

# ON THE MOVE



Investor Presentation  
November 2018



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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
- + High financial flexibility to fund organic growth and M&A combined with attractive dividend policy
- + Ningbo Jifeng provides stability within shareholder structure & offers additional growth potential in China

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## GRAMMER Group Corporate Overview

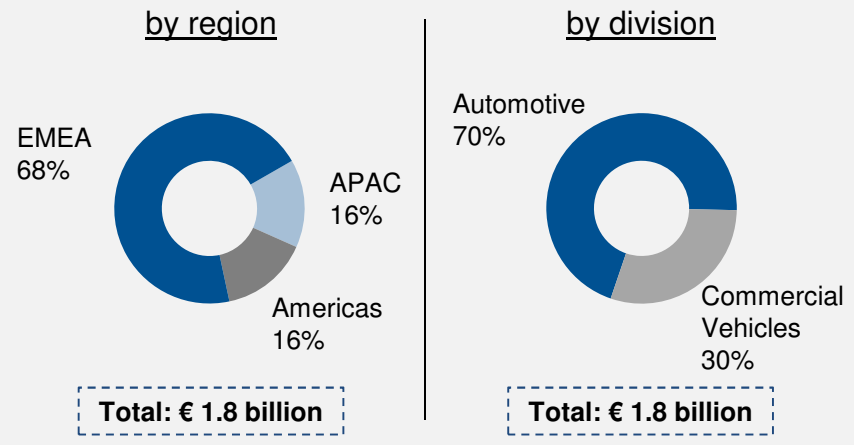


## 2 GRAMMER GROUP – KEY FACTS

Leading global player in the automotive and commercial vehicles industry



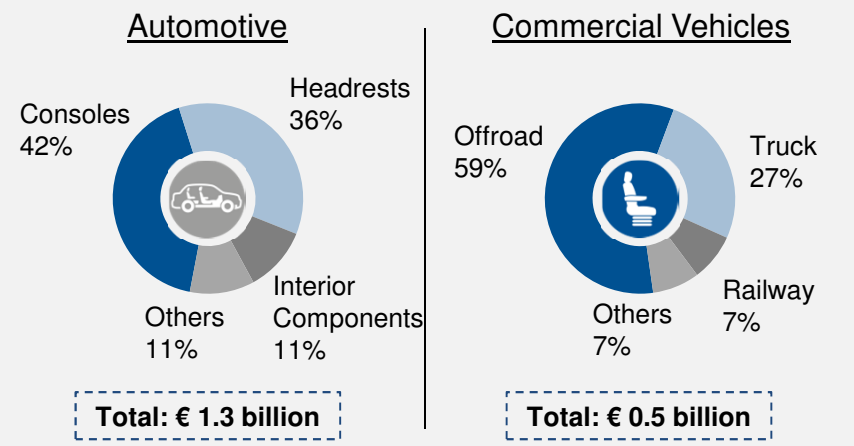
Group revenues by region and division (FY 2017)



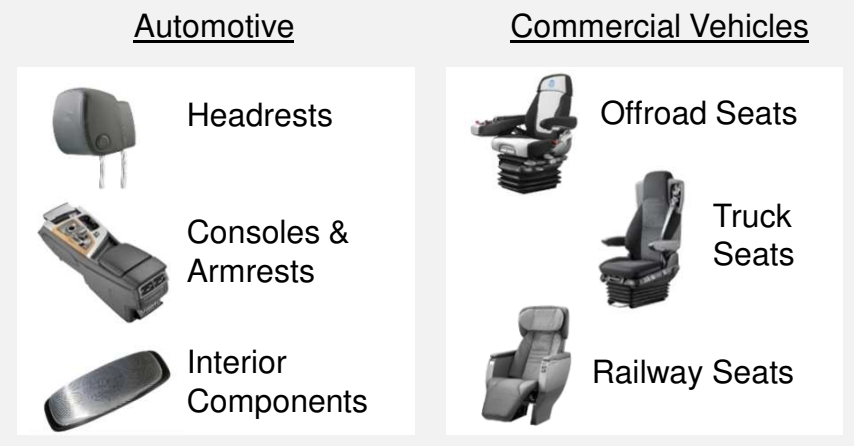
Key OEM customers



Revenues by product segment (FY 2017)



Key product segments



## 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

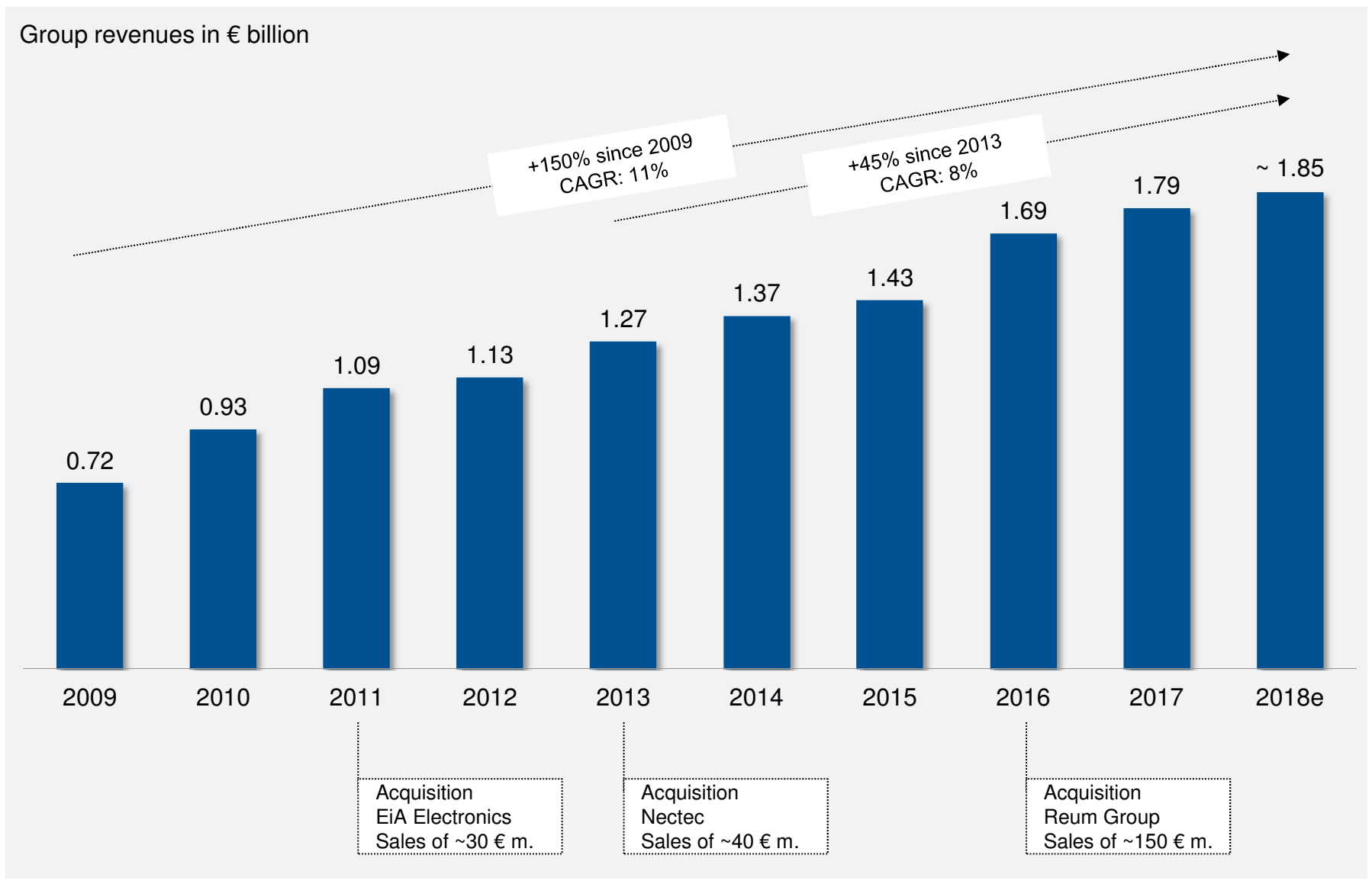
#### APAC:

- China
- Japan

	AMERICAS	EMEA	APAC	World
<b>Revenues</b> [FY 2017, € m.]	300	1,200	300	1,800
<b>Employees</b> [10/01/2018]* incl. TMD	4,000	9,000	1,500	14,500

## 2 GRAMMER GROUP – LONG-TERM GROWTH

Strong track record of global revenue growth





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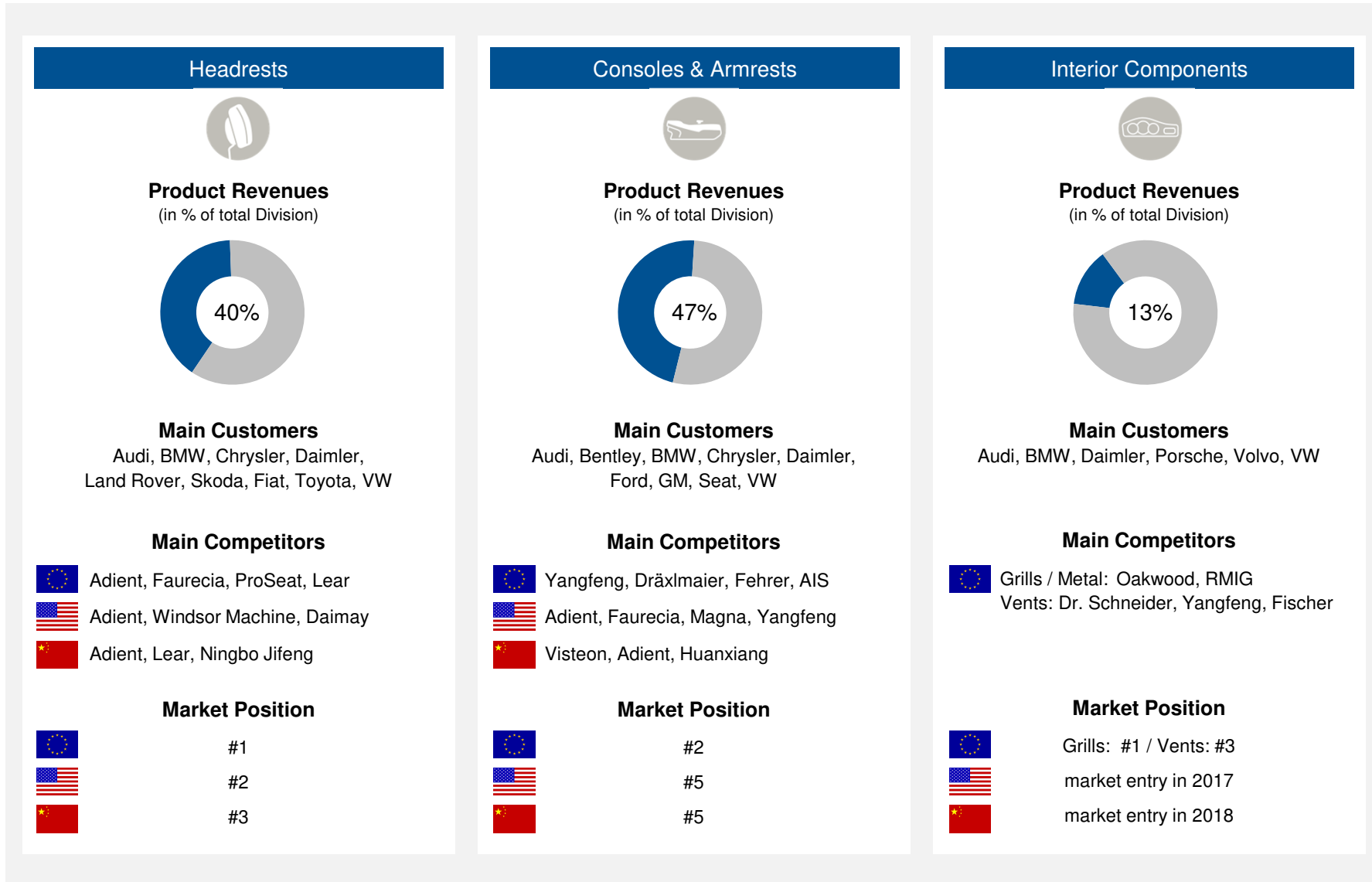


GRAMMER Group  
Product Segment Overview



# 3 GRAMMER PRODUCT SEGMENT OVERVIEW

Automotive Division



### 3 GRAMMER PRODUCT SEGMENT OVERVIEW

Premium interior components for maximum in safety, comfort & functionality



#### Headrests



#### Consoles & Armrests

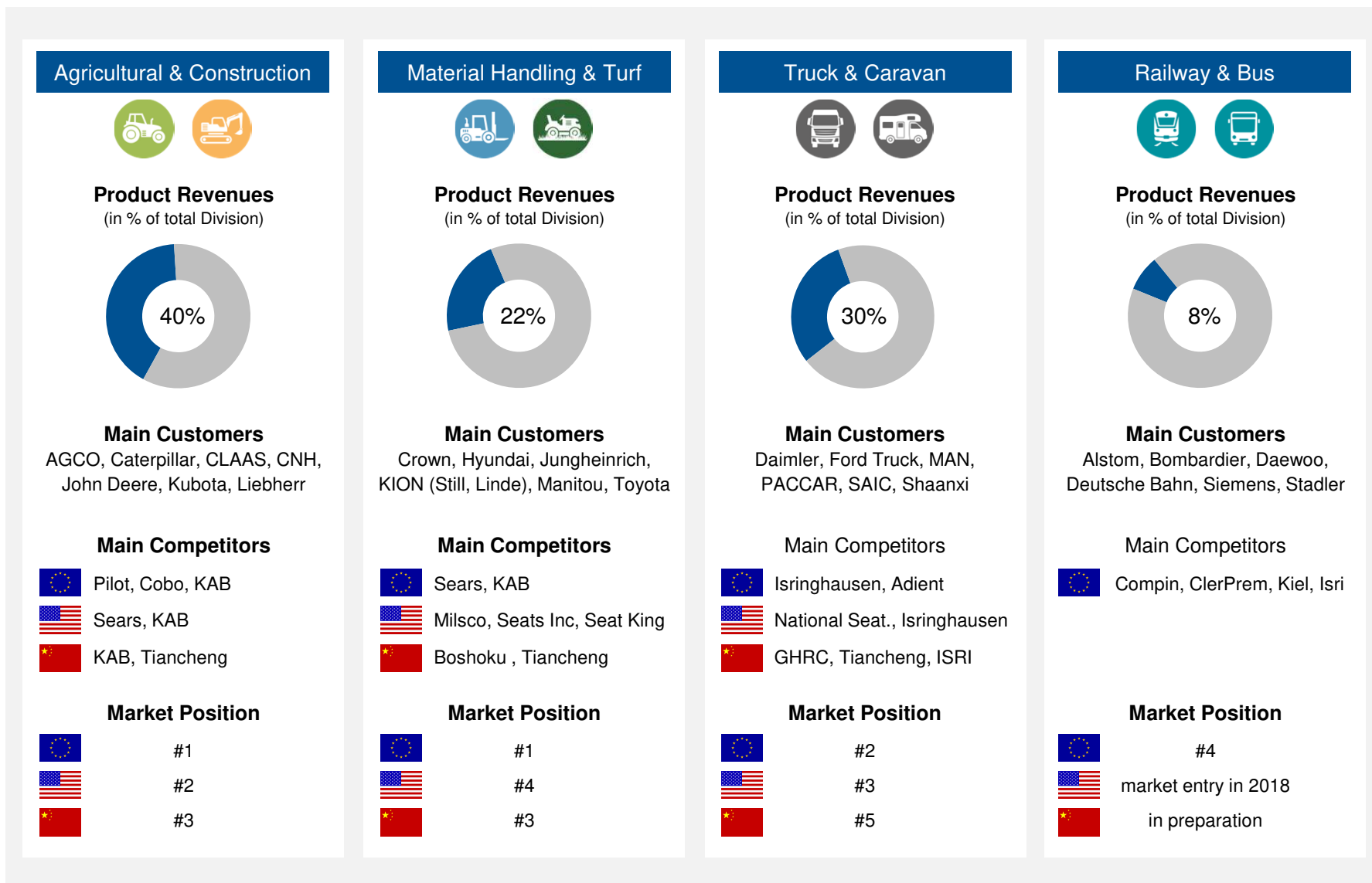


#### Interior Components



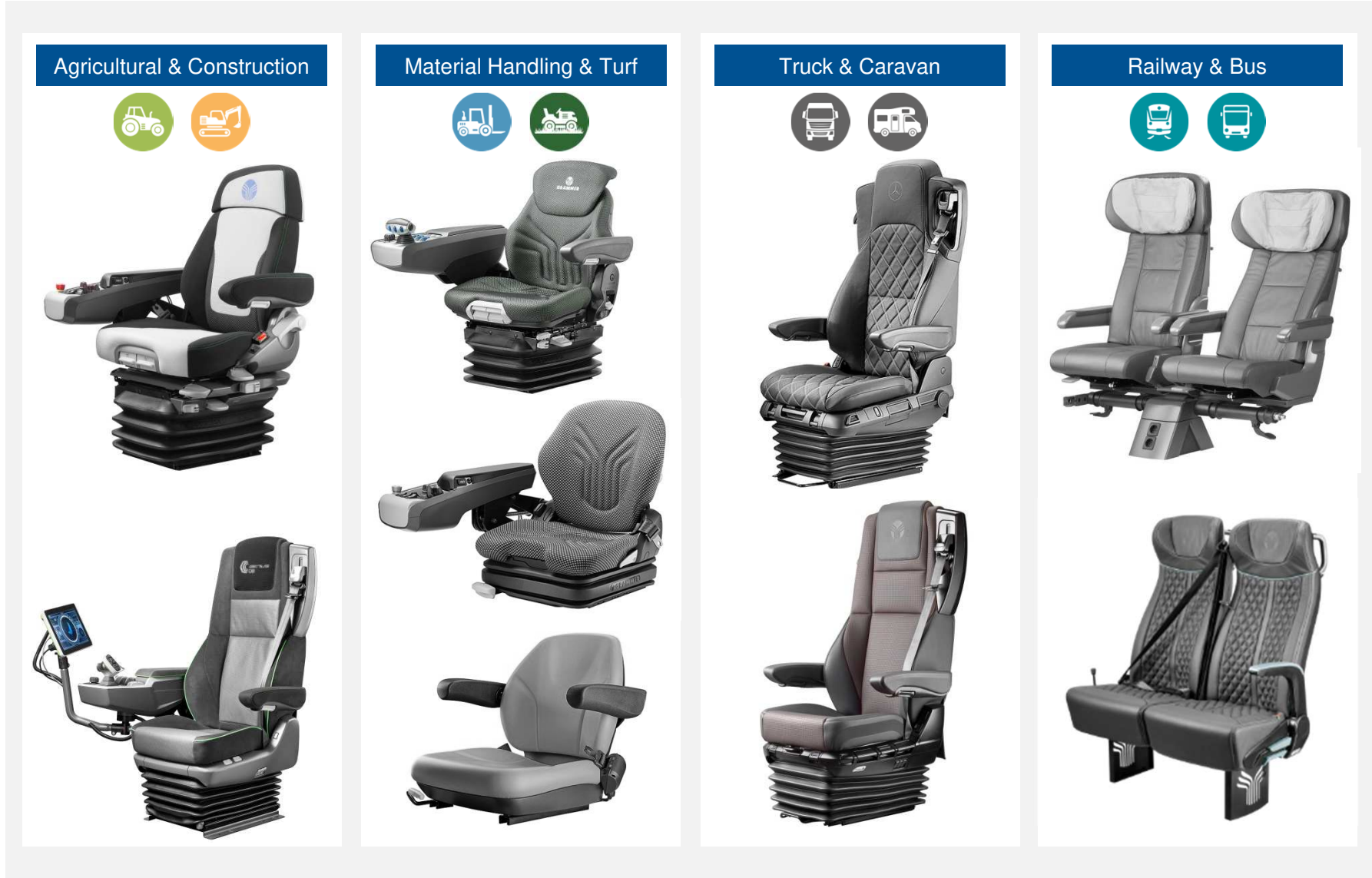
# 3 GRAMMER PRODUCT SEGMENT OVERVIEW

## Commercial Vehicles Division



### 3 GRAMMER PRODUCT SEGMENT OVERVIEW

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



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GRAMMER Group  
Highlights 2018



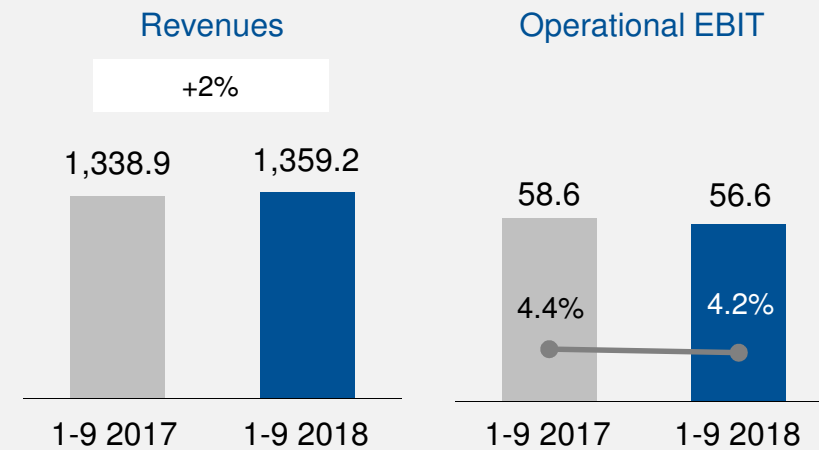


Further topline growth, but automotive market and one-time expenses burden results

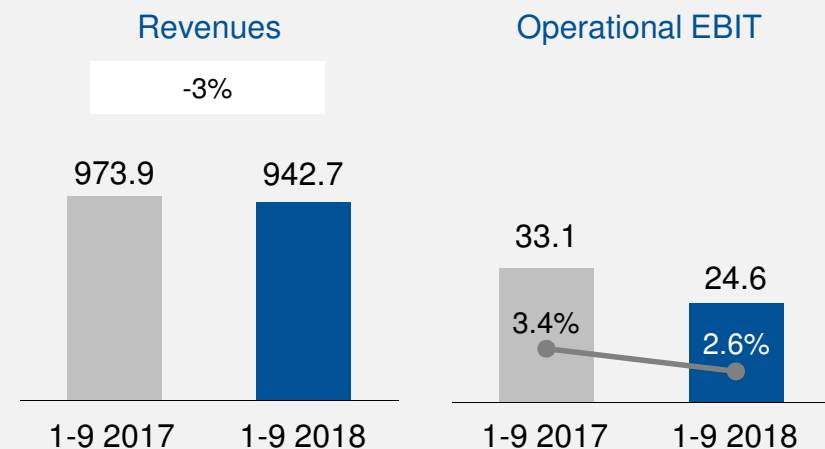
Highlights 1-9 2018

- At 1.359 € million, Group revenues 1-9 2018 exceed high 2017 levels despite negative FX impact in 2018
- FX adjusted revenue in 1-9 2018 came to 1.388 € million or + 4% vs. previous year
- IFRS EBIT and net result below previous year due to one-time expenses and market driven weaker performance of Automotive division
- Operative EBIT at 57 € million in line with previous year
- Dynamic development of Commercial Vehicles Division compensated weaker performance of Automotive Division

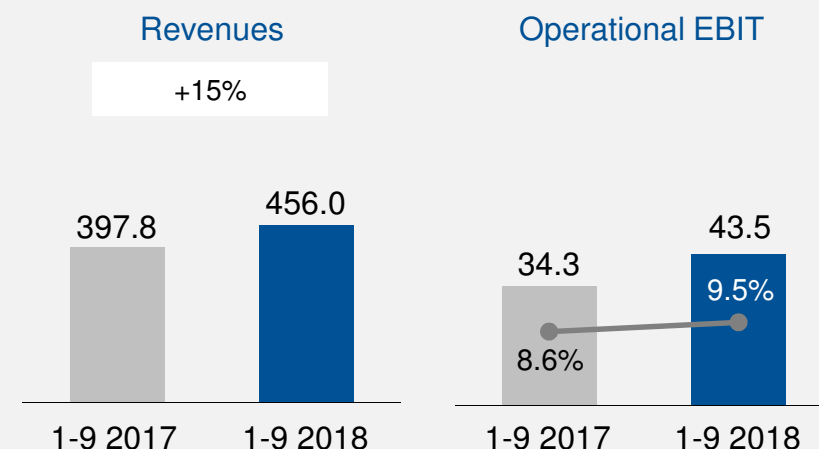
GRAMMER Group [in € m.]



Automotive Division [in € m.]



Commercial Vehicles Division [in € m.]



## 4 GRAMMER GROUP HIGHLIGHTS 1-9 2018 – ACQUISITION OF TMD GROUP

### Transaction highlights & benefits



- On May 22, 2018, GRAMMER has signed a SPA to acquire 100% of US-based Toledo Molding & Die Inc. (“TMD”)
- TMD is a specialist in developing and manufacturing highly engineered thermoplastic automotive components
- TMD is operating in the NAFTA region with 11 locations, generating annual revenues of more than 300 million USD
- Purchase Price (Enterprise Value): approx. 271 million USD
- The transaction will be fully debt financed, attractive financing conditions have been secured
- Transaction has been closed on October 01, 2018. Initial consolidation into GRAMMER Group in Q4 2018

#### Benefits & Upsides

- ✓ GRAMMER will be able to expand process know-how and technology in thermoplastic solutions and materials
- ✓ The acquisition of TMD Group will significantly strengthen the North American footprint
- ✓ TMD’s product range will expand the existing portfolio and offers further upside for the Commercial Vehicle business
- ✓ TMD Group will support GRAMMER Group’s mid-term growth and profitability targets

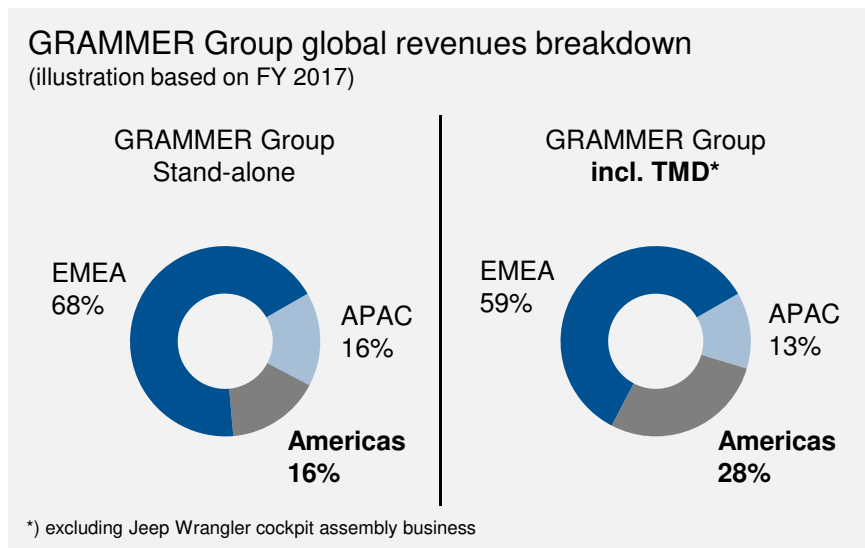
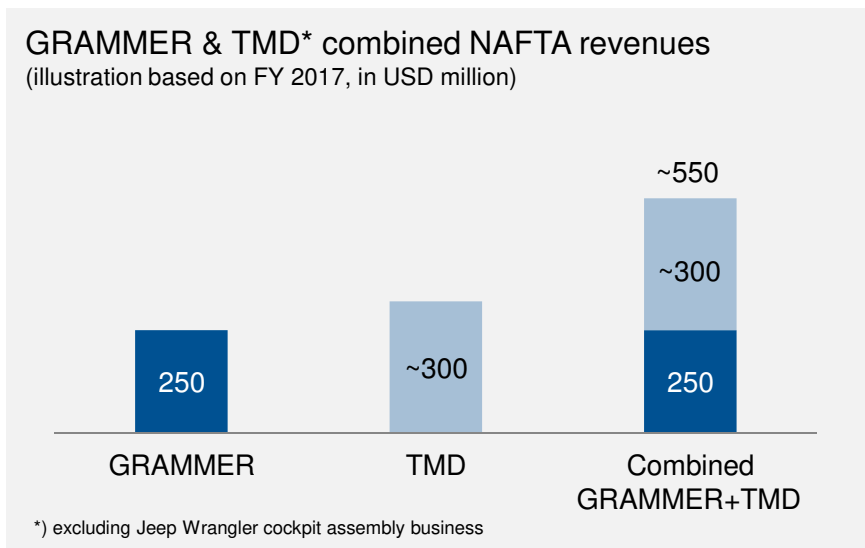
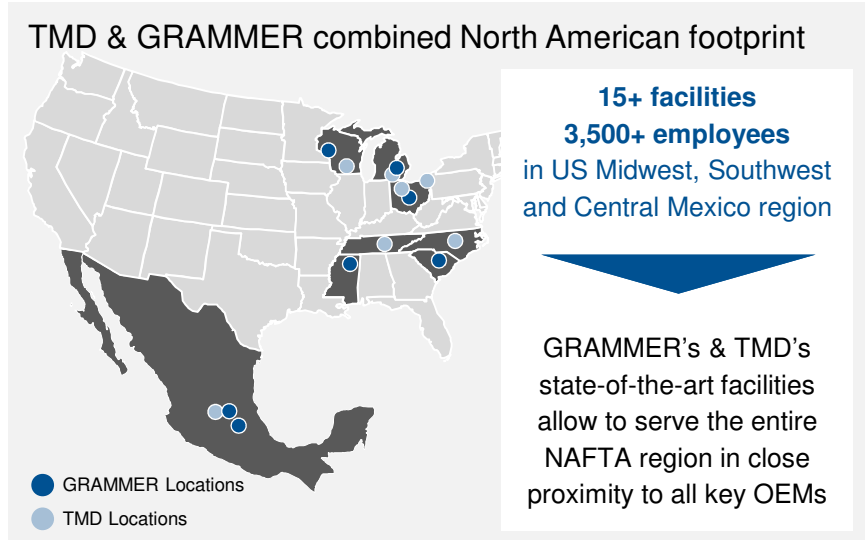
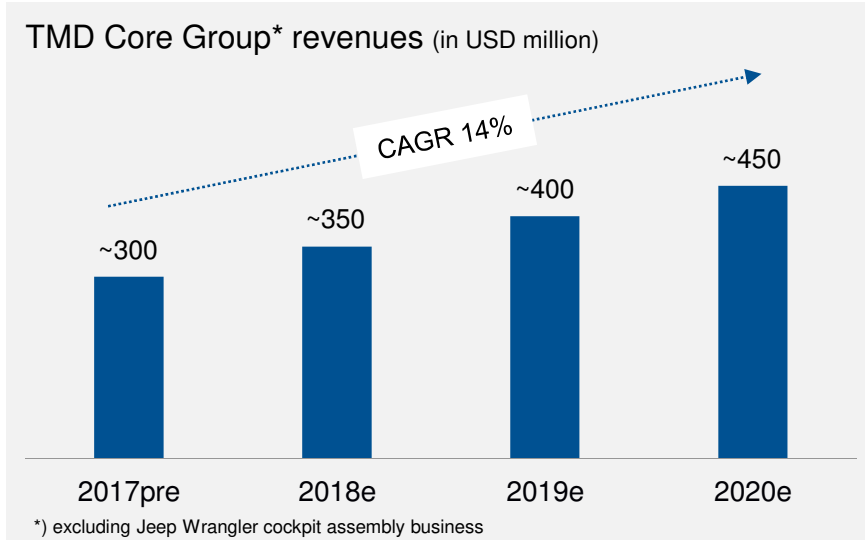
Acquisition of TMD marks the anticipated milestone in the strategic transformation of GRAMMER Group



4

# GRAMMER GROUP HIGHLIGHTS 1-9 2018 – ACQUISITION OF TMD GROUP

Transaction highlights & benefits



## 4 GRAMMER GROUP HIGHLIGHTS 1-9 2018 – BCA & PUBLIC TENDER OFFER

BCA & tender offer provide opportunities and mutual benefits for both companies



**May 29, 2018:** GRAMMER & Ningbo Jifeng\* have signed a comprehensive business combination agreement

**Jun 25, 2018:** Ningbo Jifeng has published a voluntary takeover, offering all shareholders a consideration of 60 €/share

**Aug 23, 2018:** Tender offer accepted by GRAMMER shareholders – Ningbo Jifeng new majority shareholder with 84.23%



### **Strengthened Partnership between GRAMMER & Ningbo Jifeng\*\***

Wide range of cooperation areas identified



### **Business Combination Agreement secures GRAMMER's Independence**

Broad set of commitments lasting up to 7.5 years



### **Further Stabilization of Shareholder Structure**

Ningbo Jifeng as strong anchor shareholder



### **Attractive and Immediate Value to GRAMMER Shareholders**

Premium to previous close of 18.4%

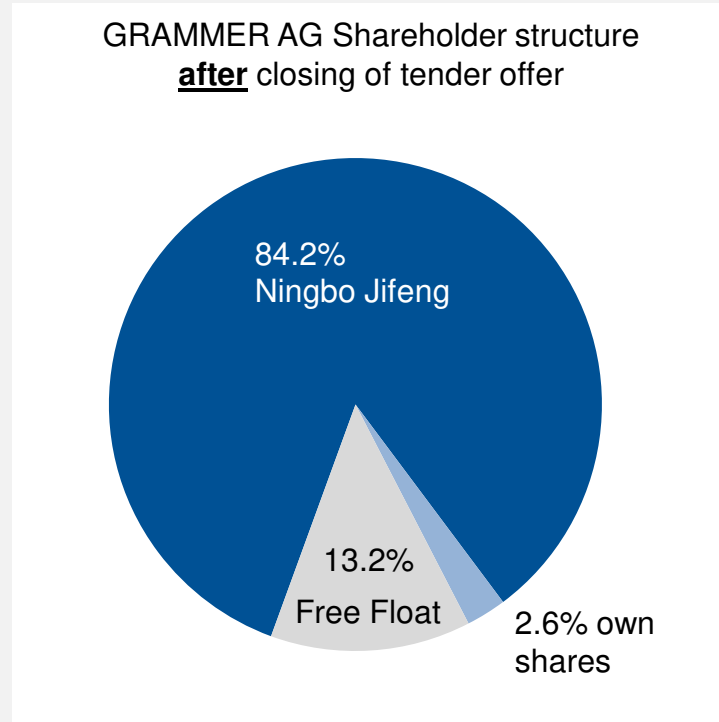
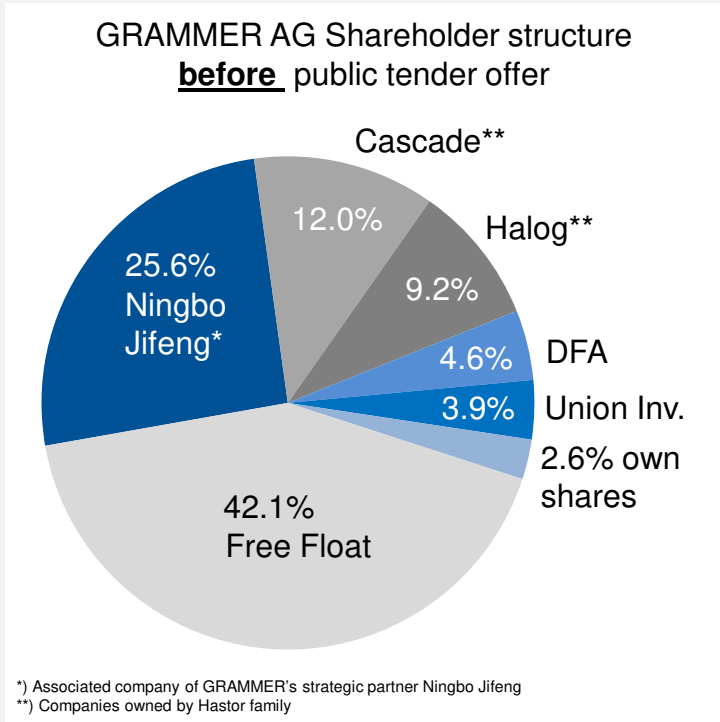
\*) Contracting parties are Ningbo Jihong Investment Co., Ltd and Jiye Auto Parts GmbH, both affiliated companies of Ningbo Jifeng Auto Parts Co., Ltd. ("Ningbo Jifeng")

\*\*\*) An affiliate of Ningbo Jifeng currently holds a 25.56 % stake in GRAMMER AG and plans to inject these and any tendered shares into Ningbo Jifeng



<p><b>A</b> <b>Continued Independence of GRAMMER</b></p>	<ul style="list-style-type: none"> <li>▪ No changes to the company’s legal form as a stock exchange listed corporation</li> <li>▪ No change of name or seat &amp; headquarters of GRAMMER AG</li> <li>▪ Integrity of GRAMMER to be preserved, no sale or break-up of the business</li> <li>▪ No intention to conclude domination agreement*, no squeeze-out or other similar structural measures</li> <li>▪ Continuation of existing financing and dividend policy</li> </ul>
<p><b>B</b> <b>Commitment to Workforce, Footprint &amp; Employees</b></p>	<ul style="list-style-type: none"> <li>▪ Jifeng acknowledges the importance of GRAMMER’s excellent workforce &amp; manufacturing processes</li> <li>▪ Collective bargaining agreements or other incentive schemes &amp; similar arrangements will be honored</li> <li>▪ Recognition of co-determination (“Mitbestimmung”) and rights of employees, work councils and unions</li> <li>▪ Employment levels and manufacturing footprint to be maintained</li> <li>▪ Commitment for 7.5 years from today**</li> </ul>
<p><b>C</b> <b>Support for GRAMMER’s Corporate Governance</b></p>	<ul style="list-style-type: none"> <li>▪ Composition of GRAMMER AG’s Executive Board to remain unchanged***</li> <li>▪ GRAMMER AG Executive Board will continue to independently run the business</li> <li>▪ GRAMMER AG Supervisory Board will retain its current size and structure</li> <li>▪ No changes to existing equal co-determination in the Supervisory Board of GRAMMER AG</li> <li>▪ Jifeng envisages to nominate 2 members to the Supervisory Board over time (elected by the AGM)</li> </ul>
<p><b>D</b> <b>Support of GRAMMER’s Brand and Global Strategy</b></p>	<ul style="list-style-type: none"> <li>▪ Ningbo Jifeng will support the organic and external growth strategy</li> <li>▪ Ningbo Jifeng will support GRAMMER’s global footprint and manufacturing sites</li> <li>▪ Ningbo Jifeng will support necessary investments to maintain the group’s sites</li> <li>▪ Consistent approach of GRAMMER and Ningbo Jifeng towards customer and suppliers</li> <li>▪ No changes to GRAMMER brand</li> </ul>
<p><b>E</b> <b>Protection of Know-How and Intellectual Property</b></p>	<ul style="list-style-type: none"> <li>▪ Jifeng recognizes the importance of GRAMMER’s focus on innovations, products &amp; processes</li> <li>▪ Ningbo Jifeng supporting necessary R&amp;D spending</li> <li>▪ All intellectual property of GRAMMER will remain within the company</li> <li>▪ Furthermore, Ningbo Jifeng commits not to transfer any know-how****, technologies or key staff which may adversely affect GRAMMER</li> </ul>

\*) Unless recommended by Executive or Supervisory Board with a simple majority  
 \*\*) For commitments mentioned on this page, 5 years for non-German locations  
 \*\*\*) Unless GRAMMER’s business ceases to be stable and healthy (material abnormality) and management fails to undertake appropriate measures in a timely manner  
 \*\*\*\*) Unless made at arm’s length



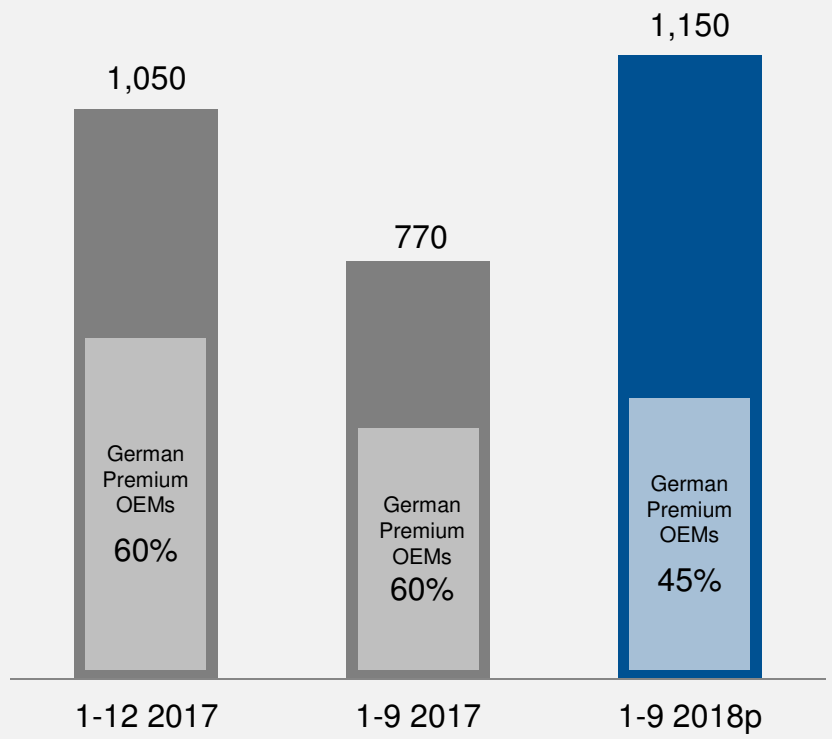
- ➔ Clear shareholder structure and intensified strategic partnership with new majority shareholder Ningbo Jifeng
- ➔ Our customers also view the new principal shareholder very positively
- ➔ With the intensified partnership we can expect a positive contribution to GRAMMER's future development

4 GRAMMER GROUP HIGHLIGHTS 1-9 2018 – ORDER INTAKE



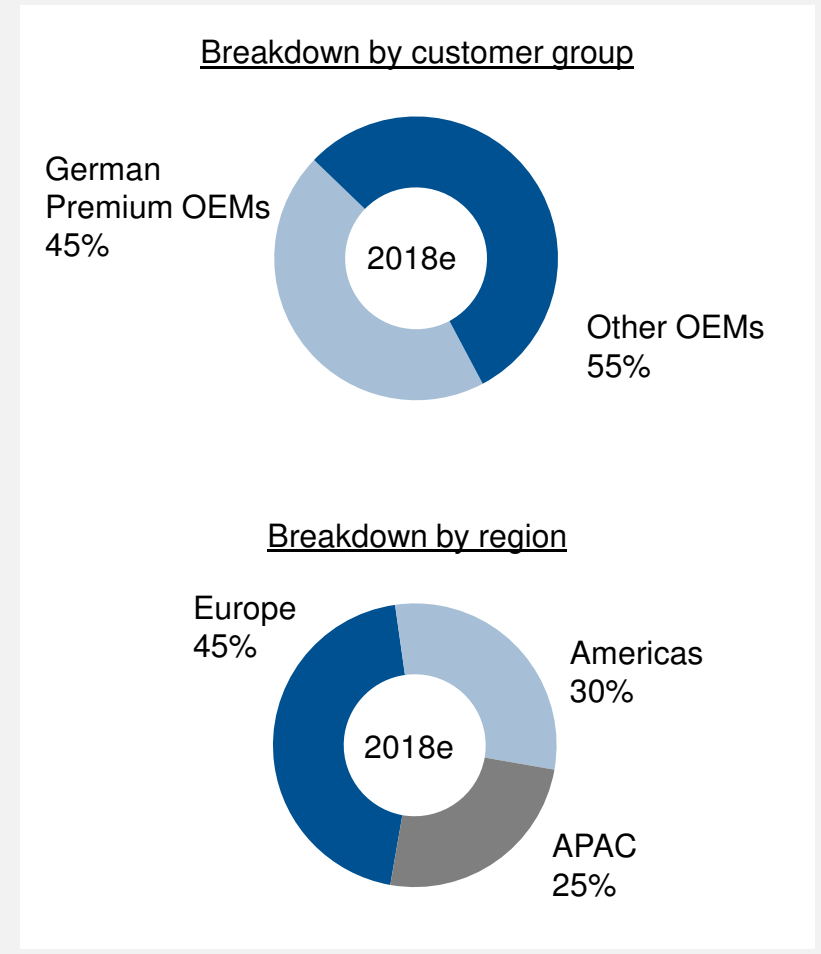
Order intake situation significantly improved

Order intake for new projects  
[life-time sales, in € million]



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

Budgeted order intake 2018 Automotive  
[in %]



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GRAMMER Strategy  
for Profitable Growth

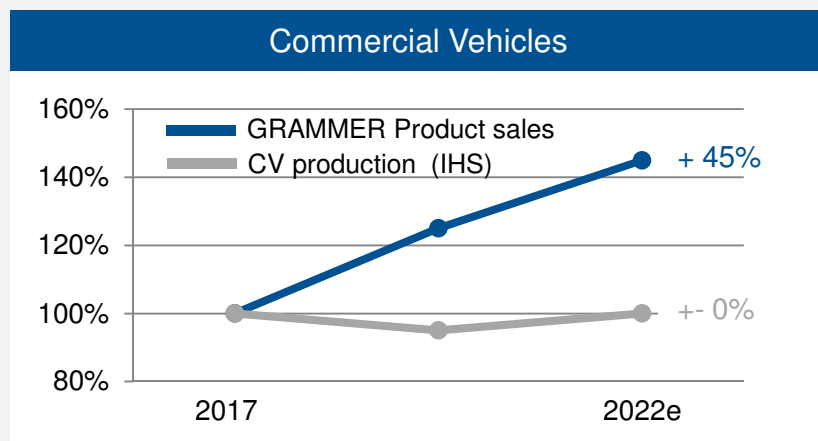
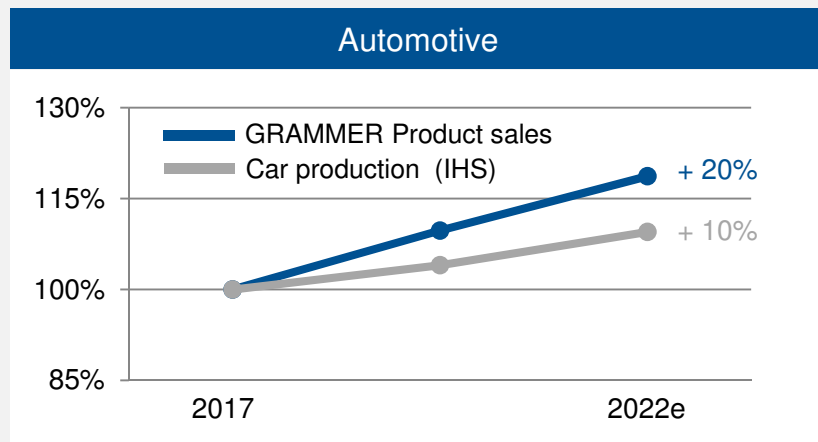


# 5 GRAMMER STRATEGY – PROFITABLE GROWTH

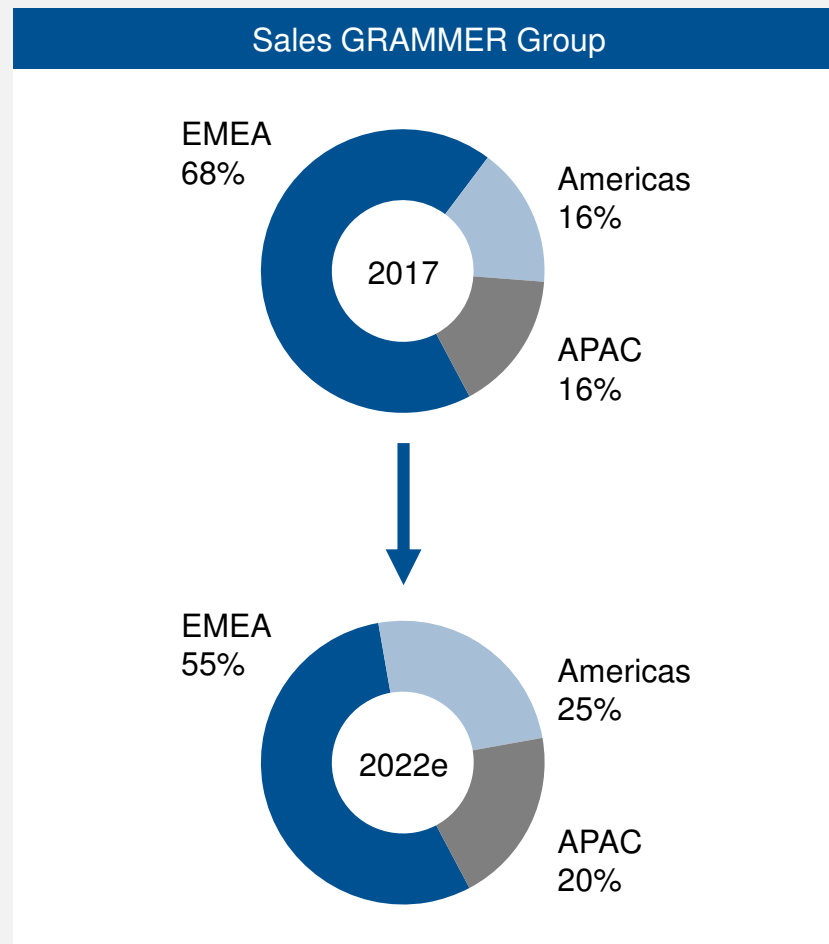
Expansion of global positioning results in additional gains in market share abroad



GRAMMER Sales Projection and IHS Market Forecast  
[in %, 2017 = 100%]



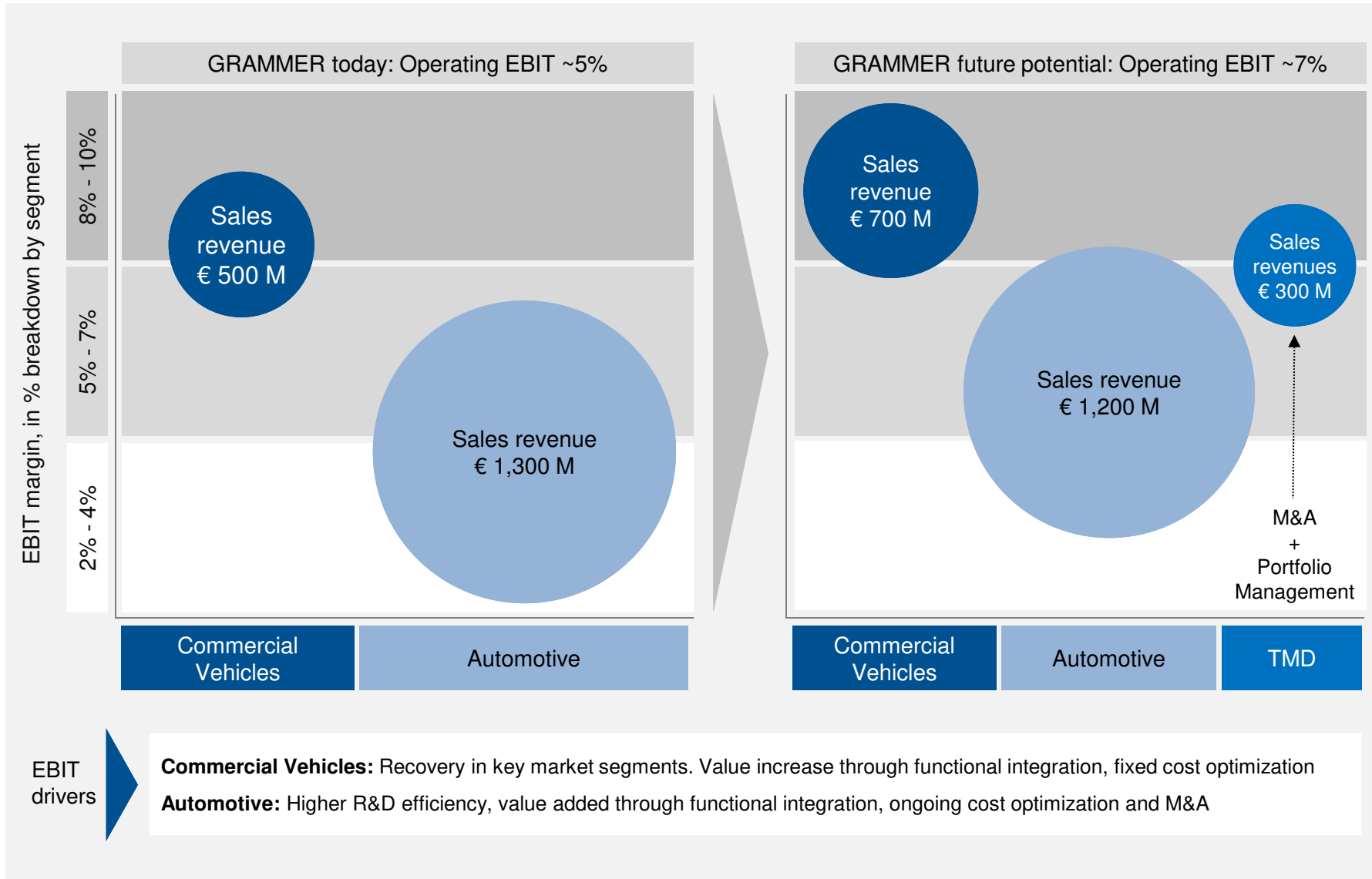
Development of sales, breakdown by region 2017 - 2022e  
[in %]



# 5 GRAMMER STRATEGY – PROFITABLE GROWTH



Higher earnings potential through organic profitability improvement and M&A activities





## 5 GRAMMER STRATEGY – PROFITABLE GROWTH

Higher earnings potential through organic profitability improvement and M&A activities



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



GRAMMER's key criteria for mergers & acquisitions

- 1 Increase in technology know-how
- 2 Expansion of presence in regional markets
- 3 Increase in profitability

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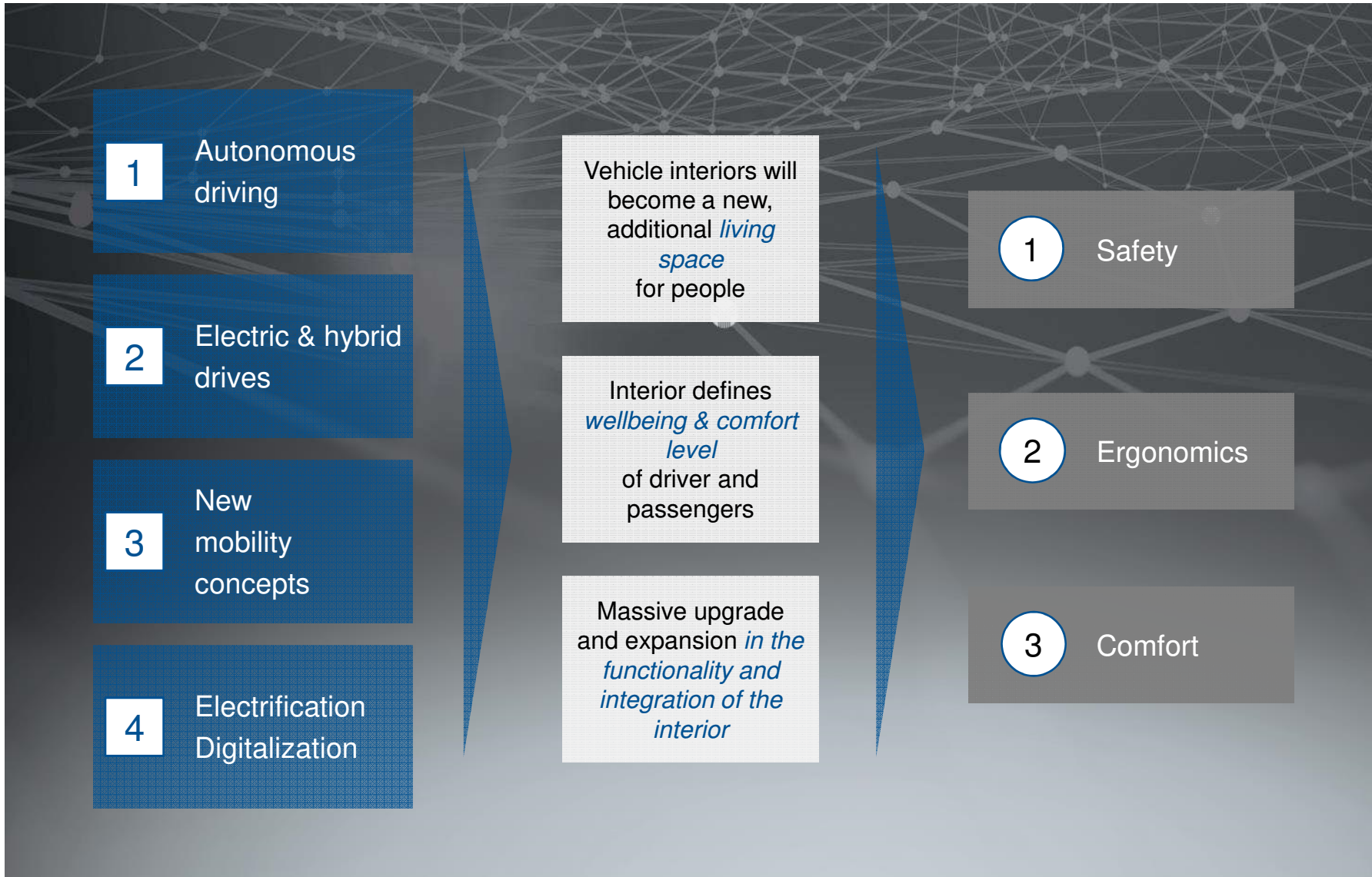


GRAMMER Strategy  
for Leadership in Innovation



## 6 GRAMMER GROUP – INNOVATIONS

Megatrends offering high potentials for interior specialists



## 6 GRAMMER GROUP – INNOVATIONS

New potential interior concepts & technologies for future vehicle generations

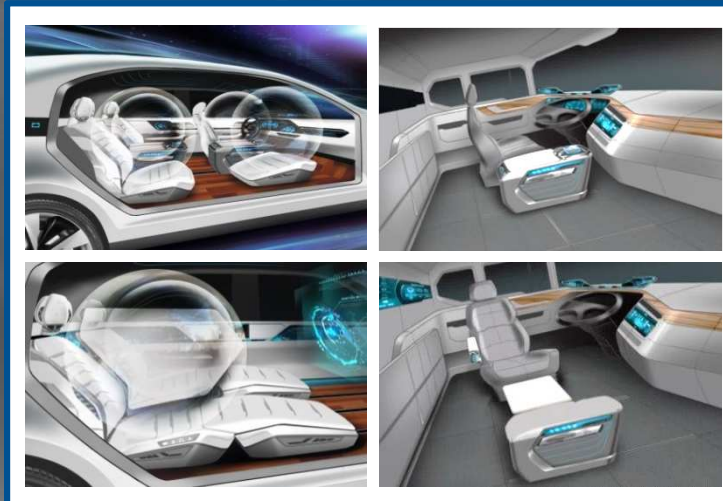


### Surfaces & materials

- ▶ 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

### Safety

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

## 6 GRAMMER GROUP – INNOVATIONS

Numerous innovative trends for all product segments and applications



### Headrests

- ▶ Active & passive safety
- ▶ Intuitive or automatic adjustment
- ▶ Increased comfort through multi-zone foam
- ▶ Slim design
- ▶ Individual sound and active noise suppression
- ▶ Air conditioning close to the body



### Centre Consoles & Armrests

- ▶ Intuitive HMI
- ▶ Functional surfaces with haptic feedback
- ▶ Modular structure
- ▶ Mobile device integration
- ▶ Ambient lighting
- ▶ Ergonomic design
- ▶ Lightweight construction



### Interior Components

- ▶ Functional surfaces with capacitive control
- ▶ New surface materials such as glass, foil, coatings
- ▶ Diffuse ventilation design for greater comfort
- ▶ Automatically adjustable fans for individual air conditioning



### Commercial Vehicles

- ▶ Complete integration of multifunctional armrests
- ▶ Innovative, active seat suspension
- ▶ Lightweight construction
- ▶ Intelligent seat covers with sensors for health monitoring
- ▶ Air conditioning close to the body
- ▶ Driver monitoring system



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GRAMMER Group  
Outlook 2018



## 7 MARKET EXPECTATIONS 2018

Most regional car & commercial vehicle markets expected to grow



			Europe	USA	Brazil	China	World	
	Worldwide car production	Source VDA September 2018	+0%	-2%	+10%	+2%	+1%	
	Worldwide truck registrations	Source VDA September 2018	+1%	+15%	+35%	-10%	+2%	
	Agricultural machinery	Source John Deere August 2018	+5-10%	+10%	0% to +5%	+/-0%		
		Source AGCO October 2018	+/-0%	0% to +5%	+/-0%			
	Construction machinery	Source Caterpillar July 2018	Strong demand	Strong demand	Slow to recover	Strong demand		
	Forklifts	Source Jungheinrich Nov. 2018	> 10%-growth					

## 7 GRAMMER GROUP – OUTLOOK 2018

Outlook for FY 2018 revised



		Actual 2017	Outlook 2018 NEW	Outlook 2018 OLD
GRAMMER Outlook	Group revenue	€ 1.79 billion	approx. € 1.85 bn	approx. € 1.85 bn
	Operating EBIT-margin	4.5%	slightly below prev. year	around 5%
	ROCE	11.5%	below prev. year	> prev. year

**Important notes:**

The outlook for the full year 2018 is based on the current forecasts for the global economy as well as our main markets and customers.

The EU-wide introduction of the worldwide harmonized light vehicles (WLTP) test procedure for passenger cars and light commercial vehicles could also have an ongoing negative impact on the sales of our customers in the Automotive Division in Q4 2018.

The revised outlook includes the effects of the initial consolidation of TMD on October 01, 2018.



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Appendix





<i>[IFRS, in € million]</i>	<b>Q3 2018</b>	<b>Q3 2017</b>	<b>Chg.</b>	<b>01-09 2018</b>	<b>01-09 2017</b>	<b>Chg.</b>
Group Revenues	431.6	430.9	+0.2%	1,359.2	1,338.9	+1.5%
EBITDA	-1.8	23.2	-107.8%	63.6	82.7	-23.1%
EBITDA-Margin	-0.4%	5.4%	-5.8%-P	4.7%	6.2%	-1.5%-P
EBIT	-14.0	10.7	-230.9%	27.9	45.8	-39.1%
EBIT-Margin	-3.2%	2.5%	-5.7%-P	2.1%	3.4%	-1.3%-P
Operating EBIT	13.3	14.6	-8.9%	56.6	58.6	-3.4%
Operating EBIT-Margin	3.1%	3.4%	-0.3%-P	4.2%	4.4%	-0.2%-P
Profit after taxes	-10.3	5.7	-280.7%	14.9	25.7	-42.0%
EPS in €	-0.83	0.47	-276.6%	1.22	2.13	-42.7%
Total Assets	1,052.1	1,092.3	-3.7%	1,052.1	1,092.3	-3.7%
Equity	305.4	336.7	-9.3%	305.4	336.7	-9.3%
Equity-Ratio	29%	31%	-2%-P	29%	31%	-2%-P
Net Financial Debt	163.3	156.5	+4.3%	163.3	156.5	-4.3%
Gearing Ratio	53%	46%	+7%-P	53%	46%	+7%-P
Capex (w/o M&A)	26.4	11.7	125.6%	49.4	40.2	+22.9%
Depreciation	12.2	12.5	-2.4%	35.7	36.9	-3.2%
Employees (month-end)	12,830	12,759	0.6%	12,830	12,759	+0.6%

*[IFRS, in € million]*

	2017	2016	2015	2014	2013
Group Revenue	1,786.5	1,695.5	1,425.7	1,365.9	1,265.7
EBITDA	116.0	120.2	83.2	93.7	92.3
EBITDA-Margin	6.5%	7.1%	5.8%	6.9%	7.3%
EBIT	66.5	73.0	42.7	57.0	58.0
EBIT-Margin	3.7%	4.3%	3.0%	4.2%	4.6%
Profit after taxes	32.4	45.2	23.8	33.6	29.6
EPS in €	2.67	4.01	2.10	3.09	2.67
Dividend / Share in €	1.25	1.30	0.75	0.75	0.65
Total Assets	1,107.0	1,050.6	992.1	836.5	766.0
Equity	337.7	271.2	253.4	231.8	224.7
Equity-Ratio	31%	26%	26%	28%	29%
Net Financial Debt	92.2	139.1	155.5	86.7	93.2
Gearing Ratio	27%	51%	61%	37%	41%
Capex (w/o M&A)	59.1	56.2	47.9	51.5	46.8
Depreciation	49.5	47.2	40.5	36.7	34.3
Employees (Dec. 31)	12,947	12,250	11,397	10,700	10,082



GRAMMER share price in €, December 31, 2015 until September 30, 2018



**Selected Broker Recommendations**

Broker	Date	Current Recomm.	Current TP (€)
Baader Helvea	15-Oct-18	Hold	60.0
DZ Bank	24-Sept-18	Hold	56.0
Bankhaus Lampe	29-Aug-18	Hold	60.0
MM Warburg	25-Sept-18	Hold	60.0
Quirin	25-Sept-18	Sell	43.0
Oddo BHF	15-Oct-18	Buy	46.0
<b>Median</b>			<b>54.0</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 [September 30, 2018]	616 € million
Ave. trading vol. (Xetra)	10,000 shares/day
Ave. trading vol. (all exch.)	20,000 shares/day



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