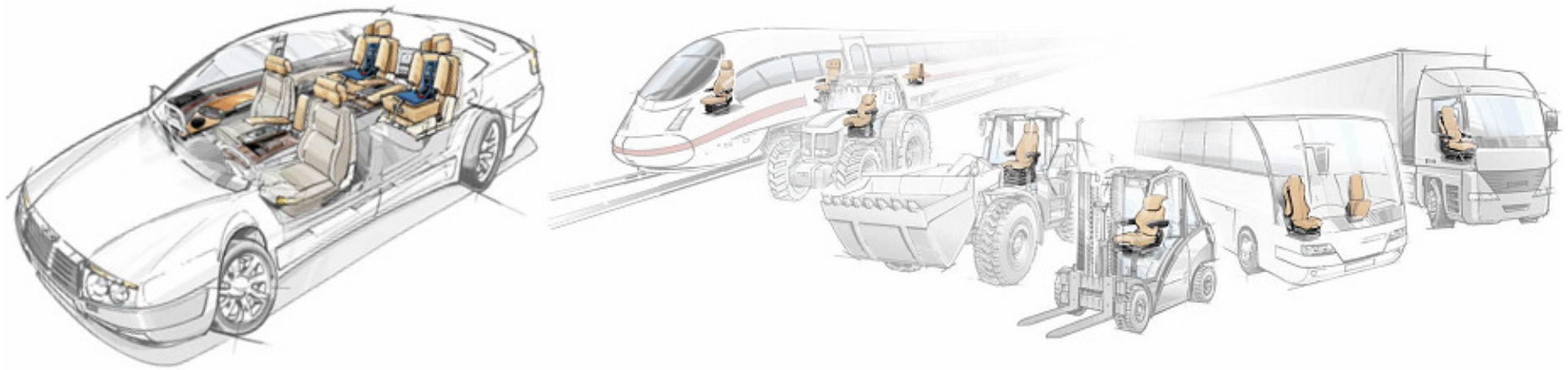


**On Track for Profitable Growth**

**Investor Presentation  
November 2007**



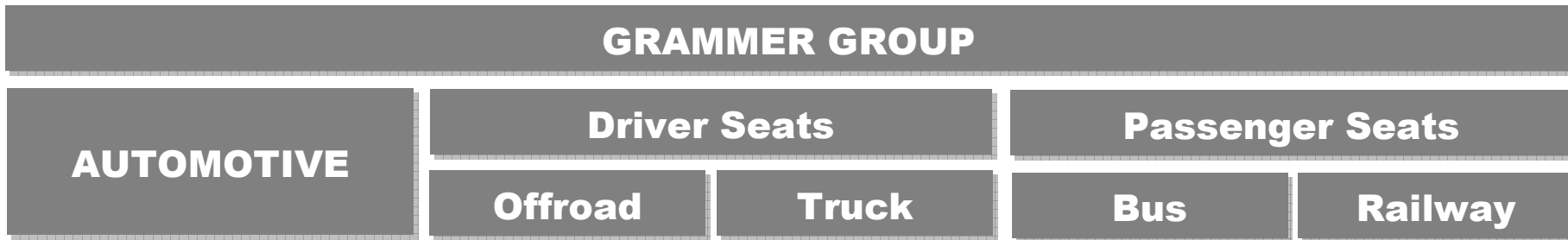


## The Grammer Business model

# New group organization



## 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

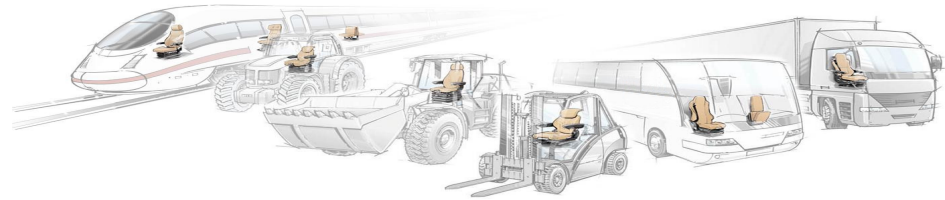
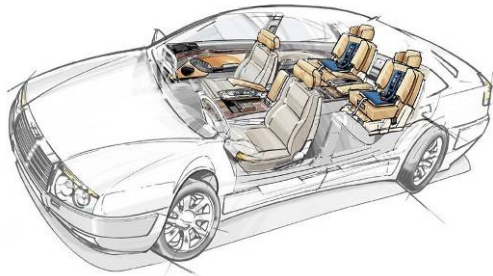
### AUTOMOTIVE

### 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

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



### SEATING SYSTEMS

Railway	Offroad	Truck & Bus
---------	---------	-------------



# 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



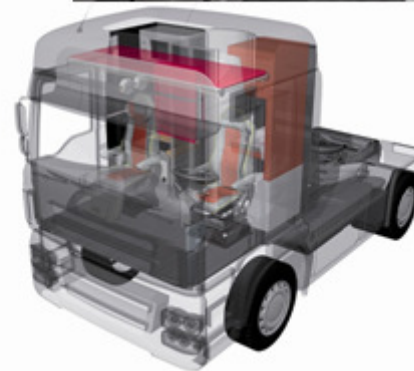
# New product ideas

## Concept Car



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

## MOTIS - Modular Truck Interior System

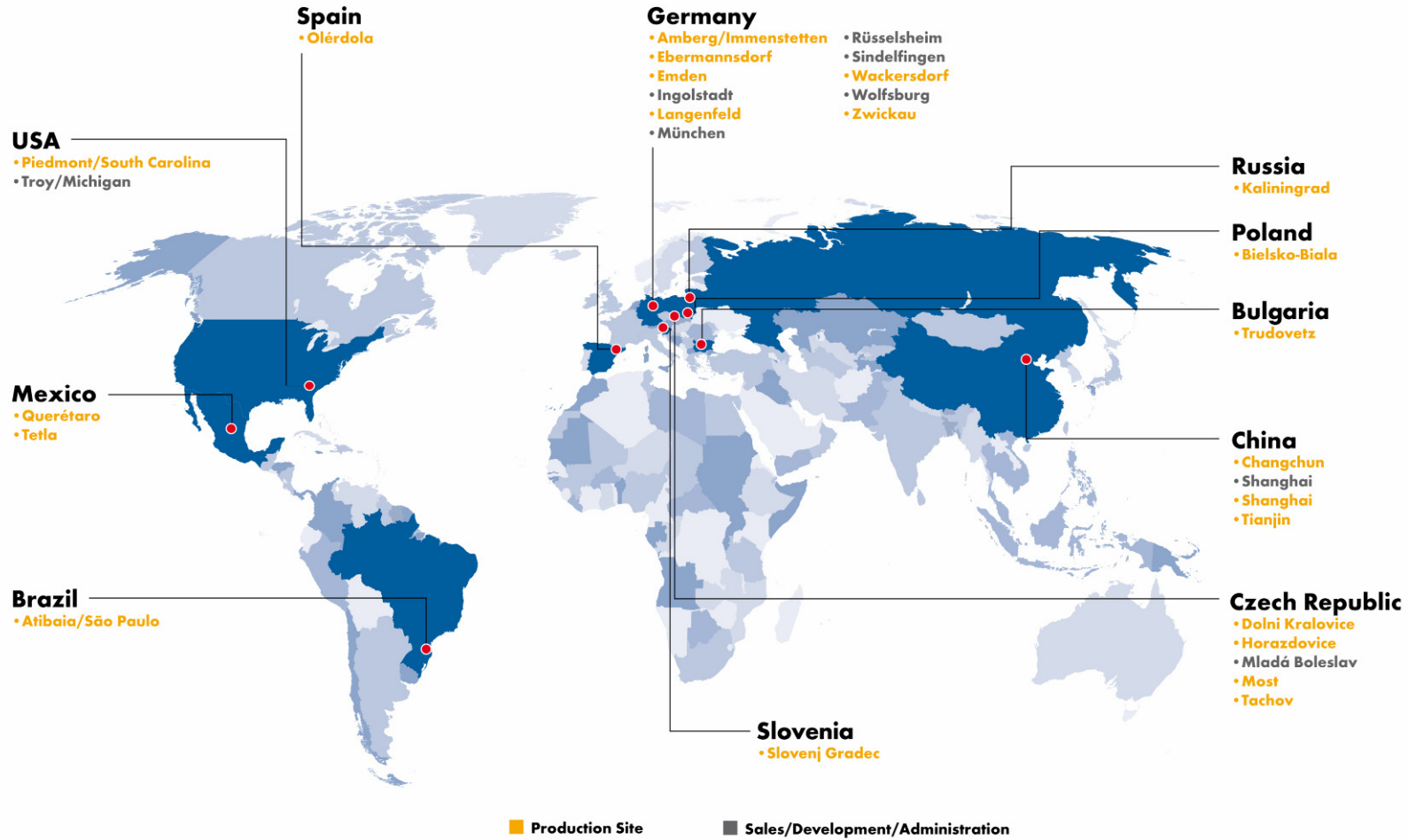


Relaxing and sleeping  
Mini-catering  
Personal care  
Working and living

# Grammer global network - Automotive



## Grammer Locations Automotive

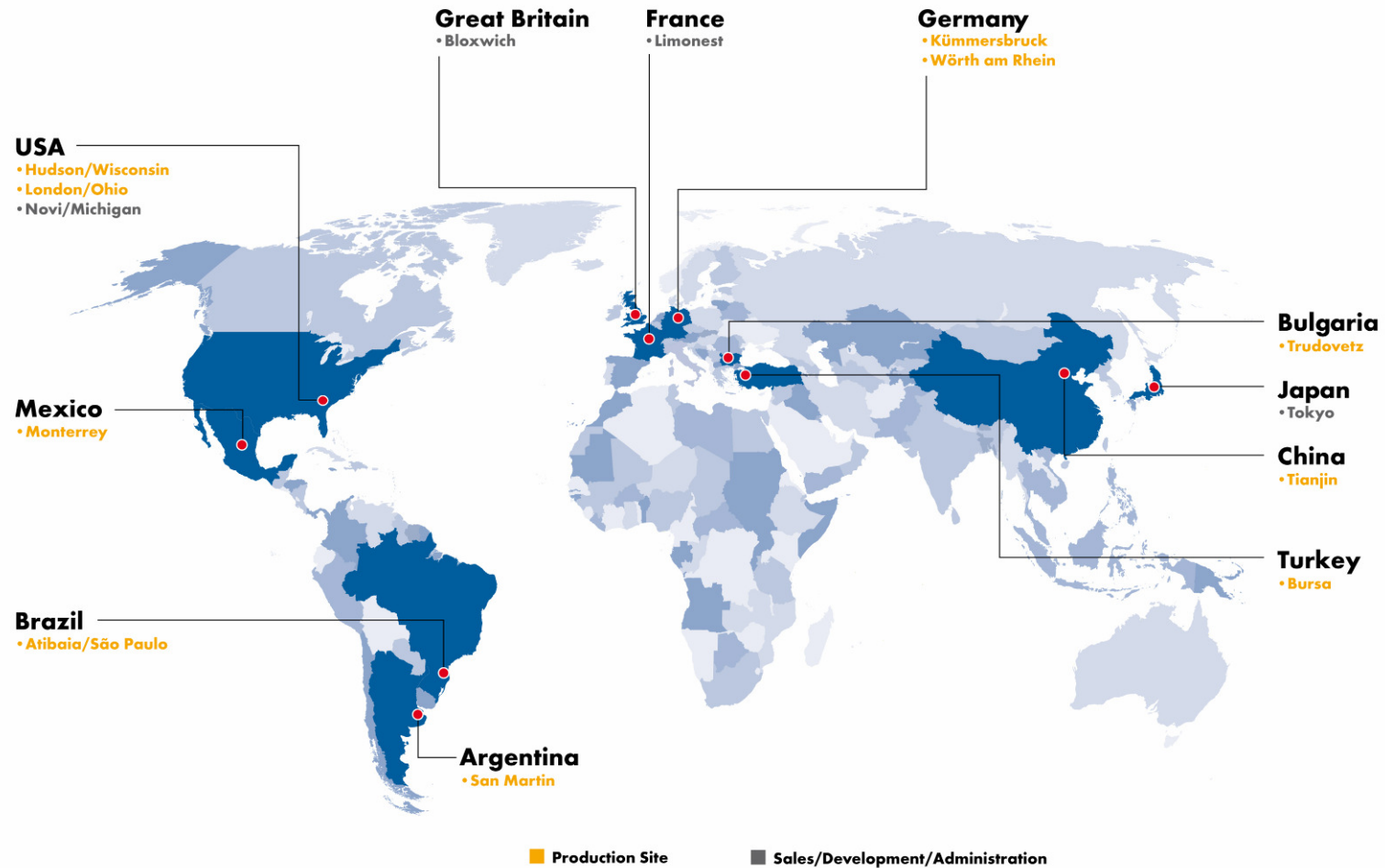


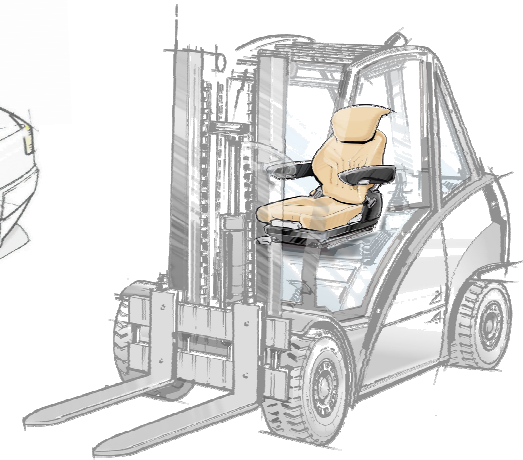
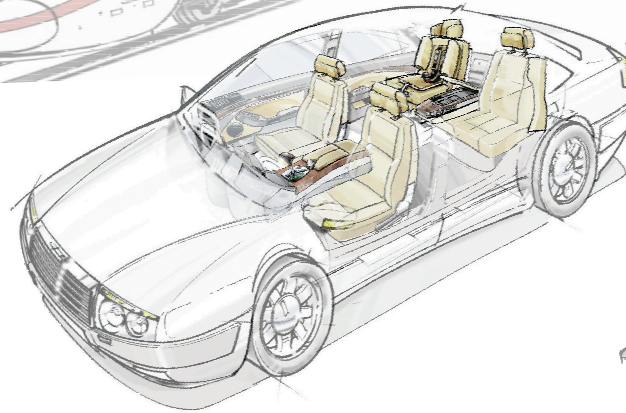
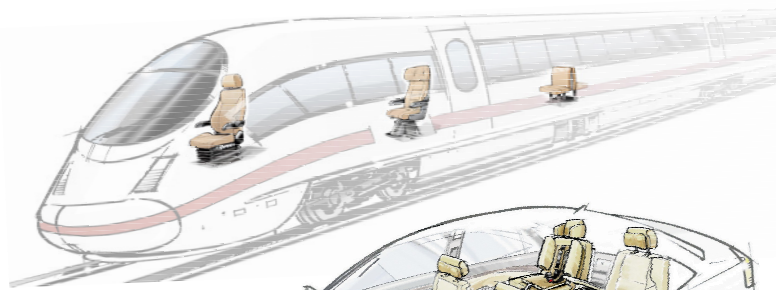


# Grammer global network – Seating Systems

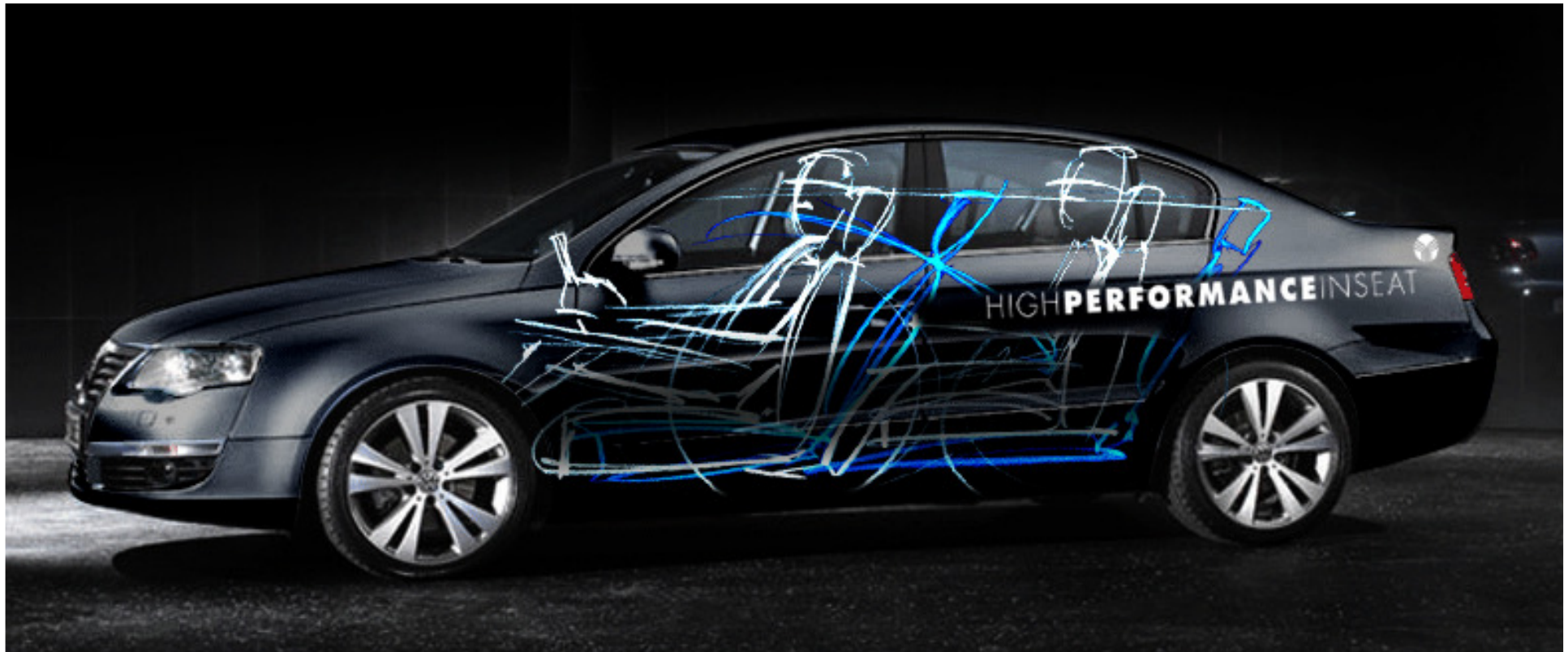


## Grammer Locations Seating Systems



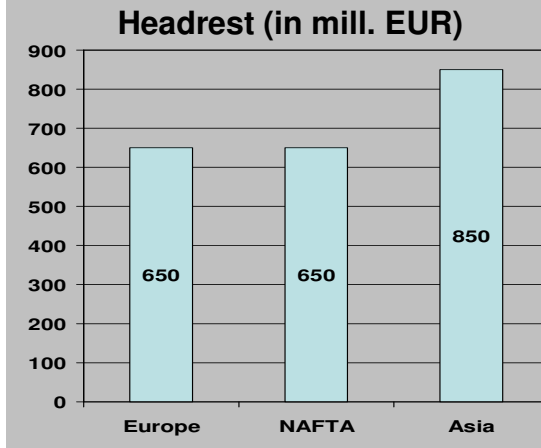


## Strategy for Profitable Growth



## 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)

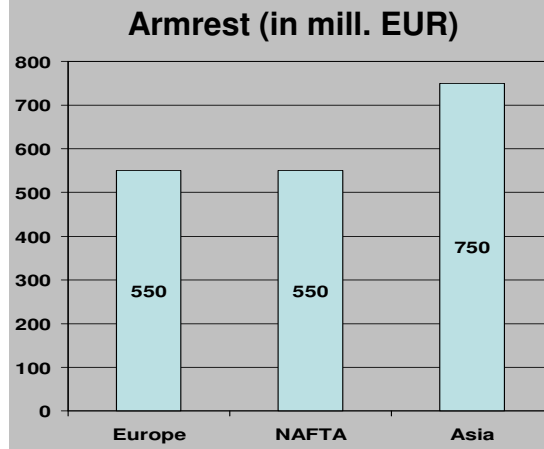
## Strategic Objectives

- 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

## 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)

- 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-, material- and personnel productivity
- Optimisation of the production network and added value
- Business-unit organization and
- Lean overhead structures for cost reduction and definite responsibilities

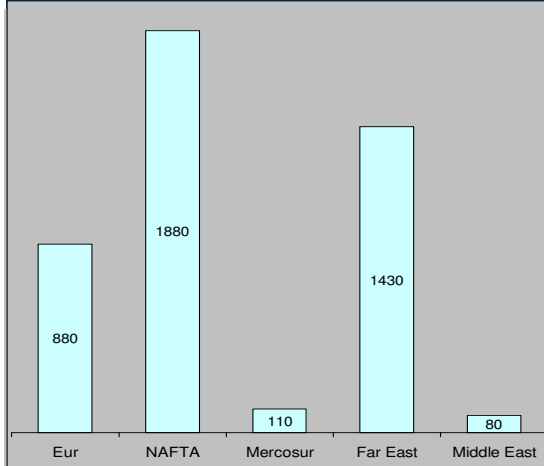
## Performance targets 2009:

- 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

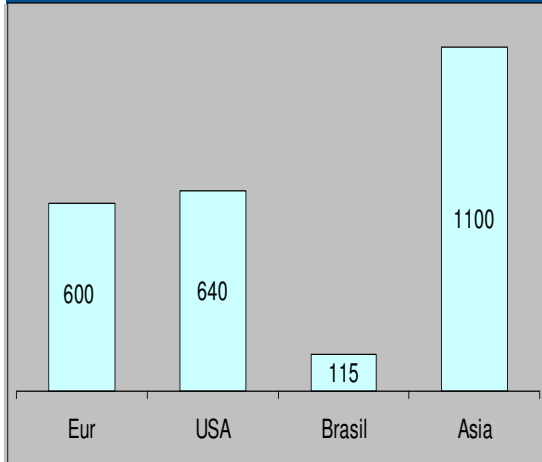
- Cost optimisation in the European production network
- Increase of the degree of localisation as well as increased low-cost country sourcing with focus on China and India
- Eco Line (low-cost program) and lean innovation program
- Development of distribution channel in Asia



# 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; standardized seat platform with localised upper parts
- ASIA:** Market entry into Russia, India and China

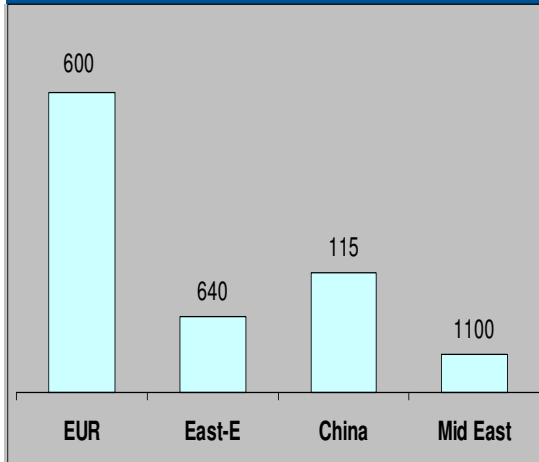
## Action Items

- 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
- Internationalization 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:

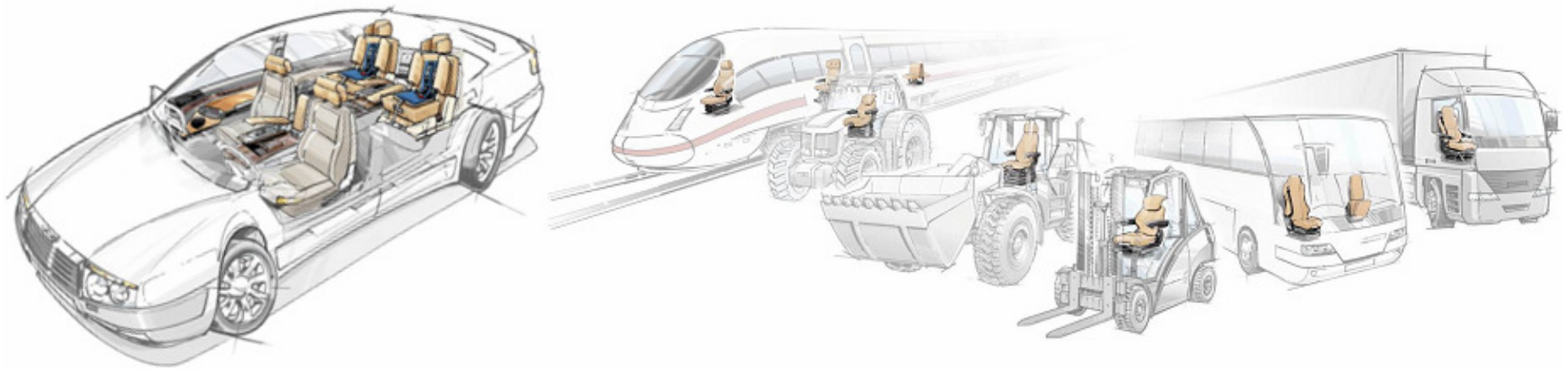
- Grammer in Europe (Offroad) will continue as technology and market leader; defence of the market position against strong competition, additional growth due to expansion of the market shares in the areas of construction equipment CE and after market AM possible (Offroad).
- Entry into new markets, such 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

## Fitness Programme

- ⇒ New organization structure in Automotive
- ⇒ Reduction of overhead structure and costs in Asia, NAFTA and headquarters
- ⇒ Optimization of production network:
  - ⇒ Efficiency
  - ⇒ Added value chain
- ⇒ Procurement programme

## Consequences

- ⇒ New management structure
- ⇒ Staff reduction
- ⇒ Product transfers and plant shut downs

## Targets for 2009

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



# Financials – Outlook 2007

## Automotive

- Expected serial turnover above 2006 level (plus 7% - 10%)
- EBIT below 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 vs. 2006

## Grammer Group

- After retirement of Uwe Wöhner, a new CEO Dr. Rolf-Dieter Kempis took over the Automotive Division
- Year-on-year sales growth 7-10% possible
- US dollar exchange rate and commodity prices could influence the Group results
- EBIT expectation 32 EUR million, hence below 2006 level
- Return to a positive 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



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# The Presentation Team

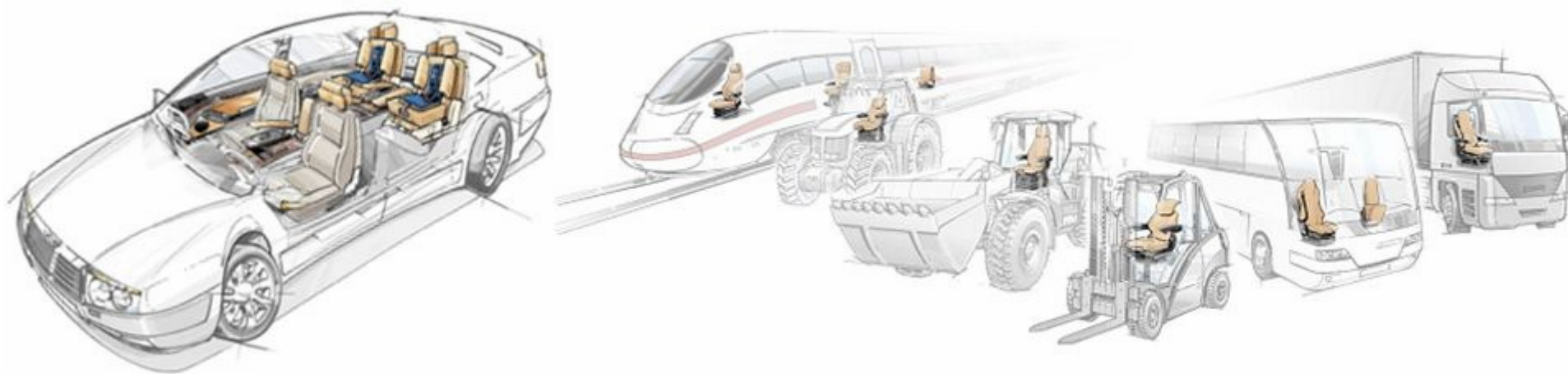
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**Alois Ponnath**  
**Member of the Board**  
**CFO**



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

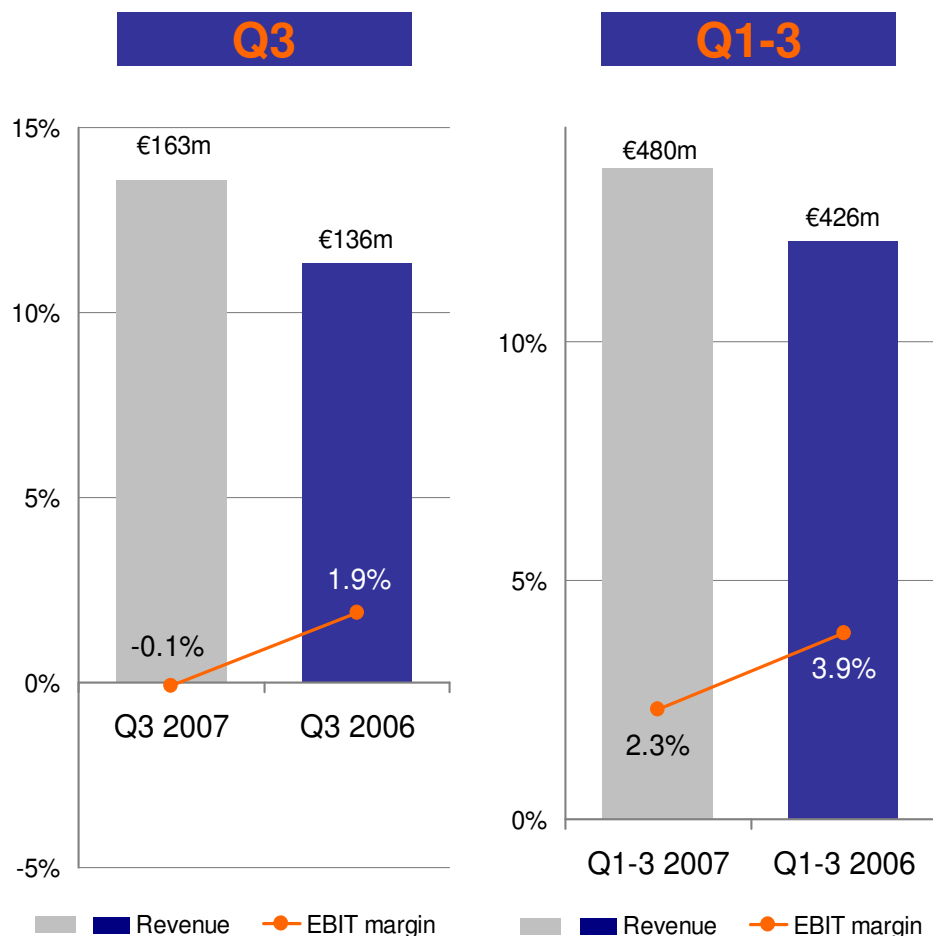


## APPENDIX – Q3 Report

### Grammer Group:

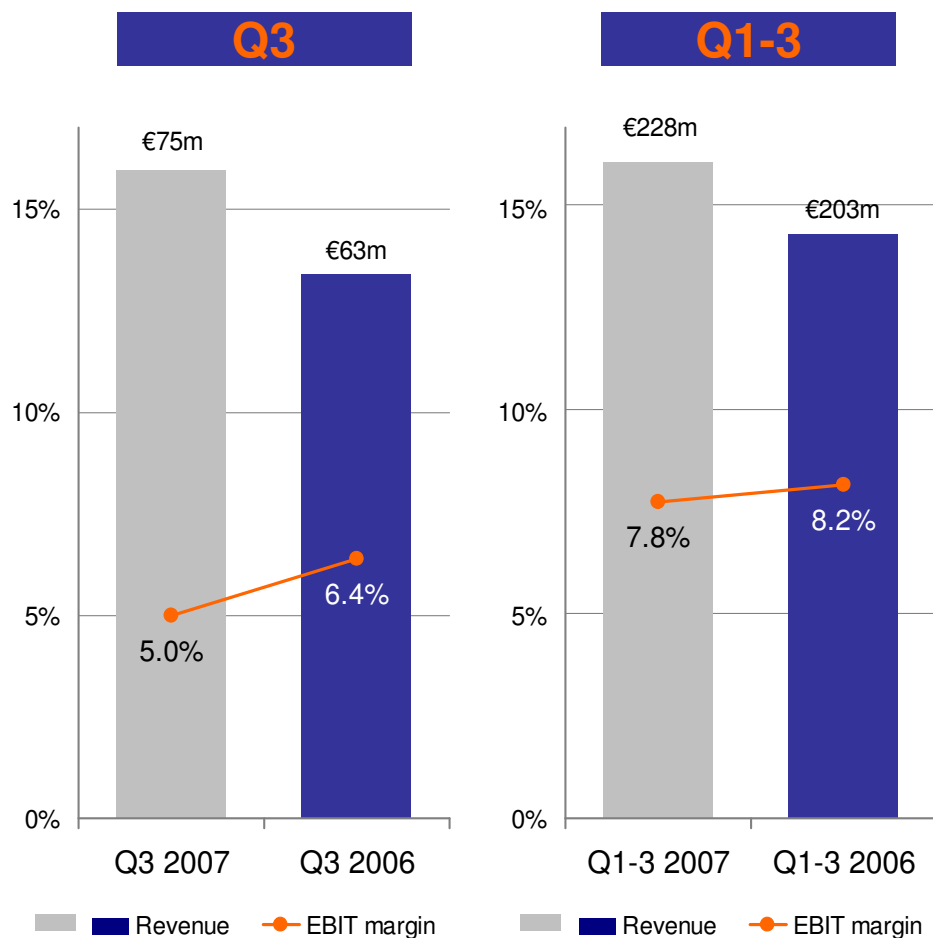
- Grammer performed well in Q1-3 2007 with revenue growth of 11.7 %.
- Grammer profited from the positive market development and good order situation:
  - Continued orders increase in the truck and off-road industry
  - Strong demand on the export markets and for premium class models in Automotive (e.g. BMW X5 and 5 Series, Mercedes C-Class)
  - Unchanged strong order book in the rail industry
- EBIT in Q3 behind expectations and dropped below the level of Q3 2006. The profit situation in Q1-3 has been influenced also by the various start-ups in Q1.
- Ongoing increase in price of raw materials based on steel and crude oil.
- Increasing expenses at some plants in low cost countries due to:
  - Rising of personnel and infrastructure expenses
  - Foreign currency appreciation

## Key facts - Automotive



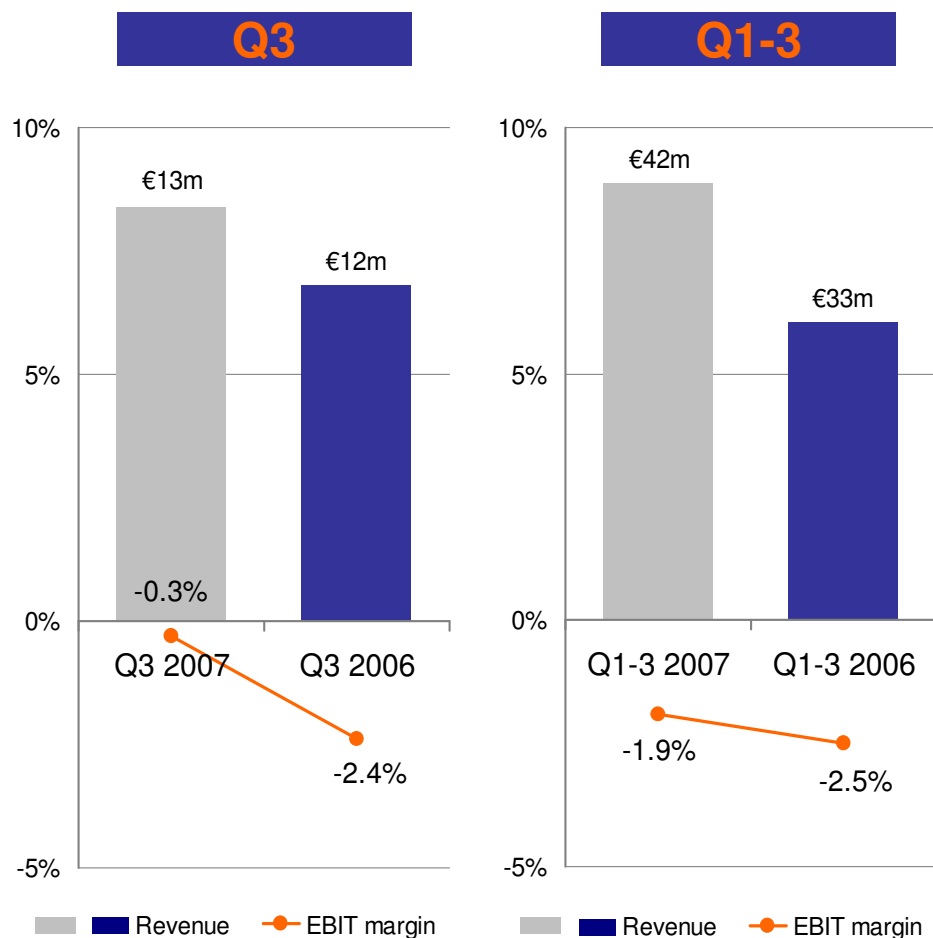
- Further positive market trends in Q3 improved sales.
- Significant currency changes caused cost increases in low cost plants in Poland, Czech Republic and Mexico which influenced our earnings.
- Negative currency translation effects.
- Further activities concerning international growth and cost optimization: New production locations in Serbia and China, sales office in Japan.

## Key facts - Driver seats



- Sales up by more than EUR 25 million in Q1-3 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 also on Q3 division earnings.
- Ongoing cost increase in Turkey due to currency appreciation.
- New projects for truck seats acquired in Brazil. Good acquisition opportunities in Russia.

## Key facts - Passenger seats



- Sales in Q1-3 up by a further EUR 8.5 million thanks to new international projects in rail segment.
- The lack of capacity due to higher sales and increasing material costs had a negative impact on Q3 earnings.
- Large number of new projects leading to high R&D and production demand.
- The sale of Grammer s.r.l. included in Q1-3 results.

## Grammer Group: Income statement

**Q3**

in tsd. EUR	Q3 2007	Q3 2006	%-change
Revenue	243,125	209,823	16%
Cost of sales	211,768	182,907	16%
<b>Gross profit</b>	<b>31,357</b>	<b>26,916</b>	<b>16%</b>
Selling expenses	9,899	9,333	6%
Administrative expenses	20,262	15,432	31%
Other operating income	1,486	2,462	-40%
<b>Profit from operations (EBIT)</b>	<b>2,682</b>	<b>4,613</b>	<b>-42%</b>
Financial costs	-3,041	-1,087	180%
<b>Earnings before income tax</b>	<b>-359</b>	<b>3,526</b>	<b>-110%</b>
Income tax	-650	2,022	-132%
<b>Net income</b>	<b>291</b>	<b>1,504</b>	<b>-81%</b>

**Q1-3**

in tsd. EUR	Q1-3 2007	Q1-3 2006	%-change
Revenue	735,051	657,915	12%
Cost of sales	621,231	553,980	12%
<b>Gross profit</b>	<b>113,820</b>	<b>103,935</b>	<b>10%</b>
Selling expenses	30,907	29,047	6%
Administrative expenses	61,083	51,189	19%
Other operating income	5,114	5,424	-6%
<b>Profit from operations (EBIT)</b>	<b>26,944</b>	<b>29,122</b>	<b>-7%</b>
Financial costs	-6,984	-4,662	50%
<b>Earnings before income tax</b>	<b>19,960</b>	<b>24,461</b>	<b>-18%</b>
Income tax	6,920	10,060	-31%
<b>Net income</b>	<b>13,040</b>	<b>14,401</b>	<b>-9%</b>



### Grammer Group: Key financial figures - balance sheet

in tsd. EUR	Q1-3 2007	Q1-3 2006	%-change
<b>Assets</b>			
<b>Non-current assets</b>	195,059	183,900	6%
<b>Current assets</b>	306,796	270,889	13%
<b>Liabilities</b>			
<b>Equity</b>	180,187	171,679	5%
<b>Non-current liabilities</b>	143,005	103,211	39%
<b>Current liabilities</b>	178,663	179,899	-1%
<b>Total Assets</b>	501,855	454,789	10%
<b>Capital expenditure</b>	19,450	17,938	8%
<b>Equity-to-assets ratio in %</b>	35.9	37.7	-5%
<b>Net debt</b>	89,506	76,570	17%

## Grammer Group: Cash flow statement

Q1-3

in tsd. EUR	Q1-3 2007	Q1-3 2006	change in € '000
Net income for the year	13.040	14.401	-1.361
Amortization, Depreciation	17.486	17.546	-60
Changes provisions, working capital and other changes	-31.511	-42.522	11.011
<b>Operating Cash Flow</b>	<b>-985</b>	<b>-10.575</b>	<b>9.590</b>
Cash flow from investing activities	-15.576	-12.812	-2.764
<b>Free Cash Flow</b>	<b>-16.561</b>	<b>-23.387</b>	<b>6.826</b>
Dividend payment	-10.170	-10.518	348
Changes in non-current financial liabilities	-7.896	24.824	-32.720
<b>Net change in cash and cash equivalents</b>	<b>-34.627</b>	<b>-9.081</b>	<b>-25.546</b>
<b>Cash and equivalents at beginning of period</b>	<b>16.258</b>	<b>9.594</b>	<b>6.664</b>
Net change in cash and cash equivalents	-34.627	-9.081	-25.546
<b>Cash and equivalents at end of period</b>	<b>-18.369</b>	<b>513</b>	<b>-18.882</b>

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