

**GERRESHEIMER**



# Q1 2019 Earnings Presentation

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Rainer Beaujean, CFO  
Duesseldorf, April 11, 2019

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

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# A good start into the year

## Strict monitoring of all business and macro drivers



### Q1 2019 Financials

- Revenues and profitability developments in line with expectations
  - ▢ Reported revenues up 6.3%
  - ▢ Adjusted EBITDA at EUR 145.9m (EUR 53.6m + EUR 92.3m)
- Adjusted EBITDA Leverage at 2.4x
- Confirming 2019 guidance and outlook for 2020-2022

### Markets & Macro

- Currency movements result in slight translation tailwinds
- Over 65% of 2019 energy volume fixed for the current year

### Operations

- Strong performance of PPG across all businesses
- Encouraging revenue growth in Syringes as well as in Plastic Packaging
- US prescription business and Inhalation lower year-on-year (strong flu season in Q1 2018 and inhalation contract loss set higher comparison base in 2018)
- Performance of Advanced Technologies in line with expectations
- Systematic execution of capex plan

# Systematic execution of Capex plan

## Growth | MAIN PROJECTS

P&D	2019	2020	STATUS
<i>Extension Horsovsky Tyn (Devices)</i>	X	X	On plan
<i>New Plant North Macedonia (Devices &amp; Syringes)</i>	X	X	On plan
<i>New Plant Brazil Anapolis (GPP)</i>	X	X	On plan
<i>Extension TCC Wackersdorf (Syringes Small Batch production)</i>	X	—	On plan
<i>Buende Safety Systems Innosafe (Syringes)</i>	X	X	On plan
<i>Buende new forming line (Syringes)</i>	X	X	On plan
<i>Buende RTF 5 &amp; 6 (Syringes)</i>	X	X	On plan

PPG	2019	2020	STATUS
<i>Furnace Repair Essen including Extension</i>	X	—	On plan
<i>Furnace Repair Lohr including Extension</i>	—	X	2020
<i>Decoration Tettau Cosmetics</i>	X	—	On plan
<i>Queretaro ETF line #2</i>	—	X	2020
<i>Converting machine strategy (Poland: cartridges, India: vials)</i>	X	X	On plan

## Productivity | MAIN PROJECTS

P&D	2019	2020	STATUS
<i>Optimized Packaging Syringes</i>	X	—	On plan
<i>Automatic driving systems Pfreimd</i>	X	X	On plan

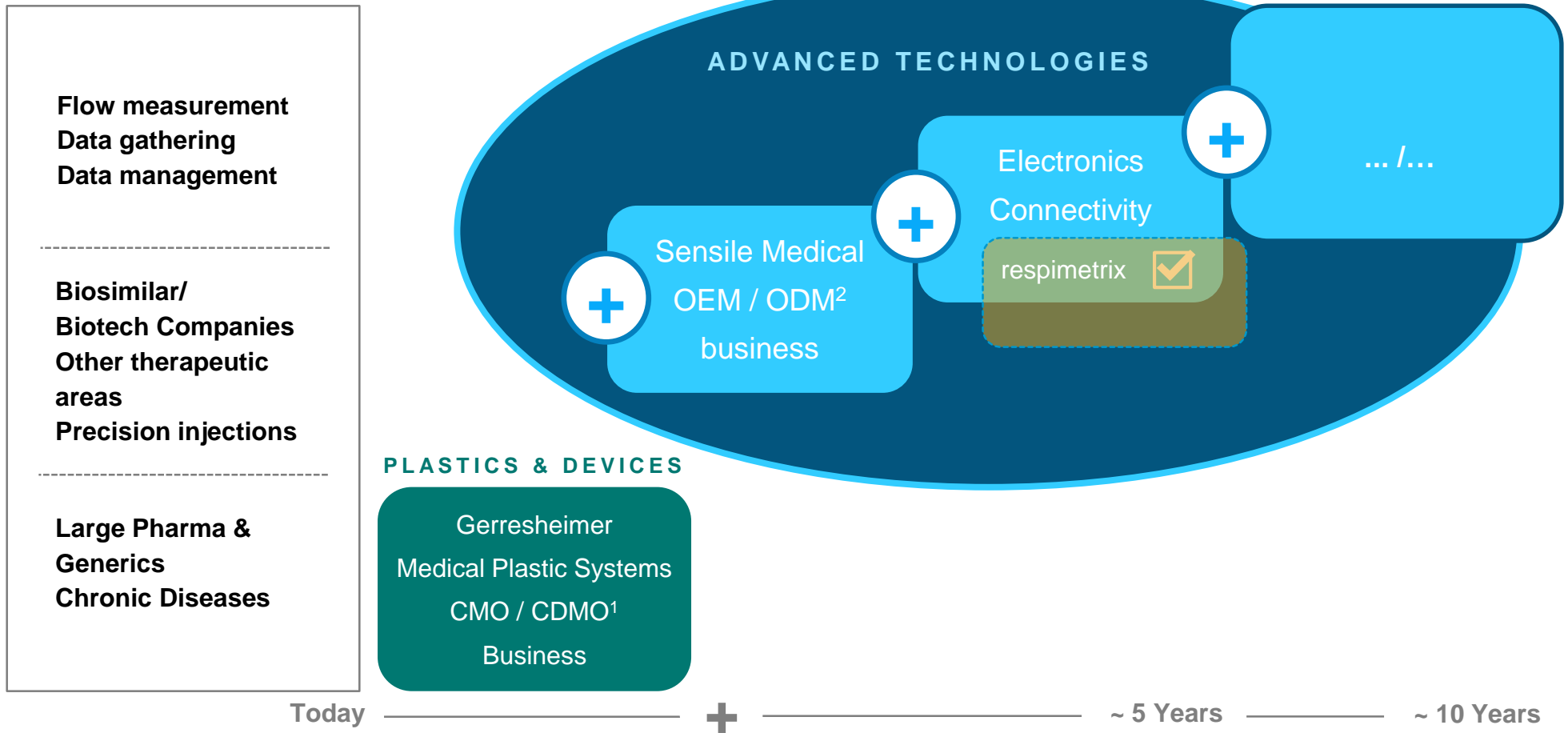
PPG	2019	2020	STATUS
<i>Automation Packing / Packaging (Moulded)</i>	X	X	On plan
<i>Automation Printing (Moulded)</i>	X	X	On plan
<i>Automation Spraying (Moulded)</i>	—	X	2020
<i>Automation Ampules (Converting)</i>	X	—	On plan
<i>Automation clean rooms (Queretaro)</i>	X	X	On plan
<i>System digitalisation (MES PPG)</i>	X	X	On plan

# Systematic execution of Capex plan : New plant for medical plastic systems & syringes in Skopje

- Skopje, capital of Republic of North Macedonia:
  - ▢ good infrastructure
  - ▢ good cost structure
  - ▢ trained personnel
  - ▢ support from authorities
- Invest of mid double digit million Euro, up to 400 employees mid-term
- Capacities for medical plastic systems and prefilled syringes
- Start of construction Q2/2019, start of MPS production H2/2020



# Adding new technologies in the electronic & “connected” space to scale up our product competencies



1. CMO / CDMO: Contract Manufacturer Organization, Contract Development Manufacturer Organization.

2. OEM / ODM: Original Equipment Manufacturer / Original Design Manufacturer.

# Assessment of inhalation – respimetrix

## Enhancing Advanced Technologies Division

- Patented flow sensor to accurately assess every single inhalation
- Connects to inhalers or can be integrated in inhalers to monitor drug delivery, efficacy, changes in respiratory status
- Provides respiratory information for patients, physicians, disease management companies, pharmaceutical industry
- Development of prototypes and clinical studies intended for the mid term
- Early stage project

**Robust, high-dynamic measure of breathing airflow, recording 100 airflow values per second.**



**Patient-centric app**



**Proprietary algorithms analyze the dynamic flow data and interpret them in a clinical context.**





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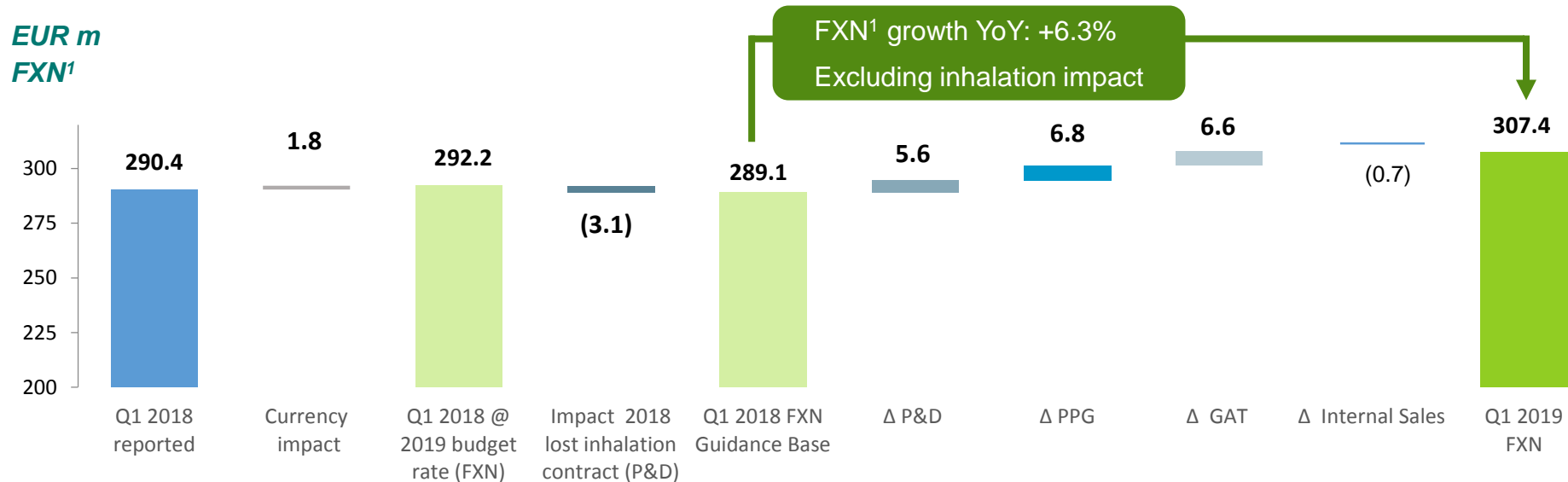
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# Q1 2019 FXN Revenues growth up 6.3%



## FXN P&D Q1 2019 performance review + 3.6% (excl. 2018 impact loss inhalation) +1.6% (including impact)

- Good take up in Syringes
- Satisfying quarter for Plastic Packaging
- US prescription business temporarily down due to tough comparables in Q1 2018 (flu season)
- Contract Manufacturing-impacted by loss of inhalation contract in 2018
- Tooling higher YoY

## FXN PPG Q1 2019 performance review + 5.0%

- US injectable business with strong growth YoY
- Strong growth in Cosmetics
- European pharma glass up YoY
- Good quarter in Emerging Markets

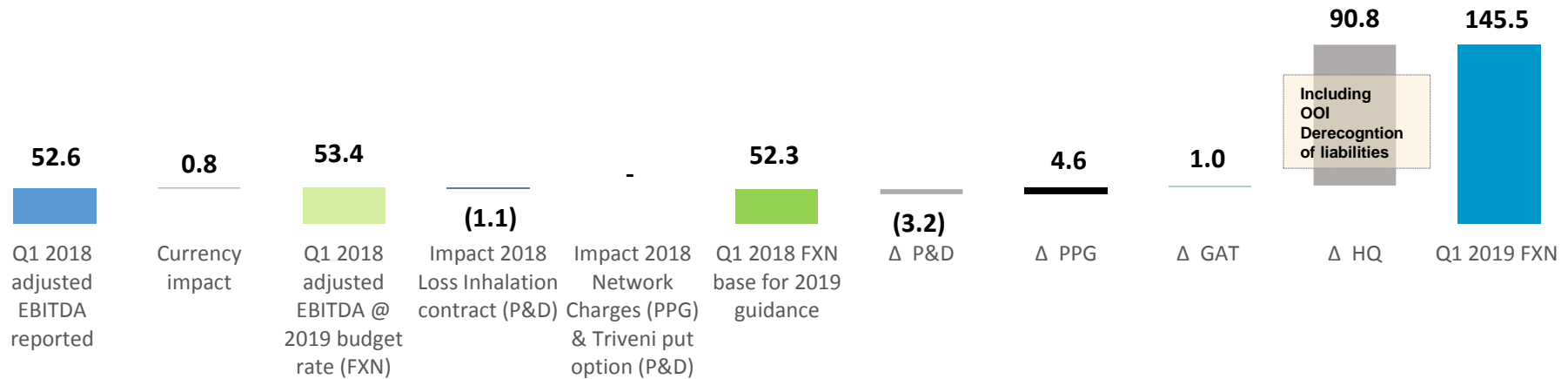
## FXN GAT Q1 2019 performance review EUR 6.6m

- Revenues for Sensile Medical in line with expectations
- Almost exclusively development revenues

1. See page 105 of annual report FY 2018 for currency assumptions regarding FY 2019.

# Q1 FXN Adj. EBITDA at EUR 145.5m including EUR 92.3m of derecognition of liabilities

EUR m  
FXN<sup>1</sup>



**P&D Q1 2019 performance review**  
**EUR -3.2m YoY (excl. 2018 impact loss inhalation) or EUR -4.3m including impact**

- Lower revenues contribution from US prescription business impacts Q1 2019 profitability YoY (timing)
- Contract Manufacturing-impacted by loss of inhalation contract in 2018
- Other business units delivering in line with expectations

**PPG Q1 2019 performance review**  
**EUR 4.6m YoY**

- Higher contribution across all PPG business units as a result of higher revenue growth, operating leverage and capacity utilization

**GAT Q1 2019 performance review**  
**EUR 1.0m**

- Adj. EBITDA development in line with expectations given the nature of revenues

1. See page 105 of annual report FY 2018 for currency assumptions regarding FY 2019.

# Reported revenues up 6.3% in Q1 2019, adjusted EBITDA at EUR 145.9m. Small currency tailwinds

## Group Q1 2019 review

<i>EUR M</i>	Q1 2019	Q1 2018	Change in %
Revenues	308.5	290.4	+6.3%
- of which FX effect	1.1	-1.8	
Adj. EBITDA	145.9	52.6	+177.2%
- of which FX effect	0.4	-0.8	
- Adj. EBITDA margin %	47.3%	18.1%	N.A.

## P&D Q1 2019 review

<i>EUR M</i>	Q1 2019	Q1 2018	Change in %
Revenues	160.7	157.3	2.2%
Adj. EBITDA	34.2	37.6	-9.2%
- Adj. EBITDA margin %	21.3	23.9	-260bps

## PPG Q1 2019 review

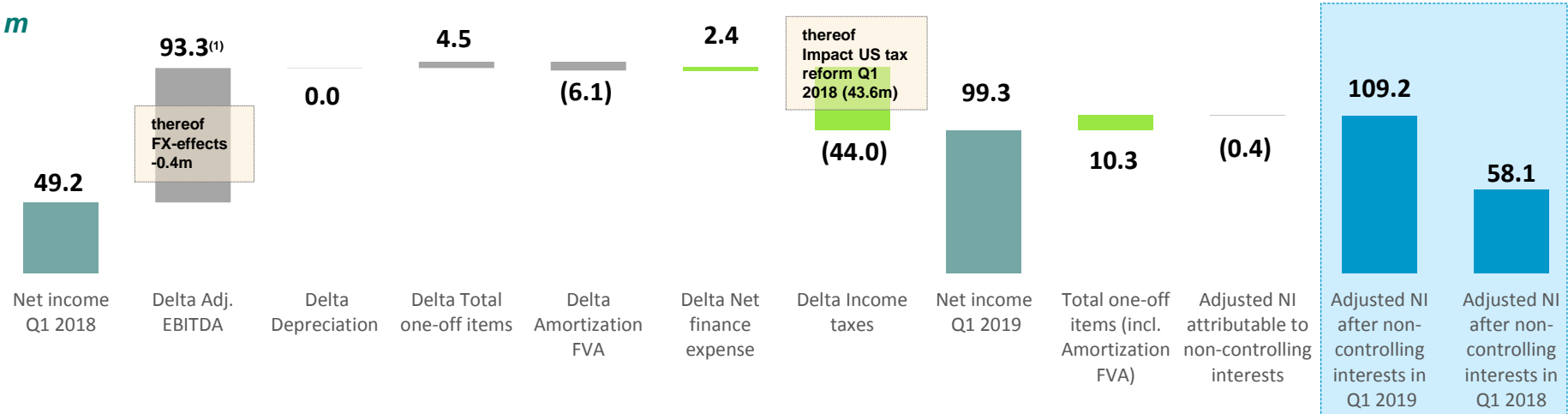
<i>EUR M</i>	Q1 2019	Q1 2018	Change in %
Revenues	141.9	133.1	+6.6%
Adj. EBITDA	25.2	20.3	+23.9%
- Adj. EBITDA margin %	17.8	15.3	+250bps

## GAT Q1 2019 review

<i>EUR M</i>	Q1 2019	Q1 2018	Change in %
Revenues	6.6	-	N.A.
Adj. EBITDA	1.0	-	N.A.
- Adj. EBITDA margin %	15.5	-	N.A.

# Adjusted net income after non-controlling interests EUR 51.1m higher than 2018

EUR m



## Change in net income Q1 2019 YoY EUR +50.1m

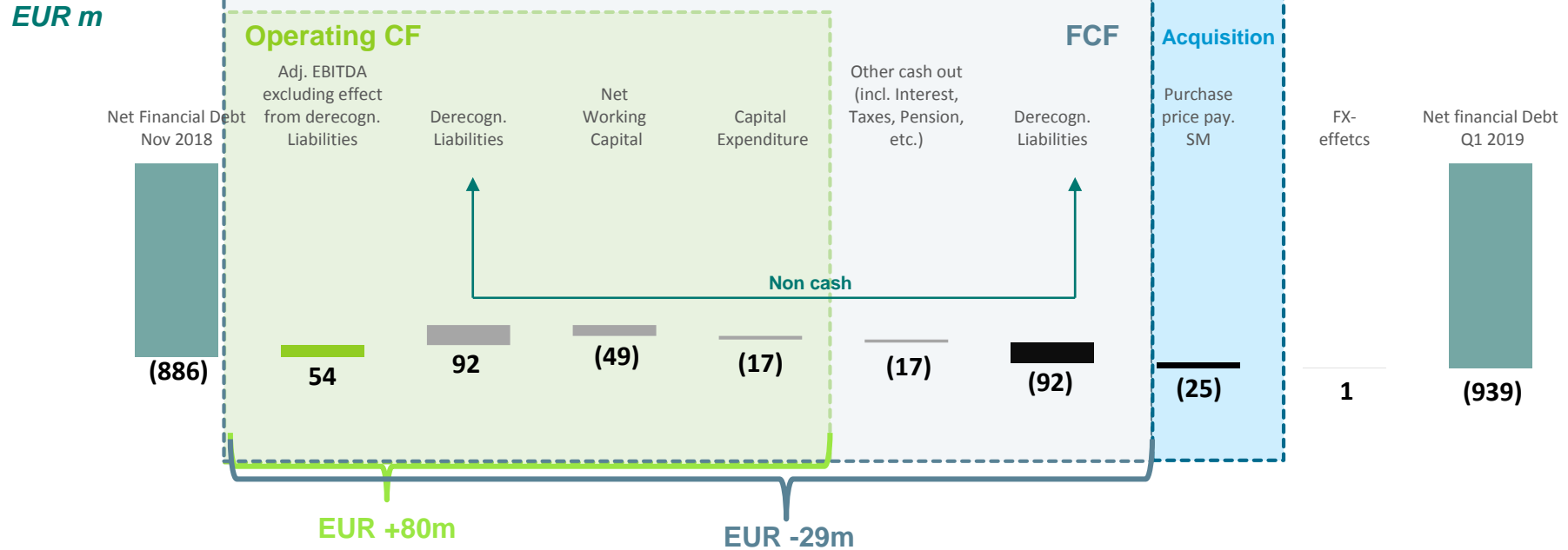
- Higher Adj. EBITDA due to derecognition of contingent purchase price liabilities Sensile Medical EUR 92.3m
- Limited one-off items in Q1 2019. Q1 2018 one-off items mostly relating to severances costs for board members
- Increase in amortization of fair value adjustments as a result of acquisition of Sensile Medical
- Lower interest expenses due to redemption of bond in May 2018
- Higher income taxes variation, mainly due to US tax reform in 2018 (EUR 43.6m positive one off in Q1 2018)

## Change in Adjusted net income after non-controlling interests Q1 2019 YoY EUR +51.1m

- Adjusted net income after non-controlling interests is EUR 51.1m higher as in Q1 2018
- Adjusted EPS after non-controlling interests at EUR 3.48 in Q1 2019 versus EUR 1.85 in Q1 2018

1. Incl. EUR 92.3m from derecognition of liabilities.

# Net Financial Debt increase led by a further payment related to Sensile Medical acquisition and temporarily higher NWC



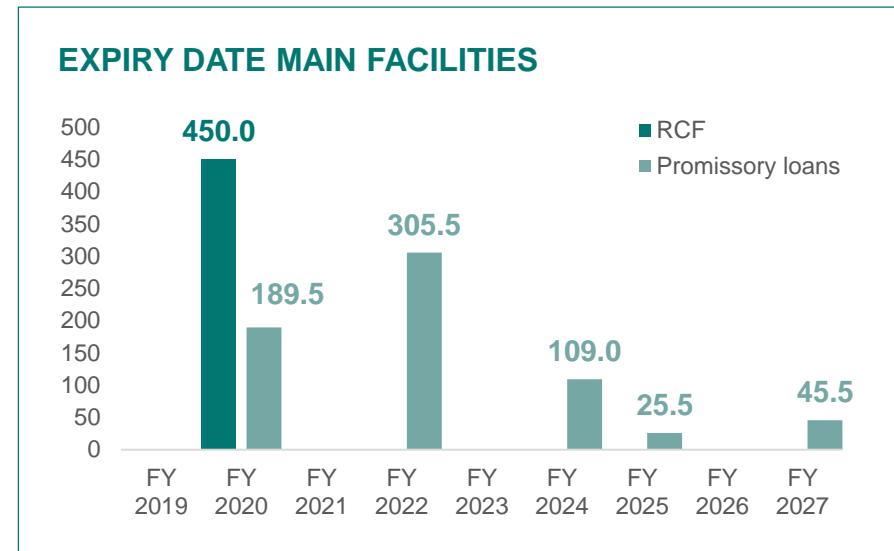
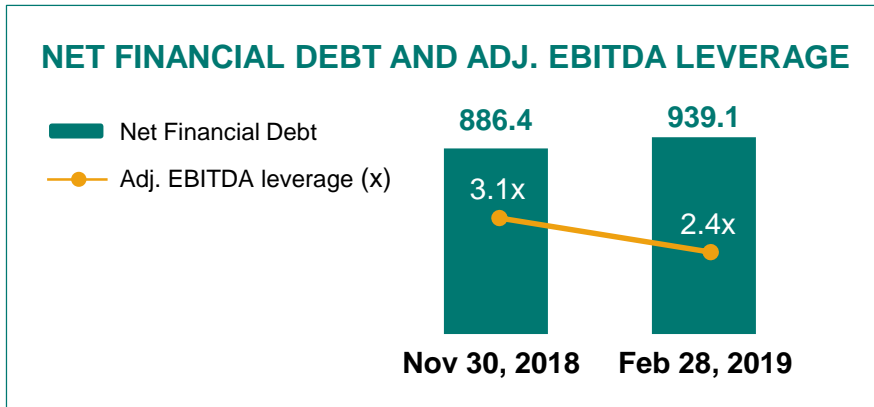
### Operating and Free Cash Flow

- Derecognition of liabilities in relation with the Sensile Medical acquisition is a non-cash item
- Higher net working capital consumption in Q1 2019 mainly driven by increase in inventory
- Other mainly includes cash outflow related to Pensions, Taxes and Interest payments

### Acquisitions

- EUR 25m paid in December in conjunction with the Sensile Medical acquisition

# Adjusted EBITDA Leverage temporarily at 2.4x. Capital structure remains solid



## Net Financial Debt Summary

IN EUR M	Nov 30, 2018	Feb 28, 2019
Drawn portion of RCF	264.4	318.5
Promissory loans (2017)	250.0	250.0
Promissory loans (2015)	425.0	425.0
Local borrowings and leasing	27.6	30.5
Cash and cash equivalents	(80.6)	(84.9)
<b>Net Financial Debt</b>	<b>886.4</b>	<b>939.1</b>

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# FY 2019 guidance updated, FY 2020-2022 indications unchanged. Focus on execution

## At Group level & FXN<sup>1</sup>

METRICS	EXPECTED FY 2019 (FXN <sup>1</sup> )
Revenues	~ EUR 1.40bn to EUR 1.45bn
Adj. EBITDA incl. derecognition of liabilities (Q1 19)	~ <u>EUR 295m (plus/minus EUR 5m)</u> + EUR 92.3m leads to following upgrade: ~ EUR 387m (plus/minus EUR 5m)
Capex (% FXN sales)	~ 12%

## FY 2020 - 2022

### EXPECTED TOP LINE GROWTH

4% to 7% FXN<sup>1</sup> revenue growth per annum for the financial years 2020 – 2022 based on

- Market volume growth
- Gx market outperformance
- Growth projects
- Sensile Medical

### EXPECTED ADJUSTED EBITDA MARGIN DEVELOPMENT

~ 21% in FY 2020  
~ 23% for the financial years 2021 – 2022

### EXPECTED CAPEX REQUIREMENTS

Temporary increase of capex to revenues in 2019 and 2020 up to 12%

Thereafter back to 8% of revenues

1. See page 105 of annual report FY 2018 for currency assumptions regarding FY 2019

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# Development of net working capital

	FEB 28, 2019 EUR M	Nov 30, 2018 EUR M	FEB 28, 2018 EUR M
Inventories	190.0	171.5	168.0
<i>thereof prepayments made</i>	5.5	4.7	2.7
Trade receivables	227.2	273.5	221.3
Trade payables	163.8 <sup>2</sup>	207.4 <sup>2</sup>	130.6
Payments received on account of orders	-	34.9	34.7
<b>Net working capital</b>	<b>253.4</b>	<b>202.7</b>	<b>224.0</b>
<i>Average NWC in % of LTM revenues<sup>1</sup></i>	<i>17.8%</i>	<i>17.3%</i>	<i>16.7%</i>

1. In percentage of FXN revenues.

2. Including EUR 0.4m of non-current trade payables as of February 28, 2019 (EUR 0.1m as of November 30, 2018).

# GXI Key Data

in EUR per share	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Dividend	0.40	–	0.50	0.60	0.65	0.70	0.75	0.85	1.05	1.10	1.15
<i>Dividend yield</i>	1.5%	–	1.8%	1.9%	1.7%	1.4%	1.7%	1.2%	1.5%	1.6%	1.8%
<i>Payout ratio</i>	22%	–	26%	25%	25% <sup>1</sup>	23%	26%	25%	25%	27%	20%
Share price high	38.20	27.05	29.85	36.62	41.34	50.14	56.42	76.32	76.86	78.01	79.80
Share price low	23.99	13.24	22.09	28.30	31.00	37.60	42.31	41.99	57.10	61.03	59.75
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	62.90
Book value per share	15.26	15.29	16.86	17.59	17.14	17.94	19.25	22.23	24.31	25.14	28.35
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	11.09
Market cap in EUR m	851	724	886	979	1,238	1,560	1,395	2,320	2,162	2,106	1,975
<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%	0.87%
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	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.

# Financial calendar and contact details

FINANCIAL CALENDAR	
June 6, 2019	AGM
July 11, 2019	Interim Report 2nd Quarter 2019
October 10, 2019	Interim Report 3rd Quarter 2019

CONTACT DETAILS	
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# Overview of Abbreviations and Definitions

## ABBREVIATIONS AND DEFINITIONS

<b>Adj. EBITDA</b>	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
<b>Adjusted EPS</b>	Adjusted earnings per share after non-controlling interests, divided by 31.4m shares
<b>Adjusted net income</b>	Net income before non-cash amortization of fair value adjustments, non-recurring effects of restructuring expenses, portfolio adjustments, the balance of one-off income and expenses – including significant 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 interest, taxes and amortization
<b>EBITDA</b>	Earnings before interest, taxes, 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>Adj. EBITDA Leverage</b>	The relation of net financial debt to adjusted EBITDA of the last twelve months, according to the credit facility agreement currently in place
<b>Net financial debt</b>	Short and long term debt minus cash and cash equivalents
<b>Net finance expense</b>	Interest income and expenses 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
<b>RCF</b>	Revolving credit facility
<b>yoy</b>	year-on-year

**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.