

**GERRESHEIMER**



# **FY 2016 Earnings On the right track**

February 15, 2017

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- For an overview of abbreviations and definition please see the glossary slide in the backup section

# Agenda



## 1. FY 2016 Highlights

2. Financial Review

3. Outlook

4. Q&A

5. Appendix

# Further progress on our journey – Proposed dividend increase of 23.5%



## Delivered on profitable growth



### Sales in line

- Up 7.2% reported
- Up 2.9% organic <sup>1,2</sup>



### Adj. EBITDA margin expansion and record earnings

- Up 190 bps at 22.4%
- Adj. EPS after non-controlling interests at EUR 4.22 <sup>3</sup>



## Accelerated cash generation and returns



### Encouraging progress on cash generation

- Op. CF margin at 14.3%



### Proposed dividend payout of 25% of adjusted net income after non-controlling interests

- Equivalent to EUR 1.05 per Share
- Up 23.5% year-on-year



## Continued to refine our business model



### Executed on asset portfolio

- Disposal of LSR
- Well invested infrastructures



### Further strengthened business fundamentals

- Quality
- Innovation
- Industrial efficiency

1. Average budgeted exchange rate assumption for FY 2016 was: EUR 1.00 = USD 1.12  
 2. Organic growth: At const. FX rates, excluding acquisitions, divestments and optimization of business portfolio  
 3. As a reference, adjusted EPS after non-controlling interests and excluding LSR is at EUR 4.07 for FY 2016

# FY 2016 guidance achieved, reflecting recent changes in our asset portfolio as well as continuous effort to drive efficiencies...

CRITERIA <sup>1</sup>	GUIDANCE FY 2016	ACHIEVED 2016
FXN Revenues	Approx. EUR 1.4bn <i>(plus/minus EUR 25m)</i>	EUR 1,383.1bn
FXN Adj. EBITDA	Approx. EUR 305m <i>(plus/minus EUR 10m)</i>	EUR 311.3m
Capex (% sales, FXN)	~ 8%	8.2% <sup>2</sup>
Avg NWC (% sales, FXN)	~17%	15.8% <sup>2</sup>



CRITERIA <sup>1</sup>	MID TERM OBJECTIVES	ACHIEVED 2016
Op. CF margin (% sales FXN)	~13% in FY 2018	14.3%
Leverage	around 2.5x mid term	2.6x
ROCE	> 12% mid term	12.6%
Dividends	Payout ratio (20 -30% adj. NI Excl. non-controlling interests)	25% proposed



1. Average budgeted exchange rate assumption for FY 2016 was: EUR 1.00 = USD 1.12 for calculation of FXN metrics  
 2. Excluding LSR

# ... Whilst continuing to strengthen our business foundations

**ASSET BASE** now representing 100% of our core business

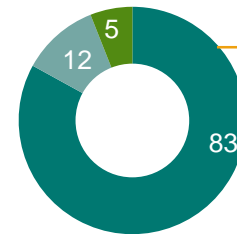
- Centor fully integrated, delivering in line with original business plan
- Sales of LSR division completed as of October 31, 2016
- Well invested assets and factories

**GEARED TO SUPPORT** our Pharma and Cosmetics customers across the entire business

- Well diversified customer base
- Homogenous business portfolio with clear strategic focus
- Efficient and lean organisation with a strong track record

**BALANCED PORTFOLIO**, greater revenue diversification

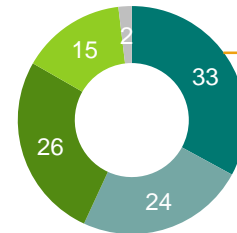
Rebalancing of revenues post LSR disposal  
Focus on Pharma & Cosmetics



**FY 2016**

Pharma & Healthcare: **83%**  
Cosmetics: **12%**  
Others: **5%**

Americas incl. Centor now at 26% of revenues



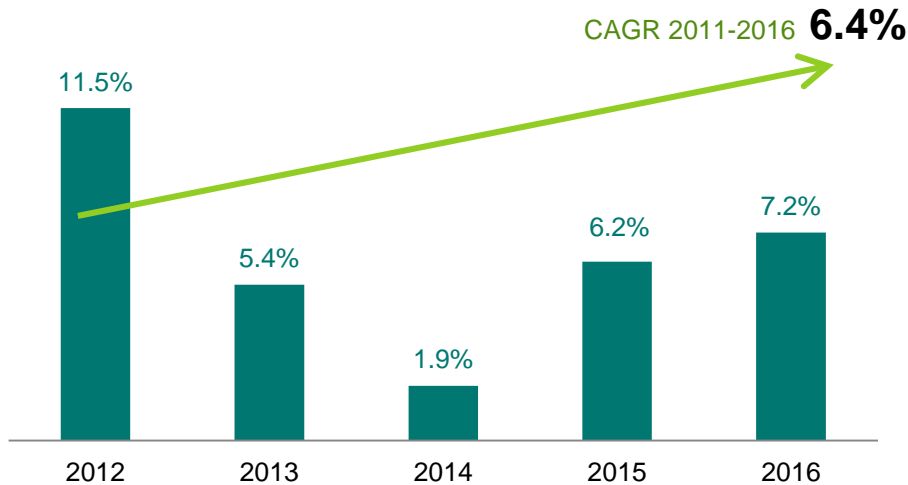
**FY 2016**

Europe (ex. GER) **33%**  
Germany **24%**  
Americas **26%**  
Emerging markets <sup>1</sup> **15%**  
Other regions **2%**

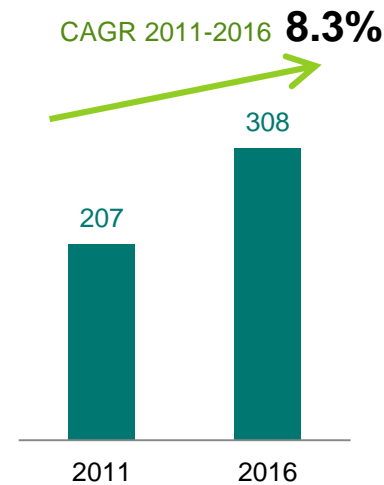
1. According to Quintile IMS definition of emerging markets for FY 2016. For further details see note 8 of consolidated financial statements within FY 2016 annual report

# Ability to deliver solid earnings growth due to our robust business model despite fluctuations in revenues growth

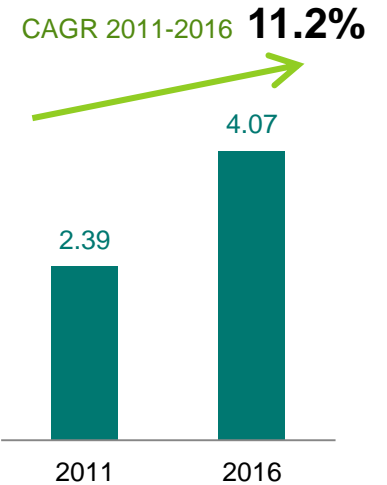
**Revenues growth ex. LSR<sup>1</sup>**  
% yoy



**Adj. EBITDA ex. LSR<sup>1</sup>**  
(EUR m)



**Adj. EPS<sup>1,2</sup> ex. LSR**  
(EUR )



Combination of organic growth, productivity gain, accretive M&A and portfolio improvements deliver superior earnings growth

Relentless focus on driving profitable growth whilst keeping patient safety and innovation as a priority



Organic expansion and M&A are both pillars of our growth strategy



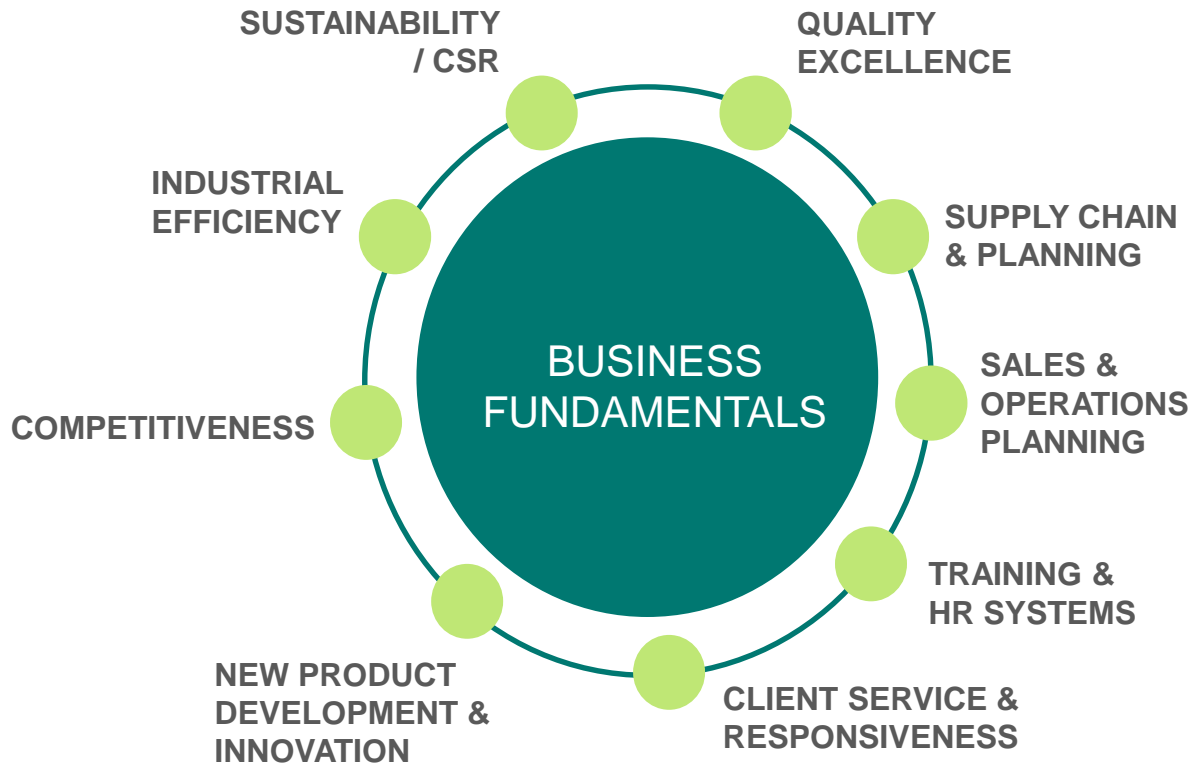
Solid revenues increase over the past 5 years despite annual fluctuations, outpaced by superior profitability and earnings growth



1. As reported  
2. After non-controlling interests

# Continued to work on our business fundamentals to support leadership position ...

## Some 2016 examples



### Client service & responsiveness

- Innovation in products and technologies

### Quality excellence

- Pursuing zero defect strategy in glass production
- Enhancing production and inspection processes across all product lines

### Industrial efficiency

- Deploying machine strategy in Converting
- Ramping up large scale inhaler project in Peachtree
- Achieving significant furnace rebuild in Cosmetics



# ... And to develop innovative product solutions for our customers

PHARMA

*Gx RTF ClearJect<sup>®</sup>  
COP Syringe*



*GX<sup>®</sup> Elite  
Glass*



*Bio Pack*



COSMETICS

*Over 100 innovative  
products per year*



QUALITY & CLIENT FOCUS

PRODUCTION FEATURES

- Higher quality
- Break resistance
- Suitable for sensitive biologics

- User safety
- Available with all standard systems (needles, etc)

- COP
- First batch production started in Europe

- Higher quality
- Break resistance
- Suitable for sensitive biologics

- Whole product family now available

- Improved production processes and enhanced technologies to support quality

- Substitute for traditional PE and PET
- 100% Recyclable

- Available for both Pharma and Cosmetics applications

- Available on existing filling and packaging line

- Design capabilities support time to market requirements

- Enhanced decoration processes, enabling greater customization

- State of the art printing machines

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# FY 2016 increase driven by Plastics & Devices; balanced organic growth profile across both divisions

## Revenues by division

<i>EUR M</i>	FY 2016	FY 2015	GROWTH IN %	ORGANIC GROWTH <sup>1,2</sup> IN %
Total Group	1,375.5	1,282.9	7.2	2.9
- Of which P&D	765.4	645.3	18.6	3.0
- Of which PPG	610.6	651.0	-6.2	2.7

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

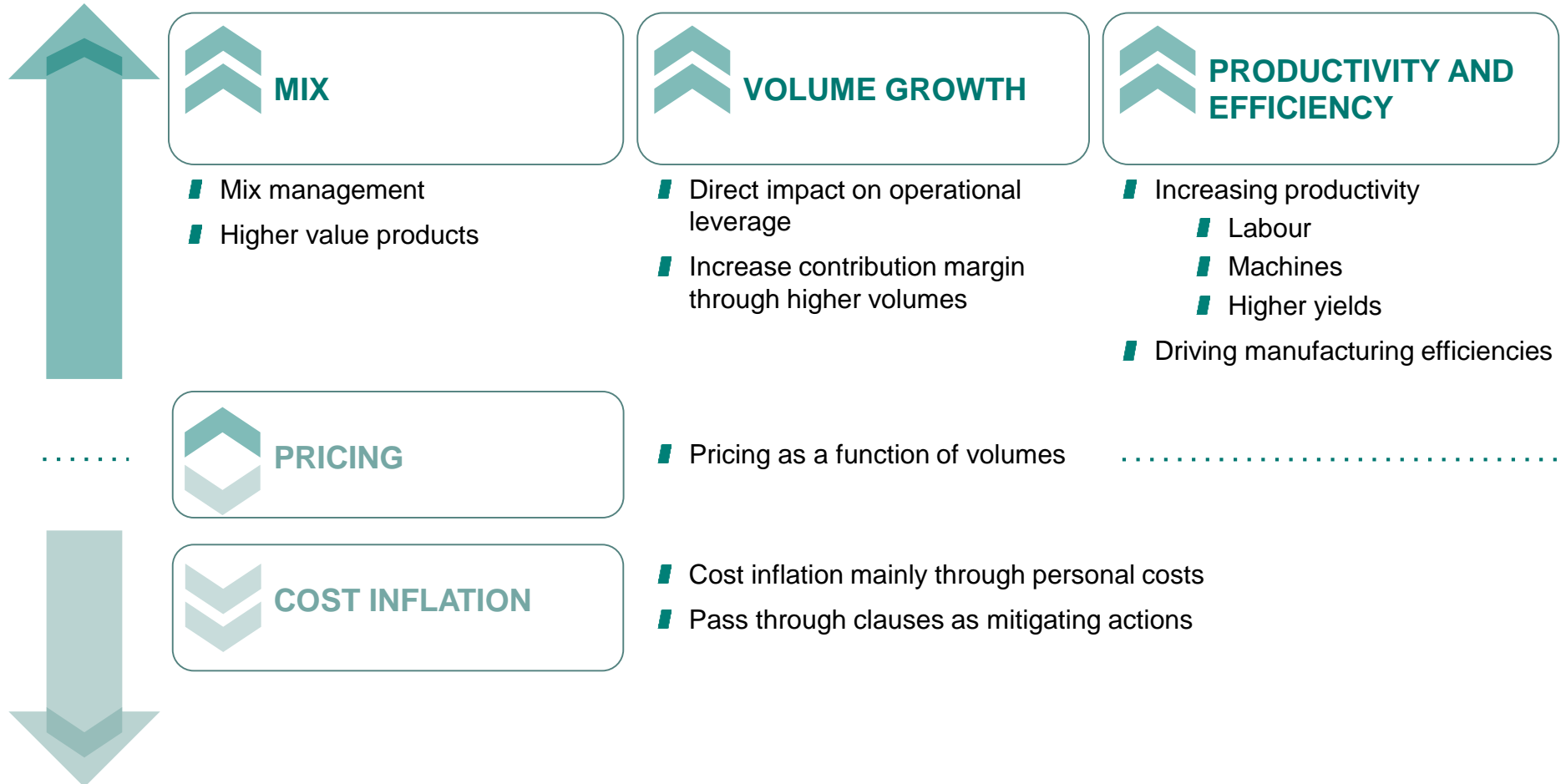
2. Average budgeted exchange rate assumption for FY 2016 was: EUR 1.00 = USD 1.12

# Strong margin expansion at Group level, driven by Plastics and Devices and continued productivity improvements

## Adjusted EBITDA by division

	FY 2016		FY 2015	
	EUR M	MARGIN IN %	EUR M	MARGIN IN %
Total Group	307.8	22.4	262.6	20.5
- Of which P&D	204.0	26.6	141.6	21.9
- Of which PPG	124.7	20.4	143.7	22.1

# Working on 3 main levers to protect and build margins



## FY 2016 shows almost 50% increase in Net Income

IN EUR M	FY 2016	FY 2015	CHANGE
Adjusted EBITDA	307.8	262.6	+45.2
Depreciation	-86.9 <sup>1</sup>	-84.5	-2.4
Adjusted EBITA	220.9	178.1	+42.8
FY15 Effects from Centor, tubing and portfolio optimization	-3.3	24.7	-28.0
One-off income and expenses	-0.5	-0.4	-0.1
Total one-off effects	-3.8	24.3	-28.1
Amortization of fair value adjustments	-36.6	-20.4	-16.2
Result from operations (EBIT)	180.5	182.0	-1.5
Net finance expense	-33.5	-34.6	+1.1
Result before income taxes	147.0	147.4	-0.4
Income taxes	-42.5	-43.4	+0.9
Income tax rate	(28.9%)	(29.4%)	-
Net income from continuing operations	104.5	104.0	+0.5
Net income from discontinued operations	63.7 <sup>2</sup>	8.7	+55.0
Net income	168.2	112.7	+55.5

1. Including EUR 0.2m of impairment losses unrelated to portfolio optimisation

2. Including book gain from the disposal of LSR of EUR 74.3m, related project costs and tax expenses amounting respectively to EUR 4.4m and EUR 13.8m, as well as the net income from LSR

# Reaching another record Adjusted EPS after non-controlling interests in FY 2016

## Reconciliation of net income to adjusted EPS after non-controlling interests

IN EUR M	FY 2016	FY 2015	CHANGE
Net income	168.2	112.7	+55.5
Total one-off effects	-66.1 <sup>1</sup>	-24.3	-41.8
Amortization of fair value adjustments <sup>2</sup>	38.1	22.3	+15.8
One-off effects included in net finance expense	0.2	6.5	-6.3
Total tax effect related to total one-offs, FVA and one-off effects included in net finance expense	-0.6	-1.3	+0.7
One-off tax related effects	-0.8	+1.8	-2.6
Adjusted net income <sup>3</sup>	139.0	117.7	+21.3
Adjusted net income attributable to non-controlling interests	6.4	10.7	-4.3
Adjusted net income after non-controlling interests <sup>4</sup>	132.6	107.0	+25.6
Adjusted EPS after non-controlling interests in EUR	4.22	3.41	+0.81

1. Including the book gain from the disposal of LSR of EUR 74.3m, as well as the related project cost amounting to EUR 4.4m
2. Including expenses of EUR 1.5m (FY15: EUR 1.9m) which is shown in the line discontinued operations in the Group P&L
3. Adjusted net income: Consolidated net income before non-cash amortization of fair value adjustments, restructuring expenses, impairment losses, one-off income and expenses (including non-cash expenses) and the related tax effects.
4. Adjusted net income after non-controlling interests is the basis of our dividend distribution. This figure differs from the EPS as reported in our accounts according to IFRS and documented within FY 2016 annual report. For a comprehensive overview of the EPS calculation for the Group in FY 2016 refer to note (17) of the consolidated financial statements

# Encouraging operating cash flow generation as a result of increased profitability and completed portfolio adjustments

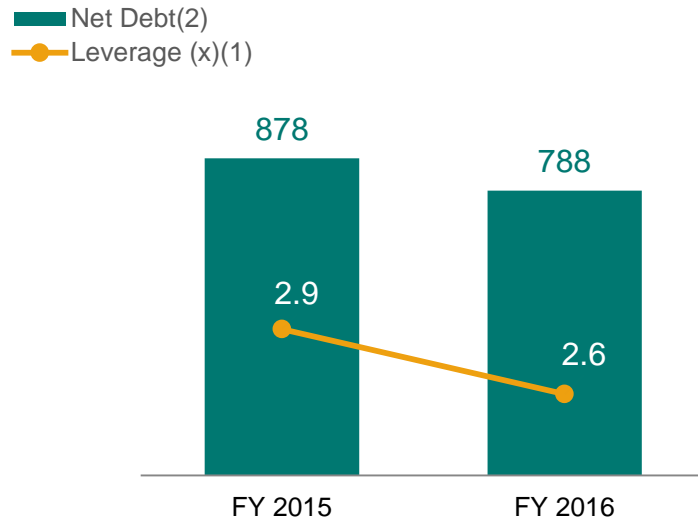
	NOV 30, 2016 EUR M	NOV 30, 2015 EUR M	CHANGE IN %
Total assets	2,374.3	2,419.4	-1.9
Equity	763.3	698.1	+9.3
<i>Equity ratio</i>	32.1%	28.9%	+320bps
Net working capital	200.3	213.7	-6.3
<i>NWC in % of revenues<sup>1</sup></i>	14.6%	14.5%	+10bps
<i>Average NWC in % of LTM revenues<sup>1</sup></i>	15.8%	18.1%	-230bps
	FY 2016	FY 2015	CHANGE IN %
Cash flow from operating activities	173.5	203.8	-14.9
Operating Cash Flow	197.4	177.0	+11.5
<i>Operating CF in % of revenues</i>	14.3%	13.8%	+50bps
<i>Capex in % of revenues<sup>1</sup></i>	8.2%	9.7%	-150bps

1. Excluding LSR and at constant currency



# Net financial debt reduction achieved, Group's leverage target almost reached a year ahead

## Net debt and financial leverage<sup>1</sup>



- Net Debt decreased by EUR 89.3m as a result of improved adj. EBITDA and increased cash generation
- Leverage ratio decreased from 2.9x to 2.6x
- Well on track to reach leverage target profile of 2.5x

## Net debt summary

IN EUR M	FY 2016	FY 2015
Drawn portion of RCF	162.7	232.8
Bonded Loans (Schuldschein)	425.0	425.0
Bonds	300.0	300.0
Local borrowings and leasing	18.9	13.4
Cash and cash equivalents	118.4	93.7
<b>Total net financial debt</b>	<b>788.2</b>	<b>877.5</b>

- Bonded loans (Schuldschein): fixed/variable interest rates, currently between 0.75% and 2.04%; (maturity in 2020, 2022 and 2025)
- Bond: Fixed annual coupon of 5.0% (matures in May 2018)
- Revolving bank debt: total capacity EUR 450m; variable interest rate

1. Leverage: The relation of net financial debt to adjusted EBITDA of the preceding twelve months, according to the current credit facility agreement  
 2. Net Debt defined as: Short and long term debt minus cash and cash equivalent

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# Long term growth drivers such as globalization and population increase underpinned by megatrends in pharma and healthcare



# Scale underpins leading market position and operating leverage

**MARKET LEADER** in primary packaging for injectables / drug delivery devices

**15.5 bn**

pieces sold p.a.

**# 1**

in prescription & injectables in the US

**STRONGLY DIVERSIFIED** customer base.  
Largest customer make up for **less than 6%** of total revenues

OVER  
**1500**

customers

Supplying all of  
**Top 10**

Pharma companies

**PRODUCING** in 14 countries

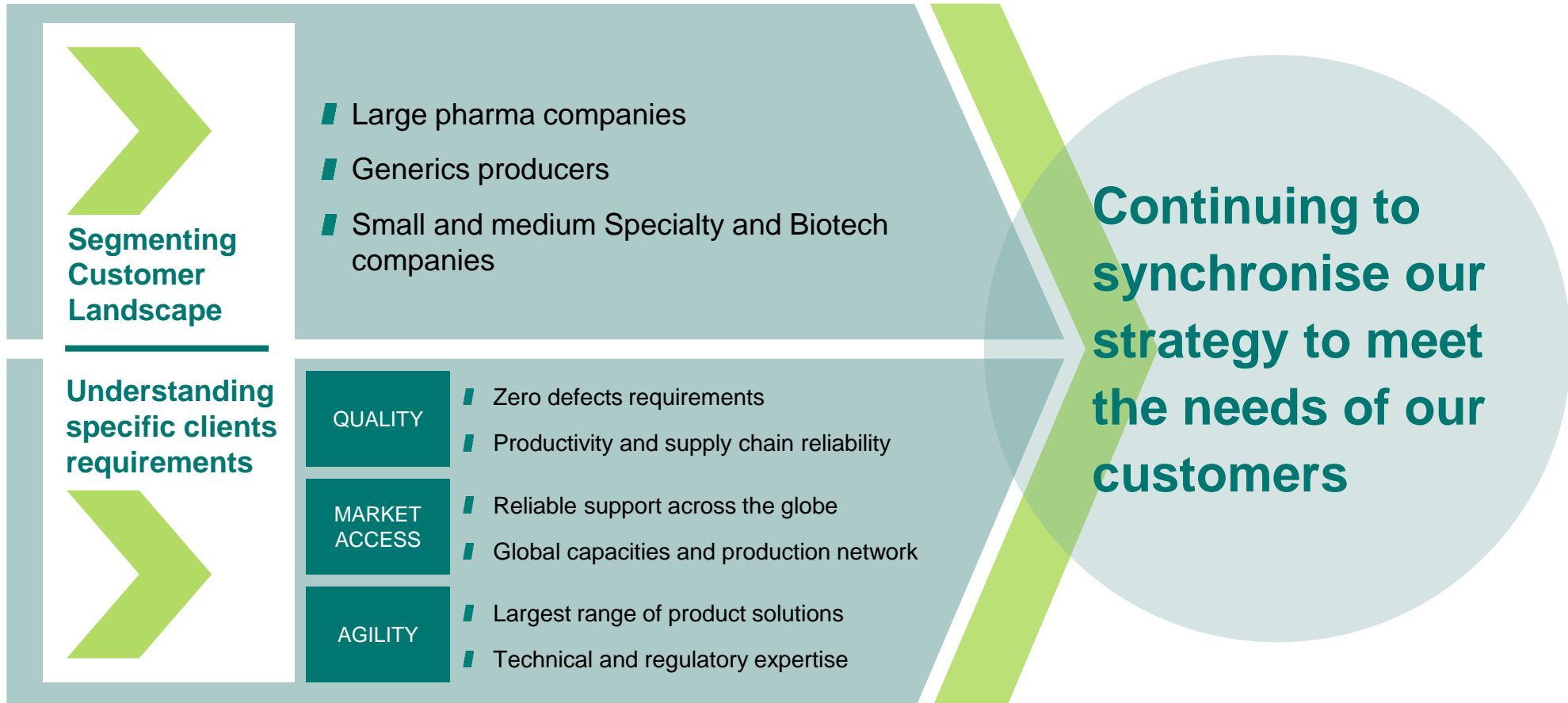
Selling in  
**97**

countries

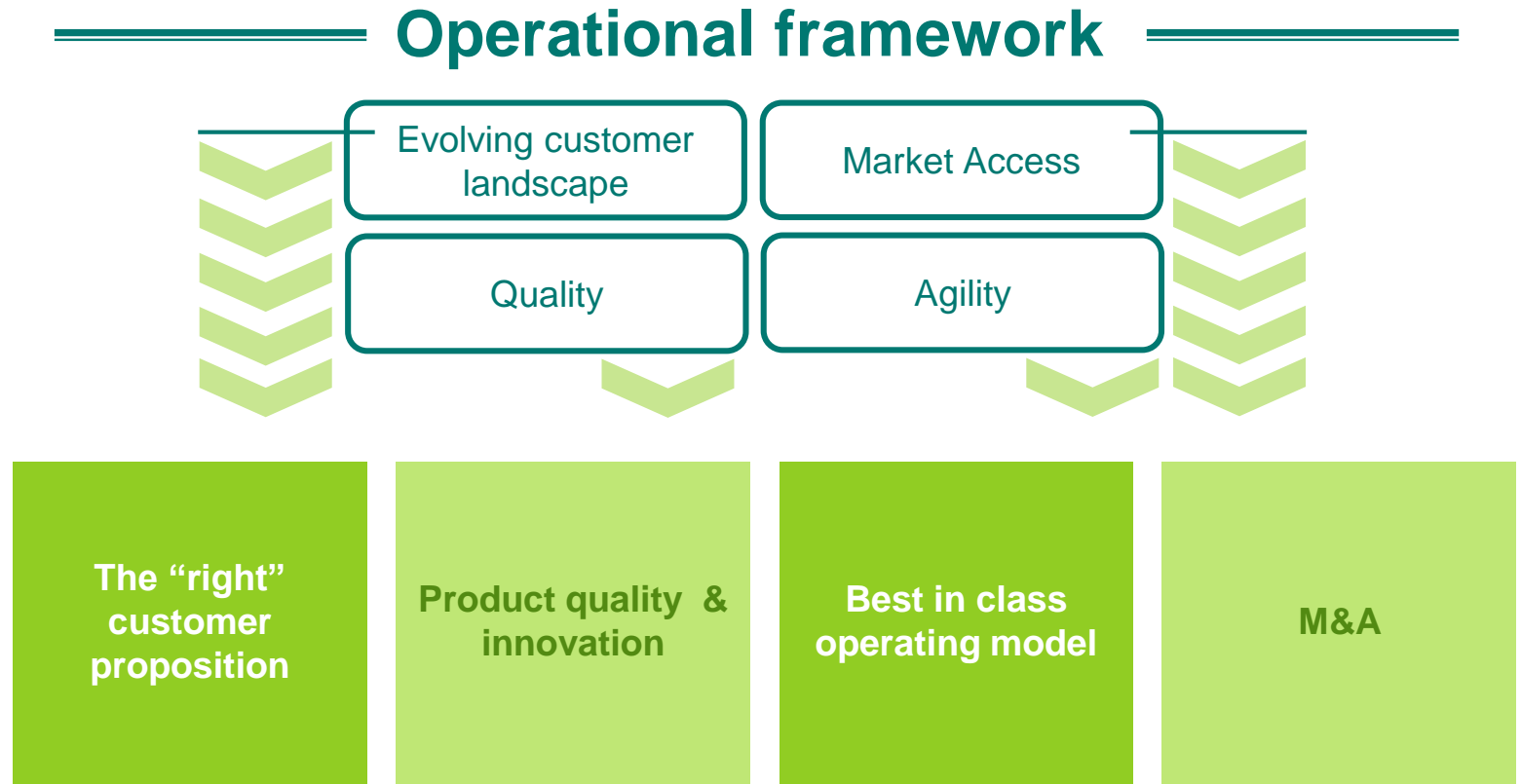
OVER  
**5**

continents

# Targeted market approach



# Strategic ambitions unchanged, further refining our operational framework to where/how we play



## Guidance framework 2017 foresees an adj. EPS after non-controlling interests between EUR 4.20 and EUR 4.55

2017 GUIDANCE	REPORTED FY 2016	EXPECTED FY 2017
Revenues	EUR 1,375.5m	~ EUR 1.43bn (FXN <sup>1</sup> - plus/minus EUR 25m)
Adj. EBITDA	EUR 307.8m	~ EUR 320m (FXN <sup>1</sup> - plus/minus EUR 10m)
Adj. EPS after non-controlling interests	EUR 4.07 <sup>2</sup>	EUR 4.20 – 4.55
Capex (% sales)	8.2% <sup>2</sup>	~8% (FXN <sup>1</sup> )

1. At const. FX rates, based on FY 2016 reported numbers - Average budgeted exchange rate assumption for FY 2017: EUR 1.00 = USD 1.10

2. Excluding LSR

# Looking into 2017 – 2018: Continued focus on driving profitable growth, lifting Adj. EBITDA margin objective to ~23% in FY 2018

ADDITIONAL OBJECTIVES FOR FY 2018	REPORTED FY 2016	EXPECTED FY 2018 (FXN <sup>1</sup> )
Organic <sup>2</sup> sales growth CAGR 2017-2018	2.9% (FY 2016 vs FY 2015)	4% to 5%
Adj. EBITDA margin	22.4%	~ 23% (previously > 22%)
Capex (% sales)	8.2% <sup>3</sup>	~ 8%
Avg NWC (% sales)	15.8% <sup>3</sup>	16% (previously 17%)
Op. CF margin (% sales)	14.3%	>13%

MID TO LONG TERM GOALS	REPORTED FY 2016	EXPECTED MID TO LONG TERM
Leverage	2.6x	~2.5x
ROCE	12.6%	>12%
Dividend policy (as % of adj. NI excl. non-controlling interests)	25%	20% to 30%

1. At const. FX rates, based on FY 2016 reported numbers - Average budgeted exchange rate assumption for FY 2017: EUR 1.00 = USD 1.10

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

3. Excl. LSR



# Wrapping up: on the right track to execute on our strategic priorities

- High pace of portfolio changes undertaken in the past years
- Better geared to support our healthcare and cosmetics clients



A leaner and more efficient asset base



A clear roadmap to further support our clients



- Targeted market approach to further support our clients requirements
- Dedicated team set up to address biotech and specialty pharma market

- Driving profitable growth with nonetheless patient safety as utmost priority
- Rigorous allocation of resources for all organic or inorganic projects



A disciplined financial approach



A defined pathway to value creation



- To deliver ongoing quality and efficiency enhancements for our customers
- To deliver superior earnings growth



# Backup

## Q4 2016: Revenues by division

EUR M	Q4 2016	Q4 2015	GROWTH IN %	ORGANIC GROWTH <sup>1,2</sup> IN %
Total Group	357.6	350.8	2.0	4.7
- Of which P&D	199.4	186.1	7.2	7.2
- Of which PPG	158.3	167.3	-5.3	1.9

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

2. Average budgeted exchange rate assumption for FY 2016 was: EUR 1.00 = USD 1.12

## Q4 2016: Adjusted EBITDA and margin by division

	Q4 2016		Q4 2015	
	EUR M	MARGIN IN %	EUR M	MARGIN IN %
Total Group	82.5	23.1	81.9	23.3
- Of which P&D	55.3	27.7	48.2	25.9
- Of which PPG	31.6	19.9	40.5	24.2

# Development of net working capital

	NOV 30, 2016 EUR M	NOV 30, 2015 EUR M
Inventories	155.4	186.4
<i>thereof prepayments made</i>	3.0	6.2
Trade receivables	232.1	219.0
Trade payables	157.0	160.9
Payments received on account of orders	30.2	30.8
<b>Net working capital</b>	<b>200.3</b>	<b>213.7</b>
<i>NWC in % of revenues<sup>1</sup></i>	<i>14.6%</i>	<i>14.5%</i>
<i>Average NWC in % of LTM revenues<sup>1</sup></i>	<i>15.8%</i>	<i>18.1%</i>

1. Excluding LSR, FXN

# Development of inventories

	NOV 30, 2016 EUR M	NOV 30, 2015 EUR M
Raw materials, consumables and supplies	50.0	50.8
Work in progress	18.4	24.2
Finished goods and merchandise	84.0	105.2
Prepayments made on inventories	3.0	6.2
<b>Inventories</b>	<b>155.4</b>	<b>186.4</b>

# GXI Key Data

in EUR per share	2008	2009	2010	2011	2012	2013	2014	2015	2016
Adjusted EPS after non-controlling interests	1.83	1.34	1.95	2.44	2.62 <sup>2</sup>	3.08	2.89	3.41	4.22
Cash flow from operations per share	5.26	3.74	5.09	4.13	5.53	4.67	5.04	6.49	5.52
Dividend	0.40	–	0.50	0.60	0.65	0.70	0.75	0.85	1.05 <sup>1</sup>
Dividend yield	1.5%	–	1.8%	1.9%	1.7%	1.4%	1.7%	1.2%	1.5%
Payout ratio	22%	–	26%	25%	25% <sup>2</sup>	23%	26%	25%	25%
Share price high	38.20	27.05	29.85	36.62	41.34	50.14	56.42	76.32	76.86
Share price low	23.99	13.24	22.09	28.30	31.00	37.60	42.31	41.99	57.10
Share price at FY end	27.10	23.05	28.20	31.17	39.41	49.67	44.44	73.90	68.85
Book value per share	15.26	15.29	16.86	17.59	17.14	17.94	19.25	22.23	24.31
P/E ratio <sup>3</sup>	14.81	17.20	14.46	12.77	15.04 <sup>2</sup>	16.13	15.38	21.67	16.31
Market cap in EUR m	851	724	886	979	1,238	1,560	1,395	2,321	2,162
MDAX weighting year end	11.48% <sup>4</sup>	1.33%	1.24%	1.40%	1.47%	1.33%	1.01%	1.42%	1.33%
Number of shares in million	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4

1. Proposed appropriation of net earnings
2. Retrospective restatement due to the early adoption of IAS 19 (amended in 2011) from December 1, 2012
3. Based on adj. EPS after non-controlling interests
4. SDAX weighting at year end

# Overview of Abbreviations and Definitions

Abbreviations and Definitions	
<b>Adj. EBITDA</b>	Earnings before income taxes, net finance expense, amortization of fair value adjustments, depreciation and amortization, impairment losses, restructuring expenses and one-off income and expenses
<b>Adjusted EPS</b>	Adjusted net income divided by 31.4m shares
<b>Adjusted net income</b>	Consolidated net income before non-cash amortization of fair value adjustments, restructuring expenses, impairment losses, one-off income and expenses (including non-cash expenses) and the related tax effects.
<b>CAGR</b>	Compound Annual Growth Rate
<b>Capex</b>	Investments in tangible and intangible assets
<b>EBIT</b>	Earnings before interest and taxes
<b>EBITA</b>	Earnings before interests, taxes and amortization
<b>EBITDA</b>	Earnings before interests, taxes and depreciation and amortization
<b>FXN</b>	"Foreign currency neutral" - based on budgeted FX-rates
<b>Leverage</b>	The relation of net financial debt to adjusted EBITDA of the preceding twelve months, according to the current credit facility agreement.
<b>Net debt</b>	Short and long term debt minus cash and cash equivalents
<b>Net finance expense</b>	Interest income and expenses and related to the net financial debt of the Gerresheimer Group. It also includes net interest expenses for pension provisions together with exchange rate effects from financing activities and from related derivative hedges.
<b>Net working capital (NWC)</b>	Inventories plus trade receivables minus trade payables plus/minus prepayments
<b>Op. CF margin</b>	Adjusted EBITDA plus/minus the change in net working capital, minus capex and in relation to revenues
<b>Operating cash Flow</b>	Adjusted EBITDA plus/minus change in net working capital, minus capex
<b>P/E Ratio</b>	Company's share price divided by the adj. EPS after non-controlling interests
<b>RCF</b>	Revolving credit facility
<b>ROCE</b>	Adjusted EBITA divided by (total assets minus investments, investments accounted for using the equity method and other loans, minus cash and cash equivalents, minus pensions (without pension provisions), deferred tax liabilities, and income tax liabilities, minus prepayments received, trade payables, and other non- interest bearing liabilities)
<b>yoy</b>	year-on-year



## Financial calendar and contact details

February 15, 2017	Annual Report Financial Year 2016
April 6, 2017	Interim Report 1st Quarter 2017
April 26, 2017	Annual General Meeting 2017
July 13, 2017	Interim Report 2nd Quarter 2017
October 11, 2017	Interim Report 3rd Quarter 2017

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**GERRESHEIMER**



## **Our Vision**

Gerresheimer will become the leading global partner for enabling solutions that improve health and well-being.

Our success is driven by the passion of our people.