

# ON THE MOVE



Investor Presentation  
May 2019



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GRAMMER Group  
Investment Highlights



## 1 GRAMMER GROUP – INVESTMENT HIGHLIGHTS

Well positioned for profitable growth & value generation



- + Leading global player in the automotive and commercial vehicles industry
- + As an interior trendsetter, GRAMMER is ideally positioned to benefit from industry megatrends
- + Excellent global presence in all regions with leading market positions in core markets
- + Strong growth history with further substantial growth potential in all key markets
- + Higher earnings potential through organic profitability improvement and M&A activities
- + TMD acquisition providing better access to US customer & core technologies
- + Ningbo Jifeng provides stability within shareholder structure & offers additional growth potential in China



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## GRAMMER Group Corporate Overview

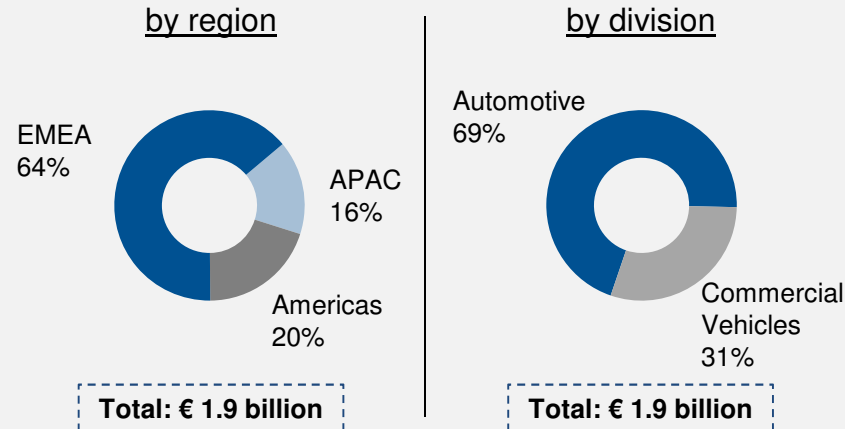


## 2 GRAMMER GROUP – KEY FACTS

Leading global player in the automotive and commercial vehicles industry



Group revenues by region and division (FY 2018)



Key OEM customers

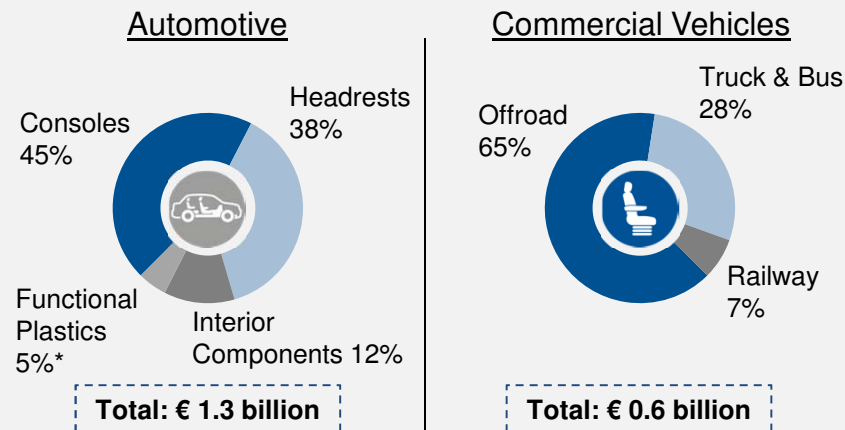
### Automotive



### Commercial Vehicles



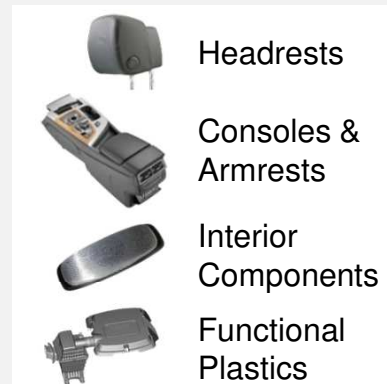
Revenues by product segment (FY 2018)



\*) October - December

Key product segments

### Automotive

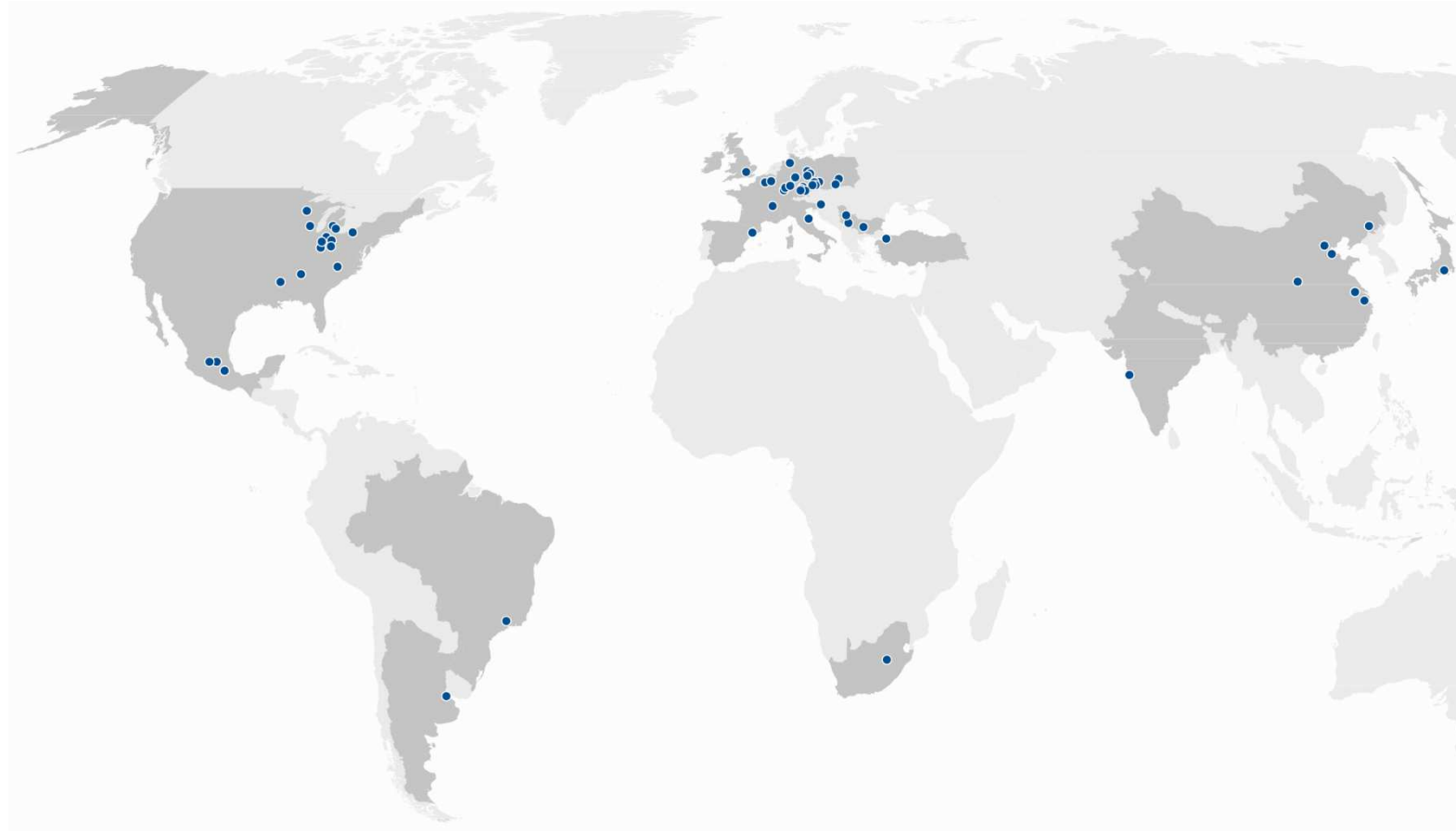


### Commercial Vehicles



## 2 GRAMMER GROUP – GLOBAL FOOTPRINT

Global production and R&D network on 4 continents



### Global Locations

#### Americas:

USA  
Mexico  
Brazil  
Argentina

#### EMEA:

Germany  
Belgium  
Italy  
Spain  
UK  
Czech Republic  
Poland  
Serbia  
Bulgaria  
Slovenia  
Turkey  
South Africa

#### APAC:

China  
India  
Japan

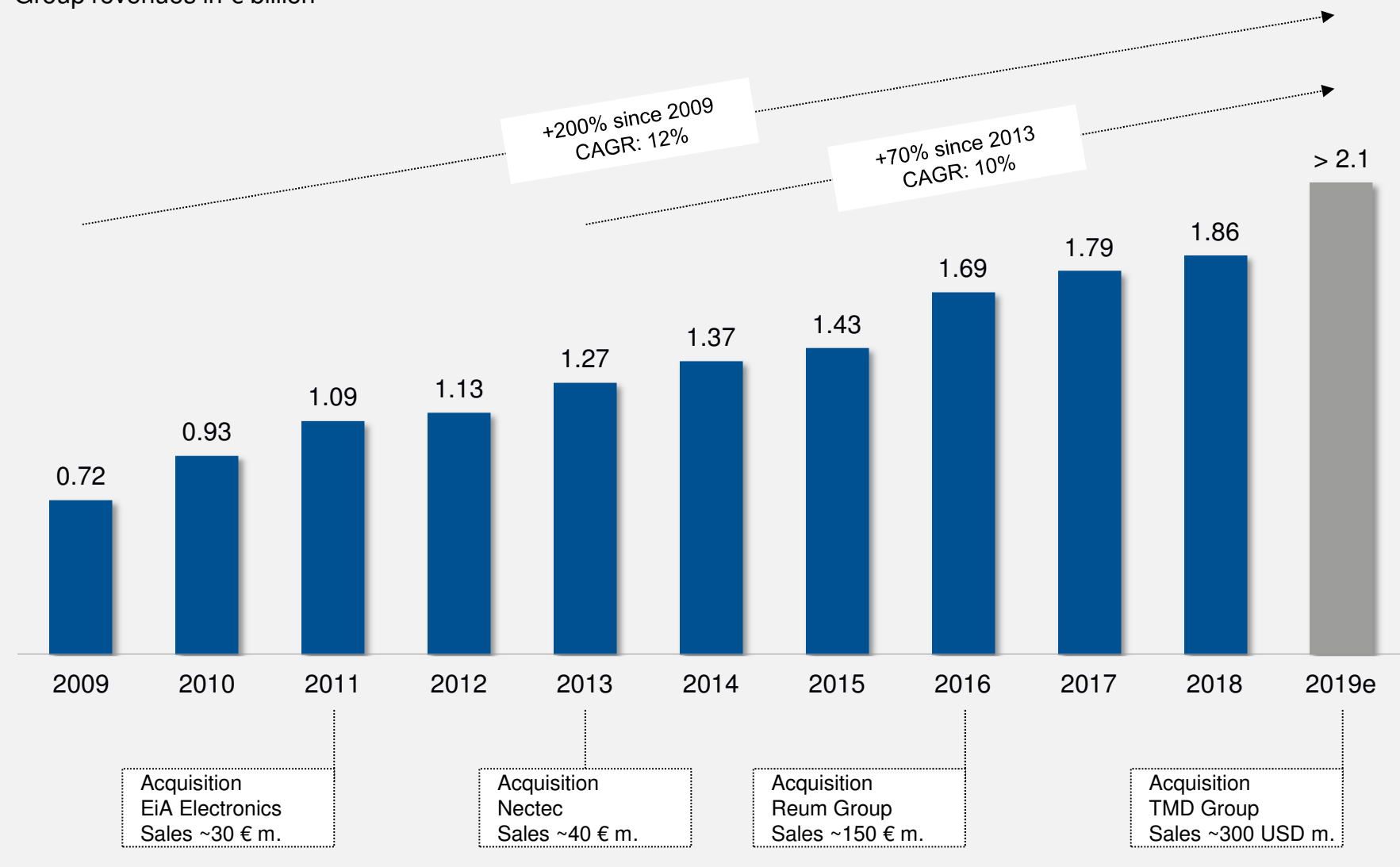
	AMERICAS	EMEA	APAC	World
Revenues [FY 2018, € m.]	400	1,200	300	1,900
Employees [12/31/2018] incl. TMD	4,500	8,500	2,000	15,000

## 2 GRAMMER GROUP – LONG-TERM GROWTH

Strong track record of global revenue growth



Group revenues in € billion





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## GRAMMER Group Product Segment Overview



### 3 GRAMMER PRODUCT SEGMENT OVERVIEW

Premium & innovative components for maximum in safety, comfort & functionality



#### Headrests



#### Consoles & Armrests



#### Interior Components

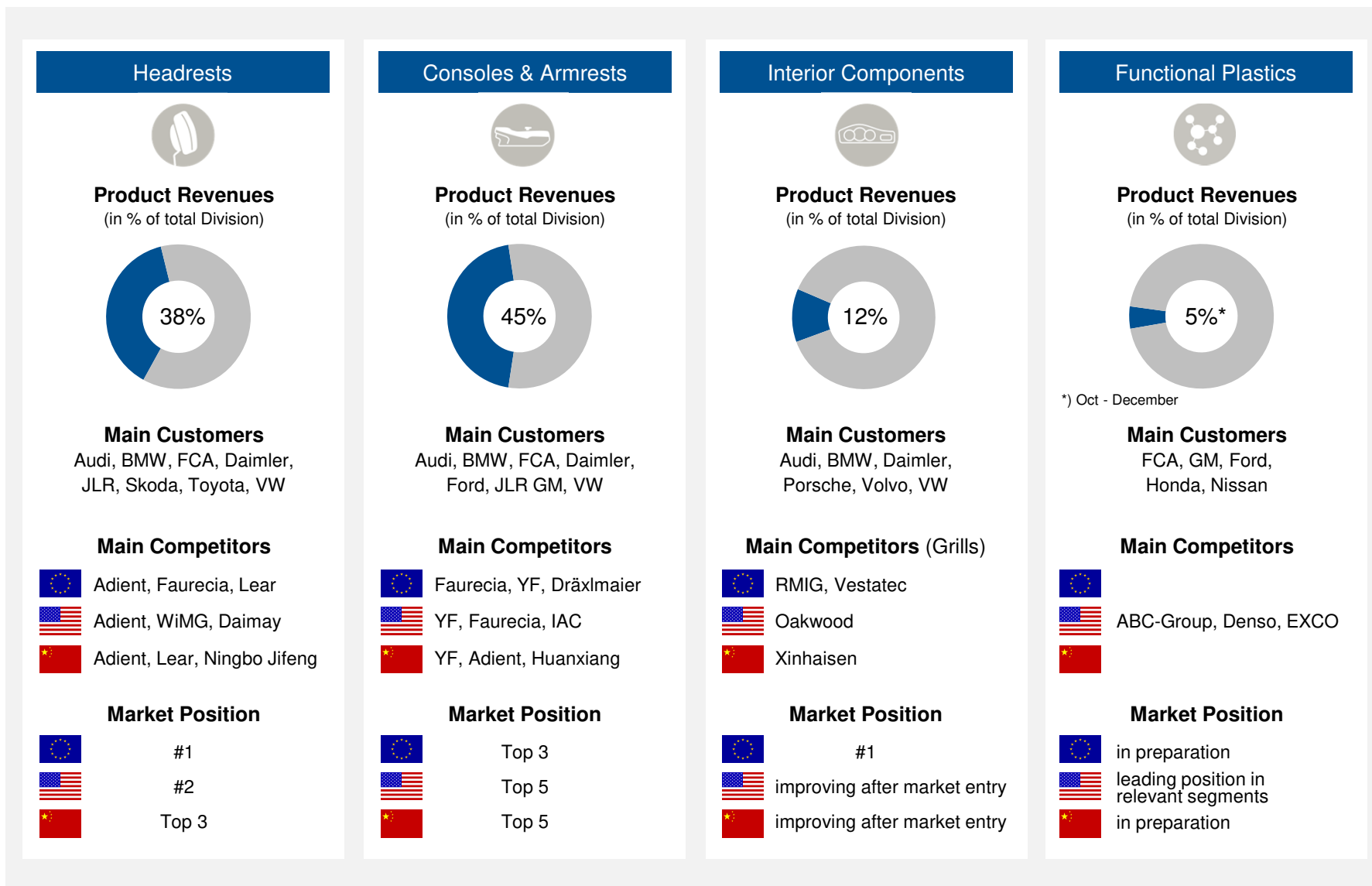


#### Functional Plastics



### 3 GRAMMER PRODUCT SEGMENT OVERVIEW

#### Automotive Division



\*) Oct - December

# 3 GRAMMER PRODUCT SEGMENT OVERVIEW

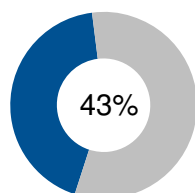
## Commercial Vehicles Division



### Agricultural & Construction



**Product Revenues**  
(in % of total Division)



#### Main Customers

AGCO, Caterpillar, CLAAS, CNH,  
John Deere, Kubota, Liebherr

#### Main Competitors

- Pilot, Cobo, KAB
- Sears, Milsco
- KAB, Tiancheng

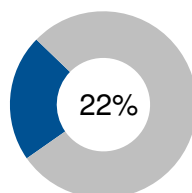
#### Market Position

- #1
- #1
- #2

### Material Handling & Turf



**Product Revenues**  
(in % of total Division)



#### Main Customers

Crown, Hyundai, Jungheinrich,  
KION (Still, Linde), Manitou, Toyota

#### Main Competitors

- Sears, KAB
- Milsco, Seat King, Seats Inc.
- Boshoku, He'an, Tiancheng

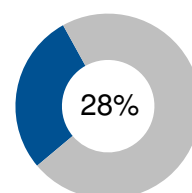
#### Market Position

- #1
- #3
- #3

### Truck & Caravan



**Product Revenues**  
(in % of total Division)



#### Main Customers

Daimler, Ford Truck, MAN,  
PACCAR, SAIC, Shaanxi

#### Main Competitors

- Isringhausen, Berco, Adient
- National Seat., Isringhausen
- GHRC, DF-Lear, ISRI-HT

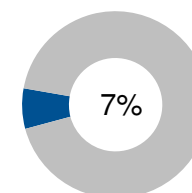
#### Market Position

- #1
- #3
- #5

### Railway & Bus



**Product Revenues**  
(in % of total Division)



#### Main Customers

Alstom, Bombardier, Daewoo,  
Deutsche Bahn, Siemens, Stadler

#### Main Competitors

- Compin, Clerprem, Kiel, Isri

#### Market Position

- #4
- in preparation
- improving after market entry



### 3 GRAMMER PRODUCT SEGMENT OVERVIEW

Suspended seating systems for commercial vehicles, trucks, buses and trains



#### Agricultural & Construction



#### Material Handling & Turf



#### Truck & Caravan



#### Railway & Bus



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GRAMMER Group  
Highlights 2018

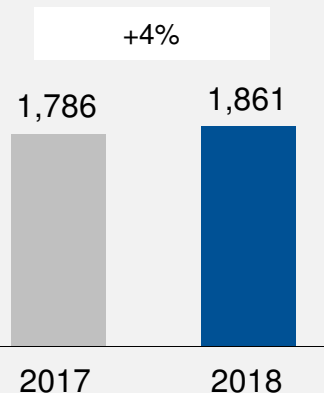


## Highlights 1-12 2018

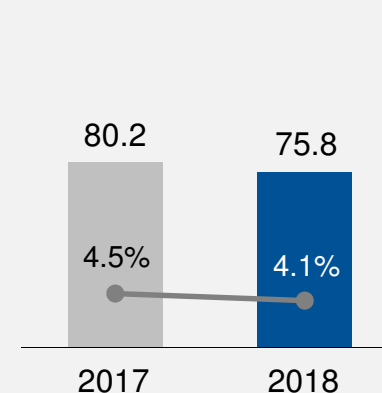
- Full-year goals in 2018 achieved despite difficult conditions for automotive OEMs and suppliers esp. in Europe
- At 1.861 € million, Group revenues in 2018 climbed 4% vs. previous year to a new record level
- FX adjusted revenue in 2018 came to 1.898 € million (+ 6%)
- IFRS EBIT and net result below previous year due to one-time special expenses and weaker automotive market
- Operative EBIT at 76 € million in line with previous year
- Dynamic development of Commercial Vehicles Division compensated weaker performance of Automotive Division

## GRAMMER Group [in € m.]

## Revenues

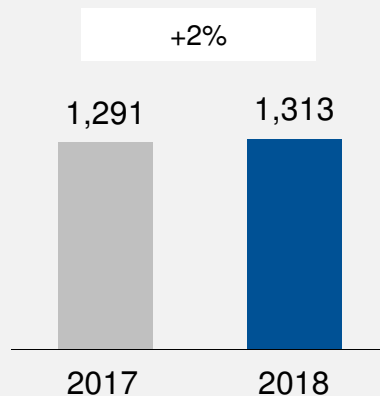


## Operational EBIT

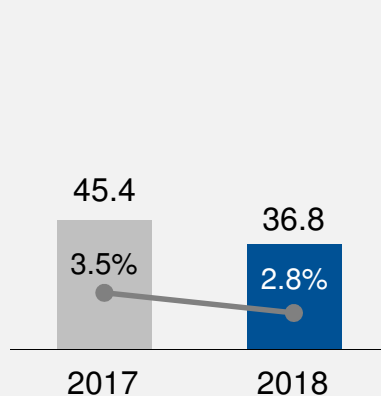


## Automotive Division [in € m.]

## Revenues

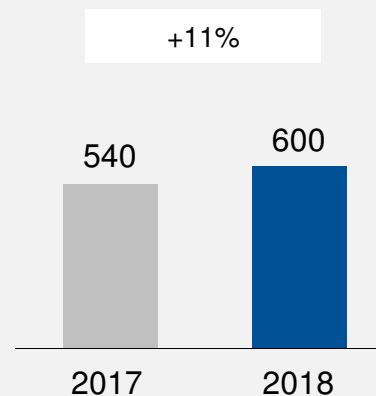


## Operational EBIT

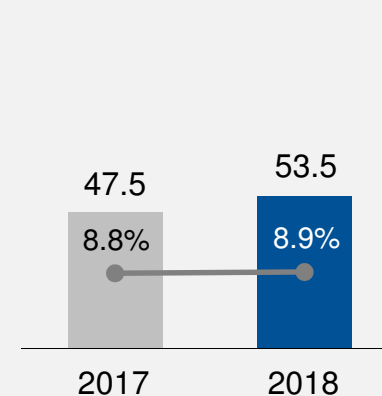


## Commercial Vehicles Division [in € m.]

## Revenues



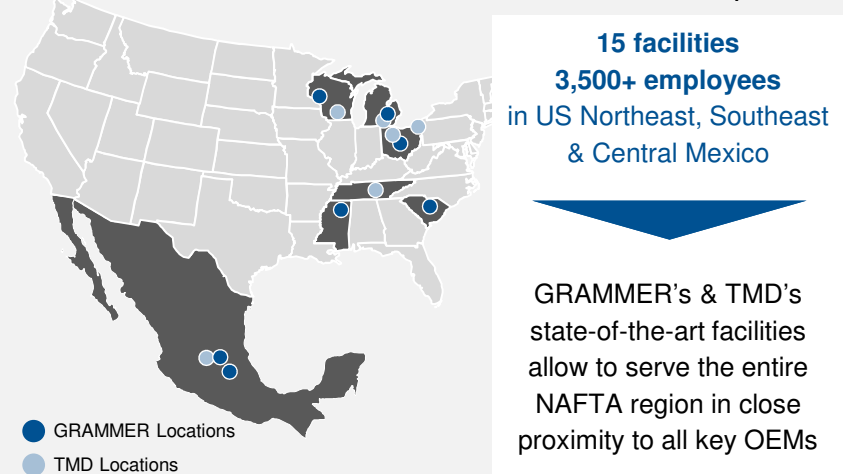
## Operational EBIT



## Transaction Highlights

- Acquisition of TMD Group has been closed on October 01, 2018. Initial consolidation into GRAMMER Group in Q4/2018
- Purchase Price (provisional): 239.3 million USD
- TMD is a specialist in developing and manufacturing highly engineered thermoplastic automotive components
- TMD is operating in the NAFTA region with 10 locations, generating annual revenues of 300 million USD
- The transaction will be fully debt financed, attractive financing conditions have been secured

## TMD &amp; GRAMMER combined North American footprint



## Transaction Benefits

- ✓ Expansion of know-how and process technology in thermoplastic solutions, materials & light weight solutions
- ✓ Broad combined footprint covering all major Automotive regions in the Americas
- ✓ TMD's product range will expand the existing portfolio and offers further upside for the Commercial Vehicle business
- ✓ Acquisition forms a full-service partner for innovative solutions in thermoplastic and interiors globally
- ✓ Further customer diversification and better access to US based customers
- ✓ TMD Group will support GRAMMER Group's mid-term growth and profitability targets



## Timeline of partnership with Ningbo Jifeng

- **December 2012**  
First business relationship in China for headrests
- **February 2017**  
GRAMMER & Ningbo Jifeng form a strategic partnership
- **May 2018**  
GRAMMER & Ningbo Jifeng sign a comprehensive BCA
- **June 2018**  
Voluntary takeover offer (60 €/share) by Ningbo Jifeng
- **August 2018**  
Ningbo Jifeng new majority shareholder with 84.23%

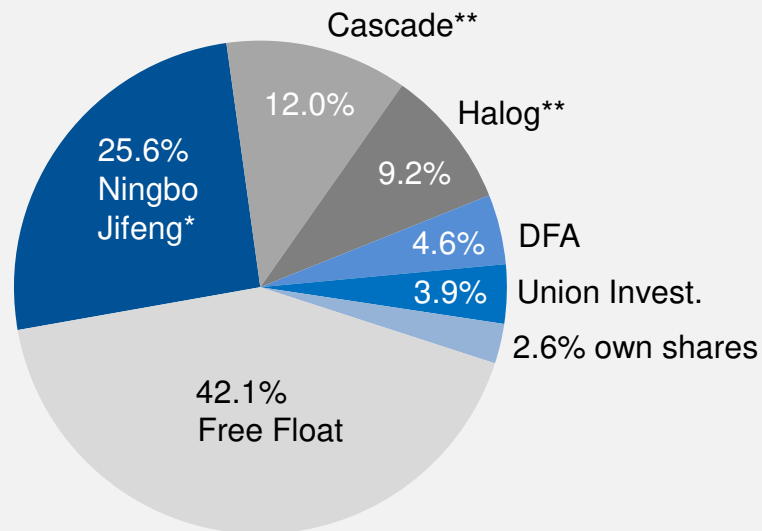
## Highlights Business Combination Agreement (BCA)

- (A) Continued Independence of GRAMMER
- (B) Commitment to Workforce, Footprint & Employees
- (C) Support for GRAMMER's Corporate Governance
- (D) Support of GRAMMER's Brand & Global Strategy
- (E) Protection of Know-How & Intellectual Property

## Benefits

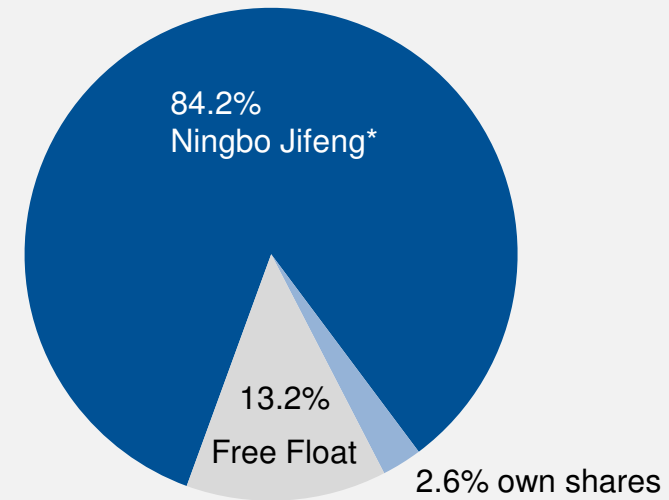
- ✓ BCA & tender offer provide opportunities and mutual benefits for both companies
- ✓ Strengthened Partnership between GRAMMER & Ningbo Jifeng
- ✓ Business Combination Agreement secures GRAMMER's Independence
- ✓ Broad set of commitments lasting up to 7.5 years
- ✓ Further Stabilization of Shareholder Structure
- ✓ Attractive and immediate Value to GRAMMER Shareholders

GRAMMER AG Shareholder structure  
**before** public tender offer



\*) Associated company of GRAMMER's strategic partner Ningbo Jifeng  
 \*\*) Companies owned by Hastor family

GRAMMER AG Shareholder structure  
**after** closing of tender offer



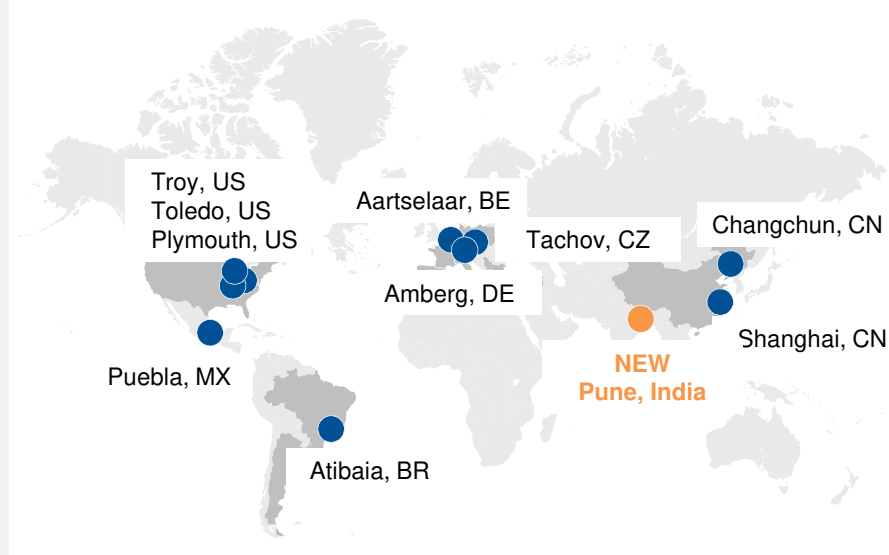
\*) Associated company of GRAMMER's strategic partner Ningbo Jifeng

- ➔ Clear shareholder structure and intensified strategic partnership with new majority shareholder Ningbo Jifeng
- ➔ GRAMMER's customers also view the new principal shareholder very positively
- ➔ With the intensified partnership we can expect a positive contribution to GRAMMER's future development

AllyGrow & GRAMMER are joining forces in Pune



### GRAMMER Group global R&D footprint



### Impressions Tech Center Pune



- State-of-the-art tech center with deep product & process know-how
- Strong partnership with a leading development service provider
- Major improvement of our R&D performance and efficiency
- Strengthens GRAMMER's global engineering footprint
- Major milestone in GRAMMER's R&D strategy



#### Highlights

- ▶ New building for Technology Center and Corporate HQ for about 700 employees
- ▶ Modern Tech-Center as an expression of GRAMMER's innovative strength
- ▶ Increased efficiency and synergies for development processes and projects
- ▶ Sustainable building design with regional materials and high energy efficiency
- ▶ Occupation: Q4/2019 (Phase 1)





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GRAMMER Strategy  
for Profitable Growth

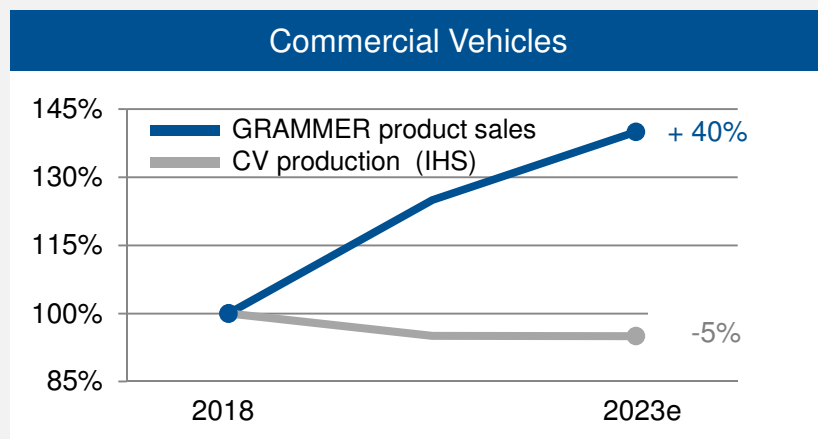
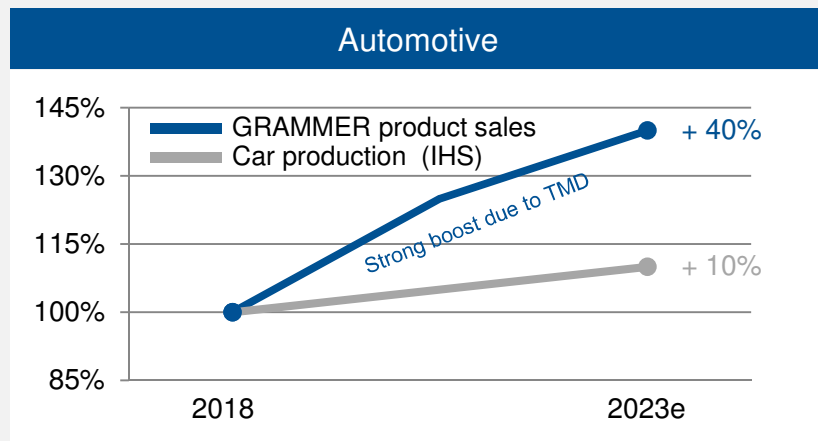


## 5 GRAMMER STRATEGY – PROFITABLE GROWTH

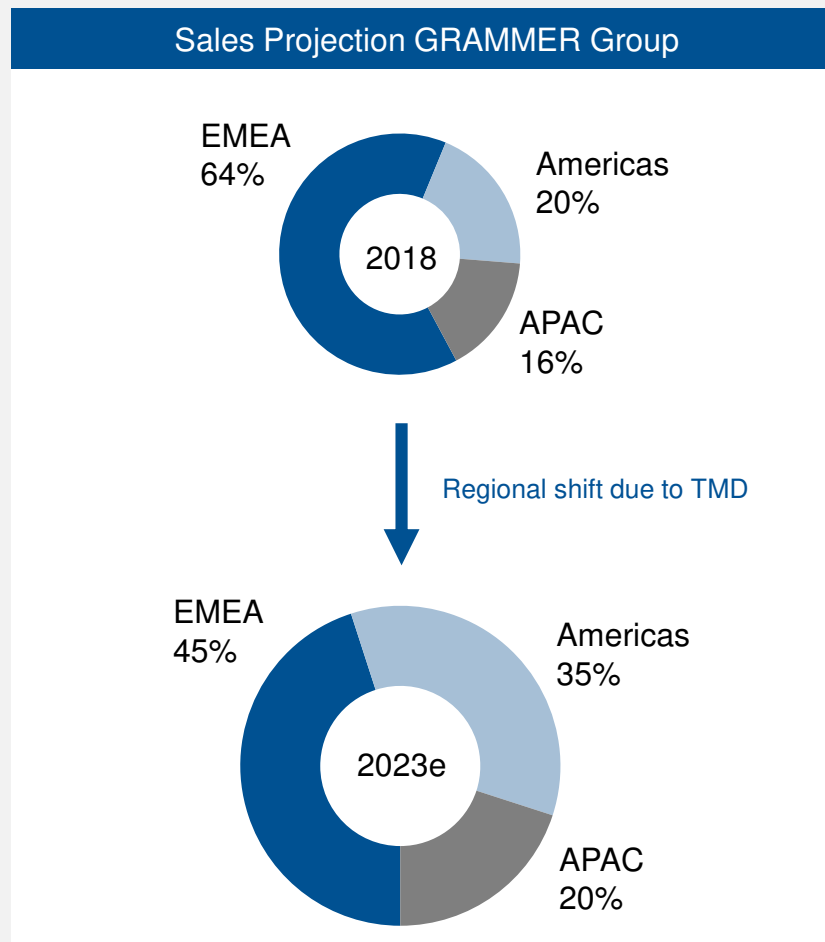
Expansion of global positioning especially outside of Europe



GRAMMER Sales Projection and IHS Market Forecast  
[global, in %, 2018 = 100%]

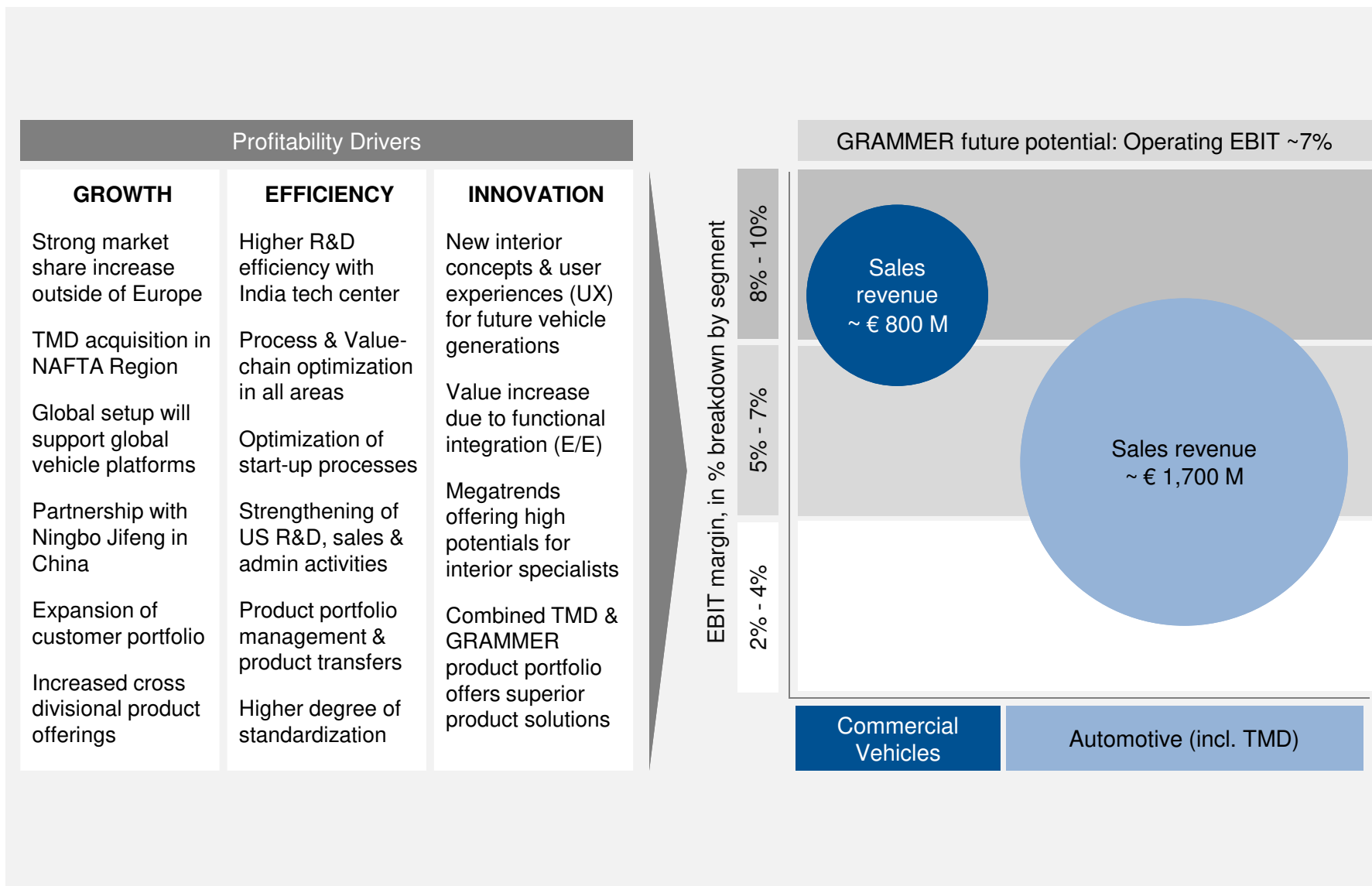


Development of sales, breakdown by region 2018 - 2023e  
[in %]



## 5 GRAMMER STRATEGY – PROFITABLE GROWTH

Higher earnings potential through growth, efficiency and innovations

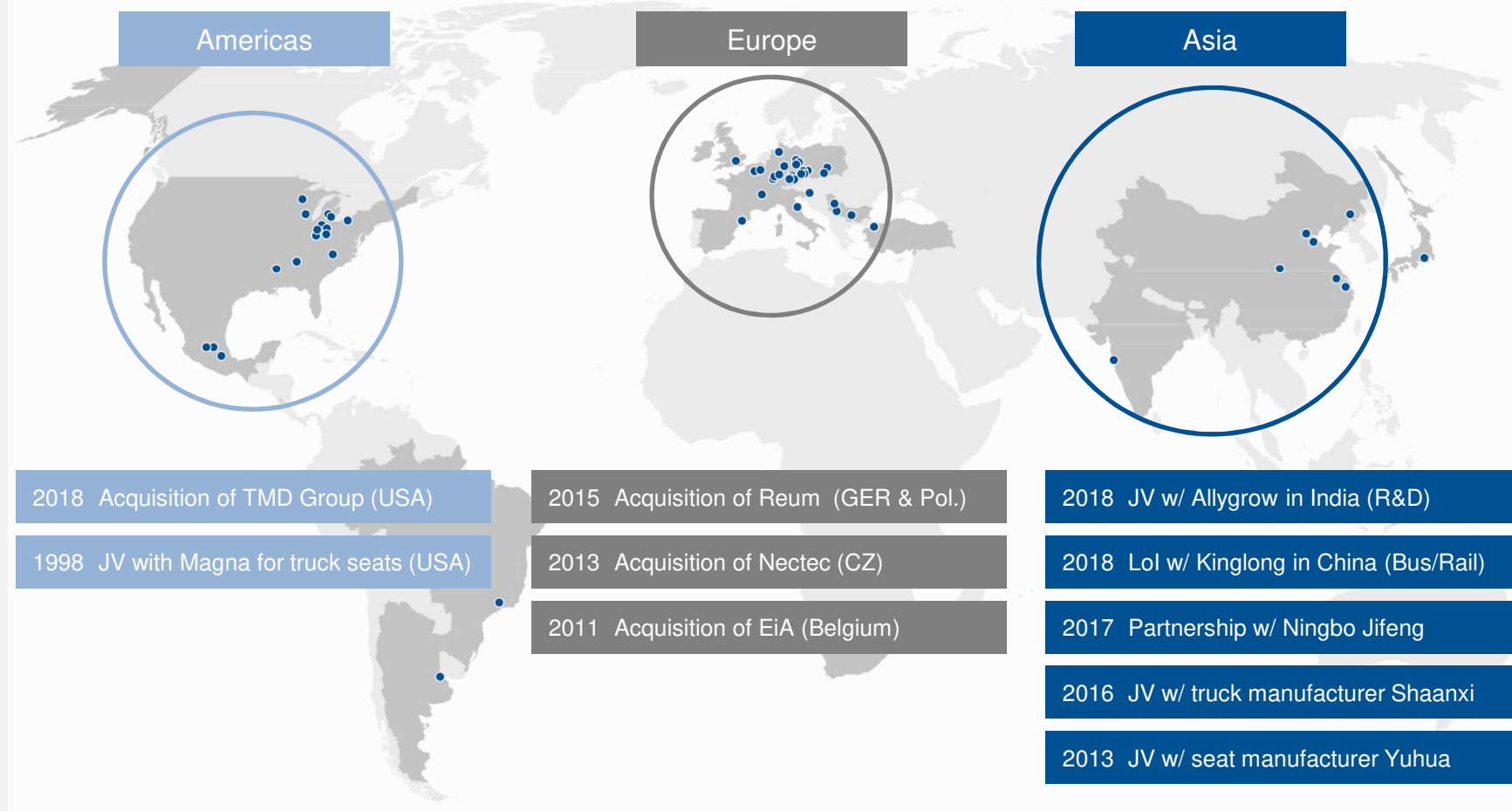


## 5 GRAMMER STRATEGY – PROFITABLE GROWTH

Improved footprint, technology, product & customer portfolio via targeted M&A activities



### GRAMMER's M&A and JV activities





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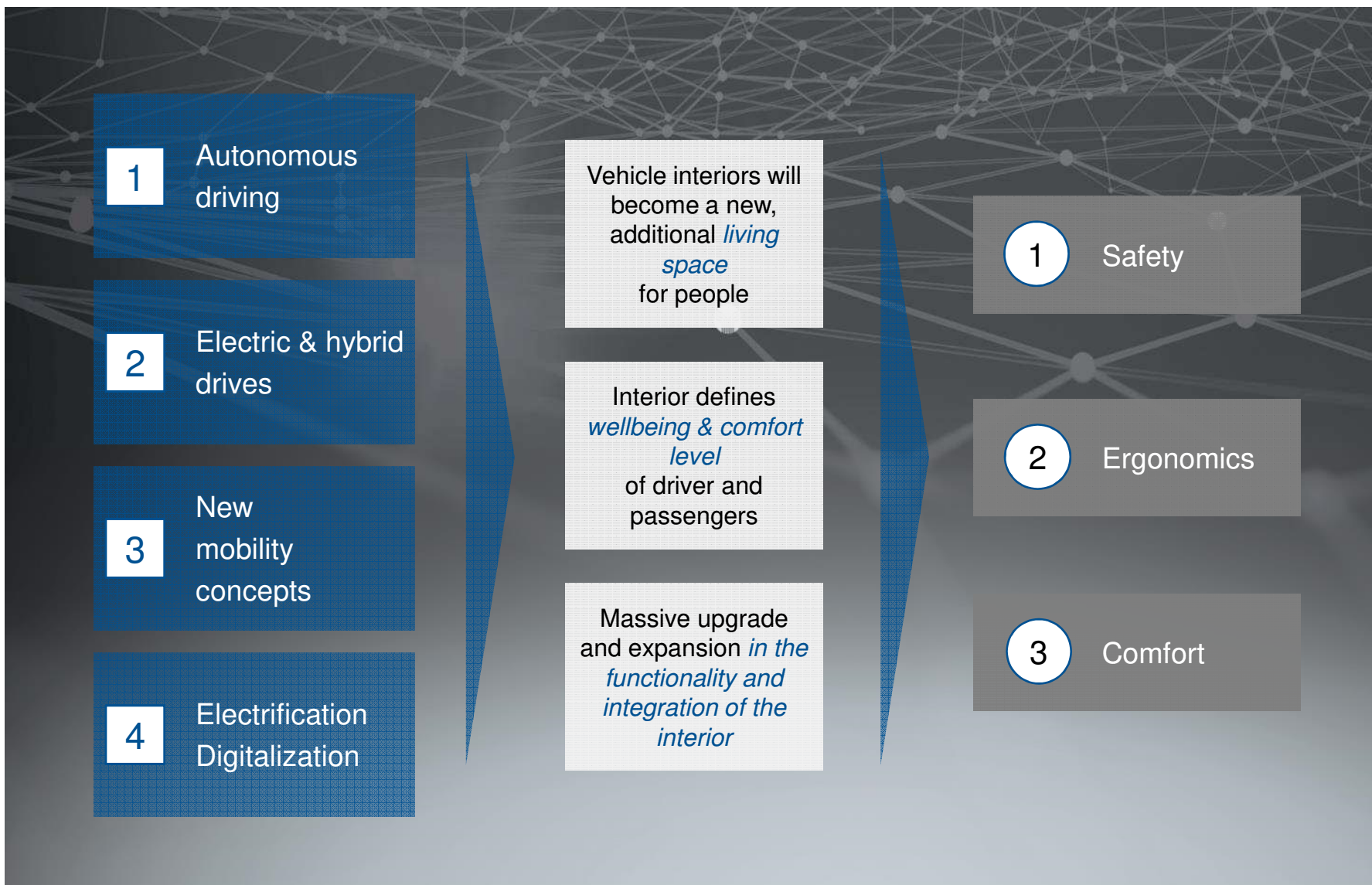


GRAMMER Strategy  
for Leadership in Innovation



## 6 GRAMMER GROUP – INNOVATIONS

Megatrends offering high potentials for interior specialists



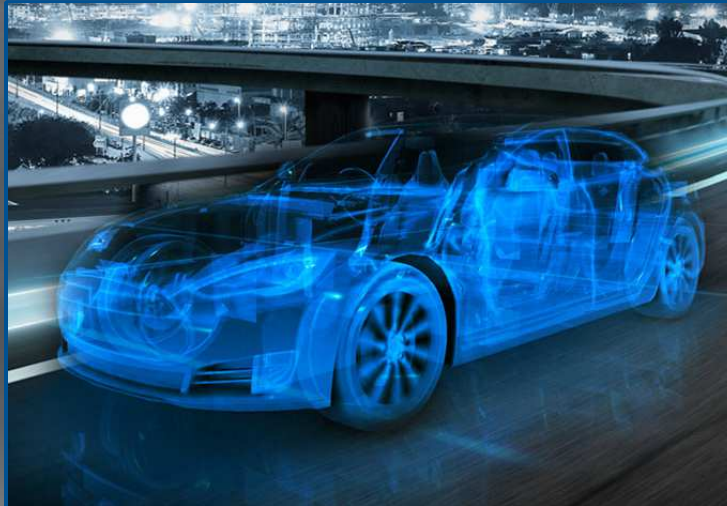


**Surfaces & Materials**

- ▶ High-quality haptics, touch & feel
- ▶ Hygienic & "green" materials
- ▶ Lightweight & composite materials
- ▶ Functional, 3D surfaces
- ▶ Ambient lighting

**Comfort**

- ▶ E-seat, rotatable, active seat
- ▶ Latest seat suspension systems
- ▶ Individual climate zones
- ▶ Noise suppression, sound zones
- ▶ Fold-away tables, stowage systems, cooling compartments

**Electronics**

- ▶ E/E system integration
- ▶ Mobile device integration
- ▶ E-drives & intelligent kinematics
- ▶ Monitors, cameras, sensors
- ▶ Intuitive HMIs

**Active & Passive Safety**

- ▶ New seat belt & restraint systems
- ▶ New headrest systems
- ▶ Neck & torso support systems
- ▶ Driver monitoring
- ▶ Active control of body posture

## 6 GRAMMER GROUP – INNOVATIONS

Numerous innovative concepts & solutions for all product segments and applications



### Seating Solutions



Fully powered  
lightweight truck  
seat concept  
and HMI-armrest

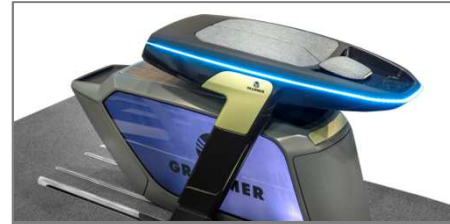


Fully powered  
AG seat with  
multi-functional  
armrest controls



Captain's chair  
concept with  
smart device  
activation

### Interior Solutions



New multifunctional & ergonomic  
console/armrest concept



New headrest system  
with sound, light & auto  
adjustments



Electrified air-vent with  
3D haptic feedback



Lightweight panel with  
complex material mix &  
loudspeaker integration

### Electronic & New Materials



Functional  
surfaces  
with multi-  
touch and  
car-bus  
integration



Slim-design  
armrest with  
multi-touch HMI  
and steering  
wheel  
integration



Industrial  
armrest with  
integrated  
ergonomic  
joystick &  
display



Molded interior surfaces with  
glass & stainless steel  
material mix





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Outlook 2019



Overall positive market development expected, but uncertainties in car markets

			Europe	USA	Brazil	China	World
	Worldwide car production	Source IHS 03/2019	-2%	-1%	+6%	+1%	+/-0%
	Worldwide truck registrations	Source IHS 01/2019	+6%	+6%	+10%	-10%	-1%
	Agricultural machinery	Source John Deere 02/2019	+/-0%	0% to +5%	0% to +5%		
		Source AGCO 05/2019	+/-0%	0% to +5%	0% to +5%		
	Construction machinery	Source Caterpillar 01/2019	Steady demand	Strong demand	Slow to recover	Flat, growth outside of China	
	Forklifts	Source Jungheinrich 03/2019	Growth in lower to mid single digit %			Growth in mid single digit %	Less dynamic growth, potential slight decrease

		Actual 2018	Outlook 2019
GRAMMER Outlook	Group sales revenue	€ 1.86 billion	> € 2.1 billion
	IFRS EBIT	€ 49 million	Significantly above prev. year
	Operating EBIT margin	4.1%	> prev. year
	ROCE	10.5%	> prev. year

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Appendix







## GRAMMER GROUP – NEW EXECUTIVE BOARD

Experienced management team in place – Transition of Executive Board completed



**Manfred Pretscher**  
CEO & CFO (acting)

- Born 1957
- Graduate in Mechanical Engineering
- Joined GRAMMER in 2008
- GRAMMER COO 2010 - 2018
- CEO & CFO since Jan. 01, 19
- 30 years of automotive experience
- Former positions include:
  - GM climate control systems Germany, Valeo S.A.
  - Head of R&D for engine cooling systems Germany, Valeo S.A.



**Jens Öhlenschläger**  
Chief Operating Officer (COO)

- Born 1964
- Graduate in Mechanical Engineering
- Joined GRAMMER in 2015
- VP Division Consoles 2015 – 2018
- COO since January 01, 2019
- 30 years of automotive experience
- Former positions include:
  - Project, Production & Plant Manager TRW
  - VP Global Steering Wheel Operations Takata



**Thorsten Seehars**  
CEO (as of August 01, 2019)

- Born 1973
- Graduate in Industrial Engineering
- Appointed by Supervisory Board on April 25, 2019
- Former positions include:
  - Member of Management Board of Knorr-Bremse Systems for Commercial Vehicles
  - Borg Warner Vice President & General Manager for Combustion Solutions in Europe
  - Freudenberg Sealing Technologies



**Jurate Keblyte**  
CFO (as of August 01, 2019)

- Born 1975
- Graduate in Business Management
- Appointed by Supervisory Board on March 15, 2019
- Former positions include:
  - CFO KUKA Robotics Division
  - Interim manager for corporate development, finance and controlling


*[IFRS, in € million]*

	Q1 2019	Q1 2018	Chg.
Group Revenues	534.1	454.4	+17.5%
EBITDA	44.2	32.0	+38.1%
EBITDA-Margin	8.3%	7.0%	+1.3%-P
EBIT	24.0	20.4	+17.6%
EBIT - Margin	4.5%	4.5%	+/-0%-P
Operating EBIT	23.0	20.5	+12.2%
Operating EBIT - Margin	4.3%	4.5%	-0.2%-P
Profit after taxes	11.6	12.2	-4.9%
EPS in €	0.95	1.00	-5%
Total Assets	1,499.2	1,068.9	+40.3%
Equity	327.0	325.8	+0.4%
Equity Ratio	22%	30%	-8%-P
Net Financial Debt	292.5	128.6	+127.4%
Gearing Ratio	89%	39%	+50%-P
Capex (w/o M&A)	32.4	10.0	+224.0%
Depreciation	20.2	11.6	+74.1%
Employees (month-end)	15,011	13,123	+14.4%


*[IFRS, in € million]*

	2018	2017	2016	2015	2014
Group Revenues	1,861.3	1,786.5	1,695.9	1,427.7	1,365.9
EBITDA	101.0	116.0	120.2	83.2	93.7
EBITDA-Margin	5.4%	6.5%	7.1%	5.8%	6.9%
EBIT	48.7	66.5	73.0	42.7	57.0
EBIT-Margin	2.6%	3.7%	4.3%	3.0%	4.2%
Profit after taxes	23.2	32.4	45.2	23.8	33.6
EPS in €	1.90	2.67	4.01	2.10	3.09
Dividend / Share in €	0.75*	1.25	1.30	0.75	0.75
Total Assets	1,441.4	1,107.0	1,050.6	992.1	836.5
Equity	314.8	337.7	271.2	253.4	231.8
Equity-Ratio	22%	31%	26%	26%	28%
Net Financial Debt	253.3	92.2	139.1	155.5	86.7
Gearing Ratio	80%	27%	51%	61%	37%
Capex (w/o M&A)	73.9	59.1	56.2	47.9	51.5
Depreciation	52.3	49.5	47.2	40.5	36.7
Employees (Dec. 31)	14,657	12,947	12,250	11,397	10,700

\*) proposal



## GRAMMER AG – SHARE PRICE DEVELOPMENT

GRAMMER Share



GRAMMER share price in €, December 31, 2015 until March 31, 2019



### Selected Broker Recommendations

Broker	Date	Current Recomm.	Current TP (€)
Baader Helvea	14-May-19	Hold	39.0
Bankhaus Lampe	14-May-19	Buy	52.0
DZ Bank	15-May-19	Hold	36.0
MM Warburg	15-May-19	Hold	36.0
Oddo BHF	14-May-19	Hold	41.0
<b>Consensus</b>			<b>41.0</b>

### Top Shareholders

Investor	in %*
Jiye Auto Parts **	84.23%
Own treasury shares	2.62%
Free Float (<3%)	13.15%

\*) Percentage based on 12,607,121 voting rights  
 \*\*) Associated company of GRAMMER's strategic partner Ningbo Jifeng

### Basic Share Data

ISIN	DE000589540
WKN / Code	589540 / GMM
Number of shares	12,607,121
Market cap [December 31, 2018]	475 € million
Ave. daily trading volume 2018 (XETRA):	
January – August	30.000 shares
September – December	8.000 shares





### Financial Calendar 2019

Annual General Meeting	July 12, 2019
Half-Year 2019 Report	August 13, 2019
Interim Management Statements Q3 / 2019	November 12, 2019

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