

Press Release
March 20, 2019



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NORMA Group increases its sales to around EUR 1.1 billion in 2018

- **Strong organic growth of 7.7 percent**
- **Adjusted EBITA margin of 16.0 percent**
- **Increase in the dividend by EUR 0.05 to EUR 1.10 per share proposed**
- **Forecast for 2019 published**
- **Rightsizing program launched to facilitate continued profitable growth**

Maintal, Germany, March 20, 2019 – NORMA Group, a global market leader in engineered joining technology, increased its Group sales by 6.6 percent compared to the previous year to EUR 1,084.1 million in fiscal year 2018 (2017: EUR 1,017.1 million). Organic sales growth was strong at 7.7 percent. This growth was mainly driven by the strong recovery of the US commercial vehicles and agricultural machinery markets, a resurgent US water business and high demand for quality joining solutions in China in the first half of 2018. The acquisitions of [Fengfan](#), [Kimplas](#) and [Statek](#) contributed an additional EUR 16.5 million to its sales growth in 2018. Negative currency effects reduced growth by 2.8 percent on the other hand. At EUR 124.4 million, net operating cash flow, including the effects of the acquisitions of Statek and Kimplas and increased capital expenditure from operating activities, was EUR 8.5 million lower in fiscal year 2018 than the year before (2017: EUR 132.9 million). Due to the volatile environment on the raw materials markets, inventories of finished goods and work in progress were built up.

“We grew strongly in organic terms in fiscal year 2018,” said Bernd Kleinhens, CEO of NORMA Group. “In 2019, we will continue to focus our business model on the future markets of electromobility and water management. In addition, our rightsizing program will enable us to further harmonize our organization and processes worldwide so we can continue our profitable growth.”

Strong growth in the Americas and Asia-Pacific regions

In the **EMEA** region (**Europe, Middle East and Africa**), NORMA Group increased its sales by 1.8 percent year-on-year to EUR 494.8 million in 2018 (2017: EUR 485.9 million). Besides solid organic growth in the Engineered Joining Technology (EJT) division, the acquisition of Statek also contributed to this result.

In the **Americas** region, the company achieved 7.4 percent sales growth in 2018. Sales grew from EUR 411.3 million in 2017 to EUR 441.5 million. This was due in part to good demand in the US markets for commercial vehicles and agricultural machinery as well as positive catch-up effects from NDS’s water business.

In the **Asia-Pacific** region, NORMA Group increased its sales to EUR 147.8 million in 2018. This represents an increase of 23.2 percent over the previous year (2017: EUR 119.9 million). Stricter

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emission standards led to high demand for joining technology in the Asian automotive industry, particularly in the first half of the year. The acquisitions of Fengfan and Kimplas also had a positive impact on sales growth.

Earnings and margin affected by volatile situation on the raw materials markets

Adjusted earnings before interest, taxes and amortization of intangible assets (adjusted EBITA) fell by 0.8 percent year-on-year to EUR 173.2 million in 2018 (2017: EUR 174.5 million). The adjusted EBITA margin was 16.0 percent (2017: 17.2 percent).

The decline in earnings and margins was mainly due to the tense situation on the international commodity markets. This included most notably higher prices for alloy surcharges, force majeure in the area of important plastic components and the punitive US tariffs on steel. Furthermore, the increasing shortage of materials on the raw material markets and strong sales growth temporarily led to variable special costs in the areas of purchasing, production and logistics.

Adjusted earnings after taxes for the period amounted to EUR 114.8 million and were 9.3 percent above the previous year's level (2017: EUR 105.0 million). Adjusted earnings per share accordingly rose to EUR 3.61 in 2018 (2017: EUR 3.29).

Increase in the dividend to EUR 1.10 per share planned

The Management Board and Supervisory Board of NORMA Group SE will propose to the Annual General Meeting on May 21, 2019, that a dividend of EUR 1.10 per share be distributed to shareholders for fiscal year 2018. This equates to an increase of 4.8 percent or EUR 0.05 per share and a total distribution amount of around EUR 35.0 million. The payout ratio would then be 30.5 percent of adjusted Group earnings of EUR 114.8 million for fiscal year 2018.

The number of NORMA Group employees, including temporary staff, rose to 8,865 as of December 31, 2018 (December 31, 2017: 7,667 employees). The increase resulted in particular from the acquisitions of Kimplas and Statek and the expansion of the workforce due to organic growth.

Rightsizing program launched to facilitate continued profitable growth

In the fourth quarter of 2018, NORMA Group began implementing a program aimed at optimizing its Group structure over the long term. The goal is to optimize its rapidly growing production landscape and organizational structures and further harmonize processes and systems worldwide. The program is also intended to help NORMA Group align its business model with the requirements of the strategic growth fields of electromobility and water management even more closely. Starting in 2021, the rightsizing program is expected to lead to a positive earnings contribution (adjusted EBITA) of around EUR 10 million to EUR 15 million annually. The implementation of the measures with a planned total cost of

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around EUR 10 million to EUR 15 million will cover all regions and is expected to cover a period of about two years. In fiscal year 2018, the costs for the program amounted to around EUR 2 million, and are shown adjusted.

Moderate organic growth of around 1 to 3 percent expected for 2019

For the **EMEA** region, NORMA Group expects moderate organic growth in fiscal year 2019. Positive effects from new product ramp-ups as a result of ever stricter emission regulations and the growing number of application solutions for electric mobility are the main factors driving growth.

For the **Americas** region, NORMA Group expects moderate organic sales growth in 2019 compared to the previous year that is being mainly driven by continued strong NDS water business and slight growth in the commercial vehicle and agricultural machinery sectors.

In the **Asia-Pacific** region, NORMA Group expects that the dynamic development of its business activities will continue in the current year, despite lower growth forecasts for China. NORMA Group anticipates strong organic growth in this region. The growth drivers include increasing business activities, stricter emission regulations for passenger cars, increasing content per vehicle and further localization measures in the region.

Overall, NORMA Group expects moderate organic Group sales growth of around 1 to 3 percent in 2019. In addition, sales from the acquisitions of Kimplas and Statek are expected to total around EUR 13 million. The target for 2019 is an adjusted EBITA margin of between 15 and 17 percent (2018: 16.0 percent; 2017: 17.2 percent; 2016: 17.6 percent). NORMA Group expects net operating cash flow of around EUR 100 million for 2019.

Separate Corporate Responsibility Report provides information on progress in the area of sustainability

NORMA Group has published its Corporate Responsibility Report 2018 ([CR Report](#)) on March 20, 2019, at the same time as the Annual Report 2018. In this report, the company provides information on the progress that has been made in the most important areas of sustainability. The non-financial sustainability indicators include employee and environmental indicators as well as indicators relating to human rights and sustainability in the supply chain.

NORMA Group – 2018 Financial Results

Key figures at a glance (in EUR million)	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016
Income statement	01/01-12/31/2018	01/01-12/31/2017	01/01-12/31/2016
Sales	1,084.1	1,017.1	894.9

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Adjusted EBITA*	173.2	174.5	157.5
Adjusted EBITA margin* (in %)	16.0%	17.2%	17.6%
Adjusted results for the period*	114.8	105.0	94.6
Adjusted earnings per share* (in EUR)	3.61	3.29	2.96
Net operating cash flow	124.4	132.9	148.5
Balance sheet	12/31/2018	12/31/2017	12/31/2016
Total assets	1,471.7	1,312.0	1,337.7
Total equity	602.4	534.3	483.6
Equity ratio (in %)	40.9%	40.7%	36.2%
Net debt**	400.3	344.9	394.2

Key figures at a glance (in EUR million)	Q4 2018	Q4 2017	Q4 2016
Income statement	10/01 – 12/31/2018	10/01 – 12/31/2017	10/01 – 12/31/2016
Sales	267.0	253.6	215.5
Adjusted EBITA	42.7	40.1	34.9
Adjusted EBITA margin (in %)	16.0%	15.8%	16.2%

* For more information on adjustments: [fiscal year 2018](#) (p. 141); [fiscal year 2017](#) (p. 139); [fiscal year 2016](#) (p. 138)

** Net debt including hedging instruments (hedging instruments in the amount of: 2018: EUR 0.8 million; 2017: EUR 1.4 million; 2016: EUR 2.2 million)

The 2018 Annual Report can be downloaded from www.normagroup.com/financial-reports. The CR Report can be downloaded from www.normagroup.com/Sustainability-Reports. Press photos are available from our platform at www.normagroup.com/images.

Upcoming dates

NORMA Group will be publishing its results for the first quarter of 2019 on May 8, 2019.



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About NORMA Group

NORMA Group is an international market and technology leader in [engineered joining technology](#) (joining, connecting and fluid handling technology). The company manufactures a [wide range](#) of innovative connecting solutions and [water management](#) technology offering more than 40,000 products to customers in 100 countries with around 8,900 employees. NORMA Group helps its customers and business partners react to global challenges such as climate change and increasing scarcity of resources. NORMA Group joining products can be found in vehicles and trains, ships and aircraft, buildings and water management as well as in applications for the pharmaceutical and biotechnology industry. In 2018 the company generated sales of around EUR 1.08 billion. NORMA Group operates a [global network](#) of 30 production facilities as well as numerous sales and distribution sites across Europe, the Americas, and Asia-Pacific. NORMA Group has its headquarters in Maintal, Germany. NORMA Group SE is listed on the German stock exchange (Prime Standard) and included in the MDAX index.

Disclaimer

This press release contains certain future-oriented statements. Future-oriented statements include all statements which do not relate to historical facts and events and contain future-oriented expressions such as “believe,” “estimate,” “assume,” “expect,” “forecast,” “intend,” “could,” or “should” or expressions of a similar kind. Such future-oriented statements are subject to risks and uncertainties since they relate to future events and are based on the company’s current assumptions, which may not in the future take place or be fulfilled as expected. The company points out that such future-oriented statements provide no guarantee for the future and that the actual events including the financial position and profitability of NORMA Group SE and developments in the economic and regulatory fundamentals may vary substantially (particularly on the down side) from those explicitly or implicitly assumed in these statements. Even if the actual assets for NORMA Group SE, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such future-oriented statements in this press release, no guarantee can be given that this will continue to be the case in the future.