



Grammer AG Annual General Meeting
Amberg, May 28, 2008

Presentation by Alois Ponnath
CFO

Check against delivery.

Restricted until: Wednesday, May 28, 2008, 11:00 AM

Dear shareholders
and friends of Grammer AG,

Last year was an eventful one for Grammer, in which we achieved key milestones. The news was not all positive however for the 2007 fiscal year, including particularly the revision of our guidance last October necessitated by third-quarter results.

Let's start with a look at Group revenue.

One of our goals for the past fiscal year was to post slightly higher Group sales than the previous year. We exceeded this goal by a wide margin, recording Group sales of EUR 998.1 million for 2007, an increase of EUR 117.1 million or 13.3%. Grammer benefited from a favorable economic environment in the regions and industries where we operate.

In Europe sales totaled EUR 752.1 million, up by a solid EUR 68 million. Overseas in the Mercosur and NAFTA regions business was also strong, sales surging 41% to EUR 151.8 million. In the strategically critical Asia region, sales increased by 8 million to EUR 94.2 million, driven chiefly by Grammer activities in the fast-growing emerging economies. Our strategy of broad-based geographic expansion is thus quite clearly well-conceived.

As reported last year, the Italian subsidiary Grammer srl, in which our European bus seat operations were concentrated, was sold in a management buyout (MBO). This change in the Passenger Seats segment led to the decision to integrate the remaining Driver Seats segment into a newly formed Seating Systems division, partly in view of the similar product structure. Accordingly, starting with the 2007 financial statement, reporting will relate to the segments Automotive and Seating Systems.

Automotive, our largest division, posted a 14.4% sales increase, up to EUR 657.7 million. This accounted for roughly two thirds of total Group revenue. Automotive sales were driven by rising order volume on the strength of the economy and increased demand in the export and premium segments. The Mercedes C Class model change, for which Grammer supplies crash-active headrests, was among a number of factors having a positive impact. Production of crash-active headrests for the BMW 5 Series and X5 in the US and strong sales of the VW Passat in China also provided a boost.

Seating Systems sales rose by nearly EUR 52 million to EUR 363.3 million. Both Offroad and Truck Seat sales were up, on strong orders. A truck seat production order landed last year in Brazil helped us further consolidate our market leadership in South America. New international projects generated additional Rail production, including an option order from our customer Bombardier who lists Grammer as platform supplier.

Turning now to profitability, let us look at Group EBIT and EBIT margin. Earnings before interest and taxes were dissatisfactory at EUR 32.1 million after one-time charges. This figure was in line with our October estimates, but below our original expectations. In relation to sales, EBIT margin came to 3.2% versus 4.4% for the previous year. The overall decline in EBIT was in large part attributable to lower operative income in the Automotive segment. Seating Systems on the other hand was a major growth driver for the Grammer Group, generating EBIT of EUR 24.1 million, up 43%.

Dr. Kempis and Mr. Müller have already discussed in detail developments concerning the two divisions.

Capital expenditure increased slightly year-over-year to EUR 34.6 million and was significantly higher than depreciation and amortization expense of EUR 23.5 million. In Seating Systems division capital expenditure went mainly to new

technologies and environmental protection in addition to regular production replacement costs (mainly moulds and tools). At the Haselmühl location expenditure focused on increasing energy efficiency and further environmental improvements. Capital expenditure in the Automotive segment went primarily to plant infrastructure optimization, in Serbia and China for example, and the insourcing of specific production processes for greater vertical integration.

Our workforce continue to expand in 2007 in line with rising sales. The average number of employees comprising the global workforce of all consolidated companies during the year was 9,326, an increase of 700 versus 2006. As of December 31, 2007 of the number of employees in the Automotive segment totaled 6,216. As of the same date, Seating Systems employees totaled 3,153, and Services 158.

Finally, let us take another look at the Group income statement. Both divisions contributed to a 13.3% increase in sales. EBITDA came in approximately 11% lower versus 2006 at EUR 55.6 million. Impacted by currency exchange rates, the financial result drove down profit before income taxes to EUR 22.8 million. An improved Group tax rate of 23% served to absorb the EUR 17.6 million impact on net income. Earnings per share came to EUR 1.72.

The consolidated balance sheet remains solid as a result of sales and earnings developments. Total assets rose by a moderate 4.4% to 497 million. Non-current assets rose to EUR 201.6 million through financing of our new locations in Serbia and China and capital expenditure on property, plant and equipment. Current assets rose to EUR 296.0 million, reflected in part increasing sales and the associated operational expansion. In another positive development, trade accounts receivable turnover improved. Equity rose to EUR 184.7 million, yielding an equity ratio of 37% on increased total assets.

Noncurrent liabilities declined slightly, mainly as a result of the retirement of noncurrent liabilities to banks. Current liabilities increased to EUR 172 million in connection with the financing of higher business volume.

Return on capital employed (ROCE) for the Grammer Group was 8.1%. This figure indicates how efficiently and profitably a business deploys its capital. ROCE declined by 0.9 percent in the past fiscal year, but exceeded capital costs. This means that Grammer was able to increase value thanks to Seating earnings and moderate capital commitment.

That concludes our review of key figures for 2007; let us now turn briefly to a look at the performance of Grammer shares.

The year 2007 was a troubled one for stock markets, with a crisis in the American credit and real estate sectors, high oil prices, rising inflation and fears of a US recession. All this created an atmosphere of anxiety on global stock markets. Our benchmark index, the SDAX, finished the year down 7%. Automotive suppliers included in the index were among the most sharply impacted equities. Our shares thus suffered a significant price decline from EUR 25.87 at the start of the year to EUR 16.02 at year-end as earnings fell.

Our goal is to achieve a significant improvement in Grammer Group profitability by pursuing the plan outlined by my two colleagues. We are confident of our ability to successfully implement these measures. As a reflection of this confidence, the Executive Board and Supervisory Board propose the payment of a EUR 1.00 dividend for fiscal year 2007. Applying the closing price for our shares for 2007, this represents a dividend yield of 6.2%.

In 2008 the shares have put on a better showing thus far. On May 26, 2008 Grammer shares closed at EUR 17,83 up more than 11 % compared to the

closing price for 2007. The SDAX in contrast declined approximately 10% over the same period.

Looking now at our business in the first quarter of 2008, we are making substantial progress in our restructuring efforts. The full effect of these however will only begin to be seen in 2009, in accordance with expectations. Accordingly, a fundamental turnaround has not been observed despite progress in the first quarter.

Group sales rose to EUR 267.4 million, up 12.5% versus the previous-year figure. Both divisions continue to benefit from an excellent order situation, with sales up 15.4% respectively. Automotive sales thus totaled EUR 174 million, while Seating Systems posted EUR 102.0 million. The offroad and truck businesses saw particularly robust growth.

Grammer Group EBIT came to EUR 8.2 million, within our target corridor. Earnings before interest and taxes were significantly impacted by ongoing restructuring efforts. Excluding one-time restructuring charges of approximately EUR 1.5 million, EBIT came to EUR 9.7 million, nearly unchanged versus the previous-year level.

On a division level, Automotive operating profits lagged significantly with EBIT of EUR 0.2 million. This reflects restructuring costs, wage increases and recent currency movements weighing on earnings. Rising costs at our Eastern European locations also had a negative effect.

Seating Systems benefited from increased productivity and capacity utilization as well as greater concentration on niche products with attractive margins. Segment EBIT increased by one third to EUR 10.5 million.



Our goal, ladies and gentlemen, is profitable growth. We believe earnings this year will exceed last year's level by a slight margin. On behalf of the Executive Board I would like to thank you for the confidence you have placed in us, and I look forward to a successful future with you on board with us at Grammer for the long-term.

Thank you for your attention!