

# ON THE MOVE



## GRAMMER AG Annual General Meeting 2018

Hartmut Müller  
Chief Executive Officer

Amberg, June 13, 2018



# ON THE MOVE



Highlights  
Fiscal Year 2017

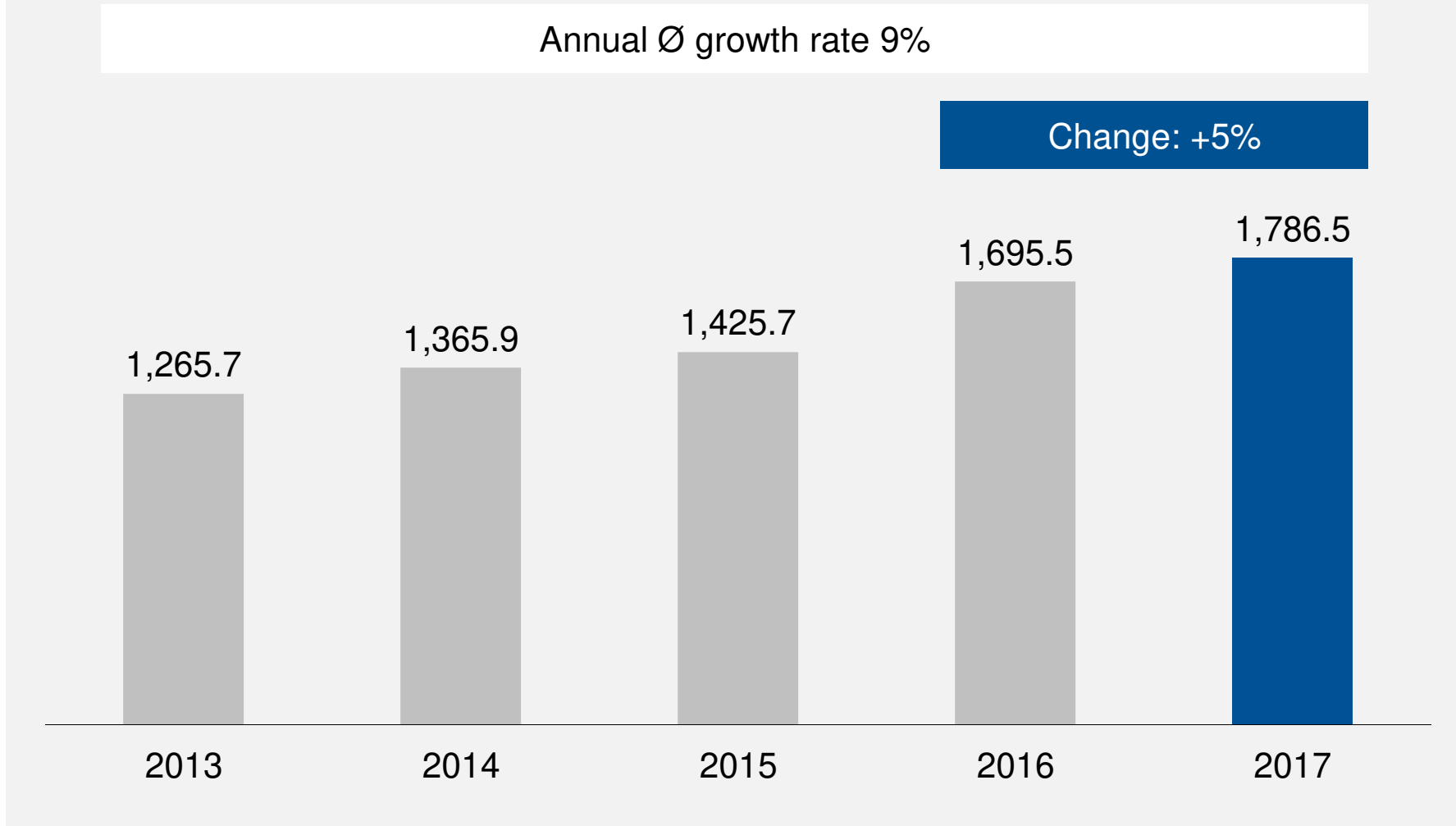


# GRAMMER GROUP – FISCAL YEAR 2017

Growth in revenues by +5% to € 1.79 billion



Sales trend 2013 – 2017  
[in € million]



# GRAMMER GROUP – FISCAL YEAR 2017

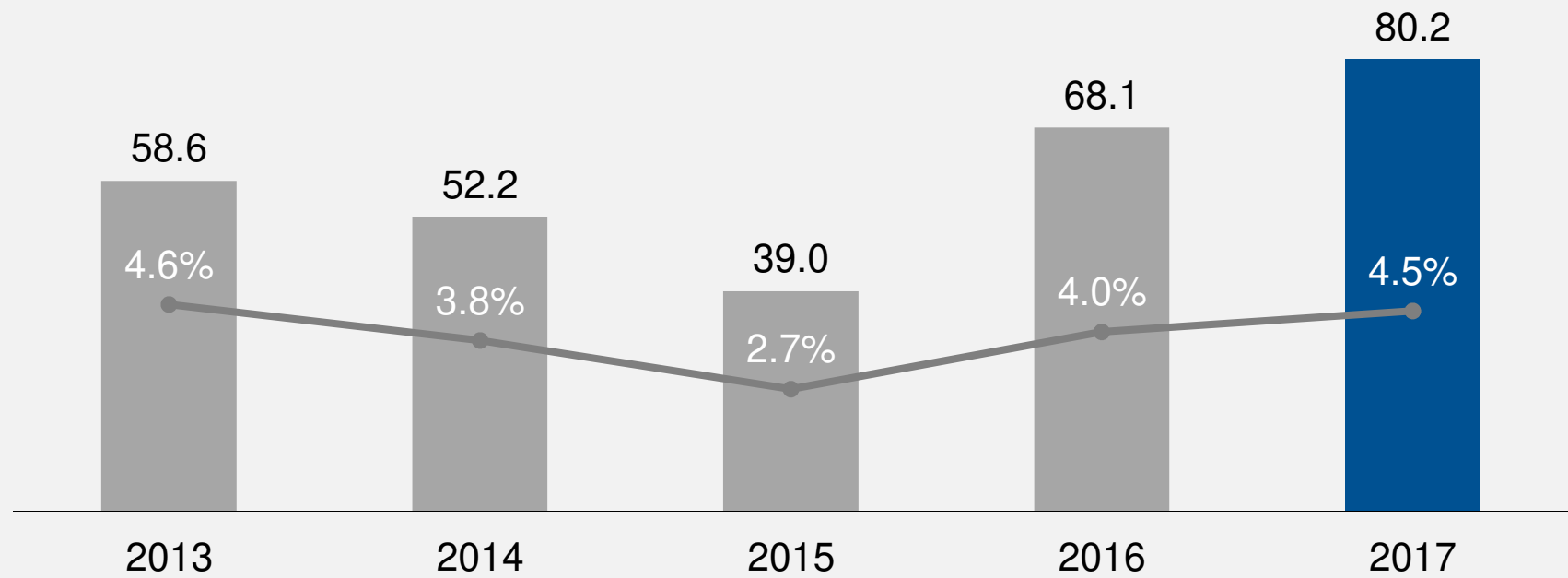
Clear improvements in operating profitability



Operating EBIT\* 2013 – 2017  
[in € million and in % of revenue]

Annual Ø growth rate 9%

Change: +10%



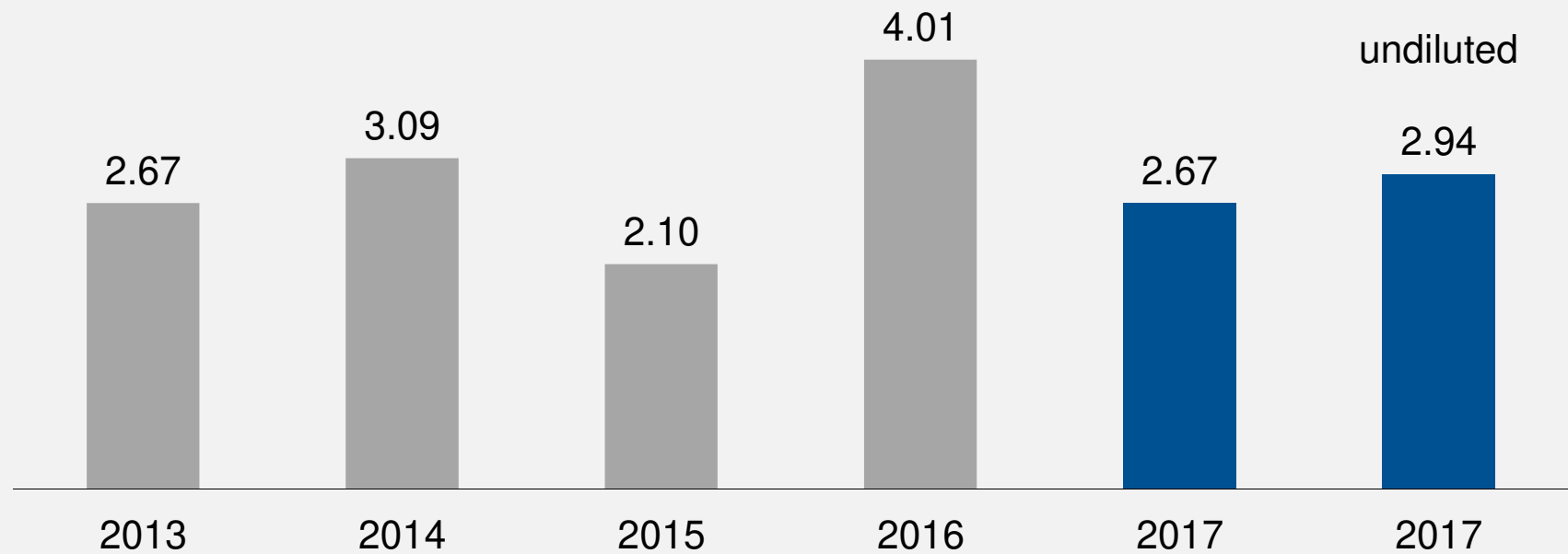
\*) IFRS EBIT adjusted by exchange rate effects and non-recurring costs

# GRAMMER GROUP – FISCAL YEAR 2017

IFRS result per share influenced by non-recurring costs and US tax reform



IFRS result per share 2013 – 2017\*  
[in €]



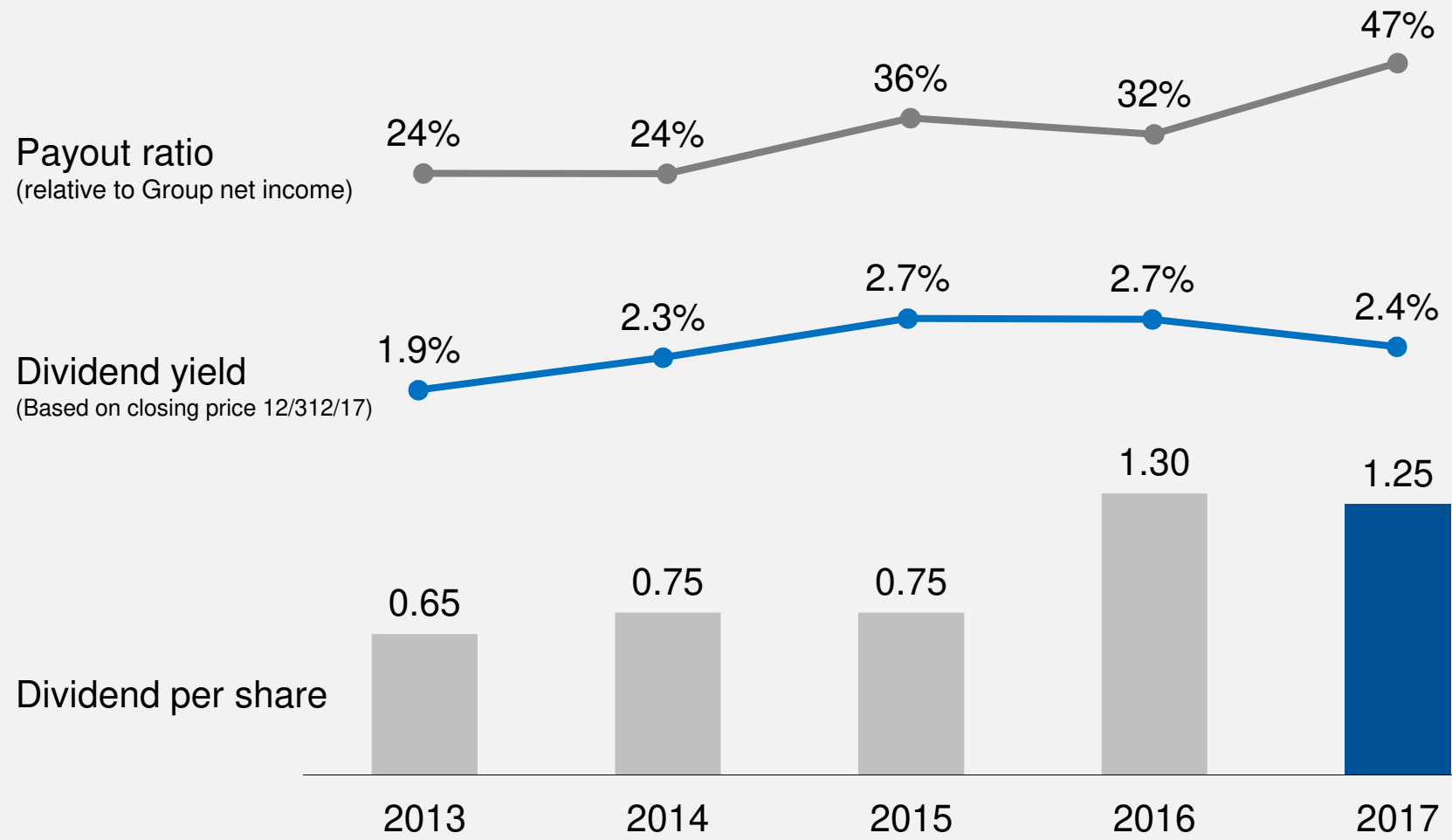
\*) Number of shares 2013 to 2016: 11.5 m shares, 2017: 12.6 m shares

# GRAMMER GROUP – FISCAL YEAR 2017



Proposed dividend takes non-recurring costs in FY 2017 into account

Dividend, payout ratio and dividend yield for the fiscal years 2013 – 2017  
[in € and in %]

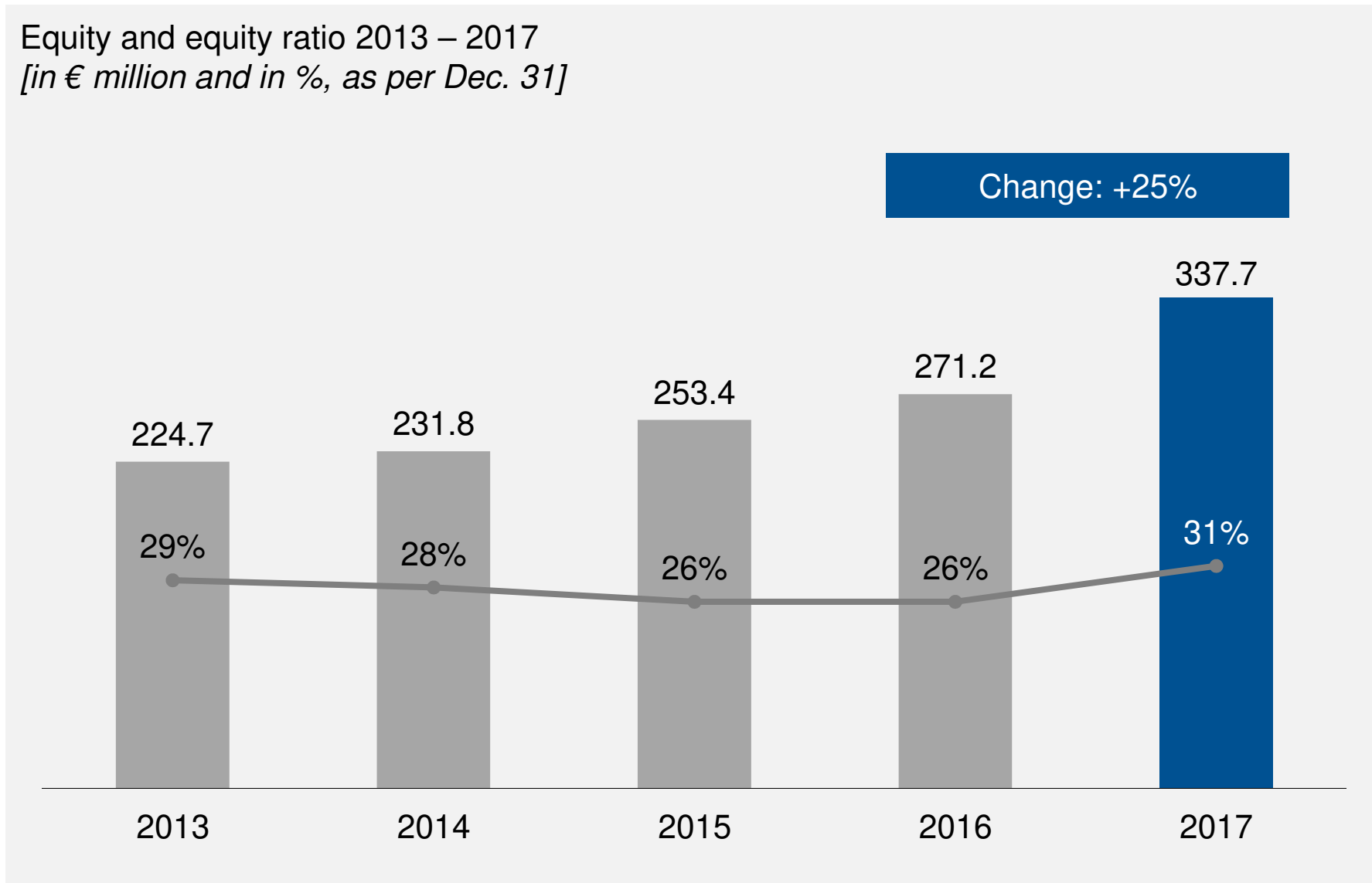


# GRAMMER GROUP – FISCAL YEAR 2017

Equity increases significantly compared to the previous year



Equity and equity ratio 2013 – 2017  
[in € million and in %, as per Dec. 31]

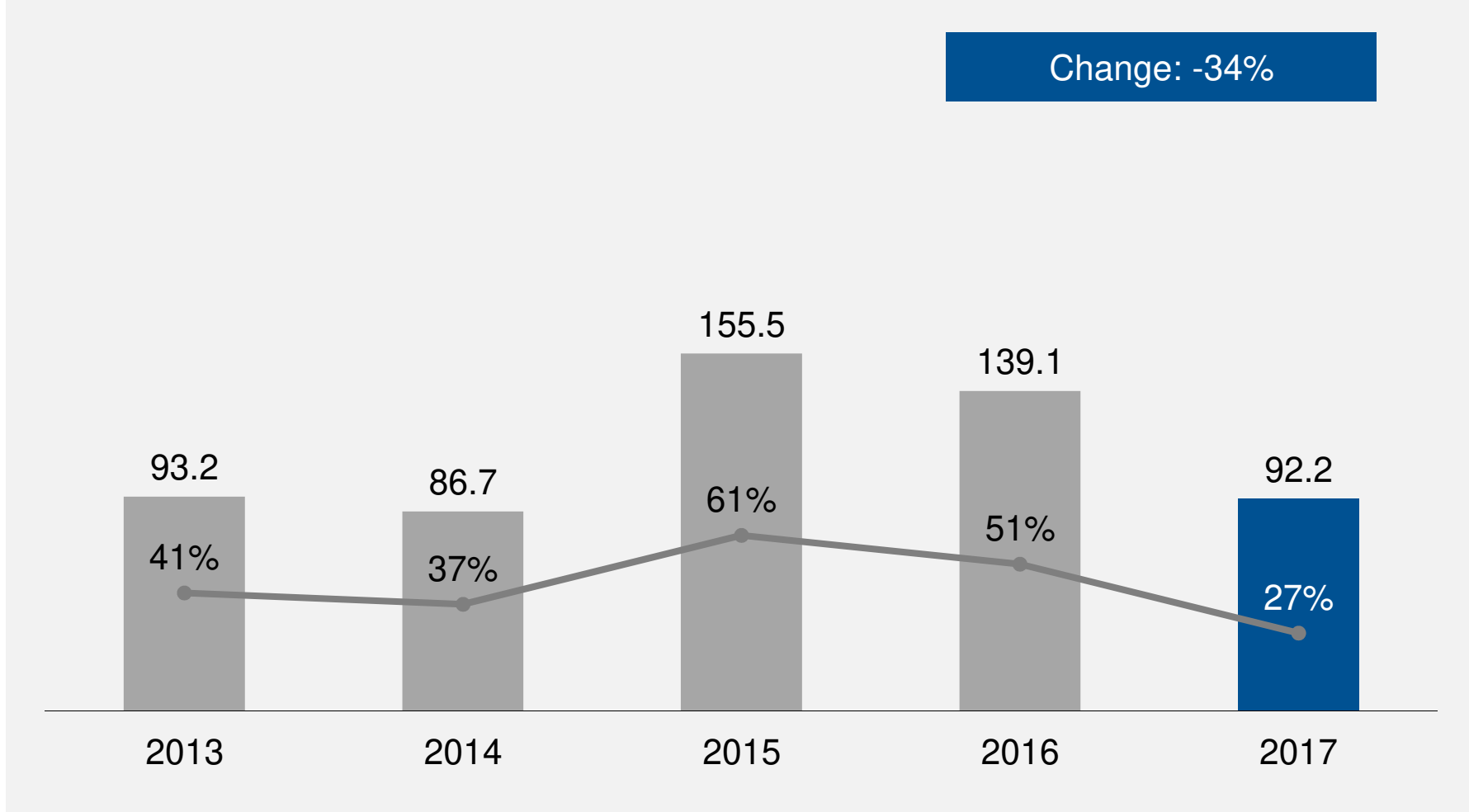


# GRAMMER GROUP – FISCAL YEAR 2017

Significant reduction of net debt despite expansion and investment activities



Net financial liabilities and gearing 2013 – 2017  
[in € million and in %, as per Dec. 31]



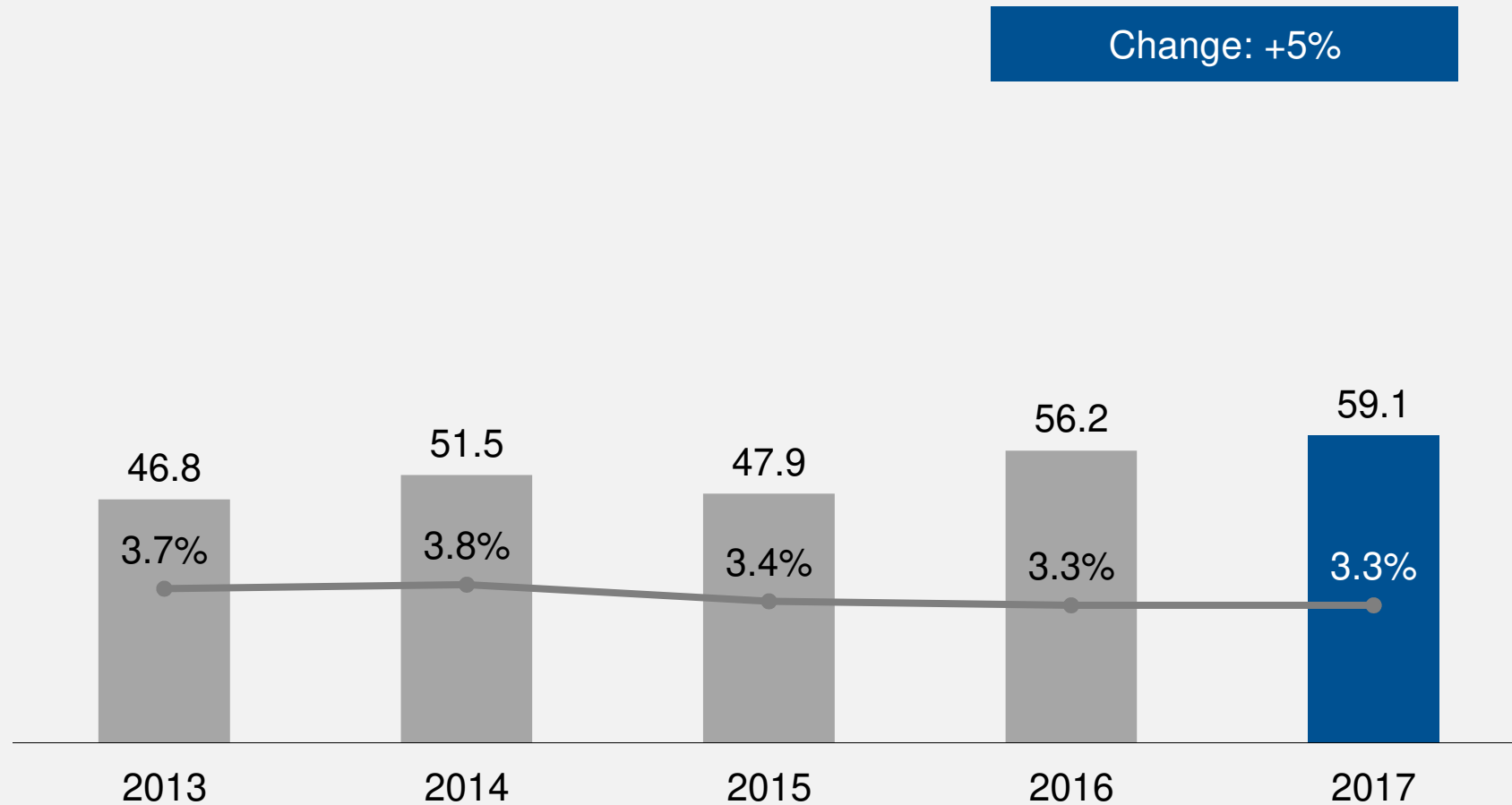


# GRAMMER GROUP – FISCAL YEAR 2017

Investments in expansion of production capacity and process optimization



Investments and investment rate 2013 – 2017  
*[excl. M&A, in € million, in % of revenue]*

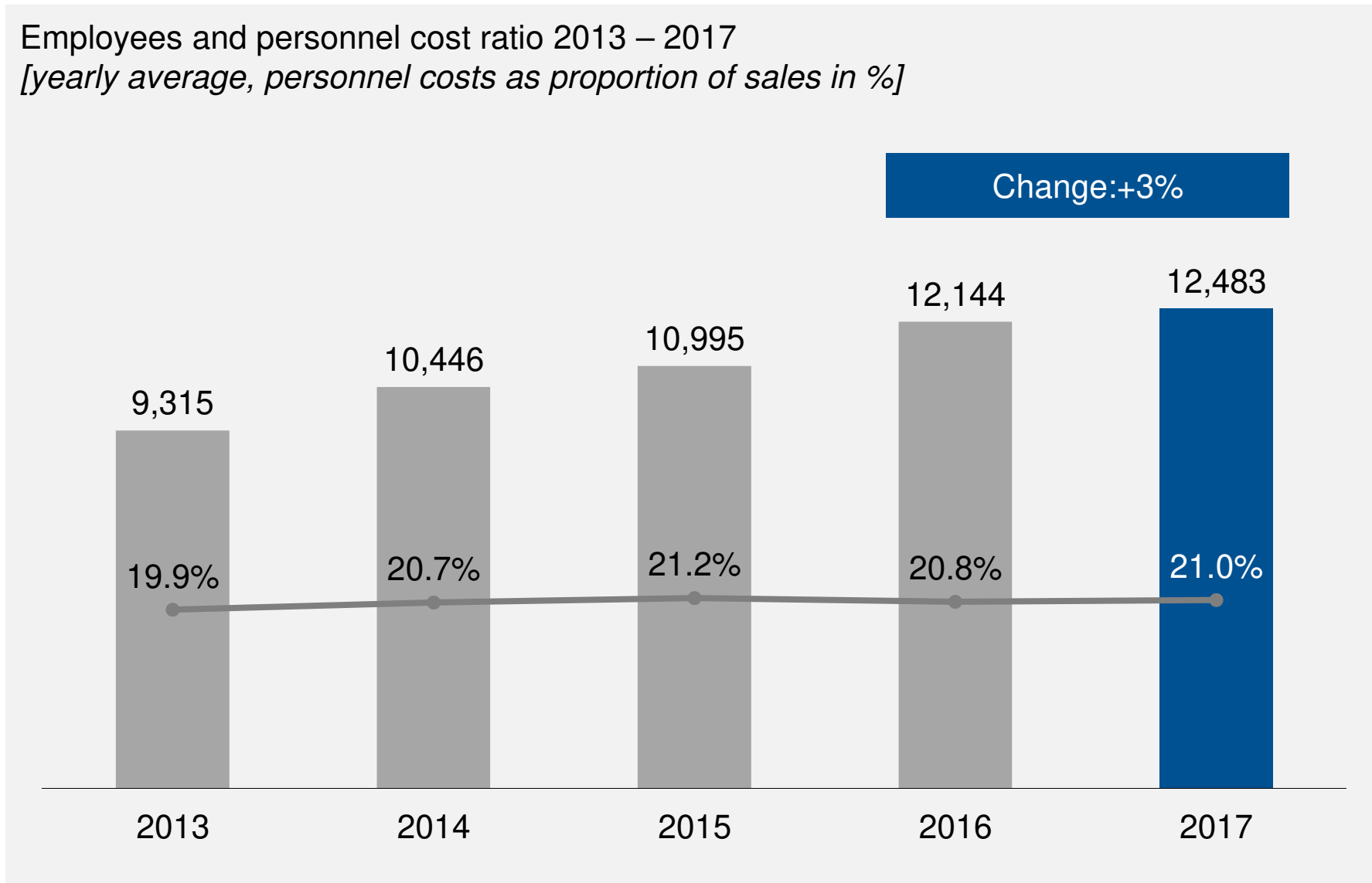


# GRAMMER GROUP – FISCAL YEAR 2017

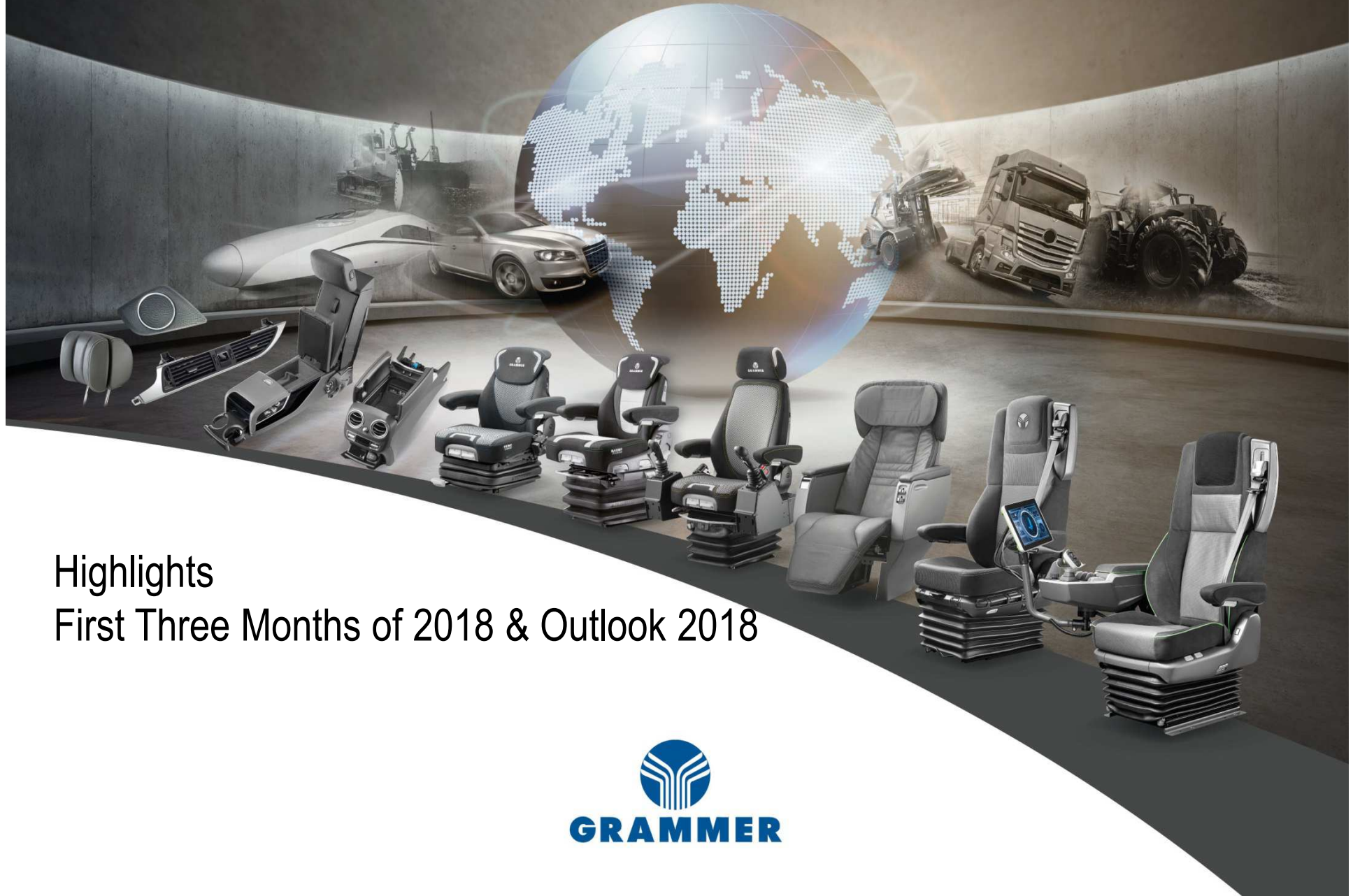
Workforce increase below sales growth



Employees and personnel cost ratio 2013 – 2017  
*[yearly average, personnel costs as proportion of sales in %]*



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Highlights  
First Three Months of 2018 & Outlook 2018



# GRAMMER GROUP – DEVELOPMENT Jan – Mar 2018

Solid start in the first quarter of 2018

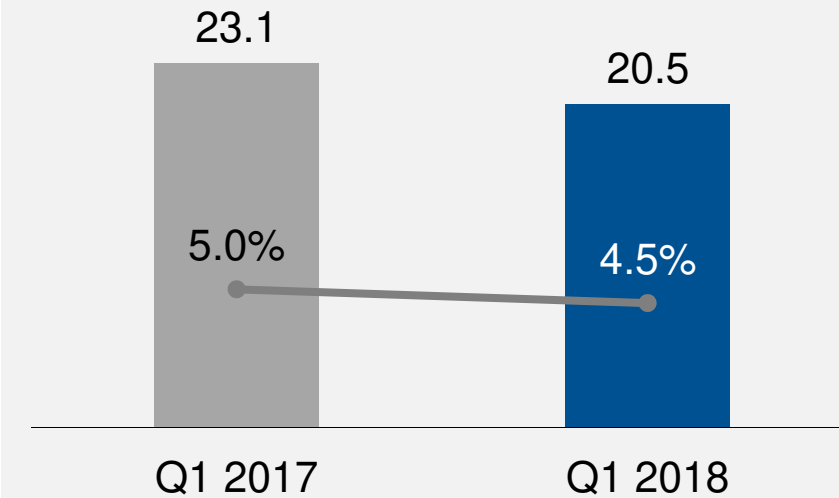


Revenues  
*[in € million]*

Change: -1%  
*FX adjusted: +2%*



Operating EBIT  
*[in € million and % of revenues]*



# GRAMMER GROUP – OUTLOOK 2018

Further increases in sales & profitability expected



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

#### Important note:

At the present time, potential influences on earnings in connection with possible changes due to the announced tender offer cannot yet be forecast and are therefore not included in the current outlook.

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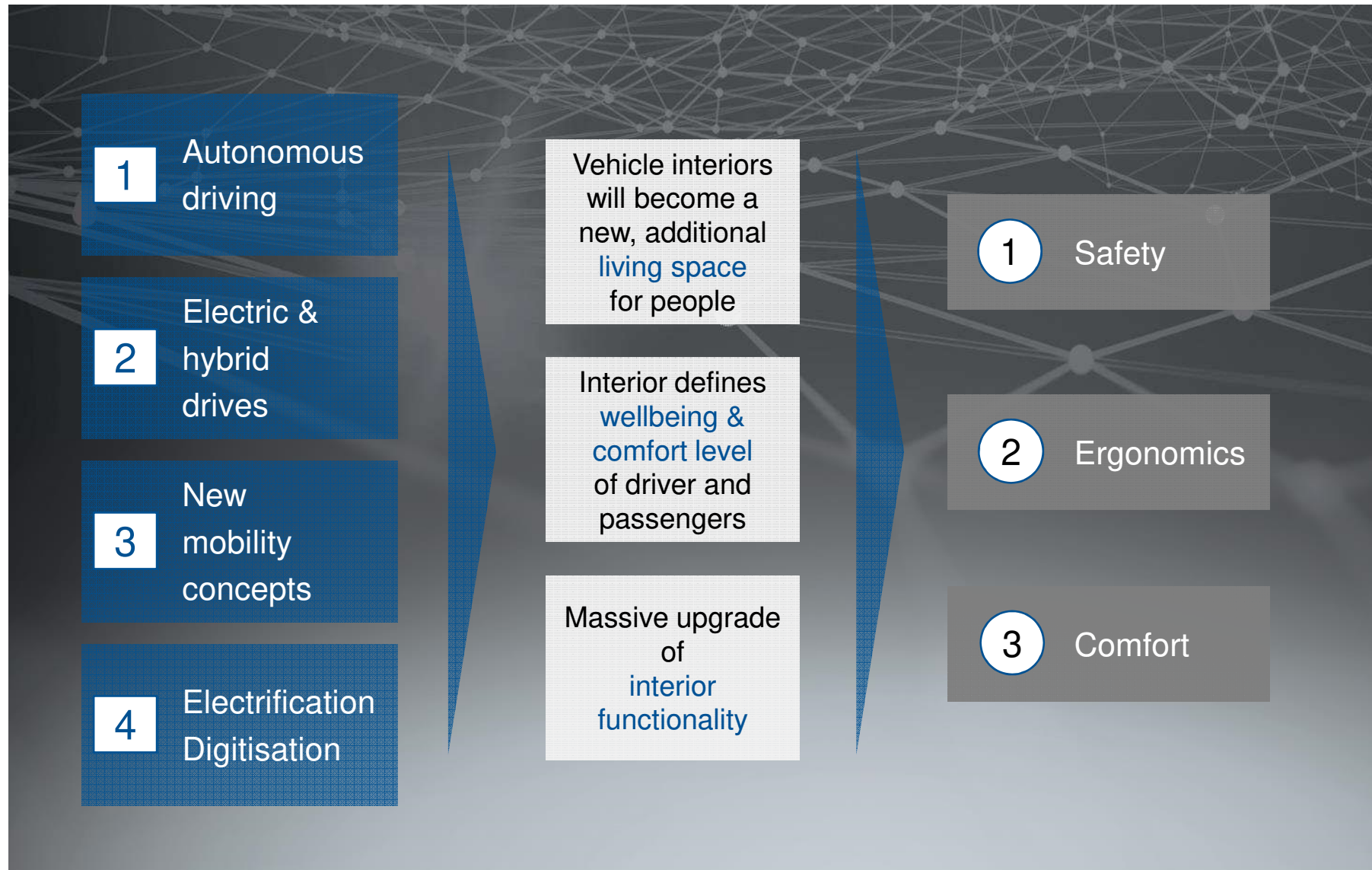


Strategic Highlights  
Innovations



# GRAMMER STRATEGIC HIGHLIGHTS – INNOVATIONS

High potential for interior specialists in future generations of vehicles



# GRAMMER STRATEGIC HIGHLIGHTS – INNOVATIONS

Project PURE – New, revolutionary interior vision from GRAMMER



## Surfaces & materials

- ▶ High-quality haptics, touch & feel
- ▶ Hygienic & "green" materials
- ▶ Lightweight & composite materials
- ▶ Functional, 3D surfaces
- ▶ Ambient lighting

## Electronics

- ▶ E/E system integration
- ▶ Mobile device integration
- ▶ E-drives & intelligent kinematics
- ▶ Monitors, cameras, sensors
- ▶ Intuitive HMIs

Project  
**PURE**  
Premiere  
September 2019

## Comfort features

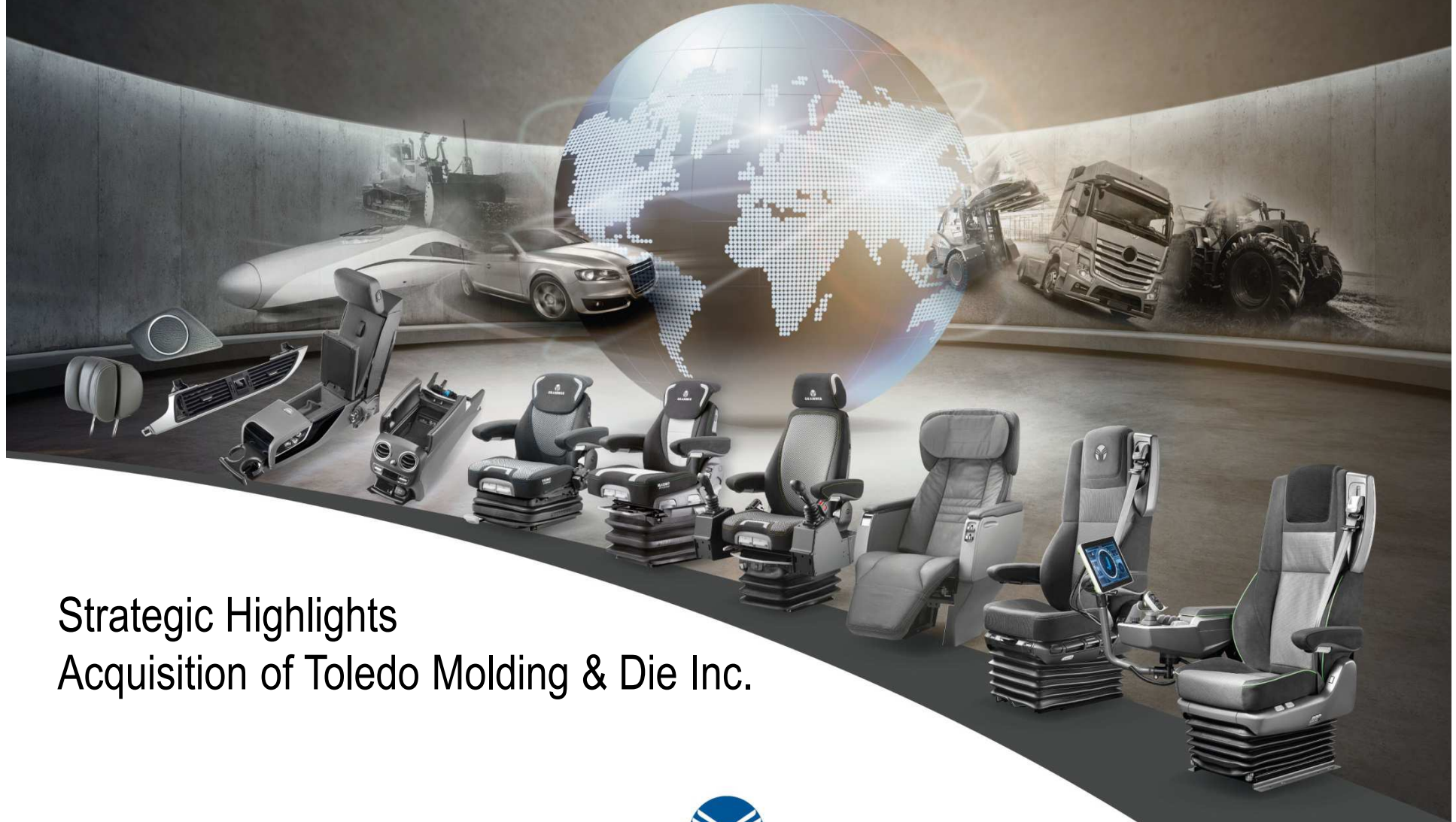
- ▶ E-seat, rotatable, active seat
- ▶ Latest seat suspension systems
- ▶ Individual climate zones
- ▶ Noise suppression, sound zones
- ▶ Fold-away tables, stowage systems  
cooling compartments

## Safety

- ▶ New seat belt & restraining systems
- ▶ New headrest systems
- ▶ Neck & upper torso support systems
- ▶ Driver monitoring
- ▶ Active control of body posture



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Strategic Highlights  
Acquisition of Toledo Molding & Die Inc.




# GRAMMER STRATEGIC HIGHLIGHTS – ACQUISITION TMD

## Transaction Highlights



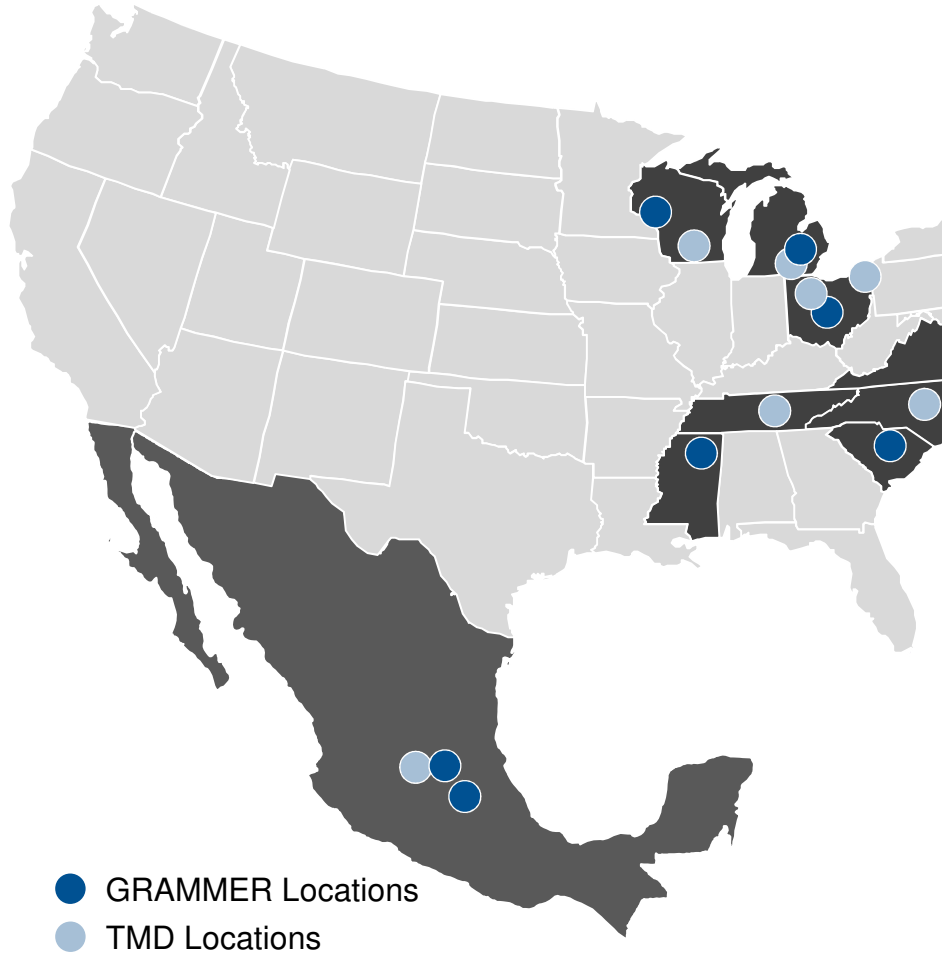
- TMD is a specialist in developing and manufacturing highly engineered thermoplastic components for the automotive industry
- TMD is operating in the NAFTA region with 11 locations, generating annual revenues > 300 million USD
- Purchase Price (Enterprise Value): approx. 271 million USD
- The transaction will be fully debt financed, attractive financing conditions have been secured
- Transaction is subject to usual closing conditions in particular antitrust approvals



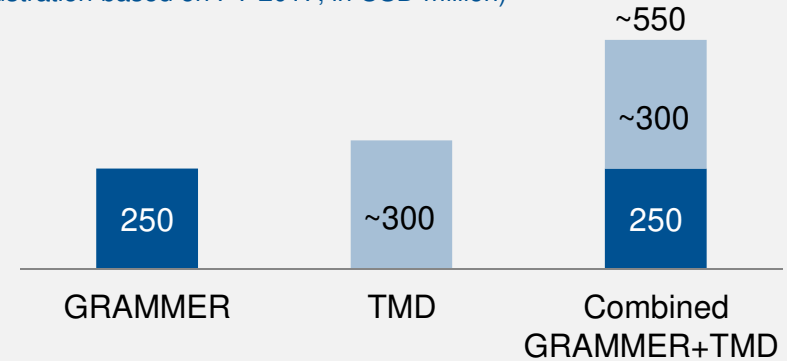
Acquisition of TMD marks the anticipated milestone in the strategic transformation of GRAMMER Group

# GRAMMER STRATEGIC HIGHLIGHTS – ACQUISITION TMD

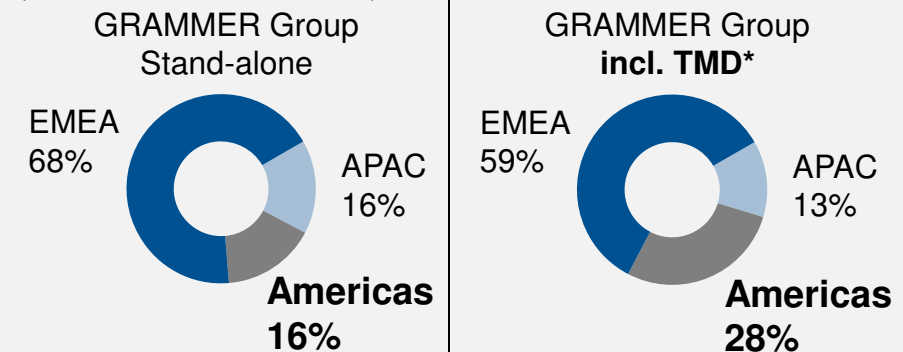
Combined footprint covers all major automotive regions



GRAMMER & TMD\* combined NAFTA revenues  
(illustration based on FY 2017, in USD million)



GRAMMER Group global revenues breakdown  
(illustration based on FY 2017)



➔ GRAMMER's and TMD's state-of-the-art facilities allow to serve the entire NAFTA region

➔ Acquisition of TMD Group will strengthen GRAMMER's Americas footprint

\*) excluding JWCA revenues

# GRAMMER STRATEGIC HIGHLIGHTS – ACQUISITION TMD

Compelling benefits from combined activities



1

## **Products:**

Combined portfolio and joint R&D activities offers superior product solutions

2

## **Footprint:**

Broad combined footprint covering all major Automotive regions in the Americas

3

## **Technology:**

Expansion of process technology for injection & blow molding and light weight solutions

4

## **Customers:**

Acquisition forms a full-service partner for innovative solutions in thermoplastic & interiors

5

## **Synergies:**

Combined activities offer potential for further synergies and cost improvements

# ON THE MOVE



Signing of a Business Combination Agreement with affiliated companies of Ningbo Jifeng & Announcement of Tender Offer



# BUSINESS COMBINATION AGREEMENT & TENDER OFFER

BCA & tender offer provide opportunities and mutual benefits



- GRAMMER & Ningbo Jifeng\* have signed a legally binding, comprehensive business combination agreement
- Ningbo Jifeng has launched a voluntary takeover, offering all shareholders a total consideration of 61.25 € per share

1

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

Wide range of cooperation areas identified

2

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

Broad set of commitments lasting up to 7.5 years

3

## **Further Stabilization of Shareholder Structure**

Ningbo Jifeng as strong anchor shareholder

4

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

Premium to previous close of 19.4%

\*) 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

# BUSINESS COMBINATION AGREEMENT & TENDER OFFER

BCA secures GRAMMER's independence and future development



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

# BUSINESS COMBINATION AGREEMENT & TENDER OFFER

Independence assured, far-reaching promises for employees & locations



## A Independence\*

- No changes to the company's legal form as a stock exchange listed corporation
- No change of name or seat & headquarters of GRAMMER AG
- Integrity of GRAMMER to be preserved, no sale or break-up of the business
- No intention to conclude domination agreement
- No squeeze-out or other similar structural measures
- Continuation of existing financing and dividend policy

\*) Unless recommended by Executive or Supervisory Board with a simple majority

## B Employees & locations\*

- Ningbo Jifeng acknowledges the importance of GRAMMER's excellent workforce and manufacturing processes for the continued success of the company
- Existing shop or collective bargaining agreements as well as other incentive schemes and similar arrangements will be honored
- Recognition of co-determination ("Mitbestimmung") and rights of employees, work councils and unions
- Employment levels and manufacturing footprint to be maintained
- Commitment for 7.5 years from today\*\*

\*) Unless recommended by Executive or Supervisory Board with a simple majority

\*\*\*) For commitments mentioned on this chart, 5 years for non-German locations



# BUSINESS COMBINATION AGREEMENT & TENDER OFFER

Commitments to Corporate Governance & support of the strategy



## C Corporate Governance

- Composition of GRAMMER AG's Executive Board to remain unchanged\*
- GRAMMER AG Executive Board will continue to independently run the business
- GRAMMER AG Supervisory Board will retain its current size and structure
- No changes to existing equal co-determination in the Supervisory Board of GRAMMER AG
- Ningbo Jifeng envisages to nominate two members to the Supervisory Board of GRAMMER AG over time which will be elected by the AGM

\*) Unless GRAMMER's business ceases to be stable and healthy (material abnormality) and management fails to undertake appropriate measures in a timely manner

## D Strategy

- Ningbo Jifeng will support the organic and external growth strategy
- Ningbo Jifeng will support GRAMMER's global footprint and manufacturing sites
- Ningbo Jifeng will support necessary investments to maintain the group's sites
- Consistent approach of GRAMMER and Ningbo Jifeng towards customer and suppliers
- No changes to GRAMMER brand

# BUSINESS COMBINATION AGREEMENT & TENDER OFFER

Protection of know-how, technologies and intellectual property



## E Protection of know-how

- Ningbo Jifeng recognizes the importance of GRAMMER's focus on innovations, technological advanced products & processes
- Ningbo Jifeng supports necessary R&D spending
- All intellectual property of GRAMMER will remain within the company
- Furthermore, Ningbo Jifeng commits not to transfer any know-how\*, technologies or key staff which may adversely affect GRAMMER

\*) Unless made at arm's length



# BUSINESS COMBINATION AGREEMENT & TENDER OFFER

The Executive Board of GRAMMER AG welcomes & supports the takeover offer\*



## GRAMMER SHAREHOLDERS

Attractive premium for GRAMMER shareholders  
Continuation of dividend policy & Corporate Governance



## GRAMMER GROUP

Support of global growth strategy  
Continued independence of GRAMMER



## GRAMMER CUSTOMERS

Further stabilization of shareholder structure  
Support of innovation strategy



## GRAMMER EMPLOYEES

Extensive guarantees securing workforce & locations  
Recognition of co-determination & rights of employees



\*) Subject to the review of the offer document in the course of the preparation of the reasoned opinion

# ON THE MOVE



GRAMMER AG  
Notes to the agenda





## **Item 8 – Resolution on the creation of new authorized capital**

No vote in today's Annual General Meeting

## **Item 9 – Resolution on the amendments to the Articles of Association**

### **Amendment of article 4 (2) of the Articles of Association:**

(2) The company may transmit information to the holders of its securities by means of data telecommunications in accordance with section 49 (3) of the German Securities Trading Act (WpHG).

### **Amendment of article 24 (1) and (2) of the Articles of Association:**

(1) The Annual General Meeting shall be presided over by the chairman of the Supervisory Board or another member of the Supervisory Board representing the shareholders as determined by the chairman of the Supervisory Board.

(2) If neither the chairman of the Supervisory Board nor another member of the Supervisory Board determined by him presides over the Annual General Meeting, the chairman of the Annual General Meeting shall be elected by the members of the Supervisory Board who represent the shareholders.

# ON THE MOVE



## GRAMMER AG Annual General Meeting 2018

Hartmut Müller  
Chief Executive Officer

Amberg, June 13, 2018

