

# ON THE MOVE



## **Presentation First Six Months 2018**

Amberg, August 7, 2018



### **Passenger Cars – New Registrations January to June 2018** (source vda)

- Global automotive markets with positive momentum in the first six months
- New registrations in Germany +3% with SUVs, sports cars and upper-class models driving growth
- Western Europe with solid growth (+2%)
- North America with slight growth (+1%) driven by light-truck segment (+10%)
- China with high growth (+6%) based on strong SUV sales

### **Commercial Vehicles (> 6t) – New Registrations January to June 2018** (source vda)

- Western Europe (+1%), with Germany (+1%) and strong growth in Netherlands, France and Italy, but UK (-11%) declining
- USA with ongoing dynamic growth momentum (+17%) mainly driven by strong heavy duty class 8 segments
- Recovery in Brazil is continuing in the first six months (+52%)
- China with double-digit growth (+12%) in the first six months, boosted by heavy duty trucks

### **Other Commercial Vehicle Markets**

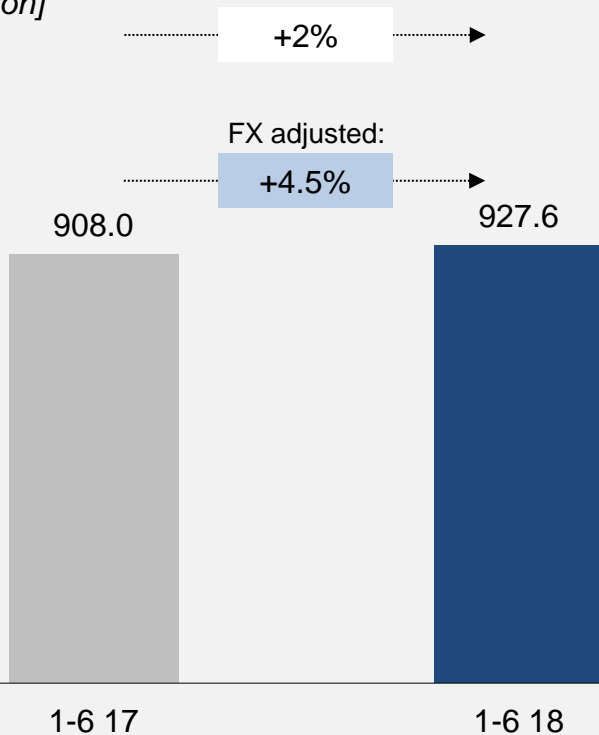
- Agricultural, construction and material handling markets with ongoing dynamic growth

# GRAMMER GROUP – DEVELOPMENT 1-6 2018

Solid start in the first six month of 2018

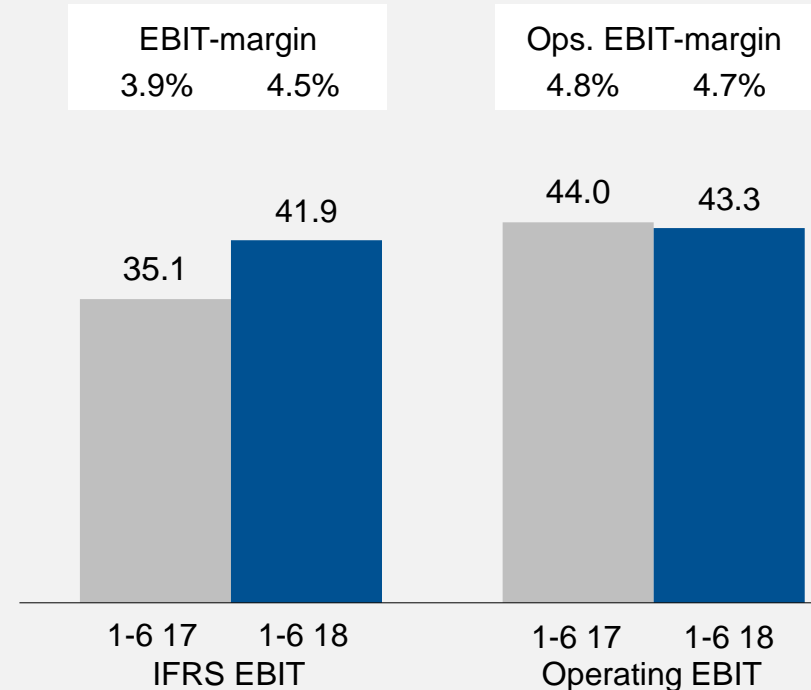


Revenues  
[in € million]



- Group revenues in 1-6 2018 at 927.6 € m.
- Strong development of Commercial Vehicles division compensates slower Automotive development
- FX impact -21 € m. in 1-6 2018

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



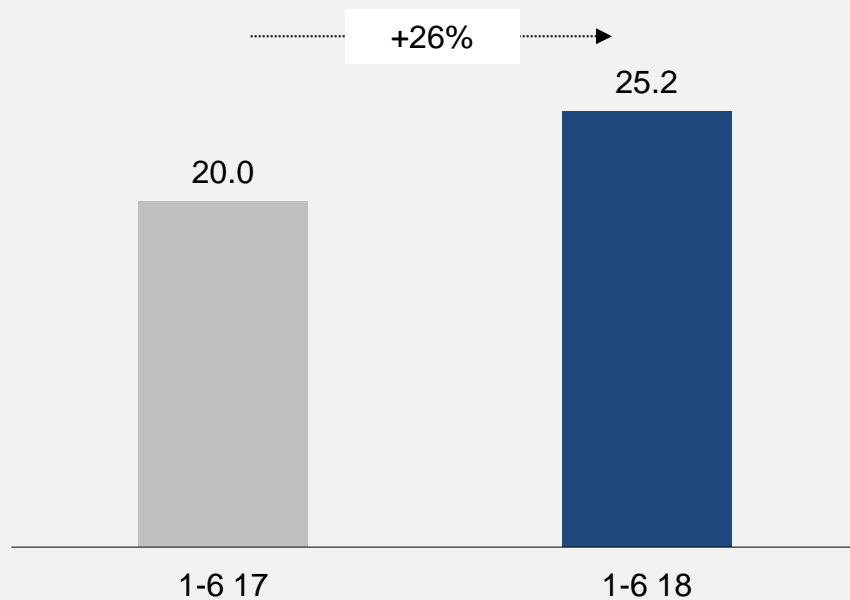
- Operating EBIT at 43.3 € m. only slightly below strong 1-6 17
- Ops. EBIT-margin of 4.7% reflects solid H1 18 development

# GRAMMER GROUP – DEVELOPMENT 1-6 2018



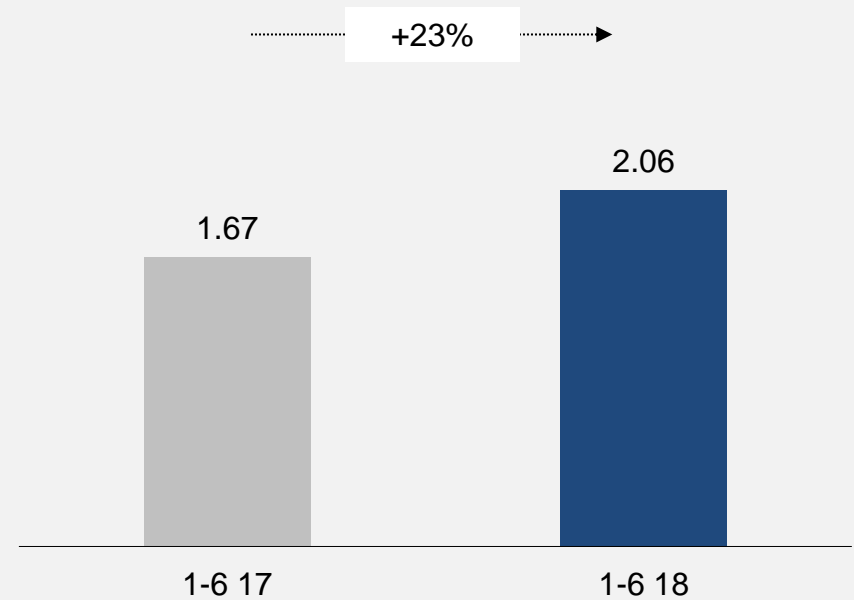
## Net profit on high levels

Net Profit  
[in € million]



- Net profit in 1-6 2018 at 25.2 € m.
- Financial result and tax rate remain on previous year

IFRS earnings per share  
[in €]



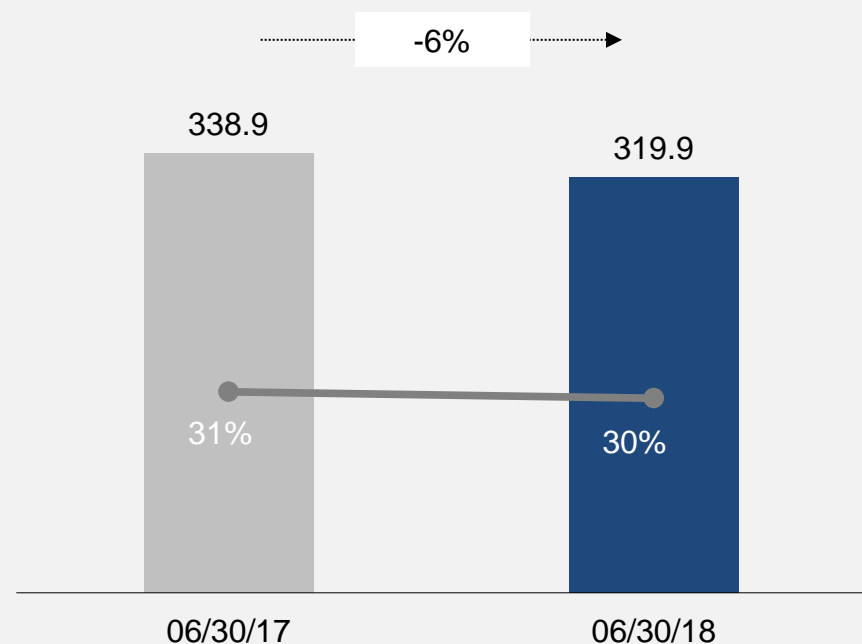
- Strong EPS development

# GRAMMER GROUP – DEVELOPMENT 1-6 2018

## Equity ratio stable despite IFRS 15 adjustments

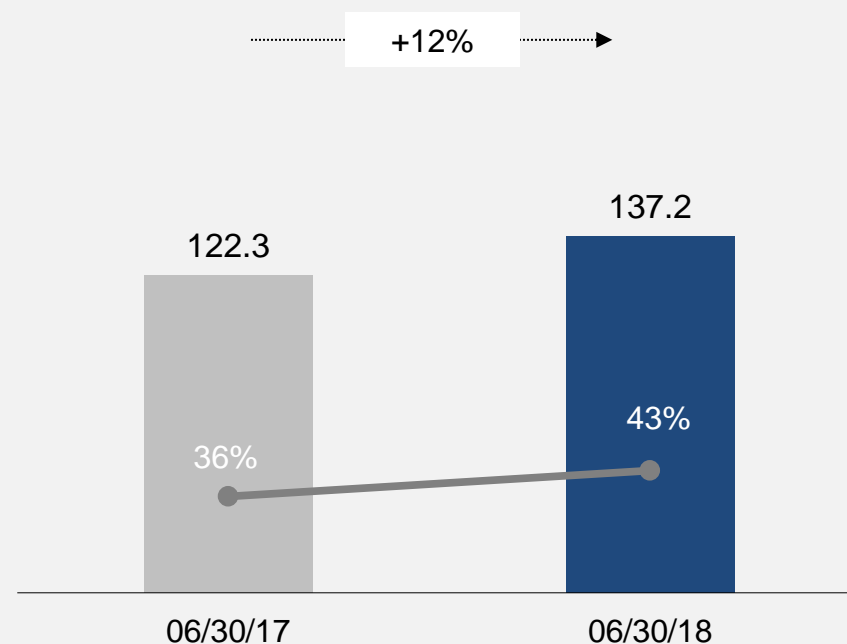


Equity and equity ratio  
[in € million and %]



- Equity at June 30, 2018 lower, mainly due to first-time application of the new IFRS 15 regulation
- Equity ratio remains stable at 30%

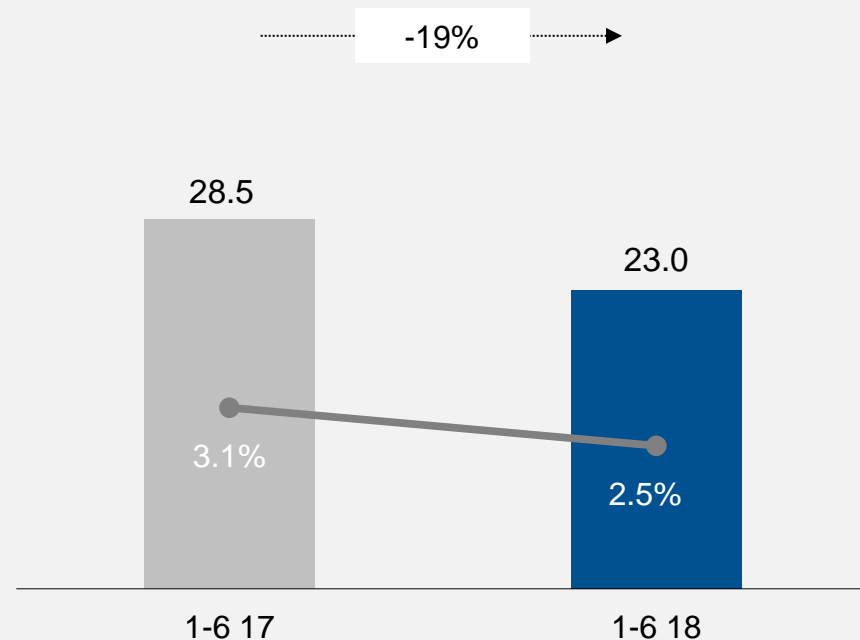
Net financial debt and gearing  
[in € million and %]



- Net debt increased to 137.2 € m. due to the financing of global business activities
- At 43%, gearing ratio remains on very solid level

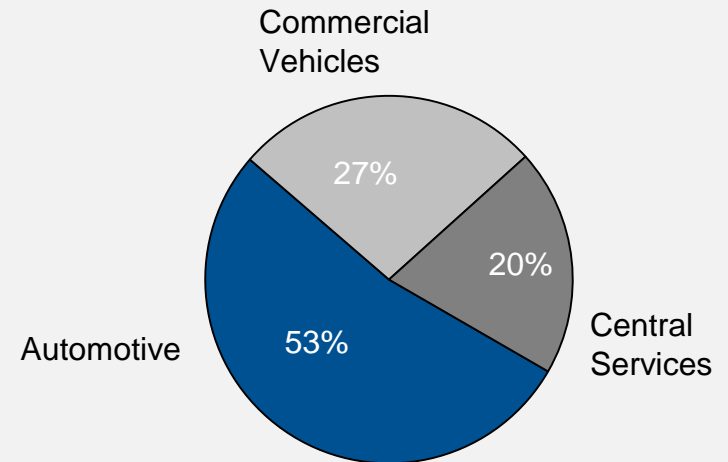
## Investments

Capex and capex ratio  
[in € million and %]



- Capex with 23.0 € m. continues as planned due to the business growth and capacity expansion in all regions
- Capex / Sales ratio lower than previous year

Capex 1-6 2018 by divisions  
[in %]



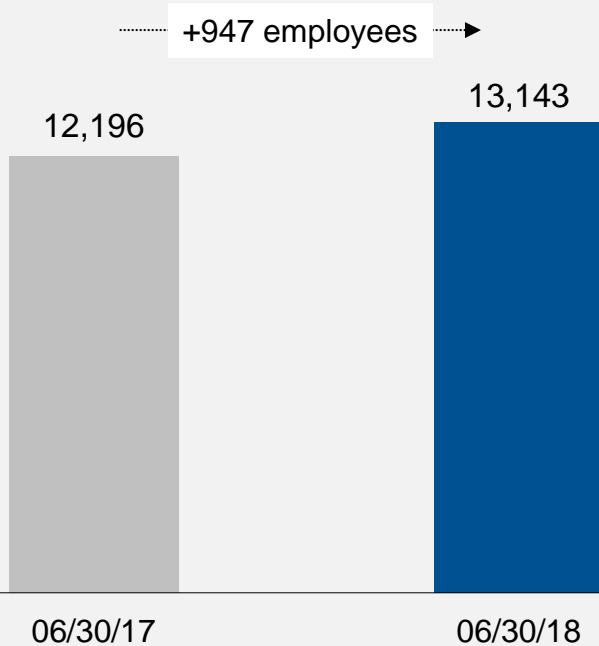
- Main investments in the Automotive segment to expand capacities and prepare for new production start-ups
- Higher investments within Central Services area for new GRAMMER Technology Center & Group Headquarter

# GRAMMER GROUP – DEVELOPMENT 1-6 2018

Headcount increase in preparation for higher business volumes

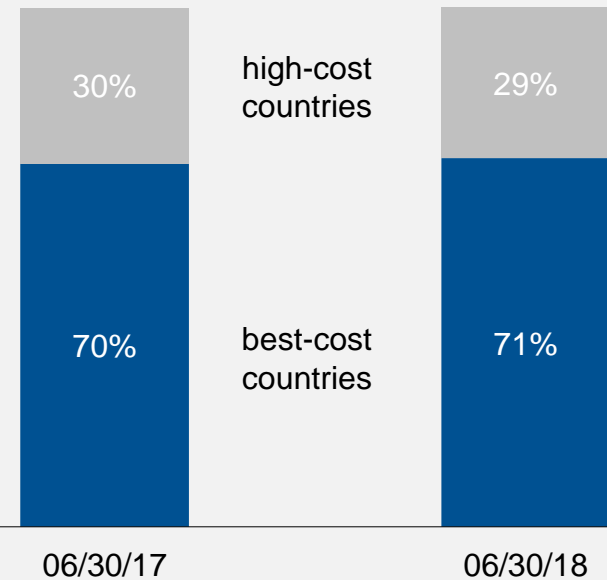


Employees  
[month-end]



- Headcount development reflects staffing higher business volumes and insourcing activities
- Main increase of direct employees in Automotive division mainly due to new product launches in NAFTA region

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



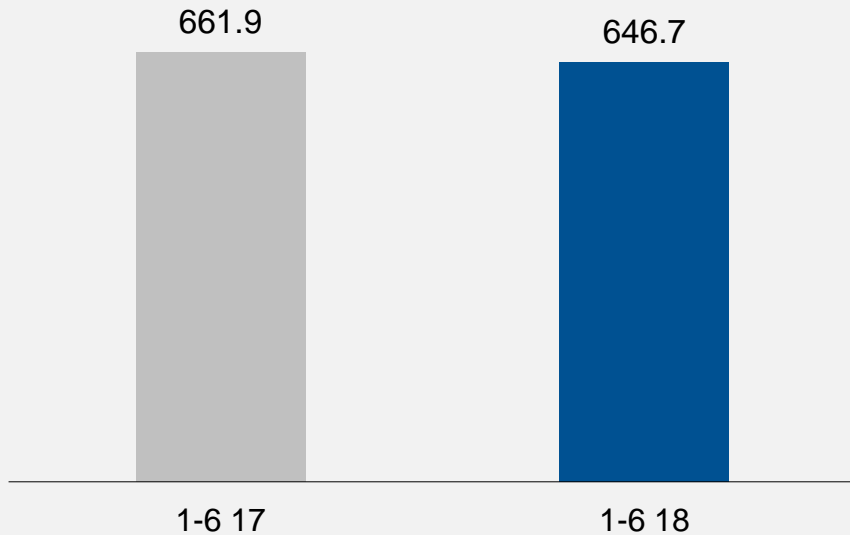
- More than 70% of all employees work in best-cost countries like Serbia, Bulgaria, CZ, Mexico, Turkey or China
- 3,300 GRAMMER employees are located in Germany, providing a solid base for the international expansion

# AUTOMOTIVE – DEVELOPMENT 1-6 2018

Expected challenging start – Sales & EBIT will further improve in H2

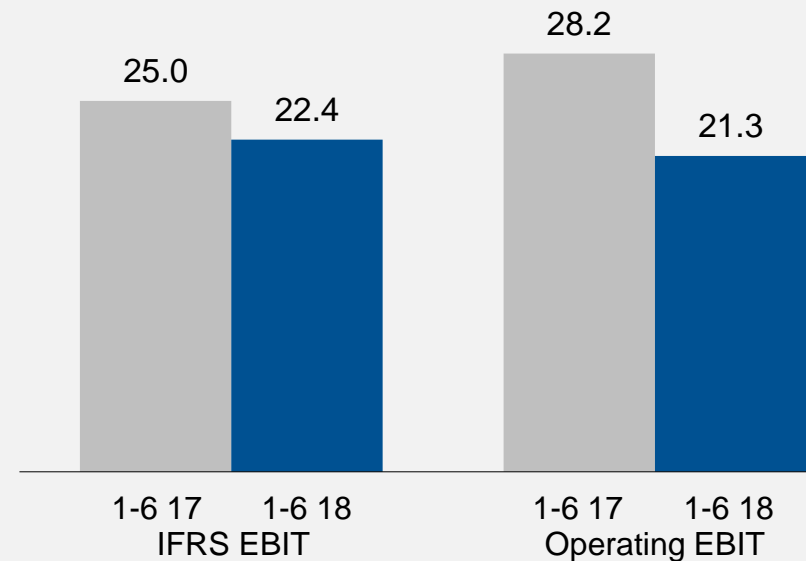


Revenues  
[in € million]



- Expected lower sales mainly in NAFTA in H1-18 due to timing differences of phase-downs and subsequent ramp-ups
- In addition lower revenues from development projects
- FX impact -11 € m. in H1/2018

EBIT and operating EBIT  
[in € million]



- At 21.3 € m., ops. EBIT in H1-18 lower vs. strong H1-17 result
- H1-18 ops. EBIT-margin at 3.3%
- Main impacts: Lower volumes & uncovered R&D costs

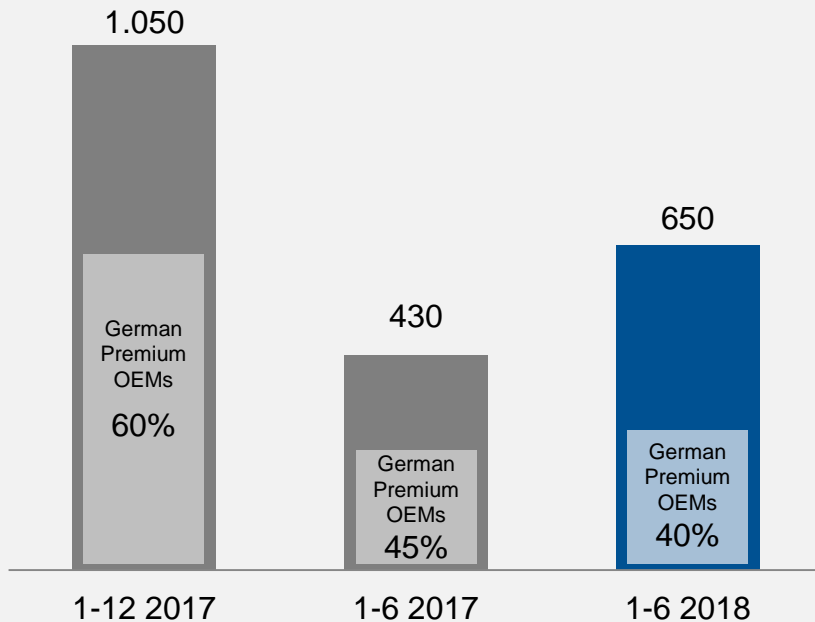


# AUTOMOTIVE – DEVELOPMENT 1-6 2018

Order intake situation improving, but still not fully recovered



Order intake for new projects  
[life-time sales, in € million]

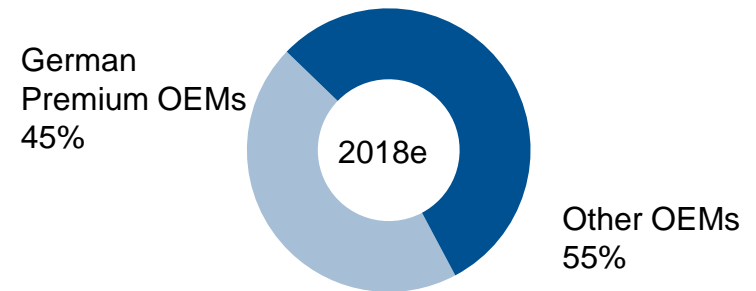


- Level of order intake for new projects in the first half-year of 2018 has improved versus previous year
- Ongoing strong increase in new business with other customers

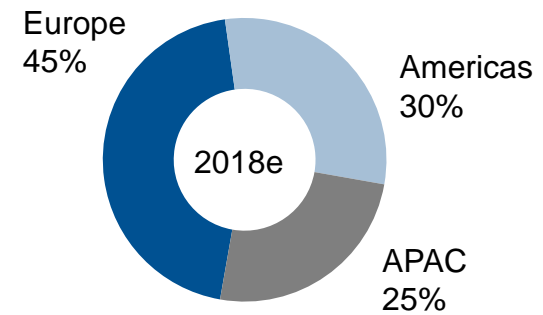
\*) Life-time: projected series production sales over entire duration of the project (6-7 years)

Budgeted order intake 2018 Automotive  
[in %]

Breakdown by customer group



Breakdown by region

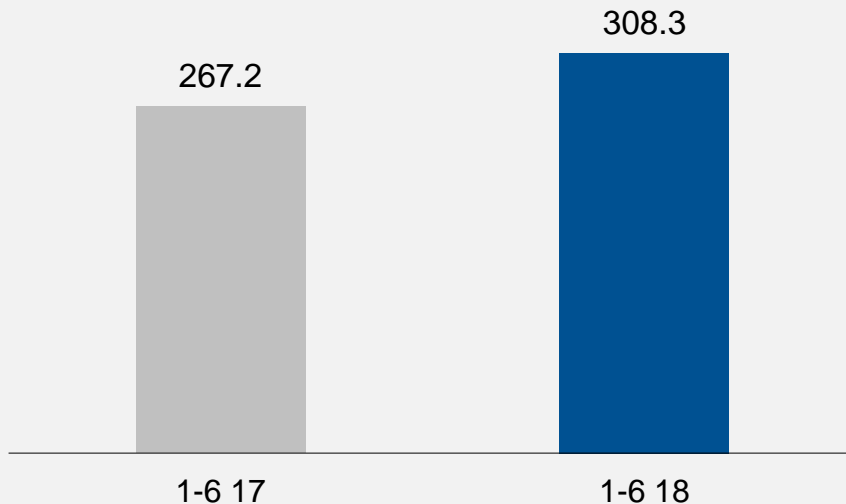


# COMMERCIAL VEHICLES – DEVELOPMENT 1-6 2018

Strong performance in a dynamic market environment

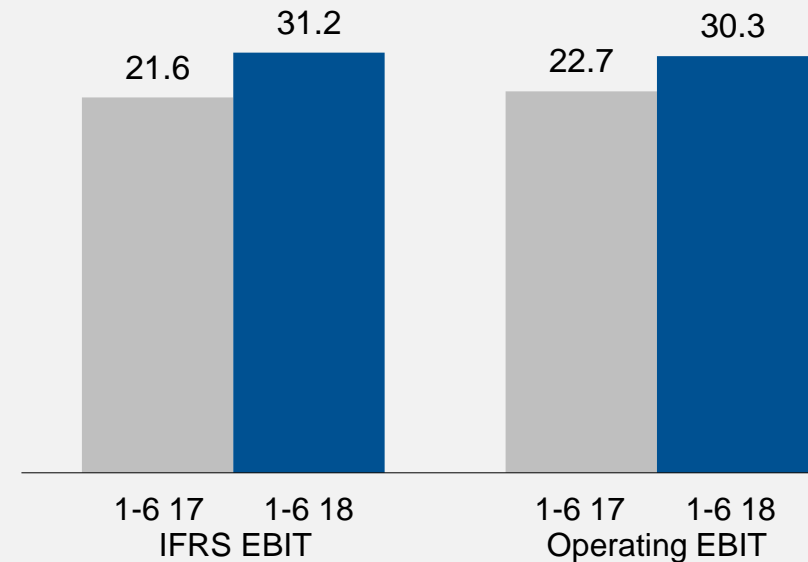


Revenues  
[in € million]



- Strong growth due to ongoing dynamic market environment
- Double-digit growth in all regions underline higher market penetration and market share gains
- FX impact -10 € m. in H1/2018

EBIT and operating EBIT  
[in € million]








- Operating EBIT improved to 30.3 € m.
- Ops. EBIT-margin increased strongly in the first half year
- Volume impact due to favorable market conditions spurred the Division's performance

# GRAMMER GROUP – MARKET OUTLOOK 2018

Most regional car & commercial vehicle markets expected to grow



		Europe	USA	Brazil	China	World	
	Worldwide car production	Source IHS July 2018	+2%	+1%	+12%	+2%	+2%
	Worldwide truck production	Source IHS Jan. 2018	+2%	+9%	+13%	-15%	-3%
	Agricultural machinery	Source John Deere May 2018	+5%	+10%	0% to +5%	+/-0%	
		Source AGCO June 2018	+/-0%	0% to +5%	+/-0%		
	Construction machinery	Source Caterpillar July 2018	Strong demand	Strong demand	Slow to recover	Strong demand	
	Forklifts	Source Jungheinrich May 2018	Mid to high single digit %-growth	In specific markets even higher growth rates possible		Mid to high single digit %-growth	

# GRAMMER GROUP – OUTLOOK 2018

Outlook confirmed – Further increases in sales & profitability expected



	Actual 2017	Outlook 2018	
GRAMMER Outlook	Group sales revenue	€ 1.79 billion	approx. € 1.85 billion
	Operating EBIT-margin	4.5%	around 5%
	ROCE	11.5%	> prev. year

## Important note:

The outlook for the second half-year 2018 is based on the current forecasts for the global economy as well as our main markets and customers. It is not yet possible to forecast the potential impact of matters relating to GRAMMER AG's shareholder structure on earnings and order intake.

The EU-wide introduction of the worldwide harmonized light vehicles (WLTP) test procedure for passenger cars and light commercial vehicles could also have a negative impact on the sales of our customers in the Automotive Division in the second half of the year. However, a specific forecast is not yet possible at this stage. In addition, recent developments with respect to trade restrictions as well as mutually imposed retaliatory customs tariffs may leave noticeable traces on future earnings.

# GRAMMER GROUP – BCA & PUBLIC TENDER OFFER

Executive & Supervisory Board recommend that shareholders accept the offer



## **Bidder:**

- Ningbo Jifeng has published a voluntary public takeover bid for all GRAMMER shares via Jiye Auto Parts GmbH\*
- Ningbo Jifeng is an internationally active supplier of components for passenger vehicles interiors and strategic partner of GRAMMER since February 2017.
- Since October 2017 Ningbo Jifeng is already the largest shareholder of GRAMMER AG with a stake of >25%

## **Bid:**

- Cash consideration of EUR 60.00 per GRAMMER share
- Minimum acceptance threshold (new): 36% plus 1 share including the interest of 25.56% already held by the bidder
- Offer is subject to certain closing conditions incl. antitrust and regulatory clearance particularly in China and Germany
- The offer documentation has been published on the Internet at [www.allianceforthefuture.com](http://www.allianceforthefuture.com)

## **Chronological sequence & actual status:**

- The offer was published by the bidder on June 25, 2018
- The bidder modified the offer (minimum acceptance threshold lowered) on July 18, 2018
- The Executive Board and the Supervisory Board of GRAMMER AG published their joint reasoned statement on July 6, 2018 and on July 24, 2018 (supplementary joint reasoned statement).
- The acceptance period expired on August 6, 2018, 24:00 hours (CEST). If the minimum acceptance threshold has been reached, an additional acceptance period will presumably start on August 10, 2018 and end on August 23, 2018, 24:00 hours (CEST).
- According to the announcement dated August 3, 2018, the bidder has acquired roughly 45.58% of GRAMMER's share capital (incl. the stake of 25.56% already held by the bidder)
- Subject to the fulfilment of certain closing conditions including antitrust and regulatory clearance, the transaction is expected to be executed at the end of the third quarter of 2018.

\*) The bidding entity is the German acquisition vehicle Jiye Auto Parts GmbH

# ON THE MOVE



**Backup Information**



**GRAMMER**

<i>[IFRS, in € million]</i>	Q2 2018	Q2 2017	Chg.	01-06 2018	01-06 2017	Chg.
Group Revenues	473.2	450.0	+5.2%	927.6	908.0	+2.2%
EBITDA	33.4	25.0	+33.6%	65.4	59.5	+9.9%
EBITDA-Margin	7.1%	5.6%	+1.5%-P	7.1%	6.6%	-0.5%-P
EBIT	21.5	12.6	+70.6%	41.9	35.1	+19.4%
EBIT-Margin	4.5%	2.8%	+1.7%-P	4.5%	3.9%	+0.6%-P
Operating EBIT	22.8	20.9	+9.1%	43.3	44.0	-1.6%
Operating EBIT-Margin	4.8%	4.6%	+0.2%-P	4.7%	4.8%	-0.1%-P
Profit after taxes	13.0	6.0	+116.7%	25.2	20.0	+26.0%
EPS in €	1.06	0.51	+107.8%	2.06	1.67	+23.4%
Total Assets	1,071.2	1,079.8	-0.8%	1,071.2	1,079.8	-0.8%
Equity	319.9	338.9	-5.6%	319.9	338.9	-5.6%
Equity-Ratio	30%	31%	-1%-P	30%	31%	-1%-P
Net Financial Debt	137.2	122.3	+12.2%	137.2	122.3	+12.2%
Gearing Ratio	43%	36%	+7%-P	43%	36%	+7.0%-P
Capex (w/o M&A)	13.0	17.5	-25.7%	23.0	28.5	-19.3%
Depreciation	11.9	12.4	-4.0%	23.5	24.4	-3.7%
Employees (month-end)	13,143	12,196	7.8%	13,143	12,196	+7.8%

GRAMMER share price in €, December 31, 2015 until June 30, 2018



### Selected Broker Recommendations

Broker	Date	Current Recomm.	Current TP (€)
Baader Helvea	1-August-18	Hold	60.0
DZ Bank	1-June-18	Hold	69.0
Bankhaus Lampe	3-August-18	Hold	60.0
MM Warburg	6-August-18	Hold	60.0
Quirin	29-May-18	Buy	77.0
Oddo BHF	31-July-18	Hold	58.0
<b>Median</b>			<b>64.0</b>

### Top Shareholders

Investor	in %*
Jiye Auto Parts **	25.56%
Cascade***	13.41%
Halog***	9.18%
Dimensional	4.58%
Union Investment	3.88 %
Own treasury shares	2.62%
Free Float (<3%)	40.77%

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

### Basic Share Data

ISIN	DE000589540
WKN / Code	589540 / GMM
Number of shares	12,607,121
Market cap [June 30, 2018]	725 € million
Ave. trading vol. (Xetra)	30,000 shares/day
Ave. trading vol. (all exch.)	45,000 shares/day
Index	SDAX / DAXSector Automobiles



[IFRS, in € million]

	2017	2016	2015	2014	2013
Group Revenue	1,786.5	1,695.5	1,425.7	1,365.9	1,265.7
EBITDA	116.0	120.2	83.2	93.7	92.3
EBITDA-Margin	6.5%	7.1%	5.8%	6.9%	7.3%
EBIT	66.5	73.0	42.7	57.0	58.0
EBIT-Margin	3.7%	4.3%	3.0%	4.2%	4.6%
Profit after taxes	32.4	45.2	23.8	33.6	29.6
EPS in €	2.67	4.01	2.10	3.09	2.67
Dividend / Share in €	1.25	1.30	0.75	0.75	0.65
Total Assets	1,107.0	1,050.6	992.1	836.5	766.0
Equity	337.7	271.2	253.4	231.8	224.7
Equity-Ratio	31%	26%	26%	28%	29%
Net Financial Debt	92.2	139.1	155.5	86.7	93.2
Gearing Ratio	27%	51%	61%	37%	41%
Capex (w/o M&A)	59.1	56.2	47.9	51.5	46.8
Depreciation	49.5	47.2	40.5	36.7	34.3
Employees (Dec. 31)	12,947	12,250	11,397	10,700	10,082

### Financial Calendar 2018

Interim Management  
Statements Q3 / 2018

November 13, 2018

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