Press Release

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Gerresheimer extends business model and increases growth forecast

- With the acquisition of Sensile Medical, Gerresheimer is extending its business model in the direction of an Original Equipment Manufacturer (OEM) for drug delivery platforms with digital and electronic capabilities for pharmaceutical and biopharmaceutical customers. The purchase price is a maximum of EUR 350m with an initial payment of EUR 175m.
- Gerresheimer has secured two major orders for the manufacture of inhalers and prefillable syringes but lost a significantly smaller order for inhalers resulting in restructuring affecting the plant in Küssnacht, Switzerland.
- This will require higher capital expenditure - without consideration of Sensile Medical – by a minimum of two and a maximum of four percentage points of revenues at constant exchange rates in the years 2019 and 2020. Among other things the higher expenditures will be used for capacity expansion at Horsovsky Tyn (Czech Republic), further investments in automation and a new plant in Eastern Europe.
- For the financial years 2019 and 2020 - without consideration of Sensile Medical - the adjusted EBITDA margin will therefore be temporarily reduced by approximately one percentage point, compared with the financial year 2017. This is a consequence of proportionately higher revenues in the low margin engineering and tooling business for the new major orders as well as increased expenditures for relocation, employee training and production start-up/ramp-up.
- In the years 2021 and 2022, revenues - without consideration of Sensile Medical - are expected to increase by two percentage points beyond the usual rate of growth, as is the adjusted EBITDA margin. Capital expenditure will then return to approximately 8%.
- For the current year, Gerresheimer anticipates a strong second half without consideration of Sensile Medical and has narrowed its revenue forecast to the upper end of the guidance range.

Duesseldorf, July 11, 2018—Gerresheimer is acquiring Swiss technology company Sensile Medical AG and thus fundamentally extents its business model. The acquisition enables Gerresheimer to offer drug delivery platforms with digital and electronic capabilities for pharmaceutical and biopharmaceutical customers. “We are accelerating our growth and laying vital groundwork for the years ahead. For Gerresheimer, Sensile Medical is a perfect fit, as it

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develops innovative products and platforms for drug delivery, including digital connectivity. Sensile Medical is already working with customers on highly successful projects dealing with devices for diabetics and patients with heart complaints and therapy areas such as Parkinson's disease. Sensile Medical lays the foundation for a major extension of our business model in innovative application areas. We have also secured two major orders in our normal business, meaning that we can expect higher revenue growth and increased profitability in the medium term. The first half of the current financial year is going as expected, with earnings per share, in particular, performing well. We anticipate a strong second half year and have accordingly narrowed our revenue forecast to the upper end of the range," said Rainer Beaujean, Speaker of the Management Board and Chief Financial Officer.

Acquisition of Sensile Medical

By adhering to its four growth drivers—stronger growth with existing and new customers, ongoing product development and innovation, regional expansion, and additions to the service and value portfolio—Gerresheimer has now succeeded in taking a further major step forward: After the balance sheet date, the Company signed an agreement for the acquisition of Sensile Medical AG (Olten/Switzerland). The purchase price will be a maximum of EUR 350m depending on the attainment of contractually specific milestones. The initial payment is EUR 175m. By making this strategic acquisition, Gerresheimer gains a highly innovative technology, thus enhancing its capability and product portfolio. This is a building block in the Company's long-term development toward an original equipment manufacturer (OEM). Sensile Medical's leading position in micro pump technology combined with drug delivery devices featuring electronic and connected capabilities for medical applications progresses to market readiness in specific customer projects with pharma companies. By contrast to the contractual manufacturing model in the Gerresheimer Business Unit Medical Plastic Systems, Sensile Medical is involved at pharma producers in an earlier phase of drug and therapy development. In an already well-advanced collaboration, for example, pharma group Sanofi contributes its many years of experience with insulin and solutions for the treatment of diabetes. A further party to the same joint project is Verily, a company in the Alphabet group, with its expertise in integrating microtechnology and digital health technology. Sensile Medical holds a large number of patents and is remunerated by the pharma companies it partners with on attainment of specified milestones in the development phase and by way of royalties after product launch. It generates additional revenue from the sale of devices, where the products can be manufactured either by external producers or by Gerresheimer's Medical Plastic Systems Business Unit. As a result, the new division has little capital expenditure, a small asset base and low net working capital. An

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initial, preliminary purchase price allocation has shown that the transaction will result in virtually no goodwill and that the acquired technology will consequently result in amortization of fair value adjustments of approximately EUR 25m per year over the next 15 years. As has been the case with previous acquisitions, the amortization of fair value adjustments will be adjusted out in the determination of adjusted net income.

On the basis of the current contractually secured project pipeline, the initial, preliminary expectation for Sensile Medical's revenues and adjusted EBITA is presented in the table below.

in EUR m	FY 2018	FY 2020	FY 2022	FY 2027
Revenues	~ 15	~ 100	~ 200	~ 400
thereof Development	~ 13	~ 40	~ 10	-
Parts	~ 2	~ 55	~ 160	~ 340
Royalties	-	~ 5	~ 30	~ 60
Adjusted EBITA	~ -2	~ 10	~ 25	~ 90

The Company naturally expects to obtain new customer projects in the future, which will further add to this pipeline. This may make it possible among other things to further raise development revenues, beyond 2020, although this is not yet secured by contracts. Sensile Medical is to become the Development Division covering the field of value added devices for the entire Gerresheimer Group.

New major orders and initial, preliminary guidance for the financial years 2019 to 2022 - without consideration of Sensile Medical

Gerresheimer has secured a large inhaler order for Europe from a major international pharma producer. This was based on good performance in supplying the same inhaler to this customer for the North American market from the plant in Peachtree City (Georgia/USA). Following tooling revenues in 2019 and 2020, the Company expects to begin supplying the inhaler under this contract from the fourth quarter of 2020. At full production, revenues from the contract are anticipated of up to EUR 30m a year. To fulfill this order, the Company is going to invest in the Horsovsky Tyn plant in the Czech Republic during the financial years 2019 and 2020.

Furthermore, Gerresheimer has succeeded for the first time in becoming the main supplier to one of the largest heparin producers and is to supply this customer with prefillable syringes under a multi-year contract. This is an outcome of Gerresheimer systematically pursuing its syringes strategy and of ongoing good operational performance in the syringe business. The Company expects revenues from this contract to come on stream in

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the financial year 2019 and reach up to EUR 20m a year at full production. To generate growth in medical devices and syringes generally, Gerresheimer plans to build a new plant in Eastern Europe for manufacturing medical devices and, possibly, syringes. Automation will also continue to be accelerated across all plants.

In terms of organic base growth, for the financial years 2019 and 2020, Gerresheimer initially expects to grow with the market for products relevant to the Company. This growth is to be increased by one percentage point by means of further improvements in the product mix, to be achieved through a shift toward more high-quality products such as biotech syringes, new innovative developments like Elite Glass, and also cosmetics finishing. In the financial years 2021 and 2022, the above-mentioned major orders—among other things—are then expected to lead to a further two percentage point rise in organic revenue growth.

For the financial years 2019 and 2020, as a consequence of the major contract awards described above, Gerresheimer anticipates higher revenues in the low-margin engineering and tooling business as well as increased expenditure for relocation, employee training and production start-up/ramp-up, resulting in a temporary reduction in the adjusted EBITDA margin by approximately one percentage point compared with the figure for the financial year 2017[1]. As a result of the measures described above and of the major orders, the adjusted EBITDA margin at constant exchange rates is then expected to increase in the financial years 2021 and 2022 by about two percentage points relative to the financial years 2019 and 2020.

This growth will be made possible by additional capital expenditure on immediate capacity expansion which, on initial projections, will lead in the financial years 2019 and 2020 to a two percentage point increase in capital expenditure measured as a percentage of revenues at constant exchange rates. In addition, the Company will also incur capital expenditure for the plant to be built in Eastern Europe and for automation. Gerresheimer is still in the planning phase in this regard, but likewise expects a two percentage point increase in capital expenditure measured as a percentage of revenues at constant exchange rates. From the financial year 2021, the Company anticipates that capital expenditure measured as a percentage of revenues at constant exchange rates will return to its normal level of approximately 8%.

Business performance in Q2 2018

The Gerresheimer Group increased revenues at constant exchange rates from EUR 335.8m in the prior-year quarter to EUR 343.0m in the second quarter of 2018. On an organic basis—meaning adjusted for exchange

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rate effects, acquisitions and divestments—revenues consequently went up by 2.1% on the prior-year quarter. Demand for plastic vials for prescription drugs in the USA was very robust. Plastic primary pharma packaging also developed positively, mainly due to growth in India. Revenues from tooling were down in the quarter as budgeted. The inhaler project in North America performed well. Overall, however, medical plastic systems revenues were down on the prior year. Revenues from glass primary packaging in North America were higher than in the prior-year quarter. Corresponding revenues in China and from cosmetic glass also developed well. Due mainly to the change in the USD exchange rate, reported revenues fell in the same period from EUR 339.5m to EUR 332.6m.

An inhaler customer will not place any further orders for the Gerresheimer plant in Küssnacht as the customer's inhaler business fell short of its expectations. This will lose Gerresheimer revenues of about EUR 12m in the financial year 2018 and of up to EUR 15m in subsequent years. The Company is in advanced contract termination negotiations with the customer concerned and has already recognized an initial partial compensation of EUR 4.8m as income in the reporting period. Moreover, Gerresheimer expects further compensations during the course of the year, so that the total compensation will roughly correspond to the affected plant's contribution in the financial year 2018. Without this inhaler order, the Küssnacht plant no longer meets profitability expectations. In consultation with the remaining customers, Gerresheimer will therefore relocate production to other locations in Europe, ideally by the end of 2019, and close the plant in Küssnacht.

Adjusted EBITDA at constant exchange rates decreased as budgeted from EUR 74.9m in the prior-year quarter to EUR 73.9m in the second quarter of 2018. This includes a EUR 1.1m expense from the final measurement of the Triveni put option. Adjusted EBITDA after exchange rate effects came to EUR 71.1m, compared with EUR 75.8m in the second quarter of 2017. The adjusted EBITDA margin was 21.4% which, as expected, was below the 22.3% recorded in the prior-year quarter.

Adjusted net income after non-controlling interests came to EUR 26.0m in the second quarter, compared with EUR 30.4m in the prior-year quarter. Accordingly, adjusted earnings per share after non-controlling interests came to EUR 0.83 in the second quarter of 2018, compared with a prior-year figure of EUR 0.97. As a result, the company achieved adjusted earnings per share after non-controlling interests of EUR 2.68 in the first six months of the financial year 2018, a significant increase over the prior-year figure of EUR 1.56.

Net financial debt increased by EUR 61.0m to EUR 773.7m as of May 31,

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2018, primarily as a result of the dividend payout and the last coupon payment on the redeemed bond. Calculated as the ratio of net financial debt to adjusted EBITDA over the last twelve months, adjusted EBITDA leverage stood at 2.6 times. Capital expenditure totaled EUR 14.8m in the second quarter of 2018, as against EUR 20.3m in the prior-year quarter.

2018 Outlook without consideration of Sensile Medical
The Company's expectations for the financial year 2018, in each case at constant exchange rates and without acquisitions or divestments, are set out in the following. In addition the potential effects of the acquisition of Sensile Medical, which are presented separately above have to be added. In total, 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 or about 40% of adjusted EBITDA—Gerresheimer has assumed an exchange rate of approximately USD 1.12 to EUR 1.00. As before, about a rise or fall in the US dollar against the euro by about one cent has an impact of around EUR 4m on revenues and EUR 1m on adjusted EBITDA.

Based on current visibility and demand-side indications from customers, the Company expects—as already communicated—a strong second half year in 2018. The forecast for revenues at constant exchange rates in the financial year 2018 is between EUR 1.38bn and EUR 1.4bn, which is at the upper end of the previous expectation. For adjusted EBITDA at constant exchange rates, the Company continues to project a range of EUR 305m to 315m for the financial year 2018, compared with adjusted EBITDA of EUR 307.2m[1] in the financial year 2017. As a company that largely serves the US market with US products, Gerresheimer also gains an one-off positive effect from the US tax reform in the amount of USD 52.9m as a result of remeasurement of deferred taxes accounted for in the first quarter of 2018. Had the impact of the US tax reform already applied in the financial year 2017, there would have been a positive effect in the low single-digit millions of euros on current income taxes and net income for 2017.

Largely due to the favorable growth prospects, and driven by initiatives to boost productivity and quality, capital expenditure in the financial year 2018 is expected to amount to around 8% of revenues at constant exchange rates.

Long-term targets
Gerresheimer's long-term target for the entire Group, including Sensile Medical, is as follows:
- The Gx ROCE forecast remains unaltered, despite the acquisition of Sensile Medical, at approximately 15%.

[1] Excluding the effect from fair value measurement of the Triveni put option.

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- Due to the acquisition of Sensile Medical and the associated purchase price payment, the Company expects a temporary increase in adjusted EBITDA leverage to above 3.0x. Gerresheimer nonetheless continues to consider a figure of 2.5x to be about right for the ratio of net financial debt to adjusted EBITDA, with temporary variation above or below this tolerated because M&A activity cannot be planned in exact detail.

Estimates for the years 2019 to 2022 and the assumptions for the new division, including Sensile Medical, will be given in further detail in the guidance provided by the Company on publication of its Annual Report 2018 in February 2019.

The full quarterly report is available here:
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	**Q2 2018**	**Q2 2017**	**Change in %[6]**
Revenues at constant exchange rates[1]	343.0	335.8	2.1
Revenues	332.6	339.5	-2.0
Adjusted EBITDA at constant exchange rates[2]	73.9	74.9	-1.3
Adjusted EBITDA[3] *in % of revenues*	71.1 *21.4*	75.8 *22.3*	-6.1
Adjusted net income after non-controlling interests[4]	26.0	30.4	-14.5
Adjusted earnings per share[5] in EUR	0.83	0.97	-14.4
Net Assets as of Reporting Date in EUR million			
Equity ratio in %	36.7	32.9	
Net financial debt	773.7	812.6	-4.8
Capital expenditure	14.8	20.3	-26.9

1 Revenues at constant exchange rates for the second quarter 2017 were, for a better comparability, translated at the budget rates 2018, which are equivalent to the average rates of the financial year 2017 and can be found in Note (1) of the interim consolidated financial statements.

2 Adjusted EBITDA at constant exchange rates: 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. For a better comparability, adjusted EBITDA for the second quarter 2017 at constant exchange rates was translated at the budget rates 2018, which are equivalent to the average rates of the financial year 2017 and can be found in Note (1) of the interim consolidated financial statements.

3 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.

4 Adjusted net income after non-controlling interests: Consolidated net income 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.

5 Adjusted earnings after non-controlling interests divided by 31.4m shares.

6 Change calculated on a EUR k basis.

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Results of Operations during Reporting Period in EUR million	**Q1-Q2 2018**	**Q1-Q2 2017**	**Change in %[6]**
Revenues at constant exchange rates[1]	642.0	633.9	1.3
Revenues	623.0	642.3	-3.0
Adjusted EBITDA at constant exchange rates[2]	128.8	134.0	-3.8
Adjusted EBITDA[3]	123.8	135.6	-8.7
in % of revenues	19.9	21.1	
Adjusted net income after non-controlling interests[4]	84.1	49.0	71.4
Adjusted earnings per share[5] in EUR	2.68	1.56	71.8
Net Assets as of Reporting Date in EUR million			
Equity ratio in %	36.7	32.9	
Net financial debt	773.7	812.6	-4.8
Capital expenditure	25.7	35.4	-27.4

1 Revenues at constant exchange rates for the first half of 2017 were, for a better comparability, translated at the budget rates 2018, which are equivalent to the average rates of the financial year 2017 and can be found in Note (1) of the interim consolidated financial statements.

2 Adjusted EBITDA at constant exchange rates: 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. For a better comparability, adjusted EBITDA for the first half of 2017 at constant exchange rates was translated at the budget rates 2018, which are equivalent to the average rates of the financial year 2017 and can be found in Note (1) of the interim consolidated financial statements.

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6 Change calculated on a EUR k basis.