



INTERIM STATEMENT FIRST QUARTER 2020

NORMA GROUP SE
MAINTAL

Overview of Key Figures

		Q1 2020 ¹	Q1 2019 ¹	Change in %
Order situation				
Order book (Mar 31)	EUR millions	374.2	398.3	-6.1
Income statement				
Revenue	EUR millions	253.6	275.6	-8.0
(Adjusted) gross profit	EUR millions	147.8	161.3	-8.4
Adjusted EBITA	EUR millions	27.1	39.6	-31.6
Adjusted EBITA margin	%	10.7	14.4	n/a
EBITA	EUR millions	26.4	36.9	-28.6
EBITA margin	%	10.4	13.4	n/a
Adjusted EBIT	EUR millions	25.1	37.5	-33.2
Adjusted EBIT margin	%	9.9	13.6	n/a
EBIT	EUR millions	18.6	29.3	-36.3
EBIT margin	%	7.4	10.6	n/a
Adjusted profit for the period	EUR millions	15.6	25.2	-37.9
Adjusted EPS	EUR	0.49	0.79	-37.7
Profit for the period	EUR millions	10.8	19.2	-43.6
EPS	EUR	0.34	0.60	-43.3
NORMA Value Added (NOVA)	EUR millions	-2.5	10.9	-123.0
Cash flow				
Cash flow from operating activities	EUR millions	9.8	9.8	0
Net operating cash flow	EUR millions	6.7	-0.3	n/a
Cash flow from investing activities	EUR millions	-9.5	-16.6	42.8
Cash flow from financing activities	EUR millions	32.2	-13.9	n/a
		Mar 31, 2020	Dec 31, 2019	Change in %
Balance sheet				
Total assets	EUR millions	1,566.8	1,514.3	3.5
Equity	EUR millions	639.2	629.5	1.5
Equity ratio	%	40.8	41.6	n/a
Net debt	EUR millions	437.3	420.8	3.9
Employees				
Core workforce		6,786	6,523	4.0
		Q1 2020	Q1 2019	
Non-financial control parameters				
Number of invention applications		8	6	
Defective parts per million (PPM)		10	9	
Quality-related customer complaints per month		6	6	
Share data				
Stock exchange		Frankfurt Stock Exchange, Xetra		
Market segment		Regulated Market (Prime Standard), SDAX		
ISIN / Security identification number / ticker symbol		DE000A1H8BV3 / A1H8BV / NOEJ		
Highest price Q1 2020 ² / Lowest price Q1 2020 ²	EUR	42.06 / 14.38		
Closing price as of Mar 31, 2020 ²	EUR	17.00		
Market capitalization as of Mar 31, 2020 ²	EUR millions	541.7		
Number of shares		31,862,400		

1_Adjustments are described on → [PAGE 8](#).

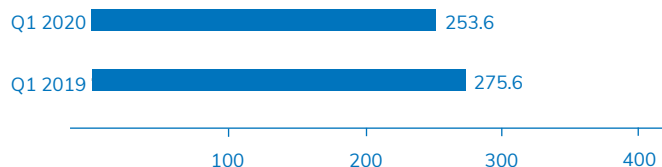
2_Xetra price.

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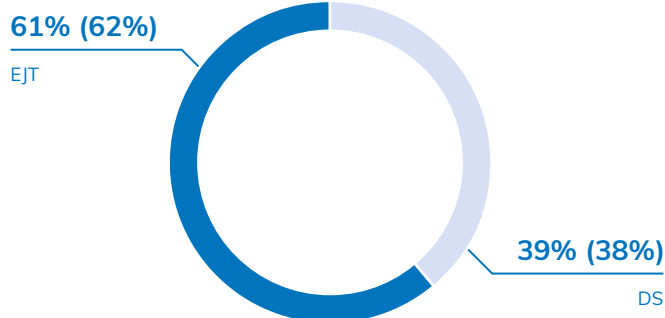
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Highlights First Quarter 2020¹

Development of revenue Q1 2020 in EUR million



Distribution of sales by revenue channels Q1 2020 in EUR million



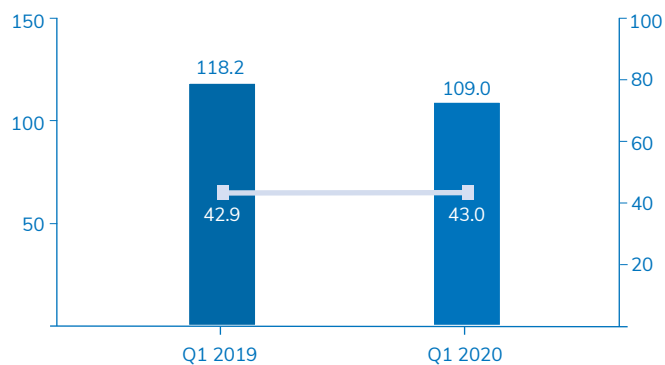
Effects on Group revenue

	in EUR million	Share in %
Group revenue Q1 2019	275.6	
Organic growth	-24.6	-8.9
Currency effects	2.5	0.9
Group revenue Q1 2020	253.6	-8.0

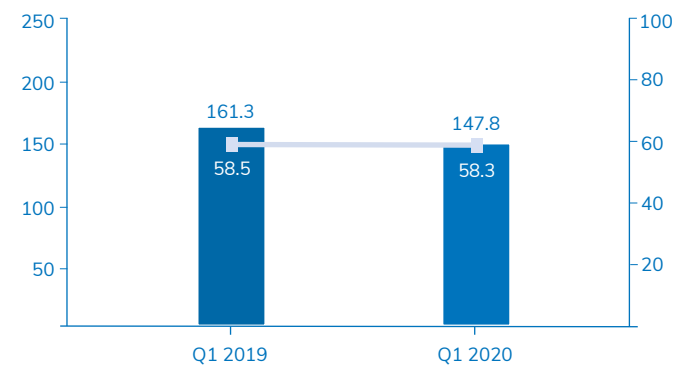
Development of revenue channels

	Engineered Joining Technology (EJT)		Distribution Services (DS)	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Group sales (in EUR million)	153.8	169.5	98.8	105.2
Growth (in %)	-9.3		-6.1	
Share of sales (in %)	61	62	39	38

(Adjusted) costs of materials and cost of materials ratio



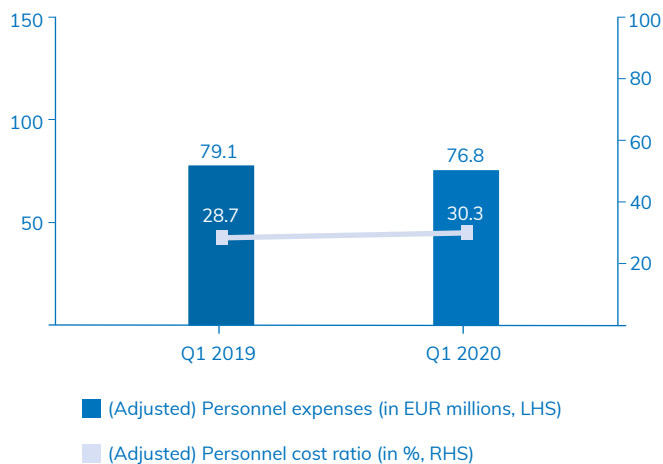
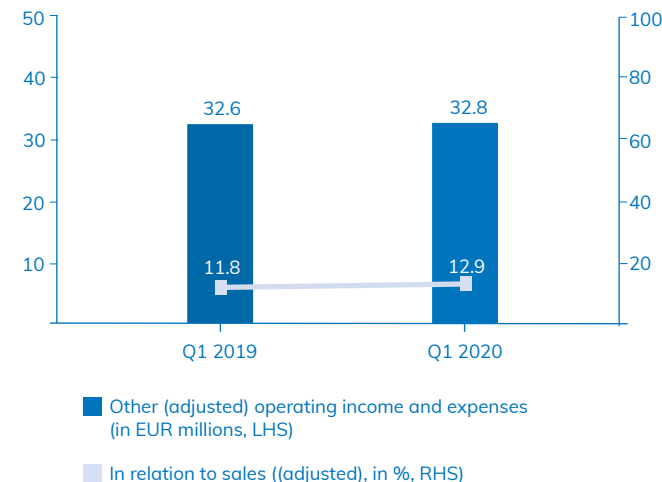
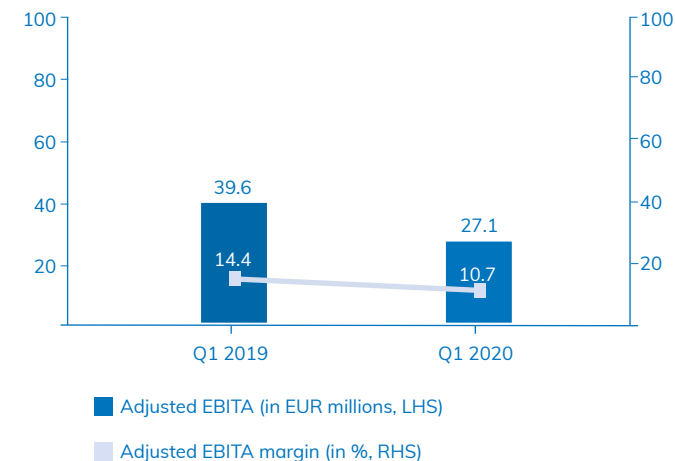
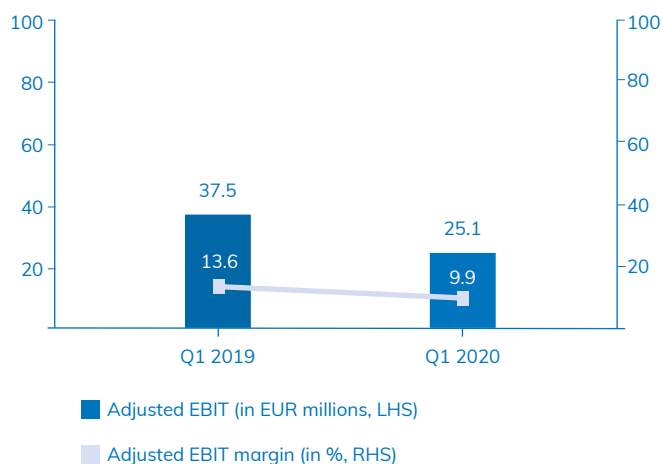
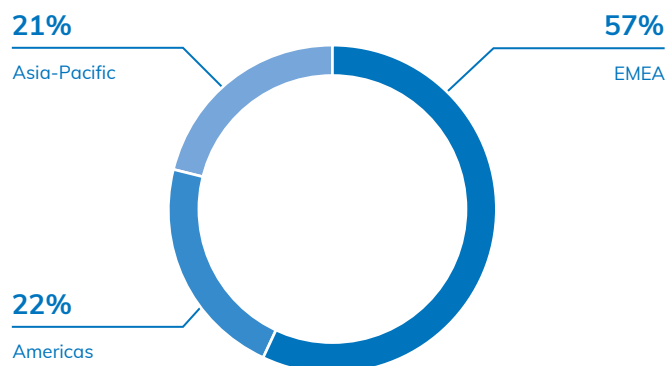
(Adjusted) gross profit and gross profit margin



■ (Adjusted) Materials used (in EUR millions, LHS)
■ (Adjusted) Cost of materials ratio (in %, RHS)

■ (Adjusted) Gross profit (in EUR millions, LHS)
■ (Adjusted) Gross profit margin (in %, RHS)

¹ Adjustments are described on → [PAGE 8](#).

(Adjusted) personnel expenses and personnel cost ratio**Net expenses from (adjusted) other operating income and expenses as well as in relation to sales****Adjusted EBITA and adjusted EBITA margin****Adjusted EBIT and adjusted EBIT margin****Core workforce by segment****Net operating cash flow**

in EUR million	Q1 2020	Q1 2019
(Adjusted) EBITDA	38.2	49.7
Change in working capital	-24.2	-38.1
Investments from operating business	-7.3	-11.8
Net operating cash flow	6.7	-0.3

1_Adjustments are described on → PAGE 8.

Course of business and significant developments

Business development strongly affected by the coronavirus

NORMA Group's business in the first quarter of 2020 was mainly affected by the surprisingly rapid global spread of COVID-19 since the beginning of the year and the resulting government-imposed restrictions. The drop in demand for joining technology as a result of the production stops in the automotive industry and the adoption of measures to protect its own employees also prompted NORMA Group to reduce shifts and temporarily suspend production at its European and American plants in mid-March. The US subsidiary National Diversified Sales (NDS), which was classified as part of the critical infrastructure in the area of "Water and Sewage Systems" in accordance with the criteria of the Cybersecurity and Infrastructure Security Agency, is an exception. Production at the plants in Fresno and Lindsay, California, is therefore being continued.

In addition, NORMA Group has been increasingly supplying Y hose connectors and threaded mounting bosses for respiratory devices as well as white cable ties for fastening medical hoses since the end of March. The two distribution centers in Italy and Spain therefore reopened at the beginning of April after receiving official permission to do so.

In addition, NORMA Group has developed a face shield that offers both functionality and wearing comfort. The company is thus helping to alleviate the acute problem of shortages of face masks. The face shield is produced using an automated process that enables high volumes to be manufactured. NORMA Group can currently produce around 25,000 face shields per week. Expansion of the production capacity and possible distribution channels to other countries are currently being examined.

Implementation of the "Get on Track" measures proceeds according to schedule

Implementation of the measures called for by the "Get on Track" program continues to progress according to plan. With the exception of only a few sub-projects that are experiencing slight delays of a couple of months due to the corona crisis, implementation of these projects is proceeding on schedule. Initial financial successes from the change program are expected in fiscal year 2020.

Financial flexibility ensures scope for action

Against the backdrop of the corona crisis and the resulting production downtime, NORMA Group took action early to ensure financial flexibility. These measures included taking out additional loans and continuing active working capital management. Furthermore, despite the difficult market environment in the first quarter of 2020, NORMA Group succeeded in using the market for commercial papers as an additional source of financing. This provides NORMA Group with the financial flexibility to cushion the consequences of the corona pandemic as effectively as possible.

Consolidated Statement of Comprehensive Income

for the period from January 1 to March 31, 2020

in EUR thousands	Q1 2020	Q1 2019
Revenue	253,554	275,625
Changes in inventories of finished goods and work in progress	2,383	3,161
Other own work capitalized	827	755
Raw materials and consumables used	-108,955	-118,240
Gross profit	147,809	161,301
Other operating income	10,494	3,836
Other operating expenses	-43,272	-36,980
Employee benefits expense	-76,832	-80,307
Depreciation and amortization	-19,557	-18,580
Operating profit	18,642	29,270
Financial income	241	251
Financial costs	-3,411	-3,957
Financial result	-3,170	-3,706
Profit before income tax	15,472	25,564
Income taxes	-4,658	-6,404
Profit for the period	10,814	19,160
Other comprehensive income for the period, net of tax		
Other comprehensive income that can be reclassified to profit or loss, net of tax	-1,080	12,093
Exchange differences on translation of foreign operations	-19	12,624
Cash flow hedges, net of tax	-1,061	-531
Other comprehensive income that cannot be reclassified to profit or loss, net of tax	5	10
Remeasurements of post-employment benefit obligations, net of tax	5	10
Other comprehensive income for the period, net of tax	-1,075	12,103
Total comprehensive income for the period	9,739	31,263
Profit attributable to		
Shareholders of the parent	10,861	19,194
Non-controlling interests	-47	-34
	10,814	19,160
Total comprehensive income attributable to		
Shareholders of the parent	9,588	31,280
Non-controlling interests	151	-17
	9,739	31,263
(Un)diluted earnings per share (in EUR)	0.34	0.60

Adjustments

NORMA Group adjusts certain expenses for the operational management of the company. The adjusted results presented below reflect the management's view.

No adjustments were made for expenses within EBITDA in the first quarter of 2020 (Q1 2019: EUR 1.8 million).

Within EBITA (earnings before interest, taxes, depreciation and amortization), depreciation of property, plant and equipment from purchase price allocations in the amount of EUR 0.8 million (Q1 2019: EUR 0.9 million) were made in the first three months of fiscal year 2020. Amortization of intangible assets from purchase price allocations in the amount of EUR 5.7 million (Q1 2019: EUR 5.5 million) were made on an adjusted basis within EBIT.

Notional income taxes resulting from the adjustments are calculated at the tax rates of the respective local companies concerned and included in adjusted earnings after taxes.

The following table shows earnings adjusted for these effects:

Adjustments ¹

in EUR million	Q1 2020 reported	Total adjustments	Q1 2020 adjusted
Revenue	253.6	0	253.6
Changes in inventories of finished goods and work in progress	2.4	0	2.4
Other own work capitalized	0.8	0	0.8
Raw materials and consumables used	-109.0	0	-109.0
Gross profit	147.8	0	147.8
Other operating income and expenses	-32.8	0	-32.8
Employee benefits expense	-76.8	0	-76.8
EBITDA	38.2	0	38.2
Depreciation	-11.8	0.8	-11.1
EBITA	26.4	0.8	27.1
Amortization	-7.7	5.7	-2.0
Operating profit (EBIT)	18.6	6.4	25.1
Financial result	-3.2	0	-3.2
Profit before income tax	15.5	6.4	21.9
Income taxes	-4.7	-1.6	-6.3
Profit for the period	10.8	4.8	15.6
Non-controlling interests	-0.05	0	-0.05
Profit attributable to shareholders of the parent	10.9	4.8	15.7
Earnings per share (in EUR)	0.34	0.15	0.49

¹_Deviations in decimal places may occur due to commercial rounding.

Notes to the Sales and Earnings Development

Order backlog down due to COVID-19

NORMA Group's order backlog amounted to EUR 374.2 million as of March 31, 2020, down 6.1% from the previous year's reporting date (March 31, 2019: EUR 398.3 million). This is due in particular to the drop in demand from the automotive industry as a consequence of the corona pandemic and the resulting decline in incoming orders. The full impact of the corona crisis is not yet reflected in this figure, however.

Organic sales in the first quarter of 2020 markedly lower due to the effects of COVID-19

In the first quarter of 2020, NORMA Group's total sales of EUR 253.6 million were 8.0% below the level of the same period of the previous year (Q1 2019: EUR 275.6 million). Organic sales in the first three months of 2020 declined by 8.9%. Exchange rate changes, particularly in connection with the US dollar, had a slightly positive effect of 0.9% on Group sales. This decline in sales is primarily due to the effects of the coronavirus and the related economic and social restrictions and interruptions to production that are being felt worldwide, particularly in the automotive industry.

Sales development of the EJT business burdened by the effects of COVID-19; DS segment weaker despite solid water business

The EJT division's business showed a noticeable decline in sales in the first quarter of 2020. At EUR 153.8 million (Q1 2019: EUR 169.5 million), sales were down 9.3% on the previous year. The decline in organic sales amounted to 9.9%. In contrast, exchange rate effects had a slightly positive effect of 0.6%.

The decline in sales was mainly due to the weak market conditions in the global automotive industry, which deteriorated sig-

nificantly starting in March 2020 as a result of the rapid spread of the coronavirus.

Due to production downtimes of a large number of OEMs, global demand for joining solutions also fell sharply. As a consequence of this, but also to protect its own employees, NORMA Group reduced shifts and temporarily stopped production at many of its European and American plants in mid-March 2020. This had a corresponding impact on the sales of the EJT business in the first three months of 2020.

The DS division also recorded a noticeable decline in first quarter 2020 sales, which, at EUR 98.8 million, were 6.1% below the previous year's figure (Q1 2019: EUR 105.2 million). This includes an organic decline in sales of 7.5%, which resulted from weaker business in all regions, which is also related to the corona crisis. Positive currency effects of 1.4% and the continued moderate growth of NDS's water business in the US, which was classified as systematically relevant by the US government, only partly offset the decline in sales in other areas.

Stable cost of materials ratio

In the period from January to March 2020, the cost of materials totaled EUR 109.0 million, down 7.9% compared to the same quarter of the previous year (Q1 2019: EUR 118.2 million). This resulted in a cost of materials ratio – cost of materials in relation to sales – of 43.0% (Q1 2019: 42.9%), which remained nearly constant compared to last year. The ratio of cost of materials to total operating performance (sales revenues plus changes in inventories and other own work capitalized) amounted to 42.4% in the first quarter of 2020 (Q1 2019: 42.3%).

Most of the prices of the raw materials relevant to NORMA Group (mainly steel, alloy surcharges and engineering plastics) dropped in the first quarter of 2020 due to the consequences of the corona crisis. Although price reductions for raw materials are not directly reflected in a reduction in material costs due to longer contract

periods, they offer a chance to renegotiate contracts accordingly and thus lay the foundation for lower costs of materials in future quarters.

Gross margin slightly down on the previous year

Gross profit (sales less cost of materials plus changes in inventories and other own work capitalized) amounted to EUR 147.8 million in the first quarter of 2020 (Q1 2019: EUR 161.3 million), down 8.4% compared to the same quarter of the previous year. The resulting gross margin amounted to 58.3%, slightly below the previous year's level (Q1 2019: 58.5%).

Higher personnel cost ratio

Employee benefit expenses amounted to EUR 76.8 million in the first quarter of 2020, down 2.8% from last year (Q1 2019, adjusted: EUR 79.1 million). The ratio of personnel expenses to sales amounted to 30.3% in the first quarter of 2020 and thus increased significantly compared to the same quarter of the previous year (Q1 2019, adjusted: 28.7%). The main reason for this was the surprisingly strong decline in sales at the end of the first quarter as a result of the corona crisis, which could not be immediately compensated by a reduction of personnel expenses.

As of March 31, 2020, NORMA Group employed 8,476 people worldwide, including temporary staff (March 31, 2019: 9,065). Of this figure, 6,786 employees are attributable to the core workforce (March 31, 2019: 6,998). The total number of employees thus declined by 6.5% compared to the previous year. The number of employees attributable to the core workforce also decreased by 3.0% compared to last year. The average number of employees in the first quarter of 2020 was 6,650 (Q1 2019: 6,999).

The number of permanent employees as of March 31, 2020, increased by 4.0% compared to the end of 2019. The total number of employees decreased by 0.5%.

Development of personnel figures

	Mar 31, 2020	Dec 31, 2019	Mar 31, 2019
EMEA	3,890	3,549	3,853
Americas	1,494	1,601	1,805
Asia-Pacific	1,402	1,373	1,340
Employees excl. temporary workers	6,786	6,523	6,998
Temporary workers	1,690	1,998	2,067
Employees incl. temporary workers	8,476	8,521	9,065

Other operating income and expenses increased slightly

The balance of other operating income and expenses amounted to EUR – 32.8 million in the first quarter of 2020 (Q1 2019, adjusted: EUR – 32.6 million), a slight increase of 0.7% over the same period of the previous year. Other operating income and expenses as a percentage of sales amounted to 12.9% in the first three months of 2020 (Q1 2019, adjusted: 11.8%).

Other operating income primarily includes foreign exchange gains from operating activities totaling EUR 4.2 million (Q1 2019: EUR 1.9 million) and income from the reversal of liabilities and unused provisions of EUR 2.5 million (Q1 2019: EUR 0.7 million).

Other operating expenses include foreign exchange losses of EUR 4.3 million (Q1 2019: EUR 1.3 million). In addition, mainly freight costs as well as expenses for expected losses on trade receivables in connection with the COVID-19 pandemic and the resulting increased risk of possible future defaults by customers increased compared to the same period of the previous year. By contrast, travel and entertainment expenses and expenses for temporary staff were lower.

Operating result and margin declined

No adjustments were made within operating earnings before interest, taxes, depreciation and amortization (EBITDA) in the first quarter of 2020. EBITDA amounted to EUR 38.2 million in the first quarter of 2020, a decline of 23.1% compared to the same quarter of the previous year (Q1 2019, adjusted: EUR 49.7 million). Accordingly, the EBITDA margin in the current reporting period was 15.1% (Q1 2019, adjusted: 18.0%).

The margin decline was mainly due to the negative impact of the corona pandemic on how NORMA Group's business developed and the resulting sudden decline in sales in all three regional segments at the end of the first quarter. This could not be offset quickly enough by implementing cost reductions. In particular, the low flexibility of personnel structures in the EMEA and Asia-Pacific regions had a negative impact on the EBITDA margin in the first quarter of 2020.

EBITA adjusted for amortization of intangible assets from purchase price allocations (ADJUSTMENTS, P. 8) decreased by 31.6% to EUR 27.1 million in the first quarter of 2020 (Q1 2019: EUR 39.6 million). This reflects fixed depreciation, which burdened adjusted EBITA even further. The adjusted EBITA margin amounted to 10.7% in the first three months of 2020 (Q1 2019: 14.4%).

EBIT also adjusted for amortization of intangible assets from purchase price allocations amounted to EUR 25.1 million in the first quarter (Q1 2019: EUR 37.5 million) and was thus down 33.2%. The adjusted EBIT margin was 9.9% (Q1 2019: 13.6%).

NORMA Value Added (NOVA)

NORMA Value Added (NOVA) amounted to EUR – 2.5 million in the current reporting period (Q1 2019: EUR 10.9 million). This represents a decline of EUR 13.4 million compared to the previous year. The main reason for this was the noticeably weaker adjusted EBIT, which was burdened by the corona crisis.

Financial result

The financial result came to EUR – 3.2 million in the first quarter of 2020, an improvement of 14.5% compared to the previous year (Q1 2019: EUR – 3.7 million). This is mainly due to the lower net interest expense of EUR 3.0 million (Q1 2019: EUR 3.2 million). As in the previous year (Q1 2019: EUR 0.4 million), exchange rate effects of EUR 0.4 million had a positive impact on the financial result.

Adjusted income taxes and tax rate

In the period from January to March 2020, adjusted income taxes totaled EUR 6.3 million (Q1 2019: EUR 8.6 million). In relation to adjusted earnings before taxes of EUR 21.9 million (Q1 2019: EUR 33.8 million), this resulted in a higher adjusted tax rate of 28.6% (Q1 2019: 25.5%). The higher tax rate is mainly attributable to current losses for which no deferred tax assets could be formed due to the current situation. In addition, there are also tax expenses for previous years and non-creditable foreign withholding taxes.

Adjusted net profit for the period and adjusted earnings per share down

At EUR 15.6 million, adjusted net profit for the period (after taxes) for the current reporting period was down 37.9% on the previous year (Q1 2019: EUR 25.2 million). Based on an unchanged number of 31,862,400 shares, adjusted earnings per share were 37.7% lower than in the same quarter of the previous year at EUR 0.49 (Q1 2019: EUR 0.79).

Unadjusted net earnings for the first quarter of 2020 were EUR 10.8 million (Q1 2019: EUR 19.2 million), down 43.6% from the previous year. Unadjusted earnings per share thus amounted to EUR 0.34 after EUR 0.60 in the same quarter of the previous year and fell 43.3% short of the previous year's figure.

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position

Assets

in EUR thousands	Mar 31, 2020	Dec 31, 2019	Mar 31, 2019
Non-current assets			
Goodwill	397,716	393,087	393,044
Other intangible assets	263,226	265,407	282,290
Property, plant and equipment	290,755	290,843	287,379
Other non-financial assets	2,654	2,792	2,401
Contract assets	15	0	0
Derivative financial assets	0	120	1,474
Income tax assets	1,107	1,173	944
Deferred income tax assets	10,011	9,375	7,371
	965,484	962,797	974,903
Current assets			
Inventories	180,530	173,249	184,353
Other non-financial assets	21,633	21,933	21,472
Other financial assets	4,442	4,792	5,282
Derivative financial assets	116	330	683
Income tax assets	10,302	8,607	5,465
Trade and other receivables	172,469	162,386	168,273
Contract assets	457	525	1,162
Cash and cash equivalents	211,355	179,721	172,123
	601,304	551,543	558,813
Total assets	1,566,788	1,514,340	1,533,716

Equity and Liabilities

in EUR thousands	Mar 31, 2020	Dec 31, 2019	Mar 31, 2019
Equity attributable to equity holders of the parent			
Subscribed capital	31,862	31,862	31,862
Capital reserve	210,323	210,323	210,323
Other reserves	8,572	9,850	14,593
Retained earnings	386,709	375,843	373,205
Equity attributable to shareholders	637,466	627,878	629,983
Non-controlling interests	1,727	1,576	1,656
Total equity	639,193	629,454	631,639
Liabilities			
Non-current liabilities			
Retirement benefit obligations	16,286	15,890	13,014
Provisions	6,626	5,984	7,680
Borrowings	500,335	495,927	458,177
Other non-financial liabilities	334	356	440
Contract liabilities	123	103	132
Lease liabilities	34,881	30,168	32,712
Other financial liabilities	1,644	1,630	2,070
Derivative financial liabilities	1,864	684	701
Deferred income tax liabilities	69,283	69,562	73,549
	631,376	620,304	588,475
Current liabilities			
Provisions	8,017	8,543	10,156
Borrowings	90,629	45,971	115,941
Other non-financial liabilities	37,019	36,665	34,657
Contract liabilities	1,153	420	525
Lease liabilities	8,798	8,427	8,476
Other financial liabilities	10,145	17,496	9,381
Derivative financial liabilities	320	229	150
Income tax liabilities	5,146	3,712	6,898
Trade and other payables	134,992	143,119	127,418
	296,219	264,582	313,602
Total liabilities	927,595	884,886	902,077
Total equity and liabilities	1,566,788	1,514,340	1,533,716

Notes to the Financial and Asset Position

Total assets

Total assets amounted to EUR 1,556.8 million as of March 31, 2020, an increase of 3.5% compared to the end of 2019 (Dec 31, 2019: EUR 1,514.3 million). Compared to March 31, 2019 (EUR 1,533.7 million), total assets increased by 2.2%.

Fixed assets

Non-current assets amounted to EUR 965.5 million as of March 31, 2020, a slight increase of 0.3% compared to the end of 2019 (Dec 31, 2019: EUR 962.7 million). The main reason for this is the strong development of the US dollar and its impact on goodwill and intangible assets as of March 31, 2020. Non-current assets accounted for 61.6% of total assets as of March 31, 2020 (Dec 31, 2019: 63.6%).

A total of EUR 7.7 million was invested in fixed assets in the period from January to March 2020 (Q1 2019: EUR 12.2 million). Furthermore, additional right of use assets for land and building of EUR 7.3 million are recognized in property, plant and equipment. Capital expenditure included own work capitalized of EUR 0.8 million (Q1 2019: EUR 0.8 million). In the first quarter, investment activities focused on Germany, Serbia, China and the US. There were no significant disposals.

Current assets amounted to EUR 601.3 million on the balance sheet for the reporting date and thus increased by 9.0% compared to the end of 2019 (Dec 31, 2019: EUR 551.5 million). The increase is due in particular to an increase in cash and cash equivalents (+17.6%), trade and other receivables (+ 6.2%) and inventories (+4.2%). Current assets increased by 7.6% compared to

the previous year's reporting date (March 31, 2019: EUR 558.8 million). This development was primarily due to a significant increase in cash and cash equivalents (+22.8%).

Cash and cash equivalents amounted to EUR 211.4 million as of March 31, 2020 (Dec 31, 2019: EUR 179.7 million). This increase is mainly due to the raise in loans, which represent an additional liquidity reserve against the background of the corona pandemic and its economic consequences, especially for the automotive industry.

Current assets accounted for 38.4% of total assets as of March 31, 2020 (Dec 31, 2019: 36.4%).

Rise in (trade) working capital

Trade working capital (inventories plus trade receivables minus trade payables) was EUR 218.0 million as of March 31, 2020, 13.2% higher than at the end of 2019 (Dec 31, 2019: EUR 192.5 million) due also to seasonal factors. In addition to the increase in trade receivables, the main driver here was an increase in trade payables as well as inventories and a decrease in liabilities compared to the end of 2019 (March 31, 2020: EUR 135.0 million; Dec 31, 2019: EUR 143.1 million).

Compared to the previous year (March 31, 2019: EUR 225.2 million), (trade) working capital decreased by 3.2%.

Equity ratio once again at a high level

Group equity amounted to EUR 639.2 million as of March 31, 2020. This represents an increase of 1.5% compared to the end of 2019 (Dec 31, 2019: EUR 629.5 million). The equity ratio was 40.8% as of the reporting date for the quarter (Dec 31, 2019: 41.6%). The significant increase in equity is attributable in particular to an increase in retained earnings due to a positive result for the period (EUR 10.8 million).

Increase in net debt

Net debt as of March 31, 2020 was EUR 437.3 million, up from EUR 420.8 million at the end of 2019, an increase of 3.9% or EUR 16.5 million. This is related to new leasing contracts signed in 2020 that increased the leasing liabilities. Furthermore, the non-cash currency effects on foreign currency loans as well as interest expenses had an increasing impact on net debt in the first three months of 2020. In addition, net debt was increased by the valuation-related increase of derivative financial liabilities.

At 0.7, gearing (net debt in relation to equity) was exactly the same as at the end of 2019 (Dec 31, 2019: 0.7). With the increase in net debt in the first quarter of 2020, leverage (net debt excluding hedging derivatives in relation to adjusted EBITDA for the last 12 months) was 2.5 (Dec 31, 2019: 2.2).

The net financial debt of NORMA Group is as follows:

Net debt

in EUR thousands	March 31, 2020	Dec 31, 2019
Bank borrowings, net	590,964	541,898
Derivative financial liabilities – hedge accounting	2,184	913
Finance lease liabilities	43,679	38,595
Other financial liabilities	11,789	19,126
Financial debt	648,616	600,532
Cash and cash equivalents	211,355	179,721
Net debt	437,261	420,811

Financial liabilities

At EUR 648.6 million, the financial liabilities of NORMA Group as of March 31, 2020, exceeded the level of December 31, 2019, (EUR 600.5 million) by 8.0%. The increase of loan liabilities is related to the earlier mentioned and explained proceeds from borrowings in the first quarter of 2020. Effects of exchange rate changes to the US dollar tranche increased the loan liabilities further. The increase of lease liabilities is attributable to the capitalization of newly concluded leasing contracts. The decrease of other financial liabilities mainly resulted from repayments of ABS and factoring liabilities in the first quarter of 2020.

Non-current liabilities totaled EUR 631.4 million as of March 31, 2020, an increase of 1.8% or EUR 11.1 million compared to the end of 2019 (Dec 31, 2019: EUR 620.3 million).

Current liabilities amounted to EUR 296.2 million as of the reporting date of the current quarter. As of December 31, 2019, these amounted to EUR 264.6 million.

The maturities of the syndicated loans and the promissory note loans as of March 31, 2020, are as follows:

Maturity bank borrowings as of March 31, 2020

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Syndicated bank facilities, net	38,750	0	250,496	0
Promissory note, net	29,000	101,026	108,366	41,500
Commercial paper	20,000	0	0	0
Total	87,750	101,026	358,862	41,500

Other non-financial liabilities

Other non-financial liabilities are as follows:

Other non-financial liabilities

in EUR thousands	March 31, 2020	Dec 31, 2019
Non-current		
Government grants	262	266
Other liabilities	72	90
	334	356
Current		
Government grants	1,185	1,230
Non-income tax liabilities	2,753	2,119
Social liabilities	5,719	4,484
Personnel-related liabilities (e.g. vacation, bonus, premiums)	26,705	28,118
Other liabilities	495	714
Deferred income	162	0
	37,019	36,665
Total other non-financial liabilities	37,353	37,021

Derivative financial instruments

Foreign currency derivatives

As of March 31, 2020, foreign currency derivatives with a positive fair value of EUR 0.1 million and foreign currency derivatives with a negative fair value of EUR 0.1 million were held to hedge cash flows. In addition, foreign currency derivatives with a positive fair value of below EUR 0 million were held to hedge changes in fair value.

The foreign currency derivatives used to hedge cash flows are used against fluctuations in the exchange rate from operating activities. Foreign currency derivatives used to hedge changes in fair value serve to hedge external financial liabilities and intra-group monetary items against exchange rate fluctuations.

Interest rate hedging instruments

Parts of NORMA Group's external financing were hedged against interest rate fluctuations by means of interest rate swaps. As of March 31, 2020, interest rate hedges with a negative market value of EUR 2.1 million were held.

Consolidated Statement of Cash Flows

for the period from January 1 to March 31, 2020

in EUR thousands

	Q1 2020	Q1 2019
Operating activities		
Profit for the period	10,814	19,160
Depreciation and amortization	19,577	18,580
Gain (-)/loss (+) on disposal of property, plant and equipment	80	- 22
Change in provisions	559	1,819
Change in deferred taxes	- 1,342	- 388
Change in inventories, trade account receivables and other receivables, which are not attributable to investing or financing activities	- 20,473	- 27,606
Change in trade and other payables, which are not attributable to investing or financing activities	- 1,621	- 6,572
Change in reverse factoring liabilities	- 2,043	1,525
Interest expenses in the period	3,525	3,734
Income (-)/expenses (+) due to measurement of derivatives	55	158
Other non-cash expenses (+)/income (-)	673	- 597
Cash flow from operating activities	9,784	9,791
thereof interest received	237	248
thereof income taxes	- 5,891	- 5,370
Investing activities		
Payments for acquisitions of subsidiaries, net	0	- 546
Investments in property, plant and equipment and intangible assets	- 9,696	- 16,177
Proceeds from the sale of property, plant and equipment	240	151
Cash flow from investing activities	- 9,456	- 16,572
Financing activities		
Interest paid	- 2,619	- 2,017
Dividends paid to non-controlling interests	0	- 42
Proceeds from borrowings	43,750	0
Repayment of borrowings	- 6,328	- 8,960
Proceeds from/repayment of derivatives	- 20	- 263
Repayment of lease liabilities	- 2,563	- 2,634
Cash flow from financing activities	32,220	- 13,916
Net change in cash and cash equivalents	32,548	- 20,697
Cash and cash equivalents at the beginning of the year	179,721	190,392
Effect of foreign exchange rates on cash and cash equivalents	- 914	2,428
Cash and cash equivalents at the end of the period	211,355	172,123

Notes to the Consolidated Statement of Cash Flows

Group-wide financial management

A detailed overview of the general financial management of NORMA Group can be found in the 2019 Annual Report. → [2019 ANNUAL REPORT, P. 55](#)

Net operating cash flow

Net operating cash flow for the reporting period January to March 2020 amounted to EUR 6.7 million, a significant increase over the comparable quarter of 2019 (Q1 2019: EUR – 0.3 million). This development is mainly due to a lower increase in (trade) working capital (Q1 2020: EUR – 24.2 million; Q1 2019: EUR – 38.1 million) in relation to EBITDA in the reporting period compared to the end of the previous year. In addition, lower investments from operating activities (Q1 2020: EUR 7.3 million; Q1 2019: EUR 11.8 million) had a positive effect on net operating cash flow.

Cash flow from operating activities

Cash flow from operating activities totaled EUR 9.8 million in the current reporting quarter (Q1 2019: 9.8 million).

Cash flow from operating activities is influenced by changes in current assets, provisions and liabilities (excluding liabilities in connection with financing activities).

As in the previous year, the company participates in a reverse factoring program and an ABS program. The reverse factoring program liabilities are reported under trade payables and similar liabilities. Cash flows from the reverse factoring, factoring and ABS programs are reported under cash flow from operating activities, as this best reflects the economic substance of the transactions.

EUR 0.1 million (Q1 2019: EUR 0.2 million) in adjustments to expenses for the valuation of derivatives included in cash flow from operating activities relate to changes in the fair value of foreign currency derivatives and interest rate swaps allocated to financing activities and recognized in profit and loss.

The adjusted other non-cash income (-)/expenses (+) mainly comprise expenses from the currency translation of external financial liabilities and intragroup monetary items amounting to EUR 0.6 million (Q1 2019: income of EUR – 0.7 million).

Cash flows from interest paid are reported under cash flows from financing activities.

Cash flow from investing activities

Cash flow from investing activities amounted to EUR – 9.5 million in the first quarter of 2020 (Q1 2019: EUR – 16.6 million) and includes net cash outflows from the purchase and sale of non-current assets of EUR 9.5 million (Q1 2019: EUR 16.0 million). This includes the change in liabilities for the acquisition of intangible assets and property, plant and equipment of EUR – 2.4 million (Q1 2019: EUR – 4.3 million). The investments made in the period from January to March 2020 related in particular to the sites in Germany, Serbia, China, the US and Mexico.

The first quarter of 2019 also included net payments for acquisitions in the amount of EUR – 0.5 million.

Cash flow from financing activities

Cash flow from financing activities in the first three months of 2020 was EUR 32.2 million (Q1 2019: EUR – 13.9 million). This primarily includes net cash inflows from loans of EUR 37.4 million (Q1 2019: loan repayments of EUR – 9.0 million), repayments of lease liabilities of EUR – 2.6 million (Q1 2019: EUR – 2.6 million) and interest payments (Q1 2020: EUR – 2.6 million; Q1 2019:

EUR – 2.0 million). In addition, the first quarter of 2019 also included repayments from hedging derivatives in the amount of EUR – 0.3 million.

Segment Reporting

for the period from January 1 to March 31, 2020

in EUR thousands	EMEA		Americas		Asia-Pacific		Total segments		Central functions		Consolidation		Group	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Total revenue	126,076	137,161	105,412	114,140	33,010	36,369	264,498	287,670	7,765	7,088	-18,709	-19,133	253,554	275,625
thereof inter-segment revenue	8,278	8,753	1,971	2,510	695	782	10,944	12,045	7,765	7,087	-18,709	-19,132	0	0
Revenue from external customers	117,798	128,408	103,441	111,630	32,315	35,587	253,554	275,625	0	1	0	-1	253,554	275,625
Contribution to consolidated Group sales	46%	47%	41%	40%	13%	13%	100%	100%						
Gross profit	73,538	80,093	58,714	64,742	15,738	16,580	147,990	161,414	n/a	n/a	-181	-114	147,809	161,301
(Adjusted) EBITDA¹	21,207	25,373	14,040	21,786	4,947	5,340	40,194	52,499	-1,958	-2,896	-37	74	38,199	49,677
(Adjusted) EBITDA margin ^{1,2}	16.8%	18.5%	13.3%	19.1%	15.0%	14.7%							15.1%	18.0%
Depreciation without PPA depreciation ³	-4,605	-4,248	-4,076	-3,574	-2,057	-1,806	-10,738	-9,628	-339	-413	1	0	-11,076	-10,041
Adjusted EBITA¹	16,602	21,125	9,964	18,212	2,890	3,534	29,456	42,871	-2,297	-3,309	-36	74	27,123	39,636
Adjusted EBITA margin ^{1,2}	13.2%	15.4%	9.5%	16.0%	8.8%	9.7%							10.7%	14.4%
Adjusted EBIT	15,944	20,450	9,294	17,465	2,704	3,439	27,942	41,354	-2,830	-3,897	-33	73	25,079	37,530
Adjusted EBIT margin	12.6%	14.9%	8.8%	15.3%	8.2%	9.5%							9.9%	13.6%
Assets ^{4,5}	634,879	632,012	673,063	655,301	249,972	258,943	1,557,914	1,546,256	364,833	301,560	-355,959	-333,476	1,566,788	1,514,340
Liabilities ^{5,6}	207,461	204,606	279,463	271,858	47,931	53,732	534,855	530,196	694,203	631,795	-301,463	-277,105	927,595	884,886
CAPEX	3,036	4,977	2,613	3,403	1,726	3,606	7,375	11,986	313	245	n/a	n/a	7,688	12,231
Employees	3,558	3,612	1,562	1,735	1,415	1,340	6,535	6,687	115	111	n/a	n/a	6,650	6,798

1_Adjustments are described on → [PAGE 8](#).

2_Based on segment sales.

3_Depreciation from purchase price allocations.

4_Including allocated goodwill, taxes are shown in the column 'consolidation'.

5_Previous year's figures as of Dec 31, 2019.

6_Taxes are shown in the column 'consolidation'.

Notes to Segment Development

The share of sales generated by foreign Group companies amounted to 81.1% (Q1 2019: 81.6%) in the first three months of 2020.

EMEA

External sales in the EMEA region amounted to EUR 117.8 million in the first quarter of 2020 and were thus 8.3% lower than in the same quarter of the previous year (Q1 2019: EUR 128.4 million). In the first three months of 2020, there were no additional sales revenues from acquisitions, nor did currency translation effects have a significant effect on sales in the EMEA region. Organic sales were negative at -8.3%. The weak automotive business due to lower production and sales figures was the main reason. This was also negatively affected to a significant extent by the negative effects of the spread of COVID-19, including temporary plant closures by many automobile manufacturers, which also led to production interruptions at NORMA Group's European sites. Sales in the EMEA region thus declined to 46% of total Group sales (Q1 2019: 47%) in the first quarter of 2020.

EBITDA in the EMEA region amounted to EUR 21.2 million in the first three months of the current fiscal year and was thus 16.4% lower than in the same period of the previous year (Q1 2019, adjusted: EUR 25.4 million). The EBITDA margin fell to 16.8% (Q1 2019, adjusted: 18.5%). This deterioration in the EBITDA margin was due in particular to the surprisingly drastic decline in sales at the end of the first quarter of 2020 as a result of the corona crisis. This could not be immediately compensated for by reducing of personnel costs.

Adjusted EBITA also declined sharply to EUR 16.6 million, 21.4% below the figure in the prior-year quarter (Q1 2019: EUR 21.1 million). This in turn resulted in an adjusted EBITA margin of 13.2% after 15.4% in the same quarter last year.

Adjusted EBIT in the current reporting period amounted to EUR 15.9 million (Q1 2019: EUR 20.5 million). The adjusted EBIT margin in the EMEA region thus declined to 12.6% (Q1 2019: 14.9%).

Investments made in the EMEA region in the first quarter of 2020 amounted to EUR 3.0 million (Q1 2019: EUR 5.0 million). These mainly concerned the sites in Serbia and Germany.

Americas

Sales (external sales) in the Americas region amounted to EUR 103.4 million in the first quarter of 2020 and were therefore 7.3% below last year's figure (Q1 2019: EUR 111.6 million). This figure includes a 9.8% decline in organic sales as well as positive currency effects in the amount of 2.4%. The negative effects of COVID-19 weighed heavy on sales in the current reporting quarter. Due to production shutdowns in the American vehicle industry, these resulted in a significant decline in the EJT segment's business. In fact, the US commercial vehicle market, which had already experienced a sharp decline in the fourth quarter of 2019, developed at an even weaker pace due to the corona pandemic. Therefore, NORMA Group's business in the area of commercial vehicles in the Americas region developed quite negatively. The DS segment's business in the Americas region posted only a moderate decline in sales due to NDS's solid water business (+1.4%). The Americas region accounted for 41% of Group sales in the current reporting quarter (Q1 2019: 40%).

EBITDA in the Americas region amounted to EUR 14.0 million in the first quarter of 2020. It was thus significantly lower compared to the same quarter of the previous year by posting a 35.6% decline (Q1 2019, adjusted: EUR 21.8 million). The EBITDA margin was 13.3% (Q1 2019, adjusted: 19.1%). EBITDA in the previous year had included a one-time effect of EUR 1.8 million in connection with the rightsizing program that was attributable to normalizations in the area of personnel costs and other operating expenses. The lower margin in the region was due to the signif-

icant drop in sales, particularly with trucks, but also to higher freight costs.

Adjusted EBITA showed an even sharper decline, falling by 45.3% in the first three months of 2020 to EUR 10.0 million (Q1 2019: EUR 18.2 million). As a result, the adjusted EBITA margin was significantly lower at 9.5% for the period January to March 2020 (Q1 2019: 16.0%).

Adjusted EBIT in the Americas region amounted to EUR 9.3 million (Q1 2019: EUR 17.5 million), resulting in an adjusted EBIT margin of 8.8% for the first three months of 2020 (Q1 2019: 15.3%).

During the period January to March 2020, investments in the Americas region amounted to EUR 2.6 million (Q1 2019: EUR 3.4 million) and pertained to plants in the US and Mexico, in particular.

Asia-Pacific

External sales in the Asia-Pacific region declined by 9.2% to EUR 32.3 million in the first quarter of 2020 (Q1 2019: EUR 35.6 million). Organic sales were 8.6% lower. At -0.6%, currency effects also had a negative impact on sales growth in the Asia-Pacific region. The decline in organic sales in the Asia-Pacific region is mainly due to the consequences of the sudden outbreak and rapid spread of the coronavirus in the region and in China, in particular. This caused a severe drop in demand for joining technology in both the automotive industry and Distribution Services business. The Asia-Pacific region accounted for around 13% of Group sales in the first quarter of 2020 (Q1 2019: 13%).

The Asia-Pacific region achieved EBITDA of EUR 4.9 million in the first quarter. This equates to a 7.4% decline compared to the same quarter of the previous year (Q1 2019, adjusted: EUR 5.3 million). The EBITDA margin improved slightly to 15.0% in the first quarter of 2020 compared to last year (Q1 2019, adjusted: 14.7%).

Based on EBITA adjusted for depreciation and amortization of fixed assets of EUR 2.9 million (Q1 2019: EUR 3.5 million), this resulted in a lower adjusted EBITA margin of 8.8% compared to the previous year (Q1 2019: 9.7%).

Adjusted EBIT in the Asia-Pacific region amounted to EUR 2.7 million in the period January to March 2020 (Q1 2019: EUR 3.4 million), whereby the adjusted EBIT margin was at 8.2% (Q1 2019: 9.5%).

Investments in the Asia-Pacific region during the current reporting quarter totaled EUR 1.7 million (Q1 2019: EUR 3.6 million) and were mainly related to plants in China.

Forecast for Fiscal Year 2020

Forecast for fiscal year 2020 not possible

Due to the ongoing corona pandemic, the Management Board of NORMA Group SE – as previously stated in the ad hoc announcement dated March 18, 2020 – continues to believe that the forecast originally published in connection with fiscal year 2019 for fiscal year 2020 is no longer maintainable.

The effects of the corona crisis on customer demand and the supply chains and the impact on the full-year result cannot be estimated at this time. Therefore, no detailed forecast for fiscal year 2020 is currently possible.

Notwithstanding this, and based on the latest assessments of the economic research institutes and industry associations, the Management Board of NORMA Group assumes that the consequences and after-effects of the corona crisis will result in significantly negative deviations from the forecast originally published in the 2019 Annual Report.

Financial Calendar, Contact and Imprint

Financial Calendar 2020

Date	Event
June 30, 2020	Virtual Annual General Meeting 2020
Aug 5, 2020	Publication of Interim Report Q2 2020
Nov 4, 2020	Publication of Interim Statement Q3 2020

The financial calendar is constantly updated. Please visit the Investor Relations section on the Company website

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Note on the Interim Statement

This Interim Statement is also available in German. If there are differences between the two, the German version takes priority.

Note on rounding

Please note that slight differences may arise as a result of the use of rounded amounts and percentages.

Forward-looking statements

This Interim Statement contains certain future-oriented statements. Future-oriented statements include all statements that 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 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, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such future-oriented statements in this Interim Statement, no guarantee can be given that this will continue to be the case in the future.

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