

GRAMMER AG On Track After First Nine Months 2023

- *GRAMMER Group revenue up 8.9% at EUR 1,734.5 million*
- *Significant 25.0% revenue increase for APAC; EMEA generates revenue growth of 8.3%*
- *Both divisions report revenue growth: Automotive +10.5% to EUR 1,127.7 million; Commercial Vehicles +5.9% to EUR 606.8 million*
- *Significant improvement in operating EBIT at EUR 38.4 million after EUR 1.9 million in previous year*
- *Guidance confirmed: strong Q4 expected*

Ursensollen, October 30, 2023 – The GRAMMER Group today presented its business figures for the first nine months of 2023. Group revenue rose by 8.9% in the period under review to EUR 1,734.5 million (01–09 2022: EUR 1,593.2 million). This improvement mainly reflected strong business growth in APAC, although EMEA also increased revenue once again. Both divisions also contributed to the revenue upturn. The Automotive Division saw an increase of 10.5% to EUR 1,127.7 million, with the Commercial Vehicles Division boosting revenue by 5.9% to EUR 606.8 million.

Grammer Group earnings before interest and taxes (EBIT) increased significantly in the first three quarters of 2023 to EUR 30.5 million (01–09 2022: EUR 2.5 million). Operating EBIT – adjusted for expenses for restructuring measures in AMERICAS of EUR 3.4 million and for negative currency effects of EUR 4.5 million – improved even more significantly to EUR 38.4 million (01–09 2022: EUR 1.9 million), resulting in an operating EBIT margin of 2.2% (01–09 2022: 0.1%). All regions contributed to the earnings improvement. More stable business performance was most evident in APAC, where COVID-19 lockdowns in China, high freight costs in Japan and ramp-up costs for new plants still had a considerable negative impact in the first nine months of the previous year. However, EMEA also fared well in terms of earnings.

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APAC and EMEA see significant earnings upturn; AMERICAS continues to fall short of expectations

GRAMMER generated revenue of EUR 920.2 million in EMEA in the first nine months of 2023 (01–09 2022: EUR 849.4 million) – a year-on-year increase of 8.3%. After a strong first half of the year, seasonal effects and problems in the supply chain – partly as a result of the flooding in Slovenia – led to a quarter-on-quarter decrease compared to the first two quarters of 2023. The Automotive Division made the biggest contribution to revenue, reporting an increase of 12.1% to EUR 486.5 million (01–09 2022: EUR 433.9 million). Revenue in the Commercial Vehicles Division generated growth of 4.4% to EUR 433.7 million in the same period (01–09 2022: EUR 415.5 million). Operating EBIT in EMEA rose to EUR 49.5 million (01–09 2022: EUR 38.2 million). Accordingly, the operating EBIT margin rose to 5.4% (01–09 2022: 4.5%). Operating EBIT was adjusted by negative currency effects in the amount of EUR 3.3 million. Positive volume effects in particular played a part in the significant improvement, with agreements reached with customers in the previous year on passing on inflation-related cost increases also contributing to the earnings performance. At the same time, operating performance was squeezed by challenging ramp-ups and the supply chain disruption described above.

In APAC, revenue increased sharply by 25.0% to EUR 382.4 million in the first nine months of 2023 (01–09 2022: EUR 305.8 million). Adjusted for negative currency effects, APAC posted even stronger revenue growth of 35.8%. As well as a weaker previous year comparison period due to COVID-19 lockdowns in China and global supply bottlenecks for semiconductors, the new plant in Hefei that supplies one of the booming Chinese NEV (New Energy Vehicle) automotive manufacturers also contributed to strong revenue growth. In the Automotive Division, revenue rose by 32.0% year-on-year to EUR 269.5 million (01–09 2022: EUR 204.2 million). The Automotive Division in APAC now generates more than 40% of its revenue with Chinese OEMs. Revenue in the Commercial Vehicles Division rose by 11.1% to EUR 112.9 million (01–09 2022: EUR 101.6 million) but remained significantly behind expectations due to lower demand from major OEMs as a result of the general slowdown in the heavy-duty truck market. Operating EBIT in APAC increased to EUR 43.2 million (01–09 2022: EUR 34.0 million). Stable earnings were thus generated again in the first nine months of 2023, after the region had still been heavily impacted by lockdowns in China, high freight costs in Japan, and ramp-up costs for new plants in the previous year. The operating EBIT margin rose by 0.2 percentage points year-on-year to 11.3% (01-09 2022: 11.1%), primarily due to cost reduction measures.

Revenue in AMERICAS decreased slightly by 3.2% to EUR 476.4 million in the first nine months of 2023 (01–09 2022: EUR 492.4 million). This revenue decline primarily reflects lower demand in the Commercial Vehicles Division, where revenue decreased by 6.9% to EUR 92.4 million (01–09 2022: EUR 99.2 million). The Brazilian market in particular accounted for a large share of the revenue downturn. In the Automotive Division, revenue declined by 2.3% to EUR 384.0 million (01–09 2022: EUR 393.2 million). Operating EBIT – adjusted for costs for restructuring measures of EUR 3.4 million and negative currency effects of EUR 1.1 million – improved to EUR –34.2 million in the first three quarters of 2023 (01–09 2022: EUR –51.3 million), but once again fell short of expectations in the reporting period. Lower volumes, the closure of two plants in the USA, followed by expensive machine transfers, production start-ups and a ramp up of a new painting line in Mexico led to significant negative non-recurring expenses. The company is still working closely on achieving a turnaround in AMERICAS in 2024.



Jurate Keblyte, CFO of GRAMMER AG: “After the first nine months of 2023 we are on track despite market headwinds and our earnings are far higher than in the previous year. We have seen above-average earnings growth, especially in our APAC and EMEA regions. But we have also made progress on restructuring measures in AMERICAS, although we still believe there is room to progress faster here. In terms of our guidance for the year, we again anticipate a strong final quarter although we do expect current macroeconomic and sector uncertainty to remain in the next few months.”

Guidance for 2023 as a whole confirmed

The GRAMMER Group is confirming its previous guidance for the current financial year. Due to the continuing macroeconomic and industry-specific uncertainties, the management anticipates revenue at the previous year’s level of around EUR 2.2 billion. GRAMMER expects operating EBIT to double to around EUR 70 million and again expects a strong fourth quarter.

Udo Fechtner appointed to the GRAMMER AG Supervisory Board

A change was made to the Supervisory Board on October 1. Udo Fechtner, IG Metall Amberg, was judicially appointed as a new member of the board, replacing

the long-time member and Deputy Chairman Horst Ott. He will also take over the position of Deputy Chairman of the Supervisory Board. Horst Ott left the Board to take on a new role as district manager at IG Metall Bayern. He had been a member of the GRAMMER AG Supervisory Board since July 2012.

The interim report for the third quarter of 2023 can be found online at <https://www.grammer.com/en/investor-relations/financial-publications-presentations/quarterly-reports/>

GRAMMER Group key performance indicators

EUR m	9M 2023	9M 2022	Q3 2023	Q3 2022
Group revenue	1,734.5	1,593.2	561.9	558.6
Revenue EMEA	920.2	849.4	280.4	272.4
Revenue AMERICAS	476.4	492.4	158.5	174.4
Revenue APAC	382.4	305.8	136.4	128.6
Earnings KPIs				
EBIT	30.5	2.5	12.0	15.0
EBIT margin (%)	1.8	0.2	2.1	2.7
Operating EBIT	38.4	1.9	11.5	14.2
Operating EBIT margin (%)	2.2	0.1	2.0	2.5
Earnings before taxes	8.2	-0.3	3.3	16.0
Net profit/loss	1.4	-15.7	1.7	9.8
Other KPIs				
Equity (as at September 30)	302.5	395.5		
Net debt (as at September 30)	406.4	490.4		
Capital expenditure (without financial assets)	58.6	60.4	24.4	27.0
Depreciation and amortization	61.2	66.3	20.1	22.9
Free cash flow	44.3	-40.8	46.6	4.4
Employees (number, average)	14,299	14,008		

GRAMMER's key performance indicator "operating EBIT" is discussed on page 15 of the 2022 Annual Report.

Company profile

GRAMMER AG, which has its head office in Ursensollen, specializes in the development and production of complex components and systems for automotive interiors as well as suspension driver and passenger seats for onroad and offroad vehicles. In the Automotive Division, the Company supplies headrests, armrests, center console systems, high-quality interior components and operating systems, and innovative thermoplastic components for the automotive industry to prominent car manufacturers and Tier 1 suppliers in the vehicle industry. The Commercial Vehicles Division comprises the business segments of truck and offroad seats (tractors, construction machinery, and forklifts) and train and bus seats. GRAMMER has about 14,300 employees and operates in 19 countries around the world. GRAMMER shares are listed in the Prime Standard and traded on the Munich and Frankfurt stock exchanges via the Xetra electronic trading platform.