

**GERRESHEIMER**



# FY 2019 Earnings Presentation

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Duesseldorf, February 19, 2020

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# Agenda

- 1** **Strategy and Operational Update**
- 2 Financial Update
- 3 Guidance & Conclusion

# Key take-aways 2019

- Foundations set and gears switched for future profitable growth
- Guidance FY 2019 reached
  - ▢ Underlying FXN Revenues of EUR 1.40bn<sup>1</sup>
  - ▢ Underlying FXN Adjusted EBITDA of EUR 293m<sup>2</sup>
  - ▢ Group-wide 11.9% of FXN capex / revenues<sup>1</sup>
- Dividend proposal another increase from EUR 1.15 to EUR 1.20 per share for FY2019



1. Without taking into account the extraordinary effects from the unexpected termination of the diabetes project. For more details please refer to the Annual report 2019 on page 39.  
2. Please refer to <sup>1)</sup> as well as other operating expenses in this regard and additionally adjusted for derecognition of contingent purchase price components from the Sensile Medical acquisition. For more details please refer to the Annual report 2019 on page 53.

# We laid the Base for a Sustainable and Profitable Growth Path





# 1 Implementing a Mindset for Growth



## Customer focus

- Global Key Account Management
- Customer touchpoint optimization

## Excellence

- Strive for Excellence in all we do
- Driving automation and digitization

## Quality

- Quality Excellence in all aspects
- One global Quality Standard

## One Gerresheimer

- Leverage our full portfolio
- Create Synergies across the Group

## Resource allocation

- Transforming Capex into growth
- Efficient & lean spending of Capex

## Performance culture

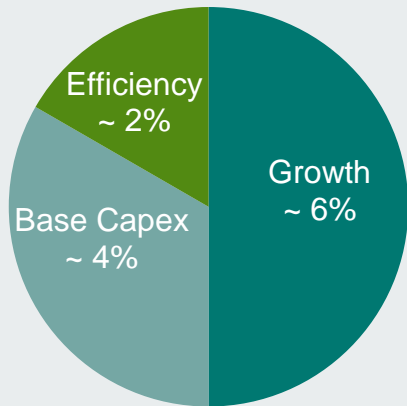
- Clear ambition for growth
- Deliver to your commitment



## 2 Investing for Future Growth

### Investments for 2019-2020 (~ 12% of revenues)

#### Capex formula



#### Capacity expansion

##### Primary Packaging Glass

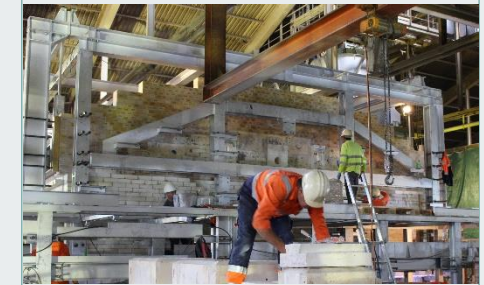
- New furnaces & capacity increase in Essen and Lohr, Germany

##### Medical Devices & Syringes

- Small batch production in Wackersdorf, Germany
- Extension of lines in Buende, Germany

##### Medical Devices

- Extension Horsovsky Tyn, Czech Republic





# 3 Innovative Products increasing Customer Value

## *Moving up the value chain*

### Example: Gx<sup>®</sup> RTF Vials

- Ready-to-fill, washed and sterile Type I Glass vials
- Highest Quality
- Perfect for immediate filling at customer filling line
- Several packaging solutions, trays, nest & tub
- RTF manufacturing sites in Europe and North America

## *Creating new perspectives*

### Example: Gx<sup>®</sup> Elite Glass

- Reducing customer's total cost of ownership
- Type I Borosilicate glass vial with market leading features
- No need to re-file
- Cosmetically Flawless
- Breakage resistance
- Dimensionally Superior
- Delamination Resistant
- Registered for patent



*Clear and amber glass  
in 2ml - 30ml sizes*



# 3 Leveraging the Technology of Sensile Medical

Attractive business field

## Clear roadmap

- SQ Innovation (game changer potential) fully on track
- EVER Pharma already launched
- Sound pipeline and demand
- Merging the industrialization competence of Medical Systems and the Product Development expertise of Sensile
- Building the future with our own IP



Excellent technology

## Future pipeline

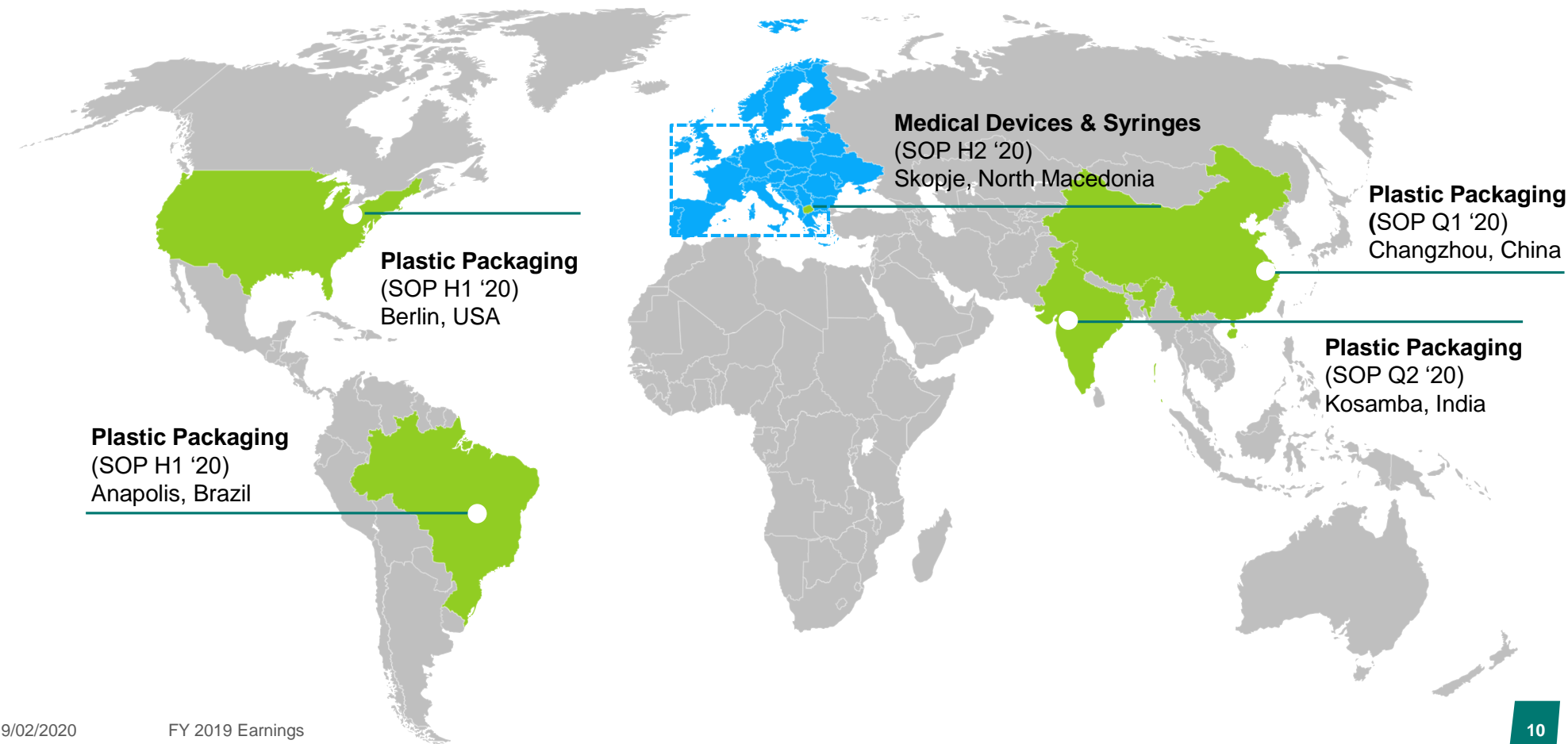
- Full solution provider to the Pharma Industry in various applications / therapies
- Innovation competence
- Connectivity and digitization platform
- Modular approach
- Develop our own solutions





# 5 Growth Segments: Increasing the Footprint & closing the white Spots in fast growing Markets

*Latest additions in 2019 & 2020*



## 5 Growth Segments: Biotech

### Launch of Gx Biological Solutions

- **Fastest growing segment** is biotech with large molecules
- **High demand** for specialized solutions
- **Our Offer:** Large portfolio of innovative products and solutions for biotech drugs
- **Our Service:** lab services, regulatory and qualification support
- Gx Biological Solutions: **Full-service provider** for small, mid and large biotech companies



## 6 New Products as Growth Drivers

### Examples:

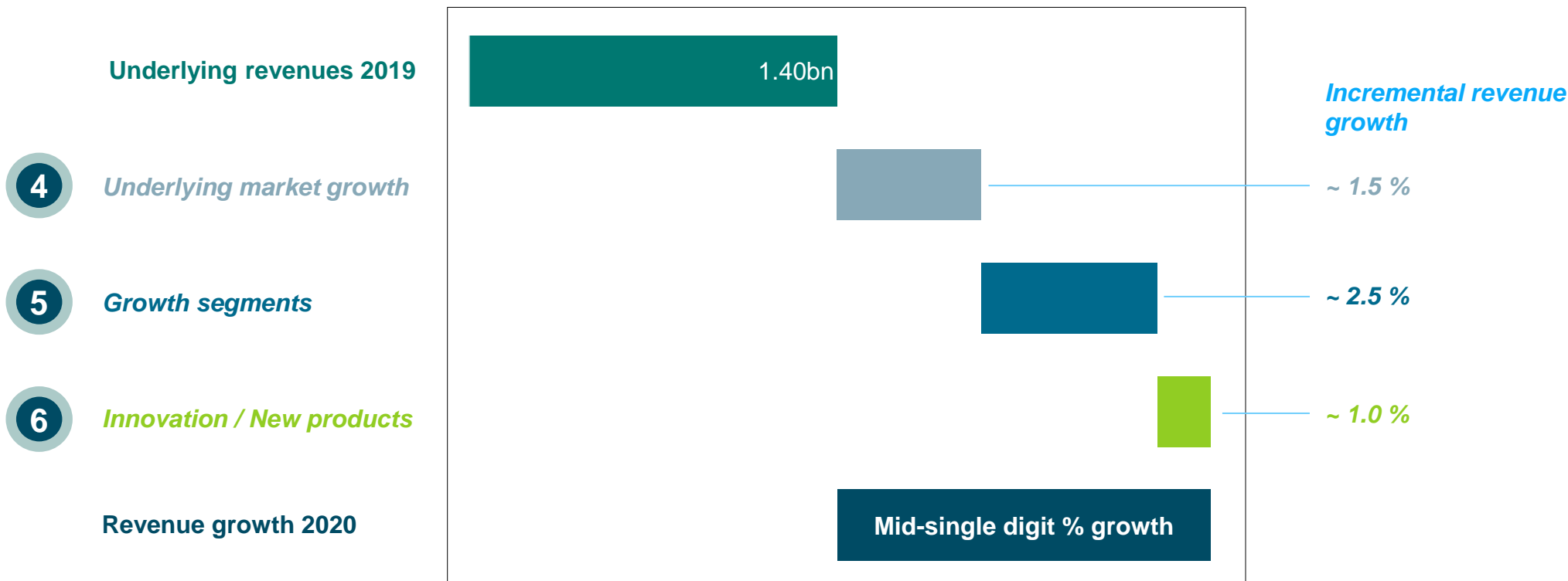
<p>Gx InnoSafe®</p> 	<p>Strengthened Glass</p> 	<p>New finishing technologies</p> 
<p>Gx RTF® ClearJect® (COP)</p> 	<p>Duma® Standard Child Resistant</p> 	<p>Micro pumps / Smart devices</p> 
<p>Gx® Elite Glass Vials</p> 	<p>Irradiated dropper bottles</p> 	<p>Gx® RTF Vials</p> 



## Our 2020 mid-single digit-% sales Growth fueled by Growth Levers



REVENUE DEVELOPMENT FOR 2020



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# Sensile extraordinary effects in Q4 2019: Sanofi project cancellation and impairment Sensile Medical

(EUR m)	Q1-Q3 2019	Q4 2019	Analysis	FY 2019
Derecognition of contingent purchase price liabilities	118.6	11.2		129.8
Cumulative adjustment of revenues	-	-17.3	} Impact from the contract modification by Sanofi	-17.3
Derecognition of contract asset	-	-9.2		-9.2
<b>Adj. EBITDA</b>	<b>118.6</b>	<b>-15.3</b>		<b>103.3</b>
Impairment	-	-116.7		-116.7
<i>Thereof goodwill</i>	-	-5.0		-5.0
<i>Thereof other intangible assets</i>	-	-103.8		-103.8
<i>Thereof development costs</i>	-	-7.9		-7.9
Taxes	-	17.2		17.2
<b>Impact on net income</b>	<b>118.6</b>	<b>-114.8</b>		<b>3.8</b>

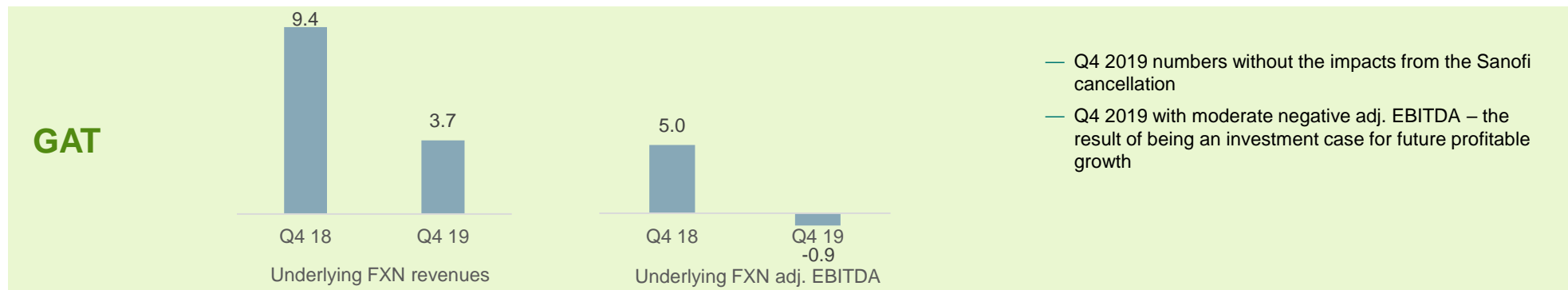
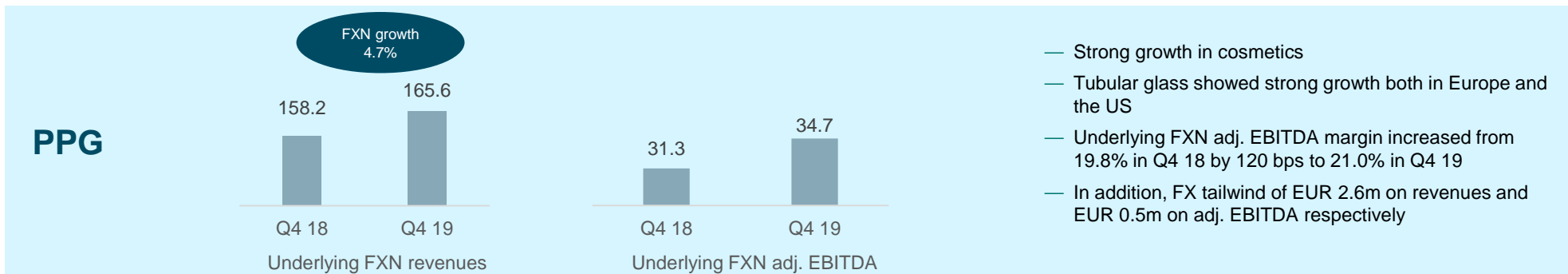
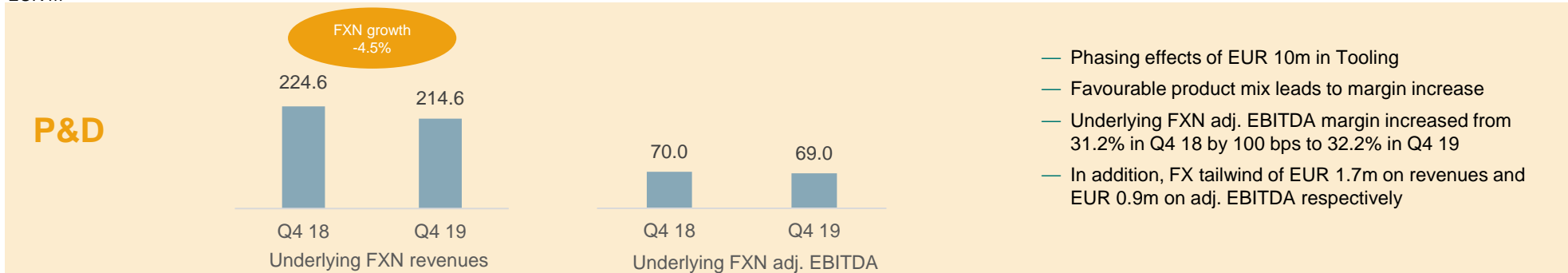
# Q4 2019 underlying performance: As expected

(EUR m)	Q4 2019 actual	Adjustment	Q4 2019 underlying	Q4 2018 underlying	YoY	Analysis
FXN revenues	364.3	17.3	381.6	390.8	-2.3%	Mainly triggered by Sensile, in total core business (P&D, PPG) as expected almost flat
FX effects	4.3	-	4.3	0.1		FX tailwind in 2019
Revenues	368.6	17.3	385.9	390.9	-1.3%	
FXN adj. EBITDA	80.1	15.3	95.4	100.6	-5.1%	
FX effects	1.5	-	1.5	0.3		FX tailwind in 2019
Adj. EBITDA	81.6	15.3	96.9	100.9	-4.0%	Mainly triggered by Sensile
Total one-off effects	-3.6	3.6	-	-		
Depreciation, amortization & impairment	-158.4	130.8	-27.6	-24.6	12.1%	Due to higher capex
Net finance expense	-5.3	0.2	-5.1	-6.2		
Income taxes	2.9	-20.2	-17.3	-17.9		
Net income	-82.8	129.7	46.9	52.2	-10.1%	



# Strong growth and margin improvement in PPG

EUR m



# Strong cash flow in Q4 2019

(EUR m)	Q4 2019	Q4 2018	Change	Analysis
Adjusted EBITDA	81.6	101.0	-19.4	
Termination adjustments	15.3	-	15.3	
Underlying adj. EBITDA	96.9	101.0	-4.1	
Change in net working capital	57.6	33.4	24.2	Strong net working capital management
Capex	-75.3	-69.5	-5.8	Capex program for 2019 as planned
Net interest paid	-11.1	-10.6	-0.5	
Net taxes paid	-10.4	-11.3	0.9	
Pension benefits paid	-2.6	-3.5	0.9	
Other	7.2	-3.4	10.6	
<b>Free cash flow before M&amp;A</b>	<b>62.3</b>	<b>36.1</b>	<b>26.2</b>	

	Nov. 30, 2019	Nov. 30, 2018
Net financial debt	942.7	886.4
<b>Adj. EBITDA leverage</b>	<b>2.4x</b>	<b>3.1x</b>

# FY 2019 underlying performance

(EUR m)	FY 2019 actual	Adjustment	FY 2019 underlying	FY 2018 underlying	YoY	Analysis
FXN revenues	1,380.2	17.3	1,397.5	1,365.5	2.4%	Guidance of EUR 1.40bn - 1.45bn achieved on lower end
FX effects	12.1	-	12.1	-5.8		
Revenues	1,392.3	17.3	1,409.6	1,359.7	3.7%	
FXN adj. EBITDA	396.1	-103.3	292.8	290.6	0.7%	Guidance of EUR 290m - 300m achieved
FX effects	3.9	-	3.9	-1.6		
Adj. EBITDA	400.0	-103.3	296.7	289.0	2.7%	Adj. EBITDA growth in line with revenue growth
Total one-off effects	-6.3	6.3	-	-		
Depreciation, amortization & impairment	-269.9	172.4	-97.5	-96.4	1.1%	
Net finance expense	-25.6	0.2	-25.4	-30.2	-16.0%	Reduction due to the bond redemption in 2018
Income taxes	-15.5	-30.3	-45.8	-43.8	4.8%	
Net income	82.7	45.3	128.0	118.6	8.0%	

# Slight impact from new accounting standard IFRS 16 for FY 2020

## IFRS 16

### Overview

- New standard regarding the accounting of leases replacing IAS 17
- Introducing a uniform model for identifying leasing arrangements and for accounting by lessees
- Lessees are no longer required to distinguish between operating and finance leases.
- Gerresheimer will apply the standard from the beginning of the financial year 2020.
- Gerresheimer has opted for modified retrospective first-time application. The comparative prior-year period is presented in accordance with IAS 17.

### Impact on the consolidated financial statements

- Adj. EBITDA: EUR 9-11m
- Net financial debt: EUR 27-30m
- Balance sheet total: EUR 27-30m

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# Guidance

At Group level (FXN)

	FY 2019 Base <sup>1</sup>	FY 2020	Mid-term
<b>Revenue growth</b>	EUR 1.40bn	Mid-single digit growth	Mid-single digit growth
<b>Adjusted EBITDA</b>	21% (EUR 297m)	~21% <sup>2</sup>	~ 23%
<b>Capex (% of sales)</b>	11.9%	~ 12%	8 - 10%

1. Please refer to the outlook in the Annual report 2019 on page 95.  
 2. Including a positive effect of EUR 9m to EUR 11m from the transition to IFRS 16.

# Conclusion

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In 2019 we laid the foundation for profitable, sustainable growth and switched gears;  
**Culture, investments and product innovations.**

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2020 will be the turning point for growth:  
**Underlying market growth, growth segments and new products.**

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Our future:  
Our activities will make a difference and successfully bring our Gerresheimer onto a  
**sustainable growth path.**

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# Financial calendar 2020



FINANCIAL CALENDAR	
April 9, 2020	Publication 1st Quarter 2020
June 24, 2020	Annual General Meeting 2020
July 14, 2020	Publication 2nd Quarter 2020
October 13, 2020	Publication 3rd Quarter 2020
End of 2020	Capital Markets Day





# Appendix

# Adjustments in FY 2019 and Q4 2019

(EUR m)	FY 2019			Q4 2019		
	Total	Adj. for Sensile	Regular Adjustment	Total	Adj. for Sensile	Regular Adjustment
Revenues	17.3	17.3	-	17.3	17.3	-
Adj. EBITDA	-103.3	-103.3	-	15.3	15.3	-
Total one-off effects	6.3	-	6.3	3.6	-	3.6
Depreciation, amortization & impairment	172.4	7.9	164.5 <sup>1)</sup>	130.8	7.9	122.9 <sup>1)</sup>
Net finance expense	0.2	-	0.2	0.2	-	0.2
Income taxes	-30.3	-4.2	-26.1	-20.2	-4.2	-16.0
Net income	45.3	-99.6	144.9	129.7	19.0	110.7

1) Thereof EUR 108.8m in connection with the impairment within Sensile Medical.

# Adjustments in FY 2018 and Q4 2018

(EUR m)	FY 2018					Q4 2018				
	Total	Küssnacht <sup>1)</sup>	Network & Triveni <sup>2)</sup>	Tax <sup>3)</sup>	Regular adjustment	Total	Küssnacht <sup>1)</sup>	Network & Triveni <sup>2)</sup>	Tax <sup>3)</sup>	Regular adjustment
Revenues	-8.0	-8.0	-	-	-	-0.2	-0.2	-	-	-
Adj. EBITDA	-9.5	-12.0	2.5	-	-	-0.1	-0.1	-	-	-
Total one-off effects	22.0	-	-	-	22.0	10.9	-	-	-	10.9
Depreciation, amortization & impairment	40.6	-	-	-	40.6	13.7	-	-	-	13.7
Net finance expense	2.1	-	-	-	2.1	0.3	-	-	-	0.3
Income taxes	-67.7	1.7	-0.4	-53.5	-15.5	-16.3	-	-	-10.3	-6.0
Net income	-12.5	-10.3	2.1	-53.5	49.2	8.5	-0.1	-	-10.3	18.9

1) Effects from the lost inhaler contract with a customer at our plant in Küssnacht (Switzerland).

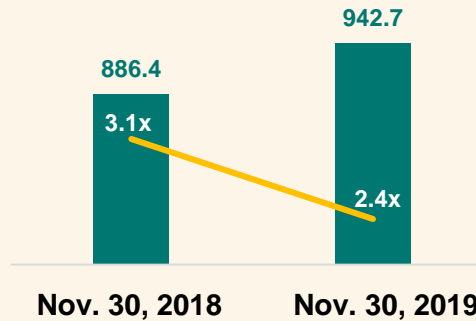
2) Effects relating to the exemption from electricity network charges (FY 18: EUR 1.4m/Q4 18: EUR 0m) and the final fair value measurement of the Triveni put option (FY 18: EUR 1.1m/Q4 18: EUR 0m).

3) Remeasurement of deferred taxes of our US subsidiaries due to the US tax reform (FY 18: EUR 44.8m/Q4 18: EUR 1.6m) and deferred tax income resulting from the future usability of tax loss carryforwards (FY 18: EUR 8.7m/Q4 18: EUR 8.7m).

# Financial status

## NET FINANCIAL DEBT AND ADJ. EBITDA LEVERAGE

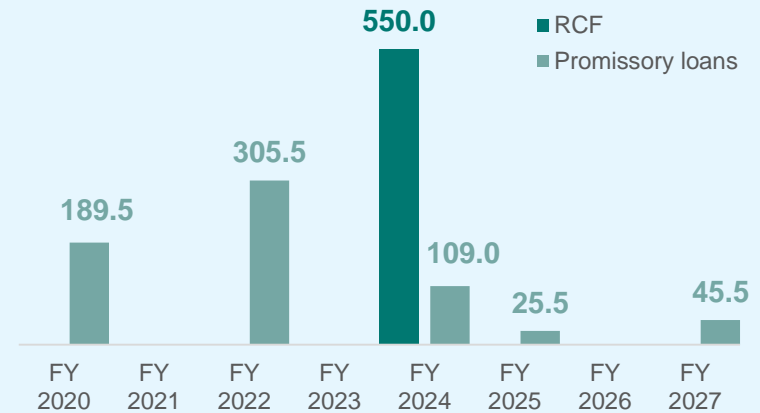
■ Net financial debt  
—●— Adj. EBITDA leverage (x)



## NET FINANCIAL DEBT SUMMARY

In EUR m	FY 2018	FY 2019
Drawn portion of RCF	264.4	302.3
Promissory loans (2017)	250.0	250.0
Promissory loans (2015)	425.0	425.0
Local borrowings, leasing etc.	27.6	51.2
Cash and cash equivalents	(80.6)	(85.8)
<b>Total net financial debt</b>	<b>886.4</b>	<b>942.7</b>

## EXPIRY DATE MAIN FACILITIES



**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.