

## **GRAMMER AG: Robust business performance in the first nine months – despite an increasingly challenging market environment**

- Revenue from January to September 2021 rises by 17.3% to 1,404.7 million euros
- Operating EBIT in the first nine months of 2021 at 30.7 million euros (01-09 2020: –23.3 million euros)
- Strongest revenue growth in APAC (+25.8%), followed by EMEA (+17.1%) and AMERICAS (+13.1%)
- Division Commercial Vehicles continues above-average growth in all regions
- Business development impacted by reduced and volatile customer call-offs due to supply shortage for semiconductors as well as sharply increased material prices
- Earnings forecast 2021 adjusted

**Ursensollen, October 27, 2021** – GRAMMER Group reported positive business performance in the first nine months of 2021 compared to the same period of the previous year. Accordingly, GRAMMER Group's revenue increased by 17.3% to 1,404.7 million euros from January to September (01-09 2020: 1,197.5 million euros). The company is currently experiencing particularly strong growth in the APAC region, which for GRAMMER primarily comprises the important Chinese market. Here, revenue rose by 25.8% to 291.3 million euros (01-09 2020: 231.5 million euros). In the EMEA region, revenue increased by 17.1% to 799.9 million euros in the first nine months (01-09 2020: 683.3 million euros), while GRAMMER achieved revenue growth of 13.1% to 377.0 million euros in the AMERICAS region (01-09 2020: 333.4 million euros). Looking at the divisions, the company recorded a 9.5% increase in revenue in the Automotive division in the first nine months of 2021, while revenue in the Commercial Vehicles division rose over-proportionately by 34.9%, exceeding the pre-crisis level 2019 by 10.7%.

In the third quarter of 2021, GRAMMER AG's revenue came to 432.2 million euros (Q3 2020: 461.7 million euros), which is 6.4% below the level of the prior-year quarter. The decline in revenue is primarily due to the significant reduction in call-offs by automotive customers as a result of the limited availability of semiconductor components.

### **Increase in operating profit despite burdens in the third quarter**

In the first nine months, GRAMMER Group's EBIT amounted to 26.4 million euros (01-09 2020: –47.2 million euros). Business performance recovered significantly from the effects of the COVID-19 pandemic, particularly in the first half of the year, and was driven primarily by the disproportionately high share of revenue generated by the higher-margin Commercial Vehicles division. The scheduled implementation of restructuring measures also led to a significant improvement in GRAMMER Group's earnings. As a result, operating EBIT rose to 30.7 million euros in the first nine months (01-09 2020: –23.3 million euros). In addition to one-time expenses from the disposal of a subsidiary in Spain of 4.5 million euros and directly attributable costs for corona-related protection and response measures of 2.6 million euros,

Contact Person:  
Tanja Bücherl  
Phone: +49 9621/66-2113  
Tanja.Buecherl@grammer.com

Publisher:  
GRAMMER AG  
Grammer-Allee 2  
92289 Ursensollen

it was adjusted for positive exchange rate effects of 2.8 million euros. The operating EBIT margin for the first nine months was therefore 2.2% (01-09 2020: -1.9%).

In the third quarter of 2021, GRAMMER Group's earnings performance was significantly impacted by the substantial reduction in revenue in the Automotive division. As a result, consolidated earnings before interest and taxes (EBIT) declined significantly from July to September to -1.4 million euros (Q3 2020: 5.8 million euros). Among other things, this was due to a significant increase in material prices in the third quarter. In addition, GRAMMER recorded over-proportionately high personnel costs in this quarter. These were primarily the result of holding back production capacity and, consequently, temporary underutilization caused by lower and highly volatile customer call-offs due to the supply shortage for semiconductors.

GRAMMER Group's operating EBIT declined significantly in the third quarter to -1.7 million euros (Q3 2020: 22.4 million euros). It was adjusted for directly attributable costs for corona-related protection and response measures in the amount of 0.3 million euros and positive exchange rate effects of 0.6 million euros.

"Following strong year-over-year revenue and earnings growth in the first half of 2021, we were faced with significant challenges in the third quarter: Extremely volatile customer call-offs as a result of the supply bottleneck for semiconductors, resulting temporary capacity underutilization at our plants and persistently high material prices weighed heavily on our quarterly earnings," explains Thorsten Seehars, Chief Executive Officer of GRAMMER AG, on developments in the third quarter of 2021, and adds: "As a supplier, we are currently faced with the challenge of passing on the extreme material price increases as well as the negative impact of underutilization to our customers, at least partially. In addition, the availability of semiconductors on the global market remains very limited. Therefore, we assume that we will be confronted with corresponding effects of the semiconductor shortage on the customer side in the fourth quarter as well."

#### **All regions with revenue growth in the first nine months**

In the **APAC** region, revenue increased by 25.8% to 291.3 million euros in the first nine months (01-09 2020: 231.5 million euros). This resulted on the one hand from increased production call-offs in the first two quarters of 2021 and on the other hand from the comparatively very low sales figures in the first quarter of 2020, which had resulted from the COVID-19-related production stops in China. The increase in revenue is attributable to the positive development in both divisions. Accordingly, the Automotive division achieved a 17.4% year-on-year increase in revenue to 186.5 million euros (01-09 2020: 158.9 million euros), while revenue in the Commercial Vehicles division rose by 44.4% to 104.8 million euros (01-09 2020: 72.6 million euros). In the third quarter of 2021, revenue in the Commercial Vehicles division increased compared to the same quarter of the previous year but lagged behind the first and second quarters of 2021 respectively. This development resulted in particular from the fact that many Chinese truck manufacturers brought forward some of their production to the first two quarters of 2021 due to the "China 6" emissions standard introduced in July.

Operating EBIT also increased significantly to 39.7 million euros (01-09 2020: 19.6 million euros). The operating EBIT margin thus improved to 13.6% (01-09 2020: 8.5%).

The **EMEA** region reported revenues of 799.9 million euros in the first nine months (01-09 2020: 683.3 million euros), representing an increase of 17.1%. This resulted from positive revenue developments in both divisions, which were impacted in particular by lower revenue in the previous year due to the plant closures in the second quarter of 2020. The Commercial Vehicles division achieved revenue growth of 29.3% to 369.5 million euros (01-09 2020: 285.8 million euros), while the Automotive division recorded an increase of 8.3% to 430.4 million euros (01-09 2020: 397.5 million euros). Particularly in the third quarter, Automotive revenue was significantly weaker in a divisional comparison. The prior-year quarter was characterized by catch-up effects as a result of the weak first half of the year due to corona. Seasonal effects also played a role.

Operating EBIT increased significantly to 41.7 million euros in the first nine months of 2021 (01-09 2020: –17.3 million euros). The operating EBIT margin rose accordingly to 5.2% (01-09 2020: –2.5%).

The **AMERICAS** region reported revenue growth of 13.1% to 377.0 million euros for January to September (01-09 2020: 333.4 million euros). The positive development resulted in particular from the comparatively lower revenue in the second quarter of 2020 due to the COVID-19-related plant closures. In the Automotive Division, revenue for the nine-month period rose by 8.2% to 307.7 million euros (01-09 2020: 284.3 million euros) despite a decline in sales volumes in the third quarter, while in the Commercial Vehicles Division it was up 41.1% year-on-year at 69.3 million euros (01-09 2020: 49.1 million euros).

Operating EBIT amounted to –40.1 million euros in the first nine months of 2021 (01-09 2020: –22.1 million euros). It was primarily burdened by strongly increased material prices and a significantly higher personnel expenses ratio compared to the prior-year period, driven among other things by a very tense labor market development in North America. In addition, there was an unfavorable product mix in the Automotive division as a result of the OEMs' semiconductor allocations to certain vehicle models.

In order to counteract the negative development in AMERICAS, GRAMMER launched a turnaround program in the third quarter of 2021. The aim of the program is to achieve financial stability in the short term and sustainable positive development in the AMERICAS region in the long term by means of various substantial measures.

### **Consistent continuation of measures to improve competitive position**

The implementation of restructuring measures initiated in the 2020 financial year as well as strict cost management continued as planned in the first nine months of 2021. The measures include the consolidation of plant locations in Europe and North America in order to sustainably strengthen GRAMMER Group's competitiveness and further improve its cost structure. In this context, alongside the introduction of the turnaround program in AMERICAS, GRAMMER sold a subsidiary in Spain and reduced the production network by three locations in EMEA and one plant in AMERICAS.

### **GRAMMER successfully expands international presence**

On September 28, 2021, GRAMMER AG opened a new production facility in the Chinese economic metropolis of Shenyang. The plant produces high-quality center consoles, armrests and other interior components for vehicles of a European premium manufacturer and covers a total area of approximately 8,000 square meters. It has state-of-the-art workstations and equipment for all production steps from injection molding to final assembly. Among other things, the project contributes to GRAMMER Group's "Green Company" goal of reducing global CO<sub>2</sub> emissions by at least 50 percent by 2030. Thus, climate neutrality also played an important role in the selection of the new plant in Shenyang: The site is designed for sustainable production through targeted measures for waste avoidance, air purification and efficient energy use. With the expansion of its presence in Northeast China, GRAMMER is systematically pursuing its growth strategy in the world's largest vehicle market and now comprises eleven production locations in China.

In addition, GRAMMER Group is further expanding its presence in the commercial vehicle market in Turkey: Turkish bus manufacturer Otokar/Iveco commissioned GRAMMER to supply high-quality bus driver seats for its new vehicles, which will be used as so-called Intercity buses on routes connecting major cities. Production of the high-quality driver seats began in August at the GRAMMER facility in Bursa.

### **Active contribution to the reduction of CO<sub>2</sub>**

Also against the backdrop of the "Green Company" goal, GRAMMER AG has been obliging its suppliers to plant one tree for each new order since September 1, 2021. These so-called "nomination trees" are to be planted on the supplier's property or in the supplier's community. The project is just one of many steps the company is taking on its way to becoming a "Green Company".

### **Product innovation Cinema Seat**

GRAMMER AG also introduced various product innovations to the market in the third quarter of 2021. Among other things, the company successfully launched a new driver-co-driver seat combination for medium and heavy trucks. The MSG 115 is the first premium driver's seat with air suspension that can be equipped with a swivel adapter, complemented by the new Cinema Seat from the MSG 115 modular system, which also swivels. GRAMMER thus offers its OEM customers an innovative solution for greater variability in the truck cab. With this product innovation, the company is increasing user comfort on the one hand and improving safety in the cab on the other.

### **Ubility One: Pioneering seating concept for urban passenger transport**

With the goal of helping to shape urban passenger transportation in the 21st century, GRAMMER presented its Ubility One concept on October 7, 2021: The innovative product family points the way to the urban mobility of the future with consistent lightweight construction, sustainable design and high user comfort. With Ubility One, GRAMMER is positioning itself as the first provider of a holistic interior concept for tomorrow's buses and trains. In this way, the company is addressing the megatrend of urbanization and meeting growing individual mobility needs.

Production of the first models from the Ubility One product family is scheduled to start at a European GRAMMER location in 2023. With the market launch of Ubility One, the company is underscoring its position as a leading provider of seating solutions for global individual and mass transportation.

### **Outlook 2021 adjusted**

Overall, GRAMMER continues to expect revenue to recover to around 1.8 billion euros in the 2021 financial year (previous year: 1.7 billion euros). However, due to the significant impact on earnings in the third quarter of 2021 and the expected further market and business development, GRAMMER had lowered its earnings forecast for the full year 2021 on October 6, 2021. GRAMMER AG expects the challenging macroeconomic conditions, particularly in the markets relevant to it, to persist in the fourth quarter of 2021. The further development of global bottlenecks in the semiconductor industry as well as price trends in the international commodity markets will have a significant impact on the forecasted earnings performance. As a result, GRAMMER now anticipates operating EBIT of between 17 and 22 million euros for the full year. Previously, the company had expected operating EBIT of around 65 million euros.

### **Company profile**

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 19 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.