

ON THE MOVE

Analysts' and Press Conference Fiscal Year 2018

Frankfurt, Germany
March 18, 2019



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GRAMMER GROUP – FISCAL YEAR 2018

Agenda



1. GRAMMER Group – Fiscal Year 2018
2. GRAMMER Divisions – Fiscal Year 2018
3. Strategic Highlights 2018
4. GRAMMER Strategy for Profitable Growth
5. GRAMMER Strategy for Leadership in Innovations
6. Outlook for 2019

GRAMMER GROUP – FISCAL YEAR 2018

Full-year goals achieved despite challenging conditions



GRAMMER Group – Highlights 2018

- Stabilization of shareholder structure, with JAP (Ningbo Jifeng) as largest shareholder in GRAMMER AG
- Largest acquisition in GRAMMER's history: TMD Toledo Molding & Die, Inc., Ohio, USA
- With a total of 1.86 billion EUR, GRAMMER achieved the 8th sales record in succession
- Group operating EBIT with 75.8 million EUR almost on previous year's level
- Operating EBIT margin of 4.1% only slightly below previous year
- IFRS EBIT of 48.7 million EUR (previous year: 66.5 million EUR) influenced by high non-recurring charges and exchange rate effects
- Attractive dividend of 0.75 EUR per share proposed
- Order receipts (life-time sales) for new projects in the automotive sector >1.4 billion EUR

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GRAMMER Group
Fiscal Year 2018

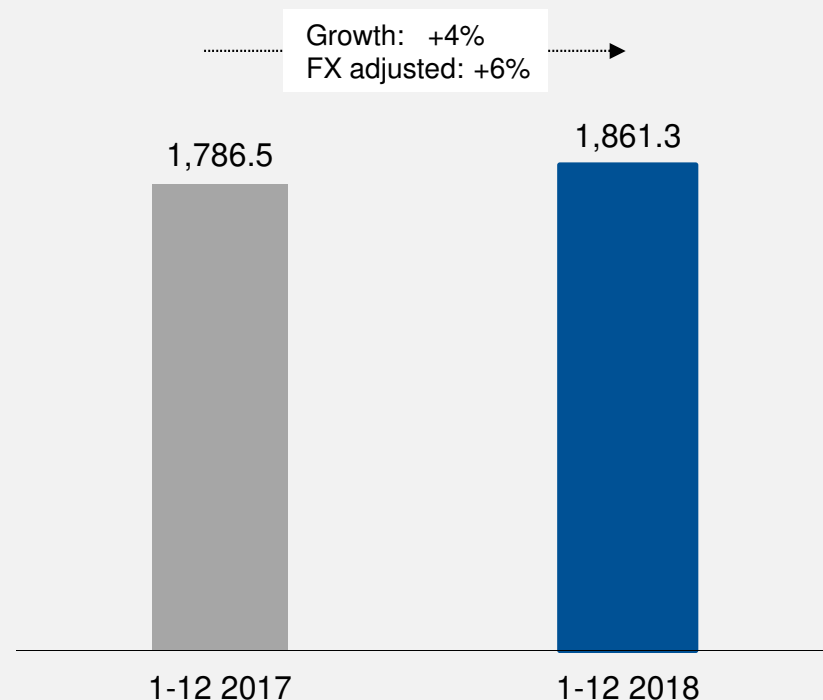


GRAMMER GROUP – FISCAL YEAR 2018

Strong growth in Commercial Vehicles, Automotive market development remain challenging

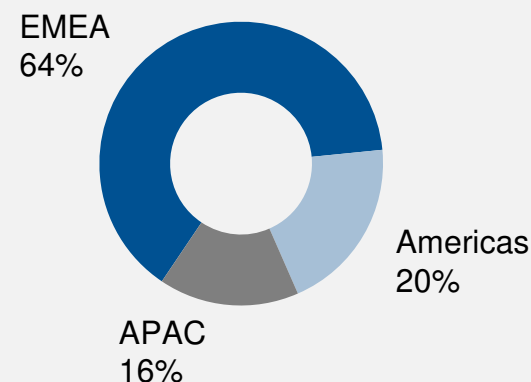


Sales
[in € million]

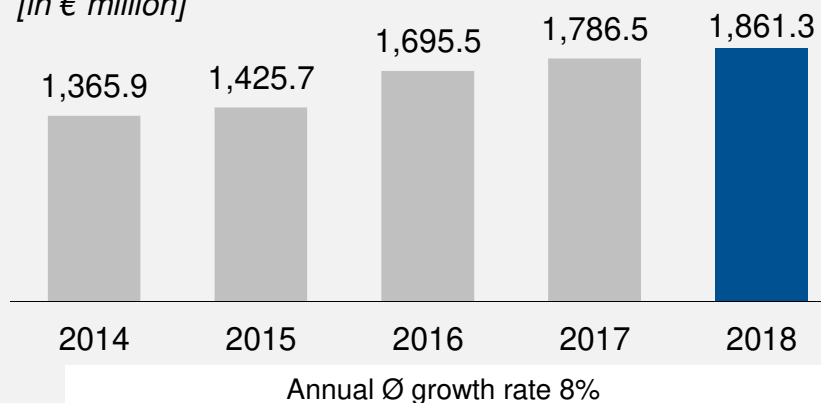


- 8th record in succession despite weak car markets
- Growth due to Comm. Vehicles & TMD consolidation
- Negative FX impact on sales revenue -39 Mio. €

Sales 2018 by region
[in %]



Sales development 2014 - 2018
[in € million]

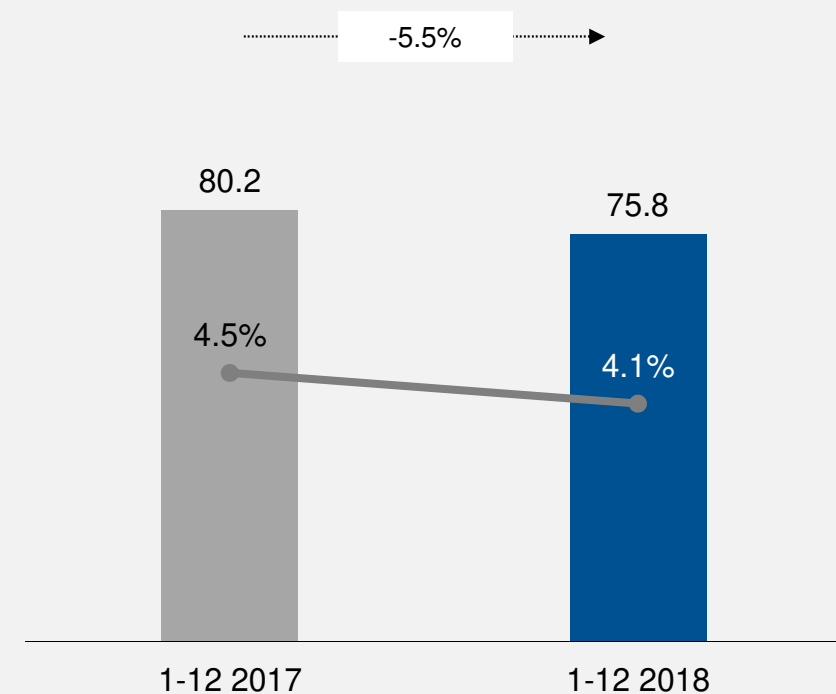


GRAMMER GROUP – FISCAL YEAR 2018

Operating profitability only slightly lower than the previous year's high level

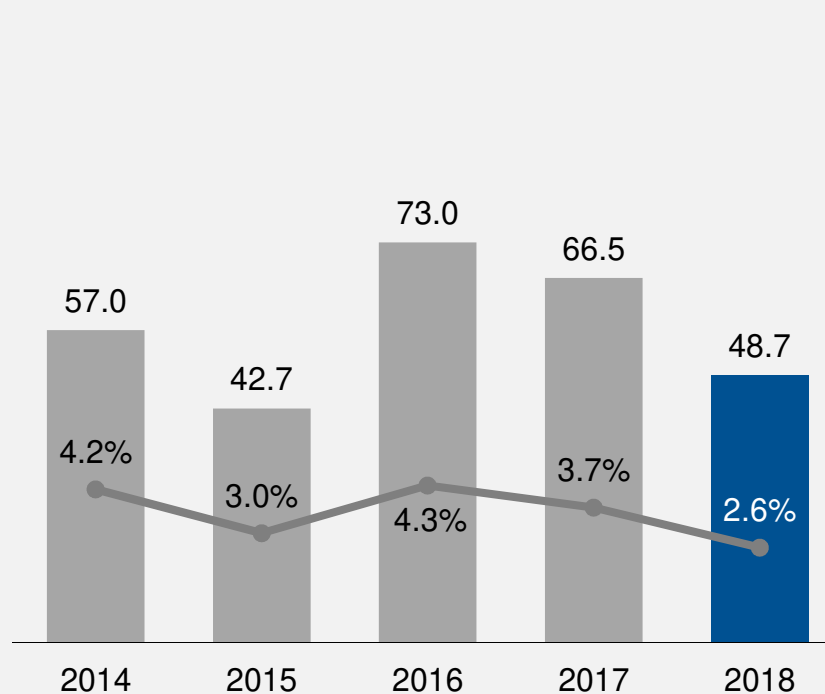


Operating EBIT
[in € million]



- Weak car sales impact on operating EBIT
- Commercial Vehicles with high earnings growth

IFRS EBIT performance 2014 - 2018
[in € million]



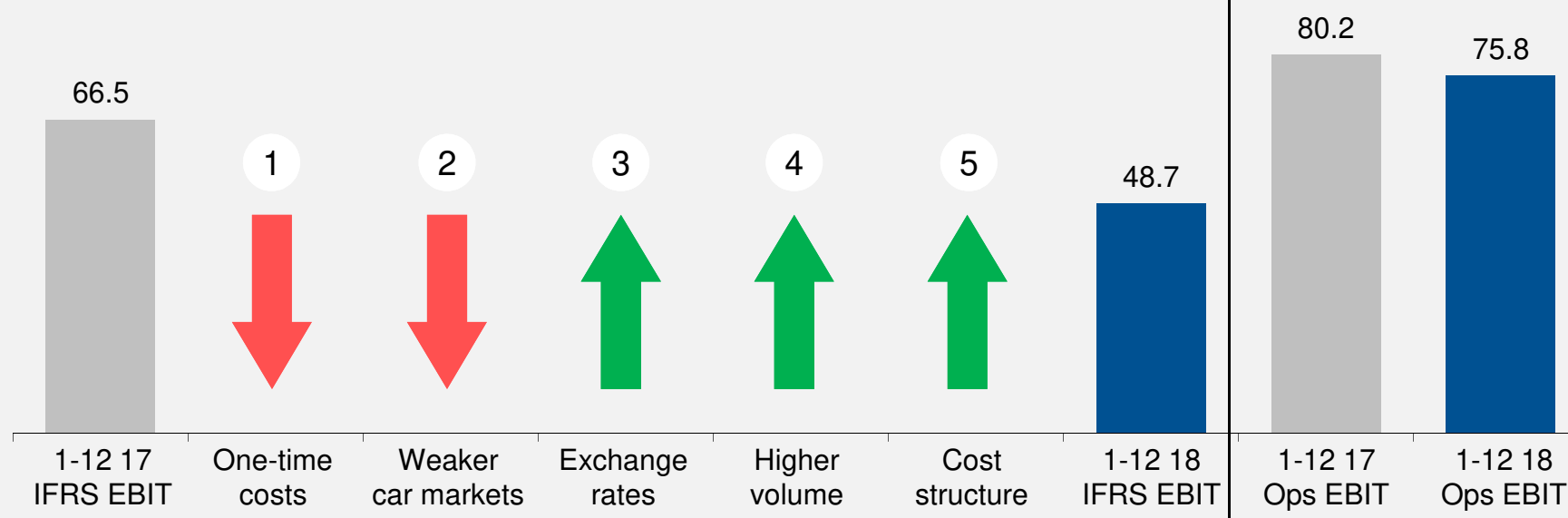
- EBIT lower due to non recurring items
- Exceptional charges of -29.9 € million

GRAMMER GROUP – FISCAL YEAR 2018

EBIT bridge 2017 to 2018



EBIT
[in € million]



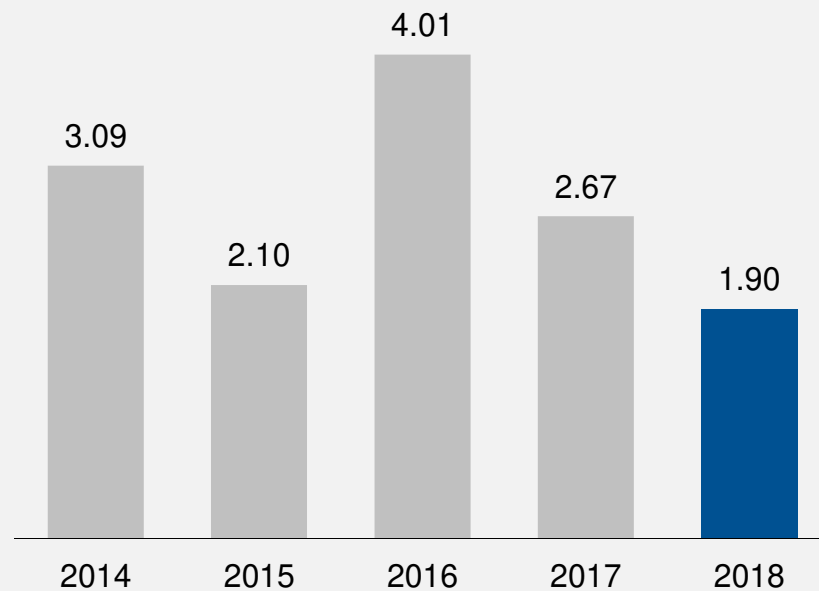
1. Non-recurring costs totaling 29.9 million €
2. Negative earnings impact from weaker car market mainly in Europe and ramp-up of different models in NAFTA region
3. Positive impact from fluctuations in exchange rates +2.8 million €
4. Positive effect on EBIT due to higher volume in the Commercial Vehicles segment
5. Positive effect on EBIT due to optimization of fixed costs and efficiency improvements esp. in Commercial Vehicles

GRAMMER GROUP – FISCAL YEAR 2018

Attractive dividend proposal



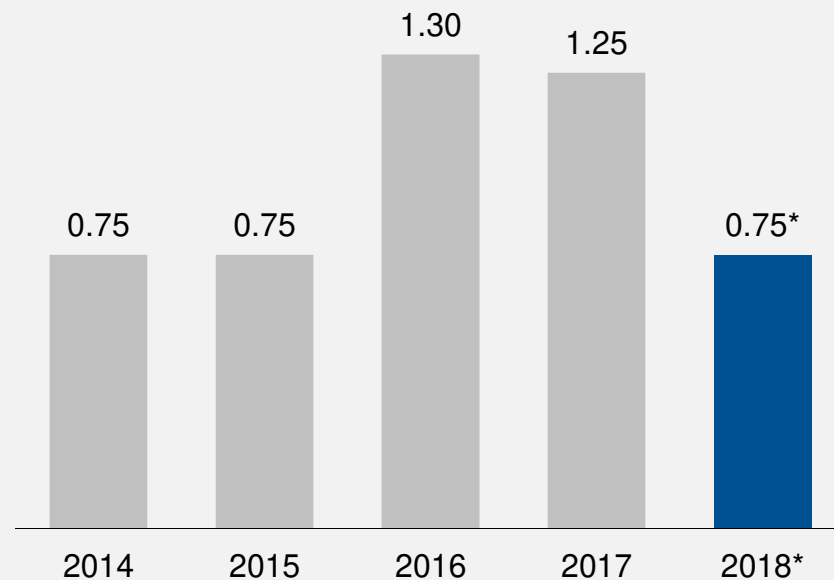
IFRS result per share 2014 – 2018*
[in €]



- IFRS EPS mainly influenced by non-recurring costs

*) Number of shares 2013 to 2016: 11.5 m shares, 2017 & 2018: 12.6 m shares

Dividend for FY 2014 – 2018
[in €]



- Payout ratio of 40% for based on FY 2018 net income

*) Proposal

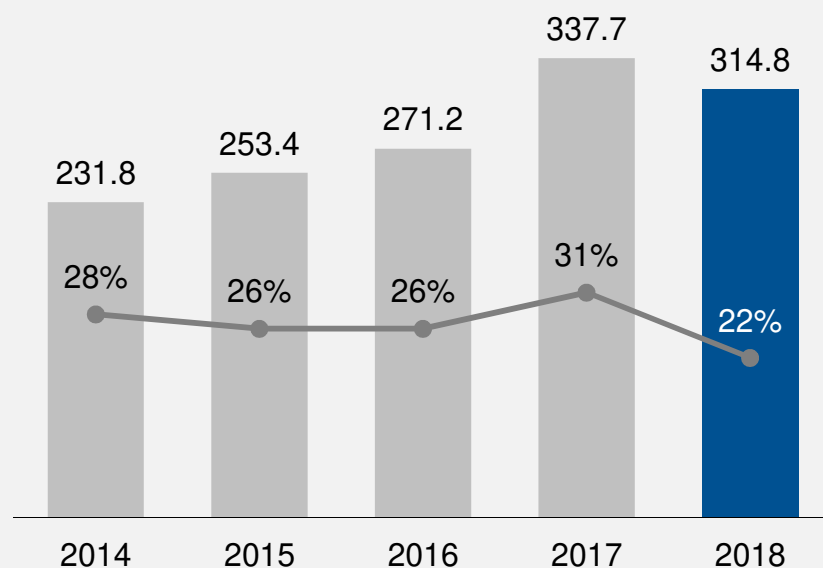
**) Based on closing price Dec 31, 2018

GRAMMER GROUP – FISCAL YEAR 2018

Balance sheet influenced by acquisition and financing of TMD

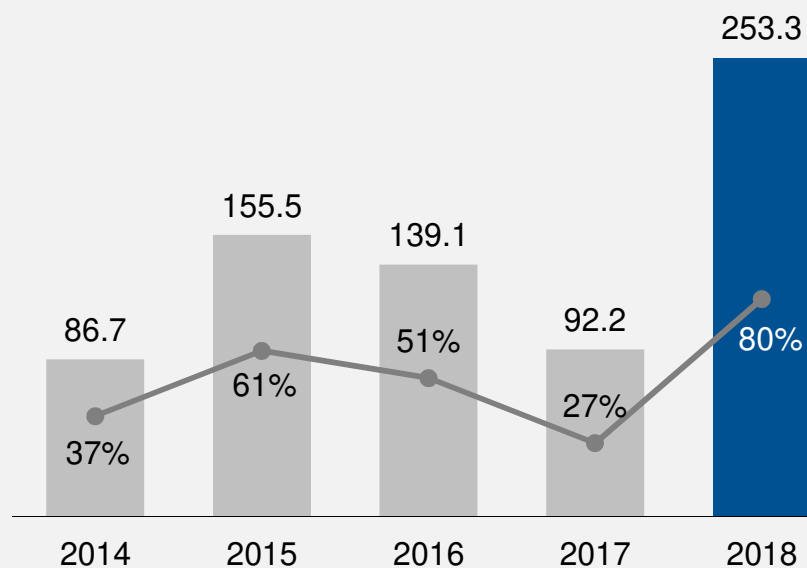


Equity and equity ratio 2014 - 2018
[in € million, as per Dec. 31]



- Equity position impacted by first time application effects of IFRS 9 and IFRS 15
- Equity ratio lower because of acquisition financing

Net financial liabilities and gearing 2014 - 2018
[in € million, as per Dec. 31]



- Continued solid financing situation despite higher liabilities because of TMD acquisition
- Financial leverage* per 31.12.2018: 2.5x

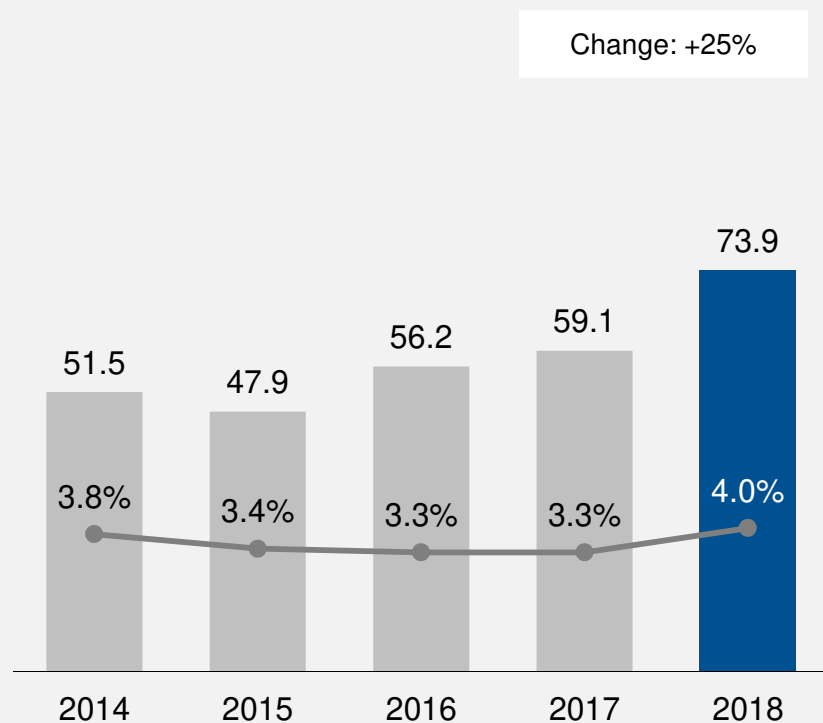
*) Financial leverage = net financial liabilities / EBITDA

GRAMMER GROUP – FISCAL YEAR 2018

Continued high investments. Strong increase of operating cash flow

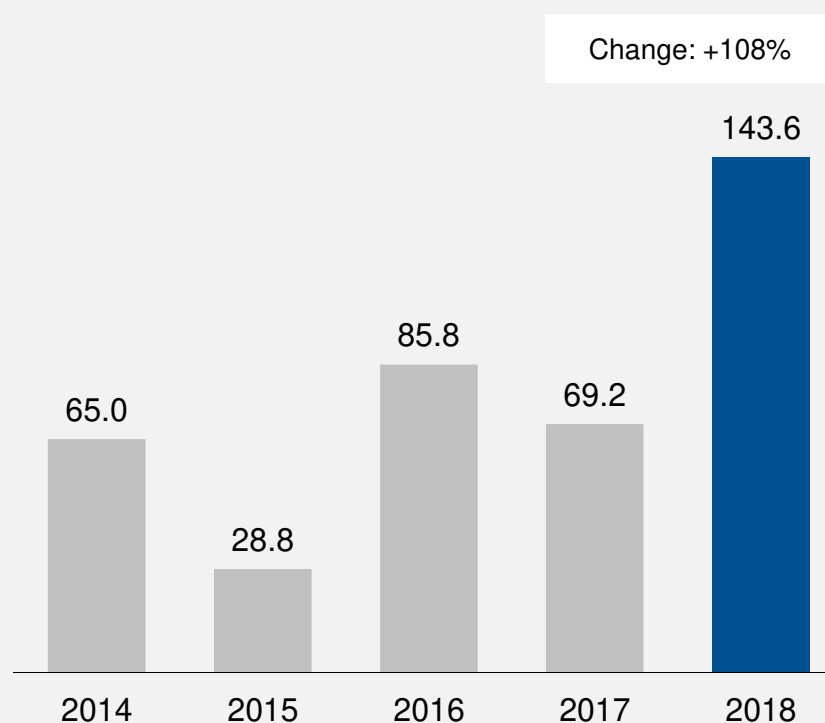


Investments and investment ratio 2014 - 2018
[excl. M&A, in € million, in % of revenue]



- Investments in production capacities and process optimisation in all regions
- Investment for new building for Technology Center and Corporate HQ

Operating cash flow 2014 - 2018
[in € million]



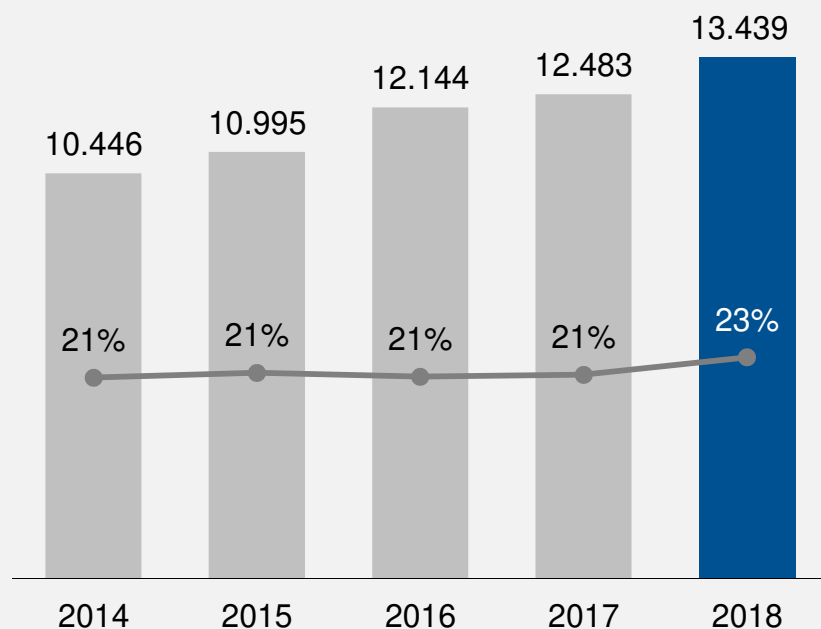
- Considerable increase of cash flow despite lower EBIT
- Working capital management strongly improved

GRAMMER GROUP – FISCAL YEAR 2018

Employees

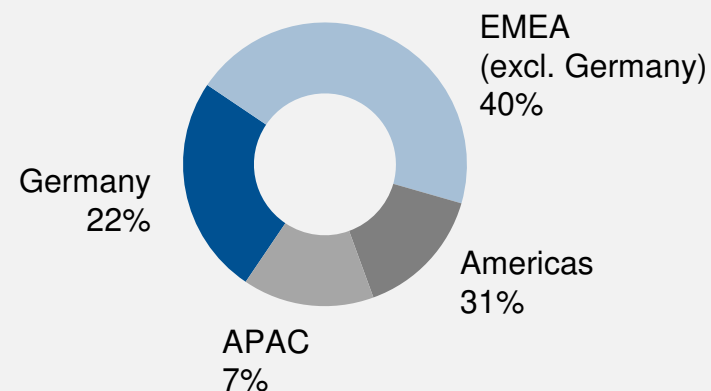


Employees and personnel cost ratio 2014 - 2018
[yearly average, personnel costs in relation to sales, in %]



- Increase in employee numbers due to built up of production capacity in NAFTA region and consolidation of TMD Group per October 1, 2018

Employees 2018, by region
[in %]



Employees 2018 in high and low-wage countries
[in %]



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GRAMMER Automotive
Fiscal Year 2018

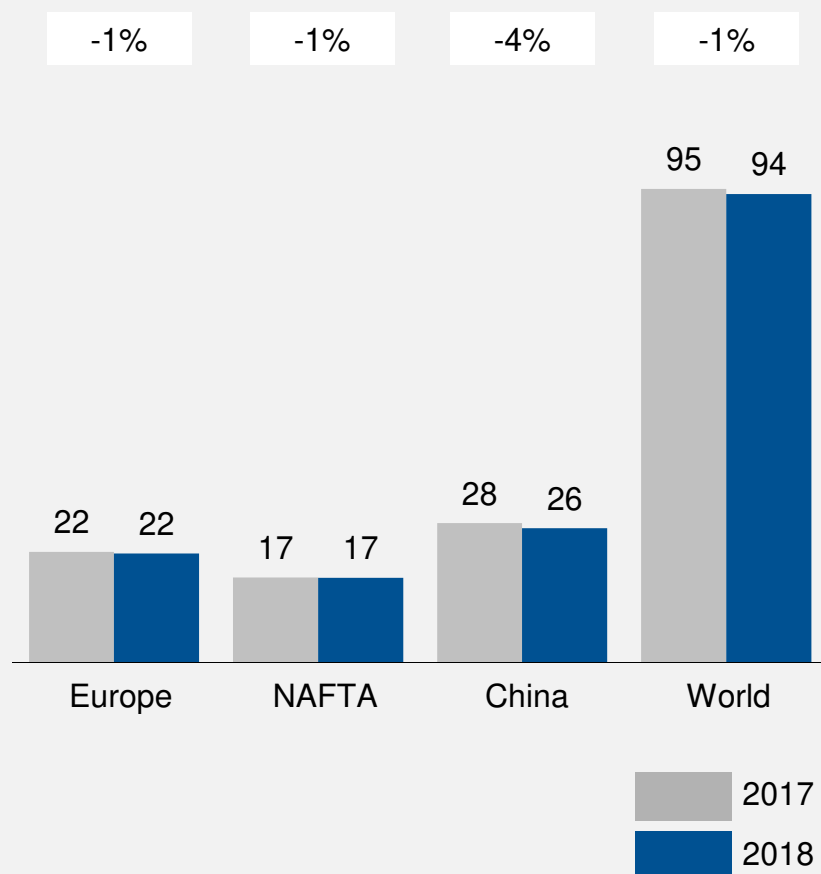


GRAMMER AUTOMOTIVE – FISCAL YEAR 2018

Worldwide car production in reverse gear

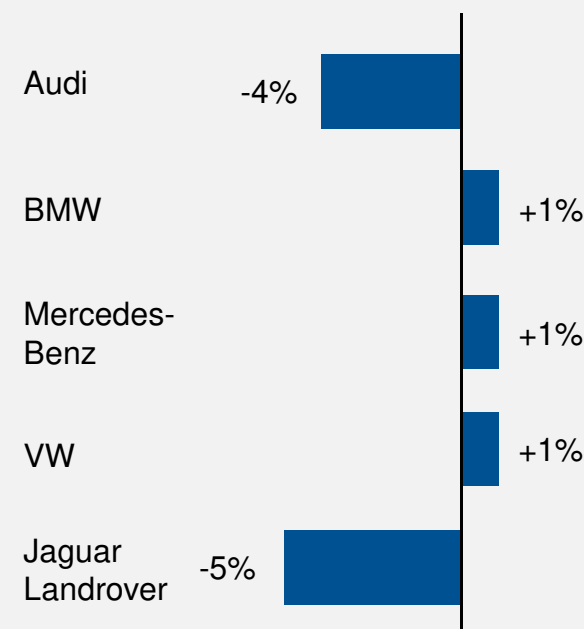


Worldwide car production
[in million units]



Source: IHS, Januar 2019

Car sales of selected manufacturers in 2018
[in %, compared with previous year]



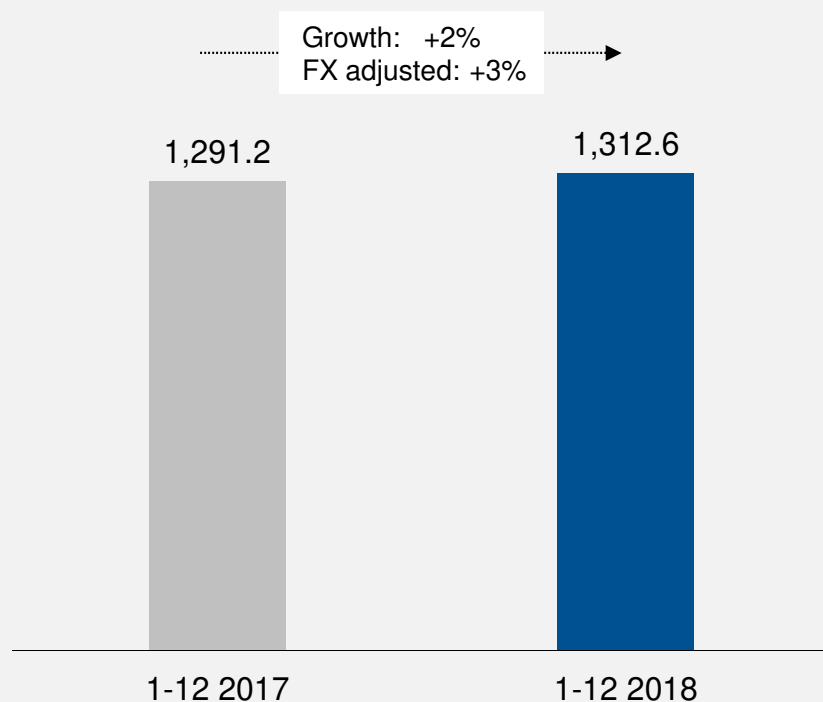
Source: Company website

GRAMMER AUTOMOTIVE – FISCAL YEAR 2018

Sales development influenced by EU market weakness and TMD acquisition

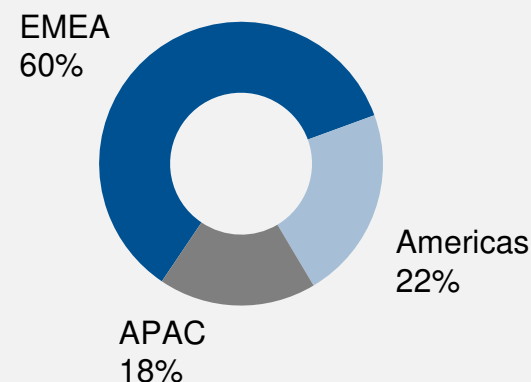


Sales
[in € million]

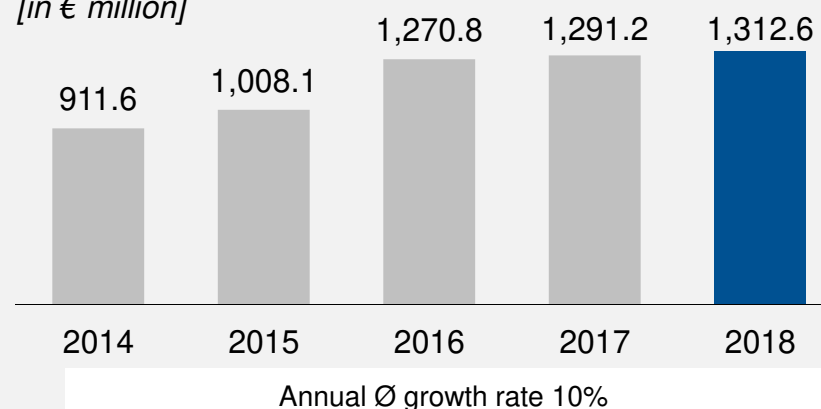


- Sales growth in US due to TMD acquisition
- Reduction in Europe because of weak car markets
- Negative FX impact on sales of -18 million €

Sales 2018, by region
[in %]



Sales development 2014 - 2018
[in € million]

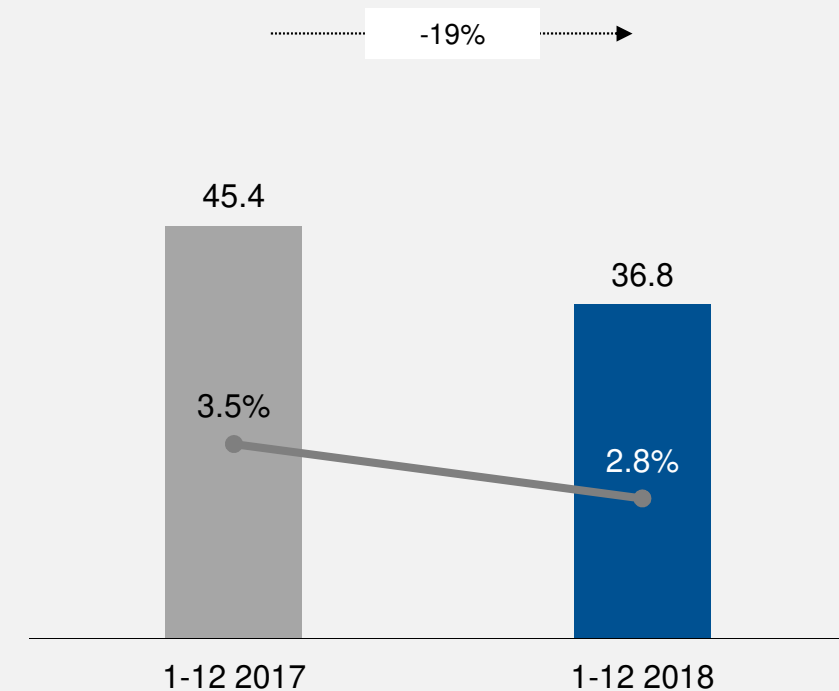


GRAMMER AUTOMOTIVE – FISCAL YEAR 2018

Weak car markets in Europe have impact on EBIT

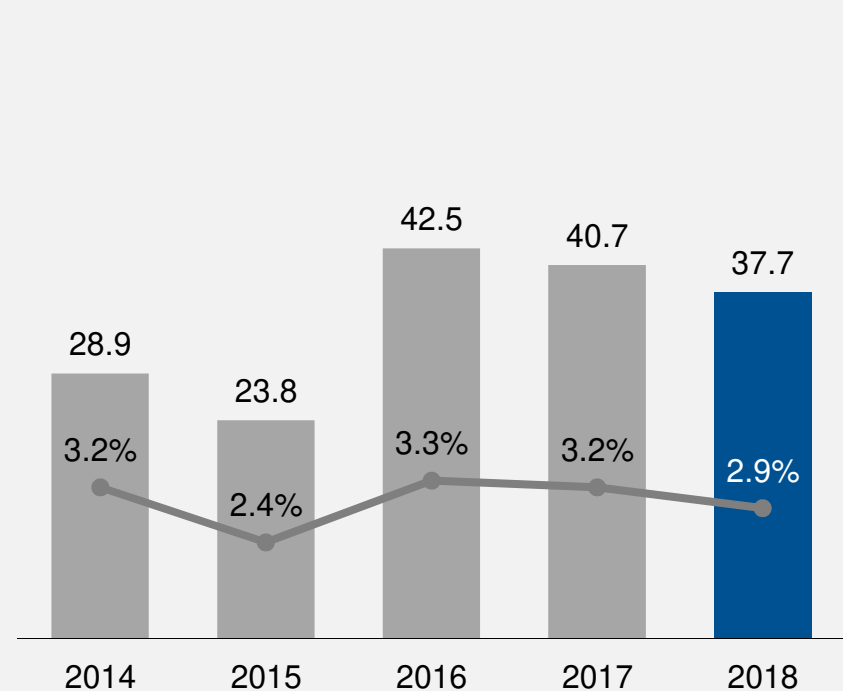


Operating EBIT
[in € million]



- Operating performance determined by car market weakness in Europe and ramp up in NAFTA region

IFRS EBIT performance 2014 - 2018
[in € million]



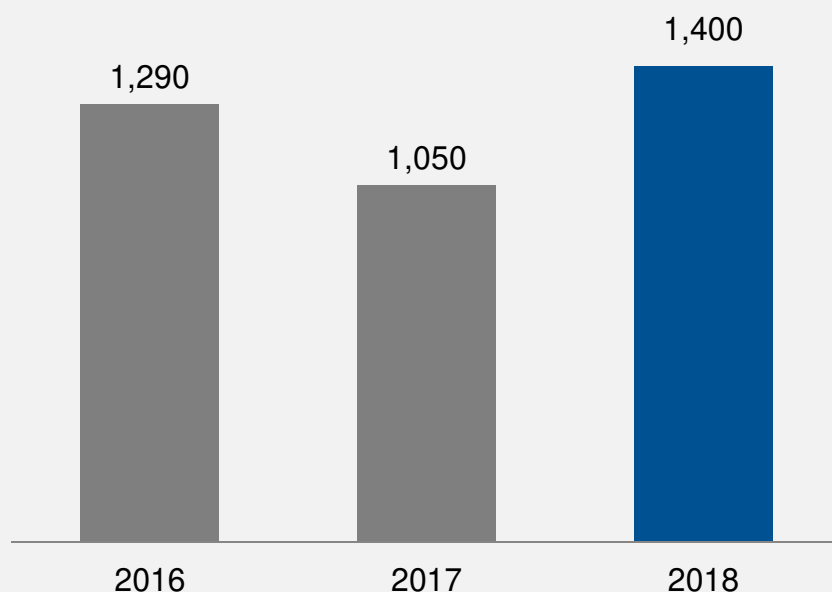
- IFRS EBIT almost on level of previous year despite weak car sales

GRAMMER AUTOMOTIVE – FISCAL YEAR 2018

Order intake from OEMs again fully normalized



Performance order intake 2016 - 2018 for new projects
[life-time sales, in € million]

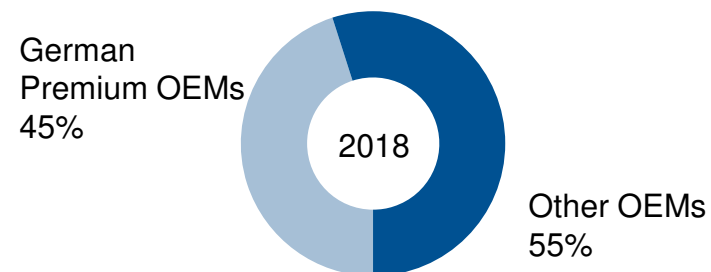


- Order intake in 2018 achieves new record with more than 1.4 billion € life-time sales
- Normalization of order intake due to stabilization of shareholder structure

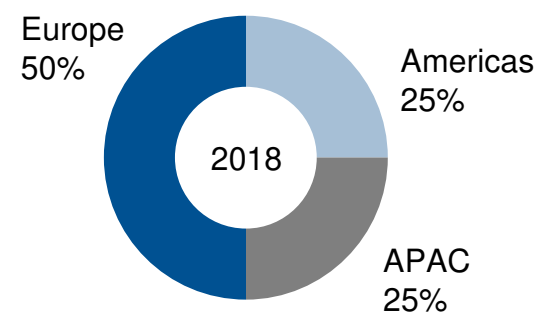
*) Life-time: projected series production sales over entire duration of the project (6-7 years)

Order intake 2018 Automotive

Breakdown by customer groups



Breakdown by region



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GRAMMER Commercial Vehicles Fiscal Year 2018

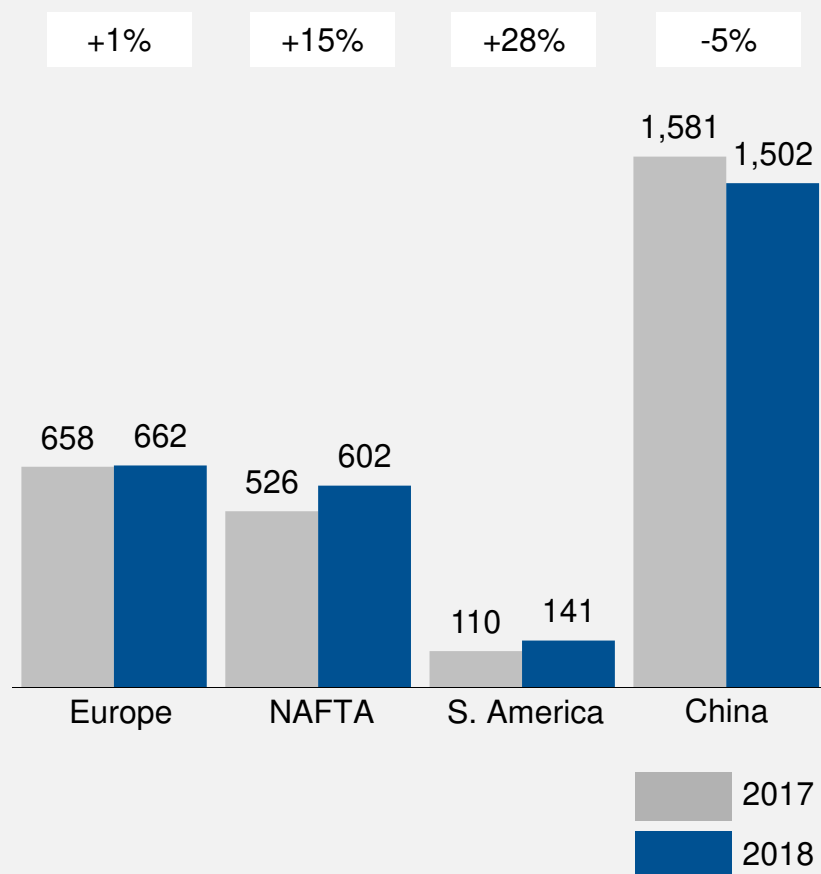


GRAMMER COMMERCIAL VEHICLES – FISCAL YEAR 2018

Markets in US and Brazil very strong. Agriculture & construction with solid growth

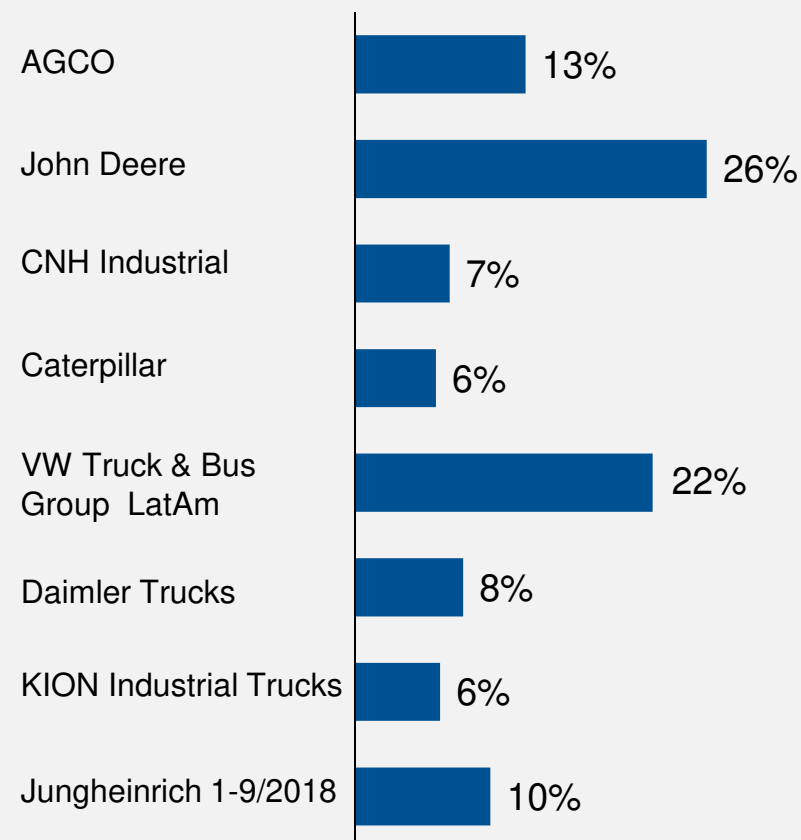


Worldwide truck production
[in 1,000 units]



Source: IHS, January 2019

Sales and turnover of 2018 of selected manufacturers
[in %, compared with the previous year]



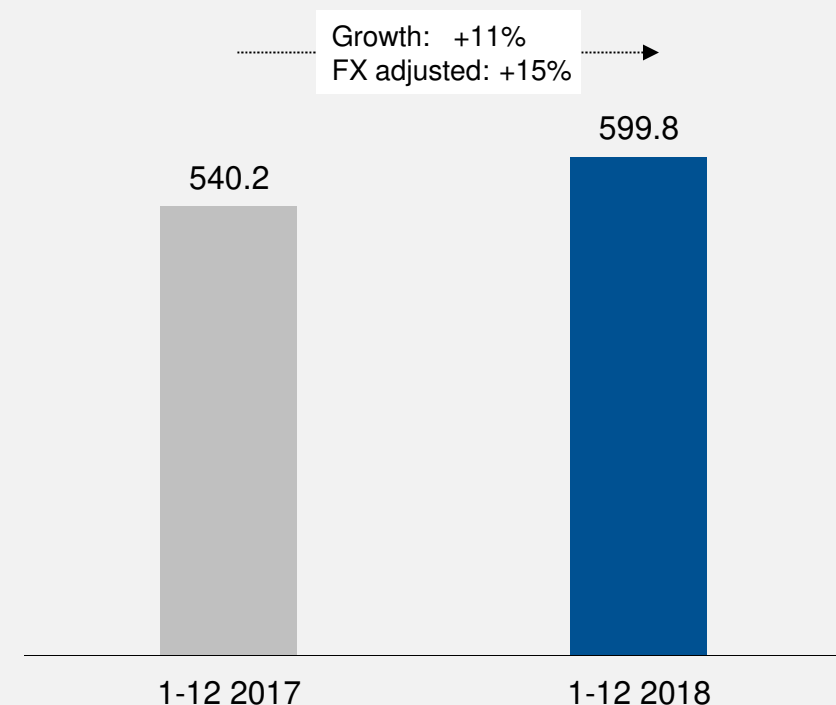
Source: Company website

GRAMMER COMMERCIAL VEHICLES – FISCAL YEAR 2018

Solid growth and expansion of market position in all segments & regions

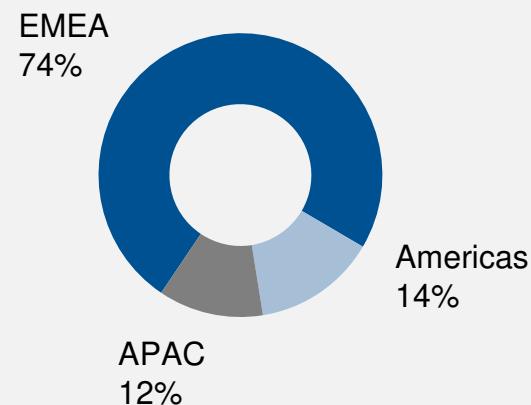


Sales
[in € million]

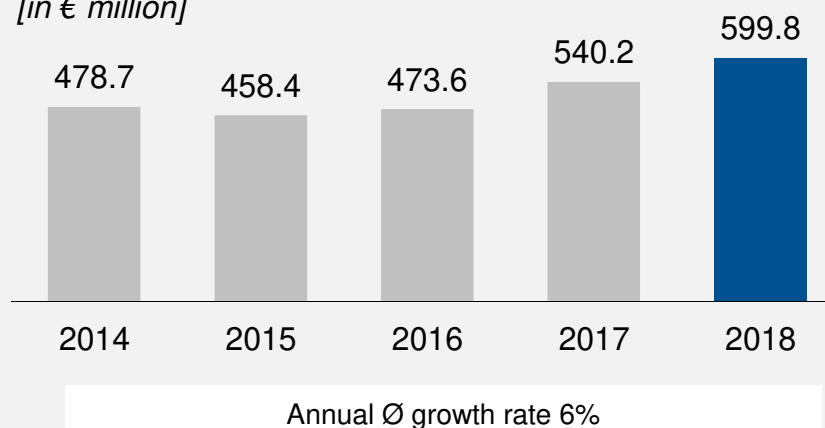


- Solid recovery in agricultural and in Brazil
- Also trucks, construction and material handling segments with solid growth
- Negative FX impact on sales of -19 Million €

Sales 2018, by region
[in %]



Sales development 2014 - 2018
[in € million]

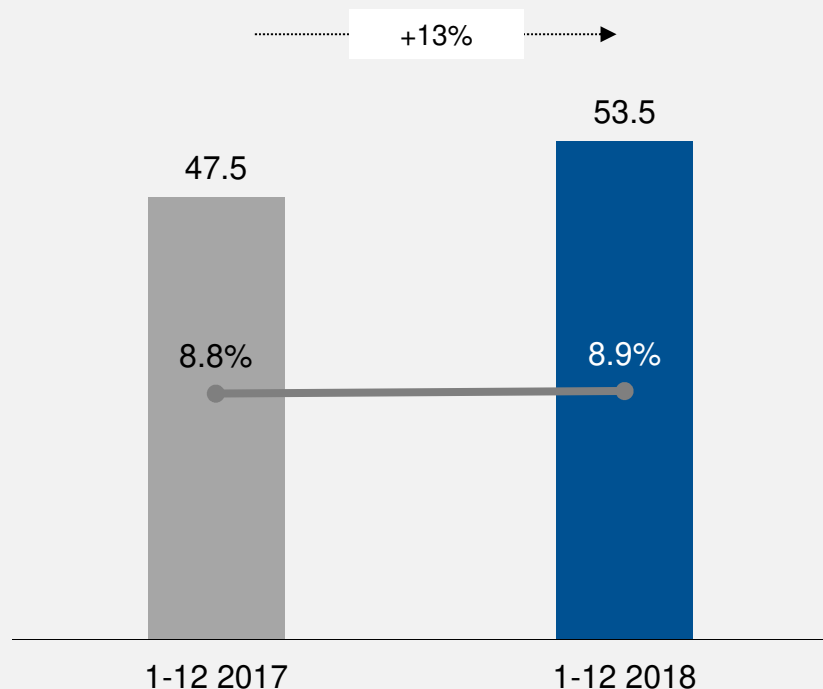


GRAMMER COMMERCIAL VEHICLES – FISCAL YEAR 2018

Continued high profitability and above average EBIT development

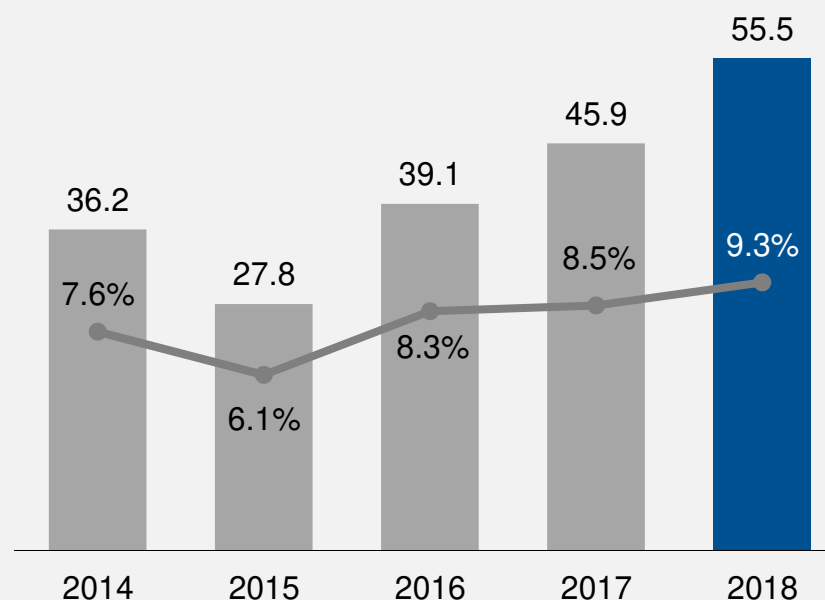


Operating EBIT
[in € million]



- Sales improvement resulted in improved EBIT due to high operating leverage
- High capacity utilisation, a stable Brazil and fixed cost optimisation contribute to very good performance

IFRS EBIT performance 2014 - 2018
[in € million]



- Despite negative FX impact on sales in 2018 EBIT and EBIT margin are higher than previous year

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Strategic Highlights Fiscal Year 2018



GRAMMER GROUP highlights 2018 – TMD GROUP

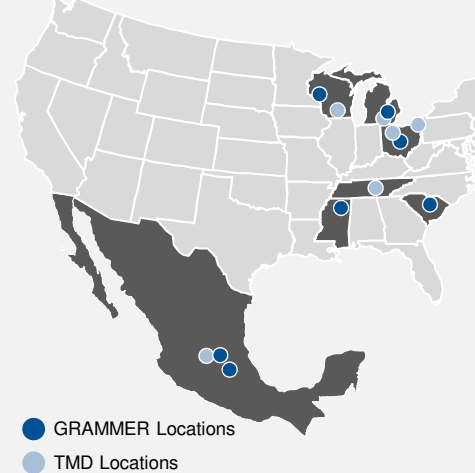
Milestone in the strategic transformation of GRAMMER Group in NAFTA region



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 & GRAMMER combined North American footprint



15 facilities
3,500+ employees
in US Northeast, Southeast
& Central Mexico

GRAMMER's & TMD's
state-of-the-art facilities
allow to serve the entire
NAFTA region in close
proximity to all key OEMs

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

GRAMMER GROUP highlights 2018 – BCA & public tender offer Jifeng

BCA secures GRAMMER's independence and future development



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)

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

Benefits

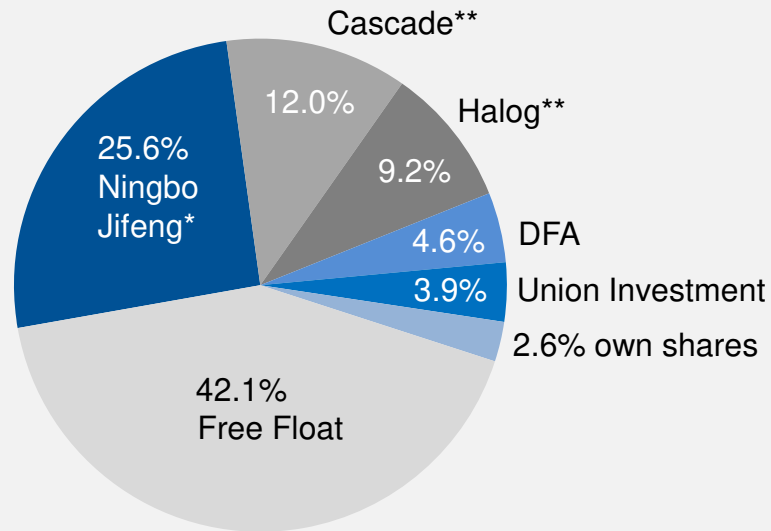
- ✓ BCA & tender offer provide opportunities and mutual benefits for both companies
- ✓ Strengthened Partnership between GRAMMER & Ningbo Jifeng
- ✓ Business Combination Agreement secures GRAMMER's Independence
- ✓ Broad set of commitments lasting up to 7.5 years
- ✓ Further Stabilization of Shareholder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

GRAMMER GROUP highlights 2018 – BCA & public tender offer Jifeng

GRAMMER AG – New stable shareholder structure after closing of tender offer

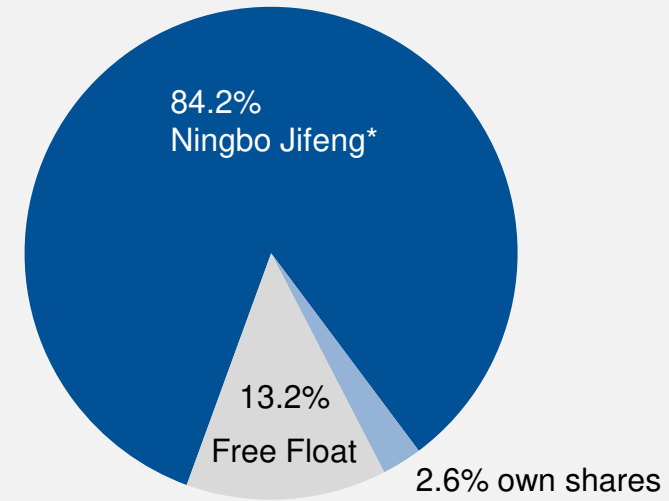


GRAMMER AG Shareholder structure
before public tender offer



*) 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

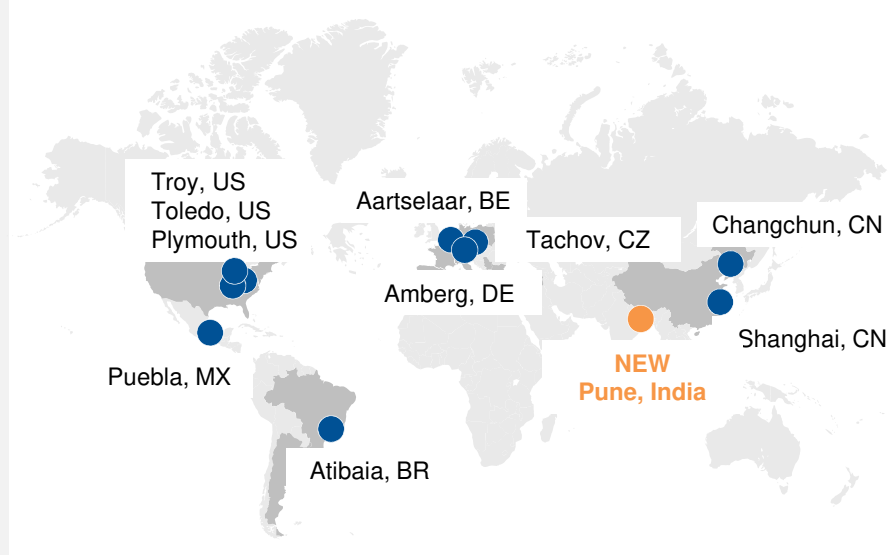
- ➔ Clear shareholder structure and intensified strategic partnership with new majority shareholder Ningbo Jifeng
- ➔ GRAMMER's customers also view the new principal shareholder very positively
- ➔ With the intensified partnership we can expect a positive contribution to GRAMMER's future development

GRAMMER GROUP highlights 2018 – New Joint Tech Center in India

AllyGrow & GRAMMER are joining forces in Pune



GRAMMER Group global R&D footprint



Impressions Joint 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

GRAMMER AG – NEW TECHNOLOGY CENTER

Technology Center in Ursensollen near Amberg strengthens leadership in innovation



Front view (animation)

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)



Construction Progress

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GRAMMER Strategy
for Profitable Growth

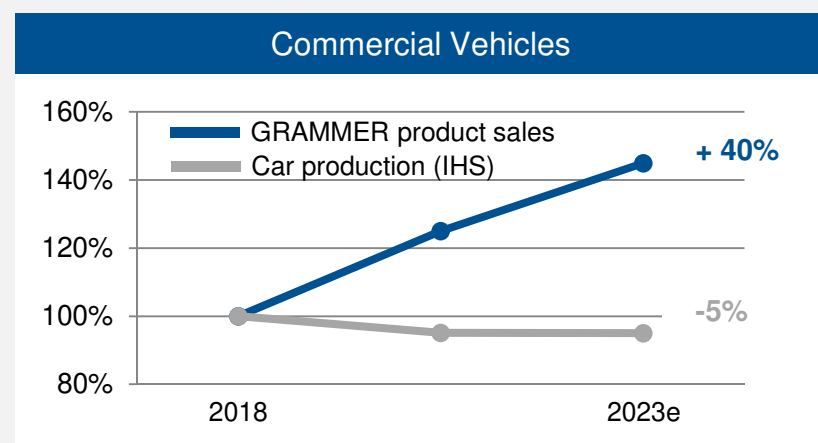
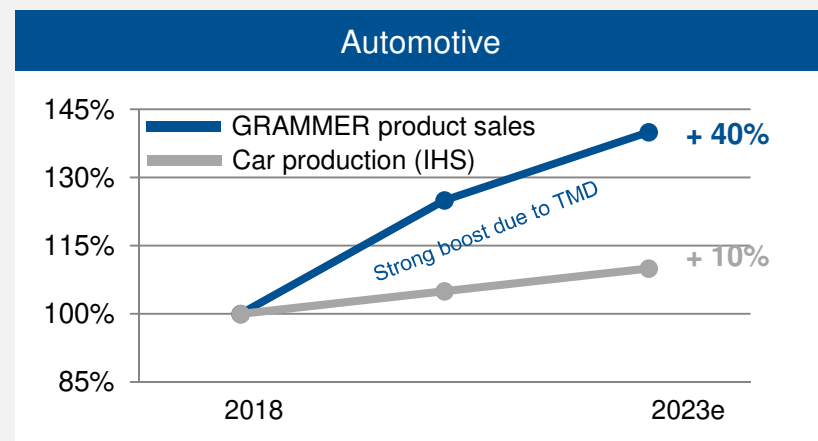


GRAMMER STRATEGY – PROFITABLE GROWTH

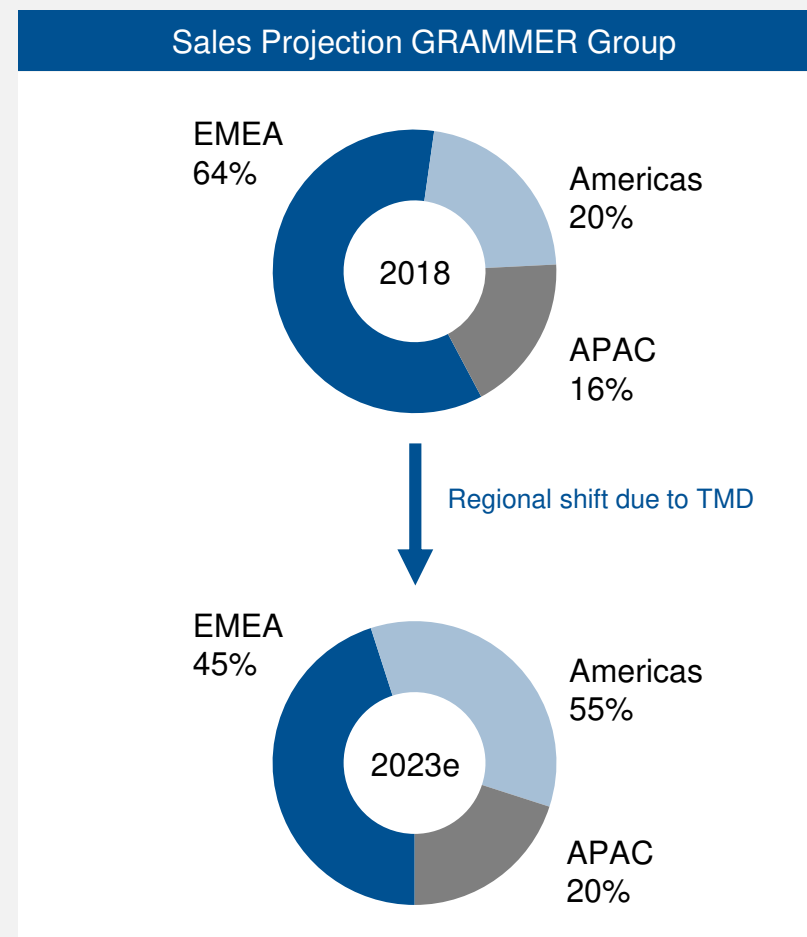
Expansion of global positioning results in additional gains in market share abroad



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

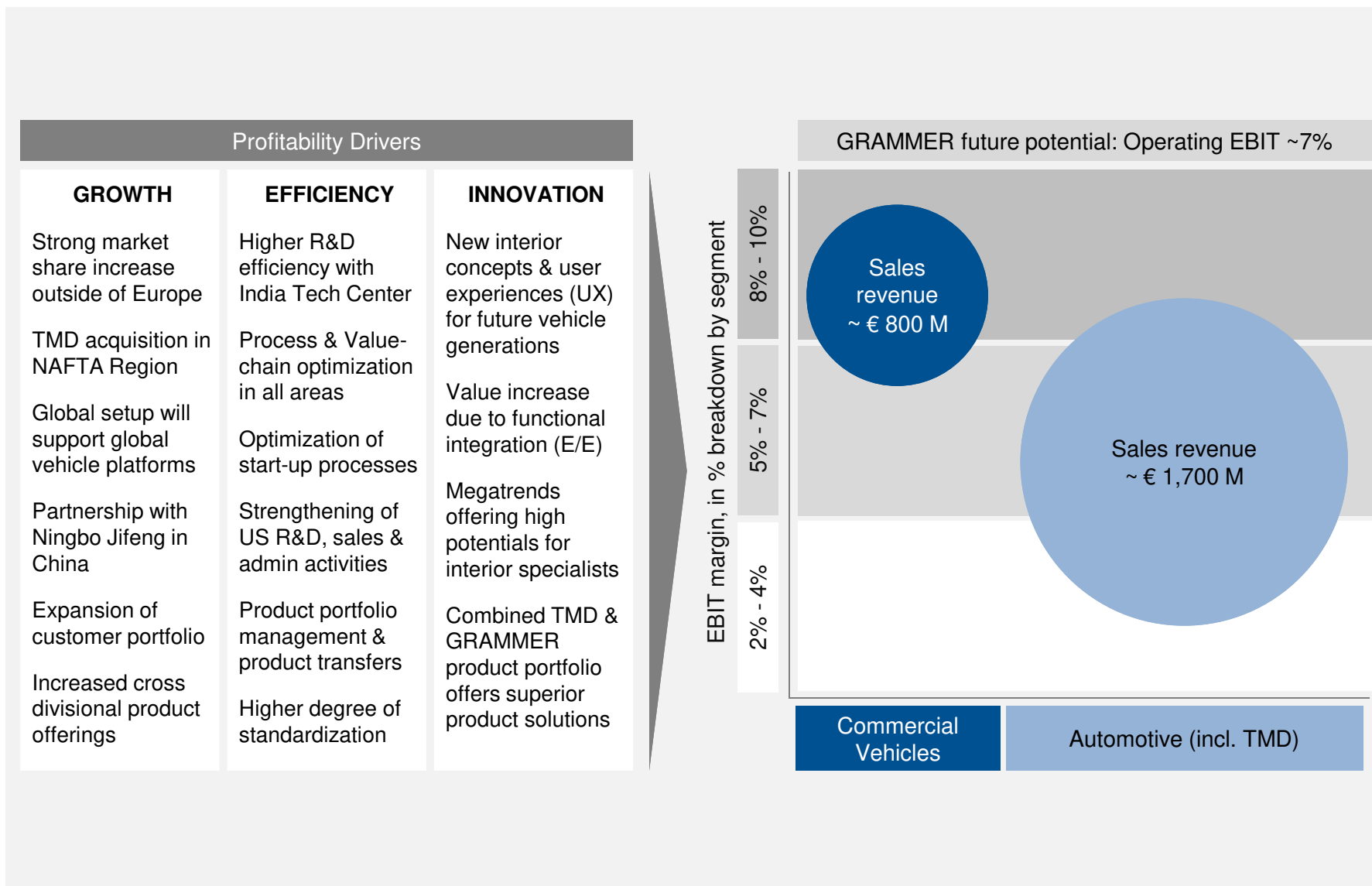


Development of sales, breakdown by region 2018 - 2023e
[in %]



GRAMMER STRATEGY – PROFITABLE GROWTH

Higher earnings potential through growth, efficiency and innovations

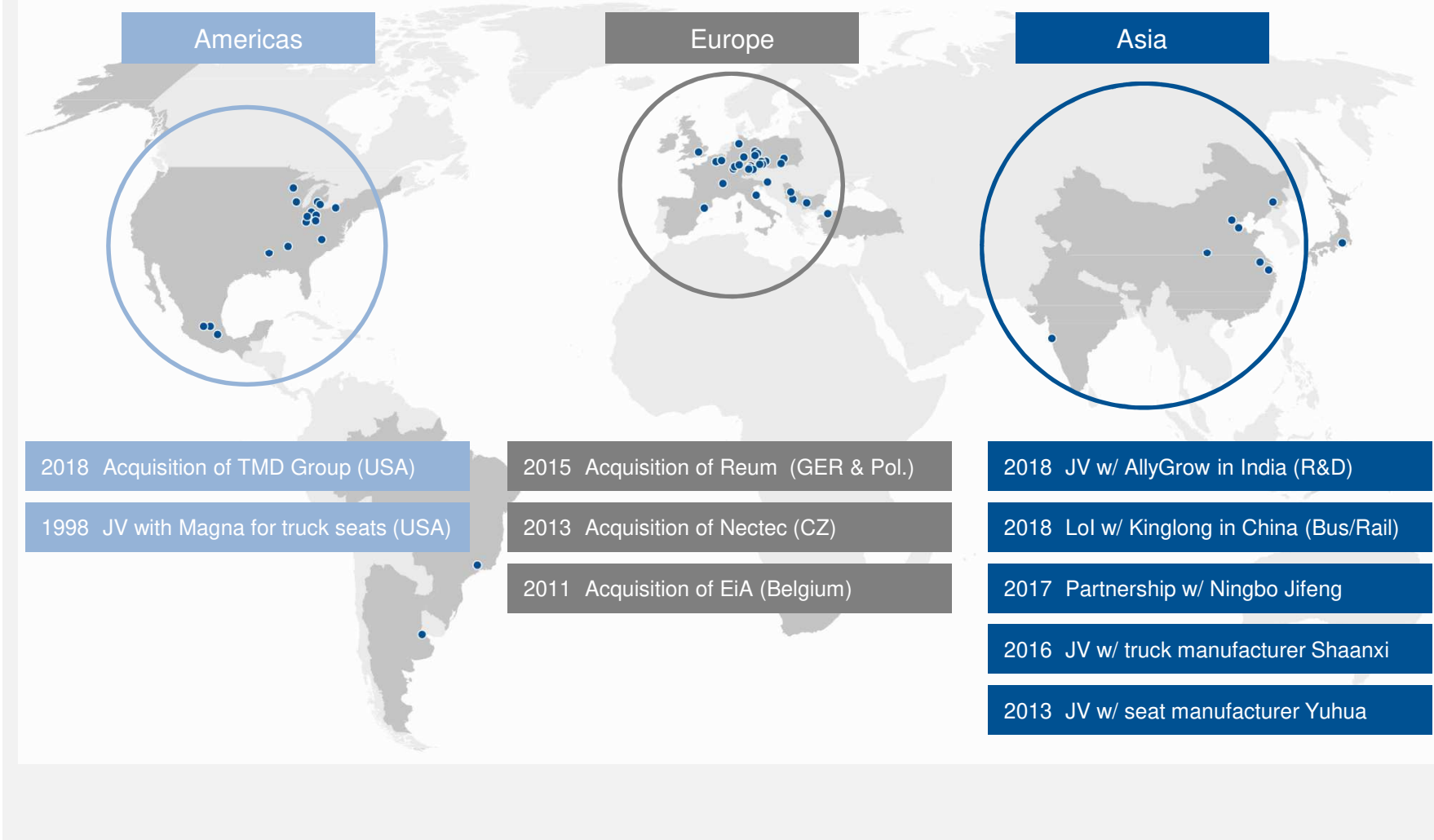


GRAMMER STRATEGY – PROFITABLE GROWTH

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



GRAMMER's M&A and JV activities



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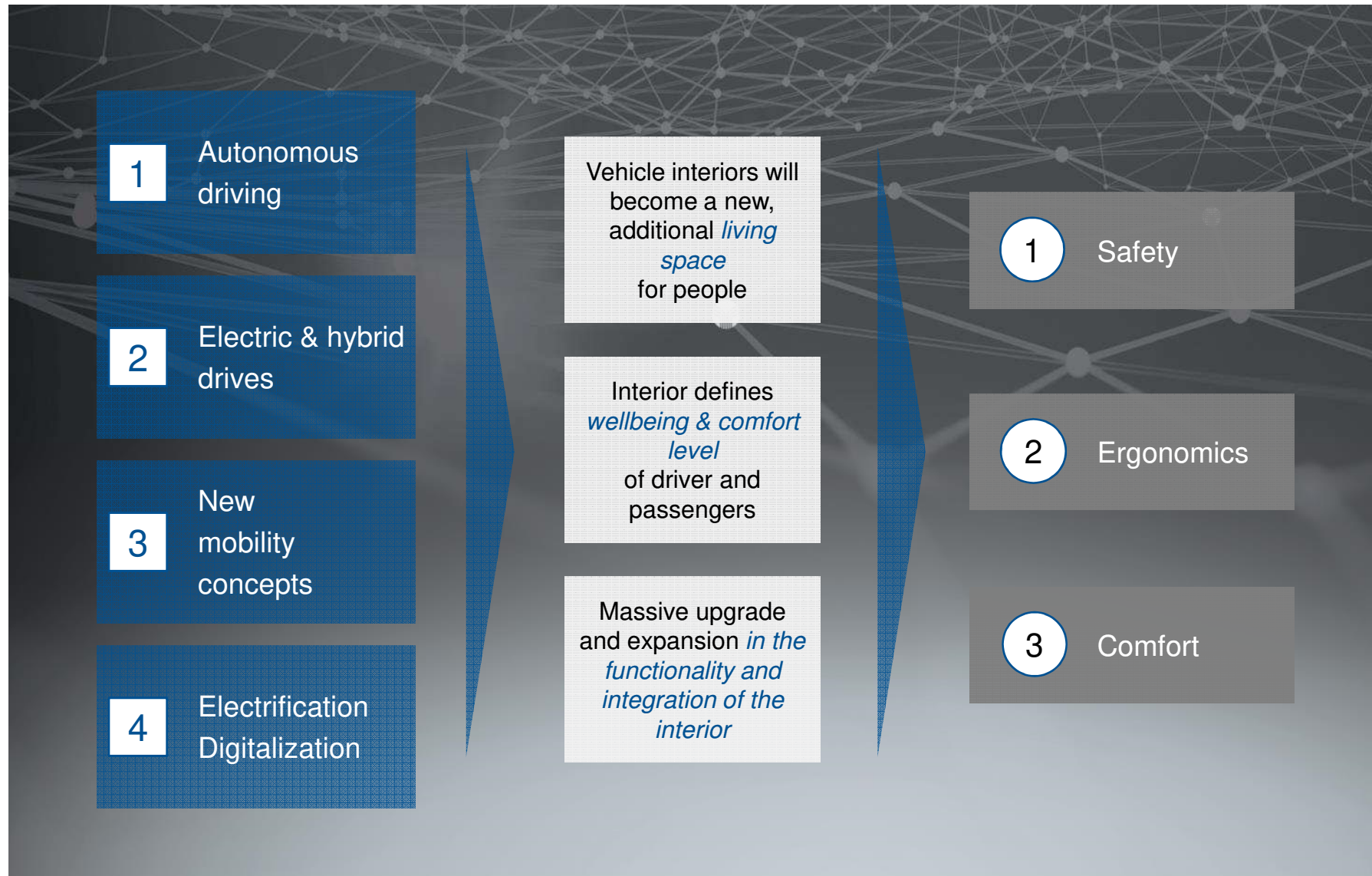


GRAMMER Strategy
for Leadership in Innovations



GRAMMER GROUP – INNOVATIONS

Megatrends offering high potentials for interior specialists



GRAMMER GROUP – INNOVATIONS

New interior concepts & user experiences (UX) for future vehicle generations

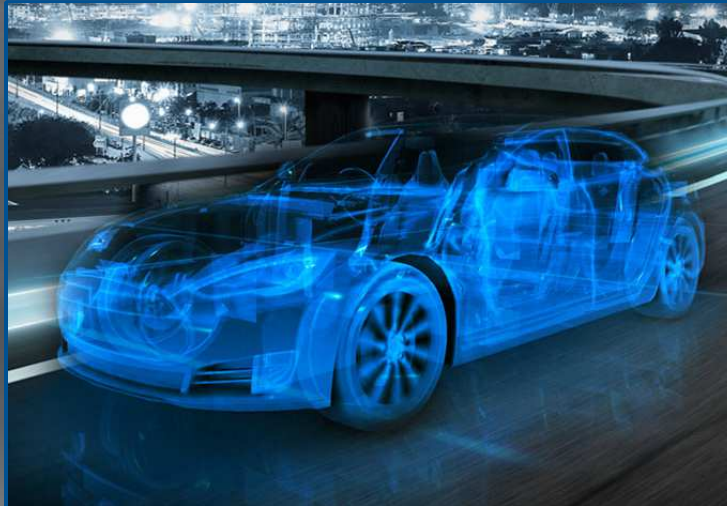


Surfaces & Materials

- ▶ 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

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 for 2019



MARKET OUTLOOK 2019

Overall positive market development



			Europe	USA	Brasil	China	World
	Worldwide car production	Source: IHS 01/2019	0%	-1%	+6%	+2%	+1%
	Worldwide truck production	Source: IHS 01/2019	+6%	+6%	+10%	-10%	-1%
	Agricultural machinery	Source: John Deere 01/2019	+/-0%	0 to +5%	0 to +5%		
		Source: AGCO 12/2018	+/-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 11/2018	> 10% growth				

GRAMMER GROUP – OUTLOOK 2019

Further growth and improved profitability expected



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

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Appendix



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GRAMMER KONZERN – APPENDIX

Financial Calendar and IR contact information



Financial Calendar 2019

Interim Management Statements Q1 / 2019	May 14, 2019
Annual General Meeting	July 12, 2019
Half-Year 2019 Report	August 06, 2019
Interim Management Statements Q3 / 2019	November 12, 2019

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GRAMMER Share Basic Data

ISIN	DE0005895403
WKN / Code	589540 / GMM
Number of shares	12,607,121
Market cap [December 31, 2018]	475 € million

GRAMMER GROUP – APPENDIX

Key figures full year 2018 and Q4 2018



<i>[IFRS, in € million]</i>	1-12 2018	1-12 2017	Chg.	Q4 2018	Q4 2017	Chg.
Group Revenue	1,861.3	1,786.5	4.2%	502.1	447.6	12%
EBITDA	101.0	116.0	-13%	37.4	33.3	12%
EBITDA-Margin	5.4%	6.5%	-1.1%-P	7.4%	7.4%	0%-P
EBIT	48.7	66.5	-26.8%	20.8	20.7	0.5%
EBIT-Margin	2.6%	3.7%	-1.1%-P	4.1%	4.6%	-0.5%-P
Operating EBIT	75.8	80.2	-5.5%	19.2	21.6	-11%
Operating EBIT-Margin	4.1%	4.5%	-0.4%-P	3.8%	4.8%	-1%-P
Profit after taxes	23.2	32.4	-28%	8.3	6.7	-24%
EPS in €	1.90	2.67	-29%	0.67	0.55	22%
Total Assets	1,441.4	1,107.0	30%	1,441.4	1,107.0	30%
Equity	314.8	337.7	-7%	314.8	337.7	-7%
Equity-Ratio	22%	31%	-9%-P	22%	31%	-9%-P
Net Financial Debt	253.3	92.2	175%	253.3	92.2	175%
Gearing Ratio	80%	27%	53%-P	80%	27%	53%-P
Capex (w/o M&A)	73.9	59.1	25%	24.5	18.9	30%
Depreciation	52.3	49.5	6%	16.6	12.6	32%
Employees (month-end)	14,657	12,947	13%	14,657	12,947	13%

GRAMMER GROUP – APPENDIX

Financial key figures 5-year overview



[IFRS, in € million]

	2018	2017	2016	2015	2014
Group Revenue	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

*) proposed

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