OUR SECOND QUARTER

INTERIM REPORT SECOND QUARTER

DECEMBER 2018 – MAY 2019

Q2

GERRESHEIMER

GROUP KEY FIGURES

Financial Year ended November 30	Q2 2019	Q2 2018	Change in %[8]	Q1-Q2 2019	Q1-Q2 2018	Change in %[8]
Results of Operations during Reporting Period in EUR m						
Revenues at constant exchange rates[1]	**353.3**	334.9	5.5	**660.6**	627.1	5.4
Revenues	**356.5**	332.6	7.2	**665.0**	623.0	6.7
Adjusted EBITDA at constant exchange rates[1, 2]	**99.4**	72.0	38.2	**245.0**	125.4	95.3
Adjusted EBITDA[2]	**100.4**	71.1	41.3	**246.4**	123.8	99.1
in % of revenues	**28.2**	21.4	–	**37.0**	19.9	–
Adjusted EBITA[3]	**76.9**	45.7	68.5	**199.6**	75.1	>100.0
in % of revenues	**21.6**	13.7	–	**30.0**	12.1	–
Results of operations	**61.4**	37.1	65.6	**170.4**	54.4	>100.0
Adjusted net income[4]	**59.3**	26.5	>100.0	**168.9**	85.3	98.2
Net Assets as of Reporting Date in EUR m						
Total assets	**2,740.4**	2,244.6	22.1	**2,740.4**	2,244.6	22.1
Equity	**1,050.0**	822.9	27.6	**1,050.0**	822.9	27.6
Equity ratio in %	**38.3**	36.7	–	**38.3**	36.7	–
Net working capital	**270.3**	242.0	11.7	**270.3**	242.0	11.7
in % of revenues of the last twelve months	**19.2**	18.2	–	**19.2**	18.2	–
Capital expenditure	**28.6**	14.8	92.4	**45.3**	25.7	76.5
Net financial debt	**940.3**	773.7	21.5	**940.3**	773.7	21.5
Adjusted EBITDA leverage[5]	**2.3**	2.6	–	**2.3**	2.6	–
Financial and Liquidity Position during Reporting Period in EUR m						
Cash flow from operating activities	**31.9**	8.1	>100.0	**15.2**	5.7	>100.0
Cash flow from investing activities	**-28.7**	-14.8	94.1	**-65.9**	-25.4	>100.0
thereof: Cash paid for capital expenditure	***-28.4***	*-14.8*	*90.8*	***-45.1***	*-25.7*	*75.5*
Free cash flow before financing activities	**3.2**	-6.7	>-100.0	**-50.7**	-19.7	>100.0
Employees						
Employees as of the reporting date	**9,883**	9,708	1.8	**9,883**	9,708	1.8
Stock Data						
Number of shares at reporting date in million	**31.4**	31.4	–	**31.4**	31.4	–
Share price[6] at reporting date in EUR	**63.80**	66.65	-4.3	**63.80**	66.65	-4.3
Market capitalization at reporting date in EUR m	**2,003.3**	2,092.8	-4.3	**2,003.3**	2,092.8	-4.3
Share price high[6] during reporting period in EUR	**70.35**	68.45	2.8	**70.35**	73.25	-4.0
Share price low[6] during reporting period in EUR	**63.80**	62.75	1.7	**51.80**	60.90	-14.9
Earnings per share in EUR	**1.48**	0.60	>100.0	**4.63**	2.15	>100.0
Adjusted earnings per share[7] in EUR	**1.87**	0.83	>100.0	**5.35**	2.68	99.6

[1] Translated at budget rates 2019, which can be found in the outlook section of this Interim Group Management Report.
[2] Adjusted EBITDA: Net income before income taxes, net finance expense, amortization of fair value adjustments, depreciation and amortization, impairment losses, restructuring expenses, and one-off income and expenses.
[3] Adjusted EBITA: Net income before income taxes, net finance expense, amortization of fair value adjustments, impairment losses, restructuring expenses, and one-off income and expenses.
[4] Adjusted net income: Net income before non-cash amortization of fair value adjustments, non-recurring effects of restructuring expenses, portfolio adjustments, the balance of one-off income and expenses—including significant non-cash expenses—and the related tax effects.
[5] 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.
[6] Xetra closing price.
[7] Adjusted earnings per share after non-controlling interests divided by 31.4m shares.
[8] Change calculated on a EUR k basis.

DIVISIONS

› Plastics & Devices

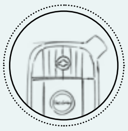
The product portfolio of the Plastics & Devices Division includes complex, customer-specific products for the simple and safe administration of medicines, such as insulin pens, inhalers and prefillable syringes. Also included are diagnostics and medical technology products such as lancets and test systems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

in EUR m	**Q2 2019**	Q2 2018	Change in %[4]	**Q1-Q2 2019**	Q1-Q2 2018	Change in %[4]
Revenues at constant exchange rates[1, 2]	186.2	180.5	3.2	346.2	338.1	2.4
Revenues[1]	187.6	179.7	4.4	348.3	337.0	3.4
Adjusted EBITDA at constant exchange rates[2, 3]	46.1	44.9	2.7	80.0	83.1	-3.7
Adjusted EBITDA[3]	46.7	44.5	5.0	80.9	82.1	-1.5
in % of revenues	24.9	24.7	–	23.2	24.4	–
Capital expenditure	14.6	8.8	65.9	23.6	14.7	60.5

› 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 2019**	Q2 2018	Change in %[4]	**Q1-Q2 2019**	Q1-Q2 2018	Change in %[4]
Revenues at constant exchange rates[1, 2]	160.3	154.5	3.8	301.7	289.1	4.4
Revenues[1]	162.1	153.0	6.0	304.0	286.1	6.3
Adjusted EBITDA at constant exchange rates[2, 3]	31.9	33.1	-3.4	57.0	53.5	6.4
Adjusted EBITDA[3]	32.3	32.6	-0.8	57.5	52.9	8.7
in % of revenues	20.0	21.3	–	18.9	18.5	–
Capital expenditure	13.4	5.9	>100.0	20.4	10.2	>100.0



› Advanced Technologies (established as of June 30, 2018)

The Advanced Technologies Division develops and manufactures intelligent drug delivery systems. The Swiss tech company Sensile Medical forms the basis of this division, which offers pharmaceutical and biotech companies drug delivery systems with state-of-the-art digital and electronic capabilities. Its patented micro pumps can be used to self-administer medication for diabetes or Parkinson's disease, for example. Furthermore, smart inhalation measurement systems are developed in the Advanced Technologies Division.

in EUR m	**Q2 2019**	Q2 2018	Change in %[4]	**Q1-Q2 2019**	Q1-Q2 2018	Change in %[4]
Revenues at constant exchange rates[1, 2]	7.2	–	–	13.8	–	–
Revenues[1]	7.2	–	–	13.8	–	–
Adjusted EBITDA at constant exchange rates[2, 3]	1.2	–	–	2.3	–	–
Adjusted EBITDA[3]	1.2	–	–	2.3	–	–
in % of revenues	17.3	–	–	16.4	–	–
Capital expenditure	0.5	–	–	0.9	–	–

1) Revenues by division include intercompany revenues.
2) Translated at budget rates 2019, which can be found in the outlook section of this Interim Group Management Report.
3) Adjusted EBITDA: Net income before income taxes, net finance expense, amortization of fair value adjustments, depreciation and amortization, impairment losses, restructuring expenses, and one-off income and expenses.
4) Change calculated on a EUR k basis.

KEY FACTS SECOND QUARTER 2019

› The Gerresheimer Group increased revenues at constant exchange rates by a substantial 5.5%, from EUR 334.9m in the prior-year quarter to EUR 353.3m in the second quarter of 2019

› The Plastics & Devices Division and the Primary Packaging Glass Division show strong revenue growth rates of 4.4% and 6.0% respectively

› Adjusted EBITDA came to EUR 74.2m in the second quarter of 2019 (Q2 2018: EUR 71.1m), excluding EUR 26.2m from the derecognition of contingent purchase price components connected to the acquisition of Sensile Medical

› Leverage temporarily decreased to 2.3 times net financial debt to adjusted EBITDA

› Confirmation of the guidance on revenues for the financial year 2019; guidance on adjusted EBITDA at constant exchange rates for the financial year 2019 in the amount of approximately EUR 295m (plus or minus EUR 5m), excluding EUR 118.5m from the derecognition of contingent purchase price components connected to the acquisition of Sensile Medical in the first half of 2019

› New project at Sensile Medical: micro pump for the treatment of heart failure

CONTENTS

GERRESHEIMER ON THE CAPITAL MARKETS

GERRESHEIMER SHARES

The financial year 2019 got off to a good start, after which the economic growth forecasts were revised. Persistent concerns over political and economic risks continued to put international equity markets under pressure at the beginning of the financial year 2019. The trade conflict between the USA and China was also holding back global economic growth and undermining global business sentiment.

This situation is similarly reflected in Gerresheimer's share price performance. The Gerresheimer share price lost 6.1% in the second quarter of 2019, while the total performance of its benchmark index, the MDAX, was 0.5%.

The Gerresheimer share price set its first-half high at EUR 70.35 on April 11, 2019. Our share price gained 1.4% between the beginning of the financial year 2019 and June 3, 2019.

ANNUAL GENERAL MEETING 2019 ONCE AGAIN WITH VERY STRONG CAPITAL ATTENDANCE; DIVIDEND RAISED TO EUR 1.15 PER SHARE

The Annual General Meeting on June 6, 2019 resolved to distribute a dividend of EUR 1.15 per share (2018: EUR 1.10 per share). Representing an increase of 4.5% per dividend-entitled share, this marks the eighth consecutive dividend rise. The dividend was paid out on June 12, 2019. A total of 81.0% of the capital stock was represented at the Annual General Meeting. All resolutions put forward were passed with a large majority.

OVERVIEW OF ANALYSTS' RECOMMENDATIONS

As of May 31, 2019, 16 bank analysts regularly covered the performance of Gerresheimer AG and provided investment recommendations. Of the 16 bank analysts covering us, seven gave a buy recommendation and five a hold recommendation as of June 3, 2019. Only four analysts recommended selling. Positive recommendations thus continue to predominate by a large margin. The average price target was EUR 69.36.

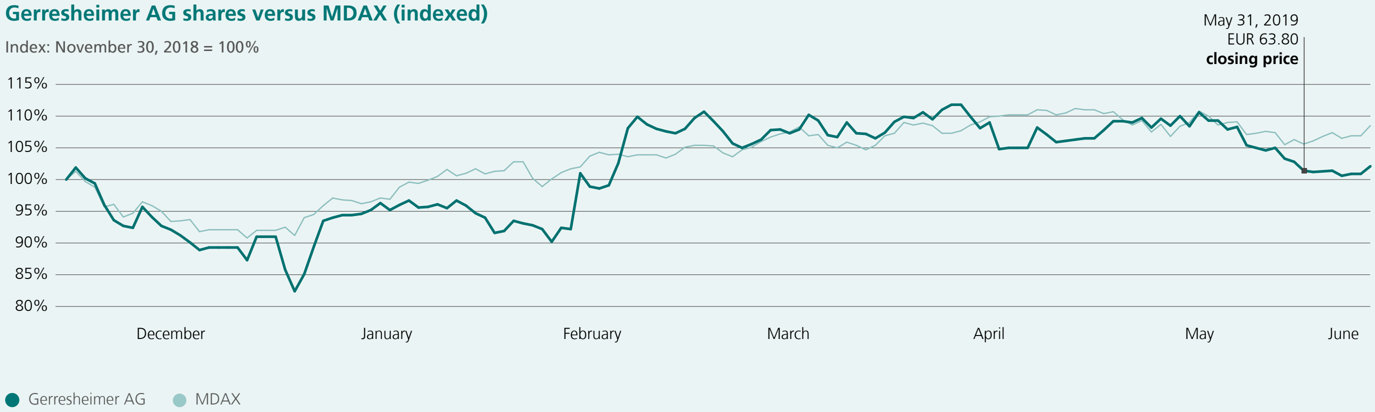
Gerresheimer Shares: Key Data

	Q2 2019	Q2 2018	**Q1-Q2 2019**	Q1-Q2 2018
Number of shares at reporting date in million	**31.4**	31.4	**31.4**	31.4
Share price[1] at reporting date in EUR	**63.80**	66.65	**63.80**	66.65
Market capitalization at reporting date in EUR m	**2,003.3**	2,092.8	**2,003.3**	2,092.8
Share price high[1] during reporting period in EUR	**70.35**	68.45	**70.35**	73.25
Share price low[1] during reporting period in EUR	**63.80**	62.75	**51.80**	60.90
Earnings per share in EUR	**1.48**	0.60	**4.63**	2.15

[1] Xetra closing price.

Gerresheimer AG shares versus MDAX (indexed)

Index: November 30, 2018 = 100%



INTERIM GROUP MANAGEMENT REPORT DECEMBER 2018 – MAY 2019

DEVELOPMENT OF THE ECONOMIC ENVIRONMENT

In its April outlook, the International Monetary Fund (IMF)[1] projected global economic growth of 3.3% for 2019. This compares to growth of 3.6% in 2018 and marks a 0.2 percentage point downgrade relative to the forecast published in January 2019. Uncertainties surrounding trade disputes between the USA and China coupled with revised country estimates for emerging and developing economies such as Argentina and Turkey are cited as reasons for the more cautious forecasts. However, the IMF remains optimistic for the second half of the year. Leading central banks' monetary policy thus continues to be geared toward being able to offset any weaknesses in the real economy with suitable action. Other central banks have joined the European Central Bank in affirming an accommodative monetary policy and China has ramped up its monetary as well as its fiscal stimulus. Downside risks nevertheless persist in the shape of a no-deal Brexit, growth risks in emerging economies and escalation of the trade conflict between the USA and China.

For the USA, the IMF expects growth to decrease from 2.9% in 2018 to 2.3% in 2019. It thus lowered its January forecast by 0.2 percentage points. This trend is primarily due to the waning effect of expansionary fiscal policy in the USA.

For the eurozone, estimates for 2019 project marginally lower economic growth of 1.3%, compared to 1.8% in 2018. According to the IMF, the 0.3 percentage point downgrade on the January forecast is due to uncertainty about the outcome of Brexit negotiations.

The Federal Ministry for Economic Affairs and Energy (BMWi) paints a mixed picture for the German economy. While the domestic forces for growth remain intact, the lack of impetus from the global economy described by the IMF is reflected in the weak development of foreign demand. The BMWi currently anticipates growth of 0.5% in 2019.[2]

The current IMF expectation for economic growth in emerging and developing economies is 4.4%, compared to 4.5% growth in 2018. In specific terms, growth in China is expected to decline from 6.6% in 2018 to 6.3% in 2019. Representing a marginal 0.1 percentage point increase on the January estimate, this is ascribed to fiscal and monetary policy measures. For India, the January forecast of 7.5% growth in 2019 was reduced by 0.2 percentage points, following 7.1% growth in 2018.

IQVIA projects average annual volume growth in the global pharma market of 2.2% for the years 2019 to 2023, compared to the 3.0% predicted for the years 2016 to 2021. The expectation for pharmerging markets[3] is for an average of 3.7% per year over the next five years. While zero growth is expected for the developed markets, other markets are projected to see average volume growth of 1.8% per year. For the generics subsegment, IQVIA expects volume growth at an average of 2.9% for the next five years, with 4.9% anticipated for the pharmerging markets. IQVIA projects zero growth for the developed markets in this subsegment, while other markets are expected to grow by 1.7%.

CURRENCY EFFECTS

The Gerresheimer Group's strong international presence exposes our revenue performance and results of operations to external factors such as currency movements. This is why we also state revenues, revenue growth and adjusted EBITDA on a constant exchange rate basis in the management report. The figures are calculated on the basis of budgeted exchange rates for the financial year 2019. For the US dollar—which is expected to have the largest currency impact on our Group currency, accounting for just under 30% of revenues in 2019 or just under 40% of adjusted EBITDA—Gerresheimer has assumed an exchange rate of approximately USD 1.15 to EUR 1.00. As before, a rise or fall in the US dollar by about one cent against the euro has an impact of around EUR 4m on revenues and EUR 1m on adjusted EBITDA.

[1] International Monetary Fund: World Economic Outlook, April 2019.
[2] BMWi: Spring Projection, April 2019.

[3] For a definition of pharmerging markets (emerging markets), please see Note (5) of the Notes to the Interim Consolidated Financial Statements.

REVENUE PERFORMANCE

The Gerresheimer Group increased revenues at constant exchange rates by a substantial 5.5%, from EUR 334.9m in the prior-year quarter to EUR 353.3m in the second quarter of 2019. Excluding revenues at constant exchange rates from the lost inhaler contract with a customer at our plant in Kuessnacht (Switzerland), the growth rate at constant exchange rates would have been 5.8% in the second quarter 2019. First-half-year revenues at constant exchange rates rose by EUR 33.5m or 5.4% from EUR 627.1m in the first six months of 2018 to EUR 660.6m in 2019. Once again excluding revenues at constant exchange rates from the lost inhaler contract with a customer at our plant in Kuessnacht (Switzerland), the growth rate at constant exchange rates in the first half of 2019 was even 6.0%. Reported revenues went up by EUR 23.9m or 7.2% from EUR 332.6m to EUR 356.5m in the second quarter of 2019. This development was supported by the appreciation in the US dollar, which appreciated significantly from an average of USD 1.21 per EUR 1.00 to an average of USD 1.13 per EUR 1.00 in the reporting period. In the first half of 2019, we generated revenues of EUR 665.0m—6.7% higher than the figure of EUR 623.0m for the first six months of 2018.

	at constant exchange rates			at constant exchange rates		
in EUR m	**Q2 2019**	Q2 2018	Change in %[1]	**Q1-Q2 2019**	Q1-Q2 2018	Change in %[1]
Revenues						
Plastics & Devices	186.2	180.5	3.2	346.2	338.1	2.4
Primary Packaging Glass	160.3	154.5	3.8	301.7	289.1	4.4
Advanced Technologies	7.2	–	–	13.8	–	–
Subtotal	**353.7**	**335.0**	**5.6**	**661.7**	**627.2**	**5.5**
Intra-Group revenues	-0.4	-0.1	>100.0	-1.1	-0.1	>100.0
Total revenues	**353.3**	**334.9**	**5.5**	**660.6**	**627.1**	**5.4**

	as reported			as reported		
in EUR m	**Q2 2019**	Q2 2018	Change in %[1]	**Q1-Q2 2019**	Q1-Q2 2018	Change in %[1]
Revenues						
Plastics & Devices	187.6	179.7	4.4	348.3	337.0	3.4
Primary Packaging Glass	162.1	153.0	6.0	304.0	286.1	6.3
Advanced Technologies	7.2	–	–	13.8	–	–
Subtotal	**356.9**	**332.7**	**7.3**	**666.1**	**623.1**	**6.9**
Intra-Group revenues	-0.4	-0.1	>100.0	-1.1	-0.1	>100.0
Total revenues	**356.5**	**332.6**	**7.2**	**665.0**	**623.0**	**6.7**

[1] Change calculated on a EUR k basis.

In the Plastics & Devices Division, revenues at constant exchange rates went up by 3.2% from EUR 180.5m in the prior-year quarter to EUR 186.2m in the second quarter of 2019. The syringes business yielded positive results, which were substantially higher than in the prior-year quarter. In the Plastic Packaging Business Unit, the positive growth trend was sustained in the second quarter of 2019, notably in the South America region. The Medical Plastic Systems business performed stably in the second quarter of 2019. Excluding the revenues at constant exchange rates from the lost inhaler contract, with which we generated revenues at constant exchange rates of EUR 1.0m in the second quarter of 2018, the increase for the Plastics & Devices Division would have been 3.8% relative to the prior-year quarter. The performance of the engineering and tooling business was likewise positive in the second quarter of 2019. However, temporary intra-year fluctuations continue to be normal here, and essentially track the billing of larger-scale customer projects. Demand for plastic vials for prescription drugs in the USA stabilized again in the second quarter of 2019. Reported revenues in the Plastics & Devices Division went up by EUR 7.9m or 4.4% from EUR 179.7m to EUR 187.6m in the second quarter of 2019. Revenues at constant exchange rates in the first half of 2019 increased by 2.4% to EUR 346.2m, as against EUR 338.1m in the comparative prior-year period. Reported revenues increased in the same period from EUR 337.0m in the comparative prior-year period to EUR 348.3m.

Revenues at constant exchange rates in the Primary Packaging Glass Division increased by EUR 5.8m or 3.8%, from EUR 154.5m in the second quarter of 2018 to EUR 160.3m in the second quarter of 2019. Within this, the Moulded Glass Business Unit delivered very positive growth rates, driven by higher demand primarily from cosmetics customers. Revenues in the Tubular Glass Business Unit improved significantly year on year, particularly in the Europe region as well as in the emerging markets. The North America region showed a slight decrease in revenues. Reported revenues increased by 6.0% in the Primary Packaging Glass Division, from EUR 153.0m in the second quarter of 2018 to EUR 162.1m in the reporting period. In the first half of 2019, revenues at constant exchange rates in the Primary Packaging Glass Division increased by 4.4% to EUR 301.7m, as against EUR 289.1m in the same period of the prior year. Reported revenues went up from EUR 286.1m in the prior year to EUR 304.0m in the first six months of the financial year 2019.

Revenues at constant exchange rates in the Advanced Technologies Division amounting to EUR 7.2m in the second quarter of 2019 and EUR 13.8m in the first half of 2019 related almost exclusively to development services at Sensile Medical, which was acquired in July 2018.

RESULTS OF OPERATIONS

Adjusted EBITDA at constant exchange rates increased by a substantial 38.2% from EUR 72.0m in the prior-year quarter to EUR 99.4m in the second quarter of 2019. Three one-off effects compared to the prior-year quarter have to be taken into account here. Firstly, there is additional other operating income of EUR 26.2m in the period under review due to the derecognition of contingent purchase price components from the acquisition of Sensile Medical. Secondly, we recognized an expense of EUR 1.1m in the prior-year quarter due to the final fair value measurement of the put option for the acquisition of the remaining 25% of shares in Triveni Polymers Private Ltd. (New Delhi/ India). Thirdly, in the prior-year quarter, we still had adjusted EBITDA of EUR 5.2m, including partial compensation of EUR 4.8m, from the lost inhaler contract with a customer at our plant in Kuessnacht (Switzerland). Without these three one-off effects, adjusted EBITDA at constant exchange rates would have been EUR 5.3m higher than in the prior-year quarter, at EUR 73.2m in the second quarter of 2019. Adjusted EBITDA after exchange rate effects came to EUR 100.4m, compared to EUR 71.1m in the second quarter of 2018. Consequently, the adjusted EBITDA margin of 28.2% in the second quarter of 2019 is significantly above the 21.4% recorded in the prior-year quarter. We generated adjusted EBITDA at constant exchange rates of EUR 245.0m in the first half of 2019, compared to EUR 125.4m in the same period of the prior year. After exchange rate effects, adjusted EBITDA in the first six months of the financial year 2019 stood at EUR 246.4m, as against EUR 123.8m in the first half of 2018. This results in an adjusted EBITDA margin of 37.0% for the first half of 2019, compared to 19.9% in the same period of the prior year.

	at constant exchange rates			at constant exchange rates		
in EUR m	**Q2 2019**	Q2 2018	Change in %[1]	**Q1-Q2 2019**	Q1-Q2 2018	Change in %[1]
Adjusted EBITDA						
Plastics & Devices	46.1	44.9	2.7	80.0	83.1	-3.7
Primary Packaging Glass	31.9	33.1	-3.4	57.0	53.5	6.4
Advanced Technologies	1.2	–	–	2.3	–	–
Subtotal	**79.2**	**78.0**	**1.7**	**139.3**	**136.6**	**1.9**
Head office/consolidation	20.2	-6.0	–	105.7	-11.2	–
Total adjusted EBITDA	**99.4**	**72.0**	**38.2**	**245.0**	**125.4**	**95.3**

	as reported					as reported				
				Margin in %					Margin in %	
in EUR m	**Q2 2019**	Q2 2018	Change in %[1]	**Q2 2019**	Q2 2018	**Q1-Q2 2019**	Q1-Q2 2018	Change in %[1]	**Q1-Q2 2019**	Q1-Q2 2018
Adjusted EBITDA										
Plastics & Devices	46.7	44.5	5.0	24.9	24.7	80.9	82.1	-1.5	23.2	24.4
Primary Packaging Glass	32.3	32.6	-0.8	20.0	21.3	57.5	52.9	8.7	18.9	18.5
Advanced Technologies	1.2	–	–	17.3	–	2.3	–	–	16.4	–
Subtotal	**80.2**	**77.1**	**4.2**	**–**	**–**	**140.7**	**135.0**	**4.2**	**–**	**–**
Head office/consolidation	20.2	-6.0	–	–	–	105.7	-11.2	–	–	–
Total adjusted EBITDA	**100.4**	**71.1**	**41.3**	**28.2**	**21.4**	**246.4**	**123.8**	**99.1**	**37.0**	**19.9**

[1] Change calculated on a EUR k basis.

In the Plastics & Devices Division, we increased adjusted EBITDA at constant exchange rates by EUR 1.2m, from EUR 44.9m in the second quarter of 2018 to EUR 46.1m in the period under review. It should be noted, however, that we still had an expense of EUR 1.1m in the prior-year quarter due to the final fair value measurement of the put option for the acquisition of the remaining 25% of shares in Triveni Polymers Private Ltd. (New Delhi/India). We also had an additional adjusted EBITDA at constant exchange rates of EUR 5.2m, including partial compensation, in the prior-year quarter from the lost inhaler contract with a customer at our plant in Kuessnacht (Switzerland). Without these two one-off effects, the increase in adjusted EBITDA in the Plastics & Devices Division would have been even higher, at 13.0%. Driven by the very good revenue performance, adjusted EBITDA in the syringes business developed very favorably and was substantially higher than in the prior-year quarter. While sales in the Medical Plastic Systems business were down on the prior-year quarter, it must be noted that the second quarter of 2018 included adjusted EBITDA in connection with the lost inhaler contract at our plant in Kuessnacht (Switzerland). After demand for plastic vials for prescription drugs in the USA stabilized, adjusted EBITDA in this business was also on a level with the prior-year quarter. Unadjusted for exchange rates, adjusted EBITDA in the Plastics & Devices Division went up from EUR 44.5m in the second quarter of 2018 to EUR 46.7m in the reporting period. As expected, the adjusted EBITDA margin, at 24.9%, was consequently above the 24.7% recorded in the prior-year quarter. We generated adjusted EBITDA at constant exchange rates of EUR 80.0m in the first half of 2019, compared to EUR 83.1m in the first six months of the financial year 2018. Adjusted EBITDA after exchange rate effects decreased from EUR 82.1m in the first half of 2018 to EUR 80.9m. The adjusted EBITDA margin was consequently 23.2%, versus 24.4% in the first six months of the financial year 2018.

Adjusted EBITDA at constant exchange rates in the Primary Packaging Glass Division decreased by 3.4%, from EUR 33.1m in the prior-year quarter to EUR 31.9m in the second quarter of 2019. Strong demand from cosmetics customers led to capacity bottlenecks here, especially in decoration. Outsourcing this work led to lower margins. The revenue mix consequently has a temporary negative impact on adjusted EBITDA. Slightly weaker sales in the North America region led to temporary capacity underutilization and a corresponding impact on earnings. Unadjusted for exchange rates, adjusted EBITDA in the Primary Packaging Glass Division decreased slightly in the second quarter of 2019 from EUR 32.6m to EUR 32.3m. The adjusted EBITDA margin was consequently 20.0%, compared to 21.3% in the second quarter of 2018. In the first six months of the financial year 2019, we generated adjusted EBITDA at constant exchange rates of EUR 57.0m, as against EUR 53.5m in the comparative prior-year period. Adjusted EBITDA after exchange rate effects increased from EUR 52.9m in the first half of 2018 to EUR 57.5m. The adjusted EBITDA margin was consequently 18.9%, versus 18.5% in the first six months of the financial year 2018.

In the Advanced Technologies Division, we generated adjusted EBITDA at constant exchange rates of EUR 1.2m in the second quarter of 2019, which was in line with our expectations. Adjusted EBITDA at constant exchange rates for the first half year 2019 came to EUR 2.3m.

With a positive figure of EUR 20.2m, the head office and consolidation item is substantially higher than the negative EUR 6.0m recorded in the prior-year quarter. The difference mainly relates to EUR 26.2m in other operating income. This resulted from the derecognition of contingent purchase price components from the acquisition of Sensile Medical due to project postponements and the associated reduction in the carrying amount of the purchase price liability. Excluding this other operating income, the head office and consolidation item is on a level with the prior-year quarter.

The following table shows the reconciliation of adjusted EBITDA to net income for the period:

in EUR m	Q2 2019	Q2 2018	Change	Q1-Q2 2019	Q1-Q2 2018	Change
Adjusted EBITDA	**100.4**	**71.1**	**29.3**	**246.4**	**123.8**	**122.6**
Depreciation	-23.5	-25.4[3]	1.9	-46.8	-48.7[3]	1.9
Adjusted EBITA	**76.9**	**45.7**	**31.2**	**199.6**	**75.1**	**124.5**
Portfolio optimization	-1.6	-0.4	-1.2	-0.9	-0.5	-0.4
One-off income and expenses[1]	–	-0.6	0.6	-0.6	-4.9	4.3
Total of one-off items	**-1.6**	**-1.0**	**-0.6**	**-1.5**	**-5.4**	**3.9**
Amortization of fair value adjustments[2]	-13.9	-7.6	-6.3	-27.7	-15.3	-12.4
Results of operations	**61.4**	**37.1**	**24.3**	**170.4**	**54.4**	**116.0**
Net finance expense	-6.3	-9.4	3.1	-13.3	-18.8	5.5
Income taxes	-8.0	-8.4	0.4	-10.6	32.9	-43.5
Net income	**47.1**	**19.3**	**27.8**	**146.5**	**68.5**	**78.0**

[1] One-off income and expenses consist 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; Gerresheimer Zaragoza in January 2008; Vedat in March 2011; Neutral Glass in April 2012; Triveni in December 2012; Centor in September 2015; and Sensile Medical in July 2018.
[3] Including EUR 1.8m impairment losses unrelated to portfolio optimization.

Adjusted EBITA came to EUR 76.9m in the second quarter of 2019 (Q2 2018: EUR 45.7m) based on adjusted EBITDA of EUR 100.4m in the second quarter of 2019 (Q2 2018: EUR 71.1m) less depreciation of EUR 23.5m (Q2 2018: EUR 25.4m). This is reconciled to the EUR 61.4m results of operations for the second quarter of 2019—compared to EUR 37.1m in the comparative prior-year quarter—by deducting one-off items in the reporting period in the amount of EUR 1.6m (Q2 2018: EUR 1.0m) and amortization of fair value adjustments in the amount of EUR 13.9m (Q2 2018: EUR 7.6m).

Portfolio optimization amounted to EUR 1.6m in the second quarter of 2019, compared to EUR 0.4m in the prior-year quarter. This expense mainly relates to the closure of our plant in Kuessnacht (Switzerland) and the reorganization of the Primary Packaging Glass Division announced in the Annual Report 2018.

No one-off income and expenses were incurred in the second quarter of 2019. This compares to one-off income and expenses of EUR 0.6m in the prior-year quarter.

Amortization of fair value adjustments rose by EUR 6.3m from EUR 7.6m in the second quarter of 2018 to EUR 13.9m in the second quarter of 2019. The increase is attributed to the acquisition of Sensile Medical in July 2018.

Net finance expense, at EUR 6.3m in the second quarter of 2019, was EUR 3.1m lower than the EUR 9.4m recorded in the prior-year quarter. Interest income in the amount of EUR 0.6m (Q2 2018: EUR 0.7m) was offset by interest expenses of EUR 6.3m (Q2 2018: EUR 8.7m). The decrease in interest expenses is largely due to the refinancing carried out in September 2017 by means of EUR 250.0m promissory loans and the EUR 300.0m bond redeemed in May 2018. Other financial expenses came to EUR 0.6m, less than the EUR 1.4m in the prior-year quarter.

The income taxes item for the first half of 2019 showed a tax expense of EUR 10.6m, compared to tax income of EUR 32.9m in the first half of the prior year. It should be noted here that the EUR 118.5m other operating income in the first half of the financial year 2019 due to the derecognition of contingent purchase price components from the acquisition of Sensile Medical is not taxable. The tax income in the first half of the prior year primarily related to the remeasurement of deferred taxes of our US subsidiaries included in the consolidated financial statements due to the US tax reform signed on December 22, 2017 (an amount of EUR 43.8m). Excluding these factors, the tax rate would be 27.6% for the six-month period ending May 31, 2019, compared to 30.5% in the first half of 2018.

In the period December 1, 2018 to May 31, 2019, the Gerresheimer Group generated net income of EUR 146.5m. This is a substantial EUR 78.0m higher than the comparative prior-year figure of EUR 68.5m, primarily as a result of the positive effect from the derecognition of contingent purchase price components from the acquisition of Sensile Medical in the amount of EUR 118.5m.

in EUR m	Q2 2019	Q2 2018	Change	Q1-Q2 2019	Q1-Q2 2018	Change
Net income	**47.1**	**19.3**	**27.8**	**146.5**	**68.5**	**78.0**
Portfolio optimization	-1.6	-0.4	-1.2	-0.9	-0.5	-0.4
Related tax effect	0.3	0.1	0.2	0.6	0.1	0.5
One-off income and expenses	–	-0.6	0.6	-0.6	-4.9	4.3
Related tax effect	–	0.2	-0.2	0.2	1.4	-1.2
Amortization of fair value adjustments	-13.9	-7.6	-6.3	-27.7	-15.3	-12.4
Related tax effect	3.0	1.8	1.2	6.0	3.7	2.3
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	**59.3**	**26.5**	**32.8**	**168.9**	**85.3**	**83.6**
Attributable to non-controlling interests	**0.6**	**0.5**	**0.1**	**1.0**	**1.1**	**-0.1**
Amortization of fair value adjustments	–	-0.1	0.1	–	-0.2	0.2
Related tax effect	–	0.1	-0.1	–	0.1	-0.1
Adjusted net income attributable to non-controlling interests	**0.6**	**0.5**	**0.1**	**1.0**	**1.2**	**-0.2**
Adjusted net income after non-controlling interests	**58.7**	**26.0**	**32.7**	**167.9**	**84.1**	**83.8**
Adjusted earnings per share in EUR after non-controlling interests	1.87	0.83	1.04	5.35	2.68	2.67

Adjusted net income (defined as net income before non-cash amortization of fair value adjustments, non-recurring effects of restructuring expenses, portfolio adjustments, the balance of one-off income and expenses—including significant non-cash expenses—and related tax effects) came to EUR 59.3m in the second quarter of 2019, compared to EUR 26.5m in the prior-year quarter. Adjusted net income after non-controlling interests was EUR 58.7m (Q2 2018: EUR 26.0m) and thus increased by EUR 32.7m. Accordingly, adjusted earnings per share after non-controlling interests came to EUR 1.87 in the second quarter of 2019 (Q2 2018: EUR 0.83).

NET ASSETS

BALANCE SHEET

The Gerresheimer Group's net assets changed as follows in the first half of 2019:

Assets in EUR m	**May 31, 2019**	Nov. 30, 2018	Change in %[1]
Intangible assets, property, plant and equipment and investment property	2,116.3	2,131.0	-0.7
Investment accounted for using the equity method	0.3	0.3	–
Other non-current assets	30.8	27.8	11.1
Non-current assets	**2,147.4**	**2,159.1**	**-0.5**
Inventories	205.4	171.5	19.8
Trade receivables	240.3	273.5	-12.2
Other current assets	147.3	126.8	16.2
Current assets	**593.0**	**571.8**	**3.7**
Total assets	**2,740.4**	**2,730.9**	**0.3**

Equity and Liabilities in EUR m	**May 31, 2019**	Nov. 30, 2018	Change in %[1]
Equity and non-controlling interests	**1,050.0**	**890.1**	**18.0**
Non-current provisions	148.2	152.5	-2.9
Financial liabilities	677.9	751.4	-9.8
Other non-current liabilities	166.1	168.5	-1.4
Non-current liabilities	**992.2**	**1,072.4**	**-7.5**
Financial liabilities	391.3	389.7	0.4
Trade payables	175.2	207.3	-15.5
Other current provisions and liabilities	131.7	171.4	-23.1
Current liabilities	**698.2**	**768.4**	**-9.1**
Total equity and liabilities	**2,740.4**	**2,730.9**	**0.3**

[1] Change calculated on a EUR k basis.

The Gerresheimer Group's total assets increased relative to November 30, 2018 by EUR 9.5m to EUR 2,740.4m as of May 31, 2019. There were no significant changes in the balance sheet structure.

At EUR 2,147.4m, non-current assets were EUR 11.7m down on November 30, 2018. This mainly reflects the decrease in intangible assets. Intangible assets went down by EUR 17.2m relative to the figure as of November 30, 2018. Within this figure, the goodwill item rose by EUR 3.6m due to exchange rate changes. Customer relationships decreased by EUR 8.4m, comprising EUR 15.1m in amortization of fair value adjustments versus a EUR 6.7m increase attributable to exchange rate changes. Technology assets also went down by EUR 12.3m, all of which related to amortization of fair value adjustments. As of May 31, 2019, we consequently reported goodwill of EUR 674.2m in our consolidated balance sheet as well as customer relationships, brand names, technologies and similar assets of EUR 768.4m. Property, plant and equipment increased by EUR 2.4m, mainly due to a positive currency translation effect. Depreciation exceeds capital expenditures in this regard. Non-current assets accounted for 78.4% of total assets as of May 31, 2019 and 79.1% as of November 30, 2018.

The Gerresheimer Group's equity, including non-controlling interests, increased substantially from EUR 890.1m as of November 30, 2018 to EUR 1,050.0m as of May 31, 2019. This increase essentially reflects the positive net income of EUR 146.5m in the reporting period. The equity ratio went up from 32.6% as of November 30, 2018 to 38.3% as of May 31, 2019.

Non-current liabilities were EUR 992.2m at the end of May 2019, marking a substantial EUR 80.2m decrease on the figure of EUR 1,072.4m at the end of November 2018. The main factor here was the decrease in financial liabilities due to the derecognition of non-current contingent purchase price components connected to the acquisition of Sensile Medical.

Current liabilities went down by EUR 70.2m to EUR 698.2m. This mainly reflects the fixed purchase price component paid in December 2018 and the derecognition of current contingent purchase price components connected to the acquisition of Sensile Medical. In addition, the transition to IFRS 15 (Revenue from Contracts with Customers)—a financial reporting standard which we are required to apply for the first time—resulted in a change in the presentation of prepayments received. These are now presented under trade receivables and trade payables. For a more detailed description of the transition effect, please see Note (1) of the Notes to the Interim Consolidated Financial Statements. In the opposite direction, there was an increase in current financial liabilities due to higher drawings on the revolving credit facility.

NET WORKING CAPITAL

The Gerresheimer Group's net working capital stood at EUR 270.3m as of May 31, 2019, a rise of EUR 67.6m compared to November 30, 2018.

in EUR m	May 31, 2019	Nov. 30, 2018	May 31, 2018
Inventories	205.4	171.5	180.7
Trade receivables	240.3	273.5	224.3
Trade payables[1]	175.4	207.4	131.6
Prepayments received	–	34.9	31.4
Net working capital	**270.3**	**202.7**	**242.0**

[1] As of May 31, 2019 this includes EUR 0.2m (November 30, 2018: EUR 0.1m) in non-current trade payables.

The increase in net working capital mainly resulted from an increase in inventories and a reduction in trade payables. Conversely, we have been able to reduce trade receivables and prepayments received. The transition to IFRS 15 (Revenue from Contracts with Customers), which we are required to apply for the first time, means that prepayments received, which have previously been presented in a separate line item, are now presented under trade receivables and trade payables. This change only affects individual components of net working capital and not net working capital as a whole. For a more detailed description of the transition effect, please see Note (1) of the Notes to the Interim Consolidated Financial Statements. At constant exchange rates, the increase in net working capital was EUR 66.1m in the first half of 2019, compared to EUR 57.3m in the first six months of the financial year of 2018.

As a percentage of revenues in the last twelve months, average net working capital increased from 16.9% in the first half of the prior year to 18.6% in the first half of 2019.

FINANCIAL LIABILITIES AND CREDIT FACILITIES

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

in EUR m	May 31, 2019	Nov. 30, 2018	May 31, 2018
Financial debt			
Syndicated facilities			
Revolving credit facility[1]	328.7	264.4	166.8
Total syndicated facilities	**328.7**	**264.4**	**166.8**
Promissory loans – November 2015	425.0	425.0	425.0
Promissory loans – September 2017	250.0	250.0	250.0
Local borrowings incl. bank overdrafts[1]	22.6	19.9	17.6
Finance lease liabilities	7.7	7.7	7.8
Total financial debt	**1.034.0**	**967.0**	**867.2**
Cash and cash equivalents	93.7	80.6	93.5
Net financial debt	**940.3**	**886.4**	**773.7**

[1] For the translation of US dollar loans to EUR, the following exchange rates were used: at May 31, 2019: EUR 1.00/USD 1.1151; at November 30, 2018: EUR 1.00/USD 1.1359; at May 31, 2018: EUR 1.00/USD 1.1632.

Net financial debt increased by EUR 53.9m to EUR 940.3m as of May 31, 2019 (November 30, 2018: EUR 886.4m). The increase in net financial debt as of May 31, 2019 is mostly attributable to higher drawings on the revolving credit facility. Calculated as the ratio of net financial debt to adjusted EBITDA over the last twelve months, adjusted EBITDA leverage, pursuant to the credit line agreement in force, stood at 2.3x. The marked decrease compared to November 30, 2018 is attributable to the higher adjusted EBITDA, which was notably affected in the first half of 2019 by EUR 118.5m in other operating income from the derecognition of contingent purchase price components. This effect will have a positive impact on adjusted EBITDA leverage up to and including the first quarter of 2020 and partly also the second quarter of 2020.

The revolving credit facility (with a facility amount of EUR 450.0m) was drawn by EUR 328.7m as of May 31, 2019 (November 30, 2018: EUR 264.4m). Consequently, EUR 121.3m was available to us under the revolving credit facility as of May 31, 2019 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 2019:

in EUR m	Q2 2019	Q2 2018	Change in %[2]	Q1-Q2 2019	Q1-Q2 2018	Change in %[2]
Plastics & Devices	14.6	8.8	65.9	23.6	14.7	60.5
Primary Packaging Glass	13.4	5.9	>100.0	20.4	10.2	>100.0
Advanced Technologies	0.5	–	–	0.9	–	–
Head office	0.1	0.1	-20.0	0.4	0.8	-46.9
Total capital expenditure	**28.6[1]**	**14.8**	**92.4**	**45.3[1]**	**25.7**	**76.5**

[1] This includes additions from finance leases amounting to EUR 0.2m, which were not cash effective in the reporting period.
[2] 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 45.3m in the first half of 2019 (H1 2018: EUR 25.7m). This was mostly accounted for by the Plastics & Devices Division, where capital expenditure was chiefly focused on the expansion of our inhaler production in the Czech Republic. A further focus was on expanding the product portfolio and creating additional production capacity. Capital expenditure in the Primary Packaging Glass Division mainly related to prepayments made for a furnace overhaul in Germany scheduled for the third quarter of 2019, as well as to production plant modernization and automation. As in prior years, we also invested in molds and tools.

OPERATING CASH FLOW

in EUR m	Q1-Q2 2019	Q1-Q2 2018
Adjusted EBITDA	**246.4**	**123.8**
Change in net working capital	-66.1	-57.3
Capital expenditure	-45.1	-25.7
Operating cash flow	**135.2**	**40.8**
Net interest paid	-5.9	-16.3
Net taxes paid	-17.6	-17.9
Pension benefits paid	-5.1	-5.7
Other	-132.5	-20.6
Free cash flow before acquisitions/divestments	**-25.9**	**-19.7**
Acquisitions/divestments	-24.8	–
Financing activity	64.1	-173.1
Changes in financial resources	**13.4**	**-192.8**

We generated operating cash flow of EUR 135.2m in the first half of 2019. This mainly related to the EUR 118.5m in other operating income from the derecognition of contingent purchase price components. As this income is non-cash, the offsetting adjustment is shown in the position "Other". The overall reduction in free cash flow before acquisitions/divestments on a prior-year comparison is mainly due to higher capital expenditure.

CASH FLOW STATEMENT

in EUR m	Q1-Q2 2019	Q1-Q2 2018
Cash flow from operating activities	15.2	5.7
Cash flow from investing activities	-65.9	-25.4
Cash flow from financing activities	64.1	-173.1
Changes in financial resources	**13.4**	**-192.8**
Effect of exchange rate changes on financial resources	0.6	-0.7
Financial resources at the beginning of the period	61.9	271.6
Financial resources at the end of the period	75.9	78.1

Operating activities generated a cash inflow of EUR 15.2m in the first half of 2019 (H1 2018: EUR 5.7m). The increase mainly relates to significantly lower interest payments in the first half of 2019.

At EUR 65.9m, the net cash outflow from investing activities was a significant EUR 40.5m higher than the figure in the first half of the prior year (H1 2018: EUR 25.4m). The cash outflow in both reported periods includes purchases of property, plant and equipment and intangible assets. Proceeds from asset disposals totaled EUR 4.5m in the first half of 2019 and primarily related to the sale of a piece of land in Kuessnacht (Switzerland). There was also a further payment of the fixed purchase price component from the acquisition of Sensile Medical in the amount of EUR 24.8m.

The cash inflow from financing activities was EUR 64.1m in the first half of 2019 compared to a cash outflow of EUR 173.1m in the first half of 2018—as a result of the bond redemption in May 2018. Financial resources consequently stood at EUR 75.9m, compared to EUR 78.1m at the end of the second quarter of 2018.

EMPLOYEES

The Gerresheimer Group employed 9,883 people as of May 31, 2019 (November 30, 2018: 9,890).

	May 31, 2019	Nov. 30, 2018
Germany	3,549	3,519
Emerging markets	3,469	3,361
Europe	1,803	1,882
Americas	1,062	1,128
Total	**9,883**	**9,890**

As of the reporting date, 36% of the workforce were employed in Germany, 35% in emerging markets, 18% in Europe and 11% in the Americas.

REPORT ON OPPORTUNITIES AND RISKS

In the financial year 2019, Gerresheimer continues to focus on growth in pharmaceutical primary 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 2018.

OUTLOOK

The following statements on the future business performance of the Gerresheimer Group, and the assumptions about the economic development of the market and industry deemed significant for this purpose, are based on our assessments, which we consider realistic at the present time based on the information we have available. Those assessments are subject to uncertainty, however, and entail the unavoidable risk that actual performance may vary in direction or magnitude from the projected performance.

DEVELOPMENT OF THE ECONOMIC ENVIRONMENT

Global and regional economic development

The assessment of the economic conditions has not materially changed compared to the disclosures in our Annual Report. Therefore, we refer to the Outlook section in our Annual Report 2018.

MARKET AND BUSINESS OPPORTUNITIES FOR THE GERRESHEIMER GROUP

Prospects for the financial year 2019

Assessment of the prospects for the financial year 2019 has not fundamentally changed compared to the information provided in our Annual Report. Therefore, we refer to the Outlook section in our Annual Report 2018.

Overall Group

The Gerresheimer Group pursues a successful, clear-cut strategy geared to sustained and profitable growth. Our expectations for the financial year 2019, in each case assuming constant exchange rates and excluding acquisitions and divestments, are set out in the following. In the table below, we list our exchange rate assumptions for our key currencies as applied in all forecasts provided. All forecasts are stated on a neutral basis in relation to these currencies and excluding acquisitions and divestments.

1 EUR	Currency	
Argentina	ARS	43.0000
Brazil	BRL	4.3500
Switzerland	CHF	1.1400
China	CNY	7.9500
Czech Republic	CZK	25.5000
India	INR	85.0000
Mexico	MXN	21.8500
Poland	PLN	4.2500
United States of America	USD	1.1500

The most important currency after the euro continues to be the US dollar with a share of just under 30% of revenues and just below 40% of adjusted EBITDA in 2019. As before, a rise or fall in the US dollar by about one cent against the euro has an impact of around EUR 4m on revenues and EUR 1m on adjusted EBITDA.

Outlook for the financial year 2019

Based on our current visibility, we expect revenues for the financial year 2019 to be in a range of around EUR 1.4bn to EUR 1.45bn, against a comparative figure of EUR 1,359.7m for the financial year 2018.[4] Attainment of the upper end of our revenue forecast will also decisively depend on the performance of our new Advanced Technologies Division. For adjusted EBITDA, we expect approximately EUR 295m (plus or minus EUR 5m), versus a comparative figure for adjusted EBITDA of EUR 289.1m[5] in the financial year 2018. This excludes the other operating income of EUR 118.5m recognized in the first half of 2019 due to the derecognition of contingent purchase price components from the acquisition of Sensile Medical. Furthermore, we only expect low adjusted EBITDA contributions from our new Advanced Technologies Division, which is mainly due to low margins on development orders. In the financial year 2019, the Plastics & Devices Division will—due to significantly higher revenues in the low-margin engineering and tooling business, newly awarded large orders and increased expenditure for relocation, employee training and production start-up/ramp-up—contribute to a temporary decrease in the Groups's adjusted EBITDA margin.

Preliminary indication for subsequent years regarding revenues and adjusted EBITDA

In terms of base-level organic growth, we expect for the financial years 2019 and 2020 to initially grow with the market for products relevant to us. This growth is to be increased by an additional percentage point by means of further improvements in the product mix, to be achieved through a shift toward high-quality products such as syringes for biotech-based new drugs, innovative new developments such as Gx® Elite Glass, as well as glass cosmetics packaging finishing. The new Advanced Technologies Division—and within it, the Sensile Medical Business Unit—will also further add to revenues in 2020 to 2022. On the basis of revenues for the financial year 2019, we expect to be aiming for total average growth of between 4% and 7% p.a. at Group level by the end of 2022.

We secured a large inhaler contract for Europe from a major international pharma producer in 2018. The order was based on our good performance in production, at our plant in Peachtree City (Georgia/USA), of the same inhaler sold by this customer on the North American market. Following tooling revenues in 2019 and 2020, we expect to begin supplying the inhaler under the European contract from the fourth quarter of 2020. At full production—at the earliest from the financial year 2023—we anticipate revenues from the contract in a magnitude of up to EUR 30m a year. To fulfill the 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 resulting good performance together with our good cost position in the syringes business. We expect initial revenues from this contract in the financial year 2019 and, at full production in 2021, that they will reach up to EUR 20m a year. To generate growth in medical devices and syringes generally, we will build a new plant in the Republic of North Macedonia. At the same time, we will continue to accelerate automation across all plants.

[4] Based on the EUR 1,367.7m revenues for the financial year 2018 less revenues of approximately EUR 8m for the loss of the inhaler customer at our plant in Kuessnacht (Switzerland).

[5] Based on adjusted EBITDA for the financial year 2018 in the amount of EUR 298.6m, plus EUR 1.1m for the expense relating to the final fair value measurement of the Triveni put option, plus EUR 1.4m for the expense relating to the exemption from electricity network charges, less a total of approximately EUR 12m for the adjusted EBITDA from the revenues and non-recurring compensation payments relating to the loss of the inhaler customer at our plant in Kuessnacht (Switzerland).

We expect that the financial year 2020 will see the adjusted EBITDA margin in the Plastics & Devices Division reduced as a consequence of the above-mentioned higher revenues in the low-margin engineering and tooling business, the large orders awarded and the increased expenditure for relocation, employee training and production start-up/ramp-up, as a result of which the consolidated adjusted EBITDA margin is expected to be around 21%. In consequence of the measures described above and of the large projects, the adjusted EBITDA margin for the Gerresheimer Group 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, to approximately 23%.

The growth in the financial years 2021 and 2022 requires additional capital expenditure for immediate capacity expansion which, on our indicative estimates, will raise capital expenditure as a percentage of revenues at constant exchange rates by up to four percentage points in the financial years 2019 and 2020. Group capital expenditure will thus come to approximately 12%. This temporarily increased capital expenditure already includes all expenditure required for the plant to be built in the Republic of North Macedonia as well as for automation across all plants in the Group. From the financial year 2021, we then anticipate that capital expenditure will return to its normal level of approximately 8% of consolidated revenues at constant exchange rates.

Our long-term target for the entire Group remains as follows:

› Gx ROCE of approximately 15%.
› Net working capital should attain around 16% of revenues.
› We continue to consider a net financial debt to adjusted EBITDA ratio of about 2.5x to be right, with temporary variation above or below this permitted because M&A activity cannot be planned in exact detail.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 2018 – MAY 2019

CONSOLIDATED INCOME STATEMENT

for the Period from December 1, 2018 to May 31, 2019

in EUR k	Notes	Q2 2019	Q2 2018	Q1-Q2 2019	Q1-Q2 2018
Revenues	(5)	356,509	332,644	665,049	623,010
Cost of sales		-252,288	-235,312	-477,868	-444,562
Gross profit		**104,221**	**97,332**	**187,181**	**178,448**
Selling and administrative expenses		-68,794	-63,841	-136,172	-125,911
Other operating income	(6)	29,914	7,834	128,233	12,774
Restructuring expenses		40	-206	102	-269
Other operating expenses	(7)	-3,986	-4,052	-8,930	-10,664
Results of operations		**61,395**	**37,067**	**170,414**	**54,378**
Interest income		582	689	1,219	1,240
Interest expense		-6,346	-8,659	-12,735	-17,257
Other financial expenses		-564	-1,388	-1,800	-2,747
Net finance expense		**-6,328**	**-9,358**	**-13,316**	**-18,764**
Net income before income taxes		55,067	27,709	157,098	35,614
Income taxes	(8)	-7,932	-8,424	-10,635	32,883
Net income		**47,135**	**19,285**	**146,463**	**68,497**
Attributable to equity holders of the parent		46,567	18,771	145,499	67,429
Attributable to non-controlling interests		568	514	964	1,068
Diluted and non-diluted earnings per share (in EUR)		**1.48**	**0.60**	**4.63**	**2.15**

Notes (1) to (18) are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Period from December 1, 2018 to May 31, 2019

in EUR k	Q2 2019	Q2 2018	Q1-Q2 2019	Q1-Q2 2018
Net income	**47,135**	**19,285**	**146,463**	**68,497**
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
Other comprehensive income from financial instruments	**–**	**–**	**–**	**-1**
Currency translation	9,107	16,721	10,360	1,961
Other comprehensive income from currency translation	**9,107**	**16,721**	**10,360**	**1,961**
Other comprehensive income that will be reclassified to profit or loss when specific conditions are met	**9,107**	**16,721**	**10,360**	**1,960**
Other comprehensive income	**9,107**	**16,717**	**10,360**	**1,899**
Total comprehensive income	**56,242**	**36,002**	**156,823**	**70,396**
Attributable to equity holders of the parent	55,733	34,801	155,466	68,949
Attributable to non-controlling interests	509	1,201	1,357	1,447

[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 (18) are an integral part of these interim consolidated financial statements.

CONSOLIDATED BALANCE SHEET

as of May 31, 2019

ASSETS

in EUR k	Notes	May 31, 2019	Nov. 30, 2018	May 31, 2018
Non-current assets				
Intangible assets	(10)	1,488,508	1,505,679	1,098,434
Property, plant and equipment		623,126	620,728	574,789
Investment property		4,611	4,611	5,565
Investments accounted for using the equity method		297	297	252
Income tax receivables		1,343	1,692	2,053
Other financial assets		6,628	3,683	5,060
Other receivables		3,485	2,871	1,112
Deferred tax assets		19,356	19,495	10,583
		2,147,354	**2,159,056**	**1,697,848**
Current assets				
Inventories	(11)	205,441	171,490	180,658
Trade receivables	(12)	240,280	273,531	224,250
Income tax receivables		8,919	5,462	5,627
Other financial assets		17,784	18,025	19,356
Other receivables		26,897	21,825	23,317
Cash and cash equivalents		93,741	80,570	93,517
Non-current assets and disposal groups held for sale		–	955	–
		593,062	**571,858**	**546,725**
Total assets		**2,740,416**	**2,730,914**	**2,244,573**

EQUITY AND LIABILITIES

in EUR k	Notes	May 31, 2019	Nov. 30, 2018	May 31, 2018
Equity				
Subscribed capital		31,400	31,400	31,400
Capital reserve		513,827	513,827	513,827
IFRS 9/IAS 39 reserve		2,527	-6	-6
Currency translation reserve		-57,172	-67,139	-69,439
Retained earnings		540,598	394,578	328,669
Equity attributable to equity holders of the parent		**1,031,180**	**872,660**	**804,451**
Non-controlling interests		18,830	17,473	18,471
		1,050,010	**890,133**	**822,922**
Non-current liabilities				
Deferred tax liabilities		165,826	167,862	98,317
Provisions for pensions and similar obligations		138,477	141,583	140,047
Other provisions		9,696	10,945	10,889
Trade payables	(12)	245	120	–
Other financial liabilities	(13) + (14)	677,890	751,417	681,145
Other liabilities		41	503	984
		992,175	**1,072,430**	**931,382**
Current liabilities				
Provisions for pensions and similar obligations		14,692	13,943	13,454
Other provisions		41,297	44,951	32,185
Trade payables	(12)	175,164	207,282	131,592
Other financial liabilities	(13) + (14)	391,306	389,683	209,392
Income tax liabilities		4,661	4,873	4,815
Other liabilities		71,111	107,619	98,831
		698,231	**768,351**	**490,269**
		1,690,406	**1,840,781**	**1,421,651**
Total equity and liabilities		**2,740,416**	**2,730,914**	**2,244,573**

Notes (1) to (18) are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Period from December 1, 2018 to May 31, 2019

			Other comprehensive income					
in EUR k	Subscribed capital	Capital reserve	IFRS 9/ IAS 39 reserve	Currency translation reserve	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	**Total equity**
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**
As of November 30, 2018	**31,400**	**513,827**	**-6**	**-67,139**	**394,578**	**872,660**	**17,473**	**890,133**
Conversion effect first-time adoption IFRS 15	–	–	–	–	521	521	–	521
Conversion effect first-time adoption IFRS 9	–	–	2,533	–	–	2,533	–	2,533
Adjusted total as of December 1, 2018	**31,400**	**513,827**	**2,527**	**-67,139**	**395,099**	**875,714**	**17,473**	**893,187**
Net income	–	–	–	–	145,499	145,499	964	146,463
Other comprehensive income	–	–	–	9,967	–	9,967	393	10,360
Total comprehensive income	**–**	**–**	**–**	**9,967**	**145,499**	**155,466**	**1,357**	**156,823**
As of May 31, 2019	**31,400**	**513,827**	**2,527**	**-57,172**	**540,598**	**1,031,180**	**18,830**	**1,050,010**

Notes (1) to (18) are an integral part of these interim consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the Period from December 1, 2018 to May 31, 2019

in EUR k	Notes	Q1-Q2 2019	Q1-Q2 2018
Net income		146,463	68,497
Income taxes	(8)	10,635	-32,883
Amortization/impairment losses of intangible assets		30,642	16,826
Depreciation/impairment losses of property, plant and equipment		43,803	47,168
Change in other provisions		-5,191	-2,428
Change in provisions for pensions and similar obligations		-4,347	-7,085
Gain (-)/Loss (+) on the disposal of non-current assets/liabilities	(6)	-2,935	57
Net finance expense		13,316	18,764
Interests paid		-6,213	-16,807
Interests received		353	540
Income taxes paid		-18,303	-20,863
Income taxes received		718	2,980
Change in inventories		-33,023	-32,609
Change in trade receivables and other assets		30,045	8,977
Change in trade payables and other liabilities		-190,465	-46,928
Other non-cash expenses/income		-257	1,541
Cash flow from operating activities		**15,241**	**5,747**
Cash received from disposals of non-current assets		4,458	212
Cash paid for capital expenditure			
in intangible assets		-3,144	-2,847
in property, plant and equipment		-41,929	-22,833
in financial assets		-526	–
Cash paid for the acquisition of subsidiaries, net of cash received	(3)	-24,769	–
Cash flow from investing activities		**-65,910**	**-25,468**
Distributions to third parties	(9)	–	-34,540
Raising of loans	(3)	124,082	175,026
Repayment of loans	(3)	-59,644	-313,244
Cash paid for finance lease	(3)	-376	-334
Cash flow from financing activities		**64,062**	**-173,092**
Changes in financial resources		**13,393**	**-192,813**
Effect of exchange rate changes on financial resources		623	-665
Financial resources at the beginning of the period		61,936	271,596
Financial resources at the end of the period		**75,952**	**78,118**
Components of the financial resources			
Cash and cash equivalents		93,741	93,517
Bank overdrafts		-17,789	-15,399
Financial resources at the end of the period		**75,952**	**78,118**

Notes (1) to (18) 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, 2018 to May 31, 2019

(1) General Information

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 (IFRS), 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, 2018. 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 2018.

The following new or revised standards and interpretations were additionally adopted for the first time:

- IFRS 9, Financial Instruments
- IFRS 15, Revenue from Contracts with Customers
- Clarifications to IFRS 15, Revenue from Contracts with Customers
- Amendments to IFRS 2, Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4, Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Amendments to IAS 40, Transfers of Investment Property
- IFRIC 22, Foreign Currency Transactions and Advance Consideration
- Annual Improvements to IFRSs, 2014 – 2016 Cycle: The amendments to IFRS 1 and IAS 28

IFRS 9 "Financial Instruments" replaces the previous Standard IAS 39 "Financial Instruments: Recognition and Measurement" and introduces a new classification model and new measurement requirements as well as a new impairment model for financial assets. Furthermore, the general hedge accounting requirements were revised. With regard to financial liabilities, on the other hand, IFRS 9 largely retains the previous requirements unaltered. As permitted under the transitional provisions in IFRS 9, Gerresheimer has opted not to restate prior-year figures. Transition effects from application of IFRS 9 as of December 1, 2018 are recognized cumulatively in other comprehensive income and the comparative period is presented in accordance with the previous rules. Furthermore, Gerresheimer has opted to continue to apply the requirements of IAS 39 to hedge accounting.

With the introduction of the new classification and measurement model, classification and measurements refer to the underlying business model and the contractual cash flows of the financial assets. Assessment of these conditions results in the following classification categories for financial assets: measured at amortized cost, at fair value through profit or loss (FVTPL), and at fair value through other comprehensive income (FVTOCI). The following table shows the reconciliation of the classification and measurement categories for financial assets and liabilities from IAS 39 to IFRS 9:

in EUR k	Measurement category in accordance with IAS 39	Carrying amount in accordance with IAS 39 as of Nov. 30, 2018	Measurement category in accordance with IFRS 9	Carrying amount in accordance with IFRS 9 as of Dec. 1, 2018
Fair value of derivative financial instruments	At fair value through profit or loss	204	At fair value through profit or loss	204
Investments	Available-for-sale financial assets	400	At fair value through other comprehensive income	2,933
Refund claims for pension benefits	Loans and receivables	3,474	At amortized cost	3,474
Refund claims from third parties	Loans and receivables	10,204	At amortized cost	10,204
Other loans	Loans and receivables	1,630	At amortized cost	1,630
Other	Loans and receivables	5,722	At amortized cost	5,722
	Available-for-sale financial assets	74	At fair value through profit or loss	74
Trade receivables[1]	Loans and receivables	273,531	At amortized cost	273,531
Cash and cash equivalents	Loans and receivables	80,570	At amortized cost	80,570
Financial assets		**375,809**		**378,342**
Promissory loans	At amortized cost	674,046	At amortized cost	674,046
Liabilities to banks	At amortized cost	283,270	At amortized cost	283,270
Fair value of derivative financial instruments	At fair value through profit or loss	1,346	At fair value through profit or loss	1,346
Other	At amortized cost	33,907	At amortized cost	33,907
	At fair value through profit or loss	148,531	At fair value through profit or loss	148,531
Trade payables	At amortized cost	207,402	At amortized cost	207,402
Financial liabilities		**1,348,502**		**1,348,502**

[1] Including receivables from construction contracts in the amount of EUR 55,611k.

From December 1, 2018 onwards, the investment in Securetec Detektions-Systeme AG, Neubiberg (Germany), that has previously been carried at cost, is measured at fair value on the basis of the discounted cash flow approach and designated to the category "measured at fair value through other comprehensive income". The effect from the increase of the carrying amount by EUR 2,533k was recognized in equity (other comprehensive income) as of December 1, 2018.

The new impairment model in IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward looking "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortized cost or at fair value through other comprehensive income, except for investments in equity instruments, and to contract assets. There are exceptions for trade receivables and for contract assets recognized under IFRS 15. If such items do not have a material financing component, all expected losses must be taken into account on initial recognition. Where they do have a material financing component, the entity can elect to recognize full lifetime expected losses. Gerresheimer holds debt instruments almost exclusively in the form of current trade receivables. Transition to the expected credit loss model did not have a material impact here, in part due to existing credit insurance.

The new standard **IFRS 15** "Revenue from Contracts with Customers" combines the previous revenue recognition requirements and brings them under a uniform revenue recognition model. It notably replaces IAS 18 "Revenue", IAS 11 "Construction Contracts" and various revenue-related interpretations. IFRS 15 introduces a five-step model that determines the amount of revenue recognized and whether revenue is recognized at a point in time or over time. Under IFRS 15, amounts are to be recognized as revenue that the entity expects in consideration for transferring goods or services to a customer. Revenue is recognized when the entity transfers control of goods or services either over time or at a point in time. The standard also includes numerous other detailed requirements and additions to notes disclosures.

Gerresheimer has opted for modified retrospective first-time application of the requirements under IFRS 15, which means that the reporting period is presented in accordance with IFRS 15, while the comparative prior-year period is presented in accordance with IAS 11/IAS 18. The cumulative effects of first-time application of the new standard on contracts not yet fully completed as of December 1, 2018 are recognized in retained earnings as of December 1, 2018.

In consignment arrangements, where products and merchandise remain the property of the Gerresheimer Group until withdrawn by the customer, revenue was until now recognized when the customer withdraws the products and merchandise from the consignment store. Under some arrangements, however, customers now obtain control upon delivery of the products and merchandise to the consignment store. There are also agreements with various customers on molds used in the production process, where the customer obtains control on acceptance of each mold. Both of these situations result in revenue being recognized earlier than under the previous rules.

Advance payments in connection with product deliveries have been previously reported under prepayments received in other liabilities. With the introduction of IFRS 15, these are reported as contract liabilities. Up to now, advance payments and receivables in connection with customer-specific construction contracts have been reported on a gross basis under trade receivables and under other liabilities. Under IFRS 15, the prepayments received are to be included in the calculation of the respective contract balance; to this extent, there is a balanced presentation of a net contractual item under trade receivables or trade payables.

The effects of the adaptation of IFRS 9 and IFRS 15 to the opening balance sheet as of December 1, 2018 are as follows:

ASSETS

in EUR k	Nov. 30, 2018	Adjustments IFRS 9	Adjustments IFRS 15	Dec. 1, 2018
Non-current assets				
Deferred tax assets	19,495	–	13	19,508
Other non-current assets	2,139,561	2,533	–	2,142,094
	2,159,056	**2,533**	**13**	**2,161,602**
Current assets				
Inventories	171,490	–	-695	170,795
Trade receivables	273,531	–	-26,823	246,708
Other current assets	126,837	–	–	126,837
	571,858	**–**	**-27,518**	**544,340**
Total assets	**2,730,914**	**2,533**	**-27,505**	**2,705,942**

EQUITY AND LIABILITIES

in EUR k	Nov. 30, 2018	Adjustments IFRS 9	Adjustments IFRS 15	Dec. 1, 2018
Equity				
Retained earnings	394,578	–	521	395,099
Other equity	495,555	2,533	–	498,088
	890,133	**2,533**	**521**	**893,187**
Non-current liabilities				
Deferred tax liabilities	167,862	–	222	168,084
Other provisions	10,945	–	–	10,945
Trade payables	120	–	420	540
Other liabilities	503	–	-420	83
Other non-current liabilities	893,000	–	–	893,000
	1,072,430	**–**	**222**	**1,072,652**
Current liabilities				
Other provisions	44,951	–	–	44,951
Trade payables	207,282	–	6,259	213,541
Other liabilities	107,619	–	-34,507	73,112
Other current liabilities	408,499	–	–	408,499
	768,351	**–**	**-28,248**	**740,103**
	1,840,781	**–**	**-28,026**	**1,812,755**
Total equity and liabilities	**2,730,914**	**2,533**	**-27,505**	**2,705,942**

First-time adoption of the other above-mentioned standards and interpretations 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 into reporting currency:

		Closing rate		Average rate	
1 EUR		May 31, 2019	May 31, 2018	Q1-Q2 2019	Q1-Q2 2018
Argentina	ARS	49.9366	28.9408	45.8806	24.4177
Brazil	BRL	4.4462	4.3112	4.3625	4.0480
Switzerland	CHF	1.1214	1.1513	1.1306	1.1687
China	CNY	7.7045	7.4673	7.6997	7.7252
Czech Republic	CZK	25.8160	25.8350	25.7676	25.5026
Denmark	DKK	7.4680	7.4432	7.4649	7.4459
India	INR	77.7410	78.3880	79.3437	78.6641
Republic of North Macedonia	MKD	61.7210	–	61.6125	–
Mexico	MXN	21.8922	22.8815	22.0457	22.8341
Poland	PLN	4.2843	4.3135	4.2924	4.2073
Singapore	SGD	1.5378	1.5588	1.5418	1.6032
United States of America	USD	1.1151	1.1632	1.1332	1.2078

The consolidated financial statements of Gerresheimer AG as of November 30, 2018 are published in German in the Federal Law Gazette (Bundesanzeiger) and on the internet at www.gerresheimer.com.

(2) Consolidated Group

With effective date March 20, 2019, Trade company for production, trade and services GERRESHEIMER SKOPJE DOOEL Skopje (Skopje/Republic of North Macedonia) was newly established. As of May 31, 2019 this company has no significant impact on the net assets, financial position and results of operations or cash flows of the Gerresheimer Group.

(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. In the reporting period, the item "Cash paid for the acquisition of subsidiaries, net of cash received" includes the second fixed purchase price component paid as of December 17, 2018 for the acquisition of Sensile Medical AG (Olten/Switzerland). 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.

The change in liabilities from financing activities is as follows:

		Cash flows		Non-cash changes			
in EUR k	Nov. 30, 2018	Cash inflow	Cash outflow	Currency effects	New contracts	Fair value changes	May 31, 2019
Promissory loans	674,046	–	–	–	–	124	674,170
Liabilities to banks	264,636	124,082	-59,644	3,472	–	469	333,015
Finance lease liabilities	7,747	–	-376	110	240	–	7,721
	946,429	**124,082**	**-60,020**	**3,582**	**240**	**593**	**1,014,906**

Other financial liabilities as reported in the consolidated balance sheet comprise liabilities, which are not reported in the cash flow from financing activities in the consolidated cash flow statement.

(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) Revenues

Revenues break down as follows:

in EUR k	Q1-Q2 2019	Q1-Q2 2018
By Division		
Plastics & Devices	348,302	336,975
Primary Packaging Glass	304,055	286,127
Advanced Technologies	13,788	–
Segment revenues	**666,145**	**623,102**
Intra-Group revenues	-1,096	-92
Revenues	**665,049**	**623,010**

in EUR k	Q1-Q2 2019	Q1-Q2 2018
By Region[1]		
Europe	225,857	206,931
Germany	148,273	143,151
Americas	175,182	163,517
Emerging markets	106,208	97,947
Other regions	9,529	11,464
Revenues	**665,049**	**623,010**

[1] The revenues shown here for Europe exclude revenues in Germany, Poland, Russia and Turkey, and the revenues shown for the Americas exlude revenues in Argentina, Brazil, Chile, Colombia and Mexico.

IQVIA kept its definition of emerging markets unchanged since the prior financial year, therefore 22 countries are classified as emerging markets as before. According to the current definition employed by IQVIA, emerging market revenues comprise revenues in Algeria, Argentina, Bangladesh, Brazil, Chile, China, Colombia, Egypt, India, Indonesia, Kazakhstan, Mexico, Nigeria, Pakistan, Philippines, Poland, Russia, Saudi Arabia, South Africa, Thailand, Turkey and Vietnam.

Revenues include EUR 26,058k (comparative prior-year period: EUR 12,731k) of customer-specific contract revenue recognized. In this case, revenue is recognized over time. The increase is mainly attributable to Sensile Medical, which was not yet part of the Gerresheimer Group in the comparative prior-year period. Other revenues mainly result from sales of goods, whereby revenue recognition is based on a point in time.

(6) Other Operating Income

Significant components of other operating income of EUR 128,233k (comparative prior-year period: EUR 12,774k) represent income from the derecognition of contingent purchase price components from the acquisition of Sensile Medical in the amount of EUR 118,563k. This results from a customer´s announcement that he will not continue a project to develop a micro pump for the treatment of heart diseases with Sensile Medical and from project postponements. Gerresheimer has hedged this risk economically by agreeing to a contingent purchase price. Furthermore one-off income amounts to EUR 2,941k (comparative prior-year period: EUR 742k). These are mainly attributable to a book gain from the sale of a piece of land in Switzerland, which was reported as a non-current asset held for sale in the consolidated balance sheet as of November 30, 2018. In addition income from the reversal of provisions of EUR 2,249k (comparative prior-year period: EUR 1,922k) are included in other operating income, which mainly results from provisions for guarantees, which have been accounted for in prior periods and are no longer needed.

(7) Other Operating Expenses

Other operating expenses in the amount of EUR 8,930k (comparative prior-year period: EUR 10,664k) are mainly related to one-off expenses of EUR 4,441k, which substantially result from the announced closure of our plant in Kuessnacht (Switzerland).

(8) Income Taxes

Income taxes break down as follows:

in EUR k	Q1-Q2 2019	Q1-Q2 2018
Current income taxes	-14,185	-11,299
Deferred income taxes	3,550	44,182
Income taxes	**-10,635**	**32,883**

Other operating income from the derecognition of contingent purchase price components in connection with the acquisition of Sensile Medical in the first half of 2019 is not taxable.

In the comparative prior-year period, income from income taxes of EUR 32,883k was 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, which corresponds to EUR 43,758k at exchange rates of the first half of 2018, there would have been an income tax expense of EUR 10,875k.

Excluding other operating income related to the derecognition of contingent purchase price components from the acquisition of Sensile Medical of EUR 118,563k in the first half of 2019 and the revaluation of deferred taxes due to the US tax reform in the comparative prior-year period, this would result in a tax rate of 27.6% for the first half of 2019 and 30.5% for the same period in the prior year.

(9) Distributions to Third Parties

There were no distributions to third parties in the first half of 2019. In addition to the dividend distribution of EUR 34,540k to the shareholders of Gerresheimer AG, there were no distributions to non-controlling interests in the first half of 2018.

(10) Intangible Assets

At the beginning of 2019, a customer of Sensile Medical cancelled a project to develop a micro pump for the treatment of heart diseases. Furthermore, there were postponements of customer projects in the second quarter of 2019. These lead to contractual milestones being achieved at a later point in time. This was an indication for a review of the goodwill and non-current assets of the cash-generating unit Sensile Medical for its recoverability (impairment test). As a result of this impairment test as of May 31, 2019, the recoverable amount of the cash-generating unit continues to exceed its carrying amount. Consequently, the recognition of an impairment loss was not necessary.

(11) Inventories

Inventories break down as follows:

in EUR k	May 31, 2019	Nov. 30, 2018
Raw materials, consumables and supplies	61,016	52,944
Work in progress	22,334	16,078
Finished goods and merchandise	114,292	97,749
Prepayments made	7,799	4,719
Inventories	**205,441**	**171,490**

Write-downs of inventories totaling EUR 5,491k (comparative prior-year period: EUR 3,568k) 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 608k (comparative prior-year period: EUR 191k) 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.

(12) Contract Assets and Contract Liabilities

With the introduction of IFRS 15, contract assets and contract liabilities have been introduced. They will be reported under trade receivables and under trade payables.

As of May 31, 2019 trade receivables include contract assets in the amount of EUR 33,310k (December 1, 2018: EUR 28,788k). Trade payables comprise contract liabilities of EUR 16,282k (December 1, 2018: EUR 6,679k), of which EUR 179k (December 1, 2018: EUR 420k) are classified as non-current.

(13) Financial Liabilities

In connection with the refinancing of the syndicated loans, a 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 328,705k of the revolving credit facility had been drawn.

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.

(14) 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, 2019 amounts to EUR 940,284k (November 30, 2018: EUR 886,409k); net working capital is EUR 270,312k (November 30, 2018: EUR 202,692k).

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 Annual Report as of November 30, 2018.

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.

The following table shows the allocation of financial assets and liabilities by classes and categories according to IFRS 9 (prior year: IAS 39) into the respective hierarchy level:

	May 31, 2019			
in EUR k	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets designated "at fair value through other comprehensive income"				
Investments	–	2,812	–	2,812
Securities	73	–	–	73
Financial assets designated "at fair value through profit and loss"				
Investments	–	650	–	650
Derivative financial assets	–	153	–	153
Measured at fair value	**73**	**3,615**	**–**	**3,688**
Financial liabilities designated "at fair value through profit and loss"				
Contingent purchase price liability	–	–	29,968	29,968
Derivative financial liabilities	–	1,002	–	1,002
Measured at fair value	**–**	**1,002**	**29,968**	**30,970**

	Nov. 30, 2018			
in EUR k	Level 1	Level 2	Level 3	Total
Financial assets designated "at fair value through other comprehensive income"				
Securities	74	–	–	74
Financial assets designated "at fair value through profit and loss"				
Derivative financial assets	–	204	–	204
Measured at fair value	**74**	**204**	**–**	**278**
Financial assets designated "at fair value through profit and loss"				
Contingent purchase price liability	–	–	148,531	148,531
Derivative financial liabilities	–	1,346	–	1,346
Measured at fair value	**–**	**1,346**	**148,531**	**149,877**

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, 2019			
	At amortized cost		At fair value	
in EUR k	Carrying amount	*For information purposes: Fair value*	Carrying amount	**Balance sheet amount**
Trade receivables	240,280	*240,280*	–	240,280[1]
At amortized cost	240,280	*240,280*	–	
Other financial assets	20,724	*20,724*	3,688	24,412
At fair value through other comprehensive income	–	–	2,885	
At fair value through profit or loss	–	–	803	
At amortized cost	20,724	20,724	–	
Cash and cash equivalents	93,741	*93,741*	–	93,741
At amortized cost	93,741	*93,741*	–	
Financial assets	**354,745**	***354,745***	**3,688**	**358,433**
Other financial liabilities	1,038,226	*1,038,226*	30,970	1,069,196
At amortized cost	1,038,226	*1,038,226*	–	
At fair value through profit or loss	–	–	30,970	
Trade payables	175,409	*175,409*	–	175,409
At amortized cost	175,409	*175,409*	–	
Financial liabilities	**1,213,635**	***1,213,635***	**30,970**	**1,244,605**

	Nov. 30, 2018			
	At amortized cost		At fair value	
in EUR k	Carrying amount	*For information purposes: Fair value*	Carrying amount	**Balance sheet amount**
Trade receivables	217,920	*217,920*	–	217,920[2]
Loans and receivables	217,920	*217,920*	–	
Other financial assets	21,430	*21,030*	278	21,708
Available-for-sale financial assets	400[3]	–	74	
At fair value through profit or loss	–	–	204	
Loans and receivables	21,030	*21,030*	–	
Cash and cash equivalents	80,570	*80,570*	–	80,570
Financial assets	**319,920**	***319,520***	**278**	**320,198**
Other financial liabilities	991,223	*991,223*	149,877	1,141,100
At amortized cost	991,223	*991,223*	–	
At fair value through profit or loss	–	–	149,877	
Trade payables	207,402	*207,402*	–	207,402
At amortized cost	207,402	*207,402*	–	
Financial liabilities	**1,198,625**	***1,198,625***	**149,877**	**1,348,502**

[1] Including contract assets in the amount of EUR 33,310k.
[2] Receivables from construction contracts are additionally recognized in the consolidated balance sheet in the amount of EUR 55,611k as of November 30, 2018.
[3] Due to the non-availability of a reliably estimable quoted price, the fair value of investments with a carrying amount of EUR 400k 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, 2019, these liabilities amount to EUR 7,721k (November 30, 2018: EUR 7,747k).

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.

(15) Other Financial Obligations

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

in EUR k	**May 31, 2019**	Nov. 30, 2018
Obligations under rental and operating lease agreements	41,111	37,905
Capital expenditure commitments	53,971	26,943
Sundry other financial obligations	9,064	7,703
Other financial obligations	**104,146**	**72,551**

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

OTHER NOTES

(16) 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.

The Gerresheimer Group is divided into the three reportable divisions Plastics & Devices, Primary Packaging Glass and Advanced Technologies.

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 pre-fillable 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 **Advanced Technologies Division** develops and manufactures intelligent drug delivery systems. The Swiss tech company Sensile Medical forms the basis of this division, which offers pharmaceutical and biotech companies drug delivery systems with state-of-the-art digital and electronic capabilities. Its patented micro pumps can be used to self-administer medication for diabetes or Parkinson's disease, for example. Furthermore, smart inhalation measurement systems are developed in the Advanced Technologies Division.

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 as well as additional indicators by region are shown:

Segment Data by Division

in EUR k	Plastics & Devices		Primary Packaging Glass		Advanced Technologies[1]		Head office/ consolidation		Group	
	Q1-Q2 2019	Q1-Q2 2018	**Q1-Q2 2019**	Q1-Q2 2018	**Q1-Q2 2019**	Q1-Q2 2018	**Q1-Q2 2019**	Q1-Q2 2018	**Q1-Q2 2019**	Q1-Q2 2018
Segment revenues at constant exchange rates[2]	346,256	338,066	301,680	289,087	13,788	–	–	–	661,724	627,153
Exchange rate effects	2,046	-1,091	2,375	-2,960	–	–	–	–	4,421	-4,051
Segment revenues	348,302	336,975	304,055	286,127	13,788	–	–	–	666,145	623,102
Intra-Group revenues	-1,096	-10	–	-82	–	–	–	–	-1,096	-92
Revenues with third parties	**347,206**	**336,965**	**304,055**	**286,045**	**13,788**	**–**	**–**	**–**	**665,049**	**623,010**
Adjusted EBITDA at constant exchange rates[2), 3)]	80,010	83,127	56,996	53,573	2,267	–	105,687	-11,271	244,960	125,429
Exchange rate effects	864	-1,032	562	-624	–	–	–	–	1,426	-1,656
Adjusted EBITDA[3]	80,874	82,095	57,558	52,949	2,267	–	105,687	-11,271	246,386	123,773
Depreciation and amortization[4]	-21,086	-23,613	-23,343	-24,285	-1,310	–	-979	-775	-46,718	-48,673
Adjusted EBITA[5]	59,788	58,482	34,215	28,664	957	–	104,708	-12,046	199,668	75,100
Net Working Capital	120,116	122,521	127,138	122,080	24,992	–	-1,934	-2,560	270,312	242,041
Operating Cash Flow	23,842	33,773	18,361	20,624	-11,028	–	104,060	-13,586	135,235	40,811
Capital expenditure[6]	23,640	14,725	20,370	10,164	884	–	420	791	45,314	25,680
Employees (average)	4,494	4,460	5,156	5,167	112	–	114	114	9,876	9,741

[1] The Advanced Technologies Division, established following the acquisition of Sensile Medical, consists of the Sensile Medical Business Unit. The acquisition date for the acquisition of Sensile Medical was June 30, 2018. For further information, please see Note (2) of the Notes to the Consolidated Financial Statements 2018.
[2] Translated at budget rates 2019, which can be found in the outlook section of this Interim Group Management Report.
[3] Adjusted EBITDA: Net income before income taxes, net finance expense, amortization of fair value adjustments, depreciation and amortization, impairment losses, restructuring expenses, and one-off income and expenses.
[4] In the prior year, this included impairments of EUR 1,768k, thereof EUR 1,703k relating to the Plastics & Devices Division and EUR 65k relating to the Primary Packaging Glass Division.
[5] Adjusted EBITA: Net income before income taxes, net finance expense, amortization of fair value adjustments, impairment losses, restructuring expenses, and one-off income and expenses.
[6] This includes additions from finance leases of EUR 240k (comparative prior-year period: EUR 0k) fully relating to the Plastics & Devices Division which were not cash effective in the reporting period.

Key Indicators by Region[1]

in EUR k	Europe		Germany		Americas		Emerging markets		Other regions		Group	
	Q1-Q2 2019	Q1-Q2 2018	**Q1-Q2 2019**	Q1-Q2 2018	**Q1-Q2 2019**	Q1-Q2 2018	**Q1-Q2 2019**	Q1-Q2 2018	**Q1-Q2 2019**	Q1-Q2 2018	**Q1-Q2 2019**	Q1-Q2 2018
Revenues by target region[2]	225,857	206,931	148,273	143,151	175,182	163,517	106,208	97,947	9,529	11,464	665,049	623,010
Revenues by region of origin[3]	136,476	123,048	248,833	234,735	163,561	159,354	116,179	105,873	–	–	665,049	623,010
Non-current assets[4]	542,819	136,244	661,729	625,130	731,667	736,771	185,155	184,060	–	–	2,121,370	1,682,205
Employees (average)	1,830	1,824	3,530	3,390	1,083	1,049	3,433	3,478	–	–	9,876	9,741

[1] For further explanations on the regions we refer to Note (5).
[2] Revenues by location of customer registered office.
[3] Revenues by location of supplier registered office.
[4] Non-current assets do not include financial instruments, deferred tax assets, post-employment benefits or rights arising from insurance contracts.

Reconciliation from adjusted segment EBITA to net income is shown in the following table:

in EUR k	**Q1-Q2 2019**	Q1-Q2 2018
Adjusted segment EBITA	94,960	87,146
Head office/consolidation	104,708	-12,046
Adjusted Group EBITA	**199,668**	**75,100**
Portfolio optimization	-885	-472
One-off income and expenses	-642	-4,929
Amortization of fair value adjustments	-27,727	-15,321
Results of operations	**170,414**	**54,378**
Net finance expense	-13,316	-18,764
Income taxes	-10,635	32,883
Net income	**146,463**	**68,497**

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

(17) 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 2019		**May 31, 2019**		Q1-Q2 2018		May 31, 2018	
in EUR k	**Sale of goods and services**	**Purchase of goods and services**	**Trade receivables**	**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	1,717	–	396	–	1,317	–	112	–
Associated companies	1	1,060	–	26	7	1,330	–	53
	1,718	**1,060**	**396**	**26**	**1,324**	**1,330**	**112**	**53**

The transactions carried out are attributable to the Vetter Pharma-Fertigung GmbH & Co. KG, Ravensburg (Germany), which is related to a member of the Gerresheimer AG Supervisory Board.

The transactions carried out with associated companies are fully attributable to the companies Gerresheimer Tooling LLC, Peachtree City (Georgia/USA) and PROFORM CNC Nastrojarna spol. s r.o., Horsovsky Tyn (Czech Republic).

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

(18) Events after the Balance Sheet Date

There were no subsequent events after May 31, 2019 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 10, 2019, after discussion with the Audit Committee of the Supervisory Board.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Duesseldorf, Germany, July 10, 2019

The Management Board

Dietmar Siemssen   Dr. Bernd Metzner   Dr. Lukas Burkhardt

FINANCIAL CALENDAR

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

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