MANAGEMENT REPORT AND ANNUAL FINANCIAL STATEMENTS OF GERRESHEIMER AG FOR THE FINANCIAL YEAR DECEMBER 1, 2016 TO NOVEMBER 30, 2017

Moving ahead

GERRESHEIMER

CONTENTS

GERRESHEIMER AG MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2017

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. 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 is made up of 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 eyedroppers 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. Molded 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.

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 of 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.

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 long-standing experience, the considerable expertise and motivation of our workforce and our systematic capital expenditure policy building on our sound financial base make us the 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 very valuable 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, employee development, 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 target sustained growth. To attain this goal, we plan to increase revenues with existing customers and launch new products as well as to serve 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 Gerresheimer return on capital employed (Gx 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.

In annual operating and strategic planning, we set targets for the years ahead and specific guidance for the next financial year. We publish this guidance 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 2017. Strategic projects such as our machinery strategy for vials, new product launches, expansion of production capacity and many others are described in greater detail in the Group 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 profitable growth and global market leadership in the pharma/healthcare and cosmetics segments. The most significant key performance indicators for control of the Gerresheimer Group are consequently revenue growth, adjusted EBITDA, operating cash flow, capital expenditure, net working capital and Gx ROCE. These performance indicators are explained in detail in the following.

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. Acquisitions and active portfolio management are also part of our strategy for the onward development of the Gerresheimer Group.

Our principal measure of profitability is adjusted EBITDA. This is defined as net income before income taxes, net finance expense, amortization of fair value adjustments, depreciation and amortization, impairment losses, restructuring expenses, and one-off income and 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. By reduction and systematic management of average net working capital measured on a monthly basis, we aim for a lasting decrease 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 Gx 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. Gx 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, Gx ROCE should be in excess of 15% (previously at least 12%) for the Gerresheimer Group in the long term.

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, Accounting, Strategy, 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. Documents from the Investment Committee are provided to the other members of the Management Board for information after each meeting. 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 January 2018 outlook, the International Monetary Fund (IMF)[1] expects global economic growth at 3.7% for 2017. This corresponds to an increase of 0.1 percentage points relative to the October forecast and is attributed by the IMF to improved global growth momentum.

For the euro area, the IMF raised its economic growth expectation for 2017 by 0.3 percentage points compared with the October forecast, to 2.4%. This increase is based on an improvement in exports based on growing world trade and continuously rising domestic demand, supported by favorable financial conditions together with declining political risks and uncertainties.

According to the Federal Ministry for Economic Affairs and Energy (BMWi), the German economy is in a dynamic upswing. Besides industrial production, which the BMWi expects to remain buoyant, both consumption propensity and retail sentiment are positive.[2] The IMF also sees a positive trend for Germany and has raised its estimate for German economic growth in 2017 from 2.0% in October to 2.5%.

For the USA, the IMF expects growth of 2.3% for 2017. It thus increased its October forecast by 0.1 percentage points. As reasons for this, the IMF cites stronger than expected economic activity combined with an anticipated increase in external demand.

The IMF's October growth forecast for emerging and developing economies in 2017 was revised upward by 0.1 of a percentage point to 4.7%. Its expectation for Chinese economic growth in 2017 is 6.8%, which corresponds to the expectation given in October. China had profited from monetary policy easing and supply-side reforms. The economic growth estimate for India remains unaltered relative to October, at 6.7%. This represents a 0.4 percentage point decrease on the growth recorded in 2016. The IMF gave the reasons as ongoing disruption in retailing due to the November 2016 currency exchange initiative and costs associated with the July 2017 goods and services tax changes. After growth in Brazil was once again positive in the first half of 2017, the IMF raised the expectation for 2017 in January by 0.4 percentage points to 1.1%.

SECTORAL DEVELOPMENT

Global pharma market growth weakened significantly in 2017. As well as in price erosion reported by various pharma groups, this also made itself felt in volume growth, which is the indicator relevant to Gerresheimer and which according to IQVIA[3] came to only 0.1% in 2017. On this basis, IQVIA calculates an average annual growth rate of 2.1% for the years 2012 to 2017, with 3% growth in the period 2011 to 2016 as against 6% in the period 2006 to 2011. Whereas the pharmerging markets[4] recorded average volume growth of 3.9% in the years 2012 to 2017, the corresponding trend in other markets was substantially more negative. These even saw volumes fall by an average of 0.2% a year over the last five years.

The generics subsegment, which is subject to very strong price pressure in the North American market especially, recorded volume growth of 1.0% at global level in 2017. The average annual growth rate here in the years 2012 to 2017 was 3.1%. On a regional comparison, the pharmerging markets showed an average of 3.9% growth per year for the last five years, whereas average annual volume growth in other markets was just 0.8%.

Based on this trend, IQVIA projects average annual volume growth in the global pharma market of 2.0% for the years 2017 to 2022, compared with the 3.0% expected in 2016 for the years 2016 to 2022. The expectation for pharmerging markets is for an average of 3.0% per year in the next five years, whereas average volume growth of 1.7% is projected for other markets. This expectation underscores IQVIA's opinion that the current weakness in other pharma markets is likely to be temporary in nature. For the generics subsegment, IQVIA expects volume growth at an average of 2.7% for the next five years, with 3.1% anticipated for the pharmerging markets and 1.7% for other markets.

Overall, the pharma sector is considered to be one of the most crisis-resistant industries. Despite the recent weakness, 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, growth of healthcare in pharmerging markets, increasing regulatory requirements, the development of new drugs, the rise of acute and chronic illnesses, and the growing trend toward self-medication (see also the Megatrends section starting on page 41 et seq.).

[1] International Monetary Fund: World Economic Outlook Update, January 2018.
[2] Federal Ministry for Economic Affairs and Energy: Monthly report, January 2018.
[3] IQVIA (formerly Quintiles IMS), January 10, 2018.
[4] For a definition pf pharmerging markets (emerging markets), please see Note (8) of the Notes to the Consolidated Financial Statements.

This means the number of off-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 performed well in the financial year 2017. 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

Driven by euphoria in connection with the US presidential elections, the US dollar already consolidated during the election run-up in the fall of 2016 and stood at 1.06 US dollars to the euro at the beginning of December 2016, the start of our financial year. This came against the backdrop of announcements by the newly elected US government to cut taxes and raise government expenditure, leading to expectations of a more rapid increase in the Federal Funds Rate. As a result, the US dollar held firm through to mid-April in a corridor between 1.04 and 1.08 US dollars to the euro. After the reforms initially failed to materialize and also various economic indicators proved unexpectedly negative, the US dollar depreciated continuously to a level of 1.20 US dollars to the euro in September. Thereafter, the currency moved in a range from 1.20 down to 1.16 US dollars to the euro and closed the financial year 2017 at 1.18 US dollars to the euro on November 30, 2017.

The average exchange rate in the financial year 2017 from December 1, 2016 to November 30, 2017 was consequently 1.12 US dollars to the euro, higher than the prior-year average of 1.10 US dollars to the euro.

Other currencies that entail translation effects on translation into euros—the Group reporting currency—for our quarterly and annual financial statements showed a mixed picture in the reporting period.

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 electricity cost-intensive companies under section 64 of the German Renewable Energy Act (EEG). In addition, the Group aims to extensively hedge against increases in energy (electricity and gas) prices in order to absorb rising energy costs.

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. We also process other products at Gerresheimer that are in competition with the borosilicate glass tubing from Corning.

On the whole, we have negotiated escalation clauses in contracts with major customers that largely offset cost changes. 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 2017.

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 2017 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 ECONOMIC CONDITIONS ON BUSINESS PERFORMANCE

The financial year 2017 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. Our aim is to be, or become and remain, first or second in the markets and product segments we serve.

ATTAINMENT OF GUIDANCE IN THE FINANCIAL YEAR 2017 (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. Consequently, 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, adjusted EBITDA, adjusted earnings per share after non-controlling interests and capital expenditure as a percentage of revenues at constant exchange rates.

Changes in our guidance reflect customer-side market dynamics in the course of the financial year 2017, which were driven by moderate revenue growth and delayed product launches. On the basis of these dynamics, we gave more specific guidance in July and October and added a risk scenario, which with regard to revenues has materialized in a slightly greater than expected magnitude. Group revenues at constant exchange rates in the financial year 2017 were thus EUR 1,361.6m, marking an organic revenue decrease of 1.8%. Adjusted EBITDA at constant exchange rates came to EUR 314.3m. Deducting EUR 3.6m in other operating income from fair value measurement of the Triveni put option, adjusted EBITDA at constant exchange rates was EUR 310.7m and hence slightly above our forecast. Adjusted earnings per share at constant exchange rates after non-controlling interests, at EUR 4.10, was slightly better than on the basis of the most recently expected risk scenario. Excluding purchases of licenses, the ratio of capital expenditure to revenues at constant exchange rates was 8.0%, which was within our guidance range.

We are already able to report successful progress in the financial year 2017 with a view to the figures projected for 2018. Whereas average net working capital equaled 16.5% of revenues at constant exchange rates and was thus in line with our announced medium-term expectation of approximately 16%, we were already able to exceed our corresponding expectations for the operating cash flow margin and Gx ROCE in 2017. The operating cash flow margin at constant exchange rates thus amounted to 15.3%, while on Gx ROCE we attained 12.9%.

Development of published guidance during the financial year 2017

	Guidance FY 2017 Feb. 15, 2017	Updated guidance FY 2017 July 13, 2017	Introduction of a risk scenario based on expected deviations from FY 2017 guidance October 11, 2017	2017 Results
Revenues (constant FX rates)	Lower end on the basis of the EUR 1,430m +/-EUR 25m range	~ EUR 1,400m	~ EUR -30m	EUR 1,361.6m -1.8% organic growth
Adjusted EBITDA (constant FX rates)	EUR 320m (+/-EUR 10m)	~ EUR 320m	~ EUR -10m	EUR 314.3m[1)]
Adjusted earnings from continuing operations per share in EUR after non-controlling interests (constant FX rates)	Range of EUR 4.20 to EUR 4.55	~ EUR 4.25	~ EUR -0.17	EUR 4.10
Capital expenditure[2)] (constant FX rates)	8% of revenues	Confirmation of guidance FY 2017 Feb. 15, 2017	Confirmation of guidance FY 2017 Feb. 15, 2017	8.0%
Other performance figures				
Average NWC (as % of revenues) (constant FX rates)	approx. 16% in FY 2018	Confirmation of guidance FY 2017 Feb. 15, 2017	Confirmation of guidance FY 2017 Feb. 15, 2017	16.5%
Operating cash flow margin (constant FX rates)	approx. 13% in FY 2018	Confirmation of guidance FY 2017 Feb. 15, 2017	Confirmation of guidance FY 2017 Feb. 15, 2017	15.3%
Gx ROCE	> = 12% in FY 2018	Confirmation of guidance FY 2017 Feb. 15, 2017	Confirmation of guidance FY 2017 Feb. 15, 2017	12.9%

[1)] Excluding the EUR 3.6m in other operating income from fair value evaluation of the Triveni put option, adjusted EBITDA is EUR 310.7m.
[2)] Excluding capital expenditure on intangible assets in relation to licensing agreements.

MANAGEMENT BOARD REVIEW OF BUSINESS PERFORMANCE

Gerresheimer AG completed the financial year 2017 with satisfactory earnings overall. Higher income from profit transfer agreements (EUR 64.9m; 2016: EUR 58.9m) was more than offset notably by increased expenses in connection with changes on the Management Board of Gerresheimer AG and by higher tax expense, as a result of which net income went down by EUR 2.1m to EUR 59.3m. It should be borne in mind in this connection that we pursue a consistent management philosophy at Gerresheimer AG and—depending on planned capital expenditure in the various regions—do not expect any dividend from subsidiaries in some cases. Consequently, income from profit transfer agreements can vary substantially from year to year. Net income was EUR 59.3m, compared with EUR 61.5m in the prior year. Equity increased by EUR 26.3m to EUR 709.7m.

The Gerresheimer Group performed in line with its own expectations in the financial year 2017. Notably as a result of the good fourth quarter—when revenues climbed relative to the prior-year period by 6.7% on an organic basis and 4.7% after exchange rate effects—revenues ended the year with a decrease of just 2.0% to EUR 1,348.3m. At constant exchange rates, revenues totaled EUR 1,361.6m and thus decreased on an organic basis solely by 1.8%. Our revenues with the pharma sector thus once again proved generally robust in the financial year 2017. Since Gerresheimer supplies leading pharma groups as a producer of primary packaging, we are notably also dependent on the development of the market served by the pharma industry, which was atypical owing to the uncertainties in the financial year 2017. Adjusted EBITDA at constant exchange rates was EUR 314.3m. The reported adjusted EBITDA figure was EUR 310.8m, representing a very strong margin of 23.1%. Net income from continuing operations, at EUR 103.1m in the financial year 2017, was slightly down on the EUR 104.5m prior-year figure. Adjusted net income from continuing operations was EUR 130.0m, compared with EUR 130.4m in the prior-year period, which in sum was a good result and reflected the Gerresheimer Group's rigorous focus on attaining profitability despite the 2.0% revenue decrease.

RESULTS OF OPERATIONS OF THE GERRESHEIMER AG

Revenues totaled EUR 5.6m in the financial year 2017 (2016: EUR 0.0m). Due to first-time application of the revised revenue definition under the Accounting Directive Implementation Act (BilRUG), income from the provision of holding company services, from other management services and from granting licenses on the umbrella brand is now classified as revenues. In the prior year, these income items were included in other operating income. Under the revised revenue definition, prior-year revenues would have been EUR 5.4m.

Other operating income went up relative to the prior year by EUR 0.9m to EUR 28.1m. The main factor in the increase was EUR 7.6m relating to higher income from currency translation and currency derivatives (EUR 16.9m; 2016: EUR 9.3m), mostly due to hedging of the US dollar loan to Gerresheimer Glass Inc., Vineland, New Jersey (USA). In the opposite direction, income from intra-Group charges decreased by EUR 6.4m to EUR 10.1m, of which the majority comprising EUR 5.4m related to the change in presentation of income from services provided for Group companies, in connection with first-time application of the revised revenue definition under the Accounting Directive Implementation Act.

The rise in personnel expenses by EUR 1.5m to EUR 15.8m (2016: EUR 14.3m) is primarily due to the increase in the average number of employees in the financial year 2017 and to expenses in connection with the withdrawal of Mr. Röhrhoff from the Management Board of Gerresheimer AG as of August 31, 2017. Mr. Röhrhoff remained available to the Group in an advisory capacity in the period September 1, 2017 to November 30, 2017 and continued to be paid his basic salary through to the end of the financial year 2017 on November 30, 2017. In addition, a provision was recognized as of November 30, 2017 corresponding to the commitment under the post-contractual non-compete covenant. Mr. Christian Fischer, who joined the Management Board of Gerresheimer AG on August 1, 2017, became Chief Executive Officer of Gerresheimer AG effective September 1, 2017.

The EUR 9.1m rise in other operating expenses to EUR 38.1m (2016: EUR 29.0m) mostly relates to higher expenses for currency translation and currency derivatives totaling EUR 20.2m (2016: EUR 11.3m). Those expenses mainly relate to the exchange rate hedge on the US dollar loan to Gerresheimer Glass Inc.

Research and development activities are exclusively carried out by Gerresheimer AG's subsidiaries. These activities are closely geared to customer needs and accordingly often take place 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. For further information, please see under "Innovation, research and development".

As in the prior year, the EUR 64.9m in income from profit transfer agreements (2016: EUR 58.9m) relates in its entirety to the profit of Gerresheimer Holdings GmbH transferred under a domination and profit and loss transfer agreement. The transfer of profits in this connection primarily relates to profit transfers from Gerresheimer Group GmbH and its subsidiary GERRESHEIMER GLAS GmbH, which serves as intermediate holding company in the Gerresheimer Group.

Income from long-term loans to GERRESHEIMER GLAS GmbH and Gerresheimer Holdings GmbH totaled EUR 45.8m in the financial year 2017 and thus showed no change relative to the prior year.

The net finance expense of EUR 18.0m in the financial year 2017 (2016: EUR 17.2m) comprises EUR 3.8m (2016: EUR 3.5m) in other interest and similar income less EUR 21.8m in interest and similar expenses (2016: EUR 20.7m). As in the prior year, the interest and similar income relates to loans to subsidiaries. The increase in interest and similar expenses in the financial year 2017 is mainly due to higher interest expenses for outstanding promissory loans of EUR 675.0m (2016: EUR 425.0m) in connection with the early refinancing of the bond issue maturing in May 2018.

Income taxes amounted to EUR 12.9m in the financial year 2017 (2016: EUR 9.5m). The rise in the tax expense mainly relates to smaller adjustments to deferred tax liabilities than in the prior year and to additions to provisions for tax audits for the years 2013 to 2015.

Gerresheimer AG's net income was EUR 59.3m, compared with EUR 61.5m in the prior year. The German Commercial Code (HGB)-basis retained earnings of Gerresheimer AG increased from EUR 126.3m in the prior year to EUR 152.6m in the year under review. Dividend distributions to Gerresheimer AG shareholders totaled EUR 33.0m in the financial year 2017.

At the Annual General Meeting on April 25, 2018, the Management Board and Supervisory Board of Gerresheimer AG will propose that a dividend of EUR 1.10 per share be paid for the financial year 2017 (2016: EUR 1.05 per share). This represents a total dividend distribution of EUR 34.5m and an increase of 4.8% against the prior-year dividend. The dividend ratio amounts to 27.1% 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. In this way, Gerresheimer shareholders will participate once again this year in the business success of the Gerresheimer Group. The increased dividend shows that the Management Board and the Supervisory Board firmly believe the decrease in revenues and hence income in the financial year 2017 to be non-typical of the Group's business performance. Furthermore, a proposal will be made to carry forward the Company's remaining retained earnings of EUR 118.1m.

NET ASSETS, FINANCIAL CONDITION AND LIQUIDITY OF THE GERRESHEIMER AG

NET ASSETS

Intangible assets went up by EUR 3.0m in the financial year 2017 to EUR 4.8m. The increase is mostly attributable to the recognition of intangible assets for IT software and licenses in the financial year 2017.

Receivables and other assets rose relative to the prior year by EUR 159.6m to EUR 481.0m as of November 30, 2017, which besides an increase in receivables from cash pooling and higher receivables from profit transfers from Gerresheimer Holdings GmbH primarily relates to the provision of a further loan in the amount of USD 162.0m to Gerresheimer Glass Inc. in the financial year 2017. Loan receivables total EUR 251.4m or USD 297.9m as of the balance sheet date (2016: EUR 150.6m or USD 160.1m), with the entire amount due within twelve months and hedged against exchange rate risk by entering into forward exchange contracts.

Equity increased by EUR 26.3m from EUR 683.4m to EUR 709.7m as of November 30, 2017. Distributions to Gerresheimer AG shareholders in the amount of EUR 33.0m were compensated for by the net income of EUR 59.3m generated in the financial year.

Tax provisions also increased by EUR 3.1m to EUR 5.2m. This increase relates to additions to tax provisions in connection with ongoing tax audits for the years 2013 to 2015.

Liabilities to banks went up relative to the prior year by EUR 250.6m, which in the financial year 2017 mainly relates to EUR 250.0m for the new promissory loan issue in connection with the early refinancing of the bond issue maturing in May 2018.

The matters set out above are the main reasons for the EUR 279.1m or 19.4% increase in Gerresheimer AG's total assets in the financial year 2017 to EUR 1,715.4m (2016: EUR 1,436.3m).

Consequently, the equity ratio stood at 41.4% as of the November 30, 2017 reporting date (2016: 47.6%).

FINANCIAL CONDITION AND LIQUIDITY

There are currently three main components to our overall financing. First, there is a EUR 300.0m bond issued on May 19, 2011 at a price of 99.4%, with a 5.0% annual coupon and seven-year term ending in May 2018.

Secondly, a syndicated loan in the form of a EUR 450.0m revolving credit facility with a five-year term to maturity was signed in a refinancing arrangement on June 9, 2015. This replaced the line of credit taken out in March 2011 to be replaced on June 15, 2015. Our current syndicated loan is subject to a mandatory financial covenant comprising the ratio of net financial debt to adjusted EBITDA (adjusted EBITDA leverage). 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 attainment of the adjusted EBITDA leverage and plus a drawdown commission in line with the current loan status.

The acquisition of Centor US Holding Inc. on September 1, 2015 was financed by Gerresheimer AG's successful EUR 425.0m promissory loan in November 2015 and pro rata from the proceeds of the sale of the glass tubing business. The Gerresheimer AG promissory 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 210.0m and one ten-year tranche in the amount of EUR 25.5m. Mostly, the separate tranches are fixed-interest, although a portion is variable-interest.

Making use of the favorable market environment, the bond issue described above that matures in May 2018 was refinanced ahead of schedule on September 27, 2017 by means of a EUR 250.0m promissory loan. The promissory loan comprises one five-year tranche in the amount of EUR 95.5m, one seven-year tranche in the amount of EUR 109.0m and one ten-year tranche in the amount of EUR 45.5m. Mostly, the separate tranches are fixed-interest, although a small portion is variable-interest. Using cash inflows from the promissory loan, a short-term loan in the amount of USD 162.0m was provided to Gerresheimer Glass Inc., which was used to clear the revolving syndicated loan (facility amount EUR 450.0m). Drawings on the revolving syndicated loan were consequently EUR 0.0m as of November 30, 2017 (2016: EUR 162.7m), as a result of which the loan remains available in the full amount as of November 30, 2017 to Gerresheimer AG and other Group companies for capital expenditure, acquisitions and other operational requirements.

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 individual 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 2017.

MANAGEMENT BOARD'S OVERALL ASSESSMENT OF THE BUSINESS SITUATION

We are not satisfied with the 2.0% decline in revenues relative to the prior year. However, compared with the prior year, it has been possible to further improve profitability and notably the adjusted EBITDA margin at 23.1%. Adjusted net income from continuing operations after non-controlling interests also stabilized, at EUR 127.5m.

Gerresheimer AG's net income was EUR 59.3m in the financial year 2017, compared with EUR 61.5m in the prior year. We thus once again confirmed our good prior-year earnings. The equity ratio was a very good 41.4% as of the reporting date.

NON-FINANCIAL GROUP DECLARATION PURSUANT TO THE CSR DIRECTIVE IMPLEMENTATION ACT

The following information on non-financial success factors and sustainability relates to the Gerresheimer Group and was compiled on a voluntary basis and was not included in the audit. Gerresheimer AG serves as the holding company of the Gerresheimer Group.

EMPLOYEES

OUR GLOBAL HUMAN RESOURCES MANAGEMENT PRIORITIES

Our employees are the most important foundation for the success of our business. Their passion, willingness to take on responsibility and motivation ensure that we reach our long-term and ambitious goals. Our global human resources activities support processes within the Group and thus represent a fundamental strategic success factor.

WORKFORCE STRUCTURE

Gerresheimer AG had an average of 94 employees in the financial year 2017 (13 managerial and 81 other employees). In the prior year, Gerresheimer AG had 90 employees (11 managerial and 79 other employees). All employees fulfilled administrative functions.

At the end of the financial year 2017, the workforce of the Gerresheimer Group comprised 9,749 employees (2016: 9,904 employees). This represents a decrease of 1.6% compared with the financial year 2016-end.

DIVERSITY AND INCLUSION

Gerresheimer Group fosters a culture of different viewpoints, experiences and cultural backgrounds. Our 9,749 employees work in 15 different countries. The diversity of these countries and cultures is also reflected at Gerresheimer. An open and respectful corporate culture and the mix of different nationalities, genders, vocational training courses, life experiences and age structures are significant factors contributing to our Company's success. At Gerresheimer we have created an inclusive working environment in which everyone is treated equally and fairly in order to utilize their full potential.

In accordance with these principles and in observance of the General Act on Equal Treatment (AGG) in Germany, we fill our vacancies worldwide solely based on qualifications and without regard to ethnic heritage, gender, religion, sexual identity or any disability.

Gerresheimer Group's employees come from a total of 52 nations and 65% of them work outside of Germany. The proportion of female employees is 33.3% (2016: 34.6%). Owing to the sometimes intense physical demands of work on the factory floor, there are unfortunately only a relatively small number of female applicants for such positions. In the non-industrial workforce, the proportion of female employees is 35.7% (2016: 36.4%) and in the industrial workforce the figure is 33.4% (2016: 34.1%). The proportion of women in the first two levels of management was 18.8% (2016: 16.7%), up slightly from the prior year. We continue to strive to increase the proportion of women overall.

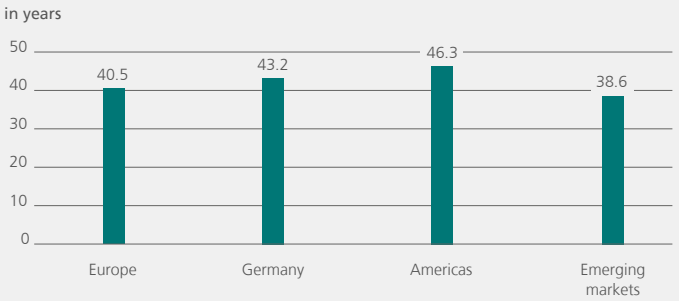
As a globally operating Company, we also rely on an international management team. As of November 30, 2017, 58% of top-level managers were citizens of countries other than Germany. There are twelve nations represented in our executive management.

With measures such as part-time programs, mobile working and flexible work hours, we continue our efforts to support employees in balancing work and family life by making it easier for them to care for children and family members.

DEMOGRAPHIC CHANGE

Demographic change worldwide not only affects our customers and creates increasing demand for medical compounds, it also presents us with challenges. The average age of the Gerresheimer workforce is 41.5 years (2016: 40.8 years). This is particularly noticeable at our sites in the Americas, where the average age is 46.3 years. Investing in the health of our workforce is therefore important to us. The average length of service is 11.6 years (2016: 11.9 years).

Average age of group workforce by region



OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT

The health and safety of our workforce is an extremely high priority for us, which is why we undertake measures to prevent potential accidents and health hazards. In this regard, the human resources activities support our plants in the optimal implementation and sustainable execution of legally required standards as well as the prevention of occupational accidents. Regular training ensures workers at our plants have the necessary qualifications and up-to-date expertise. Around the world, a total of 149 employees participate in formal occupational safety committees. During safety audits, action plans are developed which also address the changing requirements for workplaces as a result of digitalization. The global rate of occupational accidents per million hours worked was 15.8 (2016: 21.2), representing a considerable decline of 5.4. The number of serious occupational accidents decreased by 11.6% to 183 (2016: 207). One occupational accident required a significant halt to production (2016: six accidents). In total, occupational accidents resulted in 4,844 days' absence (2016: 4,166 days). Due to their activities, 159 employees have a high risk of job-related illnesses.

To maintain the health of our workforce throughout their working lives and beyond, at many plants we offer a broad spectrum of measures to keep employees physically and mentally fit. These include "Take Your Bike to Work" day in cooperation with the German statutory health insurance company AOK, ergonomically designed workplaces and health days with stress tests and spinal screening. Furthermore, we held information events about vaccinations and courses in autogenic training.

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 playing an increasingly important role 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 primary pharma packaging—specialized products that come into direct contact with pharmaceuticals—and that patients use in everyday life to take their medication. Our primary 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 packaging products and their quality. Simple and safe drug application is also an increasingly important 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. These activities are closely geared to customer needs and accordingly often take place 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.

ENGINEERING

From our longstanding 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 Centers (TCC) in our Medical Systems Business Unit. 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. Development of prefillable syringes and safety accessories takes place at our TCC in Buende (Germany) and at the TCC Wackersdorf. Development and design for new products are also performed by Gerresheimer item GmbH.

An engineering team in the USA develops and improves production and quality processes in tubular glass converting—the process of making injection vials, ampoules, cartridges and syringes from tubular glass. Its job is to continuously improve the machine and inspection systems we use to quality-control products. 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 technology developed by Gerresheimer 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. 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 machines 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. After the plants in the USA and Mexico were equipped with the new machinery, new machines were installed in 2017 in Europe and installation was started in Asia.

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". In the financial year 2017 we invested in particular in a furnace in Momignies (Belgium) as well as in additional production and finishing lines for glass cosmetics packaging in the plants in Tettau (Germany) and Momignies. Moreover, packing robots are increasingly being used for the end-of-line packaging of glass products, ensuring high accuracy and the prevention of errors during the final packing on pallets.

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

Many new drugs—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.

The innovative Gx RTF® ClearJect® syringe is a perfect complement to the broad portfolio of prefillable Gx RTF® glass syringes. It 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 prefillable glass syringes marketed by Gerresheimer as Gx RTF® syringes undergo continuous enhancement to make them the packaging of choice for new drugs. One problem associated with syringe use is that traces of tungsten or other metals occasionally leave residue behind the bore when the syringe cone is shaped. Especially for drugs based on biotech products, prefillable syringes are needed that ideally preclude the possibility of metal contamination. With the development of an innovative patent-pending production technology, we have been able to make the metal-free 1 ml Gx RTF® long Luer Lock syringe ready for series production. This process can also be transferred to other Luer Lock syringe sizes or to Luer cone syringes of various sizes. With this new technology, the pin used to shape the cone is now made of a special ceramic material instead of the conventional tungsten or an alternative metal. External tests confirm that we are thus able to manufacture residue-free syringes for the packaging of extremely demanding medications.

A further example with regard to 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. Many new biological drugs subject to exceptionally stringent requirements necessitate a new system approach. By combining our proprietary baked-on siliconization Gx Baked-On RTF® with novel plungers, we can minimize particle loads to meet the strict requirements for therapeutic protein products. In addition, we can equip our syringes with thin-walled cannulas that ease the administering of the often highly viscous medications thanks to their improved flow properties.

With their exposed needles, used syringes are an ever-present hazard at doctors' practices, laboratories and hospitals. Existing needle safety systems reduce the risk of injury for the end user but they require more assembly after filling is carried out by the pharma company and potentially additional activation steps when the syringe is used by medical specialists. With Gx® InnoSafe™ we now provide a syringe with an integrated passive safety system that avoids inadvertent needleprick injuries, precludes reuse and is optimized both for pharma industry production workflows and for easy and intuitive use by medical personnel.

As part of the manufacturing process, the Gx® InnoSafe™ safety system is installed like a standard needle shield on Gx RTF® glass syringes in the cleanroom. The syringe body is completely visible so that the presence of the active ingredient, its purity and its administration can be optimally observed and monitored. These syringes are packed in the same way as standard RTF syringes. Drug producers do not have to switch their filling lines over to a new format. The injection itself is also administered as usual. The system is only activated when the cannula is inserted and it automatically ensures that the safety mechanism is permanently locked when the syringe is removed from the injection site. This guarantees that the cannula is reliably covered and the syringe cannot be reused. Gx® InnoSafe™ is based on a joint development partnership with West Pharmaceuticals. Gerresheimer has the exclusive marketing rights for this innovative system, which will set a new standard in the market.

The Gx® Elite vials developed by Gerresheimer represent a new quality standard for type 1 borosilicate glass vials. They are the result of comprehensive optimization measures in the conversion process which have focused on designing out all risks of product flaws being caused during production, including the removal of all glass-to-glass contact beginning

with the tubing material all the way through final packaging of the vials. The chemical composition of the borosilicate glass is still the same. The highly shatter-resistant injection vials are extremely durable and free of cosmetic defects. They also boast high dimensional accuracy.

The new Gx® RTF vials with the recognized Ompi EZ-Fill® packaging technology combine the two Gerresheimer core competencies of molding vials from glass tubing and the ready-to-fill process for prefillable syringes. Gx® RTF vials are washed, packed in trays or nest and tub, sterilized and shipped to pharma customers, who can then start filling straightaway without any additional process steps. The new product is available in several formats for nest and tub. With this new packaging technology, the vials can be used at any time from the development phase of new medications, to small-batch production or even industrial-scale production.

In a joint venture with Corning, Gerresheimer also develops additional high-quality primary pharma packaging products made from the innovative Valor™ Glass for special applications. Valor™ Glass is a glass container engineered for the storage and delivery of injectable drugs. Its superior strength, chemical durability and damage resistance result in better protection for drug products. Valor™ Glass also enables increased throughput and higher levels of quality assurance for pharmaceutical companies, and higher-quality medicines for patients. Corning and Gerresheimer have been working together since 2015 to accelerate Corning innovations for the pharmaceutical glass packaging market.

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 biomaterials is fully recyclable, has the same properties as conventional packaging and can be used on existing filling and packaging lines.

We continuously work on improvements of existing products, which are often crucial for our customers and end users. New requirements from the US Food and Drug Administration (FDA) stipulate that the tamper-evident ring must stay firmly affixed to a bottle once it has been opened. Thanks to experience with a different eye drop bottle which has a ring affixed to the bottle, this product change could be transferred to another bottle type.

Patients often prefer packaging that is not recognizable as medication at first glance. The containers in the Duma® Pocket family have a compact oval shape which makes them look like a box of sweeteners or something similar. Duma® Pocket is available in a wide range of filling sizes and colors and with a variety of closures. In 2017 we added new filling sizes with child-resistant closures to the portfolio. The Duma® Pocket family is part of the extensive Duma range, which was launched exactly 50 years ago with the renowned 50 ml Duma standard bottle.

CUSTOMER-SPECIFIC DEVELOPMENT

For customer-specific medical plastic 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 multi-stage 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. To this end, we have set up a separate small-batch production line within the development center in Wackersdorf so that we can flexibly react to customer inquiries and integrate this into our development process.

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 notable focus of capital investment for the growing high-quality cosmetics packaging market.

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

VALUE CHAIN

PROCUREMENT

The Gerresheimer Group's total cost of materials (including raw materials, consumables and supplies, energy costs, packaging materials and purchased services) in the financial year under review was EUR 489.2m (2016: EUR 494.7m). The procurement rate—the cost of procuring materials as a percentage of revenues—thus stood at 36.3%, slightly above the prior-year rate of 36.0%. As our divisions deploy different production technologies and production is distributed worldwide across Europe, North America, South America and Asia, our procurement is largely decentralized. Energy and goods or services not relevant to production, such as access to data networks as well as hardware and software, are largely sourced centrally.

Our interactions with suppliers are governed by the Gerresheimer Compliance Program as well as by purchasing policies and procedural guidelines. It is also extremely important for us that our suppliers comply with the high quality and sustainability requirements of our business. This is why we prefer to work with suppliers who are certified in accordance with the relevant ISO standards and also comply with the guidelines on quality assurance in the production of drugs and active ingredients (good manufacturing practice, or GMP). We ensure that our suppliers adhere to the Gerresheimer Principles for Responsible Supply Chain Management (available on our website at: www.gerresheimer.com/en/company/corporate-social-responsibility/customers-suppliers.html). In addition to key precepts relating to occupational health and ethical business conduct, this also addresses the issue of environmental protection. For example, our suppliers must adhere to all applicable environmental regulations and must have implemented systems that ensure safe management of waste, emissions and wastewater and that prevent and minimize chance or accidental contamination and releases into the environment. We regularly conduct supplier audits as required under our Gerresheimer Management System (GMS) in order to review and communicate our requirements to our suppliers.

As a manufacturer of high-quality primary pharma packaging, our molded glass plants use quartz sand, soda and soda lime as raw materials to make glass, along with other additives in relatively small quantities. These basic products are freely available and we procure them from a range of suppliers. There were consequently no disruptions to supply or shortages with a significant impact on our business development in the reporting period. Making glass also uses large quantities of energy, mostly in the form of gas and electricity. Some customer contracts provide for automatic adjustment after a specific time when energy prices change. As our contracts with pharmaceutical glass container and cosmetic glass customers rarely carry an agreed term of more than two years, adjustments for any changes in energy prices are generally made where necessary when agreements are extended. We minimize any residual risks as far as possible using hedges (see under "Financial Risks").

The production of plastic pharmaceutical primary packaging and of complex drug delivery systems like insulin pens and inhalers requires energy and above all specialist plastic granules made from polyethylene, polypropylene and polystyrene, for example. These basic products are also freely available and procured from a range of suppliers. Here, too, there were consequently no disruptions to supply or shortages with a significant impact on our business development in the reporting period. The purchase prices for plastic granules depend, to a large extent, on the world market price for oil. In our contracts with customers for plastic pharma packaging and drug delivery devices, we therefore generally include provision for adjustments when granule and energy prices change, so as to minimize the risk of price changes in these basic products.

PRODUCTION

The same exceptionally high quality standards that are applied in the production of drugs also apply to the production of primary pharma packaging. Our in-house experts, our customers, external appraisers and supervisory bodies regularly verify our compliance with these standards, which are grouped under the heading of good manufacturing practice (GMP). Whatever form the production processes in the two divisions take, the principles of the Gerresheimer Management System (GMS—see under "Business Excellence") and the requirements of the Gerresheimer quality initiative (see under "Quality Management") apply at every Gerresheimer plant worldwide. This is how we ensure that management systems and quality standards stay uniform.

Each division's production capacities are generally planned centrally based on the order situation, delivery deadlines and regulatory issues, and distributed among the plants in each division at a regional or global level in line with the orders on hand. Efficiency and optimum capacity utilization are instrumental here. Notably in the Primary Packaging Glass Division, high capacity utilization in molded glass plants is crucial to profitability because these production processes involve melting various raw materials into glass in energy-intensive furnaces. Another key profitability factor is minimizing idle time. Set-up times indicate how long it takes to retool for the next product to be manufactured. Notably in our Primary Packaging Glass Division, we have continuously improved over the last few years in terms of optimizing furnace capacity utilization and reducing set-up times. Given the large number of different products in this division, this is a decisive competitive advantage and it also has a positive impact on energy consumption and thus on CO_2 emissions.

Security of supply and delivery reliability are critical factors for the pharma industry. Accordingly, we use standardized—or at least comparable—technologies at all plants worldwide and consistently apply our GMS. This has the advantage that many of our products can be produced at another site if local production bottlenecks arise. As a result, our customers enjoy significantly enhanced security of supply—and we enjoy a critical competitive edge. As part of our global machine strategy, we are equipping all our injection vial production plants worldwide with the same state-of-the-art machinery. This will enable us to supply our customers with improved injection vials that meet the highest quality standards from any of our sites. After completing the machinery upgrades in the USA and Mexico and beginning to install the first machines in Europe in 2016, in 2017 we continued implementing the machine strategy in Europe and started installing the first machinery in Asia.

SALES

We sell our primary packaging solutions mostly to companies in the global pharma and healthcare and cosmetics industries, with 83% of our revenues being generated in the pharma and healthcare sector. Furthermore, our US subsidiary Centor markets its products to wholesalers and pharmacies. In addition to our own high standards with regard to quality and sustainability, as a supplier to the pharma and cosmetics industries, we are also subject to the stringent requirements of these companies. As such, we are regularly reviewed in supplier audits by our customers and we must comply with customer-specific requirements. Moreover, participating and achieving particular results in the Carbon Disclosure Project (CDP) is a prerequisite for having a supplier relationship with certain customers. More information about this can be found in the chapter "Environmental Issues: Climate-relevant Emissions – The Carbon Disclosure Project" on page 65 of this Annual Report.

The end users of our products are always patients, or in the case of cosmetic products, consumers. Patient safety is always of the utmost importance for us. Therefore, in addition to sustainability aspects—including both social and environmental issues—our top priority is ensuring the highest quality along every link in the value chain, from the raw materials producers to delivery of orders.

QUALITY MANAGEMENT

High standards of quality across all products and processes are maintained as a matter of course at all our production locations. In attaining our self-imposed quality requirements and targets, an important part is played by our Gerresheimer Management System (GMS), which is mandatory for all of our plants worldwide. In a Group-wide quality initiative launched in 2011, we have developed binding quality requirements and key performance indicators (KPIs), and implemented them at all divisions and plants the world over. Using these indicators, we continuously monitor processes to secure production, process and customer service quality levels. This considerably shortens our reaction time to any variance from self-imposed targets. Monitoring and measurement of internal metrics is supplemented with direct feedback from customers and regular global customer satisfaction surveys (see under "Customer Satisfaction"). In addition to our own quality targets, we also develop other, customer-specific quality agreements.

In the financial year 2017 we launched "Quality in everything", a global internal campaign for all employees. The aim of this 12-month campaign is to increase each employee's awareness of their responsibility for quality in its many facets. The quality campaign is being rolled out in several phases via various media channels, such as newsletters, posters, flyers, videos, activity days and more, in all plants.

We support our customers in regulatory processes such as compliance with GMP and FDA guidelines as well as preparing and submitting documentation for medical products and pharmaceutical primary packaging (including Type III Drug Master Files (DMFs) and EU files). Most of our primary packaging solutions meet the requirements of the European Pharmacopoeia (Ph. Eur.) and United States Pharmacopeia (USP) and to some extent also the Japanese Pharmacopoeia (JP). For this purpose, we provide a high level of documentation for our products. As a result, we have FDA registrations, Drug Master Files, product registrations and product approvals in numerous countries to provide our customers with full information about our products.

A key element of our continuous quality improvement is the increased use of cleanroom technology, which we are constantly extending and enhancing. In many of our plants, products are made, processed and wrapped in cleanrooms. Automated product inspection is also crucial. Most plants make widespread use of automated inspection systems to measure and control each and every product. Advanced, fully automated high-resolution camera and sorting systems play an important part. These include our proprietary quality systems, such as Gx® G3, Gx® FLASH, Gx® RHOC, Gx® THOR and Gx® Tekion®. Further information on innovation and quality improvements in products and processes is provided under "Innovation, Research and Development".

Initial and regularly renewed certification serves as objective proof that our production operations and processes conform to specific criteria and standards. All of our production facilities have ISO 9001 quality management systems certification. Fifteen plants are certified to ISO 15378 as meeting the special requirements for the manufacture of pharmaceutical primary packaging materials. Eleven plants possess ISO 13485 certification, which stipulates the requirements for a comprehensive management system for the design and manufacture of medicinal products. In addition, 13 locations have ISO 14001 certification for environmental management and eleven have ISO 50001 certification for state-of-the-art energy management systems. Our plant in Pfreimd (Germany) additionally has a manufacturing license in accordance with the German Medicines Act for pharmaceutical secondary packaging in large-scale production and for the production of clinical samples. With regard to the transfer of the demanding GMP rules from the pharmaceutical sector to cosmetics packaging, we meet ISO 22716 at our cosmetic glass plant in Tettau (Germany).

COMPLIANCE

It is vital for 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 laws and rules of fair competition.

The Gerresheimer Compliance Management System (CMS) was introduced in 2009 and has been subject to ongoing development ever since. From the outset, the main focus of compliance has been on combating corruption and adhering to the provisions of antitrust and capital market law. Violations in these areas can result in major loss or damage that must be avoided in all circumstances. It goes without saying that Gerresheimer promotes conduct aligned with the rules of compliance in all other areas as well.

The core elements of the CMS include the Gerresheimer Compliance Program, on-site training, web-based e-learning programs, and a whistleblower system that allows reports to be made anonymously if desired.

COMPLIANCE ORGANIZATION

Performance of the management function in the area of compliance is the duty of the entire Management Board of Gerresheimer AG. On the Management Board, the Chief Executive Officer holds a special responsibility for compliance.

Responsibilities of the latter notably include preparing Management Board resolutions in relation to compliance issues, deciding measures to investigate and sanction compliance violations, reporting to the Management Board and to the Supervisory Board Audit Committee on compliance cases, action taken and revision of the Compliance Guidelines, and functional supervision of the Compliance Officer.

The role of the Compliance Officer as appointed by the Management Board is held by the General Counsel. Organizational responsibility is held by the Compliance Officer for implementing and updating the guidelines issued by the Management Board and for providing training, and serves as point of contact for questions and suggestions on the Gerresheimer Compliance Program and for reporting on any violations of compliance rules. In the event of infringements, the Compliance Officer carries out investigations and disciplinary action on the instruction of the CEO. Possible legal consequences of compliance violations comprise sanctions under labor law, enforcing damages claims, and pressing criminal charges.

Each Gerresheimer Group Company has a designated individual who is responsible for compliance in that company. These individuals each have responsibility for monitoring compliance and, in consultation with the Compliance Officer, for providing compliance training in their company.

GERRESHEIMER COMPLIANCE PROGRAM

The Gerresheimer Compliance Program is designed to help our employees to apply the law and company guidelines correctly and to safeguard them against committing any infringements in this regard. All three focal areas selected for the Gerresheimer Compliance Program (combating corruption, antitrust law and capital market law) are covered by binding guidelines supplemented by instructions. Infringements are not tolerated in any of these areas.

Specifically, the Gerresheimer Compliance Program comprises the following elements:

- Mission Statement
- Group Guideline on the Compliance Organization
- Group Guideline on Combating Corruption
- Group Guideline on the Employment of Consultants and Agents
- Group Guideline on Compliance with Antitrust Regulations
- Group Guideline on Insider Law
- Instructions on the Group Guideline on Combating Corruption
- Instructions on Compliance with Antitrust Regulations
- Instructions on Conduct in the Case of Official Searches
- Instructions on Managers' Transactions (Insider Guideline)
- Instructions on Consequences of Compliance Infringements

All compliance guidelines are publicly available on the website, www.gerresheimer.com.

ON-SITE TRAINING

All Gerresheimer Group companies run on-site training courses to introduce the Gerresheimer Compliance Program. Attendance is mandatory for all managing directors, senior staff, sales and purchasing employees, and—in consultation with the local managing directors—any other employees who could potentially become involved in corruption or antitrust matters. This ensures that employees are able to take notice of the guidelines issued by the Management Board and apply them in their day-to-day work.

In Germany, the on-site training is led by the Compliance Officer or one of his or her colleagues; in other countries, it is led by local attorneys.

E-LEARNING PROGRAMS

The electronic training programs are intended to supplement the on-site sessions in order to refresh employees' memories about the content of the Gerresheimer Compliance Program at irregular intervals. Our staff are required to complete these training programs and can do so at work as part of their working day. There are currently training programs on the focal areas of combating corruption and antitrust law.

These programs are available in several languages for the same employees who attend the on-site sessions. Approximately 930 employees worldwide are required to take part in the on-site training courses and e-learning programs.

WHISTLEBLOWER SYSTEM

Another key element of the CMS is the electronic whistleblower system. It is geared toward exposing white-collar crime and thus protecting Gerresheimer against damage and loss.

The whistleblower system provides a direct, online channel to the Compliance Officer that is available around the clock and anywhere in the world. Whistleblowers can choose to give their name or remain anonymous. This reporting procedure is open to employees, customers, and suppliers as well as other third parties. The whistleblower system can be used in all the languages relevant to the Gerresheimer Group in order to make it as easy as possible to access.

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. As employees play a key role in implementation, the GMS training is subject to ongoing development.

A new generation of the Gerresheimer Management System—GMS 3.0—was published and rolled out throughout the Group in 2017. GMS 3.0 directs the focus of the overall system away from the mere application of "lean tools" and the implementation of a "program" towards influencing and changing the behaviour of our managers and employees in the sense of a culture of continuous improvement. The largest substantive changes in terms of content arose in the creation of a new "Framework", as well as in the areas of "Employee Systems" and "Quality Systems". In addition, a new logo and design elements were used to create new visual accents and strengthen the recognition value for the employees.

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 who make a lasting contribution to the implementation of the system. 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 the evaluations, site-specific recommendations and action plans are developed to ensure further targeted, continuous improvement. The evaluation system is currently undergoing a fundamental overhaul in terms of its structure, content and evaluation components and is also being transferred to a new digital platform. In addition to carrying out evaluations, documenting deviations and recommendations, developing and tracking action plans, this platform enables all sites to benchmark with other plants. Overall, this leads to improved transparency regarding the respective status and further progress of the overall system.

More than 70 participants from 13 countries came to this year's 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. The event this year centered on GMS 3.0 with its new content and focal areas, and the conferment of the GMS Awards by the Management Board to four project teams and one plant in recognition of their excellent implementation projects.

Enterprise-wide learning by linking experts and sharing successful solutions within and between locations is an important goal of GMS. In order to promote and facilitate this collaboration, the worldwide GMS experts have been working and communicating since September 2017 as one of the first user groups on our new Enterprise Collaboration platform "Gx connect".

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 in what areas 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.

Following the worldwide surveys in 2011, 2013 and 2016, the next is planned for 2019. The findings of the most recent global survey are being put to use in order to drive continues improvement measures across all divisions and plants. 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.

SUSTAINABILITY

STRATEGIC ANALYSIS, MEASURES, MATERIALITY AND TARGETS

Sustainability and corporate responsibility are 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.

To clearly structure and present the various aspects of sustainability, the sections below are based on the requirements of the German Sustainability Code (DNK) and thus, in the case of specific performance indicators, on the globally recognized G4 Global Reporting Initiative (GRI). However, the section on sustainability was not audited or certified in relation to the German Sustainability Code or GRI in 2017.

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 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 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. Many of our international pharma and cosmetics customers regularly audit our sustainability strategy and our approach to corporate social responsibility. We also engage in ongoing dialogue with our investors about our sustainability strategy.

To improve the effectiveness of our existing sustainability strategy, we introduced a systematic process in 2017 to record and prioritize the demands placed on us by external and internal stakeholders using the internationally recognized sustainability materiality matrix method. The findings will help us to review our sustainability strategy and ensure it is geared consistently to the principles of materiality. This process involves linking short-term and long-term targets that reflect the requirements of society, our customers and our workforce.

Our approach to corporate responsibility and sustainability takes in environmental, social and economic aspects. In this connection, the responsible use of resources is always our top priority. As a manufacturing enterprise, we use large amounts of energy. In 2008, we therefore set ourselves corresponding targets for the reduction of CO_2 emissions, which are measured annually through the internationally recognized Carbon Disclosure Project (CDP). By achieving these CO_2 reduction targets, we are making an important contribution to conserving resources and protecting the environment, and we are meeting the requirements of our customers and other stakeholders. Our CO_2 reduction targets are strategically monitored at the central level and reviewed annually by the Management Board. In line with our decentralized organizational structure, the other components of our sustainability strategy are the responsibility of our divisions, business units and plants.

Compliance with statutory requirements is, in every respect, a matter of course for us and is monitored by the Management Board within the framework of our compliance management system. This covers social and environmental dimensions and—above all—the fair and respectful treatment of all employees. Because our understanding of sustainability goes above and beyond national statutory requirements in many ways and applies equally in all Gerresheimer locations, we set and continuously refine our own standards. We consider compliance with these standards to be essential and business-critical.

Our sustainability principles are enshrined in the Gerresheimer Management System (GMS) and provide guidance for production, purchasing and improvement processes at all locations worldwide. Our plants are audited regularly for compliance with our GMS and together with the sustainability and procurement issues it covers. For additional information, see under "Business Excellence".

DEPTH OF THE VALUE CHAIN

Sustainability aspects also play an important role in the value chain. This has been incorporated into the Gerresheimer Management System (GMS) and in our principles for responsible supply chain management for many years. For further details, see under "Value Creation".

RESPONSIBILITIES, RULES AND PROCESSES, CONTROLS, INCENTIVE SYSTEMS

Our key sustainability targets and processes are defined in the Gerresheimer Management System (GMS). Based on this system and following the usual allocation of responsibilities, responsibility for achieving targets and complying with processes—including in the area of sustainability—lies with the managers of the divisions and plants and with all employees. Our sustainability targets are monitored and audited as part of the regular GMS audits of plants and locations and the GMS audits of suppliers.

Achievement of our CO_2 emissions targets, which we consider to be our most important sustainability target, is reviewed annually by the Management Board as part of our participation in the Carbon Disclosure Project. No further, regular controls are carried out by the Management Board or by the Supervisory Board, notwithstanding individual controls of specific compliance issues.

Because the achievement of our sustainability targets and compliance with sustainability rules are part of our normal business processes and are part of the responsibilities carried out daily as a matter of course by management and all employees, no separate incentive system currently exists for this (for example, within bonus arrangements) for the Management Board, management or employees. Moreover, there are currently no plans to introduce such a system.

PARTICIPATION OF STAKEHOLDER GROUPS

We have refined our sustainability strategy in recent years based on feedback from our key stakeholder groups. Our main focus in this regard is on the requirements of our customers, workforce and investors, as well as those of institutions, lawmakers and the public.

Many of our international pharma and cosmetics customers regularly audit our sustainability strategy and our approach to corporate social responsibility, according to common international practice. The main lines of these customer audits provide the basis for refining our sustainability strategy. As part of our involvement in the Carbon Disclosure Project (CDP), we have also continuously improved our commitment to the environment in line with developments in the CDP. For example, for the last two years our CO_2 reporting for the CDP has been certified by an independent party (TÜV). Through ongoing dialogue with investors, we are constantly challenged to measure up to their needs and different criteria for sustainability. This is also factored into the ongoing development of our sustainability strategy. Employee feedback is collected regularly through both the global employee survey and continuous dialogue with employees, employee representatives and trade unions. Priorities in this area include workplace-related issues, training, occupational safety and health, codetermination and various other social issues.

To improve the effectiveness of our sustainability strategy, we introduced a systematic process in 2017 to record and prioritize the demands placed on us by external and internal stakeholders.

INNOVATION AND PRODUCT MANAGEMENT

For sustainability issues relating to innovation and product management, see "Innovation, Research and Development".

ENVIRONMENTAL ISSUES: USE OF NATURAL RESOURCES AND RESOURCE MANAGEMENT

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 are certified in accordance with ISO 50001 (energy management), including the German plants in Lohr, Tettau, Essen, Buende, Pfreimd and headquarters in Duesseldorf and our large plant in Horsovsky Tyn (Czech Republic). 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.

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. 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 end product quality, and there are no pharmaceutical or cosmetic regulatory requirements to restrict its use. As well as having our own, internal cullet cycle, we work with suppliers such as glass tubing producers. This enables us to return borosilicate glass cullet from our glass converting process to glass tubing producers who then use this to make new borosilicate glass tubes. Our production location in Morganton (North Carolina/USA) was one of several plants in 2017 to successfully implement a special project to increase the collection rate of borosilicate glass cullet, which in turn led to a significant reduction in the volume of waste.

ENVIRONMENTAL PROTECTION IN PRODUCTION

For us at Gerresheimer, environmental protection goes hand in hand with energy efficiency. Glass melting operations in particular use a lot of energy. This is why we regularly overhaul and repair the Group's energy-intensive equipment, such as the furnaces in our molded glass plants. This enables us to install cutting-edge glass-melting technology and modernize production systems as a whole. As a result, we consistently achieve improvements in energy efficiency through major or minor furnace repairs. A comprehensive overhaul of a furnace in 2017 using the latest furnace technology led to a substantial reduction in energy consumption and CO_2 emissions per ton of glass melted at our plant in Momignies (Belgium). Significant reductions in energy consumption and CO_2 emissions per ton of melted glass were also recorded at our cosmetic glass plant in Tettau in 2017, mainly due to the overhaul of a furnace in 2016. A wastewater reduction project was launched at the same plant in 2017. Thanks to a new circulatory system, the volume of wastewater was reduced by a figure in the double-digit percentage range.

Waste prevention plays an important role at all our plants. At our plant for plastic containers in Boleslawiec (Poland) and at our plant in Zaragoza (Spain), for example, we have taken appropriate measures to significantly reduce the volume of plastic waste. In Boleslawiec, we have reduced the energy needed for the injection molding process by switching to a new compressor technology. In Zaragoza, we have cut energy requirements by a double-digit percentage over two years thanks to the use of new injection molding machines.

In addition to knowledge transfer within the Gerresheimer Group, regional and industry organizations play an ever more important part in matters of energy efficiency and environmental protection. The molded glass plant in Essen, for example, is a member of the ECOPROFIT platform. This is a collaborative project between local authorities and local business aimed at reducing operating costs while conserving natural resources—notably energy and water. The Federal Association of the German Glass Industry (BV Glas), of which we are a member, has joined a German government initiative to create energy efficiency networks. Our cosmetic glass plant in Tettau, for instance, is in the Frankenwald regional network.

We also use renewable energy to meet our plants' energy requirements. One example is our plant in Kundli (India), where some of the energy used in making plastic pharma packaging is provided by solar power.

In the Medical Systems Business Unit, ISO 14001 (environmental management) and ISO 50001 (energy management) certification has been supplemented by introducing a global operational safety management system. This covers occupational safety and health, fire prevention, environmental management and energy management, and anticipates the introduction of ISO 45001 (future occupational health and safety management system). All plants in this business unit are managed via a recently introduced software, with requirements and targets for saving energy and cutting CO_2 emissions. All employees and suppliers are thus required to contribute to achievement of the corresponding targets.

Operating cleanrooms consumes a lot of energy. Energy-saving measures, such as installing the latest-generation, energy-efficient cleanroom technology, are therefore important in cleanroom construction and operation. At our plant in Buende (Germany), a combined heat and power (CHP) plant that has been in operation for three years helps reduce primary energy consumption and CO_2 emissions. The CHP plant is a cogeneration system producing electricity and heat on a decentralized basis.

Further scope for improvement can be identified at many plants for the production of medical plastic systems and prefillable syringes by reviewing the specifications for production sections and cleanrooms. In many cases, we were able to fine-tune the required temperature, moisture and air pressure to meet customer and regulatory requirements while cutting energy consumption spikes from peak loads. The installation of new energy data collection systems also played a crucial role in improvement projects. We were able to reduce the amount of compressed air we use by measuring compressed air leaks. Based on a pilot project at our plant in Pfreimd (Germany) in 2016, we developed a novel material drying control system and process approach that delivers substantial energy savings and is being deployed in Pfreimd and at several other locations. The latest ventilation and cleanroom technologies, which are already successfully in use at our plants in Europe, were also deployed as part of the expansion of the plant for the production of medical plastic systems in Peachtree City (Georgia/USA). As a result of this and various other measures, substantial reductions in energy consumption and CO_2 emissions were recorded there. So much so that the plant received an award from a key customer in recognition of its achievements.

Energy use for lighting is a key factor at many sites. We are thus replacing old bulbs and tubes with energy-saving LEDs in many plants and exploring the use of LED lighting in all building conversions and extensions. In many plants, areas that are not in use all the time, such as store rooms, have been fitted with presence sensors that turn off the lights when there is nobody around.

ENVIRONMENTAL REGULATIONS AND VEHICLE FLEET

Our global vehicle fleet consists of 272 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. The use of diesel-powered vehicles in our fleet will be gradually reduced over time in light of the recent findings on environmental issues and harmful emissions. As a contribution to sustainability and environmental protection, only vehicle models that have passed the ADAC EcoTest and gained a rating of at least four stars are permitted in Germany. Models that have not been tested are not permitted. In the procurement and operation of our vehicle fleet, we aim to adopt the best available technology and reduce pollution. Our guidelines were revised in 2016 to enable the purchase of hybrid or electrically powered vehicles for our 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. We were not found in 2017 to be in breach of any environmental regulations that could lead to regulatory investigations with subsequent restrictions or fines.

ENVIRONMENTAL ISSUES: CLIMATE-RELEVANT EMISSIONS—THE CARBON DISCLOSURE PROJECT

We regularly publish the goals, strategies and positive outcomes of environmental protection initiatives and activities in connection with our participation in the Carbon Disclosure Project (CDP). This is the world's biggest initiative to reduce carbon emissions. For nine years now, we have been actively involved in the CDP. We measure, analyze and manage our CO_2 emissions at all production locations, and report annually on their composition and any changes that have occurred as well as various measures adopted to reduce CO_2 emissions. The data for the financial year 2016 was collected internationally using standardized methods in spring 2017 and published by the CDP in fall 2017.

Our environment strategy target is to reduce the ratio of emissions to revenues. This means that our revenues are to grow faster in the future than the unavoidable CO_2 emissions produced in revenue generation. We met our target once again in the financial year 2017: The ratio of CO_2 emissions to revenues fell by 8.8% between 2015 and 2016. We thus achieved a substantial further percentage improvement. This positive trend is also plain to see from the multi-year analysis.

Our results at a glance:

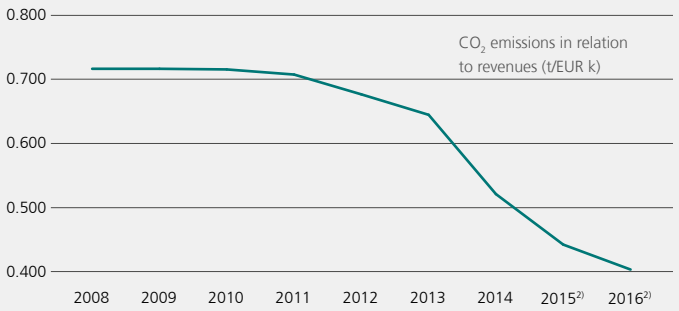
Carbon Disclosure Project 2008 to 2016

	2008	2009	2010	2011	2012	2013	2014	2015[2]	2016[2]
Total CO_2 emissions[1] in tons (t)	760,076	716,702	733,576	775,372	825,235	817,097	672,624	567,451	554,889
Revenues in EUR m	1,060.1	1,000.2	1,024.8	1,094.7	1,219.1	1,265.9	1,290.0	1,282.9	1,375.5
CO_2 emissions in relation to revenues (t/EUR k)	0.717	0.717	0.716	0.708	0.677	0.645	0.521	0.442	0.403

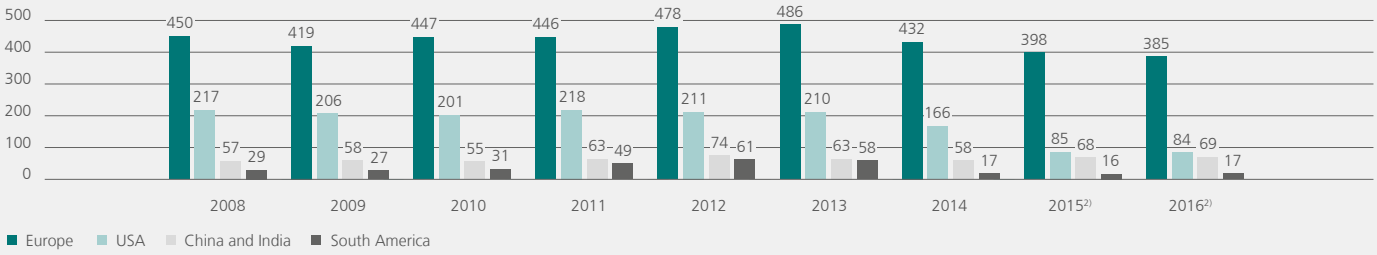
[1] Excluding Scope 3 emissions.
[2] Excluding the Life Science Research Division (sold as of October 31, 2016).

In the financial year 2016, our direct greenhouse gas emissions (Scope 1) totaled 253,814 tons of CO_2, while indirect energy-related greenhouse gases (Scope 2) came to 301,075 tons of CO_2. Compared with 2015, we were able to reduce our carbon emissions by a total of 12,562 tons of CO_2 in the financial year 2016. Accounting for around a third (Scope 1) and around half (Scope 2) of all emissions, combustibles and purchased electricity were the largest source of emissions.

Improved ratio of emissions to revenues



CO_2 emissions by region in tons k[1)]



[1)] Excluding Scope 3 emissions.
[2)] Excluding the Life Science Research Division (sold as of October 31, 2016).

Alongside our own target, we have launched further improvements within the context of CDP. For instance, we have improved the CDP verification criterion in recent years. Our activities and data are checked by the TÜV inspectorate and certified to ISO 14064-3. With an overall score of B this year, we once again surpassed both the average overall score of companies participating in the CDP and the sector-specific average for the healthcare sector (both C). Within our sector, we therefore continue to be ranked in the top five companies in the CDP. The overall aim is for investors and customers to be able to assess, based on wide-ranging data and indices, whether a company gives sufficient consideration to climate change issues in its decisions and structures.

Further information and definitions are available at www.gerresheimer.com/en/company/corporate-social-responsibility/carbon-disclosure-project and www.cdp.net.

EMPLOYEE RIGHTS, EQUAL OPPORTUNITIES AND TRAINING

Further information on employee rights, equal opportunities and training is provided under "Employees".

HUMAN RIGHTS

We see it as our responsibility to do all we can to prevent any violation of human rights, forced and child labor, and discrimination in our Company. This applies to all our locations and plants, particularly those in risk countries such as India, China, Mexico and Brazil. Strict regulations on compliance with human rights and the prohibition of forced and child labor and discrimination also apply there. It goes without saying that we comply with all relevant legislation in these countries and, in many cases, document this for local authorities in accordance with local regulations. We are also committed to ensuring compliance internally, as documented in greater detail in our policy on corporate social responsibility. The same applies to our suppliers, as set out in our principles for responsible supply chain management. Both sets of requirements are part of the Gerresheimer Management System (GMS) and, as such, are audited internally and by our suppliers, see "Business Excellence". An out-of-court settlement was reached following an alleged violation of human rights at one of our plants in the USA in the financial year 2017.

COMMUNITY

At many of our locations, Gerresheimer and our employees embrace responsibility at the local level by supporting local and regional initiatives and charities. We mainly focus on supporting young people and on schooling and education, but are also involved in a variety of local social projects. All plants in Germany provide training for young people, see "Employees". Our German plants also take part in the Girls' Day initiative, an annual event in Germany that aims to enable young women to find out more about technical jobs. In addition to the various activities organized at our locations throughout Germany, a case in point in the area of initial and further training is the creation of co-op education programs at our Czech plant in Horsovsky Tyn, which was once again commended in 2017. 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. With support from the innovation network, the new ZukunftsDesign master's program was developed and is now being offered at Coburg University of Applied Sciences, for example. 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 thanks to our support. Our plant in Tettau (Germany) supports the town's local school. Headquarters in Duesseldorf made a donation to Ferdinand-Heye-Grundschule to mark the primary school's 150th anniversary. Numerous other activities were organized to support charitable causes in 2017, including Christmas campaigns to support the needy in Vineland (New Jersey/USA) and activities to support seriously ill children in Pfreimd (Germany) and Regensburg (Germany). A One Gerresheimer Week took place at all plants in summer 2017. Staff organized a diverse range of activities that included collecting for and supporting local charities.

POLITICAL INFLUENCE

Gerresheimer does not exert political influence beyond the scope of usual industry association activities. Because our glass production plants consume a lot of energy, legislation and tax regulation relating to the purchase and consumption of energy and treatment of emissions is of particular interest to us. As an enterprise, we have no influence on the corresponding legislative process and instead work to establish a joint position on such issues through our involvement in relevant industry associations. Other than this, Gerresheimer is not engaged or involved in any political activities. Gerresheimer does not have offices for political communication in Berlin, Brussels or other cities. We are a member of the following industry associations: Federal Association of the German Glass Industry (BV Glas) (for glass locations in Germany) and the European Glass Container Federation (FEVE) for glass container plants in Germany. Gerresheimer is also a member of relevant employer associations. Gerresheimer makes no donations or contributions to governments, political parties or politicians in any part of the world. The requirements for charitable donations and the award of consultancy contracts are strictly regulated, require corresponding approval and are subject to strict compliance regulations.

LAWFUL CONDUCT AND COMPLIANCE

Information on lawful conduct and compliance with guidelines is provided under "Compliance".

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.

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 2018, 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 2018. 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 ninth 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 and, 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 2018.

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). The new Management Board remuneration system approved at the Annual General Meeting on April 30, 2015 now applies to all members of the Gerresheimer AG Management Board.

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 and the customary fringe benefits, a short-term performance-based bonus, a component with a long-term incentive effect, stock appreciation rights and pension benefits.

NON-PERFORMANCE-BASED REMUNERATION

The non-performance-based components are a fixed salary and non-cash fringe benefits. The latter mainly comprise 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 cash remuneration is tied to attainment of annual target values agreed in each member's contract of employment. The target figures are derived from a budget approved by the Supervisory Board. They relate to variously weighted financial KPIs, namely adjusted EBITDA, net working capital and revenues. The net working capital target component is calculated as average net working capital as a percentage of revenues. If all targets are met, the short-term variable cash remuneration is 50% of the individual fixed salary. Limited to a maximum of 70% 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.

The short-term variable cash remuneration was previously based on the financial KPIs adjusted EBITDA, revenues, net working capital and capital expenditure. If all targets were met, the short-term variable cash remuneration was 50% of the individual fixed salary. Limited to a maximum of 60% of the individual fixed salary, the short-term variable cash remuneration was also paid out in the subsequent year following approval of the consolidated financial statements by the Supervisory Board. This old rule continues to apply on a pro rata temporis basis to just one Management Board member for the financial year 2017.

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 (Gx ROCE).

For long-term variable cash remuneration, the Gx ROCE target corridor is set each year for the next three years based on the business plan. 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. Bonuses are paid out three years after the base year.

Target attainment was previously 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.

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 receive a value-based allocation, according to the share price, for each year of service on the Management Board. Management Board members 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 the Management Board member still being in active service in the Company and a member of the Management Board based on his Management Board contract on the issue date. 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. All entitlements to the issue of further phantom stock expire without substitution or compensation on withdrawal of the respective member of the Management Board. This also applies to the year of early contract termination itself if the contract is terminated before the

issue date in that year. Any exercisable phantom stock entitlements that are within the defined exercise period, and all entitlements arising from phantom stock already issued but yet to mature that are within the defined waiting period remain unaffected and can be exercised by the holder in accordance with the general stipulations of the phantom stock agreement. However, any phantom stock entitlements for tranches already issued are reduced on a pro rata temporis basis in the year of withdrawal.

The issue price for the 2017 tranche is EUR 74.61 and only takes into account commitments under the new system.

Under the previous agreements, Management Board members were 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 entitled the holder to a payment based on the change in the share price, subject to a performance threshold: At the exercise date, this dictated that 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. It was possible to exercise stock appreciation rights during a 16-month exercise period following a four-year waiting period. The payment amount was 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 was capped at 25% of the initial price of all stock appreciation rights in the same tranche. At the time of termination of the Management Board contract, all exercisable stock appreciation rights, all entitlements resulting from stock appreciation rights already granted but yet to mature and all entitlements to the issue of further stock appreciation rights expired without substitution or compensation. If the day on which the employment contract of the holder ended was after the first anniversary of the issue date of stock appreciation rights in a tranche already issued, but before the exercise date for this tranche, the stock appreciation rights in this tranche remained unaffected.

Pension benefits

Defined pension benefits for active members of the Management Board are generally handled 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, has been 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 short-term variable cash remuneration attained. New Management Board members may choose from three options as to how this amount is used: (1) 20% of the fixed salary paid into an insurance policy and 20% of the short-term variable cash remuneration paid into an investment; (2) 20% of the fixed salary paid into an insurance policy and 20% of the short-term variable cash remuneration paid out for personal pension provision; (3) 20% of the fixed salary and 20% of the short-term variable cash remuneration 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 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.

Mr. Schütte has a special right of termination owing to Mr. Fischer's appointment as Chief Executive Officer. 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 clause for the duration of two years after termination of his contract of employment (post-contractual non-compete clause). 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 clause until one year before expiration of the post-contractual non-compete clause at the earliest. For the duration of (any) such post-contractual non-compete clause, to wit for two years except in the event of a waiver of the post-contractual non-compete clause, 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 clause. 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 clause 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.

A non-compete clause was also agreed with all active Management Board members for the duration of their respective contracts. Mr. Fischer's non-compete clause will continue to apply for two years after termination of his contract. For the duration of the post-contractual non-compete clause, Mr. Fischer 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 and 100% of the amount of short-term variable cash remuneration to be paid on attainment of the financial targets. Mr. Schütte's non-compete clause will also apply for a period of two years if his contract is ended as a result of his exercising the above-mentioned special right of termination. For the duration of the post-contractual non-compete clause, 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.

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 8,872k in the financial year 2017 (2016: EUR 8,492k). This comprised EUR 2,219k in non-performance-based remuneration (2016: EUR 2,050k) and EUR 3,672k in performance-based remuneration (2016: EUR 2,885k). Pension expenses amounted to EUR 1,200k in the financial year 2017 (2016: EUR 1,993k). Vested stock appreciation rights in the financial year under review came to EUR 1,781k (2016: EUR 1,564k).

Remuneration of individual Management Board members in the financial year 2017 is presented in the tables below:

Benefits granted in EUR k	Uwe Röhrhoff to Aug. 31, 2017				Christian Fischer CEO Primary Packaging Glass from Aug. 1, 2017				Rainer Beaujean CFO				Andreas Schütte Plastics & Devices			
	2017	2017 min.	2017 max.	2016	**2017**	2017 min.	2017 max.	2016	**2017**	2017 min.	2017 max.	2016	**2017**	2017 min.	2017 max.	2016
Fixed remuneration	577	577	577	770	317	317	317	–	630	630	630	610	630	630	630	605
Non-cash remuneration	18	18	18	24	6	6	6	–	20	20	20	20	21	21	21	21
Total	**595**	**595**	**595**	**794**	**323**	**323**	**323**	**–**	**650**	**650**	**650**	**630**	**651**	**651**	**651**	**626**
Short-term variable remuneration	385	–	539	385	158	158[1]	222	–	315	–	441	305	315	–	415	303
Long-term variable remuneration	**308**	**–**	**424**	**308**	**127**	**127**	**3,214**	**–**	**252**	**–**	**347**	**225**	**226**	**–**	**307**	**182**
Plan 2016–2019	–	–	–	308	–	–	–	–	–	–	–	225	–	–	–	182
Plan 2017–2020	308	–	424	–	127	127[1]	174	–	252	–	347	–	226	–	307	–
Phantom stocks	–	–	–	–	–	–	3,040	–	–	–	–	–	–	–	–	–
Total	**1,288**	**595**	**1,558**	**1,487**	**608**	**608**	**3,759**	**–**	**1,217**	**650**	**1,438**	**1,160**	**1,192**	**651**	**1,373**	**1,110**
Pension expenses	350	350	350	326	95	95	95	–	388	388	388	1,359	367	367	367	308
Total remuneration	**1,638**	**945**	**1,908**	**1,813**	**703**	**703**	**3,854**	**–**	**1,605**	**1,038**	**1,826**	**2,519**	**1,559**	**1,018**	**1,740**	**1,418**

[1] Because Mr. Fischer took up his duties in the financial year 2017, he is guaranteed pro rata temporis short-term variable cash remuneration and long-term variable cash remuneration for this year based on assumed target achievement of 100%.

In the financial year 2017, Mr. Fischer received new stock appreciation rights (tranches 12 to 15) in connection with the appointment as Chief Executive Officer. The tranches are described in detail in the section "Long-term, share-price-based variable cash remuneration (phantom stocks)". Given that it is a value-based commitment, there is no fair value at the grant date.

Benefits received in EUR k	Uwe Röhrhoff to Aug. 31, 2017		Christian Fischer CEO Primary Packaging Glass from Aug. 1, 2017		Rainer Beaujean CFO		Andreas Schütte Plastics & Devices	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Fixed remuneration	577	770	317	–	630	610	630	605
Non-cash remuneration	18	24	6	–	20	20	21	21
Total	**595**	**794**	**323**	**–**	**650**	**630**	**651**	**626**
Short-term variable remuneration	392	391	–	–	308	287	309	290
Long-term variable remuneration	**1,128**	**1,028**	**–**	**–**	**801**	**200**	**734**	**689**
Plan 2013–2016	–	252	–	–	–	200	–	171
Plan 2014–2017	222	–	–	–	178	–	168	–
Phantom stocks	906	776	–	–	623	–	566	518
Total	**2,115**	**2,213**	**323**	**–**	**1,759**	**1,117**	**1,694**	**1,605**
Pension expenses	350	326	95	–	388	1,359	367	308
Total remuneration	**2,465**	**2,539**	**418**	**–**	**2,147**	**2,476**	**2,061**	**1,913**

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.

Because Mr. Fischer was appointed to the Management Board of Gerresheimer AG as of August 1, 2017, he has been granted, in addition to the 2018 annual tranche, an additional pro rata temporis entitlement to phantom stocks for his work in the 2017 calendar year. This additional entitlement relating to his year of joining is subject to the terms and conditions of the 2018 tranche.

Pension benefits

The pension expenses attributable to each member of the Management Board are shown in the Management Board remuneration table.

Mr. Fischer opted for pension option (3), payout of 20% of the fixed salary and 20% of the short-term variable cash remuneration. The 20% of the fixed salary is paid on February 28 of each year and the 20% of the short-term variable cash remuneration is paid along with short-term variable cash remuneration.

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) German Codetermination Act (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, portfolio adjustments 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 reporting 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 2017 came to EUR 1,072,575.34.

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

Name	Attendance fees	Fixed remuneration	Variable remuneration	**Total**
Andrea Abt	9,000.00	36,000.00	30,000.00	75,000.00
Lydia Armer (until April 26, 2017)	3,000.00	14,095.89	12,082.19	29,178.08
Heike Arndt (since April 26, 2017)	3,000.00	18,000.00	18,000.00	39,000.00
Dr. Karin Dorrepaal	7,500.00	32,013.70	30,000.00	69,513.70
Franz Hartinger (since April 26, 2017)	4,500.00	18,000.00	18,000.00	40,500.00
Eugen Heinz (until April 26, 2017)	1,500.00	12,082.19	12,082.19	25,664.38
Dr. Axel Herberg	15,000.00	105,000.00	75,000.00	195,000.00
Francesco Grioli	15,000.00	60,000.00	45,000.00	120,000.00
Seppel Kraus (until April 26, 2017)	3,000.00	16,109.59	12,082.19	31,191.78
Dr. Peter Noé	7,500.00	37,027.40	30,000.00	74,527.40
Paul Schilling (since April 26, 2017)	4,500.00	18,000.00	18,000.00	40,500.00
Katja Schnitzler	9,000.00	36,000.00	30,000.00	75,000.00
Theodor Stuth	10,500.00	50,000.00	30,000.00	90,500.00
Markus Rocholz	12,000.00	43,000.00	30,000.00	85,000.00
Udo J. Vetter	12,000.00	40,000.00	30,000.00	82,000.00
	117,000.00	**535,328.77**	**420,246.57**	**1,072,575.34**

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 2016 at EUR 5,000.00, which was paid out in the financial year 2017. Ms. Lydia Armer's membership of the Supervisory Board of Gerresheimer Regensburg GmbH ended on July 5, 2017. Supervisory Board member Franz Hartinger was appointed to the Supervisory Board of Gerresheimer Regensburg GmbH as of this date. Appropriate remuneration for the financial year 2017 for Supervisory Board duties performed up to Ms. Armer's withdrawal date and as of Mr. Hartinger's appointment date for the remainder of the financial year 2017 will be paid out in the financial year 2018.

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 2016 was paid out in the financial year 2017.

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, 2017. 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 reporting 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, 2017 are fully transferable, carry full voting rights and grant the holder one vote in the Annual General Meetings.

Shareholdings exceeding 10% of voting rights

As of November 30, 2017, 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 speaker.

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 Annual 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 6.28m by or before April 25, 2019. Increases in the capital stock effected as a result of exercising other authorizations based on authorized or conditional capital during the period of this authorization are taken into account against the increase. Shareholders must normally be granted subscription rights. 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 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.

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 3.14m share of capital stock (10% of the current capital stock). 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 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, 2017 are issued by or before April 25, 2019 by the Company or a Group Company within the meaning of section 18 AktG. Increases in the capital stock effected as a result of exercising other authorizations for the issue of shares based on authorized or conditional capital during the period of this authorization are taken into account against the increase. The new shares will be issued at the 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 used or obligations to exercise a conversion right or warrant are fulfilled and no other forms of fulfillment are 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 450.0m, of which EUR 0.0m was drawn at the reporting date, may be terminated by the lenders, and would consequently be repayable early and 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 300.0m in bonds 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 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 remuneration for the full financial year, including short-term and long-term variable cash remuneration, but excluding long-term, share-price-based variable remuneration.

DECLARATION ON CORPORATE GOVERNANCE PURSUANT TO SECTION 289A HGB

The corporate governance statement in accordance with section 289a of the German Commercial Code (Handelsgesetzbuch/HGB) (old version) is part of the Management Report. However, in accordance with section 317 (2) sentence 4 HGB (old version), this information was not included in the audit of the 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 5, 2017:

"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 sentence 1, Gerresheimer AG has complied with all recommendations of the 'Government Commission on the German Corporate Governance Code', as amended on May 5, 2015 since its last declaration on September 8, 2016.

Gerresheimer AG will in future comply with all recommendations of the 'Government Commission on the German Corporate Governance Code' as amended on February 7, 2017, again with the following exception:

Number 5.4.1, paragraph 2 sentence 2: 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 the 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 at headquarters.

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 "Report on opportunities and risks" 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, our employees, 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 in the Annual Report 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. The Annual Report is available on our website 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 for the first time by September 30, 2015. The implementation period specified was not allowed to extend beyond June 30, 2017.

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. This target was achieved, as there were no women on the Management Board as of April 30, 2017. At its meeting on April 26, 2017, the Supervisory Board agreed on a new target for the percentage of women on the Gerresheimer AG Management Board of one woman by April 26, 2022.

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. At the first management level under the Management Board, the percentage of women was just 20% as of June 30, 2017. This was due to the unanticipated withdrawal of two female executives and the appointment of just one female executive at this level. At the second management level under the Management Board, the percentage of women as of June 30, 2017 was 50%, thus surpassing the target for this level. On June 28, 2017, the Management Board set new targets of 25% by June 30, 2018 for each of the management levels under the Management Board.

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, a statutory minimum quota of 30% women and 30% men has been in place since January 1, 2016. These requirements have been met by Gerresheimer AG already since its Annual General Meeting on April 30, 2015. The Supervisory Board formed at the end of the Annual General Meeting on April 26, 2017 consists of four women (33.3%) and eight men (66.7%).

REPORT ON OPPORTUNITIES AND RISKS

UNIFORM GROUP-WIDE MANAGEMENT OF OPPORTUNITIES AND RISKS

As a globally operating Company, we are regularly confronted with developments and events that can have either a positive or a negative effect on our net assets, financial position and results of operations. 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.

To coordinate risk management throughout the Group and foster an integrated risk management philosophy, the Management Board of Gerresheimer AG has established a Risk Committee. This is composed of the Chief Financial Officer, who chairs the committee, and the heads of Controlling, Internal Audit, Legal Affairs, Accounting, Strategy, Mergers & Acquisitions and Global Risk Management & Insurance. Its primary remit is to scrutinize risks in the risk report and to further improve and monitor methods and tools in the risk management system. The Risk Committee meets on a quarterly basis in step with the schedule for risk reporting to the Management Board and Supervisory Board.

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
- Risk segmentation into corporate strategy, external and industry-specific, operational and financial risks
- Risks quantified in terms of potential financial impact and probability
- Recording of effects on profit or loss by business unit
- Mitigation and risk reduction 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). Risk reporting covers risks but not opportunities.

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 appropriate and effective as of November 30, 2017.

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 process steps. 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 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-actual 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 consolidated 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 2017 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 has a wide range of opportunities open to it 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 in 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 is exposed to a wide range of risks due to its 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 are 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 the effects of risk mitigation measures.

OVERVIEW OF RISKS AND THEIR FINANCIAL IMPLICATIONS

	Probability	Possible implications
Business strategy risks		
Risks from acquisitions	improbable	significant
Product launches	possible	significant
External and industry-specific risks		
Customer market risk	possible	moderate
Macroeconomic risks	possible	significant
Risks of change in the regulatory environment	possible	significant
Risks from the future development of state healthcare systems	possible	significant
Tax risks	possible	moderate
Operational risks		
Production risiks	possible	moderate
Product liability risks	possible	significant
Energy and raw material prices	possible	significant
Human resources risks	possible	moderate
IT risks	possible	moderate
Legal risks	possible	moderate
Financial risks		
Currency and interest rate risk	improbable	moderate
Credit risk	improbable	significant
Liquidity risk	improbable	moderate

We have slightly modified the presentation of risks relative to the prior year to reflect our internal presentation. Existing risks are discussed in detail in the following:

BUSINESS STRATEGY RISKS

RISKS FROM 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 Strategy, Mergers & Acquisitions Department in collaboration with the divisions. We aim to 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.

EXTERNAL AND INDUSTRY-SPECIFIC RISKS

CUSTOMER MARKET RISK

Potential impacts:

Business cycle risks relating to macroeconomic developments can restrict our market prospects and thus put sales at risk. Demand could also develop negatively due to conscious purchasing restraint on the part of our customers. If the market was not ready to absorb additional supply volumes, competitive pressure could increase for an interim period as a result. Furthermore, within the scope of existing capacity, competitors could try to gain additional or lost market share by increasing supply. A fall in demand could also lead to increasing competitive pressure. Significant changes in capacity and capacity utilization, increases in supply by individual competitors within the scope of existing capacity and longer-run reductions in demand could have a substantial impact on pricing and/or on sales opportunities.

Countermeasures:

To improve competitiveness, we are working among other things to further improve our cost structure and organizational structure and to expand our product portfolio. We watch the market and aim to make targeted use of opportunities. In the event of sustained changes, we apply measures such as focusing capacity utilization on high-productivity production plants.

MACROECONOMIC RISKS

Potential impacts:

For the Gerresheimer Group, the performance of the global economy has a key impact on growth. Whereas the IMF initially expected global economic growth to increase, it currently stresses that overall downside risks predominate with regard to this forecast. Any slowdown in global economic growth therefore represents a risk for the Gerresheimer Group's revenue and earnings performance.

Countermeasures:

We meet this risk by constantly monitoring global economic trends. In the event 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 2017, Gerresheimer generated 83% of Group revenues in the pharma and healthcare segment. Governments and health insurance funds in Europe and the USA 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.

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 subsidiaries. In addition, we adopted Group-wide tax compliance guidelines in the financial year 2017. These serve to document and verify effective tax compliance management with the aim of systematically and preventively ensuring compliance with statutory requirements and obligations together with internal Group tax guidelines.

OPERATIONAL RISKS

Our definition of operational risks includes operating, 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.

PRODUCTION RISKS

Potential impacts:

Unfavorable circumstances and developments can lead to business interruptions and damage at our plants. Alongside the cost of damage repair, the main risk is of a business interruption leading to production downtime and thus jeopardizing the fulfillment of our contractual obligations to customers.

Countermeasures:

To counter the risk of unplanned, longer-run production plant stoppage or downtime, the Gerresheimer Group has established ongoing plant inspections and preventive maintenance. We also continuously modernize our existing production systems and invest in new, more modern plant and machinery. The Gerresheimer Group uses insurance policies to guard against potential damage and associated production downtimes together with any liability risk. By transferring risk to insurers in this way, we ensure that the financial impact is limited to the agreed deductible. The financial implications for the Group are therefore assessed as moderate. We currently insure possible own loss or damage at replacement value under all-risk property and other insurance policies. An all-risk business interruption and loss-of-earnings 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. The scope and substance of these insurance policies are regularly reviewed and modified as needed by our Global Risk Management & Insurance department. We assess the probability of occurrence and hence the potential impact of uninsured loss or damage as improbable and moderate, respectively.

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 related liability claims such as claims for damages from customers or product liability claims from consumers. Any product liability claims made against Gerresheimer, especially in class actions in the USA, 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 recall cost insurance is intended to largely cover any claims and liability risks 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 escalation clauses in a number of contracts with customers. Over and beyond these, price fluctuations in the procurement markets for raw materials are largely offset by hedging, productivity gains and price increases.

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 2017. This included the ongoing rollout of the SAP 2 client strategy. With regard to applications, this notably involved rolling out SAP Templates at subsidiary Triveni Polymers Private Ltd., New Delhi (India). Concerning infrastructure, we implemented further security-related and innovative infrastructure and information security projects such as the launch of the Gx Future Client with a global Gerresheimer Workplace using Microsoft Office 2016 or Microsoft Office 365 for specific user groups, a collaboration platform for improved in-house and external collaboration, and migration of the mail system from IBM Lotus Notes to Microsoft Exchange Online and Outlook. This project also includes global user training in eight languages. The rollout of One Active Directory was completed as a requirement for the Gx Future Workplace project.

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.

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 our subsidiaries 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 a revolving credit facility (refinanced in June 2015), a bond issue (maturing in May 2018 and refinanced ahead of schedule in September 2017 by means of a promissory loan) and another promissory loan launched in November 2015. Reference is also to 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.

There was no significant change in the Gerresheimer Group's risks in the financial year 2017 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 syndicated facility is subject to financial covenants. These are described under "Financial Condition and Liquidity". The stipulated financial covenants were complied with in financial years 2016 and 2017. 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

By transfer agreement of December 20, 2017, the existing pension obligations of GERRESHEIMER GLAS GmbH toward two active members of the Management Board of Gerresheimer AG were transferred to Gerresheimer AG retroactively as of December 1, 2017 (transfer date). With regard to one member of the Management Board, the transfer remains subject to the condition that the provident fund concerned approves the applications made under the transfer agreement. The pension provisions of GERRESHEIMER GLAS GmbH subject to the transfer amounted to EUR 1,248k as of November 30, 2017. Approval for the transfer was given by resolution of the Presiding Committee of the Gerresheimer AG Supervisory Board on December 18, 2017.

Dr. Christian Fischer, Chairman of our Management Board, will leave the Company as of February 5, 2018 with immediate effect. Dr. Fischer has asked for an amicable premature termination of his services due to personal reasons. Such decision is not based on diverging views regarding the strategy or business performance of the Company. The Supervisory Board has accepted such request. The Company will be managed by the remaining three board members until a new CEO has been appointed. The CFO Rainer Beaujean will assume the function of Speaker of the Management Board for the interim period. Andreas Schütte continues to lead the Plastics & Devices Division. Dr. Lukas Burkhardt has taken over responsibility for the Primary Packaging Glass Division since January 1, 2018.

Beyond that there were no further events after November 30, 2017 that are expected to have a material impact on the net assets, financial position or results of operations of the Gerresheimer AG.

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[5)]

Expected growth in gross domestic product

Change in %	2018	2017
World	**3.9**	**3.7**
USA	2.7	2.3
Eurozone	2.2	2.4
Germany	2.3	2.5
Emerging markets	4.9	4.7
China	6.6	6.8
India	7.4	6.7
Brazil	1.9	1.1
Russia	1.7	1.8

Source: International Monetary Fund: World Economic Outlook Update, January 2018.

In its January 2018 economic outlook, the International Monetary Fund (IMF)[5)] raised its forecast for global economic growth in 2018 by 0.2 percentage points to 3.9%. The reasons given are a generally improved growth momentum and the expected effects of the US tax reform. However, the IMF stresses as before that the outlook fundamentally remains skewed to the downside over the medium term. As potential threats, it notes among other things a tightening of global financial environment due to a faster than expected pace of monetary policy normalization, potentially leading to rising interest rates. It also mentions financial market turbulence in emerging markets where, for example, China's transformation towards consumption and services is currently losing pace and, in conjunction with high debt levels, could lead to a sharp growth slowdown.

For the USA, the IMF expects growth of 2.7% for 2018. It thus increased its October forecast by 0.4 percentage points. Alongside the stronger than expected economic activity in conjunction with a rise in external demand, this is notably attributed to the anticipated macroeconomic effects of the US tax reform.

For the eurozone, estimates for 2018 project a slight decrease in economic growth to about 2.2%—compared with growth of some 2.4% in 2017. The reason cited by the IMF are weaker productivity, demographic change in a number of countries and a public and private debt overhang.

In line with developments in the eurozone, the IMF also a projects a slight decrease in economic growth for Germany to 2.3% in 2018, compared with 2.5% in 2017.

The IMF's growth rate forecast for emerging markets in 2018 is 4.9%, slightly above the prior-year figure of 4.7%. That is substantially higher than the growth rate in industrialized nations. Specifically, the IMF expects 6.6% gross domestic product (GDP) growth for China (2017: 6.8%) and an increase of 7.4% for India (2017: 6.7%); in Brazil, GDP is projected to show growth of 1.9% (2017: 1.1%).

MARKET AND BUSINESS OPPORTUNITIES FOR THE GERRESHEIMER GROUP

PROSPECTS FOR THE FINANCIAL YEAR 2018

The IMF forecasts solid further growth for the global economy in 2018. At the same time, however, the IMF experts stress that risks to the outlook remain skewed to the downside over the medium term. Independently of that, and also in light of an improved market environment in the USA, we expect that we will 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 2018.

Recent years have seen emerging markets step up the establishment and development of healthcare provision. This has brought more widespread use of off-patent drugs. We anticipate that this trend will continue and lead to rising demand in 2018.

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 scale 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 which we expect to have a positive impact on our business development.

[5)] International Monetary Fund: World Economic Outlook Update, January 2018.

1. TREND TOWARD GENERIC DRUGS

IQVIA projects average volume growth in generics of 2.7% a year for the years 2017 to 2022, which is above the 2.0% expected for medicine spending as a whole.[6] Generics revenues will also show strong growth in pharmerging markets in particular as medicines become affordable for many patients once patent protection no longer applies. In traditional markets further along the development cycle, too, 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 generic drugs being approved and increasingly also prescribed. 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

For the pharmerging markets, IQVIA forecasts that medicine spending will increase by an average of 3.0% a year over the next five years, while the remaining markets are expected to grow by an average of 1.7% a year.[6] 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. Around USD 116 billion was spent on medication in China in 2016, compared with more than USD 461 billion in the USA. Given the population densities in pharmerging markets, we see huge growth potential in the increasing 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. In light of intensive research and development by pharma groups, IQVIA experts anticipate a record 45 new active substances to be launched on average per year for the years 2016 to 2021. Expected developments notably include innovative treatment methods and new platforms. Here, we can offer innovative solutions based around new materials such as high-performance COP (cyclic olefin polymer) plastic or highly shatter-resistant 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 425 million people suffer from diabetes. It is estimated that this figure could reach 630 million by 2040. Whereas approximately 9% of the world adult population suffer from diabetes today, this figure is likely to rise beyond 10% by 2040—in parallel with further growth in the global population from 7.5 billion in 2017 to an expected 9.5 billion in 2040. Added to this, only every second diabetes sufferer is so far diagnosed as such.[7] 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.

[6] IQVIA (formerly Quintiles IMS), January 10, 2018.

[7] IDF: Diabetes Atlas 8th Edition, 2017.

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 2018 that Gerresheimer AG will generate net income and retained earnings and that we will be able to continue our dividend policy.

The 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 growth for our customer-specific glass and plastic products for safe drug delivery in 2018. Our prescription drug delivery devices remain 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 the investment in expansion in the USA with the aim of bringing into operation a new production line.

Sales of our plastic primary packaging products are expected to continue performing well in Europe, the USA and emerging markets in the financial year 2018.

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 2018, we will be deploying various measures to further boost 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 markets, we built a new plant in Kosamba (India) beginning in 2015.

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 2018.

EXPECTED FINANCIAL SITUATION AND LIQUIDITY

As a result of the Gerresheimer AG bond issue maturing in May 2018 having been refinanced ahead of schedule by means of a EUR 250.0m promissory loan in September 2017, the Gerresheimer Group had cash and cash equivalents totaling EUR 287.0m as of November 30, 2017 (2016: EUR 118.4m). In addition, as the early refinancing transaction made it possible to clear Gerresheimer AG's revolving credit facility, the full facility amount of EUR 450.0m was available to us as of the reporting date (2016: EUR 287.3m). We are able to draw on the revolving credit facility up to maximum Group leverage (net financial debt/adjusted EBITDA) of 3.5x. 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 25, 2018, the Management Board and Supervisory Board will be jointly proposing that a dividend of EUR 1.10 per share be paid out for the financial year 2017. This represents an increase of 4.8% against the prior-year dividend. The dividend ratio amounts to 27.1% 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 2018 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. 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 organic growth that we plan to finance out of operating cash flow, an instrumental role will continue to be played by acquisitions subject to careful appraisal of opportunities and risks. We are very well placed to systematically act on the potential opportunities arising from a consolidation of our industry.

OVERALL GROUP

In the following, we set out our expectations for the financial year 2018, in each case based on constant exchange rates. It is currently very difficult to give a forecast for the trend in the US dollar. With approximately a third of Group revenues in 2018 or around 40% of adjusted EBITDA denominated in US dollars, the US dollar is nonetheless likely to have the largest exchange rate impact on the Group currency and will therefore continue to exert a significant influence on our performance. While the US tax reform is especially advantageous to companies that primarily produce and sell in the USA, there are also unresolved issues such as the global trade agreements with the USA that may trigger tariffs on imports to the USA. A number of banks are of the opinion that the US dollar currently remains under pressure. The reason given is that the US administration under the current president has so far only been able, in the form of the tax reform, to deliver on only one election promise in the planned expansionary fiscal policy and protectionist trade policy program. Following the banks' logic, and if US inflation rises in the months ahead, the basis may be laid for the planned interest rate increase by the US Federal Reserve. Additionally assuming that the European Central Bank (ECB) will not start raising interest rates before the fall of 2019, the US dollar will celebrate a major comeback in 2018—as Commerzbank, for example, surmises in its January 2018 forecast[8]. Assessing the trend in the US dollar is very difficult for us, which is why we have decided in our forecast to hold all exchange rates constant—and thus also the US dollar exchange rate—as in the financial year 2017. This provides maximum comparability with the prior-year performance. In the following, in order to make other projections for the trend in the US dollar, we provide a sensitivity analysis as follows around the exchange rate of EUR 1.00 to USD 1.12 assumed for our guidance: As before, about a one cent rise or fall in the US dollar against the euro has an impact of around EUR 4m on revenues and EUR 1m on adjusted EBITDA.

The actual figure for revenues in the financial year 2017 marks the lower boundary for our expectations for the financial year 2018. At the upper boundary, we expect Group revenues at constant exchange rates to be up to approximately EUR 1.4bn. For adjusted EBITDA at constant exchange rates, we expect a range from EUR 305m to EUR 315m in the financial year 2018, compared with adjusted EBITDA of EUR 307.2m[9] in the financial year 2017. Additional positive effects below the level of adjusted EBITDA follow, firstly, from redemption of the EUR 300.0m bond issue in May 2018 using the refinancing already been completed with a EUR 250.0m promissory loan. We expect that this alone will lead, on a constant exchange rate basis, to a EUR 5.5m improvement in net finance expense compared with the financial year 2017. Secondly, as a Company that largely serves the US market from US-based production, we also gain a one-off positive effect from the US tax reform in the amount of approximately USD 50m to 55m as a result of remeasurement of deferred taxes already to be recognized in the first quarter of 2018. Had the impact of the US tax reform already applied in the financial year 2017, there would have been a positive effect on current income taxes and our net income for 2017 in the low single-digit EUR million range.

Largely due to our favorable growth prospects, and driven by our initiatives to boost productivity and quality, capital expenditure in the financial year 2018 is expected to amount to around 8% of revenues at constant exchange rates.

- Our net working capital profile has improved significantly in recent years. We continue to anticipate net working capital as a percentage of revenues to be around 16% as of the financial year 2018-end. Depending on our revenue performance, average net working capital can also slightly exceed 16% in the course of the year, as it may be necessary to produce in advance for some customers in order to meet any higher demand in the second half of 2018 or also for the financial year 2019.

Our long-term targets are as follows:

- We have increased our Gx ROCE guidance to around 15% (previously at least 12%), not least because of the many new products and services, as well as in consideration of further optimization measures as part of the usual productivity improvements at our plants, which we are now putting in place and further developing with our customers and cooperation partners.
- We continue to 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 M&A activity cannot be planned in detail.
- Overall, this leaves us with substantial leeway, most of all for acquisitions, in the form of up to 3.5 times the ratio of net financial debt to adjusted EBITDA, which we have secured through rigorous cash flow management coupled with productivity improvements. We are consequently in a position, primarily through external financing, to capitalize at all times on the opportunities arising in the markets relevant to us.

[8] Commerzbank: Strategic Currency Briefing, January 2018.
[9] Excluding the effect from fair value measurement of the Triveni put option.

ANNUAL FINANCIAL STATEMENTS OF THE GERRESHEIMER AG

INCOME STATEMENT

for the financial year from Dezember 1, 2016 to November 30, 2017

	Notes	**Dec. 1, 2016– Nov. 30, 2017 in EUR**	Dec. 1, 2015– Nov. 30, 2016 in EUR k
Revenues	(4)	5,615,516.16	–
Other own work capitalized		223,045.08	–
Other operating income	(5)	28,149,928.79	27,229
Personnel expenses	(6)	-15,775,869.34	-14,263
Depreciation and amortization	(7)	-682,769.66	-519
Other operating expenses	(8)	-38,071,132.09	-28,999
Income from profit transfer agreements	(9)	64,939,640.01	58,908
Income from long-term loans	(10)	45,802,844.04	45,803
Other interest and similar income	(11)	3,795,437.88	3,510
Interest and similar expenses	(12)	-21,763,760.77	-20,699
Income taxes	(13)	-12,856,603.85	-9,485
Earnings after taxes		**59,376,276.25**	**61,485**
Other taxes		-70,441.26	-34
Net income		**59,305,834.99**	**61,451**
Retained earnings brought forward		**93,301,169.85**	**64,820**
Retained earnings	(21)	**152,607,004.84**	**126,271**

BALANCE SHEET

as of November 30, 2017

ASSETS

	Notes	Nov. 30, 2017 in EUR	Nov. 30, 2016 in EUR k
Fixed assets			
Intangible assets	(14)	4,841,906.10	1,833
Property, plant and equipment	(14)	334,555.00	393
Financial assets	(14)	1,111,176,294.85	1,111,176
		1,116,352,755.95	**1,113,402**
Current assets			
Receivables and other assets	(15)	481,003,071.66	321,428
Cash and cash equivalents	(16)	117,249,994.54	439
		598,253,066.20	**321,867**
Prepaid expenses	(17)	**786,287.98**	**1,065**
Total assets		**1,715,392,110.13**	**1,436,334**

EQUITY AND LIABILITIES

	Notes	Nov. 30, 2017 in EUR	Nov. 30, 2016 in EUR k
Equity			
Subscribed capital Authorized capital EUR 6,280,000.00 (prior year: EUR 6.280k)	(18)	31,400,000.00	31,400
Capital reserve	(20)	525,720,605.98	525,721
Retained earnings	(21)	152,607,004.84	126,271
		709,727,610.82	**683,392**
Provisions			
Tax provisions	(22)	5,192,342.81	2,076
Other provisions	(23)	12,800,614.72	14,371
		17,992,957.53	**16,447**
Liabilities	(24)	**987,007,175.78**	**734,891**
Deferred tax liabilities	(25)	**664,366.00**	**1,604**
Total equity and liabilities		**1,715,392,110.13**	**1,436,334**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

of Gerresheimer AG for the financial year 2017
(December 1, 2016 to November 30, 2017)

(1) Preliminary note

Gerresheimer AG is a large corporation according to section 267 (3) in conjunction with section 264d of German Commercial Code (Handelsgesetzbuch/HGB). The company's registered office is located at Klaus-Bungert-Straße 4 in 40468 Duesseldorf and the company is entered in the Commercial Register of the District Court of Duesseldorf (HRB 56040). Gerresheimer AG serves as holding company and its main activity is the management of the subsidiaries of the Gerresheimer Group.

There is a domination- and 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.

(2) Classification principles

The annual financial statements of Gerresheimer AG were prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). For the sake of a clearer presentation, several items of the balance sheet and the income statement have been combined. These items are disclosed separately in the relevant sections of the notes. The income statement was prepared using the nature of expense method.

Due to the first-time application of the changed revenue definition (section 277 (1) HGB) according to the Accounting Directive Implementation Act (Bilanzrichtlinie-Umsetzungsgesetz/BilRUG), revenues as well as other operating income are not comparable with the prior year's figures. Because of the changed revenue definition, certain transactions are disclosed as revenues in the financial statements for the financial year 2017 which have been disclosed as other operating income in the prior year. Referring to this matter an explanation is given in the notes according to article 75 (2) sentence 3 of the Introductory Law to German Commercial Code (EGHGB). Prior year's figures were not adjusted.

(3) Accounting policies

Purchased **intangible assets** are carried at acquisition cost less scheduled amortization. Purchased industrial property rights and similar rights are amortized over three to five years unless a different contractual useful life applies. Internally generated intangible assets are not capitalized. An impairment loss is recognized if there is a reduction in value of an intangible asset for a prolonged period of time and recognized at the lower attributable value.

Property, plant and equipment are carried at acquisition cost less scheduled depreciation. Property, plant and equipment are depreciated over their expected useful lives of three to 13 years on a straight-line basis. Low-value assets with acquisition cost between EUR 150 and not more than EUR 1,000, are grouped on an annual basis and depreciated over five years. Low-value assets with acquisition costs up to EUR 150 are recognized immediately as an expense. An impairment loss is recognized if there is a reduction in value of property, plant and equipment for a prolonged period of time and recognized at the lower attributable value.

Financial assets are carried at acquisition cost or at the lower attributable value. If the attributable value deceeds the carrying amount of a financial asset for a prolonged period of time, an impairment loss is recognized. Whenever the reasons for an impairment cease to exist, a write-up limited to the historical cost is recognized.

Receivable and other assets are carried at nominal value. Foreign currency receivables with a maturity of up to one year are translated at the spot rates at 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 the gross hedge presentation method. The fair values of the effective components of financial derivatives are recorded as other assets or provisions.

Cash and cash equivalents are carried at nominal value.

Prepaid expenses consist of accrued payments made prior to the balance sheet date, as far as these constitute expenses for a specific period of time after that date.

Equity items are carried at nominal value.

Provisions are recognized at the required settlement value in accordance with reasonable commercial judgment. Future increases in prices and costs are taken into consideration if there are sufficient objective indications for their occurrence. Provisions with a residual period of more than one year are discounted using the average market interest rate of the last seven years as published by the German central bank (Deutsche Bundesbank).

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

Liabilities are recognized at their settlement amounts.

Deferred taxes are recognized for temporary differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the financial statement according to HGB and their tax bases. Gerresheimer AG also provides for the deferred taxes of other companies in its tax group, including their German partnerships. Deferred taxes are calculated on the basis of the combined income tax rate, of the tax group of the Gerresheimer AG of currently 29.0%. The combined income tax rate includes corporate income tax (15.0%), trade tax (13.1%) and the solidarity surcharge (5.5%). Deferred tax assets and deferred tax liabilities are netted against each other. Any net overall tax liability is recognized in the balance sheet as a deferred tax liability. The option to capitalize any resulting net deferred tax asset is not exercised.

NOTES TO THE INCOME STATEMENT

(4) Revenues

Revenues in the financial year 2017 came to EUR 5,616k and are mainly associated to IT-services and other management services rendered to affiliated companies, which were provided exclusively by using own employees.

The services in the financial year 2017 were rendered to affiliated companies that are based in the following countries or regions:

in EUR k	2017
Germany	2,594
Europe[1]	1,144
Americas[1]	1,101
Emerging countries[2]	776
Total	**5,616**

[1] The revenues shown here for Europe exclude revenues in Germany, Poland, Russia and Turkey, and the revenues shown for the Americas exclude revenues in Argentina, Brazil, Chile, Colombia and Mexico.
[2] According to the current definition employed by the IQVIA institute, emerging market revenues comprise revenues in Algeria, Argentina, Bangladesh, Brazil, Chile, China, Colombia, Egypt, India, Indonesia, Kazakhstan, Mexico, Nigeria, Pakistan, Philippines, Poland, Russia, Saudi Arabia, South Africa, Thailand, Turkey and Vietnam.

Due to the first-time application of the changed revenue definition according to section 277 (1) HGB, revenues disclosed in the financial year 2017 are not comparable with the prior year's figures, since the corresponding income was disclosed as other operating income in the prior year. If the changed revenue definition had applied already in the prior year, revenues would have amounted to EUR 5,422k.

(5) Other operating income

in EUR k	2017	2016
Income from currency derivatives	15,430	1,715
Income from intra-group allocations	10,062	16,471
Income from currency translation	1,447	7,543
Income from the reversal of provisions	847	1,316
Sundry other income	364	184
Total	**28,150**	**27,229**

Income from intra-group allocations in the financial year 2017 only relates to insurance premiums as well as other costs which were charged to group companies and did not include own services rendered. In contrast, prior year income from intra-group allocations also included income from services rendered to group companies in the amount of EUR 5,422k. Due to the changes of section 277 (1) HGB, this income is disclosed as revenues in the financial year 2017.

(6) Personnel expenses

In the financial year 2017 expenses of EUR 14,730k (prior year: EUR 13,203k) were incurred for salaries. Additionally, the expenses for social security contributions totaled EUR 1,045k (prior year: EUR 1,060k) and for retirement benefits EUR 1k (prior year: EUR 0k).

(7) Amortization of intangible assets and depreciation of property, plant and equipment

With regard to amortization and depreciation, we refer to the statement of movements in fixed assets.

(8) Other operating expenses

in EUR k	2017	2016
Expenses from currency translation	17,266	1,026
IT-related expenses	4,702	4,486
Legal and consulting expenses	3,067	2,213
Expenses from currency derivatives	2,974	10,313
Expenses for insurance	2,345	2,290
Travel, representation and advertising expenses	2,027	2,867
Rental expenses	1,089	1,038
Supervisory Board remuneration	1,072	1,076
Expenses from intra-group allocations	269	192
Sundry other expenses	3,260	3,498
Total	**38,071**	**28,999**

Expenses from currency translation and expenses from currency derivatives amounting to EUR 20,240k (prior year: EUR 11,339k) are mainly attributable to expenses resulting from the hedge of the USD-loans granted to Gerresheimer Glass Inc.

Other operating expenses include expenses relating to prior periods in the amount of EUR 57k (prior year: EUR 22k). These expenses result from the derecognition of tax receivables.

(9) Income from profit transfer agreements

Income from profit transfer agreements of EUR 64,940k (prior year: EUR 58,908k) relates to the profit transferred by Gerresheimer Holdings GmbH under the existing domination- and profit and loss transfer agreement.

(10) Income from long-term loans

In the financial year 2017 income from long-term loans amounts to EUR 45,803k (prior year: EUR 45,803k) and relates as in prior year entirely to affiliated companies.

(11) Other interest and similar income

Other interest and similar income amount to EUR 3,795k (prior year: EUR 3,510k) and mainly relate to interest income from affiliated companies of EUR 3,795k (prior year: EUR 3,455k) and interest income from taxes of EUR 0k (prior year: EUR 49k).

(12) Interest and similar expenses

In the financial year 2017 interest and similar expenses amount to EUR 21,764k (prior year: EUR 20,699k) and mainly relate to interest expenses for the issued corporate bond and the promissory loans. In addition, expenses resulting from the discounting of provisions of EUR 102k (prior year: EUR 153k) and interest expenses from taxes of EUR 196k (prior year: EUR 132k) were incurred.

(13) Income taxes

Tax expense for the financial year 2017 comprises as follows:

in EUR k	**2017**	2016
Income taxes	-13,797	-11,440
Deferred taxes	940	1,955
Total	**-12,857**	**-9,485**

Income tax expenses consist of income taxes for the current year as well as for the prior year. Income tax expenses include corporate income tax of EUR 6,139k (prior year: EUR 5,704k), trade tax of EUR 5,878k (prior year: EUR 5,223k) and the solidarity surcharge in the amount of EUR 338k (prior year: EUR 314k) for the German tax group. Furthermore taxes relating to the prior year in the amount of EUR 1,393k (prior year: EUR 150k) and withholding taxes in the amount of EUR 48k (prior year: EUR 40k) were incurred.

As of November 30, 2017, a future tax burden of EUR 664k (prior year: EUR 1,604k) arises from temporary valuation differences, due to the deferred tax liabilities exceeding the deferred tax assets. According to section 274 (1) sentence 1 HGB, the exceeding amount of deferred tax liabilities over deferred tax assets has to be recorded as a deferred tax liability.

The development of deferred tax assets and deferred tax liabilities breaks down as follows:

in EUR k	**2017**	Change	2016
Deferred tax assets	9,455	-299	9,744
Deferred tax liabilities	-10,109	1,239	-11,348
Total	**-664**	**940**	**-1,604**

NOTES TO THE BALANCE SHEET

(14) Fixed assets

A disaggregation of items combined in the balance sheet and changes in those items in the financial year 2017 are shown in the following statement of movements in fixed assets:

	Purchase cost				
in EUR k	Dec.1, 2016	Additions	Disposals	Reclassifications	**Nov. 30, 2017**
Intangible assets					
Industrial property rights and similar rights	3,678	2,842	–	73	6,593
Advance payments	98	732	–	-73	757
	3,776	**3,574**	**–**	**–**	**7,350**
Property, plant and equipment					
Operating and office equipment	958	59	–	–	1,017
	958	**59**	**–**	**–**	**1,017**
Financial assets					
Shares in affiliated companies	418,780	–	–	–	418,780
Loans to affiliated companies	692,396	–	–	–	692,396
	1,111,176	**–**	**–**	**–**	**1,111,176**
	1,115,910	**3,633**	**–**	**–**	**1,119,543**

	Accumulated depreciation and amortization			
in EUR k	Dec.1, 2016	Additions	Disposals	**Nov. 30, 2017**
Intangible assets				
Industrial property rights and similar rights	1,943	565	–	2,508
Advance payments	–	–	–	–
	1,943	**565**	**–**	**2,508**
Property, plant and equipment				
Operating and office equipment	565	117		682
	565	**117**	**–**	**682**
Financial assets				
Shares in affiliated companies	–	–	–	–
Loans to affiliated companies	–	–	–	–
	–	**–**	**–**	**–**
	2,508	**682**	**–**	**3,190**

	Carrying amount	
in EUR k	**Nov. 30, 2017**	Nov. 30, 2016
Intangible assets		
Industrial property rights and similar rights	4,085	1,735
Advance payments	757	98
	4,842	**1,833**
Property, plant and equipment		
Operating and office equipment	335	393
	335	**393**
Financial assets		
Shares in affiliated companies	418,780	418,780
Loans to affiliated companies	692,396	692,396
	1,111,176	**1,111,176**
	1,116,353	**1,113,402**

The additions to intangible assets in the financial year 2017 amounting to EUR 3,574k mainly relate to software and licences for software.

In the financial year 2017 additions to property, plant and equipment amount to EUR 59k and are attributable to office equipment and low-value assets.

As in prior year, shares in affiliated companies of EUR 418,780k relate completely to Gerresheimer Holdings GmbH.

Loans to affiliated companies relate to a loan of EUR 296,100k (prior year: EUR 296,100k) granted to GERRESHEIMER GLAS GmbH with effect from May 19, 2011, which is due in May 19, 2018. There is also a loan granted to Gerresheimer Holdings GmbH amounting to EUR 396,296k (prior year: EUR 396,296k) as of November 30, 2017. At the reporting date, the accrued interest relating to both loans are included in receivables from affiliated companies.

(15) Receivables and other assets

in EUR k	2017	2016
Trade receivables	5	–
Receivables from affiliated companies	480,245	320,128
Other assets	753	1,300
	481,003	**321,428**

Receivables from affiliated companies consist of cash pooling receivables from GERRESHEIMER GLAS GmbH in the amount of EUR 162,116k (prior year: EUR 109,371k) and of receivables from profit transfer agreements from Gerresheimer Holdings GmbH in the amount of EUR 64,940k (prior year: EUR 58,908k). Furthermore, short-term USD-loans of USD 297,856k (prior year: USD 160,116k) were granted to Gerresheimer Glass Inc., which amount to EUR 251,376k (prior year: EUR 150,555k) as of the balance sheet date. The remaining receivables from affiliated companies result from deliveries of goods and services. As in the prior year, all receivables and other assets fall due within one year.

To hedge the foreign exchange risk from USD-loans granted to Gerresheimer Glass Inc., foreign exchange contracts were entered into. The loans as well as the hedge are recognized in the balance sheet and are accounted for as a valuation unit.

Risk		Underlying transactions		Hedging instrument		Term	Type of valuation or evaluation unit	Determi-nation method	Reasons of compen-sation
Variable	Type	Type	Amount	Type	Amount	(Period of designation)			
currency	contracting cash flow	assets	82 Mio. USD; converted: 69 Mio EUR	dollar forward sale	82 Mio. USD	Nov. 30, 2017 to Jan. 31, 2018	micro hedge	present value method	risk homogeneity
currency	contracting cash flow	assets	33 Mio. USD; converted: 28 Mio EUR	dollar forward sale	33 Mio. USD	Oct. 30, 2017 to Dec. 29, 2017	micro hedge	present value method	risk homogeneity
currency	contracting cash flow	assets	20 Mio. USD; converted: 17 Mio EUR	dollar forward sale	20 Mio. USD	Oct. 30, 2017 to Dec. 29, 2017	micro hedge	present value method	risk homogeneity
currency	contracting cash flow	assets	61 Mio. USD; converted: 51 Mio EUR	dollar forward sale	61 Mio. USD	Sep. 27, 2017 to May 17, 2018	micro hedge	present value method	risk homogeneity
currency	contracting cash flow	assets	61 Mio. USD; converted: 51 Mio EUR	dollar forward sale	61 Mio. USD	Sep. 27, 2017 to May 17, 2018	micro hedge	present value method	risk homogeneity
currency	contracting cash flow	assets	42 Mio. USD; converted: 35 Mio EUR	dollar forward sale	42 Mio. USD	Sep. 27, 2017 to May 17, 2018	micro hedge	present value method	risk homogeneity

(16) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand as well as bank balances and short-term cash deposits of EUR 117,237k (prior year: EUR 0k) relating to the early refinancing of the bond maturing on May 19, 2018. These short-term cash deposits can be terminated at any time.

(17) Prepaid expenses

Prepaid expenses include the unamortized discount in connection with the bond issued on May 19, 2011. As of November 30, 2017 the discount amounts to EUR 120k (prior year: EUR 377k) and is amortized in equal annual installments over the term of the bond until May 19, 2018. Furthermore prepayments are included.

(18) Subscribed capital

As of November 30, 2017, the capital stock totals EUR 31,400k (prior year: EUR 31,400k), divided into 31,400,000 no-par-value shares with a nominal of EUR 1.00 each. The capital stock of the company is conditionally increased up to EUR 6,280,000 by issuing up to 6,280,000 new, no-par-value bearer shares.

(19) Authorized capital

The Management Board is authorized, by way of resolution of the Annual General Meeting dated April 26, 2017, to increase the company's capital stock by or before April 25, 2019, subject to the approval of Supervisory Board, 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 6,280k.

(20) Capital reserve

As of November 30, 2017, the capital reserve has not changed and amounts to EUR 525,721k.

(21) Retained earnings

In the financial year 2017, retained earnings developed as follows:

in EUR k	
Net income for the financial year 2017	59,306
Profit brought forward	93,301
Retained earnings as of November 30, 2017	**152,607**

(22) Tax provisions

Tax provisions relate to provisions for corporate income tax and solidarity surcharge in the amount of EUR 1,998k (prior year: EUR 688k) and for trade tax in the amount of EUR 3,195k (prior year: EUR 1,388k). Of the total amount of tax provisions, EUR 2,430k (prior year: EUR 850k) are attributable to provisions relating to the tax audits for the years 2013 to 2015.

(23) Other provisions

Other provisions comprise 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.

(24) Liabilities

in EUR k	**Nov. 30, 2017**	Nov. 30, 2016
Bond	308,055	308,055
Liabilities due to banks	675,848	425,294
Trade payables	2,285	485
Other liabilities	819	1,057
thereof from taxes	*814*	*1,011*
thereof social securitiy contributions	*2*	*44*
Total	**987,007**	**734.891**

The remaining terms of the liabilities are as follows:

in EUR k		**Remaining term**			
		less than or equal 1 year	more than 1 year	**Total**	thereof more than 5 years
Bond	Nov. 30, 2017	308,055	–	**308,055**	–
	Nov. 30, 2016	8,055	300,000	308,055	–
Liabilities due to banks	Nov. 30, 2017	848	675,000	**675,848**	180,000
	Nov. 30, 2016	294	425,000	425,294	235,500
Trade payables	Nov. 30, 2017	2,285	–	**2,285**	–
	Nov. 30, 2016	485	–	485	–
Other liabilities	Nov. 30, 2017	819	–	**819**	–
	Nov. 30, 2016	1,057	–	1,057	–
thereof from taxes	Nov. 30, 2017	814	–	**814**	–
	Nov. 30, 2016	1,011	–	1,011	–
thereof social securitiy contributions	Nov. 30, 2017	2	–	**2**	–
	Nov. 30, 2016	44	–	44	–
Total	**Nov. 30, 2017**	**312,007**	**675,000**	**987,007**	**180,000**
	Nov. 30, 2016	**9,891**	**725,000**	**734,891**	**235,500**

On May 19, 2011, Gerresheimer AG issued a bond of EUR 300.0m. The bond with the ISIN XS0626028566 has a term until May 19, 2018 and an annual coupon of 5.0%. The issue price was 99.4%.

The acquisition of Centor US Holding Inc. on September 1, 2015 was financed by Gerresheimer AG's successful EUR 425.0m promissory loan in November 2015 and pro rata from the proceeds of the sale of the glass tubing business. The Gerresheimer AG promissory 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 210.0m and one ten-year tranche in the amount of EUR 25.5m. Mostly, the separate tranches are fixed-interest, although a portion is variable-interest.

Making use of the favorable market environment, the bond issue described above that matures in May 2018 was refinanced ahead of schedule on September 27, 2017 by means of a EUR 250.0m promissory loan. The promissory loan comprises one five-year tranche in the amount of EUR 95.5m, one seven-year tranche in the amount of EUR 109.0m and one ten-year tranche in the amount of EUR 45.5m. Mostly, the separate tranches are fixed-interest, although a small portion is variable-interest.

(25) 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 664k (prior year: EUR 1,604k). The differences between the 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.

OTHER NOTES

(26) 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 450.0m. The resulting total joint liability for Gerresheimer AG in relation to affiliated company bank loans is EUR 315k as of the balance sheet date (prior year: EUR 163.0m). 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.

(27) Other financial commitments

As of November 30, 2017 other financial commitments of EUR 5,969k (prior year: EUR 6,507k) relate to obligations from lease or rental agreements for buildings, vehicles and IT-equipment.

Lease or rental obligations are due as follows:

in EUR k	**2017**	2016
due within 1 year	1,043	1,017
due in 1 to 5 years	2,739	2,632
due after 5 years	2,187	2,858
Total	**5,969**	**6,507**

(28) Employees

On average, Gerresheimer AG had 97 employees (thereof 10 managing and 87 other employees) in the financial year 2017. In prior year Gerresheimer AG had 90 employees (thereof 11 managing and 79 other employees). All employees fulfilled administrative functions.

(29) Members of Governing Bodies

The members of the Management Board of Gerresheimer AG were:

- Mr. **Dr. Christian Fischer**, Duesseldorf, Germany (from August 1, 2017 until February 5, 2018), Chairman (from September 1, 2017 until February 5, 2018)
- Mr. **Uwe Röhrhoff**, Moenchengladbach, Germany, Chairman (until August 31, 2017)
- Mr. **Rainer Beaujean**, Meerbusch, Germany, Chief Financial Officer
- Mr. **Dr. Lukas Burkhardt**, Zurich, Switzerland, Member of the Management Board Primary Packaging Glass (since January 1, 2018)
- Mr. **Andreas Schütte**, Meerbusch, Germany, Member of the Management Board Plastics & 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 in the financial year 2017 to a total of 5,740k (prior year: EUR 4,935k).

Details on Management Board remuneration for the financial year 2017 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 345k (prior year: EUR 0k).

A list of the members of the Supervisory Board in the financial year 2017 is included in these notes to the financial statements.

The total remuneration paid to members of the Supervisory Board for the financial year 2017 came to EUR 1,072k (prior year: EUR 1,076k). Details on Supervisory Board remuneration for the financial year 2017 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 of 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 AktG requires the disclosure of any shareholdings notified in accordance with section 20 (1) or (4) AktG or section 33 (1) or (2) of German Securities Trading Act (WpHG). The required disclosure includes the content of the notification published in accordance with section 20 (6) AktG or section 40 (1) WpHG. In cases where individual shareholdings reached, exceeded or deceeded the thresholds of the regulations stated above on several occasions, only the most recent notification is mentioned. All notifications which Gerresheimer AG received has been made available permanently on the Company's website (www.gerresheimer.com/en/investor-relations/corporate-governance/voting-rights-announcements.html).

Names of shareholder(s)	Registered office	Notification date	Date on which threshold was crossed or reached	Threshold	Exceeding/ shortfall of threshold levels	Aggregation according to WpHG	Voting rights	% of voting rights attached to shares
WS Management LLLP/ Gilchrist B. Berg	Jacksonville, USA	February 1, 2010/ February 16, 2010	January 25, 2010	3%	exceeding	section 22 (1) sentence 1 no. 1, 6 in conjunction with section 22 (1) sentence 2	974,402	3.10
Eton Park Overseas Fund, Ltd.	Camana Bay, Grand Cayman, Cayman Island	July 18, 2012	July 10, 2012	5%	shortfall	section 25	1,544,217	4.92
NN Group N.V.	Amsterdam, The Netherlands	September 17, 2014	September 10, 2014	5%	exceeding	section 22 (1) sentence 1 no. 1	1,632,500	5.20
Stichting Pensioenfonds ABP	Heerlen, The Netherlands	July 30, 2015	July 27, 2015	5%	exceeding	section 22 (1) sentence 1 no. 1	1,602,791	5.10
Templeton Investment Counsel LLC	Wilmington, Delaware, USA	February 19, 2016	February 12, 2016	5%	shortfall	section 22	1,352,650	4.31
BNP Paribas Investment Partners S.A.	Paris, France	December 16, 2016	December 7, 2016	5%	exceeding	section 22	1,593,164	5.07
Old Mutual Plc	London, United Kingdom	October 11, 2017	October 3, 2017	3%	shortfall		0	0,00
Franklin Advisory Services LLC	Wilmington, Delaware, USA	October 16, 2017	October 12, 2017	3%	shortfall	section 22	936,002	2.98
BlackRock Inc.	Wilmington, Delaware, USA	December 29, 2017	December 22, 2017	3%	exceeding	section 22	1,011,718	3.22

(32) Auditor's Fee

For details on the auditor's fee for the financial year 2017, please refer to the consolidated financial statements of Gerresheimer AG as of November 30, 2017.

(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 5, 2017. The declaration has been made available permanently to the public on the Company's website (www.gerresheimer.com/en/investor-relations/corporate-governance/statements-of-compliance.html).

(34) Proposal for appropriation of retained earnings

We will propose to the Annual General Meeting that the retained earnings for the financial year 2017 of Gerresheimer AG shall be appropriated as follows:

in EUR k	
Retained earnings before dividend distribution	152,607
Payment of dividend of EUR 1.10 per no-par-value share	34,540
Carryforward to new account	**118,067**

(35) Events after the balance sheet date

By transfer agreement of December 20, 2017 the existing pension obligations of GERRESHEIMER GLAS GmbH toward two active members of the Management Board of Gerresheimer AG were transferred to Gerresheimer AG retroactively as of December 1, 2017 (transfer date). With regard to one member of the Management Board, the transfer remains subject to the condition that the provident fund concerned approves the applications made under the transfer agreement. The pension provisions of GERRESHEIMER GLAS GmbH subject to the transfer amounted to EUR 1,248k as of November 30, 2017. Approval for the transfer was given by resolution of the Presiding Committee of the Gerresheimer AG Supervisory Board on December 18, 2017.

Dr. Christian Fischer, Chairman of our Management Board, will leave the Company as of February 5, 2018 with immediate effect. Dr. Fischer has asked for an amicable premature termination of services due to personal reasons. Such decision is not based on diverging views regarding the strategy or business performance of the Company. The Supervisory Board has accepted such request. The Company will be managed by the remaining three board members until a new CEO has been appointed. The CFO Rainer Beaujean will assume the function of Speaker of the Management Board for the interim period. Andreas Schütte continues to lead the Plastics & Devices Division. Dr. Lukas Burkhardt has taken over responsibility for the Primary Packaging Glass Division since January 1, 2018.

Beyond that there were no further events after November 30, 2017 that are expected to have a material impact on the net assets, financial position or results of operations of the Gerresheimer AG.

(36) Group relationships

As the parent company of the Gerresheimer Group, Gerresheimer AG prepares consolidated financial statements on the basis of the International Financial Reporting Standards (IFRS), in accordance with section 315a (1) HGB. For this reason, no consolidated financial statements in accordance with the requirements of the German Commercial Code are prepared. The consolidated financial statements will be published in German Federal Gazette (Bundesanzeiger).

Duesseldorf, February 6, 2018

Rainer Beaujean | Dr. Lukas Burkhardt | Andreas Schütte

LIST OF SHAREHOLDINGS

Financial year 2017 (December 1, 2016 to November 30, 2017)

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	108.0	19.90
Gerresheimer Pharmaceutical Packaging Mumbai Private Ltd., Mumbai (India)	100.00%	INR m	32.0	-169.40
Gerresheimer Singapore Pte. Ltd., Singapore (Singapore)	100.00%	SGD m	0.2	0.01
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	60.00%	CNY m	176.5	10.90
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	60.00%	CNY m	100.0	30.03
Neutral Glass & Allied Industries Private Ltd., Mumbai (India)	100.00%	INR m	265.3	-328.33
Triveni Polymers Private Ltd., New Delhi (India)	75.00%	INR m	1,392.0	167.27
Europe				
DSTR S.L.U., Epila (Spain)	100.00%	EUR m	0.5	-0.02
Gerresheimer Boleslawiec S.A., Boleslawiec (Poland)	100.00%	PLN m	169.5	16.38
Gerresheimer Bünde GmbH, Buende (Germany)[a]	100.00%	EUR m	12.7	[b]
Gerresheimer Chalon SAS, Chalon-sur-Saone (France)	100.00%	EUR m	0.7	-2.22
Gerresheimer Denmark A/S, Vaerloese (Denmark)	100.00%	DKK m	239.6	-0.20
Gerresheimer Essen GmbH, Essen (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 Düsseldorf KG, Duesseldorf (Germany)[d, e]	100.00%	EUR m	2.1	0.16
Gerresheimer Horsovsky Tyn spol. s r.o., Horsovsky Tyn (Czech Republic)	100.00%	CZK m	1,962.3	681.48
Gerresheimer item GmbH, Muenster (Germany)[a]	100.00%	EUR m	0.1	[b]
Gerresheimer Küssnacht AG, Kuessnacht (Switzerland)	100.00%	EUR m	19.9	8.12
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	24.5	-0.79
Gerresheimer Moulded Glass GmbH, Tettau (Germany)[a, c]	100.00%	EUR m	–	[b]
Gerresheimer Plastic Packaging SAS, Besancon (France)	100.00%	EUR m	1.0	0.94
Gerresheimer Regensburg GmbH, Regensburg (Germany)[a]	100.00%	EUR m	278.0	[b]
Gerresheimer Spain S.L.U., Epila (Spain)	100.00%	EUR m	0.4	-0.26
Gerresheimer Tettau GmbH, Tettau (Germany)[a]	100.00%	EUR m	12.4	[b]
Gerresheimer Vaerloese A/S, Vaerloese (Denmark)	100.00%	DKK m	168.4	55.31
Gerresheimer Valencia S.L.U. in LIQ, Masalaves (Spain)	99.91%	EUR m	-0.7	0.32
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	0.8	-0.25

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	661.3	26.73
Centor Pharma Inc., Perrysburg, OH (USA)[c), f)]	100.00%	USD m	–	–
Centor US Holding Inc., Perrysburg, OH (USA)	100.00%	USD m	731.2	0.02
Gerresheimer Buenos Aires S.A., Buenos Aires (Argentina)	99.91%	ARS m	18.2	-0.25
Gerresheimer Glass Inc., Vineland, NJ (USA)	100.00%	USD m	571.6	-16.02
Gerresheimer Mexico Holding LLC, Wilmington, DE (USA)	100.00%	USD m	18.7	0.48
Gerresheimer MH Inc., Wilmington, DE (USA)[c)]	100.00%	USD m	–	0.47
Gerresheimer Peachtree City (USA) L.P., Peachtree City, GA (USA)	100.00%	USD m	0.9	0.87
Gerresheimer Peachtree City Inc., Peachtree City, GA (USA)[c)]	100.00%	USD m	–	0.01
Gerresheimer Plasticos Sao Paulo Ltda., Embu (Brazil)	100.00%	BRL m	261.4	13.21
Gerresheimer Queretaro S.A., Queretaro (Mexico)[h)]	100.00%	MXN m	0.6	0.14
Gerresheimer Sistemas Plasticos Medicinais Sao Paulo Ltda., Indaiatuba (Brazil)	100.00%	BRL m	44.2	7.72
Kimble Chase Holding LLC., Vineland, NJ (USA)	51.00%	USD m	8.1	-0.24
Associated Companies				
Gerresheimer Tooling LLC, Peachtree City, GA (USA)[h)]	30.00%	USD m	1.1	0.37
PROFORM CNC Nastrojarna spol. s r.o., Horsovsky Tyn (Czech Republic)[f), h)]	40.59%	CZK m	2.3	–
Not consolidated companies				
Nouvelles Verreries de Momignies Inc., Larchmont, NY (USA)[g)]	100.00%	USD m	–	–
Corning Pharmaceutical Packaging LLC, Wilmington, DE (USA)[f), h)]	25.00%	USD m	0.3	–

[a)] Pursuant to sec. 264 (3) HGB, the company is 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. 264b HGB.
[f)] Result less than EUR 5k.
[g)] The company no longer prepares financial statements.
[h)] Financial statements as of November 30, 2016 or December 31, 2016.

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.

		Closing rate		Average rate	
1 EUR	Currency	**Nov. 30, 2017**	Nov. 30, 2016	**2017**	2016
Argentina	ARS	20.6670	16.6599	18.5051	15.7970
Brazil	BRL	3.8668	3.6118	3.5972	3.9023
Switzerland	CHF	1.1699	1.0803	1.1060	1.0914
China	CNY	7.8377	7.3205	7.5925	7.2798
Czech Republic	CZK	25.4910	27.0600	26.4608	27.0420
Denmark	DKK	7.4417	7.4403	7.4383	7.4484
India	INR	76.3875	72.8590	73.3309	73.9900
Mexico	MXN	22.0035	21.8775	21.3084	20.2194
Poland	PLN	4.1955	4.4483	4.2764	4.3534
Singapore	SGD	1.5986	–	1.5518	–
United States of America	USD	1.1849	1.0635	1.1200	1.1026

SUPERVISORY BOARD AND MANAGEMENT BOARD

SUPERVISORY BOARD

Financial year 2017

Dr. Axel Herberg
Chairman of the Supervisory Board
Managing Partner of CCC Investment GmbH
a) Leica Camera AG
b) Leica Group (photography and sport optics)
Lisa Germany Holding GmbH
Vetter Pharma-Fertigungs GmbH & Co. KG

Francesco Grioli
Deputy Chairman of the Supervisory Board
Member of the Governing Board of IG Bergbau, Chemie, Energie
a) BASF SE
Villeroy & Boch AG
b) Steag New Energies GmbH (Deputy Chairman)
(until December 31, 2017)
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 (until February 6, 2017)
SIG plc., United Kingdom
Petrofac Ltd., Jersey

Lydia Armer (until April 26, 2017)
Member of the Company Works Council of
Gerresheimer Regensburg GmbH
a) Gerresheimer Regensburg GmbH

Heike Arndt (since April 26, 2017)
Regional Deputy Director Westphalia of IG Bergbau, Chemie, Energie
a) RAG Verkauf GmbH
b) Wohnungsbaugesellschaft für das Rheinische Braunkohlenrevier mbH
(until August 31, 2017)
GSG Wohnungsbau Braunkohle GmbH (until August 31, 2017)
DTM GmbH & Co. KG (Vice Chairman of the Supervisory Board)

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, Irland
Humedics GmbH (Chairwoman)
Julius Clinical Research BV, The Netherlands

Franz Hartinger (since April 26, 2017)
Chairmann of the Company Works Council of
Gerresheimer Regensburg GmbH
a) Gerresheimer Regensburg GmbH (since July 5, 2017)

Eugen Heinz (until April 26, 2017)
Member of the Company Works Council of Gerresheimer Lohr GmbH

Seppel Kraus (until April 26, 2017)
Regional Director Bavaria of IG Bergbau, Chemie, Energie
a) Hexal AG
Novartis Deutschland GmbH
Wacker Chemie AG

Dr. Peter Noé
Degree in Business Administration
Former member of the Management Board of Hochtief AG
b) BlackRock Asset Management Schweiz AG, Switzerland

Markus Rocholz
Chairman of the Company Works Council of Gerresheimer Essen GmbH
a) Gerresheimer Tettau GmbH

Paul Schilling (since April 26, 2017)
Chairman of the Company Works Council of Gerresheimer Bünde GmbH

Katja Schnitzler
Group Director Business Excellence and Continuous Improvement of
Gerresheimer AG

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)
HSM GmbH & Co. KG
Gland Pharma Pte. Ltd., India (until September 30, 2017)
Paschal India Pvt. Ltd., India (Chairman)

a) Membership in Supervisory Boards according to German legal regulations
b) Membership in comparable domestic and foreign control boards of economic enterprises

MANAGEMENT BOARD

Financial year 2017

Dr. Christian Fischer (from August 1, 2017 to February 5, 2018)
Chairman (from September 1, 2017 to February 5, 2018)
a) Gerresheimer Tettau GmbH (Chairman) (since August 18, 2017)
Gerresheimer Regensburg GmbH (Chairman) (since August 18, 2017)
b) Gerresheimer Glass Inc., USA (Chairman) (since August 18, 2017)
Gerresheimer Queretaro S.A., Mexico (Chairman) (since August 18, 2017)
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., China (Chairman) (since September 1, 2017)
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., China (Chairman) (since September 1, 2017)
Corning Pharmaceutical Packaging LLC, USA (since August 18, 2017)

Uwe Röhrhoff (until August 31, 2017)
Chairman
a) Gerresheimer Tettau GmbH (Chairman) (until August 18, 2017)
Gerresheimer Regensburg GmbH (Chairman) (until August 18, 2017)
Klöckner & Co SE (Deputy Chairman) (since May 12, 2017)
b) Gerresheimer Glass Inc., USA (Chairman) (until August 18, 2017)
Gerresheimer Momignies S.A., Belgium (Chairman) (until July 12, 2017)
Gerresheimer Queretaro S.A., Mexico (Chairman) (until August 18, 2017)
Neutral Glass and Allied Industries Pvt. Ltd., India (until July 13, 2017)
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., China (Chairman) (until August 31, 2017)
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., China (Chairman) (until August 31, 2017)
Corning Pharmaceutical Packaging LLC, USA (until August 18, 2017)
Catalent Inc., USA (since February 3, 2017)

Rainer Beaujean
Speaker of the Management Board (since February 5, 2018)
a) Gerresheimer Tettau GmbH (Deputy Chairman)
Gerresheimer Regensburg GmbH (Deputy Chairman)
b) Gerresheimer Glass Inc., USA
Gerresheimer Momignies S.A. (since July 12, 2017)
Kimble Chase Holding LLC, USA (Chairman)
Centor US Holding Inc., USA
Centor Inc., USA
Centor Pharma Inc., USA

Dr. Lukas Burkhardt (since January 1, 2018)

Andreas Schütte
a) Gerresheimer Regensburg GmbH (since September 1, 2017)
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 annual financial statements give a true and fair view of the 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, February 6, 2018

Rainer Beaujean Dr. Lukas Burkhardt Andreas Schütte

INDEPENDENT AUDITORS' REPORT

To Gerresheimer AG, Düsseldorf/Germany

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

Audit opinions

We have audited the annual financial statements of Gerresheimer AG, Düsseldorf/Germany, which comprise the balance sheet as at 30 November 2017 and the income statement for the business year from 1 December 2016 to 30 November 2017 as well as the notes to the financial statements, including the summary of significant accounting and valuation policies. In addition, we have audited the management report of Gerresheimer AG, Düsseldorf/Germany, for the business year from 1 December 2016 to 30 November 2017. We have not audited the Chapter "Non-financial group declaration pursuant to the CSR Directive Implementation Act" included in the management report with regard to its content. Furthermore, in conformity with the German legal regulations we have not audited the statement on business management included in the management report with regard to its content.

In our opinion, based on our knowledge obtained during the audit

- the accompanying annual financial statements comply with the German legal regulations applicable to firms organized in a corporate form in all material respects, and give a true and fair view of Company's net assets and financial position as at 30 November 2017 as well as its results of operations for the business year from 1 December 2016 to 30 November 2017 in accordance with the German principles of proper accounting, and
- the accompanying management report as a whole provides a suitable view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with the German legal regulations and suitably presents the opportunities and risks of future development. Our audit opinion on the management report does not extend to the content of the parts of the management report specified in the Chapter "Other information".

Pursuant to Section 322 (3) Sentence 1 German Commercial Code (HGB), we state that our audit has not led to any reservations with respect to the propriety of the annual financial statements and the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and management report in accordance with Section 317 German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014, hereinafter "EU Audit Regulation"), and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer) (IDW). Our responsibilities under these requirements and principles are further described in the Chapter "Auditor's responsibility for the audit of the annual financial statements and the management report" of our auditor's report. We are independent of the Company in accordance with European and German commercial law and rules of professional conduct and we have fulfilled our other ethical responsibilities applicable in Germany in accordance with these requirements. In addition, pursuant to Article 10 (2) Lit. f EU Audit Regulation, we state that we have not provided any prohibited non-audit services pursuant to Article 5 (1) EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the business year from 1 December 2016 to 30 November 2017. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate opinion on these matters.

Details on the key audit matters which, from our point of view, are of most significance are provided below:

1 Recoverability of shares in affiliated companies

2 Determination of income under profit and loss transfer agreements

Our presentation of these key audit matters was structured as follows:

a Description of matters (including reference to related disclosures in annual financial statements)

b Audit procedure

c Significant findings

1 Recoverability of shares in affiliated companies

a In the annual financial statements of Gerresheimer AG, shares in affiliated companies totaling mEUR 418.8 (24.4% of the balance sheet total) are disclosed. These are measured at the lower of acquisition cost or fair value as at the balance sheet date. As at the reporting date, Gerresheimer AG tested the shares for impairment by internally measuring the fair present value of the entities. The fair value of the shares in affiliated companies was determined as the present value of the future cash flows by means of discounted cash flow methods based on the corporate planning prepared by Management and taken note of by the Executive Board. This determination also took into account expectations concerning the future market trend and country-related assumptions concerning the trends of macroeconomic variables. The discounting was made by means of weighted capital costs. Since the result of these measurements depends to a large extent on the assessment of the future cash inflows through the Executive Board and on the discount factor used and thus involves a high degree of uncertainty, this matter was of most significance in our audit.

The entity's disclosures on the shares in affiliated companies are included in the Chapter "Accounting and valuation methods" as well as in Note 14 of the notes to the financial statements.

b In auditing the fair values of the shares in affiliated companies, we verified, calling in our valuation experts, among other things, the methodical measurement procedure and assessed the determination of weighted capital costs. In addition, we satisfied ourselves that, in connection with the weighted capital costs recognized, the future cash inflows underlying the valuation, in the aggregate, constitute an appropriate basis for the impairment test of the shares in affiliated companies. Our assessment of the results of the measurement was based, among other things, on a reconciliation with general and industry-related market expectations as well as on comprehensive information obtained from the Executive Board about the material value drivers underlying the anticipated cash inflows. Knowing that even relatively minor changes in the discount factor used may have major effects on the amount of the fair present value of the entity determined, we intensively dealt with the parameters used in determining the discount factor used, including the weighted capital costs, and verified the computation formula.

c The discounted future cash flows of the shares in affiliated companies exceed the book value. The valuation parameters and assumptions used by the Executive Board are within the range of industry-related market expectations.

2 Determination of income under profit and loss transfer agreements

a In the annual financial statements of Gerresheimer AG, income under profit and loss transfer agreements totaling mEUR 64.9 is disclosed. From our point of view, this item was of most significance in our audit on account of the central importance to the entity's results from operations and its distribution potential. The entity's disclosures on the income under profit and loss transfer agreements are included in Note 9 of the notes to the financial statements.

b As part of our audit, we satisfied ourselves of the correct determination and recognition of the income under profit and loss transfer agreements. For this purpose, we assessed, among other things, as to whether the profit and loss transfer agreement with the direct subsidiary as well as the agreements and resolutions at levels below this entity are performed in compliance with the applicable financial reporting framework. To verify the amounts recognized, the sets of annual financial statements or reporting packages provided with unmodified opinion for the material group companies were available to us or we conducted the audits ourselves.

c The income under profit and loss transfer agreements results from the direct subsidiary Gerresheimer Holdings GmbH, which in turn directly and indirectly realized the profits and/or losses of its direct and indirect investees.

Other information

The Executive Board is responsible for the other information. The other information comprises:

- the Chapter "Non-financial group declaration pursuant to the CSR Directive Implementation Act" included in the management report,
- the statement on business management included in the management report, and
- the assurance pursuant to Section 264 (2) Sentence 3 German Commercial Code (HGB) regarding the annual financial statements and the assurance pursuant to Section 289 (1) Sentence 5 German Commercial Code (HGB) regarding the management report.

Our audit opinions on the annual financial statements and the management report do not extend to cover the other information, and accordingly we do not issue an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, to consider whether the other information

- is materially inconsistent with the annual financial statements, the management report or our knowledge obtained in the audit, or
- otherwise appears to be substantially misstated.

Responsibilities of the Executive Board and the Supervisory Board for the annual financial statements and the management report

The Executive Board is responsible for the preparation of the annual financial statements, which comply with the German legal regulations applicable to firms organized in a corporate form in all material respects, so that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with the German principles of proper accounting. In addition, the Executive Board is responsible for the internal controls it has identified as necessary in accordance with the German principles of proper accounting in order to enable the preparation of annual financial statements that are free from material misstatements, whether intentional or unintentional.

In preparing the annual financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern. Furthermore, it has the responsibility to disclose matters related to going concern, as applicable. In addition, it is responsible for using the going concern basis of accounting, unless there are any conflicting actual or legal conditions.

In addition, the Executive Board is responsible for the preparation of the management report, which as a whole provides a suitable view of the Company's position, is consistent with the annual financial statements in all material respects, complies with the German legal regulations and suitably presents the opportunities and risks of future development. Furthermore, the Executive Board is responsible for such arrangements and measures (systems) which it has deemed necessary in order to enable the preparation of a management report in accordance with the German legal regulations to be applied and to furnish sufficient and appropriate evidence for the statements in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and the management report.

Auditor's responsibility for the audit of the annual financial statements and the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatements, whether intentional or unintentional, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the findings of the audit, is in accordance with the German legal regulations, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 German Commercial Code (HGB) and the EU Audit Regulation and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

As part of an audit, we exercise professional judgment and maintain professional skepticism. We also

- identify and assess the risks of material misstatements in the annual financial statements and in the management report, whether intentional or unintentional, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and the arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of the accounting policies used by the Executive Board and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements and management report, or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the net assets and financial position as well as the results of operations of the Company in accordance with the German principles of proper accounting.
- evaluate the consistency of the management report with the annual financial statements, its legal consistency and the view provided of the Company's position.
- perform audit procedures on the forward-looking information presented by the Executive Board in the management report. On the basis of sufficient appropriate audit evidence, we particularly evaluate the significant assumptions underlying the forward-looking information by the Executive Board and evaluate the correct derivation of forward-looking information from these assumptions. We do not issue an independent opinion on the forward-looking information or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking information.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control, which we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or other legal regulations preclude public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Other information pursuant to Article 10 EU Audit Regulation
We were appointed by the annual general meeting on 26 April 2017 to audit the financial statements. We were engaged by the Supervisory Board on 5 September 2017. Our total uninterrupted period of engagement as auditor of the financial statements covers the period since the business year 2008/2009, we have been engaged continuously as the auditor of Gerresheimer AG, Düsseldorf/Germany.

We confirm that the audit opinions contained in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 EU Audit Regulation (audit report).

RESPONSIBLE AUDITOR

The auditor responsible for the audit is René Kadlubowski.

Düsseldorf/Germany, 6 February 2018

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Bedenbecker
Wirtschaftsprüfer
(German Public Auditor)

Signed: Kadlubowski
Wirtschaftsprüfer
(German Public Auditor)

IMPRINT

Publisher
Gerresheimer AG
Klaus-Bungert-Strasse 4
40468 Duesseldorf
Germany
Phone +49 211 6181-00
Fax +49 211 6181-295
E-mail info@gerresheimer.com
www.gerresheimer.com

Concept and Layout
Kirchhoff Consult AG, Hamburg, Germany

Text
Gerresheimer AG, Duesseldorf, Germany

GERRESHEIMER

Gerresheimer AG

Klaus-Bungert-Strasse 4
40468 Duesseldorf
Germany
Phone +49 211 61 81-00
Fax +49 211 61 81-295
E-mail info@gerresheimer.com
www.gerresheimer.com