Press Release

GERRESHEIMER

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Gerresheimer reports strong fourth quarter after difficult first nine months

- **Fourth-quarter revenues up 4.7%, with organic growth of 6.7%. Slight 2.0% decrease for full year 2017 to EUR 1,348.3m. Revenues at constant exchange rates decreased by 1.8% to EUR 1,361.6m**
- **Adjusted EBITDA climbs to EUR 310.8m in 2017; at constant exchange rates to EUR 314.3m**
- **23.1% adjusted EBITDA margin above strong 22.4% prior-year figure**
- **Net financial debt reduced from EUR 788.2m to EUR 712.7m. Adjusted EBITDA leverage, at 2.3x, thus below target of 2.5x**
- **Proposed dividend of EUR 1.10 per share (prior year: EUR 1.05)**

Duesseldorf, February 22, 2018 – Gerresheimer AG closed the 2017 financial year (December 1, 2016 to November 30, 2017) with an improved adjusted EBIDA margin, despite a decrease in revenues. “The financial year 2017 was characterized by uncertainty in the pharma and healthcare markets relevant to us. Growth in the global pharma market slowed considerably in 2017. Despite a slight decrease in revenues, we were able to raise profitability. We are consequently proposing an increased dividend. We are confident that we can grow sustainably and profitably in the coming years and further expand our strong position in the markets for pharmaceuticals, healthcare and cosmetics. We have taken important steps in this direction and set our strategic priorities for the years ahead. Accordingly, we are raising our long-term target Gx ROCE to around 15%,” said Rainer Beaujean, CFO and Speaker of the Management Board.

The fourth quarter of 2017 saw Gerresheimer increase revenues by 4.7% and on an organic basis by no less than 6.7%. Revenues consequently ended the financial year 2017 with a decrease of just 2.0% to EUR 1,348.3m. On a constant exchange rate basis, revenues stood at EUR 1,361.6m, down by 1.8%. The global pharma market grew significantly more slowly in 2017 than in the preceding years. Especially in the US—the world’s largest and most important pharmaceuticals market—there was growing uncertainty, also stemming from the debates surrounding healthcare reform, trade policy and tax reform.

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Owing in part to this general market uncertainty, Gerresheimer reported lower sales of glass packaging for injection drugs in the US. Additionally, in the medical plastic systems segment—and here notably in the case of inhalers—there was a drop in demand among some of the pharma customers for whom Gerresheimer is the sole supplier.

The Company succeeded in improving other key performance indicators in spite of the reduction in revenues. Full-year adjusted EBITDA rose to EUR 310.8m and at constant exchange rates to EUR 314.3m, including EUR 3.6m from positive fair value evaluation of the Triveni put option. Profitability, measured as adjusted EBITDA margin, was 23.1%, considerably above the already strong prior-year figure of 22.4%. Adjusted net income from continuing operations after non-controlling interests stabilized at EUR 127.5m. Operating cash flow, at EUR 204.6m, was above the prior-year figure of EUR 197.4m.

Gerresheimer succeeded in reducing net financial debt from EUR 788.2m as of November 30, 2016 to EUR 712.7m as of November 30, 2017. Adjusted EBITDA leverage (net financial debt to adjusted EBITDA) was 2.3x, below the prior-year figure of 2.6x. The Company thus achieved—and even passed below—its medium-term target of 2.5x. Its net asset position remains very good. A EUR 250.0m promissory loan was successfully completed in fall 2017, optimally paving the way well in advance for redemption of the EUR 300m bond in spring 2018. Gerresheimer's important long-term metric, Gerresheimer return on capital employed (Gx ROCE), was 12.9%, exceeding the previous target of at least 12%.

As planned, the Company's capital expenditure was 8% of revenues at constant exchange rates, excluding purchase of licenses. Capital expenditure focused on capacity expansion at a US plant for an inhaler contract and at the plant in the Czech Republic. Further investment spending in Europe and Asia related to state-of-the-art systems for the manufacture of injection vials together with decoration and finishing capacity for cosmetic glass.

"Our first strategic priority is stronger growth with existing and new customers. The second focus is on products and innovations. We launched key innovations in 2017 that have the potential to further shape the market in the years ahead. These notably include our novel needle safety system as well as sterile, prefillable injection vials, special glass qualities and many more besides. Thirdly, we aim for regional expansion. And fourth, we want to add to our services and our value generation. Overall, we are thus ensuring our ability to deliver sustained, profitable growth," Rainer Beaujean added.

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Outlook

Gerresheimer's expectations for financial year 2018, in each case at constant exchange rates are as follows. The Company bases its exchange rate assumptions here on the average rates over the last twelve months. For the US dollar—which is expected to have the largest currency impact on the Group currency, accounting for about a third of Group revenues in 2018—an exchange rate of approximately USD 1.12 to EUR 1.00 has been assumed.

- For revenues, Gerresheimer anticipates a range whose lower end corresponds with the actual figure for the financial year 2017. At the upper end, the Company expects revenues at constant exchange rates of up to around EUR 1.4bn.
- For adjusted EBITDA at constant exchange rates, Gerresheimer projects a range of EUR 305m to 315m.
- Capital expenditure in 2018 will amount to around 8% of revenues at constant exchange rates.
- The Company is increasing its long-term guidance for Gx ROCE from the previous level of at least 12% to around 15%.

The full Annual Report is available at:
www.gerresheimer.com/en/investor-relations/reports

About Gerresheimer

Gerresheimer is a leading global partner to the pharma and healthcare industries. The company's special glass and plastic products contribute to health and well-being. Gerresheimer is a global organization with about 10,000 employees and manufacturing operations in the local markets, close to customers. With plants in Europe, North and South America and Asia Gerresheimer generates revenues of approximately EUR 1.4 billion. The comprehensive product portfolio includes pharmaceutical packaging products as well as convenient and safe drug delivery systems such as insulin pens, inhalers, pre-fillable syringes, vials, ampoules, bottles and containers for liquid and solid pharmaceuticals with closure and safety systems, plus cosmetic packaging products.

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Group Key Figures (IFRS; Financial Year end November 30)

Results of Operations during Reporting Period in EUR million	**FY 2017**	**FY 2016**	**Change in %[4]**	**Q4 2017**	**Q4 2016**	**Change in %[4]**
Revenues	1,348.3	1,375.5	-2.0	**374.4**	357.6	+4.7
organic[1]			*-1.8*			*+6.7*
Adjusted EBITDA[2]	310.8	307.8	1.0	**97.6**	82.5	+18.3
in % of revenues	*23.1*	*22.4*	-	**26.1**	*23.1*	-
Net income from continuing operations	103.1	104.5	-1.4			
Adjusted net income from continuing operations after non-controlling interests[3]	127.5	127.8	-0.3			
Dividend per share in EUR	1.10[5]	1.05	+4.8			
Net Assets as of Reporting Date in EUR million						
Equity ratio in %	32.3	32.1	+20 bps			
Net financial debt	712.7	788.2	-9.6			
Capital expenditure	118.6	113.2	+4.8			

1 Organic: Adjusted for currency effects and acquisitions/divestments.

2 Adjusted EBITDA: 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.

3 Adjusted net income from continuing operations after non-controlling interests: Consolidated net income from continuing operations after non-controlling interests before non-cash amortization of fair value adjustments, restructuring expenses, impairment losses, one-off income and expenses (including significant non-cash expenses), and the related tax effects.

4 The change has been calculated on a EUR k basis.

5 Proposed appropriation of retained earnings.