

GRAMMER AG starts the new year with confidence after significant recovery in the second half of 2020

- *Full-year revenue of 1.7 billion euros in 2020*
- *Operating EBIT of 34.0 million euros in the second half of 2020 after -45.7 million euros in the first half of the year*
- *Successful funding operations with a volume of over 300 million euros*
- *Positive outlook for 2021: Revenue expected to increase to around 1.8 billion euros with operating EBIT coming to roughly 65 million euros*
- *Preliminary figures for the first quarter of 2021 confirm positive trend*

Ursensollen, March 31, 2021 – Driven by a significant recovery in the second half of the year, GRAMMER AG performed solidly in 2020. The company closed the fourth quarter of 2020 with a 5 percent increase in revenue compared to the same quarter of the previous year, starting 2021 on an upbeat note. In 2020 as a whole, the GRAMMER Group posted revenue of 1,710.7 million euros, down 16.1 percent on the previous year (2019: 2,038.5 million euros). Both Divisions were affected by declining revenue but outperformed the market as a whole. Revenue in the Automotive Division fell by 17.6 percent to 1,219.3 million euros, while revenue in the Commercial Vehicles Division was down 10.4 percent, coming to 544.5 million euros.

The decline in revenue was largely due to the impact of the COVID-19 pandemic, which was particularly reflected in business performance in the first half of the year. In this context, the fallout from the pandemic coincided with markets that had already been softening since the second half of 2019. While the revenue of 735.8 million euros in the first half of the year was significantly down on the previous year (2019: 1,051.5 million euros), at 974.9 million euros in the period from July to December 2020, it was only slightly below the previous year's level (2019: 987.0 million euros). The favorable performance in the second half of the year was driven by a significant recovery in demand in all regions and, in particular, strong growth in APAC (Asia Pacific).

Significant improvement in operating EBIT in the second half of the year

In 2020, operating earnings before interest and taxes (operating EBIT) amounted to -11.7 million euros (2019: 77.0 million euros). This reflected substantial declines in volumes in the wake of the global COVID-19 pandemic as well as negative one-time effects amounting to -46.0 million euros. In the second half of the year, operating EBIT came to 34.0 million euros and was thus significantly higher than in the previous year (2019: 26.9 million euros). This positive performance was particularly due to an improvement in the markets and successful crisis management inside the company. In addition to negative currency-translation effects, operating EBIT in the third quarter was adjusted for the directly attributable costs of the pandemic-related protection and response measures as well as restructuring-related

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expenses. Earnings before interest and taxes (EBIT) came to -46.1 million euros (2019: 74.5 million euros).

“Despite the global state of emergency and a very challenging market environment, we were able to hold our ground in 2020 and capably manage the many challenges together. We achieved a lot in the past year, and this is something of which we can all be very proud. The past year has shown like no other that GRAMMER has created the team, the culture and the structures needed to successfully master even difficult times. This is another reason why we have entered the new year full of confidence,” explains **Thorsten Seehars, CEO of GRAMMER AG**. “While the impact of the COVID 19 pandemic left deep traces on our business performance, especially in the first half of the year, the second half showed a much more favorable trend. Thus, revenue in the fourth quarter of 2020 increased year-on-year in the APAC and EMEA regions and at the Group level. With our footprint in the Automotive and Commercial Vehicles Divisions and the regional organization rolled out over the past year, we are very well positioned to actively shape future mobility.”

Competitiveness strengthened through improved cost structure

A wide range of measures were put in place in 2020 to mitigate the economic impact of the COVID-19 pandemic on GRAMMER. Thus, on the one hand, personnel costs and variable expenses were reduced significantly and, on the other hand, capital spending concentrated on the essentials. These temporary measures built on the efficiency-enhancement program previously initiated in the fourth quarter of 2019, implementation of which was stepped up in some areas in 2020. In addition, GRAMMER launched various restructuring measures in the second half of 2020, including the consolidation of sites in Europe and North America and a reduction of roughly 300 jobs in indirect areas in Germany by mid-2021. To this end, a comprehensive voluntary program was implemented together with the employee representatives and completed on January 31, 2021. With the help of this program, GRAMMER has succeeded in achieving the target set for 2021 of a sustainable reduction in structural costs in a socially responsible manner.

Full-year revenue growth in APAC

The **APAC region** generated revenue of 330.5 million euros in 2020 (2019: 313.7 million euros). This represents an increase of 5.4 percent compared to the previous year. With business in APAC impacted by the government-imposed plant closures in China, particularly in the first quarter, GRAMMER recorded significant revenue increases from the second quarter onwards due to numerous new ramp-ups and the general market recovery in the region. With a 24.0 percent increase in revenue to 105.9 million euros (2019: 85.3 million euros), APAC posted the greatest growth in the fourth quarter.

In the **EMEA region**, revenue in the year under review totaled 904.9 million euros (2019: 1,115.3 million euros), equivalent to a decline of 18.9 percent. As a result of the COVID-19-related production stoppages, the region sustained a significant drop of 48.8 percent in revenue, particularly in the second quarter. With the decline slowing significantly in the third

quarter, the recovery continued through to the end of the year. In the fourth quarter of 2020, for example, EMEA posted year-on-year growth of 5.1 percent.

The **AMERICAS region** exhibited a similar trend, recording a 22.0 percent decline in full-year revenue to 475.3 million euros in 2020 (2019: 609.5 million euros). The downward trend in this region, which was particularly pronounced in the second quarter, was also largely due to the impact of the COVID-19 pandemic. Whereas revenue in the first half of the year declined by 39.3 percent compared to the previous year, the second half of the year saw a significant improvement, with revenue dropping by only 4.7 percent.

Further expansion in the future market of Asia

In 2020, GRAMMER AG significantly expanded its presence in the Chinese market. As the world's largest single market for passenger cars and commercial vehicles, China is of crucial importance for the company. Against this backdrop, GRAMMER opened two new plants in Ningbo and Shenyang last year, strengthening its position to achieve sustained growth in both Divisions – Automotive and Commercial Vehicles. With a total of eight production and logistics locations as well as three development centers, GRAMMER now has a very good platform in the APAC region to additionally expand its customer base in this region.

Since the beginning of 2020, GRAMMER has been working with its strategic partner Ningbo Jifeng on a variety of cooperation projects to harness purchasing and manufacturing synergies, expand its range and improve market access in certain regions. The two companies expect to achieve savings in the double-digit millions over the next few years from the global purchasing partnership established in the first quarter of 2020. In addition, GRAMMER and Ningbo Jifeng agreed in October to establish a sales partnership for the Japanese market. GRAMMER intends to use this partnership to gain better access to Japanese automotive OEMs.

Successful funding operations and capital increase

In order to cushion the impact of the global market crisis triggered by COVID-19, the Executive Board of GRAMMER AG implemented extensive measures at an early stage to secure the company's liquidity. In addition to the early refinancing of and increase in the syndicated loan contract of 150 million euros and the discharge of the bridge finance of 80 million euros, Grammer raised a hybrid loan with an equity character for 19.1 million euros in March 2020 and extended the syndicated loan contract entered into in the first quarter by adding a C tranche of 235 million euros in August.

As well as this, GRAMMER successfully executed a capital increase with a volume of 40 million euros in November to strengthen its equity base. GRAMMER AG's principal shareholder, Jiye Auto Parts GmbH, subscribed to the equity issue, increasing its stake in the company by around 2 percentage points to 86.2 percent.

Outlook for 2021: Revenue growth and substantial improvement in earnings expected

Turning to 2021, the Executive Board expects revenue to recover to around 1.8 billion euros (2020: 1.7 billion euros) in tandem with operating EBIT of roughly 65 million euros (2020: -11.7 million euros) despite the still challenging environment.

This forecast assumes that the global economy and the political environment will remain stable and that there will be no renewed plant closures due to the COVID-19 pandemic in 2021.

Successful start into fiscal year 2021

GRAMMER is continuing its positive development in the first quarter of 2021. Based on preliminary figures, GRAMMER AG expects consolidated revenue of around EUR 490 million for the first quarter of 2021, up around 8 percent year-on-year (previous year: EUR 454.9 million). Revenue development in the first quarter was driven by ongoing high demand in both segments, particularly in the APAC and EMEA regions, and thus represents a recovery compared to the prior-year quarter.

Earnings before interest and taxes (EBIT) and operating EBIT adjusted for exceptional effects for the first quarter of 2021 are expected to be around 22 million euros (EBIT Q1 2020: -2.1 million euros, operating EBIT Q1 2020: 0.4 million euros), significantly higher than the respective prior-year figures. The significantly improved operating EBIT is mainly driven by an improvement in the markets and the continuous and effective implementation of cost and process optimization measures.

About Grammer AG

Located in Ursensollen, Germany, Grammer AG specializes in the development and production of components and systems for automotive interiors as well as suspended driver and passenger seats for onroad and offroad vehicles. In the Automotive Division, Grammer supplies headrests, armrests, center console systems, high-quality interior components, operating systems and innovative thermo-plastic components to automakers and automotive system suppliers. The Commercial Vehicles Division comprises seats for the truck and offroad seat segments (tractors, construction machinery, and forklifts) as well as train and bus seats. With about 14,000 employees, Grammer operates in 20 countries around the world. Grammer shares are listed in the Prime Standard and traded on the Frankfurt and Munich stock exchanges via the electronic trading system Xetra.