

**GERRESHEIMER**



# Investor and Analyst Presentation

Q3 2018

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

# Agenda

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**Gerresheimer at a glance**



# A leading international manufacturer for the global pharma and healthcare industry

- Pharmaceutical packaging solutions made out of glass and plastics
- Primary packaging products and medical devices for storage, dosage and safe administration of drugs as well as packaging for the cosmetics industry



# Strong business foundations, developing our business model beyond our current setup to capture longer term potential

## Solid financial profile

Adj. EBITDA  
FY 2017  
**EUR 310.8m**

Strong Cash Flow generation  
and lower capital intensity

Op. CF margin at **15.3%** for FY 2017  
Leverage at **2.3x** as of Nov 30, 2017

## Leading market positions in attractive niche markets

**#1**  
in Europe for plastic  
packaging and  
inhalation

**#1**  
in the US for  
prescription and  
injectables

**#2**  
in Europe for  
diabetes, pens  
and syringes

**Strong emerging market presence** in South America, India and China for plastic packaging, pens, moulded glass, ampoules, vials and cartridges

## Well invested assets & factories, solid customer basis

**36** plants in  
**14** countries

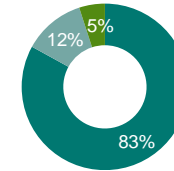
Delivering to  
**97**  
countries over 5  
continents

Over  
**1500**  
customers

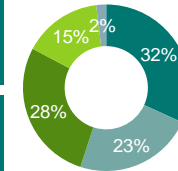
Supplying all  
**Top 10**  
Pharma customers

Largest customer makes up for **only 6%** of total revenues

## Clearly identified revenues streams



**REVENUE SPLIT BY SECTOR**  
Pharma & Healthcare: **83%**  
Cosmetics: **12%**  
Others: **5%**



**REVENUE SPLIT BY REGIONS**  
Europe (ex. GER): **32%**  
Germany: **23%**  
Americas: **28%**  
Emerging markets<sup>1</sup>: **15%**  
Other regions: **2%**

## Plastics & Devices

Revenues 2017	Adj. EBITDA 2017	Margin 2017
EUR 757.2m	EUR 215.2m	28.4%



## Primary Packaging Glass

Revenues 2017	Adj. EBITDA 2017	Margin 2017
EUR 592.0m	EUR 116.0m	19.6%



## Advanced Technologies

**Technology & Platform operator**

Created July 2018





# Leading market positions in attractive niche markets

DIVISION	PLASTICS & DEVICES					PRIMARY PACKAGING GLASS	
	Plastic Packaging <sup>1</sup>	Inhalation (DPI) <sup>2</sup>	Diabetes Diagnostics <sup>3</sup>	Pens	Syringe Systems	MG Pharma (Type I)	Ampoules, Vials, Cartridges
EUROPE	#1	#1	#2	#2	#2	#2	#3
NORTH AMERICA	#1	#1			#2	#1	#1
EMERGING MARKETS	#1 (South America and India)			#1 (South America)		#2 (India)	#1 (China)

1. North America: plastic vials for oral prescription drugs
2. DPI = Dry Powder Inhaler (World market)
3. Lancets and lancing devices

# We provide solutions across all key product categories

DIVISION	PLASTICS & DEVICES					PRIMARY PACKAGING GLASS			GAT
PRODUCT	Plastic Packaging	Inhalation (DPI) <sup>2</sup>	Diabetes Diagnostics <sup>3</sup>	Pens	Syringe Systems	MG Pharma (Type I)	OTC Liquids and Syrups (Type II & III)	TG Injectables	Sensile Medical
Gerresheimer	✓	✓	✓	✓	✓	✓	✓	✓	
Schott					✓			✓	
Becton Dickinson <sup>1</sup>			✓		✓				
Nipro <sup>1</sup>					✓			✓	
Ompi					✓			✓	
Jabil Circuit (Nypro) <sup>1</sup>	✓	✓	✓	✓					
Consort Medical <sup>1</sup>		✓							
West Pharma <sup>1</sup>				✓					✓
Nemera		✓		✓					
Berry Plastics <sup>1</sup>	✓								
Facet			✓						
Ypsomed <sup>1</sup>				✓					✓
Desjonquères						✓	✓		
Rocco Bormioli	✓					✓	✓		
Insulet									✓



# Scale underpins leading market position and operating leverage 15.5bn products produced every year – nearly 500 per second

## SYRINGES



~ 400m pieces

## PLASTIC BOTTLES (INCL. CENTOR)



~ 5.5bn pcs

## PHARMA GLASS BOTTLES



~ 2.5bn pcs

## COSMETICS



~ 1bn pcs

## INJECTION VIALS



~ 3bn pcs

## AMPOULES



~ 2bn pcs

## INHALERS



~ 100m pcs

## CARTRIDGES



~ 1bn pcs

# Strategic Direction



# Social and macroeconomic trends supporting growth in the Healthcare Packaging Sector

**Rise of chronic diseases & aging population**



Increasing day to day medication

**Faster growth of generic drugs**



Increasing addressable market

**Increasing access to healthcare in Emerging Countries**



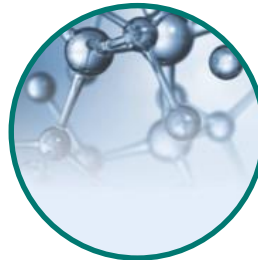
More people with access to healthcare

**Stricter regulatory requirements**



Request for high quality solutions

**New drugs especially in Biosimilars and Biotech**








Demand for innovative solutions

**Increasing trend to self medication**



Focus on quality and convenience

# Gerresheimer is operating in large and attractive markets

	Cosmetics Glass	Pharma Glass <sup>1</sup>	Pharma Plastic	Syringes	Drug Delivery Devices
					
<b>Estimated Market Size 2017<sup>2</sup></b> (in € bn)	~ 1.8	~ 2.2	~ 5.8	~ 0.9	~ 4.0
<b>Market CAGR '17-'22<sup>2</sup></b> (in %)	LOW SINGLE DIGIT			MID SINGLE DIGIT	

**The strategic relevant core market for Gerresheimer is today ~ € 15bn**

1. Tubular Glass + Moulded Glass Pharma
2. Strategic relevant markets, Gerresheimer estimates

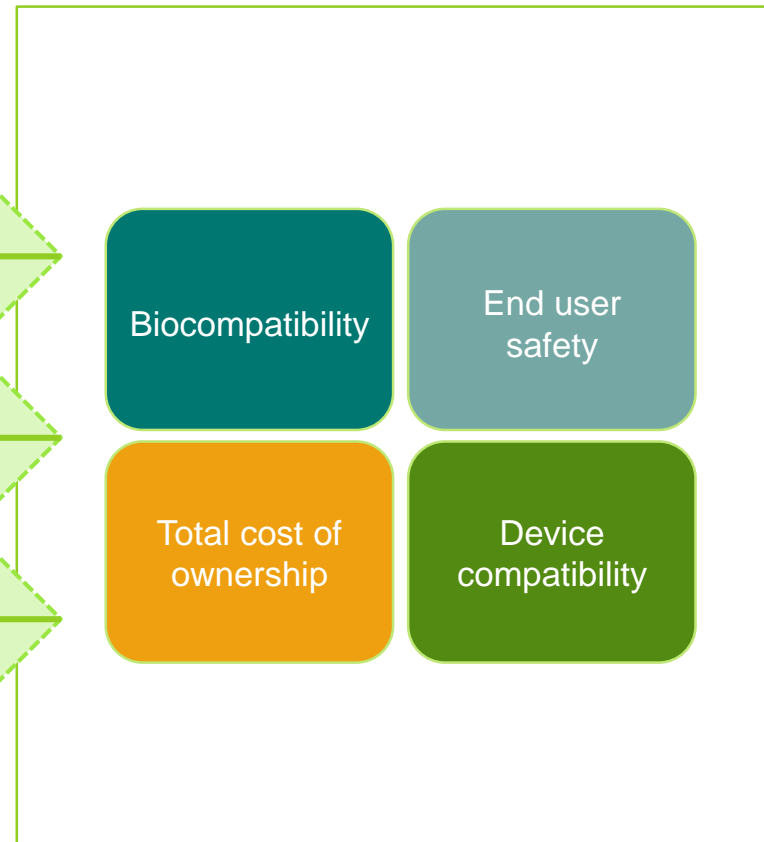
# Regional dynamics and packaging requirements set market trends

**ESTIMATED IQVIA VOLUMES**  
CAGR '17-'22<sup>1</sup> (IN %)



- Overall market trends point towards 2 to 3% CAGR volume growth, underpinned by megatrends, with regional discrepancies
- Within categories, Pharmerging economies particularly well-placed to benefit from growth

**GLOBAL PHARMA MARKET TRENDS IMPACT ON PACKAGING REQUIREMENTS**



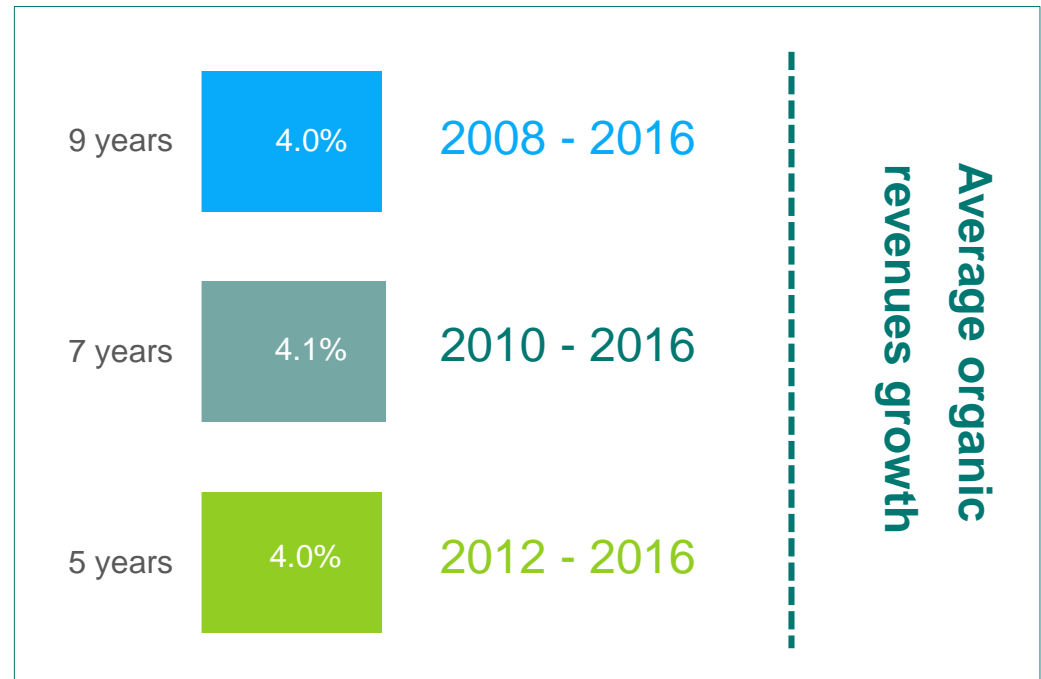
1. IQVIA (former Quintiles IMS) January 2018

# Continued investments in growth are necessary when operating in long term cycles

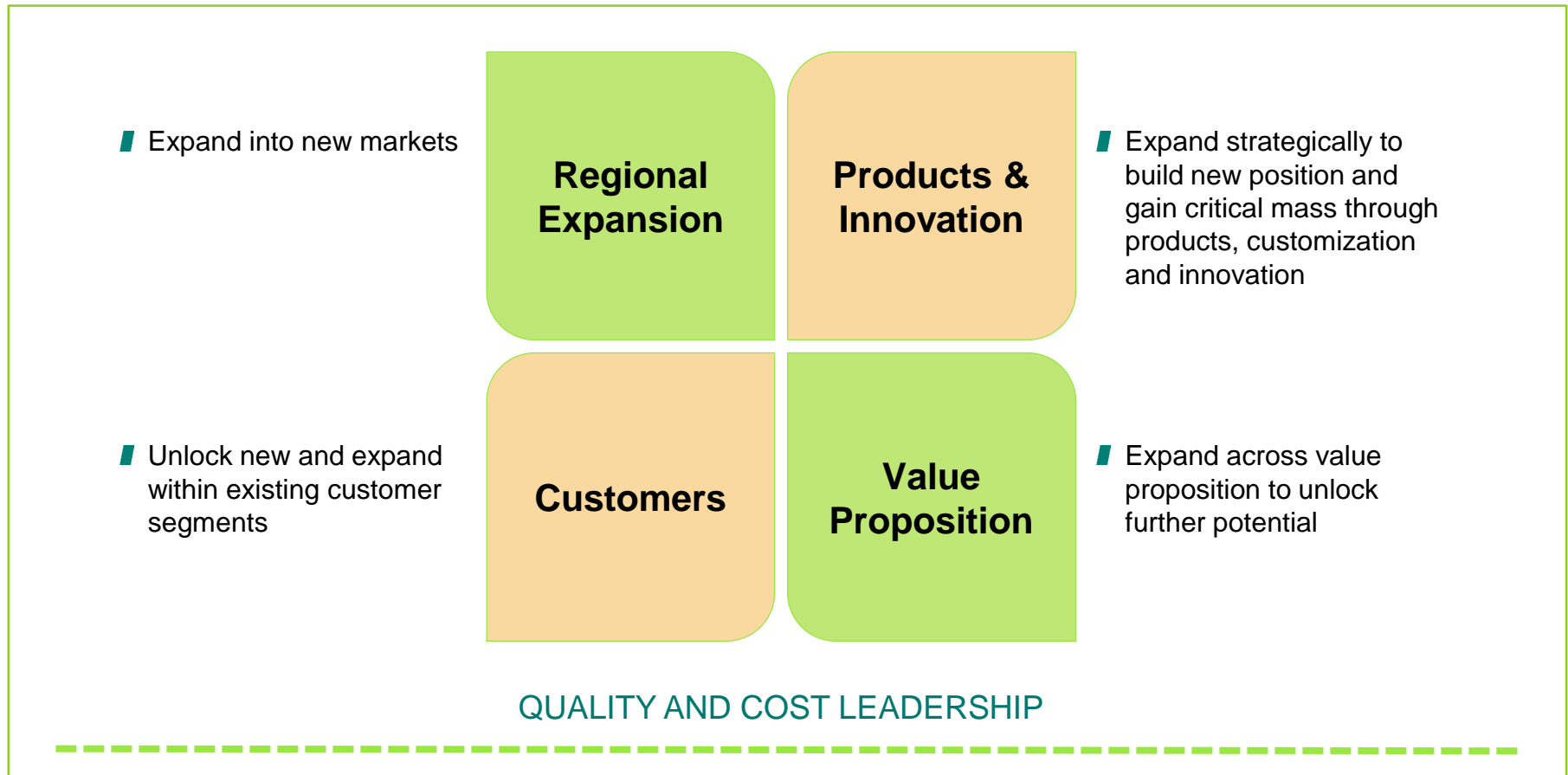
■ Our industry cycles are within 5 to 10 years

■ We have grown on average by 4.0% per year – excluding 2017

■ On average we re-invest about 4% of our FXN revenues in growth projects



# Priority is on deploying growth levers, whilst continuing to drive quality improvement and adequate returns



# Disciplined approach to capital allocation: New long term Gx ROCE goal of ~15% from above 12% previously

## ORGANIC INVESTMENT

- Capex spend at ~8% of sales for growth and maintenance projects
- Controlled capacity extension
- Clear payback criteria

## M&A

- Stringent and selective approach to acquisitions
- Strategic fit, management profile and financial track record as key initial considerations
- Clear financial guidelines

Focus on Gx ROCE and Gx RONO

## DIVIDEND

- Committed to redistributing profit back to shareholders
- Dividend policy implies payout ratio of 20 -30% of adjusted Net Income after minorities

## RATING & LEVERAGE

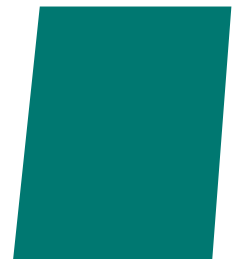
- Consider net financial debt to adjusted EBITDA ratio of 2.5 as appropriate for Gerresheimer
- Temporary variation tolerated in case of relevant M&A
- Committed to investment grade rating in the long term



SENSILE'S DRUG DELIVERY PLATFORM



**Sensile Medical**



# Sensile Medical at a glance

## GENERAL INFORMATION

### HISTORY

Founded in 2004 to develop a **micro pump based on a rotary piston pump technology**. The pump consisted of only a few parts but provided high accuracy.

### FTEs

Approx. currently 120 FTEs

### LOCATION

Headquartered in Olten, Switzerland

### SPECIFIC KNOW HOW

- R&D as well as Technology
- Patents, contracts and IPs
- No material tangible assets
- No own product manufacturing

## 3 Platforms; Unique Technology; Customized products

### 3 PLATFORMS

- Small volume patch pump
- Large volume patch pump
- Belt worn pump

### ROTARY PISTON TECHNOLOGY



### CUSTOMIZED PRODUCTS



### SECURED PATENTS

- >140 patents
- 34 patent families



**Strong device pipeline with dedicated and therapy optimized solutions**

Developer of patch pumps focusing on the delivery of Insulin for diabetes type 2 patients (products gPump) and Injectable Furosemides (Diuretics) for patients with Chronic Heart Failure (CHF) through reusable and disposable patch pumps in Europe and North America.

Besides these two main projects other projects under development are focusing on other treatment areas:

- Parkinson
- Immunodeficiency
- Immunostimulants

For all existing projects, partnerships with customers are contracted

# Patch pumps are highly precise drug delivery devices



Can self-administrated by patients over a designated time period



## 1. Primary drug container

Drug reservoir which carries the drug from a standard vial. Insertion of a cartridge directly (as shown here) is feasible as well.

## 2. Needle

Fully automatic needle insertion and retraction mechanism allows a smooth drug delivery into the subcutaneous tissue (*not shown since at the backside*)

## 3. Patch

An adhesive lining or patch is essential for the injector to get fixed on the patient's skin

## 4. Pump

A specific technology driven mechanism empowers the device to pump the drug out of the drug reservoir

## 5. Push button

Pushed by the user for automatic needle insertion and drug administration

## 6. Other

User interface for audible and tactile feedback (LED, screen, alarm system, battery etc)



Provide several benefits over traditional self-administration devices



Injectable volume



Safety precautions



Patient comfort



Patient confidence



Treatment discretion

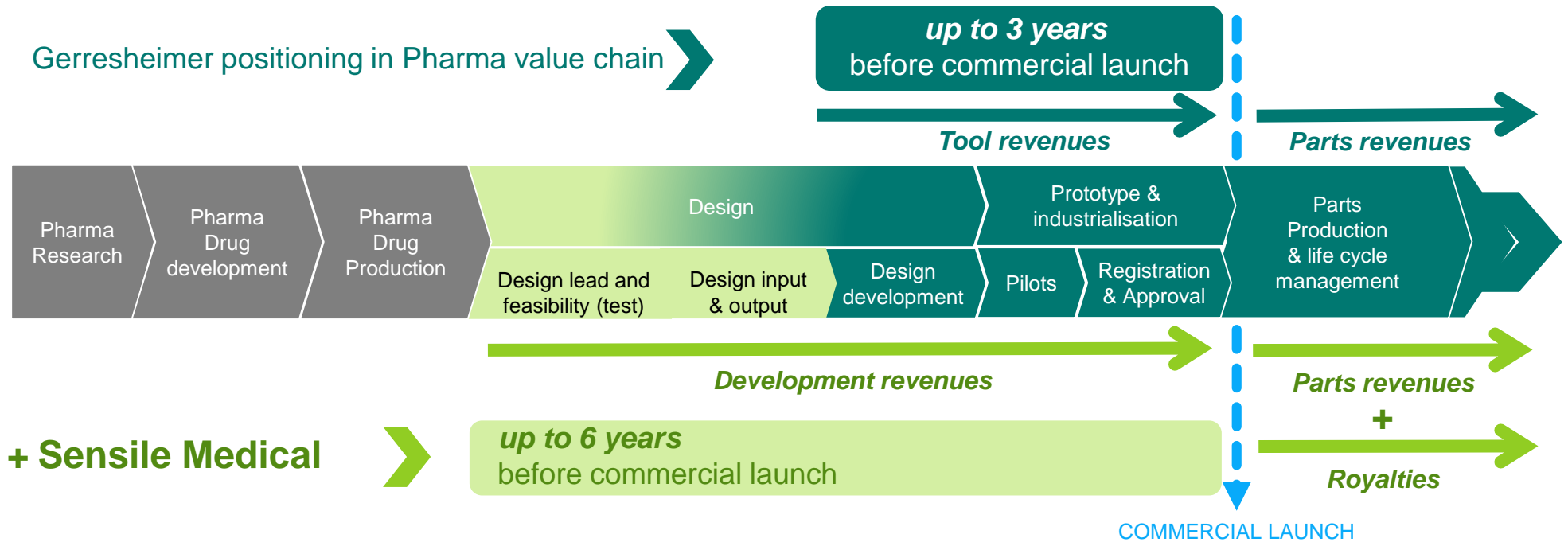
# An asset light business model with a focus on revenues generation through licences and royalties



Cooperation to gain approval of relevant authorities for the registration of the device and or the drug/device combination



# Earlier involvement in customers' pipeline provides new opportunities and shapes business model for Gerresheimer



**NEW BUSINESS MODEL AND APPROACH**

Multi faceted contract revenue model based on reusable and disposable device sale and royalty payment on drug net sale

**NEW OPPORTUNITIES FOR CMO BUSINESS**

Opportunity to source future device production in-house and increase capacity utilisation in contract manufacturing, but is not a must

**BUT**

Early exposure to drug pipeline also implies greater link with registration & commercialization successes and timeline and hence higher variability of revenues

# Modelling assumptions Sensile Medical

## PRELIMINARY TARGETS

### Revenues and Adj. EBITA

Assuming all milestones achieved with all key projects:

EUR m	FY 2018 <sup>1</sup>	FY 2020	FY 2022	FY 2027
Revenues	~ 15	~ 100	~ 200	~ 400
- Of which development <sup>2</sup>	~13	~ 40	~10	-
- Of which parts	~ 2	~ 55	~ 160	~ 340
- Of which royalties	-	~ 5	~ 30	~ 60
Adj. EBITA	~ -2	~ 10	~ 25	~ 90

- These numbers are only based on current contracted projects
- Sensile Medical and Gerresheimer management will continue to work on other leads, which in turn should further fuel the revenues pipeline and hence bring additional development revenues in the first instance

### Other modelling considerations

- No material tangible assets on the balance sheet
- NWC ~5% of sales long term
- Nearly no capex and depreciation
- Patents secured beyond 2030
- Pre PPA assumes
  - Almost no goodwill
  - Fair Value Amortization of acquired Technology of EUR 25m per year, starting FY 2018
  - Sensile Medical's tax rate expected to be at around 10% for the next 8 years

1. Expected for H2 2018 (July – November)  
 2. Only relating to current ongoing contracted projects

# Cash out schedule based on achievement of specific milestones

## EARN OUT MODEL

EUR m

■ Maximum consideration: **350**

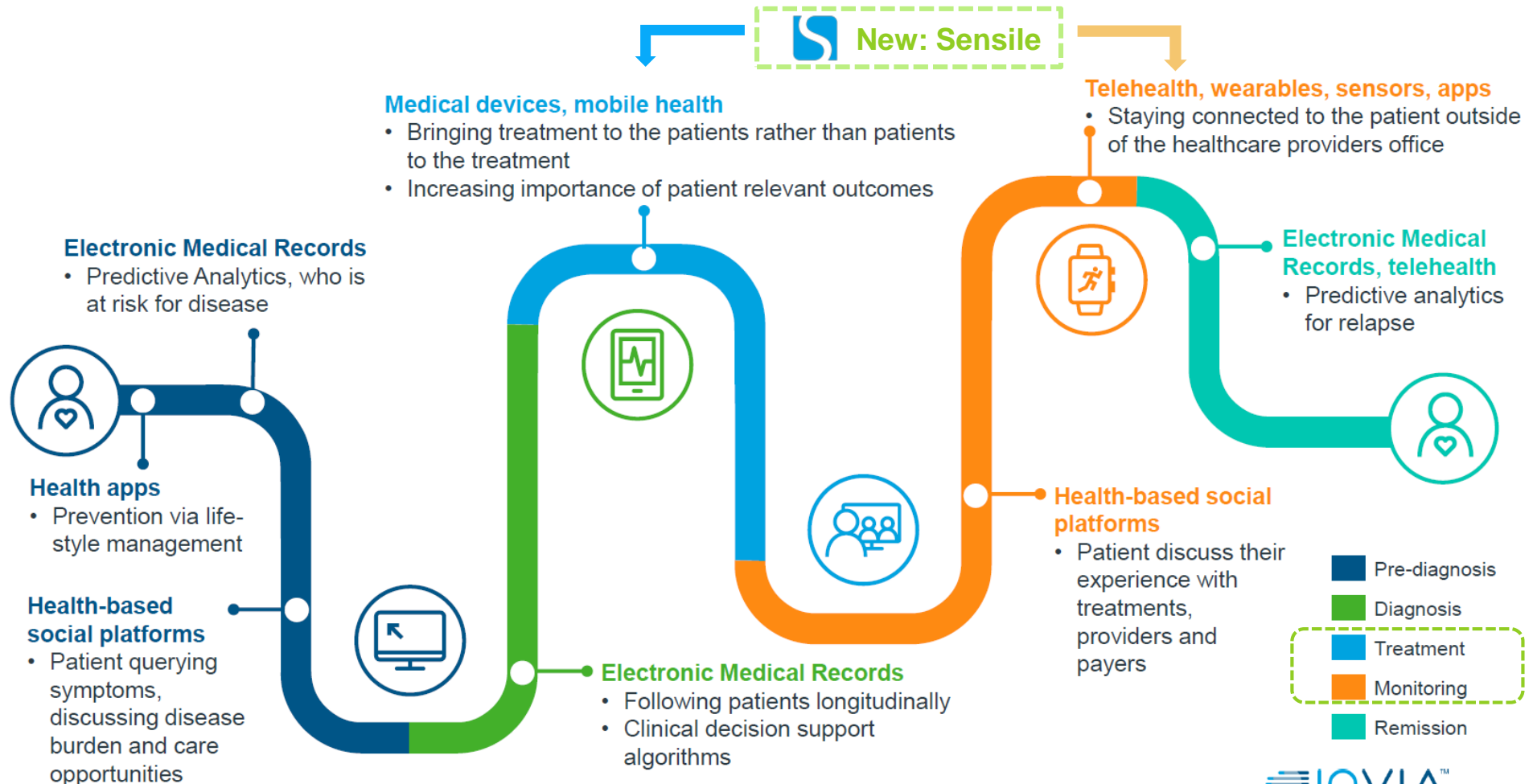
Initial payment at Closing (Q3/18)	175
2nd. Payment in Dec. 2018	25
4 Tranches @ 18.75 in June/July 2019	75 max.
1 Tranche early 2020	37.5 max.
1 Tranche early 2021	37.5 max.

■ Tranches are based on the achievement of specific milestones regarding the main customer projects, e.g. regulatory approvals

## FINANCING STRUCTURE

■ Consideration to be exclusively financed through drawing of existing Revolving Credit Facility and use of cash at hands

# Digital Health now impacts the entire patient journey





# Through Sensile Medical, Gerresheimer is radically enhancing its business approach towards Pharma and Biotech/Biosimilar

Becoming a partner of choice for both Pharma & Biotech/Biosimilars with competencies in electronic/connected devices as major long-term lever

Customer Groups  
End markets  
Applications



Large Pharma & Generics  
Chronic Diseases



Biotech/Biosimilar Companies  
Other therapeutic areas  
Precision injections



Flow measurement  
Data gathering  
Data management



+ OEM / ODM & electronics



+ Connected

CURRENT BUSINESS

Plastics **players**<sup>1</sup>  
include:

- Ypsomed
- West Pharma
- Consort Medical
- Aptar
- Nemerax
- Etc.

Gerresheimer  
CMO / CDMO<sup>2</sup>  
business

NEW MODEL



Plastics & electronics<sup>3</sup> **players**<sup>1</sup>  
include:

- Ypsomed
- West Pharma
- Insulet
- Jabil
- Flextronics
- Etc.

Sensile Medical  
OEM / ODM<sup>3</sup>  
business

Connected **partners**<sup>1</sup> to include<sup>3</sup>:

- R&D teams
- Universities
- Verily, an alphabet company
- Etc.

Today



~ 5 Years

~ 10 Years

1. Listed companies illustrative

2. CMO / CDMO: Contract Manufacturer Operation, Contract Manufacturer & Development (Design) And Operation

3. OEM / ODM: Original Equipment and Development / Design Manufacturer



**Q3 2018 financials & FY 2018 outlook**

# Strong revenues performance in Q3 2018 as expected; network charges and macro factors impact profitability

Strict monitoring of all business and macro drivers



## Q3 2018 Financials

- **Strong revenues increase YoY**
  - ▢ Organic Revenues up 7.8%, cycling favourable comps
  - ▢ Reported revenues up 6.7%
- **FXN Adj. EBITDA slightly up YoY at EUR 79.5m**, excluding GAT and expenses for network charges relating to EU decision regarding exemptions received in FY12 & FY13 by German large electricity consuming enterprises
- Translation currency headwinds continue to impact both revenues and profitability
- Balance sheet and Cash flow items reflect underlying operational performance and Sensile Medical acquisition



## Markets & Macro

- Weaknesses in particular of Brazilian Real, and Indian Rupee add to currency headwinds on top of EUR / USD translation effect
- Recent hikes in commodity prices (in particular gas) weight on European moulded glass operations
- Pass through clauses mechanisms in place to mitigate rise in resin prices in Plastics & Devices, albeit with a time lag
- United States-Mexico-Canada Agreement (USMCA) updates and replaces NAFTA
  - ▢ Ratification underway



## Operations

- Sensile Medical integration on track; first European CE declaration of conformity granted
- Building up of additional capacity in the Czech Republic to host new inhaler project to remain a key operational focus in Q4 2018 and FY 2019
- Strong growth in Q3, driven in particular by US injectable recovery and favourable YoY comparables
- Scheduled furnace overhaul at Chicago plant postponed from Q3 and Q4, now including further upgrades

# Micro Pump for Parkinson's treatment from Sensile Medical received European CE declaration of conformity

Selected examples	Lead & Feasibility	Design phase	Registration with drug authorities	Approved by drug authorities	Customer (if disclosed)	Therapeutic area	Global market size, in EUR, including value of drug <sup>1</sup>	Supplier partners
Small volume patch pump	→				Sanofi In cooperation with Verily, an Alphabet company	Insulin => <b>Diabetes Type 2</b>	Total Insulin market : <b>34.4bn</b>	Zollner <b>Gerresheimer</b>
Large volume patch pump	→				scPharmaceuticals	Chronic heart failure (CHF) => <b>Injectable (furosemide) Diuretics</b>	Total Cardiovascular market: <b>74bn</b>	Zollner Raumedic
Belt-worn pump	→				Specialty Pharma	Nervous system => <b>Parkinson</b>	Anti- Parkinson drugs: <b>3.4bn</b>	Zollner Phillips Medisize
Large volume patch pump	→				Top 25 Pharma	Antiinfectives => <b>Immunodeficiency</b>	Immunodeficiency drugs: <b>6.9bn</b>	Zollner <b>Gerresheimer</b>
Small volume patch pump	→				Top 25 Pharma	Immunology / Oncology => <b>Immunostimulants</b>	Immunostimulant drugs: <b>8.9bn</b>	Tbd

1. Source: IQVIA (IMS) Health Data '13-'17; company analysis

# Key operational focus in the short and mid term spans across all Divisions and regions

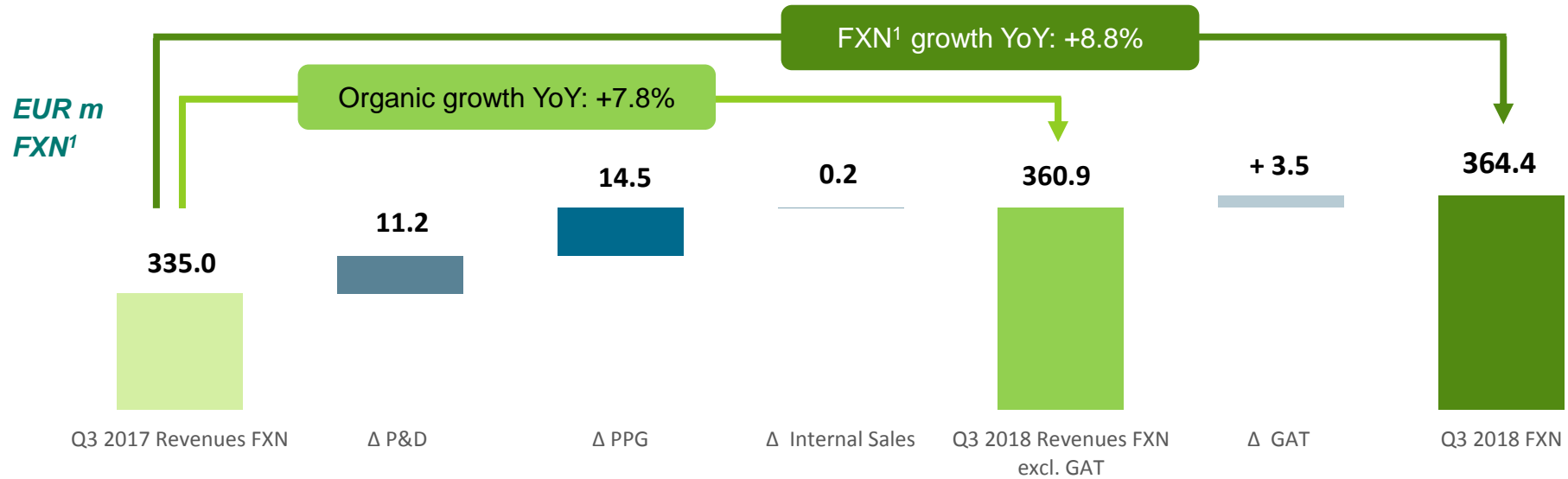


**Immediate capacity expansion groundwork required by newly awarded growth project in Inhalation triggering Opex at first (demolition costs, project costs, etc.)**



**Total Opex and Capex allocation for these projects in the process of being finalised along 2019 budget and mid term strategic planning**

# Organic revenues growth of 7.8% in Q3 2018 or 3.5% for the first nine months of 2018



**P&D Q3 2018 performance review  
+ 6.1 % (EUR 11.2m YoY)**

- Good performance overall in Plastic Packaging
- Syringes performance impacted by timing effects
- Contract Manufacturing with mixed performance
  - Peachtree continues to perform well
  - Lower European demand from a few device customers where we are single source supplier
  - Inhalation contract termination weight on YoY comparison
  - Tooling revenues higher YoY

**PPG Q3 2018 performance review  
+ 9.7% (EUR 14.5m YoY)**

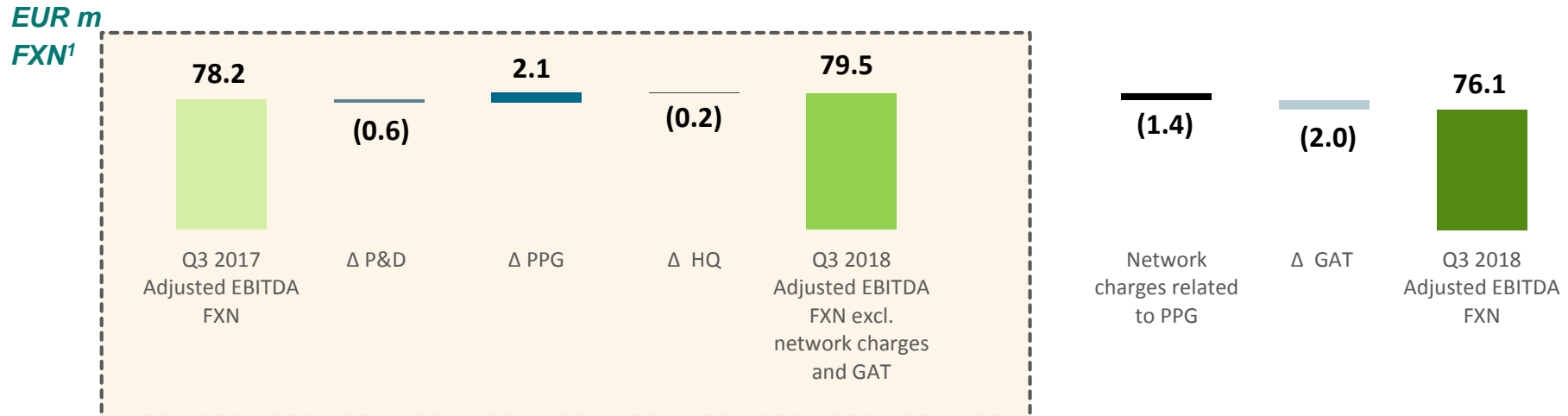
- US injectable business with strong YoY recovery
- Strong growth in Cosmetics
- European pharma glass up YoY
- China business stable

**GAT Q3 2018 performance review  
EUR 3.5m YoY**

- Revenues development for Sensile Medical in line with expectations
- Development revenues only

1. Average budgeted exchange rate assumption for FXN guidance 2018: Average currencies for FY 2017 (e.g. EUR 1.00 = USD 1.12)

# FXN Adj. EBITDA slightly up year-on-year excluding GAT and network charges



## P&D Q3 2018 performance review EUR -0.6m YoY

- Negative temporary impact due to higher resin prices especially in plastic packaging in the US
- Syringes profitability impacted by timing of demand
- Contract Manufacturing with mixed performance
  - Peachtree margin still in ramp up phase
  - Lower demand from a few device customers where we are single source supplier continues to impact capacity utilisation in Europe
  - Further compensation of EUR 4.2m recorded as a consequence of contract termination (and in total EUR 9.0m) on YoY comparison

## PPG Q3 2018 performance review EUR 2.1m YoY (excl. network charges)

- Higher capacity utilisation improved margins in the US YoY
- However, higher gas prices YoY currently affect margins, in particular for Moulded Glass Europe
- Expenses for network charges in the amount of EUR 1.4m recorded in Q3 2018 impact profitability<sup>2</sup>

## GAT Q3 2018 performance review EUR -2.0m YoY

- Adj. EBITDA development in line with expectations given the nature of revenues recorded so far and the Sensile Medical cost structure

1. Average budgeted exchange rate assumption for FXN guidance 2018: Average currencies for FY 2017 (e.g. EUR 1.00 = USD 1.12)

2. Expenses of EUR 1.4m in Q3 2018 related to the network charges. The European Commission has decided that the exemption from network charges granted to large electricity consuming enterprises in 2012 and 2013 was an illegal state aid.

# FX-Impact of EUR 14.2m on Q3 2018 Revenues and EUR 3.0m on Adjusted EBITDA

## Group Q3 2018 review

EUR M	Q3 2018	Q3 2017	Change in %
Revenues	353.7	331.5	+6.7%
- of which FX effect	-10.7	-3.5	N.A.
Adj. EBITDA	73.7 <sup>1</sup>	77.6	-4.9%
- of which FX effect	-2.4	-0.6	N.A.
- Adj. EBITDA margin %	20.9 <sup>1</sup>	23.4	-250bps

## P&D Q3 2018 review

EUR M	Q3 2018	Q3 2017	Change in %
Revenues	189.7	184.1	+3.0%
Adj. EBITDA	50.8	52.8	-3.9%
- Adj. EBITDA margin %	26.8	28.7	-190bps

## PPG Q3 2018 review

EUR M	Q3 2018	Q3 2017	Change in %
Revenues	160.7	147.8	+8.7%
Adj. EBITDA	30.2 <sup>1</sup>	29.8	+1.2%
- Adj. EBITDA margin %	18.8 <sup>1</sup>	20.1	-130bps

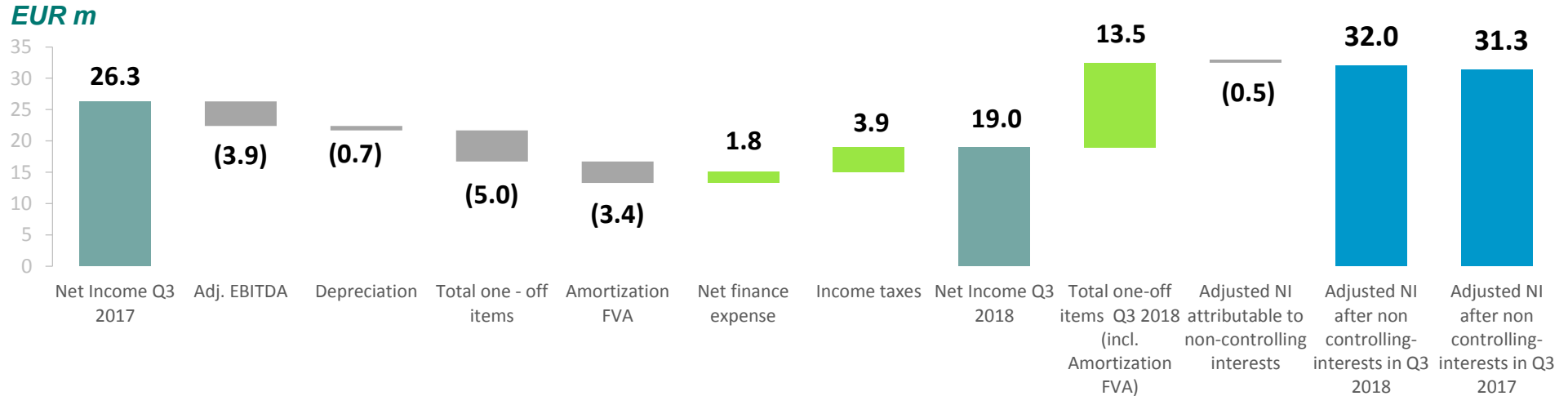
## GAT Q3 2018 review

EUR M	Q3 2018	Q3 2017	Change in %
Revenues	3.5	-	N.A.
Adj. EBITDA	-2.0	-	N.A.
- Adj. EBITDA margin %	N.A.	-	N.A.

1. Including expenses of EUR 1.4m in Q3 2018 related to the network charges. The European Commission has decided that the exemption from network charges granted to large electricity consuming enterprises in 2012 and 2013 was an illegal state aid.



# Adjusted net income after non-controlling interest slightly better year-on-year



## Change in Net Income YoY EUR -7.3m

- Slightly higher depreciation as a factor of higher capex in past years
- One off-items mostly relating to costs related to the Sensile acquisition and Küssnacht closure
- Increase in Amortization of FVA directly result from first time consolidation of Sensile Medical
- Lower interest expenses YoY due to Bond redemption in May 2018

## Change in Adjusted Net Income after non-controlling interests YoY EUR 0.7m

- EUR 13.5m of adjustments including amortisation and tax effects, mostly relate to acquisition of Sensile Medical and Küssnacht closure
- Adjusted Net Income after non-controlling interests stable YoY
- Adjusted EPS after non-controlling interests at EUR 1.02 in Q3 2018 versus EUR 1.00 in Q3 2017
- Adjusted EPS after non-controlling interests higher by EUR 1.13 in 9M 2018 vs 9M 2017, at EUR 3.69

# Net debt and leverage impacted by acquisition of Sensile Medical

<i>EUR M</i>	AUG 31, 2018	NOV 30, 2017	AUG 31, 2017	CHANGE IN % <sup>2</sup>
Total assets	2,651.1	2,444.1	2,255.9	+8.5%
Equity	824.6	789.5	750.7	+4.4%
<i>Equity ratio</i>	31.1%	32.3%	33.3%	-120bps
Net working capital	233.7	185.7	223.9	+25.9%
<i>NWC in % of LTM revenues</i>	17.3%	13.8%	16.8%	+350bps
<i>Average NWC in % of LTM revenues</i>	17.0%	16.5%	16.7%	+50bps

<i>EUR M</i>	9M 2018	9M 2017	CHANGE IN %
Operating Cash Flow	101.5	121.2	-16.2%
<i>Operating CF<sup>1</sup> in % of revenues<sup>1</sup></i>	10.4%	12.4%	-200bps
<i>Capex<sup>1</sup> in % of revenues<sup>1</sup></i>	4.6%	6.6%	-200bps

<i>EUR M</i>	AUG 31, 2018	NOV 30, 2017	CHANGE IN %
Net financial debt	905.8	712.7	+27.1%
<i>Adjusted EBITDA leverage (x)</i>	3.2x	2.3x	+39.1%

1. Average budgeted exchange rate assumption for FXN Guidance 2018: Average currencies for FY 2017 (e.g. EUR 1.00 = USD 1.12)

2. Change Aug 31, 2018 vs Nov 30, 2017

# 2018 Outlook

FY 2018 GROUP METRICS	EXCL. SENSILE MEDICAL	FY 2017 GROUP METRICS
Revenues (FXN <sup>1</sup> )	Approx. EUR 1.38bn to EUR 1.4bn	EUR 1,348.3m
Adj. EBITDA (FXN <sup>1</sup> )	Approx. EUR 305m to EUR 315m Depending on the degree of advancement reached with our Inhalation growth project and on macro factors, Adj. EBITDA may tend towards approx. EUR 305m for FY 2018	EUR 307.2 <sup>3</sup>
Capex (% FXN <sup>1,2</sup> sales)	Depending on the degree of advancement reached with our growth projects ~ 8%	8%

PRELIMINARY TARGETS FOR SENSILE MEDICAL FY 2018 MAINTAINED	EUR m
Revenues	~ 15
Adj. EBITA	~ -2

## Wider financial framework including Sensile Medical:

KEY METRICS	POLICY
Adjusted EBITDA leverage (x)	2.5x
Dividend payout as % of Adj. NI after non-controlling interests	20% to 30%
Gx ROCE	~ 15%

1. Average budgeted exchange rate assumption for FXN Guidance 2018: Average currencies for FY 2017 (e.g. EUR 1.00 = USD 1.12)
2. Excluding capital expenditure on intangible assets in relation to licensing agreements
3. Excluding the income from the fair value evaluation of the Triveni Polymers Private Ltd. put option in Q4 2017 in the amount of EUR 3.6m

# Looking ahead

- **Systematic execution of strategic priorities:**
  - ▢ Foundation of the Advanced Technologies Division underpins ambition to bring intelligent drug delivery systems and value added devices for the entire Gerresheimer Group, under an innovation umbrella
- **Clear identification of operational challenges for the short and mid term:**
  - ▢ Building up of additional capacity in the Czech Republic to host new inhalation project will remain a key operational focus in Q4 2018 and FY 2019
  - ▢ Managing customers transfers out of Küssnacht to other plants
- **Managing through volatility:**
  - ▢ Disruptive currency and commodities movements
- **Preparing management transition:**
  - ▢ Dietmar Siemssen to take over as CEO on November 1st, 2018
- **Overall 2019-2022 assumptions unchanged:**
  - ▢ Fine tuning 2019 budget planning, especially with regard to Capex / Opex allocation
  - ▢ FY 2018 earnings release planned for Feb 14, 2019

**Appendix / Q&As**



## Development of net working capital

	AUG 31, 2018 EUR M	NOV 30, 2017 EUR M	AUG 31, 2017 EUR M
Inventories	176.3	148.4	163.5
<i>thereof prepayments made</i>	5.4	2.1	5.1
Trade receivables	245.3	242.7	221.6
Trade payables	152.1	176.3	119.1
Payments received	35.8	29.1	42.1
Net working capital	233.7	185.7	223.9
<i>Average NWC in % of LTM revenues</i>	17.0%	16.5%	16.7%

# Development of inventories

	<b>AUG 31, 2018</b> <i>EUR M</i>	<b>NOV 30, 2017</b> <i>EUR M</i>	<b>AUG 31, 2017</b> <i>EUR M</i>
Raw materials, consumables and supplies	57.8	49.9	51.5
Work in progress	18.0	15.0	20.5
Finished goods and merchandise	95.1	81.4	86.4
Prepayments made	5.4	2.1	5.1
<b>Inventories</b>	<b>176.3</b>	<b>148.4</b>	<b>163.5</b>

# Technical guidance: EPS



1

## TOPIC

**Revaluation of deferred tax assets and liabilities**

## STATUS QUO

- US tax reform, the Tax Cuts and Jobs Act passed on December 22, 2017
- Triggered a.o. immediate revaluation of all deferred tax assets and liabilities on US Companies.

## ESTIMATED IMPLICATIONS ON MODELLING FOR FY 2018 and FY 2019

- Positive one-off effect for the financial year 2018 of USD 52.9m recognized in the first quarter of 2018
- Non-cash item

2

**Reduced corporate tax rate**

- US tax reform, the Tax Cuts and Jobs Act passed on December 22, 2017
- Includes US Federal Corporate Tax rate cut from 35% down to 21% as well as elimination of certain previously available deductions from taxable income. There are also additional restrictions to the tax-deductibility of certain expenses
- Applicable from Jan 1, 2018 onwards

- Lower federal tax rate expected from FY 2018 onwards
- 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 a low single digit million Euro amount

3

**Impact of new financing structure from H2 2018 onwards when Bond is redeemed**

- EUR 300m bond maturing on May 19, 2018 has been redeemed

- ~ EUR 5.5m estimated savings in H2 2018 on net finance expense compared to FY 2017
- Total of ~ EUR11m estimated savings in FY 2019 net finance expense compared to FY 2017



4

**New USMCA "United States- Mexico- Canada-Agreement"**

- Agreed upon in October 2018
- Needs to be ratified by all countries

- First assessment: No direct impact identified for our Mexican operations
- In the financial year 2017, our Mexican subsidiary's exports to the USA were approximately EUR 27m.

**Positive effect expected on adjusted EPS after non-controlling interest**

**Continuous monitoring**



# GXI Key Data

in EUR per share	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Dividend	0.40	–	0.50	0.60	0.65	0.70	0.75	0.85	1.05	1.10
<i>Dividend yield</i>	1.5%	–	1.8%	1.9%	1.7%	1.4%	1.7%	1.2%	1.5%	1.6%
<i>Payout ratio</i>	22%	–	26%	25%	25% <sup>1</sup>	23%	26%	25%	25%	27%
Share price high	38.20	27.05	29.85	36.62	41.34	50.14	56.42	76.32	76.86	78.01
Share price low	23.99	13.24	22.09	28.30	31.00	37.60	42.31	41.99	57.10	61.03
Share price at FY end	27.10	23.05	28.20	31.17	39.41	49.67	44.44	73.90	68.85	67.06
Book value per share	15.26	15.29	16.86	17.59	17.14	17.94	19.25	22.23	24.31	25.14
P/E ratio <sup>2</sup>	14.81	17.20	14.46	12.77	15.04 <sup>1</sup>	16.13	15.38	21.67	16.31	16.51
Market cap in EUR m	851	724	886	979	1,238	1,560	1,395	2,320	2,162	2,106
<i>MDAX weighting year end</i>	11.48% <sup>3</sup>	1.33%	1.24%	1.40%	1.47%	1.33%	1.01%	1.42%	1.33%	1.00%
Number of shares in million	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4

1. Retrospective restatement due to the early adoption of IAS 19 (amended in 2011) from December 1, 2012

2. Based on adj. EPS after non-controlling interests

3. 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>Gx ROCE</b>	Adjusted EBITA divided by capital employed (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>Gx RONOA</b>	The ratio of adjusted EBITA to average net operating assets, comprising the sum of property, plant and equipment and net working capital
<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>yoy</b>	year-on-year

# Financial calendar and contact details

## PRELIMINARY FINANCIAL CALENDAR

February 14, 2019	Annual Report Financial Year 2018
April 11, 2019	Interim Report 1st Quarter 2019
July 11, 2019	Interim Report 2nd Quarter 2019
October 10, 2019	Interim Report 3rd Quarter 2019

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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.