

WE DELIVER

**INTERIM MANAGEMENT STATEMENTS
JANUARY TO MARCH 2017**



GRAMMER

COMPANY PROFILE

Domiciled in Amberg, Germany, GRAMMER AG specializes in the development and production of components and systems for automotive interiors as well as suspension driver and passenger seats for onroad and offroad vehicles.

In the Automotive Division, we supply headrests, armrests, center consoles and high-quality interior components and operating systems to premium automakers and automotive system suppliers. The Commercial Vehicles Division¹ comprises seats for the truck and offroad seat segments (tractors, construction machinery, forklifts) as well as train and bus seats.

With over 12,000 employees, GRAMMER operates in 19 countries around the world. GRAMMER shares are listed in the SDAX and traded on the Frankfurt and Munich stock exchanges via the electronic trading system Xetra as well as in over-the-counter trading at the Stuttgart, Berlin and Hamburg stock exchanges.

CONTENTS

1 GRAMMER GROUP WITH VERY STRONG BUSINESS PERFORMANCE IN THE FIRST QUARTER	5 COMMERCIAL VEHICLES DIVISION	8 FINANCIAL INFORMATION
	5 Revenue	8 Key Figures GRAMMER Group according to IFRS
	5 EBIT	9 Consolidated Statement of Income
	5 Capital spending	10 Consolidated Statement of Comprehensive Income
	5 Employees	11 Consolidated Statement of Financial Position
2 INTERIM MANAGEMENT STATEMENTS	6 RISKS/OPPORTUNITIES	
2 Group revenue	6 OUTLOOK	
2 Revenue by regions	6 EVENTS SUBSEQUENT TO THE REPORTING DATE	12 FINANCIAL CALENDAR 2017 AND TRADE FAIR DATES
2 Group profit	7 FORWARD-LOOKING STATEMENTS	
3 Statement of Financial Position	7 RESPONSIBILITY STATEMENT	
3 Capital spending		
3 Employees		
4 AUTOMOTIVE DIVISION		
4 Revenue		
4 EBIT		
4 Capital spending		
4 Employees		

¹ The former Seating Systems Division was renamed Commercial Vehicles Division effective January 1, 2017. This did not entail any change in the business activities of the division.

GRAMMER GROUP WITH VERY STRONG BUSINESS PERFORMANCE IN THE FIRST QUARTER

In the first three months of 2017, the GRAMMER Group's operating business was characterized by further encouraging revenue growth, with a very positive development of earnings, remaining strong in line with expectations and making a contribution to the full-year earnings target for 2017. More significant operating and strategic milestones for future profitable growth and the planned further increase in enterprise value were also achieved in the first quarter of 2017. In February 2017, a mandatory convertible bond of EUR 60 million was issued using the Company's contingent capital in favour of a company owned by our strategic partner, the Ningbo Jifeng Group. This measure will help us to reinforce our equity position and self-financing capacity to continue funding our strategic growth trajectory. In view of the recent developments surrounding GRAMMER, signs of a decline in future order intake are beginning to emerge. Towards the end of the first quarter of 2017, new orders were down for the first time since the end of the financial and economic crisis in 2010. Sales volumes in Brazil stabilized despite the unchanged challenging market conditions in this region.

The GRAMMER Group posted operating EBIT¹ of EUR 23.1 million in the period from January to March 2017, equivalent to an operating EBIT-margin of 5%. This was in line with our expectations and within our target corridor for a sustainable increase in enterprise value. It was particularly underpinned by the steady and effective measures aimed at optimizing fixed costs and process structures. The highlights of the GRAMMER Group in the first three months of the year were as follows:

- Revenue up 7.5% to EUR 458.0 million in the period from January to March 2017
- 52.0% rise in earnings before interest and taxes (EBIT) to EUR 22.5 million
- Sharp 89.2% growth in net profit to EUR 14.0 million
- Mandatory convertible bond issued to a strategic partner to fund growth
- Significant increase in equity ratio to 30%

¹ The GRAMMER Group defines operating EBIT as EBIT adjusted for valuation-induced currency effects and other exceptional effects.

INTERIM MANAGEMENT STATEMENTS

KEY FIGURES GRAMMER GROUP ACCORDING TO IFRS

IN EUR M

	01 – 03 2017	01 – 03 2016 ¹
Group revenue	458.0	425.9
Automotive revenue	335.5	316.1
Commercial Vehicles revenue	134.0	122.0
Income Statement		
EBITDA	34.5	26.2
EBITDA-margin (in %)	7.5	6.2
EBIT	22.5	14.8
EBIT-margin (in %)	4.9	3.5
Operating EBIT	23.1	17.3
Profit/loss (-) before income taxes	19.8	10.6
Net profit/loss (-)	14.0	7.4

¹ Previous year's figures adjusted in accordance with IFRS 3.49; see Note 4 to the Consolidated Financial Statements in the 2016 Annual Report.

GROUP REVENUE

As of March 31, 2017, the GRAMMER Group posted a further increase in revenue over the same period of the previous year, thus continuing its favourable performance compared with 2016. Group revenue came to EUR 458.0 million in the period under review (01 – 03 16: 425.9), marking an increase of EUR 32.1 million or 7.5% over the same period in the previous year. Revenue growth was achieved again in the Automotive Division, particularly from console business, with expansion remaining at an encouragingly high level. The Commercial Vehicles Division also posted very positive performance, achieving substantial revenue growth in the first three months despite the still muted market conditions in Brazil and China.

REVENUE BY REGION

The GRAMMER Group continued to grow compared with March 31, 2016 in all regions with the exception of EMEA. Revenue in the Group's domestic EMEA market fell slightly by 1.2% over the previous year to EUR 309.9 million (01 – 03 16: 313.6). On the other hand, revenue in the Americas climbed very substantially by EUR 21.8 million in the first three months of 2017 to EUR 80.0 million (01 – 03 16: 58.2). APAC also posted very substantial growth of 25.9% to EUR 68.1 million (01 – 03 16: 54.1) despite the more muted economic conditions in China and Japan. The noticeable macroeconomic influences specifically in Brazil and China had a slightly positive effect on the Commercial Vehicles Division in particular.

GROUP PROFIT

Group earnings before interest and taxes (EBIT) came to EUR 22.5 million as of March 31, 2017, substantially higher than in the same period of the previous year (01 – 03 16: 14.8). Signs of the planned operating improvements are clearly visible despite the protracted market weakness in Brazil. This is particularly also reflected in the EBIT-margin of 4.9%, which was up on the same period of the previous year (01 – 03 16: 3.5%) and also significantly higher than the full-year EBIT-margin of 4.3% recorded in 2016. At EUR 14.0 million (01 – 03 16: 7.4 million), Group net profit was also considerably higher than in the same period of the previous year.

KEY FIGURES GRAMMER GROUP ACCORDING TO IFRS

IN EUR M

	01 – 03 2017	01 – 03 2016 ¹
Statement of financial position		
Total assets	1,157.0	1,064.3
Equity	351.0	257.3
Equity ratio (in %)	30	24
Net financial debt	94.8	154.6
Gearing (in %)	27	60
Investments (without acquisitions)	11.0	9.0
Depreciation and amortization	12.0	11.5
Employees (March 31)	12,287	12,029

¹ Previous year's figures adjusted in accordance with IFRS 3.49; see Note 4 to the Consolidated Financial Statements in the 2016 Annual Report.

STATEMENT OF FINANCIAL POSITION²

As of March 31, 2017, the GRAMMER Group had total assets of EUR 1,157.0 million (2016: 1,050.6). This is equivalent to an increase of EUR 106.4 million compared with the end of 2016 and is primarily due to the effects of a capital increase arising from the issue of a mandatory convertible bond as well as higher trade accounts payable.

Whereas **non-current assets** declined slightly from EUR 379.6 million as of December 31, 2016 to EUR 375.9 million, **current assets** climbed by EUR 110.1 million to EUR 781.1 million. Thus, trade accounts receivable increased from EUR 206.6 million to EUR 262.9 million for business-related reasons due to the sharp growth in revenue. The still strong cash and short-term deposits rose to EUR 175.4 million (2016: 133.0) due to the receipt of the proceeds from the issue of the mandatory convertible bond.

Equity rose to EUR 351.0 million chiefly as a result of the proceeds of the new share issue (less transaction costs) of EUR 57.9 million and the very good earnings of EUR 271.2 million as of December 31, 2016. Consequently, the equity ratio widened from 26% (2016) to 30%.

Non-current liabilities declined by EUR 6.2 million from EUR 397.4 million as of December 31, 2016 to EUR 391.2 million. This was primarily due to the increased discount rate applied to provisions for retirement benefit obligations, causing retirement benefit obligations to drop by EUR 6.0 million. Net financial liabilities declined sharply from EUR 139.1 million as of December 31, 2016 to EUR 94.8 million.

Current liabilities increased over the end of 2016 from EUR 381.9 million to EUR 414.7 million due to business performance as of the reporting date. This reflects the business-induced increase in current trade accounts payable to EUR 237.5 million (2016: 219.3) and the increase in the course of the year in other current liabilities to EUR 87.8 million compared with December 31, 2016 (2016: 69.4).

CAPITAL SPENDING

As of March 31, 2017, capital spending by the GRAMMER Group stood at EUR 11.0 million and was thus up on the previous year (01 – 03 16: 9.0). It was used to expand business activities and to optimize business activities in all regions.

EMPLOYEES

As of March 31, 2017, the GRAMMER Group had a total of 12,287 employees (March 31, 2016: 12,029).

² Note on accounting figures: 2016 = December 31, 2016.

AUTOMOTIVE DIVISION

KEY FIGURES AUTOMOTIVE DIVISION

IN EUR M

	01 – 03 2017	01 – 03 2016 ¹	CHANGE
Revenue	335.5	316.1	6.1%
EBIT	14.0	8.6	62.8%
EBIT-margin	4.2%	2.7%	1.5%-points
Operating EBIT	14.6	10.6	37.7%
Investments (without acquisitions)	8.9	6.1	45.9%
Employees (number, as of March 31)	8,432	8,050	4.7%

¹ Previous year's figures adjusted in accordance with IFRS 3.49; see Note 4 to the Consolidated Financial Statements in the 2016 Annual Report.



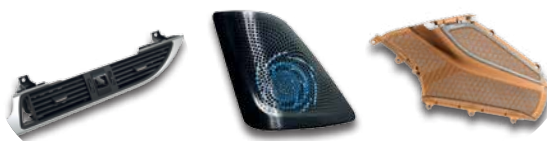
HEADRESTS



ARMRESTS



CENTER CONSOLES



INTERIOR COMPONENTS

REVENUE

The Automotive Division posted revenue growth again in the first three months of 2017. As of March 31, 2017, Division revenue was up 6.1% or EUR 19.4 million, rising to EUR 335.5 million (01 – 03 16: 316.1). EMEA remained by far the Division's largest region in terms of business volumes despite the 4.2% decline in revenue to EUR 217.1 million in the period under review.

Revenue in the Americas climbed very sharply by 47.3%. At 21.1%, growth in APAC gained considerable momentum again in the Automotive Division.

EBIT

Earnings before interest and taxes (EBIT) in the Automotive Division came to EUR 14.0 million in the first three months of the year (01 – 03 16: 8.6). This includes negative currency translation effects of EUR 0.6 million (01 – 03 16: 2.0). The Division achieved an EBIT-margin of 4.2% in the period under review (01 – 03 16: 2.7). Accordingly, EBIT in the first quarter of 2017 reflects the projected continued success of the measures implemented to improve and optimize operating performance and the strategic orientation.

CAPITAL SPENDING

As of March 31, 2017, capital spending in the Division stood at EUR 8.9 million and was thus well up on the previous year (01 – 03 16: 6.1). It was used to further expand business activities.

EMPLOYEES

The headcount in the Automotive Division climbed to 8,432 (March 31, 2016: 8,050).

COMMERCIAL VEHICLES DIVISION

KEY FIGURES COMMERCIAL VEHICLES DIVISION

IN EUR M

	01 – 03 2017	01 – 03 2016	CHANGE
Revenue	134.0	122.0	9.8%
EBIT	12.5	9.2	35.9%
EBIT-margin	9.3%	7.5%	1.8%-points
Operating EBIT	12.4	9.4	31.9%
Investments (without acquisitions)	1.9	2.7	-29.6%
Employees (number, as of March 31)	3,577	3,712	-3.6%

REVENUE

Despite muted market conditions in Brazil, the Commercial Vehicles Division posted a very gratifying 9.8% increase in revenue over the previous year in the first three months of 2017. In absolute figures, revenue in the Commercial Vehicle Division came to EUR 134.0 million, EUR 12.0 million up on the same period in the previous year. Specifically, the truck segment now also recorded an increase in revenue in Brazil and China again, while the other segments expanded in Europe. Growth was also achieved in APAC in these segments.



OFFROAD

Driver seats for commercial vehicles (land machinery, construction machinery, forklifts)

EBIT

Earnings before interest and taxes (EBIT) in the Commercial Vehicles Division came to EUR 12.5 million in the first three months of the year (01 – 03 16: 9.2). The Division posted an EBIT-margin of 9.3% in the period under review (01 – 03 16: 7.5). Further improvements to EBIT arose from the slight recovery in the EMEA region and growth in business segments characterized by wider margins.



TRUCK & BUS

Driver seats for trucks and buses

CAPITAL SPENDING

As of March 31, 2017, division capital spending stood at EUR 1.9 million, thus falling substantially short of the previous year (01 – 03 16: 2.7). It particularly focused on China as well as Germany.

EMPLOYEES

The headcount in the Commercial Vehicles Division dropped to 3,577 as of March 31, 2017 (March 31, 2016: 3,712).



RAILWAY

Passenger seats, driver seats

RISKS/OPPORTUNITIES

The opportunities and risks which we describe in detail in the Management Report of the Annual Report for the fiscal year ended December 31, 2016 continue to apply at this stage. We are closely observing market trends in Brazil and Europe as well as recent developments in GRAMMER AG's shareholder structure and their impact on the future order situation.

OUTLOOK

On the basis of our macroeconomic assessment, we assume that the comments made in the 2016 Group Management Report still apply. We continue to anticipate a challenging and volatile environment in which political uncertainties have recently intensified again appreciably. Despite this, we expect the GRAMMER Group's operating business to remain very strong over the coming months. The pace of growth will be slightly slower than in 2016, which was affected by the first-time inclusion of the former REUM Group among other things, due to seasonal effects, lower project revenue and the possible impact of volatile markets in connection with the political instabilities referred to above.

Accordingly, we expect full-year revenue of the GRAMMER Group to rise substantially by around 5% over the previous year in 2017. Group operating EBIT will also exceed the previous year's high figure significantly. This places the GRAMMER Group in its current structure firmly in its target corridor for a further sustained increase in revenue and profitability over the next few years.

This assessment is based on current forecasts for the global economy, our main sell-side markets and customers as well as underlying economic and political conditions. Moreover, the GRAMMER Group's business may also deviate from the forecast as a result of the factors described in the risk and opportunity report in the 2016 Annual Report. We are observing the possible impact of the recent political developments as well as GRAMMER AG's shareholder structure very closely but are not yet able to assess them conclusively at this stage.

EVENTS SUBSEQUENT TO THE REPORTING DATE

1,062,447 new shares arose following the conversion on April 25, 2017 of the mandatory convertible bond issued on February 14, 2017. Consequently, the total number of voting rights in GRAMMER AG increased to a total of 12,607,121. GRAMMER AG's share capital now comprises the shares with the identity number WKN 589540 (ISIN DE0005895403) as well as the new shares with the identity number WKN A2E4IX (ISIN DE000A2E4IX4). The 1,062,447 new shares will be voting-entitled at the company's Annual General Meeting on May 24, 2017. However, they are not dividend-entitled for 2016.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements based on current assumptions and estimates by GRAMMER's management of future trends. Such statements are subject to risks and uncertainties which GRAMMER can neither estimate nor influence with any precision, e.g. future market conditions and the macroeconomic environment, the behavior of other market participants, the successful integration of newly acquired companies, the materialization of expected synergistic benefits and government actions. If any of these or other factors of uncertainty or imponderabilities occur or if any of the assumptions on which these statements are based prove to be incorrect, actual results could differ materially from the results expressed or implied in these statements. GRAMMER neither intends nor is under any obligation to update any forward-looking statements in the light of any changes occurring after the publication of this document.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements/interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the 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.

FINANCIAL INFORMATION

KEY FIGURES GRAMMER GROUP ACCORDING TO IFRS

IN EUR M

	01-03 2017	01-03 2016 ¹
Group revenue	458.0	425.9
Automotive revenue	335.5	316.1
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Income Statement		
EBITDA	34.5	26.2
EBITDA-margin (in %)	7.5	6.2
EBIT	22.5	14.8
EBIT-margin (in %)	4.9	3.5
Operating EBIT	23.1	17.3
Profit/loss (-) before income taxes	19.8	10.6
Net profit/loss (-)	14.0	7.4
Statement of financial position		
Total assets	1,157.0	1,064.3
Equity	351.0	257.3
Equity ratio (in %)	30	24
Net financial debt	94.8	154.6
Gearing (in %)	27	60
Investments (without acquisitions)	11.0	9.0
Depreciation and amortization	12.0	11.5
Employees (March 31)	12,287	12,029
Key share data	MARCH 31, 2017	MARCH 31, 2016¹
Share price (Xetra closing price in EUR)	57.62	35.04
Market capitalization (in EUR m)	665.2	404.5
Basic earnings per share (in EUR)	1.24	0.66

¹ Previous year's figures adjusted in accordance with IFRS 3.49; see Note 4 to the Consolidated Financial Statements in the 2016 Annual Report.

CONSOLIDATED STATEMENT OF INCOME

JANUARY 1ST – MARCH 31ST OF THE RESPECTIVE FINANCIAL YEAR

EUR K	01 – 03 2017	01 – 03 2016 ¹
Revenue	458,045	425,864
Cost of sales	-398,759	-375,309
Gross profit	59,286	50,555
Selling expenses	-9,029	-9,376
Administrative expenses	-30,347	-29,378
Other operating income	2,621	2,984
Earnings before interest and taxes (EBIT)	22,531	14,785
Financial income	271	290
Financial expenses	-2,706	-3,381
Other financial result	-272	-1,058
Profit/loss (-) before income taxes	19,824	10,636
Income taxes	-5,848	-3,191
Net profit/loss (-)	13,976	7,445
Of which attributable to:		
Shareholders of the parent company	13,939	7,398
Non-controlling interests	37	47
Net profit/loss (-)	13,976	7,445
Earnings per share		
Basic earnings/loss (-) per share in EUR	1.24	0.66
Diluted earnings/loss (-) per share in EUR	1.14	0.66

¹ Previous year's figures adjusted in accordance with IFRS 3.49; see Note 4 to the Consolidated Financial Statements in the 2016 Annual Report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

JANUARY 1ST – MARCH 31ST OF THE RESPECTIVE FINANCIAL YEAR

EUR K	01 – 03 2017	01 – 03 2016 ¹
Net profit/loss (-)	13,976	7,445
Amounts not to be recycled in income in future periods		
Actuarial gains/losses (-) from defined benefit plans		
Gains/losses (-) arising in the current period	5,990	0
Tax expenses (-)/Tax income	-1,699	0
Actuarial gains/losses (-) from defined benefit plans (after tax)	4,291	0
Total amount not to be recycled in income in future periods	4,291	0
Amounts which will be recycled under certain conditions to profit and loss in the future periods		
Gains/losses (-) from currency translation of foreign subsidiaries		
Gains/losses (-) arising in the current period	-813	-2,038
Gains/losses (-) from currency translation of foreign subsidiaries (after tax)	-813	-2,038
Gains/losses (-) from cash flow hedges		
Gains/losses (-) arising in the current period	138	-856
Less transfers recognized in the Income Statement	14	-29
Tax expenses (-)/Tax income	-8	258
Gains/losses (-) from cash flow hedges (after tax)	144	-627
Gains/losses (-) from net investment in foreign operations		
Gains/losses (-) arising in the current period	4,322	-936
Gains/losses (-) from net investment in foreign operations (after tax)	4,322	-936
Total amount to be recycled under certain conditions to profit and loss in future periods	3,653	-3,601
Other comprehensive income	7,944	-3,601
Total comprehensive income (after tax)	21,920	3,844
Of which attributable to:		
Shareholders of the parent company	21,888	3,798
Non-controlling interests	32	46

¹ Previous year's figures adjusted in accordance with IFRS 3.49; see Note 4 to the Consolidated Financial Statements in the 2016 Annual Report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF MARCH 31ST, 2017 AND DECEMBER 31ST, 2016

ASSETS

EUR K

	MARCH 31, 2017	DECEMBER 31, 2016
Property, plant and equipment	232,944	230,270
Intangible assets	83,526	85,786
Other financial assets	3,866	3,866
Deferred tax assets	51,134	54,747
Other assets	4,442	4,888
Non-current assets	375,912	379,557
Inventories	154,346	148,253
Trade accounts receivable	262,858	206,589
Other current financial assets	156,401	152,968
Short-term income tax assets	6,663	6,623
Cash and short-term deposits	175,438	132,968
Other current assets	25,366	23,600
Current assets	781,072	671,001
Total assets	1,156,984	1,050,558

EQUITY AND LIABILITIES

EUR K

	MARCH 31, 2017	DECEMBER 31, 2016
Subscribed capital	29,554	29,554
Capital reserve	132,320	74,444
Own shares	-7,441	-7,441
Retained earnings	250,207	236,268
Accumulated other comprehensive income	-54,951	-62,900
Equity attributable to shareholders of the parent company	349,689	269,925
Non-controlling interests	1,344	1,312
Equity	351,033	271,237
Non-current financial liabilities	216,758	216,784
Trade accounts payable	3,307	2,983
Other financial liabilities	4,874	5,042
Other liabilities	93	100
Retirement benefit obligations	136,528	141,683
Deferred tax liabilities	29,672	30,805
Non-current liabilities	391,232	397,397
Current financial liabilities	53,433	55,254
Current trade accounts payable	237,503	219,311
Other current financial liabilities	3,990	5,591
Other current liabilities	87,803	69,409
Current income tax liabilities	7,954	8,811
Provisions	24,036	23,548
Current liabilities	414,719	381,924
Total liabilities	805,951	779,321
Total equity and liabilities	1,156,984	1,050,558

FINANCIAL CALENDAR 2017 AND TRADE FAIR DATES¹

IMPORTANT DATES FOR SHAREHOLDERS AND ANALYSTS

Annual General Meeting 2017	
Venue: ACC (Amberger Congress Centrum), 92224 Amberg	May 24, 2017
Interim Report, 2nd Quarter and 1st Half 2017	August 9, 2017
Interim Management Statements, 3rd Quarter 2017	November 13, 2017

WICHTIGE MESSETERMINE

Truck Grand Prix, Nürburgring, Germany	June 30 – July 2, 2017
Caravan Salon 2017, Dusseldorf, Germany	August 25 – September 3, 2017
GIE Expo 2017, Louisville, Kentucky, United States	October 18 – October 20, 2017
CeMAT 2017, Shanghai, China	October 31 – November 3, 2017
Agritechnica, Hanover, Germany	November 12 – 18, 2017
METS, Amsterdam, Netherlands	November 14 – 16, 2017

¹ All dates are tentative and subject to change. Subject to change without notice.

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