

GRAMMER AG publishes results for the first quarter of 2024

- *GRAMMER Group revenue down 5.5% at EUR 556.6 million in the first quarter of 2024*
- *Operating EBIT significantly lower than same quarter of previous year at EUR 2.4 million (Q1 2023: EUR 13.9 million)*
- *Business performance impacted by weaker demand owing to general economic and industry uncertainty*
- *Forecast confirmed: Revenue to match prior-year level and further improvement in profitability*

Ursensollen, April 29, 2024 – The GRAMMER Group has today published its figures for the first quarter of 2024. Consolidated revenue declined by 5.5% to EUR 556.6 million in the reporting period (Q1 2023: EUR 589.1 million). In particular, revenue was lower than expected in the EMEA and APAC regions. In APAC, however, the revenue generated in the first quarter of 2024 was slightly up on the previous year at EUR 121.3 (Q1 2023: EUR 117.4 million), while revenue in the EMEA region also fell year-on-year by 11.9% to EUR 289.5 million (Q1 2023: EUR 328,5 million). In the AMERICAS region, revenue was stable year-on-year at EUR 159.9 million (Q1 2023: EUR 159.5 million). An overview of the product areas showed stagnation in the Automotive area, albeit with different trends in the regions. Revenue in the Automotive product area totalled EUR 369.1 million (Q1 2023: EUR 371,9 million). In the higher margin Commercial Vehicles product area, revenue fell by 13.7% to EUR 187.5 million (Q1 2023: EUR 217.2 million).

Consolidated EBIT amounted to EUR 3.9 million (Q1 2023: EUR 11.7 million) in the first quarter of 2024. Operating EBIT declined as well, from EUR 13.9 million in the same quarter of the previous year to EUR 2.4 million in the first three months of 2024. Operating EBIT was adjusted for positive currency translation effects of around EUR 1.5 million.

The operating EBIT of the GRAMMER Group was squeezed by the decline in revenue, higher costs due to volatile capacity utilization at plants, ramp-up costs for the new Commercial Vehicles plant in the US and translation effects.

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In particular, revenue was lower than expected in the EMEA and APAC regions on account of the generally considerable economic and industry uncertainty. Free cash flow improved to EUR 40.2 million in the first quarter (Q1 2023: EUR 8.7 million). The increase mainly resulted from an improvement in working capital.

Business performance in the regions: General economic uncertainty slows revenue development in EMEA and APAC

In **EMEA**, GRAMMER's revenue declined by 11.9% to EUR 289.5 million in the first three months of 2024 (Q1 2023: EUR 328.5 million), a reduction of 9.5% adjusted for currency effects. Revenue was down by 7.2% at EUR 157.1 million in Automotive and by 16.8% at EUR 132.4 million in Commercial Vehicles. In particular, this was as a result of the negative effects of weaker demand owing to general economic and industry uncertainty. EBIT in EMEA amounted to EUR 6.7 million in the first quarter (Q1 2023: EUR 17.4 million) and was mainly impacted by the decline in revenue. Operating EBIT, adjusted for positive currency effects of EUR 0.3 million, amounted to EUR 6.4 million (Q1 2023: EUR 17.1 million).

APAC reported a slight increase in revenue of 3.3% to EUR 121.3 million in the reporting period (Q1 2023: EUR 117.4 million). Adjusted for currency effects, revenue grew by 9.7%. The rise in revenue in APAC was thanks to Automotive, where revenue was up by 10.1% at EUR 86.3 million (Q1 2023: EUR 78.4 million). The Automotive product area in APAC now generates more than 40% of its sales with Chinese OEMs. By contrast, revenue in Commercial Vehicles was down on the same quarter of the previous year at EUR 35.0 million (Q1 2023: EUR 39.0 million). EBIT was impacted by both translation effects and an unfavorable product mix, thus amounting to EUR 9.3 million in the first quarter of 2024 (Q1 2023: EUR 11.4 million). Operating EBIT likewise amounted to EUR 9.3 million (Q1 2023: EUR 11.6 million).

In **AMERICAS**, GRAMMER's revenue was stable year-on-year at EUR 159.9 million in the first quarter (Q1 2023: EUR 159.5 million). Adjusted for currency effects, revenue in the AMERICAS region grew by 3.0%. In Automotive, revenue rose slightly to EUR 129.3 million (Q1 2023: EUR 128.1 million), while in Commercial Vehicles it declined from EUR 31.4 million in the same quarter of the previous year to EUR 30.6 million in the first three months of 2024. GRAMMER's earnings in AMERICAS improved year-on-year but still fell short of expectations.

EBIT amounted to EUR –6.4 million and was negatively influenced by revenue, which was lower than originally expected, ramp-up costs for the Commercial Vehicles plant in the region and delayed effects from the “P2P” restructuring project (Q1 2023: EUR –11.2 million). Operating EBIT, adjusted for positive currency effects of EUR 0.7 million, amounted to EUR –7.1 million (Q1 2023: EUR –9.3 million). The focus in this region remains on restructuring. In this context, various options are being considered, including the possible sale of TMD under certain circumstances.

GRAMMER vigorously implementing “Top 10 Measures” program

In response to the recent underperformance in profitability and the emerging cooldown in business performance, GRAMMER initiated its “Top 10 Measures” program in the first quarter. Among other things, the initiative includes the turnaround in AMERICAS with the aim of improving capacity utilization, adjusting SG&A expenses and raising margins in line with the Group’s medium-term target. It also focuses on enhancing profitability in the EMEA region, a cost reduction in product development, sales, and general administration. Positive effects from the program are expected in the second half of the year.

Net assets and financial position in the first quarter of 2024

GRAMMER AG’s total assets rose by 4.9% to EUR 1,610.3 million as of March 31, 2024. Non-current assets climbed to EUR 838.3 million (December 31, 2023: EUR 813.7 million). In particular, other financial assets increased from EUR 11.8 million as of the end of 2023 to EUR 18.7 million as of the end of the first quarter. Assets from contracts with customers also rose significantly to EUR 80.1 million (December 31, 2023: EUR 73.8 million). Current assets likewise increased by 7.1% to EUR 772.0 million. In particular, current trade accounts receivable rose to EUR 308.1 million (December 31, 2023: EUR 288.5 million) while cash and short-term deposits climbed to EUR 163.6 million (December 31, 2023: EUR 131.0 million).

Equity was unchanged as against the end of 2023 at EUR 313.5 million as of March 31, 2024. The equity ratio declined to 19.5% on account of higher total assets (December 31, 2023: 20.4%). At EUR 346.8 million, non-current liabilities were down as against December 31, 2023 (EUR 378.4 million), in particular as a result of a reclassification from non-current to current financial liabilities.

By contrast, current liabilities rose by 12.7% to EUR 950.0 million (December 31, 2023: EUR 842.6 million), mainly on account of the reclassification of financial liabilities from non-current to current and an increase in current trade payables.

Forecast for 2024 confirmed: Revenue to match prior-year level with significant growth in operating EBIT

GRAMMER has presented its projections for the anticipated performance of the company in the current year in the forecast section of the 2023 annual report.

The GRAMMER Group had confirmed its previous forecast for the current 2024 financial year. The Executive Board still anticipates consolidated revenue of around EUR 2.3 billion and operating EBIT of around EUR 75 million.

The full statement for the first quarter of 2024 can be found online at <https://www.grammer.com/en/investor-relations/financial-publications/quarterly-reports.html>

Company profile

GRAMMER AG, based in Ursensollen, specializes in the development and production of components and systems for car interiors as well as suspended driver and passenger seats for on-road and off-road vehicles. In the Automotive product area, the company supplies headrests, armrests, center console systems, high-quality interior components and operating elements as well as innovative thermoplastic solutions for well-known car manufacturers and system suppliers in the vehicle industry. The Commercial Vehicles product area comprises the business areas of truck and off-road seats (tractors, construction machinery and forklifts) as well as train and bus seating. GRAMMER operates in 19 countries with around 14,200 employees. GRAMMER's shares are listed in the Prime Standard and traded on the Munich and Frankfurt stock exchanges and the Xetra electronic trading platform.