

# ON THE MOVE



Presentation  
First Half-Year 2017

Amberg,  
August 9, 2017



# GRAMMER GROUP – HIGHLIGHTS H1 2017

Despite focus on proxy fight, GRAMMER's operational performance well on track



## Major developments in the 1<sup>st</sup> half-year 2017

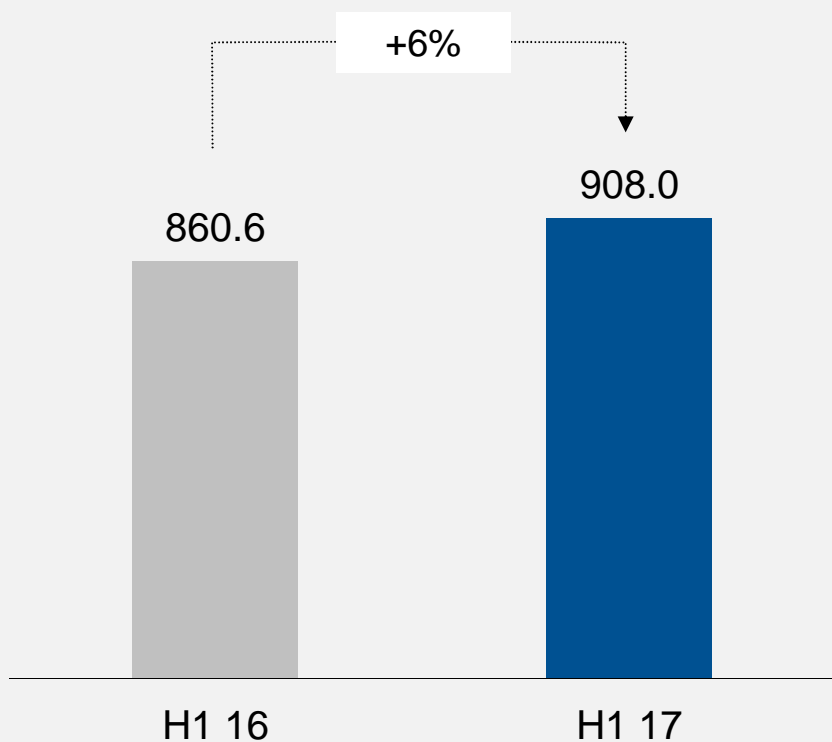
- New strategic partnership with Chinese automotive supplier Ningbo Jifeng established
- Successful AGM proxy-fight against minority shareholder Cascade
- New shareholder structure with JAP (Ningbo Jifeng) as anchor-shareholder makes an “unfriendly” influence or change-of-control nearly impossible
- Order intake still weak due reluctance of main customers to award new business. Strong pickup in H2-17 necessary to secure mid-term growth expectations
- Global automotive markets with positive momentum. GRAMMER as an interior specialist is not impacted by current discussions about Diesel emission standards
- With the exception of Brazil and the US, global truck markets with solid growth in 2017
- Agricultural markets beginning to show first signs of recovery. Very positive growth development of construction and material handling markets
- GRAMMER Group with ongoing improvement of operational performance leading to higher operative EBIT-margin of 4.8% in the first 6 months of 2017
- GRAMMER's full-year guidance for 2017 with an operative EBIT-margin of approx. 5% confirmed

# GRAMMER GROUP – DEVELOPMENT H1 2017

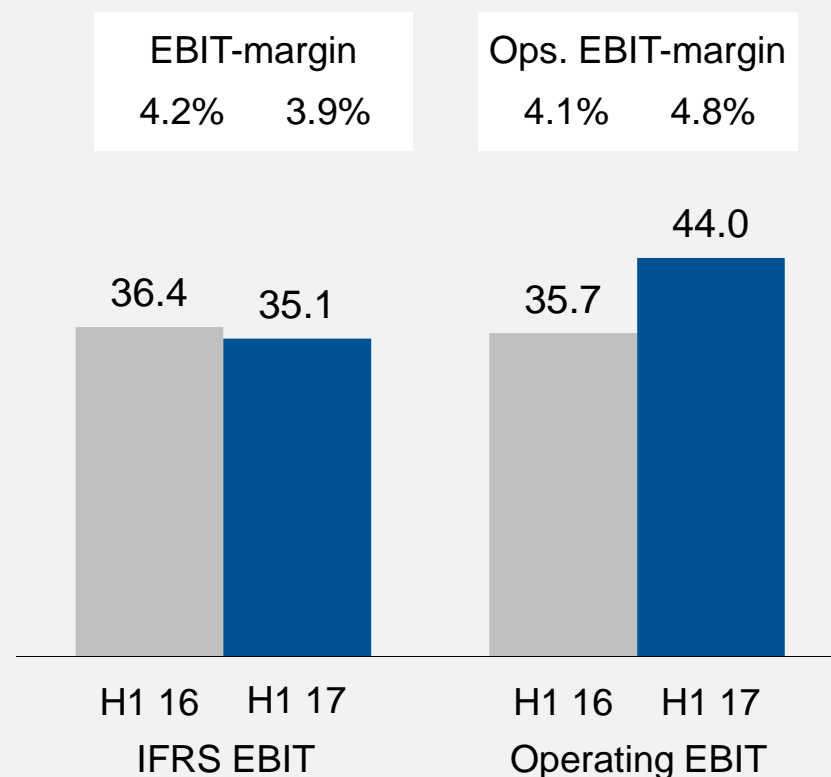
Group revenues and operating EBIT fully in line with expected development



Revenues  
[in € million]



EBIT and operating EBIT  
[in € million and % of revenues]

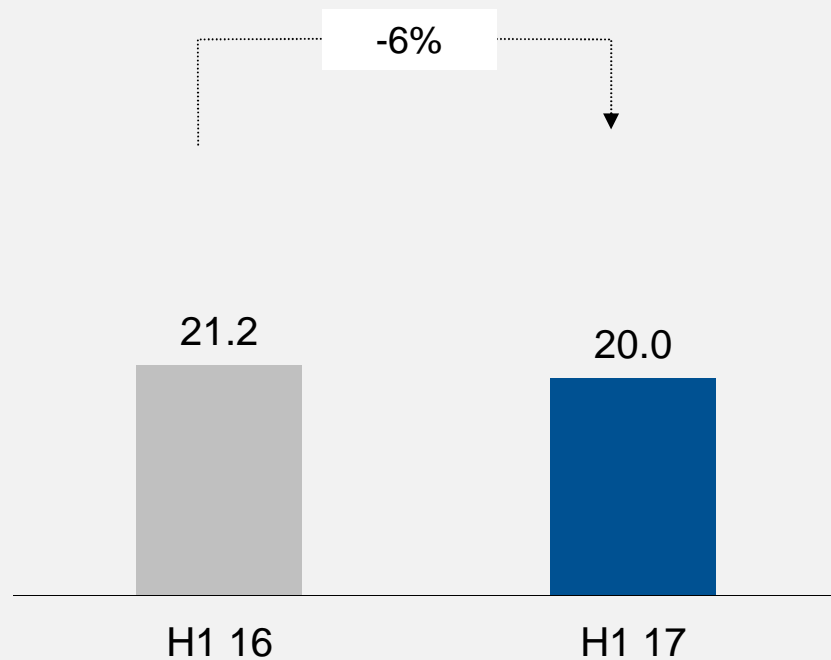


# GRAMMER GROUP – DEVELOPMENT H1 2017

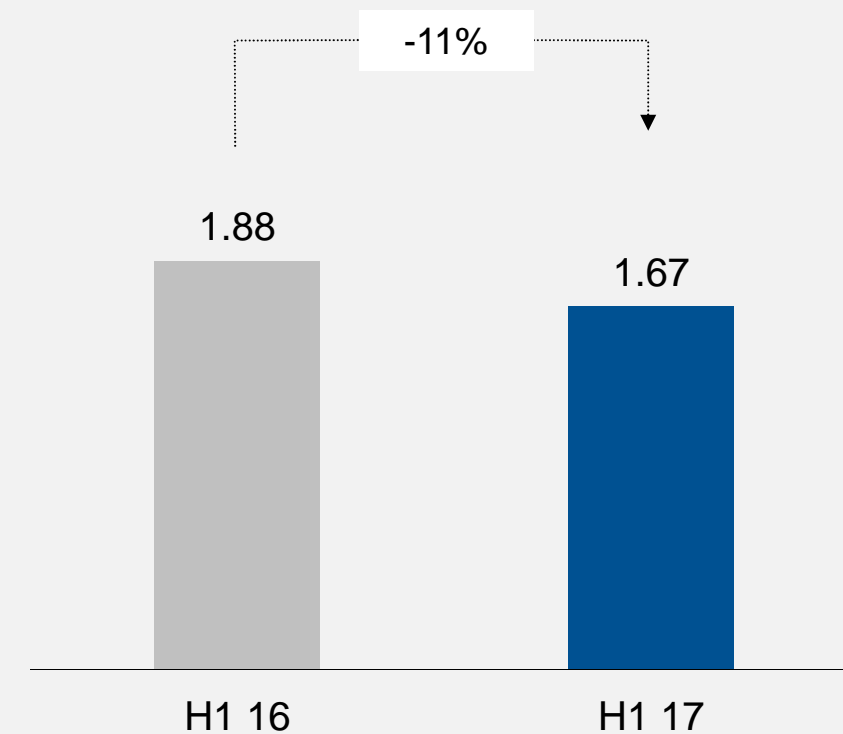
Net profit and EPS impacted by currency and AGM-related one-off costs



Net profit  
*[in € million]*



Basic earnings per share  
*[in €]*

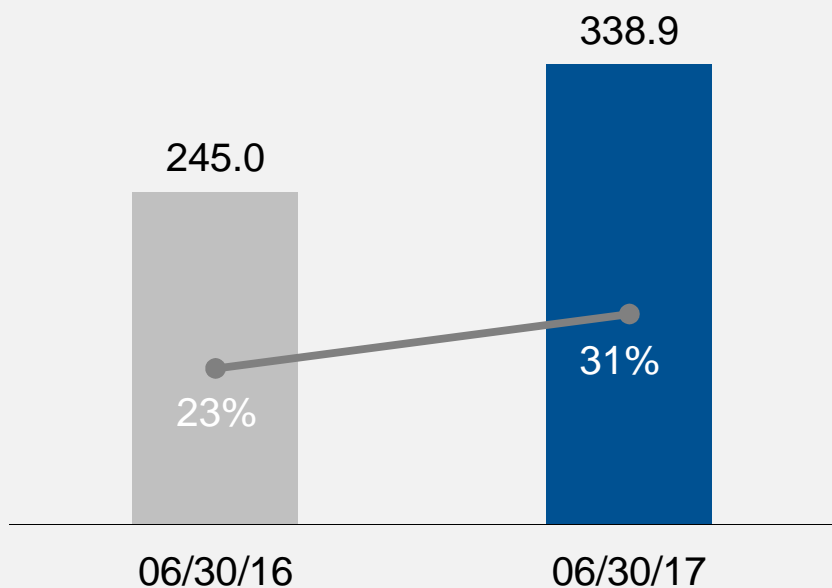


# GRAMMER GROUP – DEVELOPMENT H1 2017

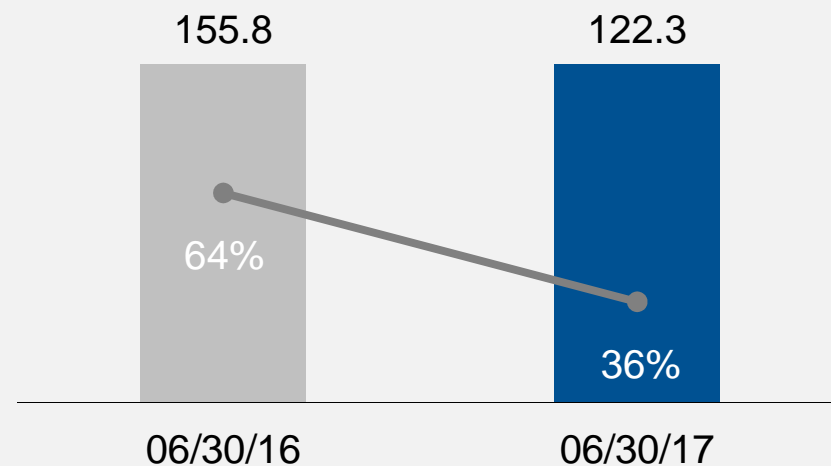
Higher equity and lower debt due to convertible bond placement in February



Equity and equity-ratio  
[in € million and %]



Net financial debt and gearing  
[in € million and %]

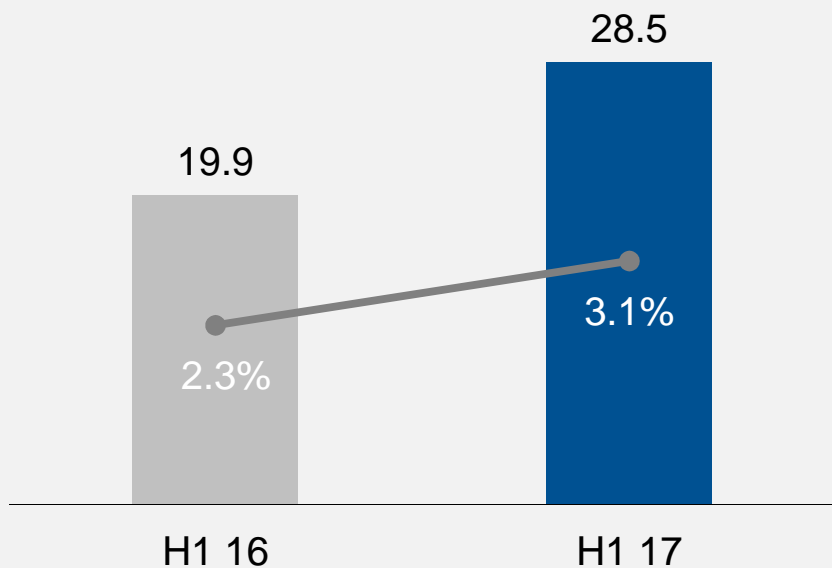


# GRAMMER GROUP – DEVELOPMENT H1 2017

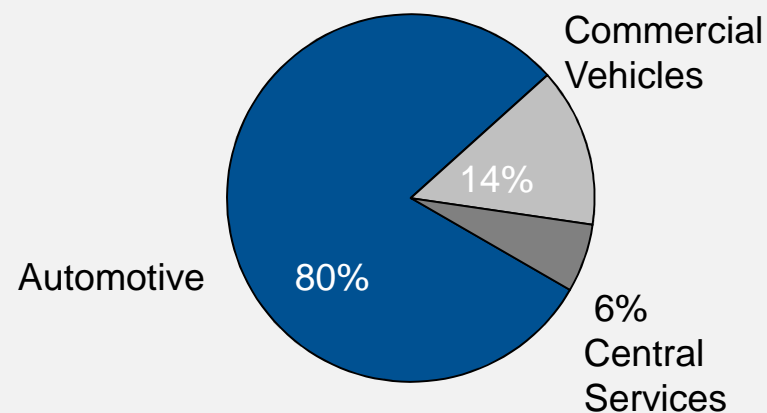
Investments continue to focus on expansion and optimization measures



Capex and capex-ratio  
[in € million and %]



Capex H1 2017 by divisions  
[in %]

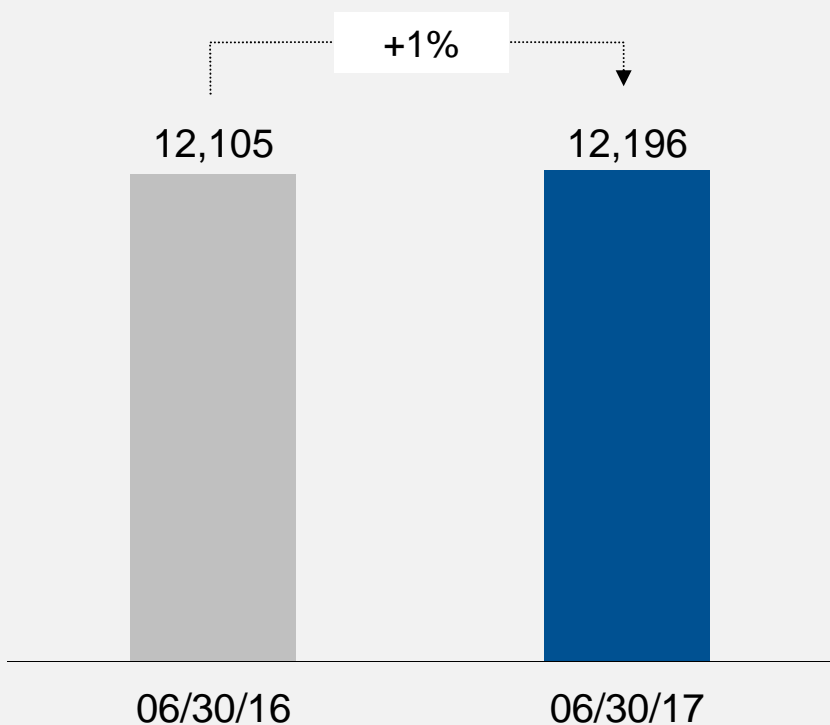


# GRAMMER GROUP – DEVELOPMENT H1 2017

Only slight increase in headcount despite ongoing business growth



Employees  
[month-end]



Employees in low-cost / high-cost countries  
[month-end]

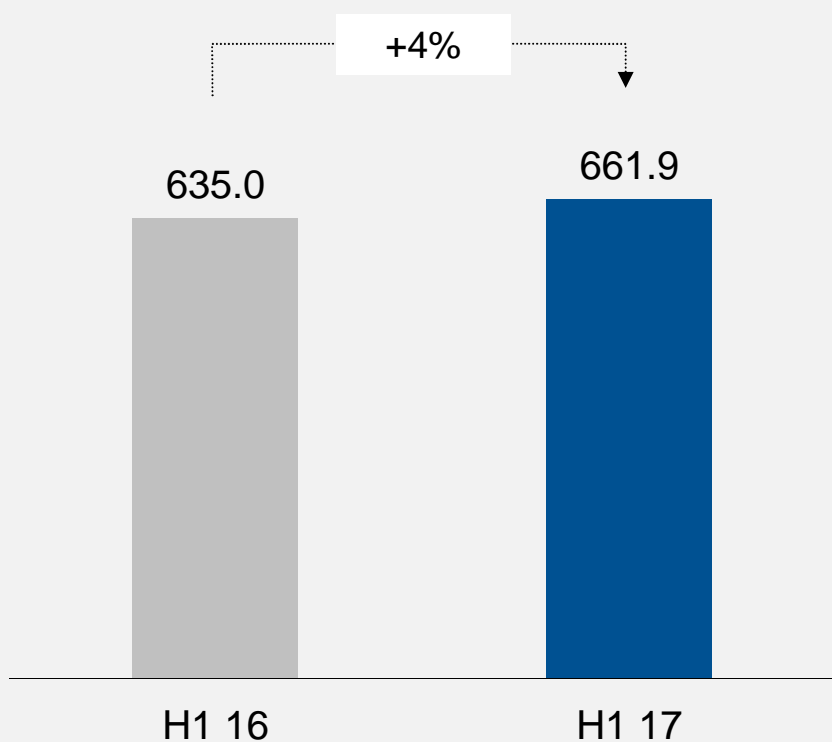


# AUTOMOTIVE – DEVELOPMENT H1 2017

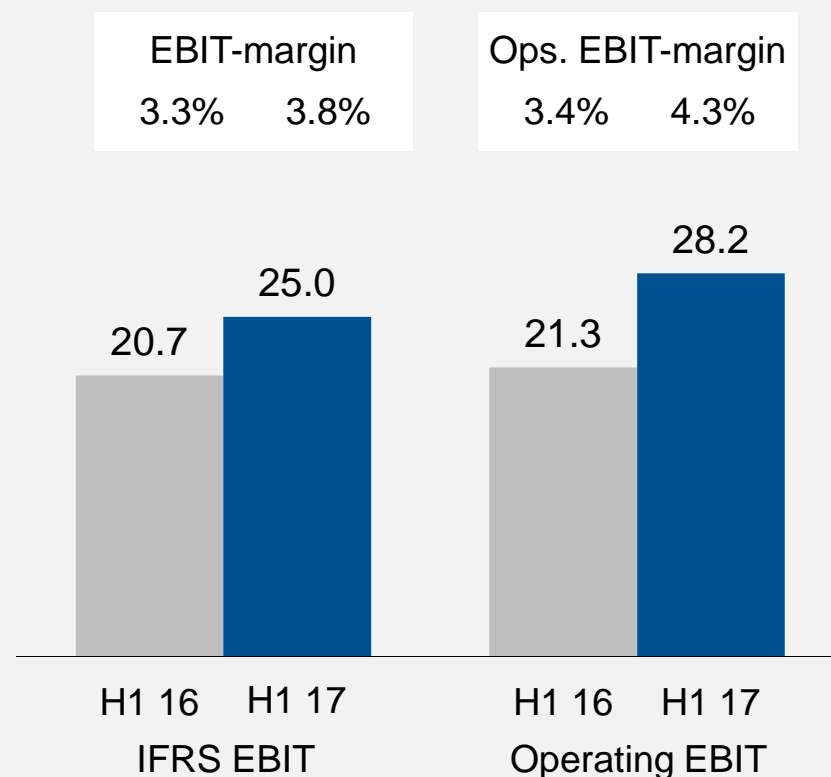
Improvement of operating performance and profitability well on track



Revenues  
[in € million]



EBIT and operating EBIT  
[in € million and % of revenues]





# GRAMMER AUTOMOTIVE – ORDER INTAKE SITUATION 2017

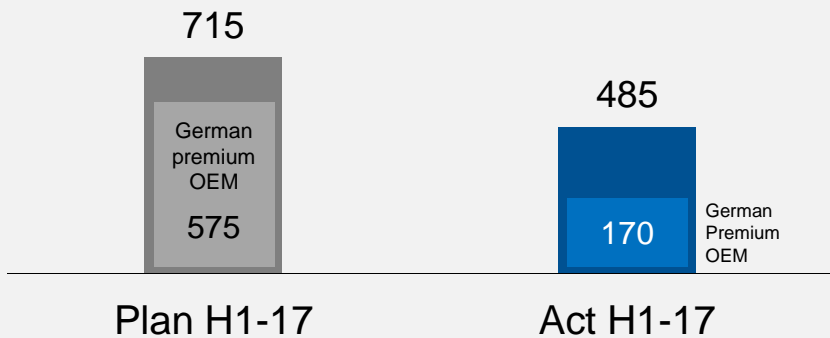
Order intake still weak due to reluctance of main customers to award new business



1<sup>st</sup> HY Automotive order intake for new projects  
[life-time\* revenues in € million]

Order intake H1 with German Premium OEMs\*\*

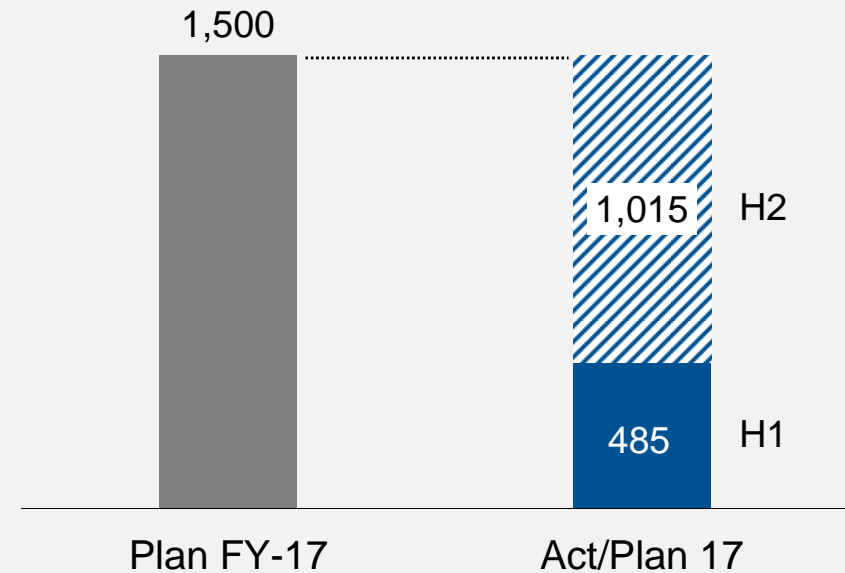
Plan H1-17	<b>Deviation</b> <b>-405 € m.</b>	Act H1-17
575 € m.		170 € m.



\*) life-time: projected revenues generated over the entire project life-cycle (ave. 6-7 years)  
\*\*) German Premium OEMs: BMW, Daimler, Volkswagen Group

Full-year Automotive order intake for new projects  
[life-time revenues\* in € million]

To achieve order intake-plan FY-17:  
1,015 € m. order intake in H2 required



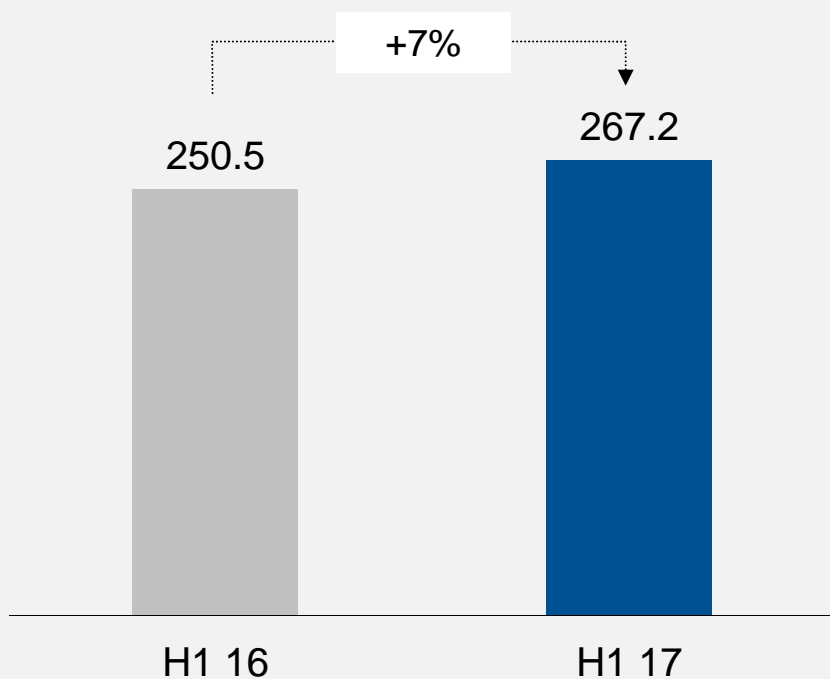
\*) life-time: projected revenues generated over the entire project life-cycle (ave. 6-7 years)

# COMMERCIAL VEHICLES – DEVELOPMENT H1 2017

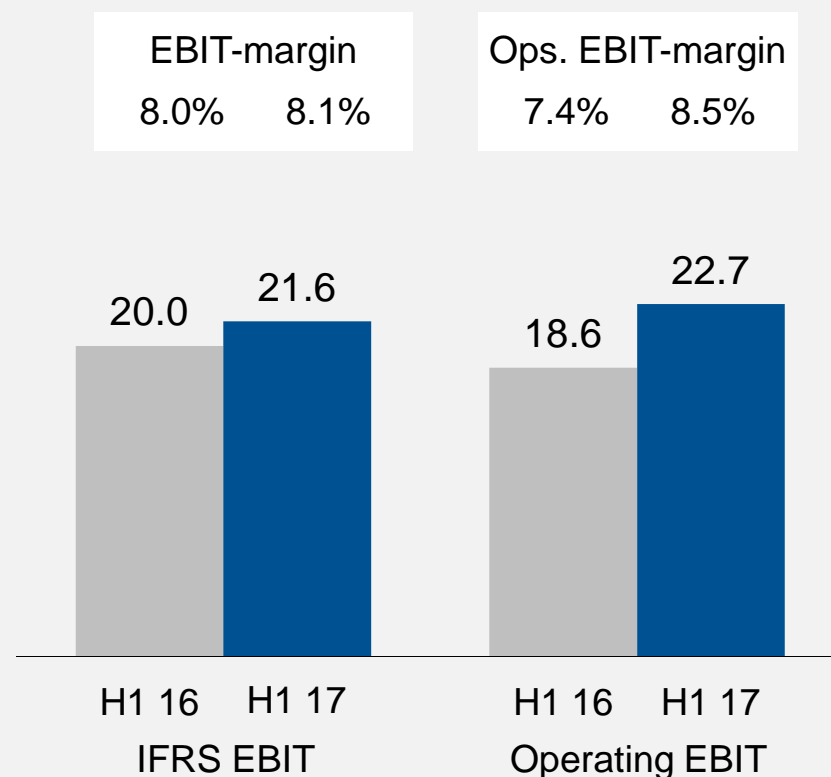
Partial recovery of key markets and cost optimization drive EBIT improvement



Revenues  
[in € million]



EBIT and operating EBIT  
[in € million and % of revenues]



# GRAMMER AG – AGM & NEW SHAREHOLDER STRUCTURE

## Strong endorsement of GRAMMER’s successful strategy by the recent AGM



### Annual General Meeting Summary

- All motions proposed by GRAMMER's management were supported by an impressive and large majority of shareholders
- Additionally, our shareholders rejected all resolutions & counter motions proposed by a minority shareholder
- Change-of-control intended by a minority shareholder could be fully averted
- GRAMMER continues in full independence the implementation of the Group’s successful strategy



**GRAMMER AG’s strategy for profitable growth and value generation was confirmed and strongly supported by its shareholders with a massive vote of confidence at the AGM**

### Post-AGM major developments

- JAP Capital Holding GmbH, an associated company of our strategic partner Ningbo Jifeng has increased its stake in GRAMMER to more than 20% and is the largest shareholder of GRAMMER AG
- **Based on new shareholder structure, an “unfriendly” influence or change-of-control is nearly impossible**
- GRAMMER’s request to appoint Prof. Dr.-Ing. Birgit Vogel-Heuser to the Supervisory Board, replacing Dr. Hans Liebler, who stepped down from the supervisory board effective June 30, 2017 has been accepted by the local court of Amberg

### New shareholder structure

Investor	in %*	Source
JAP Capital Holding**	20.01%	WpHG 07-2017
Cascade***	13.41%	AGM 05-2017
Halog***	9.18%	AGM 05-2017
Dimensional	4.58%	WpHG 10-2016
Own treasury shares	2.62%	
Free Float (<3%)	50.02%	

\*) Percentage based on 12,607,121 total voting rights  
 \*\*) Associated company of GRAMMER’s strategic partner Ningbo Jifeng  
 \*\*\*) Companies owned by Hastor family



**The impressive AGM results were not just an important milestone, but even more a strong signal that GRAMMER is continuing as a trusted and reliable partner for our customers**

# GRAMMER GROUP – MARKET OUTLOOK 2017

Car & Truck markets with solid growth. Brazil and Agriculture may recover in 2017



## Car production – Actual 2016 & Forecast 2017 [in % yoy]

	Actual 2016	Forecast 2017	Trend vs. prev. FC
Europe	+3%	+3%	➔
USA	+2%	-2%	➔
Brazil	-11%	+10%	➔
China	+14%	+1%	➔
World	+5%	+2%	➔

Source: IHS, June 2017 forecast (prev. forecast Apr. 2017)

## Truck production – Actual 2016 & Forecast 2017 [Trucks >6t, in % yoy]

	Actual 2016	Forecast 2017	Trend vs. prev. FC
Europe	+5%	+3%	➔
USA	-19%	+5%	➔
Brazil	-20%	+1%	➔
China	+28%	+4%	➔
World	+5%	+3%	➔

Source: IHS, April 2017 forecast (prev. forecast Jan. 2017)

## Agricultural market outlook 2017 by our main customers

	Europe	North America	South America
John Deere*	0% to -5% Trend ➔	-5% Trend ➔	+20% Trend ➔
AGCO Group**	+/-0% Trend ➔	-5% to -10% Trend ➔	+15% Trend ➔

Source: \*) John Deere forecast as of May 19, 2017 (prev. forecast as of Feb. 17, 2017)

\*\*) AGCO Group forecast as of July 27, 2017 (prev. forecast Apr. 28, 2017)

# GRAMMER GROUP – OUTLOOK 2017

5% operative EBIT-margin target for full year 2017 confirmed



## GRAMMER Group – Outlook 2017:

- At Group level GRAMMER forecasts an increase in revenue of around 5% over the previous year in 2017
- As communicated, a Group operational EBIT-margin of around 5% is expected in 2017
- The attempted change-of-control sought by a minority shareholder continues to have adverse effects on order intake for future projects and a full compensation might not be possible. Therefore it will be important that GRAMMER is able to win major new projects to be awarded by the premium OEMs in the second half year 2017

# ON THE MOVE



Backup Information



# GRAMMER GROUP

## Key Figures H1 and Q2 2017



**GRAMMER**

<i>[IFRS, in € million]</i>	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>Chg.</b>	<b>H1 2017</b>	<b>H1 2016</b>	<b>Chg.</b>
<b>Group Revenues</b>	450.0	434.7	+3.5%	908.0	860.6	+5.5%
<b>EBITDA</b>	25.0	33.6	-25.6%	59.5	59.8	-0.5%
<b>EBITDA-Margin</b>	5.6%	7.7%	-2.1%-P	6.6%	6.9%	-0.3%-P
<b>EBIT</b>	12.6	21.6	-41.7%	35.1	36.4	-3.6%
<b>EBIT-Margin</b>	2.8%	5.0%	-2.2%-P	3.9%	4.2%	-0.3%-P
<b>Operating EBIT</b>	20.9	18.5	+13.0%	44.0	35.7	+23.2%
<b>Operating EBIT-Margin</b>	4.6%	4.3%	+0.3%-P	4.8%	4.1%	+0.7%-P
<b>Profit after taxes</b>	6.0	13.8	-56.5%	20.0	21.2	-5.7%
<b>EPS in €</b>	0.50	1.22	-59.0%	1.67	1.88	-11.2%
<b>Total Assets</b>	1,079.8	1,071.7	+0.8%	1,079.8	1,071.7	+0.8%
<b>Equity</b>	338.9	245.0	+38.3%	338.9	245.0	+38.3%
<b>Equity-Ratio</b>	31%	23%	+8%-P	31%	23%	+8%-P
<b>Net Financial Debt</b>	122.3	155.8	-21.5%	122.3	155.8	-21.5%
<b>Gearing Ratio</b>	36%	64%	-28%-P	36%	64%	-28%-P
<b>Capex (w/o M&amp;A)</b>	17.5	10.9	+60.6%	28.5	19.9	+43.2%
<b>Depreciation</b>	12.4	12.0	+3.3%	24.4	23.5	+3.8%
<b>Employees (month-end)</b>	12,196	12,105	+0.8%	12,196	12,105	+0.8%

# GRAMMER GROUP – FINANCIAL KEY FIGURES

5-year development



<i>[IFRS, in € million]</i>	2016	2015	2014	2013	2012
Group Revenue	1,695.5	1,425.7	1,365.9	1,265.7	1,133.0
EBITDA	120.2	83.2	93.7	92.3	78.1
EBITDA-Margin	7.1%	5.8%	6.9%	7.3%	6.9%
EBIT	73.0	42.7	57.0	58.0	49.0
EBIT-Margin	4.3%	3.0%	4.2%	4.6%	4.3%
Profit after taxes	45.2	23.8	33.6	29.6	26.8
EPS in €	4.01	2.10	3.09	2.67	2.38
Dividend / Share in €	1.30	0.75	0.75	0.65	0.50
Total Assets	1,050.6	992.1	836.5	766.0	668.8
Equity	271.2	253.4	231.8	224.7	210.3
Equity-Ratio	26%	26%	28%	29%	31%
Net Financial Debt	139.1	155.5	86.7	93.2	76.5
Gearing Ratio	51%	61%	37%	41%	36%
Capex (w/o M&A)	56.2	47.9	51.5	46.8	39.0
Depreciation	47.2	40.5	36.7	34.3	29.1
Employees (Dec. 31)	12,250	11,397	10,700	10,082	8,620



### Financial Calendar 2017

Interim Management Statements Q3/2017: November 13, 2017

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