

**GERRESHEIMER**



# Q3 2017 Earnings Presentation

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

# Agenda



## 1. CEO Change

2. Q3 2017 Highlights

3. Financial Review

4. Outlook

5. Appendix

## Preliminary remarks - Christian Fischer



Introduction & Background



Transition well underway



First take-aways

# Agenda



1. CEO Change
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# A challenging quarter revenue-wise, whilst stringent cost control and operational efficiencies supported margin stability



## Q3 revenues down 5.4% year-on-year at EUR 331.5m

- Down 4.3% organically
- Some of the unfavorable customer dynamics which impacted revenues in the first half of 2017 have lingered in the third quarter



## Adj. EBITDA margin slightly improved to 23.4%, despite the revenues decrease

- Adjusted EBITDA margin in Plastics & Devices improved by 80 bps year-on-year reaching 28.7%
- Adjusted EBITDA margin in Primary Packaging Glass at 20.1% compared to 20.6% in Q3 2016



## Current indications towards a good Q4

- Coordination and execution of all parties required
- Entire organization currently focused on enabling full execution in Q4



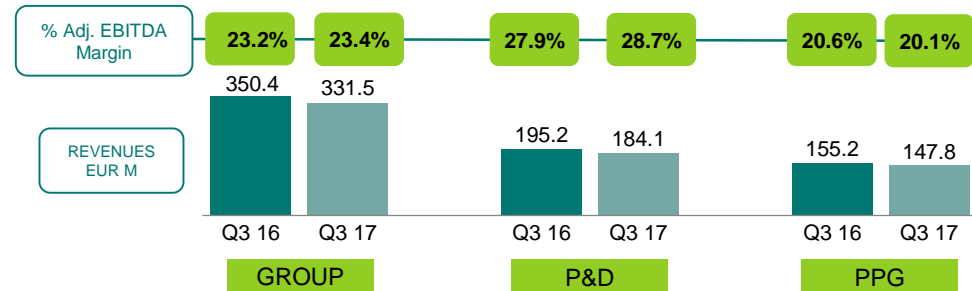
Drivers of Q4 2017 outperformance clearly identified

# Customer dynamics within Inhalation Devices and Primary Packaging Glass US as main impact on Q3 2017 sales

## WHAT WE KNOW:

- We have not seen any structural changes in the market
- Underlying trends are still healthy

EVOLUTION OF REVENUES AND ADJ. EBITDA MARGIN IN Q3 17 VS Q3 16



### COMPARISON OF OUR Q3 PERFORMANCE VS. TRENDS HIGHLIGHTED IN H1 2017: P&D

- Devices sales continued to be affected by lower customer demand and some postponements into Q4 **FURTHER IMPACTED Q3**
- Stable developments for Plastic Packaging **AS EXPECTED**
- Tooling revenues down year-on-year **BULK OF REVENUES EXPECTED IN Q4, AS PREVIOUSLY INDICATED IN H1 2017**
- Lower tooling revenues and pricing mechanisms support margin stability year-on-year **AS EXPECTED**



### COMPARISON OF OUR Q3 PERFORMANCE VS. TRENDS HIGHLIGHTED IN H1 2017: PPG

- Pick up by our customers in PPG US **DID NOT MATERIALIZE**
- Revenues outside the US broadly stable **AS EXPECTED**
- Profitability maintained as a result of operational efficiencies **AS EXPECTED**

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

<i>EUR M</i>	Q3 2017	Q3 2016 <sup>1</sup>	CHANGE in EUR M
Adjusted EBITDA	77.6	81.2	-3.6
Depreciation	-22.4	-21.7	-0.7
Adjusted EBITA	55.2	59.5	-4.3
Total one-off effects	-0.8	0.1	-0.9
Amortization of fair value adjustments	-8.1	-8.9	+0.8
Result of operations (EBIT)	46.3	50.7	-4.4
Net finance expense	-8.7	-8.8	+0.1
Result before income taxes	37.6	41.9	-4.3
Income taxes	-11.3	-10.6	-0.7
Net income from continuing operations	26.3	31.3	-5.0
<i>All items below applying to continuing operations in Q3 2016 only <sup>1</sup></i>			
Net income from continuing operations	26.3	31.3	-5.0
Total one-off effects (including amortization and tax effects)	5.8	5.7	+0.1
Adjusted net income from continuing operations	32.1	37.0	-4.9
Adjusted net income attributable to non-controlling interests	0.8	0.7	+0.1
Adjusted net income after non-controlling interests	31.3	36.3	-5.0
Adjusted EPS after non-controlling interests in EUR	1.00	1.17	-0.17

1. For continuing operations in Q3 2016 – accounting for LSR as discontinued operations in 2016

## EBITDA Leverage at 2.6x, unchanged versus November 30, 2016 and better as expected. Lower Net Debt year-on-year

<i>EUR M</i>	AUGUST 31, 2017	NOVEMBER 30, 2016	CHANGE IN %
Total assets	2,255.9	2,374.3	-5.0%
Equity	750.7	763.3	-1.7%
<i>Equity ratio</i>	33.3%	32.1%	+120bps
Net working capital	223.9	200.3	+ 11.8%
<i>NWC in % of LTM revenues<sup>2</sup></i>	16.8%	14.6%	+220bps
<i>Average NWC in % of LTM revenues<sup>2,3</sup></i>	16.7%	15.8%	+90bps

<i>EUR M</i>	9M 2017	9M 2016	CHANGE IN %
Operating Cash Flow <sup>2</sup>	121.2	131.5	-7.8%
<i>Operating CF in % of revenues<sup>2,3</sup></i>	12.4%	12.8%	-40bps
<i>Capex in % of revenues<sup>2,3</sup></i>	6.6%	6.5%	+10bps

<i>EUR M</i>	AUGUST 31, 2017	NOVEMBER 30, 2016	CHANGE IN %
Net debt	765.8	788.2	-2.8%
<i>Leverage</i>	2.6x	2.6x	-

1. As reported, that is including LSR for Q3 2016
2. Excluding LSR for all periods
3. In percentage of FXN revenues

# Issue of EUR 250 million new promissory loan successfully completed as of September 27, 2017

## Net Debt Summary

IN EUR M	FY 2016	August 31, 2017	August 31, 2017
		AS REPORTED	PRO FORMA NEW FINANCING STRUCTURE
Drawn portion of RCF	162.7	137.0	-
Promissory loan (Schuldschein)	425.0	425.0	425.0
Bond	300.0	300.0	300.0
<b>Promissory loan (Schuldschein) - New</b>	-	-	<b>250.0</b>
Local borrowings and leasing	18.9	23.7	23.7
Cash and cash equivalents	118.4	119.9	<b>232.9</b>
<b>Total net financial debt</b>	<b>788.2</b>	<b>765.8</b>	<b>765.8</b>

## Existing structure as of August 31, 2017

- Schuldschein: Fixed/variable interest rates, currently between 0.75% and 2.04%; (maturity in 2020, 2022 and 2025)
- Bond: Fixed annual coupon of 5.0% (matures on May 19, 2018)
- Revolving credit facility: Total capacity EUR 450m; variable interest rate

### New promissory loan issued to redeem EUR 300m bonds maturing on May 19, 2018

- Total of EUR 250m (upsized versus initial consideration due to supportive environment)
- Improved conditions, attractive pricing
  - EUR 240m fixed (5y; 7y; 10y) with interest rates ranging from 0.82% to 1.72%

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# Drivers of Q4 2017 outperformance versus Q4 2016

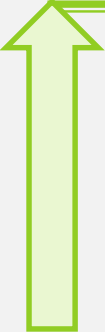
## IDENTIFIED DRIVERS Q4 2017 P&D

- Large uptick in volumes, e.g. Peachtree project
- Bulk of tooling revenues to be generated in Q4
- Solid performance in Plastic Packaging


## IDENTIFIED DRIVERS Q4 2017 PPG

- Moderate growth expectation in the US and European Pharma sales
- Improved performance in Emerging Asian markets
- Stronger seasonal uptake in cosmetics ahead of the Christmas season

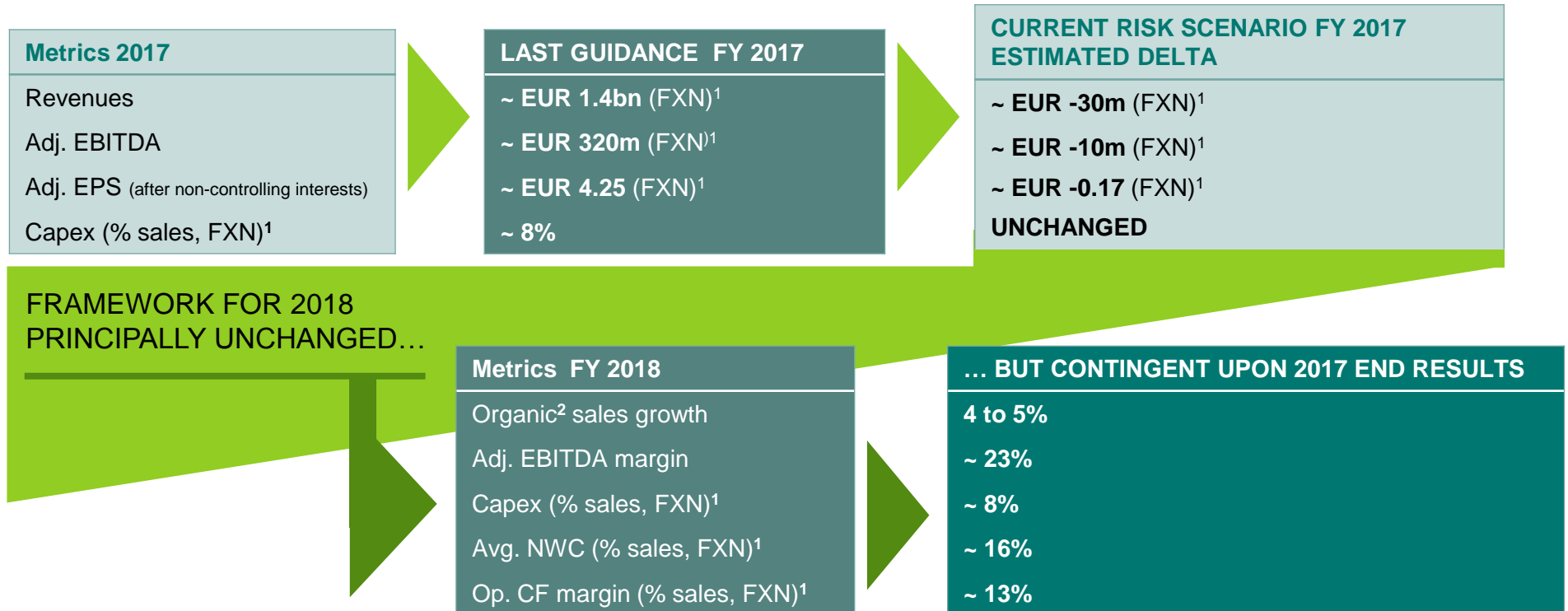
### Supporting factors:

- 
- Good level of committed orders for year-end
  - Capacity available to deliver on high volumes
  - Shipping to occur from many different plants across the world

### “To watch for“:

- 
- Overall customer dynamics
  - Supply chain swings in the US
  - Coordination and execution of all parties required

# Modelling 2017



1. 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

# Syringe offering for specialty pharma market opportunity further bolstered in July 2017, through the addition of safety devices

## Glass product portfolio systematically upgraded

Elite & Valor



RTU Vials & cartridges



## Syringes product range continuously enhanced

Gx Baked-on RTF® syringes



Metal-free glass syringes



Plastic COP syringes



Tamper evident closures / Needle shields



Safety devices



## New value proposition for Biotech & new organisation

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

## Revenues by division

<i>EUR M</i>	Q3 2017	Q3 2016	GROWTH IN %	Organic Growth in %
Total Group	331.5	350.4	-5.4	-4.3
- Of which P&D	184.1	195.2	-5.7	-4.9
- Of which PPG	147.8	155.2	-4.7	-3.2

## Adjusted EBITDA by division

	Q3 2017		Q3 2016	
	EUR M	MARGIN IN %	EUR M	MARGIN IN %
Total Group	77.6	23.4	81.2	23.2
- Of which P&D	52.8	28.7	54.4	27.9
- Of which PPG	29.8	20.1	32.0	20.6

# Development of net working capital

	AUG 31, 2017 EUR M	NOV 30, 2016 EUR M	AUG 31, 2016 EUR M <sup>3</sup>
Inventories	163.5	155.4	188.0
<i>thereof prepayments made</i>	5.1	3.1	4.6
Trade receivables	221.6	232.1	238.4
Trade payables	119.1	157.0	136.3
Payments received on account of orders	42.1	30.2	46.4
<b>Net working capital</b>	<b>223.9</b>	<b>200.3</b>	<b>243.7</b>
<i>Average NWC in % of LTM revenues<sup>1</sup></i>	<i>16.7%</i>	<i>15.8%<sup>2</sup></i>	<i>15.7%<sup>2</sup></i>

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

# Development of inventories

	<b>AUG 31, 2017</b> <i>EUR M</i>	<b>NOV 30, 2016</b> <i>EUR M</i>	<b>AUG 31, 2016</b> <i>EUR M</i> <sup>1</sup>
Raw materials, consumables and supplies	51.5	49.9	56.1
Work in progress	20.5	18.4	22.8
Finished goods and merchandise	86.4	84.0	104.5
Prepayments made on inventories	5.1	3.1	4.6
<b>Inventories</b>	<b>163.5</b>	<b>155.4</b>	<b>188.0</b>

1. Including LSR as of August 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	
February 22, 2018	Annual Report Financial Year 2017
April 12, 2018	Interim Report 1st Quarter 2018
April 25, 2018	Annual General Meeting 2018
July 12, 2018	Interim Report 2nd Quarter 2018
October 11, 2018	Interim Report 3rd Quarter 2018

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**GERRESHEIMER**



## **Our Vision**

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

Our success is driven by the passion of our people.