

**GERRESHEIMER**



# Q2 2017 Earnings Presentation

Uwe Röhrhoff, CEO  
Rainer Beaujean, CFO  
July 13, 2017

# Disclaimer

- This presentation may contain certain forward-looking statements, including assumptions, opinions and views of the Company or cited from third party sources. Various known and unknown risks, uncertainties and other factors could cause the actual results, financial position, development or performance of the Company to differ materially from the estimations expressed or implied herein.
- The Company does not guarantee that the assumptions underlying such forward-looking statements are free from errors nor does the Company accept any responsibility for the future accuracy of the opinions expressed in this presentation or the actual occurrence of the forecast development.
- No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, none of the Company or any of its parent or subsidiary undertakings or any of such person's officers, directors or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.
- For an overview of abbreviations and definition please see the glossary slide in the backup section

# Agenda



## 1. Q2 2017 Highlights

2. Financial Review

3. Outlook

4. Appendix

# Soft performance in Q2 2017, as previously communicated



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

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



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

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



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

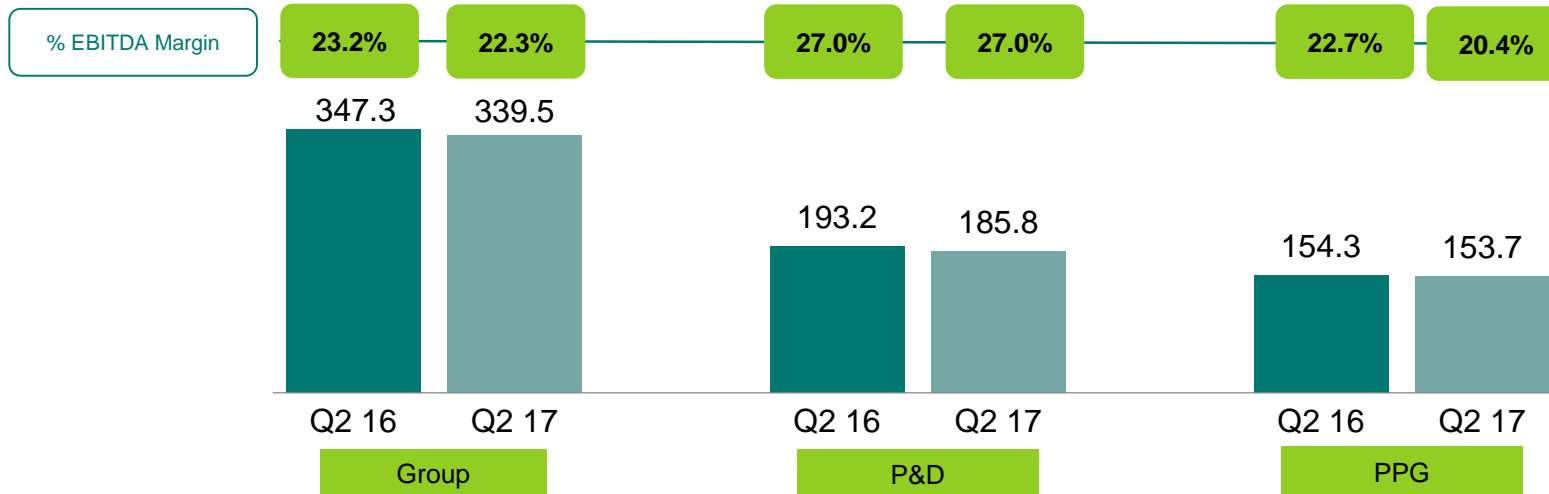
- Expecting to return to growth in H2 2017
- Q4 2017 anticipated as the strongest quarter in terms of revenues and profitability contributions



Continuing to expect improved revenues and earnings contribution in H2 2017

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

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



## P&D Q2 2017 REVIEW

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

## PPG Q2 2017 REVIEW

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

# Improved visibility for remainder of the year

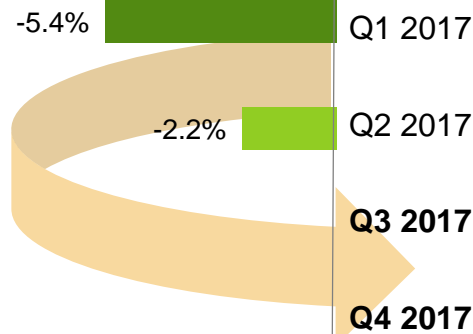
## IDENTIFIED DRIVERS H2 2017 P&D

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

## IDENTIFIED DRIVERS H2 2017 PPG

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

### Group quarterly revenues trends 2017/2016



**Moving into positive territory**

# Agenda



1. Q2 2017 Highlights

**2. Financial Review**

3. Outlook

4. Appendix

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

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

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



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

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

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

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

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

# Agenda



1. Q2 2017 Highlights
2. Financial Review
- 3. Outlook**
4. Appendix

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

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

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

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

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

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

# Addressing specialty pharma market opportunity

## Glass product portfolio systematically upgraded

Elite & Valor



RTU Vials & cartridges



## New value proposition for Biotech & new organisation

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

## Syringes product range continuously enhanced

Gx Baked-on RTF® syringes



Metal-free glass syringes



Plastic COP syringes



Tamper evident closures / Needle shields



Safety devices



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

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

# Agenda

1. Q2 2017 Highlights
2. Financial Review
3. Outlook
- 4. Appendix**



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

## Revenues by division

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

## Adjusted EBITDA by division

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

# Development of net working capital

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

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



# Development of inventories

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

1. Including LSR as of May 2016

# GXI Key Data

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

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

2. Excluding LSR

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

4. SDAX weighting at year end

# Overview of Abbreviations and Definitions

## Abbreviations and Definitions

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

# Financial calendar and contact details

## FINANCIAL CALENDAR

October 11, 2017	Interim Report 3rd Quarter 2017
------------------	---------------------------------

## CONTACT DETAILS

Name	Corporate Investor Relations
Phone	+49 211 6181 257
Fax	+49 211 6181 121
E-mail	<a href="mailto:Gerresheimer.ir@gerresheimer.com">Gerresheimer.ir@gerresheimer.com</a>
IR website	<a href="http://www.gerresheimer.com/ir">www.gerresheimer.com/ir</a>



**GERRESHEIMER**



## **Our Vision**

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

Our success is driven by the passion of our people.