

# ON THE MOVE



## GRAMMER AG Presentation

Signing of a Business Combination Agreement with  
affiliated companies of Ningbo Jifeng  
Announcement of Tender Offer

Executive Board  
Amberg, May 29, 2018



## TRANSACTION HIGHLIGHTS

BCA & tender offer provide opportunities and mutual benefits for both companies



- GRAMMER & Ningbo Jifeng\* have signed a legally binding comprehensive business combination agreement
- Ningbo Jifeng will launch a voluntary takeover, offering all shareholders a total consideration of 61.25 € per share

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### **Strengthened Partnership between GRAMMER & Ningbo Jifeng\*\***

Wide range of cooperation areas identified

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### **Business Combination Agreement secures GRAMMER's Independence**

Broad set of commitments lasting up to 7.5 years

3

### **Further Stabilization of Shareholder Structure**

Ningbo Jifeng as strong anchor shareholder

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### **Attractive and immediate Value to GRAMMER Shareholders**

Premium to previous close of 19.4%

\*) Contracting parties are Ningbo Jihong Investment Co., Ltd and Jiye Auto Parts GmbH, both affiliated companies of Ningbo Jifeng Auto Parts Co., Ltd. ("Ningbo Jifeng")

\*\*\*) An affiliate of Ningbo Jifeng currently holds a 25.56 % stake in GRAMMER AG and plans to inject these and any tendered shares into Ningbo Jifeng

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## STRENGTHENED PARTNERSHIP BETWEEN GRAMMER & NINGBO JIFENG

Ningbo Jifeng – Majority family owned supplier & trusted partner in the auto industry



- Ningbo Jifeng has been founded in 1996 by today's CEO Yiping Wang in Ningbo / China
- Ningbo Jifeng is an international acting automotive supplier of innovative interior components
- Strong success record, based on financial stability, long-term thinking & corporate social responsibility
- Listed on the Shanghai stock exchange since 2015 – Founder family still owns 73% of the company

### Products & Customers

- Ningbo Jifeng develops and manufactures interior components for the automotive industry
- Main products consist of headrests, headrest rods and brackets, seat armrests and other automotive seating components
- Main customers include OEMs like VW, Ford, BMW as well as Tier1-suppliers like Lear, Adient and Faurecia

### Global Footprint

- Ningbo Jifeng is an international acting corporation with a strong and trustful connection to its 3,000 employees
- Ningbo Jifeng operates 8 manufacturing locations in China with its headquarters and main plant located in Ningbo
- Ningbo Jifeng operates sales & engineering locations in 5 countries (China, Germany, Czech Republic, Bosnia, Canada) & exports its products in 13 countries world-wide

### Financial Highlights

- In 2017 Ningbo Jifeng has generated total sales of RMB 1.9 Bn (~ €248 MM)
- Net profit amounted to RMB 293 MM (~€38 MM)
- Total assets as of Dec. 31, 2017 of RMB 2.2 Bn (~€280 MM)
- Ningbo Jifeng is listed on the Shanghai stock exchange with a current market capitalization of RMB 7.4 Bn (~€1.0 Bn), reflecting the successful strategy and future growth potential

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## STRENGTHENED PARTNERSHIP BETWEEN GRAMMER & NINGBO JIFENG

Business relationship in China since 2012 – Strategic partnership since 2017



### December 2012

GRAMMER acquires Nectec Automotive, which owns a 50% stake in a JV in China with Ningbo Jifeng  
After termination of the JV, Ningbo Jifeng continues to supply headrest stems to GRAMMER in China

### February 2017

GRAMMER discloses the intention to form a strategic partnership with Ningbo Jifeng

### Since February 2017

Ongoing discussions and assessment of potential joint activities in China  
Expand Chinese market presence, leverage complementary portfolios, joint distribution & procurement networks

### October 2017

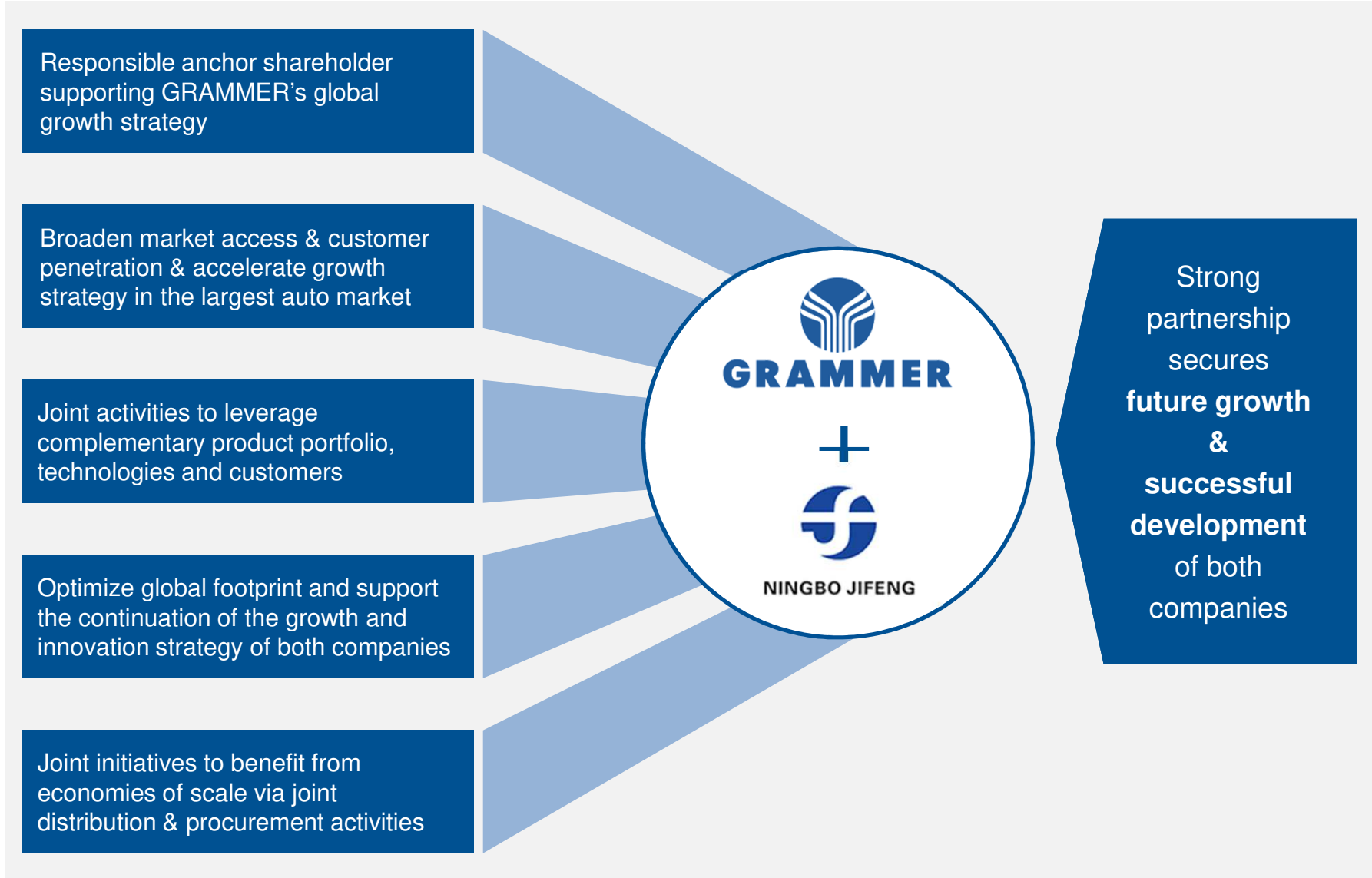
The strategic partnership was further enhanced via Ningbo Jifeng's increasing ownership in GRAMMER of >25%  
Ningbo Jifeng has become GRAMMER AG's largest shareholder and has stabilized the shareholder structure significantly

**May 2018: Signing of a business combination agreement and subsequent voluntary tender offer by Ningbo Jifeng**

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# STRENGTHENED PARTNERSHIP BETWEEN GRAMMER & NINGBO JIFENG

Areas of cooperation and joint activities to be deepened further



## 2 KEY HIGHLIGHTS OF THE BUSINESS COMBINATION AGREEMENT (BCA)

BCA secures GRAMMER's independence and future development



**A** Continued Independence of GRAMMER

**B** Commitment to Workforce, Manufacturing Footprint & Employees

**C** Support for GRAMMER's Corporate Governance

**D** Support of GRAMMER's Brand and Global Strategy

**E** Protection of Know-How and Intellectual Property



## 2 KEY HIGHLIGHTS OF THE BUSINESS COMBINATION AGREEMENT (BCA)

Continued independence of GRAMMER



### Commitments of Ningbo Jifeng\*

- No changes to the company's legal form as a stock exchange listed corporation
- No change of name or seat & headquarters of GRAMMER AG
- Integrity of GRAMMER to be preserved, no sale or break-up of the business
- No intention to conclude domination agreement
- No squeeze-out or other similar structural measures
- Continuation of existing financing and dividend policy



\*) Unless recommended by Executive or Supervisory Board with a simple majority

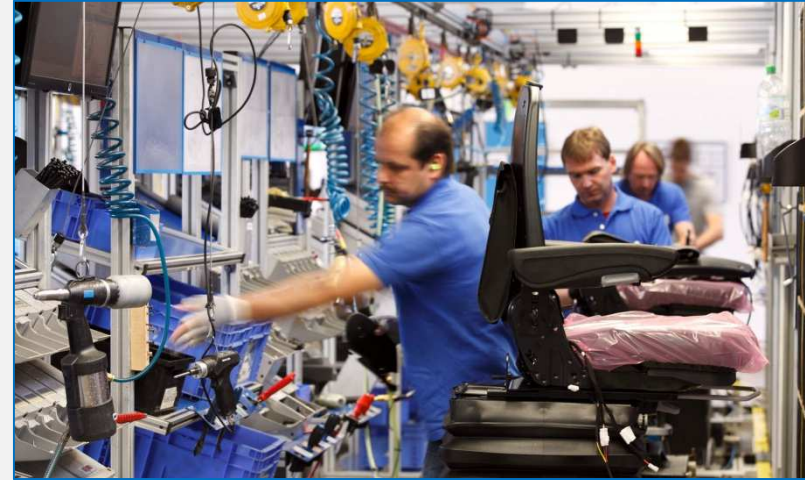
## 2 KEY HIGHLIGHTS OF THE BUSINESS COMBINATION AGREEMENT (BCA)

Commitment to workforce, manufacturing footprint & employees



### Commitments of Ningbo Jifeng\*

- Ningbo Jifeng acknowledges the importance of GRAMMER's excellent workforce and manufacturing processes for the continued success of the company
- Existing shop or collective bargaining agreements as well as other incentive schemes and similar arrangements will be honored
- Recognition of co-determination ("Mitbestimmung") and rights of employees, work councils and unions
- Employment levels and manufacturing footprint to be maintained
- Commitment for 7.5 years from today\*\*



\*) Unless recommended by Executive or Supervisory Board with a simple majority

\*\*) For commitments mentioned on this page, 5 years for non-German locations



## 2 KEY HIGHLIGHTS OF THE BUSINESS COMBINATION AGREEMENT (BCA)

Support for GRAMMER's corporate governance



### Commitments of Ningbo Jifeng

- Composition of GRAMMER AG's Executive Board to remain unchanged\*
- GRAMMER AG Executive Board will continue to independently run the business
- GRAMMER AG Supervisory Board will retain its current size and structure
- No changes to existing equal co-determination in the Supervisory Board of GRAMMER AG
- Ningbo Jifeng envisages to nominate two members to the Supervisory Board of GRAMMER AG over time which will be elected by the AGM



\*) Unless GRAMMER's business ceases to be stable and healthy (material abnormality) and management fails to undertake appropriate measures in a timely manner

## 2 KEY HIGHLIGHTS OF THE BUSINESS COMBINATION AGREEMENT (BCA)

Support of GRAMMER's brand and global strategy



### Commitments of Ningbo Jifeng

- Ningbo Jifeng will support the organic and external growth strategy
- Ningbo Jifeng will support GRAMMER's global footprint and manufacturing sites
- Ningbo Jifeng will support necessary investments to maintain the group's sites
- Consistent approach of GRAMMER and Ningbo Jifeng towards customer and suppliers
- No changes to GRAMMER brand



## 2 KEY HIGHLIGHTS OF THE BUSINESS COMBINATION AGREEMENT (BCA)

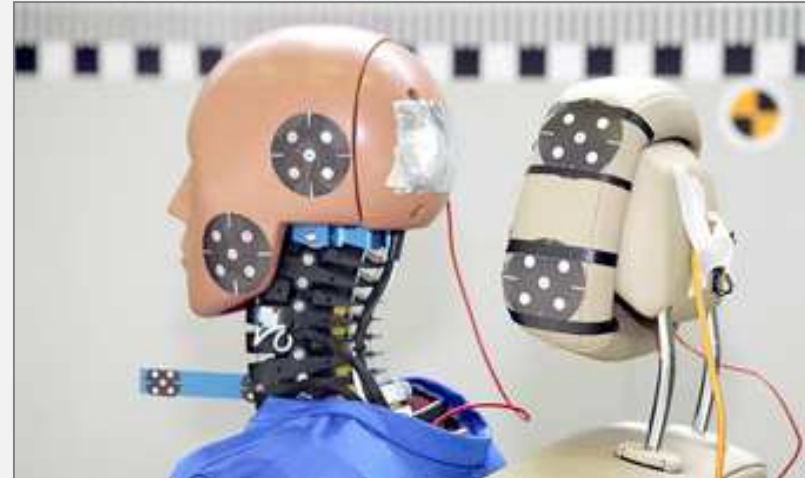


**GRAMMER**

Protection of know-how and intellectual property

### Commitments of Ningbo Jifeng

- Ningbo Jifeng recognizes the importance of GRAMMER's focus on innovations, technological advanced products & processes
- Ningbo Jifeng supporting necessary R&D spending
- All intellectual property of GRAMMER will remain within the company
- Furthermore, Ningbo Jifeng commits not to transfer any know-how\*, technologies or key staff which may adversely affect GRAMMER



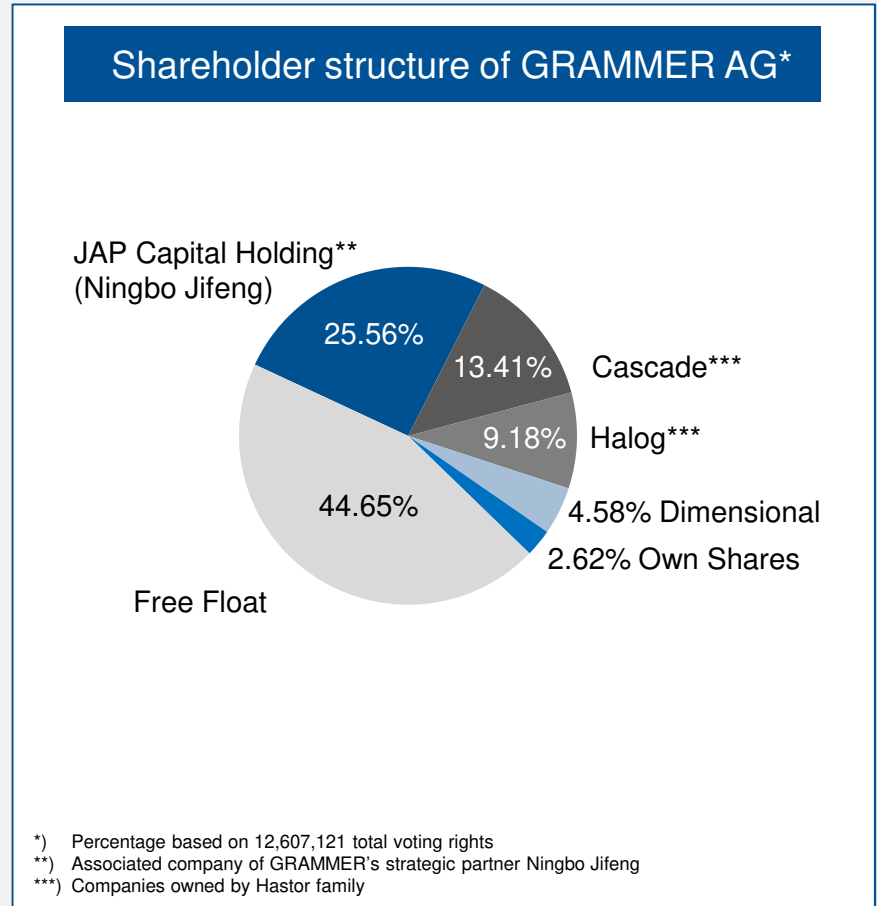
\*) Unless made at arm's length

### ANCHOR SHAREHOLDER PROVIDES STABLE SHAREHOLDER BASE



Stabilization of shareholder structure due to Ningbo Jifeng investment in GRAMMER

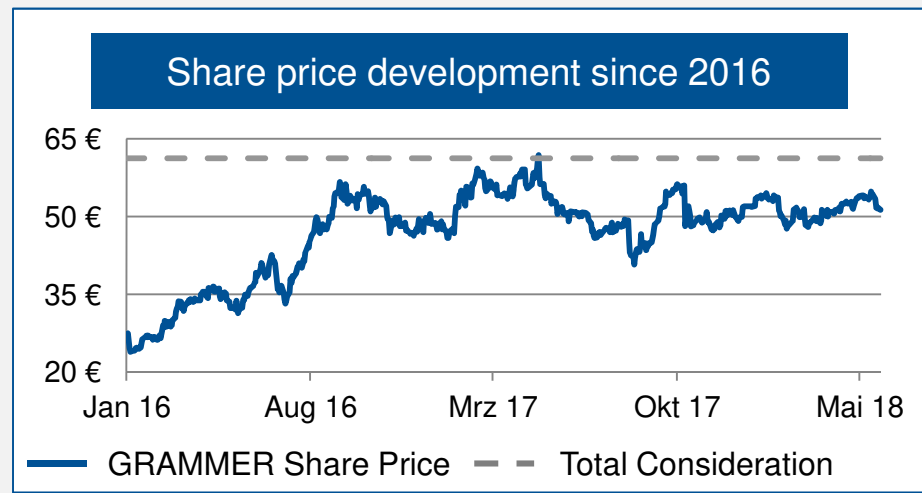
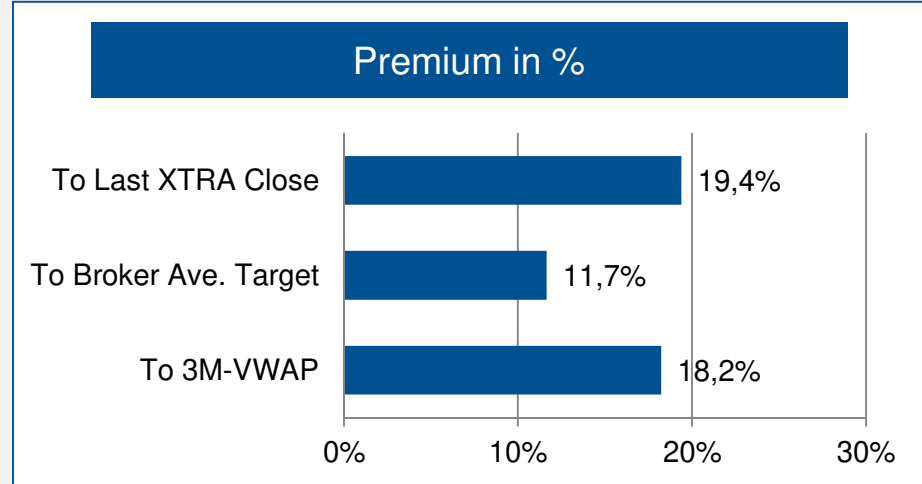
- In May 2017 Ningbo Jifeng and the vast majority of other GRAMMER shareholders rejected all resolutions & counter motions proposed by a minority shareholder and averted the change-of-control attempt



- Key Statements**
- Increase of Ningbo Jifeng holdings resulted in important stabilization of shareholder structure of GRAMMER
  - Based on the current shareholder structure, it will be virtually impossible to exert a significant negative influence in the future.
  - Any further increase of Ningbo Jifeng holdings based on a successful tender offer would further stabilize the situation substantially



- ### Key elements of tender offer
- Bidder: Jiye Auto Parts GmbH
  - Cash consideration of 60.00 € / share offered to all GRAMMER shareholders
  - In addition to the cash consideration, GRAMMER shareholders will receive the expected dividend of 1.25 € per share for FY 2017, resulting in a total consideration of 61.25 €
  - Total consideration represents a premium of of:
    - ➔ 19.4% to the last XETRA closing price
    - ➔ 11.7% to the average broker target price
    - ➔ 18.2% to the 3M volume-weighted average price

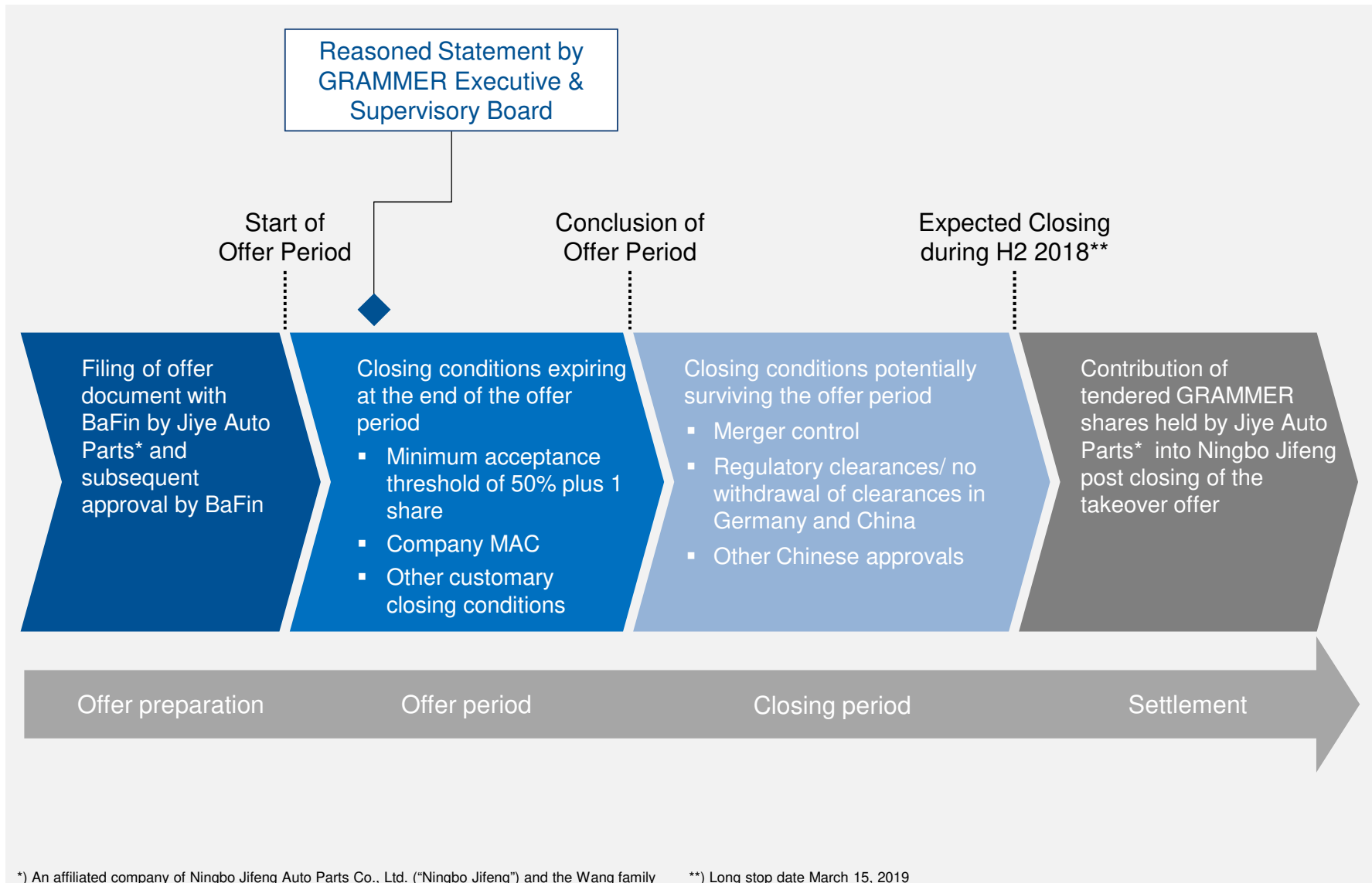


\*) 3 month volume-weighted average price



# TIMELINE TO CLOSING AND NEXT STEPS

Customary timetable of a tender offer process



## SUMMARY

The Executive Board of GRAMMER AG welcomes und supports the takeover offer\*



### GRAMMER SHAREHOLDERS

**Attractive premium for GRAMMER shareholders**  
**Continuation of dividend policy & Corporate Governance**



### GRAMMER EMPLOYEES

**Extensive guarantees securing workforce & locations**  
**Recognition of co-determination & rights of employees**



### GRAMMER GROUP

**Support of global growth strategy**  
**Continued independence of GRAMMER**



### GRAMMER CUSTOMERS

**Further stabilization of shareholder structure**  
**Support of innovation strategy & R&D activities**



\*) Subject to the review of the offer document in the course of the preparation of the reasoned opinion

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