GRAMMER

Annual General Meeting of GRAMMER AG

Amberg, May 28, 2009

Speech by Alois Ponnath

Executive Board member

The spoken word takes precedence.

Restricted until: Wednesday, May 28, 2009, 11:00 AM

Ladies and Gentlemen,

Dear guests and friends of GRAMMER AG,

As my two colleagues have already illustrated, 2008 was a year of paradoxes for our Company. Whereas the growth trend continued at full strength in the first half of the year, we were rapidly faced with a distinct, and stronger than expected market slowdown starting at the end of the summer, which seriously impacted revenues. At the same time, however, 2008 was a successful year overall for GRAMMER Group, as we reached the one billion mark in sales and hit our earnings targets. Therefore, it is worth looking back for a closer examination of the past fiscal year.

At EUR 1,007.0 million, we were able to increase revenues by 0.9% over 2007. Particularly in the first half, both the Seating Systems and Automotive divisions recorded strong growth, much of which was then eroded by the drastic downturn caused by overall economic conditions in the fourth quarter. While sales in Europe declined by EUR 22.4 million, which can also be attributed to the weakness in the final quarter, our overseas operations saw above-average growth, climbing 7.8% y-o-y to EUR 163.7 million. This expansion is underpinned by our excellent market position in South America, though we too were affected by the massive slump in the US market.

Pleasing revenue performance was also generated in the Far East and Asian market. Sales were up in this region by a hefty 20% as compared to the previous year, to a total of EUR 113.6 million. This is a reflection of our early initiatives taken to capitalize on the potential of this growth region. And, in light of the fact that countries like India and China are still forecasting somewhat slower but consistent growth for the coming years, our presence there is of major strategic value.

The Automotive division contributed EUR 63.3% to Group revenues in 2008, with a total of EUR 637.6 million. Sales in the division were down 3.1% on 2007 levels. The increase in Group revenues was thus primarily attributable to strong demand in both product segments during the first six months of the year, but most significantly in the Seating Systems division. Here, revenues grew by 7.3 % to a total of EUR 390.0 million. With the exception of construction machinery, we saw growth in every market segment.

Although the economic picture darkened considerably beginning in the third quarter of 2008, we were able to increase gross profit to just under

EUR 130 million. As forecasted at the beginning of the year, consolidated earnings before interest and tax remained on par with the previous year's levels in 2008, despite the costs of restructuring and the slowdown in sales during the second half. EBIT margin was constant year-over-year at 3.2%.

However, there was a substantial difference in the contribution to earnings made by each of the two divisions. Extremely weak operating profit of EUR 3.1 million, partly attributable to one-off expenses, meant that the Automotive division contributed only 10% to the earnings of the Group. By contrast, the Seating Systems division exhibited very strong performance, generating EBIT of EUR 31.0 million, which equates to an increase of nearly 28.6 %. In this context, we benefited from our technologically innovative products, especially in the areas of offroad vehicles and trucks. Thus, the Seating Systems division once again topped its performance from the previous year, and set a new profit record.

The financial result was significantly impacted by the expansion of business operations and valuation factors stemming from the turbulence on international currency and commodity markets at the end of the year. This brought about a negative contribution of approximately EUR -12.4 million. At 27.8%, the tax rate for the Group was higher than last year's

23.2%. This can be traced back to higher taxes abroad and an increase in deferred tax liabilities in Germany. Given the increase in financial expenses and the moderate rise in tax expenses, after-tax income for fiscal year 2008 was down roughly EUR 3.4 million at EUR 14.1 million. Earnings per share sank accordingly to EUR 1.38.

With respect to the balance sheet, dear shareholders, it can be said that GRAMMER Group remains on solid financial footing – a very pleasing fact given the dreadful state of the financial markets. Total assets were reduced by 3.3% to EUR 481 million. Non-current assets increased 7.5% to EUR 216.7 million. The item property, plant and equipment in particular increased to EUR 138.1 million as a result of building new production capacities nearby customers or in low-cost locations like China and Serbia. Such assets are therefore characterized as investments in the future of our Company. The most important projects have already been identified by Dr. Kempis. Influenced by the revenue downturn in Q4 as well as systematic working capital management, the amount of current assets was down to EUR 264.2 million. Net debt increased from 2007 levels to EUR 80.2 million, due to the expansions of investment and business activities, while net gearing remained in a solid bracket at 46%. GRAMMER Group continues to maintain a strong equity base, with roughly EUR 173 million as of December 31, 2008. The equity ratio was unchanged from the previous year at 36%. With respect to non-current liabilities, increased pension obligations and deferred tax liabilities resulted in a rise of 5.2% as per the balance sheet date. Current liabilities, on the other hand, were down 7.1% to EUR 159.8 million, due mainly to a substantial decline in trade payables. Operating cash flow rose by approximately 6% in 2008 to EUR 40.8 million.

Investments were up throughout the Group, to EUR 39.9 million from EUR 34.6 in the previous year. These investments, however, were distributed in a completely different way than in 2007: at EUR 24.9, 62.4% of the capital is now invested in the Automotive division. In connection with new orders in this area, the money was spent mainly on new technologies and production facilities, as well as new sites in Shanghai, Serbia and Schmölln. In the Seating Systems division, the new generation of truck seats, especially the cutting-edge Echo platform, required investment spending. On the whole, however, investments in this division sank to EUR 13.7 million, comprising now only 34.3% of total investments. An additional EUR 1.3 million was invested in IT infrastructure and software for the Central Services division.

My colleague Mr. Müller touched earlier on the fact that there were some changes in the number of employees in 2008 – the workforce was 6.5%

smaller on December 31 as compared to 2007. The average number of employees during 2008 was 9,493, of which only 8,908 remained at the end of the year. This illustrates that the cutbacks as a result of the economic situation were made primarily at year's end.

Now, ladies and gentlemen, we shall take another look at the development of our share price. With capital markets in 2008 dominated by the effects of the international financial market and economic crisis, indexes throughout the world suffered continual declines, which accelerated considerably in the fall of the year. The DAX, for instance, closed down 40% y-o-y, and the small caps listed on the SDAX were even harder hit, as the index fell 46% for the year. Unlike 2007, the share price performance of GRAMMER AG in 2008 was relatively robust from the start of the year until the summer. However, from the middle of the year onward, the share could no longer withstand the downward pressure facing international markets. After the decline quickened in October and November, the GRAMMER AG share continued to lose value, closing the trading year at a price of EUR 6.90. In total, this represents a decrease of nearly 57% on the 2007 close.

At the beginning of this year as well, expectations that the global recession would continue to worsen led to further price declines on stock exchanges worldwide. This, in addition to the bleak outlook for the car markets and the impact on suppliers, as well as the resulting downward adjustment of investor and analyst expectations for the supplier industry in particular, is exerting continued selling pressure on the GRAMMER share.

From the current situation on the capital markets, I would now like to shift the focus to the most recent data on the performance of GRAMMER Group in the first quarter of 2009, which we published on May 12, 2009.

As expected based on the trend in the final months of 2008, revenues declined by 35.8% to EUR 171.7 million in the January to March period of this year. Both divisions of the Company were impacted equally by the fall-off in demand. In the Automotive division, the deterioration of sales among our customers was reflected in a 39.8% decrease in revenue to EUR 104.7 million. We must note that demand for premium vehicles still remains very low in Europe and the USA, and that Germany's scrap bonus is doing virtually nothing for our business. Operating profit in the division sank accordingly, from zero in the prior-year quarter to EUR -6.0 million, which is partly attributable to one-off expenses for the cited restructuring measures.

After serving as the engine of growth within the Group last year, the

Seating Systems division also saw a revenue decline in the early months of the year, falling by close to 32% across all product groups to a total of EUR 69.5 million. Only in the area of train seats did revenue remain stable as compared to the previous year. This product group, however, represents only 8% of the segment. Thanks to our prompt reaction to implement the various rationalization measures that my colleague Hartmut Müller has already talked about, and the resulting cost savings, operating profit (EBIT) in the division remained positive at EUR 1.2 million, despite the massive revenue decline.

Consolidated earnings before interest and taxes (EBIT), as expected, was negative at EUR -8.6 million, compared to EUR 8.2 million last year. This result reflects the one-off expenses from capacity adjustments totaling EUR 5.5 million. Adjusted for these costs, therefore, EBIT for the first quarter is EUR -3.1 million – moderate given the substantial decline in revenues.

Investments in the Group totaled EUR 8.8. million during the first quarter, a considerable increase from the EUR 4.9 invested in the same quarter last year. In the Seating Systems division, investments were made primarily in property, plant and equipment, with EUR 4.3 million spent on replacements and rationalization. The EUR 4.5 million invested in the

Automotive division were required for building of production capacities in China as the result of new orders for center consoles.

As I am sure you can imagine, ladies and gentlemen, presenting you with these results for the first quarter is all but gratifying. Yet, it must be acknowledged in light of the overall circumstances, that we are in a good position compared to other companies in our industry. The measures are in place to allow rapid reaction to the new market situation. What matters now is the speed with which these measures are implemented.

Moreover, we still have a solid financial base, a second important factor for future success. Looking at the GRAMMER balance sheet, the value of our conservative actions in the past, and our decision not to jump headlong into acquisition or borrowing escapades becomes clear. With total assets of EUR 447.7 million, GRAMMER AG has equity in the amount of EUR 163.0 million at the end of the first quarter. At 34%, the equity ratio has remained nearly constant as compared to the end of last year. Net debt rose slightly year-over-year to EUR 88.6 million, while net gearing (debt to equity ratio) at 54% despite the negative developments continues to represent a powerful argument vis-à-vis our creditors.

Ensuring that this stable equity base remains a success factor going forward is among our most important responsibilities. Future liquidity and cash flow developments have become key decision-making criteria for everyone – companies, customers, banks and investors. It is also important to consider the interdependencies between shareholders and lenders. Accordingly, our agenda today is also focused around these topics. But before I turn my attention to these, a word about bank credit: in addition to the debenture bond for long-term financing until 2013, the banks also provide us with lines of credit for short-term borrowing needs. These are scheduled for prolongation at the end of 2009. We have begun talks on prolongation early, in light of the current financial and economic crisis. Negotiations are also underway with our banks to secure additional liquidity in the form of further short and long-term loans to finance later projects, because in addition to the immediate measures taken for capacity adjustment, we cannot lose sight of the future.

Now, if you please, I would like to address the individual items on the agenda.

I will begin with item 13. The Executive Board and Supervisory Board have proposed the issue of participation rights as well as convertible and warrant-linked bonds, as we consider these to be important as an alternative source of financing for the Company alongside the traditional forms of borrowing just discussed. In the current environment, the stock market is not a suitable channel for generation of equity capital, for instance through a capital increase – especially for the automotive industry. Thus, despite – or perhaps precisely because of – the current talks with our banks, which are focused on the financing of our ongoing business activities and the organic growth of the Company, it makes strategic sense to open the way for use of this financing option. Even though there is presently no concrete necessity, this instrument would offer us the potential to raise necessary capital for the funding of future growth or strategic projects.

With respect to items 11 and 12 of today's agenda and the purchase of own shares: as you know, there are numerous reasons that a company might purchase and hold its own shares. The company can strengthen confidence in its shares. Moreover, own shares can be used for purposes of acquisitions or to attract new strategic investors. If no equity capital is needed, canceling own shares can lower the cost of capital. As you can see from these examples, the authorization to purchase own shares can provide our Company with important alternatives.

Currently, GRAMMER AG does not have the ability to purchase its own shares. The previous authorization expired in December 2008. For this reason, we propose that the Annual General Meeting once again authorize us to use this strategic option. The reason for two identical proposals in items 11 and 12 lies in the draft law on the implementation of the Shareholders' Rights Directive (Gesetz zur Umsetzung der Aktionärsrechterichtlinie), abbreviated "ARUG". This law is currently in the legislative process, and is expected to enter into force in 2009. Whereas item 12 is in line with the current rules, item 11 already takes into consideration the expected future legal situation. If the ARUG should not be adopted, or be adopted later than expected, we would have to wait until the following AGM to receive authorization to repurchase our own shares in accordance with the new legal situation. For this reason, we think it necessary to receive authorization from the AGM in accordance with the current legal situation as well, in order to have the option to buy shares until final adoption of the ARUG. Upon entry of the ARUG into force, item 12 would then become null and void and the new authorization under item 11 would be entered into the Articles of Association. With the exception of the longer authorization period of five years allowed by the new legislation instead of the current 18 months, all other conditions of the authorization are identical.

The ARUG is also the reason for the global authorizations under items 7 to 10. As mentioned earlier, the law is expected to enter into force this year. Although the new rules will not apply until the 2010 AGM season, they necessitate a general amendment of the Articles of Association. Moreover, previous provisions of the Articles of Association may be in contravention of the ARUG and should therefore be amended by this year's AGM to avoid any problems.

The government's draft of the law on the implementation of the Shareholders' Rights Directive also sets forth an amendment of the Stock Corporation Act (Aktiengesetz – AktG) with respect to the exercise of shareholder rights at the Annual General Meeting. In order to allow full usage of the options for participation in the AGM and voting at the next Annual General Meeting, a relevant authorization in the Articles of Association should be approved here today.

Additionally, the provisions in the Articles of Association with respect to internet transmission of the Annual General Meeting should be adapted to the planned rules of the ARUG, even though we currently have no intention of making use of them.

Please note, however, that the Company will not enter these changes to the Articles of Association into the commercial register until entry into force of the ARUG.

In closing, I would like to say a few words about the proposed appropriation of profits under item 2. I and my Executive Board colleagues

Dr. Kempis and Mr. Müller are fully aware, ladies and gentlemen, that our proposal not to pay a dividend for fiscal year 2008 is a departure from our practice of viewing GRAMMER as a dividend-paying stock. However, due to the well-known critical situation facing the economy, the dramatic declines in revenues especially in our industry and the measures required in response to these, the Executive Board and Supervisory Board have decided to take this step. Our conclusion was and is based on the need to ensure adequate liquidity for the Group, a condition on which we place the highest priority. Our intention is to avoid anything that could be a burden on this success factor. Consequently, we have put together the program of measures described in detail by Mr. Müller, to which every member of the Company contributes. By this, I mean the employees and managers in particular, who are confronted with short-time work and job cuts, as well as reorganization and merging of functions. And, I also refer to you, the owners of GRAMMER.

It is important to show our external business partners, especially the banks, who consider liquidity and capital adequacy significant factors for an assessment of our creditworthiness, that we are stable and economically prudent. Elimination of the dividend not only strengthens this image, but also sends the right message to the banks with whom we are negotiating when it comes to structuring our future financing. Please support us by strengthening our equity position.

Ladies and gentlemen, dear shareholders – it is in the interest of us all to help GRAMMER to a long-term sustainable position in the market from which we can successfully return to solid profitability and once again offer attractive dividend yields. The chances are good – we are on the right road. Therefore, ladies and gentlemen, I appeal to you as shareholders to take a proactive approach in your voting. I thank you for your contribution to the successful future of the Company and your trust in GRAMMER AG.

Thank you for your time!