Management Report and Annual Financial Statements of Gerresheimer AG for the financial year December 1, 2015 to November 30, 2016

GERRESHEIMER

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GERRESHEIMER AG MANAGEMENT REPORT

for the Financial Year December 1, 2015
to November 30, 2016

GERRESHEIMER AG

Gerresheimer AG, based in Duesseldorf (Germany), serves as the holding company of the Gerresheimer Group. It manages its subsidiary Gerresheimer Holdings GmbH, Duesseldorf (Germany) and indirectly manages the subsidiaries and associates of Gerresheimer Holdings GmbH. From these subsidiaries and associates, Gerresheimer AG generates income from long-term equity investments. The net assets, financial position and results of operations of Gerresheimer AG are largely determined by this income from long-term equity investments and hence by the business performance of the entire Gerresheimer Group. Except where otherwise stated, the following relates to the business performance of 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. Backed by in-house innovation and the latest production technologies, we provide primary pharma packaging, drug delivery systems, diagnostic systems, and packaging for the cosmetics industry.

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 we use in our products. Following the sale of the Life Science Research Division as of October 31, 2016, our business model is divided into two operating divisions for reporting purposes: Plastics & Devices, and Primary Packaging Glass.

PLASTICS & DEVICES

Our product portfolio in the Plastics & Devices Division includes complex, customer-specific products for simple and safe drug delivery. These include insulin pens, inhalers and prefillable syringes. The division also covers 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.

Activities in this division include developing complex systems and system components made of plastic on a project basis. Our target market comprises customers in the pharma industry, diagnostics and medical technology. We provide tailored services for these customers, spanning every link in the 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 provides 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.

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. We again have a strong product portfolio for this segment, 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 beverage 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 sirup 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, skincare 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 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 (SOLD AS OF OCTOBER 31, 2016)

In the Life Science Research Division – up to October 31, 2016 – we produced glass containers and systems for special requirements in research, development and analytics. We also supplied general laboratory ware. The divisional company, Kimble Chase Life Science and Research Products LLC, was established as a joint venture in 2007 by amalgamating the Life Science Research Division of Gerresheimer (51%) and Chase Scientific Glass, Inc. (49%).

As of October 31, 2016, we sold the Life Science Research Division (Kimble Chase) to Duran Group, a portfolio company of One Equity Partners. The manufacture of laboratory glassware has few or no synergies with our core business, the manufacture of primary pharma packaging and products for safe and simple drug delivery. The two businesses have different markets and customers. The manufacturing processes for laboratory glassware also have a strong manual element and differ substantially from our production techniques for pharma glass. Kimble Chase has production locations in Rockwood (Tennessee/USA), Rochester (New York/USA), Queretaro (Mexico), Meiningen-Dreissigacker (Germany) and Beijing (China). In selling the Life Science Research Division, we reduced our number of plants by five.

BRANCH OFFICES

Gerresheimer AG does not have any branch offices.

CORPORATE STRATEGY AND OBJECTIVES

Global healthcare demand continues to grow. Key drivers include global trends such as rising life expectancy, world population growth, increasing prosperity, environmental change, and the development of new drugs and therapies. 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 pharma packaging and products for safe and simple drug delivery. This is especially the case for drugs with complex molecular structures – such as those produced using biotechnology – and poses challenges for everyone in the market.

For us as a strategic partner 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 capabilities, we can meet our customers' increasing needs in terms of impeccable quality standards – in industrialized nations and emerging markets alike.

OUR VISION AND MISSION

We pursue the vision of becoming the leading global partner for enabling solutions that improve health and well-being. Our success is driven by the passion of our people.

In pursuit of this vision, we have further sharpened the profile of our business in the last two years: We have acquired the leading producer of plastic containers and closures for oral prescription medication in the USA, sold our glass tubing business, and most recently parted with our Life Science Research Division. Our broad portfolio of products and services and our global presence make us unique and secure our position as a key partner to the pharma and cosmetics industry.

We are aided in achieving our vision by the following guiding principles:

1. Understanding our customers and providing them with solutions to both their present and future needs.

Exceptional quality and total delivery reliability no matter how big the order set us apart. These are key factors enabling our customers to meet exacting market requirements and regulatory standards. We also work with customers to break new ground, anticipating trends such as self-medication and biologically produced drugs, developing new products and processes, and driving innovation.

2. Living our commitment to excellent quality and continuous innovation.

We work constantly to enhance our product range – notably with a view to new drug developments and quality requirements – and invest in the key growth markets of the future. Our longstanding experience, the considerable expertise and motivation of our workforce and our systematic capital expenditure policy building on our sound financial base make us partner of choice to the pharma industry.

3. Leveraging our technological leadership and competence by acting as one team.

Decades in the business of making glass and plastic packaging give us vast expertise that we deploy to the benefit of our customers and supplement with further training. We standardize our production systems and processes across operating locations, ensure knowledge transfer between teams and measure outcomes against defined operational excellence performance indicators.

4. Becoming a preferred employer with highly motivated and passionate employees all over the world.

Our workforce of some 10,000 employees are the basis of our success today and going forward. In recognition of this, we place emphasis on good working conditions, talent management and comprehensive lifelong learning. At the same time, we aim for a healthy mix of young and experienced staff, and provide systematic initial and further training to foster employee development in step with increasingly demanding requirements as well as to secure workforce satisfaction.

These four elements of our mission underpin our overarching goal:
Expanding our global reach and creating profitable and sustainable growth.

With our plants in Europe, North America, South America and Asia, we can already boast a global presence and serve customers and markets with local production in many parts of the world. There is nonetheless scope for further extending our global reach, enabling us to serve all customers the world over in equal measure with our full portfolio. We especially aim to expand our presence in Asian growth markets – such as India and China – and in South America in order to supply our products to existing international customers as well as new customers in these countries.

OUR STRATEGIC GOALS

1. Sustained growth

We continue to target sustained growth. To attain this goal, we plan to increase revenues with existing customers and launch new products as well as to secure new regions, markets and customers. We also intend to make selective acquisitions to this end. Our focus here is on augmenting our portfolio with additions that gain us access to new regions or enable us to buy into new technologies. In the process, we always aim to occupy leading positions in the markets we serve.

2. Rising profitability

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). Key factors in this are our highly qualified workforce, efficient state-of-the art technology, strict cost control and high standards of quality. We conduct targeted investment in training, production efficiency and quality. Reliable delivery of high-quality pharma and cosmetics packaging secures us a leading position as a globally recognized supplier and sets us apart from our competitors.

3. Attractive investment and strong partner

Sustained growth and rising profitability make us an attractive investment for existing and future investors. We provide our shareholders with their due share of our success by distributing a dividend. Our solid financial base also makes us a strong, reliable partner to customers and suppliers in a market where stable, long-term relationships are highly valued.

The central pillars of our strategy have applied unchanged for many 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 financial year.

Our strategy was reflected and successfully implemented in a number of strategic projects once again in the financial year 2016. Strategic projects such as the sale of the laboratory glassware division, our machinery strategy for vials, new product launches, expansion of production capacity and many others are described in greater detail in the remainder of the Management Report. All of these moves significantly enhance our position as global partner to the pharma industry, boost our profitability and make Gerresheimer an attractive investment.

CONTROL SYSTEM

Our business activities are geared toward sustained, profitable growth and global market leadership in the pharma/healthcare and cosmetics 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.

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 a further key factor in our success. We appraise each project in each business unit against the same target parameters. Discounted cash flow analysis and payback periods 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 at Gerresheimer as adjusted EBITA over average capital employed, i.e. 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.

The key performance indicator for Gerresheimer AG as the Group parent is retained earnings as defined in the German Commercial Code. Implementation of our long-term, earnings-driven dividend policy is notably secured by profit transfers and distributions from affiliated companies.

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.

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.

BUSINESS ENVIRONMENT

OVERALL ECONOMIC CONDITIONS

In its October 2016 outlook, the International Monetary Fund (IMF)[1] anticipated a slight increase in global economic growth. However, burgeoning isolationist tendencies as seen in the British vote to leave the EU and protectionist ambitions in the US and Europe harbor major risks for the global economy. The IMF considered that such tendencies may cause companies to shelve capital spending and create fewer new jobs. Despite the risks, the Washington-based experts have retained their forecast for 2017 of 3.4% growth in the world economy (2015: 3.1%). Industrialized economies are projected to see weak growth continue for the medium term, whereas the IMF expects growth to pick up in emerging markets and developing countries.

With regard to developments in the euro area, the IMF voices concerns about increasing pressure to adopt populist, inward-looking policies. At the same time, it has revised its forecast slightly upward, to 1.7% for 2016 and 1.5% for 2017. Among other factors, this trend is being driven by 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 reportedly starting to regain traction. Second-quarter growth in Spain was thus at its strongest for more than eight years. Also, although the Greek economy continues to contract, the IMF does not see any danger of contagion here for the rest of the euro area.

For Germany, the IMF lifted its growth forecast for 2016 from 1.6% to 1.7% (2015: 1.5%) and for 2017 from 1.2% to 1.4%. This puts the Washington experts' prediction slightly below those of the five leading German economic institutes. These project 1.9% GDP growth in 2016. Their forecast for 2017 is in line with that of the IMF at 1.4%.

As regards the USA, by contrast, the IMF was more skeptical than it had been in July. The fund cut its 2017 growth forecast for the world's biggest economy from 2.5% to 2.2%. It considered US growth to have been disappointing in 2016. The experts identified one cause of this as the high level of US debt, which hit a new all-time high in the past year.

Sentiment in China is positive, according to the IMF. It reports continued progress in rebalancing the Chinese economy toward services, while credit expansion and the growing share of GDP accounted for by consumption provide a good basis for growth. This could even offset a potential slowdown in investment. With projected GDP growth of 6.6% in 2016, China continues to be one of the world's fastest-growing economies.

Little has changed in the forecast for other major developing markets. The Russian economy is thus set to shrink this year by 0.8% and the Brazilian economy by 3.3%. However, the IMF believes that both countries could come out of recession as early as 2017. It believes Russia to be aided by the increased oil price. In Brazil, consumers and businesses are said to be regaining confidence and GDP has not contracted as severely as expected. The recession in both countries may thus gradually lift, with a potential return to growth forecast for 2017. India is already seen to be in a stable condition today, with solid growth rates.

SECTORAL DEVELOPMENT

After unexpectedly high annual growth rates of nearly 9% in 2014 and 2015, the global pharma market held stable in 2016 at a lower rate of growth and with a sustained positive business climate. The market was driven in the last two years by unanticipated developments: the huge impact of hepatitis C blockbusters, large quantities of expired patents, and strong volume growth in pharmerging markets. Two-thirds of sales in 2016 went to the top five national markets – the USA, Japan, China, Germany and France. The other third was spread over the rest of the world, led by Italy followed by the UK and Brazil.

M&A activity once again shaped the industry in 2016. There were some USD 350bn worth of acquisitions in the pharma sector during 2015, and mergers and acquisitions totaling USD 42bn were recorded through to the third quarter of 2016[2]. Irrespective of such transactions, the pharma industry continues to be characterized by a high level of innovation. This makes it an important driver of economic activity, including in Germany. Given the positive economic climate and high tax income, economic conditions in Germany remain ideal for boosting the country's role as a pharmaceutical location. Pharma industry sales came to some USD 43.1bn in Germany in 2016.

Quintiles IMS Institute[3], a renowned research organization, forecasts global annual average pharma market growth of between 4% and 7% for the period 2016 to 2021, with the market reaching some USD 1.5tn in 2021. For the USA, which remains the world's biggest pharma market, IMS projects that spending will grow at an annual average of 6% to 9% through to 2021. In European countries, it expects growth in the low single-digit percentage range. The pharmerging markets, by contrast, are expected to see average growth rates continue at 6% to 9% in the five years ahead.

[1] International Monetary Fund: "World Economic Outlook", October 2016.

[2] PwC Global Pharma & Life Sciences Deals Insights Q3 2016 Update.
[3] Quintiles IMS Institute: "Outlook for Global Medicines through 2021", December 2016.

According to the report, volume growth – meaning the quantities of drugs sold – will be driven by a further increase in generics and slightly more moderate growth in the pharmerging markets than in prior years. As it did for the period 2011 to 2016, Quintiles IMS anticipates annual average global volume growth for 2016 to 2021 of 3%, primarily driven by the pharmerging markets.

Overall, the pharma sector is considered to be one of the 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, asthma, dementia, cancer and allergies also boost demand for healthcare. This is reflected in the megatrends relevant to Gerresheimer: the trend toward generic drugs, maturing health systems in the pharmerging markets, growing regulatory requirements, the development of new drugs, increasing acute and chronic illnesses, and self-medication (see also the Megatrends section on page 34).

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, asthma 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. Growing numbers of innovative biotech drugs are coming onto the market that have to be injected and must therefore be supplied in the necessary concentrations in vials and/or 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.

The more cyclical market for high-quality cosmetic glass packaging also performed well in the financial year 2016. 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 year.

CURRENCY MARKET TRENDS

The euro-US dollar exchange rate moved in a corridor between 1.05 and 1.15 US dollars to the euro during the financial year 2016, with the 2015 and 2016 year-end rates more or less identical. A temporary gain in the euro with exchange rates around USD 1.15 was lost toward the end of 2016 ahead of the US presidential election and after announcement of the outcome; also, a further hike in the US Federal Funds Rate became more likely after an initial rise in December 2015. The European Central Bank (ECB), on the other hand, apparently plans to continue supporting the economy with a growth-focused low interest rate policy for some time to come.

In the financial year 2016, the average exchange rate from December 1, 2015 to November 30, 2016 was 1.10 US dollars to the euro, slightly below the prior-year average of 1.12 US dollars to the euro.

Most other currencies subject to effects of translation into the Group reporting currency in our quarterly and annual financial statements fell against the euro over the reporting period. The stronger overall exchange rate for the euro in the reporting period meant that translating other currencies into the Group reporting currency had the effect of reducing 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. The USD exchange rate assumed for budgeting purposes for the financial year 2016 was USD 1.12 per EUR 1.00. The reporting date and average exchange rates of major currencies for the Gerresheimer Group in the financial year 2016 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 extensively 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. These basic products are freely available and we procure them from a range of suppliers.

When we sold our glass tubing business to Corning in 2015, 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 cost changes. This means that we did not materially benefit from the lower oil price in the financial year 2016 compared with the financial year 2015. Conversely, we will probably not be significantly affected if the oil price goes up again.

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.

CHANGES 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 2016.

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. Overall, however, the financial year 2016 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 entry barrier for potential new competitors.

DEVELOPMENT OF THE BUSINESS

EFFECT OF THE ECONOMIC CONDITIONS ON BUSINESS PERFORMANCE

The financial year 2016 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. The more cyclical market for high-quality cosmetic glass packaging showed a positive trend. Manufacturers reported growth in perfume and care products in particular.

We primarily market specialized, high-quality primary packaging products and drug delivery systems made of glass and plastic. 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 2016 (GERRESHEIMER GROUP)

The net assets, financial position and results of operations of Gerresheimer AG depend on the business performance of the Gerresheimer Group. Corporate strategy and management are exclusively based on Group performance indicators. This is why no forecast is made at the level of the single-entity financial statements. Instead, we report in this section exclusively on the development of our guidance for the Gerresheimer Group.

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 revenues at constant exchange rates, the organic revenue growth rate, adjusted EBITDA, and capital expenditure as a percentage of revenues at constant exchange rates.

A comparison of our guidance with the figures reported for the financial year shows that our forecast of business developments in the financial year 2016 was accurate. Following the sale of our Life Science Research Division as of October 31, 2016, we announced that we would finish toward the lower end of our annual guidance figure of EUR 1.4bn (plus or minus EUR 25m) for Group revenues at constant exchange rates. Group revenues at constant exchange rates came to EUR 1,383.1m in the financial year 2016, thus fully in line with our expectations. Organic revenue growth was 2.9% in 2016. Adjusted EBITDA at constant exchange rates and excluding the Life Science Research Division was EUR 311.3m, at the upper end of the guidance range based on EUR 305m (plus or minus EUR 10m). Capital expenditure as a percentage of revenues at constant exchange rates and excluding Life Science Research was 8.2%, on a par with the target range of around 8%. Since September 1, 2016, when the Life Science Research Division began to be accounted for as discontinued operation, it has been necessary to deduct that division's revenue and earnings contribution, both for the year under review up to conclusion of the sale as of October 31, 2016 and for the financial year 2015 in its entirety.

We likewise attained the cash flow performance figures given in our guidance for the financial year 2016. Our capital expenditure stood at 8.2% and average net working capital at 15.8% of revenues at constant exchange rates (excluding the Life Science Research Division). Similarly, we are fully on target both with our operating cash flow margin and with ROCE.

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

Development of published guidance during the financial year 2016

	Guidance FY 2016 Feb. 11, 2016	Updated guidance FY 2016 Oct. 6, 2016 (Sale of Life Science Research)	2016 results
Revenues (constant FX rates)	EUR 1,500m (+/- EUR 25m) approx. equivalent to 4% to 5% organic growth	EUR 1,400m (+/- EUR 25m) approx. equivalent to 4% to 5% organic growth	EUR 1,383.1m 2.9% organic growth
Adjusted EBITDA (constant FX rates)	EUR 320m (+/- EUR 10m)	EUR 305m (+/- EUR 10m)	EUR 311.3m
Capital expenditure (constant FX rates)	8% of revenues	Confirmation of guidance FY 2016 Feb. 11, 2016	8.2%[1]
Average NWC (as % of revenues) (constant FX rates)	17%	Confirmation of guidance FY 2016 Feb. 11, 2016	15.8%[1]
		The sale of Life Science Research was completed as of October 31, 2016; under International Financial Reporting Standards, the figures for this division as a discontinued operation are required to be presented separately. In 2015, this related to revenues of approx. EUR 100m and adjusted EBITDA of just over EUR 15m.	
Other performance figures			
Operating cash flow margin (constant FX rates)	approx. 13% in FY 2018	Confirmation of guidance FY 2016 Feb. 11, 2016	14.3%
ROCE	> = 12% in FY 2018	Confirmation of guidance FY 2016 Feb. 11, 2016	12.6%

[1] Excluding the Life Science Research Division.

MANAGEMENT BOARD REVIEW OF BUSINESS PERFORMANCE

Operating performance was very satisfactory for Gerresheimer AG. The German Commercial Code (HGB)-basis result from ordinary activities increased as expected due to higher income from long-term equity investments, from EUR 17.7m in the prior year to EUR 71.0m. It must be borne in mind in this connection that we pursue a consistent management philosophy at Gerresheimer AG and attune dividends from subsidiaries to planned capital expenditure in the various regions. As a result, net income from long-term equity investments can vary substantially from year to year. Net income was EUR 61.5m, compared with EUR 7.0m in the prior year. Equity has consequently increased from EUR 648.6m to EUR 683.4m.

The Gerresheimer Group performed well in the financial year 2016. Revenues rose by 7.2% to EUR 1,375.5m. This corresponds to organic growth of 2.9% resulting in revenues at constant exchange rates of EUR 1,383.1m. Our pharma industry revenues thus continued to prove robust in the financial year 2016. Adjusted EBITDA at constant exchange rates and excluding the Life Science Research Division was EUR 311.3m. The reported adjusted EBITDA figure was EUR 307.8m, representing a margin of 22.4%. Net income for the financial year 2016 was EUR 168.2m, well above the prior-year net income of EUR 112.7m. Adjusted net income amounted to EUR 139.0m, compared with EUR 117.7m in the same period the year before.

RESULTS OF OPERATIONS OF THE GERRESHEIMER AG

Other operating income decreased by EUR 10.6m compared with the prior year from EUR 37.8m to EUR 27.2m in the year under review. This mainly reflects a fall in exchange rate gains and in amounts charged on to subsidiaries, primarily in connection with an acquisition and a divestment in the financial year 2015.

Gerresheimer AG's personnel expenses went down by EUR 3.4m to EUR 14.3m in the financial year 2016. The decrease mainly reflects significantly lower expenses in connection with long-term share-price-based variable cash remuneration (phantom stocks) for the Management Board of Gerresheimer AG in the financial year under review.

The EUR 18.1m reduction in other operating expenses to EUR 29.0m (2015: EUR 47.1m) mostly relates to lower expenses for currency translation and currency derivatives totaling EUR 11.3m (2015: EUR 22.2m). Those expenses were mainly incurred for the exchange rate hedge on the USD loan to Gerresheimer Glass Inc., Vineland (New Jersey/USA). Consulting expenses also dropped significantly due to an acquisition and a divestment effected in the financial year 2015.

There is a profit and loss transfer agreement between Gerresheimer AG and Gerresheimer Holdings GmbH. Under this agreement, Gerresheimer Holdings GmbH is required to transfer all profits to Gerresheimer AG. In return, Gerresheimer AG must absorb any net loss. The income from the profit transfer agreement in the financial year 2016 was EUR 58.9m (2015: EUR 16.4m). Profit transfer from Gerresheimer Holdings GmbH is mostly determined by profit transfers from Gerresheimer Group GmbH and GERRESHEIMER GLAS GmbH, with which Gerresheimer Group GmbH forms a fiscal entity for tax purposes and which serves as the intermediate holding company for German and international subsidiaries.

The change in the income from the profit transfer agreement for Gerresheimer AG relative to the financial year 2015 results in part from prior-year income of EUR 52.0m from the disposal of the shareholding in Gerresheimer Pisa S.p.A., Pisa (Italy) in the course of the sale of the glass tubing business. In the prior year, there was a contrary effect at the level of GERRESHEIMER GLAS GmbH of portfolio optimization in the Gerresheimer Group, which led to EUR 75.4m in write-downs on the carrying amounts of investments and valuation adjustments on loan receivables from international subsidiaries. Income from long-term equity investments also increased by EUR 16.7m relative to the prior year due to profit and loss transfer agreements in force at the level of GERRESHEIMER GLAS GmbH. The positive performance of the various subsidiaries likewise led to a EUR 4.7m rise in dividend income in the financial year 2016 to EUR 8.8m (2015: EUR 4.1m).

Income from long-term loans came to EUR 45.8m in the financial year 2016 and thus showed no change relative to the prior-year period.

The net finance expense of EUR 17.2m in the financial year 2016 (2015: EUR 17.3m) comprises EUR 3.5m (2015: EUR 5.0m) in other interest and similar income as well as EUR 20.7m in interest and similar expenses (2015: EUR 22.3m). The income in the financial year under review comprises interest income on loans to subsidiaries. Interest expenses were mainly down due to the decrease in connection with the bridging loan taken out in the prior year related to the Centor acquisition as well as replacement of the old overall financing arrangement in June 2015.

Gerresheimer AG's net income was EUR 61.5m, compared with EUR 7.0m in the prior year. The IFRS-basis net income of the Gerresheimer Group was EUR 168.2m for the financial year 2016, representing an increase of EUR 55.5m on the prior-year figure. The German Commercial Code (HGB)-basis retained earnings of Gerresheimer AG increased from EUR 91.5m in the prior year to EUR 126.3m in the year under review. This notably reflected Gerresheimer AG's significantly higher net income in the financial year 2016, less the EUR 26.7m in profit distributions to the Gerresheimer AG shareholders.

At the Annual General Meeting on April 26, 2017, the Management Board and Supervisory Board of Gerresheimer AG will propose that a dividend of EUR 1.05 per share shall be paid for the financial year 2016 (2015: EUR 0.85 per share). This represents a total dividend distribution of EUR 33.0m and an increase of 23.5% against the prior-year dividend. The dividend ratio amounts to 24.9% 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 93.3m. In this way, Gerresheimer shareholders will this year once again participate in the Gerresheimer Group's business success.

NET ASSETS, FINANCIAL CONDITION AND LIQUIDITY OF THE GERREHEIMER AG

NET ASSETS

Intangible assets increased by EUR 0.7m in the financial year 2016 to EUR 1.8m. This mainly relates to the capitalization of IT software and licenses in the financial year 2016.

Receivables and other assets went up by EUR 24.3m from EUR 297.1m as of the prior-year reporting date to EUR 321.4m as of November 30, 2016. This is primarily due to higher receivables from cash pooling countered by a reduction in the short-term USD loan to Gerresheimer Glass Inc., Vineland (New Jersey/USA), USD 40.0m of which was paid back in the financial year 2016. The loan amount currently outstanding as of the balance sheet date is thus EUR 150.6m.

Equity increased by EUR 34.8m from EUR 648.6m as of November 30, 2015 to EUR 683.4m as of November 30, 2016. This is attributable to the significantly larger net income, less the profit distributions to Gerresheimer AG shareholders.

Furthermore, tax provisions decreased by EUR 7.6m to EUR 2.1m. The reduction relates to taxes paid in connection with completed tax audits.

The above-mentioned transactions were the main cause of the EUR 25.2m or 1.8% increase in Gerresheimer AG's total assets to EUR 1,436.3m in the financial year 2016 (2015: EUR 1,411.1m).

Consequently, the equity ratio stood at 47.6% as of the November 30, 2016 reporting date (2015: 46.0%).

FINANCIAL CONDITION AND LIQUIDITY

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 May 2018.

Second, a syndicated loan in the form of a EUR 450.0m revolving credit facility with a five-year term to maturity was signed by Gerresheimer AG 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) (all figures relating to the Gerresheimer Group). The revolving credit facility carries a basic rate of interest equal to EURIBOR for the drawing period plus a margin of between 0.45% and 1.30% depending on fulfillment of the EBITDA leverage covenant and plus a drawdown commission in line with the current loan status. As of the November 30, 2016 reporting date, Gerresheimer AG is liable under the guarantor plan for this loan in the amount of EUR 163.0m (2015: EUR 232.8m). To the best of our knowledge, no recourse is to be expected given the solid balance sheet and long-term financing of Gerresheimer AG and its subsidiaries.

Gerresheimer AG took out a EUR 550.0m 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 US Holding Inc. This bridging loan was repaid in November 2015 following Gerresheimer AG's successful EUR 425.0m issuance of bonded loans and pro rata from the proceeds of the sale of the glass tubing business. The Gerresheimer AG issuance of bonded loans 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 210.0m and one ten-year tranche in the amount of EUR 25.5m. Most of the individual tranches offer fixed interest and some variable interest.

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 2016.

MANAGEMENT BOARD'S OVERALL ASSESSMENT OF THE BUSINESS SITUATION

The Gerresheimer Group continued to perform well in the financial year 2016. A notable highlight alongside the 7.2% boost in revenues is the increased profitability, as seen in the approximately two percentage point improvement in the adjusted EBITDA margin. Furthermore, adjusted consolidated earnings per share excluding non-controlling interests rose to a very good EUR 4.22 – an increase of 23.8% (2015: EUR 3.41). Following the divestment of the tubular glass business, we have now parted with a further non-core business with the sale of the Life Science Research Division.

NON-FINANCIAL SUCCESS FACTORS OF GERRESHEIMER AG AND THE GERRESHEIMER GROUP

EMPLOYEES

OUR HUMAN RESOURCES MANAGEMENT PRIORITIES

The knowledge, skills and commitment of our workforce are the key to our success. It is they and not substitutable plant and machinery who constitute the driver and engine of our business. We will only attain our ambitious targets and our vision in the years ahead if we foster and develop our workforce and if the development of the business goes hand in hand with that of our employees.

WORKFORCE STRUCTURE

Gerresheimer AG had an average of 90 employees in the financial year 2016 (11 managerial and 79 other employees). In the prior year, Gerresheimer AG had 89 employees (13 managerial and 76 other employees). All employees fulfilled administrative functions.

The Gerresheimer Group had 9,904 employees as of the end of the financial year 2016 (2015: 10,684). This represents a decrease of 7.3% compared with the 2015 financial year-end (2015: decrease of 3,7%). The main reason for the reduction in our workforce is the sale of our Life Science Research Division. Some 740 employees left the Gerresheimer Group on the sale as of the end of October 2016.

DIVERSITY

We achieve our business success through close teamwork. Our outstanding teams are made up of employees of both genders, many different nationalities and all ages. We firmly believe that workforce diversity is a key success factor and competitive advantage. As an employer, we therefore promote teamwork with an open feedback culture, targeted development measures for teams and individuals, and challenging responsibilities in a global setting. We fill vacancies exclusively on the basis of applicants' qualification for the job, regardless of origin, age or gender.

Our 9,904 employees come from a total of 57 different countries. The youngest apprentice at Gerresheimer is 16 years old and our oldest employee is 69. Given the frequently physically demanding and strenuous work involved, the proportion of women is relatively low, especially on the factory floor, where it stands at 34.1% (2015: 34.6%). Among office employees, the proportion of women is somewhat higher at 36.4% (2015: 35.9%). Across the Group as a whole, the percentage of women is 34.6% (2015: 34.9%). We work on an ongoing, targeted basis to achieve a continuous increase in the proportion of women, notably in management positions. Women currently account for 24.4% of all such positions. The proportion of women in the first two levels of management was 16.7% as of the end of the reporting year (2015: 11.2%). As such, we believe we have made good progress in this regard. By means of individual measures such as flexible working hours and working from home as well as part-time schemes, we aim to help employees reconcile work with family life and to further enhance the position of the Gerresheimer Group as an attractive family-friendly employer.

DEMOGRAPHIC CHANGE AND HEALTH MANAGEMENT

The average age of the Gerresheimer workforce is currently 40.8 years. In light of rising life expectancies in many regions of the world, this will tend to increase. The main focus here is on our plants in Europe, where the mean age is above average at 41.2 years. As part of a comprehensive health management system, we therefore offer a wide array of measures at many locations to foster a fit and healthy workforce. This is no less than a business necessity for us given that we need employees capable of performing what is often physically demanding work. We consequently enhance and promote measures to protect and maintain employee health.

Another growing focus is on knowledge transfer and retention. Many of our employees will retire from the Company in coming years. These employees are specialists in their field and have a wealth of experience.There are various initiatives to even better retain this expert knowledge and ensure that it is passed on to younger colleagues. In parallel, we have once again stepped up our personnel and talent recruitment activities and continue to invest heavily in training young people.

APPRENTICESHIPS

Good occupational training lays the foundation for young people's personal success and likewise secures the business success of our Company. We currently provide apprenticeships in 16 training occupations ranging from milling machine operator to combined training as foreign language correspondent and industrial clerk. In addition, we offer twelve co-op education programs such as Bachelor of Engineering with a mechanical engineering major.

We see this form of education as a good way of closing the gap between a practical work/training program and an academic degree program. The success of our efforts is demonstrated by the fact that our trainees regularly rank in the top group in inter-regional comparisons and by the awards and prizes they win. As a case in point, three trainees and co-op students at our Regensburg (Germany) location were awarded a stipend for their outstanding accomplishments in July 2016 by the German Association of Plastics Converters (GKV). They were the top three students nationwide. In total, our Regensburg location has so far garnered 27 awards related to training.

As of November 30, 2016, 187 young people in Germany were in training with the Gerresheimer Group (2015: 202). Our 5.5% training ratio is above the national training ratio for the glass processing industry (4.2%) and that of the plastic converting industry (5.15%). We train specialists whom we urgently need and who are, in many cases, not to be found on the open recruitment market. Of the 64 trainees who completed their training with us in 2016, we took on 45. Only ten trainees were not taken on of their own volition and just nine were not offered a contract of employment after completing their training.

OCCUPATIONAL SAFETY

We take our responsibility for the safety of our employees and for our environment very seriously. Our aim is to guarantee the maximum possible standard of safety at every location worldwide. At the same time, we seek to minimize negative impacts of our activities on nature and the environment. This was a major factor in our decision to establish the position of Group Coordinator for the Environment, Health and Safety at our headquarters this year. To back this up with formal, binding confirmation, we have entered into related agreements – that exceed statutory requirements – with employee representations and unions around the world.

The number of occupational accidents per million hours worked was 386 worldwide (2015: 354). This represents an increase of 9.0% on the prior year. The number of serious occupational accidents increased to 207 (2015: 194). Six occupational accidents required a significant halt to production. In total, all occupational accidents taken together resulted in 4,166 days' absence.

The majority of the occupational accidents can be traced to inappropriate behavior on the part of employees. This is what prompted the launch of our "Behavior-based Safety" project in October. The project aims to alert employees to the dangers of inappropriate behavior in order to further increase workforce awareness of risk prevention. We will continue to work on our safety procedures and precautions until we no longer have any occupational accidents to report.

As a business enterprise, we see it as our responsibility to do all we can to prevent any violation of human rights in our Company. We have no knowledge of any human rights violations in our Company in the financial year 2016. To make sure it stays that way, we adopted a range of new measures in 2016 – above all in high-risk countries – to detect and combat violation of human rights. These include a hotline allowing any violations to be reported anonymously. By such means, we ensure that there is no child labor or forced labor in our plants. Similarly, we guarantee freedom of association for our employees. We require that our suppliers adhere to the same standards.

FIVE YEARS OF VISION, MISSION AND VALUES

It is five years since the adoption of the Gerresheimer vision, mission and values across the entire Gerresheimer Group. These ensure that we regard ourselves not as a loose grouping of 42 locations in 14 countries, but as "One Gerresheimer" – a unified force with a shared understanding. Our annual employee reviews, for example, are based around our values.

Similarly, our values are the foundation of global executive management development and training. Each year, the focus is placed on one of our five values to constitute an integrated development program for executive management. The focus value in 2016 was Excellence, with training on the subject provided for 68 members of the executive management team.

GLOBAL HUMAN RESOURCES DEVELOPMENT

Alongside our executive management programs, we naturally invest in the professional, methodological and personal development of our employees. For us, human resources development is about people and systematically developing their potential. We identify needs and help develop skills on a targeted basis. In the process, we aim to reconcile our corporate goals with people's individual career aspirations. We see our task as motivating and encouraging people as well as bringing them into dialog. As well as offering global, cross-divisional training, coaching and organizational development, we support projects such as our worldwide employee surveys and the Sales Academy. We also provide a variety of management development programs. These include "Leading White", which prepares office managers for their various roles. As a counterpart to this, we have developed the "Leading Blue" program to strengthen people in managerial roles on the shop floor. Supervisors and shift leaders often serve as go-betweens for employees and management. Nine managers took part in Leading White and 89 in Leading Blue training in the financial year 2016. Talented employees in finance can be nominated for our finance development program that is geared to individual strengths and knowledge areas. In total, our central further training budget for the financial year 2016 was some EUR 3.4m and covered over 200,000 hours of training.

JOINT GLOBAL ACTIVITIES

As a counterweight to our decentralized structure, we promote joint activities under the One Gerresheimer banner that bring us together, outside the work routine, in one place or around a common topic or theme. We thus held our second One Gerresheimer Week in 2016 – one week in the financial year in which we organize joint events and activities around our core values. The focus value for One Gerresheimer Week in July 2016 was Excellence. Employees at locations the world over organized events and activities ranging from workshops on Excellence and the Lean Office through to presentations on current societal issues. Each activity was also linked to a charitable cause for which employees collected donations during the course of One Gerresheimer Week. The proceeds then went to a charity project that each location selected for itself. The financial year 2016 also saw the fifteenth Gerresheimer soccer "world cup". This attracts sports enthusiasts from all locations to get together and compete in soccer or volleyball matches. The event this year was organized by our plant in Boleslawiec (Poland). Our Pfreimd (Germany) plant will continue the tradition in the financial year 2017.

INNOVATION, 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 expectations 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 and 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 that patients use in everyday life to take their medication. Our primary pharma packaging and drug delivery devices are important products for the pharma industry. Primary packaging and drug delivery devices are subject to extremely strict requirements imposed by the national and international regulatory authorities, particularly with regard to manufacturing processes and product quality. Newly developed drugs also create more demanding requirements for primary pharma packaging products and their quality. Simple and safe drug application is also a growing focus. With our continuous improvements in products and processes and our innovations, we have established a strong position in the market and with our customers – a position that we aim to further enhance.

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

CLEAN-ROOM TECHNOLOGY

Increased use of clean-room technology is a key part of our drive to further enhance quality. Many of our plants produce in a clean-room environment. Other plants perform quality control, sterilization and safe packaging in cleanrooms or controlled environments.

We completed a third cleanroom for the production of plastic primary pharma packaging at our plant in Boleslawiec (Poland) during the financial year 2016. The cleanroom is divided into three separate sections for production using injection molding machines, for wrapping and for final palletization. We also modernized and optimized our clean-room capacity at our plastic pharma packaging plant in Butanta (Sao Paulo/Brazil). A new cleanroom was likewise built at our Spanish plant in Zaragoza serving the same business unit. In Kundli (India), we completed a new production section including cleanroom and fitted it out with the latest injection molding technology in the financial year 2016. Since the full modernization of our molded glass plant in Chicago Heights (Illinois/USA) in late summer 2015, inspection control and packaging have been performed in a controlled environment.

ENGINEERING

From our long-standing experience with glass and plastics as materials and with complex production processes, we have developed considerable engineering expertise for the continuous improvement of production processes and product quality. Each business unit at Gerresheimer has its own engineering and development capabilities.

We have four Technical Competence Center (TCC) in our Medical Systems Business Unit. The experts at our TCC in Wackersdorf (Germany), Peachtree City (Georgia/USA) and Dongguan City (China) focus on the design and development of customer-specific plastic medical products. A further TCC for prefillable syringes and safety accessories is located in Buende (Germany). Development and design for new products are also performed by Gerresheimer item GmbH, a subsidiary of Gerresheimer AG.

Developing and improving production and quality processes in tubular glass converting – making injection vials, ampoules, cartridges and syringes from tubular glass – is the focus of our engineering team in the USA. Its job is to continuously improve the mashine and inspection systems we use to quality-control products. End products are only released for shipping if they meet our stringent quality standards. The products we develop in-house are part of a meticulous inspection system that ensures maximum precision and quality assurance to the latest standards. Our Gx® G3 inspection system for prefillable syringes and injection vials enables all parts of a syringe barrel to be inspected with high-resolution cameras.

Gx® RHOC is a proprietary Gerresheimer camera system offering high dimensional quality. Gx® THOR (Thermal Hydrolytic Optimization and Reduction) is a new Gerresheimer technology to reduce delamination susceptibility in vials. The technology is integrated into existing forming lines. Gx® FLASH is a proprietary Gerresheimer test procedure to predict the susceptibility of vials to delamination. And Gx® Tekion is a system developed by Gerresheimer for cleaning glass tubes with ionized air.

The Tubular Glass Converting Business Unit is also host to our multi-year global machine strategy project launched in 2014. In this, we aim to provide customers with significantly improved injection vials of the highest quality, irrespective of the plant and region where they are produced. We install two types of machine to produce injection vials that exceed the industry standard both cosmetically and dimensionally. The two machine types are supplemented with standardized control, inspection and packaging technology. Following our plants in the USA, we completed modernization of the machines at our plant in Queretaro (Mexico) in 2016. The first new machines were also installed in Boleslawiec (Poland) during the course of 2016.

We invest continuously in state-of-the-art production and inspection technology in our Moulded Glass Business Unit. By regularly renewing furnaces, we have substantially boosted capacity at our molded glass plants in the last ten years while significantly cutting energy consumption per ton of glass produced. Regularly increasing automation in raw material supply and batch-making in combination with modern furnace control systems makes for continuous efficiency gains at the hot end. Notable projects in the financial year 2016 included expanding furnace capacity at our moulded glass plant in Tettau (Germany) and investment in additional production and finishing lines for glass cosmetics packaging.

In the manufacture of molded glass for drugs and cosmetics, the key lies in developing and producing molds to maximum precision. Gerresheimer stands out for outstanding versatility and product diversity in both pharma jars and cosmetic glass products. A perfect, even flow of molten glass inside molds is important in giving strength to the delicate products. To achieve this, we use advanced simulation software that we have fine-tuned to the special requirements of our product range. The simulation software calibrates production parameters on the basis of computational fluid dynamics. Here, the molding process and mold design are optimized, taking into account all chemical and physical properties of the glass. In this way, the software not only improves the products, but makes for a decisive reduction in development time.

PRODUCT INNOVATIONS

To protect tablets in plastic containers better than ever against moisture and oxygen, we developed the Duma® Twist-off Protect product group. These are the first multilayer plastic containers to be manufactured in an injection blow molding process. Our innovative production process removes the need to add a desiccant packet. The product group was developed further in 2016. We also adapted the closure system on our eye drop bottles to new US Food and Drug Administration (FDA) requirements. An additional tamper-evident ring tells the user that the product has not been opened since filling. In the Duma® Pocket tablet dispenser product group, we launched a new, larger format in 2016 with 100 ml volume. On the Duma® Combi, the tablet container features a generously sized compartment for a patient information leaflet.

Under the BioPack name, we have launched an extensive portfolio of plastic packaging for drugs and cosmetics made from biomaterial in place of conventional polyethylene (PET). Instead of crude oil, biomaterials are made from renewable raw materials such as sugar cane. Packaging made from bio-materials is fully recyclable, has the same properties as conventional packaging and can be used on existing filling and packaging lines.

INNOVATIONS FOR BIOTECH AND BEYOND

Many new drugs – and above all biotech and oncology drugs – set the bar even higher for primary pharma packaging. We are developing an extensive portfolio of new and improved products for this fast-growing market.

In the financial year 2016, we launched the innovative Gx RTF® ClearJect® syringe. This combines the existing syringe portfolio made from cyclic olefin polymer (COP) – a high-performance plastic – with the ready-to-fill concept featured on Gerresheimer's prefillable glass syringes. The first product in the new line, a 1 ml syringe with integrated cannula, is being manufactured by Gerresheimer in Europe. COP offers numerous advantages as a material. In particular, there is no need for additives during processing such as tungsten or adhesive for the syringe. This makes the Gx RTF® ClearJect® syringe especially well suited to drugs with exacting requirements.

The counterpart to the glass injection vial in our product range is the MultiShell® vial. These injection vials have a unique three-layer make-up comprising two COP layers and an intermediate layer of polyamide. They have unique barrier properties that improve drug stability and extend shelf life accordingly. The strong puncture resistance due to the multilayer skin prevents fluid escape, even under severe mechanical loading. MultiShell® vials are consequently suited to cytotoxic drugs, are biocompatible and meet key regulatory requirements for pharmaceutical packaging. There are a range of sizes in the product portfolio.

The prefillable glass syringes marketed by Gerresheimer as Gx RTF® syringes undergo continuous enhancement to make them the packaging of choice for new drugs. One example involves the tungsten pins often used to create the hole for the needle in a prefillable glass syringe. In some cases, notably with ophthalmological and biotech drugs, tungsten and tungsten oxide residues can react with the drug after filling. For sensitive applications of this kind, we develop low-tungsten or tungsten-free syringes.

A second example for the enhancement of prefillable glass syringes relates to the silicone coating typically applied inside the syringe barrel to improve the gliding properties of the plunger head. Many new biological drugs subject to exceptionally stringent requirements necessitate a new system approach. A comprehensive study by Gerresheimer confirms that by combining our proprietary baked-on siliconization with novel plunger heads, we can minimize particle loads to meet the stringent requirements for therapeutic protein products.

To provide sophisticated packaging for drugs in glass injection vials, we developed the Gx® Elite Glass product family. These vials made from type I borosilicate glass tubing meet the exacting customer requirements that prevail in the pharma market and high standards of safety for users. They are two to three times as robust as conventional type I glass, significantly more break-resistant on the filling line and in lyophilization, and exceed industry standards cosmetically and dimensionally. Gerresheimer develops additional high-quality glass pharmaceutical primary packaging products for special applications in a joint venture with Corning.

Intensive research and development work also preceded development of the new Gx® ARMOR vials. Temperature spikes in production are the main cause of delamination in glass tubing injection vials. This was discovered in a long-term study by Gerresheimer with Alfred University, New York, which led to the development of the Gx® ARMOR vials. The new product line is designed for parenteral solutions with aggressive active agents and specially equipped to prevent delamination.

CUSTOMER-SPECIFIC DEVELOPMENT

For customer-specific plastic medical products, development, machine construction, mold making and industrialization are co-located in our Competence Centers in the Plastics & Devices Division. These are sited at Wackersdorf (Germany), Peachtree City (Georgia/USA) and Dongguan City (China). We also offer integrated small batch production to support customers in the multistage approval process for pharmaceutical and medical technology products. The development and approval process requires us to repeatedly produce small numbers of units as clinical samples or stability batches.

Automation technology plays a major part in preparing for mass production. For improved handling on our mostly fully automated production lines, engineers, mechanics, electricians, designers and programmers at our development center in Wackersdorf have developed a new-generation handling system for loading and unloading injection molding machines. In another project, our tooling experts at Wackersdorf joined forces with syringe experts at Buende (Germany) to achieve significant improvements to the plastic nests in which prefillable glass syringes are packed and prepared for filling lines.

Customer-specific development also plays a major part in glass cosmetics packaging such as perfume flacons and cream jars. Like ourselves, our customers require high standards in both process and product quality. Most of our glass cosmetics packaging is produced in our molded glass plants in Tettau (Germany) and Momignies (Belgium). We developed some 100 new glass packaging products for the cosmetics industry in the year under review. 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. Expansion in finishing technologies in these plants in particular has been and remains a focus of capital investment for the growing high-quality cosmetics packaging market.

For further information on quality, see under "Quality Management".

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 define our way forward.

However, we have a far broader understanding of corporate responsibility and sustainable business that has led us to adopt our own Corporate Social Responsibility (CSR) 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 Gerresheimer Management System (GMS) and provide guidance for production, purchasing and improvement processes at all locations worldwide. For additional information, see 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 co-op education programs at our Czech plant in Horsovsky Tyn. These have earned multiple awards. 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 co-op education program in medical engineering. In Tettau (Germany) we are a founder member of a regional intergenerational project to which we have contributed since 2012, as well as a regional innovation network in collaboration with Coburg University of Applied Sciences, among others. Our plant in Kundli (India) supports schools for better education and training opportunities. The plant is patron to numerous schools in the region, investing in new classrooms, dining halls, bathrooms and the like. Notably, the schools have clean drinking water for students and teachers. Many of our plants once again engaged in a wide range of charitable activities in 2016, including in Sao Paulo (Brazil), Vaerloese (Denmark) and Berlin, (Ohio/USA). A One Gerresheimer Week took place at all plants in summer 2016. Staff organized a diverse range of activities that included collecting for and supporting local charities. Further information is provided under "Joint Global Activities".

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. Moreover, 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-social-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 violations of compliance requirements. 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 clearly surpass the statutory requirements in the countries in which 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 purchasing 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. This enables us to go on improving in the areas of environmental protection and resource conservation. The majority of environmental improvements also bring long-term economic benefits.

Certification of our production plants is hugely important to us 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 molded glass plants. Eleven locations have ISO 50001 (energy management system) certification, including our German plants in Lohr, Tettau, Essen, Buende and Pfreimd. Our plants in Wertheim (Germany) and Horsovsky Tyn (Czech Republic) and our headquaters in Duesseldorf (Germany) obtained ISO 50001 certification for the first time in 2016. All certification is subject to regular review and renewal at fixed intervals. Training on energy efficiency and environmental protection is provided at all plants as a matter of course.

ENVIRONMENTAL PROTECTION IN PRODUCTS

Under the BioPack name, we have launched a wide portfolio of plastic packaging products for drugs and cosmetics made from biomaterial in place of conventional polyethylene (PET). Instead of crude oil, biomaterials are made from renewable raw materials such as sugar cane. Packaging made from biomaterials is fully recyclable, has the same properties as conventional packaging and can be used on existing filling and packaging lines.

Centor supplies US pharmacies with plastic containers for packaging drugs and, alongside its other products, also makes bottles and vials out of 100% recycled PET. Available in various sizes, these containers are used by pharmacies to fill and package liquid medicines. When shipping closures for tablet containers, Centor does without additional outer packaging such as plastic bags. This saves material and reduces the impact on the environment.

In the production of pharma jars and glass cosmetics packaging, large quantities of recycled glass (cullet) are used as a substitute for raw materials. This is sourced out of the Group's own internal material cycle and, subject to controls, from household recycling. Cullet is deployed where it is available in suitable quantities, there is no compromise to the quality of the end product, and there are no pharmaceutical or cosmetic regulatory requirements to restrict its use.

ENVIRONMENTAL REGULATIONS AND VEHICLE FLEET

Unconditional compliance with all statutory and regulatory requirements, also with regard to conserving resources and the environment, is a matter of course at Gerresheimer. There were two violations of environmental regulations at our plants worldwide in the year under review, at Boleslawiec (Poland) and Kosamba (India). Our global vehicle fleet consists of 237 vehicles. Environmental aspects are also a factor for us when stipulating requirements for company cars. To date, most of our vehicles have been diesel-powered. These are currently under review with regard to energy efficiency and environmental impact. In the procurement and operation of our vehicle fleet, we aim to adopt the best available technology and reduce pollution. We revised the applicable guidelines in 2016 so that hybrid or electrically powered vehicles can also be purchased in the future.

BUSINESS EXCELLENCE

In our vision, we have set our sights on becoming the leading global partner to our customers: "Our success is driven by the passion of our people." One of the paths to attaining that vision is the Gerresheimer Management System (GMS). 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 while establishing lean production as well as rigorous quality and customer focus. The system breaks down strategic corporate targets into quantifiable location and department targets. These are then linked via performance indicators to process parameters and variables. In this way, the methods and tools available in GMS can be mixed and matched in accordance with local needs and implemented accordingly.

The success of 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. To this end, over 200 employees have been trained as GMS 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 are drawn up and action plans devised for each location to ensure selective, ongoing improvement. As employees play a key role in implementation, the GMS training is subject to ongoing development.

More than 70 participants from 13 countries came to the 2016 annual GMS conference to discuss recent developments in GMS in presentations, workshops and plant visits, set up and expand networks as well as exchange implementation experience and success stories. Under the banner of "Team-Up for Excellence", a series of workshops were held on problems that arise in production. Attendees were able to devise joint solutions for problems presented out of the production setting. The resulting teams continued to work together after the conference to refine and implement the solutions they had developed. To mark the sixth staging of the GMS Awards, the Management Board singled out four project teams and one plant for recognition of their excellent implementation projects.

A comprehensive revision of the GMS manual setting out standards and methods was also begun in 2016. Global, cross-functional expert teams are additionally looking at the evaluation system, which is likewise under revision. The results are expected to be published in mid-2017.

CUSTOMER SATISFACTION

Continuous improvement of products and services for our customers is the focus of our global customer satisfaction surveys, which we conduct on a regular basis with the aid of a renowned market research institute. Our aim in this is to gain a more in-depth understanding of customer needs and thus to enhance customer satisfaction and customer loyalty. For this purpose, we carry out a standardized online 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 – together with their respective customers – in Argentina, Brazil, Mexico and the USA as well as our 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. To learn even more about our customers and the market in general, we have supplemented our survey to ask customers for their relative opinion of the competition.

After global surveys in 2011 and 2013, the third iteration of the Gerresheimer customer satisfaction survey was held in spring 2016. Gerresheimer has slightly improved overall compared with the findings of the previous survey. There continues to be room for improvement at detail level in all divisions and business units.

The findings of the customer satisfaction survey were presented to and discussed by the Management Board in June. In addition, the analyses were compiled for all divisions and business units as well as for all regions and plants. The results were communicated and subjected to expert analysis in a wide variety of different permutations. Based on the findings, expert teams in all divisions developed plant-level and higher-level action plans that are implemented step by step. Implementation is documented by the management team responsible.

Regularly conducting our Group-wide global customer satisfaction survey gives us an ongoing insight into customer wishes as well as an assessment of our products and services. In the process, we also comply with the requirements of the ISO audits and our own guidelines under GMS. This means the surveys additionally allow us to track over the years whether improvements made from one survey to the next were successful and whether they made a difference for customers.

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 questions raised 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 and for Mr. Beaujean from the financial year 2016. They will be effective for Mr. Schütte from the financial year 2017 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.

Since approval of the remuneration system at the Annual General Meeting on April 30, 2015, when extending the contracts of existing Management Board members and appointing new Management Board members, the annual bonus, as short-term variable cash remuneration, is tied 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 average target attainment with a 95% to 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.

Since approval of the remuneration system at the Annual General Meeting on April 30, 2015, 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 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 due to 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 2016, the initial price is the EUR 68.87 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.

Since approval of the remuneration system at the Annual General Meeting on April 30, 2015, when extending the contracts of existing Management Board members or appointing new Management Board members, a new agreement applies under which each Management Board member receives a value-based allocation. 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 within the maturity period. 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% to 2.2% per year of service up to a maximum of 40% of the final fixed salary at age 65, is to be replaced for new Management Board members with a defined contribution scheme.

In the 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 bonus attained. New Management Board members may choose from three options for 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 and surviving dependants' pension. 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.

Mr. Schütte has a special right of termination in the event that a person other than him becomes new Chief Executive Officer by or before April 30, 2022. This special right of termination cannot be exercised until twelve months after the date of the new Chief Executive Officer's commencement of service and can then solely be exercised within a period of two weeks. The period of notice after notification of exercise of the special right of termination is nine months. In the event that he exercises this special right of termination, Mr. Schütte does not receive any settlement of residual compensation or any termination benefit. Short and long-term variable cash remuneration is settled pro rata temporis. Should he make use of the aforementioned special right of termination, Mr. Schütte is subject to a non-compete covenant for the duration of two years after termination of his contract of employment (post-contractual non-compete covenant). This stipulates that he may not act either directly or indirectly on behalf of any other domestic or international company and/or for any person which/who is or may potentially be in competition with Gerresheimer AG or with any affiliated company thereof. The Company cannot waive compliance with (any) such post-contractual non-compete covenant until one year before expiration of the post-contractual non-compete covenant at the earliest. For the duration of (any) such post-contractual non-compete covenant, to wit for two years except in the event of a waiver of the post-contractual non-compete covenant, Mr. Schütte will receive annual compensation in the amount of 100% of the fixed basic salary prevailing at the time of termination of the contract of employment. This annual ex gratia compensation is payable in twelve monthly installments at the end of each month. Any pension paid by the Company is taken into account against the ex gratia compensation payable in the event of (any) such post-contractual non-compete covenant. The same applies to any pension payments from affiliated companies. In like manner, any other such income is taken into account against the ex gratia compensation as Mr. Schütte may earn by employment elsewhere during the second year of the post-contractual non-compete covenant to the extent that the sum total of the ex-gratia compensation and the income earned elsewhere exceeds 110% of the applicable fixed basic salary, with settlement being made on a monthly basis.

MANAGEMENT BOARD REMUNERATION IN THE FINANCIAL YEAR

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

Total remuneration of active Management Board members came to EUR 8,492k in the financial year 2016 (2015: EUR 8,278k). This comprised EUR 2,050k in non-performance-based remuneration (2015: EUR 1,975k) and EUR 2,885k in performance-based remuneration (2015: EUR 2,428k). The current service cost for pensions in the financial year 2016 was EUR 974k (2015: EUR 614k) and the past service cost was EUR 1,019k (2015: EUR 0k). Vested stock appreciation rights in the financial year under review came to EUR 1,564k (2015: EUR 3,261k).

Remuneration of individual Management Board members in the financial year 2016 is presented in the tables below:

	Uwe Röhrhoff CEO Primary Packaging Glass				Rainer Beaujean CFO				Andreas Schütte Plastics & Devices			
Benefits granted in EUR k	**2016**	2016 min.	2016 max.	2015	**2016**	2016 min	2016 max.	2015	**2016**	2016 min	2016 max	2015
Fixed remuneration	770	770	770	770	610	610	610	570	605	605	605	570
Non-cash remuneration	24	24	24	26	20	20	20	20	21	21	21	19
Total	**794**	**794**	**794**	**796**	**630**	**630**	**630**	**590**	**626**	**626**	**626**	**589**
Short-term variable remuneration	385	–	539	385	305	–	408	285	303	–	363	285
Long-term variable remuneration	**308**	**–**	**424**	**308**	**225**	**–**	**307**	**171**	**182**	**–**	**2,762**	**171**
Plan 2015 – 2018	–	–	–	308	–	–	–	171	–	–	–	171
Plan 2016 – 2019	308	–	424	–	225	–	307	–	182	–	242	–
Phantom stocks	–	–	–	–	–	–	–	–	–	–	2,520	–
Total	**1,487**	**794**	**1,757**	**1,489**	**1,160**	**630**	**1,345**	**1,046**	**1,110**	**626**	**3,751**	**1,045**
Service cost (IAS 19)	326	326	326	316	340	340	340	–	308	308	308	298
Past service cost (IAS 19)	–	–	–	–	1,019	1,019	1,019	–	–	–	–	–
Total remuneration	**1,813**	**1,120**	**2,083**	**1,805**	**2,519**	**1,989**	**2,704**	**1,046**	**1,418**	**934**	**4,059**	**1,343**

In the financial year 2016, Mr. Schütte received new stock appreciation rights (tranches 11 to 15) 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.

Allocation in EUR k	Uwe Röhrhoff CEO Primary Packaging Glass		Rainer Beaujean CFO		Andreas Schütte Plastics & Devices	
	2016	2015	**2016**	2015	**2016**	2015
Fixed remuneration	770	770	610	570	605	570
Non-cash remuneration	24	26	20	20	21	19
Total	**794**	**796**	**630**	**590**	**626**	**589**
Short-term variable remuneration	391	315	287	247	290	235
Long-term variable remuneration	**1,028**	**994**	**200**	**–**	**689**	**637**
Plan 2012 – 2015	–	259	–	–	–	188
Plan 2013 – 2016	252	–	200	–	171	–
Phantom stocks	776	735	–	–	518	449
Total	**2,213**	**2,105**	**1,117**	**837**	**1,605**	**1,461**
Service cost (IAS 19)	326	316	340	–	308	298
Past service cost (IAS 19)	–	–	1,019	–	–	–
Total remuneration	**2,539**	**2,421**	**2,476**	**837**	**1,913**	**1,759**

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.

Pension benefits

The past and current service cost for each member of the Management Board is given in the Management Board remuneration table.

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 30,000.00. 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 20,000.00 and further members of the Audit Committee each receive an additional fixed remuneration of EUR 10,000.00. Chairmen of other committees receive an additional fixed remuneration of EUR 10,000.00 for each chairmanship and further members of other committees each receive an additional remuneration of EUR 5,000.00 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 1,500.00 attendance fee for meetings of the Supervisory Board and of Supervisory Board committees to which they belong, capped at a maximum of EUR 1,500.00 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 non-cash amortization of fair value adjustments, the non-recurring effect of restructuring expenses, impairments and 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 2016 came to EUR 1,076,376.72.

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

Name	Attendance fees	Fixed remuneration	Variable remuneration	**Total**
Andrea Abt	6,000.00	30,000.00	30,000.00	66,000.00
Sonja Apel (until December 31, 2015)	–	2,547.95	2,547.95	5,095.90
Lydia Armer	10,500.00	35,000.00	30,000.00	75,500.00
Dr. Karin Dorrepaal	6,000.00	35,000.00	30,000.00	71,000.00
Francesco Grioli	16,500.00	60,000.00	45,000.00	121,500.00
Eugen Heinz	6,000.00	30,000.00	30,000.00	66,000.00
Dr. Axel Herberg	16,500.00	105,000.00	75,000.00	196,500.00
Seppel Kraus	12,000.00	40,000.00	30,000.00	82,000.00
Katja Mögel (since January 20, 2016)	6,000.00	25,890.41	25,890.41	57,780.82
Dr. Peter Noé	12,000.00	40,000.00	30,000.00	82,000.00
Markus Rocholz	12,000.00	40,000.00	30,000.00	82,000.00
Theodor Stuth	12,000.00	50,000.00	30,000.00	92,000.00
Udo J. Vetter	9,000.00	40,000.00	30,000.00	79,000.00
	124,500.00	**533,438.36**	**418,438.36**	**1,076,376.72**

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 2015 at EUR 5,000.00, which was paid out in the financial year 2016.

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 2015 was paid out in the financial year 2016.

DISCLOSURES PURSUANT TO SECTION 289 (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 totaled EUR 31.4m as of November 30, 2016. 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, 2016 are fully transferable, carry full voting rights and grant the holder one vote in General Meetings.

Shareholdings exceeding 10% of voting rights

As of November 30, 2016, 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 may 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 General Meeting withdraws its confidence in the member concerned.

The Company is represented either 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 sum 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".

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 162.7m 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 operating contracts featuring change-of-control provisions. These are standard change-of-control clauses that give the other party to the contract 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, 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 the point in time when the Management Board member gained – or were it not for gross negligence would have gained – knowledge of the change of control. The special right of termination only applies if, at the date notice is given, the contract 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.

DECLARATION ON CORPORATE GOVERNANCE PURSUANT TO SECTION 289A HGB

The declaration on corporate governance under sec. 289a of the German Commercial Code (Handelsgesetzbuch/HGB) is part of the Management Report. In accordance with section 317 (2) sentence 3 of the German Commercial Code (Handelsgesetzbuch/HGB) prior to its amendment by the Act of July 17, 2015 (Federal Law Gazette reference BGBl. I S. 1245), the disclosures under section 289a HGB were 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 on September 8, 2016:

"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.

With the exception of the recommendation of number 5.4.1, paragraph 2 clause 1 Gerresheimer AG has complied with all recommendations of the "Government Commission on the German Corporate Governance Code" as amended on May 5, 2015 as stated in the last statement of compliance on September 9, 2015.

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, again 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 respective requirements of the company and the individual competences of the 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."

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 expand our early warning system and adapt it to the latest 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 one of the leading partners to the pharma and healthcare industry worldwide. As manufacturers of products made from glass and plastic for drug packaging and 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-social-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.

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. In our risk management strategy, we aim to identify risks as early as possible, to assess them, to prevent or mitigate potential impacts by taking suitable actions and, where applicable, to transfer identified risks 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 limiting 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.

The main elements of the Group-wide risk management system are as follows:

- Uniform, periodic risk reporting to head office by subsidiaries
- Regular risk assessment in key central departments
- Risks segmented by category – namely market, customers, 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 unit
- 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 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 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 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, 2016.

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 IFRS. 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.

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 annual 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 2016 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.

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.

Notable potential for opportunities is offered by our Technical Competence Centers (TCC). These development centers are an important resource that sets us apart and enables us to create decisive added value for customers. By investing in our technology center for glass syringes and medical plastic systems, for example, we aim in the future to enhance existing products in collaboration with customers and to further diversify our product portfolio as a whole. We also plan to create a portfolio tailored to the biotech sector, comprising existing Gerresheimer products supplemented on a targeted basis by further enhancements and new developments. More details on our research and development activities are given in the "Innovation, Research and Development" section.

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 grow 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

As the holding company of the Gerresheimer Group, Gerresheimer AG faces a wide range of opportunities and risks due to the Group's 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 net assets, financial position and results of operations. 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 taken into account in planning where possible.

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

› Moderate = Net loss of up to EUR 10m
› Significant = Net loss of more than EUR 10m

The net loss relates to the potential loss in the event of a risk materializing, taking into account countermeasures and safety measures that come into action.

OVERVIEW OF RISKS AND THEIR FINANCIAL IMPLICATIONS

	Probability	Possible implications
Business strategy risks		
Risks from acquisition	improbable	significant
Product launches	possible	significant
Operational risks		
Macroeconomic risks	possible	significant
Risks of change in the regulatory environment	possible	significant
Risks from the future development of state healthcare systems	possible	significant
Product liability risks	possible	significant
Energy and raw material prices	possible	significant
Human resources 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 and, where applicable, outside specialists are involved from an early stage to ensure close scrutiny of acquisition projects during due diligence. The process as a whole is managed by our corporate Mergers & Acquisition Department. We aim identify risks as early as possible by closely and continuously monitoring the market and competition, and to mitigate or minimize them by taking suitable countermeasures.

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 largely 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, which like the all-risk property policy is 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 2016. 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.

RISKS OF CHANGE IN THE REGULATORY ENVIRONMENT

Potential impacts:

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. Especially in European industrialized countries and the USA, policymakers 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 creates risk with regard to the timing and volume of new drug launches and corresponding risk to sales of our primary packaging. Furthermore, rising quality expectations among our customers can create a need for increased capital expenditure.

Countermeasures:

We address these risks by working continuously at our own quality requirements. In addition, we back up our customers' sales forecasts with our own analysis.

RISKS FROM THE FUTURE DEVELOPMENT OF STATE HEALTHCARE SYSTEMS

Potential impacts:

In the financial year 2016, Gerresheimer generated 83% 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 the constant rise in product development costs. This trend can similarly 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. The Gerresheimer Group's international and multi-market presence also means that it is better placed to make up for cyclic fluctuations in individual markets and countries than other companies lacking such a global lineup.

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. More exacting customer requirements in the direction of zero defect tolerance pose special challenges for quality assurance. The following examples illustrate potential product liability risks: 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. Gerresheimer could also be exposed to 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. The quality assurance and defect resolution process applied to our products is subject to continuous improvement and refinement. In addition, product liability and product liability and recall cost insurance is intended to largely cover any claims incurred.

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 in Germany for energy-intensive companies under section 64 of the 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 in 2015 and the permanent closure of the molded glass plant in Millville (USA), likewise in 2015, reduced the number of furnaces we operate by a total of eight to thirteen. This also led to reductions notably in energy costs.

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.

Implementation of the Group IT strategy approved by the Management Board continued apace in the financial year 2016. This included the ongoing rollout of the SAP 2 client strategy. Specifically, in applications, this constituted the rollout of SAP templates to our locations in Wertheim (Germany), Vaerloese (Denmark) and Besancon (France), with one template each for the Primary Packaging Glass Division and the Plastics & Devices Division. In Infrastructure, further security-relevant infrastructure and information security projects were implemented such as a global information security campaign for more than 3,500 computer users in nine languages. Computer users were made aware of security issues and trained with regard to focal areas that included dealing with phishing, social engineering, password security, social networking and the secure workplace. The implementation of McAfee Endpoint Protection (antivirus software) initiated in the preceding years was completed in 2016. Further progress was made on the One Active Directory project rollout, which will be completed in 2017. The Applications and Infrastructure IT teams also worked on migration to and carve-out from Gerresheimer Group systems in connection with the acquisition of Centor and with the divestments of the glass tubing business and the Life Science Research Division.

Gerresheimer continues to harmonize ERP systems around SAP ECC 6.0 on an ongoing basis 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 Tax 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 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 related opportunities and risks. 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 comprises 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 an revolving credit facility (refinanced in June 2015), a euro bond issue and issuance of bonded loans in November 2015. Reference should also be made here to the quarterly meetings of the Investment Committee and its liquidity monitoring function.

OVERALL ASSESSMENT OF THE RISK SITUATION OF THE GROUP AND OF GERRESHEIMER AG

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 2016 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 and 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 2015 and 2016. Based on our multiple-year budget, we project that the financial covenants will continue to be met in the future.

EVENTS AFTER THE BALANCE SHEET DATE

No events have arisen since November 30, 2016 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. However, such assessments entail uncertainty and the inevitable 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 %	2017	2016
World	3.4	3.1
USA	2.2	1.6
Euro area	1.5	1.7
Germany	1.4	1.7
Emerging markets	4.6	4.2
China	6.2	6.6
India	7.6	7.6
Brazil	0.5	-3.3
Russia	1.1	-0.8

Source: International Monetary Fund (IMF): "World Economic Outlook", October 2016.

The IMF forecasts that the global economy will return to stronger growth in 2017. Following approximately 3.1% in 2016, growth is anticipated to increase to 3.4% in 2017. The expected increase is attributed both to emerging markets and industrialized nations. This forecast is based on the assumption that even the countries laboring under economic difficulties in 2016 will be able to turn around their negative growth rates and 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, the USA is notably forecast to return to stronger growth.

On the IMF's projections, the USA will once again contribute a key growth boost to the global economy in 2017. US economic growth is expected to be slightly stronger compared with the prior year, at about 2.2%. The 2016 figure stood at around 1.6%. 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 2017 project a slight decrease in economic growth to about 1.5% – compared with growth of some 1.7% in 2016. Key factors here include the ongoing low market price for oil, loosening monetary policy and the fall in the euro.

In line with developments in Europe as a whole, the IMF predicts a slight fall in GDP growth for Germany to 1.4% (2015: 1.7%).

The IMF's growth rate forecast for emerging economies in 2017 is 4.6%, slightly above the prior-year figure of 4.2%. That is substantially higher than the growth rate in industrialized nations. Specifically, the IMF expects 6.2% GDP growth for China (2016: 6.6%) and an increase of 7.6% for India (2016: 7.6%); in Brazil, GDP is projected to show renewed growth of 0.5% (2016: contraction of 3.3%).

It also anticipates a return to positive growth for the Russian economy in 2017, at 1.1%. This represents a marked improvement compared with the 0.8% contraction in 2016. Evidently, 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. The Gerresheimer Group generates total annual revenues of some EUR 17m in the Middle East. Accordingly, we expect the economic consequences for the Gerresheimer Group's markets to be correspondingly limited.

MARKET AND BUSINESS OPPORTUNITIES FOR THE GERRESHEIMER GROUP AND THE GERRESHEIMER AG

PROSPECTS FOR THE FINANCIAL YEAR 2017

The IMF forecasts moderate further growth for the global economy in 2017. At the same time, the IMF experts caution that burgeoning isolationist tendencies as seen in the British vote to leave the EU and protectionist ambitions in the US and Europe harbor some risks for the global economy. Independently of that, and also in light of an improved market environment in Brazil, we 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 2017.

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 and lead to rising demand in 2017.

[4)] International Monetary Fund (IMF): "World Economic Outlook", October 2016.

MEGATRENDS

In forecasting our market and business opportunities, 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

The experts at Quintiles IMS Institute estimate that, in developed countries, sales of generics will rise from 28.8% in 2016 to a total of 31% of pharmaceutical expenditure in 2021[5]. Generics revenues will also show strong growth in pharmerging markets as medicines become affordable for many patients once patent protection no longer applies. In traditional markets further along the development cycle, 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 PHARMERGING MARKETS

The Quintiles IMS Institute projects 6% to 9% annual growth in drugs sales for the pharmerging markets between 2016 and 2021. This marks a one percentage point markdown on the figures published in 2015 and reflects the slightly weaker economic growth in these countries.[5] 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 116bn was spent on pharmaceuticals in China in 2016, compared with over USD 461bn in the USA.[5] Given the population densities in pharmerging markets, we see huge growth potential in the growing strength of their 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 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 ever higher as a result.

4. DEVELOPMENT OF NEW DRUGS

New drugs regularly place fresh demands on packaging. The experts at Quintiles IMS Institute expect that an all-time record 45 new active agents a year will hit the market in the next five years – the result of intensive research and development work by pharmaceutical groups. Expected developments include innovative treatment methods and new platforms.[5] Here, we can offer innovative solutions based around new materials such as high-performance COP (cyclic olefin polymer) 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.[6] Increasing quantities of drugs are thus needed to treat growing numbers of patients, and each individual pharmaceutical product requires a suitable packaging and delivery 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 are not only user-friendly 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, simple, reliable 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.

[5] Quintiles IMS Institute: "Outlook for Global Medicines through 2021", December 2016.
[6] IDF, "Diabetes Atlas", 7th edition, 2015 (www.diabetesatlas.org).

EXPECTED NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

As the Group parent, Gerresheimer AG derives income from its main German subsidiaries under profit transfer agreements. This can include income from long-term equity investments abroad. The business performance of subsidiaries thus has a direct impact on the annual financial statements and retained earnings of Gerresheimer AG. Assuming corresponding earnings performance in the Group, we expect for the financial year 2017 that Gerresheimer AG will generate net income and retained earnings and that we will be able to continue our dividend policy.

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 2017. Our prescription drug delivery devices are still the main revenue driver in this segment. These primarily comprise insulin pens and inhalers, but also diabetes care products and syringes. 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.

Sales of our plastic primary packaging products are expected to continue performing well in Europe, the US and emerging markets in the financial year 2017.

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 2017, 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. Based on the favorable outlook for the pharma market in emerging economies, we built a new plant in Kosamba (India) beginning in 2015. We now plan to operate this at capacity with machinery and products in the coming years.

Revenues with glass pharmaceutical packaging are expected to continue showing 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 2017.

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

In 2017 as before, we will 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 continue to invest substantially in standardizing and improving our production machinery in the financial year 2017. In the course of this multi-year initiative, measures include replacing machinery for the production of injection vials with new machinery that offers improved process reliability. These machines are a proprietary development made specially for our needs.

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 eighth 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 2017.

EXPECTED FINANCIAL SITUATION AND LIQUIDITY

The Gerresheimer Group had EUR 118.4m in cash and cash equivalents as of November 30, 2016 (2015: EUR 93.7m). In addition, EUR 287.3m remained undrawn on the revolving credit facility as of the balance sheet date (2015: EUR 217.2m). We are able to draw on this facility up to maximum leverage (net financial debt/adjusted EBITDA) of 3.5. This puts us in a sound financial position. In the financial year ahead, we will continue to have sufficient liquidity to finance our planned capital expenditure and meet our other financial obligations.

DIVIDEND POLICY

At the Annual General Meeting on April 26, 2017, the Management Board and Supervisory Board will be jointly proposing that a dividend of EUR 1.05 per share be paid out for the financial year 2016. This represents an increase of 23.5% against the prior-year dividend. The dividend ratio amounts to 25.0% 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 2017 and distribute to our shareholders between 20% and 30% of adjusted net income after non-controlling interests.

OVERALL OUTLOOK ASSESSMENT

Our Company is well equipped for the financial years ahead. 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 in the pharma sector going forward. 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 further sharpen our focus on the pharma/healthcare and cosmetics industries. 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 2017, in each case based on constant exchange rates. For the US dollar – which is expected to have the largest currency impact on our Group currency, accounting for about a third of Group revenues in 2017 – we have assumed an exchange rate of approximately USD 1.10 to EUR 1.00.

We anticipate Group revenues of around EUR 1.43bn (plus or minus EUR 25m) on a constant exchange rate basis in the financial year 2017, compared with EUR 1,375.5m in 2016. Adjusted EBITDA is expected to increase from EUR 308m in 2016 to some EUR 320m (plus or minus EUR 10m) in the financial year 2017. Based on the improvements in adjusted EBITDA, adjusted earnings per share after non-controlling interests – the basis of Gerresheimer AG's dividend policy – is projected to rise to a figure in the range EUR 4.20 per share to EUR 4.55 per share (2016 adjusted for the discontinued operation comprising the Life Science Research Division: EUR 4.07 per share).

Largely due to our good growth prospects and as a result of our initiatives to boost productivity and quality, capital expenditure in the financial year 2017 is expected to amount to around 8% of revenues at constant exchange rates.

Our expectations through to the end of 2018 are as follows:

- We aim for average organic revenue growth of 4% to 5%.
- For the adjusted EBITDA margin, our target is some 23% for the financial year 2018. We are thus raising our previous expectation of above 22% for this ratio.
- Alongside the operating measures, our net working capital profile has also significantly improved among other things as a result of the sale of the glass tubing business and the Life Science Research Division together with the acquisition of Centor. For the future we therefore anticipate that average net working capital as a percentage of revenues will be approximately 16% (previously approximately 17%).
- We expect that our operating cash flow margin will be around 13%, as before.

Our long-term target remains:

- As before, attainment of at least 12% ROCE.
- We believe a net financial debt to adjusted EBITDA ratio of 2.5x to be right for Gerresheimer, with temporary variation above or below this tolerated because expedient M&A activity cannot be planned in detail.

ANNUAL FINANCIAL STATEMENTS OF THE GERRESHEIMER AG

INCOME STATEMENT (HGB)

Financial year 2016 (December 1, 2015 to November 30, 2016)

	1.12.2015–30.11.2016 in EUR	1.12.2014–30.11.2015 in EUR k
Other operating income	27,229,209.12	37,836
Personnel expenses	-14,263,098.21	-17,702
Depreciation and amortization	-518,635.18	-369
Other operating expenses	-28,999,308.55	-47,073
Income from profit transfer	58,908,388.62	16,431
Income from long-term loans	45,802,844.04	45,803
Other interest and similar income	3,509,687.48	4,987
Interest and similar expenses	-20,699,226.39	-22,258
Result from ordinary activities	**70,969,860.93**	**17,655**
Income taxes	-9,485,101.23	-10,689
Other taxes	-33,927.07	-12
Net income	**61,450,832.63**	**6,954**
Retained earnings brought forward	**64,820,337.22**	**84,556**
Retained earnings	**126,271,169.85**	**91,510**

BALANCE SHEET

as of November 30, 2016

ASSETS

	30.11.2016 in EUR	30.11.2015 in EUR k
Fixed assets		
Intangible assets	1,832,641.55	1,129
Property, plant and equipment	393,462.00	385
Financial assets	1,111,176,294.85	1,111,176
	1,113,402,398.40	**1,112,690**
Current assets		
Receivables and other assets	321,427,917.88	297,065
Cash and cash equivalents	439,235.45	6
	321,867,153.33	**297,071**
Prepaid expenses	**1,065,206.32**	**1,369**
Total assets	**1,436,334,758.05**	**1,411,130**

EQUITY AND LIABILITIES		
	30.11.2016 in EUR	30.11.2015 in EUR k
Equity		
Subscribed capital		
Authorized capital EUR 6,280,000.00 (prior year: EUR 6.280k)	31,400,000.00	31,400
Capital reserve	525,720,605.98	525,721
Retained earnings	126,271,169.85	91,510
	683,391,775.83	**648,631**
Provisions		
Tax provisions	2,076,549.86	9,657
Other provisions	14,370,711.97	14,321
	16,447,261.83	**23,978**
Liabilities	**734,891,539.39**	**734,963**
Deferred tax liabilities	**1,604,181.00**	**3,559**
Total equity and liabilities	**1,436,334,758.05**	**1,411,130**

NOTES TO THE FINANCIAL STATEMENTS (HGB)

of Gerresheimer AG for the Financial Year
December 1, 2015 to November 30, 2016

PRELIMINARY NOTE

Gerresheimer AG is a large corporation under Section 267 (3) in conjunction with 264 d HGB.

Gerresheimer AG shares are traded with stock symbol GXI and ISIN DE000A0LD6E6. Gerresheimer shares have been included in the MDAX index since the end of December 2008.

There is a profit and loss transfer agreement between Gerresheimer AG and Gerresheimer Holdings GmbH. Under this agreement, Gerresheimer Holdings GmbH is required to transfer all profits to Gerresheimer AG. In return, Gerresheimer AG must absorb any net loss.

CLASSIFICATION PRINCIPLES

The classification of items in the balance sheet and the income statement is in accordance with Section 266 and 275 (2) HGB. For the sake of clarity, certain items are combined in the balance sheet and the income statement. These items are disclosed separately under the relevant headings in the Notes. The income statement has been prepared using the nature of expense method.

ACCOUNTING POLICIES

The annual financial statements of Gerresheimer AG are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (Aktiengesetz/AktG).

Individual items were valued using the following methods:

ASSETS

Intangible assets are carried at purchase cost less amortization. Industrial property rights and similar rights acquired for valuable consideration are amortized over three to five years unless a different useful life applies by contractual agreement. Internally generated intangible assets are not recognized. 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.

Property, plant and equipment are carried at purchase cost less depreciation. Property, plant and equipment are depreciated on a straight-line basis over an estimated useful life of three to 13 years. Assets with a purchase cost between EUR 150 and EUR 1,000 are grouped on an annual basis and depreciated collectively over five years. Assets with a purchase cost of up to EUR 150 are recognized immediately as expense. 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.

Financial assets are carried at purchase cost. If their attributable value is lower as of the balance sheet date, an impairment loss is recognized.

Receivables and other assets are carried at nominal value. Foreign currency receivables with a maturity of less than one year are translated at the spot rates on the balance sheet date. Where foreign currency receivables are hedged, the hedge and the hedged items are accounted for as a valuation unit. The valuation units are accounted for using fair value hedge method. The fair values of financial derivative instruments are shown under other assets or provisions.

Cash and cash equivalents are carried at nominal value.

The prepaid expenses consist of accrued payments made prior to the reporting date for expenses considering the next financial year.

EQUITY AND LIABILITIES

Equity items are carried at nominal value.

Provisions are recognized at the settlement amount as dictated by prudent business judgment. Future price and cost increases are taken into account where there are sufficient objective indications that they are likely to occur. Provisions for liabilities falling due after more than one year are discounted at the maturity-matched average market interest rate of the last seven financial years as published by Deutsche Bundesbank.

The provision for phantom stocks is recognized at the intrinsic (share based compensation) respectively at the fair value (value based compensation) of the phantom stocks and is accumulated over the period from the grant date to the earliest exercise date.

Liabilities are recognized at the settlement amount.

Deferred taxes are provided for on temporary differences between the amounts recognized for assets, liabilities, prepaid expenses and deferred income in the HGB balance sheet and their tax bases. Gerresheimer AG also provides for the deferred taxes of other companies in its tax group and for partnerships in Germany in which it holds an equity interest. Deferred taxes are provided for on the basis of the combined income tax rate of currently 29% for the tax group of which Gerresheimer AG is the parent. The combined income tax rate comprises corporate income tax (15.0%), trade tax (13.0%) and the solidarity surcharge (5.5%). In the case of partnerships, however, deferred taxes on temporary differences are provided for using a combined income tax rate comprising solely corporate income tax and the solidarity surcharge; this is currently 15.8%. Deferred tax assets and liabilities are presented on a net basis. Any net overall tax liability is recognized in the balance sheet as a deferred tax liability.

NOTES TO THE BALANCE SHEET

ASSETS

(1) Fixed assets

A disaggregation of items combined in the balance sheet and changes in those items in the financial year 2016 are shown in the Statement of Movements in Fixed Assets.

(2) Intangible assets

Additions in the financial year 2016 come to EUR 1,114k and mostly relate to software and licenses for software.

(3) Property, plant and equipment

Additions to property, plant and equipment in the financial year 2016 total EUR 117k and relate to office equipment and low value assets.

(4) Financial assets/shares in affiliated companies

Shares in affiliated companies amount unchanged to EUR 418,780k and relate to Gerresheimer Holdings GmbH in the financial year 2016.

(5) Financial assets/loans to affiliated companies

With effect from May 19, 2011 the Company granted GERRSEHEIMER GLAS GmbH a loan of EUR 296,100k (prior year: EUR 296,100k) due May 19, 2018. There is also a long-term loan to Gerresheimer Holdings GmbH carried at EUR 396,296k (prior year: EUR 396,296k) as of the November 30, 2016 reporting date. Interest on both loans is included in receivables from affiliated companies.

(6) Receivables and other assets

in EUR k	**Nov. 30, 2016**	Nov. 30, 2015
Receivables from affiliated companies	320,128	296,182
Other assets	1,300	883
	321,428	**297,065**

Receivables from affiliated companies relate in an amount of EUR 109,371k (prior year: EUR 81,301k) to cash pooling receivables from GERRESHEIMER GLAS GmbH and in an amount of EUR 58,908k (prior year: EUR 16,431k) to profit transfers from Gerresheimer Holdings GmbH. Moreover, a short term USD 160,116k (prior year: USD 200,000k) loan was issued to Gerresheimer Glass Inc, which amounted to EUR 150,555k (prior year: EUR 189,054k) as of balance sheet date. The remaining receivables from affiliated companies in the amount of EUR 1,294k (prior year: EUR 9,396k) mostly result from deliveries and services. As in the previous year all receivables fall due within one year.

As in the prior year, other assets fall due within one year.

Foreign exchange contracts were entered into to hedge the currency risk on the USD loan to Gerresheimer Glass Inc. The loan and the hedge are both recognized on the balance sheet and are accounted for as a valuation unit.

risk		basic business		hedging instrument		term	type of valuation or evaluation unit	deter-mination method	reasons of compensation	test for effective-ness
variable	type	type	amount	type	amount	(period of designation)				
currency	contracting cash flow	assets	USD 100m; converted: EUR 94,0m	dollar forward sale	USD 100m	30.11.2016 – 31.01.2017	Micro-Hedge	Critical Term Match-Methode	homogeneity risk	prospective
currency	contracting cash flow	assets	USD 40m; converted: EUR 37,7m	dollar forward sale	USD 40m	31.10.2016 – 30.12.2016	Micro-Hedge	Critical Term Match-Methode	homogeneity risk	prospective
currency	contracting cash flow	assets	USD 20m; converted: EUR 18,8m	dollar forward sale	USD 20m	31.10.2016 – 30.12.2016	Micro-Hedge	Critical Term Match-Methode	homogeneity risk	prospective

(7) Cash and cash equivalents

This item relates to cash on hand as well as bank deposits.

(8) Prepaid expenses

Prepaid expenses mainly comprise unamortized discounts in connection with the bond issued on May 19, 2011. The discount comes to EUR 377k as of November 30, 2016 (prior year: EUR 634k) and is amortized in equal annual installments over the term of the bond until May 19, 2018. Furthermore prepayments are included.

EQUITY AND LIABILITIES

(9) Subscribed capital

The capital stock totals EUR 31,400k as of November 30, 2016, divided into 31,400,000 no-par-value shares with a nominal value of EUR 1.00 each.

(10) Capital reserve

As of November 30, 2016, the capital reserve amounts to EUR 525,721k. The amount results from increases in the capital stock in previous years.

(11) Retained earnings

Retained earnings developed as follows in the financial year 2016:

in EUR k	
Retained earnings as of November 30, 2015 before dividend payment	91,510
Dividend paid for financial year 2014/2015	-26,690
Net income	61,451
Retained earnings	**126,271**

(12) Authorized capital

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 15,700k by or before April 25, 2017. The Company's capital stock was increased up to EUR 6,280,000.00 by issuance of up to 6,280,000 new, no-par-value bearer shares.

(13) Tax provisions

Tax provisions comprise the provisions for corporate income tax and solidarity surcharge (EUR 688k) as well as for trade tax (EUR 1,388k).

(14) Other provisions

Other provisions are mainly provisions for personnel expenses and Supervisory Board remuneration, contingent losses, the Annual General Meeting, the Annual Report, project costs and year-end closing costs.

(15) Liabilities

in EUR k	**Nov. 30, 2016**	Nov. 30, 2015
Bonds	308,055	308,033
Bonded loan	425,294	425,293
Trade payables	485	1,186
Other liabilities*	1,058	451
	734,892	**734,963**
*of which: taxes	1,011	415
social security	44	23

Gerresheimer AG issued a EUR 300m corporate bond on May 19, 2011. The bond (ISIN XS0626028566) has a term to maturity of seven years and an annual coupon of 5.00%. The issue price was 99.40%.

In the financial year 2015, Gerresheimer AG took out a EUR 550m bridging loan in connection with the acquisition of Centor U.S. Holding Inc. on September 1, 2015. This bridging loan was repaid in November 2015 out of a successful EUR 425m issuance of a bonded loan and pro rata out of the sale proceeds for the glass tubing business. The issuance of the bonded loan 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 rates, however, some are variable.

As of November 30, 2016 the residual terms of the liabilities are as follows:

in EUR k		less than or equal 1 year	1 to 5 years	more than 5 years	**Total**
Bonds	30.11.16	8,055	300,000	–	**308,055**
	30.11.15	8,033	300,000	–	308,033
Bonded loan	30.11.16	294	189,500	235,500	**425,294**
	30.11.15	293	189,500	235,500	425,293
Trade payables	30.11.16	485	–	–	**485**
	30.11.15	1,186	–	–	1,186
Other liabilities	30.11.16	1,058	–	–	**1,058**
	30.11.15	451	–	–	451
Total	30.11.16	9,892	489,500	235,500	**734,892**
	30.11.15	9,963	489,500	235,500	734,963

(16) Deferred tax liabilities

Applying the option under section 274 (1) sentence 2 HGB, deferred taxes are presented on a net basis. The offsetting of deferred tax assets and liabilities as of the balance sheet date results in a net liability of EUR 1,604k (prior year: EUR 3,559k). The differences between amounts recognized for items in the HGB balance sheet and their tax bases giving rise to deferred tax assets mainly relate to pension provisions, liabilities and other provisions. The differences giving rise to deferred tax liabilities mainly relate to intangible assets, goodwill, financial assets and land. The differences relate to the Gerresheimer AG and the companies which are part of the income tax group.

(17) Contingent liabilities

As security for affiliated companies' liabilities to banks, Gerresheimer AG has assumed joint liability in the form of a limited amount guarantee for EUR 450m. The resulting total joint liability for Gerresheimer AG in relation to affiliated company bank loans is EUR 163,0m as of the balance sheet date (prior year: EUR 233,1m). The guarantee commitments for individual liabilities of various subsidiaries outside the framework credit agreements at the amount of EUR 4,5m from the prior year, were transferred to an indirectly held subsidiary of Gerresheimer AG in the current the financial year. To the best of our knowledge, no recourse is to be expected given the solid balance sheet and long-term financing of Gerresheimer AG and its subsidiaries.

(18) Other financial commitments

Lease and rental obligations amount to EUR 6,507k (prior year: EUR 7,168k) and relate to building rent, vehicles and IT equipment.

NOTES TO THE INCOME STATEMENT

(19) Other operating income

Other operating income includes EUR 1,316k in prior-period income from the reversal of provisions (prior year: EUR 267k). The item also includes income from contractual services to subsidiaries and costs passed on. Currency translation accounts for income of EUR 7,543k in the financial year 2016 (prior year: EUR 14,208k).

(20) Personnel expenses

Personnel expenses in the financial year 2016 were EUR 13,203k for salaries (prior year: EUR 16,634k), EUR 1,060k for social security (prior year: EUR 1,066k) and EUR 0 for old-age pensions (prior year: EUR 2k).

(21) Depreciation and amortization

Information on depreciation and amortization is provided in the Statement of Movements in Fixed Assets.

(22) Other operating expenses

This item includes legal and consulting fees, IT expenses, insurance fees, rental expenses, travel expenses, advertising and promotion expenses, Supervisory Board remuneration, allocations to the impending loss provision and expenses of the Annual General Meeting and the financial reports. Some of these expenses are offset against income from costs passed on. Other operating expenses also include charges for other services from affiliated companies. Expenses from currency translation and currency derivatives amounted to EUR 11,339k (2015: EUR 22,246k) and relate primarily to expenses for hedging the USD loan to Gerresheimer Glass Inc.

(23) Income from profit transfer
Income from profit transfer for the financial year 2016 consists of the profits transferred from Gerresheimer Holdings GmbH.

(24) Income from long-term loans
Income from long-term loans came to EUR 45,803k in the financial year 2016 (prior year: EUR 45,803k) and, as in the prior year, relates in its entirety to affiliated companies.

(25) Other interest and similar income
Other interest and similar income amount to EUR 3,510k (prior year: EUR 4,987k) and mainly relate to interest income with affiliated companies to EUR 3,455k (prior year: EUR 4,987k) as well as interest income from taxes EUR 49k (prior year: EUR 0).

(26) Interest and similar expenses
Other interest and similar expenses amount to EUR 20,699k (prior year: EUR 22,258k) in the financial year 2016 and mainly relate to the interest expenses for the issued corporate bond and the promissory note loan. In addition, expenses that result from the discounting of provisions EUR 153k (prior year: EUR 40k) and interest expenses from taxes of EUR 132k (prior year: EUR 532k) have been incurred.

(27) Income taxes
The tax expense for the financial year in the amount of EUR 9,485k (prior year: EUR 10,689k) consists of EUR 11,440k in current tax expense (prior year: EUR 11,845k) and EUR 1,955k in deferred tax income (prior year: EUR 1,156k). Current income taxes include corporate income tax in the amount of EUR 5,704k (prior year: EUR 5,467k), trade tax in the amount of EUR 5,233k; prior year: EUR 5,207k) and solidarity surcharge in the amount of EUR 314k (prior year: EUR 304k) for the German tax group. Also included is tax expense for previous years in the amount of EUR 150k (prior year: EUR 826k) and withholding taxes in the amount of EUR 40k (prior year EUR 41k).

OTHER NOTES

(28) Employees
On average, Gerresheimer AG had 90 salaried employees in the financial year 2016 (thereof 11 managing and 79 other employees). In prior year Gerresheimer AG had 89 salaried employees (thereof 13 managing and 76 other employees). All employees fulfilled administrative functions.

(29) Members of Governing Bodies
The members of the Management Board of Gerresheimer AG were:

- Mr. Uwe Röhrhoff, Moenchengladbach, Germany, Chairman and Member of the Management Board for Primary Packaging Glass
- Mr. Rainer Beaujean, Meerbusch, Germany, Chief Financial Officer
- Mr. Andreas Schütte, Meerbusch, Germany, Member of the Management Board Plastic & Devices

Each Management Board member may represent the Company jointly with another Management Board member or an authorized signatory (Prokurist).

Management Board remuneration consisting of fixed salary (including fringe benefits) and performance-linked bonuses and came to a total of EUR 4,935k in the financial year 2016 (prior year: EUR 4,403k).

Details on Management Board remuneration for the financial year 2016 are provided in the Remuneration Report in the Management Report.

The total remuneration paid to former members of the management board of Gerresheimer AG came to EUR 0 (prior year: EUR 750k).

A list of the members of the Supervisory Board in the financial year 2016 is included in these Notes to the Financial Statements.

The total remuneration paid to members of the Supervisory Board for the financial year 2016 came to EUR 1,076k (prior year: EUR 1,111k). Details on Supervisory Board remuneration for the financial year 2016 are provided in the Remuneration Report in the Management Report.

(30) Shareholdings
An overview of the Company's shareholdings is included at the end of the Notes to the Financial Statements.

(31) Notifications from shareholders of the Company in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz/WpHG)
Section 160 (1) No. 8 of the German Stock Corporation Act (Aktiengesetz/AktG) requires disclosure of any shareholding notified in accordance with section 20 (1) or (4) AktG or section 21 (1) or (1a) WpHG. The required disclosure includes the content of the notification published in accordance with section 20 (6) AktG or section 25 (1) WpHG.

July 18, 2012

Correction of the announcement published on July 16, 2012 pursuant to section 26 (1) sentence 1 WpHG:

We received the following notification pursuant to section 25 (1) WpHG on July 12, 2012:

1. Issuer: Gerresheimer AG, Benrather Strasse 18-20, 40213 Duesseldorf, Germany
2. Notifier: Eton Park Overseas Fand, Ltd., Conana Bay, Grand Cayman, Cayman Islands
3. Way of reaching threshold: Threshold shortfall
4. Affected reporting thresholds: 5%
5. Date at which the threshold was met: July 10, 2012
6. Notifier share of voting rights: 4.92% (1,544,217 voting rights), relates to the total quantity of voting rights of the issuer in the amount of: 31,400,000
7. Details on the share of voting rights: share of voting rights on the basis of (financial/other) instruments pursuant to section 25 WpHG: 4.92% (1,544,217 voting rights), thereof indirectly held: 4.92% (1,544,217 voting rights), share of voting rights pursuant to section 21, 22 WpHG: 0% (0 voting rights)
8. Details on (financial/other) instruments pursuant to section 25 WpHG: Chain of companies controlled by it: Eton Park Master Fand, Ltd.

September 17, 2014

1. ING Groep N.V., Amsterdam, the Netherlands, notified us pursuant to section 21 (1) WpHG that its share of voting rights in Gerresheimer AG on September 10, 2014 exceeded the threshold of 5%, thus amounting to 5.20% (1,632,500 voting rights). All voting rights are attributed to ING Groep N.V. pursuant to section 22 (1) sentence 1 no. 1 WpHG. Attributed voting rights are held by the following companies controlled by the above that each have a share of voting rights in Gerresheimer AG of 3% or more: NN Group N.V., ING Insurance Eurasia N.V., Nationale Nederlanden Nederland B.V., Nationale-Nederlanden Levensverzekering Maatschappij N.V.
2. NN Group N.V., Amsterdam, the Netherlands, notified us pursuant to section 21 (1) WpHG that its share of voting rights in Gerresheimer AG on September 10, 2014 exceeded the threshold of 5%, thus amounting to 5.20% (1,632,500 voting rights). All voting rights are attributed to NN Group N.V. pursuant to section 22 (1) sentence 1 no. 1 WpHG. Attributed voting rights are held via the following companies controlled by the above that each have a share of voting rights in Gerresheimer AG of 3% or more: ING Insurance Eurasia N.V., Nationale-Nederlanden Nederland B.V., Nationale-Nederlanden Levensverzekering Maatschappij N.V.
3. ING Insurance Eurasia N.V., Amsterdam, the Netherlands, notified us pursuant to section 21 (1) WpHG that its share of voting rights in Gerresheimer AG on September 10, 2014 exceeded the threshold of 5%, thus amounting to 5.20% (1,632,500 voting rights). All voting rights are attributed to ING Insurance Eurasia N.V. pursuant to section 22 (1) sentence 1 no. 1 WpHG. Attributed voting rights are held via the following companies controlled by the above that each have a share of voting rights in Gerresheimer AG of 3% or more: Nationale-Nederlanden Nederland B.V., Nationale-Nederlanden Levensverzekering Maatschappij N.V.
4. Nationale-Nederlanden Nederland B.V., Amsterdam, the Netherlands, notified us pursuant to section 21 (1) WpHG that its share of voting rights in Gerresheimer AG on September 10, 2014 exceeded the threshold of 5%, thus amounting to 5.20% (1,632,500 voting rights). Of this, 4.98% (1,565,000 voting rights) are attributed to Nationale-Nederlanden Nederland B.V. pursuant to section 22 (1) sentence 1 no. 1 WpHG and 0.21% (67,500 voting rights) pursuant to section 22 (2) WpHG. Attributed voting rights are held via the following company controlled by the above that has a share of voting rights in Gerresheimer AG of 3% or more: Nationale-Nederlanden Levensverzekering Maatschappij N.V.
5. Nationale-Nederlanden Levensverzekering Maatschappij N.V., Rotterdam, the Netherlands, notified us pursuant to section 21 (1) WpHG that its share of voting rights in Gerresheimer AG on September 10, 2014 exceeded the threshold of 5%, thus amounting to 5.20% (1,632,500 voting rights). Of this, 0.44% (137,500 voting rights) are attributed to Nationale-Nederlanden Levensverzekering Maatschappij N.V. pursuant to section 22 (2) WpHG.
6. ING Re (Netherlands) N.V., Den Haag, the Netherlands, notified us pursuant to section 21 (1) WpHG that its share of voting rights in Gerresheimer AG on September 10, 2014 exceeded the threshold of 5%, thus amounting to 5.20% (1,632,500 voting rights). Of this, 4.98% (1,562,500 voting rights) are attributed to ING Re (Netherlands) N.V. pursuant to section 22 (2) WpHG.

7. ING Continental Europe Holdings B.V., Amsterdam, the Netherlands, notified us pursuant to section 21 (1) WpHG that its share of voting rights in Gerresheimer AG on September 10, 2014 exceeded the threshold of 5%, thus amounting to 5.20% (1,632,500 voting rights). Of this, 0.21% (67,500 voting rights) are attributed to ING Continental Europe Holdings B.V. pursuant to section 22 (1) sentence 1 no. 1 WpHG and 4.98% (1,565,000 voting rights) pursuant to section 22 (2) WpHG.
8. ING Life Belgium nv, Brussels, Belgium, notified us pursuant to section 21 (1) WpHG that its share of voting rights in Gerresheimer AG on September 10, 2014 exceeded the threshold of 5%, thus amounting to 5.20% (1,632,500 voting rights). Of this, 4.98% (1,565,000 voting rights) are attributed to ING Life Belgium nv pursuant to section 22 (2) WpHG.

January 23, 2015

Old Mutual Plc, London, UK, notified us pursuant to section 21 (1) WpHG that its share of voting rights in Gerresheimer AG on January 20, 2015 exceeded the threshold of 3%, thus amounting to 3.01% (945,130 voting rights). All voting rights are attributable to Old Mutual Plc pursuant to section 22 (1) sentence 1 no. 1 WpHG.

July 30, 2015

1. APG Asset Management N.V., Amsterdam, the Netherlands, notified us pursuant to section 21 (1) WpHG that its share of voting rights in Gerresheimer AG on July 27, 2015 exceeded the threshold of 5%, thus amounting to 5.10% (1,602,791 voting rights).
2. APG Groep N.V., Amsterdam, the Netherlands, notified us pursuant to section 21 (1) WpHG that its share of voting rights in Gerresheimer AG on July 27, 2015 exceeded the threshold of 5%, thus amounting to 5.10% (1,602,791 voting rights). All voting rights are attributed to APG Groep N.V. pursuant to section 22 (1) sentence 1 no. 1 WpHG. Attributed voting rights are held via the following company, controlled by the above, which has a share of voting rights in Gerresheimer AG of 3% or more: APG Asset Management N.V.
3. Stichting Pensioenfonds ABP, Heerlen, the Netherlands, notified us pursuant to section 21 (1) WpHG that its share of voting rights in Gerresheimer AG on July 27, 2015 exceeded the threshold of 5%, thus amounting to 5.10% (1,602,791 voting rights). All voting rights are attributed to Stichting Pensioenfonds ABP pursuant to section 22 (1) sentence 1 no. 1 WpHG. Attributed voting rights are held via the following companies, controlled by the above, which each has a share of voting rights in Gerresheimer AG of 3% or more: APG Asset Management N.V., APG Groep N.V.

September 11, 2015

Franklin Advisory Services LLC, Wilmington, Delaware, USA, notified us pursuant to section 21 (1) WpHG that its share of voting rights in Gerresheimer AG on September 3, 2015 passed below the threshold of 5%, thus amounting to 4.73% (1,485,300 voting rights). All voting rights are attributable to Franklin Advisory Services LLC pursuant to section 22 (1) sentence 1 no. 6 WpHG.

February 19, 2016

1. Details of issuer

Gerresheimer AG
Klaus-Bungert-Str. 4
40468 Düsseldorf
Germany

2. Reason for notification

X Acquisition/disposal of shares with voting rights
Acquisition/disposal of instruments
Change of breakdown of voting rights
Other reason:

3. Details of person subject to the notification obligation

Name:	City and country of registered office:
Templeton Investment Counsel, LLC	Wilmington, Delaware United States of America (USA)

4. Names of shareholder(s)

holding directly 3% or more voting rights, if different from 3.

5. Date on which threshold was crossed or reached

12.02.2016

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	4.31%	%	4.31%	31,400,000
Previous notification	5.21%	%	5.21%	/

7. Notified details of the resulting situation

a. Voting rights attached to shares (Sec.s 21, 22 WpHG)

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0LD6E6		1352650	%	4.31%
Total	**1352650**		**4.31%**	

b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		%

b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
			Total		%

8. Information in relation to the person subject to the notification obligation

X Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)

9. In case of proxy voting according to Sec. 22 para. 3 WpHG

Date of general meeting:	
Holding position after general meeting:	% (equals voting rights)

After the balance sheet date:

December 15, 2016

1. Details of issuer

Gerresheimer AG
Klaus-Bungert-Str. 4
40468 Düsseldorf
Germany

2. Reason for notification

X	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change of breakdown of voting rights
	Other reason:

3. Details of person subject to the notification obligation

Name:	City and country of registered office:
BNP Paribas Asset Management S.A.S	Paris France

4. Names of shareholder(s)

holding directly 3% or more voting rights, if different from 3.

5. Date on which threshold was crossed or reached

02.12.2016

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	3.12%	%	3.12%	31,400,000
Previous notification	%	%	%	/

7. Notified details of the resulting situation

a. Voting rights attached to shares (Sec.s 21, 22 WpHG)

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0LD6E6	558258	421184	1.78%	1.34%
Total	**979442**		**3.12%**	

b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		%

b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
			Total		%

8. Information in relation to the person subject to the notification obligation

	Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).
X	Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BNP Paribas Investment Partners S.A.	%	%	%
BNP Paribas Asset Management S.A.S.	3.12%	%	%

9. In case of proxy voting according to Sec. 22 para. 3 WpHG

Date of general meeting:	
Holding position after general meeting:	% (equals voting rights)

10. Other explanatory remarks:

December 16, 2016
Correction of a notification of Major Holding published on 15.12.2016 (Date of publication)

1. Details of issuer
Gerresheimer AG
Klaus-Bungert-Str. 4
40468 Düsseldorf
Germany

2. Reason for notification

X	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change of breakdown of voting rights
	Other reason:

3. Details of person subject to the notification obligation

Name:	City and country of registered office:
BNP Paribas Asset Management S.A.S	Paris France

4. Names of shareholder(s)
holding directly 3% or more voting rights, if different from 3.

5. Date on which threshold was crossed or reached
07.12.2016

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	5.07%	%	5.07%	31,400,000
Previous notification	3.46%	%	3.46%	/

7. Notified details of the resulting situation

a. Voting rights attached to shares (Sec.s 21, 22 WpHG)

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0LD6E6		1593164	%	5.07%
Total	**1593164**		**5.07%**	

b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		%

b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
			Total		%

8. Information in relation to the person subject to the notification obligation

Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

X Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
BNP Paribas Investment Partners S.A.	%	%	%
BNP Paribas Asset Management S.A.S.	3.29%	%	%
BNP Paribas Investment Partners S.A.	%	%	%
BNP Paribas Investment Partners Belgium S.A.	%	%	%
BNP Paribas Investment Partners S.A.	%	%	%
BNP Paribas Investment Partners Luxembourg S.A.	%	%	%
BNP Paribas Investment Partners S.A.	%	%	%
BNP Paribas Investment Partners BE Holding S.A.	%	%	%
BNP Paribas Investment Partners NL Holding S.A.	%	%	%
BNP Paribas Investment Partners Nederland N.V.	%	%	%
BNP Paribas Investment Partners S.A.	%	%	%
BNP Paribas Investment Partners UK Ltd.	%	%	%
BNP Paribas Investment Partners S.A.	%	%	%
CamGestion S.A.	%	%	%
BNP Paribas S.A.	%	%	%
BNP Paribas USA, Inc.	%	%	%
BNP Paribas Investment Partners USA Holdings, Inc.	%	%	%
FFTW Inc.	%	%	%

9. In case of proxy voting according to Sec. 22 para. 3 WpHG

Date of general meeting:	
Holding position after general meeting:	% (equals voting rights)

10. Other explanatory remarks:

January 12, 2017

1. Details of issuer

Gerresheimer AG
Klaus-Bungert-Str. 4
40468 Düsseldorf
Deutschland

2. Reason for notification

X	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change of breakdown of voting rights
	Other reason:

3. Details of person subject to the notification obligation

Name:	City and country of registered office:
Ministry of Finance on behalf of the State of Norway	Oslo Norway

4. Names of shareholder(s)

holding directly 3% or more voting rights, if different from 3.

5. Date on which threshold was crossed or reached

10.01.2017

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	2.91%	0.01%	2.92%	31,400,000
Previous notification	3.01%	%	3.01%	/

7. Notified details of the resulting situation

a. Voting rights attached to shares (Sec.s 21, 22 WpHG)

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE000A0LD6E6		914,888	%	2.91%
Total	**914,888**		**2.91%**	

b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Shares on Loan (right to recall)	N/A	At anytime	3,236	0.01%
		Total	3,236	0.01%

b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
			Total		%

8. Information in relation to the person subject to the notification obligation

Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

X Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
State of Norway	%	%	%
Norges Bank	%	%	%

9. In case of proxy voting according to Sec. 22 para. 3 WpHG

Date of general meeting:	
Holding position after general meeting:	% (equals voting rights)

10. Other explanatory remarks:

(32) Auditor fees

Please refer to the consolidated financial statements of Gerresheimer AG as of November 30, 2016 for details of the auditor's fees for fiscal year 2016.

(33) Corporate governance

The Management Board and Supervisory Board of Gerresheimer AG jointly issued the declaration of compliance in accordance with section 161 of the German Stock Corporation Act (Aktiengesetz/AktG) on September 8, 2016. The declaration has been made permanently available to the public on the Company's website.

(34) Proposal for appropriation of retained earnings

We will be submitting to the Annual General Meeting a proposal to appropriate the retained earnings of Gerresheimer AG for the financial year 2016 as follows:

in EUR	
Retained earnings before dividend distribution	126,271
Payment of dividend of EUR 1.05 per no-par-value share	32,970
Carried forward	**93,301**

(35) Events after the balance sheet date

No events have arisen since the balance sheet date that are expected to have a material impact on the net assets, financial position or results of operations of Gerresheimer AG.

(36) Group relationships

Gerresheimer AG must prepare consolidated financial statements as a parent company within the meaning of section 290 HGB. In accordance with section 315a HGB, Gerresheimer AG prepares IFRS consolidated financial statements.

Duesseldorf, Germany, January 23, 2017

Gerresheimer AG
The Management Board

STATEMENT OF MOVEMENTS IN FIXED ASSETS

	Purchase cost			
in EUR k	Dec.1, 2015	Additions	Disposals	**Nov. 30, 2016**
Intangible assets				
Industrial property rights and similar rights	2,595	1,083	–	3,678
Advance payments	67	31	–	98
	2,662	**1,114**	**–**	**3,776**
Property, plant and equipment				
Operating and office equipment	852	117	11	958
	852	**117**	**11**	**958**
Financial assets				
Shares in affiliated companies	418,780	–	–	418,780
Loans to affiliated companies	692,396	–	–	692,396
	1,111,176	**–**	**–**	**1,111,176**
	1,114,690	**1,231**	**11**	**1,115,910**

	Accumulated depreciation and amortization				Carrying amount	
	Dec.1, 2015	Charge	Disposals	**Nov. 30, 2016**	**Nov. 30, 2016**	Nov. 30, 2015
	1,533	410	–	1,943	1,735	1,062
	–	–	–	–	98	67
	1,533	**410**	**–**	**1,943**	**1,833**	**1,129**
	467	109	11	565	393	385
	467	**109**	**11**	**565**	**393**	**385**
	–	–	–	–	418,780	418,780
	–	–	–	–	692,396	692,396
	–	**–**	**–**	**–**	**1,111,176**	**1,111,176**
	2,000	**519**	**11**	**2,508**	**1,113,402**	**1,112,690**

LIST OF SHAREHOLDINGS

Financial year 2016 (December 1, 2015 to November 30, 2016)

in Euro/local currency/according to local commercial law	Investment (direct and indirect)	Currency	Equity	Net income/loss
Direct equity investments				
Gerresheimer Holdings GmbH, Duesseldorf (Germany)[a]	100.00%	EUR m	418.8	[b]
Indirect equity investments				
Asia				
Gerresheimer Medical Plastic Systems Dongguan Co. Ltd., Wang Niu Dun Town, Dongguan City (China)[h]	100.00%	CNY m	88.1	16.45
Gerresheimer Pharmaceutical Packaging Mumbai Private Ltd., Mumbai (India)	100.00%	INR m	131.4	-87.26
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	60.00%	CNY m	176.3	9.03
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	60.00%	CNY m	96.7	29.88
Neutral Glass & Allied Industries Private Ltd., Mumbai (India)	100.00%	INR m	228.6	-259.12
Triveni Polymers Private Ltd., New Delhi (India)	75.00%	INR m	1,223.4	128.85
Europe				
DSTR S.L.U., Epila (Spain)	100.00%	EUR m	0.5	-0.04
Gerresheimer Boleslawiec S.A., Boleslawiec (Poland)	100.00%	PLN m	153.2	20.47
Gerresheimer Buende GmbH, Buende/Westfalia (Germany)[a]	100.00%	EUR m	12.7	[b]
Gerresheimer Chalon SAS, Chalon-sur-Saone (France)	100.00%	EUR m	-1.1	-1.18
Gerresheimer Denmark A/S, Vaerloese (Denmark)[f]	100.00%	DKK m	239.9	-0.04
Gerresheimer Essen GmbH, Essen-Steele (Germany)[a]	100.00%	EUR m	4.2	[b]
GERRESHEIMER GLAS GmbH, Duesseldorf (Germany)[a]	100.00%	EUR m	493.8	[b]
Gerresheimer Group GmbH, Duesseldorf (Germany)[a]	100.00%	EUR m	418.7	[b]
Gerresheimer Hallenverwaltungs GmbH, Duesseldorf (Germany)[a, c]	100.00%	EUR m	–	[b]
Gerresheimer Hallenverwaltungs GmbH & Co. Objekt Duesseldorf KG, Duesseldorf (Germany)[d, e]	100.00%	EUR m	2.1	0.30
Gerresheimer Horsovsky Tyn spol. s r.o., Horsovsky Tyn (Czech Republic)	100.00%	CZK m	2,080.8	844.35
Gerresheimer item GmbH, Muenster (Germany)[a]	100.00%	EUR m	0.1	[b]
Gerresheimer Kuessnacht AG, Kuessnacht (Switzerland)	100.00%	CHF m	20.3	10.69
Gerresheimer Lohr GmbH, Lohr/Main (Germany)[a]	100.00%	EUR m	5.3	[b]
Gerresheimer Medical Plastic Systems GmbH, Regensburg (Germany)[a, c]	100.00%	EUR m	-	[b]
Gerresheimer Momignies S.A., Momignies (Belgium)	100.00%	EUR m	25.8	1.10
Gerresheimer Moulded Glass GmbH, Tettau/Upper Franconia (Germany)[a, c]	100.00%	EUR m	-	[b]
Gerresheimer Plastic Packaging SAS, Besancon (France)	100.00%	EUR m	0.9	0.03
Gerresheimer Regensburg GmbH, Regensburg (Germany)[a]	100.00%	EUR m	278.0	[b]
Gerresheimer Spain S.L.U., Epila (Spain)	100.00%	EUR m	0.6	-0.19
Gerresheimer Tettau GmbH, Tettau/Upper Franconia (Germany)[a]	100.00%	EUR m	12.4	[b]
Gerresheimer Vaerloese A/S, Vaerloese (Denmark)	100.00%	DKK m	125.8	46.15
Gerresheimer Valencia S.L.U., Masalaves (Spain)	99.91%	EUR m	-1.1	1.36
Gerresheimer Werkzeugbau Wackersdorf GmbH, Wackersdorf (Germany)[a]	100.00%	EUR m	0.5	[b]
Gerresheimer Wertheim GmbH, Wertheim (Germany)[a]	100.00%	EUR m	1.1	[b]
Gerresheimer Zaragoza S.A., Epila (Spain)	99.91%	EUR m	1.1	0.12

in Euro/local currency/according to local commercial law	Investment (direct and indirect)	Currency	Equity	Net income/loss
Americas				
Centor Inc., Perrysburg, OH (USA)	100.00%	USD m	695.6	27.28
Centor Pharma Inc., Perrysburg, OH (USA)[c), f)]	100.00%	USD m	–	–
Centor US Holding Inc., Perrysburg, OH (USA)[f)]	100.00%	USD m	731.2	-0.10
Gerresheimer Buenos Aires S.A., Buenos Aires (Argentina)	99.91%	ARS m	18.4	4.62
Gerresheimer Glass Inc., Vineland, NJ (USA)	100.00%	USD m	450.3	-6.46
Gerresheimer Mexico Holding LLC, Wilmington, DE (USA)[h)]	100.00%	USD m	18.7	-0.01
Gerresheimer MH Inc., Wilmington, DE (USA)[c), h)]	100.00%	USD m	–	-0.01
Gerresheimer Peachtree City (USA) L.P., Peachtree City, GA (USA)[c)]	100.00%	USD m	–	-2.35
Gerresheimer Peachtree City Inc., Peachtree City, GA (USA)[c)]	100.00%	USD m	–	-0.03
Gerresheimer Plasticos Sao Paulo Ltda., Embu (Brazil)	100.00%	BRL m	248.2	9.55
Gerresheimer Queretaro S.A., Queretaro (Mexico)[h)]	100.00%	MXN m	0.4	0.10
Gerresheimer Sistemas Plasticos Medicinais Sao Paulo Ltda., Indaiatuba (Brazil)	100.00%	BRL m	36.5	6.78
Kimble Chase Holding LLC., Vineland, NJ (USA)	51.00%	USD m	6.9	89.51
Nouvelles Verreries de Momignies Inc., Larchmont, NY (USA)[g)]	100.00%	USD m	–	–
Associated Companies				
Corning Pharmaceutical Packaging LLC, Wilmington, DW (USA)	25.00%	USD m	0.3	–
Gerresheimer Tooling LLC, Peachtree City, GA (USA)[h)]	30.00%	USD m	0.8	0.39
PROFORM CNC Nastrojarna spol. s r.o., Horsovsky Tyn (Czech Republic)[f), h)]	30.15%	CZK m	3.3	-0.44

[a)] Pursuant to sec. 264 III HGB, the companies are exempt from the obligation to prepare a management report as well as partly to audit and to publish financial statements.
[b)] A profit transfer agreement is in place.
[c)] equity less than 50 (currency in '000).
[d)] GERRESHEIMER GLAS GmbH, Duesseldorf (Germany) is limited partner.
[e)] The company made use of the exemption offered by sec. 264 b HGB.
[f)] Result less than EUR 5k.
[g)] The company no longer prepares financial statements.
[h)] Financial statements as of November 30, 2014 or December 31, 2014.

The closing rate can be used to translate the local currency equity amount into euro. Income/loss can be converted to eur with the average rate.

currency	**Closing rate Nov. 30, 2016**	**Average rate 2016**
1 ARS	16.6599	15.7970
1 BRL	3.6118	3.9023
1 CHF	1.0803	1.0914
1 CNY	7.3205	7.2798
1 CZK	27.0600	27.0420
1 DKK	7.4403	7.4484
1 INR	72.8590	73.9900
1 MXN	21.8775	20.2194
1 PLN	4.4483	4.3534
1 SEK	9.7538	9.4229
1 USD	1.0635	1.1026

SUPERVISORY BOARD AND MANAGEMENT BOARD

SUPERVISORY BOARD

Financial Year 2016 (December 1, 2015 to November 30, 2016)

Dr. Axel Herberg
Chairman of the Supervisory Board,
Senior Managing Director of The Blackstone Group Germany GmbH
a) Leica Camera AG
b) Jack Wolfskin Group (functional apparel, outdoor equipment, shoes)
JW Germany Holding GmbH (Chairman) (until October 21, 2016)
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
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
Petrofac Ltd., Jersey (since May 19, 2016)

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 Dorrepaal
Consultant,
former Member of the Management Board of Schering AG
a) Paion AG (Deputy Chairwoman)
b) Triton Beteiligungsberatung GmbH
Almirall S.A., Spain
Kerry Group plc, Ireland
Humedics GmbH (Chairwoman)
Julius Clinical Research BV, Niederlande (since October 1, 2016)

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

Katja Mögel (since January 20, 2016)
Director Business Excellence and Continuous Improvement of Gerresheimer 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 2016 (December 1, 2015 to November 30, 2016)

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

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 until October 31, 2016)
Kontes Mexico S. de R.L. de C.V., Mexico (until October 31, 2016)
Kimble Kontes LLC, USA (until October 31, 2016)
Kimble Chase Holding LLC, USA (Chairman since July 8,2016)
Centor US Holding Inc., USA
Centor Inc., USA
Centor Pharma Inc., USA

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)
Centor Inc., USA (Chairman)
Centor Pharma Inc., USA (Chairman)

a) Membership in Supervisory Boards according to German legal regulations

b) Membership in comparable domestic and foreign control boards of economic enterprises

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of assets, liabilities, financial position and profit or loss of the Company, and the Management Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Duesseldorf, Germany, January 23, 2017

The Management Board

Uwe Röhrhoff Rainer Beaujean Andreas Schütte

INDEPENDENT AUDITORS' REPORT

We have audited the [annual] financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Gerresheimer AG, Düsseldorf/Germany, for the financial year from 1 December 2015 through 30 November 2016. The maintenance of the books and records and the preparation of the [annual] financial statements and the management report in accordance with German commercial law are the responsibility of the Company's Management. Our responsibility is to express an opinion on the [annual] financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the [annual] financial statements in accordance with Section 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). 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 from operations in the [annual] financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company 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 books and records, the [annual] financial statements and the management report are examined primarily on a sample basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall presentation of the [annual] financial statements and the 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 [annual] financial statements of Gerresheimer AG, Düsseldorf/Germany, comply with the legal requirements and give a true and fair view of the net assets, financial position and results from operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the [annual] financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Düsseldorf/Germany, 23 January 2017

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Bedenbecker
Wirtschaftsprüfer
[German Public Auditor]

Signed: Kadlubowski
Wirtschaftsprüfer
[German Public Auditor]

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