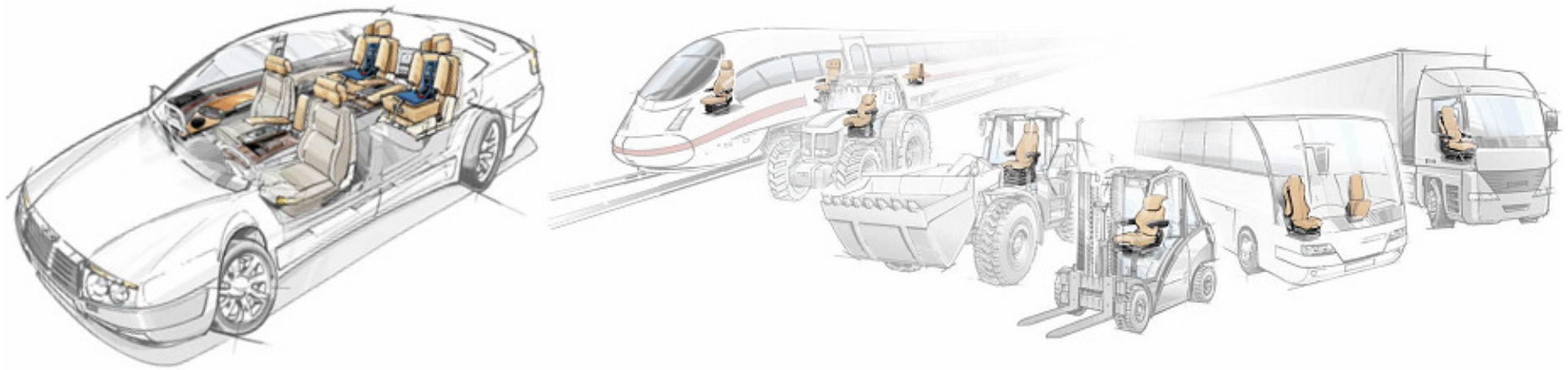


**On Track for Profitable Growth**

## **Investor Presentation September 2007**



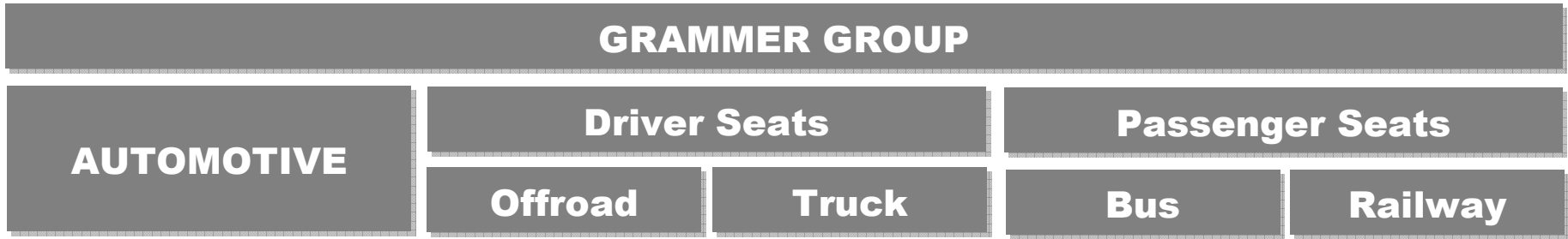


## The Grammer Business model

# New group organisation



## Reporting structure past



After the sale of our business unit for bus passenger seats in Europe:  
 Integration of the business units driver and passenger seats into Seating Systems

## Reporting structure future



# Our market position



## GRAMMER GROUP

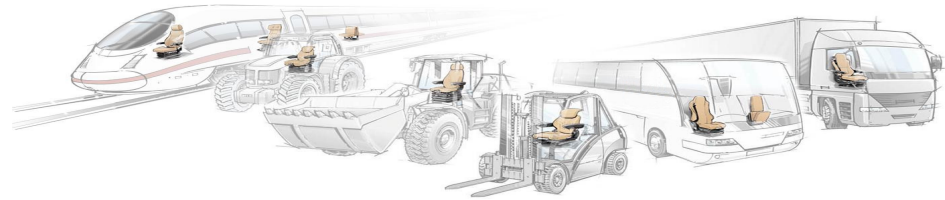
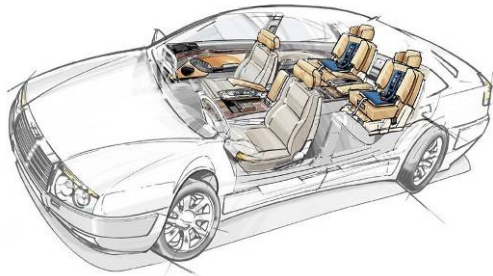
### AUTOMOTIVE

### SEATING SYSTEMS

#### Railway

#### Offroad

#### Truck & Bus



#### Headrests, armrests, centre consoles, seat covers, child seats

- Component and system supplier
- (mostly) TIER 2
- Customer-oriented
- R&D orders: 70% OEM / 30% Tier1
- Serial orders: 40% OEM / 60% Tier1

#### Seats for trains, off-road commercial vehicles, trucks and buses

- Market leader and standard-setter in each market
- Innovative strength
- Only global player in the Driver Seats business
- Designed according to market



# Our products and customers in Automotive



## GRAMMER GROUP

### AUTOMOTIVE

### SEATING SYSTEMS

#### Railway

#### Offroad

#### Truck & Bus

- Patented functions
- Operative excellence
- Global presence
- Designed according to cost
- Competences in function and surface



# Our customers and products in Seating Systems



## GRAMMER GROUP

### AUTOMOTIVE

- System supplier
- TIER 1
- Market-oriented
- 85% OEM / 15% after-market
- Railway project-oriented



### SEATING SYSTEMS

#### Railway

#### Offroad

#### Truck & Bus

Agriculture

Construction

Forklift



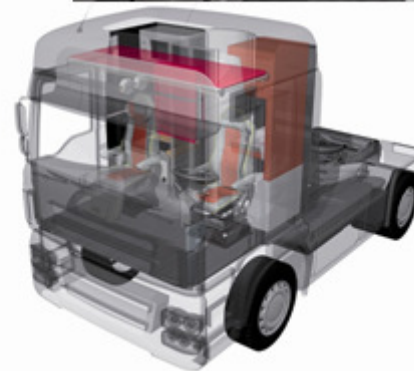
# New product ideas

## Concept Car



- Active seat
- Pre-crash headrest
- Seat comforts
- Multifunctional armrests (front, rear)

## MOTIS - Modular Truck Interior System

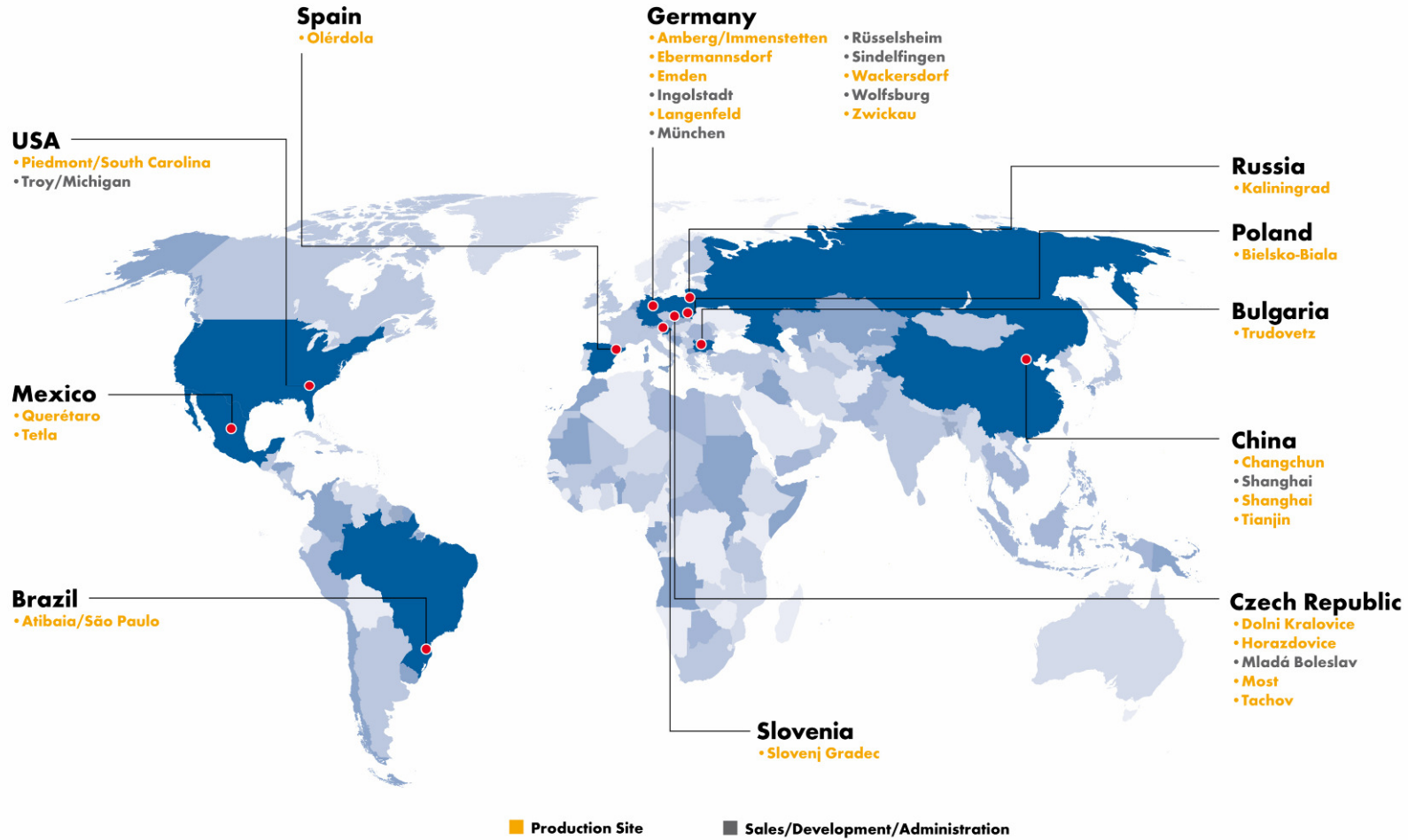


Relaxing and sleeping  
Mini-catering  
Personal care  
Working and living

# Grammer global network - Automotive



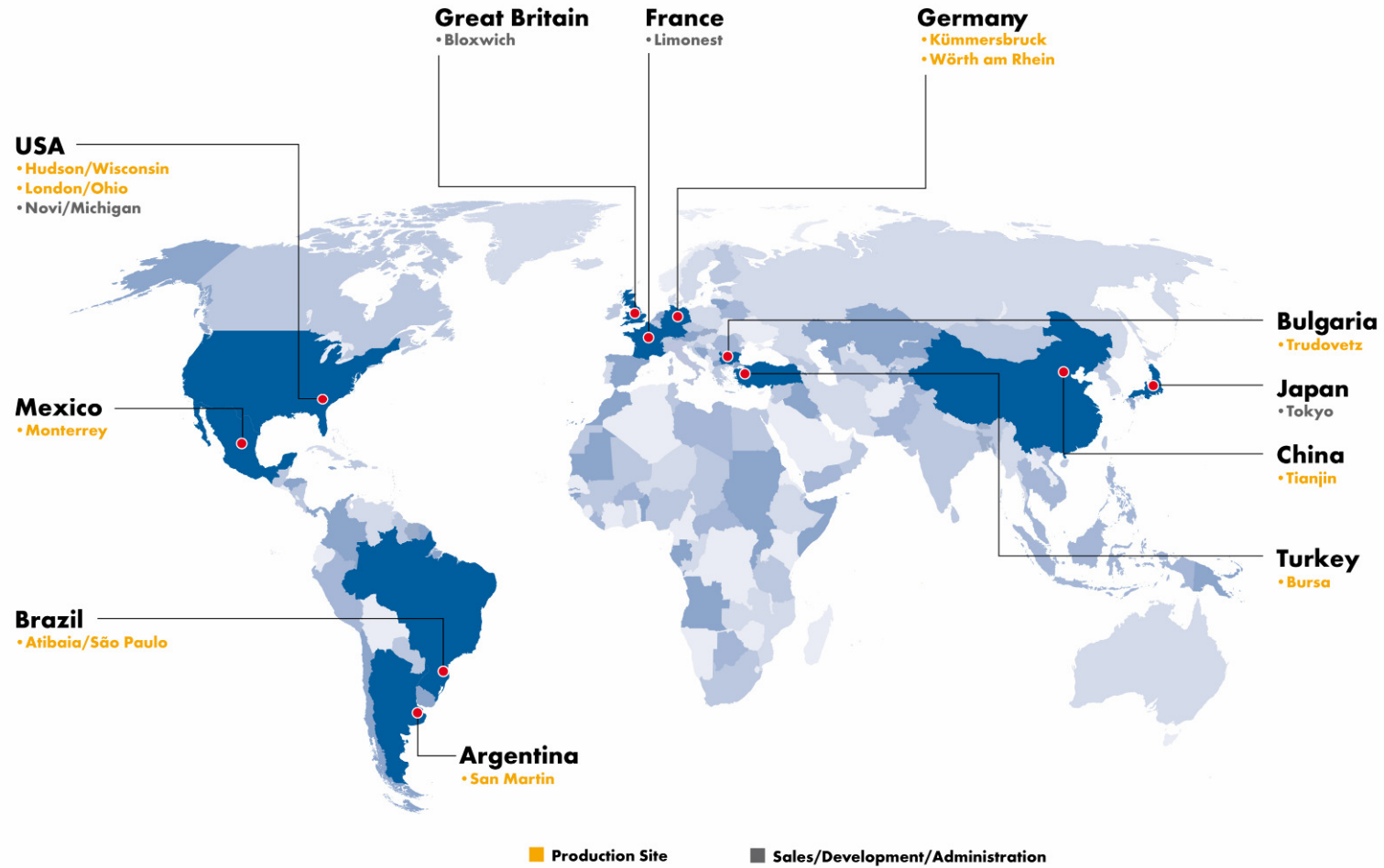
## Grammer Locations Automotive



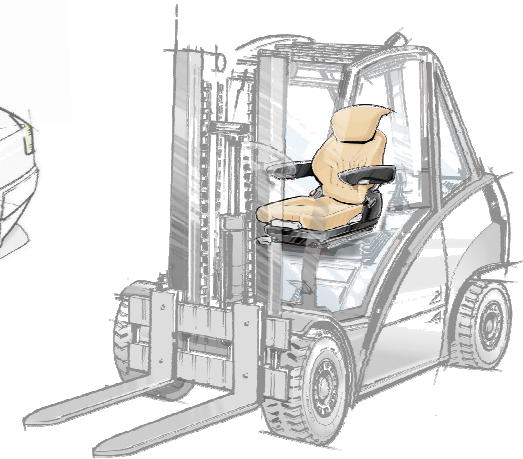
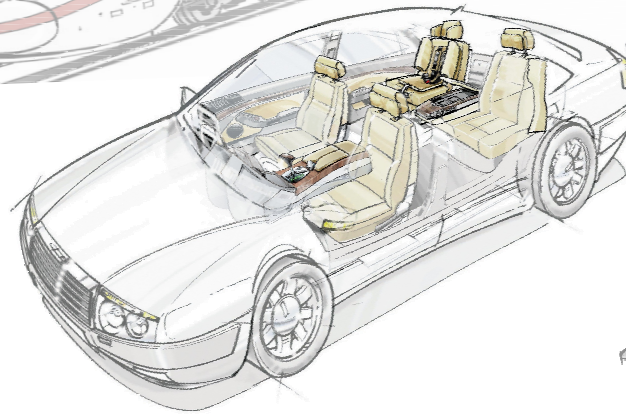
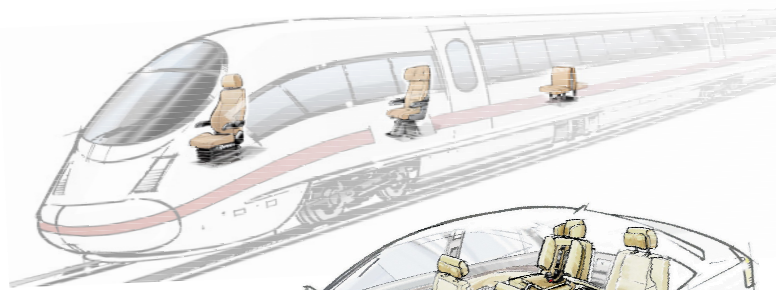
# Grammer global network – Seating Systems



## Grammer Locations Seating Systems

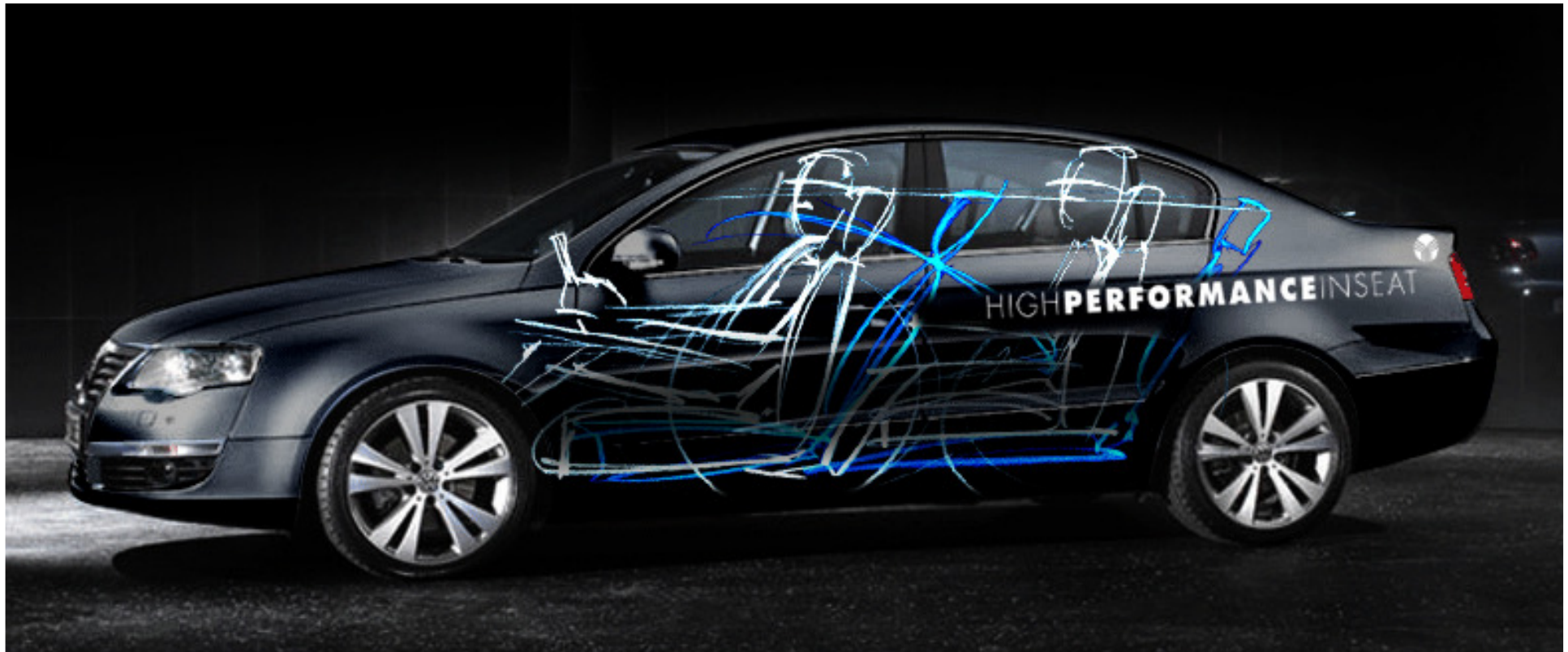






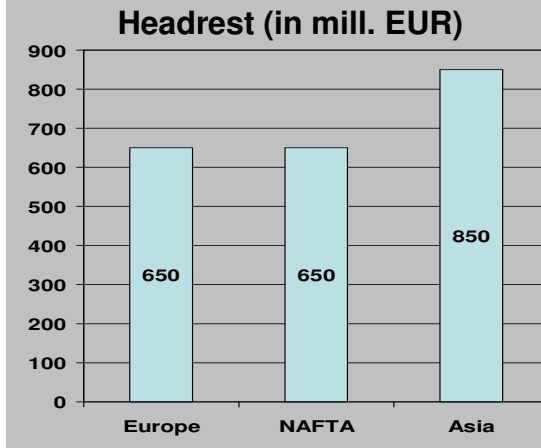
## Strategy for Profitable Growth





## Strategy for Profitable Growth - Automotive

## Market Volume



## Competition



## Market and Trends

- Safety for rear-end collision (active/passive systems)
- Normed tests increase transparency for the customer (EURONCAP – stars)
- Market requirements: price, safety, machining,
- Variety of variants (equipment, derivatives, special models)

## Strategic Objectives

- More customer satisfaction through operative excellence
- Use of the competitive advantages for further expansion of market shares in Europe
- Expansion of customer base: establishment of additional business relationships (e.g. Asian OEMs in EU or NAFTA)

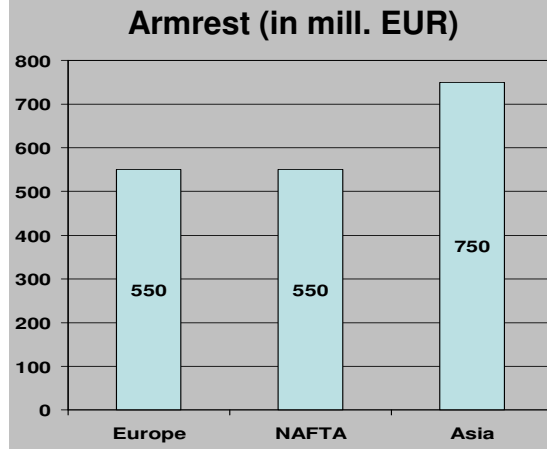
## Action Items

- Product: expansion of the customer-independent product pre-development for the further development of USPs, such as CAK
- Launch: abbreviation of “time to market” and improvement of the interface project management / plant
- Production: productivity increase in the plants

# Automotive – armrests and central consoles



## Market Volume



## Competition



## Market and Trends

- Integration of the armrest into the centre console (MIKO)
- Market requirement: comfort, function, surface, price
- Functional connection of the rear armrest with the backrest and the rear seat

## Strategic Objectives

- Acquisition of additional MIKO in the upper vehicle segment
- Global development expertise on location at the customer will become a prerequisite
- Expansion of the technologies and processes
- Competitive advantage thanks to low-cost locations

## Action Items

- Expansion of our presence at the target customers
- Expansion of development capacities in our centres: Troy/USA, Shanghai/China and Amberg
- Increase of the (own) added value and productivity improvement thanks to process chaining, automation

## Market and growth:

- Leading headrest manufacturer

Exploitation of growth opportunities in the TransPlants of Asian OEMs (in Europe, NAFTA, China) and other selected customers (in Europe, USA) through product enhancement, sales strength and operative excellence

- Centre consoles and armrests:

Lasting establishment through acquisitions of additional centre consoles especially in the upper segment) and substitution of the armrest scope

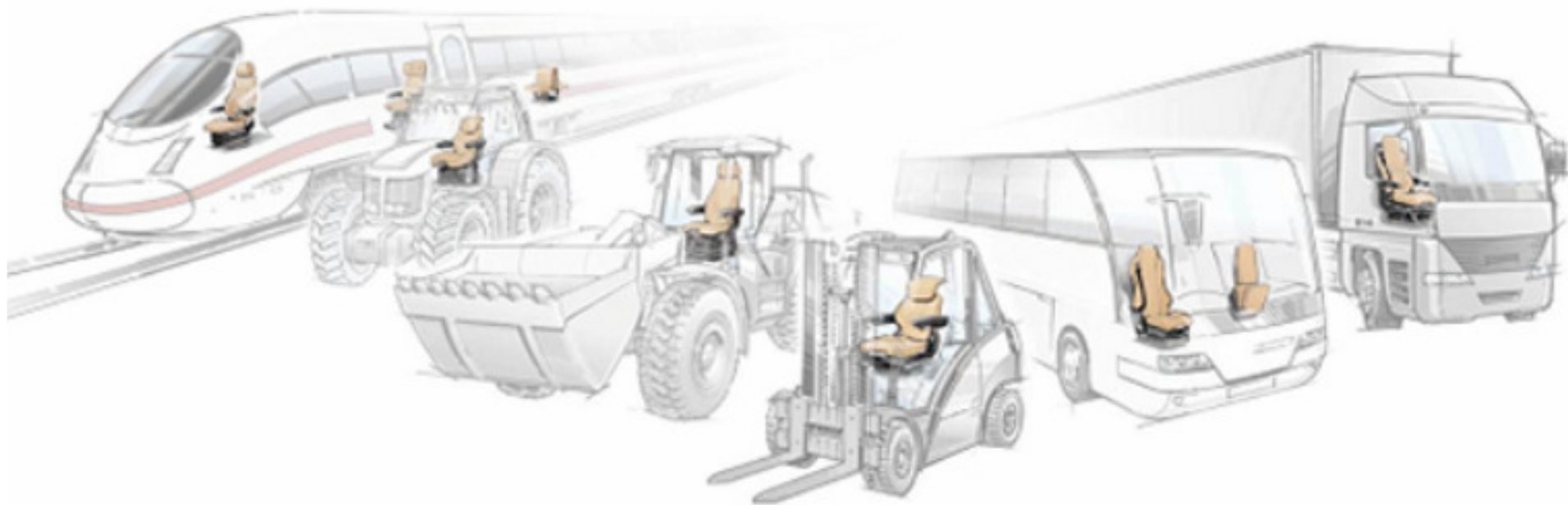
Growth in armrests thanks to product innovation (functional expansion)

## Operative excellence:

- Improvement of capital and personnel productivity
- Optimisation of the production network and added value

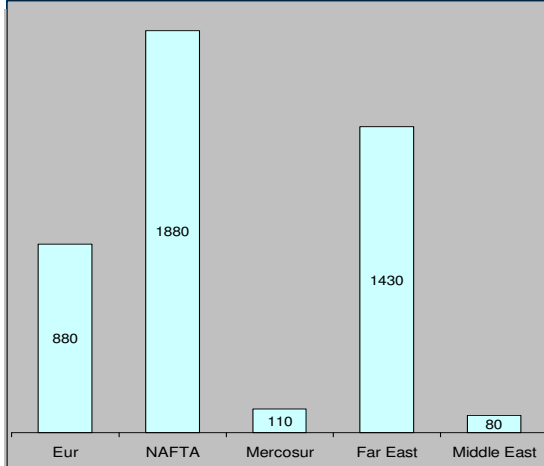
## Performance targets 2009:

- Sales: > 650 million EUR
- EBIT return > 4.5 %



## Strategy for Profitable Growth – Seating Systems

## Market Volume (in T units)



## Competition



## Market and Trends

- Investment climate positive in Eastern Europe, for constr. equipment and aftermarket (AM); growth possible, new market field “Turfcare” in USA
- Growth in China and India increases demand in Construction Equipment (CE) and Material Handling (MH)
- Trend towards standard, platform-based cabs for OEMs
- New laws about human body vibration

## Strategic Objectives

- EUROPE:** Defense of the market position in Western Europe. Expansion of the market position in Eastern Europe
- USA:** Gain of market shares with localised products (against strong competition) as well as in similar business fields
- ASIA:** In the local markets (China, India) growth due to low-cost product family

## Action Items

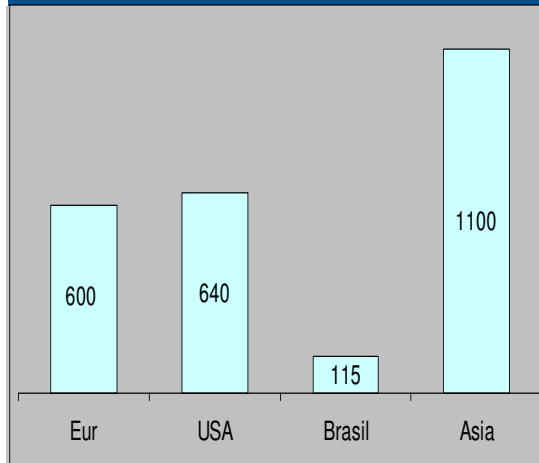
- Cost optimisation in the European production network
- Increase of the degree of localisation as well as increased low-cost country sourcing with focus on China and India
- Eco Line (low-cost program) and lean innovation program
- Development of distribution channel in Asia



# Seating Systems – BU Truck



## Market Volume (in T units)



## Competition

NATIONAL SEATING

ISRINGHAUSEN  
**ISRI**

**BE - GE**

— Establ. 1934 —

## Market and Trends

- In Europe, stable order situation on a high level
- Cyclical market fluctuations in USA (emission standards)
- Various model changes in USA and Europe in 2009 – 2011
- Asia (China, India) is largest growth market
- Price sensitivity increases

## Strategic Objectives

- EUROPE:** Defense of today's market shares; restrained growth
- USA:** New OEM clients due to product adaptation; standardised seat platform with localised upper parts
- ASIA:** Market entry into Russia, India and China

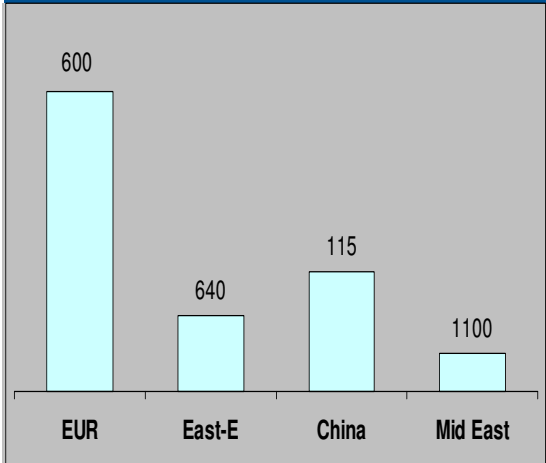
## Action Items

- Development of new seat generation (global seat platform ECHO)
- Improvement of the cost position for existing products, redesign of existing products
- Optimisation of quality performance

# Seating Systems – BU Railway



## Market Volume (in T units)



## Competition



## Market and Trends

- Western Europe will remain the largest market for rail; here greatest growth of the next few years in France
- Internationalisation brings new market opportunities, but also new competitors from Asia (China, Korea, India)
- Great need for renovation in Eastern Europe and Asia
- HGV projects in CIS, China, Spain

## Strategic Objectives

**EUROPE:** Growth in Western E. with new high-end platform (positioning e.g. in the TGV, France), promotion of retrofiting, market introduction Eastern Europe (HGV projects)

**ASIA:** High-speed projects in China and redesign in Korea. Rail projects in Middle East (Turkey, United Arab Emirates, ..)

## Action Items

- Improvement of cost position through product and process optimisation
- Abbreviation of the reaction times (product maturation, SOP process)
- Increase of local content for the high-speed projects (final assembly near the customers, salary cost advantages)

## Market and growth:

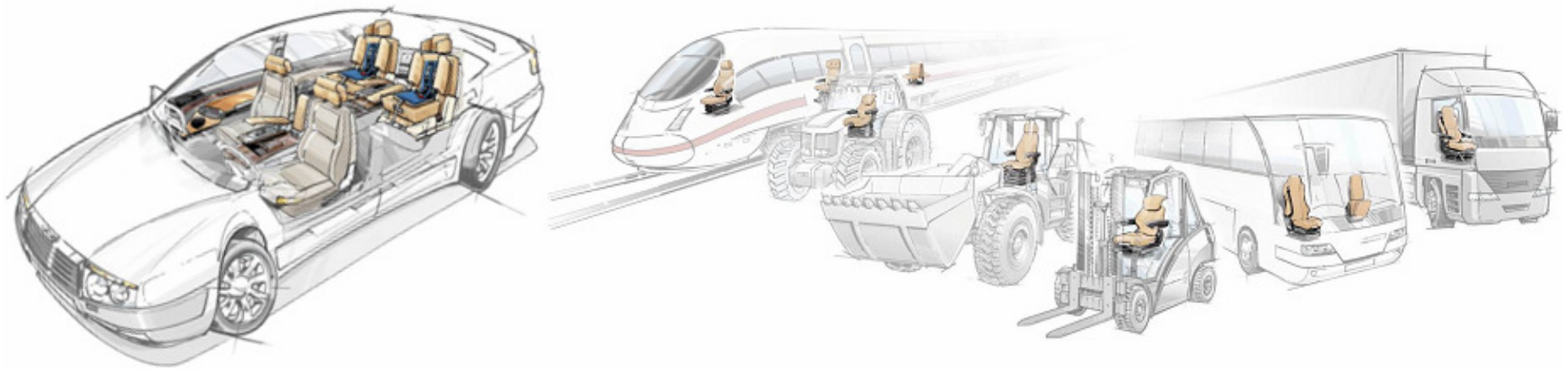
- Grammer in Europe (Offroad) will continue as technology and market leader; defense of the market position against strong competition, additional growth due to expansion of the market shares in the areas of construction equipment CE and after market AM possible (Offroad).
- Entry into new markets, such as Nafta or emerging markets China, India, Russia (Offroad and Truck), Middle/Far East (Railway)
- Introduction of new platform-based seat generation and innovative design
- Optimisation and expansion of the international production network

## Grammer Production System (GPS):

- Production: Orientation towards customers and process standardisation, further development of the core technology (process capacity, chaining)
- GPQ: “Grammer Produces Quality” – method for the lasting increase of the quality awareness and behaviour. Goals: identification and suppression of error sources; reduction of the error quota and of the quality costs
- SCM: Programs for the reduction of the material and procurement costs, for the process and inventory optimisation as well as increased localisation with focus on NAFTA and Asia (low-cost country sourcing)

## Performance targets 2009:

- Sales: > 350 million EUR
- EBIT return > 7 %



## Strategy for Profitable Growth – Grammer Group

## ■ Market goal:

*The company should realise an organic sales growth of five percent per annum on average and secure and gain new market shares*

- ⇒ Market leader and trend-setter (e.g. offroad, crash active headrests)
- ⇒ Gain market share in emerging markets, Nafta and with new customers
- ⇒ Expand our leading position with high technical competence and innovative strength
- ⇒ Product application to the regional market requirements

## ■ Return goal:

*Grammer strives for an average capital return which lies more than three percentage points above the capital costs.*

- ⇒ Implementation of a Grammer Production System to improve the capital and personnel productivity
- ⇒ Strengthen our global production and logistics network
- ⇒ SOP Process stabilisation and interface reduction

■ **Liquidity goal:**  
**Grammer strives for a significantly-positive free cash flow**

- ⇒ Active working capital management in Automotive and Seating
- ⇒ Capex cash flow oriented towards products and markets
- ⇒ Value-oriented incentive system
- ⇒ Hold onto our attractive dividend policy

■ **Performance targets 2009**

- ⇒ Sales: > 1 billion EUR
- ⇒ EBIT return > 5 %



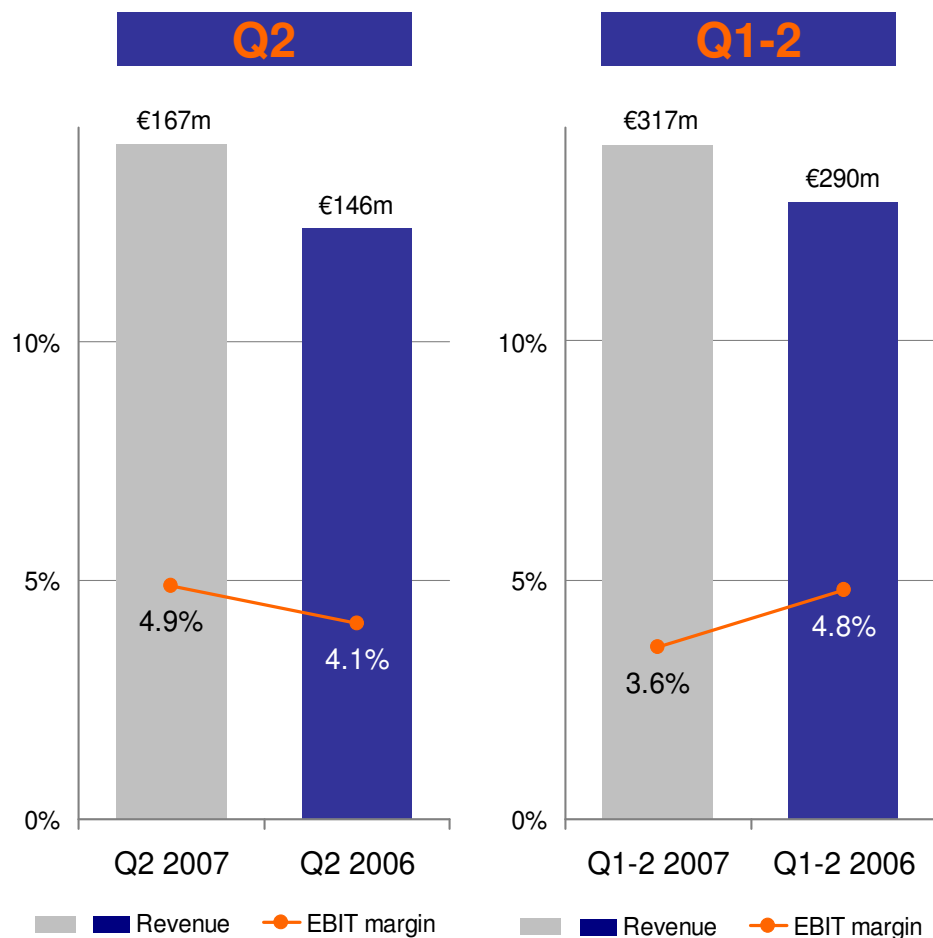


## Financials / Q1-2 2007

### Grammer Group:

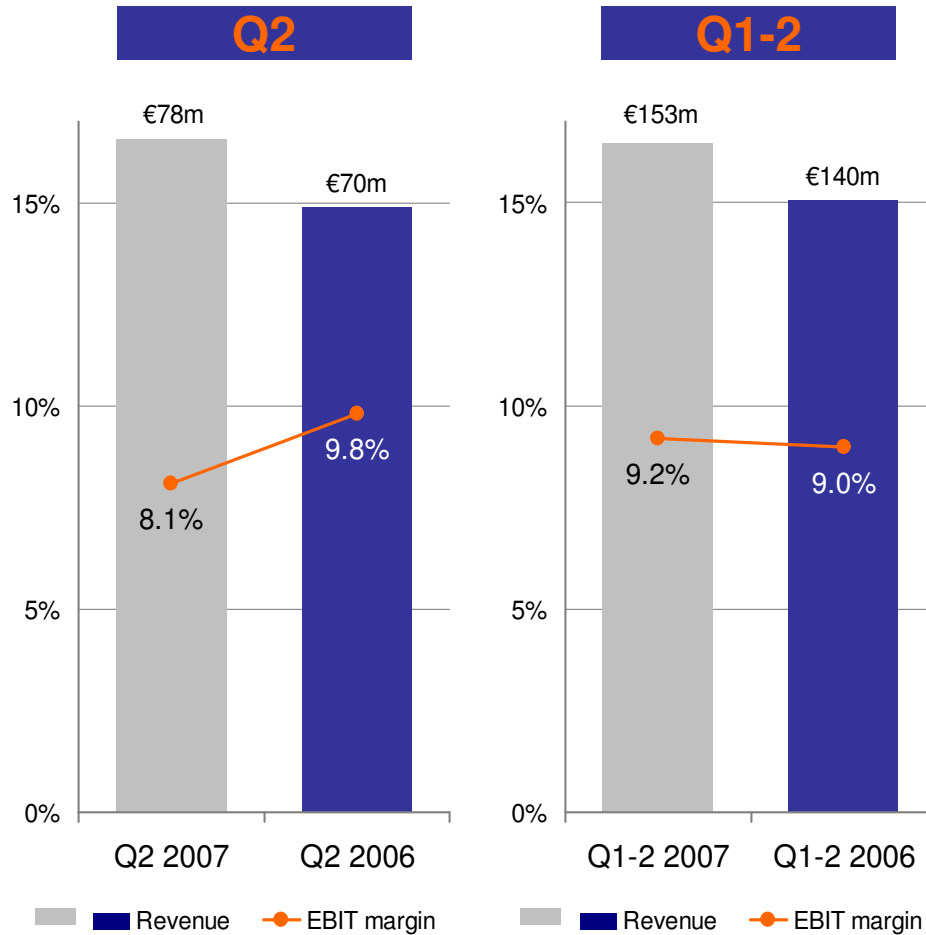
- Grammer performed well in Q1-2 2007 with revenue growth of 9.8%
- EBIT caught up in Q2 again and exceeded the level of Q2 2006. All in all, the profit situation in Q1-2 has been influenced by the various start-ups in Q1
- Grammer profited from the positive market development and good order situation:
  - Strong demand in the truck and off-road industry
  - Strong demand for the new models in Automotive which are of importance to Grammer (e.g. BMW X5 and 5 Series, Mercedes C-Class)
  - Continued increase in orders in the rail industry
- Ongoing increase in price of raw materials based on steel and crude oil
- Sale of Grammer s.r.l. (Italy) in June, our main site for bus passenger seats in Europe
- Automotive expansion in Asia: New sales office in Tokyo and creation of production site in Shanghai

## Key facts - Automotive



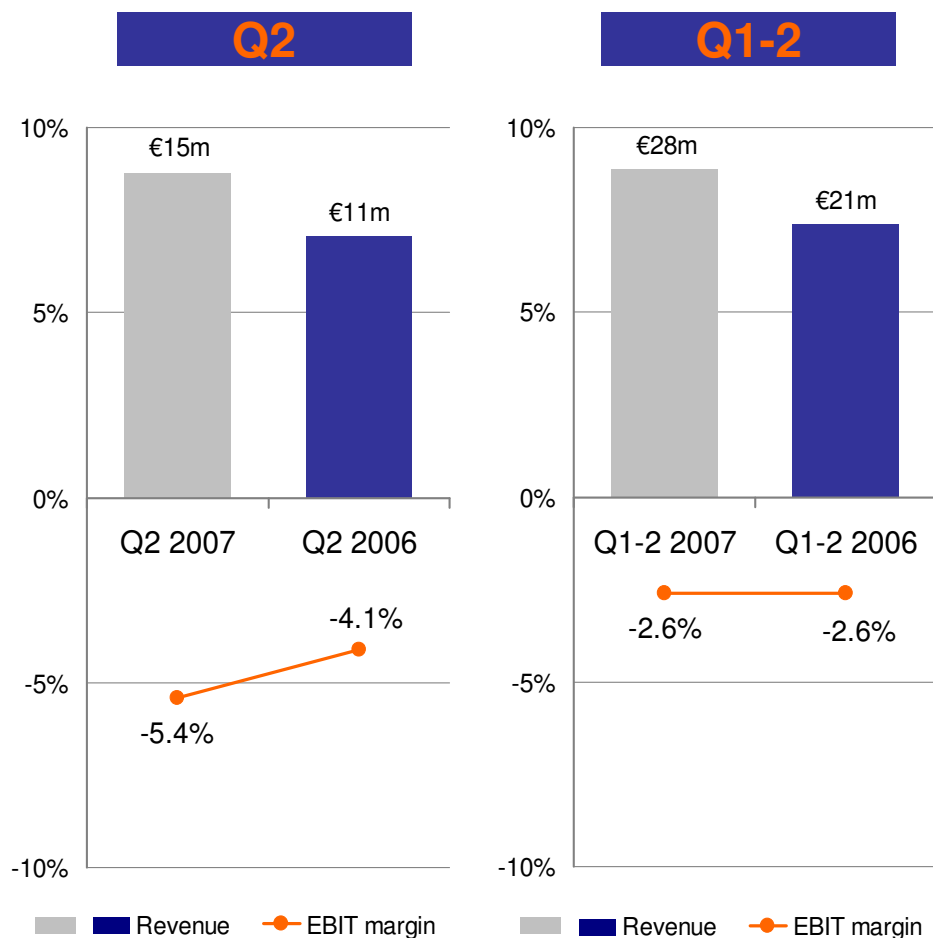
- After the start-ups in Q1, the main focus in Q2 was on strengthening our profitability (implementation of an activity program).
- Further positive market trends in Q2 improved sales and earnings.
- Complex product start-ups in Q1 still impacted negatively on Q1-2 profit margin.
- Further activities concerning international growth and cost optimisation: New production locations in Serbia and China, sales office in Japan.

## Key facts - Driver seats



- Sales up by more than EUR 13 million in Q1-2 2007 due to strong order situation in off-road segment and ongoing dynamic performance in truck market.
- Exchange rate (TRY, USD) had a negative impact on Q2 division earnings.
- Further rise in steel prices: currently 5-10% above the level we estimated for 2007.
- New projects for truck seats acquired in Brazil and Russia.
- Further activities with the MOTIS project: Agreement with shipping company to test the MOTIS cabin.

## Key facts - Passenger seats



- Sales in Q1-2 up by a further EUR 7 million thanks to new international projects in rail segment and slight rise in demand in bus segment.
- The lack of capacity due to higher sales and increasing material costs had a negative impact on Q2 revenues.
- Large number of new projects leading to high R&D and production demand.
- The sale of Grammer s.r.l. included in Q2 results.

# Financial Results Q1-2 2007



## Grammer Group: Key financial figures - operating

| in tsd. EUR             | Q2      |              |         |              | Q1-2    |              |         |              |
|-------------------------|---------|--------------|---------|--------------|---------|--------------|---------|--------------|
|                         | 2007    | % of revenue | 2006    | % of revenue | 2007    | % of revenue | 2006    | % of revenue |
| Revenue                 | 254,256 |              | 225,494 |              | 491,926 |              | 448,092 |              |
| EBITDA                  | 20,206  | 7.9%         | 17,877  | 7.9%         | 36,008  | 7.3%         | 36,141  | 8.1%         |
| EBIT                    | 14,190  | 5.6%         | 12,039  | 5.3%         | 24,262  | 4.9%         | 24,510  | 5.5%         |
| Net income              | 9,127   | 3.6%         | 6,889   | 3.1%         | 12,749  | 2.6%         | 12,897  | 2.9%         |
| Operating cash flow     | 17,501  |              | 775     |              | 2,984   |              | -4,999  |              |
| Free cash flow          | 17,717  |              | -2,759  |              | -2,936  |              | -12,690 |              |
| Earnings per share in € | 0.89    |              | 0.66    |              | 1.25    |              | 1.23    |              |

# Financial Results Q1-2 2007



## Grammer Group: Key financial figures - balance sheet

| in tsd. EUR                        | Q1-2 2007 | Q1-2 2006 | %-change |
|------------------------------------|-----------|-----------|----------|
| <b>Assets</b>                      |           |           |          |
| <b>Non-current assets</b>          | 191,145   | 184,081   | 4%       |
| <b>Current assets</b>              | 315,804   | 270,139   | 17%      |
| <b>Liabilities</b>                 |           |           |          |
| <b>Equity</b>                      | 178,848   | 171,392   | 4%       |
| <b>Non-current liabilities</b>     | 142,662   | 72,733    | 96%      |
| <b>Current liabilities</b>         | 185,439   | 210,095   | -12%     |
| <b>Total Assets</b>                | 506,949   | 454,220   | 12%      |
| <b>Capital expenditure</b>         | 11,435    | 11,052    | 3%       |
| <b>Equity-to-assets ratio in %</b> | 35.3      | 37.7      | -7%      |
| <b>Net debt</b>                    | 73,989    | 64,477    | 15%      |



# Outlook 2007: Divisions



## Automotive

- Expected serial turnover above 2006 level
- EBIT slightly above 2006 level
- EBIT margin influenced by pricing, raw material prices and currency effects

## Driver Seats

- Sales volume higher than previous year
- Agritechnica in November will give additional impulse to the market
- Purchasing and SCM measures will almost compensate for the negative impact of steel price
- EBIT margin expected to remain stable

## Passenger S.

- Further significant sales growth expected
- Additional development and production capacities required
- Considerable challenges involved in start-up of new projects
- EBIT is improving continuously

## Grammer Group

- New CEO for management team since August 1: Dr. Rolf-Dieter Kempis
- Year-to-year sales growth above 7% possible
- US dollar exchange rate and commodity prices could influence the group results
- EBIT slightly up as compared to 2006
- Return to a comfortable level of free cash flow
- Long term target 2009:
  - Revenues of EUR 1 billion, EBIT margin above 5%
  - With improvement in production and launch management back to operative excellence

Grammer AG  
PO Box 14 54  
92204 Amberg  
Germany

[www.grammer.com](http://www.grammer.com)

Tel: +49 (0)9621-66-2200

Fax: +49 (0)9621-66-32771

E-mail: [investor-relations@grammer.com](mailto:investor-relations@grammer.com)

# The Presentation Team

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**Alois Ponnath**  
**Member of the Board**  
**CFO**



**Dr. Rolf-Dieter Kempis**  
**Member of the Board**  
**CEO**

# Disclaimer

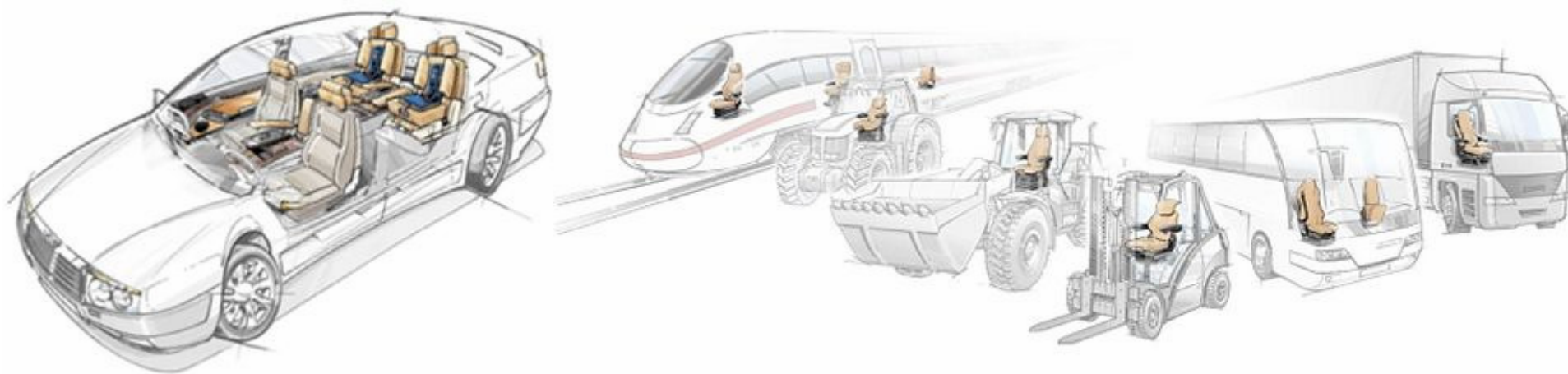
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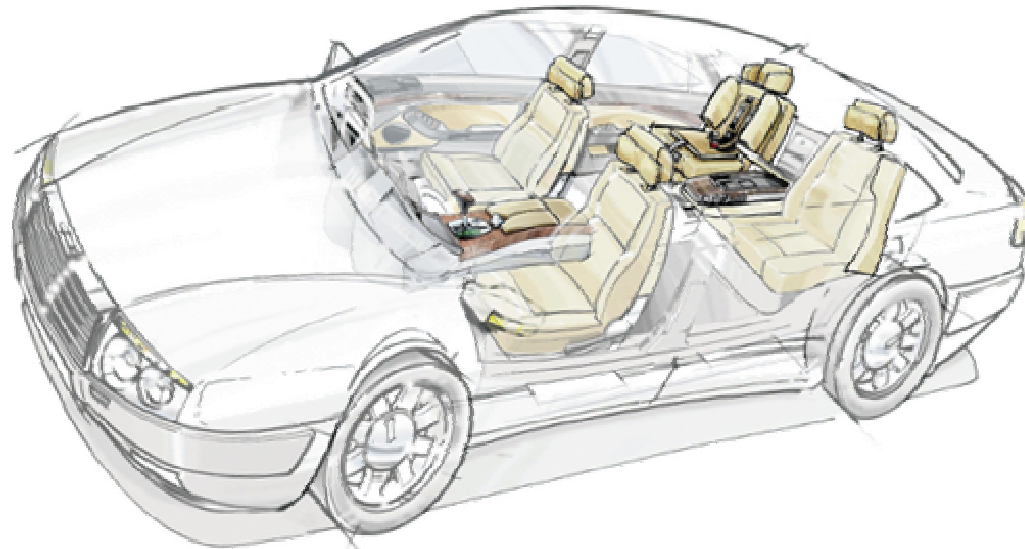
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## APPENDIX – OUR PRODUCTS



**Armrests**

**Head restraints**

**Crash active head restraints**

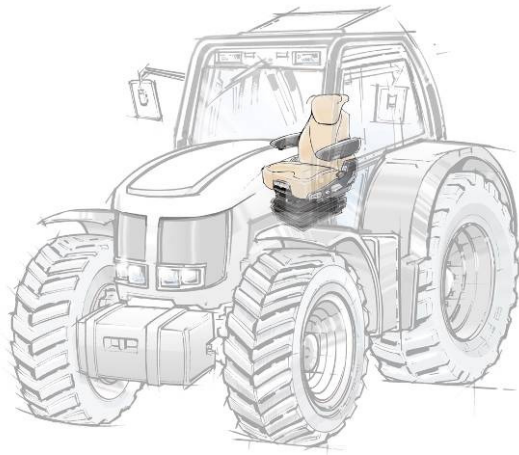
**Integrated child booster seats**

**Centre consoles**





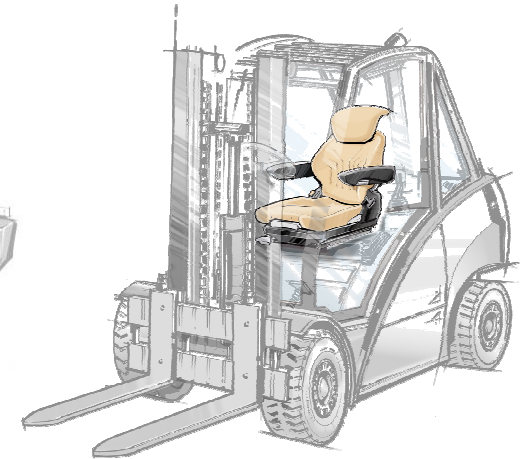
# Products - Seating Systems



**MAXIMO Evolution**



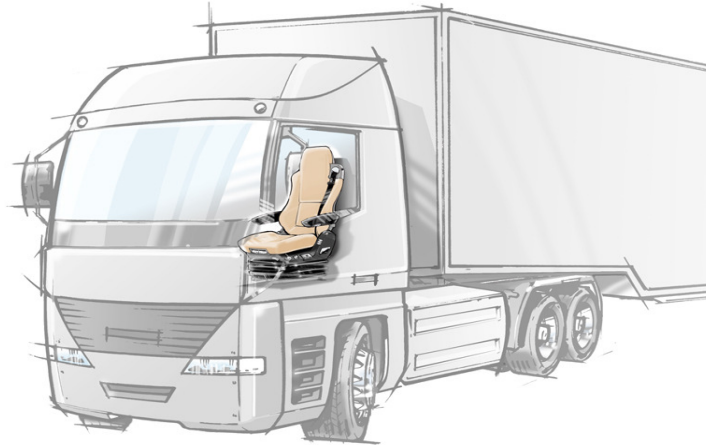
**ACTIMO Evolution**



**PRIMO**



# Products - Seating Systems



**MSG 90.6**



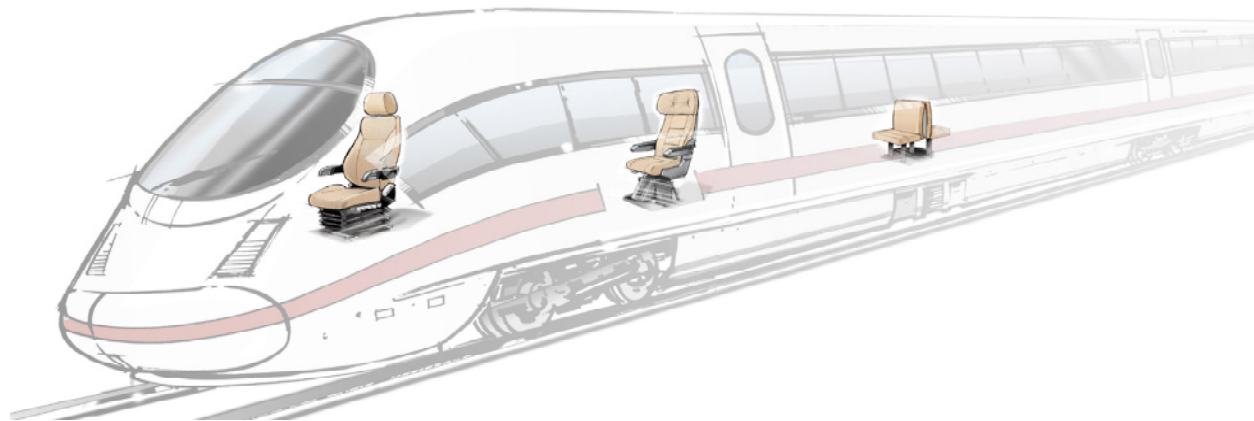
**VW S2 (BR)**

**MSG 90.5**



# Products - Seating Systems

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**D 3000**

**ICE 3000 AVE Club**



# Products - Seating Systems



Asymmetric backrest contour  
Alternative: backrest extension  
for construction machines

Adjustable armrests

Integrated restraint system

Seat heating

Quick weight adjustment

Fore/aft adjustor



Adjustable headrest height

Document box

Adjustable lumbar support

Backrest with adjustable angle

Minimum air suspension with 110 mm air suspension

Alternatively:  
mechanical suspension

