

**GERRESHEIMER**



# **Investor & Analyst Presentation Acquisition of Centor US Holding Inc.**

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Duesseldorf, July 28, 2015

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# Transaction summary – Value-generating acquisition, directly adjusted EPS accretive

- Gerresheimer has reached an agreement with Nemera Development S.A. to acquire 100% of the share capital of Centor US Holding Inc. (“Centor”)

<b>Total consideration</b>	<ul style="list-style-type: none"> <li>USD 725m (cash-free / debt-free)</li> <li>The enterprise value represents approx. 9.8x LTM June 2015 EBITA (pro forma)</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>All-cash acquisition</li> <li>Fully debt financed</li> <li>Quick deleveraging after acquisition driven by high cash generation</li> </ul>
<b>Financial impact</b>	<ul style="list-style-type: none"> <li>Significant shareholder value creation</li> <li>Expected to be adjusted EPS accretive by a low double digits percentage already in financial year 2016</li> </ul>
<b>Timing</b>	<ul style="list-style-type: none"> <li>Expected to close during Q4 of Gerresheimer’s financial year 2015</li> </ul>

# Compelling strategic rationale

Fit with our strategic acquisition criteria

<p><b>Clear market leader, high barriers</b></p>	<ul style="list-style-type: none"> <li>■ Clear #1 player in the US prescription retail plastic vials market</li> <li>■ Blue chip customer base with long-term relationships</li> <li>■ Strong management team with excellent track record</li> <li>■ Niche market with high barriers to entry</li> </ul>	
<p><b>Focused product portfolio</b></p>	<ul style="list-style-type: none"> <li>■ Clear focus on primary pharmaceutical packaging for oral drugs</li> <li>■ Almost 100% US business</li> <li>■ Lean production setup with excellent cost position</li> </ul>	
<p><b>Business fit with Gerresheimer</b></p>	<ul style="list-style-type: none"> <li>■ Primary Plastic Packaging is one of our core competences:             <ul style="list-style-type: none"> <li>■ High expertise with primary pharma packaging in the US</li> <li>■ Very familiar with production processes and material</li> <li>■ Only difference is new sales channel</li> </ul> </li> </ul>	
<p><b>Strong financial performance</b></p>	<ul style="list-style-type: none"> <li>■ Group EBITDA margin expected to go up by 2 percentage points</li> <li>■ Group adj. EPS accretion expected by a low double digits percentage</li> <li>■ Higher revenue base from 2016 on (Centor pro-forma rev. FY 2014: USD 167m)</li> <li>■ Stable and resilient economic performance</li> </ul>	

# Centor business overview

## General Information

- Berlin plant (OH), USA, established 1968
- Headquarter: Perrysburg (OH), USA
- 100% owned by Nemera, stand-alone business unit
- ~220 employees

## Markets

- ~85% of sales is achieved with 1-Clic and Screw-Loc products
- Almost 100% US business; “pour & count system” unique to US&CAN
- Clear #1 player in the market
- Most dispensing robots in pharmacies are calibrated to Centor
- 54 of the top 60 retailers are exclusively supplied by Centor

## Key financials (FY2014)

- Sales: USD 167m (pro forma)

## Products

Products	Description	% of sales 2014
1-Clic	<ul style="list-style-type: none"> <li>■ Designed for solid medicine</li> <li>■ 2 caps available: child resistant and non child resistant</li> </ul>	■ ~45%
Screw-Loc	<ul style="list-style-type: none"> <li>■ Designed for solid medicine</li> <li>■ 2 caps available: child resistant and non child resistant</li> </ul>	■ ~40%
Bottles and other products	<ul style="list-style-type: none"> <li>■ Prescription bottles</li> <li>■ Applicator bottles</li> <li>■ Dropper bottles</li> <li>■ Ointment jars</li> </ul>	■ ~10%
Ovals	<ul style="list-style-type: none"> <li>■ Bottles used for liquid prescriptions</li> </ul>	■ ~5%

# Centor's strong positioning in a unique market

## Market characteristics

- ~4bn retail prescriptions per year in the US
- ~62,000 pharmacies
- ~70% of retail prescriptions use plastic vials
- US prescription retail market expected to grow by more than 2% p.a.<sup>1</sup> until 2019
- High barriers to entry:
  - ▢ Regulatory requirements
  - ▢ Compatibility with existing infrastructure
  - ▢ Low costs compared to pharmacy revenues
  - ▢ Clear customer preference

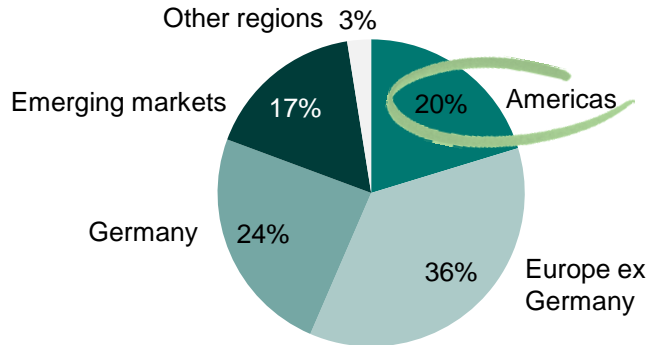
## Centor customers

- Centor is a long-term partner of leading industry players, with some customer relationships in place for over 30 years
- Direct customers
  - ▢ Typically pharmacy chains and supermarkets
- Wholesale customers
  - ▢ Complete pharmacy delivery package, including medications, and also plastic vials for retail customers

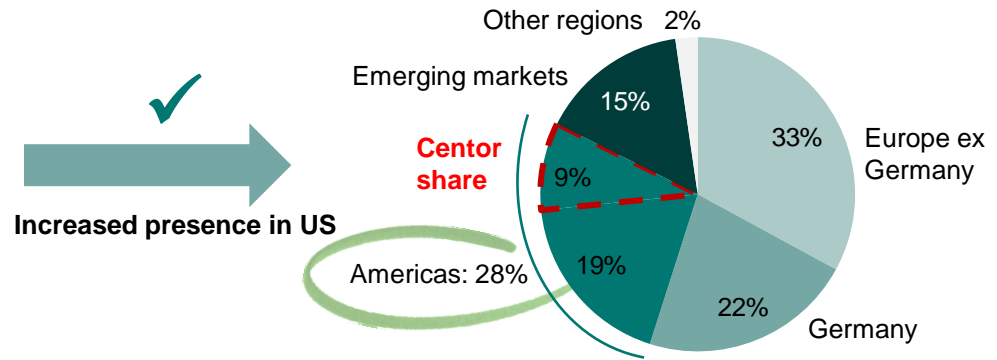


# Centor acquisition clearly improves Gerresheimer's financial profile (pro forma figures based on FY 2014 results)

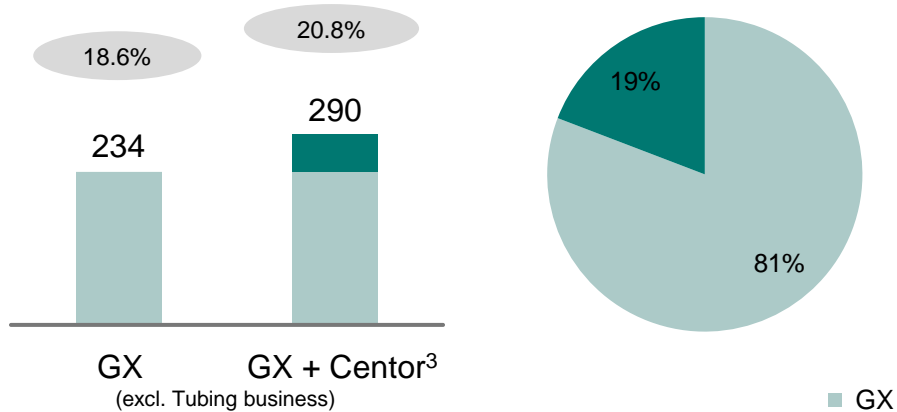
## GX revenues by region pre Centor



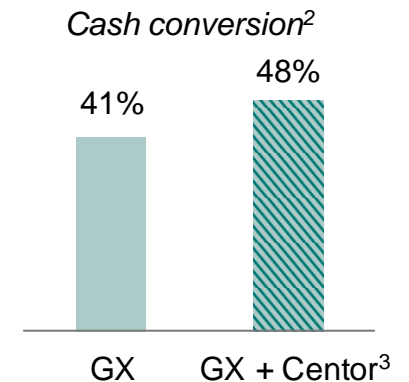
## Pro Forma GX revenues by region including Centor



## Pro Forma adj. EBITDA (EUR m) and margin



## Pro Forma operating cash flow (EUR m)<sup>1</sup>



1. Operating cash flow calculated as adj. EBITDA - Capex +/- change in net working capital

2. Operating cash flow divided by adj. EBITDA

3. Exchange rate assumption: EUR 1.00 = USD 1.30

# Financing - fully debt financed, quick deleveraging after acquisition

## Financing structure

- Consideration to be financed through drawing of existing Revolving Credit Facility and a new Bridge Loan
- Bridge Loan of EUR 550m provided by existing relationship banks at competitive terms
- Replacement of Bridge Loan through long-term debt instruments after the closing of the acquisition
- Tubing business sale proceeds will be used to pay down debt

## Credit profile

- Temporary increase in leverage to slightly above 3.0x
- Quick deleveraging through strong cash flows
  - ▢ Combined group with higher margins and higher cash conversion rate
  - ▢ More stability through increased regional and product diversification
  - ▢ Expected organic growth and strong exposure to long-term growth markets will support further EBITDA growth of the Group



# Full confirmation of Guidance FY 2015 – Exact closing date of Centor acquisition unknown, but expected in Q4 2015

## Guidance FY 2015

<b>Revenues</b> (organic growth) <sup>1</sup>	+1% to +3%; equals approx. EUR 1,300m to EUR 1,330m
<b>Adjusted EBITDA</b> (at const. FX) <sup>2</sup>	EUR 255m to EUR 265m
<b>Capex</b> (at const. FX) <sup>2</sup>	9% to 10% of revenues

■ Any potential FY 2015 Centor contribution would increase the reported figures.

1. Organic growth: At const. FX rates, excluding acquisitions, divestments and optimization of business portfolio  
 2. Average budgeted exchange rate assumption: EUR 1.00 = USD 1.30

# Centor will have a favorable impact on our first indication for FY 2016-2018

## Outlook

### FY 2016-2018

(Assumption: Disposal of Glass Tubing Business closed by end of calendar year 2015)

## First indication incl. Centor

### FY 2016-2018

(Assumptions: Acquisition of Centor will be closed by end of financial year 2015 and disposal of Glass Tubing Business will be closed by end of calendar year 2015)

**Revenues**  
(organic growth)<sup>1</sup>

+4% to +6% CAGR

+4% to +5% CAGR  
Higher base, increased by Centor  
(FY 2014 revenues<sup>3</sup>: USD 167m)

**Adjusted EBITDA**  
(at const. FX)<sup>2</sup>

Adjusted EBITDA margin  
approximately 20% by 2018

Adjusted EBITDA margin  
approximately 22% by 2018

**Capex**  
(at const. FX)<sup>2</sup>

8% to 9.5% of revenues

8.0% to 9.0% of revenues

1. Organic growth: At const. FX rates, excluding acquisitions, divestments and optimization of business portfolio

2. Average budgeted exchange rate assumption: EUR 1.00 = USD 1.30

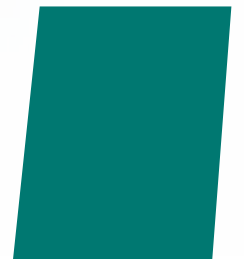
3. Pro forma

## **Key takeaways: Acquisition of market leader Centor to extend pharmaceutical packaging business in the US**

- Expansion of our primary packaging offering in the US
- Focus on a stable niche market for prescription packaging
- Low integration risk
- Excellent margin and cash profile
- Creates significant shareholder value
- Acquisition expected to close in Q4 2015



# Questions & Answers



## Financial calendar and contact details

February 11, 2015	Annual Report Financial Year 2014 <input checked="" type="checkbox"/>
April 14, 2015	Interim Report 1st Quarter 2015 <input checked="" type="checkbox"/>
April 30, 2015	Annual General Meeting 2015 <input checked="" type="checkbox"/>
July 9, 2015	Interim Report 2nd Quarter 2015 <input checked="" type="checkbox"/>
October 8, 2015	Interim Report 3rd Quarter 2015

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