

Speech

by

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Chief Executive Officer
of Gerresheimer AG

Annual General Meeting

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CCD Ost Duesseldorf
(Congress Center Duesseldorf)

– Check against delivery –

Shareholders,
Guests and representatives of the media,
Ladies and Gentlemen,

I would like to extend a warm welcome—also on behalf of my colleagues on the Management Board—to the Annual General Meeting of Gerresheimer AG here at Congress Center Duesseldorf. Thank you for coming.

Financial year 2015, which we look back on today, was a successful and important year for Gerresheimer AG, and a year of strategic changes. Last year saw us make great progress toward our vision of becoming the leading global partner for enabling solutions that improve health and well-being.

We supply customers today all over the world. Each year, we manufacture well over 15 billion products. Across our 40-plus plants worldwide, that means almost 500 units of pharmaceutical packaging a second. Those are big numbers—yet every single unit is important, because every single package serves a patient's well-being. That is why we invest continually, both in improving quality as well as in innovative products and solutions. These activities are a key element of our growth strategy.

In line with this strategy, we made numerous changes at Gerresheimer in the past year. We significantly enhanced our position and diversified in North America with a major acquisition. We sold our in-house glass tubing production activities and improved quality overall by modernizing facilities and machinery. In addition, we created new capacity in regions where we aim to accelerate growth.

To run through the specific measures we implemented in 2015:

1. The acquisition of Centor enabled us to achieve our longstanding goal of strengthening our position in the US market for plastic pharmaceutical packaging. Centor is a leading manufacturer of plastic containers used by pharmacies to package prescription tablets in the United States. This was incidentally the biggest acquisition in our corporate history.
2. The sale of our glass tubing business marked another milestone in 2015. This transaction further sharpened our focus on the production of pharmaceutical packaging and made our business less capital-intensive.

Glass tubes are an intermediary product in the manufacture of injection vials, syringes, ampoules and cartridges. We are

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delighted to have found such an expert partner as the US company Corning to buy our glass tubing business. Together with the joint venture launched with Corning to develop the next generation of glass tubing-based pharmaceutical primary packaging and the signing of a long-term supply contract for glass tubing, this sale takes us a major step forward. It helps us focus on what we want to do and on what we do best: producing superior packaging for the pharma industry worldwide—in top quality and large volumes.

3. Financial year 2015 also saw us expand our plant in Peachtree City in the south of the USA with the construction of a new production building boasting the latest clean room technology. Peachtree City is where we are going to start mass producing an asthma inhaler for the American market this year.
4. At the same time, we have once again added to production capacity in our Plastics & Devices Division in Europe—in the Czech Republic, to be precise. Our Horsovsky Tyn plant is a cornerstone of our growth strategy.
5. In parallel, we have been busy on the glass side. Among other things, we comprehensively refitted our moulded glass plant in Chicago Heights, including constructing a new furnace and modernizing the machinery. The objective in all refurbishment work was to meet the highest standards of product quality with particle-free glass packaging. We will be showing customers around the completely revamped plant in four weeks' time as part of our major annual event for customers, the Gerresheimer Pharma Days.
6. In addition, we are equipping all plants around the world that make injection vials from glass tubing with the same latest generation machinery, control and inspection systems. We started on this in 2014, at Morganton, USA, followed by the sister plant in Vineland. Work in 2015 began in Queretaro, Mexico, and now it is Europe's turn. Next in line are India and China.
7. In India, we invested and built a new plant during 2015 in Kosamba, near Mumbai. We will start up commercial production of injection vials there toward the year-end. Only if we supply customers all over the world from local production while promising the same high quality standards will we achieve successful growth.

From a strategic perspective, expanding our capacities in line with market requirements remains an important focus. Demand for pharma-

ceuticals is growing globally. There are a number of megatrends that create favorable conditions for us:

The steady improvement in medical care in emerging markets is a positive. More and more people across the globe have access to medical care. It is forecast that, by 2020, every second person on the planet will take at least one dose of medication every day. In 2005, it was just one in three. That boosts sales volumes of our products. For us, it is not the price of a drug that matters. We are interested in how many units are sold. After all, every drug needs to be packaged, wherever in the world it is used, and must reach the patient reliably in undamaged form.

For all the focus on emerging markets, we must not lose sight of the fact that, both today and in the future, the USA is and will remain the biggest market for medical drugs by a wide margin. Market researchers predict that drug spending in the USA will rise by a third between 2015 and 2020. We lead the US market in pharmaceutical glass packaging for injection drugs. Following our acquisition of Centor, we now have in our Group the market leader in the segment comprising tablet packaging for prescription drugs.

With our products, we also help numerous sufferers of chronic ailments. Today, 415 million people suffer from diabetes, or one in eleven of the adult population. By 2040, this figure is expected to rise to some 640 million. We sell more and more of our products because the number of acute and chronic illnesses such as asthma and diabetes is on the rise worldwide.

Financial year 2015

As you can see, 2015 was a very exciting year for us—and an exceedingly successful one: Revenues grew by 6.8% to EUR 1,377.2m. On an organic basis, revenues went up by 1.5%. In our guidance, we stated a target corridor of between 1% and 3%, so we met our expectations in this regard.

The Plastics & Devices Division was once again the biggest growth driver in financial year 2015, with growth of around 7.8% and organic growth of 2.8%. Our high-quality products such as insulin pens, asthma inhalers and lancets for diabetics were the main contributors to that growth.

The Primary Packaging Glass Division likewise put in a healthy performance, delivering revenue growth of 4.6%, or 0.6% on an organic basis.

In our third and smallest division—Life Science Research, which focuses on laboratory glassware—revenues were down very slightly, namely by

0.8% on an organic basis, due to sluggish demand in the USA. The strength of the US dollar nonetheless gave us more than 15% growth.

As regards our Group's most important key performance indicator—adjusted EBITDA—we likewise attained or exceeded our target corridor of between EUR 255m and EUR 265m. Even without the contribution from Centor, we reached our target with adjusted EBITDA of EUR 262.4m. Together with that contribution from Centor in the last quarter, we generated operating income of no less than EUR 277.9m. Net income went up sharply, by 55% to EUR 112.7m for the financial year, while adjusted earnings per share likewise gained substantially by 18 percent to EUR 3.41.

We once again invested heavily last year, to the tune of EUR 125.8m. That represents 9% of revenues. This, too, was in line with our guidance of 9% to 10%. I am pleased to be able to report that we fully attained our targets for financial year 2015.

Revenues by region

As I mentioned at the start, we produce at more than 40 locations around the world. Europe and the Americas remain our most important markets. We generated 58% of Group revenues in Europe and some 23% in North America. Owing to their population growth and steadily improving medical care, the emerging economies remain very important to us. We generated 16% of our revenues in these markets.

Employees

Of course, the success of the past financial year would not have been possible without our great team of people. In light of this, I would like to thank our entire workforce, also on behalf of my colleagues on the Management Board, for their excellent teamwork. We would not be where we are today without the dedication, motivation and ingenuity of around 11,000 colleagues worldwide.

Share price

This brings me to our share price. In the first half of 2015, our shares moved between EUR 42 and EUR 58. Following announcement of our strategic changes, our share price then climbed to almost EUR 67 at the end of July. After a short pullback that saw it dip below EUR 60, the share price continuously rose to the end of the financial year to close at EUR 73.90. The share price, which currently stands at between EUR 66 and EUR 69, consequently gained a good 66% year on year to notch up the third best price performance of all 50 companies listed in the MDAX index.

As our shareholders, you should participate in this success and so we on the Management Board, together with the Supervisory Board, have taken the decision to increase the dividend again.

We therefore join with the Supervisory Board in proposing a dividend for financial year 2015 of EUR 0.85 per share. This equates to a payout ratio of 25% of adjusted net income after non-controlling interests. It also represents a 13% dividend increase. We are thus able to raise the dividend for the fifth year running. I hope this proposal meets with your approval—because with it, we are demonstrating our confidence in our Company, not just today but above all with regard to its business performance going forward.

Capex

Ladies and Gentlemen,

Our goal is to achieve profitable growth. This is why we invest in our business extensively and on a sustained basis, and are tapping into new markets. Last year, we nonetheless took a number of steps to make our business less capital-intensive. With the sale of the glass tubing business and the permanent closure of the moulded glass plant in Millville, for example, we significantly cut the number of furnaces we operate by a total of eight to now thirteen. As well as reducing the number of overhauls, this results in lower capital expenditure needs, as furnaces are highly capital-intensive.

Another conducive 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, partly because buying finished glass tubing as an intermediary product in line with requirements means that we hold less inventory overall.

As mentioned earlier, we spent EUR 125.8m on property, plant and equipment and intangible assets in financial year 2015. Regionally, the greatest share of capital expenditure was in Europe at around 46%, about half of which was in Germany. The Americas accounted for almost 36% and the emerging markets for about 18%.

Financial stability

At 28.8%, our equity ratio is lower than a year ago, compared with 36.5% at the end of 2014. As has already been explained, this is due to the debt financing for the Centor acquisition.

The net asset position is sound: We have a very healthy financial basis that gives us the headroom to pursue our strategy and secure profitable growth. We have completed our refinancing—on very good terms, which reflects our sound reputation on the financial market. Specifically, we refinanced our overall financing arrangement from 2011 with a revolving credit facility and entered into a bridging loan for the Centor acquisition. We paid off the bridging loan in November, mainly via a EUR 425m debt issue and out of sale proceeds from the glass tubing business.

Our leverage—the ratio of net debt to adjusted EBITDA—increased on the purchase of Centor from 1.7 to 2.9. We aim to use our cash—notably the cash generated by Centor—to reduce our leverage to 2.5 in the next 24 months.

Corporate responsibility

Ladies and Gentlemen,

We create products that make a meaningful contribution to health and well-being. For each of our products, we have a responsibility toward our customers, but actually toward patients. This is why responsibility is one of our corporate values. For us, corporate responsibility also means protecting the environment. We have therefore been involved in environmentally-friendly production as part of the Carbon Disclosure Project for seven years now. This is the world's biggest initiative to reduce carbon emissions.

We record, analyze and manage our carbon emissions at all our production sites and report on their composition, development, and the various measures to reduce them on an annual basis. Our environment strategy target is to reduce the ratio of emissions to revenues. We met our target once again in financial year 2015: The ratio of emissions to revenues fell by 19.3%. This is the biggest percentage improvement since we began taking part in this project. I am sure this is good news for you, too.

Q1 2016

The first quarter of this financial year is already behind us and it progressed as we had expected. Revenues reached EUR 342.3m. That marks a significant 13.4% increase on the prior-year quarter. Excluding

exchange rate effects, acquisitions and divestments, revenues increased in the same period by 4.4%.

Part of the revenue growth is accounted for by the business relating to plastic packaging for prescription drugs acquired with the purchase of Centor last year. Revenues with drug delivery products such as asthma inhalers, insulin pens and prefillable syringes likewise increased sharply. As expected, the positive trend from the preceding quarters similarly continued in glass pharmaceutical packaging, generating particularly good revenue growth in injection vials, ampoules and cartridges.

Adjusted EBITDA amounted by 29,6 percent to EUR 66m. This was mainly due to the acquisition of Centor on September 1, 2015. Income amounted to EUR 17.6m, 39% more than in the first quarter of the prior year. Adjusted earnings per share profited accordingly, increasing by 72% to EUR 0.74.

In the first three months of the financial year, we incurred capital expenditure of EUR 13.7m. We purchased a site for a new plastic pharmaceutical packaging plant in Brazil. In addition, we are further expanding our plant in Peachtree City, USA.

Outlook

This brings me to our outlook.

Our expectation for Group revenues is approximately EUR 1.5bn. That corresponds to between 4% and 5% organic revenue growth. We formulate our growth and earnings expectations on a constant exchange rate basis. This year, we are aiming for adjusted EBITDA of some EUR 320m. Capital expenditure will be around 8% of revenues.

Our medium-term indication for financial years 2016 to 2018 puts organic revenue growth at 4% to 5% a year. The EBITDA margin is set to reach 22% in financial year 2018. In order to meet these targets, Gerresheimer will require significantly lower annual capital expenditure of around 8% of revenues.

Conclusion

Allow me to sum up: Financial year 2015 saw us make and implement a number of key strategic decisions.

We further improved our already very robust business model by substantially augmenting our product portfolio with plastic packaging for prescription drugs, secured new customers and bolstered our regional revenue mix in favor of the USA.

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By selling our glass tubing production activities to Corning, we have reduced the capital intensity of our business.

The good business results for 2015, the very strong revenue growth as well as good earnings and financial indicators for the first quarter of 2016 demonstrate the success of these changes.

I therefore continue to be very optimistic for the future of Gerresheimer.

One factor that gives me great confidence is our rock-solid culture of trust, which we see as instrumental to securing our future. It is this which paves the way to collaboration with our workforce and business partners, our Supervisory Board and works councilors in a spirit of trust. I would like to thank you all, also on behalf of my colleagues on the Management Board, for your support and dedicated hard work.

Our goal in the current financial year remains unchanged: by focusing on quality and being there for our customers, to continue our profitable growth and so to secure the long-term future of Gerresheimer AG.

Thank you for your attention. My colleagues and I will now be happy to answer any questions you may have.

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