OUR SECOND QUARTER

INTERIM REPORT SECOND QUARTER

DECEMBER 2017 – MAY 2018

Q2

GERRESHEIMER

GROUP KEY FIGURES

Financial Year ended November 30	**Q2 2018**	Q2 2017	Change in %[9]	**Q1-Q2 2018**	Q1-Q2 2017	Change in %[9]
Results of Operations during Reporting Period in EUR m						
Revenues at constant exchange rates[1]	**343.0**	335.8	2.1	**642.0**	633.9	1.3
Revenues	**332.6**	339.5	-2.0	**623.0**	642.3	-3.0
Adjusted EBITDA at constant exchange rates[2]	**73.9**	74.9	-1.3	**128.8**	134.0	-3.8
Adjusted EBITDA[3]	**71.1**	75.8	-6.1	**123.8**	135.6	-8.7
in % of revenues	**21.4**	22.3	–	**19.9**	21.1	–
Adjusted EBITA[4]	**45.7**	53.0	-13.7	**75.1**	90.2	-16.7
in % of revenues	**13.7**	15.6	–	**12.1**	14.0	–
Results of operations	**37.1**	43.9	-15.6	**54.4**	72.2	-24.7
Adjusted net income[5]	**26.5**	31.0	-14.5	**85.3**	50.1	70.0
Net Assets as of Reporting Date in EUR m						
Total assets	**2,244.6**	2,289.3	-2.0	**2,244.6**	2,289.3	-2.0
Equity	**822.9**	752.0	9.4	**822.9**	752.0	9.4
Equity ratio in %	**36.7**	32.9	–	**36.7**	32.9	–
Net working capital	**242.0**	230.4	5.1	**242.0**	230.4	5.1
in % of revenues of the last twelve months	**18.2**	17.1	–	**18.2**	17.1	–
Capital expenditure	**14.8**	20.3	-26.9	**25.7**	35.4	-27.4
Net financial debt	**773.7**	812.6	-4.8	**773.7**	812.6	-4.8
Adjusted EBITDA leverage[6]	**2.6**	2.7	–	**2.6**	2.7	–
Financial and Liquidity Position during Reporting Period in EUR m						
Cash flow from operating activities	**8.1**	22.9	-64.7	**5.7**	33.3	-82.7
Cash flow from investing activities	**-14.8**	-18.6	-20.5	**-25.4**	-31.9	-20.2
thereof cash paid for capital expenditure	***-14.8***	*-20.3*	*-26.9*	***-25.7***	*-35.4*	*-27.4*
Free cash flow before financing activities	**-6.7**	4.2	<-100.0	**-19.7**	1.4	<-100.0
Employees						
Employees as of the reporting date (total)	**9,708**	9,792	-0.9	**9,708**	9,792	-0.9
Stock Data						
Number of shares at reporting date in million	**31.4**	31.4	–	**31.4**	31.4	–
Share price[7] at reporting date in EUR	**66.65**	76.24	-12.6	**66.65**	76.24	-12.6
Market capitalization at reporting date in EUR m	**2,092.8**	2,393.9	-12.6	**2,092.8**	2,393.9	-12.6
Share price high[7] during reporting period in EUR	**68.45**	76.24	–	**73.25**	76.56	–
Share price low[7] during reporting period in EUR	**62.75**	70.75	–	**60.90**	67.14	–
Earnings per share in EUR	**0.60**	0.78	-23.1	**2.15**	1.19	80.7
Adjusted earnings per share[8] in EUR	**0.83**	0.97	-14.4	**2.68**	1.56	71.8

[1] Revenues at constant exchange rates for the second quarter 2017 and 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 second quarter 2017 and for the first half of 2017 at constant exchange rates were 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 EBITA: Earnings before income taxes, net finance expense, amortization of fair value adjustments, impairment losses, restructuring expenses, and one-off income and expenses.
[5] Adjusted net income: Consolidated net income 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.
[6] Adjusted EBITDA leverage: The relation of net financial debt to adjusted EBITDA of the last twelve months according to the credit agreement currently in place.
[7] Xetra closing price.
[8] Adjusted earnings per share after non-controlling interests divided by 31.4m shares.
[9] Change calculated on a EUR k basis.

DIVISIONS

› Plastics & Devices

The product portfolio of the Plastics & Devices Division includes complex, customer-specific products for the simple and safe administration of medicines, such as insulin pens, inhalers and prefillable syringes. Also included are diagnostics and medical technology products such as lancets and test systems as well as pharmaceutical plastic containers for liquid and solid medicines with closure and safety systems.

in EUR m	Q2 2018	Q2 2017	Change in %[5]	Q1-Q2 2018	Q1-Q2 2017	Change in %[5]
Revenues at constant exchange rates[1]	186.2	183.8	1.3	348.8	345.8	0.9
Revenues[2]	179.7	185.8	-3.3	337.0	350.4	-3.8
Adjusted EBITDA at constant exchange rates[3]	46.4	49.7	-6.5	86.0	89.2	-3.5
Adjusted EBITDA[4]	44.5	50.2	-11.4	82.1	90.5	-9.3
in % of revenues	24.7	27.0	–	24.4	25.8	–
Capital expenditure	8.8	14.0	-37.1	14.7	20.7	-28.9

› Primary Packaging Glass

The Primary Packaging Glass Division produces glass primary packaging for medicines and cosmetics, such as pharma jars, ampoules, injection vials, cartridges, perfume flacons and cream jars.

in EUR m	Q2 2018	Q2 2017	Change in %[5]	Q1-Q2 2018	Q1-Q2 2017	Change in %[5]
Revenues at constant exchange rates[1]	156.8	152.0	3.1	293.2	288.5	1.6
Revenues[2]	153.0	153.7	-0.5	286.1	292.3	-2.1
Adjusted EBITDA at constant exchange rates[3]	33.4	31.1	7.3	54.0	55.4	-2.4
Adjusted EBITDA[4]	32.6	31.4	3.8	52.9	55.7	-5.0
in % of revenues	21.3	20.4	–	18.5	19.1	–
Capital expenditure	5.9	6.2	-4.6	10.2	12.1	-16.0

[1] Revenues at constant exchange rates by division include intercompany revenues and were for the second quarter 2017 and for the first half of 2017, 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] Revenues by division include intercompany revenues.
[3] 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. Adjusted EBITDA at constant exchange rates for the second quarter 2017 and 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.
[4] 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.
[5] Change calculated on a EUR k basis.

KEY FACTS SECOND QUARTER 2018

- 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 Kuessnacht (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

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GERRESHEIMER ON THE CAPITAL MARKETS

GERRESHEIMER SHARES

In the first half of the financial year 2018 (December 1, 2017 to May 31, 2018), international stock markets were influenced by a moderate global upturn and diverging expectations among market participants as to the direction of monetary policy in the major currency areas. Most notably, growing expectations that the US Federal Reserve would raise interest rates sooner rather than later triggered a marked dip on the stock markets in February. This spike in uncertainty dissipated over the ensuing months, however, putting the markets on trend to recovery. Changing views as to the size of the shift in US trade policy did not make for calm on global equity markets, which responded with higher volatility.

This course of events is also reflected in the performance of the Gerresheimer share price and its benchmark index, the MDAX. In the period December 1, 2017 to June 8, 2018, Gerresheimer shares outperformed the MDAX by 2.8%.

The Gerresheimer share price set its first-half high at EUR 73.25 on January 23, 2018. Our share price gained 1.5% between the beginning of the financial year 2018 and June 8, 2018.

ANNUAL GENERAL MEETING 2018 ONCE AGAIN WITH VERY STRONG CAPITAL ATTENDANCE; DIVIDEND RAISED TO EUR 1.10 PER SHARE

The Annual General Meeting on April 25, 2018 resolved to pay a dividend of EUR 1.10 per share (2017: EUR 1.05 per share). This corresponds to an increase of 4.8% per dividend-entitled share and is the seventh consecutive dividend increase. The dividend was paid out on April 30, 2018. A total of 79.78% of the capital stock was represented at the Annual General Meeting. All resolutions put forward were passed with a large majority.

MAJORITY OF BANK ANALYSTS RETAIN POSITIVE RECOMMENDATIONS FOR OUR SHARES

Of the 17 bank analysts covering us, seven gave a buy recommendation and eight a hold recommendation as of June 8, 2018. Only two analysts recommended selling. Positive recommendations thus continue to predominate significantly. The average price target was EUR 70.79.

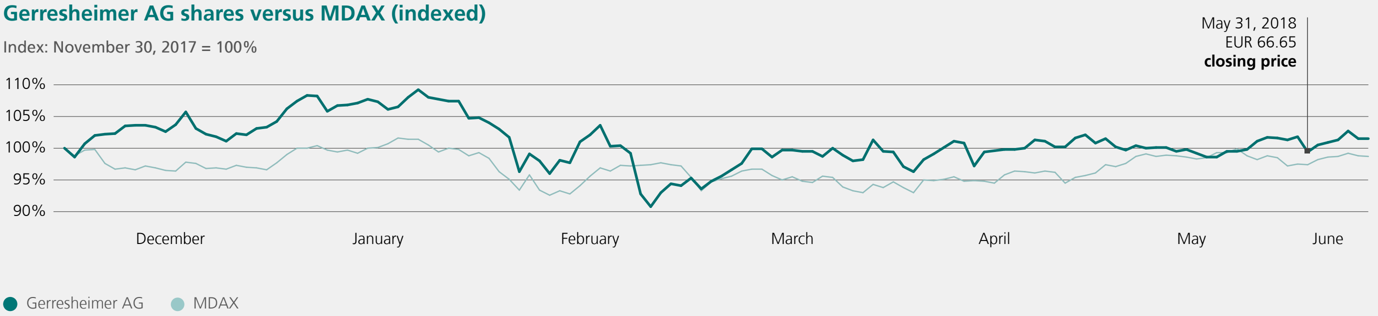
Gerresheimer Shares: Key Data

	Q2 2018	Q2 2017	**Q1-Q2 2018**	Q1-Q2 2017
Number of shares at reporting date in million	**31.4**	31.4	**31.4**	31.4
Share price[1] at reporting date in EUR	**66.65**	76.24	**66.65**	76.24
Market capitalization at reporting date in EUR m	**2,092.8**	2,393.9	**2,092.8**	2,393.9
Share price high[1] during reporting period in EUR	**68.45**	76.24	**73.25**	76.56
Share price low[1] during reporting period in EUR	**62.75**	70.75	**60.90**	67.14
Earnings per share in EUR	**0.60**	0.78	**2.15**	1.19

[1] Xetra closing price.

Gerresheimer AG shares versus MDAX (indexed)

Index: November 30, 2017 = 100%



GERRESHEIMER BOND

The bond launched on May 19, 2011 (ISIN XS0626028566) was redeemed at maturity on May 21, 2018 at a redemption price of 100%. Totaling a volume of EUR 300.0m, the bond paid a coupon of 5% p.a.

GERRESHEIMER RATING

Gerresheimer AG's rating in April respectively May 2018 remained unaltered with Moody's Baa3, outlook negative rating confirmed and Standard & Poor's BBB-, outlook stable rating, thus maintaining our investment grade status. As Gerresheimer AG is no longer required to have a public rating following the bond redemption in May 2018, the agreements with the two rating agencies Moody's and Standard & Poor's were canceled in June 2018.

Rating

Corporate rating at reporting date	Standard & Poor's: BBB-, stable outlook Moody's: Baa3, negative outlook

INTERIM GROUP MANAGEMENT REPORT DECEMBER 2017 – MAY 2018

DEVELOPMENT OF THE ECONOMIC ENVIROMENT

In its April outlook, the International Monetary Fund (IMF)[1] projected global economic growth of 3.9% for 2018. This compares with growth of 3.8% in 2017 and marks a 0.2 percentage point upgrade relative to the October 2017 forecast. According to the IMF, this relates to revised country estimates, which were revised upward primarily for advanced, but also for emerging and developing economies.

For the USA, the IMF expects growth to increase from 2.3% in 2017 to 2.9% in 2018. It thus raised its October forecast by 0.6 percentage points. Alongside stronger-than-expected economic activity in conjunction with a rise in external demand, this is notably attributed to the anticipated macroeconomic effects of the US tax reform.

Estimates for the eurozone are based on a slight increase in economic growth from 2.3% in 2017 to 2.4% in 2018. The IMF attributes the 0.5 percentage point increase in the forecast relative to the October 2017 estimate to stronger-than-expected domestic demand, supportive monetary policy and improved external demand prospects.

According to the Federal Ministry for Economic Affairs and Energy (BMWi), the upturn in the German economy remains intact, with a slight slowdown in the first quarter largely due to nonrecurring factors.[2] The IMF likewise sees the development of the German economy as positive and raised its estimate for German economic growth relative to October. It currently expects growth of 2.5% in 2018, which is on a par with last year. This corresponds to a 0.7 percentage point upgrade compared with the October forecast.

The current IMF expectation for economic growth in emerging and developing economies is 4.9%, compared with 4.8% growth in 2017. This remains in line with the October forecast. Growth in China specifically is expected to decline from 6.9% in 2017 to 6.6% in 2018. This represents a marginal 0.1 percentage point increase on the October estimate and is ascribed to an improved outlook for external demand. For India, the October forecast was retained at 7.4% growth in 2018, following 6.7% growth in 2017. As reasons, the IMF cites strong private consumption as well as fading transitory effects of the currency exchange initiative and the value added tax reform.

Global pharma market growth weakened significantly in 2017. As well as in price erosion reported by various pharma groups, this also made itself felt in volume growth, which is the indicator relevant to Gerresheimer and which according to IQVIA[3] came to only 0.1% in 2017. On this basis, IQVIA calculates an average annual growth rate of 2.1% for the years 2012 to 2017, with 3% growth in the period 2011 to 2016 as against 6% in the period 2006 to 2011. Whereas the pharmerging markets[4] recorded average volume growth of 3.9% in the years 2012 to 2017, the corresponding trend in other markets was substantially more negative. These even saw volumes fall by an average of 0.2% per year over the last five years.

The generics subsegment, which is subject to very strong price pressure in the North American market especially, recorded volume growth of 1.0% at global level in 2017. The average annual growth rate here in the years 2012 to 2017 was 3.1%. On a regional comparison, the pharmerging markets showed an average of 3.9% growth per year for the last five years, whereas average annual volume growth in other markets was just 0.8%.

Based on this trend, IQVIA projects average annual volume growth in the global pharma market of 2.0% for the years 2017 to 2022, compared with 3.0% for the years 2016 to 2021 expected in the prior year. The expectation for pharmerging markets is for an average of 3.0% per year in the next five years, whereas average volume growth of 1.7% is projected for other markets. This expectation underscores IQVIA's opinion that the current weakness in other pharma markets is likely to be temporary in nature. For the generics subsegment, IQVIA expects volume growth at an average of 2.7% for the next five years, with 3.1% anticipated for the pharmerging markets and 1.7% for other markets.

CURRENCY EFFECTS

The Gerresheimer Group's strong international presence exposes our revenue performance and results of operations to external factors such as currency movements. For this reason, we additionally state revenues, revenue growth and adjusted EBITDA in the management report at constant exchange rates. The figures are calculated using actual average exchange rates in the financial year 2017. For the US dollar—which is expected to have the largest currency impact on our Group currency, accounting for about a third of Group revenues budgeted for the financial year 2018 or about 40% of adjusted EBITDA—we have assumed an exchange rate of approximately USD 1.12 to EUR 1.00. As before, 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. Given our production locations in the USA and financial debt in US dollars, fluctuations in the US dollar/euro exchange rate have no material effect on Group earnings performance and essentially only lead to translation effects. As in prior years, external factors such as the development of energy and commodity prices had little impact on the Gerresheimer Group's results of operations in the reporting period. Price fluctuations in the procurement markets for raw materials and energy are largely offset by contractually agreed price escalation clauses, hedging transactions, productivity gains and price adjustments.

[1] International Monetary Fund: World Economic Outlook, April 2018.
[2] Federal Ministry for Economic Affairs and Energy: Monthly report, June 2018.
[3] IQVIA (formerly Quintiles IMS), January 10, 2018.
[4] For a definition of pharmerging markets (emerging markets), please see Note (8) of the Notes to the consolidated financial statements 2017.

REVENUE PERFORMANCE

In the second quarter 2018 the Gerresheimer Group increased revenues at constant exchange rates from EUR 335.8m in the prior-year quarter to EUR 343.0m. On an organic basis—meaning adjusted for exchange rate effects, acquisitions and divestments—revenues consequently went up by 2.1% on the prior-year quarter. In the first half of 2018 revenues at constant exchange rates went up from EUR 633.9m in the first half of 2017 to EUR 642.0m—an organic increase of 1.3%. Mainly due to the development of the USD exchange rate, which, on average, fell from USD 1.08 per EUR 1.00 in the prior-year period to USD 1.21 per EUR 1.00 in the reporting period, reported revenues decreased from EUR 339.5m to EUR 332.6m in the second quarter of 2018 and from EUR 642.3m to EUR 623.0m in the first half of 2018.

	at constant exchange rates			at constant exchange rates		
in EUR m	**Q2 2018**	Q2 2017	Change in %[1]	**Q1-Q2 2018**	Q1-Q2 2017	Change in %[1]
Revenues						
Plastics & Devices	186.2	183.8	1.3	348.8	345.8	0.9
Primary Packaging Glass	156.8	152.0	3.1	293.2	288.5	1.6
Subtotal	**343.0**	**335.8**	**2.1**	**642.0**	**634.3**	**1.2**
Intra-Group revenues	–	–	–	–	-0.4	-75.3
Total revenues	**343.0**	**335.8**	**2.1**	**642.0**	**633.9**	**1.3**

	as reported			as reported		
in EUR m	**Q2 2018**	Q2 2017	Change in %[1]	**Q1-Q2 2018**	Q1-Q2 2017	Change in %[1]
Revenues						
Plastics & Devices	179.7	185.8	-3.3	337.0	350.4	-3.8
Primary Packaging Glass	153.0	153.7	-0.5	286.1	292.3	-2.1
Subtotal	**332.7**	**339.5**	**-2.0**	**623.1**	**642.7**	**-3.1**
Intra-Group revenues	-0.1	–	-100.0	-0.1	-0.4	-75.3
Total revenues	**332.6**	**339.5**	**-2.0**	**623.0**	**642.3**	**-3.0**

[1] Change calculated on a EUR k basis.

In the Plastics & Devices Division, revenues at constant exchange rates went up by 1.3% from EUR 183.8m in the second quarter of 2017 to EUR 186.2m in the second quarter of 2018. Demand for plastic vials for prescription drugs in the USA was very robust. The same applied to the Plastic Packaging Business Unit, where the trend was primarily driven by growth in India. Our syringe business likewise developed positively. In Medical Plastic Systems, revenues were down in the engineering and tooling business, although temporary fluctuations throughout the year are normal here and essentially track the billing of large-scale customer projects. Despite the good performance of our inhaler project in Peachtree City (Georgia/USA), the parts business was slightly down on the prior-year quarter. This is because of low demand in Europe from a number of customers for whom we are the sole supplier. In addition, an inhalor customer will not place any further orders for our plant in Kuessnacht due to its business situation, a development which already had a negative impact on our revenues in the reporting period. We explain this in detail under Results of Operations, in the section on the Plastics & Devices Division. However, mainly due to the move in the USD exchange rate, which, on average, fell significantly in the current reporting period, reported revenues decreased by 3.3% from EUR 185.8m in the second quarter of 2017 to EUR 179.7m in the reporting period. Revenues at constant exchange rates increased organically by 0.9% to EUR 348.8m in the first half of 2018, compared with EUR 345.8m in the same period of the prior year. Likewise as a result of the development of the USD exchange rate, reported revenues went down from EUR 350.4m in the first half of the prior year to EUR 337.0m in the first six months of the reporting year.

Revenues at constant exchange rates in the Primary Packaging Glass Division were EUR 156.8m in the second quarter of 2018, up 3.1% on the EUR 152.0m recorded in the prior-year quarter. Driven by the recovery in our injectables packaging business, revenues in the North America region were higher than in the prior-year quarter. Good growth in China and in the cosmetics business also contributed to the overall growth. Reported revenues—including exchange rate changes—decreased by 0.5% in the Primary Packaging Glass Division from EUR 153.7m in the second quarter of 2017 to EUR 153.0m in the reporting period. Revenues at constant exchange rates in the Primary Packaging Glass Division increased organically by 1.6% to EUR 293.2m in the first half of 2018, compared with EUR 288.5m in the same period of the prior year. Reported revenues fell from EUR 292.3m in the prior year to EUR 286.1m in the first six months of the financial year 2018.

RESULTS OF OPERATIONS

At constant exchange rates, adjusted EBITDA decreased from EUR 74.9m in the prior-year quarter to EUR 73.9m in the second quarter of 2018. However, it should be noted that the final valuation of the put option for the acquisition of the remaining 25% of shares in Triveni Polymers Private Ltd. (New Delhi/India) resulted in the recognition of an expense of EUR 1.1m in the reporting period. Excluding this effect, adjusted EBITDA at constant exchange rates would have been EUR 0.1m up on the prior-year quarter. Adjusted EBITDA after exchange rate effects came to EUR 71.1m in the reporting period, compared with EUR 75.8m in the second quarter of 2017. The adjusted EBITDA margin in the second quarter of 2018 was thus 21.4%. Excluding the effect of the Triveni put option, the adjusted EBITDA margin stood at 21.7%, marking, as we expected, a slight decrease on the 22.3% in the prior-year quarter. We generated adjusted EBITDA at constant exchange rates of EUR 128.8m in the first half of 2018, compared with EUR 134.0m in the first half of 2017. After exchange rate effects, our adjusted EBITDA for the same period was EUR 123.8m, compared with EUR 135.6m in the first six months of the financial year 2017.

	at constant exchange rates			at constant exchange rates		
in EUR m	**Q2 2018**	Q2 2017	Change in %[1]	**Q1-Q2 2018**	Q1-Q2 2017	Change in %[1]
Adjusted EBITDA						
Plastics & Devices	46.4	49.7	-6.5	86.0	89.2	-3.5
Primary Packaging Glass	33.4	31.1	7.3	54.0	55.4	-2.4
Subtotal	**79.8**	**80.8**	**-1.2**	**140.0**	**144.6**	**-3.1**
Head office/consolidation	-5.9	-5.9	1.0	-11.2	-10.6	6.2
Total adjusted EBITDA	**73.9**	**74.9**	**-1.3**	**128.8**	**134.0**	**-3.8**

	as reported					as reported				
				Margin in %					Margin in %	
in EUR m	**Q2 2018**	Q2 2017	Change in %[1]	**Q2 2018**	Q2 2017	**Q1-Q2 2018**	Q1-Q2 2017	Change in %[1]	**Q1-Q2 2018**	Q1-Q2 2017
Adjusted EBITDA										
Plastics & Devices	44.5	50.2	-11.4	24.7	27.0	82.1	90.5	-9.3	24.4	25.8
Primary Packaging Glass	32.6	31.4	3.8	21.3	20.4	52.9	55.7	-5.0	18.5	19.1
Subtotal	**77.1**	**81.6**	**-5.6**	**–**	**–**	**135.0**	**146.2**	**-7.6**	**–**	**–**
Head office/consolidation	-6.0	-5.8	0.9	–	–	-11.2	-10.6	6.2	–	–
Total adjusted EBITDA	**71.1**	**75.8**	**-6.1**	**21.4**	**22.3**	**123.8**	**135.6**	**-8.7**	**19.9**	**21.1**

[1] Change calculated on a EUR k basis.

In the Plastics & Devices Division, we generated adjusted EBITDA at constant exchange rates of EUR 46.4m in the second quarter of 2018, compared with EUR 49.7m in the same quarter of the prior year. However, it should be noted that final valuation of the put option for acquisition of the remaining 25% of shares in Triveni Polymers Private Ltd. resulted in recognition of an expense of EUR 1.1m in the reporting period. Excluding this effect, adjusted EBITDA at constant exchange rates was only EUR 2.2m down on the prior-year quarter. Earnings in Medical Plastic Systems were adversely affected by the temporary drop in revenues in the engineering and tooling business. Adjusted EBITDA in the Medical Plastic Systems business is also negatively impacted by lower demand from customers for whom we are the sole supplier. Also, with the project in ramp-up phase, the adjusted EBITDA margin on our inhaler project in Peachtree City (Georgia/USA) is not yet optimal. In addition, an inhaler customer will not place any further orders for our plant in Kuessnacht as the customer's inhaler business fell short of its expectations. This will lose us revenues of about EUR 12m in the financial year 2018 and of up to EUR 15m in subsequent years. We are in advanced contract termination negotiations with the customer concerned and have already recognized an initial partial compensation of EUR 4.8m as income in the reporting period. Moreover, we expect 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 Kuessnacht plant no longer meets our profitability expectations. In consultation with the remaining customers, we will therefore relocate production to other locations in Europe, ideally by the end of 2019, and close the plant in Kuessnacht. We estimate the expenses associated with the planned closure—which we will report as one-off effects—at around EUR 8m in 2018 and about another EUR 7m in 2019. These expenses will affect cash flow over the planned closure period. Following the closure, we plan to sell the company's land and buildings. We currently expect that this sale will largely offset the cash impact of the expenses, thus resulting in only a minor negative cash effect overall. Excluding exchange rate effects, adjusted EBITDA in the Plastics & Devices Division went down from EUR 50.2m in the second quarter of 2017 to EUR 44.5m in the reporting period. The adjusted EBITDA margin was 24.7%, below the 27.0% recorded in the prior-year quarter. We generated adjusted EBITDA at constant exchange rates of EUR 86.0m in the first half of 2018, compared with EUR 89.2m in the first six months of the financial year 2017. Adjusted EBITDA after exchange rate effects decreased from EUR 90.5m in the first half of 2017 to EUR 82.1m. The adjusted EBITDA margin was consequently 24.4%, versus 25.8% in the first six months of the financial year 2017.

Adjusted EBITDA at constant exchange rates in the Primary Packaging Glass Division increased from EUR 31.1m in the prior-year quarter to EUR 33.4m in the second quarter of 2018. This is ultimately due to the higher revenues and the resulting improved capacity utilization. Unadjusted for exchange rates, adjusted EBITDA in the Primary Packaging Glass Division went up from EUR 31.4m to EUR 32.6m in the second quarter of 2018. The adjusted EBITDA margin was consequently 21.3%, compared with 20.4% in the second quarter of 2017. In the first six months of the financial year 2018, we generated adjusted EBITDA at constant exchange rates of EUR 54.0m, compared with EUR 55.4m in the comparative prior-year period. Adjusted EBITDA after exchange rate effects decreased from EUR 55.7m in the first half of 2017 to EUR 52.9m. This led to an adjusted EBITDA margin of 18.5%, versus 19.1% in the first six months of the financial year 2017.

We also had higher expenditure in the second quarter of 2018—as we already had in the first quarter of 2018—in connection with Gx Solutions, our new unit targeting the emerging biotech sector.

In the second quarter of 2018, as in the prior-year quarter, the head office expenses and consolidation item come to EUR 5.9m at constant exchange rates.

The table below shows the reconciliation of adjusted EBITDA to results of operations:

in EUR m	Q2 2018	Q2 2017	Change	Q1-Q2 2018	Q1-Q2 2017	Change
Adjusted EBITDA	**71.1**	**75.8**	**-4.7**	**123.8**	**135.6**	**-11.8**
Depreciation	-25.4[3]	-22.8	-2.6	-48.7[3]	-45.4	-3.3
Adjusted EBITA	**45.7**	**53.0**	**-7.3**	**75.1**	**90.2**	**-15.1**
Portfolio optimization	-0.4	–	-0.4	-0.5	–	-0.5
One-off income and expenses[1]	-0.6	-0.5	-0.1	-4.9	-0.6	-4.3
Total of one-off items	**-1.0**	**-0.5**	**-0.5**	**-5.4**	**-0.6**	**-4.8**
Amortization of fair value adjustments[2]	-7.6	-8.6	1.0	-15.3	-17.4	2.1
Results of operations	**37.1**	**43.9**	**-6.8**	**54.4**	**72.2**	**-17.8**

[1] The one-off income/expenses item consists of one-off items that cannot be taken as an indicator of ongoing business. These include, for example, various reorganization and structure changes that are not reportable as restructuring expenses in accordance with IFRS.
[2] Amortization of fair value adjustments relates to the intangible assets identified at fair value in connection with the acquisitions of Gerresheimer Regensburg in January 2007; the pharma glass business of Comar Inc., USA, in March 2007; the acquisitions of Gerresheimer Zaragoza and Gerresheimer Sao Paulo in January 2008; the acquisition of Vedat in March 2011; the acquisition of Neutral Glass in April 2012; the acquisition of Triveni in December 2012; and the acquisition of Centor in September 2015. Amortization of fair value adjustments relates to amortization of identified intangible assets.
[3] Including EUR 1.8m in impairment losses unrelated to portfolio optimization.

Adjusted EBITA came to EUR 45.7m in the second quarter of 2018 (Q2 2017: EUR 53.0m), comprising adjusted EBITDA of EUR 71.1m in the second quarter of 2018 (Q2 2017: EUR 75.8m) less increased depreciation of EUR 25.4m (Q2 2017: EUR 22.8m). This is reconciled to the EUR 37.1m results of operations for the second quarter of 2018—compared with EUR 43.9m in the prior-year period—by deducting one-off effects in the total amount of EUR 1.0m in the reporting period (Q2 2017: EUR 0.5m), which mostly relate to acquisition of Sensile Medical AG and amortization of fair value adjustments, mainly from the acquisition of Centor in the financial year 2015, in the amount of EUR 7.6m (Q2 2017: EUR 8.6m).

in EUR m	Q2 2018	Q2 2017	Change	Q1-Q2 2018	Q1-Q2 2017	Change
Results of operations	**37.1**	**43.9**	**-6.8**	**54.4**	**72.2**	**-17.8**
Net finance expense	-9.4	-8.6	-0.8	-18.8	-17.1	-1.7
Income taxes	-8.4	-10.2	1.8	32.9	-16.7	49.6
Net income	**19.3**	**25.1**	**-5.8**	**68.5**	**38.4**	**30.1**

Net finance expense, at EUR 9.4m in the second quarter of 2018, was EUR 0.8m higher than the EUR 8.6m recorded in the prior-year quarter. Interest income in the amount of EUR 0.7m (Q2 2017: EUR 0.8m) was countered by interest expenses of EUR 8.7m (Q2 2017: EUR 8.2m). Other net finance expenses came to EUR 1.4m, slightly greater than the EUR 1.2m in the prior-year quarter.

The income taxes item for the first half of 2018 shows tax income of EUR 32.9m. This mainly relates to the remeasurement of the recognized deferred taxes of our US subsidiaries included in the consolidated financial statements due to the US tax reform signed on December 22, 2017. Without this positive one-off effect in the amount of USD 52.9m, which at current exchange rates is equivalent to EUR 43.8m, the item would have shown an income tax expense of EUR 10.9m. This would have resulted in a tax rate of 30.5% for the first half of 2018. The tax rate for the first half of 2017 was 30.3%. In both half years, the tax rate is adversely impacted by intra-year shifts in the timing of tax-exempt income and non-deductible expenses.

In the period December 1, 2017 to May 31, 2018, the Gerresheimer Group generated net income of EUR 68.5m. This is EUR 30.1m higher than the figure of EUR 38.4m recorded in the prior-year quarter, primarily as a result of the positive effect of the remeasurement of the recognized deferred taxes recognized in connection with the US tax reform.

in EUR m	Q2 2018	Q2 2017	Change	Q1-Q2 2018	Q1-Q2 2017	Change
Net income	**19.3**	**25.1**	**-5.8**	**68.5**	**38.4**	**30.1**
Portfolio optimization	-0.4	–	-0.4	-0.5	–	-0.5
Related tax effect	0.1	–	0.1	0.1	–	0.1
One-off income and expenses	-0.6	-0.5	-0.1	-4.9	-0.6	-4.3
Related tax effect	0.2	0.2	–	1.4	0.2	1.2
Amortization of fair value adjustments	-7.6	-8.6	1.0	-15.3	-17.4	2.1
Related tax effect	1.8	3.0	-1.2	3.7	6.1	-2.4
One-off effects in the net finance expense	-1.0	–	-1.0	-1.8	–	-1.8
Related tax effect	0.3	–	0.3	0.5	–	0.5
Adjusted net income	**26.5**	**31.0**	**-4.5**	**85.3**	**50.1**	**35.2**
Attributable to non-controlling interests	**0.5**	**0.5**	**–**	**1.1**	**0.9**	**0.2**
Amortization of fair value adjustments	-0.1	-0.1	–	-0.2	-0.3	0.1
Related tax effect	0.1	–	0.1	0.1	0.1	–
Adjusted net income attributable to non-controlling interests	**0.5**	**0.6**	**-0.1**	**1.2**	**1.1**	**0.1**
Adjusted net income after non-controlling interests	**26.0**	**30.4**	**-4.4**	**84.1**	**49.0**	**35.1**
Adjusted earnings per share in EUR after non-controlling interests	0.83	0.97	-0.14	2.68	1.56	1.12

Adjusted net income (defined as consolidated net income 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) was EUR 26.5m in the second quarter of 2018, compared with EUR 31.0m in the prior-year quarter. Adjusted net income after non-controlling interests was EUR 26.0m (Q2 2017: EUR 30.4m), marking a decrease of EUR 4.4m. Accordingly, adjusted earnings per share after non-controlling interests came to EUR 0.83 in the second quarter of 2018 (Q2 2017: EUR 0.97).

One-off effects included in net finance expense comprise EUR 1.0m in expenses that are due to the early refinancing of the bond redeemed in May 2018 and, as has already been communicated, primarily relate to the effect of exchange rate hedging in that connection.

We generated adjusted net income of EUR 85.3m in the first half of 2018, compared with EUR 50.1m in the first six months of the prior year. Adjusted net income after non-controlling interests came to EUR 84.1m and was thus EUR 35.1m higher than in the first half of 2017. Our adjusted earnings per share after non-controlling interests thus came to EUR 2.68 in the first six months of the financial year 2018 (H1 2017: EUR 1.56).

NET ASSETS

BALANCE SHEET

The Gerresheimer Group's net assets changed as follows in the first half of 2018:

Assets in EUR m	**May 31, 2018**	Nov. 30, 2017	Change in %[1]
Intangible assets, property, plant and equipment and investment property	1,678.8	1,709.5	-1.8
Investment accounted for using the equity method	0.3	0.3	–
Other non-current assets	18.7	19.1	-2.0
Non-current assets	**1,697.8**	**1,728.9**	**-1.8**
Inventories	180.7	148.4	21.8
Trade receivables	224.3	242.7	-7.6
Other current assets	141.8	324.1	-56.2
Current assets	**546.8**	**715.2**	**-23.5**
Total assets	**2,244.6**	**2,444.1**	**-8.2**

Equity and Liabilities in EUR m	**May 31, 2018**	Nov. 30, 2017	Change in %[1]
Equity and non-controlling interests	**822.9**	**789.5**	**4.2**
Non-current provisions	150.9	155.3	-2.8
Financial liabilities	681.1	681.3	-
Other non-current liabilities	99.4	144.6	-31.3
Non-current liabilities	**931.4**	**981.2**	**-5.1**
Financial liabilities	209.4	337.7	-38.0
Trade payables	131.6	176.3	-25.4
Other current provisions and liabilities	149.3	159.4	-6.3
Current liabilities	**490.3**	**673.4**	**-27.2**
Total equity and liabilities	**2,244.6**	**2,444.1**	**-8.2**

[1] Change calculated on a EUR k basis.

The Gerresheimer Group's total assets decreased relative to November 30, 2017 by EUR 199.5m to EUR 2,244.6m as of May 31, 2018. Within this, there has been a significant decrease in current financial liabilities and other current assets. This mainly relates to the use of cash and cash equivalents for the bond redemption in May 2018 as well as drawings made at the same time on the revolving credit facility. There were no other significant changes in balance sheet structure.

At EUR 1,697.8m, non-current assets were EUR 31.1m below the figure as of November 30, 2017. The change mainly reflects the decrease in intangible assets and property, plant and equipment. Intangible assets went down by EUR 2.8m relative to the figure as of November 30, 2017. This related to a EUR 6.0m increase in goodwill due to exchange rate changes and a EUR 9.7m decrease in customer relationships, comprising EUR 15.2m relating to amortization of fair value adjustments versus a EUR 5.5m increase attributable to exchange rate changes. Property, plant and equipment fell by EUR 27.8m, mostly due to depreciation and exchange rate effects. Non-current assets accounted for 75.6% of total assets as of May 31, 2018 and 70.7% as of November 30, 2017. Current assets were EUR 546.8m, down by a significant EUR 168.4m on the figure as of November 30, 2017. This is mainly due to significantly lower cash and cash equivalents due to the bond redemption in May 2018.

The Gerresheimer Group's consolidated equity, including non-controlling interests, went up significantly from EUR 789.5m as of November 30, 2017 to EUR 822.9m as of May 31, 2018. This increase is an outcome mainly of the EUR 68.5m net income in the reporting period. The equity ratio increased from 32.3% as of November 30, 2017 to 36.7% as of May 31, 2018.

Non-current liabilities were EUR 931.4m at the end of May 2018, marking a substantial EUR 49.8m decrease on the EUR 981.2m figure at the end of November 2017. The main effect here resulted from the remeasurement of deferred tax liabilities due to the US tax reform signed in late December 2017.

Current liabilities likewise went down relative to November 30, 2017 by EUR 183.1m to EUR 490.3m. This is mainly attributable to the EUR 300.0m bond redemption at maturity in May 2018 and, in the opposite direction, EUR 166.8m in new drawings under the revolving credit facility. Trade payables decreased in the same period by EUR 44.7m to EUR 131.6m.

NET WORKING CAPITAL

As of May 31, 2018, the Gerresheimer Group's net working capital stood at EUR 242.0m, up EUR 56.3m compared with November 30, 2017.

in EUR m	**May 31, 2018**	Nov. 30, 2017	May 31, 2017
Inventories	180.7	148.4	172.5
Trade receivables	224.3	242.7	222.9
Trade payables	131.6	176.3	126.7
Prepayments received	31.4	29.1	38.3
Net working capital	**242.0**	**185.7**	**230.4**

The increase in net working capital compared with November 30, 2017 mainly reflected the decrease in trade payables and the increase in inventories. These were partly offset by the decrease in trade receivables and a rise in prepayments received. At constant exchange rates, the increase in net working capital in the first half of 2018 came to EUR 57.3m, compared with EUR 31.6m in the first half of 2017.

Relative to revenues in the last twelve months, average net working capital increased from 16.4% in the first half of the prior year to 16.9% in the first half of 2018 ; however, this is mainly in anticipation of the significantly better business activities expected for the remainder of the financial year 2018.

FINANCIAL LIABILITIES AND CREDIT FACILITIES

The Gerresheimer Group's net financial debt developed as follows:

in EUR m	**May 31, 2018**	Nov. 30, 2017	May 31, 2017
Financial debt			
Syndicated facilities			
Revolving credit facility (since June 15, 2015)[1]	166.8	–	156.0
Total syndicated facilities	**166.8**	**–**	**156.0**
Senior notes – euro bond	–	300.0	300.0
Promissory loans – November 2015	425.0	425.0	425.0
Promissory loans – September 2017	250.0	250.0	–
Local borrowings incl. bank overdrafts[1]	17.6	16.7	16.0
Finance lease liabilities	7.8	8.0	6.8
Total financial debt	**867.2**	**999.7**	**903.8**
Cash and cash equivalents	93.5	287.0	91.2
Net financial debt	**773.7**	**712.7**	**812.6**

[1] The exchange rates used for the translation of US dollar loans to euro were as follows: as of May 31, 2018: EUR 1.00/USD 1.1632; as of November 30, 2017: EUR 1.00/USD 1.1849; as of May 31, 2017: EUR 1.00/USD 1.1221.

Net financial debt increased by EUR 61.0m to EUR 773.7m as of May 31, 2018 (November 30, 2017: EUR 712.7m). The increase in net financial debt as of May 31, 2018 is mainly due to the EUR 34.5m dividend payout following the Annual General Meeting on April 25, 2018 and the EUR 15.0m final coupon payment on the bond redeemed in May 2018. Calculated as the ratio of net financial debt to adjusted EBITDA over the last twelve months, adjusted EBITDA leverage, according to the credit agreement currently in place, stood at 2.6x.

Drawings on the revolving credit facility (facility amount of EUR 450.0m) were at EUR 166.8m as of May 31, 2018. As of the same date, an amount of EUR 283.2m was consequently available to us under the revolving credit facility for capital expenditure, acquisitions and other operational requirements.

CAPITAL EXPENDITURE

Gerresheimer incurred capital expenditure on property, plant and equipment and intangible assets as follows in the first half of 2018:

in EUR m	Q2 2018	Q2 2017	Change in %[1]	Q1-Q2 2018	Q1-Q2 2017	Change in %[1]
Plastics & Devices	8.8	14.0	-37.1	14.7	20.7	-28.9
Primary Packaging Glass	5.9	6.2	-4.6	10.2	12.1	-16.0
Head office	0.1	0.1	12.6	0.8	2.6	-69.4
Total capital expenditure	**14.8**	**20.3**	**-26.9**	**25.7**	**35.4**	**-27.4**

[1] Change calculated on a EUR k basis.

We continue to invest heavily in the strong growth prospects of our business as well as in our quality and productivity initiatives. Capital expenditure totaled EUR 25.7m in the first half of 2018 (H1 2017: EUR 35.4m). This was mostly accounted for by the Plastics & Devices Division, where capital expenditure was chiefly focused on expansion of our inhaler production in the USA, additions to the product portfolio and broadening product capacity. Capital expenditure in the Primary Packaging Glass Division mainly related to the scheduled furnace overhaul in the USA and, as in prior years, to molds, tooling and modernization measures.

OPERATING CASH FLOW

in EUR m	Q1-Q2 2018	Q1-Q2 2017
Adjusted EBITDA	**123.8**	**135.6**
Change in net working capital	-57.3	-31.6
Capital expenditure	-25.7	-35.4
Operating cash flow	**40.8**	**68.6**
Net interest paid	-16.3	-17.1
Net taxes paid	-17.9	-30.5
Pension benefits paid	-5.7	-6.0
Other	-20.6	-15.0
Free cash flow before acquisitions/divestments	**-19.7**	**–**
Acquisitions/divestments	–	1.4
Financing activity	-173.1	-29.4
Changes in financial resources	**-192.8**	**-28.0**

We generated operating cash flow of EUR 40.8m in the first half of 2018. This is EUR 27.8m less than the EUR 68.6m recorded in the comparative prior-year period. The main cause is a significantly larger increase in net working capital compared with the first half of 2017. Both divisions show positive operating cash flows.

CASH FLOW STATEMENT

in EUR m	Q1-Q2 2018	Q1-Q2 2017
Cash flow from operating activities	5.7	33.3
Cash flow from investing activities	-25.4	-31.9
Cash flow from financing activities	-173.1	-29.4
Changes in financial resources	**-192.8**	**-28.0**
Effect of exchange rate changes on financial resources	-0.7	-1.6
Financial resources at the beginning of the period	271.6	107.7
Financial resources at the end of the period	78.1	78.1

Operating activities generated a cash inflow of EUR 5.7m in the first half of 2018 (H1 2017: EUR 33.3m). The shortfall against the prior year relates to the net income generated in the period and the associated income taxes. However, the significantly lower income tax payments were more than offset by the increase in net working capital.

At EUR 25.4m, the net cash outflow from investing activities was a slight EUR 6.5m lower than in the prior-year period. The cash outflow in both reporting periods contains payments for property, plant and equipment and intangible assets; in the first half of the prior year, it additionally included a receipt of EUR 1.4m in connection with a purchase price adjustment on the sale of the Life Science Research Division. Proceeds from asset disposals totaled EUR 0.2m in the reporting period, as against EUR 2.1m in the same period a year earlier.

The cash outflow from financing activities was EUR 173.1m in the first half of 2018—as a result of the bond redemption in May 2018—compared with a cash outflow of EUR 29.4m in the first half of 2017. Cash and cash equivalents thus remained unchanged at EUR 78.1m.

EMPLOYEES

The workforce of the Gerresheimer Group comprised 9,708 employees as of May 31, 2018 (November 30, 2017: 9,749 employees).

	May 31, 2018	Nov. 30, 2017
Emerging markets	3,455	3,482
Germany	3,397	3,385
Europe	1,814	1,858
Americas	1,042	1,024
Total	**9,708**	**9,749**

As of the reporting date, 35% of the workforce was employed in emerging markets, 35% in Germany, 19% in Europe and 11% in the Americas.

REPORT ON OPPORTUNITIES AND RISKS

In the financial year 2018, Gerresheimer continues to focus on growth in primary pharma packaging and drug delivery devices. Global economic trends, exchange rate factors, rising commodity and energy prices as well as uncertainties about the future development of national healthcare systems and customer demand represent risks that may affect the course of business in the long term. We are conscious of these risks and carefully monitor their impact on our business.

No risks have currently been identified that raise doubt about the ability of the Gerresheimer Group to continue as a going concern. There has been no material change to the information provided in the Report on Opportunities and Risks section of our Annual Report 2017.

OUTLOOK

The forward-looking statements on the business performance of the Gerresheimer Group presented in the following and the assumptions deemed significant regarding the economic development of the market and industry are based on our own assessments, which we currently believe realistic according to the information we have available. However, such assessments entail uncertainty and the inevitable risk that projected developments may not correlate in direction or extent with actual developments.

DEVELOPMENT OF THE ECONOMIC ENVIRONMENT

Global and regional economic development

The assessment of the economic conditions has not materially changed compared with our disclosures in our Annual Report. We therefore refer to the Outlook section in our Annual Report 2017.

MARKET AND BUSINESS OPPORTUNITIES FOR THE GERRESHEIMER GROUP

Prospects for the financial year 2018

Assessments of the prospects for the financial year 2018 have not fundamentally changed compared with the information provided in our Annual Report. We therefore refer to the Outlook section in our Annual Report 2017.

Overall Group

The Gerresheimer Group pursues a successful, clear-cut strategy geared to sustained and profitable growth. Our expectations for the financial year 2018, in each case assuming constant exchange rates and excluding acquisitions and divestments, are as follows: In addition the potential effects of our acquisition of Sensile Medical, which we present separately in the following, have to be added. In total, for the US dollar—which is expected to have the largest currency impact on our Group currency, accounting for about a third of Group revenues in 2018 or about 40% of adjusted EBITDA—we have assumed an exchange rate of approximately USD 1.12 to EUR 1.00. As before, 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 our current visibility and demand-side indications from customers, we expect—as already communicated—a strong second half year in 2018. Our 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 our previous expectation. For adjusted EBITDA at constant exchange rates, we continue to project a range of EUR 305m to 315m for the financial year 2018, compared with adjusted EBITDA of EUR 307.2m[5] in the financial year 2017. Additional positive effects below the level of adjusted EBITDA follow, firstly, from redemption of the EUR 300.0m bond in May 2018 using the refinancing already completed with EUR 250.0m promissory loans. We expect that this alone will, at constant exchange rates, lead to an approximately EUR 5.5m improvement in net finance expense compared with the financial year 2017. Secondly, as a company that largely serves the US market with US products, we also gain an one-off positive effect from the US tax reform in the amount of approximately 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 our net income for 2017.

Largely due to our favorable growth prospects, and driven by our 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.

Our net working capital profile has improved significantly in recent years. We continue to anticipate net working capital as a percentage of revenues to be around 16% as of the financial year-end 2018. Depending on our revenue performance, average net working capital may also slightly exceed 16% in the course of the year in order to meet any higher demand in the second half of 2018 or also for the financial year 2019.

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

Initial, preliminary guidance for the financial years 2019 to 2022

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

Furthermore, we have succeeded for the first time in becoming the main supplier to one of the largest heparin producers and are to supply this customer with prefillable syringes under a multi-year contract. This is an outcome of systematically pursuing our syringes strategy and the ongoing good operational performance in our syringe business. We expect revenues from this contract to come on stream in the financial year 2019 and reach up to EUR 20m a year at full production. To generate growth in medical devices and syringes generally, we plan to build a new plant in Eastern Europe for manufacturing medical devices and, possibly, syringes. We will also continue to accelerate automation across all plants.

In terms of organic base growth, we expect for the financial years 2019 and 2020 initially to grow with the market for products relevant to us. This growth is to be increased by one percentage point by means of further improving our product mix. We aim to achieve this 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, we anticipate 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[6]. 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. On initial projections, this 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, we will also incur capital expenditure for the plant to be built in Eastern Europe and for automation. We are still in the planning phase in this regard, but likewise expect a two percentage point increase in capital expenditure measured as a percentage of revenues at constant exchange rates. From the financial year 2021, we anticipate that capital expenditure will return to its normal level of approximately 8% of revenues at constant exchange rates.

Initial, indicative assessment of the new division following the acquisition of Sensile Medical:

By adhering to our four growth drivers—stronger growth with existing and new customers, ongoing product development and innovation, regional expansion, and additions to our service and value portfolio—we have now succeeded in taking a further major step forward: After the balance sheet date, we 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 specified milestones. The initial payment amounts to EUR 175m. By making this strategic acquisition, we gain a highly innovative technology, thus enhancing our capability and product portfolio. This is a building block in our 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 Medical Plastic Systems business, 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 subsidiary of 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 our 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 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 in the determination of adjusted net income.

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

On the basis of the current contractually secured project pipeline, our 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

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

Our long-term target for the entire Group including Sensile Medical is as follows:

› Our Gx ROCE forecast remains unaltered, despite the acquisition of Sensile Medical, at approximately 15%.
› Due to the acquisition of Sensile Medical and the associated purchase price payment, we expect a temporary increase in adjusted EBITDA leverage to above 3.0x. We nonetheless continue 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.

Our estimates for the years 2019 to 2022 and the assumptions for our new division, including Sensile Medical, will be given in further detail in the guidance we provide on publication of our Annual Report 2018 in February 2019.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 2017 – MAY 2018

CONSOLIDATED INCOME STATEMENT

for the Period from December 1, 2017 to May 31, 2018

in EUR k	Notes	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017
Revenues		332,644	339,532	623,010	642,345
Cost of sales		-235,312	-235,510	-444,562	-449,880
Gross profit		**97,332**	**104,022**	**178,448**	**192,465**
Selling and administrative expenses		-63,841	-65,804	-125,911	-128,177
Other operating income	(5)	7,834	7,092	12,774	11,032
Restructuring expenses		-206	–	-269	-9
Other operating expenses	(6)	-4,052	-1,366	-10,664	-3,131
Results of operations		**37,067**	**43,944**	**54,378**	**72,180**
Interest income		689	798	1,240	1,556
Interest expense		-8,659	-8,244	-17,257	-16,251
Other financial expenses		-1,388	-1,183	-2,747	-2,447
Net finance expense		**-9,358**	**-8,629**	**-18,764**	**-17,142**
Net income before income taxes		27,709	35,315	35,614	55,038
Income taxes	(7)	-8,424	-10,241	32,883	-16,678
Net income		**19,285**	**25,074**	**68,497**	**38,360**
Attributable to equity holders of the parent		18,771	24,534	67,429	37,454
Attributable to non-controlling interests		514	540	1,068	906
Diluted and non-diluted earnings per share (in EUR)		**0.60**	**0.78**	**2.15**	**1.19**

Notes (1) to (16) are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Period from December 1, 2017 to May 31, 2018

in EUR k	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017
Net income	**19,285**	**25,074**	**68,497**	**38,360**
Income taxes from the revaluation of defined benefit plans	-4[1)]	–	-61[1)]	–
Other comprehensive income that will not be reclassified subsequently to profit or loss	**-4**	**–**	**-61**	**–**
Changes in the fair value of available-for-sale financial assets	–	–	-1	–
Amount recognized in profit or loss	–	51	–	51
Income taxes	–	-15	–	-15
Other comprehensive income from financial instruments	**–**	**36**	**-1**	**36**
Currency translation	16,721	-30,005	1,961	-16,693
Other comprehensive income from currency translation	**16,721**	**-30,005**	**1,961**	**-16,693**
Other comprehensive income that will be reclassified to profit or loss when specific conditions are met	**16,721**	**-29,969**	**1,960**	**-16,657**
Other comprehensive income	**16,717**	**-29,969**	**1,899**	**-16,657**
Total comprehensive income	**36,002**	**-4,895**	**70,396**	**21,703**
Attributable to equity holders of the parent	34,801	-4,256	68,949	20,621
Attributable to non-controlling interests	1,201	-639	1,447	1,082

[1)] Effect of the revaluation of deferred tax assets on provisions for pensions and similar obligations under the US tax reform signed on December 22, 2017.

Notes (1) to (16) are an integral part of these interim consolidated financial statements.

CONSOLIDATED BALANCE SHEET

as of May 31, 2018

ASSETS

in EUR k	Notes	**May 31, 2018**	Nov. 30, 2017	May 31, 2017
Non-current assets				
Intangible assets		1,098,434	1,101,229	1,144,089
Property, plant and equipment		574,789	602,577	591,583
Investment property		5,565	5,732	5,732
Investments accounted for using the equity method		252	252	184
Income tax receivables		2,053	1,394	1,294
Other financial assets		5,060	5,077	5,180
Other receivables		1,112	1,594	1,584
Deferred tax assets		10,583	11,030	12,561
		1,697,848	**1,728,885**	**1,762,207**
Current assets				
Inventories	(9)	180,658	148,362	172,456
Trade receivables		224,250	242,684	222,889
Income tax receivables		5,627	2,522	6,218
Other financial assets		19,356	17,020	11,082
Other receivables		23,317	17,588	23,171
Cash and cash equivalents		93,517	287,036	91,240
		546,725	**715,212**	**527,056**
Total assets		**2,244,573**	**2,444,097**	**2,289,263**

EQUITY AND LIABILITIES

in EUR k	Notes	**May 31, 2018**	Nov. 30, 2017	May 31, 2017
Equity				
Subscribed capital		31,400	31,400	31,400
Capital reserve		513,827	513,827	513,827
IAS 39 reserve		-6	-5	-5
Currency translation reserve		-69,439	-71,021	-43,311
Retained earnings		328,669	278,862	211,897
Equity attributable to equity holders of the parent		**804,451**	**753,063**	**713,808**
Non-controlling interests		18,471	36,462	38,220
		822,922	**789,525**	**752,028**
Non-current liabilities				
Deferred tax liabilities		98,317	143,539	153,666
Provisions for pensions and similar obligations		140,047	145,104	156,941
Other provisions		10,889	10,190	9,373
Other financial liabilities	(10) + (11)	681,145	681,304	446,015
Other liabilities		984	1,092	142
		931,382	**981,229**	**766,137**
Current liabilities				
Provisions for pensions and similar obligations		13,454	13,580	11,803
Other provisions		32,185	35,214	45,619
Trade payables		131,592	176,303	126,734
Other financial liabilities	(10) + (11)	209,392	337,667	474,438
Income tax liabilities		4,815	9,387	6,345
Other liabilities		98,831	101,192	106,159
		490,269	**673,343**	**771,098**
		1,421,651	**1,654,572**	**1,537,235**
Total equity and liabilities		**2,244,573**	**2,444,097**	**2,289,263**

Notes (1) to (16) are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Period from December 1, 2017 to May 31, 2018

in EUR k	Subscribed capital	Capital reserve	Other comprehensive income: IAS 39 reserve	Other comprehensive income: Currency translation reserve	Retained earnings	Equity holders of the parent	Non-controlling interests	Total equity
As of November 30/December 1, 2016	**31,400**	**513,827**	**-41**	**-26,442**	**207,413**	**726,157**	**37,138**	**763,295**
Net income	–	–	–	–	37,454	37,454	906	38,360
Other comprehensive income	–	–	36	-16,869	–	-16,833	176	-16,657
Total comprehensive income	**–**	**–**	**36**	**-16,869**	**37,454**	**20,621**	**1,082**	**21,703**
Distribution	–	–	–	–	-32,970	-32,970	–	-32,970
As of May 31, 2017	**31,400**	**513,827**	**-5**	**-43,311**	**211,897**	**713,808**	**38,220**	**752,028**
As of November 30/December 1, 2017	**31,400**	**513,827**	**-5**	**-71,021**	**278,862**	**753,063**	**36,462**	**789,525**
Net income	–	–	–	–	67,429	67,429	1,068	68,497
Other comprehensive income	–	–	-1	1,582	-61	1,520	379	1,899
Total comprehensive income	**–**	**–**	**-1**	**1,582**	**67,368**	**68,949**	**1,447**	**70,396**
Acquisition of non-controlling interests	–	–	–	–	16,979	16,979	-19,438	-2,459
Distribution	–	–	–	–	-34,540	-34,540	–	-34,540
As of May 31, 2018	**31,400**	**513,827**	**-6**	**-69,439**	**328,669**	**804,451**	**18,471**	**822,922**

Notes (1) to (16) are an integral part of these interim consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the Period from December 1, 2017 to May 31, 2018

in EUR k	Notes	Q1-Q2 2018	Q1-Q2 2017
Net income		68,497	38,360
Income taxes	(7)	-32,883	16,678
Amortization/impairment losses of intangible assets		16,826	18,539
Depreciation/impairment losses of property, plant and equipment		47,168	44,347
Change in other provisions		-2,428	-5,705
Change in provisions for pensions and similar obligations		-7,085	-4,331
Gain (-)/Loss (+) on the disposal of non-current assets/liabilities		57	-1,371
Net finance expense		18,764	17,142
Interests paid		-16,807	-18,010
Interests received		540	957
Income taxes paid		-20,863	-32,647
Income taxes received		2,980	2,128
Change in inventories		-32,609	-18,452
Change in trade receivables and other assets		8,977	-858
Change in trade payables and other liabilities		-46,928	-32,191
Other non-cash expenses/income		1,541	8,702
Cash flow from operating activities		**5,747**	**33,288**
Cash received from disposals of non-current assets		212	2,105
Cash paid for capital expenditure			
in intangible assets		-2,847	-4,562
in property, plant and equipment		-22,833	-30,828
Cash received in connection with divestments, net of cash paid	(3)	–	1,356
Cash flow from investing activities		**-25,468**	**-31,929**
Distributions to third parties		-34,540	-32,970
Distributions from third parties		–	78
Raising of loans		175,026	26,936
Repayment of loans		-313,244	-23,158
Cash paid for finance lease		-334	-315
Cash flow from financing activities		**-173,092**	**-29,429**
Changes in financial resources		**-192,813**	**-28,070**
Effect of exchange rate changes on financial resources		-665	-1,612
Financial resources at the beginning of the period		271,596	107,742
Financial resources at the end of the period		**78,118**	**78,060**
Components of the financial resources			
Cash and cash equivalents		93,517	91,240
Bank overdrafts		-15,399	-13,180
Financial resources at the end of the period		**78,118**	**78,060**

Notes (1) to (16) are an integral part of these interim consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

of Gerresheimer AG for the Period from December 1, 2017 to May 31, 2018

(1) General

The Gerresheimer Group based in Duesseldorf, Germany, comprises Gerresheimer AG and its direct and indirect subsidiaries.

The present interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs), applicable as of the reporting date, issued by the International Accounting Standards Board (IASB) as adopted by the European Union as well as with regulations under commercial law as set forth in section 315e paragraph 1 of the German Commercial Code (Handelsgesetzbuch/HGB) and in accordance with IAS 34 "Interim Financial Reporting". These notes to the interim consolidated financial statements therefore do not contain all the information and details required by IFRS for consolidated financial statements at the end of a financial year, and should be read in conjunction with the consolidated financial statements as of November 30, 2017. The present financial statements have not been reviewed by our auditors.

The consolidated income statement was drawn up using the function of expense method and is supplemented by a consolidated statement of comprehensive income. The same accounting principles generally apply as in the consolidated financial statements for 2017.

The following revised standards were additionally adopted for the first time:

- Amendments to IAS 7, Disclosure Initiative
- Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to IFRSs 2014 – 2016 Cycle

First-time adoption of the above-mentioned standards have not had any significant effect on these interim consolidated financial statements.

Preparation of the interim consolidated financial statements requires estimates, assumptions and judgments that affect the recognition and measurement of assets and liabilities, the amount of recognized income and expense and the disclosure of contingent liabilities and receivables. Although the estimates are subject to ongoing review and made to the best of management's knowledge of current events and transactions, actual future results may differ from the estimated amounts.

The interim consolidated financial statements are presented in euros, the functional currency of the parent company. Individual values as well as subtotal values reflect the value with the smallest rounding difference. Consequently, minor differences to subtotal values can occur when adding up reported individual values. The following exchange rates are used to translate the major currencies in the Group into reporting currency:

		Closing rate			Average rate		
1 EUR		**May 31, 2018**	Nov. 30, 2017	May 31, 2017	**Q1-Q2 2018**	FY 2017	Q1-Q2 2017
Argentina	ARS	**28.9408**	20.6670	18.1596	**24.4177**	18.5051	16.9042
Brazil	BRL	**4.3112**	3.8668	3.6485	**4.0480**	3.5972	3.4539
Switzerland	CHF	**1.1513**	1.1699	1.0896	**1.1687**	1.1060	1.0754
China	CNY	**7.4673**	7.8377	7.6449	**7.7252**	7.5925	7.4088
Czech Republic	CZK	**25.8350**	25.4910	26.4220	**25.5026**	26.4608	26.9281
Denmark	DKK	**7.4432**	7.4417	7.4398	**7.4459**	7.4383	7.4373
India	INR	**78.3880**	76.3875	72.3340	**78.6641**	73.3309	71.4106
Mexico	MXN	**22.8815**	22.0035	21.0559	**22.8341**	21.3084	21.2626
Poland	PLN	**4.3135**	4.1955	4.1712	**4.2073**	4.2764	4.3025
Singapore	SGD	**1.5588**	1.5986	–	**1.6032**	1.5518	–
United States of America	USD	**1.1632**	1.1849	1.1221	**1.2078**	1.1200	1.0767

The consolidated financial statements of Gerresheimer AG as of November 30, 2017, are published in German in the Federal Law Gazette (Bundesanzeiger) and on the Internet at www.gerresheimer.com.

(2) Consolidated Group

On April 9, 2018, Gerresheimer has exercised the call option, which existed since the acquisition of Triveni Polymers Private Ltd. (New Delhi/India) on December 20, 2012, on the remaining 25% stake in this company. In the course of the acquisition in 2012 a put option was also agreed upon with the sellers, allowing them to tender their aforementioned remaining stake to Gerresheimer. Due to the exercise of the call option by Gerresheimer the put option has now expired. In this respect, we have derecognized the put option and recognized a liability from the exercised call option at the same time. By exercising the call option Gerresheimer has gained ownership of the returns associated to the acquired shares already as of April 1, 2018. Payment of the purchase price for the remaining shares is expected for the fourth quarter of 2018.

(3) Consolidated Cash Flow Statement

The consolidated cash flow statement shows how the financial resources of the Gerresheimer Group have changed due to cash inflows and outflows during the financial year. The cash flow effects of acquisitions, divestments and other changes in the consolidated group are presented separately. The item "Cash received in connection with divestments, net of cash paid" in the prior year refers to the sale of the Life Science Research Division and contains cash inflow from a purchase price adjustment of previously accounted receivables. Financial resources as reported in the consolidated cash flow statement comprise cash and cash equivalents, which is cash on hand, checks and bank balances, diminished by bank overdrafts.

(4) Seasonal Effects on Business Activity

The business is subject to seasonal influences, as revenues and cash flows in Europe and North America are usually lowest in the holiday period in December/January and during the summer months.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(5) Other Operating Income

Income from the reversal of provisions of EUR 1,922k (comparative prior-year period: EUR 4,111k) and income from refund claims against third parties amounting to EUR 5,081k (comparative prior-year period: EUR 1,456k) are included in other operating income. Income from refund claims against third parties is mainly due to a first partial indemnification due to the loss of a customer with an amount of EUR 4,812k. Income from the reversal of provisions mainly results from provisions for guarantees, which have been accounted for in prior periods and are no longer needed.

(6) Other Operating Expenses

A significant component of other operating expenses of EUR 10,664k (comparative prior-year period: EUR 3,131k) is represented by one-off expenses of EUR 5,874k (comparative prior-year period: EUR 533k). The one-off expenses in the current financial year mainly relate to the unexpected departure of the new CEO appointed since September 1, 2017 for personal reasons from the Management Board of Gerresheimer AG. Moreover, this item includes expenses in connection with planned acquisition projects of EUR 841k (comparative prior-year period: EUR 436k). Due to the final fair value evaluation of the put option as of the balance sheet date, which is based on the local EBITDA of the company Triveni Polymers Private Ltd. (New Delhi/India) for its financial year ending March 31, 2018, other operating expenses amount to EUR 1,087k.

(7) Income Taxes

Income taxes break down as follows:

in EUR k	Q1-Q2 2018	Q1-Q2 2017
Current income taxes	-11,299	-12,978
Deferred income taxes	44,182	-3,700
Income taxes	**32,883**	**-16,678**

Income taxes resulted in tax income of EUR 32,883k and were significantly influenced by the revaluation of the recognized deferred taxes of our US subsidiaries included in the consolidated financial statements due to the US tax reform signed on December 22, 2017. Without this positive one-off effect of USD 52,851k respectively EUR 43,758k, there would have been an income tax expense of EUR 10,875k. As of May 31, 2018, the Group's current tax ratio would thus amount to 30.5% (comparative prior-year period: 30.3%).

(8) Distributions to Third Parties

In addition to the dividend distribution of EUR 34,540k (comparative prior-year period: EUR 32,970k) to the shareholders of Gerresheimer AG, there were no distributions to non-controlling interests in the first half of 2018.

(9) Inventories

Inventories break down as follows:

in EUR k	May 31, 2018	Nov. 30, 2017
Raw materials, consumables and supplies	56,106	49,921
Work in progress	17,503	14,993
Finished goods and merchandise	102,160	81,381
Prepayments made	4,889	2,067
Inventories	**180,658**	**148,362**

Write-downs of inventories totaling EUR 3,568k (comparative prior-year period: EUR 2,598k) were recognized as an expense in the reporting period. When the circumstances that caused a write-down no longer exist, the write-down is reversed. Reversals of write-downs amounted to EUR 191k (comparative prior-year period: EUR 326k) in the reporting period. Further information on the development of inventories is provided in the "net working capital" section of the Interim Group Management Report.

(10) Financial Liabilities

In connection with the refinancing of the syndicated loans, a new revolving loan agreement of EUR 450,000k was signed on June 9, 2015 with a five-year term to maturity. As of the balance sheet date, EUR 166,781k of the revolving credit facility had been drawn.

The bond with a nominal value of EUR 300,000k issued on May 19, 2011 with an issue price of 99.4% and a coupon of 5.0% p.a. was repaid on May 21, 2018 as planned and in full.

On November 10, 2015, promissory loans for a total of EUR 425,000k were launched with maturities of five, seven and ten years. In connection with the refinancing of the bond which was repaid in May 2018, promissory loans for a total of EUR 250,000k were issued on September 27, 2017 with maturities of five, seven and ten years.

(11) Reporting on Financial Instruments

The Group's capital management objectives primarily consist of maintaining and ensuring the best-possible capital structure to reduce cost of capital, ensuring a sufficient level of cash and cash equivalents as well as active management of net working capital. Net financial debt as of May 31, 2018 amounts to EUR 773,706k (November 30, 2017: EUR 712,660k); net working capital is EUR 242,041k (November 30, 2017: EUR 185,715k).

The Gerresheimer Group's risk management system for credit risk, liquidity risk and individual market risks, including interest risks, currency risks and other price risks, is described, including its objectives, policies and processes and their measures to monitor the covenants to be complied with, in the Opportunity and Risk Report section of the Group Management Report of the consolidated financial statements as of November 30, 2017.

Information on financial instruments by category and class

By type of determination of the fair values of financial assets and financial liabilities, three hierarchy levels must be distinguished. Gerresheimer reviews the categorization of fair value measurements to levels in the fair value hierarchy at the end of each reporting period.

Level 1: Fair values are determined on the basis of quoted prices in an active market.

Level 2: If no active market for a financial asset or a financial liability exists, fair value is established by using valuation techniques. The fair value measurements categorized in Level 2 were determined on the basis of prices in the most recent transactions with willing and independent parties or using valuation techniques that only take into account directly or indirectly observable inputs.

Level 3: The fair value measurements are based on models incorporating unobservable inputs that are significant to the measurement.

	May 31, 2018				Nov. 30, 2017			
in EUR k	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets designated "available-for-sale"								
Securities	74	–	–	74	75	–	–	75
Financial assets designated "at fair value through profit and loss"								
Derivative financial assets	–	1,123	–	1,123	–	1,037	–	1,037
Measured at fair value	**74**	**1,123**	**–**	**1,197**	**75**	**1,037**	**–**	**1,112**
Financial liabilities designated "at fair value through profit and loss"								
Derivative financial liabilities	–	3,653	–	3,653	–	372	–	372
Put options/call options	–	–	16,377	16,377	–	–	11,897	11,897
Measured at fair value	**–**	**3,653**	**16,377**	**20,030**	**–**	**372**	**11,897**	**12,269**

The following table shows the carrying amounts and fair values of the individual financial assets and financial liabilities for each category of financial instruments and reconciles them to the corresponding balance sheet items:

	May 31, 2018			
	At amortized cost		At fair value	
in EUR k	Carrying amount	*For information purposes: Fair value*	Carrying amount	**Balance sheet amount**
Trade receivables	199,555	*199,555*	–	199,555[1]
Loans and receivables	199,555	*199,555*	–	
Other financial assets	23,219	*22,990*	1,197	24,416
Available-for-sale financial assets	229[2]	–	74	
At fair value through profit or loss	–	–	1,123	
Loans and receivables	22,990	*22,990*	–	
Cash and cash equivalents	93,517	*93,517*	–	93,517
Financial assets	**316,291**	***316,062***	**1,197**	**317,488**
Other financial liabilities	870,507	*870,507*	20,030	890,537
At amortized cost	870,507	*870,507*	–	
At fair value through profit or loss	–	–	20,030	
Trade payables	131,592	*131,592*	–	131,592
At amortized cost	131,592	*131,592*	–	
Financial liabilities	**1,002,099**	***1,002,099***	**20,030**	**1,022,129**

	Nov. 30, 2017			
	At amortized cost		At fair value	
in EUR k	Carrying amount	*For information purposes: Fair value*	Carrying amount	**Balance sheet amount**
Trade receivables	217,841	*217,841*	–	217,841[1]
Loans and receivables	217,841	*217,841*	–	
Other financial assets	20,985	*20,757*	1,112	22,097
Available-for-sale financial assets	228[2]	–	75	
At fair value through profit or loss	–	–	1,037	
Loans and receivables	20,757	*20,757*	–	
Cash and cash equivalents	287,036	*287,036*	–	287,036
Financial assets	**525,862**	***525,634***	**1,112**	**526,974**
Other financial liabilities	1,006,702	*1,013,615*	12,269	1,018,971
At amortized cost	1,006,702	*1,013,615*	–	
At fair value through profit or loss	–	–	12,269	
Trade payables	176,303	*176,303*	–	176,303
At amortized cost	176,303	*176,303*	–	
Financial liabilities	**1,183,005**	***1,189,918***	**12,269**	**1,195,274**

[1] Receivables under construction contracts are additionally recognized in the consolidated balance sheet in the amount of EUR 24,695k (November 30, 2017: EUR 24,843k).
[2] Due to the non-availability of a reliably estimable quoted price, the fair value of investments with a carrying amount of EUR 229k (November 30, 2017: EUR 228k) is not stated. The valuation standard is the acquisition cost.

Liabilities measured at amortized cost include finance lease liabilities for which Group companies are the lessees. As of May 31, 2018, these liabilities amount to EUR 7,799k (November 30, 2017: EUR 8,004k).

The fair values of receivables, loans and liabilities are measured at the present value of future cash flows discounted at the current interest rate as of the balance sheet date. The fair values are discounted at an interest rate, taking into account the maturity of the asset or the remaining term of the liability and the counterparty's credit standing as of the balance sheet date.

Due to the predominantly short terms, the fair values of trade receivables, trade payables, other financial assets, other financial liabilities as well as cash and cash equivalents do not differ significantly from their carrying amounts.

(12) Other Financial Obligations

Other financial obligations not recognized in the balance sheet break down as follows:

in EUR k	May 31, 2018	Nov. 30, 2017
Obligations under rental and operating lease agreements	38,945	39,810
Capital expenditure commitments	20,907	9,822
Sundry other financial obligations	8,383	7,516
Other financial obligations	**68,235**	**57,148**

The obligations under rental and operating lease agreements mainly relate to plant as well as to land and buildings used for operating purposes.

(13) Segment Reporting

Segment reporting follows internal reporting according to the management approach.

In the Gerresheimer Group, the Management Board of Gerresheimer AG, as the chief operating decision maker, allocates resources to the operating segments and assesses their performance. The reportable segments and regions as well as the performance data shown are consistent with the internal management and reporting system.

The Gerresheimer Group is managed through strategic business units organized as divisions. These are aggregated into reporting segments based on their specific production technologies and the materials we use in our products.

Already with the start of the financial year 2014, Gerresheimer realigned its formerly three divisions. The organization was geared more closely to customer needs while businesses with similar technologies were pooled. The sale of the Life Science Research Division was closed on October 31, 2016 after approval of the relevant antitrust authorities. Since then, Gerresheimer Group has been partitioned into two divisions: Plastics & Devices and Primary Packaging Glass.

Our product portfolio in the **Plastics & Devices Division** encompasses complex, customer-specific products for simple and safe drug delivery. These include insulin pens, inhalers and prefillable syringes. The division also covers diagnostics and medical technology products such as skin-prick aids and test systems as well as pharmaceutical plastic containers for liquid and solid medicines with closure and safety systems.

In the **Primary Packaging Glass Division**, we produce glass primary packaging products for drugs and cosmetics. This includes pharma jars, ampoules, injection vials, cartridges, perfume flacons and cream jars, plus special glass containers for the food and beverage industry.

The effects of services of Gerresheimer AG, consolidation measures and inter-segment reconciliations are presented in the segment reporting in the column "Head office/consolidation". The measurement principles for segment reporting are based on the IFRSs applied in the consolidated financial statements.

In the following, the key indicators used by Gerresheimer AG for assessing the performance of the divisions are shown:

Segment Data by Division

in EUR k	Plastics & Devices		Primary Packaging Glass		Head office/ consolidation		Group	
	Q1-Q2 2018	Q1-Q2 2017	**Q1-Q2 2018**	Q1-Q2 2017	**Q1-Q2 2018**	Q1-Q2 2017	**Q1-Q2 2018**	Q1-Q2 2017
Segment revenues at constant exchange rates[1]	348,845	345,750	293,226	288,507	–	–	642,071	634,257
Exchange rate effects	-11,870	4,663	-7,099	3,797	–	–	-18,969	8,460
Segment revenues	336,975	350,413	286,127	292,304	–	–	623,102	642,717
Intra-Group revenues	-10	-204	-82	-168	–	–	-92	-372
Revenues with third parties	**336,965**	**350,209**	**286,045**	**292,136**	**–**	**–**	**623,010**	**642,345**
Adjusted EBITDA at constant exchange rates[2]	86,044	89,203	54,040	55,379	-11,281	-10,622	128,803	133,960
Exchange rate effects	-3,949	1,305	-1,091	338	10	5	-5,030	1,648
Adjusted EBITDA	82,095	90,508	52,949	55,717	-11,271	-10,617	123,773	135,608
Depreciation and amortization[3]	-23,613	-22,732	-24,285	-22,251	-775	-452	-48,673	-45,435
Adjusted EBITA	58,482	67,776	28,664	33,466	-12,046	-11,069	75,100	90,173
Net Working Capital	122,521	118,128	122,080	115,093	-2,560	-2,883	242,041	230,338
Operating Cash Flow[4]	33,773	56,969	20,624	24,642	-13,586	-12,997	40,811	68,614
Capital expenditure	14,725	20,702	10,164	12,099	791	2,589	25,680	35,390
Employees (average)	4,460	4,534	5,167	5,169	114	97	9,741	9,800

[1] Revenues at constant exchange rates for the first half 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 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] This includes impairments of EUR 1,768k, thereof EUR 65k relating to the Primary Packaging Glass Division and EUR 1,703k relating to the Plastics & Devices Division.
[4] Operating cash flow: Adjusted EBITDA plus or minus change in net working capital at constant exchange rates less capital expenditure.

Reconciliation from adjusted segment EBITA of the divisions to net income before income taxes of the Group is shown in the following table:

in EUR k	**Q1-Q2 2018**	Q1-Q2 2017
Adjusted segment EBITA	87,146	101,242
Head office/consolidation	-12,046	-11,069
Adjusted Group EBITA	**75,100**	**90,173**
Portfolio optimization	-472	-21
One-off expenses and income	-4,929	-521
Amortization of fair value adjustments	-15,321	-17,451
Result of operations	**54,378**	**72,180**
Net finance expense	-18,764	-17,142
Net income before income taxes	**35,614**	**55,038**

Transfer prices between the divisions are based on customary market terms on arm's length terms.

OTHER NOTES

(14) Related Party Disclosures

In the course of our operating activities, we conduct business with legal entities and individuals who are able to exert influence on Gerresheimer AG or its subsidiaries or are controlled or significantly influenced by Gerresheimer AG or its subsidiaries.

Related parties include companies that are related parties of members of the Supervisory Board of Gerresheimer AG, non-consolidated companies and associates, and members of the Gerresheimer AG Supervisory Board and Management Board.

The table below shows transactions with related parties:

	Q1-Q2 2018		**May 31, 2018**		Q1-Q2 2017		May 31, 2017	
in EUR k	**Sale of goods and services**	**Purchase of goods and services**	**Trade receiv-ables**	**Trade payables**	Sale of goods and services	Purchase of goods and services	Trade receivables	Trade payables
Company in relation to a member of the Gerresheimer AG Supervisory Board	1,317	–	112	–	1,303	–	308	–
Associated companies	7	1,330	–	53	41	1,509	–	251
	1,324	**1,330**	**112**	**53**	**1,344**	**1,509**	**308**	**251**

The transactions carried out relate to Vetter Pharma-Fertigungs GmbH & Co. KG, Ravensburg (Germany), which is related to a member of the Supervisory Board.

All transactions are conducted at market prices and on arm's length terms.

(15) Contingent Liabilities

On May 28, 2018 the European Commission made a decision in the state aid case initiated against the Federal Republic of Germany on March 6, 2013. The Commission noted that the network cost exemptions for large electricity consumers granted in the years 2012 and 2013 constitute illegal state aid. The Federal Republic of Germany is therefore obliged to recover the underpayments from the companies concerned. Currently we cannot rule out that this will result in a repayment obligation for Gerresheimer AG. Due to the absence of a clear statement from the Federal Republic of Germany regarding the concrete implementation of the decision, Gerresheimer is currently not able to reliably estimate the amount of the potential obligation arising from this matter; accordingly, the conditions for the recognition of a provision are not met as of the end of the reporting period.

(16) Events after the Balance Sheet Date

On July 11, 2018 a purchase agreement for the acquisition of virtually 100% of the capital shares and voting rights of Sensile Medical AG was signed. The purchase of the shares took effect on June 30, 2018. The purchase price—prior to any purchase price adjustments—amounts to EUR 350m. The first part of the fixed purchase price of EUR 175m will be due upon closing of the transaction, expected mid-July 2018 and the remaining EUR 25m of the fixed purchase price will be due in mid-December 2018. In addition, there is a variable purchase price component amounting to a maximum of EUR 150m, which depends on the achievement of certain contractually agreed milestones.

Beyond that there were no further subsequent events after May 31, 2018 that are expected to have a material impact on the net assets, financial position or results of operations of the Gerresheimer Group.

The Management Board approved the interim consolidated financial statements on July 11, 2018, after discussion with the Audit Committee of the Supervisory Board.

FINANCIAL CALENDAR

October 11, 2018	Interim Report 3rd Quarter 2018

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Note to the Interim Report
This Interim Report is the English translation of the original German version; in case of deviations between these two, the German version prevails.

Note regarding the rounding of figures
Due to the commercial rounding of figures and percentages, minor deviations may occur.

Disclaimer
This Interim Report contains certain future-oriented statements. Future-oriented statements include all statements which do not relate to historical facts and events and contain future-oriented expressions such as “believe”, “estimate”, “assume”, “expect”, “forecast”, “intend”, “could” or “should” or expressions of a similar kind. Such future-oriented statements are subject to risks and uncertainties since they relate to future events and are based on the Company’s current assumptions, which may not in the future take place or be fulfilled as expected. The Company points out that such future-oriented statements provide no guarantee for the future and that actual events, including the financial position and profitability of the Gerresheimer Group and developments in the economic and regulatory fundamentals, may vary substantially (particularly on the down side) from those explicitly or implicitly assumed or described in these statements. Even if the actual results for the Gerresheimer Group, including its financial position and profitability as well as the economic and regulatory fundamentals, are in accordance with such future-oriented statements in this Interim Report, no guarantee can be given that this will continue to be the case in the future.

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