015 due to both the increase in net income and the significantly improved net working capital.

The net cash outflow from investing activities was EUR 600.1m, considerably higher than the prior-year figure of EUR 125.0m. Capital expenditure on intangible assets and property, plant and equipment consumed EUR 125.8m, a slightly higher amount than in the prior year (EUR 125.6m). In the financial year 2015, EUR 650.5m (net of cash received) was paid out for the acquisition of Centor. We also recognized cash received in connection with divestments of EUR 175.2m in the financial year 2015, attributable in full to the sale of the glass tubing business.

The net cash inflow from financing activities in the reporting year amounted to EUR 418.8m (2014: net cash outflow of EUR 41.1m). This was mainly due to the successful EUR 425.0m debt issue in November 2015, partially offset by distributions to third parties in the amount of EUR 32.4m.

The Gerresheimer Group had EUR 93.7m in cash and cash equivalents as of November 30, 2015 (2014: EUR 67.9m). As of the end of the reporting period, Gerresheimer additionally had at its disposal a EUR 450.0m revolving syndicated loan, which was drawn down by EUR 232.8m as of November 30, 2015. The remaining amount is available to Gerresheimer for purposes such as capital expenditure, acquisitions and other operational requirements.

MANAGEMENT BOARD'S OVERALL ASSESSMENT OF THE BUSINESS SITUATION

Global economic growth weakened slightly in the financial year 2015. For the Gerresheimer Group, too, the financial year 2015 was a year of challenges, mostly relating to the furnace enlargement in Chicago that impacted the primary packaging business in the USA. In addition, the sale of the glass tubing business and the acquisition of Centor were complex projects in 2015.

At EUR 125.8m, capital expenditure was down slightly on the prior-year figure. According to the credit line agreement as of November 30, 2015, leverage – the ratio of interest-bearing net financial debt to adjusted EBITDA – stood at 2.9, up on the prior-year figure (1.7). Leverage was reduced by the sale of the glass tubing business but increased by the acquisition of Centor. Our net asset position remains very solid. Equity and non-current liabilities provided 93.0% coverage of non-current assets (2014: 104.0%). The equity ratio declined against the prior-year figure of 36.5% to 28.8%. However, this is still a very good figure.

NON-FINANCIAL SUCCESS FACTORS OF THE GERRESHEIMER GROUP

EMPLOYEES

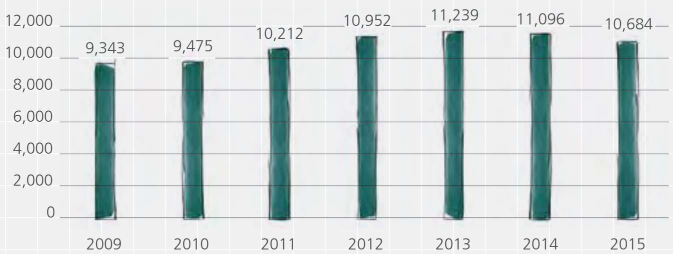
OUR HUMAN RESOURCES MANAGEMENT PRIORITIES

We are proud of our workforce. They make a crucial contribution to our Company's successful and sustained forward development. They show commitment and passion and possess the knowledge and expertise that let us continue to push ahead successfully. The goal of our human resources activities is to provide the best possible springboard for our profitable growth. We achieve this by having the right people in the right place and the right jobs at the right time. To this end, we support our employees and invest in their personal, skill-based and professional development.

The past financial year brought with it a number of major changes. In pursuit of our corporate strategy, we are increasingly focusing on packaging solutions for pharma customers. Within this framework, we sold our glass tubing business to Corning in 2015. At the same time, we significantly expanded our pharmaceutical primary packaging business with the acquisition of Centor. This means that we lost employees at our locations in Pisa, Italy, and Vineland, USA, while gaining new employees at our locations in Berlin and Perrysburg, both in Ohio, USA. Our task is to smoothly integrate the different nationalities and cultures as well as to steer the process of change, ultimately in order to promote our Group-wide concept of "ONE Gerresheimer". This is a special challenge, notably in light of our global and decentralized organization. At the same time, it offers numerous opportunities to harness the diversity of our workforce in our day-to-day operations and tap into the rich seam of different talent and skills with a view to boosting customer satisfaction. In all of this, we aim not merely to nurture a working environment conducive to sound performance, but to actively and consciously draw on diversity as a way of further enhancing the success and competitive edge of our business.

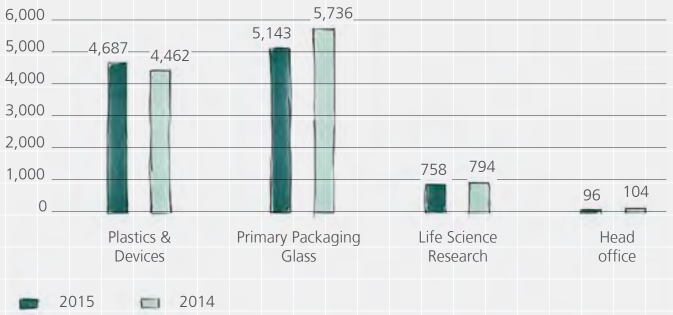
WORKFORCE STRUCTURE

The Gerresheimer Group had a workforce of 10,684 employees as of the end of the financial year 2015. That represents 412, or 3.7%, fewer than as of the end of the financial year 2014. Reasons include the sale of the glass tubing business numbering 302 employees with effect from November 2, 2015, as well as the permanent closure of our plant in Millville with 238 employees. This reduction in the workforce was partly offset by the acquisition of Centor, with a total of 209 employees, with effect from September 1, 2015. We are an industrial enterprise. That is reflected in the 75.2% (2014: 75.9%) proportion of hourly-paid employees.



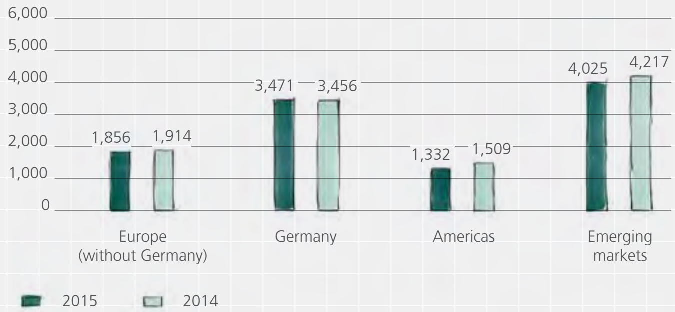
EMPLOYEES BY DIVISION

The sale of the glass tubing business with the two locations in Pisa, Italy, and Vineland, USA, as well as the acquisition of Centor have also resulted in changes in the size of our divisions with regard to their workforce. Employee numbers by division were similarly affected by the permanent closure of the moulded glass plant in Millville, USA, in the third quarter of 2015. Another main reason for the reduction in employee numbers is ongoing investment in the automation of our converting locations in China. These factors meant that the Primary Packaging Glass Division had 5,143 employees (2014: 5,736 employees) as of the financial year-end, representing a decrease of 593 employees compared with the prior financial year. The number of employees in our Plastics & Devices Division stayed more or less constant. This division had 4,462 employees in the prior year and a total of 4,687 at the end of the financial year 2015. Alongside the acquisition of Centor, capacity expansion at our locations in Pfreimd, Germany, and Horsovsky Tyn, Czech Republic, were notable in adding to the workforce. The number of employees in our Life Science Research Division, at 758 (2014: 794), showed little change relative to the prior year. A total of 96 employees (2014: 104) worked in the head office as of November 30, 2015. Of these, 88 (2014: 89) were on the payroll of Gerresheimer AG as of the balance sheet date.



EMPLOYEES BY REGION

We will continue to pursue our strategy of producing in the regions where our markets are located. As a German company with a long-standing tradition in our country, we are therefore both pleased and proud to once again report a slight increase in our workforce in Germany. This reflects a clear commitment to Germany and our roots. We have a workforce totaling 3,471 (2014: 3,456) employees at our eleven German locations. The number of employees across all remaining European locations has decreased to 1,856 (2014: 1,914). This is mainly due to the sale of our glass tubing plant in Pisa, Italy. Following a decrease in the workforce at our American plants, triggered by capacity adjustments in the financial year before last, the number of employees there once again fell in the year under review, standing at 1,332 as of November 30, 2015. This is due to the closure of our moulded glass plant in Millville, USA, and the sale of our glass tubing plant in Vineland, USA, which were only partly offset by the acquisition of the Centor locations in Berlin and Perrysburg, both in Ohio, USA. The number of employees in emerging markets similarly decreased, to 4,025 (2014: 4,217).



DIVERSITY

It is a matter of course for us at Gerresheimer that we treat all our employees equally and foster an environment free of discrimination. In line with this commitment, we fill vacancies exclusively on the basis of the qualifications required. This means women and men of comparable aptitude have the same career opportunities with us. We need a well-trained and motivated workforce. It is essential for us to attract qualified staff and leverage the potential of all employees. Therefore, we do not wish, and cannot afford to, forego the potential of well-qualified women. Consequently, we are investing more and more in the promotion of women in order to raise their proportion of the workforce on an ongoing basis. To this end, we deploy Company-specific measures such as flexible working hours, part-time working programs and home offices. We place the focus here on individual measures rather than global programs. Frequently, we are confronted with the challenge that typically many of the activities in an industrial enterprise are physically highly demanding and only a small number of women apply for factory-floor vacancies. As a result, the proportion of women in our global workforce stands at 35.5%. The proportion of women in the first two levels of management in the year under review was 11.2% (2014: 11.3%). We are working to further improve these figures and increase the proportion of women in management positions.

Similarly, we deploy a range of measures to boost the proportion of women in manufacturing occupations as well as encouraging girls and young women – not just at "Girls' Day" events – to opt for apprenticeships in technical fields. Our experience in this regard has been positive without exception and we continue to work toward further increasing the proportion of women in technical occupations going forward.

DEMOGRAPHIC CHANGE

We will only attain our ambitious goals in the future if we continue to succeed in attracting committed and motivated employees who are creative, flexible and value-oriented. At the same time, many parts of the world where our production activities take place are affected by demographic change. While this megatrend spells added growth in demand for healthcare – and hence for our products – in terms of human resources, we face the challenge of maintaining and sharpening the Gerresheimer Group's competitive edge under shifting demographic conditions. Our European plants are affected by demographic change in the workforce to an especially large degree. The average age of our employees in Europe is over 43.0 years. We expect that this figure will continue to rise in the years ahead. Accordingly, we implement various programs to address demographic challenges. These include adapting workplaces to the needs of older workers and health management to help maintain productivity. Additionally, we have paved the way for inspiring even more skilled young people to join the Company in future years. We are stepping up our staff and talent recruitment activities and positioning ourselves as an attractive employer worldwide. One important figure for us is the high average length of service across our workforce, which stands at 11.7 years. Multiple factors confirm that we are on the right track.

OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT

The health and safety of our employees are paramount to us. Many fields of activity within the Gerresheimer Group are physically demanding. This makes it all the more important for us to invest in the health and productivity of our employees. We take measures to prevent occupational accidents and health problems that can arise in day-to-day activities or are workflow-related. As part of this, we offer our employees a range of prevention courses such as back school, fitness courses, company sports, dietary and ergonomics advice, and stress-management training. This is how we aim to ensure that employees stay physically and mentally fit for their entire working lives and beyond. We will continue to do our utmost to prevent occupational accidents.

EMPLOYEE SURVEY

Following the last survey in 2012, we conducted the latest in our regular series of global employee surveys in spring 2015. We carry out a survey of this kind every three years as a regular gauge of progress in our action plans as well as to obtain meaningful feedback from employees on questions of corporate culture and working conditions, along with ideas and suggestions for improvement. A particularly important aspect of this for us is to sound out employee commitment and how employees view the leadership performance of our managerial staff. This survey of trends and developments delivers findings that we can respond to and that help us in our human resources work to actively make adjustments where necessary, deliver added impetus and avert undesirable developments. Some 67.6% of our workforce took part in the 2015 employee survey. The majority of topics covered continued to show positive trends. A number of issues were nonetheless pinpointed in the survey, and we will be paying extra attention to these in the future. They include stress and workloads, corporate culture, change process management and leadership. Initiatives and measures to address these factors and take the necessary action have been – and continue to be – devised at every location the world over.

VALUES-DRIVEN HR DEVELOPMENT

Our corporate culture is shaped by actively living and breathing Gerresheimer's values on a daily basis. These are central to our culture, providing a guiding frame of reference for our day-to-day working relationships. By creating a common understanding, they give direction and secure the lasting success of our Company. Our global executive training activities for the first two levels of management are based on our values. Our modular training program, "Leadership Powered by Values", places the emphasis on a different value each year. The focus in 2015 was on responsibility. Within the module, our management staff collaborated on improvements for the benefit of the Company. Based on propositions developed from the outcomes of past events as well as the employee survey findings, specific issues were discussed and ideas for improvement derived from them. In all, "Leadership Powered by Values" was staged seven times with a total of 69 managers in 2015. We also continue to offer our worldwide "Leading White" and "Leading Blue" training programs for middle management in commercial, administrative and operational functions – with great success. Our employee survey in March demonstrated that our programs are the right way to go, and the assessment of middle management leadership performance has significantly improved relative to the prior survey. In the financial year 2015, we held 15 leadership training sessions for middle management (seven "Leading White" and eight "Leading Blue"), in which a total of 190 managers participated. Alongside management development, we naturally also invest in employee training. A well-trained, productive workforce is paramount in enabling us to leverage and further hone our competitive edge. To this end, we aim to promote our employees' successful professional and personal development in order to enhance their individual skills and capabilities. We have also stepped up our training activities for sales employees. For instance, the financial year 2015 saw the successful continuation of our Sales Academy first launched in 2014. Training is offered to all global sales staff. The objective of the Sales Academy is to forge stronger links between our sales employees and selectively work on specific issues geared to boosting our sales performance. Focus areas so far have included negotiating skills, self-confident demeanor, international and cross-cultural selling, and compelling presentation skills. Following initial successes and the positive response from all participants, we will continue to pursue this approach in future years.

APPRENTICESHIPS

We are happy to deliver on our social responsibility as an employer and invest in training young people. Our comprehensive apprenticeship programs and high take-on rate at the end of training set us apart as a training enterprise. These programs systematically prepare our young employees for their future tasks. Moreover, we offer a very wide range of training occupations on both the operational and the commercial side, as well as dual degree courses.

Financial year 2015 saw us provide apprenticeships in more than 20 training occupations, together with courses integrated with degree studies where students alternate between a university of cooperative education (UCE) and one of the Gerresheimer plants. We primarily offer this form of training in engineering sciences. The UCEs teach students the theory while we see to their practical training. Many of our trainees and students attain outstanding examination results. Our trainees frequently top local rankings and win awards from the relevant chamber of industry and commerce. As of November 30, 2015, the Gerresheimer Group had 262 (2014: 275) trainees, including 202 (2014: 212) in Germany. This put our apprenticeship quota in Germany at 5.8% (2014: 6.2%), well above that for the glass-processing industry as a whole (average: 4.8%). In addition, we give young people an early insight into our business by awarding challenging internships to school and university students.

ONE GERRESHEIMER WEEK

To promote a sense of community across all divisions, countries and departments, the Gerresheimer Group's entire workforce organized the first ever ONE Gerresheimer Week in June 2015. At all plants, the event was held under this year's banner of "responsibility" as one of our five core values. Each location was invited to stage events and activities of its own choosing during the week, including events that had already been planned. Ideally, the program was to feature at least one charity initiative in line with the responsibility theme. The proceeds were subsequently donated to a self-selected charity project. A range of initiatives were staged, including health workshops informing employees about healthy nutrition, healthy lifestyles and reducing work-related stress, blood donation drives, voluntary service in retirement homes, and tree planting.

RESEARCH AND DEVELOPMENT

We aim to become the leading global partner for enabling solutions that improve health and well-being. At the same time, our customers' requirements are changing: Innovation and quality are increasingly critical factors in the market. This makes issues such as rising quality standards as well as innovative products and solutions integral to our growth strategy. We continue to invest on an ongoing basis both in enhancing production and product quality as well as in fine-tuning our product portfolio. This entails close collaboration with our customers as well as with our partners in industry, in the scientific community and at other institutions.

We manufacture specialized products that come into direct contact with pharmaceuticals and are therefore particularly relevant for the pharma industry. They are subject to extremely strict requirements imposed by the national and international licensing authorities, particularly with regard to manufacturing processes and product quality. Through our cutting-edge technology and innovative resourcefulness, we have established a top-ranking position, which we intend to strengthen further.

CUSTOMERS BEAR MAJORITY OF R&D COST

In the past financial year, a total of EUR 1.8m (2014: EUR 1.5m) was spent on research and development. A further EUR 0.9m of development costs were capitalized in 2015 (2014: EUR 1.8m).

Closely aligned with our customers' needs, our research and development activities are often carried out in close harness with them. In some cases, staff from pharmaceuticals companies work with us at our Competence Centers. Research and development activities are exclusively carried out by Gerresheimer AG's subsidiaries. The costs associated with these customer-specific research and development projects are largely borne by our customers.

QUALITY IMPROVEMENT

When developing new products and solutions, we aim to not only expand our product range but also achieve continuous improvement. This objective is founded on ongoing quality optimization. We are aware that quality standards cannot be high enough when it comes to safely administering human medication and protecting human health. The core focus of our activities is enhancing technologies and processes in order to prevent defects from occurring in the first place.

The increasing use of clean-room technology is another key development in quality enhancement. Moreover, our pharmaceutical customers' requirements for the manufacture of pharmaceutical primary packaging are becoming more and more exacting. They demand ever-greater precision, so tolerance limits are shrinking. We respond to this trend by continually raising the bar for our production systems. The findings of a joint multi-year study of the delamination propensity of glass (detachment of glass particles) were incorporated into an improved production process for primary packaging such as glass injection vials. This led to a decrease in the propensity of these products to delaminate. We are also working on an improved production process to prevent cracks and scratches in glass containers, and thus to greatly increase the break resistance of primary packaging made of glass.

In addition to optimizing production processes, our efforts in the area of continual, seamless product quality control are tireless. To this end, we fine-tune our product inspection systems, and only approve products for dispatch if they satisfy our stringent quality standards. Gx® Tekion™, a technology we developed ourselves, reduces by around 99% the number of particles released when cutting glass tubes. The Gx® G3 inspection system for prefillable syringes allows all parts of a syringe barrel to be inspected with high-resolution cameras. At the same time, the Gx® G3 technology makes it possible to measure injection vials during the glass blow-molding process.

DEVELOPMENT OF SYRINGES AND INJECTION VIALS FOR SPECIAL REQUIREMENTS

Fine-tuning our ready-to-fill, sterile glass syringes is one of our most important activities. "Ready-to-fill" means that the syringes can be filled with medication directly. Once they are subsequently sealed, they are ready to use. The Development and Production Center for Gx RTF® (Ready-to-Fill) sterile glass syringe systems is located at our production facility in Buende, Germany. Our product development activities additionally extend to practical accessories that serve to improve injection safety. A new generation of the production process was installed on the new fourth Gx RTF® production line. It meets the ultimate in quality requirements. Among other benefits, this contributed to a significant reduction in particles and scratches because the production process avoids glass-on-glass contact. The washing process meets top standards, and the various control mechanisms implemented after each production step guarantee optimum quality even while the production process is underway.

In cooperation with a partner, we also offer an innovative drug delivery system made from a special plastic with properties similar to glass called COP (Cyclo Olefin Polymer), which is marketed under the name ClearJect™. As traditional glass syringes are not always appropriate for sensitive pharmaceutical or biopharmaceutical drugs, developers are on the lookout for suitable alternatives. The ClearJect™ syringes were developed specifically for these kinds of applications. They expand the existing range of application possibilities for ready-to-fill syringes.

Our MultiShell® plastic vials for packaging highly sensitive liquid medication are another example of our innovative strength. These novel plastic vials are available in various sizes as ready-to-use and ready-to-sterilize products.

In connection with the sale of the glass tubing business, we entered into a 10-year supply contract with Corning for borosilicate glass tubes to ensure that our requirements are met over the long term. Corning is ideally placed to continue producing and developing superior-quality pharmaceutical glass tubes into the future. We have also set up a joint venture with Corning to accelerate innovation for the pharmaceutical glass packaging market.

CUSTOMIZED DEVELOPMENTS FOR PHARMA AND COSMETICS APPLICATIONS

For many years now, the Plastics & Devices Division has operated two Technical Competence Centers (TCC) dedicated to designing and developing customized medical plastic products – one in Wackersdorf, Germany, and one in Peachtree City, USA. A third competence center was opened in Dongguan, China, in October 2014. In the TCC, our product development activities focus on the practical use of systems and components for pharmaceutical, diagnostic and medical technology applications.

In the past, we increasingly built up our design and development expertise, especially in the Plastics & Devices Division. This has given rise to an ongoing stream of new projects and the creation of innovative product ideas. We are, for example, researching the development of plastic adaptors, designed to substantially improve the break resistance and hence the performance of glass syringes used in autoinjectors. Also known as emergency pens, autoinjectors are used, for instance, to enable allergy sufferers to inject drugs quickly and safely in an emergency. We also work with our customers in developing complete autoinjector systems that we subsequently manufacture to order.

Pharmaceutical and medical technology products have to undergo a drawn-out approval process before the idea can proceed to series production. This process requires multiple small batches to be manufactured as clinical samples or stability batches. To meet this need, we have set up a separate small-batch production line in our competence center in Wackersdorf, Germany. It is tailor-made for these customer requirements, for instance, in the clinical phases prior to approval of a new drug. This is where we manufacture small batches in series quality and then later directly incorporate the knowledge gained from this process into large-scale series production. We are therefore able to quickly and easily manufacture a product at any stage of the project, regardless of whether it is for manufacturing development prototypes, clinical samples or products in small batches for special applications.

In developing and producing cosmetic glass for perfume flacons or cream jars, we also place the highest demands on our processes and product quality. Our packaging for cosmetics is valued accordingly. We produce these products mainly at our moulded glass plants in Tettau, Germany, and in Momignies, Belgium. In the past financial year, we developed some 100 new glass packaging products for the cosmetics industry. At the same time, we produce several hundred variants of these different types of glass cosmetic packaging, in some cases applying elaborate finishing technologies such as spray coating and metallization.

PROCUREMENT

In the past financial year, the Gerresheimer Group's total cost of materials (including raw materials, consumables and supplies, energy costs, packaging materials and purchased services) was EUR 490.5m (2014: EUR 473.0m). The procurement rate – the cost of procuring materials as a percentage of revenues – thus stood at 35.6%, slightly below the prior-year rate of 36.7%. Reflecting the differing focus of activities between our three divisions, our procurement activities are largely organized on a decentralized basis. Energy and goods or services not relevant to production, such as advisory services, data networks as well as hardware and software, are mostly sourced centrally.

Our interactions with suppliers are governed by the Gerresheimer Compliance Program as well as by purchasing policies and procedural guidelines. It is also extremely important for us that our suppliers comply with the high quality requirements of our business. This is why we prefer to work with suppliers certified in accordance with the relevant ISO standards who also comply with the official guidelines on quality assurance in the production of drugs and active ingredients (good manufacturing practice, or GMP). We ensure that our suppliers adhere to the Gerresheimer Principles for Responsible Supply Chain Management (available on our website at: www.gerresheimer.com/en/investor-relations/corporate-responsibility/customers-suppliers.html), which include key precepts on environmental protection, occupational health and ethical business conduct. In order to ensure that suppliers continue to meet these criteria, we carry out regular supplier audits.

As a manufacturer of high-quality pharmaceutical primary packaging, we mainly use quartz sand and soda lime as raw materials to make glass, along with various additives in relatively small quantities. These basic products are freely available and we procure them from a range of suppliers. There were consequently no disruptions to supply or shortages with a significant impact on our business development in the reporting period. Moreover, glass production requires energy – primarily electricity and gas. Some customer contracts provide for automatic adjustment after a specific time when energy prices change. Since contracts in the glass segment rarely carry an agreed term of more than two years, adjustments for any changes in energy prices are generally made where necessary when agreements are extended. We minimize any residual risks as far as possible using hedges (see under "Financial risks"). In line with our corporate strategy of focusing on packaging solutions for pharma customers, we have sold our glass tubing business to Corning. Glass tubes are merely an intermediary product that Gerresheimer uses primarily for subsequent processing at its own plants to produce injection vials, ampoules, cartridges and glass syringes. At the same time, we entered into a ten-year supply contract with Corning for borosilicate glass tubes to ensure that Gerresheimer's requirements are met over the long term. With its expertise in glass, materials research and materials innovation, Corning is ideally placed to continue producing and developing superior-quality pharmaceutical glass tubes into the future. We have also set up a joint venture with Corning to accelerate innovation for the pharmaceutical glass packaging market. Gerresheimer's requirements in terms of this intermediary product are thus met for the long term, making our glass business substantially less capital intensive while reducing procurement effort and risk.

The production of plastic pharmaceutical primary packaging – especially for complex drug delivery systems like insulin pens and inhalers – mainly requires specialist plastic granules and energy. These basic products are also freely available and procured from a range of suppliers. Here, too, there were consequently no disruptions to supply or shortages with a significant impact on our business development in the reporting period. Given that contracts for the production of drug delivery systems generally have multiple-year terms, they usually include provision for adjustments after a specific time when granule and energy prices change, so as to minimize the risk of price changes in the named basic products.

PRODUCTION

The same exceptionally high quality standards that apply to the production of drugs also apply to the production of pharmaceutical primary packaging. Our in-house experts, our customers, external appraisers and supervisory bodies regularly verify our compliance with these standards, which are grouped under the heading of good manufacturing practice (GMP). Whatever form the production processes in the three divisions take, the principles of the Gerresheimer Management System (GMS – see under "Business Excellence") apply at every Gerresheimer plant worldwide. This is how we ensure that management systems and quality standards are uniform.

Each division's production capacities are generally planned centrally based on the order situation, delivery deadlines and regulatory issues, and distributed among the plants in each division at a regional or global level in line with the orders on hand. Efficiency and optimum capacity utilization are instrumental here. Notably in the Primary Packaging Glass Division, high capacity utilization is crucial to profitability because its production processes involve melting various raw materials into glass in energy-intensive furnaces. Another key profitability factor is minimizing idle time. Set-up times indicate how much time is required to retool for the next product to be manufactured. In the last few years – notably in our Primary Packaging Glass Division – we have continuously improved in terms of optimizing the capacity utilization of our furnaces and reducing set-up times. This represents a key competitive factor considering the large number of different products made in this division. In addition, through the sale of our glass tubing business to Corning in the financial year 2015 and the permanent closure of our moulded glass plant in Millville in the third quarter of 2015, we have significantly reduced the capital intensity of our business while retaining our extensive product range.

Security of supply and delivery reliability are critical factors for the pharma industry. Accordingly, we use standardized – or at least comparable – technologies at all plants worldwide and consistently apply the GMS. This has the advantage that many of our products can be produced at another site if local production bottlenecks arise. As a result, our customers enjoy significantly enhanced security of supply – and it gives us a critical competitive edge.

QUALITY INITIATIVE AND GLOBAL CERTIFICATION

Excellent quality across all products and production facilities is not just one of our most important goals. It is also a key supplier selection criterion for our customers. The Group-wide quality initiative launched in 2011 has led to the development, testing and implementation of binding quality requirements and key performance indicators (KPIs) for all plants and divisions. These KPIs measure critical quality parameters such as product quality, consignment quantity and specification compliance, complaint metrics, quality failure costs, customer audit feedback and improvement plans. Drawing on the KPIs, we continuously monitor both our production facilities and the quality of production. This considerably shortens our reaction times to any deviation from self-imposed targets. The monitoring and measurement of internal KPIs is supplemented by our regular global customer satisfaction surveys, which are outlined in greater detail under "Business Excellence". We are committed to delivering consistently high quality to customers, regardless of production location or product. Above and beyond our global quality targets, we also develop additional, tailored quality agreements with our customers.

Certification serves as objective proof that our production operations and processes conform to specific criteria and standards. In numerous respects, we measure up to and, in some cases, exceed market requirements. All of our production facilities have ISO 9001 quality management systems certification. In addition, 16 plants are certified to ISO 15378 as meeting the special requirements for the manufacture of pharmaceutical primary packaging materials. Eleven plants have succeeded in gaining ISO 13485 certification, which sets out the requirements for a comprehensive management system for the design and manufacture of medicinal products. Thirteen also have ISO 14001 certification for their environmental management systems. Moreover, three of our German moulded glass plants have obtained ISO 50001 certification for their state-of-the-art energy management systems. Likewise, our Buende, Pfreimd, Wackersdorf, Regensburg and Muenster plants and locations have met the requirements for this standard since the financial year 2014 (see under "Environment"). The plant in Pfreimd, Germany, additionally has a manufacturing license in accordance with the German Medicines Act for pharmaceutical secondary packaging in large-scale production and for the production of clinical sample specimens. Another example is the application of the exacting GMP rules for pharmaceutics to cosmetic packaging (ISO 22716) at our plant in Tettau, Germany.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

Corporate responsibility is firmly rooted in our corporate philosophy. The principles of sustainability and corporate responsibility are integral to our vision, our mission statement and our five values of integrity, responsibility, excellence, teamwork and innovation. At all our sites around the world, we work and act in accordance with those principles. Further information about our vision, mission and values is provided on our website at www.gerresheimer.com/en/company/vision-mission-values.

Sustainability is important to us, in every sense of the word. Our main focus is on our products and the benefits they provide. By developing and manufacturing products for the sustainable packaging of drugs as well as their simple and safe dosage and administration, we make a valuable contribution to the health and well-being of society. Responsible development and production processes are therefore a high priority. Continuous improvement of our quality standards, conservation of natural resources, avoidance of waste and the manufacture of products that are easy to use and deliver maximum safety are among our key drivers.

Our corporate responsibility and commitment to sustainability, however, go far beyond our products and their ongoing development. This is reflected in our adopted corporate responsibility principles. These describe our corporate responsibility toward society, our workforce, investors, customers and suppliers, and the environment. We are happy to be publicly measured against these principles.

Our approach to corporate responsibility and sustainability takes in environmental, social and economic aspects. As well as complying with statutory requirements as a matter of course, we also set and continuously refine our own standards. Our sustainability principles are enshrined in the GMS and provide guidance for production, purchasing and improvement processes at all locations worldwide. Further information is provided under "Business Excellence". Employees at our production facilities also embrace responsibility at regional level by regularly taking part in local projects – notably to promote education and training as well as a wide variety of social projects at local level. A case in point is the creation of dual apprenticeship and study programs at our Czech plant in Horsovsky Tyn. These have earned multiple awards. In Tettau, Germany, we are involved in a regional intergenerational project. Our Medical Systems Business Unit supports the University of Applied Sciences Amberg-Weiden in many ways – among other things with an endowed chair – and collaborates with the university on a joint in-company training and degree program in medical engineering. In summer 2015, a ONE Gerresheimer Week took place in many of the Gerresheimer plants. Staff organized a diverse range of activities that included collecting for and supporting local charities. A research project from students in the context of the initiative 'Jugend forscht' on the subject of intelligent glass coating was supported by our Essen plant in Germany last year.

P. 56 et seq.

P.54 et seq.

In addition, we measure and monitor emissions at all plants across the globe as part of the Carbon Disclosure Project. We implement numerous projects at our plants targeting environment-friendly production and responsible resource use. Further information is provided under "Environment". We involve our suppliers and partners in these projects and initiatives and obtain undertakings from them to comply with our responsible purchasing management policy. We foster a culture of continuous improvement in sustainability and corporate social responsibility. This is also something that is expected by our customers and the capital markets. In this regard, our individual plants and the Gerresheimer Group as a whole are successfully audited on a regular basis.

Further information about corporate responsibility and sustainability at Gerresheimer, as well as about our principles of responsible supply chain management, is provided on our website at www.gerresheimer.com/en/company/corporate-responsibility.

COMPLIANCE

It is vital to the success of the Gerresheimer Group that all of the Group's companies are managed in accordance with ethical business principles, responsibly and in compliance with the law and the rules of fair competition. Gerresheimer's Compliance Program is intended to support our employees in correctly applying laws and company guidelines and to protect them against infringements. An important instrument in this connection comprises the Group guidelines and instructions, which specify minimum standards of conduct for all Group employees. The Gerresheimer Compliance Program focuses on anti-corruption prevention, cartel law and capital market law. Further information is provided on our website at www.gerresheimer.com/en/company/compliance.

Training is an integral part of our compliance system, in order to improve general awareness of compliance and encourage employees to put compliance rules into practice. We offer regular classroom-based introductory training worldwide. In addition, we provide web-based e-learning modules on key compliance topics for selected employees who are required to complete the modules – if they wish, in the workplace as an integral part of their working routine.

While implementing compliance guidelines and organizing preventive training courses are important, what ultimately matters is whether employees are following regulatory rules and reporting violations, and whether the Company is imposing consequences. This is why we offer a web-based whistleblower system as an aid to investigating compliance violations. The system ensures anonymity for whistleblowers, regardless of whether they are employees, customers, suppliers or third parties. To make it as easy as possible to use, the whistleblower system is available on the Internet in all languages relevant to us.

ENVIRONMENT

Responsible use of natural resources, protecting the environment as well as avoiding emissions and waste are core elements of our corporate responsibility. Our approach to sustainability takes in economic, social and above all environmental aspects. As a manufacturing enterprise, we have a special responsibility toward the environment. Our environmental initiatives often surpass the statutory requirements in the countries where we operate. Green production, waste and emissions reduction and the sustainable use of resources are implemented in our global Gerresheimer Management System (GMS) as well as being reflected in our corporate responsibility principles and our principles for responsible supply chain management.

Due to the substantial variation in production processes in our different business units, local managers are responsible for ensuring the sustainable use of resources at their own locations. The production plants regularly exchange information so that they can learn from each other and have the opportunity to adopt and adapt effective measures. We introduce new initiatives on an ongoing basis to enable us to continuously improve in the areas of environmental protection and resource conservation. The majority of environmental improvements also bring long-term economic advantages.

Certification of our production plants is hugely important as a means of documenting and verifying our environmental progress to customers and the general public. So far, 13 of our major production locations have been certified for state-of-the-art environmental management in accordance with ISO 14001. We also attach great importance to implementing advanced energy management systems, especially in our energy-intensive moulded glass plants. Each of our German moulded glass plants in Essen, Tettau and Lohr has either been recertified under, or has successfully passed regular review for compliance with, the latest ISO 50001 standard for energy management systems. In the Medical Systems Business Unit, each of our German locations in Pfreimd, Buende, Wackersdorf, Regensburg and Muenster has been successfully certified or requalified in accordance with ISO 50001.

ENVIRONMENTAL PROTECTION IN PRODUCTION

For us at Gerresheimer, environmental protection goes hand in hand with energy efficiency. We therefore regularly overhaul and repair the Group's energy-intensive equipment, such as the furnaces in our moulded glass plants. This allows us to install cutting-edge glass-melting technology and modernize other production systems. As a result, we consistently achieve improvements in energy efficiency through minor or major furnace repairs. A comprehensive overhaul in late summer 2015 using the latest furnace technology substantially reduced energy consumption and CO_2 emissions per ton of glass melted at our plant in Chicago Heights, USA. The new glass moulding machinery and the new stress-relieving furnaces are likewise more energy-efficient. New compressed-air systems conserve resources as well. Similarly, energy efficiency and resource conservation were aspects covered in the 2015 furnace overhaul at the moulded glass plant in Momignies, Belgium. The same applies for the furnace overhauls planned for 2016. In addition, regional and industry organizations play an ever more important part in energy efficiency and environmental protection issues. The moulded glass plant in Essen, for example, is a member of the Ecoprofit platform. This is a collaborative project between local authorities and local business with the aim of reducing operating costs while conserving natural resources – notably energy and water. The Federal Association of the German Glass Industry (BV Glas), of which we are a member, has joined a German government initiative to create energy efficiency networks and established its first cross-sectoral energy efficiency network in the Frankenwald region in August 2015. Our cosmetic glass plant in Tettau is a member of the network comprising nearly 15 companies from a variety of industries in the region.

We also use renewable energy to meet our plants' energy requirements. In November 2015, our plant in Kundli, India, started operating a new solar power installation to meet part of its local production energy needs. We commissioned one of the biggest photovoltaic systems in the USA at our plant in Vineland in summer 2012. Installed on the roof of our US glass tubing plant, the 44,000 m² photovoltaic system covers an area around the size of seven soccer pitches. This enabled us to substantially reduce CO_2 emissions from the plant. The Vineland glass tubing plant was sold to Corning in November 2015, and with it the rights associated with the photovoltaic installation, which is operated by a third party. In connection with the sale of the glass tubing business, we signed a ten-year supply contract with Corning for borosilicate glass tubes to meet Gerresheimer's requirements over the long term. This means we continue to source glass tubes made using solar power at the Vineland plant.

The first combined heat and power (CHP) plant has been in operation at our production location in Buende, Germany, since the fall of 2014. This serves to reduce both primary energy consumption and CO_2 emissions. The CHP plant is a cogeneration system producing electricity and heat on a decentralized basis. Waste heat generated by machinery is an important focus at several plants. At our Pfreimd plant in Germany, for instance, waste heat from machinery has been put into use since last year to de-ice the loading ramp. Energy efficiency was improved at all locations in the Medical Systems Business Unit in 2015. All coolants there were also substituted for state-of-the-art coolants that meet the latest standards. Energy use for lighting is a key factor at many locations. In a large number of plants, old lamps have been replaced with energy-saving LED technology.

In the Plastic Packaging Business Unit, we are currently developing a broad product portfolio of drug and cosmetics packaging made using renewable resources instead of polyethylene (PET).

CARBON DISCLOSURE PROJECT

We regularly publish the goals, strategies and outcomes of environmental protection initiatives and activities in connection with our participation in the Carbon Disclosure Project (CDP). This is the world's biggest initiative to reduce carbon emissions. For seven years now, we have been actively involved in the CDP. We measure, analyze and manage our CO_2 emissions at all production locations, and report annually on their composition and any changes that have occurred as well as various measures adopted to reduce CO_2 emissions. The data for the financial year 2014 was collected internationally using standardized methods in spring 2015 and published by the CDP in fall 2015.

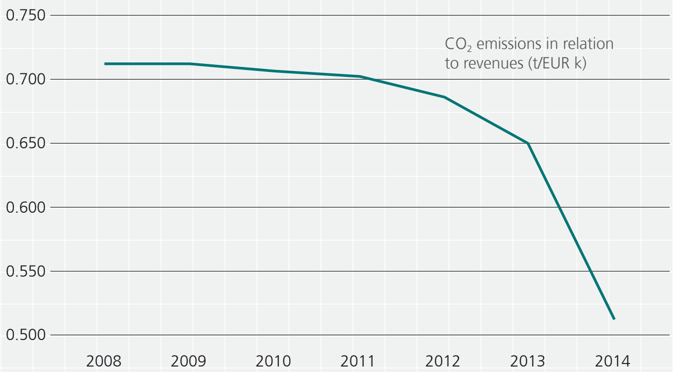
Our environment strategy target is to reduce the ratio of emissions to revenues. This means that our revenues are to grow faster in the future than the unavoidable carbon emissions produced in revenue generation. We met our target once again in the financial year 2014: The ratio of CO_2 emissions to revenues fell by 19.3% between 2013 and 2014, marking the largest percentage improvement since we began participating in the CDP. The multi-year comparison also shows a positive trend.

Our results at a glance:

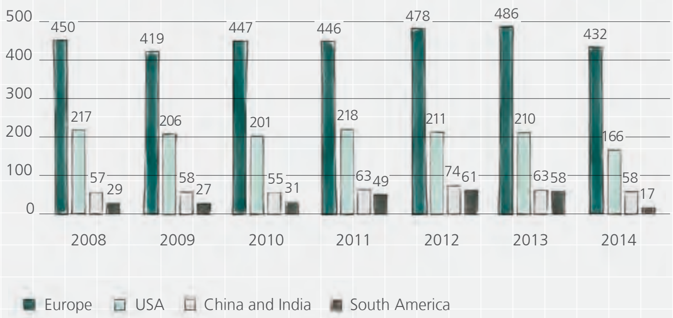
Carbon Disclosure Project 2008–2014

	2008	2009	2010	2011	2012	2013	2014
CO_2 total emissions in tons	760,076	716,702	733,576	775,372	825,235	817,097	672,624
Revenues in EUR k	1,060,130	1,000,227	1,024,804	1,094,681	1,219,068	1,265,931	1,290,016
CO_2 emissions in relation to revenues (t/EUR k)	0.717	0.717	0.716	0.708	0.677	0.645	0.521

Improved ratio of emissions to revenues



CO_2 emissions by region:



Alongside our own target, we have also launched further improvements within the context of CDP. For instance, we have improved the CDP verification criterion. Our activities and data were checked by the TÜV inspectorate and certified to ISO 14064-3. A key indicator is the disclosure score. Climate disclosure scoring measures reporting comprehensiveness. The maximum possible score is 100. Our score for 2014 was 84, up from 81 for 2013. Compared with other MDAX-listed German companies covered by CDP, we moved up to eighth place. In the healthcare sector analysis, we improved to fifth place.

The overall aim is for investors and customers to be able to assess, based on wide-ranging data and indices, whether a company gives sufficient consideration to climate change issues in its decisions and structures.

Further information and definitions are available at www.gerresheimer.com/en/investor-relations/corporate-responsibility/carbon-disclosure-project and www.cdproject.net.

Our corporate responsibility principles and principles for responsible supply chain management are published on the Internet at www.gerresheimer.com/en/company/corporate-responsibility.

BUSINESS EXCELLENCE

In our vision, we have set our sights on becoming the leading global partner to our customers. The GMS represents one of the paths to attaining that vision. Now in operation for more than ten years, it unites our approaches for continuous improvement, lean production, quality focus and customer orientation in a uniform Group-wide framework tailored to our business. The GMS has been used to set Group-wide standards as well as to define methods and tools for continuous process improvement at every link in the value chain. We aim to continually raise standards for our customers with regard to quality, service and costs, to boost the efficiency of our operational structures and processes, and hence open the way for ongoing improvement in all business areas.

The methods and tools provided by the GMS are implemented by our employees. They learn how to apply the GMS principles through systematic training. This enables them to boost efficiency for our customers as well as ensure the consistently high quality of our products and services throughout the Group. The success of the GMS is based on its acceptance, universal adoption and implementation at all organizational levels throughout the Group.

We develop and define plant-specific plans for improvement as part of the operational and strategic planning process. Drawing on operational excellence indicators and a standardized evaluation system, we regularly measure and verify whether we have met our goals and complied with the GMS-defined standards. For this purpose, over 200 employees have been trained as auditors to ensure that the system is implemented long-term. These Company-trained auditors are linked up in a network and provide an outstanding basis for sharing solutions between plants and divisions as well as for intra-Group expert consultation. Based on their evaluations, recommendations and action plans are developed for each location to ensure ongoing, selective improvement.

More than 80 participants from 15 countries came to the 2015 annual GMS conference to discuss recent developments in GMS in presentations, workshops and plant visits, set up and expand networks as well as exchange experience and successes in implementation. To mark the fifth staging of the GMS Awards, the Management Board singled out four project teams and one plant for recognition of their excellent implementation projects. As a way of further boosting exchange between GMS experts throughout the year, we launched a quarterly web conference in 2015, where experts present successful projects in their plants and discuss current focuses and issues.

CUSTOMER SATISFACTION SURVEYS

Continuously enhancing our processes and workflows is also the focus of our global customer satisfaction surveys, which we conduct regularly with the help of a major market research institute. Our aim in this is to gain a more in-depth understanding of customer needs in relation to customer satisfaction and customer loyalty. This is done using a standardized customer survey, which is available in ten different languages. Insights gained are leveraged to improve customer service and derive specific recommendations for process optimization.

The survey is conducted Group-wide, covering our operating companies and their customers from Argentina, Brazil, Mexico and the USA, through to the European plants and our locations in China and India. In particular, the survey focuses on our development work, the product portfolio, customer-specific system solutions, order processing and logistics, the expertise and dedication of our sales staff as well as our technical support and complaints handling. Our customers' responses highlight focal areas that are especially important to them – both where they are already happy with our performance and where we need to improve.

The survey findings provide us with a wealth of ideas for potential improvements. We explain and discuss the results with experts in numerous different forums and at all levels. Based on the findings, expert teams in all divisions develop action plans that are implemented step by step.

By conducting our Group-wide, global customer satisfaction surveys on a regular basis, we also comply with the requirements of the ISO audits and our own guidelines under the GMS. Over the years, the surveys additionally allow us to track whether improvements made from one survey to the next were successful and whether they made a difference for customers. This lets us constantly explore new ways to improve how we work with our customers and raise customer satisfaction.

Between iterations of the Group-wide customer satisfaction survey, we additionally conduct regional and project-based customer surveys. These enable us to respond rapidly to specific wishes and suggestions for improvement on an issue-driven basis.

REMUNERATION REPORT

The Remuneration Report complies with the requirements of the German Commercial Code (Handelsgesetzbuch/HGB), the recommendations of the German Corporate Governance Code (DCGK), German Accounting Standard 17 (GAS 17) and International Financial Reporting Standards (IFRS). A new Management Board remuneration system was approved at the Annual General Meeting on April 30, 2015. The changes were already effective for Mr. Röhrhoff from the financial year 2014, take effect for Mr. Beaujean in the financial year 2016 and are to apply in the future when extending the contracts of existing Management Board members or appointing new members to the Management Board. The changes are explained below.

MANAGEMENT BOARD REMUNERATION

STRUCTURE OF REMUNERATION

The total remuneration of active members of the Management Board consists of several components. These are a fixed salary, a short-term performance-based bonus, a component with a long-term incentive effect, stock appreciation rights, customary fringe benefits and pension benefits.

NON-PERFORMANCE-BASED REMUNERATION

The non-performance-based components are a fixed salary and non-cash fringe benefits. The latter mainly consist of insurance premiums (including group accident insurance and invalidity insurance) as well as the use of a company car. There is also directors and officers liability (D&O) insurance for members of the Management Board; this provides for a deductible in accordance with section 93 (2) sentence 3 of the German Stock Corporation Act (Aktiengesetz/AktG).

PERFORMANCE-BASED REMUNERATION

Short-term variable cash remuneration

The short-term variable remuneration is tied to attainment of annual targets agreed in each member's contract of employment; the target figures are derived from a budget approved by the Supervisory Board.

Until now, these targets have related to four key performance indicators: adjusted EBITDA, revenues, net working capital and total capital expenditure. If all targets are met, the short-term variable cash remuneration is 50% of the individual fixed salary. Limited to a maximum of 60% of the individual fixed salary, the short-term variable cash remuneration is paid out in the subsequent year following approval of the consolidated financial statements by the Supervisory Board.

In the future, when extending the contracts of existing Management Board members and appointing new Management Board members, the annual bonus, as short-term variable cash remuneration, will be tied solely to attainment of the three variously weighted financial KPIs adjusted EBITDA, revenues and net working capital. The total capital expenditure target component is no longer applicable. The net working capital target component has been switched from binary target attainment/non-attainment to a 95%–105% target corridor. If all target values are achieved, the annual bonus amounts to 50% of the individual fixed salary. The annual bonus is capped at 70% of the individual fixed salary.

Long-term variable cash remuneration

The component with a long-term incentive effect consists of a rolling bonus system tied to attainment of specific targets over a three-year period. The key performance indicators relevant to target attainment are organic revenue growth and return on capital employed (ROCE).

Until now, target attainment has been measured against the arithmetic mean of the annual figures in the three-year period. The bonus payable on target attainment is 30% of the individual fixed salary. It is capped (on 133% target attainment) at just under 40% of the individual fixed salary. Bonuses are paid out three years after the base year.

In the future, when extending the contracts of existing Management Board members and appointing new Management Board members, instead of being defined with fixed values as before, the ROCE target corridor is now to be set each year for the next three years based on the business plan. Bonuses are paid out three years after the base year. The bonus payable on target attainment on account of the sustainability component is 40% of the individual fixed salary. The sustainability component is capped at 55% of the individual fixed salary.

Long-term, share-price-based variable cash remuneration (phantom stocks)

The Company has additionally agreed long-term share-price-based variable remuneration with all members of the Management Board. Under the agreements, members are granted a specific number of stock appreciation rights (phantom stocks), according to the share price, for each year of service on the Management Board. Each stock appreciation right entitles the holder to a payment based on the change in the share price, subject to a performance threshold: at the exercise date, the Company's share price must exceed the initial price for the relevant tranche by at least 12% or have increased by a larger percentage than the MDAX. For stock appreciation rights relating to 2015, the initial price is the EUR 51.89 issue price. The performance threshold is relevant to vesting but not to determination of the payment amount. Stock appreciation rights can be exercised during a 16-month exercise period following a four-year waiting period. The payment amount is equal to the absolute increase in the share price between the issue date of the stock appreciation rights and the exercise date. However, the payment amount is capped at 25% of the initial price of all stock appreciation rights in the same tranche. All unexercised stock appreciation rights expire on departure of the holder, except in the event of death or permanent incapacity or if the holder has not been a member of the Management Board for at least one year of the term of each tranche. All entitlements to future stock appreciation rights likewise expire on departure. The Company reserves the right to settle stock appreciation rights with shares; however, cash settlement is planned.

In the future, when extending the contracts of existing Management Board members or appointing new Management Board members, a new agreement providing for each Management Board member to receive a value-based allocation will apply. Members of the Management Board are thus no longer allocated a specific number of stock appreciation rights but are awarded an entitlement (in a specific amount) to a payment in the event that the exercise and payment conditions are met. After a vesting period of five years, a Management Board member is entitled, within an ensuing period of 24 months, to demand payment in the amount of the appreciation in the stock market price of Gerresheimer stock between the issue date and the exercise (maturity) date. Payment is conditional on the percentage appreciation being at least 20% or being greater than the percentage increase in the MDAX over the maturity period and on at least one full year's membership of the Management Board. The target-based remuneration is to be 40% of the individual fixed salary for each member of the Management Board on attainment of an exercise target comprising a 20% increase in the share price. If the share price rises during the set period by 40% or more, the entitlement awarded to the members of the Management Board is capped at 80% of their individual fixed salary.

Pension benefits

Pensions vested up to May 1, 2007 for the current members of the Management Board are administered through a pension fund. These pensions are funded out of a once-only payment made in the financial year 2007. They therefore incur no further ongoing payments. Pensions vesting since May 1, 2007 are generally administered through a provident fund.

After leaving the Gerresheimer Group, the current members of the Management Board are normally eligible to receive pension benefits from age 65. The annual pension is between 1.5% and 2.2% of the final fixed salary, depending on age on joining the pension plan. This percentage increases with years of service as a member of the Management Board to a maximum of 40%. Surviving dependants' pensions are provided for at 60% of the deceased's pension for the spouse and 20% per child for any surviving children. Surviving dependants' pensions are limited in total to 100% of the deceased's pension.

On February 10, 2015, the Supervisory Board of Gerresheimer AG also modified the pension system as an integral part of the new remuneration system for newly appointed Management Board members. The company pension arrangement for current Management Board members, comprising 1.5%–2.2% defined benefit commitment per year of service up to a maximum of 40% of the final salary at age 65, is to be replaced for new Management Board members with a defined contribution scheme.

In future, the amount to be furnished by the Company for new Management Board members' pensions is to be determined as 20% of the fixed salary plus 20% of the annual short-term bonus attained. New Management Board members may choose from three options as to how this amount is used: (1) 20% of the fixed salary paid into an insurance policy and 20% of the bonus paid into an investment; (2) 20% of the fixed salary paid into an insurance policy and 20% of the bonus paid out for personal pension provision; (3) 20% of the fixed salary and 20% of the bonus paid out for personal pension provision.

Under the insurance option, a Management Board member earns entitlement on retirement to payment of an annuity-based old-age, invalidity or surviving dependants' pension against the insurance company. Alternatively, a Management Board member can elect to have the accumulated capital paid out on retirement. The pension entitlement then lapses.

In the capital-based option, the Company has a top-up obligation up to the amount paid in on retirement (claim event) if the value of the investment falls, as the Company must guarantee capital maintenance to ensure qualification as a company pension arrangement. Any notional underfunding prior to the claim event must therefore be accounted for – if only temporarily, as appropriate.

If a Management Board member has the scheduled annual contribution amount paid out while still in service, as an additional salary component for personal pension provision, the Company has no further obligation once payment has been made.

Termination benefits

Termination benefits in the event of premature termination of a Management Board member's contract, other than for cause and premature termination as a result of a change of control, are capped as recommended in the German Corporate Governance Code. Severance payments, including fringe benefits, in the event of termination of a Management Board member's contract, other than for cause, are therefore capped to a maximum of two years' remuneration and do not compensate more than the remaining term of the contract. The cap on termination benefits is determined with reference to total remuneration for the past financial year. The Supervisory Board has agreed with Mr. Röhrhoff a two-year post-employment non-compete clause, which normally provides for compensation relative to Mr. Röhrhoff's fixed salary in the year preceding termination of his contract.

In the event of a change of control, Management Board members have a once-only special right to terminate their contracts at six months' notice effective as of the end of the month and to resign as of the end of the notice period. The special right of termination applies solely within three months of a Management Board member gaining knowledge of the change of control and only if, at the date notice is given, the contract has been in effect for at least one year and has a remaining term of nine months or more. If a Management Board member exercises his or her special right of termination, the Company is required to pay termination benefit equal to three times the annual remuneration less amounts paid during the notice period. Annual remuneration is defined as the remuneration of the full financial year prior to the notice of termination including variable remuneration components and entitlements from the stock appreciation rights program.

The termination benefit arrangement that applies when extending the contracts of existing Management Board members and appointing new Management Board members has been modified so that any entitlements from the stock appreciation rights program no longer increase the size of the termination benefit entitlement.

MANAGEMENT BOARD REMUNERATION IN THE FINANCIAL YEAR

The recommendations of the German Corporate Governance Code on the determination of Management Board remuneration have been implemented.

Total remuneration of active Management Board members came to EUR 8,213k in the financial year 2015 (2014: EUR 5,263k). This comprised EUR 1,910k in non-performance-based remuneration (2014: EUR 1,910k) and EUR 2,428k in performance-based remuneration (2014: EUR 2,142k). Service cost for pensions in the financial year 2015 was EUR 614k (2014: EUR 491k) and vested stock appreciation rights in the year under review came to EUR 3,261k (2014: EUR 720k).

Remuneration of individual Management Board members in the financial year 2015 is presented in the tables below:

	Uwe Röhrhoff CEO Primary Packaging Glass				Rainer Beaujean CFO Life Science Research				Andreas Schütte Plastics & Devices			
Benefits granted in EUR k	**2015**	2015 min.	2015 max.	2014	**2015**	2015 min.	2015 max.	2014	**2015**	2015 min.	2015 max.	2014
Fixed remuneration	770	770	770	741	570	570	570	570	570	570	570	537
Non-cash remuneration	26	26	26	25	20	20	20	19	19	19	19	18
Total	**796**	**796**	**796**	**766**	**590**	**590**	**590**	**589**	**589**	**589**	**589**	**555**
Short-term variable remuneration	385	–	539	370	285	–	342	285	285	–	342	268
Long-term variable remuneration	**308**	**–**	**424**	**296**	**171**	**–**	**1,596**	**171**	**171**	**–**	**228**	**161**
Plan 2014–2017	–	–	–	296	–	–	–	171	–	–	–	161
Plan 2014–2018	308	–	424	–	171	–	228	–	171	–	228	–
Phantom stocks	–	–	–	–	–	–	1,368	–	–	–	–	–
Total	**1,489**	**796**	**1,759**	**1,433**	**1,046**	**590**	**2,528**	**1,045**	**1,045**	**589**	**1,159**	**984**
Service cost (IAS 19)	316	316	316	264	–	–	–	–	298	298	298	227
Total remuneration	**1,805**	**1,112**	**2,075**	**1,697**	**1,046**	**590**	**2,528**	**1,045**	**1,343**	**887**	**1,457**	**1,211**

In the financial year 2015, Mr. Beaujean received new stock appreciation rights (tranches 9 to 12) in connection with the extension of his employment contract. The tranches are described in detail in the section "Long-term, share-price-based variable cash remuneration (phantom stocks)". Given that it is essentially a value-based commitment, there is no fair value at the grant date.

→ P.58

	Uwe Röhrhoff CEO Primary Packaging Glass		Rainer Beaujean CFO Life Science Research		Andreas Schütte Plastics & Devices	
Allocation in EUR k	**2015**	2014	**2015**	2014	**2015**	2014
Fixed remuneration	770	741	570	570	570	537
Non-cash remuneration	26	25	20	19	19	18
Total	**796**	**766**	**590**	**589**	**589**	**555**
Short-term variable remuneration	315	275	247	218	235	187
Long-term variable remuneration	**994**	**884**	**–**	**–**	**637**	**578**
Plan 2011–2014	–	259	–	–	–	172
Plan 2012–2015	259	–	–	–	188	–
Plan 2013–2016	–	–	–	–	–	–
Phantom stocks	735	625	–	–	449	406
Total	**2,105**	**1,925**	**837**	**807**	**1,461**	**1,320**
Service Cost (IAS 19)	316	264	–	–	298	227
Total remuneration	**2,421**	**2,189**	**837**	**807**	**1,759**	**1,547**

Long-term, share-price-based variable cash remuneration

The table on Management Board remuneration includes share-based payment at fair value at the grant date.

In accordance with IFRS, total remuneration includes the fair value of the benefit vested in the financial year. With a four-year vesting period, this means that the fair value is recognized as expense over four years from the grant date. Details of outstanding phantom stocks are provided below in accordance with IFRS 2:

Phantom stocks share based IFRS:

		Uwe Röhrhoff (CEO)	Rainer Beaujean	Andreas Schütte
Portion of total expenses in EUR k	2015	1,221	736	879
	2014	409	81	230
Fair value in EUR k	2015	2,134	1,343	1,729
	2014	1,684	397	1,238
Number of phantom stocks	2015	250,000	165,000	210,000
	2014	340,000	110,000	265,000

Phantom stocks value based IFRS:

		Uwe Röhrhoff (CEO)	Rainer Beaujean
Portion of total expenses in EUR k	2015	335	90
Fair value in EUR k	2015	1,505	1,085

Pension benefits

The service cost for each member of the Management Board is given in the Management Board remuneration table. The present value of the defined benefit obligation must additionally be stated in accordance with IFRS. This is shown in the table below:

in EUR k		Uwe Röhrhoff (CEO)	Andreas Schütte
Present value	2015	4,571	2,013
	2014	4,105	1,643

Total compensation in accordance with IFRS is presented in the following table:

in EUR k	**2015**	2014
Fixed remuneration	1,910	1,848
Non-cash remuneration	65	62
Total short-term non-performance-based remuneration	**1,975**	**1,910**
Short-term variable remuneration	797	680
Total short-term variable remuneration	**2,772**	**2,590**
Long-term variable remuneration	1,631	1,462
Phantom stocks vested in the financial year	2,836	720
Service cost of pension vested in the financial year	614	491
Total long-term remuneration	**5,081**	**2,673**
Total	**7,853**	**5,263**

REMUNERATION OF THE SUPERVISORY BOARD

Supervisory Board remuneration is governed by Gerresheimer AG's Articles of Association.

Supervisory Board members receive fixed annual remuneration of EUR 30,000. The Chairman of the Supervisory Board is granted two and a half times and the Deputy Chairman one and a half times this amount. The Chairman of the Audit Committee receives an additional fixed remuneration of EUR 20,000 and further members of the Audit Committee each receive an additional fixed remuneration of EUR 10,000. Chairmen of other committees receive an additional fixed remuneration of EUR 10,000 for each chairmanship and further members of other committees each receive an additional remuneration of EUR 5,000 for each committee membership. This provision does not apply to the committee in accordance with section 27 (3) MitbestG. Remuneration for the chairmanship and membership of the Nomination Committee is restricted to years in which the committee meets. In addition to their annual remuneration, Supervisory Board members each receive a EUR 1,500 attendance fee for meetings of the Supervisory Board and of Supervisory Board committees to which they belong, capped at a maximum of EUR 1,500 per calendar day. Reasonable expenses are reimbursed against receipts.

Supervisory Board members additionally receive variable remuneration. This comprises EUR 100.00 for each EUR 0.01 of Gerresheimer AG's average adjusted consolidated earnings per share in the past financial year and the two preceding financial years, provided that this amount is at least EUR 0.50. If Gerresheimer AG's average adjusted consolidated earnings per share exceeds EUR 3.00, the excess is not taken into account in calculating the variable remuneration. Adjusted consolidated earnings per share is defined as net income in the consolidated financial statements before (a) non-cash amortization of fair value adjustments, (b) the non-recurring effect of restructuring expenses, (c) impairments and (d) the net sum of one-off income/expense (including significant non-cash expenses) inclusive of related tax effects, based on net income attributable to non-controlling interests, divided by shares issued at the balance sheet date. The Chairman of the Supervisory Board is granted two and a half times and the Deputy Chairman one and a half times the amount of this variable remuneration.

Total remuneration of Supervisory Board members for their activity on the Supervisory Board of Gerresheimer AG in the financial year 2015 came to EUR 1,111,000.00.

The remuneration of individual Supervisory Board members is made up as follows:

Name	Attendance fees	Fixed remuneration	Variable remuneration	**Total**
Andrea Abt	7,500.00	17,589.04	17,589.04	42,678.08
Sonja Apel	9,000.00	30,000.00	30,000.00	69,000.00
Lydia Armer	12,000.00	35,000.00	30,000.00	77,000.00
Dr. Karin Louise Dorrepaal	7,500.00	35,000.00	30,000.00	72,500.00
Francesco Grioli	16,500.00	60,000.00	45,000.00	121,500.00
Eugen Heinz	9,000.00	30,000.00	30,000.00	69,000.00
Dr. Axel Herberg	15,000.00	76,041.10	56,383.56	147,424.66
Seppel Kraus	15,000.00	40,000.00	30,000.00	85,000.00
Dr. Peter Noé	15,000.00	40,000.00	30,000.00	85,000.00
Markus Rocholz	15,000.00	40,000.00	30,000.00	85,000.00
Gerhard Schulze	7,500.00	43,438.36	31,027.40	81,965.76
Theodor Stuth	15,000.00	50,000.00	30,000.00	95,000.00
Udo J. Vetter	12,000.00	37,931.50	30,000.00	79,931.50
	156,000.00	**535,000.00**	**420,000.00**	**1,111,000.00**

Supervisory Board member Lydia Armer receives appropriate remuneration for her membership of the Supervisory Board of Gerresheimer Regensburg GmbH after the end of each financial year. The remuneration amount is determined by resolution of the ordinary shareholders' meeting of Gerresheimer Regensburg GmbH. The shareholders' meeting set the amount of remuneration for the financial year 2014 at EUR 5,000.00, which was paid out in the financial year 2015.

Supervisory Board member Markus Rocholz receives remuneration of EUR 5,000.00 after the end of each financial year for his membership of the Supervisory Board of Gerresheimer Tettau GmbH. The remuneration for the financial year 2014 was paid out in the financial year 2015.

DISCLOSURES PURSUANT TO SECTION 315 (4) HGB AND EXPLANATORY REPORT

Gerresheimer AG is a German stock corporation (Aktiengesellschaft) and has issued voting stock that is listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard), a regulated market within the meaning of section 2 (7) of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz/WpÜG).

Structure of subscribed capital

The subscribed capital (capital stock) of Gerresheimer AG totals EUR 31.4m as of November 30, 2015. It is divided into 31.4 million ordinary no-par-value bearer shares with a nominal share in capital stock of EUR 1.00 each. The Company's capital stock is fully paid in.

Restrictions on voting rights or on the transfer of securities

As of the balance sheet date, there are no restrictions on voting rights or on the transfer of Gerresheimer AG shares by law, under the Articles of Association or otherwise, known to the Management Board. All no-par-value shares in Gerresheimer AG, issued as of November 30, 2015, are fully transferable, carry full voting rights and grant the holder one vote in the Annual General Meetings.

Shareholdings exceeding 10% of voting rights

As of November 30, 2015, we are not aware of any direct or indirect shareholdings in the Company's capital stock exceeding 10% of voting rights.

Shares carrying special rights with regard to control

None of the shares issued by Gerresheimer AG have rights which confer special control to their bearer.

System of control of any employee share scheme where the control rights are not exercised directly by the employees

We have no information with regard to the system of control of any employee share scheme where the control rights are not exercised directly by the employees.

Legal provisions and provisions of the Articles of Association on the appointment and replacement of Management Board members and on amendments to the Articles of Association

The Management Board is the legal management and representative body of Gerresheimer AG. In accordance with the Company's Articles of Association, it comprises at least two members. In all other respects, the Supervisory Board determines the number of members of the Management Board. The Supervisory Board is able to appoint deputy members of the Management Board. It appoints one member of the Management Board as CEO or chairperson.

In accordance with section 84 of the German Stock Corporation Act (Aktiengesetz/AktG), members of the Management Board are appointed by the Supervisory Board for a maximum of five years. Repeat appointments or extensions of the term of office are permissible, in each case for a maximum of five years. The Supervisory Board may revoke the appointment of a Management Board member prior to the end of the term of office either for cause such as gross breach of duty or if the Annual General Meeting withdraws its confidence in the member concerned.

The Company is either represented by two members of the Management Board or by one member of the Management Board and an authorized signatory (Prokurist).

In accordance with section 179 AktG, amendments to the Articles of Association normally require a resolution of the Annual General Meeting. Excepted from this rule are amendments to the Articles of Association that relate solely to their wording. The Supervisory Board is authorized to make such changes. Unless otherwise required by law, Annual General Meeting resolutions are adopted by simple majority of votes cast. If a majority of capital is additionally required by law, resolutions are adopted by simple majority of the capital stock represented upon adoption of the resolution.

Authority of the Management Board to issue or buy back shares

Under section 4 (4) of the Articles of Association, the Management Board is authorized, subject to Supervisory Board approval, to increase the Company's capital stock by issuing new no-par-value bearer shares for cash or non-cash consideration in one or more issues up to a total of EUR 15.7m by or before April 25, 2017. Shareholders must normally be granted a subscription right to the shares. The subscription right may also be granted in such a way that the shares are taken up by one or more banks or equivalent undertakings within the meaning of the first sentence of section 186 (5) of the AktG with an obligation to offer them to the Company's shareholders for subscription (indirect subscription right).

The Management Board is authorized, subject to Supervisory Board approval, to exclude shareholders' subscription rights in the following instances:

- To exclude fractional amounts from the subscription right;
- To the extent necessary to grant holders of conversion rights or warrants or parties under obligation to exercise conversion rights or warrants attached to bonds issued or yet to be issued by the Company or a Group company a subscription right to new shares to the same extent as they would be entitled as shareholders after exercise of the warrant or conversion right or fulfillment of the obligation to exercise the warrant or conversion right;
- In the event of capital increases for non-cash consideration in connection with business combinations or acquisitions of companies in whole or in part or of shareholdings, including increases in existing shareholdings or other assets;
- In the event of capital increases for cash consideration if the issue price of the new shares is not substantially below that of the existing, listed shares at the time of final fixing of the issue price by the Management Board within the meaning of section 203 (1) and (2) and section 186 (3) sentence 4 AktG, and the percentage of capital stock attributable to the new shares for which the subscription right is excluded does not exceed 10% of the capital stock in existence at the time the authorization comes into effect or at the time the authorization is exercised, whichever amount is smaller. Shares issued or sold during the period of this authorization under exclusion of shareholders' subscription right in direct or analogous application of section 186 (3) sentence 4 AktG are to be set against the maximum limit of 10% of the capital stock. The same set-off rule applies to shares to be issued to service bonds with a conversion right or warrant or obligation to exercise a conversion right or warrant to the extent that the bonds are issued during the period of this authorization under exclusion of the subscription right by analogous application of section 186 (3) sentence 4 AktG.

The total of shares issued for cash or non-cash consideration subject to exclusion of subscription rights under this authorization may not exceed a EUR 6.28m share of capital stock (20% of the current capital stock).

The Management Board is authorized, subject to Supervisory Board approval, to stipulate other details of the share increase and its execution, including the substantive details of rights attached to shares and the conditions of issue.

We further refer in this connection to our disclosures under "Restrictions on voting rights or on the transfer of securities". → P.62

The capital stock is conditionally increased by up to EUR 6,280,000 by the issue of up to 6,280,000 new no-par-value bearer shares. The conditional capital increase serves the purpose of granting no-par-value bearer shares to holders of convertible bonds or warrant bonds (or combinations of these instruments) (together "bonds") with conversion rights or warrants or obligations to exercise conversion rights or warrants, which on the basis of the authorization approved by resolution of the Annual General Meeting on April 26, 2012 are issued by or before April 25, 2017 by the Company or a Group company within the meaning of section 18 AktG. The new shares will be issued at a conversion or warrant price to be determined in each case in accordance with the authorization resolution described above. The conditional capital increase is to be carried out only to the extent that conversion rights or warrants are exercised or obligations to exercise conversion rights or warrants are fulfilled and no other form of fulfillment is employed. New shares issued because of the exercise of conversion rights or warrants or fulfillment of obligations to exercise conversion rights or warrants participate in earnings from the beginning of the financial year in which they are issued. The Management Board is entitled to stipulate further details with regard to execution of the conditional capital increase subject to Supervisory Board approval.

Material agreements conditional on a change of control following a takeover bid

The loans under the credit facilities with a total facility amount of EUR 450m, of which EUR 232.8m was drawn at the reporting date, may be terminated by the lenders, and would consequently be repayable early in full by the borrowers, if a third party or several third parties acting in concert were to acquire 50.01% or more of voting rights in Gerresheimer AG.

Gerresheimer AG is obliged to notify holders of the EUR 300m bond in the event of a change of control. Holders then have the right to call due all or individual bonds at face value plus accrued interest. A change of control applies if one or more parties acquire or otherwise control at least 50.01% of shares or voting rights in Gerresheimer AG and 90 days thereafter the bond no longer has an investment grade rating.

Bond holders are each entitled to call due their bonds if any party, or any group of parties acting in concert, directly or indirectly acquires the right to appoint the majority of members of the Supervisory Board of Gerresheimer AG or directly or indirectly acquires more than 50% of the shares or voting rights in Gerresheimer AG.

A change of control following a takeover bid may impact a number of our contracts with customers featuring change-of-control provisions. These are standard change-of-control clauses that give the customer a right to terminate the contract prematurely in the event of a change of control.

Compensation agreements for the event of a takeover bid

In the event of a change of control, the members of the Management Board have a once-only special right to terminate the contract of employment with a term of six months' notice to the end of the month and to resign at the end of the term of notice. The special right of termination applies solely within three months of a Management Board member gaining knowledge of the change of control. The special right of termination only applies if, at the date notice is given, the contract has been in effect for at least one year and has a remaining term of at least nine months. If a Management Board member exercises his or her special right of termination, the Company is required to pay termination benefit equal to three times the annual remuneration less amounts paid during the notice period. Annual remuneration is defined for this purpose as remuneration for the full financial year prior to the notice of termination. In the financial year 2014, when extending Mr. Röhrhoff's employment contract, the provision concerning termination benefit on exercise of the special right of termination was modified, so that now any entitlements from the stock appreciation rights program do not increase the claim to termination benefit. For further details, please refer to the Remuneration Report.

→ P.57 et seqq.

CORPORATE GOVERNANCE STATEMENT

The corporate governance statement is part of the Management Report. In accordance with section 317 (2) sentence 2 of the German Commercial Code (HGB), these disclosures are not included in the audit of the consolidated financial statements.

DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Management Board and Supervisory Board of Gerresheimer AG most recently adopted the following declaration of compliance in accordance with section 161 AktG as follows on September 9, 2015:

"Declaration of the Management Board and the Supervisory Board of Gerresheimer AG on the recommendations of the 'Government Commission on the German Corporate Governance Code' according to section 161 of the German Stock Corporation Act

Since its last declaration on September 9, 2014, Gerresheimer AG has complied with all recommendations of the 'Government Commission on the German Corporate Governance Code' as amended on May 13, 2013.

Gerresheimer AG will in the future comply with the recommendations of the 'Government Commission on the German Corporate Governance Code' as amended on May 5, 2015, with the following exception:

Item 5.4.1 (2) Sentence 1: The Supervisory Board has not specified a regular limit for the duration of membership of the Supervisory Board.

Reasons: We believe that suitability for membership of the Supervisory Board depends solely on the Company's respective needs and the individual abilities of Supervisory Board members. We do not consider it appropriate to specify a regular limit for the duration of membership of the Supervisory Board because the Company should have at its disposal the expertise of experienced Supervisory Board members."

INFORMATION ON CORPORATE GOVERNANCE PRACTICES

RISK MANAGEMENT SYSTEM

The Gerresheimer Group considers effective risk management a key factor in sustaining value for the long term. The management of opportunities and risks is therefore integral to our organizational structure and processes. The risk management system centers on identifying and mitigating operational risks through the monitoring, planning, management and control systems in place within the entities and the holding company.

We have defined guidelines on risk reporting for subsidiaries and key head office functions. Furthermore, we continuously develop our early warning system and adapt it to current developments. Core elements of the risk management system are described in the "Opportunities and Risks" section of the Annual Report, which is available on our website at www.gerresheimer.com/en/investor-relations/reports.

CORPORATE RESPONSIBILITY

Gerresheimer is a leading global partner to the pharma and healthcare industry. As manufacturers of products made of glass and plastic for packaging and drug delivery, we make a meaningful and significant contribution to health and well-being.

In this age of increasing globalization as well as growing social and environmental challenges, we are conscious of our corporate responsibility going far beyond the realm of our products. We meet this responsibility actively, comprehensively and sustainably, and are happy to be measured against our principles. In our business activities, we acknowledge our responsibility toward society, the workforce, investors, customers, suppliers and the environment.

Our principles are set out in the publication "Our Corporate Responsibility", which is available for viewing on our website at www.gerresheimer.com/en/company/corporate-responsibility.

DESCRIPTION OF MANAGEMENT BOARD AND SUPERVISORY BOARD PROCEDURES AND OF THE COMPOSITION AND PROCEDURES OF THEIR COMMITTEES

The composition of the Management Board and Supervisory Board can be found under "Supervisory Board and Management Board". The working practices of the Management Board and Supervisory Board as well as the composition and working practices of Supervisory Board committees are described in the Annual Report as part of the Corporate Governance Report. This Annual Report is likewise available on the Internet at www.gerresheimer.com/en/investor-relations/reports.

STIPULATION OF TARGETS TO PROMOTE THE PARTICIPATION OF WOMEN IN MANAGEMENT POSITIONS IN ACCORDANCE WITH SECTIONS 76 (4) AND 111 (5) AKTG

Under the German Act on Equal Participation of Women and Men in Executive Positions in the Private and Public Sector of April 24, 2015, certain companies in Germany are required to stipulate targets for the percentage of women on the Supervisory Board, Management Board and the two management levels under the Management Board and also to stipulate by what point in time the quotas are to be attained. Such companies were required to adopt targets and implementation periods by September 30, 2015. The implementation period specified when first stipulating targets was not allowed to extend beyond June 30, 2017. A period of up to five years may be specified the next time targets are stipulated. The act stipulates an exception with regard to the percentage of women on the Supervisory Board for companies such as Gerresheimer AG that are both listed on the stock exchange and subject to codetermination: For such instances, a statutory minimum quota of 30% women and 30% men already applies from January 1, 2016 with regard to appointments of new members of the Supervisory Board for seats that have become vacant.

By resolution of September 9, 2015, the Supervisory Board of Gerresheimer AG stipulated a target of 0% for the percentage of women on the Management Board of Gerresheimer AG by April 30, 2017. All members of the Management Board – among whom there are currently no women – have long-term Management Board contracts to at least April 30, 2017, and the Supervisory Board currently has no intention of increasing the number of members of the Management Board by or before April 30, 2017. In the event of the unscheduled departure of a Management Board member before April 30, 2017, due consideration will be given to women when appointing a replacement.

By resolution of August 24, 2015, the Management Board of Gerresheimer AG stipulated targets of 25% each by June 30, 2017 for the two management levels under the Management Board.

REPORT ON OPPORTUNITIES AND RISKS

UNIFORM GROUP-WIDE MANAGEMENT OF OPPORTUNITIES AND RISKS

As we operate worldwide, we are exposed to a wide range of risks. It is only our willingness to enter into entrepreneurial risks that enables us to seize opportunities. Up to a defined risk tolerance level, we therefore consciously enter into risks if they offer a balanced opportunity-risk profile.

We fundamentally address risk management and opportunity management separately. Our risk management system identifies, assesses and documents risks and supports their monitoring. Opportunities, on the other hand, are identified and communicated as an integral part of regular communications between the subsidiaries and the control function at Gerresheimer AG in its capacity as holding company.

The central element of the risk management system consists in identifying and mitigating operational risks through the monitoring, planning, management and control systems in place within the entities and the management holding company. The aim of our risk management strategy is to promptly identify, evaluate, avoid and mitigate risks and, where applicable, to transfer them to third parties. Not even a risk management system can provide an absolute guarantee that risks will be avoided. But it does help us in avoiding them and hence in attaining our business targets.

Responsibility for establishing and effectively maintaining the risk management system lies with the Management Board and Supervisory Board of Gerresheimer AG. The legal representatives of our operating companies and the management of key head office functions are additionally involved in monitoring, promptly identifying, analyzing, managing and communicating risks. We have drawn up guidelines on risk reporting for our subsidiaries and key head office functions. Furthermore, we continuously fine-tune our risk management system and adapt it to current developments and conditions.

Key elements of the risk management system:

› Uniform, periodic risk reporting to head office by subsidiaries
› Regular risk assessment in key central departments
› Risks segmented by category – namely market, customer, finance, environmental protection, legal relationships, external political and legal requirements, and strategic decisions
› Risks quantified in terms of potential financial impact and probability
› Recording of effects on profit or loss by business segment
› Mitigation by damage prevention and risk transfer.

Where identified risks are already included in operational and strategic plans, in the forecast or in monthly, quarterly or annual financial statements, they are not included in risk reporting. This avoids double counting in Gerresheimer AG's risk management system. Risks are similarly excluded where no further assessment is needed to determine that the probability of occurrence is effectively nil (such as the risk of disastrous earthquakes in Germany).

The Gerresheimer Group applies a number of risk management principles. These stipulate zero risk tolerance for breaches of official regulations and laws or the Company's compliance requirements, as well as for defective products and product quality shortfalls.

As a process-independent element of our risk management system, the Internal Audit Department appraises the effectiveness and proper functioning of the early warning system at regular intervals. In addition, the external auditors assess the early warning system as part of the audit of the annual financial statements and report on this to the Management Board and Supervisory Board. Our early warning system is in full conformity with the statutory requirements and also with the German Corporate Governance Code.

INTERNAL CONTROL SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

The consolidated financial statements of the Gerresheimer Group are prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the European Union and with the supplementary requirements applicable under section 315a (1) of the German Commercial Code (Handelsgesetzbuch/HGB). The annual financial statements of Gerresheimer AG are prepared in accordance with the provisions of the German Commercial Code and the German Stock Corporation Act (Aktiengesetz/AktG).

The overriding objective of our internal control and risk management system in relation to the financial reporting process is to ensure compliance in financial reporting. Establishing and effectively maintaining adequate internal controls over financial reporting is the responsibility of the Management Board and Supervisory Board of Gerresheimer AG, which assess the adequacy and effectiveness of the control system at each financial year-end. The internal controls over financial reporting were found to be effective as of November 30, 2015.

We prepare the consolidated financial statements in a multistage process using recognized consolidation systems. The audited consolidated financial statements of the subgroups and the audited or reviewed financial statements of the remaining subsidiaries are combined to produce the consolidated financial statements of Gerresheimer AG. Gerresheimer AG has responsibility for the uniform Group-wide chart of accounts, for carrying out central consolidation adjustments as well as for scheduling and organizing the consolidation process.

Uniform guidelines on accounting in accordance with IFRSs are in place for the companies included in the consolidated financial statements. These include a description of the general consolidation methods as well as the applicable accounting policies in accordance with IFRSs. The guidelines are continuously updated to reflect changes to the IFRSs and are available to all employees of the subsidiaries on the Gerresheimer intranet. There is also a binding schedule for the financial close process.

In the course of the financial close process, balance sheets, income statements and statements of comprehensive income are entered into the system along with information relevant to the cash flow statement, the statement of changes in equity, the notes and the management report. The system is effectively maintained centrally by Group Accounting. In addition to the automated checks that are in place, manual data completeness and accuracy checks are carried out by the operating companies and head office. The professional aptitude of employees involved in the financial reporting process is examined during their selection process, after which they receive regular training. We fundamentally apply the dual control principle. Other control mechanisms include target-performance comparisons as well as analyses of the content of and changes in the individual items. Accounting ensures that function-related information is reported by the relevant departments and incorporated into the consolidated financial statements. Our internal audit department reviews the effectiveness of the controls implemented at the subsidiaries and head office in order to ensure compliance with financial reporting guidelines. As part of the 2015 year-end audit, the auditors examined our early warning system in accordance with section 317 (4) HGB in conjunction with section 91 (2) AktG and confirmed its compliance.

We prepare the annual financial statements of Gerresheimer AG using the SAP software system. Day-to-day accounting and the preparation of the annual financial statements are divided into functional process steps. Either automated or manual controls are integrated into all processes. The organizational arrangements ensure that all business transactions and the preparation of the annual financial statements are completed in a timely and accurate manner and are processed and documented within the appropriate time frame. The relevant data from Gerresheimer AG's single-entity financial statements is transferred into the Group consolidation system and adjusted as necessary to comply with IFRSs.

The Supervisory Board is also involved in the control system through its Audit Committee. In particular, the Audit Committee oversees the financial reporting process, the effectiveness of the control, risk management and internal audit systems, as well as the audit of the financial statements. It is also responsible for checking the documents related to Gerresheimer AG's single-entity financial statements and the consolidated financial statements, and discusses Gerresheimer AG's single-entity financial statements, the consolidated financial statements and the management reports on those financial statements with the Management Board and the auditors.

OPPORTUNITIES OF FUTURE DEVELOPMENTS

The Gerresheimer Group faces a wide range of opportunities and risks due to its extensive, global business activities. We aim to continue making the best possible use of opportunities into the future.

Research and development is one area that holds major potential for us. By investing in technology centers for glass syringes and medical plastic systems, for example, we aim to capitalize on opportunities in the future in order to enhance existing products in collaboration with customers and to further diversify our product portfolio as a whole. More details on our research and development activities are given in the "Research and Development" section.

→ P.55 et seqq.

We also see strategic opportunities in the further globalization of our business. As part of this, we plan to benefit from the dynamic growth of emerging markets by extending our local presence and significantly increasing revenues in such markets in the years ahead. In recent years, we have paved the way for further growth through selective investment in Brazil, India and China. Expanding the business activities of our Plastics & Devices Division to North America promises additional growth.

Generic drug makers will gain in importance going forward. We aim to secure a share of the expected volume growth, because generics also require proper packaging and administration. Drug packaging that enhances safety and ease of use is another segment set to rise in importance.

We see additional growth opportunities in demographic change as well as in increased medical care needs among older people, advances in medical technology and in the field of biotech drugs.

RISKS OF FUTURE DEVELOPMENTS

The Gerresheimer Group is exposed to a wide range of risks due to its extensive, global business activities. To the extent that the criteria for accounting recognition are met, appropriate provision has been made for all identifiable risks.

The following sections describe risks that could affect the Gerresheimer Group's results of operations, financial position and net assets. The probability of occurrence of these risks is assessed according to the following criteria:

› Improbable = Probability of occurrence < 10%
› Possible = Probability of occurrence between 10% and 50%

Risks with a probability of occurrence of more than 50% are recognized and are taken into account in planning where possible.

The potential financial implications of these risks are assessed by the following criteria:

› Moderate = Net loss of between EUR 1m and EUR 10m
› Significant = Net loss of more than EUR 10m

OVERVIEW OF RISKS AND THEIR FINANCIAL IMPLICATIONS

	Probability	Possible implications
Business strategy risks		
Risks from acquisition	improbable	significant
Operational risks		
Risks from the overall economic development	possible	significant
Energy and raw material price	possible	significant
Product liability risks	possible	significant
Risks from the future development of state healthcare systems	possible	significant
Pension cash out	possible	moderate
Personnel risks	possible	moderate
IT risks	possible	moderate
Tax risks	possible	moderate
Legal risks	possible	moderate
Financial risks		
Currency and interest rate risk	improbable	moderate
Credit risk	improbable	significant
Liquidity risk	improbable	moderate

Existing risks are discussed in detail in the following:

BUSINESS STRATEGY RISKS

ACQUISITIONS

Potential impacts:

Acquisitions are an integral part of our strategy. Corporate acquisitions harbor the risk that not all material risks are identified in due diligence. Despite careful due diligence, changes in circumstances can mean that initial targets are not met in whole or in part.

Countermeasures:

Functional departments are involved from an early stage to ensure close scrutiny of acquisition projects during due diligence. The process as a whole is overseen by our central Mergers & Acquisitions department. We endeavor to identify risks of this kind as early as possible by regular, close market and competition monitoring, and take appropriate action to avoid or minimize them.

PRODUCT LAUNCHES

Potential impacts:

The market launch of innovative products – in close consultation with our customers – is a key component of our growth strategy. In the context of our management responsibility, we are fully aware that this entails risks as well as opportunities. Despite our best efforts, we cannot guarantee that all products will be commercially successful on the market.

Countermeasures:

On the basis of comprehensive market analyses and contracts with customers, we ensure that the opportunities arising from a successful product launch are maximized and potential risks minimized.

OPERATIONAL RISKS

Our definition of operational risks includes operating, organizational, human resources and safety risk. Such risks are mitigated by taking out adequate insurance cover and by placing stringent requirements on production, project and quality management. We currently cover liability risks through third-party liability insurance and insure possible own loss or damage at replacement value under all-risk property and other insurance policies. An all-risk business interruption policy, subject to appropriate deductibles, currently protects us against potential loss of earnings in the event of business interruption at the plants.

MACROECONOMIC RISKS

Potential impacts:

For the Gerresheimer Group, the performance of the global economy has a key impact on growth. As in the prior year, a general recovery of the overall risk situation could not be made out in the course of the financial year 2015. No one can currently tell with absolute certainty how the euro and financial crisis will affect the real economy, customers and suppliers, and how long the crisis will last.

Countermeasures:

We meet this risk by constantly monitoring global economic trends. In case of any change, we apply measures such as focusing capacity utilization on high-productivity production plants.

ENERGY AND RAW MATERIAL PRICES

Potential impacts:

Our energy requirements are consistently high, due in particular to the energy-intensive combustion and melting processes in our high-temperature furnaces. A significant rise in energy prices can have a substantial impact on the Gerresheimer Group's results of operations.

Another significant portion of production costs relates to raw materials for the manufacture of glass and plastic. In the manufacture of plastic products, we are reliant on primary products such as polyethylene, polypropylene and polystyrene. The prices of these products largely depend on oil price trends.

Countermeasures:

To cushion against rising energy costs, we make use of the special compensation arrangement for energy-intensive companies under section 64 of the German Renewable Energy Act (EEG) and also hedge against increases in energy prices. We have also agreed price adjustment clauses in a number of contracts with customers. The sale of the glass tubing business and the permanent closure of the moulded glass plant in Millville reduced the number of furnaces we operate by a total of eight to thirteen. This also led to reductions notably in energy costs.

PRODUCT LIABILITY RISKS

Potential impacts:

Despite internal measures to ensure product quality and safety, the Gerresheimer Group cannot rule out the possibility of loss or damage for customers and consumers from the use of packaging products and systems manufactured. This is illustrated in the following examples: The supply of defective products to customers could result in damage to production facilities or even cause business interruption. For us, this could also mean loss of reputation for the Gerresheimer Group. Furthermore, in combination with medicines and ingredients sold by its pharma and healthcare industry customers, faulty products produced by the Gerresheimer Group could pose a health hazard to consumers. It cannot be ruled out that the Group might lose customers as a result of any such event. This could have a significant impact on the Gerresheimer Group's net assets, financial position and results of operations. Gerresheimer could also be exposed to related liability claims such as claims for damages from customers or product liability claims from consumers. Any product liability claims made against Gerresheimer, especially in class actions in the US, could be substantial. There is also the risk of the Group potentially having to bear substantial costs for recalls. Moreover, there is no guarantee that Gerresheimer will be able to obtain adequate insurance cover in the future at present terms and conditions. As these examples show, negative impacts on the Gerresheimer Group's net assets, financial position and results of operations cannot be ruled out.

Countermeasures:

To avoid product liability claims, the Gerresheimer Group applies extensive quality assurance measures. In addition, product liability and recall cost insurance is intended to largely cover any claims incurred.

RISKS FROM THE FUTURE DEVELOPMENT OF STATE HEALTHCARE SYSTEMS

Potential impacts:

In the financial year 2015, Gerresheimer generated 84% of Group revenues in the pharma and healthcare segment. Governments and health insurance funds in Europe and the US have endeavored to curb the rate of increase in healthcare costs in recent years. The result has been increased price pressure in the pharma industry, where the need for cost control has intensified due to limited patent protection and constantly rising product development costs. This trend can lead to increasing price pressure on our products, although generally only a small percentage of the total costs a consumer pays for medication relates to pharmaceutical primary packaging. If the price pressure is not offset by cost reductions or enhanced efficiency, this could have a significant negative impact on our net assets, financial position and results of operations.

Countermeasures:

Early identification of such developments as they emerge and active portfolio management are therefore important elements of corporate management. Its international and multi-market presence also means that the Gerresheimer Group is better placed to make up for cyclic fluctuations in individual markets and countries than other companies lacking such a global lineup.

HUMAN RESOURCES RISKS

Potential impacts:

A skilled workforce is a key success factor in implementing our growth-driven corporate strategy. If in future years we do not succeed in training, recruiting and securing the long-term loyalty of sufficient numbers of qualified personnel for our Company, this could have a considerable impact on our business success. Demographic change and the resulting potential skills shortage pose additional personnel risks in the medium to long term.

Countermeasures:

We counter these risks by positioning ourselves as an attractive employer worldwide. Elements in this include competitive pay, occupation-specific continuing education and training, structured succession planning and selective fostering of young talent. We also operate diversity-oriented personnel policies and employ target group-specific personnel marketing.

IT RISKS

Potential impacts:

Increasing use is made of computer-aided business and production processes as well as of IT systems for internal and external communications. Major disruption to – or even failure of – such systems can cause data loss and obstruct business and production processes.

Countermeasures:

IT systems are standardized, harmonized, reviewed and improved Group-wide to safeguard and enhance the security and efficiency of our business processes. Minimum sectoral IT standards such as backups, redundant data links and distributed data centers help to minimize downtime risk for mission-critical systems such as SAP, websites and IT infrastructure components.

Gerresheimer continues to systematically harmonize ERP systems around SAP ECC 6.0 as well as to standardize IT network, hardware, communications and security infrastructure. IT governance and IT compliance functions aim to ensure that statutory, internal corporate and contractual requirements applying to Gerresheimer AG are met and implemented.

TAX RISKS

Potential impacts:

Due to the globalization of its business, the Gerresheimer Group must take into account a wide variety of international and country-specific rules laid down by tax authorities. Tax risks can arise from failing to fully comply with tax rules or due to differences in the tax treatment of specific matters and transactions. In particular, tax audits and any resulting audit findings involving interest and additional tax payments may have a negative impact on the Group.

Countermeasures:

Tax risks are regularly and systematically examined and assessed. Any resulting risk mitigation measures are agreed between Gerresheimer AG Group Taxes and the national companies.

LEGAL RISKS

Potential impacts:

As an international enterprise, the Gerresheimer Group must comply with differing laws in different jurisdictions. This can result in a wide range of risks relating to contract, competition, environment, trademark and patent law.

Countermeasures:

We limit such risks by means of legal appraisal by our internal legal departments and by consulting external specialists on national law in the jurisdictions concerned.

We have established a global Compliance Program to ensure compliance with laws and regulations worldwide, especially in the areas of corruption prevention, cartel law and capital market law. All Board members and employees of Gerresheimer AG and all Group companies must abide by our Compliance Guidelines. Adherence to the law and conformity with the guidelines under the Gerresheimer Group Compliance Program are of paramount importance to Gerresheimer AG and its affiliates.

We have no knowledge of risks from legal disputes that could have a significant impact on the Gerresheimer Group's net assets, financial position and results of operations.

FINANCIAL RISKS

We are exposed to financial risks in our operating activities. The responsible Group Treasury department centrally monitors the financial risks facing the Group by means of Group-wide financial risk management. The Group manages identified risk exposures by using appropriate hedging strategies on the basis of clearly defined guidelines.

CURRENCY AND INTEREST RATE RISK

Potential impacts:

As a company headquartered in Germany, Gerresheimer's Group and reporting currency is the euro. Given that we conduct a large part of our business outside of the euro area, exchange rate fluctuations can have an impact on earnings. The greater volatility of exchange rates in recent years has increased opportunities and risks accordingly. We are additionally exposed to interest rate risk in borrowing. Interest rate fluctuations can alter the interest burden on existing debt and the cost of refinancing.

Countermeasures:

We limit exchange rate risks in operating activities by using forward exchange contracts. The Group uses derivative financial instruments exclusively to hedge risk in connection with commercial transactions. We contain interest rate risk where necessary by entering into interest rate swaps.

CREDIT RISK

Potential impacts:

Credit risk on primary and derivative financial instruments consists of the risk of counterparties being potentially unable to meet their contractual payment and fulfillment obligations.

Countermeasures:

Through our credit and receivables management function as well as operating company sales functions, we monitor credit risks resulting from the Group's trade relationships. Our customers undergo internal credit checks on an ongoing basis in order to avoid losses on receivables. Receivables from customers lacking a top credit rating are insured where insurance cover is available. To avoid credit risks from financial instruments, such instruments are only entered into with parties having top credit ratings.

LIQUIDITY RISK

Potential impacts:

There is the risk of not being able to fulfill existing or future payment obligations due to insufficient availability of funds.

Countermeasures:

The Group's liquidity situation is monitored and managed on the basis of multi-year financial planning and monthly liquidity planning. To safeguard liquidity, the Gerresheimer Group additionally has available a revolving credit facility (refinanced in June 2015), a euro bond issue and a debt issue launched in November 2015.

A detailed presentation of the financial risks and their management can be found in the notes to the consolidated financial statements under Note 6 "Financial Risk Management and Derivative Financial Instruments".

P.93 et seq.

OVERALL ASSESSMENT OF THE GROUP RISK SITUATION

The basis for the Management Board's overall assessment of the risk situation is provided by our risk management system. The risk reporting process collates all risks reported by subsidiaries and head office functions. Risk reporting to the Management Board and the Supervisory Board follows a regular cycle.

The Gerresheimer Group's risks did not change significantly in the financial year 2015 compared with the prior year. Based on our overall risk assessment, there are currently no risks that raise doubt about the ability of the Gerresheimer Group or Gerresheimer AG to continue as a going concern or that could have a material effect on its net assets, financial position or results of operations.

Gerresheimer's credit rating is regularly assessed by the leading rating agencies Standard & Poor's and Moody's.

The senior facilities are subject to financial covenants. These are described in the "Financing instruments" section. The stipulated financial covenants were complied with in the financial years 2014 and 2015. Based on our multiple-year budget, we project that the financial covenants will continue to be met in the future.

→ p. 44 et seq.

EVENTS AFTER THE BALANCE SHEET DATE

No events have arisen since November 30, 2015 that are expected to have a material impact on the net assets, financial position or results of operations of the Gerresheimer Group.

OUTLOOK

GROUP STRATEGIC OBJECTIVES

The forward-looking statements on the business performance of the Gerresheimer Group and Gerresheimer AG presented in the following and the assumptions deemed significant regarding the economic development of the market and industry are based on our own assessments, which we currently believe realistic according to the information we have available. Such assessments entail uncertainty, however, and the unavoidable risk that projected developments may not correlate in direction or extent with actual developments.

DEVELOPMENT OF THE ECONOMIC ENVIRONMENT

GLOBAL AND REGIONAL ECONOMIC DEVELOPMENT[4]

Expected growth in gross domestic product

Change in %	2016	2015
World	**3.6**	**3.1**
USA	2.8	2.6
Euro area	1.6	1.5
Germany	1.6	1.5
Emerging markets	4.5	4.0
China	6.3	6.8
India	7.5	7.3
Brazil	-1.0	-3.0
Russia	-0.6	-3.8

The IMF forecasts that the global economy will return to stronger growth in 2016. After approximately 3.1% in 2015, growth is anticipated to increase to 3.6% in 2016. The expected increase is attributed both to emerging markets and industrialized nations. The forecast is based on the assumption that even those countries laboring under economic difficulties in 2015 will be able to narrow their negative growth rates or even improve their economic performance. This mostly relates to Brazil and Russia. According to the IMF's figures, the positive trend in those two countries ought to more than make up for the slight decrease in the growth rate in China. Regarding the main industrialized regions, notably the USA and the euro area are forecast to return to stronger growth.

On the IMF's projections, the USA will contribute the biggest growth boost to the global economy in 2016. US economic growth is expected to be slightly stronger compared with the prior year, at about 2.8%. The 2015 figure stood at around 2.6%. In the meantime, according to the IMF, it is vital that monetary policy be gradually normalized so as to further bolster the economic recovery.

For Europe, estimates for 2016 project a slight gain in economic growth to some 1.6% – compared with growth of 1.5% in 2015. The trend in Europe is forecast to be driven by such factors as low oil prices, monetary policy easing and the depreciation of the euro.

[4] International Monetary Fund (IMF): "World Economic Outlook", October 2015.

In line with developments in Europe as a whole, the IMF likewise predicts 1.6% growth in gross domestic product (GDP) for Germany (2015: 1.5%).

The IMF's growth rate forecast for emerging economies in 2016 is 4.5%, slightly above the 2015 figure of 4.0%. That is only marginally higher than the growth rate in industrialized nations. Specifically, the IMF expects 6.3% GDP growth for China (2015: 6.8%) and an increase of 7.5% for India (2015: 7.3%); in Brazil, GDP is projected to drop only by a further 1.0% (2015: contraction of 3.0%).

The Russian economy is expected to see GDP contract by 0.6% in 2016. This represents a marked improvement compared with the 3.8% contraction in 2015. According to the IMF, the Ukraine crisis has so far only had an impact on the countries immediately affected by it as well as on their direct neighbors. The economic consequences of this for the Gerresheimer Group's markets, although difficult to estimate, should therefore be limited.

The same applies with regard to the potential consequences of political and economic developments in the Middle East. In total, the Gerresheimer Group generates annual revenues of less than EUR 10m in the Middle and Far East region. Accordingly, we expect the economic consequences for the Gerresheimer Group's markets to be correspondingly limited.

SECTORAL DEVELOPMENTS

Demographic change alone means that global demand for pharma and healthcare products is likely to keep on growing. The increase in the global population coupled with population aging and the resulting heightened demand for healthcare are expected to continue driving growth in the Group's business. According to IMS Institute estimates, spending on pharmaceuticals in mature markets such as the USA and Europe will increase by between 3% and 6% per year from 2016 to 2020, while emerging markets are projected to generate above-average growth of between 7% and 10% per year, as greater affluence drives the expansion of healthcare provision. In total, IMS thus projects global annual growth of between 4% and 7% for the period 2016 to 2020.[5)]

Factors behind these developments include the steadily rising number of chronic diseases such as asthma, chronic obstructive pulmonary disease and diabetes, which are becoming increasingly common due to changes relating to civilization and the environment. But the industry's growth is also driven by ever more exacting requirements for packaging and drug delivery systems connected with the trend toward self-medication.

MARKET AND BUSINESS OPPORTUNITIES FOR THE GERRESHEIMER GROUP

PROSPECTS FOR FINANCIAL YEAR 2016

The IMF forecasts moderate further growth for the global economy in 2016. At the same time, IMF experts urge caution since it cannot be ruled out that the momentum will slow down or level off in some regions. Despite what is still a difficult market environment for our customers in Brazil, we continue to expect that we will once again be able to further expand our core business with primary packaging and drug delivery systems for the pharma and healthcare industry in the financial year 2016.

Recent years have seen emerging economies step up the establishment and development of healthcare provision. This has brought more widespread use of out-of-patent drugs. We anticipate that this trend will continue unabated and that demand will go on rising in 2016.

EXPECTED RESULTS OF OPERATIONS

THE GROUP

Our overarching Group objective is to become the leading global partner for enabling solutions that improve health and well-being. To achieve this, we aim to expand our global presence and generate profitable, sustained growth.

PLASTICS & DEVICES

We anticipate onward growth for our customer-specific glass and plastic products for safe drug delivery in 2016. Our prescription drug delivery devices are still the main revenue driver in this segment. These primarily comprise insulin pens and inhalers, but also products related to diabetes care. Regionally speaking, our business with prescription drug delivery devices will retain its European focus. Overall, our business in this division remains firmly on track for growth thanks to clear, intact long-term trends. This is also reflected in expansion investment to bring new production lines into operation at sites in the USA and the Czech Republic.

Revenues from our plastic pharmaceutical packaging for over-the-counter drugs should continue to perform well, driven again by emerging markets in the financial year 2016.

Inclusion of our wholly owned subsidiary Centor for the first full year – after only one quarter in 2015 – will likewise deliver a marked boost to growth in this segment in 2016.

5) IMS Institute for Healthcare Informatics: "Global Medicines Use in 2020", November 2015.

PRIMARY PACKAGING GLASS

In our Primary Packaging Glass Division, we anticipate slight revenue growth with our glass primary packaging, such as pharma jars, ampoules, injection vials, cartridges, perfume flacons and cream jars. Once again in 2016, we will be deploying various measures to further boost our productivity. This mainly involves investment in standardizing our glass production machinery.

As in prior years, we expect revenue growth above all in our emerging market operations. In light of the favorable projections regarding development of the pharma market in emerging economies, we built a new plant in Kosamba, India, in 2015 and will be bringing it into operation at the end of the financial year 2016.

Revenues with glass pharmaceutical packaging are expected to show robust growth. We also anticipate a positive operating environment for the cosmetics business, and likewise expect to slightly increase revenues with glass cosmetic products in the financial year 2016.

LIFE SCIENCE RESEARCH

The Life Science Research Division does not have the same forward visibility as the other divisions because of the way the business model is structured: We sell our products here through distributors rather than directly, and lead times on orders are very short. Since business development depends to a large extent on how the US economy is fairing, all forecasts are associated with a high level of uncertainty. Revenue is likely to remain stable on the assumption that our customers will tend to retain their cautious spending policies in 2016 due to budget restrictions.

EXPECTED DEVELOPMENT OF NON-FINANCIAL SUCCESS FACTORS

EMPLOYEES

In view of the expected growth and additional projected standardization and rationalization measures, we expect that the size of the workforce will remain stable across the Group in future years. With ongoing globalization, there will be a shift in the regional weighting in favor of emerging markets.

RESEARCH AND DEVELOPMENT

We will continue to place major emphasis on our research and development activities in order to secure the Company's long-term growth through innovation.

PROCUREMENT

Likewise in 2016, we will continue to effect lasting improvements in procurement. Prices, terms and, above all, quality are key factors in generating further earnings growth. Based on current trends in the financial and real markets, we expect that prices will remain volatile.

PRODUCTION

We target zero defects in mass production. This represents a huge challenge given that we make products for the pharmaceuticals industry in very large quantities – in other words, billions of vials, containers and ampoules. To enhance product quality while reducing operational complexity at our plants, we will also continue to invest substantially in standardizing and improving our production machinery in the financial year 2016. As this multi-year initiative progresses, we will replace all machinery for pharmaceutical glass vials with new technology featuring better process reliability. These machines are a proprietary development made specially for our needs.

We undertook important steps to make our business less capital-intensive in the financial year 2015. With the sale of the glass tubing business and the permanent closure of the moulded glass plant in Millville, for example, we significantly reduced the number of furnaces we operate by a total of eight to thirteen. As well as cutting the number and volume of overhauls, this also results in lower capital expenditure needs, as furnaces are highly capital-intensive. We also expect a decrease in the ratio of net working capital to revenues, as buying finished glass tubes in line with requirements means that we hold less inventory overall.

ENVIRONMENT

We have an ongoing commitment to the responsible use of natural resources and protection of the environment. For instance, the financial year saw us take part in the Carbon Disclosure Project for the seventh time in succession. This requires us to measure, analyze and manage carbon emissions at all production locations and submit a comprehensive Annual Report stating the composition of and changes in emissions, most importantly detailing adopted mitigation measures. Under our environmental strategy, we aim to reduce the ratio of emissions to revenues. This means that our revenues are to grow faster in the future than the unavoidable emissions produced in revenue generation. We will once again participate in the Carbon Disclosure Project in 2016.

EXPECTED FINANCIAL SITUATION AND LIQUIDITY

The Gerresheimer Group had EUR 93.7m in cash and cash equivalents as of November 30, 2015 (2014: EUR 67.9m). In addition, EUR 217.2m remained undrawn on the revolving credit facility as of the balance sheet date (2014: EUR 164.0m). This puts us in a sound financial position. In the financial year ahead, we will continue to have sufficient liquidity to finance capital expenditure and meet our other financial obligations.

DIVIDEND POLICY

At the Annual General Meeting on April 28, 2016, the Management Board and Supervisory Board will be jointly proposing that a dividend of EUR 0.85 per share be paid out for the financial year 2015. This represents an increase of 13% against the prior-year dividend. The dividend ratio amounts to 25% of adjusted net income after non-controlling interests. In line with our operating performance, we plan to retain our dividend policy in the financial year 2016 and distribute to our shareholders between 20% and 30% of adjusted net income after non-controlling interests.

MEGATRENDS

In our business development forecasts, we primarily endeavor to identify highly probable trends in our markets. Of particular importance in this regard are long-term global trends – also referred to as megatrends. In general, these are very stable trends not especially susceptible to setbacks. It is crucial for us to pinpoint such trends in order to be able to make strategic decisions for our Company. They relate to issues such as the development of new growth markets as well as changes in the nature and scope of demand for our products. In order to evaluate these issues, it is necessary to look into which of the currently evident trends are based on short-term developments and which are expected to be long-term and largely unaffected by political or economic events. There are six main megatrends that we expect to have a positive impact on our business development.

1. TREND TOWARD GENERIC DRUGS

IMS Health's experts estimate that revenues with generic drugs will grow by some 7% a year in the period from 2016 to 2019.[6] Generics revenues will show particularly strong growth in emerging markets since medicines become affordable for many patients once patent protection no longer applies. In traditional markets further along the development cycle, too, drug licensing and control authorities as well as health insurance funds place emphasis on good outcomes in cost-benefit analysis, in many cases leading to the approval and increasingly the prescription of generic drugs. This is a favorable trend for us, as the selling price of a drug is a secondary concern from our perspective. What counts most for us is volume growth, and so the growth of the generic drugs market drives our Group revenues and hence net income.

2. GROWTH OF HEALTHCARE IN EMERGING MARKETS

IMS Health predicts that emerging market pharma revenues between 2016 and 2020 will grow by between 7% and 10% a year.[7] The most important markets include China, followed by India and Brazil. Even densely populated China, however, attains only relatively small volumes in terms of pharma revenues compared with the USA. Some USD 115bn was spent on pharmaceuticals in China in 2015, compared with over USD 430bn in the USA.[7] Given the population densities in emerging markets, we see huge growth potential in their more robust healthcare systems and already have a strong presence with numerous plants in China, India, Brazil and Mexico.

3. INCREASING REGULATORY REQUIREMENTS

Healthcare authorities – especially those in the US – continue to impose ever more exacting regulatory requirements. These have long since ceased to relate solely to drug making and are nowadays equally relevant to the production of pharmaceutical packaging. Primary packaging must protect and preserve medication while preventing loss of, or variation in, efficacy. This is why healthcare authorities license new drugs only in tandem with approval for the associated primary packaging. Ultimately, the primary concern is patients' health. We consequently invest in quality worldwide and, in doing so, set ourselves apart from potential competitors, as barriers to entry are raised higher and higher as a result.

4. DEVELOPMENT OF NEW DRUGS

New drugs regularly place fresh demands on packaging. IMS Health experts anticipate that intensive research and development activity by major pharma companies will bring numerous new pharmaceutical drugs onto the market in the next five years. This will mean improvements in the treatment of some illnesses while others can be treated for the first time.[7] Here, we can offer innovative solutions based around new materials such as high-performance COP plastic or tempered glass. A key competitive advantage for us is our in-depth materials expertise combined with our very broad product range compared with competitors. This makes the specific means of delivery used for a new drug irrelevant to us as our exceptionally broad product portfolio offers almost every conceivable glass and plastic packaging solution for drugs in liquid, solid or powder form. Similarly, we have an extensive range of packaging for pharmaceuticals produced in traditional chemical processes, for drugs made using biotechnology, likewise for generics as well as for all types of readily available pharmaceuticals.

5. RISE OF ACUTE AND CHRONIC ILLNESSES

The prevalence of chronic illnesses is growing. Today, some 415 million people suffer from diabetes. It is estimated that this figure could reach 642 million in 25 years' time. In all probability, the proportion of people suffering from diabetes will swell from one in eleven today to one in ten by 2040, coupled with ongoing growth in the global population. Add to this that only every second diabetes sufferer is so far diagnosed as such.[8] Increasing quantities of drugs are thus needed to treat growing numbers of patients, and each individual pharmaceutical product requires a suitable packaging and delivery

[6] IMS Health, "Syndicated Service, Representative Data Set", January 2016.

[7] IMS Institute for Healthcare Informatics: "Global Medicines Use in 2020", November 2015.

[8] IDF, "Diabetes Atlas", 7th edition, 2015 (www.diabetesatlas.org).

solution. To this end, we work together with customers to develop insulin pens, skin-prick aids for diabetics and asthma inhalers that are used in their millions every day. Pharmaceuticals companies wish to attract patients with safe drug delivery products that not only perform well but have an appealing look and feel. Developing such products in close harness with customers is one of our major strengths.

6. GROWING TREND TOWARD SELF-MEDICATION

When patients need to medicate themselves, reliable, simple solutions are called for. We offer a wealth of smart self-medication products for this purpose. At the same time, these products make medication easier to take, help avoid medication errors, and give patients greater freedom and enhanced quality of life. They also help cut costs in the healthcare system because many of them serve to reduce the quantity and duration of outpatient or inpatient care that would otherwise be needed.

OVERALL OUTLOOK ASSESSMENT

Our Company is well equipped for the coming financial years. Thanks to investment in profitable markets already completed or projected, coupled with past acquisitions, we are in an outstanding position to seize the opportunities and address the developments that lie ahead in the pharma sector. We have a sound financial base, long-range financing and a clear-cut corporate strategy founded on long-term megatrends. We will continue to globalize our Company, consolidate markets and add attractive technologies to our portfolio. The goal in all activities is to sharpen our focus on the pharma and healthcare industry. Alongside the organic growth we plan to finance out of operating cash flow, acquisitions – subject to careful appraisal of opportunities and risks – will continue to be instrumental. We are very well positioned relative to our competitors.

OVERALL GROUP

In the following, we set out our expectations for the financial year 2016, in each case based on constant exchange rates. For the US dollar – which has the largest currency impact on our Group currency, accounting for about a third of Group revenues in 2016 – we have assumed an exchange rate of approximately USD 1.12 to EUR 1.00.

We anticipate Group revenues of around EUR 1.5bn (plus or minus EUR 25m) on a constant exchange rate basis in the financial year 2016. The Group revenues of EUR 1.5bn correspond to revenue growth of about 9% at constant exchange rates compared with revenues in the financial year 2015 and organic revenue growth of between 4% and 5%.[9]

Adjusted EBITDA is expected to increase to some EUR 320m (plus or minus EUR 10m) in the financial year 2016.

Primarily in light of the strong growth prospects and as a result of our productivity and quality initiatives, capital expenditure in the financial year 2016 is expected to be no more than roughly 8% of revenues at constant exchange rates, and thus at the lower end of our prior guidance for the financial years 2016 to 2018 of between 8.0% and 9.0% of revenues at constant exchange rates. In this connection, we undertook major steps to make our business less capital-intensive in the financial year 2015. With the sale of the glass tubing business and the permanent closure of the moulded glass plant in Millville, for example, we significantly reduced the number of furnaces we operate by a total of eight to thirteen. As well as reducing the number and volume of overhauls, this also results in lower capital expenditure needs, as furnaces are highly capital-intensive. Another helpful factor is that our new acquisition Centor’s annual capital expenditure requirement is merely between 3% and 4% of revenues, thus echoing the trend toward lower capital expenditure.

At the same time, we anticipate a decrease in the ratio of net working capital to revenues, among other things because buying finished glass tubes in line with requirements following the sale of the glass tubing business means that we hold less inventory overall. We envision the strong likelihood of average net working capital improving by about two percentage points in 2016 to around 17% of revenues at constant exchange rates.

However, the positive impact on free cash flow of the lower capital expenditure and the expected decrease in net working capital will only be felt in full from the financial year 2017, because – as already communicated – we have to settle some EUR 35m in current tax in 2016 on the sale proceeds from the glass tubing business in the USA.[10]

In addition, we confirm our guidance for the financial years 2016 to 2018, in each case stated at constant exchange rates and once again assuming a US dollar exchange rate of USD 1.12 to EUR 1.00.

- For the stated period, we are aiming for average annual organic revenue growth of between 4% and 5%.[11]
- For the adjusted EBITDA margin, we have a target of approximately 22% for the financial year 2018.[11]

This means our operating cash flow margin in 2018 should be around 13% (previously above 10%) and ROCE should be above the level of our 12% long-term target.

In order to meet these targets, we will in all probability require significantly lower annual capital expenditure of the order of only about 8% of revenues at constant exchange rates.

Average net working capital in 2018 is projected to amount to only around 17% (previously around 18%) of revenues at constant exchange rates.

[9] Measured at constant exchange rates, including pro forma revenues from Centor for twelve months in the financial year 2015, excluding the sold glass tubing business for the entirety of 2015 and assuming completion of portfolio optimization in 2015.

[10] Already recognized for accounting purposes as a consolidated income statement item in the 2015 consolidated financial statements. The figure concerned is thus solely a cash outflow in 2016.

[11] No change relative to the most recent revision announced on July 28, 2015 in connection with the Centor acquisition.

Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

Financial year 2015 (December 1, 2014 to November 30, 2015)

in EUR k	Note	2015	2014
Revenues	(8)	1,377,232	1,290,016
Cost of sales	(9)	-972,237	-933,894
Gross profit		**404,995**	**356,122**
Selling and administrative expenses	(10)	-262,011	-222,105
Other operating income	(11)	93,273	23,880
Restructuring expenses	(13)	-6,922	-4,387
Other operating expenses	(14)	-35,860	-23,644
Share of profit or loss of associated companies	(21)	96	30
Results of operations		**193,571**	**129,896**
Finance income	(15)	4,816	3,497
Finance expense	(15)	-39,374	-34,044
Net finance expense		**-34,558**	**-30,547**
Net income before income taxes		159,013	99,349
Income taxes	(16)	-46,355	-26,498
Net income		**112,658**	**72,851**
Attributable to equity holders of the parent		104,217	66,336
Attributable to non-controlling interests	(28)	8,441	6,515
Earnings per share (in EUR)[1]	(17)	**3.32**	**2.11**

[1] The basic earnings per share figure stated here also corresponds in absence of potential diluted shares to diluted earnings per share.

Notes (1) to (42) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial year 2015 (December 1, 2014 to November 30, 2015)

in EUR k	Note	2015	2014
Net income		**112,658**	**72,851**
Results from the revaluation of defined benefit plans	(30)	4,141	-11,921
Income taxes		-1,858	3,643
Other comprehensive income that will not be reclassified subsequently to profit or loss		**2,283**	**-8,278**
Changes in the fair value of interest rate swaps and available for sale financial assets		–	2,601
Amount recognized in profit or loss	(15)	420	-1,331
Income taxes		-160	-484
Other comprehensive income from financial instruments		**260**	**786**
Currency translation		10,753	5,220
Other comprehensive income from currency translation reserve		**10,753**	**5,220**
Other comprehensive income that will be reclassified to profit or loss when specific conditions are met		**11,013**	**6,006**
Other comprehensive income		**13,296**	**-2,272**
Total comprehensive income		**125,954**	**70,579**
Attributable to equity holders of the parent		106,460	58,970
Attributable to non-controlling interests		19,494	11,609

Notes (1) to (42) are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As of November 30, 2015

ASSETS

in EUR k	Note	Nov. 30, 2015	Nov. 30, 2014
Non-current assets			
Intangible assets	(19)	1,252,508	557,597
Property, plant and equipment	(20)	604,605	579,144
Investment property	(20)	5,791	3,861
Investments accounted for using the equity method	(21)	237	86
Income tax receivables		732	–
Other financial assets	(22)	5,245	5,787
Other receivables	(23)	5,267	–
Deferred tax assets	(24)	8,085	7,282
		1,882,470	**1,153,757**
Current assets			
Inventories	(25)	186,392	193,665
Trade receivables	(26)	219,014	208,480
Income tax receivables		3,598	5,363
Other financial assets	(22)	10,882	2,695
Other receivables	(23)	23,903	24,033
Cash and cash equivalents	(27)	93,668	67,936
		537,457	**502,172**
Total assets		**2,419,927**	**1,655,929**

EQUITY AND LIABILITIES

in EUR k	Note	Nov. 30, 2015	Nov. 30, 2014
Equity			
Subscribed capital	(28)	31,400	31,400
Capital reserve	(28)	513,827	513,827
IAS 39 reserve	(6)	-36	-263
Currency translation reserve		-31,938	-31,655
Retained earnings	(28)	113,152	30,108
Equity attributable to equity holders of the parent		**626,405**	**543,417**
Non-controlling interests	(28)	71,726	60,955
		698,131	**604,372**
Non-current liabilities			
Deferred tax liabilities	(29)	146,509	32,588
Provisions for pensions and similar obligations	(30)	158,210	169,793
Other provisions	(32)	6,826	5,444
Other financial liabilities	(33)	740,782	386,123
Other liabilities	(34)	277	1,799
		1,052,604	**595,747**
Current liabilities			
Provisions for pensions and similar obligations	(30)	19,292	13,866
Other provisions	(32)	64,573	56,454
Trade payables	(33)	160,940	125,483
Other financial liabilities	(33)	249,611	124,241
Income tax liabilities		56,487	21,791
Other liabilities	(34)	118,289	113,975
		669,192	**455,810**
		1,721,796	**1,051,557**
Total equity and liabilities		**2,419,927**	**1,655,929**

Notes (1) to (42) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Financial year 2015 (December 1, 2014 to November 30, 2015)

			Other comprehensive income					
in EUR k	Subscribed capital	Capital reserve	IAS 39 reserve	Currency translation reserve	Retained earnings	Equity holders of the parent	Non-controlling interests	**Total equity**
As of November 30/December 1, 2013	**31,400**	**513,827**	**-1,016**	**-31,814**	**-6,512**	**505,885**	**57,520**	**563,405**
Put option	–	–	–	–	819	819	–	819
Acquisition of non-controlling interests	–	–	–	–	-277	-277	-552	-829
Net income	–	–	–	–	66,336	66,336	6,515	72,851
Other comprehensive income	–	–	753	159	-8,278	-7,366	5,094	-2,272
Total comprehensive income	**–**	**–**	**753**	**159**	**58,058**	**58,970**	**11,609**	**70,579**
Distribution	–	–	–	–	-21,980	-21,980	-7,622	-29,602
As of November 30/December 1, 2014	**31,400**	**513,827**	**-263**	**-31,655**	**30,108**	**543,417**	**60,955**	**604,372**
Change in the consolidated group	–	–	–	–	78	78	–	78
Net income	–	–	–	–	104,217	104,217	8,441	112,658
Other comprehensive income	–	–	227	-283	2,299	2,243	11,053	13,296
Total comprehensive income	**–**	**–**	**227**	**-283**	**106,516**	**106,460**	**19,494**	**125,954**
Distribution	–	–	–	–	-23,550	-23,550	-8,723	-32,273
As of November 30, 2015	**31,400**	**513,827**	**-36**	**-31,938**	**113,152**	**626,405**	**71,726**	**698,131**

Notes (1) to (42) are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Financial year 2015 (December 1, 2014 to November 30, 2015)

in EUR k	Note	2015	2014
Net income		112,658	72,851
Income taxes	(16)	46,355	26,498
Depreciation of property, plant and equipment	(20)	82,064	85,508
Amortization of intangible assets	(19)	42,168	19,474
Portfolio optimization		8,960	12,601
Share of profit or loss of associated companies	(21)	-96	-30
Change in other provisions		-2,392	7,702
Change in provisions for pensions and similar obligations		-10,440	-11,458
Gain (-)/Loss (+) on the disposal of non-current assets		-72,625	235
Net finance expense	(15)	34,558	30,547
Interest paid		-29,016	-22,156
Interest received		1,533	1,494
Income taxes paid		-40,867	-42,615
Income taxes received		2,032	990
Change in inventories		7,515	5,862
Change in trade receivables and other assets		-3,821	-15,660
Change in trade payables and other liabilities		55,881	-11,013
Other non-cash expenses/income		-30,691	-2,544
Cash flow from operating activities		**203,776**	**158,286**
Cash received from disposals of non-current assets		1,080	325
Cash paid for capital expenditure			
in property, plant and equipment		-121,670	-122,151
in intangible assets		-4,129	-3,497
Cash received in connection with divestments	(7)	175,159	338
Cash paid for the acquisition of subsidiaries, net of cash received	(7)	-650,520	-
Cash flow from investing activities		**-600,080**	**-124,985**
Acquisition of non-controlling interests	(7)	–	-829
Distributions to third parties		-32,414	-29,938
Distributions from third parties		45	56
Raising of loans		1,454,109	122,745
Repayment of loans		-1,002,377	-132,667
Cash paid for finance lease		-546	-476
Cash flow from financing activities		**418,817**	**-41,109**
Changes in cash and cash equivalents		**22,513**	**-7,808**
Effect of exchange rate changes on cash and cash equivalents		3,219	2,652
Cash and cash equivalents at the beginning of the period	(27)	67,936	73,092
Cash and cash equivalents at the end of the period	(27)	**93,668**	**67,936**

Notes (1) to (42) are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Gerresheimer AG for the Financial Year December 1, 2014 to November 30, 2015

(1) General

The Gerresheimer Group is a leading international manufacturer of high-quality specialty glass and plastic products for the global pharma and healthcare industry. Based on in-house development and the latest production technologies, Gerresheimer offers pharmaceutical primary packaging, drug delivery systems, diagnostic systems and the full range of glass products for the life science research sector.

The consolidated financial statements as of November 30, 2015 were prepared in accordance with the International Financial Reporting Standards (IFRSs), applicable as of the reporting date, issued by the International Accounting Standards Board (IASB) as adopted by the European Union as well as with regulations under commercial law as set fourth in section 315a of the German Commercial Code (Handelsgesetzbuch/HGB)). Gerresheimer AG has its registered office in Duesseldorf, Germany. Its address is Klaus-Bungert-Strasse 4, 40468 Duesseldorf. Gerresheimer AG is entered in the commercial register Duesseldorf District Court (Amtsgericht – HRB 56040).

Other than as noted below, the accounting policies are consistent with the prior year. The following new or revised standards were additionally adopted for the first time:

- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interests in Other Entities
- IFRS 10, IFRS 11, IFRS 12, Transition Guidance
- IFRS 10, IFRS 12, IAS 27, Investment Entities
- IAS 27, Separate Financial Statements (revised 2012)
- IAS 28, Investments in Associates and Joint Ventures (revised 2011)
- IAS 32, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- IAS 36, Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39, Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
- IFRS Annual Improvements
  In December 2013, the IASB published the sixth set of annual improvements with amendments modifying four different standards. The amendments are effective for annual periods beginning on or after July 1, 2014.
- IFRIC 21, Levies

IFRS 12 results in additional disclosures in the notes of the consolidated financial statements of Gerresheimer AG compared with previous legal situation.

Adoption of the additionally above-mentioned standards, where applicable to the Group's business operations, have not had any significant effect on the consolidated financial statements in the period of adoption.

The IASB and IFRS Interpretations Committee have also published the following standards and interpretations not yet applicable in the financial year:

- IFRS 9, Financial Instruments (not yet endorsed by the EU)
- IFRS 10, IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (not yet endorsed by the EU)
- IFRS 10 IFRS 12, IAS 28, Investment Entities – Applying the Consolidation Exception (not yet endorsed by the EU)
- IFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
- IFRS 14, Regulatory Deferral Accounts (not yet endorsed by the EU)
- IFRS 15, Revenue from Contracts with Customers (not yet endorsed by the EU)
- IAS 1, Presentation of Financial Statements – Disclosure Initiative (endorsed by the EU December 19, 2015)
- IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation (endorsed by the EU December 3, 2015)
- IAS 16, Property, Plant and Equipment and IAS 41, Agriculture: Bearer Plants
- IAS 19, Defined Benefit Plans – Employee Contributions
- IAS 27, Separate Financial Statements – Equity Method in Separate Financial Statements (endorsed by the EU December 23, 2015)
- IFRS Annual Improvements
  In December 2013, the IASB published the fifth set of annual improvements with a total of six amendments modifying seven different standards. The amendments are effective for entities registered in the EU for annual periods beginning on or after February 1, 2015.
- IFRS Annual Improvements
  In September 2014, the IASB published the seventh set of annual improvements with a total of five amendments modifying four different standards. The amendments (endorsed by the EU December 16, 2015) are effective for annual periods beginning on or after January 1, 2016.

From today´s perspective, the future application of IFRS 15 will tend to lead to later revenue recognition in construction contracts. The potential impact of IFRS 9 on the consolidated financial statements cannot yet be conclusively assessed. The Management Board does not expect any material effect on the consolidated financial statements from the first time adoption of the above-mentioned standards.

Preparation of the consolidated financial statements in compliance with the financial reporting principles applied requires estimates, assumptions and judgments that affect the recognition and measurement of assets and liabilities as of the balance sheet date, the disclosure of contingent liabilities and assets as of the balance sheet date and the amounts of income and expenses reported in the reporting period. Although estimates are made to the best of management's knowledge with respect to current events and transactions, actual future results may differ from the estimated amounts. The main future-related assumptions subject to estimation uncertainty relate to option pricing for phantom stocks (see note (31)), measurement of recoverable amounts for goodwill and brand names in impairment testing (see note (19)), measurement of deferred tax assets (including on initial recognition; see note (24)), the determination of parameters for the measurement of pension provisions (see note (30)), and purchase price allocation (see note (12)).

To improve the clarity and information value of the financial statements, certain items are combined in the balance sheet and the income statement and disclosed separately in the notes. The income statement has been prepared using the function of expense method.

The consolidated financial statements are presented in euros, the functional currency of the parent company.

The consolidated financial statements of Gerresheimer AG are published in German in the Federal Law Gazette and on the Internet at www.gerresheimer.com.

(2) Consolidated Group

The basis of consolidation changed as follows for the Gerresheimer Group during the **financial year 2015**:

a) Sale of the glass tubing business

In line with our strategy to focus on packaging solutions for our pharmaceutical customers, Gerresheimer signed an agreement on June 29, 2015, to sell the glass tubing business (part of the Primary Packaging Glass division) to Corning Inc. The transaction was completed on November 2, 2015. The business employs approximately 300 people in our plants in Pisa, Italy, and Vineland, New Jersey, USA. Both partners entered into a ten-year-supply agreement for glass tubes that secures the high demand for glass tubing of Gerresheimer. In addition, both companies have established the company Corning Pharmaceutical Packaging LLC, Wilmington, USA, to accelerate innovations for the pharmaceutical glass packaging market. Gerresheimer AG holds indirectly a stake of 25% of this newly founded company.

Expenses and income are disclosed in the result from continuing operations until the date of sale. There was no impairment loss to be recognized as a result of the remeasurement of the disposal group at the lower of its carrying amount and fair value less costs to sell.

The purchase price of the transaction before net working capital adjustments and net debt adjustments amounted to EUR 196,000k. The resulting book gain arising from the divestment of EUR 72,808k is included in the income statement within other operating income in the Primary Packaging Glass Division.

The assets and liabilities disposed of on November 2, 2015, break down as follows:

ASSETS

in EUR k	
Intangible assets	39,213
Property, plant and equipment	66,058
Inventories	17,009
Trade receivables	12,465
Income tax receivables	86
Other receivables	1,731
Cash and cash equivalents	282
Deferred tax assets on loss carryforwards	2,420
	139,264

LIABILITIES

in EUR k	
Provisions	3,846
Trade payables	12,083
Other financial liabilities	21,100
Other liabilities	2,669
	39,698

b) Acquisition of Centor US Holding Inc.

In the **current financial year**, an agreement was signed on July 27, 2015, for the purchase of 100% of capital shares and voting rights in the American Centor U.S. Holding Inc., Perrysburg, Ohio, USA (hereinafter Centor). Centor U.S. Holding Inc. directly and indirectly holds 100% of the capital shares and voting rights in Centor Inc. and Centor Pharma Inc., both based in Perrysburg, Ohio, USA. The transaction was completed on September 1, 2015, and thereof the company is included in the consolidated financial statements of Gerresheimer AG since the fourth quarter 2015.

The purchase price of the stake before net working capital adjustments was USD 725,000k, which was paid partly in EUR and partly in USD. The net working capital adjustments resulting from the sale and purchase agreement amounted to USD 2,733k. The purchase price has also been adjusted by an exchange rate effect in the amount of USD 4,691k. In order to hedge the purchase price to be paid in cash of EUR 652,095k, a forward exchange transaction was contracted with closing of the agreement. A one-off effect for exchange rate losses of EUR 8,524k has resulted on remeasurement of the closing out of the purchase price hedge on completion of the Centor transaction on September 1, 2015, which is recognized in other operating expenses. These expenses are countered by a remeasurement gain of EUR 4,037k recognized in other operating income. An expense of EUR 3,490k for the exchange rate hedge on the purchase price payment for Centor was additionally recognized in net finance expense.

Acquisition-related costs amounted to EUR 7,078k as of November 30, 2015, and are recognized as one-off expenses in the income statement within other operating expenses.

Centor is the leading producer of plastic packaging and closures for oral prescription medication in the US end-consumer market. A feature of the US market for prescription medication is the pour-and-count system, where the precise amount of oral medication stated in a prescription is specially packaged for each patient in a plastic container. Centor has a strong product portfolio for this purpose, including the Screw-Loc® and 1-Clic® product lines, which are the two leading forms of plastic packaging in the USA. A spin-off from the Nemera group, Centor supplies national and regional pharmacy chains, supermarkets and wholesalers. Nemera is the former Rexam Healthcare division sold by Rexam in 2014.

The acquisition was accounted for using the acquisition method on the basis of the fair values of the identified assets and liabilities. The acquisition of Centor affected the consolidated balance sheet of Gerresheimer AG at the date of initial consolidation on September 1, 2015 as follows:

ASSETS

in EUR k	Sept 1, 2015
Non-current assets	
Intangible assets	731,169
Property, plant and equipment	39,438
	770,607
Current assets	
Inventories	7,547
Trade receivables	24,037
Other financial assets	30
Other receivables	3,034
Cash and cash equivalents	2,556
	37,204
Total	**807,811**

EQUITY AND LIABILITIES

in EUR k	Sept 1, 2015
Non-current liabilities	
Deferred tax liabilities	129,137
	129,137
Current liabilities	
Other provisions	1,660
Trade payables	20,482
Income tax liabilities	2,498
Other liabilities	1,939
	26,579
Purchase price	**652,095**
Total	**807,811**

Gerresheimer AG entered into an agreement on a loan facility on September 1, 2015 – in addition to drawings on the revolving credit facility of EUR 95,000k – for a total amount of EUR 550,000k to finance the Centor acquisition. This bridging loan, which has a term of twelve months from the September 1, 2015, drawing date and a six-month extension option, serves to finance the purchase price for Centor. The loan was redeemed before November 30, 2015, by means of a EUR 425,000k issuance of bonded loans with maturities of five, seven and ten years and a EUR 125,000k payment from the sale of the glass tubing business.

EUR 276,064k in goodwill was recognized on the acquisition; this primarily relates to expected earnings potential from the acquisition and the company's existing workforce. It is included in intangible assets in the above table. For tax purposes no goodwill from the transaction has been taken into account. Fair value adjustments of EUR 455,105k in intangible assets were recognized in the course of purchase price allocation. The intangible assets consist of brand names (EUR 4,012k), customer relationships (EUR 449,131k) and orders on hand (EUR 1,962k). A further EUR 19,174k in adjustments was recognized in property, plant and equipment and in inventories in the course of purchase price allocation. Deferred tax liabilities were recognized in the amount of EUR 129,137k. The nominal value of the acquired receivables corresponds to their fair value at the acquisition date whereas the acquired receivables are expected as completely recoverable. In all other respects, the received assets and liabilities were accounted for at their carrying amounts on acquisition.

In its first three months in the Group, Centor generated revenues of EUR 31,151k, EBITDA of EUR 11,020k and net income after income taxes of EUR 2,104k.

If Centor had been included in the consolidated financial statements from the beginning of the financial year 2014/2015, it would have contributed EUR 142,969k to Group revenues, EUR 63,253k to EBITDA and EUR 17,898k to net income.

c) Other changes in the consolidated group

With economic effect from March 31, 2015, VR-Leasing SALMO GmbH & Co. Immobilien KG, Eschborn, Germany, was merged under commercial law with Gerresheimer Regensburg GmbH, Regensburg, Germany.

Furthermore, Gerresheimer Plastic Packaging AB, Malmoe, Sweden, was liquidated with effect from August 27, 2015.

d) Changes in the consolidated group within financial statements 2014

In the financial year 2014 the consolidated group of Gerresheimer Group changed as follows:

With effect from December 9, 2013, Gerresheimer AG acquired indirectly the remaining 1% shareholding in Gerresheimer Momignies S.A., Momignies, Belgium, and thus also in the subsidiary Nouvelles Verreries de Momignies Inc., Larchmont, NY, USA. The purchase price was EUR 183k. Thus, the shareholding of the Gerresheimer AG in the company is indirectly 100%.

Gerresheimer UK Ltd., Reading, UK, was liquidated and deconsolidated with effect from December 26, 2013. The deconsolidation had no significant impact on the net assets, financial position and results of operations or cash flows of the Gerresheimer Group.

Furthermore, the option for the transfer of shares of Gamma Grundstücks-Vermietungsgesellschaft mbH, Duesseldorf, Germany, with which a real estate lease as lessor of the production site of Gerresheimer Essen GmbH, Essen, Germany, exists, was exercised on December 31, 2013. Gamma Grundstücks-Vermietungsgesellschaft mbH, Duesseldorf, Germany, was merged with Gerresheimer Essen GmbH, Essen, Germany, with effect from January 1, 2014. Due to the classification of the lease as a finance lease the relevant assets were already included in the consolidated financial statements in prior years. The legal change therefore has no impact on the consolidated financial statements.

On March 5, 2014, the remaining 2.34% shareholding in Neutral Glass & Allied Industries Private Ltd., Mumbai, India, was acquired as a result of the founding families exercising their put option. The purchase price was EUR 646k. The Gerresheimer AG consequently holds indirectly 100% in the company.

On May 20, 2014, the transfer of shares of Beijing Gerresheimer Glass Co. Ltd., Huangcun, Beijing, China, to the former company partner became effective. The Gerresheimer AG indirectly held 45.70%. In the financial year 2013, the shareholding was remeasured in accordance with IFRS 5 "Assets held for sale" in light of the intention to sell the shareholding and the commencement of negotiations with a view to a sale. The sale was made at carrying amount and therefore no gain or loss has been incurred.

With economic effect from August 31, 2014, Gerresheimer Hallenverwaltungs GmbH & Co. Objekt Lohr/Main KG, Duesseldorf, Germany, was merged under commercial law with Gerresheimer Lohr GmbH, Lohr/Main, Germany.

The full list of shareholdings of Gerresheimer AG as of November 30, 2015 is set out below:

in %	Investment (direct and indirect)
Entities included in the consolidated financial statements	
Asia	
Gerresheimer Medical Plastic Systems Dongguan Co. Ltd., Wang Niu Dun Town, Dongguan City (China)	100.00
Gerresheimer Pharmaceutical Packaging Mumbai Private Ltd., Mumbai (India)	100.00
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	60.00
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	60.00
Kimble Bomex (Beijing) Labware Co. Ltd., Beijing (China)	70.00[1]
Neutral Glass & Allied Industries Private Ltd., Mumbai (India)	100.00
Triveni Polymers Private Ltd., New Delhi (India)	75.00
Europe	
DSTR S.L.U., Epila (Spain)	100.00
Gerresheimer Boleslawiec S.A., Boleslawiec (Poland)	100.00
Gerresheimer Buende GmbH, Buende/Westphalia (Germany)[2]	100.00
Gerresheimer Chalon SAS, Chalon-sur-Saone (France)	100.00
Gerresheimer Denmark A/S, Vaerloese (Denmark)	100.00
Gerresheimer Essen GmbH, Essen-Steele (Germany)[2]	100.00
GERRESHEIMER GLAS GmbH, Duesseldorf (Germany)[2]	100.00
Gerresheimer Group GmbH, Duesseldorf (Germany)[2]	100.00
Gerresheimer Hallenverwaltungs GmbH, Duesseldorf (Germany)[2]	100.00
Gerresheimer Hallenverwaltungs GmbH & Co. Objekt Duesseldorf KG, Duesseldorf (Germany)[3]	100.00
Gerresheimer Holdings GmbH, Duesseldorf (Germany)[2]	100.00
Gerresheimer Horsovsky Tyn spol. s r.o., Horsovsky Tyn (Czech Republic)	100.00
Gerresheimer item GmbH, Muenster (Germany)[2]	100.00
Gerresheimer Kuessnacht AG, Kuessnacht (Switzerland)	100.00
Gerresheimer Lohr GmbH, Lohr/Main (Germany)[2]	100.00
Gerresheimer Medical Plastic Systems GmbH, Regensburg (Germany)[2]	100.00
Gerresheimer Momignies S.A., Momignies (Belgium)	100.00
Gerresheimer Moulded Glass GmbH, Tettau/Upper Franconia (Germany)[2]	100.00
Gerresheimer Plastic Packaging SAS, Besancon (France)	100.00
Gerresheimer Regensburg GmbH, Regensburg (Germany)[2]	100.00
Gerresheimer Spain S.L.U., Epila (Spain)	100.00
Gerresheimer Tettau GmbH, Tettau/Upper Franconia (Germany)[2]	100.00
Gerresheimer Vaerloese A/S, Vaerloese (Denmark)	100.00
Gerresheimer Valencia S.L.U., Masalaves (Spain)	99.84
Gerresheimer Werkzeugbau Wackersdorf GmbH, Wackersdorf (Germany)[2]	100.00
Gerresheimer Wertheim GmbH, Wertheim (Germany)[2]	100.00
Gerresheimer Zaragoza S.A., Epila (Spain)	99.84
Scherf-Praezision Europa GmbH, Meiningen-Dreissigacker (Germany)	100.00[1]
Americas	
Centor Inc., Perrysburg, OH (USA)	100.00
Centor Pharma Inc., Perrysburg, OH (USA)	100.00
Centor U.S. Holding Inc., Perrysburg, OH (USA)	100.00
Gerresheimer Buenos Aires S.A., Buenos Aires (Argentina)	99.84
Gerresheimer Glass Inc., Vineland, NJ (USA)	100.00
Gerresheimer Mexico Holding LLC, Wilmington, DE (USA)	100.00
Gerresheimer MH Inc., Wilmington, DE (USA)	100.00
Gerresheimer Peachtree City (USA) L.P., Peachtree City, GA (USA)	100.00
Gerresheimer Peachtree City Inc., Peachtree City, GA (USA)	100.00
Gerresheimer Plasticos Sao Paulo Ltda., Embu (Brazil)	100.00
Gerresheimer Queretaro S.A., Queretaro (Mexico)	100.00
Gerresheimer Sistemas Plasticos Medicinais Sao Paulo Ltda., Indaiatuba (Brazil)	100.00
Kimble Chase Life Science and Research Products LLC, Vineland, NJ (USA)	51.00
Kimble Kontes LLC, Vineland, NJ (USA)	100.00[1]
Kontes Mexico S. de R.L. de C.V., Queretaro (Mexico)	100.00[1]
Associated companies	
Gerresheimer Tooling LLC, Peachtree City, GA (USA)	30.00
PROFORM CNC Nastrojarna spol. s r.o., Horsovsky Tyn (Czech Republic)	30.15
Non-consolidated companies[4]	
Nouvelles Verreries de Momignies Inc., Larchmont, NY (USA)	100.00
Corning Pharmaceutical Packaging LLC, Wilmington, DE (USA)	25.00

[1] The percentage shareholding represents the direct investment held by Kimble Chase Life Science and Research Products LLC.
[2] Entities exempted under section 264 (3) of the German Commercial Code (Handelsgesetzbuch/HGB) from preparing notes and a management report and from disclosing annual financial statements.
[3] The company made use of the exemption offered by section 264b of the German Commercial Code (Handelsgesetzbuch/HGB).
[4] Companies not consolidated as not material to the net assets, financial position and results of operations or the cash flows of the Group.

The following table shows the subsidiaries with material **non-controlling interests**:

	Nov. 30, 2015			Nov. 30, 2014		
in EUR k	Investment in non-controlling interests in %	Non-controlling interests	Distributions to non-controlling interests	Investment in non-controlling interests in %	Non-controlling interests	Distributions to non-controlling interests
Company						
Kimble Chase Life Science and Research Products LLC, Vineland, NJ (USA) – consolidated subgroup	49.0	35,602	6,898	49.0	28,405	5,682
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	40.0	10,550	740	40.0	9,193	462
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	40.0	5,099	1,226	40.0	4,125	1,177
Triveni Polymers Private Ltd., New Delhi (India)	25.0	20,458	–	25.0	19,217	301

The following table shows summarized financial information for subsidiaries with material **non-controlling interests**:

	Nov. 30, 2015					
in EUR k	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net income
Company						
Kimble Chase Life Science and Research Products LLC, Vineland, NJ (USA) – consolidated subgroup	16,516	53,404	51	21,423	100,732	10,675
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	15,717	14,889	–	4,429	26,341	2,218
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	3,949	11,655	–	2,542	19,628	4,067
Triveni Polymers Private Ltd., New Delhi (India)	46,705	11,941	12,921	3,376	22,375	1,285

	Nov. 30, 2014					
in EUR k	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	Net income
Company						
Kimble Chase Life Science and Research Products LLC, Vineland, NJ (USA) – consolidated subgroup	16,259	46,410	10	17,140	87,321	8,308
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	14,192	14,820	–	6,202	24,144	2,184
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	3,151	9,179	–	1,737	15,716	3,183
Triveni Polymers Private Ltd., New Delhi (India)	43,395	9,533	12,390	3,156	18,078	1,126

	Nov. 30, 2015			Nov. 30, 2014		
in EUR k	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities
Company						
Kimble Chase Life Science and Research Products LLC, Vineland, NJ (USA) – consolidated subgroup	18,836	-1,714	-13,773[1)]	13,380	-2,024	-11,644[1)]
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	3,094	-1,368	-1,891	2,208	-638	-1,155
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	3,689	-883	-3,044	3,367	-629	-2,944
Triveni Polymers Private Ltd., New Delhi (India)	2,625	-2,355	–	4,637	-2,956	-1,204

[1)] Distributions to equity holders.

Changes in non-controlling interests are shown in the consolidated statement of changes in equity.

(3) Consolidation Principles

The consolidated financial statements include Gerresheimer AG and the domestic and foreign subsidiaries it directly controls.

Consolidation of subsidiaries normally begins at the date the parent company obtains control. Subsidiaries are deconsolidated at the date control is lost. Non-controlling interests in equity, profit or loss and comprehensive income are presented separately in the balance sheet, income statement and statement of comprehensive income. In the consolidated balance sheet, non-controlling interests are presented separately from equity attributable to equity holders of the parent.

Acquisitions of subsidiaries are accounted for using the acquisition method. This stipulates that all identifiable assets and liabilities of an entity acquired in a business combination are measured at acquisition date fair values. Any excess after purchase price allocation is recognized as goodwill. Any gain from a bargain purchase (negative goodwill), after careful reassessment, is recognized immediately under other operating income in profit or loss.

Investments in associates are accounted for using the equity method, according to the Group's share in equity. Interim financial statements are prepared as of the Group's balance sheet date.

Domestic and foreign entities included in consolidated financial statements are prepared using uniform accounting policies.

Intra-Group transactions are eliminated. Receivables and payables between consolidated entities are set off against each other, intra-Group profits and losses are eliminated and intra-Group income is set off against corresponding expenses. Deferred taxes are recognized for temporary differences on consolidation in accordance with IAS 12.

(4) Currency Translation

In separate financial statements, transactions in foreign currency are converted at the transaction date exchange rate into functional currency.

Non-monetary items are translated into the functional currency at the transaction date exchange rate. Monetary items are translated using the closing rate at the reporting date. Exchange gains or losses from the translation of monetary assets and liabilities denominated in foreign currency are recognized in profit or loss unless they qualify as cash flow hedges and are recognized in other comprehensive income until realized.

The consolidated financial statements are presented in the reporting currency euro. Balance sheet items of all foreign entities whose functional currency is not the euro are translated using the mid-market rates at the balance sheet date published by the European Central Bank.

Income and expense items and cash flows of foreign entities are translated into the reporting currency using the average exchange rate. Any resulting exchange differences are recognized in other comprehensive income.

The following exchange rates are used to translate the major currencies in the Group into reporting currency:

		Closing rate		Average rate	
1 EUR		**Nov. 30, 2015**	Nov. 30, 2014	**2015**	2014
Argentina	ARS	**10.2702**	10.6374	**10.1498**	10.5534
Brazil	BRL	**4.0709**	3.1831	**3.6170**	3.1131
Switzerland	CHF	**1.0903**	1.2018	**1.0843**	1.2159
China	CNY	**6.7689**	7.6673	**7.0397**	8.2282
Czech Republic	CZK	**27.0300**	27.6520	**27.3531**	27.5194
Denmark	DKK	**7.4604**	7.4409	**7.4577**	7.4561
Great Britain	GBP	**0.7048**	0.7953	**0.7334**	0.8098
India	INR	**70.5275**	77.5469	**71.9083**	81.6900
Mexico	MXN	**17.5569**	17.2709	**17.5640**	17.6661
Poland	PLZ	**4.2721**	4.1839	**4.1876**	4.1853
Sweden	SEK	**9.2070**	9.2660	**9.3536**	9.0684
United States of America	USD	**1.0579**	1.2483	**1.1254**	1.3368

(5) Accounting Policies

Assets and liabilities are measured at amortized cost with the exception of available-for-sale financial assets and derivative financial instruments, which are measured at fair value.

Intangible assets

Intangible assets are carried at cost. Intangible assets with finite useful lives are carried at cost less amortization allocated over their useful life and less any impairments. The useful life of licenses and similar rights is one to five years. Brand names with finite useful lives are, like technologies, amortized over their estimated useful lives of five to 20 years. Customer bases are amortized over 15 to 20 years.

Other brand names and goodwill are recognized as intangible assets with indefinite useful lives. Goodwill represents the excess of the Group's interest in the fair values of an acquiree's net assets over cost at the acquisition date. Such assets are tested for impairment at least once a year. Impairment testing is performed regularly at the end of a financial year and additionally when there are indications that intangible assets with indefinite useful lives may be impaired.

Research cost is generally expensed as incurred. Development cost is only recognized as an intangible asset if – among other things – it is likely that the project will be technically and commercially feasible and if the cost attributable to the intangible asset during its development can be measured reliably. Capitalized development costs are amortized on a straight-line basis over a period of seven or ten years.

The Group receives emission allowances free of charge in certain European countries as part of the European Emissions Trading System. These emission allowances are accounted for using the net liability method. Non-monetary government grants, in this case the asset received (emission allowances), are recorded at its nominal amount. Obligations in respect of pollution emissions are not taken into account until actual emissions exceed the emission allowances held by the Gerresheimer Group. The obligation is then recognized at the fair value of the emission allowances. Any emission allowances acquired from third parties are recognized at cost and treated as refund claims.

Property, plant and equipment

Property, plant and equipment is measured at cost less depreciation and any impairments. As well as directly attributable costs, the cost of property, plant and equipment also includes apportioned indirect material, indirect labor and production-related administrative expenses. Borrowing costs are recognized solely for qualifying assets. Qualifying assets are assets that take at least twelve months to get ready for use. Property, plant and equipment is generally subject to depreciation on a straight-line basis. Depreciation is based on useful lives determined for the most part from expert appraisals as follows:

Years	
Buildings	10–50
Plant and machinery	5–15
Fittings, tools and equipment	3–10

Repair and maintenance expenses are expensed as incurred. Gerresheimer recognizes subsequent costs of major servicing and furnace overhauls as part of cost if it is probable that they will result in future economic benefits and can be measured reliably.

Government grants

Government grants are recognized if they have been officially approved and there is reasonable assurance that the entity will comply with the conditions attached to them. Grants for purchase of assets are released to income in equal annual installments over the expected useful life of the subsidized asset.

Investment property

Investment property comprises property held on a long-term basis to earn rental income and/or for capital appreciation. It is recognized at cost less accumulated depreciation and accumulated impairment losses (cost model).

Leases

Leased property, plant and equipment is recognized and depreciated if the risks and rewards incidental to ownership have been transferred to a Group company. On initial recognition, finance leases are recognized as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The liabilities are recognized under financial liabilities. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic interest rate on the remaining balance of the liability. Non-current assets acquired through finance leases are depreciated over the shorter of their expected useful life or the lease term.

Lease payments over the lease term under leases classified as operating leases are recognized by Gerresheimer directly in profit or loss.

Impairment

Property, plant and equipment, investment property, goodwill, intangible assets and other non-current assets are tested for impairment if circumstances and events indicate that their carrying amount exceeds their recoverable amount. Goodwill and other intangible assets with indefinite useful lives are additionally tested annually for impairment at the level of the cash-generating units to which they belong. An impairment loss is recognized in the amount by which the carrying amount of an asset exceeds its net realizable value or value in use.

For assets other than goodwill, impairment losses are reversed if the reasons for impairment cease to exist. Impairment losses are recognized in other operating expenses and any subsequent impairment reversals in other operating income.

Investments in associates

Investments in associates are initially recognized at cost. They are subsequently measured using the equity method, under which the carrying amount is adjusted in accordance with changes in the Group's share in the equity of the associate remeasured at the acquisition date. The percentage of the investment is calculated on the basis of the circulating shares. If an associate has a different functional currency to the reporting currency, its financial statements are translated into the reporting currency prior to equity method adjustment.

Investments in associates are reported under the position "Investments accounted for using the equity method". The profit or loss of equity method investments is recognized in operating income, as Gerresheimer holds such investments not for financial purposes but as part of the Group's operating business.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is generally the average cost, and includes production and material overheads in addition to direct costs. Other expenses attributable to production are also included in the costs of conversion. Besides these production costs, the cost of sales shown in the income statement also includes the cost of unused capacity.

Financial assets

A financial asset is recognized when the contractual right to receive cash flows from it first comes into being. Initial recognition is at fair value plus directly attributable transaction costs, with the exception of financial assets initially measured at fair value through profit and loss. In the same way, a financial asset is derecognized when the contractual right to receive cash that flows from it expires. The settlement date, i.e. the date on which the asset is delivered to or by the Gerresheimer Group (date of transfer of ownership), is relevant for the first-time recognition and derecognition of regular purchases or sales.

Financial assets are classified on acquisition into categories as follows, with the classification reviewed at each balance sheet date.

Financial assets measured at fair value through profit and loss: Financial assets initially measured at fair value through profit and loss comprise assets held for trading. Any gain or loss on subsequent measurement is recognized in profit or loss.

At Gerresheimer, these assets exclusively comprise the derivative financial instruments included in other financial assets that are not determined to be an effective hedge. Gerresheimer does not make use of the fair value option. Please see note (6) for further explanations on derivative financial instruments.

Held-to-maturity financial investments: Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity investments when the Group has the positive intention and ability to hold to maturity. After initial recognition, held-to-maturity investments are subsequently measured at amortized cost using the effective interest method less any impairment losses. Gains and losses are recognized in profit or loss when an investment is derecognized or impaired, and through the amortization process.

No financial assets are classed in this category at Gerresheimer.

Available-for-sale financial assets: Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified as one of the other categories. Subsequent to initial measurement, available-for-sale financial assets are generally measured at fair value. Unrealized gains or losses are recognized directly in equity. If such a financial asset is derecognized or impaired, any accumulated gain or loss that had been recognized directly in equity is recognized in profit or loss.

Gerresheimer has classified investments in other companies as available for sale. As there is no quoted price for these investments and their fair value cannot be reliably determined using a valuation technique, the financial assets are measured at cost.

Sundry other financial assets included in other financial assets are classified in the same category.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method less any impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The category includes trade receivables, loans and refund claims included in other financial assets, and cash and cash equivalents.

If there are indications of impairment for balances in the loans and receivables category, an impairment test is carried out and any impairment loss recognized accordingly. For this purpose, it is determined whether the carrying amount exceeds the present value of the estimated future cash flows discounted at the financial asset's effective interest rate. If it does, an impairment loss is recorded for the difference. If an impairment ceases to exist, the impairment loss is reversed, though not in excess of initial cost.

No reclassifications between the categories were made either in the financial year or in the prior year.

Construction contracts

Construction contracts are accounted for using the percentage of completion method. The work performed, including the share in the profit or loss, is recognized in revenues in accordance with the percentage of completion. Gerresheimer determines the applicable percentage of completion as the ratio of contract costs incurred to expected total contract cost (cost-to-cost method). Construction contracts are recognized in trade receivables.

Other receivables

Tax receivables, prepayments and other non-financial assets are recognized at nominal values less impairments.

Cash and cash equivalents

Cash and cash equivalents are carried as financial assets at nominal value. The cash equivalents have terms of three months or less.

Assets held for sale and disposal groups
This item is presented in the balance sheet if there are individual non-current assets or groups of assets and directly attributable liabilities that are able to be sold in their current condition and their sale is sufficiently probable.

Non-current assets in a disposal group are no longer depreciated or amortized. Instead, they are recognized at the lower of carrying amount and fair value less costs to sell. If the carrying amount exceeds the comparison figure, an impairment loss in the amount of the difference is recognized by Gerresheimer in profit or loss.

Provisions for pensions and similar obligations
The Group has a number of pension schemes geared to the regulations and practices of the countries they apply to. Commitments have also been made in the US to provide additional post-employment medical care.

When accounting for pensions and other post-employment benefits, a distinction is made between defined benefit plans and defined contribution plans. Under a defined contribution plan, the Group pays fixed amounts into a fund and no further legal or constructive obligation exists to pay any further amounts in cases where the fund does not have enough capital to meet its obligation to pay the benefits due for the current and prior years. The Group's obligation is restricted to the payment of ongoing annual contributions. Accordingly, Gerresheimer does not recognize any assets and liabilities in relation to defined contribution plans with the exception of contribution payments in advance and arrears.

Under defined benefit plans, on the other hand, the Group has an obligation to pay pension benefits. The amount of the defined benefit obligation is tied to factors such as age, years of service and salary. The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method. Actuarial gains and losses are recognized in total in the position "Other comprehensive income". Past service cost is immediately expensed.

The defined benefit liability is the net total of the present value of the defined benefit obligation minus the fair value of plan assets out of which the obligations are to be settled directly.

The obligations are measured annually by independent actuaries. The interest payable on pensions is recognized in net finance income/expense.

Stock appreciation rights (phantom stocks)
Stock appreciation rights are accounted for at fair value in accordance with IFRS 2. The fair value of phantom stocks is recognized pro rata temporis in personnel expenses and, at the same time, as a provision because there is an obligation to make a cash settlement. The total expense to be recognized up to the exercise date of phantom stocks is calculated from the fair value of the phantom stocks and the expected staff turnover rate among beneficiaries; these parameters are reviewed at each balance sheet date.

Other provisions
Other provisions are recognized if a current obligation is established as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Non-current provisions are discounted. If a contractual claim to refund from a third party is sufficiently probable, the refund is recognized as an asset in the balance sheet.

Other provisions also include partial retirement obligations on a block model basis. The salary portion and the top-up amounts paid by the employer are recognized pro rata temporis during the active phase over the employee's remaining term of service. While the top-up amounts are paid out from the beginning of the active phase, the salary amounts are payable from the beginning of the passive phase.

Post-employment benefits are accounted for when an obligation exists on the basis of a detailed formal plan or a specific offer relating to termination benefits. Benefits not expected to be paid in full within twelve months are discounted to the present value.

Current and deferred income taxes
The incorporated companies included in the Gerresheimer Group (with the exception of the foreign subsidiaries and one German company) comprise a tax group for income tax purposes. Gerresheimer AG fulfills the role of taxpayer and/or tax creditor. As a result, the German subsidiaries consolidated into the Group do not generally incur income taxes. In addition to the calculation of current income taxes, deferred tax assets or liabilities are recognized for temporary differences between the amounts recognized in the Company's tax accounts and its IFRS balance sheet. These represent a future tax burden (deferred tax liabilities) or future tax relief (deferred tax assets). Deferred tax assets are also recognized for tax loss carryforwards and tax credits. The amounts are measured using the tax rates applicable in the periods in which the temporary differences are expected to reverse or, if those rates are not known, the tax rates applicable as of the reporting date. Deferred tax assets are only recognized when it appears probable that they will be realized.

Changes in deferred tax assets or liabilities generally result in deferred tax income or expense. As far as the changes in deferred taxes results from items recognized directly in equity, the changes in the deferred tax are also recognized directly in equity.

Financial liabilities
Financial liabilities include non-derivative financial liabilities and negative fair values of derivative financial instruments.

A non-derivative financial liability is initially recognized when a contractual obligation to payment comes into being. Initial measurement is at fair value less any transaction costs. Subsequent measurement is at amortized cost using the effective interest method. Any differences between the fair value (less any transaction costs) on initial recognition and the amount repayable on maturity are recognized in profit or loss over the term of the liability.

Derivative financial instruments not determined to be an effective hedge must be classified as held for trading and accounted for at fair value through profit or loss. If their fair value is negative, they are recognized in financial liabilities. Gerresheimer does not make use of the fair value option. Please see note (6) for further explanations on accounting for derivative financial instruments. Put options are classified on initial recognition as at fair value through profit and loss.

Financial liabilities are derecognized once the contractual obligations to payment arising from the liabilities have been settled, removed or canceled and have therefore expired.

Other liabilities
Prepayments received, liabilities from other taxes or social security and non-financial liabilities are accounted for at amortized cost.

Revenue recognition
Revenue from the sale of products and services is recognized, less deductions such as bonuses and discounts, at the date on which the risks are transferred or the service rendered. Interest income is recognized using the effective interest method when interest accrues.

Construction contracts are accounted for using the percentage of completion method. The work performed, including the share in the profit or loss, is recognized by using the cost-to-cost method in revenues in accordance with the percentage of completion.

(6) Financial Risk Management and Derivative Financial Instruments
Derivative financial instruments are used exclusively for hedging purposes.

The Group's financial risks are monitored centrally as part of Group-wide financial risk management. Identified potential risks are managed using suitable hedging instruments on the basis of clearly defined guidelines.

Except on price risk from fluctuations on money, capital and international commodities markets, risk management also targets credit and liquidity risk.

In line with intra-Group financing guidelines, **exchange rate risks** are hedged using forward exchange contracts and currency swaps. Transaction risks generally represent the sole exposures in currency management. The currency derivatives are generally used to hedge specific hedged items and are classified as hedging instruments.

Credit risks resulting from the Group's trade relationships are monitored through credit and receivables management and by the sales divisions of operating entities. With the aim of avoiding losses on receivables, customers are subject to ongoing internal credit checks. Receivables from customers that do not have a first-class credit rating are generally insured.

The Group's **liquidity situation** is monitored and managed using sophisticated planning instruments. Risks in connection with the procurement of funds are identified and monitored on the basis of rolling financial and liquidity plans.

All derivative financial instruments are measured at fair value in accordance with IAS 39. Derivative financial instruments with a positive fair value are recognized in other financial assets and derivatives with negative fair values in other financial liabilities.

The fair values of derivative financial instruments are measured using the applicable exchange rates, interest rates and credit standings at the balance sheet date. The fair value of a derivative financial instrument is the amount that Group entities would either receive or have to pay for its settlement on the balance sheet date.

Changes in the fair value of derivative financial instruments are recognized immediately in profit or loss, except derivatives designated as a hedge of expected future cash inflows or outflows (cash flow hedges). The portion of any changes in the fair value of a cash flow hedge that is determined to be an effective hedge is recognized by Gerresheimer directly in other comprehensive income (against the IAS 39 reserve). The amounts recognized in other comprehensive income are reclassified to profit or loss in the period(s) in which the hedged cash flows would affect profit or loss.

In view of their short terms, the currency derivatives used to hedge against exchange rate risk are not designated by Gerresheimer as hedge instruments. Changes in their fair value are recognized in profit or loss in accordance with the general rules on accounting for derivatives.

(7) Cash Flow Statement

The cash flow statement shows how the cash and cash equivalents of the Gerresheimer Group have changed due to cash inflows and outflows during the financial year. The cash flow effects of the initial consolidation of acquisitions, divestments and other changes in the consolidated group are eliminated. The cash and cash equivalents in the cash flow statement comprise cash on hand, checks, bills of exchange and bank balances. The item "Cash received in connection with divestments" in the financial year mainly includes the sale of the glass tubing business. The item "Cash paid for the acquisition of subsidiaries, net of cash received" in the actual financial year contains the purchase price of the US group Centor reduced by their cash.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(8) Revenues

in EUR k	2015	2014
By division		
Plastics & Devices	644,680	597,769
Primary Packaging Glass	631,820	604,927
Life Science Research	100,732	87,320
	1,377,232	**1,290,016**

in EUR k	2015	Pro forma[1)] 2014	Transition	2014
By region[2)]				
Europe	471,781	468,863	1,873	466,990
Germany	324,854	311,874	–	311,874
Americas	322,397	260,341	-1,370	261,711
Emerging markets	224,172	216,674	-395	217,069
Other regions	34,028	32,264	-108	32,372
	1,377,232	**1,290,016**	**–**	**1,290,016**

1) Restated retrospectively in line with the modified definition of emerging markets applied by IMS Health in the financial year 2015.
2) The revenues shown here for Europe exclude revenues in Germany, Kazakhstan, Poland, Russia and Turkey, and the revenues shown for the Americas exclude revenues in Argentina, Brazil, Chile, Colombia and Mexico.

IMS Health modified its definition of emerging markets in 2015. As before, there are 21 countries classified as emerging markets. Chile, Kazakhstan, Bangladesh and the Philippines have been added, while Ukraine, Romania, Venezuela and Thailand have been removed from the definition. We have adjusted our reporting in line with the modified definition and restated the prior-year figures for comparison purposes.

According to the current definition employed by IMS Health, emerging market revenues comprise revenues in Algeria, Argentina, Bangladesh, Brazil, Chile, China, Colombia, Egypt, India, Indonesia, Kazakhstan, Mexico, Nigeria, Pakistan, Philippines, Poland, Russia, Saudi Arabia, South Africa, Turkey and Vietnam.

Revenues include EUR 57,491k (prior year: EUR 63,435k) in contract revenue recognized under the percentage of completion method. All other revenues are from sales of goods.

(9) Cost of Sales

Cost of sales comprises the cost of goods manufactured and sold and the purchase cost of merchandise sold. Cost of conversion includes direct costs such as direct material, labor and energy as well as indirect costs such as depreciation of production plant and repairs. In addition, cost of sales includes a total of EUR 80,139k (prior year: EUR 82,646k) in depreciation and amortization, of which amortization of fair value adjustments from purchase price allocation accounted for EUR 1,630k.

(10) Selling and Administrative Expenses

Selling expenses comprise personnel and non-personnel expenses for the sales organizations and distribution (including freight and commissions). In addition, selling expenses include a total of EUR 37,971k (prior year: EUR 13,986k) in depreciation and amortization, of which amortization of fair value adjustments from purchase price allocation accounted for EUR 36,345k. Amortization of fair value adjustments includes a EUR 15,682k impairment loss on the Kimble/Kontes brand name. The impairment loss relates to the sale of the glass tubing business and the resulting lower revenues against which the value of the brand name is assessed.

Administrative expenses comprise personnel and non-personnel expenses for administrative functions as well as depreciation and amortization amounting to EUR 5,937k (prior year: EUR 8,188k).

(11) Other Operating Income

Other operating income breaks down as follows:

in EUR k	2015	2014
One-off income	76,998	222
Income from the reversal of provisions	5,688	1,828
Income from refund claims against third parties	2,448	12,175
Income from the derecognition of liabilities	1,478	1,080
Income from sale of scrap	795	678
Exchange gains	627	256
Income from the disposal of fixed assets	533	150
Income from the fair value evaluation of the put option Triveni	–	2,373
Income from compensation payments	–	562
Sundry other income	4,706	4,556
	93,273	**23,880**

A major component of other operating income is one-off income in the amount of EUR 76,998k (prior year: EUR 222k), which mainly consists of the EUR 72,808k book gain on the sale of the glass tubing business. This is countered by EUR 4,952k in one-off expenses recognized in other operating expenses and a EUR 15,682k impairment loss on the Kimble/Kontes brand name recognized in amortization of fair value adjustments. The impairment loss relates to the sale of the glass tubing business and the resulting lower revenues against which the value of the brand name is assessed. The change in the basis of consolidation is separately explained in Note (2).

The income from refund claims against third parties mainly consists of insurance income. This item contains EUR 1,350k (prior year: EUR 6,377k) in insurance refunds in connection with damage to a furnace in 2014 at one of our locations in the USA. In the prior year, this was countered among other things by EUR 4,643k in repair expenses recognized in other operating expenses.

Exchange gains and losses from the translation of foreign currency operating receivables and payables and the net gain or loss from the remeasurement of derivate financial instruments used as hedges of operating foreign currency risks are recognized net in other operating income or other operating expenses. Exchange gains or losses from financing activities are recognized net in the financial result.

(12) Amortization of Fair Value Adjustments

The amortization of fair value adjustments relates to the acquisitions of Gerresheimer Group GmbH in December 2004, Gerresheimer Vaerloese (formerly Dudek Plast Group) at the end of December 2005, the Gerresheimer Regensburg Group (formerly Wilden Group) in early January 2007, the pharmaceutical glass business of Comar Inc., US, in March 2007, the joint venture Kimble Chase in July 2007, Gerresheimer Zaragoza and Gerresheimer Plasticos Sao Paulo in January 2008, Vedat Tampas Hermeticas Ltda. (merged with Gerresheimer Plasticos Sao Paulo) in March 2011, Neutral Glass in April 2012, Triveni in December 2012 and Centor in September 2015.

In the current financial year impairment losses on the brand name Kimble/Kontes of EUR 15,682k are included in amortization of fair value adjustments. The impairment relates to the sale of the glass tubing business and the resulting lower revenues against which the value of the brand name is assessed.

(13) Restructuring Expenses

Gerresheimer recognizes expenses as restructuring expenses if they are incurred for a program planned and controlled by management that materially changes either the scope of a business undertaken by the Group or the manner in which that business is conducted. In light of their materiality to the Gerresheimer Group, restructuring expenses are reported separately from expenses relating to measures that do not meet the foregoing definition.

In the reporting period, mainly incurred during second quarter, restructuring expenses of EUR 6,922k mostly include expenses in connection with the closure of a moulded glass plant in the US and can be seen in the context of the portfolio optimization reported in the financial year 2014.

In the prior financial year restructuring expenses of EUR 4,387k mainly include severances in connection with the restructuring, streamlining and optimizing of our divisions.

(14) Other Operating Expenses

in EUR k	**2015**	2014
One-off expenses	21,204	1,741
Portfolio adjustments	8,960	12,601
Research and development	1,847	1,500
Loss from the disposal of fixed assets	715	385
Expenses from furnace damage	–	4,643
Sundry other expenses	3,134	2,774
	35,860	**23,644**

Significant components of other operating expenses represent one-off expenses and portfolio adjustments of EUR 30,164k (prior year: EUR 14,342k). The one-off expenses in the year under review mainly consist of one-off items from the sale of the glass tubing business, the Centor acquisition and portfolio adjustments.

One-off expenses of EUR 15,602k have so far been incurred in connection with the Centor acquisition. These include, firstly, EUR 8,524k in exchange rate losses on remeasurement of the purchase price hedge for the Centor transaction, countered by EUR 4,037k in remeasurement gains recognized in other operating income. Secondly, they include EUR 7,078k in acquisition-related costs, mainly consisting of consulting costs for due diligence, negotiations and lawyers' fees. Moreover, consulting costs in connection with the disposal of the glass tubing business amount to EUR 4,952k.

The one-off expenses in the prior financial year mostly comprise expenses which occurred in connection with the reorganization and optimization of our business activities. However, these expenses are not disclosed under restructuring expenses. Furthermore, one-off expenses include expenses in connection with acquisitions projects.

The reported expenses of portfolio adjustments in the amount of EUR 8,960k (prior year: EUR 12,601k) relate to impairment losses primarily incurred in the permanent closure of our moulded glass plant in Millville, USA.

Exchange gains and losses from the translation of foreign currency operating receivables and payables and the net gain or loss from remeasurement of derivate financial instruments used as hedges of operating foreign currency risks are recognized net in other operating income or other operating expenses. Exchange gains or losses from financing activities are recognized net in the finance income/expense.

(15) Net Finance Expense

in EUR k	2015	2014
Finance income	4,816	3,497
Finance expense	-39,374	-34,044
Net finance expense	**-34,558**	**-30,547**
Thereof reclassification from other comprehensive income for interest rate swaps used as hedging instruments	*-420*	*-1,331*
Thereof net interest on the defined benefit liability	*-4,237*	*-5,794*
Thereof exchange losses from financing activities	*-5,197*	*-760*

Finance expense comprises interest expenses on liabilities to banks, the bond issued, finance lease liabilities, as well as other financial liabilities and provisions.

Net finance expense includes EUR 506k in impairment losses on bank commission for the loan paid back in June 2015 and EUR 2,475k for the bridging loan in connection with the Centor acquisition paid back at the year-end. It also includes an expense of EUR 3,490k for the exchange rate hedge on the purchase price for the Centor transaction.

Interest expenses in connection with the interest rate swaps designated as a cash flow hedge (EUR 420k; prior year: EUR 1,331k) are reclassified from other comprehensive income.

Interest in connection with the put options (EUR 180k; prior year: EUR 1,282k) are classified as "At fair value through profit and loss". All other income from financial assets is classified as "Loans and receivables" and all other expenses from financial liabilities are classified as "Liabilities carried at amortized cost".

Exchange differences from financing activities including related hedges are recognized net in the financial result either under exchange gains or exchange losses from financing activities.

(16) Income Taxes

in EUR k	2015	2014
Current income taxes	-73,648	-39,157
Deferred income taxes	27,293	12,659
	-46,355	**-26,498**

Deferred income taxes in connection with items which are recognized directly in equity amount to EUR 2,018k (prior year reduction of equity: EUR 3,159k), EUR 1,858k of which relates to income tax in connection with the remeasurement of defined benefit obligation pension plans. In connection with deferred taxes, please also see the information provided in notes (24) and (29).

The differences between expected and effective tax expense in the Group reconcile as follows:

in EUR k	2015	2014
Net income before income taxes	159,013	99,349
Expected tax expense: 29% (prior year: 29%)	**-46,114**	**-28,811**
Differences:		
Tax loss carry forward without deferred taxes	-1,508	–
Tax attributable to non-controlling interests	1,494	1,319
Different foreign tax rates	3,663	2,262
Non-deductible expenses	-6,833	-3,128
Tax-free income and tax benefits	1,792	1,689
Effects from the sale of the glass tubing business	3,015	–
Effects from changes in tax rates[1]	-128	944
Change in value allowance for deferred tax assets	-1,822	-290
Taxes from prior periods	256	-287
Other	-170	-196
Total differences	**-241**	**2,313**
Effective tax expense	**-46,355**	**-26,498**
Tax rate	**29.2 %**	**26.7 %**

[1] The item "Effects from changes in tax rates" includes decreases in the tax rate in Spain from 28.0% to 25.0% as of January 1, 2016.

The corporation tax rate in Germany remaines unchanged relative to the prior year at 15.0% plus a 5.5% solidarity surcharge on corporation tax and plus trade tax of approximately 13%. This results in a combined tax rate of approximately 29%.

The tax rates for subsidiaries whose registered offices are not in Germany vary between 13.6% and 38.0% (prior year: 13.6% and 39.0%). Some of the subsidiaries in China benefited from tax privileges in the year under review, with a resulting tax rate of 15.0%.

Effects from profit and loss transfer agreements

The earnings of 14 German consolidated entities in the same income tax group are taxed at the level of Gerresheimer AG.

Deferred taxes on tax loss carryforwards

Deferred tax assets in the amount of EUR 33,365k (prior year: EUR 26,226k) were not recognized for tax loss carryforwards at foreign Group companies of Gerresheimer AG as the tax loss carryforwards are not expected to be utilized in the next five years. In addition, deferred tax assets in the amount of EUR 27,892k were not recognized in 2015 for the purposes of corporation tax and in the amount of EUR 47,868k for the purposes of trade tax. These tax loss carryforwards originate from the time prior to the establishment of the tax group and are frozen for the duration of the tax group's existence.

Deferred tax assets of EUR 5,176k (prior year: EUR 3,382k) were recognized for tax loss carryforwards at foreign Group companies despite losses in the year under review and in the prior year as the companies concerned expect to generate future taxable profits.

IAS 12 requires deferred tax liabilities to be recognized for temporary differences associated with investments in Group companies (outside basis differences). Deferred tax liabilities were not recognized in relation to temporary differences associated with investments in subsidiaries in the amount of EUR 34,549k (prior year: EUR 31,688k) as Gerresheimer AG is able to control the timing of the reversal of the temporary differences and these will not reverse in the foreseeable future.

(17) Earnings per Share

Basic earnings per share are calculated by dividing net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

No new shares were issued in the financial years 2015 and 2014, such that the weighted average number of shares was 31,400 thousand in both financial years.

The existing phantom stock program (see note (31)) stipulates that when the exercise target is reached, Gerresheimer AG has the option of settling the amount to which beneficiaries are entitled either by issuing shares in Gerresheimer AG or by cash payment. As the Company plans to settle in cash, the program has no dilutive effect. Warrants or conversion rights do not exist. Diluted and basic earnings per share are therefore identical.

	2015	2014
Net income attributable to equity holders of the parent (EUR k)	104,217	66,336
Weighted average number of ordinary shares (in thousand)	31,400	31,400
Earnings per share in accordance with IFRS (in EUR)	**3.32**	**2.11**

OTHER INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

(18) Personnel Expenses

Personnel expenses increased by EUR 19,155k to EUR 424,669k relative to the prior year.

The Gerresheimer Group had an average of 10,944 employees in the financial year 2015 (prior year: 11,224), comprising 2,395 white-collar employees (prior year: 2,418), 8,305 blue-collar employees (prior year: 8,555) and 244 trainees (prior year: 251).

NOTES TO THE BALANCE SHEET

(19) Intangible Assets

Intangible assets break down as follows:

in EUR k	Goodwill	Customer relationship, brand names, technologies and similar assets	Development costs	Other	**Intangible assets**
As of November 30, 2015					
Prior-year carrying amount	454,972	94,065	3,012	5,548	557,597
Change in the consolidated group	276,064	455,105	–	–	731,169
Currency translation	9,522	31,308	–	123	40,953
Additions	–	–	893	3,236	4,129
Disposals	39,082	–	148	72	39,302
Reclassifications	–	–	23	107	130
Amortization	–	22,293	1,256	2,937	26,486
Impairment losses	–	15,682	–	–	15,682
Carrying amount	**701,476**	**542,503**	**2,524**	**6,005**	**1,252,508**
Cost	705,700	728,971	13,118	28,587	1,476,376
Accumulated amortization and impairments	4,224	186,468	10,594	22,582	223,868
Carrying amount	**701,476**	**542,503**	**2,524**	**6,005**	**1,252,508**
As of November 30, 2014					
Prior-year carrying amount	455,586	103,217	7,127	6,570	572,500
Currency translation	-614	5,106	–	63	4,555
Additions	–	–	1,772	1,725	3,497
Disposals	–	–	25	2	27
Reclassifications	–	–	–	-14	-14
Amortization	–	14,258	2,422	2,794	19,474
Impairment losses	–	–	3,440	–	3,440
Carrying amount	**454,972**	**94,065**	**3,012**	**5,548**	**557,597**
Cost	457,858	247,774	12,402	26,146	744,180
Accumulated amortization and impairments	2,886	153,709	9,390	20,598	186,583
Carrying amount	**454,972**	**94,065**	**3,012**	**5,548**	**557,597**

Amortization of the customer relationship, brand names, technologies and similar assets as a result of fair value adjustments in connection with acquisitions is presented separately in note (12) as amortization of fair value adjustments. Most amortization is contained in selling expenses. Significant intangible assets result from business combinations. While brand names – with the exception of two companies – with a carrying amount of EUR 27,948k have indefinite useful lives, the remaining identifiable assets will be fully amortized by 2035.

The impairment loss relates to the sale of the glass tubing business and the resulting lower revenues against which the value of the brand name is assessed.

Goodwill is assigned to the six cash-generating units as follows:

in EUR k	Nov. 30, 2015	Nov. 30, 2014
Plastics & Devices		
Plastic Packaging	89,864	97,629
Medical Systems	115,468	115,468
Centor	293,616	–
Primary Packaging Glass		
Glass Tubing	–	39,082
Converting	66,193	66,458
Moulded Glass	126,320	126,320
Life Science Research	10,015	10,015
	701,476	**454,972**

Goodwill is not amortized. It is tested for impairment at least once annually.

After adjusting the organizational structure of Plastics & Devices, the impairment test on goodwill was carried out in all six (prior year: seven) cash-generating units Plastic Packaging, Medical Systems, Centor, Converting, Moulded Glass and Life Science Research in accordance with the budget prepared on the basis of historical performance and current market expectations and adopted by the Management Board for the years 2016 to 2020 (prior year: 2015 to 2019). The cash-generating units Syringe Systems and Medical Plastic Systems were amalgamated in the course of the financial year 2015. The goodwill is recognized under the Medical Systems cash-generating unit.

The growth rate used to extrapolate for subsequent years was 1.0%. This does not exceed the assumed average growth rate for the market or industry. The recoverable amount was determined on the basis of value in use, using cash flow projections budgeted for the years 2016 to 2020. Future cash flows were discounted using the weighted average cost of capital (WACC). The cost of equity capital was measured using the beta factor of a peer group. Borrowing costs were determined from an analysis of the credit facilities in use. A sensitivity analysis was performed to show the effects of a potential increase or decrease to the weighted average cost of capital (WACC). The weighted average cost of capital before tax was determined iteratively from the weighted average cost of capital after tax and breaks down as follows for the six (prior year: seven) cash-generating units:

in %	2015	2014
Plastics & Devices		
Plastic Packaging	6.5	7.1
Medical Systems	6.6	7.2
Centor	6.3	–
Primary Packaging Glass		
Glass Tubing	–	7.3
Converting	6.6	7.2
Moulded Glass	6.7	7.2
Life Science Research	6.7	7.3

As in the prior year, goodwill impairment testing did not indicate any impairment.

For each of the six cash-generating units, management is of the opinion that no reasonably possible change in the key assumptions used to determine the value in use would cause the carrying amount of the cash-generating unit to exceed its recoverable amount.

Brand names as of November 30, 2015 were allocated among the divisions as follows:

Plastics & Devices EUR 26,400k (prior year: EUR 22,290k), Primary Packaging Glass EUR 130k (prior year: EUR 15,307k) and Life Science Research EUR 1,418k (prior year: EUR 1,566k).

Brand names – with the exception of two companies – have an indefinite useful life and are not amortized. They are tested for impairment at least once annually. In connection with annual impairment testing, an impairment loss of EUR 15,682k was recognized on the Kimble/Kontes brand name in the Primary Packaging Glass Division. The impairment loss relates to the sale of the glass tubing business and the resulting lower revenues against which the value of the brand name is assessed.

EUR 1,847k (prior year: EUR 1,500k) was spent on research and development in the financial year. The Group has recognized development costs in the amount of EUR 893k in 2015 (prior year: EUR 1,772k).

The position 'Other' mainly include standard software applications and prepayments on intangible assets.

(20) Property, Plant and Equipment and Investment Property

Property, plant and equipment and investment property break down as follows:

in EUR k	Land, land rights and buildings (used for operating purposes)	Plant and machinery	Other equipment and machinery	Payments on account and assets under construction	**Property, plant and equipment**	**Investment property**
As of November 30, 2015						
Prior-year carrying amount	167,368	288,692	24,364	98,720	579,144	3,861
Change in the consolidated group	5,721	31,057	–	2,661	39,439	–
Currency translation	4,418	11,696	248	4,704	21,066	–
Additions	5,746	61,525	5,455	46,430	119,156	–
Disposals	3,730	56,032	142	3,912	63,816	–
Reclassifications	8,374	74,646	1,583	-86,662	-2,059	1,930
Depreciation	8,431	66,686	6,947	–	82,064	–
Impairment losses	1,140	5,118	3	–	6,261	–
Carrying amount	**178,326**	**339,780**	**24,558**	**61,941**	**604,605**	**5,791**
Cost	253,641	744,953	70,005	61,941	1,130,540	6,774
Accumulated depreciation and impairments	75,315	405,173	45,447	–	525,935	983
Carrying amount	**178,326**	**339,780**	**24,558**	**61,941**	**604,605**	**5,791**
As of November 30, 2014						
Prior-year carrying amount	141,641	292,855	23,672	80,142	538,310	4,471
Currency translation	2,212	7,080	153	2,865	12,310	–
Additions	5,885	37,313	5,450	74,454	123,102	–
Disposals	53	406	63	11	533	–
Reclassifications	25,404	29,627	3,599	-58,730	-100	114
Depreciation	5,689	70,648	8,447	–	84,784	–
Impairment losses	2,032	7,129	–	–	9,161	724
Carrying amount	**167,368**	**288,692**	**24,364**	**98,720**	**579,144**	**3,861**
Cost	224,484	693,328	66,131	98,720	1,082,663	4,844
Accumulated depreciation and impairments	57,116	404,636	41,767	–	503,519	983
Carrying amount	**167,368**	**288,692**	**24,364**	**98,720**	**579,144**	**3,861**

Property, plant and equipment includes leased assets in the amount of EUR 5,684k (prior year: EUR 6,634k). As of the end of the reporting period, these comprised finance leases for production, warehouse and office land and buildings in the amount of EUR 4,692k (prior year: EUR 4,837k), finance leases for plant and machinery in the amount of EUR 738k (prior year: EUR 1,507k) and finance leases for other property, plant and equipment in the amount of EUR 254k (prior year: EUR 290k).

Land and buildings with a carrying amount of EUR 341k (prior year: EUR 1,836k) are pledged as senior collateral for three (prior year: two) loans. As in the prior year, this does not affect any investment property.

The land not used for operating purposes and classified as investment property in accordance with IAS 40 is leasehold land with a carrying amount of EUR 2,117k (prior year: EUR 187k) and a fair value of EUR 4,300k (prior year: EUR 1,700k) and non-operating land. The fair value of leasehold land is determined from various data sources such as from past sales, officially published indicative land values and independent appraisals. The fair values of other non-operating land are the same as the carrying amounts.

Rental income from properties amount to EUR 44k in the financial year 2015 (prior year: EUR 16k). Expenses of EUR 48k were incurred (prior year: EUR 28k). These almost entirely related to land that does not generate rental income.

As in the prior financial year, the impairment losses reported in the financial year are due to the portfolio adjustments. Of the impairment losses, 51.9% (prior year: 27.3%) relate to the Plastics & Devices Division and 48.1% (prior year: 72.7%) to the Primary Packaging Glass Division.

(21) Investments Accounted for Using the Equity Method

The table below shows summary aggregated financial information on individually immaterial companies that are accounted for using the equity method, relating to the shares attributable to Gerresheimer AG. The companies included here are: Gerresheimer Tooling LLC, Peachtree City, GA, USA and PROFORM CNC Nastrojarna spol. s r.o., Horsovsky Tyn, Czech Republic.

in EUR k	**Nov. 30, 2015**	Nov. 30, 2014
Assets	1,204	714
Equity	783	364
Liabilities	422	350
Revenues	2,974	2,202
Profit or loss	475	339

Changes in at-equity accounted investments are shown in the table below:

in EUR k	Investments accounted for using the equity method
As of November 30, 2015	
Prior year carrying amount	86
Dividend distribution	–
Currency translation	55
Share of profit or loss of associated companies	96
Carrying amount	**237**
As of November 30, 2014	
Prior year carrying amount	91
Dividend distribution	-15
Currency translation	-20
Share of profit or loss of associated companies	30
Carrying amount	**86**

(22) Financial Assets

Financial assets break down as follows:

	Nov. 30, 2015			Nov. 30, 2014		
in EUR k	**Total**	***Thereof current***	***Thereof non-current***	Total	*Thereof current*	*Thereof non-current*
Fair value of derivative financial instruments	117	*117*	–	108	*108*	–
Investments	236	–	*236*	165	–	*165*
Refund claims for pension benefits	4,029	*260*	*3,769*	4,242	*317*	*3,925*
Refund claims from third parties	9,512	*9,512*	–	2,270	*2,270*	–
Other loans	1,344	*225*	*1,119*	1,035	–	*1,035*
Sundry other financial assets	889	*768*	*121*	662	–	*662*
Other financial assets	**16,127**	***10,882***	***5,245***	**8,482**	***2,695***	***5,787***
Trade receivables	219,014	*219,014*	–	208,480	*208,480*	–
Cash and cash equivalents	93,668	*93,668*	–	67,936	*67,936*	–
Financial assets	**328,809**	***323,564***	***5,245***	**284,898**	***279,111***	***5,787***

Sundry other financial assets include solely securities used to secure accrued phased retirement credit balances.

As of the balance sheet date, other financial assets that are neither past due nor impaired are recoverable in full and none of the unimpaired financial assets were overdue.

In the financial year, and in the prior year, no impairment losses were recognized on investments. As in the prior year, no impairment losses on loans to equity-accounted investments exist. In the prior year, an impaired loan has been disposed of in the connection with the transfer of shares of Beijing Gerresheimer Glass Co. Ltd., Huangcun, Beijing, China.

The carrying amount of financial assets in the consolidated financial statements generally represents the maximum exposure to credit risk for the Group as a whole. Approximately 34% of trade receivables were covered by credit insurance in the financial year 2015 (prior year: approximately 33%).

The above-mentioned trade receivables include EUR 18,884k (prior year: EUR 25,539k) in gross amounts due from customers for contract work.

For further details on the fair values of derivative financial instruments, please see the information provided in note (36).

(23) Other Receivables

Other receivables break down as follows:

	Nov. 30, 2015			Nov. 30, 2014		
in EUR k	**Total**	***Thereof current***	***Thereof nun-current***	Total	*Thereof current*	*Thereof nun-current*
Other tax receivables	14,912	*12,689*	*2,223*	13,225	*13,225*	–
Prepaid expenses	6,487	*3,646*	*2,841*	4,179	*4,179*	–
Sundry other assets	7,771	*7,568*	*203*	6,629	*6,629*	–
Other receivables	**29,170**	**23,903**	**5,267**	**24,033**	**24,033**	**–**

The prepaid expenses mainly consist of accrued payments made prior to the reporting date for maintenance, tax, personnel and insurance expenses in the next financial year.

(24) Deferred Tax Assets

Deferred tax assets break down as follows:

in EUR k	Nov. 30, 2015 Realization expected within 12 months	Nov. 30, 2015 Realization expected after 12 months	Nov. 30, 2014 Realization expected within 12 months	Nov. 30, 2014 Realization expected after 12 months
Tax benefits				
Tax loss carryforwards	624	6,271	764	6,555
Tax credits	–	1,296	–	1,742
	624	**7,567**	**764**	**8,297**
Temporary differences				
Fixed assets and inventories	2,270	1,573	3,187	2,015
Receivables and other assets	129	64	239	298
Provisions for pensions	2,763	28,080	2,841	28,001
Other provisions	9,197	5,024	9,650	4,905
Payables and other liabilities	1,390	1,120	2,849	1,103
Cash flow hedge	–	15	–	156
	15,749	**35,876**	**18,766**	**36,478**
	16,373	**43,443**	**19,530**	**44,775**
Offset	-51,731		-57,023	
Recognized in accordance with IAS 12 as non-current in the balance sheet	**8,085**		**7,282**	

Deferred tax assets and liabilities are offset by company or tax group.

(25) Inventories

Inventories break down as follows:

in EUR k	Nov. 30, 2015	Nov. 30, 2014
Raw materials, consumables and supplies	50,776	50,522
Work in progress	24,231	23,177
Finished goods and merchandise	105,206	112,178
Prepayments made	6,179	7,788
Inventories	**186,392**	**193,665**

Write-downs of inventories totaling EUR 7,833k (prior year: EUR 4,333k) were recognized as an expense in the financial year. When the circumstances that caused a write-down no longer exist, the write-down is reversed. Reversals of write-downs amounted to EUR 544k (prior year: EUR 1,005k) in the financial year. These are mainly attributable to the use of previously blocked stock and therefore primary impaired inventories.

As in the prior year, no inventories were pledged as security for liabilities as of November 30, 2015.

(26) Trade Receivables

Trade receivables break down as follows:

in EUR k	Nov. 30, 2015	Nov. 30, 2014
Trade receivables	222,059	211,485
Less bad debt allowances	3,045	3,005
Net trade receivables	**219,014**	**208,480**

The above-mentioned trade receivables include the following amounts due from customers from construction contracts:

in EUR k	Nov. 30, 2015	Nov. 30, 2014
Costs incurred and recognized profits	167,844	122,740
Less progress billings	148,960	97,201
Amount due from customers for contract work	**18,884**	**25,539**

Bad debt allowances are recognized for doubtful receivables. Factors considered in determining the appropriateness of the bad debt allowances recognized for doubtful receivables comprise the age structure of receivables, past experience with regard to the derecognition of receivables, customer credit ratings and changes in payment terms.

As of the balance sheet date, the age structure of unimpaired trade receivables breaks down as follows:

in EUR k	Nov. 30, 2015	Nov. 30, 2014
Carrying amount	219,014	208,480
General allowances	1,625	842
Specific bad debt allowances	1,420	2,163
Gross carrying amount of receivables for which specific bad debt allowances were recognized	1,457	2,185
Trade receivables not impaired within the meaning of IFRS 7	**220,602**	**209,300**
Thereof as of the balance sheet date		
not past due	*204,163*	*192,651*
past due by up to 30 days	*11,909*	*11,946*
past due by 31 to 60 days	*1,899*	*2,767*
past due by 61 to 90 days	*513*	*807*
past due by 91 to 120 days	*680*	*501*
past due by more than 120 days	*1,438*	*628*
	220,602	**209,300**

The gross carrying amount of trade receivables individually determined to be impaired is EUR 1,457k (prior year: EUR 2,185k). The corresponding bad debt allowance is EUR 1,420k (prior year: EUR 2,163k). The net carrying amount of trade receivables individually determined to be impaired is therefore EUR 37k (prior year: EUR 22k).

Bad debt allowances developed as follows:

in EUR k	2015	2014
As of December 1	3,005	2,662
Disposal of the glass tubing business	-563	–
Allowances recognized in profit or loss	1,263	604
Utilized	-401	-281
Reversed	-281	-37
Currency translation	22	57
As of November 30	**3,045**	**3,005**

(27) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits not subject to risk of changes in value.

(28) Equity and Non-controlling Interests

On June 11, 2007, Gerresheimer AG was listed on the regulated market in the Prime Standard segment of the Frankfurt Stock Exchange. Gerresheimer AG shares have the stock symbol GXI and ISIN DE000A0LD6E6. A total of 22,804 thousand shares were issued. These comprised 11,400 thousand shares from a rights issue, 10,600 thousand from the departing shareholder, BCP Murano, and a further 804 thousand shares provided by BCP Murano to syndicate banks for a greenshoe option. At the issue price of EUR 40.00 per share, the issue thus came to some EUR 912,166k (including greenshoe). Gerresheimer has been included in the MDAX since December 22, 2008.

As of November 30, 2015, subscribed capital remains unchanged at EUR 31,400k and the capital reserve comes to EUR 513,827k. The capital reserve contains share premiums from the IPO in the year 2007 and cash contributions from shareholders from the years 2004 and 2007.

The number of shares outstanding at the balance sheet date is 31,400,000 each with a nominal value of EUR 1.00. In the financial year under review, a dividend of EUR 23,550 was paid out for the financial year 2014. This corresponds to a dividend of EUR 0.75 per no-par-value share.

Proposal for appropriation of retained earnings

The Management Board and the Supervisory Board will propose to the Annual General Meeting on April 28, 2016 to distribute a dividend of EUR 0.85 per share for the financial year 2015 (prior year: EUR 0.75 per share). This corresponds to a dividend distribution of EUR 26,690k, which is an increase of 13% compared to the prior-year dividend payment. The dividend ratio amounts to 25% of adjusted net income after non-controlling interests. The distribution is in line with our dividend policy of distributing between 20% and 30% of adjusted net income after non-controlling interests to shareholders, according to our operating performance. Furthermore, it will be proposed that the residual retained earnings of the Company of EUR 64,820k should be carried forward onto new account.

in EUR	2015	2014
Retained earnings before dividend distribution	91,510,337.22	108,106,360.83
Dividend payment	26,690,000.00	23,550,000.00
Carryforward to new account	**64,820,337.22**	84,556,360.83

The **non-controlling interests** are shown below:

in %	Non-controlling interests
Entity	
Kimble Chase Life Science and Research Products LLC, Vineland, NJ (USA)	49.0
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	40.0
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	40.0
Kimble Bomex (Beijing) Labware Co. Ltd., Beijing (China)	30.0
Triveni Polymers Private Ltd., New Delhi (India)	25.0
Gerresheimer Zaragoza S.A., Epila (Spain)	0.2
Gerresheimer Valencia S.L.U., Masalaves (Spain)	0.2
Gerresheimer Buenos Aires S.A., Buenos Aires (Argentina)	0.2

(29) Deferred Tax Liabilities

Deferred tax liabilities break down as follows:

in EUR k	Nov. 30, 2015 Realization expected within 12 months	Nov. 30, 2015 Realization expected after 12 months	Nov. 30, 2014 Realization expected within 12 months	Nov. 30, 2014 Realization expected after 12 months
Temporary differences				
Fixed assets	12,396	177,373	1,470	78,682
Inventories	2,631	44	3,933	15
Receivables and other assets	1,541	1,882	2,163	828
Other provisions and liabilities	728	1,645	1,571	949
	17,296	**180,944**	**9,137**	**80,474**
Offset	-51,731		-57,023	
Recognized in accordance with IAS 12 as non-current in the balance sheet	**146,509**		**32,588**	

Deferred tax assets and liabilities are offset by company or tax group.

EUR 134,979k of the deferred tax liabilities relate to Centor.

(30) Provisions for Pensions and Similar Obligations

While the Gerresheimer Group has pension plans in various countries, pension plans in Germany and pension and health plans (health insurance for retired employees) in the USA account for 96% of the Gerresheimer Group's total provisions for pensions and similar obligations.

Subject to individual exceptions, no new employees are accepted into the German defined benefit plans. The German plans are in the process of being wound down, with their pension obligations decreasing over time. Pension plans are generally based on an employee's length of service, pay and position. Pension entitlements are thus acquired for each year of service according to salary. The maximum attainable pension entitlement at an annual eligible income exceeding EUR 79,428 and after 45 years service is EUR 1,179.90 per month. Pension awards for active members of the Management Board are handled through a pension fund or provident fund. The pension obligations are funded by annual contribution payments to the provident fund. If the fund assets are insufficient when the pension starts, supplementary contributions are called in. Further details on the Management Board pension plans are provided in the Remuneration Report section of the Management Report.

The US defined benefit plans have been closed and the benefits vested. These plans are funded by investments (plan assets). The plans are financed from annual contribution payments. Plan assets must cover at least 80% of pension obligations. If this coverage is not attained, supplementary contributions are called in from the Company. To limit exposure to capital market and demographic risk, all new US pension plans are defined contribution plans.

Retired employees domiciled in the USA also receive subsidized healthcare. Under these plans, retirees are refunded a certain percentage of eligible healthcare expenditure. With the exception of one plant, these healthcare plans have been closed and the benefits vested. This has limited the risk of continuously increasing refund claims for the Gerresheimer Group. Changes in the legal framework can cause changes to pension and health plans.

Provisions for pensions developed as follows:

in EUR k	2015	2014
As of December 1	183,659	176,109
Reclassifications personnel related liabilities	–	-1,753
Utilized	-12,809	-14,196
Additions	6,274	8,431
Sale of the glass tubing business	-2,790	–
Impact of revaluation	-4,141	11,989
Currency translation	7,372	2,978
Changes in plan surplus recognized in other assets	-63	101
As of November 30	**177,502**	**183,659**
Thereof current	*19,292*	*13,866*

Group provisions of EUR 134,221k (prior year: EUR 137,337k) were recognized in connection with various pension plans and individual agreements entered into by German Group companies; an amount of EUR 43,281k (prior year: EUR 46,322k) primarily relates to US Group entities. The provision also includes the obligations of US Group companies to assume the medical expenses of retired employees.

The benefits are mainly financed through the systematic accumulation of pension provisions at the entities concerned. External funds that meet the definition of plan assets exist both domestically and internationally.

The following assumptions were made when determining the pension provision and plan assets:

	Domestic		International	
in %	**Nov. 30, 2015**	Nov. 30, 2014	**Nov. 30, 2015**	Nov. 30, 2014
Discount rate	1.50–2.00	1.90–2.20	0.90–7.85	1.60–8.34
Increase in salaries	3.25	2.50–3.25	1.00–8.00	1.50–5.50
Increase in pensions	1.00	1.00	–	–
Increase in medical costs	–	–	5.00–6.67	5.00–7.33

The discount rate is based on the yield on first-rank fixed-income corporate bonds. The Prof. Dr. Heubeck RT 2005 G mortality tables were used as the reference basis with regard to mortality for the determination of domestic pension obligations. For foreign Group companies, current country-specific mortality assumptions were used. The projected income trends reflect expected rates of increase in salaries and income.

The present value of the defined benefit obligation breaks down as follows:

in EUR k	**Nov. 30, 2015**	Nov. 30, 2014
Present value of the defined benefit obligation as of December 1	237,042	224,078
Current service cost	2,600	2,167
Interest expense	5,989	7,622
Employee contributions	657	534
Benefit payments	-13,475	-15,592
Actuarial gains/losses	-4,017	13,650
Financial assumptions	*5,446*	*19,128*
Demographic assumptions	*-3,227*	–
Experience	*-6,236*	*-5,478*
Past service cost	335	–
Sale of the glass tubing business	-2,790	–
Reclassifications	–	-1,753
Administration costs	368	9
Settlement	-1,266	228
Currency translation and other changes	14,274	6,099
Present value of the defined benefit obligation as of November 30	**239,717**	**237,042**

Changes in plan assets are as follows:

in EUR k	Nov. 30, 2015	Nov. 30, 2014
Fair value of plan assets as of December 1	53,484	47,970
Expected return on plan assets	1,752	1,828
Employee contributions	657	534
Employer contributions	1,487	3,113
Benefit payments	-2,153	-4,509
Return on plan assets	124	1,556
Other changes (primarily currency translation)	6,902	2,992
Fair value of plan assets as of November 30	**62,253**	**53,484**

The composition of the plan assets used to cover the defined benefit obligation breaks down as follows as of the balance sheet date:

	Domestic		International	
in EUR k	Nov. 30, 2015	Nov. 30, 2014	Nov. 30, 2015	Nov. 30, 2014
Plan assets with quoted market price	*4,794*	*4,515*	*34,487*	*31,806*
Shares (held directly)	2,266	1,938	23,850	20,937
Fixed-interest securities	2,507	2,557	10,595	9,151
Liquidity	21	20	42	1,718
Plan assets with non-quoted market price	*3,969*	*3,415*	*19,003*	*13,748*
Insurance contracts	3,969	3,415	19,003	13,555
Other	–	–	–	193
Plan assets	**8,763**	**7,930**	**53,490**	**45,554**
Thereof owner-occupied property	–	–	–	–

The expected contributions to plan assets in the next financial year are estimated at EUR 1,224k. The benefits are funded from contributions as a percentage of the defined benefit. Contributions are mainly paid by the employer.

The main pension funds relate to the pension plans in the USA and Switzerland. Their investment policy, besides complying with regulatory requirements, is geared to the risk structure within the defined benefit obligation.

A risk-adjusted strategic target portfolio has been developed on this basis and in line with capital market trends. In the USA, 65% to 70% is invested in equities, 30% to 35% in fixed-interest securities and 0% to 5% in liquid assets. Funding is entirely by the employer. Additional contributions to the pension fund are required whenever the fair value of plan assets falls below 80% of the defined benefit obligation.

In Switzerland, a full insurance policy has been taken out to cover the insurance and investment risk. Contributions to financing of the pension fund in this instance are made in equal amounts by the employees and the employer. Based on the fund’s investment policy, Gerresheimer expects a return on capital ensuring long-term fulfillment of obligations to be generated.

Pension expenses included in the income statement are calculated as follows:

in EUR k	2015	2014
Current service cost	*2,600*	*2,167*
Past service cost	*335*	*–*
Service cost	**2,935**	**2,167**
Interest expense	*5,989*	*7,622*
Return on plan assets	*-1,752*	*-1,828*
Net interest expense	**4,237**	**5,794**
Administration costs	368	242
Effect of settlement	-1,266	228
	6,274	**8,431**
Thereof expense for pension benefits for which there are reimbursement rights	*79*	*133*

With the exception of net interest, all expenses and income are recognized on a net basis in personnel expenses, which is included in functional cost. Net interest expense is shown in the financial result.

For one pension obligation in Germany, there is a contractual claim to refund of pension payments against a third party. This refund claim does not conform to the definition of plan assets and therefore cannot be accounted for net of the pension obligations. The refund claim for pension benefits is included in other financial assets. Please see note (22).

The Gerresheimer Group expects benefit payments in future years as follows:

in EUR k	2016	2017	2018	2019
Expected benefit payments	19,292	13,882	13,860	13,209

The weighted average duration of the defined benefit obligation is between 11.8 years in Germany and between 5.2 and 18.1 years internationally.

The main actuarial assumptions used in the determination of defined benefit obligations are the discount rate and the expected salary trend. The pension provision also includes the obligations of US Group companies to assume the medical costs of retired employees. The obligation was determined assuming a cost inflation rate of 6.67% falling incrementally to 5.0% by 2021. The sensitivity analyses in the following show how the amount of the defined benefit obligation as of November 30, 2015 would have been affected by possible changes in the relevant assumptions. The calculations assume otherwise unchanged assumptions:

	Effect on present value of defined benefit obligation	
in EUR k	**2015**	2014
Increase in discount rate by 0.5 percentage points	-13,633	-14,612
Decrease in discount rate by 0.5 percentage points	14,997	14,377
Increase in salaries by 0.25 percentage points	569	574
Decrease in salaries by 0.25 percentage points	-552	-373
Increase in medical costs by 1.0 percentage point	3,367	2,372
Decrease in medical costs by 1.0 percentage point	-3,240	-2,104

Various interdependencies exist between the above actuarial assumptions. The sensitivity analyses do not take such interdependencies into account.

Contributions of EUR 1,720k (prior year: EUR 1,565k) were paid into defined contribution plans in the financial year, mainly at US Group companies. EUR 12,531k (prior year: EUR 12,174k) in statutory pension insurance contributions were paid in Germany.

(31) Gerresheimer Stock Appreciation Rights (Phantom Stocks)

Members of the Management Board of Gerresheimer AG and some executive managers received share-based payment as a voluntary variable remuneration component from 2007 until 2013. In the financial year 2014, the phantom stock plan for executive managers has been replaced by a mid-term incentive program. This is aligned to the achievement of our annual financial targets and also rewards the medium-term development of our company.

The following conditions apply unchanged for the phantom stocks still existing in the financial year 2015: Participants had to be in an employment relationship with Gerresheimer AG or a Group company at the grant date of the phantom stocks. Phantom stocks granted are subject to a vesting period from the issue date to the end of the 30th stock exchange trading day following the Annual General Meeting after the issue date. The phantom stocks can then be converted into remuneration by October 31 of the year following the next Annual General Meeting after the issue date, provided that the exercise target has been reached. The remuneration amount depends on the performance of the Gerresheimer share price. The plan stipulates that when the exercise target is reached, the Company has the option to issue Gerresheimer shares; however, cash settlement is planned.

The exercise target is reached when the target price of the granted phantom stocks exceeds the initial price by at least 8%. The share prices are compared using the non-weighted arithmetic mean of the closing prices recorded in the Frankfurt Stock Exchange Xetra trading system during the last 30 trading days prior to the exercise date. However, the maximum amount payable to subscribers for all stock appreciation rights is limited to 25% of the initial price multiplied by the number of stock appreciation rights.

In addition to the tranches described above, two members of the Management Board were granted additional tranches for the years 2015 to 2016. After a vesting period of four years, a Management Board member is entitled, within an ensuing period of approximately 16 months (exercise period), to demand payment in the amount of the appreciation in the stock market price of Gerresheimer stock between the issue date and the exercise (maturity) date. Payment is conditional on the percentage appreciation being at least 12% or being greater than the percentage increase in the MDAX over the maturity period and on at least one full year's membership of the Management Board. The amount of the remuneration claim is capped for each tranche at an amount equivalent to 25% of the stock market price of the stock at the issue date of the stock appreciation rights.

In future years, a new agreement applies when the contracts of existing Management Board members are extended as well as on new appointments to the Management Board, under which each Management Board member receives an allocation based on value. Members of the Management Board are thus no longer allocated a specific number of stock appreciation rights but are awarded an entitlement (in a specific amount) to a payment in the event that the exercise and payment conditions are met. After a vesting period of five years, a Management Board member is entitled, within an ensuing period of 24 months, to demand payment in the amount of the appreciation in the stock market price of Gerresheimer stock between the issue date and the exercise (maturity) date. Payment is conditional on the percentage appreciation being at least 20% or being greater than the percentage increase in the MDAX over the maturity period, and membership of the Management Board for at least one full year during the maturity period. The target remuneration is to be 40% of the individual fixed salary for each member of the Management Board on attainment of an exercise target comprising a 20% increase in the share price. If the share price rises during the set period by 40% or more, the entitlement awarded to the members of the Management Board is capped at 80% of their individual fixed salary. An entitlement of this kind was awarded to two members of the Management Board in the financial year 2015.

The fair value of the phantom stocks is determined using a recognized (binomial) option pricing model. The volatility of the target value is assumed as 30% p.a. and the employee turnover rate as 3%. The yield on German government bonds of matching maturities was used as the risk-free interest rate. Additionally, the following assumptions were made for the fair value valuation:

Members of the Management Board	Tranche 6 (2012)	Tranche 7 (2013)	Tranche 8 (2014)	Tranche 9 (2015)	Tranche 9 new (2015)
Grant date	February 9, 2010/ June 24, 2011/	February 9, 2010/ June 24, 2011/ October 23, 2012	February 9, 2010/ June 24, 2011/ October 23, 2012	June 24, 2011/ October 23, 2012	May 22, 2014
Term of tranche	October 31, 2017	October 31, 2018	October 31, 2019	October 31, 2020	October 31, 2022
End of the vesting period	June 13, 2016	June 13, 2017	June 13, 2018	June 13, 2019	June 13, 2020
Issue price (in EUR)	34.50	45.28	48.82	51.89	51.89
Target price (in EUR)	38.64	50.71	54.68	58.12	62.27
Number of stock appreciation rights issued	275,000	250,000	185,000	105,000	Entitlement
Exercise threshold (in %)	12	12	12	12	20
Fair value (in EUR k)	1,271	1,677	1,494	764	616
Maximum payout amount (in EUR k)	1,294	2,094	2,258	1,362	616

Based on the above assumptions, the fair value of the 2016 to 2018 tranches (tranches 10 to 12) is EUR 1,974k as of the balance sheet date.

The phantom stocks developed as follows:

Management and members of the Management Board	Tranche 5 (2011)	Tranche 6 (2012)	Tranche 7 (2013)	Tranche 8 (2014)	Tranche 9 (2015)
As of November 30, 2010	–	–	**–**	**–**	**–**
Allocated	503,500	–	–	–	–
Exercised	–	–	–	–	–
Expired during the period	8,000	–	**–**	**–**	**–**
As of November 30, 2011	**495,500**	**–**	**–**	**–**	**–**
Allocated	–	510,500			
Exercised	254,500	–	–	–	–
Expired during the period	4,000	70,000	–	–	–
As of November 30, 2012	**237,000**	**440,500**	**–**	**–**	**–**
Allocated	–	–	436,400	–	–
Exercised	25,000	266,000	50,000	–	–
Expired during the period	2,000	8,000	18,900	–	–
As of November 30, 2013	**210,000**	**166,500**	**367,500**	**–**	**–**
Allocated	–	–	–	185,000	–
Exercised	–	6,500	157,400	–	–
Expired during the period	–	10,000	9,100	–	–
As of November 30, 2014	**210,000**	**150,000**	**201,000**	**185,000**	**–**
Allocated	–	–	–	–	105,000
Exercised	210,000	–	7,600	–	–
Expired during the period	–	–	8,400	–	–
As of November 30, 2015	**–**	**150,000**	**185,000**	**185,000**	**105,000**

In the reporting year 2015, EUR 1,716k was paid out for tranche 5, EUR 86k for tranche 7.

The provision for the phantom stock program amounted to EUR 4,339k as of the balance sheet date (prior year: EUR 2,680k). The expenses amounted to EUR 3,461k for the financial year 2015 (prior year: EUR 1,802k).

(32) Other Provisions

Other provisions developed as follows:

in EUR k	As of Dec. 1, 2014	Changes in the consolidated group	Reclassifications	Utilized	Reversed	Additions	Currency translation	**As of Nov. 30, 2015**	*Thereof current*	*Thereof non-current*
Tax provisions	550	75	5,723	3,304	117	1,737	93	**4,757**	*4,757*	–
Personnel obligations	19,445	158	-257	7,606	181	8,434	1,342	**21,335**	*14,509*	*6,826*
Warranties	20,361	–	-238	8,605	5,029	10,017	599	**17,105**	*17,105*	–
Sales bonuses, rebates and discounts	6,467	–	-256	815	–	2,667	706	**8,769**	*8,769*	–
Sundry other provisions	15,075	1,427	-3	6,491	983	9,421	987	**19,433**	*19,433*	
	61,898	**1,660**	**4,969**	**26,821**	**6,310**	**32,276**	**3,727**	**71,399**	***64,573***	***6,826***

in EUR k	As of Dec. 1, 2013	Changes in the consolidated group	Reclassifications	Utilized	Reversed	Additions	Currency translation	As of Nov. 30, 2014	*Thereof current*	*Thereof non-current*
Tax provisions	1,100	–	–	486	270	172	34	550	*550*	–
Personnel obligations	16,360	–	1,753	9,184	200	9,992	724	19,445	*14,004*	*5,441*
Warranties	14,197	–	–	5,713	371	11,996	252	20,361	*20,361*	–
Sales bonuses, rebates and discounts	5,416	–	–	1,989	19	2,757	302	6,467	*6,467*	–
Sundry other provisions	13,086	–	–	4,308	1,229	7,108	418	15,075	*15,072*	*3*
	50,159	**–**	**1,753**	**21,680**	**2,089**	**32,025**	**1,730**	**61,898**	***56,454***	***5,444***

Provisions for personnel obligations notably include obligations relating to Gerresheimer phantom stocks, long-service awards and phased retirement agreements, and a group health insurance program at the US Group companies.

Provisions for warranties are recorded on the basis of legal obligations or contractual agreements and reflect our customers´ increased quality requirements.

The provisions for sales bonuses, rebates and discounts relate to unpaid compensation granted on revenues realized prior to the balance sheet date.

The sundry other provisions include restructuring provisions in connection with the divisional realignment and streamlining. The restructuring provisions of EUR 6,100k at the financial year-end (prior year: EUR 3,343k) are based on a detailed formal plan.

Two arbitration proceedings are pending at the subsidiaries Gerresheimer Group GmbH, Duesseldorf, Germany, and GERRESHEIMER GLAS GmbH, Duesseldorf, Germany. The first of these relates to the settlement (EUR 14.75 per share) and compensation (EUR 0.84 per share after German withholding tax on capital gains) under a domination and profit and loss transfer agreement. The second relates to the cash settlement (EUR 16.12 per share) following the squeeze-out of minority shareholders. Sundry other provisions include expected expenses for arbitration proceedings.

Moreover, the sundry other provisions also include expected expenses for a large number of non-material items.

The reclassifications mainly relate to liability items. The reclassification in the prior year was due to the presentation of a provision for long-services awards of one subsidiary.

Interest expenses relating to the compounding of long-term accruals amounted to EUR 268k (prior year: EUR 797k).

Outflows of economic benefits in relation to provisions are expected in the amount of EUR 64,573k (prior year: EUR 56,454k) within one year, EUR 6,826k (prior year: EUR 5,444k) between two and five years and EUR 0k (prior year: EUR 0k) after more than five years.

(33) Financial Liabilities

Financial liabilities break down as follows:

	Nov. 30, 2015			Nov. 30, 2014		
in EUR k	**Total**	***Thereof current***	***Thereof non-current***	Total	*Thereof current*	*Thereof non-current*
Bonded loans	423,947	–	*423,947*	–	–	–
Bond	298,345	–	*298,345*	297,674	–	*297,674*
Liabilities to banks	238,825	*238,825*	–	181,797	*113,885*	*67,912*
unsecured	*7,526*	*7,526*	–	*3,489*	*3,489*	–
secured[1)]	*231,299*	*231,299*	–	*178,308*	*110,396*	*67,912*
Fair value of derivative financial instruments	1,161	*1,161*	–	475	*475*	–
Sundry other financial liabilities	28,115	*9,625*	*18,490*	30,418	*9,881*	*20,537*
Other financial liabilities	**990,393**	***249,611***	***740,782***	**510,364**	***124,241***	***386,123***
Trade payables	160,940	*160,940*	–	125,483	*125,483*	–
Financial liabilities	**1,151,333**	***410,551***	***740,782***	**635,847**	***249,724***	***386,123***

1) Secured by guarantor plan.

The carrying amounts of the sundry other financial liabilities and the trade payables correspond approximately to their fair values.

For further details on the fair values of derivative financial instruments, please see note (36).

The table below shows maturities, interest rates and fair values for bonded loans, liabilities to banks and for the bond:

Nov. 30, 2015

(Currency in k)		Amount	Due by	Interest rate % p.a.	**Carrying amount (EUR)**	Fair value (EUR)
Bonded loans	EUR	169,167	2020[3]	0.98	169,167	169,167
	EUR	19,961	2020[3]	0.75	19,961	19,961[1]
	EUR	159,558	2022[3]	1.44	159,558	159,558
	EUR	49,862	2022[3]	0.95	49,862	49,862[1]
	EUR	25,399	2025[3]	2.04	25,399	25,399
					423,947	**423,947**
Bond	EUR	298,345	2018[3]	5.00	298,345	328,800[2]
Liabilities to banks	USD	221,842	2015	0.83	209,700	209,700
	USD	200	2016	7.00–7.03	189	189
	ARS	846	2016	15.30	82	82
	EUR	44	2015	8.50	44	44
	PLZ	11,310	2017	2.21–2.27	2,648	2,648
	EUR	21,516	2015	0.60	21,516	21,516
	EUR	715	2016	0.48	715	715
	INR	277,257	–[4]	8.50–10.2	3,931	3,931
					238,825	**238,825**
					961,117	**991,572**

Nov. 30, 2014

(Currency in k)		Amount	Due by	Interest rate % p.a.	Carrying amount (EUR)	Fair value (EUR)
Bond	EUR	297,674	2018[3]	5.00	297,674	338,850[2]
Liabilities to banks	USD[5]	113,703	2016	1.83	91,086	91,086
	USD	57,429	2014	1.56	46,006	46,006
	USD	200	2015	6.00	160	160
	ARS	2,596	2016	15.25	243	243
	EUR	39,466	2014	1.41	39,466	39,466
	EUR	1,507	2021	1.63	1,507	1,507
	EUR	68	2015	–	68	68[6]
	PLZ	13,644	2015	2.68–2.78	3,261	3,261
					181,797	**181,797**
					479,471	**520,647**

[1] Variable interest.
[2] Except for the loans indicated, the carrying amounts of the liabilities to banks approximate to the fair value of the liability.
[3] Final maturity.
[4] Operating loan facility, indefinite term.
[5] Hedged by interest rate swap to March 15, 2015; figure shown is last interest rate fixing for loan.
[6] Non-interest bearing.

The interest rates shown are the interest rates at the balance sheet date. They comprise the market interest rate and bank lending margins.

In connection with the refinancing of the previous syndicated loans, a new revolving loan agreement of EUR 450,000k was signed on June 9, 2015 with a five-year term to maturity. This was used to redeem the bank loan for an initial EUR 400,000k on June 15, 2015, that was otherwise due to expire in 2016.

The EUR 300,000k bond remains in place. It was issued on May 19, 2011 with an issue price of 99.4%, a coupon of 5.0% p.a. and a term to maturity ending in 2018.

A one-year, EUR 550,000k bridging loan was signed on July 27, 2015 in connection with the Centor acquisition. The bridging loan was paid back in full as of November 30, 2015 out of the issuance of the bonded loans for a total of EUR 425,000k launched on November 10, 2015 with maturities of five, seven and ten years, and out of the sale proceeds for the glass tubing business.

The sundry other financial liabilities also include put options granted to non-controlling shareholders, finance lease liabilities and accrued interest liabilities. Regarding lease agreements please refer to note (35).

(34) Other Liabilities

Other liabilities break down as follows:

	Nov. 30, 2015			Nov. 30, 2014		
in EUR k	**Total**	***Thereof current***	***Thereof non-current***	Total	*Thereof current*	*Thereof non-current*
Prepayments received	**30,768**	*30,768*	–	43,606	*43,572*	*34*
Liabilities from other taxes	**11,030**	*11,030*	–	10,085	*10,085*	–
Liabilities from social security obligations	**5,991**	*5,991*	–	4,153	*4,153*	–
Sundry other liabilities	**70,777**	*70,500*	*277*	57,930	*56,165*	*1,765*
Other liabilities	**118,566**	***118,289***	***277***	**115,774**	***113,975***	***1,799***

Prepayments received include EUR 24,766k (prior year: EUR 39,131k) relating to construction contracts.

Collateral was given for prepayments received in the amount of EUR 6,325k (prior year: EUR 2,624k).

Sundry other liabilities primarily relate to obligations to employees.

(35) Other Financial Obligations

Other financial obligations not balanced on an account break down as follows:

in EUR k	**Nov. 30, 2015**	Nov. 30, 2014
Obligations under rental and lease agreements	**43,157**	52,979
Capital expenditure commitments	**17,135**	31,657
Guarantees	**210**	218
Sundry other financial obligations	**7,278**	876
Other financial obligations	**67,780**	**85,730**

The obligations from rental and lease agreements mainly relate to plant and to land and buildings used for operating purposes.

Finance lease and operating lease obligations fall due as follows:

in EUR k	Finance leases			Rentals and operating leases
	Minimum lease payments	Interest component	Present value	Nominal value
Due within 1 year	1,199	139	1,060	12,774
Due 1 to 5 years	4,954	305	4,649	24,371
Due after 5 years	–	–	–	6,012
Nov. 30, 2015	**6,153**	**444**	**5,709**	**43,157**

in EUR k	Finance leases			Rentals and operating leases
	Minimum lease payments	Interest component	Present value	Nominal value
Due within 1 year	637	138	499	13,060
Due 1 to 5 years	5,640	404	5,236	28,093
Due after 5 years	–	–	–	11,826
Nov. 30, 2014	**6,277**	**542**	**5,735**	**52,979**

EUR 16,960k (prior year: EUR 16,571k) was recognized as expense in the income statement in the financial year 2015, in connection with rentals and operating leases.

(36) Reporting on Capital Management and Financial Instruments

The Group's capital management objectives primarily consist of maintaining and ensuring the best-possible capital structure to reduce cost of capital, ensuring a sufficient level of cash and cash equivalents as well as active management of net working capital. Net financial debt as of November 30, 2015 amounts to EUR 877,453k (prior year: EUR 423,847k); net working capital is EUR 213,698k (prior year: EUR 233,056k).

The Gerresheimer Group's risk management system for credit risk, liquidity risk and individual market risks, including interest risks, currency risks and price risks, is described, including its objectives, policies and processes and their measures to monitor the covenants to be complied with, in the Opportunity and Risk Report section of the Management Report. Please see note (6) for further explanations.

Information on financial instruments by category and class

By type of determination of the fair values of financial assets and financial liabilities, three hierarchy level must be distinguished. Gerresheimer reviews the categorization of fair value measurements to levels in the fair value hierarchy at the end of each reporting period.

Level 1: Fair values are determined on the basis of quoted prices in an active market.

Level 2: If no active market for a financial asset or a financial liability exists, fair value is established by using valuation techniques. The fair value measurements categorized in Level 2 were determined on the basis of prices in the most recent transactions with willing and independent parties or using prices in observable current market transactions for similar assets or liabilities.

Level 3: The fair value measurements are based on models incorporating unobservable inputs that are significant to the measurement.

	Nov. 30, 2015				Nov. 30, 2014			
in EUR k	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets designated "Available for sale"								
Securities	653	–	–	653	662	–	–	662
Financial assets designated "At fair value through profit and loss"								
Derivative financial assets	–	117	–	117	–	108	–	108
Measured at fair value	**653**	**117**	**–**	**770**	**662**	**108**	**–**	**770**
Financial liabilities designated "At fair value through profit and loss"								
Derivative financial liabilities	–	1,161	–	1,161	–	96	–	96
Put options	–	–	13,747	13,747	–	–	12,330	12,330
Financial liabilities designated "At fair value – changes in cash flow hedge reserve"								
Derivative financial liabilities	–	–	–	–	–	379	–	379
Measured at fair value	**–**	**1,161**	**13,747**	**14,908**	**–**	**475**	**12,330**	**12,805**

The following table shows the carrying amounts and fair values of the individual financial assets and liabilities for each individual category of financial instruments and reconciles them to the corresponding balance sheet items:

	Nov. 30, 2015				Nov. 30, 2014			
	At amortized cost		At fair value		At amortized cost		At fair value	
in EUR k	Carrying amount	*For information purposes: Fair value*	Carrying amount	**Balance sheet amount**	Carrying amount	*For information purposes: Fair value*	Carrying amount	**Balance sheet amount**
Trade receivables	200,130	*200,130*	–	200,130[1]	182,941	*182,941*	–	182,941[3]
Loans and receivables	200,130	*200,130*	–		182,941	*182,941*	–	
Other financial assets	15,357	*15,121*	770	16,127	7,712	*7,547*	770	8,482
Available-for-sale financial assets	236[2]	–	653		165[4]	–	662	
At fair value through profit or loss	–	–	117		–	–	108	
Loans and receivables	15,121	*15,121*	–		7,547	*7,547*	–	
Cash and cash equivalents	93,668	*93,668*	–	93,668	67,936	*67,936*	–	67,936
Financial assets	**309,155**	***308,919***	**770**	**309,925**	**258,589**	***258,424***	**770**	**259,359**
Other financial liabilities	975,485	*1,005,940*	14,908	990,393	497,559	*538,735*	12,805	510,364
At amortized cost	975,485	*1,005,940*	–		497,559	*538,735*	–	
At fair value through profit or loss	–	–	14,908		–	–	12,426	
At fair value – changes in cash flow hedge reserve	–	–	–		–	–	379	
Trade payables	160,940	*160,940*	–	160,940	125,483	*125,483*	–	125,483
At amortized cost	160,940	*160,940*	–		125,483	*125,483*	–	
Financial liabilities	**1,136,425**	***1,166,880***	**14,908**	**1,151,333**	**623,042**	***664,218***	**12,805**	**635,847**

[1] Receivables under construction contracts are additionally recognized in the balance sheet in the amount of EUR 18,884k.
[2] Due to the non-availability of a reliably estimable quoted price, the fair value of investments with a carrying amount of EUR 236k is not stated.
[3] Receivables under construction contracts are additionally recognized in the balance sheet in the amount of EUR 25,539k.
[4] Due to the non-availability of a reliably estimable quoted price, the fair value of investments with a carrying amount of EUR 165k is not stated.

Liabilities measured at amortized cost include finance lease liabilities for which Group companies are the lessees. As of November 30, 2015, these liabilities amount to EUR 5,708k (prior year: EUR 5,735k).

The fair values of receivables, loans and liabilities are measured at the present value of future cash flows discounted at the current interest rate as of the balance sheet date. The fair values are discounted at an interest rate, taking into account the maturity of the asset or the remaining term of the liability and the counterparty's credit standing as of the balance sheet date.

Due to the predominantly short terms, the fair values of trade receivables, trade payables, other financial assets, other financial liabilities as well as cash and cash equivalents do not differ significantly from their carrying amounts.

Receivables relating to application of the percentage of completion method amount to EUR 18,884k (prior year: EUR 25,539k)

Maturity analysis

The Group continually monitors liquidity risk. The maturities of the Group's financial liabilities as of November 30, 2015 are as follows. The amounts are stated on the basis of the contractual, non-discounted payments.

Nov. 30, 2015

in EUR k	Due or due in 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	**Total**
Bonded loans	–	–	–	189,500	235,500	**425,000**
Bond and liabilities to banks	239,560	267	586	300,000	–	**540,413**
Interest payments on bond and liabilities to banks	423	2	20,121	50,441	8,159	**79,146**
Trade payables	139,085	20,122	1,733	–	–	**160,940**
Finance lease liabilities	669	102	428	4,954	–	**6,153**
Sundry other financial liabilities	–	–	10	15,826	–	**15,836**
	379,737	**20,493**	**22,878**	**560,721**	**243,659**	**1,227,488**

Nov. 30, 2014

in EUR k	Due or due in 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	**Total**
Bond and liabilities to banks	89,280	27	25,288	366,578	1,507	482,680
Interest payments on bond and liabilities to banks	746	25	16,154	45,754	39	62,718
Interest from interest rate swaps	326	–	329	–	–	655
Trade payables	102,598	22,083	802	–	–	125,483
Finance lease liabilities	55	119	463	5,640	–	6,277
Sundry other financial liabilities	127	50	414	14,398	903	15,892
	193,132	**22,304**	**43,450**	**432,370**	**2,449**	**693,705**

The liabilities from bond and liabilities to banks existing as of November 30, 2015 in the amount of EUR 239,560k include EUR 232,804k (prior year: EUR 86,006k) drawings from the revolving credit facility, which have been agreed firmly, until June 2020. These drawings are fully included under the item “Due or due in 1 month” (prior year: “Due or due in 1 month” EUR 86,006k).

Hedges

Derivative financial instruments are used exclusively for hedging purposes. The Group’s financial risks are monitored centrally as part of Group-wide financial risk management. Identified potential risks are managed using suitable hedging instruments on the basis of clearly defined guidelines.

The following table provides an overview of hedges as of the financial year-end:

	Nov. 30, 2015		Nov. 30, 2014	
in EUR k	**Exchange rate hedges**	**Interest rate derivatives**	Exchange rate hedges	Interest rate derivatives
Nominal value (gross)	309,286[1]	–	74,942[1]	91,435
Fair value (net)	-1,044	–	12	-379
Residual term	04/2016	–	04/2015	03/2015
Carrying amount (underlying assets)	25,369	–	18,452	–
Carrying amount (underlying liabilities)	29,575	–	16,790	91,086

[1] This also includes forward exchange contracts for receivables and payables between consolidated companies that have been eliminated on consolidation.

The put option of Triveni is included in the carrying amount of the underlying liabilities of the exchange rate hedges in both financial years.

The derivative financial instruments are measured at fair values determined by banks. As hedges, there is generally an economic relationship between the hedging instruments and hedged operating items.

Cash flow hedges

The Gerresheimer Group’s payer interest rate swap still in place as of November 30, 2014 expired in accordance with the contract as of March 16, 2015. No new payer interest rate swap was entered into in connection with the new revolving credit facility.

Foreign exchange hedges

In accordance with internal financing guidelines, the Gerresheimer Group used forward exchange contracts and currency swaps in the financial year 2015 to hedge currency risks on foreign currency denominated receivables and payables. The sole risk exposure in connection with currency management relates to transaction risks. The currency-derivatives are used to hedge specific hedged items and are classified as hedging instruments.

Losses from derivative financial instruments of EUR 23,776k were recognized in profit and loss in the financial year 2015 (prior year: EUR 531k losses). This amount includes an expense of EUR 8,524k for the exchange rate hedge on the purchase price for the Centor acquisition, recognized in one-off expenses under other operating expenses. It also includes an expense of EUR 11,908k primarily for the exchange rate hedge on a USD intercompany loan.

Sensitivity analyses

In accordance with IFRS 7, interest rate risk is presented using sensitivity analyses. The following section describes the sensitivity of net income before taxes and of the cash flow hedge reserve recognized in equity to a reasonably possible change in interest rates.

The interest rate sensitivity analyses are based on the following assumptions:

Changes in the market interest rate of non-derivative financial instruments with fixed interest rates only affect earnings when the instruments are measured at fair value. In the Gerresheimer Group, all non-derivative liabilities are measured at amortized cost. No financial liabilities with fixed interest rates are therefore exposed to interest rate risk within the meaning of IFRS 7.

If the market interest rate had been 100 basis points higher or 10 basis points lower as of November 30, 2015 (prior year: 10 basis points lower), net income before taxes would have been EUR 2,967k lower or EUR 593k higher (prior year: EUR 86k lower or EUR 9k higher).

The following section describes the sensitivity of net income before taxes (due to the change in the fair values of monetary assets and liabilities) to a reasonably possible change in exchange rates, Gerresheimer AG only being exposed to currency risk on unhedged monetary financial instruments. All other variables remain constant.

If the euro against all currencies as of November 30, 2015 had increased (decreased) by 10%, net income before taxes would have increased by EUR 1,326k or decreased by EUR 874k (prior year using the same sensitivities: increase of EUR 108k and decrease of EUR 193k).

OTHER NOTES

(37) Segment Reporting

Segment reporting follows internal reporting according to the management approach.

In the Gerresheimer Group, the Management Board of Gerresheimer AG, as the chief operating decision maker, allocates resources to the operating segments and assesses their performance. The reportable segments and regions as well as the performance data shown are consistent with the internal management and reporting system.

The Gerresheimer Group is managed through strategic business units organized as divisions. These are aggregated into reporting segments based on the economic characteristics of their businesses.

With the start of the financial year 2014, Gerresheimer realigned its three divisions. The organization was geared more closely to customer needs while businesses with similar technologies were pooled.

Plastics & Devices

The Plastics & Devices Division encompasses complex customer-specific system solutions for easy and safe drug administration. These include insulin pens, inhalers and prefillable syringes. Also included are diagnostics and medical technology products, such as skin-prick aids and test systems as well as pharmaceutical plastic containers for liquid and solid medicines with closure and safety systems.

We develop complex systems and system components made of plastic on a project basis. Our target market here is made up of customers in the pharma industry, diagnostics and medical technology. We provide tailored services for these customers, spanning every link in the Medical Systems value chain. Our Medical Plastic Systems products range from inhalers for the treatment of respiratory diseases to lancets and insulin pen systems for diabetics, as well as an extensive array of test systems and disposable products for laboratory and molecular diagnostics.

The Plastics & Devices Division also includes plastic system packaging for use with liquid and solid medications. Our broad range of high-quality primary drug packaging products includes application and dosage systems, such as eyedroppers and nasal spray vials, as well as special containers for tablets and powders. The range also includes tamper-evident multifunctional closure systems, childproof and senior-friendly applications, and integrated moisture absorbers under the Duma® brand name.

In Centor, we additionally have the leading producer of plastic packaging and closures for oral prescription medication in the North American end-consumer market. A feature of the US market for prescription medication is the pour-and-count system. The precise amount of oral medication stated in a prescription is specially packaged for each patient in a plastic container. Centor has a strong product portfolio for this purpose, including the 1-Clic® and Screw-Loc® product lines, which are the two leading forms of plastic packaging in the USA. Centor supplies national and regional pharmacy chains, supermarkets and wholesalers.

Primary Packaging Glass

The Primary Packaging Glass Division produces glass primary packaging products for drugs and cosmetics. This includes pharma jars, ampoules, injection vials, cartridges, perfume flacons and cream jars, plus special glass containers for the food and drinks industry.

Our range for the pharmaceutical industry covers a wide selection of glass primary packaging products. Moulded glass products meet market and customer needs with a diverse range of injection, dropper and syrup bottles. We also produce high-quality specialty products such as ampoules, vials and cartridges from borosilicate glass tubing. On this basis, we offer a virtually end-to-end range of pharmaceutical packaging in flint and amber glass.

Our product portfolio for the cosmetics industry encompasses high-quality glass packaging such as vials and glass containers for perfumes, deodorants, skin-care and wellness products. We process clear, colored and opal glass. All shaping, coloring, printing and exclusive finishing technologies are available to us for this purpose.

For the food and beverage industry, we supply both standard and custom miniature and other sizes of bottles and glass containers for products such as spirit miniatures. Our products include a range of variations such as amber, flint, colored and opal glass, diverse shape variants and numerous finishing options.

Life Science Research

The Life Science Research Division produces laboratory glassware and other systems specialized for research, development and analytics. We also supply general laboratory ware.

The product portfolio ranges from standard items for wet chemistry, such as volumetric flasks, beakers, Erlenmeyer flasks and vials for laboratory analytics, to more complex products such as distillation and filtration systems as well as components for precision lasers. We additionally produce a wide array of application-specific variants to meet custom requirements.

The effects of services of Gerresheimer AG, consolidation measures and inter-segment reconciliations are presented in the segment reporting as "Head office/consolidation". The measurement principles for segment reporting are based on the IFRSs applied in the consolidated financial statements.

Segmental performance is assessed and calculated according to the following criteria:

- Intra-Group revenues are measured on an arm's length basis. There were no revenues with key accounts amounting to more than 10% of Gerresheimer Group revenues neither for the financial year 2015 nor for the prior year.
- Adjusted EBITDA is not defined in IFRS but represent key performance indicators for the Gerresheimer Group. Adjusted EBITDA is net income before income taxes, financial result, amortization of fair value adjustments, depreciation and amortization, impairments, restructuring expenses and one-off income and expenses.
- Net working capital is defined as inventories, trade receivables and prepayments less prepayments received and trade payables.
- Operating cash flow is a key performance indicator comprising adjusted EBITDA plus changes in net working capital at constant exchange rates plus capital expenditures less added finance leases.
- Capital expenditures comprise all additions to intangible assets and property, plant and equipment measured at cost.
- Non-current assets do not include financial instruments, deferred tax assets, post-employment benefits or rights arising from insurance contracts.

In the following the used key performance indicators to assess the performance of the divisions of Gerresheimer AG and additional key indicators by regions are shown:

Segment data by division

By division in EUR k	Plastics & Devices		Primary Packaging Glass		Life Science Research		Head office/consolidation		Group	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Segment revenues	645,311	598,756	650,986	622,255	100,732	87,321	–	–	1,397,029	1,308,332
Intra-Group revenues	-631	-987	-19,166	-17,328	–	-1	–	–	-19,797	-18,316
Revenues with third parties	**644,680**	**597,769**	**631,820**	**604,927**	**100,732**	**87,320**	**–**	**–**	**1,377,232**	**1,290,016**
Adjusted EBITDA	141,582	126,101	143,669	133,963	15,267	12,362	-22,626	-19,041	277,892	253,385
Depreciation and amortization	-38,233	-36,105	-45,857	-49,383	-1,729	-1,532	-440	-469	-86,259	-87,489
Adjusted EBITA	103,349	89,996	97,812	84,580	13,538	10,830	-23,066	-19,510	191,633	165,896
Net working capital	100,566	94,849	90,327	113,809	26,734	26,755	-3,929	-2,357	213,698	233,056
Operating cash flow[1]	110,500	47,394	70,313	65,168	18,388	10,674	-22,162	-19,660	177,039	103,576
Capital expenditure	36,009	63,459	86,968	60,411	1,716	2,055	1,106	674	125,799	126,599
Employees (average for the year)	4,513	4,462	5,542	5,862	788	796	101	104	10,944	11,224

[1] Operating cash flow: Adjusted EBITDA plus or minus change in net working capital less capital expenditure.

Key indicators by region

By region[1] in EUR k	Europe		Germany		Americas		Emerging markets		Other regions		Group	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Revenues by target region[2]	471,781	466,990	324,854	311,874	322,397	261,711	224,172	217,069	34,028	32,372	1,377,232	1,290,016
Revenues by region of origin[3]	157,680	269,144	707,949	538,008	311,977	269,405	199,626	213,459	–	–	1,377,232	1,290,016
Non-current assets	149,354	172,173	615,722	648,828	896,964	135,416	200,864	184,185	–	–	1,862,904	1,140,602
Employees (average for the year)	1,899	1,880	3,457	3,474	1,478	1,553	4,110	4,317	–	–	10,944	11,224

[1] See Note (8) for an explanatory note on the regions.
[2] Revenues by location of customer registered office.
[3] Revenues by location of supplier registered office.

Reconciliation from Adjusted EBITA of the divisions to net income before taxes of the Group is shown in the following table:

in EUR k	**2015**	2014
Adjusted segment EBITA	214,700	185,406
Head office/consolidation	-23,067	-19,510
Adjusted Group EBITA	**191,633**	**165,896**
Sale glass tubing business[1]	52,175	–
Acquisition Centor	-11,565	–
Portfolio optimization	-15,879	-16,988
One-off expenses and income	-500	-1,519
Amortization of fair value adjustments	-22,293	-17,493
Result of operations	**193,571**	**129,896**
Net finance expense	-34,558	-30,547
Net income before income taxes	**159,013**	**99,349**

[1] Includes impairment losses of fair value adjustments of the Kimble/Kontes brand name EUR 15,682k.

(38) Auditor Fees

The auditor of the individual and consolidated financial statements of Gerresheimer AG is Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Duesseldorf, Germany. The audit opinion is signed by Marion Lammers (since the financial year 2015) and Holger Grünewald (since the financial year 2013). Holger Grünewald is deemed to be the auditor in charge in accordance with section 24a para 2 BS WP/vBP ("Berufssatzung der Wirtschaftsprüfer und vereidigten Buchprüfer") for Gerresheimer AG.

Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Duesseldorf, Germany, has been the auditor for Gerresheimer AG since 2009.

The following fees have been recognized as expense for services provided by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft:

in EUR k	**2015**	2014
Financial statements auditing	614	515
Other assurance services	8	17
Tax advisory services	5	7
Other services	10	8
	637	**547**

(39) Related Party Disclosures

In the course of our operating activities, we conduct business with legal entities and individuals who are able to exert influence on Gerresheimer AG or its subsidiaries or are controlled or significantly influenced by Gerresheimer AG or its subsidiaries.

Related parties include companies that are related parties of members of the Supervisory Board of Gerresheimer AG, non-consolidated companies and associates, and members of the Gerresheimer AG Supervisory Board and Management Board.

The table below shows transactions with related parties:

	2015				2014			
in EUR k	**Sale of goods and services**	**Purchase of goods and services**	**Trade receivables**	**Trade payables**	Sale of goods and services	Purchase of goods and services	Trade receivables	Trade payables
Company in relation to a member of the Gerresheimer AG Supervisory Board	3,123	–	116	–	2,897	–	193	–
Associated companies	–	2,931	–	93	–	1,950	–	210
	3,123	**2,931**	**116**	**93**	**2,897**	**1,950**	**193**	**210**

The transactions carried out include the Vetter Pharma-Fertigungs GmbH & Co. KG, Ravensburg, Germany, which is related to a member of the Supervisory Board.

All transactions are conducted at market prices and on arm’s length terms.

The shares in the associated company Beijing Gerresheimer Glass Co. Ltd., Huangcun, Beijing, China, were sold with effect from May 20, 2014.

(40) Total Remuneration of the Members of the Supervisory Board and Management Board

Remuneration of the members of the Supervisory Board of Gerresheimer AG totaled EUR 1,111k in the financial year 2015 (prior year: EUR 1,086k).

Remuneration of the active Management Board members during the financial year, made up of fixed salary (including fringe benefits), performance-linked bonuses and components with a long-term incentive effect, came to EUR 4,338k in the financial year 2015 (prior year: EUR 4,052k).

The fair value of the 2015 to 2018 tranches of Management Board stock appreciation rights (tranches 9 to 12) was EUR 3,354k as of the balance sheet date (prior year: tranches 8 to 11: EUR 799k). EUR 3,261k (prior year: EUR 863k tranches 4 to 9) was recognized as of the balance sheet date in expenses for additions to the provision for stock appreciation rights (tranches 5 to 12). For further details, please see note (31).

With effect from May 1, 2007, the pension obligations for active members of the Management Board were transferred to a pension fund. Benefits vesting since May 1, 2007 are generally processed through a provident fund. The present value of the defined benefit obligation for active members of the Management Board, before offset against plan assets, is EUR 6,584k (prior year: EUR 5,748k).

The present value of the defined benefit obligation for former members of management and their dependents, before offset against plan assets, is EUR 25,146k (prior year: EUR 26,977k). Regular payments for pensions and other benefits amounted to EUR 1,886k (prior year: EUR 2,005k).

Further information on the remuneration of the members of the Management Board are provided in the Remuneration Report section of the Group Management Report.

(41) Corporate Governance

The term corporate governance relates to a company's entire management and monitoring system, including its organization, business policies and guidelines as well as internal and external control mechanisms. The aim of good corporate governance is responsible and transparent corporate management and control geared to sustained value creation. This enhances the confidence of national and international investors, business partners, financial markets, employees and the public in the management and control of Gerresheimer AG.

Gerresheimer AG is required as a listed company to state to what extent it complies with the recommendations of the German Corporate Governance Code and any recommendations it has not or will not comply with ("comply or explain").

The Management Board and Supervisory Board of Gerresheimer AG most recently adopted the following declaration of compliance in accordance with section 161 of the German Stock Corporation Act (Aktiengesetzt/AktG) as follows on September 9, 2015:

Since its last declaration of September 9, 2014 Gerresheimer AG has complied with all recommendations of the "Government Commission on the German Corporate Governance Code" as amended on May 13, 2013. Gerresheimer AG will in future comply with all recommendations of the "Government Commission on the German Corporate Governance Code" as amended on May 5, 2015 with exception of number 5.4.1 paragraph 2 clause 1 (The Supervisory Board has not defined a regular limit for length of membership on the Supervisory Board). The declaration is available from the Company website (www.gerresheimer.com/en/investor-relations).

(42) Events after the Balance Sheet Date

No events have arisen since November 30, 2015 that are expected to have a material impact on the net assets, financial position or results of operations of the Gerresheimer Group or Gerresheimer AG.

The financial statements were prepared by the Management Board at its meeting on January 20, 2016, authorized for publication and will be submitted by the Audit Committee to the Supervisory Board for approval in its meeting on February 10, 2016.

Duesseldorf, Germany, January 20, 2016

The Management Board

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of assets, liabilities, financial position and profit or loss of the Group, and the Group Combined Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Duesseldorf, Germany, January 20, 2016

The Management Board

Uwe Röhrhoff Rainer Beaujean Andreas Schütte

INDEPENDENT AUDITORS' REPORT

We have audited the consolidated financial statements prepared by Gerresheimer AG, Düsseldorf/Germany, – comprising the income statement, as well as the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes to the financial statements – and the group management report for the business year from December 1, 2014 to November 30, 2015. The preparation of the consolidated financial statements and the combined group management report in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB ("German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of Gerresheimer AG, Düsseldorf/Germany, comply with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, Germany, January 20, 2016

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Lammers	Signed: Grünewald
Wirtschaftsprüferin	Wirtschaftsprüfer
German Public Auditor	German Public Auditor

SUPERVISORY BOARD AND MANAGEMENT BOARD

SUPERVISORY BOARD

Financial year 2015 (December 1, 2014 to November 30, 2015)

Gerhard Schulze (until April 30, 2015)
Chairman of the Supervisory Board,
Diplom-Betriebswirt,
Former member of the Management Board of Gerresheimer Glas AG
b) Wickeder Holding GmbH (Chairman until and Deputy Chairman since June 26, 2015)
Linet Group SE, The Netherlands (Chairman)

Dr. Axel Herberg
Chairman of the Supervisory Board (since April 30, 2015)
Senior Managing Director of The Blackstone Group Germany GmbH
a) Jack Wolfskin Ausrüstung für Draussen GmbH & Co. KGaA (Chairman) (until October 29, 2015)
Leica Camera AG
b) Jack Wolfskin Group (functional apparel, outdoor equipment, shoes)
JW Germany Holding GmbH (Chairman)
Leica Group (photography and sport optics)
Lisa Germany Holding GmbH
Vetter Pharma-Fertigungs GmbH & Co. KG

Francesco Grioli
Deputy Chairman of the Supervisory Board,
Regional Director Rhineland-Palatinate/Saarland of IG Bergbau, Chemie, Energie
a) BASF SE
Villeroy & Boch AG
b) Steag New Energies GmbH (Deputy Chairman)
Villeroy & Boch Fliesen GmbH

Andrea Abt (since April 30, 2015)
Master of Business Administration,
Former Head of Supply Chain Management of the Siemens AG Sector Infrastructure
b) Brammer plc., United Kingdom
SIG plc., United Kingdom

Sonja Apel (until December 31, 2015)
Director Group Accounting of Gerresheimer AG
b) Gerresheimer Mexico Holding LLC, USA (until December 31, 2015)
Gerresheimer MH Inc., USA (until December 31, 2015)
Gerresheimer Spain S.L.U., Spain (until December 31, 2015)
Gerresheimer Denmark A/S, Denmark (until December 31, 2015)
Gerresheimer Plasticos Sao Paulo Ltda., Brazil (until December 31, 2015)
Gerresheimer Boleslawiec S.A., Poland (until December 31, 2015)

Lydia Armer
Member of the Company Works Council of Gerresheimer Regensburg GmbH
a) Gerresheimer Regensburg GmbH

Dr. Karin Louise Dorrepaal
Consultant,
Former member of the Management Board of Schering AG
a) Paion AG (Deputy Chairwoman)
b) Triton Beteiligungsberatung GmbH
Grontmij N.V., The Netherlands (until October 1, 2015)
Almirall S.A., Spain
Kerry Group plc, Ireland
Humedics GmbH (Chairwoman) (since October 1, 2015)

Eugen Heinz
Member of the Company Works Council of Gerresheimer Lohr GmbH

Seppel Kraus
Regional Director Bavaria of IG Bergbau, Chemie, Energie
a) Hexal AG
Novartis Deutschland GmbH
Wacker Chemie AG

a) Membership in Supervisory Boards according to German legal regulations
b) Membership in comparable domestic and foreign control boards of economic enterprises

Dr. Peter Noé
Diplom-Kaufmann,
Former member of the Management Board of Hochtief AG
b) BlackRock Private Equity Partners AG, Switzerland

Markus Rocholz
Chairman of the Company Works Council of Gerresheimer Essen GmbH
a) Gerresheimer Tettau GmbH

Theodor Stuth
Auditor and Certified Tax Advisor
b) Wickeder Holding GmbH
Wickeder Profile Walzwerk GmbH
Linet Group SE, The Netherlands

Udo J. Vetter
Pharmacist and General Partner of UV-Cap GmbH & Co. KG
a) ITM AG (Chairman)
b) Vetter Pharma-Fertigungs GmbH & Co. KG (Chairman)
Atoll GmbH (Chairman)
HSM GmbH & Co. KG
Gland Pharma Pte. Ltd., India
Paschal India Pvt. Ltd., India (Chairman)

MANAGEMENT BOARD

Financial year 2015 (December 1, 2014 to November 30, 2015)

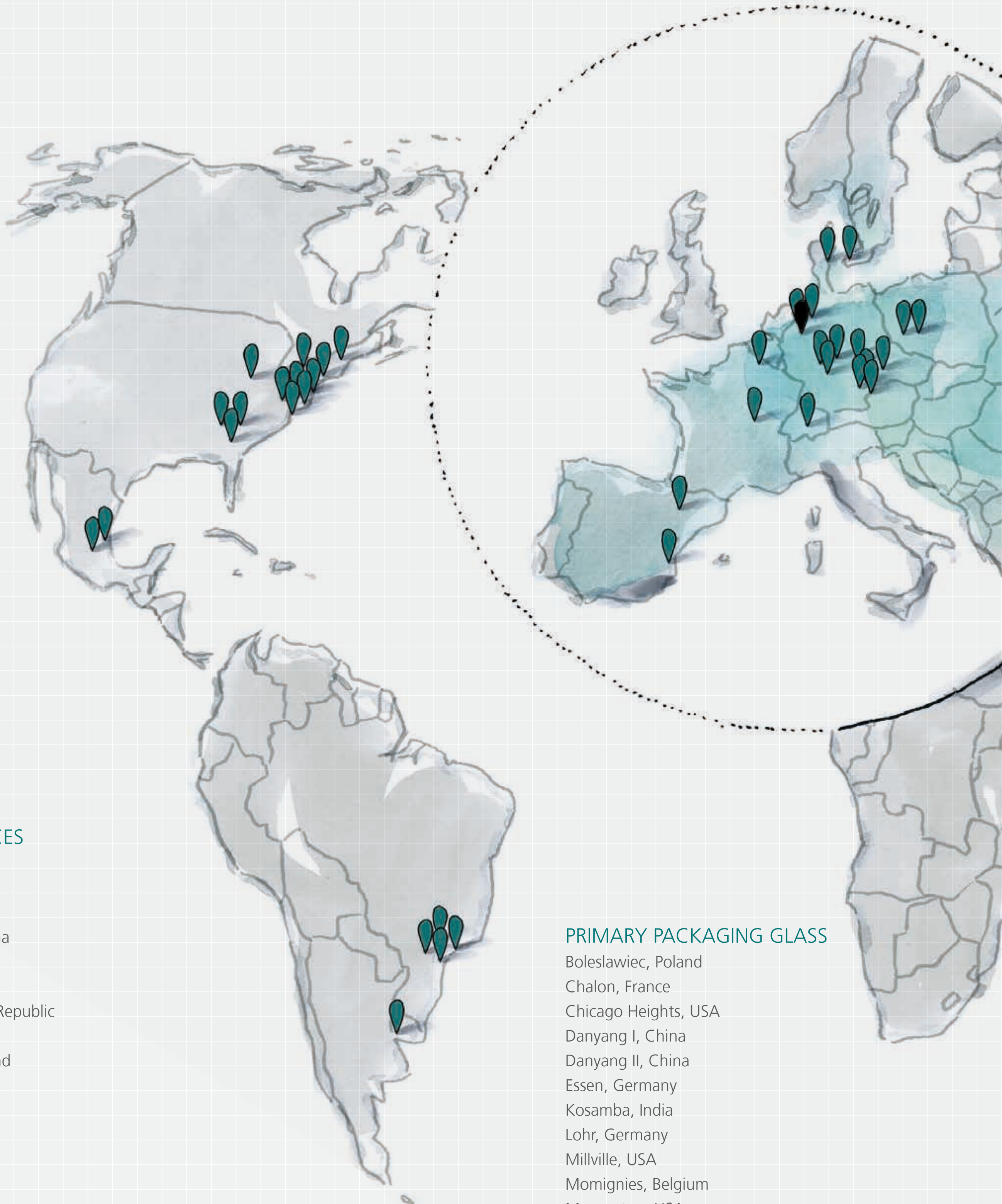
Uwe Röhrhoff
Chairman
a) Gerresheimer Tettau GmbH (Chairman)
Gerresheimer Regensburg GmbH (Chairman)
b) Gerresheimer Glass Inc., USA (Chairman)
Gerresheimer Momignies S.A., Belgium (Chairman)
Gerresheimer Queretaro S.A., Mexico (Chairman)
Neutral Glass and Allied Industries Pvt. Ltd., India
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., China (Chairman)
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., China (Chairman)
Corning Pharmaceutical Packaging LLC, USA (since November 2, 2015)

Rainer Beaujean
a) Gerresheimer Tettau GmbH (Deputy Chairman)
Gerresheimer Regensburg GmbH (Deputy Chairman)
b) Gerresheimer Glass Inc., USA
Kimble Chase Life Science and Research Products LLC, USA (Chairman)
Kontes Mexico S. de R.L. de C.V., Mexico
Kimble Kontes LLC, USA
Centor US Holding Inc., USA (since September 1, 2015)
Centor Inc., USA (since September 1, 2015)
Centor Pharma Inc., USA (since September 1, 2015)

Andreas Schütte
b) Gerresheimer Denmark A/S, Denmark (Chairman)
Gerresheimer Vaerloese A/S, Denmark (Chairman)
Gerresheimer Zaragoza S.A., Spain (Deputy Chairman)
Gerresheimer Plasticos Sao Paulo Ltda., Brazil
Gerresheimer Boleslawiec S.A., Poland (Chairman)
Triveni Polymers Pvt. Ltd., India
Centor US Holding Inc., USA (Chairman) (since September 1, 2015)
Centor Inc., USA (Chairman) (since September 1, 2015)
Centor Pharma Inc., USA (Chairman) (since September 1, 2015)

a) Membership in Supervisory Boards according to German legal regulations
b) Membership in comparable domestic and foreign control boards of economic enterprises

GERRESHEIMER AG LOCATIONS



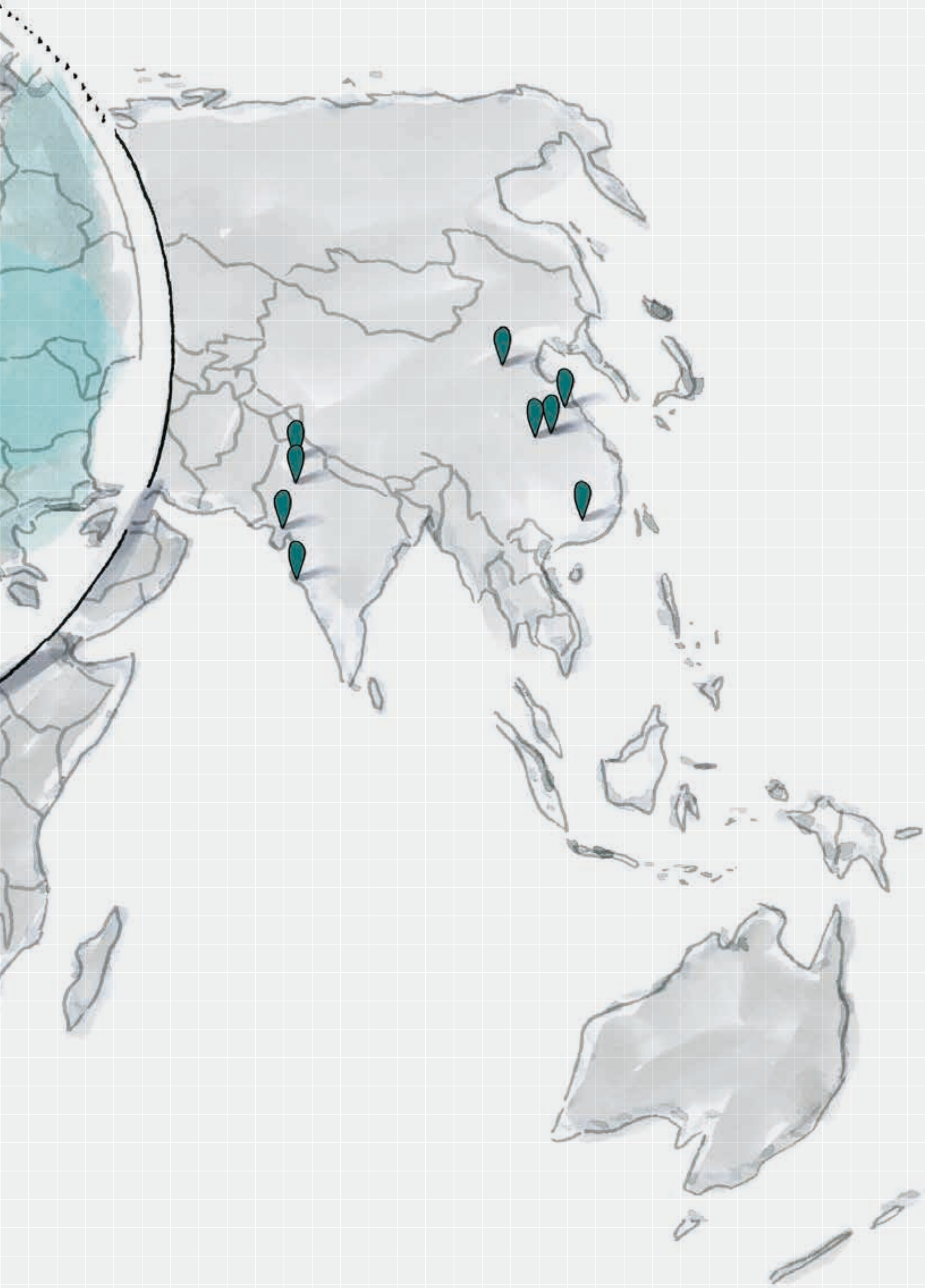
LOCATIONS

PLASTICS & DEVICES

Berlin, USA
Boleslawiec, Poland
Buende, Germany
Buenos Aires, Argentina
Dongguan City, China
Haarby, Denmark
Horsovsky Tyn, Czech Republic
Indaiatuba, Brazil
Kuessnacht, Switzerland
Kundli, India
Muenster, Germany
New Delhi, India
Peachtree City, USA
Perrysburg, USA
Pfreimd, Germany
Regensburg, Germany
Sao Paulo Butanta, Brazil
Sao Paulo Cotia, Brazil
Sao Paulo Embu, Brazil
Vaerloese, Denmark
Valencia, Spain
Wackersdorf, Germany
Zaragoza, Spain

PRIMARY PACKAGING GLASS

Boleslawiec, Poland
Chalon, France
Chicago Heights, USA
Danyang I, China
Danyang II, China
Essen, Germany
Kosamba, India
Lohr, Germany
Millville, USA
Momignies, Belgium
Morganton, USA
Mumbai, India
Queretaro, Mexico
Tettau, Germany
Vineland, USA
Vineland Crystal Avenue, USA
Vineland Forest Grove, USA
Wertheim, Germany
Zhenjiang, China



LIFE SCIENCE RESEARCH

Beijing, China
Meiningen, Germany
Queretaro, Mexico
Rochester, USA
Rockwood, USA
Vineland, USA

HEADQUARTERS

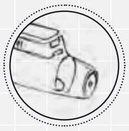
Duesseldorf, Germany (Gerresheimer AG)

As of November 30, 2015

PRODUCT OVERVIEW BY DIVISION

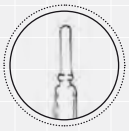
PLASTICS & DEVICES

The product portfolio of the Plastics & Devices Division includes complex, customer-specific products for the simple and safe administration of medicines, such as insulin pens, inhalers and prefillable syringes. Also included are diagnostics and medical technology products such as lancets and test systems, as well as pharmaceutical plastic containers for liquid and solid medicines with closure and safety systems.



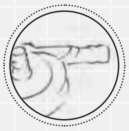
DRUG DELIVERY SYSTEMS

Drug delivery systems transport drugs simply and rapidly to or into the body. They include plastic systems such as inhalers, pen systems and injection systems.



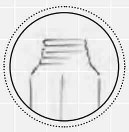
PREFILLABLE SYRINGE SYSTEMS

Prefillable syringe systems made of glass are supplied to customers in the pharmaceutical and biotech industry for filling with drugs. Gerresheimer offers a widely diversified range of sterile and non-sterile syringe systems. Gx RTF® (ready-to-fill) syringes are delivered to the customer washed, siliconized, assembled with a closure cap and sterilized, i.e., completely ready to fill.



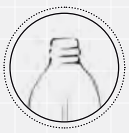
MEDICAL TECHNOLOGY PRODUCTS

Gerresheimer produces disposables for various analysis systems in laboratories and medical practices, quick tests for patients in medical practices or hospitals, skin-prick aids and lancets for diabetics, disposables and components for dialysis machines, catheters and surgical devices made of plastic.



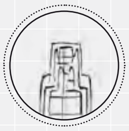
CONTAINERS FOR SOLID DOSAGE

For non-liquid forms of delivery such as tablets and powder, Gerresheimer offers a wide spectrum of high-quality, user-friendly products, which are complemented by a multifaceted range of alternatives in terms of specific closures, tamper-evident closures and other design options.



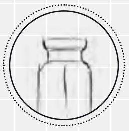
CONTAINERS FOR LIQUID DOSAGE

For liquid applications in the field of pharma and healthcare, Gerresheimer has a host of container types made of PET, PE and PP in its range. Numerous system accessories allow individual tailoring to the customer's needs.



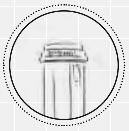
CONTAINERS FOR OPHTHALMIC AND RHINOLOGICAL APPLICATIONS

Gerresheimer also produces special plastic-based vials for eye drops and nasal sprays. These user-friendly containers, which can be complemented by different drop, spray or pump system components, facilitate precise drug dosage and application.



CONTAINERS FOR PARENTERAL PACKAGING: MULTISHELL® PLASTIC VIALS

Due to the triple-layer structure (COP/PA/COP), these Gerresheimer vials (2–100 ml) have oxygen barrier properties which are unique for plastic vials. These vials are manufactured out of heavy-metal-free polymers, are transparent and biocompatible, and are particularly suitable for sensitive parenteral medicines.

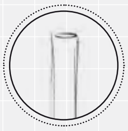


CONTAINERS FOR ORAL PRESCRIPTION MEDICATION

Gerresheimer company Centor supplies a portfolio of plastic packaging and closures for oral prescription medication in the North American end-consumer market. The precise amount of oral medication stated in a prescription is specially packaged by the pharmacist in a plastic container for each patient. Centor's 1-Clic® and Screw-Loc® product lines are the two leading forms of plastic packaging in the USA.

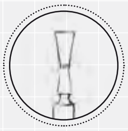
PRIMARY PACKAGING GLASS

The Primary Packaging Glass Division produces glass primary packaging for medicines and cosmetics, such as pharma jars, ampoules, injection vials, cartridges, perfume flacons and cream jars.



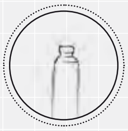
GLASS TUBES

Glass tubes as the preliminary stage for many pharma packaging forms such as ampoules, cartridges, vials and syringe barrels are created primarily from type I borosilicate glass. The Glass Tubing business was sold as per November 2, 2015.



AMPOULES

An ampoule is a self-sealed container made of tubular glass in standardized ISO types. In the case of pharmaceutical ampoules, a distinction is made between various break-open methods such as the One Point Cut, Color Break and Score Ring procedures.

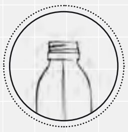


CARTRIDGES

The cartridge is a glass cylinder which is closed at the front end by an aluminum cap with a membrane which is penetrated by an injection needle for the actual injection. The rear end of the cartridge is closed by a rubber stopper. Cartridges are used primarily in dental medicine as a primary packaging form for local anesthetics and, in diabetes therapy, for insulin pens.

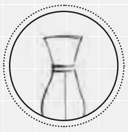
VIALS FOR PHARMACEUTICALS

Vials are small-volume primary packaging containers made of tubular glass. The filling volume of vials for pharmaceutical applications ranges from 0.6 to 50 ml.



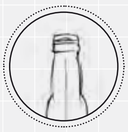
BOTTLES AND JARS FOR PHARMACEUTICALS

Glass containers for pharmaceutical use are available from Gerresheimer in widely varied forms: Syrup and dropper bottles, tablet jars, wide-neck jars and injection, infusion and transfusion bottles.



FLACONS AND POTS FOR COSMETICS

Gerresheimer produces flacons and pots in the widest possible variety of forms and finishes for fragrances, deodorants, care cosmetics and decorative cosmetics, etc.

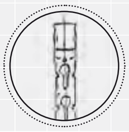


BOTTLES AND JARS FOR BEVERAGES AND FOOD

Gerresheimer supplies customer-specific and specialty containers for spirits and food.

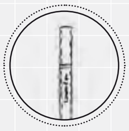
LIFE SCIENCE RESEARCH

The Life Science Research Division produces reusable laboratory glassware for research, development and analytics, such as beakers, Erlenmeyer flasks and measuring cylinders, as well as disposable laboratory products such as culture tubes, pipettes, chromatography vials and other specialty laboratory glassware.



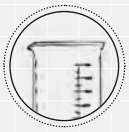
REUSABLE LABORATORY GLASSWARE

Reusable laboratory glassware is employed primarily in general research, test procedures and quality control. Examples of reusable laboratory glassware include beakers, Erlenmeyer flasks, precision burettes, pharmaceutical graduates and cylinders.



DISPOSABLE LABORATORY GLASSWARE

Disposable glass articles are used primarily in test procedures, quality laboratories and the clinical health sector. Examples of disposable laboratory glassware include serological pipettes, culture tubes, chromatography vials and scintillation vials.



SPECIAL LABORATORY GLASSWARE

Special laboratory glassware is used in a large number of applications. Examples of special laboratory glassware include NMR tubes, chromatography columns and products for tissue preparation.

GLOSSARY

Ampoule
Self-sealed container made of tubular glass in three standardized ISO types (B, C and D). Pharmaceutical ampoules feature different opening systems, including the One Point Cut (OPC), Color Break and Score Ring.

Autoinjector
Medical device for administering a single dose (injection) of a liquid drug. Autoinjectors were mainly developed for self-administration by the patient. The devices use prefilled syringes.
› Pen system

Backstop
The backstop is an ingenious addition to the Gerresheimer syringe range. The plastic system component is clipped onto the finger flange of a glass syringe. It narrows the top opening and stops the plunger head from being pulled out of the syringe. The ergonomically shaped wings also enlarge the finger flange for improved ease of use.

Biopharmaceutics
Drugs produced in genetically modified organisms by means of biotechnology. Biopharmaceutics is one of the fastest-growing product categories in the pharma and biotech industry.

Borosilicate glass
Glass with very high hydrolytic resistance thanks to its chemical makeup. Its low alkali composition makes borosilicate glass well suited as a packaging material for injectables.
› Hydrolytic resistance

Bulk syringes
Syringe barrels supplied to the customer in an unsterilized state. Washing, siliconization and mounting of the closure cap/needle shield before filling is carried out by the pharma company.

Camera inspection systems
The quality of Gerresheimer products is monitored during and after manufacture using in-process controls. Advanced inspection systems help pick out defective items at an early stage with the aid of dedicated computer technology and digital image processing.

Cartridge
Tubular glass cylinder closed at the front end by an aluminum cap with a membrane that is penetrated by a pen needle to draw up the injection solution.

Child-resistant closure
Closure that protects children from harm by making pharmaceutical packaging hard for them to open. These special closures require actions that (without instruction) are generally beyond the dexterity of a child. They typically call for non-intuitive opening actions or a combination of movements simultaneously or in sequence (e.g. press-and-turn caps).

Clean room
Room in which special air-handling processes and systems are used to control particulate and microbial air quality. An integral feature of pharmaceutical production technology, this is essential to the manufacture of numerous drug delivery and primary packaging solutions.

ClearJect® TasPack® (COP syringe)
A brand of sterile prefillable plastic syringes from our Japanese partner company Taisei Kako Co. Ltd. The syringes are made of cyclic olefin polymer (COP), a special plastic with glass-like transparency. COP syringes are especially well suited for demanding applications in cytostatics and biopharmaceutics. Like Gx RTF® syringes, they are packaged sterile in nested tub format (TasPack® Taisei Kako Sterile Packaging).

COP syringe (ClearJect® TasPack®)
› ClearJect® TasPack®

Cytostatics
Cytostatics are natural or synthetic substances that inhibit cell growth. They are used for the most part in cancer treatment (chemotherapy) and in some treatments for autoimmune disease.

Diabetes care
Medical specialism covering diabetes diagnosis and therapy. In this business field, Gerresheimer concentrates on development and production of highly innovative lancets, skin-prick aids and insulin pen systems.

Diagnostic systems
Systems for the analysis of organic liquids and materials outside the body (in vitro). Such systems can analyze patient samples for specific parameters – in many cases fully automatically.

Dropper bottle system
Special glass or plastic bottle system consisting of bottle, dropper and closure for administering medication in drop form.

Drug delivery system
System to transport a drug's active substance in various ways (by pulmonary or nasal inhalation, through the skin, via the mucous membranes or orally) to exactly where it is needed in the body. Examples: inhalers for the treatment of respiratory disease and prefillable syringes for injection drugs.

Drug master file (DMF)
Document recording the (pharmaceutical) manufacturing process and drug quality assurance system used for regulatory agencies (such as the FDA in the USA or Health Canada in Canada). Drug master files enable producers who are not the final distributor of a drug (such as the producer of the active agent or primary packaging) to provide drug regulators with all necessary information without passing on trade secrets to their business partners.

Furnace
Used for the melting process in glass production. The raw materials are mixed in batches and melted in the furnace at about 1,600°C. Gerresheimer's furnaces run 24 hours a day, 365 days a year.

Gx® ARMOR vials
The new Gx® ARMOR vials product line is designed for parenteral solutions with aggressive active agents and specially equipped to prevent delamination. Gx® ARMOR stands for Gerresheimer **A**dvanced **R**isk **M**anagement and **O**perational **R**esponse.

Gx Baked-On RTF®
Gx Baked-On RTF® optimizes Gx RTF® syringes for silicone oil-sensitive biotech drugs. This Gerresheimer process is patented in Europe and the USA. Baked-on siliconization permanently fixes the silicone oil to the glass surface and significantly reduces the number of free oil droplets.

Gx® FLASH
Gx® FLASH is a proprietary Gerresheimer test procedure to predict the susceptibility of vials to delamination. Specific thresholds in the production process are continuously monitored. Vials are randomly sampled at regular intervals and tested for susceptibility to delamination.

Gx® G3 inspection system
The Gx® G3 inspection system is the latest (third) generation inspection system for tubular glass products. In syringe production, the system allows all parts of the glass body to be cosmetically inspected in extremely high resolution. The system also offers highly accurate inspection of product geometry.

Gx® RHOC
Gx® RHOC is a proprietary Gerresheimer camera system offering superior dimensional quality. The system consists of three high-resolution matrix cameras on each side plus a hyper-centric ID camera. Further features include integration with the forming machine and Infinity SPC software.

Gx RTF® syringe systems
The letters RTF in Gerresheimer's Gx RTF® syringe brand stand for "ready-to-fill." Gx RTF® syringe systems are delivered to the customer washed, siliconized, assembled with the closure cap, packed in nests and tubs, and sterilized – completely ready to fill, as the name suggests. This cuts out a whole chain of elaborate process steps for pharma manufacturers. Customers can therefore start filling product straightaway, saving a lot of time and money in the process.

Gx® Tekion™
Gx® Tekion™ is a system developed by Gerresheimer for cleaning glass tubes with ionized air.

Gx TELC® (Tamper Evident Luerlock Closure)
Tamper-evident closure system developed by Gerresheimer for prefilled syringes. The system combines a Luerlock adapter with a tamper-evident closure.

Gx TERNS® (Thermoplastic Elastomer Rigid Needle Shield)
Gx TERNS® is a shield developed by Gerresheimer for needle tips, with a soft sealing element made of thermoplastic elastomer (TPE) and a firm plastic shell.

Gx® THOR (Thermal Hydrolytic Optimization and Reduction)
Gx® THOR is a new Gerresheimer technology to reduce delamination susceptibility in vials. The technology is integrated into existing forming lines. Gx® THOR links critical areas of the converting process and guarantees that 100% of vials are controlled to the optimum temperature forming profile. Specified acceptance thresholds are monitored using statistical process control.

Hydrolytic resistance
The resistance of glass to the leaching of alkali ions from the glass surface, and the parameter used to grade glass into hydrolytic classes.

Inhaler
Device used in the treatment of asthma, bronchitis and other chronic respiratory ailments. It transports aerosol and powder-based medications into the upper and lower respiratory tracts.

Injection vial › Vial

Inner surface treatment
Special surfacing process for the inside of a pharmaceutical container, e.g. to ensure compatibility with the medication.

Insulin pen system
An insulin pen is a special injection system for safe and near-painless delivery of insulin from a cartridge.

Integrated moisture absorber
A moisture absorber protects medication from the effects of moisture during storage and absorbs atmospheric humidity that enters the container as a result of it being repeatedly opened. Gerresheimer integrates the desiccant in a capsule affixed to the inside of the Duma® Twist-Off cap.

Joint venture
Gerresheimer uses the term joint venture for entities where it is majority owner and exercises control but where minority interests exceed 20%.

Lancet
Plastic-coated blood-sampling needle for insertion into a skin-prick aid for diabetic patients.

Lancet magazine
Magazine with integrated lancets in a drum housing.

Laser coding
In the new laser coding process for syringes, a tiny data matrix code uniquely identifying the respective packaging container's type and origin is indelibly laser-etched onto the finger flange. In this way, Gerresheimer offers an innovative track-and-trace solution for pharma containers and helps combat drug counterfeiting.

Life sciences
Life sciences comprise the fields in which research institutes work primarily on the application of scientific findings in modern biology, chemistry and medicine as well as related areas, with a highly interdisciplinary and also market-driven orientation.

Molecular diagnostics
Molecular diagnostics refers to analysis methods based on examination of genetic material (DNA or RNA). These allow more precise information to be obtained than with traditional diagnostic procedures so that illnesses can be detected faster.

Moulded glass
Moulded glass packaging is produced in a single operation directly after the melting process.

Multifunctional closure system
Gerresheimer closures feature secure, air-tight opening and closure systems to meet varied requirements. All caps conform to ISO standards and can be combined with our glass and plastic packaging containers for liquids and solids. The multifunctional closures are tamper-evident, child-resistant, senior-citizen-friendly and moisture-absorbing.

MultiShell® plastic vials
These primary packaging vials are made from cyclic olefin polymer (COP) and polyamide (PA). MultiShell® plastic vials are glass-clear, break-resistant and biocompatible, making them especially well suited to long-term storage of sensitive parenteral medicines. A new development, Gerresheimer's MultiShell® combines two COP outer layers with a middle layer of polyamide for improved barrier properties against gas permeation compared with vials made of COP alone.

Needle shield
Syringe part made of a pharmaceutical rubber compound that is placed over the taper to protect the needle and stopper the front end of the syringe.

Needle trap
Label with integrated needle shield to avoid needleprick injuries from syringes.

Ophthalmology
The medical field of ophthalmology deals with eye and sight diseases as well as malfunctions and their medical treatment.

Paste mold technology
Glass-forming (blowing) process using a rotating mold to produce a round and seamless piece of glassware.

Pen system
A pen system is used to administer medication in multiple doses. Unlike autoinjectors (which are non-reusable), pen systems are mostly used multiple times. A pen system contains a prefilled cartridge as the primary packaging.
› Insulin pen system

PharmaPlus
PharmaPlus is a range of high-caliber technical solutions in glass forming for unprecedented levels of precision. This includes the production of borosilicate glass tubes, which Gerresheimer itself manufactures as an intermediary product. The subsequent forming processes likewise produce an excellent new standard of quality in primary packaging, for syringes, cartridges, vials and ampoules alike.

Plastic systems
Complex and technically sophisticated assemblies made of multiple plastic components.

Plunger (head)/rubber stopper
Syringe part made of a pharmaceutical rubber compound that closes the syringe end after filling.

Plunger rod
Syringe part that is threaded or clipped onto the plunger head. For an injection, the user's thumb pushes down on the plunger rod to move the plunger and empty the syringe.

Pour-and-count system
The pour-and-count system is the usual way of selling prescription medicines in the USA and Canada and contrasts with the standardized pack units sold in Europe. In the pour-and-count system, drug producers package large quantities (100 to 1,000 units) of tablets and capsules in containers delivered to pharmacies by drug wholesalers on demand. The pharmacist pours tablets or capsules from the containers and counts out the precise quantity stipulated in the prescription. The tablets or capsules are dispensed in special plastic containers such as those provided by our American subsidiary Centor, with a customer-specific label (in many cases both the dispensing and labeling process are automated).

Prefillable syringe systems
Prefillable syringe systems in the form of Gx RTF® syringes are supplied sterile to customers in the pharma and biotech industry. Gx RTF® syringes are ready to be filled with liquid medication and sealed on accredited production lines.
› Gx RTF® syringe systems

Primary packaging
Packaging that is in direct physical contact with medication.

Siliconization
Silicone oil is used as a glide agent in the inner surface treatment of pharmaceutical containers. This makes it easier for the plunger to slide along the syringe barrel – an essential feature in a properly functioning syringe system.
› Gx Baked-On RTF®

Skin-prick aid
Device for diabetics allowing a lancet to be inserted near-painlessly into the skin. Some models allow for different penetration depths to cater for variations in skin thickness.

Tamper-evident closure
A tamper-evident closure reliably signals that a pharmaceutical container has been previously opened. This means physicians, nurses and patients know if a drug has been tampered with. Gerresheimer's Duma® Twist-Off tamper-evident screw caps for tablet bottles have a ring on the cap that is detached by the twisting action when the container is first opened. The pieces of plastic connecting the ring to the cap are torn off in the process, clearly indicating that the product has been opened before. The Tamper Evident Luerlock Closure (Gx TELC®) for Gerresheimer syringe systems is likewise activated by twisting. The twist action causes the tabs on the twist-off closure to spread out, showing that the syringe has been previously opened.

TCC
Technical Competence Center, where products and systems are developed and made ready for series production in collaboration with the customer.

Tip cap
Syringe part made of a pharmaceutical rubber compound that is placed over the taper to stopper the front end of the syringe.

TPE (thermoplastic elastomer)
Plastic with thermoplastic properties, behaving like a classical elastomer at room temperatures but allowing its shape to be modified when heated.

Tubular glass
Tubular glass relates to two separate processes: First, the production of glass tubes and, second, the manufacture from those tubes of primary packaging such as syringes, cartridges, ampoules and vials.

Type I borosilicate glass tubing
Tubing of Type I borosilicate glass, whose chemical makeup lends it high hydrolytic resistance. Its low alkali composition makes Type I borosilicate glass well suited as a packaging material for injectables.

Vial
A small-volume primary packaging container made of tubular glass. Gerresheimer makes vials for pharmaceutical applications with filling volumes ranging from 0.6 to 50 ml. Often referred to as an injection vial as the liquid is drawn out with an injection needle (disposable syringe).

The definitions in this glossary apply in context as used by Gerresheimer and are not intended as generally applicable definitions.

FINANCIAL CALENDAR

February 11, 2016	Annual Report 2015
April, 13 2016	Interim Report 1st Quarter 2016
April 28, 2016	Annual General Meeting 2016
July 7, 2016	Interim Report 2nd Quarter 2016
October 6, 2016	Interim Report 3rd Quarter 2016

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Note to the Annual Report
This Annual Report is the English translation of the original German version; in case of deviations between these two, the German version prevails.

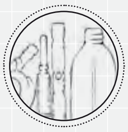
Note regarding the rounding of figures
Due to the commercial rounding of figures and percentages, small deviations may occur.

MULTI-YEAR OVERVIEW

Financial Year end November 30	2015	2014	Change in %[8]	2013	Pro forma[9] 2012	2011	2010
Results of Operations during Reporting Period in EUR m							
Revenues	1,377.2	1,290.0	6.8	1,265.9	1,219.1	1,094.7	1,024.8
Adjusted EBITDA[1]	277.9	253.4	9.7	249.8	239.9	217.3	204.5
in % of revenues	20.2	19.6	–	19.7	19.7	19.9	20.0
Adjusted EBITA[2]	191.6	165.9	15.5	166.2	157.8	136.9	123.5
in % of revenues	13.9	12.9	–	13.1	13.0	12.5	12.0
Result from operations	193.6	129.9	49.0	132.9	131.8	109.3	95.0
Net income	112.7	72.9	54.6	68.5	68.3	54.4	46.7
Adjusted net income[3]	117.7	97.9	20.2	103.5	88.3	80.6	65.8
Net Assets as of Reporting Date in EUR m							
Total assets	2,419.9	1,655.9	46.1	1,615.8	1,555.9	1,515.1	1,357.8
Equity	698.1	604.4	15.5	563.4	538.2	552.2	529.4
Equity ratio in %	28.8	36.5	–	34.9	34.6	36.4	39.0
Net working capital	213.7	233.1	-8.3	201.9	175.2	172.5	151.2
in % of revenues of the last twelve months	15.5	18.1	–	15.9	14.4	15.8	14.8
Capital expenditure	125.8	126.6	-0.6	119.1	118.9	86.2	73.2
Net financial debt	877.5	423.8	>100	416.6	366.5	364.6	311.0
Adjusted EBITDA leverage[4]	2.9	1.7	–	1.7	1.5	1.7	1.5
Financial and Liquidity Position during Reporting Period in EUR m							
Cash flow from operating activities	203.8	158.3	28.7	146.7	173.6	129.8	159.8
Cash flow from investing activities	-600.1	-125.0	>-100	-168.6	-148.6	-159.0	-69.5
thereof cash paid for capital expenditure	*-125.8*	*-125.6*	*-0.2*	*-119.0*	*-118.9*	*-86.2*	*-73.1*
Free cash flow before financing activities	-396.3	33.3	>-100	-21.9	25.0	-29.2	90.3
Employees							
Employees as of the reporting date (total)	10,684	11,096	-3.7	11,239	10,952	10,212	9,475
Stock Data							
Number of shares as of reporting date in million	31.4	31.4	–	31.4	31.4	31.4	31.4
Share price[5] as of reporting date in EUR	73.90	44.44	66.3	49.67	39.41	31.17	28.20
Market capitalization as of reporting date in EUR m	2,320.5	1,395.4	66.3	1,559.6	1,237.5	978.7	885.5
Share price high[5] during reporting period in EUR	76.32	56.42	–	50.14	41.34	36.62	29.85
Share price low[5] during reporting period in EUR	41.99	42.31	–	37.60	31.00	28.30	22.09
Earnings per share in EUR	3.32	2.11	57.3	1.98	1.98	1.61	1.38
Adjusted earnings per share[6] in EUR	3.41	2.89	18.0	3.08	2.62	2.44	1.95
Dividend per share in EUR	0.85[7]	0.75	13.3	0.70	0.65	0.60	0.50

[1] Adjusted EBITDA: 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.
[2] Adjusted EBITA: Earnings before income taxes, net finance expense, amortization of fair value adjustments, amortization, impairment losses, restructuring expenses and one-off income and expenses.
[3] Adjusted net income: Consolidated net income before non-cash amortization of fair value adjustments, restructuring expenses, impairment losses, one-off income and expenses (including significant non-cash expenses) and the related tax effects.
[4] Adjusted EBITDA leverage: The relation of net financial debt to adjusted EBITDA of the last twelve months according to the credit agreement currently in place.
[5] Xetra closing price.
[6] Adjusted net income after non-controlling interests divided by 31.4m shares.
[7] Proposed appropriation of net earnings.
[8] The change has been calculated on a EUR k basis.
[9] Retrospective restatement due to the early adoption of IAS 19 (amended in 2011) from December 1, 2012. A detailed explanation of the effects from the restatement can be found in the notes to the Annual Report 2013.

DIVISIONS



› Plastics & Devices

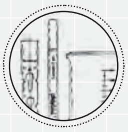
The product portfolio of the Plastics & Devices Division includes complex, customer-specific products for the simple and safe administration of medicines, such as insulin pens, inhalers and prefillable syringes. Also included are diagnostics and medical technology products such as lancets and test systems as well as pharmaceutical plastic containers for liquid and solid medicines with closure and safety systems.

in EUR m	2015	2014	Change in %[3]
Revenues[1]	645.3	598.8	7.8
Adjusted EBITDA[2]	141.6	126.1	12.3
in % of revenues	21.9	21.1	–
Capital expenditure	36.0	63.5	-43.3

› Primary Packaging Glass

The Primary Packaging Glass Division produces glass primary packaging for medicines and cosmetics, such as pharma jars, ampoules, injection vials, cartridges, perfume flacons and cream jars.

in EUR m	2015	2014	Change in %[3]
Revenues[1]	651.0	622.2	4.6
Adjusted EBITDA[2]	143.7	134.0	7.2
in % of revenues	22.1	21.5	–
Capital expenditure	87.0	60.4	44.0



› Life Science Research

The Life Science Research Division produces reusable laboratory glassware for research, development and analytics, such as beakers, Erlenmeyer flasks and measuring cylinders as well as disposable laboratory products such as culture tubes, pipettes, chromatography vials and other specialty laboratory glassware.

in EUR m	2015	2014	Change in %[3]
Revenues[1]	100.7	87.3	15.3
Adjusted EBITDA[2]	15.3	12.4	23.4
in % of revenues	15.2	14.2	–
Capital expenditure	1.7	2.1	-19.0

[1] Revenues by segment include intercompany revenues.
[2] Adjusted EBITDA: 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.
[3] The change has been calculated on a EUR k basis.