

Comments

by

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Chief Executive Officer
of Gerresheimer AG

on the occasion of the
Annual General Meeting
at 10:00 a.m.
on April 14, 2011
at CCD.Ost Düsseldorf
(Congress Center Düsseldorf)

Dear shareholders,
dear guests and representatives of the media,
ladies and gentlemen,

Personally and on behalf of my Management Board colleagues I would like to welcome you cordially to the Annual General Meeting of Gerresheimer AG here at the Congress Center Düsseldorf.

As you know, this is the first Annual General Meeting at which I have the privilege of speaking to you as CEO. In the period of approximately twenty years which I have spent working for Gerresheimer I have intensively familiarized myself with the company and accompanied it on its successful path. And although you may not realize this, it is quite possible that you too have had Gerresheimer products in your hands more than once in the recent past.

Our products often make medicine usable for patients and frequently accompany them all through life in the various application areas – maybe invisible at times but always indispensable. The first vaccination of the baby, for which we manufacture the syringe, is followed by further vaccinations in childhood and adulthood such as the annual flu jab. Also when you take cough medicine there is a high probability that we produced the amber glass or PET bottle. You are all familiar with nasal sprays, which could not be applied without our pump or spray bottles made of glass or plastic. From time to time we all take tablets and each of us is sure to have taken them from one of our plastic containers at some time. Hopefully fewer of you will be familiar from a hospital stay with the use of infusion bottles, heparin syringes and injection vials. In the case of chronic ailments our inhalers and insulin pens also help patients to treat themselves and thus lead normal lives almost without restriction.

For Easter or a birthday you will perhaps give a gift of perfume or high-quality beauty cream, for which we produce the flacon or cream pot.

So our company is today already very well positioned with a really broad product range. This ensures that we are among the leading suppliers in each of our markets. From my many years' experience of dealing with customers, my knowledge of our products and dialogue with our employees however I see far greater potential still for further development of our business. I am strongly and clearly convinced that this company can and will enjoy substantially greater success. Above all internationally. In our markets we want as a Group to become one of the worldwide leaders. And I will formulate it more precisely: we want to become the leading global partner for solutions which contribute to improvements in health and well-being.

This is the claim we want to live up to. Because we have a lot to offer. We are one of the few companies which can boast mastery of both glass and plastic as materials especially for the pharma industry and make them available to its customers.

We wish to achieve further profitable growth, particularly by increasing our market share in the emerging countries. In the end effect, dear shareholders, we want to represent an attractive investment for you. In all these dimensions we have already made substantial progress over the past financial year. I would now like to report to you on this.

World economic review

In 2010 the world economy recovered from the severe recession more quickly than expected. In the first half of the year, world GDP grew strongly. The emerging countries, which were not affected by the financial crisis or much less severely affected by it, supported this development. Impetus was also generated by the often very expansive monetary and fiscal policy of some countries and strong growth in world trade, from which the German economy profited particularly. Over the further course of the year however the economic upturn slowed in many countries.

The American economy continued to struggle with the effects of the financial crisis in 2010. Here again a good first half was followed by a rather weak recovery over the rest of the year. A return to GDP growth was however achieved by the USA in 2010 after a fall in the prior year.

In Europe, economic development fell short of that in the American economy. The high level of government debt in some countries and the strong export orientation of some national economies temporarily resulted in substantial economic losses. In contrast, Germany found its way out of the crisis quickly and powerfully. The revival in domestic demand and the strong orientation of the export industry towards capital goods ensured that Germany's economic recovery was substantially faster than that of the neighboring European countries.

The worldwide pharmaceuticals market was characterized by a similar trend. While the industrialized countries achieved rather moderate growth rates, development in the fast-emerging countries was much more dynamic. Here the pharma sector profited from rising public and private spending on healthcare. Government efforts to curb the rise in healthcare costs have not so far caused any lasting harm to the pharma industry.

The market for high-quality cosmetics packaging made of glass revived substantially over the course of the year. In particular, the build-up of warehouse stocks by our customers again and also rising demand for cosmetic products contributed to this development.

The market for laboratory glassware progressively recovered in 2010 as here again warehouse stocks were replenished and demand started to rise again.

The financial year 2010

Against this background we can look back over a very gratifying business development. Order receipts and revenues showed a clear upward trend in the financial year 2010. On a like-for-like basis, i.e. excluding the technical plastics business which was sold in the prior year, revenues increased by 5.6 percent to EUR 1,025m. Our operating margin improved from 19.2 to 20 percent. On the bottom line as well however our earnings increased decisively. There was more than a six-fold improvement in net income from EUR 7m to EUR 47m. Earnings per share also improved correspondingly to EUR 1.38 compared with EUR 0.18 in the prior year. I am pleased to report to you that we fully achieved all our targets for the financial year 2010.

Revenues by region

The regions of Europe and America continue to be the most important target markets for us. The emerging markets are however becoming increasingly important, particularly China. We nevertheless continue to achieve the largest part of our revenues with the European and North American pharma industry, and this will remain so for some time. Europe accounts for 63 percent of Group revenues while America accounts for 30 percent. America remains our second most important market because of the presence of a very large number of global pharma companies and the population potential. Revenues in the other regions contributed 7 percent of total Group revenues. The largest part of this is attributable to China, where growth continued in the financial year 2010 to be very dynamic.

Revenues by market segment

Almost more important than the regional breakdown of our revenues is for us the analysis of revenues by market segment. By this I mean that the revenues we achieve in our core market of pharma and healthcare are particularly decisive for us. Here we achieved substantial growth. Revenues to the pharma and healthcare industry now account for 82

percent of total revenues. Cosmetics revenues account for a share of 12 percent and just 6 percent is attributable to the remaining business.

The increasing proportion of revenues in the pharma and healthcare sector reflects the success of our clear focus on this market. The disposal of the technical plastics business, which clearly was not part of our core business, also contributed to this.

Operating successes 2010

But what was operationally decisive in the past financial year?

With regard to the progress we have made I would like to direct your attention clearly towards the subject of international expansion. Here three points are important for me:

- 1. We have developed our business in the emerging countries.** We want to build on this, particularly in Brazil, India, China and Russia. Over the past year we have therefore opened representative offices in Russia and India which allow us to offer our customers products and services locally. With growing business a decision on production facilities in these countries will be necessary. In total, we currently have 45 plants in Europe, North/South America and Asia. These already include 7 plants in China and 5 in South America.
- 2. We have established a new production facility for insulin pens in Brazil.** As I like to stress, systems for delivery and correct dosage of medicines are a very interesting and rapidly growing business segment for us. In this connection we opened a plant for insulin pen production in Brazil last year. For our customer Novo Nordisk these dedicated facilities manufacture components for the so-called Flexpen, an insulin pen with which some of you may be familiar. It is a very interesting product for us in terms of material particularly, since it consists of glass *and* plastic.
- 3. China and Mexico are of key importance for our laboratory glassware production.** Typically we manufacture where our customers are, and there are many good reasons for this. But for laboratory glassware other criteria play a role. In this very labor-intensive production process, these include above all labor costs. Last year we therefore successfully relocated production from a plant in the USA to China and Mexico. There we now manufacture at substantially reduced cost and are successfully raising margins.

These are three examples from the past financial year which I hope will vividly show you the growing internationalization of our business.

For our growth in the emerging countries I have formulated a clear objective: from the current level of EUR 100m our revenues in these countries should grow to EUR 200m by the end of 2013. This will be achieved both organically and through acquisitions, for example of small, often family-owned businesses. We have now moved much closer to our goal of doubling revenues in these regions: with the Brazilian company Vedat, which we acquired around three weeks ago, we are able to double our revenues in South America.

Vedat is a leading company in the field of pharmaceutical plastic packaging. It manufactures for example plastic closures, PET vials and other plastic packaging types. Through the acquisition we have been able to complement our own product range ideally, and substantially expand our influence in the South American market for pharma packaging.

In the future we will continue to try to improve our market position through acquisitions of this type as well as through growth generated from existing plants. With regard to our tubular glass and plastics divisions the emerging countries are of particular interest. But North America is also very important to us for the expansion of our plastics business because of the size of the market.

Financial stability

I would now like to give an insight into our financial figures. I will start with our investments.

In the past year we have concentrated on a number of growth projects. All other investment plans were subjected to a precise examination with the result that we invested a total of EUR 73m during the financial year as a whole. Regionally, the key focus has recently been on Germany with 47 percent of investment funds or EUR 35m. This, together with the fact that we achieve 23 percent of our revenues here, shows a clear commitment to our home country. In the current financial year as well we will invest strongly in Germany. At our plant in Bünde, Westphalia, for example, we will construct an additional production line for our prefillable syringes. The investment for this fourth line, which will be put in operations at the end of next year, totals EUR 20m.

For sustained positive business development the financial stability of our company is essential. Here we have good news: in the past financial year we have further improved our finance and liquidity position. The equity ratio therefore rose from around 36 percent in the prior year to 39 percent. Free cash flow was used by us in the past financial year to

repay financial liabilities. As a result we were able to reduce our net financial debt by around EUR 60m to EUR 311m as at the end of the financial year 2010. The ratio between net financial debt and operating results therefore improved to 1.5. A development which the leading rating agencies Standard & Poor's and Moody's have honored. Our company's improved credit rating was most recently recognized by Standard & Poor's with the investment-grade rating BBB-. Moody's also reflected our company's improved creditworthiness by raising its rating from Ba2 to Ba1. The assessment of the Gerresheimer Group is therefore much better than in the prior year.

Dividend

As you will have gathered from the agenda the Management Board and Supervisory Board of Gerresheimer AG have decided on the basis of the good results in the past financial year to resume dividend payments. We propose to the General Meeting that a dividend of EUR 0.50 per share is distributed for the financial year 2010. This is equivalent to a pay-out ratio of 26 percent of adjusted net income and is therefore within the pay-out ratio of 20 to 30 percent which we basically aim for. I would like to point out to you that the dividend is paid tax-free for shareholders based in Germany. In following years we also wish to make a dividend distribution – depending on the success of our business – to allow you to participate in this way in the company's financial success

Share price

In the past year the capital market - like the economy - overcame the financial and economic crisis. Better fundamental conditions as the result of positive corporate data made a substantial contribution to calming the markets. Trading was less volatile than in the prior year. Gerresheimer shares rose in value by around 22 percent during the past financial year, and at the end of the year were quoted at EUR 28.20 Euro. From the beginning of the financial year to today the share price actually rose by 42 percent to the current level of EUR 32.67. The majority of analysts see substantial potential for the shares. Some price targets are already around EUR 40, the value at which the shares were launched on the stock exchange. We will do everything we can to support the share price by good operating results.

Entrepreneurial responsibility

In the long term, companies can only be successful if the company, the management and all employees are prepared to take responsibility and stand by their actions. We face up to this responsibility on a daily basis.

It is absolutely essential to our economic actions that this is done in harmony with the environment.

We have set ourselves the target of producing in a resource-saving way and avoiding waste and emissions to the largest possible extent. From the widely varied projects and initiatives in our 45 locations I would like to name just a few.

In our Czech plant in Horsovsky Tyn we have commissioned a pioneering heat recovery plant which decisively reduces CO₂ emissions. In our plant at Millville in the USA we have converted a molded glass furnace in such a way that the nitric oxide emissions can be reduced by a factor of four. Here we are setting new standards.

In our German facility in Essen, a new compressed air plant means that more than 3,000 metric tons of CO₂ emissions per year are avoided. There are many more examples from all our plants. In addition, this is the third year of our participation in one of the largest environment initiatives in the world, the Carbon Disclosure Project. This is an initiative by international investors who record and publish worldwide data about company-related CO₂ emissions.

Naturally we do not stop here. In all our plants we repeatedly review our responsibilities afresh and work continuously towards further improvements.

First quarter 2011

Ladies and gentlemen, I know that you are not only interested in the results for the past financial year but also want to know above all how we view the current business trend.

I would therefore like to give you an insight into the business figures for the first quarter of 2011, which we published last week.

As many of you will have observed, the economic recovery continued in the first quarter of the financial year 2011. Our company also got off to a good start in the first quarter of the new financial year. Revenues grew by 5.2 percent and reached around EUR 237m. At constant exchange rates this is equivalent to a revenues increase of 2.9 percent compared with the prior-year period. This rise was attributable primarily to higher revenues of glass and plastic pharma products but also of our system solutions for secure application and dosage of medicines. There was also a positive trend in earnings from our cosmetics products such as for example perfume flacons and cream pots. The higher level of revenues resulted in very good capacity utilization in our plants. Only in the case

of prefillable syringes were revenues weaker. This was in line with expectations and we will see rises again during the course of the year.

Operating results (Adjusted EBITDA) were up 9 percent at EUR 42m. The margin increased accordingly from 17 percent to 17.7 percent. Earnings per share improved even more substantially to EUR 0.20 compared with EUR 0.06 in the first quarter of 2010.

Outlook

I come now to the current outlook.

The prospects for development of the world economy are still characterized by some uncertainty. We assume however that the basic economic recovery will be maintained. The markets in the emerging countries will develop better than the established markets. We therefore see clear growth opportunities as a result of the expansion of healthcare in the emerging countries, On the basis of further regional expansion and product diversification in our business, further integration of the generic business and our positioning as a partner for the pharma industry, we see further growth potential for our company in the pharma sector.

Under the fundamental economic conditions described, market developments in the cosmetics sector are also characterized by fairly positive trends. We therefore expect to be able to expand our revenues of cosmetics products although we will not enjoy the benefit of the inventory build-up by customers which occurred last year. In the field of laboratory glassware we assume continued revival in demand. Again however we do not anticipate any boost from inventory build-ups.

For the Gerresheimer Group as a whole, i.e. including the Vedat acquisition, we expect revenues growth of 6 to 7 percent for the financial year 2011 at constant exchange rates, and an Adjusted EBITDA margin of around 20 percent. The total investment volume will be around EUR 80m in the financial year 2011.

The primary focus of operations continues to be on the pharma and healthcare industry. In addition to the organic growth which we finance from operating cash flow, acquisitions after careful examination of the risks and opportunities will continue to play an important role in the future.

Employees

A key condition for our success is however the contribution of each and every individual employed in our Group. The boss is nothing without his

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team. It is therefore our employees above all who, through their knowledge but also their will to succeed and their own initiative, determine our success. For this I wish to thank all our employees personally and on behalf of my colleagues on the Management Board.

In the past financial year we have started to honor our co-operation in a special way. Together we have formulated a vision, in other words an ideal status, for our company, and we have described the route to get there. Corporate values which have been formulated by us ourselves and whose observance we have agreed worldwide provide us with the necessary foundation for this. I am very proud of this development and will do all I can to support it. I will naturally inform you about progress towards this objective.

Conclusion

We are confident that 2011 will be a good year for us. With our unique product portfolio, our global market platform and our solid financing we have a strong base. Many years of experience, strategic skill and a wealth of ideas are my backup when I say as I did at the start: I am strongly and clearly convinced that this company can and will have substantially greater success. Above all internationally. In our markets we want as a Group to become one of the worldwide leaders. And I will formulate it more precisely: we want to become the leading global partner for solutions which contribute to improvements in health and well-being. To achieve this we will again devote all our strength in the current financial year.

Ladies and gentlemen, I would like to thank you all for the trust you have placed in us over the past financial year. We will do everything to ensure that this trust is also justified in the future.

Thank you for your attention.

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