

Consolidated Management Report

Principles of the Group

Business model

NORMA Group is an international market and technology leader in the area of advanced and standardized connecting technology. With its 29 production sites and numerous sales offices, the Group has a global network with which it supplies more than 10,000 customers in more than 100 countries. NORMA Group's product portfolio includes more than 40,000 high-quality joining products and solutions in the following three product categories: water management (WATER), fluid systems and connectors (FLUID) and clamps and joining elements (FASTEN). The products NORMA Group offers are used across industries in a wide range of applications, whereby the product specifications differ depending on the application and customer requirements.

High customer satisfaction forms the foundation of NORMA Group's continued success. The main factors here are the customized system solutions, the global availability of products in consistently high quality, delivery reliability and a strong brand image.

Organizational structure

Corporate legal structure

NORMA Group SE is the parent company of NORMA Group. It has its headquarters in Maintal near Frankfurt/Main, Germany. NORMA Group SE serves as the formal legal holding of the Group. It is responsible for the strategic management of business activities. In addition, it is also responsible for communicating with

the Company's most important target audiences as well as Legal and M&A, Compliance, Risk Management and Internal Revision.

Group-wide central management responsibilities such as IT, Treasury, Group Accounting and Group Controlling, for example, are all based at the 100% subsidiary NORMA Group Holding GmbH which is also located in Maintal. Three regional management teams located in Auburn Hills (USA), Maintal (Germany) and Singapore steer the specific holding activities for the three regions Americas (North, Central and South America), EMEA (Europe, Middle East and Africa) and Asia-Pacific (APAC).

As of December 31, 2019, NORMA Group SE holds shares in 51 companies that belong to NORMA Group either directly or indirectly and are fully consolidated. In fiscal year 2019, there were no changes of the legal structure of the Group. → [NOTES, P. 139](#)

Group management

NORMA Group SE has a dual management system that consists of a Management Board and a Supervisory Board. The Management Board manages the Company under its own responsibility, while the Supervisory Board advises and monitors the Management Board. In fiscal year 2019, the following personnel changes took place in the Management Board:

Bernd Kleinhens, Chairman of the Management Board of NORMA Group, resigned from the Management Board by mutual agreement effective July 31, 2019. Dr. Michael Schneider then took over the duties of Chairman of the Management Board in

addition to his role as Chief Financial Officer. In November 2019, the Supervisory Board appointed Dr. Schneider as the new Chairman of the Management Board of NORMA Group. Dr. Schneider will also continue to serve as Chief Financial Officer until further notice in addition to his position as Chairman. The Management Board of NORMA Group SE thus currently consists of two members. Dr. Friedrich Klein, Chief Operating Officer (COO), is the other member of the Management Board. In November 2019, the Supervisory Board initiated the search for a suitable candidate for the position of Chief Financial Officer and will most likely decide on the position in the months to come.

In accordance with the Articles of Association, the Supervisory Board of NORMA Group SE consists of six independent members elected by the shareholders at the Annual General Meeting. Lars Magnus Berg is the Chairman of the Supervisory Board. Erika Schulte is the Deputy Chairwoman. Mark Wilhelms was elected a member of the Supervisory Board by the Annual General Meeting on May 21, 2019. Mark Wilhelms had already been appointed a member of the Supervisory Board of NORMA Group SE by court order in August 2018 after the Supervisory Board temporarily consisted of only five members following the dismissal of Dr. Stefan Wolf, who had served as Chairman of the Supervisory Board for many years.

Mark Wilhelms has been a member of management of Stabilus S.A., Luxembourg, since 2009. In 2014, he was appointed Chief Financial Officer (CFO) of Stabilus S.A. and Managing Director of Stabilus GmbH. Mark Wilhelms has many years of experience and expertise in both finance and information technology (IT), for

which he was responsible at management level in the international automotive industry.

Detailed information on the composition of the Management Board and the Supervisory Board, as well as the distribution of responsibilities among themselves, can be found in the Corporate Governance Report, which forms part of the Annual Report. The Statement of Corporate Governance pursuant to Section 289f HGB, including the Declaration of Conformity pursuant to Section 161 AktG, a description of the procedures of the Management Board and the Supervisory Board, relevant information on corporate governance practices and a declaration regarding the concept of diversity to be disclosed under the CSR Directive Implementation Act are also part of the Corporate Governance Report. → [CORPORATE GOVERNANCE REPORT, P. 37](#)

Operative segmentation by regions

NORMA Group's strategy is based, among other considerations, on regional growth targets. In order to achieve these, the operative business is managed by the three regional segments EMEA, the Americas and Asia-Pacific. All three regions have networked regional and cross-company organizations with different functions. The internal Group reporting and control system that Management uses is also therefore quite regional in nature. Distribution Services is based on regional and local priorities.

Products and end markets

Product portfolio

The products that NORMA Group offers can for the most part technologically be divided into the three product categories water management (WATER), fluid systems and connectors (FLUID) and

clamps and joining elements (FASTEN). These functions have been established globally and inter-regional in fiscal year 2019 to improve the supraregional collaboration.

The WATER product portfolio includes solutions for applications in the sectors of storm water management and landscape irrigation, but also joining components for infrastructure solutions in the area of water.

The FLUID products are single or multiple layer thermoplastic plug-in connectors and fluid systems that reduce installation times, ensure reliable flow of liquids or gases and occasionally replace conventional products such as elastomer hoses. NORMA Group's fluid products are used in thermal management systems in hybrid and electric vehicles, among other applications.

The product group FASTEN includes a wide range of clamp products and connecting elements that are made from standard or stainless steel and are mainly used to clamp and seal hoses as well as to connect and to fix metal and thermoplastic pipes.

NORMA Group's advanced Engineered Joining Technology is used in all applications in which pipelines, tubes and other systems need to be connected together. Because joining technology plays a role in nearly all industries, NORMA Group serves many different end markets. Besides the automotive, commercial vehicle, and aviation industry, NORMA Group is also active in the construction and mechanical engineering industry, the pharmaceutical and biotechnology fields, agriculture and the drinking water supply and irrigation industry. NORMA Group products are also used in consumer products such as home appliances.

Two complementary distribution channels

NORMA Group supplies its customers via two different sales channels,

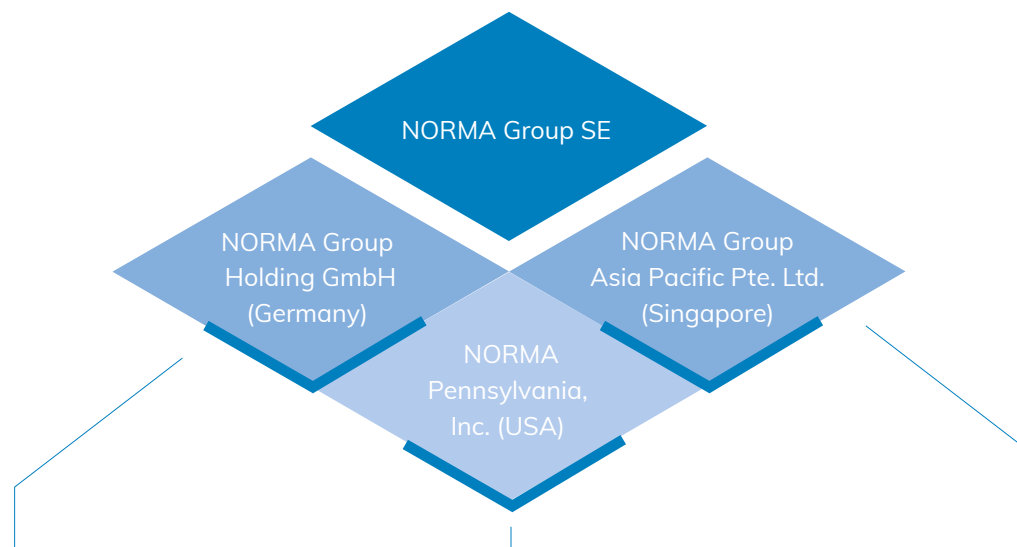
Engineered Joining Technology – EJT and Distribution Services – DS.

The two distribution channels differ in terms of the degree of specification of the products, while having intersections in production and development. This enables cost benefits and ensures the highest quality standards.

The area of EJT includes sophisticated, individually customized joining technology and is particularly characterized by close development partnerships with OEMs (original equipment manufacturers). NORMA Group's central development departments and resident engineers work together with the customer on developing solutions for specific industrial challenges. Due to the constant proximity to customers in the area of EJT, NORMA Group's engineers gain comprehensive knowledge and a deep understanding of the various challenges their end markets and customers face. As a result, they generate substantial added value for the customers and contribute to their economic success. Such development partnerships result in high-technology products that are designed not only to meet the needs of customers with respect to efficiency and performance, but that also take aspects such as weight reduction and quick installation into consideration.

NORMA Group (simplified structure) ¹

G006



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|--------------------------|----------------------------|--|--------------|
| NORMA Germany | NORMA Serbia | NORMA Distribution Germany | NORMA Polska |
| NORMA Group DS Polska | Groen BV (The Netherlands) | NORMA Czech | NORMA Italy |
| NORMA Turkey | NORMA France | NORMA Distribution France | NORMA Spain |
| NORMA Sweden | NORMA UK | Connectors Verbindungstechnik AG (Switzerland) | NORMA Russia |
| NORMA China ² | NORMA Autoline France | Lifial (Portugal) | Kimplas (UK) |
| Stetek (Germany) | | | |

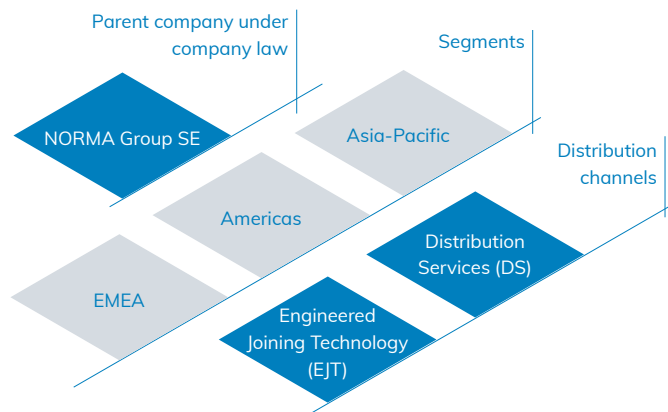
| | |
|----------------------------------|---------------------------|
| Craig Assembly (USA) | NORMA Michigan (USA) |
| R. G. Ray (USA) | NORMA Group Mexico |
| National Diversified Sales (USA) | NORMA DS Mexico |
| NORMA Brazil | NORMA Manufacturing (USA) |

| | | | |
|------------------|-------------------------|-----------------|-------------------|
| NORMA EJT (Wuxi) | NORMA Thailand | NORMA Australia | NORMA EJT (China) |
| Fengfan (China) | NORMA Products Malaysia | NORMA Korea | NORMA India |
| NORMA Japan | Kimplas (India) | | |

1_The graph gives an overview of the operating companies of NORMA Group. The company names correspond to the internally used company names. A complete list of the Group companies and NORMA Group's shareholdings as of December 31, 2019, can be found in the corresponding → [NOTES ON P. 139](#).

2_NORMA China is organizationally assigned to the Asia-Pacific segment. In terms of company law, it belongs to NORMA Group Holding GmbH.

Organizational structure of NORMA Group G007



Via its **Distribution Services (DS)**, NORMA Group markets a broad range of high-quality, standardized brand products. In addition to its own global distribution network, the Company also relies on multipliers such as sales representatives, retailers and importers. Its customers include, among others, distributors, specialized wholesalers, OEM customers in the aftermarket segment, do-it-yourself stores and applications in smaller industries. The brands ABA®, Breeze®, Clamp-All®, CONNECTORS®, FISH®, Five Star®, Gemi®, NDS®, NORMA®, Raindrip®, R.G.RAY®, Serflex®, TORCA® and TRUSTLENE® exemplify technological know-how, high quality and reliability and meet the technical standards of the countries in which they are sold.

NORMA Group combines its expertise in developing tailor-made solutions for industrial customers (EJT) with its global sales of high-quality standardized brand products (DS) to realize not only cross-selling effects, but also numerous synergies in production, logistics and sales. The Company also benefits from significant economies of scale and scope thanks to the diversity and high volumes of its product offerings, a clear distinction from its smaller, generally more specialized competitors.

Market and competitive environment

With its products, NORMA Group provides solutions for numerous industrial applications. Its expertise covers thermoplastic materials (WATER and FLUID) as well as metal-based connection solutions and products (FASTEN). Thanks to the unique combination of expertise in both metal and plastics processing and the broad diversification of its product portfolio, NORMA Group can offer its customers a wide range of solutions to different problems from a single source and thus distinguishes itself from its competitors who mainly specialize in individual product segments.

In the area of Engineered Joining Technology, especially in the area of FASTEN and FLUID, NORMA Group operates in a highly fragmented market, which is characterized by a very heterogeneous structure due to the abundance of specialized industrial companies. In this environment, NORMA Group sees itself as a provider of tailor-made, value-creating solutions that are geared to the specific needs of the customer and are the result of long-term development partnerships. With its international business alignment and its cross-industry customer base, NORMA Group distinguishes itself from its mostly regional competitors. Thanks to its strong focus on innovation, NORMA Group offers its customers especially temperature and pressure resistant products, as well as weight and assembly time optimized products that clearly stand out from the competition.

In the much more standardized sales channel Distribution Services, NORMA Group operates in mass markets and competes primarily with providers of similar standardized products. It differentiates itself from them particularly through its strong brands that are the result of a deliberate brand policy that focuses on the regional needs of its customers. In addition, customers appreciate the high quality of service. NORMA Group offers its trade customers a complete range of products that meets all of their end users' needs as well as short delivery times and permanent availability.

Goals and strategy

Increase in value

The long-term strategy of NORMA Group is based on the 'Vision 2025', which was launched by the Management Board in 2018. The Vision 2025 includes increasing the value creation of NORMA Group as its central objective, building on NORMA Group's successful entrepreneurial development and focusing on sustained sales growth, profitability above the industry average and the efficient deployment of capital. On its way to achieving these goals, NORMA Group is pursuing a stakeholder-oriented approach that is geared both toward the demands of its customers for innovative and value-creating solutions and to the interests of its shareholders and suppliers. In order to achieve these goals, NORMA Group seeks to offer its employees an environment geared toward continuous improvement, thereby strengthening its position as the employer of choice. At the same time, NORMA Group regards it as a central component of its corporate responsibility to reconcile the effects of its business activities with the expectations and needs of society. For this reason, the Management Board's goal is to base all entrepreneurial decisions on the principles of responsible corporate management and sustainable action. Corporate Responsibility (CR), NORMA Group's responsibility towards people and the environment, is therefore regarded as an integral part of the Company strategy. → 2019 CR REPORT

NORMA Groups' strategy for the long-term increase in value is based on the following key objectives and strategic measures: