



**GRAMMER**

GRAMMER GROUP

**Investor Road Show March & April 2011**

# AGENDA

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- 1. GRAMMER GROUP – CORPORATE PROFILE & HIGHLIGHTS 2010**
- 2. MOVING FORWARD – STRATEGIC HIGHLIGHTS**
- 3. OUTLOOK 2011**

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## Trendsetter in offroad-seating and automotive interior components

### Division Automotive

Development, Production and Distribution of premium interior components (head rests, arm rests, center consoles)



### Division Seating Systems

Suspended seats for offroad commercial vehicles (agricultural, construction, material handling), trucks, buses and railway passenger seats



**Market and technology leader for innovative seating systems**

**Higher Growth**

**Leading position as premium automotive interior supplier**

**Higher Profitability**

**Global player in suspended driver and passenger seating**

**High growth potential with specific product strategy**

**Higher Value Potential**

**Successful re-alignment and cost optimization after the crisis**

**Group Revenues +28% and return to profit zone**

<i>in € million</i>	2010	2009	Change
Group Revenue	929.7	727.4	+27.8%
EBITDA	59.2	2.6	n.a.
EBIT	32.9	-23.9	n.a.
Result after Taxes	16.3	-28.2	n.a.
Earning per Share (in €)	1.60	-2.77	n.a.
Equity	173.1	151.0	+14.6%
Equity- Ratio	31%	30%	+1%-Point
Net Financial Debt	113.8	106.2	+7.2%
Net Debt / EBITDA	1.9	40.8	n.a.

### Trendsetter in innovation, design, quality and ergonomics

#### Division Automotive

- Leading supplier of premium interior components with focus on middle, upper and premium segment
- Technology leader in high-end head rests with patented functions
- Strategic development position with German premium car manufactures
- Global R&D – network in Europe, Asia and USA

#### Division Seating Systems

- Market leader and trendsetter in all core markets
- Strong brand image known for innovation, design, quality and ergonomics
- Global player in suspended driver and passenger seating
- Complete and broad product portfolio for all applications

### Technology leader and operative excellence in all processes

#### Division Automotive

- **Core Competences:** Cut & sew, foaming, surface, laminating, injection molding
- **Broad Finishing Capabilities:** Painting, laminating, coating
- **Specialized Sewing and Assembly Plants** in low cost countries
- **High Logistical Competences:** Variant-management, Just-in-time, Just-in-sequence

#### Division Seating Systems

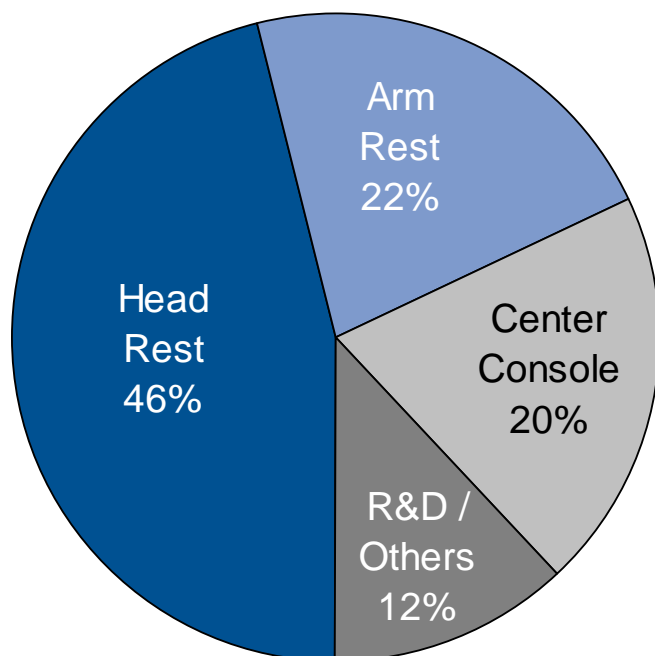
- **Core Competences:** Suspension technology, metal forming, foaming
- **High Value Added Processes:** Metal, painting, foaming upholstery, assembly
- **Modular Seating Design** allows quick adaption to market requirements
- **Product Applications** for niche markets and new product fields (e.g. turf, boats)



## Broad product mix in both divisions

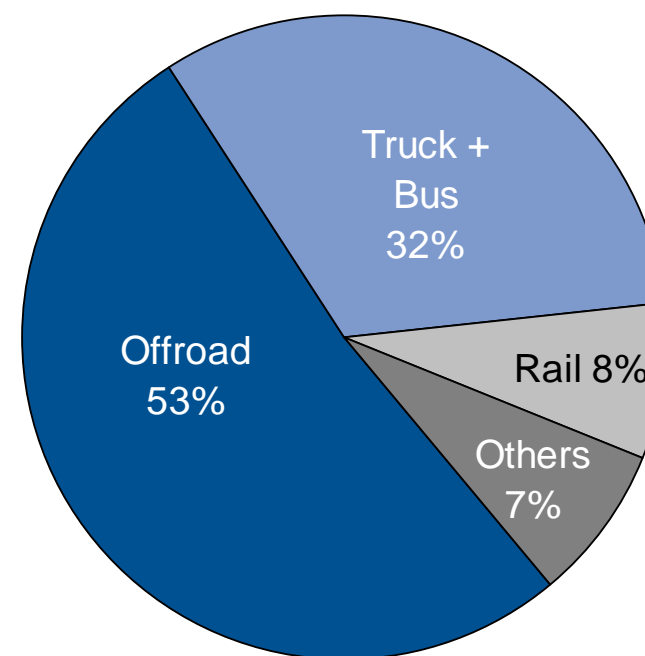
### Division Automotive

Revenue by product segment [in %]



### Division Seating Systems

Revenue by product segment [in %]



### Positive revenue and profit development in both divisions

#### Division Automotive

##### Key Figures 2010:

Revenue:	610.2 € million
% of Group revenues:	64 %
EBITDA:	35.8 € million
EBIT:	21.4 € million
Employees (Dec. 31):	5,034

##### Strategy:

- Consequent market expansion with a complete product range
- Further expansion of our positioning as 1st tier supplier of interior components
- Cost leader in head rest business and operative excellence in all processes

#### Division Seating Systems

##### Key Figures 2010:

Revenue:	341.9 € million
% of Group revenues:	36 %
EBITDA:	28.2 € million
EBIT:	17.6 € million
Employees (Dec. 31):	2,744

##### Strategy:

- Strengthening of technology leadership with innovative seating systems
- Utilization of growth potentials in Asia and North America
- Strengthening of global market position with market/customer oriented solutions

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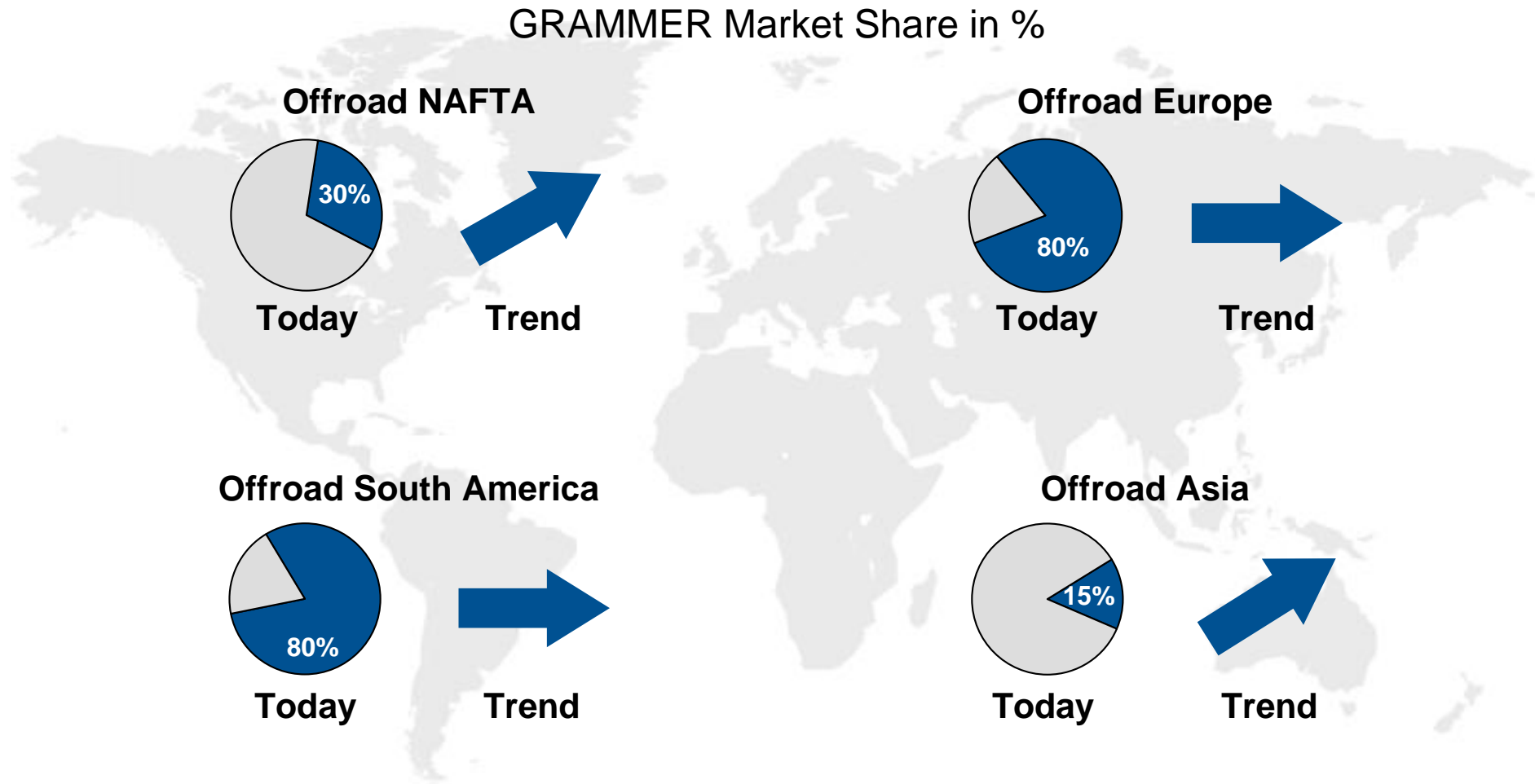
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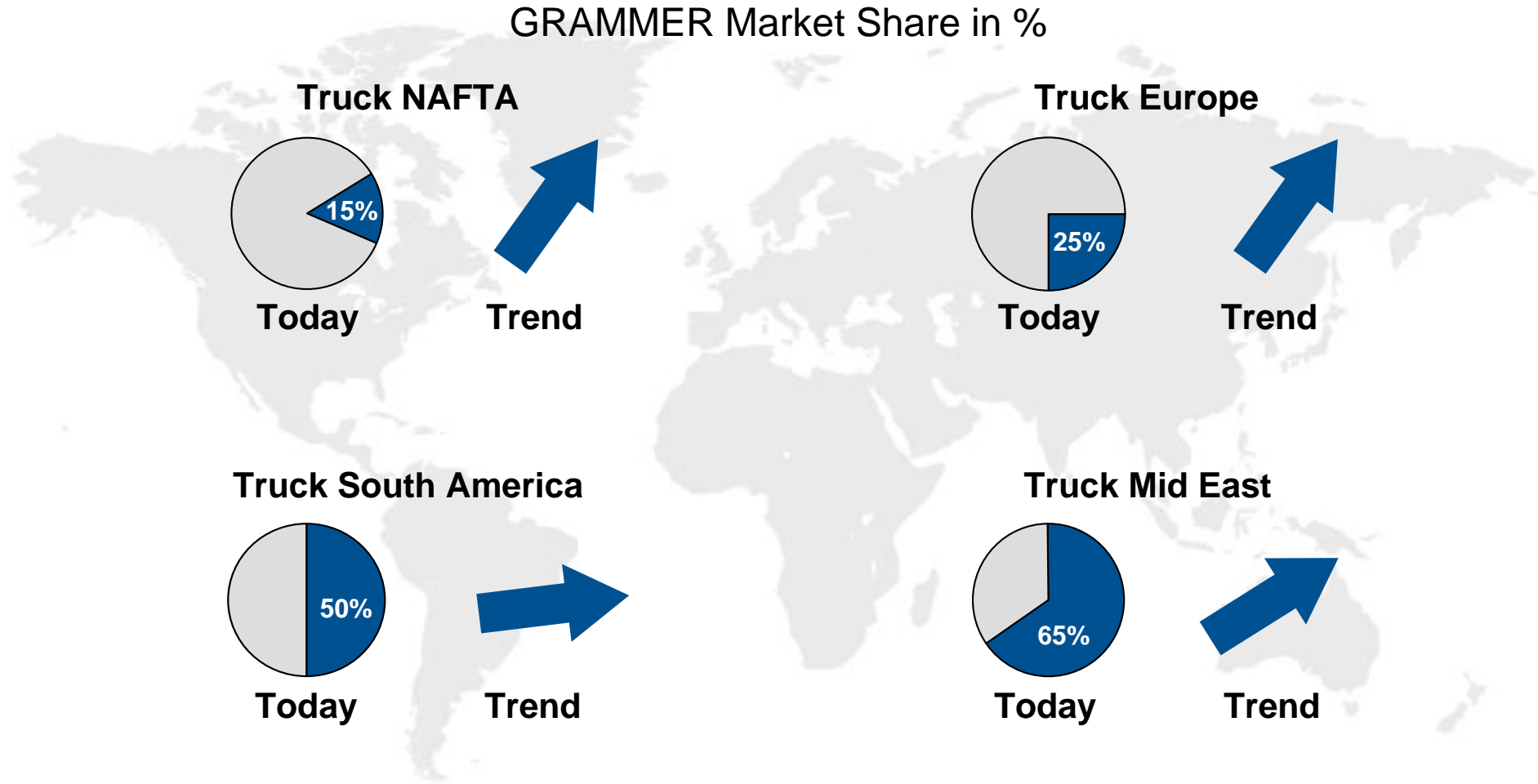
**Market leader in its core markets with high growth potential in targeted regions**

## GRAMMER Market Share in %



**Market leader in its core markets with high growth potential in targeted regions**

## GRAMMER Market Share in %



## GRAMMER products for different market and customer requirements

	Offroad	Truck	Head Rests	Consoles
High-End				
Low-Spec				

### Highlights of Development until 2015

#### Market Development\*

##### Light Vehicles Production

2015: 22.6 million units

+22% vs. 2010

##### Heavy Vehicles Production

2015: 0.8 million units

+62% vs. 2010

#### Strategy Automotive

New product technology for active head rest systems

Modular components to achieve cost leadership for standard head rests

Integration of electronic components in center consoles

Development of trend-setting, innovative solutions for consoles and complex arm rests

#### Strategy Seating

Serial launch of new truck seat generation MSG 115

Development focus on weight reduction and higher modularity

Strengthening of innovative leadership with integration of electronic components into our top-products

Expansion of spare-part and aftermarket business

\*) Source: CSM, January 2011

### Highlights of Development until 2015

#### Market Development\*

##### Light Vehicles Production

2015: 21.5 million units

+34% vs. 2010

##### Heavy Vehicles Production

2015: 0.9 million units

+38% vs. 2010

#### Strategy Automotive

Intensify activities with GM, Ford and Chrysler globally in the segments active and passive head rests

Strengthening of local development and design capabilities

Clear positioning of GRAMMER as a global acting interior specialist

#### Strategy Seating

Increase of market shares in the USA based on serial launch of our new US truck seat

Strengthening of local R&D and manufacturing capacities

Specific products for US turf market

Expansion of strategic partnership with John Deere

\*) Source: CSM, January 2011



### Highlights of Development until 2015

#### Market Development\*

##### Light Vehicles Production

2015: 45.9 million units

+47% vs. 2010

##### Heavy Vehicles Production

2015: 3.8 million units

+27% vs. 2010

#### Strategy Automotive

Benefiting from global platform strategies of European car makers

Targeted strengthening of our local organization in China

Expansion of business relationship with Japanese and Korean car makers

Entry at Chinese OEM's

#### Strategy Seating

Product customization to fulfill requirements of Asian markets based on our existing low-spec products

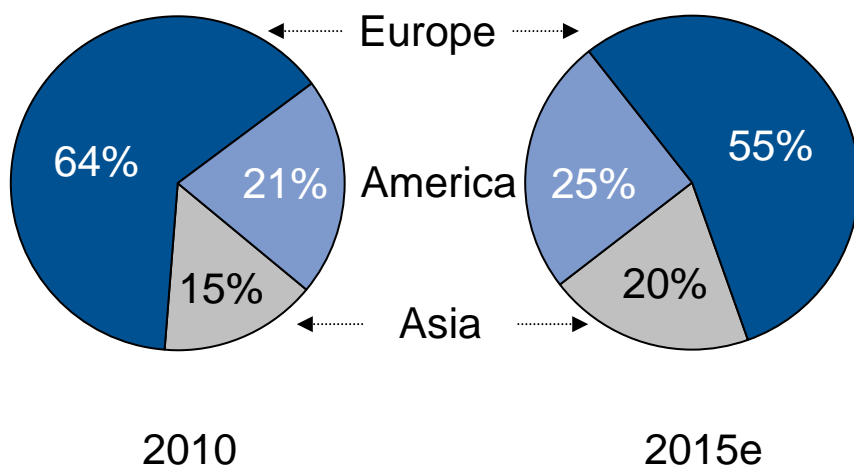
Development of individual product application for China

Utilization of local footprint due to increased focus on local procurement, assembly and production

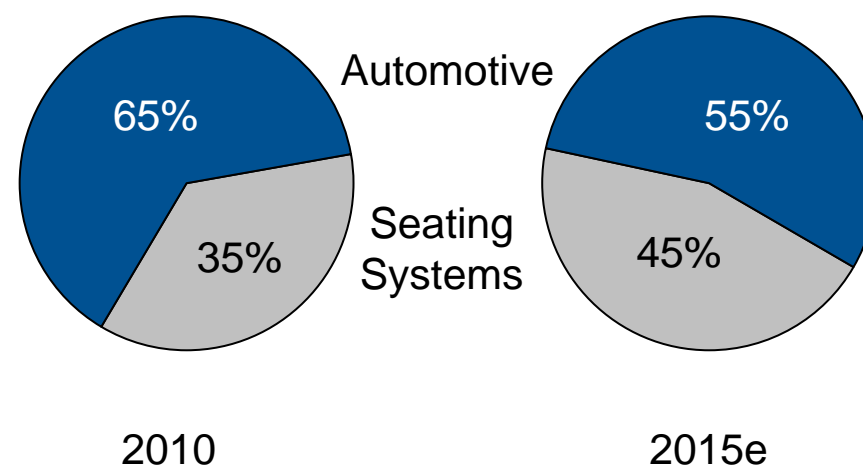
\*) Source: CSM, January 2011

**Asia & America with higher weight. Strengthening of Seating segment**

Revenue by Region  
[in %]



Revenue by Division  
[in %]



## Concrete fields of activities for further non-organic growth

### Product-Enrichment

Integration of electronic components in our products and development as a core competence within the Automotive and Seating divisions

### Regional Expansion

Further growth with partnerships in JV's in China and India in Seating Systems

Expansion of Automotive-business in China with local car makers

Further optimization of production footprint in Europe, America, Asia

### Technology Expansion

Optimization of value chain by targeted expansion of our core competences:

- Plastic injection molding
- Metal processing
- Assembly
- Foaming technology
- Joining technology
- Upholstery (Cut & Sew)

### **Objectives of our financial strategy:**

- Secure an independent corporate financing with sufficient leeway for further organic and non-organic growth
- Diversification of funding sources
- Re-alignment of 2013 maturity dates of banking facility and debenture bond
- Re-structuring of existing banking facility to improve terms and conditions
- Optimization of financing costs by a well-balanced financing mix

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The effects on the global economy as a result of the natural disaster in Japan can not be evaluated yet and could pose potential risks to the business performance of GRAMMER.

### **Outlook 2011**

Subject to a further stabilization of global economy and moderate development of commodity prices and exchange rates we expect for 2011:

- Moderate increase of revenues and earnings
- Positive free cash flow

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### **Group Objectives (Mid-Term)**

- Organic revenue growth of 5 to 10 % per year
- EBIT ratio 5%
- Positive free cash flow of 2 to 3% of revenues

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BACK-UP



## ***Financial Calendar 2011***

- Annual Report 2010: March 30, 2011
  - Analyst and Press Conference: March 30, 2011
  - Interim Report 1st Quarter 2011: May 11, 2011
  - Annual General Meeting 2011: May 26, 2011
  - Interim Report 2nd Quarter 2011: August 10, 2011
  - Interim Report 3rd Quarter 2011: November 09, 2011
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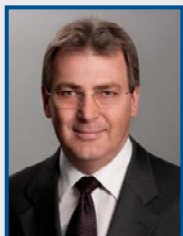
## **Hartmut Müller**

- CEO of GRAMMER AG since August 2010
- Valeo's General Manager for North and Eastern Europe, Climate Control before joining GRAMMER
- Over 20 years experience in the automotive sector
- Degree in mechanical engineering from University of applied sciences in Gießen-Friedberg and degree in business administration from University in Darmstadt



## **Alois Ponnath**

- CFO of GRAMMER AG since 2000
- Longstanding experience with GRAMMER since 1991
- Managed the IPO and the restructuring process after 1999
- Degree in business management and administration from Ludwig Maximilian University in Munich



## **Manfred Pretscher**

- GRAMMER board member since August 2010
- GRAMMER's Vice President Truck and Group Projects since 2008
- More than 25 years experience in the automotive business
- Engineering degree at the Würzburg-Schweinfurt University of Applied Sciences, postgraduate degree as Industrial Engineer at the REFA Institute as well as postgraduate studies "Technical Sales & Distribution" at the Free University of Berlin

# GRAMMER GROUP - FIVE-YEAR-OVERVIEW [IFRS]



## All data in EUR millions

<b>Revenue</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Group revenue	929.7	727.4	1,007.0	998.1	881.0
Automotive revenue	610.2	495.5	637.6	657.7	574.8
Seating Systems revenue	341.9	247.1	390.0	363.3	311.5
<b>Income statement</b>					
EBIT	32.9	-23.9	32.0	32.1	38.9
Profit/loss (-) before income tax	20.6	-31.5	19.6	22.8	32.0
Net profit/loss (-)	16.3	-28.2	14.1	17.6	21.3
<b>Balance Sheet</b>					
Total assets	559.4	500.4	481.0	497.5	476.6
Equity	173.1	151.0	173.0	184.7	174.8
Equity ratio	31%	30%	36%	37%	37%
Net financial debt	113.8	106.2	80.2	69.9	57.9
Gearing	66%	70%	46%	38%	33%
<b>Key figures</b>					
Investments	38.1	32.7	39.9	34.6	32.1
Employees (annual average)	7,745	7,474	9,493	9,326	8,610

## GRAMMER SHARE - BASIC DATA AND KEY FIGURES



<b>GRAMMER Share</b>	<b>2010</b>	<b>GRAMMER Shareholder Structure</b>	<b>in %</b>
Share price Dec. 31 (in EUR, Xetra)	18.30	EQMC, UK	10.00%
Annual high [in EUR]	19.49	Wynnefield Capital, USA	4.05%
Annual low [in EUR]	5.45	Axxion S.A., Luxembourg	2.58%
Daily trading volume [in shares]	66,668	IP Concept Fund Mgmt, Lux.	2.18%
Market capitalization [in EUR m.]	192.10	Own Shares	3.14%
Earnings per share [in EUR]	+1.60	Freefloat	78.05%
<b>GRAMMER Share Basic Data</b>			
ISIN	DE0005895403		
WKN / Code	589540 / GMM		
Class of shares	no-par share		
Share capital [in EUR m.]	26.87		
Number of shares	10,495,159		
Index	SDAX		
Important stock exchanges	XETRA, Frankfurt, Munich		

## Broad customer base in both divisions

### Division Automotive

#### Top 10 Customers 2010:

▪ VW	32%
▪ BMW	22%
▪ Daimler	11%
▪ GM	10%
▪ Audi	7%
▪ Chrysler	5%
▪ Opel	2%
▪ Seat	2%
▪ Jaguar	2%
▪ Ford	2%
▪ Others	5%

### Division Seating Systems

#### Top 10 Customers 2010:

▪ John Deere	10%
▪ Daimler Truck	9%
▪ VW Truck	7%
▪ Agco/Fendt	6%
▪ Case New Holland	6%
▪ MAN	4%
▪ Ford Truck	4%
▪ Kion	4%
▪ Siemens	3%
▪ Komatsu	2%
▪ Others	45%

### Automotive 1st Tiers, Isringhausen and Sears Seating are major competitors

#### Division Automotive

- Johnson Controls
- Lear Corp.
- Magna
- Faurecia
- SiTech
- Fehrer
- Dräxlmaier
- Peguform

#### Division Seating Systems

##### **Offroad:**

- Sears Seating
- KAB Seating
- Milsco
- Cobo

##### **Truck:**

- Isringhausen
- Keiper Recaro
- National Seating

##### **Railway**

- Compin
- Group Antolin
- Kiel

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